

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

**FINANCIAL REPORT  
JUNE 30, 2021**

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

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## **INDEPENDENT AUDITORS' REPORT**

The Board of County Commissioners  
of Garrett County  
Oakland, Maryland

### **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, 2021, 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, 2021, 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.

## **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 net pension liability and related ratios, schedules of employer pension contributions, and the schedule of changes in the County's net OPEB liability and related ratios, listed in the index to financial report be presented to supplement the basic financial statements. Such information, 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, 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 January 28, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

*The Rodeheaver Group, P.C.*

Oakland, Maryland  
January 28, 2022

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

As management of Garrett County, Maryland (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements.

**Financial Highlights**

- The assets of the County exceeded its liabilities at the close of the fiscal year ended June 30, 2021 by \$150,450,560 (net position). Of the total net position, \$124,503,034 is attributable to the net investment in capital assets, \$4,535,325 is restricted for specific purposes, while the remaining \$21,412,201 is unrestricted.
- The County's total net position increased by \$26,755,132.
- As of the close of fiscal year 2021, the County's governmental funds reported combined fund balances of \$41,744,001, an increase of \$13,965,411 in comparison with prior year. Approximately 32%, or \$13.5 million, of the combined fund balance is available for spending at the County's discretion (unassigned fund balance), \$1.9 million is nonspendable, \$2.6 million is restricted, and \$23.7 million is assigned for capital projects and future use.
- At the end of fiscal year 2021, the unrestricted fund balance for the general fund was \$37,208,676 or 89% of total general fund balance. Assigned fund balance of the general fund was \$23,693,957 or 64% of unrestricted fund balance.
- The County's government-wide long-term debt decreased by \$2,840,753 million during fiscal year 2021 as detailed on page 16 and in Note 7.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements**

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

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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**June 30, 2021**

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes, and earned but unused vacation leave).

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

The government-wide financial statements include not only the operations of Garrett County Government itself (known as the primary government), but also the legally separate organizations of the Board of Education, Garrett College and the Ruth Enlow Library System of Garrett County. The financial information for these component units is reported separately from the primary government in the government-wide financial statements located on pages 19 and 20 of this report.

### **Fund Financial Statements**

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

### **Governmental Funds**

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



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**June 30, 2021**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Garrett County Government maintains eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and the debt service fund, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. The basic governmental funds financial statements can be found on pages 21 to 24 of this report.

**Proprietary Funds**

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

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

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County maintains four fiduciary funds: Garrett County Law Enforcement Personnel Retirement Plan, the Garrett County Government Personnel Retirement Plan, Garrett County Other Post-Employment Benefits Plan (OPEB) and the Volunteer Length of Service Awards Plan (LOSAP) for volunteers of the 11 Fire Departments and 2 Rescue Squads. The fiduciary fund financial statements can be found on pages 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 92 of this report.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

**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 93 through 115 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In Garrett County, assets exceeded liabilities by \$150,450,560 at the close of the current fiscal year.

**Garrett County Government's Net Assets  
June 30, 2021**

|  | Governmental Activities |                      | Business-type Activities |                      | Total Government     |                       |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|-----------------------|
|  | June 30, 2021           | June 30, 2020        | June 30, 2021            | June 30, 2020        | June 30, 2021        | June 30, 2020         |
| <b>Assets:</b>   |                         |                      |                          |                      |                      |                       |
| Current & Other Assets   | \$ 64,089,331           | \$ 51,212,323        | \$ 16,711,531            | \$ 15,805,841        | \$ 80,800,862        | \$ 67,018,164         |
| Capital Assets & Net Pension Asset                                       | 66,107,450              | 62,106,323           | 90,010,585               | 86,983,424           | 156,118,035          | 149,089,747           |
| <b>Total Assets</b>  | <b>130,196,781</b>      | <b>113,318,646</b>   | <b>106,722,116</b>       | <b>102,789,265</b>   | <b>236,918,897</b>   | <b>216,107,911</b>    |
| <b>Deferred Outflows of Resources</b>                                    | <b>5,485,524</b>        | <b>7,106,067</b>     | <b>393,705</b>           | <b>503,558</b>       | <b>5,879,229</b>     | <b>7,609,625</b>      |
| <b>Total Assets and Deferred Outflows of Resources</b>                   | <b>135,682,305</b>      | <b>120,424,713</b>   | <b>107,115,821</b>       | <b>103,292,823</b>   | <b>242,798,126</b>   | <b>223,717,536</b>    |
| <b>Liabilities:</b>  |                         |                      |                          |                      |                      |                       |
| Long-Term Liabilities  | 32,164,858              | 44,705,712           | 39,032,185               | 40,808,174           | 71,197,043           | 85,513,886            |
| Other Liabilities  | 9,307,581               | 8,823,571            | 1,568,443                | 1,690,804            | 10,876,024           | 10,514,375            |
| <b>Total Liabilities</b>   | <b>41,472,439</b>       | <b>53,529,283</b>    | <b>40,600,628</b>        | <b>42,498,978</b>    | <b>82,073,067</b>    | <b>96,028,261</b>     |
| <b>Deferred Inflows of Resources</b>                                     | <b>10,134,534</b>       | <b>3,961,149</b>     | <b>139,965</b>           | <b>32,698</b>        | <b>10,274,499</b>    | <b>3,993,847</b>      |
| <b>Net Assets:</b>   |                         |                      |                          |                      |                      |                       |
| Net Investment in Capital Assets   | 65,787,677              | 62,106,323           | 58,715,357               | 54,021,416           | 124,503,034          | 116,127,739           |
| Restricted   | 4,535,325               | 2,979,776            | -                        | -                    | 4,535,325            | 2,979,776             |
| Unrestricted   | 13,752,330              | (2,151,818)          | 7,659,871                | 6,739,731            | 21,412,201           | 4,587,913             |
| <b>Total Net Assets</b>  | <b>84,075,332</b>       | <b>62,934,281</b>    | <b>66,375,228</b>        | <b>60,761,147</b>    | <b>150,450,560</b>   | <b>123,695,428</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> | <b>\$135,682,305</b>    | <b>\$120,424,713</b> | <b>\$107,115,821</b>     | <b>\$103,292,823</b> | <b>\$242,798,126</b> | <b>\$ 223,717,536</b> |

By far the largest portion of the Garrett County's net position (\$125 million) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt that was used to acquire those assets. Garrett County uses these capital assets to provide a variety of services to its citizens; accordingly, these assets are not available for future spending. Although Garrett County's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Garrett County's net position, \$4,535,325 or 3.01%, represents resources that are subject to external restrictions on how they may be used.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The remaining unrestricted net position of \$21,412,201, or 14.23% represents resources that are neither invested in capital assets nor restricted for a specific purpose. This amount can be used for whatever purpose the County deems necessary.

Overall, the financial position of Garrett County increased during the year by \$26.7 million. Both the governmental activities and the business-type activities reported increases of \$21.1 million and \$5.6 million respectively in net position at June 30, 2021. Investment in capital assets makes up the majority of net assets. As assets continue to depreciate at a faster pace than new capital assets are being placed in service a decrease from one year to the next is expected.

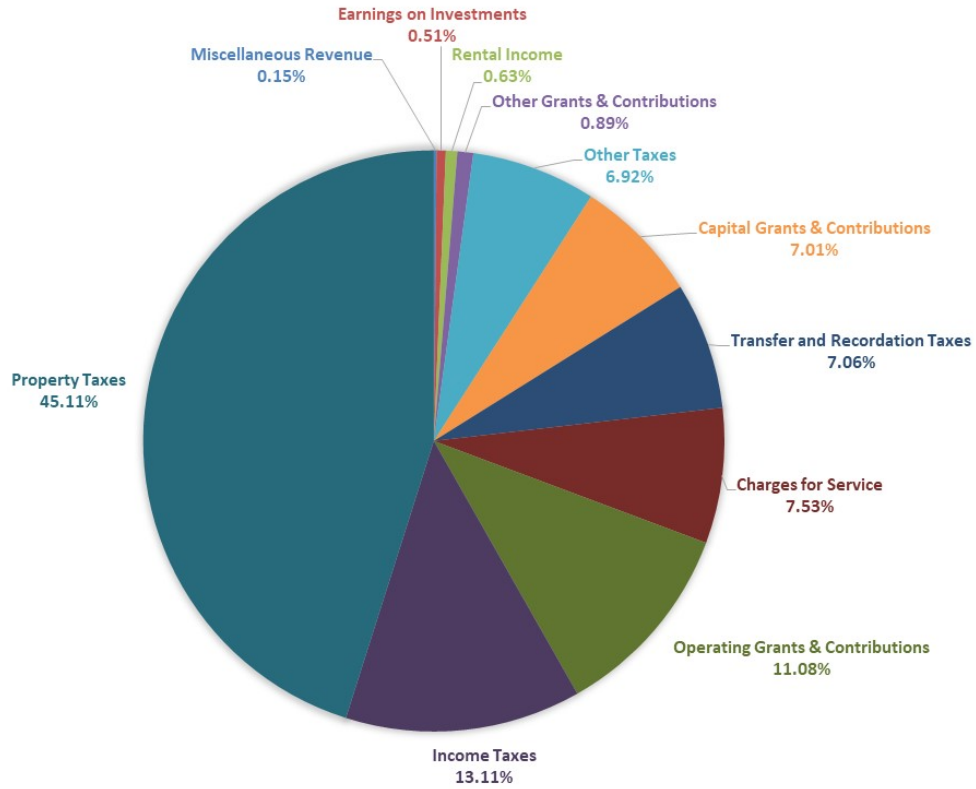
The following table indicates the changes in net position:

| <b>Garrett County Government's Changes in Net Assets<br/>for the Year ended June 30, 2021</b> |                                |                      |                                 |                      |                         |                       |
|---|--------------------------------|----------------------|---------------------------------|----------------------|-------------------------|-----------------------|
|   | <u>Governmental Activities</u> |                      | <u>Business-type Activities</u> |                      | <u>Total Government</u> |                       |
|   | <u>June 30, 2021</u>           | <u>June 30, 2020</u> | <u>June 30, 2021</u>            | <u>June 30, 2020</u> | <u>June 30, 2021</u>    | <u>June 30, 2020</u>  |
| <b>Revenues:</b>  |                                |                      |                                 |                      |                         |                       |
| <b>Program Revenues:</b>  |                                |                      |                                 |                      |                         |                       |
| Charges for Services  | \$ 1,251,298                   | \$ 1,255,083         | \$ 8,269,126                    | \$ 8,134,928         | \$ 9,520,424            | \$ 9,390,011          |
| Operating Grants and Contributions  | 13,255,631                     | 9,214,578            | -                               | -                    | 13,255,631              | 9,214,578             |
| Capital Grants and Contributions  | 5,412,823                      | 3,263,788            | 4,222,291                       | 2,182,546            | 9,635,114               | 5,446,334             |
| <b>General Revenues:</b>  |                                |                      |                                 |                      |                         |                       |
| Property Taxes  | 54,161,141                     | 53,127,687           | 2,882,921                       | 2,838,810            | 57,044,062              | 55,966,497            |
| Other Taxes and Licenses  | 34,264,532                     | 23,542,532           | -                               | -                    | 34,264,532              | 23,542,532            |
| Grants and Contributions  | -                              | -                    | 1,116,930                       | 693,375              | 1,116,930               | 693,375               |
| Other General Revenues  | 1,481,487                      | 1,757,540            | 152,853                         | 328,815              | 1,634,340               | 2,086,355             |
| <b>Total Revenues</b>   | <b>\$ 109,826,912</b>          | <b>\$ 92,161,208</b> | <b>\$ 16,644,121</b>            | <b>\$ 14,178,474</b> | <b>\$ 126,471,033</b>   | <b>\$ 106,339,682</b> |
| <b>Program Expenses:</b>  |                                |                      |                                 |                      |                         |                       |
| General Government  | 9,679,729                      | 7,421,695            | -                               | -                    | 9,679,729               | 7,421,695             |
| Public Safety   | 12,875,150                     | 14,337,851           | -                               | -                    | 12,875,150              | 14,337,851            |
| Public Works  | 14,330,754                     | 16,279,378           | -                               | -                    | 14,330,754              | 16,279,378            |
| Health & Hospital   | 3,288,765                      | 2,094,762            | -                               | -                    | 3,288,765               | 2,094,762             |
| Education   |                                |                      |                                 |                      |                         |                       |
| Board of Education  | 30,027,195                     | 28,587,803           | -                               | -                    | 30,027,195              | 28,587,803            |
| Garrett College   | 6,242,133                      | 5,610,216            | -                               | -                    | 6,242,133               | 5,610,216             |
| Culture   | 48,000                         | 53,000               | -                               | -                    | 48,000                  | 53,000                |
| Parks and Recreation  | 26,191                         | 25,000               | -                               | -                    | 26,191                  | 25,000                |
| Library   | 1,098,252                      | 1,098,261            | -                               | -                    | 1,098,252               | 1,098,261             |
| Conservation of Natural Resources   | 228,612                        | 226,367              | -                               | -                    | 228,612                 | 226,367               |
| Social Services   | 384,559                        | 426,482              | -                               | -                    | 384,559                 | 426,482               |
| Economic Opportunity & Development  | 6,691,496                      | 4,896,494            | -                               | -                    | 6,691,496               | 4,896,494             |
| Community Development & Public Housing  | 435,536                        | -                    | -                               | -                    | 435,536                 | -                     |
| Other   | 1,144,659                      | 1,241,374            | -                               | -                    | 1,144,659               | 1,241,374             |
| Garrett County Airport  | -                              | -                    | 514,589                         | 505,867              | 514,589                 | 505,867               |
| Solid Waste Management  | -                              | -                    | 2,036,848                       | 2,403,812            | 2,036,848               | 2,403,812             |
| Garrett County Sanitary District, Inc.  | -                              | -                    | 8,530,361                       | 8,606,969            | 8,530,361               | 8,606,969             |
| Parks and Recreation Fund   | -                              | -                    | 468,920                         | 740,860              | 468,920                 | 740,860               |
| Department of Technology & Communications   | -                              | -                    | 1,644,220                       | 878,548              | 1,644,220               | 878,548               |
| Liquor Control Board  | -                              | -                    | 19,932                          | 15,315               | 19,932                  | 15,315                |
| <b>Total Expenses</b>   | <b>\$ 86,501,031</b>           | <b>\$ 82,298,683</b> | <b>\$ 13,214,870</b>            | <b>\$ 13,151,371</b> | <b>\$ 99,715,901</b>    | <b>\$ 95,450,054</b>  |
| Excess before Special Items and Transfers   | 23,325,881                     | 9,862,525            | 3,429,251                       | 1,027,103            | 26,755,132              | 10,889,628            |
| Net Transfers In (Out)  | (2,184,830)                    | (1,052,482)          | 2,184,830                       | 1,052,482            | -                       | -                     |
| Changes in Net Assets   | 21,141,051                     | 8,810,043            | 5,614,081                       | 2,079,585            | 26,755,132              | 10,889,628            |
| Net Assets – Beginning of Year  | 62,934,281                     | 54,124,238           | 60,761,147                      | 58,681,562           | 123,695,428             | 112,805,800           |
| Net Assets – End of Year  | <b>\$ 84,075,332</b>           | <b>\$ 62,934,281</b> | <b>\$ 66,375,228</b>            | <b>\$ 60,761,147</b> | <b>\$ 150,450,560</b>   | <b>\$ 123,695,428</b> |

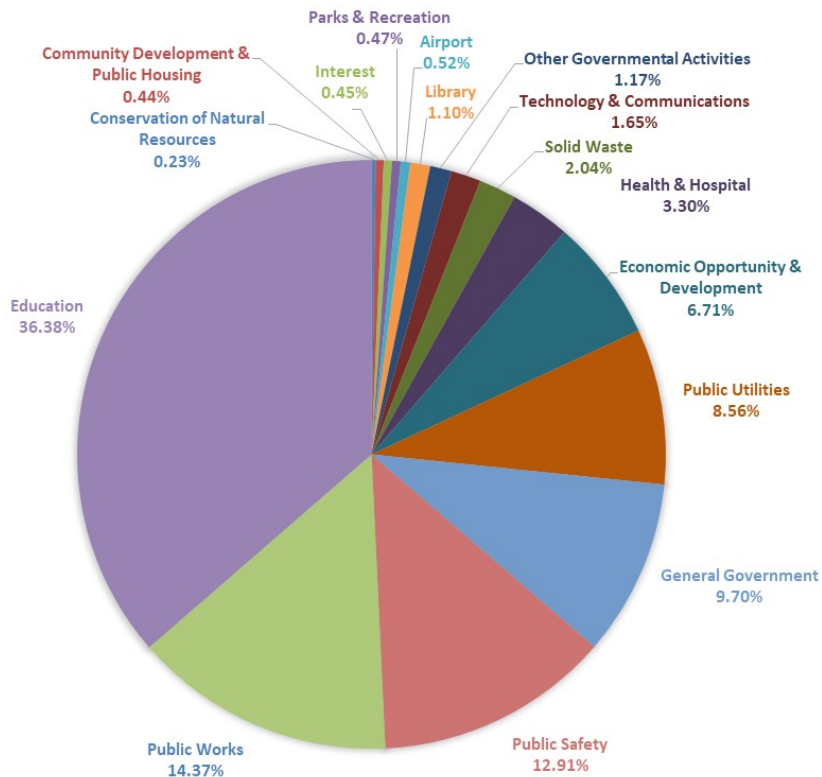
**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

**TOTAL PRIMARY GOVERNMENT REVENUE**



**TOTAL PRIMARY GOVERNMENT EXPENDITURES**



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

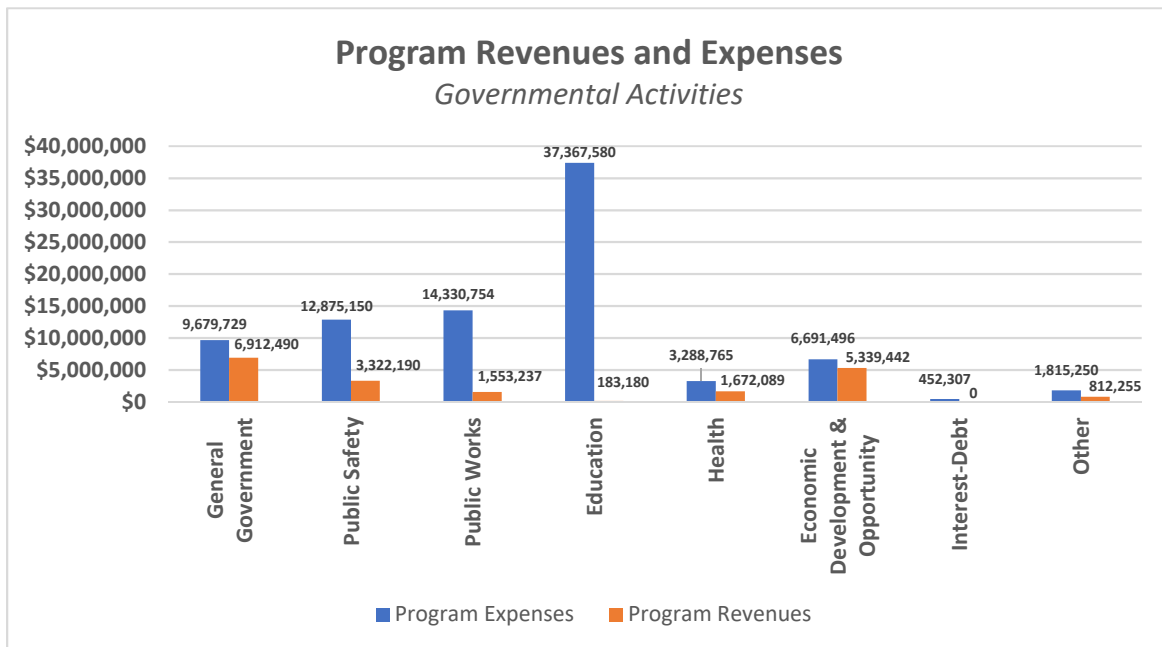
**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2021**

**Governmental Activities**

To aid in the understanding of the Statement of Activities, some additional explanation is provided. Of particular interest is the format of this statement. The reader will notice on page 20 that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions of government on the County’s taxpayers. It also identifies how much each function draws from the general revenues, or, if the function is self-supporting through fees and grants. It is important to note that all taxes are classified as general revenues even if restricted for a specific purpose.

During the current fiscal year, the net position for governmental activities increased by \$21,141,051 from the prior fiscal year. Both revenues and expenses increased in fiscal year 2021. Key elements of the changes in governmental net assets are as follows:

- A majority of revenue categories reported increases in fiscal year 2021, with a large categorical change in Operating Grants resulting in an increase of \$4,041,053. In addition, Property Tax increased \$1,033,454, Transfer & Recordation taxes by \$4,440,001, Income taxes by \$2,136,065 and other taxes by \$4,145,934 compared to the prior fiscal year.
- The largest increase in expense was in General Government equating to \$2,258,034. Impacting this increase was a \$2.8 contribution from the General Fund to the Garrett County Government Personnel Retirement Plan to help absorb the financial impact of the actuary’s updated mortality tables.



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**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2021**

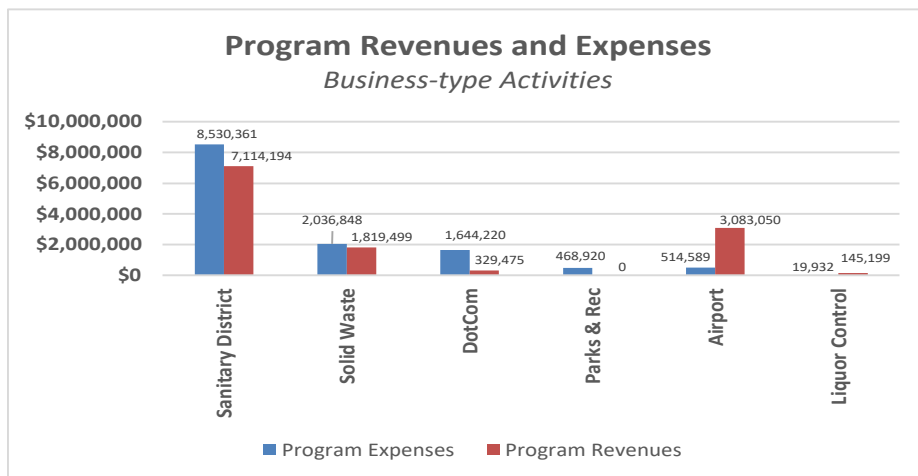
**Business-Type Activities**

Total assets for the Garrett County Sanitary District, d/b/a Department of Public Utilities, increased by \$771,992. Increases in CIP for the Oakland WWTP and Deep Creek Water 219 Bridge interconnection project are the main contributors to this increase. Operating revenues of the Sanitary District increased by \$311,538 as a result of additional customers and an increase in water sales. Operating expenditures decreased by \$24,959 primarily the result of a decrease in depreciation expense.

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 \$6.9 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, 2021, the County recognized and reported a closure and post-closure liability of \$4,772,214 leaving a balance of estimated costs to be recognized at approximately \$2,169,429 over the remaining 12 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, 2021, the County sufficient funding set aside in an investment account to offset the current recognized closure liability of \$4,772,214.

The Parks & Recreation Fund was established to account for the operations of the Adventure Sports Center, Inc. Net position for Adventure Sports Center, Inc. is stated at a total of \$15,043,028 which is a decrease of \$437,777 from 2020, primarily the result of depreciation of assets. Operating revenues were \$15,420 while operating expenditures were recorded as \$468,920 resulting in a net operating loss of \$453,500 for the year ended June 30, 2021. Operating expenditures include non-cash items such as depreciation (\$380,095). The water course was closed the entire fiscal year due to world-wide pandemic, Covid-19.

In 2021, total assets for the Airport increased by \$2,772,995. This increase was primarily the result capital additions to the West Apron Project in the amount of \$2,845,880.



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

**June 30, 2021**

**Financial Analysis of the County's Funds**

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

**Governmental funds**

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

At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$41,744,001, an increase of \$13,965,411 from the prior fiscal year. Approximately 32.38% of this total, or \$13,514,719, constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is either nonspendable, restricted or assigned to indicate that it is not available for new spending. \$1,906,765 was nonspendable for inventory, prepaid expenses, and notes receivable. \$2,628,560 was restricted, the majority being for self-funded health care and for the promotion and economic development of Garrett County, and \$23,693,957 was assigned for various reasons; \$15.2 million was assigned for the continuation of projects and capital expenditures encumbered in fiscal year 2021, \$3.5 million was assigned for future other post-employment benefits and healthcare, and \$5 million was assigned for future capital projects and expenditures.

The General Fund is the chief operating fund of the Garrett County Government. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,514,719, while total fund balance reached \$41,678,054. 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 15% of the total General Fund expenditures including operating transfers, while total fund balance represents 46.25% of that same amount. During the current fiscal year, the total fund balance of the County's General Fund increased by \$13,967,913. General Fund revenue increased by \$17,377,878 million and General Fund operating expenditures increased by \$6,966,990.

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 payment activity related to the Garrett County Memorial Hospital Bonds, Series 2004, 2007, 2014 and 2015, for the expansion and renovation of the facility. The debt and related long-term receivable of \$11,718,096 are recorded on the Statement of Net Position on page 19.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

The Non-Major Special Revenue Funds have a total fund balance of \$65,947; 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 \$7,659,871, an increase of \$920,140 from fiscal year 2020. Other factors concerning these funds' finances have been addressed in the discussion of Garrett County government's business-type activities.

**General Fund Budgetary Highlights**

**Original budget compared to final budget**

The difference between original revenue budget amounts of \$82,317,295 and final revenue budget amounts of \$92,313,999 is an increase of \$9,996,704. The County monitors revenue patterns throughout the year and amends original budget figures when necessary. Several accounts were adjusted upward or downward to assure proper management and good stewardship so that deficit spending would not occur. Of the \$10 million net increase, Intergovernmental federal and state grants made up the majority of the increase equating to \$9.6 million. The largest increase came from the county recognizing \$3.9 million of CARES Act revenue from their total \$5 million allotment and \$1.7 million of American Rescue Plan Act (ARPA) grants passed through to Garrett County from the State of Maryland. Grant revenues normally have offsetting expenditures associated with them.

Significant differences between the original expenditure budget amounts of \$82,317,295 and final expenditure budget amounts of \$114,619,918 resulting in a budget increase of \$32,302,623 are largely due to budget amendments that occurred to carryover funds from fiscal year 2020 to fiscal year 2021 for capital projects and capital outlay that were in progress at the end of fiscal year 2020. These carryover and fund balance assignment amendments equated to over \$19.5 million. As grant revenues increased, many of these revenues had offsetting expenses associated with them which resulted in corresponding budget amendments.

**Final budget compared to actual results**

The difference between the final revenue budget of \$92,313,999 and the actual revenue recorded of \$107,596,751 resulted in a positive variance of \$15,282,752.

The COVID-19 pandemic presented many financial uncertainties during the fiscal year 2021 budget process. Income tax, admission & amusement tax, accommodations tax, recordation tax, transfer tax, and investment income were all adjusted downward not knowing at the time when the Governor would loosen his restrictions to open up the economy. Because of this conservative budget approach



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2021**

and the fact that the pandemic had just the opposite fiscal impact as expected, the County recognized significant positive budget variances in all of the categories mentioned above with the exception of investment income.

The largest positive budget variance of \$4.4 million was with accommodations tax. During the Covid-19 pandemic Garrett County's infection rates were low and tourists were coming to the area to take advantage of our natural resources, Deep Creek Lake and our State parks. Our tourism sector to include lodging recognized all-time highs during this time.

Income Tax remained strong reporting another all-time high of \$16.6 million and a positive budget variance of \$4 million. We believe the continued impact of the Tax Cut Job Act (TCJA) and taxpayers not meeting the itemization threshold for their Maryland return contributed to some of this growth. In addition, labor shortages, labor demand, and wage inflation along with Maryland's continual minimum wage increase all were factors having a positive impact on income tax.

Other significant positive revenue budget variances included transfer tax of \$3,2 million, recordation tax of \$2.5 million, and real and personal property tax of \$1.3 million. These line items combine to create the majority of the net positive budget variance.

The difference between the final budget expenditures of \$114,619,918 and the actual expenditures recorded of \$93,628,838 represented a positive budget variance of \$20,991,080. The majority of this variance will be carried over into the subsequent fiscal year and will be re-budgeted to continue projects that were in process at the end of fiscal year 2021. Some of the projects include, but are not limited to, the Courthouse renovations, broadband projects, the Glendale Road realignment, Keyser's Ridge Industrial Park water tank, sewer, and road infrastructure improvements, Garrett College Performing Arts Center, and several road paving and bridge projects.

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

### **Capital Asset and Debt Administration**

#### **Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$155,798,262 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, furniture, vehicles, and infrastructure. The County's investment in capital assets for the current fiscal year increased by \$6,708,515 or 4.50%.

**THE BOARD OF COUNTY COMMISSIONERS OF  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2021**

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

|                          | <b>Governmental Activities</b> |                     | <b>Business-type Activities</b> |                     | <b>Total</b>         |                      |
|--------------------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|----------------------|
|                          | <u>2021</u>                    | <u>2020</u>         | <u>2021</u>                     | <u>2020</u>         | <u>2021</u>          | <u>2020</u>          |
| Land                     | \$10,165,961                   | \$10,025,792        | \$3,243,738                     | \$3,243,738         | \$13,409,699         | \$13,269,530         |
| Land Improvements        | 3,111,870                      | 3,154,213           | 17,354,476                      | 17,557,583          | 20,466,346           | 20,711,796           |
| Construction in Progress | 13,442,666                     | 9,486,353           | 7,725,923                       | 4,269,807           | 21,168,589           | 13,756,160           |
| Infrastructure           | 21,410,092                     | 22,121,953          | 57,071,712                      | 57,042,363          | 78,481,804           | 79,164,316           |
| Buildings                | 11,066,261                     | 11,374,186          | 3,240,875                       | 3,347,722           | 14,307,136           | 14,721,908           |
| Furniture and Equipment  | 3,350,788                      | 2,139,428           | 80,844                          | 86,396              | 3,431,632            | 2,225,824            |
| Vehicles                 | 2,063,282                      | 2,425,799           | 190,853                         | 35,209              | 2,254,135            | 2,461,008            |
| Machinery and Equipment  | 1,176,757                      | 1,378,599           | 1,102,164                       | 1,400,606           | 2,278,921            | 2,779,205            |
| <b>Total</b>             | <u>\$65,787,677</u>            | <u>\$62,106,323</u> | <u>\$90,010,585</u>             | <u>\$86,983,424</u> | <u>\$155,798,262</u> | <u>\$149,089,747</u> |

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

- Land Improvements increased by \$140,169 due to easement purchases for the Glendale Road Project.
- Construction in progress reported a net increase of \$3,956,313. CIP activity was highlighted by the following additions of the Keyser’s Ridge water and sewer projects totaling \$1,984,014, the Emergency Operations Center of \$479,688, Meadow Mountain trail of \$209,365, Energy improvement projects of \$1,761,769, Swallow Falls bridge of \$193,101, Accident garage building of \$56,702, Roads department fuel system upgrades of \$27,559 and 911 console improvements of \$134,792. Increases in CIP were partially offset as the following assets was placed in service, the 911 console improvements at \$771,103, weather stations at \$55,999, and fuel system upgrades at \$64,839.
- Infrastructure had a net decrease of \$711,862. While there was an increase of \$2,191,496 for the installation of guardrails and the completion of paving and road projects, depreciation expense and disposals offset this increase by \$2,903,358.
- Furniture and Equipment reported a net increase of \$1,211,360. Public safety equipment, radios, and Emergency Operation Center equipment were purchased resulting in an increase of \$334,238. The Roads Department purchased diagnostic equipment costing \$8,495. A 911 phone system refresh caused an increase of \$731,834. Additionally, construction in progress items placed into service included the 911 radio console at \$771,103, weather stations at \$55,999 and the Road’s fuel system upgrade at \$64,839. Depreciation expense and disposals offset this increase by \$755,148.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**June 30, 2021**

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

- Construction in progress increased overall for business type activities by \$3,456,116. The Department of Public Utilities CIP increased due to work performed on Energy Improvements Projects in the amount of \$193,753, Trout Run Waste Water Treatment Plant project in the amount of \$986,425, the Thayerville/McHenry Project in the amount of \$1,222,443, and other miscellaneous water/sewer projects in the amount of \$16,472. Additionally, the Airport Hill Removal project increased CIP by \$2,845,880. DOTCom added to CIP by \$536,178 for the Hyperconverged and Switching and Wireless Infrastructure projects. \$50,590 was added to CIP for upgrades made to the Landfill Scales System. These increases in CIP projects were offset by decreases of \$2,033,812 for the Bloomington Water System project, \$351,733 for Puzzley Run Water project, and \$10,080 for the Glen Cove Sewer project as all projects were completed and placed in service.

For the remainder of the asset classifications not specifically referenced the net decreases are the result of depreciation and dispositions in excess of the cost of additions. Additional information on the County’s capital assets can be found in Note 5 on pages 55-57 of the financial statements.

**Long-term debt**

At the end of the current fiscal year, Garrett County Government had notes and bonds outstanding of \$43,228,324 which are backed by the full faith and credit of the County.

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

|                     | <b>Governmental Activities</b> |                      | <b>Business-type Activities</b> |                      | <b>Total</b>        |                     |
|---------------------|--------------------------------|----------------------|---------------------------------|----------------------|---------------------|---------------------|
|                     | <b>2021</b>                    | <b>2020</b>          | <b>2021</b>                     | <b>2020</b>          | <b>2021</b>         | <b>2020</b>         |
| General Bonded Debt | <u>\$ 11,718,096</u>           | <u>\$ 12,892,069</u> | <u>\$ 31,570,228</u>            | <u>\$ 33,237,008</u> | <u>\$43,288,324</u> | <u>\$46,129,077</u> |

During fiscal year 2021, the County’s total debt decreased by \$2,840,753. The Governmental Activities debt decreased by a net \$1,173,973 while the business-type activities decreased by \$1,666,780. These changes resulted from principal payments being made without incurring any new additional debt.

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 2021 to 2025. The Commissioners continue to prioritize capital expenditures and amend their five-year capital plan accordingly. Planned capital activity should have no significant impact on the County’s credit

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

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 113 under Other Supplementary Information.

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

The following economic factors currently affect the County and were considered in developing the 2022 fiscal year budget:

- Income tax, admission & amusement tax, accommodations tax, recordation tax, and transfer tax, were restored and budgeted at pre-covid amounts or above for FY22. In addition, both roads paving and capital expenditures were restored to their pre-covid amounts while keeping a sufficient contingency of \$500,000.
- The unemployment rate for Garrett County was 6.2% for June 2021, which was slightly lower than both the State's average of 6.7% and in line with the national average of 6.1% for the same time period.
- Income tax revenue finished the year at an all-time high of \$16.6 million. The fiscal year 2022 income tax rate remains at 2.65%.
- Accommodations tax revenue more than doubled in FY21 and finished the year at an all-time high of \$7 million.
- Property tax assessments are expected to show a slight increase over the next several fiscal years. With the numerous properties transferring around the Deep Creek Lake area over the past year, we expect that assessments will continue to increase at a higher rate in that area than what we have seen in the past couple of years. We are also seeing an up-tick in new construction which helps to keep our property base strong and stable. Assessments were projected to increase by 1.5% for fiscal year 2022.
- As the Federal Reserve continued to lower rates during fiscal year 2021, the County will consider the impact on borrowing rates with could affect the investment activity at Deep Creek Lake. This could also have a positive effect on recordation and transfer taxes. At the end of fiscal year 2021, fed funds rate was 0.10% compared to .25% and 2.50% for fiscal year 2020 and 2019 respectively. The prime rate of 3.25% remained the same as the prior year at the end of fiscal year 2021.
- Garrett County issued 455 building permits valued at approximately \$123 million during fiscal year 2021 compared to 402 permits in fiscal year 2020 valued at approximately \$72.4 million.

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

**June 30, 2021**

- The County has set aside approximately 10% of revenues, or \$9 million, as a rainy day fund.
- Garrett County does not have any outstanding public issued bonds that require a rating from an outside rating agency. The County does however have \$11.7 million of private bonds with financial institutions that are backed by their full faith and credit for the Garrett County Memorial Hospital which are being repaid with hospital revenues. Prior to liquidating the public bonds, the County's last bond rating with Moody's was an A1 in 2010.

**Request for Information**

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

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

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

Or, visit our website at [www.garrettcounty.org](http://www.garrettcounty.org)

## **BASIC FINANCIAL STATEMENTS**

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

Statement of Net Position

June 30, 2021

|  | <b>Primary Government</b>          |                                     |                              |
|--|------------------------------------|-------------------------------------|------------------------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>                 |
| <b>ASSETS</b>  |                                    |                                     |                              |
| Cash and Cash Equivalents  | \$ 34,260,447                      | \$ 5,286,697                        | \$ 39,547,144                |
| Investments  | 3,557,758                          | 4,948,525                           | 8,506,283                    |
| Taxes Receivable - Net   | 1,451,196                          | -                                   | 1,451,196                    |
| Due from Other Governments   | 939,768                            | 410,723                             | 1,350,491                    |
| Due from Primary Government  | -                                  | -                                   | -                            |
| Other Receivables - Net  | 7,661,928                          | 1,749,294                           | 9,411,222                    |
| Inventories  | 959,879                            | 1,151,842                           | 2,111,721                    |
| Insurance Deposit  | 472,832                            | -                                   | 472,832                      |
| Prepaid Expenses   | 84,769                             | 121,716                             | 206,485                      |
| Restricted Cash  | 2,120,541                          | 2,757,376                           | 4,877,917                    |
| Restricted Investments   | -                                  | -                                   | -                            |
| Restricted Accounts Receivable   | 11,718,096                         | 158,875                             | 11,876,971                   |
| Accounts and Notes Receivable - Long-Term                                | 862,117                            | 126,483                             | 988,600                      |
| Non-Depreciable Capital Assets   | 23,608,627                         | 10,969,661                          | 34,578,288                   |
| Depreciable Capital Assets, Net of Accumulated Depreciation              | 42,179,050                         | 79,040,924                          | 121,219,974                  |
| Net Pension Asset  | 319,773                            | -                                   | 319,773                      |
| <b>Total Assets</b>  | <u>130,196,781</u>                 | <u>106,722,116</u>                  | <u>236,918,897</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    | <u>5,485,524</u>                   | <u>393,705</u>                      | <u>5,879,229</u>             |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                   | <u><u>135,682,305</u></u>          | <u><u>107,115,821</u></u>           | <u><u>242,798,126</u></u>    |
| <b>LIABILITIES</b>   |                                    |                                     |                              |
| Accounts Payable and Accrued Expenses                                    | 4,587,846                          | 693,200                             | 5,281,046                    |
| Internal Balances  | (648,919)                          | 648,919                             | -                            |
| Due to Component Units   | 720,812                            | -                                   | 720,812                      |
| Due to Other Governments   | 240,260                            | 79,729                              | 319,989                      |
| Unearned Revenues  | 3,836,930                          | 146,595                             | 3,983,525                    |
| Other Liabilities  | 570,652                            | -                                   | 570,652                      |
| Long-Term Liabilities - Due Within One Year                              | 887,060                            | 1,742,986                           | 2,630,046                    |
| Long-Term Liabilities - Due in More Than One Year                        | 31,277,798                         | 37,289,199                          | 68,566,997                   |
| <b>Total Liabilities</b>   | <u>41,472,439</u>                  | <u>40,600,628</u>                   | <u>82,073,067</u>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     | <u>10,134,534</u>                  | <u>139,965</u>                      | <u>10,274,499</u>            |
| <b>NET POSITION</b>  |                                    |                                     |                              |
| Net Investment in Capital Assets   | 65,787,677                         | 58,715,357                          | 124,503,034                  |
| Restricted   | 4,535,325                          | -                                   | 4,535,325                    |
| Unrestricted (Deficit)   | 13,752,330                         | 7,659,871                           | 21,412,201                   |
| <b>Total Net Position</b>  | <u>84,075,332</u>                  | <u>66,375,228</u>                   | <u>150,450,560</u>           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> | <u><u>\$ 135,682,305</u></u>       | <u><u>\$ 107,115,821</u></u>        | <u><u>\$ 242,798,126</u></u> |

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

| <b>Component Units</b>        |                      |                       |
|-------------------------------|----------------------|-----------------------|
| <b>Board of<br/>Education</b> | <b>College</b>       | <b>Public Library</b> |
| \$ 9,037,661                  | \$ 3,801,920         | \$ 236,323            |
| -                             | -                    | 624,993               |
| -                             | -                    | -                     |
| 3,795,490                     | 2,268,325            | -                     |
| 594,706                       | 126,106              | -                     |
| 257,496                       | 304,648              | 712                   |
| 158,094                       | 20,642               | -                     |
| -                             | -                    | -                     |
| -                             | 165,530              | 5,903                 |
| 767,667                       | 180,803              | 95,315                |
| 112,483                       | 8,556,134            | -                     |
| -                             | -                    | -                     |
| -                             | -                    | -                     |
| 3,891,262                     | 7,684,665            | 33,556                |
| 43,328,345                    | 35,529,415           | 1,085,122             |
| -                             | -                    | -                     |
| <u>61,943,204</u>             | <u>58,638,188</u>    | <u>2,081,924</u>      |
| <u>8,404,843</u>              | <u>87,872</u>        | <u>-</u>              |
| <u>70,348,047</u>             | <u>58,726,060</u>    | <u>2,081,924</u>      |
| 7,254,904                     | 1,166,496            | 10,569                |
| -                             | -                    | -                     |
| -                             | -                    | -                     |
| -                             | -                    | -                     |
| 103,548                       | 210,098              | 5,264                 |
| -                             | 205,884              | -                     |
| 630,627                       | 75,921               | 45,537                |
| <u>48,610,636</u>             | <u>7,873,144</u>     | <u>3,657</u>          |
| <u>56,599,715</u>             | <u>9,531,543</u>     | <u>65,027</u>         |
| <u>3,313,683</u>              | <u>823,992</u>       | <u>-</u>              |
| 43,234,015                    | 39,299,997           | 1,118,678             |
| 2,883,256                     | 8,752,461            | 95,315                |
| (35,682,622)                  | 318,067              | 802,904               |
| <u>10,434,649</u>             | <u>48,370,525</u>    | <u>2,016,897</u>      |
| <u>\$ 70,348,047</u>          | <u>\$ 58,726,060</u> | <u>\$ 2,081,924</u>   |



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

Statement of Activities  
Year Ended June 30, 2021

| <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> |
| <b>Primary Government</b>                 |                      |                             |   |   |
| Governmental Activities                   |                      |                             |   |   |
| General Government                        | \$ 9,679,729         | \$ 314,529                  | \$ 5,391,946                              | \$ 1,206,015                            |
| Public Safety                             | 12,875,150           | 616,020                     | 1,639,120                                 | 1,067,050                               |
| Public Works                              | 14,330,754           | 171,949                     | 1,176,217                                 | 205,071                                 |
| Health and Hospital                       | 3,288,765            | -                           | 1,672,089                                 | -                                       |
| Education                                 |                      |                             |   |   |
| Board of Education                        | 30,027,195           | 148,800                     | 12,128                                    | 22,252                                  |
| College                                   | 6,242,133            | -                           | -   | -                                       |
| Culture                                   | 48,000               | -                           | -   | -                                       |
| Parks and Recreation                      | 26,191               | -                           | -   | -                                       |
| Library                                   | 1,098,252            | -                           | -   | -                                       |
| Conservation of Natural Resources         | 228,612              | -                           | -   | -                                       |
| Social Services                           | 384,559              | -                           | 4,999                                     | -                                       |
| Economic Opportunity and Development      | 6,691,496            | -                           | 2,427,007                                 | 2,912,435                               |
| Community Development & Public Housing    | 435,536              | -                           | 932,125                                   | -                                       |
| Intergovernmental                         | 302,205              | -                           | -   | -                                       |
| Unallocated Depreciation                  | 390,147              | -                           | -   | -                                       |
| Interest on Long-Term Debt                | 452,307              | -                           | -   | -                                       |
| Total Governmental Activities             | <u>86,501,031</u>    | <u>1,251,298</u>            | <u>13,255,631</u>                         | <u>5,412,823</u>                        |
| Business-type activities                  |                      |                             |   |   |
| Airport Fund                              | 514,589              | 201,054                     | -   | 2,881,996                               |
| Solid Waste Fund                          | 2,036,848            | 1,819,499                   | -   | -                                       |
| Garrett County Sanitary District, Inc.    | 8,530,361            | 5,791,667                   | -   | 1,322,527                               |
| Parks & Recreation Fund                   | 468,920              | -                           | -   | -                                       |
| Department of Technology & Communications | 1,644,220            | 311,707                     | -   | 17,768                                  |
| Liquor Control Board                      | 19,932               | 145,199                     | -   | -                                       |
| Total Business-Type Activities            | <u>13,214,870</u>    | <u>8,269,126</u>            | <u>-</u>                                  | <u>4,222,291</u>                        |
| Total Primary Government                  | <u>99,715,901</u>    | <u>9,520,424</u>            | <u>13,255,631</u>                         | <u>9,635,114</u>                        |
| <b>Component Units</b>                    |                      |                             |   |   |
| Board of Education                        | 68,017,736           | 546,545                     | 16,754,721                                | 2,970,278                               |
| College                                   | 15,908,252           | 2,800,295                   | 3,349,711                                 | 5,401,837                               |
| Public Library                            | 1,492,717            | 14,681                      | -   | -                                       |
| Total Component Units                     | <u>\$ 85,418,705</u> | <u>\$ 3,361,521</u>         | <u>\$ 20,104,432</u>                      | <u>\$ 8,372,115</u>                     |

**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

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**

| <b>Primary Government</b>      |                                 |                       | <b>Component Units</b>    |                      |                       |
|--------------------------------|---------------------------------|-----------------------|---------------------------|----------------------|-----------------------|
| <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>          | <b>Board of Education</b> | <b>College</b>       | <b>Public Library</b> |
| \$ (2,767,239)                 | \$ -                            | (2,767,239)           | \$ -                      | \$ -                 | \$ -                  |
| (9,552,960)                    | -                               | (9,552,960)           | -                         | -                    | -                     |
| (12,777,517)                   | -                               | (12,777,517)          | -                         | -                    | -                     |
| (1,616,676)                    | -                               | (1,616,676)           | -                         | -                    | -                     |
| (29,844,015)                   | -                               | (29,844,015)          | -                         | -                    | -                     |
| (6,242,133)                    | -                               | (6,242,133)           | -                         | -                    | -                     |
| (48,000)                       | -                               | (48,000)              | -                         | -                    | -                     |
| (26,191)                       | -                               | (26,191)              | -                         | -                    | -                     |
| (1,098,252)                    | -                               | (1,098,252)           | -                         | -                    | -                     |
| (228,612)                      | -                               | (228,612)             | -                         | -                    | -                     |
| (379,560)                      | -                               | (379,560)             | -                         | -                    | -                     |
| (1,352,054)                    | -                               | (1,352,054)           | -                         | -                    | -                     |
| 496,589                        | -                               | 496,589               | -                         | -                    | -                     |
| (302,205)                      | -                               | (302,205)             | -                         | -                    | -                     |
| (390,147)                      | -                               | (390,147)             | -                         | -                    | -                     |
| (452,307)                      | -                               | (452,307)             | -                         | -                    | -                     |
| <u>(66,581,279)</u>            | <u>-</u>                        | <u>(66,581,279)</u>   | <u>-</u>                  | <u>-</u>             | <u>-</u>              |
| -                              | 2,568,461                       | 2,568,461             | -                         | -                    | -                     |
| -                              | (217,349)                       | (217,349)             | -                         | -                    | -                     |
| -                              | (1,416,167)                     | (1,416,167)           | -                         | -                    | -                     |
| -                              | (468,920)                       | (468,920)             | -                         | -                    | -                     |
| -                              | (1,314,745)                     | (1,314,745)           | -                         | -                    | -                     |
| -                              | 125,267                         | 125,267               | -                         | -                    | -                     |
| -                              | <u>(723,453)</u>                | <u>(723,453)</u>      | -                         | -                    | -                     |
| <u>(66,581,279)</u>            | <u>(723,453)</u>                | <u>(67,304,732)</u>   | <u>-</u>                  | <u>-</u>             | <u>-</u>              |
| -                              | -                               | -                     | (47,746,192)              | -                    | -                     |
| -                              | -                               | -                     | -                         | (4,356,409)          | -                     |
| -                              | -                               | -                     | -                         | -                    | (1,478,036)           |
| -                              | -                               | -                     | <u>(47,746,192)</u>       | <u>(4,356,409)</u>   | <u>(1,478,036)</u>    |
| 54,161,141                     | 2,882,921                       | 57,044,062            | -                         | -                    | -                     |
| 16,581,761                     | -                               | 16,581,761            | -                         | -                    | -                     |
| 8,929,225                      | -                               | 8,929,225             | -                         | -                    | -                     |
| 8,753,546                      | -                               | 8,753,546             | -                         | -                    | -                     |
| 562,690                        | 80,324                          | 643,014               | 8,354                     | 1,392,457            | 56,663                |
| -                              | -                               | -                     | 28,170,094                | 4,934,000            | 1,098,252             |
| -                              | 1,116,930                       | 1,116,930             | 21,806,775                | 6,249,524            | 388,845               |
| 783,272                        | 15,420                          | 798,692               | -                         | -                    | -                     |
| 389,497                        | 54,709                          | 444,206               | 52,900                    | -                    | -                     |
| (253,972)                      | 2,400                           | (251,572)             | (38,488)                  | (2,751)              | -                     |
| (2,184,830)                    | 2,184,830                       | -                     | -                         | -                    | -                     |
| <u>87,722,330</u>              | <u>6,337,534</u>                | <u>94,059,864</u>     | <u>49,999,635</u>         | <u>12,573,230</u>    | <u>1,543,760</u>      |
| 21,141,051                     | 5,614,081                       | 26,755,132            | 2,253,443                 | 8,216,821            | 65,724                |
| <u>62,934,281</u>              | <u>60,761,147</u>               | <u>123,695,428</u>    | <u>8,181,206</u>          | <u>40,153,704</u>    | <u>1,951,173</u>      |
| <u>\$ 84,075,332</u>           | <u>\$ 66,375,228</u>            | <u>\$ 150,450,560</u> | <u>\$ 10,434,649</u>      | <u>\$ 48,370,525</u> | <u>\$ 2,016,897</u>   |

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

Balance Sheet  
Governmental Funds  
June 30, 2021

|  | <b>General<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Totals</b>        |
|--|-------------------------|--------------------------------------|----------------------------------|---|----------------------|
| <b>ASSETS:</b>   |                         |                                      |                                  |   |                      |
| Cash and Cash Equivalents  | \$ 36,472,374           | \$ (820,551)                         | \$ -                             | \$ -                                    | \$ 35,651,823        |
| Investments  | 3,557,758               | -                                    | -                                | -                                       | 3,557,758            |
| Taxes Receivable - Net   | 1,451,196               | -                                    | -                                | -                                       | 1,451,196            |
| Due from Other Governments   | -                       | 939,768                              | -                                | -                                       | 939,768              |
| Due from Other Funds   | 648,919                 | -                                    | -                                | -                                       | 648,919              |
| Other Receivables - Net  | 7,658,150               | -                                    | -                                | 3,778                                   | 7,661,928            |
| Note Receivable  | 862,117                 | -                                    | -                                | -                                       | 862,117              |
| Inventories  | 959,879                 | -                                    | -                                | -                                       | 959,879              |
| Insurance Deposit  | 472,832                 | -                                    | -                                | -                                       | 472,832              |
| Prepaid Expenses   | 84,769                  | -                                    | -                                | -                                       | 84,769               |
| Restricted Cash  | -                       | -                                    | -                                | 729,165                                 | 729,165              |
| <b>TOTAL ASSETS</b>  | <b>52,167,994</b>       | <b>119,217</b>                       | <b>-</b>                         | <b>732,943</b>                          | <b>53,020,154</b>    |
| <b>LIABILITIES:</b>  |                         |                                      |                                  |   |                      |
| Accounts Payable and Accrued Expenses  | 4,572,600               | 119,217                              | -                                | 253                                     | 4,692,070            |
| Due to Component Units   | 720,812                 | -                                    | -                                | -                                       | 720,812              |
| Due to Other Governments   | 240,260                 | -                                    | -                                | -                                       | 240,260              |
| Unearned Revenues  | 3,170,187               | -                                    | -                                | 666,743                                 | 3,836,930            |
| Other Liabilities  | 570,652                 | -                                    | -                                | -                                       | 570,652              |
| <b>Total Liabilities</b>   | <b>9,274,511</b>        | <b>119,217</b>                       | <b>-</b>                         | <b>666,996</b>                          | <b>10,060,724</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>  |                         |                                      |                                  |   |                      |
| Unavailable Revenue - Property Taxes   | 1,215,429               | -                                    | -                                | -                                       | 1,215,429            |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>1,215,429</b>        | <b>-</b>                             | <b>-</b>                         | <b>-</b>                                | <b>1,215,429</b>     |
| <b>FUND BALANCES:</b>  |                         |                                      |                                  |   |                      |
| Nonspendable   | 1,906,765               | -                                    | -                                | -                                       | 1,906,765            |
| Restricted   | 2,562,613               | -                                    | -                                | 65,947                                  | 2,628,560            |
| Assigned   | 23,693,957              | -                                    | -                                | -                                       | 23,693,957           |
| Unassigned   | 13,514,719              | -                                    | -                                | -                                       | 13,514,719           |
| <b>Total Fund Balances</b>   | <b>41,678,054</b>       | <b>-</b>                             | <b>-</b>                         | <b>65,947</b>                           | <b>41,744,001</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b>\$ 52,167,994</b>    | <b>\$ 119,217</b>                    | <b>\$ -</b>                      | <b>\$ 732,943</b>                       | <b>\$ 53,020,154</b> |

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

**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**  
Reconciliation of the Governmental Funds Balance Sheet  
To the Statement of Net Position  
June 30, 2021

|  |                             |
|--|-----------------------------|
| Total Fund Balances - Governmental Funds   | \$ 41,744,001               |
| <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 \$182,455,608, net of accumulated depreciation of \$116,667,931.</p>  | 65,787,677                  |
| <p>Deferred outflows arising from changes in the net OPEB liability and the net pension liabilities are not reported in the funds. Deferred outflows from contributions made since the measurement date amount to \$49,450. Deferred outflows resulting from changes in actuarial assumptions amount to \$4,596,621. Deferred outflows resulting from difference in pension plan projected and actual earnings on investments amount to \$43,632. Deferred outflows resulting from differences between expected and actual experience amount to \$795,821.</p> | 5,485,524                   |
| <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 \$2,947,919, the net OPEB liability of \$11,509,688, and the net pension liability of \$5,884,931. Long-term liabilities also include general obligation bonds payable in the amount of \$11,718,096.</p>  | (32,060,634)                |
| <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>  | 1,215,429                   |
| <p>Long-term accounts receivable related to repayments from outside agencies by the county.</p>  | 11,718,096                  |
| <p>Net pension assets used in governmental activities are not financial resources and, therefore are not reported in the funds.</p>  | 319,773                     |
| <p>Deferred inflows arising from changes in the net OPEB liability and the net pension liabilities are not reported in the funds. Deferred inflows from changes in actuarial assumptions amount to \$2,389,761. Deferred outflows resulting from difference in pension plan projections and actual earnings on investments amount to \$5,226,285. Deferred inflows resulting from differences between expected and actual experience amount to \$2,518,488.</p>  | <u>(10,134,534)</u>         |
| Total Net Position - Governmental Activities   | <u><u>\$ 84,075,332</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, 2021

|  | <b>General<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Totals</b>        |
|--|-------------------------|--------------------------------------|----------------------------------|---|----------------------|
| <b>REVENUES:</b>   |                         |                                      |                                  |   |                      |
| Taxes  | \$ 88,881,169           | \$ -                                 | \$ -                             | \$ -                                    | \$ 88,881,169        |
| Licenses and Permits   | 254,951                 | -                                    | -                                | -                                       | 254,951              |
| Intergovernmental  | 15,459,777              | 1,833,731                            | 1,173,973                        | 681,647                                 | 19,149,128           |
| Fines and Forfeitures  | 6,486                   | -                                    | -                                | 9,375                                   | 15,861               |
| Charges for Services   | 807,600                 | -                                    | -                                | 24,086                                  | 831,686              |
| Investment Income  | 110,184                 | -                                    | 452,307                          | 199                                     | 562,690              |
| Rents and Concessions  | 932,072                 | -                                    | -                                | -                                       | 932,072              |
| Miscellaneous  | 1,082,796               | -                                    | -                                | -                                       | 1,082,796            |
| <b>Total Revenues</b>  | <b>107,535,035</b>      | <b>1,833,731</b>                     | <b>1,626,280</b>                 | <b>715,307</b>                          | <b>111,710,353</b>   |
| <b>EXPENDITURES:</b>   |                         |                                      |                                  |   |                      |
| General Government   | 10,687,305              | -                                    | -                                | 5,123                                   | 10,692,428           |
| Public Safety  | 13,130,047              | -                                    | -                                | 272,051                                 | 13,402,098           |
| Public Works   | 15,371,219              | -                                    | -                                | -                                       | 15,371,219           |
| Health and Hospital  | 3,288,765               | -                                    | -                                | -                                       | 3,288,765            |
| Education  |                         |                                      |                                  |   |                      |
| Board of Education   | 30,027,195              | -                                    | -                                | -                                       | 30,027,195           |
| College  | 6,242,133               | -                                    | -                                | -                                       | 6,242,133            |
| Culture  | 48,000                  | -                                    | -                                | -                                       | 48,000               |
| Parks and Recreation   | 26,191                  | -                                    | -                                | -                                       | 26,191               |
| Library  | 1,098,252               | -                                    | -                                | -                                       | 1,098,252            |
| Conservation of Natural Resources  | 228,612                 | -                                    | -                                | -                                       | 228,612              |
| Social Services  | 384,559                 | -                                    | -                                | -                                       | 384,559              |
| Economic Opportunity and Development   | 6,346,894               | -                                    | -                                | -                                       | 6,346,894            |
| Community Development & Public Housing   | -                       | -                                    | -                                | 435,536                                 | 435,536              |
| Capital Outlay   | 2,923,481               | 3,196,414                            | -                                | -                                       | 6,119,895            |
| Debt Service   | -                       | -                                    | 1,626,280                        | -                                       | 1,626,280            |
| Intergovernmental  | 302,205                 | -                                    | -                                | -                                       | 302,205              |
| <b>Total Expenditures</b>  | <b>90,104,858</b>       | <b>3,196,414</b>                     | <b>1,626,280</b>                 | <b>712,710</b>                          | <b>95,640,262</b>    |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES BEFORE OTHER<br/>FINANCING SOURCES (USES)<br/>SUBTOTAL</b> |                         |                                      |                                  |   |                      |
|  | <b>\$ 17,430,177</b>    | <b>\$ (1,362,683)</b>                | <b>\$ -</b>                      | <b>\$ 2,597</b>                         | <b>\$ 16,070,091</b> |

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

**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds (Continued)  
Year Ended June 30, 2021

|  | <u>General<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Totals</u>        |
|--|-------------------------|--------------------------------------|----------------------------------|---|----------------------|
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES BEFORE OTHER<br/>FINANCING SOURCES (USES)</b>                            |                         |                                      |                                  |   |                      |
| Balances Brought Forward   | \$ 17,430,177           | \$ (1,362,683)                       | \$ -                             | \$ 2,597                                | \$ 16,070,091        |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                         |                                      |                                  |   |                      |
| Sale of Capital Assets   | 80,150                  | -                                    | -                                | -                                       | 80,150               |
| Transfers  |                         |                                      |                                  |   |                      |
| Capital Projects Fund  | (1,362,683)             | 1,362,683                            | -                                | -                                       | -                    |
| Other Governmental Funds   | 5,099                   | -                                    | -                                | (5,099)                                 | -                    |
| Airport Fund   | (234,070)               | -                                    | -                                | -                                       | (234,070)            |
| Solid Waste Fund   | (208,789)               | -                                    | -                                | -                                       | (208,789)            |
| Parks & Recreation Fund  | (15,723)                | -                                    | -                                | -                                       | (15,723)             |
| Dept. of Tech. & Communication Fund  | (1,851,515)             | -                                    | -                                | -                                       | (1,851,515)          |
| Liquor Control Board   | 125,267                 | -                                    | -                                | -                                       | 125,267              |
| <b>Total Other Financing Sources (Uses)</b>  | <u>(3,462,264)</u>      | <u>1,362,683</u>                     | <u>-</u>                         | <u>(5,099)</u>                          | <u>(2,104,680)</u>   |
| <b>REVENUES AND OTHER FINANCING<br/>SOURCES OVER (UNDER) EXPENDITURES<br/>&amp; OTHER FINANCING SOURCES (USES)</b> | 13,967,913              | -                                    | -                                | (2,502)                                 | 13,965,411           |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>  | <u>27,710,141</u>       | <u>-</u>                             | <u>-</u>                         | <u>68,449</u>                           | <u>27,778,590</u>    |
| <b>FUND BALANCES, End of Year</b>  | <u>\$ 41,678,054</u>    | <u>\$ -</u>                          | <u>\$ -</u>                      | <u>\$ 65,947</u>                        | <u>\$ 41,744,001</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 Statement of  
Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
For the Year Ended June 30, 2021

|  |                             |
|--|-----------------------------|
| Change in Fund Balances - Governmental Funds   | \$ 13,965,411               |
| Amounts reported for governmental activities in the statement of activities are different because:   |                             |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$9,338,243 exceeded depreciation expense of \$5,322,767 in the current year. | 4,015,476                   |
| Governmental funds report only the cash proceeds from the sale of capital assets. In the statement of activities the net book value is written-off against the proceeds, if any, when assets are disposed or sold.   | (334,122)                   |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.   | 1,173,973                   |
| 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.  | (1,173,973)                 |
| 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.   | (14,004)                    |
| 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.  | (455,496)                   |
| Changes to the net OPEB liability and related deferred outflow and inflow accounts are not reported in the governmental funds. These changes impact OPEB expense in the statement of activities.   | 716,859                     |
| 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.   | 3,246,927                   |
| Change in Net Position - Governmental Activities   | <u><u>\$ 21,141,051</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, 2021

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|----------------------|---|
| <b>REVENUES:</b>  |                            |                         |                      |   |
| Taxes   | \$ 72,657,390              | \$ 72,657,390           | \$ 88,881,169        | \$ 16,223,779                                   |
| Licenses and Permits  | 207,200                    | 207,851                 | 254,951              | 47,100  |
| Intergovernmental   | 7,283,599                  | 17,064,473              | 15,459,777           | (1,604,696)                                     |
| Fines and Forfeitures   | 2,500                      | 2,500                   | 6,486                | 3,986   |
| Charges for Services  | 1,029,950                  | 1,053,230               | 807,600              | (245,630)                                       |
| Investment Income   | 225,000                    | 225,000                 | 110,184              | (114,816)                                       |
| Rents and Concessions   | 795,377                    | 944,177                 | 783,272              | (160,905)                                       |
| Miscellaneous   | 7,000                      | 45,000                  | 1,082,796            | 1,037,796                                       |
| Total Revenues  | <u>82,208,016</u>          | <u>92,199,621</u>       | <u>107,386,235</u>   | <u>15,186,614</u>                               |
| <b>EXPENDITURES:</b>  |                            |                         |                      |   |
| General Government  | 6,563,796                  | 7,670,752               | 6,507,597            | 1,163,155                                       |
| Public Safety   | 12,553,960                 | 14,087,693              | 13,130,047           | 957,646   |
| Public Works  | 15,551,402                 | 16,663,503              | 15,371,219           | 1,292,284                                       |
| Health and Hospital   | 2,301,163                  | 3,289,328               | 3,288,765            | 563   |
| Education   | 36,239,094                 | 39,091,888              | 36,120,528           | 2,971,360                                       |
| Culture   | 49,000                     | 49,000                  | 48,000               | 1,000   |
| Parks and Recreation  | 26,500                     | 26,500                  | 26,191               | 309   |
| Library   | 1,076,000                  | 1,098,252               | 1,098,252            | -   |
| Conservation of Natural Resources   | 246,383                    | 824,657                 | 228,612              | 596,045   |
| Social Services   | 406,237                    | 406,237                 | 384,559              | 21,678  |
| Economic Development and Opportunity  | 3,203,394                  | 7,137,641               | 6,346,894            | 790,747   |
| Capital Outlay  | -                          | 3,683,902               | 2,923,481            | 760,421   |
| Intergovernmental   | 302,205                    | 302,205                 | 302,205              | -   |
| Miscellaneous   | 2,184,500                  | 13,831,010              | 4,179,708            | 9,651,302                                       |
| Total Expenditures  | <u>80,703,634</u>          | <u>108,162,568</u>      | <u>89,956,058</u>    | <u>18,206,510</u>                               |
| <b>REVENUES OVER (UNDER) EXPENDITURES<br/>BEFORE OTHER FINANCING SOURCES (USES)</b> | <u>1,504,382</u>           | <u>(15,962,947)</u>     | <u>17,430,177</u>    | <u>33,393,124</u>                               |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                            |                         |                      |   |
| Sale of Capital Assets  | -                          | -                       | 80,150               | 80,150  |
| Operating Transfers   |                            |                         |                      |   |
| Capital Projects Fund   | (450,000)                  | (3,609,672)             | (1,362,683)          | 2,246,989                                       |
| Special Revenue Funds   | -                          | 5,099                   | 5,099                | -   |
| Airport Fund  | (167,101)                  | (405,258)               | (234,070)            | 171,188   |
| Solid Waste Fund  | (152,176)                  | (208,789)               | (208,789)            | -   |
| Parks & Recreation Fund   | -                          | (17,000)                | (15,723)             | 1,277   |
| Department of Technology & Communication Fund                                       | (844,384)                  | (2,216,631)             | (1,851,515)          | 365,116   |
| Liquor Control Board  | 109,279                    | 109,279                 | 125,267              | 15,988  |
| Total Other Financing Sources (Uses)  | <u>(1,504,382)</u>         | <u>(6,342,972)</u>      | <u>(3,462,264)</u>   | <u>2,880,708</u>                                |
| <b>REVENUES (UNDER) EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES)</b>         | <u>-</u>                   | <u>(22,305,919)</u>     | <u>13,967,913</u>    | <u>36,273,832</u>                               |
| <b>Fund Balance, Beginning of Year</b>  | <u>27,710,141</u>          | <u>27,710,141</u>       | <u>27,710,141</u>    | <u>-</u>  |
| <b>FUND BALANCE, End of Year, Budgetary Basis</b>                                   | <u>\$ 27,710,141</u>       | <u>\$ 5,404,222</u>     | <u>\$ 41,678,054</u> | <u>\$ 36,273,832</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, 2021

|  | <u>Airport<br/>Fund</u> | <u>Solid<br/>Waste<br/>Fund</u> | <u>Garrett<br/>County<br/>Sanitary<br/>District, Inc.</u> | <u>Parks &amp;<br/>Recreation<br/>Fund</u> | <u>Department of<br/>Technology &amp;<br/>Communications</u> | <u>Liquor<br/>Control<br/>Board</u> | <u>Total</u>          |
|--|-------------------------|---------------------------------|---|--|--|-------------------------------------|-----------------------|
| <b>ASSETS:</b>   |                         |                                 |   |  |  |                                     |                       |
| <b>Current Assets:</b>   |                         |                                 |   |  |  |                                     |                       |
| Cash and Cash Equivalents                                      | \$ 100                  | \$ 2,055,349                    | \$ 2,431,276  | \$ 651,361                                 | \$ -   | \$ 148,611                          | \$ 5,286,697          |
| Investments  | -                       | 4,948,525                       | -   | -  | -  | -                                   | 4,948,525             |
| Due from Other Governments                                     | 217,701                 | -                               | 193,022   | -  | -  | -                                   | 410,723               |
| Due from Primary Government                                    | -                       | -                               | 890   | -  | -  | -                                   | 890                   |
| Other Receivables - Net  | 8,596                   | 130,311                         | 1,514,864   | 1,179                                      | 94,344   | -                                   | 1,749,294             |
| Inventories  | 43,788                  | -                               | 1,108,054   | -  | -  | -                                   | 1,151,842             |
| Prepaid Expense  | 509                     | 9,231                           | 27,266  | -  | 84,710   | -                                   | 121,716               |
| <b>Total Current Assets</b>                                    | <u>270,694</u>          | <u>7,143,416</u>                | <u>5,275,372</u>  | <u>652,540</u>                             | <u>179,054</u>   | <u>148,611</u>                      | <u>13,669,687</u>     |
| <b>Noncurrent Restricted Assets:</b>                           |                         |                                 |   |  |  |                                     |                       |
| Restricted Cash  | -                       | -                               | 2,757,376   | -  | -  | -                                   | 2,757,376             |
| Restricted Other Receivables                                   | -                       | -                               | 158,875   | -  | -  | -                                   | 158,875               |
| <b>Total Noncurrent Restricted Assets</b>                      | <u>-</u>                | <u>-</u>                        | <u>2,916,251</u>  | <u>-</u>                                   | <u>-</u>   | <u>-</u>                            | <u>2,916,251</u>      |
| <b>Capital and Other Assets:</b>                               |                         |                                 |   |  |  |                                     |                       |
| Non-Depreciable Capital Assets                                 | 3,959,440               | 164,583                         | 5,049,460   | 1,260,000                                  | 536,178  | -                                   | 10,969,661            |
| Depreciable Capital Assets, Net of<br>Accumulated Depreciation | 11,012,584              | 3,260,874                       | 47,803,670  | 16,875,643                                 | 88,153   | -                                   | 79,040,924            |
| Other Receivables  | -                       | -                               | 126,483   | -  | -  | -                                   | 126,483               |
| <b>Total Capital and Other Assets</b>                          | <u>14,972,024</u>       | <u>3,425,457</u>                | <u>52,979,613</u>   | <u>18,135,643</u>                          | <u>624,331</u>   | <u>-</u>                            | <u>90,137,068</u>     |
| <b>TOTAL ASSETS</b>  | <u>15,242,718</u>       | <u>10,568,873</u>               | <u>61,171,236</u>   | <u>18,788,183</u>                          | <u>803,385</u>   | <u>148,611</u>                      | <u>106,723,006</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                          | <u>21,685</u>           | <u>102,496</u>                  | <u>199,496</u>  | <u>-</u>                                   | <u>70,028</u>  | <u>-</u>                            | <u>393,705</u>        |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS<br/>OF RESOURCES</b>     | <u>\$ 15,264,403</u>    | <u>\$ 10,671,369</u>            | <u>\$ 61,370,732</u>                                      | <u>\$ 18,788,183</u>                       | <u>\$ 873,413</u>  | <u>\$ 148,611</u>                   | <u>\$ 107,116,711</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, 2021

|  | <u>Airport<br/>Fund</u> | <u>Solid<br/>Waste<br/>Fund</u> | <u>Garrett<br/>County<br/>Sanitary<br/>District, Inc.</u> | <u>Parks &amp;<br/>Recreation<br/>Fund</u> | <u>Department of<br/>Technology &amp;<br/>Communications</u> | <u>Liquor<br/>Control<br/>Board</u> | <u>Total</u>          |
|--|-------------------------|---------------------------------|---|--|--|-------------------------------------|-----------------------|
| <b>LIABILITIES:</b>  |                         |                                 |   |  |  |                                     |                       |
| <b>Current Liabilities:</b>  |                         |                                 |   |  |  |                                     |                       |
| Accounts Payable and Accrued Expenses  | \$ 6,436                | \$ 69,850                       | \$ 576,342  | \$ 2,731                                   | \$ 28,470  | \$ 9,371                            | \$ 693,200            |
| Bonds and Loans Payable - Current Portion                                    | -                       | -                               | 1,717,986   | -  | -  | -                                   | 1,717,986             |
| Closure/Postclosure Liabilities - Current Portion                            | -                       | 25,000                          | -   | -  | -  | -                                   | 25,000                |
| Due to Other Governments   | -                       | -                               | 79,729  | -  | -  | -                                   | 79,729                |
| Due to Primary Government  | -                       | -                               | -   | 649,809                                    | -  | -                                   | 649,809               |
| Unearned Revenue   | 7,355                   | -                               | -   | -  | -  | 139,240                             | 146,595               |
| <b>Total Current Liabilities</b>   | <u>13,791</u>           | <u>94,850</u>                   | <u>2,374,057</u>  | <u>652,540</u>                             | <u>28,470</u>  | <u>148,611</u>                      | <u>3,312,319</u>      |
| <b>Noncurrent Liabilities:</b>   |                         |                                 |   |  |  |                                     |                       |
| Bonds and Loans Payable  | -                       | -                               | 26,759,627  | 3,092,615                                  | -  | -                                   | 29,852,242            |
| Compensated Absences   | 31,787                  | 153,969                         | 197,746   | -  | 65,129   | -                                   | 448,631               |
| Net Pension Liability  | 81,760                  | 375,559                         | 1,504,714   | -  | 279,079  | -                                   | 2,241,112             |
| Closure/Postclosure Liabilities  | -                       | 4,747,214                       | -   | -  | -  | -                                   | 4,747,214             |
| <b>Total Noncurrent Liabilities</b>  | <u>113,547</u>          | <u>5,276,742</u>                | <u>28,462,087</u>   | <u>3,092,615</u>                           | <u>344,208</u>   | <u>-</u>                            | <u>37,289,199</u>     |
| <b>TOTAL LIABILITIES</b>   | <u>127,338</u>          | <u>5,371,592</u>                | <u>30,836,144</u>   | <u>3,745,155</u>                           | <u>372,678</u>   | <u>148,611</u>                      | <u>40,601,518</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   | <u>10,530</u>           | <u>53,323</u>                   | <u>42,150</u>   | <u>-</u>                                   | <u>33,962</u>  | <u>-</u>                            | <u>139,965</u>        |
| <b>NET POSITION</b>  |                         |                                 |   |  |  |                                     |                       |
| Net Investment in Capital Assets   | 14,972,024              | 3,425,457                       | 24,375,517  | 15,318,028                                 | 624,331  | -                                   | 58,715,357            |
| Unrestricted Net Position (Deficit)  | 154,511                 | 1,820,997                       | 6,116,921   | (275,000)                                  | (157,558)  | -                                   | 7,659,871             |
| <b>Total Net Position</b>  | <u>15,126,535</u>       | <u>5,246,454</u>                | <u>30,492,438</u>   | <u>15,043,028</u>                          | <u>466,773</u>   | <u>-</u>                            | <u>66,375,228</u>     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND NET POSITION</b> | <u>\$ 15,264,403</u>    | <u>\$ 10,671,369</u>            | <u>\$ 61,370,732</u>                                      | <u>\$ 18,788,183</u>                       | <u>\$ 873,413</u>  | <u>\$ 148,611</u>                   | <u>\$ 107,116,711</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, 2021

|   | Airport<br>Fund     | Solid<br>Waste<br>Fund | Garrett<br>County<br>Sanitary<br>District, Inc. | Parks &<br>Recreation<br>Fund | Department of<br>Technology &<br>Communications | Liquor<br>Control<br>Board | Total               |
|---|---------------------|------------------------|---|-------------------------------|---|----------------------------|---------------------|
| <b>OPERATING REVENUES:</b>                                      |                     |                        |   |                               |   |                            |                     |
| Charges for Services  | \$ 201,054          | \$ 1,819,499           | \$ 5,059,957                                    | \$ -                          | \$ 311,707                                      | \$ 145,199                 | \$ 7,537,416        |
| Other   | 1,175               | 49,505                 | 731,710   | 15,420                        | 4,029   | -                          | 801,839             |
| <b>Total Operating Revenues</b>                                 | <u>202,229</u>      | <u>1,869,004</u>       | <u>5,791,667</u>                                | <u>15,420</u>                 | <u>315,736</u>                                  | <u>145,199</u>             | <u>8,339,255</u>    |
| <b>OPERATING EXPENSES:</b>                                      |                     |                        |   |                               |   |                            |                     |
| Salaries  | 110,622             | 636,862                | 1,076,093                                       | -                             | 316,107   | 7,534                      | 2,147,218           |
| Fringe Benefits   | 23,968              | 211,689                | 394,865   | -                             | 89,317  | 576                        | 720,415             |
| Maintenance and Repairs   | 11,299              | 71,143                 | 719,738   | 865                           | 785,065   | -                          | 1,588,110           |
| Supplies  | 78,940              | 52,810                 | 707,047   | 77                            | -   | -                          | 838,874             |
| Utilities   | 14,272              | 126,717                | 641,798   | 53,747                        | 30,584  | -                          | 867,118             |
| Transportation  | 800                 | -                      | 170,503   | -                             | 3,418   | -                          | 174,721             |
| Contracted Services   | 3,650               | 257,363                | 1,227,291                                       | 1,005                         | 8,054   | -                          | 1,497,363           |
| Insurance   | 3,821               | 13,519                 | 2,500   | 20,259                        | -   | -                          | 40,099              |
| Lab Tests   | -                   | -                      | 40  | -                             | -   | -                          | 40                  |
| Direct Administration   | -                   | -                      | 19,398  | -                             | -   | 11,822                     | 31,220              |
| Indirect Administration   | -                   | -                      | 257,410   | 12,872                        | -   | -                          | 270,282             |
| Depreciation Expense  | 247,988             | 350,279                | 2,390,979                                       | 380,095                       | 27,558  | -                          | 3,396,899           |
| Amortization - Other  | -                   | 240,803                | -   | -                             | -   | -                          | 240,803             |
| Bad Debt Expense  | -                   | -                      | 884   | -                             | -   | -                          | 884                 |
| Other   | 19,229              | 75,663                 | -   | -                             | 384,117   | -                          | 479,009             |
| <b>Total Operating Expenses</b>                                 | <u>514,589</u>      | <u>2,036,848</u>       | <u>7,608,546</u>                                | <u>468,920</u>                | <u>1,644,220</u>                                | <u>19,932</u>              | <u>12,293,055</u>   |
| <b>NET OPERATING (LOSS) INCOME</b>                              | <u>(312,360)</u>    | <u>(167,844)</u>       | <u>(1,816,879)</u>                              | <u>(453,500)</u>              | <u>(1,328,484)</u>                              | <u>125,267</u>             | <u>(3,953,800)</u>  |
| <b>NON-OPERATING REVENUES (EXPENSES):</b>                       |                     |                        |   |                               |   |                            |                     |
| Tap Fees - Capital Revenue                                      | -                   | -                      | 1,116,930                                       | -                             | -   | -                          | 1,116,930           |
| Investment Income   | -                   | 27,056                 | 53,268  | -                             | -   | -                          | 80,324              |
| Ad Valorem Tax  | -                   | -                      | 2,882,921                                       | -                             | -   | -                          | 2,882,921           |
| Gain on Sale of Assets  | -                   | -                      | 2,400   | -                             | -   | -                          | 2,400               |
| Interest Expense  | -                   | -                      | (921,815)                                       | -                             | -   | -                          | (921,815)           |
| <b>Net Other Revenues (Expenses)</b>                            | <u>-</u>            | <u>27,056</u>          | <u>3,133,704</u>                                | <u>-</u>                      | <u>-</u>  | <u>-</u>                   | <u>3,160,760</u>    |
| <b>(LOSS) INCOME BEFORE<br/>CAPITAL CONTRIBUTIONS/TRANSFERS</b> | <u>\$ (312,360)</u> | <u>\$ (140,788)</u>    | <u>\$ 1,316,825</u>                             | <u>\$ (453,500)</u>           | <u>\$ (1,328,484)</u>                           | <u>\$ 125,267</u>          | <u>\$ (793,040)</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, 2021

|   | <u>Airport<br/>Fund</u> | <u>Solid<br/>Waste<br/>Fund</u> | <u>Garrett<br/>County<br/>Sanitary<br/>District, Inc.</u> | <u>Parks &amp;<br/>Recreation<br/>Fund</u> | <u>Department of<br/>Technology &amp;<br/>Communications</u> | <u>Liquor<br/>Control<br/>Board</u> | <u>Total</u>         |
|---|-------------------------|---------------------------------|---|--|--|-------------------------------------|----------------------|
| <b>INCOME (LOSS) BEFORE<br/>CAPITAL CONTRIBUTIONS/TRANSFERS</b> |                         |                                 |   |  |  |                                     |                      |
| Balances Brought Forward  | \$ (312,360)            | \$ (140,788)                    | \$ 1,316,825  | \$ (453,500)                               | \$ (1,328,484)   | \$ 125,267                          | \$ (793,040)         |
| <b>CAPITAL CONTRIBUTIONS/TRANSFERS</b>                          |                         |                                 |   |  |  |                                     |                      |
| Capital Contributions from                                      |                         |                                 |   |  |  |                                     |                      |
| State   | -                       | -                               | 1,066,580   | -  | 17,768   | -                                   | 1,084,348            |
| Federal   | 2,881,996               | -                               | 255,947   | -  | -  | -                                   | 3,137,943            |
| Primary Government  | -                       | -                               | -   | -  | 563,682  | -                                   | 563,682              |
| Transfers from (to) Primary Government                          | 234,070                 | 208,789                         | -   | 15,723                                     | 1,287,833  | (125,267)                           | 1,621,148            |
| <b>NET CHANGE IN NET POSITION</b>                               | 2,803,706               | 68,001                          | 2,639,352   | (437,777)                                  | 540,799  | -                                   | 5,614,081            |
| <b>NET POSITION - BEGINNING OF YEAR</b>                         | 12,322,829              | 5,178,453                       | 27,853,086  | 15,480,805                                 | (74,026)   | -                                   | 60,761,147           |
| <b>NET POSITION - END OF YEAR</b>                               | <u>\$ 15,126,535</u>    | <u>\$ 5,246,454</u>             | <u>\$ 30,492,438</u>                                      | <u>\$ 15,043,028</u>                       | <u>\$ 466,773</u>  | <u>\$ -</u>                         | <u>\$ 66,375,228</u> |

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, 2021

|  | <u>Airport<br/>Fund</u> | <u>Solid<br/>Waste<br/>Fund</u> | <u>Garrett<br/>County<br/>Sanitary<br/>District, Inc.</u> | <u>Parks &amp;<br/>Recreation<br/>Fund</u> | <u>Department of<br/>Technology &amp;<br/>Communications</u> | <u>Liquor<br/>Control<br/>Board</u> | <u>Total</u>        |
|--|-------------------------|---------------------------------|---|--|--|-------------------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                               |                         |                                 |   |  |  |                                     |                     |
| Cash Received from Customers   | \$ 199,851              | \$ 1,851,724                    | \$ 5,359,290  | \$ 29,532                                  | \$ 323,796   | \$ 194,364                          | \$ 7,958,557        |
| Cash Paid to Suppliers   | (165,479)               | (589,433)                       | (3,709,457)   | (94,580)                                   | (1,208,807)  | (11,822)                            | (5,779,578)         |
| Cash Paid to Employees and for Employee Benefits                           | (142,910)               | (887,107)                       | (1,528,644)   | -  | (411,543)  | 1,053                               | (2,969,151)         |
| <b>Net Cash (Used In)/Provided By Operating Activities</b>                 | <u>(108,538)</u>        | <u>375,184</u>                  | <u>121,189</u>  | <u>(65,048)</u>                            | <u>(1,296,554)</u>   | <u>183,595</u>                      | <u>(790,172)</u>    |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES:</b>               |                         |                                 |   |  |  |                                     |                     |
| Transfer from (to) Primary Government                                      | 234,070                 | 208,789                         | -   | 15,723                                     | 1,287,833  | (125,267)                           | 1,621,148           |
| Increase (Decrease) in Amounts Due to General Fund                         | -                       | -                               | (176,838)   | -  | -  | -                                   | (176,838)           |
| <b>Net Cash Provided By/(Used In) Non-Capital<br/>Financing Activities</b> | <u>234,070</u>          | <u>208,789</u>                  | <u>(176,838)</u>  | <u>15,723</u>                              | <u>1,287,833</u>   | <u>(125,267)</u>                    | <u>1,444,310</u>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>       |                         |                                 |   |  |  |                                     |                     |
| Capital Contributions  | 2,720,348               | -                               | 1,236,853   | -  | 581,450  | -                                   | 4,538,651           |
| Proceeds from Tap Fees   | -                       | -                               | 1,116,930   | -  | -  | -                                   | 1,116,930           |
| Ad Valorem Taxes and Other Assessments Collected                           | -                       | -                               | 2,902,085   | -  | -  | -                                   | 2,902,085           |
| Payment of Expenses Related to Landfill Closure                            | -                       | (26,720)                        | -   | -  | -  | -                                   | (26,720)            |
| Acquisition and Construction of Capital Assets                             | (2,845,880)             | (192,469)                       | (2,825,325)   | -  | (572,729)  | -                                   | (6,436,403)         |
| Proceeds from Sale of Capital Assets                                       | -                       | -                               | 2,400   | -  | -  | -                                   | 2,400               |
| Principal Paid on Long-Term Debt   | -                       | -                               | (1,666,780)   | -  | -  | -                                   | (1,666,780)         |
| Interest Paid on Long-Term Debt  | -                       | -                               | (924,854)   | -  | -  | -                                   | (924,854)           |
| <b>Net Cash (Used In) Capital and Related<br/>Financing Activities</b>     | <u>\$ (125,532)</u>     | <u>\$ (219,189)</u>             | <u>\$ (158,691)</u>                                       | <u>\$ -</u>                                | <u>\$ 8,721</u>  | <u>\$ -</u>                         | <u>\$ (494,691)</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 (Continued)  
Year Ended June 30, 2021

|   | Airport<br>Fund     | Solid<br>Waste<br>Fund | Garrett<br>County<br>Sanitary<br>District, Inc. | Parks &<br>Recreation<br>Fund | Department of<br>Technology &<br>Communications | Liquor<br>Control<br>Board | Total               |
|---|---------------------|------------------------|---|-------------------------------|---|----------------------------|---------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                     |                        |   |                               |   |                            |                     |
| Investment Income/(Loss)  | \$ -                | \$ 27,056              | \$ 53,268                                       | \$ -                          | \$ -  | \$ -                       | \$ 80,324           |
| Government & Agency Bonds and CDs   | -                   | (3,510,625)            | -   | -                             | -   | -                          | (3,510,625)         |
| <b>Net Cash (Used In)/Provided By Investing Activities</b>  | <b>-</b>            | <b>(3,483,569)</b>     | <b>53,268</b>                                   | <b>-</b>                      | <b>-</b>  | <b>-</b>                   | <b>(3,430,301)</b>  |
| <b>INCREASE(DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>  |                     |                        |   |                               |   |                            |                     |
|   | -                   | (3,118,785)            | (161,072)                                       | (49,325)                      | -   | 58,328                     | (3,270,854)         |
| Cash and Cash Equivalents, Beginning of Year<br>(Including \$2,318,800 in restricted accounts)              | 100                 | 5,174,134              | 5,349,724                                       | 700,686                       | -   | 90,283                     | 11,314,927          |
| <b>CASH AND CASH EQUIVALENTS, End of Year<br/>(Including \$2,757,376 in restricted accounts)</b>            | <b>\$ 100</b>       | <b>\$ 2,055,349</b>    | <b>\$ 5,188,652</b>                             | <b>\$ 651,361</b>             | <b>\$ -</b>                                     | <b>\$ 148,611</b>          | <b>\$ 8,044,073</b> |
| <b>Reconciliation of Operating Income (Loss) To<br/>Cash (Used In)/Provided By Operating Activities</b>     |                     |                        |   |                               |   |                            |                     |
| Operating Income (Loss)   | (312,360)           | (167,844)              | (1,816,879)                                     | (453,500)                     | (1,328,484)                                     | 125,267                    | (3,953,800)         |
| Adjustments to Reconcile Operating Income (Loss) to Net<br>Cash (Used In)/Provided By Operating Activities: |                     |                        |   |                               |   |                            |                     |
| Depreciation and Amortization   | 247,988             | 591,082                | 2,390,979                                       | 380,095                       | 27,558  | -                          | 3,637,702           |
| Increase in Deferred Outflows of Resources  | 1,839               | 9,153                  | 93,278  | -                             | 5,583   | -                          | 109,853             |
| (Decrease) in Deferred Inflows of Resources   | 9,998               | 49,759                 | 17,159  | -                             | 30,351  | -                          | 107,267             |
| (Increase) Decrease in assets:  |                     |                        |   |                               |   |                            |                     |
| Accounts receivable   | (3,348)             | (17,280)               | (432,377)                                       | 14,112                        | 8,060   | 150                        | (430,683)           |
| Inventories   | (9,683)             | -                      | (21,439)  | -                             | -   | -                          | (31,122)            |
| Prepaid expenses  | (424)               | 9,282                  | 10,155  | -                             | 5,031   | -                          | 24,044              |
| Increase (Decrease) in liabilities  |                     |                        |   |                               |   |                            |                     |
| Accounts payable and accrued expenses   | (25,593)            | (8,957)                | 42,657  | (5,755)                       | 450   | 9,163                      | 11,965              |
| Due to other governments  | -                   | -                      | 7,909   | -                             | -   | -                          | 7,909               |
| Unearned revenue  | 970                 | -                      | -   | -                             | -   | 49,015                     | 49,985              |
| Net pension liability   | (19,269)            | (95,897)               | (179,767)                                       | -                             | (58,493)  | -                          | (353,426)           |
| Compensated absences  | 1,344               | 5,886                  | 9,514   | -                             | 13,390  | -                          | 30,134              |
| <b>Net Cash (Used In)/Provided By Operating Activities</b>  | <b>\$ (108,538)</b> | <b>\$ 375,184</b>      | <b>\$ 121,189</b>                               | <b>\$ (65,048)</b>            | <b>\$ (1,296,554)</b>                           | <b>\$ 183,595</b>          | <b>\$ (790,172)</b> |

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, 2021

|  | <b>Benefit Plan<br/>Trust Funds</b> |
|--|-------------------------------------|
| <b>ASSETS</b>                                  |                                     |
| Cash and Cash Equivalents                      | \$ 2,071,973                        |
| Investments:                                   |                                     |
| Certificates of Deposit                        | 310,534                             |
| Fixed Income Securities                        | 12,608,804                          |
| Mutual Funds                                   | 21,196,963                          |
| Equity Securities                              | 20,985,203                          |
| Total Investments                              | 55,101,504                          |
| Interest Receivable                            | 138,993                             |
| <b>TOTAL ASSETS</b>                            | 57,312,470                          |
| <b>LIABILITIES</b>                             | -                                   |
| <b>NET POSITION</b>                            |                                     |
| Held in Trust for Retirement Benefits and OPEB | \$ 57,312,470                       |

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

**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**  
Statement of Changes in Net Position  
Fiduciary Funds  
Year Ended June 30, 2021

|   | <b>Benefit Plan<br/>Trust Funds</b> |
|---|-------------------------------------|
| <b>ADDITIONS</b>                          |                                     |
| Contributions:                            |                                     |
| Employer                                  | \$ 5,066,139                        |
| Plan Members                              | 608,251                             |
| Total Contributions                       | 5,674,390                           |
| Investment Earnings:                      |                                     |
| Realized Net Gains on Investments         | 3,096,481                           |
| Interest and Dividends                    | 999,542                             |
| Net Increase in Fair Value of Investments | 6,061,802                           |
| Investment Activity Expense               | (174,065)                           |
| Total Net Investment Earnings             | 9,983,760                           |
| <b>Total Additions</b>                    | <b>15,658,150</b>                   |
| <b>DEDUCTIONS</b>                         |                                     |
| Benefits                                  | 2,763,034                           |
| Administrative                            | 54,638                              |
| <b>Total Deductions</b>                   | <b>2,817,672</b>                    |
| <b>Change In Net Position</b>             | 12,840,478                          |
| <b>Net Position - Beginning of Year</b>   | 44,471,992                          |
| <b>Net Position - End of Year</b>         | <b>\$ 57,312,470</b>                |

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



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

**Notes to Financial Statements  
June 30, 2021**

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

**A. Reporting Entity**

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

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

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

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

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

**Notes to Financial Statements  
June 30, 2021**

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

**A. Reporting Entity (Continued)**

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

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

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

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

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

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

Garrett College  
687 Mosser Road  
McHenry, MD 21541

Ruth Enlow Library  
6 North Second Street  
Oakland, MD 21550

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

**Notes to Financial Statements  
June 30, 2021**

**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, 2021**

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

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

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

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources related to the acquisition or long-term construction of major capital facilities of the County (other than those financed by proprietary funds).

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

The County reports the following major proprietary funds:

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

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

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

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

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

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

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

**Notes to Financial Statements  
June 30, 2021**

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

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

Additionally, the County reports the following additional fund types:

The County reports various *special revenue funds*, used to account for the proceeds of specific revenue sources as non-major governmental funds. The special revenue funds are used to account for HUD, Public Safety, Commissary, Law Library & Keyzers Ridge proceeds, all of which are legally or otherwise restricted to expenditures for specified purposes. HUD revenue is restricted federal grant revenue restricted by HUD for community development and public housing projects. The Public Safety revenue arises from the seizure and forfeiture of assets relating to narcotics investigations. These funds are required by the State's Attorney to be expended for the Narcotics Task Force. Public Safety revenue also includes an annual grant for the local volunteer fire and rescue squads. Commissary revenue arises from the operation of the inmate commissary. The Maryland Code requires that all profit from the commissary be used for goods or services that benefit the general inmate population. The Law Library derives revenue from appearance fees. This revenue is required by the Maryland Code to be used for the maintenance of a Law Library. Revenue generated from investment earnings and renting and leasing of the Keyzers Ridge Business Park is to be remitted to the Maryland Department of Commerce in return for their investment in the business park.

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

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

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

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

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

**Notes to Financial Statements  
June 30, 2021**

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

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

The Sanitary District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

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

Receivables and Payables - In order to maximize investment earnings and for efficient operation of the accounting system, substantially all receipts and disbursements of the Primary Government, excluding the Garrett County Sanitary District, Inc. (reported as a blended component unit), are accounted for in one bank account. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "due to/from Primary Government". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts recorded in the general fund and netted against taxes receivable was \$50,000 as of June 30, 2021. The allowance for doubtful accounts recorded by the Garrett County Sanitary District, Inc. and netted against other receivables was \$10,344 as of June 30, 2021.

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

**Notes to Financial Statements  
June 30, 2021**

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

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

Property Taxes - The County's property taxes are levied each July 1 at rates enacted by the Board of County Commissioners on the total assessed value as determined by the Maryland State Department of Assessments and Taxation. State law stipulates that the rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings.

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

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

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

Restricted Assets - The governmental activities column of the government-wide and governmental funds financial statements include restricted cash of \$2,120,541 which represents general fund cash balances from self-funded health insurance, capital projects and special revenue funds' cash balances related to Keyser's Ridge Business Park operations and Public Safety operations.

Restricted receivables of \$11,718,096 reflect amounts owed by Garrett Regional Medical Center to the County under loan agreements related to Garrett County Memorial Hospital 2004, 2007, 2014 and 2015 Bonds. Amounts receivable are to be collected through June 30, 2037.

Restricted assets attributable to the Garrett County Sanitary District, Inc. of \$2,916,251 represent cash and receivables maintained in accordance with bond resolutions, loan agreements, grant awards and other resolutions and formal actions of the District or by agreement for the purpose of funding certain debt service payments, major repair and replacement activities and other improvements to its water and sewer systems.

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

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

**Notes to Financial Statements  
June 30, 2021**

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

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

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

Business-type activities follow the policy of capitalizing interest as a component of the cost of capital assets constructed for its own use.

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

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

Deferred Inflows/Outflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has four items on the Statement of Net Position that qualify for reporting in this category. At June 30, 2021, deferred outflows consisted of pension plan contributions paid in the current fiscal year subsequent to the measurement date, which will be recognized as a reduction of net pension liabilities in the year ending June 30, 2022. Additionally, deferred outflows at June 30, 2021 consisted of differences between actual and expected experience, changes in OPEB and pension plan actuarial assumptions and differences in the projected and actual investment earnings related to the determination of the net OPEB and pension plan liability that are being amortized over periods ranging from five to nineteen years. Deferred outflows presented on the Statement of Net Position are as follows:



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

**Notes to Financial Statements  
June 30, 2021**

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

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

| Description  | Maryland<br>Retirement<br>and Pension<br>System | Garrett County<br>Government<br>Personnel<br>Retirement Plan | Garrett County<br>Law<br>Enforcement<br>Retirement Plan | Volunteer<br>Length of<br>Service Award<br>Plan | Garrett County<br>Other Post<br>Employment<br>Benefit Plan | Total               |
|--|---|--|---|---|--|---------------------|
| Differences between expected and actual experience                                   | \$ -  | \$ 448,540   | \$ 126,483  | \$ 70,082                                       | \$ 229,984   | \$ 875,089          |
| Change in assumptions  | 3,080   | 1,779,248  | 492,326   | 1,517,251                                       | 1,119,153  | 4,911,058           |
| Net difference between projected and actual earnings on investments                  | 43,632  | -  | -   | -   | -  | 43,632              |
| County contributions to the Employees' Pension System subsequent to measurement date | 49,450  | -  | -   | -   | -  | 49,450              |
| Total deferred outflows of resources   | <u>\$ 96,162</u>                                | <u>\$ 2,227,788</u>  | <u>\$ 618,809</u>                                       | <u>\$ 1,587,333</u>                             | <u>\$ 1,349,137</u>  | <u>\$ 5,879,229</u> |

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four 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 of 1,215,429. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Additionally, deferred inflows at June 30, 2021 on the Statement of Net Position consisted of differences between actual and expected experience, changes in OPEB and pension plan actuarial assumptions and differences in the projected and actual investment earnings related to the determination of the net OPEB and pension plan liability that are being amortized over periods ranging from five to seventeen years. Deferred inflows presented on the Statement of Net Position are as follows:

| Description   | Maryland<br>Retirement<br>and Pension<br>System | Garrett County<br>Government<br>Personnel<br>Retirement Plan | Garrett County<br>Law<br>Enforcement<br>Retirement Plan | Volunteer<br>Length of<br>Service Award<br>Plan | Garrett County<br>Other Post<br>Employment<br>Benefit Plan | Total                  |
|---|---|--|---|---|--|------------------------|
| Differences between expected and actual experience                  | \$ (25,781)                                     | \$ (413,691)   | \$ (226,684)  | \$ (5,826)                                      | \$ (1,860,262)   | \$ (2,532,244)         |
| Change in assumptions   | (12,284)  | (112,322)  | (18,719)  | (30,107)  | (2,220,064)  | (2,393,496)            |
| Net difference between projected and actual earnings on investments | -   | (3,683,162)  | (1,320,813)   | (121,099)                                       | (223,685)  | (5,348,759)            |
| Total deferred inflows of resources                                 | <u>\$ (38,065)</u>                              | <u>\$ (4,209,175)</u>  | <u>\$ (1,566,216)</u>                                   | <u>\$ (157,032)</u>                             | <u>\$ (4,304,011)</u>                                      | <u>\$ (10,274,499)</u> |

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

**Notes to Financial Statements  
June 30, 2021**

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

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

Unearned Revenues - Unearned revenues as reported in the government-wide and governmental funds financial statements include taxes and fees that were prepaid to the County for future tax year levies of \$289,108 and expenditure driven grants of \$3,547,822, where the cash has been received, but the qualifying expenditures have not been incurred. We have unearned revenue of \$146,595 in business-type activities.

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

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

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

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

**Notes to Financial Statements  
June 30, 2021**

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

**E. Net Position/Fund Balance Classifications**

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

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

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

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

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

**Notes to Financial Statements  
June 30, 2021**

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

E. Net Position/Fund Balance Classifications (Continued)

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

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

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

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

Committed Fund Balance - Amounts constrained for a specific purpose by the governing body using its highest level of decision making authority. These constraints can only be removed or changed by the same governing body using its decision making authority to reverse a decision. Actions to constrain resources should occur prior to the end of a fiscal year, although the exact amount may be determined subsequent to year-end. The County had no committed fund balance as of June 30, 2021.

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

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

F. Net Position Flow Assumptions

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

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

**Notes to Financial Statements  
June 30, 2021**

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

G. Fund Balance Flow Assumptions

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

H. Use of Estimates

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

I. Budgets and Budgetary Accounting

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

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

The annual budget is adopted on a basis consistent with GAAP except that real property taxes are budgeted as estimated revenues when levied. All budgetary comparisons presented in this report are on this non-GAAP budgetary basis. The budgeted amounts are reported as originally adopted on June 1, 2020, by the County Commissioners and as finally amended.

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

**Notes to Financial Statements  
June 30, 2021**

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

**J. Retirement Plans**

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

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

**K. Postemployment Benefits Other Than Pensions**

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

**L. New Governmental Accounting Standards Board (GASB) Standard**

The County has adopted the provisions of GASB issued Statement No. 95 entitled *Postponement of the Effective Dates of Certain Authoritative Guidance*. The County has also adopted the provisions of GASB issued Statement No. 84 entitled *Fiduciary Activities*. The adoption of these standards did not have a material effect on these statements.

Effective July 1, 2020, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this statement is to improve consistency in the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about certain debt. There is no effect on beginning net position or fund balance.

GASB has issued Statement No. 87 entitled *Leases* and Statement No. 89 entitled *Accounting for Interest Cost Incurred before the End of a Construction Period*. The County will be evaluating the effects of these pronouncements on its financial statements and plans to adopt them as applicable by their effective date.

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

**Notes to Financial Statements  
June 30, 2021**

**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, 2021 to the statement of net position:

|                           | Governmental<br>Activities | Business-Type<br>Activities | Primary<br>Government | Fiduciary<br>Funds   |
|---------------------------|----------------------------|-----------------------------|-----------------------|----------------------|
| Cash and Cash Equivalents | \$ 34,260,447              | \$ 5,286,697                | \$ 39,547,144         | \$ -                 |
| Restricted Cash           | 2,120,541                  | 2,757,376                   | 4,877,917             | 2,071,973            |
| Investments               | 3,557,758                  | 4,948,525                   | 8,506,283             | -                    |
| Restricted Investments    | -                          | -                           | -                     | 55,101,504           |
| Total                     | <u>\$ 39,938,746</u>       | <u>\$ 12,992,598</u>        | <u>\$ 52,931,344</u>  | <u>\$ 57,173,477</u> |

**Deposit and Investment Summary**

|                             | Governmental<br>Activities | Business-Type<br>Activities | Primary<br>Government | Fiduciary<br>Funds   |
|-----------------------------|----------------------------|-----------------------------|-----------------------|----------------------|
| Deposits                    | \$ 36,376,303              | \$ 8,043,323                | \$ 44,419,626         | \$ 2,071,973         |
| Certificates of Deposit     | 2,066,278                  | 1,136,453                   | 3,202,731             | 310,534              |
| U.S. Government Obligations | 1,491,480                  | 3,480,120                   | 4,971,600             | 85,495               |
| Fixed Income Securities     | -                          | 331,952                     | 331,952               | 12,523,309           |
| Mutual Funds                | -                          | -                           | -                     | 21,196,963           |
| Equity Securities           | -                          | -                           | -                     | 20,985,203           |
| Cash on Hand                | 4,685                      | 750                         | 5,435                 | -                    |
| Total                       | <u>\$ 39,938,746</u>       | <u>\$ 12,992,598</u>        | <u>\$ 52,931,344</u>  | <u>\$ 57,173,477</u> |

**Deposits**

At year end, the carrying amount of the Primary Government's deposits including certificates of deposit was \$47,622,357 and the bank balance of collected funds was \$50,397,330. Of the bank balance \$3,702,731 was insured by the Federal Deposit Insurance Corporation (FDIC), \$46,694,599 was collateralized by securities held by the County's agent in the County's name.

Statutes require collateral to be pledged as security for deposits in excess of available depository insurance and the market value of such collateral shall be at least equal to the amount of moneys on deposit. The market value of collateral pledged as security for the County's deposits (including cash and certificates of deposit) at June 30, 2021 was \$49,278,570.

The Government Personnel Retirement Plan, Law Enforcement Employee Retirement Plan, Volunteer Length of Service Award Plan and OPEB Plan (Fiduciary Funds) had combined deposits including certificates of deposit of \$2,382,507 at June 30, 2021. Of those deposits \$2,382,507 were insured by the FDIC. The Primary Government and the Fiduciary Funds' investment policies do not limit exposure to custodial credit risk.

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

**Notes to Financial Statements  
June 30, 2021**

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

Investments

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

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

To reduce concentration of credit risk, the County seeks to maintain a balanced portfolio by issuer or financial institution or class of security. None of the County's investments represents greater than five percent of the County's portfolio as of June 30, 2021.

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

| <u>Diversification by Instrument</u>                                       | <u>Maximum % of Portfolio</u> |
|--|-------------------------------|
| • U.S. Treasury Obligations  | 100%                          |
| • U.S. Government Agency and U.S. Government – sponsored instrumentalities | 100%                          |
| • Repurchase Agreements (Master Repurchase Agreement required)             | 100%                          |
| • Collateralized Certificates of Deposit (Only Maryland Commercial Banks)  | 40%                           |
| • Bankers' Acceptances   | 40%                           |
| • Money Market Mutual Funds  | 60%                           |



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

**Notes to Financial Statements  
June 30, 2021**

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

Investments (Continued)

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

The Fiduciary Funds have employed professional investment managers to manage retirement plan assets and to follow the plans’ investment policies which are designed to protect plan principal and to achieve a real rate of return over the long term. Fiduciary Fund investments, having a market value of \$54,790,970 at June 30, 2021, 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, 2021. Fiduciary Fund investment policies do not place limits on investment managers with respect to the duration of their investments.

The investments of the Primary Government and Fiduciary Funds included debt securities having the following ratings as of June 30, 2021:

| <u>Security Ratings</u> | <u>Primary Government<br/>6/30/21</u> | <u>Fiduciary Funds<br/>6/30/21</u> |
|-------------------------|---------------------------------------|------------------------------------|
| AA                      | \$ 4,971,600                          | \$ -                               |
| AAA                     | -                                     | 268,080                            |
| AA1                     | -                                     | 845,015                            |
| AA2                     | -                                     | 1,422,993                          |
| AA3                     | -                                     | 274,351                            |
| A1                      | -                                     | 991,720                            |
| A2                      | 331,952                               | 1,895,128                          |
| A3                      | -                                     | 1,081,706                          |
| BAA1                    | -                                     | 2,689,449                          |
| BAA2                    | -                                     | 1,221,058                          |
| BAA3                    | -                                     | 41,570                             |
| Not Rated               | -                                     | 1,877,734                          |
| Total Market Value      | <u>\$ 5,303,552</u>                   | <u>\$ 12,608,804</u>               |

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

**Notes to Financial Statements  
June 30, 2021**

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

Investments (Continued)

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

| Maturity Date | Interest Rates     | Primary Government<br>6/30/21 |
|---------------|--------------------|-------------------------------|
| 2022          | 1.00%              | \$ 4,971,600                  |
| 2026          | 2.35%              | 331,952                       |
|               | Total Market Value | \$ 5,303,552                  |
|               |                    |                               |
| Maturity Date | Interest Rates     | Fiduciary Funds<br>6/30/21    |
| 2022          | 3.00%-5.25%        | \$ 698,392                    |
| 2023          | 2.70%-5.00%        | 506,838                       |
| 2024          | 2.40%-4.88%        | 701,521                       |
| 2025          | 3.13%-4.875%       | 1,687,729                     |
| 2026          | 3.00%-4.80%        | 1,046,228                     |
| 2026-2031     | 2.34%-6.95%        | 3,950,718                     |
| 2032-2036     | 2.98%-6.00%        | 2,453,314                     |
| 2037-2041     | 2.75%-4.00%        | 1,414,973                     |
| 2042-2046     | 3.01%-3.53%        | 459,625                       |
|               | Total Market Value | \$ 12,919,338                 |

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. U. S. Government Obligations and Fixed Income Securities are valued by the County’s pricing agent using either quotes from current buyers or by referencing similar transactions that occurred near the measurement date.

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

**Notes to Financial Statements  
June 30, 2021**

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

Investments (Continued)

|                             | June 30,<br>2021     | Fair Value Measurement Using              |   |
|-----------------------------|----------------------|---|---|
|                             |                      | Quoted Prices in<br>Active Markets (Level | Significant Other<br>Observable Market Inputs |
| <b>Primary Government</b>   |                      |   |   |
| U.S. Government Obligations | \$ 4,971,600         | \$ -                                      | \$ 4,971,600                                  |
| Fixed Income Securities     | 331,952              | -   | 331,952                                       |
| Total                       | <u>\$ 5,303,552</u>  | <u>\$ -</u>                               | <u>\$ 5,303,552</u>                           |
| <b>Fiduciary Funds</b>      |                      |   |   |
| U.S. Government Obligations | \$ 85,495            | \$ -                                      | \$ 85,495                                     |
| Fixed Income Securities     | 12,523,309           | -   | 12,523,309                                    |
| Mutual Funds                | 21,196,963           | 21,196,963                                | -   |
| Equity Securities           | 20,985,203           | 20,985,203                                | -   |
| Total                       | <u>\$ 54,790,970</u> | <u>\$ 42,182,166</u>                      | <u>\$ 12,608,804</u>                          |

**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. The principal balance of the note was \$862,117 as of June 30, 2021 and is reported in the general fund and government-wide financial statements.

**NOTE 4 – DEBT SERVICE FUND**

The County issued Garrett County Memorial Hospital Bonds, Series 2004, 2007, 2014, and 2015 in the amounts of \$1,400,000, \$3,000,000, \$10,000,000 and \$5,000,000, respectively. 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 2014 and 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.

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

**Notes to Financial Statements  
June 30, 2021**

**NOTE 4 – DEBT SERVICE FUND (CONTINUED)**

Terms of the Series 2004 \$1,400,000 loan include semi-annual payments of \$51,718 including interest at the rate of 4.38% (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 2014 \$10,000,000 loan include annual principal payments of \$400,000 and semi-annual interest payments at the rate of 3.50% (fixed rate for 15 years) and having a maturity date of September 15, 2029 at which point a balloon payment of \$2,799,998 is due. Terms of the Series 2015 \$5,000,000 loan include annual principal payments of \$200,000 and semi-annual interest payments at the rate of 3.53% (fixed rate for 15 years) and having a maturity date of December 23, 2030 at which point a balloon payment of \$1,533,291 is due.

The funds disbursed to the Hospital from the Garrett County Memorial Hospital Bonds, Series 2004, 2007, 2014 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:</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|------------------------------|----------------------|---------------------|----------------------|
| 2022                         | 782,836              | 444,953             | 1,227,789            |
| 2023                         | 790,484              | 416,124             | 1,206,608            |
| 2024                         | 798,453              | 386,926             | 1,185,379            |
| 2025                         | 767,195              | 356,450             | 1,123,645            |
| 2026                         | 708,750              | 330,883             | 1,039,633            |
| 2027-2037                    | 7,870,378            | 1,191,120           | 9,061,498            |
| <b>Total</b>                 | <b>\$ 11,718,096</b> | <b>\$ 3,126,456</b> | <b>\$ 14,844,552</b> |

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

**Notes to Financial Statements  
June 30, 2021**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the Primary Government for the fiscal year ended June 30, 2021 was as follows:

|  | <u>Balance as of<br/>June 30, 2020</u> | <u>Additions</u>    | <u>Transfers and<br/>Retirements</u> | <u>Balance as of<br/>June 30, 2021</u> |
|--|--|---------------------|--------------------------------------|--|
| <b><u>Governmental Activities</u></b>        |  |                     |                                      |  |
| Capital assets, not depreciated              |  |                     |                                      |  |
| Land and easements                           | \$ 10,025,792                          | \$ 194,759          | \$ (54,590)                          | \$ 10,165,961                          |
| Construction in progress                     | 9,486,353                              | 4,648,685           | (692,372)                            | 13,442,666                             |
| Total capital assets, not depreciated        | <u>19,512,145</u>                      | <u>4,843,444</u>    | <u>(746,962)</u>                     | <u>23,608,627</u>                      |
| Capital assets, being depreciated            |  |                     |                                      |  |
| Land improvements                            | 3,440,717                              | -                   | -                                    | 3,440,717                              |
| Buildings                                    | 25,591,408                             | 254,207             | (9,573)                              | 25,836,042                             |
| Machinery & equipment                        | 4,137,164                              | 78,019              | (22,400)                             | 4,192,783                              |
| Vehicles                                     | 19,257,282                             | 638,318             | (425,352)                            | 19,470,248                             |
| Furniture & equipment                        | 4,115,420                              | 1,332,758           | (106,028)                            | 5,342,150                              |
| Infrastructure                               | 98,373,544                             | 2,191,497           | -                                    | 100,565,041                            |
| Total capital assets, being depreciated      | <u>154,915,535</u>                     | <u>4,494,799</u>    | <u>(563,353)</u>                     | <u>158,846,981</u>                     |
| Less accumulated depreciation for:           |  |                     |                                      |  |
| Land improvements                            | (286,504)                              | (42,343)            | -                                    | (328,847)                              |
| Buildings                                    | (14,217,222)                           | (615,173)           | 62,614                               | (14,769,781)                           |
| Machinery & equipment                        | (2,758,565)                            | (279,861)           | 22,400                               | (3,016,026)                            |
| Vehicles                                     | (16,831,483)                           | (993,078)           | 417,595                              | (17,406,966)                           |
| Furniture & equipment                        | (1,975,992)                            | (488,954)           | 473,584                              | (1,991,362)                            |
| Infrastructure                               | (76,251,591)                           | (2,903,358)         | -                                    | (79,154,949)                           |
| Total accumulated depreciation               | <u>(112,321,357)</u>                   | <u>(5,322,767)</u>  | <u>976,193</u>                       | <u>(116,667,931)</u>                   |
| Total capital assets, being depreciated, net | <u>42,594,178</u>                      | <u>(827,968)</u>    | <u>412,840</u>                       | <u>42,179,050</u>                      |
| Governmental activities capital assets, net  | <u>\$ 62,106,323</u>                   | <u>\$ 4,015,476</u> | <u>\$ (334,122)</u>                  | <u>\$ 65,787,677</u>                   |

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

|  |                     |
|--|---------------------|
| Governmental activities:                             |                     |
| General Government                                   | \$ 160,440          |
| Public Works   | 3,449,384           |
| Public Safety  | 875,352             |
| Economic Development                                 | 447,444             |
| Unallocated  | 390,147             |
| Total depreciation expense - governmental activities | <u>\$ 5,322,767</u> |

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

**Notes to Financial Statements  
June 30, 2021**

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

|  | <u>Balance</u><br><u>June 30, 2020</u> | <u>Additions</u>    | <u>Transfers and</u><br><u>Retirements</u> | <u>Balance</u><br><u>June 30, 2021</u> |
|--|--|---------------------|--|--|
| <b><u>Business-type activities</u></b>       |  |                     |  |  |
| Capital assets, not depreciated              |  |                     |  |  |
| Land and easements                           | \$ 3,243,738                           | \$ -                | \$ -                                       | \$ 3,243,738                           |
| Construction in progress                     | 4,269,807                              | 6,099,250           | (2,643,134)                                | 7,725,923                              |
| Total capital assets, not depreciated        | <u>7,513,545</u>                       | <u>6,099,250</u>    | <u>(2,643,134)</u>                         | <u>10,969,661</u>                      |
| Capital assets, being depreciated            |  |                     |  |  |
| Land improvements                            | 28,378,037                             | -                   | -  | 28,378,037                             |
| Buildings                                    | 4,955,897                              | 19,328              | -  | 4,975,225                              |
| Machinery & equipment                        | 5,470,580                              | 170,529             | -  | 5,641,109                              |
| Vehicles                                     | 1,835,411                              | 80,420              | (65,204)                                   | 1,850,627                              |
| Infrastructure                               | 18,753,628                             | -                   | -  | 18,753,628                             |
| Furniture & equipment                        | 275,847                                | -                   | -  | 275,847                                |
| Water & Sewer facilities                     | 115,930,550                            | 54,534              | 2,240,048                                  | 118,225,132                            |
| Total capital assets, being depreciated      | <u>175,599,950</u>                     | <u>324,811</u>      | <u>2,174,844</u>                           | <u>178,099,605</u>                     |
| Less accumulated depreciation for:           |  |                     |  |  |
| Land improvements                            | (10,820,451)                           | (203,110)           | -  | (11,023,561)                           |
| Buildings                                    | (1,608,178)                            | (126,172)           | -  | (1,734,350)                            |
| Machinery & equipment                        | (4,285,639)                            | (253,305)           | -  | (4,538,944)                            |
| Vehicles                                     | (1,604,014)                            | (120,964)           | 65,204                                     | (1,659,774)                            |
| Infrastructure                               | (8,426,763)                            | (461,863)           | -  | (8,888,626)                            |
| Furniture & equipment                        | (169,973)                              | (25,031)            | -  | (195,004)                              |
| Water & Sewer facilities                     | (69,215,053)                           | (2,206,455)         | 403,086                                    | (71,018,422)                           |
| Total accumulated depreciation               | <u>(96,130,071)</u>                    | <u>(3,396,900)</u>  | <u>468,290</u>                             | <u>(99,058,681)</u>                    |
| Total capital assets, being depreciated, net | <u>79,469,879</u>                      | <u>(3,072,089)</u>  | <u>2,643,134</u>                           | <u>79,040,924</u>                      |
| Business-type activities capital assets, net | <u>\$ 86,983,424</u>                   | <u>\$ 3,027,161</u> | <u>\$ -</u>                                | <u>\$ 90,010,585</u>                   |

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

|   |                     |
|---|---------------------|
| Business-type activities                              |                     |
| Airport   | \$ 247,988          |
| Solid Waste   | 350,279             |
| Sanitary District                                     | 2,390,979           |
| Parks & Recreation                                    | 380,095             |
| Department of Technology & Communications             | 27,558              |
| Total depreciation expense - business-type activities | <u>\$ 3,396,899</u> |

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

**Notes to Financial Statements  
June 30, 2021**

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

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

|   | <u>Project<br/>Authorization</u> | <u>CIP as of<br/>June 30, 2021</u> | <u>Remaining<br/>Commitment</u> |
|---|----------------------------------|------------------------------------|---------------------------------|
| <b><u>Governmental Activities</u></b>           |                                  |                                    |                                 |
| Public Works                                    | \$ 16,289,435                    | \$ 7,564,828                       | \$ 8,724,607                    |
| Public Safety                                   | 2,285,665                        | 1,922,662                          | 363,003                         |
| Economic Development                            | 1,036,650                        | 296,788                            | 739,862                         |
| General Government                              | 3,937,264                        | 3,658,388                          | 278,876                         |
| Total governmental activities                   | <u>\$ 23,549,014</u>             | <u>\$ 13,442,666</u>               | <u>\$ 10,106,348</u>            |
| <b><u>Business-type Activities</u></b>          |                                  |                                    |                                 |
| West Apron                                      | \$ 7,200,000                     | \$ 3,237,918                       | \$ 3,962,082                    |
| Landfill Kiosk System                           | 50,589                           | 50,589                             | -                               |
| IT Server Infrastructure                        | 536,178                          | 536,178                            | -                               |
| Keysers Ridge Water & Sewer                     | 204,378                          | 204,378                            | -                               |
| McHenry Water                                   | 945,584                          | 695,584                            | 250,000                         |
| Trout Run WWTP Upgrades                         | 1,122,643                        | 1,122,643                          | -                               |
| Thayerville / McHenry Connection                | 2,200,000                        | 1,375,093                          | 824,907                         |
| Other Garrett County Sanitary District Projects | 753,540                          | 503,540                            | 250,000                         |
| Total business-type activities                  | <u>\$ 13,012,912</u>             | <u>\$ 7,725,923</u>                | <u>\$ 5,286,989</u>             |

**NOTE 6 – INTERNAL AND INTERFUND BALANCES AND ACTIVITY**

Interfund transfers between the General Fund and the Capital Projects Fund of \$1,362,683 represent funding for construction projects. Interfund transfers between the General Fund and the Airport Fund of an operating subsidy of \$234,070. Interfund transfers between the General Fund and the Solid Waste Fund is comprised of an operating subsidy of \$208,789. Interfund transfers between the General Fund and the Department of Technology and Communications are comprised of an operating subsidy amount of \$1,287,833 and capital contributions in the amount of \$563,682. Interfund transfers between the Liquor Control Board and the General Fund totaled \$125,267, representing the net income of the Liquor Control Board.

Interfund receivables and payables between the General Fund and the Proprietary Funds is comprised of an amount due from the Parks & Recreation Fund for financing provided by the General Fund in the amount of \$649,809. Additionally two Proprietary Funds have interfund amounts due of \$890.

Interfund receivables and payables between the Primary Government and its component units for the year ended June 30, 2021, consisted of \$594,706 due to the Board of Education, and \$126,106 due to Garrett College.

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

**Notes to Financial Statements  
June 30, 2021**

**NOTE 7 – LONG-TERM LIABILITIES**

The following is a summary of long-term liability transactions for the fiscal year ended June 30, 2021:

|                                  | Balance<br>June 30, 2020 | Additions           | Principal<br>Repayments &<br>Other Reductions | Balance<br>June 30, 2021 | Due Within<br>One Year |
|----------------------------------|--------------------------|---------------------|---|--------------------------|------------------------|
| <b>Governmental activities:</b>  |                          |                     |   |                          |                        |
| General Fund                     |                          |                     |   |                          |                        |
| General Obligation Bonds         |                          |                     |   |                          |                        |
| (Direct Borrowings)              | \$ 12,892,069            | \$ -                | \$ (1,173,973)                                | \$ 11,718,096            | \$ 782,836             |
| Compensated Absences             | 2,981,083                | 615,601             | (544,541)                                     | 3,052,143                | 104,224                |
| Net OPEB Liability               | 13,458,852               | 1,428,045           | (3,377,209)                                   | 11,509,688               | -                      |
| Net Pension Liability - MSRS     | 568,016                  | 18,523              | -   | 586,539                  | -                      |
| Net Pension Liability - GCGEP    | 11,557,567               | 3,753,389           | (11,552,112)                                  | 3,758,844                | -                      |
| Net Pension Liability - GCLEP    | 1,689,912                | 1,242,986           | (2,932,898)                                   | -                        | 1                      |
| Net Pension Liability - LOSAP    | 1,558,213                | 199,556             | (218,221)                                     | 1,539,548                | -                      |
| Governmental activities          |                          |                     |   |                          |                        |
| Long-term liabilities            | <u>\$ 44,705,712</u>     | <u>\$ 7,258,100</u> | <u>\$ (19,798,954)</u>                        | <u>\$ 32,164,858</u>     | <u>\$ 887,060</u>      |
| <b>Business-type activities:</b> |                          |                     |   |                          |                        |
| Garrett County Sanitary District |                          |                     |   |                          |                        |
| Bonds and Loans Payable          |                          |                     |   |                          |                        |
| (Direct Borrowings)              | \$ 30,144,393            | -                   | \$ (1,666,780)                                | \$ 28,477,613            | \$ 1,717,986           |
| Parks & Recreation               |                          |                     |   |                          |                        |
| Loans Payable (Direct            |                          |                     |   |                          |                        |
| Borrowings)                      | 3,092,615                | -                   | -   | 3,092,615                | -                      |
| Subtotal                         | <u>33,237,008</u>        | <u>-</u>            | <u>(1,666,780)</u>                            | <u>31,570,228</u>        | <u>1,717,986</u>       |
| Landfill closure/post-closure    | <u>4,558,131</u>         | <u>240,803</u>      | <u>(26,720)</u>                               | <u>4,772,214</u>         | <u>25,000</u>          |
| Net Pension Liability - GCGEP    |                          |                     |   |                          |                        |
| Airport                          | 101,029                  | 9,275               | (28,544)                                      | 81,760                   | -                      |
| Solid Waste Fund                 | 471,456                  | 46,152              | (142,049)                                     | 375,559                  | -                      |
| G.C. Sanitary District           | 1,684,481                | 86,521              | (266,288)                                     | 1,504,714                | -                      |
| Dept. of Tech & Comm.            | 337,572                  | 28,151              | (86,644)                                      | 279,079                  | -                      |
|                                  | <u>2,594,538</u>         | <u>170,099</u>      | <u>(523,525)</u>                              | <u>2,241,112</u>         | <u>-</u>               |
| Compensated Absences             |                          |                     |   |                          |                        |
| Airport                          | 30,443                   | 1,527               | (183)   | 31,787                   | -                      |
| Solid Waste Fund                 | 148,083                  | 6,879               | (993)   | 153,969                  | -                      |
| G.C. Sanitary District           | 188,232                  | 10,531              | (1,017)                                       | 197,746                  | -                      |
| Dept. of Tech & Comm.            | 51,739                   | 13,390              | -   | 65,129                   | -                      |
|                                  | <u>418,497</u>           | <u>32,327</u>       | <u>(2,193)</u>                                | <u>448,631</u>           | <u>-</u>               |
| Business-type activities         |                          |                     |   |                          |                        |
| Long-term liabilities            | <u>\$ 40,808,174</u>     | <u>\$ 443,229</u>   | <u>\$ (2,219,218)</u>                         | <u>\$ 39,032,185</u>     | <u>\$ 1,742,986</u>    |

1 - Plan now has a net pension asset of \$319,773 (See Note 10)



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

**Notes to Financial Statements  
June 30, 2021**

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

Details of certain long-term debt obligations at June 30, 2021 are as follows:

|   | Balance<br>June 30, 2021 |
|---|--------------------------|
| <b>Governmental Activities: Direct Borrowings and Placements</b>  |                          |
| <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 4.38%, maturing November 19, 2024.   | \$ 346,107               |
| <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.         | 2,038,700                |
| <u>Garrett County Memorial Hospital Expansion Bond, Series 2014</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 3.50% maturing September 15, 2029. Issued by to fund the Garrett County Memorial Hospital expansion. To be repaid from hospital revenues. | 5,999,998                |
| <u>Garrett County Memorial Hospital Expansion Bond, Series 2015</u>   |                          |
| \$5,000,000 Bonds dated December 23, 2015 are being repaid by annual principal payments of \$200,000 and semi-annual interest payments at the rate of 3.53% maturing December 23, 2030. Issued to fund the Garrett County Memorial Hospital expansion. To be repaid from hospital revenues.     | 3,333,291                |
| <b>Total Governmental Activities</b>  | <b>\$ 11,718,096</b>     |

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

**Notes to Financial Statements  
June 30, 2021**

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

|   | Balance<br>June 30, 2021 |
|---|--------------------------|
| <b>Business-type Activities: Direct Borrowings and Placements</b>   |                          |
| <u>Garrett County Sanitary District, Inc.</u>   |                          |
| \$260,000 Maryland Water Quality Financing (Deer Park Water), payable in semiannual installments of \$4,995, including interest at .4% through February 2034. | \$ 120,280               |
| \$128,653 Maryland Department of the Environment (Mt. Lake Park Water), payable in annual installments of principal only of \$9,077 through February 2024.    | 19,734                   |
| \$549,085 Maryland Department of the Environment (Deep Creek & Friendsville I&I), payable in annual installments of principal only of \$34,318 through 2025.  | 38,709                   |
| \$50,050 BB&T (Jennings), payable in monthly installments of \$292, including interest of 3.5% through August 2032.   | 32,213                   |
| \$800,770 BB&T (Mountain Lake Park Water), payable in monthly installments of \$4,665, including interest of 3.5% through August 2032.                        | 515,391                  |
| \$263,000 United States Department of Agriculture payable in monthly installments of \$2,394, including interest of 2.0% through August 2059.                 | 255,333                  |
| \$376,000 United States Department of Agriculture payable in monthly installments of \$1,001, including interest of 1.6250% through February 2060.            | 364,299                  |
| \$7,499,000 BB&T (Thayerville Water), payable in monthly installments of \$43,687, including interest of 3.5% through August 2032.                            | 4,826,590                |
| \$7,420,000 United States Department of Agriculture payable in monthly installments of \$69,006, including interest of 2.125% through 2059.                   | 7,116,953                |
| \$23,597,980 BB&T (Refinance), payable in monthly installments of \$137,475, including interest of 3.5% through August 2032.                                  | 15,188,111               |
| Total Garrett County Sanitary District, Inc.  | \$ 28,477,613            |

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

**Notes to Financial Statements  
June 30, 2021**

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

|  | Balance<br><u>June 30, 2021</u> |
|--|---------------------------------|
| <b>Business-type Activities: Direct Borrowings and Placements (Continued)</b>  |                                 |
| <u>Parks &amp; Recreation Fund</u>   |                                 |
| Non-interest bearing note payable to Maryland Department of Commerce, repayment of principal based on excess cash flows as defined in the terms and conditions of the restated loan agreement dated April 11, 2016.                  | \$ 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>                |
| <b>Total Business-type Activities</b>  | <u>\$ 31,570,228</u>            |
| <b>Total Primary Government</b>  | <u>\$ 43,288,324</u>            |

Interest Expense

Total interest expense of \$1,374,122 incurred by the Primary Government includes \$452,307 charged to governmental activities and \$921,815 charged to business-type activities.

Direct Borrowings and Placements

The County's outstanding debt from direct borrowings and direct placements for business-type activities contain certain default provisions and remedies. The agreements with BB&T allows the bank to do an interest reset if the County does not meet certain fund balance and revenue ratio requirements and/or if the County does not have then any general obligation bonds assigned a credit rating of A-1 (or equivalent) or higher. The agreements with the United States Department of Agriculture, the Maryland Water Quality Financing and the Maryland Department of the Environment contain various default provisions. In the event of default the lenders may declare the entire amount outstanding to become immediately due. The Parks and recreation note with the Maryland Department of Commerce is secured by real property and a security interest in certain personal property related to the Adventure Sports Center Inc. The loan is further secured by the assignment gross receipts, rents and leases associated with area. There are various default provisions including the failure to repay the loan in accordance with the terms of the agreement. In the event of default the lender may declare the entire amount outstanding to become immediately due.

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

**Notes to Financial Statements  
June 30, 2021**

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

Maturities of long-term debt are as follows:

| <u>Years Ending June 30,</u>     | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|----------------------------------|----------------------|---------------------|----------------------|
| <b>Governmental Activities:</b>  |                      |                     |                      |
| 2022                             | \$ 782,836           | \$ 444,953          | \$ 1,227,789         |
| 2023                             | 790,484              | 416,124             | 1,206,608            |
| 2024                             | 798,453              | 386,926             | 1,185,379            |
| 2025                             | 767,195              | 356,450             | 1,123,645            |
| 2026                             | 708,750              | 330,883             | 1,039,633            |
| 2027-2031                        | 6,949,581            | 1,071,775           | 8,021,356            |
| 2032-2036                        | 757,193              | 115,807             | 873,000              |
| 2037-2037                        | 163,604              | 3,538               | 167,142              |
| Total governmental activities    | <u>\$ 11,718,096</u> | <u>\$ 3,126,456</u> | <u>\$ 14,844,552</u> |
| <b>Business-Type Activities:</b> |                      |                     |                      |
| 2022                             | \$ 1,717,986         | \$ 867,239          | \$ 2,585,225         |
| 2023                             | 1,746,119            | 809,179             | 2,555,298            |
| 2024                             | 1,792,737            | 750,674             | 2,543,411            |
| 2025                             | 1,854,937            | 686,894             | 2,541,831            |
| 2026                             | 1,919,366            | 622,465             | 2,541,831            |
| 2027-2031                        | 10,644,842           | 2,064,311           | 12,709,153           |
| 2032-2036                        | 3,457,603            | 668,583             | 4,126,186            |
| 2037-2041                        | 979,473              | 512,607             | 1,492,080            |
| 2042-2046                        | 1,087,498            | 404,582             | 1,492,080            |
| 2047-2051                        | 1,207,471            | 284,609             | 1,492,080            |
| 2052-2056                        | 1,340,716            | 151,364             | 1,492,080            |
| 2057-2061                        | 728,865              | 21,306              | 750,171              |
| Thereafter                       | 3,092,615            | -                   | 3,092,615            |
| Total Business-type activities   | <u>\$ 31,570,228</u> | <u>\$ 7,843,813</u> | <u>\$ 39,414,041</u> |

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

**Notes to Financial Statements  
June 30, 2021**

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

Grant and Loan Compliance

The County participates in numerous Federal and State grant/loan programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant/loan programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the laws and regulations governing the programs, refunds of any money received may be required or, the collectability of any related receivable at June 30, 2021 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 an operating lease with the County for the rental of a student dormitory building, known as “Garrett Hall”. Terms of the lease include monthly rental payments of \$5,396 for a period of 29 years. At the end of the initial term of the lease, the College has the option to extend the lease. The value of this building at June 30, 2021 was \$927,169 less accumulated depreciation of \$390,406. Total future minimum payments under the operating lease as of June 30, 2021 are as follows:

|                           |                   |
|---------------------------|-------------------|
| Year Ending June 30, 2022 | \$ 64,752         |
| June 30, 2023             | 64,752            |
| June 30, 2024             | 64,752            |
| June 30, 2025             | 64,752            |
| June 30, 2026             | 64,752            |
| Thereafter                | <u>464,056</u>    |
| Total                     | <u>\$ 787,816</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, 2021 was \$1,000,563 less accumulated depreciation of \$508,896.

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

**Notes to Financial Statements  
June 30, 2021**

**NOTE 9 – STATE RETIREMENT PLAN**

General Information about the Pension Plan

The Primary Government participates in the Maryland State Retirement and Pension System (the System), a cost sharing multiple-employer public employee retirement system. Substantially all full-time and permanent part-time employees of the Primary Government employed prior to July 1, 2005, were eligible to participate in the System, which provides retirement, disability and death benefits to plan members and beneficiaries in accordance with State statutes. The System is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland and managed by a board of trustees. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for all of the various employee groups within the state System. The annual report for the year ended June 30, 2018 (most recent available data) may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, MD 21202 or by calling 1-800-492-5909.

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

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

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

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

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

**Notes to Financial Statements  
June 30, 2021**

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

General Information about the Pension Plan (Continued)

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

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

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

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

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

**Notes to Financial Statements  
June 30, 2021**

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

General Information about the Pension Plan (Continued)

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

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

The Primary Government's contributions for the year ended June 30, 2021 were \$49,450 to the ERS, which were equal to the County's required contributions for that year.

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

At June 30, 2021, the Primary Government reported a liability of \$586,539 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the Primary Government's proportion was 0.0026 percent.

The Primary Government's pension expense for the ERS Plan for the year ended June 30, 2021 was \$(19,545).

At June 30, 2021, 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 of \$49,450 reported as related to the State System resulting from Primary Government's contributions to the Employees' Pension System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.



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

**Notes to Financial Statements  
June 30, 2021**

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

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

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:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Changes of assumptions   | \$ 3,080                          | \$ (12,284)                      |
| Changes in experience  | -                                 | (25,781)                         |
| Net difference between projected and actual earnings on pension plan investments         | 43,632                            | -                                |
| County contributions to the Employees' Pension System subsequent to the measurement date | 49,450                            | -                                |
| Total  | \$ 96,162                         | \$ (38,065)                      |

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

Year ending June 30:

|      |            |
|------|------------|
| 2022 | \$ (6,237) |
| 2023 | 1,125      |
| 2024 | 7,108      |
| 2025 | 6,822      |
| 2026 | (171)      |

The total pension liability in the June 30, 2020 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                 | 2.6% general, 3.1% wage              |
| Salary increases          | 3.10% to 11.60%, including inflation |
| Discount rate             | 7.40%                                |
| Investment rate of return | 7.40%                                |
| Mortality                 | Public Sector 2010 Mortality Tables  |

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

**Notes to Financial Statements  
June 30, 2021**

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

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

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

| Asset Class        | Target<br>Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|--------------------|----------------------|--|
| Public Equity      | 37.00%               | 5.20%  |
| Private Equity     | 13.00%               | 6.50%  |
| Rate Sensitive     | 19.00%               | -0.30%                                       |
| Credit Opportunity | 9.00%                | 2.80%  |
| Real Assets        | 14.00%               | 4.30%  |
| Absolute Return    | 8.00%                | 1.80%  |
| Total              | 100.00%              |  |

The discount rate used to measure the total pension liability was 7.40 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 7.40 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40 percent) or 1-percentage-point higher (8.40 percent) than the current rate:

|  | 6.40%      | Rate 7.40% | 8.40%      |
|--|------------|------------|------------|
| County's proportionate share of<br>the net pension liability | \$ 835,033 | \$ 586,539 | \$ 379,567 |

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

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

**Notes to Financial Statements  
June 30, 2021**

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

Funded Status and Funding Progress

At June 30, 2021, 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, 2021:

|   | Teachers'<br>Retirement and<br>Pension System | Employees'<br>Retirement and<br>Pension System | Total All State<br>Systems |
|---|---|--|----------------------------|
| Primary Government's proportionate share of net pension liability                               | \$ -  | \$ 586,539                                     | \$ 586,539                 |
| Board of Education's proportionate share of net pension liability                               | -   | 3,711,887                                      | 3,711,887                  |
| State's proportionate share of the net pension liability associated with the Board of Education | 41,576,605                                    | -  | 41,576,605                 |
| State's proportionate share of the net pension liability associated with the College            | 6,678,864                                     | -  | 6,678,864                  |
| Total County portion of the State's net pension liability                                       | <u>\$ 48,255,469</u>                          | <u>\$ 4,298,426</u>                            | <u>\$ 52,553,895</u>       |

Contributions by the State of Maryland to the TRS on behalf of the Board of Education and College totaled \$2,787,577 and \$634,066, respectively, for the year ended June 30, 2021. Board of Education and College contributions to the State Retirement Plan totaled \$1,510,228 and \$3,567, respectively, for the year ended June 30, 2021. All contributions were made in accordance with actuarially determined contribution requirements based on an actuarial valuation performed annually.

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

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

**Notes to Financial Statements  
June 30, 2021**

**NOTE 10 – COUNTY RETIREMENT PLANS**

Government Personnel Retirement Plan

The County adopted the Garrett County Government Personnel Retirement Plan, a single employer plan, effective July 1, 2005, for all covered employees of the Primary Government. Eligible personnel employed prior to July 1, 2005, could elect to participate in the Plan effective July 1, 2005. Such election was irrevocable. Participation in the Plan is mandatory for all eligible personnel hired after July 1, 2005. The Plan provides retirement, disability and death benefits for all eligible employees. Administrative, investment, and member benefit service responsibilities are provided by a Board of Trustees. The actuarial valuation report as of June 30, 2021 (most recent available data) may be obtained from the County Commissioners of Garrett County, Maryland.

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

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

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

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

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

**Notes to Financial Statements  
June 30, 2021**

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

Government Personnel Retirement Plan (Continued)

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

|                         |        |
|-------------------------|--------|
| Cash & cash equivalents | 5-15%  |
| Equities                | 30-60% |
| Fixed Income            | 30-65% |

All information that follows for the Plan is measured as of June 30, 2021, which is the latest actuarial report available. Liabilities were measured as of July 1, 2020 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July 1, 2020, the date liabilities were last measured:

|  |     |
|--|-----|
| Retirees and beneficiaries receiving benefits                      | 117 |
| Terminated Plan members entitled but not<br>yet receiving benefits | 34  |
| Active Plan members  | 226 |
| Total  | 377 |

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, 2021 is as follows:

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

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of expense, was 21.69%. 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, 2021**

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

Government Personnel Retirement Plan (Continued)

The total pension liability for the current year was determined as part of the July 1, 2020 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 2.0% per year. The actuary determined rates of mortality were based on Pub-2010 Amount-Weighted mortality tables, with generational projection using scale MP-2020. The assumptions did not include postretirement benefit increases. Full descriptions of the actuarial assumptions are available in the June 30, 2021 actuarial valuation report.

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

The net pension liability is equal to the total pension liability minus the net position of the Plan. The result as of June 30, 2021 is as follows:

|                         |                            |
|-------------------------|----------------------------|
| Total pension liability | \$45,736,543               |
| Net position            | <u>(39,736,587)</u>        |
| Net pension liability   | <u><u>\$ 5,999,956</u></u> |

Net position as a percentage of total pension liability is 86.88%.

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<br>6% | Current rate<br>7% | 1% increase<br>8% |
|-----------------------|-------------------|--------------------|-------------------|
| Net pension liability | \$ 11,405,650     | \$ 5,999,956       | \$ 1,466,985      |

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

**Notes to Financial Statements  
June 30, 2021**

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

Government Personnel Retirement Plan (Continued)

The following presents changes in the net pension liability:

|  | Increase (Decrease)        |                                |                          |
|--|----------------------------|--------------------------------|--------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
| Balances as of June 30, 2020                         | \$44,764,586               | \$30,612,481                   | \$14,152,105             |
| Changes for the year:                                |                            |                                |                          |
| Service cost   | 719,576                    | -                              | 719,576                  |
| Interest   | 3,058,970                  | -                              | 3,058,970                |
| Differences between expected and actual experience   | (500,786)                  | -                              | (500,786)                |
| Assumption changes                                   | (139,129)                  | -                              | (139,129)                |
| Contributions - employer                             | -                          | 4,043,801                      | (4,043,801)              |
| Contributions - employee                             | -                          | 364,314                        | (364,314)                |
| Net investment income                                | -                          | 7,027,607                      | (7,027,607)              |
| Benefit payments and refunds of member contributions | (2,166,674)                | (2,166,674)                    | -                        |
| Administrative expense                               | -                          | (144,942)                      | 144,942                  |
| Net Changes  | <u>971,957</u>             | <u>9,124,106</u>               | <u>(8,152,149)</u>       |
| Balances as of June 30, 2021                         | <u>\$45,736,543</u>        | <u>\$39,736,587</u>            | <u>\$ 5,999,956</u>      |

For the year ended June 30, 2021, the County recognized pension expense of \$899,763 and made contributions to the Plan of \$4,043,801. As of June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience              | \$ 448,540                           | \$ (413,691)                        |
| Change in assumptions   | 1,779,248                            | (112,322)                           |
| Net difference between projected and actual investment earnings | -                                    | (3,683,162)                         |
|   | <u>\$ 2,227,788</u>                  | <u>\$ (4,209,175)</u>               |

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

**Notes to Financial Statements  
June 30, 2021**

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

Government Personnel Retirement Plan (Continued)

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

| Year ending June 30: |              |
|----------------------|--------------|
| 2022                 | \$ (346,650) |
| 2023                 | (368,154)    |
| 2024                 | (444,319)    |
| 2025                 | (798,839)    |
| 2026                 | (23,425)     |
| Thereafter           | -            |

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

Law Enforcement Retirement Plan

The County adopted the Garrett County Law Enforcement Retirement Plan, a single employer plan, effective July 1, 2002, for all employees classified by the Primary Government as the Sheriff, correctional officers, or sworn law-enforcement officers with the Sheriff's Department or Office of the State's Attorney, and employees classified as emergency management personnel. The Plan provides retirement, disability and death benefits for all eligible employees. Administrative, investment, and member benefit service responsibilities are provided by a Board of Trustees. The actuarial valuation report as of June 30, 2021 (most recent available data) may be obtained from the County Commissioners of Garrett County, Maryland.

The Plan provides retirement, disability and death benefits for all eligible employees. Administrative, investment, and member contribution and benefit service responsibilities are provided by a Board of Trustees, which is comprised of the County Commissioners and others they designate. Participating employees are required to contribute 7.59% of earnings. The contribution requirements of Plan members and the County are established and may be amended by the County Commissioners.

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



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

**Notes to Financial Statements  
June 30, 2021**

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

Law Enforcement Retirement Plan (Continued)

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

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

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

|                         |        |
|-------------------------|--------|
| Cash & cash equivalents | 5-15%  |
| Equities                | 30-60% |
| Fixed Income            | 30-65% |

All information that follows for the Plan is measured as of June 30, 2021, which is the latest actuarial report available. Liabilities were measured as of July 1, 2020 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July 1, 2020, the date liabilities were last measured:

|  |     |
|--|-----|
| Retirees and beneficiaries receiving benefits                      | 20  |
| Terminated Plan members entitled but not<br>yet receiving benefits | 15  |
| Active Plan members  | 71  |
| Total  | 106 |

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

**Notes to Financial Statements  
June 30, 2021**

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

Law Enforcement Retirement Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2021 is as follows:

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

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of expense, was 22.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The total pension liability (asset) for the current year was determined as part of the July 1, 2020 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7% investment rate of return (net of administrative expenses), and (b) projected salary increases of 2% per year. The actuary determined rates of mortality were based on Pub-2010 Amount-Weighted Mortality tables, with generational projection using scale MP-2020. The assumptions did not include postretirement benefit increases. Full descriptions of the actuarial assumptions are available in the June 30, 2021 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 (asset) is equal to the total pension liability minus the net position of the Plan. Net position as a percentage of total pension liability is 102.49%. The result as of June 30, 2021 is as follows:

|                               |                     |
|-------------------------------|---------------------|
| Total pension liability       | \$12,854,774        |
| Net position                  | <u>(13,174,547)</u> |
| Net pension liability (asset) | <u>\$ (319,773)</u> |

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

**Notes to Financial Statements  
June 30, 2021**

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

Law Enforcement Retirement Plan (Continued)

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

The following presents the net pension liability (asset) 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<br>6% | Current rate<br>7% | 1% increase<br>8% |
|-------------------------------|-------------------|--------------------|-------------------|
| Net pension liability (asset) | \$1,337,476       | \$(319,773)        | \$(1,683,859)     |

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

|  | Increase (Decrease)        |                                |                                  |
|--|----------------------------|--------------------------------|----------------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability (Asset) |
| Balances as of June 30, 2020                         | \$ 12,369,742              | \$ 10,679,830                  | \$ 1,689,912                     |
| Changes for the year:                                |                            |                                |                                  |
| Service cost   | 335,520                    | -                              | 335,520                          |
| Interest   | 846,600                    | -                              | 846,600                          |
| Differences between expected and actual experience   | (114,336)                  | -                              | (114,336)                        |
| Assumption changes                                   | (22,319)                   | -                              | (22,319)                         |
| Contributions - employer                             | -                          | 417,870                        | (417,870)                        |
| Contributions - employee                             | -                          | 243,937                        | (243,937)                        |
| Net investment income                                | -                          | 2,454,209                      | (2,454,209)                      |
| Benefit payments and refunds of member contributions | (560,433)                  | (560,433)                      | -                                |
| Administrative expense                               | -                          | (60,866)                       | 60,866                           |
| Plan Change  | -                          | -                              | -                                |
| Net Changes  | 485,032                    | 2,494,717                      | (2,009,685)                      |
| Balances as of June 30, 2021                         | \$ 12,854,774              | \$ 13,174,547                  | \$ (319,773)                     |

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

**Notes to Financial Statements  
June 30, 2021**

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

Law Enforcement Retirement Plan (Continued)

For the year ended June 30, 2021, the County recognized pension expense of \$(7,502) and made contributions to the Plan of \$417,870. As of June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience              | \$ 126,483                           | \$ (226,684)                        |
| Change in assumptions   | 492,326                              | (18,719)                            |
| Net difference between projected and actual investment earnings | -                                    | (1,320,813)                         |
|   | \$ 618,809                           | \$ (1,566,216)                      |

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

Year ending June 30:

|            |              |
|------------|--------------|
| 2022       | \$ (218,560) |
| 2023       | (215,727)    |
| 2024       | (213,952)    |
| 2025       | (293,095)    |
| 2026       | (1,664)      |
| Thereafter | (4,409)      |

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, 2021**

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

Volunteer Length of Service Award Plan

The County adopted the Garrett County Volunteer Length of Service Award Plan (LOSAP), effective July 1, 2008, for all eligible volunteers who are active members of one or more Garrett County fire, rescue, or emergency medical services, or support organizations approved by Garrett County Emergency Services. The Plan provides retirement and death benefits for eligible volunteers who become covered under the plan. Eligible volunteers will be certified on an annual basis using a form designated and furnished by the Department of Public Safety/Emergency Management. Administrative, investment, and member benefit service responsibilities are provided by a Board of Trustees. The actuarial valuation report as of June 30, 2021 (most recent available data) may be obtained from the County Commissioners of Garrett County, Maryland.

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

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

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

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

|                         |        |
|-------------------------|--------|
| Cash & cash equivalents | 5-15%  |
| Equities                | 30-60% |
| Fixed Income            | 30-65% |

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

**Notes to Financial Statements  
June 30, 2021**

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

Volunteer Length of Service Award Plan (Continued)

All information that follows for the Plan is measured as of June 30, 2021, which is the latest actuarial report available. Liabilities were measured as of July 1, 2020 and rolled to the measurement date using standard actuarial valuation techniques.

Membership of the Plan consisted of the following as of July 1, 2020, the date the liabilities were last measured:

|   |     |
|---|-----|
| Retirees and beneficiaries receiving benefits | 29  |
| Inactive Plan members                         | 222 |
| Active Plan members                           | 398 |
| Total   | 649 |

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, 2021 is as follows:

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

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of expense, was 21.02%. 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, 2020 actuarial valuation using the entry age normal cost method. The actuarial assumptions included a 6% investment rate of return (net of administrative expenses). The actuary determined rates of mortality were based on Pub-2010 Safety Amount-Weighted with fully generational scale MP-2020. The assumptions did not include postretirement benefit increases. Full descriptions of the actuarial assumptions are available in the June 30, 2021 actuarial valuation report.

The discount rate used to measure the total pension liability was 2.57 percent. The projection of cash flows used to determine the discount rate assumed County contributions will be made at rates equal to or greater than actuarially determined contribution rates.

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

**Notes to Financial Statements  
June 30, 2021**

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

Volunteer Length of Service Award Plan (Continued)

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive volunteers. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The net pension liability is equal to the total pension liability minus the net position of the Plan. The result as of June 30, 2021 is as follows:

|                         |                            |
|-------------------------|----------------------------|
| Total pension liability | \$ 2,716,222               |
| Net position            | <u>(1,176,674)</u>         |
| Net pension liability   | <u><u>\$ 1,539,548</u></u> |

Net position as a percentage of total pension liability is 43.32%.

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 2.57% 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 (1.57%) or 1-percentage point higher (3.57%) than the current rate:

|                       | 1% decrease<br>1.57% | Current rate<br>2.57% | 1% increase<br>3.57% |
|-----------------------|----------------------|-----------------------|----------------------|
| Net pension liability | \$ 2,210,837         | \$ 1,539,548          | \$ 1,031,886         |

The following represents changes in the net pension liability:

|  | Increase (Decrease)        |                                |                                  |
|--|----------------------------|--------------------------------|----------------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>(Asset)/Liability |
| Balances as of June 30, 2020                         | \$ 2,575,786               | \$ 1,017,573                   | \$ 1,558,213                     |
| Changes for the year:                                |                            |                                |                                  |
| Service cost   | 119,655                    | -                              | 119,655                          |
| Interest   | 66,248                     | -                              | 66,248                           |
| Differences between expected and actual experience   | (6,176)                    | -                              | (6,176)                          |
| Changes in assumptions                               | (3,363)                    | -                              | (3,363)                          |
| Net investment income                                | -                          | 208,682                        | (208,682)                        |
| Benefit payments and refunds of member contributions | (35,928)                   | (35,928)                       | -                                |
| Administrative expense                               | -                          | (13,653)                       | 13,653                           |
| Net Changes  | <u>140,436</u>             | <u>159,101</u>                 | <u>(18,665)</u>                  |
| Balances as of June 30, 2021                         | <u>\$ 2,716,222</u>        | <u>\$ 1,176,674</u>            | <u>\$ 1,539,548</u>              |

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

**Notes to Financial Statements  
June 30, 2021**

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

Volunteer Length of Service Award Plan (Continued)

For the year ended June 30, 2021, the County recognized pension expense of \$201,705 and made contributions to the Plan of \$0. As of June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience              | \$ 70,082                            | \$ (5,826)                          |
| Change in assumptions   | 1,517,251                            | (30,107)                            |
| Net difference between projected and actual investment earnings | -                                    | (121,099)                           |
|   | \$ 1,587,333                         | \$ (157,032)                        |

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

| Year ending June 30: |    |           |
|----------------------|----|-----------|
| 2022                 | \$ | 65,410    |
| 2023                 |    | 66,751    |
| 2024                 |    | 69,786    |
| 2025                 |    | 67,926    |
| 2026                 |    | 97,743    |
| Thereafter           |    | 1,062,685 |

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

County Defined Contribution Plan

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



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

**Notes to Financial Statements  
June 30, 2021**

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

County Defined Contribution Plan (Continued)

Benefits depend on the amounts contributed to the plan plus investment earnings. Eligible participants include all full-time employees who elect to participate in the Primary Government's IRC Section 457 deferred compensation plan. Employees deferring at least two percent of earned compensation under the deferred compensation plan are eligible to receive an employer contribution to the defined contribution plan. During the year ended June 30, 2021, the Primary Government contributed \$270,349 or 2.42 percent of earned compensation. Covered payroll approximated \$11,173,722. Primary Government contribution amounts included contributions made on behalf of the employees of Garrett County Sanitary District, Inc. in the amount of \$13,298 on covered payroll of approximately \$549,491.

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

**NOTE 11 – DEFERRED COMPENSATION**

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

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

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

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

**Notes to Financial Statements  
June 30, 2021**

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

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

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

|                         |        |
|-------------------------|--------|
| Cash & cash equivalents | 5-15%  |
| Equities                | 30-60% |
| Fixed Income            | 30-65% |

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

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

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

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

At July 1, 2020, the following employees were covered by the benefit terms:

|  |       |
|--|-------|
| Inactive employees or beneficiaries currently receiving benefit payments | 168   |
| Active employees   | 239   |
|  | <hr/> |
|  | 407   |
|  | <hr/> |

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

**Notes to Financial Statements  
June 30, 2021**

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

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

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

Government Personnel Employees Hired On Or After July 1, 2006

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

Government Personnel Employees Hired prior to July 1, 2006

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

All Law Enforcement Personnel Employees

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

Currently, 168 County retirees participate in this program.

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

**Notes to Financial Statements  
June 30, 2021**

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

Net OPEB Liability

The County’s net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial assumptions. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |   |
|-----------------------------|---|
| Inflation                   | 1.5 percent   |
| Salary increase             | 2.0 percent   |
| Investment rate of return   | 6.50 percent, net of OPEB plan investment expense, including inflation                    |
| Healthcare cost trend rates | 6.5 percent for 2021, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent. |

Mortality rates were based on the Pub-2010 General Headcount-weighted with fully generational scale MP-2020 and Pub-2010 Safety Headcount-weighted with fully generational scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|--------------------------|---|
| Fixed Income       | 40.00%                   | 3-5%  |
| Private Equity     | 55.00%                   | 8-10%   |
| Cash               | 5.00%                    | N/A   |

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

**Notes to Financial Statements  
June 30, 2021**

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

Net OPEB Liability (Continued)

The current level of plan assets is sufficient to cover the expected costs of the plan. As such, all future years of expected payments were discounted using the long-term expected rate of return per paragraph 36 of GASB 75. As of June 30, 2021, the long-term rate of return was 6.50%. The discount rate at June 30, 2021 was 6.50%.

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 21.88 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

|  | Increase (Decrease)     |                                |                       |
|--|-------------------------|--------------------------------|-----------------------|
|  | Total OPEB<br>Liability | Plan Fiduciary<br>Net Position | Net OPEB<br>Liability |
| Balances as of July 1, 2020                        | \$ 15,620,961           | \$ 2,162,109                   | \$ 13,458,852         |
| Changes for the year:                              |                         |                                |                       |
| Service cost                                       | 419,476                 | -                              | 419,476               |
| Interest   | 999,330                 | -                              | 999,330               |
| Differences between expected and actual experience | (1,760,531)             | -                              | (1,760,531)           |
| Assumption changes                                 | (43,726)                | -                              | (43,726)              |
| Contributions - employer                           | -                       | 1,101,159                      | (1,101,159)           |
| Net investment income                              | -                       | 471,792                        | (471,792)             |
| Benefit payments                                   | (501,159)               | (501,159)                      | -                     |
| Administrative expense                             | -                       | (9,238)                        | 9,238                 |
| Net Changes  | (886,610)               | 1,062,554                      | (1,949,164)           |
| Balances as of June 30, 2021                       | \$ 14,734,351           | \$ 3,224,663                   | \$ 11,509,688         |

Changes in the Net OPEB Liability

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

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

|                    | 1% decrease<br>(5.50%) | Current rate<br>(6.50%) | 1% increase<br>(7.50%) |
|--------------------|------------------------|-------------------------|------------------------|
| Net OPEB liability | \$ 13,127,792          | \$ 11,509,688           | \$ 10,347,678          |

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

**Notes to Financial Statements  
June 30, 2021**

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

Changes in the Net OPEB Liability (Continued)

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

|                    | 1% decrease<br>(5.5% decreasing<br>to 3.5%) | Healthcare Cost<br>Trend Rates<br>(6.5% decreasing<br>to 4.5%) | 1% increase<br>(7.5% decreasing<br>to 5.5%) |
|--------------------|---|--|---|
| Net OPEB liability | \$ 10,096,421                               | \$ 11,509,688  | \$ 13,458,182                               |

For the year ended June 30, 2021, the County recognized OPEB expense of \$384,301. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience              | \$ 229,984                           | \$ (1,860,262)                      |
| Change of assumptions   | 1,119,153                            | (2,220,064)                         |
| Net difference between projected and actual investment earnings | -                                    | (223,685)                           |
|   | \$ 1,349,137                         | \$ (4,304,011)                      |

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

| Year ending June 30: |              |
|----------------------|--------------|
| 2022                 | \$ (884,310) |
| 2023                 | (890,103)    |
| 2024                 | (893,385)    |
| 2025                 | (287,076)    |
| 2026                 | -            |
| Thereafter           | -            |

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

**Notes to Financial Statements  
June 30, 2021**

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

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

The Solid Waste Fund has recorded a landfill closure and post-closure care liability of \$4,772,214 as of June 30, 2021, representing the cumulative operating expenses reported to date based on the Round Glade landfill at full capacity (\$541,868) and the current landfill at 69% of its estimated capacity (\$4,230,345). The County will recognize the balance of estimated closure and post-closure costs of approximately \$2,169,429 over the remaining useful life of the current landfill, which approximates 12 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, 2021. 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, 2021, which satisfies the financial assurance provisions of the Act.

**NOTE 14 – RISK MANAGEMENT**

Liability Insurance

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

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

**Notes to Financial Statements  
June 30, 2021**

**NOTE 14 – RISK MANAGEMENT (CONTINUED)**

Self-Insured Health Care

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

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

The third-party administrator estimated the non-discounted claims liability reported in the general fund at June 30, 2021. It is based on the requirements of accounting standards, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Because actual claims liabilities depend on such complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic factors. The estimate for claims incurred but not reported was \$1,500,000 at June 30, 2021.

For the year ended June 30, 2021, claims incurred of \$16,068,841 was less than the combined premiums charged to the Plan participants of \$16,609,718. The excess premiums of \$542,323 were added the restricted cash balance for self-insured health plan which was \$1,539,225 at the end of the fiscal year. Changes in the claims liability amount in the fiscal years ended June 30, 2020 and 2021 were:

| Fiscal Year Ending | Beginning of the Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year End |
|--------------------|--|--|----------------|----------------------------|
| 2020               | \$1,500,000                            | \$17,413,653                                 | (\$17,413,653) | \$1,500,000                |
| 2021               | \$1,500,000                            | \$16,068,841                                 | (\$16,068,841) | \$1,500,000                |



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

**Notes to Financial Statements  
June 30, 2021**

**NOTE 15 – FUND EQUITY**

A summary of fund balances as of June 30, 2021 is as follows:

|                                 | General<br>Fund      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------|----------------------|--------------------------------|--------------------------------|
| Nonspendable:                   |                      |                                |                                |
| Inventory                       | \$ 959,879           | \$ -                           | \$ 959,879                     |
| Prepaid Expense                 | 84,769               | -                              | 84,769                         |
| Note Receivable                 | 862,117              | -                              | 862,117                        |
| Total Nonspendable Fund Balance | <u>1,906,765</u>     | <u>-</u>                       | <u>1,906,765</u>               |
| Restricted For:                 |                      |                                |                                |
| Agricultural Land Preservation  | 53,313               | -                              | 53,313                         |
| Special Revenue Funds           | -                    | 65,947                         | 65,947                         |
| Accommodations Tax              | 970,075              | -                              | 970,075                        |
| Self Funded Health Care         | 1,539,225            | -                              | 1,539,225                      |
| Total Restricted Fund Balance   | <u>2,562,613</u>     | <u>65,947</u>                  | <u>2,628,560</u>               |
| Assigned For:                   |                      |                                |                                |
| Capital projects:               |                      |                                |                                |
| Garrett College                 | 9,417,036            | -                              | 9,417,036                      |
| Public Works                    | 3,473,558            | -                              | 3,473,558                      |
| Economic Development            | 436,962              | -                              | 436,962                        |
| Public Safety                   | 275,936              | -                              | 275,936                        |
| General Government              | 361,451              | -                              | 361,451                        |
| Future Capital Projects         | 5,000,000            | -                              | 5,000,000                      |
| Capital Projects Subtotal       | <u>18,964,943</u>    | <u>-</u>                       | <u>18,964,943</u>              |
| Subsequent Year Budget          | 4,729,014            | -                              | 4,729,014                      |
| Total Assigned Fund Balance     | <u>23,693,957</u>    | <u>-</u>                       | <u>23,693,957</u>              |
| Unassigned:                     | <u>13,514,719</u>    | <u>-</u>                       | <u>13,514,719</u>              |
| Total Fund Balance              | <u>\$ 41,678,054</u> | <u>\$ 65,947</u>               | <u>\$ 41,744,001</u>           |

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

**Notes to Financial Statements  
June 30, 2021**

**NOTE 16 – BUDGETARY BASIS RECONCILIATION - GENERAL FUND**

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

|   | <u>Revenues</u>      | <u>Expenditures</u>  | <u>Other Financing<br/>Sources (Uses)</u> | <u>Effect on<br/>Fund Balance</u> |
|---|----------------------|----------------------|---|-----------------------------------|
| As Reported on Budget Basis   | \$107,386,235        | \$ 89,956,058        | \$ (3,462,264)                            | \$ 13,967,913                     |
| <u>In-Kind Rent</u>   |                      |                      |   |                                   |
| Board of Education administrative<br>offices not reported as revenue<br>on budget basis but recognized<br>on a GAAP basis | 148,800              | 148,800              | -   | -                                 |
| As Reported on GAAP Basis   | <u>\$107,535,035</u> | <u>\$ 90,104,858</u> | <u>\$ (3,462,264)</u>                     | <u>\$ 13,967,913</u>              |

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Required Supplementary Information  
June 30, 2021**

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

|   | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| The County's proportion of the net pension liability  | 0.0026%     | 0.0028%     | 0.0027%     | 0.0025%     | 0.0028%     | 0.0027%     | 0.0023%     |
| The County's proportionate share of the net pension liability                                       | \$ 586,539  | \$ 568,016  | \$ 569,698  | \$ 546,088  | \$ 650,096  | \$ 552,462  | \$ 417,028  |
| The County's covered payroll  | \$ 466,577  | \$ 491,496  | \$ 487,829  | \$ 485,329  | \$ 519,945  | \$ 510,206  | \$ 508,602  |
| The County's proportionate share of the net pension liability as a percentage of it covered payroll | 125.71%     | 115.57%     | 116.78%     | 112.52%     | 125.03%     | 108.28%     | 81.99%      |
| Plan fiduciary net position as a percentage of the total pension liability                          | 70.72%      | 72.34%      | 71.18%      | 69.38%      | 65.79%      | 68.78%      | 71.87%      |

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

**Required Supplementary Information  
June 30, 2021**

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

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

**Changes in Assumptions**

Adjustments to the roll-forward liabilities were made to reflect the following assumptions changes in the 2019 valuation:

- Rates of expected inflation changed from 2.65% general, 3.15% wage to 2.60% general, 3.10% wage

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

**Required Supplementary Information  
June 30, 2021**

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

|  | <b>2021</b>          | <b>2020</b>          | <b>2019</b>          | <b>2018</b>          | <b>2017</b>          | <b>2016</b>          | <b>2015</b>          | <b>2014</b>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Service Cost: Retirement benefits administration                       | \$ 719,576           | \$ 761,309           | \$ 734,201           | \$ 798,198           | \$ 786,979           | \$ 718,592           | \$ 914,186           | \$ 859,717           |
| Interest   | 3,058,970            | 2,736,373            | 2,604,559            | 2,471,833            | 2,365,165            | 2,255,447            | 2,104,135            | 1,970,282            |
| Difference between expected and actual experience                      | (500,786)            | 384,941              | 310,794              | 208,948              | (45,546)             | 73,685               | -                    | -                    |
| Assumption changes   | (139,129)            | 2,771,799            | -                    | -                    | -                    | 246,009              | -                    | -                    |
| Benefit payments   | (2,166,674)          | (1,929,121)          | (1,609,291)          | (1,557,385)          | (1,544,826)          | (1,335,519)          | (1,013,431)          | (834,562)            |
| <b>Net changes in total pension liability</b>                          | <b>971,957</b>       | <b>4,725,301</b>     | <b>2,040,263</b>     | <b>1,921,594</b>     | <b>1,561,772</b>     | <b>1,958,214</b>     | <b>2,004,890</b>     | <b>1,995,437</b>     |
| Total pension liability - beginning                                    | 44,764,586           | 40,039,285           | 37,999,022           | 36,077,428           | 34,515,656           | 32,557,442           | 30,552,552           | 28,557,115           |
| Total pension liability - ending (a)                                   | <u>\$ 45,736,543</u> | <u>\$ 44,764,586</u> | <u>\$ 40,039,285</u> | <u>\$ 37,999,022</u> | <u>\$ 36,077,428</u> | <u>\$ 34,515,656</u> | <u>\$ 32,557,442</u> | <u>\$ 30,552,552</u> |
| <b>Plan fiduciary net position</b>                                     |                      |                      |                      |                      |                      |                      |                      |                      |
| Contributions - employer   | \$ 4,043,801         | \$ 1,222,868         | \$ 1,210,566         | \$ 1,190,560         | \$ 1,184,533         | \$ 1,166,260         | \$ 1,150,819         | \$ 1,140,077         |
| Contributions - employee   | 364,314              | 360,883              | 372,480              | 380,215              | 363,390              | 359,559              | 354,820              | 352,066              |
| Net investment income  | 7,027,607            | 1,784,750            | 1,877,041            | 1,813,963            | 2,205,811            | 455,688              | 768,993              | 2,817,855            |
| Benefit payments, including refunds of member contributions            | (2,166,674)          | (1,929,121)          | (1,609,291)          | (1,557,385)          | (1,544,826)          | (1,335,519)          | (1,013,431)          | (834,562)            |
| Administrative expense   | (144,942)            | (120,046)            | (112,146)            | (109,181)            | (15,021)             | (7,057)              | (24,709)             | (8,986)              |
| <b>Net changes in plan fiduciary net position</b>                      | <b>9,124,106</b>     | <b>1,319,334</b>     | <b>1,738,650</b>     | <b>1,718,172</b>     | <b>2,193,887</b>     | <b>638,931</b>       | <b>1,236,492</b>     | <b>3,466,450</b>     |
| Plan fiduciary net position - beginning                                | 30,612,481           | 29,293,147           | 27,554,497           | 25,836,325           | 23,642,438           | 23,003,507           | 21,767,015           | 18,300,565           |
| Plan fiduciary net position - ending (b)                               | <u>\$ 39,736,587</u> | <u>\$ 30,612,481</u> | <u>\$ 29,293,147</u> | <u>\$ 27,554,497</u> | <u>\$ 25,836,325</u> | <u>\$ 23,642,438</u> | <u>\$ 23,003,507</u> | <u>\$ 21,767,015</u> |
| <b>County's net pension liability - ending (a) - (b)</b>               | <b>\$ 5,999,956</b>  | <b>\$ 14,152,105</b> | <b>\$ 10,746,138</b> | <b>\$ 10,444,525</b> | <b>\$ 10,241,103</b> | <b>\$ 10,873,218</b> | <b>\$ 9,553,935</b>  | <b>\$ 8,785,537</b>  |
| Plan fiduciary net position as a percentage of total pension liability | 86.88%               | 68.39%               | 73.16%               | 72.51%               | 71.61%               | 68.50%               | 70.66%               | 71.24%               |
| Covered payroll  | \$ 10,487,536        | \$ 10,493,814        | \$ 10,433,822        | \$ 10,624,180        | \$ 10,679,519        | \$ 9,618,611         | \$ 10,031,765        | \$ 10,818,408        |
| Net liability as a percentage of covered payroll                       | 57.21%               | 134.86%              | 102.99%              | 98.31%               | 95.89%               | 113.04%              | 95.24%               | 81.21%               |
| Annual money-weighted rate of return, net of investment expense        | 21.69%               | 5.96%                | 6.60%                | 6.80%                | 8.92%                | 1.95%                | 3.44%                | 14.07%               |

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Changes in Assumptions: The mortality improvement scale was updated from MP-2019 to MP-2020. The health trend discount rate changed from 7.0% to 6.5%. Benefit Changes: None

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

**Required Supplementary Information  
June 30, 2021**

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

|  | <u>2021</u>           | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>  | <u>2015</u>   | <u>2014</u>         |
|--|-----------------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------------|
| Actuarially determined contributions                                     | \$ 1,507,583          | \$ 1,583,751  | \$ 1,583,046  | \$ 1,570,775  | \$ 1,547,923  | \$ 1,525,819 | \$ 1,505,639  | \$ 1,335,074        |
| Contributions in relation to the<br>actuarially determined contributions | 4,408,115             | 1,583,751     | 1,583,046     | 1,570,775     | 1,547,923     | 1,525,819    | 1,505,639     | 1,492,143           |
| Contributions deficiency (excess)  | <u>\$ (2,900,532)</u> | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ (157,069)</u> |
| Covered payroll  | \$ 10,487,536         | \$ 10,493,814 | \$ 10,433,822 | \$ 10,624,180 | \$ 10,679,519 | \$ 9,618,611 | \$ 10,031,765 | \$ 10,818,408       |
| Contribution as a percentage of covered<br>payroll                       | 42.03%                | 15.09%        | 15.17%        | 14.78%        | 14.49%        | 15.86%       | 15.01%        | 13.79%              |

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Valuation Date: June 30, 2021

The measurement date for all calculations was June 30, 2021. Liabilities were measured as of July 1, 2020 and rolled to the measurement date using standard actuarial valuation techniques.

Methods and assumptions used to determine contribution rates:

|                                 |   |
|---------------------------------|---|
| Cost method                     | Entry age normal                                    |
| Investment return/discount rate | 7%  |
| Mortality                       | Pub-2010 Amount-Weighted                            |
| Turnover                        | T5 Table  |
| Salary Scale                    | 2.0% per year                                       |
| Retirement age                  | See related footnote for retirement age assumptions |
| Valuation of assets             | Market value as reported by plan administrator      |

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

**Required Supplementary Information  
June 30, 2021**

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

|  | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Service Cost: Retirement benefits administration                       | \$ 335,520           | \$ 323,709           | \$ 284,081           | \$ 316,767           | \$ 303,426          | \$ 263,191          | \$ 281,985          | \$ 244,908          |
| Interest   | 846,600              | 777,422              | 725,799              | 683,047              | 643,188             | 616,786             | 548,471             | 516,719             |
| Difference between expected and actual experience                      | (114,336)            | (16,662)             | 211,999              | 23,392               | (204,945)           | (92,747)            | -                   | -                   |
| Assumption changes   | (22,319)             | 444,553              | -                    | -                    | -                   | 566,709             | -                   | -                   |
| Plan Change  | -                    | -                    | -                    | -                    | 57,717              | -                   | -                   | -                   |
| Benefit payments   | (560,433)            | (521,804)            | (448,231)            | (377,887)            | (376,540)           | (335,310)           | (321,895)           | (294,636)           |
| <b>Net changes in total pension liability</b>                          | <b>485,032</b>       | <b>1,007,218</b>     | <b>773,648</b>       | <b>645,319</b>       | <b>422,846</b>      | <b>1,018,629</b>    | <b>508,561</b>      | <b>466,991</b>      |
| Total pension liability - beginning                                    | 12,369,742           | 11,362,524           | 10,588,876           | 9,943,557            | 9,520,711           | 8,502,082           | 7,993,521           | 7,526,530           |
| Total pension liability - ending (a)                                   | <u>\$ 12,854,774</u> | <u>\$ 12,369,742</u> | <u>\$ 11,362,524</u> | <u>\$ 10,588,876</u> | <u>\$ 9,943,557</u> | <u>\$ 9,520,711</u> | <u>\$ 8,502,082</u> | <u>\$ 7,993,521</u> |
| <b>Plan fiduciary net position</b>                                     |                      |                      |                      |                      |                     |                     |                     |                     |
| Contributions - employer   | \$ 417,870           | \$ 428,658           | \$ 399,984           | \$ 373,253           | \$ 363,950          | \$ 371,036          | \$ 341,098          | \$ 331,733          |
| Contributions - employee   | 243,937              | 261,754              | 236,456              | 221,079              | 215,417             | 219,572             | 201,877             | 202,237             |
| Net investment income  | 2,454,209            | 617,025              | 653,501              | 604,813              | 695,799             | 183,789             | 246,157             | 904,083             |
| Benefit payments, including refunds of member contributions            | (560,433)            | (521,804)            | (448,231)            | (377,887)            | (376,540)           | (335,311)           | (321,895)           | (294,636)           |
| Administrative expense   | (60,866)             | (43,646)             | (39,704)             | (38,087)             | (7,272)             | (6,594)             | (11,123)            | (35,478)            |
| <b>Net changes in plan fiduciary net position</b>                      | <b>2,494,717</b>     | <b>741,987</b>       | <b>802,006</b>       | <b>783,171</b>       | <b>891,354</b>      | <b>432,492</b>      | <b>456,114</b>      | <b>1,107,939</b>    |
| Plan fiduciary net position - beginning                                | 10,679,830           | 9,937,843            | 9,135,837            | 8,352,666            | 7,461,312           | 7,028,820           | 6,572,706           | 5,464,767           |
| Plan fiduciary net position - ending (b)                               | <u>\$ 13,174,547</u> | <u>\$ 10,679,830</u> | <u>\$ 9,937,843</u>  | <u>\$ 9,135,837</u>  | <u>\$ 8,352,666</u> | <u>\$ 7,461,312</u> | <u>\$ 7,028,820</u> | <u>\$ 6,572,706</u> |
| <b>County's net pension liability (asset) - ending (a)-(b)</b>         | <b>\$ (319,773)</b>  | <b>\$ 1,689,912</b>  | <b>\$ 1,424,681</b>  | <b>\$ 1,453,039</b>  | <b>\$ 1,590,891</b> | <b>\$ 2,059,399</b> | <b>\$ 1,473,262</b> | <b>\$ 1,420,815</b> |
| Plan fiduciary net position as a percentage of total pension liability | 102.49%              | 86.34%               | 87.46%               | 86.28%               | 84.00%              | 78.37%              | 82.67%              | 82.23%              |
| Covered payroll  | \$ 3,387,992         | \$ 3,025,446         | \$ 2,669,519         | \$ 2,723,946         | \$ 3,017,143        | \$ 2,661,063        | \$ 2,567,771        | \$ 2,350,135        |
| Net liability as a percentage of covered payroll                       | -9.44%               | 55.86%               | 53.37%               | 53.34%               | 52.73%              | 77.39%              | 57.38%              | 60.46%              |
| Annual money-weighted rate of return, net of investment expense        | 22.94%               | 5.99%                | 6.85%                | 6.92%                | 8.80%               | 2.54%               | 3.62%               | 15.02%              |

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Changes in Assumptions: The mortality improvement scale was updated from MP-2019 to MP-2020



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

**Required Supplementary Information  
June 30, 2021**

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

|  | <u>2021</u>     | <u>2020</u>     | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     | <u>2016</u>     | <u>2015</u>     | <u>2014</u>        |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|
| Actuarially determined contributions                                     | \$ 661,807      | \$ 693,412      | \$ 636,440      | \$ 594,332      | \$ 579,367      | \$ 590,608      | \$ 542,975      | \$ 437,358         |
| Contributions in relation to the<br>actuarially determined contributions | 661,807         | 693,412         | 636,440         | 594,332         | 579,367         | 590,608         | 542,975         | 533,970            |
| Contributions deficiency (excess)  | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ (96,612)</u> |
| <br>Covered payroll  | <br>\$3,387,992 | <br>\$3,025,446 | <br>\$2,669,519 | <br>\$2,723,946 | <br>\$3,017,143 | <br>\$2,661,063 | <br>\$2,567,771 | <br>\$2,350,135    |
| <br>Contribution as a percentage of covered payroll                      | <br>19.53%      | <br>22.92%      | <br>23.84%      | <br>21.82%      | <br>19.20%      | <br>22.19%      | <br>21.15%      | <br>22.72%         |

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Valuation Date: June 30, 2021

The measurement date for all calculations was June 30, 2021. Liabilities were measured as of July 1, 2020 and rolled to the measurement date using standard actuarial valuation techniques.

Methods and assumptions used to determine contribution rates:

|                                 |   |
|---------------------------------|---|
| Cost method                     | Entry age normal                                    |
| Investment return/discount rate | 7%  |
| Mortality                       | Pub 2010 Amount-Weighted                            |
| Turnover                        | T2 Table  |
| Salary Scale                    | 2.0% per year                                       |
| Retirement age                  | See related footnote for retirement age assumptions |
| Valuation of assets             | Market value as reported by plan administrator      |

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

**Required Supplementary Information  
June 30, 2021**

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

|  | <u>2021</u>                | <u>2020</u>                | <u>2019</u>                | <u>2018</u>              | <u>2017</u>              | <u>2016</u>              | <u>2015</u>              | <u>2014</u>              |
|--|----------------------------|----------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Service Cost: Retirement benefits administration                       | \$ 119,655                 | \$ 121,365                 | \$ 21,139                  | \$ 23,172                | \$ 37,664                | \$ 30,045                | \$ 17,028                | \$ 29,096                |
| Interest   | 66,248                     | 49,723                     | 43,794                     | 43,548                   | 40,171                   | 35,854                   | 27,247                   | 23,666                   |
| Difference between expected and actual experience                      | (6,176)                    | 12,443                     | 58,503                     | 3,730                    | 3,620                    | 11,701                   | -                        | -                        |
| Assumption changes   | (3,363)                    | 1,577,645                  | -                          | (34,951)                 | -                        | 162,722                  | -                        | -                        |
| Benefit payments   | (35,928)                   | (27,812)                   | (21,504)                   | (41,016)                 | (2,657)                  | (4,960)                  | (3,280)                  | -                        |
| <b>Net changes in total pension liability</b>                          | <u>140,436</u>             | <u>1,733,364</u>           | <u>101,932</u>             | <u>(5,517)</u>           | <u>78,798</u>            | <u>235,362</u>           | <u>40,995</u>            | <u>52,762</u>            |
| Total pension liability - beginning                                    | <u>2,575,786</u>           | <u>842,422</u>             | <u>740,490</u>             | <u>746,007</u>           | <u>667,209</u>           | <u>431,847</u>           | <u>390,852</u>           | <u>338,090</u>           |
| Total pension liability - ending (a)                                   | <u><u>\$ 2,716,222</u></u> | <u><u>\$ 2,575,786</u></u> | <u><u>\$ 842,422</u></u>   | <u><u>\$ 740,490</u></u> | <u><u>\$ 746,007</u></u> | <u><u>\$ 667,209</u></u> | <u><u>\$ 431,847</u></u> | <u><u>\$ 390,852</u></u> |
| <b>Plan fiduciary net position</b>                                     |                            |                            |                            |                          |                          |                          |                          |                          |
| Contributions - employer   | \$ -                       | \$ -                       | \$ -                       | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     |
| Contributions - employee   | -                          | -                          | -                          | -                        | -                        | -                        | -                        | -                        |
| Net investment income  | 208,682                    | 49,805                     | 72,175                     | 62,572                   | 76,920                   | 26,515                   | 31,979                   | 113,323                  |
| Benefit payments, including refunds of member contributions            | (35,928)                   | (27,812)                   | (21,504)                   | (41,016)                 | (2,657)                  | (4,960)                  | (3,280)                  | -                        |
| Administrative expense   | (13,653)                   | (6,918)                    | (16,956)                   | (8,032)                  | (7,750)                  | (2,958)                  | (2,436)                  | (4,157)                  |
| <b>Net changes in plan fiduciary net position</b>                      | <u>159,101</u>             | <u>15,075</u>              | <u>33,715</u>              | <u>13,524</u>            | <u>66,513</u>            | <u>18,597</u>            | <u>26,263</u>            | <u>109,166</u>           |
| Plan fiduciary net position - beginning                                | <u>1,017,573</u>           | <u>1,002,498</u>           | <u>968,783</u>             | <u>955,259</u>           | <u>888,746</u>           | <u>870,149</u>           | <u>843,886</u>           | <u>734,720</u>           |
| Plan fiduciary net position - ending (b)                               | <u><u>\$ 1,176,674</u></u> | <u><u>\$ 1,017,573</u></u> | <u><u>\$ 1,002,498</u></u> | <u><u>\$ 968,783</u></u> | <u><u>\$ 955,259</u></u> | <u><u>\$ 888,746</u></u> | <u><u>\$ 870,149</u></u> | <u><u>\$ 843,886</u></u> |
| <b>County's net pension liability (asset) - ending (a) - (b)</b>       | <u>\$ 1,539,548</u>        | <u>\$ 1,558,213</u>        | <u>\$ (160,076)</u>        | <u>\$ (228,293)</u>      | <u>\$ (209,252)</u>      | <u>\$ (221,537)</u>      | <u>\$ (438,302)</u>      | <u>\$ (453,034)</u>      |
| Plan fiduciary net position as a percentage of total pension liability | 43.32%                     | 39.51%                     | 119.00%                    | 130.83%                  | 128.05%                  | 133.20%                  | 201.49%                  | 215.91%                  |
| Covered payroll  | N/A                        | N/A                        | N/A                        | N/A                      | N/A                      | N/A                      | N/A                      | N/A                      |
| Net liability as a percentage of covered payroll                       | N/A                        | N/A                        | N/A                        | N/A                      | N/A                      | N/A                      | N/A                      | N/A                      |
| Annual money-weighted rate of return, net of investment expense        | 21.02%                     | 4.93%                      | 7.32%                      | 6.50%                    | 8.34%                    | 3.01%                    | 3.73%                    | 14.36%                   |

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Changes in Assumptions: The mortality improvement scale was updated from MP-2019 to MP-2020

The discount rate changed from 2.59% to 2.57%

Benefit Changes: None

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

**Required Supplementary Information  
June 30, 2021**

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

|  | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u>     |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------|
| Actuarially determined contributions                                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ 4,356        |
| Contributions in relation to the<br>actuarially determined contributions | -           | -           | -           | -           | -           | -           | -           | -               |
| Contributions deficiency (excess)  | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,356</u> |
| Covered payroll  | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         | N/A             |
| Contribution as a percentage of covered payroll                          | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         | N/A             |

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2020,  
12 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

|                                 |   |
|---------------------------------|---|
| Cost method                     | Entry age normal                                    |
| Investment return/discount rate | 6.00% / 2.57%                                       |
| Mortality                       | Pub 2010 Safety Amount-Weighted                     |
| Turnover                        | Table T-4   |
| Salary Scale                    | N/A   |
| Retirement age                  | See related footnote for retirement age assumptions |
| Valuation of assets             | Market value as reported by plan administrator      |

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

**Required Supplementary Information  
June 30, 2021**

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

|   | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Service Cost  | \$ 419,476           | \$ 381,028           | \$ 348,566           | \$ 700,952           | \$ 707,384           |
| Interest  | 999,330              | 896,489              | 753,605              | 532,295              | 513,547              |
| Difference between expected and actual experience                   | (1,760,531)          | -                    | 459,970              | (1,054,289)          | -                    |
| Changes of assumptions  | (43,726)             | 817,476              | 1,148,339            | (5,098,531)          | -                    |
| Benefit payments  | (501,159)            | (524,096)            | (500,780)            | (488,815)            | (753,061)            |
| <b>Net changes in total OPEB liability</b>                          | <u>(886,610)</u>     | <u>1,570,897</u>     | <u>2,209,700</u>     | <u>(5,408,388)</u>   | <u>467,870</u>       |
| Total OPEB liability - beginning                                    | 15,620,961           | 14,050,064           | 11,840,364           | 17,248,752           | 16,780,882           |
| Total OPEB liability - ending (a)                                   | <u>\$ 14,734,351</u> | <u>\$ 15,620,961</u> | <u>\$ 14,050,064</u> | <u>\$ 11,840,364</u> | <u>\$ 17,248,752</u> |
| <b>Plan fiduciary net position</b>                                  |                      |                      |                      |                      |                      |
| Contributions - employer  | \$ 1,101,159         | \$ 1,124,097         | \$ 1,100,829         | \$ 1,088,815         | \$ 753,061           |
| Net investment income   | 471,792              | 91,937               | 56,374               | 4,700                | 18,934               |
| Benefit payments  | (501,159)            | (524,096)            | (500,780)            | (488,815)            | (753,061)            |
| Administrative expense  | (9,238)              | (7,748)              | (5,583)              | (947)                | (993)                |
| <b>Net changes in plan fiduciary net position</b>                   | <u>1,062,554</u>     | <u>684,190</u>       | <u>650,840</u>       | <u>603,753</u>       | <u>17,941</u>        |
| Plan fiduciary net position - beginning                             | 2,162,109            | 1,477,919            | 827,079              | 223,326              | 205,385              |
| Plan fiduciary net position - ending (b)                            | <u>\$ 3,224,663</u>  | <u>\$ 2,162,109</u>  | <u>\$ 1,477,919</u>  | <u>\$ 827,079</u>    | <u>\$ 223,326</u>    |
| <b>County's net OPEB liability - ending (a) - (b)</b>               | <u>\$ 11,509,688</u> | <u>\$ 13,458,852</u> | <u>\$ 12,572,145</u> | <u>\$ 11,013,285</u> | <u>\$ 17,025,426</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 21.89%               | 13.84%               | 10.52%               | 6.99%                | 1.29%                |
| Covered payroll   | \$ 11,669,528        | \$ 12,783,910        | \$ 13,901,123        | \$ 14,114,319        | \$ 14,875,814        |
| Net liability as a percentage of covered payroll                    | 99%                  | 105%                 | 90%                  | 78%                  | 114%                 |
| Annual money-weighted rate of return, net of investment expense     | 21.88%               | 6.25%                | 6.85%                | 2.11%                | 8.79%                |

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Changes in Assumptions: The mortality improvement scale was updated from MP-2019 to MP-2020

Benefit Changes: None

**SUPPLEMENTARY INFORMATION**

**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**  
General Fund Schedule of Revenues and Other Financing Sources -  
Budget and Actual (Budget Basis)  
Year Ended June 30, 2021

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| <b>TAXES:</b>                            |                            |                         |                   |   |
| <b>Local Real and Personal Property:</b> |                            |                         |                   |   |
| Real Property                            | \$ 46,376,082              | \$ 46,376,082           | \$ 47,314,416     | \$ 938,334                                      |
| Railroads and Public Utilities           | 3,071,193                  | 3,071,193               | 3,266,367         | 195,174   |
| Ordinary Business Corporations           | 3,168,000                  | 3,168,000               | 3,399,854         | 231,854   |
| Enterprise Zone Tax Refund               | 41,275                     | 41,275                  | 42,731            | 1,456   |
| Penalties and Interest                   | 700,000                    | 700,000                 | 593,269           | (106,731)                                       |
| <b>Total Real and Personal Property</b>  | <u>53,356,550</u>          | <u>53,356,550</u>       | <u>54,616,637</u> | <u>1,260,087</u>                                |
| <b>Other Local Taxes:</b>                |                            |                         |                   |   |
| Income                                   | 12,500,000                 | 12,500,000              | 16,581,761        | 4,081,761                                       |
| Admissions and Amusement                 | 750,000                    | 750,000                 | 1,431,940         | 681,940   |
| Recordation                              | 1,550,000                  | 1,550,000               | 4,060,441         | 2,510,441                                       |
| Coal Tonnage                             | 61,000                     | 61,000                  | 15,859            | (45,141)  |
| Trailer Court                            | 36,000                     | 36,000                  | 37,627            | 1,627   |
| Natural Gas                              | 440                        | 440                     | 368               | (72)  |
| Accommodations Tax                       | 2,550,000                  | 2,550,000               | 6,974,643         | 4,424,643                                       |
| Transfer Tax                             | 1,550,000                  | 1,550,000               | 4,787,159         | 3,237,159                                       |
| Franchise Tax                            | 400                        | 400                     | 490               | 90  |
| Coal Tax                                 | 50,000                     | 50,000                  | 41,252            | (8,748)   |
| 911 Fees                                 | 205,000                    | 205,000                 | 221,701           | 16,701  |
| Agricultural Transfer Tax                | 8,000                      | 8,000                   | 81,625            | 73,625  |
| Tax Sale Revenue                         | 40,000                     | 40,000                  | 29,666            | (10,334)  |
| <b>Total Other Local Taxes</b>           | <u>19,300,840</u>          | <u>19,300,840</u>       | <u>34,264,532</u> | <u>14,963,692</u>                               |
| <b>Total Taxes</b>                       | <u>72,657,390</u>          | <u>72,657,390</u>       | <u>88,881,169</u> | <u>16,223,779</u>                               |
| <b>LICENSES AND PERMITS:</b>             |                            |                         |                   |   |
| <b>Business:</b>                         |                            |                         |                   |   |
| Traders                                  | 69,000                     | 69,000                  | 73,894            | 4,894   |
| <b>Other Licenses and Permits:</b>       |                            |                         |                   |   |
| Animal                                   | 5,000                      | 5,000                   | 3,994             | (1,006)   |
| Marriage                                 | 1,800                      | 1,800                   | 2,030             | 230   |
| TVRU License                             | 101,500                    | 101,500                 | 119,250           | 17,750  |
| Highways and Streets                     | 11,200                     | 11,200                  | 21,153            | 9,953   |
| Other Permits                            | 18,700                     | 19,351                  | 34,630            | 15,279  |
| <b>Total Licenses and Permits</b>        | <u>\$ 207,200</u>          | <u>\$ 207,851</u>       | <u>\$ 254,951</u> | <u>\$ 47,100</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, 2021

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| <b>INTERGOVERNMENTAL:</b>                  |                            |                         |                      |   |
| <b>Grants From Federal Government:</b>     |                            |                         |                      |   |
| Cares Act Grants                           | \$ -                       | \$ 3,934,421            | \$ 3,934,421         | \$ -  |
| Federal Aid in Lieu of Taxes               | 4,000                      | 4,000                   | 5,541                | 1,541   |
| Master's Program                           | 16,500                     | 16,500                  | 10,985               | (5,515)   |
| Domestic Violence                          | 35,000                     | 35,000                  | 35,201               | 201   |
| American Rescue Plan Grants                | -                          | 1,692,939               | 1,692,939            | -   |
| Child Support                              | 13,999                     | 13,999                  | 10,430               | (3,569)   |
| EMPG - Emergency Management                | 70,694                     | 90,561                  | 89,088               | (1,473)   |
| Hazardous Materials Emergency Preparedness | -                          | 5,526                   | -                    | (5,526)   |
| Homeland Security Grants                   | 280,350                    | 413,052                 | 97,038               | (316,014)                                       |
| ARC - All Students STEM Ready              | -                          | 25,492                  | 6,064                | (19,428)  |
| DOT - CAC Mass Transit                     | 737,747                    | 1,109,406               | 1,109,406            | -   |
| Emergency Rental Assistance                | -                          | 121,161                 | 121,161              | -   |
| Miscellaneous                              | 3,016                      | 6,063                   | 8,039                | 1,976   |
| <b>Grants From State Government:</b>       |                            |                         |                      |   |
| Disparity Grant                            | 2,537,671                  | 2,537,671               | 2,537,671            | -   |
| Forestry & Parks                           | 1,601,556                  | 1,601,556               | 1,571,480            | (30,076)  |
| Program Open Space                         | -                          | 527,856                 | 527,856              | -   |
| Jury Reimbursement                         | 9,600                      | 9,600                   | 1,245                | (8,355)   |
| Family Services                            | 128,055                    | 128,174                 | 117,148              | (11,026)  |
| Deep Creek Dredging and Erosion            | -                          | 348,266                 | 45,212               | (303,054)                                       |
| MEA Smart Energy Grants                    | -                          | 15,480                  | 15,480               | -   |
| School Bus Safety Grants                   | 22,304                     | 22,304                  | 10,267               | (12,037)  |
| Police Protection                          | 204,012                    | 204,012                 | 203,808              | (204)   |
| Sex Offender Registration                  | 11,000                     | 11,000                  | 12,261               | 1,261   |
| Sex Offender Compliance                    | 7,034                      | 7,034                   | 6,566                | (468)   |
| MSDE MD Department of Education            | 84,866                     | 84,866                  | 53,718               | (31,148)  |
| Housing of State Inmates                   | 20,000                     | 20,000                  | 37,395               | 17,395  |
| Emergency Numbers Systems Board Grants     | 37,345                     | 1,149,544               | 1,061,154            | (88,390)  |
| MIEMSS State Grant                         | -                          | 2,000                   | 2,000                | -   |
| Highway User Tax                           | 1,198,202                  | 1,198,202               | 1,175,540            | (22,662)  |
| Rural Legacy Grant                         | -                          | 574,877                 | -                    | (574,877)                                       |
| Rural Broadband                            | -                          | 714,962                 | 559,037              | (155,925)                                       |
| Mass Transit                               | 191,677                    | 174,729                 | 174,729              | -   |
| MD Department of Aging Senior Center       | 26,678                     | 26,678                  | 4,999                | (21,679)  |
| Other                                      | 3,763                      | 3,763                   | 3,708                | (55)  |
| <b>Subtotal - Intergovernmental</b>        | <b>\$ 7,245,069</b>        | <b>\$ 16,830,694</b>    | <b>\$ 15,241,587</b> | <b>\$ (1,589,107)</b>                           |

**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**  
General Fund Schedule of Revenues and Other Financing Sources -  
Budget and Actual (Budget Basis)  
Year Ended June 30, 2021

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>         | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|-----------------------|---|
| <b>INTERGOVERNMENTAL - Continued</b>                  |                            |                         |                       |   |
| Balances Brought Forward                              | \$ 7,245,069               | \$ 16,830,694           | \$ 15,241,587         | \$ (1,589,107)                                  |
| <b>Other:</b>   |                            |                         |                       |   |
| Other   | 38,530                     | 233,779                 | 218,190               | (15,589)  |
| <b>Total Intergovernmental</b>                        | <u>7,283,599</u>           | <u>17,064,473</u>       | <u>15,459,777</u>     | <u>(1,604,696)</u>                              |
| <b>FINES AND FORFEITURES</b>                          | <u>2,500</u>               | <u>2,500</u>            | <u>6,486</u>          | <u>3,986</u>                                    |
| <b>SERVICE CHARGES FOR CURRENT SERVICES:</b>          |                            |                         |                       |   |
| <b>General Government:</b>                            |                            |                         |                       |   |
| Credit Card Convenience Fees                          | 29,000                     | 34,500                  | 35,866                | 1,366   |
| Zoning and Subdivision Fees                           | 12,000                     | 12,000                  | 22,410                | 10,410  |
| Building Inspection                                   | 45,000                     | 45,000                  | 93,057                | 48,057  |
| Inventory Sales                                       | 343,350                    | 343,350                 | 154,202               | (189,148)                                       |
| Miscellaneous   | 201,200                    | 201,200                 | 53,640                | (147,560)                                       |
| <b>Public Safety:</b>                                 |                            |                         |                       |   |
| Fingerprinting Fees                                   | 25,000                     | 25,000                  | 26,082                | 1,082   |
| Work Release  | 22,000                     | 22,000                  | 6,172                 | (15,828)  |
| Emergency Medical Services - Patient Billing          | 200,000                    | 200,000                 | 219,683               | 19,683  |
| Volunteer Rescue Cost Share                           | 150,000                    | 150,000                 | 176,408               | 26,408  |
| Miscellaneous   | 2,400                      | 20,180                  | 20,080                | (100)   |
| <b>Total Service Charges</b>                          | <u>1,029,950</u>           | <u>1,053,230</u>        | <u>807,600</u>        | <u>(245,630)</u>                                |
| <b>MISCELLANEOUS:</b>                                 |                            |                         |                       |   |
| Interest and Dividends                                | 225,000                    | 225,000                 | 110,184               | (114,816)                                       |
| Rents and Concessions                                 | 795,377                    | 944,177                 | 783,272               | (160,905)                                       |
| Miscellaneous   | 7,000                      | 45,000                  | 1,082,796             | 1,037,796                                       |
| <b>Total Miscellaneous</b>                            | <u>1,027,377</u>           | <u>1,214,177</u>        | <u>1,976,252</u>      | <u>762,075</u>                                  |
| <b>TOTAL REVENUES</b>                                 | <u>82,208,016</u>          | <u>92,199,621</u>       | <u>107,386,235</u>    | <u>15,186,614</u>                               |
| <b>OTHER FINANCING SOURCES:</b>                       |                            |                         |                       |   |
| Sale of Capital Assets                                | -                          | -                       | 80,150                | 80,150  |
| Transfers - Special Revenue Funds                     | -                          | 5,099                   | 5,099                 | -   |
| Transfers - Liquor Control Board                      | 109,279                    | 109,279                 | 125,267               | 15,988  |
| <b>Total Other Financing Sources</b>                  | <u>109,279</u>             | <u>114,378</u>          | <u>210,516</u>        | <u>96,138</u>                                   |
| <b>TOTAL REVENUES AND OTHER<br/>FINANCING SOURCES</b> | <u>\$ 82,317,295</u>       | <u>\$ 92,313,999</u>    | <u>\$ 107,596,751</u> | <u>\$ 15,282,752</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, 2021

|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------|----------------------------|-------------------------|----------------------|---|
| <b>GENERAL GOVERNMENT</b>             |                            |                         |                      |   |
| <b>Legislative:</b>                   |                            |                         |                      |   |
| County Commissioners                  | \$ 460,886                 | \$ 511,067              | \$ 457,959           | \$ 53,108                                       |
| <b>Judicial:</b>                      |                            |                         |                      |   |
| Circuit Court                         | 528,553                    | 532,487                 | 434,258              | 98,229  |
| Orphans Court                         | 16,793                     | 17,482                  | 15,305               | 2,177   |
| State's Attorney                      | 715,767                    | 732,575                 | 728,728              | 3,847   |
|                                       | <u>1,261,113</u>           | <u>1,282,544</u>        | <u>1,178,291</u>     | <u>104,253</u>                                  |
| <b>Elections:</b>                     |                            |                         |                      |   |
| Board of Supervisors of Elections     | 504,356                    | 523,974                 | 508,499              | 15,475  |
| <b>Financial Administration:</b>      |                            |                         |                      |   |
| Finance Office                        | 669,619                    | 677,843                 | 638,628              | 39,215  |
| Tax Collection Office                 | 263,074                    | 270,643                 | 272,375              | (1,732)   |
| Department of Assessments & Taxation  | 278,000                    | 278,000                 | 225,604              | 52,396  |
| Procurement                           | 183,226                    | 185,355                 | 162,073              | 23,282  |
| <b>Total Financial Administration</b> | <u>1,393,919</u>           | <u>1,411,841</u>        | <u>1,298,680</u>     | <u>113,161</u>                                  |
| <b>Law:</b>                           |                            |                         |                      |   |
| Legal Counsel                         | 106,643                    | 106,816                 | 95,459               | 11,357  |
| <b>Personnel Administration:</b>      |                            |                         |                      |   |
| Personnel Administration              | 494,842                    | 499,211                 | 381,327              | 117,884   |
| <b>Planning and Zoning:</b>           |                            |                         |                      |   |
| Planning Commission                   | 605,897                    | 1,426,272               | 931,501              | 494,771   |
| <b>Facilities &amp; Maintenance:</b>  |                            |                         |                      |   |
| County Buildings                      | 1,736,140                  | 1,909,027               | 1,655,881            | 253,146   |
| <b>Total General Government</b>       | <u>6,563,796</u>           | <u>7,670,752</u>        | <u>6,507,597</u>     | <u>1,163,155</u>                                |
| <b>PUBLIC SAFETY</b>                  |                            |                         |                      |   |
| <b>Sheriff's Department</b>           | 3,891,062                  | 4,030,876               | 3,901,422            | 129,454   |
| <b>Corrections</b>                    | 2,435,283                  | 2,465,858               | 2,320,025            | 145,833   |
| <b>Fire and Rescue Services</b>       | 3,822,940                  | 4,034,889               | 3,834,914            | 199,975   |
| <b>Other Public Safety:</b>           |                            |                         |                      |   |
| Permits and Inspections               | 374,511                    | 554,784                 | 547,395              | 7,389   |
| Animal Control                        | 355,104                    | 443,761                 | 430,756              | 13,005  |
| Emergency Management                  | 369,692                    | 741,491                 | 660,662              | 80,829  |
| 911 Center                            | 1,305,368                  | 1,816,034               | 1,434,873            | 381,161   |
| <b>Total Public Safety</b>            | <u>\$ 12,553,960</u>       | <u>\$ 14,087,693</u>    | <u>\$ 13,130,047</u> | <u>\$ 957,646</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, 2021

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|-------------------------|---------------------|---|
| <b>PUBLIC WORKS</b>   |                            |                         |                     |   |
| Highways and Streets  | \$ 15,551,402              | \$ 16,663,503           | \$ 15,371,219       | \$ 1,292,284                                    |
| <b>HEALTH AND HOSPITAL</b>                                    |                            |                         |                     |   |
| Health Department   | 2,301,163                  | 3,289,328               | 3,288,765           | 563   |
| <b>EDUCATION</b>  |                            |                         |                     |   |
| Board of Education  | 30,255,094                 | 30,149,315              | 29,878,395          | 270,920   |
| Community College   | 5,984,000                  | 8,942,573               | 6,242,133           | 2,700,440                                       |
| <b>Total Education</b>  | <b>36,239,094</b>          | <b>39,091,888</b>       | <b>36,120,528</b>   | <b>2,971,360</b>                                |
| <b>CULTURE</b>  | 49,000                     | 49,000                  | 48,000              | 1,000   |
| <b>PARKS AND RECREATION</b>                                   | 26,500                     | 26,500                  | 26,191              | 309   |
| <b>LIBRARY</b>  | 1,076,000                  | 1,098,252               | 1,098,252           | -   |
| <b>CONSERVATION OF NATURAL RESOURCES</b>                      |                            |                         |                     |   |
| Agriculture Extension Service                                 | 218,677                    | 218,677                 | 205,906             | 12,771  |
| Soil Conservation   | 19,706                     | 19,706                  | 19,706              | -   |
| Agricultural Land Preservation Program                        | 8,000                      | 586,274                 | 3,000               | 583,274   |
| <b>Total Conservation of Natural Resources</b>                | <b>246,383</b>             | <b>824,657</b>          | <b>228,612</b>      | <b>596,045</b>                                  |
| <b>SOCIAL SERVICES</b>  |                            |                         |                     |   |
| Commission on Aging   | 406,237                    | 406,237                 | 384,559             | 21,678  |
| <b>ECONOMIC DEVELOPMENT AND OPPORTUNITY</b>                   |                            |                         |                     |   |
| Economic Development  | 735,464                    | 3,755,571               | 2,991,159           | 764,412   |
| Tourism   | 850,000                    | 913,500                 | 913,500             | -   |
| Community Action Programs                                     | 1,422,187                  | 2,269,779               | 2,269,724           | 55  |
| Fair Board Agricultural Fair                                  | 20,000                     | 20,000                  | 20,000              | -   |
| Special Promotion   | 93,311                     | 96,359                  | 70,079              | 26,280  |
| Other   | 82,432                     | 82,432                  | 82,432              | -   |
| <b>Total Economic Development<br/>        and Opportunity</b> | <b>\$ 3,203,394</b>        | <b>\$ 7,137,641</b>     | <b>\$ 6,346,894</b> | <b>\$ 790,747</b>                               |

**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**  
General Fund Schedule of Expenditures and Other Financing Uses -  
Budget and Actual (Budget Basis)  
Year Ended June 30, 2021

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| <b>CAPITAL OUTLAY</b>                                  |                            |                         |                      |   |
| Finance Office   | \$ -                       | \$ 82,575               | \$ -                 | \$ 82,575                                       |
| Sheriff's Department                                   | -                          | 754                     | -                    | 754   |
| Emergency Management                                   | -                          | 56,232                  | 35,108               | 21,124  |
| 911  | -                          | 920,632                 | 866,626              | 54,006  |
| Highways and Streets                                   | -                          | 582,688                 | 260,930              | 321,758   |
| Facilities & Maintenance                               | -                          | 2,041,021               | 1,760,817            | 280,204   |
| <b>Total Capital Outlay</b>                            | <u>-</u>                   | <u>3,683,902</u>        | <u>2,923,481</u>     | <u>760,421</u>                                  |
| <b>INTERGOVERNMENTAL</b>                               | <u>302,205</u>             | <u>302,205</u>          | <u>302,205</u>       | <u>-</u>  |
| <b>MISCELLANEOUS</b>                                   | <u>2,184,500</u>           | <u>13,831,010</u>       | <u>4,179,708</u>     | <u>9,651,302</u>                                |
| <b>TOTAL EXPENDITURES</b>                              | <u>80,703,634</u>          | <u>108,162,568</u>      | <u>89,956,058</u>    | <u>18,206,510</u>                               |
| <b>OTHER FINANCING USES</b>                            |                            |                         |                      |   |
| <b>Operating Transfers:</b>                            |                            |                         |                      |   |
| Capital Projects Fund                                  | 450,000                    | 3,609,672               | 1,362,683            | 2,246,989                                       |
| Airport Fund   | 167,101                    | 405,258                 | 234,070              | 171,188   |
| Solid Waste Fund                                       | 152,176                    | 208,789                 | 208,789              | -   |
| Parks & Recreation Fund                                | -                          | 17,000                  | 15,723               | 1,277   |
| Dept. of Tech. & Communication Fund                    | 844,384                    | 2,216,631               | 1,851,515            | 365,116   |
| <b>Total Other Financing Uses</b>                      | <u>1,613,661</u>           | <u>6,457,350</u>        | <u>3,672,780</u>     | <u>2,784,570</u>                                |
| <b>TOTAL EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <u>\$ 82,317,295</u>       | <u>\$ 114,619,918</u>   | <u>\$ 93,628,838</u> | <u>\$ 20,991,080</u>                            |

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

General Fund

Schedule of Taxes and Taxes Receivable

Year Ended June 30, 2021

|  | <u>Total<br/>Assessed<br/>Value</u> | <u>Tax Rate<br/>Per<br/>\$100</u> | <u>Actual<br/>Tax<br/>Levy</u> | <u>Amount<br/>Collected</u> | <u>Balance<br/>of Taxes<br/>Receivable</u> |
|--|-------------------------------------|-----------------------------------|--------------------------------|-----------------------------|--|
| <b>CURRENT YEAR LEVY:</b>                  |                                     |                                   |                                |                             |  |
| Real Property - Full Year                  |                                     |                                   |                                |                             |  |
| Mt Lake Park                               | \$ 108,942,286                      | 0.9907                            | \$ 1,079,291                   |                             |  |
| All Others                                 | <u>4,315,160,235</u>                | 1.0560                            | <u>45,673,200</u>              |                             |  |
| Total Full Year                            | 4,424,102,521                       |                                   | 46,752,491                     |                             |  |
| Real Property - One-Half Year              | <u>19,906,930</u>                   | 1.0560                            | <u>105,109</u>                 |                             |  |
| Total Real Property                        | <u>4,444,009,451</u>                |                                   | <u>46,857,600</u>              | <u>\$ 45,493,949</u>        | <u>\$ 1,363,651</u>                        |
| Personal Property - Corporate              | <u>128,782,348</u>                  | 2.640                             | <u>3,399,854</u>               | <u>3,399,854</u>            | <u>-</u>                                   |
| Public Utilities and Railroad              | <u>124,419,262</u>                  | 2.625                             | <u>3,266,368</u>               | <u>3,266,368</u>            | <u>-</u>                                   |
| <b>Total Current Year</b>                  | <u><u>\$ 4,697,211,061</u></u>      |                                   | <u><u>\$ 53,523,822</u></u>    | <u><u>\$ 52,160,171</u></u> | <u>1,363,651</u>                           |
| <b>PRIOR YEAR RECEIVABLES:</b>             |                                     |                                   |                                |                             |  |
|  | <u>Year Ended June 30:</u>          |                                   |                                |                             |  |
|  | 2020                                |                                   |                                |                             | 37,493                                     |
|  | 2019                                |                                   |                                |                             | 20,893                                     |
|  | 2018                                |                                   |                                |                             | 17,405                                     |
|  | 2017                                |                                   |                                |                             | 15,887                                     |
|  | 2016                                |                                   |                                |                             | 13,065                                     |
|  | 2015                                |                                   |                                |                             | 10,871                                     |
|  | 2014                                |                                   |                                |                             | 10,879                                     |
|  | 2013                                |                                   |                                |                             | 1,927                                      |
|  | 2012                                |                                   |                                |                             | 1,566                                      |
|  | 2011                                |                                   |                                |                             | 1,516                                      |
|  | 2010                                |                                   |                                |                             | 1,170                                      |
|  | 2009                                |                                   |                                |                             | 334  |
|  | 2008                                |                                   |                                |                             | 232  |
|  | 2007                                |                                   |                                |                             | 63   |
|  | 2006                                |                                   |                                |                             | 54   |
|  | 2005                                |                                   |                                |                             | 48   |
|  | 2004                                |                                   |                                |                             | 21   |
|  | 2003                                |                                   |                                |                             | 21   |
|  | 2002                                |                                   |                                |                             | 21   |
|  | 2001                                |                                   |                                |                             | 21   |
|  | 1996-2000                           |                                   |                                |                             | <u>60</u>                                  |
| <b>Total Prior Years</b>                   |                                     |                                   |                                |                             | <u>133,547</u>                             |
| <b>TOTAL TAXES RECEIVABLE</b>              |                                     |                                   |                                |                             | 1,497,198                                  |
| Less: Allowance for Uncollectible Accounts |                                     |                                   |                                |                             | <u>(50,000)</u>                            |
| <b>TAXES RECEIVABLE - NET</b>              |                                     |                                   |                                |                             | <u><u>\$ 1,447,198</u></u>                 |

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

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2021

|  | <u>Public<br/>Safety</u> | <u>Commissary</u> | <u>Law<br/>Library</u> |
|--|--------------------------|-------------------|------------------------|
| <b>ASSETS:</b>                             |                          |                   |                        |
| Other Receivables - Net                    | \$ -                     | \$ 2,280          | \$ 1,498               |
| Restricted Cash                            | 325,204                  | 15,552            | 20,374                 |
| <b>TOTAL ASSETS</b>                        | <u>325,204</u>           | <u>17,832</u>     | <u>21,872</u>          |
| <b>LIABILITIES:</b>                        |                          |                   |                        |
| Accounts Payable and Accrued Expenses      | 23                       | 230               | -                      |
| Unearned Revenues                          | 302,265                  | -                 | -                      |
| <b>Total Liabilities</b>                   | <u>302,288</u>           | <u>230</u>        | <u>-</u>               |
| <b>FUND BALANCES:</b>                      |                          |                   |                        |
| Restricted                                 | 22,916                   | 17,602            | 21,872                 |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 325,204</u>        | <u>\$ 17,832</u>  | <u>\$ 21,872</u>       |

| <b>Keysers<br/>Ridge</b> | <b>HUD</b>       | <b>Total Other<br/>Governmental<br/>Funds</b> |
|--------------------------|------------------|---|
| \$ -                     | \$ -             | \$ 3,778                                      |
| 310,885                  | 57,150           | 729,165                                       |
| <u>310,885</u>           | <u>57,150</u>    | <u>732,943</u>                                |
| -                        | -                | 253   |
| 307,328                  | 57,150           | 666,743                                       |
| <u>307,328</u>           | <u>57,150</u>    | <u>666,996</u>                                |
| 3,557                    | -                | 65,947  |
| <u>\$ 310,885</u>        | <u>\$ 57,150</u> | <u>\$ 732,943</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, 2021

|   | <b>Public<br/>Safety</b> | <b>Commissary</b> | <b>Law<br/>Library</b> |
|---|--------------------------|-------------------|------------------------|
| <b>REVENUES:</b>                          |                          |                   |                        |
| Intergovernmental                         | \$ 246,111               | \$ -              | \$ -                   |
| Fines and Forfeitures                     | 3,479                    | -                 | 5,896                  |
| Investment Income                         | 21                       | -                 | -                      |
| Charges for Services                      | -                        | 24,086            | -                      |
| <b>Total Revenues</b>                     | <b>249,611</b>           | <b>24,086</b>     | <b>5,896</b>           |
| <b>EXPENDITURES:</b>                      |                          |                   |                        |
| General Government                        | -                        | -                 | 5,123                  |
| Public Safety                             | 252,776                  | 19,275            | -                      |
| Community Development                     | -                        | -                 | -                      |
| <b>Total Expenditures</b>                 | <b>252,776</b>           | <b>19,275</b>     | <b>5,123</b>           |
| <b>OTHER FINANCING USES:</b>              |                          |                   |                        |
| Transfer to the General Fund              | 5,099                    | -                 | -                      |
| <b>REVENUES OVER/(UNDER) EXPENDITURES</b> | <b>(8,264)</b>           | <b>4,811</b>      | <b>773</b>             |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>   | <b>31,180</b>            | <b>12,791</b>     | <b>21,099</b>          |
| <b>FUND BALANCES, END OF YEAR</b>         | <b>\$ 22,916</b>         | <b>\$ 17,602</b>  | <b>\$ 21,872</b>       |

| <b>Keysers<br/>Ridge</b> | <b>HUD</b>     | <b>Total Other<br/>Governmental<br/>Funds</b> |
|--------------------------|----------------|---|
| \$ -                     | \$ 435,536     | \$ 681,647                                    |
| -                        | -              | 9,375   |
| 178                      | -              | 199   |
| -                        | -              | 24,086  |
| <u>178</u>               | <u>435,536</u> | <u>715,307</u>                                |
| -                        | -              | 5,123   |
| -                        | -              | 272,051                                       |
| -                        | 435,536        | 435,536                                       |
| <u>-</u>                 | <u>435,536</u> | <u>712,710</u>                                |
| -                        | -              | 5,099   |
| 178                      | -              | (2,502)                                       |
| <u>3,379</u>             | <u>-</u>       | <u>68,449</u>                                 |
| <u>\$ 3,557</u>          | <u>\$ -</u>    | <u>\$ 65,947</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, 2021

|   | <u>Water<br/>Systems</u> | <u>Deep<br/>Creek<br/>Lab</u> | <u>Company<br/>Store</u> | <u>Subtotal<br/>Water<br/>Projects</u> |
|---|--------------------------|-------------------------------|--------------------------|--|
| <b>OPERATING REVENUES:</b>                        |                          |                               |                          |  |
| Charges for Services                              | \$ 1,900,599             | \$ 72,560                     | \$ -                     | \$ 1,973,159                           |
| Other   | 187,698                  | -                             | 522,422                  | 710,120                                |
| <b>Total Operating Revenues</b>                   | <u>2,088,297</u>         | <u>72,560</u>                 | <u>522,422</u>           | <u>2,683,279</u>                       |
| <b>OPERATING EXPENSES:</b>                        |                          |                               |                          |  |
| Salaries  | 271,500                  | 125,876                       | 48,567                   | 445,943                                |
| Fringe Benefits                                   | 116,115                  | 70,834                        | 21,451                   | 208,400                                |
| Maintenance and Repairs                           | 204,134                  | 37                            | 356                      | 204,527                                |
| Supplies  | 119,920                  | 24,985                        | 411,546                  | 556,451                                |
| Utilities   | 155,673                  | 2,063                         | 10,866                   | 168,602                                |
| Transportation                                    | 59,285                   | -                             | -                        | 59,285                                 |
| Contracted Services                               | 567,293                  | 11,244                        | 1,833                    | 580,370                                |
| Insurance   | -                        | -                             | -                        | -                                      |
| Lab Tests   | 43,978                   | (173,962)                     | -                        | (129,984)                              |
| Direct Administrative                             | 6,568                    | 2,896                         | 516                      | 9,980                                  |
| Indirect Administrative                           | 77,223                   | -                             | -                        | 77,223                                 |
| Depreciation                                      | 838,348                  | 7,703                         | -                        | 846,051                                |
| Bad Debt Expense                                  | -                        | 884                           | -                        | 884                                    |
| <b>Total Operating Expenses</b>                   | <u>2,460,037</u>         | <u>72,560</u>                 | <u>495,135</u>           | <u>3,027,732</u>                       |
| <b>OPERATING (LOSS)/INCOME</b>                    | <u>(371,740)</u>         | <u>-</u>                      | <u>27,287</u>            | <u>(344,453)</u>                       |
| <b>NONOPERATING REVENUES (EXPENSES):</b>          |                          |                               |                          |  |
| Tap Fees - Capital Charge                         | -                        | -                             | -                        | -                                      |
| Interest Revenue                                  | 41,527                   | -                             | -                        | 41,527                                 |
| Ad Valorem Tax                                    | 2,882,921                | -                             | -                        | 2,882,921                              |
| Gain on Sale of Assets                            | -                        | -                             | -                        | -                                      |
| Interest Expense                                  | (335,682)                | -                             | -                        | (335,682)                              |
| <b>Net Other Revenues (Expenses)</b>              | <u>2,588,766</u>         | <u>-</u>                      | <u>-</u>                 | <u>2,588,766</u>                       |
| <b>INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS</b> | <u>2,217,026</u>         | <u>-</u>                      | <u>27,287</u>            | <u>2,244,313</u>                       |
| <b>CAPITAL CONTRIBUTIONS</b>                      |                          |                               |                          |  |
| Contributed Capital                               |                          |                               |                          |  |
| State   | -                        | -                             | -                        | -                                      |
| Federal   | 255,947                  | -                             | -                        | 255,947                                |
| <b>Total Capital Contributions</b>                | <u>255,947</u>           | <u>-</u>                      | <u>-</u>                 | <u>255,947</u>                         |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>          | <u>\$ 2,472,973</u>      | <u>\$ -</u>                   | <u>\$ 27,287</u>         | <u>\$ 2,500,260</u>                    |

| <u>Sewer<br/>Systems</u> | <u>Trout<br/>Run</u> | <u>Subtotal<br/>Sewer<br/>Projects</u> | <u>Total</u>        |
|--------------------------|----------------------|--|---------------------|
| \$ 2,977,820             | \$ 108,978           | \$ 3,086,798                           | \$ 5,059,957        |
| 21,590                   | -                    | 21,590                                 | 731,710             |
| <u>2,999,410</u>         | <u>108,978</u>       | <u>3,108,388</u>                       | <u>5,791,667</u>    |
| 630,150                  | -                    | 630,150                                | 1,076,093           |
| 255,795                  | (69,330)             | 186,465                                | 394,865             |
| 488,249                  | 26,962               | 515,211                                | 719,738             |
| 149,415                  | 1,181                | 150,596                                | 707,047             |
| 443,093                  | 30,103               | 473,196                                | 641,798             |
| 106,810                  | 4,408                | 111,218                                | 170,503             |
| 575,445                  | 71,476               | 646,921                                | 1,227,291           |
| 2,500                    | -                    | 2,500                                  | 2,500               |
| 119,134                  | 10,890               | 130,024                                | 40                  |
| 9,183                    | 235                  | 9,418                                  | 19,398              |
| 180,187                  | -                    | 180,187                                | 257,410             |
| 1,527,211                | 17,717               | 1,544,928                              | 2,390,979           |
| -                        | -                    | -                                      | 884                 |
| <u>4,487,172</u>         | <u>93,642</u>        | <u>4,580,814</u>                       | <u>7,608,546</u>    |
| <u>(1,487,762)</u>       | <u>15,336</u>        | <u>(1,472,426)</u>                     | <u>(1,816,879)</u>  |
| 1,116,930                | -                    | 1,116,930                              | 1,116,930           |
| 11,741                   | -                    | 11,741                                 | 53,268              |
| -                        | -                    | -                                      | 2,882,921           |
| 2,400                    | -                    | 2,400                                  | 2,400               |
| <u>(572,183)</u>         | <u>(13,950)</u>      | <u>(586,133)</u>                       | <u>(921,815)</u>    |
| <u>558,888</u>           | <u>(13,950)</u>      | <u>544,938</u>                         | <u>3,133,704</u>    |
| <u>(928,874)</u>         | <u>1,386</u>         | <u>(927,488)</u>                       | <u>1,316,825</u>    |
| -                        | 1,066,580            | 1,066,580                              | 1,066,580           |
| -                        | -                    | -                                      | 255,947             |
| <u>-</u>                 | <u>1,066,580</u>     | <u>1,066,580</u>                       | <u>1,322,527</u>    |
| <u>\$ (928,874)</u>      | <u>\$ 1,067,966</u>  | <u>\$ 139,092</u>                      | <u>\$ 2,639,352</u> |

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

Garrett County Sanitary District, Inc.

Schedule of Indirect Costs

Year Ended June 30, 2021

| <b>TYPE:</b>                 | <u><b>2021</b></u>       |
|------------------------------|--------------------------|
| Contracted Services          | \$ 96,914                |
| Insurance                    | 72,820                   |
| Supplies                     | 60,710                   |
| Professional and Legal       | 20,900                   |
| Utilities                    | 2,733                    |
| Telephone                    | 3,557                    |
| Administrative               | (1,827)                  |
| Repairs                      | 1,603                    |
| <b>Total</b>                 | <u><u>257,410</u></u>    |
| <b>ALLOCATION BASE:</b>      |                          |
| Direct Salaries              | 1,076,093                |
| Related Fringe Benefits      | 394,865                  |
| <b>Total Allocation Base</b> | <u><u>1,470,958</u></u>  |
| <b>INDIRECT COST RATE</b>    | <u><u>17%</u></u>        |
| <b>COSTS REPORTED AS:</b>    |                          |
| Operations                   | 257,410                  |
| Construction in Progress     | -                        |
|                              | <u><u>\$ 257,410</u></u> |

**THE BOARD OF COUNTY COMMISSIONERS OF  
GARRETT COUNTY, MARYLAND**  
Comparative Schedule of Primary Government Long-Term Indebtedness  
June 30, 2021 and 2020

|   | <b>June 30,</b>      |                      |
|---|----------------------|----------------------|
|   | <b>2021</b>          | <b>2020</b>          |
| <b>LONG-TERM INDEBTEDNESS:</b>  |                      |                      |
| <b>Government Activities:</b>   |                      |                      |
| Bond Payable - Hospital Bonds of 2004   | \$ 346,107           | \$ 431,566           |
| Bond Payable - Hospital Bonds of 2007   | 2,038,700            | 2,127,214            |
| Bond Payable - Hospital Bonds of 2014   | 5,999,998            | 6,666,665            |
| Bond Payable - Hospital Bonds of 2015   | 3,333,291            | 3,666,624            |
| <b>Total Governmental Activities</b>  | <b>11,718,096</b>    | <b>12,892,069</b>    |
| <b>Business Type Activities:</b>  |                      |                      |
| <b>Sanitary District</b>  |                      |                      |
| Note Payable - Maryland Water Quality Financing-Deer Park Water                 | 120,280              | 129,277              |
| Note Payable - Maryland Department of the Environment-Mountain Lake Park Water  | 19,734               | 28,811               |
| Note Payable - BB&T USDA Refinance Loan   | 15,188,111           | 16,277,700           |
| Note Payable - BB&T Mountain Lake Park Water Loan                               | 515,391              | 552,365              |
| Note Payable - BB&T Thayerville Water   | 4,826,590            | 5,172,841            |
| Note Payable - BB&T Jennings  | 32,213               | 34,524               |
| Note Payable - Maryland Department of the Environment-Deep Creek & Friendsville | 38,709               | 73,026               |
| Note Payable - USDA Western Conv.   | 7,116,953            | 7,240,102            |
| Note Payable - Friendsville Sewer   | 255,333              | 259,747              |
| Note Payable - Bloomington Water  | 364,299              | 376,000              |
| <b>Total Sanitary District</b>  | <b>28,477,613</b>    | <b>30,144,393</b>    |
| <b>Parks &amp; Recreation</b>   |                      |                      |
| Note Payable - Garrett County Community Action Committee                        | 275,000              | 275,000              |
| Note Payable - Maryland Department of Business and Economic Development         | 2,817,615            | 2,817,615            |
| <b>Total Parks &amp; Recreation</b>   | <b>3,092,615</b>     | <b>3,092,615</b>     |
| <b>Total Business Type Activities</b>   | <b>31,570,228</b>    | <b>33,237,008</b>    |
| <b>TOTAL LONG-TERM INDEBTEDNESS</b>   | <b>\$ 43,288,324</b> | <b>\$ 46,129,077</b> |

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

Combining Statement of Net Position

Fiduciary Funds

June 30, 2021

|   | <b>Government<br/>Personnel<br/>Retirement<br/>Plan</b> | <b>Law<br/>Enforcement<br/>Employee<br/>Retirement<br/>Plan</b> | <b>Volunteer<br/>Length of<br/>Service<br/>Award<br/>Plan</b> | <b>Other Post<br/>Employment<br/>Benefit<br/>Plan</b> | <b>Total<br/>Benefit Plan<br/>Trust Funds</b> |
|---|---|---|---|---|---|
| <b>ASSETS</b>   |   |   |   |   |   |
| Cash and Cash Equivalents                                 | \$ 1,636,475  | \$ 203,454  | \$ 9,039  | \$ 223,005  | \$ 2,071,973                                  |
| Investments:  |   |   |   |   |   |
| Certificates of Deposit                                   | 157,959   | 104,403   | 21,440  | 26,732  | 310,534                                       |
| Fixed Income Securities                                   | 8,661,903   | 3,320,344   | 247,688   | 378,869   | 12,608,804                                    |
| Mutual Funds  | 14,842,041  | 4,798,112   | 394,090   | 1,162,720   | 21,196,963                                    |
| Equity Securities   | 14,345,377  | 4,709,704   | 502,153   | 1,427,969   | 20,985,203                                    |
| Total Investments   | <u>38,007,280</u>                                       | <u>12,932,563</u>   | <u>1,165,371</u>  | <u>2,996,290</u>                                      | <u>55,101,504</u>                             |
| Interest Receivable                                       | <u>92,832</u>   | <u>38,529</u>   | <u>2,264</u>  | <u>5,368</u>  | <u>138,993</u>                                |
| <b>TOTAL ASSETS</b>                                       | 39,736,587  | 13,174,546  | 1,176,674   | 3,224,663   | 57,312,470                                    |
| <b>LIABILITIES</b>  | -   | -   | -   | -   | -   |
| <b>NET POSITION</b>                                       |   |   |   |   |   |
| <b>Held in Trust for Retirement<br/>Benefits and OPEB</b> | <u>\$ 39,736,587</u>                                    | <u>\$ 13,174,546</u>  | <u>\$ 1,176,674</u>   | <u>\$ 3,224,663</u>                                   | <u>\$ 57,312,470</u>                          |

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

Combining Statement of Changes in Net Position  
Fiduciary Funds  
Year Ended June 30, 2021

|   | <b>Government<br/>Personnel<br/>Retirement<br/>Plan</b> | <b>Law<br/>Enforcement<br/>Employee<br/>Retirement<br/>Plan</b> | <b>Volunteer<br/>Length of<br/>Service<br/>Award<br/>Plan</b> | <b>Other Post<br/>Employment<br/>Benefit<br/>Plan</b> | <b>Total<br/>Benefit Plan<br/>Trust Funds</b> |
|---|---|---|---|---|---|
| <b>ADDITIONS</b>  |   |   |   |   |   |
| Contributions:  |   |   |   |   |   |
| Employer  | \$ 4,048,269  | \$ 417,870  | \$ -  | \$ 600,000  | \$ 5,066,139                                  |
| Plan Members  | 364,314   | 243,937   | -   | -   | 608,251                                       |
| Total Contributions                                     | <u>4,412,583</u>  | <u>661,807</u>  | <u>-</u>  | <u>600,000</u>  | <u>5,674,390</u>                              |
| Investment Earnings:                                    |   |   |   |   |   |
| Realized Net Gains (Losses)<br>on Investments           | 2,174,889   | 772,758   | 86,873  | 61,961  | 3,096,481                                     |
| Interest and Dividends                                  | 691,969   | 238,264   | 23,569  | 45,740  | 999,542                                       |
| Net Increase (Decrease) in<br>Fair Value of Investments | 4,156,282   | 1,443,188   | 98,240  | 364,092   | 6,061,802                                     |
| Investment Activity Expense                             | <u>(119,712)</u>  | <u>(41,811)</u>   | <u>(3,863)</u>  | <u>(8,679)</u>  | <u>(174,065)</u>                              |
| Total Net Investment Earnings                           | <u>6,903,428</u>  | <u>2,412,399</u>  | <u>204,819</u>  | <u>463,114</u>  | <u>9,983,760</u>                              |
| <b>Total Additions</b>                                  | <u>11,316,011</u>                                       | <u>3,074,206</u>  | <u>204,819</u>  | <u>1,063,114</u>                                      | <u>15,658,150</u>                             |
| <b>DEDUCTIONS</b>                                       |   |   |   |   |   |
| Benefits  | 2,166,673   | 560,433   | 35,928  | -   | 2,763,034                                     |
| Administrative  | <u>25,232</u>   | <u>19,056</u>   | <u>9,790</u>  | <u>560</u>  | <u>54,638</u>                                 |
| <b>Total Deductions</b>                                 | <u>2,191,905</u>  | <u>579,489</u>  | <u>45,718</u>   | <u>560</u>  | <u>2,817,672</u>                              |
| <b>Net Increase In Net Position</b>                     | 9,124,106   | 2,494,717   | 159,101   | 1,062,554   | 12,840,478                                    |
| <b>Net Position - Beginning of Year</b>                 | <u>30,612,481</u>                                       | <u>10,679,829</u>   | <u>1,017,573</u>  | <u>2,162,109</u>                                      | <u>44,471,992</u>                             |
| <b>Net Position - End of Year</b>                       | <u>\$ 39,736,587</u>                                    | <u>\$ 13,174,546</u>  | <u>\$ 1,176,674</u>   | <u>\$ 3,224,663</u>                                   | <u>\$ 57,312,470</u>                          |