

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

**FINANCIAL REPORT
JUNE 30, 2015**

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

INDEX TO FINANCIAL REPORT

| | <u>Page</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | 1-3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4-18 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 19 |
| Statement of Activities | 20 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 21 |
| Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position | 22 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 23-24 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes In Fund Balances to the Statement of Activities | 25 |
| Statement of General Fund Revenues, Expenditures and Changes In Fund Balance - Budget and Actual (Budget Basis) | 26 |
| Statement of Net Position - Proprietary Funds | 27-28 |
| Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds | 29-30 |
| Statement of Cash Flows - Proprietary Funds | 31-32 |
| Statement of Net Position - Fiduciary Funds | 33 |
| Statement of Changes in Net Position - Fiduciary Funds | 34 |
| Notes to Financial Statements | 35-94 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of the Primary Government's Proportionate Share of the Net Pension Liability - Maryland State Retirement and Pension System | 95 |
| Schedule of the Primary Government's Contributions - Maryland State Retirement and Pension System | 95 |
| Schedules of Changes in Pension Funds Net Pension Liability and Related Ratios & Schedules of Employer Contributions: | |
| Government Personnel Retirement Plan | 96-97 |
| Law Enforcement Retirement Plan | 98-99 |
| Volunteer Length of Service Award Plan | 100-101 |
| Schedule of Funding Progress - Other Post Employment Benefits | 102 |

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

INDEX TO FINANCIAL REPORT

| | <u>Page</u> |
|-----------------------------------------------------------------------------------------------------------------------|-------------|
| OTHER SUPPLEMENTARY INFORMATION | |
| General Fund: | |
| Schedule of Revenues and Other Financing Sources - Budget and Actual (Budget Basis) | 103-105 |
| Schedule of Expenditures and Other Financing Uses - Budget and Actual (Budget Basis) | 106-108 |
| Schedule of Taxes and Taxes Receivable - General Fund | 109 |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet - Special Revenue Funds | 110 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds | 111 |
| Proprietary Funds: | |
| Schedule of Revenues, Expenses and Changes in Net Position by Cost Center - Garrett County Sanitary District, Inc. | 112 |
| Schedule of Costs Capitalized to Construction in Progress - Garrett County Sanitary District, Inc. | 113 |
| Schedule of Indirect Costs - Garrett County Sanitary District, Inc. | 114 |
| Comparative Schedule of Primary Government Long-Term Indebtedness | 115 |
| Fiduciary Funds: | |
| Combining Statement of Net Position | 116 |
| Combining Statement of Changes in Net Position | 117 |

INDEPENDENT AUDITORS' REPORT

The Board of County Commissioners
of Garrett County
Oakland, Maryland

Report on the Financial Statements

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, 2015, 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.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ruth Enlow Library of Garrett County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ruth Enlow Library of Garrett County, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Board of County Commissioners of Garrett County, Maryland as of June 30, 2015, 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.

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2015, the Board adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 pension funds net pension liability and related ratios, schedules of employer contributions and the schedule of funding progress for the Other Postemployment Benefit (OPEB) Plan listed in the index to financial report be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Garrett County, Maryland. The other supplementary information listed in the index to financial report is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information listed in the index to financial report 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the other supplementary information is 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 30, 2015, 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 Redhawk Group, P.C.

Oakland, Maryland
December 30, 2015

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Our discussion and analysis of the financial performance of The Board of County Commissioners of Garrett County, Maryland provides an overview of the County's financial activities for the fiscal year ended June 30, 2015. We encourage readers to use the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

The assets of Garrett County exceeded its liabilities at the close of the fiscal year ended June 30, 2015 by \$132,757,448 (net position), compared to \$144,690,320 at June 30, 2014. Approximately 45 percent of total net position is attributable to the Enterprise Funds. Of total net assets at June 30, 2015, \$5,726,618 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, which compares to \$15,689,255 at June 30, 2014. Another \$9,327,443 is restricted for specific purposes (restricted net position) in comparison to \$9,573,041 at June 30, 2014. The total net investment in capital assets was \$117,703,387 at June 30, 2015, compared to \$119,428,024 at June 30, 2014.

The County's total net position decreased by \$11,932,872 from the June 30, 2014 balance.

As of June 30, 2015, the County's governmental funds reported combined fund balances of \$23,293,287, a decrease of \$5,389,965 compared to the prior year. Approximately 16 percent of the combined fund balance is available to meet the County's current and future needs (unassigned fund balance), 8 percent is nonspendable, 32 percent is restricted, and 44 percent is assigned for future use and capital projects.

At the close of the current fiscal year, unrestricted fund balance for the General Fund (primary operating fund) was \$13,965,844 or 60% of total general fund expenditures at June 30, 2015. Assigned fund balance of the general fund was \$10,275,070, or 74 percent of unrestricted fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. 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 other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements (Reporting on the County as a Whole)

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,

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Government-wide Financial Statements (Reporting on the County as a Whole)
(cont'd)

increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the 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).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenue (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, social services, 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, the Garrett County Parks & Recreation Fund and the Department of Technology & Communications.

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 19 and 20 of this report.

Fund Financial Statements (Reporting the County's Most Significant Funds)

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, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Fund Financial Statements (Reporting the County's Most Significant Funds)
(cont'd)

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 7 individual governmental funds including the General Fund, Capital Projects Fund, various Special Revenue Funds and the Debt Service Fund. 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. Data from the other governmental funds are combined into a single, aggregate presentation. The basic governmental funds financial statements can be found on pages 21 to 25 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 uses enterprise funds to account for the Garrett County Airport, the Garrett County Solid Waste office, the Garrett County Sanitary District, Inc. d/b/a Garrett County Department of Public Utilities, the Garrett County Parks & Recreation Fund, and the Department of Technology & Communications.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 27 to 32 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. 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 two Rescue Squads. The Fiduciary Fund financial statements can be found on pages 33 and 34 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 35 through 94 of this report.

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Fund Financial Statements (Reporting the County's Most Significant Funds)
(cont'd)

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 117 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 \$132,757,448 at the close of the current fiscal year. Garrett County's net position is divided into three categories, net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the county's net position (89 percent) reflect its investment in capital assets net of depreciation (e.g., land and easements, buildings, machinery, equipment, infrastructure and improvements), less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Restricted net position represents 7 percent of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. Unrestricted net position of the government have a balance of \$5,726,618 (4 percent of total net position), which may be used to meet the government's ongoing obligations to citizens and creditors.

A comparative analysis of government-wide data is presented below.

| | Governmental Activities | | Business-type Activities | | Total Government | |
|--------------------------------------------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | June 30, 2015 | June 30, 2014 | June 30, 2015 | June 30, 2014 | June 30, 2015 | June 30, 2014 |
| Assets: | | | | | | |
| Current & Other Assets | \$ 43,339,641 | \$ 41,663,404 | \$ 9,376,973 | \$ 10,534,936 | \$ 52,716,614 | \$ 52,198,340 |
| Capital Assets | 61,472,680 | 62,865,668 | 88,544,529 | 92,060,477 | 150,017,209 | 154,926,145 |
| Total Assets | 104,812,321 | 104,529,072 | 97,921,502 | 102,595,413 | 202,733,823 | 207,124,485 |
| Deferred Outflows of Resources | 683,118 | | 107,191 | | 790,309 | 0 |
| Total Assets and Deferred Outflows of Resources | 105,495,439 | 104,529,072 | 98,028,693 | 102,595,413 | 203,524,132 | 207,124,485 |
| Liabilities: | | | | | | |
| Long-Term Liabilities | 23,281,845 | 8,461,304 | 38,206,263 | 39,871,445 | 61,488,108 | 48,332,749 |
| Other Liabilities | 9,207,002 | 11,095,749 | 25,928 | 3,005,667 | 9,232,930 | 14,101,416 |
| Total Liabilities | 32,488,847 | 19,557,053 | 38,232,191 | 42,877,112 | 70,721,038 | 62,434,165 |
| Deferred Inflows of Resources | 45,646 | | | | 45,646 | 0 |
| Net Assets: | | | | | | |
| Net Investment in Capital Assets | 61,472,680 | 62,865,668 | 56,230,707 | 56,562,356 | 117,703,387 | 119,428,024 |
| Restricted | 9,327,443 | 9,564,145 | | 8,896 | 9,327,443 | 9,573,041 |
| Unrestricted | 2,160,823 | 12,542,206 | 3,565,795 | 3,147,049 | 5,726,618 | 15,689,255 |
| Total Net Assets | 72,960,946 | 84,972,019 | 59,796,502 | 59,718,301 | 132,757,448 | 144,690,320 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 105,495,439 | \$ 104,529,072 | \$ 98,028,693 | \$ 102,595,413 | \$ 203,524,132 | \$ 207,124,485 |

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Government-wide Financial Analysis (cont'd)

The following table indicates the changes in net position.

**Garrett County Government's Changes in Net Assets
for the Year ended June 30, 2015**

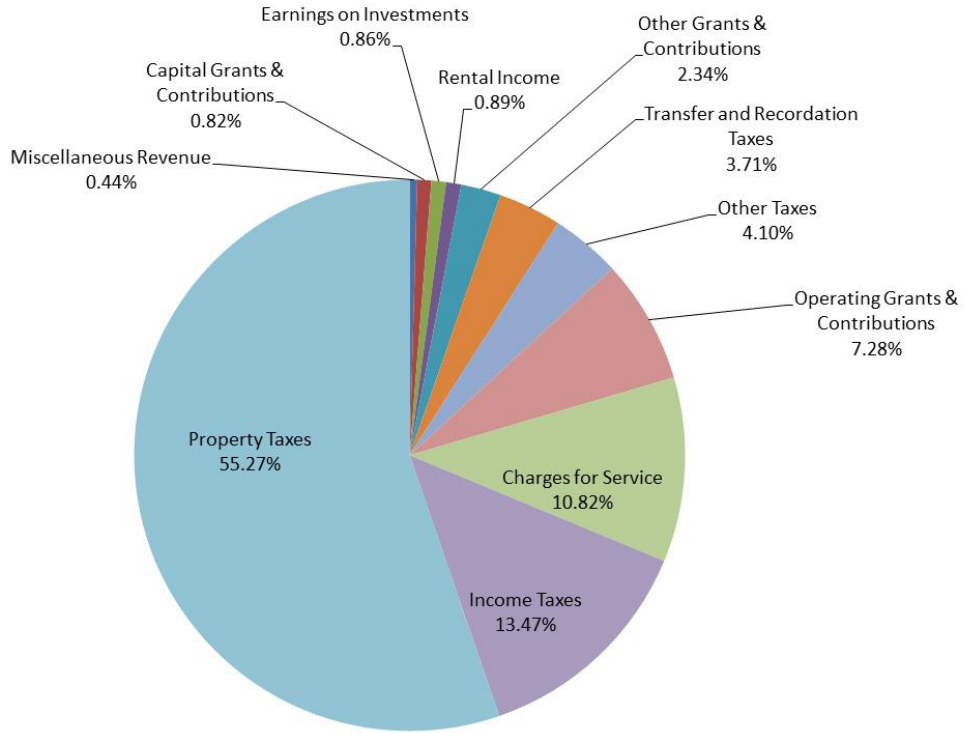
| | Governmental Activities | | Business-type Activities | | Total Government | |
|---------------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|-------------------------|-----------------------|
| | June 30, 2015 | June 30, 2014 | June 30, 2015 | June 30, 2014 | June 30, 2015 | June 30, 2014 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 1,964,533 | \$ 1,443,670 | \$ 7,616,688 | \$ 7,176,325 | \$ 9,581,221 | \$ 8,619,995 |
| Operating Grants and Contributions | 6,095,859 | 5,853,886 | 350,000 | 0 | 6,445,859 | 5,853,886 |
| Capital Grants and Contributions | 632,887 | 659,517 | 94,012 | 398,564 | 726,899 | 1,058,081 |
| General Revenues: | | | | | | |
| Property Taxes | 45,648,735 | 48,722,663 | 3,283,440 | 3,327,392 | 48,932,175 | 52,050,055 |
| Other Taxes and Licenses | 18,836,641 | 17,596,947 | 0 | 0 | 18,836,641 | 17,596,947 |
| Grants and Contributions | 1,269,242 | 548,331 | 800,128 | 411,468 | 2,069,370 | 959,799 |
| Other General Revenues | 1,413,252 | 2,273,012 | 529,320 | 326,846 | 1,942,572 | 2,599,858 |
| Total Revenues | \$ 75,861,149 | \$ 77,098,026 | \$ 12,673,588 | \$ 11,640,595 | \$ 88,534,737 | \$ 88,738,621 |
| Program Expenses: | | | | | | |
| General Government | 6,572,004 | 6,609,870 | 0 | 0 | 6,572,004 | 6,609,870 |
| Public Safety | 10,276,221 | 10,412,862 | 0 | 0 | 10,276,221 | 10,412,862 |
| Public Works | 18,597,943 | 17,782,422 | 0 | 0 | 18,597,943 | 17,782,422 |
| Health & Hospital | 1,954,640 | 1,877,731 | 0 | 0 | 1,954,640 | 1,877,731 |
| Education | | | | | | |
| Board of Education | 28,687,630 | 26,361,938 | 0 | 0 | 28,687,630 | 26,361,938 |
| Garrett College | 5,363,417 | 5,178,228 | 0 | 0 | 5,363,417 | 5,178,228 |
| Culture | 39,000 | 35,000 | 0 | 0 | 39,000 | 35,000 |
| Parks and Recreation | 298,318 | 100,977 | 0 | 0 | 298,318 | 100,977 |
| Library | 982,700 | 1,072,175 | 0 | 0 | 982,700 | 1,072,175 |
| Conservation of Natural Resources | 232,073 | 216,407 | 0 | 0 | 232,073 | 216,407 |
| Social Services | 281,700 | 281,700 | 0 | 0 | 281,700 | 281,700 |
| Economic Opportunity & Development | 4,031,713 | 3,481,141 | 0 | 0 | 4,031,713 | 3,481,141 |
| Other | 1,109,504 | 1,002,619 | 0 | 0 | 1,109,504 | 1,002,619 |
| Garrett County Airport | 0 | 0 | 944,179 | 961,301 | 944,179 | 961,301 |
| Solid Waste Management | 0 | 0 | 1,871,814 | 1,896,756 | 1,871,814 | 1,896,756 |
| Garrett County Sanitary District, Inc. | 0 | 0 | 8,918,107 | 8,601,441 | 8,918,107 | 8,601,441 |
| Parks and Recreation Fund | 0 | 0 | 2,833,955 | 1,537,449 | 2,833,955 | 1,537,449 |
| Department of Technology & Communications | 0 | 0 | 777,001 | 655,759 | 777,001 | 655,759 |
| Total Expenses | \$ 78,426,863 | \$ 74,413,070 | \$ 15,345,056 | \$ 13,652,706 | \$ 93,771,919 | \$ 88,065,776 |
| Excess before Special Items and Transfers | (2,565,714) | 2,684,956 | (2,671,468) | (2,012,111) | (5,237,182) | 672,845 |
| Net Transfers In (Out) | (4,445,278) | (933,316) | 4,445,278 | 933,316 | 0 | 0 |
| Changes in Net Assets | (7,010,992) | 1,751,640 | 1,773,810 | (1,078,795) | (5,237,182) | 672,845 |
| Net Assets – Beginning of Year, as Restated | 79,971,938 | 83,220,379 | 58,022,692 | 60,797,096 | 137,994,630 | 144,017,475 |
| Net Assets – End of Year | \$ 72,960,946 | \$ 84,972,019 | \$ 59,796,502 | \$ 59,718,301 | \$ 132,757,448 | \$ 144,690,320 |

Net assets – beginning of year have been restated for the effect of a prior period adjustment as disclosed in Note 20 on page 93. The Debt Service Fund deferred revenue related to the Garrett County Memorial Hospital bonds were being incorrectly recorded on the Government Wide Statement of Net Position. The deferred revenue should have been reclassified as long-term debt, instead, however, it was recorded as a reduction in net position. Government wide net position was understated by \$3,462,642. Also the implementation of GASB 68 for Pensions caused a change in accounting principle to reduce net position by \$10,158,332 as disclosed in Note 21 on page 94.

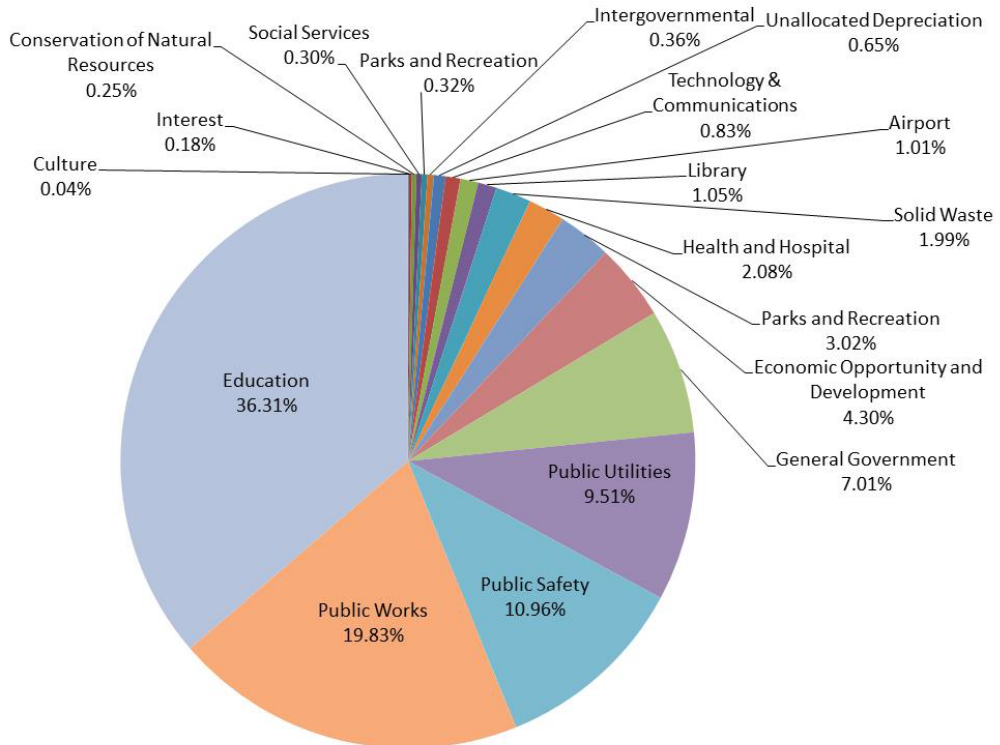
**THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Government-wide Financial Analysis (cont'd)

Revenues By Source - Primary Government



Expenditures - Primary Government



THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Government-wide Financial Analysis (cont'd)

Overall, the financial position of Garrett County declined during the year. While the business-type activities reported a favorable change in net position of \$1.8 million at June 30, 2015, the governmental activities reported an unfavorable change in net position of \$7.0 million during the same period, resulting in an overall decrease of \$5.2 million. Key elements of this overall net decrease were a \$3.1 million loss of property tax revenue due to a decline in the assessable base, an increase of \$2.3 million in the amount allotted to the Board of Education to include operating and capital items, and transfers to the Parks and Recreation fund for the Deep Creek 2014 event. The total net position decreased by \$12 million. In addition to the items mentioned above, the implementation of GASB 68 had a significant impact on the government-wide financial statements. This change in accounting principle for Pensions required the County to reduce equity by \$10,158,332. This was partially offset by the prior period adjustment of \$3,462,642 discussed previously.

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 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.

A change in the local economy began to occur during FY 2008 and continued into FY 2010 but the County has shown improvement since that time. One of the many indicators of a healthy local economy is local income tax revenues. Income tax revenue has steadily increased since 2010 and ended the fiscal year at \$11,921,943, an all-time high. Income taxes account for 16% of General Fund revenues including other financing sources on a budgetary basis.

While real and personal property tax revenue declined by a combined \$3 million due to the triannual reassessment, for FY 2016 the County is projecting real property tax revenue to remain relatively flat while personal property tax revenue will increase slightly due to the addition of sixteen wind turbines by Fourmile Wind Energy. There was no change in the property tax rate as set by the County Commissioners. Property taxes account for 61% of General Fund revenues including other financing sources on a budgetary basis.

Business-Type Activities. In 2015, total assets for the Airport decreased by \$611,686. This decrease is mainly due to the recording the current year's depreciation expense on assets. Total assets for the Garrett County Sanitary District, d/b/a Department of Public Utilities, decreased by \$3,552,067. This decrease is primarily the result of depreciation of existing infrastructure. The Parks & Recreation Fund was established to account for the operations of the Adventure Sports Center, Inc. Total assets for the Parks &

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Government-wide Financial Analysis (cont'd)

Recreation Fund increased slightly by \$53,373 due to new capital improvement projects for the Deep Creek 2014 world championship event.

Operating revenues net of in-house sales of the Sanitary District increased by \$305,959. An increase in customers and connection charges contribute primarily to this increase. Operating expenditures for the Sanitary District increased by \$233,242. This increase is the combined result of a increase in salaries and increases in repairs, administrative, and depreciation. The increase in repairs and supplies are the direct result of the increase in customers and connection charges.

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 \$5.1 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, 2015, the County recognized and reported a closure and post-closure liability of \$3,098,078 leaving a balance of estimated costs to be recognized at approximately \$1,965,112 over the remaining 17 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, 2015, the County had set aside \$2,843,350 in an investment account to offset the current recognized closure liability of \$3,098,078.

Net position for Adventure Sports Center, Inc. is stated at a total of \$17,189,702. Operating revenues were \$1,005,955 while operating expenditures were recorded as \$2,833,955 resulting in a net operating loss of \$1,828,360 for the year ended June 30, 2015. Operating expenditures include non-cash items such as depreciation (\$566,001).

Financial Analysis of the County's Funds

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 financial requirements. In particular, unrestricted 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 \$23,293,287 a decrease of \$5,389,965. Approximately 15.8% of this total, \$3,690,774, 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. \$7,389,776 has been restricted for self-funded health care. Assigned fund balance totals

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Financial analysis of the County's Funds (cont'd)

\$10,275,070 and includes \$7,669,012 for expenditure in FY 2016, and \$6,057 for self-funded health care. Items included for expenditure in FY 2016 are \$1,434,730 for Economic Development projects, and \$1,607,368 for Roads projects and equipment.

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 \$3,690,774, while total fund balance reached \$23,176,716. 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 4.66% of the total General Fund expenditures including operating transfers, while total fund balance represents 29.26% of that same amount.

During the current fiscal year, the total fund balance of the County's General Fund decreased by \$5,387,086. General Fund revenue decreased by \$1,441,063 and General Fund operating expenditures increased by \$6,008,601. The County transferred approximately \$2.3 million to the Parks and Recreation Fund to write off and dissolve Deep Creek 2014, LLC, a subsidiary of Adventure Sports Center, Inc., created to operate the 2014 International Canoe Federation Canoe Slalom World Championships on September 17-21, 2014.

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.

Garrett County's Debt Service Fund reports assets of \$8,663,437 which include amounts owing from the Garrett County Memorial Hospital Bonds, Series 2004, 2007 and 2015, for the expansion and renovation of the facility.

The Non-Major Special Revenue Funds have a total fund balance of \$116,571, all of which is restricted.

Proprietary funds. Garrett County's proprietary fund statements provide the same type of information found in the government-wide financial statements, only in more detail. The total unrestricted net position of the proprietary funds at the end of the year amounted to \$3,565,795. The total increase in net position for the proprietary funds was \$78,201. Other factors concerning these funds' finances have been addressed in the discussion of Garrett County government's business-type activities.

Budgetary Highlights

The difference between original revenue budget amounts of \$69,963,042 and final revenue budget amounts of \$73,852,425 is an increase of \$3,889,383. 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

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Financial analysis of the County's Funds (cont'd)

Budgetary Highlights (cont'd)

management and good stewardship so that deficit spending would not occur. Of the \$3.9 million net increase, Intergovernmental federal and state grants made up the majority of the increase equating to \$3.5 million. Income Tax revenue was amended upward by \$100,000 and interest income was adjusted upward by \$105,000. While net service charge revenue only increased by \$86,157, public works revenue was amended upward by \$530,257 in this category to allow for road repair and repaving associated with the Exelon wind turbine project. The difference between the final revenue budget of \$73,852,425 and the actual revenue recorded of \$75,215,867 resulted in a positive variance of \$1,363,422. Income tax revenue finished the year at an unexpected all-time high of \$11.9 million which resulted in a \$1.2 positive revenue variance. Other significant revenue variances were recordation tax of \$307,149 and accommodations tax of \$284,690.

Significant differences between the original expenditure budget amounts of \$71,635,856 and final expenditure budget amounts of \$90,621,900 resulting in a budget increase of \$18,986,044, are largely due to budget amendments that occurred to carryover funds from fiscal year 2014 to fiscal year 2015 for capital projects and capital outlay that were in progress at the end of fiscal year 2014. While these carryover amendments equated to almost \$13 million, other significant amendments were made during the fiscal year. Over \$2.2 million was amended to write off and dissolve one of the Parks and Recreation Fund's subsidiary, Deep Creek 2014, LLC, to cover the loss due to lack of sponsorship revenue during the 2014 International Canoe Federation Canoe Slalom World Championships. An amendment was made to account for the early retirement incentive and accrued leave payouts for fourteen respective employees in the General Fund which amounted to \$743,000. As grant revenues increased, many of the revenues had offsetting expenses associated with them which resulted in corresponding budget amendments.

The difference between the final budget expenditures of \$90,621,900 and the actual expenditures recorded of \$80,729,555 represented a variance of \$9,892,345. Approximately \$7,631,512, or 77%, of this variance will be carried over into the subsequent fiscal year and re-budgeted to continue projects that were in process at the end of fiscal year 2015. Some of the projects include, but are not limited to, the continuation of the Glendale Road realignment, the McHenry Business Park road phase II, the Keyser's Ridge Industrial Park infrastructure improvements, the Cherry Glade run phase II project, the Meadow Mountain Trail, Broadband phase II & III, financial software conversion/implementation, and several roads paving and bridge projects.

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

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2015

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, 2015 amounts to \$150,017,209 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, furniture, vehicles, and infrastructure. The total decrease in the County’s investment in capital assets for the current fiscal year was \$4,908,936 (3.17% decrease for governmental and business-type activities).

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|----------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Land | \$9,698,727 | \$9,703,158 | \$3,248,775 | \$3,248,775 | \$12,947,502 | \$12,951,933 |
| Land Improvements | 2,765,788 | 2,788,126 | 18,340,628 | 15,354,463 | 21,106,416 | 18,142,589 |
| Construction in Progress | 2,241,843 | 2,509,887 | 1,646,048 | 5,281,368 | 3,887,891 | 7,791,255 |
| Infrastructure | 26,698,746 | 28,266,879 | 59,165,131 | 62,125,985 | 85,863,877 | 90,392,864 |
| Buildings | 14,796,519 | 13,706,647 | 3,976,635 | 3,674,824 | 18,773,154 | 17,381,471 |
| Furniture and Equipment | 506,630 | 571,810 | 109,461 | 17,015 | 616,091 | 588,825 |
| Vehicles | 2,464,185 | 3,400,562 | 121,685 | 149,867 | 2,585,870 | 3,550,429 |
| Machinery and Equipment | <u>2,300,242</u> | <u>1,918,599</u> | <u>1,936,166</u> | <u>2,208,180</u> | <u>4,236,408</u> | <u>4,126,779</u> |
| Total | <u>\$61,472,680</u> | <u>\$62,865,668</u> | <u>\$88,544,529</u> | <u>\$92,060,477</u> | <u>\$150,017,209</u> | <u>\$154,926,145</u> |

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

- In 2015, there were several significant additions to Governmental Activities Construction in Progress. These additions include over \$1,399,000 from the Keyser’s Ridge Business Park Projects, \$282,000 from the River Road Bridge Project and \$203,000 from the financial software project.
- The Business-type Activities Construction in Progress accounts show changes to multiple projects as well. These projects include an addition of \$624,000 in improvements to the Adventure Sports facility to host the Deep Creek 2014 event. Several projects were transferred out of Construction in Progress during 2015. These project include \$186,000 from the Mt Lake Park Water Distribution system project, \$1,183,000 from the Deep Creek 2014 event project, and \$3,209,000 from the Solid Waste Cell 4 Construction Project.
- Major additions to the Governmental Activities Infrastructure for 2015 include \$1,614,000 in paving and overlay. In the Business-type Activities major additions were the Mt Lake Park water distribution system improvements which were transferred from Construction in Progress in the amount of \$186,000. An additional \$616,000 in various infrastructure related to the Deep Creek 2014 Event which was transferred from Construction in Progress during 2015 as well.

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2015

Capital Asset and Debt Administration (cont’d)

- Major additions to Business-type Activities Land Improvements include \$3,209,000 for the Solid Waste Cell 4 Construction Project which was transferred from Construction In Progress in 2015.
- During 2015 \$411,000 in buildings and \$156,000 in furniture and fixtures were also transferred out of Construction in Progress and placed in service as a result of the Deep Creek 2014 event.

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 to the financial statements.

Long-term debt. At the end of the current fiscal year, Garrett County Government had notes and bonds outstanding of \$41,511,180, which are backed by the full faith and credit of the County.

Garrett County’s Outstanding Debt
General Obligation Bonds and Note Payable

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|---------------------|--------------------------------|--------------|---------------------------------|---------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| General Bonded Debt | \$ 8,663,437 | \$ 3,462,642 | \$ 32,847,743 | \$ 36,205,545 | \$41,511,180 | \$39,668,187 |

During fiscal year 2015, the County’s total debt increased by \$1,842,993. While the Governmental Activities debt increased by a net \$5.2 million due to the additional Series 2015 Garrett County Memorial Hospital Expansion Bond, Business-type Activities decreased by \$3.4 million as a result of regularly scheduled on-going debt service payments that were made during the fiscal year.

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 2016 to 2020. These projects include but are not limited to, the renovation of Southern Middle School, an Emergency Operations Center, a STEM building at Garrett College, Keyser’s Ridge Industrial Park improvements, and various road’s equipment and bridge replacements,. This planned 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 115 under Other Supplementary Information.

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Economic Factors and Next Year's Budget and Rates

- During FY 2008 Moody's Investors Service completed a review of Garrett County's bond rating and determined that due to the County maintaining a healthy financial position supported by conservative budgeting practices and possessing a strong economic outlook that includes economic growth in the County, Moody's upgraded Garrett County's bond rate two notches from an unsecured rating of Baa2 to A3. On May 1, 2010, Moody's recalibrated Garrett County's rating from A3 to A1. The recalibration was a result of Moody's rating agency's move to a Global Scale for municipal credit ratings. Currently, Garrett County does not have any outstanding public issued bonds that require a rating from an outside rating agency. The County does however have bonds backed by their full faith and credit for the Garrett County Memorial Hospital which are being repaid with hospital revenues.
- The annual average unemployment rate through September 2015 for the County is 5.3%, which is slightly higher than both the State's average of 5.0% and the national average of 5.1% through the same period.
- For January 1, 2016, reassessment notices will be mailed to 7,233 residential and 677 commercial property owners in Area 1. The area is composed of Friendsville (Election District 2), Accident above I-68 (Election District 5), Grantsville (Election District 3), Avilton (Election District 15), Finzel (Election District 9), Elbow (Election District 11), Bloomington (Election District 4), Swanton (Election District 1), and Kitzmiller (Election District 13). This area is largely rural with farming to the north and mountainous area along with a few coal mines to the east and south. Recent commercial and industrial developments have appeared along I-68 to the north. Savage River Dam and Jennings Randolph Lake are found to the east and south. This area has traditionally been very stable in value neither rising nor decreasing rapidly in assessments. The districts on interstate 68 have increased mildly while the other districts have remained stable. The County is projecting the overall increase in these areas to be relatively flat with a slight increase between one and two percent.

These factors, as well as many others, were considered in preparing the County's budget for fiscal year 2016.

During fiscal year 2015, the County's total General Fund balance decreased by \$5,387,086. While Garrett County Government has always maintained and demonstrated a conservative budget philosophy, the County has been forced to budget more liberally in recent years than desired. Although the General Fund's fund balance decreased, the County still was able to set aside and maintain \$3.5 million, or 5% of its operating revenues, as a rainy day fund. In addition to this, the County was fortunate to assign an additional \$3.6 million into a capital reserves account to help offset upcoming capital needs during fiscal year 2017's budget process. Due to the favorable fund balance that the County has been experiencing over the past several years, the Commissioners were able to hold the tax rate for 2016 steady at \$.99 for every \$100 of assessable property.

THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Economic Factors and Next Year's Budget and Rates (cont'd)

Accounting standards for reporting the County's obligation for post-employment benefits went into effect for the fiscal year ended June 30, 2009. Benefits will accrue during the employee's active years of service for government-wide financial reporting purposes. Since the County, the Board of Education and Garrett College formed a coalition for health insurance benefits, OPEB costs were also calculated to include all three entities. An OPEB trust fund was established and the County acted as the funding source for OPEB obligations for all three entities. Since that time, the County has not funded any additional amounts to the OPEB trust fund to offset its long term OPEB liabilities. More information on the County's other post-employment benefit plans can be found in Note 13 to the financial statements.

The Garrett County Sanitary District, d/b/a Department of Public Utilities, will begin construction of the Western Conveyance Water Distribution and Wastewater Collection Systems that will serve an additional 2,500 customers in the future. The combined cost for the distribution and collection systems is estimated to be an additional \$13,835,108 once completed over the next several years.

Adventure Sports Center, Inc. (ASC, Inc.) will continue to be reported as part of the County's financial statements. The County's goals for ASC, Inc. are to continue to make operations more efficient and to work with the strategic planning team to determine the best use of the facility. During 2014 the County began outsourcing the sales, reservations, and marketing functions by partnering with the Wisp Resort in hopes of increasing efficiency and profits. On September 17-21, 2014, ASC, Inc. hosted the Deep Creek 2014 International Canoe Federation Canoe Slalom World Championships. These World Championships represented the return of the Olympic Sport to the United States after 25 years when they were held in Western Maryland. Forty two nations sent 393 athletes and team support staff and helped to put ASC, Inc. and Garrett County on the map as the United States epicenter of adventure sports and outdoor recreation.

The County, Garrett College and the Board of Education continue to be involved in a coalition to consolidate health insurance benefits for current and retired employees of these entities. All three entities have the same insurance premium rates, the same benefits and the same employee co-pays. This consolidation is instrumental in attempting to make health costs more affordable and cost effective. On July 1, 2009, the health insurance platform changed from fully insured to self insured. The self insured platform allowed the coalition to put into place health insurance cost containment measures that positively affect future fiscal years. Effective January 1, 2013, Medicare eligible retirees were insured with a Senior Supplement and Prescription Drug Plan through United Health Care. Effective July 1, 2013, the Coalition implemented an expanded Wellness Program to further identify areas where health care costs could be contained and decreased. Effective July 1, 2014, the coalition changed third party health care vendors as a measure to keep health care costs affordable.

**THE BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Request for Information

Separately issued financial statements of the component units can be obtained from their respective administrative offices or from the County administrator's office.

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

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

Or, visit our website at www.garrettcounty.org

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

Statement of Net Position

June 30, 2015

| | Primary Government | | |
|--------------------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 15,460,109 | \$ 1,547,619 | \$ 17,007,728 |
| Investments | 1,003,160 | 2,843,350 | 3,846,510 |
| Taxes Receivable - Net | 2,065,875 | | 2,065,875 |
| Due from Other Governments | 2,522,705 | 10,916 | 2,533,621 |
| Due from Primary Government | | | |
| Other Receivables - Net | 1,630,126 | 1,747,056 | 3,377,182 |
| Inventories | 786,903 | 909,099 | 1,696,002 |
| Insurance Deposit | 670,290 | | 670,290 |
| Prepaid Expenses | 66,424 | 78,857 | 145,281 |
| Restricted Cash | 4,992,361 | 2,001,159 | 6,993,520 |
| Restricted Investments | 2,665,054 | | 2,665,054 |
| Restricted Accounts Receivable | 8,663,437 | 238,917 | 8,902,354 |
| Notes Receivable - Long-Term | 2,374,895 | | 2,374,895 |
| Net Pension Asset | 438,302 | | 438,302 |
| Non-Depreciable Capital Assets | 11,940,570 | 12,792,341 | 24,732,911 |
| Depreciable Capital Assets, Net of Accumulated Depreciation | 49,532,110 | 75,752,188 | 125,284,298 |
| Total Assets | <u>\$ 104,812,321</u> | <u>\$ 97,921,502</u> | <u>\$ 202,733,823</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 683,118</u> | <u>\$ 107,191</u> | <u>\$ 790,309</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 105,495,439</u> | <u>\$ 98,028,693</u> | <u>\$ 203,524,132</u> |
| LIABILITIES | | | |
| Accounts Payable and Accrued Expenses | \$ 4,338,342 | \$ 832,417 | \$ 5,170,759 |
| Internal Balances | 946,212 | (946,212) | |
| Due to Component Units | 380,411 | | 380,411 |
| Due to Other Governments | 209,538 | 128,228 | 337,766 |
| Unearned Revenues | 2,884,711 | 11,495 | 2,896,206 |
| Other Liabilities | 447,788 | | 447,788 |
| Long-Term Liabilities - Due Within One Year | 542,979 | 1,539,057 | 2,082,036 |
| Long-Term Liabilities - Due in More Than One Year | 22,738,866 | 36,667,206 | 59,406,072 |
| Total Liabilities | <u>\$ 32,488,847</u> | <u>\$ 38,232,191</u> | <u>\$ 70,721,038</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>\$ 45,646</u> | <u>\$</u> | <u>\$ 45,646</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | \$ 61,472,680 | \$ 56,230,707 | \$ 117,703,387 |
| Restricted | 9,327,443 | | 9,327,443 |
| Unrestricted | 2,160,823 | 3,565,795 | 5,726,618 |
| Total Net Position | <u>\$ 72,960,946</u> | <u>\$ 59,796,502</u> | <u>\$ 132,757,448</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 105,495,439</u> | <u>\$ 98,028,693</u> | <u>\$ 203,524,132</u> |

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

| Component Units | | | |
|-------------------------------|----------------------|-----------------------|---------|
| <u>Board of Education</u> | <u>College</u> | <u>Public Library</u> | |
| \$ 7,985,205 | \$ 2,437,298 | \$ 305,931 | 339,115 |
| 1,485,305 | 391,462 | | |
| 341,066 | 39,345 | | |
| 40,410 | 197,835 | 55,539 | |
| 130,242 | 97,622 | | |
| | 308,283 | 12,534 | |
| | 469,987 | | |
| | 2,854,422 | | |
| 2,284,640 | 1,607,226 | 33,556 | |
| 45,061,291 | 41,867,092 | 1,183,768 | |
| <u>\$ 57,328,159</u> | <u>\$ 50,270,572</u> | <u>\$ 1,930,443</u> | |
| <u>\$ 366,344</u> | <u>\$</u> | <u>\$</u> | |
| <u>\$ 57,694,503</u> | <u>\$ 50,270,572</u> | <u>\$ 1,930,443</u> | |
| \$ 7,349,587 | \$ 656,626 | \$ 18,039 | |
| 45,516 | 148,553 | | |
| | 86,368 | | |
| 305,790 | 155,021 | | |
| 11,425,168 | 8,001,803 | 32,919 | |
| <u>\$ 19,126,061</u> | <u>\$ 9,048,371</u> | <u>\$ 50,958</u> | |
| <u>\$ 279,318</u> | <u>\$</u> | <u>\$</u> | |
| \$ 43,663,044 | \$ 38,310,208 | \$ 1,217,324 | |
| 1,983,129 | 3,136,175 | 21,558 | |
| (7,357,049) | (224,182) | 640,603 | |
| <u>\$ 38,289,124</u> | <u>\$ 41,222,201</u> | <u>\$ 1,879,485</u> | |
| <u>\$ 57,694,503</u> | <u>\$ 50,270,572</u> | <u>\$ 1,930,443</u> | |

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

Statement of Activities
Year Ended June 30, 2015

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenue</u> | | |
|-------------------------------------------|-----------------|-----------------------------|-------------------------------------------|-----------------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General Government | \$ 6,572,004 | \$ 363,900 | \$ 2,680,412 | \$ 95,000 |
| Public Safety | 10,276,221 | 524,564 | 960,333 | 96,853 |
| Public Works | 18,597,943 | 927,269 | 518,769 | 39,568 |
| Health and Hospital | 1,954,640 | | 276,294 | |
| Education | | | | |
| Board of Education | 28,687,630 | 148,800 | | |
| College | 5,363,417 | | | |
| Culture | 39,000 | | | |
| Parks and Recreation | 298,318 | | 271,818 | |
| Library | 982,700 | | | |
| Conservation of Natural Resources | 232,073 | | | |
| Social Services | 281,700 | | | |
| Economic Opportunity and Development | 4,031,713 | | 1,388,233 | 401,466 |
| Intergovernmental | 335,263 | | | |
| Unallocated Depreciation | 606,495 | | | |
| Interest on Long-Term Debt | 167,746 | | | |
| Total Governmental Activities | \$ 78,426,863 | \$ 1,964,533 | \$ 6,095,859 | \$ 632,887 |
| Business-type activities | | | | |
| Airport Fund | \$ 944,179 | \$ 241,080 | | \$ 94,012 |
| Solid Waste Fund | 1,871,814 | 1,272,146 | | |
| Garrett County Sanitary District, Inc. | 8,918,107 | 5,213,246 | | |
| Parks & Recreation Fund | 2,833,955 | 699,653 | 350,000 | |
| Department of Technology & Communications | 777,001 | 190,563 | | |
| Total Business-Type Activities | \$ 15,345,056 | \$ 7,616,688 | \$ 350,000 | \$ 94,012 |
| Total Primary Government | \$ 93,771,919 | \$ 9,581,221 | \$ 6,445,859 | \$ 726,899 |
| Component Units | | | | |
| Board of Education | \$ 60,063,898 | \$ 784,638 | \$ 9,628,239 | \$ 922,685 |
| College | 17,644,526 | 4,104,700 | 2,566,317 | |
| Public Library | 1,457,335 | 30,123 | | |
| Total Component Units | \$ 79,165,759 | \$ 4,919,461 | \$ 12,194,556 | \$ 922,685 |

General Revenues:

Taxes:

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

Change in Net Position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

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

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | Component Units | | |
|-------------------------|--------------------------|------------------------|------------------------|------------------------|-----------------------|
| Governmental Activities | Business-type Activities | Total | Board of Education | College | Public Library |
| \$ (3,432,692) | \$ | \$ (3,432,692) | \$ | \$ | |
| (8,694,471) | | (8,694,471) | | | |
| (17,112,337) | | (17,112,337) | | | |
| (1,678,346) | | (1,678,346) | | | |
| (28,538,830) | | (28,538,830) | | | |
| (5,363,417) | | (5,363,417) | | | |
| (39,000) | | (39,000) | | | |
| (26,500) | | (26,500) | | | |
| (982,700) | | (982,700) | | | |
| (232,073) | | (232,073) | | | |
| (281,700) | | (281,700) | | | |
| (2,242,014) | | (2,242,014) | | | |
| (335,263) | | (335,263) | | | |
| (606,495) | | (606,495) | | | |
| (167,746) | | (167,746) | | | |
| <u>\$ (69,733,584)</u> | <u>\$</u> | <u>\$ (69,733,584)</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| \$ | \$ (609,087) | \$ (609,087) | \$ | \$ | \$ |
| | (599,668) | (599,668) | | | |
| | (3,704,861) | (3,704,861) | | | |
| | (1,784,302) | (1,784,302) | | | |
| | (586,438) | (586,438) | | | |
| <u>\$</u> | <u>\$ (7,284,356)</u> | <u>\$ (7,284,356)</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| <u>\$ (69,733,584)</u> | <u>\$ (7,284,356)</u> | <u>\$ (77,017,940)</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| \$ | \$ | \$ | \$ (48,728,336) | \$ | \$ |
| | | | | (10,973,509) | |
| | | | | | (1,427,212) |
| <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$ (48,728,336)</u> | <u>\$ (10,973,509)</u> | <u>\$ (1,427,212)</u> |
| \$ 45,648,735 | \$ 3,283,440 | \$ 48,932,175 | \$ | \$ | \$ |
| 11,921,943 | | 11,921,943 | | | |
| 3,287,508 | | 3,287,508 | | | |
| 3,627,190 | | 3,627,190 | | | |
| 564,569 | 198,848 | 763,417 | 8,074 | 111,316 | 2,122 |
| | | | 26,724,279 | 4,738,000 | 982,700 |
| 1,269,242 | 800,128 | 2,069,370 | 19,857,582 | 4,543,803 | 310,472 |
| 787,676 | | 787,676 | | | |
| 20,266 | 335,722 | 355,988 | 1,204,674 | 9,237 | 19,079 |
| 40,741 | (5,250) | 35,491 | (4,132) | | (818) |
| (4,445,278) | 4,445,278 | | | | |
| <u>\$ 62,722,592</u> | <u>\$ 9,058,166</u> | <u>\$ 71,780,758</u> | <u>\$ 47,790,477</u> | <u>\$ 9,402,356</u> | <u>\$ 1,313,555</u> |
| \$ (7,010,992) | \$ 1,773,810 | \$ (5,237,182) | \$ (937,859) | \$ (1,571,153) | \$ (113,657) |
| 79,971,938 | 58,022,692 | 137,994,630 | 39,226,983 | 42,793,354 | 1,993,142 |
| <u>\$ 72,960,946</u> | <u>\$ 59,796,502</u> | <u>\$ 132,757,448</u> | <u>\$ 38,289,124</u> | <u>\$ 41,222,201</u> | <u>\$ 1,879,485</u> |

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

Balance Sheet
Governmental Funds
June 30, 2015

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Other Governmental Funds</u> | <u>Totals</u> |
|--------------------------------------------------------------------------------|-------------------------|--------------------------------------|----------------------------------|-----------------------------------------|----------------------|
| ASSETS: | | | | | |
| Cash and Cash Equivalents | \$ 15,460,109 | \$ | \$ | \$ | \$ 15,460,109 |
| Investments | 1,003,160 | | | | 1,003,160 |
| Taxes Receivable - Net | 2,065,875 | | | | 2,065,875 |
| Due from Other Governments | 2,422,186 | 98,984 | | 1,535 | 2,522,705 |
| Due from Other Funds | 777,907 | 906,269 | | 219,041 | 1,903,217 |
| Other Receivables - Net | 1,629,362 | | | 764 | 1,630,126 |
| Note Receivable | 1,084,340 | | | | 1,084,340 |
| Inventories | 786,903 | | | | 786,903 |
| Insurance Deposit | 670,290 | | | | 670,290 |
| Prepaid Expenses | 66,424 | | | | 66,424 |
| Restricted Cash | 4,609,100 | | | 383,261 | 4,992,361 |
| Restricted Investments | 2,665,054 | | | | 2,665,054 |
| Restricted Accounts Receivable | | | 8,663,437 | | 8,663,437 |
| TOTAL ASSETS | <u>\$ 33,240,710</u> | <u>\$ 1,005,253</u> | <u>\$ 8,663,437</u> | <u>\$ 604,601</u> | <u>\$ 43,514,001</u> |
| LIABILITIES: | | | | | |
| Accounts Payable and Accrued Expenses | \$ 4,296,713 | \$ 5,253 | \$ | \$ 36,376 | \$ 4,338,342 |
| Due to Other Funds | 2,849,429 | | | | 2,849,429 |
| Due to Component Units | 380,411 | | | | 380,411 |
| Due to Other Governments | 209,538 | | | | 209,538 |
| Unearned Revenues | 186,516 | 1,000,000 | 8,663,437 | 443,319 | 10,293,272 |
| Other Liabilities | 439,453 | | | 8,335 | 447,788 |
| Total Liabilities | <u>\$ 8,362,060</u> | <u>\$ 1,005,253</u> | <u>\$ 8,663,437</u> | <u>\$ 488,030</u> | <u>\$ 18,518,780</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Unavailable Revenue - Property Taxes | \$ 1,701,934 | \$ | \$ | \$ | \$ 1,701,934 |
| Total Deferred Inflows of Resources | <u>\$ 1,701,934</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,701,934</u> |
| FUND BALANCES: | | | | | |
| Nonspendable | \$ 1,937,667 | \$ | \$ | \$ | \$ 1,937,667 |
| Restricted | 7,273,205 | | | 116,571 | 7,389,776 |
| Assigned | 10,275,070 | | | | 10,275,070 |
| Unassigned | 3,690,774 | | | | 3,690,774 |
| Total Fund Balances | <u>\$ 23,176,716</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 116,571</u> | <u>\$ 23,293,287</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 33,240,710</u> | <u>\$ 1,005,253</u> | <u>\$ 8,663,437</u> | <u>\$ 604,601</u> | <u>\$ 43,514,001</u> |

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

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2015

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------------|
| Total Fund Balances - Governmental Funds | \$ | 23,293,287 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The cost of these assets is \$149,484,668, net of accumulated depreciation of \$88,011,988.</p> | | 61,472,680 |
| <p>The net pension asset arising from the LOSAP plan is not an available resource and, therefore, is not reported in the funds</p> | | 438,302 |
| <p>Deferred outflows arising from changes in the net pension liability are not reported in the funds. Deferred outflows resulting from contributions made since the measure date amount to \$56,032. Deferred outflows resulting from changes in actuarial assumptions amount to \$6,033. Deferred outflows resulting from pension plan investment performance below projections amount to \$621,053.</p> | | 683,118 |
| <p>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 \$2,323,582, the net OPEB obligation of \$2,695,089, and the net pension liability of \$9,599,737.</p> | | (14,618,408) |
| <p>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.</p> | | 1,701,935 |
| <p>Deferred inflows arising from changes in the net pension liability are not reported in the funds. Deferred inflows resulted from pension plan investment performance exceeding projections.</p> | | (45,646) |
| <p>Note receivable issued in connection with land sale not recognized in funds.</p> | | 1,290,555 |
| <p>Deferred gain recorded in connection with land sale not recorded in funds.</p> | | <u>(1,254,877)</u> |
| Total Net Position - Governmental Activities | \$ | <u><u>72,960,946</u></u> |

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

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2015

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Other Governmental Funds</u> | <u>Totals</u> |
|------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------|----------------------------------|-----------------------------------------|----------------------|
| REVENUES: | | | | | |
| Taxes | \$ 64,611,978 | \$ | \$ | \$ | \$ 64,611,978 |
| Licenses and Permits | 322,754 | | | | 322,754 |
| Intergovernmental | 7,734,669 | 27,973 | 136,145 | 227,669 | 8,126,456 |
| Fines and Forfeitures | 3,581 | | | 79,635 | 83,216 |
| Charges for Services | 1,389,436 | | | 20,327 | 1,409,763 |
| Investment Income | 396,481 | | 167,746 | 342 | 564,569 |
| Rents and Concessions | 936,476 | | | | 936,476 |
| Contributions | 7,677 | | | | 7,677 |
| Miscellaneous | 44,031 | | | 5,875 | 49,906 |
| Total Revenues | <u>\$ 75,447,083</u> | <u>\$ 27,973</u> | <u>\$ 303,891</u> | <u>\$ 333,848</u> | <u>\$ 76,112,795</u> |
| EXPENDITURES: | | | | | |
| General Government | \$ 6,552,442 | \$ | \$ | 2,914 | \$ 6,555,356 |
| Public Safety | 9,452,813 | | | 327,938 | 9,780,751 |
| Public Works | 15,749,836 | | | | 15,749,836 |
| Health and Hospital | 1,954,640 | | | | 1,954,640 |
| Education | | | | | |
| Board of Education | 28,687,630 | | | | 28,687,630 |
| College | 5,363,417 | | | | 5,363,417 |
| Culture | 39,000 | | | | 39,000 |
| Parks and Recreation | 298,318 | | | | 298,318 |
| Library | 982,700 | | | | 982,700 |
| Conservation of Natural Resources | 232,073 | | | | 232,073 |
| Social Services | 281,700 | | | | 281,700 |
| Economic Opportunity and Development | 3,725,101 | | | | 3,725,101 |
| Capital Outlay | 2,754,788 | 57,204 | | | 2,811,992 |
| Debt Service | | | 303,891 | | 303,891 |
| Intergovernmental | 335,263 | | | | 335,263 |
| Total Expenditures | <u>\$ 76,409,721</u> | <u>\$ 57,204</u> | <u>\$ 303,891</u> | <u>\$ 330,852</u> | <u>\$ 77,101,668</u> |
| REVENUES (UNDER) OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) SUBTOTAL | | | | | |
| | <u>\$ (962,638)</u> | <u>\$ (29,231)</u> | <u>\$ 0</u> | <u>\$ 2,996</u> | <u>\$ (988,873)</u> |

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

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds (Continued)
Year Ended June 30, 2015

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Other Governmental Funds</u> | <u>Totals</u> |
|---------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------|----------------------------------|-----------------------------------------|----------------------|
| REVENUES (UNDER) OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | | | | | |
| Balances Brought Forward | \$ (962,638) | \$ (29,231) | \$ 0 | \$ 2,996 | \$ (988,873) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Sale of Capital Assets | 44,186 | | | | 44,186 |
| Transfers | | | | | |
| Capital Projects Fund | (68,477) | 68,477 | | | 0 |
| Airport Fund | (46,032) | | | | (46,032) |
| Garrett County Sanitary District, Inc. | (413,875) | (39,246) | | (5,875) | (458,996) |
| Parks & Recreation Fund | (3,333,443) | | | | (3,333,443) |
| Dept. of Tech. & Communication Fund | (606,807) | | | | (606,807) |
| REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES & OTHER FINANCING USES | \$ (5,387,086) | \$ 0 | \$ 0 | \$ (2,879) | \$ (5,389,965) |
| FUND BALANCES, BEGINNING OF YEAR | <u>28,563,802</u> | <u>0</u> | <u>0</u> | <u>119,450</u> | <u>28,683,252</u> |
| FUND BALANCES, End of Year | <u>\$ 23,176,716</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 116,571</u> | <u>\$ 23,293,287</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, 2015

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---------------------------|
| Change in Fund Balances - Governmental Funds | \$ | (5,389,965) |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>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 depreciation expense of \$6,489,020 exceeded capital outlay of \$5,129,117 in the current year.</p> | | (1,359,903) |
| <p>Governmental funds report only the 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 of or sold.</p> | | (33,085) |
| <p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p> | | 136,145 |
| <p>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.</p> | | (136,145) |
| <p>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.</p> | | 486,023 |
| <p>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.</p> | | (126,602) |
| <p>OPEB costs related to the unfunded net OPEB obligation do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p> | | (526,220) |
| <p>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.</p> | | <u>(61,240)</u> |
| Change in Net Position - Governmental Activities | \$ | <u><u>(7,010,992)</u></u> |

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

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of General Fund Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis) -
Primary Government - General Fund
Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Over (Under) Budget |
|-------------------------------------------------------------------------------------|----------------------------|-------------------------|----------------|------------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 61,948,041 | \$ 62,048,041 | \$ 64,485,376 | \$ 2,437,335 |
| Licenses and Permits | 261,798 | 261,798 | 322,754 | 60,956 |
| Intergovernmental | 5,427,243 | 8,927,398 | 7,734,669 | (1,192,729) |
| Fines and Forfeitures | 9,000 | 9,000 | 3,581 | (5,419) |
| Charges for Services | 1,258,835 | 1,344,992 | 1,389,436 | 44,444 |
| Investment Income | 175,000 | 280,000 | 396,481 | 116,481 |
| Rents and Concessions | 776,125 | 776,125 | 787,676 | 11,551 |
| Contributions | 3,000 | 7,200 | 7,677 | 477 |
| Miscellaneous | 104,000 | 153,685 | 44,031 | (109,654) |
| Total Revenues | \$ 69,963,042 | \$ 73,808,239 | \$ 75,171,681 | \$ 1,363,442 |
| EXPENDITURES: | | | | |
| General Government | \$ 5,469,183 | \$ 6,549,330 | \$ 5,968,628 | \$ (580,702) |
| Public Safety | 9,333,984 | 9,517,308 | 9,452,813 | (64,495) |
| Public Works | 15,455,931 | 16,525,620 | 15,749,836 | (775,784) |
| Health and Hospital | 1,898,510 | 1,989,751 | 1,954,640 | (35,111) |
| Education | 32,050,885 | 32,667,858 | 33,902,247 | 1,234,389 |
| Culture | 39,000 | 39,000 | 39,000 | 0 |
| Parks and Recreation | 26,500 | 298,318 | 298,318 | 0 |
| Library | 982,700 | 1,039,175 | 982,700 | (56,475) |
| Conservation of Natural Resources | 218,541 | 218,541 | 232,073 | 13,532 |
| Social Services | 281,700 | 281,700 | 281,700 | 0 |
| Economic Development and Opportunity | 3,993,255 | 5,119,758 | 3,725,101 | (1,394,657) |
| Capital Outlay | 0 | 4,146,226 | 2,754,788 | (1,391,438) |
| Intergovernmental | 242,205 | 347,205 | 335,263 | (11,942) |
| Miscellaneous | 898,100 | 546,899 | 583,814 | 36,915 |
| Total Expenditures | \$ 70,890,494 | \$ 79,286,689 | \$ 76,260,921 | \$ (3,025,768) |
| REVENUES (UNDER) OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | \$ (927,452) | \$ (5,478,450) | \$ (1,089,240) | \$ 4,389,210 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of Capital Assets | \$ | \$ 44,186 | \$ 44,186 | \$ 0 |
| Operating Transfers | | | | |
| Capital Projects Fund | | (6,791,631) | (68,477) | (6,723,154) |
| Airport Fund | (83,460) | (85,580) | (46,032) | (39,548) |
| Garrett County Sanitary District, Inc. | | (413,875) | (413,875) | |
| Parks & Recreation | (100,000) | (3,333,500) | (3,333,443) | (57) |
| Department of Technology & Communication | (561,902) | (710,625) | (606,807) | (103,818) |
| Total Other Financing Sources (Uses) | \$ (745,362) | \$ (11,291,025) | \$ (4,424,448) | \$ (6,866,577) |
| REVENUES (UNDER) OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | \$ (1,672,814) | \$ (16,769,475) | \$ (5,513,688) | \$ 11,255,787 |
| Fund Balance, Beginning of Year | 28,563,802 | 28,563,802 | 28,563,802 | |
| FUND BALANCE, End of Year, Budgetary Basis | \$ 26,890,988 | \$ 11,794,327 | \$ 23,050,114 | |

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, 2015

| | <u>Airport Fund</u> | <u>Solid Waste Fund</u> | <u>Garrett County Sanitary District, Inc.</u> | <u>Parks & Recreation Fund</u> | <u>Department of Technology & Communications</u> | <u>Total</u> |
|----------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------|----------------------|
| ASSETS: | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$ 100 | \$ 9,863 | \$ 1,528,533 | \$ 9,123 | \$ | \$ 1,547,619 |
| Investments | | 2,843,350 | | | | 2,843,350 |
| Due from Other Governments | 10,916 | | | | | 10,916 |
| Due from Primary Government | | 1,698,198 | | | 25,921 | 1,724,119 |
| Other Receivables - Net | 19,343 | 175,244 | 1,405,990 | 120,187 | 26,292 | 1,747,056 |
| Inventories | 21,586 | | 887,513 | | | 909,099 |
| Prepaid Expense | 1,575 | 9,127 | 17,331 | 45,034 | 5,790 | 78,857 |
| Total Current Assets | <u>\$ 53,520</u> | <u>\$ 4,735,782</u> | <u>\$ 3,839,367</u> | <u>\$ 174,344</u> | <u>\$ 58,003</u> | <u>\$ 8,861,016</u> |
| Noncurrent Restricted Assets: | | | | | | |
| Restricted Cash | \$ | \$ | 2,001,159 | \$ | \$ | 2,001,159 |
| Restricted Other Receivables | | | 238,917 | | | 238,917 |
| Total Noncurrent Restricted Assets | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,240,076</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,240,076</u> |
| Capital and Other Assets: | | | | | | |
| Non-Depreciable Capital Assets | \$ 834,486 | \$ 115,234 | \$ 2,680,066 | \$ 9,162,555 | \$ | \$ 12,792,341 |
| Depreciable Capital Assets, Net of Accumulated Depreciation | 12,550,570 | 4,464,867 | 46,608,021 | 11,548,455 | 580,275 | 75,752,188 |
| Total Capital and Other Assets | <u>\$ 13,385,056</u> | <u>\$ 4,580,101</u> | <u>\$ 49,288,087</u> | <u>\$ 20,711,010</u> | <u>\$ 580,275</u> | <u>\$ 88,544,529</u> |
| TOTAL ASSETS | <u>\$ 13,438,576</u> | <u>\$ 9,315,883</u> | <u>\$ 55,367,530</u> | <u>\$ 20,885,354</u> | <u>\$ 638,278</u> | <u>\$ 99,645,621</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 3,888</u> | <u>\$ 17,273</u> | <u>\$ 72,812</u> | <u>\$</u> | <u>\$ 13,218</u> | <u>\$ 107,191</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 13,442,464</u> | <u>\$ 9,333,156</u> | <u>\$ 55,440,342</u> | <u>\$ 20,885,354</u> | <u>\$ 651,496</u> | <u>\$ 99,752,812</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, 2015

| | <u>Airport Fund</u> | <u>Solid Waste Fund</u> | <u>Garrett County Sanitary District, Inc.</u> | <u>Parks & Recreation Fund</u> | <u>Department of Technology & Communications</u> | <u>Total</u> |
|---------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------|----------------------|
| LIABILITIES: | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable and Accrued Expenses | \$ 9,131 | \$ 250,151 | \$ 464,718 | \$ 85,216 | \$ 23,201 | \$ 832,417 |
| Bonds and Loans Payable - Current Portion | | 128,063 | 1,383,994 | | | 1,512,057 |
| Closure/Postclosure Liabilities - Current Portion | | 27,000 | | | | 27,000 |
| Due to Other Governments | | | 128,228 | | | 128,228 |
| Due to Primary Government | 28,615 | | 235,880 | 513,412 | | 777,907 |
| Unearned Revenue | 5,975 | 1,111 | | 4,409 | | 11,495 |
| Total Current Liabilities | <u>\$ 43,721</u> | <u>\$ 406,325</u> | <u>\$ 2,212,820</u> | <u>\$ 603,037</u> | <u>\$ 23,201</u> | <u>\$ 3,289,104</u> |
| Noncurrent Liabilities: | | | | | | |
| Bonds and Loans Payable | | \$ 132,302 | \$ 28,110,769 | \$ 3,092,615 | | \$ 31,335,686 |
| Compensated Absences | 9,798 | 109,247 | 262,108 | | 34,801 | 415,954 |
| Net Pension Liability | 66,899 | 297,220 | 1,252,914 | | 227,455 | 1,844,488 |
| Closure/Postclosure Liabilities | | 3,071,078 | | | | 3,071,078 |
| Total Noncurrent Liabilities | <u>\$ 76,697</u> | <u>\$ 3,609,847</u> | <u>\$ 29,625,791</u> | <u>\$ 3,092,615</u> | <u>\$ 262,256</u> | <u>\$ 36,667,206</u> |
| TOTAL LIABILITIES | <u>\$ 120,418</u> | <u>\$ 4,016,172</u> | <u>\$ 31,838,611</u> | <u>\$ 3,695,652</u> | <u>\$ 285,457</u> | <u>\$ 39,956,310</u> |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | \$ 13,322,046 | \$ 4,319,736 | \$ 20,629,491 | \$ 17,593,395 | \$ 366,039 | \$ 56,230,707 |
| Unrestricted Net Position | | 997,248 | 2,972,240 | (403,693) | | 3,565,795 |
| Total Net Position | <u>\$ 13,322,046</u> | <u>\$ 5,316,984</u> | <u>\$ 23,601,731</u> | <u>\$ 17,189,702</u> | <u>\$ 366,039</u> | <u>\$ 59,796,502</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 13,442,464</u> | <u>\$ 9,333,156</u> | <u>\$ 55,440,342</u> | <u>\$ 20,885,354</u> | <u>\$ 651,496</u> | <u>\$ 99,752,812</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, 2015

| | <u>Airport Fund</u> | <u>Solid Waste Fund</u> | <u>Garrett County Sanitary District, Inc.</u> | <u>Parks & Recreation Fund</u> | <u>Department of Technology & Communications</u> | <u>Total</u> |
|-----------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------|-----------------------|
| OPERATING REVENUES: | | | | | | |
| Charges for Services | \$ 240,405 | \$ 1,272,146 | \$ 4,445,245 | \$ 699,653 | \$ 190,563 | \$ 6,848,012 |
| Other | 675 | 183,676 | 768,001 | 305,942 | 57 | 1,258,351 |
| Total Operating Revenues | <u>\$ 241,080</u> | <u>\$ 1,455,822</u> | <u>\$ 5,213,246</u> | <u>\$ 1,005,595</u> | <u>\$ 190,620</u> | <u>\$ 8,106,363</u> |
| OPERATING EXPENSES: | | | | | | |
| Salaries | \$ 88,327 | \$ 708,387 | \$ 1,635,255 | \$ 284,537 | \$ 275,123 | \$ 2,991,629 |
| Fringe Benefits | 27,737 | 239,388 | 819,652 | 38,267 | 117,811 | 1,242,855 |
| Maintenance and Repairs | 5,709 | 50,758 | 564,208 | 32,504 | 62,403 | 715,582 |
| Supplies | 117,422 | 70,856 | 482,267 | 310,573 | | 981,118 |
| Utilities | 19,345 | 27,179 | 545,886 | 222,002 | 14,766 | 829,178 |
| Transportation | 4,422 | | 128,451 | | 1,650 | 134,523 |
| Contracted Services | 2,561 | 293,532 | 38,689 | 254,241 | 114,298 | 703,321 |
| Insurance | 5,140 | 16,985 | 7,608 | 48,008 | | 77,741 |
| Direct Administration | | | 165,969 | 1,052,732 | 54,655 | 1,273,356 |
| Indirect Administration | | 42,505 | 253,272 | 21,052 | | 316,829 |
| Depreciation Expense | 663,956 | 361,444 | 3,150,091 | 566,001 | 136,295 | 4,877,787 |
| Bad Debt Expense | | 2,408 | 1,401 | | | 3,809 |
| Other | 9,560 | 40,610 | | 4,038 | | 54,208 |
| Total Operating Expenses | <u>\$ 944,179</u> | <u>\$ 1,854,052</u> | <u>\$ 7,792,749</u> | <u>\$ 2,833,955</u> | <u>\$ 777,001</u> | <u>\$ 14,201,936</u> |
| NET OPERATING LOSS | <u>\$ (703,099)</u> | <u>\$ (398,230)</u> | <u>\$ (2,579,503)</u> | <u>\$ (1,828,360)</u> | <u>\$ (586,381)</u> | <u>\$ (6,095,573)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | | | | |
| Tap Fees - Capital Revenue | \$ | \$ | \$ 646,175 | \$ | \$ | \$ 646,175 |
| Investment Income | | 119,729 | 79,119 | | | 198,848 |
| Ad Valorem Tax | | 940,928 | 2,342,512 | | | 3,283,440 |
| Sale of Assets | | | | (5,250) | | (5,250) |
| Interest Expense | | (11,012) | (1,125,358) | | | (1,136,370) |
| Asset Management Fees | | (6,750) | | | | (6,750) |
| Net Other Revenues (Expenses) | <u>\$ 0</u> | <u>\$ 1,042,895</u> | <u>\$ 1,942,448</u> | <u>\$ (5,250)</u> | <u>\$ 0</u> | <u>\$ 2,980,093</u> |
| (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS/TRANSFERS | <u>\$ (703,099)</u> | <u>\$ 644,665</u> | <u>\$ (637,055)</u> | <u>\$ (1,833,610)</u> | <u>\$ (586,381)</u> | <u>\$ (3,115,480)</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, 2015

| | <u>Airport Fund</u> | <u>Solid Waste Fund</u> | <u>Garrett County Sanitary District, Inc.</u> | <u>Parks & Recreation Fund</u> | <u>Department of Technology & Communications</u> | <u>Total</u> |
|-----------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------|----------------------|
| (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS/TRANSFERS | | | | | | |
| Balances Brought Forward | \$ (703,099) | \$ 644,665 | \$ (637,055) | \$ (1,833,610) | \$ (586,381) | \$ (3,115,480) |
| CAPITAL CONTRIBUTIONS/TRANSFERS | | | | | | |
| Capital Contributions from | | | | | | |
| State | 12,172 | | | 50,000 | | 62,172 |
| Federal | 63,909 | | | 300,000 | | 363,909 |
| Primary Government | 8,400 | | 458,996 | 1,000,000 | 161,861 | 1,629,257 |
| Other | 17,931 | | | | | 17,931 |
| Transfers from Primary Government | <u>37,632</u> | | | <u>2,333,443</u> | <u>444,946</u> | <u>2,816,021</u> |
| NET CHANGE IN NET POSITION | \$ (563,055) | \$ 644,665 | \$ (178,059) | \$ 1,849,833 | \$ 20,426 | \$ 1,773,810 |
| NET POSITION - BEGINNING OF YEAR AS RESTATED | <u>13,885,101</u> | <u>4,672,319</u> | <u>23,779,790</u> | <u>15,339,869</u> | <u>345,613</u> | <u>58,022,692</u> |
| NET POSITION - END OF YEAR | <u>\$ 13,322,046</u> | <u>\$ 5,316,984</u> | <u>\$ 23,601,731</u> | <u>\$ 17,189,702</u> | <u>\$ 366,039</u> | <u>\$ 59,796,502</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, 2015

| | <u>Airport Fund</u> | <u>Solid Waste Fund</u> | <u>Garrett County Sanitary District, Inc.</u> | <u>Parks & Recreation Fund</u> | <u>Department of Technology & Communications</u> | <u>Total</u> |
|------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash Received from Customers | \$ 245,561 | \$ 1,306,396 | \$ 4,951,791 | \$ 936,578 | \$ 178,884 | \$ 7,619,210 |
| Cash Paid to Suppliers | (173,764) | (557,506) | (2,375,262) | (2,292,312) | (272,277) | (5,671,121) |
| Cash Paid to Employees and for Employee Benefits | (113,745) | (867,131) | (2,412,049) | (330,252) | (355,865) | (4,079,042) |
| Net Cash (Used In)/Provided By Operating Activities | \$ (41,948) | \$ (118,241) | \$ 164,480 | \$ (1,685,986) | \$ (449,258) | \$ (2,130,953) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | | |
| Transfer from Primary Government | \$ 37,632 | \$ | \$ | \$ 2,333,443 | \$ 444,946 | \$ 2,816,021 |
| Increase (Decrease) in Amounts Due to General Fund | (10,679) | (935,589) | (41,226) | (1,400,838) | 4,312 | (1,448,431) |
| Increase in Amounts Due from General Fund | | | | | | (935,589) |
| Net Cash Provided By/(Used In) Non-Capital Financing Activities | \$ 26,953 | \$ (935,589) | \$ (41,226) | \$ 932,605 | \$ 449,258 | \$ 432,001 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Capital Contributions | \$ 99,476 | \$ | \$ 519,655 | \$ 1,350,000 | \$ 161,861 | \$ 2,130,992 |
| Proceeds from Tap Fees | | | 646,175 | | | 646,175 |
| Ad Valorem Taxes and Other Assessments Collected | | 945,251 | 2,362,507 | | | 3,307,758 |
| Payment of Expenses Related to Landfill Closure | | (25,710) | | | | (25,710) |
| Acquisition and Construction of Capital Assets | (84,481) | (11,990) | (467,972) | (622,854) | (161,861) | (1,349,158) |
| Principal Paid on Long-Term Debt | | (123,960) | (3,233,842) | | | (3,357,802) |
| Interest Paid on Long-Term Debt | | (12,721) | (1,130,546) | | | (1,143,267) |
| Net Cash Provided By/(Used In) Capital and Related Financing Activities | \$ 14,995 | \$ 770,870 | \$ (1,304,023) | \$ 727,146 | \$ 0 | \$ 208,988 |

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, 2015

| | <u>Airport Fund</u> | <u>Solid Waste Fund</u> | <u>Garrett County Sanitary District, Inc.</u> | <u>Parks & Recreation Fund</u> | <u>Department of Technology & Communications</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------|-----------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Interest Income | \$ | \$ 119,729 | \$ 79,119 | \$ | \$ | \$ 198,848 |
| Asset Management Fees | | (6,750) | | | | (6,750) |
| Government & Agency Bonds | | 166,856 | | | | 166,856 |
| Net Cash Provided By Investing Activities | <u>\$ 0</u> | <u>\$ 279,835</u> | <u>\$ 79,119</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 358,954</u> |
| INCREASE IN CASH AND CASH EQUIVALENTS | \$ 0 | \$ (3,125) | \$ (1,101,650) | \$ (26,235) | \$ 0 | \$ (1,131,010) |
| Cash and Cash Equivalents, Beginning of Year | <u>100</u> | <u>12,988</u> | <u>4,631,342</u> | <u>35,358</u> | <u>0</u> | <u>4,679,788</u> |
| CASH AND CASH EQUIVALENTS, End of Year | <u>\$ 100</u> | <u>\$ 9,863</u> | <u>\$ 3,529,692</u> | <u>\$ 9,123</u> | <u>\$ 0</u> | <u>\$ 3,548,778</u> |
| Reconciliation of Operating Loss to Net Cash (Used In)/Provided By Operating Activities | | | | | | |
| Operating Loss | \$ (703,099) | \$ (398,230) | \$ (2,579,503) | \$ (1,828,360) | \$ (586,381) | \$ (6,095,573) |
| Adjustments to Reconcile Operating Loss to Net Cash (Used In)/Provided By Operating Activities: | | | | | | |
| Depreciation and Amortization | 663,956 | 361,444 | 3,150,091 | 566,001 | 136,295 | 4,877,787 |
| Decrease in Closure/Postclosure Liability | | (135,997) | | | | (135,997) |
| Increase in Deferred Outflows of Resources | (3,888) | (17,273) | (72,812) | | (13,218) | (107,191) |
| Changes in Current Assets and Liabilities: | | | | | | |
| (Increase) Decrease in Accounts Receivable | 4,216 | (14,540) | (261,455) | (14,030) | (11,736) | (297,545) |
| (Increase) Decrease in Inventories | 34,644 | | 4,579 | | | 39,223 |
| (Increase) Decrease in Prepaid Expenses | 175 | 9,126 | 17,332 | (\$13,975) | 5,789 | 18,447 |
| Increase (Decrease) in Accounts Payable | (43,931) | 49,638 | (201,020) | (\$340,635) | (427) | (536,375) |
| Decrease in Due to Other Governments | | | 1,164 | | | 1,164 |
| Increase (Decrease) in Deferred Revenue | 265 | 1,111 | | (54,987) | | (53,611) |
| Increase (Decrease) in Net Pension Liability | 5,400 | 23,990 | 101,130 | | 18,359 | 148,879 |
| Increase (Decrease) in Compensated Absences | 314 | 2,490 | 4,974 | | 2,061 | 9,839 |
| Net Cash (Used In)/Provided By Operating Activities | <u>\$ (41,948)</u> | <u>\$ (118,241)</u> | <u>\$ 164,480</u> | <u>\$ (1,685,986)</u> | <u>\$ (449,258)</u> | <u>\$ (2,130,953)</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, 2015

| | <u>Benefit Plan Trust Funds</u> |
|------------------------------------------------|--------------------------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ <u>539,904</u> |
| Investments: | |
| Certificates of Deposit | \$ 50,740 |
| Fixed Income Securities | 8,871,841 |
| Mutual Funds | 12,070,034 |
| Equity Securities | 10,636,165 |
| Total Investments | \$ <u>31,628,780</u> |
| Interest Receivable | \$ <u>122,549</u> |
| TOTAL ASSETS | \$ 32,291,233 |
| LIABILITIES | <u>0</u> |
| NET POSITION | |
| Held in Trust for Retirement Benefits and OPEB | \$ <u><u>32,291,233</u></u> |

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

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

| | <u>Benefit Plan Trust Funds</u> |
|-------------------------------------------|--------------------------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 1,491,917 |
| Plan Members | 556,697 |
| Total Contributions | <u>\$ 2,048,614</u> |
| Investment Earnings: | |
| Realized Net Gains on Investments | \$ 1,200,090 |
| Interest and Dividends | 765,112 |
| Net Decrease in Fair Value of Investments | (768,436) |
| Investment Activity Expense | (114,760) |
| Total Net Investment Earnings | <u>\$ 1,082,006</u> |
| Total Additions | <u>\$ 3,130,620</u> |
| DEDUCTIONS | |
| Benefits | \$ 1,338,606 |
| Administrative | 40,698 |
| Total Deductions | <u>\$ 1,379,304</u> |
| Change In Net Position | \$ 1,751,316 |
| Net Position - Beginning of Year | <u>30,539,917</u> |
| Net Position - End of Year | <u><u>\$ 32,291,233</u></u> |

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, 2015**

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.

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.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 12-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 | Garrett College | Ruth Enlow Library |
| 40 South Second Street | 687 Mosser Road | 6 North Second Street |
| Oakland, MD 21550 | McHenry, MD 21541 | Oakland, MD 21550 |

The accompanying financial statements do not include the activities of the Liquor Control Board of Garrett County. However, these financial statements do include governmental activities revenues in the government-wide financial statements and general fund revenues in the governmental funds financial statements in the amount of \$116,772, which was transferred by the Liquor Control Board to the County in accordance with the Alcoholic Beverage Laws applicable to Garrett County. This amount represents approximately 85% of the Liquor Control Board's gross revenues for the fiscal year ended June 30, 2015. Total assets of the Liquor Control Board as of June 30, 2015 are \$130,599.

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

**Notes to Financial Statements
June 30, 2015**

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, 2015**

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, & 2015. The proceeds were loaned to Garrett County Memorial Hospital for the purpose of capital improvements made to the hospital.

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 and 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., a blended component unit.

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 BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**

**Notes to Financial Statements
June 30, 2015**

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 Public Safety, Commissary, Law Library & Keyzers Ridge proceeds, all of which are legally or otherwise restricted to expenditures for specified purposes. 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 Business and Economic Development (DBED) in return for DBED's 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, and the Department of Technology & Communications enterprise funds are charges to customers for sales and services. The Sanitary District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments (certificates of deposit and repurchase agreements) with original maturities of three months or less when purchased.

Investments - 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.

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. and ASC, Inc. (reported as blended component units), 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, 2015. The allowance for doubtful accounts recorded by the Garrett County Sanitary District, Inc. and netted against other receivables was \$10,414 as of June 30, 2015.

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.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 \$4,992,361 which represents general fund cash balances from self-funded health insurance and special revenue funds' cash balances related to Keyzers Ridge Business Park operations and Public Safety Narcotics Task Force operations. This column also includes restricted investments of \$2,665,054 which represents general fund investment balances related to self-funded health insurance.

Restricted receivables of \$8,663,437 reflect amounts owed by Garrett County Memorial Hospital to the County under prior loan agreements related to the Garrett County Memorial Hospital 2004 and 2007 Hospital Refinancing Bonds and the Garrett County Memorial Hospital 2015 Bonds. Amounts receivable are to be collected through June 30, 2037. (See Note 4)

Restricted assets attributable to the Garrett County Sanitary District, Inc. of \$2,240,076 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. Capital assets are defined by the government 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 estimated fair market value at the date of the donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Business-type activities follow the policy of capitalizing interest as a component of the cost of capital assets constructed for its own use. Net interest costs of \$409 were capitalized as part of the cost of capital assets under construction in connection with water infrastructure projects.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

| Assets | Years |
|--------------------------------|-------|
| 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 three items that qualify for reporting in this category. At June 30, 2015 deferred outflows consist of retirement plan contributions paid in the current fiscal year subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Additionally, deferred outflows at June 30, 2015 consist of changes in retirement plan actuarial assumptions and investment performance below projections that are being amortized over a five year period.

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 two types of items which qualify for reporting in this category. The first item, unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type of item consists of differences in the projected and actual investment earnings related to the determination of the net pension liability that are being amortized over a five year period.

Unearned Revenues - Unearned revenues as reported only in the governmental funds financial statements include amounts advanced to Garrett County Memorial Hospital from bonded indebtedness issued by the County to fund certain hospital construction and renovation projects. These advances are being repaid to the County and recognized as revenues in the financial statements as the Hospital makes the required payments on the related bonded indebtedness. Unearned revenues as reported in the government-wide and governmental funds financial statements include \$1,000,000 in One Maryland funds received for Keyser’s Ridge Infrastructure.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unearned Revenues (Continued)

These funds had not been spent on the project as of year-end. Unearned revenues also consist of taxes and fees that were prepaid to the County and expenditure driven grants of \$443,319, where the cash has been received, but the qualifying expenditures have not been incurred. In addition, see Note 14 for a description of unearned revenue reported only in the government-wide financial statements.

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 one year of service, employees of the primary government are entitled to carry over sick leave, compensatory leave, holiday and 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 dependents. Compensatory leave benefits can be carried over to the subsequent year in varying amounts up to a maximum of 240 hours for hourly employees, 480 hours for public safety employees, and 100 hours for all other government employees.

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

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

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

**Notes to Financial Statements
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Net Position/Fund Balance Classifications

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

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, 2015.

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 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.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Net Position/Fund Balance Classifications (Continued)

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

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

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

F. Net Position Flow Assumptions

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

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

**Notes to Financial Statements
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance Flow Assumptions

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

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that will affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Budgets and Budgetary Accounting

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

All department heads and agencies submit budget requests in accordance with management's annual budget calendar. The budget is adopted upon setting the local property tax rate. Appropriations lapse at the end of the fiscal year except for capital projects appropriations which are subject to approval for carryover by the County Commissioners and certain federal and state grants that extend beyond the current fiscal year.

The annual budget is adopted on a basis consistent with generally accepted accounting principles (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 3, 2014, by the County Commissioners and as finally amended.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Implementation of New Accounting Principles

The County has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As part of GASB 68 the County is required to record its net unfunded pension liability.

GASB also issued Statement No. 69, entitled *Government Combinations and Disposals of Government Operation*, and GASB Statement No. 70, entitled *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Both statements were adopted this fiscal year but had no effect on these accompanying financial statements.

GASB has issued Statement No. 72, entitled *Fair Value Measurement and Application*; Statement No. 73, entitled, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 74 entitled, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 75, entitled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 76; entitled, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*; and GASB Statement No. 77; entitled, *Tax Abatement Disclosures, which will require adoption in the future, if applicable*. These statements may or will have a material effect on the County's financial statements once implemented.

The County will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

K. 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.

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

**Notes to Financial Statements
June 30, 2015**

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, 2015 to the statement of net position:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Primary Government</u> | <u>Fiduciary Funds</u> |
|---------------------------|------------------------------------|-------------------------------------|-------------------------------|----------------------------|
| Cash and Cash Equivalents | \$ 15,460,109 | \$ 1,547,619 | \$ 17,007,728 | \$ |
| Restricted Cash | 4,992,361 | 2,001,159 | 6,993,520 | 539,904 |
| Investments | 1,003,160 | 2,843,350 | 3,846,510 | |
| Restricted Investments | 2,665,054 | | 2,665,054 | 31,628,780 |
| Total | <u>\$ 24,120,684</u> | <u>\$ 6,392,128</u> | <u>\$ 30,512,812</u> | <u>\$ 32,168,684</u> |

Deposit and Investment Summary

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Primary Government</u> | <u>Fiduciary Funds</u> |
|-----------------------------|------------------------------------|-------------------------------------|-------------------------------|----------------------------|
| Deposits | \$ 17,497,682 | \$ 2,078,994 | \$ 19,576,676 | \$ 539,904 |
| Repurchase Agreements | 948,671 | 1,468,934 | 2,417,605 | |
| Certificates of Deposit | 3,004,535 | | 3,004,535 | 50,740 |
| U.S. Government Obligations | 1,867,871 | 2,843,350 | 4,711,221 | 3,310,963 |
| Fixed Income Securities | | | 0 | 5,560,878 |
| Mutual Funds | 800,000 | | 800,000 | 12,070,034 |
| Equity Securities | | | 0 | 10,636,165 |
| Cash on Hand | 1,925 | 850 | 2,775 | |
| Total | <u>\$ 24,120,684</u> | <u>\$ 6,392,128</u> | <u>\$ 30,512,812</u> | <u>\$ 32,168,684</u> |

Deposits

At year end, the carrying amount of the primary government's deposits including certificates of deposit was \$22,581,211 and the bank balance of collected funds was \$22,523,664. Of the bank balance \$1,759,023 was insured by the Federal Deposit Insurance Corporation (FDIC), \$16,678,041 was collateralized by securities held by the County's agent in the County's name and \$4,086,580 was exposed to custodial credit risk as it was uninsured and collateralized with securities held by the government's agent but not 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, 2015 was \$29,296,525.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Deposits (Continued)

The Government Personnel Retirement Plan, Law Enforcement Employee Retirement Plan, Volunteer Length of Service Award Plan and Other Post Employment Benefit Plan (Fiduciary Funds) had combined deposits including certificates of deposit of \$590,644 at June 30, 2015. Of those deposits \$513,241 were insured by the FDIC. The remaining deposits of \$77,403 were exposed to custodial credit risk as they were uninsured and collateralized with securities held by the County's agent but not in the County's name. 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 utilizes repurchase agreements for temporary investment of County funds. Securities underlying overnight repurchase agreements are pledged against a segregated collateral pool for the account of the County and consist of U.S. Treasury securities, U.S. government agency securities, and other qualified investment grade securities. The securities are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the County's agent, but not in the County's name.

At June 30, 2015, the County held repurchase agreements with a carrying amount of \$2,417,605 and a bank balance of \$6,266,716. The bank balance was held at various interest rates and collateralized by U.S government agency securities with a market value of \$6,392,830.

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.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

| <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% |
| | |
| <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% |

As of June 30, 2015, the primary government had no investment instruments with credit quality ratings requiring disclosure.

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 \$28,267,077 at June 30, 2015, 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, 2015. The investments of the Fiduciary Funds included debt securities having the following ratings as of June 30, 2015:

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

**Notes to Financial Statements
June 30, 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (Continued)

| Security Ratings | Market Value 6/30/15 |
|---------------------------|-------------------------|
| AA2 | \$ 727,199 |
| AA3 | 50,240 |
| A1 | 483,616 |
| A2 | 654,051 |
| A3 | 707,727 |
| BAA1 | 1,165,815 |
| BAA2 | 722,437 |
| BAA3 | 752,906 |
| BA1 | 93,865 |
| Not Rated | 203,022 |
| Total Market Value | \$ 5,560,878 |

Fiduciary Fund investment policies do not place limits on investment managers with respect to the duration of their investments. Fiduciary Fund investments include all fixed income securities with interest rates specifically identified as follows with respect to maturity dates:

| Maturity Date | Interest Rates | Market Value 6/30/15 |
|---------------|---------------------------|-------------------------|
| 2016 | 3.00%-5.75% | \$ 242,481 |
| 2017 | 4.70%-6.40% | 234,008 |
| 2018 | 5.50%-6.13% | 601,776 |
| 2019 | 2.30%-6.00% | 683,590 |
| 2020 | 2.25%-5.55% | 467,891 |
| 2021-2025 | 2.45%-5.25% | 2,640,309 |
| 2026-2030 | 1.50%-6.95% | 3,322,137 |
| 2031-2035 | 4.00%-7.15% | 730,389 |
| | Total Market Value | \$ 8,922,581 |

NOTE 3 – 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. Under the terms of the note, interest incurred during the first six and one-half years of the note will be forgiven if the borrower achieves certain new jobs creation targets. The principal balance of the note was \$1,084,340 as of June 30, 2015 and is reported in the general fund and government-wide financial statements.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 3 – NOTES RECEIVABLE (Continued)

The interest payments received from the borrower totaled \$89,491 through June 30, 2015 and are reported as unearned revenue in both the general fund and government-wide financial statements. See Note 14 for additional note receivable reported only in the government-wide financial statements.

NOTE 4 – DEBT SERVICE FUND

The County issued Garrett County Memorial Hospital Bonds, Series 2004, 2007, and 2015 in the amounts of \$1,400,000, \$3,000,000, and \$10,000,000 respectively. At June 30, 2015, only \$5,336,940 of the 2015 Bonds had been drawn, with the balance expected to be drawn during the year ending June 30, 2016. The proceeds of the 2004 Bonds were used to retire a portion of the 2002 Bonds and the proceeds of the 2007 Bonds were used to retire the outstanding balances of the 2002 and 2003 Bonds. The 2015 Bonds were used for hospital expansion projects. According to the terms of the bonds, the County entered into additional agreements with the Hospital under which the Hospital will make payments to the County sufficient to provide for the payment of principal and interest on the bonds when due. Terms of the Series 2004 \$1,400,000 loan include semi-annual payments of \$51,718 including interest at the rate of 4.12% (fixed rate for 10 years) and having a maturity date of November 19, 2024. Terms of the Series 2007 \$3,000,000 loan include monthly payments of \$14,550 including interest at the rate of 4.125% (fixed rate for 30 years) and having a maturity date of June 28, 2037. Terms of the Series 2015 \$10,000,000 loan include annual principal payments of \$400,000 and semi-annual interest payments at the rate of 3.53% (fixed rate for 15 years) and having a maturity date of September 15, 2029.

The funds disbursed to the Hospital from the Garrett County Memorial Hospital Bonds, Series 2004, 2007, and 2015 are recorded as a restricted note receivable in the government-wide (governmental activities) and governmental funds (Debt Service Fund) financial statements with an offsetting credit to deferred revenue in the governmental funds and long-term debt in the government-wide statements. Payments made by the Hospital to conform with the various loan agreements are being recognized as revenue in the year received in the governmental funds. Debt service payments on the County's bonded indebtedness are also recognized in the government-wide statement of activities as reducing long-term debt. The following schedule identifies future receipts from the Hospital based on the entire bond proceeds having been advanced by the County.

| <u>Years Ending June 30, 2015</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|---------------------|---------------------|----------------------|
| 2016 | \$ 542,979 | \$ 399,631 | \$ 942,610 |
| 2017 | 548,960 | 475,355 | 1,024,315 |
| 2018 | 555,191 | 447,981 | 1,003,172 |
| 2019 | 561,684 | 424,411 | 986,095 |
| 2020 | 568,447 | 403,527 | 971,974 |
| 2021-2037 | 5,886,176 | 2,887,011 | 8,773,187 |
| Total | <u>\$ 8,663,437</u> | <u>\$ 5,037,916</u> | <u>\$ 13,701,353</u> |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended June 30, 2015 was as follows:

| | <u>Balance as of June 30, 2014</u> | <u>Additions</u> | <u>Transfers and Retirements</u> | <u>Balance as of June 30, 2015</u> |
|----------------------------------------------|----------------------------------------|-----------------------|--------------------------------------|----------------------------------------|
| <u>Governmental Activities</u> | | | | |
| Capital assets, not depreciated | | | | |
| Land and easements | \$ 9,703,158 | \$ | \$ (4,431) | \$ 9,698,727 |
| Construction in progress | 2,509,887 | 1,804,270 | (2,072,314) | 2,241,843 |
| Total capital assets, not depreciated | <u>\$ 12,213,045</u> | <u>\$ 1,804,270</u> | <u>\$ (2,076,745)</u> | <u>\$ 11,940,570</u> |
| Capital assets, being depreciated | | | | |
| Land improvements | \$ 2,919,572 | \$ | \$ | \$ 2,919,572 |
| Buildings | 24,683,330 | 92,171 | 1,642,789 | 26,418,290 |
| Machinery & equipment | 3,077,992 | 371,985 | 324,932 | 3,774,909 |
| Vehicles | 15,744,989 | 186,232 | (582,493) | 15,348,728 |
| Furniture & equipment | 2,089,241 | 79,866 | 40,431 | 2,209,538 |
| Infrastructure | 84,278,468 | 2,594,593 | | 86,873,061 |
| Total capital assets, being depreciated | <u>\$ 132,793,592</u> | <u>\$ 3,324,847</u> | <u>\$ 1,425,659</u> | <u>\$ 137,544,098</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | \$ (131,446) | \$ (22,338) | \$ | \$ (153,784) |
| Buildings | (10,976,683) | (663,832) | 18,744 | (11,621,771) |
| Machinery & equipment | (1,159,393) | (315,274) | | (1,474,667) |
| Vehicles | (12,344,427) | (1,098,519) | 558,403 | (12,884,543) |
| Furniture & equipment | (1,517,431) | (226,331) | 40,854 | (1,702,908) |
| Infrastructure | (56,011,589) | (4,162,726) | | (60,174,315) |
| Total accumulated depreciation | <u>\$ (82,140,969)</u> | <u>\$ (6,489,020)</u> | <u>\$ 618,001</u> | <u>\$ (88,011,988)</u> |
| Total capital assets, being depreciated, net | <u>\$ 50,652,623</u> | <u>\$ (3,164,173)</u> | <u>\$ 2,043,660</u> | <u>\$ 49,532,110</u> |
| Governmental activities capital assets, net | <u>\$ 62,865,668</u> | <u>\$ (1,359,903)</u> | <u>\$ (33,085)</u> | <u>\$ 61,472,680</u> |

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

| | |
|------------------------------------------------------|---------------------|
| Governmental activities: | |
| General Government | \$ 24,432 |
| Public Works | 5,015,088 |
| Public Safety | 494,362 |
| Economic Development | 348,643 |
| Unallocated | 606,495 |
| Total depreciation expense - governmental activities | <u>\$ 6,489,020</u> |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 5 – CAPITAL ASSETS (Continued)

| | Balance June 30, 2014 | Additions | Transfers and Retirements | Balance June 30, 2015 |
|----------------------------------------------|--------------------------|----------------|------------------------------|--------------------------|
| <u>Business-type activities</u> | | | | |
| Capital assets, not depreciated | | | | |
| Land and easements | \$ 3,248,775 | \$ | \$ | \$ 3,248,775 |
| Construction in progress | 5,281,368 | 943,970 | (4,579,290) | 1,646,048 |
| Land improvements | 7,897,518 | | | 7,897,518 |
| Total capital assets, not depreciated | \$ 16,427,661 | \$ 943,970 | \$ (4,579,290) | \$ 12,792,341 |
| Capital assets, being depreciated | | | | |
| Land improvements | \$ 16,889,129 | \$ 11,495 | \$ 3,209,466 | \$ 20,110,090 |
| Buildings | 4,534,145 | 17,931 | 410,521 | 4,962,597 |
| Machinery & equipment | 4,729,425 | 207,641 | (10,305) | 4,926,761 |
| Vehicles | 1,925,468 | 31,370 | (24,009) | 1,932,829 |
| Infrastructure | 18,138,097 | | 615,531 | 18,753,628 |
| Furniture & equipment | 49,733 | | 147,213 | 196,946 |
| Water facilities | 32,739,396 | 144,295 | 185,780 | 33,069,471 |
| Sewer facilities | 70,798,744 | 10,795 | | 70,809,539 |
| Total capital assets, being depreciated | \$ 149,804,137 | \$ 423,527 | \$ 4,534,197 | \$ 154,761,861 |
| Less accumulated depreciation for: | | | | |
| Land improvements | \$ (9,432,184) | \$ (234,796) | \$ | \$ (9,666,980) |
| Buildings | (859,321) | (126,641) | | (985,962) |
| Machinery & equipment | (2,521,245) | (479,655) | 10,305 | (2,990,595) |
| Vehicles | (1,775,601) | (59,552) | 24,009 | (1,811,144) |
| Infrastructure | (4,793,492) | (878,175) | | (5,671,667) |
| Furniture & equipment | (32,718) | (59,888) | 5,121 | (87,485) |
| Water facilities | (10,597,921) | (883,146) | | (11,481,067) |
| Sewer facilities | (44,158,839) | (2,155,934) | | (46,314,773) |
| Total accumulated depreciation | \$ (74,171,321) | \$ (4,877,787) | \$ 39,435 | \$ (79,009,673) |
| Total capital assets, being depreciated, net | \$ 75,632,816 | \$ (4,454,260) | \$ 4,573,632 | \$ 75,752,188 |
| Business-type activities capital assets, net | \$ 92,060,477 | \$ (3,510,290) | \$ (5,658) | \$ 88,544,529 |

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

| | |
|-------------------------------------------------------|--------------|
| Business-type activities | |
| Airport | \$ 663,956 |
| Solid Waste | 361,444 |
| Sanitary District | 3,150,091 |
| Parks & Recreation | 566,001 |
| Department of Technology & Communications | 136,295 |
| Total depreciation expense - business-type activities | \$ 4,877,787 |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 5 – CAPITAL ASSETS (Continued)

Construction in progress of the primary government is composed of the following:

| | <u>Project Authorization</u> | <u>CIP as of June 30, 2015</u> | <u>Remaining Commitment</u> |
|------------------------------------------|----------------------------------|------------------------------------|---------------------------------|
| <u>Governmental Activities</u> | | | |
| Public Works | \$ 7,693,576 | \$ 1,959,193 | \$ 5,734,383 |
| Public Safety | 1,155,200 | 5,200 | 1,150,000 |
| Economic Development | 608,760 | 74,087 | 534,673 |
| General Government | 700,000 | 203,363 | 496,637 |
| Total governmental activities | <u>\$ 10,157,536</u> | <u>\$ 2,241,843</u> | <u>\$ 7,915,693</u> |
| <u>Business-type Activities</u> | | | |
| Landfill RFID Tag Project | \$ 15,000 | \$ 1,240 | \$ 13,760 |
| Keysers Ridge Water Holding Tank | 110,027 | 110,027 | - |
| Keysers Ridge Water | 162,093 | 162,093 | - |
| Keysers Ridge Sewer | 11,802 | 11,802 | - |
| Deep Creek Lake Collection & Conveyance | 10,551,114 | 1,247,922 | 9,303,192 |
| Airport Hill Removal Phase 1 | 110,989 | 110,989 | - |
| Airport Environmental Assessment Project | 226,975 | 1,975 | 225,000 |
| Total business-type activities | <u>\$ 11,188,000</u> | <u>\$ 1,646,048</u> | <u>\$ 9,541,952</u> |

NOTE 6 – INTERNAL AND INTERFUND BALANCES AND ACTIVITY

Interfund transfers between the General Fund and the Capital Projects Fund of \$68,477 represent funding for construction projects. Interfund transfers between the General Fund and the Airport Fund of \$46,032 are comprised of an operating subsidy of \$37,632 and funding for construction projects in the amount of \$8,400. Interfund transfers between the General Fund and the Parks & Recreation Fund of \$3,333,443 are comprised of a \$100,000 debt repayment subsidy, \$1,000,000 grant funded construction transfer, and an operating subsidy primarily related to Deep Creek 2014 of \$2,233,443. Interfund transfers between the Governmental Funds and the Garrett County Sanitary District, Inc. of \$458,996 represent funding for construction projects. Interfund transfers between the General Fund and the Department of Technology and Communications are comprised of an operating subsidy in the amount of \$444,946 and capital contributions of \$161,861.

Interfund balances between the General Fund and the proprietary funds are comprised of amounts due to the Solid Waste Fund and the Department of Technology & Communications and amounts due from the Airport Fund, Garrett County Sanitary District, Inc., and the Parks & Recreation Fund for operating expenses and other financing on their behalf. The amounts due to the Solid Waste Fund are not expected to be repaid within one year. Interfund receivables and payables between the General Fund, Capital Projects Fund and Special Revenue Funds have been eliminated from governmental activities in the net amount of \$1,125,310 within the government-wide financial statements.

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

**Notes to Financial Statements
June 30, 2015**

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

Interfund receivables and payables between the primary government and its component units for the year ended June 30, 2015, consisted of \$341,066 due to the Board of Education, and \$39,345 due to Garrett College.

Interfund receivables and payables within the primary government at June 30, 2015 are as follows:

| | <u>Due From</u> | <u>Due To</u> |
|-------------------------------------|---------------------|---------------------|
| General Fund: | | |
| Capital Projects Fund | \$ | \$ 906,269 |
| Special Revenue Funds: | | |
| 508 Program | | 171,991 |
| Commissary | | 33,879 |
| Law Library | | 4,836 |
| Keyzers Ridge | | 8,335 |
| Proprietary Funds: | | |
| Airport Fund | 28,615 | |
| Solid Waste Fund | | 1,698,198 |
| Sanitary District | 235,880 | |
| Parks & Recreation | 513,412 | |
| Dept. of Technology & Communication | | 25,921 |
| Total General Fund | <u>\$ 777,907</u> | <u>\$ 2,849,429</u> |
| Capital Projects Funds: | | |
| General Fund | <u>\$ 906,269</u> | <u>\$ 0</u> |
| Special Revenue Funds: | | |
| General Fund: | | |
| 508 Program | \$ 171,991 | \$ |
| Commissary | 33,879 | |
| Law Library | 4,836 | |
| Keyzers Ridge | 8,335 | |
| Total Special Revenue Funds | <u>\$ 219,041</u> | <u>\$ 0</u> |
| Total Governmental Funds | <u>\$ 1,903,217</u> | <u>\$ 2,849,429</u> |
| Proprietary Funds: | | |
| General Fund - Airport | \$ | \$ 28,615 |
| General Fund - Solid Waste | 1,698,198 | |
| General Fund - Sanitary District | | 235,880 |
| General Fund - Parks & Recreation | | 513,412 |
| General Fund -Tech. & Comm. | 25,921 | |
| Total Proprietary Funds | <u>\$ 1,724,119</u> | <u>\$ 777,907</u> |
| Total Primary Government | <u>\$ 3,627,336</u> | <u>\$ 3,627,336</u> |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – LONG-TERM LIABILITIES

The following is a summary of liability transactions for the fiscal year ended June 30, 2015:

| | Balance June 30, 2014 | Additions | Principal Repayments & Other Reductions | Balance June 30, 2015 | Due Within One Year |
|---------------------------------------------------|--------------------------|---------------------|-----------------------------------------------|--------------------------|------------------------|
| Governmental activities: | | | | | |
| General Fund | | | | | |
| General Obligation Bonds | \$ 3,462,642 | \$ 5,336,940 | \$ (136,145) | \$ 8,663,437 | \$ 542,979 |
| Compensated Absences | 2,829,793 | 153,925 | (660,136) | 2,323,582 | |
| Net OPEB Obligation | 2,168,869 | 526,220 | | 2,695,089 | |
| Net Pension Liability - MSRS | 459,775 | 12,014 | (54,761) | 417,028 | |
| Net Pension Liability - GCGEP | 7,089,928 | 1,530,809 | (911,290) | 7,709,447 | |
| Net Pension Liability - GCLEP | 1,420,815 | 393,545 | (341,098) | 1,473,262 | |
| Governmental activities Long-term liabilities | <u>\$ 17,431,822</u> | <u>\$ 7,953,453</u> | <u>\$ (2,103,430)</u> | <u>\$ 23,281,845</u> | <u>\$ 542,979</u> |
| Business-type activities: | | | | | |
| Solid Waste Fund | | | | | |
| Bonds Payable | \$ 384,325 | | \$ (123,960) | \$ 260,365 | \$ 128,063 |
| Garrett County Sanitary District | | | | | |
| Bonds and Loans Payable | 32,728,605 | | (3,233,842) | 29,494,763 | 1,383,994 |
| Parks & Recreation | | | | | |
| Loans Payable | 3,092,615 | | | 3,092,615 | |
| Subtotal | <u>\$ 36,205,545</u> | <u>\$ 0</u> | <u>\$ (3,357,802)</u> | <u>\$ 32,847,743</u> | <u>\$ 1,512,057</u> |
| Landfill closure/post-closure | <u>\$ 3,259,785</u> | | <u>\$ (161,707)</u> | <u>\$ 3,098,078</u> | <u>\$ 27,000</u> |
| Net Pension Liability - GCGEP | | | | | |
| Airport | \$ 61,499 | \$ 13,472 | \$ (8,072) | \$ 66,899 | |
| Solid Waste Fund | 273,230 | 63,298 | (39,308) | 297,220 | |
| G.C. Sanitary District | 1,151,784 | 265,817 | (164,687) | 1,252,914 | |
| Dept. of Tech & Comm. | 209,096 | 45,821 | (27,462) | 227,455 | |
| | <u>\$ 1,695,609</u> | <u>\$ 388,408</u> | <u>\$ (239,529)</u> | <u>\$ 1,844,488</u> | <u>\$ 0</u> |
| Compensated Absences | | | | | |
| Airport | \$ 9,484 | \$ 314 | | \$ 9,798 | |
| Solid Waste Fund | 106,757 | 44,731 | (42,241) | 109,247 | |
| G.C. Sanitary District | 257,134 | 23,388 | (18,414) | 262,108 | |
| Dept. of Tech & Comm. | 32,740 | 2,061 | | 34,801 | |
| | <u>\$ 406,115</u> | <u>\$ 70,494</u> | <u>\$ (60,655)</u> | <u>\$ 415,954</u> | <u>\$ 0</u> |
| Business-type activities Long-term liabilities | <u>\$ 39,871,445</u> | <u>\$ 70,494</u> | <u>\$ (3,580,164)</u> | <u>\$ 38,206,263</u> | <u>\$ 1,539,057</u> |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – LONG-TERM DEBT (Continued)

Interest Expense

Total interest expense of \$1,304,116 incurred by the primary government includes \$167,746 charged to governmental activities and \$1,136,370 charged to business-type activities.

Details of certain long-term debt obligations at June 30, 2015 are as follows:

| | <u>Balance June 30, 2015</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <u>Governmental Activities:</u> | |
| <u>Garrett County Memorial Hospital Refunding Bond, Series 2004</u> \$1,400,000 Bonds dated November 19, 2004 are being repaid by semi-annual payments of \$51,718 including interest at a rate of 4.12%, maturing November 19, 2024. Issued to refinance a portion of the Garrett County Memorial Hospital Bonds, Series 2002. To be repaid from hospital revenues. | \$ 807,485 |
| <u>Garrett County Memorial Hospital Refunding Bond, Series 2007</u> \$3,000,000 Bonds dated June 28, 2007 are being repaid by monthly payments of \$14,550 including interest at a rate of 4.125%, maturing June 28, 2037. Issued to refinance the Garrett County Memorial Hospital Bonds, Series 2002 and 2003 bonds. To be repaid from hospital revenues. | 2,519,012 |
| <u>Garrett County Memorial Hospital Expansion Bond, Series 2015</u> \$10,000,000 Bonds dated November 5, 2014 are being repaid by annual principal payments of \$400,000 and semi-annual interest payments at the rate of 3.53% maturing September 15, 2029. Issued to fund the Garrett County Memorial Hospital expansion. To be repaid from hospital revenues. | <u>5,336,940</u> |
| Total Governmental Activities | <u>\$ 8,663,437</u> |

Business-type Activities

Solid Waste Fund

Maryland Water Quality Financing Administration Bond dated May 21, 1996. Total authorized of \$1,997,000 of which \$1,970,000 has been advanced to date. Semiannual payments of interest at 3.31%. Principal is payable February 1 of each year through February 1, 2017.

Total Solid Waste Fund

\$ 260,365

\$ 260,365

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

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – LONG-TERM DEBT (Continued)

| | <u>Balance June 30, 2015</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <u>Garrett County Sanitary District, Inc.</u> | |
| \$1,998,000 Maryland Water Quality Financing (Deep Creek Lake Sewer Extension), payable in annual installments of \$132,748, including semiannual interest at 2.87% through February 1, 2019. | \$ 266,517 |
| \$425,000 Maryland Water Quality Financing (Deep Creek Lake Septage Facility), payable in annual installments of \$29,641, including semiannual interest at 3.00% through February 1, 2016. | 33,693 |
| \$120,175 State of Maryland (Jennings Sewer Revolving Loan), payable in annual installments of \$7,615, including semiannual interest at 2.37% through February 1, 2017. | 28,736 |
| \$260,000 Maryland Water Quality Financing (Deer Park Water), payable in semiannual installments including interest at .4% through February 2034. | 173,724 |
| \$128,653 Maryland Department of the Environment (Mt. Lake Park Water), payable in semiannual installments principal only of \$9,077 through February 2024. | 74,194 |
| \$549,085 Maryland Department of the Environment (Deep Creek & Friendsville I&I), payable in annual installments of principal only of \$34,318 through 2025. | 244,616 |
| \$50,050 Susquehanna Bank (Jennings), payable in monthly installments of \$292, including interest of 3.5% through August 2032. | 44,920 |
| \$800,770 Susquehanna Bank (Mountain Lake Park Water), payable in monthly installments of \$4,665, including interest of 3.5% through August 2032. | \$ 718,692 |
| \$7,499,000 Susquehanna Bank (Thayerville Water), payable in monthly installments of \$43,687, including interest of 3.5% through August 2032. | 6,730,444 |
| \$23,597,980 Susquehanna Bank (Refinance), payable in monthly installments of \$137,475, including interest of 3.5% through August 2032. | <u>21,179,227</u> |
| Total Garrett County Sanitary District, Inc. | <u>\$ 29,494,763</u> |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – LONG-TERM DEBT (Continued)

| | <u>Balance June 30, 2015</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <u>Parks & Recreation Fund</u> | |
| Note payable to Maryland Department of Business and Economic Development, maturing September, 2039, 3.00% interest per annum. No principal or interest payments are currently being made on the note as the County is negotiating repayment terms. | \$ 2,817,615 |
| \$275,000 non-interest bearing note payable to Garrett County Community Action Committee, Inc.(GCCAC) due on July 8, 2007. No principal payments are currently being made on the note as the County is negotiating repayment terms. | <u>275,000</u> |
| Total Parks & Recreation Fund | \$ <u>3,092,615</u> |
| Total Business-type Activities | \$ <u>32,847,743</u> |
| Total Primary Government | \$ <u>41,511,180</u> |

Bond Issuance

On November 26, 2014, Garrett County issued the Garrett County Memorial Hospital Bond, Series 2015, a tax exempt bank qualified general obligation bond in the amount of \$10 million. The proceeds are being used to finance part of a hospital renovation project. The County also entered into an additional agreement with the Hospital under which the Hospital will make payments to the County sufficient to provide for the payment of all required principal and interest on the bonds when due. During the fiscal year ended June 30, 2015, \$5,336,940 was advanced. The remaining balance of \$4,663,060 is expected to be drawn during the fiscal year ended June 30, 2016.

On December 23, 2015, Garrett County issued the Garrett County Memorial Hospital Bond, Series 2016, a tax exempt bank qualified general obligation bond in the amount of \$5 million. The proceeds are being used to finance part of a hospital renovation project. The County also entered into an additional agreement with the Hospital under which the Hospital will make payments to the County sufficient to provide for the payment of all required principal and interest on the bonds when due.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – LONG-TERM DEBT (Continued)

Maturities of long-term debt are as follows:

| <u>Years Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|---------------------|----------------------|
| Governmental Activities: | | | |
| 2016 | \$ 542,979 | \$ 399,631 | \$ 942,610 |
| 2017 | 548,960 | 475,355 | 1,024,315 |
| 2018 | 555,191 | 447,981 | 1,003,172 |
| 2019 | 561,684 | 424,411 | 986,095 |
| 2020 | 568,447 | 403,527 | 971,974 |
| 2021-2025 | 2,903,397 | 1,692,956 | 4,596,353 |
| 2026-2030 | 1,928,369 | 1,033,723 | 2,962,092 |
| 2031-2035 | 726,646 | 146,354 | 873,000 |
| 2036-2040 | 327,764 | 13,978 | 341,742 |
| Total governmental activities | <u>\$ 8,663,437</u> | <u>\$ 5,037,916</u> | <u>\$ 13,701,353</u> |
| Business-Type Activities: | | | |
| 2016 | 1,512,057 | 1,020,906 | 2,532,963 |
| 2017 | 1,543,293 | 965,101 | 2,508,394 |
| 2018 | 1,453,531 | 912,370 | 2,365,901 |
| 2019 | 1,503,520 | 862,381 | 2,365,901 |
| 2020 | 1,473,994 | 812,815 | 2,286,809 |
| 2021-2025 | 8,072,746 | 3,246,165 | 11,318,911 |
| 2026-2030 | 9,508,740 | 1,708,334 | 11,217,074 |
| 2031-2035 | 4,687,247 | 190,464 | 4,877,711 |
| Thereafter | 3,092,615 | | 3,092,615 |
| Total Business-type activities | <u>\$ 32,847,743</u> | <u>\$ 9,718,536</u> | <u>\$ 42,566,279</u> |

NOTE 8 – VOLUNTARY RETIREMENT INCENTIVE PLAN

On February 6, 2015 the County offered a voluntary retirement incentive to employees. Non-law enforcement employees having either a minimum of 30 years of service or for those over age 55 and 62 having a minimum of 15 and 5 years of service, respectively, the incentive was \$500 per year of service. Law enforcement employees having a minimum of 25 years of service or over age 50 and having a minimum of 20 years of service also received \$500 per year of service. 16 County employees opted for early retirement under the terms of the Plan and earned incentive payments from 10% to 42% of their 2015 annual salary depending upon years of service. Payments to qualified participants in the Plan totaled \$219,000. All payouts, including any accrued leave balances were recorded as of June 30, 2015.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 9 – 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, 2015 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.

Lease Commitments

Garrett College has entered into a 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, 2015 was \$927,169 less accumulated depreciation of \$251,108. Total future minimum payments under the operating lease as of June 30, 2015 are as follows:

| | |
|---------------------------|---------------------|
| Year Ending June 30, 2016 | \$ 64,752 |
| June 30, 2017 | 64,752 |
| June 30, 2018 | 64,752 |
| June 30, 2019 | 64,752 |
| June 30, 2020 | 64,752 |
| Thereafter | <u>852,568</u> |
| Total | \$ <u>1,176,328</u> |

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, 2015 was \$1,000,563 less accumulated depreciation of \$358,535.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Lease Commitments (Continued)

The County leases a building to C. Palmer Manufacturing, Inc. (CPM) located at the Southern Garrett Industrial Park. The lease can be renewed at the option of the lessee in 5 year increments ending on January 31, 2020 at an annual rate of \$62,799. The future minimum lease payments remaining under the current renewal term which expires January 31, 2020. are \$287,829. The value of this building at June 30, 2015 was \$1,304,263 less accumulated depreciation of \$749,951.

On June 28, 2013, the County entered into a lease with Strata Safety Products, LLC (Strata) for the rental of property located at the Keyser's Ridge Business Park. The initial lease term ends December 31, 2018 with an annual rate of \$61,600. The value of this building at June 30, 2015 was \$1,666,096 less accumulated depreciation of \$13,884.

NOTE 10 – 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, 2014 (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.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 10 – STATE RETIREMENT PLAN (Continued)

General Information about the Pension Plan (Continued)

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. 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 a 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.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 10 – STATE RETIREMENT PLAN (Continued)

General Information about the Pension Plan (Continued)

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 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, 2015 were \$56,032 to the ERS, which were equal to the County's required contributions for that year.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 10 – STATE RETIREMENT PLAN (Continued)

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

At June 30, 2015, the Primary Government reported a liability of \$417,028 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of June 30, 2014 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, 2014, the Primary Government's proportion was 0.002 percent.

The Primary Government's pension expense for the ERS Plan for the year ended June 30, 2015 was \$51,627.

At June 30, 2015, the Primary Government reported deferred outflows of resources and deferred inflows of resources related to the state System from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Changes of assumptions | \$ 6,033 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 45,646 |
| County contributions to the Employees' Pension System subsequent to the measurement date | 56,032 | - |
| Total | \$ 62,065 | \$ 45,646 |

\$56,032 reported as deferred outflows of resources 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 ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the state System will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------|------------|
| 2016 | \$ (9,903) |
| 2017 | \$ (9,903) |
| 2018 | \$ (9,903) |
| 2019 | \$ (9,904) |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 10 – STATE RETIREMENT PLAN (Continued)

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

The total pension liability in the June 30, 2014 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 | 2.9% general, 3.4% wage |
| Salary increases | 3.4% to 11.9%, including inflation |
| Discount rate | 7.65% |
| Investment rate of return | 7.65% |
| Mortality | RP-2000 Combined Healthy Mortality projected to the year 2025 |

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 consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|------------------------------|-------------------------------------------------------|
| Public Equity | 35.00% | 4.70% |
| Fixed Income | 10.00% | 2.00% |
| Credit Opportunity | 10.00% | 3.00% |
| Real Return | 14.00% | 2.80% |
| Absolute Return | 10.00% | 5.00% |
| Private Equity | 10.00% | 6.30% |
| Real Estate | 10.00% | 4.50% |
| Cash | 1.00% | 1.40% |
| Total | <u>100.00%</u> | |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 10 – STATE RETIREMENT PLAN (Continued)

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

The discount rate used to measure the total pension liability was 7.65 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 7.65 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

| | 6.65% | Rate 7.65% | 8.65% |
|--------------------------------------------------------------|------------|------------|------------|
| County's proportionate share of the net pension liability | \$ 600,992 | \$ 417,028 | \$ 262,938 |

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

Funded Status and Funding Progress

At June 30, 2015, 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, 2015:

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

**Notes to Financial Statements
June 30, 2015**

NOTE 10 – STATE RETIREMENT PLAN (Continued)

Funded Status and Funding Progress

| | Teachers' Retirement and Pension System | Employees' Retirement and Pension System | Total All State Systems |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------|----------------------------|
| Primary Government's proportionate share of net pension liability | \$ | \$ 417,028 | \$ 417,028 |
| Board of Education's proportionate share of net pension liability | | 2,551,911 | 2,551,911 |
| State's proportionate share of the net pension liability associated with the Board of Education | 32,876,591 | | 32,876,591 |
| State's proportionate share of the net pension liability associated with the College | 2,957,838 | | 2,957,838 |
| Total County portion of the State's net pension liability | <u>\$ 35,834,429</u> | <u>\$ 2,968,939</u> | <u>\$ 38,803,368</u> |

Contributions by the State of Maryland to the TRS on behalf of the Board of Education and College totaled \$3,153,765 and \$435,273, respectively, for the year ended June 30, 2015. Board of Education and College contributions to the State Retirement Plan totaled \$1,407,303 and \$62,688, respectively, for the year ended June 30, 2015. 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.

NOTE 11 – 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, 2015 (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 3.39% of earnings. The contribution requirements of Plan members and the County are established and may be amended by the County Commissioners.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Government Personnel Retirement Plan (Continued)

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 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, 2015, which is the latest actuarial report available. Liabilities were measured as of July 1, 2014 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July, 1, 2014, the date liabilities were last measured:

| | |
|--------------------------------------------------------------------|------------|
| Retirees and beneficiaries receiving benefits | 54 |
| Terminated Plan members entitled but not yet receiving benefits | 11 |
| Active Plan members | 240 |
| Total | <u>305</u> |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Government Personnel 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, 2015 is as follows:

| <u>Investment Type</u> | <u>% of Portfolio</u> | <u>Rate of Return</u> |
|------------------------|---------------------------|---------------------------|
| Equities | 60-70% | 8-11% |
| Fixed Income | 30-40% | 3-5% |

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of expense, was 3.44%. 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, 2014 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4% per year. The actuary determined rates of mortality based on RP-2000; 2-year set forward tables. The assumptions did not include postretirement benefit increases. Full descriptions of the actuarial assumptions are available in the June 30, 2015 actuarial valuation report.

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

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Government Personnel Retirement Plan (Continued)

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2015 is as follows:

| | |
|-------------------------|----------------------------|
| Total pension liability | \$32,557,442 |
| Net position | <u>(23,003,507)</u> |
| Net pension liability | <u><u>\$ 9,553,935</u></u> |

Net position as a percentage of total pension liability is 71%.

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

The following presents the net pension liability of the plan, calculated using a discount rate of 7% as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate:

| | 1% decrease (6%) | Current rate 7% | 1% increase (8%) |
|-----------------------|----------------------|---------------------|---------------------|
| Net pension liability | <u>\$ 13,238,230</u> | <u>\$ 9,553,935</u> | <u>\$ 6,399,305</u> |

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, 2014 | \$ 30,552,552 | \$ 21,767,015 | \$ 8,785,537 |
| Changes for the year: | | | |
| Service cost | 914,186 | | 914,186 |
| Interest | 2,104,135 | | 2,104,135 |
| Differences between expected and actual experience | | | - |
| Contributions - employer | | 1,150,819 | (1,150,819) |
| Contributions - employee | | 354,820 | (354,820) |
| Net investment income | | 768,993 | (768,993) |
| Benefit payments and refunds of member contributions | (1,013,431) | (1,013,431) | - |
| Administrative expense | | (24,709) | 24,709 |
| Net Changes | <u>\$ 2,004,890</u> | <u>\$ 1,236,492</u> | <u>\$ 768,398</u> |
| Balances as of June 30, 2015 | <u>\$ 32,557,442</u> | <u>\$ 23,003,507</u> | <u>\$ 9,553,935</u> |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Government Personnel Retirement Plan (Continued)

For the year ended June 30, 2015, the County recognized pension expense of \$1,336,224 and made contributions to the Plan of \$1,150,819. As of June 30, 2015, 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 | \$ - | \$ - |
| Change in assumptions | - | - |
| Net difference between projected and actual investment earnings | 552,993 | - |
| | \$ 552,993 | \$ - |

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

Year ended June 30:

| | |
|------|------------|
| 2016 | \$ 138,248 |
| 2017 | \$ 138,248 |
| 2018 | \$ 138,248 |
| 2019 | \$ 138,249 |

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

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

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, 2015 (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.

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:

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Law Enforcement Retirement Plan (Continued)

| | |
|-------------------------|--------|
| 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, 2015, which is the latest actuarial report available. Liabilities were measured as of July 1, 2014 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July, 1, 2014, the date liabilities were last measured:

| | |
|-----------------------------------------------------------------|----|
| Retirees and beneficiaries receiving benefits | 59 |
| Terminated Plan members entitled but not yet receiving benefits | 2 |
| Active Plan members | 14 |
| Total | 75 |

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, 2015 is as follows:

| Investment Type | % of Portfolio | Rate of Return |
|-----------------|----------------|----------------|
| Equities | 60-70% | 8-11% |
| Fixed Income | 30-40% | 3-5% |

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of expense, was 3.62%. 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, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Law Enforcement Retirement Plan (Continued)

The total pension liability for the current year was determined as part of the July 1, 2014 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4% per year. The actuary determined rates of mortality based on 1971 Group Annuity Mortality tables for males. The assumptions did not include postretirement benefit increases. Full descriptions of the actuarial assumptions are available in the June 30, 2015 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. The result as of June 30, 2015 is as follows:

| | |
|-------------------------|---------------------|
| Total pension liability | \$ 8,502,082 |
| Net position | (7,028,820) |
| Net pension liability | <u>\$ 1,473,262</u> |

Net position as a percentage of total pension liability is 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 | \$ 2,495,817 | \$ 1,473,262 | \$ 610,986 |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Law Enforcement 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, 2014 | \$ 7,993,521 | \$ 6,572,706 | \$ 1,420,815 |
| Changes for the year: | | | |
| Service cost | 281,985 | | 281,985 |
| Interest | 548,471 | | 548,471 |
| Differences between expected and actual experience | | | - |
| Contributions - employer | | 341,098 | (341,098) |
| Contributions - employee | | 201,877 | (201,877) |
| Net investment income | | 246,157 | (246,157) |
| Benefit payments and refunds of member contributions | (321,895) | (321,895) | - |
| Administrative expense | | (11,123) | 11,123 |
| Net Changes | <u>\$ 508,561</u> | <u>\$ 456,114</u> | <u>\$ 52,447</u> |
| Balances as of June 30, 2015 | <u>\$ 8,502,082</u> | <u>\$ 7,028,820</u> | <u>\$ 1,473,262</u> |

For the year ended June 30, 2015, the County recognized pension expense of \$237,215 and made contributions to the Plan of \$341,098. As of June 30, 2015, 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 | \$ - | \$ - |
| Change in assumptions | - | - |
| Net difference between projected and actual investment earnings | 156,330 | - |
| | <u>\$ 156,330</u> | <u>\$ -</u> |

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:

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Law Enforcement Retirement Plan (Continued)

Year ended June 30:

| | | |
|------|----|--------|
| 2016 | \$ | 39,083 |
| 2017 | \$ | 39,083 |
| 2018 | \$ | 39,082 |
| 2019 | \$ | 39,082 |

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.

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, 2015 (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.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Volunteer Length of Service Award Plan (Continued)

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% |

All information that follows for the Plan is measured as of June 30, 2015, which is the latest actuarial report available. Liabilities were measured as of July 1, 2014 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July, 1, 2014, the date the liabilities were last measured:

| | |
|-----------------------------------------------------------------|------------|
| Retirees and beneficiaries receiving benefits | 0 |
| Terminated Plan members entitled but not yet receiving benefits | 30 |
| Active Plan members | 260 |
| Total | <u>290</u> |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Volunteer Length of Service Award 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, 2015 is as follows:

| <u>Investment Type</u> | <u>% of Portfolio</u> | <u>Rate of Return</u> |
|------------------------|---------------------------|---------------------------|
| Equities | 60-70% | 8-11% |
| Fixed Income | 30-40% | 3-5% |

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of expense, was 3.73%. 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, 2014 actuarial valuation using the entry age normal cost method. The actuarial assumptions included a 7% investment rate of return (net of administrative expenses). The actuary determined rates of mortality based on 1983 Group Annuity Mortality tables. The assumptions did not include postretirement benefit increases. Full descriptions of the actuarial assumptions are available in the June 30, 2015 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 County contributions will be made at rates equal to or greater than actuarially determined contribution 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 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 asset is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2015 is as follows:

| | |
|-------------------------|---------------------|
| Total pension liability | \$ 431,847 |
| Net position | (870,149) |
| Net pension asset | <u>\$ (438,302)</u> |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Volunteer Length of Service Award Plan (Continued)

Net position as a percentage of total pension liability is 215%.

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

The following presents the net pension asset of the plan, calculated using a discount rate of 7% as well as what the plan's net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate:

| | 1% decrease (6%) | Current rate 7% | 1% increase (8%) |
|-------------------|---------------------|--------------------|---------------------|
| Net pension asset | \$ (358,409) | \$ (438,302) | \$ (503,411) |

The following represents changes in the net pension liability:

| | Increase (Decrease) | | |
|------------------------------------------------------|----------------------------|--------------------------------|----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Asset |
| Balances as of June 30, 2014 | \$ 390,852 | \$ 843,886 | \$ (453,034) |
| Changes for the year: | | | |
| Service cost | 17,028 | | 17,028 |
| Interest | 27,247 | | 27,247 |
| Differences between expected and actual experience | | | - |
| Contributions - employer | | | - |
| Contributions - employee | | | - |
| Net investment income | | 31,979 | (31,979) |
| Benefit payments and refunds of member contributions | (3,280) | (3,280) | - |
| Administrative expense | | (2,436) | 2,436 |
| Net Changes | \$ 40,995 | \$ 26,263 | \$ 14,732 |
| Balances as of June 30, 2015 | \$ 431,847 | \$ 870,149 | \$ (438,302) |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

Volunteer Length of Service Award Plan (Continued)

For the year ended June 30, 2015, the County recognized pension expense of \$0 and made contributions to the Plan of \$0. As of June 30, 2015, 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 | \$ - | \$ - |
| Change in assumptions | - | - |
| Net difference between projected and actual investment earnings | 18,921 | - |
| | \$ 18,921 | \$ - |

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

Year ended June 30:

| | | |
|------|--|----------|
| 2016 | | \$ 4,731 |
| 2017 | | \$ 4,730 |
| 2018 | | \$ 4,730 |
| 2019 | | \$ 4,730 |

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

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

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – COUNTY RETIREMENT PLANS (Continued)

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.

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, 2015, the Primary Government contributed \$244,892 or 2.42 percent of earned compensation. Covered payroll approximated \$10,119,504. Primary Government contribution amounts included contributions made on behalf of the employees of Garrett County Sanitary District, Inc. in the amount of \$19,786 on covered payroll of approximately \$817,586. The Primary Government's liability to the Plan for contributions was \$10,332 as of June 30, 2015.

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 12 – 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, 2015**

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The County participates with the Board of Education of Garrett County and Garrett College in the Garrett County Employees Health Care Plan, an agent multiple benefit plan which includes other post-employment benefits (OPEB). The Plan provides healthcare benefits to eligible retirees. The County formed and administers an OPEB Trust Fund to allow for prefunding of future OPEB benefits. The combined Boards of the three participating entities, through a joint action, may, at their discretion, establish, alter, amend, modify or terminate their practice of providing healthcare benefits to retirees. They may also require retirees to make greater contributions toward the funding of their benefits. The Board of County Commissioners makes the annual determination as to the extent to which the net OPEB obligation will be contributed to the OPEB Trust Fund. The participating entities may amend or terminate the Plan at any time by a duly adopted joint resolution of the Boards of the participating entities. The OPEB Trust Fund does not issue a stand-alone financial report and is not included in the report of a public employee retirement system of another entity.

Membership of the Plan consisted of the following members based on the census data provided to the actuary for the most recent actuarial valuation:

| | Primary Government | Board of Education | College | Total |
|-----------------------------------------------------------------------|-----------------------|-----------------------|---------|-------|
| Retirees Receiving Benefits | 140 | 233 | 12 | 385 |
| Terminated Plan Members Entitled to But Not Yet Receiving Benefits | 0 | 0 | 0 | 0 |
| Active Plan Members | 318 | 482 | 122 | 922 |
| Total | 458 | 715 | 134 | 1307 |

The OPEB Trust Fund is used to account for prefunding contributions made by the County on behalf of the plan participants. For the year ended June 30, 2015, the County did not make prefunding contributions to the OPEB Trust. 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 participating employers.

Details of the post-employment benefits under the Garrett County Employees Health Care Plan are as follows:

The County provides post-employment health care benefits as approved by the Board of County Commissioners to all permanent full-time employees of the primary government, The Board of Education of Garrett County and Garrett College. Retirees must have a minimum of 10 years full-time equivalent service with The Board of Garrett County Commissioners, The Board of Education of Garrett County, Garrett College, or a combination thereof.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Retirees are given the option to maintain health insurance coverage after they retire and until they reach age 65. After age 65, they can elect to be covered under a supplemental coverage plan. Generally, retirees pay a percentage (from 0% to 60% depending upon years of service at retirement) of the COBRA equivalent cost of the pre-65 Maryland Point of Service individual plan benefit for themselves. After age 65, the County, Board & College pay the same percentage for the retirees' Medicare Supplemental Standard Program (including drugs). The following table outlines coverage percentages paid by the retiree and County, Board & College under the plan based on years of service at date of retirement:

| 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% |

Currently, 140 Primary Government retirees participate in this program. Expenditures for post retirement health care benefits to current participants are funded on a pay-as-you-go basis. During the year ended June 30, 2015, Primary Government expenditures of approximately \$580,608 were recognized for post retirement health care benefits. For employees hired on or after July 1, 2006 dependent insurance coverage may be purchased upon retirement at the retiree's own cost.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

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

**Notes to Financial Statements
June 30, 2015**

**NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION
BENEFITS** (Continued)

Components of Net OPEB Obligation

| | Primary Government | Board of Education | College | Total |
|--------------------------------------------|-----------------------|-----------------------|------------|--------------|
| Annual Required Contribution | \$ 1,367,664 | \$ 1,908,178 | \$ 294,208 | \$ 3,570,050 |
| Interest on Net OPEB Obligation | 97,599 | 180,593 | 28,416 | 306,608 |
| Adjustment to Annual Required Contribution | (114,580) | (212,693) | (33,568) | (360,841) |
| Annual OPEB Cost (Expense) | \$ 1,350,683 | \$ 1,876,078 | \$ 289,056 | \$ 3,515,817 |
| Contributions Made | (824,463) | (1,308,283) | (82,238) | (2,214,984) |
| Increase in Net OPEB Obligation | \$ 526,220 | \$ 567,795 | \$ 206,818 | \$ 1,300,833 |
| Net OPEB Obligation (Beginning of Year) | 2,168,869 | 4,013,207 | 631,471 | 6,813,547 |
| Net OPEB Obligation (End of Year) | \$ 2,695,089 | \$ 4,581,002 | \$ 838,289 | \$ 8,114,380 |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2015, 2014 and 2013 are as follows:

Primary Government

| Fiscal Year Ended | Annual OPEB Cost | OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|--------------------------|------------------------|
| June 30, 2015 | \$ 1,350,683 | 61% | \$ 2,695,089 |
| June 30, 2014 | 1,249,284 | 63% | 2,168,869 |
| June 30, 2013 | 1,269,103 | 66% | 1,702,014 |

Board of Education

| Fiscal Year Ended | Annual OPEB Cost | OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|--------------------------|------------------------|
| June 30, 2015 | \$ 1,876,078 | 70% | \$ 4,581,002 |
| June 30, 2014 | 1,915,201 | 64% | 4,013,207 |
| June 30, 2013 | 1,923,850 | 62% | 3,332,073 |

College

| Fiscal Year Ended | Annual OPEB Cost | OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|--------------------------|------------------------|
| June 30, 2015 | \$ 289,056 | 29% | \$ 838,289 |
| June 30, 2014 | 204,550 | 25% | 631,471 |
| June 30, 2013 | 204,394 | 26% | 477,151 |

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

**Notes to Financial Statements
June 30, 2015**

**NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION
BENEFITS (Continued)**

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was funded as follows:

| | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------|---------------------------------|--------------------------------------------|---------------------------|-----------------|----------------------|--------------------------------------------------|
| Primary Government | \$ 194,740 | \$ 16,264,413 | \$ 16,069,673 | 1.20% | \$ 14,334,000 | 112.11% |
| Board of Education | 994,799 | 23,055,394 | 22,060,595 | 4.31% | 25,374,000 | 86.94% |
| College | 167,152 | 3,015,898 | 2,848,746 | 5.54% | 5,719,300 | 49.81% |
| Total | <u>\$ 1,356,691</u> | <u>\$ 42,335,705</u> | <u>\$ 40,979,014</u> | <u>3.31%</u> | <u>\$ 45,427,300</u> | <u>90.21%</u> |

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 7% to 8% initially, reduced by decrements to an ultimate rate of 5%. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized at a level percentage of payroll on an open basis over 30 years.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

Additional information as of the latest actuarial valuation follows:

| | |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date | July 1, 2014 |
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level percentage of projected payroll over a 30 year period |
| Asset Valuation Method | Market value |
| Actuarial Assumptions: | |
| Investment Rate of Return | 4.5 % |
| Discount Rate | 4.5 % |
| Salary Scale | 2.5 % per year under discount rate |
| Healthcare Cost Trend Rates | Pre-65 - 8 % initially, decreasing linearly each year to an ultimate annual increase rate of 5 % Post-65 - 7 % initially, reduced by decrements to an ultimate rate of 5 % |
| Retirement Age: | |
| Non-Law Enforcement | 5 % probability of retirement |
| Age 55+ & 10+ years of service | 80 % probability of electing coverage |
| Non-Law Enforcement | 100 % probability of retirement |
| Age 55+ & 30+ years of service | 80 % probability of electing coverage |
| Non-Law Enforcement | 50 % probability of retirement |
| Age 62 | 80 % probability of electing coverage |
| Non-Law Enforcement | 100 % probability of retirement |
| Age 65+ | 80 % probability of electing coverage |
| Law Enforcement | 100 % probability of retirement |
| Age 40+ & 25+ years of service | 80 % probability of electing coverage |
| Non-Law Enforcement | 100 % probability of retirement |
| Age 51+ | 80 % probability of electing coverage |
| Premium Equivalence | Based on current equivalent retiree rates for pre-65 coverage adjusted by 40% for the implicit subsidy. Post-65 rates are based on current cost of supplemental coverage |
| Cost Sharing | The plan's current service based cost sharing schedule was applied to both pre-65 and post-65 coverage. In addition, any costs in excess of \$5,183 per year for post-65 coverage were assumed to be paid by the retiree |

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

**Notes to Financial Statements
June 30, 2015**

**NOTE 14 – 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 \$3,098,078 as of June 30, 2015, representing the cumulative operating expenses reported to date based on the Round Glade landfill at full capacity (\$688,623) and the current landfill at 51% of its estimated capacity (\$2,409,455). The County will recognize the balance of estimated closure and post-closure costs of approximately \$1,965,112 over the remaining useful life of the current landfill, which approximates 17 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, 2015. 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, 2015, which satisfies the financial assurance provisions of the Act.

NOTE 15 – UNEARNED REVENUE

During the year ended June 30, 2009, the County transferred 37 acres of land to the American Woodmark Corporation in exchange for a long-term note receivable in the amount of \$1,290,555. The terms of the loan agreement contain provisions whereby all or some portion of the loan may be forgiven should American Woodmark meet certain jobs creation and project expenditure targets within time frames prescribed in the loan agreement. The gain on the sale of the land was unearned and is reported in the government-wide statement of net position in the amount of \$1,254,877. As of June 30, 2015, American Woodmark had not met the targets to qualify for note forgiveness.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 16 – 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 and 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.

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. Should actual claims exceed the projected claims used by the actuaries in establishing rates, the shortfall would be made up through future premium rate increases.

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 \$225,000 per year.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 16 – RISK MANAGEMENT (Continued)

Self-Insured Health Care (Continued)

The third-party administrator estimated the non-discounted claims liability reported in the general fund at June 30, 2015. 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 as inflation, change in legal doctrines and damage awards, 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. There were no changes in the balance of estimated claims incurred but not reported for the fiscal year 2015.

For the year ended June 30, 2015, the combined premiums charged to the Plan participants of \$14,180,412 exceeded the claims incurred of \$14,089,377. The excess of \$91,035, is comprised of \$230,874 excess premiums related to the primary government net of \$139,839 in excess charges related to the Board of Education and Garrett College. The deficiency of premiums charged under claims incurred has been reported as an expenditure in the general fund for the portion related to the Board of Education and Garrett College.

NOTE 17 – CONTINGENT LIABILITY

The State of Maryland currently allows Maryland citizens who earn personal income in jurisdictions outside Maryland to take a credit against their Maryland Personal Income Tax for the income taxes paid to the other jurisdictions. Maryland has not allowed this credit against the Maryland local (county or municipal) income taxes. A suit was brought against the State, the Wynne Case, asserting that this unequal treatment violated the Federal Commerce Clause. The State lost the case which resulted in the State allowing credits against local income taxes with a resulting reduction in annual state-shared income tax revenue. For Garrett County, the estimated effect is a future revenue reduction of \$113,000 per year. In addition the court decision will allow refunds of overpayments for the three preceding tax years (2012 – 2014). The State Comptroller has estimated Garrett County's liability for these refunds to approximate \$339,000.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 18 – FUND EQUITY

A summary of fund balances as of June 30, 2015 is as follows:

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------------|-----------------|--------------------------------|--------------------------------|
| Nonspendable: | | | |
| Inventory | \$ 786,903 | \$ | \$ 786,903 |
| Prepaid Expense | 66,424 | | 66,424 |
| Note Receivable | 1,084,340 | | 1,084,340 |
| Total Nonspendable Fund Balance | \$ 1,937,667 | \$ 0 | \$ 1,937,667 |
| | | | |
| Restricted For: | | | |
| Agricultural Land Preservation | \$ 21,571 | \$ | \$ 21,571 |
| Special Revenue Funds | | 116,571 | 116,571 |
| Self Funded Health Care | 7,251,634 | | 7,251,634 |
| Total Restricted Fund Balance | \$ 7,273,205 | \$ 116,571 | \$ 7,389,776 |
| | | | |
| Assigned For: | | | |
| Self Funded Health Care | \$ 6,057 | \$ | \$ 6,057 |
| Capital projects: | | | |
| Garrett College | 3,718,741 | | 3,718,741 |
| Ruth Enlow Library | 56,475 | | 56,475 |
| Public Works | 1,607,368 | | 1,607,368 |
| Economic Development | 1,434,730 | | 1,434,730 |
| Public Safety | 26,308 | | 26,308 |
| General Government | 96,637 | | 96,637 |
| Capital Projects Subtotal | \$ 6,940,259 | \$ 0 | \$ 6,940,259 |
| Subsequent Year Budget | 3,328,754 | | 3,328,754 |
| Total Assigned Fund Balance | \$ 10,275,070 | \$ 0 | \$ 10,275,070 |
| | | | |
| Unassigned: | \$ 3,690,774 | \$ 0 | \$ 3,690,774 |
| | | | |
| Total Fund Balance | \$ 23,176,716 | \$ 116,571 | \$ 23,293,287 |

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

**Notes to Financial Statements
June 30, 2015**

NOTE 19 – 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 generally accepted accounting principles (GAAP basis).

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. The difference between the County's Revenues Over (Under) Expenditures on the budgetary basis and the Revenues Over (Under) Expenditures, Transfers and Other Financing Sources (Uses) under the GAAP basis is explained as follows:

| | <u>Revenues</u> | <u>Expenditures</u> | <u>Other Financing Sources (Uses)</u> | <u>Effect on Fund Balance</u> |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|---------------------------------------------------|---------------------------------------|
| As Reported on Budget Basis | \$ 75,171,681 | \$ 76,260,921 | \$ (4,424,448) | \$ (5,513,688) |
| <u>Property Tax Revenue</u> | | | | |
| Recognized in year levied on budget basis but in year "available" on GAAP basis | 126,602 | | | 126,602 |
| <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>\$ 75,447,083</u> | <u>\$ 76,409,721</u> | <u>\$ (4,424,448)</u> | <u>\$ (5,387,086)</u> |

NOTE 20 – PRIOR PERIOD ADJUSTMENT – CORRECTION OF ERROR

During the year ended June 30, 2015, it was determined that the Debt Service Fund deferred revenue related to Garrett County Memorial Hospital bonds were being incorrectly recorded on the Government Wide Statement of Net Position. The deferred revenue should have been reclassified as long-term debt, instead, however, it was recorded as a reduction in net position. This resulted in government wide net position being understated at June 30, 2014 by \$3,462,642. See note 21 for a reconciliation of net position.

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

**Notes to Financial Statements
June 30, 2015**

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLE

Government-wide net position of the Primary Government as of July 1, 2014 has been reduced by \$10,158,332 due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in order to record the beginning net pension liability for all defined benefit pension plans. The impact on beginning net position of allocating the beginning net pension liabilities between governmental and business type activities is as follows:

| | Governmental Activities | Business Type Activities | Total |
|-------------------------------------------------|----------------------------|-----------------------------|-----------------------|
| Net Position – Beginning of Year | \$ 84,972,019 | \$ 59,718,301 | \$ 144,690,320 |
| Prior period adjustment - Note 20 | 3,462,642 | | 3,462,642 |
| Net Position – After prior period adjustment | \$ 88,434,661 | \$ 59,718,301 | \$ 148,152,962 |
| Change in accounting principle: | | | |
| Increase in net pension liability - MSR&PS | (405,014) | | (405,014) |
| Increase in net pension liability - GCLEP | (1,420,815) | | (1,420,815) |
| Increase in net pension liability - GCGEP | (7,089,928) | (1,695,609) | (8,785,537) |
| Increase in net pension asset - LOSAP | 453,034 | | 453,034 |
| Net Position – Beginning of Year As Restated | <u>\$ 79,971,938</u> | <u>\$ 58,022,692</u> | <u>\$ 137,994,630</u> |

Beginning net position of the individual proprietary funds' financial statements have also been restated to reflect the impact of the change in accounting principle as follows:

| | |
|-------------------------------------------|-----------------------|
| Airport Fund | \$ (61,499) |
| Solid Waste Fund | (273,230) |
| Garrett County Sanitary District, Inc. | (1,151,784) |
| Department of Technology & Communications | (209,096) |
| | <u>\$ (1,695,609)</u> |

Beginning net position of the Board of Education has been restated reduced by \$2,478,347 to reflect the impact of the change in accounting principle at the component unit level.

REQUIRED SUPPLEMENTARY INFORMATION

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

**Required Supplementary Information
June 30, 2015**

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

| | 2015 |
|------------------------------------------------------------------------------------------------------|------------|
| The County's proportion of the net pension liability | 0.002% |
| The County's proportionate share of the net pension liability | \$ 417,028 |
| The County's covered payroll | \$ 508,602 |
| The County's proportionate share of the net pension liability as a percentage of its covered payroll | 81.99% |
| Plan fiduciary net position as a percentage of the total pension liability | 71.87% |

This schedule is presented to illustrate the requirement to show the information for 10 years. However, until a full 10-year trend is compiled the The County will present information for those years for which the information is available.

**SCHEDULE OF THE PRIMARY GOVERNMENT'S CONTRIBUTIONS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

| | 2015 |
|----------------------------------------------------------------------|------------|
| Contractually required contribution | \$ 56,032 |
| Contributions in relation to the contractually required contribution | (56,032) |
| Contribution deficiency (excess) | \$ - |
| The County's covered-employee payroll | \$ 508,602 |
| Contributions as a percentage of covered-employee payroll | 11.02% |

This schedule is presented to illustrate the requirement to show the information for 10 years. However, until a full 10-year trend is compiled the The County will present information for those years for which the information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Changes in Assumptions

Adjustments to the roll-forward liabilities were made to reflect the following assumptions changes in the 2014 valuation:

- Investment return assumption changed from 7.70% to 7.65%
- Inflation assumption changed from 2.95% to 2.90%

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

**Required Supplementary Information
June 30, 2015**

**SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND
RELATED RATIOS - GOVERNMENT PERSONNEL RETIREMENT PLAN
JUNE 30, 2015 AND 2014**

| | <u>2015</u> | <u>2014</u> |
|----------------------------------------------------------------------------|-------------------------|-------------------------|
| Service Cost: Retirement benefits administration | \$ 914,186 | \$ 859,717 |
| Interest | 2,104,135 | 1,970,282 |
| Benefit payments | (1,013,431) | (834,562) |
| Net changes in total pension liability | \$ 2,004,890 | \$ 1,995,437 |
| Total pension liability - beginning | 30,552,552 | 28,557,115 |
| Total pension liability - ending (a) | <u>\$ 32,557,442</u> | <u>\$ 30,552,552</u> |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 1,150,819 | \$ 1,140,077 |
| Contributions - employee | 354,820 | 352,066 |
| Net investment income | 768,993 | 2,817,855 |
| Benefit payments, including refunds of member contributions | (1,013,431) | (834,562) |
| Administrative expense | (24,709) | (8,986) |
| Net changes in plan fiduciary net position | \$ 1,236,492 | \$ 3,466,450 |
| Plan fiduciary net position - beginning | 21,767,015 | 18,300,565 |
| Plan fiduciary net position - ending (b) | <u>\$ 23,003,507</u> | <u>\$ 21,767,015</u> |
| County's net pension liability - ending (a) - (b) | \$ 9,553,935 | \$ 8,785,537 |
| Plan fiduciary net position as a percentage of total pension liability | 70.66% | 71.24% |
| Covered employee payroll | \$ 10,031,765 | \$ 10,818,408 |
| Net liability as a percentage of covered payroll | 95.24% | 81.21% |
| Annual money-weighted rate of return, net of investment expense | 3.44% | 14.07% |

Notes to schedule

This information is not available for previous years

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

**Required Supplementary Information
June 30, 2015**

**SCHEDULE OF GOVERNMENT PERSONNEL RETIREMENT PLAN EMPLOYER
CONTRIBUTIONS
JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|-----------------------------------------------------------------------|-------------------|-------------------|
| Actuarially determined contributions | \$ 1,505,639 | \$ 1,335,074 |
| Contributions in relation to the actuarially determined contributions | 1,505,639 | 1,492,143 |
| Contributions deficiency (excess) | \$ - | \$ (157,069) |
| Covered employee payroll | \$ 10,031,765 | \$ 10,818,408 |
| Contribution as a percentage of covered employee payroll | 15.01% | 13.79% |

Notes to schedule

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2014,
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 | 7% |
| Mortality | RP-2000; 2-year set forward tables |
| Turnover | T5 Table |
| Salary Scale | 4.0% increases per year |
| Retirement age | See related footnote for retirement age assumptions |
| Valuation of assets | Market value as reported by plan administrator |

This information is not available for previous years

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

**Required Supplementary Information
June 30, 2015**

**SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND
RELATED RATIOS - LAW ENFORCEMENT RETIREMENT PLAN
JUNE 30, 2015 AND 2014**

| | <u>2015</u> | <u>2014</u> |
|----------------------------------------------------------------------------|----------------------------|----------------------------|
| Service Cost: Retirement benefits administration | \$ 281,985 | \$ 244,908 |
| Interest | 548,471 | 516,719 |
| Benefit payments | <u>(321,895)</u> | <u>(294,636)</u> |
| Net changes in total pension liability | \$ 508,561 | \$ 466,991 |
| Total pension liability - beginning | <u>7,993,521</u> | <u>7,526,530</u> |
| Total pension liability - ending (a) | <u><u>\$ 8,502,082</u></u> | <u><u>\$ 7,993,521</u></u> |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 341,098 | \$ 331,733 |
| Contributions - employee | 201,877 | 202,237 |
| Net investment income | 246,157 | 904,083 |
| Benefit payments, including refunds of member contributions | (321,895) | (294,636) |
| Administrative expense | <u>(11,123)</u> | <u>(35,478)</u> |
| Net changes in plan fiduciary net position | \$ 456,114 | \$ 1,107,939 |
| Plan fiduciary net position - beginning | <u>6,572,706</u> | <u>5,464,767</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ 7,028,820</u></u> | <u><u>\$ 6,572,706</u></u> |
| County's net pension liability - ending (a) - (b) | \$ 1,473,262 | \$ 1,420,815 |
| Plan fiduciary net position as a percentage of total pension liability | 82.67% | 82.23% |
| Covered employee payroll | \$ 2,567,771 | \$ 2,350,135 |
| Net liability as a percentage of covered payroll | 57.38% | 60.46% |
| Annual money-weighted rate of return, net of investment expense | 3.62% | 15.02% |

Notes to schedule

This information is not available for previous years

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

**Required Supplementary Information
June 30, 2015**

**SCHEDULE OF LAW ENFORCEMENT RETIREMENT PLAN EMPLOYER
CONTRIBUTIONS
JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|-----------------------------------------------------------------------|------------------|------------------|
| Actuarially determined contributions | \$ 542,975 | \$ 437,358 |
| Contributions in relation to the actuarially determined contributions | 542,975 | 533,970 |
| Contributions deficiency (excess) | \$ - | \$ (96,612) |
| Covered employee payroll | \$ 2,567,771 | \$ 2,350,135 |
| Contribution as a percentage of covered employee payroll | 21.15% | 22.72% |

Notes to schedule

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2014,
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 | 7% |
| Mortality | 1971 Group Annuity Mortality tables for males |
| Turnover | T2 Table |
| Salary Scale | 4.0% increases per year |
| Retirement age | See related footnote for retirement age assumptions |
| Valuation of assets | Market value as reported by plan administrator |

This information is not available for previous years

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

**Required Supplementary Information
June 30, 2015**

**SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND
RELATED RATIOS - VOLUNTEER LENGTH OF SERVICE AWARD PLAN
JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|----------------------------------------------------------------------------|-------------------------|-------------------------|
| Service Cost: Retirement benefits administration | \$ 17,028 | \$ 29,096 |
| Interest | 27,247 | 23,666 |
| Benefit payments | (3,280) | - |
| Net changes in total pension liability | \$ 40,995 | \$ 52,762 |
| Total pension liability - beginning | 390,852 | 338,090 |
| Total pension liability - ending (a) | \$ 431,847 | \$ 390,852 |
| Plan fiduciary net position | | |
| Contributions - employer | \$ - | \$ - |
| Contributions - employee | - | - |
| Net investment income | 31,979 | 113,323 |
| Benefit payments, including refunds of member contributions | (3,280) | - |
| Administrative expense | (2,436) | (4,157) |
| Net changes in plan fiduciary net position | \$ 26,263 | \$ 109,166 |
| Plan fiduciary net position - beginning | 843,886 | 734,720 |
| Plan fiduciary net position - ending (b) | \$ 870,149 | \$ 843,886 |
| County's net pension liability - ending (a) - (b) | \$ (438,302) | \$ (453,034) |
| Plan fiduciary net position as a percentage of total pension liability | 201.49% | 215.91% |
| Covered employee payroll | N/A | N/A |
| Net liability as a percentage of covered payroll | N/A | N/A |
| Annual money-weighted rate of return, net of investment expense | 3.73% | 14.36% |

Notes to schedule

This information is not available for previous years

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

**Required Supplementary Information
June 30, 2015**

**SCHEDULE OF VOLUNTEER LENGTH OF SERVICE AWARD PLAN EMPLOYER
CONTRIBUTIONS
JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|-----------------------------------------------------------------------|-------------|-------------|
| Actuarially determined contributions | \$ - | \$ 4,356 |
| Contributions in relation to the actuarially determined contributions | - | - |
| Contributions deficiency (excess) | \$ - | \$ 4,356 |
| Covered employee payroll | N/A | N/A |
| Contribution as a percentage of covered employee payroll | N/A | N/A |

Notes to schedule

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2014,
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 | 7% |
| Mortality | 1983 Group Annual Mortality tables |
| Turnover | None |
| Salary Scale | N/A |
| Retirement age | See related footnote for retirement age assumptions |
| Valuation of assets | Market value as reported by plan administrator |

This information is not available for previous years

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

**Required Supplementary Information
June 30, 2015**

**SCHEDULE OF FUNDING PROGRESS -
OTHER POST-EMPLOYMENT BENEFIT PLAN**

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|--------------------------------------------|---------------------------|-----------------|--------------------|--------------------------------------------------|
| 7/1/14 | \$ 194,740 | \$ 16,264,413 | \$ 16,069,673 | 1.20% | \$ 14,334,000 | 112.11% |
| 7/1/13 | 170,241 | 13,983,999 | 13,813,758 | 1.23% | 12,204,000 | 113.19% |
| 7/1/12 | 154,533 | 13,983,999 | 13,829,466 | 1.12% | 12,204,000 | 113.32% |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The above schedule is presented to provide a consistent basis for measuring the Plan's annual progress towards funding its actuarial accrued liability in accordance with the Plan's funding methods. The primary measure of funding progress are the Plan's funded ratios (i.e., actuarial value of assets expressed as a percentage of the actuarial accrued liability). An increase in the funded ratio indicates improvement in the Plan's abilities to pay all projected benefits as they come due. The Plan is fully funded if the funded ratio is greater than or equal to 100 percent.

The increase in the AAL between July 1, 2013 and July 1, 2014 was as a result of additional benefit accruals and the following changes in actuarial assumptions:

- Increase in the implicit subsidy on active premiums from 30% to 40%
- Increase in projected future claims based on increases in actual claims incurred
- Increase in medical rate trends from 5% to 7-8%

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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|------------------------------------------|----------------------------|-------------------------|----------------------|------------------------------------|
| TAXES: | | | | |
| Local Real and Personal Property: | | | | |
| Real Property | \$ 40,326,157 | \$ 40,326,157 | \$ 40,685,588 | \$ 359,431 |
| Railroads and Public Utilities | 2,650,871 | 2,650,871 | 2,796,569 | 145,698 |
| Ordinary Business Corporations | 2,047,913 | 2,047,913 | 1,964,054 | (83,859) |
| | <u>\$ 45,024,941</u> | <u>\$ 45,024,941</u> | <u>\$ 45,446,211</u> | <u>\$ 421,270</u> |
| Enterprise Zone Tax Refund | 50,000 | 50,000 | 59,753 | 9,753 |
| Addition and Abatements | (25,000) | (25,000) | (59,903) | (34,903) |
| Penalties and Interest | 600,000 | 600,000 | 557,119 | (42,881) |
| | <u>\$ 45,649,941</u> | <u>\$ 45,649,941</u> | <u>\$ 46,003,180</u> | <u>\$ 353,239</u> |
| Less: Discounts and Credits | <u>(378,000)</u> | <u>(378,000)</u> | <u>(354,445)</u> | <u>23,555</u> |
| Total Real and Personal Property | <u>\$ 45,271,941</u> | <u>\$ 45,271,941</u> | <u>\$ 45,648,735</u> | <u>\$ 376,794</u> |
| Other Local Taxes: | | | | |
| Income | \$ 10,600,000 | \$ 10,700,000 | \$ 11,921,943 | \$ 1,221,943 |
| Admissions and Amusement | 690,000 | 690,000 | 751,904 | 61,904 |
| Recordation | 1,500,000 | 1,500,000 | 1,807,149 | 307,149 |
| Coal Tonnage | 89,000 | 89,000 | 158,296 | 69,296 |
| Trailer Court | 38,000 | 38,000 | 36,449 | (1,551) |
| Natural Gas | 1,500 | 1,500 | 1,264 | (236) |
| Accommodations Tax | 2,100,000 | 2,100,000 | 2,384,690 | 284,690 |
| Transfer Tax | 1,300,000 | 1,300,000 | 1,469,684 | 169,684 |
| Franchise Tax | 100 | 100 | 597 | 497 |
| Agriculture Transfer Tax/Refunds | 7,500 | 7,500 | 10,675 | 3,175 |
| Coal Tax | 50,000 | 50,000 | 59,670 | 9,670 |
| 911 Fees | 260,000 | 260,000 | 196,916 | (63,084) |
| Tax Sale Revenue | 40,000 | 40,000 | 37,404 | (2,596) |
| | <u>\$ 16,676,100</u> | <u>\$ 16,776,100</u> | <u>\$ 18,836,641</u> | <u>\$ 2,060,541</u> |
| Total Other Local Taxes | <u>\$ 16,676,100</u> | <u>\$ 16,776,100</u> | <u>\$ 18,836,641</u> | <u>\$ 2,060,541</u> |
| Total Taxes | <u>\$ 61,948,041</u> | <u>\$ 62,048,041</u> | <u>\$ 64,485,376</u> | <u>\$ 2,437,335</u> |
| LICENSES AND PERMITS: | | | | |
| Business: | | | | |
| Beer, Wine and Liquor Licenses | \$ 99,398 | \$ 99,398 | \$ 116,772 | \$ 17,374 |
| Traders | 65,000 | 65,000 | 69,451 | 4,451 |
| Other Licenses and Permits: | | | | |
| Animal | 5,800 | 5,800 | 4,754 | (1,046) |
| Marriage | 1,800 | 1,800 | 1,890 | 90 |
| TVRU License | 80,000 | 80,000 | 99,213 | 19,213 |
| Highways and Streets | 5,300 | 5,300 | 23,843 | 18,543 |
| Other Permits | 4,500 | 4,500 | 6,831 | 2,331 |
| | <u>\$ 261,798</u> | <u>\$ 261,798</u> | <u>\$ 322,754</u> | <u>\$ 60,956</u> |
| Total Licenses and Permits | <u>\$ 261,798</u> | <u>\$ 261,798</u> | <u>\$ 322,754</u> | <u>\$ 60,956</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|----------------------------------------------|----------------------------|-------------------------|---------------------|------------------------------------|
| INTERGOVERNMENTAL: | | | | |
| Grants From Federal Government: | | | | |
| Department of Justice - Domestic Violence | \$ 35,000 | \$ 35,000 | \$ 33,723 | \$ (1,277) |
| Civil Defense | 67,426 | 85,983 | 89,593 | 3,610 |
| Emergency Management Domestic Preparedness | 131,911 | 165,989 | 165,234 | (755) |
| USDA - CAC - Emergency Food Assistance | 9,000 | 0 | 0 | 0 |
| Master's Child Support | 12,877 | 12,877 | 11,142 | (1,735) |
| Sheriff's Child Support | 11,971 | 11,971 | 10,411 | (1,560) |
| Sheriff's BJAG | 0 | 43,554 | 43,554 | 0 |
| Federal Aid in Lieu of Taxes | 5,000 | 5,000 | 5,554 | 554 |
| USDA - Specialty Crop | 0 | 0 | 75 | 75 |
| National Recreational Trails | 0 | 315,250 | 0 | (315,250) |
| MIEMSS Hospital Bioterrorism | 0 | 3,216 | 3,216 | 0 |
| FEMA - Hazard Mitigation | 0 | 90,518 | 11,595 | (78,923) |
| CAC/Emergency Shelter | 50,250 | 103,905 | 103,905 | 0 |
| DOT - CAC Mass Transit | 375,000 | 326,480 | 326,480 | 0 |
| ARC - Economic Development Grants | 500,000 | 1,095,490 | 207,955 | (887,535) |
| CAC - Emergency Transitional Housing Service | 10,143 | 10,426 | 10,426 | 0 |
| CBDG - Keyzers Ridge BP | 0 | 401,466 | 401,466 | 0 |
| Detention Center - BJAG | 0 | 0 | 663 | 663 |
| Miscellaneous | 11,500 | 18,412 | 20,729 | 2,317 |
| Grants From State Government: | | | | |
| Highway User Tax | 400,000 | 500,000 | 518,769 | 18,769 |
| Disparity Grant | 2,537,671 | 2,537,671 | 2,537,671 | 0 |
| Police Protection | 206,948 | 206,948 | 207,987 | 1,039 |
| Conservation of Natural Resources | 410,000 | 205,000 | 263,688 | 58,688 |
| Adult Community Services | 25,785 | 25,785 | 25,785 | 0 |
| Court Improvement | 0 | 20,000 | 20,000 | 0 |
| Family Services Grant | 114,000 | 109,253 | 109,253 | 0 |
| Sheriff - School Bus Violation | 18,000 | 18,000 | 18,000 | 0 |
| Program Open Space | 0 | 271,818 | 271,818 | 0 |
| Emergency Numbers Systems Board - 911 | 2,339 | 6,839 | 5,800 | (1,039) |
| Dove Center | 20,000 | 20,000 | 20,000 | 0 |
| CAC - Service Linked Housing | 30,792 | 37,478 | 37,478 | 0 |
| Jury Reimbursement State | 12,000 | 12,000 | 9,420 | (2,580) |
| CAC - Electric Universal Service | 200,000 | 439,460 | 439,460 | 0 |
| MDOT - CAC - Mass Transit | 175,000 | 167,387 | 167,387 | 0 |
| Sheriff SOCEM Grant | 6,961 | 5,925 | 5,925 | 0 |
| Sheriff Sex Offender Registration | 11,500 | 11,500 | 13,000 | 1,500 |
| State Bond | 0 | 1,000,000 | 1,000,000 | 0 |
| GCCAC - Rental Assistance Program | 0 | 40,000 | 40,000 | 0 |
| Emergency Shelter Grant | 0 | 8,890 | 8,890 | 0 |
| MEA Smart Energy Communities | 0 | 135,000 | 135,000 | 0 |
| Deep Creek Watershed | 0 | 48,935 | 49,061 | 126 |
| Other | 1,788 | 9,905 | 11,585 | 1,680 |
| Subtotal - Intergovernmental | \$ 5,392,862 | \$ 8,563,331 | \$ 7,361,698 | \$ (1,201,633) |

**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, 2015

| | Original Budget | Final Budget | Actual | Over (Under) Budget |
|-------------------------------------------------------|----------------------------|-------------------------|---------------|------------------------------------|
| INTERGOVERNMENTAL - Continued | | | | |
| Balances Brought Forward | \$ 5,392,862 | \$ 8,563,331 | \$ 7,361,698 | \$ (1,201,633) |
| Other: | | | | |
| Budget Settlement - Health Department | 0 | 276,294 | 276,294 | 0 |
| Other | 34,381 | 87,773 | 96,677 | 8,904 |
| Total Intergovernmental | \$ 5,427,243 | \$ 8,927,398 | \$ 7,734,669 | \$ (1,192,729) |
| FINES AND FORFEITURES | \$ 9,000 | \$ 9,000 | \$ 3,581 | \$ (5,419) |
| SERVICE CHARGES FOR CURRENT SERVICES: | | | | |
| General Government: | | | | |
| Zoning and Subdivision Fees | \$ 11,000 | \$ 11,000 | \$ 14,794 | \$ 3,794 |
| Roads Fuel Sales and Street Signs | 577,490 | 412,490 | 397,012 | (15,478) |
| Miscellaneous | 57,750 | 65,250 | 56,517 | (8,733) |
| Enterprise Funds - Indirect Fees | 300,000 | 0 | 0 | 0 |
| Public Safety: | | | | |
| BOCA | 50,000 | 50,000 | 105,104 | 55,104 |
| State Inmate Housing | 47,295 | 47,295 | 40,500 | (6,795) |
| Sheriff Fees | 60,300 | 73,700 | 91,412 | 17,712 |
| Emergency Medical Services - Cost Share | 150,000 | 150,000 | 150,000 | 0 |
| Animal Shelter | 5,000 | 5,000 | 3,840 | (1,160) |
| Public Works: | | | | |
| Street Repair | 0 | 530,257 | 530,257 | 0 |
| Total Service Charges | \$ 1,258,835 | \$ 1,344,992 | \$ 1,389,436 | \$ 44,444 |
| MISCELLANEOUS: | | | | |
| Interest and Dividends | \$ 175,000 | \$ 280,000 | \$ 396,481 | \$ 116,481 |
| Rents and Concessions | 776,125 | 776,125 | 787,676 | 11,551 |
| Contributions | 3,000 | 7,200 | 7,677 | 477 |
| Miscellaneous | 104,000 | 153,685 | 44,031 | (109,654) |
| Total Miscellaneous | \$ 1,058,125 | \$ 1,217,010 | \$ 1,235,865 | \$ 18,855 |
| TOTAL REVENUES | \$ 69,963,042 | \$ 73,808,239 | \$ 75,171,681 | \$ 1,363,442 |
| OTHER FINANCING SOURCES: | | | | |
| Sale of Capital Assets | \$ 0 | \$ 44,186 | \$ 44,186 | \$ 0 |
| Total Other Financing Sources | \$ 0 | \$ 44,186 | \$ 44,186 | \$ 0 |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 69,963,042 | \$ 73,852,425 | \$ 75,215,867 | \$ 1,363,442 |

**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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|------------------------------------------|----------------------------|-------------------------|---------------------|------------------------------------|
| GENERAL GOVERNMENT | | | | |
| Legislative: | | | | |
| County Commissioners | \$ 430,379 | \$ 591,739 | \$ 581,036 | \$ (10,703) |
| Judicial: | | | | |
| Circuit Court | \$ 416,295 | \$ 499,525 | \$ 492,489 | \$ (7,036) |
| Orphans Court | 16,439 | 16,439 | 14,766 | (1,673) |
| State's Attorney | 662,995 | 674,968 | 663,989 | (10,979) |
| Jury and Witness Operating | 28,000 | 28,000 | 22,987 | (5,013) |
| | <u>\$ 1,123,729</u> | <u>\$ 1,218,932</u> | <u>\$ 1,194,231</u> | <u>\$ (24,701)</u> |
| Elections: | | | | |
| Board of Supervisors of Elections | \$ 346,229 | \$ 373,504 | \$ 377,847 | \$ 4,343 |
| Financial Administration: | | | | |
| Finance Office | \$ 438,560 | \$ 446,698 | \$ 422,275 | \$ (24,423) |
| Tax Collection Office | 345,374 | 448,496 | 413,481 | (35,015) |
| Department of Assessments & Taxation | 235,172 | 244,816 | 244,816 | 0 |
| Procurement | 225,756 | 247,752 | 223,965 | (23,787) |
| Total Financial Administration | <u>\$ 1,244,862</u> | <u>\$ 1,387,762</u> | <u>\$ 1,304,537</u> | <u>\$ (83,225)</u> |
| Law: | | | | |
| Legal Counsel | \$ 97,883 | \$ 99,245 | \$ 87,036 | \$ (12,209) |
| Personnel Administration: | | | | |
| Personnel Administration | \$ 292,975 | \$ 382,986 | \$ 354,328 | \$ (28,658) |
| Planning and Zoning: | | | | |
| Planning Commission | \$ 476,880 | \$ 556,601 | \$ 549,121 | \$ (7,480) |
| Facilities & Maintenance: | | | | |
| County Buildings | \$ 1,456,246 | \$ 1,938,561 | \$ 1,520,492 | \$ (418,069) |
| Total General Government | <u>\$ 5,469,183</u> | <u>\$ 6,549,330</u> | <u>\$ 5,968,628</u> | <u>\$ (580,702)</u> |
| PUBLIC SAFETY | | | | |
| Sheriff's Department | \$ 2,983,287 | \$ 3,017,362 | \$ 3,061,187 | \$ 43,825 |
| Corrections | 1,954,938 | 2,016,198 | 1,877,474 | (138,724) |
| Fire and Rescue Services | 2,469,806 | 2,467,174 | 2,552,283 | 85,109 |
| Other Public Safety: | | | | |
| Permits and Inspections | 581,471 | 580,765 | 544,467 | (36,298) |
| Animal Control | 230,801 | 233,682 | 215,929 | (17,753) |
| Civil Defense/Emergency Management | 314,538 | 334,298 | 344,190 | 9,892 |
| Emergency Alarm and Communications (911) | 799,143 | 867,829 | 857,283 | (10,546) |
| Total Public Safety | <u>\$ 9,333,984</u> | <u>\$ 9,517,308</u> | <u>\$ 9,452,813</u> | <u>\$ (64,495)</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|---------------------------------------------------------------|----------------------------|-------------------------|----------------------|------------------------------------|
| PUBLIC WORKS | | | | |
| Highways and Streets | \$ 15,455,931 | \$ 16,525,620 | \$ 15,749,836 | \$ (775,784) |
| HEALTH AND HOSPITAL | | | | |
| Health Department | \$ 1,898,510 | \$ 1,989,751 | \$ 1,954,640 | \$ (35,111) |
| EDUCATION | | | | |
| Board of Education | \$ 26,972,885 | \$ 27,478,667 | \$ 28,538,830 | \$ 1,060,163 |
| Community College | 5,078,000 | 5,189,191 | 5,363,417 | 174,226 |
| Total Education | <u>\$ 32,050,885</u> | <u>\$ 32,667,858</u> | <u>\$ 33,902,247</u> | <u>\$ 1,234,389</u> |
| CULTURE | \$ 39,000 | \$ 39,000 | \$ 39,000 | \$ 0 |
| PARKS AND RECREATION | \$ 26,500 | \$ 298,318 | \$ 298,318 | \$ 0 |
| LIBRARY | \$ 982,700 | \$ 1,039,175 | \$ 982,700 | \$ (56,475) |
| CONSERVATION OF NATURAL RESOURCES | | | | |
| Agriculture Extension Service | \$ 195,041 | \$ 195,041 | \$ 174,139 | \$ (20,902) |
| Soil Conservation | 16,000 | 16,000 | 16,000 | 0 |
| Agricultural Land Preservation Program | 7,500 | 7,500 | 41,934 | 34,434 |
| Total Conservation of Natural Resources | <u>\$ 218,541</u> | <u>\$ 218,541</u> | <u>\$ 232,073</u> | <u>\$ 13,532</u> |
| SOCIAL SERVICES | | | | |
| Commission on Aging | \$ 281,700 | \$ 281,700 | \$ 281,700 | \$ 0 |
| ECONOMIC DEVELOPMENT AND OPPORTUNITY | | | | |
| Economic Development | \$ 1,799,065 | \$ 2,555,163 | \$ 1,170,402 | \$ (1,384,761) |
| Tourism | 782,000 | 782,000 | 782,000 | 0 |
| Community Action Programs | 1,156,185 | 1,400,026 | 1,400,026 | 0 |
| Community Action Salaries and Benefits | 69,677 | 115,507 | 114,590 | (917) |
| Fair Board Agricultural Fair | 20,000 | 20,000 | 20,000 | 0 |
| Special Promotion | 35,000 | 75,734 | 74,667 | (1,067) |
| Other | 131,328 | 171,328 | 163,416 | (7,912) |
| Total Economic Development and Opportunity | <u>\$ 3,993,255</u> | <u>\$ 5,119,758</u> | <u>\$ 3,725,101</u> | <u>\$ (1,394,657)</u> |
| CAPITAL OUTLAY | | | | |
| Sheriff's Department | \$ 0 | \$ 149,373 | \$ 151,653 | \$ 2,280 |
| Civil Defense/Emergency Management | 0 | 519,074 | 206,203 | (312,871) |
| Economic Development and Opportunity | 0 | 1,772,302 | 1,237,629 | (534,673) |
| Facilities & Maintenance | 0 | 102,173 | 102,173 | 0 |
| Finance Department | 0 | 300,000 | 203,363 | (96,637) |
| Highways and Streets | 0 | 1,303,304 | 853,767 | (449,537) |
| Total Capital Outlay | <u>\$ 0</u> | <u>\$ 4,146,226</u> | <u>\$ 2,754,788</u> | <u>\$ (1,391,438)</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|--------------------------------------------------------|----------------------------|-------------------------|----------------------|------------------------------------|
| INTERGOVERNMENTAL | \$ 242,205 | \$ 347,205 | \$ 335,263 | \$ (11,942) |
| MISCELLANEOUS | \$ 898,100 | \$ 546,899 | \$ 583,814 | \$ 36,915 |
| TOTAL EXPENDITURES | <u>\$ 70,890,494</u> | <u>\$ 79,286,689</u> | <u>\$ 76,260,921</u> | <u>\$ (3,025,768)</u> |
| OTHER FINANCING USES | | | | |
| Operating Transfers: | | | | |
| Capital Projects Fund | \$ 0 | \$ 6,791,631 | \$ 68,477 | \$ (6,723,154) |
| Airport | 83,460 | 85,580 | 46,032 | (39,548) |
| Garrett County Sanitary District, Inc. | 0 | 413,875 | 413,875 | 0 |
| Parks & Recreation | 100,000 | 3,333,500 | 3,333,443 | (57) |
| Department of Technology & Communication | <u>561,902</u> | <u>710,625</u> | <u>606,807</u> | <u>(103,818)</u> |
| Total Other Financing Uses | <u>\$ 745,362</u> | <u>\$ 11,335,211</u> | <u>\$ 4,468,634</u> | <u>\$ (6,866,577)</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 71,635,856</u> | <u>\$ 90,621,900</u> | <u>\$ 80,729,555</u> | <u>\$ (9,892,345)</u> |

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

General Fund

Schedule of Taxes and Taxes Receivable

Year Ended June 30, 2015

| | Total Assessed Value | Tax Rate Per \$100 | Actual Tax Levy | Amount Collected | Balance of Taxes Receivable |
|--------------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|-----------------------------|--------------------------------------------|
| CURRENT YEAR LEVY: | | | | | |
| Real Property - Full Year | | | | | |
| Mt Lake Park | \$ 103,162,125 | \$ 0.904 | \$ 932,070 | | |
| All Others | 4,086,135,864 | 0.970 | 39,635,518 | | |
| Total Full Year | \$ 4,189,297,989 | | \$ 40,567,588 | \$ 38,571,974 | \$ 1,995,614 |
| Real Property - One-Half Year | 14,040,900 | 0.485 | 68,000 | 55,056 | 12,944 |
| Total Real Property | \$ 4,203,338,889 | | \$ 40,635,588 | \$ 38,627,030 | \$ 2,008,558 |
| Personal Property - Corporate | \$ 80,991,900 | 2.425 | \$ 1,964,054 | \$ 1,964,054 | \$ 0 |
| Public Utilities and Railroad | \$ 115,860,980 | 2.414 | \$ 2,796,569 | \$ 2,796,569 | \$ 0 |
| Total Current Year | \$ 4,400,191,769 | | \$ 45,396,211 | \$ 43,387,653 | \$ 2,008,558 |
| PRIOR YEAR RECEIVABLES: | | | | | |
| | Year Ended June 30: | | | | |
| | 2014 | | | | \$ 66,633 |
| | 2013 | | | | 23,633 |
| | 2012 | | | | 8,268 |
| | 2011 | | | | 6,192 |
| | 2010 | | | | 1,678 |
| | 2009 | | | | 347 |
| | 2008 | | | | 249 |
| | 2007 | | | | 68 |
| | 2006 | | | | 54 |
| | 2005 | | | | 48 |
| | 2004 | | | | 24 |
| | 2003 | | | | 22 |
| | 2002 | | | | 21 |
| | 2001 | | | | 20 |
| | 1996-2000 | | | | 60 |
| Total Prior Years | | | | | \$ 107,317 |
| TOTAL TAXES RECEIVABLE | | | | | \$ 2,115,875 |
| Less: Allowance for Uncollectible Accounts | | | | | (50,000) |
| TAXES RECEIVABLE - NET | | | | | \$ 2,065,875 |

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

Combining Balance Sheet
Other Governmental Funds
June 30, 2015

| | Public Safety | Commissary | Law Library |
|--------------------------------------------|--------------------------|-------------------|------------------------|
| ASSETS: | | | |
| Due from Other Governments | \$ | \$ | \$ 1,535 |
| Due from Other Funds | 171,991 | 33,879 | 4,836 |
| Other Receivables - Net | | 764 | |
| Restricted Cash | 74,846 | | |
| TOTAL ASSETS | \$ 246,837 | \$ 34,643 | \$ 6,371 |
| LIABILITIES: | | | |
| Accounts Payable and Accrued Expenses | \$ 36,006 | \$ 197 | \$ 173 |
| Unearned Revenues | 135,991 | | |
| Other Liabilities | | | |
| Total Liabilities | \$ 171,997 | \$ 197 | \$ 173 |
| FUND BALANCES: | | | |
| Restricted | \$ 74,840 | \$ 34,446 | \$ 6,198 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 246,837 | \$ 34,643 | \$ 6,371 |

| <u>Keysers Ridge</u> | <u>Total Other Governmental Funds</u> |
|--------------------------|-----------------------------------------------|
| \$ | \$ |
| 8,335 | 1,535 |
| | 219,041 |
| | 764 |
| <u>308,415</u> | <u>383,261</u> |
| \$ <u>316,750</u> | \$ <u>604,601</u> |
| | |
| \$ | \$ |
| 307,328 | 36,376 |
| 8,335 | 443,319 |
| <u>315,663</u> | <u>488,030</u> |
| \$ <u>315,663</u> | \$ <u>488,030</u> |
| | |
| \$ <u>1,087</u> | \$ <u>116,571</u> |
| | |
| \$ <u>316,750</u> | \$ <u>604,601</u> |

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

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Other Governmental Funds
Year Ended June 30, 2015

| | <u>Public Safety</u> | <u>Commissary</u> | <u>Law Library</u> |
|------------------------------------------------------------------------------|--------------------------|-------------------|------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 227,669 | \$ | \$ |
| Fines and Forfeitures | 71,978 | | 7,657 |
| Investment Income | 32 | | |
| Charges for Services | | 20,327 | |
| Miscellaneous Revenue | | | |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | \$ 299,679 | \$ 20,327 | \$ 7,657 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES: | | | |
| General Government | \$ | \$ | \$ 2,914 |
| Public Safety | 282,347 | 45,591 | |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | \$ 282,347 | \$ 45,591 | \$ 2,914 |
| | <hr/> | <hr/> | <hr/> |
| REVENUES OVER/(UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | \$ 17,332 | \$ (25,264) | \$ 4,743 |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES | | | |
| Transfer to Garrett County Sanitary District, Inc. | \$ | \$ | \$ |
| | <hr/> | <hr/> | <hr/> |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES | \$ 17,332 | \$ (25,264) | \$ 4,743 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCES, BEGINNING OF YEAR | 57,508 | 59,710 | 1,455 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCES, END OF YEAR | \$ 74,840 | \$ 34,446 | \$ 6,198 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

| <u>Keysers Ridge</u> | <u>Total Other Governmental Funds</u> |
|--------------------------------|-----------------------------------------------|
| \$ | \$ 227,669 |
| | 79,635 |
| 310 | 342 |
| | 20,327 |
| <u>5,875</u> | <u>5,875</u> |
| \$ <u>6,185</u> | \$ <u>333,848</u> |
| \$ | \$ 2,914 |
| <u> </u> | <u>327,938</u> |
| \$ <u> </u> | \$ <u>330,852</u> |
| \$ 6,185 | \$ 2,996 |
| \$ <u>(5,875)</u> | \$ <u>(5,875)</u> |
| \$ 310 | \$ (2,879) |
| <u>777</u> | <u>119,450</u> |
| \$ <u><u>1,087</u></u> | \$ <u><u>116,571</u></u> |

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Garrett County Sanitary District, Inc.
Combining Schedule of Revenues and Expenses and Other Changes in Net Position
Year Ended June 30, 2015

| | <u>Water Systems</u> | <u>Other Water</u> | <u>Deep Creek Lab</u> | <u>Company Store</u> |
|---------------------------------------------------|--------------------------|------------------------|-------------------------------|--------------------------|
| OPERATING REVENUES: | | | | |
| Charges for Services | \$ 1,296,591 | \$ 41,083 | \$ 88,222 | \$ |
| Other | 411,383 | | | 250,065 |
| Total Operating Revenues | <u>\$ 1,707,974</u> | <u>\$ 41,083</u> | <u>\$ 88,222</u> | <u>\$ 250,065</u> |
| OPERATING EXPENSES: | | | | |
| Salaries | \$ 579,053 | \$ | \$ 94,157 | \$ 48,668 |
| Fringe Benefits | 277,719 | | 48,736 | 20,436 |
| Maintenance and Repairs | 177,765 | | 106 | 2,913 |
| Supplies | 74,184 | 485 | 24,205 | 176,197 |
| Utilities | 123,169 | | 1,242 | 8,360 |
| Transportation | 45,471 | | 7,419 | 3,835 |
| Contracted Services | 3,599 | | 19,281 | |
| Lab Tests | 19,821 | 446 | (141,953) | |
| Direct Administrative | 31,125 | | 11,291 | 3,074 |
| Indirect Administrative | 89,424 | | 14,914 | 7,213 |
| Depreciation | 893,999 | | 7,796 | |
| Bad Debt Expense | | | 1,028 | 373 |
| Total Operating Expenses | <u>\$ 2,315,329</u> | <u>\$ 931</u> | <u>\$ 88,222</u> | <u>\$ 271,069</u> |
| OPERATING (LOSS)/INCOME | <u>\$ (607,355)</u> | <u>\$ 40,152</u> | <u>\$ 0</u> | <u>\$ (21,004)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Tap Fees - Capital Charge | \$ 65,400 | \$ | \$ | \$ |
| Interest Revenue | 47,080 | | | 1,360 |
| Ad Valorem Tax | 945,660 | | | |
| Interest Expense | (451,841) | | | (69,739) |
| Net Other Revenues (Expenses) | <u>\$ 606,299</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (68,379)</u> |
| (LOSS)/INCOME BEFORE CAPITAL CONTRIBUTIONS | <u>\$ (1,056)</u> | <u>\$ 40,152</u> | <u>\$ 0</u> | <u>\$ (89,383)</u> |
| CAPITAL CONTRIBUTIONS | | | | |
| Contributed Capital - Primary Government | \$ 458,996 | \$ | \$ | \$ |
| INCREASE/(DECREASE) IN NET ASSETS | <u>\$ 457,940</u> | <u>\$ 40,152</u> | <u>\$ 0</u> | <u>\$ (89,383)</u> |

| | Subtotal Water Projects | Sewer Systems | Trout Run | Other Sewer | Subtotal Sewer Projects | Total |
|----|----------------------------------------|--------------------------|----------------------|------------------------|----------------------------------------|--------------------|
| \$ | 1,425,896 | \$ 2,802,176 | \$ 112,425 | \$ 104,748 | \$ 3,019,349 | \$ 4,445,245 |
| | <u>661,448</u> | <u>69,577</u> | | <u>36,976</u> | <u>106,553</u> | <u>768,001</u> |
| \$ | <u>2,087,344</u> | <u>2,871,753</u> | <u>112,425</u> | <u>141,724</u> | <u>3,125,902</u> | <u>5,213,246</u> |
| \$ | 721,878 | \$ 856,860 | \$ 56,517 | \$ 0 | \$ 913,377 | \$ 1,635,255 |
| | 346,891 | 440,120 | 4,323 | 28,318 | 472,761 | 819,652 |
| | 180,784 | 350,899 | 32,155 | 370 | 383,424 | 564,208 |
| | 275,071 | 202,831 | 4,214 | 151 | 207,196 | 482,267 |
| | 132,771 | 382,208 | 30,907 | | 413,115 | 545,886 |
| | 56,725 | 67,273 | 4,453 | 0 | 71,726 | 128,451 |
| | 22,880 | 7,553 | 8,256 | | 15,809 | 38,689 |
| | (121,686) | 89,682 | 19,377 | 20,235 | 129,294 | 7,608 |
| | 45,490 | 94,002 | 3,425 | 23,052 | 120,479 | 165,969 |
| | 111,551 | 135,371 | 6,350 | | 141,721 | 253,272 |
| | 901,795 | 2,064,000 | 184,296 | | 2,248,296 | 3,150,091 |
| | <u>1,401</u> | | | | <u>0</u> | <u>1,401</u> |
| \$ | <u>2,675,551</u> | <u>4,690,799</u> | <u>354,273</u> | <u>72,126</u> | <u>5,117,198</u> | <u>7,792,749</u> |
| \$ | <u>(588,207)</u> | <u>(1,819,046)</u> | <u>(241,848)</u> | <u>69,598</u> | <u>(1,991,296)</u> | <u>(2,579,503)</u> |
| \$ | 65,400 | \$ 580,775 | \$ | \$ | \$ 580,775 | \$ 646,175 |
| | 48,440 | 30,036 | 643 | | 30,679 | 79,119 |
| | 945,660 | 1,349,698 | 47,154 | | 1,396,852 | 2,342,512 |
| | <u>(521,580)</u> | <u>(584,625)</u> | <u>(19,153)</u> | | <u>(603,778)</u> | <u>(1,125,358)</u> |
| \$ | <u>537,920</u> | <u>1,375,884</u> | <u>28,644</u> | <u>0</u> | <u>1,404,528</u> | <u>1,942,448</u> |
| \$ | <u>(50,287)</u> | <u>(443,162)</u> | <u>(213,204)</u> | <u>69,598</u> | <u>(586,768)</u> | <u>(637,055)</u> |
| \$ | <u>458,996</u> | <u></u> | <u></u> | <u></u> | <u>0</u> | <u>458,996</u> |
| \$ | <u>408,709</u> | <u>(443,162)</u> | <u>(213,204)</u> | <u>69,598</u> | <u>(586,768)</u> | <u>(178,059)</u> |

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Garrett County Sanitary District, Inc.
Schedule of Costs Capitalized to Construction in Progress
Year Ended June 30, 2015

| PROJECT | Balance July 1, 2014 | Construction (Net of Program Income) | Engineering | Salaries |
|-----------------------------------------|---------------------------------|---------------------------------------------------------|--------------------|-----------------|
| Keysers Ridge Water Holding Tank | \$ 108,652 | \$ | \$ 1,375 | \$ |
| Keysers Ridge Water | 155,790 | | 6,175 | |
| Keysers Ridge Sewer | | | 11,750 | |
| Deep Creek Lake Collection & Conveyance | 1,055,873 | 168,303 | 21,227 | |
| Mountain Lake Park Water Line | 140,062 | 17,658 | 3,822 | |
| Mountain Lake Park Water | 10,765 | | | |
| TOTAL | \$ 1,471,142 | \$ 185,961 | \$ 44,349 | \$ 0 |

| <u>Fringe Benefits</u> | <u>Administrative</u> | <u>Interest</u> | <u>Indirect Costs</u> | <u>Total Additions</u> | <u>Retirements or Transfers (Completed Project)</u> | <u>Balance June 30, 2015</u> |
|------------------------|-----------------------|-----------------|-----------------------|------------------------|-----------------------------------------------------|------------------------------|
| \$ | \$ | \$ | \$ | \$ 1,375 | \$ | \$ 110,027 |
| | 128 | | | 6,303 | | 162,093 |
| | 52 | | | 11,802 | | 11,802 |
| | 2,519 | | | 192,049 | | 1,247,922 |
| | | 409 | | 21,889 | (161,951) | 0 |
| | 13,472 | | | 13,472 | (24,237) | 0 |
| <u>\$ 0</u> | <u>\$ 16,171</u> | <u>\$ 409</u> | <u>\$ 0</u> | <u>\$ 246,890</u> | <u>\$ (186,188)</u> | <u>\$ 1,531,844</u> |

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

Garrett County Sanitary District, Inc.
Schedule of Indirect Costs
Year Ended June 30, 2015

| | <u>2015</u> |
|------------------------------|---------------------|
| TYPE: | |
| Insurance | \$ 87,754 |
| Administrative | 133,029 |
| Telephone | 2,004 |
| Professional and Legal | 18,100 |
| Office Supplies and Expenses | 8,928 |
| Utilities | <u>3,457</u> |
| Total | <u>\$ 253,272</u> |
| ALLOCATION BASE: | |
| Direct Salaries | \$ 1,635,255 |
| Related Fringe Benefits | <u>819,652</u> |
| Total Allocation Base | <u>\$ 2,454,907</u> |
| INDIRECT COST RATE | <u>10.32%</u> |
| COSTS REPORTED AS: | |
| Operations | \$ 253,272 |
| Construction in Progress | <u>0</u> |
| | <u>\$ 253,272</u> |

**THE BOARD OF COUNTY COMMISSIONERS OF
GARRETT COUNTY, MARYLAND**
Comparative Schedule of Primary Government Long-Term Indebtedness
June 30, 2015 and 2014

| | June 30, | |
|---------------------------------------------------------------------------------|----------------------|----------------------|
| | 2015 | 2014 |
| LONG-TERM INDEBTEDNESS: | | |
| Government Activities: | | |
| Bond Payable - Hospital Bonds of 2004 | \$ 807,485 | \$ 874,493 |
| Bond Payable - Hospital Bonds of 2007 | 2,519,012 | 2,588,149 |
| Bond Payable - Hospital Bonds of 2015 | 5,336,940 | |
| Total Governmental Activities | \$ 8,663,437 | \$ 3,462,642 |
| Business Type Activities: | | |
| Solid Waste | | |
| Bond Payable - Maryland Water Quality Financing Administration | \$ 260,365 | \$ 384,325 |
| Total Solid Waste | \$ 260,365 | \$ 384,325 |
| Sanitary District | | |
| Note Payable - Maryland Water Quality Financing-Deep Creek Lake Sewer Ext. | \$ 266,517 | \$ 328,565 |
| Note Payable - Maryland Water Quality Financing-Deep Creek Lake Septage | 33,693 | 60,846 |
| Note Payable - State of Maryland-Jennings Sewer | 28,736 | 35,509 |
| Note Payable - Maryland Water Quality Financing-Deer Park Water | 173,724 | 182,507 |
| Note Payable - M&T Bank-Warehouse Project | | 1,892,939 |
| Note Payable - Maryland Department of the Environment-Mountain Lake Park Water | 74,194 | 83,270 |
| Note Payable - Susquehanna USDA Refinance Loan | 21,179,227 | 22,060,245 |
| Note Payable - Susquehanna Mountain Lake Park Water Loan | 718,692 | 748,589 |
| Note Payable - Susquehanna Thayerville Water | 6,730,444 | 7,010,413 |
| Note Payable - Susquehanna Jennings | 44,920 | 46,789 |
| Note Payable - Maryland Department of the Environment-Deep Creek & Friendsville | 244,616 | 278,933 |
| Total Sanitary District | \$ 29,494,763 | \$ 32,728,605 |
| Parks & Recreation | | |
| Note Payable - Garrett County Community Action Committee | \$ 275,000 | \$ 275,000 |
| Note Payable - Maryland Department of Business and Economic Development | 2,817,615 | 2,817,615 |
| Total Parks & Recreation | \$ 3,092,615 | \$ 3,092,615 |
| Total Business Type Activities | \$ 32,847,743 | \$ 36,205,545 |
| TOTAL LONG-TERM INDEBTEDNESS | \$ 41,511,180 | \$ 39,668,187 |

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

Combining Statement of Net Position

Fiduciary Funds

June 30, 2015

| | Government Personnel Retirement Plan | Law Enforcement Employee Retirement Plan | Volunteer Length of Service Award Plan | Other Post Employment Benefit Plan | Total Benefit Plan Trust Funds |
|-------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 327,403 | \$ 149,185 | \$ 25,660 | \$ 37,656 | \$ 539,904 |
| Investments: | | | | | |
| Certificates of Deposit | \$ 50,740 | \$ | \$ | \$ | \$ 50,740 |
| Fixed Income Securities | 6,276,454 | 1,962,879 | 246,374 | 386,134 | 8,871,841 |
| Mutual Funds | 8,471,834 | 2,705,167 | 360,760 | 532,273 | 12,070,034 |
| Equity Securities | 7,787,164 | 2,185,396 | 234,994 | 428,611 | 10,636,165 |
| Total Investments | <u>\$ 22,586,192</u> | <u>\$ 6,853,442</u> | <u>\$ 842,128</u> | <u>\$ 1,347,018</u> | <u>\$ 31,628,780</u> |
| Interest Receivable | <u>\$ 89,912</u> | <u>\$ 26,193</u> | <u>\$ 2,361</u> | <u>\$ 4,083</u> | <u>\$ 122,549</u> |
| TOTAL ASSETS | <u>\$ 23,003,507</u> | <u>\$ 7,028,820</u> | <u>\$ 870,149</u> | <u>\$ 1,388,757</u> | <u>\$ 32,291,233</u> |
| LIABILITIES | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| NET POSITION | | | | | |
| Held in Trust for Retirement | | | | | |
| Benefits and OPEB | <u>\$ 23,003,507</u> | <u>\$ 7,028,820</u> | <u>\$ 870,149</u> | <u>\$ 1,388,757</u> | <u>\$ 32,291,233</u> |

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

Combining Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2015

| | Government Personnel Retirement Plan | Law Enforcement Employee Retirement Plan | Volunteer Length of Service Award Plan | Other Post Employment Benefit Plan | Total Benefit Plan Trust Funds |
|-----------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------|
| ADDITIONS | | | | | |
| Contributions: | | | | | |
| Employer | \$ 1,150,819 | \$ 341,098 | \$ | \$ | \$ 1,491,917 |
| Plan Members | 354,820 | 201,877 | | | 556,697 |
| Total Contributions | <u>\$ 1,505,639</u> | <u>\$ 542,975</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,048,614</u> |
| Investment Earnings: | | | | | |
| Realized Net Gains on Investments | \$ 897,108 | \$ 225,249 | \$ 26,878 | \$ 50,855 | \$ 1,200,090 |
| Interest and Dividends | 548,426 | 161,219 | 21,605 | 33,862 | 765,112 |
| Net Decrease in | | | | | |
| Fair Value of Investments | (594,826) | (115,424) | (13,367) | (44,819) | (768,436) |
| Investment Activity Expense | (81,715) | (24,887) | (3,137) | (5,021) | (114,760) |
| Total Net Investment Earnings | <u>\$ 768,993</u> | <u>\$ 246,157</u> | <u>\$ 31,979</u> | <u>\$ 34,877</u> | <u>\$ 1,082,006</u> |
| Total Additions | <u>\$ 2,274,632</u> | <u>\$ 789,132</u> | <u>\$ 31,979</u> | <u>\$ 34,877</u> | <u>\$ 3,130,620</u> |
| DEDUCTIONS | | | | | |
| Benefits | \$ 1,013,431 | \$ 321,895 | \$ 3,280 | \$ | \$ 1,338,606 |
| Administrative | 24,709 | 11,123 | 2,436 | 2,430 | 40,698 |
| Total Deductions | <u>\$ 1,038,140</u> | <u>\$ 333,018</u> | <u>\$ 5,716</u> | <u>\$ 2,430</u> | <u>\$ 1,379,304</u> |
| Change In Net Position | \$ 1,236,492 | \$ 456,114 | \$ 26,263 | \$ 32,447 | \$ 1,751,316 |
| Net Position - Beginning of Year | <u>21,767,015</u> | <u>6,572,706</u> | <u>843,886</u> | <u>1,356,310</u> | <u>30,539,917</u> |
| Net Position - End of Year | <u><u>\$ 23,003,507</u></u> | <u><u>\$ 7,028,820</u></u> | <u><u>\$ 870,149</u></u> | <u><u>\$ 1,388,757</u></u> | <u><u>\$ 32,291,233</u></u> |