

The Trust is a joint association of Maryland local governments formed July 1, 1987 to provide insurance coverage and other risk management services.



ANNUAL COMPREHENSIVE FINANCIAL REPORT



Casselman Bridge
Garrett County

*A foundation of Trust,
a reserve of knowledge,
experience, and the ability to serve
Maryland local governments*

**For Fiscal Years Ended
June 30, 2024 and
June 30, 2023**

Local Government Insurance Trust
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Hanover, Maryland 21076
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Utica Mills Bridge
Town of Thurmont

FOUNDING ORGANIZATIONS



THE
MARYLAND
MUNICIPAL
LEAGUE



MARYLAND
Association of
COUNTIES

Prepared By
Local Government Insurance Trust
Department of Finance and
Information Technology
Terence Greene, Director




ANNUAL COMPREHENSIVE FINANCIAL REPORT



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**For Fiscal Years Ended
June 30, 2024 and
June 30, 2023**

A photograph of the Bollman Iron Truss Bridge, a red-painted steel truss bridge spanning a river. The bridge has a wooden walkway and a set of railroad tracks running alongside it. Lush green trees are visible in the background.

**The Annual Comprehensive Financial Report
of the Local Government Insurance Trust
for the fiscal years ended
June 30, 2024 and June 30, 2023
is hereby respectfully submitted.**

**Bollman Iron Truss Bridge
Howard County**

***A foundation of Trust,
a reserve of knowledge,
experience, and the ability to serve
Maryland local governments***

**For Fiscal Years Ended
June 30, 2024 and
June 30, 2023**



Table of Contents

Letter from the Chair	v
INTRODUCTORY SECTION - UNAUDITED	
Transmittal Letter	1
Certificate of Achievement for Excellence in Financial Reporting	5
Membership	6
Board of Trustees	7
LGIT Staff	8
LGIT Organizational Chart	10
FINANCIAL SECTION	
Independent Auditors' Report	13
Management's Discussion and Analysis	17
Basic Financial Statements	
Statements of Net Position	21
Statements of Revenues, Expenses and Changes in Net Position	22
Statements of Cash Flows	23
Statements of Fiduciary Net Position	24
Statements of Changes in Fiduciary Net Position	25
Notes to Financial Statements	27
Required Supplementary Information	
Explanation of Required Supplementary Information	41
Reconciliation of Claims Liabilities and Related Expenses by Pool	42
Claims Development Information	43
Supplementary Combining Schedules	
Combining Schedule of Net Position 2024	44
Combining Schedule of Net Position 2023	45
Combining Schedule of Revenues, Expenses and Changes in Net Position 2024	46
Combining Schedule of Revenues, Expenses and Changes in Net Position 2023	47
Combining Schedule of Cash Flows 2024	48
Combining Schedule of Cash Flows 2023	49
Notes to Supplementary Combining Schedules	51
STATISTICAL SECTION - UNAUDITED	
Comparative Schedule of Revenues, Expenses and Changes in Net Position	55
Member Growth Analysis	56
Loss History and Average Claim Costs	57
Reported Claim Activity	58
Loss Development	59
State of Maryland Demographic and Economic Statistics	63
Ten Largest Employers State of Maryland	63

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Letter from the Chair

Your Trust in FY 2024



Dear Members:

It is my distinct honor to serve as the Chair of Local Government Insurance Trust Board of Trustees. For more than thirty-seven (37) years, Maryland's local governments have put their faith and trust in LGIT. The Trust remains, as it always has been, dedicated to serving local governments in good times and bad. Our commitment to local governments is unwavering because our governance structure keeps us aligned with what is important to you – our Members. Our Board consists of local officials who understand that their Pool-related decisions impact the

people they serve back at home every day. As a result, LGIT's membership and financial condition remain strong and stable, along with its commitment to providing members with unparalleled claims and risk management services.

LGIT's membership is diverse and consists of local governments and sponsored entities from across the state. It includes sixteen (16) counties, one hundred and fifty (150) municipalities, twenty-six (26) sponsored entities, the Maryland Municipal League (MML), the Maryland Association of Counties (MACo) and LGIT. During the last year, the Town of Mountain Lake Park rejoined LGIT and Upper Shore Regional Council joined LGIT for the first time.

From a financial standpoint, as reflected in the Annual Certified Financial Report (ACFR), LGIT remains financially sound. In FY24, LGIT returned almost \$5.1 million dollars to our Members in the form of premium credits. This marks the largest return of member equity in the Trust's history. We returned \$2.51 million to the Members of our Primary Liability Pool (PLP), \$1.87 million to the Members of the Property Pool (PP), and \$701,000 to the Members of the Excess Liability Pool (ELP). After issuing these credits, LGIT still grew member equity by \$3,767,145 in FY24 thanks to our investment strategy. As of June 30, 2024, member equity totaled \$51,288,601.

Included in the ACFR are the Transmittal letter and Management's Discussion and Analysis, which provide detail regarding the financial operations of the Trust. Additionally, the basic financial statements in the report include the Notes to the financial statements, which are an integral part of the annual report. The annual audit went very well largely due to the quality and the stability of the staff in our Finance Department and the work of our Finance/Audit Committee.

I sincerely appreciate all our members for your continued participation in LGIT. Your unwavering support, input, and ideas have made the Trust what it is today. I also express my gratitude to my dedicated fellow Board members and the many local government officials who serve on the Trust's committees. These volunteers are to be commended for their role in making FY24 a great one.

Finally, I would like to take this opportunity to thank all of the experienced staff for their hard work throughout the year. Their commitment and dedication to Maryland's local governments are what drives excellence and makes LGIT a leader among our peer organizations.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Ted Zaleski, III". The signature is stylized and includes a large, looped initial "T".

Ted Zaleski, III, Chair
Director of Management & Budget, Carroll County

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Introductory Section



Transmittal Letter

**Certificate of Achievement for
Excellence in Financial
Reporting**

Membership

Board of Trustees

LGIT Staff

LGIT Organizational Chart



**Chesapeake Bay Bridge
City of Annapolis**



November 13, 2024

Board of Trustees and Participating Members
Local Government Insurance Trust
7225 Parkway Drive
Hanover, Maryland 21076

Ladies and Gentlemen:

The Annual Comprehensive Financial Report (ACFR) of the Local Government Insurance Trust (Trust) for the year ended June 30, 2024, is hereby respectfully submitted. The Trust's Finance Department prepared this report. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Trust. We believe the data, as presented, is accurate in all material respects; presented in a manner designed to fairly present the financial position, results of operations, and cash flows of the Trust. It also provides all disclosures necessary to enable the reader to gain the maximum understanding of the Trust's financial affairs.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section contains this transmittal letter, which includes a discussion of the financial activities and substantive highlights for the fiscal year, identifying the Trust's members, trustees, and employees, the Trust's organizational chart, and a copy of the fiscal year 2023 Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association (GFOA). The financial section includes the independent auditors' report, management's discussion and analysis, the audited basic financial statements, required supplementary information, and supplementary combining schedules. The statistical section includes selected financial and statistical data, presented on a multi-year basis.

The Reporting Entity and Its Services

The Trust is a legislatively authorized insurance and risk sharing association of Maryland local governments formed July 1, 1987. Specifically, the Trust coverage includes several lines of liability and property-related risks. Support services include administration and management of claims, litigation, loss control, training, and property valuations. Membership in the Trust is limited to Maryland local governments that are members of either the Maryland Association of Counties (MACo) or the Maryland Municipal League (MML), as well as certain public entities sponsored by MML & MACo.

As of June 30, 2024, the Trust operates three pools of coverage: the Primary Liability Pool (PLP), the Property Pool (PP), and the Excess Liability Pool (ELP). The Trust offers its members Cyber-Data Breach and Equipment Break-down coverage programs for which it retains limited financial risk. The Trust refers members to a qualified insurance broker for their other specialty coverage needs. Outside insurance carriers hold the financial risk of these lines. The Trust also serves as the administrator and treasurer for the Local Government Insurance Trust Health Cooperative (LGIT Health), a means for self-insurance and stop-loss coverage among member governments. LGIT Health is a separate entity from the Trust, and the Trust assumes no financial risk in its role as treasurer and administrator.

The Trust is governed by a Board of Trustees (Board) consisting of 12 voting members. The Board is comprised of five municipal and five county officials all elected by the membership. Additionally, both executive directors of MACo and MML serve as ex-officio Trustees. The day-to-day operations of the Trust are overseen by the Executive Director, who is the chief administrative officer, and is responsible for the administrative implementation of policies stated in the Trust Agreement and By-Laws, as well as other policies established by the Board.

MAJOR INITIATIVES

For the Year

The following highlights some of the Trust's major accomplishments during fiscal year 2024:

- ❑ **INFORMATION TECHNOLOGY** – LGIT implemented an internal process to decode vehicle identification numbers (VINs) on incoming member change requests to ensure that LGIT reports vehicle information correctly to the MVA. This process has significantly reduced member requests for FR-19s saving time for both LGIT staff and members.

To enhance cyber security efforts, Microsoft imposed a Two Factor Authentication (2FA) on all Office365 Accounts. LGIT's IT department required staff to download the Microsoft Authenticator and setup an account by using their email address and network password.

- ❑ **TRAINING** – Training continued to be a primary focus of risk control efforts. The Trust provided 78 training and educational opportunities across the state, attended by 2,475 local government officials and employees. The most requested types of training included: Defensive Driving, Supervisory Training, Reasonable Suspicion of Drug and Alcohol Abuse in the Workplace, and Harassment in the Workplace. In addition to the Trust's in-person training, there were 3,496 online courses taken by member employees.

For the Academy for Excellence in Local Government, the Open Meetings Act core course was presented at the LGIT Annual Meeting. The Basics of Risk Management core course was delivered at the Winter MACo conference.

- ❑ **LIABILITY RATE STABILIZATION CREDIT** – For the sixteenth year in a row, the Board of Trustees implemented a return of member equity in the form of credits for the eligible members of the PLP. The equity return follows the policies concerning equity as stated in Article VIII, Section 8.03(b) of the Trust Agreement. Each member's share of the equity return was deposited into their respective rate stabilization accounts. Funds in the accounts were used by each member, at their discretion, as credit for their annual primary liability premiums. The Board limited the annual credit to 50% of the account balance. The remainder was left in the account and would be available in subsequent years. The Board approved a total funding of \$1,000,000.
- ❑ **MEMBERSHIP & LONGEVITY CREDITS** – As part of the Trustees overall plan to return member equity from the PLP, members received: (1) a general membership credit for continued participation based on the amount of premium paid, and (2) a credit based on membership longevity. The total funding for these two credits was \$1,000,000.
- ❑ **PROPERTY RATE STABILIZATION CREDIT** – All members of the Property pool who carry a \$10,000 deductible for boiler and machinery claims receive the coverage at no cost. Both the Equipment Breakdown and the Cyber Program subsidies are given back in the form of a property credit on their annual premium invoices.
- ❑ **LOSS CONTROL CREDIT SURVEY** – As part of a larger plan to return surplus from the PLP, the Board of Trustees approved a Loss Control Credit to support members who engaged in exceptional loss control activities. Funding of \$300,000 was allocated to all members that completed an online survey with the amount being distributed was as a 3% credit toward their liability premium.
- ❑ **EXCESS CREDIT** – The excess credit covers the cost of the first \$1,000,000 layer of excess coverage for all members of the PLP.
- ❑ **TRAINING GRANT PROGRAM** – The Risk Management Program approved risk management grants totaling \$100,000 for member training and services to help with their loss control efforts, including adopting vehicle telematic systems and law enforcement agencies to take advantage of specialized training.

- ❑ **LAW ENFORCEMENT MEMORIAL GRANT PROGRAM** – The Risk Management Committee awarded an annual law enforcement memorial grant of \$5,000 to the Town of Pittsville won in '25 for training of one police recruit to attend state approved police academy training.
- ❑ **LEGAL SERVICES** – Legal staff achieved numerous successful outcomes in both jury and bench trials and achieved even more favorable results through motions and settlements in both federal and state courts. The staff of four full-time attorneys supported a monthly average of about 100 claims in litigation, of which approximately 40 were general and auto related, and approximately 60 were police/public official liability cases. Legal staff also supported a monthly average of approximately 20 administrative charges of employment discrimination. Legal staff worked directly with Claims Services on police/public official claim, providing analysis, strategy, attorney assignment, proper reserves, and settlement recommendations. In addition, Legal collaborated with MACO and the Maryland Attorney General's office to craft and propose a legislative fix to the ongoing uncertainties regarding sheriffs' litigation, which resulted in the enactment of a new statute clarifying who is responsible for defending and indemnifying sheriffs.
- ❑ **HEALTH COOPERATIVE** – LGIT Health, consisting of 25 local governments, MML and LGIT, completed its fifteenth year of operation. \$3,379,548 in surplus funds were returned to the members.

ADJUSTING TO ECONOMIC and MARKETPLACE CONDITIONS

Ongoing rising climatical, economic, and geopolitical risks that led to significant reinsurance cost expense adjustments in FY23 continued into FY24. Overall, inflation and slow global economic growth continued to contribute to the uncertainty of the cost of reinsurance going into FY24. As a result, LGIT experienced an increase of \$3,004,000 in reinsurance costs in FY24 from the prior fiscal year.

The financial environment during FY24 proved beneficial to LGIT's portfolio. Each of LGIT's portfolios met or exceeded its performance benchmarks with an aggregate return of 9.9%. LGIT's investment advisor conducted an asset allocation review to assist in the development of overall return assumptions and risk profile. The approach used a combination of historical market data, as well as current capital market assumptions for the next 3-5 years. Based on a blend of this information and current positioning, LGIT's portfolio has a forward return expectation of 7.1% in FY25.

FINANCIAL MANAGEMENT AND CONTROLS

The basic financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities, and necessarily include amounts based upon reliable estimates and judgments. The Trust's accounting records are maintained using an economic resources measurement focus and the accrual basis of accounting. A summary of the Trust's significant accounting policies is discussed in more detail in Management's Discussion and Analysis and in the Notes to the Financial Statements found in the financial section of this report.

Internal Accounting Structure

Internal controls have been put in place to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits derived from the control, and that the evaluation of costs and benefits requires reasonable business judgment by management. All internal control decisions are made within the above framework. Management believes the Trust's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

A detailed annual budget is prepared before each fiscal year starts and submitted to the Board for review and approval. Trust management is required by the Board to control expenditures and stay within its guidelines. The approved budget

is also used as a management tool to aid in evaluating performance. Detailed reports comparing budget to actual are provided to the Board quarterly. The Trust's independent auditors do not audit these internal management reports.

Cash Management

The Finance Department is responsible for daily cash management and monitoring the activities of the external investment managers. The Trust receives daily pricing of investment securities owned, a monthly reporting of all transactions and cash flows and quarterly performance reports. All securities are held in safekeeping with a third-party custodian bank as designated by the Board.

Risk Management

The Trust continually seeks ways to manage the risks of each line of coverage it offers. The Trust provides programs to help its members control losses and manage risk including seminars, training programs and property inspection services. Further, the Trust utilizes the services of an independent consulting actuary. The actuary performs regular reviews to assist the Trust in establishing appropriate loss reserves and contribution rates. The Trust has also purchased reinsurance to protect against unusually severe individual losses.

Independent Financial Audit

Mitchell & Titus, LLP, an independent certified public accounting firm, provides an objective, independent examination of the Trust's basic financial statements. Its audit includes those auditing procedures that it deems necessary to express an opinion on the fairness, in all material respects, of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Mitchell Titus's unmodified opinion on the Trust's basic financial statements as of and for the fiscal years ended June 30, 2024, is included in the financial section of this report.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Trust for its Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2023. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. FY23 marked the 25th year in a row that the Trust has received this award. A Certificate of Achievement is valid for one year only. We believe our current report conforms to the Certificate of Achievement program requirements, and we will submit it to the GFOA.

This report reflects the combined efforts of the Board, the Finance/Audit Committee, the Trust's management, and staff. We would like to express our sincere appreciation to each of the Trust's members, the Board, the various local government officials that serve on the Trust committees, and the employees of each governmental unit for their commitment to risk management and intergovernmental risk pooling. Their support and commitment are the reason for the continued successful operation of the Trust.

Respectfully submitted,



Matthew Peter
Executive Director



Terence Greene
Director, Finance and IT



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Local Government Insurance Trust
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Fiscal Year 2024 Membership

Accident	Denton	Keedysville	Ride With Us, Inc.
Annapolis	District Heights	Kensington	Ridgely
Baltimore County	Dorchester County	Kent County	Rising Sun
Baltimore Maryland Council	Dorchester County	Kent County Public Library	Riverdale Park
Barclay	Sanitary District Inc.	Kitzmiller	Rock Hall
Barnesville	Eagle Harbor	La Plata	Rockville
Barton	East New Market	Landover Hills	Village of Rosemont
Bel Air	Easton	Laurel	Ruth Enlow Library of
Berlin	Edmonston	Laytonsville	Garrett County
Berwyn Heights	Eldorado	Leonardtwn	Salisbury
Betterton	Elkton	Local Government	Seat Pleasant
Bladensburg	Emmitsburg	Insurance Trust	Secretary
Boonsboro	Fairmount Heights	Loch Lynn Heights	Sharpsburg
Bowie	Federsburg	Lonaconing	Sharptown
Brentwood	Forest Heights	Luke	Smithsburg
Brookeville	Friendsville	Manchester	Snow Hill
Brookview	Frostburg	Mardela Springs	Somerset
Brunswick	Fruitland	Martin's Additions	Somerset County
Burkittsville	Gaithersburg	Marydel	Somerset County Library System
Calvert County	Galena	Maryland Association	Somerset County
Calvert Library	Galestown	of Counties	Sanitary District Inc.
Cambridge	Garrett County	Maryland Municipal League	St. Mary's County
Cambridge Municipal	Garrett County Community	Middletown	St. Mary's County
Utilities Commission	Action Committee Inc.	Mid-Shore Regional Council	Metropolitan Commission
Capitol Heights	Garrett County	Millington	St. Michaels
Caroline County	Sanitary District Inc.	Morningside	Sudlersville
Caroline County Library	Garrett Park	Mount Airy	Sykesville
Carroll County	Glen Echo	Mount Rainier	Takoma Park
Carroll County Public Library	Glenarden	Mountain Lake Park	Talbot County
Cecil County	Goldsboro	Myersville	Taneytown
Cecilton	Grantsville	New Carrollton	Templeville
Centreville	Greenbelt	New Market	The Humane Society of
Charles County	Greensboro	New Windsor	Carroll County Inc.
Charlestown	Hagerstown	North Beach	Thurmont
Chesapeake Beach	Hampstead	North Brentwood	Trappe
Chesapeake City	Hancock	North Chevy Chase	Tri-County Council for
Chestertown	Havre de Grace	North East	Southern Maryland
Cheverly	Hebron	Northeast Maryland Waste	Tri-County Council for the
Chevy Chase	Henderson	Disposal Authority	Lower Eastern Shore
Chevy Chase View	Highland Beach	Oakland	Union Bridge
Chevy Chase Village	Hillsboro	Ocean City	University Park
Section 3 of the Village	Howard Community College	Oxford	Upper Marlboro
of Chevy Chase	Howard County	Perryville	Upper Shore Regional Council
Chevy Chase Section 5	Howard County Economic	Pittsville	Vienna
Church Creek	Development Authority	Pocomoke City	Walkersville
Church Hill	Howard County	Poolesville	Washington Grove
Clear Spring	Housing Commission	Port Deposit	Westernport
College Park	Howard County Library	Port Tobacco Village	Westminster
Colmar Manor	Hurlock	Preston	Wicomico County
Cottage City	Hyattsville	Princess Anne	Willards
Crisfield	Indian Head	Queen Anne	Williamsport
Cumberland	Industrial Development	Queen Anne's County	Worcester County
Deer Park	Authority of Carroll County	Queenstown	Worcester County Library

Fiscal Year 2024 Board of Trustees



Ted Zaleski, III, Chair
*Director of Management & Budget,
Carroll County*



Abigail McNinch, Ph.D., Vice-Chair
Mayor, Town of Denton



Eric L. Jackson, Secretary
*Chief of Treasury,
Charles County*



Theresa Kuhns, Ex-Officio
*Chief Executive Officer,
Maryland Municipal League*



Michael J. Sanderson, Ex-Officio
*Executive Director,
Maryland Association of Counties*



Monique Ashton
*Mayor,
City of Rockville*



Chris Corchiarino
*County Commissioner,
Queen Anne's County*



Tracy Gant
*Mayor,
Town of Edmonston*



Shelley L. Heller
*County Administrator,
Kent County Commissioners*



Daniel Mears
*Assistant City Manager,
City of Bowie*



John D. Miller
Burgess, Town of Middleton



George L. Pfeffer, Jr.
*County Council President,
Dorchester County*

Fiscal Year 2024 Management and Staff

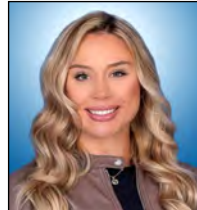
Executive and Human Resources



Matthew Peter
Executive Director



Larry Bohlen
Deputy Executive Director



Samantha Fallat
*Interim Human Resources
Manager/Executive
Assistant/
Office Manager*



Annie Tortorella
Administrative Assistant

Finance and Information Technology Services



Terance Greene
Director



Michael Becker
Systems Engineer



Sheryl Browning
*Applications Systems
Analyst*



Sheena Bell
Accountant



Lynette Voegtli
Accountant

Underwriting Services



Scott Soderstrom
Director



Tammy Morrison
Underwriting Associate



Michelle Yannone
*Loss Control &
Underwriting Associate*

Field Services



Larry Bohlen
Director



Kenny Rhodes
*Law Enforcement Loss
Control Specialist*



Anne Tyeryar
Loss Control Associate



Jack Adams
Loss Control Associate

Fiscal Year 2024 Management and Staff

Communications & Member Services



Michele Keplinger
Director



Samuel Becker
*Communications
& Member Services Associate*

Claims Services



Tia Bowman
Director



Dorie Schwartz
*Senior Claims Analyst /
Property Claims Manager*



Elizabeth Martinez
Litigation Analyst



Winter Jordan
Litigation Analyst



Hollis Henry
Claims Analyst



Dalas Salters
Claims Analyst



Clyde Bessicks
Claims Analyst



Warren Baskerville
Claims Analyst



Charise Henderson
Claims Processor

Legal Services



Jason Levine
Director



Ray Mulera
Attorney at Law



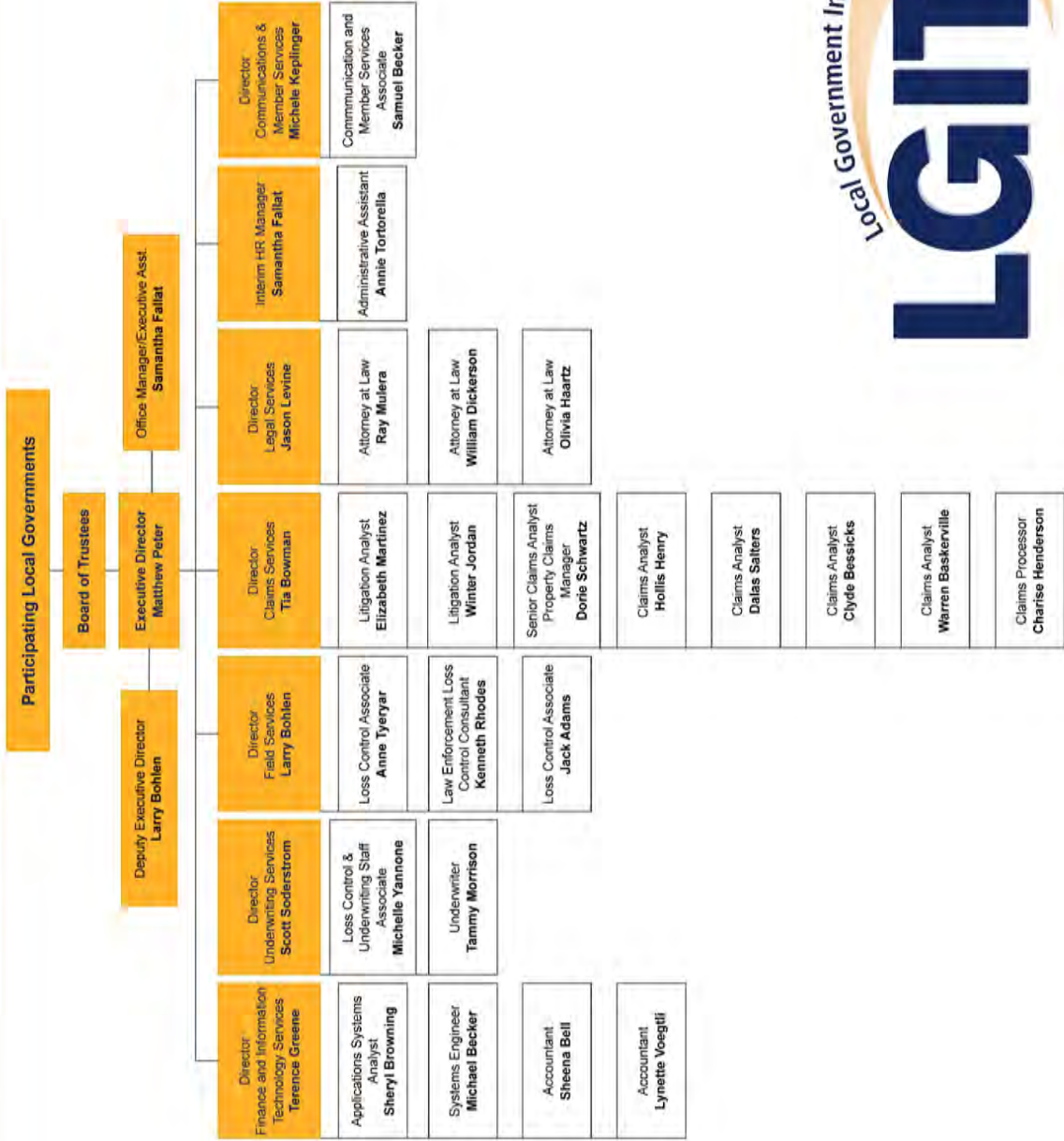
William Dickerson
Attorney at Law



M. Olivia Haarz
Attorney at Law

Fiscal Year 2024 Organizational Chart

Local Government Insurance Trust



Financial Section



Dover Bridge
Talbot County

**Independent Auditors'
Report**

**Management's Discussion
and Analysis**

Statements of Net Position

**Statements of Revenues,
Expenses, and Changes in
Net Position**

Statements of Cash Flows

**Statements of Fiduciary
Net Position**

**Statements of Changes in
Fiduciary Net Position**

**Explanation of Required
Supplementary
Information**

**Notes to Financial
Statements**

**Reconciliation of Claims
Liabilities and Related
Expenses by Pool**

**Claims Development
Information**

**Supplementary Combining
Schedules**



**Hoopers Island Bridge
Dorchester County**



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Local Government Insurance Trust
Hanover, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Local Government Insurance Trust (the Trust), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Local Government Insurance Trust as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Trust, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.



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 Trust'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 GAAS 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 GAAS, 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 Trust'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 Trust'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 the Management's Discussion and Analysis on pages 17 through 19 and the required supplementary information on pages 41 through 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements. The Supplementary Combining Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Combining Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Letter from the Chair, Introductory Section, and Statistical Tables listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any other form of assurance thereon.

Mitchell Titus, LLP

November 15, 2024



Local Government Insurance Trust

Management's Discussion and Analysis

Years Ended June 30, 2024 and 2023

This section of the Annual Comprehensive Financial Report presents a discussion and analysis of the financial performance of the Trust as of and for the years ended June 30, 2024 and 2023. Please read it in conjunction with the financial statements, which follow this section.

The following is a brief description of the Trust's three basic financial statements:

STATEMENT OF NET POSITION — This statement presents information reflecting the Trust's assets, liabilities, and net position. The statement of net position categorizes assets and liabilities as current and noncurrent. For purposes of this financial statement, current assets and liabilities are those assets and liabilities with immediate liquidity, or which are collectible or become due within twelve months of the statement date.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION — This statement reflects the operating revenues and expenses, as well as non-operating revenues and expenses of the Trust. The Trust's major source of operating revenues is premium income with the major source of operating expenses being incurred claims and claims adjustment expenses. The change in net position is similar to net profit or loss for any other insurance company.

STATEMENT OF CASH FLOWS — The statement of cash flows is presented on the direct method of reporting which reflects cash flows from operating, capital and related financing, noncapital and related financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase in cash and cash equivalents for the fiscal year. Due to timing differences associated with accrual accounting, the net cash provided by operating activities is different than the amount of operating loss reported on the statement of revenues, expenses, and changes in net position; therefore, a reconciliation is also provided.

Financial Summary

The following table summarizes the financial position of the Trust at June 30, 2024, 2023 and 2022, respectively.

Summary of Net Position

	2024	2023	2022
ASSETS			
Current assets	\$ 45,450,582	\$ 43,021,212	\$ 34,925,152
Capital assets	2,556,360	2,661,898	2,769,587
Other noncurrent assets	34,480,243	33,242,615	38,818,343
Total Assets	82,487,185	78,925,725	76,513,082
LIABILITIES			
Current liabilities	12,799,507	13,361,925	9,153,985
Noncurrent liabilities	18,399,577	18,042,844	17,553,873
Total Liabilities	31,199,084	31,404,769	26,707,858
NET POSITION			
Net Investment in capital assets	2,556,360	2,661,898	2,769,587
Unrestricted	48,731,741	44,859,058	47,035,636
TOTAL NET POSITION	\$ 51,288,101	\$ 47,520,956	\$ 49,805,223

Total Assets

Total assets increased by approximately \$3,209,000 between June 30, 2024, and 2023 primarily due to an investment profit of approximately \$6,812,000, combined with an increase in premiums in FY24 totaling \$5,905,000 as presented on the Statement of Revenues, Expenses and Changes in Net Position.

Total assets increased by approximately \$2,413,000 between June 30, 2023, and 2022 primarily due to the timing of the cash flows of the LGIT Health. Surplus LGIT Health excess cash was distributed to the membership in FY23.

Total Liabilities

The most significant components of the Trust's liabilities are related to unpaid claims and claim adjustment expenses. Unpaid claims and claim adjustment expense is a liability (with short-term and long-term components) calculated by the Trust's actuary for all pools and it increased by approximately \$852,000 from year end 2023 across all lines of coverages. The change in liability is also reported on the Statement of Revenues, Expenses and Changes in Net Position.

The unpaid claims and claims adjustment expense liability increased in fiscal year FY23 by approximately \$1,925,000.

The balance of the LGIT Health's payable decreased by \$1,095,000 due to member deposits exceeding member payouts in FY24 due to the timing of transactions mainly involving reinsurance reimbursements.

The balance of LGIT Health's payable increased by \$2,570,000 due to member payouts exceeding member deposits in FY23.

The following table summarizes the change in net position for fiscal years ended June 30, 2024, 2023 and 2022, respectively.

Summary of Revenues, Expenses and Changes in Net Position

	2024	2023	2022
Operating Revenues:			
PLP premiums	\$ 13,777,848	\$ 12,304,028	\$ 11,683,123
Property pool revenues	2,393,365	2,778,900	1,683,353
Excess Pool Revenues	(396,733)	(317,767)	(268,774)
Other	292,901	408,076	285,742
Total Operating Revenues	16,067,381	15,173,237	13,383,444
Claims and claim adjustment expenses incurred	12,071,427	15,724,060	12,945,908
General, administrative, and other expenses	7,040,466	6,377,298	6,103,235
Total Operating Expenses	19,111,893	22,101,358	19,049,143
Operating Income (loss)	(3,044,512)	(6,928,121)	(5,665,699)
Nonoperating Income	6,811,657	4,643,854	(4,914,427)
Change in Net Position	3,767,145	(2,284,267)	(10,580,126)
Net position, beginning of year	47,520,956	49,805,223	60,385,349
Net position end of year	\$ 51,288,101	\$ 47,520,956	\$ 49,805,223

Results of operations

Revenues

Total operating revenues grew by approximately \$894,000 or 6% from FY23 to FY24 driven by increases in PLP and Property funding rates needed to cover the growing incurred claims and claim adjustment expenses and in the cost of reinsurance.

Total operating revenues remained relatively consistent throughout the period from FY22 to FY23 with growth of approximately 13.4%.

Expenses

Operating expenses are comprised of incurred claims and claim adjustment expenses (net of recoveries) and the Trust's general and administrative (G&A) expenses.

The total operating expenses decreased by approximately \$2,989,000 in FY24 compared to FY23 due to a decrease in incurred claims both in actual claim payments made and internal claims case reserves while also experiencing an increase in the associated incurred but not reported claims calculated by the Trust's actuary.

The total operating expenses increased by approximately \$3,052,000 in FY23 compared to FY22 due to the increase in incurred claims.

Nonoperating Revenue

Investment income was approximately \$2,167,000 higher in FY24 compared to FY23. Investment strategies and policies remained consistent over this two-year period.

Investment income was approximately \$9,558,000 higher in FY23 compared to FY22. This was partly due to the very strong investment performance in fiscal year 2023 compared to the approximate \$4,914,000 of investment loss in FY22.

The annualized investment returns for fiscal years 2024, 2023 and 2022 are summarized by investment type as follows. These returns do not include any return or loss on the Trust's deposit with the reinsurance pool.

	2024	2023	2022
Fixed income	-2.68%	0.38%	-8.42%
Equity	12.65%	17.00%	-10.62%
Alternative strategies	6.50%	4.63%	-9.85%
Total LGIT investments	7.42%	8.15%	-9.09%

As of June 30, 2024 and June 30, 2023 respectively, the Trust's portfolio allocations remained 47% fixed income, 46% equity, and 7% alternative strategies.

Conclusion

This financial report is designed to provide Trust members with a general overview of the Trust's finances, and to demonstrate the Trust's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Terence Greene, Director of Finance/Information Technology, 7225 Parkway Drive, Hanover, Maryland 21076.

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Local Government Insurance Trust

Statements of Net Position

Years Ended June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents (note 3)	\$ 2,216,725	\$ 2,980,929
Investments (note 4)	40,673,031	37,588,060
Premiums receivable	28,521	29,705
Interest income receivable	209,631	203,247
Reinsurance receivable (note 8)	1,864,445	2,115,723
Other	458,229	103,548
Total current assets	45,450,582	43,021,212
Noncurrent assets:		
Investments (note 4)	22,878,580	22,218,856
Capital assets (note 5)		
Nondepreciable assets	252,408	252,408
Depreciable assets, net	2,303,952	2,409,490
Deposit with reinsurance pool (note 8)	11,601,663	11,023,759
Total noncurrent assets	37,036,603	35,904,513
Total assets	82,487,185	78,925,725
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	588,699	522,266
Unpaid claims and claim adjustment expenses (note 6)	9,721,528	9,225,136
Due to health plan cooperative custodial fund	1,754,073	2,848,946
Rate stabilization fund (note 7)	503,944	502,600
Other	231,263	262,977
Total current liabilities	12,799,507	13,361,925
Noncurrent liabilities:		
Unpaid claims and claim adjustment expenses (note 6)	17,893,993	17,538,604
Capitalization contributions	1,640	1,640
Rate stabilization fund (note 7)	503,944	502,600
Total noncurrent liabilities	18,399,577	18,042,844
Total liabilities	31,199,084	31,404,769
NET POSITION		
Net investment in capital assets	2,556,360	2,661,898
Unrestricted	48,731,741	44,859,058
Total net position	\$ 51,288,101	\$ 47,520,956

See accompanying notes to the financial statements.



Local Government Insurance Trust
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues		
Gross premiums earned	\$ 32,563,787	\$ 26,658,911
Less: Premium credits	(5,073,425)	(3,182,094)
Ceded premiums	(11,715,882)	(8,711,656)
Net premiums earned	15,774,480	14,765,161
Other revenues	292,901	408,076
Total operating revenues	16,067,381	15,173,237
Operating Expenses		
Claims and claim adjustment expenses incurred (note 6)		
Paid, net of recoveries	11,219,645	13,798,716
Change in liability for unpaid claims and adjustment expenses	851,782	1,925,344
General and administrative expenses	6,926,153	6,257,925
Depreciation expense	114,313	119,373
Total operating expenses	19,111,893	22,101,358
Operating loss	(3,044,512)	(6,928,121)
Nonoperating Revenues		
Investment income	6,811,657	4,643,854
Change in net position	3,767,145	(2,284,267)
Net position, beginning of year	47,520,956	49,805,223
Net position, end of year	\$ 51,288,101	\$ 47,520,956

See accompanying notes to the financial statements.



Local Government Insurance Trust

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Premiums collected	\$ 27,495,219	\$ 23,682,364
Other revenue collected	292,901	408,076
Recoveries of claims paid	2,958,854	4,013,527
Ceded premiums paid	(11,605,631)	(8,589,566)
Claims and claim adjustment expenses paid	(13,928,431)	(17,500,815)
General and administrative expenses paid	(6,975,671)	(6,214,586)
Net cash (used in) operating activities	(1,762,759)	(4,201,000)
Cash flows from noncapital financing activities:		
Net Health Cooperative cash flows	(2,541,746)	2,570,327
Net cash (used in) provided by noncapital financing activities	(2,541,746)	2,570,327
Cash flows from capital and related financing activities:		
Purchase of capital assets	(8,775)	(24,891)
Net cash (used in) capital and related financing activities	(8,775)	(24,891)
Cash flows from investing activities:		
Purchase of investments	(15,417,927)	(35,632,957)
Proceeds from maturities of investments	15,615,413	36,501,408
Investment income received	3,351,590	1,287,251
Net cash provided by (used in) investing activities	3,549,076	2,155,702
Net change in cash and cash equivalents	(764,204)	500,138
Cash and cash equivalents, beginning of year	2,980,929	2,480,791
Cash and cash equivalents, end of year	\$ 2,216,725	\$ 2,980,929
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (3,044,512)	\$ (6,928,121)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	-	119,373
Effects of changes in operating assets and liabilities:		
Premiums receivable	2,362	170,994
Reinsurance receivable	251,278	327,036
Other assets	(3,639)	(16,865)
Accounts payable and accrued expenses	144,572	226,610
Unpaid claims and claim adjustment expenses	851,782	1,925,344
Other liabilities	35,398	(25,371)
Total adjustments	1,281,753	2,727,121
Net cash (used in) operating activities	\$ (1,762,759)	\$ (4,201,000)
Noncash investing, capital and financing activities:		
Net unrealized gain (loss) in fair value of investments included in investment income	\$ 2,901,703	\$ (665,809)

See accompanying notes to the financial statements.



Local Government Insurance Trust
Statements of Fiduciary Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Assets		
Due from Local Government Insurance Trust	\$ 1,754,073	\$ 2,848,946
Net Position		
Net Position Restricted for other organizations	\$ 1,754,073	\$ 2,848,946



Local Government Insurance Trust
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Additions		
Member deposits	\$ 31,168,071	\$ 31,416,092
Deductions		
Claims and administrative expenses	32,262,944	28,845,764
Change	(1,094,873)	2,570,328
Net Position, beginning of year	2,848,946	278,618
Net Position, end of year	\$ 1,754,073	\$ 2,848,946

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Local Government Insurance Trust

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

■ NOTE 1 — Organization and Purpose

The Local Government Insurance Trust (Trust) is a joint association of Maryland local governments established in 1987 to provide an alternative to the diminishing availability of insurance coverages from the public sector and the increasing premium costs in the municipal insurance market. The Trust strives to provide coverage and risk management services at stable and competitive rates. The Trust is owned and directed by the local governments that subscribe to its coverages and operates under the terms of the Ninth Amended and Restated Trust Agreement effective July 1, 2012.

The Trust's Board of Trustees (Board) is empowered to establish pools to provide coverage for any class of casualty, health, life, or property related risks. As of June 30, 2024, the currently active pools are the following: the Primary Liability Pool (189 participants), the Property Pool (176 participants), and the Excess Liability Pool (193 participants). Membership in the pools is limited to local governments that are members of the Maryland Municipal League (MML) or Maryland Association of Counties (MACo). A participating local government may also sponsor a public entity within its district for participation in a pool. Each member agrees to comply with a plan of risk management as determined by the Trust. In the event a pool reports an operating deficit, the Trust may either assess the pool participants to cover the deficit or increase premiums.

The Primary Liability Pool (PLP) provides coverage for commercial general liability, police legal liability, public official's legal liability, employment liability and business automobile coverage. The maximum limit of liability to the PLP may not exceed \$1,000,000 for any one claim or occurrence per participant. The Property Pool (PP) provides coverage for property based on the determined insured values of the property. The Excess Liability Pool (ELP) has a maximum limit of \$5,000,000 for each occurrence and in the aggregate for occurrence-based coverage; and \$5,000,000 for each occurrence, and in the aggregate, for claims-made coverage. Participants in the ELP must either have a self-insurance retention primary liability coverage from the Trust. The Trust will not insure coverages over other commercial insurance companies. The financial statements include these pools, as well as a general Operating Account and an Escrow Deposit Account.

In FY11, the Trust established LGIT Health, a self-insurance alliance between member governments. LGIT Health was established as a self-insured health plan for the purpose of providing group health benefits to its members' employees and eligible dependents. The plan was designed by and is administered by Benecon Group, Inc. (Benecon) through June 30, 2026. Automatic one-year renewals are provided under the agreement with Benecon unless written notice of termination is provided by January 15 of the year in which the agreement will terminate. Benecon is responsible for designing the benefit structure for each member, performing the underwriting function, selecting, and negotiating rates with a stop-loss carrier, determining member funding levels, selecting and negotiating an agreement with a claims administrator, preparing quotations for prospective members, and performing other administrative functions. The Trust is responsible for governance, serving as the treasurer and depository for all cash flowing through LGIT Health, and establishing qualifications for membership. Each LGIT Health member pays a management fee based on the number of enrolled employees for administrative services performed. The Trust is entitled to 25 percent of the management fee and Benecon is entitled to the remaining 75 percent. Fiduciary funds are used to account for resources that an entity holds as a trustee or custodian on behalf of an outside party that cannot be used to support that entity's own programs. The Trust reports a custodial fund for LGIT Health.

■ NOTE 2 — Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to public entity risk pools and enterprise funds as prescribed by the Governmental Accounting Standards Board (GASB). In preparing its financial statements, the Trust has applied all applicable GASB pronouncements. The Trust distinguishes operating revenues and expenses from nonoperating items. The principal operating revenues of the Trust are premiums charged to members for insurance coverage including special assessments, if any. Premiums are reflected net of reinsurance. Operating expenses

include claims and claim adjustment expenses and general and administrative expenses. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Trust is not subject to statutory reporting requirements for insurance companies.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GASB principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

Cash and Cash Equivalents

The Trust considers demand deposits, money market funds and other investments with an original maturity of three months or less at the date of acquisition to be cash and cash equivalents.

Investments and Valuation

The Trust 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 and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses, and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

The following is a description of the valuation methodologies used for assets measured at fair value.

Fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Equity securities and mutual funds listed on a national market or exchange are valued at the last sales price, or, if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Recognition of Premium Revenues

Annual property and liability premiums are written with an effective date of July 1 and are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums. Special premium assessments and credits, if any, are recorded in the period in which they are approved by the Board. The Trust had no unearned premiums as of June 30, 2024 and 2023.

Reinsurance

The Trust limits the maximum net loss that can arise from large risks by reinsuring (or ceding) certain levels of risk with reinsurers under various reinsurance treaties. Ceded reinsurance is treated as the risk and liability of the reinsuring companies. Premiums and recoveries related to ceded business are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Ceded premiums are recorded as reductions of premiums earned and related claim recoveries are recorded as reductions of incurred claims and claim adjustment expenses.

Deferred Policy Acquisition Costs

Salaries and other costs of acquiring insurance that vary with and are primarily related to the production of new and renewal business are deferred and amortized over the terms of the policies or reinsurance treaties to which they relate. Deferred acquisition costs are reviewed periodically to determine if they are recoverable from future income, including investment income. If the deferred costs are not recoverable, they are charged to expense in the period of the review. The Trust had no deferred policy acquisition costs as of June 30, 2024 and 2023.

Capital Assets

All capital assets are carried at cost, net of accumulated depreciation. All acquisitions of individual capital assets in excess of \$1,000 with a useful life in excess of one year and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Electronic data processing equipment and software (EDP) are depreciated over three years. Furniture and equipment are depreciated over five years and the building is being depreciated over forty years.

Insurance Liabilities

The Trust establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims and claim adjustment expenses. The Trust does not discount the liabilities for unpaid claims or claim adjustment expenses. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

GASB Pronouncements

In April 2022, the GASB issue Statement 99, Omnibus. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Most of the provisions of this Statement have already become effective and have been implemented by the Trust, where applicable. The remaining practice issues addressed by this Statement are as follows:

Accounting and financial reporting for financial guarantees and

Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Trust's fiscal year ended June 30, 2024, and all reporting periods thereafter. Adoption of the provisions of GASB Statement No. 99 by the Trust did not have a significant impact on the Trust's financial statements.

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Correction. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Trust has not yet determined the effect that this Statement may have on its financial statements.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Trust has not yet determined the effect that this Statement may have on its financial statements.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Trust has not yet determined the effect that this Statement may have on its financial statements.

In June 2022, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
- d. Information about major component units in basic financial statements;
- e. Budgetary comparison information; and
- f. Financial trends information in the statistical section.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Trust has not yet determined the effect that this Statement may have on its financial statements.

Income Taxes

The income of the Trust is exempt from federal taxation under §115 of the Internal Revenue Code.

■ **NOTE 3 — Cash and Cash Equivalents**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned. The Trust does not have a formal custodial credit risk policy for deposits. Cash and temporary investments are maintained in one commercial bank and two broker-dealers located in Baltimore, Maryland. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Bank balances exceeded the \$250,000 FDIC coverage amount by \$1,393,687 and \$2,184,568, as of June 30, 2024 and 2023 respectively.

Any Deposits throughout the fiscal year in excess of the FDIC specified limits were collateralized with U.S Government securities at 102% of the cash value. Cash and temporary investments held by broker-dealers are insured by the Securities Investor Protection Corporation (SIPC) up to specified limits. Total cash and temporary investments held by the bank and broker-dealers were \$2,437,890 and \$3,158,394 as of June 30, 2024 and 2023, respectively.

Cash and cash equivalents consisted of the following as of June 30, 2024 and 2023:

	2024	Percentage of portfolio	2023	Percentage of portfolio
Cash	\$ 1,422,522	64.2%	\$ 2,284,774	76.6%
Maryland Local Government Investment Pool (MLGIP)	79,775	3.6%	35,554	1.2%
Money Market Mutual Funds	714,428	32.2%	660,601	22.2%
Total Cash and Equivalents	\$ 2,216,725	100%	\$ 2,980,929	100%

The Maryland Local Government Investment Pool (the “MLGIP”) was created under Maryland State Law and is regulated by the Maryland State Treasurer’s Office. The MLGIP may invest in any instrument in which the State Treasurer may invest. Permissible instruments are established by Sections 6-222 and 6-223 of the State Finance and Procurement Article. No direct investment may have a maturity date of more than 13 months after its acquisition. Securities of the MLGIP are valued daily on an amortized cost basis, which approximates fair value, and are held to maturity under normal circumstances.

The fair value of the position in the MLGIP is the same as the value of the MLGIP net assets (shares). The MLGIP is a 2a-7 like external investment pool, which issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: Maryland Local Government Investment Pool; c/o PNC Institutional Investments Group; One East Pratt Street; Baltimore, Maryland, 21202; by calling 1-800-492-5160.

Credit Risk

The MLGIP and all money market mutual funds carry AAA ratings with the exception of the fund used by the external investment managers, which are not rated but possesses all the characteristics of a AAA rated fund.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates of debt investments that will adversely affect the fair value of an investment. Information about the exposure of the Trust’s cash equivalents to this risk, using the segmented time distribution model is as follows:

	MLGIP	Money Market Mutual Funds
June 30, 2024		
Less Than 1 Year	\$ 79,775	\$ 714,428
Total	\$79,775	\$714,428
June 30, 2023		
Less Than 1 Year	35,554	\$660,601
Total	\$35,554	\$660,601

■ NOTE 4 — Investments

The Trust's investments are held in externally managed portfolios. There are no legal restrictions on the Trust's investments.

The Trust's investments are managed under the guidelines of a Board approved investment policy. This policy was amended in September 2022. In accordance with the policy, permitted investments for FY24 remain the same as enforced during fiscal year 2022. Permitted investments include, but are not limited to, U.S. Government and agency securities, corporate securities, international/emerging market securities, high yield bonds, equity securities and other alternative securities to include Real Estate Investment Trusts and other liquid alternatives. Investments are registered and held by the Trust's custodian bank in the name of the Trust. The allocation policy for short-term operating cash stipulates 100% cash equivalents.

The Board has established a strategic capital allocation approach based on the Trust's financial projections, risk tolerance, and the desire for surplus growth. Strategically, the Trust's liabilities plus 25% of Net Position will be invested in a Reserve portfolio. The Reserve portfolio consists of a combination of high-quality fixed income and cost-efficient equity exposure, with the objective of supporting liabilities. The remaining 75% of net position will be invested in an Equity Enhancement portfolio, which consists of equities, opportunistic fixed income, and other growth-oriented strategies. The objective of the portfolio is capital appreciation and long-term growth of the Trust's Net Position. After fiscal year end, the portfolio will be rebalanced, if necessary, to comply with the investment policy.

The Board of Trustees established the following asset allocation targets based on the Trust's financial projections, liquidity needs, and risk tolerance for both fiscal year 2024 and 2023, respectively.

Reserve Portfolio:

	Minimum	Maximum
US Equity	0%	15%
US Dividend Equity	0%	15%
Non-US Equity	0%	10%
Fixed Income – Intermediate	70%	100%
Cash Equivalents	0%	20%

Equity Enhancement Portfolio:

	Minimum	Maximum
US Large Cap Equity	10%	30%
US Small Cap Equity	10%	30%
Global Equity	20%	40%
Absolute Return/Alternatives	5%	25%
Fixed Income	5%	25%
Cash Equivalents	0%	20%

June 30, 2024:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2024
Investments by fair value level:				
Equity				
US Equity	\$ 23,501,306	\$ -	\$ -	\$ 23,501,306
Non-US Equity	5,836,240	-	-	5,836,240
Fixed Income				
US Government Agencies	-	13,995,575	-	13,995,575
Corporate and Foreign Bonds	-	12,718,475	-	12,718,475
Mutual Funds	-	4,434,619	-	4,434,619
Total investments, at Fair Value	29,337,546	31,148,669	-	60,486,215
Investment carried at the Net Asset Value (NAV):				
Common Collective Trusts				3,065,396
Total investments	29,337,546	31,148,669	-	63,551,611

The Trust invests in one collective trust fund which consists of one investment, the objective is to achieve favorable income-oriented returns from a globally diversified portfolio of primarily debt or debt like securities and the preservation and enhancement of principal. This investment is valued at net asset value (NAV) of units of the commingled trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investment held by the fund less its liabilities. The valuation method of investments measured at the net asset value per share (or its equivalent) is presented on the following table:

Investment	NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Colchester Global Bond Fund	\$ 3,065,396	-	Bimonthly	5 Days

The changes in values for all investments are included in investment income. The net unrealized change in value of the investments included in investment income was a net appreciation of \$2,901,703 and a net depreciation of \$665,809 for the years ended June 30, 2024 and 2023, respectively.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Trust places no limit on the amount invested in any one issuer. The Trust owned one investment of a single source that exceeded 5% of the total value of the investment portfolio that is required to report. The Colchester Global fund has had a balance of \$3,065,396 and \$3,152,835 as of June 30, 2024 and June 30, 2023, respectively.

June 30, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2023
Investments by fair value level:				
Equity				
US Equity	\$ 21,686,432	\$ -	\$ -	\$ 21,686,432
Non-US Equity	5,365,287	-	-	5,365,287
Fixed Income				
US Government Agencies	-	13,209,150	-	13,209,150
Corporate and Foreign Bonds	-	12,249,708	-	12,249,708
Mutual Funds	-	4,143,504	-	4,143,504
Total investments, at FairValue	27,051,719	29,602,362	-	56,654,081
Investment carried at the Net Asset Value (NAV):				
Common Collective Trusts				3,152,835
Total investments	\$ 27,051,719	\$ 29,602,362	\$ -	\$ 59,806,916

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust does not have a formal custodial credit risk policy for investments. Investments are held in the Trust's name by various Trust banks located in the United States of America. Securities are insured by the Securities Investor Protection Corporation (SIPC) up to specified limits. Balances in excess of SIPC limits are uninsured. Total securities held by Trust banks and in mutual funds were \$66,617,007 and \$62,959,751 as of June 30, 2024, and 2023, respectively.

Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. Issuer obligations of U.S. Government Agencies and loan-backed securities of the Government National Mortgage Association (GNMA) and Department of Veterans Affairs (VA) have the explicit backing of the U.S. Government. Loan-backed securities of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Agricultural Mortgage Corporation (FAMC) have the implicit backing of the U.S. Government. The Trust's investment policy for fiscal years 2024 and 2023 stipulates that the overall average quality of the portfolio should be at least "A" or better, as measured by Standard & Poor's or Moody's Investor Service. Presented below is the minimum rating granted for each type of investment. No rating was available for the mutual funds.

June 30, 2024	U.S. Government Agencies	Corporate & Foreign Bonds
AAA	\$ 13,995,575	\$ -
AA	-	453,234
A	-	4,949,881
BBB	-	7,230,896
BB	-	84,464
Not Rated	-	-
Total	\$ 13,995,575	\$ 12,718,475

June 30, 2023	U.S. Government Agencies	Corporate & Foreign Bonds
AAA	\$ 13,209,150	\$ -
AA	-	404,178
A	-	4,903,107
BBB	-	6,702,110
BB	-	240,313
Not Rated	-	-
Total	\$ 13,209,150	\$ 12,249,708

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value. Balances invested in the short-term portfolio are intended to fund the operating activities of the Trust for a one-year period and cash is invested accordingly to meet cash flow requirements. The Trust's investment policy stipulates that the duration of the fixed income portion of the portfolio should remain in the range of plus or minus two years of the Barclay's Intermediate Government Credit Index, which was reported as 3.69 and 3.74 for June 30, 2024, and 2023 respectively. The maximum maturity of any fixed income investment is thirty years. The Trust uses the due date for the purpose of determining segmented time distributions. Information about the exposure of the Trust's debt type investments to this risk, using the segmented time distribution model is as follows:

June 30, 2024	U.S. Government Agencies	Corporate and Foreign Bonds
Less Than 1 Year	\$ 1,785,263	\$ 1,701,122
1 to 5 Years	7,349,999	6,026,184
6 to 10 Years	3,050,235	4,991,169
Over 10 Years	1,810,078	-
Total	\$ 13,995,575	\$ 12,718,475

June 30, 2023	U.S. Government Agencies	Corporate and Foreign Bonds
Less Than 1 Year	\$ 2,748,603	\$ 491,400
1 to 5 Years	7,384,162	8,112,299
6 to 10 Years	1,464,799	3,646,009
Over 10 Years	1,611,587	-
Total	\$ 13,209,151	\$ 12,249,708

The Trust invests in loan-backed securities which totaled \$1,812,474 and \$1,611,587 as of June 30, 2024 and 2023 respectively. U.S. Government Agency Securities reported above include \$1,810,078 and \$1,611,587 of loan-backed securities as of June 30, 2024 and 2023, respectively. Loan-backed securities are based on cash flows from the underlying assets, therefore making them sensitive to prepayments that may result from a decline in interest rates. The Trust's investment policy limits the amount invested in loan-backed securities to no more than 50% of the fixed income portfolio.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in the exchange rate of investments will adversely affect the fair value of an investment. The Trust was not exposed to foreign currency risk as of June 30, 2024 and 2023 as the Trust did not have investments denominated in foreign currencies.

■ NOTE 5 — Change in Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
2024				
Capital assets – not depreciated:				
Land	\$ 252,408	\$ -	\$ -	\$ 252,408
Total capital assets not depreciated	252,408	-	-	252,408
Capital assets being depreciated:				
Building	3,947,564	-	-	3,947,564
EDP	1,183,560	8,775	-	1,192,335
Furniture & Equipment	325,786	-	-	325,786
Total capital assets - depreciated	5,456,910	8,775	-	5,465,685
Total capital assets	5,709,318	8,775	-	5,718,093
Accumulated depreciation:				
Building	1,570,801	98,150	-	1,668,951
EDP	1,169,331	9,883	-	1,179,214
Furniture & Equipment	307,288	6,280	-	313,568
Total accumulated depreciation	3,047,420	114,313	-	3,161,733
Net Balance – Capital Assets	\$ 2,661,898	\$ (105,538)	\$ -	\$ 2,556,360
	Beginning Balance	Additions	Deletions	Ending Balance
2023				
Capital assets – not depreciated:				
Land	\$ 252,408	\$ -	\$ -	\$ 252,408
Total capital assets not depreciated	252,408	-	-	252,408
Capital assets being depreciated:				
Building	3,947,564	-	-	3,947,564
EDP	1,467,143	10,495	294,078	1,183,560
Furniture & Equipment	362,164	14,396	50,774	325,786
Total capital assets - depreciated	5,776,871	24,891	344,852	5,456,910
Total capital assets	6,029,279	24,891	344,852	5,709,318
Accumulated depreciation:				
Building	1,472,112	98,689	-	1,570,801
EDP	1,456,068	7,342	294,079	1,169,331
Furniture & Equipment	331,508	13,342	37,562	307,288
Total accumulated depreciation	3,259,688	119,373	331,641	3,047,420
Net Balance – Capital Assets	\$ 2,769,591	\$ (94,482)	\$ 13,211	\$ 2,661,898

■ NOTE 6 — Unpaid Claims Liabilities and Related Expenses

The Trust establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of claims and claim adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the Trust during the past two fiscal years:

	2024	2023
Balance at beginning of year	\$ 26,763,740	\$ 24,838,396
Incurring related to:		
Current year	15,606,218	14,654,172
Prior years	(3,501,182)	1,069,888
Total incurred	12,105,036	15,724,060
Paid related to:		
Current year	5,202,894	4,895,056
Prior years	6,050,361	8,903,660
Total paid	11,253,255	13,798,716
Balance at end of year	\$ 27,615,521	\$ 26,763,740

Incurred claims and claim adjustment expenses related to prior years decreased by approximately \$3,501,000 and increased by approximately \$1,069,000 in fiscal years 2024 and 2023, respectively, as a result of changes in estimates of claims and claim adjustment expenses. Changes in estimates are generally the result of ongoing analysis of loss development trends. Original estimates are adjusted as additional information becomes known regarding individual claims.

■ NOTE 7 — Rate Stabilization Fund

The Board approved a return of capital from the PLP of \$1,000,000 for fiscal years 2024 and 2023, respectively.

The return of capital was added to member rate stabilization account balances funded during prior fiscal years. The return of capital, which represents 50% of member account balances, is in the form of premium credits used by pool members of good standing for fiscal years 2024 and 2023 respectively. Rate stabilization credits of \$1,007,888 and \$1,005,200 were applied and shown as an offset to annual premiums on member invoices in fiscal years 2024 and 2023, respectively. The credit can be used by members each year up to a specified percentage, as approved by the Board, not to exceed 50% of their account balance. Balances remaining in the rate stabilization fund were as follows as of June 30, 2024 and 2023:

	2024	2023
Current	\$ 503,944	\$ 502,600
Noncurrent	503,944	502,600
Total	\$ 1,007,888	\$ 1,005,200

■ NOTE 8 — Reinsurance

The Trust uses reinsurance agreements to reduce its exposure to certain large losses. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Trust as direct insurer of the risks reinsured. The Trust reduces liabilities related to reinsured risks unless it is probable that those risks will not be covered by reinsurers. No allowances were considered necessary as of June 30, 2024 and 2023. The Trust does not generally require collateral to secure reinsurance recoveries, but periodically evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers to minimize its exposures to significant losses from reinsurer insolvency.

The Trust is a member of NLC Mutual Insurance Company (NLC), a captive reinsurance pool whose members consist of certain state self-insurance pools. Each member is required to maintain deposits with NLC based on certain prescribed levels. These balances are reflected in the statements of net position as “deposit with reinsurance pool” and totaled \$11,601,663 and \$11,023,759 as of June 30, 2024 and 2023, respectively.

The Trust did not purchase reinsurance for the standard coverages offered in the PLP for the years ended June 30, 2024 and 2023 and retained the entire \$1,000,000 per occurrence coverage limit. Coverage was provided by NLC for the Trust’s ELP exposure, which insures all losses over the PLP’s coverage of \$1,000,000 with a maximum limit of liability of \$5,000,000. In addition, the Trust also purchased reinsurance for the Property Pool from NLC Mutual and Alliant Property Insurance Program that covered claims in excess of \$100,000.

Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy. Net reinsurance recoveries and prepaid expenses amounted to \$330,727 and \$1,040,832, as of June 30, 2024 and 2023, respectively. Over the last three years, incurred and paid claims have not exceeded insurance coverage. There were no ceded reinsurance premiums payable as of June 30, 2024 and 2023, respectively. There were no ceded unearned premiums as of both June 30, 2024 and 2023.

■ **NOTE 9 — LGIT Health**

The Trust paid premiums to LGIT Health totaling \$604,984 and \$602,228 for the years ended June 30, 2024 and 2023, respectively. These premiums represented the Trust’s maximum exposure for health care claims incurred during the year. Claims rebates received by the Trust from LGIT Health based on prior year actual medical claim activity totaled \$193,434 and \$233,879 for the years ended June 30, 2024, and 2023, respectively. Management fees earned by the Trust totaled \$87,321 and \$85,913 for the years ended June 30, 2024, and 2023 respectively.

■ **NOTE 10 — Risk Management**

The Trust 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 disaster. The Trust participates in the property and primary liability pools offered by the Trust and carries commercial insurance for all other risks of loss, including worker’s compensation and errors and omissions. There were no losses in excess of coverages during the last three fiscal years.

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Local Government Insurance Trust

Explanation of Required Supplementary Information

Unaudited – See Accompanying Independent Auditors’ Report

This section of the Financial Statements provides the reader with a broader understanding of the Trust’s operations and its financial trends and conditions than is provided in the Basic Financial Statements. A reconciliation of claims liability by pool for the past two years, as well as claims development information for the last ten years are provided.

Reconciliation of Claims Liabilities and Related Expenses by Pool

The schedule on page 42 represents the changes in claims liabilities for the past two years for each of the Trust’s pools.

Claims Development Information

The table on page 43 illustrates how the Trust’s earned revenue (net of reinsurance) and investment income compare to related costs of claims (net of losses assumed by reinsurers) and other expenses assumed by the Trust as of the end of each of the past 10 fiscal years. The columns of the table show data for successive policy years. The rows of the table are defined as follows:

Premiums and investment revenue

Amount of reported gross premium and investment revenue, amount of premium revenue ceded and investment revenue.

Unallocated expenses

Amount of reported unallocated claim adjustment expenses and other costs that cannot be associated directly with specific claims.

Estimated claims and allocated expenses, end of policy year

Amount of gross incurred claims and allocated claim adjustment expense, loss assumed by reinsurers, and net amount of incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the year in which the events that triggered coverage under the policy.

Net paid cumulative as of

Cumulative amount paid (net of recoveries) as of each succeeding year.

Reestimated ceded claims and allocated expenses

Reestimated amount for losses assumed by reinsurers as of the end of the current year.

Reestimated net incurred claims and allocated expenses

Reestimated amount for net incurred claims and claim adjusted expenses as of each succeeding year.

Increase (decrease) in estimated net incurred claims and allocated expenses from end of policy year

The change in net incurred claims and claim adjustment expenses from the original estimate based on the difference between the latest reestimated amount and the original net incurred claims and claim adjustment amounts reported.



Local Government Insurance Trust

Required Supplementary Information

Reconciliation of Claims Liabilities and Related Expenses by Pool

Years Ended June 30, 2024 and 2023

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	COMBINED TOTAL
2024				
Balance at beginning of the year	\$ 25,748,940	\$ 1,014,800	\$ -	26,763,740
Incurred related to:				
Current year	13,289,169	2,317,050	-	15,606,218
Prior year	(3,103,041)	(398,141)	-	(3,501,182)
Total incurred	10,186,127	1,918,909	-	12,105,036
Paid related to:				
Current year	4,322,376	880,518	-	5,202,894
Prior year	5,757,815	292,546	-	6,050,361
Total paid	10,080,192	1,173,064	-	11,253,255
Balance at end of year	\$ 25,854,875	\$ 1,760,645	\$ -	\$ 27,615,521
	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	COMBINED TOTAL
2023				
Balance at beginning of the year	\$ 23,605,936	\$ 1,232,460	\$ -	\$ 24,838,396
Incurred related to:				
Current year	12,734,658	1,919,514	-	14,654,172
Prior year	2,355,225	(1,285,337)	-	1,069,888
Total incurred	15,089,883	634,177	-	15,724,060
Paid related to:				
Current year	3,726,013	1,169,043	-	4,895,056
Prior year	9,220,866	(317,206)	-	8,903,660
Total paid	12,946,879	851,837	-	13,798,716
Balance at end of year	\$ 25,748,940	\$ 1,014,800	\$ -	\$ 26,763,740

See explanation of required supplementary information on page 41.



Local Government Insurance Trust
Required Supplementary Information
Claims Development Information
Ten Years Ended June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Premiums and investment revenue:										
Earned,	34,302,019	28,120,671	16,074,673	31,497,331	20,753,326	20,836,691	19,967,515	20,838,873	15,945,449	14,283,844
Ceded	(11,715,882)	(8,711,656)	(7,891,398)	(5,902,115)	(5,098,027)	(4,566,018)	(4,355,756)	(4,332,646)	4,688,248	(4,655,168)
Net earned	22,586,137	19,409,015	8,183,275	25,595,216	15,655,299	16,270,673	15,611,759	16,506,227	20,633,697	9,628,676
Allocated and unallocated expenses	7,040,466	6,377,298	6,103,235	6,087,499	5,740,719	5,727,134	5,387,466	5,354,282	5,193,882	5,077,011
Estimated claims and allocated expenses, end of policy year:										
Incurred	16,022,176	15,766,510	14,328,796	13,836,747	11,324,678	11,900,280	9,981,174	9,947,537	7,830,351	9,596,943
Ceded	415,959	1,112,338	1,789,024	2,234,732	681,279	472,628	1,388,144	461,543	153,916	927,079
Net incurred	15,606,217	14,654,172	12,539,772	11,602,015	10,643,399	11,427,652	8,593,030	9,485,994	7,676,435	8,669,864
Net paid claims (cumulative) as of:										
End of policy year	5,202,893	4,895,056	3,636,076	4,204,082	3,482,517	3,557,676	2,961,859	3,183,550	2,906,287	2,557,301
One year later		7,148,457	6,523,396	6,196,766	4,973,985	5,867,936	4,823,465	5,022,009	4,181,666	4,404,013
Two years later			7,226,910	6,896,367	5,940,988	6,629,966	5,773,505	5,610,798	5,031,164	5,373,219
Three years later				8,333,859	7,462,552	8,048,193	6,037,760	5,857,321	5,878,945	6,401,865
Four years later					8,805,259	11,106,496	7,324,549	6,071,654	7,395,875	6,688,115
Five years later						11,279,853	7,869,433	6,272,533	7,636,221	6,979,333
Six years later							7,878,892	6,293,953	7,942,706	7,019,596
Seven years later								6,305,946	8,113,862	7,044,574
Eight years later									8,224,532	7,045,812
Nine years later										7,055,040
Reestimated ceded claims and expenses	415,959	1,112,338	1,789,024	2,234,732	681,279	472,628	1,388,144	461,543	153,916	927,079
Reestimated net incurred claims and allocated expenses:										
End of policy year	15,606,217	14,654,172	12,539,772	11,602,015	10,643,399	11,427,652	8,593,030	9,485,994	7,676,435	8,669,864
One year later		13,280,310	12,696,239	10,666,074	9,627,344	10,255,252	8,944,499	7,153,886	6,989,477	8,912,845
Two years later			10,400,905	11,269,938	9,725,610	10,412,453	8,053,963	7,573,178	8,463,476	7,350,055
Three years later				11,502,906	10,325,967	12,660,830	8,609,794	6,481,067	9,373,670	8,358,628
Four years later					10,160,601	12,048,825	8,307,224	6,968,105	9,137,338	7,813,604
Five years later						12,544,853	8,503,811	6,490,862	9,492,800	7,538,239
Six years later							7,926,500	6,553,307	9,328,668	7,478,835
Seven years later								6,547,414	9,339,003	7,504,413
Eight years later									9,420,392	7,569,071
Nine years later										7,676,435
Decrease in estimated net incurred claims and allocated expenses from end of policy year		(1,373,862)	(2,138,867)	(99,109)	(482,798)	1,117,201	(666,530)	(2,938,580)	1,743,957	(993,429)

See explanation of required supplementary information on page 41.



Local Government Insurance Trust
Combining Schedule of Net Position
Year Ended June 30, 2024

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 46,143,853	\$ 15,595,792	\$ 5,743,269	\$ (65,267,829)	\$ 1,640	2,216,725
Investments	-	-	-	40,673,031	-	40,673,031
Premiums receivable	28,521	-	-	-	-	28,521
Interest income receivable	-	-	-	209,631	-	209,631
Reinsurance receivables	-	1,864,445	-	-	-	1,864,445
Due from (to) other pools/accounts	(746,850)	(368,310)	554,227	560,933	-	-
Other	61,887	-	-	396,342	-	458,229
Total current assets	45,487,411	17,091,927	6,297,496	(23,427,892)	1,640	45,450,582
Noncurrent assets:						
Investments	-	-	-	22,878,580	-	22,878,580
Capital assets						
Nondepreciable assets	-	-	-	252,408	-	252,408
Depreciable assets, net	-	-	-	2,303,952	-	2,303,952
Deposit with reinsurance pool	4,942,435	2,321,476	4,337,752	-	-	11,601,663
Other assets	-	-	-	-	-	-
Total noncurrent assets	4,942,435	2,321,476	4,337,752	25,434,940	-	37,036,603
Total assets	50,429,846	19,413,403	10,635,248	2,007,048	1,640	82,487,185
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued expenses	-	565,483	673	22,543	-	588,699
Unpaid claims and claims adjustment exp.	8,401,044	1,320,484	-	-	-	9,721,528
Due to health plan cooperative custodian fund	-	-	-	1,754,073	-	1,754,073
Rate stabilization fund	503,944	-	-	-	-	503,944
Other liabilities	831	-	-	230,432	-	231,263
Total current liabilities	8,905,819	1,885,967	673	2,007,048	-	12,799,507
Noncurrent liabilities:						
Unpaid claims and claims adjustment exp.	17,453,832	440,161	-	-	-	17,893,993
Capitalization contributions	-	-	-	-	1,640	1,640
Rate stabilization fund	503,944	-	-	-	-	503,944
Total noncurrent liabilities	17,957,776	440,161	-	-	1,640	18,399,577
Total liabilities	26,863,595	2,326,128	673	2,007,048	1,640	31,199,084
NET POSITION						
Net investment in capital assets	-	-	-	2,556,360	-	2,556,360
Unrestricted, net position	23,566,251	17,087,275	10,634,575	(2,556,360)	-	48,731,741
Total net position	\$ 23,566,251	\$ 17,087,275	\$ 10,634,575	\$ -	\$ -	\$ 51,288,101

See accompanying notes to supplementary combining schedules.



Local Government Insurance Trust
Combining Schedule of Net Position
Year Ended June 30, 2023

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 43,834,126	\$ 14,526,811	\$ 5,739,564	\$ (61,121,212)	\$ 1,640	\$ 2,980,929
Investments	-	-	-	37,588,060	-	37,588,060
Premiums receivable	29,705	-	-	-	-	29,705
Interest income receivable	-	-	-	203,247	-	203,247
Reinsurance receivables	-	2,115,723	-	-	-	2,115,723
Due from (to) other pools/accounts	(1,428,518)	(508,727)	352,026	1,585,219	-	-
Other	61,887	-	-	41,661	-	103,548
Total current assets	42,497,200	16,133,807	6,091,590	(21,703,025)	1,640	43,021,212
Noncurrent assets:						
Investments	-	-	-	22,218,856	-	22,218,856
Capital assets						
Nondepreciable assets	-	-	-	252,408	-	252,408
Depreciable assets, net	-	-	-	2,409,490	-	2,409,490
Deposit with reinsurance pool	4,942,435	2,148,105	3,933,219	-	-	11,023,759
Other assets	-	-	-	-	-	-
Total noncurrent assets	4,942,435	2,148,105	3,933,219	24,880,754	-	35,904,513
Total assets	47,439,635	18,281,912	10,024,809	3,177,729	1,640	78,925,725
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued expenses	-	455,862	267	66,137	-	522,266
Unpaid claims and claims adjustment exp.	8,464,036	761,100	-	-	-	9,225,136
Due to health plan cooperative custodian fund	-	-	-	2,848,946	-	2,848,946
Rate stabilization fund	502,600	-	-	-	-	502,600
Other liabilities	331	-	-	262,646	-	262,977
Total current liabilities	8,966,967	1,216,962	267	3,177,729	-	13,361,925
Noncurrent liabilities:						
Unpaid claims and claims adjustment exp.	17,284,904	253,700	-	-	-	17,538,604
Capitalization contributions	-	-	-	-	1,640	1,640
Rate stabilization fund	502,600	-	-	-	-	502,600
Total noncurrent liabilities	17,787,504	253,700	-	-	1,640	18,042,844
Total liabilities	26,754,471	1,470,662	267	3,177,729	1,640	31,404,769
NET POSITION						
Net investment in capital assets	-	-	-	2,661,898	-	2,661,898
Unrestricted, net position	20,685,164	16,811,250	10,024,542	(2,661,898)	-	44,859,058
Total net position	\$ 20,685,164	\$ 16,811,250	\$ 10,024,542	\$ -	\$ -	\$ 47,520,956

See accompanying notes to supplementary combining schedules.



Local Government Insurance Trust
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Year Ended June 30, 2024

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
OPERATING REVENUES						
Gross premiums earned	\$ 16,283,912	\$ 14,691,772	\$ 1,588,103	\$ -	\$ -	\$ 32,563,787
Less: premium credits	(2,506,064)	(1,866,377)	(700,984)	-	-	(5,073,425)
ceded premiums	-	(10,432,030)	(1,283,852)	-	-	(11,715,882)
Net premiums earned	13,777,848	2,393,365	(396,733)	-	-	15,774,480
Other Revenues	-	-	-	292,901	-	292,901
Total operating revenues	13,777,848	2,393,365	(396,733)	292,901	-	16,067,381
OPERATING EXPENSES						
Incurred claims and claim adjustment expenses:						
Paid (net of recoveries)	10,046,147	1,173,498	-	-	-	11,219,645
Change in liability for unpaid claims and claim adjustment expenses	105,937	745,845	-	-	-	851,782
General and administrative expenses	-	-	-	6,926,153	-	6,926,153
Depreciation expense	-	-	-	114,313	-	114,313
Total operating expenses	10,152,084	1,919,343	-	7,040,466	-	19,111,893
Operating income (loss)	3,625,764	474,022	(396,733)	(6,747,565)	-	(3,044,512)
NONOPERATING REVENUES (EXPENSES)						
Investment income	-	173,371	451,654	6,186,632	-	6,811,657
Interest expense	-	-	-	-	-	-
Allocations of operating account revenues (note 2)	4,535,673	1,036,725	907,135	(6,479,533)	-	-
Allocations of operating account expenses (note 2)	(5,280,350)	(1,408,093)	(352,023)	7,040,466	-	-
Total nonoperating revenues (expenses)	(744,677)	(197,997)	1,006,766	6,747,565	-	6,811,657
Change in net position	2,881,087	276,025	610,033	-	-	3,767,145
Net position, beginning of year	20,685,164	16,811,250	10,024,542	-	-	47,520,956
Net position, end of year	\$ 23,566,251	\$ 17,087,275	\$ 10,634,575	\$ -	\$ -	\$ 51,288,101

See accompanying notes to supplementary combining schedules.



Local Government Insurance Trust
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Year Ended June 30, 2023

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
OPERATING REVENUES						
Gross premiums earned	\$ 14,728,867	\$ 10,997,470	\$ 932,574	\$ -	\$ -	\$ 26,658,911
Less: premium credits	(2,424,839)	(346,914)	(410,341)	-	-	(3,182,094)
ceded premiums	-	(7,871,656)	(840,000)	-	-	(8,711,656)
Net premiums earned	12,304,028	2,778,900	(317,767)	-	-	14,765,161
Other Revenues	-	-	-	408,076	-	408,076
Total operating revenues	12,304,028	2,778,900	(317,767)	408,076	-	15,173,237
OPERATING EXPENSES						
Incurring claims and claim adjustment expenses:						
Paid (net of recoveries)	12,946,879	851,837	-	-	-	13,798,716
Change in liability for unpaid claims						
and claim adjustment expenses	2,143,004	(217,660)	-	-	-	1,925,344
General and administrative expenses	-	-	-	6,257,925	-	6,257,925
Depreciation expense	-	-	-	119,373	-	119,373
Total operating expenses	15,089,883	634,177	-	6,377,298	-	22,101,358
Operating income (loss)	(2,785,855)	2,144,723	(317,767)	(5,969,222)	-	(6,928,121)
NONOPERATING REVENUES (EXPENSES)						
Investment income	-	72,338	187,513	4,384,003	-	4,643,854
Interest expense	-	-	-	-	-	-
Allocations of operating account revenues (note 2)	3,354,456	766,733	670,891	(4,792,080)	-	-
Allocations of operating account expenses (note 2)	(4,782,974)	(1,275,460)	(318,865)	6,377,299	-	-
Total nonoperating revenues (expenses)	(1,428,518)	(436,389)	539,539	5,969,222	-	4,643,854
Change in net position	(4,214,373)	1,708,334	221,772	-	-	(2,284,267)
Net position, beginning of year	24,899,537	15,102,916	9,802,770	-	-	49,805,223
Net position, end of year	\$ 20,685,164	\$ 16,811,250	\$ 10,024,542	\$ -	\$ -	\$ 47,520,956

See accompanying notes to supplementary combining schedules.



Local Government Insurance Trust

Combining Schedule of Cash Flows

Year Ended June 30, 2024

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
Cash flows from operating activities:						
Premiums collected	\$ 13,785,293	\$ 12,821,516	\$ 888,410	\$ -	\$ -	\$ 27,495,219
Other revenue collected	-	-	-	292,901	-	292,901
Recoveries of claims paid	997,511	1,961,343	-	-	-	2,958,854
Ceded premiums paid	-	(10,321,779)	(1,283,852)	-	-	(11,605,631)
Claims and claim adjustment expenses paid	(11,044,559)	(2,883,872)	-	-	-	(13,928,431)
General and administrative expenses paid	-	-	-	(6,975,671)	-	(6,975,671)
Net cash provided by (used in) operating activities	3,738,245	1,577,208	(395,442)	(6,682,770)	-	(1,762,759)
Cash flows from noncapital financing activities:						
Transfers from (to) other pools/accounts	(1,428,518)	(508,227)	352,026	1,584,719	-	-
Net Health Cooperative cash flows	-	-	-	(2,541,746)	-	(2,541,746)
Net cash (used in) provided by noncapital financing activities	(1,428,518)	(508,227)	352,026	(957,027)	-	(2,541,746)
Cash flows from capital and related financing activities:						
Purchase of capital assets	-	-	-	(8,775)	-	(8,775)
Net cash used in capital and related financing activities	-	-	-	(8,775)	-	(8,775)
Cash flows from investing activities:						
Purchase of investments	-	-	-	(15,417,927)	-	(15,417,927)
Proceeds from maturities of investments	-	-	-	15,615,413	-	15,615,413
Investment income received	-	-	47,121	3,304,469	-	3,351,590
Net cash provided by investing activities	-	-	47,121	3,501,955	-	3,549,076
Net change in cash and cash equivalents	2,309,727	1,068,981	3,705	(4,146,617)	-	(764,204)
Cash and cash equivalents, beginning of year	43,834,126	14,526,811	5,739,564	(61,121,212)	1,640	2,980,929
Cash and cash equivalents, end of year	\$ 46,143,853	\$ 15,595,792	\$ 5,743,269	\$ (65,267,829)	\$ 1,640	\$ 2,216,725
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 3,624,862	\$ 474,924	\$ (396,733)	\$ (6,747,565)	\$ -	\$ (3,044,512)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	-	-	-	-	-	-
Effects of changes in operating assets and liabilities:						
Premiums receivable	2,586	(631)	407	-	-	2,362
Reinsurance receivables	-	251,278	-	-	-	251,278
Other assets	-	-	-	(3,639)	-	(3,639)
Operating accounts payable and accrued expenses	-	110,251	-	34,321	-	144,572
Unpaid claims and claim adjustment expenses	105,937	745,845	-	-	-	851,782
Other liabilities	4,860	(4,459)	884	34,113	-	35,398
Total adjustments	113,383	1,102,284	1,291	64,795	-	1,281,753
Net cash provided by (used in) operating activities	\$ 3,738,245	\$ 1,577,208	\$ (395,442)	\$ (6,682,770)	\$ -	\$ (1,762,759)

See accompanying notes to supplementary combining schedules.



Local Government Insurance Trust

Combining Schedule of Cash Flows

Year Ended June 30, 2023

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
Cash flows from operating activities:						
Premiums collected	\$ 12,251,021	\$ 10,905,305	\$ 526,038	\$ -	\$ -	\$ 23,682,364
Other revenue collected	-	-	-	408,076	-	408,076
Recoveries of claims paid	1,045,086	2,968,441	-	-	-	4,013,527
Ceded premiums paid	-	(7,749,566)	(840,000)	-	-	(8,589,566)
Claims and claim adjustment expenses paid	(14,007,573)	(3,493,242)	-	-	-	(17,500,815)
General and administrative expenses paid	-	-	-	(6,214,586)	-	(6,214,586)
Net cash provided by (used in) operating activities	(711,466)	2,630,938	(313,962)	(5,806,510)	-	(4,201,000)
Cash flows from noncapital financing activities:						
Transfers from (to) other pools/accounts	(8,990,800)	(2,229,419)	(1,187,837)	12,408,056	-	-
Net Health Cooperative cash flows	-	-	-	2,570,327	-	2,570,327
Net cash provided by (used in) noncapital financing activities	(8,990,800)	(2,229,419)	(1,187,837)	14,978,383	-	2,570,327
Cash flows from capital and related financing activities:						
Purchase of capital assets	-	-	-	(24,891)	-	(24,891)
Net cash flows used in capital and related financing activities	-	-	-	(24,891)	-	(24,891)
Cash flows from investing activities:						
Purchase of investments	-	-	(1,308,455)	(34,324,502)	-	(35,632,957)
Proceeds from maturities of investments	-	1,308,455	-	35,192,953	-	36,501,408
Investment income received	-	-	18,732	1,268,519	-	1,287,251
Net cash provided by in investing activities	-	1,308,455	(1,289,723)	2,136,970	-	2,155,702
Net change in cash and cash equivalents	(9,702,266)	1,709,974	(2,791,522)	11,283,952	-	500,138
Cash and cash equivalents, beginning of year	53,536,392	12,816,837	8,531,086	(72,405,164)	1,640	2,480,791
Cash and cash equivalents, end of year	\$ 43,834,126	\$ 14,526,811	\$ 5,739,564	\$ (61,121,212)	\$ 1,640	\$ 2,980,929
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (2,785,854)	\$ 2,144,723	\$ (317,767)	\$ (5,969,223)	\$ -	\$ (6,928,121)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	-	-	-	119,373	-	119,373
Effects of changes in operating assets and liabilities:						
Premiums receivable	(29,705)	197,161	3,538	-	-	170,994
Reinsurance receivables	-	327,036	-	-	-	327,036
Other assets	(15,608)	-	-	(1,257)	-	(16,865)
Operating accounts payable and accrued expenses	(11,785)	179,678	267	58,450	-	226,610
Unpaid claims and claim adjustment expenses	2,143,004	(217,660)	-	-	-	1,925,344
Other liabilities	(11,518)	-	-	(13,853)	-	(25,371)
Total adjustments	2,074,388	486,215	3,805	162,713	-	2,727,121
Net cash provided by (used in) operating activities	\$ (711,466)	\$ 2,630,938	\$ (313,962)	\$ (5,806,510)	\$ -	\$ (4,201,000)

See accompanying notes to supplementary combining schedules.

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Local Government Insurance Trust
Notes to Supplementary Combining Schedules
Years Ended June 30, 2024 and 2023

■ **NOTE 1 — DESCRIPTION OF POOL COVERAGES**

The pools provide insurance coverage in the following areas up to the indicated limits:

Primary Liability Pool Coverage

<u>POOL COVERAGE</u>	<u>COVERAGE LIMITS</u>
COMMERCIAL GENERAL LIABILITY	
Bodily Injury and Property Damage	\$ 1,000,000 each occurrence
	\$ 3,000,000 annual aggregate
LIABILITY SUBLIMITS	
Products and Completed Operations	\$ 3,000,000 annual aggregate
Personal Injury and Advertising Injury	\$ 1,000,000 each offense
Medical Payments	\$ 5,000 each person
	\$ 100,000 each occurrence
Fire Legal Liability	\$ 1,000,000 each occurrence
POLICE LEGAL LIABILITY	\$ 1,000,000 each wrongful act
	\$ 3,000,000 annual aggregate
PUBLIC OFFICIALS & EMPLOYMENT PRACTICES LIABILITY	\$ 1,000,000 each wrongful act
	\$ 3,000,000 annual aggregate
BUSINESS AUTOMOBILE COVERAGE	
Automobile Liability	\$ 1,000,000 per accident
Garagekeepers Liability	
Comprehensive	\$ 1,000,000 per occurrence
Collision	\$ 1,000,000 per occurrence

The public official's legal liability, employment practices, and police legal liability coverages are on a claim made basis with limited coverage for unknown acts prior to July 1, 1987, and provide for coverage under an extended discovery period in the event of participant cancellation.

The maximum limit of liability to the Primary Liability Pool (PLP) may not exceed \$1,000,000 for any one claim or occurrence per participant, regardless of any applicable primary liability coverage.

Property Pool Coverage

The pool shall not be liable for more than the insured value of the property covered with limits not to exceed the blanket values declared per entity in any one occurrence, except:

- A. \$5,000,000 per entity per occurrence and annual aggregate with respect to the peril of flood
- B. \$5,000,000 per entity per occurrence and annual aggregate with respect to the peril of earthquake

The Trust also offers Boiler and Machinery coverage with limits not to exceed \$100 million.

Excess Liability Pool Coverage

The maximum limit of liability to the Excess Liability Pool (ELP) is \$5,000,000 for each occurrence and in the aggregate for occurrence-based coverage; and \$5,000,000 for each occurrence, and in the aggregate, for claims-made coverage. Participants in the ELP must either self-insure retention of \$1,000,000 or purchase primary liability coverages from the Trust. The Trust will not insure coverages over other commercial insurance companies.

Pool Membership and Demographic Information

Membership in each pool consists of counties, municipalities, and others, which include sponsored entities as well as the founders of the Trust, the Maryland Municipal League (MML), and the Maryland Association of Counties (MACO). The following represents the participants for fiscal year 2024 and 2023.

	POOL TOTALS		COUNTIES		MUNICIPALITIES		OTHER	
	2024	2023	2024	2023	2024	2023	2024	2023
Primary	189	187	14	14	148	147	27	26
Property	176	175	16	17	143	141	17	17
Excess	193	191	15	15	149	148	29	28

■ **NOTE 2 — DESCRIPTION OF ACCOUNTS**

Operating Account

The pools have been established to account for all premiums, claims and administrative costs attributable to the particular coverages. Administrative costs not specifically identified with a particular pool, investments, investment income and other undesignated income are accounted for in the operating account. Under the Trust Agreement, amounts necessary to fund operating expenses are transferred from the various pools to the operating account.

To accomplish this historically, each pool was allocated a portion of the revenues and expenses accumulated within the operating account historically. The expense amounts allocated to each pool were determined based on a time study among Trust personnel and related judgments considered by management to be relevant under the circumstances. Additionally, the revenue amounts allocated to each pool were in proportion to the pools share of cash and investments.

■ **NOTE 3 — RECLASSIFICATIONS**

Certain fiscal year 2023 amounts have been reclassified to conform to fiscal year 2024 presentations. The reclassification had no effect on net position or changes therein.

Statistical Section



The Statistical Section provides detailed information for the Local Government Insurance Trust as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Trust's overall financial health. The tables in this section are unaudited because they often present data from outside accounting records.

Financial Trends – The Comparative Schedule of Revenues, Expenses and Changes in Net position, and the Member Growth Analysis chart contain trend information to help the reader understand how the Trust's financial performance and well-being have changed over time.

Loss Development – The schedules of Loss History and Average Claim Costs, Reported Claim Activity and Loss Development, present claim information to help the reader understand how reported claims develop over time.

Demographic and Economic Information – The State of Maryland Demographic and Economic Statistical information and the chart of the Ten Largest Employers in the State of Maryland help the reader to understand the environment within which the Trust's financial activities take place.

Comparative Schedule of
Revenues, Expenses and
Changes in Net Position

Member Growth Analysis

Loss History and Average
Claim Costs

Reported Claim Activity
Loss Development

State of Maryland
Demographic and Economic
Statistics

Ten Largest Employers in the
State of Maryland

Governor Harry W
Nice Bridge
Charles County



**Sharptown Bridge
Wicomico County**



Local Government Insurance Trust

Comparative Schedule of Revenues, Expenses, and Changes in Net Position

Ten Years Ended June 30, 2015 through June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Gross premiums earned	\$18,309,555	\$19,005,448	\$19,613,355	\$19,628,413	\$ 19,902,539	\$ 20,949,856	\$ 21,623,423	\$ 24,530,156	\$ 26,658,911	\$ 32,563,787
Less: premium credits	(2,950,760)	(2,912,176)	(3,008,046)	(2,947,572)	(3,224,731)	(3,102,287)	(3,245,306)	(3,541,056)	(3,182,094)	(5,073,425)
ceded premiums	(4,655,168)	(4,688,248)	(4,332,646)	(4,355,756)	(4,566,018)	(5,098,027)	(5,902,115)	(7,891,398)	(8,711,656)	(11,715,882)
Net premiums earned	10,703,627	11,405,024	12,272,663	12,325,085	12,111,790	12,749,542	12,476,002	13,097,702	14,765,161	15,774,480
Other	163,691	176,600	168,694	143,419	324,370	133,528	188,384	285,742	408,076	292,901
Total operating revenues	10,867,318	11,581,624	12,441,357	12,468,504	12,436,160	12,883,070	12,664,386	13,383,444	15,173,237	16,067,381
Operating Expenses										
Incurred claims and claim adjustment expenses:										
Paid (net of recoveries)	5,969,651	6,584,676	6,764,049	8,723,391	7,937,092	8,904,691	7,231,918	9,831,221	13,798,716	11,219,645
Change in liability for unpaid claims and claim adjustment exp.	(20,892)	381,229	333,371	967,145	5,050,472	(2,262,564)	4,679,650	3,114,687	1,925,344	851,782
General and administrative	5,077,011	5,193,882	5,354,282	5,387,466	5,727,133	5,740,719	6,087,499	6,103,235	6,377,298	7,040,466
Total operating expenses	11,025,770	12,159,787	12,451,702	15,078,002	18,714,697	12,382,846	17,999,067	19,049,143	22,101,358	19,111,893
Operating (loss) income	(158,452)	(578,163)	(10,345)	(2,609,498)	(6,278,537)	500,224	(5,334,681)	(5,665,699)	(6,928,121)	(3,044,512)
NONOPERATING REVENUES (EXPENSES)										
Investment income	(1,074,951)	(147,823)	4,233,564	3,286,575	4,158,883	2,905,757	13,119,191	(4,914,427)	4,643,854	6,811,657
Interest expense	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	(1,074,951)	(147,823)	4,233,564	3,286,575	4,158,883	2,905,757	13,119,191	(4,914,427)	4,643,854	6,811,657
Change in net position	(1,233,403)	(725,986)	4,223,219	677,077	(2,119,654)	3,405,981	7,784,510	(10,580,126)	(2,284,267)	3,767,145
Total net position beginning of year	48,373,605	47,140,202	46,414,216	50,637,435	51,314,512	49,194,858	52,600,839	60,385,349	49,805,223	47,520,956
Total net position end of year	\$47,140,202	\$46,414,216	\$50,637,435	\$51,314,512	\$49,194,858	\$52,600,839	\$60,385,349	\$49,805,223	\$47,520,956	\$51,288,101
Total assets	61,788,515	60,754,769	67,215,723	70,403,524	71,886,236	71,982,644	86,191,513	76,513,082	78,925,725	82,135,185
Total liabilities	14,648,313	14,340,553	16,578,288	19,089,012	22,691,378	19,381,805	25,806,164	26,707,858	31,404,769	31,199,084
Net assets	47,140,202	46,414,216	50,637,435	51,314,512	49,194,858	52,600,839	60,385,349	49,805,224	47,520,956	50,936,101
Net investments in capital assets	3,472,273	3,394,136	3,283,871	3,268,513	3,142,422	3,002,194	2,897,110	2,769,591	2,661,898	2,556,360
Unrestricted	46,678,431	43,020,061	47,353,543	48,045,980	46,052,416	48,551,055	57,091,785	47,035,630	44,859,058	48,731,741
Total net position	50,150,704	46,414,197	50,637,414	51,314,493	49,194,838	51,553,249	59,988,895	49,805,221	47,520,956	51,288,101



Local Government Insurance Trust
Member Growth Analysis
 Ten Years Ended June 30, 2015 through June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total number of members	181	182	183	185	190	190	190	191	194	195
Total employees	30	30	30	30	28	28	30	31	30	30
Total annual payroll	\$ 2,795,156	\$ 2,946,263	\$ 3,105,795	\$ 2,931,027	\$ 3,343,480	\$3,416,558	\$3,397,230	\$3,494,401	\$3,725,597	\$4,028,008
Total net premiums earned	\$ 10,703,627	\$ 11,398,734	\$ 12,272,663	\$ 12,325,085	\$ 12,111,790	\$ 12,749,542	\$ 12,476,002	\$ 13,097,702	\$ 14,765,161	\$ 15,774,480
Total number of claims	1,564	1,629	1,505	1,733	1,827	1,589	1,757	1,733	1,796	2,008
Total reported losses	\$ 5,011,874	\$ 4,079,032	\$ 5,127,450	\$ 4,376,102	\$ 6,923,713	\$ 5,587,331	\$ 6,523,455	\$ 6,691,373	\$ 7,855,965	\$ 8,344,283

Total reported losses represent paid losses plus case base reserves.



Local Government Insurance Trust

Loss History and Average Claims Costs

Ten Years Ended June 30, 2015 through June 30, 2024

During the last ten years, the Trust has incurred the following reported losses (net paid claims plus case reserves) resulting from claims incurred by pool members. These figures do not include incurred but not reported claims.

Total Reported Losses

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Auto Liability	1,605,273	1,390,875	980,940	1,697,831	2,366,971	2,193,264	1,808,011	2,227,514	1,497,292	1,207,233
Auto Physical	1,059,229	1,450,010	1,598,268	1,284,759	2,058,341	1,637,683	2,213,244	2,130,162	2,825,613	3,265,836
General Liability	3,753,403	5,710,967	2,919,501	3,948,754	6,819,969	4,358,241	4,808,371	2,914,913	3,059,985	1,916,654
Property	1,113,793	688,606	983,220	952,040	616,806	1,543,466	1,159,879	1,066,184	1,644,222	1,954,560
Excess	-	-	-	-	-	-	-	-	-	-
Total	\$ 7,531,698	\$ 9,240,458	\$ 6,481,929	\$ 7,883,384	\$ 11,862,087	\$ 9,732,654	\$ 9,989,505	\$ 8,338,773	\$ 9,027,112	\$ 8,344,283

Average Cost per Claim

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Auto Liability	\$ 4,191	\$ 3,409	\$ 2,877	\$ 4,743	\$ 6,116	\$ 7,191	\$ 5,495	\$ 6,070	\$ 4,125	\$ 2,841
Auto Physical	2,323	2,466	2,849	2,185	3,054	2,785	3,530	3,414	4,354	4,366
General Liability	6,405	11,491	6,502	7,245	11,291	8,349	8,305	5,329	5,160	3,137
Property	8,982	5,101	6,511	4,121	4,058	8,922	5,345	5,524	8,700	8,884
Excess	-	-	-	-	-	-	-	-	-	-



Local Government Insurance Trust
Reported Claims Activity
 Ten Years Ended June 30, 2015 through June 30, 2024

The Trust has incurred the following number of reported claims during the last ten years.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Auto Liability	383	408	341	358	387	305	329	367	363	425
Auto Physical	456	588	561	588	674	588	627	624	649	748
General Liability	586	497	449	545	604	522	579	547	593	611
Property	124	135	151	231	152	173	217	193	189	220
Excess	15	1	3	11	10	1	5	2	2	4
Total	1,564	1,629	1,505	1,733	1,827	1,589	1,757	1,733	1,796	2,008
Closed Claims	1,087	1,159	1,075	1,124	1,354	1,213	1,248	1,228	963	1,247
Open Claims	477	470	430	609	473	376	509	505	833	761
Total	1,564	1,629	1,505	1,733	1,827	1,589	1,757	1,733	1,796	2,008
Prior year claims closed	873	661	649	664	854	878	557	701	990	848
Current year claims closed	1,087	1,159	1,075	1,124	1,354	1,213	1,248	1,228	963	1,247
Total claims closed during year	1,960	1,820	1,724	1,788	2,208	2,091	1,805	1,929	1,953	2,095
Number of Members	181	182	183	185	190	190	190	191	194	195



Local Government Insurance Trust

Loss Development

Ten Years Ended June 30, 2015 through June 30, 2024

Paid Losses as of June 30

CLAIM YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	2,557,301	4,404,013	5,373,218	6,401,864	6,688,115	6,979,333	7,019,596	7,044,574	7,045,812	7,055,040
2016		2,906,287	4,181,666	5,031,164	5,878,945	7,395,875	7,636,221	7,942,706	8,113,862	8,224,532
2017			3,183,550	5,022,009	5,610,798	5,857,321	6,071,654	6,272,533	6,293,953	6,305,946
2018				2,961,859	4,823,465	5,773,505	6,037,760	7,324,549	7,869,433	7,878,892
2019					3,557,676	5,867,936	6,629,966	8,048,193	11,106,496	11,279,853
2020						3,482,517	4,973,985	5,940,988	7,462,552	8,805,259
2021							4,204,082	6,196,766	6,896,367	8,333,859
2022								3,636,076	6,523,396	7,226,910
2023									4,895,056	7,148,457
2024										5,202,893
Total	<u>\$ 2,557,301</u>	<u>\$ 7,310,300</u>	<u>\$ 12,738,434</u>	<u>\$ 19,416,896</u>	<u>\$ 26,558,999</u>	<u>\$ 35,356,488</u>	<u>\$ 42,573,265</u>	<u>\$ 52,406,385</u>	<u>\$ 66,206,927</u>	<u>\$ 77,461,641</u>

Loss Payments During the Year Ended

CLAIM YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	2,557,301	1,846,712	969,205	1,028,646	286,251	291,218	40,263	24,978	1,238	9,228
2016		2,906,287	1,275,379	849,498	847,781	1,516,930	240,346	306,485	171,156	110,670
2017			3,183,550	1,838,459	588,789	246,523	214,332	200,879	21,420	11,993
2018				2,961,859	1,861,606	950,040	264,255	1,286,789	544,884	9,459
2019					3,557,676	2,310,260	762,031	1,418,227	3,058,303	173,357
2020						3,482,517	1,491,468	967,002	1,521,565	1,342,707
2021							4,204,082	1,992,684	699,601	1,437,492
2022								3,636,076	2,887,320	703,514
2023									4,895,056	2,253,401
2024										5,202,893
Sub-total	<u>\$ 2,557,301</u>	<u>\$ 4,752,999</u>	<u>\$ 5,428,134</u>	<u>\$ 6,678,462</u>	<u>\$ 7,142,103</u>	<u>\$ 8,797,489</u>	<u>\$ 7,216,777</u>	<u>\$ 9,833,120</u>	<u>\$ 13,800,542</u>	<u>\$ 11,254,714</u>
Losses Paid for Years Prior to 2015	<u>3,412,350</u>	<u>1,831,678</u>	<u>1,335,915</u>	<u>2,044,929</u>	<u>794,989</u>	<u>107,202</u>	<u>15,141</u>	<u>(1,899)</u>	<u>(1,826)</u>	<u>(35,069)</u>
Total Losses per Statements of Revenues, Expenses and Changes in Net Position	<u>\$ 5,969,651</u>	<u>\$ 6,584,677</u>	<u>\$ 6,764,049</u>	<u>\$ 8,723,391</u>	<u>\$ 7,937,092</u>	<u>\$ 8,904,691</u>	<u>\$ 7,231,918</u>	<u>\$ 9,831,221</u>	<u>\$ 13,798,716</u>	<u>\$ 11,219,645</u>



Local Government Insurance Trust
Loss Development
Ten Years Ended June 30, 2015 through June 30, 2024

Case Reserves as of June 30

CLAIM YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	2,454,573	1,986,485	871,596	1,008,811	792,083	363,986	326,161	321,722	384,228	476,658
2016		1,172,745	1,052,869	1,742,851	2,637,054	1,280,400	1,260,521	1,105,619	1,039,788	1,015,926
2017			1,943,901	425,511	629,449	243,907	571,065	98,441	170,535	175,983
2018				1,414,243	1,525,144	975,663	1,661,595	625,702	364,304	4,492
2019					3,366,037	1,636,666	2,277,841	3,965,984	446,953	582,234
2020						2,104,814	1,828,413	1,988,945	1,710,761	927,395
2021							2,319,373	1,538,775	1,882,729	1,655,646
2022								3,055,297	2,023,134	1,111,863
2023									2,960,909	1,878,655
2024										3,141,390
Total	<u>\$ 2,454,573</u>	<u>\$ 3,159,230</u>	<u>\$ 3,868,366</u>	<u>\$ 4,591,416</u>	<u>\$ 8,949,767</u>	<u>\$ 6,605,436</u>	<u>\$ 10,244,969</u>	<u>\$ 12,700,485</u>	<u>\$ 10,983,341</u>	<u>\$ 10,970,242</u>

Change in Case Reserves During the Year Ended

CLAIM YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	2,454,573	(468,088)	(1,114,889)	137,215	(216,728)	(428,097)	(37,825)	(4,439)	62,506	92,430
2016		1,172,745	(119,876)	689,982	894,203	(1,356,654)	(19,879)	(154,902)	(65,831)	(23,862)
2017			1,943,901	(1,518,390)	203,938	(385,542)	327,158	(472,624)	72,094	5,448
2018				1,414,243	110,901	(549,481)	685,932	(1,035,893)	(261,398)	(359,812)
2019					3,366,037	(1,729,371)	641,175	1,688,143	(3,519,031)	135,281
2020						2,104,814	(276,401)	160,532	(278,184)	(783,366)
2021							2,319,373	(780,598)	343,954	(227,083)
2022								3,055,297	(1,032,163)	(911,271)
2023									2,960,909	(1,082,254)
2024										3,141,390
Total	<u>\$ 2,454,573</u>	<u>\$ 704,657</u>	<u>\$ 709,136</u>	<u>\$ 723,050</u>	<u>\$ 4,358,351</u>	<u>\$ (2,344,331)</u>	<u>\$ 3,639,533</u>	<u>\$ 2,455,516</u>	<u>\$ (1,717,144)</u>	<u>\$ (13,099)</u>



Local Government Insurance Trust

Loss Development

Ten Years Ended June 30, 2015 through June 30, 2024

Reported Losses (Paid Losses Plus Case Reserves) as of June 30

CLAIM YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	5,011,874	6,390,498	6,244,814	7,410,675	7,480,198	7,343,319	7,345,757	7,366,296	7,430,040	7,531,698
2016		4,079,032	5,234,535	6,774,015	8,515,999	8,676,275	8,896,742	9,048,325	9,153,650	9,240,458
2017			5,127,451	5,447,520	6,240,247	6,101,228	6,642,719	6,370,974	6,464,488	6,481,929
2018				4,376,102	6,348,609	6,749,168	7,699,355	7,950,251	8,233,737	7,883,384
2019					6,923,713	7,504,602	8,907,807	12,014,177	11,553,449	11,862,087
2020						5,587,331	6,802,398	7,929,933	9,173,313	9,732,654
2021							6,523,455	7,735,541	8,779,096	9,989,505
2022								6,691,373	8,546,530	8,338,773
2023									7,855,965	9,027,112
2024										8,344,283
Total	<u>\$ 5,011,874</u>	<u>\$ 10,469,530</u>	<u>\$ 16,606,800</u>	<u>\$ 24,008,312</u>	<u>\$ 35,508,766</u>	<u>\$ 41,961,924</u>	<u>\$ 52,818,234</u>	<u>\$ 65,106,870</u>	<u>\$ 77,190,268</u>	<u>\$ 88,431,883</u>

Incremental Losses Reported During the Year Ended

CLAIM YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
2015	5,011,874	1,378,624	(145,684)	1,165,861	69,523	(136,879)	2,438	20,539	63,744	101,658
2016		4,079,032	1,155,503	1,539,480	1,741,984	160,276	220,467	151,583	105,325	86,808
2017			5,127,451	320,069	792,727	(139,019)	541,490	(271,745)	93,514	17,441
2018				4,376,102	1,972,507	400,559	950,187	250,896	283,486	(350,353)
2019					6,923,713	580,889	1,403,206	3,106,370	(460,728)	308,638
2020						5,587,331	1,215,067	1,127,534	1,243,381	559,341
2021							6,523,455	1,212,086	1,043,555	1,210,409
2022								6,691,373	1,855,157	(207,757)
2023									7,855,965	1,171,147
2024										8,344,283
Total	<u>\$ 5,011,874</u>	<u>\$ 5,457,656</u>	<u>\$ 6,137,270</u>	<u>\$ 7,401,512</u>	<u>\$ 11,500,454</u>	<u>\$ 6,453,158</u>	<u>\$ 10,856,310</u>	<u>\$ 12,288,636</u>	<u>\$ 12,083,398</u>	<u>\$ 11,241,615</u>

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State of Maryland Demographic and Economic Statistics:

	2024	2023
Population (1)	6,180,253	6,203,394
Median household income (2)	\$ 102,000	\$ 100,442
Unemployment rate (3)	2.8%	1.8%

Land area – 12,407 square miles.

(1) Federal Economic Data estimate for July 1, 2023, as of December 1, 2023. The 2023 World Population Review estimate does not include year-end data. Maryland is ranked 19th in U.S. population and 42nd in size among the 50 states.

(2) Federal Economic Data for July, 1 2023 as of September 1, 2024. Maryland's median household income is \$102,000 vs. \$80,610 for the country. Maryland is home to three of the top 20 counties in the nation for median household income.

(3) Federal Economic Data for July 1, 2024, as of August 1, 2024.

Marriott International	121,000	Hospitality
Lockheed Martin	115,000	Aerospace & Defense
CEVA Logistics	98,000	Logistics
MAR MD	80,000	IT Service Management
Social Security Administration	60,000	Government Agency
GEICO	40,000	Insurance
Berkshire Hathaway Homesale Realty	30,000	Real Estate
Baltimore County Public Schools	30,000	Education
MedStar Health	28,000	Healthcare
Certis	27,000	Computer Software

(1) Source: Maryland Department of Commerce, March 1, 2024

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Somerset County

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The Local Government Insurance Trust provides insurance coverage and risk management services at stable and competitive rates through an organization that is owned and managed by its Maryland local government members.

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Thomas J Hatem Memorial Bridge
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