

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



Bowie Rail Station

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

**For Fiscal Years Ended
June 30, 2025 and
June 30, 2024**

Local Government Insurance Trust
7225 Parkway Drive
Hanover, Maryland 21076
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Ellicott City Railroad Museum

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



Gaithersburg Community Museum

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Maryland local governments*

**For Fiscal Years Ended
June 30, 2025 and
June 30, 2024**



**The Annual Comprehensive Financial Report
of the Local Government Insurance Trust
for the fiscal years ended
June 30, 2025 and June 30, 2024
is hereby respectfully submitted.**



B & O Railroad Museum Baltimore

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

**For Fiscal Years Ended
June 30, 2025 and
June 30, 2024**



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Letter from the Chair

Your Trust in FY 2025



Dear Fellow Members:

On behalf of the Local Government Insurance Trust (“the Trust”), I am honored to present its 2024–2025 Annual Certified Financial Report. The Trust is not just an insurance company competing for your business; it is a public entity risk pool owned and governed by the member towns, cities, and counties it serves. For the last thirty-eight (38) years, local governments have placed their faith and trust in this organization. Throughout that time, the Trust has held steadfast to its mission of providing coverage and risk management services at stable and competitive rates through an organization that is owned and managed by its local government members. The Trust fulfills its mission by serving its members with integrity, fiscal responsibility, operational excellence, and a deep commitment to public service.

The Trust retained all of its member municipalities, counties, and sponsored entities during the last fiscal year. It also added one new member, Crofton, a special taxing district in Anne Arundel County. At the end of FY25, the Trust’s membership included sixteen (16) counties, one hundred fifty (150) municipalities, one (1) special taxing district, twenty-six (26) sponsored entities, the Maryland Municipal League (MML), the Maryland Association of Counties (MACo), and the Trust.

From a financial standpoint, as reflected in the Annual Certified Financial Report (ACFR), the Trust lost approximately \$3.9 million in member equity in FY25. Despite the loss, it remains well capitalized and financially sound. Three factors contributed significantly to the loss: the continuation of the premium credit program, the return of premium to some members of the Property Pool (PP), and higher-than-expected claims costs. Last year, the Trust returned almost \$4.2 million to its members in the form of premium credits. It returned almost \$2.3 million to members of the Primary Liability Pool (PLP), approximately \$675,000 to members of the PP, and over \$1.2 million to members of the Excess Liability Pool (ELP). In addition, LGIT returned almost \$4 million to members of the PP that had been overbilled for a number of years. The Trust also experienced a significant increase in the cost of claims due in part to the serious nature of several claims, as well as social inflation. The financial cost of issuing credits, returning premiums, and incurring higher-than-expected claims expenses was offset significantly by the Trust’s investment strategy. As of June 30, 2025, member equity was \$47,369,252.

Included in the ACFR are the Transmittal Letter and Management’s Discussion and Analysis, which provide details 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 stability of the staff in our Finance Department and the work of our Finance/Audit Committee.

Thank you all for your trust and collaboration. The partnership among the Trust’s members is the foundation of its success. Your unwavering support, input, and ideas have made the Trust what it is today. I also express my gratitude to my fellow Board members and the many local government officials who serve on the Trust’s committees. The Trust relies on these volunteers to develop and implement policies, resolve serious claims, update and modernize the scopes of coverage, and promote risk management efforts among the members. These volunteers are to be commended for their role in helping the Trust fulfill its mission.

Finally, I would like to take this opportunity to thank the Trust’s staff. Their unwavering commitment and dedication to Maryland’s local governments drive excellence, promote stability, and make the Trust a leader among our peer organizations.

Respectfully submitted,



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

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Introductory Section



Brunswick Train Station



Transmittal Letter

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

Membership

Board of Trustees

LGIT Staff

LGIT Organizational Chart





November 13, 2025

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, 2025, 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 2024 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

LGIT is a legislatively authorized insurance and risk sharing association of Maryland local governments. The Trust offers several lines of liability and property-related insurance coverage, as well as excess coverage. It also offers related support services, including claims administration and management, litigation defense, loss control, training, and property valuations. Membership in the Trust is limited to Maryland local governments that are current members of either the Maryland Association of Counties (MACo) or the Maryland Municipal League (MML), as well as certain public entities sponsored by a local government member.

As of June 30, 2025, the Trust operates three risk pools: the Primary Liability Pool (PLP), the Property Pool (PP), and the Excess Liability Pool (ELP). The Trust offers members of the PP Cyber-Data Breach and Equipment Break-down coverage for which it retains limited financial risk. Outside insurance carriers hold the financial risk for these two lines of coverage. Members that need specialty coverage beyond LGIT's core business are referred to a qualified insurance broker. In addition to operating three risk pools, 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 assumes no financial risk in its role as administrator and treasurer of LGIT Health.

The Trust is governed by a Board of Trustees (Board) consisting of twelve voting members. The Board is comprised of five municipal and five county officials all elected by the membership. Additionally, the executive director of MACo and the chief executive officer of 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

The following highlights some of the Trust's major accomplishments during fiscal year 2025:

❑ **INFORMATION TECHNOLOGY** – LGIT implemented several enhancements to the member portal:

- Members can now drill down into the exposure detail from the Locations tab.
- Now when members submit a service request for a property location delete mid-term, if there are no in force exposures attached to the location, the location delete change request can be applied and the member will no longer see the location.
- Member users may now log into the member portal using their email address in addition to their user id.

❑ **TRAINING** – Training continued to be a primary focus of our loss control efforts. The Trust provided eighty-eight training and educational opportunities across the state, attended by 1,811 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, 1,995 online courses were taken by member employees.

For the Academy for Excellence in Local Government, Employment Issues, a core course was presented at the LGIT Annual Meeting. The Basics of Risk Management, a core course was presented at the Fall MML Conference and the MACo Winter Conference.

❑ **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.

❑ **LIABILITY RATE STABILIZATION CREDIT** – The Trustees also approved the return of an additional \$1 million in member equity in the PLP through the rate stabilization credit. The amount of each member's credit is based upon ten years of gross premium paid by the member, as well as its performance.

❑ **LOSS CONTROL CREDIT SURVEY** – The Trustees also approved a Loss Control Credit to support members of the PLP who engaged in exceptional loss control activities. Funding of \$300,000 was allocated to all members that completed an online survey and received a score of 90% or higher on it. Based upon the number of successful submissions, members who achieved the requisite score received a credit of approximately 3% of their liability premium.

❑ **EQUIPMENT BREAKDOWN AND CYBER CREDITS (PROPERTY RATE STABILIZATION CREDIT)** – All members of the PP who carry a \$10,000 deductible for equipment breakdown coverage (formerly called boiler and machinery coverage) receive the coverage at no cost. Members of the PP also receive cyber coverage at no cost.

❑ **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 Committee approved risk management grants totaling \$100,000 for member training and services to help with their loss control efforts, including adopting vehicle telematic programs and providing specialized training to law enforcement officers.

❑ **LAW ENFORCEMENT MEMORIAL GRANT PROGRAM** – The Risk Management Committee awarded the annual law enforcement memorial grant of \$5,000 to the Town of Pittsville to help offset the costs associated with training one police recruit to attend a 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 one hundred and six claims in litigation, of which approximately twenty-four were general and auto related, and approximately eight-two were police/public official liability cases. Legal staff also supported a monthly average of approximately twenty-six administrative charges of employment discrimination. Legal staff worked directly with Claims Services staff on police/public official claims, providing analysis, strategy, and making recommendations regarding reserves and settlements.
- ❑ **HEALTH COOPERATIVE** – LGIT Health, consisting of twenty-two local governments, MML and LGIT, completed its fifteenth year of operation. Approximately \$3,890,000 million in surplus funds were returned to the members.

ADJUSTING TO ECONOMIC AND MARKETPLACE CONDITIONS

The cost of liability, property, and excess insurance are rising due to a variety of factors. Natural disasters, including fire, flood, and wind events, as well as social inflation, legal reforms, and geopolitical risks, continue to impact the value of claims and the cost of reinsurance. LGIT experienced an increase of \$1,463,000 in reinsurance costs in FY25 from the prior fiscal year. The increase would have been higher had the Trust not assumed additional risk in both the PP and the ELP.

LGIT maintains member equity to ensure financial and rate stability, provide member-centric governance, and deliver fair and consistent benefits to its members. Member equity is managed by an outside financial advisor with oversight from LGIT's Finance/Audit Committee and Board. Each of LGIT's portfolios met or exceeded its performance benchmarks with an aggregate return of 10.83% during the last fiscal year. 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 three to five years. Based on a blend of this information and current positioning, LGIT's portfolio has a forward return expectation of 6.9% in FY26.

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 prior to the beginning each fiscal 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 prepared by Finance staff monthly. 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 that it owns, 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, funding levels, and contribution rates. The Trust also purchases 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, 2025, 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, 2024. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. FY24 marked the 26th 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's 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.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of

Respectfully submitted,





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, 2024

Christopher P. Morrill

Executive Director/CEO

Fiscal Year 2025 Membership

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

Fiscal Year 2025 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*



Dylan Galloway
*Town Administrator,
Town of Cheverly*



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



Daniel Mears
*Assistant City Manager,
City of Bowie*



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

Fiscal Year 2025 Management and Staff

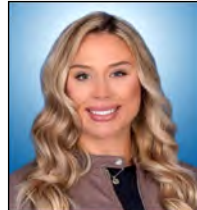
Executive and Human Resources



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 2025 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



Paul Fleming
Claims Analyst



Charise Henderson
Claims Processor

Legal Services



Jason Levine
Director



Ray Mulera
Attorney at Law



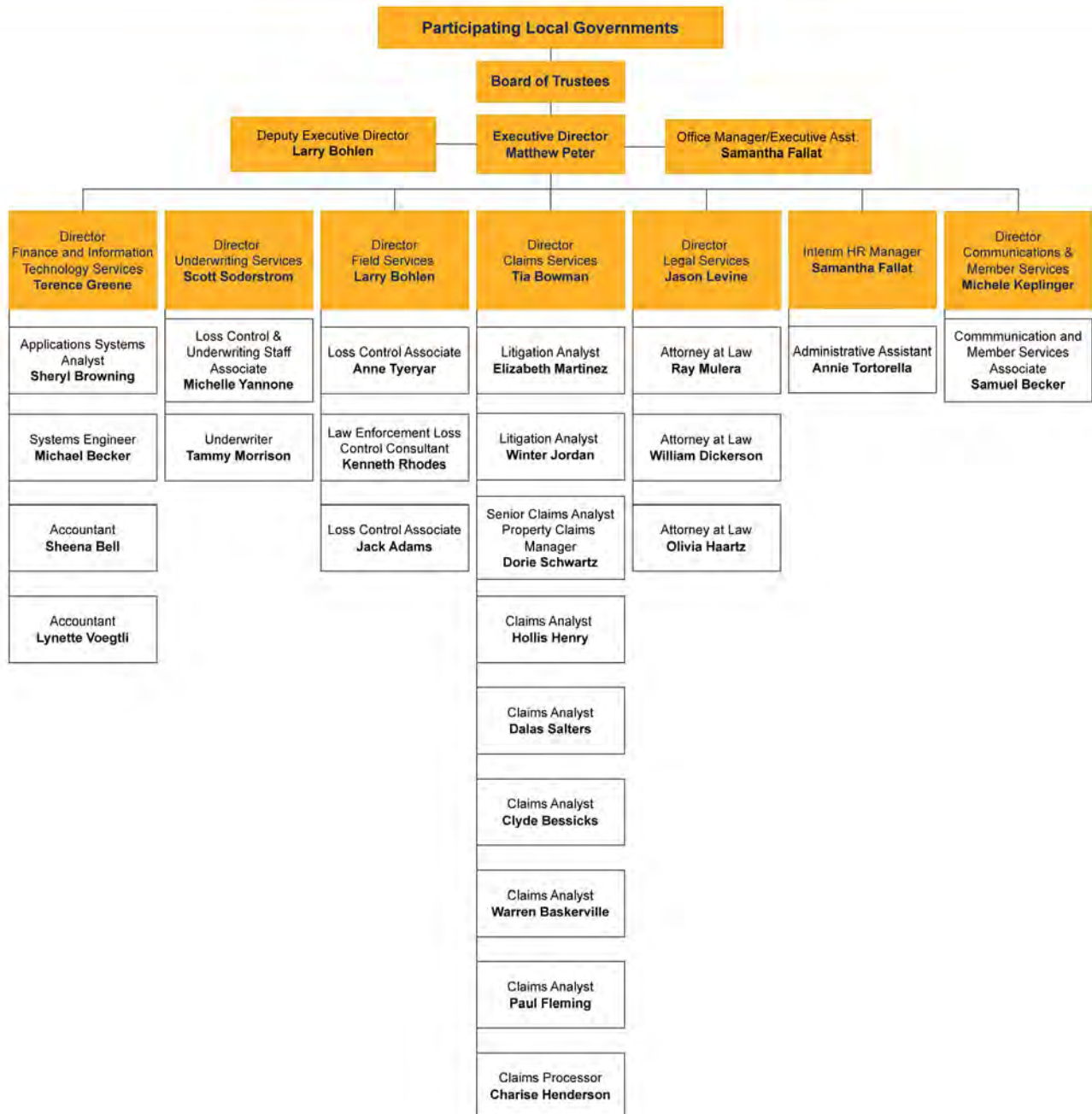
William Dickerson
Attorney at Law



M. Olivia Haarz
Attorney at Law

Fiscal Year 2025 Organizational Chart

Local Government Insurance Trust



Financial Section



Western Scenic Railroad, Frostburg

**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
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**Notes to Financial
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**Reconciliation of Claims
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**Claims Development
Information**

**Supplementary Combining
Schedules**



B & O Railroad Museum Baltimore



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, 2025 and 2024, 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, 2025 and 2024, 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.

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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 39 through 41 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 12, 2025

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Local Government Insurance Trust

Management's Discussion and Analysis

Years Ended June 30, 2025 and 2024

This section of the ACFR presents a discussion and analysis of the financial performance of the Trust as of and for the years ended June 30, 2025 and 2024. 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 a commercial 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, 2025, 2024 and 2023, respectively.

Summary of Net Position

	2025	2024	2023
ASSETS			
Current assets	\$ 45,406,524	\$ 45,450,582	\$ 43,021,212
Capital assets	2,483,781	2,556,360	2,661,898
Other noncurrent assets	35,949,939	34,480,243	33,242,615
Total Assets	83,840,244	82,487,185	78,925,725
LIABILITIES			
Current liabilities	15,048,151	12,799,507	13,361,925
Noncurrent liabilities	21,422,847	18,399,577	18,042,844
Total Liabilities	36,470,998	31,199,084	31,404,769
NET POSITION			
Net investment in capital assets	2,483,781	2,556,360	2,661,898
Unrestricted	44,885,465	48,731,741	44,859,058
TOTAL NET POSITION	\$ 47,369,246	\$ 51,288,101	\$ 47,520,956

Total Assets

Total assets increased by approximately \$1,353,000 between June 30, 2025, and 2024 primarily due to an investment profit of approximately \$7,160,000, combined with a decrease in premiums in FY25 totaling \$1,180,000 as presented on the Statement of Revenues, Expenses and Changes in Net Position.

Total assets increased by approximately \$3,561,000 between June 30, 2024, and 2023 primarily due to the timing of the cash flows of LGIT Health. Surplus funds in LGIT Health were distributed to the membership in FY24.

Total Liabilities

The most significant components of the Trust's liabilities are unpaid claims and claim adjustment expenses. Unpaid claims and claim adjustment expenses are liabilities (with short-term and long-term components) calculated by the Trust's actuary for all pools and it increased by approximately \$5,044,000 from year end 2024 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 FY24 by approximately \$852,000.

The balance of LGIT Health's payable decreased by \$220,000 due to member deposits exceeding member payouts in FY25 due to the timing of transactions mainly involving reinsurance reimbursements.

The balance of LGIT Health's payable decreased by 1,094,873 due to member payouts exceeding member deposits in FY24.

The following table summarizes the change in net position for fiscal years ended June 30, 2025, 2024 and 2023, respectively.

Summary of Revenues, Expenses and Changes in Net Position

	2025	2024	2023
Operating Revenues			
Gross premiums earned	\$ 31,383,314	\$ 32,563,787	\$ 26,658,911
Less: Premium credits	(3,890,071)	(5,073,425)	(3,182,094)
Ceded premiums	(13,179,002)	(11,715,882)	(8,711,656)
Net premiums earned	14,314,241	15,774,480	14,765,161
Other revenues	208,861	292,901	408,076
Total operating revenues	14,523,102	16,067,381	15,173,237
Operating Expenses			
Claims and claim adjustment expenses incurred (note 6)			
Paid, net of recoveries	13,338,761	11,219,645	13,798,716
Change in liability for unpaid claims and adjustment expenses	5,044,444	851,782	1,925,344
General, administrative and other expenses	7,219,207	7,040,466	6,377,298
Total operating expenses	25,602,412	19,111,893	22,101,358
Operating loss	(11,079,310)	(3,044,512)	(6,928,121)
Nonoperating Revenue			
Investment income	7,160,455	6,811,657	4,643,854
Change in net position	(3,918,855)	3,767,145	(2,284,267)
Net position, beginning of year	51,288,101	47,520,956	49,805,223
Net position end of year	\$ 47,369,246	\$ 51,288,101	\$ 47,520,956

Results of operations

Revenues

Total operating revenues decreased by approximately \$1,544,000 or 9.6% from FY24 to FY25 driven by increases in PLP and Property funding rates needed to cover the growing incurred claims and claim adjustment expenses, and the higher cost of reinsurance, as well as the offset for premium refunds.

Total operating revenues remained relatively consistent throughout the period from FY23 to FY24 with growth of approximately 5.7%.

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 increased by approximately \$6,491,000 in FY25 compared to FY24 due to an increase 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 decreased by approximately \$2,989,000 in FY24 compared to FY23 due to a decrease in incurred claims.

Nonoperating Revenue

Investment income was approximately \$349,000 higher in FY25 compared to FY24. Investment strategies and policies remained consistent over this two-year period.

Investment income was approximately \$2,167,000 higher in FY24 compared to FY23. This was partly due to the very strong investment performance in fiscal year 2024 compared to the approximate \$6,812,000 investment gain in FY24.

The annualized investment returns for fiscal years 2025, 2024 and 2023 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.

	2025	2024	2023
Fixed income	9.94%	-2.68%	0.38%
Equity	12.16%	12.65%	17.00%
Alternative strategies	9.00%	6.50%	4.63%
Total LGIT investments	8.75%	7.42%	8.15%

As of June 30, 2025 and June 30, 2024 respectively, the Trust's portfolio allocations remained 50% fixed income, 54% equity, and 5% 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

As of June 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents (note 3)	\$ 950,800	\$ 2,216,725
Investments (note 4)	42,350,434	40,673,031
Premiums receivable	37,014	28,521
Interest income receivable	209,702	209,631
Reinsurance receivable (note 8)	1,374,024	1,864,445
Other	484,550	458,229
Total current assets	45,406,524	45,450,582
Noncurrent assets:		
Investments (note 4)	23,822,119	22,878,580
Capital assets (note 5)		
Nondepreciable assets	252,408	252,408
Depreciable assets, net	2,231,373	2,303,952
Deposit with reinsurance pool (note 8)	12,127,820	11,601,663
Total noncurrent assets	38,433,720	37,036,603
Total assets	83,840,244	82,487,185
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	566,149	588,699
Unpaid claims and claim adjustment expenses (note 6)	11,738,994	9,721,528
Due to health plan cooperative custodial fund	1,974,747	1,754,073
Rate stabilization fund (note 7)	500,235	503,944
Other	268,026	231,263
Total current liabilities	15,048,151	12,799,507
Noncurrent liabilities:		
Unpaid claims and claim adjustment expenses (note 6)	20,920,971	17,893,993
Capitalization contributions	1,640	1,640
Rate stabilization fund (note 7)	500,236	503,944
Total noncurrent liabilities	21,422,847	18,399,577
Total liabilities	36,470,998	31,199,084
NET POSITION		
Net investment in capital assets	2,483,781	2,556,360
Unrestricted	44,885,465	48,731,741
Total net position	\$ 47,369,246	\$ 51,288,101

See accompanying notes to the financial statements.



Local Government Insurance Trust
Statements of Revenues, Expenses and Changes in Net Position
For The Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenues		
Gross premiums earned	\$ 31,383,314	\$ 32,563,787
Less: Premium credits	(3,890,071)	(5,073,425)
Ceded premiums	(13,179,002)	(11,715,882)
Net premiums earned	14,314,241	15,774,480
Other revenues	208,861	292,901
Total operating revenues	14,523,102	16,067,381
Operating Expenses		
Claims and claim adjustment expenses incurred (note 6)		
Paid, net of recoveries	13,338,761	11,219,645
Change in liability for unpaid claims and adjustment expenses	5,044,444	851,782
General and administrative expenses	7,098,161	6,926,153
Depreciation expense	121,046	114,313
Total operating expenses	25,602,412	19,111,893
Operating loss	(11,079,310)	(3,044,512)
Nonoperating Revenues		
Investment income	7,160,455	6,811,657
Change in net position	(3,918,855)	3,767,145
Net position, beginning of year	51,288,101	47,520,956
Net position, end of year	\$ 47,369,246	\$ 51,288,101

See accompanying notes to the financial statements.



Local Government Insurance Trust
Statements of Cash Flows
For The Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Premiums collected	\$ 27,410,996	\$ 27,495,219
Other revenue collected	243,224	292,901
Recoveries of claims paid	10,275,578	2,958,854
Ceded premiums paid	(13,142,894)	(11,605,631)
Claims and claim adjustment expenses paid	(23,123,917)	(13,928,431)
General and administrative expenses paid	(7,543,839)	(6,975,671)
Net cash (used in) operating activities	(5,880,852)	(1,762,759)
Cash flows from noncapital financing activities:		
Net Health Cooperative cash flows	650,733	(2,541,746)
Net cash provided by (used in) noncapital financing activities	650,733	(2,541,746)
Cash flows from capital and related financing activities:		
Purchase of capital assets	(49,091)	(8,775)
Net cash (used in) capital and related financing activities	(49,091)	(8,775)
Cash flows from investing activities:		
Purchase of investments	(21,301,868)	(15,417,927)
Proceeds from maturities of investments	25,156,341	15,615,413
Investment income received	158,812	3,351,590
Net cash provided by investing activities	4,013,285	3,549,076
Net change in cash and cash equivalents	(1,265,925)	(764,204)
Cash and cash equivalents, beginning of year	2,216,725	2,980,929
Cash and cash equivalents, end of year	\$ 950,800	\$ 2,216,725
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (11,079,310)	\$ (3,044,512)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	121,046	114,313
Effects of changes in operating assets and liabilities:		
Premiums receivable	7,365	2,362
Reinsurance receivable	490,421	251,278
Other assets	(552,549)	(117,952)
Accounts payable and accrued expenses	(22,550)	144,572
Unpaid claims and claim adjustment expenses	5,044,444	851,782
Other liabilities	110,281	35,398
Total adjustments	5,198,458	1,281,753
Net cash (used in) operating activities	\$ (5,880,852)	\$ (1,762,759)
Noncash investing, capital and financing activities:		
Net unrealized gain (loss) in fair value of investments included in investment income	\$ 3,122,209	\$ 2,901,703

See accompanying notes to the financial statements.



Local Government Insurance Trust
Statements of Fiduciary Net Position

As of June 30, 2025 and 2024

	2025	2024
Assets		
Due from Local Government Insurance Trust	\$ 1,974,747	\$ 1,754,073
Net Position		
Net Position restricted for other organizations	\$ 1,974,747	\$ 1,754,073



Local Government Insurance Trust
Statements of Changes in Fiduciary Net Position
For The Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Additions		
Member deposits	\$ 34,995,779	\$ 31,168,071
Deductions		
Claims and administrative expenses	<u>34,775,105</u>	<u>32,262,944</u>
Change	220,674	(1,094,873)
Net Position, beginning of year	1,754,073	2,848,946
Net Position, end of year	<u>\$ 1,974,747</u>	<u>\$ 1,754,073</u>

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Local Government Insurance Trust

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

■ 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, 2025, the currently active pools are the following: the Primary Liability Pool (187 participants), the Property Pool (177 participants), and the Excess Liability Pool (192 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 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 have primary liability coverage from the Trust or retain \$1 million in risk itself. 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). 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. LGIT's current service contract with Benecon expires at the end of FY28.

■ 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, as well as 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, 2025 and 2024.

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, 2025 and 2024.

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 acquired in July 2007 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 estimating 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 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 the Trust's fiscal year ended June 30, 2025, and all reporting periods thereafter. Adoption of the provision of GASB Statement No. 100 by the Trust did not have a significant impact on the Trust's financial statement.

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 the Trust's fiscal year ended June 30, 2025, and all reporting periods thereafter. Adoption of the provision of GASB Statement No. 101 by the Trust did not have a significant impact on the Trust's financial statement.

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 the Trust's fiscal year ended June 30, 2025, and all reporting periods thereafter. Adoption of the provision of GASB Statement No. 102 by the Trust did not have a significant impact on the Trust's financial statement.

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.

In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires governments to provide more detailed disclosures related to capital assets, including separate presentation of lease assets, right-to-use assets, subscription-based IT assets, and other intangible assets by major class. It also establishes disclosure requirements for capital assets held for sale. The requirements of this Statement are effective for the Trust's fiscal year ending June 30, 2026, 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.

Reclassifications

Certain accounts in the 2024 financial statements have been reclassified to conform with the current year financial statement presentation.

■ **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 \$1,504,877 and \$1,393,687, as of June 30, 2025 and 2024 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 \$1,907,753 and \$2,437,890 as of June 30, 2025 and 2024, respectively.

Cash and cash equivalents consisted of the following as of June 30, 2025 and 2024:

	2025	Percentage of portfolio	2024	Percentage of portfolio
Cash	\$ 547,924	57.6%	\$ 1,422,522	64.2%
Maryland Local Government Investment Pool (MLGIP)	83,975	8.8%	79,775	3.6%
Money Market Mutual Funds	318,901	33.5%	714,428	32.2%
Total Cash and Equivalents	\$ 950,800	100%	\$ 2,216,725	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, 2025		
Less Than 1 Year	\$ 79,775	\$ 318,901
Total	\$79,775	\$318,901
June 30, 2024		
Less Than 1 Year	79,775	\$714,428
Total	\$79,775	\$714,428

■ **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 FY25 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 portfolios 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 2025 and 2024, 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, 2025:

	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, 2025
Investments by fair value level:				
Equity				
US Equity	\$ 23,410,177	\$ -	\$ -	\$ 23,410,177
Non-US Equity	6,023,061	-	-	6,023,061
Fixed Income				
US Government Agencies	-	13,352,037	-	13,352,037
Corporate and Foreign Bonds	-	15,168,861	-	15,168,861
Mutual Funds	-	4,848,262	-	4,848,262
Total investments, at Fair Value	29,433,238	33,369,160	-	62,802,398
Investment carried at the Net Asset Value (NAV):				
Common Collective Trusts				3,370,155
Total investments	29,433,238	33,369,160	-	66,172,553

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 \$3,122,209 and a net depreciation of \$2,901,703 for the years ended June 30, 2025 and 2024, 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 \$3,370,156 and \$3,065,396 as of June 30, 2025 and June 30, 2024, respectively.

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

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 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 banks and in mutual funds were \$66,172,553 and \$63,551,611 as of June 30, 2025, and 2024, 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 2025 and 2024 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.

	U.S. Government Agencies	Corporate & Foreign Bonds
June 30, 2025		
AAA	\$ -	\$ 1,659,730
AA	13,352,037	657,952
A	-	4,517,724
BBB	-	8,248,262
BB	-	85,193
Not Rated	-	-
Total	\$ 13,352,037	\$ 15,168,861
	U.S. Government Agencies	Corporate & Foreign Bonds
June 30, 2024		
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

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 3.69 for June 30, 2025, and 2024 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, 2025	U.S. Government Agencies	Corporate and Foreign Bonds
Less Than 1 Year	\$ -	\$ 1,674,588
1 to 5 Years	5,413,040	10,359,660
6 to 10 Years	3,332,299	2,646,262
Over 10 Years	4,606,698	488,351
Total	\$ 13,352,037	\$ 15,168,861

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

The Trust invests in loan-backed securities which totaled \$4,606,697 and \$1,812,474 as of June 30, 2025 and 2024 respectively. U.S. Government Agency Securities reported above include \$4,606,697 and \$1,810,078 of loan-backed securities as of June 30, 2025 and 2024, 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, 2025 and 2024 as the Trust did not have investments denominated in foreign currencies.

■ **NOTE 5 — Change in Capital Assets**

	Beginning Balance	Additions	Deletions	Ending Balance
2025				
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	1,192,335	9,255	365,219	836,371
Vehicle	-	39,836	-	39,836
Furniture & Equipment	325,786	-	25,724	300,062
Total capital assets - depreciated	5,465,685	49,091	390,943	5,123,833
Total capital assets	5,718,093	49,091	390,943	5,376,241
Accumulated depreciation:				
Building	1,669,490	98,689	-	1,768,179
EDP	1,179,266	9,887	365,981	823,172
Vehicle	-	8,853	-	8,853
Furniture & Equipment	313,601	3,617	24,962	292,256
Total accumulated depreciation	3,162,357	121,046	390,943	2,892,460
Net Balance – Capital Assets	\$ 2,555,736	\$ (71,955)	\$ -	\$ 2,483,781
	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

■ 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:

	2025	2024
Balance at beginning of year	\$ 27,615,521	\$ 26,763,740
Incurred related to:		
Current year	17,514,321	15,606,217
Prior years	878,784	(3,501,182)
Total incurred	18,393,105	12,105,035
Paid related to:		
Current year	5,682,905	5,202,894
Prior years	7,665,756	6,050,361
Total paid	13,348,661	11,253,255
Balance at end of year	\$ 32,659,965	\$ 27,615,521

Incurred claims and claim adjustment expenses related to prior years increased by approximately \$879,000 and decreased by approximately \$3,501,000 in fiscal years 2025 and 2024, 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 2025 and 2024, 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 2025 and 2024 respectively. Rate stabilization credits of \$1,000,471 and \$1,007,888 were applied and shown as an offset to annual premiums on member invoices in fiscal years 2025 and 2024, 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, 2025 and 2024:

	2025	2024
Current	\$ 500,235	\$ 503,944
Noncurrent	500,236	503,944
Total	\$ 1,000,471	\$ 1,007,888

■ 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, 2025 and 2024. 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 \$12,127,820 and \$11,601,663 as of June 30, 2025 and 2024, respectively.

The Trust did not purchase reinsurance for the standard coverages offered in the PLP for the years ended June 30, 2025 and 2024 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 \$250,000. Excess coverage also has included a one-time corridor per occurrence and annual aggregate in 2025.

Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy. Net reinsurance recoveries and prepaid expenses amounted to \$82,570 and \$330,727, as of June 30, 2025 and 2024, 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, 2025 and 2024, respectively. There were no ceded unearned premiums as of both June 30, 2025 and 2024.

■ **NOTE 9 — LGIT Health**

The Trust paid premiums to LGIT Health totaling \$739,634 and \$604,984 for the years ended June 30, 2025 and 2024, 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 \$0 and \$193,434 for the years ended June 30, 2025, and 2024, respectively. Management fees earned by the Trust totaled \$93,917 and \$87,321 for the years ended June 30, 2025, and 2024 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.



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, 2025 and 2024

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	COMBINED TOTAL
2025				
Balance at beginning of the year	\$ 25,854,876	\$ 1,760,645	\$ -	\$ 27,615,521
Incurred related to:				
Current year	14,217,404	3,296,918	-	17,514,321
Prior year	1,408,568	(779,784)	250,000	878,784
Total incurred	15,625,972	2,517,134	250,000	18,393,105
Paid related to:				
Current year	4,595,855	1,087,050	-	5,682,905
Prior year	7,033,795	381,961	250,000	7,665,756
Total paid	11,629,650	1,469,011	250,000	13,348,661
Balance at end of year	\$ 29,851,198	\$ 2,808,767	\$ -	\$ 32,659,965
	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	13,289,168	2,317,050	-	15,606,217
Prior year	(3,103,041)	(398,141)	-	(3,501,182)
Total incurred	10,186,126	1,918,909	-	12,105,035
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	\$ 25,854,876	\$ 1,760,645	\$ -	\$ 27,615,521

See explanation of required supplementary information on page 39.



Local Government Insurance Trust
Required Supplementary Information
Claims Development Information
Ten Years Ended June 30, 2016 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Premiums and investment revenue:										
Earned,	34,653,698	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	(13,179,002)	(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	21,474,696	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	7,219,207	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	17,580,610	16,499,163	17,230,243	15,420,624	13,852,219	11,324,678	12,129,705	10,053,781	9,947,537	7,830,351
Ceded	66,289	892,946	2,576,071	2,880,852	2,250,204	681,279	702,053	1,460,751	461,543	153,916
Net incurred	17,514,321	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
Net paid claims (cumulative) as of:										
End of policy year	5,682,905	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
One year later		8,868,552	7,148,457	6,523,396	6,196,766	4,973,985	5,867,936	4,823,465	5,022,009	4,181,666
Two years later			8,044,901	7,226,910	6,896,367	5,940,988	6,629,966	5,773,505	5,610,798	5,031,164
Three years later				7,766,463	8,333,859	7,462,552	8,048,193	6,037,760	5,857,321	5,878,945
Four years later					9,706,020	8,805,259	11,106,496	7,324,549	6,071,654	7,395,875
Five years later						9,066,241	11,279,853	7,869,433	6,272,533	7,636,221
Six years later							11,466,483	7,878,892	6,293,953	7,942,706
Seven years later								7,924,317	6,305,946	8,113,862
Eight years later									6,330,553	8,224,532
Nine years later										8,899,588
Reestimated ceded claims and expenses	66,289	892,946	2,576,071	2,880,852	2,250,204	681,279	702,053	1,460,751	461,543	153,916
Reestimated net incurred claims and allocated expenses:										
End of policy year	17,514,321	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
One year later		17,520,999	13,280,310	12,696,037	10,666,074	9,627,344	10,255,252	8,944,499	7,153,886	6,989,477
Two years later			11,699,083	10,400,905	11,269,845	9,725,610	10,412,453	8,053,963	7,573,178	8,463,476
Three years later				10,612,907	11,502,906	10,325,967	12,660,830	8,609,794	6,481,067	9,373,670
Four years later					13,242,321	10,160,601	12,048,825	8,307,224	6,968,105	9,137,338
Five years later						10,121,216	12,544,853	8,503,811	6,490,862	9,492,800
Six years later							11,982,538	7,926,500	6,553,307	9,328,668
Seven years later								7,924,318	6,547,414	9,339,003
Eight years later									6,331,200	9,420,392
Nine years later										8,899,702
Increase (decrease) in estimated net incurred claims and allocated expenses from end of policy year		1,914,781	(2,955,089)	(1,926,865)	1,640,306	(522,183)	554,886	(668,712)	(3,154,794)	1,223,267

See explanation of required supplementary information on page 39.



Local Government Insurance Trust
Combining Schedule of Net Position
Year Ended June 30, 2025

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 49,944,363	\$ 13,621,851	\$ 5,336,463	\$ (67,953,517)	\$ 1,640	\$ 950,800
Investments	-	-	-	42,350,434	-	42,350,434
Premiums receivable	(4,941)	28,328	(2,231)	15,858	-	37,014
Interest income receivable	-	-	-	209,702	-	209,702
Reinsurance receivables	-	1,374,024	-	-	-	1,374,024
Due from (to) other pools/accounts	(1,369,839)	(692,478)	1,149,649	936,206	-	23,538
Other	61,887	-	-	399,125	-	461,012
Total current assets	48,631,470	14,331,725	6,483,881	(24,042,192)	1,640	45,406,524
Noncurrent assets:						
Investments	-	-	-	23,822,119	-	23,822,119
Capital assets						
Nondepreciable assets	-	-	-	252,408	-	252,408
Depreciable assets, net	-	-	-	2,231,373	-	2,231,373
Deposit with reinsurance pool	4,942,435	2,478,723	4,706,662	-	-	12,127,820
Other assets	-	-	-	-	-	-
Total noncurrent assets	4,942,435	2,478,723	4,706,662	26,305,900	-	38,433,720
Total assets	53,573,905	16,810,448	11,190,543	2,263,708	1,640	83,840,244
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued expenses	250	544,633	-	21,266	-	566,149
Unpaid claims and claims adjustment exp.	9,632,419	2,106,575	-	-	-	11,738,994
Due to health plan cooperative custodian fund	-	-	-	1,974,747	-	1,974,747
Rate stabilization fund	500,235	-	-	-	-	500,235
Other liabilities	331	-	-	267,695	-	268,026
Total current liabilities	10,133,235	2,651,208	-	2,263,708	-	15,048,151
Noncurrent liabilities:						
Unpaid claims and claims adjustment exp.	20,218,779	702,192	-	-	-	20,920,971
Capitalization contributions	-	-	-	-	1,640	1,640
Rate stabilization fund	500,236	-	-	-	-	500,236
Total noncurrent liabilities	20,719,015	702,192	-	-	1,640	21,422,847
Total liabilities	30,852,250	3,353,400	-	2,263,708	1,640	36,470,998
NET POSITION						
Net investment in capital assets	-	-	-	2,483,781	-	2,483,781
Unrestricted, net position	22,721,655	13,457,048	11,190,543	(2,483,781)	-	44,885,465
Total net position	\$ 22,721,655	\$ 13,457,048	\$ 11,190,543	\$ -	\$ -	\$ 47,369,246

See accompanying notes to supplementary combining schedules.



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 Revenues, Expenses, and
Changes in Net Position
Year Ended June 30, 2025

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
OPERATING REVENUES						
Gross premiums earned	\$ 17,755,089	\$ 11,330,342	\$ 2,297,883	\$ -	\$ -	\$ 31,383,314
Less: premium credits	(2,314,563)	(592,531)	(982,977)	-	-	(3,890,071)
ceded premiums	-	(11,704,073)	(1,474,929)	-	-	(13,179,002)
Net premiums earned	15,440,526	(966,262)	(160,023)	-	-	14,314,241
Other Revenues	-	-	-	208,861	-	208,861
Total operating revenues	15,440,526	(966,262)	(160,023)	208,861	-	14,523,102
OPERATING EXPENSES						
Incurred claims and claim adjustment expenses:						
Paid (net of recoveries)	11,664,608	1,424,153	250,000	-	-	13,338,761
Change in liability for unpaid claims and claim adjustment expenses	3,996,321	1,048,123	-	-	-	5,044,444
General and administrative expenses	-	-	-	7,098,161	-	7,098,161
Depreciation expense	-	-	-	121,046	-	121,046
Total operating expenses	15,660,929	2,472,276	250,000	7,219,207	-	25,602,412
Operating income (loss)	(220,403)	(3,438,538)	(410,023)	(7,010,346)	-	(11,079,310)
NONOPERATING REVENUES (EXPENSES)						
Investment income	-	157,247	368,910	6,634,298	-	7,160,455
Interest expense	-	-	-	-	-	-
Allocations of operating account revenues (note 2)	4,790,211	1,094,905	958,042	(6,843,158)	-	-
Allocations of operating account expenses (note 2)	(5,414,404)	(1,443,841)	(360,961)	7,219,206	-	-
Total nonoperating revenues (expenses)	(624,193)	(191,689)	965,991	7,010,346	-	7,160,455
Change in net position	(844,596)	(3,630,227)	555,968	-	-	(3,918,855)
Net position, beginning of year	23,566,251	17,087,275	10,634,575	-	-	51,288,101
Net position, end of year	\$ 22,721,655	\$ 13,457,048	\$ 11,190,543	\$ -	\$ -	\$ 47,369,246

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						
Incurring 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 Cash Flows
Year Ended June 30, 2025

	PRIMARY LIABILITY POOL	PROPERTY POOL	EXCESS LIABILITY POOL	OPERATING ACCOUNT	ESCROW DEPOSIT ACCOUNT	COMBINED TOTAL
Cash flows from operating activities:						
Premiums collected	\$ 15,465,117	\$ 10,627,756	\$ 1,318,123	\$ -	\$ -	\$ 27,410,996
Other revenue collected	-	-	-	243,224	-	243,224
Recoveries of claims paid	1,859,237	3,416,341	5,000,000	-	-	10,275,578
Ceded premiums paid	-	(11,667,965)	(1,474,929)	-	-	(13,142,894)
Claims and claim adjustment expenses paid	(13,523,844)	(4,350,073)	(5,250,000)	-	-	(23,123,917)
General and administrative expenses paid	-	-	-	(7,543,839)	-	(7,543,839)
Net cash provided by (used in) operating activities	3,800,510	(1,973,941)	(406,806)	(7,300,615)	-	(5,880,852)
Cash flows from noncapital financing activities:						
Transfers from (to) other pools/accounts	-	-	-	-	-	-
Net Health Cooperative cash flows	-	-	-	650,733	-	650,733
Net cash provided by noncapital financing activities	-	-	-	650,733	-	650,733
Cash flows from capital and related financing activities:						
Purchase of capital assets	-	-	-	(49,091)	-	(49,091)
Net cash (used in) capital and related financing activities	-	-	-	(49,091)	-	(49,091)
Cash flows from investing activities:						
Purchase of investments	-	-	-	(21,301,868)	-	(21,301,868)
Proceeds from maturities of investments	-	-	-	25,156,341	-	25,156,341
Investment income received	-	-	-	158,812	-	158,812
Net cash provided by investing activities	-	-	-	4,013,285	-	4,013,285
Net change in cash and cash equivalents	3,800,510	(1,973,941)	(406,806)	(2,685,688)	-	(1,265,925)
Cash and cash equivalents, beginning of year	46,143,853	15,595,792	5,743,269	(65,267,829)	1,640	2,216,725
Cash and cash equivalents, end of year	\$ 49,944,363	\$ 13,621,851	\$ 5,336,463	\$ (67,953,517)	\$ 1,640	\$ 950,800
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (220,403)	\$ (3,438,538)	\$ (410,023)	\$ (7,010,346)	\$ -	\$ (11,079,310)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	-	-	-	121,046	-	121,046
Effects of changes in operating assets and liabilities:						
Premiums receivable	33,462	(28,328)	2,231	-	-	7,365
Reinsurance receivables	-	490,421	-	-	-	490,421
Other assets	622,989	166,921	(964,332)	(378,127)	-	(552,549)
Operating accounts payable and accrued expenses	250	(20,850)	(673)	(1,277)	-	(22,550)
Unpaid claims and claim adjustment expenses	3,996,321	1,048,123	-	-	-	5,044,444
Other liabilities	(7,917)	-	-	118,198	-	110,281
Total adjustments	4,645,105	1,656,287	(962,774)	(140,160)	-	5,198,458
Net cash provided by (used in) operating activities	\$ 4,424,702	\$ (1,782,251)	\$ (1,372,797)	\$ (7,150,506)	\$ -	\$ (5,880,852)

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	-	-	-	114,313	-	114,313
Effects of changes in operating assets and liabilities:						
Premiums receivable	2,586	(631)	407	-	-	2,362
Reinsurance receivables	-	251,278	-	-	-	251,278
Other assets	-	-	-	(117,952)	-	(117,952)
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.

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Local Government Insurance Trust
Notes to Supplementary Combining Schedules
Years Ended June 30, 2025 and 2024

■ **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 2025 and 2024.

	POOL TOTALS		COUNTIES		MUNICIPALITIES		OTHER	
	2025	2024	2025	2024	2025	2024	2025	2024
Primary	188	189	14	14	149	148	25	27
Property	176	176	16	16	144	143	16	17
Excess	194	193	15	15	151	149	28	29

■ **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 2024 amounts have been reclassified to conform to fiscal year 2025 presentations. The reclassification had no effect on net position or changes therein.

Statistical Section

Walkersville Southern Railroad

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



Hagerstown Roundhouse Museum

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.

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Local Government Insurance Trust

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

Ten Years Ended June 30, 2016 through June 30, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Gross premiums earned	\$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	\$ 31,383,314
Less: premium credits	(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)	(3,890,071)
ceded premiums	(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)	(13,179,002)
Net premiums earned	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	14,314,241
Other	176,600	168,694	143,419	324,370	133,528	188,384	285,742	408,076	292,901	208,861
Total operating revenues	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	14,523,102
Operating Expenses										
Incurred claims and claim adjustment expenses:										
Paid (net of recoveries)	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	13,338,761
Change in liability for unpaid claims and claim adjustment exp.	381,229	333,371	967,145	5,050,472	(2,262,564)	4,679,650	3,114,687	1,925,344	851,782	5,044,444
General and administrative	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	7,219,207
Total operating expenses	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	25,602,412
Operating (loss) income	(578,163)	(10,345)	(2,609,498)	(6,278,537)	500,224	(5,334,681)	(5,665,699)	(6,928,121)	(3,044,512)	(11,079,310)
NONOPERATING REVENUES (EXPENSES)										
Investment income	(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	7,160,455
Interest expense	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	(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	7,160,455
Change in net position	(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	(3,918,855)
Total net position beginning 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 net position end of year	\$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	\$47,369,246
Total assets	60,754,769	67,215,723	70,403,524	71,886,236	71,982,644	86,191,513	76,513,082	78,925,725	82,487,185	83,840,244
Total liabilities	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	36,470,998
Net position	46,414,216	50,637,435	51,314,512	49,194,858	52,600,839	60,385,349	49,805,224	47,520,956	51,288,101	47,369,246
Net investments in capital assets	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	2,483,781
Unrestricted	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	44,885,465
Total net position	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	47,369,246



Local Government Insurance Trust
Member Growth Analysis
 Ten Years Ended June 30, 2016 through June 30, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total number of members	182	183	185	190	190	190	191	194	195	195
Total employees	30	30	30	28	28	30	31	30	30	31
Total annual payroll	\$ 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	\$3,856,556
Total net premiums earned	\$ 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	\$ 14,314,241
Total number of claims	1,629	1,505	1,733	1,827	1,589	1,757	1,733	1,796	2,008	2,095
Total reported losses	\$ 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	\$ 9,969,103

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, 2016 through June 30, 2025

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Auto Liability	1,390,875	980,940	1,697,831	2,336,967	2,260,011	1,829,812	2,514,256	1,717,224	2,097,487	1,498,452
Auto Physical	1,450,010	1,598,268	1,275,749	1,891,407	1,637,683	2,201,687	2,090,746	2,661,607	3,344,616	3,577,426
General Liability	5,370,096	2,768,125	3,944,361	6,831,044	4,450,880	6,085,373	3,535,390	3,462,089	5,161,905	1,919,818
Property	688,607	983,220	1,006,376	782,759	1,546,966	895,218	1,076,981	1,531,373	1,457,377	2,973,407
Excess	-	-	-	-	-	250,000	-	-	-	-
Total	\$ 8,899,588	\$ 6,330,553	\$ 7,924,317	\$ 11,842,177	\$ 9,895,540	\$ 11,262,090	\$ 9,217,373	\$ 9,372,293	\$ 12,061,385	\$ 9,969,103

Average Cost per Claim

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Auto Liability	\$ 3,409	\$ 2,877	\$ 4,743	\$ 6,039	\$ 7,410	\$ 5,562	\$ 6,851	\$ 4,731	\$ 4,935	\$ 3,568
Auto Physical	2,466	2,849	2,170	2,806	2,785	3,511	3,351	4,101	4,471	4,789
General Liability	10,805	6,165	7,237	11,310	8,527	10,510	6,463	5,838	8,448	2,790
Property	5,101	6,511	4,357	5,150	8,942	4,125	5,580	8,103	6,624	13,702
Excess	-	-	-	-	-	50,000	-	-	-	-



Local Government Insurance Trust

Reported Claims Activity

Ten Years Ended June 30, 2016 through June 30, 2025

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Auto Liability	408	341	358	387	305	329	367	363	425	420
Auto Physical	588	561	588	674	588	627	624	649	748	747
General Liability	497	449	545	604	522	579	547	593	611	688
Property	135	151	231	152	173	217	193	189	220	217
Excess	1	3	11	10	1	5	2	2	4	23
Total	1,629	1,505	1,733	1,827	1,589	1,757	1,733	1,796	2,008	2,095
Closed Claims	1,159	1,075	1,124	1,354	1,213	1,248	1,228	963	1,247	1,298
Open Claims	470	430	609	473	376	509	505	833	761	797
Total	1,629	1,505	1,733	1,827	1,589	1,757	1,733	1,796	2,008	2,095
Prior year claims closed	661	649	664	854	878	557	701	990	848	862
Current year claims closed	1,159	1,075	1,124	1,354	1,213	1,248	1,228	963	1,247	1,298
Total claims closed during year	1,820	1,724	1,788	2,208	2,091	1,805	1,929	1,953	2,095	2,160
Number of Members	182	183	185	190	190	190	191	194	195	195



Local Government Insurance Trust

Loss Development

Ten Years Ended June 30, 2016 through June 30, 2025

Paid Losses as of June 30

CLAIM YEAR	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	8,899,588
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	6,330,553
2018			2,961,859	4,823,465	5,773,505	6,037,760	7,324,549	7,869,433	7,878,892	7,924,317
2019				3,557,676	5,867,936	6,629,966	8,048,193	11,106,496	11,279,853	11,466,483
2020					3,482,517	4,973,985	5,940,988	7,462,552	8,805,259	9,066,241
2021						4,204,082	6,196,766	6,896,367	8,333,859	9,456,020
2022							3,636,076	6,523,396	7,226,910	7,766,463
2023								4,895,056	7,148,457	8,044,901
2024									5,202,893	8,868,552
2025										5,682,905
Total	<u>\$ 2,906,287</u>	<u>\$ 7,365,216</u>	<u>\$ 13,015,032</u>	<u>\$ 19,870,884</u>	<u>\$ 28,377,154</u>	<u>\$ 35,553,669</u>	<u>\$ 45,361,811</u>	<u>\$ 59,161,115</u>	<u>\$ 70,406,601</u>	<u>\$ 83,506,023</u>

Loss Payments During the Year Ended

CLAIM YEAR	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	2,906,287	1,275,379	849,498	847,781	1,516,930	240,346	306,485	171,156	110,670	675,056
2017		3,183,550	1,838,459	588,789	246,523	214,332	200,879	21,420	11,993	24,607
2018			2,961,859	1,861,606	950,040	264,255	1,286,789	544,884	9,459	45,425
2019				3,557,676	2,310,260	762,031	1,418,227	3,058,303	173,357	186,630
2020					3,482,517	1,491,468	967,002	1,521,565	1,342,707	260,982
2021						4,204,082	1,992,684	699,601	1,437,492	1,122,161
2022							3,636,076	2,887,320	703,514	539,553
2023								4,895,056	2,253,401	896,444
2024									5,202,893	3,665,659
2025										5,682,905
Sub-total	<u>\$ 2,906,287</u>	<u>\$ 4,458,929</u>	<u>\$ 5,649,816</u>	<u>\$ 6,855,852</u>	<u>\$ 8,506,270</u>	<u>\$ 7,176,515</u>	<u>\$ 9,808,142</u>	<u>\$ 13,799,304</u>	<u>\$ 11,245,486</u>	<u>\$ 13,099,422</u>

Losses Paid for

Years Prior to 2016	<u>3,678,390</u>	<u>2,305,120</u>	<u>3,073,575</u>	<u>1,081,240</u>	<u>398,421</u>	<u>55,403</u>	<u>23,079</u>	<u>(588)</u>	<u>(25,841)</u>	<u>239,339</u>
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Total Losses per Statements
of Revenues, Expenses and
Changes in Net Position

	<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>	<u>\$ 13,338,761</u>
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Local Government Insurance Trust
Loss Development
Ten Years Ended June 30, 2016 through June 30, 2025

Case Reserves as of June 30

CLAIM YEAR	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	375,694
2020					2,104,814	1,828,413	1,988,945	1,710,761	927,395	829,299
2021						2,319,373	1,538,775	1,882,729	1,655,646	1,806,070
2022							3,055,297	2,023,134	1,111,863	1,450,910
2023								2,960,909	1,878,655	1,327,392
2024									3,141,390	3,192,833
2025										4,286,198
Total	\$ 1,172,745	\$ 2,996,770	\$ 3,582,605	\$ 8,157,684	\$ 6,241,450	\$ 9,918,808	\$ 12,378,763	\$ 10,599,113	\$ 10,493,584	\$ 13,268,396

Change in Case Reserves During the Year Ended

CLAIM YEAR	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	1,172,745	(119,876)	689,982	894,203	(1,356,654)	(19,879)	(154,902)	(65,831)	(23,862)	(1,015,926)
2017		1,943,901	(1,518,390)	203,938	(385,542)	327,158	(472,624)	72,094	5,448	(175,983)
2018			1,414,243	110,901	(549,481)	685,932	(1,035,893)	(261,398)	(359,812)	(4,492)
2019				3,366,037	(1,729,371)	641,175	1,688,143	(3,519,031)	135,281	(206,540)
2020					2,104,814	(276,401)	160,532	(278,184)	(783,366)	(98,096)
2021						2,319,373	(780,598)	343,954	(227,083)	150,424
2022							3,055,297	(1,032,163)	(911,271)	339,047
2023								2,960,909	(1,082,254)	(551,263)
2024									3,141,390	51,443
2025										4,286,198
Total	\$ 1,172,745	\$ 1,824,025	\$ 585,835	\$ 4,575,079	\$ (1,916,234)	\$ 3,677,358	\$ 2,459,955	\$ (1,779,650)	\$ (105,529)	\$ 2,774,812



Local Government Insurance Trust

Loss Development

Ten Years Ended June 30, 2016 through June 30, 2025

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

CLAIM YEAR	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	8,899,588
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	6,330,553
2018			4,376,102	6,348,609	6,749,168	7,699,355	7,950,251	8,233,737	7,883,384	7,924,317
2019				6,923,713	7,504,602	8,907,807	12,014,177	11,553,449	11,862,087	11,842,177
2020					5,587,331	6,802,398	7,929,933	9,173,313	9,732,654	9,895,540
2021						6,523,455	7,735,541	8,779,096	9,989,505	11,262,090
2022							6,691,373	8,546,530	8,338,773	9,217,373
2023								7,855,965	9,027,112	9,372,293
2024									8,344,283	12,061,385
2025										9,969,103
Total	<u>\$ 4,079,032</u>	<u>\$ 10,361,986</u>	<u>\$ 16,597,637</u>	<u>\$ 28,028,568</u>	<u>\$ 34,618,604</u>	<u>\$ 45,472,477</u>	<u>\$ 57,740,574</u>	<u>\$ 69,760,228</u>	<u>\$ 80,900,185</u>	<u>\$ 96,774,419</u>

Incremental Losses Reported During the Year Ended

CLAIM YEAR	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	4,079,032	1,155,503	1,539,480	1,741,984	160,276	220,467	151,583	105,325	86,808	(340,870)
2017		5,127,451	320,069	792,727	(139,019)	541,490	(271,745)	93,514	17,441	(151,376)
2018			4,376,102	1,972,507	400,559	950,187	250,896	283,486	(350,353)	40,933
2019				6,923,713	580,889	1,403,206	3,106,370	(460,728)	308,638	(19,910)
2020					5,587,331	1,215,067	1,127,534	1,243,381	559,341	162,886
2021						6,523,455	1,212,086	1,043,555	1,210,409	1,272,585
2022							6,691,373	1,855,157	(207,757)	878,600
2023								7,855,965	1,171,147	345,181
2024									8,344,283	3,717,102
2025										9,969,103
Total	<u>\$ 4,079,032</u>	<u>\$ 6,282,954</u>	<u>\$ 6,235,651</u>	<u>\$ 11,430,931</u>	<u>\$ 6,590,036</u>	<u>\$ 10,853,873</u>	<u>\$ 12,268,097</u>	<u>\$ 12,019,654</u>	<u>\$ 11,139,957</u>	<u>\$ 15,874,234</u>

State of Maryland Demographic and Economic Statistics:

	2025	2024
Population (1)	6,263,220	6,180,253
Median household income (2)	\$ 102,000	\$ 102,000
Unemployment rate (3)	3.4%	2.8%

Land area – 12,407 square miles.

(1) Federal Economic Data estimate for July 1, 2024, as of December 1, 2024. The 2024 World Population Review estimate does not include year-end data. Maryland is ranked 18th in U.S. population and 42nd in size among the 50 states.

(2) Federal Economic Data for July, 2025 as of September 1, 2025. Maryland’s median household income is \$102,000 vs. \$83,730 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 September 1, 2025.

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

Western Scenic Railroad, Frostburg



THE LGIT MISSION

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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FOUNDING ORGANIZATIONS



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