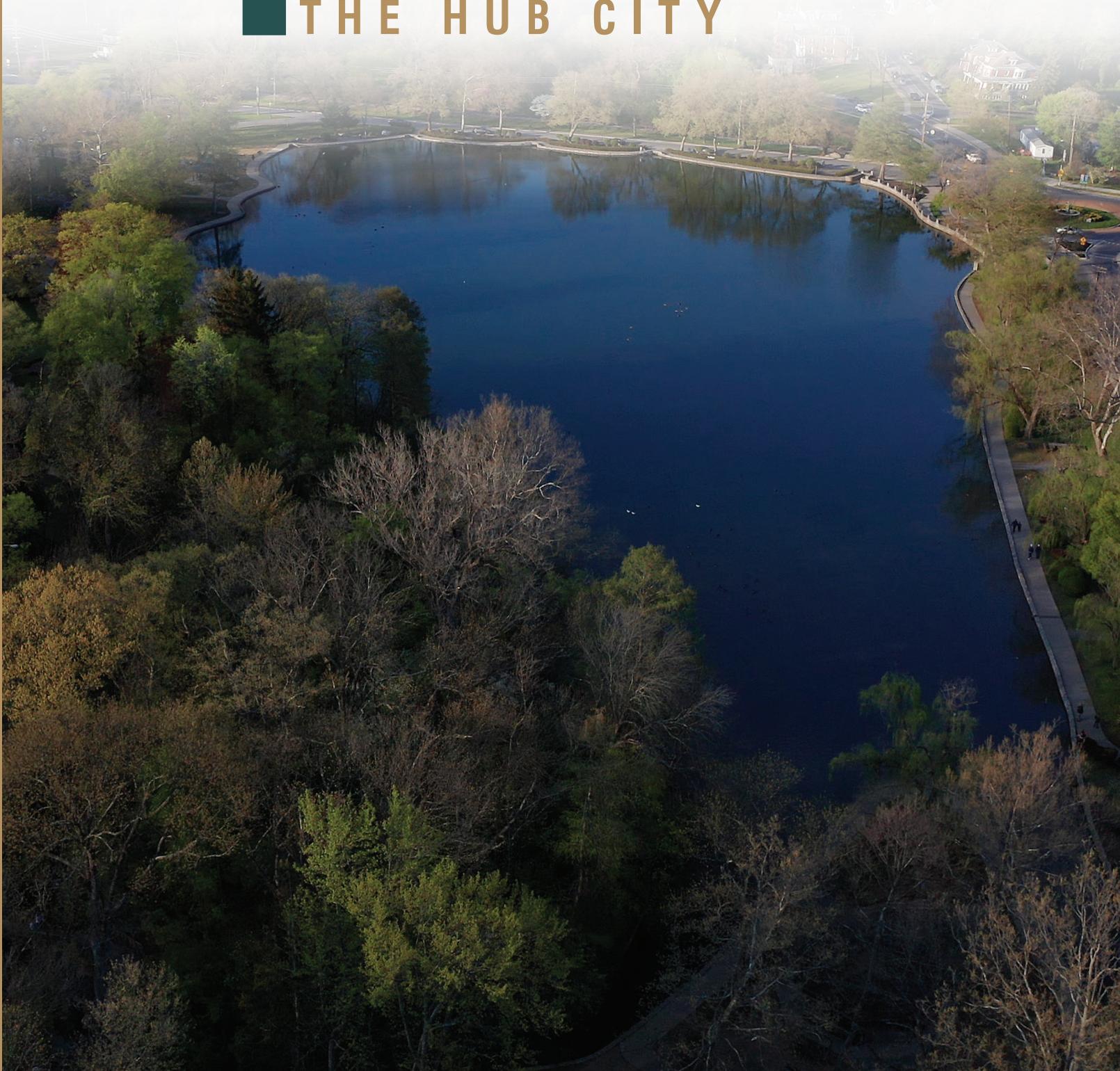




Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2021

H A G E R S T O W N : **experience** THE HUB CITY



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City of Hagerstown

MARYLAND



Comprehensive Annual Financial Report Fiscal Year 2021

July 1, 2020 - June 30, 2021

Prepared by:

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City Council



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City of Hagerstown
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION



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City of Hagerstown, Maryland

Finance Department

October 29, 2021

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Hagerstown, Maryland:

State law requires that general purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that schedule, and in accordance with Article VII, Section 722 of the City's Charter, we hereby issue the comprehensive annual financial report (Annual Report) for the City of Hagerstown, for the year ended June 30, 2021.

This report consists of management's representations concerning the finances of the City of Hagerstown. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Hagerstown has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Hagerstown's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Hagerstown's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Hagerstown's financial statements have been audited by SB & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Hagerstown for the fiscal year ended June 30, 2021, are free of material misstatement. In accordance with auditing standards generally accepted in the United States, SB & Company, LLC, independent public accountants, have issued an unmodified opinion. The independent accountant concluded that the City of Hagerstown's financial statements for the year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent public accountant's report is presented as the first component of the Financial Section of this Annual Report.

The independent audit of the financial statements of the City of Hagerstown was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Hagerstown's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Hagerstown's MD&A portion can be found at the beginning of the Financial Section of the Annual Report.

Profile of the Government

The City of Hagerstown (The City), founded in 1762 and incorporated in 1813, is the county seat of Washington County, Maryland. The City is located approximately 70 miles northwest of Washington D.C., about 72 miles west of Baltimore, Maryland, and 65 miles southwest of Harrisburg, Pennsylvania. The City currently occupies a land area of 12.44 square miles and serves a population of 43,527 per the latest update from the Maryland State Archives Census Bureau. The City is empowered to levy a property tax on real properties and business personal property within its boundaries and to charge user fees for services it provides.

The City adopted its present charter in 1983. Under the Charter, the legislative functions of the City are vested in a council, which consists of five council members. In addition, the City has a Mayor. The Mayor serves as President of the Council and as such may participate in all Council discussions and has veto power on all ordinances passed by the Council. The Mayor is also the ceremonial head of the City government. The Mayor and all Council members are elected on an at large basis for four-year terms.

The City Administrator serves as the Chief Administrative Officer of the City, responsible to the Mayor and Council for the administration of all City affairs, including financial affairs. The Chief Financial Officer of the City and has been delegated the task of supervising and directing the proper accounting of all revenues and expenditures, the preparation of the annual operating budget and financial reports, and the management oversight for utility and tax billing and customer service.

The City provides the full range of municipal services contemplated by statute or charter. This includes public safety (police, fire, traffic control and inspection services), highways and streets, waste collection and disposal, electric, water, wastewater, parking, parks, culture and recreation, public improvements, planning and zoning, economic and community development, and general administrative services. There are no other reporting entities for which the City is considered to be financially accountable.

The annual budget serves as the foundation for the City's financial planning and control. The Charter of the City requires the City Administrator to submit a budget to the Mayor and Council at least ninety days before the beginning of the fiscal year or by March 31. The Charter states that "the budget shall provide a complete financial plan for the budget year and shall contain estimates of anticipated revenues and proposed expenditures for the coming year. The total of the anticipated revenues shall equal or exceed the total of the proposed expenditures." The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 1, thirty days before the beginning of the fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., fire). Department heads may make transfers of appropriations within a department.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 96 through 99 as part of the basic financial statements for the governmental funds. For governmental funds other than the General Fund, with appropriated annual budgets, this comparison is presented on pages 99 and 100 through 108.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

National economy and COVID pandemic. The Coronavirus (COVID) pandemic has significantly affected the financial results of the nation including municipalities. The City of Hagerstown has not been immune to this event. Fortunately, the City through its committed approach to fiscal management practices was in a financial position to maintain operations of all existing services to the community throughout the duration of this continuing health crisis.

To date, the City's position can be attributed to not only good fiscal policies, but also to strict adherence to purchasing guidelines, revenue receipt cycle, policy of maintaining staffing for vital local government services, and federal grant assistance for COVID (CARES federal grant and ARPA federal grant). The City received a total of \$1.45M in CARES reimbursement funding, the majority of which helped to offset base salaries paid in Fire and Police operations. The City will receive a total of \$20.4M in ARPA funding. Of which, \$10.2M was received in May 2020 and \$2.15M was utilized and recognized as revenue in FY20/21. The City has a committee and is in the process of working in conjunction with Mayor and Council now to determine an initial plan for the remaining \$8.0M that has been received to date.

By utilizing the accounting and fiscal policies shown though the results of this comprehensive financial report the City will continue to move forward and utilize the one-time federal grants to help the citizens of our community. Also, the City has continued to see strong economic development activity momentum.

Local economy. There is a diverse employer base in Washington County that includes companies from the manufacturing, warehouse distribution, transportation, service, retail, and finance industries as well as local and state government. Despite the employer base, Western Maryland continues to rebound from economic situations at a slower rate than the state. The unemployment rate for Hagerstown decreased from 11.0% in June 2020 to 8.2% in June 2021; and, the most recent figure for August 2021 is a further reduction to 6.6% from a high of 14.1% in April 2020. The state of Maryland unemployment rate in June 2021 was 6.7%, and Washington County overall was 6.6%. While the average employment for Washington County in June 2021 reflected a decline to 66,711 compared to the June 2019 average of 73,077, the Hagerstown metropolitan per capita income for June 2021 (\$45,281) increased compared to June 2019 (\$42,969).

FY20/21 was the first year of the City's triennial assessment period. The City's assessable tax base reflected growth and the City maintains a real property tier tax rate. The tax rate for all real estate excluding Apartments remains at \$1.002 per \$100 of assessed values; and the real estate tax rate for Apartments is \$1.032. The growth in assessed values related to new development, new annexed parcels, and overall growth in market values resulted in an increase in total property tax revenue of \$1.0 million over FY19/20 revenue dollars. Property tax revenue comprised approximately 65% of the City's total general fund revenue sources in FY20/21.

In FY20/21, the City created a new Stormwater Management Fund to monitor all stormwater protection transactions that will help the City comply with MS4 stormwater permit mandates by Maryland Department of the Environment. The rate for all customers for Calendar 2020 is \$32.00 per 1,000 square feet of impervious surface. As a result of the COVID pandemic, the fees and billing were delayed from July 1, 2020 to April 1, 2021. This new source of funding will cover existing city efforts related to stormwater protection, transfer maintenance and repair of curbs and sidewalks from property owners to city, and provide a mechanism to fund significant capital projects needed to meet the MS4 permit mandates.

The City will continue to be fiscally responsible by achieving cost savings where applicable and seeking diverse revenues to maintain quality services and programs for City residents and businesses.

Lastly, Hagerstown is served by two major Interstate Highways, 1-70 (East-West) and 1-81 (North-South), U.S. Routes 11 and 40, as well as numerous regional arterial highways complementing its role as a regional transportation hub. Hagerstown is served by two major rail systems – Norfolk Southern and CSX Transportation – and the Hagerstown Regional Airport, which offers connections to a nearby international airport.

Long-term financial planning. In planning for the City's future, a significant amount of time and resources is spent on planning. The Community's City Center Plan, a ten (10) year redevelopment plan which identified eight (8) catalytic projects, was completed in FY13/14. These eight core initiatives are long-term plans. The plan calls for a mix of both private and public investment designed to be catalytic in nature to encourage further private investment. A listing of the catalyst projects with more details including status reports is located on the City's website (www.hagerstownmd.org):

Through a mix of financial management policies, land use, and forecasting, the City will ensure stability by maximizing its current use of resources. The success of these initiatives and strong fiscal management is reflected in the City's credit rating from both Moody's and Standard and Poor's rating agencies. The City's ratings were reaffirmed in FY16/17 and by Standard and Poor's with a rating of AA and in August 2019 by Moody's Investor Service with a rating of Aa3. To assist City policy makers and help maintain financial sustainability, a five year forecast of the City's General and Enterprise Funds is included in the City's budget document to reflect the impact of their decisions. The City continues to maintain an unassigned fund balance for the General Fund at or above its' current financial policy requirements of 17% and a minimum of 2.0 months of General Fund operating expenditures. At the end of FY20/21 unassigned fund balance for the General Fund was \$16.7 million or 38.7% of total General Fund expenditures (excluding the transfers to other funds). This represents 4.6 months of General Fund operating expenditures.

Additionally, the City has a community vision reflected in Mayor and Council goals and priorities for calendar 2018-2020. This plan provides a structure for the City's leaders to document important initiatives and projects and enables the community to be more involved. The Mayor and Council have been working on an updated strategic plan since November 2020 to include feedback received from a community survey. The Mayor and Council goals and priorities are broken down into the following main categories: Neighborhoods Revitalization & Sustainability; Public Safety; Public Facilities and Infrastructure; Economic Development; Budget Stabilization; Parks & Recreation for Active/Healthy Living; Innovative/Progressive Government; Community Promotion/Pride; Economic Development through Sports and Tourism; and Citizen-based Government. Further details on the existing goals and priorities are located on the City's website (www.hagerstownmd.org) under Mayor & City Council and under the Finance Department in the FY20/21 Approved budget. It is anticipated that the updated goals and priorities will be available on the website by December 2021.

Major Projects and Initiatives. The Mayor and Council continue to prioritize initiatives with the desire to strengthen the City and its City Center core. The Mayor and Council have endorsed the Community's City Center Plan and the plan's goals. The City continues to work with private and public entities on funding of these projects and initiatives. Specific details including status reports for the Community City Center Plan are located on the City's website (www.hagerstownmd.org).

In addition, a major project that started at the end of FY19/20 is almost complete. Wesel Boulevard Reconstruction project was originally estimated to cost a total of \$6.0M and funded in collaboration with NorthPoint Development, the City of Hagerstown and Washington County. To date, the project is within budget. The City managed the road reconstruction portion of the project which is a small piece of the overall development plan for NorthPoint Development. The total development is to construct 2.2 million square feet of new warehouse space over four buildings. Two of the four new warehouses have been completed and have tenants (Amazon and Herbal Life). The construction of the third building is underway and the fourth will be started soon. These new businesses are already bringing new jobs into the local economy.

Neighborhood and Commercial Redevelopment. The Department of Community and Economic Development offers a variety of incentive programs to encourage residential and commercial redevelopment. The Partners in Economic Progress (PEP) Program, Business Revolving Loan Program, and Invest Hagerstown Incentive Program support business growth and expansion. Residential homeownership programs and home repair programs assist in revitalizing residential buildings and neighborhoods. The Invest Hagerstown program offered five (5) different types of incentives: City Center Redevelopment Grant Program; City-Wide Redevelopment Grant Program; City-Wide down Payment and Rehabilitation

Grant Program; Façade Grant; and Rental Property Rehabilitation Grant Program. In FY20/21, the City reserved a total of \$804K to be utilized for the Invest Hagerstown program incentives.

The City has a long history of creating and maintaining an impressive public park system. The City will continue to work on the completion of the Hagerstown Cultural Trail which will connect City Park to Downtown and will explore other parks and improvement opportunities in the future.

In the summer of 2020, the City Council appointed a Task Force of citizens to study the concept of constructing a skatepark. The City Council endorsed the recommendations on December 15, 2020 and authorized staff to issue an RFP for design/build services. The Task Force evaluated the proposals based on the criteria in the RFP and they unanimously recommended *Spohn Ranch Skateparks* from Los Angeles to design and construct the Fairgrounds skatepark. *Spohn Ranch* has hundreds of successful projects throughout the United States and their proposal was the best combination of experience, public involvement in the design process, incorporating artistic/unique features in their designs and high – quality construction. Two public meetings were held to allow the community to provide Spohn Ranch feedback that was included in their final designs and construction is planned to start in November, 2020.

The goal of the project is to construct a skatepark that will provide a safe, designated place for all wheeled sport enthusiasts (skateboarders, BMX bike riders, inline skaters, scooter riders, etc.) where they can develop their skills and enjoy the company of their peers. The skatepark will be state-of-the-art, based on the latest skatepark design principles and constructed with high-quality materials to ensure durability and longevity. It will feature a mix of street and transition-style terrain, with elements designed for all age groups and ability levels. A pump track, artistic features and some shade will be included.

In addition, the City will continue to work on the completion of the Hagerstown Cultural Trail which will connect City Park to Downtown and will explore other parks and improvement opportunities in the future.

Main Street Designation, Sustainable Community Designation, Sustainable Maryland Designation, and other efforts round out the City's comprehensive efforts to further the development of strong and sustainable neighborhoods and community.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twenty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2020. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including: a policy document, a financial plan, an operations guide and a communications device.

Finally, the preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express appreciation to all members of the department who assisted and contributed to the preparation of this report. Special recognition is extended to Brooke Garver, Accounting & Budget Manager for coordinating and managing the entire audit process and to the Senior Financial Accountants, Jeffrey Lear and Brooke Gue for the commitment and teamwork displayed during the preparation of the Annual Report. Special thanks must also be given to our independent accounting firm, SB & Company, LLC for their support and assistance in conducting the audit and for their insights and guidance on improving our financial reporting. Finally, credit must be given to the Mayor and the governing Council for their interest and support in planning for and maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Michelle Hepburn, Chief Financial Officer
Introductory Section



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hagerstown
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

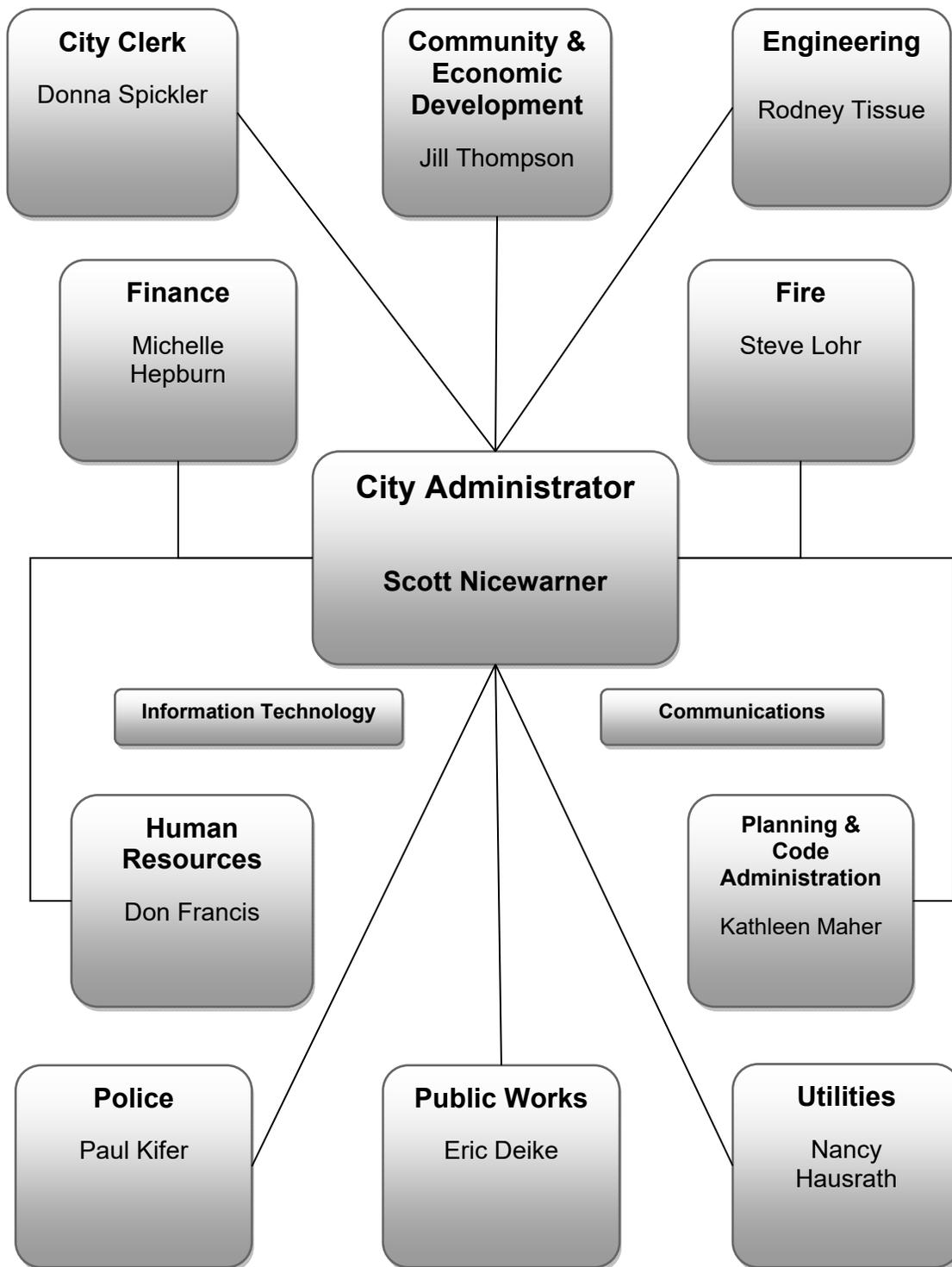
Christopher P. Morill

Executive Director/CEO

City of Hagerstown Organizational Structure



City of Hagerstown Department Organizational Structure



City Employees at Work During Covid-19 Pandemic



FINANCIAL SECTION



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

City of Hagerstown, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hagerstown, Maryland (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budget and actual for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and schedule of contributions for the State of Maryland Retirement and Pension System, the schedule of changes in pension fund net pension liability and related ratios and schedule of employer contributions for the City of Hagerstown Police and Fire Employees' Retirement Plan, the schedule of contributions, and the schedule of changes in net OPEB liability and related ratios for the Other Post-Employment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements, budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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The combining and individual fund statements and budgetary comparison schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Owings Mills, Maryland
October 28, 2021

SB & Company, LLC

Management's Discussion and Analysis (MD&A)

Introduction

As management of the City of Hagerstown, Maryland (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. The MD&A is best understood if read in conjunction with the Transmittal Letter and the City's basic financial statements.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$218.7 million (*net position*). Approximately 75.6% of this amount is attributable to the City's three utilities (Electric, Water and Wastewater). Of the total net position, there is negative <\$16.4> million (*unrestricted net deficit*) (attributable to the City's total net pension liabilities of \$50.6 million and to the City's total net OPEB liabilities of \$23.7 million), \$5.5 million is restricted for specific purposes (*restricted net position*), and \$229.6 million is net investment in capital assets.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28.2 million. Of this total amount \$16.7 million is unassigned and represents working capital available to support governmental operating needs and future years' expenditures.
- The City's total net bonded debt decreased by \$5.1 million during the current fiscal year from \$62.0 million to \$56.9 million. There were no additions to new debt during the fiscal year. The City's adherence to its amortization schedules for existing debt reduced its debt by \$5.1 million in payments during the fiscal year. There was a transfer of debt from a governmental fund to an enterprise fund for \$558K. Additional information on the City's long-term debt activity can be found in Note IV. F. of the notes to the financial statements.
- The General Fund, on a current financial resource basis, reported a surplus of revenues over expenditures and other financial sources and uses by \$4.5 million after making a \$1.9 million transfer to the Capital Projects Fund, operating transfers of \$0.3 million to the Golf Course Fund, and \$1.7 million to the Economic Redevelopment Fund for economic program initiatives and incentives. There was no change in tax rates for FY20/21 which remains as follows: real estate tier for apartments at \$1.032 per \$100 assessed value; real estate rate for all other properties at \$1.002 per \$100 assessed value; and corporate personal property tax rate of \$2.505. Due to tax tier rates, new development, new annexations, and growth in existing values, total property tax revenue was \$1.0 million higher in FY20/21 for total revenue of \$33.4 million. Last, there are two federal grants totaling \$3.0 million reflected in revenue from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) of 2021.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16.7 million or 38.7% of total General Fund expenditures (excluding the transfers to other funds described above). This represents 4.6 months of General Fund expenditures and complies with the City financial policy requiring a minimum unassigned fund balance of 17% and 2.0 months of the General Fund operating expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required and non-required supplementary information in addition to the basic financial statements.

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position and condition of the City is improving or deteriorating. In addition to the financial information provided in this report, evaluations of the overall health of the City extends to other non-financial factors, such as, the condition of City infrastructure or the diversification of the taxpayer base.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave). One of the *statement of activities* primary purposes is to illustrate the financial reliance of the City's distinctive activities or functions on City taxpayer revenue.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and alleys, waste collection and disposal, engineering, parks and recreation, municipal buildings, and economic and community development. The business-type activities of the City include electric, water, wastewater, parking, golf course, property management, and stormwater management operations.

The government-wide financial statements include only the City of Hagerstown because the City has no component unit relationships with any other agency. The government-wide financial statements can be found on pages 21 and 22 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hagerstown, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds. Within the basic financial statements, fund financial statements focus on the City's most significant funds. Major funds are reported separately, and all others are combined into a single, aggregated presentation. Combining statements provided in a later section of this report provide individual fund data for nonmajor funds.

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

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

The City maintains nine individual governmental funds: the General; Capital Projects; Community Development Block Grant; Economic Redevelopment; Flexible Spending; Business Revolving Loan; Excise Tax; Grant Revenue; and Forest Conservation funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all nine government funds.

The City adopts an annual appropriated budget for its individual governmental funds. Budgetary comparison statements are provided for the funds to demonstrate compliance with its budget. The basic governmental fund financial statements can be found on pages 23 through 27 of this report. The other governmental fund financial statements can be found on pages 96 through 108.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Enterprise funds* generally report services for which the City charges customers a fee. The City uses enterprise funds to account for its Electric, Water, Wastewater, Parking, Golf Course, Property Management, and Stormwater Management funds. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for Workers Compensation Insurance, Health Insurance, and Dental Insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide both short-term and long-term financial information consistent with the focus provided by the government-wide financial statements, only in greater detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Wastewater funds, all of which are major funds of the City. Conversely, all internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds and nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 28 to 32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic total fiduciary fund financial statements can be found on pages 33 to 34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 35 to 89.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and health insurance to its retirees. Required supplementary information can be found on pages 90 to 95 of this report.

Government-wide Financial Analysis

As noted earlier, net position serves over time as a useful indicator of a government's overall financial condition and position. In the case of the City, assets exceeded liabilities by \$218.7 and \$203.6 million at the close of the current and previous fiscal years.

The City of Hagerstown's net position is divided into three categories – net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the City's net position (105.0% or \$229.6 million) reflects its net investment in capital assets (e.g., land and improvements, buildings, machinery, equipment, infrastructure, and improvements), less any unmatured debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending.

Restricted net position represents 2.5% or \$5.5 million of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. The City's total unrestricted net position has a balance of <\$16.4> million (negative 7.5% of total net position) which is used to meet the government's ongoing obligations to citizens, creditors, and employee pension plans. Of this total amount, the unrestricted net position for business-type activities has a balance of \$22.7 million and the unrestricted net position portion for governmental activities has a negative balance of <\$39.2> million.

It is important to note that the City has fully implemented GASB Statement 68 and the result is a total of \$50.6 million in total net pension liability to fund both of the City's pension plans and GASB Statement 75 for the OPEB liability of \$23.6 million. This total \$74.2 million liability is not a current obligation or expectation of payment but an actuarial calculation on total to be fully funded in the future. This liability decreases the amount reflected in the unrestricted net position of the City.

The following table reflects a comparison summary of the City's net position for governmental and business-type activities:

Summary of Net Position
June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current assets	\$ 34,530,077	\$ 29,640,222	\$ 37,322,254	\$ 31,129,079	\$ 71,852,331	\$ 60,769,301
Long-term and restricted assets	15,051,104	4,924,097	11,063,675	10,577,129	26,114,779	15,501,226
Capital assets, net	87,371,825	85,000,642	198,258,171	203,091,109	285,629,996	288,091,751
Total Assets	136,953,006	119,564,961	246,644,100	244,797,317	383,597,106	364,362,278
Deferred outflows related to OPEB	936,081	1,657,392	413,566	767,020	1,349,647	2,424,412
Deferred outflows related to pensions	2,958,790	3,223,345	1,500,771	1,151,500	4,459,561	4,374,845
Total Deferred Outflows	3,894,871	4,880,737	1,914,337	1,918,520	5,809,208	6,799,257
Liabilities:						
Long-term liabilities	75,365,678	83,119,191	54,300,512	58,249,238	129,666,190	141,368,429
Other liabilities	20,310,551	11,389,147	12,261,804	12,468,440	32,572,355	23,857,587
Total Liabilities	95,676,229	94,508,338	66,562,316	70,717,678	162,238,545	165,226,016
Deferred inflows related to OPEB	2,257,154	72,741	997,223	33,664	3,254,377	106,405
Deferred inflows related to pensions	4,945,847	1,503,878	309,034	726,733	5,254,881	2,230,611
Total Deferred Inflows	7,203,001	1,576,619	1,306,257	760,397	8,509,258	2,337,016
Net Position:						
Investment in capital assets, net	71,600,496	67,629,556	157,963,476	159,951,217	229,563,972	227,580,773
Restricted	5,539,165	4,812,010	-	-	5,539,165	4,812,010
Unrestricted	(39,171,014)	(44,080,825)	22,726,388	15,286,546	(16,444,626)	(28,794,279)
Total Net Position	\$ 37,968,647	\$ 28,360,741	\$ 180,689,864	\$ 175,237,763	\$ 218,658,511	\$ 203,598,504

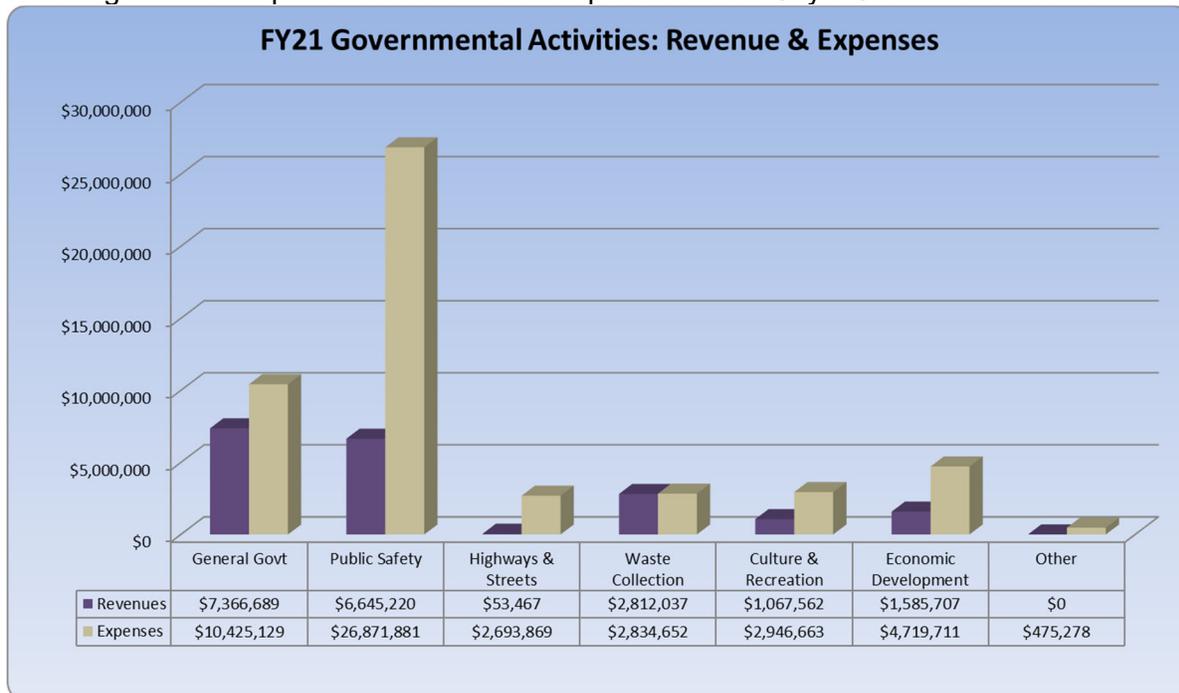
The following table indicates the changes in net position for governmental and business-type activities:

	Changes in Net Position June 30, 2021 and 2020					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 9,455,056	\$ 8,227,084	\$ 53,458,451	\$ 52,065,364	\$ 62,913,507	\$ 60,292,448
Operating grants and contributions	4,923,824	2,246,769	894,857	240,000	5,818,681	2,486,769
Capital grants and contributions	5,151,802	1,006,232	4,965,080	5,037,394	10,116,882	6,043,626
General Revenues:						
Property taxes	33,417,546	32,399,365	-	-	33,417,546	32,399,365
Income and other taxes	6,749,366	5,930,706	-	-	6,749,366	5,930,706
Miscellaneous	614,928	943,594	41,928	295,674	656,856	1,239,268
Total Revenues	60,312,522	50,753,750	59,360,316	57,638,432	119,672,838	108,392,182
Expenses:						
Program Expenses:						
General government	10,425,129	10,986,324	-	-	10,425,129	10,986,324
Public safety	26,871,881	26,395,843	-	-	26,871,881	26,395,843
Highways and streets	2,693,869	3,044,652	-	-	2,693,869	3,044,652
Waste collection and disposal	2,834,652	2,621,986	-	-	2,834,652	2,621,986
Culture and recreation	2,946,663	3,267,389	-	-	2,946,663	3,267,389
Economic and community development	4,719,711	4,958,500	-	-	4,719,711	4,958,500
Interest on long-term debt	475,278	668,563	-	-	475,278	668,563
Utilities and other proprietary funds	-	-	53,645,648	52,484,620	53,645,648	52,484,620
Total Expenses	50,967,183	51,943,257	53,645,648	52,484,620	104,612,831	104,427,877
Excess (deficiency) before transfers	9,345,339	(1,189,507)	5,714,668	5,153,812	15,060,007	3,964,305
Transfers	(295,571)	(325,719)	295,571	325,719	-	-
Transfers of long-term debt	558,138	-	(558,138)	-	-	-
Change in net position	9,607,906	(1,515,226)	5,452,101	5,479,531	15,060,007	3,964,305
Net position - beginning	28,360,741	29,875,967	175,237,763	169,758,232	203,598,504	199,634,199
Net Position - Ending	\$ 37,968,647	\$ 28,360,741	\$ 180,689,864	\$ 175,237,763	\$ 218,658,511	\$ 203,598,504

Governmental activities: General revenues for the governmental activities (excluding Transfers to Other Funds) were \$40.8 million, while total expenses, net of charges for services, grants and contributions, were \$31.4 million. Last, the total transfers to other funds were \$0.3 million. The resulting increase in net position for governmental activities was \$9.6 million and can be largely attributed to the following:

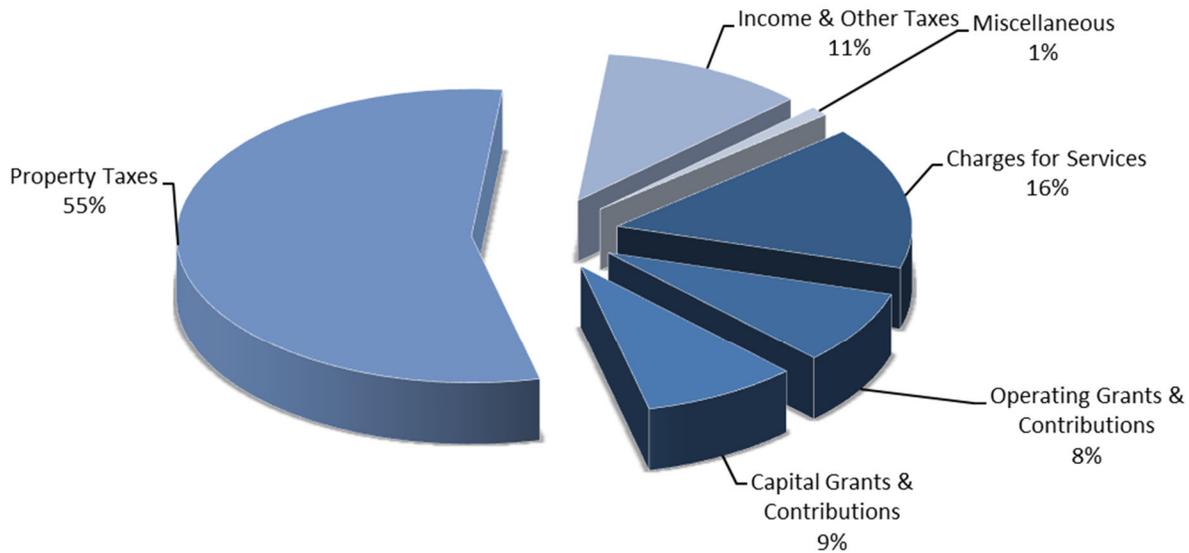
- \$4.5 million of the increase is due to the excess of actual revenues over expenses in the City’s General Fund. This increase is a result of growth in total property tax revenues from growth assessed values related to existing properties, new commercial development, and new annexations. In addition, most other major revenue sources were higher than prior year and final budget. Revenues were estimated to be lower due to the COVID pandemic. Offsetting the revenue increases, most departmental expenses increased over prior year totals especially within Public Safety. Debt service requirements were significantly lower than prior year due to the transfer of debt from Governmental Funds to Enterprise Funds. As a result, expenses in total were \$0.6 million over prior FY2019/20.
- A \$0.7 million increase is a result of all other governmental funds including the Capital Improvement Fund. The Capital Improvement Fund had a slight <\$2.0> thousand change in fund balance as a result of timing on spend for prior year bond proceeds. However, the Economic Redevelopment Fund reflected a surplus due to funding for the Invest Hagerstown incentive program not being all obligated and a financial incentive for a commercial resident being funded in FY20/21 but not paid until FY21/22.
- \$4.4 million increase is a result of the City’s necessary adjustments for Statement of Net Positon. The majority of this increase is related to capital additions over depreciation and principal payment reductions and transfers of long-term debt which were offset by disposals of capital assets and pension and OPEB expense increases recognized per GASB68 and GASB75. Please see the reconciliation schedule from the Governmental Funds to the Statement of Activities on page 26 for further details.

The following charts compare the revenue and expenses of the City’s Governmental Activities.



*Please note that the chart above only includes revenue directly associated to each category and excludes \$40.8 million in general property tax, income tax, investment earnings, transfers and other miscellaneous revenue generated in FY20/21.

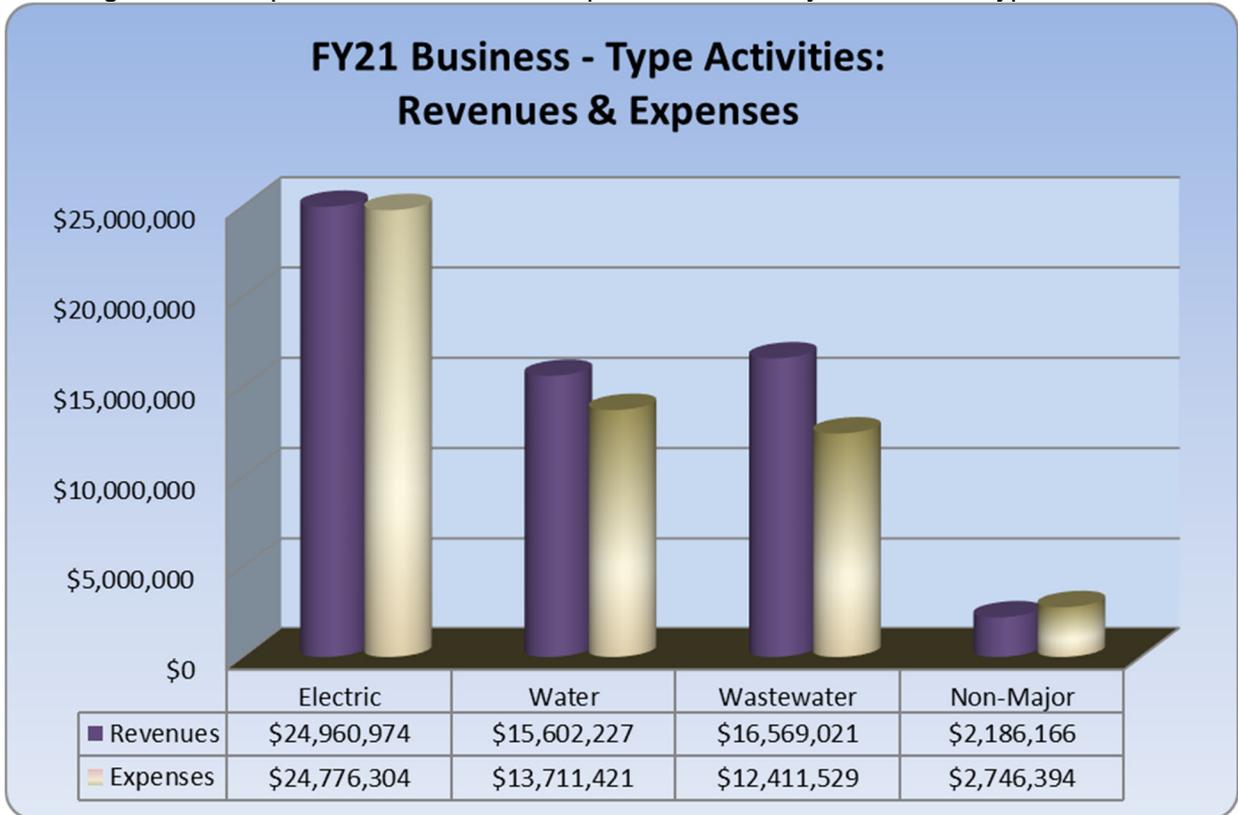
FY21 Governmental Activities: Revenue by Source



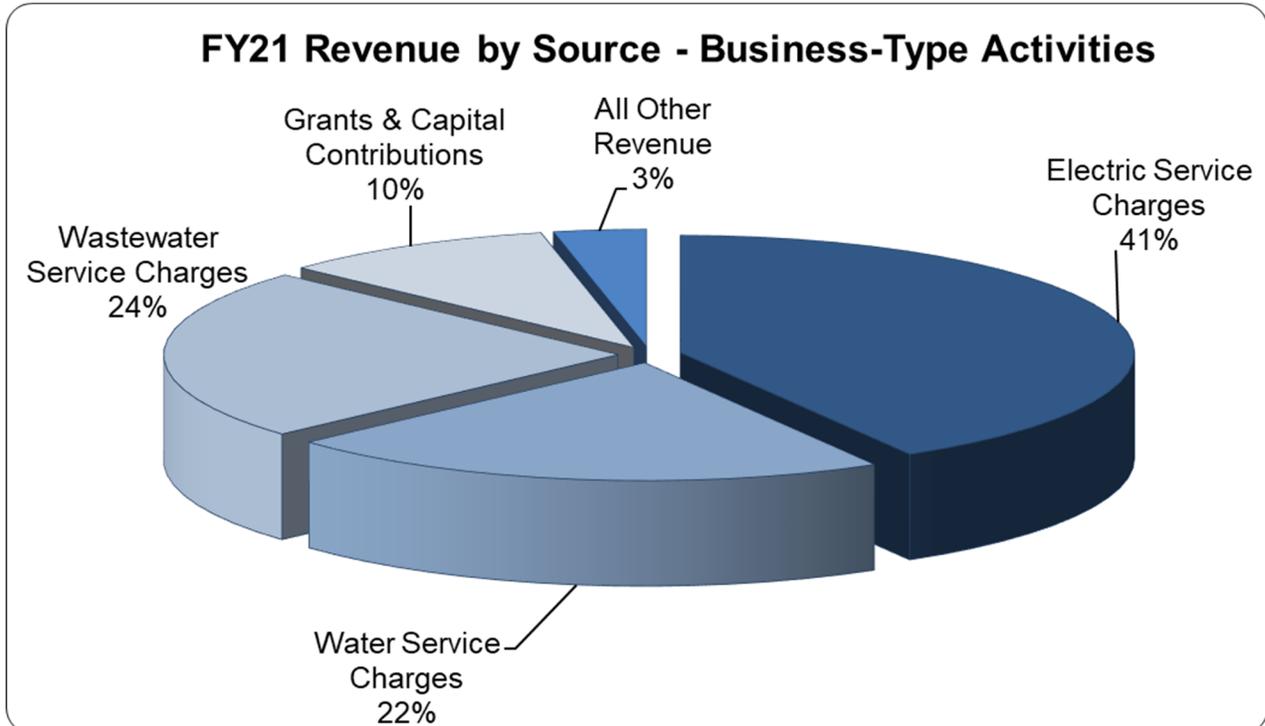
Business-type Activities: Business-type activities increased the City of Hagerstown's net position by \$5.5 million. Key elements of this increase are as follows:

- Water, Wastewater, and Golf had positive changes in net position, or revenues in excess of expenses, while Electric, Parking, Property Management, and Stormwater Management had the opposite trend. The following is the breakdown of the positive net changes: \$1.5 million in the Water Fund, \$3.8 million in the Wastewater Fund, and \$0.1 million in the Golf Fund. The following is the breakdown of the negative net changes: <\$0.07> million in the Electric Fund, <\$0.05> million in the Parking Fund, <\$0.9> million in the Property Management Fund, and <\$0.04> million in the Stormwater Management Fund.
- Transfers in to the business-type activities account for \$0.3 million in revenue. These transfers were primarily for Golf Course operations from the General Fund and transfers from the Capital Projects Fund to the Stormwater Management Fund. There was an offsetting transfer of debt in the amount <\$0.6> million to newly created Stormwater Management Fund.
- Capital grants and contributions remained a revenue source for business-type activities. The Water fund received \$2.7 million and the Wastewater fund received \$2.4 million during the current fiscal year. Included in these totals are \$0.6 million from CARES and ARPA federal grants.
- Maryland State Retirement Pension expense and OPEB expense recognized in the FY20/21 in the Electric, Water and Wastewater funds were <\$0.1> million and <\$0.2> million respectively and the reductions are included in total overall expenses.

The following charts compare the revenue and expenses of the City's Business-Type Activities.



*Please note that the chart above only includes revenue directly associated to each category and excludes <\$0.2> million in general investment earnings, transfers, and transfers of long-term debt between City funds generated in FY20/21.



Financial Analysis of the Government's Funds

As noted earlier, the City of Hagerstown uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Hagerstown's governmental funds reported combined ending fund balances of \$28.2 million, an increase of \$5.2 million from the prior year. Approximately 59.2% of the total fund balance (\$28.2 million) constitutes *unassigned fund balance* (\$16.7 million), which represents working capital available to support governmental operating needs and future years' expenditures. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed or is legally restricted as follows:

- 1) *Nonspendable and Restricted* fund balance represents amounts that are either legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation which includes unspent bond proceeds (\$0.2 million and \$3.1 million, respectively).
- 2) *Committed* fund balance represents amounts that are reserved for a particular purpose by the Mayor and Council of the City of Hagerstown and would require action by that governing body to release the fund balance from its commitment (\$0.9 million).
- 3) *Assigned* fund balance represents amounts reserved for tentative management plans that are subject to change and include encumbrance balances at June 30 (\$7.3 million).

The General Fund is the chief operating fund of the City of Hagerstown. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16.7 million, while total fund balance equals \$18.0 million. As a measure of the General Fund's liquidity, it is useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 38.7% of total General Fund expenditures or 4.6 months of fiscal expenditures.

**City of Hagerstown
Governmental Fund Balances**

	Total Fund Balance		
	2021	2020	Variance
General Fund			
Nonspendable	\$ 170,452	\$ 198,133	\$ (27,681)
Committed	250,000	251,426	(1,426)
Assigned	886,857	471,031	415,826
Unassigned	16,678,726	12,563,471	4,115,255
Subtotal	17,986,035	13,484,061	4,501,974
Capital Improvement Program			
Nonspendable	13,628	-	13,628
Restricted	845,928	1,469,662	(623,734)
Assigned	3,824,791	3,216,653	608,138
Subtotal	4,684,347	4,686,315	(1,968)
Non-Major Governmental			
Restricted	2,301,807	2,253,464	48,343
Committed	606,008	945,828	(339,820)
Assigned	2,616,397	1,612,717	1,003,680
Unassigned		(7,835)	7,835
Subtotal	5,524,212	4,804,174	720,038
Total Governmental Fund Balances	\$28,194,594	\$22,974,550	\$ 5,220,044

The fund balance of the General Fund increased by \$4.5 million during the current fiscal year. This increase is due to actual revenues exceeding expenditures. Below are some key elements for FY20/21:

2021 Actual compared to 2020 Actual.

Revenues were higher than prior year by \$5.0 million.

- Total property taxes of \$33.4 grew by \$1.0 million. The 3.1% increase is a result in growth of assessable base values and real estate tier tax rate. In addition, there was new commercial warehouse development and new annexations that contributed to the total growth in assessed values. There was no change in tax rates of \$1.032 per \$100 assessed value for apartments, \$1.002 per \$100 assessed value for all other real estate taxes and \$2.505 per \$100 assessed value for personal property tax rates.
- All other revenue categories in the general fund were a combined \$4.0 million higher than FY19/20.
 - Licenses and Permits represented \$1.3 million of the growth which more than tripled this revenue source was a result of building permit activity related to new commercial warehouses and other economic redevelopment growth around the City
 - Intergovernmental Grants contributed another combined \$2.8 million growth

for net position. The dramatic increase in grants was related to new federal grants received. There was reimbursement of public safety wages and COVID related supplies from the CARES grant through Washington County. In addition, the City is to receive a combined total of \$20.4 in ARPA (American Recovery Plan) funding. In FY20/21, the general fund recognized and spent \$1.4 million of this grant in premium pay stipends for employees that worked on-site throughout the pandemic.

Expenses (excluding transfers to other funds) were higher than prior year by \$0.2 million.

- Overall public safety expenditures were \$1.4 million more than FY19/20. The primary reasons for this amount of growth in expenditures is related to salary increases provided mid-year to sworn Police officers and increased overtime in the Fire department. In addition, total expenses were much lower in FY19/20 as a result of the COVID pandemic and supply chain delays and disruptions.
- All other departments and cost centers (excluding public safety) collectively were less than FY19/20 by <\$1.2> million. Most all other departments were slightly lower than FY19/20 in total expenses. Most areas were required to not fill any non-essential vacant positions and there was a delay in the start of Seasonal staff as a result of the COVID pandemic. The largest contributing reduction is related to the transfer of debt to Enterprise Funds that and some debts being paid in full. As a result, total debt service requirements were lower than prior year by <\$0.8> million.

2021 Actual compared to 2021 Budget.

Revenues were over budgeted projections by \$1.9 million.

- Total property taxes of \$33.4 were above projections by \$1.6 million. The increase is a result in growth of assessable base values and real estate tier tax rate. There was no change in tax rates of \$1.032 per \$100 assessed value for apartments, \$1.002 per \$100 assessed value for all other real estate taxes and \$2.505 per \$100 assessed value for personal property tax rates. Total growth of 5.0% is a result of new commercial development, new annexations and overall market value increases for existing properties. FY20/21 reflects the first year of the City's triennial reassessment period.
- All other revenue categories in the general fund were a combined \$0.3 million over the FY20/21 budget levels.
 - Overall Licenses and Permits were higher than projections due building permit revenue growth which resulted from new commercial warehouse development and other economic development growth not originally anticipated.
 - Intergovernmental Grants is the second largest contributing factor in overall growth in net position. This revenue source includes an unbudgeted ARPA federal grant spend for employee premium pay. The total ARPA grant will be \$20.4 million but only a small portion of that was recognized and spent in FY20/21. Future budget periods will be adjusted for this grant utilization was approved by Mayor and Council.
- Other Financing Sources offsets the other revenue increases compared to budget. During the budget process, it was anticipated that prior Fund Balance Reserves would be utilized toward infrastructure and capital improvement projects which is reflected in Budgeted Use of Fund Balance. There is no impact to actual revenue reflected at the point of utilization of this Fund Balance Reserve which causes a variance when comparing actual results to budget.

Expenses (excluding transfers to other funds) were under budgeted projections by \$2.0 million.

- Overall public safety expenditures were under budget by \$0.6 million as a result of vacant positions in the Police department despite the mid-year salary increases provided to sworn officers. The vacancies experiencing within the Police Department continue to increase as many leave law enforcement officer careers.
- All other departments and cost centers (excluding public safety) collectively were under budget by \$0.5 million as well. Overtime, supplies, material and equipment were all lower than budget across the city's individual departments. Also, departments were not able to fill non-essential vacancies as staff left due to the uncertain financial times surrounding the pandemic. Last, the City experienced supply chain delays and disruptions which resulting in items not delivered until FY21/22.
- Annual debt service requirements (principal payments, interest expense and bond issuance costs) were \$0.2 million under budget due no issuance of debt as originally expected.

Transfers to other funds were under budgeted projections by \$1.3 million.

- Fund balance transfers for planned capital infrastructure improvements were \$1.2 million under FY20/21 budget amounts. Fund balance transfers are not made until project completion or payment of project occurs. The savings in this line item is a reflection of timing on completion for one project and another project being delayed or deferred.

The Capital Improvement Fund has a total fund balance of \$4.7 million which reflects a net position decrease over the prior year. Of the total fund balance, certain amounts are *restricted* to indicate that it is not available for new spending because it has already been committed or is legally restricted for capital projects as follows:

- 1) *Nonspendable and Restricted* fund balance represents amounts that are either legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation including unspent bond proceeds (\$0.9 million).
- 2) *Committed* fund balance represents amounts that are reserved for a particular purpose by the Mayor and Council of the City of Hagerstown and would require action by that governing body to release the fund balance from its commitment (\$0).
- 3) *Assigned* fund balance represents amounts reserved for tentative management plans and current encumbrances that are subject to change (\$3.8 million).
- 4) *Unassigned* fund balance represents amounts the portion of net resources in excess of the nonspendable, restricted, committed, and assigned balances (\$0).

The fund balance of the Capital Improvement Fund decreased by \$2 thousand during the current fiscal year. This increase is due to actual expenditures exceeding revenues. Below are some key elements for FY20/21:

2021 Actual compared to 2020 Actual.

Revenues were higher than prior year by \$3.5 million.

- Intergovernmental grant revenue source grew over prior year as a result of projects completing. There are a few FY20/21 projects that received grant dollars including some Parks play equipment, UIP plaza including land acquisition purchase.
- Total income and other taxes grew by \$0.4 million over prior year with the increase from the State of Maryland in highway user funds. This revenue source is allocated from the state and experienced a sharp decline back in FY09/10. This funding source has been slowly getting restored on a permanent basis.
- Total contributions and donations grew by \$3.0 million as a result of Wesel Boulevard road reconstruction project and some initial fundraising for a new Skatepark that is currently in

- the design phase.
- Other financing sources was <\$1.0> lower than FY19/20 due to less transfers from the General and CDBG funds. These specific funding sources only happen once work and invoices are generated. The transfers were reduced as a result of completion timing of projects being funded.

Expenses were higher than prior year by \$2.0 million.

- There were more project completions that happened than in prior FY19/20. In addition, Wesel Boulevard road construction is a large project and it has mostly happened within FY20/21.

Proprietary funds. The City of Hagerstown's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the three utilities at the end of the year amounted to \$1.2 million for the Electric Fund, \$12.5 million for the Water Fund and \$2.2 million for the Wastewater Fund. The total increase in all proprietary funds net position was \$5.5 million. Other factors concerning these funds' finances have been addressed in the discussion of the City of Hagerstown's business-type activities.

General Fund Budgetary Highlights

For detail breakdown of the General Fund performance and budget dollars please see the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances on page 96.

Original Budget compared to Final Budget.

The final budgeted revenues, expenditures, and transfers to other funds decreased by \$0.7 million over the original budget.

Total revenue changes reflected are reduction of \$1.3 million. There were changes in revenue categories made mid-year to adjust for COVID pandemic. These revenue reductions are reflected in all the following sources: general property taxes; income and other taxes; service charges; fines and forfeitures; unallocated interest on investments. There were offsetting revenue increases related to federal CARES reimbursement grant and building permits resulting from new warehouse, commercial, and residential development.

Total expense changes reflected decrease of \$1.5 million. The net change reflects an allocation of an original budget contingency across city departments; salary changes across departments offset by vacancy savings; and removal of all stormwater related costs to new Enterprise fund.

After June fiscal year, there was a need for some additional funding related to an economic incentive which is administered by a non-major governmental fund. The \$0.7 million transfer was made to the Economic Redevelopment fund as approved by Mayor and Council but not provided to the developer until FY21/22.

Final Budget compared to Actual Results.

Revenue was over budget by \$1.9 million and expenditures and other financing uses were under budget by \$3.3 million. Total Property Tax revenue generated an increase of \$1.6 million as a result of higher assessed values while all other revenue in total was over budget by \$0.3 million. More details were provided above.

Capital Asset and Debt Administration

Capital assets. The City of Hagerstown's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$285.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment (including vehicles), infrastructure (including park facilities, roads, highways and bridges) and construction in progress. The total net decrease in City of Hagerstown's investment in capital assets for the current fiscal year was <\$2.5> million or <0.9%>. There was a 2.8% increase for governmental activities and a <2.4%> decrease for business-type activities.

City of Hagerstown's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 7,185,453	\$ 6,996,453	\$ 5,647,244	\$ 5,705,970	\$ 12,832,697	\$ 12,702,423
Construction in progress	5,150,318	1,930,596	9,673,556	10,502,100	14,823,874	12,432,696
Buildings & structures	6,152,569	6,369,630	133,121,130	135,389,938	139,273,699	141,759,568
Land improvements	8,506,996	7,880,192	491,494	537,450	8,998,490	8,417,642
Machinery & equipment	8,944,387	9,664,637	49,181,608	50,933,980	58,125,995	60,598,617
Infrastructure	51,432,102	52,159,134	143,139	21,671	51,575,241	52,180,805
Total	\$87,371,825	\$85,000,642	\$198,258,171	\$203,091,109	\$285,629,996	\$288,091,751

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

For the City's governmental activities:

The City spent \$7.6 million in additions for capital assets and improvements during FY20/21. Some of the most notable additions are listed below:

- \$4.9 million was spent on work in progress projects and the two primary areas were \$608K toward the Pangborn Lake Reconstruction project and \$3.4M on the Wesel Boulevard reconstruction.
- \$2.7 million was spent on all the following items and categories: fire breathing apparatus (\$673K), Jamison Door alley reconstruction (\$277K), infrastructure improvements related to the Urban Improvement Plaza (\$189K), downtown police camera expansion (\$151K), fifty-nine accessibility ramps (\$145K), sidewalk replacements (\$121K), deck replacement at Jefferson Boulevard/Hamilton Run (\$119K), and various other land improvements, buildings and structures, machinery and equipment, automobiles and trucks, office furniture, and infrastructure (\$1.0M).

For the City's business activities:

The City spent \$4.7 million in additions for construction in progress of capital improvements and other capital assets in FY20/21.

- \$824K was spent on work in progress projects and the primary ones were the Sludge Storage Phase I Improvements (\$370.1K), the Water System SCADA Improvements (\$213.8K), and the WWTP Plant Equipment (\$88.5K).
- \$3.9 million was spent on capital improvements across the following funds: Electric Fund \$628K, Water Fund \$1.8M, Wastewater Fund \$1.22M, and \$272K across all other business-type fund.

Additional information on the City of Hagerstown's capital assets can be found in Note IV. C., pages 60 through 63 of this report.

Long-term debt. At the end of the current fiscal year, the City of Hagerstown had total bonded debt outstanding of \$56.9 million. The full faith and credit, and unlimited taxing power of the City are irrevocably pledged to the levy and collection of taxes in order to provide for the payment of principal and interest due on the bonds. Of this amount, \$40.3 million are considered self-supporting bonds, primarily funded through various charges related to the operation of the electric, water, wastewater, and parking systems of the City.

City of Hagerstown's Outstanding Debt

Bonded Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
General Bonded Debt	\$16,617,257	\$18,840,748	\$40,294,696	\$43,139,894	\$56,911,953	\$61,980,642

There were no additions to new debt during the fiscal year. The City’s continued adherence to its amortization schedules for debt repayments reduced its debt by \$5.1 million resulting in an overall net decrease to debt of \$5.1 million during the current year. There was a transfer of debt from Governmental Funds to Enterprise Funds of \$558 thousand.

The City of Hagerstown’s bond ratings were last affirmed in FY20/21 as follows: Moody’s Investor Service with a rating of Aa3, and Standard and Poor’s with a rating of AA.

The amount of general obligation debt the City of Hagerstown may issue is not limited by State statute or local ordinance. However, the City adheres to a financial policy approved by its elected officials which prohibits general obligation debt from exceeding 10% of the assessed value of taxable property or \$1,000 per capita. At the end of FY20/21, governmental fund debt was 0.55% of the assessed value of taxable property and \$382 per capita while total city-wide debt was 1.9% of the assessed value of taxable property and \$1,308 per capita. Additional information on the City of Hagerstown’s long-term debt can be found in Note IV. F. on pages 67 through 70 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The FY20/21 budget reflected no change or increase in real estate and personal property tax rates. The real estate tax rate was \$1.032 per \$100 assessed value for apartments, \$1.002 per \$100 assessed value for all other properties, and personal property rates were \$2.505 cents per \$100 assessed value. The FY20/21 budget also reflected the second year of charges for Water and Wastewater based on a new five year cost study (July 1, 2019 through June 30, 2024) approved and were an increase of 3.0% for Water and 2.0% for Wastewater over the FY19/20 rates.
- The City is required by its Charter to have a balanced budget each fiscal year and has complied with this requirement. The City’s Mayor and Council adopted the FY21/22 budget. The FY21/22 General Fund budget as approved reflects net revenue surplus of \$2,452. This net amount reflects the utilization \$0.9 million from fund balance reserves for capital improvement/infrastructure projects. Annually, the City develops and updates financial models for all of its major funds, which enables the City to evaluate both short and long term implications of proposed operational and capital decisions regarding City finances.

- For FY21/22 the City's major governmental fund budget as approved for the General Fund is projected to decrease by 2.5% over the FY20/21 budget from \$49.8 million to \$48.6 million. Wages and benefits are projected to decrease by 2.7% and included estimated increases in employee compensation; increased employer provided benefit costs; reduction of 8 sworn staff; allocation of existing staff and work to stormwater as applicable. Debt service is projected to decrease by 6.7% related to new bond issues for infrastructure upgrades and other Mayor and Council priority projects being less than retirement of several existing bond terms.
- Despite the February 2021 MD State Department of Assessment and Taxation's Constant Yield Notification which expected a growth of 2.71% in assessed values; the City kept the current tax rate structure. Per the Constant Yield Notification, maintaining this same tax rate will result in a reduction of \$742K. However, city leadership reviewed historical trends and included a 4.0% growth in the FY21/22 budget numbers. The increase in revenue is needed to cover rising costs for contracted services; materials, supplies and utilities; maintenance and repairs; other unallocated general expenditures; and new economic incentive programs.
- The FY21/22 budget will remain flat for electric service charges. Annual rate increases were adopted for water service charges of 3% for inside and outside the City and wastewater service charges of 2% inside and outside the City effective July 1, 2020. Additionally, a complete five year rate schedule from FY19/20 through FY23/24 was approved for both water and wastewater service charges. Stormwater rates will increase to \$34.00 per 1,000 square feet of impervious area. These annual increases will make possible the extensive continuing system improvements for these utilities.
- American Rescue Plan Act of 2021 (ARPA): The FY21/22 approved budget did not include any dollars for utilization of this federal grant. This federal stimulus plan grant is to provide a total of \$20.4 million to the City. The first portion of \$10.2 million was received by the City in May 2021. During FY220/21, the City utilized and spent \$2.15 million toward employee premium pay. Since May, the City has formed a committee and had weekly meetings to discuss and coordinate ideas to present for Mayor and Council consideration. A community survey was developed and distributed for feedback independently and separately from notification of this funding. The committee has been reviewing the community survey results to determine what ideas may be eligible for plan costs under this ARPA funding guidelines. Mayor and Council have met twice to develop updated goals, priorities and strategies of this administration. Those goals and strategies have been taken into consideration as well to determine if any are eligible costs under ARPA. City staff and Mayor and Council have started discussions on a strategy and categories to utilize the remaining portion of funding that has been received to date. The deadline to have all funding spent is December 31, 2024.

A complete copy of the City's budget is available with additional details on our website at www.hagerstownmd.org.

Requests for Information

This financial report is designed to provide a general overview of the City of Hagerstown's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance, City of Hagerstown, One East Franklin Street, Hagerstown, MD 21740 or by telephone at (301) 766-4160. This financial report is located at www.hagerstownmd.org.

City of Hagerstown, Maryland
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Pooled cash and investments	\$ 28,358,854	\$ 23,277,900	\$ 51,636,754
Receivables (net of allowance for uncollectibles):			
Taxes	772,622	-	772,622
Intergovernmental	4,755,493	-	4,755,493
Customers	1,028,084	7,253,574	8,281,658
Loans	2,409,326	-	2,409,326
Other	2,195	986	3,181
Internal balances	(5,021,749)	5,021,749	-
Inventories	105,802	1,719,349	1,825,151
Properties held for resale	1,047,854	-	1,047,854
Prepaid items	1,071,596	48,696	1,120,292
Restricted assets:			
Pooled cash and investments	15,051,104	11,063,675	26,114,779
Capital assets (net of accumulated depreciation):			
Land (not being depreciated)	7,185,453	5,647,244	12,832,697
Land improvements	11,151,957	1,887,367	13,039,324
Buildings and structures	17,626,841	224,408,132	242,034,973
Machinery and equipment	9,574,936	113,918,212	123,493,148
Automobiles and trucks	11,653,724	7,119,139	18,772,863
Office furniture and fixtures	3,466,655	877,300	4,343,955
Infrastructure	108,938,817	149,261	109,088,078
Construction in progress (not being depreciated)	5,150,318	9,673,556	14,823,874
Less accumulated depreciation	(87,376,876)	(165,422,040)	(252,798,916)
Total assets	<u>136,953,006</u>	<u>246,644,100</u>	<u>383,597,106</u>
Deferred Outflow of Resources			
Deferred Outflows from OPEB	936,081	413,566	1,349,647
Deferred Outflows from Pensions	2,958,790	1,500,771	4,459,561
Total deferred outflows	<u>3,894,871</u>	<u>1,914,337</u>	<u>5,809,208</u>
Liabilities			
Accounts and retainages payable	3,911,084	2,300,060	6,211,144
Accrued liabilities	4,728,534	317,845	5,046,379
Advances from other funds	(333,500)	333,500	-
Escrowed taxes and insurance	809	-	809
Accrued interest payable	170,150	274,246	444,396
Customer deposits payable	36,222	4,760,458	4,796,680
Unearned revenue	8,104,237	102,604	8,206,841
Compensated absences:			
Due within one year	1,985,821	842,245	2,828,066
Due in more than one year	2,739,729	821,665	3,561,394
Long-term liabilities:			
Due within one year	1,707,194	3,330,847	5,038,041
Due in more than one year	14,910,063	36,963,849	51,873,912
Net pension liabilities:			
Due in more than one year	41,308,210	9,265,990	50,574,200
Net OPEB liabilities:			
Due in more than one year	16,407,676	7,249,008	23,656,684
Total liabilities	<u>95,676,229</u>	<u>66,562,316</u>	<u>162,238,545</u>
Deferred Inflow of Resources			
Deferred Inflows from OPEB	2,257,154	997,223	3,254,377
Deferred Inflows from Pensions	4,945,847	309,034	5,254,881
Total deferred inflows	<u>7,203,001</u>	<u>1,306,257</u>	<u>8,509,258</u>
Net Position			
Net investment in capital assets	71,600,496	157,963,476	229,563,972
Restricted for:			
Community Development Block Grant Fund	2,102,200	-	2,102,200
Economic Redevelopment Fund	2,101,681	-	2,101,681
Business Revolving Loan Fund	1,132,705	-	1,132,705
Excise Tax Fund	2,972	-	2,972
Grant Revenue Fund	175,692	-	175,692
Other Purposes	23,915	-	23,915
Unrestricted	<u>(39,171,014)</u>	<u>22,726,388</u>	<u>(16,444,626)</u>
Total net position	<u>\$ 37,968,647</u>	<u>\$ 180,689,864</u>	<u>\$ 218,658,511</u>

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities		Total
			Grants and Contributions	Grants and Contributions		Capital Grants and Contributions		
Primary government:								
Governmental activities:								
General government	\$ 10,425,129	\$ 2,124,484	\$ 1,628,629	\$ 3,613,576	\$ (3,058,440)	\$ -	\$ (3,058,440)	
Public safety	26,871,881	3,923,330	1,966,256	755,634	(20,226,661)	-	(20,226,661)	
Highways and streets	2,693,869	53,467	-	-	(2,640,402)	-	(2,640,402)	
Waste, collection and disposal	2,834,652	2,812,037	-	-	(22,615)	-	(22,615)	
Culture and recreation	2,946,663	261,688	23,282	782,592	(1,879,101)	-	(1,879,101)	
Economic and community development	4,719,711	280,050	1,305,657	-	(3,134,004)	-	(3,134,004)	
Interest and issuance costs on LT debt	475,278	-	-	-	(475,278)	-	(475,278)	
Total governmental activities	<u>50,967,183</u>	<u>9,455,056</u>	<u>4,923,824</u>	<u>5,151,802</u>	<u>(31,436,501)</u>	<u>-</u>	<u>(31,436,501)</u>	
Business-type activities:								
Electric	24,776,304	24,812,000	141,168	7,806	-	184,670	184,670	
Water	13,711,421	12,902,095	259,756	2,440,376	-	1,890,806	1,890,806	
Wastewater	12,411,529	14,120,397	460,798	1,987,826	-	4,157,492	4,157,492	
Parking facilities	832,848	796,519	11,338	-	-	(24,991)	(24,991)	
Golf course	479,098	356,507	10,959	-	-	(111,632)	(111,632)	
Property management	750,359	(119,092)	73	-	-	(869,378)	(869,378)	
Stormwater management	684,089	590,025	10,765	529,072	-	445,773	445,773	
Total business-type activities	<u>53,645,648</u>	<u>53,458,451</u>	<u>894,857</u>	<u>4,965,080</u>	<u>-</u>	<u>5,672,740</u>	<u>5,672,740</u>	
Total primary government	<u>\$ 104,612,831</u>	<u>\$ 62,913,507</u>	<u>\$ 5,818,681</u>	<u>\$ 10,116,882</u>	<u>(31,436,501)</u>	<u>5,672,740</u>	<u>(25,763,761)</u>	
General revenues:								
Property taxes					33,417,546	-	33,417,546	
Income and other taxes					6,749,366	-	6,749,366	
Investment earnings					24,457	41,928	66,385	
Miscellaneous					590,471	-	590,471	
Transfers					(295,571)	295,571	-	
Transfers of long-term debt					558,138	(558,138)	-	
Total general revenues and transfers					<u>41,044,407</u>	<u>(220,639)</u>	<u>40,823,768</u>	
Change in net position					<u>9,607,906</u>	<u>5,452,101</u>	<u>15,060,007</u>	
Net position - beginning					28,360,741	175,237,763	203,598,504	
Net position - ending					<u>\$ 37,968,647</u>	<u>\$ 180,689,864</u>	<u>\$ 218,658,511</u>	

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Balance Sheet
Governmental Funds
June 30, 2021

	General	Capital Improvement Program	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and investments	\$ 18,258,668	\$ 3,115,832	\$ 874,356	\$ 22,248,856
Receivables (net of allowance for uncollectibles):				
Taxes	772,622	-	-	772,622
Intergovernmental	1,856,419	2,461,132	437,942	4,755,493
Customers	816,707	33,928	3,729	854,364
Loans	-	-	2,409,326	2,409,326
Other	1,779	135	36	1,950
Advances to other funds	548,000	-	-	548,000
Inventories	105,802	-	-	105,802
Properties held for resale	-	-	1,047,854	1,047,854
Prepaid items	64,650	13,628	-	78,278
Restricted assets:				
Pooled cash and investments	8,081,061	-	2,110,093	10,191,154
Total assets	\$ 30,505,708	\$ 5,624,655	\$ 6,883,336	\$ 43,013,699
Liabilities And Fund Balances				
Liabilities:				
Accounts and retainages payable	\$ 1,910,879	\$ 940,308	\$ 226,452	\$ 3,077,639
Accrued liabilities	1,005,157	-	9,664	1,014,821
Advances from other funds	-	-	214,500	214,500
Escrowed taxes and insurance	-	-	809	809
Customer deposits payable	15,047	-	21,175	36,222
Undisbursed loan and grant commitments	-	-	872,353	872,353
Unearned revenue	8,090,067	-	14,170	8,104,237
Total liabilities	11,021,150	940,308	1,359,124	13,320,582
Deferred Inflows of Resources:				
Unavailable revenue-income taxes	1,498,523	-	-	1,498,523
Total deferred inflows of resources	1,498,523	-	-	1,498,523
Fund balances:				
Nonspendable				
Inventories	105,802	-	-	105,802
Prepays	64,650	13,628	-	78,278
Restricted				
Special revenue programming	-	-	2,301,807	2,301,807
Unspent bond proceeds	-	845,928	-	845,928
Committed				
Mayor & Council actions	250,000	-	606,008	856,008
Assigned				
Contracted/Professional Services	710,888	-	-	710,888
Other Services	175,969	-	-	175,969
Capital Outlay	-	3,824,791	-	3,824,791
Special revenue programming	-	-	2,616,397	2,616,397
Unassigned	16,678,726	-	-	16,678,726
Total fund balances	17,986,035	4,684,347	5,524,212	28,194,594
Total liabilities and fund balances	\$ 30,505,708	\$ 5,624,655	\$ 6,883,336	43,013,699

City of Hagerstown, Maryland
Reconciliation of the Total Governmental Fund Balances
to Governmental Activities Net Position
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		\$	28,194,594
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Cost of capital assets			174,748,701
Accumulated depreciation			(87,376,876)
			87,371,825
Unavailable revenues are not financial resources in the governmental funds, therefore the liability is eliminated and total net position is increased.			
			1,498,523
Internal service funds are used by management to charge for the costs associated with uncovered general liability risk, the costs associated with uncovered workers' compensation risk, and the costs associated with the City's health and dental care program. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			
			3,440,678
Long-term liabilities (including compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund statements.			
Compensated absences			(4,725,550)
General obligation bonds payable			(16,263,105)
Accrued interest payable on general obligation bonds			(170,150)
Unamortized bond premiums on general obligation bonds			(354,152)
			(21,512,957)
The net pension liability and the related deferred outflows and deferred inflows do not represent current financial resources and are not reported in the governmental fund statements.			
Net pension liability			(41,308,210)
Deferred outflows from pensions			2,958,790
Deferred inflows from pensions			(4,945,847)
			(43,295,267)
The net OPEB liability and the related deferred outflows and deferred inflows do not represent current financial resources and are not reported in the governmental fund statements.			
Net OPEB liability			(16,407,676)
Deferred outflows from OPEB			936,081
Deferred inflows from OPEB			(2,257,154)
			(17,728,749)
Total net position - governmental activities		\$	37,968,647

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>Capital Improvement Program</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 33,417,546	\$ -	\$ -	\$ 33,417,546
Income and other taxes	4,756,498	1,650,255	-	6,406,753
Licenses and permits	3,271,882	-	-	3,271,882
Intergovernmental grants	3,267,403	1,969,088	1,634,434	6,870,925
Program income	-	-	280,050	280,050
Charges for services	3,686,465	-	-	3,686,465
Fines and forfeitures	1,022,555	-	-	1,022,555
Investment earnings	19,850	4,007	600	24,457
Sale of land & other property	32,907	-	318,345	351,252
Contributions and donations	21,987	3,182,714	-	3,204,701
Unallocated general revenue	2,066,073	138,514	32,132	2,236,719
Total revenues	<u>51,563,166</u>	<u>6,944,578</u>	<u>2,265,561</u>	<u>60,773,305</u>
Expenditures				
Current:				
General government	5,938,829	-	8,705	5,947,534
Public safety	25,169,407	-	279,970	25,449,377
Highways and streets	2,483,251	-	-	2,483,251
Waste, collection and disposal	2,835,197	-	-	2,835,197
Culture and recreation	2,442,662	-	-	2,442,662
Economic and community development	508,310	1,762,787	2,457,205	4,728,302
Unallocated general expenditures	1,606,258	-	26	1,606,284
Debt Service:				
Principal	1,641,111	-	-	1,641,111
Interest	519,799	-	-	519,799
Issuance costs	1,715	-	-	1,715
Capital outlay	-	7,517,054	85,403	7,602,457
Total expenditures	<u>43,146,539</u>	<u>9,279,841</u>	<u>2,831,309</u>	<u>55,257,689</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,416,627</u>	<u>(2,335,263)</u>	<u>(565,749)</u>	<u>5,515,615</u>
Other Financing Sources (Uses)				
Transfers in	35,786	2,415,037	1,803,468	4,254,291
Transfers out	<u>(3,950,439)</u>	<u>(81,742)</u>	<u>(517,681)</u>	<u>(4,549,862)</u>
Total other financing sources and uses	<u>(3,914,653)</u>	<u>2,333,295</u>	<u>1,285,787</u>	<u>(295,571)</u>
Net change in fund balances	4,501,974	(1,968)	720,038	5,220,044
Fund balances - beginning	13,484,061	4,686,315	4,804,174	22,974,550
Fund balances - ending	\$ <u>17,986,035</u>	\$ <u>4,684,347</u>	\$ <u>5,524,212</u>	\$ <u>28,194,594</u>

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	5,220,044
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions (\$7,602,457) exceeded depreciation (\$4,427,878) in the current period.		3,174,579
The net effect of capital asset disposals is to decrease net position.		(803,396)
The issuance of long-term debt (\$0) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal (\$1,641,111) and transfer to Enterprise Funds (\$558,138) of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of issuance, transfers, and principal payments on long-term debt.		2,199,249
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the amortization of those costs.		24,241
Revenues and expenditures are reported in the statement of activities on the accrual basis and in the governmental funds when they provide for or use current financial resources. This is the net difference of revenues and expenditures recognized between the governmental funds and statement of activities.		467,454
Net OPEB expense transactions based on actuarial calculations to determine net OPEB liabilities are not included in the governmental financial statements.		(317,460)
Net pension expense transactions based on actuarial calculations to determine net pension liabilities are not included in the governmental financial statements.		(927,817)
Internal service funds are used by management to charge for the costs associated with uncovered general liability risk, the costs associated with uncovered workers' compensation risk, and the costs associated with the City's health care program. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>571,012</u>
Change in net position of governmental activities	\$	<u><u>9,607,906</u></u>

**City of Hagerstown, Maryland
General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 32,504,994	\$ 31,824,994	\$ 33,417,546	\$ 1,592,552
Income and other taxes	4,250,814	3,707,814	4,756,498	1,048,684
Licenses and permits	2,686,414	2,973,040	3,271,882	298,842
Intergovernmental grants	384,544	1,826,593	3,267,403	1,440,810
Charges for services	4,992,850	3,666,132	3,686,465	20,333
Fines and forfeitures	1,155,950	1,105,950	1,022,555	(83,395)
Unallocated and other general revenue	2,311,640	2,231,640	2,140,817	(90,823)
Total revenues	<u>48,287,206</u>	<u>47,336,163</u>	<u>51,563,166</u>	<u>4,227,003</u>
Expenditures				
Current:				
General government	6,199,755	6,154,535	5,938,829	215,706
Public safety	26,231,827	25,803,840	25,169,407	634,433
Highways and streets	3,774,184	2,432,563	2,483,251	(50,688)
Waste, collection and disposal	2,688,865	2,688,865	2,835,197	(146,332)
Culture and recreation	2,957,080	2,896,259	2,442,662	453,597
Economic and community development	626,691	591,691	508,310	83,381
Unallocated general expenditures	1,793,300	2,248,942	1,606,258	642,684
Debt Service:				
Principal	1,674,052	1,641,112	1,641,111	1
Interest	760,545	736,545	519,799	216,746
Issuance Costs	1,715	1,715	1,715	-
Total expenditures	<u>46,708,014</u>	<u>45,196,067</u>	<u>43,146,539</u>	<u>2,049,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,579,192</u>	<u>2,140,096</u>	<u>8,416,627</u>	<u>6,276,531</u>
Other Financing Sources (Uses)				
Transfers in	414,198	414,198	35,786	(378,412)
Transfers out	(4,369,357)	(5,202,414)	(3,950,439)	1,251,975
Budgeted use of fund balance	2,379,000	1,981,000	-	(1,981,000)
Total other financing sources and (uses)	<u>(1,576,159)</u>	<u>(2,807,216)</u>	<u>(3,914,653)</u>	<u>(1,107,437)</u>
Net change in fund balances	3,033	(667,120)	4,501,974	5,169,094
Fund balances - beginning	13,484,061	13,484,061	13,484,061	-
Fund balances - ending	<u>\$ 13,487,094</u>	<u>\$ 12,816,941</u>	<u>\$ 17,986,035</u>	<u>\$ 5,169,094</u>

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2021

Business-type Activities-Enterprise Funds

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Assets						
Current assets:						
Pooled cash and investments	\$ 5,982,289	\$ 10,452,178	\$ 4,948,840	\$ 1,894,593	\$ 23,277,900	\$ 6,109,998
Interest receivable	259	447	202	78	986	245
Accounts receivable (net of allowance for uncollectibles)	2,595,865	1,971,128	2,348,650	337,931	7,253,574	173,720
Inventories	525,356	950,905	243,088	-	1,719,349	-
Prepaid items	1,500	44,097	1,438	1,661	48,696	993,318
Total current assets	9,105,269	13,418,755	7,542,218	2,234,263	32,300,505	7,277,282
Noncurrent assets:						
Restricted assets:						
Pooled cash and investments	3,587,151	5,705,749	1,770,775	-	11,063,675	4,859,950
Long-term receivable	-	-	-	-	-	-
Capital assets:						
Land	1,225,255	2,019,652	180,149	2,222,188	5,647,244	-
Land improvements	269,833	28,542	9,121	1,579,871	1,887,367	-
Buildings and structures	2,404,755	134,356,081	76,293,559	11,353,737	224,408,132	-
Machinery and equipment	30,974,663	29,932,680	51,891,656	1,119,213	113,918,212	-
Automobiles and trucks	1,680,135	2,297,338	2,220,267	921,399	7,119,139	-
Infrastructure	-	-	-	149,261	149,261	-
Office furniture and fixtures	448,104	63,646	255,557	109,993	877,300	-
Construction in progress	67,795	289,263	9,310,834	5,664	9,673,556	-
Less accumulated depreciation	(22,790,468)	(61,255,098)	(73,630,043)	(7,746,431)	(165,422,040)	-
Total capital assets, net	14,280,072	107,732,104	66,531,100	9,714,895	198,258,171	-
Total noncurrent assets	17,867,223	113,437,853	68,301,875	9,714,895	209,321,846	4,859,950
Total assets	26,972,492	126,856,608	75,844,093	11,949,158	241,622,351	12,137,232
Deferred Outflow of Resources						
Deferred Outflows related to Pensions	402,075	561,255	537,441	-	1,500,771	-
Deferred Outflows related to OPEB	124,287	114,781	174,498	-	413,566	-
Total Deferred Outflows Related to Pensions	526,362	676,036	711,939	-	1,914,337	-

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Business-type Activities-Enterprise Funds</u>					Governmental Activities- Internal Service Funds
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>	
Liabilities						
Current liabilities:						
Accounts and retainages payable	1,623,080	321,031	329,124	26,825	2,300,060	833,445
Advances from other funds	-	-	-	333,500	333,500	-
Compensated absences - current	254,572	342,937	218,370	26,366	842,245	-
Accrued liabilities	84,073	277,983	194,694	35,341	592,091	2,841,361
Customer deposits and rebates	4,738,338	12,000	-	10,120	4,760,458	-
Unearned revenue	-	101,000	-	1,604	102,604	-
General obligation bonds - current	47,150	1,691,982	1,482,706	109,009	3,330,847	-
Total current liabilities	<u>6,747,213</u>	<u>2,746,933</u>	<u>2,224,894</u>	<u>542,765</u>	<u>12,261,804</u>	<u>3,674,806</u>
Noncurrent liabilities:						
General obligation bonds payable	302,400	24,507,014	11,203,310	951,125	36,963,849	-
Compensated absences	248,351	334,558	213,035	25,721	821,665	-
Net OPEB liabilities	2,178,510	2,011,882	3,058,616	-	7,249,008	-
Net pension liabilities	2,482,471	3,465,275	3,318,244	-	9,265,990	-
Total noncurrent liabilities	<u>5,211,732</u>	<u>30,318,729</u>	<u>17,793,205</u>	<u>976,846</u>	<u>54,300,512</u>	<u>-</u>
Total liabilities	<u>11,958,945</u>	<u>33,065,662</u>	<u>20,018,099</u>	<u>1,519,610</u>	<u>66,562,316</u>	<u>3,674,806</u>
Deferred Inflow of Resources						
Deferred Inflows related to Pensions	82,794	115,572	110,668	-	309,034	-
Deferred Inflows related to OPEB	299,691	276,768	420,764	-	997,223	-
Total Deferred Inflows Related to Pensions	<u>382,485</u>	<u>392,340</u>	<u>531,432</u>	<u>-</u>	<u>1,306,257</u>	<u>-</u>
Net Position						
Net Investment in Capital Assets	13,930,522	81,533,108	53,845,084	8,654,762	157,963,476	-
Unrestricted	1,226,902	12,541,534	2,161,417	1,774,786	17,704,639	8,462,426
Total net position	<u>\$ 15,157,424</u>	<u>\$ 94,074,642</u>	<u>\$ 56,006,501</u>	<u>\$ 10,429,548</u>	<u>175,668,115</u>	<u>\$ 8,462,426</u>
					5,021,749	
						<u>\$ 180,689,864</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Non-Major Enterprise Funds	Total	
Operating revenues:						
Service charges	\$ 24,319,319	\$ 11,925,088	\$ 13,872,855	\$ 2,068,048	\$ 52,185,310	\$ 9,661,453
Other revenues	643,174	977,007	241,414	12,269	1,873,864	427,797
Total operating revenues	<u>24,962,493</u>	<u>12,902,095</u>	<u>14,114,269</u>	<u>2,080,317</u>	<u>54,059,174</u>	<u>10,089,250</u>
Operating expenses:						
Production and treatment expenses	18,540,342	4,856,623	4,994,735	-	28,391,700	-
Transmission, distribution, and collection expenses	2,466,407	2,306,423	1,779,424	-	6,552,254	-
Selling, general and administrative expenses	3,056,729	2,691,123	3,058,779	2,253,085	11,059,716	1,529,520
Claim and premium expenses	-	-	-	-	-	7,017,403
Depreciation	962,314	3,824,538	2,630,521	511,959	7,929,332	-
Total operating expenses	<u>25,025,792</u>	<u>13,678,707</u>	<u>12,463,459</u>	<u>2,765,044</u>	<u>53,933,002</u>	<u>8,546,924</u>
Operating income (loss)	<u>(63,299)</u>	<u>(776,612)</u>	<u>1,650,810</u>	<u>(684,728)</u>	<u>126,171</u>	<u>1,542,326</u>
Nonoperating revenues (expenses):						
Intergovernmental revenue	141,168	259,756	460,798	33,135	894,857	-
Investment earnings	21,148	4,463	1,536	14,781	41,928	(1,115)
Bond interest expense and premium	(10,212)	(337,628)	(225,895)	(47,147)	(620,882)	-
Bond issuance cost	(37)	(41,945)	(19,921)	(63)	(61,966)	-
Gain (loss) on disposal of capital assets	(150,493)	-	6,128	(456,358)	(600,723)	-
Total nonoperating revenue (expenses)	<u>1,574</u>	<u>(115,354)</u>	<u>222,646</u>	<u>(455,652)</u>	<u>(346,786)</u>	<u>(1,115)</u>
Income (loss) before contributions and transfers	(61,725)	(891,966)	1,873,456	(1,140,380)	(220,615)	1,541,212
Capital contributions	7,806	2,440,376	1,987,826	529,072	4,965,080	-
Transfers of long-term debt	-	-	-	(558,138)	(558,138)	-
Transfers in	-	-	-	349,221	349,221	-
Transfers out	(16,750)	(16,750)	(16,750)	(3,400)	(53,650)	-
Changes in net position	<u>(70,669)</u>	<u>1,531,660</u>	<u>3,844,532</u>	<u>(823,625)</u>	<u>4,481,898</u>	<u>1,541,212</u>
Net position - beginning	15,228,093	92,542,982	52,161,969	11,253,173		6,921,214
Total net position - ending	<u>\$ 15,157,424</u>	<u>\$ 94,074,642</u>	<u>\$ 56,006,501</u>	<u>\$ 10,429,548</u>		<u>\$ 8,462,426</u>
					970,203	
						<u>\$ 5,452,101</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

970,203

Change in net position of business-type activities

\$ 5,452,101

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Non-Major Enterprise Funds	Totals	
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 25,486,183	\$ 14,300,185	\$ 14,179,042	\$ 1,781,730	\$ 55,747,140	\$ -
Receipts from interfund services provided		-	-	-	-	10,076,773
Advances from other funds				333,500	333,500	
Payments to suppliers	(20,219,194)	(4,687,081)	(5,219,539)	(943,978)	(31,069,791)	(8,173,223)
Payments to employees	(4,184,944)	(5,323,566)	(5,050,391)	(1,323,222)	(15,882,123)	-
Net cash provided (used) by operating activities	<u>1,082,046</u>	<u>4,289,538</u>	<u>3,909,112</u>	<u>(151,970)</u>	<u>9,128,726</u>	<u>1,903,550</u>
Cash Flows From Noncapital Financing Activities						
Transfers from (to) other funds	(16,750)	(16,750)	(16,750)	345,821	295,571	-
Proceeds from intergovernmental operating grant	-	-	460,798	-	460,798	-
Net cash provided (used) by noncapital and related financing activities	<u>(16,750)</u>	<u>(16,750)</u>	<u>444,048</u>	<u>345,821</u>	<u>756,369</u>	<u>-</u>
Cash Flows From Capital And Related Financing Activities						
Proceeds from intergovernmental capital grant	141,168	259,756	-	33,135	434,059	-
Capital contributions	7,806	2,440,376	1,987,826	-	4,436,008	-
Acquisition and construction of capital assets	(533,531)	(1,013,582)	(1,618,776)	598,567	(2,567,322)	-
Proceeds from bond issuance	-	(1)	-	0	(0)	-
Principal paid on capital debt	(44,893)	(1,788,379)	(1,456,966)	(104,850)	(3,395,088)	-
Interest paid on capital debt	(10,640)	(354,961)	(239,289)	(45,046)	(649,936)	-
Proceeds from disposal of capital assets	(150,493)	-	6,128	(456,358)	(600,723)	-
Net cash provided (used) by capital and related financing activities	<u>(590,583)</u>	<u>(456,791)</u>	<u>(1,321,077)</u>	<u>25,449</u>	<u>(2,343,003)</u>	<u>-</u>
Cash Flows From Investing Activities						
Interest and dividends received	23,222	7,037	2,154	15,392	47,805	677
Net cash provided by investing activities	<u>23,222</u>	<u>7,037</u>	<u>2,154</u>	<u>15,392</u>	<u>47,805</u>	<u>677</u>
Net increase (decrease) in pooled cash and investments	497,934	3,823,034	3,034,237	234,692	7,589,897	1,904,227
Pooled cash and investments, beginning of year	<u>9,071,506</u>	<u>12,334,893</u>	<u>3,685,378</u>	<u>\$ 1,659,901</u>	<u>26,751,678</u>	<u>9,065,721</u>
Pooled cash and investments, end of year	<u>\$ 9,569,440</u>	<u>\$ 16,157,927</u>	<u>\$ 6,719,615</u>	<u>\$ 1,894,593</u>	<u>\$ 34,341,575</u>	<u>\$ 10,969,948</u>

City of Hagerstown, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities- Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Non-Major Enterprise Funds		
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (63,299)	\$ (776,612)	\$ 1,650,810	\$ (684,728)	\$ 126,171	\$ 1,542,326
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	962,314	3,824,538	2,630,521	511,959	7,929,332	-
Bond issuance costs	(37)	(41,945)	(19,921)	(63)	(61,965)	-
Net effect of changes in assets and liabilities						
Accounts receivable	77,500	1,392,090	64,773	(289,486)	1,244,877	(12,477)
Inventories	(102,559)	136,476	(3,359)	-	30,558	-
Prepaid items	21,545	(2,113)	3,474	127	23,033	(98,543)
Accounts and retainages payable	(26,426)	(86,505)	(112,202)	3,333	(221,800)	8,777
Advances from other funds	-	-	-	333,500	333,500	-
Compensated absences payable	(82,766)	(81,825)	(201,261)	(21,420)	(387,272)	-
Accrued liabilities	19,670	21,890	(2,581)	8,010	46,989	463,467
Customer deposits and rebates	(129,844)	6,000	-	(4,086)	(127,930)	-
Unearned revenue	-	-	-	(5,015)	(5,015)	-
Other long-term liabilities	(170,087)	(102,457)	(101,142)	(4,102)	(377,788)	-
Total adjustments	1,145,345	5,066,150	2,258,302	532,758	9,002,554	361,224
Net cash provided (used) by operating activities	\$ 1,082,046	\$ 4,289,538	\$ 3,909,112	\$ (151,970)	\$ 9,128,726	\$ 1,903,550
Reconciliation of pooled cash and investments to the balance sheet						
Pooled cash and investments	\$ 5,982,289	\$ 10,452,178	\$ 4,948,840	\$ 1,894,593	\$ 23,277,900	\$ 6,109,998
Restricted pooled cash and investments	3,587,151	5,705,749	1,770,775	-	11,063,675	4,859,950
Totals	\$ 9,569,440	\$ 16,157,927	\$ 6,719,615	\$ 1,894,593	\$ 34,341,575	\$ 10,969,948

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Statement of Fiduciary Net Position
June 30, 2021

		Pension and OPEB Trust Funds
Assets		<u> </u>
Investments, at fair value:		
Cash and Cash Equivalents	\$	1,058,440
Government and Agency Issues		3,848,265
Corporate Debt Issues		2,747,206
Common Stock		6,931,450
Mutual Funds		28,522,640
Total investments		<u>43,108,001</u>
Interest Receivable		69,855
Total assets		<u>43,177,856</u>
Net Position Restricted for Pensions & OPEB	\$	<u>43,177,856</u>

The notes to the financial statements are an integral part of this statement.

City of Hagerstown, Maryland
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

		Pension and OPEB Trust Funds
Additions		<u> </u>
Contributions:		
Employer	\$	2,115,600
Plan members		845,330
Total contributions		<u>2,960,930</u>
Investment earnings:		
Interest and dividends		891,247
Net increase/(decrease) in the fair value of investments		8,228,358
Other revenues		19
Total investment earnings		<u>9,119,624</u>
Less investment expense		94,694
Net investment earnings		<u>9,024,930</u>
Total additions		<u>11,985,860</u>
Deductions		
Benefits		3,015,905
Administrative expenses		29,380
Actuarial fees		11,868
Total deductions		<u>3,057,153</u>
Change in net position		8,928,707
Net position - beginning		34,249,149
Net position - ending	\$	<u><u>43,177,856</u></u>

The notes to the financial statements are an integral part of this statement.

City of Hagerstown
Notes to the Financial Statements
June 30, 2021

I. Summary of significant accounting policies

A. Reporting entity

The City of Hagerstown (“the City”), Maryland was founded in 1762 and incorporated in 1813. Its legal authority is derived from Article X1-E of the State Constitution and Article 23A of the Annotated Code of Maryland. The City is governed by a Mayor and a five-member City Council and provides the following services: public safety (fire and police), highways and streets, waste collection and disposal, parks and recreation, engineering, planning and zoning, economic and community development, water, wastewater, electrical power distribution, parking, golf, and general administrative services.

The financial statements of the City of Hagerstown have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to local governments. There are no entities for which the City is considered to be financially accountable as defined by GASB statements. The City has no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds and the total of non-major funds of each type are reported as separate columns in the fund financial statements.

I. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital improvement projects fund* accounts for resources used in the acquisition or construction and minor maintenance of major capital facilities (other than those financed directly by proprietary funds).

The government reports the following major proprietary funds:

- The *electric fund* accounts for the activities of the City's electric distribution operations.
- The *water fund* accounts for the activities of the City's water treatment and distribution operations.
- The *wastewater fund* accounts for the activities of the City's sewage collection and treatment operations.

I. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Additionally, the government reports the following funds:

- *Internal service funds* account for uncovered workers' compensation risk, health care, and dental insurance provided to other departments on a cost reimbursement basis.
- The *pension trust fund* accounts for the activities of the Public Safety Employees Pension System, which accumulates resources for pension benefit payments to qualified public safety employees.
- The *other post employment benefits trust fund (OPEB)* accumulates resources to provide health benefits to eligible retirees, and in certain instances their eligible survivors and dependents.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use assigned resources first, then unassigned resources as they are needed.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

To facilitate effective management of the City's resources, substantially all operating cash is combined in one pooled cash and investment account. Each fund has been allocated its respective share of pooled cash and investments as reflected in the combined balance sheet as cash and cash equivalents. The pension and other post employment benefits trust fund assets are separately managed by PNC Institutional Investments. The pension and other post employment benefits trust fund investments are stated at fair value. Based on the availability of cash in the various funds, investments are purchased and the income earned thereon is credited to the funds. For purposes of the statement of cash flows, the government considers cash, equity in pooled cash and investments, and investments with maturities of three years or less to be cash equivalents. These short-term investments include money market funds, certificates of deposit, and U.S. Treasury Securities.

Investments are stated at fair value and interest income is recorded when earned. Earnings of the pooled investment account are allocated monthly to each fund on the basis of its average equity in pooled cash balances during the month.

2. Receivables and payables

Activity between funds that are representative of the lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "advances to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are temporary and will be reversed in the beginning of the following year.

All receivables are reported at their gross value, and where appropriate, receivables are reduced by the estimated portion that is considered to be uncollectible. Trade accounts receivable in excess of 1 year and 5% of trade accounts receivable less than 1 year comprise the trade accounts receivable allowance for uncollectible.

Taxes on real property and business personal property are levied on property values as assessed on January 1, billed on July 1 and payable by September 30. Real property may be paid in two equal installments on September 30 and December 31. Property taxes are attached as an enforceable tax lien on the underlying properties as of the succeeding June 1 and are thereafter, sold at public auction if deemed delinquent.

Real and personal property taxes are levied at rates enacted by the Mayor and Council in a special budget session on the assessed value as determined by the Maryland State Department of Assessments and Taxation.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

2. Receivables and payables (continued)

Significant property tax information is as follows:

	<u>Real Property</u>	<u>Business Personal Property</u>
Assessment roll validated:	January 1	January 1
Tax rate ordinance approved:	May 21	May 21
Beginning of fiscal year for which taxes have been levied:	July 1	July 1
Tax bills rendered and due:	July 1	July 1 or upon state notification
Property Tax Rates at 6/30/2020 Per \$100 of assessable base	\$ 1.002 \$ 1.032 Apartments	\$ 2.505
Maximum discount:	July 31	July 31
Delinquent: Terms	On October 1 0.5% / 30 days	30 days after Bill Date 0.5% / 30 days
Delinquent interest and penalty:	12% annually	12% annually

Information presented is for “full year” levy. “Half year” levy dates are six months later and relate to new construction.

3. Inventories and prepaid items

All inventories are valued at cost using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased and consist of expendable supplies and properties held for resale.

The cost is recorded as an expense at the time individual inventory items are consumed. Inventory balances are shown net of a reserve for excess and obsolete items which are calculated based upon quantities on hand and prior year’s usage patterns.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. All prepaid items are recorded as assets and are maintained on a consumption basis of accounting. Additionally, prepaid items are valued on a first-in, first-out basis and consist of either goods held for resale or goods and materials used in providing services.

Governmental fund inventories, prepaid items, and most long-term receivables are offset by a fund balance reserve for nonspendable resources. This indicates that inventory balances and prepaid items do not constitute “available spendable resources” at the balance sheet date even though they are a component of net current assets.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

4. Restricted cash

The Electric fund has restricted assets of \$3,587,151 on the statement of net position due to a deposit being held for the City's wholesale power supplier.

Benefit charge proceeds of \$4,726,965 in the Water fund are classified as restricted assets on the statement of net position because their use is limited to major capital additions, replacements or improvements to water plants, water transmission mains, pump stations, or tanks. The funds are not to be used to pay for maintenance items per policies set by the Mayor and Council.

The Water fund also has restricted assets of \$877,784 for money received as part of the 2006 agreement between the City and the Department of Interior for the City to refrain from development of real estate which it owns along the Appalachian Trail and of \$101,000 for money received as part of a 2004 agreement between the City and Aviation Resources Delaware, Inc. to construct a finished water storage tank in the vicinity of Industry Drive.

Benefit charge proceeds of \$1,770,775 in the Wastewater fund are classified as restricted assets on the statement of net position because their use is limited to major capital additions, replacements, or improvements to the Wastewater plant.

The City has \$8,081,061 as restricted assets on the statement of net position for the General Fund. As of June 30, 2021, \$23,245 was restricted as a deposit for postage and \$8,057,816 was restricted for American Rescue Plan spending.

The City's participation in the Federal Community Development Block Grant Program requires pooled cash and investments to be restricted for specific purposes. As of June 30, 2021, \$107,372 was restricted for single family loans and \$809 was restricted for escrowed taxes and insurance. In addition, \$214,912 was restricted for program income.

The City has \$1,767,075 as restricted assets on the statement of net position for the Economic Development spending fund which reflects balances restricted for the Invest Hagerstown program, projects already obligated but not yet committed.

The City has \$19,925 as restricted assets on the statement of net position for the Flexible spending fund restricted which reflects employees' available balances for medical and dependent care benefits.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

4. Restricted cash (continued)

As part of the City's health insurance program, \$159,000 is being restricted in the Health Insurance Internal Service Fund. This restriction is a pre-funding for claims associated with the City's health insurance program with United Healthcare Administrators effective July 1, 2014. Likewise, a part of the City's dental health insurance program, \$31,300 is restricted in the Dental Insurance Internal Service Fund. This restriction is a pre-funding equivalent to one month's worth of funding for claims associated with the City's dental insurance program with United Concordia. In addition the City's health insurance fund has \$752,679 in restricted cash which reflects retirees' available balances on individual Health Retirement accounts. The Workers Compensation fund has \$3,916,971 as restricted assets on the statement of net position. From this total, \$70,000 is being held by PMA Management Corporation and \$3,846,971 is being set aside for workers compensation claims.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 in the governmental funds or \$10,000 in the proprietary funds and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets from external entities are stated at acquisition value at the date of donation. Internal asset transfers or donations are recorded at the carrying value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the government are depreciated using the straight line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The following are estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10 – 20
Buildings	20 – 50
Equipment	5 – 25
Automobiles and trucks	5 – 10
Underground piping and conduit	25 – 100
Public domain infrastructure	25 – 50

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay, and compensatory time-off.

The City's policy regarding sick leave entitles eligible employees to receive partial payment of sick leave hours accumulated, payable at the employee's final, straight time rate of pay. The maximum that all employees may accumulate is 145 days of sick leave.

Non-union employees who retire from the City will receive payment for accumulated sick leave. The maximum payout is \$12,000.

Effective July 1, 2017, Union employees who retire from the City will receive payment for accumulated sick leave. The maximum payout is \$12,000.

Non-union employees, as well as employees who are members of A.F.S.C.M.E. #1540, I.B.E.W #307, and I.A.F.F. #1605 who leave City service for reasons other than retirement with a minimum of five (5) consecutive years of service will be paid for one half (1/2) of accumulated sick leave hours at the employee's final rate of pay up to a maximum of \$6,000. Employees who are members of A.F.S.C.M.E. #3373 who leave City service for reasons other than retirement with a minimum of ten (10) consecutive years of service will be paid for one half (1/2) of accumulated sick leave hours at the employee's final rate of pay up to a maximum of \$3,000.

The liabilities associated with accumulated sick leave time are calculated based on the following assumption:

- Non-union employees and union who have not met the minimum years of service based on their employee group are not entitled to a payout of sick leave.
- Non-union employees, as well as employees who are members of A.F.S.C.M.E. #1540, I.B.E.W #307, and I.A.F.F. #1605 with more than 5 years of service but less than 10 years of service will be paid for one half (1/2) of accumulated sick leave up to a maximum of \$6,000.
- Employees who are members of A.F.S.C.M.E. #3373 with more than ten (10) years of service but less than fifteen (15) years of service will be paid for one half (1/2) of accumulated sick leave hours up to a maximum of \$3,000
- Non-union employees, as well as employees who are members of A.F.S.C.M.E. #1540, I.B.E.W #307, and I.A.F.F. #1605 with 10 years of service or more would

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

6. Compensated absences (continued)

- continue employment with the City until retirement. Payouts are prorated based on the aforementioned schedule.
- Employees who are members of A.F.S.C.M.E. #3373 with 15 years of service or more would continue employment with the City until retirement and payouts are prorated based on the aforementioned schedule.

The City's policy regarding compensatory time, allows all hourly employees (except those represented by I.A.F.F.), as well as, those non-exempt salaried employees to accumulate compensatory time for overtime worked. The maximum amount of unused compensatory time allowed on the books is as follows:

- A.F.S.C.M.E. #1540 employees – 120 hours
- A.F.S.C.M.E. #3373 police officers – 160 hours
- I.B.E.W #307 employees – 120 hours
- Police department management through rank of Sergeant – 240 hours
- All other F.L.S.A. non-exempt employees – 240 hours

Once an employee reaches the maximum, payment must be taken for any overtime worked.

Accumulated unpaid vacation and sick leave are accrued as current liabilities in the government-wide financial statements and proprietary fund financial statements. In the governmental funds, a liability for unpaid vacation and sick leave is only reported if matured as a result of employee resignations or retirements.

The Maryland Healthy Working Families Act was passed and Sick and Safe Leave was implemented in February 2018 to all part time employees who worked an average of 11 hours per week. Leave of 40 hours are up fronted to the employees to use.

The Families First Coronavirus Response Act was passed on March 18, 2020 and covers the time period April 1, 2020 to December 31, 2020. It provides up to 80 hours of paid sick leave to all employees who are unable to work because the employee is quarantined, experiencing COVID-19 symptoms, or is seeking a medical diagnosis; up to 80 hours of paid sick leave at 2/3 pay to care for an individual or child due to reasons related to COVID-19; and up to an additional 10 weeks of paid expanded family and medical leave at 2/3 pay to an employee who is unable to work in order to care for a child for reasons related to COVID-19.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

7. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position sometimes reports a separate section for deferred outflows or inflows of resources. This separate financial statement element represents a consumption or production of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until then. There are several items that qualify for reporting in this category. They are the unavailable revenue for property taxes and special assessments reported in the Governmental Fund Balance Sheet, the deferred outflows and inflows from two separate pension activities reported in the government-wide Statement of Net Position and one separate Other Post Employment Benefits activities reported in the government-wide Statement of Net Position.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the year of issuance per GASB Statement 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

9. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance using classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the purpose for which the funds may be spent. The designations of fund balances are made in accordance with GASB 54, and represent the intent of the government's administration to use fund balances for specific purposes in the future. Committed, assigned, or unassigned amounts are considered to have been spent when an expense is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Portion of net resources that cannot be spent either (a) resources are not in spendable form, or (b) resources are legally or contractually required to be maintained intact.

Restricted – Portion of net resources with imposed limitations set externally by either (a) creditors, grantors, contributors, or the laws and regulations of other governments, or (b) laws through constitutional provisions or enabling legislation.

Committed – Portion of net resources with imposed limitations set at the highest level of decision making authority. At the City, the highest decision making authority is the Mayor & Council. Mayor & Council authority includes formal approval and adoption of ordinances and resolutions per the City's charter. Both an ordinance and resolution are equally binding and the necessary legislative action required varies per charter and topic. Formal action at the same level of authority is required to remove these limitations. The action to establish, modify, or rescind commitments would be a majority vote of Mayor and Council taken during a Regular or Special Session.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

9. Fund Balance (continued)

Assigned – Portion of net resources intended for a specific use by the City, but are neither restricted nor committed. The Mayor and Council through the adoption of the budget process or through the approval of a motion may assign fund balance for the City. Any items assigned through the approval of a motion will need a Mayor and Council majority vote during any session in order to remove the assignment. The Finance Department and/or its Purchasing designee may also assign fund balance for the City through the purchase requisition process. The purchase requisition process was approved by the Mayor and Council as part of the City’s overall Purchasing Policy.

Encumbrances by Fund	
General Fund	\$ 886,857
CIP	5,321,319
Nonmajor Government	133,350
Electric	311,808
Water	2,461,814
Wastewater	1,024,469
Nonmajor Enterprise	<u>68,273</u>
Total Encumbrances by Fund	<u>\$ 10,207,890</u>

Unassigned – Portion of net resources in excess of the nonspendable, restricted, committed, and assigned balances for the General Fund, not other governmental funds.

For fund balance classification purposes, when restricted and unrestricted amounts are available for use, the City would use the restricted amounts first. For expenses where committed, assigned, and unassigned amounts are available for use, the City would first use committed, then assigned and last unassigned fund balance amounts.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

10. Net Position

The difference between assets, deferred outflows, liabilities, and deferred inflows is *Net Position* on the government-wide and fiduciary fund statements. Net Position is classified as *Net Investment in Capital Assets*, legally *Restricted* for a specific purpose or *Unrestricted* and available for appropriation for general purposes. *Net Investment in Capital Assets* consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of these assets. As of June 30, 2021, net position *Net Investment in Capital Assets* excludes unspent debt proceeds of \$845,928 for governmental activities; and, the business-type activities had no unspent bond proceeds.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the government or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. To fund appropriations, restricted resources are used first. When an expense is incurred for which both restricted and unrestricted net position is available, the government will first apply restricted resources.

11. Property Tax Abatements

Enterprise Zone Benefits Program (\$92 thousand)

To qualify for the Enterprise zone benefits, the business must meet the minimum requirements for construction/rehabilitation investment or job creation. In addition, the program is restricted to certain business types and commercial projects only in the designated zone that includes all of the CC-MU Zoning District and other sections of the City. In City Center, the program requires \$5,000 in construction or rehab investment or the creation of one new job. City wide requires \$50,000 in construction or rehab investment or the creation of 5 new jobs. The property tax component of the Enterprise Zone incentive provides ten-year real property tax credits on the change in assessed value from the rehab investment. Properties located in the City receive the tax credit on both the City and County property taxes (Years 1-5 80% of the change in assessed value; Year 6: 70%, Year 7: 60%, Year 8: 50%, Year 9: 40%, Year 10: 30%).

Partners in Economic Progress (PEP) Program (\$64 thousand)

The intent of the Partners in Economic Progress (PEP) Program is to offer incentives to building owners to renovate buildings within the PEP Zone while also assisting with attracting businesses to the renovated building. For property owners to participate in the program, the following eligibility requirements and guidelines apply. The project must be located within the PEP Zone in the City Center. There is a minimum investment upgrade and improvement of commercial properties in the amount of \$250,000,

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity

11. Property Tax Abatements (continued)

\$100,000 for a residential project and \$200,000 for a mixed-use project. The program requires renovation to bring building and core systems to City code requirements and program standards. An incentive offered through the program related to property taxes, include a grant equal to City Property Tax for 5 years.

Annexation of adjacent and contiguous areas (\$41 thousand)

The City of Hagerstown's Mayor and City Council assert that a well-reasoned, fiscally responsible annexation policy of unincorporated lands is necessary, among other reasons, to create opportunities for future developments to receive the benefits of City services and home rule government provided to individuals and property owners within the City; to ensure that the City of Hagerstown continues to grow and prosper by providing opportunities for future economic development within the corporate boundaries of the City; and, to increase the city's ability to attract residential, industrial and commercial development and thus increase its assessable base.

Generally, the policy of the City is to annex taxable property. Occasionally, however, the annexation of property owned by tax-exempt entities may be necessary or desirable in order to facilitate the annexation of previously non-contiguous taxable property. Under these circumstances, the tax-exempt entity shall make an annual payment-in-lieu of taxes equal to an amount mutually agreed to by the City and the entity. The terms will be included in and made a part of the annexation resolution. The City reserves the right to agree to whatever payment amount is necessary in order to facilitate the annexation of the tax-exempt property and/or contiguous property.

The City recognizes that each annexation situation is different. Accordingly, the City is willing to entertain the incorporation of incentive programs which may be requested by a petitioner. Use of existing programs is encouraged; new programs requested by the petitioner will be considered and evaluated according to their impact on the City. Incentives requested of the City shall be included within the petition and may be incorporated within the Development Agreement.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity

11. Property Tax Abatements (continued)

Payment in Lieu of Taxes (PILOT) (\$960 thousand)

A payment in lieu of taxes is an investment incentive negotiated between a taxing authority and a developer. When the Mayor and Council find it in the best interests of the citizens of the City of Hagerstown, the City will from time to time enter into an agreement, by way of a resolution, with a developer to accept a lesser amount of property tax revenue in exchange for all of the other economic benefits that come from the new development. Projects that qualify in all respects with the requirements of the Maryland Tax-Property Article, Section 7-506.1 are eligible for an agreement for negotiated payments in lieu of the otherwise full amount of Washington County and City real property taxes that would be imposed upon the property and the project. The intent is to help to support housing projects located within the City that provide decent, safe, and sanitary housing to low or moderate income citizens when the housing cannot be provided without the waiving or reduction of real property taxes. Currently, there are three agreements in place with managed properties.

E. GASB Statements

As of June 30, 2020, the Governmental Accounting Standards Board (GASB) has issued the following pronouncements, which will require adoption in the future, if applicable: GASB Statement No. 84, *Fiduciary Activities*; Statement No. 87, *Leases*; Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. During the year ended June 30, 2020, GASB has also issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provides temporary relief to governments in light of the COVID-19 pandemic, by postponing the effective dates of certain pronouncements. These statements may or will have a material effect on the City's financial statements once implemented. The City has not yet completed the process of evaluating the impact of these pronouncements on its financial statements and plans to adopt them, as applicable, by their effective date.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of significant differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a complete reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Several major elements of that reconciliation are listed below.

One item explains that “capital assets do not represent current financial resources and therefore are not reported in the funds.” The details of this \$87,371,825 difference are as follows:

Cost of capital assets	\$ 174,748,701
Accumulated depreciation of capital assets	<u>(87,376,876)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 87,371,825</u>

Another item explains that “long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$21,512,957 difference are as follows:

Compensated absences	\$ 4,725,550
General obligation bonds payable, including unamortized premiums	16,617,257
Accrued interest payable on general obligation bonds	<u>170,150</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 21,512,957</u>

Another item explains that “net pension liability and the related deferred outflows and inflows do not represent current financial resources and therefore are not reported in the funds.” The details of this \$43,295,267 difference are as follows:

Net pension liability	\$ 41,308,210
Deferred outflows related to pensions	(2,958,790)
Deferred inflows related to pensions	<u>4,945,847</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 43,295,267</u>

II. Reconciliation of government-wide and fund financial statements (continued)

B. Explanation of significant differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes the reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. Several major elements of that reconciliation are listed below.

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,174,579 difference are as follows:

Capital Asset Additions	\$ 7,602,457
Depreciation expense	<u>(4,427,878)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,174,579</u>

A second element of that reconciliation explains that “Governmental funds report principal payments of general bonds payable obligations as an expenditure and new general bonds issues as revenue. However, neither of these transactions impacts the statement of activities.” The details of this \$2,199,249 difference are as follows:

Principal payment on general obligation bonds payable	\$ 1,641,111
Transfer of long-term debt to Enterprise Funds	558,138
New general obligations bonds issued	<u>-</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 2,199,249</u>

A third element of that reconciliation explains that “Net pension expense transactions based on actuarial calculations to determine net position liabilities are not included in fund statements.” The details of this \$927,817 difference are as follows:

Net pension liability decrease	\$ 2,778,709
Pensions activity: change in assumptions, investment earnings, & change in experience	<u>(3,706,526)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (927,817)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

The City adopts annual operating and capital budgets on a basis consistent with generally accepted accounting principles for all funds except the Public Safety Employees Pension Fund. All annual appropriations lapse at fiscal year-end. The City Charter requires submission of recommended operating budgets to the Mayor and Council at least 90 days before the beginning of the fiscal year. The budgets provide a financial plan for the year and contain estimates of anticipated revenues and proposed expenditures. After at least one public hearing on the recommended budgets, the Mayor and Council adopt final budgets for the year.

Expenditures and encumbrances of the funds may not legally exceed appropriations at the fund level without Council approval and identification of the source of funds. During the fiscal year, the City Council may adopt supplemental appropriations. The City Administrator has the authority to approve various intra-departmental transfers. Transfers between departments require Council approval.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of expenditures over revenues

For the year ended June 30, 2021, expenditures/expenses exceeded revenues by \$70,669 in the Electric Fund, \$857,948 in the Property Management Fund, \$57,119 in the Parking Fund, \$42,779 in the Stormwater Management Fund, \$7,118 in the Flexible Spending Fund, \$167,800 in the Forest Conservation Fund, and \$1,968 in the Capital Projects Funds. These excess expenditures/expenses were funded by beginning of the year fund balance in the respective funds.

C. Total Net Position

On June 30, 2021, a total of \$5,539,165 is restricted, committed, and assigned for Special Revenue Funds. This total consists of \$2,102,200 for the Community Development Block Grant Fund, \$2,101,681 for the Economic Redevelopment Fund, \$1,132,705 for the Business Revolving Loan Fund, \$2,972 for the Excise Tax Fund, \$175,692 for the Grant Revenue Fund, and \$23,915 for Other Purposes.

IV. Detailed notes on all funds

A. Deposits and investments

1. City owned and managed investments

As of June 30, 2021, the carrying amount of the City's interest and non-interest bearing deposits (including long term certificates of deposits, which are classified as investments) were \$58,810,467 and the bank balances were \$60,627,891. All deposits are carried at cost plus accrued interest. The City's investment policy specifies that all deposits must be collateralized at 102% of fair value as required by Maryland law for any amount exceeding FDIC coverage. In addition, the City has \$9,862 in petty cash across all funds.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk, except as noted above. Of the bank balance \$6,716,000 was secured by federal depository insurance and \$53,911,891 was collateralized by securities held by the bank's agent in the City's name.

The City maintains a cash and investment pool that is available for use by all Governmental and Business-type Activities. Cash and investments are displayed on the Statement of Net Position as "Pooled cash and investments".

The City's investment policy authorizes the following as allowable types of investment instruments: U. S. Treasury obligations (bills, notes, and bonds); U. S. Government Agency and guaranteed agency securities; Bankers' Acceptances; Repurchase Agreements; Certificates of Deposit (CDs) Commercial Banks and Savings and Loans Associations (Insured by FDIC); Maryland Local Government Investment Pool; and Money Market or other Investment Deposit Accounts with local banks or Savings and Loans (Federally Insured).

As of June 30, 2021, the City had \$18,931,205 invested in the Maryland Local Government Investment Pool (the "Pool"). The Pool was created under Maryland State Law, is regulated by the Maryland State Treasurer's Office, and participation in the pool is voluntary. It is maintained exclusively to assist eligible participants defined by Articles 95 and 22 of the Annotated Code of Maryland. The Pool may invest in any instrument in which the State Treasurer may invest. Permissible instruments are established by Section 6-222 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 Pool are valued daily on an amortized cost basis, which approximates fair value and are held to maturity under normal circumstances. Investments in money market funds are valued at the closing net asset value per share on the day of valuation. The fair value of the position in the Pool is the same as the value of the pool net assets (shares). Standard & Poor's assigned their highest rating, AAA, to the Pool. The Pool is valued at net asset value. There are no significant redemption notices or periods of notifications for the Pool. As of June 30, 2021 these funds have a weighted average maturity of less than 3 months and are invested in a money market. Additionally, the City has no funding commitments to the Pool.

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

1. City owned and managed investments (continued)

Interest rate risk – As a means of limiting its exposure to fair value losses arising from interest rates, the City’s investment policy specifies that investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, bond payments) as well as considering sizeable blocks of anticipated revenue (tax turnover, franchise fee payments). Investment maturities should normally be a maximum of 3 years from the date of purchase.

Credit risk – Investments of the City are exposed to various risks, such as interest rate, market, currency and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements. In addition, recent economic uncertainty and market events have led to unprecedented volatility in currency, commodity, credit, and equity markets culminating in failures of some banking and financial services firms and Government intervention to solidify others. These recent events underscore the level of investment risk associated with the current economic environment, and accordingly the level of risk in the City’s investments.

2. Pension investments

The City’s Pension Plan Investment Policy states that the assets are to be managed to provide income and security for employees upon retirement. The plan’s assets are to be invested to maximize long-term stability and growth with an acceptable amount of risk.

Investments other than “fixed dollar” investment should be included among the plan’s investments to prevent erosion by inflation. However, investments should be sufficiently liquid to enable the plan to make all required distributions in the event of death, disability or retirement of a participant.

The allocation of the City’s Pension Plan assets shall be determined by the Investment Manager within the following guidelines:

	<u>Range</u>	<u>Target</u>
<u>Equities</u>	40 – 75%	65%
Large-Cap U.S. Stocks	30 – 50%	42%
Mid/Small-Cap U.S. Stocks	0 – 15%	6%
International Equities	10 – 20%	15%
REITS	0 – 10%	2%
<u>Fixed Income</u>	15 – 50%	32%
High Yield Bonds	0 – 10%	2%
Investment Grade Bonds	15 – 40%	30%
<u>Cash</u>	0 - 10%	3%

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

2. Pension investments (continued)

The City Pension Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Pension Plan investments outlined below are measured Level 1 inputs.

The City Pension Plan has the following recurring fair value measurements as of June 30, 2021:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Money Market		\$ 656,723	\$ 656,723	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corp	AAA/NR	222,917	-	-	46,346	176,571
Federal National Mortgage Assn	NR	1,262,285	-	18,574	66,692	1,177,019
Government National Mortgage Assoc	NR	17,020	-	-	-	17,020
U S Treasury Notes	AAA	2,346,043	-	1,354,566	388,332	603,145
Various Agencies	AAA	102,615	-	50,367	-	52,248
Various Agencies	AA1	23,791	-	-	-	23,791
Various Agencies	AA2	86,577	-	-	-	86,577
Various Agencies	AA3	44,221	-	-	25,870	18,351
Various Agencies	A1	202,048	-	41,288	53,828	106,932
Various Agencies	A2	355,178	-	253,754	30,243	71,181
Various Agencies	A3	269,442	-	114,638	76,988	77,816
Various Agencies	BAA1	552,808	-	326,772	84,350	141,686
Various Agencies	BAA2	844,948	30,653	425,681	188,329	200,285
Various Agencies	BAA3	235,332	-	188,712	27,137	19,483
Various Agencies	BA2	-	-	-	-	-
Various Agencies	NA	30,246	-	-	30,246	-
Common Stock		4,160,785	4,160,785	-	-	-
Mutual Funds		15,252,443	15,252,443	-	-	-
Interest Receivable		54,649	54,649	-	-	-
Total Investments Held by Trustee of Pension Plan		<u>\$ 26,720,071</u>	<u>\$ 20,155,253</u>	<u>\$ 2,774,352</u>	<u>\$ 1,018,361</u>	<u>\$ 2,772,105</u>

Credit risk – The City’s Pension Plan Investment Policy allows for investing in the following investment types. Also below is the benchmark used for rating each of the assets. We are unable to put a value to unknown future changes.

<u>Investment Type</u>	<u>Evaluation Benchmark</u>
Equities	Standard and Poors 500 Index
Fixed Income	Barclays Capital Aggregate Bond Index
Cash and Equivalencies	Citigroup 3 Month T-Bill Index

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

2. Pension investments (continued)

Foreign Currency Risk – The City’s Pension Plan has 16.3% or \$4,350,775 invested in foreign stocks. The investment policy permits it to invest up to 20% of total investments in international equities.

3. OPEB (Other Post Employee Benefits) investments

The City’s OPEB Plan Investment Policy states that the assets are to be managed to provide health benefits for eligible retirees and their eligible survivors and dependents. The plans’ assets are to be invested to maximize long-term stability and growth with a minimal amount of risk. Portfolio risk should be decreased by increasing portfolio diversification, and by lowering the level or correlation of market behavior among the asset classes selected.

The allocation of the City’s OPEB Plan assets shall be determined by the Investment Manager within the following guidelines:

	<u>Range</u>	<u>Target</u>
<u>Equities</u>	40 – 75%	65%
Large-Cap U.S. Stocks	30 – 50%	42%
Mid/Small-Cap U.S. Stocks	0 – 15%	6%
International Equities	10 – 20%	15%
REITS	0 – 10%	2%
<u>Fixed Income</u>	15 – 50%	32%
High Yield Bonds	0 – 10%	2%
Investment Grade Bonds	15 – 40%	30%
<u>Money Market</u>	0 – 10%	3%

The City OPEB Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The OPEB Plan investments are Level 1.

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

3. OPEB (Other Post Employees Benefits) investments (continued)

The City OPEB Plan has the following recurring fair value measurements as of June 30, 2021:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Money Market		\$ 401,717	\$ 401,717	\$ -	\$ -	\$ -
Common Stock		2,770,665	2,770,665	-	-	-
Mutual Funds		13,270,197	13,270,197	-	-	-
Interest Receivable		15,206	15,206	-	-	-
Total Investments Held by Trustee of OPEB Plan		\$ 16,457,785	\$ 16,457,785	\$ -	\$ -	\$ -

Credit risk – The City’s OPEB Plan Investment Policy allows for investing in the following investment types. Also below is the benchmark used for rating each of the assets.

<u>Investment Type</u>	<u>Evaluation Benchmark</u>
Equities	
Large-Cap US Stocks	Standard and Poors 500 Index
Mid-Cap US Stocks	Russell Midcap
Small-Cap US Stocks	Russell 2000
International Stocks	MSCI ACWI / MSCI EAFE Net
REITS	NAREIT Equity
Alternative Investments	
Hedge Funds	HFR (Blended)
Fixed Income	
High Yield Bonds	Barclays Capital High Yield Credit Bond Index
Investment Grade Bonds	Barclays Capital Aggregate Bond Index
Money Market	Citigroup 3 Month T-Bill Index

Foreign Currency Risk – The City’s OPEB Plan has 14.2% or \$2,337,689 invested in foreign stocks. The investment policy permits it to invest up to 20% of total investments in international equities.

IV. Detailed notes on all funds (continued)

B. Receivables

Receivables as of year-end for the government's individual major funds and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities:

	General	Capital Projects	Internal Service Funds	Non-Major Governmental Funds	Total Governmental Funds
Receivables:					
Taxes	\$ 1,552,719	\$ -	\$ -	\$ -	\$ 1,552,719
Intergovernmental	1,856,419	2,461,132	-	437,942	4,755,493
Customers	3,750,870	35,714	173,720	321,230	4,281,534
Loans	209,915	6,400	-	3,202,394	3,418,709
Interest	1,779	135	245	36	2,196
Gross receivables	<u>7,371,703</u>	<u>2,503,381</u>	<u>173,965</u>	<u>3,961,602</u>	<u>14,010,651</u>
Less: allowance for uncollectibles	<u>(3,924,176)</u>	<u>(8,186)</u>	<u>-</u>	<u>(1,110,569)</u>	<u>(5,042,931)</u>
Net total receivables	<u>\$ 3,447,527</u>	<u>\$ 2,495,195</u>	<u>\$ 173,965</u>	<u>\$ 2,851,033</u>	<u>\$ 8,967,720</u>

Business-Type Activities:

	Electric	Water	Wastewater	Non-Major Enterprise Funds	Business- Type Activities
Receivables:					
Intergovernmental	\$ -	\$ 60,000	\$ -	\$ 353	\$ 60,353
Customers	5,453,880	1,994,221	2,468,870	897,950	10,814,921
Loans	-	-	-	454,406	454,406
Interest	259	447	202	78	986
Gross receivables	<u>5,454,139</u>	<u>2,054,668</u>	<u>2,469,072</u>	<u>1,352,787</u>	<u>11,330,666</u>
Less: allowance for uncollectibles	<u>(2,858,015)</u>	<u>(83,093)</u>	<u>(120,220)</u>	<u>(1,014,778)</u>	<u>(4,076,106)</u>
Net total receivables	<u>\$ 2,596,124</u>	<u>\$ 1,971,575</u>	<u>\$ 2,348,852</u>	<u>\$ 338,009</u>	<u>\$ 7,254,560</u>

IV. Detailed notes on all funds (continued)

B. Receivables (continued)

City Totals:

	Governmental Activities	Business-Type Activities	Total
Receivables:			
Taxes	\$ 1,552,719	\$ -	\$ 1,552,719
Intergovernmental	4,755,493	60,353	4,815,846
Customers	4,281,534	10,814,921	15,096,455
Loans	3,418,709	454,406	3,873,116
Interest	2,196	986	3,182
Gross receivables	<u>14,010,651</u>	<u>11,330,666</u>	<u>25,341,317</u>
Less: allowance for uncollectibles	<u>(5,042,931)</u>	<u>(4,076,106)</u>	<u>(9,119,037)</u>
Net total receivables	<u>\$ 8,967,720</u>	<u>\$ 7,254,560</u>	<u>\$ 16,222,280</u>

Governmental funds report *unavailable revenue* in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Deferred income taxes receivable	<u>\$ 1,498,523</u>	<u>\$ -</u>	<u>\$ 1,498,523</u>
Other unavailable revenues	<u>-</u>	<u>8,104,237</u>	<u>8,104,237</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 1,498,523</u>	<u>\$ 8,104,237</u>	<u>\$ 9,602,760</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 6,996,453	\$ 189,000	\$ -	\$ -	\$ 7,185,453
Construction in progress	1,930,596	4,864,253	(176,220)	(1,468,312)	5,150,318
Total capital assets, not being depreciated	<u>8,927,049</u>	<u>5,053,253</u>	<u>(176,220)</u>	<u>(1,468,312)</u>	<u>12,335,771</u>
Capital assets, being depreciated:					
Land improvements	10,182,299	202,068	(10,000)	777,591	11,151,957
Buildings and structures	17,433,159	263,623	(69,941)	-	17,626,841
Machinery and equipment	8,554,413	942,150	(19,231)	97,604	9,574,936
Automobiles and trucks	12,971,319	118,587	(734,385)	(701,797)	11,653,724
Office furniture and fixtures	3,333,091	21,974	(15,583)	127,173	3,466,655
Infrastructure	107,472,071	1,000,802	-	465,944	108,938,817
Total capital assets being depreciated	<u>159,946,352</u>	<u>2,549,204</u>	<u>(849,140)</u>	<u>766,515</u>	<u>162,412,930</u>
Less accumulated depreciation for:					
Land improvements	(2,302,107)	(344,604)	1,750	-	(2,644,961)
Buildings and structures	(11,063,529)	(454,782)	44,039	-	(11,474,272)
Machinery and equipment	(5,702,209)	(519,265)	17,031	-	(6,204,444)
Automobiles and trucks	(6,452,202)	(831,412)	679,854	172,725	(6,431,035)
Office furniture and fixtures	(3,039,774)	(84,038)	8,362	-	(3,115,450)
Infrastructure	(55,312,937)	(2,193,777)	-	-	(57,506,714)
Total accumulated depreciation	<u>(83,872,759)</u>	<u>(4,427,878)</u>	<u>751,036</u>	<u>172,725</u>	<u>(87,376,876)</u>
Total capital assets, being depreciated, net	<u>76,073,593</u>	<u>(1,878,674)</u>	<u>(98,104)</u>	<u>939,240</u>	<u>75,036,054</u>
Governmental activities capital assets, net	<u>\$85,000,642</u>	<u>\$3,174,579</u>	<u>\$(274,324)</u>	<u>\$ (529,072)</u>	<u>\$ 87,371,825</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 5,705,970	\$ -	\$ (58,726)	\$ -	\$ 5,647,244
Construction in progress	10,502,100	824,163	(1,122,449)	(530,258)	9,673,556
Total capital assets, not being depreciated	<u>16,208,070</u>	<u>824,163</u>	<u>(1,181,175)</u>	<u>(530,258)</u>	<u>15,320,800</u>
Capital assets, being depreciated:					
Land improvements	1,866,145	21,222	-	-	1,887,367
Buildings and structures	222,773,504	2,269,196	(983,872)	349,304	224,408,132
Machinery and equipment	113,312,340	1,439,278	(1,014,360)	180,954	113,918,212
Automobiles and trucks	6,498,208	42,670	(123,536)	701,797	7,119,139
Office furniture and fixtures	874,014	3,286	-	-	877,300
Infrastructure	26,537	122,724	-	-	149,261
Total capital assets being depreciated	<u>345,350,749</u>	<u>3,898,376</u>	<u>(2,121,768.00)</u>	<u>1,232,055</u>	<u>348,359,412</u>
Less accumulated depreciation for:					
Land improvements	(1,328,695)	(67,178)	-	-	(1,395,873)
Buildings and structures	(87,383,566)	(4,085,623)	182,185	-	(91,287,004)
Machinery and equipment	(65,114,167)	(3,168,645)	842,006	-	(67,440,806)
Automobiles and trucks	(3,847,638)	(589,853)	123,536	(172,725)	(4,486,681)
Office furniture and fixtures	(788,778)	(16,778)	-	-	(805,556)
Infrastructure	(4,866)	(1,256)	-	-	(6,122)
Total accumulated depreciation	<u>(158,467,709)</u>	<u>(7,929,332)</u>	<u>1,147,727</u>	<u>(172,725)</u>	<u>(165,422,040)</u>
Total capital assets, being depreciated, net	<u>186,883,040</u>	<u>(4,030,957)</u>	<u>(974,041)</u>	<u>1,059,330</u>	<u>182,937,371</u>
Business-type activities capital assets, net	<u>\$ 203,091,109</u>	<u>\$ (3,206,794)</u>	<u>\$ (2,155,216)</u>	<u>\$ 529,072</u>	<u>\$ 198,258,171</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:

General government, including general infrastructure assets	2,389,656
Public safety	1,132,432
Highways and streets	284,850
Culture and recreation	574,965
Municipal buildings	45,975
Total depreciation expense – governmental activities	<u>\$ 4,427,878</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

Business-type activities:	
Electric	\$ 962,314
Water	3,824,538
Wastewater	2,630,521
Parking facilities	267,456
Golf course	41,438
Property management	131,866
Stormwater	71,199
Total depreciation expense – business-type activities	<u>\$ 7,929,332</u>

Construction commitments

The government has active construction projects as of June 30, 2021. The projects include improvements and construction of parking decks, park improvements, water and wastewater treatment plant and system, fire engine, and building improvements. At year end, the government's commitments with contractors are as follows:

Project	Spent-to- Date	Remaining Commitment
Fire Department Vehicle Replacement	\$ 33,392	\$ 66,608
Police Vehicles	89,428	368,117
Hagerstown Cultural Trail	241,054	244,529
Police Software	25,853	25,853
Signal Network	271,289	380,166
Steam Engine Museum	57,040	662,255
City Park Perimeter Fence	7,296	60,750
Professional Court Extension	50,000	2,800,000
Marsh Run Trail	260,288	53,727
Pangborn Lake Reconstruction	656,344	278,429
Ice Rink HVAC System	1,595	63,705
Traffic Beacons	13,525	195,450
Wesel Boulevard Reconstruction	3,408,778	1,866,047
Urban Improvement Plaza	34,436	1,099,856
Wesel Boulevard Reconstruction (Electric)	67,795	81,456
Water System Scada FY21 C0167	28,013	10,139
Water System Scada FY21 C0322	47,500	2,500
Water System Scada FY21 C0820	213,750	11,250
SCADA Upgrades for Collections	25,486	5,000
SCADA Upgrades for Plant	65,494	4,465
Synagro Facility Upgrade Improvements	9,200,548	334,491
WWTP Laboratory Update	10,706	78,425
Collection System Phase 1B	8,600	460,000
BMX Track Storm Drain	2,164	37,836
BMX Track Stormwater Design	3,500	1,300
Total	<u>\$ 14,823,875</u>	<u>\$ 9,192,353</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

The funding sources for the projects above vary. The Pangborn Lake Construction is being funded by bond proceeds. The Urban Improvement Project is being funded by bond proceeds, state grants, and general fund reserves. The Professional Court extension will be funded by bond proceeds, federal grant funds, and general fund reserves. All of the remaining projects (Fire and Police Department Vehicle Replacements, Hagerstown Cultural Trail, Police Software, Signal Network, Steam Engine Museum, City Park Perimeter Fence, Marsh Run Trail, Ice Rink HVAC System, Traffic Beacons, and Wesel Boulevard Reconstruction) are being funded through state and federal grants, new general fund monies, and general fund balance reserves and contributions. The electric portion of the Wesel Boulevard Reconstruction project will be funded from the Electric Fund and from contributions from the developer. The three Water System Scada FY21 projects will all be funded from the Water Fund. The SCADA Upgrades for Collections, SCADA Upgrades for Plant, and the WWTP Laboratory Upgrade projects are all funded from the Wastewater Fund. The Synagro Facility Upgrade Improvements project is being financed through bond proceeds. The Collection System Phase 1B project is funded from the Wastewater Fund and ARC grant. Both BMX stormwater projects are being funded through the Stormwater Management Fund.

IV. Detailed notes on all funds (continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2021, is as follows:

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Community Development Block Grant Fund	\$181,500
General Fund	Flexible Spending Fund	18,000
General Fund	Grant Revenue Fund	15,000
General Fund	Stormwater Management Fund	333,500
	Total	<u>\$548,000</u>

These temporary advances represent funds that were expended prior to their receipt from other funds or other governments. These funds are expected to be received shortly after the beginning of July 2021. The temporary advances will then be reversed.

Interfund transfers:

Transfers in:	Transfers Out:								Total Transfers In
	General Fund	Nonmajor Governmental	Electric	Water	Wastewater	Nonmajor Enterprise	Internal Service	Capital Projects	
General	\$ -	\$ 31,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,178	\$ 35,786
Capital Projects	1,875,314	486,073	16,750	16,750	16,750	3,400	-	-	2,415,037
Nonmajor									
Governmental	1,803,468	-	-	-	-	-	-	-	1,803,468
Electric	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Wastewater	-	-	-	-	-	-	-	-	-
Nonmajor Enterprise	271,657	-	-	-	-	-	-	77,564	349,221
Transfers in	<u>\$ 3,950,439</u>	<u>\$ 517,681</u>	<u>\$ 16,750</u>	<u>\$ 16,750</u>	<u>\$ 16,750</u>	<u>\$ 3,400</u>	<u>\$ -</u>	<u>\$ 81,742</u>	<u>\$ 4,603,512</u>

The \$35,786 transferred into the General Fund has two separate components: (1) a \$31,608 transfer from the Community Development Block Grant Fund for full-time employee costs; and (2) a \$4,178 transfer from the Capital Improvement Projects Fund to partially fund the annual MD Theatre expansion pledge.

Transfers to the Capital Projects Fund from the General Fund for \$1,875,314 and Non-major Governmental Funds for \$486,073 are for capital project improvements. These annual capital projects include purchases of governmental vehicles, annual resurfacing of City streets and alleys, funds for park and neighborhood improvements, and various other major capital projects.

IV. Detailed notes on all funds (continued)

D. Interfund receivables, payables, and transfers (continued)

The \$1,803,468 transfer from the General Fund to the Non-major Governmental Funds has two separate components: (1) an \$57,362 transfer to the Grant Revenue Fund for local match requirements, and (2) a \$1,746,106 transfer to Economic Redevelopment for the continuation of economic incentive programs.

The \$271,657 transfer from the General Fund to the Non-major Enterprise Funds represents transfers to the Golf Course Fund.

The \$77,564 transfer from the Capital Projects Fund to the Non-major Enterprise Funds represents transfer to the Stormwater Management Fund.

This schedule excludes a long-term debt transfer of \$558,138 from governmental funds to enterprise funds, which is reflected on Note IV. F.

IV. Detailed notes on all funds (continued)

E. Operating Leases

The City has entered into several lease agreements as lessee for various other types of equipment under non-cancelable operating leases that expire between FY22 and FY25. Total costs for equipment operating leases were \$75,963 in FY2021. Future minimum lease payments for these leases are as follows:

	Fiscal Years Ending June 30,					
	2022	2023	2024	2025	Thereafter	Total
Totals	\$ 76,335	\$ 17,539	\$ 14,069	\$ 3,660	\$ 4,573	\$ 116,175

The City leases buildings and office facilities for properties located in Hagerstown, Maryland and in Washington County, Maryland to other parties under non-cancelable operating leases and on a month-to-month basis. The rental income received for those properties for the fiscal year ended June 30, 2021 was \$557,877. Future minimum rental income for these leases is as follows:

	Fiscal Years Ending June 30,						
	2022	2023	2024	2025	2026	Thereafter	Total
Totals	\$ 446,218	\$ 241,764	\$ 208,557	\$ 199,989	\$ 182,376	\$ 2,151,166	\$ 3,430,070

As of June 30, 2021, the cost and carrying amount of these leased assets by major asset class and accumulated depreciation in total are as follows:

	Cost by Asset Class				Total
	Land	Building			
	Cost	Accumulated	Net	Carrying	
	(Not Being	Cost	Depreciation	Amount	
	Depreciated)				
Totals	\$ 796,843	\$ 2,591,698	\$ 1,289,921	\$ 1,301,777	\$ 2,098,620

IV. Detailed notes on all funds (continued)

F. Long-term debt

The City secures bonds by utilizing a few methods: Public sale or Direct borrowing and direct placement. The government issues bonds to provide funds for the acquisition and construction of major capital facilities. In FY21, the 2018 Public Improvements Bond was transferred across governmental and business-type funds.

The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to government activities totaling \$12,089,065 and \$4,174,041, respectively. The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to business-type activities totaling \$15,525,935 and \$24,674,106, respectively.

Outstanding bonds sold by direct placement to the Maryland Water Quality Financing Administration (MWQFA) related to business-type funds contain provisions allowing acceleration of principal, late fees, additional interest (to the extent permitted by law) and an intercept mechanism allowing MWQFA to direct the Maryland State Treasurer to divert certain revenues intended to be shared with the City to MWQFA upon an event of default; certain of such remedies are not automatic but must be exercised at MWQFA's option.

Outstanding bonds sold by direct placements to banks or financial institutions related to governmental or business-type funds may contain one or more of the following special default provisions: acceleration at the registered owner's option upon a payment default; late fees; additional interest; or a change in interest rate; any of the foregoing may be at the registered owner's option rather than automatic.

IV. Detailed notes on all funds (continued)

F. Long-term debt (continued)

Description	Interest Rates	Maturity	Governmental Activities	Business-Type Activities	Total
Public Sale					
2009-B Taxable Build America Bonds	5.00%-5.75%	2029	\$ 4,647,018	\$ 5,212,982	\$ 9,860,000
2011 Public Facilities Bonds	2.00%-3.50%	2031	-	3,765,000	3,765,000
2015A Public Facilities Bond	3.06%	2035	2,827,566	3,472,434	6,300,000
2015B Public Facilities Bond Taxable	3.89%	2035	495,405	914,595	1,410,000
2017A Public Facilities Bond	2.58%	2037	3,694,692	1,210,308	4,905,000
2017B Public Facilities Bond Taxable	3.45%	2037	424,383	950,617	1,375,000
Subtotal General Obligation Bonds			\$ 12,089,065	\$ 15,525,935	\$ 27,615,000
Direct Borrowings & Direct Placements					
2000 MD Water Quality Revolving Loan Fund	2.40%	2021	\$ -	\$ -	\$ -
2002 State of Maryland Water Supply Assistance	4.40%	2024	-	51,937	51,937
2005 MD Water Quality Revolving Loan Fund	0.40%	2025	-	1,521,148	1,521,148
2006 Public Facilities Bonds	3.66%	2021	638,943	211,057	850,000
2007 MD Drinking Water Revolving Loan Fund	0.40%	2026	-	1,510,514	1,510,514
2009 MDE West End Reservoir Tank Phase II	0.00%	2039	-	3,271,442	3,271,442
2009 MDE Water Quality Bond	0.00%	2032	-	413,673	413,673
2009 MDE RCWillson Mains	0.00%	2041	-	3,045,625	3,045,625
2009 MD Water Quality Revolving Loan Fund	0.00%	2030	-	3,151,758	3,151,758
2009 Salem Ave. Collection System Rehabilitation	0.00%	2030	-	345,079	345,079
2013A MDE Willson Plant Phase IV	0.90%	2044	-	7,216,159	7,216,159
2013B MDE Willson Plant Phase IV	0.00%	2044	-	1,500,000	1,500,000
2014 Public Improvement Bonds	2.50%	2029	259,018	740,610	999,628
2018 Public Improvements Bond Taxable	4.30%	2033	546,377	762,386	1,308,763
2018A MDE Willson Travel Screen & Pump	0.80%	2039	-	681,734	681,734
2018B MDE Willson Travel Screen & Pump	0.00%	2029	-	250,985	250,985
2019 Public Improvements Bond Tax Exempt	2.98%	2034	2,729,703	-	2,729,703
Subtotal Direct Borrowings & Direct Placements			\$ 4,174,041	\$ 24,674,106	\$ 28,848,147
Total bonds payable			\$ 16,263,106	\$ 40,200,041	\$ 56,463,147
Premiums on bond issues			354,152	88,031	442,183
Total general obligation debt outstanding			\$ 16,617,257	\$ 40,288,072	\$ 56,905,330

*Footnote: 2013B MDE Willson Plant Phase IV for \$1,500,000 and 2018B MDE Willson Travel Screen & Pump for \$250,985 are both forgiveness debts.

IV. Detailed notes on all funds (continued)

F. Long-term debt (continued)

Annual debt service requirements to maturity for public sale and direct borrowings and direct placements bonds are as follows:

Year Ending June 30,	Governmental Activities				Business-type Activities			
	Public Sale		Direct Borrowings and Direct Placements		Public Sale		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 811,008	\$ 463,873	\$ 896,186	\$ 123,004	\$ 1,123,992	\$ 567,466	\$ 2,205,326	\$ 141,344
2023	843,312	428,035	262,380	103,319	1,166,690	521,200	3,505,386	128,566
2024	875,827	388,560	267,644	95,154	1,209,173	472,092	2,016,724	117,175
2025	912,597	348,486	273,039	86,815	1,252,404	420,995	1,990,966	105,725
2026	951,256	309,675	278,569	78,296	1,303,744	369,536	1,409,188	95,775
2027-2031	4,729,642	911,469	1,407,685	257,986	6,595,354	1,008,897	6,075,287	353,596
2032-2036	2,636,162	271,301	788,538	47,791	2,698,839	219,556	3,734,091	186,264
2037-2041	329,261	9,263	-	-	175,739	5,115	2,954,694	85,460
2042-2046	-	-	-	-	-	-	782,444	9,482
Total	12,089,065	3,130,662	4,174,041	792,365	15,525,935	3,584,857	24,674,106	1,223,387
Premiums on bond issues	354,152	-	-	-	88,031	-	-	-
Total debt	\$ 12,443,217	\$ 3,130,662	\$ 4,174,041	\$ 792,365	\$ 15,613,966	\$ 3,584,857	\$ 24,674,106	\$ 1,223,387

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. As of June 30, 2021, \$6,624 of revenue bonds was outstanding:

Description	Interest Rate	Maturity	Business-type Activities
1993 M.C.C.B. water supply assistance loan	5.36%	2025	\$ 6,624

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Business-type Activities	
	Principal	Interest
2022	\$ 1,529	\$ 314
2023	1,611	230
2024	1,697	141
2025	1,788	48
Total	\$ 6,624	\$ 733

IV. Detailed notes on all funds (continued)

F. Long-term debt (continued)

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Transfer of Debt	Ending Balance	Due Within One Year
Governmental activities:						
Bonds payable:						
Public Sale						
Bonds	\$ 12,865,313	\$ -	\$ (776,248)	\$ -	\$ 12,089,065	\$ 811,008
Direct Borrowings & Direct						
Placements Bonds	5,597,042	-	(864,863)	(558,138)	4,174,041	896,186
Premium	378,393	-	(24,241)	-	354,152	-
Total long-term debt	18,840,748	-	(1,665,353)	(558,138)	16,617,257	1,707,194
Compensated absences	4,828,397	3,517,009	(3,619,856)	-	4,725,550	1,985,821
Governmental activity						
Long-term liabilities	\$ 23,669,145	\$ 3,517,009	\$ (5,285,208)	\$ (558,138)	\$ 21,342,807	\$ 3,693,015
Business-type activities:						
Bonds payable:						
Public Sale						
Bonds	\$ 16,604,688	\$ -	\$ (1,078,753)	\$ -	\$ 15,525,935	\$ 1,123,992
Direct Borrowings & Direct						
Placements Bonds	26,430,852	-	(2,314,884)	558,138	24,674,106	2,205,326
Revenue bonds	8,075	-	(1,451)	-	6,624	1,529
Premium	96,279	-	(8,248)	-	88,031	-
Total long-term debt	43,139,894	-	(3,403,335)	558,138	40,294,696	3,330,847
Compensated absences	2,055,283	1,289,511	(1,680,884)	-	1,663,910	842,245
Business-type activities						
Long-term liabilities	\$ 45,195,177	\$ 1,289,511	\$ (5,084,220)	\$ 558,138	\$ 41,958,606	\$ 4,173,092

In FY21, a portion of the 2018 Public Improvements Bond was transferred from the General Fund to the Stormwater Management Fund.

For governmental activities, compensated absences are generally liquidated by the general fund. The only exceptions are when the employees' salaries are within a specific special revenue fund, such as the Community Development Block Grant Fund.

V. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. These risks are accounted for in individual government funds. For these risks, the government is only liable to the extent of its deductibles which can range from \$0 to \$10,000. These liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No claims related costs exceeded insurance coverage for 2016 through 2021.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can reasonably be estimated. Because actual claims liabilities depend upon such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Beginning July 1, 2015, the City replaced its guaranteed cost program for workers' compensation coverage and moved to a self-insured program. The City was granted the privilege of self-insurance by the Maryland Workers' Compensation Commission on June 11, 2015 for all employees. This insurance coverage includes a \$3,000,000 workers' compensation surety bond. The City has an excess liability policy with a self-insured retention per occurrence of \$750,000, and a maximum limit of indemnity per occurrence and aggregate of \$1,000,000.

The City has a stop-loss program for health insurance. This City provides self-insured health insurance for employees and retirees. This insurance has an individual stop-loss premium of \$250,000 which was last increased on July 1, 2017. These claim costs are accounted for in the government's Health Insurance Fund.

As shown in the chart below, the City estimates its liability is \$0 for general liability risk claims, \$529,304 for health and dental insurance, and \$2,312,057 for workers compensation.

	General Liability Risks Program		Health and Dental Insurance Fund		Workers Compensation Fund	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Unpaid claims, beginning of year	\$ 30,000	\$ 10,000	\$ 638,235	\$ 617,712	\$1,739,659	\$ 1,055,016
Incurred claims	28,781	24,299	5,657,432	5,844,526	566,488	545,618
Change in reserve	(30,000)	20,000	-	-	572,398	684,643
Claim payments	(28,781)	(24,299)	(5,766,363)	(5,824,003)	(566,488)	(545,618)
Unpaid claims, end of year	\$ -	\$ 30,000	\$ 529,304	\$ 638,235	\$2,312,057	\$ 1,739,659

V. Other information (continued)

B. Contingent liabilities and commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City of Hagerstown is a defendant in various legal proceedings at June 30, 2021. The government officials and counsel intend to defend all pending litigation against the government, and the outcome of these legal proceedings is not presently determinable. In the opinion of the government and counsel, the liability, if any, in or arising from litigation and other legal proceedings in which the government is involved, as well as any other claims and assessments, will not have a material adverse effect on its financial condition.

C. Other post employment benefits

In addition to the pension benefits described later in Note V D, the City of Hagerstown provides other post employment benefits (OPEB) to all employees who qualify as a retiree and meet specific service requirements through a single-employer defined benefit plan. The City established a separate irrevocable trust for administering the plan assets while continuing to pay for 100% of the actual claims incurred through normal operating and paygo cash in an effort to build the OPEB plan assets. During fiscal year 2021, 268 retirees and their 90 dependents were eligible for hospitalization and dental benefits.

Plan description. The hospitalization insurance is a contributory plan, and eligible retirees may insure themselves and eligible dependents. If an employee suffers a job-related death or disability requiring early retirement, the City provides full medical coverage at the City's cost for the employee and his/her eligible dependents until the employee and his/her spouse are Medicare eligible, and his/her eligible children attain age 26. When a retiree or spouse reaches age 65 or becomes eligible for Medicare insurance, the retiree and spouse will receive the same benefits granted to other retirees at age 65. Eligible family members (spouse, children) are dependents who were eligible for the employee's healthcare insurance prior to the employee's retirement from the City.

Hospitalization and dental insurance coverage is provided to retirees with coverage and contributory levels based on the employee's hire date and years of full time continuous service.

- At retirement, an employee hired before July 1, 1989 must have completed ten (10) years of full time continuous service with the City to qualify for coverage for himself/herself and their eligible dependents.

V. Other information (continued)

C. Other post employment benefits (continued)

- At retirement, an employee hired on or after July 1, 1989 must have completed twenty (20) years of full time continuous service with the City to qualify for coverage for himself/herself and their eligible dependents.

Retirees meeting those hire dates and years of full time continuous services and were also hired on or before February 2, 2004 share the cost of dependency coverage with the City.

- Employees hired after February 2, 2004, upon their retirement, coverage for eligible dependents will be made available at the full expense of the retiree.
- Employees hired on or after July 1, 2009 who become eligible for retiree healthcare insurance, may elect insurance for themselves and eligible dependents until the retiree/dependent becomes eligible for Medicare or is no longer an eligible dependent. For retirees and their spouses who are under age 65, a traditional 80/20% cost sharing program for medical costs will be made available by the City, unless the retiree or spouse has been proven eligible for Medicare coverage.

For those retirees and their dependents who are over the age of 65 or are proven to be eligible for Medicare coverage, the City provides up to a \$350 monthly stipend to aid in the cost of acquiring a Medicare supplemental health insurance plan. Of the eligible retirees, 70 retirees and 43 dependents are provided the \$350 monthly stipend to aid in acquiring a Medicare supplemental health insurance plan. No drug benefits are provided under the Medicare supplemental health insurance plan after June 30, 2010.

The dental insurance is also a contributory plan and follows the same guidelines as above in determining the eligibility for retiree coverage. Retirees must pay the full cost of dependency coverage.

The City's agreement to provide the hospitalization and dental insurance coverage described above is detailed in each contract with the four bargaining units and in the City's Personnel Policy Manual for administrative and salaried employees.

Please note that the portion of associated liability for governmental activities that are liquidated for OPEB and pension liabilities are 100% liquidated by the City's General Fund. There is no separately issued stand-alone OPEB report other than information disclosed as part of this Comprehensive Annual Financial Report.

Investments: Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return of OPEB plan investments, net of the OPEB plan expense was 27.85%. The money-weighted rate of return reflects investment performance, net of investment expense, adjusted for the changing amounts actually invested.

V. Other information (continued)

C. Other post employment benefits (continued)

Net OPEB liability and OPEB Expense. For the year ended June 30, 2021, the City recognized OPEB expense of \$20,078,144. The components of the net OPEB liability as of June 30, 2021 were as follows:

Total OPEB Liability (TPL)	\$ 40,114,469
Plan Fiduciary Net Position	16,457,785
City's Net OPEB Liability	<u>\$ 23,656,684</u>

City's Net Position as a Percentage of OPEB Liability 41.03%

The schedule below reflects the factors that impact net position liability and results as June 30, 2021:

Total Fiduciary Liability	<u>2021</u>
Total OPEB Liability	
Service Cost	\$ 398,406
Interest Cost	2,865,524
Differences Between Expected and Actual Experience	(1,927,377)
Plan Changes	-
Assumption Changes	(66,998)
Benefit Payments	(1,335,749)
Net Change in Total OPEB Liability	<u>(66,194)</u>
Total OPEB liability-Beginning of Year	40,180,663
Total OPEB liability-End of Year	<u>\$ 40,114,469</u>

Plan Fiduciary Net Position	
Contributions-Employer	\$ 1,985,749
Net Investment Income	3,457,579
Benefit Payments	(1,335,749)
Administrative Expense	(43,432)
Net Change in Fiduciary Net Position	<u>4,064,147</u>
Fiduciary Net Position-Beginning of Year	12,393,638
Fiduciary Net Position-End of Year	<u>\$ 16,457,785</u>

Net OPEB Liability	\$ 23,656,684
Fiduciary Net Position as a % of Total OPEB Liability	41.03%

Covered Employee Payroll	\$ 31,132,817
Net OPEB Liability as a % of Payroll	76%
Annual Money-Weighted Rate of Return, net of investment expense	27.85%

V. Other information (continued)

C. Other post employment benefits (continued)

Actuarial methods and assumptions. Projections for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The last actuarial valuation date was July 1, 2020 with a measurement date of June 30, 2021. The actuarial methods and assumptions used include techniques that are designed to reduce short-term perspective of the calculations, and are as follows:

The unfunded liability is being amortized over a period of 30 years as a level percentage of payroll on an open basis.

Assumptions.

Actuarial Cost Method	Entry Age Normal
Valuation of Assets	Market rate
Investment Rate of Return	7.25%
Discount Rate	7.25%
Mortality	Pub-2010 50% Public Safety/50% General Employees Headcount Weighted Mortality with Scale MP-2020 fully generational.
Turnover	T5
Salary Scale	4.25%
Trend Rates	Medical - 6.50% starting 2021 & decreasing linearly to 4.5% annually Dental - 3.0% increase annually

Retirement Age – As specified in the following table:

	Probability of Retirement	Probability of Electing Coverage
Age 62 & 5+ Years of Service	100%	85%
Age 55 & 15+ Years of Service	50%	85%
25+ Years of Service	100%	85%

Premium Equivalence – Based on current equivalent retiree rates. Post-65 rates are based on current cost of supplemental coverage and the annual HRA benefit.

Actual coverage status is based on the earliest age at which an employee can retire under the appropriate pension plan. Current COBRA rates are blended at 50%/50% high Plan/low Plan. Rates are adjusted 150% to age band to retirement. 80% of participants are assumed to be married.

V. Other information (continued)

C. Other post employment benefits (continued)

The long term expected range of investment rate of returns are based on a blend of historical performance and forward looking assumptions as selected by the investment plan sponsor and are reflected below:

Asset Class	Target % of Portfolio	Expected Rate of Return
Cash	3.00%	2.00%
Large-Cap Domestic Equities	42.00%	6.00%
Mid/Small Domestic Equities	6.00%	6.75%
International Equities	15.00%	8.50%
Real Estate Investment Trusts	2.00%	7.25%
Fixed Investment Grade Bonds	30.00%	4.75%
Fixed High Yield Bonds	2.00%	5.75%
Total	100.00%	7.25%

Discount rate. The historical contribution amount, the current asset balance and the plan sponsor's assumed investment rate of returns are sufficient to cover the expected costs of the plan.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point higher (8.25%) and 1 percentage point lower (6.25%):

	1% decrease 6.25%	Current rate 7.25%	1% increase 8.25%
Net OPEB Liability	\$ 27,472,121	\$ 23,656,684	\$ 20,376,045

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability and what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point higher (7.75% to 5.50%) and 1 percentage point lower (5.75% to 3.50%):

	1% decrease (5.50% to 3.5%)	Current rate (6.50% to 4.5%)	1% increase (7.50% to 5.5%)
Net OPEB Liability	\$ 21,788,067	\$ 23,656,684	\$ 25,793,633

V. Other information (continued)

C. Other post employment benefits (continued)

OPEB deferred outflows of resources and deferred inflows of resources.

At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,528,853
Changes of assumptions	1,349,647	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,725,524
Total	\$ 1,349,647	\$ 3,254,377

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

Year Ended June 30:	
2022	\$ (309,076)
2023	(51,859)
2024	(637,431)
2025	(906,364)
	<u>\$ (1,904,730)</u>

Financial Statements. See below the financial statements for the OPEB Trust Fund which are not separately audited:

V. Other information (continued)

C. Other post employment benefits (continued)

Statement of Fiduciary Net Position June 30, 2021

	Other Post Employment Benefits (OPEB) Trust Fund
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 401,717
Government and Agency Issues	-
Corporate Debt Issues	-
Common Stock	2,770,665
Mutual Funds	13,270,197
Total investments	<u>16,442,579</u>
Interest Receivable	15,206
Total assets	<u>16,457,785</u>
Net Position Restricted for OPEB	\$ <u>16,457,785</u>

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2021

	Other Post Employment Benefits (OPEB) Trust Fund
Additions	
Contributions:	
Employer	\$ 650,000
Plan members	-
Total contributions	<u>650,000</u>
Investment earnings:	
Interest and dividends	368,046
Net increase/(decrease) in the fair value of investments	3,089,533
Total inve	3,457,579
Less investment expense	36,525
Net investment earnings	<u>3,421,054</u>
Benefits	-
Administrative expenses	3,331
Actuarial fees	3,576
Total deductions	<u>6,907</u>
Change in net position	4,064,147
Net position - beginning	<u>12,393,638</u>
Net position - ending	\$ <u>16,457,785</u>

The notes to the financial statements are an integral part of this statement.

V. Other information (continued)

D. Employee retirement systems and pension plans

The City of Hagerstown eligible sworn police and fire employees participate in a single-employer pension plan which is administered by the City in a separate trust fund. Other eligible employees participate in two cost sharing multiple employer pension plans administered by the State of Maryland. Please note that the portion of associated liability for governmental activities that are liquidated for these pension liabilities are 100% liquidated by the City's General Fund. These plans are as follows:

Single Employer Pension Plan

City of Hagerstown Police and Fire Employees' Retirement Plan

Cost Sharing Multiple Employer Pension Plans

Employees' Retirement System of the State of Maryland
Pension System for Employees of the State of Maryland

Single Employer Pension Plan

Plan description. The City of Hagerstown Police and Fire Employees' Retirement Plan (Sworn Plan) was established July 1, 1998. At that time the government's sworn employees were allowed to elect to withdraw from the State's cost sharing multiple employer pension plans and to have their net plan assets (\$4,088,321) transferred to the City's Police and Fire Employees' Retirement Plan. The Retirement Plan provides retirement, disability, and death benefits to plan members and beneficiaries. All full-time sworn Police and Fire department employees of the government hired on or after July 1, 1998; active full-time sworn Police and Fire department; and Public Safety cadets and trainees that elect coverage are members of the plan. As discussed in Note I, the Police and Fire Employees' Retirement Plan is considered part of the government's reporting entity and is included in the government's financial statements as the Pension Trust Fund. No separate financial statements are issued.

Membership in the City's Police and Fire Retirement Plan consisted of the following as of July 1, 2020, the date of the most recent actuarial valuation:

Active	168
Retired or disabled	97
Vested terminations or inactive	<u>8</u>
Total	<u>273</u>

A plan participant may elect to retire at his or her normal retirement date and receive unreduced benefits. Full (100%) vesting occurs on completion of five years of service.

The normal retirement date is the first day of the month on or after the employee completes 25 years of eligibility service, regardless of age, or if earlier, the date the employee reaches age 62 and has 3 years of eligibility service. Retirement benefits

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

commence at normal retirement date equal to 2.0% of average monthly compensation times years of service (to a maximum of 30 years) for those hired before July 1, 2018. Any employee hired after June 30, 2018, the multiplier changes to 1.8%. An employee will reach early retirement date on the first day of the month on or after the day the employee is age 50 and has at least 20 years of eligibility service which is an effective change as of July 1, 2018.

Final benefits are based on the average of the three highest consecutive plan years preceding the date of retirement and there is a maximum percentage of credited service allowed. The Plan does not provide for automatic cost of living benefits increases. Benefits are payable to or on behalf of vested participants who die prior to retirement, who become disabled and qualify for total disability benefits under the Plan, and who opts to retire early upon meeting the Plan's requirements for early retirement.

Summary of significant accounting policies. The Sworn Plan follows the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Also, benefits and refunds are recognized when due and payable in accordance with the terms of the Sworn Plan. The fair value of investments is determined by market price.

Funding policy. Obligations to contribute to the Sworn Plan were established by local resolution after a public hearing. Funding policy for the Sworn Plan provides for periodic contributions based upon actuarial valuations. Required contributions under the Sworn Plan which are not funded by employee contributions are funded entirely by the government. Costs of administering the Sworn Plan are financed on a current funding basis. Historically, the City contributes 100% of the minimum annual required contribution. Based on the July 1, 2020 actuarial valuation, sworn employees contribute 8.00% of their base pay and the current actuarially determined rate the government is required to contribute is 14.00% for fiscal year 2019/2020. As of June 30, 2021, the plan's net position was \$26,720,071 and included the following policy target asset allocation breakdown.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	3.00%
Fixed Income	32.00%
Domestic equity	50.00%
International equity	15.00%
Total	<u>100.00%</u>

For the year ended June 30, 2021, the annual money weighted return on pension plan investments, net of investment expense was 26.62% for the Sworn Plan. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Net pension liability and pension expense. For the year ended June 30, 2021, the City recognized Police and Fire Retirement expense of \$1,984,425. The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2021 is as follows:

Total Pension Liability (TPL)	\$ 56,628,526
Plan Fiduciary Net Position	<u>26,720,071</u>
City's Net Pension Liability	<u>\$ 29,908,455</u>
City's Net Position as a Percentage of TPL	47.18%

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

The schedule below reflects the factors that impact net pension liability and results as of June 30, 2021:

Total pension liability	<u>2021</u>
Service cost: Retirement benefits	\$ 686,694
Interest	3,947,209
Changes of benefit terms	192,454
Differences between expected and actual experience	(979,110)
Changes of assumptions	(128,645)
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<u>(3,015,905)</u>
	\$ 702,697
Total pension liability - beginning	<u>55,925,829</u>
Total pension liability - ending (a)	<u><u>\$ 56,628,526</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 1,465,600
Contributions - member	845,330
Net investment income	5,662,045
Benefit payments (includes member's contributions refunds, deaths, & terminations)	(3,015,905)
Administrative expense	<u>(92,510)</u>
	4,864,560
Plan fiduciary net position - beginning	<u>21,855,511</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 26,720,071</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 29,908,455</u></u>
Plan fiduciary net position as a percentage of total pension liability	47.18%
Covered payroll	\$ 10,471,415
Net liability as a percentage of covered payroll	285.62%
Annual money-weighted rate of return, net of investment expense	26.62%

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the plan, calculated using the discount rate of 7.25%, as well as what the plan's net pension liability would be if it was calculated using a discount rate that is 1 percent lower (6.25%) or 1 percent higher (8.25%) than the current rate:

	1% decrease 6.25%	Current rate 7.25%	1% increase 8.25%
Net Pension Liability	\$ 37,410,221	\$ 29,908,455	\$ 23,695,668

Deferred outflows and inflows of resources related to pensions. As of June 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,338,452
Changes of assumptions	795,026	-
Net difference between projected and actual earnings on pension plan investments	-	2,909,804
Total	\$ 795,026	\$ 4,248,256

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Outflows	
Year Ended June 30:	
2022	\$ (481,231)
2023	(1,060,225)
2024	(869,039)
2025	(1,042,735)
	<u>\$ (3,453,230)</u>

The schedule of changes in the net pension liability, schedule of the City's contributions, and a schedule of investment returns are presented as Required Supplementary Information (RSI) following the notes to the financial statements starting on page 90.

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Actuarial methods and assumptions. The annual required contribution for the current year was determined as part of the July 1, 2020 actuarial valuation using the entry age actuarial cost method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period is 25 years. The actuarial assumptions included:

- (a) Investment return – 7.25% as selected by the plan sponsor
- (b) Projected salary increases of 4.25% per year
- (c) Valuation of Assets – Market value
- (d) Mortality – PUB-2010 Mortality Table for Public Safety with projection scale MP-2020, fully generational
- (e) Turnover – Pre-retirement for retirement and spousal benefits is T8
- (f) Inflation – 2.25%

The long-term expected rate of return on pension plan investments was determined using log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2021 is as follows:

	% of Portfolio	Assumed Rate of Return	Inflation	Expected Real Rate of Return
Cash	2.00%	2.00%	0.00%	2.00%
Large-Cap Domestic Equities	40.00%	9.50%	2.25%	7.25%
Mid/Small Domestic Equities	9.90%	8.50%	2.25%	6.25%
Global Domestic Equities	0.93%	5.25%	2.25%	3.00%
International/Global Equities	16.27%	5.25%	2.25%	3.00%
Real Estate Investment Trusts	2.20%	5.75%	2.25%	3.50%
Fixed Investment Grade Bonds	26.70%	4.75%	2.25%	2.50%
Fixed High Yield Bonds	2.00%	7.75%	2.25%	5.50%
Total	100.00%	6.09%	2.25%	4.13%

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Financial Statements. See below the financial statements for the Pension Trust Fund which are not separately audited:

Statement of Fiduciary Net Position June 30, 2021

	Pension Trust Fund
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 656,723
Government and Agency Issues	3,848,265
Corporate Debt Issues	2,747,206
Common Stock	4,160,785
Mutual Funds	15,252,443
Total investments	26,665,422
Interest Receivable	54,649
Total assets	<u>26,720,071</u>
Net Position Restricted for Pensions	\$ <u>26,720,071</u>

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2021

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 1,465,600
Plan members	845,330
Total contributions	<u>2,310,930</u>
Investment earnings:	
Interest and dividends	523,201
Net increase/(decrease) in the fair value of investments	5,138,825
Total inve	5,662,045
Less investment expense	58,169
Net investment earnings	<u>5,603,876</u>
Benefits	3,015,905
Administrative expenses	26,049
Actuarial fees	8,292
Total deductions	<u>3,050,246</u>
Change in net position	4,864,560
Net position - beginning	<u>21,855,511</u>
Net position - ending	\$ <u>26,720,071</u>

The notes to the financial statements are an integral part of this statement.

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Cost Sharing Multiple Employer Pension Plans

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

Plan Description: The employees of the City, other than certain public safety employees, who are covered by the Sworn Plan, are covered by either the Employees Retirement System or the Employees' Pension System, or the Law Enforcement Officers' Pension System. These plans are administered by the State Retirement and Pension System of Maryland (the System). The State of Maryland is the primary sponsor of this cost-sharing multiple employer defined benefit system which provides pension benefits, death and disability benefits to plan members and their beneficiaries. The State Personnel and Pensions Article of the Annotated Code of Maryland specify all plan benefits to plan members. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, or by calling 410-946-5900.

Contributions: Plan members of the Employees' Retirement System contribute up to 7 percent of their covered salary each fiscal year. Plan members of the Employees' Pension System contributed 5 percent of their covered salary each fiscal year. The City is required to contribute at an actuarially determined rate.

The contribution requirements of plan members of the reporting entity are established and may be amended by the System Board of Trustees.

The contributions for the fiscal year ending June 30 to the System, exclusive of contributions made directly by the State of Maryland, were equal to the actuarially determined amount, as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2021	\$ 2,124,501	\$ 2,124,501	100%

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2021, the City reported a liability of \$20,665,745 for its proportionate share of the net pension liability. The net Pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participants members, actuarially determined. As of June 30, 2020, the City's proportion was 0.0914 percent.

For the year ended June 30, 2021, the City recognized pension expense of \$2,303,898. As of June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 2,124,501	\$ -
Changes of assumptions	-	317,395
Net difference between projected and actual earnings on pension plan investments	1,540,034	-
Difference between actual and expected experience	-	689,230
Total	\$ 3,664,535	\$ 1,006,625

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

Year Ended June 30:	
2022	\$ (160,294)
2023	209,691
2024	255,974
2025	234,714
2026	(6,676)
	<u>\$ 533,409</u>

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Actuarial Assumptions: The key actuarial assumptions used to perform the June 30, 2020 pension liability calculation are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Inflation	2.60% general, 3.10% wage
Salary Increases	3.10% to 11.60%, including wage inflation
Investment Rate of Return	7.40%

Mortality rates were based on the Public Sector 2010 Mortality Tables; MP-2018 Mortality improvement scale.

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

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

Discount Rate: The discount rate used to measure the total pension liability was 7.40 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.40 percent, as well as the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate:

	1% decrease 6.40%	Current rate 7.40%	1% increase 8.40%
City's proportionate share of the Net Pension Liability	\$ 29,421,034	\$ 20,665,745	\$ 13,373,412

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This can be found at <https://.sra.maryland.gov/annual-financial-reports>.

All City Pension Plans

The chart below reflects total city dollars and amounts for liabilities, assets, deferred outflows, deferred inflows, and pension expense recognized.

		MD State Retirement System (MSRS)	Police & Fire Employees Retirement Plan	Total All Pension Plans
Net Pension Liability (NPL)	Beginning	\$ 18,664,243	\$ 34,070,318	\$ 52,734,561
	End	20,665,745	29,908,455	50,574,200
Pension Assets	Beginning	48,813,724	21,855,511	70,669,235
	End	49,911,180	26,720,071	76,631,251
Deferred Outflow of Resources		3,664,535	795,026	4,459,561
Deferred Inflow of Resources		1,006,625	4,248,256	5,254,881
Pension Expense Recognized per Actuary		2,303,898	1,984,425	4,288,323

Required Supplementary Information

The City of Hagerstown Other Post Employment Benefits Plan

Schedule of Changes in Net OPEB Liability and Related Ratios Last Five Fiscal Years

Total Fiduciary Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service Cost	\$ 398,406	\$ 363,917	\$ 352,137	\$ 355,153	\$ 402,527
Interest Cost	2,865,524	2,775,070	2,493,422	2,677,681	2,601,151
Differences Between Expected and Actual Experience	(1,927,377)	-	662,512	(1,259,781)	-
Plan Changes	-	-	-	(2,268,178)	-
Assumption Changes	(66,998)	911,457	2,139,103	3,656	-
Benefit Payments	(1,335,749)	(1,710,516)	(2,066,757)	(1,867,491)	(2,094,941)
Net Change in Total OPEB Liability	<u>(66,194)</u>	<u>2,339,928</u>	<u>3,580,417</u>	<u>(2,358,960)</u>	<u>908,737</u>
Total OPEB liability-Beginning of Year	<u>40,180,663</u>	<u>37,840,735</u>	<u>34,260,318</u>	<u>36,619,278</u>	<u>35,710,541</u>
Total OPEB liability-End of Year	<u>\$ 40,114,469</u>	<u>\$ 40,180,663</u>	<u>\$ 37,840,735</u>	<u>\$ 34,260,318</u>	<u>\$ 36,619,278</u>
Plan Fiduciary Net Position					
Contributions-Employer	\$ 1,985,749	\$ 2,360,516	\$ 2,716,757	\$ 2,517,491	\$ 2,744,941
Net Investment Income	3,457,579	439,856	651,530	708,254	886,273
Benefit Payments	(1,335,749)	(1,710,516)	(2,066,757)	(1,867,491)	(2,094,941)
Administrative Expense	(43,432)	(34,928)	(27,805)	(35,391)	(23,374)
Net Change in Fiduciary Net Position	<u>4,064,147</u>	<u>1,054,928</u>	<u>1,273,725</u>	<u>1,322,863</u>	<u>1,512,899</u>
Fiduciary Net Position-Beginning of Year	<u>12,393,638</u>	<u>11,338,710</u>	<u>10,064,985</u>	<u>8,742,121</u>	<u>7,229,222</u>
Fiduciary Net Position-End of Year	<u>\$ 16,457,785</u>	<u>\$ 12,393,638</u>	<u>\$ 11,338,710</u>	<u>\$ 10,064,985</u>	<u>\$ 8,742,121</u>
Net OPEB Liability	\$ 23,656,684	\$ 27,787,025	\$ 26,502,025	\$ 24,195,333	\$ 27,877,157
Fiduciary Net Position as a % of Total OPEB Liability	41.03%	30.84%	29.96%	29.38%	23.87%
Covered Employee Payroll	\$ 31,132,817	\$ 29,146,447	\$ 28,761,598	\$ 28,483,725	\$ 27,837,939
Net OPEB Liability as a % of Payroll	76%	95%	92%	85%	100%
Annual Money-Weighted Rate of Return, net of investment expense	27.85%	3.87%	6.20%	7.70%	11.94%

Notes to Schedule:

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

Required Supplementary Information

The City of Hagerstown Other Post Employment Benefits Plan

Schedule of Contributions Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 2,694,159	\$ 2,553,504	\$ 2,400,786	\$ 2,715,546	\$ 1,793,272
Contributions in relation to the actuarially determined contribution	(1,985,749)	(2,360,516)	(2,716,757)	(2,517,491)	(2,744,941)
Contribution Deficiency (Excess)	<u>\$ 708,410</u>	<u>\$ 192,988</u>	<u>\$ (315,971)</u>	<u>\$ 198,055</u>	<u>\$ (951,669)</u>
Covered Employee Payroll	\$ 31,132,817	\$ 29,146,447	\$ 28,761,598	\$ 28,483,725	\$ 27,837,939
Contributions as a Percentage of Covered Employee Payroll	6.38%	8.10%	9.45%	8.84%	9.86%

Notes to Schedule

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset Valuation Method	Assets are valued at market value
Healthcare Cost Trends	Medical Costs are assumed to increase annually at rate starting at 6.50% in 2021; decreasing linearly to an annual increase of 4.50%. Dental costs are assumed to increase 3.00% annually.
Salary Increases	4.25% per year
Investment Rate of Return	7.25% as selected by the Plan Sponsor
Retirement Age	100% Age 62 & 5+ Years of Service; 50% Age 55 & 15+ of Service; 100% 25+ Years of Service
Mortality	Pub-2010 50% Public Safety/50% General Employees Headcount-Weighted Mortality with Scale MP-2020 fully generational

The contributions are not based on measure of pay and covered employee payroll is the measure of payroll for the OPEB plan.

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

Required Supplementary Information

The City of Hagerstown Police and Fire Employees' Retirement Plan

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios Last Seven Fiscal Years

Total pension liability	2021	2020	2019	2018	2017	2016	2015
Service cost: Retirement benefits	\$ 686,694	\$ 693,593	\$ 871,348	\$ 873,381	\$ 818,483	\$ 751,552	\$ 574,841
Interest	3,947,209	3,812,666	3,868,003	3,763,614	3,590,998	3,510,534	3,347,378
Changes of benefit terms	192,454	-	(1,373,052)	-	-	-	-
Differences between expected and actual experience	(979,110)	424,585	(2,012,735)	(24,097)	410,836	(420,327)	-
Changes of assumptions	(128,645)	(90,917)	872,301	3,017,852	-	195,086	-
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<u>(3,015,905)</u>	<u>(2,953,506)</u>	<u>(3,023,539)</u>	<u>(2,663,168)</u>	<u>(2,525,420)</u>	<u>(2,421,115)</u>	<u>(2,268,315)</u>
	\$ 702,697	\$ 1,886,421	\$ (797,674)	\$ 4,967,582	\$ 2,294,897	\$ 1,615,729	\$ 1,653,903
Total pension liability - beginning	<u>55,925,829</u>	<u>54,039,408</u>	<u>54,837,082</u>	<u>49,869,501</u>	<u>47,574,604</u>	<u>45,958,874</u>	<u>44,304,971</u>
Total pension liability - ending (a)	<u>\$ 56,628,526</u>	<u>\$ 55,925,829</u>	<u>\$ 54,039,408</u>	<u>\$ 54,837,082</u>	<u>\$ 49,869,501</u>	<u>\$ 47,574,603</u>	<u>\$ 45,958,874</u>
Plan fiduciary net position							
Contributions - employer	\$ 1,465,600	\$ 1,456,144	\$ 1,520,609	\$ 1,373,832	\$ 1,249,915	\$ 1,408,922	\$ 1,155,675
Contributions - member	845,330	839,930	868,254	694,617	632,200	728,171	604,317
Net investment income	5,662,045	1,004,169	1,313,844	1,631,732	2,097,503	79,333	958,835
Benefit payments (includes member's contributions refunds, deaths, & terminations)	(3,015,905)	(2,953,506)	(3,023,539)	(2,663,168)	(2,525,420)	(2,421,115)	(2,268,315)
Administrative expense	(92,510)	(81,692)	(132,378)	(127,872)	(116,599)	(109,198)	(129,778)
	<u>4,864,560</u>	<u>265,045</u>	<u>546,789</u>	<u>909,141</u>	<u>1,337,599</u>	<u>(313,887)</u>	<u>320,733</u>
Plan fiduciary net position - beginning	<u>21,855,511</u>	<u>21,590,466</u>	<u>21,043,677</u>	<u>20,134,537</u>	<u>18,796,938</u>	<u>19,110,825</u>	<u>18,790,093</u>
Plan fiduciary net position - ending (b)	<u>\$ 26,720,071</u>	<u>\$ 21,855,511</u>	<u>\$ 21,590,466</u>	<u>\$ 21,043,678</u>	<u>\$ 20,134,537</u>	<u>\$ 18,796,938</u>	<u>\$ 19,110,825</u>
City's net pension liability - ending (a) - (b)	<u>\$ 29,908,455</u>	<u>\$ 34,070,318</u>	<u>\$ 32,448,942</u>	<u>\$ 33,793,404</u>	<u>\$ 29,734,964</u>	<u>\$ 28,777,665</u>	<u>\$ 26,848,049</u>
Plan fiduciary net position as a percentage of total pension liability	47.18%	39.08%	39.95%	38.37%	40.37%	39.51%	41.58%
Covered payroll	\$ 10,471,415	\$ 10,423,153	\$ 9,974,641	\$ 10,061,909	\$ 9,727,339	\$ 9,714,880	\$ 9,475,504
Net liability as a percentage of covered payroll	285.62%	326.87%	325.31%	335.85%	305.68%	296.22%	283.34%
Annual money-weighted rate of return, net of investment expense	26.62%	4.78%	5.61%	7.47%	10.54%	-0.16%	4.41%

Notes to Schedule:

This schedule is presented to illustrate the requirement to reflect information for 10 years. Information prior to June 30, 2015 is not available.

Required Supplementary Information

The City of Hagerstown Police and Fire Employees' Retirement Plan

Schedule of Police and Fire Employees' Pension Fund Employer Contributions Last Nine Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 1,465,600	\$ 1,456,144	\$ 1,390,831	\$ 1,400,050	\$ 1,353,475	\$ 1,312,319	\$ 1,252,278	\$ 1,024,869	\$ 965,733
Employer contributions in relation to the actuarially determined contribution	\$ 1,465,600	\$ 1,456,144	\$ 1,390,831	\$ 1,400,050	\$ 1,353,475	\$ 1,312,319	\$ 1,252,278	\$ 1,024,869	\$ 965,733
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$10,471,415	\$10,423,153	\$9,974,641	\$10,061,909	\$9,727,339	\$9,714,880	\$9,475,504	\$8,009,496	\$8,764,142
Contributions as a percentage of covered payroll	14.00%	13.97%	13.94%	13.91%	13.91%	13.51%	13.22%	12.80%	11.02%

Notes to schedule:

Valuation date: Employee data as of July 1, 2020 and assumption information as of June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of projected payroll on an open basis
Remaining amortization period	25 years
Asset valuation method	Market value
Inflation	2.25% per year
Salary increases	4.25% per year
Investment rate of return	7.25%
Retirement age	50% upon 25 years of service, and 50% per year upon 30 years of service, or 100% at age 62
Mortality	Pub-2010 Mortality Table for Public Safety with projection scale MP-2020, fully generational
Cost of living adjustment	None

This schedule is presented to illustrate the requirement to reflect information for 10 years. Information prior to June 30, 2013 is not available.

Required Supplementary Information

State of Maryland Retirement and Pension Plan

Schedule of Proportionate Share of the Net Pension Liability-Employee Retirement System (ERS) Last Seven Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the ERS net pension liability (asset)	0.0914%	0.0905%	0.0875%	0.0820%	0.0856%	0.0865%	0.0762%
City's proportionate share of the ERS net pension liability (asset)	\$20,665,745	\$18,664,243	\$18,366,875	\$17,739,302	\$20,203,134	\$17,987,564	\$13,529,649
City's covered payroll	\$16,012,062	\$15,794,817	\$14,529,094	\$14,841,869	\$15,093,193	\$15,021,461	\$14,288,819
Plan fiduciary net position as a percentage of the total pension liability	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

Notes to Schedule:

This schedule is presented to illustrate the requirement to reflect information for 10 years. Information prior to June 30, 2015 is not available.

City covered payroll listed above represents payroll as of the MSRS measurement date.

Required Supplementary Information

State of Maryland Retirement and Pension Plan

Schedule of Employee Retirement System (ERS) Employer Contributions Last Seven Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (ERS)	\$ 1,960,442	\$ 1,858,224	\$ 1,745,575	\$ 1,669,720	\$ 1,668,108	\$ 1,824,341	\$ 1,776,607
Contributions in relation to the contractually required contribution	<u>(1,960,442)</u>	<u>(1,858,224)</u>	<u>(1,745,575)</u>	<u>(1,669,720)</u>	<u>(1,668,108)</u>	<u>(1,824,341)</u>	<u>(1,776,607)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
City's covered payroll	\$16,071,999	\$16,012,062	\$15,794,817	\$14,529,094	\$14,841,869	\$15,093,193	\$15,021,461
Contributions as a percentage of covered payroll	12.20%	11.61%	11.05%	11.49%	11.24%	12.09%	11.83%

Notes to schedule:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Inflation	2.60% general, 3.10% wage
Salary Increases	3.10% to 11.60%, including wage inflation
Discount Rate	7.40%
Investment Rate of Return	7.40%
Mortality	Public Sector 2010 Mortality Tables; MP-2018 Mortality improvement scale

Notes to Schedule:

This schedule is presented to illustrate the requirement to reflect information for 10 years. Information prior to June 30, 2015 is not available.

City of Hagerstown, Maryland
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		2021 Actual	Variance with Final Budget - Positive (Negative)	2020 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers						
General Property Taxes:						
Current year's levy	\$ 29,716,754	\$ 29,036,754	\$ 30,565,986	\$ 1,529,232	\$ 29,525,075	\$ 1,040,911
Prior year's levy - net	(127,000)	(127,000)	(22,513)	104,487	(41,604)	19,091
Payments in lieu of taxes	2,775,600	2,775,600	2,767,915	(7,685)	2,801,825	(33,910)
Interest on delinquent taxes	175,000	175,000	213,323	38,323	148,161	65,162
	<u>32,540,354</u>	<u>31,860,354</u>	<u>33,524,711</u>	<u>1,664,357</u>	<u>32,433,457</u>	<u>1,091,254</u>
Less discounts allowed	(35,360)	(35,360)	(107,165)	(71,805)	(34,092)	(73,073)
Total General Property Taxes	<u>32,504,994</u>	<u>31,824,994</u>	<u>33,417,546</u>	<u>1,592,552</u>	<u>32,399,365</u>	<u>1,018,181</u>
Income and Other Taxes:						
Income tax	2,925,000	2,487,000	3,481,066	994,066	2,838,385	642,681
Admission	200,000	150,000	172,623	22,623	182,599	(9,976)
Enterprise zone tax credits	11,600	11,600	46,133	34,533	10,066	36,067
Police protection	710,000	710,000	682,832	(27,168)	693,469	(10,637)
State aid for fire service	70,000	70,000	79,594	9,594	77,865	1,729
State highway user revenue	80,000	80,000	80,000	-	275,000	(195,000)
Financial corporations	34,214	34,214	34,214	-	34,214	-
Hotel/motel room tax	220,000	165,000	180,036	15,036	157,258	22,778
Total Income and Other Taxes	<u>4,250,814</u>	<u>3,707,814</u>	<u>4,756,498</u>	<u>1,048,684</u>	<u>4,268,856</u>	<u>487,642</u>
Licenses and Permits:						
Residential rental licenses	680,000	680,000	720,815	40,815	597,682	123,133
Cable television franchise	334,000	334,000	319,839	(14,161)	331,977	(12,138)
Traders	100,000	85,000	99,756	14,756	85,860	13,896
Building permits	697,414	999,040	1,400,726	401,686	408,068	992,658
Electrical permits	120,000	120,000	133,705	13,705	114,199	19,506
Plumbing permits	75,000	75,000	90,057	15,057	61,536	28,521
Other	680,000	680,000	506,984	(173,016)	545,101	(38,117)
Total Licenses and Permits	<u>2,686,414</u>	<u>2,973,040</u>	<u>3,271,882</u>	<u>298,842</u>	<u>2,144,423</u>	<u>1,127,459</u>
Intergovernmental Grant Revenues:						
Federal grants	38,000	1,480,049	2,986,031	1,505,982	71,784	2,914,247
State and local grants	346,544	346,544	281,372	(65,172)	347,773	(66,401)
Total Intergovernmental Grant Revenues	<u>384,544</u>	<u>1,826,593</u>	<u>3,267,403</u>	<u>1,440,810</u>	<u>419,557</u>	<u>2,847,846</u>
Service Charges:						
Refuse collection fees	2,787,500	2,787,500	2,812,036	24,536	2,800,885	11,151
Stadium	-	-	9,395	9,395	-	9,395
Swimming pool	73,900	73,900	71,792	(2,108)	53,973	17,819
Other	2,131,450	804,732	793,242	(11,490)	478,074	315,168
Total Service Charges	<u>4,992,850</u>	<u>3,666,132</u>	<u>3,686,465</u>	<u>20,333</u>	<u>3,332,932</u>	<u>353,533</u>
Fines and Forfeitures:						
Safe Speed for School	795,000	795,000	801,549	6,549	742,947	58,602
Red Light Program	200,000	150,000	158,601	8,601	132,223	26,378
Other	160,950	160,950	62,405	(98,545)	91,045	(28,640)
Total Fines and Forfeitures	<u>1,155,950</u>	<u>1,105,950</u>	<u>1,022,555</u>	<u>(83,395)</u>	<u>966,215</u>	<u>56,340</u>
Unallocated General Revenues:						
Administrative allocation	1,997,500	1,997,500	1,997,500	-	1,997,500	-
Interest on investments	200,000	120,000	19,850	(100,150)	271,164	(251,314)
Sale of land & other property	4,500	4,500	32,907	28,407	31,654	1,253
Miscellaneous	109,640	109,640	90,560	(19,080)	115,505	(24,945)
Total Unallocated General Revenues	<u>2,311,640</u>	<u>2,231,640</u>	<u>2,140,817</u>	<u>(90,823)</u>	<u>2,415,823</u>	<u>(275,006)</u>
Total Revenues	<u>48,287,206</u>	<u>47,336,163</u>	<u>51,563,166</u>	<u>4,227,003</u>	<u>45,947,171</u>	<u>5,615,995</u>

* This statement is continued on next page.

City of Hagerstown, Maryland
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		2021 Actual	Variance with Final Budget - Positive (Negative)	2020 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers (continued)						
Other Financing Sources:						
Transfers from community development fund	30,000	30,000	31,608	1,608	28,450	3,158
Transfers from CIP Fund	4,159	4,159	4,178	19	32,100	(27,922)
Transfers from health insurance fund	380,039	380,039	-	(380,039)	580,000	(580,000)
Budgeted use of fund balance	2,379,000	1,981,000	-	(1,981,000)	-	-
Total Other Financing Sources	2,793,198	2,395,198	35,786	(2,359,412)	640,550	(604,764)
Total Revenues and Other Financing Sources	\$ 51,080,404	\$ 49,731,361	\$ 51,598,952	\$ 1,867,591	\$ 46,587,721	\$ 5,011,231
Expenditures and Transfers						
General Government:						
Council	\$ 153,602	153,602	129,570	\$ 24,032	\$ 137,771	\$ (8,201)
Mayor	66,984	66,984	73,054	(6,070)	62,088	10,966
City administrator	226,579	226,579	235,679	(9,100)	208,312	27,367
City clerk	166,437	166,437	162,474	3,963	163,963	(1,489)
Legal counsel	268,000	268,000	139,351	128,649	163,066	(23,715)
Public functions	410,900	410,900	264,397	146,503	270,465	(6,068)
Communications	273,897	273,897	223,257	50,640	245,076	(21,819)
Finance and accounting	822,039	822,039	813,782	8,257	750,926	62,856
Information technology	984,893	984,893	1,049,067	(64,174)	974,179	74,888
Customer Services, Billing & Treasurer	342,879	342,879	456,077	(113,198)	512,055	(55,978)
Planning	447,216	447,216	468,039	(20,823)	436,383	31,656
Annexation	8,800	8,800	2,828	5,972	6,468	(3,640)
City hall expenditures	278,472	278,472	245,860	32,612	286,397	(40,537)
City engineer	1,072,965	1,027,745	1,085,255	(57,510)	1,047,097	38,158
Human resources	676,092	676,092	590,139	85,953	611,255	(21,116)
Total General Government	6,199,755	6,154,535	5,938,829	215,706	5,875,501	63,328
Public Safety:						
Police department	15,171,770	14,780,087	13,905,288	874,799	13,550,181	355,107
Fire department	8,737,235	8,720,118	9,079,760	(359,642)	8,262,421	817,339
Code enforcement	1,685,316	1,685,316	1,670,706	14,610	1,433,743	236,963
Signal department	637,506	618,319	513,653	104,666	528,572	(14,919)
Total Public Safety	26,231,827	25,803,840	25,169,407	634,433	23,774,917	1,394,490
Highways and Streets:						
General street department operations	1,580,753	1,565,850	1,505,217	60,633	1,425,526	79,691
Snow removal	339,600	339,600	400,120	(60,520)	110,812	289,308
Central maintenance garage	527,113	527,113	577,914	(50,801)	492,683	85,231
Stormwater Management	1,326,718	-	-	-	615,209	(615,209)
Total Highways and Streets	3,774,184	2,432,563	2,483,251	(50,688)	2,644,230	(160,979)
Waste, Collection and Disposal	2,688,865	2,688,865	2,835,197	(146,332)	2,622,380	212,817
Culture and Recreation:						
City parks	2,047,684	1,986,863	1,657,718	329,145	1,774,345	(116,627)
Swimming pool	171,214	171,214	129,223	41,991	176,049	(46,826)
Farmers market	78,858	78,858	95,701	(16,843)	72,679	23,022
Stadium	23,902	23,902	32,099	(8,197)	43,109	(11,010)
Recreation department	567,589	567,589	466,271	101,318	564,254	(97,983)
Hager house and 202 train museum	67,833	67,833	61,650	6,183	96,523	(34,873)
Total Culture and Recreation	2,957,080	2,896,259	2,442,662	453,597	2,726,959	(284,297)

* This statement is continued on next page.

City of Hagerstown, Maryland
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		2021 Actual	Variance with Final Budget - Positive (Negative)	2020 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Expenditures and Transfers (continued)						
Economic and Community Development:						
Economic development	626,691	591,691	508,310	83,381	602,568	(94,258)
Total Economic and Community Development	626,691	591,691	508,310	83,381	602,568	(94,258)
Unallocated General Expenditures:						
Retiree benefits	1,468,700	1,468,700	1,497,639	(28,939)	1,467,795	29,844
Contributions to other agencies	284,600	112,500	112,500	-	238,600	(126,100)
Inventory adjustments	10,000	10,000	(3,881)	13,881	6,425	(10,306)
Budget contingency	30,000	657,742	-	657,742	-	-
Total Unallocated General Expenditures	1,793,300	2,248,942	1,606,258	642,684	1,712,820	(106,562)
Debt Service:						
Principal	1,674,052	1,641,112	1,641,111	1	2,243,851	(602,740)
Interest	760,545	736,545	519,799	216,746	704,124	(184,325)
Issuance Costs	1,715	1,715	1,715	-	1,778	(63)
Total Debt Service	2,436,312	2,379,372	2,162,625	216,747	2,949,753	(787,128)
 Total Expenditures	 \$ 46,708,014	 \$ 45,196,067	 \$ 43,146,539	 \$ 2,049,528	 \$ 42,909,128	 \$ 237,411
Other Financing Uses:						
Transfers to golf course fund	271,657	271,657	271,657	-	272,555	(898)
Transfers to grant revenue fund	1,250	59,504	57,362	2,142	11,295	46,067
Transfers to economic redevelopment fund	1,030,000	1,746,106	1,746,106	-	975,500	770,606
Transfers to capital projects fund	687,450	1,144,147	1,144,147	-	997,562	146,585
Transfers from FB reserves to capital projects fund	2,379,000	1,981,000	731,167	1,249,833	1,311,227	(580,060)
Total Other Financing Uses	4,369,357	5,202,414	3,950,439	1,251,975	3,568,139	382,300
 Total Expenditures and Other Financing Uses	 51,077,371	 50,398,481	 47,096,978	 3,301,503	 46,477,267	 619,711
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
	3,033	(667,120)	4,501,974	5,169,094	110,454	4,391,520
Fund balances - beginning	13,484,061	13,484,061	13,484,061	-	13,373,607	110,454
Fund balances - ending	\$ 13,487,094	\$ 12,816,941	\$ 17,986,035	\$ 5,169,094	\$ 13,484,061	\$ 4,501,974

City of Hagerstown, Maryland
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>2021 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2020 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental grant revenues	\$ 2,713,900	\$ 3,338,301	\$ 1,969,088	\$ (1,369,213)	\$ 812,274	\$ 1,156,814
Income and other taxes	1,620,000	1,650,255	1,650,255	-	1,283,316	366,939
Contributions and donations	5,486,500	5,726,190	3,182,714	(2,543,476)	193,958	2,988,756
Interest income	-	-	4,007	4,007	108,057	(104,050)
Rental Income	35,000	-	-	-	-	-
Other revenues	1,048,736	37,425	138,514	101,089	82,636	55,878
Total revenues	<u>10,904,136</u>	<u>10,752,171</u>	<u>6,944,578</u>	<u>(3,807,593)</u>	<u>2,480,241</u>	<u>4,464,337</u>
Expenditures						
General government projects	11,148,500	11,872,113	6,961,614	4,910,499	3,301,280	3,660,334
Public safety projects	7,575,600	8,491,128	1,186,226	7,304,902	2,761,786	(1,575,560)
Highways and streets projects	3,904,000	1,766,295	644,874	1,121,421	515,662	129,212
Culture and recreation	1,458,000	1,397,355	487,127	910,228	712,545	(225,418)
Total expenditures	<u>24,086,100</u>	<u>23,526,891</u>	<u>9,279,841</u>	<u>14,247,050</u>	<u>7,291,273</u>	<u>1,988,568</u>
Excess (deficiency) of revenues over (under) expenditures	(13,181,964)	(12,774,720)	(2,335,263)	10,439,457	(4,811,032)	2,475,769
Other Financing Sources (Uses)						
Bond financing Current Year	7,335,000	6,025,000	-	(6,025,000)	-	-
Transfers in:						
Forest conservation fund	95,000	190,000	176,125	-	37,870	-
General fund	3,066,450	3,095,147	1,875,314	(1,219,833)	2,308,789	(433,475)
Electric fund	16,750	16,750	16,750	-	58,125	(41,375)
Water fund	29,250	16,750	16,750	-	58,125	(41,375)
Wastewater fund	16,750	16,750	16,750	-	58,125	(41,375)
Community development block grant fund	655,000	494,748	309,948	(184,800)	713,921	(403,973)
Parking fund	3,400	3,400	3,400	-	10,378	(6,978)
Transfers (out):						
General fund	(4,159)	(4,159)	(4,178)	(19)	(32,100)	27,922
Stormwater management fund	-	(77,264)	(77,564)	(300)	-	(77,564)
Budgeted use of fund balance	1,968,523	3,026,052	-	(3,026,052)	-	-
Total other financing sources and (uses)	<u>13,181,964</u>	<u>12,803,174</u>	<u>2,333,295</u>	<u>(10,456,004)</u>	<u>3,213,233</u>	<u>(1,018,193)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	-	28,454	(1,968)	(16,547)	(1,597,799)	1,595,831
Fund balances - beginning	4,686,315	4,686,315	4,686,315	-	6,284,114	(1,597,799)
Fund balances - ending	\$ 4,686,315	\$ 4,714,769	\$ 4,684,347	\$ (16,547)	\$ 4,686,315	\$ (1,968)

Parks and Recreation



SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted to expenditures for specified purposes.

Community Development Block Grant Fund - This fund is used to account for activities which promote the rehabilitation and development of residential and commercial neighborhoods by providing loans, grants and public facilities and services.

Economic Redevelopment Fund - This fund is used to account for activities related to purchase and redevelopment of targeted properties in the City's downtown central business district. These activities are primarily funded by federal and state grants.

Flexible Spending Fund – This fund is used to account for the City Employee Flexible Spending Account (FSA) program. Funds are deposited on a pre-tax basis to this fund by employees participating in the FSA Program for reimbursed medical and dependent care costs. The City savings in social security and Medicare costs from this pre-tax funding are used to pay for this program's administrative costs.

Business Revolving Loan - This fund is designed to assist in the recruitment, retention and expansion of businesses within the City of Hagerstown, Maryland.

Excise Tax Fund - This fund was created to account for funds received from the excise tax. Revenues from the excise tax imposed through Washington County may only be used for specific purposes and this fund will be used to account for those funds.

Grant Revenue Fund - This fund was created to account for operating grant revenues from various agencies – federal, state, and local.

Forest Conservation Fund - This fund is designed for developers to have the option to pay into a special City fund for offsite forestation activities. In return, this funding is utilized by the City to plant trees.

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City of Hagerstown, Maryland
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds							Total
	Community Development Block Grant	Economic Redevelopment	Flexible Spending	Business Revolving Loan	Excise Tax	Grant Revenue	Forest Conservation Fund	
Assets								
Pooled cash and investments	\$ 279	\$ 488,285	\$ 318	\$ 307,867	\$ 53,211	\$ 483	\$ 23,913	\$ 874,356
Interest receivable	-	22	-	10	2	-	2	36
Accounts receivable	-	1,000	2,729	-	-	-	-	3,729
Intergovernmental receivable	167,478	20,000	-	-	-	250,464	-	437,942
Loans receivable (net of allowance for uncollectibles)	1,572,879	-	-	836,447	-	-	-	2,409,326
Properties held for resale	441,846	606,008	-	-	-	-	-	1,047,854
Restricted assets:								
Pooled cash and investments	323,093	1,767,075	19,925	-	-	-	-	2,110,093
Total assets	\$ 2,505,575	\$ 2,882,390	\$ 22,972	\$ 1,144,324	\$ 53,213	\$ 250,947	\$ 23,915	\$ 6,883,336
Liabilities								
Accounts and retainages payable	\$ 108,065	\$ 14,918	\$ -	\$ -	\$ 50,241	\$ 53,228	\$ -	\$ 226,452
Accrued liabilities	5,628	-	-	339	-	3,697	-	9,664
Advances from other funds	181,500	-	18,000	-	-	15,000	-	214,500
Escrowed taxes and insurance	809	-	-	-	-	-	-	809
Customer deposits	-	1,250	19,925	-	-	-	-	21,175
Deferred revenue	-	10,840	-	-	-	3,330	-	14,170
Undisbursed loan and grant commitments	107,372	753,701	-	11,280	-	-	-	872,353
Total liabilities	\$ 403,375	\$ 780,709	\$ 37,925	\$ 11,619	\$ 50,241	\$ 75,255	\$ -	\$ 1,359,124
Fund Balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	2,102,200	-	-	-	-	175,692	23,915	2,301,807
Committed	-	606,008	-	-	-	-	-	606,008
Assigned	-	1,495,673	(14,953)	1,132,705	2,972	-	-	2,616,397
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	\$ 2,102,200	\$ 2,101,681	\$ (14,953)	\$ 1,132,705	\$ 2,972	\$ 175,692	\$ 23,915	\$ 5,524,212
Total liabilities and fund balances	\$ 2,505,575	\$ 2,882,390	\$ 22,972	\$ 1,144,324	\$ 53,213	\$ 250,947	\$ 23,915	\$ 6,883,336

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds							Total
	Community Development Block Grant	Economic Redevelopment	Flexible Spending	Business Revolving Loan	Excise Tax	Grant Revenue	Forest Conservation Fund	
Revenues								
Intergovernmental grants	\$ 996,259	\$ 283,734	-	\$ -	-	\$ 354,441	-	\$ 1,634,434
Program income	27,523	100,000	-	152,527	-	-	-	280,050
Investment earnings	124	123	6	128	23	43	153	600
Contributions and donations	-	-	-	-	-	-	-	-
Property sales	318,345	-	-	-	-	-	-	318,345
Other revenues	-	23,960	-	-	-	-	8,172	32,132
Total revenues	1,342,251	407,817	6	152,655	23	354,484	8,325	2,265,561
Expenditures								
Current:								
General government	-	-	-	-	-	8,705	-	8,705
Public safety	-	-	-	-	-	279,970	-	279,970
Economic and community development:								
Public services	667,494	-	-	-	-	-	-	667,494
Public Facilities/Improvements	-	-	-	-	-	-	-	-
Housing rehabilitation	99,678	-	-	-	-	-	-	99,678
Direct economic development	-	1,220,521	-	-	-	38,617	-	1,259,138
Cost of properties sold	-	374,701	-	-	-	-	-	374,701
Administration	16,505	18,291	7,123	14,275	-	-	-	56,194
Capital outlay	892	-	-	-	-	84,511	-	85,403
Interest expense	26	-	-	-	-	-	-	26
Total expenditures	784,595	1,613,513	7,123	14,275	-	411,803	-	2,831,309
Excess (deficiency) of revenues over (under) expenditures	557,656	(1,205,696)	(7,118)	138,380	23	(57,319)	8,325	(565,749)
Other Financing Sources (Uses)								
Transfers in	-	1,746,106	-	-	-	57,362	-	1,803,468
Transfers out	(341,556)	-	-	-	-	-	(176,125)	(517,681)
Total other financing sources (uses)	(341,556)	1,746,106	-	-	-	57,362	(176,125)	1,285,787
Net change in fund balances	216,100	540,410	(7,118)	138,380	23	43	(167,800)	720,038
Fund balances - beginning	1,886,100	1,561,271	(7,835)	994,325	2,949	175,649	191,715	4,804,174
Fund balances - ending	2,102,200	2,101,681	(14,953)	1,132,705	2,972	175,692	23,915	5,524,212

City of Hagerstown, Maryland
Community Development Block Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		2021 Actual	Variance with Final Budget - Positive (Negative)	2020 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grant revenues	\$ 1,172,209	1,696,541	\$ 996,259	\$ (700,282)	\$ 896,435	\$ 99,824
Program income	38,606	38,606	27,523	(11,083)	42,038	(14,515)
Investment earnings	-	-	124	124	36	88
Property sales	165,000	165,000	318,345	153,345	145,810	172,535
Other revenues	-	-	-	-	128	(128)
Total revenues	<u>1,375,815</u>	<u>1,900,147</u>	<u>1,342,251</u>	<u>(557,896)</u>	<u>1,084,447</u>	<u>257,804</u>
Expenditures						
Public services	163,500	672,964	667,494	5,470	142,500	524,994
Public Facilities/Improvements	95,000	95,000	-	95,000	(1,056)	1,056
Housing rehabilitation	119,250	119,250	99,678	19,572	109,015	(9,337)
Clearance and demolition	150,000	150,000	-	150,000	-	-
Cost of properties sold	-	-	-	-	358,437	(358,437)
Administration	161,215	161,215	16,505	144,710	469,073	(452,568)
Capital outlay	1,650	1,650	892	758	1,159	(267)
Interest expense	200	200	26	174	33	(7)
Total expenditures	<u>690,815</u>	<u>1,200,279</u>	<u>784,595</u>	<u>415,684</u>	<u>1,079,161</u>	<u>(294,566)</u>
Excess (deficiency) of revenues over (under) expenditures	685,000	699,868	557,656	(142,212)	5,286	552,370
Other Financing Sources (Uses)						
Transfers to general fund	(30,000)	(30,000)	(31,608)	(1,608)	(28,450)	(3,158)
Transfers to capital projects fund	(655,000)	(494,748)	(309,948)	184,800	(713,921)	403,973
Total other financing sources (uses)	<u>(685,000)</u>	<u>(524,748)</u>	<u>(341,556)</u>	<u>183,192</u>	<u>(742,371)</u>	<u>400,815</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	-	175,120	216,100	40,980	(737,085)	953,185
Fund balances - beginning	1,886,100	1,886,100	1,886,100	-	2,623,185	(737,085)
Fund balances - ending	<u>\$ 1,886,100</u>	<u>\$ 2,061,220</u>	<u>\$ 2,102,200</u>	<u>\$ 40,980</u>	<u>\$ 1,886,100</u>	<u>\$ 216,100</u>

City of Hagerstown, Maryland
Economic Redevelopment
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		2021 Actual	Variance with Final Budget - Positive (Negative)	2020 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grants	\$ 50,000	\$ 283,734	\$ 283,734	\$ -	\$ 510,000	\$ (226,266)
Program income	-	-	100,000	100,000	-	100,000
Investment earnings	1,500	1,500	123	(1,377)	2,607	(2,484)
Rental income	16,960	16,960	23,960	7,000	21,641	2,319
Total revenues	<u>68,460</u>	<u>302,194</u>	<u>407,817</u>	<u>105,623</u>	<u>534,248</u>	<u>(126,431)</u>
Expenditures						
Direct economic development	1,079,650	1,319,219	1,220,521	98,698	1,211,178	9,343
Administration	26,420	26,420	18,291	8,129	14,545	3,746
Cost of property sales	-	-	374,701	(374,701)	-	374,701
Total expenditures	<u>1,106,070</u>	<u>1,345,639</u>	<u>1,613,513</u>	<u>(267,874)</u>	<u>1,225,723</u>	<u>387,790</u>
Excess (deficiency) of revenues over (under) expenditures	(1,037,610)	(1,043,445)	(1,205,696)	(162,251)	(691,475)	(514,221)
Other Financing Sources (Uses)						
Transfers from general fund	1,030,000	1,746,106	1,746,106	-	975,500	770,606
Total other financing sources (uses)	<u>1,030,000</u>	<u>1,746,106</u>	<u>1,746,106</u>	<u>-</u>	<u>975,500</u>	<u>770,606</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	(7,610)	702,661	540,410	(162,251)	284,025	256,385
Fund balances - beginning	1,561,271	1,561,271	1,561,271	-	1,277,246	(34,078)
Fund balances - ending	\$ <u>1,553,661</u>	\$ <u>2,263,932</u>	\$ <u>2,101,681</u>	\$ <u>(162,251)</u>	\$ <u>1,561,271</u>	\$ <u>222,307</u>

City of Hagerstown, Maryland
Flexible Spending
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Original and Final Budget	2021 Actual	Variance with Final Budget - Positive (Negative)	2020 Actual	Increase/ (Decrease) Over Prior Year
Revenues					
Investment earnings	\$ 175	\$ 6	\$ (170)	\$ 537	\$ (532)
Charges for services	2,000	-	(2,000)	-	-
Total revenues	<u>2,175</u>	<u>6</u>	<u>(2,170)</u>	<u>537</u>	<u>(532)</u>
Expenditures					
Contracted services	-	-	-	2,132	(2,132)
Administration	-	7,123	(7,123)	20,750	(13,627)
Total expenditures	<u>-</u>	<u>7,123</u>	<u>(7,123)</u>	<u>22,882</u>	<u>(15,759)</u>
Excess (deficiency) of revenues over (under) expenditures	2,175	(7,118)	(9,293)	(22,345)	15,227
Other Financing Sources (Uses)					
Transfers to general fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)					
	2,175	(7,118)	(9,293)	(22,345)	15,227
Fund balances - beginning	(7,835)	(7,835)	-	14,510	(22,345)
Fund balances - ending	<u>\$ (5,660)</u>	<u>\$ (14,953)</u>	<u>\$ (9,293)</u>	<u>\$ (7,835)</u>	<u>\$ (7,118)</u>

City of Hagerstown, Maryland
Business Revolving Loan
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Original and Final Budget</u>	<u>2021 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2020 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
Revenues					
Investment earnings	\$ 2,500	\$ 128	\$ (2,372)	\$ 3,220	\$ (3,092)
Miscellaneous	500	-	(500)	713	(713)
Program revenue	151,163	152,527	1,364	18,570	133,957
Total revenues	<u>154,163</u>	<u>152,655</u>	<u>(1,508)</u>	<u>22,503</u>	<u>130,152</u>
Expenditures					
Legal & Audit Fees	1,750	2,291	(541)	371	1,920
Administration	11,966	11,984	(18)	11,610	374
Capital outlay	200	-	200	-	-
Direct economic development loans	125,000	-	125,000	147,204	(147,204)
Total expenditures	<u>138,916</u>	<u>14,275</u>	<u>124,641</u>	<u>159,185</u>	<u>(144,910)</u>
Other Financing Sources (Uses)					
Transfers from upper floors redevelopment fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	15,247	138,380	123,133	(136,682)	275,062
Fund balances - beginning	994,325	994,325	-	1,131,007	(136,682)
Fund balances - ending	\$ <u>1,009,572</u>	\$ <u>1,132,705</u>	\$ <u>123,133</u>	\$ <u>994,325</u>	\$ <u>138,380</u>

City of Hagerstown, Maryland
Excise Tax
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Original and Final Budget	2021 Actual	Variance with Final Budget - Positive (Negative)	2020 Actual	Increase/ (Decrease) Over Prior Year
Revenues					
Investment earnings	\$ 225	\$ 23	\$ (202)	\$ 256	\$ (233)
Excise tax	-	-	-	-	-
Total revenues	<u>225</u>	<u>23</u>	<u>(202)</u>	<u>256</u>	<u>(233)</u>
Expenditures					
Total expenditures	-	-	-	-	-
Other Financing Sources (Uses)					
Transfers to capital projects fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	225	23	(202)	256	(233)
Fund balances - beginning	2,793	2,949	-	2,693	256
Fund balances - ending	\$ <u>3,018</u>	\$ <u>2,972</u>	\$ <u>(202)</u>	\$ <u>2,949</u>	\$ <u>23</u>

City of Hagerstown, Maryland
Grant Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>2021 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2020 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ 340,160	\$ 452,106	\$ 354,441	\$ (97,665)	\$ 387,705	\$ (33,264)
Investment earnings	500	500	43	(457)	1,064	(1,021)
Contributions and donations	-	-	-	-	4,359	(4,359)
Total revenues	<u>340,660</u>	<u>452,606</u>	<u>354,484</u>	<u>(98,122)</u>	<u>393,128</u>	<u>(38,644)</u>
Expenditures						
Public safety	277,983	379,473	279,970	99,503	319,921	(39,951)
Culture and recreation	-	8,705	8,705	-	3,296	5,409
Economic and community development	-	-	38,617	(38,617)	35,670	2,947
Capital outlay	63,427	84,815	84,511	304	44,471	40,040
Total expenditures	<u>341,410</u>	<u>472,993</u>	<u>411,803</u>	<u>61,190</u>	<u>403,359</u>	<u>8,444</u>
Excess (deficiency) of revenues over (under) expenditures	(750)	(20,387)	(57,319)	(36,932)	(10,231)	(47,088)
Other Financing Sources (Uses)						
Transfers from general fund	1,250	59,504	57,362	(2,142)	11,295	46,067
Total other financing sources (uses)	<u>1,250</u>	<u>59,504</u>	<u>57,362</u>	<u>(2,142)</u>	<u>11,295</u>	<u>46,067</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	500	39,117	43	(39,074)	1,064	(1,021)
Fund balances - beginning	175,649	175,649	175,649	-	174,585	1,064
Fund balances - ending	<u><u>\$ 176,149</u></u>	<u><u>\$ 214,766</u></u>	<u><u>\$ 175,692</u></u>	<u><u>\$ (39,074)</u></u>	<u><u>\$ 175,649</u></u>	<u><u>\$ 43</u></u>

City of Hagerstown, Maryland
Forest Conservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>2021 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2020 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Investment earnings	\$ 1,500	1,500	\$ 153	\$ (1,347)	\$ 834	\$ (681)
Reforestation fees	60,000	60,000	8,172	(51,828)	186,445	(178,273)
Total revenues	<u>61,500</u>	<u>61,500</u>	<u>8,325</u>	<u>(53,175)</u>	<u>187,279</u>	<u>(178,954)</u>
Expenditures						
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers to capital projects fund	(95,000)	(190,000)	(176,125)	13,875	(37,870)	(138,255)
Transfers from capital projects fund	-	-	-	-	-	-
Total other financing sources (uses)	<u>(95,000)</u>	<u>(190,000)</u>	<u>(176,125)</u>	<u>13,875</u>	<u>(37,870)</u>	<u>(138,255)</u>
Excess (deficiency) of revenues over (under) expenditures	(33,500)	(128,500)	(167,800)	(39,300)	149,409	(317,209)
Fund balances - beginning	191,715	191,715	191,715	-	42,306	149,409
Fund balances - ending	<u>\$ 158,215</u>	<u>63,215</u>	<u>\$ 23,915</u>	<u>\$ (39,300)</u>	<u>191,715</u>	<u>(167,800)</u>

Growth and Expansion in Hagerstown



NONMAJOR ENTERPRISE FUNDS

Enterprise funds are to be used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Mayor and Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Mayor and Council has decided that periodic determination of net income is appropriate for accountability purposes.

Golf Course Fund - This fund is used to account for all activities relating to the City's public golf course.

Property Management Fund - This fund is used to account for all activities related to rental properties owned and managed by the City.

Parking Fund - This fund is used to account for all activities related to parking lots, parking decks, and parking enforcement owned and managed by the City.

Stormwater Management Fund - This fund is used to account for all aspects of storm drainage and stormwater management networks in the City that convey or treat runoff.

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City of Hagerstown, Maryland
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2021

	<u>Golf Course</u>	<u>Property Management</u>	<u>Parking Facilities</u>	<u>Stormwater Management</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets					
Current assets:					
Pooled cash and investments	\$ 260,218	\$ 210,488	\$ 1,423,654	\$ 233	\$ 1,894,593
Interest receivable	11	7	60	-	78
Accounts receivable (net of allowance for uncollectibles)	11,954	21,214	64,261	240,502	337,931
Prepaid items	1,661	-	-	-	1,661
Total current assets	<u>273,844</u>	<u>231,709</u>	<u>1,487,975</u>	<u>240,735</u>	<u>2,234,263</u>
Noncurrent assets:					
Capital assets:					
Land	125,000	637,724	1,459,464	-	2,222,188
Land improvements	225,522	-	1,333,127	21,222	1,579,871
Buildings and structures	219,846	3,401,087	7,732,804	-	11,353,737
Machinery and equipment	425,559	36,959	656,695	-	1,119,213
Automobiles and trucks	157,461	-	62,141	701,797	921,399
Infrastructure	26,537	-	-	122,724	149,261
Office furniture and fixtures	-	109,993	-	-	109,993
Construction in progress	-	-	-	5,664	5,664
Less accumulated depreciation	<u>(718,250)</u>	<u>(1,540,860)</u>	<u>(5,243,397)</u>	<u>(243,924)</u>	<u>(7,746,431)</u>
Total capital assets, net	<u>461,675</u>	<u>2,644,903</u>	<u>6,000,834</u>	<u>607,483</u>	<u>9,714,895</u>
Total noncurrent assets	<u>461,675</u>	<u>2,644,903</u>	<u>6,000,834</u>	<u>607,483</u>	<u>9,714,895</u>
Total assets	<u>735,519</u>	<u>2,876,612</u>	<u>7,488,809</u>	<u>848,218</u>	<u>11,949,158</u>
Liabilities					
Current liabilities:					
Accounts and retainages payable	4,394	1,065	2,845	18,521	26,825
Advances from other funds	-	-	-	333,500	333,500
Compensated absences - current	3,901	-	21,332	1,133	26,366
Accrued liabilities	8,146	3,154	12,502	11,539	35,341
Customer deposits and rebates	-	1,100	9,020	-	10,120
Unearned revenue	1,604	-	-	-	1,604
General obligation bonds - current	-	5,555	69,098	34,356	109,009
Total current liabilities	<u>18,045</u>	<u>10,874</u>	<u>114,797</u>	<u>399,049</u>	<u>542,765</u>
Noncurrent liabilities:					
General obligation bonds - long term	-	110,127	350,155	490,843	951,125
Compensated absences	<u>3,805</u>	<u>-</u>	<u>20,811</u>	<u>1,105</u>	<u>25,721</u>
Total noncurrent liabilities	<u>3,805</u>	<u>110,127</u>	<u>370,966</u>	<u>491,948</u>	<u>976,846</u>
Total liabilities	<u>21,850</u>	<u>121,001</u>	<u>485,762</u>	<u>890,997</u>	<u>1,519,610</u>
Net Position					
Net Investment in Capital Assets	461,675	2,529,221	5,581,582	82,284	8,654,762
Unrestricted	251,994	226,390	1,421,465	(125,063)	1,774,786
Total net position	<u>\$ 713,669</u>	<u>\$ 2,755,611</u>	<u>\$ 7,003,047</u>	<u>\$ (42,779)</u>	<u>\$ 10,429,548</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Golf Course	Property Management	Parking Facilities	Stormwater Management	Total Nonmajor Enterprise Funds
Operating revenues:					
Service charges	\$ 349,246	\$ 335,291	\$ 795,759	\$ 587,752	2,068,048
Other revenues	7,261	1,975	760	2,273	12,269
Total operating revenues	<u>356,507</u>	<u>337,266</u>	<u>796,519</u>	<u>590,025</u>	<u>2,080,317</u>
Operating expenses:					
Selling, general and administrative expenses	463,549	616,950	578,528	594,058	2,253,085
Depreciation	41,438	131,866	267,456	71,199	511,959
Total operating expenses	<u>504,987</u>	<u>748,816</u>	<u>845,984</u>	<u>665,257</u>	<u>2,765,044</u>
Operating income	<u>(148,480)</u>	<u>(411,550)</u>	<u>(49,465)</u>	<u>(75,233)</u>	<u>(684,728)</u>
Nonoperating revenues (expenses):					
Gain (Loss) on disposal of capital assets	-	(456,358)	-	-	(456,358)
Intergovernmental revenue	10,959	73	11,338	10,765	33,135
Investment earnings	85	13,928	754	14	14,781
Interest expense	-	(3,985)	(16,339)	(26,823)	(47,147)
Bond issuance costs	-	(56)	(7)	-	(63)
Total nonoperating revenue (expenses)	<u>11,044</u>	<u>(446,398)</u>	<u>(4,254)</u>	<u>(16,044)</u>	<u>(455,652)</u>
Income (loss) before contributions and transfers	(137,436)	(857,948)	(53,719)	(91,277)	(1,140,380)
Capital contributions	-	-	-	529,072	529,072
Transfer of long-term debt	-	-	-	(558,138)	(558,138)
Transfers in	271,657	-	-	77,564	349,221
Transfers out	-	-	(3,400)	-	(3,400)
Changes in net position	<u>134,221</u>	<u>(857,948)</u>	<u>(57,119)</u>	<u>(42,779)</u>	<u>(823,625)</u>
Total net position - beginning	579,448	3,613,559	7,060,166	-	11,253,173
Total net position - ending	<u>\$ 713,669</u>	<u>\$ 2,755,611</u>	<u>\$ 7,003,047</u>	<u>\$ (42,779)</u>	<u>10,429,548</u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	<u>Golf Course</u>	<u>Property Management</u>	<u>Parking Facilities</u>	<u>Stormwater Management</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 363,381	\$ 332,537	\$ 736,289	\$ 349,523	\$ 1,781,730
Advances from other funds	-	-	-	333,500	333,500
Payments to suppliers	(179,326)	(473,969)	(106,432)	(184,251)	(943,978)
Payments to employees	(305,169)	(147,832)	(489,889)	(380,332)	(1,323,222)
Net cash used by operating activities	<u>(121,114)</u>	<u>(289,264)</u>	<u>139,969</u>	<u>118,440</u>	<u>(151,970)</u>
Cash Flows From Noncapital Financing Activities					
Transfers from (to) other funds	<u>271,657</u>	<u>-</u>	<u>(3,400)</u>	<u>77,564</u>	<u>345,821</u>
Net cash provided (used) by noncapital and related financing activities	<u>271,657</u>	<u>-</u>	<u>(3,400)</u>	<u>77,564</u>	<u>345,821</u>
Cash Flows From Capital And Related Financing Activities					
Proceeds from intergovernmental grant	10,959	73	11,338	10,765	33,135
Acquisition and construction of capital assets	-	870,358	(122,181)	(149,610)	598,567
Proceeds from bond issuance	-	0	0	-	0
Principal paid on capital debt	-	(5,511)	(66,399)	(32,940)	(104,850)
Interest paid on capital debt	-	(4,002)	(17,043)	(24,000)	(45,046)
Proceeds from sale of capital assets	-	(456,358)	-	-	(456,358)
Net cash provided (used) by capital and related financing activities	<u>10,959</u>	<u>404,560</u>	<u>(194,285)</u>	<u>(195,785)</u>	<u>25,449</u>
Cash Flows From Investing Activities					
Interest and dividends received	<u>110</u>	<u>13,951</u>	<u>1,317</u>	<u>14</u>	<u>15,392</u>
Net cash provided by investing activities	<u>110</u>	<u>13,951</u>	<u>1,317</u>	<u>14</u>	<u>15,392</u>
Net increase (decrease) in pooled cash and investments	161,612	129,247	(56,400)	233	234,692
Pooled cash and investments, beginning of year	98,606	81,241	1,480,054	-	1,659,901
Pooled cash and investments, end of year	\$ 260,218	\$ 210,488	\$ 1,423,654	\$ 233	\$ 1,894,593
Reconciliation of operating income to net cash (used) by operating activities:					
Operating income (loss)	\$ (148,480)	\$ (411,550)	\$ (49,465)	\$ (75,233)	\$ (684,728)
Adjustments to reconcile operating income to net cash used by operating activities:					
Depreciation expense	41,438	131,866	267,456	71,199	511,959
Bond issuance costs	-	(56)	(7)	-	(63)
Net effect of changes in assets and liabilities					
Accounts receivable	6,889	4,771	(60,644)	(240,502)	(289,486)
Prepaid items	(73)	-	200	-	127
Accounts and retainages payable	(11,238)	(5,107)	1,157	18,521	3,333
Advances from other funds	-	-	-	333,500	333,500
Compensated absences payable	(5,023)	-	(17,530)	1,133	(21,420)
Accrued liabilities	595	312	(1,613)	8,716	8,010
Customer deposits and rebates	-	(4,500)	414	-	(4,086)
Unearned revenue	(15)	(5,000)	-	-	(5,015)
Other long-term liabilities	(5,207)	-	-	1,105	(4,102)
Total adjustments	<u>27,366</u>	<u>122,286</u>	<u>189,434</u>	<u>193,672</u>	<u>532,758</u>
Net cash used by operating activities	<u>\$ (121,114)</u>	<u>\$ (289,264)</u>	<u>\$ 139,969</u>	<u>\$ 118,439</u>	<u>\$ (151,970)</u>
Reconciliation of pooled cash and investments to the balance sheet					
Pooled cash and investments	\$ 260,218	\$ 210,488	\$ 1,423,654	\$ 233	\$ 1,894,593
Totals	\$ 260,218	\$ 210,488	\$ 1,423,654	\$ 233	\$ 1,894,593

City Center — The Heart of Hagerstown



INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Worker's Compensation Fund - The City manages its uncovered workers' compensation risks and sets aside assets for claim settlement in its Internal Service Fund, the Workers' Compensation Fund (WCF). WCF services claims for risk of loss to which the City was exposed for workers' compensation injuries. All funds to which employees are assigned participate in the WCF. It allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund based on its exposure. This charge considers recent trends in actual claims experience of the City as whole and makes provision for catastrophic losses.

Health Insurance Fund - The City manages its new self-insurance program for health care in its Internal Service Fund, the Health Insurance Fund (HIF). Under this self-funded plan the City pays a standard monthly administrative fee for each covered member and accepts claim risks up to a specific stop loss for each individual covered. In addition, a second level of insurance called the aggregate stop loss which assures that the City does not pay more than the maximum projected expenses. All funds to which employees are assigned participate in the HIF. It allocates the costs by billing a pre-established internal "insurance" rate for each funds employees, retirees and dependents. This charge represents funding sources for the HIF from which all health care related administrative and medical reimbursement costs are paid.

Dental Insurance Fund – Similar to the Health Insurance Fund this Fund manages the Dental Insurance. It allocates the costs by billing a pre-established internal "insurance" rate for each fund's employees, retirees and dependents. This charge represents funding sources from which the dental care related administrative and reimbursement costs are paid.

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City of Hagerstown, Maryland
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	<u>Worker's Compensation</u>	<u>Health Insurance</u>	<u>Dental Insurance</u>	<u>Total Internal Service Funds</u>
Assets				
Current assets:				
Pooled cash and investments	\$ 75,957	\$ 5,368,886	\$ 665,155	\$ 6,109,998
Interest receivable	-	217	28	245
Accounts receivable (net of allowance for uncollectibles)	-	162,398	11,322	173,720
Prepaid Items	<u>240,639</u>	<u>752,679</u>	-	<u>993,318</u>
Total current assets	<u>316,596</u>	<u>6,284,181</u>	<u>676,505</u>	<u>7,277,282</u>
Noncurrent assets:				
Restricted assets:				
Pooled cash and investments	<u>3,916,971</u>	<u>911,679</u>	<u>31,300</u>	<u>4,859,950</u>
Total noncurrent assets	<u>3,916,971</u>	<u>911,679</u>	<u>31,300</u>	<u>4,859,950</u>
Total assets	<u>4,233,567</u>	<u>7,195,860</u>	<u>707,805</u>	<u>12,137,232</u>
Liabilities				
Current liabilities:				
Accounts and retainages payable	75,957	753,880	3,608	833,445
Accrued liabilities	<u>2,312,057</u>	<u>513,243</u>	<u>16,061</u>	<u>2,841,361</u>
Total current liabilities	<u>2,388,014</u>	<u>1,267,123</u>	<u>19,669</u>	<u>3,674,806</u>
Total liabilities	<u>2,388,014</u>	<u>1,267,123</u>	<u>19,669</u>	<u>3,674,806</u>
Net Position				
Unassigned	<u>1,845,553</u>	<u>5,928,737</u>	<u>688,136</u>	<u>8,462,426</u>
Total net position	<u>\$ 1,845,553</u>	<u>\$ 5,928,737</u>	<u>\$ 688,136</u>	<u>\$ 8,462,426</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	<u>Worker's Compensation</u>	<u>Health Insurance</u>	<u>Dental Insurance</u>	<u>Total Internal Service Funds</u>
Operating revenues:				
Service charges	\$ 1,645,732	\$ 7,603,873	\$ 411,848	\$ 9,661,453
Other revenues	-	427,797	-	427,797
Total operating revenues	<u>1,645,732</u>	<u>8,031,670</u>	<u>411,848</u>	<u>10,089,250</u>
Operating expenses:				
Claim and premium expenses	1,309,846	5,380,638	326,919	7,017,403
Administrative expenses	115,688	720,333	43,500	879,520
Contributions to OPEB plan - Employer	-	650,000	-	650,000
Total operating expenses	<u>1,425,534</u>	<u>6,750,971</u>	<u>370,418</u>	<u>8,546,924</u>
Operating income (loss)	<u>220,198</u>	<u>1,280,699</u>	<u>41,430</u>	<u>1,542,326</u>
Nonoperating revenues (expenses):				
Investment earnings	(3,661)	2,183	363	(1,115)
Total nonoperating revenue (expenses)	<u>(3,661)</u>	<u>2,183</u>	<u>363</u>	<u>(1,115)</u>
Income before contributions and transfers	<u>216,537</u>	<u>1,282,882</u>	<u>41,793</u>	<u>1,541,212</u>
Transfer in from other funds	-	-	-	-
Transfer out to other funds	-	-	-	-
Changes in net position	<u>216,537</u>	<u>1,282,882</u>	<u>41,793</u>	<u>1,541,212</u>
Total net position - beginning	1,629,016	4,645,855	646,343	6,921,214
Total net position - ending	\$ <u><u>1,845,553</u></u>	\$ <u><u>5,928,737</u></u>	\$ <u><u>688,136</u></u>	\$ <u><u>8,462,426</u></u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Worker's Compensation	Health Insurance	Dental Insurance	Total Internal Service Funds
Cash Flows From Operating Activities				
Receipts from interfund services provided	\$ 1,645,732	\$ 8,019,595	\$ 411,446	\$ 10,076,773
Payments to suppliers	(885,757)	(6,922,875)	(364,590)	(8,173,223)
Net cash provided (used) by operating activities	759,975	1,096,720	46,856	1,903,550
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	-	-	-	-
Net cash used by capital and related financing activities	-	-	-	-
Cash Flows From Investing Activities				
Interest and dividends received	(3,661)	3,747	591	677
Net cash provided by investing activities	(3,661)	3,747	591	677
Net increase in pooled cash and investments	756,314	1,100,467	47,447	1,904,227
Pooled cash and investments, beginning of year	3,236,614	\$ 5,180,099	\$ 649,008	\$ 9,065,721
Pooled cash and investments, end of year	\$ 3,992,928	\$ 6,280,565	\$ 696,455	\$ 10,969,948
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ 220,198	\$ 1,280,699	\$ 41,430	\$ 1,542,326
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Net effect of changes in assets and liabilities				
Accounts receivable	-	(12,075)	(402)	(12,477)
Prepaid items	(16,204)	(82,339)	-	(98,543)
Accounts and retainages payable	(16,417)	25,020	174	8,777
Accrued liabilities	572,398	(114,585)	5,654	463,467
Unearned revenue	-	-	-	-
Total adjustments	539,777	(183,979)	5,426	361,224
Net cash provided (used) by operating activities	\$ 759,975	\$ 1,096,720	\$ 46,856	\$ 1,903,550
Reconciliation of pooled cash and investments to the balance sheet				
Pooled cash and investments	\$ 75,957	\$ 5,368,886	\$ 665,155	\$ 6,109,998
Restricted pooled cash and investments	3,916,971	911,679	31,300	4,859,950
Totals	\$ 3,992,928	\$ 6,280,565	\$ 696,455	\$ 10,969,948

Healthy Living



STATISTICAL SECTION

This part of the City of Hagerstown's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends – These schedules contain trend information to help the readers understand how the City's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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City of Hagerstown, Maryland
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 60,445,265	\$ 62,661,321	\$ 62,841,007	\$ 63,756,574	\$ 66,555,727	\$ 66,954,557	\$ 66,650,974	\$ 66,784,135	\$ 67,629,556	\$ 71,600,496
Restricted	9,233,959	8,785,932	8,917,240	11,415,507	9,170,892	9,737,523	9,650,397	11,549,646	4,804,175	5,539,165
Unassigned	6,893,284	6,658,627	7,231,204	(28,125,591)	(24,646,579)	(26,153,187)	(48,291,059)	(48,457,814)	(44,072,990)	(39,171,014)
Total governmental activities net position	\$ 76,572,508	\$ 78,105,880	\$ 78,989,451	\$ 47,046,490	\$ 51,080,040	\$ 50,538,893	\$ 28,010,312	\$ 29,875,967	\$ 28,360,741	\$ 37,968,647
Business-type activities:										
Net investment in capital assets	\$ 148,779,228	\$ 149,983,855	\$ 152,917,402	\$ 146,018,608	\$ 147,056,392	\$ 145,943,803	\$ 146,353,536	\$ 154,076,732	\$ 159,951,215	\$ 157,963,476
Unassigned	20,605,158	18,919,557	18,718,678	20,703,309	21,469,141	24,760,819	20,475,472	15,681,500	15,286,548	22,726,388
Total business-type activities net position	\$ 169,384,386	\$ 168,903,412	\$ 171,636,080	\$ 166,721,917	\$ 168,525,533	\$ 170,704,622	\$ 166,829,008	\$ 169,758,232	\$ 175,237,763	\$ 180,689,864
Primary government:										
Net investment in capital assets	\$ 209,224,493	\$ 212,645,176	\$ 215,758,409	\$ 209,775,182	\$ 213,612,119	\$ 212,898,360	\$ 213,004,510	\$ 220,860,867	\$ 227,580,771	\$ 229,563,972
Restricted	9,233,959	8,785,932	8,917,240	11,415,507	9,170,892	9,737,523	9,650,397	11,549,646	4,804,175	5,539,165
Unrestricted	27,498,442	25,578,184	25,949,882	(7,422,282)	(3,177,438)	(1,392,368)	(27,815,587)	(32,776,314)	(28,786,442)	(16,444,626)
Total primary government net position	\$ 245,956,894	\$ 247,009,292	\$ 250,625,531	\$ 213,768,407	\$ 219,605,573	\$ 221,243,515	\$ 194,839,320	\$ 199,634,199	\$ 203,598,504	\$ 218,658,511

City of Hagerstown, Maryland
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General Government	\$ 9,625,176	\$ 9,581,916	\$ 9,380,546	\$ 9,672,724	\$ 10,564,629	\$ 9,562,623	\$ 8,627,247	\$ 10,613,252	\$ 10,986,324	\$ 10,425,129
Public Safety	19,964,292	21,070,864	21,088,870	23,566,366	22,889,590	24,950,023	25,773,111	24,243,025	26,395,843	26,871,881
Highways and Streets	2,684,522	2,828,009	2,923,564	2,810,855	2,680,585	2,650,826	2,791,282	3,258,426	3,044,652	2,693,869
Waste Collection & Disposal	2,637,297	1,937,485	1,950,228	1,971,595	2,000,312	2,021,510	2,293,396	2,562,226	2,621,986	2,834,652
Culture and Recreation	2,622,512	2,665,582	2,729,399	2,788,927	2,845,481	2,948,143	3,005,649	3,090,190	3,267,389	2,946,663
Economic & Community Development	2,419,346	3,174,443	1,349,844	4,053,605	966,551	3,393,612	3,204,744	4,757,014	4,958,500	4,719,711
Interest on Long-term Debt	532,560	514,648	550,317	557,668	540,521	628,301	622,454	615,223	668,563	475,278
Total governmental activities expenses	40,485,705	41,772,947	39,972,768	45,421,740	42,487,669	46,154,938	46,317,893	49,139,356	51,943,257	50,967,183
Business-type activities:										
Electric	27,907,324	27,216,777	24,252,793	24,157,287	22,855,165	23,184,083	23,814,395	26,194,218	24,669,525	24,776,304
Water	10,429,856	10,454,834	10,143,760	11,147,791	11,439,748	11,288,656	10,995,786	12,002,597	11,839,287	13,711,421
Wastewater	12,408,290	12,697,968	12,499,357	12,643,801	13,114,426	13,112,003	12,343,489	13,887,499	14,190,230	12,411,529
Parking Facilities	786,348	699,693	742,030	739,264	738,566	724,828	771,525	794,876	854,950	832,848
Golf Course	388,840	467,869	407,944	435,174	443,541	481,273	432,368	440,537	470,640	479,098
Property Management	577,208	668,343	542,884	517,393	527,751	613,979	451,559	724,383	459,988	750,359
Stormwater Management	-	-	-	-	-	-	-	-	-	684,089
Total business-type activities expenses	52,497,866	52,205,484	48,588,768	49,640,710	49,119,197	49,404,822	48,809,122	54,044,110	52,484,620	53,645,648
Total primary government expenses	\$ 92,983,571	\$ 93,978,431	\$ 88,561,536	\$ 95,062,450	\$ 91,606,866	\$ 95,559,660	\$ 95,127,005	\$ 103,183,466	\$ 104,427,877	\$ 104,612,831
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 2,931,762	\$ 3,130,802	\$ 2,784,242	\$ 2,795,421	\$ 2,722,732	\$ 2,618,155	\$ 2,633,174	\$ 2,939,050	\$ 2,403,598	\$ 2,124,484
Public Safety	1,883,089	2,962,729	2,549,248	3,367,522	3,016,955	2,722,862	3,014,038	2,759,137	2,652,804	3,923,330
Streets and Alleys	86,045	102,791	87,261	73,088	48,843	149,743	73,337	68,235	64,644	53,467
Waste Collection & Disposal	2,298,388	2,478,721	2,220,898	2,252,358	2,252,262	2,258,122	2,579,249	2,772,301	2,800,885	2,812,037
Parks and Recreation	225,306	209,899	195,633	259,668	230,561	273,319	310,218	298,623	244,545	261,688
Economic & Community Development	95,246	97,321	89,771	245,921	62,417	61,746	150,415	201,209	60,608	280,050
Operating grants and contributions	2,072,808	2,331,085	2,119,193	1,930,908	1,963,246	1,783,552	1,554,570	3,061,406	2,246,769	4,923,824
Capital grants and contributions	2,611,299	3,792,121	543,261	1,807,299	2,034,072	1,315,570	1,236,493	845,126	1,006,232	5,151,802
Total governmental activities program revenues	\$ 12,203,943	\$ 15,105,469	\$ 10,589,507	\$ 12,718,185	\$ 12,331,088	\$ 11,183,069	\$ 11,551,494	\$ 12,945,087	\$ 11,480,085	\$ 19,530,682

NOTE: The City of Hagerstown implemented GASB Statement 34 in Fiscal Year 2003.

City of Hagerstown, Maryland
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charges for services:										
Electric	\$ 27,521,532	\$ 26,510,826	\$ 24,683,126	\$ 24,460,137	\$ 22,532,600	\$ 22,919,701	\$ 24,575,942	\$ 25,644,738	\$ 24,418,023	\$ 24,812,000
Water	10,226,718	10,859,180	11,125,535	11,128,131	11,455,228	11,640,701	11,688,823	11,990,596	12,606,536	12,902,095
Wastewater	10,266,294	10,699,798	10,785,125	12,241,385	12,401,054	13,046,779	13,442,122	14,044,501	13,811,461	14,120,397
Parking Facilities	855,638	936,246	869,670	975,936	953,580	993,779	951,827	935,195	705,456	796,519
Golf Course	149,074	178,462	196,758	205,199	224,893	174,035	174,021	199,889	243,327	356,507
Property Management	344,856	(985,215)	(132,163)	203,395	344,644	308,646	356,826	(225,351)	280,561	(119,092)
Stormwater Management	-	-	-	-	-	-	-	-	-	590,025
Operating grants and contributions	-	-	-	51,110	69,489	44,502	5,616	750,196	1,578,338	894,857
Capital grants and contributions	5,322,246	2,546,931	3,607,284	2,135,780	2,669,305	2,136,516	1,449,023	2,568,732	3,699,056	4,965,080
Total business-type activities program revenues	54,686,358	50,746,228	51,135,335	51,401,073	50,660,793	51,264,659	52,614,200	55,908,496	57,342,758	59,318,388
Total primary government program revenues	\$ 66,890,301	\$ 65,851,697	\$ 61,724,842	\$ 64,119,258	\$ 62,981,881	\$ 62,447,728	\$ 64,165,694	\$ 68,853,583	\$ 68,822,843	\$ 78,849,070
Net (expense)/revenue	\$ (28,281,762)	\$ (26,667,478)	\$ (29,383,261)	\$ (32,703,555)	\$ (30,156,581)	\$ (34,971,769)	\$ (34,766,389)	\$ (36,194,269)	\$ (40,463,172)	\$ (31,436,501)
Governmental activities	2,188,492	(1,459,256)	2,546,567	1,760,363	1,531,596	1,859,837	3,805,078	1,864,386	4,858,138	5,672,740
Business-type activities	(28,093,270)	(28,126,734)	(26,836,694)	(30,943,192)	(28,624,985)	(33,111,932)	(30,961,311)	(34,329,883)	(35,605,034)	(25,763,761)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property Taxes	24,077,697	25,227,705	25,365,054	27,209,882	28,463,400	28,882,713	29,674,582	32,047,754	32,399,365	33,417,546
Income and Other taxes	3,649,661	3,510,080	4,834,311	5,105,039	5,003,437	5,317,337	5,057,155	5,735,651	5,930,706	6,749,366
Excise Tax	113,485	115,492	69,278	-	-	-	-	-	-	-
Investment Earnings	86,685	37,871	13,880	10,695	38,498	62,960	130,598	387,646	387,775	24,457
Property Sales	-	-	-	-	-	-	-	-	-	-
Gain(Loss) on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	312,796	107,791	220,674	269,201	803,541	285,595	295,497	544,636	555,819	590,471
Transfers	(1,125,889)	(798,089)	(175,455)	183,935	(118,745)	(117,983)	(478,644)	(655,763)	(325,719)	(295,571)
Transfers of long-term debt	-	-	-	-	-	-	-	-	-	-
Capital Transfer from Closed Ice Rink Fund	-	-	-	-	-	-	-	-	-	-
Changes in Accounting Estimate	-	-	-	-	-	-	-	-	-	-
Total governmental activities	27,114,435	28,200,850	30,327,742	32,778,752	34,190,131	34,430,622	34,679,188	38,059,924	38,947,946	41,044,407
Business-type activities:										
Investment Earnings	253,521	180,193	156,910	146,024	153,275	201,269	265,659	409,075	295,674	41,928
Transfers	1,125,889	798,089	175,455	(183,935)	118,745	117,983	478,644	655,763	325,719	295,571
Transfers of long-term debt	-	-	-	-	-	-	-	-	-	(58,138)
Total business-type activities	1,379,410	978,282	332,365	(37,911)	272,020	319,252	744,303	1,064,838	621,393	(20,639)
Total primary government	\$ 28,493,845	\$ 29,179,132	\$ 30,660,107	\$ 32,740,841	\$ 34,462,151	\$ 34,749,874	\$ 35,423,491	\$ 39,124,762	\$ 39,569,339	\$ 40,823,768
Change in Net Position										
Governmental activities	\$ (1,167,327)	\$ 1,533,372	\$ 944,481	\$ 75,197	\$ 4,033,550	\$ (541,147)	\$ (87,201)	\$ 1,865,655	\$ (1,515,226)	\$ 9,607,906
Business-type activities	3,567,902	(480,974)	2,878,932	1,722,452	1,803,616	2,179,089	4,549,381	2,929,224	5,479,531	5,452,101
Total primary government	\$ 2,400,575	\$ 1,052,398	\$ 3,823,413	\$ 1,797,649	\$ 5,837,166	\$ 1,637,942	\$ 4,462,180	\$ 4,794,879	\$ 3,964,305	\$ 15,060,007

City of Hagerstown, Maryland
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Income Taxes	Admissions Tax	Highway User Tax	Police Protection	Financial Corporations	State Aid Fire Services	Enterprise Zone Tax	Hotel/Motel Room Tax	County Taxes	Total
2012	24,077,697	2,271,796	202,180	79,493	516,752	34,214	53,450	110,756	164,257	-	27,510,595
2013	25,227,705	2,305,373	206,234	301,935	516,752	34,214	55,352	101,850	165,898	-	28,915,313
2014	25,365,054	2,452,366	207,892	1,039,880	750,454	34,214	54,797	86,976	176,220	-	30,167,853
2015	27,209,882	2,559,272	214,162	1,081,978	720,362	34,214	63,836	69,699	191,456	-	32,144,861
2016	28,463,400	2,427,965	328,649	1,224,207	686,126	34,214	70,395	48,676	193,894	-	33,477,526
2017	28,882,713	2,628,280	443,873	1,206,125	739,779	34,214	78,697	30,485	187,687	-	34,231,853
2018	29,674,582	2,177,627	410,160	1,250,241	737,861	34,214	78,390	27,707	202,103	-	34,592,885
2019	32,047,754	2,746,653	360,785	1,375,305	736,490	34,214	77,933	11,054	219,975	-	37,610,163
2020	32,399,365	2,838,385	182,599	1,558,316	693,469	34,214	77,865	10,066	157,258	-	37,951,537
2021	33,417,546	3,481,066	172,623	1,730,255	682,832	34,214	79,594	46,133	180,036	-	39,824,299

Source: City of Hagerstown Accounting Department

Note: Highway User Tax Revenue includes one time grants and the annual allotment.

City of Hagerstown, Maryland
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable	487,902	254,914	216,127	226,974	256,353	181,006	167,197	278,377	198,133	170,452
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	199,174	1,783,143	1,596,838	1,555,317	1,077,515	786,785	250,000	251,426	251,426	250,000
Unassigned	7,837,687	7,668,912	8,053,185	8,181,345	9,191,926	9,462,818	1,248,537	465,429	471,031	886,857
Total General Fund	\$ 8,524,763	\$ 9,706,969	\$ 9,866,150	\$ 9,963,636	\$ 10,525,794	\$ 10,430,609	\$ 11,623,790	\$ 13,373,607	\$ 13,484,061	\$ 17,986,035
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,784	998,603	1,165,495	1,809,108	2,034,494	2,555,252	-	-	-	13,628
Restricted	5,480,693	2,953,196	2,908,949	2,829,671	2,815,706	2,562,152	2,588,167	2,840,076	3,723,126	3,147,735
Committed	1,817,278	43,775	1,672	2,537,161	705,958	2,024,224	2,757,307	4,739,229	945,828	606,008
Assigned	1,934,204	4,790,358	4,841,125	4,239,568	3,614,734	2,595,895	4,304,923	3,970,340	4,821,536	6,441,188
Unassigned	-	(146,717)	(150,415)	(1,088,345)	276,605	(92,306)	-	-	-	-
Total all other governmental funds	\$ 9,233,959	\$ 8,639,215	\$ 8,766,826	\$ 10,327,163	\$ 9,447,497	\$ 9,645,217	\$ 9,650,397	\$ 11,549,645	\$ 9,490,490	\$ 10,208,559
Total governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
General fund	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	489,686	1,253,517	1,381,622	2,036,082	2,290,847	2,736,258	167,197	278,377	198,133	184,080
Restricted	5,480,693	2,953,196	2,908,949	2,829,671	2,815,706	2,562,152	2,588,167	2,840,076	3,723,126	3,147,735
Committed	1,817,278	43,775	1,672	2,537,161	705,958	2,024,224	3,007,307	4,990,655	1,197,254	856,008
Assigned	2,133,378	6,573,501	6,437,963	5,794,885	4,692,249	3,382,680	5,553,460	4,435,769	5,292,567	7,328,045
Unassigned	7,837,687	7,522,195	7,902,770	7,093,000	9,468,531	9,370,512	9,958,056	12,378,375	12,563,471	16,678,726
Total all other governmental funds	\$ 17,758,722	\$ 18,346,184	\$ 18,632,976	\$ 20,290,799	\$ 19,973,290	\$ 20,075,827	\$ 21,274,187	\$ 24,923,252	\$ 22,974,550	\$ 28,194,594

NOTES:

- The City of Hagerstown implemented GASB Statement 34 in Fiscal Year 2003.
- The City of Hagerstown implemented GASB Statement 54 in Fiscal Year 2011; therefore, classifications of fund balance may differ from previous fiscal years.

City of Hagerstown, Maryland
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Property taxes	\$ 24,077,697	\$ 25,227,703	\$ 25,365,054	\$ 27,209,882	\$ 28,463,400	\$ 28,882,713	\$ 29,674,582	\$ 32,047,754	\$ 32,399,365	\$ 33,417,546
Income and other taxes	3,822,731	3,687,610	4,802,799	4,934,979	5,014,126	5,349,140	4,918,303	5,562,409	5,552,172	6,406,753
Licenses and permits	1,723,790	1,545,344	1,524,702	2,259,693	1,910,357	1,922,814	2,157,177	2,144,825	2,144,423	3,271,882
Intergovernmental grant revenues	2,866,712	2,856,056	2,371,405	2,181,225	3,692,490	2,672,576	2,472,496	3,600,723	3,025,971	6,870,925
Program Income	187,926	194,232	141,952	224,855	51,859	50,888	145,915	196,959	60,608	280,050
Charges for services	3,196,544	3,326,693	2,984,147	2,959,862	2,957,509	2,998,972	3,333,800	3,787,489	3,332,932	3,686,465
Fines and forfeitures	384,137	1,654,158	1,333,317	1,548,400	1,426,168	1,151,264	1,163,093	949,862	966,215	1,022,555
Investment Earnings	86,688	37,872	13,880	10,695	38,498	62,960	130,598	387,775	387,775	24,457
Property Sales	128,768	121,266	34,546	22,119	32,306	44,401	39,898	282,254	177,464	351,252
Contributions and Donations	211,248	278,945	271,247	1,556,831	303,831	426,546	318,567	305,810	227,030	3,204,701
Unallocated general revenue	2,273,943	2,409,113	2,217,577	2,278,109	2,802,237	2,272,194	2,253,098	2,258,782	2,375,855	2,236,719
Total revenues	38,960,184	41,338,992	41,060,626	45,186,650	46,692,781	45,834,468	46,607,527	51,524,513	50,649,810	60,773,305
Expenditures:										
General government	5,613,325	5,482,651	5,841,183	6,235,937	6,140,214	6,104,766	5,910,549	5,988,744	5,878,797	5,947,534
Public safety	18,918,382	19,807,827	20,345,466	22,118,148	22,489,750	22,652,900	23,337,935	23,426,428	24,094,838	25,449,377
Street and alleys	2,441,836	2,392,855	2,627,391	2,564,690	2,516,304	2,451,010	2,586,683	3,057,832	2,644,230	2,483,251
Waste collection & disposal	2,637,018	1,936,153	1,950,525	1,972,012	2,001,190	2,022,219	2,294,415	2,562,818	2,622,380	2,835,197
Parks and recreation	2,180,967	2,157,094	2,312,665	2,415,204	2,552,328	2,503,353	2,536,793	2,610,018	2,726,959	2,442,662
Municipal buildings	-	-	-	-	-	-	-	-	-	-
Economic and Community Development	2,211,660	3,130,591	1,350,190	4,117,042	971,503	3,432,511	3,211,991	4,760,785	4,964,779	4,728,302
Unallocated general expenditures	1,393,474	1,442,024	1,663,614	2,036,099	1,758,432	1,724,013	1,653,293	1,914,373	1,712,853	1,606,284
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	1,824,467	1,435,931	1,281,598	1,267,682	1,446,786	1,504,498	1,726,847	1,863,362	2,243,851	1,641,111
Interest	636,814	595,093	550,187	517,287	577,660	537,853	638,740	634,902	704,124	519,799
Issuance costs	975	1,105	1,105	44,215	1,656	117,200	29,595	34,520	1,778	1,715
Capital Outlay	2,036,727	1,847,017	3,377,716	4,666,856	6,484,873	7,906,338	3,017,256	4,227,598	5,496,121	7,602,457
Total expenditures	39,895,645	40,228,340	41,301,640	47,955,172	46,940,696	50,956,661	46,944,097	51,081,380	53,090,711	55,257,689
Excess of revenues over (under) expenditures	(935,461)	1,110,651	(241,014)	(2,768,522)	(247,915)	(5,122,193)	(336,570)	443,133	(2,440,901)	5,515,615
Other financing sources(uses):										
Transfers In	1,623,420	2,389,966	1,885,273	2,282,549	2,125,813	3,041,116	2,053,092	3,327,778	4,872,678	4,254,291
Transfers Out	(2,549,309)	(2,913,055)	(1,785,894)	(2,062,664)	(2,195,406)	(3,123,439)	(1,783,162)	(3,226,846)	(4,380,480)	(4,549,862)
Debt Issued	600,000	-	428,427	3,923,743	-	4,793,526	1,265,000	3,105,000	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Bond Financing Prior Proceeds Reprogram	-	-	-	-	-	314,538	-	-	-	-
Premium on Bond Financing	-	-	-	282,716	-	198,989	-	-	-	-
Proceeds of Long-term debt	-	-	-	-	-	-	-	-	-	-
Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Total other funding sources(uses)	(325,889)	(523,089)	527,806	4,426,344	(69,593)	5,224,730	1,534,930	3,205,932	492,198	(295,571)
Net changes in Fund Balance	\$ (1,261,350)	\$ 587,562	\$ 286,792	\$ 1,657,822	\$ (317,508)	\$ 102,537	\$ 1,198,360	\$ 3,649,065	\$ (1,948,703)	\$ 5,220,044
Debt Service as a percentage of noncapital expenditures	7%	5%	5%	4%	5%	5%	5%	5%	6%	5%

Source: Statement of Revenues, Expenses, and Changes in Fund Balances - Governmental Funds.

City of Hagerstown, Maryland
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended	Real Property	Apartment Real Property	Business Personal Property	Total Taxable Assessed Value	Total City Direct Tax Rate	Estimated Actual Value	Assessed Value As a Percentage of Actual Value
2012	2,625,439	-	109,650	2,735,089	2.758	3,275,555	83.50%
2013	2,601,940	-	127,861	2,729,801	2.758	3,238,199	84.30%
2014	2,599,512	-	150,650	2,750,162	2.758	3,224,106	85.30%
2015	2,468,251	-	108,380	2,576,631	3.143	2,698,043	95.50%
2016	2,521,123	-	135,120	2,656,243	3.196	2,702,180	98.30%
2017	2,521,811	-	133,737	2,655,548	3.196	2,704,224	98.20%
2018	2,538,466	-	133,670	2,672,136	3.294	2,640,451	101.20%
2019	2,334,413	239,447	138,720	2,712,579	3.507	2,525,679	107.40%
2020	2,400,047	240,820	152,376	2,793,243	3.507	2,569,681	108.70%
2021	2,598,601	244,911	159,741	3,003,253	3.507	2,770,529	108.40%

Notes:

1. Real Property is reassessed by the State of Maryland in Washington County on a three-year cycle by reviewing one-third of all property in Maryland every year.
2. Estimated actual value is calculated by dividing assessed value by total direct tax rate.
3. Tax Rates are per \$100 of assessed value.

Source: City of Hagerstown Support Services Manager

City of Hagerstown, Maryland
Property Tax Rates
Per \$100 of Assessed Value
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year Ended	City						Overlapping Rates					
	Apartment			Business & Personal Property			County			State		
	Real Property	Real Property	Total Direct Property Tax Rate	Real Property	Business & Personal Property	Total County Property Tax Rate	Real Property	Business & Personal Property	Total State Property Tax Rate	Total Overlapping Rates	Total Direct & Overlapping Rates	
2012	0.788	0.000	2.758	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.063	
2013	0.788	0.000	2.758	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.063	
2014	0.788	0.000	2.758	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.063	
2015	0.898	0.000	3.143	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.448	
2016	0.913	0.000	3.196	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.501	
2017	0.913	0.000	3.196	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.501	
2018	0.941	0.000	3.294	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.599	
2019	1.002	1.032	3.507	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.812	
2020	1.002	1.032	3.507	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.812	
2021	1.002	1.032	3.507	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.812	

Source: City of Hagerstown Support Services Manager and Washington County Treasurer

City of Hagerstown, Maryland
Principal Property Taxpayers (Includes Real Estate Property Taxes)
June 30, 2021

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Washington REIT Centre at Hagerstown	\$ 54,790,633	1	2.28%			
Lowes Home Centers, Inc.	29,764,400	2	1.24%	\$ 24,995,300	2	0.98%
Board of Education	26,590,800	3	1.11%			
Suso 4 Stone House LP	21,979,900	4	0.92%			
Tractor Supply Company	21,839,900	5	0.91%			
RPAL Hagerstown LLC	20,614,200	6	0.86%			
Walmart Real Estate Business Trust	18,751,300	7	0.78%	20,591,200	3	0.80%
Washington County Centre at Antietam	15,294,367	8	0.64%			
Hagerstown Plaza LLC	15,257,100	9	0.64%	14,516,600	10	0.57%
FB Hagerstown LLC	15,113,500	10	0.63%	14,530,300	9	0.57%
Washington Real Estate				56,992,367	1	2.23%
I-81 Hollyhook LLC				20,081,267	4	0.78%
Bowman Railway LLC				19,813,900	5	0.77%
Verizon-Maryland				19,637,620	6	0.77%
OEKOS Stone House LLC				19,449,067	7	0.76%
Hagerstown Apartment (Limited) Partnership				17,999,700	8	0.70%
Totals	\$ 239,996,100		9.99%	\$ 228,607,321		8.93%

Source: City of Hagerstown Support Services Manager

City of Hagerstown, Maryland
Real Estate Tax Levies and Collections (Excludes Personal Property Taxes)
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy	
2012	20,360,091	19,450,394	95.5%	253,842	19,704,236	96.78%	
2013	20,107,789	19,764,852	98.3%	307,390	20,072,242	99.82%	
2014	20,260,778	20,024,757	98.8%	145,123	20,169,880	99.55%	
2015	22,065,699	21,862,523	99.1%	130,886	21,993,409	99.67%	
2016	23,041,528	22,887,668	99.3%	141,597	23,029,265	99.95%	
2017	23,342,489	23,130,460	99.1%	108,687	23,239,147	99.56%	
2018	24,296,476	23,841,947	98.1%	55,959	23,897,906	98.36%	
2019	26,401,431	25,950,722	98.3%	27,085	25,977,807	98.40%	
2020	26,768,993	26,117,772	97.6%	33,746	26,151,519	97.69%	
2021	27,249,592	26,502,357	97.3%	3,790	26,506,146	97.27%	

Source: City of Hagerstown Support Services Manager.

City of Hagerstown, Maryland
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Personal	Outstanding Debt (3)		Percentage of Personal Income	Total Debt Per Capita
	Income (2)	Governmental	Business-type		
2012	1,335,141,906	17,459,565	48,904,318	4.97%	1,673
2013	1,435,605,752	16,013,064	46,872,333	4.38%	1,586
2014	1,435,605,752	15,168,166	51,139,325	4.62%	1,672
2015	1,459,723,696	18,093,422	57,309,510	5.17%	1,868
2016	1,543,127,712	16,621,899	54,317,860	4.60%	1,755
2017	1,617,311,412	20,398,889	53,355,638	4.56%	1,823
2018	1,649,885,804	19,902,356	49,867,569	4.23%	1,731
2019	1,727,568,645	21,109,308	46,940,798	3.94%	1,693
2020	1,760,269,700	18,840,748	43,139,894	3.52%	1,546
2021	1,970,946,087	16,617,257	40,294,697	2.89%	1,308

NOTES:

- (A) Details regarding the city's outstanding debt can be found in the notes to the financial statements.
- (B) According to the City's debt policy, the City does not issue special assessment debt.

Source:

- (1) Population Data provided by the Maryland State Archives, Census Bureau
- (2) Per Capita Personal Income provided by Bureau of Economic Analysis - U.S. Dept. of Commerce
- (3) Outstanding Debt provided by City of Hagerstown Accounting Department.

City of Hagerstown, Maryland
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Total Taxable Assessed Value of Property (In Thousands)	Population	General Obligation Total		Percentage of Total Taxable Value of Property	Per Capita
			Bonds	Bonds		
2012	2,735,089	39,662	66,363,883	66,363,883	2.43%	1,673
2013	2,729,801	39,662	62,885,397	62,885,397	2.30%	1,586
2014	2,750,162	39,662	66,307,491	66,307,491	2.41%	1,672
2015	2,576,631	40,364	75,402,932	75,402,932	2.93%	1,868
2016	2,656,243	40,432	70,939,759	70,939,759	2.67%	1,755
2017	2,655,548	40,452	73,754,527	73,754,527	2.78%	1,823
2018	2,672,136	40,306	69,769,925	69,769,925	2.61%	1,731
2019	2,712,579	40,205	68,050,106	68,050,106	2.51%	1,693
2020	2,793,243	40,100	61,980,642	61,980,642	2.22%	1,546
2021	3,003,253	43,527	56,911,954	56,911,954	1.90%	1,308

Fiscal Year	Total Taxable Assessed Value of Property (In Thousands)	Population	General Obligation Governmental		Percentage of Total Taxable Value of Property	Per Capita
			Bonds	Bonds		
2012	2,735,089	39,662	17,459,565	17,459,565	0.64%	440
2013	2,729,801	39,662	16,013,064	16,013,064	0.59%	404
2014	2,750,162	39,662	15,168,166	15,168,166	0.55%	382
2015	2,576,631	40,364	18,093,422	18,093,422	0.70%	448
2016	2,656,243	40,432	16,621,899	16,621,899	0.63%	411
2017	2,655,548	40,452	20,398,889	20,398,889	0.77%	504
2018	2,672,136	40,306	19,902,356	19,902,356	0.74%	494
2019	2,712,579	40,205	21,109,308	21,109,308	0.78%	525
2020	2,793,243	40,100	18,840,748	18,840,748	0.67%	470
2021	3,003,253	43,527	16,617,257	16,617,257	0.55%	382

NOTE: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: City of Hagerstown Accounting Department

City of Hagerstown, Maryland
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

<u>City of Hagerstown</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 143,879,998	21.00%	\$ 30,214,800
Subtotal, overlapping debt			
City of Hagerstown Direct Governmental Fund Debt			<u>16,617,257</u>
Total Direct and Overlapping Debt			<u>\$ 46,832,056.58</u>

Sources: Debt outstanding data provided by Washington County's Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Hagerstown. This process recognizes that, when considering the governments' ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total assessed value.

**City of Hagerstown, Maryland
Legal Debt Margin Information
Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 267,405,166	\$ 263,821,300	\$ 264,795,100	\$ 250,651,500	\$ 265,624,272	\$ 265,554,800	\$ 267,213,623	\$ 271,257,929	\$ 279,324,312	\$ 300,325,326
Total net debt applicable to limit	66,363,883	62,885,397	66,307,491	75,402,932	70,939,759	73,754,527	69,769,925	68,050,106	61,980,642	56,911,954
Legal debt margin	\$ 201,041,283	\$ 200,935,903	\$ 198,487,609	\$ 175,248,568	\$ 194,684,513	\$ 191,800,273	\$ 197,443,698	\$ 203,207,823	\$ 217,343,670	\$ 243,413,372
Total net debt applicable to the limit as a percentage of debt limit	24.82%	23.84%	25.04%	30.08%	26.71%	27.77%	26.11%	25.09%	22.19%	18.95%

Legal Debt Margin Calculation for Fiscal Year 2021

Total assessed value	3,003,253,263
Debt limit (10% of total assessed value)	300,325,326
Debt applicable to limit:	
General obligation bonds	56,911,954
Legal debt margin	<u>243,413,372</u>

Note: The City has no legal debt limit. A credit industry benchmark of 10% was adopted by the Mayor and Council as a guideline on July 20, 1987.

Source: City of Hagerstown Accounting Department.

**City of Hagerstown, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	MSA		MSA Unemployment Rate
		Personal Income	Per Capita Personal Income	
2012	39,662	1,335,141,906	33,663	8.5
2013	39,662	1,435,605,752	36,196	7.5
2014	39,662	1,435,605,752	36,196	6.6
2015	40,364	1,459,723,696	36,164	7.5
2016	40,432	1,543,127,712	38,166	6.7
2017	40,452	1,617,311,412	39,981	5.4
2018	40,306	1,649,885,804	40,934	5.6
2019	40,205	1,727,568,645	42,969	5.3
2020	40,100	1,760,269,700	43,897	11.2
2021	43,527	1,970,946,087	45,281	6.9

Data Source:

Population Data provided by the United States Census Bureau
 Per Capita Personal Income provided by Bureau of Economic Analysis - U.S. Dept. of Commerce
 Unemployment Rate provided by the Department of Numbers prior to 2015
 From FY17 on Unemployment Rate Provided by Bureau of Labor Statistics/ MD Office of Workforce
 Information and Performance

City of Hagerstown, Maryland
Principal Employers in the Metropolitan Area
Current Year and Nine Years Ago

	2021				2012				
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washington County Public Schools	3,222	1	5.38%	2,965	1	4.46%			
Meritus Health, Inc. (Washington County Health System, Inc.)	2,740	2	4.58%	2,860	2	4.30%			
FiServ, Inc.	1,543	3	2.58%						
Amazon	1,500	4	2.51%						
Citicorp Credit Services, Inc	925	5	1.55%	2,500	3	3.76%			
FedEx Ground	900	6	1.50%	648	10	0.97%			
The Bowman Group, LLC	828	7	1.38%	753	9	1.13%			
Merkle Response Management Group	650	8	1.09%						
ARC of Washington County	550	9	0.92%						
Brook Lane Health Services	485	10	0.81%						
First Data Merchant Services				2,214	5	3.33%			
State of Maryland				2,304	4	3.46%			
Washington County Government				1,134	7	1.70%			
Volvo Powertrain NA (Mack Trucks, Inc.)				1,391	6	2.09%			
Hagerstown Community College				813	8	1.22%			
Total	13,343		22.30%	17,582		26.42%			

Source: Principal Employers for Washington County MD provided by Maryland Department of Commerce
Total County employment for 2020 was 64,943 and 2011 was 63,577 supplied by Bureau of Labor Statistics.

**City of Hagerstown, Maryland
Principal Electric Fund Customers
June 30, 2021**

Customer	2021				2012			
	Kwh	Amount Billed	Rank	Percentage of Total Electric Fund Billing	Kwh	Amount Billed	Rank	Percentage of Total Electric Fund Billing
Conagra Foods (Pinnacle Foods Group LLC)	11,033,400	\$ 793,058	1	3.19%				
City of Hagerstown - Wastewater Plant	9,660,000	602,505	2	2.42%	9,691,565	\$ 695,080	4	2.57%
City of Hagerstown - Public Works	7,046,172	590,094	3	2.37%	8,767,211	798,416	3	2.95%
Mari Holdings MD LLC	8,508,000	538,127	4	2.16%				
Verizon #27787	3,342,204	212,062	5	0.85%	3,348,059	258,301	8	0.95%
Western Maryland St. Hospital	3,271,800	208,854	6	0.84%	3,036,995	231,830	10	0.86%
Board of Education/ North High	2,290,080	174,184	7	0.70%	10,098,338	905,049	2	3.34%
Potomac Center	1,764,000	146,749	8	0.59%				
Board of Education/ Marshall	1,606,080	131,742	9	0.53%				
HBP, Inc.	1,564,560	117,241	10	0.47%				
Good Humor Breyers, Inc.					26,694,420	1,967,685	1	7.26%
Hagerstown Housing Authority					5,656,983	468,011	5	1.73%
CM Offray, Inc.					4,037,700	346,546	6	1.28%
Washington County Commissioners					3,664,635	306,649	7	1.13%
C.E. Stevens Inc.					3,362,080	251,639	9	0.93%
Totals	50,086,296	\$ 3,514,616		14.10%	78,357,986	\$6,229,206		23.00%

Source: City of Hagerstown Billing Department. Board of Education was a consolidated customer in FY08 and since has been split into multiple customers as reflected in FY17.

City of Hagerstown, Maryland
Principal Water Fund Customers
June 30, 2021

Customer	2021				2012			
	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing
Hagerstown Prison Complex (MCI)	301,800,800	\$1,125,885	1	12.67%	463,412,000	\$1,319,340	1	18.07%
Town of Smithsburg	86,735,300	271,625	2	3.06%	81,113,000	192,616	2	2.64%
Town of Williamsport	72,143,200	225,952	3	2.54%	69,501,100	157,509	3	2.16%
Meritus Medical Center (Washington County Hospital)	35,514,500	132,637	4	1.49%	42,628,100	119,361	4	1.64%
Town of Funkstown	28,517,500	89,404	5	1.01%	38,641,500	86,076	6	1.18%
Sherwin Williams	23,586,400	88,145	6	0.99%				
Lakeside Park	23,568,000	88,077	7	0.99%	19,647,500	55,648	10	0.76%
Conagra	39,991,200	60,867	8	0.68%				
Cortpark, LLC	28,300,100	43,096	9	0.48%				
Hagerstown WWTP	26,257,500	39,991	10	0.45%				
Volvo Powertrain NA (Mack Trucks, Inc.)					37,785,400	107,123	5	1.47%
Maryland Paper Company					25,858,900	73,268	7	1.00%
Washington County Detention Center					22,149,500	62,705	8	0.86%
Oak Ridge Apartments					20,313,400	59,274	9	0.81%
Totals	666,414,500	\$2,165,679		24.37%	821,050,400	\$2,232,920		30.59%

Source: City of Hagerstown Billing Department.

**City of Hagerstown, Maryland
Principal Wastewater Fund Customers
June 30, 2021**

Customer	2021				2012			
	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing
Meritus Medical Center (Washington County Hospital)	34,519,500	\$ 330,697	1	3.20%	42,628,100	\$ 291,791	1	3.75%
Conagra Foods (Pinnacle Foods Group, LLC)	39,991,200	228,750	2	2.22%				
Washington County Detention Center	18,182,000	174,184	3	1.69%	22,149,500	152,786	4	1.96%
Cortpark LLC	28,300,100	161,877	4	1.57%	22,096,900	87,858	6	1.13%
CM Offray (MD Ribbon)	16,515,500	94,469	5	0.91%	20,263,000	80,586	7	1.04%
Volvo Powertrain NA (Mack Trucks, Inc.)	8,737,200	83,702	6	0.81%	23,195,300	160,111	3	2.06%
Hagerstown Housing Authority/Noland Village	13,355,800	76,395	7	0.74%	26,162,400	103,894	5	1.33%
Western Maryland St. Hospital	11,378,800	65,087	8	0.63%				
Potomac Towers	8,821,500	50,459	9	0.49%				
Hagerstown Housing Authority/ Frederick St	6,814,000	38,976	10	0.38%				
Good Humor Breyers, Inc.					40,906,200	162,718	2	2.09%
Realty Investment Co (Hagers Apts)					19,352,100	76,950	8	0.99%
Board of Education					17,701,700	73,689	9	0.95%
Brandywine (Youngstown Apartments)					9,764,500	67,179	10	0.86%
Totals	186,615,600	\$ 1,304,596		12.63%	244,219,700	\$ 1,257,562		16.16%

Source: City of Hagerstown Billing Department.

City of Hagerstown, Maryland
Approved Full-time Equivalent City Government Employees By Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Administrator	1.67	1.67	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
City Clerk	1.33	1.33	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Community & Economic Development (3)(7)	23.50	23.85	23.80	28.80	28.84	6.75	6.75	6.75	6.75	6.85
Public Information (3)	-	-	-	-	-	-	-	-	-	-
Subtotal Administration	26.50	26.85	26.80	31.80	31.84	9.75	9.75	9.75	9.75	9.85
Accounting (2)	8.75	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.40	8.40
Treasurer (2)	-	-	-	-	-	-	-	-	-	-
Information Technology, Communications & Support Services (4)	12.00	12.00	12.00	12.00	12.00	14.10	14.10	14.10	13.10	8.00
Billing/Customer Service (4)	-	-	-	-	-	-	-	-	-	9.00
Purchasing (2)	-	-	-	-	-	-	-	-	-	-
Human Resources	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00
Planning & Code Administration (3)(7)	-	-	-	-	-	20.00	20.00	20.00	20.00	20.00
Engineering (1)	29.66	29.72	29.63	29.63	30.64	30.65	30.92	30.92	26.41	26.27
Code Compliance (3)	-	-	-	-	-	-	-	-	-	-
Police Sworn	105.00	108.00	107.00	107.00	108.00	112.00	112.00	112.00	112.00	112.00
Police Administration/Civilian	13.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	16.00
Fire	83.00	83.00	83.00	83.00	83.00	83.00	83.00	83.00	78.00	78.00
Public Works	32.90	32.90	32.90	32.90	32.50	32.90	32.90	32.90	23.55	24.95
Parks & Recreation (1)	-	-	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	5.86	3.86
Total General Fund	314.81	319.97	318.83	323.83	326.48	330.90	331.17	331.17	317.07	321.33
Electric	40.18	40.18	35.55	35.55	35.55	35.55	35.55	35.55	31.51	29.96
Water	55.49	55.02	55.02	55.02	54.52	54.52	54.52	54.02	50.36	48.67
Wastewater	47.40	47.76	47.76	47.76	48.26	48.26	48.26	48.76	46.56	46.95
Golf Course	2.52	2.37	2.53	2.53	2.52	2.52	2.25	2.25	2.25	2.24
Parking	2.20	2.20	2.20	2.20	2.40	2.20	2.20	2.20	2.20	2.80
Property Management (6)	0.90	0.90	0.90	0.90	1.10	0.90	0.90	0.90	0.90	0.90
Community Development Block Grant	2.50	2.20	2.21	2.21	2.01	2.00	2.00	2.00	2.00	2.00
Business Revolving Loan Fund	-	-	-	-	0.16	0.15	0.15	0.15	0.15	0.15
Telework Center (5)	-	-	-	-	-	-	-	-	-	-
Approved City Staffing Levels	466.00	470.60	465.00	470.00	473.00	477.00	477.00	477.00	453.00	455.00
General Operations	117.21	117.07	116.94	121.94	123.75	123.05	123.32	123.32	114.22	117.48
Public Safety	201.00	206.00	205.00	205.00	206.00	210.00	210.00	210.00	205.00	206.00
Business-type Activities	147.79	147.53	143.06	143.06	143.25	143.95	143.68	143.68	133.78	131.52

(1) Engineering and Parks and Recreation combined in 2011 to form the Engineering and Parks Department.
(2) Accounting, Treasurer and Purchasing combined in 2011 to form the Finance Department.
(3) Economic Development, Community Affairs, Planning and Code combined in 2011 to form the Department of Community and Economic Development.
(4) Information Technology and Billing/Customer Service combined in 2011 to form the IT and Support Services Department.
(5) Telework Center Closed in 2011.
(6) Property Management in 2012 employees are funded to this account.
(7) Planning & Code Administration were split from Community & Economic Development in 2017
Source: City of Hagerstown Human Resource Department.

City of Hagerstown, Maryland
Operating Indicators by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire Department										
Responses to Fire alarms	2,573	2,587	2,978	3,236	3,623	3,575	3,774	3,801	3,910	3,978
Average response time (in minutes)	4:06	3:06	4:38	4:14	4:14	4:29	4:15	4:26	4:52	5:10
Public fire education programs	1,452	825	1,288	1,302	1,029	1,131	1,187	1,222	978	26
Persons in attendance at public education programs	9,619	5,880	9,629	9,810	8,572	9,429	9,617	9,905	7,924	1,015
Police Department										
Calls for service	63,697	60,764	61,329	61,250	54,762	55,519	61,944	55,224	55,224	50,085
Alarm calls (included in above number)	696	496	470	564	484	402	560	524	524	336
Parks and Recreation										
Claude M Potterfield Pool										
Total attendance at swimming pool	23,223	17,945	15,998	16,195	21,876	25,776	21,631	23,212	16,132	15,444
Average daily attendance at pool	332	285	222	176	264	293	254	273	249	178
The Greens at Hamilton Run										
Total attendance at golf course	10,946	9,998	10,026	11,736	10,759	10,006	11,133	12,835	15,717	21,397
Average daily attendance at golf course	43	37	41	48	55	53	43	45	55	58
Electric Department										
Number of active accounts	16,876	16,863	16,900	16,866	16,936	17,085	17,093	17,161	17,215	17,070
Number of meters (in use)	17,825	17,876	17,375	17,556	17,691	17,512	17,504	17,674	17,761	17,374
Kilowatt hours purchased	322,917,151	314,865,535	318,885,469	310,397,995	297,411,446	304,938,150	317,991,751	325,714,174	314,633,291	317,012,588
Kilowatt hours sold	312,875,929	304,005,581	307,256,238	306,698,130	287,368,823	297,368,988	311,618,237	317,822,554	306,202,234	309,569,972
System peak demand-kilowatts	68,180	66,100	68,144	67,655	60,680	60,850	67,464	69,608	60,071	62,687
Water Department										
Number of active accounts-City	13,044	13,088	13,082	13,112	13,215	13,324	13,369	13,422	13,499	13,786
Number of active accounts-County	15,343	15,430	15,387	15,632	15,778	15,967	16,100	16,288	16,436	16,591
Total number of active accounts	28,387	28,518	28,469	28,744	28,993	29,291	29,469	29,710	29,935	30,377
Daily average productions in million gallons										
R.C. Willson Plant (365 days)	11,637	11,559	11,423	11,317	11,700	11,000	10,010	10,250	10,340	10,800
Wm. M. Breichner Plant (365 days)	-	-	-	-	-	-	-	-	-	-
Greatest consumption for a single day	13,680	13,650	14,300	14,120	14,540	12,850	12,040	12,210	11,580	12,800
Plant pumping capacity per day	20	20	20	20	20	20	20	20	20	20
Average daily metered consumption	8,244	7,729	8,129	8,244	8,160	7,980	7,680	7,706	7,797	7,831
Wastewater Department										
Number of active accounts-City	12,779	12,795	12,764	12,853	12,930	13,060	13,107	13,157	13,229	13,382
Number of active accounts-County	2,903	2,902	2,889	2,912	2,934	2,976	2,987	3,032	3,071	3,111
Number of active accounts-District (USA)	3,449	3,476	3,516	3,577	3,633	3,670	3,729	3,765	3,821	3,868
Number of active accounts-Total	19,131	19,173	19,169	19,342	19,497	19,706	19,823	19,954	20,121	20,361
Daily average of sewage treated (million gallons)(including inflow and infiltration)	7,290	6,550	7,080	6,940	7,020	6,700	6,300	6,560	5,560	5,810
Daily average plant capacity (rated optimum efficiency)(million gallons)	10,500	10,500	10,500	8,000	8,000	8,000	8,000	8,000	8,000	8,000

**City of Hagerstown, Maryland
Operating Indicators by Function
Last Ten Fiscal Years**

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Parking Facilities Department										
Parking Deck:										
Number of Parking Spaces	625	625	625	625	625	625	625	625	625	625
Number of Permit Parkers	638	485	485	729	693	605	570	596	615	613
Operating Revenue:										
Meter Fees	\$ 186,368	\$ 182,763	\$ 187,460	\$ 189,227	\$ 180,153	\$ 170,999	\$ 166,717	\$ 167,100	\$ 122,885	\$ 91,831
Permit Fees	\$ 161,600	\$ 179,250	\$ 198,800	\$ 181,425	\$ 157,777	\$ 191,471	\$ 191,471	\$ 213,612	\$ 150,989	\$ 189,265
Deck	\$ 378,655	\$ 421,341	\$ 400,545	\$ 426,571	\$ 500,368	\$ 528,540	\$ 439,464	\$ 485,666	\$ 353,246	\$ 362,802
Parking ticket violations issued	7,030	8,838	8,427	8,684	7,985	8,587	11,985	11,314	7,928	10,674
Net parking fines	\$ 91,860	\$ 113,540	\$ 107,135	\$ 118,225	\$ 118,163	\$ 127,708	\$ 183,458	\$ 164,966	\$ 85,325	\$ 156,251
Sanitation										
Number of Waste Collection and Disposal Accounts	14,326	14,341	14,278	14,324	14,412	14,364	14,586	14,666	14,759	14,913
Residential	25	38	53	60	68	-	-	24	33	36
Commercial (Trash only)										
Special Revenue Funds										
Number outstanding loans:										
Community Development Block Grant										
Single family	6	4	4	4	2	5	7	13	14	18
Residential Rental	6	6	6	12	9	9	9	8	7	6
Commercial	2	2	2	2	2	2	2	1	0	0
Deferred	37	36	35	36	35	37	35	36	36	35
Public facilities and improvements	4	4	4	4	3	4	2	2	2	2
Homeownership	4	4	4	5	5	5	6	4	4	4
Direct Homeownership	7	7	7	6	5	10	9	5	5	5
Business Revolving Loans	10	12	12	16	18	12	10	16	16	15
Total	76	75	74	85	79	84	82	85	84	85
Outstanding loan balances:										
Community Development Block Grant										
Single family	\$ 31,573	\$ 20,335	\$ 11,896	\$ 6,695	\$ 2,951	\$ 35,592	\$ 44,427	\$ 155,380	\$ 138,205	\$ 264,216
Residential Rental	596,347	716,986	696,938	813,401	795,402	656,671	688,176	871,961	836,582	560,723
Commercial	186,434	167,887	145,980	21,564	106,983	234,099	261,116	19,464	0	0
Deferred	789,367	783,641	758,431	804,257	839,607	797,529	863,392	893,032	882,717	879,096
Public facilities and improvements	585,653	548,366	584,687	546,291	324,546	671,463	715,276	267,712	254,897	244,505
Homeownership	125,424	117,211	109,331	101,600	93,023	217,964	266,411	73,399	67,674	62,910
Business Revolving Loans	654,480	732,901	773,247	903,163	1,202,994	830,909	686,774	1,107,384	1,096,066	1,085,940
Total	\$ 2,969,278	\$ 3,087,327	\$ 3,080,510	\$ 3,196,971	\$ 3,365,506	\$ 3,444,227	\$ 3,525,572	\$ 3,388,332	\$ 3,276,141	\$ 3,097,390
Program income (interest and loan repayments)										
Community Development Block Grant										
Single family	\$ 11,404	\$ 12,748	\$ 9,447	\$ 5,763	\$ 4,040	\$ 8,879	\$ 99,941	\$ 10,924	\$ 57,055	\$ 21,992
Residential Rental	56,975	47,244	46,853	149,291	32,477	57,651	58,745	75,132	60,631	295,905
Commercial	25,173	21,564	25,001	21,564	21,564	23,892	23,892	21,563	19,766	0
Deferred	0	20	20,550	3,544	0	2,561	2,301	1,549	26,239	35
Public facilities and improvements	63,989	57,383	55,438	55,991	235,477	69,578	68,309	20,474	19,386	15,556
Homeownership*	15,910	110,599	10,865	8,623	10,363	22,805	22,805	11,201	6,762	5,392
Business Revolving Loans	112,732	55,780	73,135	73,657	73,273	85,714	175,432	257,876	66,000	233,081
Total	\$ 286,183	\$ 305,338	\$ 241,289	\$ 318,433	\$ 377,194	\$ 323,846	\$ 451,425	\$ 398,719	\$ 255,839	\$ 571,961

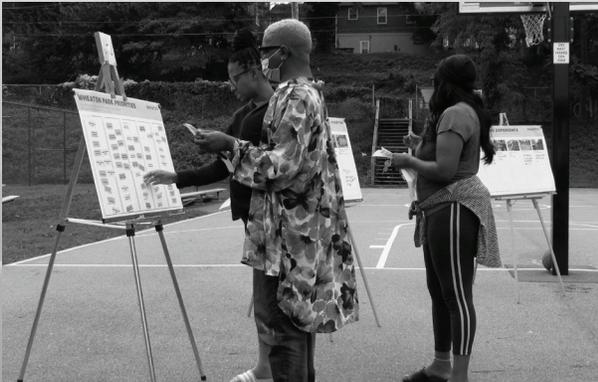
Source: Corresponding City Department.
*Note: Includes sale of 3 homes for \$100,000 in 2013

City of Hagerstown, Maryland
Capital Assets Statistics by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire Department										
Number of stations (4 volunteer, 1 City owned)	6	6	6	6	6	6	5	5	5	5
Police Department										
Number of Stations and Substations	3	3	3	3	3	3	3	3	4	4
Public Works Department										
Miles of paved streets and alleys	151.00	151.75	151.88	152.10	153.90	154.39	154.39	154.62	154.62	154.79
Number of signalized intersections	132	132	131	132	133	136	136	136	136	137
Parks and Recreation										
Parks and Playgrounds (302.161 acres)	15	18	19	19	20	21	22	22	23	23
Outdoor swimming pools	1	1	1	1	1	1	1	1	1	1
Number of Municipal golf courses	1	1	1	1	1	1	1	1	1	1
Ice Hockey Rinks	1	1	1	1	1	1	1	1	1	1
Municipal Stadium	1	1	1	1	1	1	1	1	1	1
Museums	2	2	2	2	2	2	2	2	2	2
Electric Department										
Number of substations - 34.5KV to 13.8KV	7	7	7	7	7	7	7	7	7	7
Water Department										
Miles of water mains (estimate)	425	425	425	425	430	430	430	430	431	441
Fire hydrants	814	814	825	814	824	824	831	825	845	886
City	1297	1,318	1,337	1,318	1,354	1,361	1,372	1,387	1,392	1,393
County										
Wastewater Department										
Number of City owned pumping stations	27	25	25	25	23	23	23	23	23	23
Miles of collection system-City owned	156	156	157	156	157	157	157	157	158	185
Parking Facilities Department										
Number of Lots	7	7	7	7	7	8	7	7	7	7
Number of Parking Spaces (Metered or Rented)										
Lots	709	701	701	701	701	716	716	699	699	699
Streets	363	374	372	372	372	376	376	333	333	333
Number of Parking Decks	2	2	2	2	2	2	2	2	2	2

Source: Corresponding City Department.

Hagerstown Gives Back



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