

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

**FINANCIAL REPORT
JUNE 30, 2023**

**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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 represent 1.38 percent, 2.40 percent, and 1.63 percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2023. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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, 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 nonmajor fund financial statements, the budgetary comparison schedules for the general fund, the schedule of taxes and taxes receivable for the general fund, the combining and individual fiduciary fund financial statements, the schedule of primary government long-term indebtedness, and the miscellaneous proprietary fund schedules 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 nonmajor fund financial statements, the budgetary comparison schedules for the general fund, the schedule of taxes and taxes receivable for the general fund, the combining and individual fiduciary fund financial statements, the schedule of primary government long-term indebtedness, and the miscellaneous proprietary fund schedules 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.

The Board of County Commissioners
of Garrett County, Maryland
Independent Auditors' Report
Page 4

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules for the general fund, the schedule of taxes and taxes receivable for the general fund, the combining and individual fiduciary fund financial statements, the schedule of primary government long-term indebtedness, and the miscellaneous proprietary fund schedules 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 28, 2023

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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, 2023. 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, 2023 by \$201,907,426 (net position). Of the total net position, \$132,440,120 is attributable to the net investment in capital assets, \$10,612,263 is restricted for specific purposes, while the remaining \$58,855,043 is unrestricted.
- The County's total net position increased by \$25,188,502.
- As of the close of fiscal year 2023, the County's governmental funds reported combined fund balances of \$81,719,611, an increase of \$20,081,024 in comparison with prior year. Approximately 16%, or \$13.4 million, of the combined fund balance is available for spending at the County's discretion (unassigned fund balance), \$3.6 million is nonspendable, \$6.9 million is restricted, and \$57.7 million is assigned for capital projects and future use.
- At the end of fiscal year 2023, the unrestricted fund balance for the general fund was \$71,107,348 or 87% of total general fund balance. Assigned fund balance of the general fund was \$57,739,518 or 71% of unrestricted fund balance.
- The County's government-wide long-term debt decreased by \$2,093,910 million during fiscal year 2023 as detailed on page 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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 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 eight 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, capital projects fund, and the debt service fund, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. The basic governmental funds financial statements can be found on pages 24 to 27 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 30 to 35 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 36 and 37 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 38 through 95 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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 96 through 121 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 \$201,907,426 at the close of the current fiscal year.

**Garrett County Government's Net Position
June 30, 2023**

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Assets:						
Current & Other Assets	\$ 101,150,275	\$ 74,965,461	\$ 22,335,985	\$ 19,653,253	\$ 123,486,260	\$ 94,618,714
Capital Assets & Net Pension Asset	65,865,359	61,686,339	93,925,301	95,912,233	159,790,660	157,598,572
Total Assets	167,015,634	136,651,800	116,261,286	115,565,486	283,276,920	252,217,286
Deferred Outflows of Resources	9,220,144	9,022,907	794,967	850,209	10,015,111	9,873,116
Total Assets and Deferred Outflows of Resources	176,235,778	145,674,707	117,056,253	116,415,695	293,292,031	262,090,402
Liabilities:						
Long-Term Liabilities	27,683,850	29,635,800	38,694,183	37,950,503	66,378,033	67,586,303
Other Liabilities	16,001,564	9,625,294	1,948,213	1,378,563	17,949,777	11,003,857
Total Liabilities	43,685,414	39,261,094	40,642,396	39,329,066	84,327,810	78,590,160
Deferred Inflows of Resources	7,034,830	6,731,797	21,965	49,521	7,056,795	6,781,318
Net Position:						
Net Investment in Capital Assets	65,865,359	61,686,339	66,574,761	66,467,783	132,440,120	128,154,122
Restricted	10,612,263	5,825,930	-	-	10,612,263	5,825,930
Unrestricted	49,037,912	32,169,547	9,817,131	10,569,325	58,855,043	42,738,872
Total Net Position	125,515,534	99,681,816	76,391,892	77,037,108	201,907,426	176,718,924
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 176,235,778	\$ 145,674,707	\$ 117,056,253	\$ 116,415,695	\$ 293,292,031	\$ 262,090,402

By far the largest portion of the Garrett County's net position (\$132 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.

An additional portion of Garrett County's net position, \$10,612,263 or 5.26%, represents resources that are subject to external restrictions on how they may be used.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2023**

The remaining unrestricted net position of \$58,855,043, or 29.14% 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 \$25.2 million. Governmental activities increased by \$25.8 million and business activities decreased by \$600K, respectively in net position at June 30, 2023. 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.

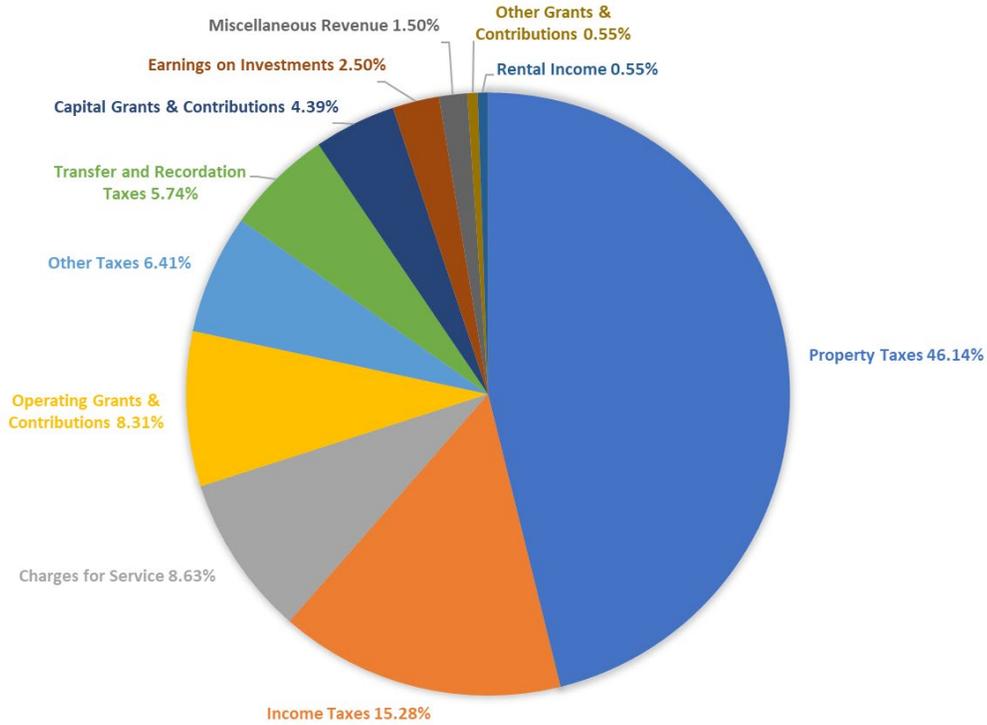
The following table indicates the changes in net position:

	Garrett County Government’s Changes in Net Position For the Year ended June 30, 2023					
	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,103,343	\$ 1,533,775	\$ 9,149,246	\$ 8,428,165	\$ 11,252,589	\$ 9,961,940
Operating Grants and Contributions	10,384,168	9,428,887	441,793	-	10,825,961	9,428,887
Capital Grants and Contributions	4,213,690	4,417,412	1,507,213	8,897,121	5,720,903	13,314,533
General Revenues:						
Property Taxes	57,237,362	55,627,800	2,907,351	2,996,777	60,144,713	58,624,577
Other Taxes and Licenses	35,749,131	35,609,374	-	-	35,749,131	35,609,374
Grants and Contributions	-	-	1,326,425	3,632,715	1,326,425	3,632,715
Other General Revenues	5,648,061	2,496,186	312,253	(149,960)	5,960,314	2,346,226
Total Revenues	\$ 115,335,755	\$ 109,113,434	\$ 15,644,281	\$ 23,804,818	\$ 130,980,036	\$ 132,918,252
Program Expenses:						
General Government	8,579,042	14,598,830	-	-	8,579,042	14,598,830
Public Safety	14,672,411	13,417,681	-	-	14,672,411	13,417,681
Public Works	17,054,280	16,230,335	-	-	17,054,280	16,230,335
Health & Hospital	2,447,580	2,320,680	-	-	2,447,580	2,320,680
Education						
Board of Education	31,004,422	29,370,831	-	-	31,004,422	29,370,831
Garrett College	6,134,082	7,824,283	-	-	6,134,082	7,824,283
Culture	53,000	48,000	-	-	53,000	48,000
Parks and Recreation	25,400	25,498	-	-	25,400	25,498
Library	1,221,481	1,116,950	-	-	1,221,481	1,116,950
Conservation of Natural Resources	268,795	437,558	-	-	268,795	437,558
Social Services	510,992	406,237	-	-	510,992	406,237
Economic Opportunity & Development	4,832,754	5,173,612	-	-	4,832,754	5,173,612
Community Development & Public Housing	146,003	225,971	-	-	146,003	225,971
Other	619,627	1,035,043	-	-	619,627	1,035,043
Garrett County Airport	-	-	636,753	556,287	636,753	556,287
Solid Waste Management	-	-	4,914,622	2,288,630	4,914,622	2,288,630
Garrett County Sanitary District, Inc.	-	-	9,756,214	9,420,736	9,756,214	9,420,736
Parks and Recreation Fund	-	-	394,373	402,401	394,373	402,401
Department of Technology & Communications	-	-	1,891,462	1,282,028	1,891,462	1,282,028
Liquor Control Board	-	-	17,972	22,343	17,972	22,343
Total Expenses	\$ 87,569,869	\$ 92,231,509	\$ 17,611,396	\$ 13,972,425	\$ 105,181,265	\$ 106,203,934
Excess (Deficiency) before Transfers	27,765,886	16,881,925	(1,967,115)	9,832,393	25,798,771	26,714,318
Net Transfers In (Out)	(1,932,168)	(1,275,441)	1,321,901	829,487	(610,267)	(445,954)
Changes in Net Position	25,833,718	15,606,484	(645,214)	10,661,880	25,188,504	26,268,364
Net Position – Beginning of Year	99,681,816	84,075,332	77,037,106	66,375,228	176,718,922	150,450,560
Net Position – End of Year	\$ 125,515,534	\$ 99,681,816	\$ 76,391,892	\$ 77,037,108	\$ 201,907,426	\$ 176,718,924

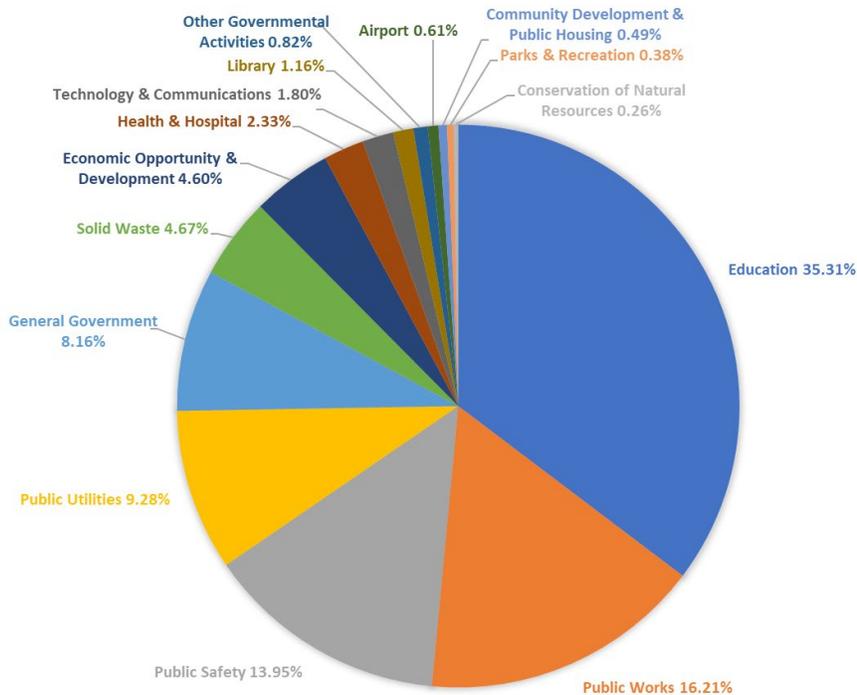
**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2023**

TOTAL PRIMARY GOVERNMENT REVENUE



TOTAL PRIMARY GOVERNMENT EXPENDITURES



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

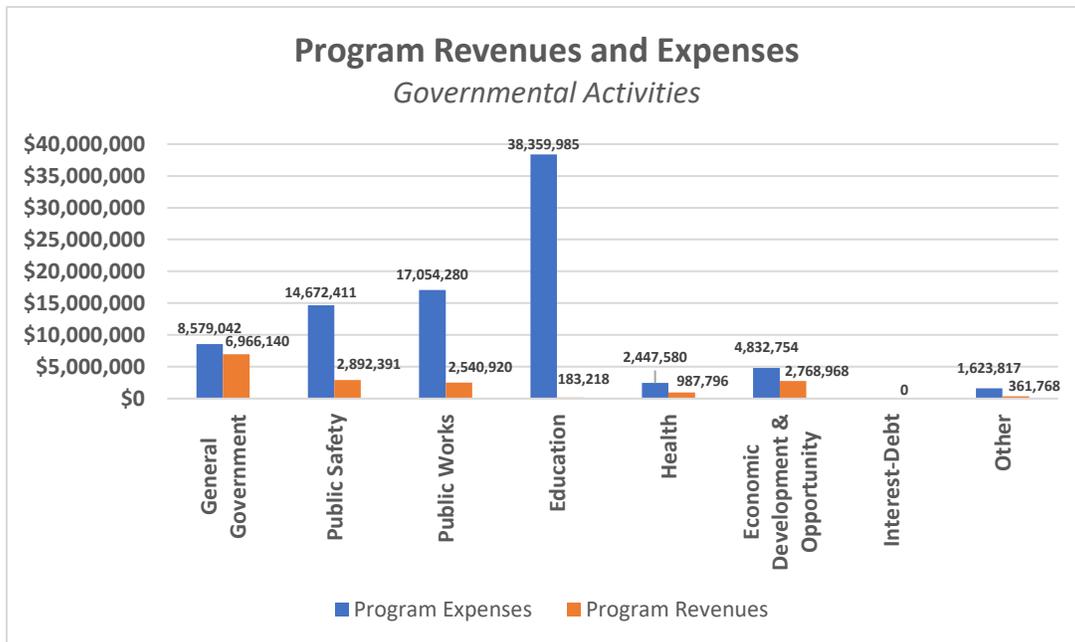
**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2023**

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 \$25,833,718 from the prior fiscal year. Expenses decreased in fiscal year 2023, while revenue increased. Key elements of the changes in governmental net assets are as follows:

- All of the revenue categories reported increases in fiscal year 2023 with the exception of the capital grants. The most significant categorical change was 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 largest increase in expense was in Public Safety equating to \$1.2 million. Impacting this increase were salary and fringe increases to keep up with the market and a one-time contribution to the Length of Service Award Plan for volunteer fire and rescue personnel.



**THE BOARD OF COUNTY COMMISSIONERS OF
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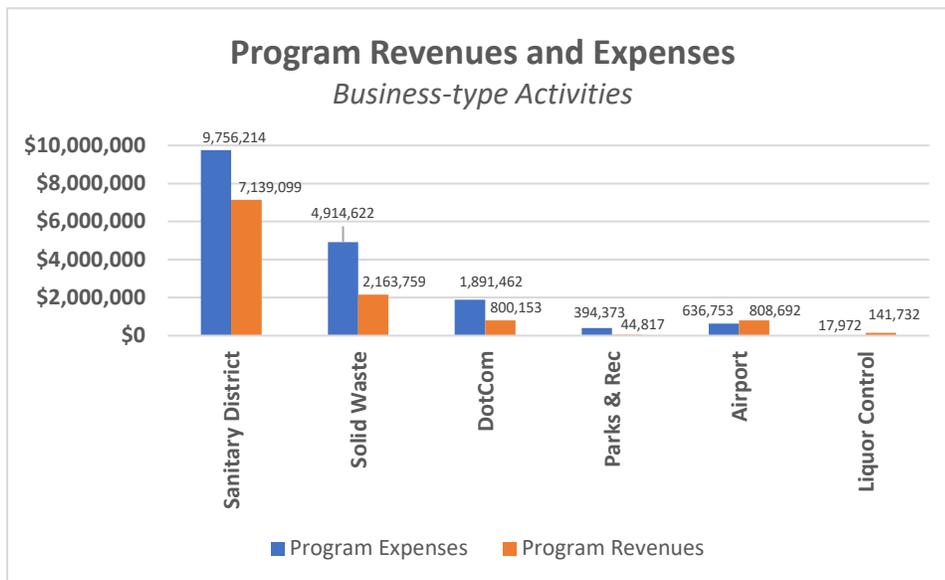
**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2023**

Business-Type Activities

Total assets for the Garrett County Sanitary District, d/b/a Department of Public Utilities, increased by \$257,037, this was a combination of increases in revenues, inventory, and capital assets net of depreciation. Operating revenues of the Sanitary District increased by \$547,576 as a result of additional customers. Operating expenditures increased by \$563,792 due to inflation related cost of labor and materials as well as an increase in depreciation as a result of recently completed projects.

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 \$13.3 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, 2023, the County recognized and reported a closure and post-closure liability of \$7,926,048 leaving a balance of estimated costs to be recognized at approximately \$5,353,831 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, 2023, the County had \$5.4 million set aside in an investment account and \$2.3 million in a cash account to help offset the current recognized closure liability of \$7,926,048.

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 \$16,646,241 which is a decrease of \$349,556 from 2022, primarily the result of depreciation of capital assets. Operating revenues were \$44,817 while operating expenditures were recorded as \$394,373 resulting in a net operating loss of \$349,556 for the year ended June 30, 2023. Operating expenditures include non-cash items such as depreciation (\$379,081).



**THE BOARD OF COUNTY COMMISSIONERS OF
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

In 2023, total assets for the Airport increased by \$514,732. This increase was primarily the result capital additions.

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 \$81,719,611, an increase of \$20,081,024 from the prior fiscal year. Approximately \$13,367,830 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. \$3,622,128 was nonspendable for inventory, prepaid expenses, long term note, and leases receivable. \$6,990,135 was restricted, the majority being for self-funded health care and for the promotion and economic development of Garrett County, and \$57,739,518 was assigned for various reasons; approximately \$20.6 million was assigned for the continuation of projects and capital expenditures in fiscal year 2023, \$8 million was assigned for future other post-employment healthcare and retirement benefits, and \$28 million was assigned for subsequent year budgets.

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 \$13,367,830, while total fund balance reached \$81,589,652. 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 14.6% of the total General Fund expenditures including operating transfers, while total fund balance represents 89.1% of that same amount. During the current fiscal year, the total fund balance of the County's General Fund increased by \$20,013,156.

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 \$129,959; all of which is restricted.

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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 \$9,817,131, a decrease of \$752,194 from fiscal year 2022. 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 \$94,430,663 and final revenue budget amounts of \$106,114,313 is an increase of \$11,683,650. 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 \$11.7 million net increase, Intergovernmental federal and state grants represent \$11.4 million of the increase.

Significant differences between the original expenditure budget amounts of \$92,770,585 and final expenditure budget amounts of \$136,823,850 resulting in a budget increase of \$44,053,265 are largely due to budget amendments that occurred to carryover funds from fiscal year 2022 to fiscal year 2023 for capital projects and capital outlay that were in progress at the end of fiscal year 2022. These carryover and fund balance assignment amendments equated to over \$37.5 million. As grant revenues increased, many of these revenues had offsetting expenses associated with them which resulted in corresponding budget amendments.

Final budget compared to actual results

The difference between the final revenue budget of \$106,114,313 and the actual revenue recorded of \$113,236,350 resulted in a positive variance of \$7,122,037.

The real estate market was booming in fiscal year 2023. 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 \$2.1 million positive budget variance. These accounts along with investment income positive variance of \$4.4 million account for the majority of the positive revenue budget variances.

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One of the largest positive budget variances of \$2.8 million was with accommodations tax. During the Covid-19 pandemic Garrett County's infection rates were low and tourists were coming to the area to take advantage of our natural resources, Deep Creek Lake and our State parks. The County was anticipating that this would normalize during fiscal year 2023 anticipating a significant reduction from that of fiscal year 2022. This did not occur as the County only recognized about a \$550,000 decline in accommodations tax revenue from that of the prior fiscal year. Our tourism sector remains strong and is significant of the Garrett County economy.

Income Tax remained strong reporting another all-time high of \$19.9 million and a positive budget variance of \$2.9 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, labor shortages, labor demand, and wage inflation along with Maryland's continual minimum wage increase all were factors having a positive impact on income tax.

The difference between the final budget expenditures of \$136,823,850 and the actual expenditures recorded of \$91,526,263 represented a positive budget variance of \$45,297,587. 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 2023. Some of the projects include, but are not limited to, various broadband projects, the Glendale Road realignment, 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.

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, 2023 amounts to \$159,790,660 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, furniture, vehicles, and infrastructure.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2023**

The County’s investment in capital assets for the current fiscal year increased by \$2,192,088 or 1.39%.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$10,162,828	\$10,162,828	\$3,243,738	\$3,243,738	\$13,406,566	\$13,406,566
Land Improvements	3,405,547	3,300,256	16,941,262	17,144,073	20,346,809	20,444,329
Construction in Progress	9,343,465	8,901,254	8,826,494	7,458,059	18,169,959	16,359,313
Infrastructure	23,044,945	22,312,463	60,307,845	63,220,773	83,352,790	85,533,236
Buildings	13,926,428	10,831,346	2,986,598	3,113,736	16,913,026	13,945,082
Furniture and Equipment	2,507,405	2,899,225	89,488	107,205	2,596,893	3,006,430
Vehicles	2,187,857	2,099,177	394,070	367,315	2,581,927	2,466,492
Machinery and Equipment	1,286,884	1,179,790	1,135,806	1,257,334	2,422,690	2,437,124
Total	<u>\$65,865,359</u>	<u>\$61,686,339</u>	<u>\$93,925,301</u>	<u>\$95,912,233</u>	<u>\$159,790,660</u>	<u>\$157,598,572</u>

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

- Land Improvements had a net increase of \$105,291. This account increased by \$148,912 due to the Springs Lick road slide restoration project of \$71,280 and fencing projects for the Animal Shelter and Emergency Operations Center in the amount of \$77,632 This increase was offset by current year depreciation \$43,621.
- Construction in progress reported a net increase of \$442,211. CIP activity was highlighted by the following additions: the Emergency Operations Center of \$40,940, Swallow Falls bridge, San Run Road bridge, Big Run Road and various other bridge projects of \$909,339, Glendale road realignment of \$449,618, Wolfden culvert of \$210,886, 911 communication equipment of \$318,155, public safety renovations of \$86,307, public safety vehicles of \$196,907. Grantsville and Keyzers Ridge business park local access roads of \$184,358, Grantsville roads equipment building of \$32,846, and roads vehicles of \$199,757. Increases in CIP were offset as the following assets were placed into service, the Emergency Operation Center Building of \$2,161,435 and the Animal Shelter Renovations of \$25,467.
- Infrastructure had a net decrease of \$2,180,446. While there was an increase of \$3,555,362 in the governmental activities for the installation of guardrails and the completion of paving and road projects, overall depreciation expense for both governmental and business-type activities offset this increase by \$5,735,808.

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June 30, 2023

- Buildings reported a net increase of \$3,095,082. The Emergency Operation Center building was placed into service from construction in progress for \$2,109,270. Additionally, the McHenry Business Park Building was purchased in the amount of \$1,505,187. Other small projects also included in this increase are the Visitor Center's Deck project and the furnace replacement of \$41,247. This increase was offset by depreciation expense and disposals of \$560,622.
- Furniture and equipment reported a net decrease of \$391,820. Public safety equipment, and Emergency Operation Center equipment were purchased resulting in an increase of \$177,733. Depreciation expense and asset disposals offset this increase by \$569,553.
- Machinery and equipment reported a net increase of \$107,094. Roads equipment acquisitions accounted for \$228,416. Additionally, public safety equipment added an additional \$73,529. Depreciation expense and asset disposals offset these increases by \$194,851.

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

- Construction in progress increased overall for business type activities by \$1,368,435. The Department of Public Utilities CIP increased due to work performed Trout Run Waste Water Treatment Plant and Conveyance projects in the amount of \$311,981, the Gorman Well Development in the amount of \$116,824, the Deep Creek Lake water and sewer projects in the amount of \$130,675, water system generators in the amount of \$250,835 and other miscellaneous water/sewer projects in the amount of \$51,959. Additionally, the Airport CIP increased due to the West Apron project CIP by \$242,849, the Automated Weather Observing System CIP by \$261,416 and other miscellaneous projects by \$1,896.

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 5 on pages 59-61 of the financial statements.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2023**

Long-term debt

At the end of the current fiscal year, Garrett County Government had notes and bonds outstanding of \$27,625,540 which are backed by the full faith and credit of the County.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Bonded Debt	\$ -	\$ -	\$ 27,625,540	\$ 29,719,450	\$ 27,625,540	\$ 29,719,450

During fiscal year 2023, the County’s total debt decreased by \$2,093,910. 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.

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 2024 to 2028. 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 63-66.

Economic Factors and Next Year’s Budget and Rates

The following economic factors currently affect the County and were considered in developing the 2024 fiscal year budget:

- Income tax, admission & amusement tax, accommodations tax, recordation tax, and transfer tax, were budgeted above FY23’s budgeted amounts. Overall operating revenues are projected to increase by \$5.4 million with no funding from reserves.
- The unemployment rate for Garrett County was 1.7% for June 2023, which was the same as the State’s average and lower than the national average of 3.8% for the same time period.
- Income tax revenue finished the year at an all-time high of \$19.9 million. The fiscal year 2024 income tax rate remains at 2.65%.

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

June 30, 2023

- Accommodations tax revenue contracted a little in FY23 but still remained strong at \$6.4 million.
- As part of their tri-annual assessment, the State Department of Assessments and Taxation reassessed Group 2 for FY24 which included the majority of real estate in the Deep Creek Lake area. The overall assessable base increased by 50.8% in this area making it the highest increase in the state of Maryland, comparing that to the state-wide average of 20.6% for Group 2. Considering these factors, the County is projecting significant property tax revenue growth over the next three fiscal years. With the Maryland Blueprint for Education passing, the county is projecting the local share of education funding to increase by \$13.5 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 2024 real property tax rate at \$1.056 which is expected to increase real property tax revenues by 9.4%.
- 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 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 8.25% at the end of fiscal year 2023 increased by 400 basis points from the prior fiscal year end.
- Garrett County issued 454 building permits valued at approximately \$151 million during fiscal year 2023 compared to 391 permits in fiscal year 2022 valued at approximately \$96 million.
- The County has set aside approximately 13% of revenues, or \$13 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 BOARD OF COUNTY COMMISSIONERS OF
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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, 2023

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	College	Public Library
ASSETS						
Cash and Cash Equivalents	\$ 56,531,733	\$ 9,444,317	\$ 65,976,050	\$ 9,984,334	\$ 3,473,718	\$ 47,001
Investments	19,096,334	5,389,511	24,485,845	-	1,289,754	675,608
Due from Other Governments	561,170	-	561,170	6,560,329	1,520,845	-
Due from Primary Government	-	-	-	1,373,214	1,019,725	-
Receivables, net of allowances for uncollectibles:						
Accounts	9,636,434	1,905,865	11,542,299	-	366,187	-
Taxes	1,789,786	-	1,789,786	-	-	-
Interest	245,280	-	245,280	-	-	-
Lease Receivable	480,670	-	480,670	-	-	-
Lease Receivable-Component Unit	42,730	-	42,730	122,927	-	-
Other Receivables	-	-	-	-	-	78,668
Inventories	1,096,547	1,733,012	2,829,559	144,563	12,526	-
Prepaid Expenses	137,851	105,310	243,161	-	230,845	16,809
Restricted Cash	9,541,315	3,559,617	13,100,932	891,764	164,658	64,571
Restricted Investments	-	-	-	216,226	8,007,451	-
Restricted Accounts Receivable	-	118,392	118,392	-	-	-
Accounts and Notes Receivable - Long-Term	455,476	79,961	535,437	-	83,263	-
Lease Receivables- Long Term	1,044,908	-	1,044,908	-	-	-
Lease Receivables Component Unit- Long Term	490,041	-	490,041	-	-	-
Non-Depreciable Capital Assets	19,506,293	12,070,232	31,576,525	5,145,504	1,975,922	33,556
Depreciable Capital Assets, Net of Accumulated Depreciation	46,359,066	81,855,069	128,214,135	47,561,076	53,560,681	1,128,734
Right to Use Assets, Net of Accumulated Amortization	-	-	-	1,772,817	1,296,894	6,630
Total Assets	167,015,634	116,261,286	283,276,920	73,772,754	73,002,469	2,051,577
DEFERRED OUTFLOWS OF RESOURCES	9,220,144	794,967	10,015,111	5,954,573	107,408	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 176,235,778	\$ 117,056,253	\$ 293,292,031	\$ 79,727,327	\$ 73,109,877	\$ 2,051,577

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, 2023

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	College	Public Library
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 4,930,621	\$ 863,848	\$ 5,794,469	\$ 9,270,337	\$ 835,254	\$ 16,985
Internal Balances	(649,809)	649,809	-	-	-	-
Compensated Absences - Current Portion	-	-	-	-	-	48,811
Due to Component Units	1,372,235	-	1,372,235	-	-	-
Due to Primary Government	-	-	-	-	-	-
Due to Other Governments	297,637	142,715	440,352	-	-	-
Unearned Revenues	9,684,611	291,841	9,976,452	99,846	361,641	-
Other Liabilities	366,269	-	366,269	-	139,546	-
Long-Term Liabilities - Due Within One Year	-	2,152,152	2,152,152	1,189,909	666,816	4,376
Long-Term Liabilities - Due in More Than One Year	27,683,850	36,542,031	64,225,881	41,585,509	8,446,993	7,667
Total Liabilities	<u>43,685,414</u>	<u>40,642,396</u>	<u>84,327,810</u>	<u>52,145,601</u>	<u>10,450,250</u>	<u>77,839</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,034,830</u>	<u>21,965</u>	<u>7,056,795</u>	<u>9,649,195</u>	<u>368,791</u>	<u>-</u>
NET POSITION						
Net Investment in Capital Assets	65,865,359	66,574,761	132,440,120	49,655,783	51,769,139	1,162,106
Restricted	10,612,263	-	10,612,263	2,719,167	8,066,635	64,571
Unrestricted (Deficit)	49,037,912	9,817,131	58,855,043	(34,442,419)	2,455,062	747,061
Total Net Position	<u>125,515,534</u>	<u>76,391,892</u>	<u>201,907,426</u>	<u>17,932,531</u>	<u>62,290,836</u>	<u>1,973,738</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 176,235,778</u>	<u>\$ 117,056,253</u>	<u>\$ 293,292,031</u>	<u>\$ 79,727,327</u>	<u>\$ 73,109,877</u>	<u>\$ 2,051,577</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 8,579,042	\$ 599,616	\$ 5,464,595	\$ 901,929
Public Safety	14,672,411	913,814	1,592,601	385,976
Public Works	17,054,280	441,113	1,275,493	824,314
Health and Hospital	2,447,580	-	987,796	-
Education				
Board of Education	31,004,422	148,800	34,418	-
College	6,134,082	-	-	-
Culture	53,000	-	-	-
Parks and Recreation	25,400	-	-	-
Library	1,221,481	-	-	-
Conservation of Natural Resources	268,795	-	20,552	-
Social Services	510,992	-	5,000	-
Economic Opportunity and Development	4,832,754	-	667,497	2,101,471
Community Development & Public Housing	146,003	-	336,216	-
Intergovernmental	302,205	-	-	-
Unallocated Depreciation	317,422	-	-	-
Total Governmental Activities	<u>87,569,869</u>	<u>2,103,343</u>	<u>10,384,168</u>	<u>4,213,690</u>
Business-type activities				
Airport Fund	636,753	246,577	-	562,115
Solid Waste Fund	4,914,622	2,158,759	5,000	-
Garrett County Sanitary District, Inc.	9,756,214	6,255,224	-	883,875
Parks & Recreation Fund	394,373	44,817	-	-
Department of Technology & Communications	1,891,462	302,137	436,793	61,223
Liquor Control Board	17,972	141,732	-	-
Total Business-Type Activities	<u>17,611,396</u>	<u>9,149,246</u>	<u>441,793</u>	<u>1,507,213</u>
Total Primary Government	<u>105,181,265</u>	<u>11,252,589</u>	<u>10,825,961</u>	<u>5,720,903</u>
Component Units				
Board of Education	74,035,377	1,593,853	19,612,425	6,949,856
College	18,240,282	3,188,521	6,802,934	4,206,554
Public Library	1,728,756	21,444	-	-
Total Component Units	<u>\$ 94,004,415</u>	<u>\$ 4,803,818</u>	<u>\$ 26,415,359</u>	<u>\$ 11,156,410</u>

General Revenues:

Taxes:

- Property Taxes
- Income Taxes
- Transfer and Recordation Taxes
- Other Taxes
- Unrestricted Investment Earnings
- Appropriation From Garrett County
- Grants and Contributions Not Restricted to Specific Programs
- Rental Income
- Miscellaneous Revenue
- Gain/(Loss) Sale of Assets
- Transfers
- Total General Revenues & Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Board of Education	College	Public Library
\$ (1,612,902)	\$ -	\$ (1,612,902)	\$ -	\$ -	\$ -
(11,780,020)	-	(11,780,020)	-	-	-
(14,513,360)	-	(14,513,360)	-	-	-
(1,459,784)	-	(1,459,784)	-	-	-
(30,821,204)	-	(30,821,204)	-	-	-
(6,134,082)	-	(6,134,082)	-	-	-
(53,000)	-	(53,000)	-	-	-
(25,400)	-	(25,400)	-	-	-
(1,221,481)	-	(1,221,481)	-	-	-
(248,243)	-	(248,243)	-	-	-
(505,992)	-	(505,992)	-	-	-
(2,063,786)	-	(2,063,786)	-	-	-
190,213	-	190,213	-	-	-
(302,205)	-	(302,205)	-	-	-
(317,422)	-	(317,422)	-	-	-
<u>(70,868,668)</u>	<u>-</u>	<u>(70,868,668)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	171,939	171,939	-	-	-
-	(2,750,863)	(2,750,863)	-	-	-
-	(2,617,115)	(2,617,115)	-	-	-
-	(349,556)	(349,556)	-	-	-
-	(1,091,309)	(1,091,309)	-	-	-
-	123,760	123,760	-	-	-
-	(6,513,144)	(6,513,144)	-	-	-
<u>(70,868,668)</u>	<u>(6,513,144)</u>	<u>(77,381,812)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(45,879,243)	-	-
-	-	-	-	(4,042,273)	-
-	-	-	-	-	(1,707,312)
-	-	-	<u>(45,879,243)</u>	<u>(4,042,273)</u>	<u>(1,707,312)</u>
57,237,362	2,907,351	60,144,713	-	-	-
19,914,870	-	19,914,870	-	-	-
7,483,672	-	7,483,672	-	-	-
8,350,589	-	8,350,589	-	-	-
3,091,718	168,884	3,260,602	245,938	560,493	35,003
-	-	-	28,817,097	6,341,944	1,221,481
-	1,326,425	1,326,425	21,763,660	1,175,078	389,708
712,873	-	712,873	-	-	-
1,825,234	135,359	1,960,593	160,239	-	22,118
18,236	8,010	26,246	-	(12,103)	-
(1,932,168)	1,321,901	(610,267)	-	-	-
<u>96,702,386</u>	<u>5,867,930</u>	<u>102,570,316</u>	<u>50,986,934</u>	<u>8,065,412</u>	<u>1,668,310</u>
25,833,718	(645,214)	25,188,504	5,107,691	4,023,139	(39,002)
<u>99,681,816</u>	<u>77,037,106</u>	<u>176,718,922</u>	<u>12,824,840</u>	<u>58,267,697</u>	<u>2,012,740</u>
<u>\$ 125,515,534</u>	<u>\$ 76,391,892</u>	<u>\$ 201,907,426</u>	<u>\$ 17,932,531</u>	<u>\$ 62,290,836</u>	<u>\$ 1,973,738</u>

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

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

Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS:				
Cash and Cash Equivalents	\$ 62,874,192	\$ 2,695,388	\$ -	\$ 65,569,580
Investments	19,096,334	-	-	19,096,334
Taxes Receivable - Net	1,789,786	-	-	1,789,786
Due from Other Governments	-	508,873	-	508,873
Due from Other Funds	649,809	-	-	649,809
Other Receivables - Net	9,879,384	-	54,627	9,934,011
Lease Receivables-Current	480,670	-	-	480,670
Lease Receivables Component Unit-Current	42,730	-	-	42,730
Note Receivable-Current	59,473	-	-	59,473
Inventories	1,096,547	-	-	1,096,547
Prepaid Expenses	137,851	-	-	137,851
Restricted Cash	-	-	503,468	503,468
Lease Receivables - Long-Term	1,044,908	-	-	1,044,908
Lease Receivables Component Unit- Long Term	490,041	-	-	490,041
Note Receivable-Long-Term	396,003	-	-	396,003
TOTAL ASSETS	<u>98,037,728</u>	<u>3,204,261</u>	<u>558,095</u>	<u>101,800,084</u>
LIABILITIES:				
Accounts Payable and Accrued Expenses	4,508,415	297,406	124,800	4,930,621
Due to Component Units	1,372,235	-	-	1,372,235
Due to Other Governments	297,637	-	-	297,637
Unearned Revenues	6,474,420	2,906,855	303,336	9,684,611
Other Liabilities	366,269	-	-	366,269
Total Liabilities	<u>13,018,976</u>	<u>3,204,261</u>	<u>428,136</u>	<u>16,651,373</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Taxes	1,474,716	-	-	1,474,716
Lease Related	1,954,384	-	-	1,954,384
Total Deferred Inflows of Resources	<u>3,429,100</u>	<u>-</u>	<u>-</u>	<u>3,429,100</u>
FUND BALANCES:				
Nonspendable	3,622,128	-	-	3,622,128
Restricted	6,860,176	-	129,959	6,990,135
Assigned	57,739,518	-	-	57,739,518
Unassigned	13,367,830	-	-	13,367,830
Total Fund Balances	<u>81,589,652</u>	<u>-</u>	<u>129,959</u>	<u>81,719,611</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 98,037,728</u>	<u>\$ 3,204,261</u>	<u>\$ 558,095</u>	<u>\$ 101,800,084</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, 2023

Total Fund Balances - Governmental Funds		\$ 81,719,611
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. The cost of these assets is \$191,795,549, net of accumulated depreciation of \$125,930,190. (See Note 5)		65,865,359
Deferred outflows of resources for pensions and OPEB are reported in the Statement of Net Position but not reported in the funds as follows (See Notes 9, 10, and 11):		
Differences between expected and actual experience	1,323,538	
Change in assumptions	4,982,033	
Net difference between projected and actual earnings on investments	2,822,926	
Changes in proportion and differences between employer contributions and share of contributions	36,691	
County contributions to EPS subsequent to measurement date	<u>54,956</u>	
Deferred outflows for pensions and OPEB		9,220,144
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 compensated absences of \$3,265,040, the net OPEB liability of \$10,348,862, and the net pension liability of \$14,069,948. (See Note 7)		(27,683,850)
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.		1,474,716
Deferred inflows of resources for pensions and OPEB are reported in the Statement of Net Position but not reported in the funds follows:		
Differences between expected and actual experience	(3,279,765)	
Change in assumptions	(1,718,171)	
Net difference between projected and actual earnings on investments	<u>(82,510)</u>	
Deferred inflows for pensions and OPEB		<u>(5,080,446)</u>
Total Net Position - Governmental Activities		<u><u>\$ 125,515,534</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 Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
REVENUES:				
Taxes	\$ 92,719,839	\$ -	\$ -	\$ 92,719,839
Licenses and Permits	516,557	-	-	516,557
Intergovernmental	12,051,194	1,070,360	489,172	13,610,726
Fines and Forfeitures	3,325	-	80,049	83,374
Charges for Services	1,397,343	-	25,654	1,422,997
Investment Income	3,091,238	-	480	3,091,718
Rents and Concessions	861,673	-	-	861,673
Miscellaneous	2,743,981	-	-	2,743,981
Total Revenues	113,385,150	1,070,360	595,355	115,050,865
EXPENDITURES:				
General Government	8,532,822	-	5,981	8,538,803
Public Safety	14,741,009	-	375,503	15,116,512
Public Works	17,714,358	-	-	17,714,358
Health and Hospital	2,447,580	-	-	2,447,580
Education				
Board of Education	30,443,310	-	-	30,443,310
College	6,695,194	-	-	6,695,194
Culture	53,000	-	-	53,000
Parks and Recreation	25,400	-	-	25,400
Library	1,221,481	-	-	1,221,481
Conservation of Natural Resources	268,795	-	-	268,795
Social Services	510,992	-	-	510,992
Economic Opportunity and Development	4,403,995	-	-	4,403,995
Community Development & Public Housing	-	-	146,003	146,003
Capital Outlay	4,314,922	865,609	-	5,180,531
Intergovernmental	302,205	-	-	302,205
Total Expenditures	91,675,063	865,609	527,487	93,068,159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 21,710,087	\$ 204,751	\$ 67,868	\$ 21,982,706

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, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
Balances Brought Forward	\$ 21,710,087	\$ 204,751	\$ 67,868	\$ 21,982,706
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	30,486	-	-	30,486
Transfers				
Capital Projects Fund	204,751	(204,751)	-	-
Airport Fund	(386,705)	-	-	(386,705)
Solid Waste Fund	(242,724)	-	-	(242,724)
Garrett County Sanitary District, Inc.	(566,612)	-	-	(566,612)
Dept. of Tech. & Communication Fund	(859,887)	-	-	(859,887)
Liquor Control Board	123,760	-	-	123,760
Total Other Financing Sources (Uses)	<u>(1,696,931)</u>	<u>(204,751)</u>	<u>-</u>	<u>(1,901,682)</u>
NET CHANGE IN FUND BALANCES	20,013,156	-	67,868	20,081,024
FUND BALANCES, BEGINNING OF YEAR	<u>61,576,496</u>	<u>-</u>	<u>62,091</u>	<u>61,638,587</u>
FUND BALANCES, End of Year	<u>\$ 81,589,652</u>	<u>\$ -</u>	<u>\$ 129,959</u>	<u>\$ 81,719,611</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, 2023

Change in Fund Balances - Governmental Funds	\$ 20,081,024
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 by which capital outlay of \$9,220,426 exceeded depreciation expense of \$5,029,156 in the current year.	4,191,270
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.	(12,250)
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 financial resources used.	(86,969)
Revenues that do not provide current financial resources are reported as deferred revenue in the governmental funds. The amount of the change in deferred revenue is not reported in the statement of activities.	266,654
Changes to the net OPEB liability and related deferred outflow and inflow accounts are not reported in the governmental funds. These changes impact OPEB expense in the statement of activities.	1,163,417
Changes to the net pension liability and related deferred outflow and inflow accounts are not reported in the governmental funds. These changes impact pension expense in the statement of activities.	<u>230,572</u>
Change in Net Position - Governmental Activities	<u>\$ 25,833,718</u>

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

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

Statement of General Fund Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis) -
Primary Government - General Fund
Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Taxes	\$ 80,418,930	\$ 80,418,930	\$ 92,719,839	\$ 12,300,909
Licenses and Permits	338,300	338,381	516,557	178,176
Intergovernmental	11,641,060	23,045,726	12,051,194	(10,994,532)
Fines and Forfeitures	3,000	3,000	3,325	325
Charges for Services	1,126,955	1,148,955	1,397,343	248,388
Investment Income	95,000	95,000	3,091,238	2,996,238
Rents and Concessions	800,298	800,298	712,873	(87,425)
Miscellaneous	7,120	264,023	2,743,981	2,479,958
Total Revenues	<u>94,430,663</u>	<u>106,114,313</u>	<u>113,236,350</u>	<u>7,122,037</u>
EXPENDITURES:				
General Government	6,853,901	11,123,231	7,363,336	3,759,895
Public Safety	14,710,843	16,877,092	14,741,009	2,136,083
Public Works	19,610,925	19,889,003	17,714,358	2,174,645
Health and Hospital	2,448,180	2,448,180	2,447,580	600
Education	38,037,832	40,225,957	36,989,704	3,236,253
Culture	54,000	54,000	53,000	1,000
Parks and Recreation	125,011	125,411	25,400	100,011
Library	1,221,768	1,221,768	1,221,481	287
Conservation of Natural Resources	269,390	639,369	268,795	370,574
Social Services	510,992	510,992	510,992	-
Economic Development and Opportunity	3,906,808	7,324,584	4,403,995	2,920,589
Capital Outlay	2,504,230	8,663,019	4,314,922	4,348,097
Intergovernmental	302,205	302,205	302,205	-
Miscellaneous	2,214,500	27,419,039	1,169,486	26,249,553
Total Expenditures	<u>92,770,585</u>	<u>136,823,850</u>	<u>91,526,263</u>	<u>45,297,587</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>1,660,078</u>	<u>(30,709,537)</u>	<u>21,710,087</u>	<u>52,419,624</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	-	30,486	30,486
Operating Transfers				
Capital Projects Fund	(8,062,000)	(11,884,078)	204,751	12,088,829
Airport Fund	(105,948)	(519,830)	(386,705)	133,125
Sanitary District, Inc.	-	(1,628,428)	(566,612)	1,061,816
Solid Waste Fund	(145,091)	(242,724)	(242,724)	-
Department of Technology & Communication Fund	(1,609,175)	(2,369,137)	(859,887)	1,509,250
Liquor Control Board	112,136	112,136	123,760	11,624
Total Other Financing Sources (Uses)	<u>(9,810,078)</u>	<u>(16,532,061)</u>	<u>(1,696,931)</u>	<u>14,835,130</u>
REVENUES (UNDER) OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(8,150,000)</u>	<u>(47,241,598)</u>	<u>20,013,156</u>	<u>67,254,754</u>
Fund Balance, Beginning of Year	<u>8,150,000</u>	<u>47,241,598</u>	<u>61,576,496</u>	<u>14,334,898</u>
FUND BALANCE, End of Year, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,589,652</u>	<u>\$ 81,589,652</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
Proprietary Funds
June 30, 2023

	Business-type Activities - Major Enterprise Funds						Total Enterprise Funds
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Department of Technology & Communications	Liquor Control Board	
ASSETS:							
Current Assets:							
Cash and Cash Equivalents	\$ 100	\$ 2,285,831	\$ 6,866,275	\$ 153,897	\$ -	\$ 138,214	\$ 9,444,317
Investments	-	5,389,511	-	-	-	-	5,389,511
Other Receivables - Net	289,468	246,283	1,080,289	20,696	269,129	-	1,905,865
Inventories	32,241	-	1,700,771	-	-	-	1,733,012
Prepaid Expense	2,822	17,639	25,721	19,989	39,139	-	105,310
Total Current Assets	324,631	7,939,264	9,673,056	194,582	308,268	138,214	18,578,015
Noncurrent Restricted Assets:							
Restricted Cash	-	-	3,559,617	-	-	-	3,559,617
Restricted Other Receivables	-	-	118,392	-	-	-	118,392
Total Noncurrent Restricted Assets	-	-	3,678,009	-	-	-	3,678,009
Capital and Other Assets:							
Non-Depreciable Capital Assets	6,353,476	113,994	4,068,267	1,260,000	274,495	-	12,070,232
Depreciable Capital Assets, Net of Accumulated Depreciation	10,599,052	2,605,583	51,992,903	16,116,468	541,063	-	81,855,069
Other Receivables	-	-	79,961	-	-	-	79,961
Total Capital and Other Assets	16,952,528	2,719,577	56,141,131	17,376,468	815,558	-	94,005,262
TOTAL ASSETS	17,277,159	10,658,841	69,492,196	17,571,050	1,123,826	138,214	116,261,286
DEFERRED OUTFLOWS OF RESOURCES	36,472	132,435	463,405	-	162,655	-	794,967
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 17,313,631	\$ 10,791,276	\$ 69,955,601	\$ 17,571,050	\$ 1,286,481	\$ 138,214	\$ 117,056,253

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, 2023

	Business-type Activities - Major Enterprise Funds						Total Enterprise Funds
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Department of Technology & Communications	Liquor Control Board	
LIABILITIES:							
Current Liabilities:							
Accounts Payable and Accrued Expenses	\$ 26,788	\$ 150,643	\$ 525,996	\$ -	\$ 159,997	\$ 424	\$ 863,848
Bonds and Loans Payable - Current Portion	-	-	2,127,152	-	-	-	2,127,152
Closure/Postclosure Liabilities - Current Portion	-	25,000	-	-	-	-	25,000
Due to Other Governments	-	-	142,715	-	-	-	142,715
Due to Other Funds	-	-	-	649,809	-	-	649,809
Unearned Revenue	7,395	-	77,146	-	69,510	137,790	291,841
Total Current Liabilities	34,183	175,643	2,873,009	649,809	229,507	138,214	4,100,365
Noncurrent Liabilities:							
Bonds and Loans Payable	-	-	25,223,388	275,000	-	-	25,498,388
Compensated Absences	31,652	160,845	225,304	-	88,327	-	506,128
Net Pension Liability	96,819	393,661	1,756,143	-	389,844	-	2,636,467
Closure/Postclosure Liabilities	-	7,901,048	-	-	-	-	7,901,048
Total Noncurrent Liabilities	128,471	8,455,554	27,204,835	275,000	478,171	-	36,542,031
TOTAL LIABILITIES	162,654	8,631,197	30,077,844	924,809	707,678	138,214	40,642,396
DEFERRED INFLOWS OF RESOURCES	2,259	19,706	-	-	-	-	21,965
NET POSITION							
Net Investment in Capital Assets	16,952,528	2,719,577	28,710,630	17,376,468	815,558	-	66,574,761
Unrestricted Net Position (Deficit)	196,190	(579,204)	11,167,127	(730,227)	(236,755)	-	9,817,131
Total Net Position	17,148,718	2,140,373	39,877,757	16,646,241	578,803	-	76,391,892
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 17,313,631	\$ 10,791,276	\$ 69,955,601	\$ 17,571,050	\$ 1,286,481	\$ 138,214	\$ 117,056,253

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, 2023

	Business-type Activities - Major Enterprise Funds						Total Enterprise Funds
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Department of Technology & Communications	Liquor Control Board	
OPERATING REVENUES:							
Charges for Services	\$ 245,359	\$ 2,001,559	\$ 4,944,270	\$ 30,000	\$ 302,137	\$ 141,732	\$ 7,665,057
Other	1,218	157,200	1,446,313	14,817	-	-	1,619,548
Total Operating Revenues	<u>246,577</u>	<u>2,158,759</u>	<u>6,390,583</u>	<u>44,817</u>	<u>302,137</u>	<u>141,732</u>	<u>9,284,605</u>
OPERATING EXPENSES:							
Salaries	128,078	770,607	1,401,755	-	481,948	7,527	2,789,915
Fringe Benefits	45,967	304,524	681,154	-	241,025	575	1,273,245
Maintenance and Repairs	54,570	58,855	733,124	159	39,408	-	886,116
Supplies	116,141	80,188	1,316,525	-	-	-	1,512,854
Utilities	13,449	115,218	722,163	-	23,585	-	874,415
Transportation	2,213	-	209,356	-	12,735	-	224,304
Contracted Services	3,903	264,067	1,135,800	-	133,355	-	1,537,125
Insurance	4,072	13,121	633	2,222	-	-	20,048
Lab Tests	-	-	7,421	-	-	-	7,421
Direct Administration	-	-	39,988	-	-	9,870	49,858
Indirect Administration	-	-	297,836	12,911	-	-	310,747
Depreciation Expense	243,787	360,332	2,603,486	379,081	157,384	-	3,744,070
Amortization - Other	-	2,768,374	-	-	-	-	2,768,374
Other	24,573	179,336	-	-	802,022	-	1,005,931
Total Operating Expenses	<u>636,753</u>	<u>4,914,622</u>	<u>9,149,241</u>	<u>394,373</u>	<u>1,891,462</u>	<u>17,972</u>	<u>17,004,423</u>
NET OPERATING (LOSS) INCOME	<u>(390,176)</u>	<u>(2,755,863)</u>	<u>(2,758,658)</u>	<u>(349,556)</u>	<u>(1,589,325)</u>	<u>123,760</u>	<u>(7,719,818)</u>
NON-OPERATING REVENUES (EXPENSES):							
Tap Fees - Capital Revenue	-	-	1,326,425	-	-	-	1,326,425
State Grants	-	5,000	-	-	20,538	-	25,538
Federal Grants	-	-	-	-	416,255	-	416,255
Investment Income (Loss)	-	(72,814)	241,698	-	-	-	168,884
Ad Valorem Tax	-	-	2,907,351	-	-	-	2,907,351
Gain on Sale of Assets	-	-	8,010	-	-	-	8,010
Interest Expense	-	-	(606,973)	-	-	-	(606,973)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(67,814)</u>	<u>3,876,511</u>	<u>-</u>	<u>436,793</u>	<u>-</u>	<u>4,245,490</u>
(LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS/TRANSFERS	<u>\$ (390,176)</u>	<u>\$ (2,823,677)</u>	<u>\$ 1,117,853</u>	<u>\$ (349,556)</u>	<u>\$ (1,152,532)</u>	<u>\$ 123,760</u>	<u>\$ (3,474,328)</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, 2023

	Business-type Activities - Major Enterprise Funds						Total Enterprise Funds
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Department of Technology & Communications	Liquor Control Board	
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS/TRANSFERS							
Balances Brought Forward	\$ (390,176)	\$ (2,823,677)	\$ 1,117,853	\$ (349,556)	\$ (1,152,532)	\$ 123,760	\$ (3,474,328)
CAPITAL CONTRIBUTIONS/TRANSFERS							
Capital Contributions from							
State	35,648	-	40,938	-	18,298	-	94,884
Federal	482,812	-	276,325	-	42,925	-	802,062
Primary Government	43,655	-	566,612	-	-	-	610,267
Transfers from (to) Primary Government	343,050	242,724	-	-	859,887	(123,760)	1,321,901
CHANGE IN NET POSITION	514,989	(2,580,953)	2,001,728	(349,556)	(231,422)	-	(645,214)
NET POSITION - BEGINNING OF YEAR	16,633,729	4,721,326	37,876,029	16,995,797	810,225	-	77,037,106
NET POSITION - END OF YEAR	<u>\$ 17,148,718</u>	<u>\$ 2,140,373</u>	<u>\$ 39,877,757</u>	<u>\$ 16,646,241</u>	<u>\$ 578,803</u>	<u>\$ -</u>	<u>\$ 76,391,892</u>

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, 2023

	Business-type Activities - Major Enterprise Funds						Total Enterprise Funds
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Department of Technology & Communications	Liquor Control Board	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash Received from Customers	\$ 259,110	\$ 2,032,645	\$ 6,332,694	\$ 36,676	\$ 309,036	\$ 143,759	\$ 9,113,920
Cash Paid to Suppliers	(187,540)	(655,859)	(4,686,004)	(35,281)	(855,907)	(9,870)	(6,430,461)
Cash Paid to Employees and for Employee Benefits	(172,457)	(1,010,056)	(1,982,568)	-	(706,779)	(8,807)	(3,880,667)
Net Cash Provided (Used) by Operating Activities	(100,887)	366,730	(335,878)	1,395	(1,253,650)	125,082	(1,197,208)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Transfer from (to) Other Funds	343,050	242,724	-	-	816,857	(123,760)	1,278,871
Federal grants	-	-	-	-	416,255	-	416,255
State grants	-	5,000	-	-	20,538	-	25,538
Increase (Decrease) in Amounts Due to General Fund	-	-	861	-	-	-	861
Net Cash Provided (Used) by Non-Capital Financing Activities	343,050	247,724	861	-	1,253,650	(123,760)	1,721,525
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from sale of capital assets	-	-	8,010	-	-	-	8,010
Capital Contributions	285,154	-	851,502	-	104,253	-	1,240,909
Proceeds from Tap Fees	-	-	1,326,425	-	-	-	1,326,425
Ad Valorem Taxes and Other Assessments Collected	-	-	2,896,068	-	-	-	2,896,068
Payment of Expenses Related to Landfill Closure	-	(30,648)	-	-	-	-	(30,648)
Acquisition and Construction of Capital Assets	(527,317)	-	(1,028,648)	-	(104,253)	-	(1,660,218)
Principal Paid on Long-Term Debt	-	-	(2,093,910)	-	-	-	(2,093,910)
Interest Paid on Long-Term Debt	-	-	(609,292)	-	-	-	(609,292)
Net Cash Provided (Used) by Capital and Related Financing Activities	(242,163)	(30,648)	1,350,155	-	-	-	1,077,344
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment Income/(Loss)	-	(72,814)	241,698	-	-	-	168,884
Government & Agency Bonds and CDs	-	(830,667)	-	-	-	-	(830,667)
Net Cash Provided (Used) by Investing Activities	\$ -	\$ (903,481)	\$ 241,698	\$ -	\$ -	\$ -	\$ (661,783)

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, 2023

	Business-type Activities - Major Enterprise Funds						Total Enterprise Funds
	Airport Fund	Solid Waste Fund	Garrett County Sanitary District, Inc.	Parks & Recreation Fund	Department of Technology & Communications	Liquor Control Board	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ -	\$ (319,675)	\$ 1,256,836	\$ 1,395	\$ -	\$ 1,322	\$ 939,878
Cash and Cash Equivalents, Beginning of Year (Including \$3,300,089 in restricted accounts)	100	2,605,506	9,169,056	152,502	-	136,892	12,064,056
CASH AND CASH EQUIVALENTS, End of Year (Including \$3,559,617 in restricted accounts)	<u>\$ 100</u>	<u>\$ 2,285,831</u>	<u>\$ 10,425,892</u>	<u>\$ 153,897</u>	<u>\$ -</u>	<u>\$ 138,214</u>	<u>\$ 13,003,934</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	(390,176)	(2,755,863)	(2,758,658)	(349,556)	(1,589,325)	123,760	(7,719,818)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation and Amortization	243,787	3,128,706	2,603,486	379,081	157,384	-	6,512,444
(Increase) in Deferred Outflows of Resources	2,110	33,026	15,528	-	4,578	-	55,242
(Decrease) in Deferred Inflows of Resources	(848)	(26,708)	77,146	-	-	-	49,590
(Increase) Decrease in assets:							
Accounts receivable	12,268	(126,114)	(57,889)	(8,141)	(62,611)	4,387	(238,100)
Inventories	36,313	-	(352,554)	-	-	-	(316,241)
Prepaid expenses	(2,822)	(17,364)	(24,881)	(19,989)	27,827	-	(37,229)
Increase (Decrease) in liabilities							
Accounts payable and accrued expenses	(1,758)	77,044	80,758	-	129,005	(705)	284,344
Due to other governments	-	-	70,428	-	-	-	70,428
Unearned revenue	265	-	-	-	69,510	(2,360)	67,415
Net pension liability	1,741	8,713	21,413	-	6,313	-	38,180
Compensated absences	(1,767)	45,290	(10,655)	-	3,669	-	36,537
Net Cash Provided (Used) by Operating Activities	<u>\$ (100,887)</u>	<u>\$ 366,730</u>	<u>\$ (335,878)</u>	<u>\$ 1,395</u>	<u>\$ (1,253,650)</u>	<u>\$ 125,082</u>	<u>\$ (1,197,208)</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, 2023

	<u>Benefit Plan Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 3,341,374
Investments:	
Certificates of Deposit	1,647,768
Fixed Income Securities	16,972,769
Mutual Funds	14,050,588
Equity Securities	19,919,502
Total Investments	<u>52,590,627</u>
Interest Receivable	<u>232,687</u>
TOTAL ASSETS	56,164,688
LIABILITIES	<u>-</u>
NET POSITION	
Held in Trust for Retirement Benefits and OPEB	<u>\$ 56,164,688</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, 2023

	Benefit Plan Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 4,293,069
Plan Members	770,975
Total Contributions	5,064,044
Investment Earnings:	
Realized Net Gains on Investments	(476,361)
Interest and Dividends	1,572,658
Net Increase (Decrease) in Fair Value of Investments	3,006,851
Investment Activity Expense	(179,660)
Total Net Investment Earnings	3,923,488
Total Additions	8,987,532
DEDUCTIONS	
Benefits	3,356,359
Administrative	71,668
Total Deductions	3,428,027
Change In Net Position	5,559,505
Net Position - Beginning of Year	50,605,183
Net Position - End of Year	\$ 56,164,688

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, 2023**

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, 2023**

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, 2023**

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
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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.

General Fund Budget-to-Actual Comparison Statement - Demonstrating compliance with the adopted budgets is an important component of a government’s accountability to the public. For this reason, the County has chosen to make its General Fund budget-to-actual comparison statement part of the basic financial statements. The County revises its original budgets over the course of the year for a variety of reasons. The schedule presents the original budget and the final budget after such revisions.

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

**Notes to Financial Statements
June 30, 2023**

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, 2023**

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 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 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, 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.

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, 2023**

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, 2023**

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.

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 \$9,541,315 which represents general fund cash balances from self-funded health insurance, capital projects and special revenue funds' cash balances related to Keyser's Ridge Business Park operations and Public Safety operations.

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

**Notes to Financial Statements
June 30, 2023**

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 \$3,678,009 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, 2023, 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, 2024.

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

**Notes to Financial Statements
June 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, deferred outflows at June 30, 2023 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	\$ -	\$ 639,218	\$ 478,123	\$ 233,304	\$ 76,660	\$ 1,427,305
Change in assumptions	50,185	1,989,210	668,555	1,328,755	1,268,245	5,304,950
Net difference between projected and actual earnings on investments	4,091	2,268,665	644,734	54,813	218,906	3,191,209
Changes in proportion and differences between employer contributions and share of contributions	36,691	-	-	-	-	36,691
County contributions to the Employees' Pension System subsequent to measurement date	54,956	-	-	-	-	54,956
Total deferred outflows of resources	\$ 145,923	\$ 4,897,093	\$ 1,791,412	\$ 1,616,872	\$ 1,563,811	\$ 10,015,111

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 three 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	\$ (33,711)	\$ (211,313)	\$ (117,324)	\$ (5,126)	\$ (2,929,481)	\$ (3,296,955)
Change in assumptions	(5,936)	(58,708)	(11,519)	(900,933)	(745,850)	(1,722,946)
Changes in proportion and differences between employer contributions and share of contributions	(82,510)	-	-	-	-	(82,510)
Total deferred inflows of resources	\$ (122,157)	\$ (270,021)	\$ (128,843)	\$ (906,059)	\$ (3,675,331)	\$ (5,102,411)

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

**Notes to Financial Statements
June 30, 2023**

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 \$1,954,384 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 \$1,474,716 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 \$368,361; expenditure driven grants of \$6,106,059; amounts held for area volunteer fire departments and rescue squads of \$249,081; HUD grants for which eligibility requirements have not been met of \$54,255; and contributions from other entities for capital projects not yet completed of \$2,906,855. Unearned revenues as reported in the business-type activities included security deposits of \$7,395; grants for which eligibility requirements have not been met of \$146,656; prepaid license renewals of \$137,790.

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, 2023**

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 initially 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, 2023**

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, 2023**

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, 2023.

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.

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, 2023**

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. Budgets and Budgetary Accounting

The County prepares an annual budget showing all revenues and expenditures for the General Fund. 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. Budgets are not legally required for the Debt Service Fund or for the various programs and activities reported as Special Revenue Funds (nonmajor governmental funds).

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. All budgetary comparisons presented in this report are on this non-GAAP budgetary basis. The budgeted amounts are reported as originally adopted on June 6, 2022, by the County Commissioners and as finally amended.

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

**Notes to Financial Statements
June 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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 two other employee retirement plans for County employees. The County plans cover all full-time employees other than those employed prior to July 1, 2005, who elected to retain membership in the Maryland State Retirement System. The assets of the County plans are held by a trustee.

K. 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, 2023**

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, 2023 to the statement of net position:

	Governmental Activities	Business-Type Activities	Primary Government	Fiduciary Funds
Cash and Cash Equivalents	\$ 56,531,733	\$ 9,444,317	\$ 65,976,050	\$ -
Restricted Cash	9,541,315	3,559,616	13,100,931	3,341,374
Investments	19,096,334	5,389,511	24,485,845	-
Restricted Investments	-	-	-	52,590,627
Total	<u>\$ 85,169,382</u>	<u>\$ 18,393,444</u>	<u>\$ 103,562,826</u>	<u>\$ 55,932,001</u>

Deposit and Investment Summary

	Governmental Activities	Business-Type Activities	Primary Government	Fiduciary Funds
Deposits	\$ 36,823,332	\$ 13,003,183	\$ 49,826,515	\$ 2,616,571
Deposits Treasury Bills	-	-	-	724,803
MD Local Government Investment Pool	29,245,066	-	29,245,066	-
Certificates of Deposit	10,060,755	-	10,060,755	1,647,768
U.S. Government Obligations	9,035,579	5,084,154	14,119,733	4,357,395
Fixed Income Securities	-	305,357	305,357	12,615,374
Mutual Funds	-	-	-	14,050,588
Equity Securities	-	-	-	19,919,502
Cash on Hand	4,650	750	5,400	-
Total	<u>\$ 85,169,382</u>	<u>\$ 18,393,444</u>	<u>\$ 103,562,826</u>	<u>\$ 55,932,001</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 including certificates of deposit was \$59,864,945 and the bank balance of collected funds was \$62,231,097. Of the bank balance \$51,868,512 was insured by the Federal Deposit Insurance Corporation (FDIC), \$10,362,585 was collateralized by securities held by the County's agent in the County's name.

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, 2023 was \$14,505,693.

The Government Personnel Retirement Plan, Law Enforcement Employee Retirement Plan, Volunteer Length of Service Award Plan and OPEB Plan (Fiduciary Funds) had combined deposits including certificates of deposit of \$3,341,374 at June 30, 2023. Of those deposits \$3,341,374 were insured by the FDIC. The Primary Government and the Fiduciary Funds' investment policies do not limit exposure to custodial credit risk.

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

**Notes to Financial Statements
June 30, 2023**

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, 2023.

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:

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, 2023**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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 \$52,590,627 at June 30, 2023, 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, 2023. Fiduciary Fund investment policies do not place limits on investment managers with respect to the duration of their investments.

The investments of the Primary Government and Fiduciary Funds included debt securities having the following ratings as of June 30, 2023:

Security Ratings	Primary Government 6/30/23	Fiduciary Funds 6/30/23
AA	\$ 305,357	\$ -
AAA	14,119,733	5,163,349
AA1	-	366,110
AA2	-	915,458
AA3	-	373,625
A1	-	1,601,128
A2	-	1,899,132
A3	-	2,692,751
BAA1	-	2,745,822
BAA2	-	619,038
BAA3	-	81,367
Not Rated	39,305,821	2,887,556
Total Market Value	<u>\$ 53,730,911</u>	<u>\$ 19,345,336</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 6/30/23
2024	1%-5.10%	\$ 43,384,471
2025	5.45%	4,474,890
2026	2.35%-4.00%	3,170,161
2027	N/A	-
2028	4.00%-4.25%	2,701,389
Total Market Value		<u>\$ 53,730,911</u>

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

**Notes to Financial Statements
June 30, 2023**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (Continued)

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 6/30/23
2024	0.55%-5.25%	\$ 2,854,670
2025	3.10%-5.25%	2,360,250
2026	3.00%-4.50%	1,818,242
2027	3.25%-5.875%	2,457,793
2028	3.248%-6.20%	2,429,692
2028-2033	2.261%-6.950%	5,253,538
2033-2038	3.00%-6.125%	1,945,301
2038-2043	3.50%-5.05%	179,600
2043-2048	3.00%	46,252
Total Market Value		\$ 19,345,338

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.

Investments by Fair Value Level	June 30, 2023	Fair Value Measurement Using	
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Market Inputs (Level 2)
Primary Government			
U.S. Government Obligations	\$ 14,119,733	\$ -	\$ 14,119,733
Fixed Income Securities	10,366,112	-	10,366,112
Total	\$ 24,485,845	\$ -	\$ 24,485,845
Investments carried at Amortized Cost			
MD Local Government Investment Pool	29,245,066		
Total Investments at Fair Value	\$ 53,730,911		
Fiduciary Funds			
U.S. Government Obligations	\$ 4,357,395	\$ -	\$ 4,357,395
Fixed Income Securities	14,263,142	-	14,263,142
Mutual Funds	14,050,588	14,050,588	-
Equity Securities	19,919,502	19,919,502	-
Total	\$ 52,590,627	\$ 33,970,090	\$ 18,620,537

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

**Notes to Financial Statements
June 30, 2023**

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, 2023. 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, 2023.

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 \$408,176 as of June 30, 2023 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, 2023 of \$47,300. 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, 2023 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, 2023, the principal value of the lease receivable is \$532,771. 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, 2023, was \$514,008, 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, 2023, the principal value of the lease receivable is \$1,249,570. 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, 2023, was \$1,179,788, and lease revenue of \$392,282 was recognized during the fiscal year. The current lease expires on June 30, 2026.

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

**Notes to Financial Statements
June 30, 2023**

NOTE 3 – NOTES AND LEASE RECEIVABLE (Continued)

Lease Receivable-General Fund (Continued)

Building Space located on South 2nd Street Oakland - an initial lease receivable was recorded in the amount of \$313,734. As of June 30, 2023, the principal value of the lease receivable is \$214,671. 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, 2023, was \$202,429, and lease revenue of \$56,608 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.

Building Space located on South 4th Street Oakland - an initial lease receivable was recorded in the amount of \$124,004. As of June 30, 2023, the principal value of the lease receivable is \$61,337. 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, 2023, was \$58,158, 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
2024	\$ 523,400	\$ 102,772	\$ 626,172
2025	546,320	71,281	617,601
2026	551,074	39,358	590,432
2027	87,252	16,941	104,193
2028	50,713	14,039	64,752
2029-2033	288,857	34,903	323,760
2034-2038	10,733	57	10,790
	\$ 2,058,349	\$ 279,351	\$ 2,337,700

Due To/From Component Units and Primary Government

	Board of Education	College	Total
Due (to) Component Units per Primary Government	\$ (352,510)	\$ (1,019,725)	\$ (1,372,235)
Due from Primary Government per Component Units	1,373,214	1,019,725	2,392,939
Difference Due to Timing*	\$ 1,020,704	\$ -	\$ 1,020,704

* County paid BOE in late June 2023 and remittance was not received by BOE until July 2023

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

**Notes to Financial Statements
June 30, 2023**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the Primary Government for the fiscal year ended June 30, 2023 was as follows:

	<u>Balance as of June 30, 2022</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance as of June 30, 2023</u>
<u>Governmental Activities</u>				
Capital assets, not depreciated				
Land and easements	\$ 10,162,828	\$ -	\$ -	\$ 10,162,828
Construction in progress	8,901,254	2,629,113	(2,186,902)	9,343,465
Total capital assets, not depreciated	<u>19,064,082</u>	<u>2,629,113</u>	<u>(2,186,902)</u>	<u>19,506,293</u>
Capital assets, being depreciated				
Land improvements	3,671,446	123,445	25,467	3,820,358
Buildings	26,155,010	1,551,682	2,104,022	29,810,714
Machinery & equipment	4,396,206	307,145	(5,200)	4,698,151
Vehicles	20,261,811	944,975	(492,450)	20,714,336
Furniture & equipment	5,456,013	177,733	(20,748)	5,612,998
Infrastructure	104,077,337	3,555,362	-	107,632,699
Total capital assets, being depreciated	<u>164,017,823</u>	<u>6,660,342</u>	<u>1,611,091</u>	<u>172,289,256</u>
Less accumulated depreciation for:				
Land improvements	(371,190)	(43,621)	-	(414,811)
Buildings	(15,323,664)	(565,870)	5,248	(15,884,286)
Machinery & equipment	(3,216,416)	(200,051)	5,200	(3,411,267)
Vehicles	(18,162,634)	(827,181)	463,336	(18,526,479)
Furniture & equipment	(2,556,788)	(569,553)	20,748	(3,105,593)
Infrastructure	(81,764,874)	(2,822,880)	-	(84,587,754)
Total accumulated depreciation	<u>(121,395,566)</u>	<u>(5,029,156)</u>	<u>494,532</u>	<u>(125,930,190)</u>
Total capital assets, being depreciated, net	<u>42,622,257</u>	<u>1,631,186</u>	<u>2,105,623</u>	<u>46,359,066</u>
Governmental activities capital assets, net	<u>\$ 61,686,339</u>	<u>\$ 4,260,299</u>	<u>\$ (81,279)</u>	<u>\$ 65,865,359</u>

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

Governmental activities:	
General Government	\$ 161,375
Public Works	3,292,392
Public Safety	803,652
Economic Development	454,315
Unallocated	317,422
Total depreciation expense - governmental activities	<u>\$ 5,029,156</u>

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

**Notes to Financial Statements
June 30, 2023**

NOTE 5 – CAPITAL ASSETS (Continued)

	Balance June 30, 2022	Additions	Transfers and Retirements	Balance June 30, 2023
<u>Business-type activities</u>				
Capital assets, not depreciated				
Land and easements	\$ 3,243,738	\$ -	\$ -	\$ 3,243,738
Construction in progress	7,458,059	1,368,435	-	8,826,494
Total capital assets, not depreciated	<u>10,701,797</u>	<u>1,368,435</u>	<u>-</u>	<u>12,070,232</u>
Capital assets, being depreciated				
Land improvements	28,378,036	-	-	28,378,036
Buildings	4,975,225	-	-	4,975,225
Machinery & equipment	6,091,844	219,398	(78,835)	6,232,407
Vehicles	2,132,090	152,804	(25,364)	2,259,530
Infrastructure	18,776,084	-	-	18,776,084
Furniture & equipment	326,436	16,500	-	342,936
Water & Sewer facilities	127,234,295	-	-	127,234,295
Total capital assets, being depreciated	<u>187,914,010</u>	<u>388,702</u>	<u>(104,199)</u>	<u>188,198,513</u>
Less accumulated depreciation for:				
Land improvements	(11,233,963)	(202,811)	-	(11,436,774)
Buildings	(1,861,489)	(127,138)	-	(1,988,627)
Machinery & equipment	(4,834,510)	(340,926)	78,835	(5,096,601)
Vehicles	(1,764,775)	(126,049)	25,364	(1,865,460)
Infrastructure	(9,350,613)	(462,349)	-	(9,812,962)
Furniture & equipment	(219,231)	(34,217)	-	(253,448)
Water & Sewer facilities	(73,438,993)	(2,450,579)	-	(75,889,572)
Total accumulated depreciation	<u>(102,703,574)</u>	<u>(3,744,069)</u>	<u>104,199</u>	<u>(106,343,444)</u>
Total capital assets, being depreciated, net	<u>85,210,436</u>	<u>(3,355,367)</u>	<u>-</u>	<u>81,855,069</u>
Business-type activities capital assets, net	<u>\$ 95,912,233</u>	<u>\$ (1,986,932)</u>	<u>\$ -</u>	<u>\$ 93,925,301</u>

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

Business-type activities	
Airport	\$ 243,787
Solid Waste	360,332
Sanitary District	2,603,486
Parks & Recreation	379,081
Department of Technology & Communications	157,384
Total depreciation expense - business-type activities	<u>\$ 3,744,070</u>

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

**Notes to Financial Statements
June 30, 2023**

NOTE 5 – CAPITAL ASSETS (Continued)

Construction in progress of the Primary Government is composed of the following:

	<u>Project Authorization</u>	<u>CIP as of June 30, 2023</u>	<u>Remaining Commitment</u>
<u>Governmental Activities</u>			
Public Works	\$ 13,321,868	\$ 4,067,587	\$ 9,254,281
Public Safety	936,154	858,358	77,796
Economic Development	2,380,000	740,710	1,639,290
General Government	4,318,916	3,676,810	642,106
Total governmental activities	<u>\$ 20,956,938</u>	<u>\$ 9,343,465</u>	<u>\$ 11,613,473</u>
<u>Business-type Activities</u>			
West Apron Phase I	\$ 7,142,877	\$ 5,368,643	\$ 1,774,234
AWOS III Replacement	326,000	261,416	64,584
PAPI Rehab	266,647	1,895	264,752
IT Server Infrastructure	274,495	274,495	-
Deep Creek Lake Waste Water Treatment Plant	72,048	72,048	-
McHenry Water	4,462,947	712,947	3,750,000
Trout Run WWTP Upgrades	1,694,333	1,243,341	450,992
Deep Creek Lake Sewer Rehab	192,013	176,096	15,917
Keyser Ridge Water	13,279	13,279	-
Gorman Well Development	1,516,824	116,824	1,400,000
Water System Generators	250,835	250,835	-
Other Garrett County Sanitary District Projects	1,338,375	334,675	1,003,700
Total business-type activities	<u>\$ 17,550,673</u>	<u>\$ 8,826,494</u>	<u>\$ 8,724,179</u>

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, 2023**

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

Interfund transfers for the year ended June 30, 2023, consists of the following:

<u>Transfer Out</u>	<u>Transfers In</u>					<u>Total Transfers to Other Funds</u>
	<u>General Fund</u>	<u>Airport Fund</u>	<u>Solid Waste Fund</u>	<u>Garret County Sanitary District Inc.</u>	<u>Dept. of Tech. and Comm. Fund</u>	
General	\$ -	\$ 386,705	\$ 242,724	\$ 566,612	\$ 859,887	\$ 2,055,928
Capital Projects Fund	204,751	-	-	-	-	204,751
Liquor Control Board	123,760	-	-	-	-	123,760
Total Transfer in from Other Funds	<u>\$ 328,511</u>	<u>\$ 386,705</u>	<u>\$ 242,724</u>	<u>\$ 566,612</u>	<u>\$ 859,887</u>	<u>\$ 2,384,439</u>

The Airport Fund shows a transfer of \$386,705 from the general fund which includes a capital contribution of \$43,655. Similarly, the general fund transferred \$566,612 for capital acquisitions to the Sanitary District. These amounts are included in capital contributions from the primary government. Other significant activity includes transfers to cover operating shortages in the Department of Technology and Communication Fund and the Solid Waste Fund. Transfers in to the general fund included \$123,760 and \$204,751 from the Liquor Control Board and the Capital Projects Fund, respectively, which was the income earned for the year.

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

**Notes to Financial Statements
June 30, 2023**

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, 2023:

	Balance June 30, 2022	Additions (Deductions)	Principal Repayments & Other Reductions	Balance June 30, 2023	Due Within One Year
Governmental activities:					
General Fund					
Compensated Absences	\$ 3,208,100	\$ (247,769)	\$ 304,709	\$ 3,265,040	\$ -
Net OPEB Liability	12,063,311	2,356,380	(4,070,829)	10,348,862	-
Net Pension Liability - MSRS	336,672	120,024	-	456,696	-
Net Pension Liability - GCGEP	10,945,289	4,779,237	(4,585,327)	11,139,199	-
Net Pension Liability - GCLEP	1,950,877	2,147,860	(1,727,792)	2,370,945	-
Net Pension Liability - LOSAP	1,161,580	227,867	(1,286,339)	103,108	-
Governmental activities Long-term liabilities	<u>\$ 29,665,829</u>	<u>\$ 9,383,599</u>	<u>\$ (11,365,578)</u>	<u>\$ 27,683,850</u>	<u>\$ -</u>
Business-type activities:					
Garrett County Sanitary District					
Bonds and Loans Payable (Direct Borrowings)	\$ 29,444,450	\$ -	\$ (2,093,910)	\$ 27,350,540	\$ 2,127,152
Parks & Recreation					
Loans Payable (Direct Borrowings)	275,000	-	-	275,000	-
Subtotal	<u>29,719,450</u>	<u>-</u>	<u>(2,093,910)</u>	<u>27,625,540</u>	<u>2,127,152</u>
Landfill closure/post-closure Net Pension Liability - GCGEP	<u>5,188,322</u>	<u>2,768,374</u>	<u>(30,648)</u>	<u>7,926,048</u>	<u>25,000</u>
Airport	95,078	41,540	(39,799)	96,819	-
Solid Waste Fund	384,948	168,899	(160,186)	393,661	-
G.C. Sanitary District	1,734,730	753,467	(732,054)	1,756,143	-
Dept. of Tech & Comm.	383,531	167,261	(160,948)	389,844	-
	<u>2,598,287</u>	<u>1,131,167</u>	<u>(1,092,987)</u>	<u>2,636,467</u>	<u>-</u>
Compensated Absences					
Airport	33,419	-	(1,767)	31,652	-
Solid Waste Fund	115,555	45,290	-	160,845	-
G.C. Sanitary District	235,959	-	(10,655)	225,304	-
Dept. of Tech & Comm.	84,658	3,669	-	88,327	-
	<u>469,591</u>	<u>48,959</u>	<u>(12,422)</u>	<u>506,128</u>	<u>-</u>
Business-type activities Long-term liabilities	<u>\$ 37,975,650</u>	<u>\$ 3,948,500</u>	<u>\$ (3,229,967)</u>	<u>\$ 38,694,183</u>	<u>\$ 2,152,152</u>

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

**Notes to Financial Statements
June 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Details of certain long-term debt obligations at June 30, 2023 are as follows:

	Balance June 30, 2023
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.	\$ 102,179
\$128,653 Maryland Department of the Environment (Mt. Lake Park Water), payable in annual installments of principal only of \$9,077 through February 2024.	1,581
\$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.	2,496,833
\$483,550 Truist (Mountain Lake Park Water), payable in monthly installments of \$4,353, including interest of 2.16% through August 2032.	434,068
\$263,000 United States Department of Agriculture payable in monthly installments of \$2,394, including interest of 2.0% through August 2059.	246,236
\$376,000 United States Department of Agriculture payable in monthly installments of \$1,001, including interest of 1.6250% through February 2060.	350,309
\$4,528,420 Truist (Thayerville Water), payable in monthly installments of \$40,767, including interest of 2.16% through August 2032.	4,065,025
\$7,420,000 United States Department of Agriculture payable in monthly installments of \$69,006, including interest of 2.125% through 2059.	6,862,687
\$14,249,810 (Water and Sewer) Truist, payable in monthly installments of \$128,284, including interest of 2.16% through August 2032.	12,791,622
Total Garrett County Sanitary District, Inc.	\$ 27,350,540

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

**Notes to Financial Statements
June 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

	Balance June 30, 2023
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	27,625,540
Total Primary Government	\$ <u><u>27,625,540</u></u>

Interest Expense

Total interest expense of incurred by the Primary Government includes \$606,973 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, 2023**

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:			
2024	\$ 2,127,152	\$ 564,164	\$ 2,691,316
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
2029-2033	10,356,026	1,108,210	11,464,236
2034-2038	929,367	572,702	1,502,069
2039-2043	1,021,328	470,752	1,492,080
2044-2048	1,133,982	358,098	1,492,080
2049-2053	1,259,097	323,983	1,583,080
2055-2058	1,398,054	94,026	1,492,080
2059-2063	152,020	1,318	153,338
Thereafter	275,000	-	275,000
Total Business-type activities	<u>\$ 27,625,540</u>	<u>\$ 5,278,683</u>	<u>\$ 32,904,223</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, 2023 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, 2023**

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, 2023**

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, 2023**

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, 2023 were \$56,956 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, 2023, the Primary Government reported a liability of \$456,696 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2022, the Primary Government's proportion was 0.0023 percent. The Primary Government's pension expense for the ERS Plan for the year ended June 30, 2022 was \$(37,451).

At June 30, 2023, 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	\$ 50,185	\$ (5,936)
Differences between expected and actual experience	-	(33,711)
Changes in proportion and differences between employer contributions and share of contributions	36,691	(82,510)
Net difference between projected and actual investment earnings on plan investments	4,091	-
County contributions to the Employees' Pension System subsequent to the measurement date	54,956	-
Total	\$ 145,923	\$ (122,157)

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

**Notes to Financial Statements
June 30, 2023**

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 \$54,956 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
2024	\$ (15,812)
2025	(16,100)
2026	(23,010)
2027	25,140
2028	(1,408)

The total pension liability in the June 30, 2022 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
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2023**

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%	6.00%
Private Equity	16.00%	8.40%
Rate Sensitive	21.00%	1.20%
Credit Opportunity	8.00%	4.90%
Real Assets	15.00%	5.20%
Absolute Return	6.00%	3.50%
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	\$ 700,717	\$ 456,696	\$ 254,215

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, 2023**

NOTE 9 – STATE RETIREMENT PLAN (Continued)

Funded Status and Funding Progress

At June 30, 2023, 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, 2023:

	<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	\$ -	\$ 456,696	\$ 456,696
Board of Education's proportionate share of net pension liability	-	3,246,030	3,246,030
State's proportionate share of the net pension liability associated with the Board of Education	40,018,388	-	40,018,388
State's proportionate share of the net pension liability associated with the College	<u>5,847,896</u>	<u>-</u>	<u>5,847,896</u>
Total State and County portion of the net pension liability	<u>\$ 45,866,284</u>	<u>\$ 3,702,726</u>	<u>\$ 49,569,010</u>

Contributions by the State of Maryland to the TRS on behalf of the Board of Education and College totaled \$2,731,155 and \$582,554, respectively, for the year ended June 30, 2023. The Board of Education contributions to the State Retirement Plan totaled \$2,250,984 for the year ended June 30, 2023. 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, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS

Government Personnel Retirement Plan

The County adopted the Garrett County Government Personnel Retirement Plan, 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, 2023 (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, 2023**

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	5-15%
Equities	30-60%
Fixed Income	30-65%

All information that follows for the Plan is measured as of June 30, 2023, which is the latest actuarial report available. Liabilities were measured as of July 1, 2022 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July 1, 2022, the date liabilities were last measured:

Retirees and beneficiaries receiving benefits	135
Vested and nonvested terminations	51
Active Plan members	233
Total	419

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, 2023 is as follows:

Investment Type	% of Portfolio	Rate of Return
Equities	30-60%	5-10%
Fixed Income	30-65%	4-8%

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of expense, was 7.59%. 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, 2023**

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 July 1, 2022 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 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, 2023 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, 2023 is as follows:

Total pension liability	\$	51,300,441
Net position		(37,524,775)
Net pension liability		13,775,666

Net position as a percentage of total pension liability is 73.15%.

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	\$ 19,755,868	\$ 13,775,666	\$ 8,750,897

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

**Notes to Financial Statements
June 30, 2023**

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, 2022	\$ 48,077,380	\$ 34,533,804	\$ 13,543,576
Changes for the year:			
Service cost	783,124	-	783,124
Interest	3,278,024	-	3,278,024
Differences between expected and actual experience	203,883	-	203,883
Assumption changes	1,497,914	-	1,497,914
Contributions - employer	-	2,415,006	(2,415,006)
Contributions - employee	-	481,873	(481,873)
Net investment income	-	2,781,436	(2,781,436)
Benefit payments and refunds of member contributions	(2,539,884)	(2,539,884)	-
Administrative expense	-	(147,460)	147,460
Net Changes	<u>3,223,061</u>	<u>2,990,971</u>	<u>232,090</u>
Balances as of June 30, 2023	<u>\$ 51,300,441</u>	<u>\$ 37,524,775</u>	<u>\$ 13,775,666</u>

For the year ended June 30, 2023, the County recognized pension expense of \$2,815,404 and made contributions to the Plan of \$2,415,006. As of June 30, 2023, 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	\$ 535,451	\$ (194,123)
Changes of assumptions	1,666,293	(53,933)
Net difference between projected and actual investment earnings on pension plan investments	1,900,383	-
Total	<u>\$ 4,102,127</u>	<u>\$ (248,056)</u>

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 103,767	\$ (17,190)
Changes of assumptions	322,917	(4,775)
Net difference between projected and actual investment earnings on pension plan investments	368,282	-
	<u>\$ 794,966</u>	<u>\$ (21,965)</u>

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

**Notes to Financial Statements
June 30, 2023**

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>
2024	\$ 1,197,000
2025	901,707
2026	1,547,579
2027	207,785
Total	\$ 3,854,071

Business-Type Activities	
<u>Year ending June 30:</u>	<u>Total</u>
2024	\$ 240,080
2025	180,853
2026	310,394
2027	41,674
Total	\$ 773,001

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.

Law Enforcement Retirement Plan

The County adopted the Garrett County Law Enforcement Retirement Plan, 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, 2023 (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, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

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	5-15%
Equities	30-60%
Fixed Income	30-65%

All information that follows for the Plan is measured as of June 30, 2023, which is the latest actuarial report available. Liabilities were measured as of July 1, 2022 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July 1, 2022, the date liabilities were last measured:

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

**Notes to Financial Statements
June 30, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Law Enforcement Retirement Plan (Continued)

Retirees and Beneficiaries	27
Vested Terminations	16
Non-Vested Terminations due Refunds	8
Active Plan members	67
Total	118

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, 2023 is as follows:

Investment Type	% of Portfolio	Rate of Return
Equities	30-60%	5-10%
Fixed Income	30-65%	4-8%

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of expense, was 7.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The total pension liability for the current year was determined as part of the July 1, 2022 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, 2023 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, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

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 84.10%. The result as of June 30, 2023 is as follows:

Total pension liability	\$ 14,909,473
Net position	<u>(12,538,528)</u>
Net pension liability	<u><u>\$ 2,370,945</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	\$ 4,280,447	\$ 2,370,945	\$ 796,202

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	\$ 13,587,949	\$ 11,637,072	\$ 1,950,877
Changes for the year:			
Service cost	318,130	-	318,130
Interest	924,671	-	924,671
Differences between expected and actual experience	328,859	-	328,859
Changes of assumptions	519,605	-	519,605
Contributions - employer	-	478,063	(478,063)
Contributions - employee	-	289,102	(289,102)
Net investment income	-	960,627	(960,627)
Benefit payments and refunds of member contributions	(769,741)	(769,741)	-
Administrative expense	-	(56,595)	56,595
Plan Change	-	-	-
Net Changes	<u>1,321,524</u>	<u>901,456</u>	<u>420,068</u>
Balances as of June 30, 2023	<u>\$ 14,909,473</u>	<u>\$ 12,538,528</u>	<u>\$ 2,370,945</u>

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

**Notes to Financial Statements
June 30, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Law Enforcement Retirement Plan (Continued)

For the year ended June 30, 2023, the County recognized pension expense of \$602,927 and made contributions to the Plan of \$478,063. As of June 30, 2023, 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	\$ 478,123	\$ (117,324)
Changes of assumptions	668,555	(11,519)
Net difference between projected and actual investment earnings on plan investments	644,734	-
	\$ 1,791,412	\$ (128,843)

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:

<u>Year ending June 30:</u>	<u>Total</u>
2024	\$ 406,961
2025	327,828
2026	619,252
2027	140,277
2028	144,877
Thereafter	23,374

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, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

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, 2023 (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	5-15%
Equities	30-60%
Fixed Income	30-65%

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

**Notes to Financial Statements
June 30, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Volunteer Length of Service Award Plan (Continued)

All information that follows for the Plan is measured as of June 30, 2023, which is the latest actuarial report available. Liabilities were measured as of July 1, 2022 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July 1, 2022, the date the liabilities were last measured:

Age 70 Benefit Eligible (in pay status)	37
Age 70 Benefit Eligible (not in pay status)	33
Inactive Plan members	271
Active Plan members	460
Total	801

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, 2023 is as follows:

Investment Type	% of Portfolio	Rate of Return
Equities	30-60%	5-10%
Fixed Income	30-65%	4-8%

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of expense, was 4.91%. 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, 2022 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, 2023 actuarial valuation report.

The discount rate used to measure the total pension liability was 4.91 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, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

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 is equal to the total pension liability minus the net position of the Plan. The result as of June 30, 2023 is as follows:

Total pension liability	\$ 1,934,478
Net position	<u>(1,831,370)</u>
Net pension liability	<u><u>\$ 103,108</u></u>

Net position as a percentage of total pension liability is 94.67%.

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 4.91% 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 (3.91%) or 1-percentage point higher (5.91%) than the current rate:

	1% decrease 3.91%	Current rate 4.91%	1% increase 5.91%
Net pension liability	\$ 462,612	\$ 103,108	\$ (183,508)

The following represents changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances as of June 30, 2022	\$ 2,171,659	\$ 1,010,079	\$ 1,161,580
Changes for the year:			
Service cost	87,270	-	87,270
Interest	81,643	-	81,643
Change in benefit terms	-	-	-
Differences between expected and actual experience	45,024	-	45,024
Changes in assumptions	(404,384)	-	(404,384)
Contributions - employer	-	800,000	(800,000)
Net investment income	-	81,955	(81,955)
Benefit payments and refunds of member contributions	(46,734)	(46,734)	-
Administrative expense	-	(13,930)	13,930
Net Changes	<u>(237,181)</u>	<u>821,291</u>	<u>(1,058,472)</u>
Balances as of June 30, 2023	<u>\$ 1,934,478</u>	<u>\$ 1,831,370</u>	<u>\$ 103,108</u>

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

**Notes to Financial Statements
June 30, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

Volunteer Length of Service Award Plan (Continued)

For the year ended June 30, 2023, the County recognized pension expense of \$147,483 and made contributions to the Plan of \$800,000. As of June 30, 2023, 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	\$ 233,304	\$ (5,126)
Changes of assumptions	1,328,755	(900,933)
Net difference between projected and actual investment earnings on plan investments	54,813	-
	\$ 1,616,872	\$ (906,059)

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:

<u>Year ending June 30:</u>	<u>Total</u>
2024	\$ 50,137
2025	48,277
2026	78,093
2027	40,702
2028	40,599
Thereafter	453,005

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.

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, 2023**

NOTE 10 – COUNTY RETIREMENT PLANS (Continued)

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, 2023, the Primary Government contributed \$283,114 or 2.42 percent of earned compensation. Covered payroll approximated \$11,744,327. Additionally, the Primary Government contributed amounts on behalf of the employees of Garrett County Sanitary District, Inc. in the amount of \$17,763 on covered payroll of approximately \$733,999.

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, 2023**

**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	5-15%
Equities	30-60%
Fixed Income	30-65%

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	149
Active employees	197
	346
	346

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

**Notes to Financial Statements
June 30, 2023**

**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%

Currently, 197 County retirees participate in this program.

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

**Notes to Financial Statements
June 30, 2023**

**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, 2023, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial assumptions. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0 percent
Salary increase	2.0 percent
Investment rate of return	6.50 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.5 percent for 2023, decreasing 0.25 percent per year to an ultimate 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, 2023 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	40.00%	3-5%
Private Equity	55.00%	8-10%
Cash	5.00%	N/A

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

**Notes to Financial Statements
June 30, 2023**

**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, 2023, the long-term rate of return was 6.50%. The discount rate at June 30, 2023 was 6.50%.

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.20%. 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, 2022	\$ 15,487,538	\$ 3,424,227	\$ 12,063,311
Changes for the year:			
Service cost	345,758	-	345,758
Interest	987,549	-	987,549
Differences between expected and actual experience	(2,593,321)	-	(2,593,321)
Assumption changes	989,729	-	989,729
Contributions - employer	-	1,198,377	(1,198,377)
Contributions - employee	-	-	-
Net investment income	-	279,131	(279,131)
Benefit payments	(598,377)	(598,377)	-
Administrative expense	-	(33,344)	33,344
Other Changes	-	-	-
Net Changes	(868,662)	845,787	(1,714,449)
Balances as of June 30, 2023	\$ 14,618,876	\$ 4,270,014	\$ 10,348,862

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	\$ 11,908,359	\$ 10,348,862	\$ 9,257,537

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

**Notes to Financial Statements
June 30, 2023**

**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:

	1% decrease (6.5% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.5% decreasing to 4.5%)	1% increase (8.5% decreasing to 5.5%)
Net OPEB liability	<u>\$ 9,026,330</u>	<u>\$ 10,348,862</u>	<u>\$ 12,211,690</u>

For the year ended June 30, 2023, the County recognized OPEB expense of \$34,958. At June 30, 2023, 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	\$ 76,660	\$ (2,929,481)
Changes of assumptions	1,268,245	(745,850)
Net difference between projected and actual investment earnings on plan investments	218,906	-
	<u>\$ 1,563,811</u>	<u>\$ (3,675,331)</u>

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

Year Ending June 30	Total
2024	\$ (1,094,272)
2025	(487,961)
2026	(200,889)
2027	(328,398)

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

**Notes to Financial Statements
June 30, 2023**

**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 \$7,926,048 as of June 30, 2023, representing the cumulative operating expenses reported to date based on the Round Glade landfill at full capacity (\$489,600) and the current landfill at 74% of its estimated capacity (\$7,436,448). The County will recognize the balance of estimated closure and post-closure costs of approximately \$5,353,831 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, 2023. 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, 2023, 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, 2023**

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, 2023. 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, 2023.

For the year ended June 30, 2023, cash claims incurred of \$14,776,272 was less than the combined premiums charged to the Plan participants of \$17,147,101. The excess premiums of \$2,370,829 were added the restricted cash balance for self-insured health plan which was \$6,342,459 at the end of the fiscal year. Changes in the claims liability amount in the fiscal years ended June 30, 2021, 2022, and 2023 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

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

**Notes to Financial Statements
June 30, 2023**

NOTE 15 – FUND EQUITY

A summary of fund balances as of June 30, 2023 is as follows:

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Nonspendable:			
Inventory	\$ 1,096,547	\$ -	\$ 1,096,547
Prepaid Expense	137,851	-	137,851
Long-term Notes and Leases Receivable	2,387,730	-	2,387,730
Total Nonspendable Fund Balance	<u>3,622,128</u>	<u>-</u>	<u>3,622,128</u>
Restricted For:			
Agricultural Land Preservation	55,829	-	55,829
Special Revenue Funds:			
Public Safety	-	22,608	22,608
Commissary	-	18,432	18,432
Law Library	-	20,534	20,534
Opioid Settlement	-	68,385	68,385
Accommodations Tax	1,848,083	-	1,848,083
Self Funded Health Care	4,956,264	-	4,956,264
Total Restricted Fund Balance	<u>6,860,176</u>	<u>129,959</u>	<u>6,990,135</u>
Assigned For:			
Capital projects:			
Board of Education	10,924,236	-	16,162,295
Garrett College	1,375,407	-	2,575,407
Public Works	5,881,699	-	5,881,699
Economic Development	8,921,866	-	8,921,866
Public Safety	459,620	-	459,620
General Government	2,167,146	-	2,167,146
Capital Projects Subtotal	<u>36,168,034</u>	<u>-</u>	<u>36,168,034</u>
Subsequent Year Budget	28,009,543	-	21,571,484
Total Assigned Fund Balance	<u>57,739,518</u>	<u>-</u>	<u>57,739,518</u>
Unassigned	<u>13,367,830</u>	<u>-</u>	<u>13,367,830</u>
Total Fund Balance	<u>\$ 81,589,652</u>	<u>\$ 129,959</u>	<u>\$ 81,719,611</u>

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

**Notes to Financial Statements
June 30, 2023**

NOTE 16 – BUDGETARY BASIS RECONCILIATION - GENERAL FUND

The Garrett County Charter and the approved annual budget for the General Fund require that certain transactions be accounted for on a basis other than GAAP. Actual results of operations are presented in the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis), in accordance with legislative requirements, in order to provide a meaningful comparison of actual results with budget estimates.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Effect on Fund Balance</u>
As Reported on Budget Basis	\$113,236,350	\$ 91,526,263	\$ (1,696,931)	\$ 20,013,156
<u>In-Kind Rent</u>				
Board of Education administrative offices not reported as revenue on budget basis but recognized on a GAAP basis	148,800	148,800	-	-
As Reported on GAAP Basis	<u>\$113,385,150</u>	<u>\$ 91,675,063</u>	<u>\$ (1,696,931)</u>	<u>\$ 20,013,156</u>

NOTE 17 – 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, 2023 the County and the College have a lease receivable and lease payable balance of \$532,771. The value of this building for the County at June 30, 2023 was \$927,169 less accumulated depreciation of \$436,913.

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 is recorded in the accompanying government-wide and fund financial statements as both a revenue and an expenditure. The value of this building at June 30, 2023 was \$1,000,563 less accumulated depreciation of \$559,109.

Funding

During the year ended June 30, 2023, the County provided funding to Garrett College in the form of annual appropriations, capital contributions, and local grants and scholarships the amounts of \$5,245,877, \$854,316, and \$595,000, respectively.

The County also provided the Garrett County Board of Education an annual appropriation of \$28,965,897 and a capital contribution of \$1,442,995. An annual appropriation and capital contributions of \$1,196,768 and \$25,000, respectively, was made to the Library during the fiscal year ended June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

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

**Required Supplementary Information
June 30, 2023**

**SCHEDULE OF THE PRIMARY GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
MARYLAND STATE RETIREMENT AND PENSION SYSTEM - FOR LAST 10 YEARS (FY 2014 AND EARLIER NOT AVAILABLE)**

	<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	0.0023%	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	\$ 456,696	\$ 336,672	\$ 586,539	\$ 568,016	\$ 569,698	\$ 546,088	\$ 650,096	\$ 552,462	\$ 417,028
The County's covered payroll	\$ 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	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	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, 2023**

**SCHEDULE OF THE PRIMARY GOVERNMENT'S CONTRIBUTIONS - MARYLAND STATE RETIREMENT AND PENSION
SYSTEM - FOR LAST 10 YEARS (FY 2014 AND EARLIER NOT AVAILABLE)**

	<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	\$ 56,956	\$ 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>(56,956)</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>								
The County's covered payroll	\$ 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	11.45%	10.71%	10.55%	11.93%	11.50%	11.10%	10.59%	10.32%	10.98%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Assumptions:

An analysis of the System's economic assumptions was performed in 2021 and new assumptions were adopted effective for the June 30, 2021 valuation. The investment rate of return was reduced from 7.40% to 6.80%, the inflation assumption from 2.60% to 2.25%, the wage inflation from 3.10% to 2.75% and the assumed COLA increases from 2.19% to 1.96% (increase capped at 3%) and from 1.42% to 1.30% (reformed COLA). In addition to these assumptions being changed, the plans also recognized 40% of the investment gain in the determination of the actuarial asset valuation in FY 2021 rather than the 20% normally recognized. The remaining 60% of the FY 2021 gain will be recognized equally over the next four valuations (15% each year).

Change in Assumptions:

These assumptions were in place during the FY 2022 so there were no significant changes in assumptions from the prior year.

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
Required Supplementary Information
June 30, 2023**

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

	<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>	<u>2014</u>
Service Cost: Retirement benefits administration	\$ 783,124	\$ 744,303	\$ 719,576	\$ 761,309	\$ 734,201	\$ 798,198	\$ 786,979	\$ 718,592	\$ 914,186	\$ 859,717
Interest	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	1,970,282
Difference between expected and actual experience	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>(2,539,884)</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>	<u>(834,562)</u>
Net changes in total pension liability	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	1,995,437
Total pension liability - beginning	48,077,380	45,736,543	44,764,586	40,039,285	37,999,022	36,077,428	34,515,656	32,557,442	30,552,552	28,557,115
Total pension liability - ending (a)	<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>
Plan fiduciary net position										
Contributions - employer	\$ 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	\$ 1,140,077
Contributions - employee	481,873	430,289	364,314	360,883	372,480	380,215	363,390	359,559	354,820	352,066
Net investment income	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	2,817,855
Benefit payments, including refunds of member contributions	(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)	(834,562)
Administrative expense	(147,460)	(157,624)	(144,942)	(120,046)	(112,146)	(109,181)	(15,021)	(7,057)	(24,709)	(8,986)
Net changes in plan fiduciary net position	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	3,466,450
Plan fiduciary net position - beginning	34,533,804	39,736,587	30,612,481	29,293,147	27,554,497	25,836,325	23,642,438	23,003,507	21,767,015	18,300,565
Plan fiduciary net position - ending (b)	<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>
County's net pension liability - ending (a)-(b)	\$ 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	\$ 8,785,537
Plan fiduciary net position as a percentage of total pension liability	73.15%	71.83%	86.88%	68.39%	73.16%	72.51%	71.61%	68.50%	70.66%	71.24%
Covered payroll	\$ 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	\$ 10,818,408
Net liability as a percentage of covered payroll	108.90%	113.17%	57.21%	134.86%	102.99%	98.31%	95.89%	113.04%	95.24%	81.21%
Annual money-weighted rate of return, net of investment expense	7.59%	-12.09%	21.69%	5.96%	6.60%	6.80%	8.92%	1.95%	3.44%	14.07%

**THE BOARD OF COUNTY COMMISSIONERS OF
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June 30, 2023**

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

	<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>	<u>2014</u>
Actuarially determined contributions	\$ 1,818,421	\$ 1,720,260	\$ 1,507,583	\$ 1,583,751	\$ 1,583,046	\$ 1,570,775	\$ 1,547,923	\$ 1,525,819	\$ 1,505,639	\$ 1,335,074
Contributions in relation to the actuarially determined contributions	2,896,879	1,760,158	4,408,115	1,583,751	1,583,046	1,570,775	1,547,923	1,525,819	1,505,639	1,492,143
Contributions deficiency (excess)	<u>\$ (1,078,458)</u>	<u>\$ (39,898)</u>	<u>\$ (2,900,532)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (157,069)</u>
Covered payroll	\$ 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	\$ 10,818,408
Contribution as a percentage of covered payroll	22.90%	14.71%	42.03%	15.09%	15.17%	14.78%	14.49%	15.86%	15.01%	13.79%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Valuation Date: June 30, 2023

The measurement date for all calculations was June 30, 2023. 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 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: The salary scale was changed from 2.0% to 3.5%.

Benefit Changes: None

**THE BOARD OF COUNTY COMMISSIONERS OF
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June 30, 2023**

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

	<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>	<u>2014</u>
Service Cost: Retirement benefits administration	\$ 318,130	\$ 313,250	\$ 335,520	\$ 323,709	\$ 284,081	\$ 316,767	\$ 303,426	\$ 263,191	\$ 281,985	\$ 244,908
Interest	924,671	876,284	846,600	777,422	725,799	683,047	643,188	616,786	548,471	516,719
Difference between expected and actual experience	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	(769,741)	(684,424)	(560,433)	(521,804)	(448,231)	(377,887)	(376,540)	(335,310)	(321,895)	(294,636)
Net changes in total pension liability	1,321,524	733,176	485,032	1,007,218	773,648	645,319	422,846	1,018,629	508,561	466,991
Total pension liability - beginning	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	7,526,530
Total pension liability - ending (a)	<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>	<u>\$ 7,993,521</u>
Plan fiduciary net position										
Contributions - employer	\$ 478,063	\$ 413,463	\$ 417,870	\$ 428,658	\$ 399,984	\$ 373,253	\$ 363,950	\$ 371,036	\$ 341,098	\$ 331,733
Contributions - employee	289,102	251,946	243,937	261,754	236,456	221,079	215,417	219,572	201,877	202,237
Net investment income	960,627	(1,461,558)	2,454,209	617,025	653,501	604,813	695,799	183,789	246,157	904,083
Benefit payments, including refunds of member contributions	(769,741)	(684,424)	(560,433)	(521,804)	(448,231)	(377,887)	(376,540)	(335,311)	(321,895)	(294,636)
Administrative expense	(56,595)	(56,901)	(60,866)	(43,646)	(39,704)	(38,087)	(7,272)	(6,594)	(11,123)	(35,478)
Net changes in plan fiduciary net position	901,456	(1,537,474)	2,494,717	741,987	802,006	783,171	891,354	432,492	456,114	1,107,939
Plan fiduciary net position - beginning	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	5,464,767
Plan fiduciary net position - ending (b)	<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>	<u>\$ 6,572,706</u>
County's net pension liability asset ending (a)-(b)	\$ 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	\$ 1,420,815
Plan fiduciary net position as a percentage of total pension liability	84.10%	85.64%	102.49%	86.34%	87.46%	86.28%	84.00%	78.37%	82.67%	82.23%
Covered payroll	\$ 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	\$ 2,350,135
Net liability as a percentage of covered payroll	54.55%	57.75%	-9.44%	55.86%	53.37%	53.34%	52.73%	77.39%	57.38%	60.46%
Annual money-weighted rate of return, net of investment expense	7.77%	-11.53%	22.94%	5.99%	6.85%	6.92%	8.80%	2.54%	3.62%	15.02%

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

	<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>	<u>2014</u>
Actuarially determined contributions	\$ 767,165	\$ 665,409	\$ 661,807	\$ 693,412	\$ 636,440	\$ 594,332	\$ 579,367	\$ 590,608	\$ 542,975	\$ 437,358
Contributions in relation to the actuarially determined contributions	<u>767,165</u>	<u>665,409</u>	<u>661,807</u>	<u>693,412</u>	<u>636,440</u>	<u>594,332</u>	<u>579,367</u>	<u>590,608</u>	<u>542,975</u>	<u>533,970</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ (96,612)</u>								
Covered payroll	\$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	\$ 2,350,135
Contribution as a percentage of covered payroll	17.65%	19.64%	19.53%	22.92%	23.84%	21.82%	19.20%	22.19%	21.15%	22.72%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Valuation Date: June 30, 2023

The measurement date for all calculations was June 30, 2023. 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: The salary scale was changed from 2% to 4%.

Benefit Changes: None

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND
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**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - VOLUNTEER LENGTH OF SERVICE AWARD PLAN – FOR
LAST 10 YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost: Retirement benefits administration	\$ 318,130	\$ 313,250	\$ 335,520	\$ 323,709	\$ 284,081	\$ 316,767	\$ 303,426	\$ 263,191	\$ 281,985	\$ 244,908
Interest	924,671	876,284	846,600	777,422	725,799	683,047	643,188	616,786	548,471	516,719
Difference between expected and actual experience	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	(769,741)	(684,424)	(560,433)	(521,804)	(448,231)	(377,887)	(376,540)	(335,310)	(321,895)	(294,636)
Net changes in total pension liability	1,321,524	733,176	485,032	1,007,218	773,648	645,319	422,846	1,018,629	508,561	466,991
Total pension liability - beginning	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	7,526,530
Total pension liability - ending (a)	<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>	<u>\$ 7,993,521</u>
Plan fiduciary net position										
Contributions - employer	\$ 478,063	\$ 413,463	\$ 417,870	\$ 428,658	\$ 399,984	\$ 373,253	\$ 363,950	\$ 371,036	\$ 341,098	\$ 331,733
Contributions - employee	289,102	251,946	243,937	261,754	236,456	221,079	215,417	219,572	201,877	202,237
Net investment income	960,627	(1,461,558)	2,454,209	617,025	653,501	604,813	695,799	183,789	246,157	904,083
Benefit payments, including refunds of member contributions	(769,741)	(684,424)	(560,433)	(521,804)	(448,231)	(377,887)	(376,540)	(335,311)	(321,895)	(294,636)
Administrative expense	(56,595)	(56,901)	(60,866)	(43,646)	(39,704)	(38,087)	(7,272)	(6,594)	(11,123)	(35,478)
Net changes in plan fiduciary net position	901,456	(1,537,474)	2,494,717	741,987	802,006	783,171	891,354	432,492	456,114	1,107,939
Plan fiduciary net position - beginning	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	5,464,767
Plan fiduciary net position - ending (b)	<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>	<u>\$ 6,572,706</u>
County's net pension liability asset ending (a)-(b)	\$ 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	\$ 1,420,815
Plan fiduciary net position as a percentage of total pension liability	84.10%	85.64%	102.49%	86.34%	87.46%	86.28%	84.00%	78.37%	82.67%	82.23%
Covered payroll	\$ 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	\$ 2,350,135
Net liability as a percentage of covered payroll	54.55%	57.75%	-9.44%	55.86%	53.37%	53.34%	52.73%	77.39%	57.38%	60.46%
Annual money-weighted rate of return, net of investment expense	7.77%	-11.53%	22.94%	5.99%	6.85%	6.92%	8.80%	2.54%	3.62%	15.02%

**THE BOARD OF COUNTY COMMISSIONERS OF
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SCHEDULE OF VOLUNTEER LENGTH OF SERVICE AWARD PLAN EMPLOYER CONTRIBUTIONS – FOR LAST 10 YEARS

	<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>	<u>2014</u>
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,356
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-	-	-	-	-
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ 4,356</u>								
Covered payroll	N/A									
Contribution as a percentage of covered payroll	N/A									

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2022,
12 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used:

Cost method	Entry age normal
Investment return/discount rat	6.00% / 4.91%
Mortality	Pub 2010 General Amount-Weighted Mortality Tables, with generational projection using scale MP-2021
Turnover	Table T-4
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 3.80% to 4.91%.

Benefit Changes: None

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service Cost	\$ 345,758	\$ 345,574	\$ 419,476	\$ 381,028	\$ 348,566	\$ 700,952	\$ 707,384
Interest	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	989,729	20,967	(43,726)	817,476	1,148,339	(5,098,531)	-
Benefit payments	(598,377)	(553,385)	(501,159)	(524,096)	(500,780)	(488,815)	(753,061)
Net changes in total OPEB liability	(868,662)	753,187	(886,610)	1,570,897	2,209,700	(5,408,388)	467,870
Total OPEB liability - beginning	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>\$ 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	\$ 1,198,377	\$ 1,153,385	\$ 1,101,159	\$ 1,124,097	\$ 1,100,829	\$ 1,088,815	\$ 753,061
Contributions - employee	-	-	-	-	-	-	-
Net investment income	279,131	(388,221)	471,792	91,937	56,374	4,700	18,934
Benefit payments	(598,377)	(553,385)	(501,159)	(524,096)	(500,780)	(488,815)	(753,061)
Administrative expense	(33,344)	(12,215)	(9,238)	(7,748)	(5,583)	(947)	(993)
Net changes in plan fiduciary net position	845,787	199,564	1,062,554	684,190	650,840	603,753	17,941
Plan fiduciary net position - beginning	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>\$ 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)	\$ 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	29.21%	22.11%	21.89%	13.84%	10.52%	6.99%	1.29%
Covered payroll	\$ 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	94%	109%	99%	105%	90%	78%	114%
Annual money-weighted rate of return, net of investment expense	8.20%	-12.05%	21.88%	6.25%	6.85%	2.11%	8.79%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Changes in Assumptions: Healthcare cost trend rate was changed to 7.50% from 6.50%.

Benefit Changes: None

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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES:				
Local Real and Personal Property:				
Real Property	\$ 49,307,995	\$ 49,307,995	\$ 49,642,405	\$ 334,410
Railroads and Public Utilities	3,214,555	3,214,555	3,647,599	433,044
Ordinary Business Corporations	3,168,000	3,168,000	2,931,604	(236,396)
Enterprise Zone Tax Refund	-	-	35,285	35,285
Penalties and Interest	600,000	600,000	713,815	113,815
Total Real and Personal Property	<u>56,290,550</u>	<u>56,290,550</u>	<u>56,970,708</u>	<u>680,158</u>
Other Local Taxes:				
Income	15,500,000	15,500,000	19,914,870	4,414,870
Admissions and Amusement	975,000	975,000	1,221,379	246,379
Recordation	1,750,000	1,750,000	3,640,312	1,890,312
Coal Tonnage	16,000	16,000	41,306	25,306
Trailer Court	37,000	37,000	44,470	7,470
Natural Gas	300	300	1,201	901
Accommodations Tax	3,600,000	3,600,000	6,443,820	2,843,820
Transfer Tax	1,750,000	1,750,000	3,833,257	2,083,257
Franchise Tax	400	400	-	(400)
Coal Tax	40,000	40,000	30,416	(9,584)
911 Fees	410,000	410,000	542,791	132,791
Agricultural Transfer Tax	10,000	10,000	10,103	103
Tax Sale Revenue	39,680	39,680	25,206	(14,474)
Total Other Local Taxes	<u>24,128,380</u>	<u>24,128,380</u>	<u>35,749,131</u>	<u>11,620,751</u>
Total Taxes	<u>80,418,930</u>	<u>80,418,930</u>	<u>92,719,839</u>	<u>12,300,909</u>
LICENSES AND PERMITS:				
Business:				
Traders	60,000	60,000	64,365	4,365
Other Licenses and Permits:				
Animal	4,000	4,000	3,443	(557)
Marriage	1,800	1,800	1,655	(145)
TVRU License	118,000	118,000	116,716	(1,284)
Cable TV Franchise Fee	132,500	132,500	299,978	167,478
Highways and Streets	-	-	-	-
Other Permits	22,000	22,081	30,400	8,319
Total Licenses and Permits	<u>\$ 338,300</u>	<u>\$ 338,381</u>	<u>\$ 516,557</u>	<u>\$ 178,176</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL:				
Grants From Federal Government:				
Cares Act Grants	\$ -	\$ -	\$ -	\$ -
Federal Aid in Lieu of Taxes	4,000	4,000	5,773	1,773
Master's Program	17,402	17,402	11,710	(5,692)
Domestic Violence	35,000	33,698	33,090	(608)
American Rescue Plan Grants	3,500,000	5,005,349	580,292	(4,425,057)
Child Support	15,104	15,104	7,424	(7,680)
EMPG - Emergency Management	70,694	70,694	80,433	9,739
Hazardous Materials Emergency Preparedness	-	11,849	8,000	(3,849)
Homeland Security Grants	91,899	317,915	166,539	(151,376)
ARC - All Students STEM Ready	-	38,381	17,209	(21,172)
DOT - CAC Mass Transit	1,183,522	1,183,522	1,289,406	105,884
Emergency Rental Assistance	-	981,760	186,450	(795,310)
DOT - Broadband Expansion	-	194,113	194,113	-
Department of Health & Human Services	-	104,729	104,729	-
Miscellaneous	5,525	688,011	274,024	(413,987)
Grants From State Government:				
Disparity Grant	2,537,671	2,537,671	2,537,671	-
Forestry & Parks	1,714,176	1,714,176	2,046,883	332,707
Program Open Space	-	1,032,604	583,542	(449,062)
Jury Reimbursement	5,000	13,000	8,910	(4,090)
Family Services	119,298	128,438	117,363	(11,075)
Deep Creek Dredging and Erosion	-	2,489,404	152,707	(2,336,697)
School Bus Safety Grants	22,142	22,142	-	(22,142)
Police Protection & Recruitment	365,369	487,385	420,902	(66,483)
Sex Offender Registration	12,000	12,000	17,400	5,400
Sex Offender Compliance	8,145	8,318	8,318	-
MSDE MD Department of Education	-	-	84,567	84,567
Housing of State Inmates	20,000	20,000	24,885	4,885
Emergency Numbers Systems Board Grants	110,437	888,044	406,853	(481,191)
Highway User Tax	1,245,947	1,245,947	1,275,493	29,546
Rural Legacy Grant	-	351,680	20,552	(331,128)
Substance Abuse	224,740	224,740	174,710	(50,030)
Mass Transit	292,086	292,086	146,615	(145,471)
MIEMSS Grant	-	10,000	7,500	(2,500)
MD Department of Aging Senior Center	5,000	5,000	5,000	-
MD Department of Commerce	-	2,300,000	618,997	(1,681,003)
Other	3,763	114,979	40,650	(74,329)
Subtotal - Intergovernmental	\$ 11,608,920	\$ 22,564,141	\$ 11,658,710	\$(10,905,431)

**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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL - Continued				
Balances Brought Forward	\$ 11,608,920	\$ 22,564,141	\$ 11,658,710	\$ (10,905,431)
Other:				
Other	32,140	481,585	392,484	(89,101)
Total Intergovernmental	<u>11,641,060</u>	<u>23,045,726</u>	<u>12,051,194</u>	<u>(10,994,532)</u>
FINES AND FORFEITURES	<u>3,000</u>	<u>3,000</u>	<u>3,325</u>	<u>325</u>
SERVICE CHARGES FOR CURRENT SERVICES:				
General Government:				
Credit Card Convenience Fees	37,875	37,875	43,637	5,762
Zoning and Subdivision Fees	12,000	12,000	18,965	6,965
Building Inspection	85,000	87,000	300,869	213,869
Inventory Sales	363,000	363,000	312,895	(50,105)
Miscellaneous	186,680	186,680	144,713	(41,967)
Public Safety:				
Fingerprinting Fees	20,000	20,000	25,534	5,534
Work Release	12,000	12,000	15,593	3,593
Emergency Medical Services - Patient Billing	215,000	215,000	264,560	49,560
Volunteer Rescue Cost Share	-	20,000	54,950	34,950
Fire Marshal	160,000	160,000	181,875	21,875
Miscellaneous	35,400	35,400	33,752	(1,648)
Total Service Charges	<u>1,126,955</u>	<u>1,148,955</u>	<u>1,397,343</u>	<u>248,388</u>
MISCELLANEOUS:				
Interest and Dividends	95,000	95,000	3,091,238	2,996,238
Rents and Concessions	800,298	800,298	712,873	(87,425)
Miscellaneous	7,120	264,023	2,743,981	2,479,958
Total Miscellaneous	<u>902,418</u>	<u>1,159,321</u>	<u>6,548,092</u>	<u>5,388,771</u>
TOTAL REVENUES	<u>94,430,663</u>	<u>106,114,313</u>	<u>113,236,350</u>	<u>7,122,037</u>
OTHER FINANCING SOURCES:				
Sale of Capital Assets	-	-	30,486	30,486
Transfers - Capital Projects Fund	8,062,000	(11,884,078)	204,751	12,088,829
Transfers - Liquor Control Board	112,136	112,136	123,760	11,624
Total Other Financing Sources	<u>8,174,136</u>	<u>(11,771,942)</u>	<u>358,997</u>	<u>12,130,939</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 102,604,799</u>	<u>\$ 94,342,371</u>	<u>\$ 113,595,347</u>	<u>\$ 19,252,976</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT				
Legislative:				
County Commissioners	\$ 479,472	\$ 548,229	\$ 527,284	\$ 20,945
Judicial:				
Circuit Court	564,372	602,620	494,797	107,823
Orphans Court	22,578	25,341	23,442	1,899
State's Attorney	849,087	877,112	849,548	27,564
	<u>1,436,037</u>	<u>1,505,073</u>	<u>1,367,787</u>	<u>137,286</u>
Elections:				
Board of Supervisors of Elections	633,702	724,775	678,604	46,171
Financial Administration:				
Finance Office	871,254	879,793	769,252	110,541
Tax Collection Office	234,968	288,736	265,319	23,417
Department of Assessments & Taxation	278,000	278,000	255,132	22,868
Procurement	129,054	134,616	107,796	26,820
Total Financial Administration	<u>1,513,276</u>	<u>1,581,145</u>	<u>1,397,499</u>	<u>183,646</u>
Law:				
Legal Counsel	141,281	143,437	122,883	20,554
Personnel Administration:				
Personnel Administration	543,060	554,888	432,401	122,487
Planning and Zoning:				
Planning Commission	460,157	4,047,059	1,228,643	2,818,416
Facilities & Maintenance:				
County Buildings	1,646,916	2,018,625	1,608,235	410,390
Total General Government	<u>6,853,901</u>	<u>11,123,231</u>	<u>7,363,336</u>	<u>3,759,895</u>
PUBLIC SAFETY				
Sheriff's Department	4,539,924	4,954,487	4,459,206	495,281
Corrections	3,029,729	3,109,444	2,695,378	414,066
Fire and Rescue Services	4,159,560	4,383,140	4,876,526	(493,386)
Other Public Safety:				
Permits and Inspections	485,554	535,979	509,481	26,498
Animal Control	388,600	406,321	291,692	114,629
Emergency Management	746,343	903,919	652,259	251,660
911 Center	1,257,771	1,481,224	1,216,248	264,976
Fire Marshal	103,362	102,578	40,219	62,359
Total Public Safety	<u>\$ 14,710,843</u>	<u>\$ 15,877,092</u>	<u>\$ 14,741,009</u>	<u>\$ 1,136,083</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, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC WORKS				
Highways and Streets	\$ 19,610,925	\$ 19,889,003	\$ 17,714,358	\$ 2,174,645
HEALTH AND HOSPITAL				
Health Department	2,448,180	2,448,180	2,447,580	600
EDUCATION				
Board of Education	30,509,982	32,148,384	30,294,510	1,853,874
Community College	7,527,850	8,077,573	6,695,194	1,382,379
Total Education	38,037,832	40,225,957	36,989,704	3,236,253
CULTURE	54,000	54,000	53,000	1,000
PARKS AND RECREATION	125,011	125,411	25,400	100,011
LIBRARY	1,221,768	1,221,768	1,221,481	287
CONSERVATION OF NATURAL RESOURCES				
Agriculture Extension Service	239,684	239,684	228,789	10,895
Soil Conservation	19,706	19,706	19,706	-
Agricultural Land Preservation Program	10,000	379,979	20,300	359,679
Total Conservation of Natural Resources	269,390	639,369	268,795	370,574
SOCIAL SERVICES				
Commission on Aging	510,992	510,992	510,992	-
ECONOMIC DEVELOPMENT AND OPPORTUNITY				
Economic Development	766,459	3,177,475	1,153,323	2,024,152
Tourism	825,000	825,000	825,000	-
Community Action Programs	1,974,371	2,956,131	2,116,047	840,084
Fair Board Agricultural Fair	20,000	20,000	20,000	-
Special Promotion	238,046	263,046	206,693	56,353
Other	82,932	82,932	82,932	-
Total Economic Development and Opportunity	\$ 3,906,808	\$ 7,324,584	\$ 4,403,995	\$ 2,920,589

**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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CAPITAL OUTLAY				
Finance Office	\$ -	\$ 82,575	\$ 7,907	\$ 74,668
Animal Control	-	16,703	7,935	8,768
Detention Center	121,500	140,985	112,108	28,877
Sheriff's Department	8,500	166,271	77,749	88,522
911	-	1,187,020	318,154	868,866
Economic Development	-	1,505,187	1,505,187	-
Highways and Streets	1,279,730	3,731,164	2,026,686	1,704,478
Facilities & Maintenance	1,018,500	1,770,385	196,467	1,573,918
Fire Marshal	60,000	46,044	46,044	-
Emergency Medical	16,000	16,685	16,685	-
Total Capital Outlay	<u>2,504,230</u>	<u>8,663,019</u>	<u>4,314,922</u>	<u>4,348,097</u>
INTERGOVERNMENTAL	<u>302,205</u>	<u>302,205</u>	<u>302,205</u>	<u>-</u>
MISCELLANEOUS	<u>2,214,500</u>	<u>27,419,039</u>	<u>1,169,486</u>	<u>26,249,553</u>
TOTAL EXPENDITURES	<u>92,770,585</u>	<u>135,823,850</u>	<u>91,526,263</u>	<u>44,297,587</u>
OTHER FINANCING USES				
Operating Transfers:				
Airport	105,948	519,830	386,705	133,125
Solid Waste Fund	145,091	242,724	242,724	-
Sanitary District	-	1,628,428	566,612	1,061,816
Dept. of Tech. & Communication Fund	1,609,175	2,369,137	859,887	1,509,250
Total Other Financing Uses	<u>1,860,214</u>	<u>4,760,119</u>	<u>2,055,928</u>	<u>2,704,191</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 94,630,799</u>	<u>\$ 140,583,969</u>	<u>\$ 93,582,191</u>	<u>\$ 47,001,778</u>

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

General Fund

Schedule of Taxes and Taxes Receivable

Year Ended June 30, 2023

	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	\$ 112,672,527	0.9920	\$ 1,117,711		
All Others	4,599,739,604	1.0560	48,573,250		
Total Full Year	4,712,412,131		49,690,961		
Real Property - One-Half Year	50,151,826	1.0560	529,603		
Total Real Property	4,762,563,957		50,220,564	48,769,738	1,450,826
Personal Property - Corporate	110,047,890	2.640	2,905,264	2,818,101	87,163
Public Utilities and Railroad	138,962,657	2.625	3,647,599	3,437,788	209,811
Total Current Year	\$ 5,011,574,504		\$ 56,773,427	\$ 55,025,627	\$ 1,747,800
PRIOR YEAR RECEIVABLES:					
	Year Ended June 30:				
	2022				26,999
	2021				5,031
	2020				5,194
	2019				4,582
	2018				4,266
	2017				4,037
	2016				3,567
	2015				3,328
	2014				2,193
	2013				1,466
	2012				1,151
	2011				1,045
	2010				820
	2009				260
	2008				167
	2007				63
	2006				54
	1996-2005				190
Total Prior Years					64,413
TOTAL TAXES RECEIVABLE					1,812,213
Less: Allowance for Uncollectible Accounts					(50,000)
TAXES RECEIVABLE - NET					\$ 1,762,213

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

Combining Balance Sheet

Special Revenue Funds

June 30, 2023

	Public Safety	Commissary	Law Library
ASSETS:			
Other Receivables - Net	\$ -	\$ 1,800	\$ 530
Restricted Cash	343,940	16,884	20,004
TOTAL ASSETS	343,940	18,684	20,534
LIABILITIES:			
Accounts Payable and Accrued Expenses	72,251	252	-
Unearned Revenues	249,081	-	-
Total Liabilities	321,332	252	-
FUND BALANCES:			
Restricted	22,608	18,432	20,534
TOTAL LIABILITIES AND FUND BALANCES	\$ 343,940	\$ 18,684	\$ 20,534

Keysers Ridge	HUD	Opioid Settlement	Total Other Governmental Funds
\$ -	\$ 52,297	\$ -	\$ 54,627
-	54,255	68,385	503,468
	106,552	68,385	558,095
-	52,297	-	124,800
-	54,255	-	303,336
-	106,552	-	428,136
-	-	68,385	129,959
\$ -	\$ 106,552	\$ 68,385	\$ 558,095

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

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Special Revenue Funds
Year Ended June 30, 2023

	Public Safety	Commissary	Law Library
REVENUES:			
Intergovernmental	\$ 343,169	\$ -	\$ -
Fines and Forfeitures	6,814	-	4,850
Investment Income	480	-	-
Charges for Services	-	25,654	-
Total Revenues	350,463	25,654	4,850
EXPENDITURES:			
General Government	-	-	5,981
Public Safety	345,344	30,159	-
Community Development	-	-	-
Total Expenditures	345,344	30,159	5,981
OTHER FINANCING (USES):			
Transfer to the Capital Projects Fund	-	-	-
REVENUES OVER/(UNDER) EXPENDITURES	5,119	(4,505)	(1,131)
FUND BALANCES, BEGINNING OF YEAR	17,489	22,937	21,665
FUND BALANCES, END OF YEAR	\$ 22,608	\$ 18,432	\$ 20,534

Keysers Ridge	HUD	Opioid Settlement	Total Other Governmental Funds
\$ -	\$ 146,003	\$ -	\$ 489,172
-	-	68,385	80,049
-	-	-	480
-	-	-	25,654
-	146,003	68,385	595,355
-	-	-	5,981
-	-	-	375,503
-	146,003	-	146,003
-	146,003	-	527,487
-	-	-	-
-	-	68,385	67,868
-	-	-	62,091
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,385</u>	<u>\$ 129,959</u>

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

Garrett County Sanitary District, Inc.

Combining Schedule of Revenues and Expenses and Other Changes in Net Position by Cost Center
Year Ended June 30, 2023

	<u>Water Systems</u>	<u>Deep Creek Lab</u>	<u>Company Store</u>	<u>Subtotal Water Projects</u>
OPERATING REVENUES:				
Charges for Services	\$ 1,733,311	\$ 105,505	\$ -	\$ 1,838,816
Other	329,566	-	1,091,553	1,421,119
Total Operating Revenues	<u>2,062,877</u>	<u>105,505</u>	<u>1,091,553</u>	<u>3,259,935</u>
OPERATING EXPENSES:				
Salaries	362,406	147,559	46,174	556,139
Fringe Benefits	165,855	77,802	13,560	257,217
Maintenance and Repairs	267,557	-	2,546	270,103
Supplies	247,517	28,518	802,719	1,078,754
Utilities	152,449	-	12,113	164,562
Transportation	71,746	26	-	71,772
Contracted Services	467,267	17,958	2,632	487,857
Insurance	633	-	-	633
Lab Tests	43,922	(175,486)	-	(131,564)
Direct Administrative	27,774	2,248	235	30,257
Indirect Administrative	89,351	-	-	89,351
Depreciation	1,010,684	6,867	-	1,017,551
Total Operating Expenses	<u>2,907,161</u>	<u>105,492</u>	<u>879,979</u>	<u>3,892,632</u>
OPERATING (LOSS)/INCOME	<u>(844,284)</u>	<u>13</u>	<u>211,574</u>	<u>(632,697)</u>
NONOPERATING REVENUES (EXPENSES):				
Tap Fees - Capital Charge	-	-	-	-
Interest Revenue	210,876	-	-	210,876
Ad Valorem Tax	2,907,351	-	-	2,907,351
Gain on Sale of Assets	-	-	-	-
Interest Expense	(220,284)	-	-	(220,284)
Net Other Revenues (Expenses)	<u>2,897,943</u>	<u>-</u>	<u>-</u>	<u>2,897,943</u>
INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>2,053,659</u>	<u>13</u>	<u>211,574</u>	<u>2,265,246</u>
CAPITAL CONTRIBUTIONS				
Contributed Capital				
Local	566,612	-	-	566,612
State	-	-	-	-
Federal	-	-	-	-
Total Capital Contributions	<u>566,612</u>	<u>-</u>	<u>-</u>	<u>566,612</u>
INCREASE IN NET ASSETS	<u>\$ 2,620,271</u>	<u>\$ 13</u>	<u>\$ 211,574</u>	<u>\$ 2,831,858</u>

Sewer Systems	Trout Run	Subtotal Sewer Projects	Total
\$ 2,977,744	\$ 127,710	\$ 3,105,454	\$ 4,944,270
25,194	-	25,194	1,446,313
<u>3,002,938</u>	<u>127,710</u>	<u>3,130,648</u>	<u>6,390,583</u>
845,616	-	845,616	1,401,755
386,996	36,941	423,937	681,154
450,933	12,088	463,021	733,124
236,558	1,213	237,771	1,316,525
531,721	25,880	557,601	722,163
132,078	5,506	137,584	209,356
564,690	83,253	647,943	1,135,800
-	-	-	633
125,119	13,866	138,985	7,421
9,396	335	9,731	39,988
208,485	-	208,485	297,836
<u>1,568,218</u>	<u>17,717</u>	<u>1,585,935</u>	<u>2,603,486</u>
<u>5,059,810</u>	<u>196,799</u>	<u>5,256,609</u>	<u>9,149,241</u>
<u>(2,056,872)</u>	<u>(69,089)</u>	<u>(2,125,961)</u>	<u>(2,758,658)</u>
1,326,425	-	1,326,425	1,326,425
30,822	-	30,822	241,698
-	-	-	2,907,351
8,010	-	8,010	8,010
<u>(379,452)</u>	<u>(7,237)</u>	<u>(386,689)</u>	<u>(606,973)</u>
<u>985,805</u>	<u>(7,237)</u>	<u>978,568</u>	<u>3,876,511</u>
<u>(1,071,067)</u>	<u>(76,326)</u>	<u>(1,147,393)</u>	<u>1,117,853</u>
-	-	-	566,612
-	40,938	40,938	40,938
-	276,325	276,325	276,325
-	317,263	317,263	883,875
<u>\$ (1,071,067)</u>	<u>\$ 240,937</u>	<u>\$ (830,130)</u>	<u>\$ 2,001,728</u>

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

Garrett County Sanitary District, Inc.
Schedule of Indirect Costs
Year Ended June 30, 2023

	<u>2023</u>
TYPE:	
Contracted Services	\$ 109,104
Insurance	71,849
Supplies	72,302
Professional and Legal	25,987
Utilities	5,551
Telephone	3,496
Administrative	5,181
Repairs	4,366
	<hr/>
Total	297,836
	<hr/> <hr/>
ALLOCATION BASE:	
Direct Salaries	1,401,755
Related Fringe Benefits	681,154
	<hr/>
Total Allocation Base	2,082,909
	<hr/> <hr/>
INDIRECT COST RATE	14%
	<hr/> <hr/>
COSTS REPORTED AS:	
Operations	297,836
Construction in Progress	-
	<hr/>
	\$ 297,836
	<hr/> <hr/>

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Comparative Schedule of Primary Government Long-Term Indebtedness
June 30, 2023 and 2022

	June 30,	
	2023	2022
LONG-TERM INDEBTEDNESS:		
Business Type Activities:		
Sanitary District		
Note Payable - Maryland Water Quality Financing-Deer Park Water	\$ 102,179	\$ 111,248
Note Payable - Maryland Department of the Environment-Mountain Lake Park Water	1,581	10,657
Note Payable - Truist USDA Refinance Loan	12,791,622	14,040,074
Note Payable - Truist McHenry Thayerville Bond	2,496,833	2,740,522
Note Payable - Truist Mountain Lake Park Water Loan	434,068	476,433
Note Payable - Truist Thayerville Water	4,065,025	4,461,768
Note Payable - Maryland Department of the Environment-Deep Creek & Friendsville	-	4,391
Note Payable - USDA Western Conv.	6,862,687	6,991,166
Note Payable - Friendsville Sewer	246,236	250,830
Note Payable - Bloomington Water	350,309	357,361
Total Sanitary District	27,350,540	29,444,450
Parks & Recreation		
Note Payable - Garrett County Community Action Committee	275,000	275,000
Total Parks & Recreation	275,000	275,000
Total Business Type Activities	27,625,540	29,719,450
TOTAL LONG-TERM INDEBTEDNESS	\$ 27,625,540	\$ 29,719,450

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Combining Statement of Net Position
Fiduciary Funds
June 30, 2023

	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	\$ 1,973,063	\$ 164,661	\$ 637,822	\$ 565,828	\$ 3,341,374
Investments:					
Certificates of Deposit	1,088,361	445,763	19,700	93,944	1,647,768
Fixed Income Securities	11,647,657	4,063,488	362,357	899,267	16,972,769
Mutual Funds	9,359,412	3,243,735	340,509	1,106,932	14,050,588
Equity Securities	13,299,595	4,568,015	464,409	1,587,483	19,919,502
Total Investments	<u>35,395,025</u>	<u>12,321,001</u>	<u>1,186,975</u>	<u>3,687,626</u>	<u>52,590,627</u>
Interest Receivable	<u>156,687</u>	<u>52,867</u>	<u>6,573</u>	<u>16,560</u>	<u>232,687</u>
TOTAL ASSETS	37,524,775	12,538,529	1,831,370	4,270,014	56,164,688
LIABILITIES	-	-	-	-	-
NET POSITION					
Held in Trust for Retirement Benefits and OPEB	<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>

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

Combining Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2023

	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	\$ 2,415,006	\$ 478,063	\$ 800,000	\$ 600,000	\$ 4,293,069
Plan Members	481,873	289,102	-	-	770,975
Total Contributions	<u>2,896,879</u>	<u>767,165</u>	<u>800,000</u>	<u>600,000</u>	<u>5,064,044</u>
Investment Earnings:					
Realized Net Gains (Losses) on Investments	(321,072)	(105,333)	-	(49,956)	(476,361)
Interest and Dividends	1,064,853	367,904	33,433	106,468	1,572,658
Net Increase (Decrease) in Fair Value of Investments	2,037,655	698,055	48,522	222,619	3,006,851
Investment Activity Expense	(122,386)	(41,533)	(3,545)	(12,196)	(179,660)
Total Net Investment Earnings	<u>2,659,050</u>	<u>919,093</u>	<u>78,410</u>	<u>266,935</u>	<u>3,923,488</u>
Total Additions	<u>5,555,929</u>	<u>1,686,258</u>	<u>878,410</u>	<u>866,935</u>	<u>8,987,532</u>
DEDUCTIONS					
Benefits	2,539,884	769,741	46,734	-	3,356,359
Administrative	25,074	15,061	10,385	21,148	71,668
Total Deductions	<u>2,564,958</u>	<u>784,802</u>	<u>57,119</u>	<u>21,148</u>	<u>3,428,027</u>
Net Increase In Net Position	2,990,971	901,456	821,291	845,787	5,559,505
Net Position - Beginning of Year	<u>34,533,804</u>	<u>11,637,073</u>	<u>1,010,079</u>	<u>3,424,227</u>	<u>50,605,183</u>
Net Position - End 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>