COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

For the Year Ended June 30, 2025

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

JUNE 30, 2025

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 4

FINANCIAL STATEMENTS

Statement of Net Position 20
Statement of Activities 21
Balance Sheet – Governmental Funds 23
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position 24
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds 25
Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 26
Statement of Net Position – Proprietary Funds 27
Statement of Revenue, Expenses, and Changes in Net Position – Proprietary Funds 28
Statement of Cash Flows – Proprietary Funds 29
Statement of Net Position – Fiduciary Funds 30
Statement of Changes in Net Position – Fiduciary Funds 31
Notes to the Financial Statements 32

REQUIRED SUPPLEMENTARY INFORMATION – PENSION AND OPEB INFORMATION

Schedule of Changes in Net OPEB Liability and Related Ratios 111
Schedule of OPEB Trust Fund Employer Contributions 112
Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – General Employees' Pension Fund 113
Schedule of General Employees' Pension Fund Employer Contributions 114
Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – Volunteer Length of Service Award Fund 115
Schedule of Volunteer Length of Service Award Fund Employer Contributions 116

COMBINING AND INDIVIDUAL FUND STATEMENTS

Combining Statements of Financial Schedules 117
Combining Balance Sheet – Non-Major Governmental Funds 119
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds 120
Combining Statement of Net Position – Non-Major Proprietary Funds 121
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position – Non-Major Proprietary Funds 122
Combining Statement of Cash Flows – Non-Major Proprietary Funds 123

REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL SCHEDULE

Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 125

OTHER SCHEDULE

Local Management Board – Schedule of Revenue and Expenditures- Regulatory Basis 130

SBC
Certified Public
Accountants &
Business Advisors

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

County Commissioners of Washington County
Hagerstown, Maryland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County Commissioners of Washington County, Maryland (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, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Board of Education of Washington County, Maryland (the Board). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under these 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB liability and related ratios, schedule of OPEB trust fund employer contributions, schedules of changes in pension fund net pension liability and related ratios for the General Employees' Pension Fund and Volunteer Length of Service Award Fund, schedules of employer contributions for the General Employees' Pension Fund and the Volunteer Length of Service Award Fund, and the budget and actual schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and local management board schedule of revenue and expenditures regulatory basis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and local management board schedule of revenue and expenditures regulatory basis are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and local management board schedule of revenue and expenditures regulatory basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Owings Mills, Maryland
October 29, 2025

SB & Company, LLC

Washington County Government's (the "County") discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts please read it in conjunction with the County's financial statements presented herein.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: ***1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements***. This report also contains ***4) supplementary information*** in addition to the basic financial statements themselves.

1) 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 similar to a private business. The government-wide financial statements include a *statement of net position* and a *statement of activities*.

- The *statement of net position* presents information on the County's entire assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or 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 these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and 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 education, general government, parks and recreation, public safety, courts, health and social services, and highway maintenance.

- The *business-type activities* of the County include airport, public golf course, public transit, solid waste, and water quality operations.

The government-wide financial statements include not only the County (known as the primary government), but also include the Washington County Board of Education as a legally separate component unit and is reported separately from financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 20-22 of this report.

2) 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 funds of the County can be divided into three categories: *governmental, proprietary*, or *fiduciary.*

- ***Governmental Funds***. Governmental funds are used to account for 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.

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

  The County maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Improvement, Grant Management, Cascade Town Centre, Inmate Welfare, Contraband, Agricultural Education, Gaming, Land Preservation, HEPMPO, Foreign Trade Zone, and Hotel Rental Tax funds.

  The County adopts an annual appropriated budget for all of its governmental and proprietary funds.

  The basic governmental fund financial statements can be found on pages 23-26 of this report.

- ***Proprietary Funds.*** When the County charges customers for a service it provides, whether to outside customers or to other units of government, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenue, Expenses and Changes in Net Position. Proprietary funds are comprised of two types: 1) *Enterprise funds and 2) Internal service funds.* The County uses enterprise funds to account for its airport, public golf course, public transit, solid waste, and water quality operations. Internal service funds are used to report an activity that provides supplies and services for the government's other programs and activities. The County does not utilize an internal service fund.

  Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

  The basic proprietary fund financial statements can be found on pages 27-29 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 similar to proprietary funds.

  The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

3) Notes to the Financial Statements

The notes to the financial statements 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 can be found on pages 32-108 of this report.

4) Supplementary 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 obligation to provide pension benefits to its employees and includes budgetary comparison schedules for the general fund.

In addition to this MD&A, required supplementary information can be found on pages 111-116 of this report.

Financial Analysis on Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $818.5 million as of the close of the most recent fiscal year.

Washington County, Maryland
Net Position
(Government-Wide)

	Governmental Activities		*Business-type Activities*		*Total*		*Total Percent Change*
	2025	2024	2025	2024	2025	2024	
Current and other assets	$392,817,908	$368,012,458	$80,813,529	$78,738,946	$473,631,437	$446,751,404	6.0%
Capital assets	474,312,927	470,535,402	254,849,981	241,947,917	729,162,908	712,483,319	2.3%
Total Assets	867,130,835	838,547,860	335,663,510	320,686,863	1,202,794,345	1,159,234,723	3.8%
Deferred Outflow of Resources	7,556,453	8,116,165	159,145	221,268	7,715,598	8,337,433	(7.5%)
Current and other liabilities	55,094,753	55,880,772	9,823,629	10,625,419	64,918,382	66,506,191	(2.4%)
Long-term liabilities	204,796,725	233,868,620	65,731,013	60,269,456	270,527,738	294,138,076	(8.0%)
Total Liabilities	259,891,478	289,749,392	75,554,642	70,894,875	335,446,120	360,644,267	(7.0%)
Deferred Inflow of Resources	21,453,411	14,864,006	35,080,829	32,274,425	56,534,240	47,138,431	19.9%
Net Investment in Capital Assets	387,230,686	381,997,785	219,206,160	206,569,564	606,436,846	588,567,349	3.0%
Restricted Net Assets	71,927,304	66,084,588	15,950,963	10,001,953	87,878,267	76,086,541	15.5%
Unrestricted Net Assets	134,184,409	93,968,254	(9,969,939)	1,167,314	124,214,470	95,135,568	30.6%
Total Net Position	$593,342,399	$542,050,627	$225,187,184	$217,738,831	$ 818,529,583	$759,789,458	7.7%

The largest portion of the County's net position reflects its investments in capital assets (e.g., land, roads, and bridges); less related outstanding debt used to acquire those assets in the amount of $606.4 million. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, $87.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining portion is unrestricted net assets of $124.2 million.

Unrestricted net assets in governmental activities have been reduced by $48.1 million in long-term debt, resulting in unrestricted net assets of $134.2 million. This long-term debt was incurred by the County's general fund for the purpose of capital asset acquisition for the Board of Education of $39.0 million and Hagerstown Community College of $9.1 million. The capital assets acquired with these bonds are not reflected in the County's primary government financial statements.

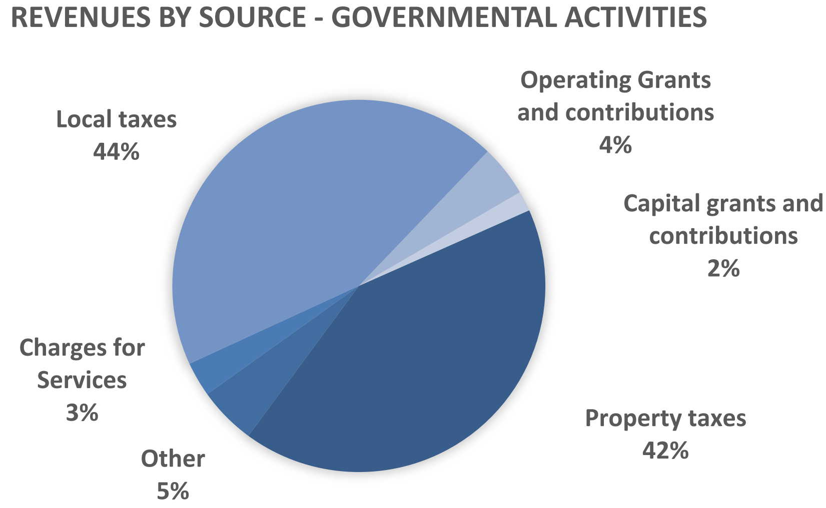
Washington County, Maryland
Change in Net Position
(Government-Wide)

	Governmental Activities		*Business-type Activities*		*Total*	
	2025	2024	2025	2024	2025	2024
Program Revenues:						
Charges for Services	$11,335,498	$9,696,207	$29,408,576	$27,743,504	$40,744,074	$37,439,711
Operating Grants and Contributions	16,742,117	20,230,854	2,540,517	2,630,337	19,282,634	22,861,191
Capital Grants and Contributions	6,478,335	9,368,258	8,626,873	3,699,827	15,105,208	13,068,085
General Revenues:						
Property Taxes	156,836,479	151,888,977	-	-	156,836,479	151,888,977
Local Taxes	165,233,790	142,489,730	-	-	165,233,790	142,489,730
Other	18,852,643	18,308,157	3,525,697	564,480	22,378,340	18,872,637
Total Revenues	375,478,862	351,982,183	44,101,663	34,638,148	419,580,525	386,620,331
Program Expenses:						
General Government	46,775,439	58,452,263	-	-	46,775,439	58,452,263
Public Safety	96,560,418	81,979,952	-	-	96,560,418	81,979,952
Health	3,183,620	3,183,616	-	-	3,183,620	3,183,616
Social Services	506,330	506,330	-	-	506,330	506,330
Education	124,727,436	124,219,339	-	-	124,727,436	124,219,339
Parks, Recreation, and Culture	7,610,990	7,958,778	-	-	7,610,990	7,958,778
Natural Resources	6,961,178	3,028,594	-	-	6,961,178	3,028,594
Community Promotion	9,527,744	5,280,220	-	-	9,527,744	5,280,220
Highways and Streets	20,829,793	22,146,243	-	-	20,829,793	22,146,243
Interest on Long-term Debt	4,624,385	5,268,383	-	-	4,624,385	5,268,383
Business-type Activities:						
Water Quality	-	-	18,586,902	17,451,148	18,586,902	17,451,148
Solid Waste	-	-	8,705,264	7,972,204	8,705,264	7,972,204
Public Transit	-	-	4,552,486	4,330,915	4,552,486	4,330,915
Airport	-	-	6,060,691	10,574,290	6,060,691	10,574,290
Golf Course	-	-	1,627,724	1,436,157	1,627,724	1,436,157
Total Expenses	321,307,333	312,023,718	39,533,067	41,764,714	360,840,400	353,788,432
Change in Net Position before transfers	54,171,529	39,958,465	4,568,596	(7,126,566)	58,740,125	32,831,899
Transfers	(2,879,757)	(3,751,110)	2,879,757	3,751,110	-	-
Change in Net Position	51,291,772	36,207,355	7,448,353	(3,375,456)	58,740,125	32,831,899
Net Position – Beginning of year	542,050,627	505,843,272	217,738,831	221,114,287	759,789,458	726,957,559
Net Position – End of year	$593,342,399	$542,050,627	$225,187,184	$217,738,831	$818,529,583	$759,789,458

The County's net position increased by $58.7 million during fiscal year 2025; total net position as of June 30, 2025 was $818.5 million, representing a 7.7% increase.

Governmental Activities (government-wide) – Change in Net Position:

Revenues for the County's governmental activities were $375.5 million for FY2025. Sources of revenue are comprised of the following items:



Taxes represent the County's largest revenue source at $322.1 million for FY2025, which represents 86% of all County revenues.

- The property tax rate is $.928 per $100 of assessed value and generates 42% of County revenue.
- Local taxes, which include income tax, generated 44% of County revenue. The income tax rate for FY2025 was 2.95%.

Revenue from governmental activities increased from FY2024 by $23.5 million.

- Charges for Services increased by $1.6 million over FY2024. Revenues from billing for emergency medical transports as part of the on-going transition of emergency medical services increased $0.9 million due to FY2025 being the first full fiscal year of billing. Additionally, 911 fee revenue increased by $1.2 million due to an increase in the 911 fee from $0.75 per bill per month to $1.25 per bill per month. This increase in revenue was offset by a decrease in license and permits revenue of $0.1 million, in fines of $0.2 million, in gaming revenues of $0.1 million, and in inmate welfare revenues of $0.1 million.
- Operating grants and contributions decreased by $3.5 million mainly due to the completion of a SAFER grant in FY2024.
- Capital grants and contributions decreased by $2.9 million due to fluctuations in capital spending. It is common for this line item to change from year to year due to varying projects and associated funding sources.
- Property Taxes increased over the prior year by approximately $4.9 million due to an increase in assessed values in both real and personal property. The state of Maryland reassesses one-third of property accounts each year (tri-annual reassessment). The reassessment done for tax year beginning July 1, 2024 (FY2025) raised property values in Washington County by 29.1%; 40.3% for residential and 12.8% for commercial.

- Local taxes increased by $22.7 million in total. Income tax increased $8.1 million or 6.5% compared to FY2024. Recordation tax increased $3.4 million and transfer tax by $1.2 million due to commercial real estate activity. The amount of unallocated income tax held in reserve by the State of Maryland increased $9.3 million over FY2024.

- Other revenues increased by $0.5 million. Income on investments in governmental activities decreased by $4.5 million due to allocating interest income to business activities. This amount was offset by a decrease in the loss on the sale of assets for the year.

A more detailed discussion of the County's revenue results for FY2025 compared to what was budgeted can be found in the General Fund Budgetary Analysis section of this MD&A.

The following table presents costs and program revenues for major county programs. The total cost of governmental services for FY2025 was $321.3 million. Revenues of $34.6 million that offset these costs include $11.3 million in charges for services and $23.2 million in operating and capital grants and contributions. The net amount of $286.8 million was paid for through county taxpayer dollars.

Washington County, Maryland
Net Cost of Governmental Activities
(Government-Wide)

Category	*Expenses*		*Revenues*		*Net Cost of Services*	
	2025	2024	2025	2024	2025	2024
Education	$124,727,436	$124,219,339	$ -	$ -	$124,727,436	$124,219,339
Public Safety	96,560,418	81,979,952	7,662,605	10,717,776	88,897,813	71,262,176
General Government	46,775,439	58,452,263	9,156,456	8,961,750	37,618,983	49,490,513
Highways and Streets	20,829,793	22,146,243	9,183,276	9,431,502	11,646,517	12,714,741
Community Promotion	9,527,744	5,280,220	5,230,593	9,617,752	4,297,151	(4,337,532)
Parks, Recreation, and Culture	7,610,990	7,958,778	102,638	371,317	7,508,352	7,587,461
Other	15,275,513	11,986,923	3,220,382	195,222	12,055,131	11,791,701
Total	$321,307,333	$312,023,718	$34,555,950	$39,295,319	$286,751,383	$272,728,399

Expenditures from governmental activities total $321.3 million, which represents an increase from FY2024 of $9.3 million.

- Education expenditures increased by $0.5 million compared to FY2024. The increase is due to the increased appropriation to Washington County Public Schools (WCPS) of $1.1 million, offset by less spending on capital projects for both WCPS and Hagerstown Community College during the year. Capital spending can fluctuate year to year based on capital maintenance and construction schedules.

- Overall, public safety costs increased by approximately $14.6 million over FY2024. Operating costs increased $7.9 million in FY2025 mainly due to the addition of 44 positions; eight police officers, five detention officers, 14 paramedics, six emergency medical technicians, nine firefighters, and two firefighter/paramedics. Capital spending increased $6.7 million due to the upgrade of handheld radios for all emergency responders.

- General Government decreased $11.7 million from FY2024. Personnel costs increased by approximately $2.8 million due to enhancements to the lower grades on the civilian wage scale for FY2025. This increase was offset by a decrease in the amount contributed from operating funds into the pension fund. In FY2024, the County contributed an additional $10.0 million over and above the actuarially determined contribution, while in FY2025, the County only contributed an additional $5.0 million. Capital spending recorded as expenses decreased $9.8 million from FY2024 due to a larger portion of capital costs being capitalized as fixed assets. Capital Improvement transactions are earmarked for specific capital-related projects and cash flow will vary depending on the construction schedule and grant reimbursements.

- Expenditures for Highways and Streets decreased by $1.3 million from FY2024. Operating expenses increased by $1.0 million, mainly due to personnel costs from enhancements to the lower grades on the civilian wage scale for FY2025. Capital spending recorded as expenses decreased $2.4 million due to a larger portion of capital costs being capitalized as fixed assets than in the prior year.

- Community promotion increased by $4.2 million over FY2024. Part of the increase is due to $1.7 million in ARPA funds being expended on community projects. Also contributing to the increase is $1.4 million in Maryland Economic Development Assistance Authority Fund (MEDAAF) conditional loan matches paid out of hotel rental tax funds as part of economic development incentive packages.

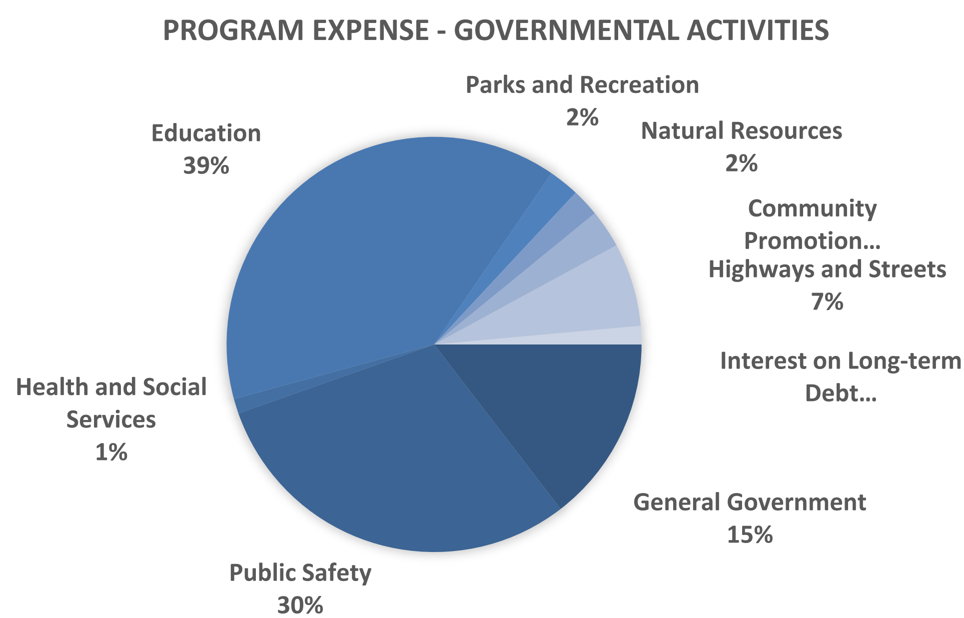
- Parks, recreation, and culture decreased by $0.3 million from FY2024. Operating expenses increased by $0.1 million, mainly due to personnel costs from enhancements to the lower grades on the civilian wage scale for FY2025, offset by a reduction in capital spending of $0.4 million compared to FY2024.

- Natural resources increased by $3.9 million due to increased spending on Land Preservation easement programs. Spending on land preservation can vary from year to year due to available funding.

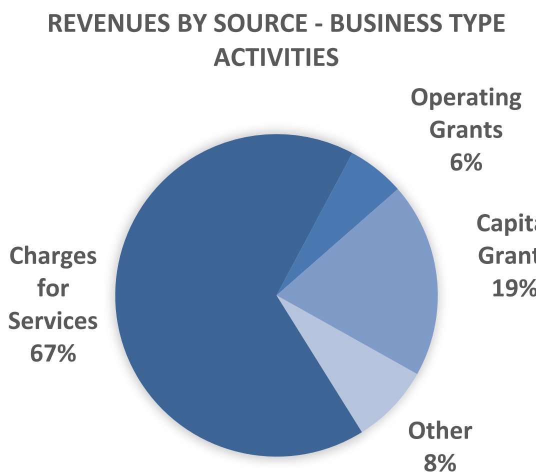
- Debt service decreased by $0.6 million based on debt service schedules.

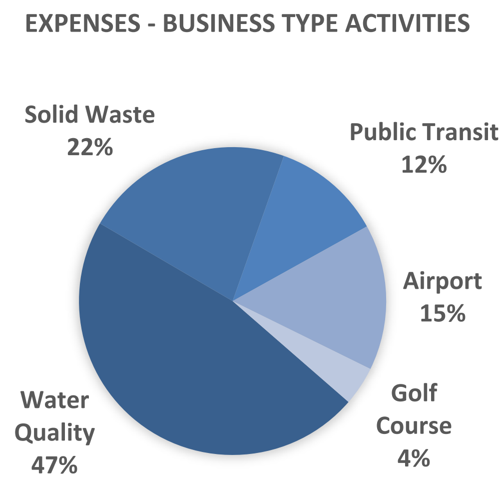
- Transfers out decreased by $0.9 million from FY2024. For FY2025, less support was needed from General fund due to the use of fund balance in the enterprise funds.

Governmental program expenditures are shown below. The largest expenditure category is education at $124.7 million, followed by public safety at $96.6 million.



Business-type Activities (government-wide) – Change in Net Position:





Highlights for the County's business-type activities are as follows:

Business type activities experienced an increase in net position of $7.5 million.

- $0.5 million decrease in net position for Water Quality
- $2.7 million increase in net position for Solid Waste
- $5.9 million increase in net position for Airport
- $0.6 million decrease in net position for non-major proprietary funds

Revenues increased over FY2024 by $9.5 million.

- Charges for services increased by $1.7 million due to an increase in fees for Water Quality, Solid Waste, and Airport, offset by a decrease in fees for non-major proprietary fund activities. Contributing to the increase in revenue were the 5.6% increase to Water rates and 6.0% increase to Sewer rates. Also, during the fiscal year, paid parking was implemented at the Airport.

- Operating grants and contributions decreased by approximately $0.1 million due to a decrease in funding for Sewer operations based on performance of $0.3 million, offset by an increase in CARES funded reimbursement for Transit operations of $0.2 million.

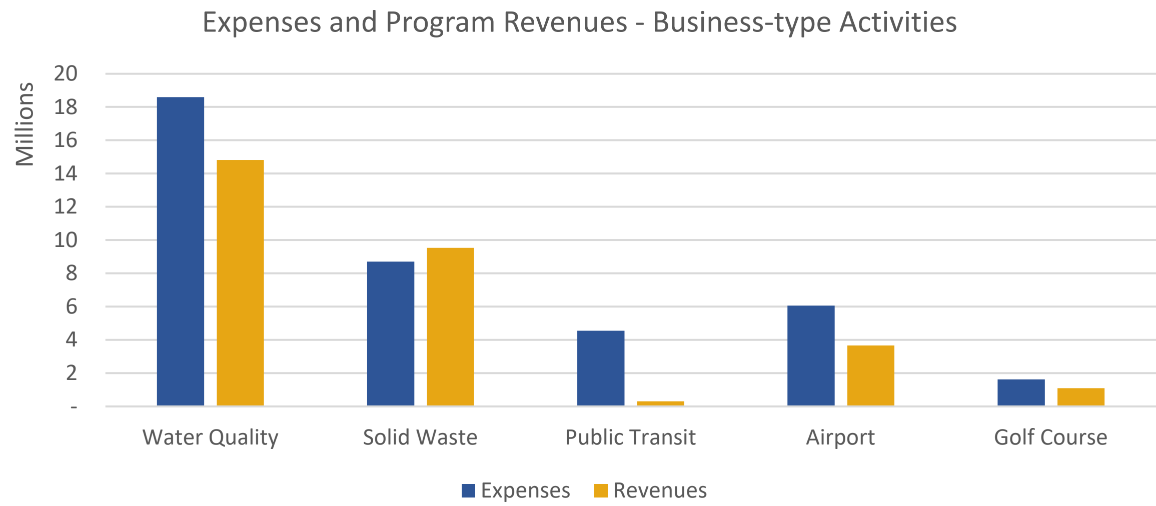
- Capital grants and contributions increased by $4.9 million. The majority of the increase is for grant funds awarded to the Airport for large capital improvement projects, including the rehabilitation of Taxiway F. Capital revenues can vary significantly from year to year based on capital project schedules.

- Other revenues increased by $3.0 million mainly due to income on investments.

Expenses decreased compared to FY2024 by $2.2 million.

- Solid Waste expenses increased by $0.7 million or 9.2%; Water Quality expenses increased by $1.1 million or 6.5%; Transit increased by $0.2 million or 5.1%; Golf Course expenses increased $0.2 million or 13.3%; and Airport decreased by $4.5 million or 42.7%.

Transfers in decreased by $0.9 million mainly due to the use of fund balance to support operations in the Water Quality, Transit, and Golf Course funds instead of General Fund support.
The chart below provides a snapshot of the County's business type activities and related charges for services.



Further discussion concerning the finances of business-type activities can be found in the discussion of the County's proprietary funds in the following section.

Financial Analysis on the Government's Fund Financial Statements

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and restrictions, and fiscal accountability.

***Governmental Funds*:**

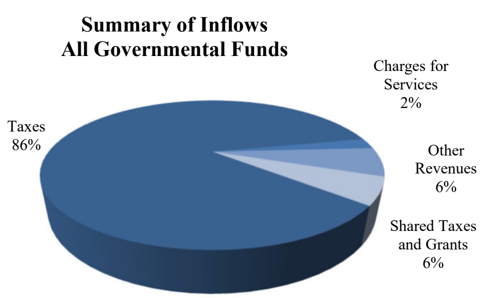
The focus of the County's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources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

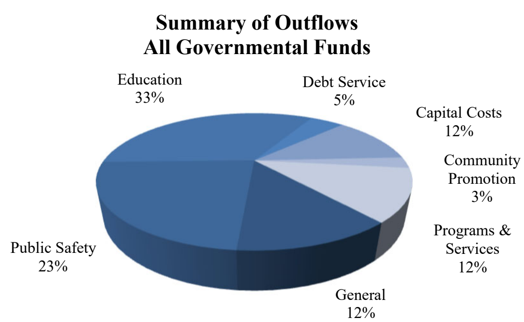
As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of $282.2 million, an increase of $15.6 million. Approximately $82.3 million of this amount is committed for the general fund cash reserve and $199.9 million is restricted or committed for construction projects and designated programs. In the combined governmental activities, the County maintains 12 separate funds. Shown below are fund balances and net changes in fund balance for each.

Washington County, Maryland
Fund Balance and Net Changes in Fund Balance – Fund Basis

Governmental Activities	*Fund Balance*			*Net Change in Fund Balance*		
	2025	2024	% Change	2025	2024	% Change
General Fund	$90,421,473	$80,692,205	12.1%	$9,729,232	$1,104,434	780.9%
Capital Improvement Fund	181,305,997	176,237,119	2.9%	5,068,878	13,727,967	(63.1%)
Grants Management	4,216,226	2,443,425	72.6%	1,772,801	2,433,965	(27.2%)
Cascade Town Centre Fund	622,325	711,883	(12.6%)	(89,558)	(118,981)	24.7%
Inmate Welfare Fund	993,922	787,175	26.3%	206,747	322,835	(36.0%)
Contraband Fund	101,708	65,128	56.2%	36,580	14,177	158.0%
Agricultural Education Fund	121,194	64,919	86.7%	56,275	41,775	34.7%
Hotel Rental Tax Fund	1,896,886	2,725,052	(30.4%)	(828,166)	305,801	(370.8%)
Gaming Fund	61,682	108,210	(43.0%)	(46,528)	(38,327)	(21.4%)
Land Preservation Fund	2,451,189	2,691,569	(8.9%)	(240,380)	324,787	(174.0%)
HEPMPO	20,934	42,880	(51.2%)	(21,946)	(1,851)	(1,085.6%)
Foreign Trade Zone	21,934	21,119	3.9%	815	21,119	(96.1%)
Total	$282,235,434	$266,590,684		$15,644,750	$18,137,701	

The following reflects all inflows and outflows of the governmental funds in total for the fiscal year ending June 30, 2025.





- The ***General Fund*** is the chief operating fund of the County. At the end of the current fiscal year total fund balance reached $90.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both committed fund balance and total fund balance to total fund expenditures. The total fund balance represents 30.4% of total General Fund expenditures.

  The General Fund fund balance increased by approximately $9.7 million during the current fiscal year. Higher than anticipated revenues from property tax, income tax, and recordation tax led to an additional contribution to the pension fund of $5.0 million and transfer to the capital fund at the end of the year of $6.9 million.

  A more detailed discussion of General Fund revenues can be found in the General Fund Budgetary Analysis section of the MD&A.

- The ***Capital Projects Fund*** is used to account for major capital acquisition and construction of County operations. At the end of the current fiscal year the Capital Project Fund has a total fund balance of $181.3 million; all of which is restricted or committed for capital related projects. Major funding sources for projects are pay-go-funding, debt proceeds, fees and taxes, and grants. Fund balance increased by $5.1 million for the current fiscal year. The change in fund balance is the result of timing differences in project funding proceeds and the spending or construction timeline of those projects.

- The County's ***Grant Management, Cascade Town Centre, Inmate Welfare, Contraband, Agricultural Education, Hotel Rental Tax, Gaming, HEPMPO, Foreign Trade Zone, and Land Preservation Funds*** have a combined fund balance of $10.5 million. These funds represent monies designated for specific programs and services. The net increase in fund balance during the current year was $0.8 million and was mainly attributed to the Grants Management fund due to the accumulation of restricted funds from opioid settlement payments and Community Repair and Reinvestment Funds as part of the State sales tax on the sale of cannabis.

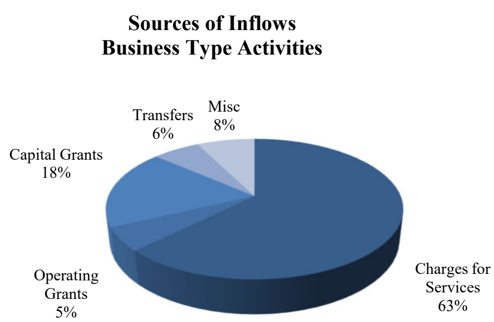
Proprietary funds:

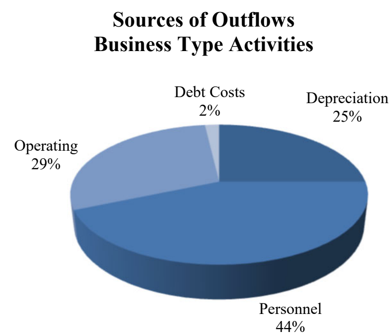
The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and net income (loss) were as follows:

Washington County, Maryland
Net Position and Net Income (Loss)
(Fund Basis)

Business-type Activities	*Total Net Position*			*Change in Net Position*		
	2025	2024	% Change	2025	2024	% Change
Water Quality	$153,382,611	$153,928,423	(0.4%)	($545,812)	($1,002,221)	45.5%
Solid Waste	14,526,274	11,780,690	23.3%	2,745,584	2,076,165	32.2%
Airport	46,820,461	40,931,014	14.4%	5,889,447	(4,362,836)	235.0%
Public Transit	7,149,230	7,553,258	(5.3%)	(404,028)	(221,520)	(82.4%)
Black Rock	3,308,608	3,545,446	(6.7%)	(236,838)	134,956	(275.5%)
Total	$225,187,184	$217,738,831		$7,448,353	($3,375,456)	

The following reflects the inflows and outflows of the business-type activity funds for the fiscal year ending June 30, 2025.





Water Quality's net position amounted to $153.4 million in FY2025. Of this amount, $140.5 million represents the net investment in capital assets, $10.3 million is restricted for capital projects, and $2.6 million remains unrestricted. Major changes over FY2024 include additional expenditures of $1.1 million resulting from increased employee wages as a result of enhancements to the lower grades on the civilian wage scale and various operational equipment/supplies categories. Revenues increased by $1.0 million compared to the prior year due to the increase in utility rates for water and sewer and income from investments.

Solid Waste's net position amounted to $14.5 million for FY2025. Of this amount, $12.1 million represents the net investment in capital assets; $4.8 million is restricted for capital projects; and ($2.4) million represents unrestricted fund balance. Charges for services were in line with the prior year, however, revenues increased by $1.3 million due to income from investments. Expenses increased $0.7 million due to increased employee wages due to enhancements to the lower grades on the civilian wage scale, cost of leachate hauling and treatment, and depreciation.

The Airport Fund's FY2025 ending net position is $46.8 million. Of this amount, $63.8 million represents the net investment in capital assets; $0.8 million is restricted from capital projects and ($17.8) million represents unrestricted deficit. The unrestricted deficit is the result of capital assets constructed by the lessees through long-term lease agreements. The long-term lease agreements require the recognition of revenue related to the capital assets constructed by the lessees over the life of the lease agreements and will eliminate the unrestricted deficit over the term of the lease agreement. Additional revenues due to the increased flight schedule with Allegiant, which began in the spring of 2024 were fully realized during FY2025. The increased flight schedule and the implementation for paid parking at the terminal increased revenues by $0.6 million. Capital grants increased by $5.0 million due to the construction schedule and reimbursement for the Taxiway F Rehabilitation project. Expenses decreased $4.5 million due to a decrease in depreciation and contracted services, offset by increased employee wages because of the enhancements to the lower grades on the civilian wage scale.

Transit's ending net position is $7.1 million for FY2025. Of this amount, $4.2 million represents the net investment in capital assets and $2.9 million is classified as unrestricted. Operating revenue increased by less than $0.1 million. Personnel costs increased due to enhancements to the lower grades on the civilian wage scale and upgrades to routing and scheduling software to better serve transit patrons.

The Black Rock Golf Course Fund's FY2025 net position is $3.3 million. Of this amount, $2.4 million represents the net investment in capital assets and $0.9 million is classified as unrestricted. Operating revenues remained in line with last year, increasing only 0.4%. Operating expenses increased $0.2 million, mainly due to increased employee wages from the enhancements to the lower grades on the civilian wage scale.

A discussion of enterprise fund long-term debt can be found in the Long-Term Debt section presented later in this MD&A. Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities under "Financial Analysis on Government-Wide Financial Statements."

General Fund Budgetary Analysis – Government Fund Financial Statement Basis

Washington County, Maryland
General Fund Budgetary Analysis
As of June 30, 2025
(Government Fund Basis)

Category	*Budgetary Amounts*		*Actual*	*Difference*	
	Original	*Final*		*Org. Budget vs. Final Budget*	*Final Budget vs. Actual*
Revenues:					
Property Tax	$ 152,420,120	$ 152,420,120	$ 157,156,264	$ -	$ 4,736,144
Local Tax	129,670,150	129,670,150	144,874,269	-	15,204,119
Other Revenue	22,883,870	23,080,014	24,544,290	196,144	1,464,276
Total Revenues	304,974,140	305,170,284	326,574,823	196,144	21,404,539
Expenses:					
General Government	45,270,020	45,183,849	43,863,392	(86,171)	1,320,457
Public Safety	82,709,080	81,743,527	80,189,645	(965,553)	1,553,882
Health and Social Services	3,689,950	3,689,950	3,689,950	-	-
Education	120,409,130	120,409,130	120,409,130	-	-
Parks, Recreation, and Culture	6,850,950	6,850,950	6,792,110	-	58,840
Natural Resources	1,101,160	1,101,160	1,078,748	-	22,412
Highways and Streets	13,914,110	13,939,884	13,176,383	25,774	763,501
General Operations	1,824,900	1,824,900	1,768,939	-	55,961
Unallocated Costs	1,870,020	2,556,190	9,957,033	686,170	(7,400,843)
Intergovernmental	11,124,740	11,660,664	19,484,494	535,924	(7,823,830)
Billables	-	-	-	-	-
Debt Service	16,210,080	16,210,080	16,453,865	-	(243,785)
Total Expenditures	304,974,140	305,170,284	316,863,689	196,144	(11,693,405)
Other Financing Sources (Uses)	-	-	18,098	-	(18,098)
Net Increase in Assets - 06/30/25	$ -	$ -	$ 9,729,232	$ -	$ (9,729,232)

Original Budget vs. Final Budget:

The net budgetary change of $0.2 million was the result of several minor changes in the other revenues category. In prior fiscal years, the majority of budgetary changes in the General Fund were due to grant transactions. In fiscal year 2025, the County began recording these transactions in the Grant Management fund.

Final Budget vs. Actual Results:

Final budget to actual results includes additional revenues of $21.4 million or 7.0%.

Revenue Highlights

Property Tax - Property tax revenue exceeded budget by $4.7 million or 3.1% due to stronger than estimated property values and new construction.

Local tax was over budget by $15.2 million or 11.7%. Income tax exceeded budget by $12.0 million due to the conservative budget based on uncertain economic conditions related to inflation and unemployment. Recordation tax exceeded budget by $3.4 million due to more real estate activity than anticipated.

Other Revenue exceeded budget by approximately $1.5 million or 6.3%. Emergency Medical Transport billing revenue exceeded budget by $0.8 million due to the mid-year transition of Hancock Rescue Squad.

Expenditure Highlights

Final budget to actual results include expenditures that exceeded budget by $11.7 million or 3.8%.

The largest deviation from final budget is the result of an additional transfer from the General fund to the Capital Projects fund in the amount of $6.9 million, which is shown within the category of intergovernmental expenses. Use of this funding will be determined at a later date; however policy requires it to be used for capital projects or other one-time costs.

The County is self-insured for both health insurance and workers compensation, therefore, variances exist at the end of the fiscal year based on actual experience. For FY2025, health insurance costs exceeded budget by $2.8 million, while workers compensation was under budget approximately $0.3 million. To address the rising health insurance costs, premiums for both employer and employee were increased for fiscal year 2026.

Pension costs exceeded budget by $5.2 million due to an additional contribution to the pension fund of $5.0 million. The County has made it a priority to make additional contributions when able to improve the funded status.

Capital Asset Administration – Government Wide Statements

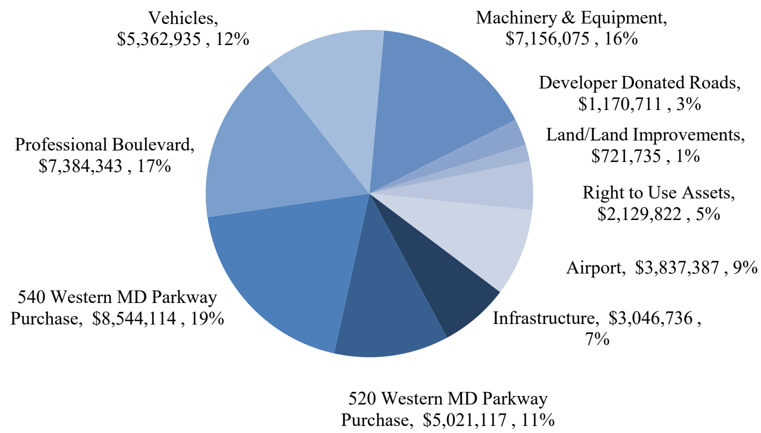
The County's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to $729.2 million (net of depreciation and amortization). This investment in capital assets includes land, buildings, bridges, roads, equipment, and operational facilities.

Washington County, Maryland
Net Capital Assets
(Government – Wide)

Description	*Governmental Activities*		*Business-type Activities*		*Total*		
	2025	2024	2025	2024	2025	2024	% Change
Land and Land Improvements	$129,206,459	$120,141,429	$28,498,921	$27,544,040	$157,705,380	$147,685,469	6.8%
Building and Improvements	71,569,049	69,095,973	39,996,308	40,887,773	111,565,357	109,983,746	1.4%
Facilities, Lines, and Mains	-	-	84,015,428	85,611,013	84,015,428	85,611,013	(1.9%)
Vehicles	10,766,491	8,048,781	3,923,275	4,556,547	14,689,766	12,605,328	16.5%
Infrastructure	231,844,002	230,469,158	-	-	231,844,002	230,469,158	0.6%
Machinery and Equipment	4,953,302	5,137,206	3,659,122	2,357,884	8,612,424	7,495,090	14.9%
Office/Computer Equipment	6,678,011	1,637,101	148,952	188,519	6,826,963	1,825,620	274.0%
Treatment Plants	-	-	61,135,756	63,077,746	61,135,756	63,077,746	(3.1%)
Right to Use – Land	194,514	214,401	-	-	194,514	214,401	(9.3%)
Right to Use – Veh. & Eqpt.	934,299	1,417,329	2,394,060	2,513,189	3,328,359	3,930,518	(15.3%)
Right to Use – Software	2,179,030	3,078,201	-	-	2,179,030	3,078,201	(29.2%)
Construction in Progress	15,987,770	31,295,823	31,078,159	15,211,206	47,065,929	46,507,029	1.2%
Total	$474,312,927	$470,535,402	$254,849,981	$241,947,917	$729,162,908	$712,483,319	2.3%

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

Capital Asset Acquisitions



Additional information on the County's capital assets can be found in Note 5 on pages 55-58 of this report.

Debt Administration

At the end of the current fiscal year, the County had a total general obligation debt outstanding of $199.2 million. This amount was comprised of debt backed by the full faith and credit of the County and user fees. The debt balance increased by a net of $4.5 million.

Washington County, Maryland
Outstanding Debt
(Government – Wide)

Instrument Type	*Governmental Activity*		*Business-type Activity*		*Total Outstanding Debt*		*% Change*
	2025	2024	2025	2024	2025	2024	
General Obligation Bonds	$149,447,940	$149,447,107	$42,179,653	$41,124,466	$191,627,593	$190,571,573	0.6%
Maryland Water Quality Bonds	571,810	853,476	6,992,798	3,221,447	7,564,608	4,074,923	85.6%
Total	$150,019,750	$150,300,583	$49,172,451	$44,345,913	$199,192,201	$194,646,496	2.3%

The County's credit ratings for fiscal year 2025 are as follows: 1) Standard and Poor's rated AA+, 2) Fitch rated AA+, and 3) Moody's Investors Service rated Aa1.

Under the Code of Public Local Law, the amount of general obligation debt the County may issue associated with water quality debt is limited to 10 percent of its total assessed valuation of all real estate in the County that is subject to taxation. The current estimated debt limitation for water quality is $1.5 billion, which is significantly in excess of the County's current water quality general obligation debt.

In 2001, the County adopted a debt management policy that established four debt ratios to evaluate debt affordability. The County's current ratios using fiscal year 2025 data and the maximum acceptable ratios per policy are summarized in the table below.

	Debt Per Capita	*Debt as a Percent of FMV*	*Debt Service as a % of General Fund Revenue*	*Debt Service Per Capita as a % of Income Per Capita*
2025 Ratios	$963	0.92%	5.18%	0.18%
Policy Maximum	$1,500	1.50%	8.00%	0.50%

Additional Information on the County's long-term debt can be found in Note 8 on pages 62-72 of this report.

Economic and Other Factors

- Washington County's economy continues to show signs of mixed economic performance for FY2025. The average price of a home sold increased by 4.1% in FY2025 to $343,236. The number of units sold decreased in FY2025 by 5.1% from 1,640 to 1,557. Active inventory on the market remains consistently low since FY2021, bringing a premium to sellers in the market.

- Property values for tax year beginning July 1, 2025 were raised 29.3% as a result of the most recent reassessment completed by the State of Maryland. Residential values increased 34.3% and commercial increased 8.9%. The net taxable assessable base increased 11.1%. The county and municipality homestead credit caps the annual increase in assessment at 5%.

- Unemployment trends are starting to show a slowdown in the economy. Washington County's unemployment rate for the last three years is as follows:
  June 2023 1.8%
  June 2024 3.3%
  June 2025 4.0%

- Fire/EMS costs are expected to increase due to the on-going transition from a volunteer service to a County workforce.

- An increase to Water rates of 5.0% and Sewer rates of 3.5% were approved for FY2026. Additional rate increases of 5.0% for Water and 3.5% for Sewer were approved for FY2027 as part of the long-range financial plan.

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 Office of Budget and Finance, 100 West Washington Street, Room 3100, Hagerstown, Maryland 21740. Questions concerning the Washington County Board of Education should be directed to their offices at 10435 Downsville Pike, Hagerstown, Maryland 21740.

This page is intentionally blank.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Net Position
As of June 30, 2025

	Primary Government			Component Unit	
	Governmental activities	Business-type activities	Total	Board of Education	Total
ASSETS					
Cash and short-term investments	$ 19,701,218	$ 46,467,577	$ 66,168,795	$ 37,236,633	$ 103,405,428
Investments	269,548,108	-	269,548,108	36,707,462	306,255,570
Property taxes receivable, net of allowance	1,550,257	-	1,550,257	-	1,550,257
Accounts receivable, net of allowance	3,912,976	2,107,896	6,020,872	1,979,018	7,999,890
Lease receivable	2,279,763	15,729,201	18,008,964	-	18,008,964
Interest receivable	3,056,428	608,432	3,664,860	-	3,664,860
Unbilled receivables	433,967	2,690,878	3,124,845	-	3,124,845
Internal balances	(8,512,238)	8,512,238	-	-	-
Due from other governmental agencies	89,253,668	3,868,124	93,121,792	16,442,725	109,564,517
Inventories	1,217,666	473,044	1,690,710	867,558	2,558,268
Other assets	-	23,192	23,192	3,461,569	3,484,761
Net OPEB asset	10,236,845	-	10,236,845	-	10,236,845
Recoverable disbursements	81,469	-	81,469	-	81,469
Notes receivable	57,781	332,947	390,728	-	390,728
Projects under construction	15,987,770	31,078,159	47,065,929	1,417,296	48,483,225
Right to use assets, net	3,307,843	2,394,060	5,701,903	3,038,177	8,740,080
Property, plant, and equipment, net	455,017,314	221,377,762	676,395,076	235,773,275	912,168,351
TOTAL ASSETS	867,130,835	335,663,510	1,202,794,345	336,923,713	1,539,718,058
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding	440,161	159,145	599,306	-	599,306
Net pension activity	5,512,886	-	5,512,886	11,370,571	16,883,457
Net OPEB activity	1,603,406	-	1,603,406	110,942,597	112,546,003
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,556,453	159,145	7,715,598	122,313,168	130,028,766
LIABILITIES					
Current Liabilities:					
Current maturities of long-term obligations	11,347,549	3,393,232	14,740,781	51,730	14,792,511
Current maturities of leases	424,221	559,416	983,637	329,436	1,313,073
Current maturities of subscriptions	1,222,022	-	1,222,022	257,235	1,479,257
Current maturities of installment purchase contracts	181,779	-	181,779	-	181,779
Accounts payable	20,897,854	2,993,696	23,891,550	10,300,428	34,191,978
Accrued expenses	1,812,410	568,608	2,381,018	27,499,621	29,880,639
Accrued interest	2,360,603	729,008	3,089,611	-	3,089,611
Liabilities for unpaid claims	6,238,287	-	6,238,287	-	6,238,287
Unearned revenue	1,910,299	473,841	2,384,140	6,935,766	9,319,906
Compensated absences	4,476,197	843,405	5,319,602	8,461,769	13,781,371
Landfill closure and post-closure costs	-	174,820	174,820	-	174,820
Other liabilities	4,223,532	87,603	4,311,135	-	4,311,135
Total current liabilities	55,094,753	9,823,629	64,918,382	53,835,985	118,754,367
Noncurrent Liabilities:					
Compensated absences	1,492,066	281,135	1,773,201	26,516,261	28,289,462
Net OPEB liabiltiy	-	-	-	201,684,000	201,684,000
Long-term debt obligations	138,672,201	46,036,538	184,708,739	-	184,708,739
Leases	581,323	1,605,598	2,186,921	1,782,556	3,969,477
Subscriptions	516,089	-	516,089	299,385	815,474
Installment purchase contracts	33,100	-	33,100	-	33,100
Landfill closure and post-closure costs	-	17,807,742	17,807,742	-	17,807,742
Net pension liabilities	63,501,946	-	63,501,946	28,094,348	91,596,294
Total noncurrent liabilities	204,796,725	65,731,013	270,527,738	258,376,550	528,904,288
TOTAL LIABILITIES	259,891,478	75,554,642	335,446,120	312,212,535	647,658,655
DEFERRED INFLOWS OF RESOURCES					
Gain on Refunding	160,585	46,302	206,887	-	206,887
Net pension activity	14,786,416	-	14,786,416	1,030,375	15,816,791
Net OPEB activity	4,319,988	-	4,319,988	107,905,451	112,225,439
Leases	2,186,422	35,034,527	37,220,949	-	37,220,949
TOTAL DEFERRED INFLOWS OF RESOURCES	21,453,411	35,080,829	56,534,240	108,935,826	165,470,066
NET POSITION					
Net investment in capital assets	387,230,686	219,206,160	606,436,846	237,283,593	843,720,439
Restricted for:					
John Howard Trust	280,649	-	280,649	-	280,649
Capital projects	71,646,655	15,950,963	87,597,618	-	87,597,618
Scholarships & Student Activities	-	-	-	277,780	277,780
Grants	-	-	-	2,474,753	2,474,753
Flexible Spending Plan	-	-	-	105,992	105,992
Unrestricted	134,184,409	(9,969,939)	124,214,470	(202,053,598)	(77,839,128)
TOTAL NET POSITION	$ 593,342,399	$ 225,187,184	$ 818,529,583	$ 38,088,520	$ 856,618,103

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Activities
For the Year Ended June 30, 2025

			Program Revenue	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental activities:				
General government	$ 46,775,439	$ 7,472,018	$ 1,684,438	$ -
Public safety	96,560,418	3,760,842	3,636,417	265,346
Health	3,183,620	-	-	-
Social services	506,330	-	-	-
Education	124,727,436	-	-	-
Parks, recreation and culture	7,610,990	102,638	-	-
Natural resources	6,961,178	-	3,220,382	-
Community promotion	9,527,744	-	5,230,593	-
Highways and streets	20,829,793	-	2,970,287	6,212,989
Interest on long-term debt	4,624,385	-	-	-
Total governmental activities	321,307,333	11,335,498	16,742,117	6,478,335
Business-type activities				
Water quality	18,586,902	14,808,275	169,356	82,625
Solid waste	8,705,264	9,531,916	-	-
Airport	6,060,691	3,665,032	8,625	8,076,673
Public transit	4,552,486	309,747	2,362,536	467,575
Black Rock golf course	1,627,724	1,093,606	-	-
Total business-type activities	39,533,067	29,408,576	2,540,517	8,626,873
TOTAL PRIMARY GOVERNMENT	$ 360,840,400	$ 40,744,074	$ 19,282,634	$ 15,105,208
Component unit:				
Board of Education	$ 465,364,845	$ 17,293,440	$ 112,950,486	$ 6,500

General revenue:
Taxes
Property taxes
Local taxes
Income on investments
Reimbursed expenses
Miscellaneous
Unrestricted grants and contributions
Gain (loss) on disposal of capital assets
Transfers
TOTAL GENERAL REVENUE

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR, AS RESTATED

NET POSITION - END OF YEAR

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Activities
For the Year Ended June 30, 2025

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Board of Education	Total
$ (37,618,983)	$ -	$ (37,618,983)	$ -	$ (37,618,983)
(88,897,813)	-	(88,897,813)	-	(88,897,813)
(3,183,620)	-	(3,183,620)	-	(3,183,620)
(506,330)	-	(506,330)	-	(506,330)
(124,727,436)	-	(124,727,436)	-	(124,727,436)
(7,508,352)	-	(7,508,352)	-	(7,508,352)
(3,740,796)	-	(3,740,796)	-	(3,740,796)
(4,297,151)	-	(4,297,151)	-	(4,297,151)
(11,646,517)	-	(11,646,517)	-	(11,646,517)
(4,624,385)	-	(4,624,385)	-	(4,624,385)
(286,751,383)	-	(286,751,383)	-	(286,751,383)
-	(3,526,646)	(3,526,646)	-	(3,526,646)
-	826,652	826,652	-	826,652
-	5,689,639	5,689,639	-	5,689,639
-	(1,412,628)	(1,412,628)	-	(1,412,628)
-	(534,118)	(534,118)	-	(534,118)
-	1,042,899	1,042,899	-	1,042,899
(286,751,383)	1,042,899	(285,708,484)	-	(285,708,484)
-	-	-	(335,114,419)	(335,114,419)
156,836,479	-	156,836,479	-	156,836,479
165,233,790	-	165,233,790	-	165,233,790
11,394,365	2,861,624	14,255,989	2,748,325	17,004,314
1,315,223	-	1,315,223	-	1,315,223
6,432,685	684,847	7,117,532	3,073,004	10,190,536
-	-	-	322,421,451	322,421,451
(289,630)	(20,774)	(310,404)	-	(310,404)
(2,879,757)	2,879,757	-	-	-
338,043,155	6,405,454	344,448,609	328,242,780	672,691,389
51,291,772	7,448,353	58,740,125	(6,871,639)	51,868,486
542,050,627	217,738,831	759,789,458	44,960,159	804,749,617
$ 593,342,399	$ 225,187,184	$ 818,529,583	$ 38,088,520	$ 856,618,103

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Balance Sheet - Governmental Funds
As of June 30, 2025

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash	$ 5,034,089	$ -	$ 14,667,129	$ 19,701,218
Investments	269,279,617	268,491	-	269,548,108
Property taxes receivable, net of allowance	1,550,257	-	-	1,550,257
Accounts receivable, net of allowance	2,999,488	437,101	476,387	3,912,976
Leases receivable	2,184,121	-	95,642	2,279,763
Interest receivable	1,271,928	1,774,492	10,008	3,056,428
Unbilled receivables	432,826	-	1,141	433,967
Due from other government agencies	79,562,709	8,033,667	1,657,292	89,253,668
Due from other funds	472,128	172,889,953	-	173,362,081
Recoverable disbursements	81,469	-	-	81,469
Notes receivable	57,781	-	-	57,781
Inventories	1,217,666	-	-	1,217,666
TOTAL ASSETS	$ 364,144,079	$ 183,403,704	$ 16,907,599	$ 564,455,382
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 15,703,295	$ 2,097,644	$ 3,096,915	$ 20,897,854
Accrued expenses	1,794,822	63	17,525	1,812,410
Due to other funds	181,730,259	-	144,060	181,874,319
Liabilities for unpaid claims	6,238,287	-	-	6,238,287
Unearned revenue	288,524	-	1,621,775	1,910,299
Other liabilities	2,791,323	-	1,432,209	4,223,532
TOTAL LIABILITIES	208,546,510	2,097,707	6,312,484	216,956,701
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	63,076,825	-	-	63,076,825
Leases	2,099,307	-	87,115	2,186,422
TOTAL DEFERRED INFLOWS OF RESOURCES	65,176,132	-	87,115	65,263,247
FUND BALANCES				
Nonspendable	1,275,447	-	-	1,275,447
Restricted	602,834	71,646,655	5,815,032	78,064,521
Committed	88,490,437	109,659,342	2,358,133	200,507,912
Assigned	46,586	-	2,334,835	2,381,421
Unassigned	6,133	-	-	6,133
TOTAL FUND BALANCES	90,421,437	181,305,997	10,508,000	282,235,434
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 364,144,079	$ 183,403,704	$ 16,907,599	$ 564,455,382

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

Fund balance governmental funds	$	282,235,434
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets, net		458,325,157
Projects under construction		15,987,770
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds:		
Net other post-employment benefits asset		10,236,845
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:		
Unavailable revenues		63,076,825
Net deferred outflow and inflows of resources, including gain/loss on refunding, net deferred pension activity and net deferred OPEB activity are not financial resources and therefore are not reported in the funds:		(11,710,536)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Long-term obligations		(150,019,750)
Installment purchase obligations		(214,879)
Leases		(1,005,544)
Subscriptions		(1,738,111)
Accrued interest payable		(2,360,603)
Compensated absences and net pension liabilities		(69,470,209)
Net position of governmental activities	$	593,342,399

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

COUNTY COMMISSIONERS OF WASHINGTON 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				
General property tax	$ 157,156,264	$ -	$ -	$ 157,156,264
Other local tax	144,874,269	7,026,252	3,817,605	155,718,126
Licenses and permits	1,314,509	-	2,485,879	3,800,388
Court costs and fines	997,019	-	-	997,019
Charges for services	3,198,967	-	446,666	3,645,633
Revenues from uses of property	-	-	84,702	84,702
Reimbursed expenses	961,991	-	7,991	969,982
Interest income	4,342,483	6,967,091	-	11,309,574
Miscellaneous revenues	1,463,855	655,369	676,769	2,795,993
Grants and shared revenues	4,540,129	4,200,695	12,098,162	20,838,986
In Kind	4,280,080	-	-	4,280,080
Highway	3,444,886	-	-	3,444,886
Total Revenue	326,574,452	18,849,407	19,617,774	365,041,633
EXPENDITURES				
Current:				
General government	43,863,392	-	813,106	44,676,498
Public safety	80,189,645	-	3,808,587	83,998,232
Health	3,183,620	-	-	3,183,620
Social services	506,330	-	-	506,330
Education	120,409,130	-	-	120,409,130
Parks, recreation and culture	6,792,110	-	292,173	7,084,283
Natural resources and land preservation	1,078,748	-	5,880,961	6,959,709
Intergovernmental	38,543	-	-	38,543
General operations	11,725,972	-	667,909	12,393,881
Community promotion	-	-	9,524,631	9,524,631
Highways and streets	13,176,383	-	-	13,176,383
Debt service	16,453,865	-	-	16,453,865
Capital outlay:				
General government	432,797	3,049,683	-	3,482,480
Public safety	25,813	18,440,302	-	18,466,115
Highways and streets	11,981	14,795,874	-	14,807,855
Education	-	4,318,306	-	4,318,306
Parks and recreation	-	530,891	-	530,891
Total Expenditures	297,888,329	41,135,056	20,987,367	360,010,752
Excess (Deficiency) of Revenue Over Expenditures	28,686,123	(22,285,649)	(1,369,593)	5,030,881
OTHER FINANCING SOURCES (USES)				
Transfers in	371	15,077,924	2,255,590	17,333,885
Transfers out	(19,445,951)	(721,834)	(45,857)	(20,213,642)
Proceeds of leases	105,684	-	6,500	112,184
Proceeds of subscriptions	364,907	-	-	364,907
Principal amount of new debt for refunding	5,371,281	-	-	5,371,281
Premium on new debt for refunding	591,746	-	-	591,746
Deposit to escrow fund for refunding and repayment of loans	(5,944,929)	-	-	(5,944,929)
Issuance of bond principal	-	12,390,000	-	12,390,000
Premium on bond issue	-	608,437	-	608,437
TOTAL OTHER FINANCING SOURCES (USES)	(18,956,891)	27,354,527	2,216,233	10,613,869
NET CHANGES IN FUND BALANCE	9,729,232	5,068,878	846,640	15,644,750
FUND BALANCES - BEGINNING OF YEAR	80,692,205	176,237,119	9,661,360	266,590,684
FUND BALANCES - END OF YEAR	$ 90,421,437	$ 181,305,997	$ 10,508,000	$ 282,235,434

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

COUNTY COMMISSIONERS OF WASHINGTON 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		$	15,644,750
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 outlay exceeded depreciation in the current period.			
Capital outlay capitalized	$ 22,036,086		
Depreciation	(17,877,640)		4,158,446
In the statement of activities, only the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.			(380,921)
Bond, lease, and subscription proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond, lease, subscription, and installment purchase principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded payments.			
Debt, lease and subscription proceeds	$ (13,475,527)		
Issuance of refunding bond principal	(5,371,281)		
Premium on refunding bonds	(591,723)		
Payment to escrow agent	5,944,929		
Payments of installment purchase principal	181,778		
Payments of lease principal	518,985		
Payment of subscription principal	1,235,948		
Payments of debt principal	13,297,345		1,740,454
In the statement of activities, compensated absences and post-retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used. This year, compensated absences and post-retirement financial resources used exceeded benefits earned.			20,933,164
Revenues 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.			9,195,879
Change in Net Position of Governmental Activities		$	51,291,772

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

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

	Business Type Activities - Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
ASSETS					
Current Assets:					
Cash	$ 21,222,022	$ 19,910,650	$ 2,770,486	$ 2,564,419	$ 46,467,577
Accounts receivable	1,536,574	326,101	197,382	47,839	2,107,896
Leases receivable	13,430,488	-	2,169,519	33,365	15,633,372
Interest receivable	254,819	307,338	20,165	26,110	608,432
Unbilled accounts receivables	2,113,584	545,490	31,301	503	2,690,878
Due from other governmental agencies	1,478,371	-	1,113,108	1,276,645	3,868,124
Notes receivable	-	332,947	-	-	332,947
Due from other funds	-	8,984,366	-	-	8,984,366
Inventories	83,099	19,720	108,077	262,148	473,044
Other current assets	-	11,607	-	11,585	23,192
Total Current Assets	40,118,957	30,438,219	6,410,038	4,222,614	81,189,828
Noncurrent Assets:					
Lease receivable	-	-	-	95,829	95,829
Projects under construction	20,223,246	1,935,016	8,887,465	32,432	31,078,159
Property, plant and equipment	239,376,600	70,284,395	173,062,870	15,523,093	498,246,958
Accumulated depreciation	(91,075,871)	(57,878,246)	(119,013,863)	(8,901,216)	(276,869,196)
Right to use leases	145,588	2,501,940	-	446,414	3,093,942
Accumulated amortization - leases	(85,453)	(515,226)	-	(99,203)	(699,882)
Total noncurrent assets	168,584,110	16,327,879	62,936,472	7,097,349	254,945,810
TOTAL ASSETS	208,703,067	46,766,098	69,346,510	11,319,963	336,135,638
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refundings	100,295	58,850	-	-	159,145
LIABILITIES					
Current Liabilities:					
Current debt	2,337,467	1,055,765	-	-	3,393,232
Current lease obligations	29,527	463,155	-	66,734	559,416
Accounts payable	2,208,101	433,451	289,062	63,082	2,993,696
Accrued expenses	399,548	54,155	44,236	70,669	568,608
Accrued interest	563,452	163,167	-	2,389	729,008
Due to other funds	-	192,602	-	-	192,602
Unearned revenue	124,241	349,600	-	-	473,841
Compensated absences	500,962	101,126	75,787	165,530	843,405
Landfill closure costs	-	174,820	-	-	174,820
Other liabilities	7,500	-	52,890	27,213	87,603
Total current liabilities	6,170,798	2,987,841	461,975	395,617	10,016,231
Noncurrent Liabilities:					
Compensated absences	166,989	33,708	25,262	55,176	281,135
Due to other funds	-	279,526	-	-	279,526
Debt and long term debt	36,144,945	9,891,593	-	-	46,036,538
Lease obligations	15,287	1,298,264	-	292,047	1,605,598
Landfill closure costs	-	17,807,742	-	-	17,807,742
Total noncurrent liabilities	36,327,221	29,310,833	25,262	347,223	66,010,539
TOTAL LIABILITIES	42,498,019	32,298,674	487,237	742,840	76,026,770
DEFERRED INFLOWS OF RESOURCES					
Gain on Refundings	46,302	-	-	-	46,302
Leases	12,876,430	-	22,038,812	119,285	35,034,527
TOTAL DEFERRED INFLOWS OF RESOURCES	12,922,732	-	22,038,812	119,285	35,080,829
NET POSITION					
Net investment in capital assets	140,386,090	8,386,446	63,790,885	6,642,739	219,206,160
Restricted - capital projects	10,329,205	4,767,344	854,414	-	15,950,963
Unrestricted	2,667,316	1,372,484	(17,824,838)	3,815,099	(9,969,939)
TOTAL NET POSITION	$ 153,382,611	$ 14,526,274	$ 46,820,461	$ 10,457,838	$ 225,187,184

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

	Business Type Activities - Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
OPERATING REVENUE					
Charges for services	$ 14,808,275	$ 9,531,916	$ 3,665,032	$ 1,403,353	$ 29,408,576
Miscellaneous	412,212	154,595	79,987	38,053	684,847
TOTAL OPERATING REVENUE	15,220,487	9,686,511	3,745,019	1,441,406	30,093,423
OPERATING EXPENSES					
Salaries and wages	5,477,283	2,082,038	1,278,851	2,647,032	11,485,204
Fringe benefits	3,176,064	1,081,560	528,868	991,270	5,777,762
Utilities	1,535,950	81,566	247,880	84,875	1,950,271
Insurance	196,331	41,789	86,737	52,770	377,627
Repairs and maintenance	797,913	-	242,021	232,225	1,272,159
Supplies	289,363	234,018	18,194	43,251	584,826
Cost of goods sold	-	-	51,083	78,271	129,354
Contracted services	571,315	2,029,982	202,564	467,014	3,270,875
Rentals and leases	26,970	9,967	14,317	41,503	92,757
Other operating	1,579,148	1,243,048	292,347	501,415	3,615,958
Uncollectible accounts	549	7,271	12,027	-	19,847
Controllable assets	295,396	31,427	3,536	17,577	347,936
Depreciation and amortization	4,056,643	1,713,462	3,082,266	1,023,007	9,875,378
TOTAL OPERATING EXPENSES	18,002,925	8,556,128	6,060,691	6,180,210	38,799,954
OPERATING INCOME (LOSS)	(2,782,438)	1,130,383	(2,315,672)	(4,738,804)	(8,706,531)
OTHER INCOME (EXPENSE)					
Interest expense	(583,977)	(149,136)	-	-	(733,113)
Interest income	1,353,007	1,301,755	74,335	132,527	2,861,624
Gain (loss) on disposal of assets	3,814	(24,588)	-	-	(20,774)
TOTAL OTHER INCOME (EXPENSE)	772,844	1,128,031	74,335	132,527	2,107,737
INCOME (LOSS) BEFORE OPERATING TRANSFERS AND GRANTS	(2,009,594)	2,258,414	(2,241,337)	(4,606,277)	(6,598,794)
OPERATING TRANSFERS	910,477	487,170	45,486	985,740	2,428,873
GRANTS FOR OPERATING	169,356	-	8,625	2,362,536	2,540,517
NET INCOME (LOSS) BEFORE CAPITAL TRANSFERS AND GRANTS	(929,761)	2,745,584	(2,187,226)	(1,258,001)	(1,629,404)
CAPITAL TRANSFERS	301,324	-	-	149,560	450,884
CAPITAL GRANTS AND CONTRIBUTIONS	82,625	-	8,076,673	467,575	8,626,873
CHANGES IN NET POSITION	(545,812)	2,745,584	5,889,447	(640,866)	7,448,353
NET POSITION - BEGINNING OF YEAR	153,928,423	11,780,690	40,931,014	11,098,704	217,738,831
NET POSITION - END OF YEAR	$ 153,382,611	$ 14,526,274	$ 46,820,461	$ 10,457,838	$ 225,187,184

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

	Enterprise Funds				
	Water Quality Fund	**Solid Waste Fund**	**Airport Fund**	**Non-Major Funds**	**Total**
Cash Flows from Operating Activities					
Receipts from customers	$ 14,791,292	$ 9,167,680	$ 4,185,745	$ 943,249	$ 29,087,966
Payments to suppliers	(4,549,909)	(3,374,994)	(1,751,169)	(1,555,976)	(11,232,048)
Payments to employees	(8,474,014)	(3,132,845)	(2,966,430)	(3,613,035)	(18,186,324)
Net Cash Provided (Used) by Operating Activities	1,767,369	2,659,841	(531,854)	(4,225,762)	(330,406)
Cash Flows from Noncapital Financing Activities					
Operating contributions	1,079,833	487,170	54,111	3,348,276	4,969,390
Change in due to/from other funds	12,353,105	3,826,842	-	-	16,179,947
Net Cash Provided (Used) by Noncapital Financing Activities	13,432,938	4,314,012	54,111	3,348,276	21,149,337
Cash Flows from Capital and Related Financing Activities					
Interest paid on notes, bonds, leases and subscriptions	(554,731)	(118,499)	(5)	-	(673,235)
Acquisition and construction of capital assets	(12,207,741)	(2,661,152)	(8,113,273)	(159,973)	(23,142,139)
Grants for capital acquisition	383,949	-	8,076,673	685,980	9,146,602
Proceeds from notes and bonds payable	6,171,300	-	-	-	6,171,300
Principal payments on notes, bonds payable, leases and subscriptions	(5,116,113)	3,885,945	(1,565)	-	(1,231,733)
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,323,336)	1,106,294	(38,170)	526,007	(9,729,205)
Cash Flows from Investing Activities					
Payments on note receivable	-	(1,261)	-	-	(1,261)
Interest on investments	1,353,007	1,301,755	74,335	-	2,729,097
Net change in cash	5,229,978	9,380,641	(441,578)	(351,479)	13,817,562
Cash, Beginning of Year	15,992,044	10,530,009	3,212,064	2,915,898	32,650,015
Cash, End of Year	$ 21,222,022	$ 19,910,650	$ 2,770,486	$ 2,564,419	$ 46,467,577
Non-Cash Operating Activities					
Loss on refunding	$ 53,993	$ 58,850	$ -	$ -	$ 112,843
Reconciliation of Operating Loss to Net Cash from Operating Activities					
Operating income (loss)	$ (2,782,438)	$ 1,130,383	$ (2,315,672)	$ (4,738,804)	$ (8,706,531)
Adjustments to reconcile operating loss to net cash from operating activities:					
Depreciation and amortization	4,056,643	1,713,462	3,082,266	1,023,007	9,875,378
Changes in assets and liabilities:					
Accounts receivable	(185,109)	(538,217)	(196,938)	(10,709)	(930,973)
Unbilled receivables	(206,156)	(7,162)	(5,513)	(484,407)	(703,238)
Leases	(139,186)	-	(2,056,052)	-	(2,195,238)
Inventories	(22,677)	(11,956)	(27,779)	(10,658)	(73,070)
Other assets	-	-	628,334	-	628,334
Accounts payable and other liabilities	765,703	(35,454)	(1,770,668)	(26,417)	(1,066,836)
Accrued expenses	28,772	6,668	18,013	(6,906)	46,547
Landfill closure	-	351,484	-	-	351,484
Unearned revenue	101,256	26,548	2,070,895	(3,041)	2,195,658
Compensated absences	150,561	24,085	41,260	32,173	248,079
Net Cash Provided (Used) by Operating Activities	$ 1,767,369	$ 2,659,841	$ (531,854)	$ (4,225,762)	$ (330,406)

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

	Pension Trust	LOSAP Trust	OPEB Trust	Total Pension and OPEB Trust Funds
ASSETS				
Cash and short-term investments	$ 6,582,466	$ 240,091	$ 856,278	$ 7,678,835
Investments, at fair value:				
Fixed income securities	59,790,479	3,674,186	9,384,830	72,849,495
Real Estate investment	33,371,436	528,591	1,184,268	35,084,295
Equity funds	164,945,825	9,065,100	22,973,163	196,984,088
Accounts receivable	3,356,387	10,077	-	3,366,464
TOTAL ASSETS	268,046,593	13,518,045	34,398,539	315,963,177
LIABILITIES				
Accounts payable	-	-	497,898	497,898
TOTAL LIABILITIES	-	-	497,898	497,898
NET POSITION				
Held in trust for pension and OPEB	268,046,593	13,518,045	33,900,641	315,465,279
NET POSITION	$ 268,046,593	$ 13,518,045	$ 33,900,641	$ 315,465,279

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

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

	Pension Trust	LOSAP Trust	OPEB Trust	Total Pension and OPEB Trust Funds
ADDITIONS				
Contributions:				
Employer	$ 28,998,319	$ 508,000	$ 400,000	$ 29,906,319
Plan members	3,581,847	-	-	3,581,847
Total Contributions	32,580,166	508,000	400,000	33,488,166
Investment Income:				
Realized and unrealized gains	25,237,524	1,452,598	3,638,671	30,328,793
Interest and dividends	2,025,196	11,028	70,203	2,106,427
Total Investment Income	27,262,720	1,463,626	3,708,874	32,435,220
TOTAL ADDITIONS	59,842,886	1,971,626	4,108,874	65,923,386
DEDUCTIONS				
Benefits	15,804,355	817,264	1,397,271	18,018,890
Administrative expenses	145,027	16,237	20,281	181,545
TOTAL DEDUCTIONS	15,949,382	833,501	1,417,552	18,200,435
CHANGES IN NET POSITION	43,893,504	1,138,125	2,691,322	47,722,951
NET POSITION - BEGINNING OF YEAR	224,153,089	12,379,920	31,209,319	267,742,328
NET POSITION - END OF YEAR	$ 268,046,593	$ 13,518,045	$ 33,900,641	$ 315,465,279

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The primary government is the County Commissioners of Washington County, referred to herein as the County or the County Commissioners. The County is governed by an elected five-member board.

The accompanying financial statements are presented as of June 30, 2025 and for the year then ended, and have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the *GASB's Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification).

Reporting Entity

The accompanying financial statements comply with the provisions of the GASB Standards in that the financial statements include all organizations, activities, functions and component units for which the County (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

Based on the foregoing, the County's financial reporting entity includes all funds, agencies, boards and commissions that are part of the primary government, and the component units discussed below.

Blended Component Units - The Washington County Public Golf Corporation (Black Rock Golf Course) is governed by a five-member board appointed by the County Commissioners. Although it is legally separate from the County, the Washington County Public Golf Corporation is reported as if it were part of the primary government because its sole purpose is to operate the golf course which is owned by the County. Black Rock Golf Course is reported as an enterprise fund.

Discretely Presented Component Unit - The component unit column in the government-wide financial statements includes the financial data of the County's other component unit, the Board of Education of Washington County (the Board, Board of Education or School System.) The Board of Education is elected by the voters of Washington County. The Board of Education operates the public schools in the County. The Board may not issue debt or levy taxes. The County issues debt and levies taxes to provide capital and operating funds to the Board. The State of Maryland also provides significant capital and operating funds to the Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Complete financial statements of the discretely presented individual component unit can be obtained from its administrative office:

Washington County Board of Education
10435 Downsville Pike
Hagerstown, Maryland 21740

Related Organizations - The County Commissioners are also responsible for appointing the members of the boards of various other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. Several of these other organizations are funded by Federal or state governments.

Government-Wide and Fund 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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported as general revenue.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, income taxes, other local taxes, licenses, and interest associated with the current fiscal period are all recognized as revenue of the current fiscal period.

The County's pension plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer 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.

The government reports the following major governmental funds:

The 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 Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities in the governmental funds. The Capital Projects Fund accounts for all capital improvements, which are financed by bond issues, government grants, and transfers from the General and Special Revenue Funds. Closed projects are capitalized in the appropriate fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The government reports the following major proprietary funds:

The Water Quality Fund accounts for activities of the County's sewage treatment plants, sewage pumping stations and collection systems, and the water treatment plants and distribution systems.

The Solid Waste Fund is used to account for activities related to the safe disposal of solid waste, to meet all state, Federal, and county regulations and to provide for recycling.

The Airport Fund is used to account for activities at the Hagerstown Regional Airport that serves the air transportation and ancillary needs of the four-state region.

Additionally, the government reports the following fiduciary funds:

The County's Pension Trust Fund is used to account for activities related to the Employees' Retirement Plan of Washington County.

The County's Volunteer Length of Service Award Program Trust Fund (LOSAP) is used to account for activities related to the eligible volunteers' retirement, disability, and death benefits.

The Other Post-employment Benefits Trust Fund (OPEB) is used to account for activities related to the other post-employment benefit plan of Washington County.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from producing and delivering goods and providing services and use of properties in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds are charges to customers for sales and services. The Water Quality Fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Use of Estimates in the Preparation of Financial Statements

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $10,000 or greater for all funds except for the Black Rock Golf Course and Public Transit Funds, which are $5,000. All assets are recorded at historical cost or estimated historical cost, except for donated capital assets which are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

Land Improvements	15-50 years
Buildings and Improvements	10-40 years
Facilities	20-100 years
Vehicles	5-10 years
Infrastructure	10-100 years
Machinery and Equipment	5-20 years
Office Furniture and Equipment	5-10 years
Treatment Plants	25-100 years
Computer Equipment	5-10 years

Long-Term Obligations

In the government-wide financial statements and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund statements of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources (uses). Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital outlay expenditures in the Capital Projects Fund.

Investments

Investments are stated at fair value based on quoted market values. Under the terms of repurchase agreements, the excess cash from checking accounts is invested in short-term investments. All deposits are insured by FDIC or a surety bond. Short-term investments in U.S. Treasury and agency obligations that have remaining maturities of 90 days or less, provided that the fair value of those investments is not significantly affected by impairment, are reported at amortized cost, which approximates market value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Retirement plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Inventories

Inventories of the General Fund, Special Revenue Funds and Enterprise Funds consist of expendable supplies held for consumption and items held for sale. These items are priced at cost using the first-in, first-out method, or average costing.

Employee Benefit Programs

The County's benefit program provides substantially all employees with group hospitalization, life insurance, disability income protection, and retirement plans. The cost of the retirement plans is accounted for in the General and Special Revenue Funds and in the Enterprise Funds of the County.

There are two employee retirement plans for County employees. The County plans cover all full-time employees other than those employed prior to July 1, 1972, who elected to retain membership in the Maryland State Retirement System. The Board of Education Retirement Plan is the Maryland State Retirement System. The assets of the County plans are held by a trustee.

Retirement plan costs for members of the County Retirement Plan are determined annually on an actuarial basis. Pension costs charged to expense equal the actuarially determined contributions, calculated in accordance with GASB Statement No.68. The County follows the practice of funding pension costs accrued.

Taxes and County Services

The County and its separate funds do not pay Federal, state or local taxes except social security taxes. Except for certain limited reimbursements of administrative expenses and employee benefits, the General Fund is not reimbursed by the other funds for general staff services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Real Estate and Personal Property Taxes

The County's property tax is levied each July 1st, at rates enacted by the Board of County Commissioners based on the total assessed value as determined by the Maryland State Department of Assessments and Taxation. 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 only after public hearings. A reassessment of all property is required to be completed every three years.

Property taxes are levied as of July 1st, and a discount of one-half percent is granted for property taxes paid by July 31st. Taxpayers also have the options of paying in full without interest by September 30th, or paying their tax bills semi-annually. Taxpayers electing the semi-annual method can pay the first installment without interest by September 30th. Beginning October 1st, interest is charged. The second semi-annual payment, including a service charge, is due by December 31st. Interest accrues at one percent monthly for delinquent property taxes.

Maryland law provides that unpaid real estate property taxes shall be a lien on the real property from the date the taxes become payable. If real estate property taxes remain unpaid, the collector shall sell the real properties at tax sale no later than two years from the date taxes are in arrears. The County estate tax sale is held annually on the first Tuesday in the month of June.

Rate of County Taxes:

Income tax	2.95% of Maryland taxable income
Recordation tax	$3.80 per $500
Trailer park	7.5% of gross rentals, with a $20 per month per mobile home space cap on the tax.
Property taxes	$0.928 per $100 of assessable base

Cash Flows

For the purposes of the Statement of Cash Flows, the proprietary funds have defined cash equivalents as all highly liquid deposits and other investment instruments that have a maturity of three months or less.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

The County's receivables consist of amounts due from County residents for property and other taxes, utilities, and miscellaneous services fees and amounts due from the Federal and state governments for grants and shared taxes. The Water Quality department provides sewage and water services for residential, commercial, and other entities in the Washington County, Maryland region. The department extends credit to its customers for sewer and water service charges.

Net Position and Fund Equity

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary fund and fiduciary fund statements and "Fund Balance" on governmental fund statements. Net Position is broken into categories and classified as "Net Investment in Capital Assets," legally "Restricted" for a specific purpose or "Unrestricted" and available for appropriation for general purposes.

In the governmental fund financial statements, nonspendable and restricted fund balances represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. Committed fund balance represents amounts that are reserved for a particular purpose by the County Commissioners of Washington County, and would require action by the Board to release the fund balance from its commitment. Assigned fund balance represents tentative management plans that are subject to change.

Leases

Lessee

The County is a lessee for noncancellable leases of vehicles, machinery and equipment. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of $10,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The County is a lessor for noncancellable leases of land, cell tower space, pretreatment facility and office space. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principle and Restatement of Beginning Net Position

Effective July 1, 2024, the County implemented Governmental Accounting Standards Board
(GASB) Statement No. 101, *Compensated Absences.* This change in accounting principle modifies the recognition and measurement of compensated absences to align with updated guidance and improve the accuracy of reported financial positions.

As a result of this implementation, the County restated its beginning net position for its Component Unit, the Board of Education. These restatements are reflected in the government-wide Statement of Activities.

The Board of Education's beginning net position was originally reported as $71,658,461. The implementation of GASB Statement No. 101 resulted in a reduction of $26,698,302 to the beginning net position. Accordingly, the restated beginning net position is $44,960,159, as presented in the government-wide Statement of Activities on page 22.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The County's budget process is key to its long-range strategic plan. With the adoption phase ending in June, the entire budget process encompasses nine months in preparation time. Financial forecasts, economic trends, policy reviews, and citizen input are all part of this process and result in the development of the operating and capital budgets for the year. The following describes the budget process and procedures established by the County. Budgets are adopted using the same basis of accounting as that used for reporting purposes.

Financial Capacity and Analysis Phase

The County develops statistical analysis of major revenue sources through various resources available. The County prepares and annually updates a long-range financial forecasting system which includes projections of revenue, expenditures, future costs, financing of capital improvements that are included in the Capital Improvement Budgets, Cost of Service Plans and the Operating Budget.

Revenue estimates are monitored to identify any potential trends, which would significantly impact the various revenue sources. The County reviews current construction trends, the number of building permits, mortgages rates, and other economic data that can impact revenue collections.

The County uses other financial modeling techniques that impact the long-term operations and rates for the Water Quality and Solid Waste Funds.

The County annually updates its financial ratio trends. Most of the financial trends include peer group median and historical data. Trend indicators are tracked for specific elements of the County's fiscal policies for evaluation.

Debt capacity is evaluated on an annual basis prior to the adoption of the Capital Improvement Budget. The County examines statistical measures and compares them to other counties, rating agency standards, and Washington County's historical measures to determine debt affordability.

The economic and financial trend analysis is an integral part of the County's decision-making process that includes short and long-term forecasts. The County's current financial condition as well as future financial capacity, long-range plans, and future goals and visions are evaluated. During this phase forecasting assumptions, policy and reserve reviews, compensation adjustments, and inflation assumptions are made.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

Budget Development Start

The development of the budget starts with the on-line release of operational budgets and ten year capital improvement budget. The information distributed includes instructions on completing the budgets, due dates, and updated information on budgetary numbers, personnel positions, goals, and other pertinent information.

Budget Development Phase

Capital Improvement budget development begins in the winter after the development of the debt capacity and financial trend and economic trend analysis. The Capital Improvement Program (CIP) provides a comprehensive approach to planning and impacts all facets of County operations. The County Administrator, the Chief Financial Officer, the Director of Planning, the Director of Engineering, and the Director of Public Works comprise the Capital Improvements Program Committee (CIP Committee). From the time the CIP's initial annual review begins in October through its adoption in June of each fiscal year, there is constant interaction between departments, the CIP Committee, and the elected officials. This effort is characterized by cooperation and reflects a common goal of ensuring that the CIP meets the objectives of the County and remains affordable and achievable. The CIP is reviewed in conjunction with the annual debt affordability analysis with revenue projections inclusive of rate analysis, in order to determine funding availability. A financial analysis of funding sources and project costs is conducted for all proposed capital improvement projects.

It is the CIP Committee's responsibility to review all requests that County departments and agencies submit. All projects are ranked based on established criteria for priority ranking.

Considering current and future needs as developed in the ten-year capital plan, and available funding sources and the results of the priority ranking process, the CIP Committee determines which capital projects best meet established criteria for the current fiscal year Capital Improvement budget and the nine-year forecast. Operating impacts of current and proposed capital projects are also taken into consideration by staff when developing their Capital Improvement budget.

Operating budgets represent existing service levels and two years of prior historical information. Departments and agencies request funding for the upcoming fiscal year. Any increases in program and services require justification, as do all capital outlay requests. These requests are summarized with projected funding shortfalls or overruns calculated.

Review and Modification Phase

The Chief Financial Officer presents the Operating and Capital Improvement budgets to the County Commissioners. Preliminary recommendations are reviewed to ensure that

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

preliminary budgets address the County's goals and fiscal management policies. The County Administrator and the Chief Financial Officer work with the Commissioners on the proposed budget documents for adoption.

Adoption Phase

Proposed budgets are voted on by the County Commissioners to take to a public hearing to communicate to the general public for all operating and capital funds. The public hearing is advertised in the local newspaper and on the County web site. A presentation and handouts are prepared for the public.

Public hearings are held on the proposed budgets and the current tax levy. Local law requires a balanced budget to be adopted by July 1.

Start Up

Department Managers are responsible for their budgets throughout the fiscal year. Expenditure percentages are calculated and compared to the budget. Corrective action, if necessary, is taken if serious negative trends exist. Management and the County Commissioners have real-time budgeting reports available and provide quarterly updates on the County's website as well as updates on major events and/or issues.

Balanced Budget

Under County code, the County Commissioners' annual budget shall have a figure for the total of all appropriations and a figure for the total of all revenue available to pay the appropriations. The figure for total appropriations may not exceed the figure for total estimated revenue.

Costing of Services

In addition to accrual basis budgeting, several enterprise funds utilize a cost of service approach. Cost of service is a method of accounting, which identifies both the cost of the program and the portion of the cost that will be recovered through fees and charges. By using this financial technique, the County is able to assess the true cost of providing a service. Currently, water, sewer, and solid waste services use this approach to determine cost and rates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

Amendment to the Budget

The County's operating budgets are adopted at the program and service level and the Capital Improvement budget is adopted at the project level. Transfers between programs or projects in excess of $25,000 require County Commissioner's approval.

The Chief Financial Officer reviews capital projects before any issuance of debt. Any modifications to a project and/or the total debt to be issued based upon this review is required to be approved by the County Commissioners either for an increase or decrease in total borrowing amount or for a change in the total borrowing source.

The County maintains a cash and investment pool that is available for use by all funds, and is displayed on the Statement of Net Position as "cash and short-term investments."

Statutes authorize the County to invest in United States government bonds, obligations of the Federal government or agencies, savings accounts in Maryland banks, repurchase agreements and the Maryland Local Government Investment Pool.

3. CASH AND SHORT-TERM INVESTMENTS

Primary Government

Deposits

As of June 30, 2025, the carrying amount of the County's deposits was $66,168,796 and the bank balances were $70,572,170. All deposits are carried at cost plus accrued interest. There were no significant violations of the collateralization requirements during the year ended June 30, 2025. The County's deposit policy specifies that all deposits must be entirely covered by Federal depository insurance, deposit surety bond, or by collateral in the form of pledged securities, according to state statute. In order to anticipate market changes and provide a level of security for all funds, the collateralization level is required to be at least 102% of market value of principal and accrued interest.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not have a deposit policy for custodial credit risk. As of June 30, 2025, the County's bank balance of $70,572,170 was not exposed to custodial credit risk as $250,000 of interest bearing accounts and $250,000 of noninterest bearing accounts are insured by FDIC, and the remainder is collateralized through the Bank of New York Mellon.

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments

As of June 30, 2025, the County had the following investments and maturities.

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
Investments held in County's name:					
U.S. government obligations, municipal and corporate bonds	$ 269,548,108	$ 259,805,139	$ 9,742,969	$ -	$ -
Total investments held in County's name	269,548,108	259,805,139	9,742,969	-	-
Investments held by trustee of Pension plan:					
Fixed income securities	59,790,479	59,790,479	-	-	-
Real estate investments	33,371,436	33,371,436	-	-	-
Equity funds	164,945,825	164,945,825	-	-	-
Money market funds	6,582,466	6,582,466	-	-	-
Total Investments held by trustee of pension plan	264,690,206	264,690,206	-	-	-
Investments held by trustee of LOSAP plan:					
Fixed income funds	3,674,186	3,674,186	-	-	-
Real estate investments	528,591	528,591	-	-	-
Equity funds	9,065,100	9,065,100	-	-	-
Money market funds	240,091	240,091	-	-	-
Total Investments held by trustee of LOSAP plan	13,507,968	13,507,968	-	-	-
Investments held by trustee of OPEB plan:					
Real estate investments	1,184,268	1,184,268	-	-	-
Fixed income funds	9,384,830	9,384,830	-	-	-
Equity funds	22,973,163	22,973,163	-	-	-
Money market funds	856,278	856,278	-	-	-
Total Investments held by trustee of OPEB plan	34,398,539	34,398,539	-	-	-
Total investments	$ 582,144,821	$ 572,401,852	$ 9,742,969	$ -	$ -

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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the County's investments are valued using quoted market prices (level 1 inputs).

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy specifies that funds shall be invested at all times in keeping with the daily and seasonal pattern of the County's cash balances, as well as any other special factors or needs, in order to assure the availability of funds on a timely and liquid basis. Cash flow projections will be monitored and updated on an ongoing basis by the Budget and Finance Department and communicated regularly to the County Administrator. On a periodic basis, the County will determine, based on cash flow projections, what the appropriate average weighted maturity of the portfolio should be.

Unless matched to a specific cash flow, the County will not invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturities of such instruments precede or coincide with the expected needs for funds and only with the prior approval of the Budget and Finance Department.

The County's Pension Plan Investment Policy states that the assets are to be managed for total return, defined as dividend and interest income plus or minus capital gains and losses. Investments shall be diversified so as to minimize the risk of unacceptable losses. The portfolio is looked at as a whole rather than as individual securities. Investing for long term (preferably longer than 10 years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.

The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

Investment Type	Range	Target
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-15%	7%
Real Estate	0-10%	4%
Private Infrastructure	0-10%	4%
Private Credit/ High Yield	0-10%	5%
Fixed Income:		
Investment Grade	13-33%	23%
Cash	0-10%	2%

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

Credit Risk: It is the County's investment policy to only invest in U.S. Government Treasury obligations, agencies, and sponsored instrumentalities. Also the County's investment policy allows for investments in banks located in the State of Maryland (Certificates of Deposit) with the exception of Bankers Acceptances. Commercial banks must have a short-term rating of at least investment grade from the appropriate bank rating agencies. Bankers' Acceptances from domestic banks, which also include United States affiliates of large international banks, must have a rating of Al from Standards and Poor's Corporation and P1 from Moody's Investor Services. As of June 30, 2025, the County's investments were 100% in U.S. Treasury and Agency obligations.

The County's Pension Plan Investment Policy allows for investing in the following investment types. Also, below is the benchmark used for rating each of the assets.

Investment Type	Evaluation Benchmark
Equities:	
Domestic	Russell 3000
International	MSCI ACWI ex U.S. IMI (net)
Options/ Defensive Equity	CBOE Covered Combo
Real Estate	NCREIF ODCE
Private Infrastructure	S&P Global Infrastructure
Private Credit/ High Yield	Bloomberg Barclays High-yield
Fixed Income:	
Investment Grade	Bloomberg Barclays Aggregate
Money Market	BofAML 90- Day T-Bill

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2025, none of the County's investments are exposed to custodial credit risk because they are held in the County's name.

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education

Cash

Custodial Credit Risk: 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 (FDIC) insurance levels with collateral whose market value is at least equal to the deposits. Any cash deposit exceeding the FDIC insurance level will require collateralization. The FDIC coverage limits are applied to total noninterest bearing accounts separately from interest-bearing accounts.

Compliance is summarized as follows:

June 30, 2025	Governmental Activities and Business-Type Activities
Carrying amount of cash deposits	$ 37,236,633
Bank balance of cash deposits	38,241,306
Amount covered by FDIC	492,295
Amount collateralized with securities held by an agent of the pledging financial institution in the School system's name	37,749,011

Investments

Credit Risk: Maryland statutes authorize the School System to invest in obligations of the United States government or agency obligations. As of June 30, 2025, the School System's operating investments in U.S Government Agencies were rated AA ($27,958,406). The credit rating is based on both Moody's and Standard & Poor's. The School System's operating investments in fixed income mutual funds was not rated ($94,296). The School System's investment in U.S. Treasury Bills ($8,654,760) were not rated as of June 30, 2025 as their credit worthiness is universally accepted.

Interest Rate and Custodial Risk: Investments are made in Federal government securities without risk of loss due to market conditions. The Board's investments, which include uninsured and unregistered investments, are held by a bank's trust department or agent in the School System's name. The Board's policy is generally to require delivery of the investments to a third-party custodian.

Foreign Currency Risk: Maryland law does not permit the School System to have or hold any type of international investment vehicle.

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Retiree Health Plan Trust Investments: The investments of the MABE Trust are stated at fair value, are deposited with Fidelity, and are managed by GYL Financial Synergies, LLC. The MABE Trust categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs. Although all investments of the MABE Trust are considered Level 1 and Level 2, the School System's membership in the MABE Trust is considered Level 2. As of June 30, 2025, the pooled net position of the MABE Trust was $772,172,811 in total, of which the School System's allocated investment balance was $139,361,673. The School System's allocated investments consist of the following:

Cash and Cash Equivalents	$ 7,506,516
Equity Securities	74,378,685
Fixed Income	52,308,181
Real Estate	5,168,291
	$ 139,361,673

The School System may terminate its membership in the MABE Trust and withdraw its allocated investment balance by providing written notification six months prior to the intended date of withdrawal.

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Market Risk: The School System's investments are exposed to various risks, such as interest rate, market, currency, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements. Agency bonds are not backed by the full faith and credit of the United States Government.

As of June 30, 2025, the School System had the following investments and maturities:

	Governmental Activities	Business-Type Activities	Fiduciary Responsibilities	Total
United States Treasury Note - 3.500% matures September 15, 2025	$ 5,993,460	$ -	$ -	$ 5,993,460
United States Treasury Bill - 0.250% matures October 31, 2025	3,946,600	-	-	3,946,600
United States Treasury Note - 2.250% matures November 15, 2025	5,954,220	-	-	5,954,220
United States Treasury Note - 3.875% matures January 15, 2026	3,994,600	-	-	3,994,600
United States Treasury Note - 0.750% matures April 30, 2026	4,864,500	-	-	4,864,500
United States Treasury Note - 0.750% matures August 31, 2026	2,891,370	-	-	2,891,370
United States Treasury Bill - .000% matures July 10, 2025	5,769,960	-	-	5,769,960
United States Treasury Bill - .000% matures September 4, 2025	2,884,800	-	-	2,884,800
Income Fund of America	94,296	-	-	94,296
Accrued Interest on Gov't Agency Securities	313,656	-	-	313,656
Retiree Health Plan Trust	-	-	139,361,673	139,361,673
	$ 36,707,462	$ -	$ 139,361,673	$ 176,069,135

Investment Type	Fair Value June 30, 2025	Investment Maturities (in Years) Less than 1	1-5	6-10	More than 10
U.S. Agencies	$ 36,613,166	$ 33,721,796	$ 2,891,370	$ -	$ -
Income Fund of America	94,296	94,296	-	-	-
Securities	52,308,181	-	-	-	52,308,181
	$ 89,015,643	$ 33,816,092	$ 2,891,370	$ -	$ 52,308,181

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Investments and Fair Value – Investments are measured at fair value on a recurring basis in accordance with the framework established by GASB Statement No. 72, "Fair Value Measurement and Application". That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as below:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School System has the ability to access.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Fair value of assets measured on a recurring basis as of June 30, 2025 are as follows:

	Value	In Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government Agency Securities	$ 36,613,166	$ -	$ 36,613,166	$ -
Mutual Fund - Income Fund	94,296	94,296	-	-
	$ 36,707,462	$ 94,296	$ 36,613,166	$ -

Mutual funds are valued using prices quoted in active markets for those securities. U.S. government agency securities are valued using quoted market prices for similar securities.

4. RECEIVABLES

Receivables as of year-end for the government's funds, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities			
	General	**Capital Projects**	**Non-Major**	**Total**
Receivables:				
Taxes receivable	$ 2,018,350	$ -	$ -	$ 2,018,350
Accounts receivable	5,370,958	437,101	476,387	6,284,446
Gross receivables	7,389,308	437,101	476,387	8,302,796
Less: allowance for uncollectibles	(2,839,563)	-	-	(2,839,563)
Net Total Receivables	$ 4,549,745	$ 437,101	$ 476,387	$ 5,463,233

	Business-type Activities				
	Water Quality	**Solid Waste**	**Airport**	**Non-Major**	**Total**
Accounts receivable	$ 1,554,870	$ 668,098	$ 221,548	$ 47,839	$ 2,492,355
Less: allowance for uncollectibles	(18,296)	(341,997)	(24,166)	-	(384,459)
Net Total Receivables	$ 1,536,574	$ 326,101	$ 197,382	$ 47,839	$ 2,107,896

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned. As of the end of the current fiscal year unavailable revenue for delinquent property taxes receivable reported in the General Fund was $1,527,805. Receivables do not include various taxes collected by the State of Maryland on behalf of the County, including income taxes. These amounts are included in Due From Other Governmental Agencies.

Lease Receivable

The County leases land; cell tower, building and office space; residential properties and a pretreatment facility to multiple third parties. The leases vary in length up to the year 2105 and the County will receive average monthly payments of $39,137. The County recognized $599,314 in lease revenue and $431,807 in interest revenue during the current fiscal year related to these leases. As of June 30, 2025, the County's receivable for lease payments was $18,008,964. Also, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was $17,323,710.

5. CAPITAL ASSETS

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

Primary Government

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
Governmental Activities:				
Capital assets, not being depreciated or amortized:				
Land	$ 107,667,032	$ 9,937,418	$ -	$ 117,604,450
Capital assets, being depreciated:				
Land improvements	22,592,908	20,650	(16,970)	22,596,588
Building and improvements	124,986,136	6,019,286	(242,307)	130,763,115
Vehicles	24,104,568	4,978,123	(1,063,576)	28,019,115
Infrastructure	1,224,885,343	9,446,183	(58,090)	1,234,273,436
Machinery and equipment	13,053,785	804,357	(420,663)	13,437,479
Office furniture and equipment	773,728	-	(11,283)	762,445
Computer equipment	32,559,287	5,661,033	(514,333)	37,705,987
Right to use - land	274,065	-	-	274,065
Right to use - vehicles and equipment	2,200,287	112,183	(292,839)	2,019,631
Right to use - subscriptions	4,417,277	364,906	(55,068)	4,727,115
Total capital assets, being depreciated or amortized	1,449,847,384	27,406,721	(2,675,129)	1,474,578,976
Total Capital Assets	1,557,514,416	37,344,139	(2,675,129)	1,592,183,426
Accumulated depreciation and amortization for:				
Land improvements	(10,118,511)	(893,037)	16,969	(10,994,579)
Building and improvements	(55,890,163)	(3,510,507)	206,604	(59,194,066)
Vehicles	(16,055,787)	(2,103,765)	906,928	(17,252,624)
Infrastructure	(994,416,185)	(8,065,531)	52,282	(1,002,429,434)
Machinery and equipment	(7,916,579)	(988,261)	420,663	(8,484,177)
Office furniture and equipment	(745,861)	(5,668)	11,283	(740,246)
Computer equipment	(30,950,053)	(607,478)	507,356	(31,050,175)
Right to use - land	(59,664)	(19,887)	-	(79,551)
Right to use - vehicles and equipment	(782,958)	(419,429)	117,055	(1,085,332)
Right to use - subscriptions	(1,339,076)	(1,264,077)	55,068	(2,548,085)
Total Accumulated Depreciation and Amortization	(1,118,274,837)	(17,877,640)	2,294,208	(1,133,858,269)
Governmental Activities Capital Assets, Net	$ 439,239,579	$ 19,466,499	$ (380,921)	$ 458,325,157
Projects Under Construction	$ 31,295,823	$ 36,846,704	$ (52,154,757)	$ 15,987,770

5. CAPITAL ASSETS (continued)

Primary Government (continued)

Business-type Activities:	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
Capital assets, not being depreciated or amortized:				
Land	$ 12,329,898	$ 1,796,698	$ -	$ 14,126,596
Capital assets, being depreciated:				
Land improvements	153,133,866	1,303,796	-	154,437,662
Building and improvements	72,939,116	1,084,400	(3,747)	74,019,769
Facilities	129,465,915	130,185	(157,361)	129,438,739
Vehicles	10,560,337	384,812	(129,480)	10,815,669
Machinery and equipment	11,914,171	2,516,094	(587,290)	13,842,975
Office furniture and equipment	236,188	-	(121,811)	114,377
Computer equipment	883,589	-	(6,405)	877,184
Treatment plants	100,616,077	-	(42,090)	100,573,987
Right to use - vehicles and equipment	3,423,734	1,652,733	(1,982,525)	3,093,942
Total capital assets, being depreciated or amortized	483,172,993	7,072,020	(3,030,709)	487,214,304
Total Capital Assets	495,502,891	8,868,718	(3,030,709)	501,340,900
Accumulated depreciation and amortization for:				
Land improvements	(137,919,724)	(2,145,613)	-	(140,065,337)
Building and improvements	(32,051,343)	(1,975,866)	3,748	(34,023,461)
Facilities	(43,854,902)	(1,712,696)	144,287	(45,423,311)
Vehicles	(6,003,790)	(1,018,087)	129,483	(6,892,394)
Machinery and equipment	(9,556,287)	(1,173,697)	546,131	(10,183,853)
Office furniture and equipment	(236,188)	-	121,810	(114,378)
Computer equipment	(695,070)	(39,565)	6,404	(728,231)
Treatment plants	(37,538,331)	(1,936,064)	36,164	(39,438,231)
Right to use - vehicles and equipment	(910,545)	(459,237)	669,900	(699,882)
Total Accumulated Depreciation and Amortization	(268,766,180)	(10,460,825)	1,657,927	(277,569,078)
Business-type Activities Capital Assets, Net	$ 226,736,711	$ (1,592,107)	$ (1,372,782)	$ 223,771,822
Projects Under Construction	$ 15,211,206	$ 18,168,882	$ (2,301,929)	$ 31,078,159

5. CAPITAL ASSETS (continued)

Primary Government (continued)

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental Activities:		
General Government	$	12,763,548
Public Safety		3,375,769
Park, recreation and culture		354,805
Conservation of Natural Resources		1,069
Highways and streets		1,382,449
Total Depreciation and Amortization Expense - Governmental Activities	$	17,877,640
Business-Type Activities:		
Public Transit Fund	$	817,605
Airport Fund		3,082,266
Golf Course Fund		205,402
Water Quality Fund		4,056,643
Solid Waste Fund		1,713,462
Total Depreciation and Amortization Expense – Business-Type Activities	$	9,875,378

Board of Education

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Government Activities					
Capital assets, not being depreciated:					
Land	$ 9,749,615	$ -	$ -	$ -	$ 9,749,615
Facilities under construction	12,637,313	1,134,810	(12,354,827)	-	1,417,296
	22,386,928	1,134,810	(12,354,827)	-	11,166,911
Capital assets, being depreciated:					
Building and improvements	396,384,999	12,083,711	(183,141)	-	408,285,569
Leased building and improvements	78,895	1,439,498	(78,895)	-	1,439,498
Furniture and equipment	47,675,591	6,782,594	(7,839,934)	-	46,618,251
Leased furniture and equipment	3,119,487	-	(128,386)	-	2,991,101
Financed Equipment	304,282	-	-	-	304,282
Leased subscription based asset	5,797,582	-	(2,462,444)	-	3,335,138
	453,360,836	20,305,803	(10,692,800)	-	462,973,839
Accumulated depreciation:					
Building and improvements	(196,622,882)	(8,615,442)	183,142	-	(205,055,182)
Leased building and improvements	(76,265)	(174,225)	78,895	-	(171,595)
Furniture and equipment	(31,371,097)	(3,438,455)	7,791,173	-	(27,018,379)
Leased furniture and equipment	(1,741,116)	(304,330)	128,386	-	(1,917,060)
Financed Equipment	(214,549)	(63,214)	-	-	(277,763)
Leased subscription based asset	(4,252,839)	(954,517)	2,462,444	-	(2,744,912)
	(234,278,748)	(13,550,183)	10,644,040	-	(237,184,891)
Governmental Activities Capital Assets, Net	$ 241,469,016	$ 7,890,430	$ (12,403,587)	$ -	$ 236,955,859

5. CAPITAL ASSETS (continued)

Board of Education (continued)

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Business-type Activities					
Capital assets, not being depreciated:					
Facilities under construction	$ 135,225	$ 255,471	$ (390,696)	$ -	$ -
Total capital assets not being depreciated	135,225	255,471	(390,696)	-	-
Capital assets, being depreciated:					
Furniture and equipment	6,601,580	1,274,430	(1,345,087)	-	6,530,923
Leased subscription based asset	193,629	-	-	-	193,629
Total capital assets being depreciated	6,795,209	1,274,430	(1,345,087)	-	6,724,552
Accumulated depreciation:					
Furniture and equipment	(4,194,200)	(493,123)	1,323,282	-	(3,364,041)
Leased subscription based asset	(52,417)	(35,205)	-	-	(87,622)
Total accumulated depreciation	(4,246,617)	(528,328)	1,323,282	-	(3,451,663)
Business-type Activities Capital Assets, Net	$ 2,683,817	$ 1,001,573	$ (412,501)	$ -	$ 3,272,889

Depreciation/Amortization expense was charged to the functions/programs of the Board as follows:

Governmental activities:	
Administration	$ 158,537
Mid-level administration	364,500
Other instructional costs	1,165,316
Special Education	28,455
Student transport services	1,607,051
Operation of plant	9,573,204
Maintenance of plant	653,120
Total Governmental Activities Depreciation Expense	$ 13,550,183

6. INTERFUND RECEIVABLES AND PAYABLES

Outstanding balances between funds are reported as "due to/from other funds" and are the result of the County's central cash management and disbursement system. Other activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are also referred to in the fund statements as "due to/from other funds."

On November 15, 2022, the Board of County Commissioners approved an interfund loan from the General fund to the Solid Waste fund to purchase a compactor. The loan amount is $952,230 and is repayable in sixty monthly payments of $16,690 beginning on December 1, 2022.

Receivable Fund	Payable Fund	Amount
Capital Projects	General	$ 172,745,893
Solid Waste	General	8,984,366
Capital Projects	HEPMPO	144,060
Total		$ 181,874,319
General Fund	Solid Waste	$ 472,128

Board of Education

Receivable Entity	Payable Entity	Amount
Component unit - Board of Education	Primary government - capital projects	$ 452,222

All interfund receivables and payables are without interest.

7. INTERFUND TRANSACTIONS

During the course of normal operations, the County has numerous transactions between funds. Usually these transfers are undertaken to enable the receiving funds to provide services that the government has determined to be in the best interest of the County. Transfers are reported as "Other Financing Sources (Uses)" in the governmental funds and as "Operating Transfers" or "Capital Transfers" in the enterprise funds. A summary of transfers follows:

Fund	Operating Transfers In	Operating Transfers Out	Capital Transfers In	Capital Transfers Out
General Fund:				
Capital Projects	$ -	$ -	$ -	$ 14,725,924
Highway Fund	-	-	-	500,000
Solid Waste	-	487,170	-	-
Public Transit	-	901,310	-	-
Water Quality	-	910,477	-	-
Grant Management	-	522,510	-	-
Agricultural Education Center	-	255,760	-	-
Golf Course	-	112,930	-	-
HEPMPO	-	6,770	-	-
Land Preservation	-	1,023,100	-	-
Hotel Rental	371	-	-	-
Capital Projects Fund:				
General Fund	-	-	14,577,924	-
Highway Fund	-	-	500,000	-
Water Quality	-	-	-	301,324
Golf Course	-	-	-	1,560
Hotel Rental Tax	-	-	-	18,950
Land Preservation	-	-	-	400,000
Solid Waste:				
General Fund	487,170	-	-	-
Public Transit:				
General Fund	872,810	-	-	-
HEPMPO	-	-	-	-
Capital Projects	-	-	48,000	-

7. INTERFUND TRANSACTIONS (continued)

Fund	Operating Transfers In	Operating Transfers Out	Capital Transfers In	Capital Transfers Out
Water Quality:				
General Fund	$ 910,477	$ -	$ -	$ -
Capital Projects	-	-	301,324	-
Airport:				
Hotel Rental	45,486	-	-	-
Golf Course:				
General Fund	112,930	-	-	-
Capital Projects	-	-	101,560	-
Grant Management:				
General Fund	522,510	-	-	-
Agricultural Education Center:				
General Fund	255,760	-	-	-
HEPMPO:				
General Fund	6,770	-	-	-
Public Transit Fund	28,500	-	-	-
Hotel Rental:				
General Fund	-	371	-	-
Airport	-	45,486	18,950	-
Land Preservation:				
General Fund	1,023,100	-	-	-
Capital Projects Fund	-	-	400,000	-
Total	$ 4,265,884	$ 4,265,884	$ 15,947,758	$ 15,947,758

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS

Primary Government

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 governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with different amounts of principal maturing each year. General obligation bonds, leases, and subscriptions currently outstanding are as follows:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Public Sale Bonds payable:						
General obligation bonds	1.4-5%	$ 141,780,741	$ 17,761,281	$ 17,148,254	$ 142,393,768	$ 11,063,066
Unamortized bond premium		7,666,366	1,200,160	1,812,354	7,054,172	-
Total bonds payable		149,447,107	18,961,441	18,960,608	149,447,940	11,063,066
Other loans payable						
Direct Borrowing: Maryland Water Quality loans	1.0%	853,476	-	281,666	571,810	284,483
Total bonds and loans payable		150,300,583	18,961,441	19,242,274	150,019,750	11,347,549
Direct Borrowing: Agricultural Land Preservation	2.0%	396,657	-	181,778	214,879	181,779
Leases		1,412,346	112,183	518,985	1,005,544	424,221
Subscriptions		2,609,152	364,907	1,235,948	1,738,111	1,222,022
Net pension liability		91,114,689	-	27,612,743	63,501,946	-
Governmental Activity						
Long-term Liabilities		245,833,427	19,438,531	48,791,728	216,480,230	13,175,571
Business-type Activities						
Public Sale Bonds payable:						
General obligation bonds	1.4-5.0%	38,624,258	5,778,719	4,321,746	40,081,231	2,721,934
Unamortized bond premium		2,500,208	392,581	794,367	2,098,422	-
Unamortized bond discount		-	-	-	-	-
Total bonds payable		41,124,466	6,171,300	5,116,113	42,179,653	2,721,934
Other loans payable:						
Direct Borrowing: Maryland Water Quality loans	0.70-1.8%	3,221,447	4,091,335	319,984	6,992,798	413,979
Total bonds and loans payable		44,345,913	10,262,635	5,436,097	49,172,451	3,135,913
Financed Purchases	6.44%	-	531,208	273,889	257,319	257,319
Leases		1,550,206	1,644,489	1,029,681	2,165,014	559,416
Business-type Activity						
Long-term Liabilities		45,896,119	12,438,332	6,739,667	51,594,784	3,952,648
Total Combined Activities						
Long-term Liabilities		$ 291,729,546	$ 31,876,863	$ 55,531,395	$ 268,075,014	$ 17,128,219

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Primary Government (continued)

Summary of remaining debt service requirements for the years ended June 30, are as follows:

	Governmental Activities				Business-type Activities			
Year ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Direct Borrowings Principal	Direct Borrowings Interest	General Obligation Bonds Principal	General Obligation Bonds Interest	Direct Borrowings Principal	Direct Borrowings Interest
2026	$ 11,063,066	$ 4,809,834	$ 284,483	$ 5,718	$ 2,721,934	$ 1,295,836	$ 413,979	$ 99,505
2027	11,068,985	4,734,537	287,327	2,875	2,951,015	1,310,403	419,169	94,316
2028	11,578,795	4,304,525	-	-	3,071,205	1,206,653	855,815	89,052
2029	9,593,077	3,901,734	-	-	2,861,923	1,102,881	398,431	84,021
2030	9,167,999	3,525,643	-	-	2,587,001	998,978	403,537	78,914
2031-2035	43,884,415	12,446,557	-	-	11,195,584	3,668,392	2,096,983	315,276
2036-2040	30,196,102	5,536,071	-	-	8,088,898	1,820,608	1,525,670	182,868
2041-2045	14,926,329	1,425,353	-	-	5,123,671	616,257	879,214	69,747
2046-2050	915,000	19,444	-	-	1,480,000	81,131	-	-
Total	$ 142,393,768	$ 40,703,698	$ 571,810	$ 8,593	$ 40,081,231	$ 12,101,139	$ 6,992,798	$ 1,013,699
Plus:								
Unamortized premium	7,054,172				2,098,422			
	$ 149,447,940				$ 42,179,653			

The County Commissioners have received bonding authority from the State Legislature to issue public facilities bonds for the purpose of financing various capital projects. As of June 30, 2025, the unused authorization was $51,330,096. Water quality debt is outside of this authorization and is limited to 10% of the real property assessable base in Washington County per the code of public laws. Current Water Quality debt outstanding is $36.8 million.

Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received in the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. In accordance with governmental accounting standards, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2025, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of $80,652,626.

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Primary Government (continued)

Agricultural Land Preservation Installments

The County has entered into installment contracts to purchase easements for agricultural land preservation purposes. Under the terms of the installment contracts, the County pays the property owner annual interest and principal payments over the ten-year term of the contract. The primary source of revenue for repayment of the indebtedness is a portion of the transfer tax on all transfers of real property in the County. The annual requirements to amortize agricultural preservation installments outstanding as of June 30, 2025, are as follows:

As of June 30,	Principal	Interest	Total Requirement
2026	$ 181,779	$ 4,298	$ 186,077
2027	33,100	662	33,762
Total	$ 214,879	$ 4,960	$ 219,839

For the year ended June 30, 2025, total principal and interest incurred related to agricultural land preservation installments was $181,779 and $7,933, respectively.

Leases

County as Lessee

The County has entered into various lease agreements as lessee primarily for vehicles and machinery/equipment. Most leases have a maximum term of five years. Leases with variable lease payments include those for exceeding an allotted amount per the terms of the contract. The interest rate assigned is the interest rate on the contract. If one is not noted, the County utilizes its incremental borrowing rate to discount the lease payments.

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

County as Lessee (continued)

At June 30, 2025, the statement of net position includes the following amounts relating to leases:

	Governmental Activities	Business-type Activities	Total
Right of use of leased assets:			
Land	$ 274,065	$ -	$ 274,065
Vehicles, machinery and equipment	2,019,631	3,093,942	5,113,573
Total Right of Use Leased Assets	2,293,696	3,093,942	5,387,638
Less Accumulated Amortization for:			
Right of use of leased assets:			
Land	79,551	-	79,551
Vehicles, machinery and equipment	1,085,332	699,882	1,785,214
Total Accumulated Amortization	1,164,883	699,882	1,864,765
Total Right of use leased assets, net:			
Land	194,514	-	194,514
Vehicles, machinery and equipment	934,299	2,394,060	3,328,359
Total	$ 1,128,813	$ 2,394,060	$ 3,522,873
Lease Payable:			
Current	424,221	559,416	983,637
Non-Current	581,323	1,605,598	2,186,921
Total	$ 1,005,544	$ 2,165,014	$ 3,170,558

The future principal and interest lease payments as of June 30, 2025 are as follows:

	Governmental Activities				Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total	Fiscal Year	Principal Payments	Interest Payments	Total
2026	$ 424,221	$ 23,851	$ 448,072	2026	$ 559,416	$ 125,995	$ 685,411
2027	359,321	12,561	371,882	2027	575,690	87,925	663,615
2028	47,343	3,363	50,706	2028	542,446	55,051	597,497
2029	25,907	2,466	28,373	2029	430,680	26,924	457,604
2030	24,617	1,761	26,378	2030	56,782	1,139	57,921
2031-2035	124,135	3,909	128,044	2031-2035	-	-	-
Total	$ 1,005,544	$ 47,911	$ 1,053,455	Total	$ 2,165,014	$ 297,034	$ 2,462,048

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

County as Lessor

The County leases out some of its land, cellular space and buildings. Most land leases are a five-year term. Cellular space and building leases vary with a maximum term of 99 years. The County has included any renewal options in the lease term when they are both non-cancellable and reasonably certain to be exercised. The interest rate assigned is the interest rate on the contract. If one is not noted, the County utilizes its incremental borrowing rate to discount the lease payments.

The total amount of inflows of resources related to leases recognized in the current fiscal year are as follows:

	Governmental Activities	Business-type Activities	Total
Lease revenue	$ 194,718	$ 404,596	$ 599,314
Interest revenue	32,761	399,046	431,807

At June 30, 2025, the principal and interest requirements to maturity for the leases receivable are as follows:

	Governmental Activities			Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2026	$ 663,015	$ 52,742	$ 715,757	$ 243,918	$ 422,537	$ 666,455
2027	577,279	34,967	612,246	208,500	417,002	625,502
2028	211,155	24,684	235,839	159,299	412,792	572,091
2029	68,912	21,481	90,393	141,249	409,117	550,366
2030	73,325	19,870	93,195	96,962	406,230	503,192
2031 - 2035	399,145	71,685	470,830	563,719	1,986,311	2,550,030
2036 - 2040	190,577	33,001	223,578	653,160	1,906,228	2,559,388
2041 - 2045	96,355	3,396	99,751	891,894	1,801,290	2,693,184
2046 - 2050	-	-	-	959,577	1,663,346	2,622,923
2051 - 2055	-	-	-	921,676	1,531,042	2,452,718
2056 - 2060	-	-	-	1,173,887	1,370,060	2,543,947
2061 - 2065	-	-	-	1,041,176	1,182,920	2,224,096
2066 - 2070	-	-	-	647,976	1,080,024	1,728,000
2071 - 2075	-	-	-	737,204	990,796	1,728,000
2076 - 2080	-	-	-	838,719	889,281	1,728,000
2081 - 2085	-	-	-	954,213	773,787	1,728,000
2086 - 2090	-	-	-	1,085,610	642,390	1,728,000
2091 - 2095	-	-	-	1,235,102	492,898	1,728,000
2096 - 2100	-	-	-	1,405,179	322,821	1,728,000
2101 - 2105	-	-	-	1,598,676	129,324	1,728,000
2106	-	-	-	171,505	1,294	172,799
Total	$ 2,279,763	$ 261,826	$ 2,541,589	$ 15,729,201	$ 18,831,490	$ 34,560,691

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Subscriptions

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), was implemented to enhance the relevance and consistency of information about governments' subscription activities. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. As of June 30, 2025, the County had 22 active subscriptions. The subscriptions have payments that range from $6,038 to $327,375 annually and interest rates that range from 2.3270% to 3.6310%.

At June 30, 2025, the statement of net position includes the following amounts relating to subscriptions:

	Governmental Activities	Business-type Activities	Total
Right-of-use of subscription assets:			
Software	$ 4,727,115	$ -	$ 4,727,115
Total Right-of-use of subscription assets:	4,727,115	-	4,727,115
Less Accumulated Amortization for:			
Right-of-use of subscription assets:			
Software	2,548,085	-	2,548,085
Total Accumulated Amortization:	2,548,085	-	2,548,085
Total Right-of-use of subscription assets, net:			
Software	2,179,030	-	2,179,030
Total:	$ 2,179,030	$ -	$ 2,179,030
Subscription Payable:			
Current	$ 1,222,022	$ -	$ 1,222,022
Non-current	516,089	-	516,089
Total	$ 1,738,111	$ -	$ 1,738,111

The future principal and interest subscription payments as of June 30, 2025, are as follows:

Principal and Interest Requirements to Maturity

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 1,222,022	$ 48,080	$ 1,270,102
2027	384,740	11,992	396,732
2028	86,204	2,613	88,817
2029	45,145	697	45,842
Total	$ 1,738,111	$ 63,382	$ 1,801,493

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ -	$ -	$ -
2027	-	-	-
2028	-	-	-
2029	-	-	-
Total	$ -	$ -	$ -

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Board of Education

Pertinent information regarding the leases and subscription liabilities is presented below:

Governmental Activities					
Date of Issue	Initial Liability	Purpose	Outstanding Liability Balance 6/30/2025	Asset Value 6/30/2025	Accumulated Amortization 6/30/2025
Various	$ 2,889,719	The School System entered into 12-year bus contracts with various contractors. Monthly payments range from $727 to $1,121. These payments are per allotment (PVA), which is the School System's payment to use the bus. The lease(s) have an interest rate of 5%.	$ 1,233,096	$ 2,761,333	$ 1,662,997
12/31/2020	294,231	The School System entered into a lease agreement for 2 digital presses. There is one yearly payment made of $64,723. The lease bears an interest rate of 5%.	-	294,231	264,808
7/1/2024	452,521	The School System entered into a lease agreement to lease space from The Maryland Theatre. For 2025, the semi-annual payment was $26,333. This payment increases from year-to-year. The lease bears an interest rate of 5%.	410,509	452,521	41,138
9/22/2021	857,248	The School System entered into a subscription agreement to lease firewall hardware from Skyline. The monthly payment is $17,011. The lease bears an interest rate of 2.35%. (SBITA)	118,149	857,248	732,705
6/30/2021	459,138	The School System entered into a subscription agreement to lease instructional software from Power School Holdings. The yearly payment is $100,999. The lease bears an interest rate of 5%. (SBITA)	-	459,138	367,564
2/24/2001	1,473,966	The School System entered into a subscription agreement to lease cloud security from Hewlett Packard-Aperture. The annual payment is $99,601. The lease bears an interest rate of 5%.(SBITA)	-	1,473,966	1,435,806
8/1/2023	544,787	The School System entered into a subscription agreement to lease backup cloud services from CDW Government. The annual payment is $119,840. The lease bears an interest rate of 5%. (SBITA)	326,354	544,785	208,835
9/30/2024	436,604	The School System entered into a contract with Everside Health to fund the build out of the WCPS Employee health clinic. This was one time payment of $436,604. The buildout bears an interest rate of 5%. (SBITA)	-	436,604	72,992
4/1/2024	485,911	The School System entered into a contract with Everside Health to reimburse monthly the lease for the WCPS employee health clinic. The monthly payment is $3,800. The buildout bears an interest rate of 5%. (SBITA)	468,387	485,911	46,722
		Total Governmental Activities	$ 2,556,495	$ 7,765,737	$ 4,833,567

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Board of Education (continued)

Business-Type Activities

Date of Issue	Initial Liability	Purpose	Outstanding Liability Balance 6/30/2025	Asset Value 6/30/2025	Accumulated Amortization 6/30/2025
1/5/2023	193,629	The School System entered into a subscription agreement to lease food service software from EMS LINQ. The yearly payment is $41,170. The lease bears an interest rate of 5%. (SBITA)	$ 112,116	$ 193,629	$ 87,622
		Total Business-Type Activities	$ 112,116	$ 193,629	$ 87,622

Governmental Activities				Business-Type Activities			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2026	$ 551,108	$ 120,271	$ 671,379	2026	$ 35,564	5,606	$ 41,170
2027	440,532	96,556	537,088	2027	37,342	3,828	41,170
2028	381,702	74,545	456,247	2028	39,210	1,960	41,170
2029	215,447	55,627	271,074	2029	-	-	-
2030	176,353	45,007	221,360	2030	-	-	-
2031-2035	791,353	110,948	902,301	2031-2035	-	-	-
Total	$ 2,556,495	$ 502,954	$ 3,059,449	Total	$ 112,116	$ 11,394	$ 123,510

Regulated Leases

Primary Government

During fiscal year 2004, the County entered into a lease agreement whereby the lessee constructed a building and improvements, Building #26, on land owned at the Airport. The total cost of the building and improvements was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years. As of June 30, 2004, the building and improvements were estimated at $2,500,000. During the year ended June 30, 2005, a revised cost was obtained reducing the value to $2,000,000. The $500,000 adjustment was recorded as a reduction to fixed assets and deferred inflow of resources in the June 30, 2005, financial statements. The terms of the original agreement which began June 30, 2004, allowed the lessee to use the property for a period of 25 years, with no additional payments due. During fiscal year 2006, this lease was amended with lease terms extended to 31 years and additional building and improvements valued at $1,800,000 were capitalized as an asset in the Airport Fund with an estimated useful life of 40 years.

During fiscal year 2009, a second amendment to the lease agreement allowed for additional building and improvements valued at $400,000 and an extension of the lease through December 31, 2042. The addition was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years. Deferred inflow of resources in the amount of $2,500,000 was recorded in the Airport Fund at the inception of this lease but was adjusted down to $2,000,000 during year ended 2005, and was to be recognized as rental income over the original 25 year term of the lease. Since the amendments extending the lease term and the additional capitalization of building and improvements, the remaining deferred inflow of

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Regulated Leases (continued)

Primary Government (continued)

resources of $3,587,724 as of June 30, 2010, will be amortized over 33 years. The terms of the agreement as amended in fiscal year 2009, allow the lessee to use the property for a period of 33 years. The terms of the lease agreement require that the lessee pay the County annual rent of $5,250 beginning May 1, 2006, with an annual increase of 4% each May 1st thereafter. The lease also requires that the County credit the lessee $127,500 for the lessee's incurred costs in excavating the site for the addition. The agreement allows an option for the lessee to continue the lease past the 33-year term at a rental payment equal to the fair market rental value of the leased property at that time.

A third amendment to the lease agreement was signed in fiscal year 2013 to clarify definitions among other things but made no substantial changes to financial components of the lease that impacted reporting or disclosure requirements. During fiscal year 2024, a fourth amendment to the lease agreement was signed that allowed for a third addition of approximately 4,800 square feet valued at $870,000 and to include an additional renewal term of 5 years, pushing the end of the final lease term to December 31, 2047. The addition was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years. Since the amendments extending the lease term and the additional capitalization of the building addition, the remaining deferred inflow of resources of $2,808,021, as of June 30, 2025, will be amortized over 23 years. The terms of the lease agreement do not change the method of which annual rent is calculated (on a square foot basis), only that the additional square footage will be included in the calculation beginning January 2024.

During fiscal year 2006, the County entered into a lease agreement whereby the lessee constructed a building and improvements, Building #64 on land owned at the Airport. The total cost of the building and improvements was $3,100,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2006. The terms of the agreement which began June 30, 2006, allow the lessee to use the property for a period of 39 years (primary terms). The terms of the lease agreement require that the lessee pay the County annual rent of $5,200 during the primary terms of the lease with an annual increase of 3% each year. The agreement allows an option for the lessee to continue the lease past the 39-year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of $3,100,000 was recorded in the Airport Fund at the inception of the lease.

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Regulated Leases (continued)

Primary Government (continued)

During fiscal year 2007, the County entered into a lease agreement whereby the lessee constructed a building and improvements, Building #65, for $5,500,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2007. The terms of the agreement, which began December 1, 2006, allow the lessee to use the property for a period of 39 years (primary terms). The terms of the lease agreement require that the lessee pay the County annual rent of $15,750 during the primary terms of the lease with an annual increase of 4% each year. The agreement allows an option for the lessee to continue the lease past the 39-year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of $5,500,000 was recorded in the Airport Fund on June 30, 2007.

During fiscal year 2010, the County entered into a lease agreement whereby the lessee constructed a building and improvements, Building #84, for $3,000,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2010. The terms of the agreement, which began June 1, 2009, allow the lessee to use the property for a period of 39 years (primary terms). The terms of the lease agreement require that the lessee pay the County annual rent of $13,208 during the primary terms of the lease with an annual increase of 4% each year. Deferred inflow of resources in the amount of $3,000,000 was recorded in the Airport Fund on June 30, 2010.

During fiscal year 2010, the County entered into a lease agreement whereby the lessee constructed a building and improvements, Building #66, for $3,800,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2010. The terms of the agreement, which began November 1, 2009, allow the lessee to use the property for a period of 39 years (primary years). The terms of the lease agreement require that the lessee pay the County annual rent of $17,000 during the primary terms of the lease with an annual increase of 4% each year. The lease also requires that the County credit the lessee $250,000 for the lessee's incurred costs in site preparation and excavation costs. The agreement allows for an option for the lessee to continue the lease past the 39 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of $3,800,000 was recorded in the Airport Fund as of June 30, 2010.

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Regulated Leases (continued)

Primary Government (continued)

During fiscal year 2011, the County entered into a lease agreement whereby the lessee constructed a building and improvements, Building #67, for $4,500,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2011. The terms of the agreement, which began July 1, 2010, allow the lessee to use the property for a period of 39 years (primary years). The terms of the lease agreement require that the lessee pay the County annual rent of $15,985 during the primary terms of the lease with an annual increase of 4% each year. The agreement allows for an option for the lessee to continue the lease past the 39 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of $4,500,000 was recorded in the Airport Fund as of June 30, 2011.

During fiscal year 2013, the County entered into a lease agreement whereby the lessee constructed a building and improvements, Building #68, for $2,000,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2013. The terms of the agreement, which began January 1, 2013, allow the lessee to use the property for a period of 30 years (initial term) with no payments due during the first five years of the initial term of the lease. The terms of the lease agreement require that the lessee pay the County annual rent of $23,357 during the initial term of the lease with an annual increase of 2% each year. The agreement allows for an option for the lessee to continue the lease past the 30 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of $2,000,000 was recorded in the Airport Fund as of June 30, 2013.

During fiscal year 2014, the County entered into a lease agreement whereby the lessee constructed a building and improvements, Building #25, for $5,500,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2014. The terms of the agreement, which began November 1, 2013, allow the lessee to use the property for a period of 39 years (primary term). The terms of the lease agreement require that the lessee pay the County annual rent of $13,881 during the primary term of the lease with an annual increase of 2% each year. The agreement allows an option for the lessee to continue the lease past the 39 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of $5,500,000 was recorded in the Airport Fund on June 30, 2014.

During the year ending June 30, 2025, rental income for the above leases of $1,024,779 was recognized in the Airport Fund.

9. UNUSED VACATION AND SICK LEAVE

Primary Government

The County policy permits employees to accumulate earned but unused leave, such as vacation and sick leave, which may be eligible for future use or payment. A liability is recognized for unused leave that is more likely than not to be used for time off, paid in cash at separation, or settled through noncash means.

For vacation leave, employees can accumulate benefits with a cap of 250 hours to be rolled over each calendar year. Upon separation the employee may be eligible for payment of all accrued vacation time. For sick leave, employees can accumulate benefits with no cap. Upon separation, the employee may be eligible for payment of up to 40 hours at the employees pay rate plus a rate of $10 per day for each unused sick leave day up to the total of 130 days ($1,300). A liability is included for the estimated value of sick leave expected to be used or paid off at time of separation.

The long-term portion of this liability is reported in the government-wide and proprietary fund financial statements.

Net changes in the compensated absences liability for the year ending June 30, 2025 were as follows:

Type of Liability	Beginning Balance	Net Accrued/Used	Ending Balance
Compensated Absences	$5,704,390	$1,388,413	$7,092,803

Board of Education

The School System accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned or estimated to be earned by the employee. The accrual of vacation leave is based upon individual salary rates in effect as of June 30. The accrual of sick leave is based on payment upon retirement at rates set forth in the various negotiated agreements. Sick leave is estimated to be earned once an employee has obtained 15 years of service or 55 years of age. Total unpaid vacation and sick leave accrued at June 30, 2025 amounted to $34,978,030. This amount estimated to be used in subsequent fiscal years, maintained separately and represent a reconciling item between the fund and government-wide financial statement presentations.

10. RETIREMENT PLANS

Primary Government

Plan Description

The County Commissioners of Washington County Employees' Retirement Plan (the Plan) is a single-employer defined benefit pension plan established by the County Commissioners effective July 1, 1972, and adopted by ordinance. The County Commissioners have the power and authority to establish and amend the benefit provisions of the Plan. The Plan provides retirement benefits to Plan members.

Effective January 1, 1986, members are qualified to participate in the Plan if they are compensated on the basis of working at least 40 hours per week and 12 months in a calendar year. Participation is based on the employee's status as either "uniformed" or "non-uniformed". A uniformed employee may retire at the earlier of age 50 or 25 years of service. Effective July 1, 2019, the Employees' Retirement Plan was amended. The amendment affected non-uniformed employees. Non-uniformed employees hired on or after July 1, 2019, may retire at the earlier of age 62 or 30 years of service. Vesting begins after 5 years of service. Retirement benefits for uniformed employees are calculated by a formula and provide approximately 50% of average compensation after 25 years of service. Non-uniformed employees' retirement benefits provide approximately 60% of average compensation after 30 years of service.

Effective July 1, 2013, the Employees' Retirement Plan was amended. The amendment affected only non-uniformed employees. Non-uniformed employees were required to make an election to either remain under the former plan provisions or opt to participate under the new rules. For employees electing to remain under the former plan rules, a non-uniformed employee may retire at the earlier of age 60 or 30 years of service. Under the amended plan, a non-uniformed employee may retire at the earlier of age 60 or 25 years of service. Retirement benefits would provide approximately 50% of average compensation after 25 years of service. For this group eligible at the earlier of age 60 or 25 years of service, there is no longer an early retirement option. Employees hired September 1, 2013 through June 30, 2019 were required to participate in the amended plan.

Under the amended plan a non-uniformed employee may retire at the earlier of age 60 or 25 years of service. Retirement benefits would provide approximately 50% of average pay after 25 years. There is no longer an early retirement option.

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Plan Description (continued)

Employees hired after September 1, 2013 are required to participate in the amended plan.

The net pension liability by plan is as follows:

Retirement Plan	
Net Pension Liability	$ 63,815,363
LOSAP Plan	
Net Pension Liability	(313,417)
Total	$ 63,501,946

Investments

The County's Pension Plan Investment Policy states that the assets are to be managed for total return, defined as dividend and interest income plus or minus capital gains and losses. Investments shall be diversified so as to minimize the risk of unacceptable losses. The portfolio is looked at as a whole rather than as individual securities. Investing for long term (preferably longer than 10 years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface. The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Investments (continued)

Investment Type	Range	Target
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-15%	7%
Real Estate	0-10%	4%
Private Infrastructure	0-10%	4%
Private Credit/ High Yield	0-10%	5%
Fixed Income:		
Investment Grade	13-33%	23%
Money Market	0-10%	2%

Funding Policy

The contribution requirements of Plan members and the County are established and may be amended by the County Commissioners. Under the amended plan, all plan members are required to contribute 6%. Non-uniformed employees electing to remain under the old plan are required to contribute 5.5%.

All information that follows for the Plan is measured as of June 30, 2025, which is the latest actuarial report available.

Membership of the Plan

The membership consisted of the following as of June 30, 2025, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	545
Terminated Plan members entitled to but not yet receiving benefits	65
Active Plan members	888
Total	1,498

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. 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 adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2025 is as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	5.2%
International Equity	20%	5.3%
Options / Defensive Equity	7%	4.4%
Private Real Estate	4%	4.1%
Private Infrastructure	4%	4.5%
Private Credit	5%	7.2%
Core Fixed Income	23%	2.7%
Cash	2%	0.7%
Inflation		2.3%
Total	100%	

Annual Pension Cost and Net Pension Obligation

The total pension liability for the current year was determined as part of the June 30, 2025, actuarial valuation using the projected unit credit cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) including inflation, and (b) projected salary increases which vary by participant service. The actuary was using the RP-2014 adjusted Total Dataset with Generational projection using scale MP-2015. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined by the market value of investments.

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2025 is as follows:

Total pension liability	$ 331,861,956
Net position	(268,046,593)
Net pension liability	$ 63,815,363

Net position as a percentage of total pension liability is 80.77%.

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

The following presents the net pension liability of the Plan, calculated using a discount rate of 7.25% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1.0% decrease 6.25%	**Current rate 7.25%**	**1.0% increase 8.25%**
Net pension liability	$ 106,427,317	$ 63,815,363	$ 28,373,148

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2025, the County recognized pension expense of $10,606,684 for the Plan. As of June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 5,303,817	$ 1,857,071
Change in assumptions	-	-
Net difference between projected and actual investment earnings	-	11,843,930
Total	$ 5,303,817	$ 13,701,001

10. RETIREMENT PLANS (continued)

Primary Government (continued)

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

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

Years Ended June 30,	Amount
2026	$ 1,700,229
2027	(4,654,919)
2028	(3,949,512)
2029	(1,168,482)
2030	(324,500)
Total	$ (8,397,184)

Board of Education

Plan Description

The employees of the Board are covered by the Maryland State Retirement and Pension System (the System), which is a multiple-employer cost sharing employer defined benefit public employee retirement system. While there are five retirement and pension systems under the System, employees of the Board are a member of either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems. The Plans are administered by the State Retirement Agency. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a publicly available financial report that can be obtained at http://www.sra.state.md.us. The System provides retirement allowances and other benefits to State teachers and employees of participating governmental units, among others. The School System participates in the Maryland Teachers' Retirement System (TRS), the Maryland Teachers' Pension System (TPS), the Maryland State Employee's Retirement System (ERS), and the Maryland State Employee's Pension System (EPS). Eligible professional and clerical personnel are covered under TRS or TPS. Eligible maintenance, custodial, and food service personnel are covered under ERS or EPS.

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided

Maryland Teacher's Retirement System (TRS): Under TRS, the members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligible service regardless of age. The retirement allowance is 1/55th of average final compensation for the three highest years as a member for each year of creditable service. Creditable service is based on a full normal working time for teachers – ten months equals one year. TRS members are eligible for early service retirement allowances upon accumulating at least 25 years prior to attaining age 60. The service retirement allowance is reduced by 0.005 for each month that date of retirement proceeds the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

They are also eligible for ordinary disability retirement allowance upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job function. The ordinary disability benefit is 1/55th of average final compensation for the three highest years as a member for each of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be not greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60. TRS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they become totally and permanently disabled. The accidental disability benefit is equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions but cannot be greater than the average final compensation.

To be eligible for death benefits under the TRS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions.

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Teacher's Pension System (TPS): Under TPS, there are two membership classes. All employees who were members on or before June 30, 2011, participate in the Alternate Contributory Pension Selection (ACPS) and all employees who enroll after July 1, 2011 participate in the Reformed Contributory Pension Benefit (RCPB). ACPS members qualify for normal retirement benefits upon (a) completing 30 years of eligible service, (b) reaching 62 with 5 years of eligible service, (c) reaching age 63 with 4 years of eligible service, (d) reaching age 64 with 3 years of eligible service, or (e) reaching age 65 or older with 2 years of eligible service. ACPS members are eligible for early retirement benefits after attainment of the age 55 with at least 15 years of eligible service. RCPB members qualify for normal retirement benefits when they attain a combined age and eligibility service of 90 years or after reaching age 65 with 10 years of eligible service. RCPB members are eligible for early retirement after attaining the age of 60 with at least 15 years of eligible service. Benefits are generally equal to 0.8%-1.8% of the member's final average salary multiplied by the number of years of credited service, depending upon membership class.

Participants are eligible for ordinary disability retirement benefits after completing five years of service. The benefit allowance is computed on the basis that the service continues until age 62 without any change in rate of earnable compensation. If disability occurs after age 62 (age 65 for RCPB), the benefit is based on creditable service at time of retirement. Participants are eligible for accidental disability retirement benefits if the disability occurred in the actual performance of the employee's duty.

The accidental disability benefits are equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions, but cannot be greater than the average final compensation. To be eligible for death benefits under the TPS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions.

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Employee's Retirement System (ERS): Under ERS, the members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligible service regardless of age. The retirement allowance is 1/55th of average final compensation for the three highest years as a member for each year of creditable service. ERS members are eligible for early service retirement allowances upon accumulating at least 25 years prior to attaining age 60. The service retirement allowance is reduced by 0.005 for each month that date of retirement proceeds the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

They are also eligible for ordinary disability retirement allowance upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job function. The ordinary disability benefit is 1/55th of average final compensation for the three highest years as a member for each of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be not greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60. ERS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they become totally and permanently disabled. The accidental disability benefit is equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions but cannot be greater than the average final compensation.

To be eligible for death benefits under the ERS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions. If the member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Employee's Pension System (EPS): Under the EPS plan, members are eligible for full service pension allowance upon accumulating 30 years if eligibility regardless of age. Absent 30 years eligible service, members must meet one of the following conditions to be eligible for full service pension allowance: (a) 62 with 5 years of eligible service, (b) age 63 with 4 years of eligible service, (c) age 64 with 3 years of eligible service, or (d) age 65 or older with 2 years of eligible service. Members are eligible for early service pension liability upon attaining age 55 with at least 15 years of service or attaining age 60 with 15 years of service, depending on plan. Allowances for both normal and early retirement are based on membership class.

They are also eligible for ordinary disability retirement allowance upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job function. The benefit is the service retirement allowance computed on the basis that service continues until age 62 (age 65 for RCPB) without any change in the rate of earnable compensation. EPS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they become totally and permanently disabled. The accidental disability benefit is equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years (five years for RCPB) as a member plus the annuity provided by accumulated member contributions, but cannot be greater than the average final compensation.

To be eligible for death benefits under the EPS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions.

Contributions

The Board and covered members are required by State statute to contribute to the System. Members of the Teachers' Pension System and the Teachers' Retirement System are required to contribute 7% annually. Members of the Employees' Pension System and Employees' Retirement System are required to contribute 5-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers are established and may be amended by the Board of Trustees for the System.

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Beginning in FY2017, the Board pays the normal cost for their teachers in the Teachers Retirement and Pension System while the State contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers' Retirement and Pension System, which for the year ended June 30, 2025 was $8,550,091. The State's contributions on behalf of the Board for the year ended June 30, 2025 was $18,960,706. The fiscal 2025 contributions made by the State on behalf of the Board have been included as both revenues and expenditures in the general fund in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2025, was 11.97% of annual payroll, 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. The Board made its share of the required contributions during the year ended June 30, 2025 of $3,229,369.

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

As of June 30, 2025, the School System reported a liability of $28,094,348 for its proportionate share of net pension liability that reflected a reduction for State pension support provided to the School System. The amount recognized by the School System as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the School System were as follows:

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

	Teachers' Retirement and Pension System	Employees' Retirement and Pension System
School System's proportionate share of net pension liability	$ -	$ 28,094,348
State's proportionate share of net position liability associated with the School System	161,215,295	-
Total	$ 161,215,295	$ 28,094,348

10. RETIREMENT PLANS (continued)

Board of Education (continued)

For the year ended June 30, 2025, the School System recognized pension expense of $4,535,497. As of June 30, 2025, the School System reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 1,409,486	$ -
Difference between actual and expected experience	2,892,598	783,285
Change in proportion	1,739,590	136,512
Change in assumptions	2,099,528	110,579
School System contributions subsequent to the measurement date	3,229,639	-
Total	$ 11,370,841	$ 1,030,376

The $3,229,369 reported as deferred outflows of resources related to pensions resulting from the School System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Amount
2026	$ 1,994,021
2027	1,994,021
2028	1,839,535
2029	939,403
2030	343,646
Total	$ 7,110,626

10. RETIREMENT PLANS (continued)

Board of Education (continued)

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

The following presents the net pension liability of the plan, calculated using a discount rate of 6.80% as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.80%) or 1-percentage point higher (7.80%) than the current rate:

	1.0% decrease 5.80%	Current rate 6.80%	1.0% increase 7.80%
Net pension liability	$ 40,830,778	$ 28,094,348	$ 17,477,637

11. RISK MANAGEMENT

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance for claims in excess of deductible amounts for all risks of loss, except for employee health and workers' compensation. Settlements have not exceeded insurance coverages during the past three fiscal years.

11. RISK MANAGEMENT (continued)

Primary Government (continued)

The County Commissioners have established a self-insurance plan for health benefits to its employees, retirees and to other governmental and non-profit agencies. Budgeted amounts are charged to each fund, and premiums are charged to retirees and other governmental and non-profit agencies for their share of the costs, which are intended to cover the estimated costs of claims and administrative expenses.

Contributions from employees, retirees and other governmental non-profit agencies are offset against budget amounts charged in the related fund. Under this plan, the County's General Fund bears all risk of loss.

The County has established claims liabilities based on estimates of the ultimate cost of settling the claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors such as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The liability for estimated claims was determined to be $3,312,750 which is reflected in the accompanying financial statements as of June 30, 2025. Changes in the claims liability were as follows:

	Years Ended June 30,	
	2025	**2024**
Liability, beginning of year	**$ 1,863,415**	$ 1,515,351
Premiums collected and changes in estimates during the year	**24,574,950**	16,440,119
Claims and administrative costs paid	**(23,125,615)**	(16,092,055)
Liability, end of year	**$ 3,312,750**	$ 1,863,415

11. RISK MANAGEMENT (continued)

Primary Government (continued)

The County uses a third-party administrator to process and pay claims. The County has purchased a stop-loss insurance policy in which the insurance company covers individual claims once they exceed $175,000. Under this policy, the County was liable for the first 125% of expected claims paid in the current fiscal year. Any claims in excess of this amount are to be paid by the insurance company under the stop-loss policy.

The County Commissioners have also established a self-insurance plan for Workers' Compensation claims whereby the County is liable for the first $650,000 per occurrence. As required by the State of Maryland, $175,000 in U.S. Treasury Notes is held by the State Workers' Compensation Commission and is included in investments on the balance sheet. The County extends coverage under this plan to the employees of other governmental and nonprofit agencies. These agencies are charged a "premium", however the County bears the risk of loss. The liability for estimated claims was determined to be $2,925,537, which is reflected in the accompanying financial statements as of June 30, 2025. Changes in the claims liability were as follows:

	Years Ended June 30, 2025	Years Ended June 30, 2024
Liability, beginning of year	**$ 2,506,502**	$ 1,801,172
Premiums collected and changes in estimates during the year	**2,070,214**	2,026,939
Claims and administrative costs paid	**(1,651,179)**	(1,321,609)
Liability, end of year	**$ 2,925,537**	$ 2,506,502

Board of Education

The School System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injury; and natural disaster. The School System is one of seventeen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Group Insurance Pool (the Pool), a public entity risk pool organized as a trust. The School System pays an annual premium to the Pool for its property, liability, and automobile coverage. Such premiums are actuarially calculated for the Pool as a whole based on loss data and are allocated to members based on student enrollment and number and type of vehicles as well as experience modification factors. The Pool is reinsured on a claims-made basis for legal liability covering claims aggregating $3 million per School System per year.

11. RISK MANAGEMENT (continued)

Board of Education (continued)

Additionally, the School System is one of seventeen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Workers' Compensation Group Self-Insurance Fund (the Fund). This Fund was established to provide worker's compensation indemnity and medical benefits coverage for participating school boards. The Fund is operated under regulations promulgated by the State's Workers' Compensation Commission (COMAR 14.09.02). Each Fund participant pays an annual premium calculated on its payroll according to the standard classifications, with an experience modification applied. Although premiums billed to the Fund members are determined on an actuarial basis, ultimate liability for claims remains with the respective members and accordingly, the insurance risks are not transferred to the Fund. Six months following the end of the Fund's fiscal year, the Fund's trustees declare unneeded funds as surplus and distribute 50% of the declared surplus as dividends to the Fund members. This dividend distribution is made no sooner than one year after the close of that fiscal year. Members dedicate the remaining 50% of the surplus each year to a surplus fund until it reaches 75% net annual premium. The Fund carries an excess insurance policy providing specific excess and employer liability protection coverage, thus reducing the potential of assessment against Fund members. The Fund provides coverage for up to a maximum of $500,000 for each worker's compensation claim.

Settled claims from these risks have not exceeded the planned coverage during any of the past three years.

The School System also offers a program of self-insured health, dental, and vision benefits to its employees and retirees. Charges are made to other funds, employees and retirees for their respective share of the costs in amounts planned to match the estimated claims, the cost of insurance premiums for coverage in excess of self-insured amounts and the administrative costs in providing the program. Such costs are also offset by interest income earned from investing receipts until they are paid out in the form of claims or expenses. Administrative costs directly related to the program are borne by the Self-Insurance Fund.

In accordance with the Governmental Accounting Standards Board's Statement No. 10 "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*," charges to other funds must be accounted for as revenue by an internal service fund and expenditures/expenses by the other funds. The amounts of these charges were $52,029,338 for the year ended June 30, 2025.

11. RISK MANAGEMENT (continued)

Board of Education (continued)

The Self-Insurance Fund's accrued liabilities include an estimate of the amount to be paid for self-insured claims incurred prior to June 30, 2025 and 2024. This estimate is prepared based upon the School System's experience and other relevant facts. Changes in the Fund's claims liability amount were as follows:

	Years Ended June 30,	
	2025	**2024**
Liability, beginning of year	$ 4,164,128	$ 4,202,000
Claims and changes in estimates during the year	75,241,083	64,625,724
Claims paid and accrued	(70,976,083)	(64,663,596)
Liability, end of year	$ 8,429,128	$ 4,164,128

12. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by a third party. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets are held in trust for the exclusive benefit of the plan participants. Therefore, the plan assets are not presented in the financial statements.

13. SEGMENT INFORMATION

The County has entered into loan agreements with the Maryland Water Quality Financing Administration. The loans are backed by the full faith and credit and taxing power of the County; however, the source of payment of the principal and interest of the loans is the sewer user charges and pretreatment facility user charges. The user charges are accounted for in the Water Quality Fund.

Summarized financial information for the Sewer and Pretreatment operations is presented below. The Water Quality Department operates the County's sewage treatment plants, sewage pumping stations, and collection systems and leases the pretreatment facility to a private company.

13. SEGMENT INFORMATION (continued)

	Sewer Department	Pretreatment Department
CONDENSED STATEMENT OF NET POSITION		
ASSETS		
Current assets	$ 16,294,918	$ 11,740,970
Noncurrent assets	154,479,436	3,496,685
Total Assets	170,774,354	15,237,655
DEFERRED OUTFLOW OF RESOURCES	96,820	-
LIABILITIES		
Other current liabilities	5,266,225	-
Noncurrent liabilities	33,621,816	-
Total Liabilities	38,888,041	-
DEFERRED OUTFLOW OF RESOURCES	46,302	11,330,305
Net Position		
Net investment in capital assets	126,497,147	3,496,685
Unrestricted	7,792,258	-
Restricted - capital projects	(2,352,574)	410,665
Total Net Position	$ 131,936,831	$ 3,907,350
CONDENSED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION		
Operating revenue	$ 12,845,142	$ 302,806
Lease income	-	140,749
Operating transfer	-	-
Operating grant	169,356	-
Depreciation expense	(3,380,367)	(183,394)
Other operating expenses	(10,719,684)	-
Operating income	(1,085,553)	260,161
Non-operating revenue (expenses):		
Interest expense	(518,432)	-
Interest income	798,402	-
Capital contributions	82,625	-
Total non-operating revenue (expense)	362,595	-
Change in Net Position	(722,958)	260,161
Net Position, beginning of year	132,659,789	3,647,189
Net Position, End of Year	$ 131,936,831	$ 3,907,350
CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided (used) by:		
Operating activities	$ 2,294,814	$ 443,555
Capital and related financing activities	(10,099,897)	(431,139)
Net change	(7,805,083)	12,416
Cash and cash equivalents, beginning of year	19,262,036	-
Cash and Cash Equivalents, End of Year	$ 11,456,953	$ 12,416

14. CLOSURE AND POST-CLOSURE CARE COST

State and Federal laws and regulations require the County to place a final cover on its landfills when they stop accepting waste. The County is also required to perform certain maintenance and monitoring functions at the site for up to thirty years after closure. Although closure and post-closure care costs will be paid only near the date or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as a liability based on landfill capacity used as of each balance sheet date.

The Hancock Landfill was closed in 1993. The remaining estimated costs associated with the closure and post-closure care costs of $93,593 are reported as a liability in the Solid Waste Fund. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2025.

The Resh Landfill has reported a landfill post-closure care liability of $3,181,722 in the Solid Waste Fund. The total capacity has been used. The Resh Landfill was closed in December 2000. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2025.

The Rubble Landfill began operating during August 1995. The estimated cost associated with post-closure care of $2,202,400 is reported as a liability in the Solid Waste Fund as of June 30, 2025. The Rubble Landfill was closed in December 2000. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2025.

The 40 West Landfill began operation in fiscal year 2001. The estimated life of the Landfill is based on the average cubic yards used. As of June 30, 2025, the approximate life of the Landfill is 94 years. It is estimated that approximately 26.57% of the capacity has been used. The estimated costs associated with closure and post-closure care of $12,504,847 was reported as a liability in the Solid Waste Fund as of June 30, 2025. The County will recognize $47,055,727 of estimated cost associated with the closure and post-closure care as capacity is filled. During the fiscal year 2012 engineering re-designed the cells at 40 West Landfill. This change in estimate increased the airspace by 4 million cubic yards. This change in accounting estimate has no effect on the total estimated cost but will extend the landfill life.

The above estimates are based on estimated current costs to perform all closure and post-closure care. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in applicable laws or regulations. The County is required by state and Federal laws and regulations to meet certain closure and post-closure financial assurance requirements. The County has satisfied these requirements by demonstrating in information submitted by the CFO that they meet the Local Government Financial Test as of June 30, 2025, as specified in 40CFR258.

15. OTHER POST-RETIREMENT EMPLOYEE BENEFITS

Primary Government

Plan Description

The County offers postretirement health care benefits to employees who retire from the County under normal or early retirement provisions of the pension plan. The health care benefits are provided until the retiree is eligible for Medicare. Retirees who exercise the one-time option for the health care benefits contribute based on a sliding scale as follows:

Years of Service	% of Estimated Cost
35+	10%
25 - 34	20%
15 - 24	30%
10 - 14	40%
0 - 9	50%

The County pays the remaining cost as part of its self-insurance program. Currently, 77 retirees are receiving benefits and 170 employees are retirement eligible. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported.

Investments

The County's OPEB Plan Investment Policy states that the assets are to be managed for total return, defined as dividend and interest income plus or minus capital gains and losses. Investments shall be diversified so as to minimize the risk of unacceptable losses. The portfolio is looked at as a whole rather than as individual securities. Investing for long term (preferably longer than 10 years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface. The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

Investment Type	Range	Target
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-15%	7%
Real Estate	0-10%	4%
Infrastructure	0-10%	4%
Private Credit/ High Yield	0-10%	5%
Fixed Income:		
Investment Grade	13-23%	23%
Money Market	0-10%	2%

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Funding Policy

The County intends to fund any annual short-fall between OPEB and actual pay-go expense into a legally executed trust fund. The trust fund will be invested as a long-term pension trust, using an appropriately balanced portfolio of equities and debt instruments, to prudently maximize long-term investment returns. The County funded $400,000 which was the actuarially determined contribution.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Net OPEB Liability (Asset)

The net OPEB liability (asset) is equal to the total OPEB liability minus the net position of the plan. The result as of June 30, 2025 is as follows:

Total OPEB liability	$ 23,663,796
Net position	(33,900,641)
Net OPEB liability (asset)	$ (10,236,845)

Net position as a percentage of total OPEB liability is 143.26%.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Best estimates of arithmetic assumed rates of return for each class included in the OPEB plans' general target asset allocation as of June 30, 2025 is as follows:

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Actuarial Methods and Assumptions (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	35%	5.2%
International Equity	20%	5.3%
Options / Defensive Equity	7%	4.4%
Infrastructure	4%	4.5%
High Yield	5%	4.5%
Core Fixed Income	27%	2.7%
Cash	2%	0.7%
Inflation		2.3%
Total	100%	

In the actuarial valuation for the plan year ending June 30, 2025, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 3.94%. The actuarial value of assets was determined using a market value of assets valuation method. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percent of payroll. The remaining amortization period as of June 30, 2025, was 13 years.

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

The following presents the net OPEB liability of the Plan, calculated using a discount rate of 7.25% as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1.0% decrease 6.25%	Current rate 7.25%	1.0% increase 8.25%
Net OPEB liability (asset)	$ (8,660,187)	$ (10,236,845)	$ (11,718,409)

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Sensitivity of the net OPEB liability to changes in the health care cost trend rate

The following presents the net OPEB liability of the Plan, calculated using trend rate as well as what the Plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1.0% decrease 3.04%	Trend rate 4.04%	1.0% increase 5.04%
Net OPEB liability (asset)	$ (12,451,693)	$ (10,236,845)	$ (7,635,038)

For the fiscal year ended June 30, 2025, Washington County Government recognized an OPEB expense of ($2,727,963). As of June 30, 2025, Washington County Government reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,045,453	$ 1,925,252
Change in assumptions	557,953	868,494
Net difference between projected and actual investment earnings	-	1,526,242
Total	$ 1,603,406	$ 4,319,988

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

Years Ended June 30, 2025	Amount
2026	$ (268,310)
2027	(1,218,633)
2028	(1,004,054)
2029	(466,673)
2030	(177,136)
Thereafter	418,224
Total	$ (2,716,582)

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education

In addition to providing the pension benefits described above, the School System provides postemployment health care and life insurance benefits (OPEB) for retired employees, their spouses and dependents, and surviving spouses and dependents. On April 15, 2008, the Board created the Retiree Benefit Trust of the Board of Education of Washington County (the Trust) in order to arrange for the establishment of a reserve to pay health and welfare benefits for future retirees. The Trust is affiliated with the Maryland Association of Boards of Education Pooled OPEB Investment Trust, an agent multiple-employer public employee retirement system established by the Maryland Association of Boards of Education (MABE). The Board reserves the right to establish and amend the provisions of the Trust with respect to participants, any benefit provided thereunder, or its participation therein, in whole or in part at any time, by resolution of its governing body and upon advance written notice to the Trustees. The Maryland Association of Boards of Education Pooled OPEB Investment Trust issues an annual financial report for the Trust. That report may be obtained by writing to Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401, or by calling 1-800-841-8197.

Eligible participants include employees, former employees, or beneficiaries of Washington County Public Schools who are receiving pensions. Participants must meet the retirement eligibility requirements of the State of Maryland Employees' and Teachers' Pension System (EPS). Under EPS, members hired on or after July 1, 2011 are in the Reformed Contributory Pension System. The earliest retirement eligibility under the Reformed Contributory Pension System is the earlier of:

- Rule of 90 (age plus service is at least 90),
- Age 65 with 10 years of service, or
- Age 60 with 15 years of service.

For other members of EPS, the earliest retirement eligibility is the earlier of:

- Age 55 with 15 years of service,
- Age 62 with 5 years of service,
- Age 63 with 4 years of service,
- Age 64 with 3 years of service,
- Age 65 with 2 years of service, or
- 30 years of service (regardless of age).

Under EPS, there are two types of disability benefits, ordinary and accidental. Ordinary disability under EPS requires five (5) years of eligibility service. There is no service credit requirement for accidental disability.

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Retirees can continue the same medical coverage they had (including family coverage) as active employees. Retirees receive a subsidy for their post-retirement medical insurance based on points (Age + Service). A minimum of 66 points (with 5 years of service) is required to receive a subsidy. The maximum subsidy of 85% is reached at 85 points (note this is a blended subsidy percentage based on the subsidy for each plan and the current enrollment distribution). Retirees with less than 66 points are allowed access, but must pay 100% of the published rates.

Contributions

The School System will contribute the higher of the budgeted pay-go amount or actual pay-go amount to the trust for fiscal year 2025. Because of the sponsor's funding policy, it is anticipated the sponsor's cash requirement will increase as time goes on. For the year ended June 30, 2025 and 2024, the School System's average contribution rate was 7.87% and 9.93%, respectively of covered payroll. Employees are not required to contribute to the plan. Total claims paid on behalf of retirees amounted to $21,252,742 of which $4,337,372 was reimbursed through contributions received from retirees for the year ended June 30, 2025. In addition, the School System contributed $1,159,515 to the MABE Trust for the year ended June 30, 2025.

Plan Membership

The School System partially supports the group insurance plan for the retired employees. Eligibility is determined by a point system based on a retiree's age at the date of retirement and the number of years of service with the School System. The School System pays up to a maximum of 85% of the premium of the standard plan, based on the points earned. There were 3,492 active employees and 1,516 inactive employees or beneficiaries currently receiving benefit payments at the June 30, 2025, measurement date.

Investments

The MABE Trust's policy in regards to the allocation of invested assets is established and may be amended by the Trustees by a majority vote of its members. It is the policy of the Trust to pursue an investment strategy that emphasizes growth of principal while avoiding excess risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index. The MABE Trust's investment policy discourages the use of cash equivalents, except for liquidity purposes and aims to refrain from dramatically shifting asset class allocations over short time span. The following is the MABE Trust's adopted asset allocation policy as of June 30, 2025:

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Investments (continued)

Asset Class	Target Allocation
U.S. Equity	30.0%
Non U.S. Equity	23.0%
Fixed Income	40.0%
Real Estate	4.0%
Cash	3.0%
Total	100.0%

Rate of Return

For the years ended June 30, 2025 and 2024, the annual money-weighted rate of return on investments, net of investment expense, was 7.95% and 7.62%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment in External Investment Pool

The School System has funds designated for Other Post-employment Benefits (OPEB) that are held by the Maryland Association of Board of Education (MABE) in the MABE OPEB Trust (MABE Trust). The MABE Trust is administered by the MABE and is a wholly-owned instrumentality of its members. The ten members who are sole contributors to the MABE Trust consist of Allegany Fiduciary Fund and the boards of education of the following counties in Maryland: Allegany, Caroline, Cecil, Charles, Harford, Kent, Prince George’s, St. Mary’s, and Washington.

The MABE Trust is audited annually by an independent CPA firm. The audit report is usually issued by September 1st of each year, a copy of which can be obtained by sending a request to the following address: Administrator of the MABE Pooled Investment Trust, 621 Ridgely Road, Suite 300, Annapolis, MD 21401-1112.

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Net OPEB Liability

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

Total OPEB liability	$ 314,781,564
Net position	(139,361,673)
Net OPEB liability	$ 175,419,891

Plan fiduciary net position as a percentage of the total OPEB liability was 44.27%.

Actuarial Methods and Assumptions

The actuarial assumption and related discount rate disclosures as required by GASB 74 are included in a separately issued report available from the Board of Education.

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

The following presents the net OPEB liability of the Plan, calculated using a discount rate of 6.18% as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.18%) or 1-percentage point higher (7.18%) than the current rate:

	1.0% decrease 5.18%	Current rate 6.18%	1.0% increase 7.18%
Net OPEB liability (asset)	$ 224,346,000	$ 175,420,000	$ 135,807,000

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Plan, calculated using trend rate as well as what the Plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% decrease	Medical trend rate	1% increase
Net OPEB liability (asset)	$ 128,269,000	$ 175,420,000	$ 235,986,000

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Detailed OPEB plan information for the School System is available in a separately issued audited financial statements available on the School System's website.

16. CONTINGENCIES AND COMMITMENTS

Primary Government

In the normal course of operations, the County receives grant funds from various Federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The County Commissioners and the Sheriff of Washington County are defendants in various legal proceedings as of June 30, 2025. There are also certain unasserted claims that could possibly be asserted. The Commissioners intend to defend all litigations against them. In the Commissioners' opinion, the liability, if any, in or arising from these litigations or any other legal proceedings in which the County is involved, will not have a material adverse effect on its financial condition.

The County is committed under various contracts for the construction or acquisition of fixed assets. These projects are generally budgeted in the Capital Projects Fund, and funding has been provided for their completion.

On June 23, 2014, the Board of County Commissioners of Washington County, Maryland entered into a $4 million loan agreement with the Maryland Department of Commerce and Mack Trucks, Inc. The loan proceeds were made for eligible project costs and does not require repayment unless specific employment levels are not met. If such a condition occurs, repayments are guaranteed to DBED by the County. Mack Trucks, Inc. is contractually obligated to the County to reimburse any payments occurring as a result of the guarantee. As of June 30, 2025, there is no effect on amounts reported on the County's statement of net position or statement of activities as a result of this guarantee.

16. CONTINGENCIES AND COMMITMENTS (continued)

Board of Education

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.

As of June 30, 2025, the School System had entered into various school construction commitments, that will be funded by the State of Maryland or County sources, totaling approximately $14,937,142 and are included in encumbrances.

As of June 30, 2025, the School System had outstanding purchase orders and contracts of $18,544,313. These amounts are partially included in assigned fund balance in the appropriate funds.

Current expense fund - unrestricted	$ 6,866,411
Current expense fund - restricted	1,966,507
Capital projects fund	9,711,395

17. FUND BALANCES

Fund balances reflected in the governmental funds balance sheet as of June 30, 2025 are categorized as follows:

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Non-Spendable				
Inventory	$ 1,217,666	$ -	$ -	$ 1,217,666
Notes receivable	57,781	-	-	57,781
Restricted				
Programs and activities	422,834	-	5,815,032	6,237,866
Workers compensation	180,000	-	-	180,000
Capital projects	-	71,646,655	-	71,646,655
Committed				
Contingencies	82,268,661	-	-	82,268,661
Programs and activities	6,221,776	-	2,358,133	8,579,909
Capital projects	-	109,659,342	-	109,659,342
Assigned				
Programs and activities	46,586	-	2,334,835	2,381,421
Unassigned	6,133	-	-	6,133
Totals	$ 90,421,437	$ 181,305,997	$ 10,508,000	$ 282,235,434

18. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS

On September 26, 2000, the Board of County Commissioners approved the Volunteer Length of Service Award Program (LOSAP), a defined benefit plan for eligible volunteers of Washington County fire, rescue, emergency medical services or support organizations. LOSAP, which will be funded entirely by the County General Fund, provides benefit payments to volunteers who have completed certain eligibility and years of service requirements. An active volunteer who has attained age 62 and has been credited with a minimum of 25 years of active LOSAP Service is eligible to receive, until his or her death, a monthly benefit payment of $200, or may elect an actuarially reduced benefit in the form of a joint survivor annuity.

An active volunteer, who has completed more than 25 years of Active LOSAP Service Credit, is eligible to receive, until his or her date of death, an additional monthly benefit payment of $15 for each year of active LOSAP service credit in excess of 25 years, not to exceed a total monthly benefit payment of $350. No LOSAP benefits were paid before January 1, 2007. Generally, a volunteer must be an active volunteer on or after January 1, 2007, to be eligible for any benefit under LOSAP. LOSAP also provides for death and disability benefits.

Investments

The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

Investment Type	Range	Target
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-15%	7%
Infrastructure	0-10%	4%
Real Estate	0-10%	4%
Private Credit/ High Yield	0-10%	5%
Fixed Income:		
Investment Grade	13-33%	23%
Cash	0-10%	2%

18. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS (continued)

Investments (continued)

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. 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 adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2025 is as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	5.2%
International Equity	20%	5.3%
Options / Defensive Equity	7%	4.4%
Private Real Estate	4%	4.1%
Private Infrastructure	4%	4.5%
Private Credit	5%	7.2%
Core Fixed Income	23%	2.7%
Cash	2%	0.7%
Inflation		2.3%
Total	100%	

Net pension liability (asset)

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2025 is as follows:

Total pension liability	$ 13,204,628
Net position	(13,518,045)
Net pension liability (asset)	$ (313,417)

Net position as a percentage of total pension liability is 102.37%.

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

18. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS (continued)

The following presents the net pension liability of the plan, calculated using a discount rate of 7.25% as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1.0% decrease 6.25%	Current rate 7.25%	1.0% increase 8.25%
Net pension liability (asset)	$ 1,168,355	$ (313,417)	$ (1,555,968)

Pension expense and deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2025, the County recognized pension expense of $32,003. As of June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to the length of service award program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 166,138	$ 487,429
Change in assumptions	42,931	21,311
Net difference between projected and actual investment earnings	-	576,675
Total	$ 209,069	$ 1,085,415

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

Years Ended June 30,	Amount
2026	$ 164,695
2027	(434,703)
2028	(359,215)
2029	(223,628)
2030	(23,495)
Total	$ (876,346)

19. TAX ABATEMENTS

Washington County provides tax abatements and credits to encourage economic development: the Job Creation & Capital Investment Real Property Tax Credit, the New Jobs Tax Credit, Pad-Ready Site Commercial Stimulus Credit, and the Enterprise Zone Tax Credit.

On September 9, 2025, the Washington County Board of County Commissioners voted to enhance the Job Creation and Capital Real Property (JCRP) Tax Credit Program, with updates effective July 1, 2025. As a result of the changes to the JCRP Tax Credit Program, the Board voted to repeal the Pad-Ready Site Stimulus Program and the New Jobs Tax Credit Program. Businesses currently receiving tax credits under this program will continue to do so until the expiration of the applicable periods.

Job Creation & Capital Investment Real Property Tax Credit Program

This tax credit program ranges from six (6) years to fifteen (15) years in tax credits on the County portion of real estate taxes for qualified businesses that either expand or locate and increase employment in Washington County. There are three opportunities:

A. An existing business entity (1) must obtain at least an additional 1,500 square feet of new or expanded premises; (2) must employ at least one (1) individual in a new, permanent full-time position during a 12-month period during which the business entity must obtain and occupy the new or expanded premises. The tax credit is 52% during years one and two; 39% during years three and four; and 26% during years five and six.

B. (1) Must obtain at least 2,500 square feet; (2) employ at least five additional new, permanent full-time employees during a 24-month period. The tax credit is 30% during years one and two; 20% during years three and four; and 10% during years five and six.

C. (1) Must invest $10,000,000 in capital improvements; (2) create 100 new, permanent full-time employees. Tax credit is 100% for each of the first five taxable years; 75% for year six through ten; 50% for years 11 through 15.

In FY2025, utilization of this program issued tax credits in the amount of $2,290,652.

New Jobs Tax Credit Program

This program provides a six-year tax credit for qualified businesses that either expand or relocate in Washington County. The credit applies to Washington County's real property tax on real property owned or leased by the business and on personal property owned by that business. The amount of the New Jobs Tax Credit a business may claim against County taxes imposed on the assessed value of the new or expanded premises in which the credit is allowed is:

19. TAX ABATEMENTS (continued)

• 52% during the first (1st) and second (2nd) taxable years
• 39% during the third (3rd) and fourth (4th) taxable years
• 26% during the fifth (5th) and sixth (6th) taxable years
To qualify for the program, a business must:
• Either construct or expand its operations in Washington County by a minimum of 10,000 square feet:
• Employ at least 25 persons in new, permanent full-time positions located at the new or expanded premises in Washington County:
• Pay 50% of those new jobs at least 135% of the average weekly wage per Washington County worker as reported by the Maryland Department of Labor at the end of the previous calendar years, and,
• Be in a Priority Funding Area as designated in Title 5, Subtitle 7B of the State Finance and Procurement Article.

In FY2025, there was no utilization of this program.

Pad-Ready Site Commercial Stimulus Program

A commercial property stimulus program that offers a qualified project a three-year tax credit against the County real property tax on four-tenths of one percent (0.004) of construction costs of the new improvement on the approved parcel.

This program is a valued part of our local business incentive package and considered integral in spurring economic growth in Washington County. Qualifying projects are entitled to priority plan review by the Washington County Development Advisory Committee, deferral of County Site Plan application and review fees and a real-estate tax credit issuance once buildings are constructed and occupied. The tax credit is to be 0.4 of a percent (.004%) of the construction cost of the new improvement as determined by this office and will apply for three consecutive years. The credit is limited to the lesser of three years or until the parcel is further developed.

In FY2025, there was no utilization of this program.

20. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 101, *Compensated Absences* and Statement No. 102: *Certain Risk Disclosures*; which took effect during FY 2025. The County implemented this Statement that was applicable and had no material impact to the financial statements.

The GASB has issued Statement No. 103, *Financial Reporting Model Improvements* and Statement No. 104, *Disclosure of Certain Capital Assets,* which will require adoption in

20. NEW ACCOUNTING PRONOUNCEMENTS (continued)

future years. The County will be analyzing the effect of these pronouncements and plans to adopt them, as applicable, by their effective date(s).

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability									
Service Cost: Retirement benefits Administration	$ 1,076,825	$ 1,111,116	$ 1,098,881	$ 713,184	$ 756,448	$ 782,686	$ 983,258	$ 1,025,563	$ 954,012
Interest	1,539,765	1,384,475	1,507,241	930,069	961,217	961,904	1,577,724	1,680,908	1,546,680
Changes in benefit terms	-	-	-	7,402,719	-	-	-	-	-
Differences between expected and actual experiences	857,203	356,092	(2,102,227)	56,668	(1,490,139)	(367,885)	(239,377)	(3,216,054)	-
Changes of assumptions	637,661	-	(1,165,828)	-	(53,646)	(838,141)	(9,622,292)	(223,390)	-
Benefit payments	(1,397,271)	(1,640,470)	(1,036,443)	(932,146)	(631,096)	(533,287)	(641,700)	(655,923)	(147,184)
Net changes in total OPEB liability	2,714,183	1,211,213	(1,698,376)	8,170,494	(457,216)	5,277	(7,942,387)	(1,388,896)	2,353,508
Total OPEB liability - beginning	20,949,613	19,738,400	21,436,776	13,266,282	13,723,498	13,718,221	21,660,608	23,049,504	20,695,996
Total OPEB liability - ending (a)	$ 23,663,796	$ 20,949,613	$ 19,738,400	$ 21,436,776	$ 13,266,282	$ 13,723,498	$ 13,718,221	$ 21,660,608	$ 23,049,504
Plan fiduciary net position									
Contributions - employer	$ 400,000	$ 659,000	$ -	$ -	$ 12,832	$ 14,879	$ 641,700	$ 1,877,923	$ 1,347,184
Net investment income	3,708,874	3,749,282	2,960,361	(3,405,156)	6,924,233	922,876	1,324,499	1,702,823	1,919,215
Benefit payments	(1,397,271)	(1,640,470)	(1,036,443)	(932,146)	(631,096)	(533,287)	(641,700)	(655,923)	(147,184)
Administrative expense	(20,281)	(22,077)	(24,879)	(36,595)	(22,037)	(46,687)	(108,008)	(21,763)	-
Net changes in plan fiduciary net position	2,691,322	2,745,735	1,899,039	(4,373,897)	6,283,932	357,781	1,216,491	2,903,060	3,119,215
Plan fiduciary net positions - beginning	31,209,319	28,463,584	26,564,545	30,938,442	24,654,510	24,296,729	23,080,238	20,177,178	17,057,963
Plan fiduciary net positions - ending (b)	$ 33,900,641	$ 31,209,319	$ 28,463,584	$ 26,564,545	$ 30,938,442	$ 24,654,510	$ 24,296,729	$ 23,080,238	$ 20,177,178
County's net OPEB - liability - ending (a) - (b)	$ (10,236,845)	$ (10,259,706)	$ (8,725,184)	$ (5,127,769)	$ (17,672,160)	$ (10,931,012)	$ (10,578,508)	$ (1,419,630)	$ 2,872,326
Plan fiduciary net position as a percentage of total pension liability	143.26%	148.97%	144.20%	123.92%	233.21%	179.65%	177.11%	106.55%	87.54%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	11.88%	13.17%	11.14%	(11.01)%	28.09%	3.80%	5.74%	8.44%	11.25%

Notes to schedule:
This information is not available for FY16 and prior.

Benefit changes

None.

Change of assumptions

The discount rate was changed as follows:

	2025	2024	2023	2022	2021	2020	2019	2018	2017
The discount rate changes year-to-year:	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%

The healthcare cost trend assumption was updated based on the 2024 Getzen model released by the SOA.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of OPEB Trust Fund Employer Contributions
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 360,000	$ 339,000	$ 320,000	$ -	$ -	$ -	$ -	$ 950,000	$ 1,261,000
Contributions in relation to the actuarially determined contributions	400,000	659,000	-	-	12,832	14,879	641,700	1,877,923	1,347,184
Contributions deficiency (excess)	$ (40,000)	$ (320,000)	$ 320,000	$ -	$ (12,832)	$ (14,879)	$ (641,700)	$ (927,923)	$ (86,184)
Covered employee payroll	N/A	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	N/A

Notes to schedule:

Benefit changes	None.
Changes of assumptions	None.

Methods and assumptions used to determine contribution rates:

Measurement Date	7/1/2023
Valuation Date	2/1/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, closed
Remaining amortization period	13 years for FYE 2025
Asset valuation method	Market Value of Assets
Investment rate of return	7.25% for FYE 2019 and after, 7.50% for FYE 2017 and 2018
Payroll growth rate	3.00%
Inflation	2.50%
Healthcare cost trend rate	The trend for 2025 is 5.2%. The ultimate trend is 3.94%.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – General Employees' Pension Fund
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service Cost: Retirement benefits Administration	$ 10,278,676	$ 9,428,928	$ 8,015,065	$ 7,446,422	$ 6,949,190	$ 7,011,877	$ 6,564,304	$ 5,050,740	$ 4,903,615	$ 3,124,202
Interest	22,239,322	20,522,593	19,503,470	18,464,711	17,648,545	17,001,079	16,190,295	15,612,649	11,595,913	10,745,024
Benefit payments, including refunds of member contributions	(15,804,355)	(14,315,967)	(12,581,179)	(12,702,206)	(11,241,936)	(15,048,127)	(9,973,991)	(8,172,571)	(8,860,156)	(7,789,289)
Changes of benefit terms	2,443,848	1,361,075	-	-	(1,368,197)	(1,937,366)	(299,442)	-	22,002,473	1,358,032
Differences between expected and actual experiences	(1,946,990)	7,426,597	(13,093)	1,058,260	-	-	1,239,143	3,555,655	3,657,687	6,532,000
Changes of assumptions	-	-	-	-	-	-	-	-	19,913,151	2,532,160
Net changes in total pension liability	17,210,501	24,423,226	14,924,263	14,267,187	11,987,602	7,027,463	13,720,309	16,046,473	53,212,683	16,502,129
Total pension liability - beginning	314,651,455	290,228,229	275,303,966	261,036,779	249,049,177	242,021,714	228,301,405	212,254,932	159,042,249	142,540,120
Total pension liability - ending (a)	$ 331,861,956	$ 314,651,455	$ 290,228,229	$ 275,303,966	$ 261,036,779	$ 249,049,177	$ 242,021,714	$ 228,301,405	$ 212,254,932	$ 159,042,249
Plan fiduciary net position										
Contributions - employer	$ 28,998,319	$ 20,296,260	$ 13,381,955	$ 17,370,433	$ 19,210,540	$ 12,137,468	$ 11,825,000	$ 10,510,000	$ 7,010,000	$ 6,621,156
Contributions - member	3,581,847	3,222,345	2,795,070	2,667,465	2,527,417	2,183,984	2,119,985	2,094,346	1,955,511	1,873,710
Net investment income	27,262,720	27,801,554	16,656,261	(19,799,377)	37,174,903	5,025,847	6,676,652	9,409,621	10,676,800	628,709
Benefit payments, including refunds of member contributions	(15,804,355)	(14,315,967)	(12,581,179)	(12,702,206)	(11,241,936)	(15,048,127)	(9,973,991)	(8,172,571)	(8,860,156)	(7,789,289)
Administrative expense	(145,027)	(149,995)	(168,181)	(142,111)	(138,164)	(172,390)	(175,860)	(150,795)	(130,631)	(98,464)
Net changes in plan fiduciary net position	43,893,504	36,854,197	20,083,926	(12,605,796)	47,532,760	4,126,782	10,471,786	13,690,601	10,651,524	1,235,822
Plan fiduciary net positions - beginning	224,153,089	187,298,892	167,214,966	179,820,762	132,288,002	128,161,220	117,689,434	103,998,833	93,347,309	92,111,487
Plan fiduciary net positions - ending (b)	$ 268,046,593	$ 224,153,089	$ 187,298,892	$ 167,214,966	$ 179,820,762	$ 132,288,002	$ 128,161,220	$ 117,689,434	$ 103,998,833	$ 93,347,309
County's net pension - liability - ending (a) - (b)	$ 63,815,363	$ 90,498,366	$ 102,929,337	$ 108,089,000	$ 81,216,017	$ 116,761,175	$ 113,860,494	$ 110,611,971	$ 108,256,099	$ 65,694,940
Plan fiduciary net position as a percentage of total pension liability	80.77%	71.24%	64.54%	60.74%	68.89%	53.12%	52.95%	51.55%	49.00%	58.69%
Covered employee payroll	$ 57,761,000	$ 53,171,000	$ 45,202,000	$ 42,021,000	$ 38,896,000	$ 39,131,000	$ 36,785,000	$ 34,848,986	$ 33,462,000	$ 31,662,000
Net liability as a percentage of covered payroll	110.48%	170.20%	227.71%	257.23%	208.80%	298.39%	309.53%	317.40%	323.52%	207.49%
Annual money-weighted rate of return, net of investment expense	12.16%	14.84%	(11.01)%	(11.01)%	28.10%	3.92%	5.67%	9.05%	11.44%	0.68%

Notes to schedule:

Benefit changes: A 1% ad-hoc COLA was granted to all in-pay and DROP participants on July 1, 2024.

Change of assumptions: None.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of General Employees' Pension Fund Employer Contributions
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 14,082,000	$ 11,736,000	$ 11,147,000	$ 11,148,000	$ 11,183,000	$ 10,916,000	$ 11,819,000	$ 10,510,000	$ 7,009,000	$ 6,621,000
Contributions in relation to the actuarially determined contributions	28,998,000	20,296,000	13,382,000	19,210,540	19,211,000	12,137,000	11,825,000	10,510,000	7,010,000	6,621,000
Contributions deficiency (excess)	$ (14,916,000)	$ (8,560,000)	$ (2,235,000)	$ (8,062,540)	$ (8,028,000)	$ (1,221,000)	$ (6,000)	$ -	$ (1,000)	$ -
Covered employee payroll	$ 57,761,000	$ 53,171,000	$ 45,202,000	$ 42,021,000	$ 38,896,000	$ 39,131,000	$ 36,785,000	$ 34,848,986	$ 33,462,000	$ 31,662,000
Contributions as a percentage of covered employee payroll	50.20%	38.17%	29.60%	45.72%	49.39%	31.02%	32.15%	30.16%	20.95%	20.91%

Notes to schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar Amount
Remaining amortization period	From 3 - 15 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Rates vary by participant service
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Total Dataset with fully generational projection using scale MP-2015

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – Length of Service Award Fund
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service Cost: Retirement benefits Administration	$ 254,012	$ 240,484	$ 235,239	$ 266,527	$ 246,501	$ 237,335	$ 226,280	$ 244,565	$ 234,716	$ 157,984
Interest	912,602	905,896	898,508	863,381	826,896	823,402	707,838	702,309	580,130	968,187
Differences between expected and actual experiences	(140,965)	(263,149)	(284,873)	55,878	92,770	(222,174)	925,489	24,530	995,034	(6,285,232)
Changes of assumptions	-	-	-	-	-	(149,195)	343,476	-	356,243	906,099
Benefit payments, including refunds of member contributions	(817,264)	(764,219)	(729,726)	(672,827)	(653,016)	(629,306)	(588,909)	(555,590)	(518,538)	(490,872)
Net changes in total pension liability	208,385	119,012	119,148	512,959	513,151	60,062	1,614,174	415,814	1,647,585	(4,743,834)
Total pension liability - beginning	12,996,243	12,877,231	12,758,083	12,245,124	11,731,973	11,671,911	10,057,737	9,641,923	7,994,338	12,738,172
Total pension liability - ending (a)	$ 13,204,628	$ 12,996,243	$ 12,877,231	$ 12,758,083	$ 12,245,124	$ 11,731,973	$ 11,671,911	$ 10,057,737	$ 9,641,923	$ 7,994,338
Plan fiduciary net position										
Contributions - employer	$ 508,000	$ 243,408	$ 326,000	$ 386,634	$ 564,557	$ 564,557	$ 460,000	$ 600,000	$ 600,000	$ -
Net investment income	1,463,626	1,524,502	1,198,223	(1,574,222)	2,866,396	347,769	503,259	721,822	852,460	55,233
Benefit payments, including refunds of member contributions	(817,264)	(764,219)	(729,726)	(672,827)	(653,016)	(629,306)	(588,909)	(555,590)	(518,538)	(490,872)
Administrative expense	(16,237)	(20,788)	(12,668)	(22,754)	(14,195)	(29,543)	(34,803)	(35,075)	(30,524)	(20,610)
Net changes in plan fiduciary net position	1,138,125	982,903	781,829	(1,883,169)	2,763,742	253,477	339,547	731,157	903,398	(456,249)
Plan fiduciary net positions - beginning	12,379,920	11,397,017	10,615,188	12,498,357	9,734,615	9,481,138	9,141,591	8,410,434	7,507,036	7,963,285
Plan fiduciary net positions - ending (b)	$ 13,518,045	$ 12,379,920	$ 11,397,017	$ 10,615,188	$ 12,498,357	$ 9,734,615	$ 9,481,138	$ 9,141,591	$ 8,410,434	$ 7,507,036
County's net pension - liability - ending (a) - (b)	$ (313,417)	$ 616,323	$ 1,480,214	$ 2,142,895	$ (253,233)	$ 1,997,358	$ 2,190,773	$ 916,146	$ 1,231,489	$ 487,302
Plan fiduciary net position as a percentage of total pension liability	102.37%	95.26%	88.51%	83.20%	102.07%	82.98%	81.23%	90.89%	87.23%	93.90%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	11.82%	13.38%	(12.60)%	(12.60)%	29.45%	3.67%	5.51%	8.58%	11.36%	0.69%

Notes to schedule:

Benefit changes	None.
Change of assumptions	None.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Volunteer Length of Service Award Fund Employer Contributions
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 507,073	$ 243,000	$ 326,000	$ 387,000	$ 565,000	$ 565,000	$ 455,000	$ 467,000	$ 467,000	$ -
Contributions in relation to the actuarially determined contributions	508,000	243,000	326,000	387,000	565,000	565,000	460,000	600,000	600,000	-
Contributions deficiency (excess)	$ (927)	$ -	$ -	$ -	$ -	$ -	$ (5,000)	$ (133,000)	$ (133,000)	$ -
Covered employee payroll	N/A	N/A	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	N/A	N/A

Notes to schedule:
Valuation date

Actuarially determined contribution amounts are calculated as of the beginning of the calendar year (January 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll
Remaining amortization period	8 to 15 years (closed)
Asset valuation method	Market Value
Inflation	3.00%
Salary increases	None
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Normal retirement age
Mortality	Pub-2010 Safety Retirees Headcount-Weighted Mortality with fully generational projection using scale MP2019

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statements of Financial Schedules
June 30, 2025

Non-Major Governmental Funds

The Grant Management Fund is a special revenue fund used to account for all activities conducted by this department of the County. The Grant Management core function is to coordinate services and identify needs of the children, youth and families of Washington County.

Cascade Town Centre is a special revenue fund used to account for certain maintenance related expenditures at the former Fort Ritchie Army site.

The Inmate Welfare Fund is a special revenue fund used to account for commissary activities at the Washington County Detention Center and other inmate related revenue and expenses.

The Contraband Fund is a special revenue fund used for the deposit and temporary holding of seized U.S. Currency related to Narcotics Investigations. These monies are held in escrow pending civil or criminal court proceedings or abandonment. Released funds are used for law enforcement related expenses within Washington County at the discretion of the Board of Directors for the Washington County Narcotics Task Force.

The Agricultural Education Center Fund is a special revenue fund used to account for all transactions of the Agricultural Education Center (Center). The purpose of this Center is to promote agricultural pursuits in Washington County and to educate the general public and members of the agricultural community in all areas regarding agriculture in the County.

The Hotel Rental Tax Fund is a special revenue fund for accounting of taxes collected on transient charges paid to a hotel or motel located in the County, and for the distribution of the tax revenue to the Hagerstown/Washington County Convention and Visitors Bureau, municipalities and for special projects for the County.

The Gaming Fund is a special revenue fund for accounting of permits and licensing fees, for tip jar and bingo gaming activity. The Gaming Fund distributes funds to the various fire and rescue companies and charitable organizations in the County.

The Land Preservation Fund is a special revenue fund established to account for State and County programs related to preserving agricultural land in the County. A portion of the County's transfer tax is used to purchase permanent easements through an installment purchase program and a portion of the transfer tax is remitted to the State for the purchase of easements and transferable development rights.

The Hagerstown/Eastern Panhandle Metropolitan Planning Organization (HEPMPO) Fund is a special revenue fund used to account for transportation planning activities. The objective of the organization is to ensure that a continuing, cooperative, and comprehensive approach for short- and long-range transportation planning is established and maintained for the metropolitan area.

The Foreign Trade Zone Fund is a special revenue fund used to account for all transactions of the Foreign Trade Zone Commission. The Foreign Trade Zone Commission was established to allow a reduction or elimination of import taxes for County businesses within the 1,786 acres of the zone.

Combining Statements of Financial Schedules (continued)
June 30, 2025

Non-Major Proprietary Funds

The Public Transit Fund accounts for the activities of the public bus transportation system.

The Golf Course Fund accounts for activities at the Black Rock Golf Course including a public restaurant, currently being leased to a third party, an 18-hole golf course, and a full-service pro shop.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

	Grant Management	Cascade Town Centre	Inmate Welfare	Contraband	Agricultural Education Center	Hotel Rental Tax	Gaming	Land Preservation	HEPMPO	Foreign Trade Zone	Total Non-major Funds
ASSETS											
Cash	$ 3,578,116	$ 606,684	$ 1,024,804	$ 929,846	$ 132,178	$ 1,963,370	$ 1,787,635	$ 4,626,826	$ -	$ 17,670	$ 14,667,129
Accounts receivable	-	12,500	-	-	2,890	344,227	111,937	-	-	4,833	476,387
Interest receivables	-	140	-	9,868	-	-	-	-	-	-	10,008
Leases receivable	-	95,642	-	-	-	-	-	-	-	-	95,642
Unbilled receivable	1,141	-	-	-	-	-	-	-	-	-	1,141
Due from other government agencies	1,404,596	-	-	-	-	-	-	-	252,696	-	1,657,292
TOTAL ASSETS	$ 4,983,853	$ 714,966	$ 1,024,804	$ 939,714	$ 135,068	$ 2,307,597	$ 1,899,572	$ 4,626,826	$ 252,696	$ 22,503	$ 16,907,599
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable	$ 592,504	$ 5,526	$ 29,915	$ -	$ 10,305	$ 410,711	$ 1,833,395	$ 126,320	$ 87,670	$ 569	$ 3,096,915
Accrued expenses	8,168	-	967	-	1,569	-	4,495	2,294	32	-	17,525
Due to other funds	-	-	-	-	-	-	-	-	144,060	-	144,060
Unearned revenue	166,955	-	-	-	-	-	-	1,454,820	-	-	1,621,775
Other liabilities	-	-	-	838,006	2,000	-	-	592,203	-	-	1,432,209
TOTAL LIABILITIES	767,627	5,526	30,882	838,006	13,874	410,711	1,837,890	2,175,637	231,762	569	6,312,484
Deferred Inflow of Resources											
Leases	-	87,115	-	-	-	-	-	-	-	-	87,115
Total Deferred Inflow of Resources	-	87,115	-	-	-	-	-	-	-	-	87,115
FUND BALANCES											
Restricted	4,105,729	-	993,922	-	-	-	-	715,381	-	-	5,815,032
Committed	-	622,325	-	-	-	-	-	1,735,808	-	-	2,358,133
Assigned	110,497	-	-	101,708	121,194	1,896,886	61,682	-	20,934	21,934	2,334,835
TOTAL FUND BALANCES	4,216,226	622,325	993,922	101,708	121,194	1,896,886	61,682	2,451,189	20,934	21,934	10,508,000
TOTAL LIABILITIES AND FUND BALANCES	$ 4,983,853	$ 714,966	$ 1,024,804	$ 939,714	$ 135,068	$ 2,307,597	$ 1,899,572	$ 4,626,826	$ 252,696	$ 22,503	$ 16,907,599

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

	Grant Management	Cascade Town Centre	Inmate Welfare	Contraband	Agricultural Education Center	Hotel Rental Tax	Gaming	Land Preservation	HEPMPO	Foreign Trade Zone	Total Non-major Funds
REVENUE											
Other local taxes	$ -	$ -	$ -	$ -	$ -	$ 2,820,506	$ -	$ 997,099	$ -	$ -	$ 3,817,605
Licenses and permits	-	-	-	-	-	-	2,485,879	-	-	-	2,485,879
Charges for services	-	-	446,666	-	-	-	-	-	-	-	446,666
Revenues from uses of property	-	-	-	-	84,702	-	-	-	-	-	84,702
Reimbursed expenses	30	-	-	-	7,961	-	-	-	-	-	7,991
Miscellaneous revenues	178,400	25,299	323,753	39,967	25	-	-	-	64,622	44,703	676,769
Shared taxes and grants	8,111,522	-	-	-	-	-	-	3,220,382	766,258	-	12,098,162
TOTAL REVENUE	8,289,952	25,299	770,419	39,967	92,688	2,820,506	2,485,879	4,217,481	830,880	44,703	19,617,774
EXPENDITURES											
General government	813,106	-	-	-	-	-	-	-	-	-	813,106
Public safety	2,067,824	-	563,672	3,387	-	-	1,173,704	-	-	-	3,808,587
Parks, recreation and culture	-	-	-	-	292,173	-	-	-	-	-	292,173
Land preservation	-	-	-	-	-	-	-	5,880,961	-	-	5,880,961
General operations	320,915	114,857	-	-	-	-	188,249	-	-	43,888	667,909
Community promotion	3,841,066	-	-	-	-	3,621,765	1,173,704	-	888,096	-	9,524,631
TOTAL EXPENDITURES	7,042,911	114,857	563,672	3,387	292,173	3,621,765	2,535,657	5,880,961	888,096	43,888	20,987,367
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,247,041	(89,558)	206,747	36,580	(199,485)	(801,259)	(49,778)	(1,663,480)	(57,216)	815	(1,369,593)
OTHER FINANCING SOURCES											
Transfers in	522,510	-	-	-	255,760	18,950	-	1,423,100	35,270	-	2,255,590
Transfers out	-	-	-	-	-	(45,857)	-	-	-	-	(45,857)
Proceeds of leases	3,250	-	-	-	-	-	3,250	-	-	-	6,500
TOTAL OTHER FINANCING SOURCES (USES)	525,760	-	-	-	255,760	(26,907)	3,250	1,423,100	35,270	-	2,216,233
NET CHANGES IN FUND BALANCES	1,772,801	(89,558)	206,747	36,580	56,275	(828,166)	(46,528)	(240,380)	(21,946)	815	846,640
FUND BALANCES - BEGINNING OF YEAR	2,443,425	711,883	787,175	65,128	64,919	2,725,052	108,210	2,691,569	42,880	21,119	9,661,360
FUND BALANCES - END OF YEAR	$ 4,216,226	$ 622,325	$ 993,922	$ 101,708	$ 121,194	$ 1,896,886	$ 61,682	$ 2,451,189	$ 20,934	$ 21,934	$ 10,508,000

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Net Position – Non-Major Proprietary Funds
As of June 30, 2025

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
ASSETS			
Current Assets:			
Cash	$ 1,596,884	$ 967,535	$ 2,564,419
Accounts receivable	31,726	16,113	47,839
Interest receivable	15,549	10,561	26,110
Unbilled receivable	503	-	503
Lease receivable	-	33,365	33,365
Due from other governmental agencies	1,276,645	-	1,276,645
Inventories	220,219	41,929	262,148
Other assets	-	11,585	11,585
Total current assets	3,141,526	1,081,088	4,222,614
Noncurrent Assets:			
Lease receivable	-	95,829	95,829
Projects under construction	-	32,432	32,432
Property plant and equipment	9,604,420	5,918,673	15,523,093
Accumulated depreciation	(5,361,171)	(3,540,045)	(8,901,216)
Right-to-use leased equipment	-	446,414	446,414
Accumulated amortization	-	(99,203)	(99,203)
Total noncurrent assets	4,243,249	2,854,100	7,097,349
TOTAL ASSETS	7,384,775	3,935,188	11,319,963
LIABILITIES			
Current Liabilities:			
Lease obligations	-	66,734	66,734
Accounts payable	31,423	31,659	63,082
Accrued expenses	44,980	25,689	70,669
Accrued interest	-	2,389	2,389
Compensated absences	119,357	46,173	165,530
Unearned revenue	-	27,213	27,213
Total current liabilities	195,760	199,857	395,617
Noncurrent Liabilities:			
Compensated absences	39,785	15,391	55,176
Lease obligations	-	292,047	292,047
Total noncurrent liabilities	39,785	307,438	347,223
TOTAL LIABILTIES	235,545	507,295	742,840
DEFERRED INFLOWS OF RESOURCES			
Leases	-	119,285	119,285
NET POSITION			
Net investment in capital assets	4,243,249	2,399,490	6,642,739
Unrestricted	2,905,981	909,118	3,815,099
TOTAL NET POSITION	$ 7,149,230	$ 3,308,608	$ 10,457,838

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
OPERATING REVENUE			
Charges for services	$ 309,747	$ 1,093,606	$ 1,403,353
Miscellaneous	2,893	35,160	38,053
TOTAL OPERATING REVENUE	312,640	1,128,766	1,441,406
OPERATING EXPENSES			
Salaries and wages	1,971,595	675,437	2,647,032
Fringe benefits	743,767	247,503	991,270
Utilities	28,804	56,071	84,875
Insurance	40,194	12,576	52,770
Repairs and maintenance	111,568	120,657	232,225
Supplies	36,518	6,733	43,251
Cost of goods sold	-	78,271	78,271
Contracted services	461,411	5,603	467,014
Rentals and leases	40,052	1,451	41,503
Other operating	293,639	207,776	501,415
Controllable assets	7,333	10,244	17,577
Depreciation and amortization	817,605	205,402	1,023,007
TOTAL OPERATING EXPENSES	4,552,486	1,627,724	6,180,210
OPERATING LOSS	(4,239,846)	(498,958)	(4,738,804)
OTHER INCOME			
Interest, penalties & fees	84,897	47,630	132,527
TOTAL OTHER INCOME	84,897	47,630	132,527
LOSS BEFORE OPERATING TRANSFERS AND GRANTS	(4,154,949)	(451,328)	(4,606,277)
OPERATING TRANSFERS IN	872,810	112,930	985,740
GRANTS FOR OPERATIONS	2,362,536	-	2,362,536
LOSS BEFORE CAPITAL TRANSFERS AND GRANTS	(919,603)	(338,398)	(1,258,001)
CAPITAL TRANSFERS	48,000	101,560	149,560
GRANTS FOR CAPITAL PROJECTS	467,575	-	467,575
CHANGES IN NET POSITION	(404,028)	(236,838)	(640,866)
NET POSITION - BEGINNING OF YEAR	7,553,258	3,545,446	11,098,704
NET POSITION - END OF YEAR	$ 7,149,230	$ 3,308,608	$ 10,457,838

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Cash Flows – Non-Major Proprietary Funds
For the Year Ended June 30, 2025

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
Cash Flows from Operating Activities			
Receipts from customers	$ (350,862)	$ 1,294,111	$ 943,249
Payments to suppliers	(1,046,271)	(509,705)	(1,555,976)
Payments to employees	(2,707,182)	(905,853)	(3,613,035)
Net Cash Used by Operating Activities	(4,104,315)	(121,447)	(4,225,762)
Cash Flows from Noncapital Financing Activities			
Operating contributions	3,235,346	112,930	3,348,276
Net Cash Provided by Noncapital Financing Activities	3,235,346	112,930	3,348,276
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(8)	(159,965)	(159,973)
Gain/(loss) on the sale of assets	-	-	-
Contribution for capital acquisitions	584,420	101,560	685,980
Net Cash Provided (Used) by Capital and Related Financing Activities	584,412	(58,405)	526,007
Net change in cash	(284,557)	(66,922)	(351,479)
Cash, beginning of year	1,881,441	1,034,457	2,915,898
Cash, End of Year	$ 1,596,884	$ 967,535	$ 2,564,419
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	$ (4,239,846)	$ (498,958)	$ (4,738,804)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	817,605	205,402	1,023,007
Changes in assets and liabilities:			
Accounts receivable	(21,668)	10,959	(10,709)
Due to/from other government entities	(641,834)	157,427	(484,407)
Inventories	(8,292)	(2,366)	(10,658)
Other assets	-	-	-
Accounts payable and other liabilities	(18,460)	(7,957)	(26,417)
Accrued expenses	(6,584)	(322)	(6,906)
Unearned revenue	-	(3,041)	(3,041)
Compensated absences	14,764	17,409	32,173
Net Cash Used by Operating Activities	$ (4,104,315)	$ (121,447)	$ (4,225,762)

BUDGET AND ACTUAL SCHEDULE

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUE				
Property Taxes				
Real property tax	$ 138,750,570	$ 138,750,570	$ 144,585,540	$ 5,834,970
Personal property tax	16,154,320	16,154,320	17,879,314	1,724,994
Property tax interest income	395,000	395,000	585,866	190,866
Other property tax	983,160	983,160	1,830,719	847,559
State administrative fees	(575,000)	(575,000)	(570,666)	4,334
Property tax discounts and credits	(3,287,930)	(3,287,930)	(7,154,509)	(3,866,579)
Total Property Taxes	152,420,120	152,420,120	157,156,264	4,736,144
Other Local Taxes				
Income tax	121,388,350	121,388,350	133,423,038	12,034,688
Admissions and amusement tax	475,000	475,000	147,324	(327,676)
Recordation tax	7,606,800	7,606,800	11,041,893	3,435,093
Trailer tax	200,000	200,000	262,014	62,014
Total Other Local Taxes	129,670,150	129,670,150	144,874,269	15,204,119
Other Revenues				
Licenses and permits	1,155,750	1,155,750	1,314,509	158,759
Court costs and fines	1,228,460	1,228,460	997,019	(231,441)
Charges for services	2,305,720	2,305,720	3,198,967	893,247
Reimbursed expenses	722,880	745,240	961,991	216,751
In kind	4,280,080	4,280,080	4,280,080	-
Miscellaneous revenues	968,720	1,033,900	1,464,226	430,326
Grant and shared revenues	3,956,740	4,039,570	4,540,129	500,559
Interest income	4,757,000	4,757,000	4,342,483	(414,517)
Highway revenues	3,508,520	3,534,294	3,444,886	(89,408)
Total Other Revenues	22,883,870	23,080,014	24,544,290	1,464,276
TOTAL REVENUE	304,974,140	305,170,284	326,574,823	21,404,539
EXPENDITURES				
General Government				
Legislative				
County Commissioners	352,880	346,160	334,239	11,921
County Clerk	169,910	169,910	162,244	7,666
County Administrator	461,660	461,660	445,736	15,924
Public Relations & Marketing	653,250	625,250	591,934	33,316
Purchasing	708,630	703,170	689,677	13,493
Total Legislative	2,346,330	2,306,150	2,223,830	82,320
Judicial				
Circuit Court	2,722,960	2,745,320	2,670,176	75,144
Orphan's Court	34,250	34,250	33,473	777
State's Attorney	5,398,140	5,355,140	5,281,090	74,050
Sheriff - Judicial	4,196,520	4,066,840	4,018,085	48,755
Sheriff - Process Servers	174,950	174,950	171,309	3,641
Grants	-	33,451	4,656	28,795
Total Judicial	12,526,820	12,409,951	12,178,789	231,162

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund (continued)
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
Election Board	$ 2,640,990	$ 2,640,990	$ 2,148,464	$ 492,526
Financial Administration				
Budget and Finance	2,567,160	2,521,160	2,500,088	21,072
Independent Auditing	75,000	75,000	62,553	12,447
Treasurer	541,160	541,160	541,769	(609)
Information Technologies	4,404,480	4,367,480	4,508,369	(140,889)
Total Financial Administration	7,587,800	7,504,800	7,612,779	(107,979)
County Attorney	1,261,780	1,516,410	1,343,067	173,343
Human Resources	1,565,880	1,509,880	1,471,720	38,160
Planning and Zoning				
Planning and Zoning	1,530,580	1,530,580	1,485,007	45,573
Board of Zoning Appeals	67,240	67,240	49,393	17,847
Total Planning and Zoning	1,597,820	1,597,820	1,534,400	63,420
Public Works				
Department of Public Works	357,530	357,530	353,496	4,034
Engineering	3,175,710	3,149,718	3,105,991	43,727
Permits and Inspection	3,349,700	3,353,256	3,264,173	89,083
Buildings, Grounds & Facilities	2,630,020	2,618,654	2,406,782	211,872
Total Public Works	9,512,960	9,479,158	9,130,442	348,716
County Owned Buildings				
Martin Luther King Center	126,480	126,480	96,892	29,588
Administrative Building	343,880	343,880	396,158	(52,278)
Court House	343,880	343,880	331,727	12,153
County Office Building	257,800	257,800	253,945	3,855
Administration Annex	150,600	150,600	104,718	45,882
Central Services	135,400	135,400	212,131	(76,731)
Rental Properties	1,730	1,730	4,401	(2,671)
Library Maintenance	607,260	607,260	605,401	1,859
Dwyer Center	34,390	34,390	35,194	(804)
Election Board Facility	118,040	118,040	71,400	46,640
Senior Center	12,210	12,210	12,003	207
Public Facilities Annex	104,110	104,110	88,514	15,596
Western MD Parkway	-	-	47,210	(47,210)
Total County Owned Buildings	2,235,780	2,235,780	2,259,694	(23,914)
Community Promotion				
Contributions to Non-profits	2,950,580	2,950,580	2,947,706	2,874
Business Development	1,043,280	1,032,330	1,012,501	19,829
Total Community Promotion	3,993,860	3,982,910	3,960,207	22,703
Total General Government	45,270,020	45,183,849	43,863,392	1,320,457

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund (continued)
For the Year Ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public Safety				
Sheriff Departments				
Patrol	$ 16,911,760	$ 16,782,441	$ 16,236,681	$ 545,760
Sheriff Auxiliary	90,200	90,200	48,085	42,115
Narcotics Task Force	645,570	637,465	603,912	33,553
Wash. County Police Academy	59,830	59,830	55,960	3,870
Grants	-	49,379	36,193	13,186
Total Sheriff Departments	17,707,360	17,619,315	16,980,831	638,484
Fire and Rescue Services				
Volunteer Fire and Rescue - County Grants	11,867,730	11,829,830	12,485,690	(655,860)
EMS Operations	6,996,780	6,863,682	6,642,017	221,665
Fire Operations	6,988,080	6,647,350	7,302,934	(655,584)
Air Unit	95,890	95,890	85,933	9,957
Special Operations	184,320	184,320	183,207	1,113
Total Fire and Rescue Services	26,132,800	25,621,072	26,699,781	(1,078,709)
Corrections				
Detention Center	24,246,940	24,154,670	22,693,092	1,461,578
Central Booking	1,471,600	1,471,600	1,495,967	(24,367)
Day Reporting Center	534,050	534,050	460,115	73,935
Total Corrections	26,252,590	26,160,320	24,649,174	1,511,146
Other Public Safety				
911 - Communications	7,055,540	6,782,970	6,393,698	389,272
Wireless Communications	1,698,530	1,698,530	1,694,110	4,420
Emergency Management	270,630	269,690	269,974	(284)
Public Safety Training Center	1,200,430	1,200,430	1,115,877	84,553
Forensic Investigator	30,000	30,000	25,000	5,000
Civil Air Patrol	4,000	4,000	4,000	-
Animal Control	2,350,000	2,350,000	2,350,000	-
Animal Control Board	7,200	7,200	7,200	-
Total Other Public Safety	12,616,330	12,342,820	11,859,859	482,961
Total Public Safety	82,709,080	81,743,527	80,189,645	1,553,882
Health	3,183,620	3,183,620	3,183,620	-
Social Services	506,330	506,330	506,330	-
Education	120,409,130	120,409,130	120,409,130	-
Parks, Recreation, and Culture				
Total Contributions to Other Agencies	4,855,160	4,855,160	4,855,160	-
Martin L. Snook Park Pool	179,010	179,010	162,484	16,526
Parks and Recreation	1,816,780	1,816,780	1,774,466	42,314
Total Parks, Recreation, and Culture	6,850,950	6,850,950	6,792,110	58,840

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund (continued)
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
Conservation of Natural Resources				
Weed Control	$ 357,300	$ 357,300	$ 334,064	$ 23,236
Agricultural Extension Service	290,120	290,120	290,120	-
Cooperative Extension	38,730	38,730	38,730	-
Soil Conservation Service	369,510	369,510	369,510	-
Environmental Pest Management	45,500	45,500	46,324	(824)
Total Conservation of Natural Resources	1,101,160	1,101,160	1,078,748	22,412
Highway	13,914,110	13,939,884	13,176,383	763,501
General Operations	1,824,900	1,824,900	1,768,939	55,961
Unallocated Employee Insurance and Benefits	1,870,020	2,556,190	9,957,033	(7,400,843)
Intergovernmental				
Golf Course operating transfer	112,930	112,930	112,930	-
HEPMPO operating transfer	6,770	6,770	6,770	-
Land Preservation operating transfer	23,100	23,100	1,023,100	(1,000,000)
Utility Administration operating transfer	804,840	804,840	733,997	70,843
Water operating transfer	176,480	176,480	176,480	-
Public Transit operating transfer	901,310	901,310	901,310	-
Capital Projects operating transfer	7,795,320	8,331,244	15,225,924	(6,894,680)
Solid Waste operating transfer	487,170	487,170	487,170	-
Grants Management operating transfer	522,510	522,510	522,510	-
Agricultural Education Center operating transfer	255,760	255,760	255,760	-
Municipality in lieu of bank shares	38,550	38,550	38,543	7
Total Intergovernmental	11,124,740	11,660,664	19,484,494	(7,823,830)
Debt Service	16,210,080	16,210,080	16,453,865	(243,785)
TOTAL EXPENDITURES	304,974,140	305,170,284	316,863,689	(11,693,405)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ -	$ -	$ 9,711,134	$ 9,711,134
OTHER FINANCING SOURCES (USES)				
Principal amount of new debt for refunding			5,963,027	
Deposit to escrow fund for refunding and repayment of loans			(5,944,929)	
TOTAL OTHER FINANCING SOURCES (USES)			18,098	
NET CHANGE IN FUND BALANCE			9,729,232	
FUND BALANCE - BEGINNING			80,692,205	
FUND BALANCE - ENDING			$ 90,421,437	

OTHER SCHEDULE

COUNTY COMMISSIONERS OF WASHINGTON COUNTY, MARYLAND

Local Management Board – Schedule of Revenue and Expenditures – Regulatory Basis
For the Year Ended June 30, 2025

REVENUE		
Community Partnership Agreement (CPA)		
Governor's Office for Children	$	852,648
Non- Community Partnership Agreement (Non-CPA)		
General Fund		525,790
Md State Department of Aging		51,572
Md State Department of Education		535,244
Cannabis State Sales Tax		902,962
Opioid Settlement Revenue		629,091
Total Non-Community Partnership Agreement Revenue		2,644,659
TOTAL REVENUE		3,497,307
EXPENDITURES		
Community Partnership Agreement (CPA)		
Administrative :		
Salaries		77,388
Benefit Costs		48,148
Office supplies		996
Total CPA Administrative Expenditures		126,532
Programs:		
Western MC Disconnected Youth		33,842
GOC-School Based Mental Health		289,071
Family Centered Support Services		85,692
IACM for Children of Incarcerated Parents		78,367
GOC - Local Care Team Coordinator		54,000
GOC - Juvenile Diversion Program		74,307
GOC - Youth Homelessness		63,988
GOC - Enough LMB		46,849
Total CPA Program Expenditures		726,116
Non-Community Partnership Agreement (CPA)		
Administrative:		
Salaries		152,681
Benefit Costs		123,749
Advertising		332
Community Service Awards		400
Dues & Subscriptions		105
Small office equipment		229
Office Supplies		1,252
Personal Mileage		133
Printing Expenses		114
Travel Expenses		6
Entertainment/business expense		178
Contracted/Purchased services		25,000
Seminars/Conventions		25
Copy Machine Rental		1,033
Controllable Assets		12,428
Leases - Capital Outlay		3,250
Total Non-CPA Administrative Expenditures		320,915
Programs:		
School Based Mental Health		120,000
Commission on Aging		51,572
MSDE - Healthy Families		535,244
Total Non-CPA Program Expenditures		706,816
TOTAL EXPENDITURES		1,880,379
EXCESS OF REVENUE OVER EXPENDITURES	$	1,616,928