

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY



CAROLINE COUNTY, MARYLAND

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2024

Prepared by:

Caroline County Office of Finance

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INTRODUCTORY SECTION



COUNTY COMMISSIONERS OF CAROLINE COUNTY

Office of the County Administrator

109 Market Street
Denton, Maryland 21629
(410) 479-0660

December 24, 2024

***LETTER OF TRANSMITTAL
TO THE
COUNTY COMMISSIONERS OF
CAROLINE COUNTY, MARYLAND,
AND COUNTY RESIDENTS***

Introduction

The ***Annual Comprehensive Financial Report of Caroline County, Maryland, for the Fiscal Year ended June 30, 2024***, is hereby submitted in accordance with state and local law. These laws require that Caroline County issue a report of its financial position and activity annually and that this report be audited by an independent firm of licensed certified public accountants selected by the County Commissioners. Management is responsible for both the accuracy of the data and the completeness and reliability of the information presented in this report.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects, and are reported in a manner that presents fairly the financial position and results of operations of Caroline County Government and its component units. All disclosures necessary to enable the reader to gain an understanding of Caroline County's financial activities are included.

The managers of local government entities are responsible for establishing and maintaining an internal control structure designed to ensure that government assets are adequately protected from loss, theft or misuse and to ensure that accurate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement.

Caroline County government's financial statements have been audited by UHY LLP, Independent Certified Public Accountants. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for Caroline County Government for the fiscal year ended June 30, 2024, are presented fairly and in conformity with Generally Accepted Accounting Principles. The auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles require that the management team provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors. The MD&A is a summary of the audit written for individuals without a specific background in accounting or finance and is an accessible overview of the County's finances.

Caroline County Government Profile

Caroline County was created in 1774 by Maryland's last colonial governor from portions of Dorchester and Queen Anne's Counties. Caroline County has a Code Home Rule form of government, operating under the Local Government Article of the Annotated Code of Maryland. The County is governed by a three-member Board of County Commissioners, one of whom serves as President. All three County Commissioners are elected at-large and serve a four-year term. Both the executive and legislative functions of County government are vested in the County Commissioners. The County Commissioners may only exercise such powers as are conferred by the Maryland General Assembly, including authorization to issue debt to finance capital projects. The County Commissioners are empowered to levy a property tax on both the real and personal properties within its boundaries and to set the rate for the local share of income tax.

There are ten incorporated municipalities in Caroline County: Denton, Federalsburg, Goldsboro, Greensboro, Henderson, Hillsboro, Marydel, Preston, Ridgely, and Templeville. These incorporated municipalities are chartered local governments under Maryland law and are served by elected representatives. While Caroline County maintains positive working relationships with the ten municipal governments, they are separate legal, corporate, and financial entities.

Caroline County is located on Maryland's Eastern Shore, situated midway between Maryland's northern and southern borders, and the Chesapeake Bay and the Atlantic Ocean. It shares the historic Mason Dixon line with Delaware on its eastern border. It is bordered on the north by Queen Anne's County, on the west by Talbot County and on the south by Dorchester County. The County is 321 square miles in area and is approximately 10 miles wide at its midsection and 28 miles long. Denton is the County seat and principal town, with a population of 4,562 according to the 2020 Census. Denton is located 61 miles east from Baltimore, and 75 miles east of Washington, D.C. A major east-west roadway is Maryland Route 404, which connects with U.S. Route 50, U.S. Route 13, and is also served by U.S. Route 301. Caroline County is in the Atlantic Coastal Plain and its land area includes level terrain with streams and rivers flowing into the Chesapeake Bay. Notable water bodies in Caroline County include the Choptank and Tuckahoe Rivers.

The County is rural in character, with vegetable, grain and poultry farming as major industries. The County is part of a federally recognized "Ag Preservation Corridor" on the Delmarva Peninsula. Land preservation efforts are intended to preserve this increasingly unique area. The County has worked to diversify its economic base, notably through industrial parks located in incorporated municipalities.

The 2020 Census estimated the population of Caroline County as 33,293. As of the 2020 Census, the population had a slight increase of 227 residents. The lack of population growth is likely due to an aging population and a decrease in the average number of persons per household.

Caroline County government provides a full range of services including public safety (police, corrections, emergency medical services, emergency management/911, and volunteer fire protection), road and bridge maintenance, solid waste collection sites, recreation and parks, zoning and code enforcement, health and social services, public education, long-range planning and the general administrative and support services required to run a large organization. The County is also financially accountable for legally separate entities which are reported separately within the County's Financial Statement. The entities that meet these criteria are, Caroline County Board of Education and Caroline County Public Library. Additional information on these component units can be found in Note 1A.

County Budget Process

The annual budget serves as the foundation for Caroline County's financial planning and control. With the assistance of professional staff, the County Commissioners prepare revenue estimates for the coming fiscal year. All department and allied agencies funded by the County are sent budget request packages with general information on the County's financial situation and the Commissioners' expectations.

After the requests are submitted, the County Commissioners hold a public hearing. Copies of the requests are made available, and the Commissioners hear comments from the public and other stakeholders. After considering the requests and comments, the Commissioners prepare a draft budget for a second public hearing. During this hearing, the Commissioners receive comments on the draft budget including proposed revenues, expenditures, capital investment, and changes to taxes and/or fees. The second public hearing meets the State of Maryland's legal requirement regarding property tax rates.

The County Commissioners are required to adopt a budget and real property tax rate for the succeeding fiscal year by June 30 annually, the close of the County's fiscal year. As a practical matter, property tax rates must be decided before late May. A flow chart of the budget process and calendar is included in the audit.

The budget process is built on the foundation of a year-round effort. The County's Office of Finance tracks and reports revenues and expenditures and provides monthly reports to Commissioners. The Office of Finance carefully monitor tax receipts and other revenues. From the beginning of the calendar year, the management team and key representatives from the allied agencies work collaboratively to prepare a sustainable, integrated operating and capital budget. Both before and during the budget process, the County Commissioners provide guidance on policy objective and priorities. The budget building process is open, transparent, iterative and team oriented. Caroline County is remarkable in the level of cooperation and mutual support that exists between the County government and its allied agencies.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is viewed from the broader perspective of the economic environment within Caroline County.

Local Economy

The local economy of Caroline County exists within the context of the state, regional, and national economies. During the audit period, the national economy continued to improve. However, the growth that has occurred during the recovery period has largely been unevenly distributed.

Like many areas throughout America, Maryland's rural Eastern Shore has lagged the overall recovery. On the positive side, the nation and region have reached "full employment." The unemployment rate in Caroline County is 2.8%, slightly lower than the state average of 3.2%. Over half of working residents commute to work locations outside the County, primarily to Talbot County, the Annapolis/Baltimore/Washington area, and Delaware. Local employers have reported a shortage of qualified applicants to fill positions. The robust labor market is also creating challenges for the County government in certain positions, typically those at the lower end of the wage scale where neighboring local governments or the private sector offer higher starting salaries.

A largely rural, agricultural, and residential county, home values and median sales prices are a reasonably accurate economic barometer. While home values and purchase prices have not reached the highs seen at the peak of housing market in 2006, home values have stabilized and begun to increase. The average home value has improved to \$349,900 and the median sales price reached \$335,000 per realtor.com. While these numbers do not reflect large percentages of growth, they do reflect that this important economic indicator is showing solid improvement after a long period of decline and stagnation.

Caroline's economy remains heavily dependent on agriculture, primarily row agriculture and poultry production. In 2015, Caroline County was recognized as the top agricultural county in Maryland with \$258 million in revenues. According to Caroline County Farm Bureau President, Harry Moreland, "One-third comes from crops and two-thirds comes from livestock. Caroline is number one in barley, wheat and vegetables. Number two in soybeans and total grain sales. Caroline County does more agriculture sales than the bottom ten counties combined."

While agriculture is a historically strong economic foundation, the sector is subject to cyclical shifts. As noted, Caroline County remains committed to developing a broader base of commercial and light industrial uses, particularly uses that complement the County's farming base.

State policies favoring renewable energy have increased demand for agricultural land for solar energy production. The first major project proposed for Caroline County has been approved by the Public Service Commission. While the Commissioners enacted legislation to limit the total amount of productive farmland that could be lost to solar development in order to preserve the goals outlined in the Comprehensive Plan, further changes to State policies regarding the renewable portfolio standard could present a challenge to those limits. While solar produces more direct income for the County government, the loss of economic activity associated with the ancillary businesses that serve agriculture must also be considered.

Long-Term Financial Planning

The County Commissioners' six-year capital program is a tool for long-term financial planning to meet major needs. Pursuant to the County Code, the County Administrator presents the six-year capital improvement plan (CIP) to the County Commission. The County Commissioners hold public hearings regarding the capital program and adopt the first year of the CIP as the capital budget for the coming fiscal year.

In this Fiscal Year the County Commissioners committed \$21.4 million dollars of County, state and Federal funding to the Capital Budget. This large investment represents one of the largest capital improvements plans that the county has undertaken. The County Commissioners recognize the significant issue of deferred maintenance, particularly regarding roads, bridges, vehicles, and equipment. The Commissioners further recognize the need to address the condition of aging public buildings, including local schools. As the County's financial position continues to improve, the management team and Commissioners look to continuing further investing into these deferred areas.

A positive for long-term financial planning includes a policy change made by the County Commissioners to adopt a new fund balance policy. The policy increases the amount of general (unassigned) fund balance the County is required to maintain from five percent of total budget expenditures to ten percent. The policy also lays out more stringent conditions for use of the fund balance, a requirement for repayment, and a goal of moving toward having a fund balance equal to two months of operating revenue.

This fund balance is set aside for exigent circumstances like an emergency or natural disaster and for routine cash flow management. The County has not had occasion to use these funds in the past fiscal year.

As noted in the MD&A, a key component of the County Commissioner's long-term financial planning has been the systematic reduction of unfunded liabilities. By the end of FY 24, the pension fund is 86% funded using a 7% estimated investment rate of return. In 2005, the plan was 58.58% funded using a higher 7.5% estimated rate of return. Caroline County may be the only jurisdiction in the state to have its plan for Other Post-Employment Benefits (OPEB) at over 142% funded.

Local Fiscal Philosophy

The past two Boards of the Caroline County Commissioners have maintained a philosophy of fiscal conservatism. In FY 24, the Commissioners left the property tax rate unchanged. The County also approved another working capital budget, rather than spending down excess reserves on capital.

Caroline County government operates on a core services model. Despite years of austerity budgets, the County and its allied agencies have continued to deliver essentially the same level of services as before the economic downturn.

The County Commissioners and management team value the County's outstanding employees. The Commissioners have fully implemented the Living Wage initiative. Every full-time merit County employee earns over \$37,625/year. The Commissioners granted an across the board 3% pay increase to employees in FY 24.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Caroline County, Maryland for its annual comprehensive financial report (ACFR) for each fiscal year since June 30, 2004. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County publishes an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards.

A Certificate of Achievement is valid for a period of one year only. Caroline County, Maryland received its twentieth Certificate of Achievement last year. We believe our current annual comprehensive financial report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated staff of the Caroline County Office of Finance, and the Office of the County Commissioners. Special recognition is given to Daniel Fox and Stacy Seward for their effort in providing outstanding financial acumen, timely reporting and keen analysis. I am deeply appreciative of the fiscal prudence of the County's allied agencies, including, but not limited to, the Caroline County Board of Education, the Caroline County Sheriff's Office, and the Caroline County Public Library.


The Caroline Way

Caroline is different. Unlike jurisdictions where the budget process is often marked by competition and strife, in Caroline County, department heads and allied agency leaders actively advocate for the needs other than their own. In 2017, one of the County Commissioners was invited to the annual conference held by local Boards of Education to explain this success.

What makes Caroline County different is that public officials and senior staff see themselves not as the head of a department or agency, but as community leaders. Those leaders—including the County's outstanding department heads—deserve credit for acting in the highest tradition of public service. The FY 24 audit represents not just careful financial management, but delivery of exceptional value to the citizens of Caroline County.

This community-first culture is only possible through the continued commitment and courage of the Caroline County Commissioners. On behalf of the Caroline County staff, I thank them for leading the way to another successful year.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'K. Freeman', with a long horizontal flourish extending to the right.

Katheleen Freeman
Caroline County Administrator

The executive offices of Caroline County are located at the Caroline County Courthouse, 109 Market Street, Room 123, Denton, Maryland 21629. The County's central telephone number is 410.479.0660.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**The County Commissioners of Caroline County
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

**Caroline County, Maryland
Governmental Organization
Certain Elected and Appointed Officials
As of June 30, 2024**

Certain Elected Officials

County Commissioners

James Travis Breeding, President
Larry C. Porter, Vice President
Norman Franklin Bartz, III, Member

Certain Appointed Officials

County Administrator
Finance Officer
County Attorney
Director of Planning & Codes
Director of Public Works

Katheleen Freeman
Daniel Fox
Stewart Barroll
Crystal Dadds
Robin Eaton

Independent Auditor

UHY LLP
Certified Public Accountants
Salisbury, Maryland

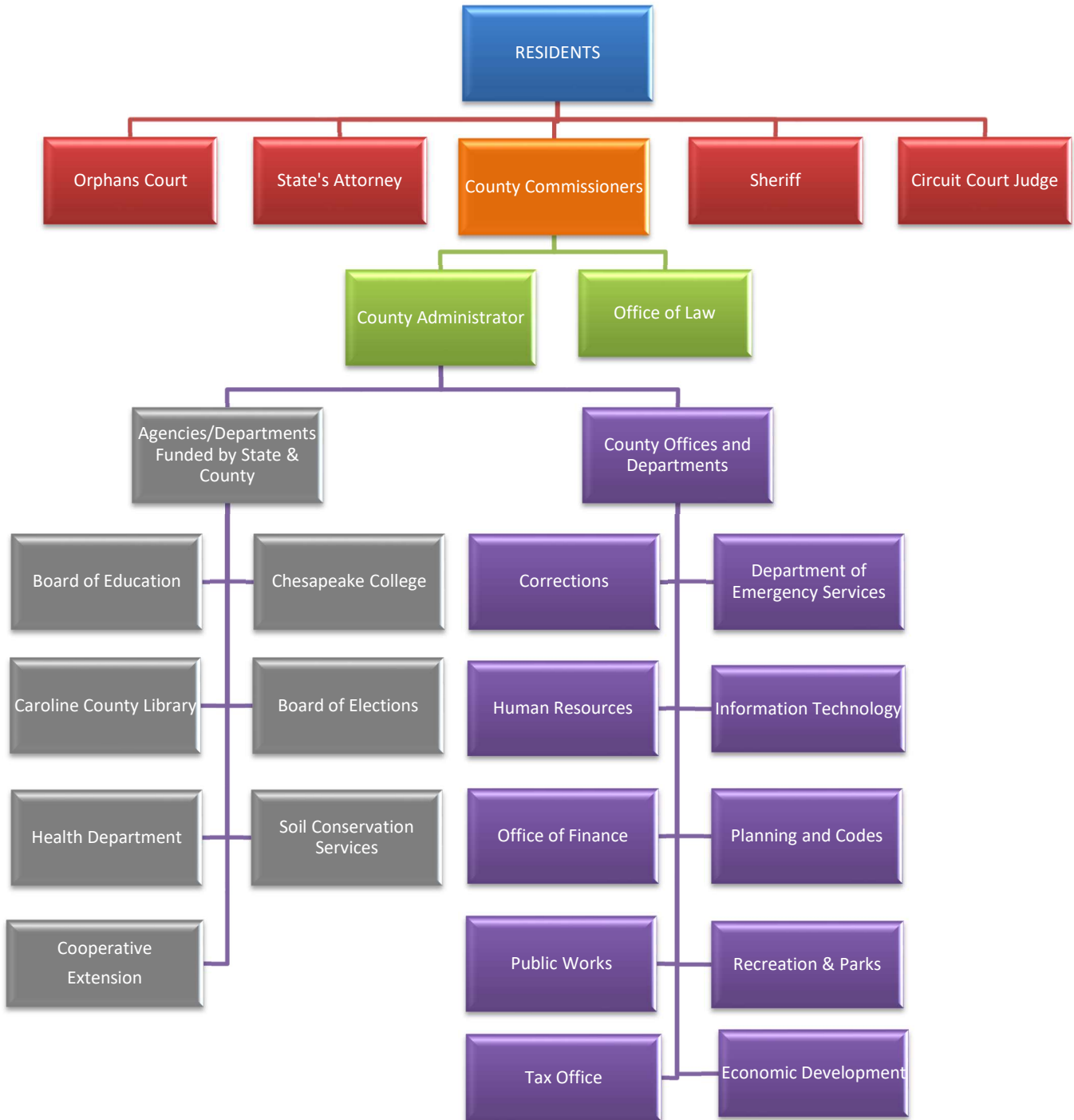
Bond Counsel

Funk and Bolton, P.A.
Baltimore, Maryland

Financial Advisor

Davenport & Company LLC
Towson, Maryland

CAROLINE COUNTY GOVERNMENT ORGANIZATIONAL CHART



Agencies and departments shown in gray boxes are not under the control or supervision of the County Commissioners but are partially or wholly funded by County appropriation either under state law or at the discretion of the Commissioners.

Caroline County Government FY2024 Budget Calendar Dates of Interest



JANUARY						
SUN	MON	TUES	WED	THUR	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

January

- 17 Budget Workshop with Board of Education, 9:00 AM
- 20 Operating & Capital Budget Submittal Requirements Received by Departments & Agencies

FEBRUARY						
SUN	MON	TUES	WED	THUR	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

February

- 6 All Department & Agency Budget Requests Due to Budget Director (9AM)
- 21 Budget Workshop (During Commissioners Meeting): Budget Requests Presented to Commissioners by Budget Director
- 28 Operating Capital Budget Round Table

MARCH						
SUN	MON	TUES	WED	THUR	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

March

- 14 Public Hearing / Meetings, 6:00 PM, Preston
 - Public Hearing: To Receive Testimony on Operating & Capital Requests
 - Regular County Commissioners Meeting
- 21 Budget Workshop (During Commissioners Work Session)
- 28 Budget Workshop (During Commissioners Work Session)

APRIL						
SUN	MON	TUES	WED	THUR	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

April

- 4 Budget Workshop (During Work Session)
- 11 Commissioners Approve Proposed Budget & Tax Rates (at Commissioners Meeting)

MAY						
SUN	MON	TUES	WED	THUR	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

May

- 2 Public Hearings / Meetings, 6:00 PM, Greensboro
 - Public Hearing: To Receive Testimony on Proposed Operating & Capital Budgets
 - Public Hearing: Constant Yield Tax Rate
 - Public Hearing: Municipal Property Tax Differential Rates
 - Regular County Commissioners Meeting
- 16 Budget Finalization Workshop (Commissioners Meeting)
- 16 Adoption of FY2024 Property Tax Rates; Personal Property Tax Rate
Potential Adoption of FY2024 Operating & Capital Budgets (During Commissioners Meeting)

JUNE						
SUN	MON	TUES	WED	THUR	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June

- 6 Budget Finalization Workshop (During Commissioners Meeting) - *if necessary*
- 20 **Alternate Date:** Adoption of FY2024 Operating & Capital Budgets (During Commissioners Meeting)

Other Information:

- Budget Workshops listed on the schedule may be cancelled if they are not necessary. Please verify workshops by checking the County Commissioners meeting agenda at www.carolinemd.org/AgendaCenter.
- Please note that while budget adoption is scheduled for June 6, the date may change if additional budget finalization workshops are necessary. The statutory deadline for budget adoption is June 20, (the third Tuesday in June).
- Testimony on the budget can be submitted at any time by mailing it to 109 Market Street, Room 123, Denton, MD 21629; emailing to info@carolinemd.org; or faxing to 410.479.4060.
- The County budget process is governed by Chapter 50 of the Code of Public Local Laws of Caroline County, which can be accessed at <http://bit.ly/CarolineCode>



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The County Commissioners of
Caroline County
Denton, Maryland

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2024, and the respective changes in financial position, 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 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 the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 other supplementary information (OSI), as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The OSI, as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the OSI, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive, with the "U" and "H" being particularly prominent.

Salisbury, Maryland
December 24, 2024

Executive Summary
Management Discussion and Analysis
Caroline County Government, FY 24 Financial Audit

“This MD&A section of the financial report should be **brief** and **objective** and should be **easily readable** by an average reader, one not possessing a detailed knowledge of accounting.”
Government Accounting Standards Board, Statement 34, June 1999.

Very few Caroline County residents will ever read a County financial audit. This is understandable. Audits have a well-deserved reputation for being dry, boring, and full of numbers. The Government Accounting Standards Board (GASB)—a rather dry organization itself—recognized this problem and adopted a requirement for every local government audit to have an introduction written in an understandable and conversational style. This introduction—what you are reading now—is called the “Management Discussion and Analysis.”

The goal of the MD&A is to provide a plain language summary of the complex data in the audit. It also serves other important purposes: It is a chance for the senior management team to speak candidly about the financial strengths and weaknesses of the organization, to discuss future challenges and opportunities, and to create a fiscal “trail of breadcrumbs” for future managers to follow.

The basic question the audit seeks to answer is: Is the County doing OK financially? For fiscal year 24 (the period ending June 30, 2024), the answer is, “Yes.”

The County ended the year “in the black,” accounting jargon for having higher operating revenues than operating expenses. Generally, this is better than ending the year “in the red.” The excess of revenues over expenses rolls into the County’s general unrestricted reserves. This is accounting jargon for the County’s available cash account.

For each of the past ten years, the County has ended in the black. During this time, the Commissioners occasionally have withdrawn money from reserves to fund capital expenses. (Capital expenses meaning investment in vehicles, heavy equipment, buildings, and infrastructure.) Despite these drawdowns, the unassigned general fund balance has grown to \$37,057,672. This is a positive trend.

To evaluate a local government’s financial health, one of the measures frequently used is unrestricted general reserves as a percentage of operating expenses. There are numerous “rules of thumb” ranging from one month’s expenses (8.3 percent), 10 percent, two month’s expenses (16.6) percent, 20 percent, or 25 percent.

The County adopted by Resolution 2018-030, effective September 28, 2018, a new fund balance policy. The new policy will not allow reserves to dip below 10 percent of the budgeted expenditures for the year. Prior to the new policy our reserves could dip to 5 percent. To the

extent possible, the County will seek to increase the General Fund Unassigned Fund Balance over time to an amount equivalent to two months of General Fund budget expenditures.

Building reserves (and prudently managing the County's finances) relies on projecting revenues conservatively and estimating expenses aggressively. This is how the senior management team built the FY 24 budget. As evidenced by this audit that process was successful. At the close of the accounting period, the General Fund had received \$8,793,184 more in revenues than expenses.

Before going further, it is important to note that the audit is primarily a one-year snapshot of the County's finances. In the MD&A, the senior management team will talk about the past and investigate the future, but nearly all the numbers in the audit apply to fiscal year 2024. As with all audits, it is important not to read too much into any single year.

Revenues

To begin explaining the audit, it helps to understand the County's sources of revenues. The two major revenue streams are property taxes and income taxes. The State of Maryland assesses the value of all real estate. The Commissioners set the County's tax rate. With the County, there are 10 incorporated municipalities (cities and towns) that impose property taxes as well.

In the FY 24 budget, the Commissioners left the property tax rate unchanged at 98 cents per \$100 of assessed value. Caroline has the 14th lowest property tax rate among Maryland's 23 counties and Baltimore City, essentially "middle of the pack." The total amount of property taxes collected in FY 24 was \$31,494,260.

Income taxes are different. While the State of Maryland collects income taxes, the process is a "black box" for local governments. The State refuses to give local governments raw income tax data so the revenue can be difficult to predict. Following the trend of keeping tax rates constant, the County Commissioners chose to keep the income tax rate at 3.2% keeping our rate the same as 11 of the other counties in the State. In FY 24, the County received \$26,029,223 in income tax revenues. Overall, other revenues like user fees remained stable year over year.

Expenditures

FY 24 was a relatively routine year for expenses. As noted in previous audits, most County expenditures are mandatory—either an obligation of state law like funding the K-12 education system or paying obligations like debt service. Expenditures like the County's ambulance system are not legally mandated, but most residents would consider the service essential for public health and safety.

Debt

In FY 24, the County maintained a bond rating of Aa3. This is essentially the County's credit rating. This is a lower rating than more affluent Maryland counties, but the bond rating agencies have commented favorably on Caroline County's strong management, improving financial position, and relatively low debt. The agencies also correctly noted that the County has a relatively small economy heavily dependent on agriculture. Much like a credit rating for a consumer depends on income, our bond rating is limited by our modest tax base.

In FY24 the County did not authorize any new debt to be issued. This keeps the County's debt level at a manageable pace for another consecutive year.

Capital

In government accounting, capital expenses are commonly defined as purchase of an asset greater than \$5,000 in value and with an expected useful life of five years or longer. Common examples are buildings, equipment, and vehicles. Setting aside K-12 schools, public libraries, and property owned by allied agencies, the County owns 400 miles of treated roads, 76 miles of dirt roads, 39 bridges and structures, over 250,000 square feet of buildings, and over \$10 million in vehicles and heavy equipment.

FY 24 marked the seventh consecutive year the County funded a normal capital budget. The FY 24 capital improvement plan (CIP) totaled \$21.4 million. Prior to FY22 the County had purchased all its light duty vehicles out right. Starting in FY24 the Commissioners and senior management decide to switch back to purchasing vehicles out right and not entering lease to own agreements. This change in purchasing changes the county's right to lease options and pulls the burden of vehicle acquisition out of the operating budget and places it back into the CIP.

Unfunded Liabilities

"Unfunded liability" is an accounting term. It is essentially a promise to pay something in the future where the necessary funds have not been set aside yet. This term is most commonly used when referring to pension, retiree health care, and length of service award program plans.

Unfunded liabilities are a big deal, particularly for local governments—so much so that the Government Accounting Standards Board (GASB) adopted Statements 68 and 75. These statements updated the standards for local governments reporting pension liabilities. This occurred because some local governments were not reporting liabilities accurately.

Caroline County has its own pension plan and retiree health care benefit plan. This is somewhat unusual in Maryland where many counties participate in the State of Maryland's plans. The pension plan is supported by the County's pension fund. As noted in previous audits, the County has made steady progress improving the pension fund by: 1) reforming the pension system; 2) phasing in employee contributions; 3) paying more into the pension fund than the required annual contribution.

As you may read later in the audit, the County's Pension Plan total pension liability was \$36,320,813 at the end of the fiscal year. The pension fund had \$31,106,857 in assets. This means the County has an unfunded liability of \$5,213,956 and that the plan is 86% funded. The goal of the County's Pension Board is to reach 100 percent funding with a lower expected rate of return on investments. It's important to note that the pension liability is an estimate based on some best guesses. These guesses are made by an independent professional actuarial firm, not the senior management team.

The most important guess is the rate of return the pension fund will earn on its investments. The current estimate is 7.0 percent. This rate over the past several years has been slowly reduced making the estimate more conservative.

Currently Caroline County's OPEB plan is well over 100 percent funded. This is due to two reasons. First, the County offers only a modest Medicare supplement plan and as well as modest HRA supplement for employees that retire before the age of 65. Second, the County set aside money for the OPEB fund before the Great Recession. Careful management of those funds has resulted in a plan that is 142% funded.

Caroline County has a Volunteer Fireman Pension Plan Length of Service Award Program (LOSAP). This program was established in April 1986. The LOSAP is a single-employer defined benefit length of service award program that covers all volunteer members of the County's Volunteer Fire-Fighting Organizations. GASB 73, requires the county to now report this unfunded liability of \$1,123,759 in our annual financial statements. The LOSAP plan is 59% funded.

Along with the improvement in unrestricted cash reserves, progress on unfunded liabilities has been a major financial accomplishment for the County. It bears mentioning, however, that both the pension and OPEB funds are comprised of a mix of investments including equities. The senior management team strongly believes the County should continue decreasing unfunded liabilities to allow the pension and OPEB funds to endure a market correction.

Municipal Property Tax Differential

Property owners in Caroline's five largest towns receive a break on their County taxes. While not required by law, the Commissioners have continued to provide this benefit, foregoing about \$5.3 million cumulatively in property tax revenues over the past ten years. The five smallest towns receive support in the form of direct payments. For the FY 24 budget, the Commissioners followed the differential formula established in 2019.

Summary

The goal of this executive summary is to explain the annual audit—the snapshot of the County’s FY 24 fiscal year—in plain language. If you have read to this point, congratulations!

Buried amid the mountain of data is a simple message, FY 24 was a really great year. The County continues to maintain its strong financial position. Some services have been expanded and, in some instances, restructured. The Commissioners continued to focus on capital improvements and catching up on deferred maintenance. The collaborative budget process—the Caroline Way—has minimized conflict and competition. The relationships between the County and allied agencies are as strong as in any county in Maryland.

Like every County, Caroline still faces some significant challenges on the road ahead. With the continued unknown of a possible recession and its long-term effects on County operations, and the forever changing economy, Caroline County is constantly looking toward the future to prepare for the next set of changes.

Despite these challenges, Caroline County has proven exceptionally resilient. A fiscally conservative governing body is supported by a capable management team. While not readily evident in the audit, the strength of Caroline is its team of leaders who are committed to collaboration, cooperation, and community. As long as this unique culture exists, the senior management team believes the County financial progress will continue.

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Management's Discussion and Analysis

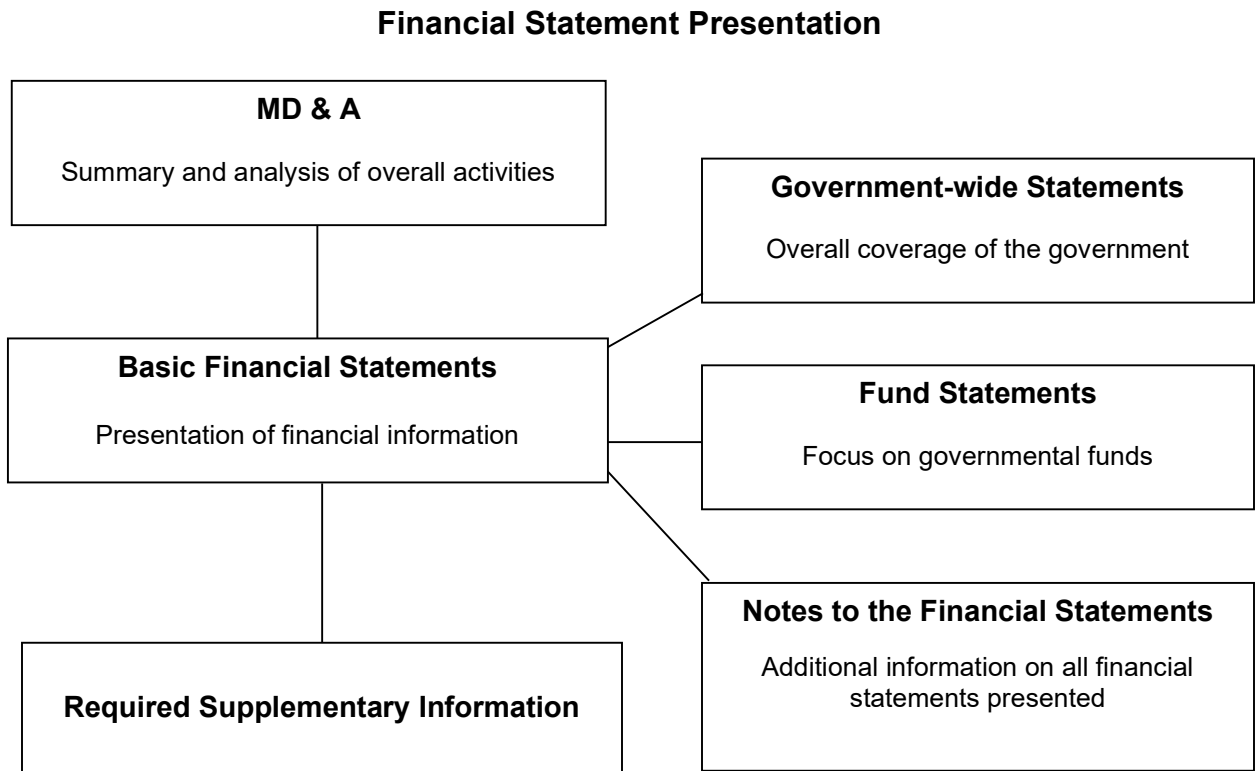
This narrative section of the Annual Comprehensive Financial Report of Caroline County, Maryland presents an overview and analysis of the financial activities of Caroline County's Government for the fiscal year ended June 30, 2024. Descriptions in this section, along with the financial statements and notes and the letter of transmittal provide readers with both broad and detailed information.

Financial Highlights

- Total fund balance for the General Fund was \$37,473,277 on June 30, 2024.
- The assets and deferred outflows of Caroline County exceeded liabilities and deferred inflows at the close of the current fiscal year by \$85,201,181 (net position). Of total net position \$28,387,865 (unrestricted) may be used to meet the County's ongoing obligations to its citizens and creditors.
- The primary government's total net position increased by \$17,044,451 from the prior year. The primary government includes Caroline County Government but excludes Caroline County Board of Education and the Caroline County Public Library, which are component units. The County is responsible for the fiscal support of component units' projects but does not hold possession of the assets.
- As of June 30, 2024, the County's governmental funds reported combined fund balance of \$52,972,902, an increase of \$8,009,024 from the prior year. Approximately \$37 million is available to meet the County's current and future needs (unassigned fund balance), \$0.2 million is assigned, \$13.2 million is committed, \$2.1 million is restricted and \$0.4 million is non-spendable.
- Unassigned fund balance for the General Fund was \$37,057,672 for the year ended June 30, 2024.
- Long-term liabilities include approximately \$36.4 million in bonds and loans payable (including bond premiums) and landfill closure costs of approximately \$2.9 million.

Overview of the Financial Statements

This discussion and analysis offer an introduction to the County's basic financial statements. Caroline County's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements themselves. The diagram below illustrates how each element of the statements can be used to enhance the overall understanding of the information presented.



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

The government-wide financial statements provide a broad overview of Caroline County Government's finances. The Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting.

The Statement of Net Position presents information on all the County's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or declining.

The Statement of Activities presents information regarding changes in the County's net position during the most recent fiscal year. Changes in net position are reported as soon as the event creating 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 (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (including enterprise activities). The governmental activities of the County include general government, public safety, public works, health, social services, primary education, secondary education, library, recreation and culture, arts, conservation of natural resources and economic development. The enterprise activities of the County include basic life support, recreation, broadband supply, and public works.

The government-wide financial statements include not only the operations of Caroline County Government itself (known as the primary government), but also the legally separate organizations of the Board of Education of Caroline County, Maryland and the Board of Library Trustees for Caroline County, Maryland. The financial information for these component units is reported separately from the financial information presented for the primary government. The government-wide financial statements can be found within this report, as listed in the table of contents.

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

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

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

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

Caroline County Government maintains twenty-eight individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Improvements Fund, and the Special Grants Fund, which are major funds. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found within this report, as listed in the table of contents.

Proprietary funds – Proprietary funds include internal service funds and enterprise funds. An internal service fund is an accounting device used to accumulate and allocate costs internally among the County’s various functions. Caroline County does not maintain any internal service funds. The County uses enterprise funds to account for its Recreational Programs, Public Works, Basic Life Support function, and Broadband.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Recreation Programs, Public Works, Basic Life Support, and Broadband Supply funds are combined, and the County has no major proprietary funds. The basic proprietary fund financial statements can be found within this report, as listed in the table of contents.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs managed directly by the County Commissioners and their staff.

Fiduciary funds include four fund types – benefit trust funds, investment trust funds, private-purpose trusts, and custodial funds. The County does not maintain any private-purpose trusts or investment trust funds. The County maintains nine agency funds: State Property Tax Fund, Town Property Tax Fund, Department of Motor Vehicle Tag Sales Fund, Hotel Rental Tax, Inmate Account, Confiscated Properties Fund, Bay Restoration Fund, Public Drainage Association and Home Builder Guaranty Fund. The Employees’ Pension Plan, OPEB, and LOSAP Trust Funds are benefit trust funds. The fiduciary fund financial statements can be found within this report, as listed in the table of contents.

Notes to the financial statements. The notes provide additional information that is essential to creating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found within this report, as listed in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and disclosures that are not considered a part of the basic financial statements. Schedules included in this section are: 1) budgetary comparison for the General Fund is shown to demonstrate compliance with the annually adopted budget, and 2) schedules showing the County’s progress in funding its obligation to provide pension and other postemployment benefits to its employees. These reports are located immediately following the notes to the financial statements, as listed in the table of contents.

Government-wide Financial Analysis

A summary of government-wide assets, liabilities, and net position is as follows:

	2024		2023		2024		2023		2024		2023	
Current and other assets	\$	63,308,972	\$	59,422,372	\$	4,170,101	\$	3,941,102	\$	67,479,073	\$	63,363,474
Capital assets, net of depreciation		77,445,741		72,127,956		524,399		559,655		77,970,140		72,687,611
Total assets		140,754,713		131,550,328		4,694,500		4,500,757		145,449,213		136,051,085
Deferred outflows		9,008,238		8,906,925		-		-		9,008,238		8,906,925
Noncurrent liabilities		56,676,491		61,952,155		-		-		56,676,491		61,952,155
Other liabilities		7,764,358		11,291,945		307,157		258,247		8,071,515		11,550,192
Total liabilities		64,440,849		73,244,100		307,157		258,247		64,748,006		73,502,347
Deferred inflows		4,463,986		3,221,446		44,278		77,487		4,508,264		3,298,933
Net investment in capital assets		51,754,901		44,927,969		524,399		559,655		52,279,300		45,487,624
Restricted		4,534,016		4,468,472		-		-		4,534,016		4,468,472
Unrestricted		24,569,199		14,595,266		3,818,666		3,605,368		28,387,865		18,200,634
Total net position	\$	80,858,116	\$	63,991,707	\$	4,343,065	\$	4,165,023	\$	85,201,181	\$	68,156,730

Net position may serve over time as a useful indicator of a government's financial position. In Caroline County, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$85.2 million at the close of the most recent fiscal year, which is an increase of \$17 million from the previous year.

By far, the largest portion of Caroline County's net position, approximately \$52.3 million, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since capital assets themselves should not be used to liquidate these liabilities.

An additional \$4.5 million of the County's net position is subject to external restrictions on how they may be used. The remaining balance of unassigned net position of \$28.4 million may be used to meet the County's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, Caroline County can report positive balances in all three categories of net position for the government.

Changes in Net Position

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 2,467,569	\$ 2,067,485	\$ 2,907,278	\$ 2,951,595	\$ 5,374,847	\$ 5,019,080
Operating grants	9,031,527	7,369,151	1,545,536	1,153,606	10,577,063	8,522,757
Capital grants	817,048	2,788,647	-	-	817,048	2,788,647
General revenues:						
Property taxes	31,508,456	29,950,268	-	-	31,508,456	29,950,268
Other taxes	30,290,605	26,003,957	-	-	30,290,605	26,003,957
Operating grants (unrestricted)	4,686,791	4,035,410	-	-	4,686,791	4,035,410
Other	4,803,683	2,926,794	2,675	13,532	4,803,683	2,926,794
Total revenues	83,605,679	75,141,712	4,455,489	4,118,733	88,058,493	79,246,913
Program expenses:						
General government	9,477,917	9,528,269	-	-	9,477,917	9,528,269
Public safety	25,380,270	23,327,645	-	-	25,380,270	23,327,645
Public works	6,008,255	5,995,594	-	-	6,008,255	5,995,594
Health	3,061,234	2,467,514	-	-	3,061,234	2,467,514
Social services	448,142	400,093	-	-	448,142	400,093
Primary education	16,949,890	17,655,542	-	-	16,949,890	17,655,542
Secondary education	1,740,728	1,624,522	-	-	1,740,728	1,624,522
Recreation and culture	1,581,050	2,091,659	-	-	1,581,050	2,091,659
Library	1,481,833	1,308,728	-	-	1,481,833	1,308,728
Conservation and natural resources	227,890	169,572	-	-	227,890	169,572
Economic development	1,147,396	1,432,121	-	-	1,147,396	1,432,121
Arts	6,500	6,500	-	-	6,500	6,500
Interest on long-term debt	1,234,974	1,353,746	-	-	1,234,974	1,353,746
Other	-	-	2,270,638	2,333,229	-	-
Total expenses	68,746,079	67,361,505	2,270,638	2,333,229	68,746,079	67,361,505
Excess (deficiency) before transfers	14,859,600	7,780,207	2,184,851	1,785,504	17,044,451	9,565,711
Net transfer in (out)	2,006,809	1,441,417	(2,006,809)	(1,441,417)	-	-
Change in net position	16,866,409	9,221,624	178,042	344,087	17,044,451	9,565,711
Net position, beginning of year	63,991,707	54,770,083	4,165,023	3,820,936	68,156,730	58,591,019
Net position, end of year	\$ 80,858,116	\$ 63,991,707	\$ 4,343,065	\$ 4,165,023	\$ 85,201,181	\$ 68,156,730

Governmental activities show an increase of \$16,866,409. Business-type activities showed an increase in net position of \$178,042.

Governmental activities. Expenses are listed in the first column with revenues from that program reported to the right. The result is a Net (Expense)/Revenue. This format highlights the relative financial burden of each of the functions. This also identifies the amount each function draws from the general revenue, or if the function is self-supporting through fees and grants. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

Property taxes increased \$1,558,188 from FY 2023. The assessable base moderately increased this year, as assessed by the State of Maryland Department of Assessments and Taxation. Other taxes increased by \$4,286,648 from FY 2023. Most of this increase was seen in the County's Income Tax for the year.

The County Homestead credit is 5%, so primary residences have reduced assessments but not reduced taxes, therefore helping to maintain stable property tax revenue. As assessments reflect the decline in real estate value, an adverse effect on future property tax revenue will occur.

Business-type activities. The Recreation Programs Enterprise Fund was established to collect, and record fees charged for recreation programming. Without the fee for programs, the County would have to cut approximately 50% of the recreation programs currently offered to citizens. The Recreation program fund had an increase in net position of \$30,001 in FY 2024 compared to an increase in FY 2023 of \$32,773.

The Emergency Medical Services (EMS) Fund or Basic Life Support (BLS) Fund was established to collect fees from patients of the system through insurance billing. The fees collected support both paid County EMS personnel and certified volunteers who provide services through a shared arrangement. Revenue collected through charges for services increased by \$26,739 from FY 2023 to FY 2024. Expenses of the programs decreased \$214,570.

The Public Works Fuel Fund was established to separately account for fuel sales to 28 different departments and outside agencies including municipalities and State agencies, such as the Maryland State Police and the Department of Natural Resources. The purpose is to buy fuel in bulk at a less expensive rate; thereby saving fuel costs of the cooperating agencies. The 24-hour self-fueling facility allows convenience and centralized billing for fuel purchased; reducing time and increases cross-governmental efficiencies. The fund generated a small operating loss of \$13,188 in FY 2024.

The Broadband Supply Fund was established to collect fees for providing broadband services. The County currently provides broadband services to the Caroline County Board of Education and the Caroline County Public Library. This fund generated an operating loss of \$91,497 in FY2024.

Combined business-type activities generated \$2,184,851 in net revenues over expenses, with \$2,006,809 transferred to governmental activities. This resulted in net position increasing by \$178,042 during FY 2024.

Financial analysis of the County's Funds

Caroline County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of fiscal resources that can be spent. Such information is useful in assessing the County's financial requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$53 million. Approximately \$37 million of the total constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is non-spendable, restricted, committed, and assigned, indicating that it is not available for new spending because it has already been designated: 1) to liquidate contracts, purchase orders and capital commitments of the prior period; 2) as a revenue source for the FY 2024 budget; and 3) for contingencies.

The General Fund is the primary fund of the Caroline County Government. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$37 million, while total fund balance was \$37.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned General Fund balance and total General Fund balance to total General Fund expenditures.

Fund balance of the General Fund increased from the previous year. The key factors are as follows:

- Revenues exceeded expenditures by \$8,793,184 in FY 2024.
- Property tax revenue increased as assessments increased. There was no change in the tax rate.
- Income tax increased from FY 2023 by \$3,441,999.
- Recordation tax was \$695,795 over the budgeted figure for FY 2024.

Fund balance of the Capital Improvements Fund decreased from the previous year. The key factors are as follows:

- Expenditures exceeded revenues by \$1,960,581 in FY2024.
- Intergovernmental revenues were \$8,621,149 under the budgeted figure for FY2024. Projects related to federal and state grants included in the FY2024 budget were not started. This also resulted in expenditures being \$9,966,134 under the budgeted figure for FY2024.
- Miscellaneous revenues were \$633,411 over the budgeted figure for FY2024, mostly due to unbudgeted interest income.

In the FY 2025 budget, the Caroline County Commissioners took the following actions:

- Non-law enforcement personnel will receive a raise of 2% plus a 2% COLA.
- Law enforcement personnel will also receive a step raise plus a 2% COLA.
- Departments were budgeted at flat or modest budget increases compared to the FY 2024 budget.
- Tax Differential was held at the same formula and funding amount as FY 2019.

Proprietary funds. Caroline County's proprietary fund statements provide the same type of information found in the government-wide financial statements, only in more detail. Total net position increased from \$4,165,023 in FY 2023 to \$4,343,065 in FY 2024.

General Fund Budgetary Highlights

There were some differences between the original budget and the final amended budget. Some points of interest:

- Property Tax exceeded budget by \$352,798 as a result of assessment values, as there was no increase in the tax rate.
- Income Tax exceeded budget by \$5,829,223.
- Recordation Tax exceeded budget by \$695,745.
- Interest income exceeded budget by \$1,160,455.
- Actual expenditures were under budget by \$572,957.
 - General government was under budget by \$463,298.
 - Public safety was over budget by \$481,344, mostly due to personnel costs.
 - The public works department was under budget by \$303,827, mostly related to vacant positions.

Capital Asset and Debt Administration

Capital Assets. The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$78.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The County’s investment in capital assets for the current fiscal year increased slightly due to improvements increasing slightly more than depreciation of assets. The Commissioners while not in a position to fund the capital projects necessary to keep the Counties assets in good condition were able to use unspent capital fund money to fund some road resurfacing and some other much needed projects.

Capital asset activities are summarized as follows, net of accumulated depreciation:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 14,533,835	\$ 14,533,835	\$ -	\$ -	\$ 14,533,835	\$ 14,533,835
Non-depreciable infrastructure	17,052,974	17,052,974	-	-	17,052,974	17,052,974
Construction in progress	2,741,027	3,254,874	-	-	2,741,027	3,254,874
Infrastructure	16,453,865	12,827,805	-	-	16,453,865	12,827,805
Buildings	10,690,473	11,231,838	-	-	10,690,473	11,231,838
Utilities	1,200,891	1,231,357	-	-	1,200,891	1,231,357
Improvements	5,279,304	3,816,384	524,399	559,655	5,803,703	4,376,039
Machinery and equipment	9,468,483	8,137,407	-	-	9,468,483	8,137,407
Intangible right-to-use assets	24,889	41,482	-	-	24,889	41,482
Total	\$ 77,445,741	\$ 72,127,956	\$ 524,399	\$ 559,655	\$ 77,970,140	\$ 72,687,611

Additional information on the County’s capital and intangible assets can be found in Note 6 of this report.

Long-term debt. Long-term debt obligations are summarized as follows:

	Balance July 1, 2023	Additions	Retirements and Repayments	Balance June 30, 2024	Current Portion
<u>Governmental activities:</u>					
Bonds and loans	\$ 35,797,041	\$ -	\$ 2,634,269	\$ 33,162,772	\$ 2,667,066
Bond premiums	3,402,887	-	202,397	3,200,490	202,397
Unpaid vacation and sick pay benefits	1,459,803	-	18,551	1,441,252	-
Accrued landfill liability	2,408,207	488,693	-	2,896,900	-
Dayspring Townhomes	2,502,261	-	-	2,502,261	-
Finance Leases	-	1,178,243	1,034,155	144,088	26,555
Right-to-use Leases	43,164	-	16,847	26,317	17,402
Total	\$ 45,613,363	\$ 1,666,936	\$ 3,906,219	\$ 43,374,080	\$ 2,913,420

The County has a rating of “Aa3” from Moody’s Investment Service and a “AA-” rating from Standard & Poor’s.

Additional information on the County’s long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year’s Budget and Rates

- The unemployment rate for the County was 2.8% in June 2024. The State’s average was 3.2%¹
- Increased property assessments across most of the County.
- Increased Income Tax collection across the State.

These factors, as well as many others, were considered in preparing the County’s budget for Fiscal Year 2025.

The County maintained the current tax rate of .98 for Property Taxes while offering a tax differential to the five largest towns. The County is also starting to see an increase in taxes due to the Income Tax Rate change that went into effect in 2019.

The FY 2025 budget is not projected to include Fund Balance and is requiring departments to remain within budgeted amounts. The Commissioners gave a 2% cost of living increase, and a 2% merit increase for all County Employees and non-law enforcement personnel. Law enforcement personnel are receiving a 2% cost of living increase and a step raise.

¹ Monthly Labor Review June 2024 Maryland Department of Labor, Licensing and Regulation
www.dllr.state.md.us

Request for Information

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

Caroline County Administrator
Caroline County Government
109 Market Street
Room 123
Denton, Maryland 21629

Or, please visit our website at www.carolinemd.org

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total Primary Government	
ASSETS:				
Cash and cash equivalents	\$ 53,996,117	\$ 3,126,222	\$ 57,122,339	\$ 27,350,551
Deposits	114,446	-	114,446	-
Taxes receivable	121,277	-	121,277	-
Accounts receivable	1,191,131	996,506	2,187,637	5,491,074
Other receivables	183,650	-	183,650	-
Leases receivable	41,761	47,373	89,134	-
Prepaid expenses	18,251	-	18,251	11,511
Inventories	397,354	-	397,354	122,858
Due from other governments	4,329,977	-	4,329,977	148,656
Net OPEB prepayment (see Note 9)	2,418,644	-	2,418,644	-
Other assets	496,364	-	496,364	-
Restricted assets:				
Cash and cash equivalents	-	-	-	366,814
Capital and intangible assets:				
Nondepreciable assets	34,327,836	-	34,327,836	4,980,187
Depreciable and intangible assets, net	43,117,905	524,399	43,642,304	137,371,926
Total assets	140,754,713	4,694,500	145,449,213	175,843,577
DEFERRED OUTFLOWS OF RESOURCES				
Pensions (see Note 8)	6,471,605	-	6,471,605	3,223,697
Other post-employment benefits (see Note 9)	1,259,207	-	1,259,207	19,516,636
LOSAP obligation (see Note 10)	1,277,426	-	1,277,426	-
Total deferred outflows of resources	9,008,238	-	9,008,238	22,740,333
LIABILITIES:				
Accounts payable	2,285,033	298,798	2,583,831	840,079
Accrued expenses	853,405	-	853,405	9,670,652
Unearned revenue	4,604,232	4,467	4,608,699	2,445,035
Internal balances, net	(3,892)	3,892	-	-
Other liabilities	25,580	-	25,580	-
Non-current liabilities:				
Due within one year (see Note 7)	2,913,420	-	2,913,420	663,238
Due in more than one year (see Note 7)	40,460,660	-	40,460,660	4,394,111
Due in more than one year - NPL (see Note 8)	12,178,652	-	12,178,652	7,409,982
Due in more than one year - NLO (see Note 10)	1,123,759	-	1,123,759	-
Due in more that one year - NOL (see Note 9)	-	-	-	88,789,120
Total liabilities	64,440,849	307,157	64,748,006	114,212,217
DEFERRED INFLOWS OF RESOURCES				
Pensions (see Note 8)	737,373	-	737,373	543,956
Other post-employment benefits (see Note 9)	680,956	-	680,956	61,120,986
LOSAP obligation (see Note 10)	2,988,286	-	2,988,286	-
Deferred refunding gain	16,260	-	16,260	-
Deferred inflows related to leases	41,111	44,278	85,389	-
Total deferred inflows of resources	4,463,986	44,278	4,508,264	61,664,942
NET POSITION:				
Net investment in capital assets	51,754,901	524,399	52,279,300	139,791,998
Restricted for:				
Other post-employment benefits	2,418,644	-	2,418,644	-
Special Grants	3,902	-	3,902	-
OJP Grants Law Enforcement	18,346	-	18,346	-
Revolving Loan	210,012	-	210,012	-
MEAF Revolving Loan	156,313	-	156,313	-
Community Reinvestment	436,860	-	436,860	-
Commissary Account	156,260	-	156,260	-
Law Library	25,925	-	25,925	-
Tax Sale Proceeds	12,262	-	12,262	-
Opioid Abatement	285,007	-	285,007	-
Drug Task Force	331,097	-	331,097	-
Dayspring Townhomes	479,388	-	479,388	-
Library - fund purposes	-	-	-	67,921
Unrestricted	24,569,199	3,818,666	28,387,865	(117,153,168)
Total net position	\$ 80,858,116	\$ 4,343,065	\$ 85,201,181	\$ 22,706,751

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF ACTIVITIES

YEAR ENDED June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total Net Expense/Revenue	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 9,477,917	\$ 985,338	\$ 1,080,320	\$ -	\$ (7,412,259)	\$ -	\$ (7,412,259)	\$ -
Public Safety	25,380,270	1,169,810	5,980,065	211,171	(18,019,224)	-	(18,019,224)	-
Public Works	6,008,255	224,572	1,195,165	-	(4,588,518)	-	(4,588,518)	-
Health	3,061,234	-	-	-	(3,061,234)	-	(3,061,234)	-
Social services	448,142	-	-	-	(448,142)	-	(448,142)	-
Primary education	16,949,890	-	-	-	(16,949,890)	-	(16,949,890)	-
Secondary education	1,740,728	-	-	-	(1,740,728)	-	(1,740,728)	-
Library	1,481,833	-	-	-	(1,481,833)	-	(1,481,833)	-
Recreation and culture	1,581,050	87,849	274,124	49,809	(1,169,268)	-	(1,169,268)	-
Arts	6,500	-	-	-	(6,500)	-	(6,500)	-
Conservation of natural resources	227,890	-	25,652	-	(202,238)	-	(202,238)	-
Economic development	1,147,396	-	476,201	556,068	(115,127)	-	(115,127)	-
Interest on long-term debt	1,234,974	-	-	-	(1,234,974)	-	(1,234,974)	-
Total governmental activities	68,746,079	2,467,569	9,031,527	817,048	(56,429,935)	-	(56,429,935)	-
Business-type activities:								
Basic life support	434,186	1,740,157	945,984	-	-	2,251,955	2,251,955	-
Recreation	769,028	207,057	599,552	-	-	37,581	37,581	-
Broadband supply	206,426	112,254	-	-	-	(94,172)	(94,172)	-
Public works	860,998	847,810	-	-	-	(13,188)	(13,188)	-
Total business-type activities	2,270,638	2,907,278	1,545,536	-	-	2,182,176	2,182,176	-
Total primary government	\$ 71,016,717	\$ 5,374,847	\$ 10,577,063	\$ 817,048	(56,429,935)	2,182,176	(54,247,759)	-
COMPONENT UNITS:								
Board of Education of Caroline Co.	\$ 111,039,047	\$ 6,504,381	\$ 19,775,490	\$ 7,039,657	-	-	-	(77,719,519)
Board of Library Trustees of Caroline Co.	1,946,611	8,195	950,925	-	-	-	-	(987,491)
Total component units	\$ 112,985,658	\$ 6,512,576	\$ 20,726,415	\$ 7,039,657	-	-	-	(78,707,010)

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF ACTIVITIES
(CONTINUED)

YEAR ENDED June 30, 2024

	Net (Expenses) Revenue and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business- Type Activities	Total Net Expense/ Revenue	Component Units
General revenues:				
Local property taxes	\$ 31,508,456	\$ -	\$ 31,508,456	\$ -
Income taxes	26,029,223	-	26,029,223	-
Recordation tax	2,345,745	-	2,345,745	-
School construction excise tax	15,284	-	15,284	-
Transfer taxes	829,716	-	829,716	-
Franchise tax	158,708	-	158,708	-
Cannabis sale and use tax	436,860	-	436,860	-
Other local taxes	475,069	-	475,069	-
Impact fee	85,000	-	85,000	-
Disparity grant not restricted to specific program	4,686,791	-	4,686,791	-
Tax sale	1,638,921	-	1,638,921	-
Interest and investment earnings	2,840,652	-	2,840,652	1,186,036
Other income	239,110	2,675	241,785	463,078
County and State appropriations	-	-	-	91,675,351
Net transfers in (out)	2,006,809	(2,006,809)	-	-
Total general revenues and transfers	73,296,344	(2,004,134)	71,292,210	93,324,465
Change in net position	16,866,409	178,042	17,044,451	14,617,455
Net position – beginning	63,991,707	4,165,023	68,156,730	8,089,296
Net position – ending	\$ 80,858,116	\$ 4,343,065	\$ 85,201,181	\$ 22,706,751

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2024

	General Fund	Capital Improvements	Special Grants Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 42,756,446	\$ 5,743,458	\$ -	\$ 5,496,213	\$ 53,996,117
Deposits	-	114,446	-	-	114,446
Receivables:					
Taxes	121,277	-	-	-	121,277
Accounts	-	858,296	-	332,835	1,191,131
Other	431	-	183,219	-	183,650
Leases receivable	29,657	-	-	12,104	41,761
Due from other funds	307,753	5,814,190	2,895,404	-	9,017,347
Due from other governments	4,329,977	-	-	-	4,329,977
Prepaid items	18,251	-	-	-	18,251
Material and supplies, at cost	397,354	-	-	-	397,354
Other assets	-	-	-	496,364	496,364
Total assets	\$ 47,961,146	\$ 12,530,390	\$ 3,078,623	\$ 6,337,516	\$ 69,907,675
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable	\$ 700,705	\$ 1,260,630	\$ 68,720	\$ 254,978	\$ 2,285,033
Accrued items	848,644	-	1,066	3,695	853,405
Due to other funds	8,705,702	-	-	307,753	9,013,455
Unearned revenues	91,264	-	3,004,935	1,508,033	4,604,232
Other liabilities	402	-	-	25,178	25,580
Total liabilities	10,346,717	1,260,630	3,074,721	2,099,637	16,781,705
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	111,957	-	-	-	111,957
Deferred inflows related to leases	29,195	-	-	11,916	41,111
Total deferred inflows of resources	141,152	-	-	11,916	153,068
Fund balance:					
Non-spendable	415,605	-	-	-	415,605
Restricted	-	-	3,902	2,111,470	2,115,372
Committed	-	11,269,760	-	1,905,457	13,175,217
Assigned	-	-	-	210,049	210,049
Unassigned	37,057,672	-	-	(1,013)	37,056,659
Total fund balance	37,473,277	11,269,760	3,902	4,225,963	52,972,902
Total liabilities, deferred inflows of resources and fund balance	\$ 47,961,146	\$ 12,530,390	\$ 3,078,623	\$ 6,337,516	\$ 69,907,675

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2024

Total Governmental Fund Balance \$ 52,972,902

Amounts reported for governmental activities in the statement of net position are different because:

Capital and intangible assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 77,445,741

Deferred outflow of resources - County pension (see Note 8) 3,484,110
Deferred inflow of resources - County pension (see Note 8) (205,692)
Net pension liability - County pension (see Note 8) (5,213,956)

Deferred outflow of resources - Maryland State pension (see Note 8) 2,987,495
Deferred inflow of resources - Maryland State pension (see Note 8) (531,681)
Net pension liability - Maryland State pension (see Note 8) (6,964,696)

Deferred outflow of resources - OPEB (see Note 9) 1,259,207
Deferred inflow of resources - OPEB (see Note 9) (680,956)
Net OPEB asset (liability) - OPEB (see Note 9) 2,418,644

Deferred outflow of resources - LOSAP obligation (see Note 10) 1,277,426
Deferred inflow of resources - LOSAP obligation (see Note 10) (2,988,286)
Net LOSAP obligation (see Note 10) (1,123,759)

Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds. 111,957

Deferred inflow of resources - deferred refunding gain (16,260)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and loans payable (33,162,772)
Bond premiums (3,200,490)
Unpaid vacation and sick pay benefits (1,441,252)
Accrued landfill liability (2,896,900)
Dayspring Townhomes (2,502,261)
Finance leases (144,088)
Right-to-use leases (26,317)

Net position of Governmental Activities \$ 80,858,116

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

YEAR ENDED June 30, 2024

	General Fund	Capital Improvements	Special Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 61,231,672	\$ 829,716	\$ -	\$ 946,942	\$ 63,008,330
License and permits	230,291	-	-	-	230,291
Intergovernmental revenues	7,473,869	497,103	669,913	4,345,837	12,986,722
Charges for services	1,269,287	-	-	17,400	1,286,687
Miscellaneous revenues	2,524,562	675,828	-	2,879,064	6,079,454
Total revenues	72,729,681	2,002,647	669,913	8,189,243	83,591,484
Expenditures:					
General government	7,500,482	604,146	-	2,050,407	10,155,035
Public safety	22,877,543	3,347,188	101,040	448,163	26,773,934
Public works	4,598,086	5,814,334	-	262,730	10,675,150
Health	616,407	-	-	2,444,827	3,061,234
Social services	448,142	-	-	-	448,142
Primary education	16,081,000	868,890	-	-	16,949,890
Secondary education	1,813,368	-	-	-	1,813,368
Public Library	1,359,048	122,785	-	-	1,481,833
Recreation and parks	1,161,071	651,419	-	92,172	1,904,662
Arts	6,500	-	-	-	6,500
Conservation of natural resources	219,674	8,216	-	-	227,890
Economic development	15,000	-	568,873	563,523	1,147,396
Contingency	347,170	-	-	-	347,170
Debt Service:					
Principal	2,561,629	-	-	-	2,561,629
Interest and fiscal charges	1,235,990	-	-	-	1,235,990
Total expenditures	60,841,110	11,416,978	669,913	5,861,822	78,789,823
Excess (deficiency) of revenues over expenditures	11,888,571	(9,414,331)	-	2,327,421	4,801,661
Other financing sources (uses):					
Issuance of debt	-	1,178,243	-	-	1,178,243
Transfers in / (out)	(3,095,387)	6,275,507	-	(1,173,311)	2,006,809
Total other financing sources (uses)	(3,095,387)	7,453,750	-	(1,173,311)	3,185,052
Net change in fund balances	8,793,184	(1,960,581)	-	1,154,110	7,986,713
Fund balances, beginning	28,657,782	13,230,341	3,902	3,071,853	44,963,878
Change in reserve for materials and supplies	22,311	-	-	-	22,311
Fund balances, ending	\$ 37,473,277	\$ 11,269,760	\$ 3,902	\$ 4,225,963	\$ 52,972,902

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Net change in fund balance - Governmental Funds \$ 7,986,713

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated lives and reported as depreciation and amortization expense:

Capital outlay	9,705,693
Depreciation and amortization expense	(4,237,032)

In the statement of activities, only the gain or loss on capital assets is reported. However, in the governmental funds, all proceeds or losses are reported as financial resources. Thus, the change in net position differs from the change in fund balance by the capital assets value. (150,876)

Some revenues will not be collected for several months after the fiscal year ends. As such, these revenues are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues increased (decreased) this year, as follows:

Property tax	14,195
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Governmental funds report the issuance of long term obligations as income and the repayment of long term obligations as expenditures. However, in the government-wide statements, the issuance and repayment of debt are reported as a change in a long-term liability.

Debt issued or incurred	(1,666,936)
Principal repayments	3,906,219

Deferred refunding gain	1,016
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Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in deferred outflow of resources - County pension (see Note 8)	(827,209)
Change in deferred inflow of resources - County pension (see Note 8)	101,368
Change in net pension liability - County pension (see Note 8)	311,160
Change in deferred outflow of resources - Maryland State pension (see Note 8)	727,164
Change in deferred inflow of resources - Maryland State pension (see Note 8)	2,949
Change in net pension liability - Maryland State pension (see Note 8)	(658,742)
Change in deferred outflow of resources - OPEB (see Note 9)	345,095
Change in deferred inflow of resources - OPEB (see Note 9)	211,352
Change in net OPEB liability - OPEB (see Note 9)	(577,423)
Change in deferred outflow of resources - LOSAP Obligation (see Note 10)	(143,737)
Change in deferred inflow of resources - LOSAP Obligation (see Note 10)	(1,591,834)
Change in net LOSAP obligation (see Note 10)	3,384,963
Change in reserve for materials and supplies	22,311

Change in net position of Governmental Activities	\$ 16,866,409
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See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2024

ASSETS:

Current assets:

Cash and cash equivalents	\$ 3,126,222
Accounts receivable	996,506
Lease receivable	47,373

Total current assets	4,170,101
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Noncurrent assets:

Capital assets, net	524,399
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Total assets	4,694,500
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LIABILITIES:

Current liabilities:

Accounts payable	298,798
Unearned revenue	4,467
Due to other funds	3,892

Total current liabilities	307,157
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Noncurrent liabilities:

Long-term debt	-
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Total liabilities	307,157
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DEFERRED INFLOWS OF RESOURCES:

Deferred inflows related to leases	44,278
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NET POSITION:

Net investment in capital assets	524,399
Unrestricted	3,818,666

Total net position	\$ 4,343,065
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See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED June 30, 2024

Operating revenues:	
Charges for services	\$ 2,907,278
Other	2,675
<hr/>	
Total operating revenues	2,909,953
<hr/>	
Operating expenses:	
Personnel services	563,755
Operations and maintenance	1,574,108
Depreciation expense	132,775
<hr/>	
Total operating expenses	2,270,638
<hr/>	
Operating income	639,315
<hr/>	
Nonoperating revenues (expenses):	
Intergovernmental revenues	1,545,536
<hr/>	
Total nonoperating revenues (expenses)	1,545,536
<hr/>	
Transfers in (out)	(2,006,809)
<hr/>	
Change in net position	178,042
<hr/>	
Net position, beginning of year	4,165,023
<hr/>	
Net position, end of year	\$ 4,343,065
<hr/>	

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

YEAR ENDED June 30, 2024

Cash flows from operating activities:	
Cash received from customers	\$ 2,043,450
Cash paid to suppliers	(1,613,028)
Cash paid to employees	(563,755)
<hr/>	
Net cash used by operating activities	(133,333)
<hr/>	
Cash flows from noncapital financing activities:	
Intergovernmental	1,545,536
Transfers in (out)	(2,006,809)
<hr/>	
Net cash used by noncapital financing activities	(461,273)
<hr/>	
Cash flows from capital and financing activities	
Acquisition of capital assets	(9,889)
<hr/>	
Net cash used by capital and financing activities	(9,889)
<hr/>	
Net decrease in cash and cash equivalents	(604,495)
Cash and cash equivalents, beginning of year	3,730,717
<hr/>	
Cash and cash equivalents, end of year	\$ 3,126,222
<hr/> <hr/>	
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 639,315
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	132,775
Lease right-to-use asset	1,714
(Increase) decrease in accounts receivable	(868,417)
Increase (decrease) in accounts payable	(38,920)
Increase (decrease) in unearned revenue	200
<hr/>	
Net cash used by operating activities	\$ (133,333)
<hr/> <hr/>	

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2024

	<u>Custodial Funds</u>	<u>Employee Benefit Trust Funds</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 681,889	\$ 1,086,870
Investments at fair value:		
Fixed income - corporate bonds	-	12,372,598
Equity funds	-	28,311,008
Other	-	3,391,632
Total investments at fair value	-	44,075,238
Taxes and other receivables	56,949	-
Total assets	\$ 738,838	\$ 45,162,108
<u>LIABILITIES:</u>		
Accounts payable	72,192	-
Due to other governments	53,501	-
Total liabilities	125,693	-
<u>NET POSITION:</u>		
Net position restricted for pensions	-	34,333,137
Net position restricted for OPEB	-	8,988,999
Net position restricted for LOSAP	-	1,839,972
Net position restricted for participants	10,290	-
Net position restricted for property owners	602,855	-
Total net position	\$ 613,145	\$ 45,162,108

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED June 30, 2024

	<u>Custodial Funds</u>	<u>Employee benefit Trust Funds</u>
Additions:		
Contributions:		
Plan sponsor	\$ -	\$ 1,369,000
Employee	-	625,376
Collections for others	11,562,450	-
Gains	-	3,713,697
Interest, dividends and gains	-	1,131,703
Less: investment expense	-	(154,437)
Total additions	11,562,450	6,685,339
Deductions:		
Benefits paid	-	2,466,488
Distributed to others	11,499,247	-
Losses	-	-
Transfers (in) out	-	-
Administrative fees	-	(14,492)
Total deductions	11,499,247	2,451,996
Change in net position	63,203	4,233,343
Net position, beginning of year	549,942	40,928,765
Net position, end of year	\$ 613,145	\$ 45,162,108

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2024

	Board of Education of Caroline County	Board of Library Trustees of Caroline County	Total
ASSETS:			
Cash and cash equivalents	\$ 26,587,976	\$ 762,575	\$ 27,350,551
Accounts receivable	5,490,969	105	5,491,074
Prepaid expenses	-	11,511	11,511
Inventories	122,858	-	122,858
Due from other governments	148,656	-	148,656
Restricted assets:			
Cash and cash equivalents	-	366,814	366,814
Nondepreciable assets	4,980,187	-	4,980,187
Depreciable assets, net	134,497,781	2,874,145	137,371,926
Total assets	171,828,427	4,015,150	175,843,577
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	3,223,697	-	3,223,697
Other post-employment benefits	19,516,636	-	19,516,636
Total deferred outflows of resources	22,740,333	-	22,740,333
LIABILITIES:			
Accounts payable	813,149	26,930	840,079
Accrued expenses	9,613,025	57,627	9,670,652
Unearned revenue	2,331,584	113,451	2,445,035
Accrued compensated absences	-	18,091	18,091
Long-term liabilities:			
Net pension liability	7,409,982	-	7,409,982
Net OPEB liability	88,789,120	-	88,789,120
Due within one year	648,857	14,381	663,238
Due in more than one year	4,370,262	5,758	4,376,020
Total liabilities	113,975,979	236,238	114,212,217
DEFERRED INFLOWS OF RESOURCES			
Pensions	543,956	-	543,956
Other post-employment benefits	61,120,986	-	61,120,986
	61,664,942	-	61,664,942
NET POSITION:			
Net investment in capital assets	136,937,992	2,854,006	139,791,998
Restricted for:			
Fund purposes	-	67,921	67,921
Unrestricted (deficit)	(118,010,153)	856,985	(117,153,168)
Total net position	\$ 18,927,839	\$ 3,778,912	\$ 22,706,751

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS

YEAR ENDED June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Board of Education of Caroline County	Board of Library Trustees Caroline County	Total Net Expense/ Revenue
COMPONENT UNITS:							
Board of Education of Caroline County	\$ 111,039,047	\$ 6,504,381	\$ 19,775,490	\$ 7,039,657	\$ (77,719,519)	\$ -	\$ (77,719,519)
Board of Library Trustees of Caroline County	1,946,611	8,195	950,925	-	-	(987,491)	(987,491)
Total component units	\$ 112,985,658	\$ 6,512,576	\$ 20,726,415	\$ 7,039,657	(77,719,519)	(987,491)	(78,707,010)
General revenues:							
County appropriations					16,081,000	1,475,833	17,556,833
State appropriations					73,749,522	368,996	74,118,518
Interest and investment earnings					1,150,801	35,235	1,186,036
Miscellaneous					368,102	94,976	463,078
Total general revenue					91,349,425	1,975,040	93,324,465
Change in net position					13,629,906	987,549	14,617,455
Net position – beginning					5,297,933	2,791,363	8,089,296
Net position – ending					\$ 18,927,839	\$ 3,778,912	\$ 22,706,751

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Summary of significant accounting policies

Caroline County (the County) was created by an act of the Maryland General Assembly on December 23, 1773. The County operates under a Commissioner form of government and provides the following services: education, public safety (fire and police), health and social services, highways and streets, public works, library, recreation and parks, planning and zoning, economic development and general administration.

In 1984, the citizens of the County voted to establish Caroline County as a Code Home Rule County, which allows the Commissioners to exercise the powers of self-government over local matters.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Reporting Entity

The financial statements of the reporting entity include those of Caroline County Government (the primary government) and its component units. Component units are legally separate entities that are included in the County's reporting entity because of the significance of their operating or financial relationships with the County. The criteria for including organizations as component units within the County's reporting entity 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 following organizations are considered component units of Caroline County Government. Their combined financial data is discretely presented in a separate column in the government-wide financial statements. A Combining Statement of Net Position and a Combining Statement of Activities for the component units are also provided. All discretely presented component units have a June 30 year end.

The **Board of Education of Caroline County, Maryland (the Board of Education)** is a legally separate organization created by Maryland state law to operate the County's public school system. Management of the County's schools is under the control of the Board of Education, with the final decision-making authority held by the State Board of Education. The Board of Education is financially accountable to the Caroline County Government because the Board of Education's annual budget is subject to the approval of the County Commissioners and the Board of Education receives a significant portion of its operational and capital project funding from the County. The Board of Education is presented as a governmental fund type.

The **Board of Library Trustees for Caroline County, Maryland (the Library)** is a legally separate entity under Maryland state law. The Library's Trustees are appointed by the Governor of the State of Maryland and oversee the day-to-day management of the Library. The Library's budget is subject to the approval of the County Commissioners and the Library receives a significant portion of its operational and capital project funding from the County. The Library is presented as a governmental fund type.

Complete financial statements of the discretely presented component units can be obtained directly from their respective administrative offices.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Summary of significant accounting policies (continued)

B. Basic Financial Statements

The County's basic financial statements include government-wide financial statements (reporting on the County as a whole), fund financial statements (reporting the County's most significant funds), and fiduciary financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities are normally supported by taxes and intergovernmental revenues. The County's public safety, health and social services, some parks and recreation 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 programs, basic life support, public works sales and broadband supply operations are classified as business-type activities.

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all 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. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation.

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; and (3) unrestricted. Net position should be reported as restricted when constraints placed on the use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their use. When both restricted and unrestricted resources are available for use, the County utilizes restricted resources to finance qualifying activities first, then unrestricted resources as they are needed.

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

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Summary of significant accounting policies (continued)

B. Basic Financial Statements (continued)

Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, 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. Nonmajor funds by category are summarized into a single column.

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 balance of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

- a. **General Fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund.
- b. **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Grants Fund is considered a major fund, and is used to account for revenues and expenditures related to certain grants. The remaining Special Revenue Funds of the County are considered non-major funds.
- c. **Capital Projects Funds** are 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) such as roads projects and property acquisition and development. The Capital Improvements Fund is a major fund, and is used to account for all current major construction projects.

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

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to cover similar costs. All enterprise funds of the County are considered non-major, and their data is combined into a single aggregated presentation.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Summary of significant accounting policies (continued)

B. Basic Financial Statements (continued)

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

The County's Fiduciary Funds consist of custodial funds and employee benefit trust funds. The County's custodial funds temporarily hold collected revenues for state property tax, town property tax, DMV tag sales, hotel rental tax, inmates' funds, confiscated properties, Bay Restoration funds, public drainage associations and home builder guaranty. The results of operations for custodial funds are presented in the Statement of Changes in Fiduciary Net Position.

Employee benefit trust funds are used to account for the County's employee pension plan, a self-funded health plan for County retirees, and a trust fund established to accumulate funds to pay for health and welfare benefits of future retirees. The results of operations for these funds are presented in the Statement of Changes in Fiduciary Net Position.

C. Basis of Accounting and Measurement Focus

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.

Basis of Accounting

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.

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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Summary of significant accounting policies (continued)

C. Basis of Accounting and Measurement Focus (continued)

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 governmental fund financial statements, the “current financial resources” measurement focus is used as appropriate:

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

In applying the susceptible to accrual concept to operating and capital grants, which are classified with intergovernmental revenues in the fund financial statements, the County records receivables when the applicable eligibility requirements, including time requirements, are met. Related revenues are recognized to the extent that cash is expected to be received within one year of year-end. Resources received before the eligibility requirements are met are reported as unearned revenue.

Licenses and permits, charges for services, and miscellaneous revenues (except earnings on investments) are generally recorded as revenues when received in cash during the year. At year-end, receivables are recorded for significant amounts due. If such amounts are received in cash after year-end within the County’s 60-day availability period, they are recognized as revenue; if not, such amounts are reported as unearned revenue.

D. Financial Statement Amounts

Cash and Cash Equivalents: 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: Investments held by the County 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.

Receivables: All trade and property tax receivables are reported at their fair value. Taxes, special assessments, and accrued interest are deemed collectible in full. Property taxes attach as an enforceable lien when levied on July 1 of each fiscal year. The taxes are payable without interest by September 30.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Summary of significant accounting policies (continued)

D. Financial Statement Amounts (continued)

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

Interfund Transactions: The following is a description of the basic types of interfund transactions made during the year and related accounting policies:

- a. Transactions for services provided – these transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.
- b. Transactions to reimburse a fund for expenditures made by it or for the benefit of another fund – these transactions are recorded as expenditures in the disbursing fund and as reductions of expenditures in the receiving fund.
- c. Transactions to shift revenues or contributions from the fund budgeted to receive them to the fund budgeted to expend them – these transactions are recorded as transfers in and out.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/due from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances” and are eliminated.

Inventories: Inventories consisting of supplies are valued at cost using the First-In/First-Out Method. Inventorial items are recorded as expenditures when shipped (the consumption method).

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

Capital Assets: Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, and similar items), are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County and the Board of Education as assets with an original, individual cost of \$5,000 or more and an estimated useful life in excess of five years for the County and one year for the Board. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Library defines capital assets as assets having an initial individual cost of more than \$500 and an estimated useful life in excess of one year. For the primary government and component units, donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangements are recorded at acquisition value at the date of donation.

Normal maintenance and repair costs that do not add to the value of the assets or materially extend assets' lives are not capitalized by the County or the component units.

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

Non-depreciable infrastructure included intangible property easements and other land usage rights that are capitalized but not depreciated, as these assets are expected to have indefinite useful lives.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

Note 1. Summary of significant accounting policies (continued)

D. Financial Statement Amounts (continued)

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

<u>Caroline County Government</u>	
Infrastructure	7 - 40 years
Buildings	40 years
Improvements	10 - 30 years
Machinery and equipment	5 - 10 years
Vehicles	5 years
General capital assets	10 - 40 years
<u>The Board of Education</u>	
Buildings and improvements	15 – 50 years
Furniture and equipment	5 – 20 years
Vehicles	6 – 12 years
Software	5 years
<u>The Library</u>	
Furniture and equipment	5 - 20 years
Vehicles	5 years
Books and materials	7 years
Leasehold improvements	15 - 30 years

Deferred Outflows / Inflows of Resources: In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow or resources (expense / expenditure) until then. The County and Board recognize deferred outflow of resources related to its pension obligation (see Note 8), OPEB liability (see Note 9), and LOSAP obligation (see Note 10). These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has an item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The County and Board also recognize deferred inflow of resources related to its pension obligation (see Note 8), OPEB liability (see Note 9), and LOSAP obligation (see Note 10). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The deferred outflows and inflows of resources represent reconciling items between the governmental fund financial statements and the government-wide financial statements.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Summary of significant accounting policies (continued)

D. Financial Statement Amounts (continued)

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

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

Governmental fund balances are classified as follows:

Nonspendable - cannot be spent because of its form.

Restricted - has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.

Committed - limitation imposed by the County Commissioners, through approval of resolutions.

Assigned - amounts constrained by the County Commissioners to be used for a specific purpose. County resolution #2000-018 delegates certain financial authority to the County Commissioners.

Unassigned - is the residual classification for the General Fund.

The County uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The General fund is the only governmental fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Proprietary net position is classified the same as in the government-wide statements.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Summary of significant accounting policies (continued)

D. Financial Statement Amounts (continued)

The specific purpose for fund balance classified as restricted, committed, or assigned are as follows:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Capital Improvements:			
General government	\$ -	\$ 2,171,696	\$ -
Public safety	-	181,700	-
Public works	-	5,060,232	-
Recreation and culture	-	301,608	-
Required reserve	-	3,554,524	-
Special Grants Fund	3,902	-	-
Other Governmental funds:			
Jonestown Water System	-	-	6,353
4-H Park	-	-	4,488
OJP Grants Law Enforcement	18,346	-	-
Revolving Loan Fund	210,012	-	-
MEAF Revolving Loan	156,313	-	-
Community Reinvestment	436,860	-	-
Local Agricultural Land Preservation	-	99,506	-
State Agricultural Land Preservation	-	521,833	-
Summerfest	-	-	20,214
Commissary Account	156,260	-	-
Law Library	25,925	-	-
Critical Area Forestry	-	35,275	-
Forest Conservation	-	27,281	-
Business and Tech Park	-	-	31,908
Health Department	-	-	147,086
Tax Sale Proceeds	12,262	-	-
Opioid Abatement	285,007	-	-
Drug Task Force	331,097	-	-
Dayspring Townhomes	479,388	-	-
Educational Facilities	-	1,221,562	-
Total	\$ 2,115,372	\$ 13,175,217	\$ 210,049

Compensated Absences: Employees of the County earn annual leave, compensatory time and sick leave in varying amounts. It is the County’s policy to permit employees to accumulate earned but unused annual leave, compensatory time, and sick pay benefits.

The County accrues the value of the accumulated unpaid annual leave, compensatory time, and associated employee-related costs when incurred in the government-wide and proprietary fund financial statements. The General Fund has typically been used in prior years to liquidate these compensated absences. Only the amount of unused annual leave and compensatory pay that has matured (i.e., the amount due and payable following a former employee’s resignation or retirement) is recorded as an expenditure and a liability in the governmental fund that will pay it. The noncurrent portion for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Summary of significant accounting policies (continued)

D. Financial Statement Amounts (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, business-type activities, or proprietary fund-type statement of net position.

In the fund financial statements, governmental fund-types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital leases are recorded in the same manner.

Revenues, Expenditures, and Expenses: Property taxes and interest assessed in the current fiscal period are accrued and are recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be earned and therefore recognizable as revenue of the current period.

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

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

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

Note 2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

A legal budget is adopted and formal budgetary accounting is employed as a management control for most funds of the County, except fiduciary funds. Budgetary comparison schedules are presented for the General Fund, Capital Improvements Fund and all other funds with legally adopted annual budgets. The basis for budgeting is the modified accrual basis, excluding certain expenditures such as compensated absences, which results in non-GAAP basis. All annual appropriations lapse at fiscal year-end.

The legal level of budgetary control (that is, the level at which expenditures cannot exceed budgeted appropriations) is at the department level. However, with proper approval by the County Commissioners, budget transfers can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments made by the County Commissioners. There were no material violations of the annual appropriated budget for the fiscal year ended June 30, 2024.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

Note 3. Cash Deposits and Investments

Primary Government

The County Commissioners are authorized to invest unexpended revenues from taxation, bond sales, lawful distributions to it of funds from other governmental agencies, or any other funds properly received by it, until it determines the funds are needed for proper public purposes. The County's investment policy (adopted October 31, 1995) permits investment only in those types of securities authorized by State Finance and Procurement Article Section 6-222(a) and Article 95, Section 22-22N of the Annotated Code of Maryland.

Cash Deposits: At year-end, the carrying amount of the County's deposits was \$46,582,431 and the bank balance was \$47,672,596, all of which was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

Investments: Statutes authorize the County to invest in short-term U.S. government securities or repurchase agreements fully secured by the United States government if the funds are not needed for immediate disbursement. The stated maturities of the investments may not exceed 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 County's investment policy limits authorized investments to those with minimal credit risk.

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

Investment Type	Fair Value
Maryland Local Government Investment Pool	\$ 10,539,908

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. The MLGIP uses the amortized cost method to compute unit value rather than fair value to report net position. 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 Standard and Poors. As of June 30, 2024, the County'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 and is in conformity with the County's policy relating to minimal credit risk of investments. The Pool is managed as a Rule 2a-7 pool. Therefore, the County faces no interest rate risk.

Fiduciary Fund Investments: The Caroline County Employees Pension Plan, Other Postemployment Benefit Plan, and Volunteer Fireman Pension Plan Length of Service Award Program Plan are authorized to invest in common stocks, corporate bonds and any other securities in varying proportions when and for as long as, in the opinion of the respective Plan Trustees, prevailing market and economic considerations indicate that it is in the best interest of the respective Plan to do so. Notes 8, 9, and 10 present the details of these plans.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 3. Cash Deposits and Investments (continued)

Interest Rate Risk - The following schedule presents the interest rate risk for fiduciary fund types (increasing interest rates decrease the value of the bonds) based on maturity of the bonds held.

Maturities	
Cash and equivalents	\$ 1,086,870
Fixed income - < 1 year	359,509
Fixed income - 1-5 years	6,267,195
Fixed income - 5-10 years	3,911,161
Fixed income - 10+ years	1,834,733
Equity funds	28,311,008
Other	3,391,632
Total	\$ 45,162,108

The fair value GAAP hierarchy is based on the valuation of 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 are significant unobservable inputs. Fixed income and Equity investments are considered to be Level 1.

Foreign currency risk - It is the County's policy to minimize foreign currency risk by limiting foreign asset investments for the Employees' Pension Plan, OPEB Trust, and LOSAP Trust. The total exposure to foreign currency risk as of June 30, 2024 was \$0 for the Employees' Pension Plan, OPEB Trust, and LOSAP Trust.

Component Units

At year-end, the carrying amount of the deposits of the Board of Education, a discretely presented component unit, was \$3,092,170 and the bank balance was \$2,128,577. At year-end, all of the Board's deposits were fully covered by Federal depository insurance and/or collateral pledged in the Board's name.

At year-end, the carrying amount of the deposits of the Caroline County Public Library, a discretely presented component unit, was \$516,366 and the bank balance was \$555,958, all of which was covered by Federal depository insurance or by collateral held by the Library's agent in the Library's name.

At year-end, the Board and Library's fair value of investment balances were as follows:

Investment Type	Board	Library
Maryland Local Government Investment Pool	\$ 24,459,399	\$ 613,023

Note 4. Receivables

The County's real property tax is levied each July 1 on the assessed values certified as of that date for all taxable real property located in the County. Assessed values are established by the Maryland State Department of Assessments and Taxation as predetermined percentages of estimated market value. Payments are due by September 30. Beginning October 1, interest is charged each month on taxes that remain unpaid. At the owner's option, taxes on owner-occupied residential property may be paid on a semiannual basis, the second half of the taxes being due December 31 with a .32% service and administrative fee. Properties with delinquent taxes are sold at public auction in May of each year.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 5. Interfund transactions

As of June 30, 2024, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable	Net Receivable (Payable)
<u>Governmental Funds:</u>			
General Fund	\$ 307,753	\$ 8,705,702	\$ (8,397,949)
Capital Improvements	5,814,190	-	5,814,190
Special Grants Fund	2,895,404	-	2,895,404
Other Governmental Funds	-	307,753	(307,753)
Total Governmental Funds	9,017,347	9,013,455	3,892
<u>Proprietary Funds:</u>			
Other Proprietary Funds	-	3,892	(3,892)
Total Proprietary Funds	-	3,892	(3,892)
Total	\$ 9,017,347	\$ 9,017,347	\$ -

Most frequently, interfund receivables and payables are used by the County to cover temporary cash deficits in individual funds until grant funds are received. Occasionally, these receivables and payables are used in lieu of short-term external borrowing.

Interfund transfers represent a transfer of resources from one fund to another without expectation of repayment. During the fiscal year ended June 30, 2024, transfers were made between the following funds to help defray costs incurred in those respective funds. A summary of interfund transfers by fund for the year ended June 30, 2024 is as follows:

	Transfers In	Transfers Out	Net In (Out)
<u>Governmental Funds:</u>			
General Fund	\$ 1,464,075	\$ 4,559,462	\$ (3,095,387)
Capital Improvements	6,275,507	-	6,275,507
Special Grants Fund	-	-	-
Other Governmental Funds	47,349	1,220,660	(1,173,311)
Total Governmental Funds	7,786,931	5,780,122	2,006,809
<u>Proprietary Funds:</u>			
Other Proprietary Funds	(2,006,809)	-	(2,006,809)
Total Proprietary Funds	(2,006,809)	-	(2,006,809)
Total	\$ 5,780,122	\$ 5,780,122	\$ -

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 6. Capital assets

Caroline County

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

	Beginning Balance	Increases	Transfers / Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not depreciated:				
Land	\$ 14,533,835	\$ -	\$ -	\$ 14,533,835
Non-depreciable infrastructure	17,052,974	-	-	17,052,974
Construction in progress	3,254,874	2,148,646	(2,662,493)	2,741,027
Total capital assets, not depreciated	34,841,683	2,148,646	(2,662,493)	34,327,836
Capital assets, depreciated:				
Infrastructure	40,812,215	4,892,256	-	45,704,471
Buildings	34,804,518	30,256	-	34,834,774
Utilities	1,523,324	-	-	1,523,324
Improvements	13,337,389	246,641	1,710,472	15,294,502
Machinery and equipment	25,952,382	2,387,894	(565,526)	27,774,750
Total capital assets, depreciated	116,429,828	7,557,047	1,144,946	125,131,821
Less: accumulated depreciation for:				
Infrastructure	(27,984,410)	(1,266,196)	-	(29,250,606)
Buildings	(23,572,680)	(571,621)	-	(24,144,301)
Utilities	(291,967)	(30,466)	-	(322,433)
Improvements	(9,521,005)	(513,891)	19,698	(10,015,198)
Machinery and equipment	(17,814,975)	(1,838,265)	1,346,973	(18,306,267)
Total accumulated depreciation	(79,185,037)	(4,220,439)	1,366,671	(82,038,805)
Total capital assets, depreciated, net	37,244,791	3,336,608	2,511,617	43,093,016
Intangible right-to-use assets:				
Leased building	82,964	-	-	82,964
Less accumulated amortization	(41,482)	(16,593)	-	(58,075)
Total intangible-right-to-use assets, net	41,482	(16,593)	-	24,889
Governmental activities capital assets, net	\$ 72,127,956	\$ 5,468,661	\$ (150,876)	\$ 77,445,741
<u>Business-type activities:</u>				
Capital assets, depreciated:				
Building and improvements	\$ 1,823,579	\$ 97,519	\$ -	\$ 1,921,098
Less: accumulated depreciation for:				
Buildings and improvements	(1,263,924)	(132,775)	-	(1,396,699)
Total capital assets, depreciated, net	559,655	(35,256)	-	524,399
Business-type activities capital assets, net	\$ 559,655	\$ (35,256)	\$ -	\$ 524,399

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 6. Capital assets (continued)

Caroline County (continued)

Non-depreciable infrastructure consists primarily of road-base and rights of way.

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

<u>Governmental Activities:</u>	
General government	\$ 544,517
Public safety	1,442,814
Public works	1,955,646
Recreation and culture	277,462
<hr/>	
Total depreciation expense - Governmental Activities	\$ 4,220,439
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Business-type Activities:	
Broadband supply	\$ 125,218
Public works	7,557
<hr/>	
Total depreciation expense - business-type activities	\$ 132,775
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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 6. Capital assets (continued)

Board of Education

Capital asset activity for the Board of Education for the fiscal year ended June 30, 2024 was as follows:

<u>Governmental Activities</u>	Beginning Balance	Increases	Transfers / Decreases	Ending Balance
Capital assets, not depreciated:				
Construction in progress	\$ 3,301,474	\$ 4,598,491	\$ (3,301,473)	\$ 4,598,492
Land	381,695	-	-	381,695
Total capital assets, not depreciated	3,683,169	4,598,491	(3,301,473)	4,980,187
Capital assets, depreciated:				
Buildings and improvements	182,280,472	3,098,961	3,301,473	188,680,906
Furniture and equipment	2,660,241	182,490	-	2,842,731
Software	375,910	-	-	375,910
Vehicles	4,291,770	170,965	(285,272)	4,177,463
Total capital assets, depreciated	189,608,393	3,452,416	3,016,201	196,077,010
Less: accumulated depreciation for:				
Buildings and improvements	(54,634,401)	(3,818,995)	-	(58,453,396)
Furniture and equipment	(1,863,773)	(129,733)	-	(1,993,506)
Software	(368,768)	(2,856)	-	(371,624)
Vehicles	(2,147,581)	(314,498)	248,666	(2,213,413)
Total accumulated depreciation	(59,014,523)	(4,266,082)	248,666	(63,031,939)
Total capital assets, depreciated, net	130,593,870	(813,666)	3,264,867	133,045,071
Intangible right-to-use assets:				
Leased equipment	862,450	-	-	862,450
Less accumulated amortization	(440,677)	(155,028)	-	(595,705)
Total intangible right-to-use assets, net	421,773	(155,028)	-	266,745
Governmental activities capital assets, net, as restated	\$ 134,698,812	\$ 3,629,797	\$ (36,606)	\$ 138,292,003
Business-type activities:				
Equipment	\$ 1,470,043	\$ 512,718	\$ -	\$ 1,982,761
Software	27,122	-	-	27,122
Vehicles	131,306	166,517	-	297,823
Total capital assets being depreciated	1,628,471	679,235	-	2,307,706
Less: accumulated depreciation:				
Equipment	(925,274)	(88,515)	-	(1,013,789)
Software	(27,122)	-	-	(27,122)
Vehicles	(61,972)	(18,858)	-	(80,830)
Total accumulated depreciation	(1,014,368)	(107,373)	-	(1,121,741)
Business-type activities capital assets, net	\$ 614,103	\$ 571,862	\$ -	\$ 1,185,965

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 6. Capital assets (continued)

Depreciation expense for the fiscal year ended June 30, 2024 was charged to governmental functions as follows:

Administration	\$	118,544
School management and support		73,680
Other instructional costs		3,819,477
Pupil transportation		264,813
Maintenance of plant		144,596
<hr/>		
Total depreciation expense	\$	4,421,110

Library

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Furnishings and equipment	\$ 789,579	\$ 173,974	\$ (172,038)	\$ 791,515
Vehicles	29,697	-	-	29,697
Leasehold improvements	1,775,733	969,915	(6,688)	2,738,960
Books and materials	532,580	68,689	(85,344)	515,925
	<hr/>			
	3,127,589	1,212,578	(264,070)	4,076,097
	<hr/>			
Accumulated depreciation:				
Furnishings and equipment	(671,452)	(34,925)	171,688	(534,689)
Vehicles	(29,697)	-	-	(29,697)
Leasehold improvements	(341,563)	(52,090)	4,496	(389,157)
Books and materials	(273,980)	(74,894)	85,344	(263,530)
	<hr/>			
	(1,316,692)	(161,909)	261,528	(1,217,073)
	<hr/>			
Net capital assets	1,810,897	1,050,669	(2,542)	2,859,024
	<hr/>			
Intangible right-to-use assets:				
Leased buildings	207,285	-	-	207,285
Leased equipment	17,719	3,813	-	21,532
Less accumulated amortization	(202,750)	(10,946)	-	(213,696)
	<hr/>			
Net intangible right-to-use assets	22,254	(7,133)	-	15,121
	<hr/>			
Governmental activities capital and intangible assets, as restated	\$ 1,833,151	\$ 1,043,536	\$ (2,542)	\$ 2,874,145

Governmental activities depreciation and amortization expense was \$172,855 for the fiscal year ended June 30, 2024.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 7. Long-term obligations

The County issues general obligation bonds and other indebtedness to provide funds for the acquisition and construction of major capital facilities. Indebtedness has been issued for governmental activities. The following is a summary of the County's long-term debt transactions for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Retirements and Repayments	Balance June 30, 2024	Current Portion
<u>Governmental activities:</u>					
Bonds and loans	\$ 35,797,041	\$ -	\$ 2,634,269	\$ 33,162,772	\$ 2,667,066
Bond premiums	3,402,887	-	202,397	3,200,490	202,397
Unpaid vacation and sick pay benefits	1,459,803	-	18,551	1,441,252	-
Accrued landfill liability	2,408,207	488,693	-	2,896,900	-
Dayspring Townhomes	2,502,261	-	-	2,502,261	-
Finance leases	-	1,178,243	1,034,155	144,088	26,555
Right-to-use leases	43,164	-	16,847	26,317	17,402
	<u>\$ 45,613,363</u>	<u>\$ 1,666,936</u>	<u>\$ 3,906,219</u>	<u>\$ 43,374,080</u>	<u>\$ 2,913,420</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund and certain Special Revenue Funds.

The accrued landfill liability is a contingent long-term liability as it is expected that sufficient funds are available from landfill revenues to pay future closure and post closure cost. To date, additional funding from the County has not been required nor does management anticipate it. In addition, MES has satisfied its financial assurance requirements as of June 30, 2024 and expects to satisfy these requirements next year using the same criteria. See note 14 for more information.

In November 2019, the County issued Public Improvement Bonds of 2019 for \$20,245,000. These General Obligation Bonds carry interest rates of 3.0 to 5.0 and mature serially through 2040. Proceeds were used for the purpose of providing funds to finance various governmental projects including the replacement of the Greensboro Elementary School, renovations and improvements to the County's detention center, and road improvements.

In November 2019, the County also issued Public Improvement Refunding Bonds of 2019 for \$13,965,000. These bonds carry interest rates of 3.0 to 5.0 percent and mature serially through 2037. Proceeds were used to refund portions of the County's outstanding Public Improvement Bonds of 2006, Public Improvement Bonds of 2008, Refunding Bond of 2009, Public Improvement Bond of 2009, and the Equipment Lease-Purchase Agreement with Motorola Solutions, Inc. The savings or aggregate difference in debt service from refunding these bonds was \$1,425,567. The economic gain or net present value of savings from the refunding was \$1,363,135.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 7. Long-term obligations (continued)

General long-term debt for governmental activities at June 30, 2024 is composed of the following issues:

Description	Interest Rates	Date Issued	Date Series Matures	Original Issue	Outstanding
General bonded debt:					
2014 Public Improvement Bond	2.5-3.125%	2015	2035	\$ 7,205,000	\$ 4,690,000
Refunding Bond of 2019	3.0-5.0%	2020	2040	34,210,000	24,325,000
State loans:					
Midshore Business & Tech. Park	0.000%	2007	-	3,057,529	3,057,529
MDE Jail Sewer Loan	0.700%	2020	2040	230,999	184,964
Capital projects loans:					
Chesapeake College project of 2014	2.0-4.0%	2014	2034	1,520,000	905,279
				<u>\$ 46,223,528</u>	<u>\$ 33,162,772</u>
Other components:					
Bond premiums					3,200,490
Long-term portion of unpaid vacation and sick pay benefits					1,441,252
Accrued landfill liability					2,896,900
Long-term obligations of Dayspring Townhomes					2,502,261
Finance leases					144,088
Right-to-use leases					26,317
				<u>\$ 43,374,080</u>	

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 7. Long-term obligations (continued)

The annual requirements to amortize all general bonded debt and loans (excludes Midshore Business & Tech Park) at June 30, 2024 are as follows:

Fiscal Year Ending June 30	<u>Governmental Activities</u>		Total Requirement
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 2,667,066	1,148,687	\$ 3,815,753
2026	2,765,203	1,026,344	3,791,547
2027	2,403,340	899,534	3,302,874
2028	2,451,818	789,468	3,241,286
2029	2,140,296	676,240	2,816,536
2030 - 2034	9,193,423	2,144,778	11,338,201
2035 - 2039	7,098,669	818,127	7,916,796
2040	1,385,428	41,554	1,426,982
	<u>\$ 30,105,243</u>	<u>\$ 7,544,732</u>	<u>\$ 37,649,975</u>

The County received loans from the Department of Housing and Community Development, a state agency, which were used by an agent to construct housing for low-income families (the Dayspring Townhomes project). Development, construction and equipping of the project was financed in part by a long-term mortgage in the amount of \$2,502,261 (as of June 30, 2024) from the DHCD. The related deed of trust note calls for interest at a rate equal to the Maryland State Bonds which were issued to provide the funding for the program. Repayment of principal and any accrued interest are deferred in perpetuity until the occurrence of any of the following events:

- a. The project is no longer used to provide housing for low income households;
- b. The refinancing, sale, transfer or conveyance of the project;
- c. Any encumbrance of the project without prior written consent of the DHCD; or
- d. Any event of default.

The amount of repayment is limited to the lesser of the outstanding balance on the notes or the amount realized through sale of the property. The County cannot be required to pay any additional amounts.

On March 7, 2003, the County executed two promissory notes to the Maryland Department of Business and Economic Development (DBED) totaling \$1,500,000 to enable the County to finance the development of an industrial park in Ridgely, Maryland. On July 24, 2007, the County entered into an amended agreement with DBED, whereby the loans were released and DBED provided an additional \$1,000,000 in financing to the County, for a total of \$2,500,000. On December 30, 2009, DBED invested another \$557,529 and an amended and restated investment agreement was entered into. The new funds are to be used to further develop the Midshore Business and Technology Park in Ridgely, Maryland and will be repaid as lots are sold and/or leased. There is no fixed maturity date, but the State can require immediate repayment of the entire outstanding principal, plus interest should a default occur.

Board of Education

The long-term lease obligations of the Board of Education of Caroline County are reported in note 12 - Leases.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans

The County maintains or participates in certain retirement plans which provide benefits to its employees. The various plans and its participants are outlined below:

<u>Employees</u>	<u>Plan</u>
Board of Education	Maryland State Retirement and Pension System
Library	Maryland State Retirement and Pension System
Caroline County:	
Elected officials	Maryland State Retirement and Pension System
Election officials	Maryland State Retirement and Pension System
Sheriff's Deputies	Maryland State Law Enforcement Officers' Retirement System (LEOPS)
Appointed officials and certain employees	Defined Contribution Deferred Compensation Plan
All other county employees and certain appointed officers	Caroline County, Maryland Employees' Pension Plan Caroline County Commissioners Deferred Compensation Plan

Caroline County, Maryland Employees' Pension Plan

Organization

The Plan, which is a single-employer, defined benefit plan, is administered by M & T Bank. A stand-alone Actuarial Valuation Report is issued annually, a copy of which may be obtained from the Office of Human Resources located at 602 Crystal Avenue, in Denton, Maryland. The plan does not issue a separate, audited GAAP-basis pension plan report.

Administration: Per the Caroline County, Maryland Employees' Pension Plan documents, the Retirement Plan Committee ("Committee") function as the investment and administrative agent for the County with respect to the single-employer defined benefit plan. There are 5 Committee members: the County Administrator, Director of Human Resources, County Attorney, Director of Finance and a member of the Employee Advisory Board selected by the Employee Advisory Board. The County Council has the authority to establish and amend benefits.

Summary of Significant Plan Provisions

Effective date: July 1, 1969. Last amended and restated January 1, 2020.

Eligibility: Any person scheduled to work at least 32 hours per week who is 1) an employee of the County Commissioners of Caroline County, Maryland, 2) a permanent employee in a State-authorized exempt position, or 3) an employee of the Sheriff's Office who is not a participant in the Law Enforcement Officers Pension System.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

Participation: Each eligible employee automatically becomes a participant of the Plan as of the date of employment. Appointed Officials who are appointed on or after July 1, 2013 who are not participants prior to their appointment are not eligible to participate in the Plan. Effective July 1, 2017, individuals serving as County Commissioners are not eligible to participate in the plan. Contracted employees are not eligible to participate in the Plan. The following table summarizes the membership of the system as of July 1, 2022, the valuation date:

Inactive plan members (or their beneficiaries) currently receiving benefits	180
Inactive plan members entitled to but not yet receiving benefits	104
Active plan members	30
Non-vested terminated participants due to a refund of member contributions	6
<hr/>	
Total	320
<hr/>	

Compensation: The monthly equivalent of the Participant’s base annual salary rate or wages in effect on the first day of the month (adjusted as necessary for part-time employment). Compensation is determined without regard to overtime, bonuses, shift differentials, additional holiday pay, allowances and other extra remuneration, amounts in excess of applicable dollar limit as defined in section 401(a)(17), contributions, credits, or benefits under this Plan or under any other retirement, deferred compensation, fringe benefit or employee welfare plan, and direct reimbursements for expenses. Compensation shall include salary reductions under Section 414(h)(2) or 125 of the Code.

Final average earnings: For benefit commencement dates before July 1, 2015, the Participant’s Compensation received during the 36 consecutive calendar months prior to or including the Participant’s termination of employment which produces the highest average when divided by 3. If the Participant has fewer than 36 completed calendar months of employment, the average Participant’s Compensation will be the sum of Compensation for all completed calendar months divided by the amount of completed calendar months.

For benefit commencement dates on or after July 1, 2015, the Participant’s Compensation received during the 60 consecutive calendar months which produces the highest average when divided by 5. If the Participant has fewer than 60 completed calendar months of employments, the average Participant’s Compensation will be the sum of Compensation for all completed calendar months divided by the amount of completed calendar months.

Employee contributions: Effective for the first pay period beginning on or after July 1, 2013 and for each pay period thereafter, each participant (other than Orphans’ Court Judge) shall make contributions to the plan in the amount of: 1) Participants hired on or after July 1, 2013 will contribute 5 percent of the participants per pay compensation minus \$385. 2) Participants hired before July 1, 2013 will contribute 0.5 percent for 2014 and increase half a percent per year up to 5 percent for 2023, of the participant’s per pay compensation minus \$385. Interest is credited on June 30 of each year and compounded annually. Interest equals 2.5% of the amount contributed during the plan year plus 5.0% of any amount contributed or transferred prior to the current plan year. Contributions made to the Plan are fully vested at all times. Terminated participants may elect, at any time, to receive a cash-out of their employee contributions. In the event of a cash-out the participant shall forfeit the entire remaining portion of their accrued benefit.

Continuous Service: The uninterrupted period of service as an Employee commencing with the Participant’s most recent date of employment. An Employee (other than an Orphan’s Court Judge) shall not be credited with service in any calendar year during which the Employee served as a part-time Employee (scheduled to work less than 32 hours per week). Partial years of service shall be measured in months rounded to the next higher month.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

Credit Service: The number of years and months of Continuous Service and Reinstated Service, plus the number of years and months of United States Military service, up to a maximum of 3 years military service.

Eligibility Service: The Employee's years of Continuous Service and Reinstated Service, plus the number of years and months of United States military service, up to a maximum of 3 years of military service.

Vesting percentage: Under the provisions of the Plan, pension benefits vest 0% for the first five years of service, 50% at the end of the fifth year of service, and an additional 10% at the end of each year until 100% vesting occurs after year ten (10). Orphans' Court Judges vesting percentage is 100% after 5 years of eligibility service. A participant shall be 100% vested upon attainment of normal retirement age if employed with the employer on that date. In no event shall the vesting percentage for an eligible individual who was employed by the employer on June 30, 2013, be less than determined under the provisions of the prior plan.

Normal retirement benefit: Police and public safety employees are eligible for normal retirement upon the completion of:

Date of hire prior to July 1, 2013

- Age 62 with 5 years of eligibility service
- 25 years of eligibility service

Date of hire on or after July 1, 2013

- Age 62 with 5 years of eligibility service
- Age 55 with 25 years of eligibility service

Orphans' court judges are eligible upon the attainment of age 65.

All other employees are eligible for normal retirement upon the completion of:

Date of hire prior to July 1, 2013

- Age 62 with 5 years of eligibility service
- 30 years of eligibility service

Date of hire on or after July 1, 2013

- Age 65 with 5 years of eligibility service
- Age 60 with 30 years of eligibility service

All participants become 100% vested in their accrued benefit upon attainment of normal retirement age if employed with the employer on that date.

Early retirement: Police and public safety employees are eligible for early retirement upon the completion of:

Date of hire prior to July 1, 2013

- Age 50 with 20 years of eligibility service

Date of hire on or after July 1, 2013

- 25 years of eligibility service

Orphans' Court Judges are not eligible for any early retirement benefits.

All other employees are eligible for early retirement upon the completion of:

Date of hire prior to July 1, 2013

- Age 60 with 10 years of eligibility service
- Age 55 with 20 years of eligibility service

Date of hire on or after July 1, 2013

- 30 years of eligibility service

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

Disability Retirement: There is no Disability Retirement Pension under the Plan. A Participant will be 100% vested in their Accrued Pension Benefit when the Plan Administrator determines the Participant is unable to perform his/her duties by reason of disability.

Termination: A Participant who terminates employment for reasons other than death or disability after completing 5 or more Years of Vesting Service is eligible to receive a benefit at age 65. Any Participant of the Plan who ceases to be an Eligible Individual for reasons other than death prior to becoming eligible for a Normal Retirement Pension or an Early Retirement Pension, and who is ineligible to receive a Deferred Vested Retirement Pensions will be ineligible to receive a benefit from the plan, other than a withdrawal of the Participant's Employee Contributions Benefit.

Benefit – The Normal Retirement Benefit for a participant whose Normal Retirement Date occurs before July 1, 2016 is 1.60% of the Participant's Final Average Earnings multiplied by the Participant's Credited Service. For Orphans' Court Judges the monthly benefit is \$5 multiplied by the Participant's Credited Service up to a maximum of \$100 per month.

The Normal Retirement Benefit for a participant whose Normal Retirement Date occurs on or after July 1, 2016 is 1.60% of the Participant's Final Average Earnings multiplied by the Participant's Credited Service up to 30 years plus 1.0% of the Participants final Average Earnings multiplied by the Participant's Credited Service in Excess of 30 years. For Orphans' Court Judges the monthly benefit is \$5 multiplied by the Participant's credited Service up to a maximum of \$100 per month.

Benefit – The Early Retirement Benefit is calculated using the Normal Retirement benefit formula with Service and Final Average Earnings as of the Participant's date of termination with the Employer. The benefit will be reduced 1/30th for each year the Participant's Benefit Commencement Date precedes their Normal Retirement Date. The reduction for partial years shall be a straight-line interpolation.

Benefit – The Termination Benefit is the calculated using the Normal Retirement benefit formula with Service and Final Average Earnings as of the Participant's date of termination with the Employer. The benefit will be reduced 1/30th for each year the Participant's Benefit Commencement Date precedes age 65. The reduction for partial years shall be a straight-line interpolation.

Normal Form of Payment: For Orphans' Court Judges, the normal form of Pension Benefit is payable monthly for the life of the Participant and continuing through the month in which the participant dies with the guarantee that no less than 120 monthly payments shall be made.

For other participants, the normal form of Pension Benefit is payable for the life of the participant if the participant is single. For participants hired prior to July 1, 2013, the benefit is paid in the form of a 100% Joint and Survivor without actuarial adjustment for survivorship for participants who are married.

Pre-Retirement Death Benefit: The Beneficiary of a Participant who dies prior to their Benefit Commencement Date is entitled to a death benefit.

The Benefit is equal to the present value of the Participant's Accrued Benefit determined as of the Participant's Date of Death. The benefit is payable in a lump sum, but the Beneficiary has the right to elect the benefit be paid in any of the optional forms of benefit.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2022 rolled forward to a June 30, 2023 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.50% including inflation
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Mortality	SOA PUB-2010 General Mortality Tables with generational projection using SOA Scale MP-2020

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

Sensitivity of the net pension liability to changes in the discount rate is as follows:

	1% Decrease to 6.00%	Current Discount Rate 7.00%	1% Increase to 8.00%
Net pension liability	\$ 9,717,143	\$ 5,213,956	\$ 1,470,306

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

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

The change in the net pension liability, are as follows:

	Increase / (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	Measurement date, June 30, 2022	\$ 34,042,778	\$ 28,517,662
Changes for the year:			
Service cost	701,235	-	701,235
Interest	2,310,336	-	2,310,336
Changes of benefit terms	995,300	-	995,300
Differences between expected and actual experience	347,108	-	347,108
Changes of assumptions	-	-	-
Contributions - employer	-	1,634,000	(1,634,000)
Contributions - member	-	400,441	(400,441)
Net investment income	-	2,630,698	(2,630,698)
Benefit payments, including refunds of member contributions	(2,075,944)	(2,075,944)	-
Administrative expense	-	-	-
Other	-	-	-
Net Changes	2,278,035	2,589,195	(311,160)
Measurement date, June 30, 2023	\$ 36,320,813	\$ 31,106,857	\$ 5,213,956

Plan fiduciary net position as a percentage of the total pension liability 86%

Payments have typically been liquidated from the General Fund in prior years.

The components of pension expense, is as follows:

Description	Amount
Service cost	\$ 701,235
Interest on the total pension liability	2,310,336
Changes of benefit terms	995,300
Differences between expected and actual experience	70,162
Changes of assumptions	148,563
Employee contributions	(400,441)
Projected earnings on pension plan investments	(1,994,783)
Differences between expected and actual earnings on plan investments	178,244
Pension plan administrative expenses	-
Other changes in fiduciary net position	-
	2,008,616
Year end June 30, 2024 contributions	1,994,376
Total pension expense (income)	\$ 4,002,992

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

The County 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
June 30, 2023	\$ 4,311,319	\$ 307,060
Year end June 30, 2023 contributions	(2,034,441)	-
Differences between expected and actual experience	347,108	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	635,915
Amortization of items allowed by GASB 68	(1,134,252)	(737,283)
Year end June 30, 2024 contributions	1,994,376	-
June 30, 2024	\$ 3,484,110	\$ 205,692

The \$1,994,376 of deferred outflows of resources resulting from the County's contributions to the Caroline County, Maryland Employees' Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 358,107
2026	(25,168)
2027	962,136
2028	(68,886)
2029	57,853
Total	\$ 1,284,042

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

Note 8. Retirement Plans (continued)

Maryland State Retirement and Pension Systems

Organization

The State Retirement Agency (the Agency) is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System’s administration and operation is vested in a 15 member Board of Trustees. The System is made up of two cost-sharing employer pools: the “State Pool” and the “Municipal Pool”. The State Pool consists of State agencies, board of education, community colleges, and libraries. The Municipal Pool consists of participating governmental units that elected to join the System. Neither pool shares in each other’s actuarial liabilities, thus participating governmental units that elect to join the System (the “Municipal Pool”) share in the liabilities of the Municipal Pool only. The State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at www.sra.maryland.gov.

The System is comprised of the Teachers’ Retirement and Pension Systems, Employees’ Retirement and Pension Systems, State Police Retirement System, Judges’ Retirement System, and the Law Enforcement Officers’ Pension System (LEOPS).

The following groups of employees participate in:

<u>Employees</u>	<u>Plan</u>
Board of Education – regular employees	Employees System
Board of Education – teachers	Teachers System
Library	Teachers System
Caroline County:	
Elected officials	Employees System
Election officials	Employees System
Sheriff’s Deputies	LEOPS
Certain retired personnel	Employees System

The System is a cost sharing multiple-employer defined benefit pension plans.

Basis of Accounting

The System’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For purposes of measuring 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 benefit terms. Investments are reported at fair value.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

Covered Members

Teachers' Retirement and Pension Systems

The Teachers' Retirement System was established on August 1, 1927, to provide retirement allowances and other benefits to teachers in the State. Effective January 1, 1980, the Teachers' Retirement System was closed to new members and the Teachers' Pension System was established. As a result, teachers hired after December 31, 1979, became members of the Teachers' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Teachers' Retirement System may not transfer membership to the Teachers' Pension System.

Employees' Retirement and Pension Systems

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension system was established. As a result, State employees (other than correctional officers) and employees of participating governmental unites hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all State correctional officers and members of the Maryland General Assembly continue to be enrolled as members of the Employees' Retirement System. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System.

The Law Enforcement Officers' pension System (LEOPS)

The Law Enforcement Officers' Pension System (LEOPS) was established on July 2, 1990, to provide retirement allowances and other benefits for certain State and local law enforcement officers. This System includes both retirement plan and pension plan provisions which are applicable to separate portions of the System's membership. The retirement plan provisions are only applicable to those members who, on the date they elected to participate in LEOPS, were members of the Employees' Retirement System. This System's pension plan provisions are applicable to all other participating law enforcement officers.

Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees', Teachers', Correctional Officers' or State Police Retirement System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For individuals who become members of the State Police Retirement System or the Correctional Officers' Retirement System on or after July 1, 2011, retirement allowances are computed using both the highest five years' AFC and the actual number of years of accumulated creditable service. For all individuals who are members of the pension systems of the State Retirement and Pension System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' AFC and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive year's AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

The member contribution rate for members of the Teachers' Retirement Pension System and Employees' Retirement Pension Systems is 7% and 6% respectively, and 7% for members of the Law Enforcement Officers' Pension System. The member contribution rate for members of the Judges' Retirement System is 8%.

In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the fair value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2022 are as follows:

Service Retirement Allowances

A member of either the Teachers' or Employees' Retirement 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. The annual retirement allowance equals $1/55$ (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employee's Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for those members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

A member of the Law Enforcement Officers' Pension System is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of eligibility service regardless of age. The annual retirement allowance for a member who is covered under the retirement plan provisions equals $1/50$ (2.0%) of the member's AFC multiplied by the number of years of accumulated creditable service up to 30 years, plus $1/100$ (1.0%) of the member's AFC multiplied by the number of years of accumulated creditable service in excess of 30 years. For members subject to the pension provisions, full service pension allowances equal 2.0% of AFC up to a maximum of 60% (30 years of credit).

Vested Allowances

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.

Early Service Retirement

A member of either the Teachers' or Employees' Retirement 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 a Teachers' or Employees' Retirement System member is 30%.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011 may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

Members of the State Police, Judges', Law Enforcement Officers' and Local Fire and Police Systems are not eligible for early service benefits.

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 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. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives $2/3$ (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

Adjusted Retirement Allowances

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems (TRS/ERS) the method by which the annual COLA's are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5% or a two part combination COLA depending upon the COLA election made by the member.

Effective July 1, 1998, for Teachers', Employees', and LEOPS retirees, the adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. The annual increase to pension allowances for Employees' Pension System retirees who were employed by a participating governmental unit that does not provide enhanced pension benefits are limited to 3% of the initial allowance.

However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year fair value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the fair value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	In the 2023 actuarial valuation, 2.25% general, 2.75% wage. In the 2022 actuarial valuation, 2.25% general, 2.75% wage.
Salary Increases	In the 2023 actuarial valuation, 2.75% to 11.25%. In the 2022 actuarial valuation, 2.75% to 11.25%.
Investment Rate of Return	In the 2023 actuarial valuation, 6.80%. In the 2022 actuarial valuation, 6.80%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study of the period July 1, 2014 to June 30, 2018.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational motility improvements based on the MP-2018 fully generational motility improvements scale for males and females.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

Investments

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. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System’s investment consultant(s) and actuary(s). For each major asset class that is included in the System’s target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34%	6.9%
Private Equity	16%	8.6%
Rate Sensitive	20%	2.6%
Credit Opportunity	9%	5.6%
Real Assets	15%	5.4%
Absolute Return	6%	4.4%
Total	100%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2023.

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

A single discount rate of 6.80% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.80%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

System	1% Decrease to 5.80%	Current Discount Rate 6.80%	1% Increase to 7.80%
County	\$ 10,327,236	\$ 6,964,696	\$ 4,174,373
Board	10,987,504	7,409,982	4,441,259

Teachers' and Employees' Retirement Systems and Teachers' and Employees' Pension Systems

Employer Contributions:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay 100% of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. The related payment for fiscal year ending 2024 was \$2,203,230. In addition, the State of Maryland contributed \$4,272,698 on behalf of the Board. The Board has recognized the State on-behalf payments as both a revenue and expense.

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

Because the State of Maryland pays the unfunded liability for the Teachers' Systems on behalf of the Board and Library, and the Board pays the normal cost for the Teachers' Systems, the Board and Library are not required to record its' share of the unfunded pension liability for the Teachers' Systems, the State of Maryland is required to record that liability. The Board is required to record a liability for the Employees' Systems.

At June 30, 2024, the Board reported a liability for its proportionate share of the net pension liability. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

Board's proportionate share of the net pension liability (Employees' Systems)	\$ 7,409,982
State's proportionate share of the net pension liability (Teachers' System)	40,759,623
Total	\$ 48,169,605

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was calculated as follows by the System(s):

1. Calculate the net pension liability for the entire System in accordance with the provision of GASB No. 67.
2. Determined the total contributions to the System by the State and PGUs, inclusive of any underfunding of contributions.
3. Based on the number of participants at each Board of Education, calculate the difference between what each Board would have contributed if they funded at the rate of all other participating governments and what the Board actually contributed. The difference between what the Board contributed and what they would have contributed if they funded at the rate of the other participating governments, is then added to the total contribution to the System, to calculate the System's adjusted contribution.
4. Calculated for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each primary government contribution.
5. Provide each PGU its adjusted percentage of contribution and the System's net pension liability and other related amounts as of June 30, 2023, under the GASB No. 67 requirements.

At June 30, 2024, the County reported the following related to pensions:

	<u>Board</u>	<u>County</u>
Employer's proportionate (percentage) of the collective net pension liability	0.0330000%	0.0302415%
Employer's proportionate share of the collective net pension liability	\$ 7,409,982	\$ 6,964,696
Pension expense recognized by the employer for the year ended June 30, 2024	\$ 904,080	\$ 950,969
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>County</u>		
Change in assumptions	\$ 478,661	\$ (24,727)
Net difference between projected and actual investment earnings on pension plan investments	622,987	-
Differences between expected and actual experience	244,788	(297,320)
Change in proportion	618,720	(209,634)
Contributions subsequent to measurement date	1,022,339	-
Total	\$ 2,987,495	\$ (531,681)
<u>Board</u>		
Change in assumptions	\$ 509,264	\$ (26,308)
Net difference between projected and actual investment earnings on pension plan investments	662,816	-
Differences between expected and actual experience	260,439	(316,327)
Change in proportion	887,098	(201,321)
Contributions subsequent to measurement date	904,080	-
Total	\$ 3,223,697	\$ (543,956)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8. Retirement Plans (continued)

The \$1,022,339 and \$904,080 of deferred outflows of resources resulting from the County and Board's contributions to the Employees' Systems subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows/inflows of resources will be amortized over approximately a five-year period.

The County and Board's net deferred outflows / (inflows) will be amortized as follows:

Year ended June 30:	County	Board
2025	\$ 310,770	\$ 426,239
2026	219,997	329,663
2027	774,386	822,641
2028	145,618	191,240
2029	(17,296)	5,878
Total	\$ 1,433,475	\$ 1,775,661

Covered payroll refers to all compensation paid to active employees covered by the Systems.

	Total Payroll	Covered Payroll	On-Behalf By State
County-MD retirement and pension	\$ 18,448,320	\$ 2,839,284	\$ -
Board of Education	59,866,071	46,877,315	4,272,698
Library	887,456	847,471	150,726

Pension contributions made by the State of Maryland, on behalf of the Board of Education and the Library are recognized as both revenue and expenditure.

The aggregate amount of pension expense is as follows:

Caroline County, Maryland Employees' Pension Plan	\$ 4,002,992
Maryland State Retirement and Pension System	950,969
<u>Aggregate amount of pension expense</u>	<u>\$ 4,953,961</u>

Deferred Compensation Plans

Certain appointed officials participate in a defined contribution deferred compensation plan whereby the County contributes from 5% to 16% of salary to an account in the name of the participating employee. In addition, the employee may contribute certain amounts to his account under the plan subject to certain limitations.

Total contributions to this plan by the County were \$184,878 for the year ended June 30, 2024.

The County has a contract with a retirement company under which the company manages and administers the plans, serves as trustee to the underlying trust and advises the participants. Contributions (employer and employee) are invested as selected by the employees. A separate account is maintained for each participant.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 9. Other postemployment benefits

Caroline County

Plan Description

The Caroline County Postemployment Benefits Trust Fund (the "Plan") is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare benefits to eligible retirees and their surviving spouses and dependents. Chapter 49 of the Code of Public Laws of Caroline County provides the authority to establish and amend benefit plans. The contribution requirements of plan members and the County are established and may be amended by the County Commissioners. Effective January 2009, the County created the "Other Postemployment Benefits Trust" (the "Trust") in order to arrange for the establishment of a reserve to pay promised future healthcare benefits for employee services that have already occurred.

Participants that retire at Medicare age with 20 or more years of service are eligible to participate in the Medicare Supplemental Plan and receive a reimbursement for health insurance premiums. If a participant does not have at least 20 years of service and is eligible for Medicare they may purchase the County's Medicare Supplement Plan at the full cost.

Participants who retire prior to Medicare age are eligible to receive a subsidy through a health reimbursement account (HRA) to help pay for health insurance premiums. Participants must meet the following eligibility requirements to participate in the plan and receive a subsidy:

- Age 50 with 30 years of service
- Age 60 with 20 years of service

A retiree who is eligible for employer sponsored health insurance through his/her employer or his/her spouse's employer shall not be eligible for this benefit.

The pre-Medicare HRA reimbursement is payable until the participant reaches Medicare age and becomes eligible to participate in the Medicare Supplemental Plan.

Spouses of retirees who are eligible to participate in the County's Medicare Supplement Plan may purchase the plan at the full cost.

Surviving spouses of retirees who were eligible to participate in the County's Medicare Supplement Plan may continue to purchase the plan at the full cost.

Deferred retirements are not allowed to elect coverage at the time of retirement.

Plan Membership

The following is a summary of plan membership as of July 1, 2023.

Employees	221
Retirees	48
Total plan members	269

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

Note 9. Other postemployment benefits (continued)

Actuarial assumptions are summarized below.

Valuation date	July 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Closed level dollar
Amortization period	25 years (as of July 1, 2010)
Asset valuation method	Fair value of assets
Actuarial Assumptions:	
Discount rate	7.00%
Payroll increases	0.00%
Medical trend	The HRA reimbursement amount is expected to increase by 2.00% annually and the Medicare Supplement Plan subsidy is expected to increase 5.00% annually.
Mortality & Disabled	SOA PUB-2010 General Headcount-Weighted Motility Tables (Employees table for active members, Disabled table for disabled retirees, and Retiree table for all non-disabled retirees and beneficiaries) with generational mortality projection from the 2010 base year using SOA Scale MP-2020.

Discount Rate Determination

The discount rate used to determine the liabilities under depends upon the County's funding level and contribution policy. Governments that contribute an amount at least equal to the required contribution to a trust that can only be used to pay other post-employment benefits or are close to 100 percent funded can discount liabilities based on the expected long-term rate of return of the Trust. Since the plan is over 100% funded and expected to contribute more than the annual required contribution to the trust, a 7.00% discount rate was used to determine the expense. This rate represents the expected long-term rate of return on the Trust.

Below is a summary of the calculation of the discount rate determination under the funding policy. The funding policy is determined using the expected long-term rate of return on the trust which is 7.00%.

Discount rate determination		
a Actuarial accrued liability	\$	4,660,903
b Assets	\$	7,656,970
c Funded percentage (a/b)		164%
Discount rate $[7.00\% \times c] + [4.00\% \times (1-c)]$		7.00%

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 9. Other postemployment benefits (continued)

Net OPEB Liability

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

The following presents the net OPEB liability(asset) of the plan, calculated using the current discount rate, as well as what the net OPEB liability(asset) would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

System	1% Decrease to 6.00%	Current Discount Rate 7.00%	1% Increase to 8.00%
Net OPEB liability / (asset)	\$ (1,330,935)	\$ (2,418,644)	\$ (3,270,240)

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

The following presents the net OPEB liability(asset) of the plan, calculated using the current health care trend rate, as well as what the net OPEB liability(asset) would be if it were calculated using a health care trend rate that is 1% point lower or 1% point higher:

System	1% Decrease to 3.04%	Current Medical Trend 4.04%	1% Increase to 5.04%
Net OPEB liability / (asset)	\$ (3,277,716)	\$ (2,418,644)	\$ (1,308,865)

Changes in the net OPEB liability(asset) are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability(asset) (a) - (b)
Measurement date, June 30, 2022	\$ 4,660,903	\$ 7,656,970	\$ (2,996,067)
Changes for the Year:			
Service cost	157,454	-	157,454
Interest	321,452	-	321,452
Changes of benefit terms	7,894	-	7,894
Experience losses / gains	554,125	-	554,125
Trust contributions - employer	-	734,291	(734,291)
Net investment income	-	-	-
Changes in assumptions	238,265	-	238,265
Benefit payments (net of retiree contributions)	(159,747)	(159,747)	-
Administrative expense	-	(32,524)	32,524
Net Changes	1,119,443	542,020	577,423
Measurement date, June 30, 2023	\$ 5,780,346	\$ 8,198,990	\$ (2,418,644)

Plan fiduciary net position as a % of total OPEB liability 142%

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 9. Other postemployment benefits (continued)

OPEB Expense

The amount of OPEB expense recognized in the reporting period is as follows:

Service cost		\$ 157,454
Interest		321,452
Projected earnings on OPEB trust		(529,259)
OPEB administrative expense		32,524
Changes in benefit terms		7,894
Differences between expected and actual earnings		56,810
Differences between expected and actual experience		(3,287)
Changes of assumptions		(22,612)
		20,976
Year end June 30, 2024 contributions		-
Total OPEB expense		\$ 20,976

Deferred Inflow/Outflow Summary

The deferred outflows / inflows are as follows:

	Deferred Outflows	Deferred Inflows
June 30, 2023	\$ 914,112	\$ (892,308)
Year end June 30, 2023 contributions	-	-
Differences between expected and actual experience	554,125	-
Changes of assumptions	238,265	-
Net difference between projected and actual earnings on pension plan investments	-	(205,032)
Amortization of items allowed by GASB 75	(447,295)	416,384
Year end June 30, 2024 contributions	-	-
June 30, 2024	\$ 1,259,207	\$ (680,956)

Net deferred outflows / (inflows) will be amortized as follows:

Year ended June 30:	
2025	\$ 30,267
2026	(12,590)
2027	316,520
2028	20,731
2029	62,562
Thereafter	160,761
Total	\$ 578,251

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

Note 9. Other postemployment benefits (continued)

Board of Education of Caroline County

Plan Description

The Board administers a single employer defined benefit plan, The Caroline County Public Schools Post-Retirement Medical and Life Insurance Benefits Plan (the “Plan”), that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees, their spouses and eligible dependents. The Plan does not issue a publicly available financial report.

Plan Administration

In May 2009, the Board created the Retiree Benefit Trust of the Board of Education of Caroline County (the “Trust”) in order to facilitate the funding or partial funding of the actuarially calculated OPEB liability. The Trust established a trust account with, and became a member of, the Maryland Association of Boards of Education Pooled OPEB Investment Trust (MABE Trust). It is a member owned trust that provides the Board and the other nine members a structure to pool assets to reduce investment costs and share administrative expenses. The Board reserves the right to establish and amend the provisions of its relationship with the MABE Trust with respect to participants, and benefit provided thereunder, or its participation therein, in whole or in part at any time, by resolution of the governing body and upon advance notice to the Trustees of the MABE Trust.

The MABE Trust was established to pool assets of its members for investment purposes only. Each member of the MABE Trust is required to designate a member trustee. The member trustees of the MABE Trust shall ensure that the MABE Trust keep such records as are necessary in order to maintain a separation of the assets of the MABE Trust from the assets of trusts maintained by other governmental employers. Assets of the member trusts are reported in the respective financial statements using the economic resources measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, if available. The Trust prohibits any part of the Trust to be used for or diverted to purposes other than providing benefits to participants and beneficiaries under the Plan. The Trust provides that in no event will the assets of the Trust be transferred to an entity that is not a state, a political subdivision, or an entity the income of which is excluded from taxation under Section 115 of the IRS Code.

The MABE Trust issues a publicly available audited GAAP-basis report that includes financial statements and required supplementary information for the MABE Trust. This report may be obtained by writing to the Trust Administrator, Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, MD 21401 or calling (410) 841-5414.

Plan Membership

At March 1, 2023 (valuation date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	420
Inactive plan members or beneficiaries entitled but not yet receiving benefits	-
Active plan members	668
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Total	1,088
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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

Note 9. Other postemployment benefits (continued)

Benefits Provided

The Plan provides medical, prescription drug, dental, and vision benefits to eligible retirees, their spouses and eligible dependents. The benefits provided are the same as those provided to active employees. Retirees receive a subsidy for their post-retirement medical insurance based on the years of service with the Board. Retirees with at least 5 years of service receive a subsidy based on 90% of the single rate prior to age 65. Retirees with less than 15 years of service receive no employer subsidy after attaining age 65. After attaining age 65, retirees with at least 15 years of service receive a subsidy of up to 100% of the pre-Medicare subsidy amount. There is no explicit subsidy for dependents or surviving spouses, although they are allowed access to the plan and pay 100% of the costs. There is no subsidy for dental premiums once the participant reaches Medicare age.

Participants must meet the eligibility requirements of the Maryland State Teachers'/Employees' pension system (EPS). For members hired before July 1, 2011, the earliest retirement eligibility is age 55 with 15 years of service, age 62 with 5 years of service, age 63 with 4 years of service, age 64 with 3 years of service, age 65 with 2 years of service, or 30 years of service regardless of age. For members hired after July 1, 2011, the earliest eligibility is age 60 with 15 years of service, age 65 with 10 years of service, or age plus service is at least 90 (Rule of 90). Participants must also have at least 5 years of service in Caroline County (15 years of service if hired after 7/1/2013). Disability health benefits require the participant meet the retirement eligibility requirements noted above or have 5 years of service (15 years if hired after 7/1/2013). The disability benefit is until age 65 unless the retirement eligibility requirements above are met. Eligible spouses and dependents must be enrolled in the plan immediately prior to the retiree's effective date of retirement to receive coverage.

Contributions

The employer's contributions are financed on a pay-as-you-go basis, and the future payment of these benefits is contingent upon annual approval of the operating budget.

Investment Policy

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

Asset Class	Target Allocation
Equity	53.45%
Fixed income	42.39%
Cash	4.16%
Total	100.00%

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 9. Other postemployment benefits (continued)

Rate of Return

Best estimates of real rates of return for each major asset class included in the target asset allocations as of June 30, 2024, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity	4.89%
Fixed income	3.27%
Cash	0.98%

For the year ended June 30, 2024, the total rate of return, net of investment expense, was 6.91%. The total rate of return represents a hypothetical return on capital balance invested in the Trust during the entire year. Actual returns may vary due to the timing of capital contributions and redemptions.

Net OPEB Liability

The Board's net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of May 1, 2023 rolled forward to the June 30, 2024 measurement date. These calculations are based on the entry age normal cost method as required by GASB 74 and 75. The discount rate used to determine liabilities under GASB 75 is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The rate was 3.86% as of June 30, 2023 and 3.97% as of June 30, 2024.

Actuarial Assumptions

Projections of benefits for financial reporting are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and Plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of net assets, consistent with the long-term perspective of the calculations.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

Note 9. Other postemployment benefits (continued)

Significant valuation methods and assumptions are as follows:

Actuarial cost method - GASB 74 and 75	Entry age normal
Actuarial valuation date	May 1, 2023
Measurement date	June 30, 2024
Amortization method	Level percentage of projected payroll
Actuarial Assumptions:	
Discount rate - June 30, 2023	3.86%
Discount rate - June 30, 2024	3.97%
Economic Assumptions:	
Inflation rate	2.50%
Rate of growth in real income/GDP per capita	1.40%
Extra trend due to technology and other factors	1.00%
Expected health share of GDP in 2029	19.00%
Health share of GDP resistance point	20.00%
Year for limiting cost growth to GDP growth	2075
Medical trend	Based on Society of Actuaries Getzen Long-Term Healthcare Cost Trend Mode. The current valuation uses the most recent version of the model (updated in October 2021) with baseline assumptions.
Medical trend	The mortality rates were calculated for healthy active, healthy inactive, survivor, and disabled decrements using the Pub-2010 Headcount-Weighted Mortality Projected with Fully Generational MP 2021 Mortality Improvement Scales for Teacher Employees, Teacher Retirees, Teacher Contingent Survivors, and Teacher Disabled Retirees, respectively.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 20-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 3.97% as of June 30, 2024. This rate has been adjusted from 3.86% as of June 30, 2023.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 9. Other postemployment benefits (continued)

Change in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2023	\$ 90,595,721	\$ 1,661,346	\$ 88,934,375
Changes for the Year			
Service Cost	3,208,164	-	3,208,164
Interest	3,447,416	-	3,447,416
Changes of Benefit Terms	-	-	-
Experience Losses/Gains	311,792	-	311,792
Trust Contributions - Employer	-	2,880,653	(2,880,653)
Net Investment Income	-	121,784	(121,784)
Changes in Assumptions	(4,117,552)	-	(4,117,552)
Benefit Payments (net of retiree contributions)	(2,880,653)	(2,880,653)	-
Administrative Expense	-	(7,362)	7,362
Net Changes	(30,833)	114,422	(145,255)
Balance as of June 30, 2024	\$ 90,564,888	\$ 1,775,768	\$ 88,789,120

Plan fiduciary net position as a percentage of the total OPEB liability at June 30, 2024 is approximately 1.96%.

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

The following amounts present the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

System	1% Decrease to 2.97%	Current Discount Rate 3.97%	1% Increase to 4.97%
Board of Education	\$ 104,814,474	\$ 88,789,120	\$ 75,990,901

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 9. Other postemployment benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

System	1% Decrease to 3.00%	Current Medical Trend 4.00%	1% Increase to 5.00%
Board of Education	\$ 73,698,981	\$ 88,789,120	\$ 108,500,377

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the Board will recognize OPEB expense in the amount of \$1,631,062 on the government-wide statements. At June 30, 2023, the Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 18,484,397	\$ 31,544,738
Net difference between projected and actual investment earnings	70,389	-
Differences between expected and actual experience	961,850	29,576,248
Total	\$ 19,516,636	\$ 61,120,986

The deferred inflows and outflows related to non-investment activity are being amortized over nine years. The net difference in investment earnings are being amortized over a closed five-year period.

Net deferred outflows / (inflows) will be amortized as follows:

Year ended June 30:	
2025	\$ (7,445,232)
2026	(7,398,274)
2027	(7,378,978)
2028	(4,213,344)
2029	(5,525,411)
Thereafter	(9,643,111)
Total	\$ (41,604,350)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

Note 10. Volunteer Fireman Pension Plan Length of Service Award Program (LOSAP)

Plan Description

The County established the Fire Companies – Volunteer Firefighter Length of Service Award Program (“LOSAP”) in April 1986. The LOSAP is a single-employer defined benefit length of service award program that covers all volunteer members (“members”) of the County’s Volunteer Fire-Fighting Organizations. Effective November 2022, the County created the “Volunteer Firefighter Length of Service Award Program Trust” (the “Trust”) in order to arrange for the establishment of a reserve to pay promised future benefits to members. The LOSAP is funded entirely by the general fund.

Relevant dates

- Valuation date: July 1, 2023
- Measurement date: June 30, 2024
- Reporting date: June 30, 2024

Summary of Plan Provisions

Effective Date

As amended December 1, 2020 and effective January 1, 2020.

Program Eligibility Requirements

A person who has served as a member of a County Volunteer Fire or EMS Department / Company or Auxiliary is eligible to participate in the Program.

Normal Form

50% Joint and Survivor, but survivor cannot commence survivor benefit until the survivor attains age 60 (age 65 prior to July 1, 2019).

Normal Retirement Date

Age 60 (age 65 prior to July 1, 2019) and completion of 25 years of certified active service.

Normal Retirement Benefit

Effective July 1, 2020, a monthly benefit equal to the following:

<u>Years of Active Service</u>	<u>Fire/EMS</u>	<u>Auxiliary</u>
25-29	\$151.47	\$60.59
30-34	\$162.69	\$65.08
35-39	\$173.91	\$69.56
40+	\$185.13	\$74.05

Volunteers begin receiving this benefit when first eligible but can grow into the higher benefit tiers by continuing volunteer service beyond the service threshold for the next tier.

Early Retirement Date

None.

Disability Retirement

Members who become permanently disabled in the line of duty receive annual service credits from disability until attaining 25 years of service. Benefits are payable at age 60 (age 65 prior to July 1, 2019).

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

Note 10. Volunteer Fireman Pension Plan Length of Service Award Program (LOSAP) (continued)

Death Benefits

If the volunteer dies while receiving benefits, the surviving spouse is eligible to receive 50% of the volunteer's benefits beginning when the spouse attains age 60 (age 65 prior to July 1, 2019).

If the volunteer dies prior to receiving benefits, the surviving spouse is eligible to receive 50% of the benefit the volunteer was eligible to receive beginning when the spouse attains age 60 (age 65 prior to July 1, 2019).

Benefits terminate upon death or remarriage of the spouse.

Certified Active Service

One year of certified active service is earned if 50 points are accumulated during the period from January 1 to December 31. Service can continue to be earned after commencement of benefits.

Service Conversion

Auxiliary members may, with the approval of the Fire company, switch from the Auxiliary service LOSAP to the Fire service LOSAP if they have at least 4 years of certified Auxiliary service. The service conversion from Auxiliary to Fire LOSAP service uses a 40% ratio. For example, 10 years of certified Auxiliary service would convert to 4 years of certified Fire service.

An Auxiliary member with at least 4 years of certified service prior to transitioning to the Fire service program will begin receiving the Auxiliary award at 25 certified years of service. Once the member earns the required service for Fire service program award, the benefit amount will increase to the Fire award.

Individuals who are members of both the Auxiliary and the Fire service program may only earn points in one program.

Termination Benefits

If a volunteer has 25 years of certified active service, the volunteer is vested in a pension beginning at age 60 (age 65 prior to July 1, 2019). No benefit is paid if service is less than 25 years.

Volunteer Contributions

None.

Changes Since the Prior Valuation

The monthly benefit amounts increased by 2% at each service threshold pursuant to the Caroline County Commissioners approval of the FY 2021 LOSAP budget.

The participant summary as of the July 1, 2023 actuarial valuation is as follows:

Active credited with a year of service for the prior year	193
Actives not credited with a year of service for the prior year	89
Terminated vested participants	4
Retirees accruing additional benefits	14
Retirees not accruing additional benefits	65
Survivors receiving payments	26
Survivors entitled to benefits at age 60	-
<hr style="border-top: 1px solid black;"/>	
Total	<hr style="border-top: 3px double black;"/> 391

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10. Volunteer Fireman Pension Plan Length of Service Award Program (LOSAP) (continued)

Actuarial Assumptions

The total LOSAP liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary Increases	Not applicable
Investment Rate of Return	7.00%
Mortality	Pub-2010 General Headcount-Weighted Mortality Table with Scale MP-2020

The above is a summary of key actuarial assumptions. Full description of actuarial assumptions are available in full actuarial valuation report.

Sensitivity of Total LOSAP Liability

The following presents the total LOSAP liability, calculated using single discount rate of 1.84%, as well as what the total LOSAP liability would be if it were calculated using a discount rate that is 1% point lower and 1% point higher.

	1% Decrease to 6.00%	Current Discount Rate 7.00%	1% Increase to 8.00%
Net LOSAP liability	\$ 1,462,607	\$ 1,123,759	\$ 842,843

Total LOSAP Liability

The components of the total LOSAP liability are as follows:

	Total LOSAP Liability (a)	Plan Fiduciary Net Position (b)	Net LOSAP Liability (a) - (b)
Balances at June 30, 2022	\$ 4,508,722	\$ -	\$ 4,508,722
Changes for the Year:			
Service cost	75,122	-	75,122
Interest	165,075	-	165,075
Differences between expected and actual experience	(340,654)	-	(340,654)
Changes in assumptions	(1,441,036)	-	(1,441,036)
Contributions - employer	-	1,720,552	(1,720,552)
Net investment income	-	122,918	(122,918)
Benefit payments, including refunds	(220,552)	(220,552)	-
Net Changes	<u>(1,762,045)</u>	<u>1,622,918</u>	<u>(3,384,963)</u>
Balances as of June 30, 2023	<u>\$ 2,746,677</u>	<u>\$ 1,622,918</u>	<u>\$ 1,123,759</u>

Plan fiduciary net position as a % of total LOSAP liability 59%

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10. Volunteer Fireman Pension Plan Length of Service Award Program (LOSAP) (continued)

LOSAP Expense

The components of LOSAP expense are as follows:

Service cost	\$	75,122
Interest		165,075
Changes in benefit terms		-
Differences between expected and actual earnings		(17,584)
Differences between expected and actual experience		1
Projected earnings on pension plan investments		(35,000)
Changes of assumptions		(116,454)
Total OPEB expense	\$	71,160

LOSAP Deferred Outflows and Deferred Inflows of Resources

The components of LOSAP deferred outflows and deferred inflows are as follows:

	Deferred Outflows	Deferred Inflows
June 30, 2023	\$ 1,421,163	\$ (1,396,452)
Differences between expected and actual experience	-	(340,654)
Changes of assumptions	-	(1,441,036)
Net difference between projected and actual earnings	-	(87,918)
Amortization of items allowed by GASB 75	(143,737)	277,774
June 30, 2024	\$ 1,277,426	\$ (2,988,286)

Net deferred outflows / (inflows) will be amortized as follows:

	Outflows (Inflows)
2025	\$ (134,037)
2026	(134,037)
2027	(134,037)
2028	(134,035)
2029	(116,453)
Thereafter	(1,058,261)
Total	\$ (1,710,860)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 11. Fiduciary segment information

Following are a combining Statement of Net Position and Statement of Changes in Net Position for all County administered employee benefit plans:

	Employee Benefit Trusts			Totals
	Employees' Pension Plan	OPEB Trust	LOSAP Trust	
ASSETS:				
Cash and cash equivalents	\$ 924,777	\$ 137,902	\$ 24,191	\$ 1,086,870
Investments at fair value:				
Fixed income - corporate bonds	9,786,555	2,158,794	427,249	12,372,598
Equity funds	20,902,807	6,019,669	1,388,532	28,311,008
Other	2,718,998	672,634	-	3,391,632
Total investments at fair value	33,408,360	8,851,097	1,815,781	44,075,238
Due from other funds	-	-	-	-
Total assets	34,333,137	8,988,999	1,839,972	45,162,108
NET POSITION:				
Held in trust for participants	\$ 34,333,137	\$ 8,988,999	\$ 1,839,972	\$ 45,162,108
Additions:				
Contributions:				
Plan sponsor	\$ 1,369,000	\$ -	\$ -	\$ 1,369,000
Employee	625,376	-	-	625,376
Gains	2,917,512	614,192	181,993	3,713,697
Interest and dividends	720,718	370,304	40,681	1,131,703
Less: investment expense	(120,468)	(32,524)	(1,445)	(154,437)
Total additions	5,512,138	951,972	221,229	6,685,339
Deductions:				
Benefits paid	2,303,835	162,653	-	2,466,488
Losses	-	-	-	-
Transfers (in) out	-	-	-	-
Administrative fees	(17,977)	(690)	4,175	(14,492)
Total deductions	2,285,858	161,963	4,175	2,451,996
Change in net position	3,226,280	790,009	217,054	4,233,343
Net position, beginning of year	31,106,857	8,198,990	1,622,918	40,928,765
Net position, end of year	\$ 34,333,137	\$ 8,988,999	\$ 1,839,972	\$ 45,162,108

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12. Leases

County

County as Lessor

The County entered into a lease in October 2020 to rent space on the Richardson Road tower, initial annual installments of approximately \$35,000 increasing 4% annually through September 2025, at which time there is an option to renew for an additional five-year period. Rental income for this lease is recorded in the Broadband Supply proprietary fund.

The County entered into a land lease in 2022 to rent farmland at the 4H Park. The initial terms of this land lease included annual installments of \$5,160 through 2028. This lease was modified in 2024 to reduce the acreage available for farming, and the annual installments were reduced to \$4,300 through 2028. Rental income for this lease is recorded in the 4-H Park special revenue fund.

The County entered into a land lease in 2022 to rent farmland on Double Hills Road. The initial terms of this land lease included annual installments of \$11,825 through 2028. This lease was modified in 2024 to reduce the acreage available for farming, and the annual installments were reduced to \$10,535 through 2028. Rental income for this lease is recorded in the general fund.

The County entered into a land lease in 2023 to rent Hayman Farms, annual installments of \$14,400 through 2024. Rental income for this lease is recorded in the general fund.

The leasing of assets to other entities is not the County’s principal ongoing operation as a lessor.

County as Lessee

Finance purchases – The County has entered into non-cancelable leases that transfer ownership at the end of the contract term, thus the County has recorded the related obligations and the related assets in the appropriate funds.

Financed purchase obligations at June 30, 2024 consist of the following:

Vehicle, interest at 5.00%; payable in monthly installments of \$1,380, including interest through 2029.	\$ 72,046
Vehicle, interest at 4.80%; payable in monthly installments of \$1,372, including interest through 2029.	72,042
	\$ 144,088

The vehicle purchases are secured by the vehicles financed under the related agreements. On the event of nonappropriation of funds in a given year, the vehicle agreements would be deemed terminated.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12. Leases (continued)

Future minimum lease payments under these obligations are as follows:

	2025		\$	33,024
	2026			33,024
	2027			33,024
	2028			33,024
	2029			30,274
				162,370
Less amounts representing interest				18,282
Present value of net minimum purchased finance payments			\$	144,088

Interest expense on the above financed purchases was approximately \$600 for the year ended June 30, 2024.

Intangible Right-to-use Assets

The County implemented the guidance of GASB No. 87, *Leases*, at July 1, 2021 for accounting and reporting leases that had previously been reported as operating leases and recognized the value of a building leased under long-term contracts along with a related liability.

The County has a lease agreement in place for the HR building. The HR building is payable in monthly installments of \$1,500 from January 2021 through December 2025 (60 months). For purposes of discounting future payments on the HR building lease, the County used its incremental borrowing rate in place at the time of lease inception, 3.25% during fiscal year 2021. The HR building and accumulated amortization of the right-to-use assets are outlined in Note 6.

The future minimum lease payments are approximately as follows:

	Principal		Interest		Total	
2025	\$	17,402	\$	598	\$	18,000
2026		8,915		85		9,000
Total	\$	26,317	\$	683	\$	27,000

Interest expense on the above intangible right-to-use assets was approximately \$1,200 for the year ended June 30, 2024.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12. Leases (continued)

Board of Education

Financed purchases - The Board has entered into non-cancelable contracts that transfer ownership at the end of the contract term, thus the Board has recorded the related obligations and the related assets in the appropriate funds.

Financed purchase obligations at June 30, 2024 consist of the following:

Building renovation, Capital One Public Funding, LLC, interest at 3.95%; payable in semi-annual installments of approximately \$64,000, including interest through October 2038.	\$ 1,395,978
Energy equipment, bank, interest at 3.816%; payable in annual installments ranging from approximately \$42,000 to \$470,000 through October 2025.	79,855
Energy equipment, General Capital Management, Inc., interest at 3.126%; payable in annual installments ranging from approximately \$111,000 to \$175,000 through October 2029.	874,943
Vehicles, J.P. Morgan, interest at 1.66%; payable in annual installments of approximately \$77,000, including interest through 2024.	75,911
Vehicles, Cogent Bank, interest at 2.98%; payable in annual installments of approximately \$59,000, including interest through 2025.	113,289
	\$ 2,539,976

The vehicle and equipment purchases are secured by the vehicles and equipment financed under the related agreements. In the event of nonappropriation of funds in a given year, the vehicle and equipment agreements would be deemed terminated.

Future minimum lease payments under these obligations are as follows:

2025	\$ 456,814
2026	384,168
2027	287,411
2028	292,212
2029	297,157
2030 - 2034	811,789
2035 - 2039	573,229
	3,102,780
Less amounts representing interest	562,804
Present value of net minimum purchased finance payments	\$ 2,539,976

Interest expense on the above financed purchases was approximately \$101,400 for the year ended June 30, 2024.

The cost of items acquired under these financed purchase arrangements, as included in capital assets, totaled \$7,163,993 and the related accumulated depreciation was \$1,885,152 at June 30, 2024.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12. Leases (continued)

Intangible Right-to-use Assets

The Board and Library implemented the guidance of GASB No. 87, *Leases*, at July 1, 2021 for accounting and reporting leases that had previously been reported as operating leases and recognized the value of a building and copiers leased under long-term contracts along with a related liability.

As of July 1, 2021 the Board had a variety of lease agreements in place for copiers and vehicles. Payments under these leases totaled approximately \$33,500 per year for leases expiring during fiscal year 2024, \$30,500 per year for leases expiring during fiscal year 2025, and \$53,800 per year for leases expiring during fiscal year 2026. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception, 2.99% during fiscal year 2020 and 1.65% during fiscal year 2022.

During fiscal year 2023, the Board entered into additional vehicle lease agreements. Payments under these leases total approximately \$9,600 per year for leases expiring during fiscal year 2027 and \$38,000 per year for leases expiring during fiscal year 2028. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception, 2.98%.

Minimum lease payments over the next five years include:

	Principal	Interest	Total
2025	\$ 124,558	\$ 6,508	\$ 131,066
2026	96,602	3,873	100,475
2027	45,974	1,685	47,659
2028	10,578	315	10,893
2029	-	-	-
Total	\$ 277,712	\$ 12,381	\$ 290,093

Interest expense on the above intangible right-to-use assets was approximately \$9,500 for the year ended June 30, 2024.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12. Leases (continued)

As of July 1, 2021, the Commissioners of Caroline County had a lease agreement for the North County Branch premise. The Library is currently paying the lease payments. Payments under this lease total approximately \$13,700 per year. The lease agreement in place for this building began in April 1996 and will expire during March 2025. The Library has the option to renew the lease thereafter at \$0 per month. For purposes of discounting future payments on these leases, the Library used its incremental borrowing rate in place at the time of lease inception of 5.1%. The leased building and accumulated amortization of the right-to-use asset are outlined in Note 6.

As of July 1, 2021, the Library had a lease agreement for copiers for all of the Library branches. Payments under this lease total approximately \$3,800 per year. The lease agreement in place for these copiers began during fiscal year 2021 and will expire during fiscal year 2026. For purposes of discounting future payments on these leases, the Library used its incremental borrowing rate in place at the time of lease inception of 2.65%. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 6.

During 2024, the Library entered into a lease agreement for a copier in the Central Branch workroom. Payments under this lease total approximately \$900 per year. The lease agreement in place for this copier began during fiscal year 2024 and will expire during fiscal year 2029. For purposes of discounting future payments on this lease, the Library used its incremental borrowing rate in place at the time of lease inception of 8.5%. The leased equipment and accumulated amortization of the right-to-use asset are outlined in Note 6.

The future minimum lease payments are approximately as follows:

	Principal	Interest	Total
2025	\$ 14,381	\$ 623	\$ 15,004
2026	3,525	254	3,779
2027	779	160	939
2028	848	91	939
2029	606	19	625
Total	\$ 20,139	\$ 1,147	\$ 21,286

Interest expense on all above intangible right-to-use assets was approximately \$1,200 for the year ended June 30, 2024.

Note 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 natural disasters. The County has joined the Local Government Insurance Trust (LGIT) to handle potential losses. LGIT is a consortium of Maryland local governments, created to provide insurance coverage and services to Maryland local government. The County continues to carry commercial insurance for all other risks of loss, including worker's compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

As a component unit of Caroline County, the Library is eligible for coverage and participates in the LGIT.

Subscribers of coverage by LGIT share in the risk among participants of the pools. As a result, the County's annual premium requirements will be affected by the loss experience of the various insurance pools in which it participates. The County may be required to make additional assessments from time to time. These amounts would be recorded as an expenditure when they are probable and can be reasonably estimated. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13. Risk management (continued)

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1986, the Maryland Association of Boards of Education Group Insurance Pool (the Pool) was formed when several Maryland boards of education joined together to pool their casualty risks. Property insurance coverage was added in 1988. The Board pays an annual premium to the Pool that is calculated by an actuary. It is intended that the Pool be self-sustaining through member premiums. Reinsurance is carried through commercial companies for claims that exceed coverage limits as specified in the agreement. Should the Pool encounter deficits in its casualty and/or property funds, such deficits may be made up from assessments of the participating boards on a pro rata basis.

The Board continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. The Board purchases health insurance from a provider through a modified retrospective rating arrangement agreement. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Board is a member of the Eastern Shore of Maryland Educational Consortium Health Insurance Alliance (the Alliance), a public entity risk pool operating as a common risk management and insurance program for health insurance coverage. It is intended that the Alliance be self-sustaining through member premiums. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. Callable deficits, which are paid to ESMEC to cover potential shortfalls, are 7% of total premiums. Currently, ESMEC keeps on hand 10.5% as a recommended conservative reserve. As of March 2024, the Board's funds held by ESMEC exceeded the recommended reserve by \$1,362,158. All funds held by ESMEC are restricted to being used only for health care expenses.

Note 14. Joint Venture - Landfill closure and post closure care costs

In 1991, the County Commissioners, in conjunction with Talbot, Queen Anne's, and Kent Counties, entered into a regional partnership known as the Midshore Regional Landfill Joint Venture. This venture was formed to provide a long-term, solid waste management solution for the four-county area. As part of the agreement, each of the four Counties agreed to host a solid waste facility for a twenty-year period, giving the venture a total duration of eighty years. In 1991, the Midshore Regional Landfill opened in Talbot County and served the waste management needs of the four-County area for twenty years. This facility, owned and operated by the Maryland Environmental Service (MES), closed on December 31, 2010. The second Midshore facility, Midshore II, opened in Caroline County in January 2011 and is fully operational. After the facility in Caroline County reaches capacity, another landfill will be constructed in Queen Anne's County, with Kent County to follow in turn. Each County is required to, and has, set aside sufficient land to construct a landfill within their borders. The agreement expires when the last of the four landfills is closed.

Caroline County has a 23.75% financial interest in the Midshore Regional Landfill. In the event that expenditures exceed revenues, the County is obligated to cover the deficiency in proportion to its financial interest; however, to date additional funding from the County has not been required nor does management anticipate it.

Total closure and post closure costs for the landfills are \$24.6 million, with approximately \$5.8 million attributable to Caroline County. These costs are paid from tipping fees of acceptable waste delivered by or for the account of the counties. It is currently expected that sufficient funds will be available from landfill revenues to pay future closure and post closure costs. MES has accrued and reported a long-term liability of \$12.2 million as of June 30, 2024, determined by the estimated useful life of the landfill.

Similar to the post closure costs, each of the participating Counties is contingently liable for the debt related to the Midshore Regional Landfill. The Midshore Regional Landfill was funded with bonds totaling \$17.3 million as of June 30, 2024, \$4.1 million is attributable to Caroline County in the event of a default.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 14. Joint Venture - Landfill closure and post closure care costs (continued)

Each County is required to place its municipal waste in the landfill. The facility is also available to commercial waste disposal firms at the same price per ton as charged to the County governments.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2023. MES expects to satisfy these requirements as of June 30, 2024 using the same criteria.

Due to inflation and changes in technology, laws, and regulations, estimated closure and post closure care costs may change in the future. Financial Statements of the Landfill can be obtained from MES located at 259 Najoles Road, Millersville, MD 21108.

Note 15. Commitments and contingencies

Legal actions

There are various claims and suits pending against the County that arise in the normal course of the County's activities. In the opinion of legal counsel and management, the ultimate disposition of these various claims and suits will have no material adverse effect on the financial position of the County.

Federal and state funding

The County receives a substantial amount of federal and state funding. A significant reduction in the current level of funding, if it were to occur, may have an effect on the County's programs and services.

Contingent liability

The County has guaranteed a mortgage made by the Caroline County Humane Society, Inc. In the event of a default by the Humane Society in the timely payment of its obligations under the mortgage, the County has agreed to make such payments as may be due following a notice of default to the County.

Note 16. Required fund disclosures

The following funds had expenditures exceed budgeted amounts.

	<u>Budget</u>		<u>Actual</u>		<u>Variance</u>
Special grants	\$ 25,000	\$	669,913	\$	(644,913)
4-H park	55,189		56,373		(1,184)
OJP grant law enforcement	42,488		135,471		(92,983)
Emergency management grant	98,205		134,893		(36,688)
Drug task force	37,128		78,758		(41,630)

Funds available to provide for the excess expenditures were made available from other sources, including revenues exceeding budgeted amounts, within these funds. In management's opinion, the excess expenditures had no material impact on the financial results of the County.



Required Supplementary Information

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Revenues:</u>				
Taxes – property:				
Real and personal property, net	\$ 30,848,200	\$ 30,848,200	\$ 31,200,998	\$ 352,798
Penalties, interest and fees	210,000	210,000	293,262	83,262
Total taxes - property	31,058,200	31,058,200	31,494,260	436,060
Taxes – income	20,200,000	20,200,000	26,029,223	5,829,223
Taxes – other local:				
Recordation	1,650,000	1,650,000	2,345,745	695,745
Franchise tax	170,000	170,000	158,708	(11,292)
Mobile home	68,000	68,000	65,271	(2,729)
Total taxes – other local	1,888,000	1,888,000	2,569,724	681,724
Taxes – state-shared:				
Highway users	1,143,126	1,143,126	1,138,465	(4,661)
Licenses and permits:				
Liquor	71,000	71,000	59,387	(11,613)
Traders license	22,000	22,000	21,282	(718)
Building permits	105,000	105,000	137,102	32,102
Other	10,500	10,500	12,520	2,020
Total licenses and permits	208,500	208,500	230,291	21,791
Intergovernmental revenue:				
Grants from federal government:				
Emergency management	71,500	71,500	71,329	(171)
Other federal grants	6,000	6,000	40,776	34,776
Total grants from federal government	77,500	77,500	112,105	34,605

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 (CONTINUED)

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Revenues (continued):</u>				
Grants from state government:				
Equity grant	\$ 4,686,791	\$ 4,686,791	\$ 4,686,791	\$ -
Teacher retirement supplement	685,108	685,108	685,108	-
Police protection	214,517	214,517	269,392	54,875
Family services grant	207,419	207,419	191,034	(16,385)
Juvenile Drug Court	128,282	128,282	110,684	(17,598)
Fire companies	313,128	313,128	315,109	1,981
ENSB	140,000	140,000	151,276	11,276
Other	145,135	145,135	92,959	(52,176)
Total grants from state government	6,520,380	6,520,380	6,502,353	(18,027)
Other Grants:				
School Resource Officer Grant	304,673	304,673	284,981	(19,692)
SRO Elementary	400,000	400,000	548,243	148,243
Other	-	-	26,187	26,187
Total other grants	704,673	704,673	859,411	154,738
Charges for services:				
General government	105,950	105,950	176,303	70,353
Public safety	876,000	876,000	938,716	62,716
Public works	149,000	149,000	129,579	(19,421)
Recreation charges	3,000	3,000	5,520	2,520
Weed control	10,500	10,500	19,169	8,669
Total charges for services	1,144,450	1,144,450	1,269,287	124,837
Miscellaneous revenues:				
Interest	1,262,199	1,262,199	2,422,654	1,160,455
Rents	48,975	48,975	40,748	(8,227)
Other	-	-	61,160	61,160
Total miscellaneous revenues	1,311,174	1,311,174	2,524,562	1,213,388
Total revenues - General Fund	\$ 64,256,003	\$ 64,256,003	\$ 72,729,681	\$ 8,473,678

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 (CONTINUED)

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Expenditures:</u>				
General government:				
County commissioners	\$ 707,143	\$ 707,143	\$ 644,983	\$ (62,160)
Economic development	409,342	409,342	391,524	(17,818)
Ethics commission	200	200	-	(200)
Judicial:				
Juvenile Drug Court	128,282	128,282	177,089	48,807
Family services grant	207,419	207,419	191,480	(15,939)
Circuit Court	379,553	379,553	352,197	(27,356)
Orphan's Court	25,012	25,012	23,136	(1,876)
State's attorney	1,040,495	1,040,495	971,497	(68,998)
Total judicial	1,780,761	1,780,761	1,715,399	(65,362)
Elections	683,714	683,714	609,875	(73,839)
State department of assessments	146,084	146,084	138,717	(7,367)
Office of Finance	972,073	972,073	872,768	(99,305)
Legal services	406,213	406,213	468,104	61,891
Office of Human Resources	589,202	589,202	550,537	(38,665)
Planning and codes administration	1,018,307	1,018,307	874,268	(144,039)
General services	202,625	202,625	243,485	40,860
Intergovernmental	15,590	15,590	15,580	(10)
Office of Technology	1,032,526	1,032,526	975,242	(57,284)
Total general government	7,963,780	7,963,780	7,500,482	(463,298)
Public safety:				
Sheriff's department	5,353,840	5,353,840	5,696,132	342,292
School Resource Officer	406,231	406,231	379,975	(26,256)
Tobacco and teen court	-	-	1,470	1,470
Adult offender Comm. Service	29,803	29,803	27,869	(1,934)
SRO elementary	558,815	558,815	550,136	(8,679)
Fire protection	2,524,442	2,524,442	2,533,985	9,543
Corrections	5,349,406	5,349,406	5,265,775	(83,631)
Animal control	250,192	250,192	216,703	(33,489)
Emergency Services - admin.	285,405	285,405	265,092	(20,313)
Emergency Services - comm.	1,987,716	1,987,716	2,013,859	26,143
Emergency Services - services	5,065,111	5,065,111	5,377,834	312,723
Emergency Services - risk mgmt.	155,751	155,751	124,030	(31,721)
Humane society	336,955	336,955	336,955	-
Liquor licensing	92,532	92,532	87,728	(4,804)
Total public safety	22,396,199	22,396,199	22,877,543	481,344

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 (CONTINUED)

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Expenditures (continued):</u>				
Public works:				
Administration	\$ 360,052	\$ 360,052	\$ 343,983	\$ (16,069)
Central shop	770,447	770,447	687,411	(83,036)
Solid waste disposal	303,959	303,959	308,869	4,910
Johnsongrass	82,897	82,897	73,902	(8,995)
Mosquito control	65,869	65,869	52,598	(13,271)
Roads	2,294,606	2,294,606	1,971,246	(323,360)
County buildings	1,024,083	1,024,083	1,160,077	135,994
Total public works	4,901,913	4,901,913	4,598,086	(303,827)
Health:				
Health Department	537,461	537,461	537,461	-
Other	78,943	78,943	78,946	3
Total health	616,404	616,404	616,407	3
Social services	448,467	448,467	448,142	(325)
Education:				
Primary education	16,081,000	16,081,000	16,081,000	-
Chesapeake College	1,840,368	1,840,368	1,813,368	(27,000)
Total education	17,921,368	17,921,368	17,894,368	(27,000)
Public library	1,359,048	1,359,048	1,359,048	-
Recreation and parks	1,230,114	1,230,114	1,161,071	(69,043)
Arts	6,500	6,500	6,500	-
Conservation of natural resources	219,674	219,674	219,674	-
Economic development & tourism	15,000	15,000	15,000	-
Contingency	537,500	537,500	347,170	(190,330)
Debt service:				
Principal	2,561,630	2,561,630	2,561,629	(1)
Interest	1,236,470	1,236,470	1,235,990	(480)
Total debt service	3,798,100	3,798,100	3,797,619	(481)
Total expenditures – General Fund	61,414,067	61,414,067	60,841,110	(572,957)

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 (CONTINUED)

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Other financing sources (uses):</u>				
Transfer in from:				
Educational facilities	\$ -	\$ -	\$ -	\$ -
Basic life support	1,388,195	1,388,195	1,456,495	(68,300)
Recreation programs	7,580	7,580	7,580	-
Transfer out to:				
4-H park	(24,529)	(24,529)	(22,639)	(1,890)
Capital improvements	(4,188,472)	(4,188,472)	(4,512,113)	323,641
Agriculture land preservation	(20,000)	(20,000)	(20,000)	-
Jonestown water system	(4,710)	(4,710)	(4,710)	-
<hr/>				
Total other financing sources (uses) – General Fund	(2,841,936)	(2,841,936)	(3,095,387)	253,451
<hr/>				
Total expenditures and other financing sources (uses)	64,256,003	64,256,003	63,936,497	(319,506)
<hr/>				
Net change in fund balances	\$ -	\$ -	\$ 8,793,184	\$ 8,793,184

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 BUDGETARY COMPARISON SCHEDULE – SPECIAL GRANTS FUND

YEAR ENDED June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Revenues:</u>				
Intergovernmental revenues	\$ 25,000	\$ 25,000	\$ 669,913	\$ 644,913
<u>Expenditures</u>				
Public safety	-	-	101,040	101,040
Economic development	25,000	25,000	568,873	543,873
Total expenditures	25,000	25,000	669,913	644,913
Net change in fund balances	\$ -	\$ -	\$ -	\$ -

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

1. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for most funds of the County, except fiduciary funds. The budgetary financial schedules included in required supplementary information include the General Fund and Special Grants Fund, as required. Budgetary comparison schedules for all other annually budgeted Special Revenue and Capital Projects Funds are included in Other Supplementary Information. The basis for budgeting is the modified accrual basis, excluding certain expenditures such as compensated absences, which results in non-GAAP basis. All annual appropriations lapse at fiscal year-end.

The legal level of budgetary control (that is, the level at which expenditures cannot exceed budgeted appropriations) is at the department level. However, with proper approval by the County Commissioners, budget transfers can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments made by the County Commissioners. There were no material violations of the annual appropriated budget for the fiscal year ended June 30, 2024.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (as of measurement date)
JUNE 30, 2024

Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	Employer's Proportion Share of the Collective NPL B	Employer's Covered Payroll C	Proportionate Share as a Percentage of Covered Payroll (B / C)	Plan's Total Fiduciary Net Position D	Plan's Total Pension Liability E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D / E)
June 30, 2014	0.018077%	\$ 3,207,990	\$ 1,307,560	245%	\$ 45,339,988,000	\$ 63,086,719,000	72%
June 30, 2015	0.020072%	\$ 4,171,221	\$ 1,362,323	306%	\$ 45,789,840,000	\$ 66,571,552,000	69%
June 30, 2016	0.024229%	\$ 5,716,633	\$ 1,455,966	393%	\$ 45,365,927,000	\$ 68,959,954,000	66%
June 30, 2017	0.023862%	\$ 5,159,868	\$ 1,527,583	338%	\$ 48,987,184,000	\$ 70,610,885,000	69%
June 30, 2018	0.024318%	\$ 5,102,338	\$ 1,543,887	330%	\$ 51,827,233,000	\$ 72,808,833,000	71%
June 30, 2019	0.027612%	\$ 5,695,062	\$ 1,774,013	321%	\$ 53,943,420,000	\$ 74,569,030,000	72%
June 30, 2020	0.027126%	\$ 6,130,754	\$ 1,776,693	345%	\$ 54,586,037,000	\$ 77,187,397,000	71%
June 30, 2021	0.030888%	\$ 4,633,956	\$ 2,005,459	231%	\$ 67,604,500,000	\$ 82,606,805,000	82%
June 30, 2022	0.031516%	\$ 6,305,954	\$ 2,160,497	292%	\$ 64,310,991,000	\$ 84,319,523,000	76%
June 30, 2023	0.030242%	\$ 6,964,696	\$ 2,100,152	332%	\$ 64,892,973,000	\$ 87,923,284,000	74%

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
SCHEDULE OF CONTRIBUTIONS (as of fiscal year end)
JUNE 30, 2024

Fiscal Year	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2015	\$ 421,248	\$ 421,248	\$ -	\$ 1,362,323	31%
2016	\$ 423,055	\$ 423,055	\$ -	\$ 1,455,966	29%
2017	\$ 472,004	\$ 472,004	\$ -	\$ 1,527,583	31%
2018	\$ 484,922	\$ 484,922	\$ -	\$ 1,543,887	31%
2019	\$ 567,004	\$ 567,004	\$ -	\$ 1,774,013	32%
2020	\$ 581,590	\$ 581,590	\$ -	\$ 1,776,693	33%
2021	\$ 680,631	\$ 680,631	\$ -	\$ 2,005,459	34%
2022	\$ 719,299	\$ 719,299	\$ -	\$ 2,160,497	33%
2023	\$ 737,564	\$ 737,564	\$ -	\$ 2,100,152	35%
2024	\$ 1,022,339	\$ 1,022,339	\$ -	\$ 2,839,284	36%

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
ACTUARIAL ASSUMPTIONS - PENSION PLAN
JUNE 30, 2024

Changes in Benefit Terms

There were no benefit changes during the year.

Changes in Assumptions

Discount rate remains unchanged from 6.80%.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039; 17 years
Asset Valuation Model	Five-year smoothed market (max. 120% and min 80% of the fair value).
Inflation	In the 2023 actuarial valuation, 2.25% general, 2.75% wage. In the 2022 actuarial valuation, 2.25% general, 2.75% wage.
Salary Increases	In the 2023 actuarial valuation, 2.75% to 11.25%. In the 2022 actuarial valuation, 2.75% to 9.25%.
Investment Rate of Return	In the 2023 actuarial valuation, 6.80%. In the 2022 actuarial valuation, 6.80%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study of the period July 1, 2014 to June 30, 2018.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational motility improvements based on the MP-2018 fully generational motility improvements scale for males and females.

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 CAROLINE COUNTY, MARYLAND EMPLOYEES' PENSION PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED NOTES (as of measurement date)
 June 30, 2024

MEASUREMENT DATE	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension liability										
Service cost	\$ 701,235	\$ 668,797	\$ 627,537	\$ 617,079	\$ 585,295	\$ 653,662	\$ 420,374	\$ 527,053	\$ 566,730	\$ 539,462
Interest	2,310,336	2,246,419	2,170,905	2,090,898	2,033,632	1,885,393	1,805,632	1,710,004	1,680,059	1,601,310
Changes of benefit terms	995,300	-	-	413,059	-	-	279,510	-	(440,525)	(499,533)
Differences between expected and actual experience	347,108	2,666	200,854	(448,449)	95,318	260,728	76,356	439,130	-	-
Changes of assumptions	-	-	(88,757)	190,485	(70,998)	1,004,087	160,504	155,794	-	729,440
Benefit payments, including refunds of member contributions	(2,075,944)	(1,933,598)	(1,729,962)	(1,710,239)	(1,528,000)	(1,497,724)	(1,384,557)	(1,272,334)	(1,186,533)	(1,382,453)
Net change in total pension liability	2,278,035	984,284	1,180,577	1,152,833	1,115,247	2,306,146	1,357,819	1,559,647	619,731	988,226
Total pension liability - beginning	34,042,778	33,058,494	31,877,917	30,725,084	29,609,837	27,303,691	25,945,872	24,386,225	23,766,494	22,778,268
Total pension liability - ending (a)	\$ 36,320,813	\$ 34,042,778	\$ 33,058,494	\$ 31,877,917	\$ 30,725,084	\$ 29,609,837	\$ 27,303,691	\$ 25,945,872	\$ 24,386,225	\$ 23,766,494
Plan fiduciary net position										
Contributions - employer	\$ 1,634,000	\$ 760,000	\$ 1,245,000	\$ 1,196,620	\$ 1,110,000	\$ 1,090,000	\$ 1,048,518	\$ 2,143,000	\$ 1,122,871	\$ 1,091,000
Contributions - member	400,441	349,910	312,112	282,556	228,857	196,950	155,812	115,267	74,503	35,137
Net investment income	2,630,698	(2,837,993)	6,523,522	769,560	1,490,244	1,620,834	2,395,296	128,786	638,387	2,505,358
Benefits payments, including refunds of members contributions	(2,075,944)	(1,933,598)	(1,729,962)	(1,710,239)	(1,528,000)	(1,497,724)	(1,384,557)	(1,272,334)	(1,186,533)	(1,382,453)
Administrative expense	-	-	-	-	-	-	-	-	(3,280)	(31,959)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	2,589,195	(3,661,681)	6,350,672	538,497	1,301,101	1,410,060	2,215,069	1,114,719	645,948	2,217,083
Plan fiduciary net position - beginning	28,517,662	32,179,343	25,828,671	25,290,174	23,989,073	22,579,013	20,363,944	19,249,225	18,603,277	16,386,194
Plan fiduciary net position - ending (b)	\$ 31,106,857	\$ 28,517,662	\$ 32,179,343	\$ 25,828,671	\$ 25,290,174	\$ 23,989,073	\$ 22,579,013	\$ 20,363,944	\$ 19,249,225	\$ 18,603,277
County's net pension liability - ending (a)-(b)	\$ 5,213,956	\$ 5,525,116	\$ 879,151	\$ 6,049,246	\$ 5,434,910	\$ 5,620,764	\$ 4,724,678	\$ 5,581,928	\$ 5,137,000	\$ 5,163,217
Plan fiduciary net position as a percentage of the total pension liability	86%	84%	97%	81%	82%	81%	83%	78%	79%	78%
Covered payroll, as of measurement date	\$ 9,849,653	\$ 9,254,367	\$ 8,620,828	\$ 8,192,254	\$ 7,847,893	\$ 7,802,787	\$ 7,045,906	\$ 7,091,152	\$ 7,048,232	\$ 6,962,170
Net pension liability as a percentage of covered payroll	53%	60%	10%	74%	69%	72%	67%	79%	73%	74%
Expected average remaining service years	6	6	6	6	6	7	6	7	7	7

Notes to schedule:

Benefit changes:

Effective 7/1/16, the plan provided a one-time COLA for participants who were in receipt of a benefit on or before July 1, 2015.
 For FY2020, an ad hoc 2.50% COLA was granted to retirees who had been receiving benefits for at least a year as of July 1, 2019.
 During the FY2023 budget process, the County granted an ad-hoc 5.00% COLA to retirees.

Changes of assumptions:

For FY2016, the discount rate and investment rate of return was lowered to 7.20% from 7.25%.
 For FY2017, the discount rate and investment rate of return was lowered to 7.15% from 7.20%.
 For FY2018, the discount rate and investment rate of return was lowered to 7.10% from 7.15%.
 Additionally, the mortality assumption was changed from RP-2000 - Fully Generational Combined Mortality Table for males and females using Scale AA to the RP-2014 Mortality Table, Fully Generational assuming Scale MP-2017.
 For FY2019, the discount and investment rate of return was lowered to 7.05% from 7.10%.
 Additionally, the termination and retirement rates were updated to the latest rates determined in the experience study last year.
 For FY2020, the discount rate and investment rate of return was lowered to 7.00% from 7.05%.
 For FY2021, the mortality tables were updated from the RP-2014 Mortality Table with generational projection using Scale MP-2017 to the SOA PUB-2010 General Mortality Tables with generational projection using SOA Scale MP-2020.

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 CAROLINE COUNTY, MARYLAND EMPLOYEES' PENSION PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS (as of fiscal year end)
 June 30, 2024

FISCAL YEAR	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 687,933	\$ 809,485	\$ 808,623	\$ 844,339	\$ 833,493	\$ 904,935	\$ 815,360	\$ 858,125	\$ 901,900	\$ 1,004,915
Contributions in relation to the actuarially determined contribution	1,634,000	760,000	1,245,000	1,196,620	1,110,000	1,090,000	1,048,518	2,143,000	1,122,871	1,091,000
Contribution deficiency (excess)	\$ (946,067)	\$ 49,485	\$ (436,377)	\$ (352,281)	\$ (276,507)	\$ (185,065)	\$ (233,158)	\$ (1,284,875)	\$ (220,971)	\$ (86,085)
Covered payroll	\$ 10,086,918	\$ 9,849,653	\$ 9,254,367	\$ 8,620,828	\$ 8,192,254	\$ 7,847,893	\$ 7,802,787	\$ 7,045,906	\$ 7,091,152	\$ 7,048,232
Contributions as a percentage of covered payroll	16%	8%	13%	14%	14%	14%	13%	30%	16%	15%

Notes to schedule:

Valuation date:

Actuarially determined contribution (ADC) amounts are calculated as of the beginning of the fiscal year (July 1) for the fiscal year immediately following the current fiscal year. Actuarial valuations are performed every year. The assumptions shown below are those used in the July 1, 2021 actuarial valuation to calculate the FY 2023 ADC. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Remaining amortization periods range from 3 to 17 years
Asset valuation method	4-year smoothed market
Inflation	2.50 percent
Salary increases	3.50 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	SOA PUB-2010 General Mortality Tables with generational projection using SOA Scale MP-2020

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (as of measurement date)
June 30, 2024

MEASUREMENT DATE	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total OPEB liability										
Service cost	\$ 157,454	\$ 149,956	\$ 150,142	\$ 142,993	\$ 130,873	\$ 130,795	\$ 124,566	\$ -	\$ -	\$ -
Interest cost	321,452	299,311	298,039	276,997	252,634	284,071	265,082	-	-	-
Change of benefit terms	7,894	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	554,125	(7,586)	(428,213)	(6,570)	595,750	(764,189)	(18,041)	-	-	-
Change of assumptions	238,265	-	107,411	-	(514,643)	-	-	-	-	-
Benefit payments	(159,747)	(120,888)	(106,313)	(109,522)	(109,390)	(102,906)	(92,694)	-	-	-
Net change in total OPEB liability	1,119,443	320,793	21,066	303,898	355,224	(452,229)	278,913	-	-	-
Total OPEB liability - beginning	4,660,903	4,340,110	4,319,044	4,015,146	3,659,922	4,112,151	3,833,238	-	-	-
Total OPEB liability - ending (a)	\$ 5,780,346	\$ 4,660,903	\$ 4,340,110	\$ 4,319,044	\$ 4,015,146	\$ 3,659,922	\$ 4,112,151	\$ -	\$ -	\$ -
Plan fiduciary net position										
Contributions - employer	\$ -	\$ 120,932	\$ 106,313	\$ 109,522	\$ 109,390	\$ 92,906	\$ 353,521	\$ -	\$ -	\$ -
Net investment income	734,291	(833,077)	1,649,837	241,771	435,483	416,398	670,503	-	-	-
Benefit payments (net of retiree contributions)	(159,747)	(120,888)	(106,313)	(109,522)	(109,390)	(102,906)	(92,694)	-	-	-
Administrative expense	(32,524)	(24,816)	(38,072)	(30,307)	(21,743)	(20,861)	(23,585)	-	-	-
Net change in plan fiduciary net position	542,020	(857,849)	1,611,765	211,464	413,740	385,537	907,745	-	-	-
Plan fiduciary net position - beginning	7,656,970	8,514,819	6,903,054	6,691,590	6,277,850	5,892,313	4,984,586	-	-	-
Plan fiduciary net position - ending (b)	\$ 8,198,990	\$ 7,656,970	\$ 8,514,819	\$ 6,903,054	\$ 6,691,590	\$ 6,277,850	\$ 5,892,331	\$ -	\$ -	\$ -
County's net OPEB liability - ending (a)-(b)	\$ (2,418,644)	\$ (2,996,067)	\$ (4,174,709)	\$ (2,584,010)	\$ (2,676,444)	\$ (2,617,928)	\$ (1,780,180)	\$ -	\$ -	\$ -
Fiduciary net position as a % of total OPEB liability	141.84%	164.28%	196.19%	159.83%	166.66%	171.53%	143.29%	0.00%	0.00%	0.00%
Covered-employee payroll, as of measurement date	\$ 12,774,136	\$ 8,395,989	\$ 8,395,989	\$ 10,086,919	\$ 10,086,919	\$ 7,848,527	\$ 7,793,433	\$ -	\$ -	\$ -
Net OPEB liability as a % of payroll	-18.93%	-35.68%	-49.72%	-25.62%	-26.53%	-33.36%	-22.84%	0.00%	0.00%	0.00%
Expected average remaining service years of all participants	8	9	9	8	8	8	8	-	-	-
Notes to Schedule:										
Discount rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%			
<i>Benefit changes:</i>										
NONE										
<i>Changes of assumptions:</i>										
June 30, 2017 - none										
June 30, 2018 - none										
June 30, 2019 - Adjusted the HRA to increase at 2% annually rather than 5%. Decrement assumptions were updated to reflect the latest experience study. The mortality improvement scale was updated to use MP 2019.										
June 30, 2020 - none										
June 30, 2021 - The mortality assumption has been updated to the SOA PUB-2010 General Headcount-Weighted Mortality tables with generational mortality projection from the 2010 base year using SOA Scale MP-2020.										
June 30, 2022 - none										
June 30, 2023 - Normal retirement was changed under the Pension plan for Police and General Employees, regardless of date of hire, to the earlier of 25 years of service or age with 5 years of service. Early Retirement was changed under the Pension plan for Police and General Employees, regardless of date of hire, to age with 20 years of service.										

Information for 2016 and earlier is not available

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
June 30, 2024

MEASUREMENT DATE	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution - *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual employer contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll - **	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a % of payroll	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* - An actuarially determined contribution is not calculated as the plan is over 100% funded.

** - N/A - as contributions are not based on measure of pay.

Key methods and assumptions are as follows:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Assumptions	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.00%
Medical Trend	The HRA contribution is assumed to increase 2.00% annually and the Medical Supplemental Plan subsidy is assumed to increase 5.00% annually.
Mortality & Disabled	SOA PUB-2010 General Headcount-Weighted Motility Tables (Employees table for active members, Disabled table for disabled retirees, and Retiree table for all non-disabled retirees and beneficiaries) with generational mortality projection from the 2010 base year using SOA Scale MP-2020.

Information for 2016 and earlier is not available

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
LENGTH OF SERVICE AWARD PROGRAM
SCHEDULE OF CHANGES IN THE NET LOSAP LIABILITY AND RELATED RATIOS
June 30, 2024

AS OF MEASUREMENT DATE	2023	2022	2021	2020	2019	2018
Total LOSAP Liability ("TLL")						
Service cost	\$ 75,122	\$ 109,692	\$ 205,335	\$ 101,666	\$ 73,320	\$ 71,532
Interest cost	165,075	54,713	113,978	120,072	136,665	133,958
Changes in benefit terms	-	-	-	95,486	-	-
Difference between expected and actual experience	(340,654)	-	-	369,061	-	-
Changes of assumptions	(1,441,036)	(1,452,310)	147,092	706,321	596,417	-
Benefits payments, including refunds of member contributions	(220,552)	(81,496)	(163,661)	(163,610)	(140,804)	(127,818)
Net change in TLL	(1,762,045)	(1,369,401)	302,744	1,228,996	665,598	77,672
TLL - beginning of year	4,508,722	5,878,123	5,575,379	4,346,383	3,680,785	3,603,113
TLL - end of year	\$ 2,746,677	\$ 4,508,722	\$ 5,878,123	\$ 5,575,379	\$ 4,346,383	\$ 3,680,785
Total fiduciary net position ("PFNP")						
Contributions - employer	\$ 1,720,552	\$ 81,496	\$ 163,661	\$ 163,610	\$ 140,804	\$ 127,818
Net investment income	122,918	-	-	-	-	-
Benefits payments	(220,552)	-	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-	-
Administrative expense	-	(81,496)	(163,661)	(163,610)	(140,804)	(127,818)
Net change in PFNP	1,622,918	-	-	-	-	-
Total PFNP - beginning of year	-	-	-	-	-	-
Total PFNP - end of year	\$ 1,622,918	\$ -	\$ -	\$ -	\$ -	\$ -
Net LOSAP liability ("NLL")	\$ 1,123,759	\$ 4,508,722	\$ 5,878,123	\$ 5,575,379	\$ 4,346,383	\$ 3,680,785
PFNP as a % of TLL	59%	0%	0%	0%	0%	0%

Covered employee payroll - *

NLL as a % of covered payroll

* - the NLL is based on volunteer hours and as such has no payroll associated.

Expected average remaining service years of all participants	12	13	13	13	12	12
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This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which the information is available, will be presented.

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 LENGTH OF SERVICE AWARD PROGRAM
 SCHEDULE OF EMPLOYER CONTRIBUTIONS (as of fiscal year end)
 June 30, 2024

FISCAL YEAR	2023
Actuarially determined contribution	N/A
Contributions in relation to the actuarially determined contribution	\$ 1,720,552
Contribution deficiency (excess)	N/A
 Covered payroll	 N/A
 Contributions as a percentage of covered payroll	 N/A

Notes to Schedule:

An actuarially determined contribution was not calculated for FY 2022 or FY 2023 because the plan did not have a dedicated trust for assets. A trust was created for this plan effective March 2, 2023.

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 LENGTH OF SERVICE AWARD PROGRAM
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - LOSAP
 JUNE 30, 2024

Notes to schedule:

The LOSAP has no assets accumulated in a trust that meet the criteria in GASB 73, paragraph 4 as of the June 30, 2022 measurement date. The County established a trust on March 2, 2023 (FY2023). Plan fiduciary net position for 2022 and prior reflects pay as you go.

For 2021 and prior, results are as of 12/31. Beginning in 2022 results are as of 6/30, with 2022 showing 6 months.

Benefit changes - fiscal year

2018	None
2019	None
2020	Monthly benefit amounts increased by 2.00%.
2021	None
2022	None
2023	None

Changes of assumptions - fiscal year

2018	None
2019	None
2020	The mortality table changed from the SOA RP-2014 Adjusted to 2006 Blue Collar Mortality Table generationally projected from 2006 using Scale MP-2017 to the Pub-2010 General Headcount-Weighted Mortality Table generationally projected from 2010 using Scale MP-2020.
2021	None
2022	None
2023	The discount rate assumption increased to 7%.

Discount rate - measurement date

December 31, 2018	3.71%
December 31, 2019	2.75%
December 31, 2020	2.00%
December 31, 2021	1.84%
June 30, 2022	3.69%

See Independent Auditor's Report



Other Supplementary Information

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 June 30, 2024

	Special Revenue Funds							
	Jonestown Water System	4-H Park	American Rescue Plan	OJP Grants Law Enforcement	CDBG	Revolving Loan Fund	MEAF Revolving Loan	
ASSETS:								
Cash and cash equivalents	\$ 6,961	\$ 1,864	\$ 1,502,054	\$ -	\$ -	\$ 197,935	\$ 156,313	
Accounts receivable	-	4,300	-	71,081	-	12,077	-	
Leases receivable	-	12,104	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	
Total assets	\$ 6,961	\$ 18,268	\$ 1,502,054	\$ 71,081	\$ -	\$ 210,012	\$ 156,313	
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable	\$ 608	\$ 1,864	\$ 34,475	\$ 5,297	\$ -	\$ -	\$ -	
Accrued expenses	-	-	-	-	-	-	-	
Due to other funds	-	-	-	39,967	-	-	-	
Unearned revenues	-	-	1,467,579	7,471	-	-	-	
Other liabilities	-	-	-	-	-	-	-	
Total liabilities	608	1,864	1,502,054	52,735	-	-	-	
DEFERRED INFLOWS OF RESOURCES:								
Deferred inflows related to leases	-	11,916	-	-	-	-	-	
Fund balances:								
Non-spendable	-	-	-	-	-	-	-	
Restricted	-	-	-	18,346	-	210,012	156,313	
Committed	-	-	-	-	-	-	-	
Assigned	6,353	4,488	-	-	-	-	-	
Unassigned	-	-	-	-	-	-	-	
Total fund balances (deficit)	6,353	4,488	-	18,346	-	210,012	156,313	
Total liabilities, deferred inflows of resources and fund balances	\$ 6,961	\$ 18,268	\$ 1,502,054	\$ 71,081	\$ -	\$ 210,012	\$ 156,313	

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2024

	Special Revenue Funds						
	Community Reinvestment	Dog Licenses	Equitable Sharing Task Force	Local Agricultural Land Preservation	State Agricultural Land Preservation	Summerfest	Commissary Account
ASSETS:							
Cash and cash equivalents	\$ 367,497	\$ -	\$ -	\$ 99,506	\$ 568,696	\$ 53,097	\$ 146,972
Accounts receivable	69,363	-	-	-	-	100	11,796
Leases receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	\$ 436,860	\$ -	\$ -	\$ 99,506	\$ 568,696	\$ 53,197	\$ 158,768
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 46,863	\$ -	\$ 2,508
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	32,983	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	46,863	32,983	2,508
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows related to leases	-	-	-	-	-	-	-
Fund balances:							
Non-spendable	-	-	-	-	-	-	-
Restricted	436,860	-	-	-	-	-	156,260
Committed	-	-	-	99,506	521,833	-	-
Assigned	-	-	-	-	-	20,214	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	436,860	-	-	99,506	521,833	20,214	156,260
Total liabilities, deferred inflows of resources and fund balances	\$ 436,860	\$ -	\$ -	\$ 99,506	\$ 568,696	\$ 53,197	\$ 158,768

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2024

	Special Revenue Funds						
	Law Library	Critical Area Forestry	Forest Conservation	Emergency Management Grant	Business and Tech Park	Health Department	Tax Sale Proceeds
ASSETS:							
Cash and cash equivalents	\$ 32,963	\$ 35,275	\$ 27,281	\$ -	\$ 31,908	\$ 238,385	\$ 103,215
Accounts receivable	-	-	-	112,333	-	24,696	-
Leases receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	\$ 32,963	\$ 35,275	\$ 27,281	\$ 112,333	\$ 31,908	\$ 263,081	\$ 103,215
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable	\$ 404	\$ -	\$ -	\$ 29,508	\$ -	\$ 7,808	\$ 90,953
Accrued expenses	-	-	-	-	-	3,695	-
Due to other funds	6,634	-	-	83,838	-	104,492	-
Unearned revenues	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	7,038	-	-	113,346	-	115,995	90,953
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows related to leases	-	-	-	-	-	-	-
Fund balances:							
Non-spendable	-	-	-	-	-	-	-
Restricted	25,925	-	-	-	-	-	12,262
Committed	-	35,275	27,281	-	-	-	-
Assigned	-	-	-	-	31,908	147,086	-
Unassigned	-	-	-	(1,013)	-	-	-
Total fund balances (deficit)	25,925	35,275	27,281	(1,013)	31,908	147,086	12,262
Total liabilities, deferred inflows of resources and fund balances	\$ 32,963	\$ 35,275	\$ 27,281	\$ 112,333	\$ 31,908	\$ 263,081	\$ 103,215

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2024

	Special Revenue Funds			Capital Projects Fund	Totals
	Opioid Abatement	Drug Task Force	Dayspring Townhomes	Educational Facilities	
ASSETS:					
Cash and cash equivalents	\$ 285,007	\$ 405,567	\$ 14,155	\$ 1,221,562	\$ 5,496,213
Accounts receivable	-	-	27,089	-	332,835
Leases receivable	-	-	-	-	12,104
Due from other funds	-	-	-	-	-
Other assets	-	-	496,364	-	496,364
Total assets	\$ 285,007	\$ 405,567	\$ 537,608	\$ 1,221,562	\$ 6,337,516
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ -	\$ 1,648	\$ 33,042	\$ -	\$ 254,978
Accrued expenses	-	-	-	-	3,695
Due to other funds	-	72,822	-	-	307,753
Unearned revenues	-	-	-	-	1,508,033
Other liabilities	-	-	25,178	-	25,178
Total liabilities	-	74,470	58,220	-	2,099,637
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows related to leases	-	-	-	-	11,916
Fund balances:					
Non-spendable	-	-	-	-	-
Restricted	285,007	331,097	479,388	-	2,111,470
Committed	-	-	-	1,221,562	1,905,457
Assigned	-	-	-	-	210,049
Unassigned	-	-	-	-	(1,013)
Total fund balances (deficit)	285,007	331,097	479,388	1,221,562	4,225,963
Total liabilities, deferred inflows of resources and fund balances	\$ 285,007	\$ 405,567	\$ 537,608	\$ 1,221,562	\$ 6,337,516

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 YEAR ENDED June 30, 2024

	Special Revenue Funds						
	Jonestown Water System	4-H Park	American Rescue Plan	OJP Grants Law Enforcement	CDBG	Revolving Loan Fund	MEAF Revolving Loan
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	3,468,184	186,692	556,068	-	-
Charges for services	17,400	-	-	-	-	-	-
Miscellaneous revenues	-	39,184	-	-	-	828	-
Total revenues	17,400	39,184	3,468,184	186,692	556,068	828	-
Expenditures:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	135,471	-	-	-
Public works	15,206	-	247,524	-	-	-	-
Health	-	-	2,000,000	51,138	-	-	-
Recreation and culture	-	56,373	-	-	-	-	-
Economic development	-	-	-	-	556,068	-	-
Total expenditures	15,206	56,373	2,247,524	186,609	556,068	-	-
Excess (deficiency) of revenues over expenditures	2,194	(17,189)	1,220,660	83	-	828	-
Other financing sources (uses):							
Transfers in (out)	4,710	22,639	(1,220,660)	-	-	-	-
Total other financing sources (uses)	4,710	22,639	(1,220,660)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	6,904	5,450	-	83	-	828	-
Fund balances (deficit), beginning	(551)	(962)	-	18,263	-	209,184	156,313
Fund balances (deficit), ending	\$ 6,353	\$ 4,488	\$ -	\$ 18,346	\$ -	\$ 210,012	\$ 156,313

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS (CONTINUED)
 YEAR ENDED June 30, 2024

	Special Revenue Funds						
	Community Reinvestment	Dog Licenses	Equitable Sharing Task Force	Local Agricultural Land Preservation	State Agricultural Land Preservation	Summerfest	Commissary Account
Revenues:							
Taxes	\$ 436,860	\$ -	\$ -	\$ 750	\$ 409,048	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	57,606	154,082
Total revenues	436,860	-	-	750	409,048	57,606	154,082
Expenditures:							
General government	-	-	-	18,700	-	-	-
Public safety	-	-	-	-	-	-	99,041
Public works	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	35,799	-
Economic development	-	-	-	-	-	-	-
Total expenditures	-	-	-	18,700	-	35,799	99,041
Excess (deficiency) of revenues over expenditures	436,860	-	-	(17,950)	409,048	21,807	55,041
Other financing sources (uses):							
Transfers in (out)	-	-	-	20,000	-	-	-
Total other financing sources (uses)	-	-	-	20,000	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	436,860	-	-	2,050	409,048	21,807	55,041
Fund balances (deficit), beginning	-	-	-	97,456	112,785	(1,593)	101,219
Fund balances (deficit), ending	\$ 436,860	\$ -	\$ -	\$ 99,506	\$ 521,833	\$ 20,214	\$ 156,260

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS (CONTINUED)
 YEAR ENDED June 30, 2024

	Special Revenue Funds						
	Law Library	Critical Area Forestry	Forest Conservation	Emergency Management Grant	Business and Tech Park	Health Department	Tax Sale Proceeds
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	134,893	-	-	-
Charges for services	-	-	-	-	-	-	-
Miscellaneous revenues	9,823	-	-	-	-	366,744	1,638,921
Total revenues	9,823	-	-	134,893	-	366,744	1,638,921
Expenditures:							
General government	4,988	-	-	-	-	-	1,632,226
Public safety	-	-	-	134,893	-	-	-
Public works	-	-	-	-	-	-	-
Health	-	-	-	-	-	393,689	-
Recreation and culture	-	-	-	-	-	-	-
Economic development	-	-	-	-	7,455	-	-
Total expenditures	4,988	-	-	134,893	7,455	393,689	1,632,226
Excess (deficiency) of revenues over expenditures	4,835	-	-	-	(7,455)	(26,945)	6,695
Other financing sources (uses):							
Transfers in (out)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	4,835	-	-	-	(7,455)	(26,945)	6,695
Fund balances (deficit), beginning	21,090	35,275	27,281	(1,013)	39,363	174,031	5,567
Fund balances (deficit), ending	\$ 25,925	\$ 35,275	\$ 27,281	\$ (1,013)	\$ 31,908	\$ 147,086	\$ 12,262

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS (CONTINUED)
 YEAR ENDED June 30, 2024

	Special Revenue Funds			Capital Projects Fund	Totals
	Opioid Abatement	Drug Task Force	Dayspring Townhomes	Educational Facilities	
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 100,284	\$ 946,942
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	4,345,837
Charges for services	-	-	-	-	17,400
Miscellaneous revenues	175,850	77,901	358,125	-	2,879,064
Total revenues	175,850	77,901	358,125	100,284	8,189,243
Expenditures:					
General government	-	-	394,493	-	2,050,407
Public safety	-	78,758	-	-	448,163
Public works	-	-	-	-	262,730
Health	-	-	-	-	2,444,827
Recreation and culture	-	-	-	-	92,172
Economic development	-	-	-	-	563,523
Total expenditures	-	78,758	394,493	-	5,861,822
Excess (deficiency) of revenues over expenditures	175,850	(857)	(36,368)	100,284	2,327,421
Other financing sources (uses):					
Transfers in (out)	-	-	-	-	(1,173,311)
Total other financing sources (uses)	-	-	-	-	(1,173,311)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	175,850	(857)	(36,368)	100,284	1,154,110
Fund balances (deficit), beginning	109,157	331,954	515,756	1,121,278	3,071,853
Fund balances (deficit), ending	\$ 285,007	\$ 331,097	\$ 479,388	\$ 1,221,562	\$ 4,225,963

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

June 30, 2024

	CUSTODIAL									
	State Property Tax Fund	Town Property Tax Fund	DMV Tag Sales Fund	Hotel Rental Tax	Inmate Account	Confiscated Properties Fund	Bay Restoration Fund	Public Drainage Association	Home Builder Guaranty Fund	Totals
<u>ASSETS:</u>										
Cash and cash equivalents	\$ -	\$ 6,671	\$ 5,241	\$ 5,464	\$ 10,290	\$ 48,280	\$ 16,970	\$ 588,873	\$ 100	\$ 681,889
Taxes and other receivables	8,739	29,313	-	-	-	-	-	18,897	-	56,949
Total assets	\$ 8,739	\$ 35,984	\$ 5,241	\$ 5,464	\$ 10,290	\$ 48,280	\$ 16,970	\$ 607,770	\$ 100	\$ 738,838
<u>LIABILITIES:</u>										
Accounts payable	\$ 1,521	\$ 6,671	\$ 5,241	\$ 5,464	\$ -	\$ 48,280	\$ -	\$ 4,915	\$ 100	\$ 72,192
Due to other governments	7,218	29,313	-	-	-	-	16,970	-	-	53,501
Total liabilities	8,739	35,984	5,241	5,464	-	48,280	16,970	4,915	100	125,693
<u>NET POSITION:</u>										
Restricted for:										
Property owners	-	-	-	-	-	-	-	602,855	-	602,855
Participants	-	-	-	-	10,290	-	-	-	-	10,290
Total net position	\$ -	\$ -	\$ -	\$ -	\$ 10,290	\$ -	\$ -	\$ 602,855	\$ -	\$ 613,145

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 YEAR ENDED June 30, 2024

	CUSTODIAL									
	State Property Tax Fund	Town Property Tax Fund	DMV Tag Sales Fund	Hotel Rental Tax	Inmate Account	Confiscated Properties Fund	Bay Restoration Fund	Public Drainage Association	Home Builder Guaranty Fund	Totals
<u>ADDITIONS:</u>										
Collections for others	\$ 3,953,593	\$ 6,532,828	\$ 189,441	\$ 44,969	\$ 118,818	\$ 1,619	\$ 518,770	\$ 201,362	\$ 1,050	\$ 11,562,450
Total additions	3,953,593	6,532,828	189,441	44,969	118,818	1,619	518,770	201,362	1,050	11,562,450
<u>DEDUCTIONS:</u>										
Distributed to others	3,953,593	6,532,828	189,441	44,969	120,993	1,619	518,770	135,984	1,050	11,499,247
Total deductions	3,953,593	6,532,828	189,441	44,969	120,993	1,619	518,770	135,984	1,050	11,499,247
Change in net position	-	-	-	-	(2,175)	-	-	65,378	-	63,203
Net position, beginning of year	-	-	-	-	12,465	-	-	537,477	-	549,942
Net position, end of year	\$ -	\$ -	\$ -	\$ -	\$ 10,290	\$ -	\$ -	\$ 602,855	\$ -	\$ 613,145

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF NET POSITION
OTHER PROPRIETARY FUNDS

June 30, 2024

	Recreation Programs	Public Works	Broadband Supply Fund	Basic Life Support Fund	Totals
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 640,362	\$ 466,757	\$ 631,330	\$ 1,387,773	\$ 3,126,222
Accounts receivable	98,986	94,768	3,164	799,588	996,506
Lease receivable	-	-	47,373	-	47,373
Total current assets	739,348	561,525	681,867	2,187,361	4,170,101
Noncurrent assets:					
Capital assets, net	-	65,422	458,977	-	524,399
Total assets	739,348	626,947	1,140,844	2,187,361	4,694,500
LIABILITIES:					
Current liabilities:					
Accounts payable	125,369	44,718	89,207	39,504	298,798
Unearned revenue	4,467	-	-	-	4,467
Due to other funds	3,892	-	-	-	3,892
Total current liabilities	133,728	44,718	89,207	39,504	307,157
Noncurrent liabilities:					
Long-term debt	-	-	-	-	-
Total liabilities	133,728	44,718	89,207	39,504	307,157
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows related to leases	-	-	44,278	-	44,278
NET POSITION:					
Net investment in capital assets	-	65,422	458,977	-	524,399
Unrestricted	605,620	516,807	548,382	2,147,857	3,818,666
Total net position	\$ 605,620	\$ 582,229	\$ 1,007,359	\$ 2,147,857	\$ 4,343,065

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
OTHER PROPRIETARY FUNDS

YEAR ENDED June 30, 2024

	Recreation Programs	Public Works	Broadband Supply Fund	Basic Life Support Fund	Totals
Operating revenues:					
Charges for services	\$ 207,057	\$ 847,810	\$ 112,254	\$ 1,740,157	\$ 2,907,278
Other	-	-	2,675	-	2,675
Total operating revenues	207,057	847,810	114,929	1,740,157	2,909,953
Operating expenses:					
Personnel services	514,782	-	48,973	-	563,755
Operations and maintenance	254,246	853,441	32,235	434,186	1,574,108
Depreciation expense	-	7,557	125,218	-	132,775
Total operating expenses	769,028	860,998	206,426	434,186	2,270,638
Operating income (loss)	(561,971)	(13,188)	(91,497)	1,305,971	639,315
Nonoperating revenues (expenses):					
Intergovernmental revenues	599,552	-	-	945,984	1,545,536
Total nonoperating revenues (expenses)	599,552	-	-	945,984	1,545,536
Transfers in (out)	(7,580)	-	-	(1,999,229)	(2,006,809)
Change in net position	30,001	(13,188)	(91,497)	252,726	178,042
Net position, beginning of year	575,619	595,417	1,098,856	1,895,131	4,165,023
Net position, end of year	\$ 605,620	\$ 582,229	\$ 1,007,359	\$ 2,147,857	\$ 4,343,065

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF CASH FLOWS
OTHER PROPRIETARY FUNDS

YEAR ENDED June 30, 2024

	Recreation Programs	Public Works	Broadband Supply Fund	Basic Life Support Fund	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 176,707	\$ 809,653	\$ 116,521	\$ 940,569	\$ 2,043,450
Cash paid to suppliers	(194,704)	(858,357)	(31,904)	(528,063)	(1,613,028)
Cash paid to employees	(514,782)	-	(48,973)	-	(563,755)
Net cash provided (used) by operating activities	(532,779)	(48,704)	35,644	412,506	(133,333)
Cash flows from noncapital financing activities					
Intergovernmental	599,552	-	-	945,984	1,545,536
Transfer in (out)	(7,580)	-	-	(1,999,229)	(2,006,809)
Net cash provided (used) by noncapital financing activities	591,972	-	-	(1,053,245)	(461,273)
Cash flows from capital and financing activities					
Acquisition of capital assets	-	(9,889)	-	-	(9,889)
Net cash used by capital and financing activities	-	(9,889)	-	-	(9,889)
Net change in cash and cash equivalents	59,193	(58,593)	35,644	(640,739)	(604,495)
Cash and cash equivalents, beginning of year	581,169	525,350	595,686	2,028,512	3,730,717
Cash and cash equivalents, end of year	\$ 640,362	\$ 466,757	\$ 631,330	\$ 1,387,773	\$ 3,126,222
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (561,971)	\$ (13,188)	\$ (91,497)	\$ 1,305,971	\$ 639,315
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	7,557	125,218	-	132,775
Lease - right-to-use asset	-	-	1,714	-	1,714
(Increase) decrease in accounts receivable	(30,550)	(38,157)	(122)	(799,588)	(868,417)
Increase (decrease) in accounts payable	59,542	(4,916)	331	(93,877)	(38,920)
Increase (decrease) in unearned revenue	200	-	-	-	200
Net cash provided (used) by operating activities	\$ (532,779)	\$ (48,704)	\$ 35,644	\$ 412,506	\$ (133,333)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENTS FUND
 YEAR ENDED June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Revenues:</u>				
Taxes	\$ 800,000	\$ 800,000	\$ 829,716	\$ 29,716
Intergovernmental revenues	9,118,252	9,118,252	497,103	(8,621,149)
Miscellaneous revenues	42,417	42,417	675,828	633,411
Total revenues	9,960,669	9,960,669	2,002,647	(7,958,022)
<u>Expenditures:</u>				
General government	765,000	765,000	604,146	(160,854)
Public safety	3,532,482	3,532,482	3,347,188	(185,294)
Public works	8,991,115	8,991,115	5,814,334	(3,176,781)
Primary education	1,412,164	1,412,164	868,890	(543,274)
Public Library	132,000	132,000	122,785	(9,215)
Recreation and parks	6,550,351	6,550,351	651,419	(5,898,932)
Conservation of natural resources	-	-	8,216	8,216
Total expenditures	21,383,112	21,383,112	11,416,978	(9,966,134)
Excess (deficiency) of revenues over expenditures	(11,422,443)	(11,422,443)	(9,414,331)	2,008,112
<u>Other financing sources (uses):</u>				
Transfers in (out)	4,573,472	4,573,472	6,275,507	1,702,035
Fund balance re-appropriated	4,309,680	4,309,680	-	(4,309,680)
Proceeds from issuance of debt	2,539,291	2,539,291	1,178,243	(1,361,048)
Total other financing sources (uses)	11,422,443	11,422,443	7,453,750	(3,968,693)
Net change in fund balances	\$ -	\$ -	\$ (1,960,581)	\$ (1,960,581)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUNDS

YEAR ENDED June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Jonestown Water System:</u>				
Revenues:				
Charges for services	\$ 16,090	\$ 16,090	\$ 17,400	\$ 1,310
Expenditures:				
Public works	20,800	20,800	15,206	(5,594)
Other financing sources (uses):				
Transfers in	4,710	4,710	4,710	-
Revenues over (under) expenditures	\$ -	\$ -	\$ 6,904	\$ 6,904
<u>4-H Park:</u>				
Revenues:				
Miscellaneous revenues	\$ 30,660	\$ 30,660	\$ 39,184	\$ 8,524
Expenditures:				
Recreation and culture	55,189	55,189	56,373	1,184
Other financing sources (uses):				
Transfers in	24,529	24,529	22,639	(1,890)
Revenues over (under) expenditures	\$ -	\$ -	\$ 5,450	\$ 5,450
<u>OJP Grant Law Enforcement:</u>				
Revenues:				
Intergovernmental revenues	\$ 42,488	\$ 42,488	\$ 186,692	\$ 144,204
Expenditures:				
Public safety	42,488	42,488	135,471	92,983
Health	-	-	51,138	51,138
Total expenditures	42,488	42,488	186,609	144,121
Revenues over (under) expenditures	\$ -	\$ -	\$ 83	\$ 83

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUNDS
 (CONTINUED)

YEAR ENDED June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Local Agricultural Land Preservation:</u>				
Revenues:				
Taxes	\$ -	\$ -	\$ 750	\$ 750
Expenditures:				
General government	20,000	20,000	18,700	(1,300)
Other financing sources (uses):				
Transfers in (out)	20,000	20,000	20,000	-
<u>Revenues over (under) expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,050</u>	<u>\$ 2,050</u>
<u>State Agricultural Land Preservation:</u>				
Revenues:				
Taxes	\$ 20,000	\$ 20,000	\$ 409,048	\$ 389,048
Expenditures:				
General government	20,000	20,000	-	(20,000)
<u>Revenues over (under) expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,048</u>	<u>\$ 409,048</u>
<u>Summerfest Fund:</u>				
Revenues:				
Miscellaneous revenues	\$ 48,700	\$ 48,700	\$ 57,606	\$ 8,906
Expenditures:				
Recreation and culture	48,700	48,700	35,799	(12,901)
<u>Revenues over (under) expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,807</u>	<u>\$ 21,807</u>
<u>Commissary Account:</u>				
Revenues:				
Miscellaneous revenues	\$ 142,350	\$ 142,350	\$ 154,082	\$ 11,732
Expenditures:				
Public safety	142,350	142,350	99,041	(43,309)
<u>Revenues over (under) expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,041</u>	<u>\$ 55,041</u>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUNDS
 (CONTINUED)

YEAR ENDED June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Law Library:</u>				
Revenues:				
Miscellaneous revenues	\$ 10,100	\$ 10,100	\$ 9,823	\$ (277)
Expenditures:				
General government	10,100	10,100	4,988	(5,112)
<u>Revenues over (under) expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,835</u>	<u>\$ 4,835</u>
<u>Emergency Management Grant:</u>				
Revenues:				
Intergovernmental revenues	\$ 98,205	\$ 98,205	\$ 134,893	\$ 36,688
Expenditures:				
Public safety	98,205	98,205	134,893	36,688
<u>Revenues over (under) expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Business & Technology Park Fund:</u>				
Revenues:				
Miscellaneous revenues	\$ 39,400	\$ 39,400	\$ -	\$ (39,400)
Expenditures:				
Economic development	39,400	39,400	7,455	(31,945)
<u>Revenues over (under) expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,455)</u>	<u>\$ (7,455)</u>
<u>Drug Task Force:</u>				
Revenues:				
Miscellaneous revenues	\$ 37,128	\$ 37,128	\$ 77,901	\$ 40,773
Expenditures:				
Public safety	37,128	37,128	78,758	41,630
<u>Revenues over (under) expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (857)</u>	<u>\$ (857)</u>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY
REVENUE AND EXPENDITURE DETAIL – HIGHWAY USERS
YEAR ENDED June 30, 2024

Revenue:	
State-shared taxes	\$ 1,138,465
Transportation grant	-
Total revenue	\$ 1,138,465
Expenditures – public works:	
General administration	343,983
Central shop	687,411
Highways and roads	1,971,246
Debt service	378,159
General services	60,871
Capital road expenditures	3,192,441
Total expenditures – highway users	6,634,111
Excess (deficiency) of revenues over expenditures – highway users	\$ (5,495,646)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

EXPENDITURE DETAIL – CONTINGENCY FUND
 ACTUAL VS. BUDGET
 (INCLUDED IN GENERAL FUND)

YEAR ENDED June 30, 2024

		<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Variance</u> <u>With Final</u> <u>Budget</u>
			<u>Original</u>	<u>Final</u>	
10 Burner Range Replacement	\$	7,475			
Asphalt install at Range phase 2		10,800			
Caroline County Humane Society		37,500			
DCT Bldg Assessment		9,555			
Dell ME5012 & ME412 storage		44,644			
Haps audio		7,590			
Legal svc Wood farm		14,372			
Heat exchanger		25,757			
Paint work body and wheels		16,856			
Trailer		9,195			
UHY Consulting		7,875			
A2 compressor for chiller		7,015			
UE Scopes qty 12		20,789			
Miscellaneous		127,747			
		347,170	537,500	537,500	190,330
Total expenditures – Contingency Fund	\$	347,170	\$ 537,500	\$ 537,500	\$ 190,330



STATISTICAL SECTION

STATISTICAL SECTION

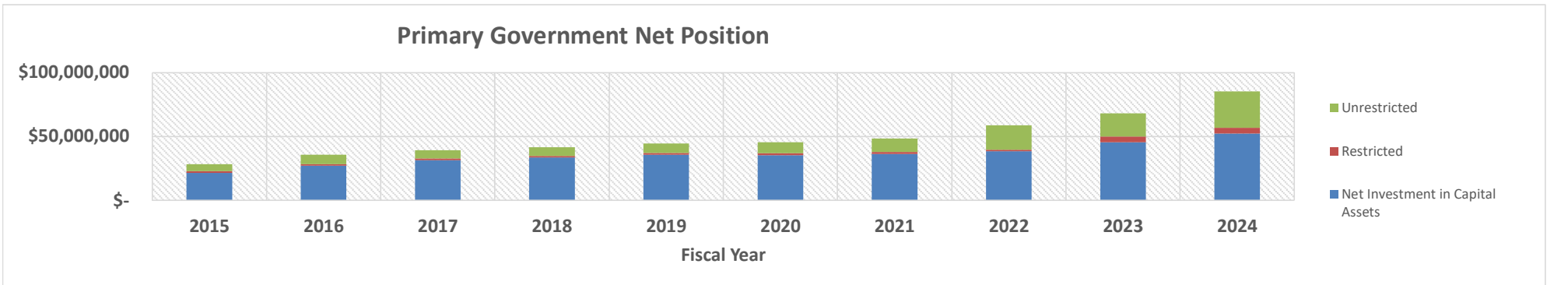
This part of Caroline County's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Category</u>	<u>Schedule #'s</u>
Financial Trends Schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	1, 2, 3 & 4
Revenue Capacity Schedules contain information to help the reader assess the County's most significant local revenue source, property taxes.	5, 6, 7 & 8
Debt Capacity Schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	9,10,11 & 12
Economic and Demographic Information Schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	13,14,& 15
Operating Information Schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides.	16,17,18 & 19

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Caroline County, Maryland
 Net Position by Component
 Last Ten Years
 (accrual basis of accounting)
Schedule 1

Years ended June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 21,285,188	\$ 26,457,210	\$ 30,570,337	\$ 32,614,338	\$ 34,905,700	\$ 34,668,867	\$ 35,624,195	\$ 37,662,963	\$ 44,927,969	\$ 51,754,901
Restricted for:										
Other Purposes	1,187,886	1,238,709	1,226,766	1,252,711	1,385,863	1,431,050	1,490,989	1,381,562	4,468,472	4,534,016
Unrestricted	4,177,957	6,167,869	5,343,192	5,554,993	5,352,655	6,202,248	8,008,204	15,725,558	14,595,266	24,569,199
Total Government Activities Net Position	\$ 26,651,031	\$ 33,863,788	\$ 37,140,295	\$ 39,422,042	\$ 41,644,218	\$ 42,302,165	\$ 45,123,388	\$ 54,770,083	\$ 63,991,707	\$ 80,858,116
Business-type Activities										
Net Investment in Capital Assets	\$ 257,360	\$ 698,407	\$ 975,797	\$ 905,833	\$ 801,022	\$ 762,282	\$ 783,290	\$ 656,647	\$ 559,655	\$ 524,399
Unrestricted	1,329,005	1,110,732	975,748	1,379,529	1,945,602	2,445,815	2,430,835	3,164,289	3,605,368	3,818,666
Total Business-type Activities Net Position	\$ 1,586,365	\$ 1,809,139	\$ 1,951,545	\$ 2,285,362	\$ 2,746,624	\$ 3,208,097	\$ 3,214,125	\$ 3,820,936	\$ 4,165,023	\$ 4,343,065
Primary Government										
Net Investment in Capital Assets	\$ 21,542,548	\$ 27,155,617	\$ 31,546,134	\$ 33,520,171	\$ 35,706,722	\$ 35,431,149	\$ 36,407,485	\$ 38,319,610	\$ 45,487,624	\$ 52,279,300
Restricted	1,187,886	1,238,709	1,226,766	1,252,711	1,385,863	1,431,050	1,490,989	1,381,562	4,468,472	4,534,016
Unrestricted	5,506,962	7,278,601	6,318,940	6,934,522	7,298,257	8,648,063	10,439,039	18,889,847	18,200,634	28,387,865
Total Primary Government Net Position	\$ 28,237,396	\$ 35,672,927	\$ 39,091,840	\$ 41,707,404	\$ 44,390,842	\$ 45,510,262	\$ 48,337,513	\$ 58,591,019	\$ 68,156,730	\$ 85,201,181



Caroline County, Maryland
Changes in Net Position
Last Ten Years
(accrual basis of accounting)
Schedule 2

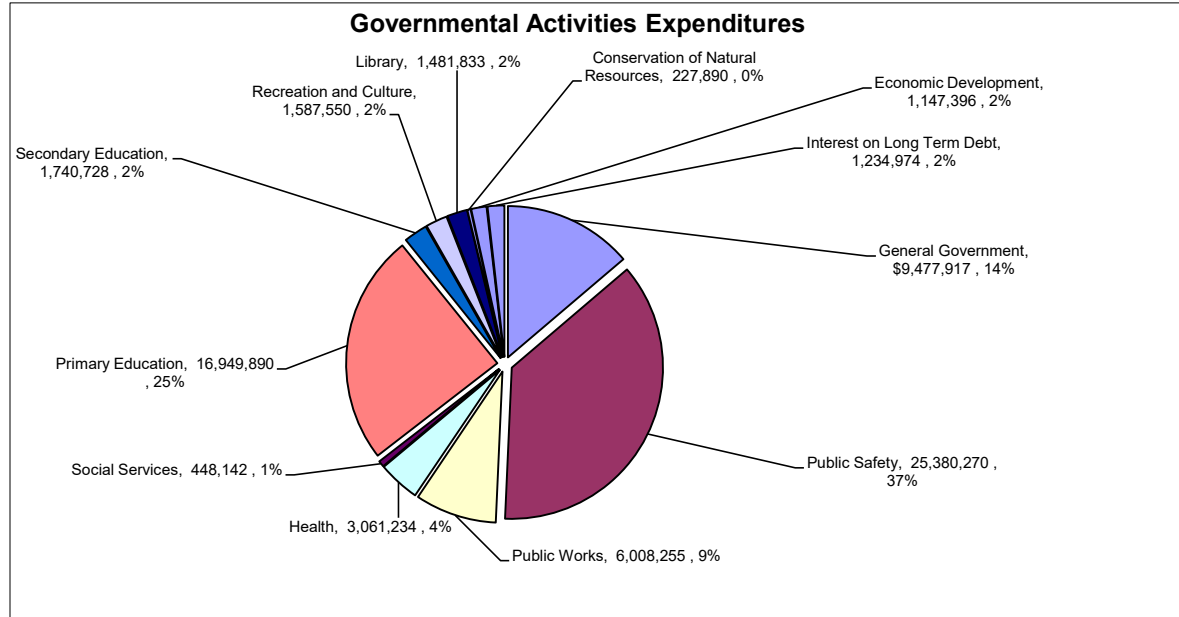
Years ended June 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Expenses										
Government Activities:										
General Government	\$ 5,463,688	\$ 6,399,850	\$ 7,146,867	\$ 6,136,644	\$ 6,591,963	\$ 8,042,435	\$ 8,241,187	\$ 6,866,179	\$ 9,528,269	\$ 9,477,917
Public Safety	13,557,853	14,508,616	14,737,034	14,833,750	15,241,704	17,205,134	18,374,446	19,817,811	23,327,645	25,380,270
Public Works	4,219,727	3,159,719	4,455,794	5,162,103	5,405,234	5,425,554	5,053,240	5,407,071	5,995,594	6,008,255
Health	452,838	615,293	484,226	501,524	524,800	1,850,626	5,462,162	3,689,950	2,467,514	3,061,234
Social Services	138,128	146,828	218,653	188,531	218,478	272,676	291,136	318,707	400,093	448,142
Primary Education	15,739,948	15,532,393	15,143,859	14,640,054	14,517,444	20,432,959	24,004,997	17,707,835	17,655,542	16,949,890
Secondary Education	1,436,220	1,555,622	1,562,744	1,525,587	1,570,217	1,692,671	1,695,801	1,692,761	1,624,522	1,740,728
Recreation and Culture	1,337,703	1,401,868	1,463,349	1,426,255	1,407,639	1,482,770	1,263,684	1,489,454	2,098,159	1,587,550
Library	1,135,477	1,176,435	1,205,435	1,176,153	1,213,728	1,233,728	1,258,728	1,258,728	1,308,728	1,481,833
Conservation of Natural Resources	180,296	180,629	180,565	139,104	141,968	147,259	151,304	154,225	169,572	227,890
Economic Development	512,050	406,027	458,263	267,309	406,917	460,725	274,634	169,675	1,432,121	1,147,396
Public Housing	6,000	6,000	6,000	6,000	-	-	-	-	-	-
Interest on Long Term Debt	1,028,383	950,304	1,097,700	1,012,561	918,556	937,449	1,640,369	1,515,177	1,353,746	1,234,974
Total Government Activities Expenses	45,208,311	46,039,584	48,160,489	47,015,575	48,158,648	59,183,986	67,711,688	60,087,573	67,361,505	68,746,079
Business-type Activities										
Broadband supply	168,411	296,434	161,515	175,859	155,518	172,448	183,191	182,798	200,852	206,426
Recreation	525,511	826,827	783,456	809,574	663,218	604,019	462,788	611,694	603,022	769,028
Public Works	644,655	462,651	513,814	651,458	650,288	502,119	474,911	794,612	880,599	860,998
Basic Life Support	650,905	312,322	325,710	348,888	270,790	275,062	302,676	310,111	648,756	434,186
Total Business-type Activities Expense	1,989,482	1,898,234	1,784,495	1,985,779	1,739,814	1,553,648	1,423,566	1,899,215	2,333,229	2,270,638
Total Primary Government Expenses	47,197,793	47,937,818	49,944,984	49,001,354	49,898,462	60,737,634	69,135,254	61,986,788	69,694,734	71,016,717

Caroline County, Maryland
Changes in Net Position
Last Ten Years
(accrual basis of accounting)
Schedule 2

Years ended June 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Program Revenues										
Governmental Activities										
General Government	\$ 1,732,191	\$ 1,793,438	\$ 1,534,066	\$ 1,585,374	\$ 1,609,763	\$ 1,561,605	\$ 1,667,902	\$ 1,563,104	\$ 1,611,066	\$ 2,065,658
Public Safety	1,723,674	1,583,591	1,865,558	1,955,846	1,822,220	4,296,305	7,782,447	5,881,942	6,160,675	7,361,046
Public Works	712,602	1,666,062	2,217,768	1,000,877	1,268,136	1,321,386	1,157,449	1,195,161	1,231,005	1,419,737
Health	117	150	120	69	-	-	-	-	-	-
Social Services	932	-	1,872	-	-	-	-	-	-	-
Recreation and Culture	321,945	2,005,280	402,863	306,160	312,098	763,123	78,040	423,749	1,914,549	411,782
Library	-	-	-	-	-	-	-	-	-	-
Conservation of Natural Resources	74,178	8,338	89,244	71,751	43,575	50,373	64,827	154,653	139,346	25,652
Economic Development	253,119	143,441	234,969	157,054	240,309	316,163	137,086	61,365	1,168,642	1,032,269
Total Government Activities Program Revenues	4,818,758	7,200,300	6,346,460	5,077,131	5,296,101	8,308,955	10,887,751	9,279,974	12,225,283	12,316,144
Business-type Activities										
Charges for Service										
Broadband	230,235	468,391	313,479	345,595	360,050	361,393	131,258	125,933	112,247	112,254
Recreation	580,264	864,013	842,461	865,382	740,639	641,829	498,077	677,314	648,339	806,609
Public Works	717,510	505,633	575,206	680,043	703,791	542,603	478,004	818,782	915,081	847,810
Basic Life Support	1,419,113	1,497,438	1,491,360	1,548,689	1,465,811	1,518,952	1,433,651	2,017,862	2,429,534	2,686,141
Operating Grants-Recreation	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities Revenue	2,947,122	3,335,475	3,222,506	3,439,709	3,270,291	3,064,777	2,540,990	3,639,891	4,105,201	4,452,814
Net (Expense)/Revenue										
Governmental Activities	(40,389,553)	(38,839,284)	(41,814,029)	(41,938,444)	(42,862,547)	(50,875,031)	(56,823,937)	(50,807,599)	(55,136,222)	(56,429,935)
Business-type Activities	957,640	1,437,241	1,438,011	1,453,930	1,530,477	1,511,129	1,117,424	1,740,676	1,771,972	2,182,176
	(39,431,913)	(37,402,043)	(40,376,018)	(40,484,514)	(41,332,070)	(49,363,902)	(55,706,513)	(49,066,923)	(53,364,250)	(54,247,759)

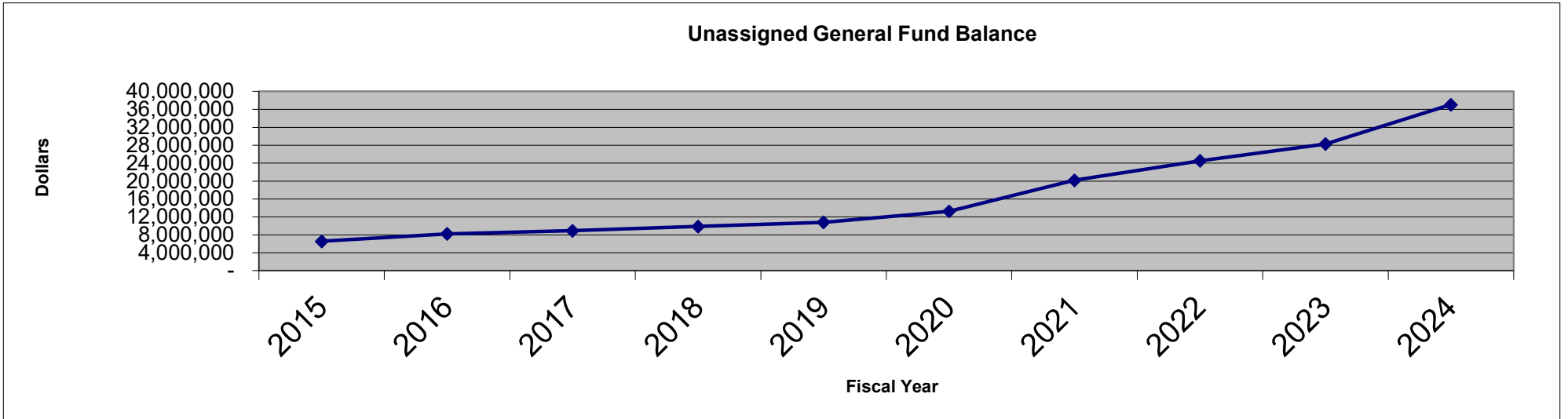
Caroline County, Maryland
 Changes in Net Position
 Last Ten Years
 (accrual basis of accounting)
Schedule 2

Years ended June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 24,922,043	\$ 25,339,865	\$ 25,320,390	\$ 25,380,855	\$ 25,943,024	\$ 26,819,562	\$ 27,670,955	\$ 28,628,150	\$ 29,950,268	\$ 31,508,456
Other Taxes	14,722,998	15,297,429	16,075,603	16,742,788	19,166,968	19,889,937	27,372,298	26,515,698	28,701,895	32,014,526
Operating Grants Unrestricted	2,700,488	2,794,257	2,131,782	2,131,782	2,131,782	3,300,718	3,414,809	4,035,410	4,035,410	4,686,791
Other	16,546	1,406,023	267,156	215,732	376,827	473,125	75,421	136,426	228,856	3,079,762
Net Transfers in (out)	778,944	1,214,467	1,295,605	1,134,555	1,069,235	1,049,636	1,112,270	1,138,610	1,441,417	2,006,809
Total Governmental Activities	43,141,019	46,052,041	45,090,536	45,605,712	48,687,836	51,532,978	59,645,753	60,454,294	64,357,846	73,296,344
Business-type Activities										
Other	-	-	-	-	-	-	-	4,745	13,532	2,675
Net Transfers in (out)	(778,944)	(1,214,467)	(1,295,605)	(1,120,113)	(1,069,235)	(1,049,636)	(1,112,270)	(1,138,610)	(1,441,417)	(2,006,809)
Total Business-type Activities	(778,944)	(1,214,467)	(1,295,605)	(1,120,113)	(1,069,235)	(1,049,636)	(1,112,270)	(1,133,865)	(1,427,885)	(2,004,134)
Change in Net Position										
Governmental Activities	2,751,466	7,212,757	3,276,507	3,667,268	5,825,289	657,947	2,821,816	9,646,695	9,221,624	16,866,409
Business-type Activities	178,696	222,774	142,406	333,817	461,242	461,493	5,154	606,811	344,087	178,042
\$ 2,930,162	\$ 7,435,531	\$ 3,418,913	\$ 4,001,085	\$ 6,286,531	\$ 1,119,440	\$ 2,826,970	\$ 10,253,506	\$ 9,565,711	\$ 17,044,451	



Caroline County, Maryland
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
Schedule 3

Years ended June 30, General Fund	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Non-Spendable	\$ 192,940	\$ 257,520	\$ 275,927	\$ 330,005	\$ 379,644	\$ 271,202	\$ 346,676	\$ 381,201	\$ 407,424	\$ 415,605
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	600,000	100,000	-	-	-	-	-	-	-	-
Unassigned	6,539,975	8,220,622	8,886,812	9,853,053	10,786,661	13,249,689	20,170,505	24,498,723	28,250,358	37,057,672
Total General Fund	7,332,915	8,578,142	9,162,739	10,183,058	11,166,305	13,520,891	20,517,181	24,879,924	28,657,782	37,473,277
All Other Governmental Funds										
Non-Spendable	-	3,000	-	-	-	-	-	-	-	-
Restricted	1,187,886	1,238,709	1,226,766	1,252,711	1,237,416	1,431,050	1,490,989	1,380,261	1,472,405	2,115,372
Committed	6,559,499	5,147,533	4,092,687	4,228,871	6,244,325	23,146,830	17,495,721	17,988,894	14,624,416	13,175,217
Assigned	611,952	455,606	415,125	380,778	370,145	347,694	233,959	207,589	213,394	210,446
Unassigned	(11,445)	(14,563)	(17,814)	(14,478)	302,075	(9,242)	(10,668)	159,070	(4,119)	(1,410)
Total other governmental funds	8,347,892	6,830,285	5,716,764	5,847,882	8,153,961	24,916,332	19,210,001	19,735,814	16,306,096	15,499,625
Total	\$ 15,680,807	\$ 15,408,427	\$ 14,879,503	\$ 16,030,940	\$ 19,320,266	\$ 38,437,223	\$ 39,727,182	\$ 44,615,738	\$ 44,963,878	\$ 52,972,902



Caroline County, Maryland
 Revenues, Expenditures, Change in Fund Balance
 Last Ten Years
 (modified accrual basis of accounting)
Schedule 4

Years ended June 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues										
Property and Other Taxes	\$ 40,192,176	\$ 41,275,355	\$ 41,857,797	\$ 42,674,803	\$ 45,914,366	\$ 47,350,009	\$ 55,030,267	\$ 54,743,736	\$ 57,104,947	\$ 63,008,330
License and Permits	186,241	212,388	224,629	187,782	211,196	145,949	231,234	209,351	184,860	230,291
Intergovernmental Revenues	5,049,509	7,437,257	6,235,001	4,855,579	4,888,032	8,888,835	10,507,436	9,400,961	12,633,453	12,986,722
Charges for Services	841,228	818,361	812,841	813,176	748,672	868,615	1,041,029	1,159,332	1,185,567	1,286,687
Miscellaneous Revenues	757,262	2,280,951	1,023,027	989,962	1,115,777	1,372,310	2,832,538	3,076,904	4,115,645	6,079,454
Total Revenues	47,026,416	52,024,312	50,153,295	49,521,302	52,878,043	58,625,718	69,642,504	68,590,284	75,224,472	83,591,484
Expenditures										
General Government	5,861,027	6,814,854	6,013,351	5,841,309	6,128,842	6,622,986	7,528,598	8,205,074	10,522,209	10,155,035
Public Safety	13,808,138	17,961,033	14,832,462	14,833,020	16,113,410	20,287,946	19,189,615	19,096,483	24,389,599	26,773,934
Public Works	4,978,910	6,064,866	6,562,362	5,133,254	4,912,439	4,976,351	4,005,600	5,845,882	9,207,525	10,675,150
Health	452,838	612,838	484,226	501,524	524,800	1,850,626	5,462,162	3,689,950	2,467,514	3,061,234
Social Services	138,128	146,828	218,653	216,853	218,478	272,676	291,136	318,707	400,093	448,142
Primary Education	15,739,948	15,532,393	15,142,859	14,640,054	14,517,444	20,428,988	24,004,997	17,707,835	17,655,542	16,949,890
Secondary Education	1,527,319	1,582,243	1,659,666	1,625,341	1,677,564	1,802,849	1,770,779	1,770,968	1,706,014	1,813,368
Public Library	1,135,477	1,176,435	1,205,435	1,176,153	1,213,728	1,233,728	1,258,728	1,258,728	1,308,728	1,481,833
Recreation and Parks	1,193,178	2,917,903	1,324,661	1,290,304	1,222,039	1,597,581	1,076,983	1,527,805	3,693,738	1,904,662
Arts	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	6,500	6,500
Conservation of Natural Resources	134,413	135,413	136,414	139,104	141,968	147,259	151,304	154,225	169,572	227,890
Housing Rehabilitation	6,000	6,000	6,000	6,000	-	-	-	-	-	-
Economic Development	495,865	406,027	458,263	267,309	406,917	460,725	260,634	169,675	1,432,121	1,147,396
Contingency	79,000	406,760	319,456	218,885	120,404	215,157	191,625	392,031	364,913	347,170
Debt Service										
Principal	2,509,085	2,676,471	2,499,565	2,664,561	2,599,526	18,132,948	2,706,389	3,336,467	2,571,549	2,561,629
Interest and Fiscal Charges	1,028,383	950,304	1,097,700	1,012,561	918,556	938,465	1,641,385	1,516,193	1,354,762	1,235,990
Total Expenditures	49,092,709	57,395,368	51,966,073	49,571,232	50,721,115	78,973,285	69,544,935	64,995,023	77,250,379	78,789,823
Excess of Revenues Over (Under) Expenditures	(2,066,293)	(5,371,056)	(1,812,778)	(49,930)	2,156,928	(20,347,567)	97,569	3,595,261	(2,025,907)	4,801,661

Caroline County, Maryland
 Revenues, Expenditures, Change in Fund Balance
 Last Ten Years
 (modified accrual basis of accounting)
Schedule 4

Years ended June 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Other Financing Sources (Uses)										
Bond Premium	\$ 135,446	\$ -	\$ -	\$ -	\$ -	\$ 4,108,070	\$ -	\$ -	\$ -	\$ -
Deferred Refunding Gain	-	-	-	-	-	21,340	-	-	-	-
Proceeds of Long Term Debt	7,300,000	3,799,156	-	-	-	34,440,999	-	77,771	934,844	1,178,243
Transfers In	778,944	1,214,467	1,295,605	1,134,555	1,069,235	1,049,636	1,112,270	1,138,610	1,441,417	2,006,809
Transfers Out	-	-	-	-	-	-	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>8,214,390</u>	<u>5,013,623</u>	<u>1,295,605</u>	<u>1,134,555</u>	<u>1,069,235</u>	<u>39,620,045</u>	<u>1,112,270</u>	<u>1,216,381</u>	<u>2,376,261</u>	<u>3,185,052</u>
Net Change in Fund Balance	<u>\$ 6,148,097</u>	<u>\$ (357,433)</u>	<u>\$ (517,173)</u>	<u>\$ 1,084,625</u>	<u>\$ 3,226,163</u>	<u>\$ 19,272,478</u>	<u>\$ 1,209,839</u>	<u>\$ 4,811,642</u>	<u>\$ 350,354</u>	<u>\$ 7,986,713</u>

Debt Service as a Percentage of Non Capital Expenditures (1)	7.9%	6.7%	8.5%	8.2%	7.3%	25.2%	6.8%	7.9%	5.9%	5.6%
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Notes

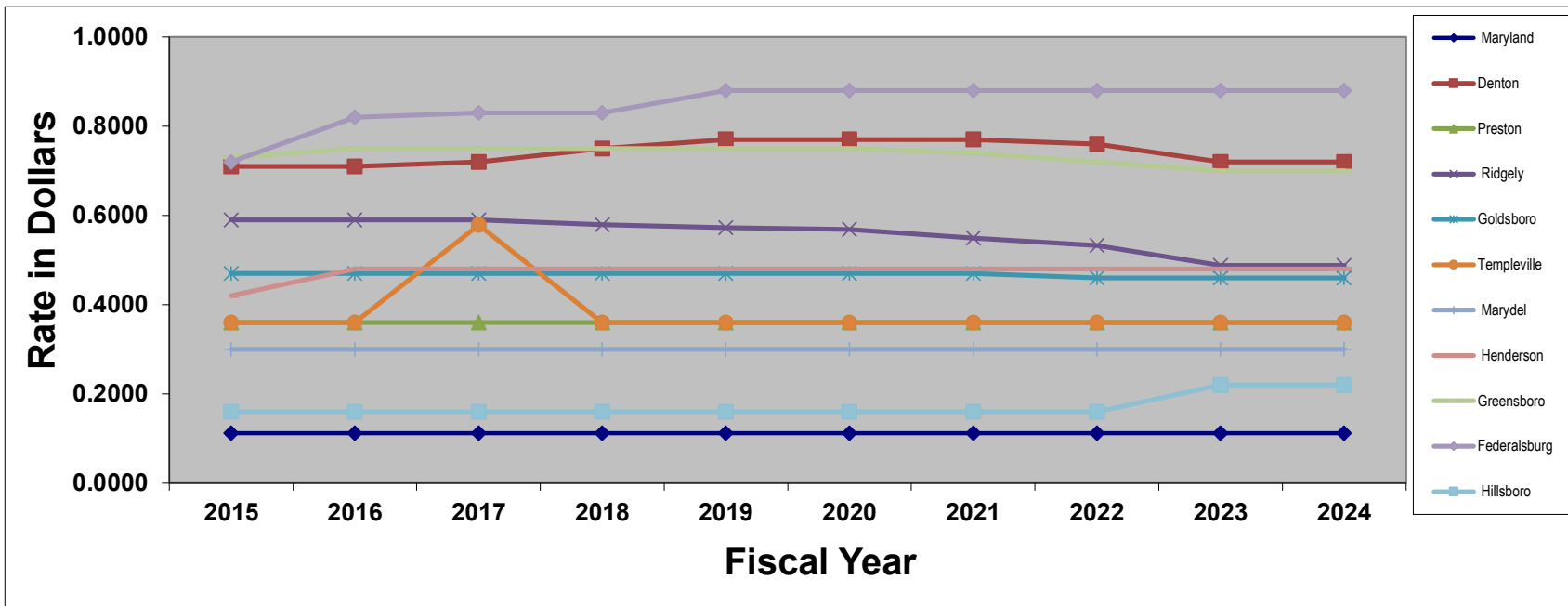
(1) Non Capital expenditures represents total expenditures above less Capital outlay in the reconciliation between government wide statement of activities and the statement of revenues, expenditures, and changes in fund balance

Caroline County, Maryland
 Property Tax Rates-Direct and Overlapping Governments
 (Per \$1,000 of assessed Value)
 Last Ten Fiscal Years (Unaudited)
Schedule 5

Property Tax Restated to full Value

Fiscal Year Ending June 30	General Fund (1)	State of Maryland	Town of Denton	Town of Preston	Town of Ridgely	Town of Goldsboro	Town of Templeville	Town of Marydel	Town of Henderson	Town of Greensboro	Town of Federalsburg	Town of Hillsboro
2015	0.9600	0.1120	0.7100	0.3600	0.5900	0.4700	0.3600	0.3000	0.4200	0.7300	0.7200	0.1600
2016	0.9800	0.1120	0.7100	0.3600	0.5900	0.4700	0.3600	0.3000	0.4800	0.7500	0.8200	0.1600
2017	0.9800	0.1120	0.7200	0.3600	0.5900	0.4700	0.5788	0.3000	0.4800	0.7500	0.8300	0.1600
2018	0.9800	0.1120	0.7500	0.3600	0.5793	0.4700	0.3600	0.3000	0.4800	0.7500	0.8300	0.1600
2019	0.9800	0.1120	0.7700	0.3600	0.5725	0.4700	0.3600	0.3000	0.4800	0.7500	0.8800	0.1600
2020	0.9800	0.1120	0.7700	0.3600	0.5686	0.4700	0.3600	0.3000	0.4800	0.7500	0.8800	0.1600
2021	0.9800	0.1120	0.7700	0.3600	0.5495	0.4700	0.3600	0.3000	0.4800	0.7400	0.8800	0.1600
2022	0.9800	0.1120	0.7600	0.3600	0.5329	0.4600	0.3600	0.3000	0.4800	0.7200	0.8800	0.1600
2023	0.9800	0.1120	0.7200	0.3600	0.4882	0.4600	0.3600	0.3000	0.4800	0.7000	0.8800	0.2200
2024	0.9800	0.1120	0.7200	0.3600	0.4882	0.4600	0.3600	0.3000	0.4800	0.7000	0.8800	0.2200

(1) This rate does not reflect the tax differential for properties located within incorporated towns.
 The County General Fund tax rate does not have separate components

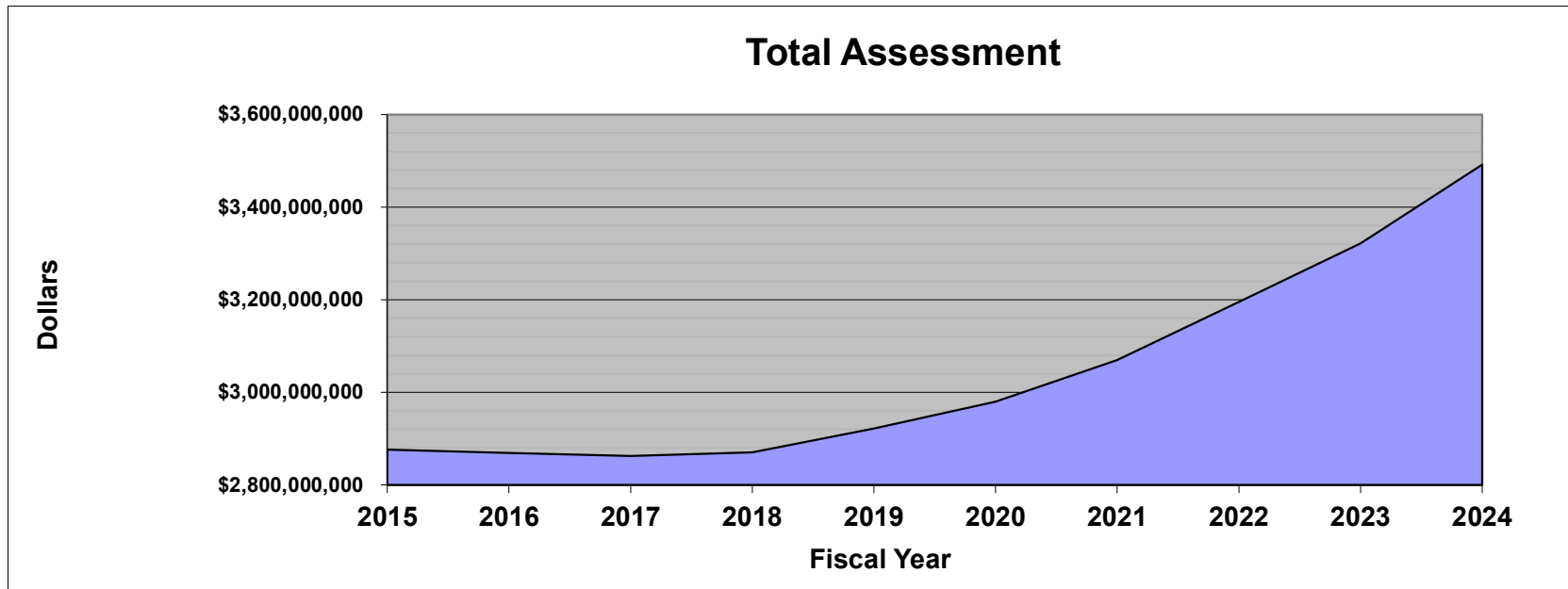


Caroline County, Maryland
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
Schedule 6

Fiscal Year Ending June 30	Real Property Assessed Value	Exempt Property	Real Property Total Assessed Value	Total Direct Tax Rate(1)	Personal Prop Assessed Value(2)	Corp & Utility Assessed Value	Total Assessed Value
2015	\$ 2,489,098,343	\$ 328,399,895	\$ 2,817,498,238	0.960	\$ -	\$ 58,873,700	\$ 2,876,371,938
2016	\$ 2,479,932,938	\$ 328,909,015	\$ 2,808,841,953	0.980	\$ -	\$ 60,524,420	\$ 2,869,366,373
2017	\$ 2,478,199,130	\$ 325,016,755	\$ 2,803,215,885	0.980	\$ -	\$ 58,751,070	\$ 2,861,966,955
2018	\$ 2,485,985,965	\$ 320,861,336	\$ 2,806,847,301	0.980	\$ -	\$ 63,843,530	\$ 2,870,690,831
2019	\$ 2,528,361,128	\$ 324,634,902	\$ 2,852,996,030	0.980	\$ -	\$ 69,126,280	\$ 2,922,122,310
2020	\$ 2,589,584,756	\$ 316,582,056	\$ 2,906,166,812	0.980	\$ -	\$ 73,388,430	\$ 2,979,555,242
2021	\$ 2,665,246,161	\$ 326,182,505	\$ 2,991,428,666	0.980	\$ -	\$ 78,097,870	\$ 3,069,526,536
2022	\$ 2,763,453,251	\$ 349,665,052	\$ 3,113,118,303	0.980	\$ -	\$ 81,799,460	\$ 3,194,917,763
2023	\$ 2,873,266,770	\$ 359,839,197	\$ 3,233,105,967	0.980	\$ -	\$ 88,884,783	\$ 3,321,990,750
2024	\$ 3,036,683,308	\$ 364,758,292	\$ 3,401,441,600	0.980	\$ -	\$ 90,052,970	\$ 3,491,494,570

Source: Maryland State Department of Assessments and Taxation.

(1) This rate does not reflect the tax differential for properties located within incorporated towns



Caroline County, Maryland
 General Fund Real Property Tax Levies and Collections
 Last Ten Fiscal Years
Schedule 7

Fiscal Year Ending June 30	Total Tax Levy	Current Year Taxes Collected in Year of Levy	% of Levy Collected During Year	Collected in Subsequent Years	Total Collections	% of Current Year Taxes Collected Current & Prior
2015	\$ 24,806,792	\$ 24,704,319	99.59%	\$ 93,209	\$ 24,797,528	100.0%
2016	\$ 25,235,902	\$ 25,152,021	99.67%	\$ 75,035	\$ 25,227,056	100.0%
2017	\$ 25,279,362	\$ 25,214,782	99.74%	\$ 50,925	\$ 25,265,707	99.9%
2018	\$ 25,323,742	\$ 25,240,019	99.67%	\$ 65,787	\$ 25,305,806	99.9%
2019	\$ 25,846,147	\$ 25,752,918	99.64%	\$ 71,833	\$ 25,824,751	99.9%
2020	\$ 26,678,801	\$ 26,322,523	98.66%	\$ 326,203	\$ 26,648,726	99.9%
2021	\$ 27,532,778	\$ 27,467,351	99.76%	\$ 75,507	\$ 27,542,858	100.0%
2022	\$ 28,533,120	\$ 28,442,183	99.68%	\$ 93,668	\$ 28,535,851	100.0%
2023	\$ 29,770,802	\$ 29,727,451	99.85%	\$ 55,035	\$ 29,782,486	100.0%
2024	\$ 31,348,189	\$ 31,296,647	99.84%	\$ -	\$ 31,296,647	99.8%

Notes: Total collections does not include State and Municipality Taxes collected by the County.

Caroline County, Maryland
 Ten Largest Principal Taxpayers
 June 30, 2024
Schedule 8

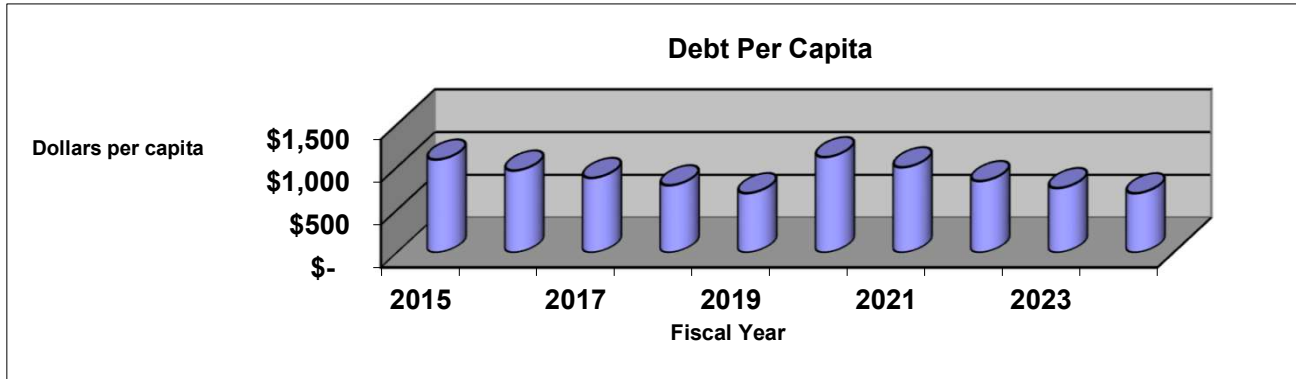
Tax Year		2013	2023	2013	2023	% of Total
Taxpayer	Type of Business	Assessed Valuation	Assessed Valuation	Tax	Tax	Tax Levy
Delmarva Power and Light	Electric Power	\$ 25,256,740	\$ 46,184,480	\$ 591,995	\$ 1,130,646	3.80%
Choptank Electric	Electric Power	\$ 27,512,460	\$ 35,647,640	\$ 630,434	\$ 873,367	2.93%
Mid-Atlantic Real Estate Investment	Developer/Management Company	\$ 5,072,711	\$ 14,327,767	\$ 46,669	\$ 131,815	0.44%
Verizon Maryland	Telephone utility	\$ 7,544,350	\$ 4,894,880	\$ 177,292	\$ 119,925	0.40%
Walmart	Retail Store	\$ 11,495,163	\$ 11,085,000	\$ 137,555	\$ 101,982	0.34%
SCIP FEDERALSBURG LLC	Cups and containers	\$ 15,100,733	\$ 10,076,200	\$ 131,376	\$ 90,686	0.30%
Southstar Limited Partnership	Excavating	\$ 8,175,133	\$ 8,072,899	\$ 76,743	\$ 79,027	0.27%
Burriss Foods, Inc	Transport of refrigerated food products	\$ 6,472,400	\$ 6,814,800	\$ 60,841	\$ 66,785	0.22%
Denton RE, LLC	Investment Company	\$ 3,664,148	\$ 6,227,200	\$ 33,710	\$ 57,290	0.19%
H&M Bay, Inc	Refrigerated trucking	\$ 6,929,000	\$ 5,997,100	\$ 60,282	\$ 53,974	0.18%

Source: Caroline County Finance Office
 Total Tax Levy Real and Utility

Caroline County, Maryland
Ratio of Outstanding Debt by Type
Last Ten Years
Schedule 9

Year June 30,	Governmental Activities								Primary Government TOTAL	Total Debt to Personal Income (1)	Total Debt Per Capita(1)
	General Obligation Bonds	Bond Premium	State Loans	Capital Loans	DHCD Loans	Capital/Finance Leases	Right-to-use Leases	Total			
2015	\$ 30,708,915	\$ -	\$ 3,057,529	\$ 1,730,120	\$ 2,530,583	\$ -	\$ -	\$ 38,027,147	\$ 38,027,147	3.20%	\$ 1,086
2016	\$ 28,157,167	\$ 124,723	\$ 3,057,529	\$ 1,626,796	\$ 2,530,583	\$ 3,799,156	\$ -	\$ 39,295,954	\$ 39,295,954	3.21%	\$ 957
2017	\$ 25,978,889	\$ 117,951	\$ 3,057,529	\$ 1,529,874	\$ 2,530,583	\$ 3,471,097	\$ -	\$ 36,685,923	\$ 36,685,923	2.67%	\$ 871
2018	\$ 23,646,178	\$ 111,178	\$ 3,057,529	\$ 1,430,120	\$ 2,502,261	\$ 3,132,474	\$ -	\$ 33,879,740	\$ 33,879,740	2.39%	\$ 784
2019	\$ 21,285,000	\$ 104,406	\$ 3,057,529	\$ 1,322,773	\$ 2,502,261	\$ 2,782,948	\$ -	\$ 31,054,917	\$ 31,054,917	2.09%	\$ 693
2020	\$ 40,145,000	\$ 4,010,079	\$ 3,288,528	\$ 1,212,595	\$ 2,502,261	\$ -	\$ -	\$ 51,158,463	\$ 51,158,463	3.27%	\$ 1,114
2021	\$ 37,450,000	\$ 3,807,682	\$ 3,277,139	\$ 1,137,617	\$ 2,502,261	\$ -	\$ -	\$ 48,174,699	\$ 48,174,699	2.97%	\$ 995
2022	\$ 34,125,000	\$ 3,605,284	\$ 3,265,671	\$ 1,059,411	\$ 2,502,261	\$ 68,840	\$ 59,473	\$ 44,685,940	\$ 44,685,940	2.50%	\$ 834
2023	\$ 31,565,000	\$ 3,402,887	\$ 3,254,122	\$ 977,919	\$ 2,502,261	\$ -	\$ 43,164	\$ 41,745,353	\$ 41,745,353	2.25%	\$ 752
2024	\$ 29,015,000	\$ 3,200,490	\$ 3,242,493	\$ 905,279	\$ 2,502,261	\$ 144,088	\$ 26,317	\$ 39,035,928	\$ 39,035,928	2.06%	\$ 692

(1) See Schedule 13 for population and personal Income.



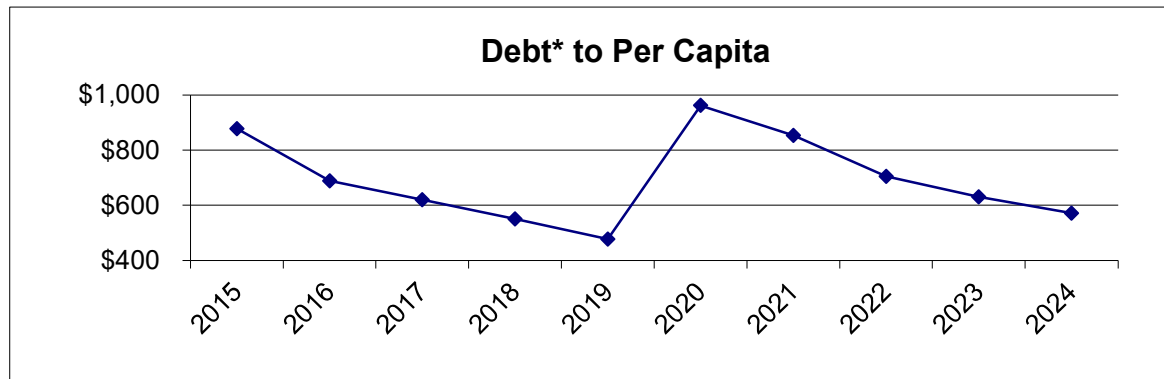
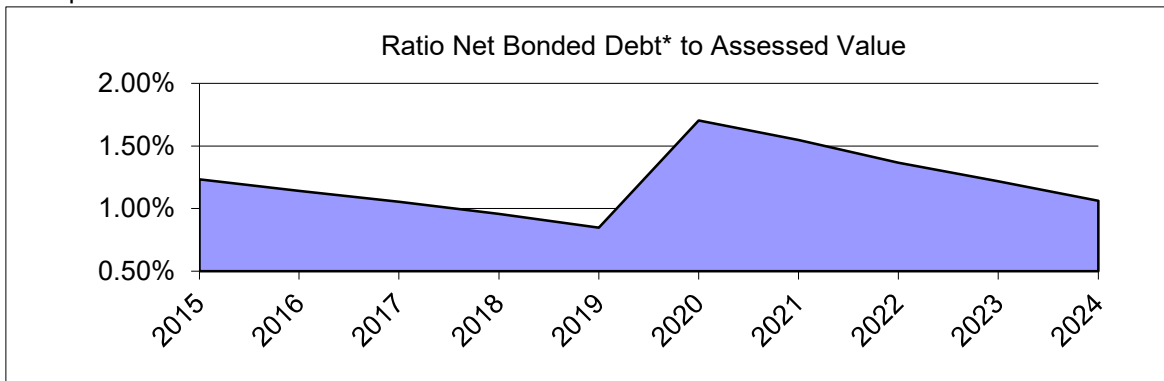
Caroline County, Maryland
Ratio of General Bonded Debt Outstanding
Last Ten Years
Schedule 10

Year June 30,	General Bonded Debt	(1) Assessed Value	(2) Per Capita Income	Ratio Net Bonded Debt* to Assessed Value	Debt* to Per Capita
2015	\$ 30,708,915	\$ 2,489,098,343	\$ 35,015	1.23%	\$ 877
2016	\$ 28,281,890	\$ 2,479,932,938	\$ 41,065	1.14%	\$ 689
2017	\$ 26,096,840	\$ 2,478,199,130	\$ 42,110	1.05%	\$ 620
2018	\$ 23,757,356	\$ 2,485,985,965	\$ 43,187	0.96%	\$ 550
2019	\$ 21,389,406	\$ 2,528,361,128	\$ 44,832	0.85%	\$ 477
2020	\$ 44,155,079	\$ 2,589,584,756	\$ 45,906	1.71%	\$ 962
2021	\$ 41,257,682	\$ 2,665,246,161	\$ 48,393	1.55%	\$ 853
2022	\$ 37,730,284	\$ 2,763,453,251	\$ 53,549	1.37%	\$ 705
2023	\$ 34,967,887	\$ 2,873,266,770	\$ 55,490	1.22%	\$ 630
2024	\$ 32,215,490	\$ 3,036,683,308	\$ 56,447	1.06%	\$ 571

* General Bonded Debt includes bond premiums

(1) Assessed Value is from Schedule 6

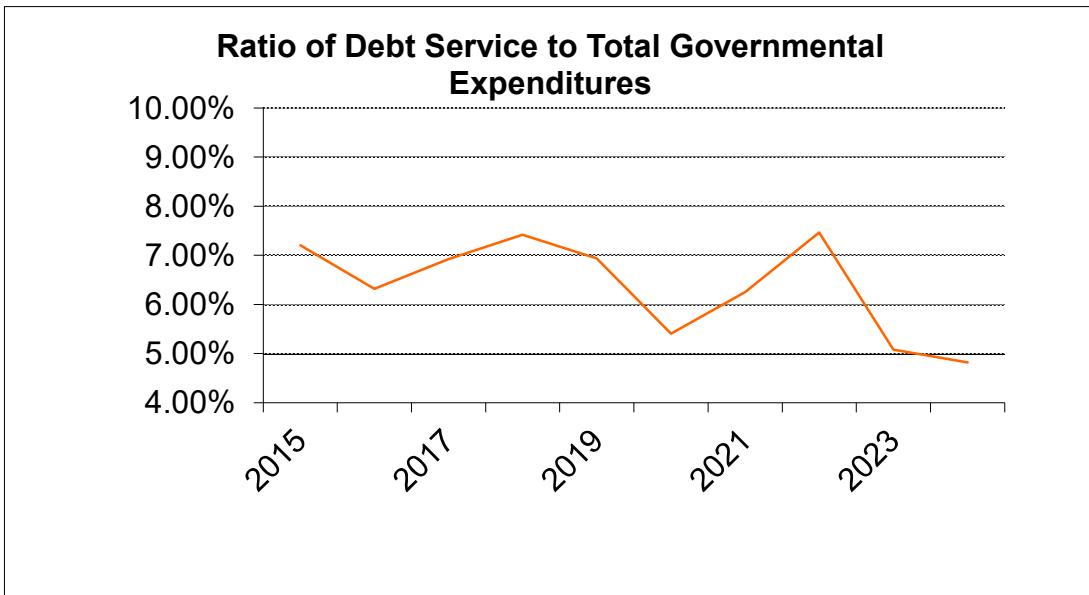
(2) Per Capita is from Schedule 13



Caroline County, Maryland
 Ratio of Annual Debt Service to Total Government Expenditures
 Last Ten Years
Schedule 11

Year Ended June 30,	Principal	Interest & Fiscal Charges	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Total Governmental Expenditures
2015	\$ 2,509,085	\$ 1,028,383	\$ 3,537,468	\$ 49,092,709	7.21%
2016	\$ 2,676,471	\$ 950,304	\$ 3,626,775	\$ 57,395,368	6.32%
2017	\$ 2,499,565	\$ 1,097,700	\$ 3,597,265	\$ 51,966,073	6.92%
2018	\$ 2,664,561	\$ 1,012,561	\$ 3,677,122	\$ 49,571,232	7.42%
2019	\$ 2,599,526	\$ 918,556	\$ 3,518,082	\$ 50,721,115	6.94%
2020*	\$ 2,485,670	\$ 938,465	\$ 3,424,135	\$ 63,326,117	5.41%
2021	\$ 2,706,389	\$ 1,641,385	\$ 4,347,774	\$ 69,544,935	6.25%
2022	\$ 3,336,467	\$ 1,516,193	\$ 4,852,660	\$ 64,995,023	7.47%
2023	\$ 2,571,549	\$ 1,354,762	\$ 3,926,311	\$ 77,250,379	5.08%
2024	\$ 2,561,629	\$ 1,235,990	\$ 3,797,619	\$ 78,789,823	4.82%

* Adjusted for refinance of bonds \$15,647,168



Caroline County, Maryland
 Computation of Direct and Overlapping General Obligation Bonded Debt
 June 30, 2024
Schedule 12

Political Subdivision	Debt Outstanding	Percentage Applicable To County*	Amount Applicable To County
Caroline County	\$ 39,035,928	100.00%	\$ 39,035,928
Direct Debt	<u>39,035,928</u>		<u>39,035,928</u>
Caroline County Library	-	100.00%	-
Caroline County Board of Education	2,539,976	100.00%	2,539,976
Town of Denton	554,516	100.00%	554,516
Town of Federalsburg	1,824,197	100.00%	1,824,197
Town of Greensboro	415,428	100.00%	415,428
Town of Ridgely	396,098	100.00%	396,098
Indirect Debt	<u>5,730,215</u>		<u>5,730,215</u>
TOTAL	<u>\$ 44,766,143</u>		<u>\$ 44,766,143</u>

* Percentage determined by dividing the assessed value of the political subdivision within the County by the total assessed valuation of the subdivisions. The valuation used is for the Tax Year 2019

Source: Primarily from debt schedules submitted by subdivisions to the Caroline County Finance Office. Individual jurisdictions with immaterial amounts of overlapping debt are excluded.

Caroline County, Maryland
Demographic Statistics
Last Ten Calendar Years (Unaudited)
Schedule 13

Year	Population (1)	Personal Income per 1000 (1)(5)	Per Capita Income (1)	High School Graduates (2)	School Enrollment (2)	Labor Force(4)	Employment (4)	Unemployment (3)	Unemployment Rate (3)	Median Age (4)
2015	33,900	1,187,009	35,015	372	5,592	17,966	16,937	1,029	5.7%	39.0
2016	34,330	1,224,667	41,065	323	5,602	17,335	16,489	846	4.8%	39.0
2017	32,900	1,371,907	42,110	329	5,705	17,629	14,395	820	4.7%	40.1
2018	32,850	1,418,690	43,187	355	5,787	17,518	16,853	665	3.8%	40.0
2019	33,304	1,488,118	44,832	354	5,829	17,936	17,167	769	3.9%	39.9
2020	34,050	1,563,099	45,906	367	5,875	17,635	16,592	1,043	5.9%	40.2
2021	33,492	1,620,776	48,393	369	5,553	17,194	16,220	974	5.7%	39.7
2022	33,386	1,787,787	53,549	346	5,551	17,858	17,107	751	4.2%	39.2
2023	33,433	1,855,197	55,490	365	5,667	17,948	17,655	293	1.6%	39.2
2024	33,593	1,896,224	56,447	371	5,723	17,840	17,482	358	2.8%	39.5

Source:

- (1) 07 01 2024 <https://www.census.gov/quickfacts/fact/table/carolinecountymaryland,MD>
- (2) 06 30 2024 Caroline County Board of Education
- (3) 06 30 2024 <https://www.dlr.state.md.us/lmi/laus/lauscounties.shtml>
- (4) 06 30 2024 <https://www.bea.gov/data/income-saving/personal-income-county-metro-and-other-areas>
- (5) 11 25 2024 <https://www.maryland-demographics.com/caroline-county-demographics>



Caroline County, Maryland
Major Employers FYE 6/30/2024
Schedule 14

Firm	Product/Service	Employment	Percent of Caroline County Employment
Caroline County Board of Education	Government	955	5.35%
Dart Container	Cups and containers	725	4.06%
Benedictine School	Private School for exceptional children	400	2.24%
Choptank Transport	Refrigerated trucking	375	2.10%
H&M Bay	Refrigerated trucking	337	1.89%
WalMart	Department Store/Groceries	317	1.78%
Caroline County	Government	257	1.44%
Choptank Community Health Systems	Medical Service	218	1.22%
Choptank Electric Cooperative	Electric Utility Coop	155	0.87%
Tri Gas and Oil	Fuel Delivery	153	0.86%

Source: Maryland Department of Business & Economic Development
Brief Economic Facts <http://www.choosemaryland.org/orientation/profiles/caroline/index.asp>
and updated by Caroline County Economic Development

Caroline County, Maryland
Major Employers FYE 6/2014

Firm	Product/Service	Employment	Percent of Caroline County Employment
Caroline County Board of Education	Government	847	5.32%
Solo Cup	Cups and containers	564	3.54%
Benedictine School	Private School for exceptional children	405	2.54%
WalMart	Department Store/Groceries	288	1.81%
Caroline County	Government	240	1.51%
Choptank Transport	Refrigerated trucking	180	1.13%
H&M Bay	Refrigerated trucking	135	0.85%
Caroline Nursing Home	Nursing care	130	0.82%
Envoy Health Care	Medical Services	105	0.66%
Medifast-Jason Pharmaceuticals Inc	Food Diet Industry	100	0.63%

Caroline County, Maryland
 Deposits of All FDIC-Insured Institutions
 Operating in Caroline County
Schedule 15

<u>Year</u>	(1) Bank Deposits (dollars in Millions)	(2) Avg Sale Price for a Single Family Home	(3) Total Assessed Property Value
2014	370	151,408	2,817,498,238
2015	370	157,794	2,808,841,953
2016	369	187,224	2,803,215,885
2017	422	214,679	2,806,847,301
2018	455	233,198	2,852,996,030
2019	445	240,122	2,906,166,812
2020	512	280,000	2,991,428,666
2021	616	293,298	3,113,118,303
2022	613	268,238	3,233,105,967
2023	619	287,943	3,401,441,600

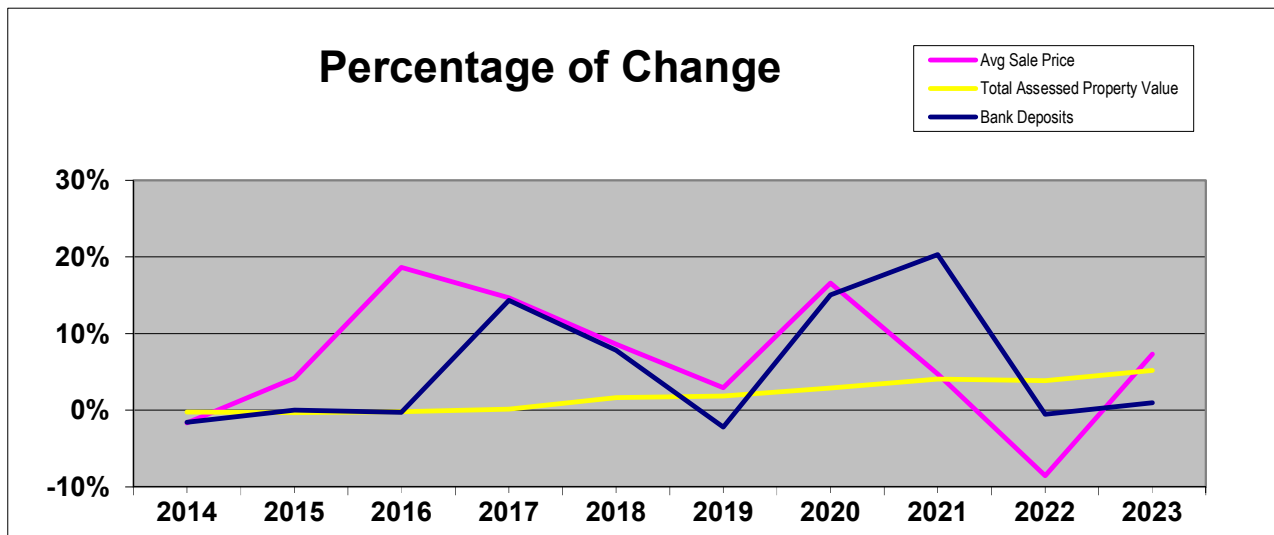
Source:

(1) Federal Deposit Insurance Corporation Web Site

<https://www5.fdic.gov/sod/sodInstBranchRpt.asp?sCounty=Caroline&sCityType=USPS&submit1=Continue&barItem=1>

(2) <http://www.mdrealtor.org/Resources/Publications/Monthly-Housing-Statistics>

(3) Caroline County Tax Office-includes exempt property



Caroline County, Maryland
 Building Permits Statistics (Unincorporated Areas)
 Fiscal Years 2015 - 2024 (Unaudited)
Schedule 16

Types	2015		2016		2017		2018		2019		2020		2021	
	Number Permits	Value	Number Permits	Value	Number Permits	Value	Number Permits	Value	Number Permits	Value	Number Permits	Value	Number Permits	Value
Homes	38	\$6,491,540	36	\$7,186,054	29	\$7,046,142	32	\$9,650,678	51	\$12,234,532	46	\$11,692,748	45	\$12,068,397
Accessory Dwellings	0	\$0	3	\$168,980	1	\$1,000	1	\$10,000	0	\$0	0	\$0	0	\$0
Accessory Structures	86	\$2,085,813	106	\$2,677,567	121	\$2,856,977	90	\$2,183,892	88	\$3,378,762	58	\$1,249,083	84	\$2,501,603
Additions	27	\$1,104,500	32	\$869,900	27	\$1,465,100	26	\$1,412,087	34	\$1,081,900	23	\$1,201,500	26	\$965,000
Comm/Industrial & Institutional	10	\$1,900,250	12	\$1,245,500	6	\$852,620	6	\$825,820	9	\$4,995,671	9	\$4,760,550	0	\$0
Mobile Homes	15	\$809,329	11	\$497,500	7	\$128,500	19	\$668,296	12	\$868,192	14	\$1,654,719	15	\$1,186,979
Poultry Structures/Ag	28	\$8,070,239	35	\$9,358,798	27	\$11,488,502	37	\$10,383,712	27	\$911,500	26	\$3,382,892	30	\$1,094,813
Change of Use/Home Occupation	1	\$3,000	7	\$2,678	6	\$27,500	4	\$30,000	3	\$82,850	7	\$0	9	\$18,050
Shoreline Projects	5	\$95,000	3	\$55,000	3	\$83,600	1	\$20,000	2	\$16,800	5	\$185,402	10	\$275,074
Decks Pools Signs	36	\$378,121	30	\$347,648	41	\$491,983	47	\$658,162	33	\$478,592	40	\$891,261	49	\$1,138,208
Miscellaneous	6	\$15,666	5	\$19,176	4	\$14,572	6	\$40,772	8	\$37,440	3	\$12,500	13	\$603,853
Renovations	13	\$652,137	22	\$613,790	15	\$371,300	12	\$269,261	12	\$405,800	17	\$365,764	25	\$561,761
Residential Solar											26	\$1,176,360	22	\$3,022,186
TOTAL	265	\$21,605,595	302	\$23,042,591	287	\$24,827,796	281	\$26,152,680	279	\$24,492,039	274	\$26,572,779	328	\$23,435,924

Source: Caroline County Dept of Planning

Types	2022		2023		2024	
	Number Permits	Value	Number Permits	Value	Number Permits	Value
Homes	26	\$8,385,301	29	\$8,568,879	30	\$9,460,120
Accessory Dwellings	0	\$0	2	\$269,400	0	\$0
Accessory Structures	95	\$3,177,230	59	\$2,056,190	56	\$1,538,232
Additions	19	\$1,288,200	24	\$1,673,890	22	\$2,644,450
Comm/Industrial & Institutional	8	\$189,500	8	\$937,286	11	\$701,000
Mobile Homes	15	\$1,552,917	9	\$1,191,749	12	\$881,361
Poultry Structures/Ag	24	\$2,181,400	24	\$1,111,946	24	\$1,341,675
Change of Use/Home Occupation	6	\$24,855	6	\$5,050	1	\$0
Shoreline Projects	9	\$470,924	8	\$255,900	11	\$387,800
Decks Pools Signs	52	\$1,205,518	42	\$1,360,867	37	\$998,233
Miscellaneous	4	\$44,044	7	\$41,039	1	\$0
Renovations	38	\$851,043	34	\$1,250,508	40	\$959,317
Residential Solar	21	\$376,478	16	\$399,169	18	\$572,396
Totals	317	\$ 19,747,410	268	\$ 19,121,873	263	\$ 19,484,584

Caroline County Maryland
Government Employees by Function/Program (Full time Equivalents)
Last Ten Years
Schedule 17

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government	126	130	129	134	140	143	134	151	155	168
Public Safety	32	31	36	38	40	44	44	43	44	41
Public Works	38	38	38	43	43	37	38	36	37	38
Leisure Services	9	9	9	9	9	9	9	9	10	10
Total	205	208	212	224	232	233	225	239	246	257

Source: Caroline County Human Resources

Operating Indicators by Function/Program
Last Ten Years

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government*										
Payroll Checks Processed	8,000	9,241	8,999	9,057	8,721	9,196	8,751	9,013	8,739	8,896
Number of Checks Written	4,217	4,185	4,038	3,762	3,746	3,796	3,806	3,517	3,627	3,611
Number of EFT's	-	-	-	563	872	904	915	923	885	915
Purchase orders Issued	1,649	1,699	1,450	839	612	529	496	420	582	504
Public Safety (calendar year)										
911 Calls(1)	18,557	24,518	19,864	18,962	16,619	17,691	17,718	17,891	18,992	18,685
Calls for Fire & EMS Dispatches(1)	6,245	6,967	6,958	7,650	8,242	8,750	8,904	9,299	10,088	9,166
Avg Detention Ctr Daily Population(2)	98	87	72	54	57	55	52	52	55	43
Number of Police Stations	7	7	7	7	7	7	7	7	7	7
Uniform Police Officers(3)	59	59	59	59	61	67	N/A	N/A	N/A	N/A
Number of Vehicles	70	70	68	68	70	75	N/A	N/A	N/A	N/A
Number of Type 1 law violations (3)	750	727	730	649	730	698	N/A	N/A	N/A	N/A
Physical arrests (3)	1,705	1,657	1,596	1,531	1,500	1,361	N/A	N/A	N/A	N/A
Traffic violations (3)	6,900	6,217	6,735	7,681	24,813	11,513	N/A	N/A	N/A	N/A
Public Works**										
Miles of Roads Serviced	43	40	46	46	46	46	46	48	48	36
Annualized Tonnage for Collection Sites	1,019	1,015	979	979	980	976	990	980	990	512
Parks and Rec***										
Number of Programs	307	234	234	234	234	234	75	217	403	294

* Finance Office Records

** Source Public Work Records

*** Source Parks & Recs Staff

(1) Source Emergency Management Logs

(2) Correction Annual Report

(3) State of Md Uniform Crime Report-Calendar Year

Caroline County Maryland
Capital Asset Statistics
Last Ten Years
Schedule 18

Function/Program	June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Facilities											
Police Stations in County(1)		7	7	7	7	7	7	7	7	7	7
Fire & Rescue Stations(1)		8	8	8	8	8	8	8	8	8	8
Parks/Recreation Facilities(2)		5	6	6	6	6	5	5	5	5	5
Senior Centers(3)		2	2	2	2	2	2	2	2	2	2
Libraries(4)		3	3	3	3	3	3	3	3	3	3
Public Schools(5)											
Elementary		5	5	5	5	5	5	5	5	5	5
Middle Schools		2	2	2	2	2	2	2	2	2	2
High Schools		3	3	3	3	3	3	3	3	3	3
Department of Public Works(6)											
Miles of County Maintained Paved Rds		399	399	399	399	399	399	399	399	402	402
Vehicles in Roads Department		25	26	26	27	28	28	28	28	28	28
Caroline County Sheriff Department(7)											
Vehicles in Service		34	34	35	35	37	38	39	39	39	42

Sources

- (1) Emergency Management
- (2) Parks & Rec Park Department
- (3) Health and Mental Hygiene Department
- (4) Library Staff
- (5) BOE Administration Office
- (6) Public Works Road Board
- (7) Capital Asset Records



Caroline County, Maryland
Miscellaneous Statistics
June 30, 2024 (Unaudited)
Schedule 19

Date of Incorporation	1774	<u>Board of Elections</u> -Source Local Election Staff	
Form of Government	Home Rule	Registered voters at last general election	21,585
Area in Square Miles	321	Number of votes cast last general election	10,895
		Percentage of registered voters voting	50.47%
<u>Population(1)</u>		<u>Police Protection</u> - Source Sheriff Budget Document	
1970	19,781	Uniform Police Officers	40
1980	23,143	Number of Vehicles	42
1990	27,035	Number of Offenses-Sheriff Dept (2)	N/A
2000	29,772	Traffic violations (2)	N/A
2010	33,066		
2020	33,293		
2023	33,593		
<u>Employees</u> -Source Human Resources Records		<u>Detention Center</u> -Source Annual Correction Report	
Exempt	45	Detention Center Officers	40
Full time	219	Average Daily Population (2)	43
Part time (FTE)	18	Average Daily Work Release (2)	0
Total	<u>282</u>		
<u>County Maintained Roads</u> -Source Public Works Records		<u>Fire Protection</u> -Source Emergency Management	
Paved	400	Number of Volunteer Stations	8
Unpaved	76	Number of Volunteer Members	463
Total	<u>476</u>	<u>Equipment</u>	
<u>Libraries</u> -Source Library Staff		Engines	20
Number of Libraries	3	Tankers	8
<u>Education (Public)</u> -Source BOE Admin Staff		Aerial Units	2
Number of Schools		Rescue Units	6
High Schools	3	Brush Units	9
Middle Schools	2	Air Units (MD State Police)	8
Elementary Schools	5	Miscellaneous Utility Units	8
Number of Personnel		Ambulance/Medic Units	15
Teachers	488	Boat dive units	3
Administrators	52	Command Vehicles	8
Support	418	Canteen	1
Other	376	Calls for Service- Fire/Rescue	1,873
Number of students	5,723	Calls for Emergency Medical	7,293
		<u>County Owned Recreation Facilities</u> -Source Pks & Rec	
		Parks	10
		Parks Acreage	505.9
		Public Landings	4
		Open Space Acreage Actively Maintained	198
		Quantity of Public Boat Ramps	4
		Special Use Areas and Facilities	5
		School/Recreation Park Facilities	4
		Acreage under Development for Public Use	88.9
		Protected Park land for Future Development	219

(1) <https://www.census.gov/quickfacts>

(2) Caroline County Budget Document