

COMMISSIONERS OF ST. MARY'S COUNTY

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

For the Year Ended June 30, 2025

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COMMISSIONERS OF ST. MARY’S COUNTY

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

JUNE 30, 2025

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COMMISSIONERS OF ST. MARY’S COUNTY

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

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

Commissioners of St. Mary's County

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commissioners of St. Mary's County (the County) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County, as of June 30, 2025, and the respective changes in financial position, the budgetary comparison for the general fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of County proportionate share and schedule of contributions and related ratios of the net pension liability of the Maryland State Retirement and Pension System, schedule of changes in net pension liability and related ratios and schedule of contributions of the Sheriff's Office Retirement Plan and of the Length of Service Program, and schedule of changes in net OPEB liability and related ratios and schedule of contributions of the Retiree Benefit Trust Fund (OPEB), 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 management's discussion and analysis, required supplementary information, and budget and actual schedules as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Owings Mills, Maryland
December 4, 2025

SBC & Company, LLC

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

This section of the Annual Financial Report of St. Mary's County, Maryland (the County) presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2025. We encourage readers to use the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$403.6 million (net position). Approximately \$15.3 million, or 3.8%, is attributable to the County's enterprise funds, which include business-type activities for Solid Waste and Recycling, Recreation and Parks Activities, and the Wicomico Golf Course. Unrestricted Net Position for FY2025 is \$129.6 million, a change from FY2024 of \$117.5 million, an increase of approximately \$12.1 million. Net position includes approximately \$273.3 million of net investment in capital assets. The net investment in capital assets represents the capitalized assets, net of accumulated depreciation and outstanding debt.
- The County's overall net position reflects an increase of \$7.1 million compared to the prior year.
- Governmental activities' total indebtedness increased by approximately \$20.9 million during the fiscal year ended June 30, 2025. Increase was mainly due to the issuance of bonds during FY2025 of \$30 million plus the premium amount of \$1.5 million for capital improvement projects. Payments on the debt totaled approximately \$10.8 million. The estimated post-closure costs of the landfill decreased by approximately \$0.4 million and there was an increase in the accrual for compensated absences of approximately \$0.6 million.
- As of June 30, 2025, the County's governmental funds reported combined fund balances of \$160.9 million, an increase of \$9.9 million compared to the prior year. The general fund reflected an increase of \$9.7 million. The capital projects fund reflected an increase of \$4.1 million. The fund balance for the non-major funds decreased by \$3.8 million. The County's governmental fund balances as of June 30, 2025 include \$69.9 million for capital projects, \$88.7 million in general funds, and \$2.3 million for the other non-major funds. The general fund balance of \$88.7 million includes \$2.2 million that is nonspendable and restricted, as well as \$62.3 million which is committed to the following: \$50.1 for the 15% policy reserve and \$12.1 million for use of non-recurring in the FY2026 Budget. In addition, the general fund has an assigned balance of approximately \$5.3 million which includes encumbrances.

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

Financial Highlights (continued)

- With the FY2025 budget, cost shifts continue as a result of current political, economic and budgetary conditions at both the federal and state levels. As such, this budget continues to focus on funding recurring expenses with recurring revenues. The County deems it prudent to stay the course with respect to basic government services, while maintaining reserves adequate to cushion against changes over which it has little influence. The County approved the budget using \$6.7 million of unassigned fund balance. Maintaining a healthy fund balance can help the County to weather negative revenue results and avoid sudden disruption or elimination of services, by allowing time for a plan to be developed to address negative trends.
- The non-major funds are special purpose funds consisting of special assessments, the emergency services support fund, the emergency services billing fund and a revolving loan fund set up to assist volunteer fire and rescue squads in financing their acquisition of capital assets.
- The non-major funds are special purpose funds consisting of special assessments, the emergency services support fund, the emergency services billing fund and a revolving loan fund set up to assist volunteer fire and rescue squads in financing their acquisition of capital assets.
- As of June 30, 2025, the unassigned fund balance for the general fund (primary operating fund) was \$18.9 million, or 5.8% of general fund expenditures. Assigned fund balance of the general fund was \$5.3 million, or 6.0% of the total general fund balance.

Overview of the Financial Statements

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

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

Overview of the Financial Statements (continued)

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner comparable to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works, health, social services, economic development, and recreation and parks. The business-type activities of the County include Recreation Activity, Wicomico Golf Course and Solid Waste & Recycling.

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

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

Overview of the Financial Statements (continued)

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

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

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

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

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

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 32 to 106 of this report.

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

Overview of the Financial Statements (continued)

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligations to retiree benefits. Required supplementary information can be found on pages 108 to 115 of this report. Combining and Individual Fund Statements on pages 117 and 118. Other supplementary information can be found on pages 121 to 130.

Government-wide Financial Analysis

Government Activities

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the County, assets exceeded liabilities by \$388.3 million at the close of the current fiscal year. The County's net position is divided into three categories: net investment in capital assets, restricted net position and unrestricted net position. \$254.3 million of the County's net position reflects its net investment in capital assets (e.g., land and easements, buildings, machinery, equipment, infrastructure and improvements), less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net position represents 0.2% of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. Unrestricted net position of the government has a balance of \$133.4 million.

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

Government-wide Financial Analysis (continued)

BALANCE SHEET June 30, 2025 and 2024						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current Assets	\$ 271,536,493	\$ 249,274,901	\$ (1,811,697)	\$ (261,087)	\$ 269,724,796	\$ 249,013,814
Other Non-Current Assets	1,105,321	976,016	-	-	1,105,321	976,016
Capital assets	455,299,120	439,342,293	19,258,855	19,454,692	474,557,975	458,796,985
Total Assets	727,940,934	689,593,210	17,447,158	19,193,605	745,388,092	708,786,815
DEFERRED OUTFLOW OF RESOURCES						
Pension	24,839,904	18,346,455	-	-	24,839,904	18,346,455
OPEB	16,033,566	20,653,680	-	-	16,033,566	20,653,680
Total Deferred Outflow of Resources	40,873,470	39,000,135	-	-	40,873,470	39,000,135
Total Assets & Deferred Outflow of Resources	768,814,404	728,593,345	17,447,158	19,193,605	786,261,562	747,786,950
LIABILITIES						
Current Liabilities	40,530,056	36,646,538	1,259,091	1,716,144	41,789,147	38,362,682
Non-Current Liabilities	319,027,898	293,873,794	903,131	1,172,898	319,931,029	295,046,692
Total Liabilities	359,557,954	330,520,332	2,162,222	2,889,042	361,720,176	333,409,374
DEFERRED INFLOW OF RESOURCES						
Pension	11,393,758	8,524,777	-	-	11,393,758	8,524,777
OPEB	9,564,127	9,383,828	-	-	9,564,127	9,383,828
Total Deferred Inflow of Resources	20,957,885	17,908,605	-	-	20,957,885	17,908,605
Total Liabilities & Deferred Inflow of Resources	380,515,839	348,428,937	2,162,222	2,889,042	382,678,061	351,317,979
NET POSITION						
Net Investment in Capital Assets	254,313,292	259,222,246	19,033,118	19,162,594	273,346,410	278,384,840
Restricted	611,960	584,212	-	-	611,960	584,212
Unrestricted	133,373,313	120,357,950	(3,748,182)	(2,858,031)	129,625,131	117,499,919
Total Net Position	388,298,565	380,164,408	15,284,936	16,304,563	403,583,501	396,468,971
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 768,814,404	\$ 728,593,345	\$ 17,447,158	\$ 19,193,605	\$ 786,261,562	\$ 747,786,950

As of June 30, 2025, the County reports positive balances in all three categories of net position.

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

Government-wide Financial Analysis (continued)

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

	CHANGES IN NET POSITION Years Ended June 30, 2025 and 2024					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program Revenues:						
Charges for Services	\$ 8,995,574	\$ 10,454,738	\$ 5,848,912	\$ 5,404,752	\$ 14,844,486	\$ 15,859,490
Environmental/Solid Waste Fees	-	-	4,800,230	4,684,852	4,800,230	4,684,852
Operating Grants and Contributions	17,367,631	20,566,273	29,781	427,057	17,397,412	20,993,330
Capital Grants and Dedicated Fees or Taxes	12,160,509	16,926,439	-	-	12,160,509	16,926,439
General Revenues:						
Property Taxes	133,309,666	126,673,162	-	-	133,309,666	126,673,162
Income Taxes	161,756,328	148,378,008	-	-	161,756,328	148,378,008
Other Taxes	26,700,384	24,722,156	-	-	26,700,384	24,722,156
Investment Earnings	5,844,114	7,814,463	-	-	5,844,114	7,814,463
Roads Constructed by Third Parties	-	11,226,038	-	-	-	11,226,038
Miscellaneous, Principally Capital Projects Funding	3,382,126	4,645,902	(1,139)	62,368	3,380,987	4,708,270
Total Revenues	369,516,332	371,407,179	10,677,784	10,579,029	380,194,116	381,986,208
Program Expenses:						
General Government	51,236,573	51,986,163	-	-	51,236,573	51,986,163
Public Safety	86,445,463	87,567,882	-	-	86,445,463	87,567,882
Public Works	20,950,898	28,008,656	5,835,047	6,322,026	26,785,945	34,330,682
Health	6,083,438	5,854,004	-	-	6,083,438	5,854,004
Social Services	5,495,984	4,994,539	-	-	5,495,984	4,994,539
Primary and Secondary Education	152,481,714	143,127,307	-	-	152,481,714	143,127,307
Post-Secondary Education	5,282,807	5,052,642	-	-	5,282,807	5,052,642
Parks, Recreation and Culture	12,054,690	24,674,703	5,862,364	5,118,096	17,917,054	29,792,799
Libraries	4,145,289	3,844,915	-	-	4,145,289	3,844,915
Conservation of Natural Resources	713,314	706,414	-	-	713,314	706,414
Economic Development and Opportunity	3,781,238	2,779,281	-	-	3,781,238	2,779,281
Interest on Debt	4,975,307	4,430,434	-	-	4,975,307	4,430,434
Other, Principally Retiree's Health	7,735,460	9,329,722	-	-	7,735,460	9,329,722
Transfers (in)/out	-	414,000	-	(414,000)	-	-
Total Expenses	361,382,175	372,770,662	11,697,411	11,026,122	373,079,586	383,796,784
Change in Net Position	8,134,157	(1,363,483)	(1,019,627)	(447,093)	7,114,530	(1,810,576)
Net Position – beginning of year	380,164,408	381,527,891	16,304,563	16,751,656	396,468,971	398,279,547
Net Position – End of Year	\$ 388,298,565	\$ 380,164,408	\$ 15,284,936	\$ 16,304,563	\$ 403,583,501	\$ 396,468,971

Governmental activities: Governmental activities reflected an increase in net position of approximately \$8.1 million.

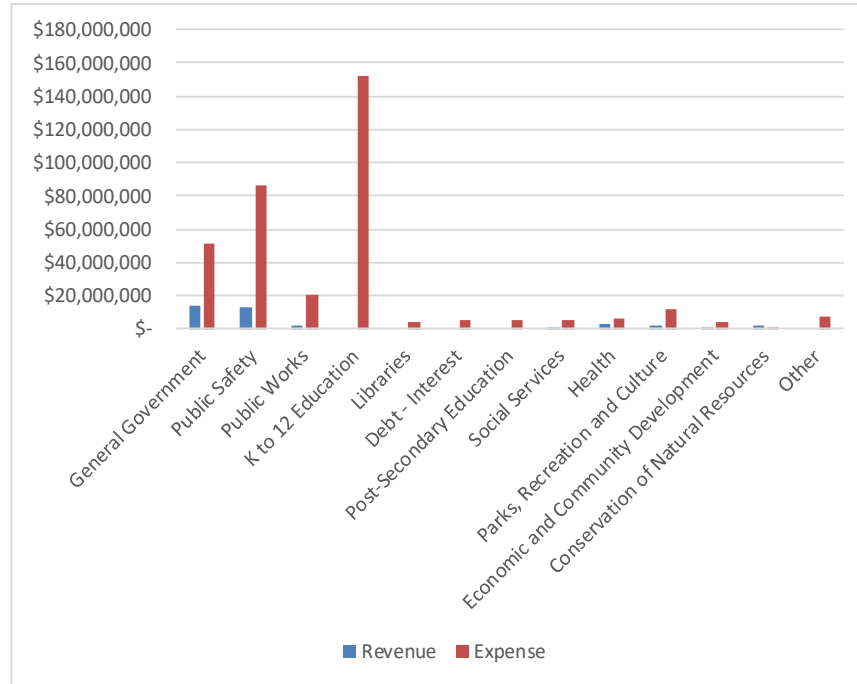
Business-type activities: Business-type activities reflected a decrease in net position of \$1.0 million.

COMMISSIONERS OF ST. MARY'S COUNTY

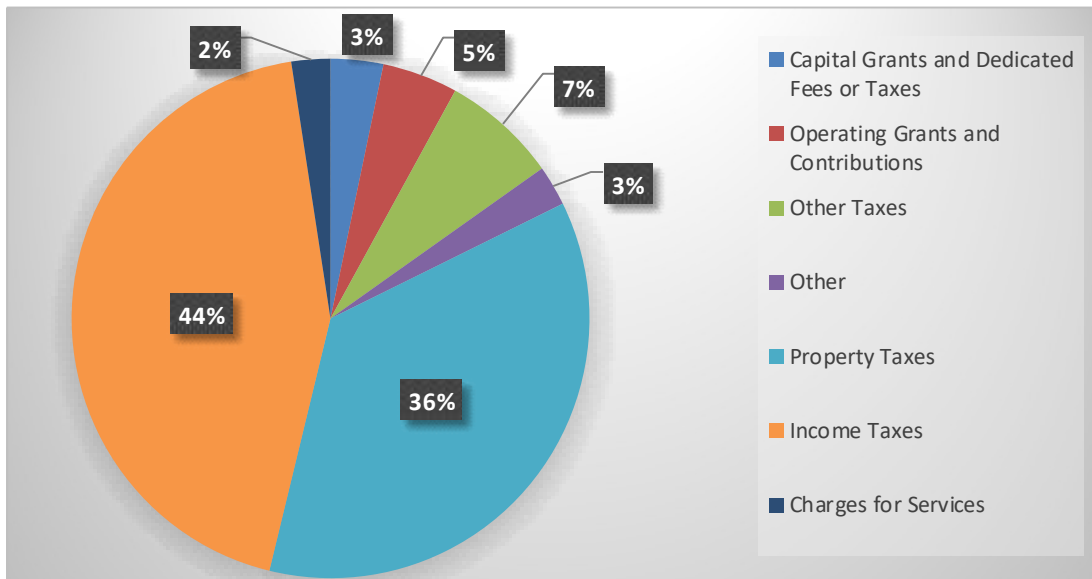
Management's Discussion and Analysis June 30, 2025

Government-wide Financial Analysis (continued)

Expenses and Program Revenues – Governmental Activities (in millions)



Revenues By Source – Governmental Activities



COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

Financial Analysis of the Government's Funds

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

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

As of June 30, 2025, the County governmental funds reported combined ending fund balances of \$160.9 million, an increase of \$9.9 million compared to the prior year. The Capital Projects fund accounts for \$69.9 million. Of the total fund balance, approximately \$18.9 million, or 21.5% of this total, constitutes unassigned general fund balance, which is available for spending at the government's discretion. Assigned fund balance includes encumbrances and miscellaneous revolving fund reserved for specific uses. Restricted and committed fund balances include \$39.9 million for capital projects, \$50.1 million for the 15% policy reserve, and \$12.1 million for non-recurring operating and pay-go funding in the FY2026 budget. Non-spendable fund balance includes \$1.4 million committed to liquidate inventories and \$0.2 million in interfund advances. Unassigned fund balance of the general fund represents approximately 5.8% of general fund expenditures.

The fund balance of the County general fund has increased by \$9.7 million in FY2025, compared to the prior year decrease of \$0.5 million. Unassigned fund balance used in the FY2025 original budget column was \$6.7 million. In the FY2026 approved budget, \$12.1 million was used. The total committed at June 30, 2025 is \$62.3 million. The County uses unassigned fund balance for non-recurring expenses.

The capital projects fund has a total fund balance of \$69.9 million. This balance reflects the accumulated unspent balance of impact fees, transfer taxes, and pay-go, which has been appropriated for specific projects, but remains unspent as of June 30, 2025. These funds have been budgeted, and the capital projects are in progress. A listing of the unexpended balances appears on pages 127 through 130.

Proprietary funds: The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. At the end of year, the Wicomico Golf Course Fund reflected unrestricted deficit net position of (\$436,946). The Recreation Activities Fund reflected unrestricted deficit net position of (\$1.7 million), and the unrestricted deficit net position of the Solid Waste and Recycling Fund amounted to (\$1.6 million). On a combined basis, there was a \$890,151 decrease in unrestricted net position over the prior year.

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

General Fund Budgetary Highlights

In addressing the budget to actual variances, this section focuses generally on comparisons to the original approved budget. The "other supplementary information" on pages 121 through 130 reflects the original and final budgets as well as the actual results in more detail. Variances continue in inter-governmental revenues. The COVID-19 American Rescue grant was budgeted in fiscal years 2022 and 2023 for \$22 million. However, actual expenditures continued in FY2025. Expenditures will continue through FY2027, the deadline for expending the funds. The FY2025 actual results reflect revenues that are \$5.6 million more than the adjusted budget. Property Taxes had a negative variance of \$725,479, income tax had a positive variance of \$5.6 million and other local taxes also had a negative variance of \$812,010. The FY2025 budget for income tax revenue is based upon an annual growth rate of 5.50% applied to tax year 2022 and based on returns filed. The FY2025 budget included an increase to the income tax rate. The rate was changed to 3.20% effective January 1, 2025. The County will continue to monitor closely the developments in property and income taxes, as these are such a significant component of funding. The assessments from the state grew by 5.4% compared to final assessments for FY2024. Property tax revenues continue to be impacted by the PACT act and the increased number of Homestead Tax Credits. As for income taxes, the County will continue to budget based on its specific taxable income statistics, as provided by the State, rather than the State's distributions, which are based on State-wide cash flow.

Expense variances fall into several categories. Just like the grant revenue variances, the related expenditures are also occurring in different years compared to budget. As with past years, the biggest variance is in personnel services due to the high number of vacancies for departments and elected officials. FY2025 only added 4.5 new positions.

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

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

General Fund Budgetary Highlights (continued)

Recurring expenses must be supported by recurring revenues to be sustainable. The County builds a budget based on sustainable levels of revenues and uses any excess generated in one year to fund non-recurring items in subsequent budget years. As indicated previously, the County has retained a significant fund balance to position it to be able to address the uncertain future caused by the economy. As a part of each annual budget process, the County Commissioners review the prior year's unassigned fund balance and plan its use on non-recurring expenditures. Higher reserves will enable the County to soften the impact of further cuts or cost shifts, allowing some additional time to implement longer-term cost reduction measures, as might be appropriate. With the Commissioners Fund Balance policy, it reinforces using fund balance for non-recurring expenses and it also stipulates that County Reserves should be at or above 15% of general fund revenue. The FY2025 ratio is approximately 21%. The County has maintained ample capacity for revenue enhancement should future needs arise, and the circumstances warrant it.

Capital Asset and Debt Administration

- Capital assets:** The County investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to \$474.6 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure and land development rights. The net increase in the County's investment in capital assets for the fiscal year ended June 30, 2025 was \$15.8 million. It should be noted that the capital asset balances include the County's infrastructure (i.e., roads), as the County has fully implemented the requirements of the Governmental Accounting Standards Board (GASB) Statement 34.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 46,482,000	\$ 46,504,826	\$ 1,078,666	\$ 1,078,666	\$ 47,560,666	\$ 47,583,492
Buildings and Improvements	194,468,834	193,005,347	4,799,856	4,776,834	199,268,690	197,782,181
Facilities Under Construction	20,981,260	9,750,970	-	-	20,981,260	9,750,970
Solid Waste Facilities	-	-	14,768,502	14,768,502	14,768,502	14,768,502
Infrastructure	432,835,767	413,686,982	-	-	432,835,767	413,686,982
Vehicles	31,727,565	28,730,878	4,595,677	4,329,169	36,323,242	33,060,047
Equipment	43,927,783	41,405,888	1,368,136	1,369,275	45,295,919	42,775,163
Accumulated Depreciation	(315,124,089)	(293,742,598)	(7,351,982)	(6,867,757)	(322,476,071)	(300,610,355)
Total	\$ 455,299,120	\$ 439,342,293	\$ 19,258,855	\$ 19,454,689	\$ 474,557,975	\$ 458,796,982

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

Capital Asset and Debt Administration (continued)

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

- Approximately \$12.9 million in road costs were capitalized.
- Recreation & Parks - \$6.3 million.
- Construction in progress totals \$20.9 million – Capital Improvements project capitalized in subsequent years.

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

Long-term debt: As of June 30, 2025, the County had the following debt, and other similar obligations outstanding, as set forth in the table below. The full faith and credit and unlimited taxing power of the County are irrevocably pledged to the levy and collection of taxes in order to provide for the payment of principal and interest due on the General Obligation Bonds.

Primary Government	June 30, 2025	June 30, 2024	Amounts Due Within One Year
General Obligation Bonds (GOB) - County	\$ 198,017,402	\$ 176,079,298	\$ 10,200,860
State Loans	486,817	610,257	95,137
Exempt Financing (Equipment & Vehicles)	2,481,609	3,430,492	793,492
	<u>\$ 200,985,828</u>	<u>\$ 180,120,047</u>	<u>\$ 11,089,489</u>
Business-Type Activities			
Exempt Financing (Equipment)	<u>\$ 705,983</u>	<u>\$ 998,821</u>	<u>\$ 225,737</u>

The County's additions to debt included \$30 million of General Obligations Bonds, closed in May 2025.

As of May 1, 2025, the County had an "AAA" rating from Fitch Ratings, an "AA+" from S & P Global Ratings, and an "Aa1" from Moody's Investors Service, Inc.. Rating reviews issued by the agencies have cited the County's low debt burden with rapid amortization, history of strong financial operations and management, health reserves, budget flexibility, a stable economy, conservative budgeting, and prudent fiscal policies. The County's debt policy, adopted by the Board, provides that the ratio of debt to assessed value does not exceed 3.15% on real property to include the debt of St. Mary's Metropolitan Commission, and debt service expense as a percent of current general fund revenue does not exceed 10%.

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

Capital Asset and Debt Administration (continued)

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

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

Economic Factors and Next Year's Budgets and Rates

- The total general fund FY2026 expenditure budget is \$348.6 million; this budget includes the use of unassigned fund balance, \$12.1 million for non-recurring expenditures and capital improvement expenditures, committed in fund balance. Only 4.50 new positions were added.
- The property tax income is based on information provided by the State, estimated taxable assessed value of \$15.6 billion, a 4.5% increase over the prior year's estimate of \$14.9 billion. The impact of triennial assessments shows an increase in the full value are somewhat mitigated by the County's cap of 3% homestead tax credit. Assessments continue to reflect a moderate growth, but steady; this resulted in revenue estimate at 3.2% over the prior year. Property tax revenue and senior tax credits are reduced from the impact of the Federal PACT Act reducing property assessments for 100% disable veterans. The real property tax rate remains at .8478 per \$100 of assessed value, which is higher than constant yield tax rate by .0362. The County's personal property tax rate, which is 2.5 times the real property tax rate, is \$2.1195.
- The income taxes were budgeted at \$154.5 million. This represents an income tax revenue increase of 4.7% over the FY2025 budget and reflects both the estimated County specific tax returns as well as \$8 million estimated for interest and penalties as well as the share of State-wide unallocated taxes that will be distributed to the County by the State
- Continual monitoring of the property tax and income tax revenue, which represents approximately 85% of the total revenues (excluding grants), will be a major part of the FY2027 budget development, and any indications of reduction will be offset by reduced expenditures.

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis June 30, 2025

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

- The YMCA broke ground on November 12, 2024. The new facility will be 65,000 square feet and located in Great Mills. It will offer a diverse range of recreational and community services and it's anticipated to open in late winter/early spring 2026.
- Although the general economy of the State and United States effects the County, the activities and operations of the Patuxent Naval Air Base in St. Mary's County has a stabilizing effect on the local economy. Operations at the base, which is the busiest flight center in the world, continue to grow. Approximately 22,000 workers support the base.
- The population growth continues and is estimated to be 115,281, a 9.63% growth rate over the 2010 census.
- The County ranks near the top in the State for growth in the labor force, average weekly wages, and median household income. We consistently post unemployment rates that are well below State averages. These factors indicate a stable economy.
- County continues to develop Key Niche growth sectors – Leisure & Tourism, Historic Sites, Recreation, Water Sports, and Agritourism. Leisure includes Aquaculture, Wineries, and Breweries.
- Continued Real Estate Development at Lexington Exchange and Patuxent River Village.

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

COMMISSIONERS OF ST. MARY’S COUNTY

Management’s Discussion and Analysis June 30, 2025

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

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

Requests for Information

This financial report is designed to provide a general overview of the County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, Commissioners of St. Mary’s County, 41770 Baldrige Street, P.O. Box 653, Leonardtown, Maryland 20650, or via email at Finance@stmaryscountymd.gov.

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Net Position As of June 30, 2025

	Primary Government			Component Units			Total
	Governmental Activities	Business-type Activities	Total	Public Schools	Library	Metropolitan Commission	
ASSETS							
Cash and cash equivalents	\$ 88,409,130	\$ 13,000	\$ 88,422,130	\$ 47,440,742	\$ 1,071,220	\$ 52,951,603	\$ 189,885,695
Internal balances	2,662,141	(2,662,141)	-	-	-	-	-
Restricted cash and investments	64,729,957	702,699	65,432,656	-	81,412	-	65,514,068
Taxes receivable	2,791,330	-	2,791,330	-	-	-	2,791,330
Income tax reserve, funds held by the state	81,423,035	-	81,423,035	-	-	-	81,423,035
Due from other governments	-	-	-	21,286,688	-	-	21,286,688
Special assessments receivable	447,112	-	447,112	-	-	-	447,112
Notes receivable, fire and rescue loans	350,673	-	350,673	-	-	-	350,673
Accounts receivable	28,319,495	98,641	28,418,136	148,546	36,056	10,551,830	39,154,568
Inventory	1,420,919	36,104	1,457,023	188,151	-	244,130	1,889,304
Other	982,701	-	982,701	2,035	-	155,089	1,139,825
Fire and rescue loans, net of short term portion	1,105,321	-	1,105,321	-	-	-	1,105,321
Capital assets	770,423,209	26,605,860	797,029,069	553,563,160	6,109,213	310,314,818	1,667,016,260
Accumulated depreciation	(315,124,089)	(7,347,005)	(322,471,094)	(234,738,589)	(4,543,922)	(117,773,917)	(679,527,522)
Capital assets, net of accumulated depreciation	455,299,120	19,258,855	474,557,975	318,824,571	1,565,291	192,540,901	987,488,738
TOTAL ASSETS	727,940,934	17,447,158	745,388,092	387,890,733	2,753,979	256,443,553	1,392,476,357
DEFERRED OUTFLOWS OF RESOURCES							
Pension	24,839,904	-	24,839,904	7,703,671	-	2,740,716	35,284,291
OPEB	16,033,566	-	16,033,566	81,432,890	1,417,077	1,553,890	100,437,423
Bond refunding	-	-	-	-	-	326,796	326,796
Total Assets and Deferred Outflows of Resources	768,814,404	17,447,158	786,261,562	477,027,294	4,171,056	261,064,955	1,528,524,867

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Net Position (continued)

As of June 30, 2025

	Primary Government			Component Units			Total
	Governmental Activities	Business-type Activities	Total	Public Schools	Library	Metropolitan Commission	
LIABILITIES							
Accounts payable	\$ 14,779,038	\$ 426,990	\$ 15,206,028	\$ 11,276,951	\$ 64,884	\$ 1,063,277	\$ 27,611,140
Compensation related liabilities	12,508,854	422,615	12,931,469	21,500,048	177,954	-	34,609,471
Unearned revenue	3,869,970	409,486	4,279,456	10,367,294	-	-	14,646,750
Other liabilities	9,372,194	-	9,372,194	91,312	20,500	4,535,549	14,019,555
Non-current liabilities:							
Due within one year	11,188,688	225,737	11,414,425	1,451,384	74,977	6,909,146	19,849,932
Due in more than one year	200,740,545	677,394	201,417,939	6,081,478	298,522	80,952,399	288,750,338
Net pension liability	88,935,646	-	88,935,646	20,389,100	-	7,817,942	117,142,688
Net OPEB liability	18,163,019	-	18,163,019	166,358,189	2,437,058	1,651,744	188,610,010
TOTAL LIABILITIES	359,557,954	2,162,222	361,720,176	237,515,756	3,073,895	102,930,057	705,239,884
DEFERRED INFLOWS OF RESOURCES							
Pension	11,393,758	-	11,393,758	493,450	-	189,207	12,076,415
OPEB	9,564,127	-	9,564,127	275,789,919	1,427,150	1,524,607	288,305,803
Total Liabilities and Deferred Inflows of Resources	380,515,839	2,162,222	382,678,061	513,799,125	4,501,045	104,643,871	1,005,622,102
NET POSITION							
Net investment in capital assets	254,313,292	19,033,118	273,346,410	317,088,597	1,565,291	112,878,588	704,878,886
Restricted for:							
Capital asset purchases	611,960	-	611,960	-	-	-	611,960
Capital projects	-	-	-	100,147	-	-	100,147
Other purposes	-	-	-	-	70,735	13,758,482	13,829,217
Unrestricted	133,373,313	(3,748,182)	129,625,131	(353,960,575)	(1,966,015)	29,784,014	(196,517,445)
TOTAL NET POSITION	\$ 388,298,565	\$ 15,284,936	\$ 403,583,501	\$ (36,771,831)	\$ (329,989)	\$ 156,421,084	\$ 522,902,765

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Activities For the Year Ended June 30, 2025

Functions/programs	Net (Expense) Revenue and Changes in Net Position										
	Program Revenue				Primary Government			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Public Schools	Library	Metropolitan Commission	Total
Primary government:											
Governmental activities:											
General government	\$ 51,236,573	\$ 3,140,874	\$ 1,821,472	\$ 8,701,967	\$ (37,572,260)	\$ -	\$ (37,572,260)	\$ -	\$ -	\$ -	\$ (37,572,260)
Public safety	86,445,463	5,179,839	7,567,369	-	(73,698,255)	-	(73,698,255)	-	-	-	(73,698,255)
Public works	20,950,898	380,458	1,766,936	329,485	(18,474,019)	-	(18,474,019)	-	-	-	(18,474,019)
Health	6,083,438	-	3,474,841	-	(2,608,597)	-	(2,608,597)	-	-	-	(2,608,597)
Social services	5,495,984	665	1,362,597	-	(4,132,722)	-	(4,132,722)	-	-	-	(4,132,722)
Primary and secondary education	152,481,714	-	-	-	(152,481,714)	-	(152,481,714)	-	-	-	(152,481,714)
Post-secondary education	5,282,807	-	-	-	(5,282,807)	-	(5,282,807)	-	-	-	(5,282,807)
Parks, recreation and culture	12,054,690	157,588	218,415	1,433,881	(10,244,806)	-	(10,244,806)	-	-	-	(10,244,806)
Libraries	4,145,289	-	-	-	(4,145,289)	-	(4,145,289)	-	-	-	(4,145,289)
Conservation of natural resources	713,314	-	-	1,695,176	981,862	-	981,862	-	-	-	981,862
Economic development and opportunity	3,781,238	136,150	1,156,001	-	(2,489,087)	-	(2,489,087)	-	-	-	(2,489,087)
Interest on long-term debt	4,975,307	-	-	-	(4,975,307)	-	(4,975,307)	-	-	-	(4,975,307)
Other, including OPEB	7,735,460	-	-	-	(7,735,460)	-	(7,735,460)	-	-	-	(7,735,460)
Total governmental activities	361,382,175	8,995,574	17,367,631	12,160,509	(322,858,461)	-	(322,858,461)	-	-	-	(322,858,461)
Business-type activities:											
Recreation activity	3,679,644	3,015,832	29,781	-	-	(634,031)	(634,031)	-	-	-	(634,031)
Wicomico	2,182,720	1,999,760	-	-	-	(182,960)	(182,960)	-	-	-	(182,960)
Solid waste/recycling	5,835,047	833,320	-	-	-	(5,001,727)	(5,001,727)	-	-	-	(5,001,727)
Total business-type activities	11,697,411	5,848,912	29,781	-	-	(5,818,718)	(5,818,718)	-	-	-	(5,818,718)
TOTAL PRIMARY GOVERNMENT	\$ 373,079,586	\$ 14,844,486	\$ 17,397,412	\$ 12,160,509	(322,858,461)	(5,818,718)	(328,677,179)	-	-	-	(328,677,179)
Component unit:											
Public schools	\$ 306,161,337	\$ 2,660,657	\$ 70,676,326	\$ 31,263,884	-	-	-	(201,560,470)	-	-	(201,560,470)
Library	7,658,862	87,048	101,452	-	-	-	-	-	(7,470,362)	-	(7,470,362)
MetCom	28,943,502	18,287,189	-	1,533,546	-	-	-	-	-	(9,122,767)	(9,122,767)
Total component units	\$ 342,763,701	\$ 21,034,894	\$ 70,777,778	\$ 32,797,430	-	-	-	(201,560,470)	(7,470,362)	(9,122,767)	(218,153,599)
					Property taxes	-	133,309,666	-	-	-	133,309,666
					Income taxes	-	161,756,328	-	-	-	161,756,328
					Other taxes	-	26,700,384	-	-	-	26,700,384
					Investment earnings	-	5,844,114	2,801,176	30,594	2,390,037	11,065,921
					Grants and contributions not restricted to specific purposes	(1,139)	(1,139)	256,857,666	7,369,495	-	264,226,022
					Environmental/solid waste fees	4,800,230	4,800,230	-	-	-	4,800,230
					Roads constructed by third parties	-	-	-	-	-	-
					Miscellaneous	3,382,126	3,382,126	3,859,415	-	12,560,521	19,802,062
					Transfers in/out	-	-	-	-	-	-
					TOTAL GENERAL REVENUE	330,992,618	4,799,091	335,791,709	263,518,257	7,400,089	621,660,613
					CHANGE IN NET POSITION	8,134,157	(1,019,627)	7,114,530	61,957,787	(70,273)	74,829,835
					NET POSITION - BEGINNING OF YEAR	380,164,408	16,304,563	396,468,971	(98,729,618)	(259,716)	448,072,930
					NET POSITION - END OF YEAR	\$ 388,298,565	\$ 15,284,936	\$ 403,583,501	\$ (36,771,831)	\$ (329,989)	\$ 522,902,765

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

COMMISSIONERS OF ST. MARY'S COUNTY

Balance Sheet – Governmental Funds As of June 30, 2025

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 88,214,726	\$ -	\$ 194,404	\$ 88,409,130
Due from other funds	2,715,810	63,521,742	4,146,912	70,384,464
Restricted cash and investments	64,729,957	-	-	64,729,957
Taxes receivable	2,730,674	-	60,656	2,791,330
Income tax reserve, funds held by the state	81,423,035	-	-	81,423,035
Special tax assessments receivable	-	-	303	303
Notes receivable, fire and rescue loans	-	-	350,673	350,673
Accounts receivable	14,170,253	14,149,242	-	28,319,495
Inventory	1,420,919	-	-	1,420,919
Other	182,903	-	799,798	982,701
Note receivable, fire and rescue loans, net of current portion	-	-	1,105,321	1,105,321
Special tax assessments receivable, net of current portion	-	-	446,809	446,809
TOTAL ASSETS	\$ 255,588,277	\$ 77,670,984	\$ 7,104,876	\$ 340,364,137
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 7,013,294	\$ 7,690,558	\$ 75,186	\$ 14,779,038
Compensation-related liabilities	11,721,140	-	787,714	12,508,854
Unearned revenue	1,967,613	-	1,902,357	3,869,970
Other liabilities	9,286,782	85,412	-	9,372,194
Due to other funds	65,650,493	-	2,071,830	67,722,323
TOTAL LIABILITIES	95,639,322	7,775,970	4,837,087	108,252,379
DEFERRED INFLOWS OF RESOURCES				
Unavailable income tax distribution	71,258,337	-	-	71,258,337
FUND BALANCES				
Nonspendable	1,602,416	-	-	1,602,416
Restricted	611,960	-	-	611,960
Committed	62,251,237	39,854,944	4,165,313	106,271,494
Assigned	5,301,755	30,040,070	-	35,341,825
Unassigned	18,923,250	-	(1,897,524)	17,025,726
TOTAL FUND BALANCES	88,690,618	69,895,014	2,267,789	160,853,421
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 255,588,277	\$ 77,670,984	\$ 7,104,876	\$ 340,364,137

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

COMMISSIONERS OF ST. MARY'S COUNTY

Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position As of June 30, 2025

Fund balance of governmental funds	\$ 160,853,421
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, net	455,299,120
Certain income tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the fund financial statements	
	71,258,337
Deferred outflow and inflow of resources related net deferred pension and OPEB activity are not financial resources and therefore are not reported in the funds	
	19,915,585
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(200,985,828)
Compensated absences	(8,715,405)
Landfill post-closure costs	(2,228,000)
Net pension liability	(88,935,646)
Net OPEB liability	<u>(18,163,019)</u>
Net position of governmental activities	<u>\$ 388,298,565</u>

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUE				
Property taxes	\$ 133,309,666	\$ -	\$ -	\$ 133,309,666
Income taxes	153,144,551	-	-	153,144,551
Energy taxes	354,278	-	-	354,278
Recordation taxes	7,318,609	-	-	7,318,609
Transfer taxes	-	8,155,172	-	8,155,172
Excise taxes	-	1,450,031	-	1,450,031
Agricultural/development taxes	-	174,810	-	174,810
Other local taxes	2,530,103	-	3,742,758	6,272,861
Highway user revenues	2,974,623	-	-	2,974,623
Licenses and permits	560,444	747,100	-	1,307,544
Intergovernmental	13,681,061	12,849,595	-	26,530,656
Charges for services	7,558,362	-	-	7,558,362
Fines and forfeitures	44,219	-	-	44,219
Special assessments	-	-	65,601	65,601
Other revenues	12,613,045	-	3,316,525	15,929,570
Total Revenue	<u>334,088,961</u>	<u>23,376,708</u>	<u>7,124,884</u>	<u>364,590,553</u>
EXPENDITURES				
General government	38,072,042	10,132,577	-	48,204,619
Public safety	79,735,187	-	11,300,509	91,035,696
Public works	15,962,385	13,565,634	-	29,528,019
Health	6,136,226	-	-	6,136,226
Social services	5,919,213	-	-	5,919,213
Primary and secondary education	137,727,092	16,077,765	-	153,804,857
Post-secondary education	5,357,620	-	-	5,357,620
Parks, recreation and culture	6,129,215	8,005,980	-	14,135,195
Libraries	4,318,036	-	-	4,318,036
Conservation of natural resources	719,504	-	-	719,504
Economic development and opportunity	3,827,987	-	-	3,827,987
Debt service - principal and interest	15,482,150	162,969	78,719	15,723,838
Intergovernmental	72,786	-	-	72,786
Other	6,647,885	1,154,699	-	7,802,584
Total Expenditures	<u>326,107,328</u>	<u>49,099,624</u>	<u>11,379,228</u>	<u>386,586,180</u>
Excess (Deficiency) Revenue Over Expenditures	<u>7,981,633</u>	<u>(25,722,916)</u>	<u>(4,254,344)</u>	<u>(21,995,627)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds	-	30,000,000	-	30,000,000
Premium from bonds	-	1,479,044	-	1,479,044
Fire & rescue loan repayments	-	-	412,185	412,185
Transfers in/out	1,698,216	(1,698,216)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,698,216</u>	<u>29,780,828</u>	<u>412,185</u>	<u>31,891,229</u>
NET CHANGES IN FUND BALANCE	<u>9,679,849</u>	<u>4,057,912</u>	<u>(3,842,159)</u>	<u>9,895,602</u>
FUND BALANCES - BEGINNING OF YEAR	<u>79,010,769</u>	<u>65,837,102</u>	<u>6,109,948</u>	<u>150,957,819</u>
FUND BALANCES - END OF YEAR	<u>\$ 88,690,618</u>	<u>\$ 69,895,014</u>	<u>\$ 2,267,789</u>	<u>\$ 160,853,421</u>

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

COMMISSIONERS OF ST. MARY'S COUNTY

Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2025

Net changes in fund balances in governmental funds	\$	9,895,602
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay and donated assets capitalized	\$	37,344,756	
Depreciation and loss on disposal		<u>(21,387,929)</u>	15,956,827

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

Net pension liability and net OPEB liability and related deferred outflows and inflows	(5,222,067)	
Compensated absences and pension liability	(611,201)	
Landfill post closure cost	369,000	
Issuance of debt and exempt financing, including premium	(31,479,044)	
Payments of debt principal	<u>10,613,263</u>	(26,330,049)

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

	<u>8,611,777</u>	
Change in net position of governmental activities	\$	<u>8,134,157</u>

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) – General Fund For the Year Ended June 30, 2025

	Budgeted Amounts		Actual - Budgetary Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Property taxes	\$ 133,678,038	\$ 133,678,038	\$ 132,952,559	\$ (725,479)
Income taxes	147,556,606	147,556,606	153,144,551	5,587,945
Other local taxes	11,015,000	11,015,000	10,202,990	(812,010)
Highway user revenues	2,757,385	2,757,385	2,974,623	217,238
Licenses and permits	638,020	638,020	552,882	(85,138)
Charges for services	4,134,400	4,104,607	4,741,762	637,155
Fines and forfeitures	49,625	49,625	38,171	(11,454)
State/Federal grants	13,992,102	13,993,987	13,690,220	(303,767)
Other revenue	9,650,380	9,728,288	10,855,506	1,127,218
TOTAL GENERAL FUND REVENUES	323,471,556	323,521,556	329,153,264	5,631,708
EXPENDITURES				
General government	40,512,098	41,373,022	38,399,299	2,973,723
Public safety	82,816,426	84,298,167	81,030,926	3,267,241
Public works	13,684,449	16,945,356	16,074,961	870,395
Health	6,066,387	6,192,220	6,174,647	17,573
Social services	6,151,076	6,179,269	5,958,757	220,512
Primary and secondary education	137,703,288	137,853,254	137,727,092	126,162
Post-secondary education	5,357,620	5,357,620	5,357,620	-
Parks, recreation and culture	6,494,103	6,911,382	6,272,521	638,861
Libraries	4,318,036	4,318,036	4,318,036	-
Conservation of natural resources	797,776	755,407	719,504	35,903
Economic development and opportunity	2,795,743	2,826,152	3,903,457	(1,077,305)
Debt service	16,197,331	16,197,331	15,482,150	715,181
Inter-governmental	72,786	72,786	72,786	-
Other	6,242,000	6,259,341	4,834,882	1,424,459
TOTAL GENERAL FUND EXPENDITURES	329,209,119	335,539,343	326,326,638	9,212,705
OTHER FINANCING SOURCES AND USES				
Fund balance	6,654,485	9,729,054	-	(9,729,054)
Appropriation reserve	(2,500,000)	(88,725)	-	88,725
Reserves - emergency appropriations	(816,922)	(22,542)	-	22,542
General fund transfers/pay-go	2,400,000	2,400,000	2,400,000	-
TOTAL OTHER FINANCING SOURCES AND USES	5,737,563	12,017,787	2,400,000	(9,617,787)
EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER REVENUES AND OTHER FINANCING SOURCES				
	<u>\$ -</u>	<u>\$ -</u>	5,226,626	<u>\$ 5,226,626</u>
Reconciliation to GAAP Basis Financial Statements:				
Effect of encumbrances and other transfers			4,453,223	
			<u>\$ 9,679,849</u>	

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Net Position - Proprietary Funds As of June 30, 2025

	Recreation Activity Fund	Wicomico Golf Course Fund	Solid Waste & Recycling Fund	Total Proprietary Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ 13,000	\$ -	\$ 13,000
Due from other funds	-	53,669	-	53,669
Restricted cash from investments	-	6,878	695,821	702,699
Accounts receivable	29,681	-	68,960	98,641
Inventory and other assets	-	36,104	-	36,104
Total current assets	29,681	109,651	764,781	904,113
Noncurrent Assets				
Capital assets	419,436	6,877,066	19,309,358	26,605,860
Accumulated depreciation	(309,787)	(3,674,023)	(3,363,195)	(7,347,005)
Capital assets, net	109,649	3,203,043	15,946,163	19,258,855
Total Assets	139,330	3,312,694	16,710,944	20,162,968
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts payable	8,761	80,400	337,829	426,990
Compensation-related liabilities	130,539	108,269	183,807	422,615
Due to other funds	1,239,120	-	1,295,193	2,534,313
Unearned revenue	382,403	27,083	-	409,486
Total current liabilities	1,760,823	215,752	1,816,829	3,793,404
Noncurrent Liabilities				
Due within one year:				
Financing agreements	-	27,390	198,347	225,737
Advance from general fund	-	22,463	-	22,463
Compensated absences				-
Due in more than one year:				
Financing agreements	-	58,271	421,975	480,246
Advance from general fund	-	159,034	-	159,034
Compensated absences	3,287	91,077	102,784	197,148
Total noncurrent liabilities	3,287	358,235	723,106	1,084,628
Total Liabilities	1,764,110	573,987	2,539,935	4,878,032
NET POSITION				
Net investment in capital assets	109,649	3,175,653	15,747,816	19,033,118
Unrestricted	(1,734,429)	(436,946)	(1,576,807)	(3,748,182)
Total Net Position	<u>\$ (1,624,780)</u>	<u>\$ 2,738,707</u>	<u>\$ 14,171,009</u>	<u>\$ 15,284,936</u>

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2025

	Recreation Activity Fund	Wicomico Golf Course Fund	Solid Waste & Recycling Fund	Total Proprietary Funds
OPERATING REVENUE				
Charges for services	\$ 3,015,832	\$ 1,999,760	\$ 833,320	\$ 5,848,912
Federal	29,781	-	-	29,781
Environmental/solid waste fees	-	-	4,800,230	4,800,230
TOTAL OPERATING REVENUE	3,045,613	1,999,760	5,633,550	10,678,923
OPERATING EXPENSES				
Personnel services	2,624,350	986,148	1,354,220	4,964,718
Operating supplies	232,114	325,111	37,552	594,777
Professional services	322,273	94,173	2,065,497	2,481,943
Communications	8,377	3,431	4,082	15,890
Transportation	57,744	34,911	111,662	204,317
Rentals	98,760	75,179	61,527	235,466
Public utilities	281,154	87,627	26,181	394,962
Other operating costs	13,195	2,398	57,044	72,637
Tipping fees	-	-	1,371,866	1,371,866
Retiree health benefits (OPEB)	-	36,000	23,000	59,000
Equipment	34,669	376,202	336,711	747,582
Depreciation	7,008	128,758	348,459	484,225
TOTAL OPERATING EXPENSES	3,679,644	2,149,938	5,797,801	11,627,383
OPERATING LOSS	(634,031)	(150,178)	(164,251)	(948,460)
OTHER INCOME (EXPENSE)				
Use of exempt financing	-	(32,782)	(37,246)	(70,028)
Loss on disposal of fixed asset	(1,139)	-	-	(1,139)
TOTAL OTHER INCOME (EXPENSE)	(1,139)	(32,782)	(37,246)	(71,167)
NET CHANGES IN NET POSITION	(635,170)	(182,960)	(201,497)	(1,019,627)
NET POSITION - BEGINNING OF YEAR	(989,610)	2,921,667	14,372,506	16,304,563
NET POSITION - END OF YEAR	\$ (1,624,780)	\$ 2,738,707	\$ 14,171,009	\$ 15,284,936

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Cash Flows – Proprietary Funds For the Year Ended June 30, 2025

	Recreation Activity Fund	Wicomico Golf Course Fund	Solid Waste & Recycling Fund	Total Proprietary Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 2,989,722	\$ 2,002,226	\$ 5,643,516	\$ 10,635,464
Payments to suppliers	(1,070,583)	(974,776)	(4,139,041)	(6,184,400)
Payments to employees	(2,664,011)	(1,064,042)	(1,617,946)	(5,345,999)
Net Cash from Operating Activities	<u>(744,872)</u>	<u>(36,592)</u>	<u>(113,471)</u>	<u>(894,935)</u>
Cash Flows from Noncapital Financing Activities				
Grants and other activity	(1,139)	57,285	28,486	84,632
Change in due to/from other funds	823,786	217,314	284,803	1,325,903
Net Cash from Noncapital Financing Activities	<u>822,647</u>	<u>274,599</u>	<u>313,289</u>	<u>1,410,535</u>
Cash Flows from Capital and Related Financing Activities				
Principal paid on long term debt	-	(27,391)	(199,818)	(227,209)
Acquisition and construction of capital assets	(77,775)	(210,616)	-	(288,391)
Net Cash from Capital and Related Financing Activities	<u>(77,775)</u>	<u>(238,007)</u>	<u>(199,818)</u>	<u>(515,600)</u>
Net change in cash	-	-	-	-
Cash, beginning of year	-	13,000	-	13,000
Cash, End of Year	<u>\$ -</u>	<u>\$ 13,000</u>	<u>\$ -</u>	<u>\$ 13,000</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (634,031)	\$ (150,178)	\$ (164,251)	\$ (948,460)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	7,008	128,758	348,459	484,225
Changes in assets and liabilities:				
Accounts receivable	(22,529)	900	9,966	(11,663)
Inventory and other assets	-	14,213	-	14,213
Accounts payable	(22,297)	10,043	(66,919)	(79,173)
Compensation-related liabilities	(42,948)	(52,218)	(250,918)	(346,084)
Unearned revenue	(33,362)	1,566	-	(31,796)
Compensated absences	3,287	10,324	10,192	23,803
Net Cash from Operating Activities	<u>\$ (744,872)</u>	<u>\$ (36,592)</u>	<u>\$ (113,471)</u>	<u>\$ (894,935)</u>

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Net Position – Fiduciary Funds As of June 30, 2025

	Sheriff's Office Retirement Plan	Length of Service Awards Program	Retiree Benefit Trust of St. Mary's County	Total Fiduciary Funds
ASSETS				
Investments	\$ 171,281,555	\$ 20,251,794	\$ 129,943,589	\$ 321,476,938
Accounts receivable	-	-	160,899	160,899
NET POSITION				
Held in trust for pension and OPEB	<u>\$ 171,281,555</u>	<u>\$ 20,251,794</u>	<u>\$ 130,104,488</u>	<u>\$ 321,637,837</u>

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Changes in Net Position - Fiduciary Funds For the Year Ended June 30, 2025

	Sheriff's Office Retirement Plan	Length of Service Awards Program	Retiree Benefit Trust of St. Mary's County	Total Fiduciary Funds
ADDITIONS				
Contributions - employer	\$ 8,823,323	\$ 2,561,236	\$ -	\$ 11,384,559
Contributions - employee	1,720,904	-	-	1,720,904
Interest and dividends	3,185,389	506,569	2,493,890	6,185,848
Net realized and unrealized gains	14,230,841	1,686,799	11,460,341	27,377,981
Total additions	27,960,457	4,754,604	13,954,231	46,669,292
DEDUCTIONS				
Benefits	7,806,574	1,561,236	4,795,046	14,162,856
Administrative expenses	269,225	34,062	253,806	557,093
TOTAL DEDUCTIONS	<u>8,075,799</u>	<u>1,595,298</u>	<u>5,048,852</u>	<u>14,719,949</u>
CHANGES IN NET POSITION	19,884,658	3,159,306	8,905,379	31,949,343
NET POSITION - BEGINNING OF YEAR	<u>151,396,897</u>	<u>17,092,488</u>	<u>121,199,109</u>	<u>289,688,494</u>
NET POSITION - END OF YEAR	<u>\$ 171,281,555</u>	<u>\$ 20,251,794</u>	<u>\$ 130,104,488</u>	<u>\$ 321,637,837</u>

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

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

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting Entity (continued)

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

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

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

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

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

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

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

Basis of Presentation

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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

Government-wide Financial Statements

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

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements (continued)

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

Fund Financial Statements

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

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Governmental Funds

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

1. General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund.
2. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The Special Revenue Funds of the County are non-major funds.
3. Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Projects Fund is a major fund.
4. Debt Service Fund is a non-major fund used to account for servicing of long-term debt.

Proprietary Funds

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

Fiduciary Funds

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Fiduciary Funds (continued)

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

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

Basis of Accounting

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. The fund financial statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary and fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Accounting Policies

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

Budget and Budgetary Accounting

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget and Budgetary Accounting (continued)

- a. Prior to April 1 of each year, the County shall have prepared a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. The budget is legally enacted through passage of an ordinance by June 1.
- d. All revisions that alter the expenditures of each fund must be approved by the County or the Chief Financial Officer.
- e. Formal budgetary integration is employed as a management control device during the year for the general fund, special assessment fund and enterprise funds.
- f. The budget for the general fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that appropriations of fund balance are treated as other financing sources. Budget comparisons presented for the general fund in this report are on a non-GAAP basis. The capital projects funds' budgets are prepared on a project-length basis, and accordingly, annual budgetary comparisons are not presented in the financial statements. The enterprise funds' budgets are flexible annual operating budgets. Budgetary comparisons are not presented in the financial statements for the enterprise funds.
- g. The budgeted amounts are as adopted, including amendments, by the County.

Encumbrances

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

Cash, Cash Equivalents, and Investments

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents, and Investments (continued)

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

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

Long-Term Receivables

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

Annual, Personal, and Sick and Safe Leave Benefits

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

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Use of Estimates

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

Capital Assets

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

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

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

Primary Government

Buildings and improvements	50 years
Computer equipment	5 years
Other equipment	5-10 years
Vehicles licensed	5-8 years
Off-road vehicles	5-10 years
Miscellaneous equipment	5-10 years
Infrastructure	10-50 years

Component Units

St. Mary's County Public Schools

Buildings and improvements	20-50 years
Furniture and equipment	5-15 years

St. Mary's County Library

Leasehold improvements	50 years
Furnishings and equipment	5 years
Vehicles	5 years
Books	7 years

St. Mary's County Metropolitan Commission

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

Inventory and Prepaid Expenditures

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

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

Pension Accounting

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Primary Government

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

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

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

Cash Deposits

As of June 30, 2025, the carrying amount of the County's deposits was \$153,114,068 (including petty cash totaling \$51,050 at various County departments) and the collected bank balance was \$156,834,698. Of the collected bank balance, \$2,624,877 was covered by Federal Deposit Insurance Corporation (FDIC) and \$154,209,821 was covered by collateral held either in the pledging bank's trust department or by the pledging bank's agent.

Investments

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

Money market account is not evidenced by securities.

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

The summary below identifies the fair market value levels of the investments of the primary government and fiduciary funds as of June 30, 2025.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

	Level 1	Level 2	Level 3	Total
<u>Investments at Fair Value</u>				
Retiree Benefit Trust (OPEB):				
Money market funds	\$ 3,450,069	\$ -	\$ -	\$ 3,450,069
Pooled, common and collective funds	-	103,000	-	103,000
Bond / equity funds	96,390,973	-	-	96,390,973
Venture/ltd. partnership/closely held	-	-	29,999,547	29,999,547
Length of Service Awards Trust (LOSAP):				
Money market funds	543,536	-	-	543,536
Bond / equity funds	19,708,258	-	-	19,708,258
Pension Fund: Sheriff's Office Retirement Plan:				
Money market funds	7,178,529	-	-	7,178,529
Pooled, common and collective funds	-	367,023	-	367,023
Bond / equity funds	133,737,696	-	-	133,737,696
Venture/ltd. partnership/closely held	-	-	29,998,307	29,998,307
Total investments at fair value	<u>\$ 261,009,061</u>	<u>\$ 470,023</u>	<u>\$ 59,997,854</u>	<u>\$ 321,476,938</u>

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

Component Units

St. Mary's County Public Schools

Deposits

Custodial credit risk: Custodial credit risk for deposits is the risk that in the event of a bank failure, the School System's deposits may not be returned to it. Maryland State Law prescribes that local government units such as the School System must deposit its cash in banks transacting business in the State of Maryland, and that such banks must secure any deposits in excess of Federal Deposit Insurance Corporation insurance levels with collateral whose market value is at least equal to the deposits. As of June 30, 2025, all of the School System's deposits, including the certificate of deposit, were either covered by Federal depository insurance or were covered by collateral held by the School System's agent in the School System's name. As of June 30, 2025, the carrying amount of the School System's deposits was \$11,652,909 and the bank balance was \$12,141,576.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Short-Term Investments

Maryland State Law authorizes the School System to invest in obligations of the United States government, Federal government obligations and repurchase agreements secured by direct government or agency obligations, the State's sponsored investment pool, or interest-bearing accounts in any bank. As of June 30, 2025, short-term investments consist primarily of deposits in the MLGIP. The MLGIP is rated "AAAm" by Standard and Poor's (their highest rating). The School System has no policy on credit risk.

The carrying amount and market value of such investments were \$35,291,898, \$495,935, and \$116,019, for governmental activities, business-type activity, and fiduciary responsibilities, respectively.

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

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

Long-Term Investments

As of June 30, 2025, the Capital Projects Fund's long-term investment consisted of a certificate of deposit which had a maturity of greater than one year but less than five years.

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Long-Term Investments (continued)

The investments of the MABE Trust are stated at fair value and are managed by Wells Fargo Advisors and consist of money market funds, U.S. government and agency fixed income and asset backed securities, equity securities, mutual funds and exchange traded funds, and corporate bonds and corporate asset backed securities. The MABE Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Although all of the investments in the MABE Trust are considered Level 1 and Level 2, the School Systems membership investment in the MABE Trust is considered Level 2. As of June 30, 2025, the pooled net position of the MABE Trust was \$772,172,812, in total, of which the School System's allocated investment balance was \$88,027,743. The School System places no limits on the amount they may be invested with any one issuer. The School System may terminate its membership in the MABE Trust and withdrawal its allocated investment balance by providing written notice six months prior to the intended date of withdrawal.

St. Mary's County Library

Cash Deposits and Investments

As of June 30, 2025, the carrying amount of the Library's cash was \$577,609 and the bank balances totaled \$585,820. As a government entity, the Library's bank balance is fully insured. As of June 30, 2025, there was no uninsured or uncollateralized bank balance.

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Component Units (continued)

St. Mary's County Library (continued)

Cash Deposits and Investments (continued)

	<u>Carrying Amount</u>	<u>Market Value</u>
Unrestricted:		
Investment in the Maryland Local Government Investment Pool	<u>\$ 493,611</u>	<u>\$ 493,611</u>
Restricted:		
The Vanguard Group	<u>\$ 81,412</u>	<u>\$ 81,412</u>

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

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

St. Mary's County Metropolitan Commission

Deposits

The carrying amount of MetCom's deposits was \$52,951,603 as of June 30, 2025. Of the bank balances, \$500,000 was covered by Federal depository insurance as of June 30, 2025 with the remaining \$52,451,603 adequately covered by collateral.

Cash and cash equivalents consisted of the following:

MLGIP	\$ 5,925,062
Broker Deposits-CDRS	8,000,000
Insured cash sweep	34,605,527
Cash	<u>4,421,014</u>
	<u>\$ 52,951,603</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Investments

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

The MLGIP uses the amortized cost method to compute unit value rather than market value to report net assets. Accordingly, the fair value of the position in the MLGIP is the same as the value of the MLGIP shares. The MLGIP is rated AAA by Standards and Poor's. As of June 30, 2025, MetCom's investments, for both custodial and credit risk purposes, consisted solely of shares in the MLGIP. This investment is not deemed to have either risk. MLGIP is managed as a Rule 2a-7 pool. Therefore, MetCom faces no interest rate risk. The cost and fair value of the MLGIP investments as of June 30, 2025 was \$5,925,062.

3. CAPITAL ASSETS

Primary Government

A summary of changes in capital assets is as follows:

	Balance June 30, 2024	Additions	Transfers/ Disposals	Balance June 30, 2025
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 46,504,826	\$ -	\$ (22,826)	\$ 46,482,000
Construction in progress	9,750,970	22,504,355	(11,274,065)	20,981,260
911 system & equipment	1,423,733	-	-	1,423,733
Total Capital Assets not Being Depreciated	57,679,529	22,504,355	(11,296,891)	68,886,993
Capital Assets Being Depreciated:				
Buildings & improvements	193,005,347	1,463,487	-	194,468,834
Computer equipment	2,087,109	187,236	-	2,274,345
Other equipment	575,052	-	-	575,052
Vehicles - licensed	25,288,816	2,996,687	-	28,285,503
Off-road vehicles	3,442,062	-	-	3,442,062
Miscellaneous equipment	12,169,605	2,242,574	(6,438)	14,405,741
Roads	324,742,865	12,871,060	-	337,613,925

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

3. CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance June 30, 2024	Additions	Transfers/ Disposals	Balance June 30, 2025
Curbing	\$ 946,791	\$ -	\$ -	\$ 946,791
Sidewalks	1,128,839	-	-	1,128,839
Guardrails	1,981,550	-	-	1,981,550
Airport infrastructure	10,922,835	-	-	10,922,835
Airport equipment	579,104	98,523	-	677,627
Baseball fields	802,670	-	-	802,670
Bridges	12,537,322	-	-	12,537,322
Parks & recreation	50,066,117	6,277,725	-	56,343,842
Marinas & docks	8,393,600	-	-	8,393,600
Irrigation systems	241,853	-	-	241,853
Signage	630,233	-	-	630,233
Parking lots	1,292,307	-	-	1,292,307
911 system & equipment	24,571,285	-	-	24,571,285
Total Capital Assets Being Depreciated	675,405,362	26,137,292	(6,438)	701,536,216
Accumulated Depreciation for:				
Buildings & improvements	(70,604,296)	(4,487,272)	-	(75,091,568)
Computer equipment	(2,010,849)	(34,740)	219,110	(1,826,479)
Other equipment	(281,808)	(16,628)	-	(298,436)
Vehicles - licensed	(16,688,454)	(2,704,609)	-	(19,393,063)
Off-road vehicles	(1,958,808)	(306,584)	1,139	(2,264,253)
Miscellaneous equipment	(8,318,410)	(1,047,041)	637,007	(8,728,444)
Roads	(144,150,087)	(9,751,730)	-	(153,901,817)
Curbing	(862,056)	(10,692)	-	(872,748)
Sidewalks	(720,283)	(21,640)	-	(741,923)
Guardrails	(888,358)	(42,883)	-	(931,241)
Airport infrastructure	(6,903,083)	(563,122)	-	(7,466,205)
Airport equipment	(579,105)	(4,926)	-	(584,031)
Baseball fields	(581,670)	(11,483)	-	(593,153)
Bridges	(4,537,952)	(244,637)	-	(4,782,589)
Parks & recreation	(12,414,700)	(1,812,004)	-	(14,226,704)
Marinas & docks	(7,018,186)	(196,638)	-	(7,214,824)
Irrigation systems	(182,946)	(19,852)	-	(202,798)
Signage	(503,783)	(7,740)	-	(511,523)
Parking lots	(1,015,352)	(67,081)	-	(1,082,433)
911 equipment	(13,522,412)	(887,445)	-	(14,409,857)
Total Accumulated Depreciation	(293,742,598)	(22,238,747)	857,256	(315,124,089)
Total Capital Assets Being Depreciated, Net	381,662,764	3,898,545	850,818	386,412,127
Governmental Activities Capital Assets, Net	\$ 439,342,293	\$ 26,402,900	\$ (10,446,073)	\$ 455,299,120

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

3. CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance June 30, 2024	Additions	Transfers/ Disposals	Balance June 30, 2025
Business-type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 1,078,666	\$ -	\$ -	1,078,666
Solid waste facilities	14,768,502	-	-	14,768,502
Total Capital Assets not Being Depreciated	<u>15,847,168</u>	<u>-</u>	<u>-</u>	<u>15,847,168</u>
Capital Assets Being Depreciated:				
Buildings & improvements	4,776,834	23,022	-	4,799,856
Computer equipment	57,188	-	(1,139)	56,049
Other equipment	39,359	-	-	39,359
Vehicles - licensed	2,716,970	-	-	2,716,970
Off-road vehicles	1,612,199	266,508	-	1,878,707
Miscellaneous equipment	699,966	-	-	699,966
Irrigation systems	572,762	-	-	572,762
Total Capital Assets Being Depreciated	<u>10,475,278</u>	<u>289,530</u>	<u>(1,139)</u>	<u>10,763,669</u>
Accumulated Depreciation for:				
Buildings & improvements	(2,621,562)	(121,695)	-	(2,743,257)
Computer equipment	(57,188)	-	-	(57,188)
Other equipment	(39,359)	-	-	(39,359)
Vehicles - licensed	(1,973,607)	(186,183)	-	(2,159,790)
Off-road vehicles	(1,046,468)	(144,685)	-	(1,191,153)
Miscellaneous equipment	(602,263)	(8,629)	-	(610,892)
Irrigation systems	(527,310)	(23,033)	-	(550,343)
Total Accumulated Depreciation	<u>(6,867,757)</u>	<u>(484,225)</u>	<u>-</u>	<u>(7,351,982)</u>
Total Capital Assets Being Depreciated, Net	<u>3,607,521</u>	<u>(194,695)</u>	<u>(1,139)</u>	<u>3,411,687</u>
Business-type Activities Capital Assets, Net	<u>\$ 19,454,689</u>	<u>\$ (194,695)</u>	<u>\$ (1,139)</u>	<u>\$ 19,258,855</u>

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

Governmental Activities:	
General government	\$ 1,823,980
Public safety	4,467,460
Public works	12,253,091
Social services	548,104
Post-secondary education	42,285
Parks, recreation, and culture	2,883,857
Libraries	199,628
Economic development and opportunity	20,342
Total Depreciation - Governmental Activities	<u>\$ 22,238,747</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

3. CAPITAL ASSETS (continued)

Primary Government (continued)

Business-type Activities:

Recreation activity fund	\$ 7,008
Solid waste/recycling	348,459
Wicomico	<u>128,758</u>

Total Depreciation - Business-type Activities \$ 484,225

Component Units

St. Mary's County Public Schools

Capital asset activity for the year ended June 30, 2025 is as follows:

	<u>Balance, June 30, 2024</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance, June 30, 2025</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 3,734,759	\$ -	\$ -	\$ 3,734,759
Construction in process	<u>13,485,004</u>	<u>27,818,433</u>	<u>(1,813,444)</u>	<u>39,489,993</u>
	<u>17,219,763</u>	<u>27,818,433</u>	<u>(1,813,444)</u>	<u>43,224,752</u>
Capital assets being depreciated/amortized				
Buildings and improvements	471,660,116	4,277,473	995,847	476,933,436
Furniture and equipment	19,500,636	9,405,024	(499,184)	28,406,476
Right-to-use leased assets	1,025,884	-	(204,001)	821,883
Right-to-use subscription assets	<u>1,319,123</u>	<u>395,402</u>	<u>(76,953)</u>	<u>1,637,572</u>
	<u>493,505,759</u>	<u>14,077,899</u>	<u>215,709</u>	<u>507,799,367</u>
Accumulated depreciation/amortization for				
Building and improvements	(209,243,687)	(11,775,594)	-	(221,019,281)
Furniture and equipment	(8,681,828)	(2,612,203)	471,882	(10,822,149)
Right-to-use leased assets	(205,177)	(6,935)	-	(212,112)
Right-to-use subscription assets	<u>(361,585)</u>	<u>(450,873)</u>	<u>-</u>	<u>(812,458)</u>
	<u>(218,492,277)</u>	<u>(14,845,605)</u>	<u>471,882</u>	<u>(232,866,000)</u>
Governmental Activities Capital Assets, Net	<u>\$ 292,233,245</u>	<u>\$ 27,050,727</u>	<u>\$ (1,125,853)</u>	<u>\$ 318,158,119</u>
Business-Type Activities				
Capital assets being depreciated				
Furniture and equipment	\$ 2,268,493	\$ 313,028	\$ (42,480)	\$ 2,539,041
	<u>2,268,493</u>	<u>313,028</u>	<u>(42,480)</u>	<u>2,539,041</u>
Accumulated depreciated for				
Furniture and equipment	(1,826,631)	(86,508)	40,550	(1,872,589)
	<u>(1,826,631)</u>	<u>(86,508)</u>	<u>40,550</u>	<u>(1,872,589)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 441,862</u>	<u>\$ 226,520</u>	<u>\$ (1,930)</u>	<u>\$ 666,452</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

3. CAPITAL ASSETS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

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

Governmental Activities

Administration	\$	42,943
Mid-level administration		118,038
Other instructional costs		992,453
Special education		2,870
Student personnel services		-
Student health services		21,508
Student transportation services		153,608
Operation of plant		13,177,520
Maintenance of plant		336,665
	\$	<u>14,845,605</u>

Business-Type Activities

Food service	\$	<u>86,508</u>
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St. Mary's County Library

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets:				
Furnishings and equipment	\$ 1,162,481	\$ 17,750	\$ -	\$ 1,180,231
Leasehold improvements	87,735	-	-	87,735
Books	5,014,335	451,011	624,099	4,841,247
	<u>6,264,551</u>	<u>468,761</u>	<u>624,099</u>	<u>6,109,213</u>
Accumulated depreciation:				
Furnishings and equipment	1,146,818	5,944	-	1,152,762
Leasehold improvements	23,407	1,755	-	25,162
Books	3,697,529	292,568	624,099	3,365,998
	<u>4,867,754</u>	<u>300,267</u>	<u>624,099</u>	<u>4,543,922</u>
Capital Assets, Net	<u>\$ 1,396,797</u>	<u>\$ 168,494</u>	<u>\$ -</u>	<u>\$ 1,565,291</u>

Governmental activities depreciation expense of \$300,267 was charged to Library services.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

3. CAPITAL ASSETS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets being depreciated:				
Utility plants	\$ 177,900,204	\$ 578,828	\$ 110	\$ 178,478,922
Water plant systems	87,554,423	8,020,160	-	95,574,583
Equipment	11,430,542	848,792	23,320	12,256,014
Buildings	4,088,933	-	465	4,088,468
Total Capital Assets Being Depreciated	280,974,102	9,447,780	23,895	290,397,987
Capital assets not being depreciated:				
Utility plant construction in process	5,486,582	2,947,572	21,620	8,412,534
Water plant construction in process	11,426,184	4,387,951	7,173,385	8,640,750
Land/land rights	2,850,787	12,760	-	2,863,547
Total Capital Assets	300,737,655	16,796,063	7,218,900	310,314,818
Accumulated depreciation:				
Utility plants	69,305,852	4,478,289	110	73,784,031
Water plant systems	28,421,777	3,098,587	-	31,520,364
Equipment	8,824,463	408,976	23,320	9,210,119
Buildings	3,043,367	216,501	465	3,259,403
Total Accumulated Depreciation	109,595,459	8,202,353	23,895	117,773,917
Net Capital Assets	\$ 191,142,196	\$ 8,593,710	\$ 7,195,005	\$ 192,540,901

4. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied each July 1, and the taxpayer has the option to pay in full without interest by September 30 or elect a semiannual payment option. If a semiannual payment option is elected, the first payment is payable without interest by September 30 and the second payment, including a service charge, is payable without interest by December 31. Interest is charged for each month or fraction thereof the taxes remain unpaid beginning October 1 on accounts under the annual payment option or January 1 for accounts under the semiannual payment option. Maryland law grants the Treasurer of the County the power to immediately advertise and sell any real property after the taxes are delinquent for a period of one year. Property taxes are levied at rates enacted by the Commissioners in the annual budget applied to the assessed value of the property as determined by the Maryland State Department of Assessments and Taxation, an agency of the government of the State of Maryland. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice, and then only after public hearings.

The real property tax rate during the year ended June 30, 2025 was \$0.8478 per \$100 of assessed value based on the full valuation method. The Constant Yield tax rate for FY2025 was \$0.8104. The personal property tax rate during the year ended June 30, 2025 was \$2.1195 per \$100 of assessed value. The County Treasurer bills and collects all property taxes.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

4. PROPERTY TAX (continued)

A 100% allowance for uncollectible receivables is established for prior year taxes receivable. County property tax receivable as of June 30, 2025, net of the allowance for uncollectible receivables of \$410,141, is \$1,857,162 (this amount does not include state and emergency services taxes receivable). On October 1, a 3% penalty is assessed, and interest begins accruing at a rate of 1% for each month that real and personal property taxes are delinquent (unless taxpayer has elected semiannual payment option as described above).

5. SPECIAL TAX ASSESSMENT AND UNEARNED REVENUE

Primary Government

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

As of June 30, 2025, there were no delinquent special assessment receivables due from taxpayers.

Component Units

St. Mary's County Public Schools

Unearned Revenue

General Fund: Unearned revenue primarily consists of payments received under restricted programs in excess of the expenses/expenditures incurred to date under those programs as of June 30, 2025 of \$8,506,500.

Capital Projects Fund: Unearned revenue consists of prefunding in the amount of \$1,582,476 for construction projects at Spring Ridge Middle School and Safety and Security Initiatives.

Enterprise Fund: Unearned revenue of \$278,318 represents student lunch ticket sales collected in advance which will be consumed by students in next fiscal year.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS

Primary Government

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds - County	\$ 165,871,000	\$ 30,000,000	\$ 9,156,000	\$ 186,715,000	\$ 9,730,000
Premium	10,208,298	1,479,044	384,940	11,302,402	470,860
State loans and special assessment	610,257	-	123,440	486,817	95,137
Exempt financing	3,430,492	-	948,883	2,481,609	793,492
	<u>180,120,047</u>	<u>31,479,044</u>	<u>10,613,263</u>	<u>200,985,828</u>	<u>11,089,489</u>
Landfill post-closure costs	2,597,000	-	369,000	2,228,000	-
Compensated absences	8,104,204	611,201	-	8,715,405	99,199
Total	<u>\$ 190,821,251</u>	<u>\$ 32,090,245</u>	<u>\$ 10,982,263</u>	<u>\$ 211,929,233</u>	<u>\$ 11,188,688</u>
Business-type Activities:					
Exempt financing	\$ 998,821	\$ -	\$ 292,838	\$ 705,983	\$ 225,737
Compensated absences	170,747	26,401	-	197,148	-
Total	<u>\$ 1,169,568</u>	<u>\$ 26,401</u>	<u>\$ 292,838</u>	<u>\$ 903,131</u>	<u>\$ 225,737</u>

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

Governmental Activities

General Obligation Bonds

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

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

General Obligation Bonds (continued)

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

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

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

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

On December 5, 2023 the County issued General Obligation Bonds of \$30,000,000. The premium received was \$2,973,709. The Consolidated Public Improvement Bonds will mature on December 1 in 20 installments, beginning in the year 2024 and ending in 2043. Interest on the Bonds is payable semiannually on each December 15 and June 15 to maturity with a true interest rate of 3.39%.

On May 6, 2025 the County issued General Obligation Bonds of \$30,000,000. The premium received was \$1,479,044. The Consolidated Public Improvement Bonds will mature on December 15 in 21 installments, beginning in the year 2025 and ending in 2045. Interest on the Bonds is payable semiannually on each December 15 and June 15 to maturity with a true interest rate of 3.93%.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

2024 Exempt Financing Equipment Lease

On September 29, 2023, the County entered into an agreement with TD Equipment Finance, Inc. to borrow a total of \$5,200,000 for the purchase of vehicles and other replacement equipment. The lease bears interest at a rate of 4.19% per annum, payable annually through 2028. The balance will be used to reimburse eligible purchases upon delivery and approval of the invoice. This lease was prorated between primary government and business-type activities based on the cost of the underlying assets acquired using the financing. The annual requirements to amortize the primary government portion of the 2024 exempt financing equipment lease as of June 30, 2025 based on the total final lease amount of \$5,200,000 are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 793,492	\$ 103,979	\$ 897,471
2027	826,739	70,732	897,471
2028	861,378	36,092	897,470
	<u>\$ 2,481,609</u>	<u>\$ 210,803</u>	<u>\$ 2,692,412</u>

Long-term obligations as of June 30, 2025 consist of the following:

<u>Description</u>	<u>Due</u>	<u>Rate</u>	<u>Amount</u>
MD Water quality loans and other state loans:			
Holly Point Shores	2008-2032	None	\$ 70,199
Murray Road Revetment	2004-2028	None	10,896
Piney Point Lighthouse	2009-2026	None	33,637
Villas on Waters Edge	2009-2032	None	152,572
Kingston Creek II	2010-2037	None	126,519
Thomas Road	2016-2030	None	53,280
Gibson Road	2017-2031	None	39,714
Total state loans and special assessment debt			<u>486,817</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

Description	Due	Rate	Amount
General obligation bonds			
2016 Consolidated Public Improvement Bonds	2017-2037	2.25%	\$ 17,310,000
2017 Refunding	2020-2029	1.89%	8,415,000
2018 Consolidated Public Improvement Bonds	2019-2038	3.17%	23,525,000
2020 Consolidated Public Improvement Bond	2021-2040	2.21%	24,495,000
2021 Consolidated Public Improvement	2022-2041	1.62%	25,785,000
2022 Consolidated Public Improvement	2024-2043	3.20%	28,100,000
2023 Consolidated Public Improvement	2025-2044	3.39%	29,085,000
2025 Consolidated Public Improvement	2025-2045	3.93%	30,000,000
Total general obligation bonds			<u>186,715,000</u>

Long term obligations as of June 30, 2025 consist of the following:

Total state loans and bonds	187,201,817
Premium	11,302,402
Accrued landfill closure and post closure costs	2,228,000
Exempt financing	2,481,609
Accumulated unpaid annual and sick leave	<u>8,715,405</u>
Total	<u>\$ 211,929,233</u>

Special Assessment Debt

Special assessment fund debt payable as of June 30, 2025 is composed of the following loans payable to the Maryland Department of Natural Resources:

Holly Point Shore Erosion Control, originally payable in twenty-five annual installments of \$10,029 without interest, guaranteed by the full faith and credit of the County.	\$ 70,199
Villas on Waters Edge Shore Erosion, payable in twenty annual installments of \$21,796, without interest, guaranteed by the full faith and credit of the County.	152,572
Kingston Creek Waterway #2, payable in twenty-five annual installments of \$10,544, without interest, guaranteed by the full faith and credit of the County.	<u>126,519</u>
	<u>\$ 349,290</u>

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

Special Assessment Debt (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2025 including interest of \$65,236,489 except for the accrued landfill closure and post-closure costs, accumulated unpaid leave benefits, and exempt financing, are as follows:

For the years ending June 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 9,825,137	\$ 6,706,475	\$ 16,531,612
2027	9,656,500	6,827,800	16,484,300
2028	10,096,500	6,363,875	16,460,375
2029	10,567,868	5,884,525	16,452,393
2030	11,062,868	5,382,225	16,445,093
2031-2035	52,481,869	20,636,009	73,117,878
2036-2040	55,326,075	10,547,305	65,873,380
2041-2045	26,080,000	2,801,444	28,881,444
2046	2,105,000	86,831	2,191,831
Subtotal	187,201,817	\$ 65,236,489	\$ 252,438,306
Plus: premium	11,302,402		
Total	<u>\$ 198,504,219</u>		

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

	General Obligation		Special	Total
	Bonds	State Loans	Assessment Fund	
Principal	\$ 186,715,000	\$ 137,527	\$ 349,290	\$ 187,201,817
Interest	65,236,489	-	-	65,236,489
	<u>\$ 251,951,489</u>	<u>\$ 137,527</u>	<u>\$ 349,290</u>	<u>\$ 252,438,306</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Business-Type Activities

2024 Exempt Financing Equipment

The annual requirements to amortize the business-type activities portion of the 2024 exempt financing equipment as of June 30, 2025 based on the total final financing amount of \$5,200,000 are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 225,737	\$ 29,581	\$ 255,318
2027	235,195	20,122	255,317
2028	245,051	10,267	255,318
	<u>\$ 705,983</u>	<u>\$ 59,970</u>	<u>\$ 765,953</u>

Component Units

St. Mary's County Public Schools

Long-term debt as of June 30, 2025 consists of equipment financing obligations, accumulated compensated absences payable, net OPEB obligation, and net pension liability. The following is a summary of changes in the School System's long-term liabilities for the year ended June 30, 2025:

	<u>Balance, June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2025</u>	<u>Due Within One Year</u>
Governmental Activities					
Lease liability	\$ 1,025,884	\$ -	\$ 204,001	\$ 821,883	\$ 215,239
SBITA liability	1,101,033	343,949	530,891	914,091	509,020
Compensated absences	5,612,030	38,211	24,178	5,626,063	708,433
Net OPEB liability	315,725,160	-	149,366,971	166,358,189	-
Net pension liability	17,521,533	2,867,567	-	20,389,100	-
	<u>\$ 340,985,640</u>	<u>\$ 3,249,727</u>	<u>\$ 150,126,041</u>	<u>\$ 194,109,326</u>	<u>\$ 1,432,692</u>
Business-Type Activities					
Compensated absences	<u>\$ 172,351</u>	<u>\$ 562</u>	<u>\$ 2,088</u>	<u>\$ 170,825</u>	<u>\$ 18,692</u>

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Lease Liability: The School System has entered into various five-year lease agreements as lessee. As of June 30, 2025, the value of the lease liability was \$821,883. The School System is required to make quarterly or monthly principal and interest payments ranging from \$2,750 to \$21,600. The lease agreements have interest rate ranging from 6.5% to 7.5%. The equipment has a five-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was \$821,883 and had accumulated amortization of \$212,112.

The future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2025 under these equipment financing agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 215,239	\$ 55,372	\$ 270,611
2027	232,162	38,449	270,611
2028	247,671	20,188	267,859
2029	126,811	2,992	129,803
Total	\$ 821,883	\$ 117,001	\$ 938,884

SBITA Liability: The School System uses software under a subscription basis. When the term of the subscription exceeds one year, the arrangements are reported as intangible assets known as SBITAs, with corresponding SBITA liabilities that represent the payment obligations under the subscription contract. SBITAs used by the School System have service terms varying from 34 months to 5 years, including anticipated renewals. The School System has one SBITA contract that had not been fully placed into service as of June 30, 2025. It was subsequently implemented in July 2025. The tables below show the total value of the School System's SBITA assets, and the principal and interest payments due, over the remaining terms of the subscriptions.

The future principal and interest payments for SBITA as of June 30, 2025, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 509,020	\$ 55,529	\$ 564,549
2027	254,503	25,694	280,197
2028	150,568	3,515	154,083
Total	\$ 914,091	\$ 84,738	\$ 998,829

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Library

Long-term debt consists of accrued compensated absences. The following is a summary of the changes in long-term debt for the year ended June 30, 2025:

<u>Balance</u> <u>June 30, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Amount due</u> <u>within one year</u>
\$ 311,488	\$ 62,011	\$ -	\$ 373,499	\$ 74,977

St. Mary's County Metropolitan Commission

Long-term bonds payable as of June 30, 2025 are as follows:

<u>Bond Payable Description</u>	<u>Due</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>
Thirtieth issue	2012-2029	2.96 - 3.4%	\$ 393,370	\$ 34,628
Fortieth issue	2015-2027	2.08%	1,415,000	44,304
Forty-eighth Issue	2019-2049	3.39%	6,352,000	3,901,072
Forty-ninth Issue	2019-2029	1.82%	130,000	14,294
Fiftieth issue	2020-2030	0.96%	3,039,000	398,564
Fifty-first issue	2021-2034	1.79%	13,500,786	1,011,266
Fifty-second issue	2023-2036	1.79%	11,951,130	1,611,166
Fifty-forth issue	2021-2051	2.67%	8,990,000	4,529,836
Fifty-fifth issue	2025-2054	4.68%	10,871,391	10,443,186
			56,642,677	21,988,316
Less current portion			4,248,249	1,643,213
			<u>\$ 52,394,428</u>	<u>\$ 20,345,103</u>

The annual requirements to amortize principal and interest payments of all bonds outstanding as of June 30, 2025 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 4,115,838	\$ 1,773,208	\$ 5,889,046
2027	4,248,249	1,643,213	5,891,462
2028	3,633,573	1,531,650	5,165,223
2029	3,737,325	1,431,857	5,169,182
2030	3,712,228	1,328,827	5,041,055
2031-2035	12,651,679	5,426,699	18,078,378
2036-2040	9,361,592	3,914,826	13,276,418
2041-2045	5,442,500	2,855,379	8,297,879
2046-2050	6,215,500	1,617,034	7,832,534
2051-2055	3,524,193	465,623	3,989,816
Total	<u>\$ 56,642,677</u>	<u>\$ 21,988,316</u>	<u>\$ 78,630,993</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Thirtieth Issue

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

Thirtieth Issue (continued)

The bonds may be prepaid at the following premiums:

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

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

Fortieth Issue

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Forty-eighth Issue

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

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

Forty-ninth Issue

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

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

Fiftieth Issue

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

These bonds were issued to take advantage of a favorable interest rate environment, and to reduce its total debt service payments in excess of \$1,000,000. Interest is payable on October 1, 2020 and semiannually thereafter on each October 1 and April 1 to maturity.

Fifty-first Issue

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Fifty-second Issue

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

Fifty-fourth Issue

On December 2, 2021, MetCom issued \$10,590,570 of Infrastructure Financing Bonds, Series 2021A-1 and 2021A-2 in conjunction with CDA. As of June 30, 2025, the unspent proceeds were \$2,736,651.

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

Fifty-fifth Issue

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Notes and loans payable as of June 30, 2025 are as follows:

<u>Loans Payable Description</u>	<u>Due</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>
MD Water Quality Loan #22	2027	1.10%	\$ 44,782	\$ 2,335
MD Water Quality Loan #25	2029	1.00%	42,970	3,297
MD Water Quality Loan #26	2030	1.00%	156,679	12,758
MD Water Quality Loan #28	2030	2.20%	135,148	16,604
MD Water Quality Loan #32	2034	1.80%	2,420,473	338,085
MD Water Quality Loan #33	2033	1.70%	180,913	23,251
MD Water Quality Loan #34	2035	2.10%	11,632,639	2,000,902
MD Water Quality Loan #35	2035	2.10%	2,908,160	961,834
MD Water Quality Loan #37	2034	2.00%	1,173,712	164,962
Leonardtown #41	2037	1.80%	972,451	191,330
MD Water Quality Loan #42	2038	1.50%	2,113,277	333,490
MD Water Quality Loan #43	2038	1.50%	1,485,627	387,015
MD Water Quality Loan #44	2039	1.60%	3,463,068	626,283
MD Water Quality Loan #45	2039	1.70%	1,175,481	255,784
MD Water Quality Loan #46	2039	1.70%	871,705	192,366
MD Water Quality Loan #47	2049	1.70%	725,886	292,363
MD Water Quality Loan #53	2042	0.80%	1,715,897	224,447
			31,218,868	6,027,106
Less current portion			2,793,308	938,324
			<u>\$ 28,425,560</u>	<u>\$ 5,088,782</u>

The annual requirements to amortize principal and interest payments on all notes and loans outstanding as of June 30, 2025 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,793,308	\$ 938,324	\$ 3,731,632
2027	2,799,306	744,890	3,544,196
2028	2,851,054	689,809	3,540,863
2029	2,931,746	645,873	3,577,619
2030	2,918,232	583,982	3,502,214
2031-2035	13,713,745	2,056,132	15,769,877
2036-2040	3,067,968	356,384	3,424,352
2041-2045	143,509	11,712	155,221
Total	<u>\$ 31,218,868</u>	<u>\$ 6,027,106</u>	<u>\$ 37,245,974</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

As of June 30, 2025, MetCom has nineteen loans from the Maryland Water Quality Financing Administration.

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

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

Changes in Long-Term Debt

The changes in long-term debt payable for the year ended June 30, 2025 were as follows:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2025</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 60,544,674	\$ 113,971	\$ 4,015,968	\$ 56,642,677	\$ 4,115,838
Notes and loans payable	34,232,518	-	3,013,650	31,218,868	2,793,308
Total long-term debt	<u>\$ 94,777,192</u>	<u>\$ 113,971</u>	<u>\$ 7,029,618</u>	<u>\$ 87,861,545</u>	<u>\$ 6,909,146</u>

7. FUND BALANCES

A summary of the nonspendable, restricted, committed, assigned and unassigned fund balances as of June 30, 2025 are as follows:

		<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	
	<u>General Fund</u>	<u>Fire and Rescue Revolving Loan Fund</u>	<u>Emergency Services Support Fund</u>	<u>Emergency Services Billing Fund</u>	<u>Special Assessments</u>	<u>Capital Projects Fund</u>
Nonspendable						
Inventory	\$ 1,420,919	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund advance (Wicomico)	181,497	-	-	-	-	-
Total Nonspendable	<u>1,602,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted						
County matching funds for approved grants	611,960	-	-	-	-	-
Total Restricted	<u>611,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Committed						
15% policy reserve	50,113,344	-	-	-	-	-
Operating budget, non-recurring items	12,137,893	-	-	-	-	-
Other, net, including grants	-	3,186,497	367,982	-	610,834	-

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

7. FUND BALANCES (continued)

	Special Revenue Funds				Debt Service Fund	
	General Fund	Fire and Rescue	Emergency	Emergency	Special	Capital Projects
		Revolving Loan Fund	Services Support Fund	Services Billing Fund		
Committed (continued)						
Funding sources specified for capital projects:						
Land preservation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,552,538
Various capital projects - transfer tax	-	-	-	-	-	20,311,117
County pay-go	-	-	-	-	-	11,842,774
Public safety - excise taxes	-	-	-	-	-	(276,426)
Roads - impact fees and excise taxes	-	-	-	-	-	968,390
Roads - mitigation	-	-	-	-	-	384,707
Parks - impact fees and excise taxes	-	-	-	-	-	(42,130)
Parks - mitigation	-	-	-	-	-	753
Schools - impact fees and excise taxes	-	-	-	-	-	1,079,096
Schools - mitigation	-	-	-	-	-	34,125
Total Committed	62,251,237	3,186,497	367,982	-	610,834	39,854,944
Assigned	5,301,755	-	-	-	-	30,040,070
Unassigned	18,923,250	-	-	(1,897,524)	-	-
Total Fund Balances	\$ 88,690,618	\$ 3,186,497	\$ 367,982	\$ (1,897,524)	\$ 610,834	\$ 69,895,014

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

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

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

The non-spendable fund balance includes:

- Inventory - The amount of inventory as of June 30, 2025 carried as an asset.
- Interfund advance to Wicomico.

The restricted fund balance includes:

- Domestic violence programs - The amount of marriage license fees committed for domestic violence programs, by resolution.
- County matching funds for approved grants - The amount of county funding that is committed as a match to grants that were budgeted in FY2025, but for which the period extends beyond June 30, 2025. These funds will be needed to meet the obligations of the grant.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

7. FUND BALANCES (continued)

The committed fund balance includes:

- County Reserve - set by ordinance, 15% of revenue.
- Operating for non-recurring - Prior unassigned fund balance committed for the next budget cycle.
- The amount committed for Special Revenue Funds.
- The debt service assigned fund balance includes:
 - Retirement of long-term obligations - The amount of future revenue (collections) of Special Assessments that is legally restricted to expenditures for specified purposes. This future revenue will be used for the retirement of long-term obligations.
 - Revenues appropriated for capital projects - The amount of revenue collected to date, which has been obligated through the budget process for specific capital projects and will be used for future capital project expenses.

The general fund assigned fund balance is composed of:

Encumbrances	\$ 2,032,311
Miscellaneous revolving fund	3,269,444
	<u>\$ 5,301,755</u>

When unassigned fund balance is used, it is used for one-time, non-recurring expenses. In May 2025, as part of the approval of the fiscal year 2026 budget, the Board approved to use Fiscal year 2024 unassigned fund balance for operating non-recurring of \$12,137,893. A total amount of \$31,037,845 remains unused of the fiscal year 2024 unassigned fund balance to help avoid sudden disruption or elimination of services by allowing time for a plan to be developed to address such changes, revenue shortfalls or cost shifts. Each subsequent budget will include evaluation of the fund balance levels and assumptions upon which the plan was developed to determine whether it needs to be revised.

8. RETIREMENT PLANS

Maryland State Retirement and Pension System

Summary of Significant Accounting Policies

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

8. RETIREMENT PLANS (continued)

Maryland State Retirement and Pension System (continued)

Summary of Significant Accounting Policies (continued)

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

General Information about the Pension Plan

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

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

Benefits Provided. A member of the System is generally eligible for full retirement benefits upon the earlier of attaining age 62 with 5 years of eligibility service or accumulating 30 years of eligibility service regardless of age. Those entering the plan July 1st, 2011 or later will qualify for a normal service retirement when they are age 65 with at least 10 years of eligibility service or combined age and years of eligibility service equal to at least 90.

Early Service Retirement. A member of the System may retire with reduced benefits after completing 15 years of eligibility service and at least 55 years old. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for the System member is 42%. Those entering the plan July 1st, 2011 or later will qualify for an early service retirement when they are at least age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month of retirement prior to the retiree's 65th birthday. The maximum reduction is 30%.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

8. RETIREMENT PLANS (continued)

Maryland State Retirement and Pension System (continued)

General Information about the Pension Plan (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 average final compensation (AFC). A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Contributions. (ERS) The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The County's contractually required contribution rate for the System for the year ended June 30, 2025 was approximately \$4.5 million, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the System from the County were approximately \$4.5 million for the year ended June 30, 2025.

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

As of June 30, 2025, the County reported a liability of approximately \$44.8 million for its proportionate share of the System's net pension liability. The System's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the System's net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2024, the County's proportion for the System was 0.15 percent, which was substantially the same as its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the County recognized pension expense for the System of \$4,993,021. As of June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

Maryland State Retirement and Pension System (continued)

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

	<u>Deferred Outflow</u>	<u>Deferred Inflow</u>
Contributions subsequent to year end	\$ 5,070,745	\$ -
Changes in assumptions	3,021,726	-
Net difference between projected and actual investment earnings	3,234,789	-
Change in proportion	269,251	-
Difference between actual and expected experience	4,625,838	1,083,910
Total	<u>\$ 16,222,349</u>	<u>\$ 1,083,910</u>

\$5.1 million reported as deferred outflows of resources related to the System resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the System pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the System will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 1,958,079
2027	1,958,079
2028	1,958,079
2029	3,132,208
2030	1,061,249
Total	<u>\$ 10,067,694</u>

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The County's proportionate share of the System net pension liability calculated using the discount rate of 6.80 percent is \$44,786,609. Additionally, the County's proportionate share of the System net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) is \$64,990,012, or 1-percentage-point higher (7.80 percent) is \$27,819,011.

Sheriff's Office Retirement Plan

The membership data related to the St. Mary's County Sheriff's Office Retirement Plan (SORP or the Plan) at July 1, 2025 was as follows:

Retirees and beneficiaries currently receiving benefits	154
Terminated plan members	77
Active plan members	201

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

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

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

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

Normal Retirement

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

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

Early Retirement

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

Late Retirement

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Final Average Earnings

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

Disability Retirement

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

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

Death Benefits

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

Deferred Vested Benefit

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Withdrawal of Employee Contributions

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

Deferred Retirement Option Program (DROP)

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

DROP Benefit

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

- An amount equal to the participant's monthly retirement benefit under the Plan, calculated as of the date the participant enters DROP;
- Interest monthly at a minimum annual rate of 3.5%;
- The participant's biweekly SORP employee contributions while in DROP calculated at the same percentage of salary as any other SORP participant; and
- Any cost-of-living adjustments (COLAs) that would have been payable when eligible if a participant had retired and begun receiving retirement benefits instead of participating in DROP.

Salary Increases During DROP Period

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

Termination of Employment at End of DROP

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Termination of Employment at End of DROP (continued)

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

Disability During DROP Period

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

DROP End Date

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

Net Pension Liability of the County

The components of the net pension liability of the Sheriff's plan at June 30, 2025 were as follows:

Total pension liability	\$ 210,137,972
Less: Plan fiduciary net position	<u>171,281,555</u>
County's net pension liability	<u>\$ 38,856,417</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.51%</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Actuarial Assumptions

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

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

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2024 actuarial valuation report.

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Sheriff's Plan net pension liability	\$ 71,261,291	\$ 38,856,417	\$ 11,322,612

Asset Allocation

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Asset Allocation (continued)

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

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

As of June 30, 2025, the Sheriff's office retirement plan reported a net pension liability of \$38,856,417. The net pension liability was measured as of July 1, 2024 and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of that date and rolled forward to June 30, 2025.

For the year ended June 30, 2025, the Sheriff's office retirement plan recognized pension expense of \$6,889,342 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
actual earnings on pension plan investments	\$ -	\$ 6,060,957
Difference between actual and expected experience	8,203,617	-
Total	\$ 8,203,617	\$ 6,060,957

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

Years Ending June 30,	Amount
2026	\$ 3,504,309
2027	(971,147)
2028	(453,735)
2029	(603,537)
2030	666,770
Total	\$ 2,142,660

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Discount Rate

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

Recommended Contribution Level

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

The County is required to contribute at an actuarially determined rate, currently 39.9% of covered payroll. Contribution requirements of plan members and the county are established and may be amended by the Commissioners. The amount of the Sheriff's Department's current year covered payroll is \$22,601,000. The following employer contributions were made during the fiscal year ended June 30, 2025:

	<u>Contributions</u>	<u>% of Covered Payroll</u>
Actuarially determined contribution	<u>\$ 8,823,000</u>	<u>41.00%</u>

Volunteer Fire Departments, Rescue Squads and Advanced Life Support Unit

Plan Description

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

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

Eligibility and Benefits

- a. Any person who has served as a member of any St. Mary's County Volunteer Fire Departments, Rescue Squads or Advanced Life Support Unit is eligible to receive benefits provided that:
 - 1) The person is certified in accordance with the point system to have served as an active volunteer subsequent to December 31, 1979.
 - 2) Any person who discontinued active volunteer service prior to July 1, 1980 may receive credit for the service after being certified in accordance with the point system.
- b. Beginning July 1, 2006, active volunteer fire and rescue squads and advanced life support unit personnel may select from three Length of Service program benefit options. Selection of benefit options by the individual are irrevocable. Active members receiving benefits under Option 3 who complete 20 years of certified service will have their benefits recalculated under Option 1 of the program. The options, with rates reflected effective July 1, 2023, are:
 - 1) Any person who has reached the age of sixty (60) and who has completed a minimum of twenty (20) years of certified active volunteer service with any St. Mary's County Volunteer Fire Departments, Rescue Squads or Advanced Life Support Unit, or combination thereof, shall receive two hundred dollars (\$300) per month for life. Payments will begin in the month following eligibility.
 - 2) Any person who has reached the age of fifty-five (55) and who has completed a minimum of twenty (20) years of certified volunteer service with any St. Mary's County Volunteer Fire Departments, Rescue Squads or Advanced Life Support Unit or combination thereof, shall receive one hundred fifty dollars (\$200) per month for life.
 - 3) Any person who has reached the age of seventy (70) and fails to achieve the required twenty (20) years of service, shall receive a monthly benefit equal to the number of years of certified service completed, multiplied by *ten dollars (\$10.00) for life. The person must have at least two years of certified active service in the five (5) preceding years. * Under the new provisions, this benefit amount was increased to ten dollars (\$10.00) for each additional full year of certified volunteer service after July 1, 2023.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

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

Eligibility and Benefits (continued)

An additional payment of ten dollars (\$10) per month shall be added to the benefit for each full year of volunteer service in excess of twenty (20) years effective July 1, 2023. Prior to 2006, an additional payment of five dollars (\$5.00) per month was added to the benefit for each additional full year of certified volunteer service in excess of twenty (20) years. This benefit amount was increased to eight dollars (\$8.00) effective July 1, 2006. Therefore, for each additional full year of certified volunteer service between July 1, 2006, and June 30, 2023, participants will receive the benefit amount of eight dollars (\$8.00).

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

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

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

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

Point System

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

- 1) One (1) point is credited for each hour of attendance in a recognized training course, provided that not more than twenty (20) points may be credited for all training courses attended per year.
- 2) One (1) point is credited for each company or county drill that is a minimum of two (2) hours in duration attended in its entirety, provided that not more than twenty-five (25) points may be credited for all drills attended per year.
- 3) One (1) point is credited for each official company or county meeting pertaining to St. Mary's County fire services or rescue services attended, provided that not more than fifteen (15) points may be credited for all meetings attended per year.
- 4) One (1) point is credited for each call to which a volunteer responds, provided that not more than forty (40) points may be credited for all calls responded to per year.
- 5) Twenty-five (25) points are credited for completion of a one-year term as an appointed or elected officer in any of the fire or rescue service organizations of the County, provided that not more than one (1) office shall be counted in any calendar year.
- 6) One-half (1/2) of a point is credited for each hour of acceptable collateral duties, such as but not limited to apparatus and building maintenance, official standby and fire prevention, provided that not more than twenty-five (25) points may be credited for all collateral duties performed per year.
- 7) A volunteer member who serves or has served full-time military service in the armed forces of the United States receives credit at the rate of five (5) points for each month served, provided that not more than fifty (50) points can be credited for any calendar year. A maximum of four (4) years of creditable service may be acquired in this manner. The volunteer member must have been an active member for one (1) year prior to enlistment. The volunteer member must be reinstated within six (6) months after discharge.

This length of service program is funded by the County Commissioners by annual appropriations. The total contribution for the fiscal year ended June 30, 2025 was approximately \$2.6 million.

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

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

Net Pension Liability of the County

The components of the net pension liability of the LOSAP plan at June 30, 2025 were as follows:

Total pension liability	\$ 25,544,414
Less: Plan fiduciary net position	<u>20,251,794</u>
County's net pension liability	<u>\$ 5,292,620</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79.28%</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The following presents the plan's net position liability, calculated using a single discount rate of 6.50% as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one (1) percentage point lower or one (1) percentage point higher.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
LOSAP Plan net pension liability	<u>\$ 8,473,620</u>	<u>\$ 5,292,620</u>	<u>\$ 2,463,878</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

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

Asset Allocation

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

As of June 30, 2025, the LOSAP plan reported a net pension liability of \$5,292,620. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of that date and rolled forward to June 30, 2025.

For the year ended June 30, 2025, the LOSAP plan recognized pension expense of \$142,946 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 264,335	\$ 1,952,033
Changes in assumptions	149,603	1,251,042
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,045,816</u>
Total	<u>\$ 413,938</u>	<u>\$ 4,248,891</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

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

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

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

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ (549,284)
2027	(886,507)
2028	(607,312)
2029	(605,655)
2030	(395,397)
Thereafter	<u>(790,798)</u>
Total	<u>\$ (3,834,953)</u>

Component Units

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

St. Mary's County Public Schools

Contribution rates for employer and other non-employer contributing entities (including the State of Maryland) are established by annual actuarial valuations using the individual entry age normal cost method. The method produces an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year), and (2) the amount for amortization of the unfunded actuarial accrued liability. The School System made required contributions totaling \$9,281,216 or 5.599% of current covered payroll, and the State of Maryland made contributions on behalf of the School System totaling \$15,130,093 or 9.13% of current covered payroll for fiscal year 2025. The contributions made by the State of Maryland on behalf of the School System were recognized as both revenue and expenditures in the General Fund as required by the GASB Codification.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

8. RETIREMENT PLANS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

As of June 30, 2025, the School System reported a liability of \$20,389,100 of the SRPS total liability of \$26,304,436,000. As of June 30, 2025, the School System's proportionate share of the SRPS was 0.078%, an increase of 0.002% from the prior year.

St. Mary's County Library

The Library provides pension contributions for normal cost and accrued actuarial liability. For the year ended June 30, 2025, the Library's total payroll and payroll for covered employees was \$3,243,751.

For fiscal year 2025, the state contributed \$436,321 to the State Retirement and Pension System on behalf of the Library. In accordance with GASB Statement No. 24, the state's contribution amount has been shown as state aid revenue and pension expenditure. The state's contribution amounted to approximately 13.45% of covered payroll.

St. Mary's Metropolitan Commission

Retirement and Pension Plan

MetCom's contribution to the System was \$841,095 for the year ended June 30, 2025.

As of June 30, 2025, MetCom reported a liability of \$7,817,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MetCom's proportion of the net pension liability was based on MetCom's share of contributions to the pension plan relative to the contribution of all participating employers. As of June 30, 2024, MetCom's proportion was 0.030%.

Nationwide Retirement Solutions

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

9. INTERFUND BALANCES

Individual fund interfund receivable and payable balances are composed of the following as of June 30, 2025:

Primary Government	Due From	Due To
<u>General Fund</u>		
Fire & Rescue Revolving Loan Fund	\$ -	\$ 3,186,497
Special Assessments	-	618,937
Emergency Services Support Fund	-	341,478
Emergency Services Billing Fund	2,071,830	-
Capital Projects Fund	-	63,521,742
Enterprise Funds	2,715,810	53,669
<u>Special Revenue Funds</u>		
General Fund	1,456,145	-
<u>Special Assessments</u>		
General Fund	618,937	-
<u>Capital Projects Fund</u>		
General Fund	63,521,742	-
<u>Enterprise Funds</u>		
General Fund	<u>53,669</u>	<u>2,715,810</u>
Total due from/due to	<u>\$ 70,438,133</u>	<u>\$ 70,438,133</u>

Individual fund transfers in and out are composed of the following for the year ended June 30, 2025:

	Transfers in:				
	Emergency Services Support Fund	Emergency Services Billing Fund	Capital Projects Fund	Enterprise Funds	Total
Transfers out:					
General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,698,216)</u>	<u>\$ -</u>	<u>\$ (1,698,216)</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

10. COMMITMENTS AND CONTINGENCIES

Primary Government

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

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

The County is subject to risks and uncertainties as a result of current political, economic, and budgetary conditions at both the federal and state levels. Federal budget reductions may result in decreased funding allocations to the State, which could exacerbate the State's existing budget deficit. In response to this deficit, the State has implemented certain cost containment measures and mandated programs and initiatives to the Counties that are not accompanied by corresponding funding sources.

These unfunded mandates may require the County to absorb additional costs to maintain compliance with State requirements and to continue providing essential public services. The extent of the financial impact to the County cannot be reasonably estimated at this time; however, management continues to monitor developments in State and federal budget actions and assess their potential effect on County operations and financial position.

Component Units

St. Mary's County Public Schools

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

School Construction: As of June 30, 2025, the School System had entered into various school construction commitments which are not reflected in the statement of net position or balance sheet - governmental funds. They will be funded by the State of Maryland or County bond issues, totaling approximately \$26,047,897.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

10. COMMITMENTS AND CONTINGENCIES (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

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

Health Insurance: The School System is under a modified retrospective billing arrangement with a commercial insurance carrier to provide group health coverage. Under this arrangement, the insurance carrier assesses an initial charge paid by the School System through monthly premiums. At the end of the coverage period, there is a settlement of the difference between the billed premium and the actual claims and expenses. If there is a deficit, the School System is required to pay the callable margin, which is calculated as 5% of total premiums billed during the current period. Any remaining deficit amount is carried-forward to the next billing period, to be offset by any future surplus. If the actual claims and expenses are less than the billed premium, the School System would be entitled to a refund. For the year ended June 30, 2025, a refund of \$164,032 was due to the School System.

St. Mary's County Library

Grant Audit

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

Support

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

COMMISSIONERS OF ST. MARY’S COUNTY

Notes to the Financial Statements

June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS

Primary Government

Plan Description

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

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

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

As of June 30, 2025, membership consisted of:

Retirees and beneficiaries currently receiving benefits	374
Active plan members	549

The Trustees determine how much is contributed to the OPEB Trust as part of the budget process. The County’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the actuarially determined contribution (ADC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB codification. The ADC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period of thirty years. The current ADC is \$3,609,000. The County did not contribute to the OPEB Trust during the year ended June 30, 2025.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Primary Government (continued)

Investments

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

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

For the year ended June 30, 2025, the annual money weighted rate of return of the OPEB Trust was 11.51%.

Net OPEB Liability of the County

The components of the net OPEB liability of the County as of June 30, 2025 were as follows:

Total OPEB liability	\$ 148,267,507
Less: Plan fiduciary net position	<u>130,104,488</u>
County's net OPEB liability (asset)	<u>\$ 18,163,019</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>87.75%</u>

Actuarial Assumptions

The total OPEB liability as determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Primary Government (continued)

Actuarial Assumptions (continued)

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	13 for FYE 2025
Asset valuation method	Market Value Assets
Investment rate of return	6.50%
Payroll growth rate	3.50%
Inflation	2.30%
Healthcare cost trend rate	6.0% trending to 4.0% (pre-Medicare) and 3.94% (post-Medicare)
Discount Rate	6.50%

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability (asset)	<u>\$ 43,073,845</u>	<u>\$ 18,163,019</u>	<u>\$ (1,583,489)</u>
	1% Decrease 2.94%	Medical Trend 3.94%	1% Increase 4.94%
Net OPEB liability (asset)	<u>\$ (3,632,122)</u>	<u>\$ 18,163,019</u>	<u>\$ 46,194,193</u>

For the year ended June 30, 2025, the County recognized OPEB expense of \$4,581,317. As of June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 4,009,677	\$ 1,639,570
Changes in assumptions	12,023,889	3,469,472
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>4,455,085</u>
Total	<u>\$ 16,033,566</u>	<u>\$ 9,564,127</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Primary Government (continued)

Actuarial Assumptions (continued)

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

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 2,913,957
2027	913,349
2028	71,500
2029	978,701
2030	1,717,493
Thereafter	<u>(125,561)</u>
Total	<u>\$ 6,469,439</u>

Component Units

St. Mary's County Public Schools

The School System provides post-employment health care and life insurance benefits (OPEB Plan) to employees, former employees, or beneficiaries who meet retirement eligibility requirements of the pension plans. Effective July 1, 2007, by terms of a negotiated contract with employee associations, the School System partially supports the group insurance plan for retired employees who have been employed by the School System for ten or more years. These negotiated agreements provide that the School System will contribute from 60% to 85% of a retirees' group health insurance premium for years of experience ranging from 10 years to 30 or more years, respectively. In addition, the School System pays 100% of life insurance premiums based upon 50% of final salary coverage.

As of July 1, 2024, the date of the last actuarial valuation, approximately 1,241 retirees were receiving benefits, and 1,616 active employees are potentially eligible to receive future benefits.

The School System contributes the pay as you go portion, along with an annually budgeted prefunding amount of the annual determined contribution (ADC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Codification. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

The current ADC rate is 7.41% of annual covered payroll. The School System contributed \$12,277,860 for the year ended June 30, 2025, consisting of contributions towards current healthcare and life insurance premiums accounted for in the general fund with \$4,000,000 in additional contributions during the current year to prefund future benefits to the retirement benefit trust fund.

The components of the School System's net OPEB liability as June 30, 2025 are as follows:

Total OPEB liability	\$ 254,385,932
Less: Plan fiduciary net position	<u>(88,027,743)</u>
School System's net OPEB liability	<u>\$ 166,358,189</u>

Plan fiduciary net position as a percentage of the total OPEB liability	34.60%
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Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions below, applied to all periods included in the measurement, unless otherwise specified. Actuarial assumptions used in the latest actuarial valuation were:

Actuarial cost method	Entry age normal
Inflation	2.60%
Salary increase	3.50%
Investment rate of return	7.00%
Discount rate	7.00%
Healthcare cost trend rate	7.00%, ultimate trend rate
Mortality	Pub-2010, MP 2021

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return, expected returns, net of investment expense and inflation are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the MABE Trust as of June 30, 2025 was 8.07%.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Actuarial Assumptions (continued)

Discount rate. The discount rate used to measure the total OPEB liability was 7.00 percent, based on a 20-year municipal bond rate average of AA/Aa or higher. The projection of cash flow used to determine the discount rate assumed that the School System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the School System, as well as what the School System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net OPEB liability	\$ 203,721,257	\$ 166,358,189	\$ 135,769,630
	Healthcare Cost		
	1% Decrease 3.04%	Trend Rates 4.04%	1% Increase 5.04%
Net OPEB liability	\$ 133,381,523	\$ 166,358,189	\$ 207,836,353

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Related to OPEB. For the year ended June 30, 2025, the School System recognized OPEB expense of \$25,559,715. As of June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in experience	\$ 48,964,929	\$ 89,210,898
Changes in assumptions	30,868,162	186,579,021
Projected and actual earnings	1,599,799	-
Total	\$ 81,432,890	\$ 275,789,919

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

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

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

Years Ending June 30,	Amount
2026	\$ (41,976,786)
2027	(44,583,385)
2028	(45,315,355)
2029	(35,304,597)
2030	(27,176,906)
Total	<u><u>\$ (194,357,029)</u></u>

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

St. Mary's County Library

Plan Description

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

The Library's OPEB plan is administered through the single-employer Retiree Benefit Trust of St. Mary's County Library as an irrevocable trust. Assets of the trust are dedicated to providing post-retirement health, prescription, and vision coverage to current and eligible future retirees. The Trust's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable. The Trust assets are invested with the Maryland Association of Counties (MACo) OPEB Trust.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Library (continued)

Plan Description (continued)

The OPEB Trust does not issue a stand-alone financial report. The Library Board of Trustees receive quarterly and annual reports from the firm Asset Strategy to monitor the performance of investments.

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

Retirees and beneficiaries currently receiving benefits	10
Active plan members	44

Investments

The Library's investment authority is established in the Retiree Benefit Trust of St. Mary's County Library. For the year ended June 30, 2025, the annual money weighted rate of return of the OPEB Trust was 4.17%.

The components of the net OPEB liability of the Library as of June 30, 2025 was:

Total OPEB liability	\$ 3,962,624
Less: Plan fiduciary net position	<u>1,525,566</u>
Library's net OPEB liability	<u>\$ 2,437,058</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>38.50%</u>

Actuarial Assumptions

The total OPEB liability as determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Projected unit credit
Inflation	2.50%
Investment rate of return	6.00%
Discount Rate	5.07%
Healthcare cost trend rate	5.20% trending to 3.94%

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Library (continued)

Actuarial Assumptions (continued)

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

The discount rate used to measure the total OPEB liability was 5.07% as of June 30, 2025. The projection of cash flow used to determine the discount rate assumed that the Library's contributions will be made at rates equal to current contributions levels.

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

	1% Decrease 2.92%	Medical Trend 3.92%	1% Increase 4.92%
Net OPEB liability	<u>\$ 1,748,884</u>	<u>\$ 2,437,058</u>	<u>\$ 3,364,789</u>
	1% Decrease 4.07%	Discount Rate 5.07%	1% Increase 6.07%
Net OPEB liability	<u>\$ 3,211,345</u>	<u>\$ 2,437,058</u>	<u>\$ 1,832,829</u>

For the year ended June 30, 2025, the Library recognized OPEB expense of \$295,254. As of June 30, 2025, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 930,626	\$ 241,658
Changes in assumptions	482,418	1,185,492
Net difference between projected and actual earnings on pension plan investments	4,033	-
Total	<u>\$ 1,417,077</u>	<u>\$ 1,427,150</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Library (continued)

Actuarial Assumptions (continued)

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

Years Ending June 30,	Amount
2026	\$ 140,020
2027	79,036
2028	(138,605)
2029	(169,975)
2030	61,302
Thereafter	18,149
Total	<u>\$ (10,073)</u>

St. Mary's Metropolitan Commission

Plan Description

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

MetCom's OPEB plan is administered through the single-employer Retiree Benefit Trust of St. Mary's County Metropolitan Commission as an irrevocable trust. Assets of the trust are dedicated to providing post-retirement health, prescription, dental and vision coverage to current and eligible future retirees. The Trust's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's Metropolitan Commission (continued)

Plan Description (continued)

The Trust assets are invested with the MLGIP and the Maryland Association of Counties (MACo) OPEB Trust. The OPEB Trust does not issue a stand-alone financial report.

As of June 30, 2025, membership consisted of:

Retirees and beneficiaries currently receiving benefits	21
Active plan members	77
	<u>98</u>

Investments

MetCom's investment authority is established in the Retiree Benefit Trust of St. Mary's County Metropolitan Commission. For the year ended June 30, 2025, the annual money weighted rate of return of the OPEB Trust was 11.5%.

Actuarial Assumptions

The components of the net OPEB liability of MetCom as of June 30, 2025 were as follows:

Total OPEB liability	\$ 12,945,603
Less: Plan fiduciary net position	<u>11,293,859</u>
Net OPEB liability	<u>\$ 1,651,744</u>

Plan fiduciary net position as a percentage of the total OPEB liability	<u>87.24%</u>
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The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Projected unit credit
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.50%
Healthcare cost trend rate	The trend for 2025 is 5.2%. The ultimate trend is 3.94%.
Discount rate	7.00%

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's Metropolitan Commission (continued)

Actuarial Assumptions (continued)

The long-term nominal expected rate of return on OPEB plan investments of 7.00% was determined using a building block method where return expectations are established for each asset class. The building block approach uses the current underlying fundamentals, not historical returns. Spread and the risk-free rate are used for fixed income; and dividends, earnings growth and valuation are used for equity. These return expectations are weighted based on asset/target amounts.

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2025. The projection of cash flow used to determine the discount rate assumed that the MetCom's contributions will be made at rates equal to current contributions levels.

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

	1% Decrease 2.92%	Medical Trend 3.92%	1% Increase 4.92%
Net OPEB liability / (asset)	\$ (186,455)	\$ 1,651,744	\$ 3,981,343

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net OPEB liability / (asset)	\$ 3,731,535	\$ 12,945,603	\$ (7,849)

For the year ended June 30, 2025, MetCom recognized OPEB expense of \$231,280. As of June 30, 2025, MetCom reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,340,222	\$ 538,244
Changes of assumptions	213,668	777,644
Net difference between projected and actual earnings on OPEB plan Investments	-	208,719
	<u>\$ 1,553,890</u>	<u>\$ 1,524,607</u>

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements June 30, 2025

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's Metropolitan Commission (continued)

Actuarial Assumptions (continued)

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

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 145,034
2027	(203,087)
2028	(153,942)
2029	(59,120)
2030	40,265
Thereafter	260,133
Total	<u><u>\$ 29,283</u></u>

12. LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and Federal laws and regulations require the County to place a final cover on landfill sites when the site stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,228,000 reported as landfill closure and post-closure care liability at June 30, 2025 represents the cumulative amount reported to date. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Financial Statements

June 30, 2025

13. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and related disasters. The County is a member of the Local Government Insurance Trust (LGIT) sponsored by the Maryland Municipal League (MML) and the Maryland Association of Counties. The LGIT is a self-insured public entity risk pool offering general liability, excess liability, business auto liability, police legal liability, public official liability and property coverage.

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

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

14. SELF-INSURANCE

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

REQUIRED SUPPLEMENTARY INFORMATION

COMMISSIONERS OF ST. MARY’S COUNTY

Schedule Schedule of County’s Proportionate Share of the Net Pension Liability of the Maryland State Retirement and Pension System June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County's proportion of the System net pension liability (asset)	0.17%	0.15%	0.14%	0.14%	0.10%	0.10%	0.10%	0.10%	0.10%	0.05%
County's proportionate share of the System net pension liability	<u>\$ 44,786,609</u>	<u>\$ 34,194,220</u>	<u>\$ 28,140,646</u>	<u>\$ 19,999,186</u>	<u>\$ 25,828,781</u>	<u>\$ 21,900,552</u>	<u>\$ 21,827,060</u>	<u>\$ 21,380,865</u>	<u>\$ 23,903,575</u>	<u>\$ 21,747,150</u>
Total	<u>\$ 44,786,609</u>	<u>\$ 34,194,220</u>	<u>\$ 28,140,646</u>	<u>\$ 19,999,186</u>	<u>\$ 25,828,781</u>	<u>\$ 21,900,552</u>	<u>\$ 21,827,060</u>	<u>\$ 21,380,865</u>	<u>\$ 23,903,575</u>	<u>\$ 21,747,150</u>
County's covered-employee payroll	\$ 45,564,663	\$ 41,917,473	\$ 39,282,417	\$ 32,849,075	\$ 30,017,844	\$ 24,077,933	\$ 24,077,933	\$ 23,960,863	\$ 22,117,812	\$ 20,945,112
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	98.29%	81.58%	71.64%	60.88%	86.04%	90.96%	90.65%	89.23%	108.07%	103.83%
Plan fiduciary net position as a percentage of the total pension liability	72.08%	73.81%	76.27%	81.94%	72.34%	72.34%	71.18%	69.38%	65.79%	68.78%

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Contributions and Related Ratios of the Net Pension Liability of the Maryland State Retirement and Pension System June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 4,458,013	\$ 3,621,179	\$ 3,209,905	\$ 2,937,461	\$ 2,903,407	\$ 2,074,428	\$ 2,180,432	\$ 2,050,819	\$ 2,012,485	\$ 1,973,642
Contributions in relation to the contractually required contribution	<u>(4,458,013)</u>	<u>(3,621,179)</u>	<u>(3,209,905)</u>	<u>(2,937,461)</u>	<u>(2,903,407)</u>	<u>(2,074,428)</u>	<u>(2,180,432)</u>	<u>(2,050,819)</u>	<u>(2,012,485)</u>	<u>(1,973,642)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 45,564,663	\$ 41,917,473	\$ 39,282,417	\$ 32,849,075	\$ 30,017,844	\$ 24,077,933	\$ 24,077,933	\$ 23,960,863	\$ 22,117,812	\$ 20,945,112
Contributions as a percentage of covered-employee payroll	9.78%	8.64%	8.17%	8.94%	9.67%	8.62%	9.06%	8.56%	9.10%	9.42%

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Changes in Net Pension Liability and Related Ratios – Sheriff's Office Retirement Plan June 30, 2025 (Amounts in 000's)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 5,894	\$ 5,722	\$ 5,556	\$ 4,979	\$ 4,834	\$ 3,944	\$ 3,829	\$ 4,129	\$ 3,979	\$ 3,826
Interest	14,203	13,363	11,929	10,889	10,153	9,532	9,180	8,576	7,867	7,317
Differences between expected and actual experience	4,000	-	9,244	-	1,486	-	(8,105)	-	626	-
Changes of assumptions	-	-	-	-	-	-	4,551	-	1,308	-
Benefit payments, including refunds of member contributions	(7,806)	(7,524)	(6,709)	(7,604)	(5,034)	(4,775)	(4,430)	(4,324)	(3,672)	(3,436)
Net change in total pension liability	16,291	11,561	20,020	8,264	11,439	8,701	5,025	8,381	10,108	7,707
Total pension liability – beginning	193,846	182,285	162,265	154,001	142,562	133,861	128,836	120,455	110,347	102,640
Total pension liability – ending (a)	<u>\$ 210,137</u>	<u>\$ 193,846</u>	<u>\$ 182,285</u>	<u>\$ 162,265</u>	<u>\$ 154,001</u>	<u>\$ 142,562</u>	<u>\$ 133,861</u>	<u>\$ 128,836</u>	<u>\$ 120,455</u>	<u>\$ 110,347</u>
Plan fiduciary net position:										
Contributions – employer	\$ 8,823	\$ 8,607	\$ 7,271	\$ 7,004	\$ 6,926	\$ 6,071	\$ 5,644	\$ 5,147	\$ 5,149	\$ 4,816
Contributions – member	1,721	1,753	1,510	1,156	1,383	1,181	1,103	1,055	1,085	1,011
Net investment income	17,416	16,629	11,281	(11,681)	28,260	5,126	3,434	5,661	7,724	(1,803)
Benefit payments, including refunds of member contributions	(7,806)	(7,524)	(6,709)	(7,604)	(5,034)	(4,775)	(4,430)	(4,324)	(3,672)	(3,436)
Administrative expense	(269)	(217)	(210)	(114)	(138)	(40)	(162)	(114)	(93)	(122)
Net change in plan fiduciary net position	19,885	19,248	13,143	(11,238)	31,398	7,564	5,589	7,425	10,193	466
Plan fiduciary net position – beginning	151,397	132,149	119,006	130,244	98,846	91,282	85,693	78,268	68,075	67,609
Plan fiduciary net position – ending (b)	<u>\$ 171,282</u>	<u>\$ 151,397</u>	<u>\$ 132,149</u>	<u>\$ 119,006</u>	<u>\$ 130,244</u>	<u>\$ 98,846</u>	<u>\$ 91,282</u>	<u>\$ 85,693</u>	<u>\$ 78,268</u>	<u>\$ 68,075</u>
County's net pension liability – ending (a) – (b)	<u>\$ 38,855</u>	<u>\$ 42,449</u>	<u>\$ 50,136</u>	<u>\$ 43,259</u>	<u>\$ 23,757</u>	<u>\$ 43,716</u>	<u>\$ 42,579</u>	<u>\$ 43,143</u>	<u>\$ 42,187</u>	<u>\$ 42,272</u>
Plan fiduciary net position as a percentage of the total pension liability	81.51%	78.10%	72.50%	73.34%	84.57%	69.34%	68.19%	66.51%	64.98%	61.69%
Covered employee payroll	\$ 22,601	\$ 20,381	\$ 18,929	\$ 17,960	\$ 17,357	\$ 15,216	\$ 14,216	\$ 12,965	\$ 13,981	\$ 12,740
County's net pension liability as a percentage of covered employee payroll	171.92%	208.28%	264.86%	240.86%	136.87%	287.30%	299.51%	332.77%	301.75%	331.81%

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Contributions – Sheriff's Office Retirement Plan June 30, 2025 (Amounts in 000's)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 8,132	\$ 8,607	\$ 7,271	\$ 7,004	\$ 6,926	\$ 6,071	\$ 5,644	\$ 5,147	\$ 5,149	\$ 4,816
Less: contributions related to the actuarially determined contribution	8,823	8,607	7,271	7,004	6,926	6,071	5,644	5,147	5,149	4,816
Contribution deficiency (excess)	<u>\$ (691)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 22,601	\$ 20,381	\$ 18,929	\$ 17,960	\$ 17,357	\$ 15,216	\$ 14,216	\$ 12,965	\$ 13,981	\$ 12,740
Contributions as a percentage of covered employee payroll	39.04%	42.23%	38.41%	39.00%	39.90%	39.90%	39.70%	39.70%	36.83%	37.80%

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll over (closed)
Remaining amortization period	Varies, 15 - 19 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	Rates vary by participant service
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Combined Healthy tables with Blue Collar adjustment and generational projection by Scale MP-2016

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Changes in Net Pension Liability and Related Ratios – Length of Service Award Program (LOSAP) **June 30, 2025 (Amounts in 000's)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability:								
Service cost	\$ 379	\$ 366	\$ 613	\$ 572	\$ 497	\$ 482	\$ 608	\$ 608
Interest	1,606	1,623	1,588	1,446	1,402	1,457	1,400	1,355
Changes in benefit terms	-	767	-	-	-	-	-	-
Differences between expected and actual experience	-	(1,950)	-	617	-	(1,741)	-	-
Changes of assumptions	-	(1,608)	-	349	-	-	-	(206)
Benefit payments, including refunds of member contributions	(1,561)	(1,490)	(1,271)	(1,192)	(1,149)	(1,097)	(1,015)	(964)
Net change in total pension liability	424	(2,292)	930	1,792	750	(899)	993	793
Total pension liability – beginning	25,120	27,412	26,482	24,690	23,940	24,839	23,846	23,053
Total pension liability – ending (a)	<u>\$ 25,544</u>	<u>\$ 25,120</u>	<u>\$ 27,412</u>	<u>\$ 26,482</u>	<u>\$ 24,690</u>	<u>\$ 23,940</u>	<u>\$ 24,839</u>	<u>\$ 23,846</u>
Plan fiduciary net position:								
Contributions – employer	\$ 2,561	\$ 3,334	\$ 5,871	\$ 4,392	\$ 2,149	\$ 2,097	\$ 1,815	\$ 1,566
Contributions – member	-	-	-	-	-	-	-	-
Net investment income	2,192	1,643	932	(1,219)	1,081	4	151	19
Benefit payments, including refunds of member contributions	(1,561)	(1,490)	(1,271)	(1,192)	(1,149)	(1,097)	(1,015)	(964)
Administrative expense	(34)	(28)	(45)	(27)	(24)	(12)	(22)	(9)
Net change in plan fiduciary net position	3,158	3,459	5,487	1,954	2,057	992	929	612
Plan fiduciary net position – beginning	17,094	13,635	8,148	6,194	4,137	3,144	2,215	1,603
Plan fiduciary net position – ending (b)	<u>\$ 20,252</u>	<u>\$ 17,094</u>	<u>\$ 13,635</u>	<u>\$ 8,148</u>	<u>\$ 6,194</u>	<u>\$ 4,137</u>	<u>\$ 3,144</u>	<u>\$ 2,215</u>
County's net pension liability – ending (a) – (b)	<u>\$ 5,292</u>	<u>\$ 8,026</u>	<u>\$ 13,777</u>	<u>\$ 18,334</u>	<u>\$ 18,496</u>	<u>\$ 19,803</u>	<u>\$ 21,695</u>	<u>\$ 21,631</u>
Plan fiduciary net position as a percentage of the total pension liability	79.28%	68.05%	49.74%	30.77%	25.09%	17.28%	12.66%	9.29%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
County's net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to schedule:

Information prior to 2018 is not available.

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Contributions – Length of Service Award Program (LOSAP)

June 30, 2025 (Amounts in 000's)

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,304	\$ 2,677	\$ 2,677	\$ 2,482	\$ 2,482	\$ 2,576	\$ 2,576	\$ 2,325
Less: contributions related to the actuarially determined contribution	2,561	3,334	5,871	4,392	2,149	2,097	1,815	1,566
Contribution deficiency (excess)	<u>\$ (257)</u>	<u>\$ (657)</u>	<u>\$ (3,194)</u>	<u>\$ (1,910)</u>	<u>\$ 333</u>	<u>\$ 479</u>	<u>\$ 761</u>	<u>\$ 759</u>
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Traditional Unit Credit
Amortization method	Level payments over closed periods
Remaining amortization period	Remaining periods range from 10 to 19 years
Asset valuation method	Market value
Inflation	2.50 percent
Salary increases	Not applicable
Investment rate of return	6.5 percent, compounded annually, net of expenses
Retirement age	Normal retirement age
Mortality	PUB-2010S Public Safety Mortality table with generational projection scale MP-2021

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Changes in Net OPEB Liability and Related Ratios June 30, 2025 (Amounts in 000's)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:									
Service cost	\$ 4,638	\$ 2,903	\$ 2,365	\$ 2,285	\$ 2,051	\$ 2,162	\$ 2,083	\$ 2,268	\$ 2,233
Interest	9,221	8,650	8,309	7,711	6,636	6,671	6,311	6,624	6,250
Differences between expected and actual experience	(376)	-	(2,094)	(252)	13,902	265	212	(5,530)	183
Changes of assumptions	-	12,315	5,647	-	(9,191)	(5,904)	-	(6,080)	(1,199)
Benefit payments, including refunds of member contributions	(4,795)	(4,646)	(4,497)	(4,121)	(3,951)	(3,707)	(3,391)	(3,134)	(3,009)
Net change in total OPEB liability	8,688	19,222	9,730	5,623	9,447	(513)	5,215	(5,852)	4,458
Total OPEB liability – beginning	139,579	120,357	110,627	105,004	95,557	96,070	90,855	96,707	92,249
Total OPEB liability – ending (a)	<u>\$ 148,267</u>	<u>\$ 139,579</u>	<u>\$ 120,357</u>	<u>\$ 110,627</u>	<u>\$ 105,004</u>	<u>\$ 95,557</u>	<u>\$ 96,070</u>	<u>\$ 90,855</u>	<u>\$ 96,707</u>
Plan fiduciary net position:									
Contributions – employer	\$ -	\$ -	\$ -	\$ 4,121	\$ 3,951	\$ 3,707	\$ 3,391	\$ 3,134	\$ 3,009
Contributions – member	-	-	-	-	-	-	-	-	-
Net investment income	13,954	11,643	6,346	(5,627)	30,069	3,820	6,804	8,360	8,203
Benefit payments, including refunds of member contributions	(4,795)	(4,646)	(4,497)	(4,121)	(3,951)	(3,707)	(3,391)	(3,134)	(3,009)
Administrative expense	(254)	(209)	(355)	(327)	(573)	(392)	(575)	(396)	(51)
Net change in plan fiduciary net position	8,905	6,788	1,494	(5,954)	29,496	3,428	6,229	7,964	8,152
Plan fiduciary net position – beginning	121,199	114,411	112,917	118,871	89,375	85,947	79,718	71,754	63,602
Plan fiduciary net position – ending (b)	<u>\$ 130,104</u>	<u>\$ 121,199</u>	<u>\$ 114,411</u>	<u>\$ 112,917</u>	<u>\$ 118,871</u>	<u>\$ 89,375</u>	<u>\$ 85,947</u>	<u>\$ 79,718</u>	<u>\$ 71,754</u>
County's net OPEB liability (asset) – ending (a) – (b)	<u>\$ 18,163</u>	<u>\$ 18,380</u>	<u>\$ 5,946</u>	<u>\$ (2,290)</u>	<u>\$ (13,867)</u>	<u>\$ 6,182</u>	<u>\$ 10,123</u>	<u>\$ 11,137</u>	<u>\$ 24,953</u>
Plan fiduciary net position as a percentage of the total OPEB liability	87.75%	86.83%	95.06%	102.07%	113.21%	93.53%	89.46%	87.74%	74.20%
Covered employee payroll	67,085	62,298	58,211	50,809	47,375	43,741	40,075	39,830	39,756
County's net OPEB liability (asset) as a percentage of covered employee payroll	27.07%	29.50%	10.21%	-4.51%	-29.27%	14.13%	25.26%	27.96%	62.77%

Notes to schedule:

Information prior to 2017 is not available.

COMMISSIONERS OF ST. MARY’S COUNTY

Schedule of Contributions - OPEB June 30, 2025 (Amounts in 000’s)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 3,609	\$ 3,473	\$ 6,085	\$ 4,062	\$ 3,359	\$ 3,252	\$ 6,097	\$ 5,879	\$ 5,217
Less: contributions related to the actuarially determined contribution	-	-	-	4,121	3,951	3,707	3,391	3,134	3,009
Contribution deficiency (excess)	<u>\$ 3,609</u>	<u>\$ 3,473</u>	<u>\$ 6,085</u>	<u>\$ (59)</u>	<u>\$ (592)</u>	<u>\$ (455)</u>	<u>\$ 2,706</u>	<u>\$ 2,745</u>	<u>\$ 2,208</u>
Covered employee payroll	\$ 67,085	\$ 62,298	\$ 58,211	\$ 50,809	\$ 47,375	\$ 43,741	\$ 40,075	\$ 39,830	\$ 39,756
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	8.11%	8.34%	8.47%	8.46%	7.87%	7.57%

Methods and assumptions used to determine contribution rates:

Valuation date	7/1/2024
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	13 for FYE 2025
Asset valuation method	Market Value Assets
Investment rate of return	6.50%
Payroll growth rate	3.50%
Inflation	2.30%
Healthcare cost trend rate	6.0% trending to 4.0% (pre-Medicare) and 3.94% (post-Medicare)
Discount rate	6.50%

COMBINING AND INDIVIDUAL FUND STATEMENTS

COMMISSIONERS OF ST. MARY'S COUNTY

Combining Balance Sheet – Non-Major Governmental Funds As of June 30, 2025

	Special Assessments	Fire and Rescue Revolving Loan Fund	Emergency Services Support Fund	Emergency Services Billing Fund	Total Non-Major Funds
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ 194,404	\$ 194,404
Due from other funds	618,937	3,186,497	341,478	-	4,146,912
Special tax assessments receivable, current portion	303	-	-	-	303
Note receivable, fire and rescue loans, current portion	-	350,673	-	-	350,673
Emergency support services taxes receivable	-	-	60,656	-	60,656
Emergency billing receivable	-	-	-	799,798	799,798
Special tax assessments receivable, net of current portion	446,809	-	-	-	446,809
Note receivable, fire and rescue loans, net of current portion	-	1,105,321	-	-	1,105,321
TOTAL ASSETS	\$ 1,066,049	\$ 4,642,491	\$ 402,134	\$ 994,202	\$ 7,104,876
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 8,852	\$ -	\$ 17,038	\$ 49,296	\$ 75,186
Unearned revenue	446,363	1,455,994	-	-	1,902,357
Compensation-related liabilities	-	-	17,114	770,600	787,714
Due to other funds	-	-	-	2,071,830	2,071,830
TOTAL LIABILITIES	455,215	1,455,994	34,152	2,891,726	4,837,087
FUND BALANCES					
Committed	610,834	3,186,497	367,982	-	4,165,313
Unassigned	-	-	-	(1,897,524)	(1,897,524)
TOTAL FUND BALANCES	610,834	3,186,497	367,982	(1,897,524)	2,267,789
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,066,049	\$ 4,642,491	\$ 402,134	\$ 994,202	\$ 7,104,876

COMMISSIONERS OF ST. MARY'S COUNTY

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
For the Year Ended June 30, 2025**

	Special Assessments	Fire and Rescue Revolving Loan Fund	Emergency Services Support Fund	Emergency Services Billing Fund	Total Non-Major Funds
REVENUE					
Special assessments	\$ 65,601	\$ -	\$ -	\$ -	\$ 65,601
Emergency services support tax	-	-	3,742,758	-	3,742,758
Other	-	-	302,167	3,014,358	3,316,525
TOTAL REVENUE	<u>65,601</u>	<u>-</u>	<u>4,044,925</u>	<u>3,014,358</u>	<u>7,124,884</u>
EXPENDITURES					
Public safety	-	485,000	3,982,548	6,832,961	11,300,509
Debt service	42,369	-	36,350	-	78,719
TOTAL EXPENDITURES	<u>42,369</u>	<u>485,000</u>	<u>4,018,898</u>	<u>6,832,961</u>	<u>11,379,228</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	23,232	(485,000)	26,027	(3,818,603)	(4,254,344)
OTHER FINANCING SOURCES AND USES					
Fire and rescue loan repayments	-	412,185	-	-	412,185
NET CHANGES IN FUND BALANCES	<u>23,232</u>	<u>(72,815)</u>	<u>26,027</u>	<u>(3,818,603)</u>	<u>(3,842,159)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>587,602</u>	<u>3,259,312</u>	<u>341,955</u>	<u>1,921,079</u>	<u>6,109,948</u>
FUND BALANCES - END OF YEAR	<u>\$ 610,834</u>	<u>\$ 3,186,497</u>	<u>\$ 367,982</u>	<u>\$ (1,897,524)</u>	<u>\$ 2,267,789</u>

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OTHER SUPPLEMENTAL INFORMATION

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Revenues and Other Financings Sources-Budget and Actual

General Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual -	Favorable
	Original	Final	Budgetary Basis	(Unfavorable) Variance
PROPERTY TAXES				
Real property taxes	\$ 127,381,947	\$ 127,381,947	\$ 125,066,783	\$ (2,315,164)
Payments in lieu of taxes	244,681	244,681	257,407	12,726
Personal property	158,638	158,638	110,594	(48,044)
Public utilities	3,231,623	3,231,623	3,030,927	(200,696)
Ordinary business corporations	3,014,148	3,014,148	3,665,224	651,076
Additions and abatements	(250,000)	(250,000)	733,305	983,305
Penalties and interest	760,000	760,000	1,339,986	579,986
Homeowners tax credit (county)	(700,000)	(700,000)	(588,143)	111,857
Other tax credits	(162,999)	(162,999)	(663,524)	(500,525)
Total property taxes	133,678,038	133,678,038	132,952,559	(725,479)
Income Tax				
Local income tax	147,556,606	147,556,606	153,144,551	5,587,945
Other Local Taxes				
Recordation taxes	8,000,000	8,000,000	7,318,609	(681,391)
Energy taxes	325,000	325,000	354,278	29,278
Public accommodations tax	1,200,000	1,200,000	1,259,962	59,962
Trailer park tax	350,000	350,000	396,654	46,654
CATV franchise fees	1,000,000	1,000,000	743,240	(256,760)
Admissions and amusement	140,000	140,000	130,247	(9,753)
Total other local taxes	11,015,000	11,015,000	10,202,990	(812,010)
State-shared taxes - highway users	2,757,385	2,757,385	2,974,623	217,238
TOTAL TAXES	295,007,029	295,007,029	299,274,723	4,267,694
LICENSES AND PERMITS				
Business licenses and permits services	344,000	344,000	305,351	(38,649)
Marriage licenses	8,000	8,000	8,740	740
Traders licenses	170,000	170,000	153,896	(16,104)
Other	116,020	116,020	84,895	(31,125)
TOTAL LICENSES AND PERMITS	638,020	638,020	552,882	(85,138)
INTER-GOVERNMENTAL				
General government	720,513	1,514,305	1,617,022	102,717
Public safety	7,334,592	7,327,853	7,140,611	(187,242)
Public works	1,576,541	2,129,484	1,734,524	(394,960)
Social services	1,239,786	1,324,963	1,223,902	(101,061)
Health	595,670	720,334	608,460	(111,874)
Parks, recreation and culture	25,000	725,000	218,415	(506,585)
Economic development & opportunity	-	75,000	1,147,286	1,072,286
Appropriation	2,500,000	177,048	-	(177,048)
TOTAL INTER-GOVERNMENTAL	13,992,102	13,993,987	13,690,220	(303,767)

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Revenues and Other Financings Sources-Budget and Actual General Fund For the Year Ended June 30, 2025

	Budgeted Amounts		Actual -	Favorable
	Original	Final	Budgetary Basis	(Unfavorable) Variance
CHARGES FOR SERVICES				
General government	\$ 2,353,542	\$ 2,353,542	\$ 3,197,941	\$ 844,399
Public safety	481,682	481,682	575,728	94,046
Public works	760,559	730,766	557,000	(173,766)
Social services	158,423	158,423	79,718	(78,705)
Parks, recreation and culture	380,194	380,194	331,375	(48,819)
TOTAL CHARGES FOR SERVICES	4,134,400	4,104,607	4,741,762	637,155
FINES AND FORFEITURES				
General government	20,750	20,750	13,756	(6,994)
Public safety	28,875	28,875	24,415	(4,460)
TOTAL FINES AND FORFEITURES	49,625	49,625	38,171	(11,454)
OTHER REVENUES				
General Government				
Interest and dividend	3,000,000	3,000,000	5,836,474	2,836,474
Disposal of fixed assets	324,000	324,000	168,769	(155,231)
Other income	6,241,000	6,241,000	4,736,046	(1,504,954)
Contributions and donations	85,380	163,288	114,217	(49,071)
TOTAL OTHER REVENUES	9,650,380	9,728,288	10,855,506	1,127,218
TOTAL, BEFORE PASS-THROUGH PROCEEDS	323,471,556	323,521,556	329,153,264	5,631,708
Pass-through proceeds	-	-	-	-
OTHER FINANCING SOURCES				
Appropriation of fund balance	6,654,485	9,729,054	-	(9,729,054)
TOTAL REVENUES INCLUDING PASS-THROUGHS	\$ 330,126,041	\$ 333,250,610	\$ 329,153,264	\$ (4,097,346)

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Expenditures - Budget and Actual General Fund For the Year Ended June 30, 2025

	Budgeted Amounts		Actual -	Favorable
	Original	Final	Budgetary Basis	(Unfavorable) Variance
GENERAL GOVERNMENT				
Legislative/county commissioners				
Legislative/county commissioners	\$ 576,278	\$ 588,408	\$ 572,289	\$ 16,119
County administrator	776,627	776,627	753,016	23,611
Public information	384,592	377,671	376,467	1,204
County attorney	1,375,951	1,371,654	1,311,411	60,243
Legislative/county commissioners	3,113,448	3,114,360	3,013,183	101,177
Department of finance				
Administration/budget	957,041	949,082	953,830	(4,748)
Accounting	924,141	919,679	918,214	1,465
Auditing	50,000	50,000	38,255	11,745
Procurement	465,391	491,443	489,533	1,910
Department of finance	2,396,573	2,410,204	2,399,832	10,372
Department of information & technology				
Technology	7,426,382	7,305,309	6,992,248	313,061
Department of human resources				
Human resources	1,655,295	1,625,548	1,349,383	276,165
Risk management	1,776,748	1,785,194	1,641,891	143,303
Grants	55,440	38,612	39,195	(583)
Department of human resources	3,487,483	3,449,354	3,030,469	418,885
Department of public works & transportation				
Development review	301,907	327,688	326,600	1,088
Mailroom/messenger services	159,397	144,951	131,252	13,699
Vehicle maintenance shop	2,073,941	1,983,037	1,983,440	(403)
Building Services	5,857,063	5,769,254	5,474,119	295,135
Department of public works & transportation	8,392,308	8,224,930	7,915,411	309,519
Department of land use & growth management				
Administration	849,942	938,034	956,919	(18,885)
Comprehensive Planning	502,876	633,349	440,848	192,501
Development Services	430,319	360,103	347,708	12,395
Zoning Administration	381,807	419,768	395,596	24,172
Planning Commission	24,687	25,077	23,797	1,280
Boards and Commissions	35,648	36,274	31,754	4,520
Historical Preservation	2,230	2,230	1,272	958
Permit Services	492,511	420,072	402,844	17,228
Inspections & Compliance	638,382	650,611	637,310	13,301
Board of Electrical Examiners	4,730	4,730	2,840	1,890
Building Code Appeals Board	-	-	-	-
Commission on the Environment	3,860	3,860	3,446	414
Plumbing & Gas Board	-	-	-	-
Grants	1,000	2,594	1,594	1,000
Department of land use & growth management	3,367,992	3,496,702	3,245,928	250,774
Circuit Court				
Administration	1,612,458	1,612,458	1,192,170	420,288
Law library	42,250	42,250	28,251	13,999
Grants	909,173	1,070,156	1,005,811	64,345
Orphan's court	74,155	75,044	67,969	7,075
Circuit court	2,638,036	2,799,908	2,294,201	505,707
Office of the state's attorney				
Judicial	5,916,755	5,878,521	5,529,508	349,013
Grants	-	851,661	837,963	13,698
Office of the state's attorney	5,916,755	6,730,182	6,367,471	362,711
County treasurer	616,360	640,423	592,575	47,848
Alcohol beverage board	379,230	358,657	339,195	19,462
Board of elections	2,333,191	2,398,653	1,772,909	625,744
Ethics commission	833	833	173	660
SDAT - Leonardtown Office	443,507	443,507	435,704	7,803
Total general government	\$ 40,512,098	\$ 41,373,022	\$ 38,399,299	\$ 2,973,723

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Expenditures - Budget and Actual General Fund For the Year Ended June 30, 2025

	Budgeted Amounts		Actual -	Favorable
	Original	Final	Budgetary	(Unfavorable)
			Basis	Variance
PUBLIC SAFETY				
Department of Emergency Services				
Emergency communications center	\$ 4,484,336	\$ 4,261,647	\$ 4,070,469	\$ 191,178
Emergency radio communications	5,463,600	5,469,343	5,414,867	54,476
Emergency management	899,291	904,160	861,383	42,777
Animal control	2,129,952	2,115,564	1,902,951	212,613
Grants	3,320,900	3,744,227	4,495,378	(751,151)
Department of Emergency Services	16,298,079	16,494,941	16,745,048	(250,107)
Office of the sheriff				
Law enforcement	42,423,506	43,620,309	41,470,302	2,150,007
Corrections	19,344,507	19,957,382	19,542,020	415,362
Training	432,677	457,204	432,542	24,662
Canine	41,960	41,960	41,482	478
Court security	1,066,076	1,066,076	930,754	135,322
Grants	3,209,621	2,660,295	1,868,778	791,517
Office of the sheriff	66,518,347	67,803,226	64,285,878	3,517,348
Total public safety	\$ 82,816,426	\$ 84,298,167	\$ 81,030,926	\$ 3,267,241
PUBLIC WORKS				
Department of PW and transportation				
Administration	\$ 714,753	\$ 648,402	\$ 609,537	\$ 38,865
Engineering services	1,172,021	1,185,018	1,182,838	2,180
Construction & inspections	1,127,397	1,221,669	1,221,545	124
County highways	6,083,104	8,699,200	8,455,270	243,930
MS4 Program	1,081,292	1,076,344	770,132	306,212
St Mary's county airport	295,847	304,552	232,430	72,122
Grants - St. Mary's transit system	3,210,035	3,810,171	3,603,209	206,962
Department of PW and transportation	13,684,449	16,945,356	16,074,961	870,395
Total public works	\$ 13,684,449	\$ 16,945,356	\$ 16,074,961	\$ 870,395
HEALTH				
Department of Agriculture	\$ 126,000	\$ 126,000	\$ 126,912	\$ (912)
Operating allocation				
Health department	5,344,717	5,344,784	5,344,465	319
Operating allocation	5,344,717	5,344,784	5,344,465	319
Human services				
Human Services-Admin Grants	181,142	191,016	166,132	24,884
Grants	414,528	530,420	537,138	(6,718)
Human services	595,670	721,436	703,270	18,166
Total health	\$ 6,066,387	\$ 6,192,220	\$ 6,174,647	\$ 17,573
SOCIAL SERVICES				
Department on aging & human services				
Aging Administration	\$ 3,254,463	\$ 3,132,283	\$ 3,009,944	\$ 122,339
Grants	1,474,603	1,627,432	1,538,814	88,618
Non-profit allocation	818,047	818,047	815,547	2,500
Department on aging & human services	5,547,113	5,577,762	5,364,305	213,457
Department of social services	568,963	566,507	559,452	7,055

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Expenditures - Budget and Actual General Fund For the Year Ended June 30, 2025

	Budgeted Amounts		Actual -	Favorable
	Original	Final	Budgetary	(Unfavorable)
			Basis	Variance
Operating allocation				
Tri-County Community Action (SMTCCAC, Inc.)	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Operating allocation	35,000	35,000	35,000	-
Total social services	\$ 6,151,076	\$ 6,179,269	\$ 5,958,757	\$ 220,512
PRIMARY AND SECONDARY EDUCATION				
Board of Education	\$ 134,369,907	\$ 134,369,907	\$ 134,369,907	\$ -
Non-public school bus transportation	3,333,381	3,483,347	3,357,185	126,162
Operating allocation				
Non Profit Allocation	-	-	-	-
Total primary and secondary education	\$ 137,703,288	\$ 137,853,254	\$ 137,727,092	\$ 126,162
POST-SECONDARY EDUCATION				
College of Southern Maryland - general operations	\$ 5,282,620	\$ 5,282,620	\$ 5,282,620	\$ -
Operating allocation				
University System of Maryland at Southern Maryland (USMSM)	40,000	40,000	40,000	-
Non Profit Allocation	35,000	35,000	35,000	-
Operating allocation	75,000	75,000	75,000	-
Total post-secondary education	\$ 5,357,620	\$ 5,357,620	\$ 5,357,620	\$ -
PARKS, RECREATION AND CULTURE				
Department of recreation and parks				
Administration	\$ 1,698,719	\$ 1,542,441	\$ 1,549,706	\$ (7,265)
Parks maintenance	3,550,896	3,426,595	3,245,453	181,142
Grants division	25,000	725,000	288,635	436,365
Museum division	1,080,658	1,078,516	1,049,897	28,619
Non Profit Agency - Miscellaneous	138,830	138,830	138,830	-
Department of recreation and parks	6,494,103	6,911,382	6,272,521	638,861
Total parks, recreation and culture	\$ 6,494,103	\$ 6,911,382	\$ 6,272,521	\$ 638,861
LIBRARIES				
County funding - general operations	\$ 4,318,036	\$ 4,318,036	\$ 4,318,036	\$ -
CONSERVATION OF NATURAL RESOURCES				
University of MD Extension-St. Mary's	\$ 311,098	\$ 311,098	\$ 303,016	\$ 8,082
Soil Conservation District	127,373	132,110	122,349	9,761
Agriculture and seafood allocation	316,205	269,099	251,039	18,060
Conservation of natural resources	754,676	712,307	676,404	35,903
Operating allocation				
SMC Forest Conservation District Board	2,500	2,500	2,500	-
Southern Md. Resource Conservation/Dev.	20,600	20,600	20,600	-
Waterman's Association allocation	20,000	20,000	20,000	-
Operating allocation	43,100	43,100	43,100	-
Total conservation of natural resources	\$ 797,776	\$ 755,407	\$ 719,504	\$ 35,903

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Expenditures - Budget and Actual General Fund For the Year Ended June 30, 2025

	Budgeted Amounts		Actual -	Favorable
	Original	Final	Budgetary	(Unfavorable)
			Basis	Variance
ECONOMIC DEVELOPMENT AND OPPORTUNITY				
Department of economic development				
Administration/office of the director	\$ 662,306	\$ 655,939	\$ 656,191	\$ (252)
Tourism development	480,312	480,312	480,312	-
Agriculture & seafood development	421,606	358,799	334,719	24,080
Less Allocation	(316,205)	(269,099)	(251,039)	(18,060)
Business development	691,448	688,368	687,841	527
Non-Profit Allocation	54,255	54,255	54,255	-
Grants	-	75,000	1,187,286	(1,112,286)
Department of economic development	1,993,722	2,043,574	3,149,565	(1,105,991)
Office of Community Services				
Office of community services	665,871	642,713	616,652	26,061
Human relations commission	1,850	1,850	1,290	560
Commission for women	7,000	10,715	9,629	1,086
	674,721	655,278	627,571	27,707
Human Resources				
Commission for the disabled	2,300	2,300	1,321	979
Tri-County Council	125,000	125,000	125,000	-
Operating allocation	127,300	127,300	126,321	979
Total economic development and opportunity	\$ 2,795,743	\$ 2,826,152	\$ 3,903,457	\$ (1,077,305)
DEBT SERVICE				
Debt service	\$ 16,197,331	\$ 16,197,331	\$ 15,482,150	\$ 715,181
INTER-GOVERNMENTAL				
Leonardtown tax rebate	\$ 72,786	\$ 72,786	\$ 72,786	\$ -
OTHER				
Employer contributions-retiree health benefits	\$ 6,182,000	\$ 6,182,000	\$ 4,795,046	\$ 1,386,954
Unemployment compensation	5,000	22,341	20,182	2,159
Bank service fees	55,000	55,000	19,654	35,346
Total other	\$ 6,242,000	\$ 6,259,341	\$ 4,834,882	\$ 1,424,459
Total expenditures, before pass-throughs	\$ 329,209,119	\$ 335,539,343	\$ 326,326,638	\$ 9,212,705
Pass-through expenditures	-	-	-	-
Total expenditures, including pass-throughs	\$ 329,209,119	\$ 335,539,343	\$ 326,326,638	\$ 9,212,705
Appropriation reserve	\$ 2,500,000	\$ 88,725	\$ -	\$ 88,725
Reserve - emergency appropriations	816,922	22,542	-	22,542
Reserves	3,316,922	111,267	-	111,267
Total reserves	\$ 3,316,922	\$ 111,267	\$ -	\$ 111,267
Total expenditures, including pass-throughs and reserves	\$ 332,526,041	\$ 335,650,610	\$ 326,326,638	\$ 9,323,972
Transfer				
General fund transfers	(2,400,000)	(2,400,000)	(2,400,000)	-
Total expenditures and other financing uses	\$ 330,126,041	\$ 333,250,610	\$ 323,926,638	\$ 9,323,972

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Unexpended Appropriations for Capital Projects For the Year Ended June 30, 2025

LAND PRESERVATION

Agriculture Preservation	\$	8,140,739	
Critical Area Planting		88,318	
Rural Legacy Program		<u>12,852,644</u>	\$ 21,081,701

HIGHWAYS

4 Way Inter MD4/Wildewood		20,835	
Bridge/Culvert Replace.		1,293,294	
Buck Hewitt Road		1,400,861	
County Bridge Replace/Repair		2,034,013	
FDR Blvd MD4 to Pegg Rd		14,326,366	
Federal Bridge Replace		558,228	
Johnson Farm Pond		61,419	
Mattapany Road		395,674	
Mt. Wolfe Roundabout		4,464	
Neighborhood Drainage Imp		2,707,423	
Regional Water Quality&Nutrient		71,292	
Retrofit Sidewalk Program		1,715,800	
Roadway & Safety Improvement		3,169,598	
Roadwork Maintenance		1,091,068	
Side-Path or Bikeways		127,340	
South Shangri-La Drive Side		35,065	
Southhampton Neighborhood		3,489,557	
Streetscape Improvement		1,213,672	
Transportation Plan Update		4,518	
Water Qlty&Nutr Remov Grant		<u>847,429</u>	34,567,916

MARINE

Piney Point Lighthouse Museum		2,030,063	
Piney Point Rd Shore Erosion		350,310	
St. George Creek Dredge		515,888	
St. Marys County Flood Plan		525	
St. Patrick Creek Maintenance		<u>846,915</u>	3,743,701

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Unexpended Appropriations for Capital Projects (continued) For the Year Ended June 30, 2025

PUBLIC WORKS

911 Back Up Center	\$	4,775	
Adult Det Center Upgrades		115,953	
Airport Improvements		4,883,985	
Airport Master Plan		1	
Airport Wetlands Mitigation		82,073	
Animal Shelter New Building		29,785	
Bldg Maint & Repair Proj-Critical		97,486	
Bldg Maint & Repair Proj-Program		383,060	
Buses and Bus Facility		212,553	
District 1 Sheriff Office		2	
Emerg Comm Cntr Exp		1,924,934	
Energy Efficiency & Conservation		97,910	
Facilities Master Plan Update		94,655	
Fire Dept Water Supply		322,448	
Health Department Renovations		32,829	
Leonartown Lib/Garvey Sr. Center		35,323	
North County Farmers Market		574,880	
Northern Senior Activity Cnt Add		1	
Parking and Site Improvements		198,836	
Public Administration Enterprise		1,004,334	
Public Safety Comp. Aided Disp		734,693	
Sheriff's District 3 Office		73,737	
Sheriff's Headquarters		<u>11,758,802</u>	\$ 22,663,055

PIERS AND BOAT RAMPS

St. Inigoes Landing Boating Facility	<u>468,020</u>	468,020
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COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND**Schedule of Unexpended Appropriations for Capital Projects (continued)
For the Year Ended June 30, 2025****PUBLIC SCHOOLS**

Bldg Infrastructure-Critical	\$	1,170,006	
Bldg Infrastructure-Programmatic		360,166	
Chillers/Controls		1,882,240	
Chopticon HS Pre-Design		1,145,686	
Chopticon HS Soil Erosion		1	
Dynard ES-Roof/HVAC/Emerg Pwr		28,886	
Great Mills HS-Partial Roof Repl		1,327,173	
Green Holly ES Partial/Roof		4,663,860	
Lettie Dent Modernization		4,178,732	
Mechanicsville ES Modernization		115,181	
Piney Point ES HVAC Sys		1,986,121	
Relocatables for Various Sites		200,690	
Safety&Security Init.		564,535	
School Capacity Study K-12		65,150	
Town Creek ES HVAC		264,834	\$ 17,953,261

RECREATION & PARKS

Central County Park	30,000	
Child Care Facility	3,021,349	
Elms Beach Park Improvement	3,645,714	
Gymnastics Center Project	335	
Myrtle Point Park	319,227	
Park Planning Grant	100,560	
Parks Land & Facility Acquisition	1,196,350	
Rec Facility & Park Improvements	2,187,934	
Shannon Farm Property	2,433,223	
Snow Hill Park	4,622,767	
Solar Panels, Dorsey Park	32,530	
Sports Complex	150,000	
St. Clements Isl Mus Renov	3,557,970	
Three Notch Trail, Phase 7	5,881,109	
Three Notch Trail, Phase 8	338,286	
YMCA - Great Mills	18,852,061	46,369,415

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

**Schedule of Unexpended Appropriations for Capital Projects (continued)
For the Year Ended June 30, 2025**

SOLID WASTE

Clements Convenience Center	\$	3,086	
Convenience Center Repair		90,013	
Landfill Mitigation		18,628	
St. Andrews Landfill		<u>61,247</u>	<u>\$ 172,974</u>
Total			<u><u>\$ 147,020,043</u></u>