

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**FINANCIAL REPORT
JUNE 30, 2024**

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
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INDEPENDENT AUDITORS' REPORT

The Board of County Commissioners
of Garrett County
Oakland, Maryland

Opinions

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of County Commissioners of Garrett County, Maryland, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Ruth Enlow Library of Garrett County, which represents 1.53 percent, 2.37 percent, and 1.91 percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2024. 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 Ruth Enlow Library, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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, Budgetary Comparison Schedule, Schedule of the Primary Government's Proportionate Share of the Net Pension Liability - Maryland State Retirement and Pension System, Schedule of the Primary Government's Contributions - Maryland State Retirement and Pension System, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Employer Pension Contributions, and the Schedule of Changes in the County's Net OPEB Liability and Related Ratios, listed in the index to financial report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund statements, the budgetary comparison for the general fund, the schedule of taxes and taxes receivable for the general fund, the combining schedule of revenues, expenses and changes in net position by cost center and schedule of indirect costs for the sanitary district, and the comparative schedule of long-term indebtedness, as listed in the index to financial report are presented for additional analysis and are not a required part of the financial statements.

The accompanying combining and individual fund statements, the budgetary comparison for the general fund, the schedule of taxes and taxes receivable for the general fund, the combining schedule of revenues, expenses and changes in net position by cost center and schedule of indirect costs for the sanitary district, and the comparative schedule of long-term indebtedness, as listed in the index to financial report are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Supplementary Information (Continued)

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements, the budgetary comparison for the general fund, the schedule of taxes and taxes receivable for the general fund, the combining schedule of revenues, expenses and changes in net position by cost center and schedule of indirect costs for the sanitary district, and the comparative schedule of long-term indebtedness as listed in the index to financial report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Rodeheaver Group, P.C.

Oakland, Maryland
December 27, 2024

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

As management of Garrett County, Maryland (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year ended June 30, 2024 by \$229,945,861 (net position). Of the total net position, \$136,161,939 is attributable to the net investment in capital assets, \$13,259,718 is restricted for specific purposes, while the remaining \$80,524,204 is unrestricted.
- The County's total net position increased by \$28,038,435.
- As of the close of fiscal year 2024, the County's governmental funds reported combined fund balances of \$98,747,217, an increase of \$17,027,606 in comparison with prior year. Approximately 18%, or \$17.8 million, of the combined fund balance is available for spending at the County's discretion (unassigned fund balance), \$3.2 million is nonspendable, \$9.8 million is restricted, and \$68 million is assigned for capital projects and future use.
- At the end of fiscal year 2024, the unrestricted fund balance for the general fund was \$85,760,003 or 87% of total general fund balance. Assigned fund balance of the general fund was \$67,976,435 or 69% of unrestricted fund balance.
- The County's government-wide long-term debt decreased by \$2,127,151 million during fiscal year 2024 as detailed on page 17 and 18 and in Note 7.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Garrett County Government's finances, in a manner similar to that of a private-sector business.

The statement of net position presents information on all of the County's 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.

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June 30, 2024

The statement of activities presents information showing how the County’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, revenue and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health and hospital, education, culture, parks and recreation, library, conservation of natural resources, community development and housing and economic opportunity and development. The business-type activities of the County include Garrett County Airport, Solid Waste and Recycling Management, Garrett County Sanitary District, Inc. d/b/a Garrett County Department of Public Utilities, Garrett County Parks & Recreation Fund the Garrett County Department of Technology & Communication, and the Liquor Control Board.

The government-wide financial statements include not only the operations of Garrett County Government itself (known as the primary government), but also the legally separate organizations of the Board of Education, Garrett College and the Ruth Enlow Library System of Garrett County. The financial information for these component units is reported separately from the primary government in the government-wide financial statements located on pages 21 to 23 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

government 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 financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Garrett County Government maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, and the capital projects fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. The basic governmental funds financial statements can be found on pages 24 to 28 of this report.

Proprietary Funds

Proprietary fund types include enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County maintains six enterprise funds to account for the Garrett County Airport, the Garrett County Solid Waste & Recycling office, the Garrett County Sanitary District, Inc. d/b/a Garrett County Department of Public Utilities, the Garrett County Parks & Recreation Fund, the Department of Technology & Communications, and the Liquor Control Board.

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 29 to 34 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 County maintains four fiduciary funds: Garrett County Law Enforcement Personnel Retirement Plan, the Garrett County Government Personnel Retirement Plan, Garrett County Other Post-Employment Benefits Plan (OPEB) and the Volunteer Length of Service Awards Plan (LOSAP) for volunteers of the 11 Fire Departments and 2 Rescue Squads. The fiduciary fund financial statements can be found on pages 35 and 36 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to creating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 through 94 of this report.

**THE BOARD OF COUNTY COMMISSIONERS OF
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information that are not considered a part of the basic financial statements. Schedules in these sections include schedules of funding progress for the County's retirement plans and a budgetary comparison for the general fund to demonstrate compliance with the annually adopted budget. Required supplementary information and other supplementary information is located immediately following the notes to the financial statements and can be found on pages 95 through 124 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In Garrett County, assets exceeded liabilities by \$229,945,861 at the close of the current fiscal year.

Garrett County Government's Net Assets						
June 30, 2024						
	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Assets:						
Current & Other Assets	\$116,682,724	\$101,150,275	\$ 25,329,893	\$ 22,335,985	\$142,012,617	\$ 123,486,260
Capital Assets & Net Pension Asset	69,906,399	65,865,359	91,478,929	93,925,301	161,385,328	159,790,660
Total Assets	186,589,123	167,015,634	116,808,822	116,261,286	303,397,945	283,276,920
Deferred Outflows of Resources	5,911,271	9,220,144	430,334	794,967	6,341,605	10,015,111
Total Assets and Deferred Outflows of Resources	192,500,394	176,235,778	117,239,156	117,056,253	309,739,550	293,292,031
Liabilities:						
Long-Term Liabilities	22,072,150	27,683,850	35,983,317	38,694,183	58,055,467	66,378,033
Other Liabilities	14,955,433	16,001,564	1,794,329	1,948,213	16,749,762	17,949,777
Total Liabilities	37,027,583	43,685,414	37,777,646	40,642,396	74,805,229	84,327,810
Deferred Inflows of Resources	4,971,954	7,034,830	16,506	21,965	4,988,460	7,056,795
Net Assets:						
Net Investment in Capital Assets	69,906,399	65,865,359	66,255,540	66,574,761	136,161,939	132,440,120
Restricted	9,820,956	10,612,263	3,438,762	-	13,259,718	10,612,263
Unrestricted	70,773,502	49,037,912	9,750,702	9,817,131	80,524,204	58,855,043
Total Net Assets	150,500,857	125,515,534	79,445,004	76,391,892	229,945,861	201,907,426
Total Liabilities, Deferred Inflows of Resources and Net Position	\$192,500,394	\$176,235,778	\$117,239,156	\$117,056,253	\$309,739,550	\$ 293,292,031

By far the largest portion of the Garrett County's net position (\$136 million) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt that was used to acquire those assets. Garrett County uses these capital assets to provide a variety of services to its citizens; accordingly, these assets are not available for future spending.

Although Garrett County's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024**

An additional portion of Garrett County’s net position, \$13,259,718 or 5.77%, represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of \$216,686,143 or 94.23% represents resources that are neither invested in capital assets nor restricted for a specific purpose. This amount can be used for whatever purpose the County deems necessary.

Overall, the financial position of Garrett County increased during the year by \$28.0 million. Governmental activities increased by \$25.0 million and business activities increased by \$3.0 million, respectively in net position at June 30, 2024. Investment in capital assets makes up the majority of net assets. As assets continue to depreciate at a faster pace than new capital assets are being placed in service a decrease from one year to the next is expected.

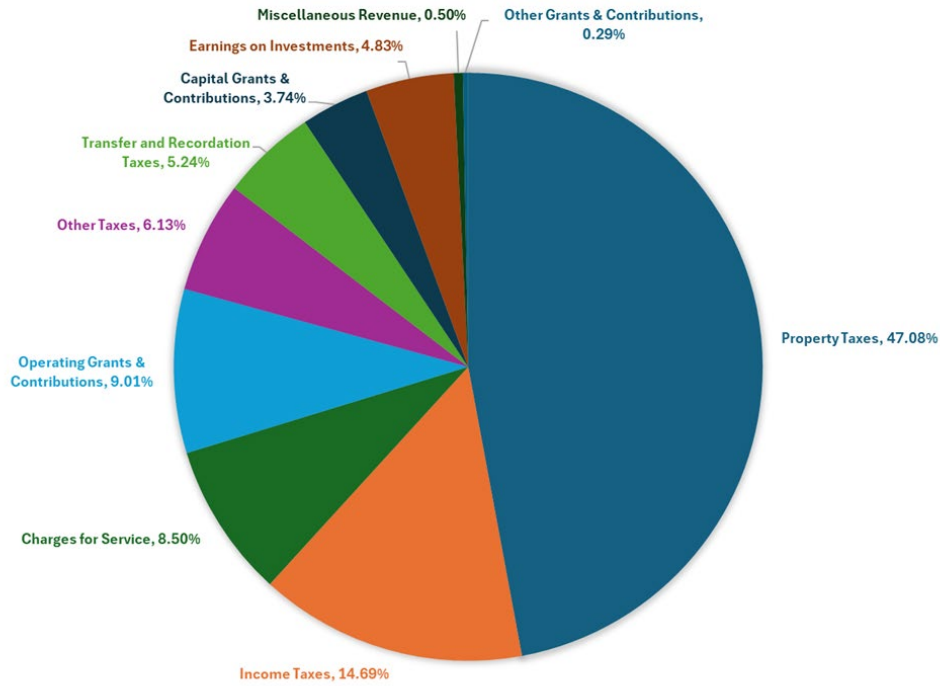
The following table indicates the changes in net position:

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,572,799	\$ 2,103,343	\$ 9,283,682	\$ 9,149,246	\$ 11,856,481	\$ 11,252,589
Operating Grants and Contributions	12,039,173	10,384,168	518,581	441,793	12,557,754	10,825,961
Capital Grants and Contributions	5,019,362	4,213,690	195,975	1,507,213	5,215,337	5,720,903
General Revenues:						
Property Taxes	62,702,188	57,237,362	2,940,497	2,907,351	65,642,685	60,144,713
Other Taxes and Licenses	36,319,603	35,749,131	-	-	36,319,603	35,749,131
Grants and Contributions	-	-	527,525	1,326,425	527,525	1,326,425
Other General Revenues	6,465,315	5,648,061	845,726	312,253	7,311,041	5,960,314
Total Revenues	\$ 125,118,440	\$ 115,335,755	\$ 14,311,986	\$ 15,644,281	\$ 139,430,426	\$ 130,980,036
Program Expenses:						
General Government	11,608,404	8,579,042	-	-	11,608,404	8,579,042
Public Safety	15,906,347	14,672,411	-	-	15,906,347	14,672,411
Public Works	17,695,094	17,054,280	-	-	17,695,094	17,054,280
Health & Hospital	2,447,580	2,447,580	-	-	2,447,580	2,447,580
Education						
Board of Education	30,669,482	31,004,422	-	-	30,669,482	31,004,422
Garrett College	7,733,532	6,134,082	-	-	7,733,532	6,134,082
Culture	63,000	53,000	-	-	63,000	53,000
Parks and Recreation	27,090	25,400	-	-	27,090	25,400
Library	1,281,606	1,221,481	-	-	1,281,606	1,221,481
Conservation of Natural Resources	1,236,987	268,795	-	-	1,236,987	268,795
Social Services	510,992	510,992	-	-	510,992	510,992
Economic Opportunity & Development	5,045,487	4,832,754	-	-	5,045,487	4,832,754
Community Development & Public Housing	35,487	146,003	-	-	35,487	146,003
Other	651,401	619,627	-	-	651,401	619,627
Garrett County Airport	-	-	643,311	636,753	643,311	636,753
Solid Waste Management	-	-	2,521,745	4,914,622	2,521,745	4,914,622
Garrett County Sanitary District, Inc.	-	-	10,707,325	9,756,214	10,707,325	9,756,214
Parks and Recreation Fund	-	-	399,539	394,373	399,539	394,373
Department of Technology & Communications	-	-	2,180,940	1,891,462	2,180,940	1,891,462
Liquor Control Board	-	-	26,642	17,972	26,642	17,972
Total Expenses	\$ 94,912,489	\$ 87,569,869	\$ 16,479,502	\$ 17,611,396	\$ 111,391,991	\$ 105,181,265
Excess before Special Items and Transfers	30,205,951	27,765,886	(2,167,516)	(1,967,115)	28,038,435	25,798,771
Net Transfers In (Out)	(5,220,628)	(1,932,168)	5,220,628	1,321,901	-	(610,267)
Changes in Net Assets	24,985,323	25,833,718	3,053,112	(645,214)	28,038,435	25,188,504
Net Assets – Beginning of Year	125,515,534	99,681,816	76,391,892	77,037,106	201,907,426	176,718,922
Net Assets – End of Year	\$ 150,500,857	\$ 125,515,534	\$ 79,445,004	\$ 76,391,892	\$ 229,945,861	\$ 201,907,426

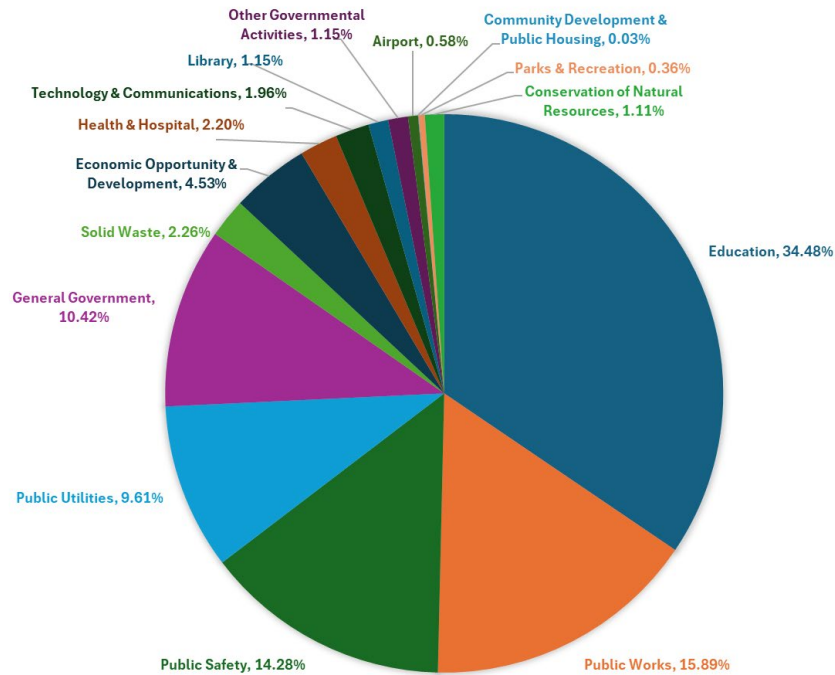
**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024**

TOTAL PRIMARY GOVERNMENT REVENUE



TOTAL PRIMARY GOVERNMENT EXPENDITURES



**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

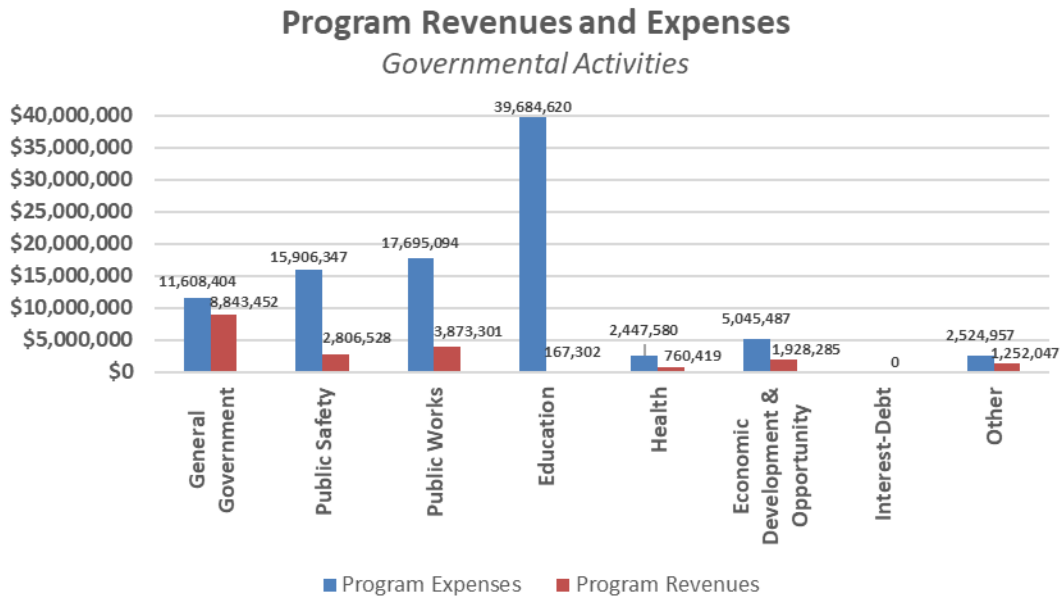
**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024**

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is provided. Of particular interest is the format of this statement. The reader will notice on page 23 that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions of government on the County’s taxpayers. It also identifies how much each function draws from the general revenues, or, if the function is self-supporting through fees and grants. It is important to note that all taxes are classified as general revenues even if restricted for a specific purpose.

During the current fiscal year, the net position for governmental activities increased by \$24,985,323 from the prior fiscal year. Revenues and expenses increased in fiscal year 2024. Key elements of the changes in governmental net assets are as follows:

- During fiscal year 2024 the most significant categorical changes was in Property Taxes in the amount of \$5.4 million as a result of increases in assessments and in Earnings on Investment resulting in an increase of \$2.9 million. Increased investment opportunity existed largely to the increased interest rates of County savings and investment accounts.



**THE BOARD OF COUNTY COMMISSIONERS OF
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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

- The most significant rise in expenses occurred in General Government, totaling \$3 million. This increase was influenced by the grant-funded Arrowhead Cove dredging project, which saw a year-over-year rise of \$1.7 million, a \$380,000 increase in Program Open Space projects, and the prorated expense allocation of the \$5 million infusion into the Garrett County Government Personnel Retirement Plan across all departments.

Business-Type Activities

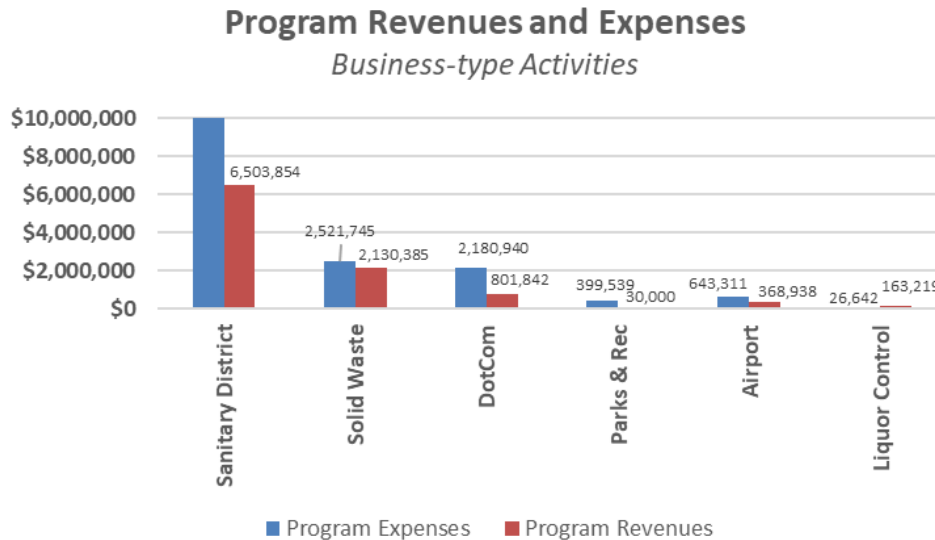
Total assets for the Garrett County Sanitary District, d/b/a Department of Public Utilities, decreased by \$2,155,594, the major contributor to this decrease was depreciation on capital assets. Operating revenues of the Sanitary District increased by \$85,379 as a result of additional customers. Operating expenditures increased by \$995,311 due to inflation related cost of labor and materials.

The Garrett County Office of Solid Waste and Recycling's (Landfill) estimated disposal capacity changes over time based on variability in efficiencies with respect to waste compression. According to a third-party engineer survey and analysis, it is estimated that it will cost approximately \$10.5 million to perform all closure and post-closure care activities. The County recognizes these costs as tonnage is added to the Landfill and as cells fill up. As of June 30, 2024, the County recognized and reported a closure and post-closure liability of \$8,357,015 leaving a balance of estimated costs to be recognized at approximately \$2,400,840 over the remaining 9 year useful life of the landfill. The County has established a landfill closure fund to assure that future funds would be available at the time of actual closure to pay for these closure costs. As of June 30, 2024, the County had \$7.7 million set aside in an investment account and \$3.3 million in a cash account to help offset the current recognized closure liability of \$8,357,015.

The Parks & Recreation Fund was established to account for the operations of the Adventure Sports Center, Inc. Net position for Adventure Sports Center, Inc. is stated at a total of \$16,276,702 which is a decrease of \$369,539 from 2023, primarily the result of depreciation of capital assets. Operating revenues were \$30,000 while operating expenditures were recorded as \$399,539 resulting in a net operating loss of \$369,539 for the year ended June 30, 2024. Operating expenditures include non-cash items such as depreciation (\$374,783).

**THE BOARD OF COUNTY COMMISSIONERS OF
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**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024**



In 2024, total assets for the Airport decreased by \$119,747. This decrease was primarily the result of depreciation of capital assets.

Financial Analysis of the County’s Funds

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

Governmental funds

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

At the end of the current fiscal year, the County’s governmental funds reported a combined ending fund balance of \$98,747,217, an increase of \$17,027,606 from the prior fiscal year. \$17,783,568 constitutes unassigned fund balance, which is available for spending at the County’s discretion. The remainder of the fund balance is either nonspendable, restricted or assigned to indicate that it is not available for new spending. \$3,166,258 was nonspendable for inventory, prepaid expenses, long term note, and leases receivable. \$9,820,956 was restricted, the majority being for self-funded health care and for the promotion and economic development of Garrett County, and \$67,976,435 was assigned for various reasons; approximately \$35.4 million was assigned for the continuation of projects and capital expenditures in fiscal year 2025, \$9 million was assigned for future other post-employment healthcare and retirement benefits, and \$23.6 million was assigned for specific capital projects in subsequent year budgets.

**THE BOARD OF COUNTY COMMISSIONERS OF
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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

The General Fund is the chief operating fund of the Garrett County Government. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,783,568, while total fund balance reached \$98,302,292. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.7% of the total General Fund expenditures including operating transfers, while total fund balance represents 92.3% of that same amount. During the current fiscal year, the total fund balance of the County's General Fund increased by \$16,712,640.

The County maintains a Capital Projects Fund in order to separate long-term ongoing capital project activity from general government operations. The fund operates on a pay as you go basis. The County appropriates local share dollars to fund these projects as a transfer from the General Fund.

The Non-Major Special Revenue Funds have a total fund balance of \$444,925; all of which is restricted.

Proprietary funds

Garrett County's proprietary fund statements provide the same type of information found in the government-wide financial statements, only in more detail.

The total unrestricted net position of the proprietary funds at the end of the year amounted to \$9,750,702 a decrease of \$66,429 from fiscal year 2023. Other factors concerning these funds' finances have been addressed in the discussion of Garrett County government's business-type activities.

General Fund Budgetary Highlights

Original budget compared to final budget

The difference between original revenue budget amounts of \$99,938,241 and final revenue budget amounts of \$115,333,160 is an increase of \$15,394,919. The County monitors revenue patterns throughout the year and amends original budget figures when necessary. Several accounts were adjusted upward or downward to assure proper management and good stewardship so that deficit spending would not occur. Of the \$15.4 million net increase, Intergovernmental federal and state grants represent \$15.1 million of the increase.

Significant differences between the original expenditure budget amounts of \$99,938,241 and final expenditure budget amounts of \$173,052,645 resulting in a budget increase of \$73,114,404 are largely due to budget amendments that occurred to carryover funds from fiscal year 2023 to fiscal year 2024 for capital projects and capital outlay that were in progress at the end of fiscal year 2023. These carryover and fund balance assignment amendments equated to over \$57.7 million. As grant revenues increased, many of these revenues had offsetting expenses associated with them which resulted in corresponding budget amendments.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Final budget compared to actual results

The difference between the final revenue budget of \$115,333,160 and the actual revenue recorded of \$123,373,118 resulted in a positive variance of \$8,039,958.

The top six positive revenue budget variances exceeding \$1.0 million were:

- Interest and Dividends
- Income Tax
- Accommodations Tax
- Recordation Tax
- Transfer Tax
- Real Estate Tax

Income tax remained strong reporting another all-time high of \$20.5 million and a positive budget variance of \$4.0 million. We believe the continued impact of the Tax Cut Job Act (TCJA) and taxpayers not meeting the itemization threshold for their Maryland return contributed to some of this growth. In addition, investment earnings, and wage inflation along with Maryland's minimum wage increase all were factors having a positive impact on income tax.

While the County experienced an all-time high in accommodations tax in FY22 at \$7.0 million, we continue to see a downward trend and leveling out, finishing FY24 at \$6.56 million with a \$2.56 million positive variance.

The real estate market remained strong in fiscal year 2024. Evidence of this was with real estate sales and the value of permits for new construction. Recordation tax ended with a \$1.9 million positive budget variance while transfer tax ended with a \$1.8 million positive budget variance.

The difference between the final budget expenditures of \$173,052,645 and the actual expenditures recorded of \$106,660,478 represented a positive budget variance of \$66,392,167. The majority of this variance will be carried over into the subsequent fiscal year and will be re-budgeted to continue projects that were in process at the end of fiscal year 2024. Some of the projects include, but are not limited to, various broadband projects, Keyser's Ridge Industrial Park, Southern grade banding project, Garrett College renovations, and several road paving and bridge projects.

Currently known budgetary variations that may have an effect on future liquidity or services are minimal and will not materially affect the level of governmental services.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024**

Capital Asset and Debt Administration

Capital Assets

The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounts to \$161,385,057 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, furniture, vehicles, and infrastructure.

The County’s investment in capital assets for the current fiscal year increased by \$1,594,397 or 1%.

**Garrett County Government’s Capital Assets
(net of depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
Land	\$10,425,505	\$10,162,828	\$3,243,738	\$3,243,738	\$13,669,243	\$13,406,566
Land Improvements	3,359,323	3,405,547	16,738,450	16,941,262	20,097,773	20,346,809
Construction in Progress	11,222,862	9,343,465	8,749,648	8,826,494	19,972,510	18,169,959
Infrastructure	24,763,927	23,044,945	57,867,843	60,307,845	82,631,770	83,352,790
Buildings	13,601,479	13,926,428	2,859,460	2,986,598	16,460,939	16,913,026
Furniture and Equipment	2,321,241	2,507,405	57,572	89,488	2,378,813	2,596,893
Vehicles	2,699,834	2,187,857	630,552	394,070	3,330,386	2,581,927
Machinery and Equipment	1,512,228	1,286,884	1,331,666	1,135,806	2,843,894	2,422,690
Total	<u>\$69,906,399</u>	<u>\$65,865,359</u>	<u>\$91,478,929</u>	<u>\$93,925,301</u>	<u>\$161,385,328</u>	<u>\$159,790,660</u>

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

- Land increased \$262,677 due to the acquisition of a property for future economic development.
- Construction in progress reported a net increase of \$1,879,397. CIP activity was highlighted by the following additions: Snowy Creek bridge, Shallmar bridge, and various other roads projects of \$314,479, Glendale road realignment of \$1,863,836, 911 communication equipment of \$246,583, courthouse facility renovations, security upgrades and energy improvements of \$657,054, and miscellaneous projects of \$47,012. Additionally, Keyzers Ridge business park local access road of \$50,000. Increase in CIP were offset as the following assets were placed into services, Public Safety vehicles of \$244,220, 911 communication equipment of \$128,301, Wolfden culvert of \$496,970, courthouse security upgrades of \$162,923, County detention center renovations of \$63,153 and Roads equipment of \$204,000.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2024

- Infrastructure had a net increase of \$1,718,982. There was an increase of \$4,908,991 in the governmental activities for the installation of guardrails and the completion of paving and road projects, overall depreciation expense for governmental offset this increase by \$3,190,009.
- Rolling Stock had a net increase of \$511,977. Public Safety vehicles totaling \$347,000 were purchased along with \$1,101,906 in Roads equipment and vehicle, and various other department vehicles of \$66,071. This increase was offset by depreciation and current year disposals of \$1,003,000.

Major capital asset events during the current fiscal year for business-type activities included the following:

- Infrastructure had a net decrease for business type activities by \$2,440,002. The Department of Public Utilities had increases due to work performed on McHenry Cove water lines, Deep Creek Lake wastewater treatment plant, and Friendsville wastewater treatment project in the amount of \$168,934. Additionally, the Department of Technology and Communications had acquisitions of \$295,024 for broadband infrastructure. These increases were offset by current depreciation of \$2,903,960.

For the remainder of the asset classifications not specifically referenced the net decreases are the result of depreciation and dispositions in excess of the cost of additions. Additional information on the County’s capital assets can be found in Note 4 and Note 5 on pages 58-60 of the financial statements.

Long-term debt

At the end of the current fiscal year, Garrett County Government had notes and bonds outstanding of \$25,498,389 which are backed by the full faith and credit of the County.

**Garrett County’s Outstanding Debt
General Obligation Bonds and Notes Payable**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
General Bonded Debt	\$ -	\$ -	\$ 25,498,389	\$ 27,625,540	\$ 25,498,389	\$ 27,625,540

During fiscal year 2024, the County’s total debt decreased by \$2,127,151. This change resulted from normal principal payments being made on outstanding debt without incurring any new additional debt. There was no debt in the Governmental Activities.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

In FY 2009, Garrett County received enabling legislation to borrow up to \$21,000,000 for the financing of various capital projects for economic development, roads department, education, facilities and maintenance, and public safety. There are significant budgeted expenditures for capital project construction and capital outlay expenditures over fiscal years 2025 to 2029. The Commissioners continue to prioritize capital expenditures and amend their five-year capital plan accordingly. Planned capital activity should have no significant impact on the County's credit ratings because the County must budget the resources to account for these expenditures and in the case of long-term debt, the County must budget the resources to service the debt.

Additional information on the County's long-term debt can be found in Note 7 to the financial statements and on pages 62 through 65.

Economic Factors and Next Year's Budget and Rates

The following economic factors currently affect the County and were considered in developing the 2025 fiscal year budget:

- As part of their tri-annual assessment, the State Department of Assessments and Taxation reassessed Group 3 for FY25 which included another smaller portion of real estate in the Deep Creek Lake McHenry area. The overall assessable base increased by 44.2% in this area making it the second highest increase in the state of Maryland, comparing that to the state-wide average of 23.4% for Group 3. Considering these factors, along with having the highest increase in the State for Group 2 in FY24, the County is projecting significant property tax revenue growth over the next couple of fiscal years. With the Maryland Blueprint for Education passing, the county is projecting the local share of education funding to increase by \$15.8 million in the next nine years. The projected revenue growth will help offset the future education funding challenge. With that, the Board of County Commissioners kept the fiscal year 2025 real property tax rate at \$1.056 which is expected to increase real property tax revenues by 14.3%.
- As interest rates hit a low during most of fiscal year 2022, at the end of fiscal year 2022 the Federal Reserve started implementing a plan of several rate jumps to help curb inflation. That plan continued into fiscal year 2023 as the Federal Reserve continued adjusting the federal funds upward, tripling the rate over a twelve-month period from 1.75% at the end of fiscal year 2022 to 5.25% at the end of fiscal year 2023. The rate peaked in FY 2024 at 5.50% before it started easing in FY 2025. The County considered the impact on borrowing rates which could affect the investment activity at Deep Creek Lake. A slowing of investment at Deep Creek Lake could potentially impact recordation tax, transfer tax, and future property tax revenues. The prime rate of 8.50% at the end of fiscal year 2024 increased by 25 basis points from the prior fiscal year end.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

- Despite the rate hikes, recordation and transfer taxes remained strong. Recordation taxes finished higher in FY24 than in FY23 at \$3.7 million, but still down from FY22's all-time high of \$4.8 million. Transfer tax started leveling out a little, finishing at \$3.6 million, down from FY23 and FY22's all-time high of \$5.1 million.
- The unemployment rate for Garrett County was 3.1% for June 2024, slightly lower than the State's average of 3.2% and the national average of 4.1% for the same time period.
- Income tax revenue finished the year at an all-time high of \$20.5 million. The fiscal year 2025 income tax rate remains at 2.65%.
- Accommodations tax revenue remained strong in FY24 finishing the year slightly over FY23 at \$6.56 million.
- Garrett County issued 439 building permits valued at approximately \$122 million in Fiscal Year 2024, compared to 454 building permits valued at approximately \$151 million during Fiscal Year 2023.
- Operating revenues for FY25 are projected to increase by \$9.8 million with no funding from reserves.
- The County has set aside approximately 15% of revenues, or \$15 million, as a rainy day fund.
- Garrett County does not have any outstanding public issued bonds that require a rating from an outside rating agency. The \$11.7 million of private bonds reported in FY21 were paid off bringing the balance of the governmental activities debt to zero at the end of FY22. Prior to liquidating the public bonds, the County's last bond rating with Moody's was an A1 in 2010.
- The recent news of the State of Maryland's projected \$2.7 billion deficit in fiscal 2026, expected to grow to nearly \$6 billion over the next five years, inevitably creates pressures for state and local governments alike. Historically, one option the State has sought to address its fiscal challenges is tapping into local funding sources or shifting additional costs to counties. Garrett County will closely monitor developments during the upcoming legislative session to assess their potential impact on our budget.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Request for Information

Separately issued financial statements of the component units can be obtained from the Department of Financial Services or from the County Administrator's office.

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

Garrett County Commissioners
203 South 4th Street Room 206
Oakland, Maryland 21550
c/o Kevin G. Null, County Administrator or
c/o Scott E. Weeks, Director of Finance

Or, visit our website at www.garrettcountry.org

BASIC FINANCIAL STATEMENTS

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Statement of Net Position

June 30, 2024

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	College	Public Library
ASSETS						
Cash and Cash Equivalents	\$ 73,231,071	\$ 10,126,892	\$ 83,357,963	\$ 13,705,811	\$ 4,106,108	\$ 38,229
Investments	16,776,667	7,711,617	24,488,284	-	1,283,998	765,296
Due from Other Governments	170,974	-	170,974	4,517,556	1,067,675	-
Due from Primary Government	-	-	-	874,906	1,157,697	25,000
Due from Component Unit	19,974	-	19,974	-	-	-
Receivables, net of allowances for uncollectibles:						
Accounts	8,044,618	2,115,708	10,160,326	-	297,131	-
Taxes	1,554,922	-	1,554,922	-	-	-
Interest	245,280	-	245,280	-	-	802
Lease Receivable - Current	501,646	-	501,646	-	-	-
Lease Receivable-Component Unit-Current	44,599	-	44,599	-	-	-
Other Receivables	-	-	-	147,550	-	157,062
Inventories	1,159,696	1,776,512	2,936,208	112,866	11,127	-
Prepaid Expenses	75,562	38,559	114,121	-	196,738	15,136
Restricted Cash	13,076,633	3,438,762	16,515,395	894,871	140,373	65,357
Restricted Investments	-	-	-	221,079	8,734,102	-
Restricted Accounts Receivable	-	68,776	68,776	-	-	-
Accounts and Notes Receivable - Long-Term	396,003	53,067	449,070	-	49,873	-
Net Pension Asset	396,327	-	396,327	-	-	-
Lease Receivables- Long Term	543,310	-	543,310	-	-	-
Lease Receivables Component Unit- Long Term	445,442	-	445,442	-	-	-
Non-Depreciable Capital Assets	21,648,367	11,993,386	33,641,753	17,619,297	1,169,587	449,641
Depreciable Capital Assets, Net of Accumulated Depreciation	48,258,032	79,485,543	127,743,575	48,184,284	56,010,925	1,071,459
Right to Use Assets, Net of Accumulated Amortization	-	-	-	1,054,941	748,530	2,313
Total Assets	186,589,123	116,808,822	303,397,945	87,333,161	74,973,864	2,590,295
DEFERRED OUTFLOWS OF RESOURCES	5,911,271	430,334	6,341,605	3,866,059	64,158	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 192,500,394	\$ 117,239,156	\$ 309,739,550	\$ 91,199,220	\$ 75,038,022	\$ 2,590,295

The Notes to the Financial Statements are an integral part of this statement

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Net Position (Continued)
June 30, 2024

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	College	Public Library
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 4,594,885	\$ 837,388	\$ 5,432,273	\$ 7,969,370	\$ 1,075,083	\$ 123,741
Internal Balances	(649,809)	649,809	-	-	-	-
Due to Component Units	1,237,260	-	1,237,260	-	-	-
Due to Primary Government	-	-	-	-	-	19,974
Due to Other Governments	236,925	80,529	317,454	-	-	-
Unearned Revenues	9,188,250	226,603	9,414,853	162,989	151,986	-
Other Liabilities	310,298	-	310,298	-	113,964	-
Compensated Absences - Current Portion	37,624	-	37,624	-	-	46,783
Long-Term Liabilities - Due Within One Year	-	2,202,643	2,202,643	927,117	520,306	2,084
Long-Term Liabilities - Due in More Than One Year	22,072,150	33,780,674	55,852,824	41,937,540	7,850,721	9,808
Total Liabilities	<u>37,027,583</u>	<u>37,777,646</u>	<u>74,805,229</u>	<u>50,997,016</u>	<u>9,712,060</u>	<u>202,390</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,971,954</u>	<u>16,506</u>	<u>4,988,460</u>	<u>6,812,097</u>	<u>188,448</u>	<u>-</u>
NET POSITION						
Net Investment in Capital Assets	69,906,399	66,255,540	136,161,939	63,286,110	53,415,326	1,520,976
Restricted for:						
Agricultural Land Preservation	55,829	-	55,829	-	-	-
Accommodations Tax	2,930,351	-	2,930,351	-	-	-
Self Funded Health Care	6,389,851	-	6,389,851	-	-	-
Public Safety	22,908	-	22,908	-	-	-
Commissary	5,625	-	5,625	-	-	-
Law Library	18,257	-	18,257	-	-	-
Opioid Settlement	178,778	-	178,778	-	-	-
Cannabis Reinvestment and Repair	219,357	-	219,357	-	-	-
School Activities	-	-	-	802,407	45,209	-
Capital Expenditures	-	-	-	50,000	-	-
Food Service	-	-	-	679,777	-	-
Medical Assistance	-	-	-	337,850	-	-
Endowments	-	-	-	-	8,667,357	-
Donations	-	-	-	-	-	65,357
Debt Service	-	3,438,762	3,438,762	-	-	-
Unrestricted (Deficit)	70,773,502	9,750,702	80,524,204	(31,766,037)	3,009,622	801,572
Total Net Position	<u>150,500,857</u>	<u>79,445,004</u>	<u>229,945,861</u>	<u>33,390,107</u>	<u>65,137,514</u>	<u>2,387,905</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 192,500,394</u>	<u>\$ 117,239,156</u>	<u>\$ 309,739,550</u>	<u>\$ 91,199,220</u>	<u>\$ 75,038,022</u>	<u>\$ 2,590,295</u>

The Notes to the Financial Statements are an integral part of this statement

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-type Activities	Total	Board of Education	College	Public Library	
Primary Government											
Governmental Activities											
General Government	\$ 11,608,404	\$ 892,614	\$ 6,948,224	\$ 1,002,614	\$ (2,764,952)	\$ -	\$ (2,764,952)	\$ -	\$ -	\$ -	
Public Safety	15,906,347	793,015	1,576,579	436,934	(13,099,819)	-	(13,099,819)	-	-	-	
Public Works	17,695,094	368,949	1,500,063	2,004,289	(13,821,793)	-	(13,821,793)	-	-	-	
Health and Hospital	2,447,580	393,263	367,156	-	(1,687,161)	-	(1,687,161)	-	-	-	
Education											
Board of Education	30,669,482	74,400	42,344	-	(30,552,738)	-	(30,552,738)	-	-	-	
College	7,733,532	50,558	-	-	(7,682,974)	-	(7,682,974)	-	-	-	
Culture	63,000	-	-	-	(63,000)	-	(63,000)	-	-	-	
Parks and Recreation	27,090	-	-	-	(27,090)	-	(27,090)	-	-	-	
Library	1,281,606	-	-	-	(1,281,606)	-	(1,281,606)	-	-	-	
Conservation of Natural Resources	1,236,987	-	988,440	-	(248,547)	-	(248,547)	-	-	-	
Social Services	510,992	-	5,000	-	(505,992)	-	(505,992)	-	-	-	
Economic Opportunity and Development	5,045,487	-	352,760	1,575,525	(3,117,202)	-	(3,117,202)	-	-	-	
Community Development & Public Housing	35,487	-	258,607	-	223,120	-	223,120	-	-	-	
Intergovernmental	302,205	-	-	-	(302,205)	-	(302,205)	-	-	-	
Unallocated Depreciation	349,196	-	-	-	(349,196)	-	(349,196)	-	-	-	
Total Governmental Activities	<u>94,912,489</u>	<u>2,572,799</u>	<u>12,039,173</u>	<u>5,019,362</u>	<u>(75,281,155)</u>	<u>-</u>	<u>(75,281,155)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Business-type activities											
Airport Fund	643,311	292,693	-	76,245	-	(274,373)	(274,373)	-	-	-	
Solid Waste Fund	2,521,745	2,130,385	-	-	-	(391,360)	(391,360)	-	-	-	
Garrett County Sanitary District, Inc.	10,707,325	6,384,124	-	119,730	-	(4,203,471)	(4,203,471)	-	-	-	
Parks & Recreation Fund	399,539	30,000	-	-	-	(369,539)	(369,539)	-	-	-	
Department of Technology & Communications	2,180,940	283,261	518,581	-	-	(1,379,098)	(1,379,098)	-	-	-	
Liquor Control Board	26,642	163,219	-	-	-	136,577	136,577	-	-	-	
Total Business-Type Activities	<u>16,479,502</u>	<u>9,283,682</u>	<u>518,581</u>	<u>195,975</u>	<u>-</u>	<u>(6,481,264)</u>	<u>(6,481,264)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Primary Government	<u>111,391,991</u>	<u>11,856,481</u>	<u>12,557,754</u>	<u>5,215,337</u>	<u>(75,281,155)</u>	<u>(6,481,264)</u>	<u>(81,762,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Component Units											
Board of Education	74,478,044	1,660,441	23,917,495	15,186,069	-	-	-	(33,714,039)	-	-	
College	20,094,840	3,676,551	8,003,469	1,233,174	-	-	-	-	(7,181,646)	-	
Public Library	1,770,261	20,491	-	-	-	-	-	-	-	(1,749,770)	
Total Component Units	<u>\$ 96,343,145</u>	<u>\$ 5,357,483</u>	<u>\$ 31,920,964</u>	<u>\$ 16,419,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,714,039)</u>	<u>(7,181,646)</u>	<u>(1,749,770)</u>	
General Revenues:											
Taxes:											
Property Taxes					62,702,188	2,940,497	65,642,685	-	-	-	
Income Taxes					20,479,059	-	20,479,059	-	-	-	
Transfer and Recordation Taxes					7,299,230	-	7,299,230	-	-	-	
Other Taxes					8,541,314	-	8,541,314	-	-	-	
Unrestricted Investment Earnings					5,982,512	751,853	6,734,365	537,017	972,231	64,812	
Appropriation From Garrett County					-	-	-	25,909,841	7,733,532	1,281,606	
Other Local Appropriations					-	-	-	-	13,900	-	
Grants and Contributions Not Restricted to Specific Programs					-	527,525	527,525	21,998,480	982,092	817,519	
Miscellaneous Revenue					603,968	91,838	695,806	269,952	-	-	
Gain/(Loss) Sale of Assets					(121,165)	2,035	(119,130)	(54,280)	(37,960)	-	
Transfers					(5,220,628)	5,220,628	-	-	-	-	
Total General Revenues & Transfers					<u>100,266,478</u>	<u>9,534,376</u>	<u>109,800,854</u>	<u>48,661,010</u>	<u>9,663,795</u>	<u>2,163,937</u>	
Change in Net Position					24,985,323	3,053,112	28,038,435	14,946,971	2,482,149	414,167	
Net Position - Beginning of Year					125,515,534	76,391,892	201,907,426	18,443,136	62,655,365	1,973,738	
Net Position - End of Year					<u>\$ 150,500,857</u>	<u>\$ 79,445,004</u>	<u>\$ 229,945,861</u>	<u>\$ 33,390,107</u>	<u>\$ 65,137,514</u>	<u>\$ 2,387,905</u>	

The Notes to the Financial Statements are an integral part of this statement

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Balance Sheet
Governmental Funds
June 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS:				
Cash and Cash Equivalents	\$ 82,713,427	\$ -	\$ -	\$ 82,713,427
Investments	16,776,667	-	-	16,776,667
Taxes Receivable - Net	1,554,922	-	-	1,554,922
Due from Other Governments	-	170,974	-	170,974
Due from Other Funds	649,809	-	-	649,809
Due from Component Units	19,974	-	-	19,974
Other Receivables - Net	8,252,404	-	37,494	8,289,898
Lease Receivables-Current	501,646	-	-	501,646
Lease Receivables Component Unit-Current	44,599	-	-	44,599
Note Receivable-Current	60,790	-	-	60,790
Inventories	1,159,696	-	-	1,159,696
Prepaid Expenses	75,562	-	-	75,562
Restricted Cash	-	2,751,210	843,067	3,594,277
Lease Receivables - Long-Term	543,310	-	-	543,310
Lease Receivables Component Unit- Long Term	445,442	-	-	445,442
Note Receivable-Long-Term	335,213	-	-	335,213
TOTAL ASSETS	<u>113,133,461</u>	<u>2,922,184</u>	<u>880,561</u>	<u>116,936,206</u>
LIABILITIES:				
Accounts Payable and Accrued Expenses	4,538,857	16,778	101,874	4,657,509
Due to Component Units	1,212,260	-	-	1,212,260
Due to Other Governments	236,925	-	-	236,925
Unearned Revenues	5,949,082	2,905,406	333,762	9,188,250
Other Liabilities	310,298	-	-	310,298
Total Liabilities	<u>12,247,422</u>	<u>2,922,184</u>	<u>435,636</u>	<u>15,605,242</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Taxes	1,162,889	-	-	1,162,889
Lease Related	1,420,858	-	-	1,420,858
Total Deferred Inflows of Resources	<u>2,583,747</u>	<u>-</u>	<u>-</u>	<u>2,583,747</u>
FUND BALANCES:				
Nonspendable	3,166,258	-	-	3,166,258
Restricted	9,376,031	-	444,925	9,820,956
Assigned	67,976,435	-	-	67,976,435
Unassigned	17,783,568	-	-	17,783,568
Total Fund Balances	<u>98,302,292</u>	<u>-</u>	<u>444,925</u>	<u>98,747,217</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 113,133,461</u>	<u>\$ 2,922,184</u>	<u>\$ 880,561</u>	<u>\$ 116,936,206</u>

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds \$ 98,747,217

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital Assets (See Note 4)	201,033,716	
Accumulated depreciation (See Note 4)	<u>(131,127,317)</u>	69,906,399

Deferred outflows of resources for pensions and OPEB are not reported in the funds but are reported in the Statement of Net Position as follows (See Notes 9, 10, and 11):

Differences between expected and actual experience	1,845,535	
Change in assumptions	3,692,746	
Net difference between projected and actual earnings on investments	332,145	
Changes in proportion and differences between employer contributions and share of contributions	27,233	
County contributions to EPS subsequent to measurement date	<u>13,612</u>	5,911,271

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end include:

Long term compensated absences (Note 7)	(3,593,986)	
Net OPEB liability (Note 7 and Note 12)	(9,943,139)	
Net pension liability-Maryland Retirement and Pension System (ERS) (Note 7 and Note 9)	(518,947)	
Net pension liability-Garrett County Govt. Personnel Retirement Plan (GCRP) (Note 7 and Note 10)	(6,096,091)	
Net pension liability-Garrett County Law Enforcement Retirement Plan (GLERP) (Note 7 and Note 10)	(1,919,987)	
Net pension asset-Volunteer Length of Service Award Plan (LOSAP) (Note 7 and Note 10)	<u>396,327</u>	(21,675,823)

County revenue that is collected after year-end and unavailable soon enough to pay for the current period's expenditures is reported as deferred inflows in the funds. 1,162,889

Deferred inflows of resources for pensions and OPEB are not reported in the funds but are reported in the Statement of Net Position as follows (See Notes 9, 10, and 11):

Differences between expected and actual experience	(2,232,420)	
Change in assumptions	(1,148,702)	
Net difference between projected and actual earnings on investments	(105,551)	
Changes in proportion and differences between employer contributions and share of contributions	<u>(64,423)</u>	<u>(3,551,096)</u>

Total Net Position - Governmental Activities \$ 150,500,857

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
REVENUES:				
Taxes	\$ 99,283,618	\$ -	\$ -	\$ 99,283,618
Licenses and Permits	538,125	-	-	538,125
Intergovernmental	14,439,338	1,691,046	667,611	16,797,995
Fines and Forfeitures	4,881	-	8,894	13,775
Charges for Services	1,221,291	-	16,943	1,238,234
Investment Income	5,981,715	-	797	5,982,512
Lease Revenue	533,526	-	-	533,526
Rents and Concessions	249,139	-	-	249,139
Miscellaneous	914,508	-	-	914,508
Total Revenues	123,166,141	1,691,046	694,245	125,551,432
EXPENDITURES:				
General Government	12,906,304	-	6,821	12,913,125
Public Safety	16,001,205	-	336,971	16,338,176
Public Works	21,097,997	-	-	21,097,997
Health and Hospital	2,447,580	-	-	2,447,580
Education				
Board of Education	30,669,482	-	-	30,669,482
College	7,733,532	-	-	7,733,532
Culture	63,000	-	-	63,000
Parks and Recreation	27,090	-	-	27,090
Library	1,281,606	-	-	1,281,606
Conservation of Natural Resources	1,236,987	-	-	1,236,987
Social Services	510,992	-	-	510,992
Economic Opportunity and Development	5,064,251	-	-	5,064,251
Community Development & Public Housing	-	-	35,487	35,487
Capital Outlay	1,622,294	2,104,194	-	3,726,488
Intergovernmental	302,205	-	-	302,205
Total Expenditures	100,964,525	2,104,194	379,279	103,447,998
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 22,201,616	\$ (413,148)	\$ 314,966	\$ 22,103,434

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds (Continued)
Year Ended June 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
Balances Brought Forward	\$ 22,201,616	\$ (413,148)	\$ 314,966	\$ 22,103,434
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	144,800	-	-	144,800
Transfers				
Capital Projects Fund	(413,148)	413,148	-	-
Airport Fund	(220,067)	-	-	(220,067)
Solid Waste Fund	(2,771,217)	-	-	(2,771,217)
Garrett County Sanitary District, Inc.	(835,969)	-	-	(835,969)
Dept. of Tech. & Communication Fund	(1,529,952)	-	-	(1,529,952)
Liquor Control Board	136,577	-	-	136,577
Total Other Financing Sources (Uses)	<u>(5,488,976)</u>	<u>413,148</u>	<u>-</u>	<u>(5,075,828)</u>
NET CHANGE IN FUND BALANCES	16,712,640	-	314,966	17,027,606
FUND BALANCES, BEGINNING OF YEAR	<u>81,589,652</u>	<u>-</u>	<u>129,959</u>	<u>81,719,611</u>
FUND BALANCES, End of Year	<u>\$ 98,302,292</u>	<u>\$ -</u>	<u>\$ 444,925</u>	<u>\$ 98,747,217</u>

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2024

Change in Fund Balances - Governmental Funds \$ 17,027,606

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

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

Capital outlay	10,025,967	
Depreciation expense	<u>(5,718,962)</u>	4,307,005

Governmental funds report only the cash proceeds from the sale of capital assets. In the statement of activities, the net book value is written off against the proceeds, if any, when assets are disposed or sold.

(265,965)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of current financial resources used. This is the amount of the change in the long term compensated absence liability:

Long term compensated absence liability - prior year	3,265,040	
Long term compensated absence liability - current year	<u>(3,593,986)</u>	(328,946)

Revenues in the statement of activities that do not provide current financial resources are not report as revenue in the governmental funds.

Real estate and other taxes - deferred in the fund statements	1,162,889	
Real estate and other taxes - recognized as income in prior year	<u>(1,474,716)</u>	(311,827)

Changes to the net pension and OPEB liability and related deferred outflow and inflow accounts are not reported in the governmental funds. These changes impact pension/OPEB expense (offset) in the statement of activities as follows:

OPEB Plan	1,572,160	
Maryland Retirement and Pension System	(32,010)	
Garrett County Govt. Personnel Retirement Plan	3,217,528	
Garrett County Law Enforcement Retirement Plan	(152,961)	
Volunteer Length of Service Award Plan	<u>(47,267)</u>	<u>4,557,450</u>

Change in Net Position - Governmental Activities \$ 24,985,323

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Statement of Net Position

Proprietary Funds

June 30, 2024

Business-type Activities - Enterprise Funds

	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$ 100	\$ 3,306,430	\$ 6,494,825	\$ 182,017	\$ 143,520	\$ 10,126,892
Investments	-	7,711,617	-	-	-	7,711,617
Other Receivables - Net	292,178	227,842	1,022,035	17,809	555,844	2,115,708
Inventories	40,840	-	1,735,672	-	-	1,776,512
Prepaid Expense	-	8,820	12,861	-	16,878	38,559
Total Current Assets	333,118	11,254,709	9,265,393	199,826	716,242	21,769,288
Noncurrent Restricted Assets:						
Restricted Cash	-	-	3,438,762	-	-	3,438,762
Restricted Other Receivables	-	-	68,776	-	-	68,776
Total Noncurrent Restricted Assets	-	-	3,507,538	-	-	3,507,538
Capital and Other Assets:						
Non-Depreciable Capital Assets	6,468,681	113,994	4,150,711	1,260,000	-	11,993,386
Depreciable Capital Assets, Net of Accumulated Depreciation	10,355,613	2,310,233	50,359,893	15,741,685	718,119	79,485,543
Other Receivables	-	-	53,067	-	-	53,067
Total Capital and Other Assets	16,824,294	2,424,227	54,563,671	17,001,685	718,119	91,531,996
TOTAL ASSETS	17,157,412	13,678,936	67,336,602	17,201,511	1,434,361	116,808,822
DEFERRED OUTFLOWS OF RESOURCES	19,162	45,971	261,971	-	103,230	430,334
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 17,176,574	\$ 13,724,907	\$ 67,598,573	\$ 17,201,511	\$ 1,537,591	\$ 117,239,156

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Statement of Net Position

Proprietary Funds

June 30, 2024

Business-type Activities - Enterprise Funds

	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
LIABILITIES:						
Current Liabilities:						
Accounts Payable and Accrued Expenses	\$ 8,588	\$ 73,282	\$ 433,549	\$ -	\$ 321,969	\$ 837,388
Bonds and Loans Payable - Current Portion	-	-	2,171,643	-	-	2,171,643
Closure/Postclosure Liabilities - Current Portion	-	31,000	-	-	-	31,000
Due to Other Governments	-	-	80,529	-	-	80,529
Due to Other Funds	-	-	-	649,809	-	649,809
Unearned Revenue	15,760	-	54,671	-	156,172	226,603
Total Current Liabilities	24,348	104,282	2,740,392	649,809	478,141	3,996,972
Noncurrent Liabilities:						
Bonds and Loans Payable	-	-	23,051,746	275,000	-	23,326,746
Compensated Absences	4,924	139,824	234,794	-	104,110	483,652
Net Pension Liability	51,554	167,337	1,199,687	-	225,683	1,644,261
Closure/Postclosure Liabilities	-	8,326,015	-	-	-	8,326,015
Total Noncurrent Liabilities	56,478	8,633,176	24,486,227	275,000	329,793	33,780,674
TOTAL LIABILITIES	80,826	8,737,458	27,226,619	924,809	807,934	37,777,646
DEFERRED INFLOWS OF RESOURCES	1,336	15,170	-	-	-	16,506
NET POSITION						
Net Investment in Capital Assets	16,824,294	2,424,227	29,287,215	17,001,685	718,119	66,255,540
Restricted for Debt Service	-	-	3,438,762	-	-	3,438,762
Unrestricted Net Position (Deficit)	270,118	2,548,052	7,645,977	(724,983)	11,538	9,750,702
Total Net Position	17,094,412	4,972,279	40,371,954	16,276,702	729,657	79,445,004
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 17,176,574	\$ 13,724,907	\$ 67,598,573	\$ 17,201,511	\$ 1,537,591	\$ 117,239,156

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds					
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES:						
Charges for Services	\$ 292,692	\$ 2,048,546	\$ 5,090,337	\$ 30,000	\$ 439,338	\$ 7,900,913
Other	1	81,839	1,385,625	-	7,142	1,474,607
Total Operating Revenues	<u>292,693</u>	<u>2,130,385</u>	<u>6,475,962</u>	<u>30,000</u>	<u>446,480</u>	<u>9,375,520</u>
OPERATING EXPENSES:						
Salaries	107,508	807,356	1,675,426	-	582,041	3,172,331
Fringe Benefits	40,103	293,773	691,002	-	260,518	1,285,396
Maintenance and Repairs	56,462	70,293	1,123,036	4,834	114,594	1,369,219
Supplies	148,584	72,771	1,426,775	-	-	1,648,130
Utilities	11,763	117,203	693,803	-	26,398	849,167
Transportation	1,456	-	201,500	-	10,003	212,959
Contracted Services	3,853	274,759	1,341,203	-	163,468	1,783,283
Insurance	4,518	13,689	5,762	2,222	-	26,191
Lab Tests	-	-	1,166	-	-	1,166
Direct Administration	-	-	19,193	-	18,525	37,718
Indirect Administration	-	-	307,489	17,700	-	325,189
Depreciation Expense	243,439	292,530	2,658,197	374,783	170,061	3,739,010
Amortization - Other	-	464,867	-	-	-	464,867
Other	25,625	114,504	-	-	861,974	1,002,103
Total Operating Expenses	<u>643,311</u>	<u>2,521,745</u>	<u>10,144,552</u>	<u>399,539</u>	<u>2,207,582</u>	<u>15,916,729</u>
OPERATING INCOME (LOSS)	<u>(350,618)</u>	<u>(391,360)</u>	<u>(3,668,590)</u>	<u>(369,539)</u>	<u>(1,761,102)</u>	<u>(6,541,209)</u>

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds (Continued)
Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds					
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING INCOME (LOSS)						
Balances Brought Forward	\$ (350,618)	\$ (391,360)	\$ (3,668,590)	\$ (369,539)	\$ (1,761,102)	\$ (6,541,209)
NON-OPERATING REVENUES (EXPENSES):						
Tap Fees - Capital Revenue	-	-	527,525	-	-	527,525
State Grants	-	-	-	-	122,785	122,785
Federal Grants	-	-	-	-	395,796	395,796
Investment Income (Loss)	-	450,014	301,839	-	-	751,853
Ad Valorem Tax	-	-	2,940,497	-	-	2,940,497
Gain on Sale of Assets	-	2,035	-	-	-	2,035
Interest Expense	-	-	(562,773)	-	-	(562,773)
Total Nonoperating Revenues (Expenses)	-	452,049	3,207,088	-	518,581	4,177,718
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(350,618)	60,689	(461,502)	(369,539)	(1,242,521)	(2,363,491)
CONTRIBUTIONS AND TRANSFERS						
Capital Contributions from:						
State	-	-	1,626	-	-	1,626
Federal	76,245	-	118,104	-	-	194,349
Capital Related Transfers from Primary Government	23,289	2,500,000	374,669	-	72,621	2,970,579
Transfers from (to) Primary Government	-	-	-	-	(136,577)	(136,577)
Transfers from (to) Primary Government	196,778	271,217	461,300	-	1,457,331	2,386,626
CHANGE IN NET POSITION	(54,306)	2,831,906	494,197	(369,539)	150,854	3,053,112
NET POSITION - BEGINNING OF YEAR	17,148,718	2,140,373	39,877,757	16,646,241	578,803	76,391,892
NET POSITION - END OF YEAR	\$ 17,094,412	\$ 4,972,279	\$ 40,371,954	\$ 16,276,702	\$ 729,657	\$ 79,445,004

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds					
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received from Customers	\$ 308,263	\$ 2,148,826	\$ 6,532,543	\$ 32,887	\$ 108,637	\$ 9,131,156
Cash Paid to Suppliers	(276,933)	(737,472)	(5,216,896)	(4,767)	(997,618)	(7,233,686)
Cash Paid to Employees and for Employee Benefits	(202,522)	(1,260,835)	(2,723,784)	-	(922,721)	(5,109,862)
Net Cash Provided by (Used in) Operating Activities	(171,192)	150,519	(1,408,137)	28,120	(1,811,702)	(3,212,392)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfer from (to) Other Funds	196,778	271,217	461,300	-	1,320,753	2,250,048
Federal Grants	-	-	-	-	395,796	395,796
State Grants	-	-	-	-	122,785	122,785
Increase (Decrease) in Amounts Due to General Fund	-	-	-	-	(22,326)	(22,326)
Net Cash Provided by (Used in) Non-Capital Financing Activities	196,778	271,217	461,300	-	1,817,008	2,746,303
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from Sale of Capital Assets	-	4,855	-	-	-	4,855
Capital Contributions	89,619	2,500,000	545,506	-	72,621	3,207,746
Proceeds from Tap Fees	-	-	527,525	-	-	527,525
Ad Valorem Taxes and Other Assessments Collected	-	-	2,967,573	-	-	2,967,573
Payment of Expenses Related to Landfill Closure	-	(33,900)	-	-	-	(33,900)
Acquisition and Construction of Capital Assets	(115,205)	-	(1,196,595)	-	(72,621)	(1,384,421)
Principal Paid on Long-Term Debt	-	-	(2,127,151)	-	-	(2,127,151)
Interest Paid on Long-Term Debt	-	-	(564,165)	-	-	(564,165)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(25,586)	2,470,955	152,693	-	-	2,598,062
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment Income/(Loss)	-	450,014	301,839	-	-	751,853
Government & Agency Bonds and CDs	-	(2,322,106)	-	-	-	(2,322,106)
Net Cash Provided by (Used in) Investing Activities	\$ -	\$ (1,872,092)	\$ 301,839	\$ -	\$ -	\$ (1,570,253)

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Cash Flows
Proprietary Funds (Continued)
Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Nonmajor Enterprise Funds	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ -	\$ 1,020,599	\$ (492,305)	\$ 28,120	\$ 5,306	\$ 561,720
Cash and Cash Equivalents, Beginning of Year (Including \$3,559,617 in restricted accounts)	100	2,285,831	10,425,892	153,897	138,214	13,003,934
CASH AND CASH EQUIVALENTS, End of Year (Including \$3,438,762 in restricted accounts)	<u>\$ 100</u>	<u>\$ 3,306,430</u>	<u>\$ 9,933,587</u>	<u>\$ 182,017</u>	<u>\$ 143,520</u>	<u>\$ 13,565,654</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	(350,618)	(391,360)	(3,668,590)	(369,539)	(1,761,102)	(6,541,209)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	243,439	757,397	2,658,197	374,783	170,061	4,203,877
(Increase) in Deferred Outflows of Resources	17,310	86,464	201,434	-	59,425	364,633
(Decrease) in Deferred Inflows of Resources	(923)	(4,536)	(22,475)	-	-	(27,934)
(Increase) Decrease in Assets:						
Accounts Receivable	7,205	18,441	56,581	2,887	(286,715)	(201,601)
Inventories	(8,599)	-	(34,901)	-	-	(43,500)
Prepaid Expenses	2,822	8,819	12,860	19,989	22,261	66,751
Increase (Decrease) in Liabilities						
Accounts Payable and Accrued Expenses	(18,200)	(77,361)	(2,091)	-	183,874	86,222
Due to Other Governments	-	-	(62,186)	-	-	(62,186)
Unearned Revenue	8,365	-	-	-	(51,128)	(42,763)
Net Pension Liability	(45,265)	(226,324)	(556,456)	-	(164,161)	(992,206)
Compensated Absences	(26,728)	(21,021)	9,490	-	15,783	(22,476)
Net Cash Provided (Used) by Operating Activities	<u>\$ (171,192)</u>	<u>\$ 150,519</u>	<u>\$ (1,408,137)</u>	<u>\$ 28,120</u>	<u>\$ (1,811,702)</u>	<u>\$ (3,212,392)</u>

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Statement of Net Position

Fiduciary Funds

June 30, 2024

	<u>Benefit Plan Trust Funds</u>
ASSETS	
Cash and Cash Equivalents-Money Markets	\$ 1,033,742
Investments: Fixed Income Securities	
Certificate of Deposits	1,494,691
Fixed Income Mutual Funds	5,551,321
U.S. Government Agencies	6,034,691
U.S. Government Treasury Obligations	405,838
Municipal Bonds	1,363,016
Corporate Bonds and Notes	14,517,688
Investments: Equity Securities	
Common Equity Securities	9,402,910
Equity Mutual Funds	28,354,619
Total Investments	<u>67,124,774</u>
Interest Receivable	<u>404,354</u>
TOTAL ASSETS	68,562,870
LIABILITIES	<u>-</u>
NET POSITION	
Held in Trust for Retirement Benefits and OPEB	<u><u>\$ 68,562,870</u></u>

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2024

	Benefit Plan Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 7,879,073
Plan Members	871,424
Total Contributions	8,750,497
Investment Earnings:	
Realized Net Gains (Losses) on Investments	(342,422)
Interest and Dividends	2,011,103
Net Appreciation in Fair Market Value of Plan Investments	5,249,555
Investment Activity (Expense)	(204,775)
Total Net Investment Earnings	6,713,461
Total Additions	15,463,958
DEDUCTIONS	
Benefits	3,024,269
Administrative	41,507
Total Deductions	3,065,776
Change In Net Position	12,398,182
Net Position - Beginning of Year	56,164,688
Net Position - End of Year	\$ 68,562,870

The Notes to Financial Statements are an integral part of this statement.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Garrett County, Maryland (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies consistent with these principles are described below.

A. Reporting Entity

Garrett County, Maryland was formed as a municipal corporation in 1872 by an Act of the General Assembly of the State of Maryland. All executive and legislative functions of the County are vested in an elected three-member Board of County Commissioners. The accompanying financial statements present the government and all of its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Units - The Garrett County Sanitary District, Inc. (District) provides water and wastewater disposal services to the citizens of Garrett County. The District is governed by The Board of County Commissioners of Garrett County. The District is reported as a blended component unit within the accompanying financial statements by virtue of the fact that the County Commissioners have executive authority over the affairs of the District including approval of rates for user charges, debt issuance authority and responsibility to levy taxes to recover debt incurred by the District. The Garrett County Sanitary District, Inc. is subject to the administrative control of the Garrett County Department of Public Utilities. The District is reported in the accompanying financial statements as an enterprise fund.

On April 11, 2012, the Board of County Commissioners assumed all operating and managerial control of the Adventure Sports Center, Inc., (ASC, Inc.) and its wholly owned subsidiary LLCs. On that date, the Board of County Commissioners replaced ASC, Inc.'s existing board of directors and was vested with all executive powers and governance responsibilities. ASC, Inc. is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization's main source of revenue is from rafting program service fees on its manmade white water course. The County Parks & Recreation Fund is used to account for the activities of ASC, Inc. which is reported as a blended component unit within the accompanying financial statements by virtue of the fact that the County Commissioners have executive authority over the affairs of ASC, Inc. and management of the County have operational responsibility for the activities of ASC, Inc. The Parks & Recreation Fund is reported in the accompanying financial statements as an enterprise fund.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Garrett County Board of License Commissioners also known as the Liquor Control Board was established under Article 2B of the Alcoholic Beverage Laws of the State of Maryland, and is empowered to administer the provisions of the Alcoholic Beverage Laws applicable to Garrett County. The three-member Board is appointed by the Governor. The Liquor Control Board is reported as a blended component unit within the accompanying financial statements by virtue of the fact that the Board provides services almost exclusively for the benefit of the Garrett County Commissioners. The Liquor Control Board is reported in the accompanying financial statements as an enterprise fund.

Discretely Presented Component Units - The Board of Education of Garrett County is a legally separate organization created by state law and is responsible for the operation of the public school system within the County. The five members of the School Board are elected by the voters. The Board of Education of Garrett County is reported as a component unit within the accompanying financial statements by virtue of the County's responsibility for levying taxes and its budgetary control over the Board of Education and is therefore fiscally dependent on the County Commissioners to fund its operating and capital budgets.

Garrett Community College, doing business as Garrett College (the College) is a legally separate organization created by state law and provides post-secondary education programs of learning leading to Associates in Arts and Applied Science degrees and a variety of one-year certificate programs as well as noncredit classes. The College is governed by a seven-member Board of Trustees, appointed by the governor of the State for six-year renewable terms. The College is reported as a component unit within the accompanying financial statements because the College is fiscally dependent on the County Commissioners to fund its operating and capital budgets. As defined by generally accepted accounting principles, the financial reporting entity of the College includes the Garrett Community College Foundation, Inc. (the Foundation) based on the nature and significance of its relationship with the College. However, the Foundation is not financially accountable to the College.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation also owns a student residence hall providing student housing to students in attendance at Garrett College. The fourteen member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. The financial statements of the College have been combined with the financial statements of the Foundation in reporting the College in the accompanying government-wide financial statements.

The Ruth Enlow Library of Garrett County (Library) is a public library system with five branches located throughout the County. It is governed by a seven member Board of Trustees. The Library is reported as a component unit within the accompanying financial statements because the Library is fiscally dependent on the County Commissioners to fund its operating and capital budgets.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Complete financial statements for each of the individual discretely presented component units can be obtained from their respective administrative offices listed below:

Garrett County Public Schools
40 South Second Street
Oakland, MD 21550

Garrett College
687 Mosser Road
McHenry, MD 21541

Ruth Enlow Library
6 North Second Street
Oakland, MD 21550

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements – The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Primary Government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, 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 Net Position displays the financial position of the County as of fiscal year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets, including infrastructure, as well as long-term debt and obligations. The County’s net position is reported in three categories: 1) net investment in capital assets; 2) restricted; and 3)unrestricted.

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are 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.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are 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 revenues 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*. This focus is on the determination of, and changes in financial position. Generally, only current assets and current liabilities are included on the balance sheet. Revenues are recorded as soon as they are both measurable and available. Revenues are considered to be *available* if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major revenue source subject to the availability criterion is property tax revenue. 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, claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County 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 related to the acquisition or long-term construction of major capital facilities of the County (other than those financed by proprietary funds).

The County reports the following major proprietary funds:

The Airport Fund provides air traffic control, aircraft storage and related services. This fund accounts for the operations of the County's airport and related facilities.

The Solid Waste Fund provides solid waste disposal and recycling facilities for residential and commercial use. This fund accounts for the operations of the County's landfill collection and recycling facilities.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Garrett County Sanitary District, Inc. provides water treatment and distribution services, sewage collection, and treatment services throughout the County.

The Parks & Recreation Fund provides adventure sport and other recreational activities and related services. The Parks & Recreation Fund is used to operate and account for ASC, Inc.

The County reports the following nonmajor proprietary funds:

The Department of Technology & Communications provides technology and communication services for commercial use. This fund accounts for the operations of the County's technology and communication services.

The Liquor Control Board is responsible for issuing alcoholic beverage licenses at the retail level and enforcement of State and local laws, rules, and regulations governing retail sales.

Additionally, the County reports the following additional nonmajor governmental fund types:

The County reports various *special revenue funds*, used to account for the proceeds of specific revenue sources as non-major governmental funds. The special revenue funds are used to account for HUD, Public Safety, Commissary, Law Library, Keyzers Ridge, Cannabis Reinvestment and Repair, and Opioid Settlement proceeds, all of which are legally or otherwise restricted to expenditures for specified purposes. HUD revenue is restricted federal grant revenue restricted by HUD for community development and public housing projects. The Public Safety revenue arises from the seizure and forfeiture of assets relating to narcotics investigations. These funds are required by the State's Attorney to be expended for the Narcotics Task Force. Public Safety revenue also includes an annual grant for the local volunteer fire and rescue squads. Commissary revenue arises from the operation of the inmate commissary. The Maryland Code requires that all profit from the commissary be used for goods or services that benefit the general inmate population. The Law Library derives revenue from appearance fees. This revenue is required by the Maryland Code to be used for the maintenance of a Law Library. Revenue generated from investment earnings and renting and leasing of the Keyzers Ridge Business Park is to be remitted to the Maryland Department of Commerce in return for their investment in the business park. Garrett County participated in a national opioid settlement for Janssen's connection and respective involvement in the manufacture and distribution of opioid products. Expenditures of opioid settlement proceeds shall be for permitted uses that serve the purpose of past and future opioid remediation as set forth in the national settlement agreement. Revenues for the Cannabis Reinvestment and Repair fund are derived from proceeds from the State of Maryland from cannabis sales. Permitted uses include funding initiatives to benefit low income communities.

The *Garrett County Government Personnel Retirement Trust Fund*, the *Garrett County Law Enforcement Employee Retirement Trust Fund*, the *Volunteer Length of Service Award Trust Fund* and the *Garrett County Other Post Employment Benefit Trust Fund* are fiduciary fund types used to accumulate resources for retirement benefit payments to qualified County employees and volunteer fire and rescue personnel.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County’s landfill and water and sewer functions and various other governmental activity functions. Elimination of these charges would distort the direct costs and program revenues 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Airport, the County Solid Waste and Recycling Facility, Garrett County Sanitary District, the Parks & Recreation, the Department of Technology & Communications, and the Liquor Control Board enterprise funds are charges to customers for sales and services.

The Sanitary District also recognizes as operating revenue the portion of tap 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 on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, unless grantor requires local/unrestricted funds to be spent first. After first using available restricted resources, then unrestricted resources are used as needed.

D. Assets, Liabilities, and Deferred Inflows/Outflows of Resources

Cash and Cash Equivalents - The County operates a centralized cash receipt and disbursement function for all funds except the Benefit Plan Trust Funds, which maintain their own cash accounts. Individual fund equity in pooled invested cash is reported as an asset on the balance sheets of those funds reporting equity in pooled invested cash. “Cash and Cash Equivalents” includes currency on hand, demand deposits, and investments with original maturities of three months or less at the time of purchase.

Investments - Primary Government investments consist of certificates of deposit with original maturities of more than three months when purchased, U.S. Treasury obligations and other government agency bonds and mutual funds. Investments of the County are reported at fair value, or amortized cost which approximates fair value.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Deferred Inflows/Outflows of Resources (Continued)

Fiduciary fund 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. Fiduciary fund investments include the types for the listed for the primary government and corporate bonds, notes and equity investments.

Receivables and Payables - In order to maximize investment earnings and for efficient operation of the accounting system, substantially all receipts and disbursements of the Primary Government, excluding the Garrett County Sanitary District, Inc. (reported as a blended component unit), are accounted for in one bank account. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “due to/from Primary Government”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. All trade and property tax receivables are reported net of an allowance for doubtful accounts.

Property Taxes - The County's property taxes are levied each July 1 at rates enacted by the Board of County Commissioners on the total assessed value as determined by the Maryland State Department of Assessments and Taxation. State law stipulates that 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.

Property taxes attach as an enforceable lien when levied on July 1 of each fiscal year and become delinquent on October 1 of the following year. Interest accrues on unpaid property taxes beginning October 1 of the current year. Tax liens on real property are sold at public auction in May on taxes delinquent since October 1 of the previous fiscal year.

Inventories and Prepaid Items - Inventory, consisting principally of expendable items held for consumption or sale to the general public, is stated generally at the lower of cost or market on a first-in, first-out basis or, in the case of the Sanitary District, at average cost. All inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors for services such as insurance and postage that will benefit future periods are recorded as prepaid items.

Restricted Assets - The governmental activities column of the government-wide and governmental funds financial statements include restricted cash of \$13,076,633 which represents general fund cash balances from self-funded health insurance, capital projects and special revenue funds' cash balances related to various external restrictions associated with those special revenue funds.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Deferred Inflows/Outflows of Resources (Continued)

Restricted assets attributable to the Garrett County Sanitary District, Inc. of \$3,507,538 represent cash and receivables maintained in accordance with bond resolutions, loan agreements, grant awards and other resolutions and formal actions of the District or by agreement for the purpose of funding certain debt service payments, major repair and replacement activities and other improvements to its water and sewer systems.

Capital Assets - Capital assets which include property, plant and equipment, infrastructure assets (e.g. roads, bridges, and related subsystems), and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20-30
Buildings and Improvements	15-40
Heavy Machinery and Equipment	5-20
Vehicles	5
Office Furniture and Equipment	5-10
Infrastructure	5-50

Deferred Inflows/Outflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has five items on the Statement of Net Position that qualify for reporting in this category. At June 30, 2024, deferred outflows consisted of pension plan contributions paid in the current fiscal year subsequent to the measurement date, which will be recognized as a reduction of net pension liabilities in the year ending June 30, 2025.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Deferred Inflows/Outflows of Resources (Continued)

Deferred outflows at June 30, 2024 also consisted of differences between actual and expected experience, changes in OPEB and pension plan actuarial assumptions; differences in the projected and actual investment earnings; and changes in the proportion between employer contributions and share of contributions related to the determination of the net OPEB and pension plan liability that are being amortized over periods ranging from five to thirteen years. Deferred outflows presented on the Statement of Net Position are as follows:

Description	Garrett County					Total
	Maryland Retirement and Pension System	Government Personnel Retirement Plan	Garrett County Law Enforcement Retirement Plan	Volunteer Length of Service Award Plan	Garrett County Other Post Employment Benefit Plan	
Differences between expected and actual experience	\$ 18,239	\$ 1,082,264	\$ 711,290	\$ 213,630	\$ -	\$ 2,025,423
Change in assumptions	35,406	1,167,614	448,930	1,234,507	1,000,362	3,886,819
Net difference between projected and actual earnings on investments	49,355	339,163	-	-	-	388,518
Changes in proportion and differences between employer contributions and share of contributions	27,233	-	-	-	-	27,233
County contributions to the Employees' Pension System subsequent to measurement date	13,612	-	-	-	-	13,612
Total deferred outflows of resources	\$ 143,845	\$ 2,589,041	\$ 1,160,220	\$ 1,448,137	\$ 1,000,362	\$ 6,341,605

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four items related to pension and OPEB related to the determination of the net OPEB and pension plan liability that are being amortized over periods ranging from five to thirteen years, as follows:

Description	Garrett County					Total
	Maryland Retirement and Pension System	Government Personnel Retirement Plan	Garrett County Law Enforcement Retirement Plan	Volunteer Length of Service Award Plan	Garrett County Other Post Employment Benefit Plan	
Differences between expected and actual experience	\$ (22,653)	\$ (114,822)	\$ (62,642)	\$ (137,120)	\$ (1,908,100)	\$ (2,245,337)
Change in assumptions	(2,762)	(31,901)	(7,919)	(1,100,963)	(8,746)	(1,152,291)
Net difference between projected and actual earnings on investments	-	-	(31,009)	(45,943)	(28,599)	(105,551)
Changes in proportion and differences between employer contributions and share of contributions	(64,423)	-	-	-	-	(64,423)
Total deferred inflows of resources	\$ (89,838)	\$ (146,723)	\$ (101,570)	\$ (1,284,026)	\$ (1,945,445)	\$ (3,567,602)

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Deferred Inflows/Outflows of Resources (Continued)

The government-wide financial statements also have a deferred inflow of resources of \$1,420,858 related to leases (described in Note 3 to the financial statements) which is also present on the governmental fund balance sheet. Additionally, unavailable tax revenue of \$1,162,889 is presented on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues as reported in the government-wide and governmental funds financial statements include taxes and fees that were prepaid to the County for future tax year levies of \$304,500; expenditure driven grants of \$5,644,582; amounts held for area volunteer fire departments and rescue squads of \$277,264; HUD grants for which eligibility requirements have not been met of \$56,498; and contributions from other entities for capital projects not yet completed of \$2,905,406. Unearned revenues as reported in the business-type activities included security deposits of \$7,925; grants for which eligibility requirements have not been met of \$68,913; prepaid license renewals of \$149,765.

Compensated Absences - Permanent full-time employees of the Primary Government and its component units are granted vacation benefits in varying amounts. Sick leave, holiday leave and compensatory leave accrue to permanent full-time employees up to specified maximums. After six months of service, employees of the Primary Government are entitled to carry over sick leave, compensatory leave, holiday and banked vacation leave up to specified amounts to be used in subsequent years. Accrued vacation, holiday leave, sick leave, and compensatory leave vest in accordance with County policies and are payable when the employee separates from service with the County. Upon separation from service for retirement or death only, up to 75 days of sick leave is reimbursed to the retiring employee or the employee's estate. Compensatory leave benefits can be carried over to the subsequent year in varying amounts up to a maximum of 240 hours for hourly employees, 480 hours for public safety employees, and 100 hours for all other government employees.

All accrued compensated absence benefits, including employer paid payroll taxes and benefits, are accrued when incurred in the government-wide and proprietary fund financial statements. Generally accepted accounting principles require the current portion (amounts owed to employees who have officially tendered their resignation or retirement notice) of accrued compensated absences attributable to the County's governmental funds and similar component units to be recorded as an expenditure and liability in the respective funds that will pay the benefit.

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, or proprietary fund type statement of net position. In the fund financial statements, governmental funds report the face amount of the debt issued as other financing sources. Bond and other loan issuance costs are recognized as an expense in the period incurred in both the fund and government-wide financial statements.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Deferred Inflows/Outflows of Resources (Continued)

Leases and Subscription-Based Information Technology Arrangements (SBITA)

Lessee/Subscriber

Lease and SBITA liabilities are recognized with an initial, individual value of \$25,000 or when the initial aggregate value exceeds \$200,000. At the commencement of an agreement, the lease and/or SBITA liability is measured at the present value of payments expected to be made during the term. Subsequently, the lease and SBITA liability is reduced by the principal portion of payments made. The lease and/or SBITA asset is measured as the initial amount of the lease/SBITA liability, adjusted for lease and SBITA payments made at or before the agreement commencement date, plus certain initial direct costs. Subsequently, the lease and SBITA asset is amortized on a straight-line basis over the shorter of the lease or SBITA term or the useful life of the underlying asset. Currently, the County has no lease or SBITA liabilities which required recognition.

Lessor

Garrett County is a lessor for noncancellable leases of buildings. At the commencement of the lease, the lease receivable is measured at the present value of payments expected to be received during the life of the lease at the commencement date. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is 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 judgements include how Garrett County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- An estimated incremental borrowing rate is used as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease receipts included the measurement of the lease receivable is composed of fixed payments for the lessee.

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

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Net Position/Fund Balance Classifications

In the government-wide financial statements, net position is classified into the following components: net investment in capital assets; other restricted funds; and unrestricted net position. Net investment in capital assets, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to assets of discretely presented component units or other organizations is excluded from that determination. Other restricted funds consist of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted net position consists of all other net position not included in the above categories.

The Board of Garrett County Commissioners (Board) is the governing body with the highest level of decision-making authority relative to Garrett County Government's fund balances. The Board through formal action is the only body that can commit fund balance. This action must be in the form of a Board Resolution approved and documented within the minutes of the Board meetings. Once established, only the Board may modify or rescind a fund balance commitment. Modification or rescission can only occur with an additional approved Board Resolution to act upon the modification or rescission.

It is the Board's policy to first use restricted fund balances for expenses incurred for which both restricted and unrestricted fund balances are available unless a local match is required. Where a local match is required, the expense is allocated to restricted and unrestricted fund balances based on the required match percentages. In the event that expenditures are made from multiple unrestricted fund balance classifications, the order of fund spending is as follows: Committed, Assigned, and Unassigned.

The Board's minimum fund balance policy with respect to unrestricted General Fund balance (unrestricted equals the combination of committed, assigned and unassigned) is that it be maintained at a level which, at a minimum, equals 5% of General Fund operating revenues in order to protect the financial stability of Garrett County Government, to provide sufficient liquidity required for daily operations and to address unplanned needs. In the event the Unrestricted General Fund balance falls below a level of 2% of the budgeted General Fund regular operating revenues, the funds will be replenished from revenues in the General Fund within two years to a level equal to at least 5% of the budgeted General Fund regular operating revenues. Conditions that are considered an emergency or contingency, are within the sole discretion of the Board of County Commissioners of Garrett County, Maryland.

Administrative staff review the minimum fund balance policy every year to assure that it is appropriate and is meeting all the stated objectives. If there are any changes to the policy objectives, or substantial changes in revenues or expenditures, this policy may only be modified by the Board of County Commissioners of Garrett County, Maryland.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Net Position/Fund Balance Classifications (Continued)

In the funds financial statements, fund equity is classified as net position/fund balance. Proprietary fund net position is classified the same as in the government-wide statements. The County classifies governmental fund balances as follows:

Non-spendable Fund Balance - Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted Fund Balance - Amounts constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts constrained for a specific purpose by the governing body using its highest level of decision making authority. These constraints can only be removed or changed by the same governing body using its decision making authority to reverse a decision. Actions to constrain resources should occur prior to the end of a fiscal year, although the exact amount may be determined subsequent to year-end. The County had no committed fund balance as of June 30, 2024.

Assigned Fund Balance - Amounts intended to be used for a specific purpose. This intent is expressed by the governing body or another body such as the budget/finance committee or other approved individual designee of the governing body. This classification includes residual amounts for all governmental funds other than the general fund not otherwise classified as nonspendable, restricted, or committed. Amounts reported as assigned should not result in a deficit in unassigned fund balance within a fund.

Unassigned Fund Balance – This classification represents amounts that have not been restricted, committed or assigned to a specified purpose within the general fund..

The elected Board has delegated to the County Administrator and the Director of Financial Services the authority to assign fund balance subject to Board review and approval.

F. Net Position Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted net position to have been depleted before unrestricted – net position is applied.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that will 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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Retirement Plans

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

There are three other single employer defined benefit employee retirement plans for County employees. See Note 10 for a complete description and membership requirements for each of the plans.

J. Postemployment Benefits Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Garrett County Employees Health Care Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 2 – CASH AND INVESTMENTS

The following is a reconciliation of cash and cash equivalents and investments of the Primary Government as of June 30, 2024 to the statement of net position:

	Governmental Activities	Business-Type Activities	Primary Government	Fiduciary Funds
Cash and Cash Equivalents	\$ 73,231,071	\$ 10,126,892	\$ 83,357,963	\$ -
Restricted Cash	13,076,633	3,438,762	16,515,395	1,033,742
Investments	16,776,667	7,711,617	24,488,284	-
Restricted Investments	-	-	-	67,124,774
Total	<u>\$ 103,084,371</u>	<u>\$ 21,277,271</u>	<u>\$ 124,361,642</u>	<u>\$ 68,158,516</u>

Deposit and Investment Summary

	Governmental Activities	Business-Type Activities	Primary Government	Fiduciary Funds
Deposits & Cash Equivalents	\$ 42,685,027	\$ 13,564,904	\$ 56,249,931	\$ -
Money Markets	-	-	-	1,033,742
Treasury Bills and Notes	-	-	-	405,838
MD Local Government				
Investment Pool	43,620,627	-	43,620,627	-
Certificates of Deposit	10,595,117	-	10,595,117	1,494,691
U.S. Government Agencies	6,181,550	7,396,829	13,578,379	6,034,691
Fixed Income Mutual Funds	-	-	-	5,551,321
Municipal Bonds and Notes	-	314,788	314,788	1,363,016
Preferred Stock	-	-	-	676,784
Corporate Bonds and Notes	-	-	-	13,840,904
Equity Mutual Funds	-	-	-	28,354,619
Common Equity Securities	-	-	-	9,402,910
Cash on Hand	2,050	750	2,800	-
Total	<u>\$ 103,084,371</u>	<u>\$ 21,277,271</u>	<u>\$ 124,361,642</u>	<u>\$ 68,158,516</u>

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County may not be able to recover the deposits. At year end, the carrying amount of the Primary Government's deposits was \$66,845,048 and the bank balance of funds was \$68,504,125. Of the bank balance \$54,395,089 was insured by the Federal Deposit Insurance Corporation (FDIC), \$13,884,336 was collateralized by securities held by the County's agent in the County's name with the remainder of \$224,700 subject to custodial credit risk.

Statutes require collateral to be pledged as security for deposits in excess of available depository insurance and the market value of such collateral shall be at least equal to the amount of moneys on deposit. The market value of collateral pledged as security for the County's deposits (including cash and certificates of deposit) at June 30, 2024 was \$15,356,546. The County's Fiduciary Fund money market accounts of \$1,033,742 are fully insured through an insured cash sweep program.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments

The County is restricted by State law as to the kinds of investments that can be made. Authorized investments include (1) obligations of which the faith and credit of the United States of America are pledged, (2) obligations of federal governmental agencies issued pursuant to Acts of Congress, (3) bankers acceptances, (4) repurchase agreements that are secured by any bond or other obligations of the federal government having a market value of not less than 102% of the principal cost, and (5) an investment trust whose portfolio consists of bonds or other obligations of the federal government. The County is also authorized under State law to make deposits in banks, savings and loans, etc. which have the lawfully required escrow deposits or which have authorized collateral. Fiduciary Funds are authorized by the Plans' Board of Trustees to invest in instruments identified above and, additionally, to invest in debt and equity securities.

The County's investment policy limits exposure to fair value losses arising from increasing interest rates by periodically redetermining an appropriate weighted average portfolio maturity based on the latest cash flow projections and by limiting investments to those maturing in less than three years from date of purchase. Reserve funds may, however, be invested in securities exceeding three years in the instance that such investments are made with maturity dates coinciding with the expected need for the related funds.

To reduce concentration of credit risk, the County seeks to maintain a balanced portfolio by issuer or financial institution or class of security. None of the County's investments represents greater than five percent of the County's portfolio as of June 30, 2024.

Diversification by Instrument	Maximum % of Portfolio
U.S. Treasury Obligations	100%
U.S. Government Agency and U.S. Government-sponsored instrumentalities	100%
Repurchase Agreements (Master Repurchase Agreement required)	100%
Collateralized Certificates of Deposit (Only MD Commercial Banks)	40%
Bankers' Acceptances	40%
Money Market Mutual Funds	60%
Government Dealers (Repurchase Agreements)	50%
Commercial Banks (Certificates of Deposit)	30%
Money Market Treasury Funds	40%
Bankers' Acceptances by Institution	25%

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 2 – CASH AND INVESTMENTS (Continued)

The County’s investment policy limits its credit risk by establishing maximum portfolio percentages for investments in specific instruments and individual financial institutions as follows:

The Fiduciary Funds have employed professional investment managers to manage retirement plan assets and to follow the plans’ investment policies which are designed to protect plan principal and to achieve a real rate of return over the long term. Fiduciary Fund investments, having a market value of \$67,124,774 at June 30, 2024, were exposed to custodial credit risk as they were uninsured and held by the counterparty’s trust department but not in the name of the County.

The Fiduciary Funds have investment policies specifying that investments in corporate bonds be primarily investment grade securities rated by Moody’s or Standard and Poor’s. The Fiduciary Fund investment policies further limit credit risk by prescribing that the fixed income portfolio be well diversified with respect to type, industry and issuer. Fiduciary Fund mutual fund investments include bond mutual funds all of which were unrated as of June 30, 2024. Fiduciary Fund investment policies do not place limits on investment managers with respect to the duration of their investments. The County has the following policy for the Fiduciary Funds with respect to investment allocation target percentages:

Cash & cash equivalents	0-20%
Equities	45-65%
Fixed Income	30-50%

The investments of the Primary Government included debt securities having the following ratings as of June 30, 2024:

Investment Type	Security Ratings		Primary Government
	Moody's	Standard and Poor's	6/30/24
U.S. Government Agencies	AAA	AA+	\$ 13,578,379
Municipal Bonds and Notes	A2	A	314,788
MD Local Government			
Investment Pool	Not Rated	Not Rated	43,620,627
Certificates of Deposit	Not Rated	Not Rated	10,595,117
	Total Market Value		\$ 68,108,911

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (Continued)

The investments of the Fiduciary Funds included debt securities having the following ratings as of June 30, 2024:

Investment Type	Security Ratings			
	Moodys Rating	Amount	Standard and Poor's	Amount
U.S. Government Agencies	AAA	\$ 5,072,074	AA+	\$ 6,034,691
U.S. Government Agencies	Not Rated	962,617	N/A	-
Municipal Bonds and Notes	Not Rated	450,141	Not Rated	807,633
Municipal Bonds and Notes	AAA-A1	912,875	AA+-A+	555,383
Certificates of Deposit	Not Rated	1,494,690	Not Rated	1,494,690
Treasury Bills and Notes	Not Rated	99,922	Not Rated	99,922
Treasury Bills and Notes	AAA	305,916	AA+	305,916
Corporate Bonds and Notes	AA2-BAA2	13,127,676	AA-BBB	13,717,379
Corporate Bonds and Notes	Not Rated	713,229	Not Rated	123,526
Total Market Value		<u>\$23,139,140</u>		<u>\$23,139,140</u>

Primary Government investments include all fixed income securities with interest rates specifically identified as follows with respect to maturity dates:

Maturity Date	Interest Rates	Primary Government	
		6/30/24	
2025	1%-5.50%	\$	54,216,746
2026	2.35%-4.00%		3,224,899
2027	N/A		-
2028	4.25%-5.00%		2,745,039
2029	5.63%		1,861,811
2030-2034	5.64%-5.85%		1,802,116
2035-2039	2.00%		4,258,300
Total Market Value		\$	<u>68,108,911</u>

Fiduciary Fund investments include all fixed income securities with interest rates specifically identified as follows with respect to maturity dates:

Maturity Date	Interest Rates	Fiduciary Funds	
		6/30/24	
2025	0.55%-5.25%	\$	2,223,172
2026	3.10%-5.25%		1,769,984
2027	3.00%-4.50%		2,693,782
2028	3.25%-5.88%		3,082,430
2029	3.25%-6.20%		3,318,789
2030-2034	2.26%-6.95%		8,712,031
2035-2039	3.00%-6.13%		1,253,247
2040-2044	3.50%-5.05%		85,705
Total Market Value		\$	<u>23,139,140</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (Continued)

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. U. S. Government Obligations and Fixed Income Securities are valued by the County’s pricing agent using either quotes from current buyers or by referencing similar transactions that occurred near the measurement date.

		Fair Value Measurement Using	
Investments by Fair Value Level	June 30, 2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Market Inputs (Level 2)
Primary Government			
U.S. Government Obligations	\$ 13,578,379	\$ -	\$ 13,578,379
Fixed Income Securities	10,909,905	-	10,909,905
Total	24,488,284	-	24,488,284
Investments carried at Amortized Cost			
MD Local Government Investment Pool	43,620,627		
Total Investments at Fair Value	68,108,911		
Fiduciary Funds			
U.S. Government Obligations	6,440,529	-	6,440,529
Fixed Income Securities	16,698,611	-	16,698,611
Mutual Funds	33,905,940	33,905,940	-
Equity Securities	10,079,694	10,079,694	-
Total	\$ 67,124,774	\$ 43,985,634	\$ 23,139,140

NOTE 3 – RECEIVABLES AND PAYABLES

Accounts and Other Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The associated allowance for doubtful accounts has been established in the following governmental and business-type funds: The allowance for doubtful accounts recorded in the general fund and netted against taxes receivable was \$50,000 as of June 30, 2024. The allowance for doubtful accounts recorded by the Garrett County Sanitary District, Inc. and netted against other receivables was \$10,344 as of June 30, 2024.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 3 – RECEIVABLES AND PAYABLES (Continued)

Notes Receivable

During the year ended June 30, 2012, the County sold certain real property located in the Southern Garrett Business and Industrial Park to GCC Technologies, LLC in exchange for a note receivable in the original amount of \$1,150,000. The note receivable is payable to the County in 360 equal installments of \$4,848 each, including principal and interest calculated at 3% per annum. The principal balance of the note was \$361,603 as of June 30, 2024 and is reported in the general fund and government-wide financial statements. The County also has a note receivable in the original amount of \$64,500 issued in the fiscal year ended June 30, 2022 with a principal balance due at June 30, 2024 of \$34,400. The note is payable to the County in equal monthly installments of \$1,075 over a 5 year term and is reported in the general fund and government-wide financial statements.

Lease Receivable-General Fund

As of June 30, 2024 the County leased as lessor:

Dormitory space at Garrett College – an initial lease receivable was recorded in the amount of \$612,933. As of June 30, 2024, the principal value of the lease receivable is \$490,041. The lessee is required to make monthly fixed payments of \$5,396. The lease has an interest rate of 4.29%. The value of the deferred inflow of resources as of June 30, 2024, was \$463,450, and lease revenue of \$50,558 was recognized during the fiscal year. The current lease expires on August 31, 2033 and the lessor and lessee may negotiate a renewal for an additional period of time and lease payment.

Building Space located on Memorial Drive Oakland - an initial lease receivable was recorded in the amount of \$1,967,771. As of June 30, 2024, the principal value of the lease receivable is \$857,713. The lessee is required to make quarterly fixed payments of \$114,614. The lease has an interest rate of 6.00%. The value of the deferred inflow of resources as of June 30, 2024, was \$786,526, and lease revenue of \$393,263 was recognized during the fiscal year. The current lease expires on June 30, 2026.

Building Space located on South 2nd Street Oakland - an initial lease receivable was recorded in the amount of \$313,734. As of June 30, 2024, the principal value of the lease receivable is \$160,168. The lessee is required to make monthly variable payments currently at \$5,469 with payments ultimately increasing to \$5,634 during the last year of the lease. The lease has an interest rate of 6.00%. The value of the deferred inflow of resources as of June 30, 2024, was \$145,957, and lease revenue of \$56,472 was recognized during the fiscal year. The current lease expires on January 31, 2027, and the lessee has an option to extend the lease for 5 years.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 3 – RECEIVABLES AND PAYABLES (Continued)

Lease Receivable-General Fund (Continued)

Building Space located on South 4th Street Oakland - an initial lease receivable was recorded in the amount of \$124,004. As of June 30, 2024, the principal value of the lease receivable is \$27,076. The lessee is required to make monthly fixed payments of \$3,084. The lease has an interest rate of 6.00%. The value of the deferred inflow of resources as of June 30, 2024, was \$24,925, and lease revenue of \$33,233 was recognized during the fiscal year. The current lease expires on March 31, 2025, and the lessee has an option to extend the lease for 5 years.

The principal and interest requirements to maturity for governmental activities are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total
2025	\$ 546,245	\$ 71,279	\$ 617,524
2026	551,074	39,358	590,432
2027	87,252	16,942	104,194
2029	50,713	14,039	64,752
2029	52,932	11,820	64,752
2030-2034	246,781	23,141	269,922
	\$ 1,534,997	\$ 176,579	\$ 1,711,576

Due To/From Component Units and Primary Government

	Board of Education	College	Public Library	Total
Due (to) Component Units per Primary Government	\$ (499,197)	\$ (713,063)	\$ (25,000)	\$ (1,237,260)
Due from Primary Government per Component Units	874,906	1,157,697	25,000	2,057,603
Difference Due to Timing*	\$ 375,709	\$ 444,634	\$ -	\$ 820,343

* County paid BOE and College in late June 2024 and remittances were not received until July 2024

The County also has a due from the Public Library in the amount of \$19,974 related to health insurance premiums due for participation in the County's self insurance fund.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 4 – CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

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

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance June 30, 2024</u>
<u>Governmental Activities</u>				
Capital assets, not depreciated				
Land and easements	\$ 10,162,828	\$ 294,627	\$ (31,950)	\$ 10,425,505
Construction in progress	9,343,465	3,360,169	(1,480,772)	11,222,862
Total capital assets, not depreciated	<u>19,506,293</u>	<u>3,654,796</u>	<u>(1,512,722)</u>	<u>21,648,367</u>
Capital assets, being depreciated				
Land improvements	3,820,358	-	-	3,820,358
Buildings	29,810,714	253,110	97,743	30,161,567
Machinery & equipment	4,698,151	333,431	162,923	5,194,505
Vehicles	20,714,336	1,083,886	(154,671)	21,643,551
Furniture & equipment	5,612,998	288,723	121,957	6,023,678
Infrastructure	107,632,699	4,412,021	496,970	112,541,690
Total capital assets, being depreciated	<u>172,289,256</u>	<u>6,371,171</u>	<u>724,922</u>	<u>179,385,349</u>
Less accumulated depreciation for:				
Land improvements	(414,811)	(46,224)	-	(461,035)
Buildings	(15,884,286)	(675,802)	-	(16,560,088)
Machinery & equipment	(3,411,267)	(271,010)	-	(3,682,277)
Vehicles	(18,526,479)	(932,729)	515,491	(18,943,717)
Furniture & equipment	(3,105,593)	(603,188)	6,344	(3,702,437)
Infrastructure	(84,587,754)	(3,190,009)	-	(87,777,763)
Total accumulated depreciation	<u>(125,930,190)</u>	<u>(5,718,962)</u>	<u>521,835</u>	<u>(131,127,317)</u>
Total capital assets, being depreciated, net	<u>46,359,066</u>	<u>652,209</u>	<u>1,246,757</u>	<u>48,258,032</u>
Governmental activities capital assets, net	<u>\$ 65,865,359</u>	<u>\$ 4,307,005</u>	<u>\$ (265,965)</u>	<u>\$ 69,906,399</u>

Depreciation expense was charged to the various governmental activity functions as follows:

Governmental activities:	
General Government	\$ 190,386
Public Works	3,800,449
Public Safety	914,802
Economic Development	464,129
Unallocated	349,196
Total depreciation expense - governmental activities	<u>\$ 5,718,962</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 4 – CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES (Continued)

Construction in progress of the governmental activities is composed of the following:

<u>Governmental Activities</u>	<u>Project Authorization</u>	<u>CIP as of June 30, 2024</u>	<u>Remaining Commitment</u>
Public Works	\$ 14,383,482	\$ 5,516,328	\$ 8,867,154
Public Safety	2,018,374	737,135	1,281,239
Economic Development	8,480,000	792,159	7,687,841
General Government	12,273,731	4,177,240	8,096,491
Total governmental activities	<u>\$ 37,155,587</u>	<u>\$ 11,222,862</u>	<u>\$ 25,932,725</u>

NOTE 5 – CAPITAL ASSETS – BUSINESS-TYPES ACTIVITIES

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

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance June 30, 2024</u>
<u>Business-type activities</u>				
Capital assets, not depreciated				
Land and easements	\$ 3,243,738	\$ -	\$ -	\$ 3,243,738
Construction in progress	8,826,494	729,580	(806,426)	8,749,648
Total capital assets, not depreciated	<u>12,070,232</u>	<u>729,580</u>	<u>(806,426)</u>	<u>11,993,386</u>
Capital assets, being depreciated				
Land improvements	28,378,036	-	-	28,378,036
Buildings	4,975,225	-	-	4,975,225
Machinery & equipment	6,232,407	504,117	(23,231)	6,713,293
Vehicles	2,259,530	404,228	(82,857)	2,580,901
Infrastructure	18,776,084	295,024	-	19,071,108
Furniture & equipment	342,936	-	(9,136)	333,800
Water & Sewer facilities	127,234,295	168,934	-	127,403,229
Total capital assets, being depreciated	<u>188,198,513</u>	<u>1,372,303</u>	<u>(115,224)</u>	<u>189,455,592</u>
Less accumulated depreciation for:				
Land improvements	(11,436,774)	(202,812)	-	(11,639,586)
Buildings	(1,988,627)	(127,138)	-	(2,115,765)
Machinery & equipment	(5,096,601)	(305,438)	20,412	(5,381,627)
Vehicles	(1,865,461)	(167,745)	82,857	(1,950,349)
Infrastructure	(9,812,960)	(466,080)	-	(10,279,040)
Furniture & equipment	(253,449)	(31,915)	9,136	(276,228)
Water & Sewer facilities	(75,889,572)	(2,437,882)	-	(78,327,454)
Total accumulated depreciation	<u>(106,343,444)</u>	<u>(3,739,010)</u>	<u>112,405</u>	<u>(109,970,049)</u>
Total capital assets, being depreciated, net	<u>81,855,069</u>	<u>(2,366,707)</u>	<u>(2,819)</u>	<u>79,485,543</u>
Business-type activities capital assets, net	<u>\$ 93,925,301</u>	<u>\$ (1,637,127)</u>	<u>\$ (809,245)</u>	<u>\$ 91,478,929</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 5 – CAPITAL ASSETS – BUSINESS-TYPES ACTIVITIES (Continued)

Depreciation expense was charged to the various business-type activity functions as follows:

Business-type activities	
Airport	\$ 243,439
Solid Waste	292,530
Sanitary District	2,658,197
Parks & Recreation	374,783
Department of Technology & Communications	170,061
Total depreciation expense - business-type activities	\$ 3,739,010

Construction in progress of the business-type activities is composed of the following:

<u>Business-type Activities</u>	<u>Project Authorization</u>	<u>CIP as of June 30, 2024</u>	<u>Remaining Commitment</u>
West Apron Phase I	\$ 7,142,877	\$ 5,386,202	\$ 1,756,675
AWOS III Replacement	326,000	264,119	61,881
PAPI Rehab	266,647	96,838	169,809
McHenry Water	3,276,063	776,063	2,500,000
Trout Run WWTP Upgrades	1,713,603	1,244,975	468,628
Mountain Lake Park Water District	3,946,414	146,414	3,800,000
Deep Creek Lake Sewer Rehab	257,007	218,868	38,139
Friendsville Water	62,100	55,675	6,425
Oakland Improvements	751,100	377,779	373,321
Keyser Ridge Water	47,647	37,377	10,270
Gorman Well Development	391,824	116,824	275,000
Jennings Sewer Project	22,750	10,075	12,675
Schneider Electric	18,439	18,439	-
Total business-type activities	\$ 18,222,471	\$ 8,749,648	\$ 9,472,823

NOTE 6 – INTERNAL AND INTERFUND BALANCES AND ACTIVITY

Interfund Receivable and Payables Balances

Interfund receivables and payables between the General Fund and the Proprietary Funds is comprised of an amount due from the Parks and Recreation fund for financing provided by the General Fund in the amount of \$649,809.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 6 – INTERNAL AND INTERFUND BALANCES AND ACTIVITY (Continued)

Interfund transfers for the year ended June 30, 2024, consists of the following:

	Transfers In						
	General Fund	Capital Projects Fund	Airport Fund	Solid Waste Fund	Garret County Sanitary District Inc.	Dept. of Tech. and Comm. Fund	Total Transfers to Other Funds
Transfer Out							
General	\$ -	\$ 413,148	\$ 220,067	\$2,771,217	\$ 835,969	\$ 1,529,952	\$ 5,770,353
Liquor Control Board	136,577	-	-	-	-	-	136,577
Total Transfer in from Other Funds	<u>\$ 136,577</u>	<u>\$ 413,148</u>	<u>\$ 220,067</u>	<u>\$2,771,217</u>	<u>\$ 835,969</u>	<u>\$ 1,529,952</u>	<u>\$ 5,906,930</u>

Primary activities include:

- Transfers from the General Fund to the Capital Projects Fund for capital asset purchases of \$413,148.
- Transfers from the General Fund to the Airport Fund for capital acquisitions of \$23,289 and pension support in the amount of \$37,500 with the remainder for operational funding.
- Transfers from the General Fund to the Garrett County Sanitary District Inc. for capital acquisitions of \$374,669 and pension support in the amount of \$461,300.
- Transfers from the General Fund to the Solid Waste Fund for capital acquisitions of \$2,500,000 and pension support in the amount of \$187,700 with the remainder for operational funding.
- Transfers from the General Fund to the Department of Technology and Communications Fund for capital acquisitions of \$72,621 and pension support in the amount of \$136,000 with the remainder for operational funding.
- Transfers from the Liquor Control Board to the General Fund in the amount of \$136,577, which was the income earned for the year.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 7 – LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the governmental and business-type activities for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Additions (Deductions)	Principal Repayments & Other Reductions	Balance June 30, 2024	Due Within One Year
Governmental activities:					
Compensated Absences	\$ 3,265,040	\$ 675,916	\$ (309,346)	\$ 3,631,610	\$ 37,624
Net OPEB Liability	10,348,862	1,559,756	(1,965,479)	9,943,139	-
Net Pension Liability - MSRS	456,696	62,251	-	518,947	-
Net Pension Liability - GCGEP	11,139,199	4,708,751	(9,751,859)	6,096,091	-
Net Pension Liability - GCLEP	2,370,945	1,984,886	(2,435,844)	1,919,987	-
Net Pension Liability - LOSAP *	103,108	168,162	(271,270)	-	-
Governmental activities					
Long-term liabilities	<u>\$ 27,683,850</u>	<u>\$ 9,159,722</u>	<u>\$ (14,733,798)</u>	<u>\$ 22,109,774</u>	<u>\$ 37,624</u>
* LOSAP Plan had a net pension asset of \$396,327 at June 30, 2024					
Business-type activities:					
Garrett County Sanitary District					
Bonds and Loans Payable (Direct Borrowings)	\$ 27,350,540	\$ -	\$ (2,127,151)	\$ 25,223,389	\$ 2,171,643
Parks & Recreation					
Loans Payable (Direct Borrowings)	275,000	-	-	275,000	-
Subtotal	<u>27,625,540</u>	<u>-</u>	<u>(2,127,151)</u>	<u>25,498,389</u>	<u>2,171,643</u>
Landfill closure/post-closure Net Pension Liability - GCGEP	<u>7,926,048</u>	<u>464,867</u>	<u>(33,900)</u>	<u>8,357,015</u>	<u>31,000</u>
Airport	96,819	42,264	(87,529)	51,554	-
Solid Waste Fund	393,661	211,319	(437,643)	167,337	-
G.C. Sanitary District	1,756,143	519,563	(1,076,019)	1,199,687	-
Dept. of Tech & Comm.	389,844	153,277	(317,438)	225,683	-
	<u>2,636,467</u>	<u>926,423</u>	<u>(1,918,629)</u>	<u>1,644,261</u>	<u>-</u>
Compensated Absences					
Airport	31,652	-	(26,728)	4,924	-
Solid Waste Fund	160,845	23,686	(44,707)	139,824	-
G.C. Sanitary District	225,304	9,490	-	234,794	-
Dept. of Tech & Comm.	88,327	15,783	-	104,110	-
	<u>506,128</u>	<u>48,959</u>	<u>(71,435)</u>	<u>483,652</u>	<u>-</u>
Business-type activities					
Long-term liabilities	<u>\$ 38,694,183</u>	<u>\$ 1,440,249</u>	<u>\$ (4,151,115)</u>	<u>\$ 35,983,317</u>	<u>\$ 2,202,643</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Details of certain long-term debt obligations at June 30, 2024 are as follows:

	Balance <u>June 30, 2024</u>
Business-type Activities: Direct Borrowings and Placements	
<u>Garrett County Sanitary District, Inc.</u>	
\$260,000 Maryland Water Quality Financing (Deer Park Water), payable in semiannual installments of \$4,995, including interest at .4% through February 2034.	\$ 93,075
\$128,653 Maryland Department of the Environment (Mt. Lake Park Water), payable in annual installments of principal only of \$9,077 through February 2024.	-
\$2,781,461 Truist (Deep Creek Lake Water and Sewer), payable in monthly installments of \$25,040, including interest of 2.16% through August 2032.	2,247,828
\$483,550 Truist (Mountain Lake Park Water), payable in monthly installments of \$4,353, including interest of 2.16% through August 2032.	390,779
\$263,000 United States Department of Agriculture payable in monthly installments of \$2,394, including interest of 2.0% through August 2059.	241,550
\$376,000 United States Department of Agriculture payable in monthly installments of \$1,001, including interest of 1.6250% through February 2060.	343,142
\$4,528,420 Truist (Thayerville Water), payable in monthly installments of \$40,767, including interest of 2.16% through August 2032.	3,659,627
\$7,420,000 United States Department of Agriculture payable in monthly installments of \$69,006, including interest of 2.125% through 2059.	6,731,454
\$14,249,810 (Water and Sewer) Truist, payable in monthly installments of \$128,284, including interest of 2.16% through August 2032.	<u>11,515,934</u>
Total Garrett County Sanitary District, Inc.	<u>\$ 25,223,389</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

	Balance June 30, 2024
Business-type Activities: Direct Borrowings and Placements (Continued)	
<u>Parks & Recreation Fund</u>	
 \$275,000 non-interest bearing note payable to Garrett County Community Action Committee, Inc. (GCCAC) due on July 8, 2007. No principal payments are currently being made on the note as the County is negotiating repayment terms.	\$ <u>275,000</u>
 Total Business-type Activities	\$ <u>25,498,389</u>
Total Primary Government	\$ <u><u>25,498,389</u></u>

Interest Expense

Total interest expense of incurred by the Primary Government includes \$562,773 charged to business-type activities.

Direct Borrowings and Placements

The County’s outstanding debt from direct borrowings and direct placements for business-type activities contain certain default provisions and remedies. The agreements with Truist allows the bank to do an interest reset if the County does not meet certain fund balance and revenue ratio requirements and/or if the County does not have then any general obligation bonds assigned a credit rating of A-1 (or equivalent) or higher. The agreements with the United States Department of Agriculture, the Maryland Water Quality Financing and the Maryland Department of the Environment contain various default provisions. In the event of default the lenders may declare the entire amount outstanding to become immediately due. Borrowings are backed by the full faith and credit of the County and no collateral is pledged for repayment of debt.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Maturities of long-term debt are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Business-Type Activities:			
2025	\$ 2,171,680	\$ 518,056	\$ 2,689,736
2026	2,218,792	470,944	2,689,736
2027	2,266,929	422,807	2,689,736
2028	2,316,113	373,623	2,689,736
2029	2,366,368	323,368	2,689,736
2030-2034	8,175,497	907,408	9,082,905
2035-2039	939,337	552,743	1,492,080
2040-2044	1,042,924	449,156	1,492,080
2045-2049	1,157,967	334,113	1,492,080
2050-2054	1,285,735	206,345	1,492,080
2055-2059	1,279,268	64,942	1,344,210
2060	2,779	11	2,790
Thereafter	275,000	-	275,000
Total Business-type activities	<u>\$ 25,498,389</u>	<u>\$ 4,623,516</u>	<u>\$ 30,121,905</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Grant and Loan Compliance

The County participates in numerous Federal and State grant/loan programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant/loan programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the laws and regulations governing the programs, refunds of any money received may be required or, the collectability of any related receivable at June 30, 2024 may be impaired. The amount, if any, of expenditures for projects which may be disallowed by the granting/lending agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Loan Guarantees

The full faith and credit of the County is unconditionally pledged to the payment of all bonded indebtedness and notes of the Garrett County Sanitary District, Inc., but that indebtedness is payable in the first instance from certain charges that the Sanitary District is authorized to levy and, in the case of bond anticipation notes, from the sales proceeds of the bonds in anticipation of which they were issued.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 9 – STATE RETIREMENT PLAN

General Information about the Pension Plan

The Primary Government participates in the Maryland State Retirement and Pension System (the System), a cost sharing multiple-employer public employee retirement system. Substantially all full-time and permanent part-time employees of the Primary Government employed prior to July 1, 2005, were eligible to participate in the System, which provides retirement, disability and death benefits to plan members and beneficiaries in accordance with State statutes. The System is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland and managed by a board of trustees. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for all of the various employee groups within the state System. The annual report for the year ended June 30, 2021 (most recent available data) may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, MD 21202 or by calling 1-800-492-5909.

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

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service.

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

Any individual who became a member of the State Retirement and Pension System on or before June 30, 2011 and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 9 – STATE RETIREMENT PLAN (Continued)

General Information about the Pension Plan (Continued)

Any individual who joins the State Retirement and Pension System on or after July 1, 2011 and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member of the Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for an Employees' Retirement System member is 30%.

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

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. Such adjustments for retirees are based on the annual change in the CPI. For the Employees' Retirement Systems, the method by which the annual COLA's are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5% or a two-part combination COLA depending upon the COLA election made by the member. However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011 the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the market value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 9 – STATE RETIREMENT PLAN (Continued)

General Information about the Pension Plan (Continued)

The Primary Government pays all employer contributions for employees who participate in the Employees' Retirement System (ERS). Employer contribution rates are established by annual actuarial valuations, subject to the approval of the systems' Board of Trustees in accordance with the Annotated Code of Maryland.

Local government employees covered under the ERS are required to contribute 7% of earned compensation.

The Primary Government's contributions for the year ended June 30, 2024 were \$13,612 to the ERS, which were equal to the County's required contributions for that year.

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

At June 30, 2024, the Primary Government reported a liability of \$518,947 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Primary Government's proportion of the net pension liability was based on a projection of the Primary Government's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the Primary Government's proportion was 0.0023 percent which was a 1.28 percent decrease from the proportion in the prior year.. The Primary Government's pension expense for the ERS Plan for the year ended June 30, 2024 was \$45,632.

At June 30, 2024, the Primary Government reported deferred outflows of resources and deferred inflows of resources related to the state System from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 35,406	\$ (2,762)
Differences between expected and actual experience	18,239	(22,653)
Changes in proportion and differences between employer contributions and share of contributions	27,233	(64,423)
Net difference between projected and actual investment earnings on plan investments	49,355	-
County contributions to the Employees' Pension System subsequent to the measurement date	13,612	-
Total	\$ 143,845	\$ (89,838)

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 9 – STATE RETIREMENT PLAN (Continued)

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

Deferred outflows of resources of \$13,612 reported as related to the State System resulting from Primary Government’s contributions to the Employees’ Pension System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

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

Year ending June 30:	Total
2025	\$ (2,492)
2026	(9,402)
2027	38,747
2028	12,199
2029	1,343

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

Actuarial	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%, including inflation
Discount rate	6.80%
Investment rate of return	6.80%
Mortality	PB-2010/MP2018 for males and females

**THE BOARD OF COUNTY COMMISSIONERS OF
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**Notes to Financial Statements
June 30, 2024**

NOTE 9 – STATE RETIREMENT PLAN (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the System after considering input from the System’s investment consultants and actuaries. For each major asset class that is included in the System’s target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34.00%	6.90%
Private Equity	16.00%	8.60%
Rate Sensitive	20.00%	2.60%
Credit Opportunity	9.00%	5.60%
Real Assets	15.00%	5.40%
Absolute Return	6.00%	4.40%
Total	100.00%	

The discount rate used to measure the total pension liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and contributions from the State will be made at current statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
County's proportionate share of the net pension liability	\$ 769,493	\$ 518,947	\$ 311,037

Detailed information about the State Retirement and Pension System of Maryland's fiduciary net position is available in the separately issued System report.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 9 – STATE RETIREMENT PLAN (Continued)

Funded Status and Funding Progress

At June 30, 2024, the Primary Government and Board of Education reported a liability for their proportionate share of the ERS net pension liability based on their participation in that plan. The Board of Education and College participate in the Teachers' Retirement System (TRS), which has a special funding situation. Because the State of Maryland is legally responsible for paying the unfunded pension liability and the Board of Education and College pay the normal cost for the teachers' pensions, the Board of Education and College are not required under GASB 68 to record their share of the unfunded liability for the TRS but instead, that liability is recorded by the State of Maryland. The County's portion of the net pension liability recorded by the State of Maryland, the amount recognized by the County as its proportionate share of the ERS net pension liability, and the total portion of the State's net pension liability that was associated with the County were as follows as of June 30, 2024:

	<u>Teachers'</u> <u>Retirement and</u> <u>Pension System</u>	<u>Employees'</u> <u>Retirement and</u> <u>Pension System</u>	<u>Total All State</u> <u>Systems</u>
Primary Government's proportionate share of net pension liability	\$ -	\$ 518,947	\$ 518,947
Board of Education's proportionate share of net pension liability	-	3,941,283	3,941,283
State's proportionate share of the net pension liability associated with the Board of Education	45,733,716	-	45,733,716
State's proportionate share of the net pension liability associated with the College	5,500,966	-	5,500,966
Total State and County portion of the net pension liability	<u>\$ 51,234,682</u>	<u>\$ 4,460,230</u>	<u>\$ 55,694,912</u>

Contributions by the State of Maryland to the TRS on behalf of the Board of Education and College totaled \$2,919,713 and \$498,840, respectively, for the year ended June 30, 2024. The Board of Education contributions to the State Retirement Plan totaled \$2,345,951 for the year ended June 30, 2024. All contributions were made in accordance with actuarially determined contribution requirements based on an actuarial valuation performed annually.

Detailed information about the Board of Education and College's participation in the State Retirement and Pension System of Maryland is available in the separately issued component unit reports.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS

Government Personnel Retirement Plan

The County adopted the Garrett County Government Personnel Retirement Plan (GCRP), a single employer plan, effective July 1, 2005, for all covered employees of the Primary Government. Eligible personnel employed prior to July 1, 2005, could elect to participate in the Plan effective July 1, 2005. Such election was irrevocable. Participation in the Plan is mandatory for all eligible personnel hired after July 1, 2005. The Plan provides retirement, disability and death benefits for all eligible employees. Administrative, investment, and member benefit service responsibilities are provided by a Board of Trustees. The actuarial valuation report as of June 30, 2024 (most recent available data) may be obtained from the County Commissioners of Garrett County, Maryland.

The Plan provides retirement, disability and death benefits for all eligible employees. Administrative, investment, and member contribution and benefit service responsibilities are provided by a Board of Trustees that is comprised of the County Commissioners and others they designate. Participating employees are required to contribute 3.39% of earnings. The contribution requirements of Plan members and the County are established and may be amended by the County Commissioners.

The benefits payable under the County's Plan not funded by employee contributions are funded entirely by the County. The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or another entity.

Normal retirement is after the completion of 30 years of credited service or the attainment of age 62. Normal retirement benefits are equal to 1.67% of the participant's average compensation multiplied by the number of years of credited service. Early retirement is at age 55 with 15 years of credited service. Disability benefits are available after five years of credited service. Death benefits are calculated by formula.

The Plan is classified by the Primary Government as a Pension Trust Fund. The Plan's fiduciary net position has been determined on the same basis as that used by the Plan. The Plan follows the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The actuarial value of assets was determined by the market value of investments.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Government Personnel Retirement Plan (Continued)

The Plan Investment Policy states that the objective for the Plan is a balanced portfolio including both current income and long term growth. The Plan has established asset allocation ranges as follows:

Cash & cash equivalents	0-20%
Equities	45-65%
Fixed Income	30-50%

All information that follows for the Plan is measured as of June 30, 2024, which is the latest actuarial report available. The valuation is based on plan provisions and asset information as of that date and employee data as of July 1, 2023. Membership of the Plan consisted of the following as of July 1, 2023:

Retirees and beneficiaries receiving benefits	143
Vested and nonvested terminations	59
Active Plan members	240
Total	442

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, 2024 is as follows:

Investment Type	% of Portfolio	Rate of Return
Equities	45-65%	5-10%
Fixed Income	30-50%	4-8%
Cash	0-20%	1-2%

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of expense, was 11.42%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Government Personnel Retirement Plan (Continued)

The total pension liability for the current year was determined as part of the June 30, 2024 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 3.50% per year. The actuary determined rates of mortality were based on Pub-2010 General Amount-Weighted mortality tables, with generational projection using scale MP-2021. The assumptions did not include postretirement benefit increases. Full descriptions of the actuarial assumptions are available in the June 30, 2024 actuarial valuation report.

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The net pension liability is equal to the total pension liability minus the net position of the Plan. The result as of June 30, 2024 is as follows:

Total pension liability	\$	54,409,922
Net position		(46,669,570)
Net pension liability		7,740,352

Net position as a percentage of total pension liability is 85.77%.

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% 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%) or 1-percentage point higher (8%) than the current rate:

	1% decrease 6%	Current rate 7%	1% increase 8%
Net pension liability	\$ 14,055,736	\$ 7,740,352	\$ 2,434,656

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Government Personnel Retirement Plan (Continued)

The following presents changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2023	\$ 51,300,441	\$ 37,524,775	\$ 13,775,666
Changes for the year:			
Service cost	1,102,025	-	1,102,025
Interest	3,509,500	-	3,509,500
Differences between expected and actual experience	867,480	-	867,480
Assumption changes	-	-	-
Contributions - employer	-	6,538,600	(6,538,600)
Contributions - employee	-	551,807	(551,807)
Net investment income	-	4,580,081	(4,580,081)
Benefit payments and refunds of member contributions	(2,369,524)	(2,369,524)	-
Administrative expense	-	(156,169)	156,169
Net Changes	<u>3,109,481</u>	<u>9,144,795</u>	<u>(6,035,314)</u>
Balances as of June 30, 2024	<u>\$ 54,409,922</u>	<u>\$ 46,669,570</u>	<u>\$ 7,740,352</u>

For the year ended June 30, 2024, the County recognized pension expense of \$2,246,126 for governmental activities and \$441,914 for business-type activities. Contributions to the Plan of \$6,538,600 were made during the year. As of June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 902,376	\$ (101,905)
Changes of assumptions	973,541	(28,312)
Net difference between projected and actual investment earnings on pension plan investments	282,790	-
Total	<u>\$ 2,158,707</u>	<u>\$ (130,217)</u>

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 179,888	\$ (12,916)
Changes of assumptions	194,073	(3,588)
Net difference between projected and actual investment earnings on pension plan investments	56,373	-
Total	<u>\$ 430,334</u>	<u>\$ (16,504)</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Government Personnel Retirement Plan (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:

Governmental Activities	
<u>Year ending June 30:</u>	<u>Total</u>
2025	\$ 748,691
2026	1,392,718
2027	56,752
2028	(169,671)
Total	\$ 2,028,490

Business-Type Activities	
<u>Year ending June 30:</u>	<u>Total</u>
2025	\$ 152,739
2026	284,125
2027	11,577
2028	(34,614)
Total	\$ 413,827

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Garrett County Law Enforcement Retirement Plan

The County adopted the Garrett County Law Enforcement Retirement Plan (GLERP), a single employer plan, effective July 1, 2002, for all employees classified by the Primary Government as the Sheriff, correctional officers, or sworn law-enforcement officers with the Sheriff’s Department or Office of the State’s Attorney, and employees classified as emergency management personnel. The Plan provides retirement, disability and death benefits for all eligible employees. Administrative, investment, and member benefit service responsibilities are provided by a Board of Trustees. The actuarial valuation report as of June 30, 2024 (most recent available data) may be obtained from the County Commissioners of Garrett County, Maryland.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Garrett County Law Enforcement Retirement Plan (Continued)

The Plan provides retirement, disability and death benefits for all eligible employees. Administrative, investment, and member contribution and benefit service responsibilities are provided by a Board of Trustees, which is comprised of the County Commissioners and others they designate. Participating employees are required to contribute 7.59% of earnings. The contribution requirements of Plan members and the County are established and may be amended by the County Commissioners. The benefits payable under the County’s Plan not funded by employee contributions are funded entirely by the County. The plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or another entity.

Normal retirement is after the completion of 25 years of credited service or the attainment of age 62. Normal retirement benefits are equal to 2% of the participant’s average compensation multiplied by the number of years of credited service. Early retirement is at age 50 with 20 years of eligible service. Disability benefits are available after five years of credited service. Death benefits are calculated by formulae.

The Plan is classified by the Primary Government as a Pension Trust Fund. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. The Plan follows the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government’s contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The actuarial value of assets was determined by the market value of investments.

The Plan Investment Policy states that the objective for the Plan is a balanced portfolio including both current income and long term growth. The Plan has established asset allocation ranges as follows:

Cash & cash equivalents	0-20%
Equities	45-65%
Fixed Income	30-50%

All information that follows for the Plan is measured as of June 30, 2024, which is the latest actuarial report available. The valuation is based on plan provisions and asset information as of that date and employee data as of July 1, 2023. Membership of the Plan consisted of the following as of July 1, 2023:

Retirees and Beneficiaries	26
Vested Terminations	15
Non-Vested Terminations due Refunds	2
Active Plan members	75
Total	118

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Garrett County Law Enforcement Retirement Plan (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, 2024 is as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Rate of Return</u>
Equities	45-65%	5-10%
Fixed Income	30-50%	4-8%
Cash	0-20%	1-2%

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of expense, was 11.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The total pension liability for the current year was determined as part of the July 1, 2023 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4% per year. The actuary determined rates of mortality were based on Pub-2010 Amount-Weighted Mortality tables, with generational projection using scale MP-2021. The assumptions did not include postretirement benefit increases. Full descriptions of the actuarial assumptions are available in the June 30, 2024 actuarial valuation report.

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Garrett County Law Enforcement Retirement Plan (Continued)

The net pension liability is equal to the total pension liability minus the net position of the Plan. Net position as a percentage of total pension liability is 88.17%. The result as of June 30, 2024 is as follows:

Total pension liability	\$ 16,225,134
Net position	<u>(14,305,147)</u>
Net pension liability	<u><u>\$ 1,919,987</u></u>

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% 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%) or 1-percentage point higher (8%) than the current rate:

	1% decrease 6%	Current rate 7%	1% increase 8%
Net pension liability	<u>\$ 4,028,551</u>	<u>\$ 1,919,987</u>	<u>\$ 183,506</u>

The following presents changes in the net pension liability (asset):

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2022	\$ 14,909,473	\$ 12,538,528	\$ 2,370,945
Changes for the year:			
Service cost	489,379	-	489,379
Interest	1,022,576	-	1,022,576
Differences between expected and actual experience	416,564	-	416,564
Changes of assumptions	-	-	-
Contributions - employer	-	539,999	(539,999)
Contributions - employee	-	319,617	(319,617)
Net investment income	-	1,576,228	(1,576,228)
Benefit payments and refunds of member contributions	(612,858)	(612,858)	-
Administrative expense	-	(56,367)	56,367
Plan Change	-	-	-
Net Changes	<u>1,315,661</u>	<u>1,766,619</u>	<u>(450,958)</u>
Balances as of June 30, 2023	<u>\$ 16,225,134</u>	<u>\$ 14,305,147</u>	<u>\$ 1,919,987</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Garrett County Law Enforcement Retirement Plan (Continued)

For the year ended June 30, 2024, the County recognized pension expense of \$692,960 and made contributions to the Plan of \$539,999. As of June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 711,290	\$ (62,642)
Changes of assumptions	448,930	(7,919)
Net difference between projected and actual investment earnings on plan investments	-	(31,009)
Total	\$ 1,160,220	\$ (101,570)

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:

Year ending June 30:	Total
2025	\$ 249,369
2026	540,793
2027	61,818
2028	66,417
2029	83,311
Thereafter	56,942

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Garrett County Volunteer Length of Service Award Plan

The County adopted the Garrett County Volunteer Length of Service Award Plan (LOSAP), effective July 1, 2008, for all eligible volunteers who are active members of one or more Garrett County fire, rescue, or emergency medical services, or support organizations approved by Garrett County Emergency Services. The Plan provides retirement and death benefits for eligible volunteers who become covered under the plan. Eligible volunteers will be certified on an annual basis using a form designated and furnished by the Department of Public Safety/Emergency Management. Administrative, investment, and member benefit service responsibilities are provided by a Board of Trustees. The actuarial valuation report as of June 30, 2024 (most recent available data) may be obtained from the County Commissioners of Garrett County, Maryland.

Effective July 1, 2013, an active volunteer who has attained the normal benefit eligibility age of 60 and completed a minimum of 25 years of active LOSAP service credit will receive a monthly benefit payment of \$100 per month until the date of death. In addition, an active volunteer will receive an additional benefit payment of \$4 per month for each additional year of active LOSAP service credit in excess of 25 years, not to exceed a combined monthly payment of \$175. An active volunteer, who attains age 70 but has not been credited with 25 or more years of active LOSAP service credit, will receive \$4 per month for each year of active LOSAP service credit until the date of death. An eligible volunteer must earn a minimum of 50 service points each year in order to obtain an active LOSAP service year of credit. Service credit points are awarded based on the performance of service duties as defined by the Plan. All volunteers are eligible to receive a \$3,000 death benefit for the volunteer's funeral expenses.

The benefits payable under the County's Plan are funded entirely by the County. The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or another entity.

The Plan is classified by the Primary Government as a Pension Trust Fund. The Plan's fiduciary net position has been determined on the same basis as that used by the Plan. The Plan follows the accrual basis of accounting. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The actuarial value of assets was determined by the market value of investments.

The Plan Investment Policy states that the objective for the Plan is a balanced portfolio including both current income and long term growth. The Plan has established asset allocation ranges as follows:

Cash & cash equivalents	0-20%
Equities	45-65%
Fixed Income	30-50%

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Garrett County Volunteer Length of Service Award Plan (Continued)

All information that follows for the Plan is measured as of June 30, 2024, which is the latest actuarial report available. The valuation is based on plan provisions and asset information as of that date and employee data as of July 1, 2023.

Membership of the Plan consisted of the following as of July 1, 2023:

Age 70 Benefit Eligible (in pay status)	48
Age 70 Benefit Eligible (not in pay status)	27
Inactive Plan members	323
Active Plan members	455
Total	853

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, 2024 is as follows:

Investment Type	% of Portfolio	Rate of Return
Equities	45-65%	5-10%
Fixed Income	30-50%	4-8%
Cash	0-20%	1-2%

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of expense, was 11.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The total pension liability (asset) for the current year was determined as part of the June 30, 2024 actuarial valuation using the entry age normal cost method. The actuarial assumptions included a 6% investment rate of return (net of administrative expenses). The actuary determined rates of mortality were based on Pub-2010 Safety Amount-Weighted with fully generational scale MP-2021. The assumptions did not include postretirement benefit increases. Full descriptions of the actuarial assumptions are available in the June 30, 2024 actuarial valuation report.

The discount rate used to measure the total pension liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed County contributions will be made at rates equal to or greater than actuarially determined contribution rates.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Garrett County Volunteer Length of Service Award Plan (Continued)

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive volunteers. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The net pension liability (asset) is equal to the total pension liability minus the net position of the Plan. The result as of June 30, 2024 is as follows:

Total pension liability	\$ 1,603,581
Net position	<u>(1,999,908)</u>
Net pension liability (asset)	<u><u>\$ (396,327)</u></u>

Net position as a percentage of total pension liability is 124.72%.

Sensitivity of the net pension liability (asset) to changes in the discount rate:

The following presents the net pension (asset) of the Plan, calculated using a discount rate of 6.00% as well as what the Plan's net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current rate:

	1% decrease 5.00%	Current rate 6.00%	1% increase 7.00%
Net pension liability (asset)	\$ (121,748)	\$ (396,327)	\$ (612,911)

The following represents changes in the net pension liability (asset):

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances as of June 30, 2023	\$ 1,934,478	\$ 1,831,370	\$ 103,108
Changes for the year:			
Service cost	61,820	-	61,820
Interest	93,978	-	93,978
Change in benefit terms	-	-	-
Differences between expected and actual experience	(145,383)	-	(145,383)
Changes in assumptions	(299,900)	-	(299,900)
Contributions - employer	-	-	-
Net investment income	-	222,314	(222,314)
Benefit payments and refunds of member contributions	(41,412)	(41,412)	-
Administrative expense	-	(12,364)	12,364
Net Changes	<u>(330,897)</u>	<u>168,538</u>	<u>(499,435)</u>
Balances as of June 30, 2024	<u>\$ 1,603,581</u>	<u>\$ 1,999,908</u>	<u>\$ (396,327)</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Garrett County Volunteer Length of Service Award Plan (Continued)

For the year ended June 30, 2024, the County recognized pension expense of \$47,267 and made no contributions to the Plan. As of June 30, 2024, 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
Differences between expected and actual experience	\$ 213,630	\$ (137,120)
Changes of assumptions	1,234,507	(1,100,963)
Net difference between projected and actual investment earnings on plan investments	-	(45,943)
Total	\$ 1,448,137	\$ (1,284,026)

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 (offset) as follows:

<u>Year ending June 30:</u>	<u>Total</u>
2025	\$ (14,463)
2026	15,353
2027	(22,038)
2028	(22,143)
2029	663
Thereafter	206,739

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Garrett County Defined Contribution Plan

The Primary Government offers additional retirement benefits under the Garrett County 401(a) Deferred Compensation Matching Plan, a defined contribution PEBSCO 401(A) Employee Match Program. The Plan is administered by the Garrett County Commissioners.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Garrett County Defined Contribution Plan (Continued)

Benefits depend on the amounts contributed to the plan plus investment earnings. Eligible participants include all full-time employees who elect to participate in the Primary Government's IRC Section 457 deferred compensation plan. Employees deferring at least two percent of earned compensation under the deferred compensation plan are eligible to receive an employer contribution to the defined contribution plan. During the year ended June 30, 2024, the Primary Government contributed \$298,668 or 2.42 percent of earned compensation. Covered payroll approximated \$12,353,868. Additionally, the Primary Government contributed amounts on behalf of the employees of Garrett County Sanitary District, Inc. in the amount of \$21,290 on covered payroll of approximately \$884,544.

Employees are 100% vested in employer contributions from the time that contributions are made to their accounts which results in no forfeitures upon distribution.

NOTE 11 – DEFERRED COMPENSATION

Employees of Garrett County and the Sanitary District may participate in a deferred compensation plan adopted under the provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the County and the Sanitary District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated compensation and benefit consulting organization. Under the terms of IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held by the compensation and benefit consulting organization until paid or made available to the employees or beneficiaries. Plan assets are held in trust, with the administrator serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. Consequently, the County does not report IRC Section 457 plan assets in its financial statements.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION
BENEFITS**

The County’s defined benefit other post-employment benefit plan (the “Plan”) provides healthcare benefits to eligible retirees. The Plan is a single-employer defined benefit OPEB plan. The County formed and administers an OPEB Trust Fund to allow for prefunding of future OPEB benefits. The County and Plan Trustee at their discretion may establish, alter, amend, modify or terminate their practice of providing healthcare benefits to retirees in accordance with the terms outlined in the OPEB Trust Agreement. They may also require retirees to make greater contributions toward the funding of their benefits. The County makes the annual determination as to the amount that will be contributed to the OPEB Trust Fund. The OPEB Trust Fund does not issue a stand-alone financial report and is included as a fiduciary fund in this financial report.

The Plan Investment Policy states that the objective for the Plan is a balanced portfolio including both current income and long-term growth. The Plan has established asset allocation ranges as follows:

Cash & cash equivalents	0-20%
Equities	45-65%
Fixed Income	30-50%

Details of the post-employment benefits under the Plan are as follows:

The County provides post-employment health care benefits based on age and years of service to all permanent full-time employees of the County. Retirees must have a minimum of 10 years full-time equivalent service with Garrett College, The Board of Garrett County Commissioners, The Board of Education of Garrett County, or a combination thereof. After June 30, 2018, the County and College no longer offer retiree benefits to new hires.

Retirees are given the option to maintain health insurance coverage after they retire and until they reach age 65. After age 65, the County contributes a monthly amount to a Health Reimbursement Account (HRA) based on the retiree’s age and years of service.

For the employees hired on or after July 1, 2006, dependent insurance coverage may be purchased upon retirement at the retiree’s own cost. The component for retirees age 65 and over was made effective on January 1, 2017.

At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	149
Active employees	197
Total	<u>346</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION
BENEFITS (Continued)**

The OPEB Trust Fund is used to account for prefunding contributions made by the County on behalf of the plan participants. Current OPEB premium payments made on behalf of retirees as well as the costs incurred to administer the OPEB Plan are paid from the general operating funds of the County.

The following table outlines coverage percentages paid by the retiree and County under the plan based on years of service at date of retirement:

Government Personnel Employees Hired On Or After July 1, 2006

Years of Service	Retiree	
	Individual Percentage	Employer Percentage
Less than 10 years	No coverage	No coverage
10 or less than 15 years	60%	40%
15 or less than 21 years	50%	50%
21 or less than 26 years	40%	60%
26 or less than 30 years	20%	80%
30 or more years	0%	100%

Government Personnel Employees Hired prior to July 1, 2006

Years of Service	Retiree	
	Individual Percentage	Employer Percentage
Less than 10 years	No coverage	No coverage
10 or less than 15 years	60%	40%
15 or less than 21 years	50%	50%
21 or less than 26 years	40%	60%
26 or more years	0%	100%

All Law Enforcement Personnel Employees

Years of Service	Retiree	
	Individual Percentage	Employer Percentage
Less than 10 years	No coverage	No coverage
10 or less than 15 years	60%	40%
15 or less than 20 years	50%	50%
20 or less than 25 years	40%	60%
25 or more years	0%	100%

As of July 1, 2022, 197 County retirees participated in this program.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION
BENEFITS (Continued)**

Net OPEB Liability

The County’s net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2024 utilizing standard actuarial techniques. The valuation at June 30, 2024 is based on plan provisions and asset information as of that date and employee data as of July 1, 2022.

Actuarial assumptions. The total OPEB liability in the June 30, 2024 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry age normal
Inflation	2.0 percent
Salary increase	2.0 percent
Investment rate of return	6.50 percent, net of OPEB plan investment expense, including inflation
Discount rate	6.50 percent
Healthcare cost trend rates	7.5 percent for 2024, decreasing linearly 0.25 percent per year to an ultimate trend rate of 4.5 percent.

Mortality rates were based on the Pub-2010 General Headcount-weighted with fully generational scale MP-2021 and Pub-2010 Safety Headcount-weighted with fully generational scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 – June 30, 2022.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	30-50%	4-8%
Private Equity	45-65%	5-10%
Cash	0-20%	1-2%

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION
BENEFITS (Continued)**

Net OPEB Liability (Continued)

The current level of plan assets is sufficient to cover the expected costs of the plan. As such, all future years of expected payments were discounted using the long-term expected rate of return per paragraph 36 of GASB 75. As of June 30, 2024, the long-term rate of return was 6.50%. The discount rate at June 30, 2024 was 6.50%.

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 12.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of July 1, 2023	\$ 14,618,876	\$ 4,270,014	\$ 10,348,862
Changes for the year:			
Service cost	280,803	-	280,803
Interest	930,207	-	930,207
Differences between expected and actual experience	-	-	-
Assumption changes	327,364	-	327,364
Contributions - employer	-	1,425,863	(1,425,863)
Contributions - employee	-	-	-
Net investment income	-	539,616	(539,616)
Benefit payments	(625,863)	(625,863)	-
Administrative expense	-	(21,382)	21,382
Other Changes	-	-	-
Net Changes	912,511	1,318,234	(405,723)
Balances as of June 30, 2024	\$ 15,531,387	\$ 5,588,248	\$ 9,943,139

Changes in the Net OPEB Liability

The assumption change affecting the increase in the net OPEB liability in the current period was a change in the actuarial assumption related to the mortality tables being utilized.

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage point higher (7.50 percent) than the current discount rate:

	1% decrease (5.50%)	Current rate (6.50%)	1% increase (7.50%)
Net OPEB liability	\$ 11,256,582	\$ 9,943,139	\$ 8,260,298

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION
BENEFITS (Continued)**

Changes in the Net OPEB Liability (Continued)

The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% decrease (6.5% decreasing to 3.5%)	Current (7.5% decreasing to 4.5%)	1% increase (8.5% decreasing to 5.5%)
Net OPEB liability	\$ 8,027,497	\$ 9,943,139	\$ 11,565,572

For the year ended June 30, 2024, the County recognized OPEB expense (offset) of \$(146,297). At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,908,100)
Changes of assumptions	1,000,362	(8,746)
Net difference between projected and actual investment earnings on plan investments	-	(28,599)
Total	\$ 1,000,362	\$ (1,945,445)

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

Year Ending June 30	Total
2025	\$ (469,921)
2026	(182,847)
2027	(310,356)
2028	18,041
2029	-

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

**NOTE 13 – ACCOUNTING FOR MUNICIPAL SOLID WASTE LANDFILL CLOSURE
AND POST-CLOSURE CARE COSTS**

State and federal laws and regulations required the County to place a final cover on its Round Glade landfill site, which stopped accepting waste in September 1994. Regulations also require the County to perform certain maintenance and monitoring activities at the site for thirty years after closure. The County began operations at its current landfill site in August 1994. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County accrues a portion of these closure and post-closure care costs in each year based on landfill capacity used as of the end of the year and engineer estimates of projected closure and post-closure costs.

The Solid Waste Fund has recorded a landfill closure and post-closure care liability of \$8,357,015 as of June 30, 2024, representing the cumulative operating expenses reported to date based on the Round Glade landfill at full capacity (\$455,700) and the current landfill at 77% of its estimated capacity (\$7,901,315). The County will recognize the balance of estimated closure and post-closure costs of approximately \$2,865,707 over the remaining useful life of the current landfill, which approximates 9 years. These amounts are based on the County's engineer estimates of costs to perform all closure and post-closure care activities as of June 30, 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to prove that it satisfies the Resource Conservation and Recovery Act's (RCRA) financial assurance provisions, which requires owners and operators of municipal solid waste landfills to have adequate funds available for the costs of closure, post-closure and corrective actions associated with their facilities. The County has met the local government financial test as of June 30, 2024, which satisfies the financial assurance provisions of the Act.

NOTE 14 – RISK MANAGEMENT

Liability Insurance

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 participates in the Local Government Insurance Trust (LGIT), a joint Association of Maryland Local Governments established pursuant to Article 48A, Section 482B of the Annotated Code of Maryland (1957 Edition, as replaced, supplemented and amended) for the purpose of enabling local governments to pool together to provide insurance protection for casualty and property risks and supporting additional coverage, including excess liability. The Trust also provides risk management and loss control services to local governments, all for the purpose of minimizing the cost of casualty insurance, property insurance claims and administration to local governments. The County pays an annual premium to LGIT for its participation in the various pools of the Trust, including the primary liability pool, the property pool, and the excess liability pool. The Sanitary District also participates in the various pools and reimburses the County for their proportionate premium costs.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 14 – RISK MANAGEMENT (Continued)

Self-Insured Health Care

Effective July 1, 2009, the Garrett County Employees Health Care Plan became self-insured for medical, prescription, and dental benefits provided to its employees within specific limits. The County participates in the Plan with the Board of Education of Garrett County and Garrett College. The County’s actuarial firm established premium rates for Plan participants based on claims history. The Board of Education of Garrett County and Garrett College submit the pro-rata portion of the actuarially prescribed premiums to the Board of Garrett County Commissioners at the end of each pay period based on the number of employees covered and types of coverages in effect.

The County pays a third-party administrator a monthly fixed fee for various claim administrative services on a per enrolled employee basis to administer the plan. The third-party administrator submits invoices periodically for all processed claims and administrative fees, and the County issues payment to the third-party administrator, who in turn issues individual claims checks. To protect itself against significant losses, the County has a stop-loss policy in place for individual participant care claims in excess of \$275,000 per year.

The third-party administrator estimated the non-discounted claims liability reported in the general fund at June 30, 2024. It is based on the requirements of accounting standards, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Because actual claims liabilities depend on such complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic factors. The estimate for claims incurred but not reported was \$1,550,000 at June 30, 2024.

For the year ended June 30, 2024, cash claims incurred of \$15,397,005 was less than the combined premiums charged to the Plan participants of \$16,830,591. The excess premiums of \$1,433,586 were added the restricted cash balance for self-insured health plan which was \$9,482,356 at the end of the fiscal year. Changes in the claims liability amount in the fiscal years ended June 30, 2021 through June 30, 2024 were as follows:

Fiscal Year Ending	Beginning of the Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2021	\$1,500,000	\$16,068,841	(\$16,068,841)	\$1,500,000
2022	\$1,500,000	\$16,578,293	(\$16,528,293)	\$1,550,000
2023	\$1,550,000	\$14,776,272	(\$14,776,272)	\$1,550,000
2024	\$1,550,000	\$15,397,005	(\$15,397,005)	\$1,550,000

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 15 – FUND EQUITY

A summary of fund balances as of June 30, 2024 is as follows:

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Nonspendable:			
Inventory	\$ 1,159,696	\$ -	\$ 1,159,696
Prepaid Expense	75,562	-	75,562
Long-term Notes and Leases Receivable	1,931,000	-	1,931,000
Total Nonspendable Fund Balance	<u>3,166,258</u>	<u>-</u>	<u>3,166,258</u>
Restricted For:			
Agricultural Land Preservation	55,829	-	55,829
Special Revenue Funds:			
Public Safety	-	22,908	22,908
Commissary	-	5,625	5,625
Law Library	-	18,257	18,257
Opioid Settlement	-	178,778	178,778
Cannabis Reinvestment and Repair	-	219,357	219,357
Accommodations Tax	2,930,351	-	2,930,351
Self Funded Health Care	6,389,851	-	6,389,851
Total Restricted Fund Balance	<u>9,376,031</u>	<u>444,925</u>	<u>9,820,956</u>
Assigned For:			
Capital projects:			
Board of Education	14,676,653	-	\$ 14,676,653
Garrett College	3,287,468	-	3,287,468
Public Works	4,602,183	-	4,602,183
Economic Development	27,088,798	-	27,088,798
Public Safety	624,382	-	624,382
General Government	3,952,459	-	3,952,459
Capital Projects Subtotal	<u>54,231,943</u>	<u>-</u>	<u>36,168,034</u>
Subsequent Year Budget	13,744,492	-	21,571,484
Total Assigned Fund Balance	<u>67,976,435</u>	<u>-</u>	<u>67,976,435</u>
Unassigned	<u>17,783,568</u>	<u>-</u>	<u>17,783,568</u>
Total Fund Balance	<u>\$ 98,302,292</u>	<u>\$ 444,925</u>	<u>\$ 98,747,217</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2024**

NOTE 16 – RELATED PARTY

Lease Commitments

Garrett College has entered into an operating lease with the County for the rental of a student dormitory building, known as “Garrett Hall”. Terms of the lease include monthly rental payments of \$5,396 for a period of 29 years. At June 30, 2024 the County and the College have a lease receivable and lease payable balance of \$490,041. The value of this building for the County at June 30, 2024 was \$927,169 less accumulated depreciation of \$460,166.

In addition, the County leases administrative offices to the Board of Education at no charge. The annual fair market value of the space occupied is \$148,800. The fair market value of the appropriated space recorded in the accompanying government-wide and fund financial statements as both a revenue and an expenditure was \$74,400 since the Board vacated the premises midway through the year. The value of this building at June 30, 2024 was \$1,000,563 less accumulated depreciation of \$584,215.

Funding

During the year ended June 30, 2024, the County provided funding to Garrett College in the form of annual appropriations, capital contributions, and local grants and scholarships the amounts of \$5,335,593, \$1,787,939, and \$610,000, respectively.

The County also provided the Garrett County Board of Education an annual appropriation of \$28,817,097 and a capital contribution of \$1,777,985. An annual appropriation and capital contributions of \$1,256,606 and \$25,000, respectively, was made to the Library during the fiscal year ended June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Required Supplementary Information
General Fund - Budgetary Comparison Schedule
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Taxes	\$ 87,552,361	\$ 87,552,361	\$ 99,283,618	\$ 11,731,257
Licenses and Permits	450,800	451,050	538,125	87,075
Intergovernmental	8,123,355	23,423,137	14,439,338	(8,983,799)
Fines and Forfeitures	3,000	3,000	4,881	1,881
Charges for Services	1,294,680	1,298,475	1,221,291	(77,184)
Investment Income	1,600,000	1,600,000	5,981,715	4,381,715
Rents and Concessions	790,977	790,977	708,265	(82,712)
Miscellaneous	10,120	101,212	914,508	813,296
Total Revenues	<u>99,825,293</u>	<u>115,220,212</u>	<u>123,091,741</u>	<u>7,871,529</u>
EXPENDITURES:				
General Government	10,420,281	37,781,805	12,906,304	24,875,501
Public Safety	15,931,901	18,966,345	16,001,205	2,965,140
Public Works	21,060,493	23,638,304	21,097,997	2,540,307
Health and Hospital	2,448,180	2,448,180	2,447,580	600
Education	40,750,749	53,542,736	38,328,614	15,214,122
Culture	64,000	64,000	63,000	1,000
Parks and Recreation	124,160	124,160	27,090	97,070
Library	1,281,606	1,281,606	1,281,606	-
Conservation of Natural Resources	281,547	3,197,477	1,236,987	1,960,490
Social Services	510,992	510,992	510,992	-
Economic Development and Opportunity	4,905,842	7,196,832	5,064,251	2,132,581
Capital Outlay	350,000	3,848,014	1,622,294	2,225,720
Intergovernmental	302,205	302,205	302,205	-
Total Expenditures	<u>98,431,956</u>	<u>152,902,656</u>	<u>100,890,125</u>	<u>52,012,531</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>1,393,337</u>	<u>(37,682,444)</u>	<u>22,201,616</u>	<u>59,884,060</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	-	144,800	144,800
Operating Transfers				
Capital Projects Fund	-	(12,578,059)	(413,148)	12,164,911
Airport Fund	(198,898)	(460,673)	(220,067)	240,606
Sanitary District, Inc.	-	(1,528,584)	(835,969)	692,615
Solid Waste Fund	-	(2,772,081)	(2,771,217)	864
Department of Technology & Communication Fund	(1,307,387)	(2,810,592)	(1,529,952)	1,280,640
Liquor Control Board	112,948	112,948	136,577	23,629
Total Other Financing Sources (Uses)	<u>(1,393,337)</u>	<u>(20,037,041)</u>	<u>(5,488,976)</u>	<u>14,548,065</u>
REVENUES (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(57,719,485)</u>	<u>16,712,640</u>	<u>74,432,125</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>57,719,485</u>	<u>81,589,652</u>	<u>23,870,167</u>
FUND BALANCE, End of Year, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,302,292</u>	<u>\$ 98,302,292</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

**SCHEDULE OF THE PRIMARY GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MARYLAND STATE RETIREMENT
AND PENSION SYSTEM - FOR LAST 10 YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The County's proportion of the net pension liability	0.0026%	0.0023%	0.0022%	0.0026%	0.0028%	0.0027%	0.0025%	0.0028%	0.0027%	0.0023%
The County's proportionate share of the net pension liability	\$ 518,947	\$ 456,696	\$ 336,672	\$ 586,539	\$ 568,016	\$ 569,698	\$ 546,088	\$ 650,096	\$ 552,462	\$ 417,028
The County's covered payroll	\$ 497,575	\$ 486,496	\$ 468,722	\$ 466,577	\$ 491,496	\$ 487,829	\$ 485,329	\$ 519,945	\$ 510,206	\$ 508,602
The County's proportionate share of the net pension liability as a percentage of it covered payroll	104.30%	93.87%	71.83%	125.71%	115.57%	116.78%	112.52%	125.03%	108.28%	81.99%
Plan fiduciary net position as a percentage of the total pension liability	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

SCHEDULE OF THE PRIMARY GOVERNMENT'S CONTRIBUTIONS - MARYLAND STATE RETIREMENT AND PENSION SYSTEM - FOR LAST 10 YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 13,612	\$ 54,956	\$ 52,093	\$ 49,450	\$ 55,641	\$ 56,533	\$ 54,143	\$ 51,400	\$ 53,676	\$ 56,032
Contributions in relation to the contractually required contribution	<u>(13,612)</u>	<u>(54,956)</u>	<u>(52,093)</u>	<u>(49,450)</u>	<u>(55,641)</u>	<u>(56,533)</u>	<u>(54,143)</u>	<u>(51,400)</u>	<u>(53,676)</u>	<u>(56,032)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The County's covered payroll	\$ 161,890	\$ 497,567	\$ 486,496	\$ 468,722	\$ 466,577	\$ 491,496	\$ 487,829	\$ 485,329	\$ 519,945	\$ 510,206
Contributions as a percentage of covered payroll	8.41%	11.04%	10.71%	10.55%	11.93%	11.50%	11.10%	10.59%	10.32%	10.98%

NOTE 1 TO REQUIRED SUPPLEMENTARY INFORMATION – MARYLAND STATE RETIREMENT AND PENSION SYSTEM

Valuation date: June 30, 2022 rolled forward to June 30, 2023.

Methods and assumptions:

Cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Investment rate of return/discount rate:	6.80%
Mortality:	PB-2010/MP2018 for males and females
Salary increases:	2.75% general, 2.75% inflation
Valuation of assets:	Market value

Change in benefit terms: None

Change in assumptions: There were no changes in assumptions from the previous valuation.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GOVERNMENT PERSONNEL RETIREMENT PLAN – FOR LAST 10 YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service Cost: Retirement benefits administration	\$ 1,102,025	\$ 783,124	\$ 744,303	\$ 719,576	\$ 761,309	\$ 734,201	\$ 798,198	\$ 786,979	\$ 718,592	\$ 914,186
Interest	3,509,500	3,278,024	3,126,384	3,058,970	2,736,373	2,604,559	2,471,833	2,365,165	2,255,447	2,104,135
Difference between expected and actual experience	867,480	203,883	588,764	(500,786)	384,941	310,794	208,948	(45,546)	73,685	-
Assumption changes	-	1,497,914	66,161	(139,129)	2,771,799	-	-	-	246,009	-
Benefit payments	<u>(2,369,524)</u>	<u>(2,539,884)</u>	<u>(2,184,775)</u>	<u>(2,166,674)</u>	<u>(1,929,121)</u>	<u>(1,609,291)</u>	<u>(1,557,385)</u>	<u>(1,544,826)</u>	<u>(1,335,519)</u>	<u>(1,013,431)</u>
Net changes in total pension liability	3,109,481	3,223,061	2,340,837	971,957	4,725,301	2,040,263	1,921,594	1,561,772	1,958,214	2,004,890
Total pension liability - beginning	<u>51,300,441</u>	<u>48,077,380</u>	<u>45,736,543</u>	<u>44,764,586</u>	<u>40,039,285</u>	<u>37,999,022</u>	<u>36,077,428</u>	<u>34,515,656</u>	<u>32,557,442</u>	<u>30,552,552</u>
Total pension liability - ending (a)	<u><u>\$ 54,409,922</u></u>	<u><u>\$ 51,300,441</u></u>	<u><u>\$ 48,077,380</u></u>	<u><u>\$ 45,736,543</u></u>	<u><u>\$ 44,764,586</u></u>	<u><u>\$ 40,039,285</u></u>	<u><u>\$ 37,999,022</u></u>	<u><u>\$ 36,077,428</u></u>	<u><u>\$ 34,515,656</u></u>	<u><u>\$ 32,557,442</u></u>
Plan fiduciary net position										
Contributions - employer	\$ 6,538,600	\$ 2,415,006	\$ 1,329,869	\$ 4,043,801	\$ 1,222,868	\$ 1,210,566	\$ 1,190,560	\$ 1,184,533	\$ 1,166,260	\$ 1,150,819
Contributions - employee	551,807	481,873	430,289	364,314	360,883	372,480	380,215	363,390	359,559	354,820
Net investment income	4,580,081	2,781,436	(4,620,542)	7,027,607	1,784,750	1,877,041	1,813,963	2,205,811	455,688	768,993
Benefit payments, including refunds of member contributions	(2,369,524)	(2,539,884)	(2,184,775)	(2,166,674)	(1,929,121)	(1,609,291)	(1,557,385)	(1,544,826)	(1,335,519)	(1,013,431)
Administrative expense	(156,169)	(147,460)	(157,624)	(144,942)	(120,046)	(112,146)	(109,181)	(15,021)	(7,057)	(24,709)
Net changes in plan fiduciary net position	9,144,795	2,990,971	(5,202,783)	9,124,106	1,319,334	1,738,650	1,718,172	2,193,887	638,931	1,236,492
Plan fiduciary net position - beginning	<u>37,524,775</u>	<u>34,533,804</u>	<u>39,736,587</u>	<u>30,612,481</u>	<u>29,293,147</u>	<u>27,554,497</u>	<u>25,836,325</u>	<u>23,642,438</u>	<u>23,003,507</u>	<u>21,767,015</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 46,669,570</u></u>	<u><u>\$ 37,524,775</u></u>	<u><u>\$ 34,533,804</u></u>	<u><u>\$ 39,736,587</u></u>	<u><u>\$ 30,612,481</u></u>	<u><u>\$ 29,293,147</u></u>	<u><u>\$ 27,554,497</u></u>	<u><u>\$ 25,836,325</u></u>	<u><u>\$ 23,642,438</u></u>	<u><u>\$ 23,003,507</u></u>
County's net pension liability - ending (a)-(b)										
	\$ 7,740,352	\$ 13,775,666	\$ 13,543,576	\$ 5,999,956	\$ 14,152,105	\$ 10,746,138	\$ 10,444,525	\$ 10,241,103	\$ 10,873,218	\$ 9,553,935
Plan fiduciary net position as a percentage of total pension liability	85.77%	73.15%	71.83%	86.88%	68.39%	73.16%	72.51%	71.61%	68.50%	70.66%
Covered payroll	\$ 14,180,347	\$ 12,649,886	\$ 11,967,025	\$ 10,487,536	\$ 10,493,814	\$ 10,433,822	\$ 10,624,180	\$ 10,679,519	\$ 9,618,611	\$ 10,031,765
Net liability as a percentage of covered payroll	54.59%	108.90%	113.17%	57.21%	134.86%	102.99%	98.31%	95.89%	113.04%	95.24%
Annual money-weighted rate of return, net of investment expense	11.42%	7.59%	-12.09%	21.69%	5.96%	6.60%	6.80%	8.92%	1.95%	3.44%

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

SCHEDULE OF GOVERNMENT PERSONNEL RETIREMENT PLAN EMPLOYER CONTRIBUTIONS – FOR LAST 10 YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 1,538,600	\$ 1,415,006	\$ 1,329,869	\$ 1,243,800	\$ 1,222,868	\$ 1,210,566	\$ 1,190,560	\$ 1,184,533	\$ 1,525,819	\$ 1,505,639
Contributions in relation to the actuarially determined contributions	6,538,600	2,415,006	1,329,869	4,043,800	1,222,868	1,210,566	1,190,560	1,184,533	1,525,819	1,505,639
Contributions deficiency (excess)	<u>\$ (5,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ (2,800,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,180,347	\$ 12,649,886	\$ 11,967,025	\$ 10,487,536	\$ 10,493,814	\$10,433,822	\$10,624,180	\$ 10,679,519	\$ 9,618,611	\$ 10,031,765
Contribution as a percentage of covered payroll	46.11%	19.09%	11.11%	38.56%	11.65%	11.60%	11.21%	11.09%	15.86%	15.01%

NOTE 2 TO THE REQUIRED SUPPLEMENTARY INFORMATION - GOVERNMENT PERSONNEL RETIREMENT PLAN

Valuation Date: June 30, 2024

The measurement date for all calculations was June 30, 2024. Liabilities were measured as of July 1, 2023 and rolled to the measurement date using standard actuarial valuation techniques.

Methods and assumptions used to determine contribution rates:

Cost method	Entry age normal
Investment return/discount rate	7%
Mortality	Pub-2010 General Amount-Weighted Mortality tables, with generational projection using scale MP-2021
Turnover	T5 Table
Salary Scale	3.5% per year
Retirement age	See related footnote for retirement age assumptions
Valuation of assets	Market value as reported by plan administrator

Change in Assumptions: There were no assumptions changes from the prior valuation.

Benefit Changes: None

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - LAW ENFORCEMENT RETIREMENT PLAN – FOR LAST 10
YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service Cost: Retirement benefits administration	\$ 489,379	\$ 318,130	\$ 313,250	\$ 335,520	\$ 323,709	\$ 284,081	\$ 316,767	\$ 303,426	\$ 263,191	\$ 281,985
Interest	1,022,576	924,671	876,284	846,600	777,422	725,799	683,047	643,188	616,786	548,471
Difference between expected and actual experience	416,564	328,859	216,401	(114,336)	(16,662)	211,999	23,392	(204,945)	(92,747)	-
Assumption changes	-	519,605	11,665	(22,319)	444,553	-	-	-	566,709	-
Plan Change	-	-	-	-	-	-	-	57,717	-	-
Benefit payments	(612,858)	(769,741)	(684,424)	(560,433)	(521,804)	(448,231)	(377,887)	(376,540)	(335,310)	(321,895)
Net changes in total pension liability	1,315,661	1,321,524	733,176	485,032	1,007,218	773,648	645,319	422,846	1,018,629	508,561
Total pension liability - beginning	14,909,473	13,587,949	12,854,774	12,369,742	11,362,524	10,588,876	9,943,557	9,520,711	8,502,082	7,993,521
Total pension liability - ending (a)	<u>\$ 16,225,134</u>	<u>\$ 14,909,473</u>	<u>\$ 13,587,950</u>	<u>\$ 12,854,774</u>	<u>\$ 12,369,742</u>	<u>\$ 11,362,524</u>	<u>\$ 10,588,876</u>	<u>\$ 9,943,557</u>	<u>\$ 9,520,711</u>	<u>\$ 8,502,082</u>
Plan fiduciary net position										
Contributions - employer	\$ 539,999	\$ 478,063	\$ 413,463	\$ 417,870	\$ 428,658	\$ 399,984	\$ 373,253	\$ 363,950	\$ 371,036	\$ 341,098
Contributions - employee	319,617	289,102	251,946	243,937	261,754	236,456	221,079	215,417	219,572	201,877
Net investment income	1,576,228	960,627	(1,461,558)	2,454,209	617,025	653,501	604,813	695,799	183,789	246,157
Benefit payments, including refunds of member contributions	(612,858)	(769,741)	(684,424)	(560,433)	(521,804)	(448,231)	(377,887)	(376,540)	(335,311)	(321,895)
Administrative expense	(56,367)	(56,595)	(56,901)	(60,866)	(43,646)	(39,704)	(38,087)	(7,272)	(6,594)	(11,123)
Net changes in plan fiduciary net position	1,766,619	901,456	(1,537,474)	2,494,717	741,987	802,006	783,171	891,354	432,492	456,114
Plan fiduciary net position - beginning	12,538,528	11,637,072	13,174,547	10,679,830	9,937,843	9,135,837	8,352,666	7,461,312	7,028,820	6,572,706
Plan fiduciary net position - ending (b)	<u>\$ 14,305,147</u>	<u>\$ 12,538,528</u>	<u>\$ 11,637,073</u>	<u>\$ 13,174,547</u>	<u>\$ 10,679,830</u>	<u>\$ 9,937,843</u>	<u>\$ 9,135,837</u>	<u>\$ 8,352,666</u>	<u>\$ 7,461,312</u>	<u>\$ 7,028,820</u>
County's net pension liability (asset) ending (a)-(b)	\$ 1,919,987	\$ 2,370,945	\$ 1,950,877	\$ (319,773)	\$ 1,689,912	\$ 1,424,681	\$ 1,453,039	\$ 1,590,891	\$ 2,059,399	\$ 1,473,262
Plan fiduciary net position as a percentage of total pension liability	88.17%	84.10%	85.64%	102.49%	86.34%	87.46%	86.28%	84.00%	78.37%	82.67%
Covered payroll	\$ 4,465,202	\$ 4,346,412	\$ 3,378,286	\$ 3,387,992	\$ 3,025,446	\$ 2,669,519	\$ 2,723,946	\$ 3,017,143	\$ 2,661,063	\$ 2,567,771
Net liability as a percentage of covered payroll	43.00%	54.55%	57.75%	-9.44%	55.86%	53.37%	53.34%	52.73%	77.39%	57.38%
Annual money-weighted rate of return, net of investment expense	11.67%	7.77%	-11.53%	22.94%	5.99%	6.85%	6.92%	8.80%	2.54%	3.62%

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

SCHEDULE OF LAW ENFORCEMENT RETIREMENT PLAN EMPLOYER CONTRIBUTIONS-FOR LAST TEN YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 539,999	\$ 478,063	\$ 413,463	\$ 417,870	\$ 428,658	\$ 399,984	\$ 373,253	\$ 363,950	\$ 371,036	\$ 341,098
Contributions in relation to the actuarially determined contributions	<u>539,999</u>	<u>478,063</u>	<u>413,463</u>	<u>417,870</u>	<u>428,658</u>	<u>399,984</u>	<u>373,253</u>	<u>363,950</u>	<u>371,036</u>	<u>341,098</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,465,202	\$ 4,346,412	\$ 3,387,286	\$ 3,387,992	\$ 3,025,446	\$ 2,669,519	\$ 2,723,946	\$ 3,017,143	\$ 2,661,063	\$ 2,567,771
Contribution as a percentage of covered payroll	12.09%	11.00%	12.21%	12.33%	14.17%	14.98%	13.70%	12.06%	13.94%	13.28%

NOTE 3 TO THE REQUIRED SUPPLEMENTARY INFORMATION - LAW ENFORCEMENT RETIREMENT PLAN

Valuation Date: June 30, 2024

The measurement date for all calculations was June 30, 2024. Liabilities were measured as of July 1, 2022 and rolled to the measurement date using standard actuarial valuation techniques.

Methods and assumptions used to determine contribution rates:

Cost method	Entry age normal
Investment return/discount rate	7%
Mortality	Pub 2010 Safety Amount-Weighted Mortality tables, with generational projection using scale MP-2021
Turnover	T2 Table
Salary Scale	4.0% per year
Retirement age	See related footnote for retirement age assumptions
Valuation of assets	Market value as reported by plan administrator

Changes in Assumptions: None

Benefit Changes: None

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - VOLUNTEER LENGTH OF SERVICE AWARD PLAN – FOR
LAST 10 YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service Cost: Retirement benefits administration	\$ 61,820	\$ 87,270	\$ 141,968	\$ 119,655	\$ 121,365	\$ 21,139	\$ 23,172	\$ 37,664	\$ 30,045	\$ 17,028
Interest	93,978	81,643	69,302	66,248	49,723	43,794	43,548	40,171	35,854	27,247
Change in benefit terms	-	-	(291,220)	-	-	-	-	-	-	-
Difference between expected and actual experience	(145,383)	45,024	153,816	(6,176)	12,443	58,503	3,730	3,620	11,701	-
Assumption changes	(299,900)	(404,384)	(578,885)	(3,363)	1,577,645	-	(34,951)	-	162,722	-
Benefit payments	(41,412)	(46,734)	(39,544)	(35,928)	(27,812)	(21,504)	(41,016)	(2,657)	(4,960)	(3,280)
Net changes in total pension liability	(330,897)	(237,181)	(544,563)	140,436	1,733,364	101,932	(5,517)	78,798	235,362	40,995
Total pension liability - beginning	1,934,478	2,171,659	2,716,222	2,575,786	842,422	740,490	746,007	667,209	431,847	390,852
Total pension liability - ending (a)	<u>\$ 1,603,581</u>	<u>\$ 1,934,478</u>	<u>\$ 2,171,659</u>	<u>\$ 2,716,222</u>	<u>\$ 2,575,786</u>	<u>\$ 842,422</u>	<u>\$ 740,490</u>	<u>\$ 746,007</u>	<u>\$ 667,209</u>	<u>\$ 431,847</u>
Plan fiduciary net position										
Contributions - employer	\$ -	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	222,314	81,955	(117,811)	208,682	49,805	72,175	62,572	76,920	26,515	31,979
Benefit payments, including refunds of member contributions	(41,412)	(46,734)	(39,544)	(35,928)	(27,812)	(21,504)	(41,016)	(2,657)	(4,960)	(3,280)
Administrative expense	(12,364)	(13,930)	(9,240)	(13,653)	(6,918)	(16,956)	(8,032)	(7,750)	(2,958)	(2,436)
Net changes in plan fiduciary net position	168,538	821,291	(166,595)	159,101	15,075	33,715	13,524	66,513	18,597	26,263
Plan fiduciary net position - beginning	1,831,370	1,010,079	1,176,674	1,017,573	1,002,498	968,783	955,259	888,746	870,149	843,886
Plan fiduciary net position - ending (b)	<u>\$ 1,999,908</u>	<u>\$ 1,831,370</u>	<u>\$ 1,010,079</u>	<u>\$ 1,176,674</u>	<u>\$ 1,017,573</u>	<u>\$ 1,002,498</u>	<u>\$ 968,783</u>	<u>\$ 955,259</u>	<u>\$ 888,746</u>	<u>\$ 870,149</u>
County's net pension liability (asset) - ending (a) - (b)	\$ (396,327)	\$ 103,108	\$ 1,161,580	\$ 1,539,548	\$ 1,558,213	\$ (160,076)	\$ (228,293)	\$ (209,252)	\$ (221,537)	\$ (438,302)
Plan fiduciary net position as a percentage of total pension liability	124.72%	94.67%	46.51%	43.32%	39.51%	119.00%	130.83%	128.05%	133.20%	201.49%
Covered 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	11.67%	4.91%	-10.98%	21.02%	4.93%	7.32%	6.50%	8.34%	3.01%	3.73%

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

SCHEDULE OF VOLUNTEER LENGTH OF SERVICE AWARD PLAN EMPLOYER CONTRIBUTIONS – FOR LAST 10 YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	800,000	-	-	-	-	-	-	-	-
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ (800,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution 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

NOTE 4 TO THE REQUIRED SUPPLEMENTARY INFORMATION - VOLUNTEER LENGTH OF SERVICE AWARD PLAN

Valuation Date

The measurement date for all calculations was June 30, 2024. Liabilities were measured as of July 1, 2023 and rolled to the measurement date using standard actuarial valuation techniques

Methods and assumptions used:

Cost method	Entry age normal
Investment rate of return	6.00%
Discount rate	6.00%
Mortality	Pub 2010 General Amount-Weighted Mortality Tables, with generational projection using scale MP-2021
Turnover	No withdrawal assumption is used
Salary Scale	N/A
Retirement age	See related footnote for retirement age assumptions
Valuation of assets	Market value as reported by plan administrator

Changes in Assumptions: The discount rate changed from 4.91% to 6.00%

Benefit Changes: None

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

**SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY AND RELATED RATIOS
FOR LAST 10 YEARS (FY 2016 AND EARLIER NOT AVAILABLE)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service Cost	\$ 280,803	\$ 345,758	\$ 345,574	\$ 419,476	\$ 381,028	\$ 348,566	\$ 700,952	\$ 707,384
Interest	930,207	987,549	940,031	999,330	896,489	753,605	532,295	513,547
Difference between expected and actual experience	-	(2,593,321)	-	(1,760,531)	-	459,970	(1,054,289)	-
Changes of assumptions	327,364	989,729	20,967	(43,726)	817,476	1,148,339	(5,098,531)	-
Benefit payments	(625,863)	(598,377)	(553,385)	(501,159)	(524,096)	(500,780)	(488,815)	(753,061)
Net changes in total OPEB liability	912,511	(868,662)	753,187	(886,610)	1,570,897	2,209,700	(5,408,388)	467,870
Total OPEB liability - beginning	14,618,876	15,487,538	14,734,351	15,620,961	14,050,064	11,840,364	17,248,752	16,780,882
Total OPEB liability - ending (a)	<u>\$ 15,531,387</u>	<u>\$ 14,618,876</u>	<u>\$ 15,487,538</u>	<u>\$ 14,734,351</u>	<u>\$ 15,620,961</u>	<u>\$ 14,050,064</u>	<u>\$ 11,840,364</u>	<u>\$ 17,248,752</u>
Plan fiduciary net position								
Contributions - employer	\$ 1,425,863	\$ 1,198,377	\$ 1,153,385	\$ 1,101,159	\$ 1,124,097	\$ 1,100,829	\$ 1,088,815	\$ 753,061
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	539,616	279,131	(388,221)	471,792	91,937	56,374	4,700	18,934
Benefit payments	(625,863)	(598,377)	(553,385)	(501,159)	(524,096)	(500,780)	(488,815)	(753,061)
Administrative expense	(21,382)	(33,344)	(12,215)	(9,238)	(7,748)	(5,583)	(947)	(993)
Net changes in plan fiduciary net position	1,318,234	845,787	199,564	1,062,554	684,190	650,840	603,753	17,941
Plan fiduciary net position - beginning	4,270,014	3,424,227	3,224,663	2,162,109	1,477,919	827,079	223,326	205,385
Plan fiduciary net position - ending (b)	<u>\$ 5,588,248</u>	<u>\$ 4,270,014</u>	<u>\$ 3,424,227</u>	<u>\$ 3,224,663</u>	<u>\$ 2,162,109</u>	<u>\$ 1,477,919</u>	<u>\$ 827,079</u>	<u>\$ 223,326</u>
County's net OPEB liability - ending (a) - (b)	\$ 9,943,139	\$ 10,348,862	\$ 12,063,311	\$ 11,509,688	\$ 13,458,852	\$ 12,572,145	\$ 11,013,285	\$ 17,025,426
Plan fiduciary net position as a percentage of total OPEB liability	35.98%	29.21%	22.11%	21.89%	13.84%	10.52%	6.99%	1.29%
Covered payroll	\$10,202,317	\$ 11,023,267	\$ 11,116,761	\$ 11,669,528	\$ 12,783,910	\$ 13,901,123	\$ 14,114,319	\$ 14,875,814
Net liability as a percentage of covered payroll	97%	94%	109%	99%	105%	90%	78%	114%
Annual money-weighted rate of return, net of investment expense	12.68%	8.20%	-12.05%	21.88%	6.25%	6.85%	2.11%	8.79%

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

NOTE 5 TO THE REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

Valuation Date:

The valuation date is July 1, 2022 for employee data and asset information as of June 30, 2024.

Methods and Assumptions:

Cost method: Entry age normal

Investment rate of return: 6.50%

Discount rate: 6.50%

Mortality: Non-law enforcement – Pub-2010 General Headcount-weighted with fully generational Scale MP-2021.

Law enforcement - Pub-2010 Safety Headcount-weighted with fully generational Scale MP-2021.

Turnover: T5 standard table

Salary scale: 2.00%

Retirement age: See related notes to financial statements

Valuation of assets: Market value as reported by plan sponsor

Per capita claims: Medical premium equivalent rates were age-adjusted based on actual ages of the retirees compared to the underlying active population.

Trend: Medical pre-65 costs were assumed to increase by 7.5% for FY 2024 decreasing linearly by 0.25% to an ultimate trend rate of 4.5%. HRA amounts were assumed to increase at 2.0% per year.

Changes in Assumptions: The healthcare cost trend rate was updated to 7.5% for 2024 decreasing by 0.25% per year until 4.5% is reached.

Benefit Changes: None

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2024**

**NOTE 6 TO THE REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS AND
BUDGETARY ACCOUNTING**

The appropriations budget is prepared by function, department or activity, and object. The Capital Projects Fund budget is generally prepared for entire projects in the year the project is scheduled to begin and assumes that the project will be completed within the same fiscal year. Consequently, the budget is not comparable to annual operating results and is not presented. Budgets are not legally required for the various programs and activities reported as Special Revenue Funds (nonmajor governmental funds).

Demonstrating compliance with the adopted budgets is an important component of a government's accountability to the public. The County prepares an annual budget showing all revenues and expenditures for the General Fund. All department heads and agencies submit budget requests in accordance with management's annual budget calendar. The budget is adopted upon setting the local property tax rate. Appropriations lapse at the end of the fiscal year except for capital projects appropriations which are subject to approval for carryover by the County Commissioners and certain federal and state grants that extend beyond the current fiscal year.

The annual budget is adopted on a basis consistent with GAAP except that real property taxes are budgeted as estimated revenues when levied and in kind rent related to a building rental is not recognized as a revenue or expenditure on the budget basis. All budgetary comparisons presented in this report are on this non-GAAP budgetary basis. The budgeted amounts are reported as originally adopted on June 5, 2023, by the County Commissioners and as finally amended.

Because the budgetary basis differs from accounting principles generally accepted in the United States, budget and actual amounts in the accompanying Budgetary Comparison Schedule are presented on the budgetary basis. A more detailed budgetary basis report, is presented in the Supplementary Information section of the Financial Report, is produced to demonstrate budgetary compliance by department. A reconciliation that compares the excess of revenues over expenditures on a budgetary basis for the year ended June 30, 2024, to the excess of revenues and other financing sources over expenditures and other financing (uses) presented in conformity with accounting principles generally accepted in the United States is set forth in the following schedule.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Effect on Fund Balance</u>
As Reported on Budget Basis	\$123,091,741	\$ 100,890,125	\$ (5,488,976)	\$ 16,712,640
<u>In-Kind Rent</u>				
Board of Education administrative offices not reported as revenue on budget basis but recognized on a GAAP basis	74,400	74,400	-	-
As Reported on GAAP Basis	<u>\$123,166,141</u>	<u>\$ 100,964,525</u>	<u>\$ (5,488,976)</u>	<u>\$ 16,712,640</u>

SUPPLEMENTARY INFORMATION

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
General Fund Schedule of Revenues and Other Financing Sources
Budget and Actual (Budget Basis)
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES:				
Local Real and Personal Property:				
Real Property	\$ 54,830,832	\$ 54,830,832	\$ 55,822,381	\$ 991,549
Railroads and Public Utilities	3,664,929	3,664,929	3,719,571	54,642
Ordinary Business Corporations	2,719,200	2,719,200	2,811,110	91,910
Enterprise Zone Tax Refund	34,900	34,900	30,348	(4,552)
Penalties and Interest	600,000	600,000	630,605	30,605
Total Real and Personal Property	<u>61,849,861</u>	<u>61,849,861</u>	<u>63,014,015</u>	<u>1,164,154</u>
Other Local Taxes:				
Income	16,500,000	16,500,000	20,479,059	3,979,059
Admissions and Amusement	1,000,000	1,000,000	1,175,764	175,764
Recordation	1,800,000	1,800,000	3,728,443	1,928,443
Coal Tonnage	19,000	19,000	52,479	33,479
Trailer Court	38,000	38,000	49,927	11,927
Natural Gas	900	900	406	(494)
Accommodations Tax	4,000,000	4,000,000	6,555,058	2,555,058
Transfer Tax	1,800,000	1,800,000	3,555,016	1,755,016
Franchise Tax	400	400	1,115	715
Coal Tax	35,000	35,000	41,916	6,916
911 Fees	460,000	460,000	593,447	133,447
Agricultural Transfer Tax	10,000	10,000	15,771	5,771
Tax Sale Revenue	39,200	39,200	21,202	(17,998)
Total Other Local Taxes	<u>25,702,500</u>	<u>25,702,500</u>	<u>36,269,603</u>	<u>10,567,103</u>
Total Taxes	<u>87,552,361</u>	<u>87,552,361</u>	<u>99,283,618</u>	<u>11,731,257</u>
LICENSES AND PERMITS:				
Business:				
Traders	60,000	60,000	63,521	3,521
Other Licenses and Permits:				
Animal	4,000	4,000	3,256	(744)
Marriage	1,800	1,800	1,640	(160)
TVRU License	115,000	115,000	142,580	27,580
Cable TV Franchise Fee	244,000	244,000	292,203	48,203
Highways and Streets	-	-	-	-
Other Permits	26,000	26,250	34,925	8,675
Total Licenses and Permits	<u>\$ 450,800</u>	<u>\$ 451,050</u>	<u>\$ 538,125</u>	<u>\$ 87,075</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
General Fund Schedule of Revenues and Other Financing Sources
Budget and Actual (Budget Basis)
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL:				
Grants From Federal Government:				
Federal Aid in Lieu of Taxes	\$ 4,000	\$ 4,000	\$ 7,774	\$ 3,774
Master's Program	18,530	18,530	11,686	(6,844)
Domestic Violence	32,375	49,952	36,487	(13,465)
American Rescue Plan Grants	-	4,425,056	374,669	(4,050,387)
Child Support	15,104	15,104	5,832	(9,272)
EMPG - Emergency Management	173,888	173,888	93,870	(80,018)
Homeland Security Grants	-	236,426	158,899	(77,527)
ARC - All Students STEM Ready	-	21,172	21,172	-
DOT - CAC Mass Transit	1,203,521	1,344,778	1,344,778	-
Byrne Justice Assistance Grants	-	143,194	139,158	(4,036)
FEMA Grants	-	859,766	188,126	(671,640)
Department of Health & Human Services	-	112	127,930	127,818
Miscellaneous	5,800	374,054	345,152	(28,902)
Grants From State Government:				
Disparity Grant	2,537,671	2,537,671	2,537,671	-
Forestry & Parks	1,728,971	1,728,971	1,950,477	221,506
Program Open Space	-	963,111	929,015	(34,096)
Jury Reimbursement	9,000	12,510	12,510	-
Family Services	189,780	175,162	146,252	(28,910)
Deep Creek Dredging and Erosion	-	2,336,696	1,858,289	(478,407)
Police Protection & Recruitment	245,980	612,800	524,581	(88,219)
Sex Offender Registration	12,000	12,000	13,800	1,800
Sex Offender Compliance	8,341	8,748	8,748	-
MSDE MD Department of Education	-	49,551	119,510	69,959
Housing of State Inmates	22,000	22,000	32,535	10,535
Emergency Numbers Systems Board Grants	232,137	624,081	80,452	(543,629)
Highway User Tax	1,498,568	1,498,568	1,500,063	1,495
Rural Legacy Grant	-	2,910,064	988,440	(1,921,624)
Substance Abuse	-	50,111	50,111	-
Mass Transit	146,615	170,615	170,615	-
MIEMSS Grant	-	5,031	5,031	-
MD Department of Aging Senior Center	5,000	5,000	5,000	-
MD Department of Commerce	-	1,681,003	343,324	(1,337,679)
MD Department of Transportation	-	40,000	40,000	-
Other	3,763	104,971	81,459	(23,512)
Subtotal - Intergovernmental	\$ 8,093,044	\$ 23,214,696	\$ 14,253,416	\$ (8,961,280)

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
General Fund Schedule of Revenues and Other Financing Sources
Budget and Actual (Budget Basis)
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL - Continued				
Balances Brought Forward	\$ 8,093,044	\$ 23,214,696	\$ 14,253,416	\$ (8,961,280)
Other:				
Other	30,311	208,441	185,922	(22,519)
Total Intergovernmental	<u>8,123,355</u>	<u>23,423,137</u>	<u>14,439,338</u>	<u>(8,983,799)</u>
FINES AND FORFEITURES	<u>3,000</u>	<u>3,000</u>	<u>4,881</u>	<u>1,881</u>
SERVICE CHARGES FOR CURRENT SERVICES:				
General Government:				
Credit Card Convenience Fees	45,000	48,795	48,349	(446)
Zoning and Subdivision Fees	15,000	15,000	16,760	1,760
Building Inspection	125,000	125,000	198,948	73,948
Inventory Sales	433,811	433,811	345,892	(87,919)
Miscellaneous	191,469	191,469	41,824	(149,645)
Public Safety:				
Fingerprinting Fees	20,000	20,000	19,073	(927)
Work Release	14,000	14,000	8,135	(5,865)
Emergency Medical Services - Patient Billing	215,000	215,000	286,343	71,343
Volunteer Rescue Cost Share	40,000	40,000	400	(39,600)
Fire Marshal	160,000	160,000	225,418	65,418
Miscellaneous	35,400	35,400	30,149	(5,251)
Total Service Charges	<u>1,294,680</u>	<u>1,298,475</u>	<u>1,221,291</u>	<u>(77,184)</u>
MISCELLANEOUS:				
Interest and Dividends	1,600,000	1,600,000	5,981,715	4,381,715
Rents and Concessions	790,977	790,977	708,265	(82,712)
Donations	3,000	3,000	4,152	1,152
Miscellaneous	7,120	98,212	910,356	812,144
Total Miscellaneous	<u>2,401,097</u>	<u>2,492,189</u>	<u>7,604,488</u>	<u>5,112,299</u>
TOTAL REVENUES	<u>99,825,293</u>	<u>115,220,212</u>	<u>123,091,741</u>	<u>7,871,529</u>
OTHER FINANCING SOURCES:				
Sale of Capital Assets	-	-	144,800	144,800
Transfers - Liquor Control Board	112,948	112,948	136,577	23,629
Total Other Financing Sources	<u>112,948</u>	<u>112,948</u>	<u>281,377</u>	<u>168,429</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 99,938,241</u>	<u>\$ 115,333,160</u>	<u>\$ 123,373,118</u>	<u>\$ 8,039,958</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
General Fund Schedule of Expenditures and Other Financing Uses
Budget and Actual (Budget Basis)
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT				
Legislative:				
County Commissioners	\$ 489,549	\$ 643,126	\$ 636,458	\$ 6,668
Judicial:				
Circuit Court	574,604	639,048	612,211	26,837
Orphan's Court	22,331	47,837	25,857	21,980
State's Attorney	928,540	1,220,634	1,174,465	46,169
	<u>1,525,475</u>	<u>1,907,519</u>	<u>1,812,533</u>	<u>94,986</u>
Elections:				
Board of Supervisors of Elections	628,138	628,142	595,530	32,612
Financial Administration:				
Finance Office	894,345	1,166,517	1,077,561	88,956
Tax Collection Office	313,053	378,350	349,174	29,176
Department of Assessments & Taxation	278,000	278,000	261,497	16,503
Procurement	125,926	171,846	147,178	24,668
Total Financial Administration	<u>1,611,324</u>	<u>1,994,713</u>	<u>1,835,410</u>	<u>159,303</u>
Law:				
Legal Counsel	142,747	246,757	177,597	69,160
Personnel Administration:				
Personnel Administration	552,874	714,631	645,639	68,992
Planning and Zoning:				
Planning Commission	516,516	3,982,209	3,347,097	635,112
Facilities & Maintenance:				
County Buildings	2,289,158	2,954,278	2,424,640	529,638
Miscellaneous:				
	2,664,500	24,710,430	1,431,400	23,279,030
Total General Government	<u>10,420,281</u>	<u>37,781,805</u>	<u>12,906,304</u>	<u>24,875,501</u>
PUBLIC SAFETY				
Sheriff's Department	4,633,889	5,136,080	4,783,043	353,037
Corrections	2,987,243	3,370,963	3,118,171	252,792
Fire and Rescue Services	5,159,362	5,661,608	4,902,201	759,407
Other Public Safety:				
Permits and Inspections	564,701	714,685	621,638	93,047
Animal Control	410,782	381,433	339,162	42,271
Emergency Management	487,337	2,096,740	959,557	1,137,183
911 Center	1,477,439	1,531,324	1,277,093	254,231
Fire Marshal	211,148	73,512	340	73,172
Total Public Safety	<u>\$ 15,931,901</u>	<u>\$ 18,966,345</u>	<u>\$ 16,001,205</u>	<u>\$ 2,965,140</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
General Fund Schedule of Expenditures and Other Financing Uses
Budget and Actual (Budget Basis)
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC WORKS				
Highways and Streets	\$ 21,060,493	\$ 23,638,304	\$ 21,097,997	\$ 2,540,307
HEALTH AND HOSPITAL				
Health Department	2,448,180	2,448,180	2,447,580	600
EDUCATION				
Board of Education	34,055,156	45,021,736	30,595,082	14,426,654
Community College	6,695,593	8,521,000	7,733,532	787,468
Total Education	40,750,749	53,542,736	38,328,614	15,214,122
CULTURE	64,000	64,000	63,000	1,000
PARKS AND RECREATION	124,160	124,160	27,090	97,070
LIBRARY	1,281,606	1,281,606	1,281,606	-
CONSERVATION OF NATURAL RESOURCES				
Agriculture Extension Service	251,841	257,707	256,713	994
Soil Conservation	19,706	19,706	19,706	-
Agricultural Land Preservation Program	10,000	2,920,064	960,568	1,959,496
Total Conservation of Natural Resources	281,547	3,197,477	1,236,987	1,960,490
SOCIAL SERVICES				
Commission on Aging	510,992	510,992	510,992	-
ECONOMIC DEVELOPMENT AND OPPORTUNITY				
Economic Development	1,694,165	3,371,898	1,373,863	1,998,035
Tourism	825,000	825,000	825,000	-
Community Action Programs	2,033,899	2,199,156	2,083,656	115,500
Fair Board Agricultural Fair	20,000	20,000	20,000	-
Special Promotion	249,846	434,846	299,066	135,780
Other	82,932	345,932	462,666	(116,734)
Total Economic Development and Opportunity	\$ 4,905,842	\$ 7,196,832	\$ 5,064,251	\$ 2,132,581

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
General Fund Schedule of Expenditures and Other Financing Uses
Budget and Actual (Budget Basis)
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CAPITAL OUTLAY				
Finance Office	\$ -	\$ 74,668	\$ -	\$ 74,668
Detention Center	-	22,050	3,202	18,848
Sheriff's Department	-	87,771	87,735	36
911	-	390,490	6,415	384,075
Highways and Streets	-	1,346,178	730,437	615,741
Facilities & Maintenance	350,000	1,926,857	794,505	1,132,352
Total Capital Outlay	<u>350,000</u>	<u>3,848,014</u>	<u>1,622,294</u>	<u>2,225,720</u>
INTERGOVERNMENTAL	<u>302,205</u>	<u>302,205</u>	<u>302,205</u>	<u>-</u>
TOTAL EXPENDITURES	<u>98,431,956</u>	<u>152,902,656</u>	<u>100,890,125</u>	<u>52,012,531</u>
OTHER FINANCING USES:				
Operating Transfers:				
Airport	198,898	460,673	220,067	240,606
Capital Projects Fund	-	12,578,059	413,148	12,164,911
Solid Waste Fund	-	2,772,081	2,771,217	864
Sanitary District	-	1,528,584	835,969	692,615
Dept. of Tech. & Communication Fund	1,307,387	2,810,592	1,529,952	1,280,640
Total Other Financing Uses	<u>1,506,285</u>	<u>20,149,989</u>	<u>5,770,353</u>	<u>14,379,636</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>99,938,241</u>	<u>173,052,645</u>	<u>106,660,478</u>	<u>66,392,167</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ (57,719,485)</u>	<u>\$ 16,712,640</u>	<u>\$ 74,432,125</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds							
	Public Safety	Commissary	Law Library	Keyzers Ridge	HUD	Opioid Settlement	Cannabis Reinvestment and Repair	Total Nonmajor Governmental Funds
ASSETS:								
Other Receivables - Net	\$ -	\$ 2,165	\$ 500	\$ -	\$ -	\$ -	\$ 34,829	\$ 37,494
Restricted Cash	394,766	3,693	17,757	-	63,545	178,778	184,528	843,067
TOTAL ASSETS	394,766	5,858	18,257	-	63,545	178,778	219,357	880,561
LIABILITIES:								
Accounts Payable and Accrued Expenses	94,594	233	-	-	7,047	-	-	101,874
Unearned Revenues	277,264	-	-	-	56,498	-	-	333,762
Total Liabilities	371,858	233	-	-	63,545	-	-	435,636
FUND BALANCES:								
Restricted	22,908	5,625	18,257	-	-	178,778	219,357	444,925
TOTAL LIABILITIES AND FUND BALANCES	\$ 394,766	\$ 5,858	\$ 18,257	\$ -	\$ 63,545	\$ 178,778	\$ 219,357	\$ 880,561

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Public Safety	Commissary	Law Library	Keyzers Ridge	HUD	Opioid Settlement	Cannabis Reinvestment and Repair	
REVENUES:								
Intergovernmental	\$ 302,374	\$ -	\$ -	\$ -	\$ 35,487	110,393	219,357	\$ 667,611
Fines and Forfeitures	4,350	-	4,544	-	-	-	-	8,894
Investment Income	797	-	-	-	-	-	-	797
Charges for Services	-	16,943	-	-	-	-	-	16,943
Total Revenues	307,521	16,943	4,544	-	35,487	110,393	219,357	694,245
EXPENDITURES:								
General Government	-	-	6,821	-	-	-	-	6,821
Public Safety	307,221	29,750	-	-	-	-	-	336,971
Community Development	-	-	-	-	35,487	-	-	35,487
Total Expenditures	307,221	29,750	6,821	-	35,487	-	-	379,279
REVENUES OVER/(UNDER) EXPENDITURES	300	(12,807)	(2,277)	-	-	110,393	219,357	314,966
FUND BALANCES, BEGINNING OF YEAR	22,608	18,432	20,534	-	-	68,385	-	129,959
FUND BALANCES, END OF YEAR	\$ 22,908	\$ 5,625	\$ 18,257	\$ -	\$ -	\$ 178,778	\$ 219,357	\$ 444,925

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

General Fund

Schedule of Taxes and Taxes Receivable

Year Ended June 30, 2024

	Total Assessed Value	Tax Rate Per \$100	Actual Tax Levy	Amount Collected	Balance of Taxes Receivable
CURRENT YEAR LEVY:					
Real Property - Full Year					
Mt Lake Park	\$ 120,008,574	0.9910	\$ 1,199,006		
All Others	5,146,314,780	1.0560	54,345,084		
Total Full Year	5,266,323,354		55,544,090		
Real Property - One-Half Year					
Mt Lake Park	38,183,405	0.4996	201,608		
All Others	248,870	0.5280	1,243		
Total Real Property	5,304,755,629		55,746,941	54,330,659	1,416,282
Personal Property - Corporate	106,481,430	2.640	2,811,110	2,776,577	34,533
Public Utilities and Railroad	141,745,770	2.624	3,719,571	3,645,047	74,524
Total Current Year	\$ 5,552,982,829		\$ 62,277,622	\$ 60,752,283	\$ 1,525,339
PRIOR YEAR RECEIVABLES:					
Year Ended June 30:					
2023					40,647
2022					7,675
2021					3,481
2020					4,258
2019					3,706
2018					3,389
2017					1,898
2016					2,708
2015					2,468
2014					2,156
2013					1,429
2012					1,115
2011					1,045
2010					820
2009					260
2008					167
2007					63
2006					54
1996-2005					190
Total Prior Years					77,529
TOTAL TAXES RECEIVABLE					1,602,868
Less: Allowance for Uncollectible Accounts					(50,000)
TAXES RECEIVABLE - NET					\$ 1,552,868

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2024

	Business-type Activities - Nonmajor Enterprise Funds		
	Department of Technology & Communications	Liquor Control Board	Total Nonmajor Enterprise Funds
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 143,520	\$ 143,520
Other Receivables - Net	548,702	7,142	555,844
Prepaid Expense	16,878	-	16,878
Total Current Assets	565,580	150,662	716,242
Capital and Other Assets:			
Depreciable Capital Assets, Net of Accumulated Depreciation	718,119	-	718,119
Total Capital and Other Assets	718,119	-	718,119
TOTAL ASSETS	1,283,699	150,662	1,434,361
DEFERRED OUTFLOWS OF RESOURCES	103,230	-	103,230
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,386,929	\$ 150,662	\$ 1,537,591
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 321,072	\$ 897	\$ 321,969
Unearned Revenue	6,407	149,765	156,172
Total Current Liabilities	327,479	150,662	478,141
Noncurrent Liabilities:			
Compensated Absences	104,110	-	104,110
Net Pension Liability	225,683	-	225,683
Total Noncurrent Liabilities	329,793	-	329,793
TOTAL LIABILITIES	657,272	150,662	807,934
NET POSITION			
Net Investment in Capital Assets	718,119	-	718,119
Unrestricted Net Position (Deficit)	11,538	-	11,538
Total Net Position	729,657	-	729,657
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,386,929	\$ 150,662	\$ 1,537,591

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2024

	Business-type Activities - Nonmajor Enterprise Funds		
	Department of Technology & Communications	Liquor Control Board	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 283,261	\$ 156,077	\$ 439,338
Other	-	7,142	7,142
Total Operating Revenues	<u>283,261</u>	<u>163,219</u>	<u>446,480</u>
OPERATING EXPENSES:			
Salaries	574,500	7,541	582,041
Fringe Benefits	259,942	576	260,518
Maintenance and Repairs	114,594	-	114,594
Utilities	26,398	-	26,398
Transportation	10,003	-	10,003
Contracted Services	163,468	-	163,468
Direct Administration	-	18,525	18,525
Depreciation Expense	170,061	-	170,061
Other	861,974	-	861,974
Total Operating Expenses	<u>2,180,940</u>	<u>26,642</u>	<u>2,207,582</u>
OPERATING INCOME (LOSS)	<u>(1,897,679)</u>	<u>136,577</u>	<u>(1,761,102)</u>
NON-OPERATING REVENUES (EXPENSES):			
State Grants	122,785	-	122,785
Federal Grants	395,796	-	395,796
Total Nonoperating Revenues (Expenses)	<u>518,581</u>	<u>-</u>	<u>518,581</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>\$ (1,379,098)</u>	<u>\$ 136,577</u>	<u>\$ (1,242,521)</u>
CONTRIBUTIONS AND TRANSFERS			
Capital Contributions from:			
Primary Government	72,621	-	72,621
Transfers (to) Primary Government	-	(136,577)	(136,577)
Transfers from (to) Primary Government	1,457,331	-	1,457,331
CHANGE IN NET POSITION	150,854	-	150,854
NET POSITION - BEGINNING OF YEAR	<u>578,803</u>	<u>-</u>	<u>578,803</u>
NET POSITION - END OF YEAR	<u>\$ 729,657</u>	<u>\$ -</u>	<u>\$ 729,657</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended June 30, 2024

	Business-type Activities - Nonmajor Enterprise Fund		
	Department of Technology & Communications	Liquor Control Board	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ (59,415)	\$ 168,052	\$ 108,637
Cash Paid to Suppliers	(979,522)	(18,096)	(997,618)
Cash Paid to Employees and for Employee Benefits	(914,648)	(8,073)	(922,721)
Net Cash Provided by (Used in) Operating Activities	(1,953,585)	141,883	(1,811,702)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfer from (to) Other Funds	1,457,330	(136,577)	1,320,753
Federal grants	395,796	-	395,796
State grants	122,785	-	122,785
Increase (Decrease) in Amounts Due to General Fund	(22,326)	-	(22,326)
Net Cash Provided by (Used in) Non-Capital Financing Activities	1,953,585	(136,577)	1,817,008
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Contributions	72,621	-	72,621
Acquisition and Construction of Capital Assets	(72,621)	-	(72,621)
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	5,306	5,306
Cash and Cash Equivalents, Beginning of Year	-	138,214	138,214
CASH AND CASH EQUIVALENTS, End of Year	\$ -	\$ 143,520	\$ 143,520

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
Year Ended June 30, 2024

	<u>Business-type Activities - Nonmajor Enterprise Fund</u>		
	<u>Department of Technology & Communications</u>	<u>Liquor Control Board</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of Operating Income (Loss) To			
Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(1,897,679)	136,577	(1,761,102)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	170,061	-	170,061
(Increase) in Deferred Outflows of Resources	59,425	-	59,425
(Increase) Decrease in assets:			
Accounts receivable	(279,573)	(7,142)	(286,715)
Prepaid expenses	22,261	-	22,261
Increase (Decrease) in liabilities			
Accounts payable and accrued expenses	183,401	473	183,874
Unearned revenue	(63,103)	11,975	(51,128)
Net pension liability	(164,161)	-	(164,161)
Compensated absences	15,783	-	15,783
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (1,953,585)</u></u>	<u><u>\$ 141,883</u></u>	<u><u>\$ (1,811,702)</u></u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Garrett County Sanitary District, Inc.
Combining Schedule of Revenues, Expenses and Changes in Net Position by Cost Center
Year Ended June 30, 2024

	<u>Water Systems</u>	<u>Deep Creek Lab</u>	<u>Company Store</u>	<u>Subtotal Water Projects</u>
OPERATING REVENUES:				
Charges for Services	\$ 1,792,345	\$ 100,329	\$ -	\$ 1,892,674
Other	207,230	-	1,181,597	1,388,827
Total Operating Revenues	<u>1,999,575</u>	<u>100,329</u>	<u>1,181,597</u>	<u>3,281,501</u>
OPERATING EXPENSES:				
Salaries	435,437	160,549	63,421	659,407
Fringe Benefits	147,096	70,935	23,469	241,500
Maintenance and Repairs	264,835	285	19,854	284,974
Supplies	202,280	28,162	824,323	1,054,765
Utilities	153,318	-	11,747	165,065
Transportation	70,332	-	-	70,332
Contracted Services	555,700	24,628	1,717	582,045
Insurance	1,560	-	-	1,560
Lab Tests	46,842	(190,383)	-	(143,541)
Direct Administrative	6,711	2,602	106	9,419
Indirect Administrative	92,247	-	-	92,247
Depreciation	1,036,388	3,546	-	1,039,934
Total Operating Expenses	<u>3,012,746</u>	<u>100,324</u>	<u>944,637</u>	<u>4,057,707</u>
OPERATING (LOSS)/INCOME	<u>(1,013,171)</u>	<u>5</u>	<u>236,960</u>	<u>(776,206)</u>
NONOPERATING REVENUES (EXPENSES):				
Tap Fees - Capital Charge	-	-	-	-
Interest Revenue	296,369	-	-	296,369
Ad Valorem Tax	2,940,497	-	-	2,940,497
Gain on Sale of Assets	-	-	-	-
Interest Expense	(200,970)	-	-	(200,970)
Net Other Revenues (Expenses)	<u>3,035,896</u>	<u>-</u>	<u>-</u>	<u>3,035,896</u>
INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>2,022,725</u>	<u>5</u>	<u>236,960</u>	<u>2,259,690</u>
CAPITAL CONTRIBUTIONS/TRANSFERS				
Capital Contributions from:				
State	-	-	-	-
Federal	-	-	-	-
Capital Related to Transfers from Primary Government	374,669	-	-	374,669
Transfers From (to) Primary Government	461,300	-	-	461,300
Total Capital Contributions and Transfers	<u>835,969</u>	<u>-</u>	<u>-</u>	<u>835,969</u>
INCREASE IN NET ASSETS	<u>\$ 2,858,694</u>	<u>\$ 5</u>	<u>\$ 236,960</u>	<u>\$ 3,095,659</u>

<u>Sewer Systems</u>	<u>Trout Run</u>	<u>Subtotal Sewer Projects</u>	<u>Total</u>
\$ 3,054,941	\$ 142,722	\$ 3,197,663	\$ 5,090,337
(3,202)	-	(3,202)	1,385,625
<u>3,051,739</u>	<u>142,722</u>	<u>3,194,461</u>	<u>6,475,962</u>
1,016,019	-	1,016,019	1,675,426
449,502	-	449,502	691,002
804,883	33,179	838,062	1,123,036
368,605	3,405	372,010	1,426,775
497,278	31,460	528,738	693,803
125,179	5,989	131,168	201,500
666,078	93,080	759,158	1,341,203
4,202	-	4,202	5,762
131,322	13,385	144,707	1,166
9,472	302	9,774	19,193
215,242	-	215,242	307,489
<u>1,600,546</u>	<u>17,717</u>	<u>1,618,263</u>	<u>2,658,197</u>
<u>5,888,328</u>	<u>198,517</u>	<u>6,086,845</u>	<u>10,144,552</u>
<u>(2,836,589)</u>	<u>(55,795)</u>	<u>(2,892,384)</u>	<u>(3,668,590)</u>
527,525	-	527,525	527,525
5,470	-	5,470	301,839
-	-	-	2,940,497
-	-	-	-
<u>(355,245)</u>	<u>(6,558)</u>	<u>(361,803)</u>	<u>(562,773)</u>
<u>177,750</u>	<u>(6,558)</u>	<u>171,192</u>	<u>3,207,088</u>
<u>(2,658,839)</u>	<u>(62,353)</u>	<u>(2,721,192)</u>	<u>(461,502)</u>
-	1,626	1,626	1,626
-	118,104	118,104	118,104
-	-	-	374,669
-	-	-	461,300
<u>-</u>	<u>119,730</u>	<u>119,730</u>	<u>955,699</u>
<u>\$ (2,658,839)</u>	<u>\$ 57,377</u>	<u>\$ (2,601,462)</u>	<u>\$ 494,197</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Garrett County Sanitary District, Inc.
Schedule of Indirect Costs
Year Ended June 30, 2024

TYPE:	<u>2024</u>
Contracted Services	\$ 105,456
Insurance	78,289
Supplies	86,095
Professional and Legal	21,000
Utilities	1,752
Telephone	3,490
Administrative	7,584
Repairs	3,823
Total	<u><u>307,489</u></u>
ALLOCATION BASE:	
Direct Salaries	1,675,426
Related Fringe Benefits	<u>691,002</u>
Total Allocation Base	<u><u>2,366,428</u></u>
INDIRECT COST RATE	<u><u>13%</u></u>
COSTS REPORTED AS:	
Operations	<u>307,489</u>
	<u><u>\$ 307,489</u></u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Comparative Schedule of Primary Government Long-Term Indebtedness
June 30, 2024 and 2023

	June 30,	
	2024	2023
LONG-TERM INDEBTEDNESS:		
Business Type Activities:		
Sanitary District		
Note Payable - Maryland Water Quality Financing-Deer Park Water	\$ 93,075	\$ 102,179
Note Payable - Maryland Department of the Environment-Mountain Lake Park Water	-	1,581
Note Payable - Truist USDA Refinance Loan	11,515,934	12,791,622
Note Payable - Truist McHenry Thayerville Bond	2,247,828	2,496,833
Note Payable - Truist Mountain Lake Park Water Loan	390,779	434,068
Note Payable - Truist Thayerville Water	3,659,627	4,065,025
Note Payable - Maryland Department of the Environment-Deep Creek & Friendsville	-	-
Note Payable - USDA Western Conv.	6,731,454	6,862,687
Note Payable - Friendsville Sewer	241,550	246,236
Note Payable - Bloomington Water	343,142	350,309
Total Sanitary District	25,223,389	27,350,540
Parks & Recreation		
Note Payable - Garrett County Community Action Committee	275,000	275,000
Total Parks & Recreation	275,000	275,000
Total Business Type Activities	25,498,389	27,625,540
TOTAL LONG-TERM INDEBTEDNESS	\$ 25,498,389	\$ 27,625,540

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Combining Statement of Net Position

Fiduciary Funds

June 30, 2024

	Government Personnel Retirement Plan	Law Enforcement Employee Retirement Plan	Volunteer Length of Service Award Plan	Other Post Employment Benefit Plan	Total Benefit Plan Trust Funds
ASSETS					
Cash and Cash Equivalents	\$ 512,126	\$ 284,035	\$ 43,323	\$ 194,258	\$ 1,033,742
Investments:					
Certificates of Deposit	990,371	354,366	44,810	105,144	1,494,691
Fixed Income Mutual Funds	3,619,536	1,081,403	153,791	696,591	5,551,321
U.S. Government Agencies	4,333,612	1,192,383	179,208	329,488	6,034,691
U.S. Government Bills and Notes	313,407	52,815	-	39,616	405,838
Municipal Bonds & Notes	1,128,003	196,116	38,897	-	1,363,016
Corporate Bonds and Notes	9,991,900	2,945,200	397,440	1,183,148	14,517,688
Equity Mutual Funds	18,959,556	6,352,053	739,012	2,303,998	28,354,619
Common Stock - Equity	6,542,237	1,764,535	393,103	703,035	9,402,910
Total Investments	<u>45,878,622</u>	<u>13,938,871</u>	<u>1,946,261</u>	<u>5,361,020</u>	<u>67,124,774</u>
Interest Receivable	<u>278,822</u>	<u>82,240</u>	<u>10,323</u>	<u>32,969</u>	<u>404,354</u>
TOTAL ASSETS	46,669,570	14,305,146	1,999,907	5,588,247	68,562,870
LIABILITIES	-	-	-	-	-
NET POSITION					
Held in Trust for Retirement					
Benefits and OPEB	<u>\$46,669,570</u>	<u>\$14,305,146</u>	<u>\$ 1,999,907</u>	<u>\$ 5,588,247</u>	<u>\$68,562,870</u>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

Combining Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2024

	Government Personnel Retirement Plan	Law Enforcement Employee Retirement Plan	Volunteer Length of Service Award Plan	Other Post Employment Benefit Plan	Total Benefit Plan Trust Funds
ADDITIONS					
Contributions:					
Employer	\$ 6,538,600	\$ 540,473	\$ -	\$ 800,000	\$ 7,879,073
Plan Members	551,807	319,617	-	-	871,424
Total Contributions	<u>7,090,407</u>	<u>860,090</u>	<u>-</u>	<u>800,000</u>	<u>8,750,497</u>
Investment Earnings:					
Realized Net Gains (Losses) on Investments	(174,435)	(95,375)	(5,841)	(66,771)	(342,422)
Interest and Dividends	1,323,883	465,610	64,184	157,426	2,011,103
Net Increase (Decrease) in Fair Value of Investments	3,430,632	1,205,992	163,970	448,961	5,249,555
Investment Activity Expense	(136,775)	(45,789)	(6,549)	(15,662)	(204,775)
Total Net Investment Earnings	<u>4,443,305</u>	<u>1,530,438</u>	<u>215,764</u>	<u>523,954</u>	<u>6,713,461</u>
Total Additions	<u>11,533,712</u>	<u>2,390,528</u>	<u>215,764</u>	<u>1,323,954</u>	<u>15,463,958</u>
DEDUCTIONS					
Benefits	2,369,524	613,333	41,412	-	3,024,269
Administrative	19,393	10,577	5,815	5,721	41,506
Total Deductions	<u>2,388,917</u>	<u>623,910</u>	<u>47,227</u>	<u>5,721</u>	<u>3,065,775</u>
Net Increase In Net Position	9,144,795	1,766,618	168,537	1,318,233	12,398,183
Net Position - Beginning of Year	<u>37,524,775</u>	<u>12,538,529</u>	<u>1,831,370</u>	<u>4,270,014</u>	<u>56,164,688</u>
Net Position - End of Year	<u>\$ 46,669,570</u>	<u>\$ 14,305,147</u>	<u>\$ 1,999,907</u>	<u>\$ 5,588,247</u>	<u>\$ 68,562,871</u>