

**THE COUNTY COMMISSIONERS OF CAROLINE COUNTY**



**CAROLINE COUNTY, MARYLAND**

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**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2021**

**Prepared by:  
Caroline County Office of Finance,  
Caroline County Tax Office and  
Jeremy Goldman, County Administrator**

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## CONTENTS

	Page(s)
INTRODUCTORY SECTION	1
Letter of transmittal	2 - 8
Certificate of Achievement for Excellence in Financial Reporting	9
Certain elected and appointed officials	10
Organization chart	11
Budget calendar	12
FINANCIAL SECTION	13
Independent auditor's report	14 - 16
Management's discussion and analysis (required supplementary information)	17 - 34
Basic financial statements:	
Government-wide statements:	
Statement of net position	35
Statement of activities	36 - 37
Governmental fund financial statements:	
Balance Sheet	38
Reconciliation of total governmental fund balance to net position of governmental activities	39
Statement of revenues, expenditures and changes in fund balance	40
Reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to the statement of activities	41
Proprietary fund financial statements:	
Statement of net position	42
Statement of revenues, expenses and changes in fund net position	43
Statement of cash flows	44
Fiduciary fund financial statements:	
Statement of fiduciary net position	45
Statement of changes in fiduciary net position	46
Component units:	
Combining statements of net position	47
Combining statement of activities	48
Notes to financial statements	49 - 110
Required supplementary information:	111
Budgetary comparison schedule - general fund	112 - 116
Notes to the Required Supplementary Information	117
Schedule of the proportionate share of the net pension liability - Maryland State Retirement and Pension Systems	118
Schedule of contributions - Maryland State Retirement and Pension Systems	119
Actuarial assumptions - pension plan - Maryland State Retirement and Pension Systems	120

	Pages(s)
FINANCIAL SECTION (continued)	
Required supplementary information (continued):	
Schedule of changes in net pension liability and related notes - Caroline County, Maryland Employees' Pension Plan	121
Schedule of employer contributions - Caroline County, Maryland Employees' Pension Plan	122
Other Postemployment Benefit Plan - Schedule of changes in net OPEB liability and related ratios	123
Other Postemployment Benefit Plan - Schedule of employer contributions	124
Length of Service Award Program - Schedule of Changes in the Net LOSAP Liability and Related Ratios	125
Length of Service Award Program - Notes to the Required Supplementary Information	126
Other supplementary information:	127
Combining balance sheet - other governmental funds	128 - 131
Combining statement of revenues, expenditures and changes in fund balances - other governmental funds	132 - 135
Combining statement of fiduciary net position - custodial funds	136
Combining statement of changes in fiduciary net position - custodial funds	137
Combining statement of net position - other proprietary funds	138
Combining statement of revenues, expenses and changes in fund net position - other proprietary funds	139
Combining statement of cash flows - other proprietary funds	140
Budgetary comparison schedule - capital improvements fund	141
Budgetary comparison schedule - special revenue funds	142 - 145
Revenue and expenditure detail - Highway users	146
Expenditure detail - contingency fund - actual vs. budget	147
STATISTICAL SECTION	149
Statistical section index	150
Schedule	
1 - Net position by component	151
2 - Changes in net position	152 - 154
3 - Fund balances of governmental funds	155
4 - Revenues, expenditures and changes in fund balance- governmental funds	156- 157
5 - Property tax rates direct and overlapping governments	158
6 - Assessed and estimated value of taxable property	159
7 - General fund real property tax levies and collections	160
8 - Ten largest principal taxpayers	161
9 - Ratio of outstanding debt by type	162
10 - Ratio of general bonded debt outstanding	163
11 - Ratio of annual debt service to total government expenditures	164

	Pages(s)
STATISTICAL SECTION (continued)	
12 - Computation of direct and overlapping general obligation bonded debt	165
13 - Demographic statistics	166
14 - Major employers	167
15 - Deposits of all FDIC-insured institutions operating in Caroline County	168
16 - Building permit statistics	169
17 - Government employees by function/program	170
18 - Capital asset statistics	171
19 - Miscellaneous statistics	172



# INTRODUCTORY SECTION



# COUNTY COMMISSIONERS OF CAROLINE COUNTY

Office of the County Administrator

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

*December 28, 2021*

***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, 2021***, 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 TGM Group, LLC, 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, 2021, 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 monitors 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, with GDP growth of 6.7%. However, the growth that has occurred during the recovery period has largely been unevenly distributed, with nearly half of GDP growth concentrated in the top 1% of households.

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 5.7 percent, slightly less the state average of 6.7%. 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 \$229,513 and the median sales price reached \$247,000 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.

A continuing issue for Caroline and the larger regional economy is the jobs-skills mismatch. The Jobs Report from the National Federation of Independent Business shows 48% of small business owners reported they had job openings they could not fill – a significant increase from last year of 23%. Anecdotal reports from small local businesses indicate a chronic unmet need for employees with specific skills.

To address this challenge, Caroline County is working aggressively on workforce development initiatives like the Advanced Manufacturing Professionals (AMP) program. Workforce development continues to be a high priority of all five Midshore counties. It is hoped that the new President of Chesapeake College, the regional community college, will bring a renewed focus to workforce and skilled trade programs. The five counties are also exploring the possibility of a regional career and technology education (CTE) high school in order to provide more in-depth and robust workforce education at the K-12 level.

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.

The ratio of national debt to gross domestic product (GDP) was about 106.1%, up less than 1% over the previous year. Put simply, the U.S. government owes over \$22 trillion for the first time in history, as reported by the US News in February 2019. As noted in a 2017 essay by Romina Boccia, “Academic research shows that advanced economies like the United States are at risk of significant and prolonged reductions in economic growth when public debt reaches levels of 90 percent of GDP.”

Given the length of the current economic expansion, the increasing level of public debate, and the Federal Reserve ending quantitative easing, a downturn in the local economy seems likely in the coming 24 months.

### ***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.

After the virtual elimination of Maryland State Highway User Revenues in 2009, the County greatly reduced capital spending as reflected in approved budgets. 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 recommends expanding capital investment to address the accumulation of deferred maintenance.

The Commissioners voted to increase income taxes to the maximum allowable rate of 3.2% starting, January 1, 2019 in order to fund two large capital projects – the construction of a new Sheriff’s Office and a new Greensboro Elementary School. Greensboro Elementary School was the most expensive capital project in the County’s history. The increase of revenue for these projects was necessary to enable the County to continue to make progress on the accumulation of deferred maintenance and to be able to maintain the County’s debt ratio target.

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 21, the pension fund is 81 percent funded using a 7 percent estimated investment rate of return. Caroline County may be the only jurisdiction in the state to have its plan for Other Post-Employment Benefits (OPEB) at 160 percent funded.

### ***Local Fiscal Philosophy***

The past two Boards of the Caroline County Commissioners have maintained a philosophy of fiscal conservatism. In FY 21, 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 \$32,000/year. The Commissioners granted an across the board 3% or \$ 2,000 pay increase to employees in FY 21.

### ***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 comprehensive annual 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 seventeenth Certificate of Achievement last year. We believe our current comprehensive annual 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 comprehensive annual financial report on a timely basis was made possible by the dedicated staff of the Caroline County Office of Finance, Caroline County Tax Office, and the Office of the County Commissioners. Special recognition is given to Daniel Fox, Margaret Roe, and Catherine Moore for their effort in providing outstanding financial acumen, timely reporting and keen analysis. I am deeply appreciative for 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.

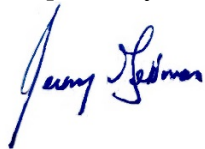
### ***The Caroline Way***

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 21 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 that reads "Jeremy Goldman". The signature is written in a cursive, flowing style.

Jeremy Goldman  
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, 2020

*Christopher P. Morill*

Executive Director/CEO

**Caroline County, Maryland  
Governmental Organization  
Certain Elected and Appointed Officials  
As of June 30, 2021**

**Certain Elected Officials**

County Commissioners

Larry C. Porter, President  
Daniel J. Franklin, Vice President  
Wilbur Levensgood, Jr., Member

**Certain Appointed Officials**

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

Jeremy Goldman  
Margaret C. Roe  
Stewart Barroll  
Catherine P. Moore  
Katheleen Freeman  
Ryan White

**Independent Auditor**

TGM Group LLC  
Certified Public Accountants  
Salisbury, Maryland

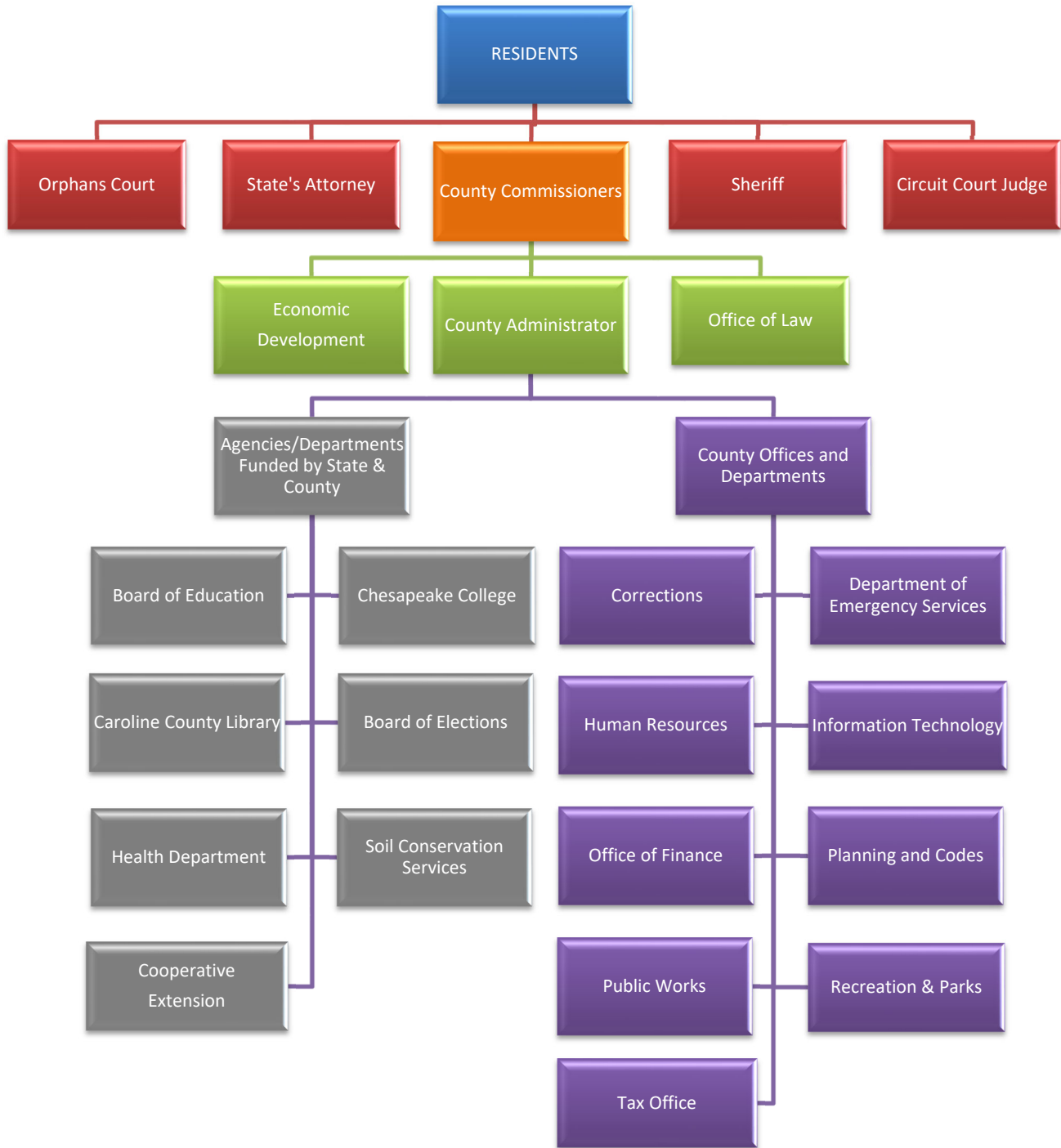
**Bond Counsel**

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  
FY2021 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**

- 8 Operating & Capital Budget Submittal Requirements Received by Departments & Agencies
- 21 Dinner Meeting/Budget Workshop with Board of Education, 6:00 PM, 204 Franklin St., Denton

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	29

**February**

- 3 All Department & Agency Budget Requests Due to Budget Director (9AM)
- 18 Operating and Capital Requests Presented to Commissioners by Budget Director; Budget Workshop

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**

- 3 Budget Roundtable Discussions: (HAPS Building, Room 110, 403 S. 7th Street, Denton)
  - 9:00 AM: External Agencies Requesting More than \$25,000
  - 10:30 AM: Internal County Government Departments
- 10 Public Hearings / Meetings, 6:00 PM; Preston Fire Hall, 3680 Choptank Road, Preston, MD
  - ⇒ Public Hearing: To Receive Testimony on Budget Requests
  - ⇒ Annual Municipal Property Tax Differential Meeting
  - ⇒ Regular County Commissioners Meeting
- 17 Budget Workshop (During Work Session)
- 24 Budget Workshop (During Commissioners Meeting) - *if necessary*

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**

- 7 Budget Workshop (During Work Session)
- 14 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**

- 12 Public Hearings / Meetings, 9:00 AM Zoom Please click this URL to Join. <https://zoom.us/j/300062187>

To join by phone:  
888-475 4499 (Toll Free) or 877 853 5257 (Toll Free) Webinar ID: 300 062 187

- 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
- 19 Budget Finalization Workshop (During Work Session)
- 26 Adoption of FY2021 Property Tax Rates; Personal Property Tax Rate  
Potential Adoption of FY2021 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				

**June**

- 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](http://www.carolinemd.org/AgendaCenter).
  - Please note that while budget adoption is scheduled for May 26, the date may change if additional budget finalization workshops are necessary. The statutory deadline for budget adoption is June 9th (the second 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](mailto: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 Financial Statements**

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

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, 2021, 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.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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.

### *Other 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 introductory section, other supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and has been derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, 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.

A handwritten signature in black ink that reads "JHM Group LLC". The signature is written in a cursive, flowing style.

Salisbury, Maryland  
December 28, 2021

**Executive Summary**  
**Management Discussion and Analysis**  
**Caroline County Government, FY 21 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 21 (the period ending June 30, 2021), 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 \$20,170,505. This is a positive trend.

To evaluate a local government’s financial health, one of the measures frequently used is unassigned general fund balance 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 unassigned fund balance 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 21 budget. As evidenced by this audit that process was successful. At the close of the accounting period, the County had received \$ 6,916,170 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 2021. 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 21 budget, the Commissioners left the property tax rate unchanged at 98 cents per \$100 of assessed value. Caroline has the 10th 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 21 was \$27,892,225.

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. The County Commissioners voted to change the income tax rate to 3.2%, the maximum allowed by state law, effective January 1, 2019. For FY 21 this was the second full year of recognizing this change.

Driving the decision was recognizing the need to replace Greensboro Elementary School and to build a new building for the Caroline County Sheriff's Office. Absent the increase in income taxes, the County lacks the revenues to support the debt for the two major projects. In FY 21, the County received \$ 22,188,455 in income tax revenues. Overall, other revenues like user fees remained stable.

## **Expenditures**

FY21 shaped up to be a unique year for Caroline County and most of the world. As the fiscal year started the County was still heavily involved in COVID operations but also still delivering the core services that run the county. Still while managing both of these operations County Departments and Agencies managed to stay \$1,119,364 under budget for the year. This accomplishment speaks to the overall team effort that each year drives the County to improve its overall financial health.

## **Debt**

In FY 21, 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 FY21 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 399 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 21 marked the fifth consecutive year the County funded a normal capital budget. The FY 21 capital improvement plan (CIP) totaled \$21.96 million. About \$2.69 million of this is funded by the drawdown of the County's unrestricted fund balance. One major change did occur in this year's capital budget. Prior to FY21 the County had purchased all its light duty vehicles outright. Starting on FY21 the Commissioners and senior management decide to switch this type of vehicle acquisition and pivot to a lease to own program. This change in purchasing pulls the burden of acquisition cost off the capital budget and shifts it to the operating budget instead. 20 capital improvement plan (CIP) totaled \$16.08 million. About \$2.08 million of this is funded by the drawdown of the County's fund balance.

## **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 plan and retiree health care plans.

Unfunded liabilities are a big deal, particularly for local governments—so much so that the Government Accounting Standards Board (GASB) adopted Statements 67 and 68. 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 total pension liability was \$ 31,877,917 at the end of the fiscal year. The pension fund had \$ 25,828,671 in assets. This means the County has an unfunded liability of \$ 6,049,246 and that the plan is 81% 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 assumptions. These assumptions are made by an independent professional actuarial firm, not the senior management team.

One of the most important assumptions 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.

Caroline County is the only jurisdiction in Maryland whose OPEB plan is over 100 percent funded. This is due to two reasons. First, the County offers only a modest Medicare supplement plan and does not subsidize health insurance for employees under age 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 160 % 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 \$ 5,575,379 in our annual financial statements.

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 \$ 4.3 million cumulatively in property tax revenues over the past nine years. The five smallest towns receive support in the form of direct payments. For the FY 21 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 21 fiscal year—in plain language. If you have read to this point, congratulations!

Buried amid the mountain of data is a simple message. FY 21 was a great year. The County continues to improve financially. Services have been expanded and, in some instances, restructured. The Commissioners have continued a focus on public safety. 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 unknown of COVID-19 and the forever changing economy, Caroline County is constantly looking toward the future to prepare for the next set of changes. Perhaps the biggest challenge for the County is truly balancing the budget, i.e., funding a sustainable capital improvement plan without drawing down reserves.

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 Comprehensive Annual 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, 2021. Descriptions in this section, along with the financial statements and notes and the letter of transmittal provide readers with both broad and detailed information.

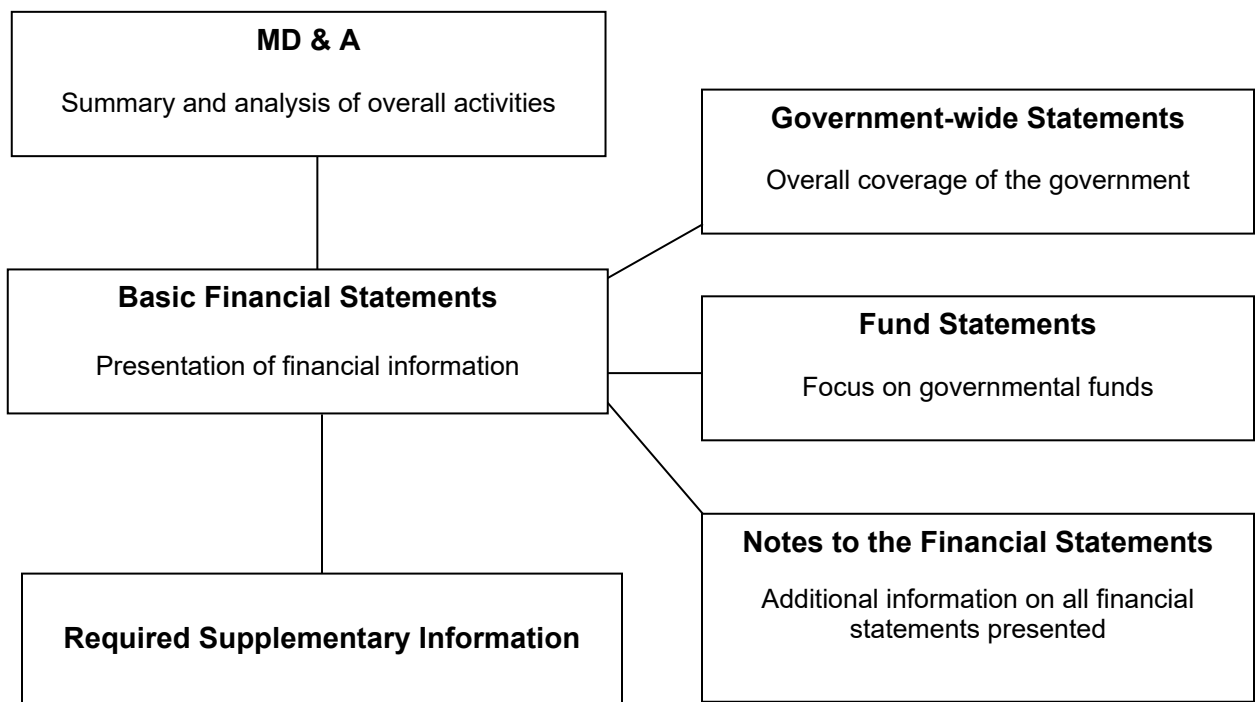
### Financial Highlights

- Total fund balance for the General Fund was \$20,517,181 at June 30, 2021.
- The assets and deferred outflows of resources of Caroline County exceeded liabilities and deferred inflows of resources at the close of the current fiscal year by \$48,337,232 (net position). Of total net position \$ 10,438,758 (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 \$2,826,970 compared with 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, 2021, the County's governmental funds reported combined fund balance of \$39.7 million, an increase of \$1.2 million from the prior year. Approximately \$20.2 million is available to meet the County's current and future needs (unassigned fund balance), \$0.2 million is assigned, \$17.5 million is committed, \$1.5 million is restricted and \$0.3 million is non-spendable.
- Unassigned fund balance for the General Fund was \$20,170,505 for the year ended June 30, 2021.
- Long-term liabilities include approximately \$37.5 million in bonds payable, approximately \$4.4 million in loans and notes payable, and landfill closure costs of approximately \$1.5 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.

### Financial Statement Presentation



### ***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 assets 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-six 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 and the Capital Improvements Fund, which are major funds. Data from the other twenty-four 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 custodial 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 Retiree Health Care Fund, the Employees’ Pension Plan and OPEB 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:***

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 47,442,820	\$ 46,608,110	\$ 2,560,019	\$ 2,503,507	\$ 50,002,839	\$ 49,111,617
Capital assets, net of depreciation	66,416,650	67,150,419	783,290	762,282	67,199,940	67,912,701
Total assets	113,859,470	113,758,529	3,343,309	3,265,789	117,202,779	117,024,318
Deferred outflow s	6,764,162	5,338,720	-	-	6,764,162	5,338,720
Noncurrent liabilities	68,725,625	69,293,115	-	-	68,725,625	69,293,115
Other liabilities	4,956,480	5,098,025	130,058	57,692	5,086,538	5,155,717
Total liabilities	73,682,105	74,391,140	130,058	57,692	73,812,163	74,448,832
Deferred inflow s	1,817,546	2,403,944	-	-	1,817,546	2,403,944
Net investment in capital assets	35,624,195	34,668,867	783,290	762,282	36,407,485	35,431,149
Restricted	1,490,989	1,431,050	-	-	1,490,989	1,431,050
Unrestricted	8,008,797	6,202,248	2,429,961	2,445,815	10,438,758	8,648,063
Total net position	\$ 45,123,981	\$ 42,302,165	\$ 3,213,251	\$ 3,208,097	\$ 48,337,232	\$ 45,510,262

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 \$48.3 million at the close of the most recent fiscal year, which is an increase of \$2.8 million from the previous year.

Of Caroline County's net position, approximately \$36.4 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 \$1.5 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 \$10.4 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	
	2021	2020	2021	2020	2021	2020
<b>Program revenues:</b>						
Charges for services	\$ 1,953,234	\$ 1,577,947	2,138,233	\$ 2,554,609	4,091,467	\$ 4,132,556
Operating grants	8,733,272	5,469,513	402,757	510,168	9,136,029	5,979,681
Capital grants	201,245	1,261,495	-	-	201,245	1,261,495
<b>General revenues:</b>						
Property taxes	27,670,955	26,819,562	-	-	27,670,955	26,819,562
Other taxes	26,028,579	19,719,937	-	-	26,028,579	19,719,937
Operating grants (unrestricted)	3,414,809	3,300,718	-	-	3,414,809	3,300,718
Other	1,419,140	643,125	-	-	1,419,140	643,125
<b>Total revenues</b>	<b>69,421,234</b>	<b>58,792,297</b>	<b>2,540,990</b>	<b>3,064,777</b>	<b>71,962,224</b>	<b>61,857,074</b>
<b>Program expenses:</b>						
General government	8,241,187	8,042,435	-	-	8,241,187	8,042,435
Public safety	18,374,446	17,205,134	-	-	18,374,446	17,205,134
Public works	5,053,240	5,425,554	-	-	5,053,240	5,425,554
Health	5,462,162	1,850,626	-	-	5,462,162	1,850,626
Social services	291,136	272,676	-	-	291,136	272,676
Primary education	24,004,997	20,432,959	-	-	24,004,997	20,432,959
Secondary education	1,695,801	1,692,671	-	-	1,695,801	1,692,671
Recreation and culture	1,258,684	1,477,770	-	-	1,258,684	1,477,770
Library	1,258,728	1,233,728	-	-	1,258,728	1,233,728
Conservation and natural resources	151,304	147,259	-	-	151,304	147,259
Economic development	274,634	460,725	-	-	274,634	460,725
Arts	5,000	5,000	-	-	5,000	5,000
Interest on long-term debt	1,640,369	937,449	-	-	1,640,369	937,449
Other	-	-	1,423,566	1,553,648	1,423,566	1,553,648
<b>Total expenses</b>	<b>67,711,688</b>	<b>59,183,986</b>	<b>1,423,566</b>	<b>1,553,648</b>	<b>69,135,254</b>	<b>60,737,634</b>
Excess (deficiency) before transfers	1,709,546	(391,689)	1,117,424	1,511,129	2,826,970	1,119,440
Net transfer in (out)	1,112,270	1,049,636	(1,112,270)	(1,049,636)	-	-
<b>Change in net position</b>	<b>2,821,816</b>	<b>657,947</b>	<b>5,154</b>	<b>461,493</b>	<b>2,826,970</b>	<b>1,119,440</b>
Net position, beginning of year	42,302,165	41,644,218	3,208,097	2,746,604	45,510,262	44,390,822
<b>Net position, end of year</b>	<b>\$ 45,123,981</b>	<b>\$ 42,302,165</b>	<b>\$ 3,213,251</b>	<b>\$ 3,208,097</b>	<b>\$ 48,337,232</b>	<b>\$ 45,510,262</b>

Governmental activities show an increase of \$2,821,816. Business-type activities showed an increase in net position of \$ 5,154.

**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 \$851,393 from FY 2020. The assessable base moderately increased this year, as assessed by the State of Maryland Department of Assessments and Taxation. Other taxes increased by \$6,308,642 from FY 2020. 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 \$27,709 in FY 2021 compared to an increase in FY 2020 of \$27,099.

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 decreased by \$19,996 from FY 2020 to FY 2021. Expenses of the programs increased \$27,614.

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 down time and increases cross-governmental efficiencies. The fund generated an operating profit of \$3,093, a decrease of \$37,391 compared to FY 2020.

Combined business-type activities generated \$1,117,424 in net revenues over expenses, with \$1,112,270 transferred to governmental activities. This resulted in net position increasing by \$5,154 from FY 2020.

## **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 \$39.7 million. Approximately \$20.2 million of the totals constitute unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is reserved, 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 2021 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 \$ 20.2 million, while total fund balance was \$20.5 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 \$6,916,170 in FY 2021.
- Property tax revenue increased as assessments increased. There was no change in the tax rate.
- Income tax increased from FY 2020 as a continual result of the rate increase seen in calendar year 2019. The over budget figure was \$4,138,455.
- Recordation tax was \$837,283 over the budgeted figure for FY 2021.
- Most departments were primarily under budget due to tightened spending during COVID-19 pandemic.

The Capital Improvements Fund accounts for all capital projects related to governmental funds. At the end of the current fiscal year, the committed fund balance of the Capital Improvements Fund was \$16.2 million. This committed fund balance will be used for future capital projects.

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

- Expenditures exceeded revenues by \$5,947,072 in fiscal year 2021.
- Transfer taxes were \$418,550 over the budgeted figure for FY 2021.
- Most departments were primarily under budget due to capital projects slowing down during COVID-19 pandemic.
- 

In the FY 2022 budget, the Caroline County Commissioners took the following actions:

- Non-law enforcement personnel will receive a raise of either \$2,000 or 3%, whichever is higher. Law enforcement personnel will also receive a multi-step raise.
- Departments were budgeted at flat or modest budget increases compared to the FY 2021 budget.
- Tax Differential was held at the same formula and funding amount as FY 2019.
- County will be receiving a slight increase in the State funded Disparity Grant.

**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 \$3,208,097 in FY 2020 to \$3,213,251 in FY 2021.

### **General Fund Budgetary Highlights**

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

- Some revenue sources did not meet projections.
- Property tax revenues exceeded the final amended budget by \$546,881 as a result of an increase in assessment values, as there was no increase in the tax rate.
- Income tax revenues exceeded the final amended budget by \$4,138,455 as a continued result of the rate increase seen in calendar year 2019.
- Recordation tax revenues exceeded the final amended budget by \$837,283 as the County budgets conservatively for this revenue item.
- Several departments spent less than the amount budgeted for their operation.
  - Public Safety was under budget by \$266,829 mostly due to emergency services communication cost being under budget by \$165,379.
  - Public Works was under budget by \$258,274 mostly due to roads and County buildings cost being under budget by \$77,097 and \$78,414, respectively.

## 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, 2021, amounts to \$67.2 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	
	2021	2020	2021	2020	2021	2020
<b>Capital Assets, net of depreciation</b>						
Land	\$ 14,586,835	\$ 14,586,835	\$ -	\$ -	\$ 14,586,835	\$ 14,586,835
Non-depreciable infrastructure	17,052,974	17,052,974	-	-	17,052,974	17,052,974
Construction in progress	473,071	4,704,917	-	-	473,071	4,704,917
Infrastructure	9,068,107	10,261,459	-	-	9,068,107	10,261,459
Buildings	11,999,103	7,496,588	-	-	11,999,103	7,496,588
Utilities	1,292,290	1,322,756	-	-	1,292,290	1,322,756
Improvements	4,325,671	4,483,330	783,290	762,282	5,108,961	5,245,612
Machinery and equipment	7,618,599	7,241,560	-	-	7,618,599	7,241,560
Total	\$ 66,416,650	\$ 67,150,419	\$ 783,290	762,282	\$ 67,199,940	\$ 67,912,701

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

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

	Balance July 1, 2020	Additions	Retirements and Repayments	Balance June 30, 2021	Current Portion
<b>Governmental activities:</b>					
Bonds and loans	\$ 44,646,123	\$ -	\$ 2,781,367	\$ 41,864,756	\$ 3,414,675
Bond premiums	4,010,079	-	202,397	3,807,682	202,397
Unpaid vacation and sick pay benefits	1,155,225	600,321	498,000	1,257,546	895,000
Accrued landfill liability	1,503,072	34,929	-	1,538,001	-
Dayspring Townhomes	2,502,261	-	-	2,502,261	-
<b>Total</b>	<b>\$ 53,816,760</b>	<b>\$ 635,250</b>	<b>\$ 3,481,764</b>	<b>\$ 50,970,246</b>	<b>\$ 4,512,072</b>

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 5.7% in June 2021. The State’s average was 6.2%.<sup>1</sup>
- Increased property assessments across most of the County.
- Economic effects from COVID-19 on County operations and in county businesses.

These factors, as well as many others, were considered in preparing the County’s budget for Fiscal Year 2022.

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 2022 budget is not projected to include Fund Balance and is requiring departments to remain within budgeted amounts. The Commissioners gave a 3% or \$2,000 raise, whichever is higher, for all County Employees, non-law enforcement personnel. Law enforcement personnel are receiving a multi-step raise as well.

### **Request for Information**

- 
- <sup>1</sup> Monthly Labor Review June 2021 Maryland Department of Labor, Licensing and Regulation [www.dlir.state.md.us](http://www.dlir.state.md.us)

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](http://www.carolinemd.org)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
STATEMENT OF NET POSITION  
June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total Primary Government	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 39,902,218	\$ 2,299,384	\$ 42,201,602	\$ 16,499,093
Deposits	114,446	-	114,446	-
Taxes receivable	185,042	-	185,042	-
Accounts receivable	618,014	260,635	878,649	5,295,391
Prepaid expenses	46,333	-	46,333	20,486
Inventories	300,343	-	300,343	76,028
Due from other governments	3,000,376	-	3,000,376	617,899
Net OPEB prepayment (see Note 9)	2,584,010	-	2,584,010	-
Other assets	692,038	-	692,038	-
Restricted assets:				
Cash and cash equivalents	-	-	-	555,554
Capital assets:				
Nondepreciable assets	32,112,880	-	32,112,880	40,468,940
Depreciable assets, net	34,303,770	783,290	35,087,060	87,361,283
<b>Total assets</b>	<b>113,859,470</b>	<b>3,343,309</b>	<b>117,202,779</b>	<b>150,894,674</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions (see Note 8)	4,709,949	-	4,709,949	1,220,700
Other post-employment benefits (see Note 9)	564,537	-	564,537	33,164,514
LOSAP obligation (see Note 10)	1,489,676	-	1,489,676	-
<b>Total deferred outflows of resources</b>	<b>6,764,162</b>	<b>-</b>	<b>6,764,162</b>	<b>34,385,214</b>
<b>LIABILITIES:</b>				
Accounts payable	781,032	98,696	879,728	611,390
Accrued expenses	693,395	-	693,395	9,789,053
Unearned revenue	3,452,955	27,470	3,480,425	2,845,079
Internal balances, net	(3,892)	3,892	-	-
Other liabilities	32,990	-	32,990	-
Non-current liabilities:				
Due within one year (see Note 7)	4,512,072	-	4,512,072	1,301,288
Due in more than one year (see Note 7)	46,458,174	-	46,458,174	5,289,470
Net pension liability (see Note 8)	12,180,000	-	12,180,000	5,786,061
Net LOSAP obligation (see Note 10)	5,575,379	-	5,575,379	-
Net OPEB liability	-	-	-	132,383,498
<b>Total liabilities</b>	<b>73,682,105</b>	<b>130,058</b>	<b>73,812,163</b>	<b>158,005,839</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions (see Note 8)	919,868	-	919,868	316,098
Other post-employment benefits (see Note 9)	878,370	-	878,370	33,982,588
Deferred refunding gain	19,308	-	19,308	-
<b>Total deferred inflows of resources</b>	<b>1,817,546</b>	<b>-</b>	<b>1,817,546</b>	<b>34,298,686</b>
<b>NET POSITION:</b>				
Net investment in capital assets	35,624,195	783,290	36,407,485	123,435,344
Restricted for:				
Special Grants	3,902	-	3,902	-
OJP Grants Law Enforcement	16,211	-	16,211	-
Revolving Loan	205,725	-	205,725	-
MEAF Revolving Loan	156,313	-	156,313	-
Commissary Account	13,704	-	13,704	-
Law Library	20,159	-	20,159	-
Tax Sale Proceeds	619	-	619	-
Drug Task Force	371,654	-	371,654	-
Dayspring Townhomes	702,702	-	702,702	-
Library - fund purposes	-	-	-	61,309
Unrestricted	8,008,797	2,429,961	10,438,758	(130,521,290)
<b>Total net position</b>	<b>\$ 45,123,981</b>	<b>\$ 3,213,251</b>	<b>\$ 48,337,232</b>	<b>\$ (7,024,637)</b>

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF ACTIVITIES

YEAR ENDED June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total Net Expense/Revenue	
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government	\$ 8,241,187	\$ 679,871	\$ 988,031	\$ -	\$ (6,573,285)	\$ -	\$ (6,573,285)	\$ -
Public Safety	18,374,446	968,426	6,747,856	66,165	(10,591,999)	-	(10,591,999)	-
Public Works	5,053,240	271,986	885,463	-	(3,895,791)	-	(3,895,791)	-
Health	5,462,162	-	-	-	(5,462,162)	-	(5,462,162)	-
Social services	291,136	-	-	-	(291,136)	-	(291,136)	-
Primary education	24,004,997	-	-	-	(24,004,997)	-	(24,004,997)	-
Secondary education	1,695,801	-	-	-	(1,695,801)	-	(1,695,801)	-
Library	1,258,728	-	-	-	(1,258,728)	-	(1,258,728)	-
Recreation and culture	1,258,684	32,183	45,857	-	(1,180,644)	-	(1,180,644)	-
Arts	5,000	-	-	-	(5,000)	-	(5,000)	-
Conservation of natural resources	151,304	768	64,059	-	(86,477)	-	(86,477)	-
Economic development	274,634	-	2,006	135,080	(137,548)	-	(137,548)	-
Interest on long-term debt	1,640,369	-	-	-	(1,640,369)	-	(1,640,369)	-
<b>Total governmental activities</b>	<b>67,711,688</b>	<b>1,953,234</b>	<b>8,733,272</b>	<b>201,245</b>	<b>(56,823,937)</b>	<b>-</b>	<b>(56,823,937)</b>	<b>-</b>
Business-type activities:								
Basic life support	302,676	1,433,651	-	-	-	1,130,975	1,130,975	-
Recreation	462,788	95,320	402,757	-	-	35,289	35,289	-
Broadband supply	183,191	131,258	-	-	-	(51,933)	(51,933)	-
Public works	474,911	478,004	-	-	-	3,093	3,093	-
<b>Total business-type activities</b>	<b>1,423,566</b>	<b>2,138,233</b>	<b>402,757</b>	<b>-</b>	<b>-</b>	<b>1,117,424</b>	<b>1,117,424</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 69,135,254</b>	<b>\$ 4,091,467</b>	<b>\$ 9,136,029</b>	<b>\$ 201,245</b>	<b>(56,823,937)</b>	<b>1,117,424</b>	<b>(55,706,513)</b>	<b>-</b>
<b>COMPONENT UNITS:</b>								
Board of Education of Caroline Co.	\$ 103,084,364	\$ 5,325,851	\$ 18,161,214	\$ 29,442,861	-	-	-	(50,154,438)
Board of Library Trustees of Caroline Co.	1,858,480	1,643	109,291	-	-	-	-	(1,747,546)
<b>Total component units</b>	<b>\$ 104,942,844</b>	<b>\$ 5,327,494</b>	<b>\$ 18,270,505</b>	<b>\$ 29,442,861</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,901,984)</b>

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF ACTIVITIES  
(CONTINUED)

YEAR ENDED June 30, 2021

	Net (Expenses) Revenue and Changes in Net Position			
	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Total Net Expense/ Revenue	
General revenues:				
Local property taxes	\$ 27,670,955	\$ -	\$ 27,670,955	\$ -
Income taxes	22,188,455	-	22,188,455	-
Recordation tax	2,637,283	-	2,637,283	-
School construction excise tax	36,200	-	36,200	-
Transfer taxes	918,550	-	918,550	-
Franchise tax	166,088	-	166,088	-
Other local taxes	82,003	-	82,003	-
Impact fee	225,000	-	225,000	-
Disparity grant not restricted to specific program	3,414,809	-	3,414,809	-
Tax sale	1,118,719	-	1,118,719	-
Interest and investment earnings	75,421	-	75,421	10,115
Other income	-	-	-	518,600
County and State appropriations	-	-	-	76,958,278
Net transfers in (out)	1,112,270	(1,112,270)	-	-
Total general revenues and transfers	59,645,753	(1,112,270)	58,533,483	77,486,993
Change in net position	2,821,816	5,154	2,826,970	25,585,009
Net position – beginning	42,302,165	3,208,097	45,510,262	(32,609,646)
Net position – ending	\$ 45,123,981	\$ 3,213,251	\$ 48,337,232	\$ (7,024,637)

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Capital Improvements	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 22,926,568	\$ 11,280,960	3,244,362	\$ 2,450,328	\$ 39,902,218
Deposits	-	114,446	-	-	114,446
Receivables:					
Taxes	185,042	-	-	-	185,042
Accounts	107	276,261	-	341,646	618,014
Due from other funds	88,196	4,805,857	-	26,501	4,920,554
Due from other governments	3,000,376	-	-	-	3,000,376
Prepaid items	46,333	-	-	-	46,333
Material and supplies, at cost	300,343	-	-	-	300,343
Other assets	-	-	-	692,038	692,038
<b>Total assets</b>	<b>\$ 26,546,965</b>	<b>\$ 16,477,524</b>	<b>\$ 3,244,362</b>	<b>\$ 3,510,513</b>	<b>\$ 49,779,364</b>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable	\$ 274,493	\$ 229,095	\$ -	\$ 277,444	\$ 781,032
Accrued items	679,088	-	-	14,307	693,395
Due to other funds	4,828,466	-	-	88,196	4,916,662
Unearned revenues	72,589	-	3,244,362	136,004	3,452,955
Other liabilities	-	-	-	32,990	32,990
<b>Total liabilities</b>	<b>5,854,636</b>	<b>229,095</b>	<b>3,244,362</b>	<b>548,941</b>	<b>9,877,034</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	175,148	-	-	-	175,148
Fund balance:					
Non-spendable	346,676	-	-	-	346,676
Restricted	-	-	-	1,490,989	1,490,989
Committed	-	16,248,429	-	1,247,292	17,495,721
Assigned	-	-	-	233,959	233,959
Unassigned	20,170,505	-	-	(10,668)	20,159,837
<b>Total fund balance</b>	<b>20,517,181</b>	<b>16,248,429</b>	<b>-</b>	<b>2,961,572</b>	<b>39,727,182</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 26,546,965</b>	<b>\$ 16,477,524</b>	<b>\$ 3,244,362</b>	<b>\$ 3,510,513</b>	<b>\$ 49,779,364</b>

See accompanying notes.

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

June 30, 2021

Total Governmental Fund Balance	\$	39,727,182
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		66,416,650
Deferred outflow of resources - County pension (see Note 8)		3,462,572
Deferred inflow of resources - County pension (see Note 8)		(483,972)
Net pension liability - County pension (see Note 8)		(6,049,246)
Deferred outflow of resources - Maryland State pension (see Note 8)		1,247,377
Deferred inflow of resources - Maryland State pension (see Note 8)		(435,896)
Net pension liability - Maryland State pension (see Note 8)		(6,130,754)
Deferred outflow of resources - OPEB (see Note 9)		564,537
Deferred inflow of resources - OPEB (see Note 9)		(878,370)
Net OPEB asset (liability) - OPEB (see Note 9)		2,584,010
Deferred outflow of resources - LOSAP obligation (see Note 10)		1,489,676
Net LOSAP obligation (see Note 10)		(5,575,379)
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		175,148
Deferred inflow of resources - deferred refunding gain		(19,308)
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		(41,864,756)
Bond premiums		(3,807,682)
Unpaid vacation and sick pay benefits		(1,257,546)
Accrued landfill liability		(1,538,001)
Dayspring Townhomes		(2,502,261)
Net position of Governmental Activities	\$	45,123,981

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

YEAR ENDED June 30, 2021

	General Fund	Capital Improvements	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 53,836,522	\$ 918,550	\$ -	\$ 275,195	\$ 55,030,267
License and permits	231,234	-	-	-	231,234
Intergovernmental revenues	5,806,376	335,298	-	4,365,762	10,507,436
Charges for services	1,025,129	-	-	15,900	1,041,029
Miscellaneous revenues	84,246	71,876	-	2,676,416	2,832,538
<b>Total revenues</b>	<b>60,983,507</b>	<b>1,325,724</b>	<b>-</b>	<b>7,333,273</b>	<b>69,642,504</b>
<b>Expenditures:</b>					
General government	5,859,000	261,608	-	1,407,990	7,528,598
Public safety	16,688,925	2,059,075	-	441,615	19,189,615
Public works	3,675,779	302,960	-	26,861	4,005,600
Health	476,492	-	-	4,985,670	5,462,162
Social services	291,136	-	-	-	291,136
Primary education	15,575,972	8,429,025	-	-	24,004,997
Secondary education	1,770,779	-	-	-	1,770,779
Public Library	1,258,728	-	-	-	1,258,728
Recreation and parks	972,452	57,135	-	47,396	1,076,983
Arts	5,000	-	-	-	5,000
Conservation of natural resources	151,304	-	-	-	151,304
Economic development	105,842	-	-	154,792	260,634
Contingency	191,625	-	-	-	191,625
Debt Service:					
Principal	2,706,389	-	-	-	2,706,389
Interest and fiscal charges	1,641,385	-	-	-	1,641,385
<b>Total expenditures</b>	<b>51,370,808</b>	<b>11,109,803</b>	<b>-</b>	<b>7,064,324</b>	<b>69,544,935</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>9,612,699</b>	<b>(9,784,079)</b>	<b>-</b>	<b>268,949</b>	<b>97,569</b>
<b>Other financing sources (uses):</b>					
Transfers in / (out)	(2,696,529)	3,837,007	-	(28,208)	1,112,270
<b>Total other financing sources (uses)</b>	<b>(2,696,529)</b>	<b>3,837,007</b>	<b>-</b>	<b>(28,208)</b>	<b>1,112,270</b>
<b>Net change in fund balances</b>	<b>6,916,170</b>	<b>(5,947,072)</b>	<b>-</b>	<b>240,741</b>	<b>1,209,839</b>
<b>Fund balances, beginning</b>	<b>13,520,891</b>	<b>22,195,501</b>	<b>-</b>	<b>2,720,831</b>	<b>38,437,223</b>
<b>Change in reserve for materials and supplies</b>	<b>80,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,120</b>
<b>Fund balances, ending</b>	<b>\$ 20,517,181</b>	<b>\$ 16,248,429</b>	<b>\$ -</b>	<b>\$ 2,961,572</b>	<b>\$ 39,727,182</b>

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, 2021

Net change in fund balance - Governmental Funds \$ 1,209,839

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 capital assets is allocated over their estimated useful lives as depreciation expense. This is the cost of capital assets which have been capitalized during the current year. 2,739,864

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of assets disposed of, less accumulated depreciation. (22,651)

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. 2,846,514

Deferred refunding gain 1,016

Property tax revenue in the government-wide statement include economic resources that are not reported as revenues in the governmental funds. (221,270)

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)	108,937
Change in deferred inflow of resources - County pension (see Note 8)	94,470
Change in net pension liability - County pension (see Note 8)	(614,336)
Change in deferred outflow of resources - Maryland State pension (see Note 8)	330,289
Change in deferred inflow of resources - Maryland State pension (see Note 8)	208,796
Change in net pension liability - Maryland State pension (see Note 8)	(435,692)
Change in deferred outflow of resources - OPEB (see Note 9)	43,256
Change in deferred inflow of resources - OPEB (see Note 9)	282,116
Change in net OPEB liability - OPEB (see Note 9)	(92,434)
Change in deferred outflow of resources - LOSAP Obligation (see Note 10)	942,960
Change in deferred inflow of resources - LOSAP Obligation (see Note 10)	-
Change in net LOSAP obligation (see Note 10)	(1,228,996)
Increase in reserve for materials and supplies	80,120
Depreciation expense	(3,450,982)

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Change in net position of Governmental Activities \$ 2,821,816

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See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2021

ASSETS:

Current assets:

Cash and cash equivalents	\$	2,299,384
Accounts receivable		260,635

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Total current assets		2,560,019
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Noncurrent assets:

Capital assets, net		783,290
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Total assets		3,343,309
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LIABILITIES:

Current liabilities:

Accounts payable		98,696
Unearned revenue		27,470
Due to other funds		3,892

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Total current liabilities		130,058
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Noncurrent liabilities:

Long-term debt		-
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Total liabilities		130,058
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NET POSITION:

Invested in capital assets		783,290
Unrestricted		2,429,961

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Total net position	\$	3,213,251
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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, 2021

Operating revenues:	
Charges for services	\$ 2,138,233
<hr/>	
Total operating revenues	2,138,233
<hr/>	
Operating expenses:	
Personnel services	334,193
Operations and maintenance	962,102
Depreciation expense	127,271
<hr/>	
Total operating expenses	1,423,566
<hr/>	
Operating income	714,667
<hr/>	
Nonoperating revenues (expenses):	
Intergovernmental revenues	402,757
<hr/>	
Total nonoperating revenues (expenses)	402,757
<hr/>	
Transfers in (out)	(1,112,270)
<hr/>	
Change in net position	5,154
<hr/>	
Net position, beginning of year	3,208,097
<hr/>	
Net position, end of year	\$ 3,213,251
<hr/> <hr/>	

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

YEAR ENDED June 30, 2021

Cash flows from operating activities:	
Cash received from customers	\$ 2,057,093
Cash paid to suppliers	(903,637)
Cash paid to employees	(334,193)
<hr/>	
Net cash provided by operating activities	819,263
<hr/>	
Cash flows from noncapital financing activities:	
Intergovernmental	402,757
Transfers in (out)	(1,112,270)
<hr/>	
Net cash used by noncapital financing activities	(709,513)
<hr/>	
Cash flows from capital and financing activities	
Acquisition of capital assets	(148,279)
<hr/>	
Net cash used by capital and financing activities	(148,279)
<hr/>	
Net decrease in cash and cash equivalents	(38,529)
<hr/>	
Cash and cash equivalents, beginning of year	2,337,913
<hr/>	
Cash and cash equivalents, end of year	\$ 2,299,384
<hr/>	
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 714,667
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	127,271
(Increase) decrease in accounts receivable	(95,041)
Increase (decrease) in accounts payable	58,465
Increase (decrease) in unearned revenue	13,901
<hr/>	
Net cash provided by operating activities	\$ 819,263
<hr/>	

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2021

	<u>Custodial Funds</u>	<u>Employee Benefit Trust Funds</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 642,715	\$ 521,309
Investments at fair value:		
Fixed income - corporate bonds	-	10,207,009
Equity funds	-	26,826,725
Other	-	3,139,120
<hr/>		
Total investments at fair value	-	40,172,854
<hr/>		
Taxes and other receivables	75,703	-
<hr/>		
Total assets	\$ 718,418	\$ 40,694,163
<hr/>		
<u>LIABILITIES:</u>		
Accounts payable	60,354	-
Due to other governments	92,028	-
<hr/>		
Total liabilities	152,382	-
<hr/>		
<u>NET POSITION:</u>		
Net position restricted for pensions	-	32,179,344
Net position restricted for OPEB	-	8,514,819
Net position restricted for participants	14,023	-
Net position restricted for property owners	552,013	-
<hr/>		
Total net position	\$ 566,036	\$ 40,694,163
<hr/>		

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED June 30, 2021

	<u>Custodial Funds</u>	<u>Employee benefit Trust Funds</u>
Additions:		
Contributions:		
Plan sponsor	\$ -	\$ 1,245,000
Employee	-	312,112
Collections for others	10,738,274	-
Gains	-	6,903,596
Interest, dividends and gains	-	1,518,174
<b>Total additions</b>	<b>10,738,274</b>	<b>9,978,882</b>
Deductions:		
Benefits paid	-	1,866,451
Distributed to others	10,634,820	-
Losses	-	-
Transfers (in) out	-	-
Administrative fees	-	149,993
<b>Total deductions</b>	<b>10,634,820</b>	<b>2,016,444</b>
Change in net position	103,454	7,962,438
Net position, beginning of year, as restated	462,582	32,731,725
<b>Net position, end of year</b>	<b>\$ 566,036</b>	<b>\$ 40,694,163</b>

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS

June 30, 2021

	Board of Education of <u>Caroline County</u>	Board of Library Trustees of <u>Caroline County</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 16,017,659	\$ 481,434	\$ 16,499,093
Accounts receivable	5,295,391	-	5,295,391
Prepaid expenses	3,352	17,134	20,486
Inventories	76,028	-	76,028
Due from other governments	617,899	-	617,899
Restricted assets:			
Cash and cash equivalents	-	555,554	555,554
Nondepreciable assets	40,468,940	-	40,468,940
Depreciable assets, net	86,479,390	881,893	87,361,283
<b>Total assets</b>	<b>148,958,659</b>	<b>1,936,015</b>	<b>150,894,674</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	1,220,700	-	1,220,700
Other post-employment benefits	33,164,514	-	33,164,514
<b>Total deferred outflows of resources</b>	<b>34,385,214</b>	<b>-</b>	<b>34,385,214</b>
<b>LIABILITIES:</b>			
Accounts payable	582,329	29,061	611,390
Accrued expenses	9,733,930	55,123	9,789,053
Unearned revenue	2,776,862	68,217	2,845,079
Accrued compensated absences	-	28,585	28,585
Long-term liabilities:			
Net pension liability	5,786,061	-	5,786,061
Net OPEB liability	132,383,498	-	132,383,498
Due within one year	1,301,288	-	1,301,288
Due in more than one year	5,260,885	-	5,260,885
<b>Total liabilities</b>	<b>157,824,853</b>	<b>180,986</b>	<b>158,005,839</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	316,098	-	316,098
Other post-employment benefits	33,982,588	-	33,982,588
	34,298,686	-	34,298,686
<b>NET POSITION:</b>			
Net investment in capital assets	122,553,451	881,893	123,435,344
Restricted for:			
Fund purposes	-	61,309	61,309
Unrestricted (deficit)	(131,333,117)	811,827	(130,521,290)
<b>Total net position</b>	<b>\$ (8,779,666)</b>	<b>\$ 1,755,029</b>	<b>\$ (7,024,637)</b>

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS

YEAR ENDED June 30, 2021

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
<b>COMPONENT UNITS:</b>							
Board of Education of Caroline County	\$ 103,084,364	\$ 5,325,851	\$ 18,161,214	\$ 29,442,861	\$ (50,154,438)	\$ -	\$ (50,154,438)
Board of Library Trustees of Caroline County	1,858,480	1,643	109,291	-	-	(1,747,546)	(1,747,546)
<b>Total component units</b>	<b>\$ 104,942,844</b>	<b>\$ 5,327,494</b>	<b>\$ 18,270,505</b>	<b>\$ 29,442,861</b>	<b>(50,154,438)</b>	<b>(1,747,546)</b>	<b>(51,901,984)</b>

General revenues:

County appropriations	15,575,972	1,252,728	16,828,700
State appropriations	59,656,100	473,478	60,129,578
Interest and investment earnings	9,149	966	10,115
Miscellaneous	486,633	31,967	518,600
<b>Total general revenue</b>	<b>75,727,854</b>	<b>1,759,139</b>	<b>77,486,993</b>
Change in net position	25,573,416	11,593	25,585,009
Net position – beginning	(34,353,082)	1,743,436	(32,609,646)
<b>Net position – ending</b>	<b>\$ (8,779,666)</b>	<b>\$ 1,755,029</b>	<b>\$ (7,024,637)</b>

See accompanying notes.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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, 2021

**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, 2021

**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, reserves, fund equity, 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. All 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, 2021

**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, 2021

**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. Proprietary fund equity is classified as net position.

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, 2021

**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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

**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 position 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 position 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, 2021

**Note 1. Summary of significant accounting policies (continued)**

**D. Financial Statement Amounts (continued)**

**Fund Equity:** In the government-wide financial statements, equity is classified as net position and 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 “invested in capital assets, net of related debt.”

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 fund equity is classified the same as in the government-wide statements.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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	\$ -	\$ 6,003,236	\$ -
Public safety	-	2,498,802	-
Public works	-	5,399,267	-
Recreation and culture	-	224,903	-
Required reserve	-	2,122,221	-
Other Governmental funds:			
Special Grants Fund	3,902	-	-
OJP Grants Law Enforcement	16,211	-	-
Revolving Loan Fund	205,725	-	-
MEAF Revolving Loan	156,313	-	-
Local Agricultural Land Preservation	-	77,456	-
State Agricultural Land Preservation	-	24,274	-
Commissary Account	13,704	-	-
Law Library	20,159	-	-
Critical Area Forestry	-	35,275	-
Forest Conservation	-	24,301	-
Business and Tech Park	-	-	41,996
Health Department	-	-	191,963
Tax Sale Proceeds	619	-	-
Drug Task Force	371,654	-	-
Dayspring Townhomes	702,702	-	-
Educational Facilities	-	1,085,986	-
<b>Total</b>	<b>\$ 1,490,989</b>	<b>\$ 17,495,721</b>	<b>\$ 233,959</b>

**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, 2021

**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, 2021.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

**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 \$30,323,125 and the bank balance was \$30,970,137, 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 Comptroller 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 Comptroller 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 were as follows:

Investment Type	Fair Value
Maryland Local Government Investment Pool	\$ 11,878,477

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, 2021, 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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 3. Cash Deposits and Investments (continued)**

**Fiduciary Fund Investments:** The Caroline County Employees Pension Plan and Other Postemployment Benefit 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 9 and 10 present the details of these plans.

**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	\$ 521,309
Fixed income - < 1 year	997,015
Fixed income - 1-5 years	3,159,880
Fixed income - 5-10 years	2,058,153
Fixed income - 10+ years	3,991,961
Equity funds	26,826,725
Other	3,139,120
Total	\$ 40,694,163

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 and the OPEB Trust. The total exposure to foreign currency risk as of June 30, 2021 was \$0 and \$0 for the Employees' Pension Plan and the OPEB Trust, respectively.

**Component Units**

At year-end, the carrying amount of the deposits of the Board of Education, a discretely presented component unit, was \$497,146 and the bank balance was \$2,033,639. 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 \$256,112 and the bank balance was \$266,413, 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 of Education's investment balances were as follows:

Investment Type	Fair Value
Maryland Local Government Investment Pool	\$ 15,520,513

At year-end, the Caroline County Public Library's investment balances were as follows:

Investment Type	Fair Value
Maryland Local Government Investment Pool	\$ 780,876

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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.

**Note 5. Interfund transactions**

As of June 30, 2021, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable	Net Receivable (Payable)
<b>Governmental Funds:</b>			
General Fund	\$ 88,196	\$ 4,828,466	\$ (4,740,270)
Capital Improvements	4,805,857	-	4,805,857
American Rescue Plan	-	-	-
Other Governmental Funds	26,501	88,196	(61,695)
<b>Total Governmental Funds</b>	<b>4,920,554</b>	<b>4,916,662</b>	<b>3,892</b>
<b>Proprietary Funds:</b>			
Other Proprietary Funds	-	3,892	(3,892)
<b>Total Proprietary Funds</b>	<b>-</b>	<b>3,892</b>	<b>(3,892)</b>
<b>Total</b>	<b>\$ 4,920,554</b>	<b>\$ 4,920,554</b>	<b>\$ -</b>

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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 5. Interfund transactions (continued)**

Interfund transfers represent a transfer of resources from one fund to another without expectation of repayment. During the fiscal year ended June 30, 2021, 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, 2021 is as follows:

	Transfers In	Transfers Out	Net In (Out)
<b><u>Governmental Funds:</u></b>			
General Fund	\$ 1,829,172	\$ 4,525,701	\$ (2,696,529)
Capital Improvements	19,840,348	16,003,341	3,837,007
American Rescue Plan	-	-	-
Other Governmental Funds	971,441	999,649	(28,208)
<b>Total Governmental Funds</b>	<b>22,640,961</b>	<b>21,528,691</b>	<b>1,112,270</b>
<b><u>Proprietary Funds:</u></b>			
Other Proprietary Funds	(62,172)	1,050,098	(1,112,270)
<b>Total Proprietary Funds</b>	<b>(62,172)</b>	<b>1,050,098</b>	<b>(1,112,270)</b>
<b>Total</b>	<b>\$ 22,578,789</b>	<b>\$ 22,578,789</b>	<b>\$ -</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 6. Capital assets**

Caroline County

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Transfers / Decreases	Ending Balance
<b><u>Governmental activities:</u></b>				
Capital assets, not depreciated:				
Land	\$ 14,586,835	\$ -	\$ -	\$ 14,586,835
Non-depreciable infrastructure	17,052,974	-	-	17,052,974
Construction in progress	4,704,917	1,551,930	(5,783,776)	473,071
<b>Total capital assets, not depreciated</b>	<b>36,344,726</b>	<b>1,551,930</b>	<b>(5,783,776)</b>	<b>32,112,880</b>
Capital assets, depreciated:				
Infrastructure	34,837,992	-	-	34,837,992
Buildings	29,723,678	38,072	4,952,861	34,714,611
Utilities	1,523,324	-	-	1,523,324
Improvements	12,518,899	373,786	-	12,892,685
Machinery and equipment	22,442,939	776,076	40,655	23,259,670
<b>Total capital assets, depreciated</b>	<b>101,046,832</b>	<b>1,187,934</b>	<b>4,993,516</b>	<b>107,228,282</b>
Less: accumulated depreciation for:				
Infrastructure	(24,576,533)	(1,193,352)	-	(25,769,885)
Buildings	(22,227,090)	(488,418)	-	(22,715,508)
Utilities	(200,568)	(30,466)	-	(231,034)
Improvements	(8,035,569)	(531,445)	-	(8,567,014)
Machinery and equipment	(15,201,379)	(1,207,301)	767,609	(15,641,071)
<b>Total accumulated depreciation</b>	<b>(70,241,139)</b>	<b>(3,450,982)</b>	<b>767,609</b>	<b>(72,924,512)</b>
<b>Total capital assets, depreciated, net</b>	<b>30,805,693</b>	<b>(2,263,048)</b>	<b>5,761,125</b>	<b>34,303,770</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 67,150,419</b>	<b>\$ (711,118)</b>	<b>\$ (22,651)</b>	<b>\$ 66,416,650</b>
<b><u>Business-type activities:</u></b>				
Capital assets, not depreciated:				
Construction in progress	\$ 31,454	\$ 148,279	\$ (179,733)	\$ -
Capital assets, depreciated:				
Building and improvements	1,613,391	-	179,733	1,793,124
Less: accumulated depreciation for:				
Buildings and improvements	(882,563)	(127,271)	-	(1,009,834)
<b>Total capital assets, depreciated, net</b>	<b>730,828</b>	<b>(127,271)</b>	<b>179,733</b>	<b>783,290</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 762,282</b>	<b>\$ 21,008</b>	<b>\$ -</b>	<b>\$ 783,290</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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:

**Governmental Activities:**

General government	\$	517,937
Public safety		1,021,095
Public works		1,632,210
Recreation and culture		279,740
		3,450,982
<b>Total depreciation expense - Governmental Activities</b>		<b>\$ 3,450,982</b>

**Business-type Activities:**

Broadband supply	\$	124,238
Public works		3,033
		127,271
<b>Total depreciation expense - business-type activities</b>		<b>\$ 127,271</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 6. Capital assets (continued)**

**Board of Education**

Capital asset activity for the Board of Education for the fiscal year ended June 30, 2021 was as follows:

<u>Governmental Activities</u>	Beginning Balance	Increases	Transfers / Decreases	Ending Balance
Capital assets, not depreciated:				
Construction in progress	\$ 12,393,691	\$ 29,181,480	\$ (1,487,926)	\$ 40,087,245
Land	381,695	-	-	381,695
<b>Total capital assets, not depreciated</b>	<b>12,775,386</b>	<b>29,181,480</b>	<b>(1,487,926)</b>	<b>40,468,940</b>
Capital assets, depreciated:				
Buildings and improvements	129,365,518	1,106,955	1,487,926	131,960,399
Furniture and equipment	2,313,546	164,333	-	2,477,879
Software	361,630	14,280	-	375,910
Vehicles	3,639,167	616,929	(223,628)	4,032,468
<b>Total capital assets, depreciated</b>	<b>135,679,861</b>	<b>1,902,497</b>	<b>1,264,298</b>	<b>138,846,656</b>
Less: accumulated depreciation for:				
Buildings and improvements	(46,029,992)	(2,660,988)	-	(48,690,980)
Furniture and equipment	(1,516,355)	(114,005)	-	(1,630,360)
Software	(361,628)	(1,428)	-	(363,056)
Vehicles	(1,891,202)	(254,350)	204,971	(1,940,581)
<b>Total accumulated depreciation</b>	<b>(49,799,177)</b>	<b>(3,030,771)</b>	<b>204,971</b>	<b>(52,624,977)</b>
<b>Total capital assets, depreciated, net</b>	<b>85,880,684</b>	<b>(1,128,274)</b>	<b>1,469,269</b>	<b>86,221,679</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 98,656,070</b>	<b>\$ 28,053,206</b>	<b>\$ (18,657)</b>	<b>\$ 126,690,619</b>
<b>Business-type activities:</b>				
Equipment	\$ 1,030,832	\$ 140,554	\$ (56,229)	\$ 1,115,157
Software	27,122	-	-	27,122
Vehicles	55,670	-	-	55,670
<b>Total capital assets being depreciated</b>	<b>1,113,624</b>	<b>140,554</b>	<b>(56,229)</b>	<b>1,197,949</b>
Less: accumulated depreciation:				
Equipment	(890,402)	(23,273)	56,229	(857,446)
Software	(27,122)	-	-	(27,122)
Vehicles	(55,670)	-	-	(55,670)
<b>Total accumulated depreciation</b>	<b>(973,194)</b>	<b>(23,273)</b>	<b>56,229</b>	<b>(940,238)</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 140,430</b>	<b>\$ 117,281</b>	<b>\$ -</b>	<b>\$ 257,711</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 6. Capital assets (continued)**

Depreciation expense for the fiscal year ended June 30, 2021 was charged to governmental functions as follows:

Administration	\$	96,394
School management and support		32,294
Other instructional costs		2,661,470
Pupil transportation		205,344
Maintenance of plant		35,269
<hr/>		
<b>Total depreciation expense</b>	<b>\$</b>	<b>3,030,771</b>

**Library**

Capital asset activity for the Library for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Furnishings and equipment	\$ 757,429	\$ 38,761	\$ (7,699)	\$ 788,491
Vehicles	29,697	-	-	29,697
Leasehold improvements	706,091	16,022	-	722,113
Books and materials	590,346	67,832	(96,344)	561,834
	2,083,563	122,615	(104,043)	2,102,135
Accumulated depreciation:				
Furnishings and equipment	(596,610)	(46,874)	7,699	(635,785)
Vehicles	(16,827)	(5,939)	-	(22,766)
Leasehold improvements	(224,732)	(38,213)	-	(262,945)
Books and materials	(312,791)	(82,299)	96,344	(298,746)
	(1,150,960)	(173,325)	104,043	(1,220,242)
<b>Net capital assets</b>	<b>\$ 932,603</b>	<b>\$ (50,710)</b>	<b>\$ -</b>	<b>\$ 881,893</b>

Governmental activities depreciation expense was \$173,325 for the fiscal year ended June 30, 2021.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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, 2021:

	Balance July 01, 2020	Additions	Retirements and Repayments	Balance June 30, 2021	Current Portion
<b>Governmental activities:</b>					
Bonds and loans	\$ 44,646,123	\$ -	\$ 2,781,367	\$ 41,864,756	\$ 3,414,675
Bond premiums	4,010,079	-	202,397	3,807,682	202,397
Unpaid vacation and sick pay benefits	1,155,225	600,321	498,000	1,257,546	895,000
Accrued landfill liability	1,503,072	34,929	-	1,538,001	-
Dayspring Townhomes	2,502,261	-	-	2,502,261	-
	<b>\$ 53,816,760</b>	<b>\$ 635,250</b>	<b>\$ 3,481,764</b>	<b>\$ 50,970,246</b>	<b>\$ 4,512,072</b>

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, 2021 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, 2021

**Note 7. Long-term obligations (continued)**

General long-term debt for governmental activities at June 30, 2021 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	\$ 5,685,000
Refunding Bond of 2019	3.0-5.0%	2020	2040	34,210,000	31,765,000
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	219,610
Capital projects loans:					
Chesapeake College project of 2014	2.0-4.0%	2014	2034	1,520,000	1,115,051
Chesapeake College	3.500%	2003	2023	155,000	22,566
				<u>\$ 46,378,528</u>	<u>\$ 41,864,756</u>
Other components:					
Bond premiums					3,807,682
Long-term portion of unpaid vacation and sick pay benefits					1,257,546
Accrued landfill liability					1,538,001
Long-term obligations of Dayspring Townhomes					2,502,261
					<u>\$ 50,970,246</u>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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, 2021 are as follows:

Fiscal Year Ending June 30	<u>Governmental Activities</u>		Total Requirement
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 3,414,675	1,556,073	\$ 4,970,748
2023	2,653,041	1,392,970	4,046,011
2024	2,634,269	1,269,823	3,904,092
2025	2,667,066	1,148,687	3,815,753
2026	2,765,203	1,026,344	3,791,547
2027 - 2031	10,886,821	3,421,142	14,307,963
2032 - 2036	8,382,257	1,542,857	9,925,114
2037 - 2040	5,403,895	405,702	5,809,597
	\$ 38,807,227	\$ 11,763,598	\$ 50,570,825

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, 2021) 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, 2021

**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, Comptroller, 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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

**Summary of Significant Plan Provisions**

*Effective date:* July 1, 1969. Last restated July 1, 2013. Last amended July 1, 2016.

*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.

*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, 2018, the valuation date:

Inactive plan members (or their beneficiaries) currently receiving benefits	105
Inactive plan members entitled to but not yet receiving benefits	34
<u>Active plan members</u>	<u>179</u>
<u>Total</u>	<u>318</u>

*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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

*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.

*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

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

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

*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 1/30<sup>th</sup> 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 1/30<sup>th</sup> for each year the Participant's Benefit Commencement Date precedes age 65. The reduction for partial years shall be a straight line interpolation.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

*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:* Eligibility –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.

*Changes in Plan Provisions:* Effective July 1, 2017, the plan was amended to reclassify Animal Control officers as Public Safety Employees. Effective July 1, 2017, individuals serving as County Commissioners will no longer be eligible to participate in the plan.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2019 rolled forward to a June 30, 2020 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	RP-2014 with generational projection using Scale MP-2017

**Changes in Actuarial Assumptions Since Prior Valuation**

The discount rate was lowered from 7.05% to 7.00%.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2019 actuarial valuation report.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

*Experience analysis:* The following factors affected the contribution:

- The Participant contribution percentage increased from 2.0% to 2.5% for participants hired before July 1, 2013. This phase-in increase resulted in a decrease in the County’s contribution requirement.
- Expected payroll increased by less than 1% which decreases the dollar amount of the County’s contribution requirement.

*Valuation of Assets:* Beginning on July 1, 2000, adjusted fair value of assets at the valuation date is used. The adjusted fair value is calculated by first calculating the actuarial gain/loss due to investments for the year. This gain/loss is recognized over a four-year period, beginning in the year it occurred. In the first year the adjusted fair value is market less ½ of the prior year’s gain/loss, less ¾ of the current year’s gain/loss etc., until each gain/loss is fully recognized. Maximum deferred gain or loss is 20% of fair value.

**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	\$ 10,107,906	\$ 6,049,246	\$ 2,684,866

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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, 2019	\$ 30,725,084	\$ 25,290,174	\$ 5,434,910
Changes for the year:			
Service cost	617,079	-	617,079
Interest	2,090,898	-	2,090,898
Changes of benefit terms	413,059	-	413,059
Differences between expected and actual experience	(448,449)	-	(448,449)
Changes of assumptions	190,485	-	190,485
Contributions - employer	-	1,196,620	(1,196,620)
Contributions - member	-	282,556	(282,556)
Net investment income	-	769,560	(769,560)
Benefit payments, including refunds of member contributions	(1,710,239)	(1,710,239)	-
Administrative expense	-	-	-
Other	-	-	-
<b>Net Changes</b>	<b>1,152,833</b>	<b>538,497</b>	<b>614,336</b>
Measurement date, June 30, 2020	\$ 31,877,917	\$ 25,828,671	\$ 6,049,246

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

81%

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

The components of pension expense, is as follows:

Description	Amount
Service cost	\$ 617,079
Interest on the total pension liability	2,090,898
Changes of benefit terms	413,059
Differences between expected and actual experience	(9,082)
Changes of assumptions	316,567
Employee contributions	(282,556)
Projected earnings on pension plan investments	(1,762,225)
Differences between expected and actual earnings on plan investments	301,745
Pension plan administrative expenses	-
Other changes in fiduciary net position	-
	1,685,485
Year end June 30, 2021 contributions	1,557,112
<b>Total pension expense (income)</b>	<b>\$ 3,242,597</b>

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, 2020	\$ 3,353,635	\$ 578,442
Year end June 30, 2020 contributions	(1,479,176)	-
Differences between expected and actual experience	-	448,449
Changes of assumptions	190,485	-
Net difference between projected and actual earnings on pension plan investments	992,665	-
Amortization of items allowed by GASB 68	(1,152,149)	(542,919)
Year end June 30, 2021 contributions	1,557,112	-
June 30, 2021	\$ 3,462,572	\$ 483,972

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

The \$1,557,112 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2022	\$ 246,491
2023	498,567
2024	379,143
2025	340,281
2026	(42,994)
Total	\$ 1,421,488

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

Maryland State Retirement and Pension Systems

**Organization**

The State Retirement 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](http://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, 2021

**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, 2021

**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 2020 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, 2021

**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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

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.

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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

**Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	In the 2020 actuarial valuation, 2.60% general, 3.10% wage. In the 2019 actuarial valuation, 2.65% general, 3.15% wage.
Salary Increases	In the 2020 actuarial valuation, 3.10% to 11.60%, including inflation. In the 2019 actuarial valuation, 3.10% to 11.60%, including inflation.
Investment Rate of Return	In the 2020 actuarial valuation, 7.40%. In the 2019 actuarial valuation, 7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

**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	37%	5.2%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.3%
Credit Opportunity	9%	2.8%
Real Assets	14%	4.3%
Absolute Return	8%	1.8%
<b>Total</b>	<b>100%</b>	

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, 2020.

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

**Discount rate**

A single discount rate of 7.40% 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 7.40%. 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.

**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 7.40%, 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 6.40%	Current Discount Rate 7.40%	1% Increase to 8.40%
County	\$ 8,728,123	\$ 6,130,754	\$ 3,967,392
Board	8,237,397	5,786,061	3,744,331

**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 2021 was \$1,779,779. In addition, the State of Maryland contributed \$4,509,202 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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

At June 30, 2021, 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)	\$ 5,786,061
State's proportionate share of the net pension liability (Teachers' System)	49,360,110
<b>Total</b>	<b>\$ 55,146,171</b>

The net pension liability was measured as of June 30, 2020, 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, 2020, under the GASB No. 67 requirements.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

At June 30, 2021, the County reported the following related to pensions:

	<b>Board</b>	<b>County</b>
Employer's proportionate (percentage) of the collective net pension liability	0.0256005%	0.0271256%
Employer's proportionate share of the collective net pension liability	\$ 5,786,061	\$ 6,130,754
Pension expense recognized by the employer for the year ended June 30, 2021	\$ 2,752,800	\$ 577,238
Deferred outflows of resources, June 30, 2020	\$ 843,182	\$ 917,088
Year end June 30, 2020 contributions	(669,893)	(581,590)
Difference between expected and actual experience	-	451,520
Net difference between projected and actual investment earnings	426,134	-
Change in assumptions	-	-
Amortization of items allowed by GASB 68	(136,498)	(220,272)
Year end June 30, 2021 contributions	757,775	680,631
Deferred outflows of resources June 30, 2021	\$ 1,220,700	\$ 1,247,377
Deferred inflows of resources June 30, 2020	\$ 442,302	\$ 644,692
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	9,345	9,902
Change in assumptions	-	-
Amortization of items allowed by GASB 68	(135,549)	(218,698)
Deferred inflows of resources June 30, 2021	\$ 316,098	\$ 435,896
NPL June 30, 2020	\$ 5,067,093	\$ 5,695,062
Change in NPL factored for contributions	718,968	435,692
NPL June 30, 2021	\$ 5,786,061	\$ 6,130,754

The \$757,775 and \$680,631 of deferred outflows of resources resulting from the Board and County'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, 2022. Other amounts reported as deferred outflows/inflows of resources will be amortized over approximately a five year period.

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

<b>Year ended June 30:</b>	
2022	\$ (49,815)
2023	23,244
2024	78,764
2025	79,767
2026	(1,110)
Total	\$ 130,850

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 8. Retirement Plans (continued)**

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

Year ended June 30:	
2022	\$ (31,581)
2023	27,466
2024	75,037
2025	76,952
2026	(1,047)
Total	\$ 146,827

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	\$ 14,592,208	\$ 2,005,459	\$ -
Board of Education	52,985,980	42,253,203	4,509,202
Library	936,643	840,294	128,956

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	\$ 3,242,597
Maryland State Retirement and Pension System	577,238
<u>Aggregate amount of pension expense</u>	<u>\$ 3,819,835</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 \$135,664 for the year ended June 30, 2021.

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, 2021

**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, 2019.

Employees	215
Retirees	39
Total plan members	254

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

**Note 9. Other postemployment benefits (continued)**

Actuarial assumptions are summarized below.

Valuation date	July 1, 2019
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 contribution is assumed to increase 2.00% annually and the Medical Supplemental Plan subsidy is assumed to increase 5.00% annually.
Mortality & Disable	RP-2014 Healthy Headcount weighted mortality tables (male and female) with generational projection by Scale MP-2019.

**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	\$ 4,015,146
b Assets	\$ 6,691,590
c Funded percentage (a/b)	167%
Discount rate [7.00% x c] + [4.00% x (1-c)]	7.00%

**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)	\$ (1,732,281)	\$ (2,584,010)	\$ (3,247,283)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 9. Other postemployment benefits (continued)**

**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 4.00%	Current Medical Trend 5.00%	1% Increase to 6.00%
Net OPEB liability / (asset)	\$ (3,329,067)	\$ (2,584,010)	\$ (1,600,969)

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

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability(asset) (a) - (b)</b>
Measurement date, June 30, 2019	\$ 4,015,146	\$ 6,691,590	\$ (2,676,444)
Changes for the Year:			
Service cost	142,993	-	142,993
Interest	276,997	-	276,997
Changes of benefit terms	-	-	-
Experience losses / gains	(6,570)	-	(6,570)
Trust contributions - employer	-	109,522	(109,522)
Net investment income	-	241,771	(241,771)
Changes in assumptions	-	-	-
Benefit payments (net of retiree contributions)	(109,522)	(109,522)	-
Administrative expense	-	(30,307)	30,307
Net Changes	303,898	211,464	92,434
<b>Measurement date, June 30, 2020</b>	<b>\$ 4,319,044</b>	<b>\$ 6,903,054</b>	<b>\$ (2,584,010)</b>

Plan fiduciary net position as a % of total OPEB liability 160%

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 9. Other postemployment benefits (continued)**

**OPEB Expense**

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

Service cost	\$ 142,993
Interest	276,997
Projected earnings on OPEB trust	(467,350)
OPEB administrative expense	30,307
Changes in benefit terms	-
Differences between expected and actual earnings	(17,902)
Differences between expected and actual experience	(24,131)
Changes of assumptions	(64,330)
	(123,416)
Year end June 30, 2021 contributions	-
<b>Total OPEB expense</b>	<b>\$ (123,416)</b>

**Deferred Inflow/Outflow Summary**

The deferred outflows / inflows are as follows:

	Deferred Outflows	Deferred Inflows
June 30, 2020	\$ 521,281	\$ (1,160,486)
Year end June 30, 2020 contributions	-	-
Differences between expected and actual experience	-	(6,570)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	225,579	-
Amortization of items allowed by GASB 75	(182,323)	288,686
Year end June 30, 2021 contributions	-	-
<b>June 30, 2021</b>	<b>\$ 564,537</b>	<b>\$ (878,370)</b>

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

<b>Year ended June 30:</b>	
2022	\$ (106,362)
2023	(43,708)
2024	(42,703)
2025	(43,347)
2026	(86,203)
Thereafter	8,490
<b>Total</b>	<b>\$ (313,833)</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

**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, 2021 (valuation date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	422
Inactive plan members or beneficiaries entitled but not yet receiving benefits	-
<u>Active plan members</u>	<u>704</u>
<u>Total</u>	<u>1,126</u>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

**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, 2021:

Asset Class	Target Allocation
Equity	54.77%
Fixed income	38.93%
Cash	6.30%
Total	100.00%

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	4.72%
Fixed income	1.60%
Cash	-0.02%

For the year ended June 30, 2021, the total rate of return, net of investment expense, was 23.64%. 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, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of March 1, 2021 rolled forward to the June 30, 2021 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 2.45% as of June 30, 2020 and 1.92% as of June 30, 2021.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 9. Other postemployment benefits (continued)**

**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.

Significant valuation methods and assumptions are as follows:

Actuarial cost method - GASB 74 and 75	Entry age normal
Actuarial valuation date	March 1, 2021
Measurement date	June 30, 2021
Amortization method	Level percentage of projected payroll
Actuarial Assumptions:	
Discount rate - June 30, 2020	2.45%
Discount rate - June 30, 2021	1.92%
Economic Assumptions:	
Inflation rate	2.50%
Rate of growth in real income/GDP per capita	1.50%
Extra trend due to technology and other factors	1.10%
Expected health share of GDP in 2029	20.00%
Health share of GDP resistance point	25.00%
Year for limiting cost growth to GDP growth	2075
Medical trend	Based on Society of Actuaries Long Term Medical Trend Model, bsaeline assumption. The Society of Actuaries Model was released in October 2010 and updated in September 2019.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 9. Other postemployment benefits (continued)**

**Actuarial Assumptions (continued)**

**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 1.92% as of June 30, 2021. This rate has been adjusted from 2.45% as of June 30, 2020.

**Change in the Net OPEB Liability**

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balance as of June 30, 2020	\$ 116,858,393	\$ 1,369,803	\$ 115,488,590
Changes for the Year			
Service Cost	6,451,048	-	6,451,048
Interest	2,834,201	-	2,834,201
Changes of Benefit Terms	-	-	-
Experience Losses/Gains	(1,894,142)	-	(1,894,142)
Trust Contributions - Employer	-	2,807,732	(2,807,732)
Net Investment Income	-	330,447	(330,447)
Changes in Assumptions	12,635,313	-	12,635,313
Benefit Payments (net of retiree contributions)	(2,807,732)	(2,807,732)	-
Administrative Expense	-	(6,667)	6,667
Net Changes	<u>17,218,688</u>	<u>323,780</u>	<u>16,894,908</u>
<b>Balance as of June 30, 2021</b>	<b><u>\$ 134,077,081</u></b>	<b><u>\$ 1,693,583</u></b>	<b><u>\$ 132,383,498</u></b>

Plan fiduciary net position as a percentage of the total OPEB liability at June 30, 2021 is approximately 1.26%.

**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:

	1 % Decrease to	Current Discount Rate	1 % Increase to
System	0.92 %	1.92 %	2.92 %
Board of Education	\$ 161,413,860	\$ 132,383,498	\$ 109,853,996

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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	\$ 105,455,322	\$ 132,383,498	\$ 169,412,982

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

For the year ended June 30, 2021, the Board will recognize OPEB expense in the amount of \$8,417,876 on the government-wide statements. At June 30, 2021, the Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 32,887,331	\$ 442,427
Net difference between projected and actual investment earnings	-	154,901
Differences between expected and actual experience	277,183	33,385,260
<b>Total</b>	<b>\$ 33,164,514</b>	<b>\$ 33,982,588</b>

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:

<b>Year ended June 30:</b>	
2022	\$ (778,389)
2023	(777,384)
2024	(778,065)
2025	(788,923)
2026	(741,967)
Thereafter	3,046,654
<b>Total</b>	<b>\$ (818,074)</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

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

**Plan Description**

The County established the Fire Companies – Volunteer Fire Fighter 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. The LOSAP has no assets accumulated in a trust that meet the criteria in GASB 73, paragraph 4. The LOSAP is funded entirely by the general fund.

Relevant dates

- Valuation date: December 31, 2020
- Measurement date: December 31, 2020
- Reporting date: June 30, 2021

**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:

<b>Years of Active Service</b>	<b>Fire/EMS</b>	<b>Auxiliary</b>
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, 2021

**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 December 31, 2020 actuarial valuation is as follows:

Active credited with a year of service for the prior year	320
Actives not credited with a year of service for the prior year	10
Terminated vested participants	5
Retirees accruing additional benefits	30
Retirees not accruing additional benefits	46
Survivors receiving payments	22
Survivors entitled to benefits at age 60	2
Total	435

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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 December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary Increases	Not applicable
Investment Rate of Return	2.00%
Mortality	Pub-2010 General Headcount-Weighted Mortality Table with Scale MP-2020
Retirement	First eligible
Turnover	Rates vary depending on age and service
Disability	None assumed

The 2.00% discount rate is based on a 20 year AA general obligation bond rate as of December 31, 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 2.75%, 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 1.00%	Current Discount Rate 2.00%	1% Increase to 3.00%
Net LOSAP liability	\$ 6,579,649	\$ 5,575,379	\$ 4,776,828

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

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

**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 December 31, 2019	\$ 4,346,383	\$ -	\$ 4,346,383
Changes for the Year:			
Service cost	101,666	-	101,666
Interest	120,072	-	120,072
Changes of benefit terms	95,486	-	95,486
Differences between expected and actual experience	369,061	-	369,061
Changes in assumptions	706,321	-	706,321
Contributions - employer	-	163,610	(163,610)
Benefit payments, including refunds	(163,610)	(163,610)	-
Net Changes	1,228,996	-	1,228,996
<b>Balances as of December 31, 2020</b>	<b>\$ 5,575,379</b>	<b>\$ -</b>	<b>\$ 5,575,379</b>

Plan fiduciary net position as a % of total LOSAP liability 0%

**LOSAP Expense**

The components of LOSAP expense are as follows:

Service cost	\$ 101,666
Interest	120,072
Changes in benefit terms	95,486
Differences between expected and actual earnings	-
Differences between expected and actual experience	28,389
Changes of assumptions	104,033
<b>Total OPEB expense</b>	<b>\$ 449,646</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

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

**LOSAP Deferred Outflows and Deferred Inflows of Resources**

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

	Outflows (Inflows)
June 30, 2020	\$ 546,716
Year end June 30, 2020 contributions	-
Differences between expected and actual experience	369,061
Changes of assumptions	706,321
Net difference between projected and actual earnings	-
Amortization of items allowed by GASB 75	(132,422)
June 30, 2021	\$ 1,489,676

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

	Deferred Outflows (Inflows)
2022	\$ 132,422
2023	132,422
2024	132,422
2025	132,422
2026	132,422
Thereafter	827,566
Total	\$ 1,489,676

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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		
	Employees' Pension Plan	OPEB Trust	Totals
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 509,265	\$ 12,044	\$ 521,309
Investments at fair value:			
Fixed income - corporate bonds	8,110,545	2,096,464	10,207,009
Equity funds	21,116,555	5,710,170	26,826,725
Other	2,442,979	696,141	3,139,120
<u>Total investments at fair value</u>	<u>31,670,079</u>	<u>8,502,775</u>	<u>40,172,854</u>
Due from other funds	-	-	-
<u>Total assets</u>	<u>32,179,344</u>	<u>8,514,819</u>	<u>40,694,163</u>
<b>NET POSITION:</b>			
<u>Held in trust for participants</u>	<u>\$ 32,179,344</u>	<u>\$ 8,514,819</u>	<u>\$ 40,694,163</u>
Additions:			
Contributions:			
Plan sponsor	\$ 1,245,000	\$ -	\$ 1,245,000
Employee	312,112	-	312,112
Gains	6,000,308	903,288	6,903,596
Interest and dividends	635,136	883,038	1,518,174
<u>Total additions</u>	<u>8,192,556</u>	<u>1,786,326</u>	<u>9,978,882</u>
Deductions:			
Benefits paid	1,729,962	136,489	1,866,451
Losses	-	-	-
Transfers (in) out	-	-	-
Administrative fees	111,921	38,072	149,993
<u>Total deductions</u>	<u>1,841,883</u>	<u>174,561</u>	<u>2,016,444</u>
Change in net position	6,350,673	1,611,765	7,962,438
<u>Net position, beginning of year</u>	<u>25,828,671</u>	<u>6,903,054</u>	<u>32,731,725</u>
<u>Net position, end of year</u>	<u>\$ 32,179,344</u>	<u>\$ 8,514,819</u>	<u>\$ 40,694,163</u>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 12. Leases**

County

Operating lease - The County has several operating leases for office space, office equipment and site rental. Lease payments for the fiscal year ended June 30, 2021 totaled approximately \$39,000. These leases expire at various dates through 2026.

At June 30, 2021, the County has contractual agreements requiring approximately the following annual rental payments:

<u>Fiscal Year Ending June 30</u>	
2022	\$ 27,000
2023	12,000
2024	9,000
2025	6,000
2026	2,000

Library

Operating lease - The County has entered into a lease for the North County branch library. The lease requires monthly payments of \$1,142 through March 31, 2025 and may be renewed thereafter at \$0 per month. The Library will pay these amounts from funds appropriated to it from the County. Total lease payments paid during the year ended June 30, 2021 were \$13,704.

The Library entered into a lease for office equipment in March 2021. The lease requires monthly payments of \$316 through March 2026. Total lease payments paid during the year ended June 30, 2021 were \$947.

Future minimum lease payments over the next five years are as follows:

<u>Fiscal Year Ending June 30</u>	
2022	\$ 17,500
2023	17,500
2024	17,500
2025	14,000
2026	2,800

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 12. Leases (continued)**

Board of Education

Capital lease - The Board has entered into non-cancelable leases which transfer ownership at the end of the lease. Thus, the Board has recorded the lease obligations and the related assets in the appropriate funds.

Capital lease obligations at June 30, 2021 consist of the following:

	June 30, 2020	Additions	Payments	June 30, 2021
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	\$ 1,660,873	\$ -	\$ 62,390	\$ 1,598,483
Energy equipment, bank, interest at 3.816%; payable in annual installments ranging from approximately \$42,000 to \$470,000 through October 2025	1,354,022	-	377,286	976,736
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	1,295,436	-	95,221	1,200,215
Vehicles, bank, interest at 2.94%; payable in annual installments of approximately \$94,000, including interest through 2023	266,265	-	86,195	180,070
Vehicles, bank, interest at 1.95%; payable in semi-annual installments of approximately \$36,000, including interest through 2023	209,035	-	68,330	140,705
Vehicles, bank, interest at 1.95%; payable in semi-annual installments of approximately \$51,000, including interest through 2024	-	395,000	96,330	298,670
	<u>\$ 4,785,631</u>	<u>\$ 395,000</u>	<u>\$ 785,752</u>	<u>\$ 4,394,879</u>

The vehicle and equipment leases 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 leases would be deemed terminated. The building renovation agreement is the result of the Board entering into a ground lease with Capital One Public Funding, LLC for property owned by the Board for a total of \$10 through August 2048. Capital One Public Funding, LLC immediately subleased this property back to the Board and provided funding for renovations on the property. In the event of default by the Board on the sublease, the property is available for Capital One Public Funding, LLC to use through the term of the ground lease. Under the terms of the ground lease, it expires on full payment under the terms of the sublease agreement.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 12. Leases (continued)**

Future minimum lease payments under these capital leases are as follows:

<u>Fiscal Year Ending June 30</u>	
2022	\$ 983,862
2023	1,007,623
2024	418,511
2025	320,453
2026	324,978
2027 - 2031	1,306,414
2032 - 2036	636,924
2037 - 2039	318,462
	5,317,227
Less amounts representing interest	922,348
Present value of net minimum lease payments	\$ 4,394,879

Interest expense on the above capital leases was approximately \$175,000 for the year ended June 30, 2021.

The cost of items acquired under capital lease arrangements, as included in capital assets, totaled \$7,680,895 and the related accumulated depreciation was \$1,345,991 at June 30, 2021.

Operating lease - The Board leases administrative copy machines, computer equipment, and office space over terms ranging from three to five years.

Approximate future minimum lease commitments are as follows:

<u>Fiscal Year Ending June 30</u>	
2022	\$ 108,629
2023	45,491

Rent expense under these leases totaled approximately \$426,000 for the year ended June 30, 2021.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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 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. 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 8% of total premiums. Currently, ESMEC keeps on hand 12% as a recommended conservative reserve. As of December 31, 2020, the Board's funds held by ESMEC exceeded the recommended reserve by \$1,094,355. All funds held by ESMEC are restricted to being used only for health care expenses. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**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 23.80% 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 \$18.4 million, with approximately \$4.4 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 \$6.4 million as of June 30, 2021, 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 \$23.2 million as of June 30, 2021, \$5.5 million is attributable to Caroline County in the event of a default.

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, 2020. MES expects to satisfy these requirements as of June 30, 2021 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.

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 15. Commitments and contingencies (continued)**

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.

The Board has active school construction projects as of June 30, 2021. On these projects, at June 30, 2021 the Board had \$39,915,535 expenditures to date and \$7,717,467 in remaining commitments with contractors.

COVID-19 pandemic

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a public health emergency. The COVID-19 pandemic and resulting global disruptions have had significant impacts on the County, Board of Education, and Library. In addition, there has been significant economic uncertainty and volatility in financial markets. The impact on future funding and on defined benefit plans (pension and other post-employment benefits) actuarial assumptions used to estimate the net pension and other-post employment liabilities are not easily estimated at this time.

**Note 16. Required fund disclosures**

The following funds had expenditures exceed budgeted amounts.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Jonestown water system	\$ 16,090	\$ 26,861	\$ (10,771)
OJP grant law enforcement	28,958	113,352	(84,394)
CDBG	70,000	135,080	(65,080)
Commissary account	108,600	180,533	(71,933)
Health department	4,028,928	4,985,670	(956,742)

**Note 17. Change in Accounting Principle**

For the fiscal year ended June 30, 2021, the County implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of GASB No. 84 had the following effect on fund balance/net position as reported at July 1, 2020:

	Total Governmental Funds	Custodial Funds	Governmental Activities	Business-type Activities
Fund balance/net position as previously reported	\$ 38,437,223	\$ -	\$ 42,302,165	\$ 3,208,097
GASB No. 84	-	462,582	-	-
Fund balance/net position as restated	<u>\$ 38,437,223</u>	<u>\$ 462,582</u>	<u>\$ 42,302,165</u>	<u>\$ 3,208,097</u>

The tax sale proceeds fund was previously considered an agency fund, but with the implementation of GASB No. 84 it is now considered a special revenue fund and reported as an other governmental fund. This change has no impact on opening net position/fund balances.



# Required Supplementary Information

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2021

	<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	\$ 27,092,500	\$ 27,092,500	\$ 27,639,381	\$ 546,881
Penalties, interest and fees	215,000	215,000	252,844	37,844
<b>Total taxes - property</b>	<b>27,307,500</b>	<b>27,307,500</b>	<b>27,892,225</b>	<b>584,725</b>
Taxes – income	18,050,000	18,050,000	22,188,455	4,138,455
Taxes – other local:				
Recordation	1,800,000	1,800,000	2,637,283	837,283
Franchise tax	182,000	182,000	166,088	(15,912)
Mobile home	65,000	65,000	68,008	3,008
<b>Total taxes – other local</b>	<b>2,047,000</b>	<b>2,047,000</b>	<b>2,871,379</b>	<b>824,379</b>
Taxes – state-shared:				
Highway users	899,143	899,143	884,463	(14,680)
Licenses and permits:				
Liquor	60,000	60,000	72,588	12,588
Traders license	21,000	21,000	21,942	942
Building permits	120,000	120,000	125,574	5,574
Other	10,500	10,500	11,130	630
<b>Total licenses and permits</b>	<b>211,500</b>	<b>211,500</b>	<b>231,234</b>	<b>19,734</b>
Intergovernmental revenue:				
Grants from federal government:				
Emergency management	71,500	71,500	90,718	19,218
Incremental grant	100,000	100,000	-	(100,000)
Other federal grants	2,500	2,500	5,266	2,766
<b>Total grants from federal government</b>	<b>174,000</b>	<b>174,000</b>	<b>95,984</b>	<b>(78,016)</b>

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
(CONTINUED)

YEAR ENDED JUNE 30, 2021

	<u>Original</u> <u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u>
<u>Revenues (continued):</u>				
Grants from state government:				
Equity grant	\$ 3,414,809	\$ 3,414,809	\$ 3,414,809	\$ -
Teacher retirement supplement	685,108	685,108	685,108	-
Police protection	168,000	168,000	170,684	2,684
Family services grant	166,381	166,381	151,435	(14,946)
Juvenile Drug Court	105,248	105,248	88,739	(16,509)
Fire companies	304,000	304,000	313,257	9,257
Other	109,000	109,000	206,518	97,518
<b>Total grants from state government</b>	<b>4,952,546</b>	<b>4,952,546</b>	<b>5,030,550</b>	<b>78,004</b>
Other Grants:				
School Resource Officer Grant	245,105	245,105	238,585	(6,520)
SRO Elementary	400,000	400,000	388,337	(11,663)
Other	-	-	52,920	52,920
<b>Total other grants</b>	<b>645,105</b>	<b>645,105</b>	<b>679,842</b>	<b>34,737</b>
Charges for services:				
General government	94,650	94,650	146,674	52,024
Public safety	579,250	579,250	679,543	100,293
Public works	175,000	175,000	181,669	6,669
Recreation charges	22,000	22,000	8,651	(13,349)
Weed control	12,500	12,500	8,592	(3,908)
<b>Total charges for services</b>	<b>883,400</b>	<b>883,400</b>	<b>1,025,129</b>	<b>141,729</b>
Miscellaneous revenues:				
Interest	300,000	300,000	53,767	(246,233)
Rents	47,720	47,720	30,479	(17,241)
<b>Total miscellaneous revenues</b>	<b>347,720</b>	<b>347,720</b>	<b>84,246</b>	<b>(263,474)</b>
<b>Total revenues - General Fund</b>	<b>\$ 55,517,914</b>	<b>\$ 55,517,914</b>	<b>\$ 60,983,507</b>	<b>\$ 5,465,593</b>

See Independent Auditor's Report

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

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Expenditures:</u>				
General government:				
County commissioners	\$ 568,627	\$ 568,627	\$ 550,998	\$ (17,629)
Economic development	154,971	154,971	141,956	(13,015)
Ethics commission	200	200	-	(200)
Judicial:				
Juvenile Drug Court	105,248	105,248	88,739	(16,509)
Family services grant	166,381	166,381	151,435	(14,946)
Circuit Court	273,283	273,283	253,327	(19,956)
Orphan's Court	21,638	21,638	20,564	(1,074)
State's attorney	846,795	846,795	834,085	(12,710)
<b>Total judicial</b>	<b>1,413,345</b>	<b>1,413,345</b>	<b>1,348,150</b>	<b>(65,195)</b>
Elections	512,830	512,830	512,663	(167)
State department of assessments	147,329	147,329	116,814	(30,515)
Tax Office	338,397	338,397	330,863	(7,534)
Office of Finance	431,009	431,009	379,807	(51,202)
Legal services	231,252	231,252	258,457	27,205
Office of Human Resources	495,565	495,565	484,722	(10,843)
Planning and codes administration	960,702	960,702	880,509	(80,193)
General services	172,425	172,425	203,466	31,041
Intergovernmental	15,600	15,600	6,090	(9,510)
Office of Technology	531,289	531,289	644,505	113,216
<b>Total general government</b>	<b>5,973,541</b>	<b>5,973,541</b>	<b>5,859,000</b>	<b>(114,541)</b>
Public safety:				
Sheriff's department	3,926,247	3,926,247	3,859,234	(67,013)
School Resource Officer	327,683	327,683	323,296	(4,387)
Adult offender Comm. Service	24,145	24,145	17,037	(7,108)
SRO elementary	393,955	393,955	391,499	(2,456)
Fire protection	2,034,576	2,034,576	2,024,470	(10,106)
Corrections	4,022,989	4,022,989	3,925,125	(97,864)
Animal control	197,815	197,815	190,548	(7,267)
Emergency Services - admin.	325,709	325,709	243,334	(82,375)
Emergency Services - comm.	1,562,468	1,562,468	1,397,089	(165,379)
Emergency Services - services	3,672,271	3,672,271	3,854,682	182,411
Emergency Services - risk mgmt.	123,929	123,929	132,907	8,978
Humane society	266,314	266,314	266,314	-
Liquor licensing	77,653	77,653	63,390	(14,263)
<b>Total public safety</b>	<b>16,955,754</b>	<b>16,955,754</b>	<b>16,688,925</b>	<b>(266,829)</b>

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
(CONTINUED)

YEAR ENDED JUNE 30, 2021

	Original <u>Budget</u>	Final Budget	<u>Actual</u>	Variance With Final <u>Budget</u>
<u>Expenditures (continued):</u>				
Public works:				
Administration	\$ 360,652	\$ 360,652	\$ 300,819	\$ (59,833)
Central shop	712,339	712,339	682,932	(29,407)
Solid waste disposal	253,790	253,790	255,136	1,346
Johnsongrass	67,068	67,068	63,995	(3,073)
Mosquito control	49,444	49,444	37,648	(11,796)
Roads	1,721,251	1,721,251	1,644,154	(77,097)
County buildings	769,509	769,509	691,095	(78,414)
<b>Total public works</b>	<b>3,934,053</b>	<b>3,934,053</b>	<b>3,675,779</b>	<b>(258,274)</b>
Health:				
Health Department	393,170	393,170	393,170	-
Other	92,337	92,337	83,322	(9,015)
<b>Total health</b>	<b>485,507</b>	<b>485,507</b>	<b>476,492</b>	<b>(9,015)</b>
Social services	291,161	291,161	291,136	(25)
Education:				
Primary education	15,575,972	15,575,972	15,575,972	-
Chesapeake College	1,770,916	1,770,916	1,770,779	(137)
<b>Total education</b>	<b>17,346,888</b>	<b>17,346,888</b>	<b>17,346,751</b>	<b>(137)</b>
Public library	1,258,728	1,258,728	1,258,728	-
Recreation and parks	1,078,068	1,078,068	972,452	(105,616)
Arts	5,000	5,000	5,000	-
Conservation of natural resources	151,304	151,304	151,304	-
Economic development & tourism	105,842	105,842	105,842	-
Contingency	566,507	566,507	191,625	(374,882)
Debt service:				
Principal	2,695,000	2,695,000	2,706,389	11,389
Interest	1,642,819	1,642,819	1,641,385	(1,434)
<b>Total debt service</b>	<b>4,337,819</b>	<b>4,337,819</b>	<b>4,347,774</b>	<b>9,955</b>
<b>Total expenditures – General Fund</b>	<b>52,490,172</b>	<b>52,490,172</b>	<b>51,370,808</b>	<b>(1,119,364)</b>

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
(CONTINUED)

YEAR ENDED JUNE 30, 2021

	<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:				
Basic life support	\$ 1,119,000	\$ 1,119,000	\$ 1,104,690	\$ 14,310
Recreation programs	7,580	7,580	7,580	-
Capital improvements	-	-	-	-
Health department	-	-	121,576	(121,576)
Transfer out to:				
Special grants	-	-	(34,529)	34,529
4-H park	(29,266)	(29,266)	(27,393)	(1,873)
Capital improvements	(4,105,056)	(4,105,056)	(3,837,007)	(268,049)
Agriculture land preservation	(20,000)	(20,000)	(20,000)	-
Jonestown water system	-	-	(11,446)	11,446
<hr/>				
Total other financing sources (uses) – General Fund	(3,027,742)	(3,027,742)	(2,696,529)	(331,213)
<hr/>				
Total expenditures and other financing sources (uses)	55,517,914	55,517,914	54,067,337	(1,450,577)
<hr/>				
Net change in fund balances	\$ -	\$ -	\$ 6,916,170	\$ 6,916,170

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2021

**1. Budgets and Budgetary Accounting**

Formal budgetary accounting is employed as a management control for most funds of the County, except fiduciary funds. A legal budget is not adopted for the Dayspring Townhomes, American Rescue Plan, Revolving Loan, MEAF Revolving Loan, Dog Licenses, Critical Area Forestry, Forest Conservation, Equitable Sharing Task, Educational Facilities, and Tax Sale Proceeds funds. The budgetary financial schedules included in required supplementary information include the General Fund, as required.

Budgetary comparison schedules for all 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, 2021.

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, 2021

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%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS  
SCHEDULE OF CONTRIBUTIONS (as of fiscal year end)  
JUNE 30, 2021

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%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

See Independent Auditor's Report

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS  
ACTUARIAL ASSUMPTIONS - PENSION PLAN  
JUNE 30, 2021

**Changes in Benefit Terms**

There were no benefit changes during the year.

**Changes in Assumptions**

Discount rate remained at 7.40%.

**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; 18 years remaining.
Asset Valuation Model	Five-year smoothed market (max. 120% and min 80% of the fair value).
Inflation	In the 2020 actuarial valuation, 2.60% general, 3.10% wage. In the 2019 actuarial valuation, 2.65% general, 3.15% wage.
Salary Increases	In the 2020 actuarial valuation, 3.10% to 11.6%, including inflation. In the 2019 actuarial valuation, 3.20% to 9.10%, including inflation.
Investment Rate of Return	In the 2020 actuarial valuation, 7.40%. In the 2019 actuarial valuation, 7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

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, 2021

MEASUREMENT DATE	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
<b>Total Pension liability</b>										
Service cost	\$ 617,079	\$ 585,295	\$ 653,662	\$ 420,374	\$ 527,053	\$ 566,730	\$ 539,462	\$ -	\$ -	\$ -
Interest	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	413,059	-	-	279,510	-	(440,525)	(499,533)	-	-	-
Differences between expected and actual experience	(448,449)	95,318	260,728	76,356	439,130	-	-	-	-	-
Changes of assumptions	190,485	(70,998)	1,004,087	160,504	155,794	-	729,440	-	-	-
Benefit payments, including refunds of member contributions	(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	1,152,833	1,115,247	2,306,146	1,357,819	1,559,647	619,731	988,226	-	-	-
Total pension liability - beginning	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)	\$ 31,877,917	\$ 30,725,084	\$ 29,609,837	\$ 27,303,691	\$ 25,945,872	\$ 24,386,225	\$ 23,766,494	\$ -	\$ -	\$ -
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 1,196,620	\$ 1,110,000	\$ 1,090,000	\$ 1,048,518	\$ 2,143,000	\$ 1,122,871	\$ 1,091,000	\$ -	\$ -	\$ -
Contributions - member	282,556	228,857	196,950	155,812	115,267	74,503	35,137	-	-	-
Net investment income	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	(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	538,497	1,301,101	1,410,060	2,215,069	1,114,719	645,948	2,217,083	-	-	-
Plan fiduciary net position - beginning	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)	\$ 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)	\$ 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	81%	82%	81%	83%	78%	79%	78%	0%	0%	0%
Covered payroll, as of measurement date	\$ 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	74%	69%	72%	67%	79%	73%	74%	0%	0%	0%
Expected average remaining service years	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

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 female 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%.

Information for 2013 and earlier is not available

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THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 CAROLINE COUNTY, MARYLAND EMPLOYEES' PENSION PLAN  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS (as of fiscal year end)  
 June 30, 2021

FISCAL YEAR	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 844,339	\$ 833,493	\$ 904,935	\$ 815,360	\$ 858,125	\$ 901,900	\$ 1,004,915	\$ 1,166,835	\$ 1,121,819	\$ 934,567
Contributions in relation to the actuarially determined contribution	1,196,620	1,110,000	1,090,000	1,048,518	2,143,000	1,122,871	1,091,000	1,166,000	875,000	775,000
Contribution deficiency (excess)	\$ (352,281)	\$ (276,507)	\$ (185,065)	\$ (233,158)	\$ (1,284,875)	\$ (220,971)	\$ (86,085)	\$ 835	\$ 246,819	\$ 159,567
Covered payroll	\$ 8,620,828	\$ 8,192,254	\$ 7,847,893	\$ 7,802,787	\$ 7,045,906	\$ 7,091,152	\$ 7,048,232	\$ 6,962,170	\$ 7,018,323	\$ 7,060,145
Contributions as a percentage of covered payroll	14%	14%	14%	13%	30%	16%	15%	17%	12%	11%

**Notes to schedule:**

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1). Actuarial valuation are performed every year.

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 7 to 20 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	RP-2014 fully generational assuming Scale MP-2017

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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, 2021

MEASUREMENT DATE	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
<b>Total OPEB liability</b>										
Service cost	\$ 142,993	\$ 130,873	\$ 130,795	\$ 124,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest cost	276,997	252,634	284,071	265,082	-	-	-	-	-	-
Change of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(6,570)	595,750	(764,189)	(18,041)	-	-	-	-	-	-
Change of assumptions	-	(514,643)	-	-	-	-	-	-	-	-
Benefit payments	(109,522)	(109,390)	(102,906)	(92,694)	-	-	-	-	-	-
Net change in total OPEB liability	303,898	355,224	(452,229)	278,913	-	-	-	-	-	-
Total OPEB liability - beginning	4,015,146	3,659,922	4,112,151	3,833,238	-	-	-	-	-	-
Total OPEB liability - ending (a)	\$ 4,319,044	\$ 4,015,146	\$ 3,659,922	\$ 4,112,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 109,522	\$ 109,390	\$ 92,906	\$ 353,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	241,771	435,483	416,398	670,503	-	-	-	-	-	-
Benefit payments (net of retiree contributions)	(109,522)	(109,390)	(102,906)	(92,694)	-	-	-	-	-	-
Administrative expense	(30,307)	(21,743)	(20,861)	(23,585)	-	-	-	-	-	-
Net change in plan fiduciary net position	211,464	413,740	385,537	907,745	-	-	-	-	-	-
Plan fiduciary net position - beginning	6,691,590	6,277,850	5,892,313	4,984,586	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ 6,903,054	\$ 6,691,590	\$ 6,277,850	\$ 5,892,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's net OPEB liability - ending (a)-(b)	\$ (2,584,010)	\$ (2,676,444)	\$ (2,617,928)	\$ (1,780,180)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiduciary net position as a % of total OPEB liability	159.83%	166.66%	171.53%	143.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll, as of measurement date	\$ 10,086,919	\$ 10,086,919	\$ 7,848,527	\$ 7,793,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a % of payroll	-25.62%	-26.53%	-33.36%	-22.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected average remaining service years of all participants	8	8	8	8	-	-	-	-	-	-
<b>Notes to Schedule:</b>										
Discount rate	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										

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, 2021

MEASUREMENT DATE	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
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	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	RP-2014 Healthy Headcount weighted mortality tables (male and female) with generational projection by Scale MP-2019

**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, 2021

AS OF MEASUREMENT DATE	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total LOSAP Liability ("TLL")</b>										
Service cost	\$ 101,666	\$ 73,320	\$ 71,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest cost	120,072	136,665	133,958	-	-	-	-	-	-	-
Changes in benefit terms	95,486	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	369,061	-	-	-	-	-	-	-	-	-
Changes of assumptions	706,321	596,417	-	-	-	-	-	-	-	-
Benefits payments, including refunds of member contributions	(163,610)	(140,804)	(127,818)	-	-	-	-	-	-	-
Net change in TLL	1,228,996	665,598	77,672	-	-	-	-	-	-	-
TLL - beginning of year	4,346,383	3,680,785	3,603,113	-	-	-	-	-	-	-
TLL - end of year	\$ 5,575,379	\$ 4,346,383	\$ 3,680,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total fiduciary net position ("PFNP")</b>										
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	-	-	-	-	-	-	-	-	-	-
Benefits payments	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-	-	-	-
Net change in PFNP	-	-	-	-	-	-	-	-	-	-
Total PFNP - beginning of year	-	-	-	-	-	-	-	-	-	-
Total PFNP - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net LOSAP liability ("NLL")	\$ 5,575,379	\$ 4,346,383	\$ 3,680,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PFNP as a % of TLL	0%	0%	0%	0%	0%	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                      13                      12                      12

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  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - LOSAP  
JUNE 30, 2021

**Notes to schedule:**

The LOSAP has no assets accumulated in a trust that meet the criteria in GASB 73, paragraph 4.

Benefit changes - fiscal year

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

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.

Discount rate - measurement date

December 31, 2018	3.71%
December 31, 2019	2.75%
December 31, 2020	2.00%

See Independent Auditor's Report



# Other Supplementary Information

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 June 30, 2021

	Special Revenue Funds							
	Jonestown Water System	4-H Park	Special Grants Fund	OJP Grants Law Enforcement	CDBG	Revolving Loan Fund	MEAF Revolving Loan	
<b><u>ASSETS:</u></b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,119	\$ 156,313	
Accounts receivable	-	-	-	70,089	10,182	48,606	-	
Due from other funds	-	-	5,466	-	-	-	-	
Other assets	-	-	-	-	-	-	-	
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,466</b>	<b>\$ 70,089</b>	<b>\$ 10,182</b>	<b>\$ 205,725</b>	<b>\$ 156,313</b>	
<b><u>LIABILITIES AND FUND BALANCES:</u></b>								
<b>Liabilities:</b>								
Accounts payable	\$ 515	\$ 2,837	\$ -	\$ 1,381	\$ 10,182	\$ -	\$ -	
Accrued expenses	-	-	-	-	-	-	-	
Due to other funds	-	-	-	36,720	-	-	-	
Due to other governments	-	-	-	-	-	-	-	
Unearned revenues	-	-	1,564	15,777	-	-	-	
Other liabilities	-	-	-	-	-	-	-	
<b>Total liabilities</b>	<b>515</b>	<b>2,837</b>	<b>1,564</b>	<b>53,878</b>	<b>10,182</b>	<b>-</b>	<b>-</b>	
<b>Fund balances:</b>								
Non-spendable	-	-	-	-	-	-	-	
Restricted	-	-	3,902	16,211	-	205,725	156,313	
Committed	-	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	-	
Unassigned	(515)	(2,837)	-	-	-	-	-	
<b>Total fund balances (deficit)</b>	<b>(515)</b>	<b>(2,837)</b>	<b>3,902</b>	<b>16,211</b>	<b>-</b>	<b>205,725</b>	<b>156,313</b>	
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,466</b>	<b>\$ 70,089</b>	<b>\$ 10,182</b>	<b>\$ 205,725</b>	<b>\$ 156,313</b>	

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2021

	Special Revenue Funds						
	Dog Licenses	Equitable Sharing Task Force	Local Agricultural Land Preservation	State Agricultural Land Preservation	Summerfest	Commissary Account	Law Library
<b>ASSETS:</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 77,456	\$ 24,274	\$ 1,848	\$ 19,419	\$ 27,191
Accounts receivable	-	-	-	-	-	5,645	443
Due from other funds	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,456</b>	<b>\$ 24,274</b>	<b>\$ 1,848</b>	<b>\$ 25,064</b>	<b>\$ 27,634</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,360	\$ -
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	7,475
Due to other governments	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	8,151	-	-
Other liabilities	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,151</b>	<b>11,360</b>	<b>7,475</b>
<b>Fund balances:</b>							
Non-spendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	13,704	20,159
Committed	-	-	77,456	24,274	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(6,303)	-	-
<b>Total fund balances (deficit)</b>	<b>-</b>	<b>-</b>	<b>77,456</b>	<b>24,274</b>	<b>(6,303)</b>	<b>13,704</b>	<b>20,159</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,456</b>	<b>\$ 24,274</b>	<b>\$ 1,848</b>	<b>\$ 25,064</b>	<b>\$ 27,634</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2021

	Special Revenue Funds					
	Critical Area Forestry	Forest Conservation	Emergency Management Grant	Business and Tech Park	Health Department	Tax Sale Proceeds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 35,275	\$ 24,301	\$ -	\$ 41,996	\$ 217,210	\$ 142,504
Accounts receivable	-	-	33,024	-	161,711	-
Due from other funds	-	-	-	-	21,035	-
Other assets	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 35,275</b>	<b>\$ 24,301</b>	<b>\$ 33,024</b>	<b>\$ 41,996</b>	<b>\$ 399,956</b>	<b>\$ 142,504</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ 1,738	\$ -	\$ 83,174	\$ 141,885
Accrued expenses	-	-	-	-	14,307	-
Due to other funds	-	-	32,299	-	-	-
Due to other governments	-	-	-	-	-	-
Unearned revenues	-	-	-	-	110,512	-
Other liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>34,037</b>	<b>-</b>	<b>207,993</b>	<b>141,885</b>
<b>Fund balances:</b>						
Non-spendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	619
Committed	35,275	24,301	-	-	-	-
Assigned	-	-	-	41,996	191,963	-
Unassigned	-	-	(1,013)	-	-	-
<b>Total fund balances (deficit)</b>	<b>35,275</b>	<b>24,301</b>	<b>(1,013)</b>	<b>41,996</b>	<b>191,963</b>	<b>619</b>
<b>Total liabilities and fund balances</b>	<b>\$ 35,275</b>	<b>\$ 24,301</b>	<b>\$ 33,024</b>	<b>\$ 41,996</b>	<b>\$ 399,956</b>	<b>\$ 142,504</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2021

	Special Revenue Funds		Capital Projects Fund		Totals
	Drug Task Force	Dayspring Townhomes	Educational Facilities		
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 384,902	\$ 54,534	\$ 1,085,986	\$	2,450,328
Accounts receivable	-	11,946	-		341,646
Due from other funds	-	-	-		26,501
Other assets	-	692,038	-		692,038
<b>Total assets</b>	<b>\$ 384,902</b>	<b>\$ 758,518</b>	<b>\$ 1,085,986</b>	<b>\$</b>	<b>3,510,513</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,546	\$ 22,826	\$ -	\$	277,444
Accrued expenses	-	-	-		14,307
Due to other funds	11,702	-	-		88,196
Due to other governments	-	-	-		-
Unearned revenues	-	-	-		136,004
Other liabilities	-	32,990	-		32,990
<b>Total liabilities</b>	<b>13,248</b>	<b>55,816</b>	<b>-</b>		<b>548,941</b>
<b>Fund balances:</b>					
Non-spendable	-	-	-		-
Restricted	371,654	702,702	-		1,490,989
Committed	-	-	1,085,986		1,247,292
Assigned	-	-	-		233,959
Unassigned	-	-	-		(10,668)
<b>Total fund balances (deficit)</b>	<b>371,654</b>	<b>702,702</b>	<b>1,085,986</b>		<b>2,961,572</b>
<b>Total liabilities and fund balances</b>	<b>\$ 384,902</b>	<b>\$ 758,518</b>	<b>\$ 1,085,986</b>	<b>\$</b>	<b>3,510,513</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 YEAR ENDED June 30, 2021

	Special Revenue Funds						
	Jonestown Water System	4-H Park	Special Grants Fund	OJP Grants Law Enforcement	CDBG	Revolving Loan Fund	MEAF Revolving Loan
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	3,006	111,768	135,080	-	-
Charges for services	15,900	-	-	-	-	-	-
Miscellaneous revenues	-	15,616	-	-	-	3,180	-
<b>Total revenues</b>	<b>15,900</b>	<b>15,616</b>	<b>3,006</b>	<b>111,768</b>	<b>135,080</b>	<b>3,180</b>	<b>-</b>
Expenditures:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	113,352	-	-	-
Public works	26,861	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Recreation and culture	-	44,519	-	-	-	-	-
Economic development	-	-	6,179	-	135,080	11,825	-
<b>Total expenditures</b>	<b>26,861</b>	<b>44,519</b>	<b>6,179</b>	<b>113,352</b>	<b>135,080</b>	<b>11,825</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	(10,961)	(28,903)	(3,173)	(1,584)	-	(8,645)	-
Other financing sources (uses):							
Transfers in (out)	11,446	27,393	3,173	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>11,446</b>	<b>27,393</b>	<b>3,173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	485	(1,510)	-	(1,584)	-	(8,645)	-
Fund balances (deficit), beginning	(1,000)	(1,327)	3,902	17,795	-	214,370	156,313
<b>Fund balances (deficit), ending</b>	<b>\$ (515)</b>	<b>\$ (2,837)</b>	<b>\$ 3,902</b>	<b>\$ 16,211</b>	<b>\$ -</b>	<b>\$ 205,725</b>	<b>\$ 156,313</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS (CONTINUED)  
 YEAR ENDED June 30, 2021

	Special Revenue Funds						
	Dog Licenses	Equitable Sharing Task Force	Local Agricultural Land Preservation	State Agricultural Land Preservation	Summerfest	Commissary Account	Law Library
Revenues:							
Taxes	\$ -	\$ -	\$ 1,400	\$ 12,595	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	197,417	6,336
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,400</b>	<b>12,595</b>	<b>-</b>	<b>197,417</b>	<b>6,336</b>
Expenditures:							
General government	-	-	-	-	-	-	6,478
Public safety	-	21,827	-	-	-	180,533	-
Public works	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	2,877	-	-
Economic development	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>21,827</b>	<b>-</b>	<b>-</b>	<b>2,877</b>	<b>180,533</b>	<b>6,478</b>
Excess (deficiency) of revenues over expenditures	-	(21,827)	1,400	12,595	(2,877)	16,884	(142)
Other financing sources (uses):							
Transfers in (out)	-	-	20,000	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(21,827)	21,400	12,595	(2,877)	16,884	(142)
Fund balances (deficit), beginning	-	21,827	56,056	11,679	(3,426)	(3,180)	20,301
<b>Fund balances (deficit), ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,456</b>	<b>\$ 24,274</b>	<b>\$ (6,303)</b>	<b>\$ 13,704</b>	<b>\$ 20,159</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS (CONTINUED)  
 YEAR ENDED June 30, 2021

	Special Revenue Funds					
	Critical Area Forestry	Forest Conservation	Emergency Management Grant	Business and Tech Park	Health Department	Tax Sale Proceeds
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenues	-	-	99,739	-	4,016,169	-
Charges for services	-	-	-	-	-	-
Miscellaneous revenues	-	768	-	-	947,694	1,118,719
<b>Total revenues</b>	<b>-</b>	<b>768</b>	<b>99,739</b>	<b>-</b>	<b>4,963,863</b>	<b>1,118,719</b>
Expenditures:						
General government	-	-	-	-	-	1,118,100
Public safety	-	-	100,443	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	4,985,670	-
Recreation and culture	-	-	-	-	-	-
Economic development	-	-	-	1,708	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>100,443</b>	<b>1,708</b>	<b>4,985,670</b>	<b>1,118,100</b>
Excess (deficiency) of revenues over expenditures	-	768	(704)	(1,708)	(21,807)	619
Other financing sources (uses):						
Transfers in (out)	-	-	-	-	(90,220)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90,220)</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	768	(704)	(1,708)	(112,027)	619
Fund balances (deficit), beginning	35,275	23,533	(309)	43,704	303,990	-
<b>Fund balances (deficit), ending</b>	<b>\$ 35,275</b>	<b>\$ 24,301</b>	<b>\$ (1,013)</b>	<b>\$ 41,996</b>	<b>\$ 191,963</b>	<b>\$ 619</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS (CONTINUED)  
 YEAR ENDED June 30, 2021

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	
	Drug Task Force	Dayspring Townhomes	Educational Facilities	Totals
Revenues:				
Taxes	\$ -	\$ -	\$ 261,200	\$ 275,195
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	4,365,762
Charges for services	-	-	-	15,900
Miscellaneous revenues	89,477	297,209	-	2,676,416
<b>Total revenues</b>	<b>89,477</b>	<b>297,209</b>	<b>261,200</b>	<b>7,333,273</b>
Expenditures:				
General government	-	283,412	-	1,407,990
Public safety	25,460	-	-	441,615
Public works	-	-	-	26,861
Health	-	-	-	4,985,670
Recreation and culture	-	-	-	47,396
Economic development	-	-	-	154,792
<b>Total expenditures</b>	<b>25,460</b>	<b>283,412</b>	<b>-</b>	<b>7,064,324</b>
Excess (deficiency) of revenues over expenditures	64,017	13,797	261,200	268,949
Other financing sources (uses):				
Transfers in (out)	-	-	-	(28,208)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,208)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	64,017	13,797	261,200	240,741
Fund balances (deficit), beginning	307,637	688,905	824,786	2,720,831
<b>Fund balances (deficit), ending</b>	<b>\$ 371,654</b>	<b>\$ 702,702</b>	<b>\$ 1,085,986</b>	<b>\$ 2,961,572</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

June 30, 2021

	CUSTODIAL									Totals
	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	
<b>ASSETS:</b>										
Cash and cash equivalents	\$ -	\$ -	\$ 6,038	\$ -	\$ 14,023	\$ 53,316	\$ 16,075	\$ 552,963	\$ 300	\$ 642,715
Taxes and other receivables	6,963	68,740	-	-	-	-	-	-	-	75,703
<b>Total assets</b>	<b>\$ 6,963</b>	<b>\$ 68,740</b>	<b>\$ 6,038</b>	<b>\$ -</b>	<b>\$ 14,023</b>	<b>\$ 53,316</b>	<b>\$ 16,075</b>	<b>\$ 552,963</b>	<b>\$ 300</b>	<b>\$ 718,418</b>
<b>LIABILITIES:</b>										
Accounts payable	\$ -	\$ -	\$ 6,038	\$ -	\$ -	\$ 53,316	\$ -	\$ 950	\$ 50	\$ 60,354
Due to other governments	6,963	68,740	-	-	-	-	16,075	-	250	92,028
<b>Total liabilities</b>	<b>6,963</b>	<b>68,740</b>	<b>6,038.00</b>	<b>-</b>	<b>-</b>	<b>53,316</b>	<b>16,075</b>	<b>950</b>	<b>300</b>	<b>152,382</b>
<b>NET POSITION:</b>										
Restricted for:										
Property owners	-	-	-	-	-	-	-	552,013	-	552,013
Participants	-	-	-	-	14,023	-	-	-	-	14,023
<b>Total net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 552,013</b>	<b>\$ -</b>	<b>\$ 566,036</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

CUSTODIAL FUNDS

June 30, 2021

	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	\$ 3,572,936	\$ 5,975,569	\$ 215,919	\$ 36,845	\$ 206,541	\$ 51,395	\$ 524,465	\$ 151,554	\$ 3,050	\$ 10,738,274
Total additions	3,572,936	5,975,569	215,919	36,845	206,541	51,395	524,465	151,554	3,050	10,738,274
<u>DEDUCTIONS:</u>										
Distributed to others	3,572,936	5,975,569	215,919	36,845	194,768	51,395	524,465	59,873	3,050	10,634,820
Total deductions	3,572,936	5,975,569	215,919	36,845	194,768	51,395	524,465	59,873	3,050	10,634,820
Change in net position	-	-	-	-	11,773	-	-	91,681	-	103,454
Net position, beginning of year, as restated	-	-	-	-	2,250	-	-	460,332	-	462,582
Net position, end of year	\$ -	\$ -	\$ -	\$ -	\$ 14,023	\$ -	\$ -	\$ 552,013	\$ -	\$ 566,036

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF NET POSITION  
OTHER PROPRIETARY FUNDS

June 30, 2021

	Recreation Programs	Public Works	Broadband Supply Fund	Basic Life Support Fund	Totals
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 375,754	\$ 438,794	\$ 499,242	\$ 985,594	\$ 2,299,384
Accounts receivable	206,637	45,412	7,928	658	260,635
Total current assets	582,391	484,206	507,170	986,252	2,560,019
Noncurrent assets:					
Capital assets, net	-	54,777	728,513	-	783,290
Total assets	582,391	538,983	1,235,683	986,252	3,343,309
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	66,263	2,218	664	29,551	98,696
Unearned revenue	27,470	-	-	-	27,470
Due to other funds	3,892	-	-	-	3,892
Total current liabilities	97,625	2,218	664	29,551	130,058
Noncurrent liabilities:					
Long-term debt	-	-	-	-	-
Total liabilities	97,625	2,218	664	29,551	130,058
<b>NET POSITION:</b>					
Invested in capital assets	-	54,777	728,513	-	783,290
Unrestricted	484,766	481,988	506,506	956,701	2,429,961
Total net position	\$ 484,766	\$ 536,765	\$ 1,235,019	\$ 956,701	\$ 3,213,251

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

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

YEAR ENDED June 30, 2021

	Recreation Programs	Public Works	Broadband Supply Fund	Basic Life Support Fund	Totals
Operating revenues:					
Charges for services	\$ 95,320	\$ 478,004	\$ 131,258	\$ 1,433,651	\$ 2,138,233
Total operating revenues	95,320	478,004	131,258	1,433,651	2,138,233
Operating expenses:					
Personnel services	309,105	-	25,088	-	334,193
Operations and maintenance	153,683	471,878	33,865	302,676	962,102
Depreciation expense	-	3,033	124,238	-	127,271
Total operating expenses	462,788	474,911	183,191	302,676	1,423,566
Operating income (loss)	(367,468)	3,093	(51,933)	1,130,975	714,667
Nonoperating revenues (expenses):					
Intergovernmental revenues	402,757	-	-	-	402,757
Total nonoperating revenues (expenses)	402,757	-	-	-	402,757
Transfers in (out)	(7,580)	-	-	(1,104,690)	(1,112,270)
Change in net position	27,709	3,093	(51,933)	26,285	5,154
Net position, beginning of year	457,057	533,672	1,286,952	930,416	3,208,097
Net position, end of year	\$ 484,766	\$ 536,765	\$ 1,235,019	\$ 956,701	\$ 3,213,251

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

COMBINING STATEMENT OF CASH FLOWS  
OTHER PROPRIETARY FUNDS

YEAR ENDED June 30, 2021

	Recreation Programs	Public Works	Broadband Supply Fund	Basic Life Support Fund	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 44,725	\$ 456,045	\$ 123,330	\$ 1,432,993	\$ 2,057,093
Cash paid to suppliers	(104,526)	(470,782)	(33,677)	(294,652)	(903,637)
Cash paid to employees	(309,105)	-	(25,088)	-	(334,193)
Net cash provided (used) by operating activities	(368,906)	(14,737)	64,565	1,138,341	819,263
Cash flows from noncapital financing activities					
Intergovernmental	402,757	-	-	-	402,757
Transfer in (out)	(7,580)	-	-	(1,104,690)	(1,112,270)
Net cash provided (used) by noncapital financing activities	395,177	-	-	(1,104,690)	(709,513)
Cash flows from capital and financing activities					
Acquisition of capital assets	-	-	(148,279)	-	(148,279)
Net cash provided (used) by capital and financing activities	-	-	(148,279)	-	(148,279)
Net increase (decrease) in cash and cash equivalents	26,271	(14,737)	(83,714)	33,651	(38,529)
Cash and cash equivalents, beginning of year	349,483	453,531	582,956	951,943	2,337,913
Cash and cash equivalents, end of year	\$ 375,754	\$ 438,794	\$ 499,242	\$ 985,594	\$ 2,299,384
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (367,468)	\$ 3,093	\$ (51,933)	\$ 1,130,975	\$ 714,667
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	3,033	124,238	-	127,271
(Increase) decrease in accounts receivable	(64,496)	(21,959)	(7,928)	(658)	(95,041)
Increase (decrease) in accounts payable	49,157	1,096	188	8,024	58,465
Increase (decrease) in unearned revenue	13,901	-	-	-	13,901
Net cash provided (used) by operating activities	\$ (368,906)	\$ (14,737)	\$ 64,565	\$ 1,138,341	\$ 819,263

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
 BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENTS FUND  
 YEAR ENDED June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Revenues:</u>				
Taxes	\$ 500,000	\$ 500,000	\$ 918,550	\$ 418,550
Intergovernmental revenues	7,788,097	7,788,097	335,298	(7,452,799)
Miscellaneous revenues	52,100	52,100	71,876	19,776
<b>Total revenues</b>	<b>8,340,197</b>	<b>8,340,197</b>	<b>1,325,724</b>	<b>(7,014,473)</b>
<u>Expenditures:</u>				
General government	573,771	573,771	261,608	(312,163)
Public safety	6,434,206	6,434,206	2,059,075	(4,375,131)
Public works	9,222,819	9,222,819	302,960	(8,919,859)
Primary education	12,404,431	12,404,431	8,429,025	(3,975,406)
Recreation and parks	1,668,210	1,668,210	57,135	(1,611,075)
<b>Total expenditures</b>	<b>30,303,437</b>	<b>30,303,437</b>	<b>11,109,803</b>	<b>(19,193,634)</b>
Excess (deficiency) of revenues over expenditures	(21,963,240)	(21,963,240)	(9,784,079)	12,179,161
<u>Other financing sources (uses):</u>				
Transfers in (out)	4,164,056	4,164,056	3,837,007	(327,049)
Fund balance re-appropriated	2,694,753	2,694,753	-	(2,694,753)
Proceeds from issuance of debt	15,104,431	15,104,431	-	(15,104,431)
<b>Total other financing sources (uses)</b>	<b>21,963,240</b>	<b>21,963,240</b>	<b>3,837,007</b>	<b>(18,126,233)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (5,947,072)</b>	<b>\$ (5,947,072)</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUNDS

YEAR ENDED June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Jonestown Water System:</u>				
Revenues:				
Charges for services	\$ 16,090	\$ 16,090	\$ 15,900	\$ (190)
Expenditures:				
Public works	16,090	16,090	26,861	10,771
Other financing sources (uses):				
Transfers in	-	-	11,446	11,446
Revenues over (under) expenditures	\$ -	\$ -	\$ 485	\$ 485
<u>4-H Park:</u>				
Revenues:				
Miscellaneous revenues	\$ 21,400	\$ 21,400	\$ 15,616	\$ (5,784)
Expenditures:				
Recreation and culture	50,676	50,676	44,519	(6,157)
Other financing sources (uses):				
Transfers in	29,276	29,276	27,393	(1,883)
Revenues over (under) expenditures	\$ -	\$ -	\$ (1,510)	\$ (1,510)
<u>Special Grants:</u>				
Revenues:				
Intergovernmental revenues	\$ 56,255	\$ 56,255	\$ 3,006	\$ (53,249)
Expenditures:				
Economic development	56,255	56,255	6,179	(50,076)
Other financing sources (uses):				
Transfers in (out)	-	-	3,173	3,173
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<u>OJP Grant Law Enforcement:</u>				
Revenues:				
Intergovernmental revenues	\$ 28,958	\$ 28,958	\$ 111,768	\$ 82,810
Expenditures:				
Public safety	28,958	28,958	113,352	84,394
Revenues over (under) expenditures	\$ -	\$ -	\$ (1,584)	\$ (1,584)

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

YEAR ENDED June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>CDBG:</u>				
Revenues:				
Invergovernmental revenues	\$ 70,000	\$ 70,000	\$ 135,080	\$ 65,080
Expenditures:				
Economic development	70,000	70,000	135,080	65,080
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<u>Local Agricultural Land Preservation:</u>				
Revenues:				
Taxes	\$ 20,000	\$ 20,000	\$ 1,400	\$ (18,600)
Expenditures:				
General government	20,000	20,000	-	(20,000)
Other financing sources (uses):				
Transfers in (out)	-	-	20,000	20,000
Revenues over (under) expenditures	\$ -	\$ -	\$ 21,400	\$ 21,400
<u>State Agricultural Land Preservation:</u>				
Revenues:				
Taxes	\$ 20,000	\$ 20,000	\$ 12,595	\$ (7,405)
Expenditures:				
General government	20,000	20,000	-	(20,000)
Revenues over (under) expenditures	\$ -	\$ -	\$ 12,595	\$ 12,595
<u>Summerfest Fund:</u>				
Revenues:				
Miscellaneous revenues	\$ 49,000	\$ 49,000	\$ -	\$ (49,000)
Expenditures:				
Recreation and culture	49,000	49,000	2,877	(46,123)
Revenues over (under) expenditures	\$ -	\$ -	\$ (2,877)	\$ (2,877)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUNDS  
(CONTINUED)

YEAR ENDED June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Commissary Account:</u>				
Revenues:				
Miscellaneous revenues	\$ 108,600	\$ 108,600	\$ 197,417	\$ 88,817
Expenditures:				
Public safety	108,600	108,600	180,533	71,933
Revenues over (under) expenditures	\$ -	\$ -	\$ 16,884	\$ 16,884
<u>Law Library:</u>				
Revenues:				
Miscellaneous revenues	\$ 10,050	\$ 10,050	\$ 6,336	\$ (3,714)
Expenditures:				
General government	10,050	10,050	6,478	(3,572)
Revenues over (under) expenditures	\$ -	\$ -	\$ (142)	\$ (142)
<u>Emergency Management Grant:</u>				
Revenues:				
Intergovernmental revenues	\$ 134,300	\$ 134,300	\$ 99,739	\$ (34,561)
Expenditures:				
Public safety	134,300	134,300	100,443	(33,857)
Revenues over (under) expenditures	\$ -	\$ -	\$ (704)	\$ (704)
<u>Business &amp; Technology Park Fund:</u>				
Revenues:				
Miscellaneous revenues	\$ 46,156	\$ 46,156	\$ -	\$ (46,156)
Expenditures:				
Economic development	46,156	46,156	1,708	(44,448)
Revenues over (under) expenditures	\$ -	\$ -	\$ (1,708)	\$ (1,708)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUNDS  
(CONTINUED)

YEAR ENDED June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Health Department Fund:</u>				
Revenues:				
Intergovernmental revenues	\$ -	\$ 4,028,928	\$ 4,016,169	\$ (12,759)
Miscellaneous revenues	-	-	947,694	947,694
<b>Total revenues</b>	<b>-</b>	<b>4,028,928</b>	<b>4,963,863</b>	<b>934,935</b>
Expenditures:				
Public health	-	4,028,928	4,985,670	956,742
Other financing sources (uses):				
Transfers in (out)	-	-	(90,220)	(90,220)
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (112,027)</b>	<b>\$ (112,027)</b>
<u>Drug Task Force:</u>				
Revenues:				
Miscellaneous revenues	\$ 60,380	\$ 60,380	\$ 89,477	\$ 29,097
Expenditures:				
Public safety	60,380	60,380	25,460	(34,920)
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 64,017</b>	<b>\$ 64,017</b>

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY  
REVENUE AND EXPENDITURE DETAIL – HIGHWAY USERS  
YEAR ENDED June 30, 2021

Revenue:	
State-shared taxes	\$ 884,463
Transportation grant	-
Total revenue	\$ 884,463
Expenditures – public works:	
General administration	300,819
Central shop	682,932
Highways and roads	1,644,154
Debt service	177,670
General services	50,866
Capital road expenditures	1,044,373
Total expenditures – highway users	3,900,814
Excess (deficiency) of revenues over expenditures – highway users	\$ (3,016,351)

THE COUNTY COMMISSIONERS OF CAROLINE COUNTY

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

YEAR ENDED June 30, 2021

		<u>Actual</u>	<u>Budgeted Amounts</u>		Variance With Final <u>Budget</u>
			<u>Original</u>	<u>Final</u>	
Grants/Contributions	\$ 14,000				
Human Resources Office Renovations	21,706				
Caroline County Humane Society	26,804				
Tuition reimbursement	38,663				
Consulting & Professional Services	65,091				
Miscellaneous	25,361				
		191,625	566,507	566,507	374,882
<b>Total expenditures – Contingency Fund</b>	<b>\$ 191,625</b>	<b>\$ 191,625</b>	<b>\$ 566,507</b>	<b>\$ 566,507</b>	<b>\$ 374,882</b>

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# STATISTICAL SECTION

## STATISTICAL SECTION

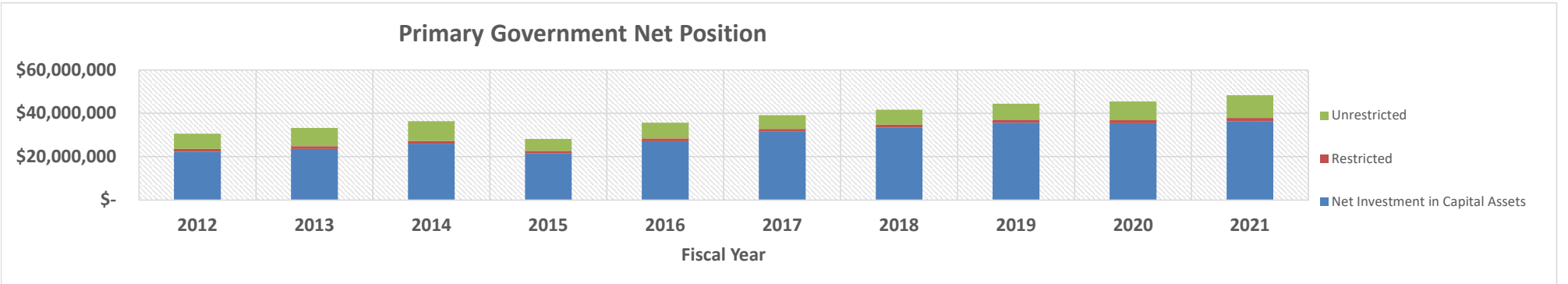
This part of Caroline Counties comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the counties overall financial health.

<b><u>Category</u></b>	<b><u>Schedule #'s</u></b>
<b>Financial Trends</b> Schedules contain trend information to help the reader understand how the Counties financial performance and well-being have changed over time.	1, 2, 3 & 4
<b>Revenue Capacity</b> Schedules contain information to help the reader assess the Counties most significant local revenue source, property taxes.	5, 6, 7 & 8
<b>Debt Capacity</b> Schedules present information to help the reader assess the affordability of the Counties current level of outstanding debt and the Counties ability to issue additional debt in the future.	9,10,11 & 12
<b>Economic and Demographic Information</b> Schedules offer economic and demographic indicators to help the reader understand the environment within which the Counties financial activities take place.	13,14,& 15
<b>Operating Information</b> Schedules contain service and infrastructure data to help the reader understand how the information in the Counties 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 comprehensive annual 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,	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 22,018,273	\$ 22,400,051	\$ 25,789,169	\$ 21,285,188	\$ 26,457,210	\$ 30,570,337	\$ 32,614,338	\$ 34,905,700	\$ 34,668,867	\$ 35,624,195
Restricted for:										
Other Purposes	1,262,729	1,222,495	1,193,871	1,187,886	1,238,709	1,226,766	1,252,711	1,385,863	\$ 1,431,050	\$ 1,490,989
Unrestricted	6,366,717	7,746,598	8,021,571	4,177,957	6,167,869	5,343,192	5,554,993	5,352,655	6,202,248	8,008,797
<b>Total Government Activities Net Position</b>	<b>\$ 29,647,719</b>	<b>\$ 31,369,144</b>	<b>\$ 35,004,611</b>	<b>\$ 26,651,031</b>	<b>\$ 33,863,788</b>	<b>\$ 37,140,295</b>	<b>\$ 39,422,042</b>	<b>\$ 41,644,218</b>	<b>\$ 42,302,165</b>	<b>\$ 45,123,981</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 345,023	\$ 1,194,728	\$ 240,041	\$ 257,360	\$ 698,407	\$ 975,797	\$ 905,833	\$ 801,022	\$ 762,282	\$ 783,290
Unrestricted	606,197	671,536	1,167,628	1,329,005	1,110,732	975,748	1,379,529	1,945,602	2,445,815	2,429,961
<b>Total Business-type Activities Net Position</b>	<b>\$ 951,220</b>	<b>\$ 1,866,264</b>	<b>\$ 1,407,669</b>	<b>\$ 1,586,365</b>	<b>\$ 1,809,139</b>	<b>\$ 1,951,545</b>	<b>\$ 2,285,362</b>	<b>\$ 2,746,624</b>	<b>\$ 3,208,097</b>	<b>\$ 3,213,251</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 22,363,296	\$ 23,594,779	\$ 26,029,210	\$ 21,542,548	\$ 27,155,617	\$ 31,546,134	\$ 33,520,171	\$ 35,706,722	\$ 35,431,149	\$ 36,407,485
Restricted	1,262,729	1,222,495	1,193,871	1,187,886	1,238,709	1,226,766	1,252,711	1,385,863	1,431,050	1,490,989
Unrestricted	6,972,914	8,418,134	9,189,199	5,506,962	7,278,601	6,318,940	6,934,522	7,298,257	8,648,063	10,438,758
<b>Total Primary Government Net Position</b>	<b>\$ 30,598,939</b>	<b>\$ 33,235,408</b>	<b>\$ 36,412,280</b>	<b>\$ 28,237,396</b>	<b>\$ 35,672,927</b>	<b>\$ 39,091,840</b>	<b>\$ 41,707,404</b>	<b>\$ 44,390,842</b>	<b>\$ 45,510,262</b>	<b>\$ 48,337,232</b>



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

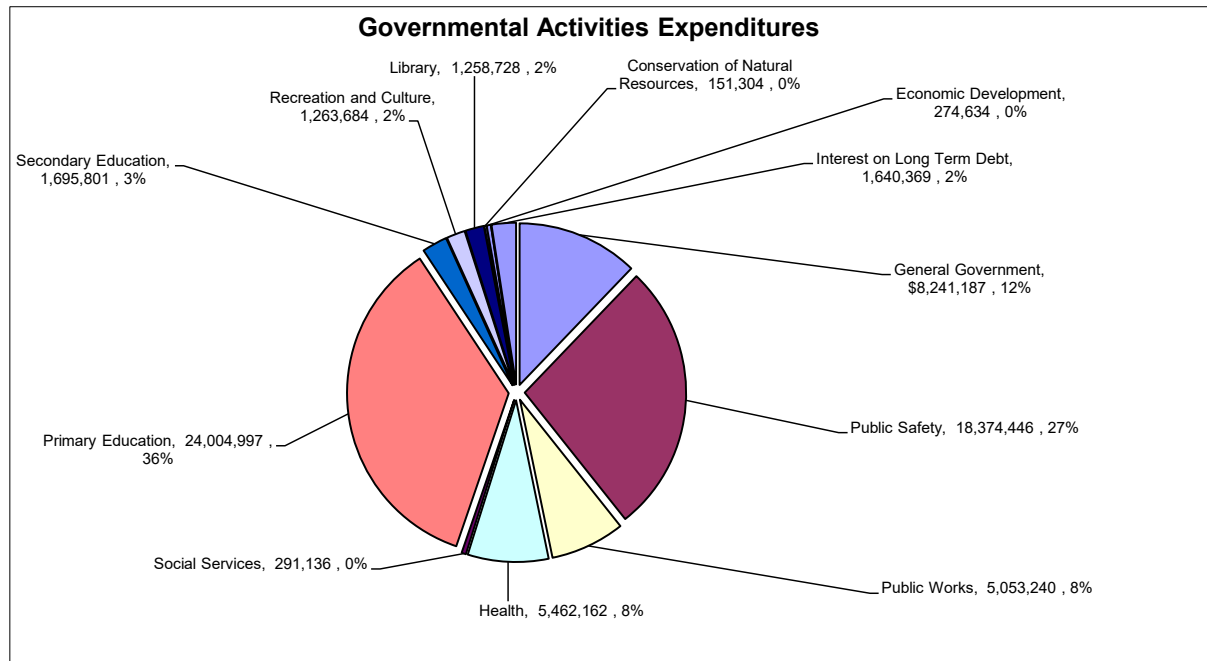
Years ended June 30,	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Expenses</b>										
<b>Government Activities:</b>										
General Government	\$ 6,845,879	\$ 6,157,331	\$ 5,589,617	\$ 5,463,688	\$ 6,399,850	\$ 7,146,867	\$ 6,136,644	\$ 6,591,963	\$ 8,042,435	\$ 8,241,187
Public Safety	13,214,384	13,784,479	13,339,410	13,557,853	14,508,616	14,737,034	14,833,750	15,241,704	17,205,134	18,374,446
Public Works	4,573,494	4,142,162	4,057,284	4,219,727	3,159,719	4,455,794	5,162,103	5,405,234	5,425,554	5,053,240
Health	456,265	454,796	452,838	452,838	615,293	484,226	501,524	524,800	1,850,626	5,462,162
Social Services	133,412	131,212	135,638	138,128	146,828	218,653	188,531	218,478	272,676	291,136
Primary Education	14,109,214	13,497,885	13,416,327	15,739,948	15,532,393	15,143,859	14,640,054	14,517,444	20,432,959	24,004,997
Secondary Education	1,434,573	1,429,541	2,958,503	1,436,220	1,555,622	1,562,744	1,525,587	1,570,217	1,692,671	1,695,801
Recreation and Culture	1,172,538	1,373,010	1,356,787	1,337,703	1,401,868	1,463,349	1,426,255	1,407,639	1,482,770	1,263,684
Library	1,111,050	1,109,175	1,114,000	1,135,477	1,176,435	1,205,435	1,176,153	1,213,728	1,233,728	1,258,728
Conservation of Natural Resources	336,609	337,131	175,454	180,296	180,629	180,565	139,104	141,968	147,259	151,304
Economic Development	1,172,532	1,349,254	446,998	512,050	406,027	458,263	267,309	406,917	460,725	274,634
Public Housing	-	6,000	6,000	6,000	6,000	6,000	6,000	-	-	-
Interest on Long Term Debt	1,118,515	1,048,293	992,355	1,028,383	950,304	1,097,700	1,012,561	918,556	937,449	1,640,369
<i>Total Government Activities Expenses</i>	<u>45,678,465</u>	<u>44,820,269</u>	<u>44,041,211</u>	<u>45,208,311</u>	<u>46,039,584</u>	<u>48,160,489</u>	<u>47,015,575</u>	<u>48,158,648</u>	<u>59,183,986</u>	<u>67,711,688</u>
<b>Business-type Activities</b>										
Broadband supply	140,066	178,451	173,482	168,411	296,434	161,515	175,859	155,518	172,448	183,191
Recreation	681,819	495,678	445,607	525,511	826,827	783,456	809,574	663,218	604,019	462,788
Public Works	814,760	826,306	819,952	644,655	462,651	513,814	651,458	650,288	502,119	474,911
Basic Life Support	531,269	572,597	425,067	650,905	312,322	325,710	348,888	270,790	275,062	302,676
<i>Total Business-type Activities Expense</i>	<u>2,167,914</u>	<u>2,073,032</u>	<u>1,864,108</u>	<u>1,989,482</u>	<u>1,898,234</u>	<u>1,784,495</u>	<u>1,985,779</u>	<u>1,739,814</u>	<u>1,553,648</u>	<u>1,423,566</u>
<i>Total Primary Government Expenses</i>	<u>47,846,379</u>	<u>46,893,301</u>	<u>45,905,319</u>	<u>47,197,793</u>	<u>47,937,818</u>	<u>49,944,984</u>	<u>49,001,354</u>	<u>49,898,462</u>	<u>60,737,634</u>	<u>69,135,254</u>

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

Years ended June 30,	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
General Government	\$ 1,620,463	\$ 1,830,440	\$ 1,741,265	\$ 1,732,191	\$ 1,793,438	\$ 1,534,066	\$ 1,585,374	\$ 1,609,763	\$ 1,561,605	\$ 1,667,902
Public Safety	1,434,151	2,076,878	2,081,724	1,723,674	1,583,591	1,865,558	1,955,846	1,822,220	4,296,305	7,782,447
Public Works	855,996	693,388	984,496	712,602	1,666,062	2,217,768	1,000,877	1,268,136	1,321,386	1,157,449
Health	243	196	137	117	150	120	69	-	-	-
Social Services	-	7,258	536	932	-	1,872	-	-	-	-
Recreation and Culture	175,116	164,911	510,942	321,945	2,005,280	402,863	306,160	312,098	763,123	78,040
Library	-	-	5,500	-	-	-	-	-	-	-
Conservation of Natural Resources	164,866	176,201	130	74,178	8,338	89,244	71,751	43,575	50,373	64,827
Economic Development	1,071,275	1,090,517	285,469	253,119	143,441	234,969	157,054	240,309	316,163	137,086
Public Housing	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<i>Total Government Activities Program Revenues</i>	<u>5,322,110</u>	<u>6,039,789</u>	<u>5,610,199</u>	<u>4,818,758</u>	<u>7,200,300</u>	<u>6,346,460</u>	<u>5,077,131</u>	<u>5,296,101</u>	<u>8,308,955</u>	<u>10,887,751</u>
<b>Business-type Activities</b>										
<b>Charges for Service</b>										
Jonestown	-	791,440	-	-	-	-	-	-	-	-
Broadband	219,169	228,248	229,222	230,235	468,391	313,479	345,595	360,050	361,393	131,258
Recreation	167,309	184,591	188,985	580,264	864,013	842,461	865,382	740,639	641,829	498,077
Public Works	863,618	870,044	891,077	717,510	505,633	575,206	680,043	703,791	542,603	478,004
Basic Life Support	1,407,294	1,343,084	1,409,423	1,419,113	1,497,438	1,491,360	1,548,689	1,465,811	1,518,952	1,433,651
Operating Grants-Recreation	467,053	339,869	285,070	-	-	-	-	-	-	-
<i>Total Business-type Activities Revenue</i>	<u>3,124,443</u>	<u>3,757,276</u>	<u>3,003,777</u>	<u>2,947,122</u>	<u>3,335,475</u>	<u>3,222,506</u>	<u>3,439,709</u>	<u>3,270,291</u>	<u>3,064,777</u>	<u>2,540,990</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(40,356,355)	(38,780,480)	(38,431,012)	(40,389,553)	(38,839,284)	(41,814,029)	(41,938,444)	(42,862,547)	(50,875,031)	(56,823,937)
Business-type Activities	956,529	1,684,244	1,139,669	957,640	1,437,241	1,438,011	1,453,930	1,530,477	1,511,129	1,117,424
	<u>(39,399,826)</u>	<u>(37,096,236)</u>	<u>(37,291,343)</u>	<u>(39,431,913)</u>	<u>(37,402,043)</u>	<u>(40,376,018)</u>	<u>(40,484,514)</u>	<u>(41,332,070)</u>	<u>(49,363,902)</u>	<u>(55,706,513)</u>

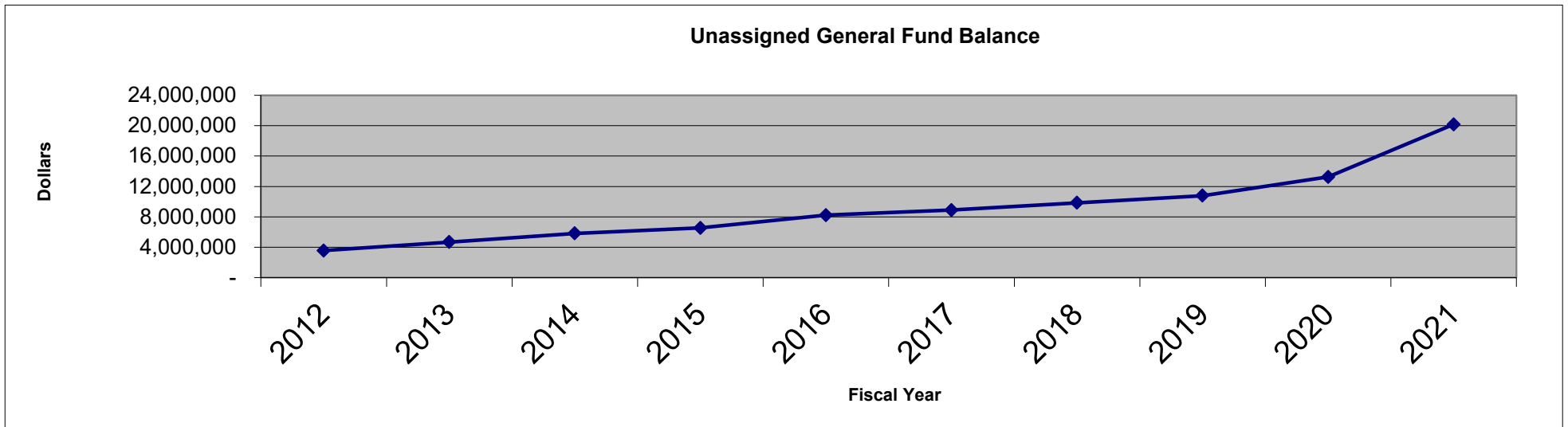
**Caroline County, Maryland**  
**Changes in Net Position**  
**Last Ten Years**  
 (accrual basis of accounting)  
**Schedule 2**

Years ended June 30,	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes	\$ 23,932,023	\$ 24,106,972	\$ 24,718,235	\$ 24,922,043	\$ 25,339,865	\$ 25,320,390	\$ 25,380,855	\$ 25,943,024	\$ 26,819,562	\$ 27,670,955
Other Taxes	12,489,087	12,948,765	13,056,195	14,722,998	15,297,429	16,075,603	16,742,788	19,166,968	19,889,937	27,372,298
Operating Grants Unrestricted	2,486,371	2,656,463	2,677,520	2,700,488	2,794,257	2,131,782	2,131,782	2,131,782	3,300,718	3,414,809
Other	20,076	20,505	16,265	16,546	1,406,023	267,156	215,732	376,827	473,125	75,421
Net Transfers in (out)	675,176	769,200	1,598,264	778,944	1,214,467	1,295,605	1,134,555	1,069,235	1,049,636	1,112,270
<b>Total Governmental Activities</b>	<b>39,602,733</b>	<b>40,501,905</b>	<b>42,066,479</b>	<b>43,141,019</b>	<b>46,052,041</b>	<b>45,090,536</b>	<b>45,605,712</b>	<b>48,687,836</b>	<b>51,532,978</b>	<b>59,645,753</b>
<b>Business-type Activities</b>										
Net Transfers in (out)	(675,176)	(769,200)	(1,598,264)	(778,944)	(1,214,467)	(1,295,605)	(1,120,113)	(1,069,235)	(1,049,636)	(1,112,270)
<b>Total Business-type Activities</b>	<b>(675,176)</b>	<b>(769,200)</b>	<b>(1,598,264)</b>	<b>(778,944)</b>	<b>(1,214,467)</b>	<b>(1,295,605)</b>	<b>(1,120,113)</b>	<b>(1,069,235)</b>	<b>(1,049,636)</b>	<b>(1,112,270)</b>
<b>Change in Net Position</b>										
Governmental Activities	(753,622)	1,721,425	3,635,467	2,751,466	7,212,757	3,276,507	3,667,268	5,825,289	657,947	2,821,816
Business-type Activities	281,353	915,044	(458,595)	178,696	222,774	142,406	333,817	461,242	461,493	5,154
<b>\$</b>	<b>(472,269)</b>	<b>\$ 2,636,469</b>	<b>\$ 3,176,872</b>	<b>\$ 2,930,162</b>	<b>\$ 7,435,531</b>	<b>\$ 3,418,913</b>	<b>\$ 4,001,085</b>	<b>\$ 6,286,531</b>	<b>\$ 1,119,440</b>	<b>\$ 2,826,970</b>



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

Years ended June 30, General Fund	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Non-Spendable	\$ 196,238	\$ 249,857	\$ 299,395	\$ 192,940	\$ 257,520	\$ 275,927	\$ 330,005	\$ 379,644	\$ 271,202	\$ 346,676
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	600,000	100,000	-	-	-	-	-
Unassigned	3,542,706	4,676,874	5,822,858	6,539,975	8,220,622	8,886,812	9,853,053	10,786,661	13,249,689	20,170,505
<b>Total General Fund</b>	<b>3,738,944</b>	<b>4,926,731</b>	<b>6,122,253</b>	<b>7,332,915</b>	<b>8,578,142</b>	<b>9,162,739</b>	<b>10,183,058</b>	<b>11,166,305</b>	<b>13,520,891</b>	<b>20,517,181</b>
All Other Governmental Funds										
Non-Spendable	-	-	-	-	3,000	-	-	-	-	-
Restricted	1,262,729	1,222,495	1,193,871	1,187,886	1,238,709	1,226,766	1,252,711	1,237,416	1,431,050	1,490,989
Committed	2,360,885	1,922,985	1,708,100	6,559,499	5,147,533	4,092,687	4,228,871	6,244,325	23,146,830	17,495,721
Assigned	93,166	614,898	607,011	611,952	455,606	415,125	380,778	370,145	347,694	233,959
Unassigned	(5,433)	(1,130)	(15,953)	(11,445)	(14,563)	(17,814)	(14,478)	302,075	(9,242)	(10,668)
<b>Total other governmental funds</b>	<b>3,711,347</b>	<b>3,759,248</b>	<b>3,493,029</b>	<b>8,347,892</b>	<b>6,830,285</b>	<b>5,716,764</b>	<b>5,847,882</b>	<b>8,153,961</b>	<b>24,916,332</b>	<b>19,210,001</b>
<b>Total</b>	<b>\$ 7,450,291</b>	<b>\$ 8,685,979</b>	<b>\$ 9,615,282</b>	<b>\$ 15,680,807</b>	<b>\$ 15,408,427</b>	<b>\$ 14,879,503</b>	<b>\$ 16,030,940</b>	<b>\$ 19,320,266</b>	<b>\$ 38,437,223</b>	<b>\$ 39,727,182</b>



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

Years ended June 30,	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Revenues</b>										
Property and Other Taxes	\$ 36,772,497	\$ 37,578,610	\$ 38,173,979	\$ 40,192,176	\$ 41,275,355	\$ 41,857,797	\$ 42,674,803	\$ 45,914,366	\$ 47,350,009	\$ 55,030,267
License and Permits	166,588	154,031	156,690	186,241	212,388	224,629	187,782	211,196	145,949	231,234
Intergovernmental Revenues	5,703,158	5,819,962	6,048,780	5,049,509	7,437,257	6,235,001	4,855,579	4,888,032	8,888,835	10,507,436
Charges for Services	793,343	862,590	798,694	841,228	818,361	812,841	813,176	748,672	868,615	1,041,029
Miscellaneous Revenues	663,647	1,357,301	754,707	757,262	2,280,951	1,023,027	989,962	1,115,777	1,372,310	2,832,538
<b>Total Revenues</b>	<b>44,099,233</b>	<b>45,772,494</b>	<b>45,932,850</b>	<b>47,026,416</b>	<b>52,024,312</b>	<b>50,153,295</b>	<b>49,521,302</b>	<b>52,878,043</b>	<b>58,625,718</b>	<b>69,642,504</b>
<b>Expenditures</b>										
General Government	5,440,074	5,132,124	5,131,536	5,861,027	6,814,854	6,013,351	5,841,309	6,128,842	6,622,986	7,528,598
Public Safety	12,262,522	13,258,479	13,906,231	13,808,138	17,961,033	14,832,462	14,833,020	16,113,410	20,287,946	19,189,615
Public Works	4,956,421	3,776,908	4,677,853	4,978,910	6,064,866	6,562,362	5,133,254	4,912,439	4,976,351	4,005,600
Health	452,838	452,838	452,838	452,838	612,838	484,226	501,524	524,800	1,850,626	5,462,162
Social Services	133,412	131,212	135,638	138,128	146,828	218,653	216,853	218,478	272,676	291,136
Primary Education	13,927,127	13,497,885	13,416,327	15,739,948	15,532,393	15,142,859	14,640,054	14,517,444	20,428,988	24,004,997
Secondary Education	1,480,604	1,481,864	3,012,118	1,527,319	1,582,243	1,659,666	1,625,341	1,677,564	1,802,849	1,770,779
Public Library	1,111,050	1,109,175	1,114,000	1,135,477	1,176,435	1,205,435	1,176,153	1,213,728	1,233,728	1,258,728
Recreation and Parks	878,614	1,070,951	1,382,727	1,193,178	2,917,903	1,324,661	1,290,304	1,222,039	1,597,581	1,076,983
Arts	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Conservation of Natural Resources	290,726	291,248	129,571	134,413	135,413	136,414	139,104	141,968	147,259	151,304
Housing Rehabilitation	-	6,000	6,000	6,000	6,000	6,000	6,000	-	-	-
Economic Development	1,317,532	1,349,254	446,998	495,865	406,027	458,263	267,309	406,917	460,725	260,634
Contingency	40,863	193,950	26,837	79,000	406,760	319,456	218,885	120,404	215,157	191,625
Debt Service										
Principal	3,081,118	2,558,000	2,399,000	2,509,085	2,676,471	2,499,565	2,664,561	2,599,526	18,132,948	2,706,389
Interest and Fiscal Charges	1,118,515	1,048,293	992,355	1,028,383	950,304	1,097,700	1,012,561	918,556	938,465	1,641,385
<b>Total Expenditures</b>	<b>46,496,416</b>	<b>45,363,181</b>	<b>47,235,029</b>	<b>49,092,709</b>	<b>57,395,368</b>	<b>51,966,073</b>	<b>49,571,232</b>	<b>50,721,115</b>	<b>78,973,285</b>	<b>69,544,935</b>
Excess of Revenues Over (Under) Expenditures	(2,397,183)	409,313	(1,302,179)	(2,066,293)	(5,371,056)	(1,812,778)	(49,930)	2,156,928	(20,347,567)	97,569

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

Years ended June 30,	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Other Financing Sources (Uses)</b>										
Note Issued Chesapeake College	\$ -	\$ -	\$ 1,520,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of Capital Assets	65,935	-	-	-	-	-	-	-	-	-
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	-
Transfers In	-	-	-	778,944	1,214,467	1,295,605	1,134,555	1,069,235	1,049,636	1,112,270
Transfers Out	759,675	769,200	696,068	-	-	-	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>825,610</u>	<u>769,200</u>	<u>2,216,068</u>	<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>
<b>Net Change in Fund Balance</b>	<u>\$ (1,571,573)</u>	<u>\$ 1,178,513</u>	<u>\$ 913,889</u>	<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>
Debt Service as a Percentage of Non Capital Expenditures (1)	9.4%	8.2%	7.9%	7.7%	7.6%	7.7%	7.9%	7.4%	26.1%	6.5%

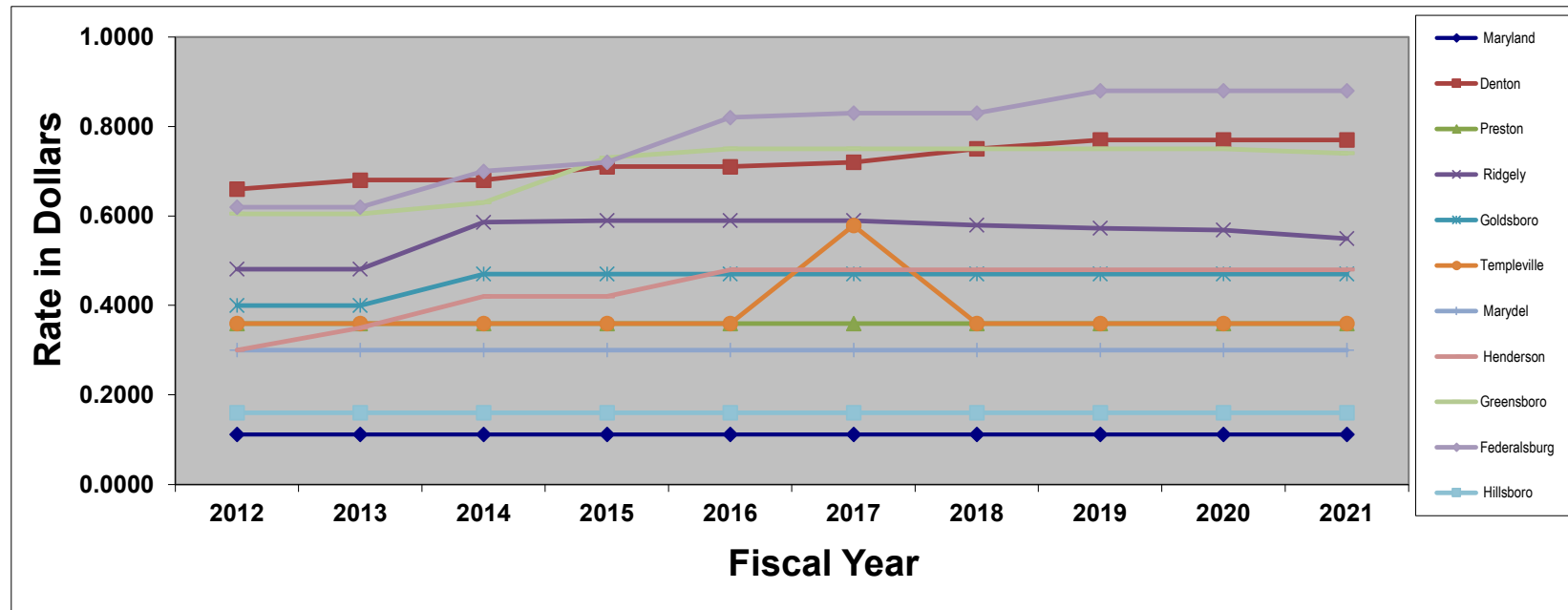
Notes  
 (1) Non Capital expenditures represents total expenditures above less Capital outlay in the reconciliation between government wide statement of activities and the statement of revenues, expenditures, and changes in fund balance

**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
2012	0.8700	0.1120	0.6600	0.3600	0.4810	0.4000	0.3600	0.3000	0.3000	0.6050	0.6200	0.1600
2013	0.8900	0.1120	0.6800	0.3600	0.4810	0.4000	0.3600	0.3000	0.3500	0.6050	0.6200	0.1600
2014	0.9400	0.1120	0.6800	0.3600	0.5860	0.4700	0.3600	0.3000	0.4200	0.6300	0.7000	0.1600
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

(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

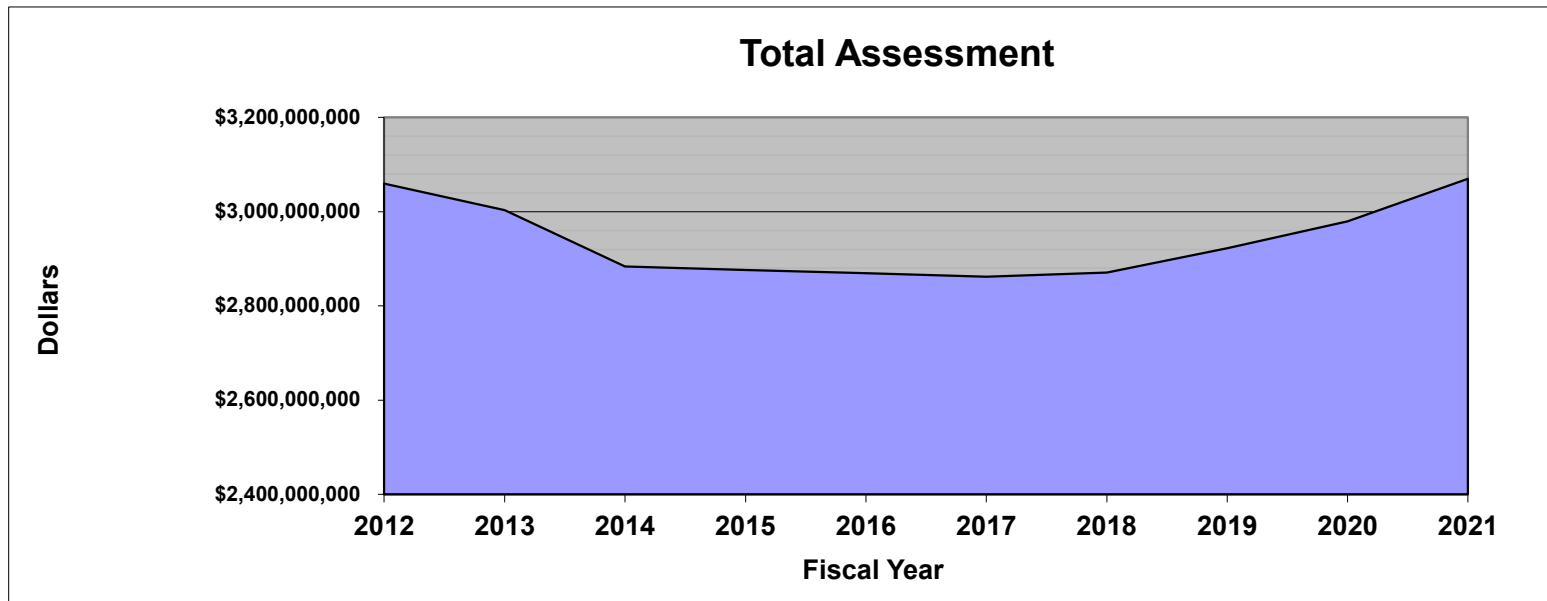


**Caroline County, Maryland**  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 Schedule 6

<b>Fiscal Year Ending June 30</b>	<b>Real Property Assessed Value</b>	<b>Exempt Property</b>	<b>Real Property Total Assessed Value</b>	<b>Total Direct Tax Rate(1)</b>	<b>Personal Prop Assessed Value(2)</b>	<b>Corp &amp; Utility Assessed Value</b>	<b>Total Assessed Value</b>
2012	\$ 2,663,868,995	\$ 343,455,225	\$ 3,007,324,220	0.870	\$ -	\$ 52,455,540	\$ 3,059,779,760
2013	\$ 2,611,863,442	\$ 337,257,555	\$ 2,949,120,997	0.890	\$ -	\$ 54,345,320	\$ 3,003,466,317
2014	\$ 2,514,718,787	\$ 309,696,540	\$ 2,824,415,327	0.940	\$ -	\$ 59,311,970	\$ 2,883,727,297
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

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**

<b>Fiscal Year Ending June 30</b>	<b>Total Tax Levy</b>	<b>Current Year Taxes Collected in Year of Levy</b>	<b>% of Levy Collected During Year</b>	<b>Collected in Subsequent Years</b>	<b>Total Collections</b>	<b>% of Current Year Taxes Collected Current &amp; Prior</b>
2012	\$ 23,790,344	\$ 23,729,788	99.75%	\$ 56,072	\$ 23,785,860	100.0%
2013	\$ 23,977,024	\$ 23,921,365	99.77%	\$ 51,175	\$ 23,972,540	100.0%
2014	\$ 24,557,950	\$ 24,469,016	99.64%	\$ 80,007	\$ 24,549,023	100.0%
2015	\$ 24,806,792	\$ 24,704,319	99.59%	\$ 93,209	\$ 24,797,528	99.9%
2016	\$ 25,235,902	\$ 25,152,021	99.67%	\$ 75,035	\$ 25,227,056	99.9%
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	99.8%
2020	\$ 26,678,801	\$ 26,322,523	98.66%	\$ 326,203	\$ 26,648,726	98.7%
2021	\$ 27,532,778	\$ 27,467,351	99.76%	\$ -	\$ 27,467,351	98.7%

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



**Fishing at Martinak State Park**

**Caroline County, Maryland**  
**Ten Largest Principal Taxpayers**  
 June 30, 2021  
**Schedule 8**

Tax Year		2010	2020	2010	2020	% of Total
Taxpayer	Type of Business	Assessed Valuation	Assessed Valuation	Tax	Tax	Tax Levy
Delmarva Power and Light	Electric Power	\$ 16,753,408	\$ 37,074,390	\$ 363,826	\$ 907,375	3.30%
Choptank Electric	Electric Power	\$ 22,359,212	\$ 34,601,270	\$ 470,795	\$ 857,581	3.11%
Verizon Maryland	Telephone utility	\$ 12,318,620	\$ 5,552,380	\$ 268,546	\$ 136,033	0.49%
Mid-Atlantic Real Estate Investment	Developer/Management Company	\$ -	\$ 12,009,500	\$ -	\$ 110,487	0.40%
Walmart	Retail Store	\$ -	\$ 10,489,300	\$ -	\$ 95,358	0.35%
East Star, LLC	Excavating	\$ 8,725,178	\$ 9,537,000	\$ 74,546	\$ 93,375	0.34%
SCIP FEDERALSBURG LLC	Cups and containers	\$ 12,265,332	\$ 10,076,200	\$ 91,990	\$ 90,686	0.33%
Burris Foods, Inc	Transport of refrigerated food products	\$ 8,177,044	\$ 6,802,800	\$ 71,140	\$ 65,687	0.24%
Denton RE, LLC	Investment Company	\$ -	\$ 6,297,900	\$ -	\$ 57,941	0.21%
H&M Bay, Inc	Refrigerated trucking	\$ 6,794,764	\$ 6,034,000	\$ 50,961	\$ 54,306	0.20%

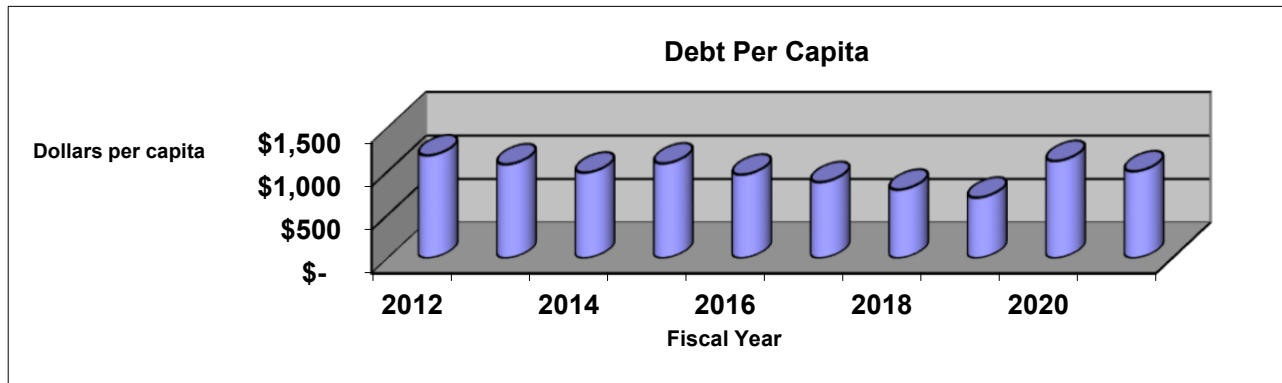
Source: Caroline County Tax Office  
 Total Tax Levy Real and Personal.



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

<u>Year</u> June 30,	Governmental Activities							Business-type Activities		Total Debt to Personal Income (1)	Total Debt Per Capita(1)
	General Obligation Bonds	Bond Premium	State Loans	Capital Loans	DHCD Loans	Capital Leases	Total	MEDCO Loan (2)	Primary Government TOTAL		
2012	\$ 30,875,000	\$ -	\$ 3,057,529	\$ 407,157	\$ 2,530,583	\$ -	\$ 36,870,269	\$ -	\$ 36,870,269	3.56%	\$ 1,179
2013	\$ 28,317,000	\$ -	\$ 3,057,529	\$ 354,834	\$ 2,530,583	\$ -	\$ 34,259,946	\$ -	\$ 34,259,946	3.25%	\$ 1,076
2014	\$ 25,918,000	\$ -	\$ 3,057,529	\$ 1,821,219	\$ 2,530,583	\$ -	\$ 33,327,331	\$ -	\$ 33,327,331	2.91%	\$ 980
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	3.20%	\$ 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	2.38%	\$ 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	3.02%	\$ 1,114
2021	\$ 37,450,000	\$ 3,807,682	\$ 3,277,139	\$ 1,137,617	\$ 2,502,261	\$ -	\$ 48,174,699	\$ -	\$ 48,174,699	2.74%	\$ 995

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



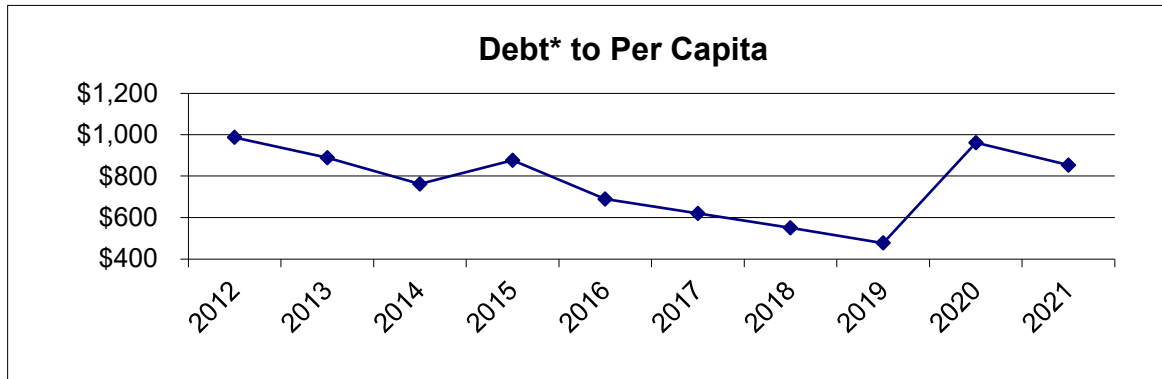
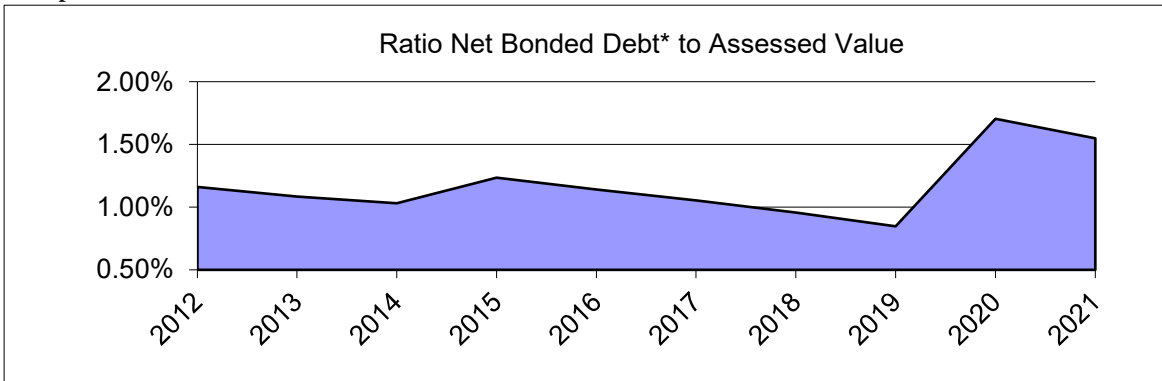
**Caroline County, Maryland**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Years**  
**Schedule 10**

Year June 30,	General <u>Bonded Debt</u>	(1) Assessed <u>Value</u>	(2) Per Capita <u>Income</u>	Ratio Net Bonded Debt* to <u>Assessed</u> <u>Value</u>	Debt* to Per <u>Capita</u>
2012	\$ 30,875,000	\$ 2,663,868,995	\$ 31,282	1.16%	\$ 987
2013	\$ 28,317,000	\$ 2,611,863,442	\$ 31,834	1.08%	\$ 890
2014	\$ 25,918,000	\$ 2,514,718,787	\$ 33,990	1.03%	\$ 763
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

\* Net General Bonded Debt is total debt less CDA Town Loans

(1) Assessed Value is from Schedule 6

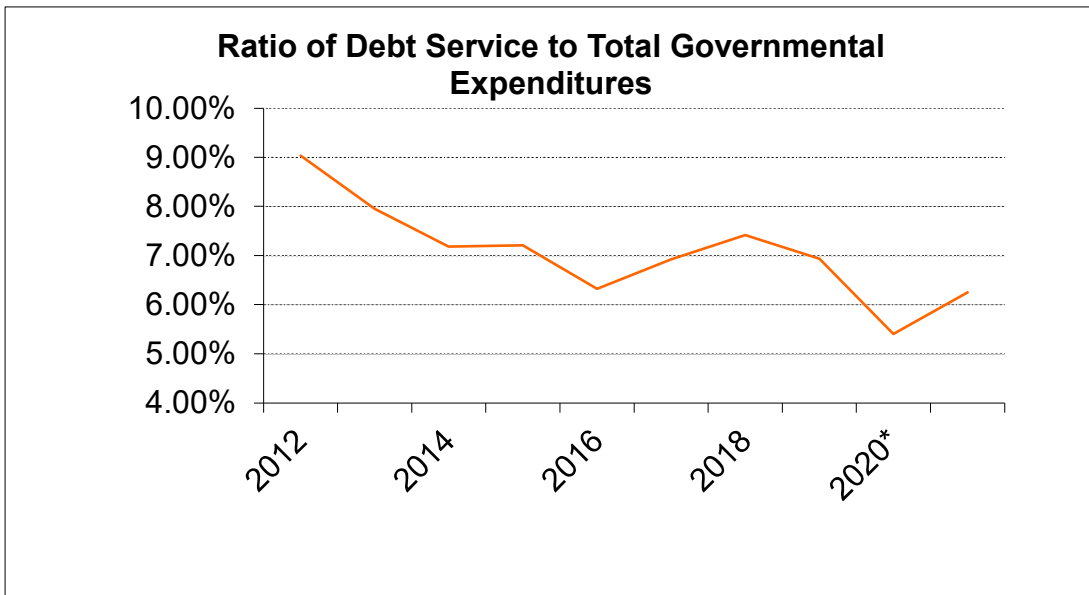
(2) Per Capita is from Schedule 13



**Caroline County, Maryland**  
**Ratio of Annual Debt Service to Total Governmental 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
2012	\$ 3,081,118	\$ 1,118,515	\$ 4,199,633	\$ 46,496,416	9.03%
2013	\$ 2,558,000	\$ 1,048,293	\$ 3,606,293	\$ 45,363,181	7.95%
2014	\$ 2,399,000	\$ 992,355	\$ 3,391,355	\$ 47,235,029	7.18%
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%

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



**Caroline County, Maryland**  
 Computation of Direct and Overlapping General Obligation Bonded Debt  
 June 30, 2021  
**Schedule 12**

Political Subdivision	Debt Outstanding	Percentage Applicable To County*	Amount Applicable To County
Caroline County Direct Debt	\$ 48,174,699	100.00%	\$ 48,174,699
	<u>48,174,699</u>		<u>48,174,699</u>
Caroline County Library	-	100.00%	-
Caroline County Board of Education	4,394,879	100.00%	4,394,879
Town of Denton	1,103,082	100.00%	1,103,082
Town of Federalsburg	1,758,520	100.00%	1,758,520
Town of Greensboro	651,141	100.00%	651,141
Town of Ridgely	615,713	100.00%	615,713
Town of Preston Indirect Debt	-	100.00%	-
	<u>8,523,335</u>		<u>8,523,335</u>
<b>TOTAL</b>	<u>\$ 56,698,034</u>		<u>\$ 56,698,034</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 Tax 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		High School Graduates (2)	School Enrollment (2)	Labor Force(4)	Employment (4)	Unemployment (3)	Unemployment Rate (3)	Median Age (4)
		Income per 1000 (1)(5)	Per Capita Income (1)							
2012	33,072	1,034,572	31,282	364	5,226	16,693	15,265	1,428	8.6%	38.7
2013	33,128	1,054,608	31,834	353	5,810	16,615	15,246	1,369	8.2%	38.7
2014	33,733	1,146,599	33,990	317	5,545	17,121	15,928	1,193	7.0%	38.7
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	4.9%	39.0
2017	32,900	1,371,907	42,110	329	5,705	15,215	14,395	820	5.4%	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	4.3%	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

Source:

- (1) 09 22 2021 <https://www.census.gov/quickfacts/fact/table/carolinecountymaryland,MD>
- (2) 09 22 2021 Caroline County Board of Education
- (3) 09 22 2021 <https://www.dllr.state.md.us/lmi/laus/lauscounties.shtml>
- (4) 09 22 2021 <https://www.dllr.state.md.us/lmi/laus/lauscounties.shtml>
- (5) 09 22 2021 <https://www.bea.gov/data/income-saving/personal-income-county-metro-and-other-areas>
- (6) 09 22 2021 Caroline County Board of Education



**Caroline County, Maryland**  
Major Employers FYE 6/30/2021  
**Schedule 14**

<b>Firm</b>	<b>Product/Service</b>	<b>Employment</b>	<b>Percent of Caroline County Employment</b>
Caroline County Board of Education	Government	990	6.10%
Dart Container	Cups and containers	800	4.93%
Benedictine School	Private School for exceptional children	485	2.99%
Choptank Transport	Refrigerated trucking	375	2.31%
WalMart	Department Store/Groceries	270	1.66%
H&M Bay	Refrigerated trucking	250	1.54%
Caroline County	Government	233	1.44%
Choptank Community Health Systems	Medical Service	191	1.18%
Choptank Electric Cooperative	Electric Utility Coop	163	1.00%
Tri Gas & Oil	Fuel Delivery	153	0.94%

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

**Caroline County, Maryland**  
**Major Employers FYE 6/2012**

<b>Firm</b>	<b>Product/Service</b>	<b>Employment</b>	<b>Percent of Caroline County Employment</b>
Caroline County Board of Education	Government	842	5.52%
Solo Cup	Cups and containers	567	3.71%
Benedictine School	Private School for exceptional children	403	2.64%
Caroline County	Government	245	1.60%
H&M Bay	Refrigerated trucking	135	0.88%
Caroline Nursing Home	Nursing care	130	0.85%
Envoy Health Care	Medical Services	105	0.69%
Medifast	Food Diet Industry	100	0.66%
Food Lion	Groceries	100	0.66%

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

<u>Year</u>	(1) <b>Bank Deposits (dollars in Millions)</b>	(2) <b>Avg Sale Price for a Single Family Home</b>	(3) <b>Total Assessed Property Value</b>
2011	396	134,500	3,007,324,220
2012	389	165,931	2,949,120,997
2013	376	153,962	2,824,415,327
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

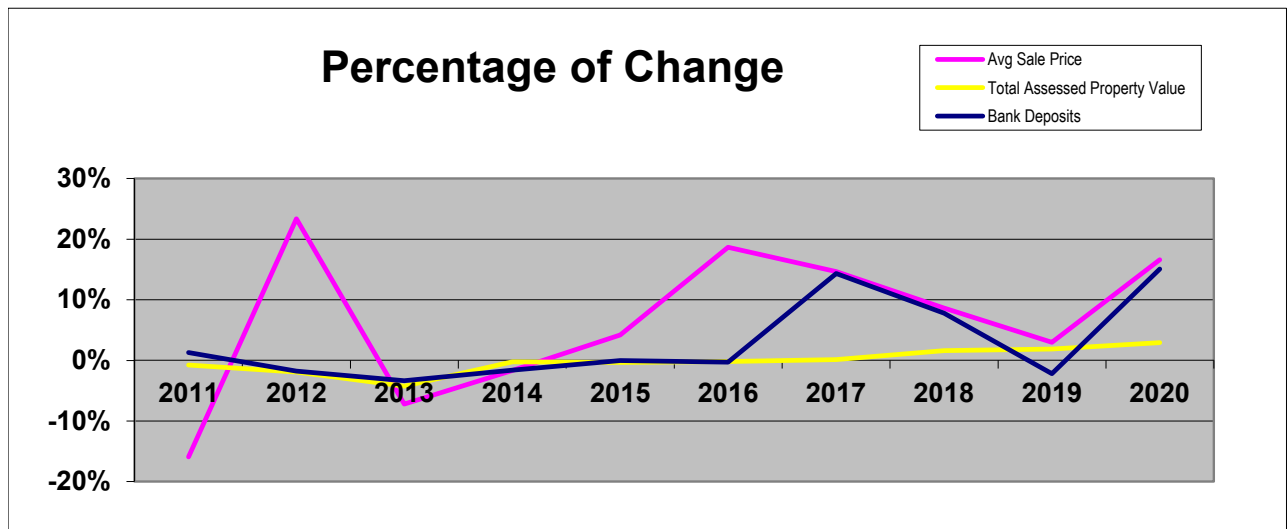
Source:

(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.getsmartcharts.com/statistics#caroline\\_county\\_md\\_county/reports](http://www.getsmartcharts.com/statistics#caroline_county_md_county/reports)

(3) Caroline County Tax Office-includes exempt property



**Caroline County, Maryland**  
 Building Permits Statistics (Unincorporated Areas)  
 Fiscal Years 2012 - 2021 (Unaudited)  
**Schedule 16**

Types	2012		2013		2014		2015		2016		2017		2018	
	Number Permits	Value	Number Permits	Value	Number Permits	Value	Number Permits	Value	Number Permits	Value	Number Permits	Value	Number Permits	Value
Homes	24	\$3,924,530	22	\$4,105,200	32	\$6,207,520	38	\$6,491,540	36	\$7,186,054	29	\$7,046,142	32	\$9,650,678
Accessory Dwellings	3	\$140,000	1	\$30,000	0	\$0	0	\$0	3	\$168,980	1	\$1,000	1	\$10,000
Accessory Structures	37	\$730,355	55	\$976,426	44	\$968,104	86	\$2,085,813	106	\$2,677,567	121	\$2,856,977	90	\$2,183,892
Additions	29	\$788,200	17	\$337,200	34	\$1,411,950	27	\$1,104,500	32	\$869,900	27	\$1,465,100	26	\$1,412,087
Comm/Industrial & Institutional	10	\$338,100	9	\$293,500	12	\$1,330,088	10	\$1,900,250	12	\$1,245,500	6	\$852,620	6	\$825,820
Mobile Homes	7	\$404,316	12	\$400,900	8	\$410,039	15	\$809,329	11	\$497,500	7	\$128,500	19	\$668,296
Poultry Structures/Ag	27	\$730,057	27	\$2,262,655	37	\$3,636,933	28	\$8,070,239	35	\$9,358,798	27	\$11,488,502	37	\$10,383,712
Change of Use/Home Occupation			2	\$27,000	6	\$1,000	1	\$3,000	7	\$2,678	6	\$27,500	4	\$30,000
Shoreline Projects	5	\$88,400	2	\$29,700	3	\$36,000	5	\$95,000	3	\$55,000	3	\$83,600	1	\$20,000
Decks Pools Signs	30	\$314,924	31	\$456,929	29	\$259,851	36	\$378,121	30	\$347,648	41	\$491,983	47	\$658,162
Miscellaneous			2	\$7,743	4	\$14,200	6	\$15,666	5	\$19,176	4	\$14,572	6	\$40,772
Renovations	9	\$91,920	8	\$148,300	11	\$314,400	13	\$652,137	22	\$613,790	15	\$371,300	12	\$269,261
Residential Solar														
<b>TOTAL</b>	<b>181</b>	<b>\$7,550,802</b>	<b>188</b>	<b>\$9,075,553</b>	<b>220</b>	<b>\$14,590,085</b>	<b>265</b>	<b>\$21,605,595</b>	<b>302</b>	<b>\$23,042,591</b>	<b>287</b>	<b>\$24,827,796</b>	<b>281</b>	<b>\$26,152,680</b>

Source: Caroline County Dept of Planning

Types	2019		2020		2021	
	Number Permits	Value	Number Permits	Value	Number Permits	Value
Homes	51	\$12,234,532	46	\$11,692,748	45	\$12,068,397
Accessory Dwellings	0	\$0	0	\$0	0	\$0
Accessory Structures	88	\$3,378,762	58	\$1,249,083	84	\$2,501,603
Additions	34	\$1,081,900	23	\$1,201,500	26	\$965,000
Comm/Industrial & Institutional	9	\$4,995,671	9	\$4,760,550	0	\$0
Mobile Homes	12	\$868,192	14	\$1,654,719	15	\$1,186,979
Poultry Structures/Ag	27	\$911,500	26	\$3,382,892	30	\$1,094,813
Change of Use/Home Occupation	3	\$82,850	7	\$0	9	\$18,050
Shoreline Projects	2	\$16,800	5	\$185,402	10	\$275,074
Decks Pools Signs	33	\$478,592	40	\$891,261	49	\$1,138,208
Miscellaneous	8	\$37,440	3	\$12,500	13	\$603,853
Renovations	12	\$405,800	17	\$365,764	25	\$561,761
Residential Solar			26	\$1,176,360	22	\$3,022,186
<b>Totals</b>	<b>279</b>	<b>\$24,492,039</b>	<b>274</b>	<b>\$26,572,779</b>	<b>328</b>	<b>\$23,435,924</b>



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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government	131	130	126	126	130	129	134	140	143	134
Public Safety	31	31	31	32	31	36	38	40	44	44
Public Works	40	40	38	38	38	38	43	43	37	38
Leisure Services	9	9	9	9	9	9	9	9	9	9
<b>Total</b>	<b>211</b>	<b>210</b>	<b>204</b>	<b>205</b>	<b>208</b>	<b>212</b>	<b>224</b>	<b>232</b>	<b>233</b>	<b>225</b>

Source: Caroline County Human Resources

**Operating Indicators by Function/Program**  
**Last Ten Years**

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>General Government*</b>										
Payroll Checks Processed	7,855	7,964	7,654	8,000	9,241	8,999	9,057	8,721	9,196	8,751
Number of Checks Written	4,351	4,359	4,320	4,217	4,185	4,038	3,762	3,746	3,796	3,806
Number of EFT's	-	-	-	-	-	-	563	872	904	915
Purchase orders Issued	1,779	1,584	1,820	1,649	1,699	1,450	839	612	529	496
<b>Public Safety (calendar year)</b>										
911 Calls(1)	18,288	18,911	19,185	18,557	24,518	19,864	18,962	16,619	17,691	N/A
Calls for Fire & EMS Dispatches(1)	5,548	5,306	5,623	6,245	6,967	6,958	7,650	8,242	8,750	N/A
Avg Detention Ctr Daily Population(2)	98	102	111	98	87	72	54	57	55	N/A
Number of Police Stations	7	7	7	7	7	7	7	7	7	N/A
Uniform Police Officers(3)	63	62	58	59	59	59	59	61	67	N/A
Number of Vehicles	68	71	67	70	70	68	68	70	75	N/A
Number of Type 1 law violations (3)	1,070	1,013	888	750	727	730	649	730	698	N/A
Physical arrests (3)	1,957	1,992	1,860	1,705	1,657	1,596	1,531	1,500	1,361	N/A
Traffic violations (3)	5,900	7,721	7,929	6,900	6,217	6,735	7,681	24,813	11,513	N/A
<b>Public Works**</b>										
Miles of Roads Serviced	38	38	38	43	40	46	46	46	46	46
Annualized Tonnage for Collection Sites	1,401	1,401	1,401	1,019	1,015	979	979	980	976	990
<b>Parks and Rec***</b>										
Number of Programs	313	313	313	307	234	234	234	234	234	234

\* 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,	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public Facilities</b>											
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	5	5	5	6	6	6	6	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
<b>Public Schools(5)</b>											
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
<b>Department of Public Works(6)</b>											
Miles of County Maintained Paved Rds		399	399	399	399	399	399	399	399	399	399
Vehicles in Roads Department		26	26	24	25	26	26	27	28	28	28
<b>Caroline County Sheriff Department(7)</b>											
Vehicles in Service		32	35	32	34	34	35	35	37	38	39

**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, 2021 (Unaudited)  
**Schedule 19**

Date of Incorporation	1774
Form of Government	Home Rule
Area in Square Miles	321
<u>Population(1)</u>	
1970	19,781
1980	23,143
1990	27,035
2000	29,772
2010	33,066
2015	33,900
<u>Employees-Source Human Resources Records</u>	
Exempt	44
Full time	182
Part time (FTE)	12
Total	<u>252</u>
<u>County Maintained Roads-Source Public Works Records</u>	
Paved	399
Unpaved	76
Total	<u>475</u>
<u>Libraries-Source Library Staff</u>	
Number of Libraries	3
<u>Education (Public)-Source BOE Admin Staff</u>	
Number of Schools	
High Schools	3
Middle Schools	2
Elementary Schools	5
Number of Personnel	
Teachers	484
Administrators	51
Support	364
Other	-
Number of students	5,553

(1) 2010 Census  
(2) Caroline County Budget Document

<u>Board of Elections-Source Local Election Staff</u>	
Registered voters at last general election	17,596
Number of votes cast last general election	13,286
Percentage of registered voters voting	75.50%
<u>Police Protection- Source Sheriff Budget Document</u>	
Uniform Police Officers	40
Number of Vehicles	42
Number of Offenses-Sheriff Dept (2)	600
Traffic violations (2)	7,437
<u>Detention Center-Source Annual Correction Report</u>	
Detention Center Officers	33
Average Daily Population (2)	58
Average Daily Work Release (2)	0
<u>Fire Protection-Source Emergency Management</u>	
Number of Volunteer Stations	8
Number of Volunteer Members	467
Equipment	
Engines	20
Tankers	8
Aerial Units	2
Rescue Units	6
Brush Units	8
Air Units (MD State Police)	8
Miscellaneous Utility Units	8
Ambulance/Medic Units	15
Boat dive units	3
Command Vehicles	8
Canteen	1
Calls for Service- Fire/Rescue	2,422
Calls for Emergency Medical	6,482
<u>County Owned Recreation Facilities-Source Pks &amp; Rec</u>	
Parks	10
Parks Acreage	484.72
Public Landings	4
Open Space Acreage Actively Maintained	136.18
Quantity of Public Boat Ramps	3
Special Use Areas and Facilities	5
School/Recreation Park Facilities	4
Acreage under Development for Public Use	6
Protected Park land for Future Development	344