

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

**FINANCIAL REPORT  
JUNE 30, 2022**

**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, 2022, 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 The Board of County Commissioners of Garrett County, Maryland, as of June 30, 2022, 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 1.56 percent, 2.75 percent, and 2.07 percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2022. 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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6000 THAYER CENTER • OAKLAND, MARYLAND • 21550

Phone: 301.334.3127 • Fax: 301.334.1102 • [www.rgroupcpa.com](http://www.rgroupcpa.com)

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***Emphasis of a Matter – Change in Accounting Principle***

As described in Note 3 to the financial statements, in 2022 the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

**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 combining and individual nonmajor fund financial statements, the budgetary comparison schedules for the general fund, the combining and individual fiduciary fund financial statements, and the miscellaneous proprietary fund schedules as listed in the index to financial report is presented for additional analysis and is not a required part of the financial statements. Such information is 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 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 combining and individual fiduciary fund financial statements, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*The Rodeheaver Group, P.C.*

Oakland, Maryland  
December 29, 2022

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

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, 2022. 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, 2022 by \$176,718,924 (net position). Of the total net position, \$128,154,122 is attributable to the net investment in capital assets, \$5,825,930 is restricted for specific purposes, while the remaining \$42,738,872 is unrestricted.
- The County's total net position increased by \$26,268,364.
- As of the close of fiscal year 2022, the County's governmental funds reported combined fund balances of \$61,638,587, an increase of \$19,894,586 in comparison with prior year. Approximately 16%, or \$10 million, of the combined fund balance is available for spending at the County's discretion (unassigned fund balance), \$1.5 million is nonspendable, \$4.3 million is restricted, and \$45.8 million is assigned for capital projects and future use.
- At the end of fiscal year 2022, the unrestricted fund balance for the general fund was \$55,812,657 or 91% of total general fund balance. Assigned fund balance of the general fund was \$45,794,127 or 82% of unrestricted fund balance.
- The County's government-wide long-term debt decreased by \$13,568,874 during fiscal year 2022 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  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

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.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

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 28 of this report.

**Proprietary Funds**

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 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 94 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information that are not considered a part of the basic financial statements. Schedules in these sections include schedules of funding progress for the County's retirement plans and a budgetary comparison for the general fund to demonstrate compliance with the annually adopted budget. Required supplementary information and other supplementary information is located immediately following the notes to the financial statements and can be found on pages 95 through 121 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In Garrett County, assets exceeded liabilities by \$176,718,924 at the close of the current fiscal year.

**Garrett County Government's Net Position  
June 30, 2022**

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Assets:</b>						
Current & Other Assets	\$ 74,965,461	\$ 64,089,331	\$ 19,653,253	\$ 16,711,531	\$ 94,618,714	\$ 80,800,862
Capital Assets	61,686,339	66,107,450	95,912,233	90,010,585	157,598,572	156,118,035
<b>Total Assets</b>	<b>136,651,800</b>	<b>130,196,781</b>	<b>115,565,486</b>	<b>106,722,116</b>	<b>252,217,286</b>	<b>236,918,897</b>
<b>Deferred Outflows of Resources</b>	<b>9,022,907</b>	<b>5,485,524</b>	<b>850,209</b>	<b>393,705</b>	<b>9,873,116</b>	<b>5,879,229</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>145,674,707</b>	<b>135,682,305</b>	<b>116,415,695</b>	<b>107,115,821</b>	<b>262,090,402</b>	<b>242,798,126</b>
<b>Liabilities:</b>						
Long-Term Liabilities	29,635,800	32,164,858	37,950,503	39,032,185	67,586,303	71,197,043
Other Liabilities	9,625,294	9,307,581	1,378,563	1,568,443	11,003,857	10,876,024
<b>Total Liabilities</b>	<b>39,261,094</b>	<b>41,472,439</b>	<b>39,329,066</b>	<b>40,600,628</b>	<b>78,590,160</b>	<b>82,073,067</b>
<b>Deferred Inflows of Resources</b>	<b>6,731,797</b>	<b>10,134,534</b>	<b>49,521</b>	<b>139,965</b>	<b>6,781,318</b>	<b>10,274,499</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	61,686,339	65,787,677	66,467,783	58,715,357	128,154,122	124,503,034
Restricted	5,825,930	4,535,325	-	-	5,825,930	4,535,325
Unrestricted	32,169,547	13,752,330	10,569,325	7,659,871	42,738,872	21,412,201
<b>Total Net Position</b>	<b>99,681,816</b>	<b>84,075,332</b>	<b>77,037,108</b>	<b>66,375,228</b>	<b>176,718,924</b>	<b>150,450,560</b>
Total Liabilities, Deferred Inflows of Resources and Net Position	<b>\$145,674,707</b>	<b>\$135,682,305</b>	<b>\$116,415,695</b>	<b>\$107,115,821</b>	<b>\$262,090,402</b>	<b>\$ 242,798,126</b>

By far the largest portion of the Garrett County's net position (\$128 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, \$5,825,930 or 3.29%, 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, 2022**

The remaining unrestricted net position of \$42,738,872, or 24.18% 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.

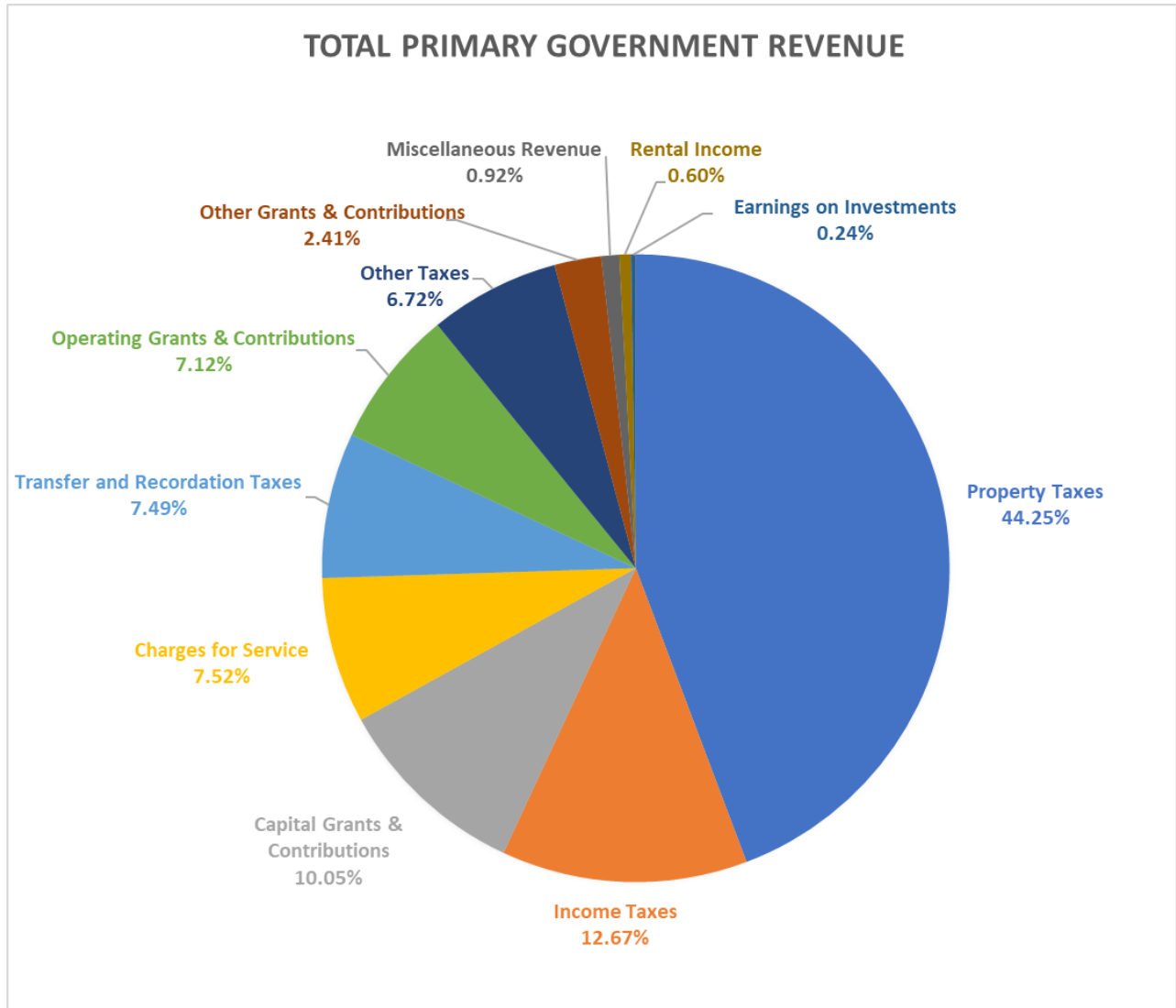
Overall, the financial position of Garrett County increased during the year by \$26.2 million. Both the governmental activities and the business-type activities reported increases of \$15.6 million and \$10.7 million respectively in net position at June 30, 2022. Investment in capital assets makes up the majority of net assets. As assets continue to depreciate at a faster pace than new capital assets are being placed in service a decrease from one year to the next is expected.

The following table indicates the changes in net position:

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 1,533,775	\$ 1,251,298	\$ 8,428,165	\$ 8,269,126	\$ 9,961,940	\$ 9,520,424
Operating Grants and Contributions	9,428,887	13,255,631	-	-	9,428,887	13,255,631
Capital Grants and Contributions	4,417,412	5,412,823	8,897,121	4,222,291	13,314,533	9,635,114
<b>General Revenues:</b>						
Property Taxes	55,627,800	54,161,141	2,996,777	2,882,921	58,624,577	57,044,062
Other Taxes and Licenses	35,609,374	34,264,532	-	-	35,609,374	34,264,532
Grants and Contributions	-	-	3,632,715	1,116,930	3,632,715	1,116,930
Other General Revenues	2,496,186	1,481,487	(149,960)	152,853	2,346,226	1,634,340
<b>Total Revenues</b>	<b>\$ 109,113,434</b>	<b>\$ 109,826,912</b>	<b>\$ 23,804,818</b>	<b>\$ 16,644,121</b>	<b>\$ 132,918,252</b>	<b>\$ 126,471,033</b>
<b>Program Expenses:</b>						
General Government	14,598,830	9,679,729	-	-	14,598,830	9,679,729
Public Safety	13,417,681	12,875,150	-	-	13,417,681	12,875,150
Public Works	16,230,335	14,330,754	-	-	16,230,335	14,330,754
Health & Hospital	2,320,680	3,288,765	-	-	2,320,680	3,288,765
Education						
Board of Education	29,370,831	30,027,195	-	-	29,370,831	30,027,195
Garrett College	7,824,283	6,242,133	-	-	7,824,283	6,242,133
Culture	48,000	48,000	-	-	48,000	48,000
Parks and Recreation	25,498	26,191	-	-	25,498	26,191
Library	1,116,950	1,098,252	-	-	1,116,950	1,098,252
Conservation of Natural Resources	437,558	228,612	-	-	437,558	228,612
Social Services	406,237	384,559	-	-	406,237	384,559
Economic Opportunity & Development	5,173,612	6,691,496	-	-	5,173,612	6,691,496
Community Development & Public Housing	225,971	435,536	-	-	225,971	435,536
Other	1,035,043	1,144,659	-	-	1,035,043	1,144,659
Garrett County Airport	-	-	556,287	514,589	556,287	514,589
Solid Waste Management	-	-	2,288,630	2,036,848	2,288,630	2,036,848
Garrett County Sanitary District, Inc.	-	-	9,420,736	8,530,361	9,420,736	8,530,361
Parks and Recreation Fund	-	-	402,401	468,920	402,401	468,920
Department of Technology & Communications	-	-	1,282,028	1,644,220	1,282,028	1,644,220
Liquor Control Board	-	-	22,343	19,932	22,343	19,932
<b>Total Expenses</b>	<b>\$ 92,231,509</b>	<b>\$ 86,501,031</b>	<b>\$ 13,972,425</b>	<b>\$ 13,214,870</b>	<b>\$ 106,203,934</b>	<b>\$ 99,715,901</b>
Excess before Special Items and Transfers	16,881,925	23,325,881	9,832,393	3,429,251	26,714,318	26,755,132
Net Transfers In (Out)	(1,275,441)	(2,184,830)	829,487	2,184,830	(445,954)	-
Changes in Net Position	15,606,484	21,141,051	10,661,880	5,614,081	26,268,364	26,755,132
Net Position – Beginning of Year	84,075,332	62,934,281	66,375,228	60,761,147	150,450,560	123,695,428
<b>Net Position – End of Year</b>	<b>\$ 99,681,816</b>	<b>\$ 84,075,332</b>	<b>\$ 77,037,108</b>	<b>\$ 66,375,228</b>	<b>\$ 176,718,924</b>	<b>\$ 150,450,560</b>

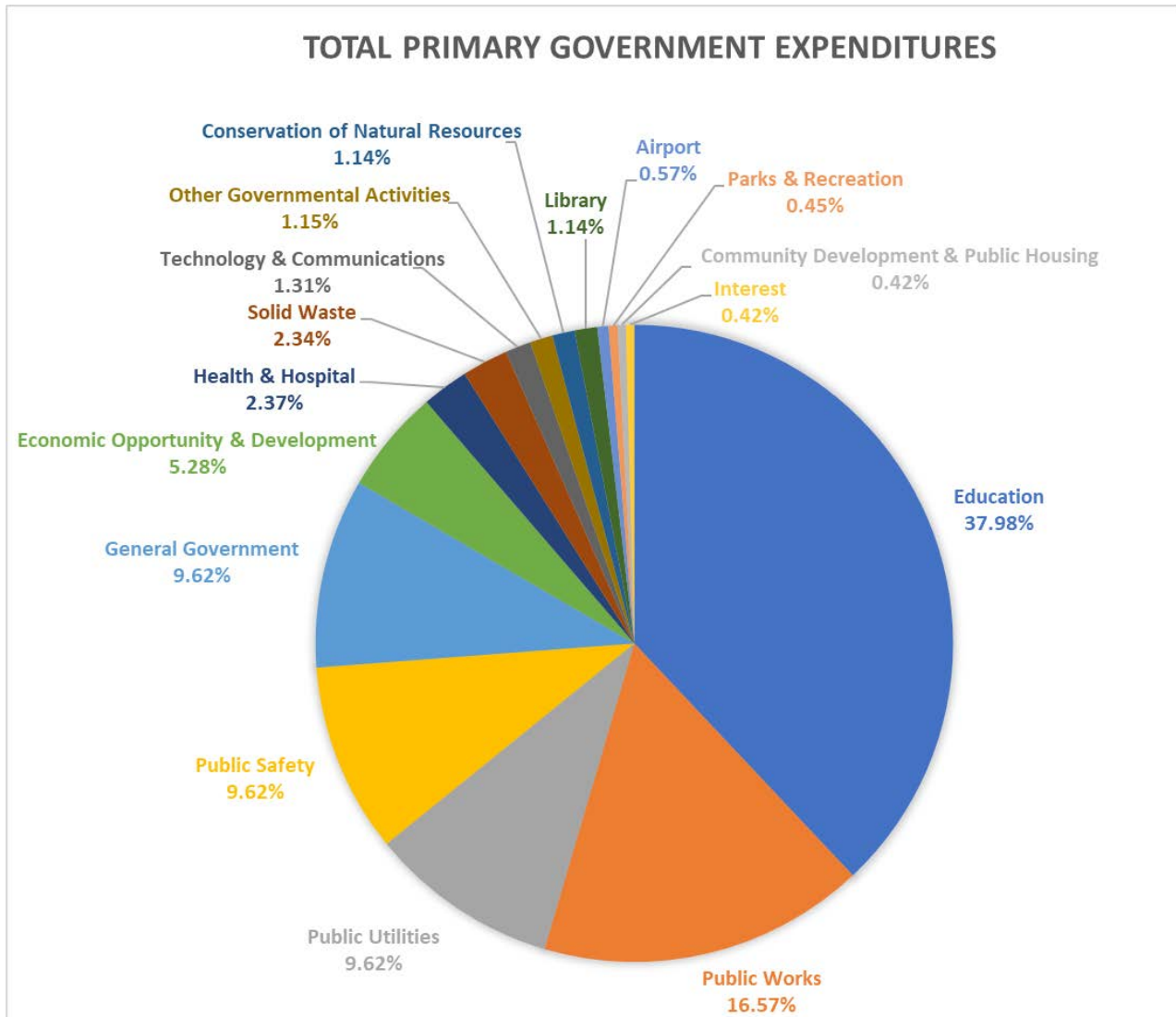
**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**



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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2022**



**Governmental Activities**

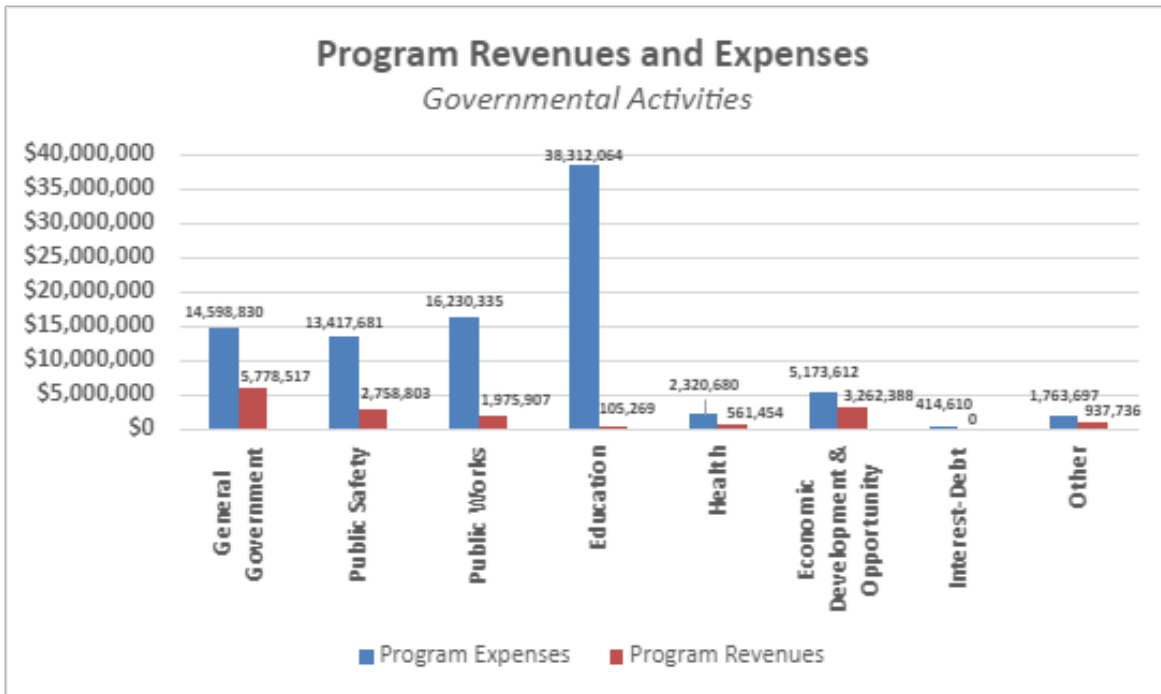
To aid in the understanding of the Statement of Activities, some additional explanation is provided. Of particular interest is the format of this statement. The reader will notice on page 23 that expenses are listed in the first column with revenues from that particular program reported to the right. 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.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2022**

During the current fiscal year, the net position for governmental activities increased by \$15,606,484 from the prior fiscal year. Expenses increased in fiscal year 2022, while revenue slightly decreased. Key elements of the changes in governmental net position are as follows:

- All of the revenue categories reported increases in fiscal year 2022 with the exception of the categories associated with operating and capital grants. The most significant categorical change was in Operating Grants and Contributions resulting in a decrease of \$3.8 million. In fiscal year 2021 the County recognized over \$3.9 million of revenue in Covid relief funds (CARES) compared to \$730,280 of American Rescue Plan Act (ARPA) funds in fiscal year 2022.
- The largest increase in expense was in General Government equating to \$4.9 million. Impacting this increase was a \$6.1 million transfer from the General Fund to the Garrett County Sanitary District for the completion Keyser’s Ridge water and sewer project.



**Business-Type Activities**

Total assets for the Garrett County Sanitary District, d/b/a Department of Public Utilities, increased by \$8,063,923. The Keyser’s Ridge Water and Wastewater Plant projects as well as the Deep Creek Water 219 Bridge interconnection project are the main contributors to this increase. Operating revenues of the Sanitary District increased by \$51,340 as a result of additional customers. Operating expenditures increased by \$976,903 due to inflation related cost of labor and materials as well as an increase in depreciation as a result of recently completed projects.

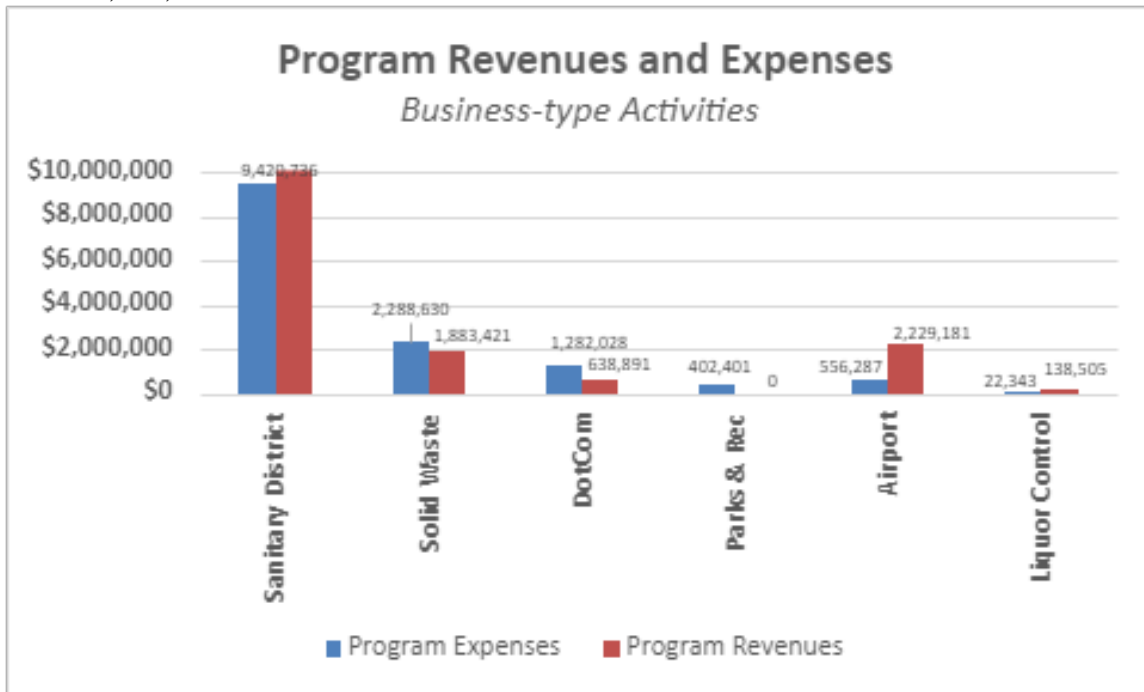
**THE BOARD OF COUNTY COMMISSIONERS OF  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2022**

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 \$7.4 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, 2022, the County recognized and reported a closure and post-closure liability of \$5,188,322 leaving a balance of estimated costs to be recognized at approximately \$2,295,162 over the remaining 11 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, 2022, the County sufficient funding set aside in an investment account to offset the current recognized closure liability of \$5,188,322.

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 \$16,995,797 which is an increase of \$1,952,769 from 2021, primarily the result of forgiveness of long-term debt. Operating revenues were \$37,555 while operating expenditures were recorded as \$402,401 resulting in a net operating loss of \$364,846 for the year ended June 30, 2022. Operating expenditures include non-cash items such as depreciation (\$380,094).

In 2022, total assets for the Airport increased by \$1,519,709. This increase was primarily the result capital additions to the West Apron Project in the amount of \$1,887,876.





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

**June 30, 2022**

**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 \$61,638,587, an increase of \$19,894,586 from the prior fiscal year. Approximately 16.25% of this total, or \$10,018,530, 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. \$1,508,855 was nonspendable for inventory, prepaid expenses, and notes receivable. \$4,317,075 was restricted, the majority being for self-funded health care and for the promotion and economic development of Garrett County, and \$45,794,127 was assigned for various reasons; \$20.7 million was assigned for the continuation of projects and capital expenditures encumbered in fiscal year 2022, \$3 million was assigned for future other post-employment benefits and healthcare, and \$5 million was assigned for future capital projects and expenditures.

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 \$10,018,530, while total fund balance reached \$61,576,496. 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 11.5% of the total General Fund expenditures including operating transfers, while total fund balance represents 70.8% of that same amount. During the current fiscal year, the total fund balance of the County's General Fund increased by \$19,898,442. General Fund revenue decreased by \$700,627 and General Fund operating expenditures decreased by \$6,631,156.

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 \$62,091; all of which is restricted.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

**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 \$10,569,325, an increase of \$2,909,454 from fiscal year 2021. 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 \$87,061,985 and final revenue budget amounts of \$92,635,740 is an increase of \$5,573,755. 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 \$5.6 million net increase, Intergovernmental federal and state grants made up the majority of the increase equating to \$8.4 million. The largest increase came from the county recognizing \$2.4 million of American Rescue Plan Act (ARPA) revenue from the total \$5.6 million allotment. Grant revenues normally have offsetting expenditures associated with them.

Significant differences between the original expenditure budget amounts of \$87,061,985 and final expenditure budget amounts of \$116,779,693 resulting in a budget increase of \$29,717,708 are largely due to budget amendments that occurred to carryover funds from fiscal year 2021 to fiscal year 2022 for capital projects and capital outlay that were in progress at the end of fiscal year 2021. These carryover and fund balance assignment amendments equated to over \$23.7 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 \$92,635,740 and the actual revenue recorded of \$106,896,124 resulted in a positive variance of \$14,260,384.

The real estate market was booming in fiscal year 2022. Evidence of this was with real estate sales and the value of permits for new construction. During the majority of the fiscal year interest rates were at all time lows which aided in driving this investment. Recordation tax ended with a \$3 million positive budget variance while transfer tax ended with a \$3.8 million positive budget variance. Both of these accounts along with real estate tax's positive budget variance of \$1 million helped account for over half of the positive revenue budget variance.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

For the second year in a row, the largest positive budget variance of \$3.8 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 2022 anticipating a significant reduction from that of fiscal year 2021. This did not occur as the County recognized about a \$27,000 increase 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 \$16.8 million and a positive budget variance of \$3 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 \$116,779,693 and the actual expenditures recorded of \$86,997,682 represented a positive budget variance of \$29,782,011. 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 2022. Some of the projects include, but are not limited to, various broadband projects, the Glendale Road realignment, Keyser's Ridge Industrial Park and Grantsville Springs Road infrastructure improvements, Garrett College continuation of Performing Arts Center, Board of Education Grantsville Elementary 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, 2022 amounts to \$157,598,572 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, furniture, vehicles, and infrastructure. The County's investment in capital assets for the current fiscal year increased by \$1,800,310 or 1.16%.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Land	\$10,162,828	\$10,165,961	\$3,243,738	\$3,243,738	\$13,406,566	\$13,409,699
Land Improvements	3,300,256	3,111,870	17,144,073	17,354,476	20,444,329	20,466,346
Construction in Progress	8,901,254	13,442,666	7,458,059	7,725,923	16,359,313	21,168,589
Infrastructure	22,312,463	21,410,092	63,220,773	57,071,712	85,533,236	78,481,804
Buildings	10,831,346	11,066,261	3,113,736	3,240,875	13,945,082	14,307,136
Furniture and Equipment	2,899,225	3,350,788	107,205	80,844	3,006,430	3,431,632
Vehicles	2,099,177	2,063,282	367,315	190,853	2,466,492	2,254,135
Machinery and Equipment	1,179,790	1,176,757	1,257,334	1,102,164	2,437,124	2,278,921
<b>Total</b>	<b>\$61,686,339</b>	<b>\$65,787,677</b>	<b>\$95,912,233</b>	<b>\$90,010,585</b>	<b>\$157,598,572</b>	<b>\$155,798,262</b>

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

- Land Improvements increased by \$230,729 due to placing the Do the Loop portion of the Meadow Mountain Trail into service from construction in progress. This increase was offset by current year depreciation \$42,343 for a net increase of \$188,386.
- Construction in progress reported a net decrease of \$4,541,412. CIP activity was highlighted by the following additions: Keyzers Ridge water and sewer projects totaling \$497,481, the Emergency Operations Center of \$204,002, Meadow Mountain trail of \$21,364, Swallow Falls and Snowy Creek bridges of \$358,484, Glendale Road realignment of \$73,410, Savage River culvert of \$42,100, 911 communication equipment \$278,057, Animal Control renovations of \$16,652, and Grantsville an Keyzers Ridge business park local access roads of \$650,740. Increases in CIP were offset as the following assets were placed into service, the Keyzers Ridge water and sewer projects of \$6,317,990, Accident garage building of \$88,681, Meadow Mountain trail of \$230,729, and Short Span bridge of \$46,302.
- Infrastructure had a net increase of \$902,371. While there was an increase of \$3,512,296 for the installation of guardrails and the completion of paving and road projects, depreciation expense offset this increase by \$2,609,925.
- Furniture and Equipment reported a net decrease of \$451,563. Public safety equipment, and Emergency Operation Center equipment were purchased resulting in an increase of \$113,863. Depreciation expense offset this increase by \$565,426.

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

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2022**

- Construction in progress decreased overall for business type activities by \$267,864. The Department of Public Utilities CIP increased due to work performed Trout Run Waste Water Treatment Plant project in the amount of \$75,717, the Thayerville/McHenry Project in the amount of \$556,695, and other miscellaneous water/sewer projects in the amount of \$71,983. The General Fund transferred \$6,317,990 related to the Keyzers Ridge water and sewer projects. Additionally, the West Apron project increased CIP by \$1,887,876. These increases in CIP projects were offset by decreases of \$6,522,368 for the Keyzers Ridge water and sewer projects, \$1,931,788 for the Thayerville/McHenry project, \$411,696 for the energy improvement project, \$50,590 for upgrades to the Landfill Scales system, and \$261,683 for the Hyperconverged Infrastructure project at DOTCom as all projects were completed and placed in service.

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 58-60 of the financial statements.

**Long-term debt**

At the end of the current fiscal year, Garrett County Government had notes and bonds outstanding of \$29,719,450 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	
	2022	2021	2022	2021	2022	2021
General Bonded	\$ -	\$11,718,096	\$29,719,450	\$31,570,228	\$29,719,450	\$43,288,324

During fiscal year 2022, the County’s total debt decreased by \$13,568,874. The Governmental Activities debt decreased by \$11,718,096 as the County was released from obligation from debt related to the Garrett County Memorial Hospital Bonds. The debt related to business-type activities decreased by \$1,850,838. The Garrett County Sanitary District refunded three bonds that were issued in 2012 that comprised about thirty different projects at that time. In addition, \$2,781,461 of new debt was issued for the McHenry/Thayerville water connection and the Route 219 sewer line replacement. The County secured financing not extending the term while reducing the rate from 3.50% to 2.16% which should save the District approximately \$1.5 million over the next ten years.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

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 2023 to 2027. 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 page 119 under Other Supplementary Information.

**Economic Factors and Next Year's Budget and Rates**

The following economic factors currently affect the County and were considered in developing the 2023 fiscal year budget:

- Income tax, admission & amusement tax, accommodations tax, recordation tax, and transfer tax, were budgeted at or above FY22's budgeted amounts. In addition, both roads paving and capital expenditures increased. Capital expenditures exceeded \$14 million, and the County increased the contingency account to \$1,000,000 to help offset the rapidly increasing and unknown cost of supplies and materials due to inflation.
- The unemployment rate for Garrett County was 5.9% for June 2022, which was higher than the State's average of 4.7% and the national average of 3.6% for the same time period.
- Income tax revenue finished the year at an all-time high of \$16.8 million. The fiscal year 2023 income tax rate remains at 2.65%.
- Accommodations tax revenue remained strong and recorded another all-time high in FY22 at just over \$7 million.
- With the numerous properties transferring around the Deep Creek Lake area over the past couple of years, we expect that property tax assessments will continue to increase at a higher rate in that area than what we have seen in the past couple of years. We are also seeing an up-tick in new construction which helps to keep our property base strong and stable. Assessments were projected to increase by 2% for fiscal year 2023. The fiscal year 2023 real property tax rate remains at \$1.056.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

- 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. 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. At the end of fiscal year 2022, the fed funds rate was 1.50%-1.75% compared to 0%-0.25% for fiscal years 2021 and 2020 respectively. The prime rate of 4.75% at the end of fiscal year 2022 increased by 150 basis points from the prior fiscal year end.
- Garrett County issued 391 building permits valued at approximately \$96 million during fiscal year 2022 compared to 455 permits in fiscal year 2021 valued at approximately \$123 million.
- The County has set aside approximately 10% of revenues, or \$10 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.

**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 4<sup>th</sup> 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](http://www.garrettcountry.org)

## **BASIC FINANCIAL STATEMENTS**



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

Statement of Net Position  
June 30, 2022

	<b>Primary Government</b>			<b>Component Units</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Board of Education</b>	<b>College</b>	<b>Public Library</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 50,522,756	\$ 8,763,967	\$ 59,286,723	\$ 8,493,913	\$ 3,827,169	\$ 116,505
Investments	3,439,079	4,558,844	7,997,923	-	-	637,033
Taxes Receivable - Net	5,061,174	-	5,061,174	-	-	-
Due from Other Governments	14,853	-	14,853	5,928,562	3,059,394	-
Due from Primary Government	-	-	-	10,245	-	-
Due from Component Units	18,836	-	18,836	-	-	-
Other Receivables - Net	7,169,931	1,325,097	8,495,028	53,891	185,998	95,551
Lease Receivables	452,837	-	452,837	-	-	-
Lease Receivables Component Unit	40,939	-	40,939	-	-	-
Inventories	943,789	1,416,771	2,360,560	215,264	13,204	-
Insurance Deposit	472,000	-	472,000	-	-	-
Prepaid Expenses	51,492	68,081	119,573	-	253,834	3,743
Restricted Cash	4,205,390	3,300,089	7,505,479	851,433	153,264	88,918
Restricted Investments	-	-	-	241,987	7,648,440	-
Restricted Accounts Receivable	-	119,136	119,136	-	-	-
Accounts and Notes Receivable - Long-Term	513,574	101,268	614,842	-	101,307	-
Lease Receivables- Long Term	1,526,040	-	1,526,040	-	-	-
Lease Receivables Component Unit- Long Term	532,771	-	532,771	-	-	-
Non-Depreciable Capital Assets	19,064,082	10,701,797	29,765,879	6,846,745	18,036,964	33,556
Depreciable Capital Assets, Net of Accumulated Depreciation	42,622,257	85,210,436	127,832,693	42,356,666	34,623,683	1,117,694
Leased assets, Net of Accumulated Amortization	-	-	-	44,981	1,130,113	37,432
<b>Total Assets</b>	<b>136,651,800</b>	<b>115,565,486</b>	<b>252,217,286</b>	<b>65,043,687</b>	<b>69,033,370</b>	<b>2,130,432</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,022,907</b>	<b>850,209</b>	<b>9,873,116</b>	<b>7,282,064</b>	<b>146,557</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 145,674,707</b>	<b>\$ 116,415,695</b>	<b>\$ 262,090,402</b>	<b>\$ 72,325,751</b>	<b>\$ 69,179,927</b>	<b>\$ 2,130,432</b>

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, 2022

	<b>Primary Government</b>			<b>Component Units</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Board of Education</b>	<b>College</b>	<b>Public Library</b>
<b>LIABILITIES</b>						
Accounts Payable and Accrued Expenses	\$ 4,001,500	\$ 484,901	\$ 4,486,401	\$ 7,397,600	\$ 961,123	\$ 11,287
Internal Balances	(648,948)	648,948	-	-	-	-
Compensated Absences - Current Portion	30,029	25,147	55,176	-	14,767	45,912
Due to Component Units	10,245	-	10,245	-	-	-
Due to Primary Government	-	-	-	-	-	18,836
Due to Other Governments	195,282	72,287	267,569	-	-	-
Unearned Revenues	5,651,828	147,280	5,799,108	77,128	98,307	-
Other Liabilities	385,358	-	385,358	-	89,365	-
Long-Term Liabilities - Due Within One Year	-	2,118,912	2,118,912	703,022	441,227	11,534
Long-Term Liabilities - Due in More Than One Year	29,635,800	35,831,591	65,467,391	42,093,740	8,684,112	30,123
<b>Total Liabilities</b>	<u>39,261,094</u>	<u>39,329,066</u>	<u>78,590,160</u>	<u>50,271,490</u>	<u>10,288,901</u>	<u>117,692</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>6,731,797</u>	<u>49,521</u>	<u>6,781,318</u>	<u>9,229,421</u>	<u>623,328</u>	<u>-</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	61,686,339	66,467,783	128,154,122	45,652,986	48,780,283	1,150,922
Restricted	5,825,930	-	5,825,930	2,381,647	7,727,341	88,918
Unrestricted (Deficit)	32,169,547	10,569,325	42,738,872	(35,209,793)	1,760,074	772,900
<b>Total Net Position</b>	<u>99,681,816</u>	<u>77,037,108</u>	<u>176,718,924</u>	<u>12,824,840</u>	<u>58,267,698</u>	<u>2,012,740</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 145,674,707</u>	<u>\$ 116,415,695</u>	<u>\$ 262,090,402</u>	<u>\$ 72,325,751</u>	<u>\$ 69,179,927</u>	<u>\$ 2,130,432</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, 2022

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government</b>				
Governmental Activities				
General Government	\$ 14,598,830	\$ 437,405	\$ 5,019,425	\$ 321,687
Public Safety	13,417,681	695,882	1,105,676	957,245
Public Works	16,230,335	317,313	1,262,264	396,330
Health and Hospital	2,320,680	-	561,454	-
Education				
Board of Education	29,370,831	83,175	22,094	-
College	7,824,283	-	-	-
Culture	48,000	-	-	-
Parks and Recreation	25,498	-	-	-
Library	1,116,950	-	-	-
Conservation of Natural Resources	437,558	-	-	-
Social Services	406,237	-	5,000	-
Economic Opportunity and Development	5,173,612	-	520,238	2,742,150
Community Development & Public Housing	225,971	-	932,736	-
Intergovernmental	302,205	-	-	-
Unallocated Depreciation	318,228	-	-	-
Interest on Long-Term Debt	414,610	-	-	-
Total Governmental Activities	<u>92,231,509</u>	<u>1,533,775</u>	<u>9,428,887</u>	<u>4,417,412</u>
Business-type activities				
Airport Fund	556,287	253,994	-	1,975,187
Solid Waste Fund	2,288,630	1,883,421	-	-
Garrett County Sanitary District, Inc.	9,420,736	5,843,007	-	6,592,281
Parks & Recreation Fund	402,401	-	-	-
Department of Technology & Communications	1,282,028	309,238	-	329,653
Liquor Control Board	22,343	138,505	-	-
Total Business-Type Activities	<u>13,972,425</u>	<u>8,428,165</u>	<u>-</u>	<u>8,897,121</u>
Total Primary Government	<u>106,203,934</u>	<u>9,961,940</u>	<u>9,428,887</u>	<u>13,314,533</u>
<b>Component Units</b>				
Board of Education	70,873,128	1,230,774	16,721,944	4,532,451
College	17,661,489	2,779,939	3,957,976	12,887,587
Public Library	1,563,904	17,645	-	-
Total Component Units	<u>\$ 90,098,521</u>	<u>\$ 4,028,358</u>	<u>\$ 20,679,920</u>	<u>\$ 17,420,038</u>

**General Revenues:**

Taxes:

- Property Taxes
- Income Taxes
- Transfer and Recordation Taxes
- Other Taxes
- Earnings (Losses) on Investments
- Appropriation From Garrett County
- Grants and Contributions Not Restricted to Specific Programs
- Forgiveness of Debt
- 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
\$ (8,820,313)	\$ -	(8,820,313)	\$ -	\$ -	\$ -
(10,658,878)	-	(10,658,878)	-	-	-
(14,254,428)	-	(14,254,428)	-	-	-
(1,759,226)	-	(1,759,226)	-	-	-
(29,265,562)	-	(29,265,562)	-	-	-
(7,824,283)	-	(7,824,283)	-	-	-
(48,000)	-	(48,000)	-	-	-
(25,498)	-	(25,498)	-	-	-
(1,116,950)	-	(1,116,950)	-	-	-
(437,558)	-	(437,558)	-	-	-
(401,237)	-	(401,237)	-	-	-
(1,911,224)	-	(1,911,224)	-	-	-
706,765	-	706,765	-	-	-
(302,205)	-	(302,205)	-	-	-
(318,228)	-	(318,228)	-	-	-
(414,610)	-	(414,610)	-	-	-
<u>(76,851,435)</u>	<u>-</u>	<u>(76,851,435)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,672,894	1,672,894	-	-	-
-	(405,209)	(405,209)	-	-	-
-	3,014,552	3,014,552	-	-	-
-	(402,401)	(402,401)	-	-	-
-	(643,137)	(643,137)	-	-	-
-	116,162	116,162	-	-	-
-	3,352,861	3,352,861	-	-	-
<u>(76,851,435)</u>	<u>3,352,861</u>	<u>(73,498,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(48,387,959)	-	-
-	-	-	-	1,964,013	-
-	-	-	-	-	(1,546,259)
-	-	-	<u>(48,387,959)</u>	<u>1,964,013</u>	<u>(1,546,259)</u>
55,627,800	2,996,777	58,624,577	-	-	-
16,789,426	-	16,789,426	-	-	-
9,915,657	-	9,915,657	-	-	-
8,904,291	-	8,904,291	-	-	-
604,790	(283,313)	321,477	3,573	(1,014,734)	(59,346)
-	-	-	28,705,313	7,824,283	1,116,950
-	1,315,100	1,315,100	21,886,270	1,116,311	464,196
-	2,317,615	2,317,615	-	-	-
762,653	37,555	800,208	-	-	-
1,066,576	97,711	1,164,287	182,994	-	20,449
62,167	(1,913)	60,254	-	7,300	-
(1,275,441)	829,487	(445,954)	-	-	-
<u>92,457,919</u>	<u>7,309,019</u>	<u>99,766,938</u>	<u>50,778,150</u>	<u>7,933,160</u>	<u>1,542,249</u>
15,606,484	10,661,880	26,268,364	2,390,191	9,897,173	(4,010)
<u>84,075,332</u>	<u>66,375,228</u>	<u>150,450,560</u>	<u>10,434,649</u>	<u>48,370,525</u>	<u>2,016,750</u>
<u>\$ 99,681,816</u>	<u>\$ 77,037,108</u>	<u>\$ 176,718,924</u>	<u>\$ 12,824,840</u>	<u>\$ 58,267,698</u>	<u>\$ 2,012,740</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, 2022

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Totals
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 54,245,327	\$ 8,014	\$ -	\$ -	\$ 54,253,341
Investments	3,439,079	-	-	-	3,439,079
Taxes Receivable - Net	5,061,174	-	-	-	5,061,174
Due from Other Funds	648,948	-	-	-	648,948
Due from Component Units	18,836	-	-	-	18,836
Other Receivables - Net	7,165,482	-	-	19,302	7,184,784
Lease Receivables	452,837	-	-	-	452,837
Lease Receivables Component Unit	40,939	-	-	-	40,939
Note Receivable	513,574	-	-	-	513,574
Inventories	943,789	-	-	-	943,789
Insurance Deposit	472,000	-	-	-	472,000
Prepaid Expenses	51,492	-	-	-	51,492
Restricted Cash	-	-	-	474,805	474,805
Lease Receivables - Long-Term	1,526,040	-	-	-	1,526,040
Lease Receivables Component Unit- Long Term	532,771	-	-	-	532,771
<b>TOTAL ASSETS</b>	<b>75,112,288</b>	<b>8,014</b>	<b>-</b>	<b>494,107</b>	<b>75,614,409</b>
<b>LIABILITIES:</b>					
Accounts Payable and Accrued Expenses	3,935,828	8,014	-	87,687	4,031,529
Due to Component Units	10,245	-	-	-	10,245
Due to Other Governments	195,282	-	-	-	195,282
Unearned Revenues	5,307,499	-	-	344,329	5,651,828
Other Liabilities	385,358	-	-	-	385,358
<b>Total Liabilities</b>	<b>9,834,212</b>	<b>8,014</b>	<b>-</b>	<b>432,016</b>	<b>10,274,242</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable Revenue - Property Taxes	1,208,062	-	-	-	1,208,062
Leases	2,493,518	-	-	-	2,493,518
<b>Total Deferred Inflows of Resources</b>	<b>3,701,580</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,701,580</b>
<b>FUND BALANCES:</b>					
Nonspendable	1,508,855	-	-	-	1,508,855
Restricted	4,254,984	-	-	62,091	4,317,075
Assigned	45,794,127	-	-	-	45,794,127
Unassigned	10,018,530	-	-	-	10,018,530
<b>Total Fund Balances</b>	<b>61,576,496</b>	<b>-</b>	<b>-</b>	<b>62,091</b>	<b>61,638,587</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 75,112,288</b>	<b>\$ 8,014</b>	<b>\$ -</b>	<b>\$ 494,107</b>	<b>\$ 75,614,409</b>

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, 2022

Total Fund Balances - Governmental Funds		\$ 61,638,587
<b>Amounts reported for governmental activities in the statement are different because:</b>		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The cost of these assets is \$183,081,905, net of accumulated depreciation of \$121,395,566. (See Note 5)		61,686,339
Deferred outflows of resources for pensions and OPEB are reported in the Statement of Net Position but not reported in the funds as follows:		
Differences between expected and actual experience	1,261,628	
Change in assumptions	3,763,255	
Net difference between projected and actual earnings on investments	3,907,582	
Changes in proportion and differences between employer contributions and share of contributions	38,349	
County contributions to EPS subsequent to measurement date	52,093	
Deferred outflows for pensions and OPEB		9,022,907
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 \$3,178,071, the net OPEB liability of \$12,063,311, and the net pension liability of \$14,394,418. (See Note 7)		(29,635,800)
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.		1,208,062
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	(1,834,921)	
Change in assumptions	(2,151,514)	
Net difference between projected and actual earnings on investments	(148,538)	
Changes in proportion and differences between employer contributions and share of contributions	(103,306)	
Deferred inflows for pensions and OPEB		(4,238,279)
Total Net Position - Governmental Activities		\$ 99,681,816

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, 2022

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
<b>REVENUES:</b>					
Taxes	\$ 91,244,541	\$ -	\$ -	\$ -	\$ 91,244,541
Licenses and Permits	363,444	-	-	-	363,444
Intergovernmental	11,218,152	1,672,803	11,718,096	393,356	25,002,407
Fines and Forfeitures	7,207	-	-	5,957	13,164
Charges for Services	1,046,504	-	-	27,488	1,073,992
Investment Income	190,083	-	414,610	97	604,790
Rents and Concessions	845,828	-	-	-	845,828
Miscellaneous	1,627,064	-	-	-	1,627,064
<b>Total Revenues</b>	<b>106,542,823</b>	<b>1,672,803</b>	<b>12,132,706</b>	<b>426,898</b>	<b>120,775,230</b>
<b>EXPENDITURES:</b>					
General Government	8,015,562	-	-	5,223	8,020,785
Public Safety	12,671,313	-	-	340,731	13,012,044
Public Works	16,532,353	-	-	-	16,532,353
Health and Hospital	2,320,680	-	-	-	2,320,680
Education					
Board of Education	29,370,831	-	-	-	29,370,831
College	7,824,283	-	-	-	7,824,283
Culture	48,000	-	-	-	48,000
Parks and Recreation	25,498	-	-	-	25,498
Library	1,116,950	-	-	-	1,116,950
Conservation of Natural Resources	437,558	-	-	-	437,558
Social Services	406,237	-	-	-	406,237
Economic Opportunity and Development	5,101,256	-	-	-	5,101,256
Community Development & Public Housing	-	-	-	81,165	81,165
Capital Outlay	1,466,115	1,471,837	-	-	2,937,952
Debt Service	-	-	12,132,706	-	12,132,706
Intergovernmental	302,205	-	-	-	302,205
<b>Total Expenditures</b>	<b>85,638,841</b>	<b>1,471,837</b>	<b>12,132,706</b>	<b>427,119</b>	<b>99,670,503</b>
<b>REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) SUBTOTAL</b>					
	<b>\$ 20,903,982</b>	<b>\$ 200,966</b>	<b>\$ -</b>	<b>\$ (221)</b>	<b>\$ 21,104,727</b>

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, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>					
Balances Brought Forward	\$ 20,903,982	\$ 200,966	\$ -	\$ (221)	\$ 21,104,727
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of Capital Assets	65,300	-	-	-	65,300
Transfers					
Capital Projects Fund	204,601	(204,601)	-	-	-
Other Governmental Funds	-	3,635	-	(3,635)	-
Airport Fund	111,651	-	-	-	111,651
Solid Waste Fund	(155,632)	-	-	-	(155,632)
Garrett County Sanitary District, Inc.	(205,368)	-	-	-	(205,368)
Parks & Recreation Fund	-	-	-	-	-
Dept. of Tech. & Communication Fund	(1,146,641)	-	-	-	(1,146,641)
Liquor Control Board	120,549	-	-	-	120,549
<b>Total Other Financing Sources (Uses)</b>	<u>(1,005,540)</u>	<u>(200,966)</u>	<u>-</u>	<u>(3,635)</u>	<u>(1,210,141)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES &amp; OTHER FINANCING SOURCES (USES)</b>	19,898,442	-	-	(3,856)	19,894,586
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>41,678,054</u>	<u>-</u>	<u>-</u>	<u>65,947</u>	<u>41,744,001</u>
<b>FUND BALANCES, End of Year</b>	<u>\$ 61,576,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,091</u>	<u>\$ 61,638,587</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, 2022

Change in Fund Balances - Governmental Funds	\$ 19,894,586
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 \$6,962,689 exceeded depreciation expense of \$4,742,905 in the current year.	2,219,784
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.	(3,133)
Transfer of capital assets to enterprise funds.	(6,317,989)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	11,718,096
Receipt of debt principal payments from the hospital is revenue in the governmental funds, but the receipt reduces the receivable in the statement of net position.	(11,718,096)
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.	(230,152)
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.	(7,367)
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.	840,763
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.	(790,008)
Change in Net Position - Governmental Activities	<u>\$ 15,606,484</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Taxes	\$ 76,668,713	\$ 76,683,016	\$ 91,244,541	\$ 14,561,525
Licenses and Permits	202,000	202,000	363,444	161,444
Intergovernmental	8,028,135	16,415,075	11,218,152	(5,196,923)
Fines and Forfeitures	2,500	2,500	7,207	4,707
Charges for Services	1,460,022	1,461,522	1,046,504	(415,018)
Investment Income	50,000	50,000	190,083	140,083
Rents and Concessions	796,692	796,692	697,028	(99,664)
Miscellaneous	7,160	11,116	1,627,064	1,615,948
Total Revenues	<u>87,215,222</u>	<u>95,621,921</u>	<u>106,394,023</u>	<u>10,772,102</u>
<b>EXPENDITURES:</b>				
General Government	6,557,233	8,484,158	6,682,710	1,801,448
Public Safety	13,202,654	14,290,371	12,671,313	1,619,058
Public Works	17,256,369	17,486,078	16,532,353	953,725
Health and Hospital	2,324,833	2,325,396	2,320,680	4,716
Education	36,265,463	39,221,355	37,046,314	2,175,041
Culture	49,000	49,000	48,000	1,000
Parks and Recreation	26,500	26,500	25,498	1,002
Library	1,117,107	1,117,107	1,116,950	157
Conservation of Natural Resources	249,742	828,016	437,558	390,458
Social Services	406,237	406,237	406,237	-
Economic Development and Opportunity	4,168,692	7,519,314	5,101,256	2,418,058
Capital Outlay	2,331,973	4,487,650	1,466,115	3,021,535
Intergovernmental	302,205	302,205	302,205	-
Miscellaneous	1,914,500	17,080,621	1,332,852	15,747,769
Total Expenditures	<u>86,172,508</u>	<u>113,624,008</u>	<u>85,490,041</u>	<u>28,133,967</u>
<b>REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>1,042,714</u>	<u>(18,002,087)</u>	<u>20,903,982</u>	<u>38,906,069</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	-	-	65,300	65,300
Operating Transfers				
Capital Projects Fund	-	(2,568,156)	204,601	2,772,757
Airport Fund	(262,516)	(527,304)	111,651	638,955
Sanitary District, Inc.	-	(1,759,216)	(205,368)	1,553,848
Solid Waste Fund	(68,785)	(155,632)	(155,632)	-
Department of Technology & Communication Fund	(820,692)	(1,240,837)	(1,146,641)	94,196
Liquor Control Board	109,279	109,279	120,549	11,270
Total Other Financing Sources (Uses)	<u>(1,042,714)</u>	<u>(6,141,866)</u>	<u>(1,005,540)</u>	<u>5,136,326</u>
<b>REVENUES (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(24,143,953)</u>	<u>19,898,442</u>	<u>44,042,395</u>
<b>Fund Balance, Beginning of Year</b>	<u>41,678,054</u>	<u>41,678,054</u>	<u>41,678,054</u>	<u>-</u>
<b>FUND BALANCE, End of Year, Budgetary Basis</b>	<u>\$ 41,678,054</u>	<u>\$ 17,534,101</u>	<u>\$ 61,576,496</u>	<u>\$ 44,042,395</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, 2022

	<u>Airport Fund</u>	<u>Solid Waste Fund</u>	<u>Garrett County Sanitary District, Inc.</u>	<u>Parks &amp; Recreation Fund</u>	<u>Department of Technology &amp; Communications</u>	<u>Liquor Control Board</u>	<u>Total</u>
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents	\$ 100	\$ 2,605,506	\$ 5,868,967	\$ 152,502	\$ -	\$ 136,892	\$ 8,763,967
Investments	-	4,558,844	-	-	-	-	4,558,844
Due from Other Funds	-	-	861	-	-	-	861
Other Receivables - Net	24,775	120,169	956,693	12,555	206,518	4,387	1,325,097
Inventories	68,554	-	1,348,217	-	-	-	1,416,771
Prepaid Expense	-	275	840	-	66,966	-	68,081
<b>Total Current Assets</b>	<u>93,429</u>	<u>7,284,794</u>	<u>8,175,578</u>	<u>165,057</u>	<u>273,484</u>	<u>141,279</u>	<u>16,133,621</u>
<b>Noncurrent Restricted Assets:</b>							
Restricted Cash	-	-	3,300,089	-	-	-	3,300,089
Restricted Other Receivables	-	-	119,136	-	-	-	119,136
<b>Total Noncurrent Restricted Assets</b>	<u>-</u>	<u>-</u>	<u>3,419,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,419,225</u>
<b>Capital and Other Assets:</b>							
Non-Depreciable Capital Assets	5,847,316	113,994	3,205,992	1,260,000	274,495	-	10,701,797
Depreciable Capital Assets, Net of Accumulated Depreciation	10,821,682	2,965,915	54,333,096	16,495,549	594,194	-	85,210,436
Other Receivables	-	-	101,268	-	-	-	101,268
<b>Total Capital and Other Assets</b>	<u>16,668,998</u>	<u>3,079,909</u>	<u>57,640,356</u>	<u>17,755,549</u>	<u>868,689</u>	<u>-</u>	<u>96,013,501</u>
<b>TOTAL ASSETS</b>	<u>16,762,427</u>	<u>10,364,703</u>	<u>69,235,159</u>	<u>17,920,606</u>	<u>1,142,173</u>	<u>141,279</u>	<u>115,566,347</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>38,582</u>	<u>165,461</u>	<u>478,933</u>	<u>-</u>	<u>167,233</u>	<u>-</u>	<u>850,209</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 16,801,009</u>	<u>\$ 10,530,164</u>	<u>\$ 69,714,092</u>	<u>\$ 17,920,606</u>	<u>\$ 1,309,406</u>	<u>\$ 141,279</u>	<u>\$ 116,416,556</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, 2022

	<u>Airport Fund</u>	<u>Solid Waste Fund</u>	<u>Garrett County Sanitary District, Inc.</u>	<u>Parks &amp; Recreation Fund</u>	<u>Department of Technology &amp; Communications</u>	<u>Liquor Control Board</u>	<u>Total</u>
<b>LIABILITIES:</b>							
<b>Current Liabilities:</b>							
Accounts Payable and Accrued Expenses	\$ 28,546	\$ 73,599	\$ 350,635	\$ -	\$ 30,992	\$ 1,129	\$ 484,901
Bonds and Loans Payable - Current Portion	-	-	2,093,912	-	-	-	2,093,912
Closure/Postclosure Liabilities - Current Portion	-	25,000	-	-	-	-	25,000
Compensated Absences - Current Portion	-	-	25,147	-	-	-	25,147
Due to Other Governments	-	-	72,287	-	-	-	72,287
Due to Other Funds	-	-	-	649,809	-	-	649,809
Unearned Revenue	7,130	-	-	-	-	140,150	147,280
<b>Total Current Liabilities</b>	<u>35,676</u>	<u>98,599</u>	<u>2,541,981</u>	<u>649,809</u>	<u>30,992</u>	<u>141,279</u>	<u>3,498,336</u>
<b>Noncurrent Liabilities:</b>							
Bonds and Loans Payable	-	-	27,350,538	275,000	-	-	27,625,538
Compensated Absences	33,419	115,555	210,812	-	84,658	-	444,444
Net Pension Liability	95,078	384,948	1,734,730	-	383,531	-	2,598,287
Closure/Postclosure Liabilities	-	5,163,322	-	-	-	-	5,163,322
<b>Total Noncurrent Liabilities</b>	<u>128,497</u>	<u>5,663,825</u>	<u>29,296,080</u>	<u>275,000</u>	<u>468,189</u>	<u>-</u>	<u>35,831,591</u>
<b>TOTAL LIABILITIES</b>	<u>164,173</u>	<u>5,762,424</u>	<u>31,838,061</u>	<u>924,809</u>	<u>499,181</u>	<u>141,279</u>	<u>39,329,927</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,107</u>	<u>46,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,521</u>
<b>NET POSITION</b>							
Net Investment in Capital Assets	16,668,998	3,079,909	28,094,638	17,755,549	868,689	-	66,467,783
Unrestricted Net Position (Deficit)	(35,269)	1,641,417	9,781,393	(759,752)	(58,464)	-	10,569,325
<b>Total Net Position</b>	<u>16,633,729</u>	<u>4,721,326</u>	<u>37,876,031</u>	<u>16,995,797</u>	<u>810,225</u>	<u>-</u>	<u>77,037,108</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 16,801,009</u>	<u>\$ 10,530,164</u>	<u>\$ 69,714,092</u>	<u>\$ 17,920,606</u>	<u>\$ 1,309,406</u>	<u>\$ 141,279</u>	<u>\$ 116,416,556</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  
Year Ended June 30, 2022

	<u>Airport Fund</u>	<u>Solid Waste Fund</u>	<u>Garrett County Sanitary District, Inc.</u>	<u>Parks &amp; Recreation Fund</u>	<u>Department of Technology &amp; Communications</u>	<u>Liquor Control Board</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>							
Charges for Services	\$ 253,994	\$ 1,883,421	\$ 4,798,748	\$ -	\$ 309,238	\$ 138,505	\$ 7,383,906
Other	1,262	66,839	1,044,259	37,555	25,223	4,387	1,179,525
<b>Total Operating Revenues</b>	<u>255,256</u>	<u>1,950,260</u>	<u>5,843,007</u>	<u>37,555</u>	<u>334,461</u>	<u>142,892</u>	<u>8,563,431</u>
<b>OPERATING EXPENSES:</b>							
Salaries	119,011	729,160	1,261,804	-	446,544	7,512	2,564,031
Fringe Benefits	22,648	162,511	427,445	-	141,159	575	754,338
Maintenance and Repairs	8,927	74,470	812,080	237	119,128	-	1,014,842
Supplies	113,745	57,534	987,768	-	-	-	1,159,047
Utilities	12,733	134,081	692,203	6,445	32,523	-	877,985
Transportation	2,516	-	191,201	-	10,650	-	204,367
Contracted Services	6,142	242,336	1,304,618	9	22,885	-	1,575,990
Insurance	4,382	14,098	436	2,725	-	-	21,641
Lab Tests	-	-	4,266	-	-	-	4,266
Direct Administration	-	-	19,385	-	-	14,256	33,641
Indirect Administration	-	-	302,380	12,891	-	-	315,271
Depreciation Expense	246,213	361,579	2,581,863	380,094	85,295	-	3,655,044
Amortization - Other	-	437,729	-	-	-	-	437,729
Bad Debt Expense	-	746	-	-	-	-	746
Other	19,970	74,386	-	-	423,844	-	518,200
<b>Total Operating Expenses</b>	<u>556,287</u>	<u>2,288,630</u>	<u>8,585,449</u>	<u>402,401</u>	<u>1,282,028</u>	<u>22,343</u>	<u>13,137,138</u>
<b>NET OPERATING (LOSS) INCOME</b>	<u>(301,031)</u>	<u>(338,370)</u>	<u>(2,742,442)</u>	<u>(364,846)</u>	<u>(947,567)</u>	<u>120,549</u>	<u>(4,573,707)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>							
Tap Fees - Capital Revenue	-	-	1,315,100	-	-	-	1,315,100
Forgiveness of LTD	-	-	-	2,317,615	-	-	2,317,615
Investment Income	-	(340,477)	57,164	-	-	-	(283,313)
Ad Valorem Tax	-	-	2,996,777	-	-	-	2,996,777
Gain on Sale of Assets	-	(1,913)	-	-	-	-	(1,913)
Interest Expense	-	-	(835,287)	-	-	-	(835,287)
<b>Net Other Revenues (Expenses)</b>	<u>-</u>	<u>(342,390)</u>	<u>3,533,754</u>	<u>2,317,615</u>	<u>-</u>	<u>-</u>	<u>5,508,979</u>
<b>(LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS/TRANSFERS</b>	<u>\$ (301,031)</u>	<u>\$ (680,760)</u>	<u>\$ 791,312</u>	<u>\$ 1,952,769</u>	<u>\$ (947,567)</u>	<u>\$ 120,549</u>	<u>\$ 935,272</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, 2022

	<u>Airport Fund</u>	<u>Solid Waste Fund</u>	<u>Garrett County Sanitary District, Inc.</u>	<u>Parks &amp; Recreation Fund</u>	<u>Department of Technology &amp; Communications</u>	<u>Liquor Control Board</u>	<u>Total</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS/TRANSFERS</b>							
Balances Brought Forward	\$ (301,031)	\$ (680,760)	\$ 791,312	\$ 1,952,769	\$ (947,567)	\$ 120,549	\$ 935,272
<b>CAPITAL CONTRIBUTIONS/TRANSFERS</b>							
Capital Contributions from							
State	-	-	55,574	-	-	-	55,574
Federal	1,919,876	-	13,350	-	144,378	-	2,077,604
Primary Government	55,311	-	6,523,357	-	185,275	-	6,763,943
Transfers from (to) Primary Government	<u>(166,962)</u>	<u>155,632</u>	<u>-</u>	<u>-</u>	<u>961,366</u>	<u>(120,549)</u>	<u>829,487</u>
<b>NET CHANGE IN NET POSITION</b>	1,507,194	(525,128)	7,383,593	1,952,769	343,452	-	10,661,880
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>15,126,535</u>	<u>5,246,454</u>	<u>30,492,438</u>	<u>15,043,028</u>	<u>466,773</u>	<u>-</u>	<u>66,375,228</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 16,633,729</u>	<u>\$ 4,721,326</u>	<u>\$ 37,876,031</u>	<u>\$ 16,995,797</u>	<u>\$ 810,225</u>	<u>\$ -</u>	<u>\$ 77,037,108</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, 2022

	<b>Airport Fund</b>	<b>Solid Waste Fund</b>	<b>Garrett County Sanitary District, Inc.</b>	<b>Parks &amp; Recreation Fund</b>	<b>Department of Technology &amp; Communications</b>	<b>Liquor Control Board</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Cash Received from Customers	\$ 238,852	\$ 1,960,402	\$ 6,414,722	\$ 26,179	\$ 222,287	\$ 139,415	\$ 9,001,857
Cash Paid to Suppliers	(172,065)	(588,150)	(4,786,230)	(25,038)	(594,638)	(14,256)	(6,180,377)
Cash Paid to Employees and for Employee Benefits	(149,526)	(987,366)	(1,715,421)	-	(589,015)	(16,329)	(3,457,657)
<b>Net Cash (Used In)/Provided By Operating Activities</b>	<b>(82,739)</b>	<b>384,886</b>	<b>(86,929)</b>	<b>1,141</b>	<b>(961,366)</b>	<b>108,830</b>	<b>(636,177)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>							
Transfer from (to) Other Funds	(166,962)	155,632	205,367	-	961,366	(120,549)	1,034,854
Increase (Decrease) in Amounts Due to General Fund	-	-	29	-	-	-	29
<b>Net Cash (Used In)/Provided By Non-Capital Financing Activities</b>	<b>(166,962)</b>	<b>155,632</b>	<b>205,396</b>	<b>-</b>	<b>961,366</b>	<b>(120,549)</b>	<b>1,034,883</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Capital Contributions	2,192,888	-	301,685	-	329,653	-	2,824,226
Proceeds from Tap Fees	-	-	1,315,100	-	-	-	1,315,100
Ad Valorem Taxes and Other Assessments Collected	-	-	3,008,448	-	-	-	3,008,448
Payment of Expenses Related to Landfill Closure	-	(21,621)	-	-	-	-	(21,621)
Acquisition and Construction of Capital Assets	(1,943,187)	(17,944)	(952,264)	-	(329,653)	-	(3,243,048)
Proceeds on Long-Term Debt Borrowings	-	-	22,043,241	-	-	-	22,043,241
Principal Paid on Long-Term Debt	-	-	(21,076,404)	(500,000)	-	-	(21,576,404)
Interest Paid on Long-Term Debt	-	-	(835,033)	-	-	-	(835,033)
<b>Net Cash Provided By/(Used In) Capital and Related Financing Activities</b>	<b>249,701</b>	<b>(39,565)</b>	<b>3,804,773</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>3,514,909</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Investment Income/(Loss)	-	(340,477)	57,164	-	-	-	(283,313)
Government & Agency Bonds and CDs	-	389,681	-	-	-	-	389,681
<b>Net Cash Provided By Investing Activities</b>	<b>\$ -</b>	<b>\$ 49,204</b>	<b>\$ 57,164</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 106,368</b>

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, 2022

	<u>Airport Fund</u>	<u>Solid Waste Fund</u>	<u>Garrett County Sanitary District, Inc.</u>	<u>Parks &amp; Recreation Fund</u>	<u>Department of Technology &amp; Communications</u>	<u>Liquor Control Board</u>	<u>Total</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ -	\$ 550,157	\$ 3,980,404	\$ (498,859)	\$ -	\$ (11,719)	\$ 4,019,983
Cash and Cash Equivalents, Beginning of Year (Including \$2,757,376 in restricted accounts)	<u>100</u>	<u>2,055,349</u>	<u>5,188,652</u>	<u>651,361</u>	<u>-</u>	<u>148,611</u>	<u>8,044,073</u>
<b>CASH AND CASH EQUIVALENTS, End of Year (Including \$3,300,089 in restricted accounts)</b>	<u>\$ 100</u>	<u>\$ 2,605,506</u>	<u>\$ 9,169,056</u>	<u>\$ 152,502</u>	<u>\$ -</u>	<u>\$ 136,892</u>	<u>\$ 12,064,056</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Forgiveness of long-term obligations	\$ -	\$ -	\$ -	\$ 2,317,615	\$ -	\$ -	\$ 2,317,615
Capital assets transferred from the primary government	-	-	6,317,990	-	-	-	6,317,990
<b>Net Non-Cash and Related Financing Activities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,317,990</u>	<u>\$ 2,317,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,635,605</u>
<b>Reconciliation of Operating Income (Loss) To Cash (Used In)/Provided By Operating Activities</b>							
Operating Income (Loss)	(301,031)	(338,370)	(2,742,442)	(364,846)	(947,567)	120,549	(4,573,707)
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used In)/Provided By Operating Activities:							
Depreciation and Amortization	246,213	799,308	2,581,863	380,094	85,295	-	4,092,773
(Increase) in Deferred Outflows of Resources	(16,897)	(62,965)	(279,437)	-	(97,205)	-	(456,504)
(Decrease) in Deferred Inflows of Resources	(7,423)	(6,909)	(42,150)	-	(33,962)	-	(90,444)
(Increase) Decrease in assets:							
Accounts receivable	(16,179)	10,142	571,715	(11,376)	(112,174)	(4,387)	437,741
Inventories	(24,766)	-	(240,163)	-	-	-	(264,929)
Prepaid expenses	509	8,956	26,426	-	17,744	-	53,635
Increase (Decrease) in liabilities							
Accounts payable and accrued expenses	22,110	3,749	(223,528)	(2,731)	2,522	(8,242)	(206,120)
Due to other governments	-	-	(7,442)	-	-	-	(7,442)
Unearned revenue	(225)	-	-	-	-	910	685
Net pension liability	13,318	9,389	230,016	-	104,452	-	357,175
Compensated absences	1,632	(38,414)	38,213	-	19,529	-	20,960
<b>Net Cash (Used In)/Provided By Operating Activities</b>	<u>\$ (82,739)</u>	<u>\$ 384,886</u>	<u>\$ (86,929)</u>	<u>\$ 1,141</u>	<u>\$ (961,366)</u>	<u>\$ 108,830</u>	<u>\$ (636,177)</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, 2022

	<b><u>Benefit Plan Trust Funds</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,838,829
Investments:	
Certificates of Deposit	343,135
Fixed Income Securities	13,776,200
Mutual Funds	15,722,739
Equity Securities	18,762,123
Total Investments	<u>48,604,197</u>
Interest Receivable	<u>162,157</u>
<b>TOTAL ASSETS</b>	50,605,183
<b>LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Held in Trust for Retirement Benefits and OPEB	<u>\$ 50,605,183</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, 2022

	<b>Benefit Plan Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 2,343,332
Plan Members	682,235
Total Contributions	3,025,567
Investment Earnings:	
Realized Net Gains on Investments	1,332,849
Interest and Dividends	1,310,037
Net Increase (Decrease) in Fair Value of Investments	(9,231,018)
Investment Activity Expense	(198,205)
Total Net Investment Earnings	(6,786,337)
<b>Total Additions</b>	<b>(3,760,770)</b>
<b>DEDUCTIONS</b>	
Benefits	2,908,742
Administrative	37,775
<b>Total Deductions</b>	<b>2,946,517</b>
<b>Change In Net Position</b>	<b>(6,707,287)</b>
<b>Net Position - Beginning of Year</b>	<b>57,312,470</b>
<b>Net Position - End of Year</b>	<b>\$ 50,605,183</b>

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, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 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.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. Reporting Entity (Continued)

Discretely Presented Component Units - The Board of Education of Garrett County 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) 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.

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

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 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.

**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.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 Debt Service Fund accounts for the accumulation of resources and the payment of, general obligation debt principal and interest on the Garrett County Memorial Hospital Bonds, Series 2004, 2007, 2014 & 2015. The proceeds were loaned to Garrett Regional Medical Center for the purpose of capital improvements made to the hospital. The bonds were retired at the end of the fiscal year.

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 Garrett County Sanitary District, Inc. provides water treatment and distribution services, sewage collection, and treatment services throughout the County. The District is reported as a blended component unit within the accompanying financial statements.

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.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 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.

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.

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 BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 less than 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.

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. The allowance for doubtful accounts recorded in the general fund and netted against taxes receivable was \$50,000 as of June 30, 2022. 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, 2022.



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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 \$4,205,390 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.

Restricted assets attributable to the Garrett County Sanitary District, Inc. of \$3,419,225 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.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Business-type activities follow Governmental Accounting Standards Board Statement No. 89 entitled *Accounting for Interest Cost Incurred before the End of a Construction Period* related to constructed assets.

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, 2022, 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, 2023. Additionally, deferred outflows at June 30, 2022 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 nineteen years. Deferred outflows presented on the Statement of Net Position are as follows:

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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	\$ -	\$ 750,571	\$ 272,724	\$ 207,954	\$ 153,322	\$ 1,384,571
Change in assumptions	65,543	1,312,892	368,578	1,423,003	808,291	3,978,307
Net difference between projected and actual earnings on investments	-	3,127,402	913,186	60,809	318,399	4,419,796
Changes in proportion and differences between employer contributions and share of contributions	38,349	-	-	-	-	38,349
County contributions to the Employees' Pension System subsequent to measurement date	52,093	-	-	-	-	52,093
Total deferred outflows of resources	<u>\$ 155,985</u>	<u>\$ 5,190,865</u>	<u>\$ 1,554,488</u>	<u>\$ 1,691,766</u>	<u>\$ 1,280,012</u>	<u>\$ 9,873,116</u>

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four items related to pension and OPEB related to the determination of the net OPEB and pension plan liability that are being amortized over periods ranging from five to nineteen 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	\$ (28,740)	\$ (309,970)	\$ (172,004)	\$ (5,476)	\$ (1,357,543)	\$ (1,873,733)
Change in assumptions	(9,110)	(85,515)	(15,119)	(569,522)	(1,482,957)	(2,162,223)
Changes in proportion and differences between employer contributions and share of contributions	(103,306)	-	-	-	-	(103,306)
Net difference between projected and actual earnings on investments	(148,538)	-	-	-	-	(148,538)
Total deferred inflows of resources	<u>\$ (289,694)</u>	<u>\$ (395,485)</u>	<u>\$ (187,123)</u>	<u>\$ (574,998)</u>	<u>\$ (2,840,500)</u>	<u>\$ (4,287,800)</u>

The government-wide financial statements also have a deferred inflow of resources of \$2,493,518 related to leases (described in Note 3 to the financial statements) which is also present on the governmental fund balance sheet. Additionally, unavailable property tax revenue of \$1,208,062 is presented on the governmental fund balance sheet.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 \$373,255; expenditure driven grants of \$4,934,244; amounts held for area volunteer fire departments and rescue squads of \$290,074; and HUD grants for which eligibility requirements have not been met of \$54,255. We have unearned revenue of \$147,280 in business-type activities.

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.

Leases – Garrett County is a lessor for noncancelable 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.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Leases (Continued)

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 the leases.
- The lease term includes the noncancelable period of the lease.
- Lease receipts include in 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.

**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 OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Net Position/Fund Balance Classifications (Continued)

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.

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, 2022.

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.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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 BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. Budgets and Budgetary Accounting (Continued)

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 7, 2021, by the County Commissioners and as finally amended.

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 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.

L. New Governmental Accounting Standards Board (GASB) Standards

The County has adopted the provisions of GASB Statement No. 95 entitled *Postponement of the Effective Dates of Certain Authoritative Guidance* and Statement No. 89 entitled *Accounting for Interest Cost Incurred before the End of a Construction Period*. The adoption of these standards did not have a material effect on these statements.

Effective July 1, 2021, the County adopted GASB Statement No. No. 87 entitled *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources. There is no effect on beginning net position or fund balance. See Note 3 for the effect on leases receivable and deferred inflows of resources upon implementation.



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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. New Governmental Accounting Standards Board (GASB) Standards – (Continued)**

GASB has issued Statement No. 96 entitled *Subscription-Based Information Technology Arrangements* and Statement No. 97 titled *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The County will be evaluating the effect of these pronouncements on its financial statements and plans to adopt these statements as applicable by their effective date.

**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, 2022 to the statement of net position:

	Governmental Activities	Business-Type Activities	Primary Government	Fiduciary Funds
Cash and Cash Equivalents	\$ 50,522,756	\$ 8,763,967	\$ 59,286,723	\$ -
Restricted Cash	4,205,390	3,300,089	7,505,479	1,838,829
Investments	3,439,079	4,558,844	7,997,923	-
Restricted Investments	-	-	-	48,604,197
Total	\$ 58,167,225	\$ 16,622,900	\$ 74,790,125	\$ 50,443,026

**Deposit and Investment Summary**

	Governmental Activities	Business-Type Activities	Primary Government	Fiduciary Funds
Deposits	\$ 54,723,496	\$ 12,063,306	\$ 66,786,802	\$ 1,838,829
Certificates of Deposit	2,118,584	1,165,221	3,283,805	343,135
U.S. Government Obligations	1,320,495	3,081,155	4,401,650	773,819
Fixed Income Securities	-	312,468	312,468	13,002,381
Mutual Funds	-	-	-	15,722,739
Equity Securities	-	-	-	18,762,123
Cash on Hand	4,650	750	5,400	-
Total	\$ 58,167,225	\$ 16,622,900	\$ 74,790,125	\$ 50,443,026

**Deposits**

At year end, the carrying amount of the Primary Government's deposits including certificates of deposit was \$70,070,607 and the bank balance of collected funds was \$72,026,373. Of the bank balance \$3,783,805 was insured by the Federal Deposit Insurance Corporation (FDIC), \$68,242,568 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, 2022 was \$76,354,953.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

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 \$2,181,964 at June 30, 2022. Of those deposits \$2,181,964 were insured by the FDIC. The Primary Government and the Fiduciary Funds' investment policies do not limit exposure to custodial credit risk.

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, 2022.

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:

<u>Diversification by Instrument</u>	<u>Maximum % of Portfolio</u>
• 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 Maryland Commercial Banks)	40%
• Bankers' Acceptances	40%
• Money Market Mutual Funds	60%

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Investments (Continued)

<u>Diversification by Institution</u>	<u>Maximum % of Portfolio</u>
• Government Dealers (Repurchase Agreements)	50%
• Commercial Banks (Certificates of Deposits)	30%
• Money Market Treasury Funds	40%
• Banker’s Acceptances by Institution	25%

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 \$48,261,062 at June 30, 2022, 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, 2022. 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, 2022:

<u>Security Ratings</u>	<u>Primary Government 6/30/22</u>	<u>Fiduciary Funds 6/30/22</u>
AA	\$ -	\$ -
AAA	4,401,650	960,146
AA1	-	498,396
AA2	-	1,071,060
AA3	-	433,750
A1	-	1,874,796
A2	312,468	1,425,009
A3	-	1,868,227
BAA1	-	3,109,493
BAA2	-	683,448
BAA3	-	122,952
Not Rated	-	2,072,058
Total Market Value	<u>\$ 4,714,118</u>	<u>\$ 14,119,335</u>

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

**Notes to Financial Statements  
June 30, 2022**

**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	Primary Government 6/30/22
2023	1.00%	\$ 4,401,650
2025	2.35%	312,468
Total Market Value		\$ 4,714,118
Fiduciary Funds		
Maturity Date	Interest Rates	6/30/22
2023	2.40%-3.70%	\$ 489,563
2024	0.55%-4.88%	954,361
2025	3.10%-4.80%	1,847,077
2026	3.00%-4.10%	1,035,226
2027	3.00%-5.88%	1,941,994
2027-2032	2.26%-6.95%	3,627,077
2032-2037	2.98%-6.00%	2,517,905
2037-2042	2.75%-4.00%	1,496,174
2042-2047	3.13%-3.38%	209,958
Total Market Value		\$ 14,119,335

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.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Investments (Continued)

	June 30, 2022	Fair Value Measurement Using	
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Market Inputs (Level 2)
<b>Primary Government</b>			
U.S. Government Obligations	\$ 4,401,650	\$ -	\$ 4,401,650
Fixed Income Securities	312,468	-	312,468
Total	<u>\$ 4,714,118</u>	<u>\$ -</u>	<u>\$ 4,714,118</u>
<b>Fiduciary Funds</b>			
U.S. Government Obligations	\$ 773,819	\$ -	\$ 773,819
Fixed Income Securities	13,002,381	-	13,002,381
Mutual Funds	15,722,739	15,722,739	-
Equity Securities	18,762,123	18,762,123	-
Total	<u>\$ 48,261,062</u>	<u>\$ 34,484,862</u>	<u>\$ 13,776,200</u>

**NOTE 3 – NOTES AND LEASE RECEIVABLE**

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 \$453,374 as of June 30, 2022 and is reported in the general fund and government-wide financial statements.

Lease Receivable-General Fund

Starting in the current fiscal year, the financial statements include the adoption GASB Statement No. 87, *Leases*. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. Upon adoption of this accounting principle, the County recognized \$3,018,315 of leases receivable and \$3,018,315 of deferred inflows of resources with no effect on the fund balance of general fund or the net position of governmental activities. As of June 30, 2022 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, 2022, the principal value of the lease receivable is \$573,710. 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, 2022, was \$562,555, and lease revenue of \$50,378 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.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 3 – NOTES AND LEASE RECEIVABLE (Continued)**

*Lease Receivable-General Fund (Continued)*

*Building Space located on Memorial Drive Oakland* - an initial lease receivable was recorded in the amount of \$1,967,771. As of June 30, 2022, the principal value of the lease receivable is \$1,619,644. 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, 2022, was \$1,574,217, and lease revenue of \$393,554 was recognized during the fiscal year. The current lease expires on June 30, 2026.

*Building Space located on South 2<sup>nd</sup> Street Oakland* - an initial lease receivable was recorded in the amount of \$313,734. As of June 30, 2022, the principal value of the lease receivable is \$265,624. The lessee is required to make monthly variable fixed in substance payments of \$5,528. The lease has an interest rate of 6.00%. The value of the deferred inflow of resources as of June 30, 2022, was \$257,543, and lease revenue of \$56,191 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 4<sup>th</sup> Street Oakland* - an initial lease receivable was recorded in the amount of \$124,004. As of June 30, 2022, the principal value of the lease receivable is \$93,608. 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, 2022, was \$99,203, and lease revenue of \$24,801 was recognized during the fiscal year. The current lease expires on March 31, 2030, 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
2023	\$ 493,775	\$ 132,863	\$ 626,638
2024	523,656	106,733	630,390
2025	546,444	78,984	625,428
2026	551,156	44,448	595,604
2027	87,252	24,002	111,254
2028-2032	276,748	47,012	323,760
2033-2034	73,557	1,987	75,544
	\$ 2,552,587	\$ 436,030	\$ 2,988,617

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 4 – DEBT SERVICE FUND**

The County issued, Garrett County Memorial Hospital Bonds, Series 2004, 2007, 2014, and 2015 in the amounts of \$1,400,000, \$3,000,000, \$10,000,000 and \$5,000,000, respectively. During the June 30, 2022 fiscal year, Garrett Regional Medical Center became a full member of the West Virginia University Health System. Prior to that reorganization, all of the outstanding debt related to the Series 2004, 2007, 2014, and 2015 have been retired and no amounts are outstanding at June 30, 2022.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the Primary Government for the fiscal year ended June 30, 2022 was as follows:

	<u>Balance as of June 30, 2021</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance as of June 30, 2022</u>
<b><u>Governmental Activities</u></b>				
Capital assets, not depreciated				
Land and easements	\$ 10,165,961	\$ -	\$ (3,133)	\$ 10,162,828
Construction in progress	13,442,666	2,142,288	(6,683,700)	8,901,254
Total capital assets, not depreciated	<u>23,608,627</u>	<u>2,142,288</u>	<u>(6,686,833)</u>	<u>19,064,082</u>
Capital assets, being depreciated				
Land improvements	3,440,717	-	230,729	3,671,446
Buildings	25,836,042	230,288	88,680	26,155,010
Machinery & equipment	4,192,783	203,423	-	4,396,206
Vehicles	19,470,248	806,833	(15,270)	20,261,811
Furniture & equipment	5,342,150	113,863	-	5,456,013
Infrastructure	100,565,041	3,465,994	46,302	104,077,337
Total capital assets, being depreciated	<u>158,846,981</u>	<u>4,820,401</u>	<u>350,441</u>	<u>164,017,823</u>
Less accumulated depreciation for:				
Land improvements	(328,847)	(42,343)	-	(371,190)
Buildings	(14,769,781)	(553,883)	-	(15,323,664)
Machinery & equipment	(3,016,026)	(200,390)	-	(3,216,416)
Vehicles	(17,406,966)	(770,938)	15,270	(18,162,634)
Furniture & equipment	(1,991,362)	(565,426)	-	(2,556,788)
Infrastructure	(79,154,949)	(2,609,925)	-	(81,764,874)
Total accumulated depreciation	<u>(116,667,931)</u>	<u>(4,742,905)</u>	<u>15,270</u>	<u>(121,395,566)</u>
Total capital assets, being depreciated, net	<u>42,179,050</u>	<u>77,496</u>	<u>365,711</u>	<u>42,622,257</u>
Governmental activities capital assets, net	<u>\$ 65,787,677</u>	<u>\$ 2,219,784</u>	<u>\$ (6,321,122)</u>	<u>\$ 61,686,339</u>

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 5 – CAPITAL ASSETS (Continued)**

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

Governmental activities:	
General Government	\$ 160,668
Public Works	3,017,973
Public Safety	798,592
Economic Development	447,444
Unallocated	318,228
Total depreciation expense - governmental activities	\$ 4,742,905

	Balance June 30, 2021	Additions	Transfers and Retirements	Balance June 30, 2022
<b><u>Business-type activities</u></b>				
Capital assets, not depreciated				
Land and easements	\$ 3,243,738	\$ -	\$ -	\$ 3,243,738
Construction in progress	7,725,923	8,910,260	(9,178,124)	7,458,059
Total capital assets, not depreciated	10,969,661	8,910,260	(9,178,124)	10,701,797
Capital assets, being depreciated				
Land improvements	28,378,037	-	-	28,378,037
Buildings	4,975,225	-	-	4,975,225
Machinery & equipment	5,641,109	201,114	249,621	6,091,844
Vehicles	1,850,627	281,463	-	2,132,090
Infrastructure	18,753,628	22,456	-	18,776,084
Furniture & equipment	275,847	-	50,589	326,436
Water & Sewer facilities	118,225,132	700,006	8,309,157	127,234,295
Total capital assets, being depreciated	178,099,605	1,205,039	8,609,367	187,914,011
Less accumulated depreciation for:				
Land improvements	(11,023,561)	(210,403)	-	(11,233,964)
Buildings	(1,734,350)	(127,139)	-	(1,861,489)
Machinery & equipment	(4,538,944)	(305,716)	10,150	(4,834,510)
Vehicles	(1,659,774)	(105,001)	-	(1,764,775)
Infrastructure	(8,888,626)	(461,987)	-	(9,350,613)
Furniture & equipment	(195,004)	(24,227)	-	(219,231)
Water & Sewer facilities	(71,018,422)	(2,420,571)	-	(73,438,993)
Total accumulated depreciation	(99,058,681)	(3,655,044)	10,150	(102,703,575)
Total capital assets, being depreciated, net	79,040,924	(2,450,005)	8,619,517	85,210,436
Business-type activities capital assets, net	\$ 90,010,585	\$ 6,460,255	\$ (558,607)	\$ 95,912,233



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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 5 – CAPITAL ASSETS (Continued)**

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

Business-type activities		
Airport	\$	246,213
Solid Waste		361,579
Sanitary District		2,581,863
Parks & Recreation		380,094
Department of Technology & Communications		85,295
Total depreciation expense - business-type activities	<u>\$</u>	<u>3,655,044</u>

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

	<u>Project Authorization</u>	<u>CIP as of June 30, 2022</u>	<u>Remaining Commitment</u>
<b><u>Governmental Activities</u></b>			
Public Works	\$ 12,403,089	\$ 2,187,561	\$ 10,215,528
Public Safety	2,863,193	2,421,373	441,820
Economic Development	2,410,000	633,932	1,776,068
General Government	3,937,264	3,658,388	278,876
Total governmental activities	<u>\$ 21,613,546</u>	<u>\$ 8,901,254</u>	<u>\$ 12,712,292</u>
<b><u>Business-type Activities</u></b>			
West Apron	\$ 7,142,876	\$ 5,125,794	\$ 2,017,082
IT Server Infrastructure	274,495	274,495	-
Deep Creek Lake Waste Water Treatment Plant	72,048	72,048	-
McHenry Water	945,584	695,584	250,000
Trout Run WWTP Upgrades	2,498,648	1,185,010	1,313,638
Deep Creek Lake Sewer Rehab	312,783	62,783	250,000
Other Garrett County Sanitary District Projects	100,070	42,345	57,725
Total business-type activities	<u>\$ 11,346,504</u>	<u>\$ 7,458,059</u>	<u>\$ 3,888,445</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 & Recreation Fund for financing provided by the General Fund in the amount of \$648,948.

Additionally two Proprietary Funds have interfund amounts due of \$861.

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

**Notes to Financial Statements  
June 30, 2022**

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

Interfund transfers for the year ended June 30, 2022, consists of the following:

<u>Transfer Out</u>	<u>Transfers In</u>					<u>Total Transfers to Other Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Solid Waste Fund</u>	<u>Garret County Sanitary District Inc.</u>	<u>Dept. of Tech. and Comm. Fund</u>	
General	\$ -	\$ -	\$ 155,632	\$ 205,368	\$ 1,146,641	\$ 1,507,641
Capital Projects Fund	204,601	-	-	-	-	204,601
Other Governmental Funds	-	3,635	-	-	-	3,635
Airport Fund	111,651	-	-	-	-	111,651
Solid Waste Fund	-	-	-	-	-	-
Liquor Control Board	120,549	-	-	-	-	120,549
Total Transfer in from Other Funds	<u>\$ 436,801</u>	<u>\$ 3,635</u>	<u>\$ 155,632</u>	<u>\$ 205,368</u>	<u>\$ 1,146,641</u>	<u>\$ 1,948,077</u>

The Airport Fund shows a transfer of \$166,962 to the general fund which includes a capital contribution of \$55,311. Similarly, the general fund transferred \$205,368 and \$185,275 for capital acquisitions to the Sanitary District and the Department of Technology and Communication Fund, respectively, which 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.

Receivables and payables between the Primary Government and its component units for the year ended June 30, 2022, consisted of \$10,245 due to the Board of Education and \$18,736 due from the Public Library.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 7 – LONG-TERM LIABILITIES**

The following is a summary of long-term liability transactions for the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Additions	Principal Repayments & Other Reductions	Balance June 30, 2022	Due Within One Year
<b>Governmental activities:</b>					
General Fund					
General Obligation Bonds (Direct Borrowings)	\$ 11,718,096	\$ -	\$ (11,718,096)	\$ -	\$ -
Compensated Absences	3,052,143	362,680	(206,723)	3,208,100	30,029
Net OPEB Liability	11,509,688	1,707,008	(1,153,385)	12,063,311	-
Net Pension Liability - MSRS	586,539	-	(249,867)	336,672	-
Net Pension Liability - GCGEP	3,758,844	8,313,015	(1,126,570)	10,945,289	-
Net Pension Liability - GCLEP	-	2,936,059	(985,182)	1,950,877	-
Net Pension Liability - LOSAP	1,539,548	492,137	(870,105)	1,161,580	-
Governmental activities Long-term liabilities	<u>\$ 32,164,858</u>	<u>\$ 13,810,899</u>	<u>\$ (16,309,928)</u>	<u>\$ 29,665,829</u>	<u>\$ 30,029</u>
<b>Business-type activities:</b>					
Garrett County Sanitary District					
Bonds and Loans Payable (Direct Borrowings)	\$ 28,477,613	22,043,241	\$ (21,076,404)	\$ 29,444,450	\$ 2,093,912
Parks & Recreation					
Loans Payable (Direct Borrowings)	3,092,615	-	(2,817,615)	275,000	-
Subtotal	<u>31,570,228</u>	<u>22,043,241</u>	<u>(23,894,019)</u>	<u>29,719,450</u>	<u>2,093,912</u>
Landfill closure/post-closure Net Pension Liability - GCGEP	<u>4,772,214</u>	<u>437,728</u>	<u>(21,620)</u>	<u>5,188,322</u>	<u>25,000</u>
Airport	81,760	23,335	(10,017)	95,078	-
Solid Waste Fund	375,559	49,181	(39,792)	384,948	-
G.C. Sanitary District	1,504,714	341,918	(111,902)	1,734,730	-
Dept. of Tech & Comm.	279,079	146,040	(41,588)	383,531	-
	<u>2,241,112</u>	<u>560,474</u>	<u>(203,299)</u>	<u>2,598,287</u>	<u>-</u>
Compensated Absences					
Airport	31,787	1,632	-	33,419	-
Solid Waste Fund	153,969	26,281	(64,695)	115,555	-
G.C. Sanitary District	197,746	38,213	-	235,959	25,147
Dept. of Tech & Comm.	65,129	19,529	-	84,658	-
	<u>448,631</u>	<u>85,655</u>	<u>(64,695)</u>	<u>469,591</u>	<u>25,147</u>
Business-type activities Long-term liabilities	<u>\$ 39,032,185</u>	<u>\$ 23,127,098</u>	<u>\$ (24,183,633)</u>	<u>\$ 37,975,650</u>	<u>\$ 2,144,059</u>

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

Details of certain long-term debt obligations at June 30, 2022 are as follows:

	Balance June 30, 2022
<b>Business-type Activities: Direct Borrowings and Placements</b>	
<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.	\$ 111,248
\$128,653 Maryland Department of the Environment (Mt. Lake Park Water), payable in annual installments of principal only of \$9,077 through February 2024.	10,657
\$549,085 Maryland Department of the Environment (Deep Creek & Friendsville I&I), payable in annual installments of principal only of \$34,318 through 2025.	4,391
\$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.	2,740,522
\$483,550 Truist (Mountain Lake Park Water), payable in monthly installments of \$4,353, including interest of 2.16% through August 2032.	476,433
\$263,000 United States Department of Agriculture payable in monthly installments of \$2,394, including interest of 2.0% through August 2059.	250,830
\$376,000 United States Department of Agriculture payable in monthly installments of \$1,001, including interest of 1.6250% through February 2060.	357,361
\$4,528,420 Truist (Thayerville Water), payable in monthly installments of \$40,767, including interest of 2.16% through August 2032.	4,461,768
\$7,420,000 United States Department of Agriculture payable in monthly installments of \$69,006, including interest of 2.125% through 2059.	6,991,166
\$14,249,810 (Water and Sewer) Truist, payable in monthly installments of \$128,284, including interest of 2.16% through August 2032.	14,040,074
Total Garrett County Sanitary District, Inc.	\$ 29,444,450

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

	<u>Balance June 30, 2022</u>
<b>Business-type Activities: Direct Borrowings and Placements (Continued)</b>	
<u>Parks &amp; 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>
 <b>Total Business-type Activities</b>	<u>\$ 29,719,450</u>
<b>Total Primary Government</b>	<u>\$ 29,719,450</u>

During the fiscal year ended June 30, 2022, a note payable in the Parks and recreation Fund of \$2,317,615 was forgiven and is shown as a non-operating revenue within that fund.

Interest Expense

Total interest expense of \$1,349,897 incurred by the Primary Government includes \$414,610 charged to governmental activities and \$835,287 charged to business-type activities.

Defeasement of Debt

On April 28, 2022, the Garrett County Sanitary District, Inc. issued its Series 2022B, Series 2022C and Series 2022D Refunding Bonds in the amounts of \$14,249,810, \$4,528,420, and \$483,550, respectively. The total proceeds of these bonds of \$19,261,780 were used to current refund all outstanding maturities of the existing Series 2012 Water and Sewer Refunding Bond; the Series 2012 Thayerville Bond; and the Series 2012 Mountain Lake Park Water Project Bond. The Series 2022 Bonds bear an interest rate of 2.16%. The principal amount of the Series 2022 Bonds is payable May 23, 2022, through August 23, 2032.

These refundings will reduce total debt service payments for fiscal years 2022 through 2033 by \$1,514,098 and obtain an economic gain of \$1,357,892.

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.

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

**Notes to Financial Statements  
June 30, 2022**

**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>
<b>Business-Type Activities:</b>			
2023	\$ 2,093,912	\$ 609,291	\$ 2,703,203
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
2028-2032	12,094,169	1,354,509	13,448,678
2033-2037	1,315,582	593,364	1,908,946
2038-2042	1,000,181	491,899	1,492,080
2043-2047	1,110,496	381,584	1,492,080
2048-2052	1,233,013	259,067	1,492,080
2053-2057	1,369,084	122,996	1,492,080
2058-2062	443,460	8,292	451,752
Thereafter	275,000	-	275,000
Total Business-type activities	<u>\$ 29,719,450</u>	<u>\$ 5,796,973</u>	<u>\$ 35,516,423</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, 2022 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, 2022**

**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, 2022**

**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, 2022**

**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, 2022 were \$52,093 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, 2022, the Primary Government reported a liability of \$336,672 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the Primary Government's proportion was 0.0022 percent. The Primary Government's pension expense for the ERS Plan for the year ended June 30, 2022 was \$(5,968).

At June 30, 2022, 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	\$ 65,543	\$ (9,110)
Differences between expected and actual experience	-	(28,740)
Changes in proportion and differences between employer contributions and share of contributions	38,349	(103,306)
Net difference between projected and actual investment earnings on plan investments	-	(148,538)
County contributions to the Employees' Pension System subsequent to the measurement date	52,093	-
Total	\$ 155,985	\$ (289,694)

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

**Notes to Financial Statements  
June 30, 2022**

**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 \$52,093 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, 2022.

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
2023	\$ (51,341)
2024	(45,357)
2025	(45,644)
2026	(41,755)
2027	(1,705)

The total pension liability in the June 30, 2021 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, 3.1% wage
Salary increases	2.75% to 9.25%, including inflation
Discount rate	6.80%
Investment rate of return	6.80%
Mortality	Public Sector 2010 Mortality Tables

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

**Notes to Financial Statements  
June 30, 2022**

**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	37.00%	4.70%
Private Equity	13.00%	6.50%
Rate Sensitive	19.00%	-0.40%
Credit Opportunity	9.00%	2.60%
Real Assets	14.00%	4.20%
Absolute Return	8.00%	2.00%
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	\$ 573,400	\$ 336,672	\$ 140,308

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, 2022**

**NOTE 9 – STATE RETIREMENT PLAN (Continued)**

Funded Status and Funding Progress

At June 30, 2022, 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, 2022:

	Teachers' Retirement and Pension System	Employees' Retirement and Pension System	Total All State Systems
Primary Government's proportionate share of net pension liability	\$ -	\$ 336,672	\$ 336,672
Board of Education's proportionate share of net pension liability	-	2,799,923	2,799,923
State's proportionate share of the net pension liability associated with the Board of Education	30,864,188	-	30,864,188
State's proportionate share of the net pension liability associated with the College	4,316,927	-	4,316,927
Total State and County portion of the net pension liability	\$ 35,181,115	\$ 3,136,595	\$ 38,317,710

Contributions by the State of Maryland to the TRS on behalf of the Board of Education and College totaled \$3,010,194 and \$667,049, respectively, for the year ended June 30, 2022. Board of Education and College contributions to the State Retirement Plan totaled \$1,523,108 and \$3,567, respectively, for the year ended June 30, 2022. 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, 2022**

**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, 2022 (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, 2022**

**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, 2022, which is the latest actuarial report available. Liabilities were measured as of July 1, 2021 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July 1, 2021, the date liabilities were last measured:

Retirees and beneficiaries receiving benefits	126
Vested and nonvested terminations	45
Active Plan members	230
Total	401

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, 2022 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, 2022, the annual money-weighted rate of return on pension plan investments, net of expense, was -12.09%. 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, 2022**

**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, 2021 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 2.0% 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, 2022 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, 2022 is as follows:

Total pension liability	\$	48,077,380
Net position		(34,533,804)
Net pension liability		\$ 13,543,576

Net position as a percentage of total pension liability is 71.83%.

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	\$ 19,097,826	\$ 13,543,576	\$ 8,883,261

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

**Notes to Financial Statements  
June 30, 2022**

**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, 2021	\$ 45,736,543	\$ 39,736,587	\$ 5,999,956
Changes for the year:			
Service cost	744,303	-	744,303
Interest	3,126,384	-	3,126,384
Differences between expected and actual experience	588,764	-	588,764
Assumption changes	66,161	-	66,161
Contributions - employer	-	1,329,869	(1,329,869)
Contributions - employee	-	430,289	(430,289)
Net investment income	-	(4,620,542)	4,620,542
Benefit payments and refunds of member contributions	(2,184,775)	(2,184,775)	-
Administrative expense	-	(157,624)	157,624
Net Changes	<u>2,340,837</u>	<u>(5,202,783)</u>	<u>7,543,620</u>
Balances as of June 30, 2022	<u>\$ 48,077,380</u>	<u>\$ 34,533,804</u>	<u>\$ 13,543,576</u>

For the year ended June 30, 2022, the County recognized pension expense of \$2,096,722 and made contributions to the Plan of \$1,329,869. As of June 30, 2022, 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	\$ 627,627	\$ (271,159)
Changes of assumptions	1,097,840	(74,806)
Net difference between projected and actual investment earnings on pension plan investments	2,615,188	-
	<u>\$ 4,340,656</u>	<u>\$ (345,964)</u>

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,944	\$ (38,811)
Changes of assumptions	215,052	(10,709)
Net difference between projected and actual investment earnings on pension plan investments	512,214	-
	<u>\$ 850,209</u>	<u>\$ (49,521)</u>



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

**Notes to Financial Statements  
June 30, 2022**

**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:

<u>Year ending June 30:</u>		<u>Total</u>
2023	\$	1,238,725
2024		1,162,559
2025		808,037
2026		1,583,451
2027		2,608

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, 2022 (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, 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.

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 10 – COUNTY RETIREMENT PLANS (Continued)**

Law Enforcement Retirement Plan (Continued)

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, 2022, which is the latest actuarial report available. Liabilities were measured as of July 1, 2021 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July 1, 2021, the date liabilities were last measured:

Retirees and Beneficiaries	26
Vested Terminations	13
Non-Vested Terminations due Refunds	6
Active Plan members	64
Total	109

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GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2022**

**NOTE 10 – COUNTY RETIREMENT PLANS (Continued)**

Law Enforcement Retirement Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2022 is as follows:

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

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of expense, was -11.53%. 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, 2021 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 2% 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, 2022 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 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 85.64%. The result as of June 30, 2022 is as follows:

Total pension liability	\$ 13,587,949
Net position	<u>(11,637,072)</u>
Net pension liability	<u><u>\$ 1,950,877</u></u>

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 10 – COUNTY RETIREMENT PLANS (Continued)**

Law Enforcement Retirement Plan (Continued)

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

The following presents the net pension liability of the Plan, calculated using a discount rate of 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	\$ 3,673,007	\$ 1,950,877	\$ 530,266

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, 2021	\$ 12,854,773	\$ 13,174,546	\$ (319,773)
Changes for the year:			
Service cost	313,250	-	313,250
Interest	876,284	-	876,284
Differences between expected and actual experience	216,401	-	216,401
Changes of assumptions	11,665	-	11,665
Contributions - employer	-	413,463	(413,463)
Contributions - employee	-	251,946	(251,946)
Net investment income	-	(1,461,558)	1,461,558
Benefit payments and refunds of member contributions	(684,424)	(684,424)	-
Administrative expense	-	(56,901)	56,901
Plan Change	-	-	-
Net Changes	733,176	(1,537,474)	2,270,650
Balances as of June 30, 2022	\$ 13,587,949	\$ 11,637,072	\$ 1,950,877

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**Notes to Financial Statements  
June 30, 2022**

**NOTE 10 – COUNTY RETIREMENT PLANS (Continued)**

Law Enforcement Retirement Plan (Continued)

For the year ended June 30, 2022, the County recognized pension expense of \$369,341 and made contributions to the Plan of \$251,946. As of June 30, 2022, 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	\$ 272,724	\$ (172,004)
Changes of assumptions	368,578	(15,119)
Net difference between projected and actual investment earnings on plan investments	913,186	-
	\$ 1,554,488	\$ (187,123)

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>
2023	\$ 297,290
2024	299,060
2025	219,927
2026	511,351
2027	32,375
Thereafter	7,362

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.

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GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2022**

**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, 2022 (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, 2022**

**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, 2022, which is the latest actuarial report available. Liabilities were measured as of July 1, 2021 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July 1, 2021, the date the liabilities were last measured:

Age 70 Benefit Eligible (in pay status)	36
Age 70 Benefit Eligible (not in pay status)	12
Inactive Plan members	260
Active Plan members	411
Total	719

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, 2022 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, 2022, the annual money-weighted rate of return on pension plan investments, net of expense, was -10.98%. 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, 2021 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, 2022 actuarial valuation report.

The discount rate used to measure the total pension liability was 3.80 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.

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GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2022**

**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, 2022 is as follows:

Total pension liability	\$ 2,171,659
Net position	<u>(1,010,079)</u>
Net pension liability	<u><u>\$ 1,161,580</u></u>

Net position as a percentage of total pension liability is 46.51%.

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 3.80% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.80%) or 1-percentage point higher (4.80%) than the current rate:

	1% decrease 2.80%	Current rate 3.80%	1% increase 4.80%
Net pension liability	<u>\$ 1,622,434</u>	<u>\$ 1,161,580</u>	<u>\$ 798,813</u>

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, 2021	\$ 2,716,222	\$ 1,176,674	\$ 1,539,548
Changes for the year:			
Service cost	141,968	-	141,968
Interest	69,302	-	69,302
Change in benefit terms	(291,220)	-	(291,220)
Differences between expected and actual experience	153,816	-	153,816
Changes in assumptions	(578,885)	-	(578,885)
Net investment income	-	(117,811)	117,811
Benefit payments and refunds of member contributions	(39,544)	(39,544)	-
Administrative expense	-	(9,240)	9,240
Net Changes	<u>(544,563)</u>	<u>(166,595)</u>	<u>(377,968)</u>
Balances as of June 30, 2022	<u>\$ 2,171,659</u>	<u>\$ 1,010,079</u>	<u>\$ 1,161,580</u>



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GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2022**

**NOTE 10 – COUNTY RETIREMENT PLANS (Continued)**

Volunteer Length of Service Award Plan (Continued)

For the year ended June 30, 2022, the County recognized pension expense of \$-64,435 and made contributions to the Plan of \$0. As of June 30, 2022, 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	\$ 207,954	\$ (5,476)
Changes of assumptions	1,423,003	(569,522)
Net difference between projected and actual investment earnings on plan investments	60,809	-
	\$ 1,691,766	\$ (574,998)

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>
2023	\$ 76,774
2024	79,809
2025	77,949
2026	107,765
2027	70,372
Thereafter	704,099

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, 2022**

**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, 2022, the Primary Government contributed \$273,300 or 2.42 percent of earned compensation. Covered payroll approximated \$11,209,737. Additionally, the Primary Government contributed amounts on behalf of the employees of Garrett County Sanitary District, Inc. in the amount of \$14,490 on covered payroll of approximately \$598,731.

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, 2022**

**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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	168
Active employees	239
	407
	407

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GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2022**

**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, 168 County retirees participate in this program.

**THE BOARD OF COUNTY COMMISSIONERS OF  
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**Notes to Financial Statements  
June 30, 2022**

**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, 2022, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial assumptions. The total OPEB liability in the June 30, 2022 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	6.5 percent for 2022, decreasing 0.5 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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

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**Notes to Financial Statements  
June 30, 2022**

**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, 2022, the long-term rate of return was 6.50%. The discount rate at June 30, 2022 was 6.50%.

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -12.05%. 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, 2021	\$ 14,734,351	\$ 3,224,663	\$ 11,509,688
Changes for the year:			
Service cost	345,574	-	345,574
Interest	940,031	-	940,031
Differences between expected and actual experience	-	-	-
Assumption changes	20,967	-	20,967
Contributions - employer	-	1,153,385	(1,153,385)
Contributions - employee	-		
Net investment income	-	(388,221)	388,221
Benefit payments	(553,385)	(553,385)	-
Administrative expense	-	(12,215)	12,215
Other Changes	-	-	-
Net Changes	753,187	199,564	553,623
Balances as of June 30, 2022	\$ 15,487,538	\$ 3,424,227	\$ 12,063,311

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	\$ 13,745,545	\$ 12,063,311	\$ 10,626,306

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

**Notes to Financial Statements  
June 30, 2022**

**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 (5.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% decrease (5.5% decreasing to 3.5%)	Healthcare Cost Trend Rates (6.5% decreasing to 4.5%)	1% increase (7.5% decreasing to 5.5%)
Net OPEB liability	<u>\$ 10,374,021</u>	<u>\$ 12,063,311</u>	<u>\$ 14,081,249</u>

For the year ended June 30, 2022, the County recognized OPEB expense of \$312,622. At June 30, 2022, 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	\$ 153,322	\$ (1,357,543)
Changes of assumptions	808,291	(1,482,957)
Net difference between projected and actual investment earnings on plan investments	318,399	-
	<u>\$ 1,280,012</u>	<u>\$ (2,840,500)</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:	
2023	\$ (762,586)
2024	(765,868)
2025	(159,559)
2026	127,525
2027	-
Thereafter	-

**THE BOARD OF COUNTY COMMISSIONERS OF  
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**Notes to Financial Statements  
June 30, 2022**

**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 \$5,188,322 as of June 30, 2022, representing the cumulative operating expenses reported to date based on the Round Glade landfill at full capacity (\$520,248) and the current landfill at 56% of its estimated capacity (\$4,668,074). The County will recognize the balance of estimated closure and post-closure costs of approximately \$2,295,162 over the remaining useful life of the current landfill, which approximates 11 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, 2022. 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, 2022, 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, 2022**

**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, 2022. 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, 2022.

For the year ended June 30, 2022, cash claims incurred of \$15,437,702 was less than the combined premiums charged to the Plan participants of \$16,528,293. The excess premiums of \$1,090,591 were added the restricted cash balance for self-insured health plan which was \$3,722,571 at the end of the fiscal year. Changes in the claims liability amount in the fiscal years ended June 30, 2021 and 2022 were:

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

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

**Notes to Financial Statements  
June 30, 2022**

**NOTE 15 – FUND EQUITY**

A summary of fund balances as of June 30, 2022 is as follows:

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Inventory	\$ 943,789	\$ -	\$ 943,789
Prepaid Expense	51,492	-	51,492
Note Receivable	513,574	-	513,574
<b>Total Nonspendable Fund Balance</b>	<b>1,508,855</b>	<b>-</b>	<b>1,508,855</b>
<b>Restricted For:</b>			
Agricultural Land Preservation	55,829	-	55,829
Special Revenue Funds	-	62,091	62,091
Accommodations Tax	1,613,719	-	1,613,719
Self Funded Health Care	2,585,436	-	2,585,436
<b>Total Restricted Fund Balance</b>	<b>4,254,984</b>	<b>62,091</b>	<b>4,317,075</b>
<b>Assigned For:</b>			
<b>Capital projects:</b>			
Board of Education	15,960,294	-	15,960,294
Garrett College	1,749,723	-	1,749,723
Public Works	5,557,013	-	5,557,013
Economic Development	1,451,217	-	1,451,217
Public Safety	1,082,555	-	1,082,555
General Government	879,951	-	879,951
Future Capital Projects	5,000,000	-	5,000,000
Capital Projects Subtotal	31,680,753	-	31,680,753
Subsequent Year Budget	14,113,375	-	14,113,375
<b>Total Assigned Fund Balance</b>	<b>45,794,128</b>	<b>-</b>	<b>45,794,128</b>
<b>Unassigned:</b>	<b>10,018,529</b>	<b>-</b>	<b>10,018,529</b>
<b>Total Fund Balance</b>	<b>\$ 61,576,496</b>	<b>\$ 62,091</b>	<b>\$ 61,638,587</b>

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

**Notes to Financial Statements  
June 30, 2022**

**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	\$106,394,023	\$ 85,787,641	\$ (1,005,540)	\$ 19,600,842
<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>\$106,542,823</u>	<u>\$ 85,936,441</u>	<u>\$ (1,005,540)</u>	<u>\$ 19,600,842</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 the end of the initial term of the lease, the College has the option to extend the lease. The value of this building at June 30, 2022 was \$927,169 less accumulated depreciation of \$413,659.

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, 2022 was \$1,000,563 less accumulated depreciation of \$534,003.

Funding

During the year ended June 30, 2022, the County provided funding to Garrett College in the form of annual appropriations, capital contributions, and local grants and scholarships the amounts of \$5,110,160, \$2,204,048, and \$510,075, respectively.

The County also provided the Garrett County Board of Education an annual appropriation of \$28,854,113 and a capital contribution of \$494,624. An annual appropriation of \$1,116,950 was made to the Library during the fiscal year ended June 30, 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Required Supplementary Information  
June 30, 2022**

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

	<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	0.0022%	0.0026%	0.0028%	0.0027%	0.0025%	0.0028%	0.0027%	0.0023%
The County's proportionate share of the net pension liability	\$ 336,672	\$ 586,539	\$ 568,016	\$ 569,698	\$ 546,088	\$ 650,096	\$ 552,462	\$ 417,028
The County's covered payroll	\$ 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	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	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, 2022**

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

	<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	\$ 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>(52,093)</u>	<u>(49,450)</u>	<u>(55,641)</u>	<u>(56,533)</u>	<u>(54,143)</u>	<u>(51,400)</u>	<u>(53,676)</u>	<u>(56,032)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The County's covered payroll	\$ 486,496	\$ 468,722	\$ 466,577	\$ 491,496	\$ 487,829	\$ 485,329	\$ 519,945	\$ 510,206
Contributions as a percentage of covered payroll	10.71%	10.55%	11.93%	11.50%	11.10%	10.59%	10.32%	10.98%

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Changes in Benefit Terms** - There were no benefit changes during the year.

**Changes in Assumptions**

The following assumptions were changed from the prior valuation:

- The discount rate and long-term rate of investment return was reduced from 7.40% to 6.80%.
- The inflation assumption was changed from 2.60% to 2.25%. The wage inflation was changed from 3.10% to 2.75%.

In conjunction with these changes in economic assumptions, the plans also recognized 40% of the investment gain in the determination of the actuarial asset valuation in FY 21 rather than the 20% normally recognized.

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

**Required Supplementary Information  
June 30, 2022**

**SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND RELATED RATIOS - GOVERNMENT PERSONNEL  
RETIREMENT PLAN – FOR LAST 10 FISCAL YEARS (FY 2013 AND EARLIER NOT AVAILABLE)**

	<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	\$ 744,303	\$ 719,576	\$ 761,309	\$ 734,201	\$ 798,198	\$ 786,979	\$ 718,592	\$ 914,186	\$ 859,717
Interest	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	588,764	(500,786)	384,941	310,794	208,948	(45,546)	73,685	-	-
Assumption changes	66,161	(139,129)	2,771,799	-	-	-	246,009	-	-
Benefit payments	(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)
<b>Net changes in total pension liability</b>	<u>2,340,837</u>	<u>971,957</u>	<u>4,725,301</u>	<u>2,040,263</u>	<u>1,921,594</u>	<u>1,561,772</u>	<u>1,958,214</u>	<u>2,004,890</u>	<u>1,995,437</u>
Total pension liability - beginning	<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>	<u>28,557,115</u>
Total pension liability - ending (a)	<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>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 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	430,289	364,314	360,883	372,480	380,215	363,390	359,559	354,820	352,066
Net investment income	(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	(2,184,775)	(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	(157,624)	(144,942)	(120,046)	(112,146)	(109,181)	(15,021)	(7,057)	(24,709)	(8,986)
<b>Net changes in plan fiduciary net position</b>	<u>(5,202,783)</u>	<u>9,124,106</u>	<u>1,319,334</u>	<u>1,738,650</u>	<u>1,718,172</u>	<u>2,193,887</u>	<u>638,931</u>	<u>1,236,492</u>	<u>3,466,450</u>
Plan fiduciary net position - beginning	<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>	<u>18,300,565</u>
Plan fiduciary net position - ending (b)	<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>
<b>County's net pension liability - ending (a) - (b)</b>	<u>\$ 13,543,576</u>	<u>\$ 5,999,956</u>	<u>\$ 14,152,105</u>	<u>\$ 10,746,138</u>	<u>\$ 10,444,525</u>	<u>\$ 10,241,103</u>	<u>\$ 10,873,218</u>	<u>\$ 9,553,935</u>	<u>\$ 8,785,537</u>
Plan fiduciary net position as a percentage of total pension liability	71.83%	86.88%	68.39%	73.16%	72.51%	71.61%	68.50%	70.66%	71.24%
Covered payroll	\$ 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	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	-12.09%	21.69%	5.96%	6.60%	6.80%	8.92%	1.95%	3.44%	14.07%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Changes in Assumptions: The mortality improvement scale was updated from MP-2020 to MP-2021 Benefit Changes: None

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

**Required Supplementary Information  
June 30, 2022**

**SCHEDULE OF GOVERNMENT PERSONNEL RETIREMENT PLAN EMPLOYER CONTRIBUTIONS - FOR LAST 10 FISCAL YEARS (FY 2013  
AND EARLIER NOT AVAILABLE)**

	<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	\$ 1,720,260	\$ 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	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>\$ (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	\$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	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, 2022

The measurement date for all calculations was June 30, 2022. Liabilities were measured as of July 1, 2021 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	2.0% per year
Retirement age	See related footnote for retirement age assumptions
Valuation of assets	Market value as reported by plan administrator



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

**Required Supplementary Information  
June 30, 2022**

**SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - LAW ENFORCEMENT  
RETIREMENT PLAN – FOR LAST 10 FISCAL YEARS (FY 2013 AND EARLIER NOT AVAILABLE)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Service Cost: Retirement benefits administration	\$ 313,250	\$ 335,520	\$ 323,709	\$ 284,081	\$ 316,767	\$ 303,426	\$ 263,191	\$ 281,985	\$ 244,908
Interest	876,284	846,600	777,422	725,799	683,047	643,188	616,786	548,471	516,719
Difference between expected and actual experience	216,401	(114,336)	(16,662)	211,999	23,392	(204,945)	(92,747)	-	-
Assumption changes	11,665	(22,319)	444,553	-	-	-	566,709	-	-
Plan Change	-	-	-	-	-	57,717	-	-	-
Benefit payments	(684,424)	(560,433)	(521,804)	(448,231)	(377,887)	(376,540)	(335,310)	(321,895)	(294,636)
<b>Net changes in total pension liability</b>	<b>733,176</b>	<b>485,032</b>	<b>1,007,218</b>	<b>773,648</b>	<b>645,319</b>	<b>422,846</b>	<b>1,018,629</b>	<b>508,561</b>	<b>466,991</b>
Total pension liability - beginning	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>\$ 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>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 413,463	\$ 417,870	\$ 428,658	\$ 399,984	\$ 373,253	\$ 363,950	\$ 371,036	\$ 341,098	\$ 331,733
Contributions - employee	251,946	243,937	261,754	236,456	221,079	215,417	219,572	201,877	202,237
Net investment income	(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	(684,424)	(560,433)	(521,804)	(448,231)	(377,887)	(376,540)	(335,311)	(321,895)	(294,636)
Administrative expense	(56,901)	(60,866)	(43,646)	(39,704)	(38,087)	(7,272)	(6,594)	(11,123)	(35,478)
<b>Net changes in plan fiduciary net position</b>	<b>(1,537,474)</b>	<b>2,494,717</b>	<b>741,987</b>	<b>802,006</b>	<b>783,171</b>	<b>891,354</b>	<b>432,492</b>	<b>456,114</b>	<b>1,107,939</b>
Plan fiduciary net position - beginning	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>\$ 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>
<b>County's net pension liability (asset) - ending (a)-(b)</b>	<b>\$ 1,950,877</b>	<b>\$ (319,773)</b>	<b>\$ 1,689,912</b>	<b>\$ 1,424,681</b>	<b>\$ 1,453,039</b>	<b>\$ 1,590,891</b>	<b>\$ 2,059,399</b>	<b>\$ 1,473,262</b>	<b>\$ 1,420,815</b>
Plan fiduciary net position as a percentage of total pension liability	85.64%	102.49%	86.34%	87.46%	86.28%	84.00%	78.37%	82.67%	82.23%
Covered payroll	\$ 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
Net liability as a percentage of covered payroll	57.59%	-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	-11.53%	22.94%	5.99%	6.85%	6.92%	8.80%	2.54%	3.62%	15.02%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION** – Change in assumptions- The Mortality improvement scale was updated from MP-2020 to Mp-2021. Benefit Changes-None

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

**Required Supplementary Information  
June 30, 2022**

**SCHEDULE OF LAW ENFORCEMENT RETIREMENT PLAN EMPLOYER CONTRIBUTIONS  
FOR LAST 10 FISCAL YEARS (FY 2013 AND EARLIER NOT AVAILABLE)**

	<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	\$ 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	665,409	661,807	693,412	636,440	594,332	579,367	590,608	542,975	533,970
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,612)</u>
Covered payroll	\$ 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	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, 2022

The measurement date for all calculations was June 30, 2022. Liabilities were measured as of July 1, 2021 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	2.0% per year
Retirement age	See related footnote for retirement age assumptions
Valuation of assets	Market value as reported by plan administrator

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

**Required Supplementary Information  
June 30, 2022**

**SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - VOLUNTEER LENGTH OF  
SERVICE AWARD PLAN – FOR LAST 10 FISCAL YEARS (FY 2013 AND EARLIER NOT AVAILABLE)**

	<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	\$ 141,968	\$ 119,655	\$ 121,365	\$ 21,139	\$ 23,172	\$ 37,664	\$ 30,045	\$ 17,028	\$ 29,096
Interest	69,302	66,248	49,723	43,794	43,548	40,171	35,854	27,247	23,666
Change in benefit terms	(291,220)	-	-	-	-	-	-	-	-
Difference between expected and actual experience	153,816	(6,176)	12,443	58,503	3,730	3,620	11,701	-	-
Assumption changes	(578,885)	(3,363)	1,577,645	-	(34,951)	-	162,722	-	-
Benefit payments	(39,544)	(35,928)	(27,812)	(21,504)	(41,016)	(2,657)	(4,960)	(3,280)	-
<b>Net changes in total pension liability</b>	<u>(544,563)</u>	<u>140,436</u>	<u>1,733,364</u>	<u>101,932</u>	<u>(5,517)</u>	<u>78,798</u>	<u>235,362</u>	<u>40,995</u>	<u>52,762</u>
Total pension liability - beginning	2,716,222	2,575,786	842,422	740,490	746,007	667,209	431,847	390,852	338,090
Total pension liability - ending (a)	<u>\$ 2,171,659</u>	<u>\$ 2,716,222</u>	<u>\$ 2,575,786</u>	<u>\$ 842,422</u>	<u>\$ 740,490</u>	<u>\$ 746,007</u>	<u>\$ 667,209</u>	<u>\$ 431,847</u>	<u>\$ 390,852</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-	-	-	-	-
Net investment income	(117,811)	208,682	49,805	72,175	62,572	76,920	26,515	31,979	113,323
Benefit payments, including refunds of member contributions	(39,544)	(35,928)	(27,812)	(21,504)	(41,016)	(2,657)	(4,960)	(3,280)	-
Administrative expense	(9,240)	(13,653)	(6,918)	(16,956)	(8,032)	(7,750)	(2,958)	(2,436)	(4,157)
<b>Net changes in plan fiduciary net position</b>	<u>(166,595)</u>	<u>159,101</u>	<u>15,075</u>	<u>33,715</u>	<u>13,524</u>	<u>66,513</u>	<u>18,597</u>	<u>26,263</u>	<u>109,166</u>
Plan fiduciary net position - beginning	1,176,674	1,017,573	1,002,498	968,783	955,259	888,746	870,149	843,886	734,720
Plan fiduciary net position - ending (b)	<u>\$ 1,010,079</u>	<u>\$ 1,176,674</u>	<u>\$ 1,017,573</u>	<u>\$ 1,002,498</u>	<u>\$ 968,783</u>	<u>\$ 955,259</u>	<u>\$ 888,746</u>	<u>\$ 870,149</u>	<u>\$ 843,886</u>
<b>County's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 1,161,580</u>	<u>\$ 1,539,548</u>	<u>\$ 1,558,213</u>	<u>\$ (160,076)</u>	<u>\$ (228,293)</u>	<u>\$ (209,252)</u>	<u>\$ (221,537)</u>	<u>\$ (438,302)</u>	<u>\$ (453,034)</u>
Plan fiduciary net position as a percentage of total pension liability	46.51%	43.32%	39.51%	119.00%	130.83%	128.05%	133.20%	201.49%	215.91%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	-10.98%	21.02%	4.93%	7.32%	6.50%	8.34%	3.01%	3.73%	14.36%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Changes in Assumptions: The mortality improvement scale was updated from MP-2020 to MP-2021. The discount rate changed from 2.57% to 3.80%.

Benefit Changes: None

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

**Required Supplementary Information  
June 30, 2022**

**SCHEDULE OF VOLUNTEER LENGTH OF SERVICE AWARD PLAN EMPLOYER CONTRIBUTIONS  
FOR LAST 10 FISCAL YEARS (FY 2013 AND EARLIER NOT AVAILABLE)**

	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,356</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2021,  
12 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Cost method	Entry age normal
Investment return/discount rate	6.00% / 3.80%
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

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

**Required Supplementary Information  
June 30, 2022**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service Cost	\$ 345,574	\$ 419,476	\$ 381,028	\$ 348,566	\$ 700,952	\$ 707,384
Interest	940,031	999,330	896,489	753,605	532,295	513,547
Difference between expected and actual experience	-	(1,760,531)	-	459,970	(1,054,289)	-
Changes of assumptions	20,967	(43,726)	817,476	1,148,339	(5,098,531)	-
Benefit payments	(553,385)	(501,159)	(524,096)	(500,780)	(488,815)	(753,061)
<b>Net changes in total OPEB liability</b>	<u>753,187</u>	<u>(886,610)</u>	<u>1,570,897</u>	<u>2,209,700</u>	<u>(5,408,388)</u>	<u>467,870</u>
Total OPEB liability - beginning	14,734,351	15,620,961	14,050,064	11,840,364	17,248,752	16,780,882
Total OPEB liability - ending (a)	<u>\$ 15,487,538</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>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 1,153,385	\$ 1,101,159	\$ 1,124,097	\$ 1,100,829	\$ 1,088,815	\$ 753,061
Contributions - employee	-	-	-	-	-	-
Net investment income	(388,221)	471,792	91,937	56,374	4,700	18,934
Benefit payments	(553,385)	(501,159)	(524,096)	(500,780)	(488,815)	(753,061)
Administrative expense	(12,215)	(9,238)	(7,748)	(5,583)	(947)	(993)
<b>Net changes in plan fiduciary net position</b>	<u>199,564</u>	<u>1,062,554</u>	<u>684,190</u>	<u>650,840</u>	<u>603,753</u>	<u>17,941</u>
Plan fiduciary net position - beginning	3,224,663	2,162,109	1,477,919	827,079	223,326	205,385
Plan fiduciary net position - ending (b)	<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>
<b>County's net OPEB liability - ending (a) - (b)</b>	\$ 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	22.11%	21.89%	13.84%	10.52%	6.99%	1.29%
Covered payroll	\$ 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	109%	99%	105%	90%	78%	114%
Annual money-weighted rate of return, net of investment expense	-12.05%	21.88%	6.25%	6.85%	2.11%	8.79%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Changes in Assumptions: The mortality improvement scale was updated from MP-2020 to MP-2021

Benefit Changes: None

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

**Required Supplementary Information  
June 30, 2022**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN**

Valuation Date: June 30, 2022

The valuation is based on (a) the plan provisions as in effect as of June 30, 2022. (b) employee data as of July 1, 2020, as provided by the plan sponsor, and (c) asset information as of June 30, 2022.

Methods and assumptions:

Cost method	Entry age normal
Investment rate of return	6.5% based on assumed long term rate of return for equities of 8.0% - 10.0% and 3.0%-5.0% for fixed income.
Discount rate	6.5%
Mortality	Non-Law Enforcement - Pub-2010 General Headcount-weighted with fully generational scale MP-2021 Law Enforcement - Pub-2010 Safety Headcount-weighted with fully generational scale MP-2021
Turnover	T5 Standard Table (Non-Law Enforcement) T2 (Law Enforcement)
Salary Scale	2.0% per year
Retirement age	See related footnote for retirement age assumptions
Valuation of assets	Market value as reported by plan administrator

**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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>TAXES:</b>				
<b>Local Real and Personal Property:</b>				
Real Property	\$ 47,602,802	\$ 47,602,802	\$ 48,352,971	\$ 750,169
Railroads and Public Utilities	3,212,871	3,212,871	3,383,444	170,573
Ordinary Business Corporations	3,300,000	3,300,000	3,255,471	(44,529)
Enterprise Zone Tax Refund	34,900	34,900	41,735	6,835
Penalties and Interest	650,000	650,000	601,546	(48,454)
<b>Total Real and Personal Property</b>	<u>54,800,573</u>	<u>54,800,573</u>	<u>55,635,167</u>	<u>834,594</u>
<b>Other Local Taxes:</b>				
Income	13,700,000	13,700,000	16,789,426	3,089,426
Admissions and Amusement	900,000	900,000	1,320,228	420,228
Recordation	1,750,000	1,750,000	4,775,922	3,025,922
Coal Tonnage	24,000	24,000	17,349	(6,651)
Trailer Court	36,000	36,000	43,348	7,348
Natural Gas	300	300	974	674
Accommodations Tax	3,200,000	3,200,000	7,001,981	3,801,981
Transfer Tax	1,750,000	1,750,000	5,107,219	3,357,219
Franchise Tax	400	400	435	35
Coal Tax	50,000	50,000	33,665	(16,335)
911 Fees	410,000	410,000	433,127	23,127
Agricultural Transfer Tax	8,000	8,000	32,516	24,516
Tax Sale Revenue	39,440	53,743	53,184	(559)
<b>Total Other Local Taxes</b>	<u>21,868,140</u>	<u>21,882,443</u>	<u>35,609,374</u>	<u>13,726,931</u>
<b>Total Taxes</b>	<u>76,668,713</u>	<u>76,683,016</u>	<u>91,244,541</u>	<u>14,561,525</u>
<b>LICENSES AND PERMITS:</b>				
<b>Business:</b>				
Traders	60,000	60,000	67,993	7,993
<b>Other Licenses and Permits:</b>				
Animal	4,500	4,500	4,560	60
Marriage	1,800	1,800	1,715	(85)
TVRU License	101,500	101,500	115,660	14,160
Cable TV Franchise Fee	-	-	129,847	129,847
Highways and Streets	11,200	11,200	10,014	(1,186)
Other Permits	23,000	23,000	33,655	10,655
<b>Total Licenses and Permits</b>	<u>\$ 202,000</u>	<u>\$ 202,000</u>	<u>\$ 363,444</u>	<u>\$ 161,444</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>INTERGOVERNMENTAL:</b>				
<b>Grants From Federal Government:</b>				
Cares Act Grants	\$ -	\$ 37,130	\$ 37,130	\$ -
Federal Aid in Lieu of Taxes	4,000	4,000	5,767	1,767
Master's Program	17,402	17,402	12,413	(4,989)
Domestic Violence	35,000	35,000	33,638	(1,362)
American Rescue Plan Grants	-	2,366,243	754,001	(1,612,242)
Child Support	13,999	13,999	5,520	(8,479)
EMPG - Emergency Management	70,694	70,694	71,649	955
Hazardous Materials Emergency Preparedness	-	5,526	4,730	(796)
Homeland Security Grants	280,350	607,827	101,461	(506,366)
ARC - All Students STEM Ready	-	19,428	11,047	(8,381)
DOT - CAC Mass Transit	1,138,991	1,138,991	1,409,578	270,587
Emergency Rental Assistance	-	1,685,427	703,667	(981,760)
DOT - Broadband Expansion	-	421,414	227,301	(194,113)
Miscellaneous	4,425	567,609	6,717	(560,892)
<b>Grants From State Government:</b>				
Disparity Grant	2,537,671	2,537,671	2,537,671	-
Forestry & Parks	1,583,321	1,583,321	1,928,770	345,449
Program Open Space	-	1,298,124	321,687	(976,437)
Jury Reimbursement	9,600	9,600	3,615	(5,985)
Family Services	127,960	127,960	102,887	(25,073)
Deep Creek Dredging and Erosion	-	303,054	188,572	(114,482)
School Bus Safety Grants	22,304	22,304	-	(22,304)
Police Protection	200,162	200,162	202,847	2,685
Sex Offender Registration	12,000	12,000	16,400	4,400
Sex Offender Compliance	7,034	7,034	7,705	671
MSDE MD Department of Education	-	-	84,626	84,626
Housing of State Inmates	20,000	20,000	22,455	2,455
Emergency Numbers Systems Board Grants	589,486	970,172	412,543	(557,629)
Highway User Tax	1,148,279	1,148,279	1,262,264	113,985
Rural Legacy Grant	-	574,877	223,197	(351,680)
Rural Broadband	-	155,925	137,868	(18,057)
Mass Transit	146,615	146,615	156,674	10,059
MIEMSS Grant	18,024	18,024	-	(18,024)
MD Department of Aging Senior Center	5,000	5,000	5,000	-
Other	3,763	8,263	20,104	11,841
<b>Subtotal - Intergovernmental</b>	<b>\$ 7,996,080</b>	<b>\$ 16,139,075</b>	<b>\$ 11,019,504</b>	<b>\$ (5,119,571)</b>

**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, 2022

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>INTERGOVERNMENTAL - Continued</b>				
Balances Brought Forward	\$ 7,996,080	\$ 16,139,075	\$ 11,019,504	\$ (5,119,571)
<b>Other:</b>				
Other	32,055	276,000	198,648	(77,352)
<b>Total Intergovernmental</b>	<u>8,028,135</u>	<u>16,415,075</u>	<u>11,218,152</u>	<u>(5,196,923)</u>
<b>FINES AND FORFEITURES</b>	<u>2,500</u>	<u>2,500</u>	<u>7,207</u>	<u>4,707</u>
<b>SERVICE CHARGES FOR CURRENT SERVICES:</b>				
<b>General Government:</b>				
Credit Card Convenience Fees	30,000	30,000	37,673	7,673
Zoning and Subdivision Fees	12,000	12,000	20,735	8,735
Building Inspection	50,000	50,000	118,179	68,179
Inventory Sales	306,922	306,922	300,065	(6,857)
Miscellaneous	625,700	625,700	38,682	(587,018)
<b>Public Safety:</b>				
Fingerprinting Fees	21,000	21,000	13,395	(7,605)
Work Release	18,000	18,000	16,588	(1,412)
Emergency Medical Services - Patient Billing	200,000	201,500	293,330	91,830
Volunteer Rescue Cost Share	160,000	160,000	166,140	6,140
Miscellaneous	36,400	36,400	41,717	5,317
<b>Total Service Charges</b>	<u>1,460,022</u>	<u>1,461,522</u>	<u>1,046,504</u>	<u>(415,018)</u>
<b>MISCELLANEOUS:</b>				
Interest and Dividends	50,000	50,000	190,083	140,083
Rents and Concessions	796,692	796,692	697,028	(99,664)
Miscellaneous	7,160	11,116	1,627,064	1,615,948
<b>Total Miscellaneous</b>	<u>853,852</u>	<u>857,808</u>	<u>2,514,175</u>	<u>1,656,367</u>
<b>TOTAL REVENUES</b>	<u>87,215,222</u>	<u>95,621,921</u>	<u>106,394,023</u>	<u>10,772,102</u>
<b>OTHER FINANCING SOURCES:</b>				
Sale of Capital Assets	-	-	65,300	65,300
Transfers - Airport	(262,516)	(527,304)	111,651	638,955
Transfers - Capital Projects Fund	-	(2,568,156)	204,601	2,772,757
Transfers - Liquor Control Board	109,279	109,279	120,549	11,270
<b>Total Other Financing Sources</b>	<u>(153,237)</u>	<u>(2,986,181)</u>	<u>502,101</u>	<u>3,488,282</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 87,061,985</u>	<u>\$ 92,635,740</u>	<u>\$ 106,896,124</u>	<u>\$ 14,260,384</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>GENERAL GOVERNMENT</b>				
<b>Legislative:</b>				
County Commissioners	\$ 461,605	\$ 500,373	\$ 493,867	\$ 6,506
<b>Judicial:</b>				
Circuit Court	543,515	547,179	436,269	110,910
Orphans Court	17,118	17,118	14,679	2,439
State's Attorney	727,877	750,548	746,077	4,471
	<u>1,288,510</u>	<u>1,314,845</u>	<u>1,197,025</u>	<u>117,820</u>
<b>Elections:</b>				
Board of Supervisors of Elections	585,202	584,876	461,043	123,833
<b>Financial Administration:</b>				
Finance Office	698,719	717,724	695,223	22,501
Tax Collection Office	270,084	272,657	245,775	26,882
Department of Assessments & Taxation	278,000	278,000	264,772	13,228
Procurement	189,331	190,947	160,983	29,964
<b>Total Financial Administration</b>	<u>1,436,134</u>	<u>1,459,328</u>	<u>1,366,753</u>	<u>92,575</u>
<b>Law:</b>				
Legal Counsel	106,649	106,973	95,010	11,963
<b>Personnel Administration:</b>				
Personnel Administration	511,294	528,898	449,846	79,052
<b>Planning and Zoning:</b>				
Planning Commission	521,395	925,247	681,749	243,498
<b>Facilities &amp; Maintenance:</b>				
County Buildings	1,646,444	3,063,618	1,937,417	1,126,201
<b>Total General Government</b>	<u>6,557,233</u>	<u>8,484,158</u>	<u>6,682,710</u>	<u>1,801,448</u>
<b>PUBLIC SAFETY</b>				
<b>Sheriff's Department</b>	4,356,387	4,552,782	4,001,337	551,445
<b>Corrections</b>	2,682,140	2,655,265	2,362,649	292,616
<b>Fire and Rescue Services</b>	3,783,757	3,950,775	3,855,802	94,973
<b>Other Public Safety:</b>				
Permits and Inspections	471,710	476,641	462,639	14,002
Animal Control	395,669	407,067	377,476	29,591
Emergency Management	399,304	820,483	525,247	295,236
911 Center	1,113,687	1,427,358	1,086,163	341,195
<b>Total Public Safety</b>	<u>\$ 13,202,654</u>	<u>\$ 14,290,371</u>	<u>\$ 12,671,313</u>	<u>\$ 1,619,058</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, 2022

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>PUBLIC WORKS</b>				
Highways and Streets	\$ 17,256,369	\$ 17,486,078	\$ 16,532,353	\$ 953,725
<b>HEALTH AND HOSPITAL</b>				
Health Department	2,324,833	2,325,396	2,320,680	4,716
<b>EDUCATION</b>				
Board of Education	30,028,313	30,800,433	29,222,031	1,578,402
Community College	6,237,150	8,420,922	7,824,283	596,639
<b>Total Education</b>	<b>36,265,463</b>	<b>39,221,355</b>	<b>37,046,314</b>	<b>2,175,041</b>
<b>CULTURE</b>	49,000	49,000	48,000	1,000
<b>PARKS AND RECREATION</b>	26,500	26,500	25,498	1,002
<b>LIBRARY</b>	1,117,107	1,117,107	1,116,950	157
<b>CONSERVATION OF NATURAL RESOURCES</b>				
Agriculture Extension Service	222,036	222,036	209,557	12,479
Soil Conservation	19,706	19,706	19,706	-
Agricultural Land Preservation Program	8,000	586,274	208,295	377,979
<b>Total Conservation of Natural Resources</b>	<b>249,742</b>	<b>828,016</b>	<b>437,558</b>	<b>390,458</b>
<b>SOCIAL SERVICES</b>				
Commission on Aging	406,237	406,237	406,237	-
<b>ECONOMIC DEVELOPMENT AND OPPORTUNITY</b>				
Economic Development	1,285,157	2,805,546	1,114,148	1,691,398
Tourism	825,000	825,000	825,000	-
Community Action Programs	1,679,369	3,509,602	2,807,823	701,779
Fair Board Agricultural Fair	20,000	20,000	20,000	-
Special Promotion	276,734	276,734	251,853	24,881
Other	82,432	82,432	82,432	-
<b>Total Economic Development         and Opportunity</b>	<b>\$ 4,168,692</b>	<b>\$ 7,519,314</b>	<b>\$ 5,101,256</b>	<b>\$ 2,418,058</b>

**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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CAPITAL OUTLAY</b>				
Finance Office	\$ -	\$ 82,575	\$ -	\$ 82,575
Animal Control	53,355	53,355	34,157	19,198
Detention Center	56,850	66,125	42,999	23,126
911	625,448	965,403	370,491	594,912
Highways and Streets	1,442,820	2,827,307	826,139	2,001,168
Facilities & Maintenance	103,500	438,876	138,320	300,556
Emergency Medical	50,000	54,009	54,009	-
<b>Total Capital Outlay</b>	<u>2,331,973</u>	<u>4,487,650</u>	<u>1,466,115</u>	<u>3,021,535</u>
<b>INTERGOVERNMENTAL</b>	<u>302,205</u>	<u>302,205</u>	<u>302,205</u>	<u>-</u>
<b>MISCELLANEOUS</b>	<u>1,914,500</u>	<u>17,080,621</u>	<u>1,332,852</u>	<u>15,747,769</u>
<b>TOTAL EXPENDITURES</b>	<u>86,172,508</u>	<u>113,624,008</u>	<u>85,490,041</u>	<u>28,133,967</u>
<b>OTHER FINANCING USES</b>				
<b>Operating Transfers:</b>				
Solid Waste Fund	68,785	155,632	155,632	-
Sanitary District	-	1,759,216	205,368	1,553,848
Dept. of Tech. & Communication Fund	820,692	1,240,837	1,146,641	94,196
<b>Total Other Financing Uses</b>	<u>889,477</u>	<u>3,155,685</u>	<u>1,507,641</u>	<u>1,648,044</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u><u>\$ 87,061,985</u></u>	<u><u>\$ 116,779,693</u></u>	<u><u>\$ 86,997,682</u></u>	<u><u>\$ 29,782,011</u></u>

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

General Fund

Schedule of Taxes and Taxes Receivable

Year Ended June 30, 2022

	<b>Total Assessed Value</b>	<b>Tax Rate Per \$100</b>	<b>Actual Tax Levy</b>	<b>Amount Collected</b>	<b>Balance of Taxes Receivable</b>
<b>CURRENT YEAR LEVY:</b>					
Real Property - Full Year					
Mt Lake Park	\$ 110,692,128	0.9916	\$ 1,097,623		
All Others	4,449,436,388	1.0560	46,986,048		
Total Full Year	4,560,128,516		48,083,671		
Real Property - One-Half Year	48,489,525	1.0560	512,049		
Total Real Property	4,608,618,041		48,595,720	47,439,254	1,156,467
Personal Property - Corporate	123,313,310	2.640	3,255,471	2,619,825	635,646
Public Utilities and Railroad	133,481,170	2.626	3,505,383	564,460	2,940,923
<b>Total Current Year</b>	<b>\$ 4,865,412,521</b>		<b>\$ 55,356,574</b>	<b>\$ 50,623,539</b>	<b>\$ 4,733,036</b>
<b>PRIOR YEAR RECEIVABLES:</b>					
	Year Ended June 30:				
	2021				10,953
	2020				6,976
	2019				6,790
	2018				6,523
	2017				5,070
	2016				4,481
	2015				4,242
	2014				3,314
	2013				1,540
	2012				1,204
	2011				1,052
	2010				827
	2009				260
	2008				167
	2007				63
	2006				54
	1996-2005				190
<b>Total Prior Years</b>					<b>53,706</b>
<b>TOTAL TAXES RECEIVABLE</b>					4,786,742
Less: Allowance for Uncollectible Accounts					(50,000)
<b>TAXES RECEIVABLE - NET</b>					<b>\$ 4,736,742</b>

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

Combining Balance Sheet  
Special Revenue Funds  
June 30, 2022

	<b>Public Safety</b>	<b>Commissary</b>	<b>Law Library</b>
<b>ASSETS:</b>			
Other Receivables - Net	\$ -	\$ 4,224	\$ 225
Restricted Cash	376,707	19,214	21,734
<b>TOTAL ASSETS</b>	376,707	23,438	21,959
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Expenses	69,144	501	294
Unearned Revenues	290,074	-	-
<b>Total Liabilities</b>	359,218	501	294
<b>FUND BALANCES:</b>			
Restricted	17,489	22,937	21,665
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 376,707	\$ 23,438	\$ 21,959

<b>Keysers Ridge</b>	<b>HUD</b>	<b>Total Other Governmental Funds</b>
\$ -	14,853	\$ 19,302
-	57,150	474,805
	72,003	494,107
-	17,748	87,687
-	54,255	344,329
-	72,003	432,016
-	-	62,091
<u>\$ -</u>	<u>\$ 72,003</u>	<u>\$ 494,107</u>



**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, 2022

	<b>Public Safety</b>	<b>Commissary</b>	<b>Law Library</b>
<b>REVENUES:</b>			
Intergovernmental	\$ 312,191	\$ -	\$ -
Fines and Forfeitures	941	-	5,016
Investment Income	19	-	-
Charges for Services	-	27,488	-
<b>Total Revenues</b>	<b>313,151</b>	<b>27,488</b>	<b>5,016</b>
<b>EXPENDITURES:</b>			
General Government	-	-	5,223
Public Safety	318,578	22,153	-
Community Development	-	-	-
<b>Total Expenditures</b>	<b>318,578</b>	<b>22,153</b>	<b>5,223</b>
<b>OTHER FINANCING (USES):</b>			
Transfer to the Capital Projects Fund	-	-	-
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>(5,427)</b>	<b>5,335</b>	<b>(207)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>22,916</b>	<b>17,602</b>	<b>21,872</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 17,489</b>	<b>\$ 22,937</b>	<b>\$ 21,665</b>

<b>Keysers Ridge</b>	<b>HUD</b>	<b>Total Other Governmental Funds</b>
\$ -	\$ 81,165	\$ 393,356
-	-	5,957
78	-	97
-	-	27,488
<hr/>	<hr/>	<hr/>
78	81,165	426,898
<hr/>	<hr/>	<hr/>
-	-	5,223
-	-	340,731
-	81,165	81,165
<hr/>	<hr/>	<hr/>
-	81,165	427,119
<hr/>	<hr/>	<hr/>
(3,635)	-	(3,635)
<hr/>	<hr/>	<hr/>
(3,557)	-	(3,856)
<hr/>	<hr/>	<hr/>
3,557	-	65,947
<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 62,091
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**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, 2022

	<u>Water Systems</u>	<u>Deep Creek Lab</u>	<u>Company Store</u>	<u>Subtotal Water Projects</u>
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 1,637,325	\$ 105,445	\$ -	\$ 1,742,770
Other	256,867	-	740,197	997,064
<b>Total Operating Revenues</b>	<u>1,894,192</u>	<u>105,445</u>	<u>740,197</u>	<u>2,739,834</u>
<b>OPERATING EXPENSES:</b>				
Salaries	304,737	140,810	51,147	496,694
Fringe Benefits	126,418	70,892	21,223	218,533
Maintenance and Repairs	236,731	-	13,277	250,008
Supplies	141,300	27,567	522,989	691,856
Utilities	148,348	50	11,346	159,744
Transportation	63,213	-	-	63,213
Contracted Services	635,507	12,159	1,902	649,568
Insurance	436	-	-	436
Lab Tests	33,989	(156,083)	-	(122,094)
Direct Administrative	6,651	2,347	293	9,291
Indirect Administrative	90,714	-	-	90,714
Depreciation	984,587	7,703	-	992,290
<b>Total Operating Expenses</b>	<u>2,772,631</u>	<u>105,445</u>	<u>622,177</u>	<u>3,500,253</u>
<b>OPERATING (LOSS)/INCOME</b>	<u>(878,439)</u>	<u>-</u>	<u>118,020</u>	<u>(760,419)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Tap Fees - Capital Charge	-	-	-	-
Interest Revenue	46,381	-	-	46,381
Ad Valorem Tax	2,996,777	-	-	2,996,777
Interest Expense	(301,471)	-	-	(301,471)
<b>Net Other Revenues (Expenses)</b>	<u>2,741,687</u>	<u>-</u>	<u>-</u>	<u>2,741,687</u>
<b>INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<u>1,863,248</u>	<u>-</u>	<u>118,020</u>	<u>1,981,268</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Contributed Capital				
Local	6,523,357	-	-	6,523,357
State	-	-	-	-
Federal	-	-	-	-
<b>Total Capital Contributions</b>	<u>6,523,357</u>	<u>-</u>	<u>-</u>	<u>6,523,357</u>
<b>INCREASE IN NET ASSETS</b>	<u>\$ 8,386,605</u>	<u>\$ -</u>	<u>\$ 118,020</u>	<u>\$ 8,504,625</u>

<b>Sewer Systems</b>	<b>Trout Run</b>	<b>Subtotal Sewer Projects</b>	<b>Total</b>
\$ 2,943,520	\$ 112,458	\$ 3,055,978	\$ 4,798,748
47,195	-	47,195	1,044,259
<u>2,990,715</u>	<u>112,458</u>	<u>3,103,173</u>	<u>5,843,007</u>
765,110	-	765,110	1,261,804
300,483	(91,571)	208,912	427,445
531,727	30,345	562,072	812,080
292,874	3,038	295,912	987,768
504,344	28,115	532,459	692,203
122,643	5,345	127,988	191,201
573,073	81,977	655,050	1,304,618
-	-	-	436
112,882	13,478	126,360	4,266
9,723	371	10,094	19,385
211,666	-	211,666	302,380
<u>1,571,856</u>	<u>17,717</u>	<u>1,589,573</u>	<u>2,581,863</u>
<u>4,996,381</u>	<u>88,815</u>	<u>5,085,196</u>	<u>8,585,449</u>
<u>(2,005,666)</u>	<u>23,643</u>	<u>(1,982,023)</u>	<u>(2,742,442)</u>
1,315,100	-	1,315,100	1,315,100
10,783	-	10,783	57,164
-	-	-	2,996,777
<u>(521,779)</u>	<u>(12,037)</u>	<u>(533,816)</u>	<u>(835,287)</u>
<u>804,104</u>	<u>(12,037)</u>	<u>792,067</u>	<u>3,533,754</u>
<u>(1,201,562)</u>	<u>11,606</u>	<u>(1,189,956)</u>	<u>791,312</u>
-	-	-	6,523,357
-	55,574	55,574	55,574
-	13,350	13,350	13,350
<u>-</u>	<u>68,924</u>	<u>68,924</u>	<u>6,592,281</u>
<u>\$ (1,201,562)</u>	<u>\$ 80,530</u>	<u>\$ (1,121,032)</u>	<u>\$ 7,383,593</u>

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

Garrett County Sanitary District, Inc.  
Schedule of Indirect Costs  
Year Ended June 30, 2022

<b>TYPE:</b>	<u><b>2022</b></u>
Contracted Services	\$ 99,424
Insurance	79,062
Supplies	70,863
Professional and Legal	45,643
Utilities	1,955
Telephone	3,390
Administrative	127
Repairs	1,916
<b>Total</b>	<u><u>302,380</u></u>
<b>ALLOCATION BASE:</b>	
Direct Salaries	1,261,804
Related Fringe Benefits	427,445
<b>Total Allocation Base</b>	<u><u>1,689,249</u></u>
<b>INDIRECT COST RATE</b>	<u><u>18%</u></u>
<b>COSTS REPORTED AS:</b>	
Operations	302,380
Construction in Progress	-
	<u><u>\$ 302,380</u></u>

**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**  
Comparative Schedule of Primary Government Long-Term Indebtedness  
June 30, 2022 and 2021

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>LONG-TERM INDEBTEDNESS:</b>		
<b>Government Activities:</b>		
Bond Payable - Hospital Bonds of 2004	\$ -	\$ 346,107
Bond Payable - Hospital Bonds of 2007	-	2,038,700
Bond Payable - Hospital Bonds of 2014	-	5,999,998
Bond Payable - Hospital Bonds of 2015	-	3,333,291
<b>Total Governmental Activities</b>	-	11,718,096
<b>Business Type Activities:</b>		
<b>Sanitary District</b>		
Note Payable - Maryland Water Quality Financing-Deer Park Water	111,248	120,280
Note Payable - Maryland Department of the Environment-Mountain Lake Park Water	10,657	19,734
Note Payable - Truist USDA Refinance Loan	14,040,074	15,188,111
Note Payable - Truist McHenry Thayerville Bond	2,740,522	-
Note Payable - Truist Mountain Lake Park Water Loan	476,433	515,391
Note Payable - Truist Thayerville Water	4,461,768	4,826,590
Note Payable - Truist Jennings	-	32,213
Note Payable - Maryland Department of the Environment-Deep Creek & Friendsville	4,391	38,709
Note Payable - USDA Western Conv.	6,991,166	7,116,953
Note Payable - Friendsville Sewer	250,830	255,333
Note Payable - Bloomington Water	357,361	364,299
<b>Total Sanitary District</b>	29,444,450	28,477,613
<b>Parks &amp; Recreation</b>		
Note Payable - Garrett County Community Action Committee	275,000	275,000
Note Payable - Maryland Department of Business and Economic Development	-	2,817,615
<b>Total Parks &amp; Recreation</b>	275,000	3,092,615
<b>Total Business Type Activities</b>	29,719,450	31,570,228
<b>TOTAL LONG-TERM INDEBTEDNESS</b>	<b>\$ 29,719,450</b>	<b>\$ 43,288,324</b>

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

Combining Statement of Net Position

Fiduciary Funds

June 30, 2022

	<b>Government Personnel Retirement Plan</b>	<b>Law Enforcement Employee Retirement Plan</b>	<b>Volunteer Length of Service Award Plan</b>	<b>Other Post Employment Benefit Plan</b>	<b>Total Benefit Plan Trust Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,159,451	\$ 308,601	\$ 34,481	\$ 336,296	\$ 1,838,829
Investments:					
Certificates of Deposit	198,959	99,480	19,950	24,746	343,135
Fixed Income Securities	9,399,598	3,430,050	244,247	702,305	13,776,200
Mutual Funds	10,845,755	3,581,040	291,161	1,004,783	15,722,739
Equity Securities	12,819,886	4,177,373	417,228	1,347,636	18,762,123
Total Investments	<u>33,264,198</u>	<u>11,287,943</u>	<u>972,586</u>	<u>3,079,470</u>	<u>48,604,197</u>
Interest Receivable	<u>110,155</u>	<u>40,529</u>	<u>3,012</u>	<u>8,461</u>	<u>162,157</u>
<b>TOTAL ASSETS</b>	34,533,804	11,637,073	1,010,079	3,424,227	50,605,183
<b>LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
<b>Held in Trust for Retirement</b>					
<b>Benefits and OPEB</b>	<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>

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

Combining Statement of Changes in Net Position  
Fiduciary Funds  
Year Ended June 30, 2022

	<b>Government Personnel Retirement Plan</b>	<b>Law Enforcement Employee Retirement Plan</b>	<b>Volunteer Length of Service Award Plan</b>	<b>Other Post Employment Benefit Plan</b>	<b>Total Benefit Plan Trust Funds</b>
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 1,329,869	\$ 413,463	\$ -	\$ 600,000	\$ 2,343,332
Plan Members	430,289	251,946	-	-	682,235
Total Contributions	<u>1,760,158</u>	<u>665,409</u>	<u>-</u>	<u>600,000</u>	<u>3,025,567</u>
Investment Earnings:					
Realized Net Gains (Losses) on Investments	933,082	357,871	36,219	5,677	1,332,849
Interest and Dividends	906,035	306,241	28,432	69,329	1,310,037
Net Increase (Decrease) in Fair Value of Investments	(6,459,660)	(2,125,669)	(182,462)	(463,227)	(9,231,018)
Investment Activity Expense	<u>(137,063)</u>	<u>(45,759)</u>	<u>(4,046)</u>	<u>(11,337)</u>	<u>(198,205)</u>
Total Net Investment Earnings	<u>(4,757,606)</u>	<u>(1,507,316)</u>	<u>(121,857)</u>	<u>(399,558)</u>	<u>(6,786,337)</u>
<b>Total Additions</b>	<u>(2,997,448)</u>	<u>(841,907)</u>	<u>(121,857)</u>	<u>200,442</u>	<u>(3,760,770)</u>
<b>DEDUCTIONS</b>					
Benefits	2,184,774	684,424	39,544	-	2,908,742
Administrative	<u>20,561</u>	<u>11,142</u>	<u>5,194</u>	<u>878</u>	<u>37,775</u>
<b>Total Deductions</b>	<u>2,205,335</u>	<u>695,566</u>	<u>44,738</u>	<u>878</u>	<u>2,946,517</u>
<b>Net Increase In Net Position</b>	(5,202,783)	(1,537,473)	(166,595)	199,564	(6,707,287)
<b>Net Position - Beginning of Year</b>	<u>39,736,587</u>	<u>13,174,546</u>	<u>1,176,674</u>	<u>3,224,663</u>	<u>57,312,470</u>
<b>Net Position - End of Year</b>	<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>