

BOARD OF EDUCATION OF GARRETT COUNTY

FINANCIAL REPORT

JUNE 30, 2024

BOARD OF EDUCATION OF GARRETT COUNTY

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INDEPENDENT AUDITORS' REPORT

Board of Education of Garrett County
Oakland, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Garrett County, a component unit of Garrett County, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the index to financial report.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Garrett County as of June 30, 2024, and the respective changes in financial position, and the respective budgetary comparison for the current expense funds and food service funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board of Education of Garrett County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2024 the Board adopted new accounting guidance issued by Governmental Accounting Standards Board 2021 *Implementation Guide* related to the capitalization of group asset acquisitions. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Changes in the Board's Net OPEB Liability and Related Ratios, Schedule of the Board's Proportionate Share of the Net Pension Liability-Maryland State Retirement and Pension System, and Schedule of the Board's Contributions-Maryland State Retirement and Pension System, listed in the index to the financial report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024 on our consideration of the 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 solely 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 the effectiveness of the Board of Education of Garrett County's 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 Board of Education of Garrett County's internal control over financial reporting and compliance.

The Rodeheaver Group, P.C.

Oakland, Maryland
September 25, 2024

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Maryland State law requires that local education agencies (LEAs) publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants at the close of each year. In compliance with that requirement, the finance department presents this annual financial report which is a thorough and detailed presentation of the system's financial position, activities, and balances for the fiscal year (FY) ended June 30, 2024.

This report has been prepared pursuant to Education Article Section 5-109 of the Annotated Code of Maryland. The report consists of management's representations regarding the finances of GCPS. Management is responsible for the completeness and reliability of the information contained in this report based on a comprehensive framework of internal controls. Those controls are designed to provide reasonable assurance that assets are safeguarded and accounted for properly and to ensure the reliability of accounting information for preparing financial statements in conformity with US GAAP. The objective is to provide reasonable assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

This section of Garrett County Public Schools' (GCPS) financial report presents the discussion and analysis of its financial performance during the fiscal year ended June 30, 2024, with selected comparative data for the year ended June 30, 2023. In this section we provide an overview of the basic financial statements, selected condensed data and highlights, and analysis of GCPS' financial position and changes in financial position. Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB). The goal of MD&A is to present an objective and easily readable analysis of its financial activities based on currently known facts, decisions, or conditions.

Overview of the Financial Statements

This Financial Report is comprised of three parts: Management's Discussion and Analysis, the basic financial statements, and the required supplementary information. There are three parts to the basic financial statements:

- (1) The first two statements are *government- or district-wide statements* which provide both *short-term and long-term* information about the school system's *overall* financial condition.
- (2) The remaining statements are *fund financial statements* which focus on *individual* parts of the school system, reporting operations in more detail than the district-wide financial statements.
- (3) The basic financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

District-wide Financial Statements

The district-wide financial statements provide readers with a broad overview of GCPS' finances. These statements include all assets, liabilities, and deferred outflows/inflows of the school system using the accrual basis of accounting similar to how private sector companies report their operational results. They are designed to provide a complete financial view of the entity known as the Board of Education of Garrett County.

The first of the district-wide statements is the *Statement of Net Position*, page 18. It presents balance sheet information for the entire GCPS operations at a given point in time - June 30, 2024. It includes all of the school system's assets including cash and investments, receivables, materials inventory, prepaid items, and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, accrued payroll earnings, and noncurrent liabilities. The difference between the assets, liabilities, and deferred inflows/outflows of resources is reported as net position. The statement encompasses the entire operations of GCPS. The ending net position is segregated into three categories: net investment in capital assets, restricted, and unrestricted net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of GCPS is improving or deteriorating.

The second of the district-wide financial statements is the *Statement of Activities*, page 19. It presents information showing the change in the district's net position during the most recent fiscal year. This statement shows the results of operation that caused net position to change from the prior year to the amount reported on the Statement of Net Position. This district-wide financial statement reflects the school system's activities by governmental activities. All of the school system's basic services are included in governmental activities, such as regular and special education, transportation, administration, etc. County appropriations as well as state formula aid finance the majority of these activities.

The district-wide perspective is unrelated to the budget and, accordingly, budget comparisons are not provided in this view. The Other Post-Employment Benefits Trust Fund is a fiduciary fund and as such, is not included in the district-wide financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the Garrett County Public Schools' funds, focusing on the most significant or "major" funds. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. GCPS, like other government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The school system's funds are divided into two categories: governmental funds and fiduciary funds. The Board of Education of Garrett County does not operate any enterprise activities that are reported as proprietary funds.

Budgetary presentation of individual fund financial information utilizing the current financial resources measurement focus and the budgetary basis of accounting is presented as part of the fund financial statements on pages 25 through 28.

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Governmental Funds

Most of the school system's basic services are included in governmental funds comprised of the general fund, school construction fund, and Food and Nutrition Services fund. They are generally focused on (1) cash and other financial assets that can be readily converted to cash and (2) the balances left at year-end that are available for spending. This information is provided on pages 20 and 22. The governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the school system's programs. Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. That will give a better understanding of the long-term impact of the districts' near-term financial decisions. The information found on pages 21, 23, and 24, explains the differences between the district-wide and fund statements.

Upon implementation of GASB 84, *Fiduciary Activities*, in 2020, it was determined that student activity account funds, health reimbursement arrangement (HRA) funds for post-65 retirees, and flexible spending arrangement (FSA) funds for active employees would be reported in the Unrestricted Current Expense Fund.

Fiduciary Funds

Fiduciary fund statements provide information about the financial relationships in which GCPS acts solely as a trustee for the benefit of other, such as the Post-Employment Retiree Health Benefit Plan. The Other Post-Employment Benefits (OPEB) Trust Fund is a fiduciary fund used to accumulate resources for retirement benefits payments to qualified former board employees. The OPEB Trust Fund is reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 29 and 30, respectively.

The activities reported in the fiduciary funds are excluded from the Board of Education of Garrett County's basic financial statements because the assets cannot be used to finance the board's activities. Management is responsible for ensuring that the assets reported in these funds are used only for the intended purpose and by those to whom the assets belong.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes can be found on pages 31 to 59 of this report.

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Management's Discussion and Analysis

This section of the Board of Education of Garrett County School System's Financial Report, Management's Discussion and Analysis (MD&A), is a discussion and analysis of the school system's operations during the fiscal year (FY) ended June 30, 2024, as required by Government Accounting Standards.

As stated earlier, the goal of the MD&A is to present an objective and easily readable analysis of the Board's financial activities based on currently known facts. In order to better understand the school system's financial performance, it should be read in conjunction with the financial statements and accompanying notes to the basic financial statements.

Financial Highlights

The Current Expense Fund unassigned fund balance as of June 30, 2024, was \$500,000. Through policy of the Board of Garrett County Commissioners, the Board of Education maintains an unassigned fund balance at the end of each year of \$500,000. In FY2019, the Garrett County Commissioners agreed that the Board is entitled to maintain all of its carryover funds as undesignated/unreserved. For FY 2024, there are revenues in excess of expenditures totaling \$2.5 million.

On a system-wide basis, the Board of Education of Garrett County closed the fiscal year ended June 30, 2024, with a combined net position of \$33.4 million, up from \$18.4 million in FY2023 for an increase of \$15.0 million. The Current Expense Fund actual revenues were up \$2.3 million from FY2023's \$68.7 million to FY2024's \$71.0 million as a result of increases in state and federal revenues along with increases in earnings on investments and miscellaneous revenue. The Current Expense Fund actual expenditures were down \$1.1 million from FY2023's \$69.3 million to FY2024's \$68.2 million. Remaining restricted federal COVID-19 funding was spent to provide academic and behavioral recovery services, maintain a 1:1 technology device to student ratio, deliver enhanced professional development for staff, and provide enhanced sanitizing methods and PPE among other things. The remaining funding will be spent out by September 30, 2024.

From a budgetary basis, the Unrestricted Current Expense actual revenues, \$55.0 million, were \$295k, or .5%, less than the final budget. Compared to the original budget, the actual revenues were \$443,116, or .8%, higher. The Unrestricted Current Expense Fund actual expenditures of \$52.5 million were \$2.9 million, or 5.2% under the final budget. The primary drivers were lower instructional costs due to employee shortages and mid-year separations as well as the continued utilization of federal COVID-19 relief funding.

Major budget initiatives for fiscal year 2024 were in support of the defined Mission, Vision, and Goals of the Garrett County Board of Education as well as the Master Plan for Garrett County Public Schools including both unrestricted and restricted federal and state funding. The goals of the budget included:

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

- Accelerating Academic Achievement – It is imperative to meet our students where they are and accelerate each student's academic achievement. This includes intervention and enrichment, credit recovery and summer programs. All students will be challenged with a rigorous instructional environment preparing them to become life-long learners and responsible citizens.
- Partnerships with all members of our community will be fostered and strengthened by engaging them in the education of our children. The mission of Garrett County Public Schools, in partnership with all members of our community, is to inspire and foster student growth by providing rigorous instruction and learning opportunities, sustaining a culture of excellence, and preparing our students for life in an ever-evolving world.
- Every department and school will be a good steward of system resources and will manage them in a cost-effective manner.
- Moving GCPS forward by continuing to build instructional excellence, addressing the capital improvements and needs, implementing the Board's strategic facilities plan, and continuously improving the efficiencies of central support.
- Ensuring that our employees are highly qualified and effective in their jobs contributing to a self-renewing organization.

The board's adopted accounting standard relating to accounting for subscription-based information technology arrangements (SBITAs), GASB 96, required recognition of certain right-to-use subscription assets and corresponding subscription liability. Details related to the right-to-use SBITA assets and the SBITA liability, including impact of this adoption, are outlined in Note 4 and Note 9.

Financial Analysis of the School System as a Whole

The school system's combined net position increased almost \$15.0 million, or 81%, in relation to the net position for June 30, 2023. This increase resulted from an overall increase in assets of nearly \$11.0 million along with a decrease in liabilities totaling \$4 million. Cash and other current assets increased by \$1.2 million year-over-year.

The following charts summarize year over year comparison of Net Position and Changes in Net Position with revenues by major source and program expenses by major function.

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Changes in Condensed Statement of Net Position

	2024	2023	% Change
Current and other assets	20,474,639	19,293,357	6.12%
Capital and leased assets	<u>66,858,522</u>	<u>54,990,002</u>	21.58%
Total Assets	87,333,161	74,283,359	17.57%
Deferred outflows of resources	<u>3,866,059</u>	<u>5,954,573</u>	(35.07%)
Total Assets and Deferred Outflows	<u>91,199,220</u>	<u>80,237,932</u>	13.66%
Current and other liabilities	8,132,359	10,560,092	(22.99%)
Long-term liabilities	<u>42,864,657</u>	<u>41,585,509</u>	3.08%
Total Liabilities	50,997,016	52,145,601	(2.20%)
Deferred inflows of resources	<u>6,812,097</u>	<u>9,649,195</u>	(29.40%)
Total Liabilities and Deferred Inflows	<u>57,809,113</u>	<u>61,794,796</u>	(6.45%)
Net Position			
Net investment in capital assets	63,286,110	50,166,388	26.15%
Restricted	1,819,019	2,719,167	(33.10%)
Unrestricted	<u>(31,715,022)</u>	<u>(34,442,419)</u>	(7.92%)
Total Net Position	33,390,107	18,443,136	81.04%

Changes in Net Position from Operating Results

	2024	2023	% Change		
<i>Program revenues:</i>					
Charges for services	1,660,441	1,593,853	4.18%		
Operating grants & contributions	23,917,495	19,612,425	21.95%		
Capital grants & contributions	15,186,069	6,949,856	118.51%		
<i>General revenues:</i>					
County government	25,909,841	28,817,097	(10.09%)		
State (unrestricted)	21,998,480	21,763,660	1.08%		
Federal	0	0			
<i>Other revenues</i>	<u>752,689</u>	<u>406,177</u>	85.32%		
Total Revenues	89,425,015	79,143,068	12.99%		
<i>Program expenses:</i>					
Administration	5,299,634	5,180,985	2.29%		
Instruction (regular and Special Ed)	34,578,020	34,886,399	(.88%)		
Student services and health	1,602,828	1,557,980	2.88%		
Transportation	4,928,827	5,163,422	(4.54%)		
Maintenance and Operations	6,291,123	5,839,363	7.74%		
Fixed charges	16,638,664	16,398,565	1.46%		
Food services	3,705,467	3,704,708	<u>1,433,481</u>	<u>1,303,955</u>	9.93%
Total Expenses	<u>74,478,044</u>	<u>74,035,377</u>	.60%		
Change in Net Position	14,946,971	5,107,691	192.64%		

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024

Results of operations for the school system as a whole are presented on the Statement of Activities on page 19. The majority of revenue received by the Board of Education of Garrett County is from the county and the State of Maryland. The state utilizes multiple formulas to calculate the allocation of aid to Maryland public school systems. Grant revenues, however, can be derived by formula or awarded on a competitive basis. The Food Services program is primarily self-funded by children’s payments along with federal and state food and nutrition subsidies.

Revenues increased \$10.3 million or 13%. This increase is primarily due to a \$8.2 million increase in Capital grants and contributions. The \$4.3 million increase in Operating grants and contributions is offset by a decrease of \$2.9 million in county revenue received.

Approximately \$74.5 million in expenses are reported with an increase of only .6%, or \$443 thousand over the prior year. That spending increase was a result of increased costs in maintenance and operations totaling nearly \$452 thousand. Fixed charges increased \$240 thousand, or 1.5%, year-over-year. However, that increase was largely offset by a decrease in Activity 501, Pupil Transportation, totaling nearly \$235 thousand. Food Service was flat year-to-year.

The table below presents the total cost of the major school system functions. It details each function’s net cost (total cost less fees generated by the functions and intergovernmental aid provided for specific programs).

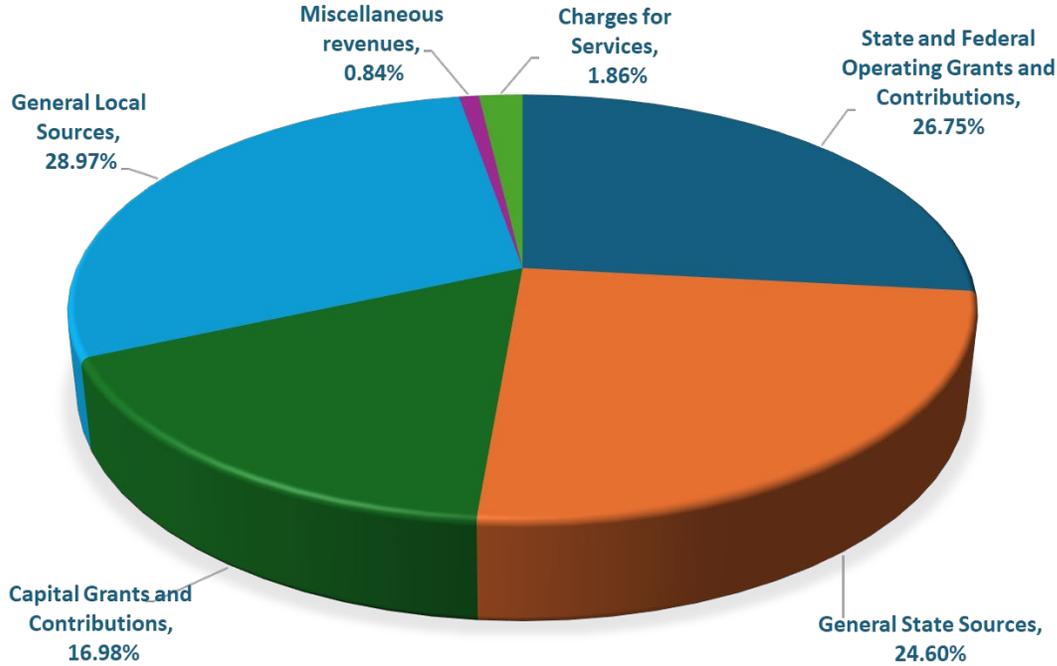
	Total Cost of Services			Net Cost of Services		
	2024	2023	%	2024	2023	%
Administration	5,299,634	5,180,985	2.29%	4,293,580	4,411,404	(2.67%)
Instruction & Special Education	34,578,020	34,886,399	(.88%)	6,739,998	17,917,765	(62.38%)
Pupil Services	883,486	804,399	9.83%	552,478	547,658	.88%
Student Health Services	719,342	753,581	(4.54%)	525,749	633,762	(17.04%)
Pupil Transportation	4,928,827	5,163,422	(4.54%)	987,813	1,522,544	(35.12%)
Operations & Maintenance	6,291,123	5,839,363	7.74%	5,512,392	5,463,541	.89%
Fixed Charges	16,638,664	16,398,565	1.46%	14,817,953	14,742,626	.51%
Food Services	3,705,467	3,704,708	.02%	101,225	463,593	(78.17%)
All Others	<u>1,433,481</u>	<u>1,303,955</u>	9.93%	<u>182,851</u>	<u>176,350</u>	3.69%
	74,478,044	74,035,377	.60%	33,714,039	45,879,243	(26.52%)

The cost of all governmental activities was just under \$74.5 million. Some of this cost is financed by users of the school system’s programs through tuition, user fees and student activities funds of \$1,660,441. Operating and capital grants and contributions from the federal and state governments for certain programs were \$23,917,495, up \$4.3 million from FY 2023. The net cost of services, \$33,714,039, is the financial burden placed on county and state taxpayers by these functions. The largest portion of the school system’s total revenue of \$89,425,015 was provided through Garrett County and State of Maryland taxpayers, 29% and 24.6% respectively. The chart below details the governmental sources of revenue.

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

GOVERNMENTAL ACTIVITIES REVENUE



Financial Analysis of the School System's Funds

The school system's financial performance is reflected in its governmental funds. At the completion of the current year, the combined fund balances for all governmental funds totaled \$11,379,489.

The Current Expense Fund balance is \$10,586,846, up \$3.5 million from FY 2023. The large variance is due to higher state and federal revenues as well as increased earnings on investments. Funds assigned for subsequent years' budgets increased to \$8.9 million from \$4.4 million in FY 2023. Funds restricted for Medical Assistance (MA) ended the year at \$337,850, up slightly from the FY 2023 ending balance of \$308,307. Balances assigned for school activities are down \$37,118 from \$839,525 to \$802,407 at June 30, 2024. There are funds restricted for the FY 2025 capital and operating budgets of \$50,000. There is also a \$500,000 unassigned carryover balance that remains the same as last year. The Food Services fund balance decreased from \$855,823 at June 30, 2023 to \$792,643 at June 30, 2024, of which \$112,866 is food inventory and \$679,777 is restricted for the Food Service Fund.

Local appropriations, general state sources, and state and federal funding revenues account for about 97.3% of the total Unrestricted Current Expense Fund revenues. Fortunately for the Garrett County Public Schools all these sources are stable and predictable.

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

General (Current Expense) Budgetary Highlights

The Unrestricted Current Expense Fund operates under a legally adopted annual budget. The budget is subdivided into state mandated categories of expenditures including Administration, Mid-level Administration, Instructional Salaries, Textbooks and Instructional Supplies, Other Instructional Costs, Special Education, Student Personnel Services, Student Health Services, Student Transportation, Operation of Plant, Maintenance of Plant, Fixed Charges, Food Services, Capital Outlays, and Community Services. The legal level of budgetary control is at the category level. Unexpended and encumbered appropriations terminate at the end of the fiscal year.

The variance of actual to final budget and original to final budget for Unrestricted Current Expense fund is detailed in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) on page 25. The overall variation between the original unrestricted budget and final budget represents several changes.

The Unrestricted Current Expense actual revenues were slightly under final budget by .5%, or \$294,852. There was an increase in Earnings on Investments and State Special Education allocation. Actual expenditures were \$2.9 million, or 5.2%, below final budget. Capital Outlay was slightly over budget as a result of projects that were not covered by state or local funding. Instructional expenses were below budget due to the continued use of federal restricted sources for academic intervention and staff development stipends and instructional materials as well as teacher vacancies and the use of long-term substitutes. Special education expense and Student health services were below budget as a result of open positions, use of federal funding, and, in the case of Special education, MA funding additional services.

In addition to the Unrestricted Fund, the Current Expense Fund is comprised of the Restricted Current Expense Fund and School Activity Accounts. The Restricted Current Expense Fund variance between final budget and actual represents the remaining funds available to be spent from restricted grants, all of which are budgeted upon award. For FY 2024, there was a balance of \$337,850 compared to a balance of \$308,307 in FY 2023. School Activity Accounts operate at the school level abiding by the Board's policies and procedures. The fund balance remaining is restricted for use at the school level. For FY 2024 that balance was \$802,407, down slightly from the FY 2023 balance of \$839,525. The Statement of Revenues, Expenditures, and Changes in Fund Balance for the Restricted Current Expense Fund and School Activity Accounts are presented on page 26 and 27, respectively.

The Food Service revenue was \$51,281, or 1.4%, higher than anticipated as a result of higher commodities allocated and increase in federal revenue. Compared to FY 2023, the FY 2024 revenues were up \$479,913, or 14.9%. The variance reported for salaries and wages were due to the additional costs incurred for the summer feeding program.

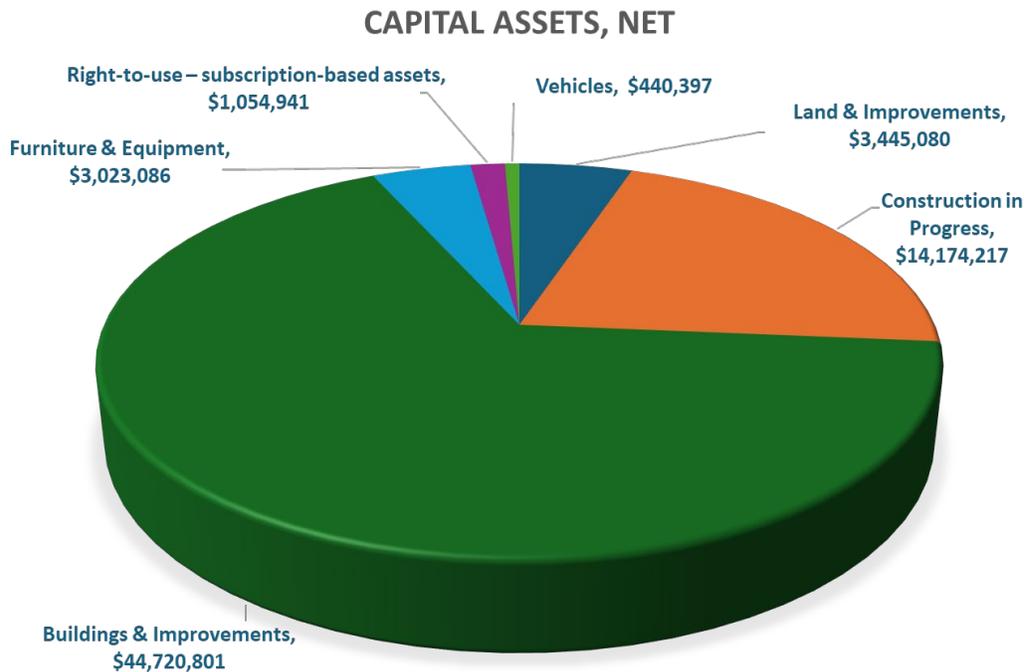
BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Capital Assets

By the end of FY 2024, the school system had \$141.4 million invested primarily in a broad range of capital assets including land and land improvements, buildings and improvements, vehicles, and other equipment. This amount represents an increase of nearly \$16.0 million, or 12.8%, over FY 2023. There was a restatement of \$510,605 for group assets as a result of GASB question and answer 5.1 related to the capitalization of certain group asset purchases in the 2021-1 Implementation Guide. The revised guidance requires government entities to capitalize assets when the individual acquisition costs are less than the threshold for an individual asset if those assets in aggregate are significant. Depreciation was \$3.9 million in FY 2024, therefore investment in Capital Improvement Program (CIP) outpaced depreciation.

The CIP includes funding for school construction and renovation for several projects in FY 2024. As of June 30, 2024, there is \$14.2 million classified as construction in progress. The larger project included the Southern Middle/Broadford Elementary project, \$1.6 million; HVAC installation projects at Northern High, \$6.6 million, and Southern High, \$3.3 million; and the Southern High grade band realignment, \$1.9 million. Other large projects include an addition at Hickory Environmental Education Center, \$40,653; the Southern High fieldhouse, \$120,794; the portables at Broadford, \$363,418; the Yough Glades fire alarm, \$14,329; wastewater plant, \$8,768; and the Southern High greenhouse, \$8,240. More detailed information about the school system's capital assets can be found in Note 4 to the financial statements.



BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Long-Term Debt and Other Long-Term Obligations

At year-end, the school system had \$42,864,657 in long-term obligations outstanding. Of that, \$1,378,935, or 3.2%, represents obligations for accumulated unpaid leave for the system's staff; \$1,498, or .003%, is classified as leases; \$1,121,373, or 2.6%, represents obligations to use subscription-based assets; \$2,449,541, or 5.7%, represents contractual financing obligations for capital equipment; \$42,781, or .1%, represents accrues interest payable; \$33,929,246, or 79.2%, represents the school system's net other post-employment benefit (OPEB) obligation; while the remainder represents the net pension liability of \$3,941,283, or 9.2%. Details of changes in balances are illustrated in Note 5.

Post-Employment Benefits

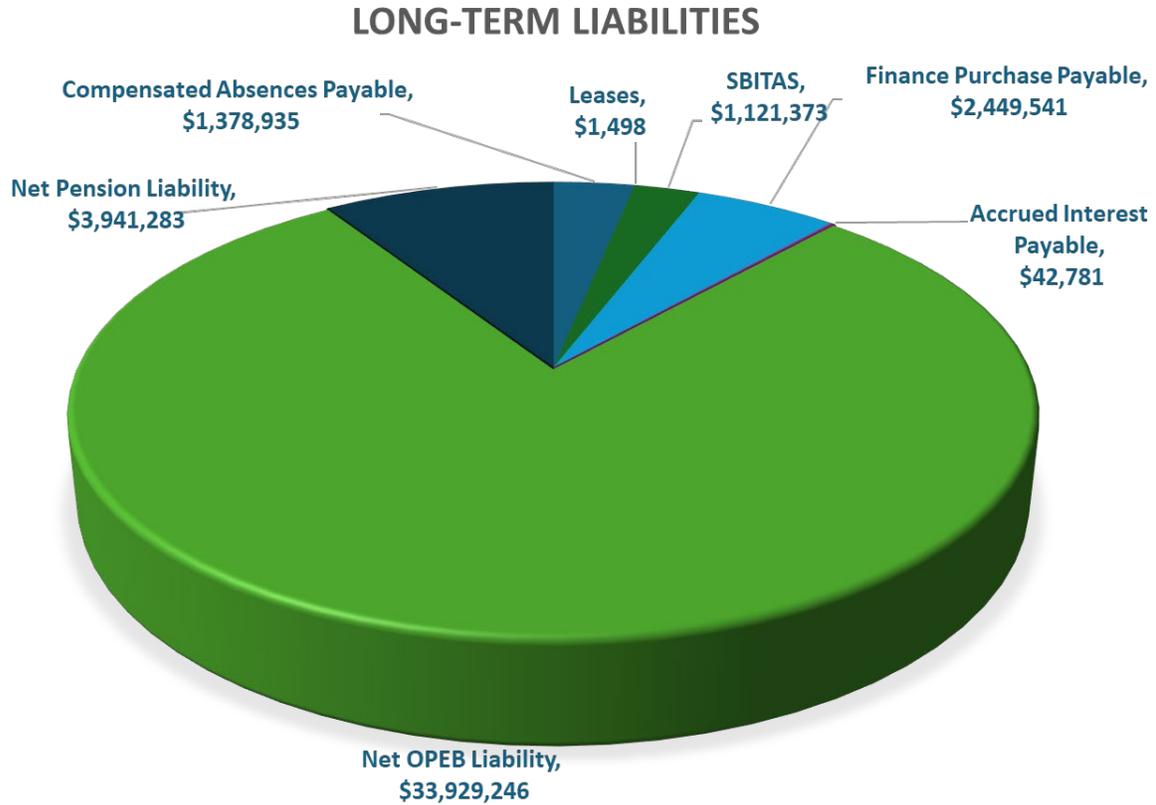
Effective July 1, 2006, the Board of County Commissioners of Garrett County, the Board of Trustees of Garrett College, and the Board of Education entered into the Garrett County Employees Health Care Plan. Consequently, a Retiree Health Plan Trust Agreement was entered effective July 1, 2009. The County, College, and the Board of Education amended the Agreement effective June 30, 2018 to create three independent and separate Trust Agreements. Consequently, the Board of Education adopted its own Plan Provisions for Other Post-Employment Benefits and Trust independent and separate from the county and the college. The Board continues to be a member of a coalition between County government, Garrett College and the Board of Education to procure health insurance and wellness benefits for current and retired employees of these entities.

The Board's actuary has calculated Total OPEB Liability at \$36,244,425 with a Plan Fiduciary Net Position of \$2,315,179, or 6.4%, leaving a Net OPEB Liability of \$33,929,246 at June 30, 2024. The actual OPEB contribution amount for the year ended June 30, 2024, was \$1,170,904, all of which was pay-as-you-go premiums paid by the board for retirees. There was no additional funding toward the OPEB obligation in FY 2024. Under GASB Statement Number 75, there is no requirement to fund this obligation.

The Board's proportionate share of the Maryland State Retirement and Pension System's net pension liability, as calculated by the System's actuary, is \$3,941,283 as of June 30, 2024 and is reported as a liability on the Board's government-wide statement of net position.

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024



Factors Impacting the School System

The school system must consider a multitude of factors as it prepares future budgets. The basic challenge budgetarily is trying to meet the varying needs of the school system while balancing continued revenue constraints. School systems across the country, including Garrett County Public Schools, are seeing lasting effects of the Coronavirus pandemic, most notably with concerns around increased costs for social and emotional supports and instructional recovery services for students as well as a nationwide teacher shortage. When looking forward and planning financially for the future, GCPS has to take into consideration the impacts of the following issues.

Economic Uncertainties

Garrett County is the westernmost county in Maryland, encompassing 655 total square miles in area, making it the second largest county in Maryland. Garrett County lies completely within the Appalachian Mountains bordered on the north by the Commonwealth of Pennsylvania, on the west and south by the state of WV, and on the east by Allegany County, Maryland. However, with a population of just over 28,800 as of the 2020 census, it is the third-least populated county in Maryland.

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Garrett County government and the state of Maryland are the primary sources of revenue for Garrett County Public Schools accounting for approximately 97.3% of its governmental revenues. The economic conditions of these two funding sources have a tremendous impact on the financial condition of GCPS. According to the Maryland Department of Labor, Garrett County's unemployment rate increased from 1.7% in July 2023 to 3.3% in July 2024. According to the US Census Bureau, Garrett County's per capita income was only \$41,130 in 2022, making it one of the poorest counties in the state.

Long-term Capital Needs

Based on enrollment projections, the Board of Education's goals and objectives, and state and county plans and programs, the facilities group annually updates a facilities master plan. This plan assesses the age and capacity of school facilities and generates a list of proposed capacity and renovation projects. This serves as the basis for the Capital Improvement Plan budget. In FY 2024, GCPS had a school construction budget of \$14.4 million. The FY 2025 construction budget increased to \$37 million, primarily due to the continuing work at Southern Middle/Broadford. School system leadership has fostered a collaborative relationship with the Maryland Interagency Commission on School Construction (IAC) and the Garrett County Board of Commissioners which bodes well for the future GCPS Capital Improvement Plan. However, our plan is subject to budget constraints at both the state and local levels.

Blueprint for Maryland's Future

The Blueprint for Maryland's Future (Blueprint) is a comprehensive education reform legislation that was passed in 2021 with the goal of transforming public education in Maryland to provide a world-class education for all students. One of the primary outcomes of the Blueprint is to *"improve the quality and equity of Maryland's education system so that all Maryland students, regardless of where they live, household income, race, ethnicity, gender, language spoken at home, disabilities, and any other unique characteristic, can leave high school globally competitive and prepared for success in post-secondary education, work, and life"* (Accountability and Implementation Board, 2022, p.11).

As such, GCPS recognizes the importance of the Blueprint initiatives and is committed to implementing them as required by law to create improved outcomes for all students. This will greatly impact GCPS' operating budgets both from a revenue and an expenditure perspective.

Federal Funding

All school systems received a significant infusion of federal funds to support the recovery from COVID-19. The FY 2024 budget reflected a total of \$3.6 million which included unspent funds from previous years in federal funding from Elementary and Secondary Student Emergency Relief (ESSER) I and III funds which are part of CRRSA (Coronavirus Response and Relief Supplemental Appropriations) Act and ARP (American Rescue Plan). These funds were/are being used for technology, replacement of materials and instruction, cleaning and sanitizing of schools, and mental health supports among other things. These funds will be fully expended by September 30, 2024.

BOARD OF EDUCATION OF GARRETT COUNTY
Oakland, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Staffing

Teacher shortages continue to be a concern for GCPS and school districts across the state and nation. Based on MSDE statistics, the Maryland state average attrition rate is high, with 10.7% of Maryland teachers not returning to teaching in the State in the 2023-2024 school year. At an LEA level, an average of 12.1% of teachers did not return as a teacher in the same LEA and 19.2% of teachers did not return as a teacher in the same school. GCPS attrition rate for the FY 2024 school year was 10.8%, mirroring the state rate. Not surprisingly, new teachers are most likely to leave with about 1 in 7 leaving the teaching profession altogether. The challenge is to attract and incentivize teachers to enter and remain in the teaching profession. The State is addressing teacher shortages most notably through the implementation of the Blueprint and its National Board Certification (NBC) salary increases.

Enrollment

Student enrollment decline continues to be a concern for the school system because it has a direct and significant impact on both state and local funding. Since 1974, when Maryland Department of Planning (MDP) began tracking kindergarten through twelfth grade enrollment, the system has averaged a decrease in student enrollment of approximately 1.15% per year. However, most recently, GCPS' enrollment has not dropped as much as anticipated and has leveled off somewhat. In FY 2024 there were over 3,400 students enrolled and the preliminary numbers for FY 2025 are slightly higher. Despite these encouraging signs, enrollment continues to be a concern worth monitoring.

Contacting the School System's Financial Management

This report provides a general overview of the Board of Education of Garrett County's finances and outlines the school system's accountability for the resources it receives. If you have any questions about this report or need additional information, you can contact Gloria Smith, Director of Finance at the Board of Education of Garrett County, 770 Dennett Road, Oakland, MD 21550.

BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION OF GARRETT COUNTY

STATEMENT OF NET POSITION

As of June 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 13,705,811
Accounts receivable	
County	874,906
State	2,093,657
Federal	2,423,899
Other	147,550
Inventory	112,866
Restricted cash	894,871
Restricted investments - certificates of deposit	221,079
Non-depreciable capital assets	17,619,297
Depreciable capital assets, net of accumulated depreciation	48,184,284
Right to use assets, net of accumulated amortization	1,054,941
Total Assets	87,333,161
DEFERRED OUTFLOWS OF RESOURCES	3,866,059
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	91,199,220
LIABILITIES	
Accrued payroll and withholding	6,554,285
Accounts payable and accrued expenses	1,415,085
Unearned revenue	162,989
Long-term liabilities:	
Due within one year	927,117
Due in more than one year	41,937,540
Total Liabilities	50,997,016
DEFERRED INFLOWS OF RESOURCES	6,812,097
NET POSITION	
Net investment in capital assets	63,286,110
Restricted for food service	679,777
Restricted for school activities	802,407
Restricted for capital expenditures	50,000
Restricted for medical assistance	337,850
Unrestricted	(31,766,037)
Total Net Position	33,390,107
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 91,199,220

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

BOARD OF EDUCATION OF GARRETT COUNTY

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions/Programs				
Governmental activities:				
Administration	\$ 2,070,024	\$ 1,746	\$ 588,519	\$ -
Mid-level administration	3,229,610	-	415,789	-
Instruction - Salaries	22,504,892	22,026	5,503,713	-
- Textbooks and supplies	1,808,972	-	702,416	-
- Other	4,903,771	1,138,682	876,529	15,186,069
Special education	5,360,385	-	4,408,587	-
Student personnel services	883,486	-	331,008	-
Student health services	719,342	-	193,593	-
Student transportation	4,928,827	-	3,941,014	-
Operation of plant	5,079,541	32,042	692,960	-
Maintenance of plant	1,211,582	-	53,729	-
Community services	1,304,222	-	1,250,630	-
Food services	3,705,467	447,485	3,156,757	-
Fixed charges	16,638,664	18,460	1,802,251	-
Interest expense	129,259	-	-	-
Total governmental activities	<u>\$ 74,478,044</u>	<u>\$ 1,660,441</u>	<u>\$ 23,917,495</u>	<u>\$ 15,186,069</u>
General revenues:				
Local appropriations				25,909,841
State appropriations				21,998,480
Gain (loss) from disposition of capital assets				(69,423)
Gain (loss) from termination of subscription-based arrangements				15,143
Miscellaneous				269,952
Unrestricted investment earnings				537,017
Total general revenues				<u>48,661,010</u>
Change in net position				<u>14,946,971</u>
Net Position - beginning of year (restated - see Note 10)				<u>18,443,136</u>
Net Position - end of year				<u>\$ 33,390,107</u>

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

BOARD OF EDUCATION OF GARRETT COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS

As of June 30, 2024

	<u>Current Expense Fund</u>	<u>Food Service Fund</u>	<u>School Construction Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 13,153,807	\$ 552,004	\$ -	\$ 13,705,811
Accounts receivable				
County	26,457	-	848,449	874,906
State	572,451	549,799	971,407	2,093,657
Federal	2,339,869	84,030	-	2,423,899
Other	120,893	26,657	-	147,550
Due from other funds	850,489	-	-	850,489
Inventory	-	112,866	-	112,866
Restricted cash	894,871	-	-	894,871
Restricted investments - certificates of deposit	221,079	-	-	221,079
TOTAL ASSETS	<u>18,179,916</u>	<u>1,325,356</u>	<u>1,819,856</u>	<u>21,325,128</u>
LIABILITIES				
Accrued payroll and withholdings	6,400,319	153,966	-	6,554,285
Accounts payable and accrued expenses	963,825	151,979	299,281	1,415,085
Unearned revenue	73,421	89,568	-	162,989
Compensated absences payable	30,594	-	-	30,594
Due to other funds	-	137,200	713,289	850,489
Total Liabilities	<u>7,468,159</u>	<u>532,713</u>	<u>1,012,570</u>	<u>9,013,442</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenue	124,911	-	807,286	932,197
Total Deferred Inflow of Resources	<u>124,911</u>	<u>-</u>	<u>807,286</u>	<u>932,197</u>
FUND BALANCES				
Nonspendable - inventories	-	112,866	-	112,866
Assigned for subsequent years' budget	8,896,589	-	-	8,896,589
Restricted for school activities	802,407	-	-	802,407
Restricted for capital expenditures	50,000	-	-	50,000
Restricted for food service	-	679,777	-	679,777
Restricted for medical assistance	337,850	-	-	337,850
Unassigned	500,000	-	-	500,000
Total Fund Balances	<u>10,586,846</u>	<u>792,643</u>	<u>-</u>	<u>11,379,489</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 18,179,916</u>	<u>\$ 1,325,356</u>	<u>\$ 1,819,856</u>	<u>\$ 21,325,128</u>

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

BOARD OF EDUCATION OF GARRETT COUNTY

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of June 30, 2024**

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

Total fund balances - Governmental funds	\$ 11,379,489
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The cost of these assets is \$139,633,913, net of accumulated depreciation of \$73,830,332. (Note 4)	65,803,581
Subscription assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The cost of these assets is \$1,617,719, net of accumulated amortization of \$562,778. (Note 4)	1,054,941
Deferred outflows arising from changes in the net OPEB liability are not reported in the funds. (Note 1 (D))	1,931,053
Deferred outflows arising from changes in the net pension liability are not reported in the funds. (Note 1 (D))	1,935,006
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 interest payable (\$42,781), compensated absences payable (\$1,348,341), finance purchase payable (\$2,449,541), lease liability (\$1,498), SBITA liability (\$1,121,373), net OPEB liability (\$33,929,246) and net pension liability (\$3,941,283). (Note 5)	(42,834,063)
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 fund. (Note 1 (D))	932,197
Deferred inflows arising from changes in the net OPEB liability are not reported in the funds. (Note 1 (D))	(5,994,355)
Deferred inflows arising from changes in the net pension liability are not reported in the funds. (Note 1 (D))	<u>(817,742)</u>
Total net position - Governmental activities	<u><u>\$ 33,390,107</u></u>

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

BOARD OF EDUCATION OF GARRETT COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024**

	Current Expense Fund	Food Services Fund	School Construction Fund	Total Governmental Funds
REVENUES				
Intergovernmental revenues				
Local sources	\$ 28,917,954	\$ -	\$ 1,359,185	\$ 30,277,139
State sources	29,694,017	250,360	14,341,332	44,285,709
Federal sources	10,226,739	2,900,315	-	13,127,054
Earnings on investments	510,565	26,452	-	537,017
Charges for services	1,210,630	505,008	-	1,715,638
Miscellaneous revenues	477,921	32,622	13,467	524,010
Total Revenues	71,037,826	3,714,757	15,713,984	90,466,567
EXPENDITURES				
Administration	1,916,883	-	-	1,916,883
Mid-level administration	3,225,196	-	-	3,225,196
Instruction - Salaries	22,504,892	-	-	22,504,892
- Textbooks and supplies	1,808,981	-	-	1,808,981
- Other	1,812,722	-	-	1,812,722
Special education	5,375,638	-	-	5,375,638
Student personnel services	858,281	-	-	858,281
Student health services	719,342	-	-	719,342
Student transportation	5,013,988	-	-	5,013,988
Operation of plant	5,129,912	-	-	5,129,912
Maintenance of plant	1,410,140	-	-	1,410,140
Community services	1,299,970	-	-	1,299,970
Food services	-	3,655,740	-	3,655,740
Fixed charges	15,944,507	-	-	15,944,507
Capital outlay	79,146	122,197	15,073,310	15,274,653
Debt service - principal	940,674	-	-	940,674
Debt service - interest	143,009	-	-	143,009
Total Expenditures	68,183,281	3,777,937	15,073,310	87,034,528
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,854,545	(63,180)	640,674	3,432,039
OTHER FINANCING SOURCES (USES)				
Operating transfers in	640,674	-	-	640,674
Operating transfers out	-	-	(640,674)	(640,674)
TOTAL OTHER FINANCING SOURCES (USES)	640,674	-	(640,674)	-
NET CHANGE IN FUND BALANCES	3,495,219	(63,180)	-	3,432,039
Fund Balances - beginning of year	7,091,627	855,823	-	7,947,450
FUND BALANCES - end of year	\$ 10,586,846	\$ 792,643	\$ -	\$ 11,379,489

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

BOARD OF EDUCATION OF GARRETT COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

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

Change in fund balances - Governmental funds		\$ 3,432,039
Outlays for capital assets, subscription-based information technology arrangements (SBITA) assets, and leased assets are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of these types of assets that were purchased during the fiscal year. (Note 4)		16,643,916
Outlays for capital assets, SBITA assets, and leased assets are reported as an expenditure in the governmental funds. In the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount of depreciation and amortization expense charged during the year. (Note 4)		(4,343,594)
Some revenues do not provide current financial resources and are, therefore, deferred in the fund level statements. This is the increase (decrease) of deferred revenues from the prior year. (Note 1 (D))		
Prior year unavailable revenue	(1,864,271)	
Current year unavailable revenue	<u>932,197</u>	(932,074)
In the fund level statements, proceeds from the sale of capital assets are recorded as revenues. In the statements of activities, a loss is recorded if the book value of the assets sold are greater than the sales proceeds. This is the loss related to the sale of capital assets. (Note 4)		(69,423)
In the fund level statements, the termination of subscription based technology arrangements has no effect. In the statements of activities, a gain or loss is recognized based on the difference in the carrying value of the subscription based asset and the related liability at termination. This is the gain related to the termination of subscription based technology arrangements. (Note 9)		15,143

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

BOARD OF EDUCATION OF GARRETT COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

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

Fund level financial statements report payments related to right to use intangible assets and other long-term debt as expenditures. In the statement of activities these payments are recorded as a reduction of the liability and interest expense as follows:

Lease payments recorded as outlays in the fund level statements. (Note 8)	31,681	
Contract payments recorded as outlays in the fund level statements. (Note 7)	548,600	
SBITA payments recorded as outlays in the fund level statements. (Note 9)	360,393	
Long-term interest expense.	<u>(41,398)</u>	899,276

Some expenses reported in the Statement of Activities do not require the use of current financial resources (e.g., compensated absences) and, therefore, are not reported as expenditures in governmental funds. This is the change in compensated absences payable. (54,776)

Certain pension and OPEB expenses in the statement of activities are recognized on the full accrual basis of accounting. Changes in the deferred outflows, deferred inflow, net pension liability and OPEB liability impact pension and OPEB expense as follows: (Notes 11 and 12)

Pension contributions made after the measurement date.	422,450	
Amount of pension expenses recognized in the statement of activities.	<u>(434,409)</u>	(11,959)
Amount of OPEB expenses recognized in the statement of activities.		<u>(631,577)</u>
Change in net position - Governmental activities		<u><u>\$ 14,946,971</u></u>

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

BOARD OF EDUCATION OF GARRETT COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
CURRENT EXPENSE FUND - UNRESTRICTED
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental revenues				
Local sources	\$ 28,817,097	\$ 28,891,497	\$ 28,891,497	\$ -
State sources	25,078,220	25,114,220	24,662,684	(451,536)
Federal sources	120,000	120,000	435,483	315,483
Earnings on investments	13,850	14,650	510,291	495,641
Charges for services	46,150	69,889	71,948	2,059
Miscellaneous revenues	515,000	1,118,029	461,530	(656,499)
	<u>54,590,317</u>	<u>55,328,285</u>	<u>55,033,433</u>	<u>(294,852)</u>
EXPENDITURES				
Administration	1,756,244	1,776,641	1,576,231	200,410
Mid-level administration	3,096,008	3,096,517	2,985,877	110,640
Instruction - Salaries	20,802,267	20,391,525	18,898,419	1,493,106
- Textbooks and supplies	548,351	672,277	561,500	110,777
- Other	870,450	897,601	304,994	592,607
Special education	3,741,912	3,832,124	3,773,050	59,074
Student personnel services	669,835	670,335	526,183	144,152
Student health services	645,732	649,443	525,749	123,694
Student transportation	4,749,168	4,934,246	4,934,080	166
Operation of plant	5,054,004	5,360,570	4,620,665	739,905
Maintenance of plant	1,011,093	1,356,590	1,356,411	179
Fixed charges	11,645,253	11,650,046	11,222,543	427,503
Community services	-	370	10,085	(9,715)
Capital outlay	-	40,000	79,146	(39,146)
Debt service-principal	-	-	940,674	(940,674)
Debt service-interest	-	-	143,009	(143,009)
	<u>54,590,317</u>	<u>55,328,285</u>	<u>52,458,616</u>	<u>2,869,669</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	2,574,817	2,574,817
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	640,674	640,674
NET CHANGE IN FUND BALANCE	-	-	3,215,491	3,215,491
Fund Balance - beginning of year	-	-	6,356,008	6,356,008
FUND BALANCE - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,571,499</u>	<u>\$ 9,571,499</u>

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

BOARD OF EDUCATION OF GARRETT COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
CURRENT EXPENSE FUND - RESTRICTED
For the Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental revenues				
Federal sources	\$ 11,710,545	\$ 11,885,074	\$ 9,456,929	\$ (2,428,145)
State sources	2,552,861	2,635,404	2,158,644	(476,760)
Local Sources	-	-	26,457	26,457
Other sources	141,875	141,875	16,391	(125,484)
Total Revenues	14,405,281	14,662,353	11,658,421	(3,003,932)
EXPENDITURES				
Administration	521,834	510,737	340,652	170,085
Mid-level administration	256,548	260,353	239,319	21,034
Instruction - Salaries	5,799,497	4,543,802	3,606,473	937,329
- Textbooks and supplies	335,053	903,666	702,417	201,249
- Other	710,009	1,264,509	876,718	387,791
Special education	1,761,861	2,106,369	1,602,588	503,781
Student personnel services	440,229	381,036	332,098	48,938
Student health services	284,978	212,571	193,593	18,978
Student transportation	223,248	118,538	79,908	38,630
Operation of plant	623,922	661,247	509,247	152,000
Maintenance of plant	30,431	30,431	53,729	(23,298)
Fixed charges	1,796,963	2,014,487	1,802,251	212,236
Food services	14,293	14,293	-	14,293
Community services	1,549,470	1,588,827	1,289,885	298,942
Capital outlay	56,945	51,487	-	51,487
Total Expenditures	14,405,281	14,662,353	11,628,878	3,033,475
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	29,543	29,543
Fund Balance - beginning of year	-	-	308,307	308,307
FUND BALANCE - end of year	\$ -	\$ -	\$ 337,850	\$ 337,850

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

BOARD OF EDUCATION OF GARRETT COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
CURRENT EXPENSE FUND - SCHOOL ACTIVITY
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Earnings on investments	\$ 1,150	\$ 350	\$ 274	\$ (76)
Charges for services	<u>975,000</u>	<u>1,140,000</u>	<u>1,138,682</u>	<u>(1,318)</u>
Total Revenues	<u>976,150</u>	<u>1,140,350</u>	<u>1,138,956</u>	<u>(1,394)</u>
EXPENDITURES				
Instruction - Textbooks and supplies	366,150	535,350	545,064	(9,714)
- Other	<u>610,000</u>	<u>605,000</u>	<u>631,010</u>	<u>(26,010)</u>
Total Expenditures	<u>976,150</u>	<u>1,140,350</u>	<u>1,176,074</u>	<u>(35,724)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(37,118)	(37,118)
Fund Balance - beginning of year	<u>-</u>	<u>-</u>	<u>839,525</u>	<u>839,525</u>
FUND BALANCE - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 802,407</u></u>	<u><u>\$ 802,407</u></u>

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

BOARD OF EDUCATION OF GARRETT COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

FOOD SERVICE FUND

For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Federal	\$ 1,663,600	\$ 2,140,703	\$ 2,684,890	\$ 544,187
State sources	98,000	98,000	250,360	152,360
Meals and food served	361,700	451,609	505,008	53,399
Interest earned	1,000	1,000	26,452	25,452
Federal donation of food	160,000	160,000	199,635	39,635
Other revenues	382,785	796,374	32,622	(763,752)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,667,085	3,647,686	3,698,967	51,281
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Salaries and wages	1,404,385	1,479,865	1,734,445	(254,580)
Contracted services	80,750	80,769	83,964	(3,195)
Supplies and materials	1,165,900	1,756,054	1,792,857	(36,803)
Other charges	16,050	36,565	44,474	(7,909)
Capital outlay	-	294,433	122,197	172,236
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	2,667,085	3,647,686	3,777,937	(130,251)
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(78,970)	(78,970)
Fund Balance - beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	871,613	871,613
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 792,643</u>	<u>\$ 792,643</u>

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

BOARD OF EDUCATION OF GARRETT COUNTY

**STATEMENT OF FIDUCIARY NET POSITION -
OTHER POST EMPLOYMENT BENEFITS TRUST FUND**

As of June 30, 2024

	Other Post Employment Benefits Trust Fund
ASSETS	
Cash and Cash Equivalents	\$ 43,118
Investments:	
Certificates of Deposit	49,846
U.S. Government Obligations	178,828
Fixed Income Securities	423,022
Mutual Funds	1,019,676
Equity Securities	588,016
Total Investments	<u>2,259,388</u>
Interest Receivable	<u>12,673</u>
TOTAL ASSETS	2,315,179
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for Other Post Employment Benefits	<u><u>\$ 2,315,179</u></u>

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

BOARD OF EDUCATION OF GARRETT COUNTY

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
OTHER POST EMPLOYMENT BENEFITS TRUST FUND**

As of June 30, 2024

	Other Post Employment Benefits Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ -
Plan Members	-
Total Contributions	<u>-</u>
Investment Earnings:	
Realized Net (Loss) on Investments	(6,575)
Interest and Dividends	74,944
Net Increase in Fair Value of Investments	192,152
Less: Investment Manager/Advisor/Custody Fees	<u>(7,465)</u>
Total Net Investment Earnings	<u>253,056</u>
Total Additions	<u>253,056</u>
DEDUCTIONS	
Benefits	-
Administrative	<u>-</u>
Total Deductions	<u>-</u>
Net Increase In Net Position	253,056
Net Position - Beginning of Year	<u>2,062,123</u>
Net Position - End of Year	<u><u>\$ 2,315,179</u></u>

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

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Board of Education of Garrett County conform to generally accepted accounting principles applicable to governmental units. The following is a summary of significant accounting policies:

A. Financial Reporting Entity

The Board of Education of Garrett County (the Board) as currently constituted was established under Title 3, Subtitles 103 and 114, Education, of the Annotated Code of Maryland. The Board is a five-member elected body responsible for the operation of the Garrett County Public School System.

The Board of Education of Garrett County is a component unit of Garrett County, Maryland by virtue of the County's responsibility for levying taxes and its budgetary control over the Board of Education. The financial statements of the Board are included in the financial statements of the County as required by generally accepted accounting principles.

B. Government-Wide and Fund Statements

The Government Accounting Standards Board (GASB) establishes reporting requirements and the reporting model for the annual financial reports of state and local governments. This model requires governments to report on the overall state of a government's financial health and not just individual funds. The reporting model was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions. In addition, the model provides enhanced information regarding the costs of delivering specific services to citizens and includes:

Management's Discussion and Analysis – Government Accounting Standards require that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis many private sector entities provide in their annual reports.

District-Wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Fiduciary funds are not included in government-wide financial statements.

The basic financial statements include both government-wide (based on the Board as a whole) and fund financial statements. The Board does not engage in business-type activities and, as such, issues single column government-wide financial statements. In the government-wide statement of net position, both the governmental activities' assets and liabilities (a) are presented on a consolidated basis and (b) are reflected, on a full accrual, economic resource basis, which incorporates non-current assets and receivables as well as long-term obligations.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Statements (Continued)

Statement of Net Position – The statement of net position is designed to display the financial position of the Board of Education. The Board reports all capital assets in the government-wide statement of net position and reports depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net position of the Board is broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in the format that focuses on the cost of each educational function. The expenses of individual functions are compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). These directly matched revenues are called program revenues. This format enables the government-wide statement of activities to reflect both the gross and net cost per functional category (regular instruction, special education, student transportation, etc.) that are otherwise being supported by general government revenues.

Program revenues must be directly associated with a function and are restricted to meeting the operational or capital requirements of a particular function or activity. Multi-purpose grants and other items not properly included among program revenues are reported as general revenues. The operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Direct expenses are considered those that are clearly identifiable with a specific function or segment. The Board does not allocate indirect expenses.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All of the Board’s funds are reported as major funds. In the fund financial statements, financial transactions and accounts of the Board are organized on the basis of funds.

The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Statements (Continued)

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the financial progress of their governments over the course of the year. The Board and many other governments revise their original budgets over the course of the year for a variety of reasons. Under the current reporting model, governments provide budgetary comparison information including the government's original budget and the final budget compared to actual results. These budgetary comparison schedules are presented as part of the basic financial statements.

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

The government-wide 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.

Non-exchange transactions where the Board either gives or receives value without directly receiving or giving equal value in exchange include, for example, grants and contributions. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied.

It is the Board's policy to first use restricted-net position for expenses incurred for which both restricted-net position and unrestricted-net position are available unless a local match is required. Where a local match is required, the expense is allocated to restricted-net position and unrestricted-net position based on the required match percentages.

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 Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major revenue sources subject to the availability criterion are local, state, and federal revenues. 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, other post employment benefits and pensions are recorded only when the obligations are expected to be liquidated with expendable available resources.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The following types of transactions are reported as program revenues. Tuition and fees paid directly by students and parents; and sales associated with the food service operations are identified as charges for services. State and federal support for each function is identified as operating grants and contributions. Grant-related revenue that is specifically restricted for use in a particular function to meet the operational and capital requirements of a particular program is separated in the statement of activities.

The Board reports the following major governmental funds in the fund financial statements:

Current Expense Fund - The Current Expense Fund is the general operating fund of the Board and is used to account for the revenues and expenditures necessary for the day-to-day operation of the Board. This fund is used to account for all financial resources except those required to be accounted for in another fund. State and federal grant programs are included in the restricted portion of this fund. All school activity funds as well as budgetary restrictions imposed by outside providers are also accounted for and included in the restricted portion of the current expense fund.

Food Service Fund - The Food Service Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures related to food service operations.

School Construction Fund - The School Construction Fund is used to account for the financial resources to be used for the acquisition, construction or renovation of the Board's major capital projects.

As a general rule, the effect of interfund and internal activity has been eliminated from the government-wide financial statements including the statement of activities. Interfund balances are not included in the government-wide statement of net position. The Board distinguishes overhead costs, which are eliminated in the preparation of the statement of activities from interfund services provided and used between functions which are not eliminated in the statement of activities in the financial statement closing process. The Board does not allocate indirect expenses to functions in the fund financial statements.

The Board reports the following fiduciary fund in the accompanying financial statements:

Other Post Employment Benefits Trust Fund - The Other Post Employment Benefits Trust Fund is a fiduciary fund used to accumulate resources for retirement medical benefit payments to qualified former Board employees.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity

Cash and Cash Equivalents - For purposes of financial statement presentation, the Board considers all highly liquid investments (i.e. certificates of deposit and repurchase agreements) with a remaining maturity of three months or less when purchased to be cash equivalents. Cash belonging to student and faculty organizations and cash accumulated on behalf of employees and former employees under Health Reimbursement Arrangements and Flexible Spending Accounts is reported as restricted cash for governmental fund and government-wide reporting purposes.

Investments - Certificates of deposit belonging to student and faculty organizations having maturities greater than three months are reported as restricted investments for governmental fund and government-wide reporting purposes. 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 - All interfund receivables and payables are displayed in the fund statements as “due to/due from other funds”. These amounts offset each other and are eliminated from the government-wide statement of net position, so as to not overstate the Board’s assets and liabilities. All other receivables are reported at net realizable value.

Inventories - Inventory balances reflected in the financial statements include food and food service items located in each school. Inventory is recorded in the financial statements using the consumption method. Under this method, expenditures are recognized when inventory is used. Inventories are valued on a first-in, first-out cost basis. Unit cost values of donated food are determined from USDA price lists.

Capital Assets - Capital assets, which include land and improvements, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined 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 if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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>
Buildings	40
Improvements	15
Equipment	5-12
Vehicles	8

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

Subscription-Based Information Technology Arrangements and Leases – The Board reports and accounts for subscription-based information technology arrangements and leases in accordance with generally accepted accounting principles. At the commencement of an agreement, the board initially recognizes a right to use asset and a liability based on the discounted present value of payments expected to be made over the expected term of the agreement. Assets are amortized utilizing the straight line basis over the term of the agreement, or for leases, the life of the asset, whichever is shorter. Key estimates made by management include (a) the interest rate it uses to discount the expected payments, (2) the term of the agreement, and (c) the payments over the expected term of the agreement.

Deferred Inflows/Outflows of Resources - In addition to assets, the statement of net 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 thereby will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2024 deferred outflows consist of retirement plan contributions paid in the current fiscal year subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The statement of net position also has additional components related to the determination of the net OPEB liability and the net pension liability that are being amortized over periods ranging from five to seven years. Deferred outflows of resources present on the statement of net position are as follows:

Description	OPEB Plan	ERS Plan	Statement of Net Position
Differences between expected and actual experience	\$ 13,447	\$ 138,525	\$ 151,972
Changes in assumptions	1,917,606	308,208	2,225,814
Changes in proportion and differences between employer contributions and share of contributions	-	1,065,823	1,065,823
Board contributions to the Employees' Pension System subsequent to the measurement date	-	422,450	422,450
Total deferred outflows of resources	<u>\$ 1,931,053</u>	<u>\$ 1,935,006</u>	<u>\$ 3,866,059</u>

In addition to liabilities, the statement of net 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 statement of net position has components related to the determination of the net OPEB liability and the net pension liability that are being amortized over periods ranging from five to seven years. Deferred inflows of resources present on the statement of net position are as follows:

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

<u>Description</u>	<u>OPEB Plan</u>	<u>ERS Plan</u>	<u>Statement of Net Position</u>
Differences between expected and actual experience	\$ (987,638)	\$ (174,738)	\$ (1,162,376)
Changes in assumptions	(4,956,466)	(16,952)	(4,973,418)
Changes in proportion and differences between employer contributions and share of contributions	-	(244,910)	(244,910)
Net difference between projected and actual earnings on investments	<u>(50,251)</u>	<u>(381,142)</u>	<u>(431,393)</u>
Total deferred inflows of resources	<u><u>\$ (5,994,355)</u></u>	<u><u>\$ (817,742)</u></u>	<u><u>\$ (6,812,097)</u></u>

On the fund financial statements, the Current Expense Fund, and the School Construction Fund have deferred inflow of resources related to revenue from state sources that is unavailable soon enough after year end to pay for current period’s expenditures of \$124,911, and \$807,286, respectively.

Unearned Revenues - Unearned revenues of \$73,421 and \$89,568 for the Current Expense Fund and Food Service Fund, respectively, represent amounts received from grantors in advance of incurrence of eligible expenditures for reimbursable-type grants at June 30, 2024.

Compensated Absences Payable – It’s the Board’s policy to allow employees accumulate annual and other compensatory leave under prescribed guidelines and limits. As of June 30, 2024, employees of the Board had accumulated approximately \$1,378,935 of vested annual leave and other compensatory leave benefits. These benefits include salaries and salary related payments. This liability is presented in the government-wide financial statements and the current portion of \$30,594 is presented in the fund financial statements at fiscal year-end.

Other Post Employment Benefits - 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 Board’s Other Post Employment Benefits Trust Fund and additions to and subtractions from net position have been determined on the same basis as they are reported on pages 29 and 30 of these financial statements. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions - 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 (ERS) and additions to/deductions from ERS’s fiduciary net position have been determined on the same basis as they are reported by ERS. 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.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

Long-term Liabilities - In the government-wide financial statements compensated absences, leases, subscription-based information technology arrangements, finance purchase payable, accrued interest payable, the Board's net OPEB liability and the Board's net pension liability are reported as long-term liabilities in the statement of net position.

School Construction Debt - The Board is not obligated to repay principal or interest on any debt incurred for school construction. Such bonds and loans are obligations of the county government. Accordingly, the Board does not record school construction debt service revenues, expenditures, or outstanding school construction debt in the accompanying financial statements.

Fund Equity - In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Board classifies governmental fund balances as follows:

Nonspendable 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 provision, or enabling legislation.

Committed Fund Balance – Amounts constrained for a specific purpose by the governing body using its highest level of decision making authority, which for the County is the five-member School Board. 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 occur prior to the end of the fiscal year, though the exact amount may be determined subsequently. The Board had no committed fund balance as of June 30, 2024.

Assigned Fund Balance – Amounts intended to be used for a specific purpose. This intent is expressed by a governing body or another body such as a budget/finance committee or other approved individual designee of the governing body. Assigned fund balance includes residual amounts for all governmental funds except 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.

Unassigned Fund Balance – Amounts available for any purpose that are not otherwise reported as nonspendable, restricted, committed, or assigned. The current expense fund is the only fund which would report a positive amount in the unassigned fund balance. For all other governmental funds, amounts expended in excess of available resources that are nonspendable, restricted, committed, or assigned are categorized as unassigned funds with negative balances.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

The Board is the governing body with the highest level of decision-making authority relative to fund balances. The Board through formal resolution is the only body that can commit fund balance. The elected Board, through its fund balance policy, has delegated to the Superintendent or Assistant Superintendent and Director of Finance, the authority to assign fund balance. It is the Board's policy to first apply restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. In the event that expenditures are made from multiple unrestricted fund balance classifications, the order of fund spending shall be as follows: Committed, Assigned, and Unassigned.

E. Budgets and Budgetary Accounting

The Board prepares its budget for the unrestricted component of the Current Expense Fund and Food Service Fund on a basis consistent with generally accepted accounting principles applicable to governmental entities except for the adjustments as outlined in Note 16.

The budgetary basis does not reflect revenues and expenditures for such contributions as required by generally accepted accounting principles. In addition, certain reclassifications are made to the actual column in the budget presentation to facilitate comparison for financial reporting purposes.

A portion of a restricted component of the Current Expense Fund budget accounts for special federal and state grant programs. Expenditures incurred under these programs are limited to the amounts expended under the respective grants.

Another portion of a restricted component of the Current Expense Fund budget accounts for student activity accounts. The Board monitors compliance with activity account requirements and determines appropriateness of expenditures.

School Construction Fund activity is budgeted on the basis of total project costs and appropriations specifically allocated for capital outlay as approved by the Board of Public Works and Board of County Commissioners. Annual budgetary comparisons to actual expenditures are not presented in the accompanying financial statements for the School Construction Fund.

The Superintendent submits the Current Expense Fund and Food Service Fund proposed budgets to the Board of Education. Upon approval by the Board, the proposed budgets are submitted to the County Commissioners for approval. A copy of the budget as approved by the County Commissioners is submitted to the State Superintendent within 30 days after approval. All budget appropriations lapse at year end.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Use of Estimates

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

G. Net Position Flow Assumptions

Sometimes the Board 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 Board’s policy to consider restricted net position to have been depleted before unrestricted – net position is applied.

H. Fund Balance Flow Assumptions

Sometimes the Board 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 Board’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.

I. Net Position

Net position is classified into three categories according to donor restrictions or availability of assets for satisfaction of Board obligations. The Board’s net position is classified as follows:

- Net investment in capital assets – This represents the Board’s total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt related to the capital assets.
- Restricted net position – This includes restricted resources in which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted net position – These resources are used for transactions relating to the general operation of the Board, and may be used at the discretion of the board.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS

The following is a reconciliation of cash and cash equivalents and investments of the Board of Education and accompanying fiduciary funds at June 30, 2024:

	Governmental Activities	Other Post Employment Benefits Trust Fund
Cash and Cash Equivalents	\$ 13,705,811	\$ -
Restricted Cash	894,871	43,118
Restricted Investments	221,079	2,259,388
Total	\$ 14,821,761	\$ 2,302,506

Deposit and Investment Summary

	Governmental Activities	Other Post Employment Benefits Trust Fund
Deposits	\$ 14,600,564	\$ 43,118
Certificates of Deposit	221,079	49,846
U.S. Government Obligations	-	178,828
Fixed Income Securities	-	423,022
Mutual Funds	-	1,019,676
Equity Securities	-	588,016
Cash on Hand	118	-
Total	\$ 14,821,761	\$ 2,302,506

At year end, the carrying amount of the Board's combined deposits was \$14,821,761 and the bank balance was \$16,218,951. Of the bank balance \$1,084,602 was insured by the Federal Deposit Insurance Corporation (FDIC), \$15,134,349 was collateralized by securities held by the Board's agent in the Board's name.

Statutes authorize the Board to invest unexpended or surplus monies in obligations of the U.S. Government, federal government agency obligations and repurchase agreements secured by direct government or agency obligations. In fiscal 2019, the Board approved an investment policy with respect to the portion of unexpended or surplus funds that may be concentrated at any one time in a specific type of investment instrument. This policy limits investments in U.S. Treasury obligations, federal government agency obligations, repurchase agreements, collateralized certificates of deposits and money market mutual funds to 100, 100, 100, 100, and 10 percent of the Board's overall deposit and investment portfolio, respectively.

The Board's investment policy requires that the majority of investments be short-term (having a term of less than one year). Investments in instruments having long-term maturities are limited to direct federal government obligations and to securities issued by U.S. Government agencies.

Fiduciary fund assets at year-end consist of bank deposits held on behalf of the Other Post Employment Benefits Trust Fund. All deposits held are fully insured or collateralized at June 30, 2024.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fiduciary fund assets also consist of investments in certificates of deposits with maturity dates in excess of three months. All certificates of deposits are fully insured at June 30, 2024.

The fiduciary fund has employed professional investment managers to manage fund assets and to follow the Board’s 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 \$2,030,714 at June 30, 2024, were exposed to custodial credit risk as they were uninsured and held by the counterparty’s trust department but not in the name of the Board.

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 investment policies do not place limits on investment managers with respect to the duration of their investments.

The investments of the fiduciary funds include debt securities having the following rates, as of June 30, 2024:

Other Post Employment Benefits Trust Fund	
Security Ratings	June 30, 2024
A1	\$ 64,605
A2	95,952
A3	105,190
Aa1	-
Aa2	-
Aa3	-
Aaa	192,915
Baa1	113,034
Baa2	30,154
Baa3	-
Not Rated	49,846
Total Market Value	<u>\$ 651,696</u>

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

Other Post Employment Benefits Trust Fund		
Maturity Date	Interest Rates	June 30, 2024
2025	3.50-4.20%	\$ 49,781
2026	5.10-5.27%	59,917
2027	4.27-5.95%	84,024
2028	3.50-5.40%	97,755
2028-2033	4.35-5.65%	39,836
2029-2034	3.30-6.125%	320,383
Total Market Value		<u>\$ 651,696</u>

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Board 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. Fixed Income Securities are valued by the Board’s pricing agent using either quotes from current buyers or by referencing similar transactions that occurred near the measurement date.

	June 30, 2024	Fair Value Measurement Using	
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Market Inputs (Level 2)
U.S. Government Obligations	\$ 178,828	\$ -	\$ 178,828
Fixed Income Securities	423,022	-	423,022
Certificates of Deposit	49,846	-	49,846
Mutual Funds	1,019,676	1,019,676	-
Equity Securities	588,016	588,016	-
Total	<u>\$ 2,259,388</u>	<u>\$ 1,607,692</u>	<u>\$ 651,696</u>

NOTE 3 - INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances at June 30, 2024 is as follows:

Purpose	Due From Other Funds	Due to Other Funds	
	Current Expense Fund	School Construction Fund	Food Service Fund
Funding provided for capital projects	\$ 713,289	\$ (713,289)	\$ -
Accrued payroll at year end	137,200	-	(137,200)
	<u>\$ 850,489</u>	<u>\$ (713,289)</u>	<u>\$ (137,200)</u>

For the fiscal year ended June 30, 2024, a \$640,674 transfer was made from the school construction fund to the current expense fund. Transfers are made at the end of the year for any capital overages or shortages within the school construction fund.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities	Balance June 30, 2023	Additions & Transfers	Dispositions & Transfers	Balance June 30, 2024
Capital assets not being depreciated				
Land and improvements	\$ 3,445,080	\$ -	\$ -	\$ 3,445,080
Construction in progress	1,700,424	14,676,157	(2,202,364)	14,174,217
Total capital assets, not being depreciated	<u>5,145,504</u>	<u>14,676,157</u>	<u>(2,202,364)</u>	<u>17,619,297</u>
Capital and right to use assets being depreciated/amortized				
Buildings and improvements	110,998,229	2,916,742	(242,333)	113,672,638
Equipment	6,475,001	1,051,224	(253,814)	7,272,411
Right to use leased assets-equipment	146,950	-	-	146,950
Right to use subscription based assets	2,263,031	-	(645,312)	1,617,719
Vehicles	1,034,242	202,157	(166,832)	1,069,567
Total capital assets being depreciated	<u>120,917,453</u>	<u>4,170,123</u>	<u>(1,308,291)</u>	<u>123,779,285</u>
Less accumulated depreciation/amortization				
Buildings and improvements depreciation	65,801,051	3,311,163	(160,377)	68,951,837
Equipment depreciation	3,935,106	532,108	(217,889)	4,249,325
Right to use leased assets-equipment amortization	146,606	344	-	146,950
Right to use subscription based assets amortization	490,558	410,300	(338,080)	562,778
Vehicles depreciation	699,634	89,679	(160,143)	629,170
Total accumulated depreciation/amortization	<u>71,072,955</u>	<u>4,343,594</u>	<u>(876,489)</u>	<u>74,540,060</u>
Capital and right to use assets being depreciated/amortized	<u>49,844,498</u>	<u>(173,471)</u>	<u>(431,802)</u>	<u>49,239,225</u>
Capital and right to use assets, net	<u>\$ 54,990,002</u>	<u>\$ 14,502,686</u>	<u>\$ (2,634,166)</u>	<u>\$ 66,858,522</u>

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation and amortization expense for the year ended June 30, 2024 was charged to governmental functions as follows:

	Right to Use Subscription Based Assets	Right to Use Leased Assets	Buildings, Equipment and Vehicles	Total
Administration	\$ 53,222	\$ 53	\$ 99,865	\$ 153,140
Mid Level Administration	-	256	-	256
Instruction	-	-	3,597,379	3,597,379
Instruction-Other	227,798	-	-	227,798
Special Education	6,026	21	2,503	8,550
Student Transportation	-	-	20,307	20,307
Student Personnel	25,205	-	-	25,205
Operation of Plant	98,049	14	65,816	163,879
Maintenance of Plant	-	-	69,980	69,980
Food Service	-	-	72,848	72,848
Community Services	-	-	4,252	4,252
Total depreciation/amortization expense - governmental activities	<u>\$ 410,300</u>	<u>\$ 344</u>	<u>\$ 3,932,950</u>	<u>\$ 4,343,594</u>

The Board had the following active construction projects as of June 30, 2024:

	Spent-To-Date	Remaining Commitment
Southern/Broadford Elementary (A&E Ony)	\$ 1,545,607	\$ 2,808,439
Hickory Addition	40,653	4,319
Northern High HVAC	6,605,948	894,052
Southern High Fieldhouse	120,794	129,206
Wastewater Plant	8,768	91,232
Crellin/Friendsville Scope Development	12,452	12,548
Southern High Grade Band Alignment	1,939,575	4,106,877
Southern High Green House	8,240	8,240
Yough Glades Fire Alarm	14,329	10,551
Southern High HVAC	3,335,010	5,663,436
Broadford Portables	363,418	386,582
Broadford/Southern Middle Construction	10,510	48,945,865
Broadford/Southern Middle Storage Facility	168,913	328,840
Totals	<u>\$ 14,174,217</u>	<u>\$ 63,390,187</u>

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM LIABILITIES

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

	Balance	Additions	Principal	Balance	Due Within
	June 30, 2023		Repayments & Other Reductions	June 30, 2024	One Year
Compensated absences payable	\$ 1,405,018	\$ 219,420	\$ (245,503)	\$ 1,378,935	\$ 30,594
Leases	33,179	-	(31,681)	1,498	1,498
SBITAs	1,792,294	171,168	(842,089)	1,121,373	258,630
Finance purchase payable	2,998,141	-	(548,600)	2,449,541	593,614
Accrued interest payable	68,378	-	(25,597)	42,781	42,781
Net OPEB liability	33,232,378	696,868	-	33,929,246	-
Net pension liability	3,246,030	695,253	-	3,941,283	-
Total long-term liabilities	\$ 42,775,418	\$ 1,782,709	\$ (1,693,470)	\$ 42,864,657	\$ 927,117

NOTE 6 - VOLUNTARY RETIREMENT INCENTIVE PLAN

The Board offered a \$1,000 early notification retirement stipend to those employees who notified human resources, prior to January 14, 2024, of their intent to retire from the Maryland State Retirement and Pension System on or before August 1, 2024. Employees were required to meet the Retirement and Pension System’s age and service requirements in order to be eligible for the stipend. Eight employees met the notification and qualification requirements and earned total stipends of \$8,000 for the year ended June 30, 2024.

NOTE 7 - FINANCE PURCHASE PAYABLE

The Board has entered into equipment agreements with the Bank of America and Key Equipment Finance to provide financing for the acquisition, construction and installation of energy efficiency improvements. In accordance with Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases*, these agreements qualify as a finance purchase for accounting purposes and therefore, have been recorded at the present value of the future minimum contract payments at the inception date. The construction costs paid from these financing arrangements totaled \$6,807,404 and are reported as buildings and improvements in the accompanying government-wide financial statements. Depreciation expense related to assets totaled \$458,955 for the year ended June 30, 2024 and was charged to the instruction function for government wide reporting purposes. Accumulated depreciation of \$4,680,343 is reported as a component of accumulated depreciation on buildings and improvements as of June 30, 2024.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - FINANCE PURCHASE PAYABLE (Continued)

Biannual contract payments are due in January and July of each year under the agreement with Bank of America and include principal and interest at 3.14%. The final payment is due on January 19, 2027. Bank of America has a first priority security lien interest in the energy efficiency improvements acquired with the borrowing proceeds. Annual contract payments are due in February each year under the agreement with Key Equipment Finance and include principal and interest at 2.79%. The final payment is due on February 23, 2031. Both agreements contain events of default including the failure of the Board to make the required payment by the due date as set forth in the agreements; and the failure by the Board to observe and perform any covenant, condition, or agreement set forth in the debt agreements. Remedies of default authorize the lender to declare all rental payments to be due with or without terminating the agreement; or to retake possession of equipment.

The following are the future finance purchase payments due under the agreements at June 30, 2024:

Fiscal Year Ending June 30,	Principal	Interest
2025	\$ 593,614	\$ 68,994
2026	641,403	50,671
2027	441,272	30,862
2028	205,187	21,566
2029-2033	568,065	29,082
Total	<u>\$ 2,449,541</u>	<u>\$ 201,175</u>

NOTE 8 – LEASES

The Board of Education have entered into two agreements for the acquisition of copier and mailing equipment that qualify as leases under GASB Statement No. 87, *Leases*. The total amount of the right to use leased assets recognized is \$146,950 (see Note 4 for right to use leased asset detail). The copier lease had an initial period of 3 years with monthly payments of \$4,939 and the mailing equipment lease had an initial period of 5 years with quarterly payments of \$652. The total amount of lease liabilities at June 30, 2024 is \$1,498. Lease payments made during the current fiscal year totaled \$32,239 which was comprised of \$31,681 in principal and \$558 in interest. Both leases have been discounted using an imputed interest rate of 4.91%. The following are the future minimum principal and interest lease payments at June 30, 2024:

Fiscal Year Ending June 30,	Principal	Interest
2025	1,498	24
Total	<u>\$ 1,498</u>	<u>\$ 24</u>

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - SUBSCRIPTION BASED INFORMATION AND TECHNOLOGY ARRANGEMENTS

The Board of Education has entered into multiple agreements related to subscription-based information technology that are subject to the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. SBITA principal payments made during the current fiscal year totaled \$360,393. The Board also recognized \$42,781 of interest expense which was accrued at year end. The subscription liability term assigned to the arrangements range from 1 to 6 years and is based on the agreements or the board’s expectations to cancel or continue the arrangements. The subscription liability was discounted using an imputed interest rate of 3.75%. The following are the future minimum principal and interest SBITA payments at June 30, 2023:

Fiscal Year Ending June 30,	Principal	Interest
2025	\$ 258,630	\$ 42,782
2026	286,242	32,915
2027	299,186	21,994
2028	<u>277,315</u>	<u>10,580</u>
Total	<u>\$ 1,121,373</u>	<u>\$ 108,271</u>

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

The Governmental Accounting Standards Board (GASB) issued question and answer 5.1 related to capitalization of certain group asset purchases in the 2021-1 *Implementation Guide*. The *Implementation Guide* issued by GASB is authoritative guidance for state and local governments applying generally accepted accounting principles. The revised guidance requires governments to capitalize assets when the individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The effect of applying this change in principle is as follows:

	Governmental Activities
Net Position, as previously stated	\$ 17,932,531
Effect of change in principle:	
Prior years group asset purchases (net value) at July 1, 2023	<u>510,605</u>
Net Position, restated	<u>\$ 18,443,136</u>

This prior period adjustment had no effect on the fund level financial statements since transactions are recorded on the modified accrual basis of accounting.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

The Board of Education’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 Board formed and administers an OPEB Trust Fund to allow for prefunding of future OPEB benefits. The Board 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 Board 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.

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

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

Retirees are given the option to maintain health insurance coverage after they retire and until they reach age 65. After age 65, the Board 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.

As of the most recent valuation date the employees covered by the benefit terms were as follows:

Inactive employees or beneficiaries currently receiving benefit payments	308
Active employees	<u>454</u>
Total	<u><u>762</u></u>

The OPEB Trust Fund is used to account for prefunding contributions made by the Board on behalf of the plan participants. For the year ended June 30, 2024, the Board made \$0 in prefunding contributions to the OPEB Trust. Current OPEB premium payments made on behalf of retirees as well as the costs incurred to administer the OPEB plan are paid from the general operating funds of the Board.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

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

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

As of the most recent valuation date, 308 Board retirees participated in this program.

Net OPEB Liability

The Board’s net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation utilizing the employee data as of January 1, 2023 with asset information and plan provisions in effect as of June 30, 2024.

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

Inflation	2.50 percent
Salary increase	4.0 percent
Discount rate	4.21 percent
Investment rate of return	6.0 percent
Healthcare cost trend rates	7.5 percent for 2024, decreasing linearly by .25 percent per year to an ultimate rate of 4.5 percent

Mortality rates were based on the Pub-2010 Teachers Employees Headcount-weighted with fully generational scale MP-2021.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2022 – December 31, 2023.

The current level of plan assets is sufficient to cover a partial year of benefit payments. As such, all future years of expected payments were discounted using the average yield on 20-year high-grade municipal bonds per paragraph 36 of GASB statement 75. As of June 30, 2024, the yield to maturity of 20-year high-grade bonds was 4.21% according to the S&P Municipal Bond 20 Year Index Rate. The discount rate at June 30, 2023 was 4.13%.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 12.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of July 1, 2023	\$ 35,294,501	\$ 2,062,123	\$ 33,232,378
Changes for the year:			
Service cost	846,969	-	846,969
Interest	1,433,728	-	1,433,728
Differences between expected and actual experience	-	-	-
Assumption and method changes	(159,869)	-	(159,869)
Contributions - employer	-	1,170,904	(1,170,904)
Net investment income	-	260,521	(260,521)
Benefit payments	(1,170,904)	(1,170,904)	-
Administrative expense and other changes	-	(7,465)	7,465
Net Changes	949,924	253,056	696,868
Balances as of June 30, 2024	<u>\$ 36,244,425</u>	<u>\$ 2,315,179</u>	<u>\$ 33,929,246</u>

The assumption change affecting the decrease in the net OPEB liability was primarily due to the change in the discount rate from 4.13% to 4.21%.

The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage point higher (5.21 percent) than the current discount rate:

	1% decrease (3.21%)	Current rate (4.21%)	1% increase (5.21%)
Net OPEB liability	<u>\$ 38,033,793</u>	<u>\$ 33,929,246</u>	<u>\$ 30,445,367</u>

The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (6.5 percent decreasing to 5.5 percent, 0.0% HRA) or 1-percentage-point higher (8.5 percent decreasing to 7.5 percent, 2.0% HRA) than the current healthcare cost trend rates:

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

	Healthcare Cost Trend Rates		
	1% decrease (6.5% decreasing to 3.5%, 0.0% HRA)	Current Rate (7.5% decreasing to 4.5%, 1.0% HRA)	1% increase (8.5% decreasing to 5.5%, 2.0% HRA)
Net OPEB liability	\$ 29,627,836	\$ 33,929,246	\$ 39,123,111

For the year ended June 30, 2024, the Board recognized OPEB expense (in the form of contributions) at the fund level of \$1,170,904. Additional OPEB expense of \$631,577 was recognized at the government-wide level for a total OPEB expense of \$1,802,480. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,447	\$ (987,638)
Change of assumptions	1,917,606	(4,956,466)
Net difference between projected and actual investment earnings	-	(50,251)
	<u>\$ 1,931,053</u>	<u>\$ (5,994,355)</u>

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

Year ended June 30:	
2025	\$ (340,661)
2026	(1,599,473)
2027	(1,589,337)
2028	(497,866)
2029	(35,433)
Thereafter	(532)

NOTE 12 - STATE RETIREMENT PLANS

General Information about the Pension Plan

The Board of Education of Garrett County participates in the Maryland State Retirement and Pension System, a cost sharing multiple-employer public employee retirement system. Substantially all employees of the Board are eligible to participate in the System, which provides retirement, disability and death benefits 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.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - STATE RETIREMENT PLANS (Continued)

The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the Teachers and Employees Retirement and Pension Systems. The annual report for the year ended June 30, 2023 (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, by calling 1-800-492-5909, or visit sra.maryland.gov/annual-financial-reports.

For all individuals who are 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 individuals 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 has attained age and similar actuarial factors.

A member of either the Teachers' or 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 is a member of either the Teachers' or 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 either the Teachers' or 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 is a member of the State Retirement and Pension System on or before June 30, 2011 and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance.

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - STATE RETIREMENT PLANS (Continued)

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

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 Teachers' and 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 State of Maryland, which is a non-employer contributor to the Teachers' Retirement System (TRS), makes non-employee contributions in amounts required by State statutes at a set cost-sharing amount. The Board pays all employer contributions for employees who participate in the Employees' Retirement System (ERS). Employees participating in the ERS include employees classified as custodial and cafeteria personnel. Employer contribution rates for custodial and cafeteria personnel are established by annual actuarial valuations, subject to the approval of the systems' Board of Trustees in accordance with the Annotated Code of Maryland.

Employees covered under the TRS and the ERS are required to contribute 7.0% of earned compensation.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - STATE RETIREMENT PLANS (Continued)

The State's contributions on behalf of the Board for the year ended June 30, 2024 were \$2,919,713 which were equal to the State's required contributions for that year. The Board's contributions for the year ended June 30, 2024 were \$1,923,501 and \$422,450 to the TRS and ERS, respectively, which were equal to the Board's required contributions for that year.

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

Before discussion of the process used to calculate and allocate the net pension liability, it is important to understand Maryland's particular situation concerning the payment of employer pension costs for Maryland's teacher population under the 24 Boards of Education (BOE).

At the time the GASB's pension changes were under consideration, an initiative for pension cost sharing was before the 2012 session of the General Assembly. This legislation, which became law, required each BOE to begin paying the "normal cost" for their teachers starting in FY 2013. It was structured as a four-year phase-in to the full normal cost with 50% paid in FY 2013. Full normal cost to be paid in FY 2017 and each year thereafter.

Because the State of Maryland pays the unfunded liability and the local BOEs pay the normal cost for the teachers' pension, the local Boards of Education are not required under GASB 68 to record their share of the unfunded pension liability for the TRS but instead, that liability is recorded by the State of Maryland. The portion of the net pension liability recorded by the State of Maryland related to the Board's teachers' pensions was \$45,733,716 as of June 30, 2024. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Board's portion of the net pension liability recorded by the State was calculated based on pension contributions made for Board teacher pensions relative to total contributions made by all participants to the Maryland State Retirement and Pension System for the year ended June 30, 2023, actuarially determined. At June 30, 2023, the Board's proportion was 0.1986 percent.

Certain non-teacher Board personnel including custodial and cafeteria personnel participate in the ERS. The Board has responsibility for the funding of these employees contributions and therefore is required under GASB 68 to record their proportional share of the net pension liability of the Employees' Retirement and Pension System. The proportional share is based on the employer contributions for only those employees participating in the ERS and does not include contributions made for employees participating in the TRS.

At June 30, 2024, the Board reported a liability of \$3,941,283 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Board's proportion of the net pension liability was based on the Board's contributions to the ERS relative to total contributions made by all participants to the Maryland State Retirement and Pension System for the year ended June 30, 2023, actuarially determined. At June 30, 2023, the Board's proportion was 0.01711 percent.

Pension expense for the ERS plan for the year ended June 30, 2024 was \$434,409.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - STATE RETIREMENT PLANS (Continued)

At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes of assumptions	\$ 308,208	\$ (16,952)
Net difference between projected and actual earnings on pension plan investments	-	(381,142)
Difference between actual and expected experience	138,525	(174,738)
Changes in proportion and differences between employer contributions and share of contributions	1,065,823	(244,910)
Board contributions to the Employees' Pension System subsequent to the measurement date	<u>422,450</u>	<u>-</u>
Total	<u>\$ 1,935,006</u>	<u>\$ (817,742)</u>

The \$422,450 reported as deferred outflows of resources related to pensions resulting from Board contributions to the ERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 42,115
2026	(15,611)
2027	282,588
2028	187,726
2029	148,919
2030	49,077

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

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

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - STATE RETIREMENT PLANS (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 consultant(s) and actuary(s). For each major asset class that is included in the System’s target asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

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

The discount rate used to measure the total pension liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), 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 c0urrent 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 Board’s proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Board's proportionate share of the net pension liability	<u>\$ 5,844,125</u>	<u>\$ 3,941,283</u>	<u>\$ 2,362,254</u>

Detailed information about the pension plan’s fiduciary net position is available in the separately issued System financial report.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - RISK MANAGEMENT

The Board of Education of Garrett 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.

Effective July 1, 2009 the Garrett County Employees Health Care Plan became self-insured for hospitalization and medical benefits provided to its employees within specific limits. The Board participates in the Plan with the Board of Garrett County Commissioners and Garrett College. The County's actuarial firm establishes premium rates for Plan participants based on claims history. The Board submits its pro-rata portion of the actuarially prescribed premium to the Board of Garrett County Commissioners at the end of each pay period based on the number of employees covered and types of coverages in effect. Should actual claims exceed the projected claims used by the actuaries in establishing rates, the shortfall would be made up through future premium rate increases.

The Board is one of nineteen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Group Insurance Pool (the Pool), a public entity risk pool organized as a trust. The School System pays an annual premium to the Pool for its property, liability and automobile coverage. Such premiums are actuarially calculated for the Pool as a whole based on student enrollment, number and type of vehicles as well as experience modification factors. The Pool is reinsured on a claims-made basis for legal liability, covering claims aggregating \$3 million per School System per year.

Additionally, the Board is one of seventeen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Workers' Compensation Group Self-Insurance Fund (the Fund). The Fund was established as a public entity risk pool organized to provide worker's compensation indemnity and medical benefits coverage for participating school boards. The fund is operated under regulations promulgated by the State Worker's Compensation Commission (COMAR 14.09.02). Each Fund participant pays an annual premium calculated on its payroll, according to standard classification, with an experience modification applied. Premiums billed to the Fund members are determined on an actuarial basis. The fund carries an excess insurance policy providing specific excess and employer liability protection coverage, thus reducing the potential of assessment against Fund members. The Fund provides coverage for up to a maximum of \$500,000 for each worker's compensation claim.

Settled claims from these risks have not exceeded insurance plan coverage during any of the past three years.

NOTE 14 - RELATED PARTIES

The Board of Education is closely related to Board of Garrett County Commissioners and the Maryland State Department of Education and is dependent on these two sources for the major portion of its current expense funding. The amounts received during the year are disclosed within the financial statements. In addition, the Board offices are located in building space appropriated to them by the County. The annual fair market value of the space occupied is \$148,800. The Board recognized \$74,400 during the fiscal year as the premises were vacated in December 2023. The fair market value of the appropriated space is recorded in the accompanying government-wide and fund financial statements as both revenue and expenditure.

BOARD OF EDUCATION OF GARRETT COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Financial Assistance Program Compliance

The Board 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 programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Board has not complied with the laws and regulations governing the grant/loan programs, refunds of any money received may be required or, the collectability of any related receivable at June 30, 2024 may be impaired. In the opinion of the Board, the amount, if any, of contingent liabilities relating to non-compliance with the laws and regulations governing the respective grant/loan programs is not material; consequently, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 16 - RECONCILIATION OF FINANCIAL REPORTING BASIS TO BUDGETARY BASIS

	<u>Current Expense Fund</u>		<u>Food Service Fund</u>
	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues</u>
Total per Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP Basis)			
Unrestricted	\$ 58,593,820	\$ 55,378,329	\$ -
School Activity	1,138,956	1,176,074	-
Restricted	11,945,724	11,628,878	-
Food Service	-	-	3,714,757
	<u>71,678,500</u>	<u>68,183,281</u>	<u>3,714,757</u>
On-behalf payments for employer contributions to the Teachers Retirement and Pension Systems by the State of Maryland	(2,919,713)	(2,919,713)	-
Grant revenue in current year that was deferred due to availability	124,911	-	-
Grant revenue in prior year that was deferred due to availability	(412,214)	-	(15,790)
Total after Budgetary Adjustments	<u>\$ 68,471,484</u>	<u>\$ 65,263,568</u>	<u>\$ 3,698,967</u>
Total per Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)			
Unrestricted	\$ 55,674,107	\$ 52,458,616	\$ -
Restricted	11,658,421	11,628,878	-
School Activities	1,138,956	1,176,074	-
Food Service	-	-	3,698,967
Total per Budgetary Statements	<u>\$ 68,471,484</u>	<u>\$ 65,263,568</u>	<u>\$ 3,698,967</u>

REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION OF GARRETT COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE BOARD'S NET OPEB LIABILITY AND RELATED RATIOS

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability								
Service Cost	\$ 846,969	\$ 967,023	\$ 1,312,111	\$ 1,309,059	\$ 882,210	\$ 790,272	\$ 834,100	\$ 1,020,893
Interest	1,433,728	1,284,946	901,882	942,667	1,125,386	1,152,179	958,874	935,920
Difference between expected and actual experience	-	(341,598)	-	(2,286,216)	-	747,067	620,579	-
Changes of assumptions	(159,869)	(2,330,721)	(6,544,442)	250,273	9,603,519	742,738	(2,290,779)	-
Benefit payments	<u>(1,170,904)</u>	<u>(1,156,066)</u>	<u>(1,098,995)</u>	<u>(1,133,885)</u>	<u>(1,083,732)</u>	<u>(1,016,851)</u>	<u>(956,707)</u>	<u>(1,486,183)</u>
Net changes in total OPEB liability	949,924	(1,576,416)	(5,429,444)	(918,102)	10,527,383	2,415,405	(833,933)	470,630
Total OPEB liability - beginning	<u>35,294,501</u>	<u>36,870,917</u>	<u>42,300,361</u>	<u>43,218,463</u>	<u>32,691,080</u>	<u>30,275,675</u>	<u>31,109,608</u>	<u>30,638,978</u>
Total OPEB liability - ending (a)	<u><u>\$ 36,244,425</u></u>	<u><u>\$ 35,294,501</u></u>	<u><u>\$ 36,870,917</u></u>	<u><u>\$ 42,300,361</u></u>	<u><u>\$ 43,218,463</u></u>	<u><u>\$ 32,691,080</u></u>	<u><u>\$ 30,275,675</u></u>	<u><u>\$ 31,109,608</u></u>
Plan fiduciary net position								
Contributions - employer	\$ 1,170,904	\$ 1,156,066	\$ 1,098,995	\$ 1,133,885	\$ 1,083,732	\$ 1,391,851	\$ 956,707	\$ 1,486,183
Net investment income	260,521	163,311	(234,761)	381,431	94,235	83,695	82,176	96,723
Benefit payments	(1,170,904)	(1,156,066)	(1,098,995)	(1,133,885)	(1,083,732)	(1,016,851)	(956,707)	(1,486,183)
Administrative expense	<u>(7,465)</u>	<u>(6,814)</u>	<u>(7,472)</u>	-	<u>(362)</u>	<u>(4,303)</u>	<u>(4,836)</u>	<u>(5,077)</u>
Net changes in plan fiduciary net position	253,056	156,497	(242,233)	381,431	93,873	454,392	77,340	91,646
Plan fiduciary net position - beginning	<u>2,062,123</u>	<u>1,905,626</u>	<u>2,147,859</u>	<u>1,766,428</u>	<u>1,672,555</u>	<u>1,218,163</u>	<u>1,140,823</u>	<u>1,049,177</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,315,179</u></u>	<u><u>\$ 2,062,123</u></u>	<u><u>\$ 1,905,626</u></u>	<u><u>\$ 2,147,859</u></u>	<u><u>\$ 1,766,428</u></u>	<u><u>\$ 1,672,555</u></u>	<u><u>\$ 1,218,163</u></u>	<u><u>\$ 1,140,823</u></u>
Board's net OPEB liability - ending (a) - (b)	\$ 33,929,246	\$ 33,232,378	\$ 34,965,291	\$ 40,152,502	\$ 41,452,035	\$ 31,018,525	\$ 29,057,512	\$ 29,968,785
Plan fiduciary net position as a percentage of total OPEB liability	6.39%	5.84%	5.17%	5.08%	4.09%	5.12%	4.02%	3.67%
Covered employee payroll	\$ 26,127,503	\$ 26,404,299	\$ 26,485,298	\$ 24,978,756	\$ 24,516,317	\$ 24,516,317	\$ 23,950,813	\$ 25,234,000
Net liability as a percentage of covered payroll	129.86%	125.86%	132.02%	160.75%	169.08%	126.52%	121.32%	118.76%
Annual money-weighted rate of return	12.66%	8.59%	10.95%	22.02%	6.00%	6.88%	7.22%	8.37%

This schedule is presented to illustrate the requirement to show the information for 10 years. Information prior to June 30, 2017 is not available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in Benefit Terms:

- There were no benefit changes during the year.

Changes in Assumptions:

- The assumption change affecting the decrease in the net OPEB liability was the change in the discount rate from 4.13% to 4.21%.

BOARD OF EDUCATION OF GARRETT COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
Board's percentage share of the ERS net pension liability	0.017%	0.016%	0.019%	0.016%	0.017%	0.016%	0.015%	0.016%	0.016%	0.014%
Board's proportionate share of the ERS net pension liability	\$ 3,941,283	\$ 3,246,030	\$ 2,799,923	\$ 3,711,887	\$ 3,486,789	\$ 3,456,888	\$ 3,318,137	\$ 3,827,956	\$ 3,248,091	\$ 2,551,859
State's proportionate share of the TRS net pension liability	<u>45,733,716</u>	<u>40,018,388</u>	<u>30,864,188</u>	<u>41,576,605</u>	<u>40,729,036</u>	<u>43,957,397</u>	<u>46,727,480</u>	<u>50,860,342</u>	<u>41,722,945</u>	<u>32,876,591</u>
TOTAL	<u>\$49,674,999</u>	<u>\$43,264,418</u>	<u>\$33,664,111</u>	<u>\$45,288,492</u>	<u>\$44,215,825</u>	<u>\$47,414,285</u>	<u>\$50,045,617</u>	<u>\$54,688,298</u>	<u>\$44,971,036</u>	<u>\$35,428,450</u>
Board's covered employee payroll	\$ 34,405,253	\$33,287,351	\$31,423,174	\$30,832,302	\$28,304,250	\$27,807,284	\$28,198,755	\$28,668,571	\$ 28,356,891	\$28,126,622
Board's proportionate share of the net pension liability as a percentage of its covered payroll	11.46%	9.75%	8.91%	12.04%	12.32%	12.43%	11.77%	13.35%	11.45%	9.07%
Plan fiduciary net position as a percentage of the total pension liability	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

BOARD OF EDUCATION OF GARRETT COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
Contractually required contributions - ERS	\$ 422,450	\$ 417,382	\$ 370,264	\$ 411,250	\$ 352,125	\$ 347,147	\$ 328,541	\$ 312,320	\$ 316,062	\$ 329,429
Contributions in relation to the contractually required contribution - Employee Retirement System	<u>(422,450)</u>	<u>(417,382)</u>	<u>(370,264)</u>	<u>(411,250)</u>	<u>(352,125)</u>	<u>(347,147)</u>	<u>(328,541)</u>	<u>(312,320)</u>	<u>(316,062)</u>	<u>(329,429)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Board's covered-employee payroll	\$34,960,211	\$34,405,253	\$33,287,351	\$31,423,174	\$30,832,302	\$28,304,250	\$ 27,807,284	\$ 28,198,755	\$28,668,571	\$ 28,356,891
Contributions as a percentage of covered-employee payroll - ERS	1.21%	1.21%	1.11%	1.31%	1.14%	1.23%	1.18%	1.11%	1.10%	1.16%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in Benefit Terms:

- There were no benefit changes during the year.

Changes in Assumptions:

- There were no significant changes in actuarial assumptions from the preceding year.