



Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2022

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City of Hagerstown

MARYLAND



Annual Comprehensive Financial Report Fiscal Year 2022

July 1, 2021 - June 30, 2022

Prepared by:

Finance and Accounting

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City of Hagerstown
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION



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City of Hagerstown, Maryland

Finance Department

October 31, 2022

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 annual comprehensive financial report (Annual Report) for the City of Hagerstown, for the year ended June 30, 2022.

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, 2022, 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, 2022, 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 12.57 square miles and serves a population of 43,487 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 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, stormwater management, 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 99 through 101 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 102 and 103 through 111.

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 continues to have financial impact across the nation at all levels including municipalities. The City of Hagerstown has not been immune and the largest impact financially in FY21/22 is reflected in the low interest rates and drastic negative market value fluctuations. Through continued commitment to its fiscal management practices, the City was fortunate in overall financial position to maintain operations of all existing services to the community. The current trend of an employee driven market is making recruitment and retention for all positions across the City more difficult than any other year in recent history. The demand for staff is higher than those available and seeking employment which has necessitated salary increases for FY23 at levels higher than normal.

To date, the City's position can be attributed to good fiscal policies, strict adherence to purchasing guidelines, revenue receipt cycle, maintaining staffing for vital local government services, and federal grant assistance from American Rescue Plan Act of 2021 (ARPA) grant funding. The City received a total of \$20.4M in ARPA funding. As of June 30, 2022, approximately \$4.4M was spent; \$8.3M encumbered or approved; \$3.3M allocated or planned for certain programs or projects; and \$4.4M planned for City's revenue replacement items. The City has a special grant committee that worked in conjunction with Mayor and Council to determine the initial spend plan and has quarterly update meetings.

By utilizing the accounting and fiscal policies shown though the results of this annual comprehensive financial report the City will continue to move forward and utilize the one-time federal grants to help the citizens of our community. Last, the City continued to experience 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 but are still moving in a positive direction. The unemployment rate for Hagerstown decreased from 8.2% in June 2021 to 5.3% in June 2022; and, the most recent figure for August 2022 is a fairly constant at 5.2% from a high of 14.1% in April 2020. The state of Maryland unemployment rate in June 2022 was 4.0%, and Washington County overall was 4.8%. Conversely the average employment for Washington County in June 2022 reflected a growth to 69,960 compared to the June 2021 average of 66,711; and the Hagerstown metropolitan per capita income for June 2022 (\$47,759) increased compared to June 2021 (\$45,281).

FY21/22 was the second 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 \$1.2 million over FY20/21 revenue dollars. Property tax revenue comprised approximately 68% of the City's total general fund revenue sources in FY21/22.

Two key factors in helping to continue to boost the City's finances are annexations and economic growth. The City's proactive approach on annexations over the past two years have included seven parcels near the Valley Mall with combined assessed values of \$45 million; two agreements that are in process which will include speculative warehouse centers that will encompass 2.1 million square feet and border other contiguous properties with pre-annexation agreements. A primary economic growth project included Northpoint development on Wesel Boulevard which had an estimated \$132 million investments with 1.7 million square feet of warehouse space. There are currently plans under review for another 1.95 million square feet of warehouse center space within the existing City boundaries.

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).

Additionally, the Mayor and Council conducted a Community Survey to seek input to help draft an updated Strategic Plan including revised Mission and Vision Statements. The Mayor and Council's Strategic Plan reflects goals and priorities for calendar 2021-2024. This plan provides a structure for the City's leaders to document important initiatives and projects to encompass key feedback received from the 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; Citizen-Based Government; Fiscal Accountability; Parks & Recreation for Active/Healthy Living; Innovative/Progressive Government; Community Promotion/Pride; Economic Development through Sports and Tourism; and Miscellaneous Projects, Goals and Legislative Priorities. 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 FY22/23 Approved budget.

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 FY21/22 unassigned fund balance for the General Fund was \$15.6 million or 34.1% of total General Fund expenditures (excluding the transfers to other funds). This represents 4.2 months of General Fund operating expenditures.

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 initiative that started in FY21/22 is for an indoor sports complex to be located at the site of a prior minor league baseball stadium. The prior stadium was demolished and design and planning phases started during the year. The proposed Hagerstown Field House is a 114,000 square foot indoor recreation facility that includes two turf fields, six hard courts, fitness area, restaurant, kids' zone and other space to support operations. The facility will be constructed at the former Municipal Stadium site. The facility will serve the youth and young adults of our community with a secondary benefit of sports tourism, especially on weekends. Through an extensive proposal process, the City selected and contracted with *Eastern Sports Management (ESM)* to be our private sector partner and to facilitate design, construction and operations. *ESM* operates several similar or larger facilities on the east coast and is developing other facilities in partnership with other cities. *ESM* contracted with *Pinnacle Indoor Sports* to conduct a market analysis. They

conducted extensive interviews with dozens of existing local sports and recreation stakeholders and user groups as well as a demographic analysis. They concluded the community interest is in place and the facility would be financially successful provided it was operated well and had limited debt service.

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 FY21/22, the City reserved a total of \$819K 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. Another portion that was completed in FY21/22 was Hatter's Plaza which serves as a multi-purpose public space and can be used for informal student gatherings, downtown events, and staging for buses and theater production vehicles.

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 Hagerstown Skatepark. Two public meetings were held to allow the community to provide *Spohn Ranch* feedback that was included in their final designs. Construction occurred March-August, 2022 and the grand opening was held on Saturday September 10, 2022 with upwards of 1,000 people attending. The 25,000 square foot skatepark is state-of-the-art, based on the latest design principles and constructed with high-quality materials to ensure durability and longevity and it features 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 are all included.

Main Street Designation, Arts & Entertainment District, 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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the twenty-sixth 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 annual comprehensive 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.

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 Accountant, Jeffrey Lear 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**

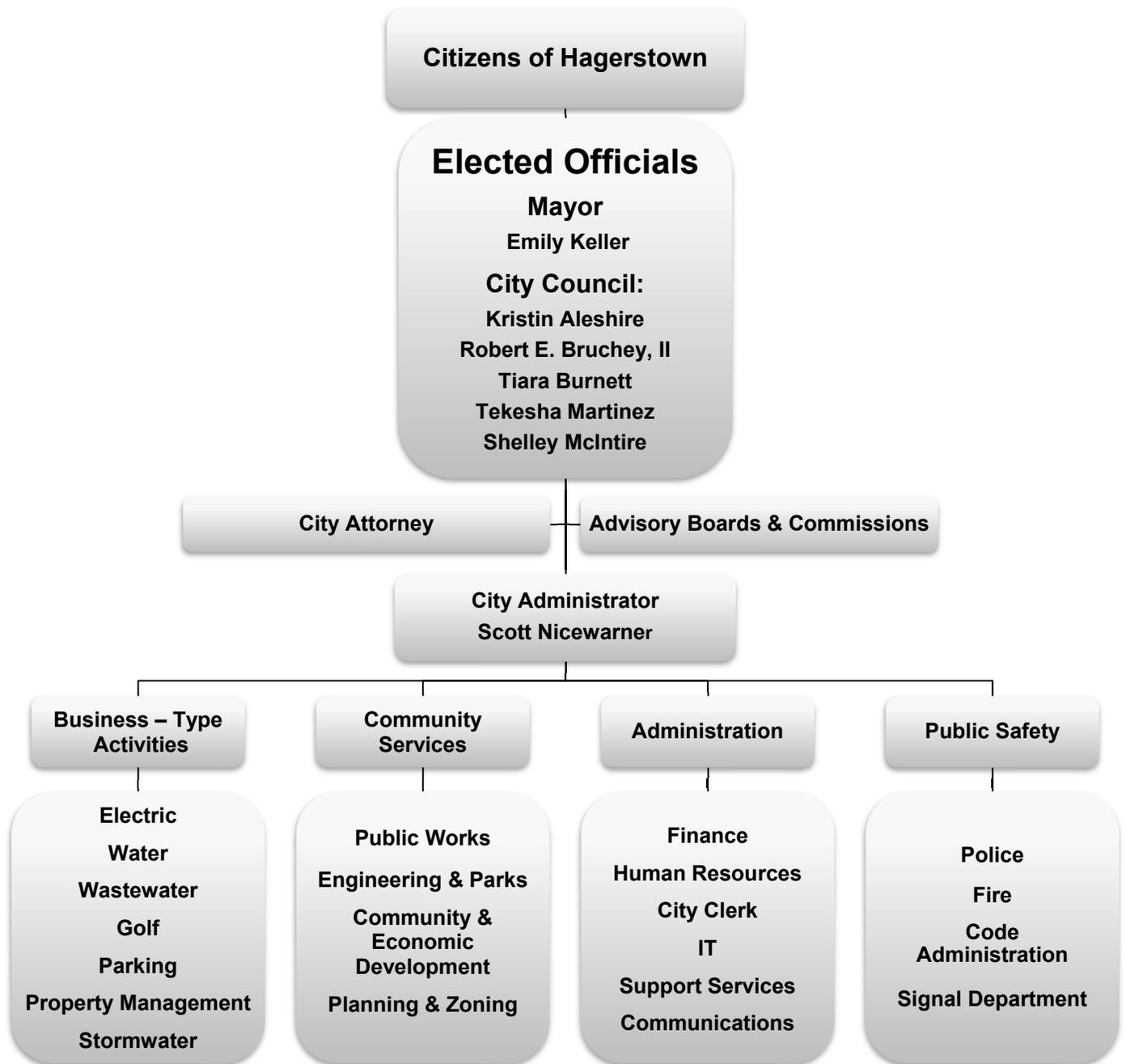
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

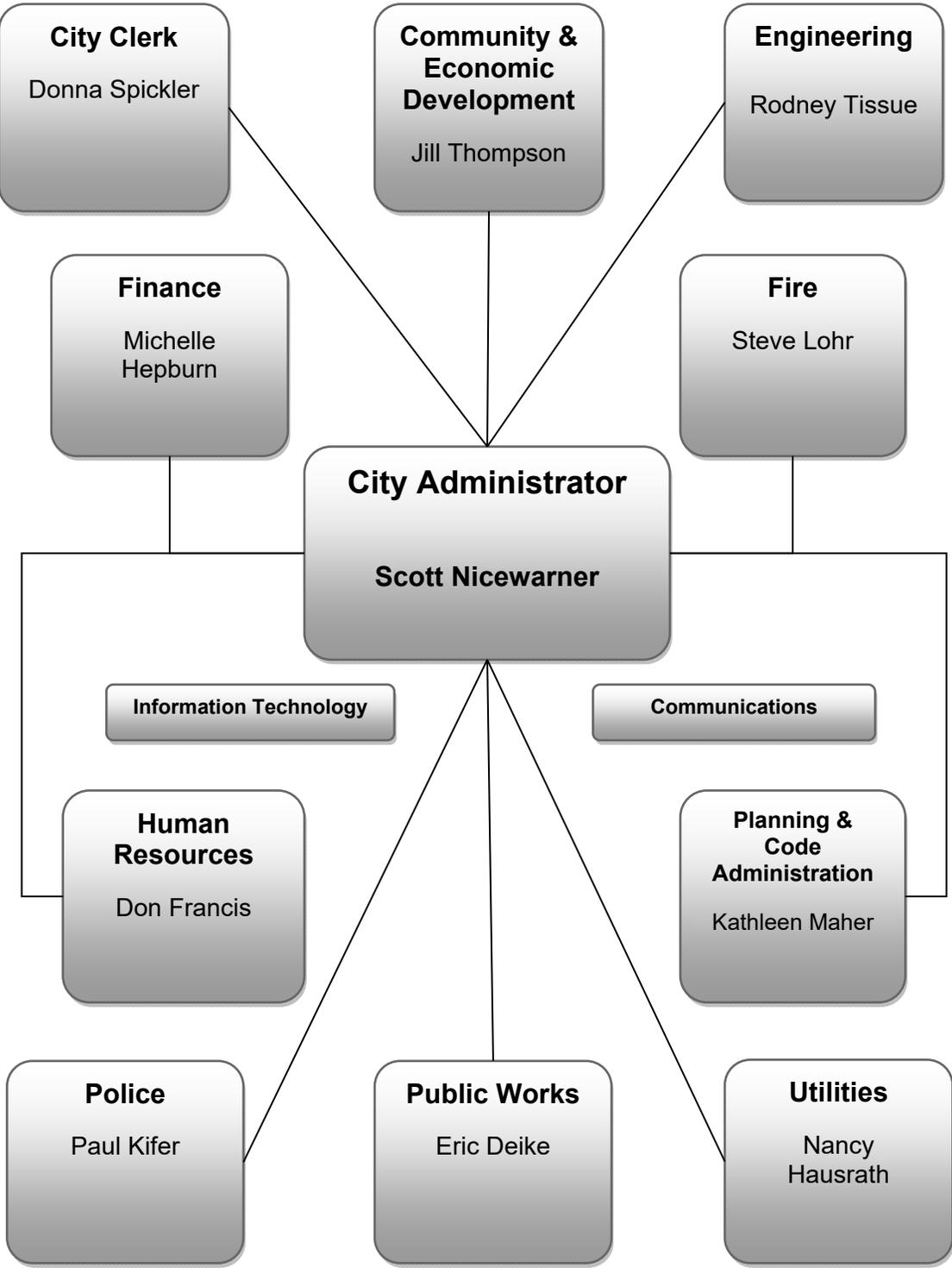
Christopher P. Morill

Executive Director/CEO

City of Hagerstown Organizational Structure



City of Hagerstown Department Organizational Structure



City Center — The Heart of Hagerstown



FINANCIAL SECTION



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SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

City of Hagerstown, Maryland

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in financial position, budget and actual schedule for the general fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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



Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, 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, the schedule of changes in net OPEB liability and related ratios for the Other Post-Employment Benefits and budget and actual schedule for the general fund and capital projects funds be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it



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to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and schedules and budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund statements and schedules and budget and actual schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedules and budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland
October 28, 2022

A handwritten signature in black ink that reads "S.B. & Company, LLC". The signature is written in a cursive, professional style.

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, 2022. 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 \$229.2 million (*net position*). Approximately 75.3% of this amount is attributable to the City's three utilities (Electric, Water and Wastewater). Of the total net position, there is negative <\$9.6> million (*unrestricted net deficit*) (attributable to the City's total net pension liabilities of \$68.4 million and to the City's total net OPEB liabilities of \$29.4 million), \$4.3 million is restricted for specific purposes (*restricted net position*), and \$234.5 million is net investment in capital assets. It is important to note that the City's combined pension and OPEB liabilities increased dramatically over prior year by \$23.5 million. This increase reflects significant unrealized market values of assets in both plans as of June 30 and was compounded in the Police & Fire pension fund by triggering a decrease in actuarial discount rate of 2.09%. The change in the market value is outside the control of the City but the overall pension plan change is an item being strategically evaluated and monitored by the City. More details and information regarding the pension and OPEB plans are located in Note V. of the notes to the financial statements.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28.6 million. Of this total amount \$15.6 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 \$56.9 million to \$51.8 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. Additional information on the City's long-term debt activity can be found in Note IV. E. of the notes to the financial statements.
- The General Fund, on a current financial resource basis, reported a deficit of revenues over expenditures and other financial sources and uses by <\$0.6> million after making a \$5.5 million transfer to the Capital Projects Fund, operating transfers of \$0.2 million to the Golf Course Fund, \$0.5 million to the Property Management Fund for an incentive, and \$1.0 million to the Economic Redevelopment Fund for economic program initiatives and incentives. There was no change in tax rates for FY21/22 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 \$1.2 million higher in FY21/22 for total revenue of \$34.6 million. Last, other than tax revenue, all other revenue sources combined decreased approximately <\$0.6> million over prior FY20/21 amounts; while all other expenses, excluding transfers to other funds, increased by \$1.2 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15.6

million or 34.1% of total General Fund expenditures (excluding the transfers to other funds described above). This represents 4.2 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 22 and 23 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 29 to 33 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 34 to 35 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 36 to 92.

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 93 to 98 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 \$229.2 million and \$218.7 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 (102.3% or \$234.5 million) reflects its net investment in capital assets (e.g., land and improvements, buildings, machinery, equipment, infrastructure, and improvements), less any unmatured debt, unspent bond proceeds, and outstanding retainages payable 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 1.9% or \$4.3 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 <\$9.6> million (negative 4.2% of total net position) which is used to meet the government's ongoing obligations to citizens, creditors, and employee pension and OPEB plans. Of this total amount, the unrestricted net position for business-type activities has a balance of \$31.4 million and the unrestricted net position portion for governmental activities has a negative balance of <\$41.1> million.

It is important to note that the City has a total of \$68.4 million in total net pension liability to fund both of the City's pension plans and GASB Statement 75 for the net OPEB liability of \$29.4 million. This total \$97.8 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, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current assets	\$ 36,459,933	\$ 34,530,077	\$ 45,142,206	\$ 37,322,254	\$ 81,602,139	\$ 71,852,331
Long-term and restricted assets	23,253,413	15,051,104	8,010,184	11,063,675	31,263,597	26,114,779
Capital assets, net	90,562,591	87,371,825	195,656,333	198,258,171	286,218,924	285,629,996
Total Assets	150,275,937	136,953,006	248,808,723	246,644,100	399,084,660	383,597,106
Deferred outflows related to OPEB	3,091,836	936,081	1,308,883	413,566	4,400,719	1,349,647
Deferred outflows related to pensions	19,626,201	2,958,790	2,528,931	1,500,771	22,155,132	4,459,561
Total Deferred Outflows	22,718,037	3,894,871	3,837,814	1,914,337	26,555,851	5,809,208
Liabilities:						
Long-term liabilities	99,106,918	75,365,678	49,896,159	54,300,512	149,003,077	129,666,190
Other liabilities	29,302,418	20,310,551	8,836,380	12,261,804	38,138,798	32,572,355
Total Liabilities	128,409,336	95,676,229	58,732,539	66,562,316	187,141,875	162,238,545
Deferred inflows related to OPEB	719,383	2,257,154	304,540	997,223	1,023,923	3,254,377
Deferred inflows related to pensions	4,801,851	4,945,847	3,462,099	309,034	8,263,950	5,254,881
Total Deferred Inflows	5,521,234	7,203,001	3,766,639	1,306,257	9,287,873	8,509,258
Net Position:						
Investment in capital assets, net	75,823,002	71,600,496	158,700,731	157,963,476	234,523,733	229,563,972
Restricted	4,333,666	5,539,165	-	-	4,333,666	5,539,165
Unrestricted	(41,093,264)	(39,171,014)	31,446,628	22,726,388	(9,646,636)	(16,444,626)
Total Net Position	\$ 39,063,404	\$ 37,968,647	\$ 190,147,359	\$ 180,689,864	\$ 229,210,763	\$ 218,658,511

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

	Changes in Net Position June 30, 2022 and 2021					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 8,917,531	\$ 9,455,056	\$ 58,192,082	\$ 53,458,451	\$ 67,109,613	\$ 62,913,507
Operating grants and contributions	2,053,740	4,923,824	140,695	894,857	2,194,435	5,818,681
Capital grants and contributions	4,155,845	5,151,802	5,806,552	4,965,080	9,962,397	10,116,882
General Revenues:						
Property taxes	34,592,251	33,417,546	-	-	34,592,251	33,417,546
Income and other taxes	7,772,394	6,749,366	-	-	7,772,394	6,749,366
Miscellaneous	283,825	614,928	16,300	41,928	300,125	656,856
Total Revenues	57,775,585	60,312,522	64,155,629	59,360,316	121,931,214	119,672,838
Expenses:						
Program Expenses:						
General government	10,360,130	10,425,129	-	-	10,360,130	10,425,129
Public safety	31,231,769	26,871,881	-	-	31,231,769	26,871,881
Highways and streets	2,632,966	2,693,869	-	-	2,632,966	2,693,869
Waste collection and disposal	2,926,233	2,834,652	-	-	2,926,233	2,834,652
Culture and recreation	3,379,595	2,946,663	-	-	3,379,595	2,946,663
Economic and community development	4,866,019	4,719,711	-	-	4,866,019	4,719,711
Interest on long-term debt	466,867	475,278	-	-	466,867	475,278
Utilities and other proprietary funds	-	-	55,515,383	53,645,648	55,515,383	53,645,648
Total Expenses	55,863,579	50,967,183	55,515,383	53,645,648	111,378,962	104,612,831
Excess (deficiency) before transfers	1,912,006	9,345,339	8,640,246	5,714,668	10,552,252	15,060,007
Transfers	(817,249)	(295,571)	817,249	295,571	-	-
Transfers of long-term debt	-	558,138	-	(558,138)	-	-
Change in net position	1,094,757	9,607,906	9,457,495	5,452,101	10,552,252	15,060,007
Net position - beginning	37,968,647	28,360,741	180,689,864	175,237,763	218,658,511	203,598,504
Net Position - Ending	\$ 39,063,404	\$ 37,968,647	\$ 190,147,359	\$ 180,689,864	\$ 229,210,763	\$ 218,658,511

Governmental activities: General revenues for the governmental activities (excluding Transfers to Other Funds) were \$42.6 million, while total expenses, net of charges for services, grants and contributions, were \$40.7 million. Last, the total transfers to other funds were \$0.8 million. The resulting increase in net position for governmental activities was \$1.1 million and can be largely attributed to the following:

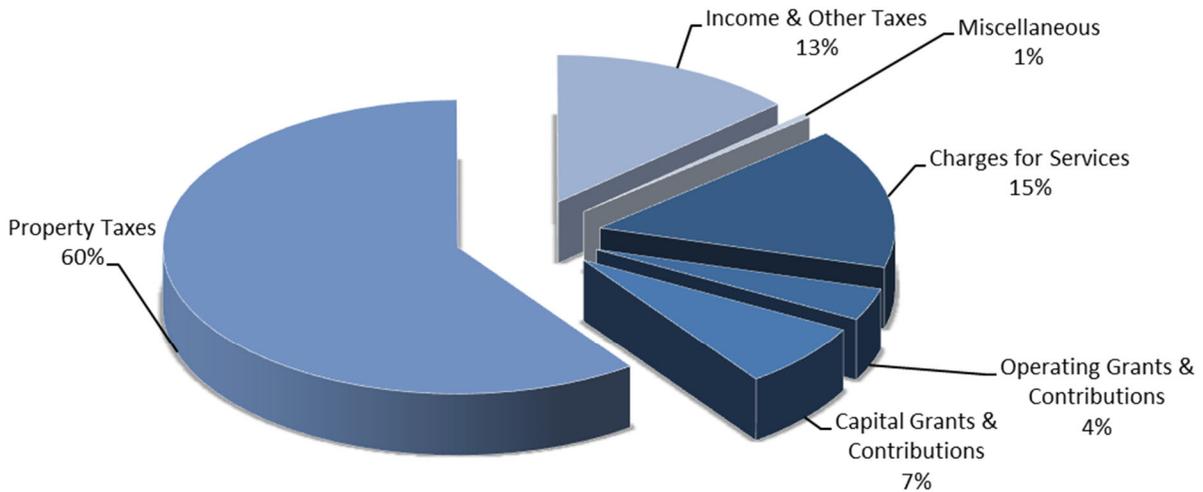
- The City’s General Fund had a <\$0.6> million decrease due to the excess of actual expenses over revenues. This deficit is a result of increased total property tax revenues from growth assessed values related to existing properties, new commercial development, and new annexations. However, all other revenue sources combined were lower than prior year and final budget. In addition, most departmental expenses increased over prior year totals due to salary increases, rising credit card and legal fees, and returning to a pre-COVID workload. Debt service requirements were slightly higher than the prior year. As a result, expenses in total were \$4.5 million over prior FY20/21.
- A \$1.0 million increase is a result of all other governmental funds including the Capital Improvement Fund. The Capital Improvement Fund had a \$2.2 million change in fund balance as a result of timing of local funding versus spending, primarily from two large new projects: the Hagerstown Field House and the acquisition and renovation of 32 N. Potomac St. However, the CDBG Fund, the Economic Redevelopment Fund, the Business Revolving Loan Fund, the Excise Tax Fund, the Grant Fund, and the Forest Conservation Fund had deficits in FY21/22.
- A \$0.7 million increase is a result of the City’s necessary adjustments for Statement of Net Position. The majority of this increase is related to capital additions over depreciation and principal payment reductions which were offset by disposals of capital assets and pension and OPEB expense increases recognized per GASB 68 and GASB 75. Please see the reconciliation schedule from the Governmental Funds to the Statement of Activities on page 27 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 \$41.8 million in general property tax, income tax, investment earnings, transfers and other miscellaneous revenue generated in FY21/22.

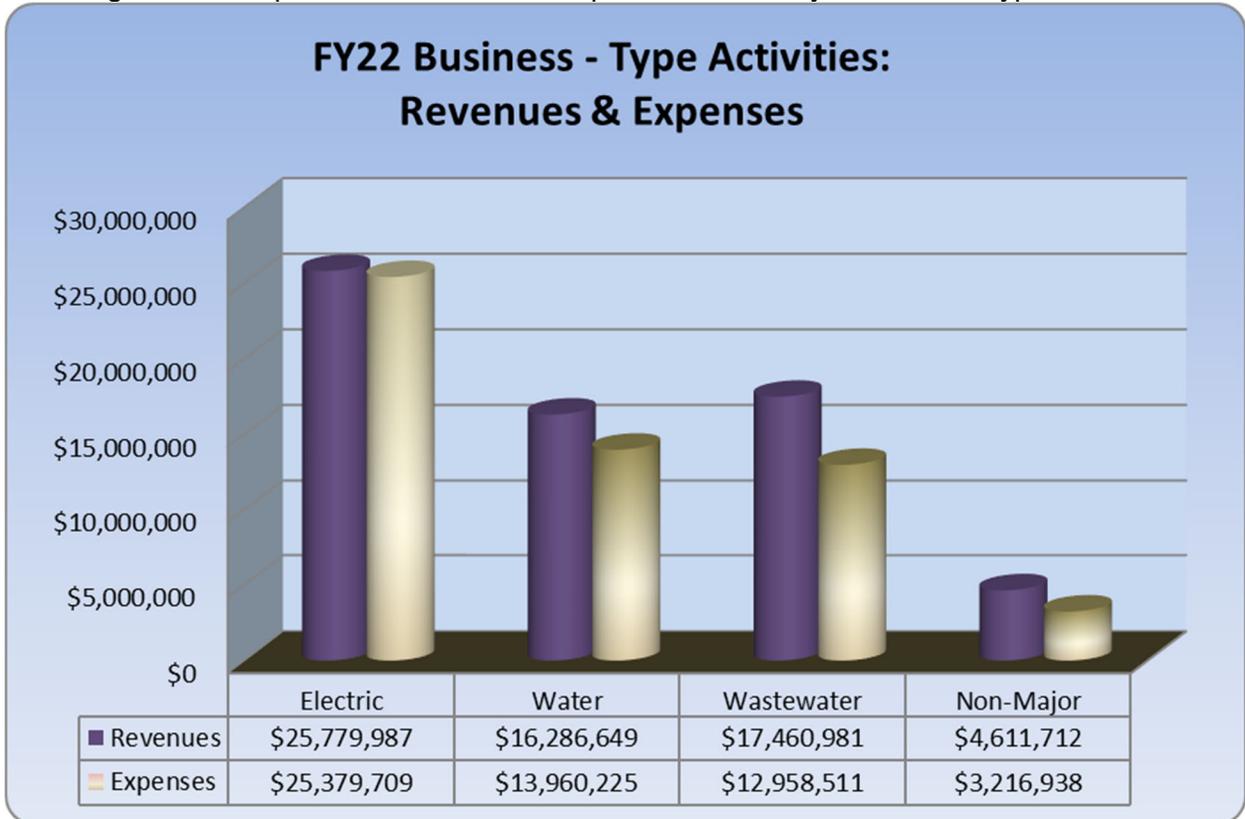
FY22 Governmental Activities: Revenue by Source



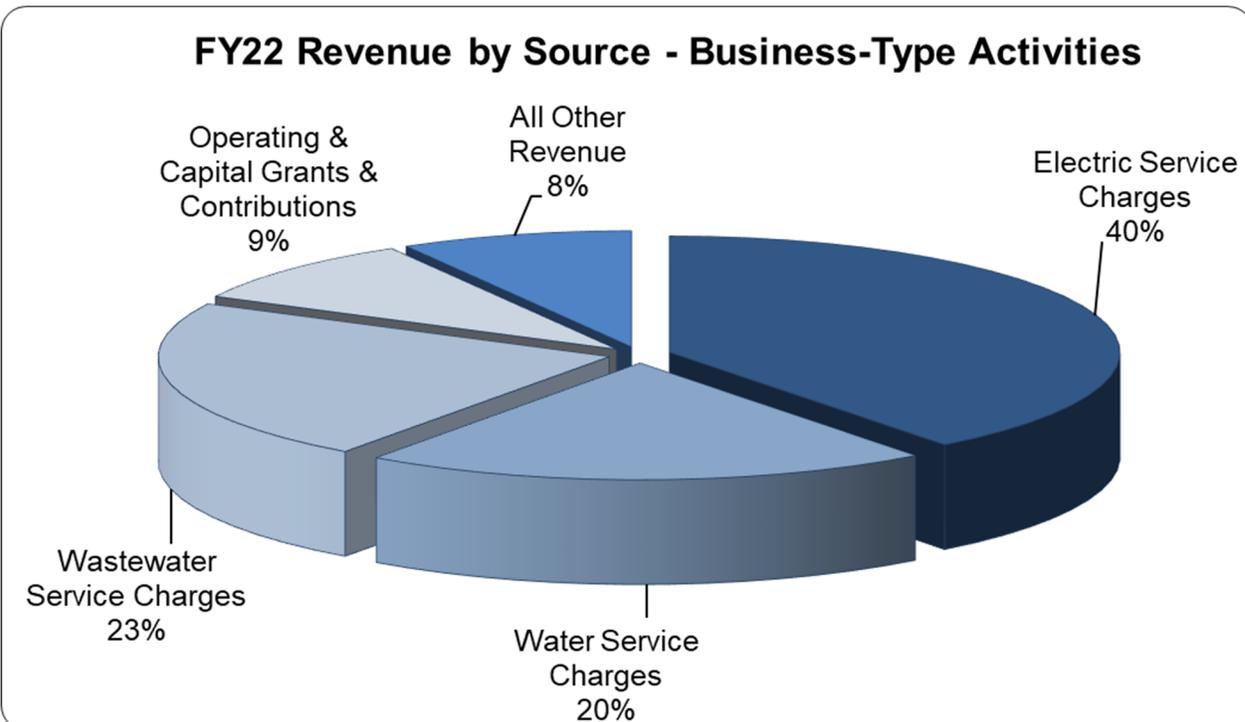
Business-type Activities: Business-type activities increased the City of Hagerstown's net position by \$9.5 million. Key elements of this increase are as follows:

- Electric, Water, Wastewater, Golf, Parking, and Stormwater Management Funds had positive changes in net position, or revenues in excess of expenses, while Property Management had the opposite trend. The following is the breakdown of the positive net changes: \$0.4 million in the Electric Fund, \$2.3 million in the Water Fund, \$4.5 million in the Wastewater Fund, \$0.02 million in the Golf Fund, \$0.1 million in the Parking Fund, and \$2.1 million in the Stormwater Management Fund. The following is the breakdown of the negative net changes: <\$0.2> million in the Property Management Fund.
- Transfers in to the business-type activities account for \$0.8 million in revenue. These transfers were primarily for Golf Course operations and a Property Management incentive from the General Fund and one-time transfers from the Health Insurance Fund to Electric, Water, and Wastewater Funds.
- Capital grants and contributions remained a revenue source for business-type activities. The Electric fund received \$0.1 million, the Water fund received \$3.1 million, and the Wastewater fund received \$2.7 million during the current fiscal year. Included in these totals are \$0.4 million in ARPA federal grant funding.
- Maryland State Retirement Pension expense and OPEB expense recognized in the FY21/22 in the Electric, Water and Wastewater funds were <\$0.6> million and <\$0.1> million respectively and the reductions are included in total overall expenses. While the governmental funds experienced large fluctuations in pension from drastic market losses, the business funds reflect less impact as it does not have any Police & Fire Pension members and the Maryland State Retirement Pension reflects a year lag.

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 \$0.8 million in general investment earnings, transfers, and transfers of long-term debt between City funds generated in FY21/22.



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 \$28.6 million, an increase of \$0.4 million from the prior year. Approximately 54.4% of the total fund balance (\$28.6 million) constitutes *unassigned fund balance* (\$15.6 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 (\$0.5 million and \$2.2 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 (\$9.5 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 \$15.6 million, while total fund balance equaled \$17.4 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 34.1% of total General Fund expenditures or 4.2 months of fiscal expenditures.

**City of Hagerstown
Governmental Fund Balances**

	Total Fund Balance		
	2022	2021	Variance
General Fund			
Nonspendable	\$ 508,641	\$ 170,452	\$ 338,189
Committed	250,000	250,000	-
Assigned	1,068,047	886,857	181,190
Unassigned	15,573,818	16,678,726	(1,104,908)
Subtotal	17,400,506	17,986,035	(585,529)
Capital Improvement Program			
Nonspendable	-	13,628	(13,628)
Restricted	146,233	845,928	(699,695)
Assigned	6,770,999	3,824,791	2,946,208
Subtotal	6,917,232	4,684,347	2,232,885
Non-Major Governmental			
Restricted	2,024,715	2,301,807	(277,092)
Committed	606,008	606,008	-
Assigned	1,691,281	2,616,397	(925,116)
Subtotal	4,322,004	5,524,212	(1,202,208)
Total Governmental Fund Balances	\$28,639,742	\$28,194,594	\$ 445,148

The fund balance of the General Fund decreased by <\$0.6> million during the current fiscal year. This increase is due to actual expenditures exceeding revenues. Below are some key elements for FY21/22:

2022 Actual compared to 2021 Actual.

Revenues were lower than prior year by <\$0.6> million.

- Total property taxes of \$34.6 million grew by \$1.2 million. The 3.5% 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. Of the total property tax, personal property tax grew by \$0.4 million or 32.3%. This increase reflects new warehouse development and timing of filing of tax returns to the state.
- All other revenue categories in the general fund were a combined <\$1.8> million lower than FY20/21.
 - Income and other taxes grew overall by \$0.9 million due primarily to timing

and state return filings plus an increase in Enterprise Zone Tax Credits related to new economic warehouse growth.

- Licenses and Permits represented <\$0.6> million of the decrease. In FY20/21, this revenue source more than tripled as a result of one-time building permit activity related to new commercial warehouses and other economic redevelopment growth around the City. FY21/22 amounts reflect the return to typical activity.
- Intergovernmental Grants decreased <\$2.8> million in FY21/22. This represents a return to more representative amounts after the dramatic increase in one-time federal grants in FY20/21 (the CARES grant through Washington County and ARPA funding).

Expenses (excluding transfers to other funds) were higher than prior year by \$1.2 million.

- Overall public safety expenditures were \$0.2 million more than FY20/21. The primary reasons for this amount of growth in expenditures is related to salary increases and increased overtime in the Fire department. In addition, total expenses were higher in FY21/22 as a result of returning to normal spending after the COVID pandemic and supply chain delays and disruptions.
- All other departments and cost centers (excluding public safety) collectively were higher than FY20/21 by \$1.0 million. Most all other departments were higher than FY20/21 in total expenses. The largest areas of increases costs were related to: contracted services for trash, landfill, and recycling costs; legal fees; credit card fees associated with an improved online customer payment portal; and the return to sponsoring and having events.

2022 Actual compared to 2022 Budget.

Revenues were under budgeted projections by <\$1.8> million.

- Total property taxes of \$33.4 were above projections by \$1.3 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 3.9% is a result of new commercial development, new annexations and overall market value increases for existing properties. FY21/22 reflects the second year of the City's triennial reassessment period.
- All other revenue categories in the general fund excluding property taxes and other financing sources, were a combined \$1.7 million over the FY21/22 budget levels.
 - Income and Other Taxes were higher than projections due to the reinstatement of tax filing deadlines and timing changes for companies on when to file tax withholding data. Also, there was an increase in overall tax withholding from 2.8% to 3.2% made effective in January which helped to increase the amount received from the State of Maryland. Last, there was some increase in both Admissions and Amusement Tax and Hotel/Motel Room Tax revenue. The budget projections were based on anticipated growth and rebound from COVID closures and reductions but in actuality the growth trend was slightly higher than anticipated.
 - Overall Licenses and Permits were higher than projections due to Building and Grading Permits due to another new warehouse development plan moving forward. The total amount is still much lower than amounts received in FY20/21 but more than anticipated at the time of budget preparations and timing of when this development made actual the permit application.

- Other Financing Sources offsets the other revenue increases by <\$4.9> million 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 \$0.8 million.

- Overall public safety expenditures were under budget by \$0.5 million as a result of vacant positions in the Police department despite salary increases. In an effort to help recruit and retain staff, Police reduced the number of positions in order to receive significant salary increases. Code Administration also had vacancy savings that contributed to this budget difference. Last, supply chain delay issues for ammunition and other public safety supplies were reflected in this lower amount.
- All other departments and cost centers (excluding public safety) collectively were under budget by \$0.2 million as well. Overtime, supplies, material and equipment were all lower than budget across the city's individual departments.
- Annual debt service requirements (principal payments, interest expense and bond issuance costs) were \$0.1 million under budget due no issuance of debt as originally expected.

Transfers to other funds were under budgeted projections by \$0.5 million.

- Fund balance transfers for planned capital infrastructure improvements were \$0.5 million under FY21/22 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 \$6.9 million which reflects a net position increase 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 (\$0.1 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 (\$6.8 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 increased by \$2.2 million during the current fiscal year. This increase is due to actual revenues exceeding expenditures. Below are some key elements for FY21/22:

2022 Actual compared to 2021 Actual.

Revenues were higher than prior year by \$3.2 million.

- Intergovernmental grant revenue grew over prior year as a result of the timing of projects completing. There are a few FY21/22 projects that received grant dollars including some

Parks play equipment, UIP plaza, and the construction and utilization of ARPA funding to acquire a vacant building.

- Total contributions and donations decreased by \$1.8 million as a result of Wesel Boulevard road reconstruction project and some initial fundraising for a new Skatepark that occurred in FY19/20 as a one-time project contribution.
- Other financing sources were \$4.1 million higher than FY20/21 due to more transfers from the General and CDBG funds. These specific funding sources only happen once work and invoices are generated. The transfers were increased as a result of completion timing of projects being funded.

Expenses were higher than prior year by \$0.8 million.

- There were more project completions that happened than in prior FY20/21. In addition, a new Skatepark was constructed and created beyond normal recurring infrastructure replacements and improvements.

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 \$1.1 million for the Electric Fund, \$14.9 million for the Water Fund and \$6.2 million for the Wastewater Fund. The total increase in all proprietary funds net position was \$9.5 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 a detailed 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 99.

Original Budget compared to Final Budget.

The final budgeted revenues, expenditures, and transfers to other funds increased by \$2.6 thousand over the original budget.

Total revenue changes reflected are an increase of \$4.3 million. There were changes in revenue categories made primarily for property tax increases and use of fund balance reserves for projects. Likewise, there were revenue increases related to the utilization the federal ARPA grant for public safety body worn cameras and tasers.

Total expense changes also reflected an increase of \$4.3 million. There were some slight offsetting transfers across departmental budgets. The primary factors related to the expense increase were for public safety body worn cameras and tasers and transfers to the capital improvement fund.

There were two significant projects utilizing the additional fund balance transfers: Hagerstown Field House, a new indoor sports complex and the acquisition of 32 N. Potomac St. to better serve customers.

Final Budget compared to Actual Results.

Revenue was over budget by \$3.1 million and expenditures and other financing uses were under budget by \$4.9 million. Total Property Tax revenue generated an increase of \$1.3 million as a result of higher assessed values while all other revenue in total was over budget by \$0.5 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, 2022, amounts to \$286.2 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 increase in the City of Hagerstown's investment in capital assets for the current fiscal year was \$0.6 million or 0.2%. There was a 3.7% increase for governmental activities and a <1.3%> decrease for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 7,267,400	\$ 7,185,453	\$ 5,436,357	\$ 5,647,244	\$ 12,703,757	\$ 12,832,697
Construction in progress	2,123,349	5,150,318	316,151	9,673,556	2,439,500	14,823,874
Buildings & structures	7,435,363	6,152,569	130,758,504	133,121,130	138,193,867	139,273,699
Land improvements	9,090,077	8,506,996	470,900	491,494	9,560,977	8,998,490
Machinery & equipment	9,212,838	8,944,387	58,369,186	49,181,608	67,582,024	58,125,995
Infrastructure	55,433,564	51,432,102	305,235	143,139	55,738,799	51,575,241
Total	\$90,562,591	\$87,371,825	\$195,656,333	\$198,258,171	\$286,218,924	\$285,629,996

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

For the City's governmental activities:

The City spent \$8.5 million in additions for capital assets and improvements during FY21/22. Some of the most notable additions are listed below:

- \$1.7 million was spent on work in progress projects with the three primary areas being \$732K toward the Reserve Ladder Truck for the Fire Department, \$489K on the construction of the Hagerstown Skatepark, and \$290K toward design work for the Hagerstown Field House.
- \$6.8 million was spent on the following items and categories: Wesel Boulevard improvements (\$1.8M), purchase of the future City Hall annex (\$801K), purchase of a Spartan fire pumper (\$573K), purchase and upfitting of 12 police cruisers and three additional vehicles for the Police Department (\$591K), construction of the Cultural Trail Plaza (\$666K) and expansion of the Hagerstown Cultural Trail (\$462K), Fairgrounds Park stable roof and the restoration of the entrance building and gatekeepers house (\$176K), alley reconstruction (\$163K), public restrooms for the Fitroom and BMX Track (\$162K), downtown police camera expansion (\$146K), sidewalk replacements (\$119K), accessibility ramps (\$107K), 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 \$6.0 million in additions for construction in progress of capital improvements and other capital assets in FY21/22.

- \$779K was spent on work in progress projects with the primary ones being the Wesel Boulevard Electric (\$222K), Synagro Phase 1B (\$246K), and the 3rd Parking Deck Design (\$114K).

- \$5.3 million was spent on capital improvements across the following funds: Electric Fund \$1.2M, Water Fund \$2.2M, Wastewater Fund \$1.5M, and \$300K across all other business-type funds.

Additional information on the City of Hagerstown’s capital assets can be found in Note IV. C., pages 62 through 65 of this report.

Long-term debt. At the end of the current fiscal year, the City of Hagerstown had total bonded debt outstanding of \$51.8 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, \$37.0 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			
	2022	2021	2022	2021	2022	2021
General Bonded Debt	\$14,885,822	\$16,617,257	\$36,955,602	\$40,294,696	\$51,841,424	\$56,911,953

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.

The City of Hagerstown’s bond ratings were last affirmed in FY21/22 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 FY21/22, governmental fund debt was 0.46% of the assessed value of taxable property and \$342 per capita while total city-wide debt was 1.62% of the assessed value of taxable property and \$1,192 per capita. Additional information on the City of Hagerstown’s long-term debt can be found in Note IV. E. on pages 68 through 71 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The FY21/22 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 FY21/22 budget also reflected the third year of charges for Water and Wastewater based on an approved five year cost study (July 1, 2019 through June 30, 2024) and were an increase of 3.0% for Water and 3.0% for Wastewater over the FY20/21 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 FY22/23 budget. The FY22/23 General Fund budget as approved reflects net revenue surplus of \$1,767. This

net amount reflects the utilization of prior surpluses of \$3.6 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 FY22/23 the City's major governmental fund budget as approved for the General Fund is projected to increase by 11.8% over the FY21/22 budget from \$49.0 million to \$54.7 million. Wages and benefits are projected to increase by 8.4% and include estimated increases in employee compensation; increased employer provided benefit costs; the conversion of 2 part-time to full-time positions; the reduction of 7 sworn staff; and the allocation of existing staff to Stormwater as applicable. Debt service is projected to decrease by <30.1%> 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 2022 MD State Department of Assessment and Taxation's Constant Yield Notification which expected a growth of 0.6% in assessed values; the City kept the current tax rate structure. Per the Constant Yield Notification, maintaining this same tax rate will result in an increase of \$167.7K. However, City leadership reviewed historical trends and included a 3.5% growth in the FY22/23 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 FY22/23 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 3% for inside and outside the City effective July 1, 2022. 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 from \$34.00 to \$36.00 per 1,000 square feet of impervious area on January 1, 2023. These annual increases will make possible the extensive continuing system improvements for these utilities.
- American Rescue Plan Act of 2021 (ARPA): The FY22/23 approved budget includes \$7.9 million in utilization of this federal grant on the following projects: a Grant Coordinator position, Police body worn camera maintenance costs, a Customer Service payment kiosk, the renovation of the Customer Service lobby at 32 N. Potomac St., a Hagerstown Ice Rink air quality and condensation unit, IT software and phone upgrades, a Police fire range target system, a Fuel Station tank gauge system, partial funding of the Professional Court Extension, and a natural gas generator for the Fire Department. This federal stimulus plan grant is to provide a total of \$20.4 million to the City. The City has formed a committee and has 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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Pooled cash and investments	\$ 30,188,981	\$ 29,501,299	\$ 59,690,280
Receivables (net of allowance for uncollectibles):			
Taxes	825,125	-	825,125
Intergovernmental	4,341,644	-	4,341,644
Customers	1,129,568	8,754,565	9,884,133
Loans	2,500,124	-	2,500,124
Other	15,621	-	15,621
Internal balances	(5,188,424)	5,188,424	-
Inventories	129,868	1,645,569	1,775,437
Properties held for resale	1,047,854	-	1,047,854
Prepaid items	1,469,572	52,349	1,521,921
Restricted assets:			
Pooled cash and investments	23,253,413	8,010,184	31,263,597
Capital assets (net of accumulated depreciation):			
Land (not being depreciated)	7,267,400	5,436,357	12,703,757
Land improvements	11,980,405	1,935,878	13,916,283
Buildings and structures	18,597,753	225,986,079	244,583,832
Machinery and equipment	9,830,193	125,136,372	134,966,565
Automobiles and trucks	12,808,980	7,682,149	20,491,129
Office furniture and fixtures	3,537,477	881,964	4,419,441
Infrastructure	115,225,736	317,469	115,543,205
Construction in progress (not being depreciated)	2,123,349	316,151	2,439,500
Less accumulated depreciation	(90,808,702)	(172,036,087)	(262,844,789)
Total assets	<u>150,275,937</u>	<u>248,808,723</u>	<u>399,084,660</u>
Deferred Outflow of Resources			
Deferred Outflows from OPEB	3,091,836	1,308,883	4,400,719
Deferred Outflows from Pensions	19,626,201	2,528,931	22,155,132
Total deferred outflows	<u>22,718,037</u>	<u>3,837,814</u>	<u>26,555,851</u>
Liabilities			
Accounts payable	4,400,259	2,804,851	7,205,110
Accrued liabilities	5,190,588	352,969	5,543,557
Escrowed taxes and insurance	1,488	-	1,488
Accrued interest payable	150,178	250,726	400,904
Customer deposits payable	45,714	1,260,627	1,306,341
Unearned revenue	16,204,933	102,891	16,307,824
Compensated absences:			
Due within one year	2,203,567	890,630	3,094,197
Due in more than one year	2,862,634	804,164	3,666,798
Long-term liabilities:			
Due within one year	1,105,691	3,173,686	4,279,377
Due in more than one year	13,780,131	33,781,916	47,562,047
Net pension liabilities:			
Due in more than one year	61,830,436	6,575,100	68,405,536
Net OPEB liabilities:			
Due in more than one year	20,633,717	8,734,979	29,368,696
Total liabilities	<u>128,409,336</u>	<u>58,732,539</u>	<u>187,141,875</u>
Deferred Inflow of Resources			
Deferred Inflows from OPEB	719,383	304,540	1,023,923
Deferred Inflows from Pensions	4,801,851	3,462,099	8,263,950
Total deferred inflows	<u>5,521,234</u>	<u>3,766,639</u>	<u>9,287,873</u>
Net Position			
Net investment in capital assets	75,823,002	158,700,731	234,523,733
Restricted for:			
Community Redevelopment	4,154,962	-	4,154,962
Public Safety	175,621	-	175,621
Other Purposes	3,083	-	3,083
Unrestricted	(41,093,264)	31,446,628	(9,646,636)
Total net position	<u>\$ 39,063,404</u>	<u>\$ 190,147,359</u>	<u>\$ 229,210,763</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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-type Activities		Total
			Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	
Primary government:								
Governmental activities:								
General government	\$ 10,360,130	\$ 2,269,334	\$ 134,425	\$ 2,199,983	\$ (5,756,388)	\$ -	\$ -	\$ (5,756,388)
Public safety	31,231,769	3,336,691	722,099	858,229	(26,314,750)	-	-	(26,314,750)
Highways and streets	2,632,966	94,223	-	-	(2,538,743)	-	-	(2,538,743)
Waste, collection and disposal	2,926,233	2,851,797	-	-	(74,436)	-	-	(74,436)
Culture and recreation	3,379,595	321,679	33,579	1,097,633	(1,926,704)	-	-	(1,926,704)
Economic and community development	4,866,019	43,807	1,163,637	-	(3,658,575)	-	-	(3,658,575)
Interest and issuance costs on LT debt	466,867	-	-	-	(466,867)	-	-	(466,867)
Total governmental activities	55,863,579	8,917,531	2,053,740	4,155,845	(40,736,463)	-	-	(40,736,463)
Business-type activities:								
Electric	25,379,709	25,707,216	-	72,771	-	400,278	400,278	400,278
Water	13,960,225	13,231,274	-	3,055,375	-	2,326,424	2,326,424	2,326,424
Wastewater	12,958,511	14,666,358	140,695	2,653,928	-	4,502,470	4,502,470	4,502,470
Parking facilities	920,257	1,030,315	-	24,478	-	134,536	134,536	134,536
Golf course	517,697	341,495	-	-	-	(176,202)	(176,202)	(176,202)
Property management	922,494	287,257	-	-	-	(635,237)	(635,237)	(635,237)
Stormwater management	856,490	2,928,167	-	-	-	2,071,677	2,071,677	2,071,677
Total business-type activities	55,515,383	58,192,082	140,695	5,806,552	-	8,623,946	8,623,946	8,623,946
Total primary government	\$ 111,378,962	\$ 67,109,613	\$ 2,194,435	\$ 9,962,397	(40,736,463)	8,623,946	(32,112,517)	(32,112,517)
General revenues:								
Property taxes					34,592,251	-	-	34,592,251
Income and other taxes					7,772,394	-	-	7,772,394
Investment earnings					9,126	16,300	16,300	25,426
Miscellaneous					274,699	-	-	274,699
Transfers					(817,249)	817,249	817,249	-
Total general revenues and transfers					41,831,221	833,549	833,549	42,664,770
Change in net position					1,094,757	9,457,495	9,457,495	10,552,252
Net position - beginning					37,968,647	180,689,864	180,689,864	218,658,511
Net position - ending					\$ 39,063,404	\$ 190,147,359	\$ 190,147,359	\$ 229,210,763

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

City of Hagerstown, Maryland
Balance Sheet
Governmental Funds
June 30, 2022

	General	Capital Improvement Program	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and investments	\$ 17,749,180	\$ 6,510,822	\$ 820,401	\$ 25,080,403
Receivables (net of allowance for uncollectibles):				
Taxes	825,125	-	-	825,125
Intergovernmental	2,620,767	1,294,721	426,156	4,341,644
Customers	926,506	8,299	3,232	938,037
Loans	-	-	2,500,124	2,500,124
Other	15,621	-	-	15,621
Advances to other funds	295,050	-	-	295,050
Inventories	129,868	-	-	129,868
Properties held for resale	-	-	1,047,854	1,047,854
Prepaid items	378,773	-	3,000	381,773
Restricted assets:				
Pooled cash and investments	16,180,464	-	1,592,161	17,772,625
Total assets	\$ 39,121,354	\$ 7,813,842	\$ 6,392,928	\$ 53,328,124
Liabilities And Fund Balances				
Liabilities:				
Accounts payable	\$ 2,476,987	\$ 896,610	\$ 142,128	\$ 3,515,725
Accrued liabilities	1,154,683	-	12,144	1,166,827
Advances from other funds	-	-	295,050	295,050
Escrowed taxes and insurance	-	-	1,488	1,488
Customer deposits payable	23,288	-	22,426	45,714
Undisbursed loan and grant commitments	-	-	1,579,483	1,579,483
Unearned revenue	16,186,728	-	18,205	16,204,933
Total liabilities	19,841,686	896,610	2,070,924	22,809,220
Deferred Inflows of Resources:				
Unavailable revenue-income taxes	1,879,162	-	-	1,879,162
Total deferred inflows of resources	1,879,162	-	-	1,879,162
Fund balances:				
Nonspendable:				
Inventories	129,868	-	-	129,868
Prepays	378,773	-	-	378,773
Restricted:				
Community Redevelopment	-	-	1,846,011	1,846,011
Public Safety	-	-	175,621	175,621
Forest Conservation	-	-	3,083	3,083
Unspent bond proceeds	-	146,233	-	146,233
Committed:				
Mayor & Council actions	250,000	-	-	250,000
Community Redevelopment	-	-	606,008	606,008
Assigned:				
Contracted/Professional Services	739,323	-	-	739,323
Other Services	328,724	-	(11,662)	317,062
Capital Outlay	-	6,770,999	-	6,770,999
Community Redevelopment	-	-	1,702,943	1,702,943
Unassigned	15,573,818	-	-	15,573,818
Total fund balances	17,400,506	6,917,232	4,322,004	28,639,742
Total liabilities and fund balances	\$ 39,121,354	\$ 7,813,842	\$ 6,392,928	\$ 53,328,124

City of Hagerstown, Maryland
Reconciliation of the Total Governmental Fund Balances
to Governmental Activities Net Position
For the Year Ended June 30, 2022

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

Total fund balances - governmental funds		\$	28,639,742
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Cost of capital assets			181,371,293
Accumulated depreciation			(90,808,702)
			90,562,591
Unavailable revenues are not financial resources in the governmental funds, therefore the liability is eliminated and total net position is increased.			
			1,879,162
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.			
			3,351,460
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			(5,066,201)
General obligation bonds payable			(14,555,912)
Accrued interest payable on general obligation bonds			(150,178)
Unamortized bond premiums on general obligation bonds			(329,910)
			(20,102,201)
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			(61,830,436)
Deferred outflows from pensions			19,626,201
Deferred inflows from pensions			(4,801,851)
			(47,006,086)
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			(20,633,717)
Deferred outflows from OPEB			3,091,836
Deferred inflows from OPEB			(719,383)
			(18,261,264)
Total net position - governmental activities		\$	39,063,404

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, 2022

	General	Capital Improvement Program	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 34,592,251	\$ -	\$ -	\$ 34,592,251
Income and other taxes	5,655,611	1,736,144	-	7,391,755
Licenses and permits	2,667,306	-	-	2,667,306
Intergovernmental grants	486,514	2,758,290	1,529,856	4,774,660
Program income	-	-	43,807	43,807
Charges for services	3,914,903	-	-	3,914,903
Fines and forfeitures	938,187	-	-	938,187
Investment earnings	6,162	2,710	254	9,126
Sale of land & other property	9,103	-	-	9,103
Contributions and donations	35,864	1,397,555	1,506	1,434,925
Unallocated general revenue	2,118,748	122,135	22,213	2,263,096
Total revenues	50,424,649	6,016,834	1,597,636	58,039,119
Expenditures				
Current:				
General government	6,417,551	-	34,920	6,452,471
Public safety	25,371,785	-	283,464	25,655,249
Highways and streets	2,363,298	-	-	2,363,298
Waste, collection and disposal	2,926,593	-	-	2,926,593
Culture and recreation	2,789,208	-	-	2,789,208
Economic and community development	532,067	1,674,301	2,660,014	4,866,382
Unallocated general expenditures	1,745,325	-	91	1,745,416
Debt Service:				
Principal	1,707,194	-	-	1,707,194
Interest	509,365	-	-	509,365
Issuance costs	1,715	-	-	1,715
Capital outlay	-	8,412,271	97,560	8,509,831
Total expenditures	44,364,101	10,086,572	3,076,049	57,526,722
Excess (deficiency) of revenues over (under) expenditures	6,060,548	(4,069,738)	(1,478,413)	512,397
Other Financing Sources (Uses)				
Transfers in	570,492	6,302,623	1,046,543	7,919,658
Transfers out	(7,216,569)	-	(770,338)	(7,986,907)
Total other financing sources and uses	(6,646,077)	6,302,623	276,205	(67,249)
Net change in fund balances	(585,529)	2,232,885	(1,202,208)	445,148
Fund balances - beginning	17,986,035	4,684,347	5,524,212	28,194,594
Fund balances - ending	\$ 17,400,506	\$ 6,917,232	\$ 4,322,004	\$ 28,639,742

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, 2022

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

Net change in fund balances - total governmental funds	\$	445,148
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 (\$8,509,831) exceeded depreciation (\$4,674,893) in the current period.		3,834,938
The net effect of capital asset disposals is to decrease net position.		(644,172)
The issuance of long-term debt (\$0) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal (\$1,707,194) consumes the current financial resources of governmental funds. This amount is the net effect of issuance, transfers, and principal payments on long-term debt.		1,707,194
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.		59,960
Net OPEB expense transactions based on actuarial calculations to determine net OPEB liabilities are not included in the governmental financial statements.		(532,514)
Net pension expense transactions based on actuarial calculations to determine net pension liabilities are not included in the governmental financial statements.		(3,710,820)
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>(89,218)</u>
Change in net position of governmental activities	\$	<u><u>1,094,757</u></u>

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

**City of Hagerstown, Maryland
General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 33,046,417	\$ 33,251,584	\$ 34,592,251	\$ 1,340,667
Income and other taxes	4,354,855	4,354,855	5,655,611	1,300,756
Licenses and permits	2,186,750	2,186,750	2,667,306	480,556
Intergovernmental grants	362,544	510,899	486,514	(24,385)
Charges for services	3,580,267	3,584,466	3,914,903	330,437
Fines and forfeitures	1,269,600	1,269,600	938,187	(331,413)
Unallocated and other general revenue	2,260,600	2,145,090	2,169,877	24,787
Total revenues	<u>47,061,033</u>	<u>47,303,244</u>	<u>50,424,649</u>	<u>3,121,405</u>
Expenditures				
Current:				
General government	6,214,438	6,390,152	6,417,551	(27,399)
Public safety	25,724,724	25,855,300	25,371,785	483,515
Highways and streets	2,504,291	2,482,833	2,363,298	119,535
Waste, collection and disposal	2,985,060	2,860,060	2,926,593	(66,533)
Culture and recreation	2,900,424	2,854,086	2,789,208	64,878
Economic and community development	647,804	625,304	532,067	93,237
Unallocated general expenditures	2,025,900	1,784,100	1,745,325	38,775
Debt Service:				
Principal	1,707,202	1,707,202	1,707,194	8
Interest	564,142	564,142	509,365	54,777
Issuance Costs	1,715	1,715	1,715	-
Total expenditures	<u>45,275,700</u>	<u>45,124,894</u>	<u>44,364,101</u>	<u>760,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,785,333</u>	<u>2,178,350</u>	<u>6,060,548</u>	<u>3,882,198</u>
Other Financing Sources (Uses)				
Transfers in	570,492	570,492	570,492	-
Transfers out	(3,290,703)	(7,690,140)	(7,216,569)	473,572
Budgeted use of fund balance	937,330	4,946,312	-	(4,946,312)
Total other financing sources and (uses)	<u>(1,782,881)</u>	<u>(2,173,336)</u>	<u>(6,646,077)</u>	<u>(4,472,740)</u>
Net change in fund balances	2,452	5,014	(585,529)	(590,542)
Fund balances - beginning	17,986,035	17,986,035	17,986,035	-
Fund balances - ending	\$ <u>17,988,487</u>	\$ <u>17,991,049</u>	\$ <u>17,400,506</u>	\$ <u>(590,542)</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, 2022

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	\$ 5,600,177	\$ 12,055,032	\$ 8,008,717	\$ 3,837,373	\$ 29,501,299	\$ 5,108,578
Accounts receivable (net of allowance for uncollectibles)	2,440,931	2,546,938	3,333,353	433,343	8,754,565	191,531
Inventories	598,369	1,047,200	-	-	1,645,569	-
Prepaid items	1,500	49,579	100	1,170	52,349	1,087,799
Total current assets	8,640,977	15,698,749	11,342,170	4,271,886	39,953,782	6,387,908
Noncurrent assets:						
Restricted assets:						
Pooled cash and investments	-	5,939,096	2,071,088	-	8,010,184	5,480,788
Capital assets:						
Land	1,217,107	2,019,652	180,149	2,019,449	5,436,357	-
Land improvements	277,813	52,342	25,852	1,579,871	1,935,878	-
Buildings and structures	2,395,604	135,783,308	76,556,606	11,250,561	225,986,079	-
Machinery and equipment	31,496,996	30,636,657	61,961,192	1,041,527	125,136,372	-
Automobiles and trucks	1,702,453	2,359,180	2,684,122	936,394	7,682,149	-
Infrastructure	-	-	-	317,469	317,469	-
Office furniture and fixtures	452,769	63,646	255,556	109,993	881,964	-
Construction in progress	1,995	10,136	136,197	167,823	316,151	-
Less accumulated depreciation	(22,787,607)	(64,897,143)	(76,279,163)	(8,072,174)	(172,036,087)	-
Total capital assets, net	14,757,130	106,027,778	65,520,511	9,350,914	195,656,333	-
Total noncurrent assets	14,757,130	111,966,874	67,591,599	9,350,914	203,666,517	5,480,788
Total assets	23,398,107	127,665,623	78,933,769	13,622,800	243,620,299	11,868,696
Deferred Outflow of Resources						
Deferred Outflows related to Pensions	645,684	996,334	886,913	-	2,528,931	-
Deferred Outflows related to OPEB	406,887	375,717	526,279	-	1,308,883	-
Total Deferred Outflows Related to Pensions	1,052,571	1,372,051	1,413,192	-	3,837,814	-

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, 2022

	<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 payable	1,480,140	454,779	764,130	105,802	2,804,851	884,534
Compensated absences - current	211,118	381,993	270,553	26,966	890,630	-
Accrued liabilities	87,128	278,520	199,117	38,930	603,695	2,444,278
Customer deposits and rebates	1,236,542	13,500	-	10,585	1,260,627	-
Unearned revenue	-	101,000	-	1,891	102,891	-
General obligation bonds - current	17,760	1,691,386	1,391,282	73,258	3,173,686	-
Total current liabilities	<u>3,032,688</u>	<u>2,921,178</u>	<u>2,625,082</u>	<u>257,432</u>	<u>8,836,380</u>	<u>3,328,812</u>
Noncurrent liabilities:						
General obligation bonds payable	284,641	22,811,456	9,807,955	877,864	33,781,916	-
Compensated absences	190,621	344,908	244,288	24,347	804,164	-
Net OPEB liabilities	2,715,408	2,507,388	3,512,183	-	8,734,979	-
Net pension liabilities	1,678,748	2,590,421	2,305,931	-	6,575,100	-
Total noncurrent liabilities	<u>4,869,418</u>	<u>28,254,173</u>	<u>15,870,357</u>	<u>902,211</u>	<u>49,896,159</u>	<u>-</u>
Total liabilities	<u>7,902,106</u>	<u>31,175,351</u>	<u>18,495,439</u>	<u>1,159,643</u>	<u>58,732,539</u>	<u>3,328,812</u>
Deferred Inflow of Resources						
Deferred Inflows related to Pensions	883,940	1,363,978	1,214,181	-	3,462,099	-
Deferred Inflows related to OPEB	94,671	87,419	122,450	-	304,540	-
Total Deferred Inflows Related to Pensions	<u>978,611</u>	<u>1,451,397</u>	<u>1,336,631</u>	<u>-</u>	<u>3,766,639</u>	<u>-</u>
Net Position						
Net Investment in Capital Assets	14,454,729	81,524,936	54,321,274	8,399,792	158,700,731	-
Restricted	-	-	-	-	-	260,300
Unrestricted	1,115,232	14,885,990	6,193,617	4,063,365	26,258,204	8,279,584
Total net position	<u>\$ 15,569,961</u>	<u>\$ 96,410,926</u>	<u>\$ 60,514,891</u>	<u>\$ 12,463,157</u>	<u>\$ 184,958,935</u>	<u>\$ 8,539,884</u>
					5,188,424	
						<u>\$ 190,147,359</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, 2022

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Non-Major Enterprise Funds	Total	
Operating revenues:						
Service charges	\$ 24,558,123	\$ 12,244,413	\$ 14,272,015	\$ 4,547,782	\$ 55,622,333	\$ 9,439,697
Other revenues	984,333	986,861	384,795	39,452	2,395,441	405,878
Total operating revenues	<u>25,542,456</u>	<u>13,231,274</u>	<u>14,656,810</u>	<u>4,587,234</u>	<u>58,017,774</u>	<u>9,845,575</u>
Operating expenses:						
Production and treatment expenses	18,744,052	4,653,489	5,477,182	-	28,874,723	-
Transmission, distribution, and collection expenses	2,542,829	2,351,872	1,892,291	-	6,786,992	-
Selling, general and administrative expenses	3,187,346	2,707,963	2,703,497	2,168,550	10,767,356	2,127,880
Claim and premium expenses	-	-	-	-	-	6,891,759
Depreciation	927,904	3,882,816	2,695,916	494,803	8,001,439	-
Total operating expenses	<u>25,402,131</u>	<u>13,596,140</u>	<u>12,768,886</u>	<u>2,663,353</u>	<u>54,430,510</u>	<u>9,019,639</u>
Operating income (loss)	<u>140,325</u>	<u>(364,866)</u>	<u>1,887,924</u>	<u>1,923,881</u>	<u>3,587,264</u>	<u>825,936</u>
Nonoperating revenues (expenses):						
Intergovernmental revenue	-	-	140,695	-	140,695	-
Investment earnings	1,733	4,271	2,394	7,902	16,300	1,521
Bond interest expense and premium	(8,631)	(338,503)	(225,859)	(40,903)	(613,896)	-
Bond issuance cost	(37)	(35,537)	(19,921)	(63)	(55,558)	-
Gain (loss) on disposal of capital assets	164,760	(55,972)	9,548	(526,123)	(407,787)	-
Total nonoperating revenue (expenses)	<u>157,825</u>	<u>(425,741)</u>	<u>(93,143)</u>	<u>(559,187)</u>	<u>(920,246)</u>	<u>1,521</u>
Income (loss) before contributions and transfers	298,150	(790,607)	1,794,781	1,364,694	2,667,018	827,458
Capital contributions and grants	72,771	3,055,375	2,653,928	24,478	5,806,552	-
Transfers in	53,356	83,255	71,421	646,477	854,509	-
Transfers out	(11,740)	(11,740)	(11,740)	(2,040)	(37,260)	(750,000)
Changes in net position	<u>412,537</u>	<u>2,336,284</u>	<u>4,508,390</u>	<u>2,033,609</u>	<u>9,290,820</u>	<u>77,458</u>
Net position - beginning	15,157,424	94,074,642	56,006,501	10,429,548		8,462,426
Total net position - ending	<u>\$ 15,569,961</u>	<u>\$ 96,410,926</u>	<u>\$ 60,514,891</u>	<u>\$ 12,463,157</u>		<u>\$ 8,539,884</u>
					166,675	
						<u>\$ 9,457,495</u>

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

Change in net position of business-type activities

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, 2022

	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	\$ 22,195,594	\$ 12,656,964	\$ 13,672,108	\$ 4,492,573	\$ 53,017,239	\$ -
Receipts from interfund services provided	-	-	-	-	-	9,827,764
Advances from other funds	-	-	-	(333,500)	(333,500)	-
Payments to suppliers	(21,009,557)	(4,426,584)	(5,009,527)	(637,982)	(31,083,650)	(9,460,114)
Payments to employees	(3,975,211)	(5,208,758)	(4,741,193)	(1,450,174)	(15,375,335)	-
Net cash provided (used) by operating activities	<u>(2,789,174)</u>	<u>3,021,622</u>	<u>3,921,388</u>	<u>2,070,917</u>	<u>6,224,754</u>	<u>367,650</u>
Cash Flows From Noncapital Financing Activities						
Transfers from (to) other funds	41,616	71,515	59,681	644,437	817,249	(750,000)
Proceeds from intergovernmental operating grant	-	-	140,695	-	140,695	-
Net cash provided (used) by noncapital and related financing activities	<u>41,616</u>	<u>71,515</u>	<u>200,376</u>	<u>644,437</u>	<u>957,944</u>	<u>(750,000)</u>
Cash Flows From Capital And Related Financing Activities						
Proceeds from intergovernmental capital grant	-	-	-	24,478	24,478	-
Capital contributions	72,771	3,055,375	2,653,928	-	5,782,074	-
Acquisition and construction of capital assets	(1,404,962)	(2,234,462)	(1,685,330)	(656,944)	(5,981,698)	-
Principal paid on capital debt	(47,150)	(1,691,982)	(1,482,706)	(109,009)	(3,330,847)	-
Interest paid on capital debt	(9,080)	(355,049)	(239,689)	(39,019)	(642,837)	-
Bond issuance costs	(36)	(35,537)	(19,921)	(62)	(55,555)	-
Proceeds from disposal of capital assets	164,760	-	9,548	-	174,308	-
Net cash provided (used) by capital and related financing activities	<u>(1,223,697)</u>	<u>(1,261,655)</u>	<u>(764,170)</u>	<u>(780,556)</u>	<u>(4,030,077)</u>	<u>-</u>
Cash Flows From Investing Activities						
Interest and dividends received	1,992	4,718	2,596	7,981	17,287	1,768
Net cash provided by investing activities	<u>1,992</u>	<u>4,718</u>	<u>2,596</u>	<u>7,981</u>	<u>17,287</u>	<u>1,768</u>
Net increase (decrease) in pooled cash and investments	(3,969,263)	1,836,201	3,360,190	1,942,779	3,169,908	(380,582)
Pooled cash and investments, beginning of year	9,569,440	16,157,927	6,719,615	\$ 1,894,593	34,341,575	10,969,948
Pooled cash and investments, end of year	<u>\$ 5,600,177</u>	<u>\$ 17,994,128</u>	<u>\$ 10,079,805</u>	<u>\$ 3,837,373</u>	<u>\$ 37,511,483</u>	<u>\$ 10,589,366</u>

City of Hagerstown, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	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)	\$ 140,325	\$ (364,866)	\$ 1,887,924	\$ 1,923,881	\$ 3,587,264	\$ 825,936
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	927,904	3,882,816	2,695,916	494,803	8,001,439	-
Net effect of changes in assets and liabilities						
Accounts receivable	154,934	(575,810)	(984,702)	(95,413)	(1,500,991)	(17,811)
Inventories	(73,013)	(96,295)	243,088	-	73,780	-
Prepaid items	-	(5,482)	1,338	491	(3,653)	(94,481)
Accounts payable	(142,941)	133,748	435,007	78,977	504,791	51,089
Advances from other funds	-	-	-	(333,500)	(333,500)	-
Compensated absences payable	(101,184)	49,406	83,436	601	32,259	-
Accrued liabilities	3,504	12,911	14,180	1,701	32,297	(397,084)
Customer deposits and rebates	(3,501,796)	1,500	-	465	(3,499,831)	-
Unearned revenue	-	-	-	287	287	-
Other long-term liabilities	(196,908)	(16,306)	(454,800)	(1,375)	(669,389)	-
Total adjustments	<u>(2,929,499)</u>	<u>3,386,488</u>	<u>2,033,464</u>	<u>147,036</u>	<u>2,637,488</u>	<u>(458,286)</u>
Net cash provided (used) by operating activities	<u>\$ (2,789,174)</u>	<u>\$ 3,021,622</u>	<u>\$ 3,921,388</u>	<u>\$ 2,070,917</u>	<u>\$ 6,224,754</u>	<u>\$ 367,650</u>
Reconciliation of pooled cash and investments to the balance sheet						
Pooled cash and investments	\$ 5,600,177	\$ 12,055,032	\$ 8,008,717	\$ 3,837,373	\$ 29,501,299	\$ 5,108,578
Restricted pooled cash and investments	-	5,939,096	2,071,088	-	8,010,184	5,480,788
Totals	<u>\$ 5,600,177</u>	<u>\$ 17,994,128</u>	<u>\$ 10,079,805</u>	<u>\$ 3,837,373</u>	<u>\$ 37,511,483</u>	<u>\$ 10,589,366</u>

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

City of Hagerstown, Maryland
Statement of Fiduciary Net Position
June 30, 2022

	Pension and OPEB Trust Funds
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 1,128,766
Government and Agency Issues	5,373,957
Corporate Debt Issues	4,556,000
Common Stock	5,336,682
Mutual Funds	20,807,969
Total investments	37,203,375
Interest Receivable	105,770
Total assets	37,309,145
 Net Position Restricted for Pension	 \$ 22,293,864
 Net Position Restricted for OPEB	 \$ 15,015,281

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, 2022

	<u>Pension and OPEB Trust Funds</u>
Additions	
Contributions:	
Employer	\$ 2,639,749
Plan members	972,814
Total contributions	<u>3,612,563</u>
Investment earnings:	
Interest and dividends	1,688,630
Net increase/(decrease) in the fair value of investments	(7,835,704)
Other revenues	216
Total investment earnings	<u>(6,146,858)</u>
Less investment expense	55,958
Net investment earnings	<u>(6,202,816)</u>
Total additions	<u>(2,590,253)</u>
Deductions	
Benefits	3,201,469
Administrative expenses	42,176
Actuarial fees	34,813
Total deductions	<u>3,278,458</u>
Change in net position	(5,868,711)
Net position - beginning	43,177,856
Net position - ending	<u>\$ 37,309,145</u>

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

City of Hagerstown
Notes to the Financial Statements
June 30, 2022

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 17	May 17
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

Benefit charge proceeds of \$4,960,312 in the Water fund are classified as restricted assets on the statement of net position because their use is internally 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. These are offset with liabilities.

Benefit charge proceeds of \$2,071,088 in the Wastewater fund are classified as restricted assets on the statement of net position because their use is internally limited to major capital additions, replacements, or improvements to the Wastewater plant.

The City has \$16,180,464 as restricted assets on the statement of net position for the General Fund. As of June 30, 2022, \$23,245 was restricted as a deposit for postage and \$16,157,219 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, 2022, \$131,989 was restricted for single family loans and \$1,488 was restricted for escrowed taxes and insurance.

The City has \$1,436,257 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 completed.

The City has \$22,426 as restricted assets on the statement of net position for the Flexible spending fund 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 \$831,148 in restricted cash which reflects retirees' available balances on individual Health Retirement accounts. The Workers Compensation fund has \$4,459,340 as restricted assets on the statement of net position. From this total, \$70,000 is being held by PMA Management Corporation and \$4,389,340 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.

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. Deferred outflows of resources represent a consumption net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods 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.

<u>Open Encumbrances by Fund at June 30</u>	
General Fund	\$ 1,068,047
CIP	2,887,654
Nonmajor Government	138,273
Electric	325,931
Water	3,314,730
Wastewater	1,324,842
Nonmajor Enterprise	<u>302,193</u>
Total Open Encumbrances by Fund	<u>\$ 9,361,670</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, 2022, net position *Net Investment in Capital Assets* excludes unspent debt proceeds of \$146,233 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 (\$734 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 (\$49 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 (continued)

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, includes a grant equal to City Property Tax for 5 years.

Annexation of adjacent and contiguous areas (\$68 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 (continued)

11. Property Tax Abatements (continued)

Payment in Lieu of Taxes (PILOT) (\$917 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, 2022, the Governmental Accounting Standards Board (GASB) has issued the following pronouncements, which will require adoption in the future, if applicable: Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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.

As of June 30, 2022, the Governmental Accounting Standards Board (GASB) has issued the following pronouncements that take effect for the financial statements starting with the fiscal year that ends June 30, 2022. GASB Statement No. 87, *Leases*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; and 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*. The City has adopted these pronouncements and has concluded they do not have a material impact on the financial statements.

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 \$90,562,591 difference are as follows:

Cost of capital assets	\$ 181,371,293
Accumulated depreciation of capital assets	<u>(90,808,702)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 90,562,591</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 \$20,102,201 difference are as follows:

Compensated absences	\$ 5,066,201
General obligation bonds payable, including unamortized premiums	14,885,822
Accrued interest payable on general obligation bonds	<u>150,178</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 20,102,201</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 \$47,006,086 difference are as follows:

Net pension liability	\$ 61,830,436
Deferred outflows related to pensions	(19,626,201)
Deferred inflows related to pensions	<u>4,801,851</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 47,006,086</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 \$3,834,938 difference are as follows:

Capital Asset Additions	\$ 8,509,831
Depreciation expense	<u>(4,674,893)</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>\$ 3,834,938</u>
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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 \$1,707,194 difference are as follows:

Principal payment on general obligation bonds payable	\$ 1,707,194
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>\$ 1,707,194</u>
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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 \$3,710,820 difference are as follows:

Net pension liability increase	\$ (17,831,336)
Pensions activity: change in assumptions, investment earnings, & change in experience	<u>14,120,516</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>\$ (3,710,820)</u>
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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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrance accounting is employed in governmental funds. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. 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's budget.

B. Excess of expenditures over appropriations

For the year ended June 30, 2022, expenditures, including transfers to other City funds, exceeded appropriations by \$2,972 in the Excise Tax Fund due to interest expense and a transfer to the Capital Projects Fund. This excess expense was funded by the beginning of the year fund balance.

IV. Detailed notes on all funds

A. Deposits and investments

1. City owned and managed investments

As of June 30, 2022, 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 \$72,454,927 and the bank balances were \$73,940,023. 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 \$5,969,000 was secured by federal depository insurance and \$67,971,023 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, 2022, the City had \$18,489,088 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, 2022 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 – 70%	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, 2022:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Money Market		\$ 794,208	\$ 794,208	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corp	AAA/NR	378,896	-	-	33,393	345,503
Federal National Mortgage Assn	NR	1,117,557	-	4,712	46,533	1,066,312
Government National Mortgage Assoc	NR	56,889	-	-	-	56,889
U S Treasury Notes	AAA	1,714,618	-	778,749	402,691	533,178
Various Agencies	AAA	104,353	-	52,656	-	51,697
Various Agencies	AA2	62,108	-	-	-	62,108
Various Agencies	AA3	28,131	-	-	4,841	23,290
Various Agencies	A1	268,719	-	160,117	28,466	80,136
Various Agencies	A2	202,430	-	131,193	25,801	45,436
Various Agencies	A3	245,891	40,300	63,589	36,369	105,633
Various Agencies	BAA1	702,850	79,095	367,723	113,107	142,926
Various Agencies	BAA2	753,989	54,997	425,887	154,881	118,225
Various Agencies	BAA3	257,461	-	187,565	54,946	14,950
Various Agencies	NA	29,777	14,928	-	14,849	-
Common Stock		3,223,387	3,223,387	-	-	-
Mutual Funds		12,289,285	12,289,285	-	-	-
Interest Receivable		63,317	63,317	-	-	-
Total Investments Held by Trustee of Pension Plan		\$ 22,293,864	\$ 16,559,517	\$ 2,172,190	\$ 915,877	\$ 2,646,280

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.

Investment Type	Evaluation Benchmark
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 11.5% or \$2,545,460 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, 2022:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Money Market		\$ 334,558	\$ 334,558	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corp	AAA/NR	455,288	-	-	-	455,288
Federal National Mortgage Assn	NR	543,220	-	-	-	543,220
Government National Mortgage Assoc	NR	39,385	-	-	-	39,385
U S Treasury Notes	AAA	1,068,105	-	451,348	207,397	409,360
Various Agencies	AAA	93,673	-	51,287	-	42,385
Various Agencies	AA2	28,891	-	-	-	28,891
Various Agencies	AA3	28,500	-	9,682	-	18,818
Various Agencies	A1	183,482	-	97,181	23,721	62,580
Various Agencies	A2	157,954	-	107,132	17,201	33,621
Various Agencies	A3	181,006	20,189	45,114	41,730	73,973
Various Agencies	BAA1	465,272	49,440	240,268	73,956	101,607
Various Agencies	BAA2	562,680	39,990	341,886	109,285	71,519
Various Agencies	BAA3	178,984	-	128,247	40,770	9,967
Various Agencies	NA	19,851	-	-	19,851	-
Common Stock		2,113,295	2,113,295	-	-	-
Mutual Funds		8,518,684	8,518,684	-	-	-
Interest Receivable		42,453	42,453	-	-	-
Total Investments Held by Trustee of OPEB Plan		<u>\$ 15,015,281</u>	<u>\$ 11,118,609</u>	<u>\$ 1,472,146</u>	<u>\$ 533,911</u>	<u>\$ 1,890,615</u>

IV. Detailed notes on all funds (continued)

B. Deposits and investments (continued)

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

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 11.9% or \$1,776,133 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	\$ 1,569,856	\$ -	\$ -	\$ -	\$ 1,569,856
Intergovernmental	2,620,767	1,294,721	-	426,156	4,341,644
Customers	4,179,414	34,513	191,531	310,733	4,716,191
Loans	137,875	3,200	-	3,321,210	3,462,285
Interest	15,621	-	-	-	15,621
Gross receivables	<u>8,523,533</u>	<u>1,332,434</u>	<u>191,531</u>	<u>4,058,099</u>	<u>14,105,597</u>
Less: allowance for uncollectibles	<u>(4,135,514)</u>	<u>(29,414)</u>	<u>-</u>	<u>(1,128,587)</u>	<u>(5,293,515)</u>
Net total receivables	<u>\$ 4,388,019</u>	<u>\$ 1,303,020</u>	<u>\$ 191,531</u>	<u>\$ 2,929,512</u>	<u>\$ 8,812,082</u>

Business-Type Activities:

	Electric	Water	Wastewater	Non-Major Enterprise Funds	Business- Type Activities
Receivables:					
Intergovernmental	\$ -	\$ 60,000	\$ 2,500	\$ -	\$ 62,500
Customers	5,327,120	2,584,532	3,330,853	1,155,450	12,397,955
Loans	-	-	-	-	-
Interest	-	-	-	-	-
Gross receivables	<u>5,327,120</u>	<u>2,644,532</u>	<u>3,333,353</u>	<u>1,155,450</u>	<u>12,460,455</u>
Less: allowance for uncollectibles	<u>(2,886,189)</u>	<u>(97,594)</u>	<u>-</u>	<u>(722,107)</u>	<u>(3,705,890)</u>
Net total receivables	<u>\$ 2,440,931</u>	<u>\$ 2,546,938</u>	<u>\$ 3,333,353</u>	<u>\$ 433,343</u>	<u>\$ 8,754,565</u>

IV. Detailed notes on all funds (continued)

B. Receivables (continued)

City Totals:

	Governmental Activities	Business-Type Activities	Total
Receivables:			
Taxes	\$ 1,569,856	\$ -	\$ 1,569,856
Intergovernmental	4,341,644	62,500	4,404,144
Customers	4,716,191	12,291,935	17,008,126
Loans	3,462,285	-	3,462,285
Interest	15,621	-	15,621
Gross receivables	14,105,597	12,354,435	26,460,032
Less: allowance for uncollectibles	(5,293,515)	(3,599,870)	(8,893,385)
Net total receivables	<u>\$ 8,812,082</u>	<u>\$ 8,754,565</u>	<u>\$ 17,566,647</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	\$ 1,879,162	\$ -	\$ 1,879,162
Other unavailable revenues	-	16,204,933	16,204,933
Total unavailable/unearned revenue for governmental funds	<u>\$ 1,879,162</u>	<u>\$ 16,204,933</u>	<u>\$ 18,084,095</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,185,453	\$ 81,947	\$ -	\$ -	\$ 7,267,400
Construction in progress	5,150,318	1,698,116	-	(4,725,085)	2,123,349
Total capital assets, not being depreciated	<u>12,335,771</u>	<u>1,780,063</u>	<u>-</u>	<u>(4,725,085)</u>	<u>9,390,749</u>
Capital assets, being depreciated:					
Land improvements	11,151,957	805,735	(252,777)	275,490	11,980,405
Buildings and structures	17,626,841	1,506,083	(1,191,515)	656,344	18,597,753
Machinery and equipment	9,574,936	399,970	(178,105)	33,392	9,830,193
Automobiles and trucks	11,653,724	1,350,861	(264,842)	69,237	12,808,980
Office furniture and fixtures	3,466,655	50,631	-	20,191	3,537,477
Infrastructure	108,938,817	2,616,488	-	3,670,431	115,225,736
Total capital assets being depreciated	<u>162,412,930</u>	<u>6,729,768</u>	<u>(1,887,239)</u>	<u>4,725,085</u>	<u>171,980,544</u>
Less accumulated depreciation for:					
Land improvements	(2,644,961)	(386,404)	141,037	-	(2,890,328)
Buildings and structures	(11,474,272)	(442,439)	754,321	-	(11,162,390)
Machinery and equipment	(6,204,444)	(602,865)	129,002	-	(6,678,307)
Automobiles and trucks	(6,431,035)	(853,293)	218,707	-	(7,065,621)
Office furniture and fixtures	(3,115,450)	(104,434)	-	-	(3,219,884)
Infrastructure	(57,506,714)	(2,285,458)	-	-	(59,792,172)
Total accumulated depreciation	<u>(87,376,876)</u>	<u>(4,674,893)</u>	<u>1,243,067</u>	<u>-</u>	<u>(90,808,702)</u>
Total capital assets, being depreciated, net	<u>75,036,054</u>	<u>2,054,875</u>	<u>(644,172)</u>	<u>4,725,085</u>	<u>81,171,842</u>
Governmental activities capital assets, net	<u>\$ 87,371,825</u>	<u>\$ 3,834,938</u>	<u>\$ (644,172)</u>	<u>\$ -</u>	<u>\$ 90,562,591</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	\$ 5,647,244	\$ 24,478	\$ (235,365)	\$ -	\$ 5,436,357
Construction in progress	9,673,556	778,579	-	(10,135,984)	316,151
Total capital assets, not being depreciated	<u>15,320,800</u>	<u>803,057</u>	<u>(235,365)</u>	<u>(10,135,984)</u>	<u>5,752,508</u>
Capital assets, being depreciated:					
Land improvements	1,887,367	48,511	-	-	1,935,878
Buildings and structures	224,408,132	2,091,957	(514,010)	-	225,986,079
Machinery and equipment	113,918,212	2,240,902	(1,153,062)	10,130,320	125,136,372
Automobiles and trucks	7,119,139	678,087	(115,077)	-	7,682,149
Office furniture and fixtures	877,300	4,665	(1)	-	881,964
Infrastructure	149,261	162,544	-	5,664	317,469
Total capital assets being depreciated	<u>348,359,412</u>	<u>5,226,666</u>	<u>(1,782,150)</u>	<u>10,135,984</u>	<u>361,939,912</u>
Less accumulated depreciation for:					
Land improvements	(1,395,873)	(69,105)	-	-	(1,464,978)
Buildings and structures	(91,287,004)	(4,109,731)	169,160	-	(95,227,575)
Machinery and equipment	(67,440,806)	(3,218,015)	1,103,155	-	(69,555,666)
Automobiles and trucks	(4,486,681)	(582,339)	115,077	-	(4,953,943)
Office furniture and fixtures	(805,556)	(16,136)	1	-	(821,691)
Infrastructure	(6,122)	(6,113)	1	-	(12,234)
Total accumulated depreciation	<u>(165,422,041)</u>	<u>(8,001,439)</u>	<u>1,387,393</u>	<u>-</u>	<u>(172,036,087)</u>
Total capital assets, being depreciated, net	<u>182,937,371</u>	<u>(2,774,773)</u>	<u>(394,757)</u>	<u>10,135,984</u>	<u>189,903,825</u>
Business-type activities capital assets, net	<u>\$ 198,258,171</u>	<u>\$ (1,971,716)</u>	<u>\$ (630,122)</u>	<u>\$ -</u>	<u>\$ 195,656,333</u>

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

Governmental activities:	
General government, including general infrastructure assets	\$ 2,526,566
Public safety	1,233,367
Highways and streets	292,547
Culture and recreation	569,458
Municipal buildings	52,955
Total depreciation expense – governmental activities	<u>\$ 4,674,893</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

Business-type activities:	
Electric	\$ 927,904
Water	3,882,816
Wastewater	2,695,916
Parking facilities	266,600
Golf course	44,906
Property management	105,997
Stormwater	77,300
Total depreciation expense – business-type activities	<u>\$ 8,001,439</u>

Construction commitments

The government has active construction projects as of June 30, 2022. 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 Reserve Truck 3	\$ 732,336	\$ 704,667
Design Stadium/Multi Use Facility	290,193	280,447
Hager House Museum Improvements	14,852	37,148
Police Software	25,853	25,853
Signal Network	9,636	420,000
Wheaton Park Renovations	31,663	17,030
Steam Engine Museum	65,798	475,000
City Park Bandshell	14,266	160,000
Design/Built Skatepark	488,902	238,257
Funkhouser Park Restroom Access	19,410	24,430
Professional Court Extension	50,000	3,300,000
Consolidation of Public Safety Assets	20,000	-
Marsh Run Trail	260,288	53,727
Ice Rink HVAC System	12,095	254,700
Design of 32 North Potomac	67,033	33,817
Public Art Lee Street Sculpture	7,500	7,500
Traffic Beacons	13,525	255,000
Surveillance System Camera Additions	1,995	1,995
Remote Network Security	10,136	9,114
SCADA Upgrades for Collections	42,749	15,000
Wastewater Administration Office Renovation	52,423	37,688
WWTP Laboratory Update	26,826	1,420,000
Collection System Phase 1B	14,200	454,400
3rd Parking Deck Design	114,104	172,736
Golf Course Chemical Storage Building	10,977	2,960
Golf Course Clubhouse Deck	7,707	1,494
Golf Course Path Repavement	566	49,467
MKS Business Park Stormwater Basin	34,470	12,630
Total	<u>\$ 2,439,501</u>	<u>\$ 8,465,060</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

The funding sources for the projects above vary. The Fire Department Reserve Truck 3 is being funded by the American Rescue Plan Act (ARPA), contributions and the general fund. The Ice Rink HVAC System is being funded by ARPA, new general fund monies and contributions. The Professional Court Extension is being funded by ARPA and ARC federal grants, new general fund monies and highway user revenues. The Funkhouser Park Restroom Access project is being funded by Community Development Block Grant funds (CDBG), the Wheaton Park Renovations and the City Park Bandshell are being funded by CDBG and the general fund; and, the Skatepark is being funded by CDBG, state grants and contributions. All of the remaining projects (Design Stadium/Multi Use Facility, Hager House Museum Improvements, Police Software, Signal Network, Steam Engine Museum, Marsh Run Trail, Design of 32 North Potomac, Public Art Lee Street Sculpture, and Traffic Beacons) are being funded through state and federal grants, new general fund monies, and general fund balance reserves and contributions. Surveillance System Camera Additions will be funded from the Electric Fund. The Remote Network Security project will be funded from the Water Fund. The SCADA Upgrades for Collections, the Administration Office Renovation, and the WWTP Laboratory Upgrade projects are all funded from the Wastewater Fund. The Collection System Phase 1B project is funded from the Wastewater Fund and ARC grant. The 3rd Parking Deck Design is funded from the Parking Fund. The Golf Course Chemical Storage Building and the Golf Course Clubhouse Deck are funded from the Golf Course Fund. The Golf Course Path Repavement is funded from highway user revenues. The MKS Business Park Stormwater Basin project is funded from 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, 2022, is as follows:

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Community Development Block Grant Fund	\$280,100
General Fund	Flexible Spending Fund	14,950
	Total	<u>\$295,050</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 2022. 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	
General	\$ -	\$ 28,524	\$ -	\$ -	\$ -	\$ -	\$ 541,968	\$ 570,492
Capital Projects	5,523,549	741,814	11,740	11,740	11,740	2,040	-	6,302,623
Nonmajor								
Governmental	1,046,543	-	-	-	-	-	-	1,046,543
Electric	-	-	-	-	-	-	53,356	53,356
Water	-	-	-	-	-	-	83,255	83,255
Wastewater	-	-	-	-	-	-	71,421	71,421
Nonmajor								
Enterprise	646,477	-	-	-	-	-	-	646,477
Transfers out:	<u>\$ 7,216,569</u>	<u>\$ 770,338</u>	<u>\$ 11,740</u>	<u>\$ 11,740</u>	<u>\$ 11,740</u>	<u>\$ 2,040</u>	<u>\$ 750,000</u>	<u>\$ 8,774,167</u>

The \$570,492 transferred into the General Fund has two separate components: (1) a \$28,524 transfer from the Community Development Block Grant Fund for full-time employee costs; and (2) a \$541,968 transfer from the Health Insurance Fund for a return of the prior years' surplus and City Wide Wellness Programs.

Transfers to the Capital Projects Fund from the General Fund for \$5,523,549 and Nonmajor Governmental Funds for \$741,814 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 \$1,046,543 transfer from the General Fund to the Non-major Governmental Funds has two separate components: (1) a \$16,543 transfer to the Grant Revenue Fund for local match requirements and (2) a \$1,030,000 transfer to Economic Redevelopment for the continuation of economic incentive programs.

The \$646,477 transfer from the General Fund to the Non-major Enterprise Funds has two separate components: (1) a transfer to the Golf Course Fund for \$200,466 and (2) a \$446,011 transfer to the Property Management Fund from General Fund Reserves.

IV. Detailed notes on all funds (continued)

E. 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.

The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to government activities totaling \$11,278,056 and \$3,277,855, respectively. The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to business-type activities totaling \$14,401,944 and \$22,468,780, 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)

E. 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	\$ 4,203,996	\$ 4,716,004	\$ 8,920,000
2011 Public Facilities Bonds	2.00%-3.50%	2031	-	3,475,000	3,475,000
2015A Public Facilities Bond	3.06%	2035	2,677,231	3,287,769	5,965,000
2015B Public Facilities Bond Taxable	3.89%	2035	467,297	862,703	1,330,000
2017A Public Facilities Bond	2.58%	2037	3,525,211	1,154,789	4,680,000
2017B Public Facilities Bond Taxable	3.45%	2037	404,321	905,679	1,310,000
Subtotal General Obligation Bonds			\$ 11,278,056	\$ 14,401,944	\$ 25,680,000
Direct Borrowings & Direct Placements					
2002 State of Maryland Water Supply Assistance	4.40%	2024	\$ -	\$ 35,373	\$ 35,373
2005 MD Water Quality Revolving Loan Fund	0.40%	2025	-	1,138,550	1,138,550
2007 MD Drinking Water Revolving Loan Fund	0.40%	2026	-	1,166,686	1,166,686
2009 MDE West End Reservoir Tank Phase II	0.00%	2039	-	3,080,463	3,080,463
2009 MDE Water Quality Bond	0.00%	2032	-	370,177	370,177
2009 MDE RCWillson Mains	0.00%	2041	-	2,889,767	2,889,767
2009 MD Water Quality Revolving Loan Fund	0.00%	2030	-	2,792,029	2,792,029
2009 Salem Ave. Collection System Rehabilitation	0.00%	2030	-	306,737	306,737
2013A MDE Willson Plant Phase IV	0.90%	2044	-	6,923,969	6,923,969
2013B MDE Willson Plant Phase IV	0.00%	2044	-	1,500,000	1,500,000
2014 Public Improvement Bonds	2.50%	2029	229,369	655,834	885,203
2018 Public Improvements Bond Taxable	4.30%	2033	510,635	712,515	1,223,150
2018A MDE Willson Travel Screen & Pump	0.80%	2039	-	645,695	645,695
2018B MDE Willson Travel Screen & Pump	0.00%	2029	-	250,985	250,985
2019 Public Improvements Bond Tax Exempt	2.98%	2034	2,537,851	-	2,537,851
Subtotal Direct Borrowings & Direct Placements			\$ 3,277,855	\$ 22,468,780	\$ 25,746,635
Total bonds payable			\$ 14,555,911	\$ 36,870,724	\$ 51,426,635
Premiums on bond issues			329,910	79,783	409,694
Total general obligation debt outstanding			\$ 14,885,822	\$ 36,950,507	\$ 51,836,329

*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)

E. 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
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	348,487	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	990,495	268,662	284,239	69,594	1,349,505	315,187	1,290,474	87,218
2028-2032	4,284,771	730,580	1,400,332	213,359	6,145,227	770,790	5,569,416	315,227
2033-2037	2,419,798	192,789	511,652	22,824	1,975,201	147,590	3,676,161	161,874
2038-2042	-	-	-	-	-	-	2,584,546	67,341
2043-2047	-	-	-	-	-	-	425,918	3,143
Total	11,278,056	2,666,788	3,277,855	669,361	14,401,944	3,017,390	22,468,780	1,082,044
Premiums on bond issues	329,910	-	-	-	79,783	-	-	-
Total debt	\$ 11,607,966	\$ 2,666,788	\$ 3,277,855	\$ 669,361	\$ 14,481,727	\$ 3,017,390	\$ 22,468,780	\$ 1,082,044

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, 2022, \$5,095 of revenue bonds was outstanding:

Description	Interest Rate	Maturity	Business-type Activities
1993 M.C.C.B. water supply assistance loan	5.36%	2025	\$ 5,095

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Business-type Activities	
	Principal	Interest
2023	\$ 1,611	\$ 230
2024	1,697	141
2025	1,788	48
Total	\$ 5,095	\$ 419

IV. Detailed notes on all funds (continued)

E. Long-term debt (continued)

Changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Public Sale					
Bonds	\$ 12,089,065	\$ -	\$ (811,008)	\$ 11,278,056	\$ 843,311
Direct Borrowings & Direct					
Placements Bonds	4,174,041	-	(896,186)	3,277,855	262,380
Premium	354,152	-	(24,241)	329,910	-
Total long-term debt	<u>16,617,257</u>	<u>-</u>	<u>(1,731,436)</u>	<u>14,885,822</u>	<u>1,105,691</u>
Compensated absences	<u>4,725,550</u>	<u>3,953,318</u>	<u>(3,612,667)</u>	<u>5,066,201</u>	<u>2,203,567</u>
Governmental activity					
Long-term liabilities	<u>\$ 21,342,807</u>	<u>\$ 3,953,318</u>	<u>\$ (5,344,103)</u>	<u>\$ 19,952,023</u>	<u>\$ 3,309,258</u>
Business-type activities:					
Bonds payable:					
Public Sale					
Bonds	\$ 15,525,935	\$ -	\$ (1,123,991)	\$ 14,401,944	\$ 1,166,689
Direct Borrowings & Direct					
Placements Bonds	24,674,106	-	(2,205,326)	22,468,780	2,005,386
Revenue bonds	6,624	-	(1,529)	5,095	1,611
Premium	88,031	-	(8,248)	79,783	-
Total long-term debt	<u>40,294,696</u>	<u>-</u>	<u>(3,339,094)</u>	<u>36,955,602</u>	<u>3,173,686</u>
Compensated absences	<u>1,663,910</u>	<u>1,290,707</u>	<u>(1,259,823)</u>	<u>1,694,794</u>	<u>890,628</u>
Business-type activities					
Long-term liabilities	<u>\$ 41,958,606</u>	<u>\$ 1,290,707</u>	<u>\$ (4,598,916)</u>	<u>\$ 38,650,396</u>	<u>\$ 4,064,314</u>

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 2022.

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 \$10,000 for general liability risk claims, \$616,709 for health and dental insurance, and \$1,827,568 for workers compensation.

	General Liability Risks Program		Health and Dental Insurance Fund		Workers Compensation Fund	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Unpaid claims, beginning of year	\$ -	\$ 30,000	\$ 529,304	\$ 638,235	\$2,312,057	\$ 1,739,659
Incurred claims	20,816	28,781	6,374,929	5,657,432	764,657	566,488
Change in reserve	-	(30,000)	-	-	(484,489)	572,398
Claim payments	(10,816)	(28,781)	(6,287,524)	(5,766,363)	(764,657)	(566,488)
Unpaid claims, end of year	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 616,709</u>	<u>\$ 529,304</u>	<u>\$1,827,568</u>	<u>\$ 2,312,057</u>

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, 2022. 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 2022, 271 retirees and their 86 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, 67 retirees and 48 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, 2022, the annual money-weighted rate of return of OPEB plan investments, net of the OPEB plan expense was <15.42%>. 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, 2022, the City recognized OPEB expense of \$3,021,688. The components of the net OPEB liability as of June 30, 2022 were as follows:

Total OPEB Liability (TPL)	\$ 44,383,977
Plan Fiduciary Net Position	15,015,281
City's Net OPEB Liability	<u>\$ 29,368,696</u>

City's Net Position as a Percentage of OPEB Liability 33.83%

The schedule below reflects the factors that impact net position liability and results as June 30, 2022:

Total Fiduciary Liability	<u>2022</u>
Total OPEB Liability	
Service Cost	\$ 427,146
Interest Cost	2,856,400
Differences Between Expected and Actual Experience	-
Plan Changes	-
Assumption Changes	2,443,164
Benefit Payments	(1,457,202)
Net Change in Total OPEB Liability	<u>4,269,508</u>
Total OPEB liability-Beginning of Year	40,114,469
Total OPEB liability-End of Year	<u>\$ 44,383,977</u>

Plan Fiduciary Net Position	
Contributions-Employer	\$ 2,591,202
Net Investment Income	(2,540,117)
Benefit Payments	(1,457,202)
Administrative Expense	(36,387)
Net Change in Fiduciary Net Position	<u>(1,442,504)</u>
Fiduciary Net Position-Beginning of Year	16,457,785
Fiduciary Net Position-End of Year	<u>\$ 15,015,281</u>

Net OPEB Liability	\$ 29,368,696
Fiduciary Net Position as a % of Total OPEB Liability	33.83%

Covered Employee Payroll	\$ 30,267,821
Net OPEB Liability as a % of Payroll	97%
Annual Money-Weighted Rate of Return, net of investment expense	-15.42%

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 June 30, 2021 with a measurement date of June 30, 2022. 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-2021 fully generational.
Turnover	T5
Salary Scale	4.25%
Trend Rates	Medical - Increase 7.50% starting FY2023 & decreasing 25 basis points to 4.5% annually Dental - 3.0% increase annually

Retirement Age – As specified in the following table:

	<u>Probability of Retirement</u>	<u>Probability of Electing Coverage</u>
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	\$ 33,885,103	\$ 29,368,696	\$ 25,492,360

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 (8.50% to 5.50%) and 1 percentage point lower (6.50% to 3.50%):

	1% decrease (6.50% to 3.5%)	Current rate (7.50% to 4.5%)	1% increase (8.50% to 5.5%)
Net OPEB Liability	\$ 27,039,677	\$ 29,368,696	\$ 32,040,986

V. Other information (continued)

C. Other post employment benefits (continued)

OPEB deferred outflows of resources and deferred inflows of resources.

At June 30, 2022 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	\$ -	\$ 1,023,923
Changes of assumptions	2,706,735	-
Net difference between projected and actual earnings on OPEB plan investments	1,693,984	-
Total	\$ 4,400,719	\$ 1,023,923

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:	
2023	\$ 1,191,253
2024	605,683
2025	336,749
2026	1,243,111
	<u>\$ 3,376,796</u>

V. Other information (continued)

C. Other post employment benefits (continued)

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

**Statement of Fiduciary Net Position
June 30, 2022**

	Other Post Employment Benefits (OPEB) Trust Fund
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 334,558
Government and Agency Issues	2,105,997
Corporate Debt Issues	1,900,293
Common Stock	2,113,295
Mutual Funds	8,518,684
Total investments	<u>14,972,828</u>
Interest Receivable	42,453
Total assets	<u>15,015,281</u>
Net Position Restricted for OPEB	\$ <u>15,015,281</u>

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

V. Other information (continued)

C. Other post employment benefits (continued)

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022**

	Other Post Employment Benefits (OPEB) Trust Fund
Additions	
Contributions:	
Employer	\$ 1,134,000
Plan members	-
Total contributions	<u>1,134,000</u>
Investment earnings:	
Interest and dividends	686,200
Net increase/(decrease) in the fair value of investments	(3,226,348)
Other revenues	31
Total investment earnings	<u>(2,540,117)</u>
Less investment expense	17,171
Net investment earnings	<u>(2,557,288)</u>
 Total additions	 <u>(1,423,288)</u>
 Deductions	
Administrative expenses	15,123
Actuarial fees	4,093
Total deductions	<u>19,216</u>
 Change in net position	 (1,442,504)
 Net position - beginning	 <u>16,457,785</u>
Net position - ending	<u><u>\$ 15,015,281</u></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, 2021, the date of the most recent actuarial valuation:

Active	164
Retired or disabled	104
Vested terminations or inactive	<u>14</u>
Total	<u>282</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 commence at normal

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

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.

As of July 1, 2021, any unused sick leave may be converted to accrual service. A year of service is credited for each plan year in which an employee is covered by the Sworn Plan.

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, 2021 actuarial valuation, sworn employees contribute 9.00% of their base pay and the current actuarially determined rate the government is required to contribute is 14.00% for fiscal year 2021/22.

As of June 30, 2022, the plan's net position was \$22,293,864 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>

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

For the year ended June 30, 2022, the annual money weighted return on pension plan investments, net of investment expense was <13.78%> for the Sworn Plan. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net pension liability and pension expense. For the year ended June 30, 2022, the City recognized Police and Fire Retirement expense of \$6,141,290. The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2022 is as follows:

Total Pension Liability (TPL)	\$ 76,235,109
Plan Fiduciary Net Position	<u>22,293,864</u>
City's Net Pension Liability	<u>\$ 53,941,245</u>
City's Net Position as a Percentage of TPL	29.24%

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, 2022:

Total pension liability	<u>2022</u>
Service cost: Retirement benefits	\$ 686,244
Interest	3,991,545
Changes of benefit terms	-
Differences between expected and actual experience	215,445
Changes of assumptions	17,914,818
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<u>(3,201,469)</u>
	\$ 19,606,583
Total pension liability - beginning	<u>56,628,526</u>
Total pension liability - ending (a)	<u><u>\$ 76,235,109</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 1,505,749
Contributions - member	972,814
Net investment income	(3,606,741)
Benefit payments (includes member's contributions refunds, deaths, & terminations)	(3,201,469)
Administrative expense	<u>(96,560)</u>
	(4,426,207)
Plan fiduciary net position - beginning	<u>26,720,071</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 22,293,864</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 53,941,245</u></u>
Plan fiduciary net position as a percentage of total pension liability	29.24%
Covered payroll	\$ 10,803,922
Net liability as a percentage of covered payroll	499.27%
Annual money-weighted rate of return, net of investment expense	-13.78%

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 5.16%, 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 (4.16%) or 1 percent higher (6.16%) than the current rate:

	1% decrease 4.16%	Current rate 5.16%	1% increase 6.16%
Net Pension Liability	\$ 65,512,452	\$ 53,941,245	\$ 44,493,650

Deferred outflows and inflows of resources related to pensions. As of June 30, 2022, 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	\$ -	\$ 647,823
Changes of assumptions	14,392,760	-
Net difference between projected and actual earnings on pension plan investments	2,199,080	-
Total	\$ 16,591,840	\$ 647,823

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

Year Ended June 30:	
2023	\$ 3,668,780
2024	3,859,965
2025	3,686,269
2026	4,729,003
	<u>\$ 15,944,017</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 93.

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, 2021 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%
- (b) Discount rate – 5.16%
- (c) 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-2021, 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, 2022 is as follows:

	% of Portfolio	Assumed Rate of Return	Inflation	Expected Real Rate of Return
Cash	3.00%	2.00%	0.00%	2.00%
Large-Cap Domestic Equities	38.30%	9.50%	2.25%	7.25%
Mid/Small Domestic Equities	10.00%	8.50%	2.25%	6.25%
Global Domestic Equities	0.00%	5.25%	2.25%	3.00%
International/Global Equities	11.50%	5.25%	2.25%	3.00%
Real Estate Investment Trusts	3.90%	5.75%	2.25%	3.50%
Fixed Investment Grade Bonds	31.10%	4.75%	2.25%	2.50%
Fixed High Yield Bonds	2.40%	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, 2022

	Pension Trust Fund
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 794,208
Government and Agency Issues	3,267,960
Corporate Debt Issues	2,655,707
Common Stock	3,223,387
Mutual Funds	12,289,285
Total investments	<u>22,230,547</u>
Interest Receivable	63,317
Total assets	<u>22,293,864</u>
 Net Position Restricted for Pensions	 <u><u>\$ 22,293,864</u></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)

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022**

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 1,505,749
Plan members	972,814
Total contributions	<u>2,478,563</u>
Investment earnings:	
Interest and dividends	1,002,430
Net increase/(decrease) in the fair value of investments	(4,609,356)
Other revenues	185
Total investment earnings	<u>(3,606,741)</u>
Less investment expense	38,787
Net investment earnings	<u>(3,645,528)</u>
Total additions	<u>(1,166,965)</u>
Deductions	
Benefits	3,201,469
Administrative expenses	27,053
Actuarial fees	30,720
Total deductions	<u>3,259,242</u>
Change in net position	(4,426,207)
Net position - beginning	26,720,071
Net position - ending	<u>\$ 22,293,864</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>
2022	\$ 2,164,277	\$ 2,164,277	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, 2022, the City reported a liability of \$14,464,291 for its proportionate share of the net pension liability. The net Pension liability was measured as of June 30, 2021, 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, 2022, the City's proportion was 0.0964 percent.

For the year ended June 30, 2022, the City recognized pension expense of \$590,935. As of June 30, 2022, 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	\$ 2,164,277	\$ -
Changes of assumptions	2,477,814	-
Net difference between projected and actual earnings on pension plan investments	-	6,675,580
Difference in contributions	921,201	
Difference between actual and expected experience	-	940,547
Total	\$ 5,563,292	\$ 7,616,127

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:	
2023	\$ (1,170,605)
2024	(1,124,321)
2025	(1,145,582)
2026	(1,386,971)
2027	610,367
	<u>\$ (4,217,112)</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, 2021 pension liability calculation are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 9.25%, including wage inflation
Discount Rate	6.80%
Investment Rate of Return	6.80%
Mortality	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	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37.00%	4.70%
Rate Sensitive	19.00%	-0.40%
Credit Opportunity	9.00%	2.60%
Real Assets	14.00%	4.20%
Absolute Return	8.00%	2.00%
Private Equity	13.00%	6.50%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. 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 City's proportionate share of the net pension liability calculated using the discount rate of 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% decrease 5.80%	Current rate 6.80%	1% increase 7.80%
City's proportionate share of the Net Pension Liability	\$ 24,634,715	\$ 14,464,291	\$ 6,027,992

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. 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	\$ 20,665,745	29,908,455	\$ 50,574,200
	End	14,464,291	53,941,245	68,405,536
Pension Assets	Beginning	49,911,180	26,720,071	76,631,251
	End	65,180,067	22,293,864	87,473,931
Deferred Outflow of Resources		5,563,292	16,591,840	22,155,132
Deferred Inflow of Resources		7,616,127	647,823	8,263,950
Pension Expense Recognized per Actuary		590,935	6,141,290	6,732,225

Required Supplementary Information

The City of Hagerstown Other Post Employment Benefits Plan

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

Total Fiduciary Liability	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service Cost	\$ 427,146	\$ 398,406	\$ 363,917	\$ 352,137	\$ 355,153	\$ 402,527
Interest Cost	2,856,400	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	2,443,164	(66,998)	911,457	2,139,103	3,656	-
Benefit Payments	(1,457,202)	(1,335,749)	(1,710,516)	(2,066,757)	(1,867,491)	(2,094,941)
Net Change in Total OPEB Liability	<u>4,269,508</u>	<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	40,114,469	40,180,663	37,840,735	34,260,318	36,619,278	35,710,541
Total OPEB liability-End of Year	<u>\$ 44,383,977</u>	<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	\$ 2,591,202	\$ 1,985,749	\$ 2,360,516	\$ 2,716,757	\$ 2,517,491	\$ 2,744,941
Net Investment Income	(2,540,117)	3,457,579	439,856	651,530	708,254	886,273
Benefit Payments	(1,457,202)	(1,335,749)	(1,710,516)	(2,066,757)	(1,867,491)	(2,094,941)
Administrative Expense	(36,387)	(43,432)	(34,928)	(27,805)	(35,391)	(23,374)
Net Change in Fiduciary Net Position	<u>(1,442,504)</u>	<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	16,457,785	12,393,638	11,338,710	10,064,985	8,742,121	7,229,222
Fiduciary Net Position-End of Year	<u>\$ 15,015,281</u>	<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	\$ 29,368,696	\$ 23,656,684	\$ 27,787,025	\$ 26,502,025	\$ 24,195,333	\$ 27,877,157
Fiduciary Net Position as a % of Total OPEB Liability	33.83%	41.03%	30.84%	29.96%	29.38%	23.87%
Covered Employee Payroll	\$ 30,267,821	\$ 31,132,817	\$ 29,146,447	\$ 28,761,598	\$ 28,483,725	\$ 27,837,939
Net OPEB Liability as a % of Payroll	97%	76%	95%	92%	85%	100%
Annual Money-Weighted Rate of Return, net of investment expense	-15.42%	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 Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 2,381,652	\$ 2,694,159	\$ 2,553,504	\$ 2,400,786	\$ 2,715,546	\$ 1,793,272
Contributions in relation to the actuarially determined contribution	(2,591,202)	(1,985,749)	(2,360,516)	(2,716,757)	(2,517,491)	(2,744,941)
Contribution Deficiency (Excess)	<u>\$ (209,550)</u>	<u>\$ 708,410</u>	<u>\$ 192,988</u>	<u>\$ (315,971)</u>	<u>\$ 198,055</u>	<u>\$ (951,669)</u>
Covered Employee Payroll	\$ 30,267,821	\$ 31,132,817	\$ 29,146,447	\$ 28,761,598	\$ 28,483,725	\$ 27,837,939
Contributions as a Percentage of Covered Employee Payroll	8.56%	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 7.50% in FY2023; decreasing 25 basis points 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%
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-2021 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 Eight Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability								
Service cost: Retirement benefits	\$ 686,244	\$ 686,694	\$ 693,593	\$ 871,348	\$ 873,381	\$ 818,483	\$ 751,552	\$ 574,841
Interest	3,991,545	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	215,445	(979,110)	424,585	(2,012,735)	(24,097)	410,836	(420,327)	-
Changes of assumptions	17,914,818	(128,645)	(90,917)	872,301	3,017,852	-	195,086	-
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<u>(3,201,469)</u>	<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>
	\$ 19,606,583	\$ 702,697	\$ 1,886,421	\$ (797,674)	\$ 4,967,582	\$ 2,294,897	\$ 1,615,729	\$ 1,653,903
Total pension liability - beginning	<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>47,574,604</u>	<u>45,958,874</u>	<u>44,304,971</u>
Total pension liability - ending (a)	<u>\$ 76,235,109</u>	<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	\$ 1,505,749	\$ 1,465,600	\$ 1,456,144	\$ 1,520,609	\$ 1,373,832	\$ 1,249,915	\$ 1,408,922	\$ 1,155,675
Contributions - member	972,814	845,330	839,930	868,254	694,617	632,200	728,171	604,317
Net investment income	(3,606,741)	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)	(3,201,469)	(3,015,905)	(2,953,506)	(3,023,539)	(2,663,168)	(2,525,420)	(2,421,115)	(2,268,315)
Administrative expense	(96,560)	(92,510)	(81,692)	(132,378)	(127,872)	(116,599)	(109,198)	(129,778)
	(4,426,207)	4,864,560	265,045	546,789	909,141	1,337,599	(313,887)	320,733
Plan fiduciary net position - beginning	<u>26,720,071</u>	<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>\$ 22,293,864</u>	<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>\$ 53,941,245</u>	<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	29.24%	47.18%	39.08%	39.95%	38.37%	40.37%	39.51%	41.58%
Covered payroll	\$ 10,803,922	\$ 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	499.27%	285.62%	326.87%	325.31%	335.85%	305.68%	296.22%	283.34%
Annual money-weighted rate of return, net of investment expense	-13.78%	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 Ten Fiscal Years

	<u>2022</u>	<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	\$ 1,505,749	\$ 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	\$ 1,505,749	\$ 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	\$10,803,922	\$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	13.94%	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, 2021 and assumption information as of June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	The City uses a 5-year amortization period for all Deferred Outflows and Inflows.
Unfunded liability 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-2021, fully generational
Cost of living adjustment	None

This schedule is presented to illustrate the required 10 years.

Required Supplementary Information

State of Maryland Retirement and Pension Plan

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

	<u>2022</u>	<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)	0.0964%	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)	\$14,464,291	\$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	\$16,071,999	\$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	81.84%	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 Eight Fiscal Years

	<u>2022</u>	<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)	\$ 2,124,501	\$ 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>(2,124,501)</u>	<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	\$15,721,240	\$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	13.51%	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	2.25% general, 2.75% wage
Salary Increases	2.75% to 9.25%, including wage inflation
Discount Rate	6.80%
Investment Rate of Return	6.80%
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, 2022

	Budgeted Amounts		2022 Actual	Variance with Final Budget - Positive (Negative)	2021 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers						
General Property Taxes:						
Current year's levy	\$ 30,253,017	\$ 30,458,184	\$ 31,999,285	\$ 1,541,101	\$ 30,565,986	\$ 1,433,299
Prior year's levy - net	(130,000)	(130,000)	35,367	165,367	(22,513)	57,880
Payments in lieu of taxes	2,783,600	2,783,600	2,809,090	25,490	2,767,915	41,175
Interest on delinquent taxes	175,000	175,000	(211,185)	(386,185)	213,323	(424,508)
	33,081,617	33,286,784	34,632,557	1,345,773	33,524,711	1,107,846
Less discounts allowed	(35,200)	(35,200)	(40,306)	(5,106)	(107,165)	66,859
Total General Property Taxes	33,046,417	33,251,584	34,592,251	1,340,667	33,417,546	1,174,705
Income and Other Taxes:						
Income tax	2,800,000	2,800,000	3,809,747	1,009,747	3,481,066	328,681
Admission	125,000	125,000	300,314	175,314	172,623	127,691
Enterprise zone tax credits	360,641	360,641	402,173	41,532	46,133	356,040
Police protection	700,000	700,000	676,790	(23,210)	682,832	(6,042)
State aid for fire service	70,000	70,000	77,289	7,289	79,594	(2,305)
State highway user revenue	100,000	100,000	100,000	-	80,000	20,000
Financial corporations	34,214	34,214	34,214	-	34,214	-
Hotel/motel room tax	165,000	165,000	255,084	90,084	180,036	75,048
Total Income and Other Taxes	4,354,855	4,354,855	5,655,611	1,300,756	4,756,498	899,113
Licenses and Permits:						
Residential rental licenses	685,000	685,000	670,889	(14,111)	720,815	(49,926)
Cable television franchise	312,000	312,000	306,413	(5,587)	319,839	(13,426)
Traders	85,000	85,000	110,310	25,310	99,756	10,554
Building permits	387,000	387,000	651,715	264,715	1,400,726	(749,011)
Electrical permits	115,000	115,000	160,367	45,367	133,705	26,662
Plumbing permits	75,000	75,000	80,144	5,144	90,057	(9,913)
Other	527,750	527,750	687,468	159,718	506,984	180,484
Total Licenses and Permits	2,186,750	2,186,750	2,667,306	480,556	3,271,882	(604,576)
Intergovernmental Grant Revenues:						
Federal grants	18,000	149,421	149,248	(173)	2,986,031	(2,836,783)
State and local grants	344,544	361,478	337,266	(24,212)	281,372	55,894
Total Intergovernmental Grant Revenues	362,544	510,899	486,514	(24,385)	3,267,403	(2,780,889)
Service Charges:						
Refuse collection fees	2,822,900	2,822,900	2,851,798	28,898	2,812,036	39,762
Stadium	2,000	2,000	12,229	10,229	9,395	2,834
Swimming pool	69,900	74,100	106,778	32,678	71,792	34,986
Other	685,467	685,466	944,098	258,632	793,242	150,856
Total Service Charges	3,580,267	3,584,466	3,914,903	330,437	3,686,465	228,438
Fines and Forfeitures:						
Safe Speed for School	975,000	975,000	683,341	(291,659)	801,549	(118,208)
Red Light Program	150,000	150,000	175,842	25,842	158,601	17,241
Other	144,600	144,600	79,004	(65,596)	62,405	16,599
Total Fines and Forfeitures	1,269,600	1,269,600	938,187	(331,413)	1,022,555	(84,368)
Unallocated General Revenues:						
Administrative allocation	1,997,500	1,997,500	1,997,500	-	1,997,500	-
Interest on investments	40,000	42,200	6,162	(36,038)	19,850	(13,688)
Sale of land & other property	8,000	8,000	9,103	1,103	32,907	(23,804)
Miscellaneous	215,100	97,390	157,112	59,722	90,560	66,552
Total Unallocated General Revenues	2,260,600	2,145,090	2,169,877	24,787	2,140,817	29,060
Total Revenues	47,061,033	47,303,244	50,424,649	3,121,405	51,563,166	(1,138,517)

* 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, 2022

	Budgeted Amounts		2022 Actual	Variance with Final Budget - Positive (Negative)	2021 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers (continued)						
Other Financing Sources:						
Transfers from community development fund	28,524	28,524	28,524	-	31,608	(3,084)
Transfers from CIP Fund	-	-	-	-	4,178	(4,178)
Transfers from health insurance fund	541,968	541,968	541,968	-	-	541,968
Budgeted use of fund balance	937,330	4,946,312	-	(4,946,312)	-	-
Total Other Financing Sources	1,507,822	5,516,804	570,492	(4,946,312)	35,786	534,706
Total Revenues and Other Financing Sources	\$ 48,568,855	\$ 52,820,048	\$ 50,995,141	\$ (1,824,907)	\$ 51,598,952	\$ (603,811)
Expenditures and Transfers						
General Government:						
Council	\$ 131,983	131,983	125,809	\$ 6,174	\$ 129,570	\$ (3,761)
Mayor	83,796	83,796	86,589	(2,793)	73,054	13,535
City administrator	229,149	229,149	227,516	1,633	235,679	(8,163)
City clerk	170,591	170,591	158,174	12,417	162,474	(4,300)
Legal counsel	246,000	264,528	254,528	10,000	139,351	115,177
Public functions	336,734	361,095	265,152	95,943	264,397	755
Communications	269,556	317,286	270,342	46,944	223,257	47,085
Finance and accounting	807,451	879,071	921,853	(42,782)	813,782	108,071
Information technology	1,102,149	1,102,149	1,164,347	(62,198)	1,049,067	115,280
Customer Services, Billing & Treasurer	476,744	481,383	560,034	(78,651)	456,077	103,957
Planning	482,361	483,601	458,567	25,034	468,039	(9,472)
Annexation	10,800	10,800	1,609	9,191	2,828	(1,219)
City hall expenditures	282,473	284,530	272,114	12,416	245,860	26,254
City engineer	983,985	989,524	1,084,791	(95,267)	1,085,255	(464)
Human resources	600,666	600,666	566,126	34,540	590,139	(24,013)
Total General Government	6,214,438	6,390,152	6,417,551	(27,399)	5,938,829	478,722
Public Safety:						
Police department	14,701,004	14,521,485	14,282,938	238,547	13,905,288	377,650
Fire department	8,766,553	9,103,303	9,039,781	63,522	9,079,760	(39,979)
Code enforcement	1,738,189	1,719,748	1,553,483	166,265	1,670,706	(117,223)
Signal department	518,978	510,764	495,583	15,181	513,653	(18,070)
Total Public Safety	25,724,724	25,855,300	25,371,785	483,515	25,169,407	202,378
Highways and Streets:						
General street department operations	1,584,024	1,581,847	1,559,392	22,455	1,505,217	54,175
Snow removal	378,213	353,213	217,826	135,387	400,120	(182,294)
Central maintenance garage	542,054	547,773	586,080	(38,307)	577,914	8,166
Stormwater Management	-	-	-	-	-	-
Total Highways and Streets	2,504,291	2,482,833	2,363,298	119,535	2,483,251	(119,953)
Waste, Collection and Disposal						
	2,985,060	2,860,060	2,926,593	(66,533)	2,835,197	91,396
Culture and Recreation:						
City parks	1,983,375	1,948,178	1,798,210	149,968	1,657,718	140,492
Swimming pool	168,445	168,445	235,779	(67,334)	129,223	106,556
Farmers market	51,125	51,125	82,178	(31,053)	95,701	(13,523)
Stadium	52,236	37,232	32,773	4,459	32,099	674
Recreation department	570,783	574,646	582,283	(7,637)	466,271	116,012
Hager house and 202 train museum	74,460	74,460	57,985	16,475	61,650	(3,665)
Total Culture and Recreation	2,900,424	2,854,086	2,789,208	64,878	2,442,662	346,546

* 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, 2022

	Budgeted Amounts		2022 Actual	Variance with Final Budget - Positive (Negative)	2021 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Expenditures and Transfers (continued)						
Economic and Community Development:						
Economic development	647,804	625,304	532,067	93,237	508,310	23,757
Total Economic and Community Development	647,804	625,304	532,067	93,237	508,310	23,757
Unallocated General Expenditures:						
Retiree benefits	1,502,000	1,502,000	1,465,742	36,258	1,497,639	(31,897)
Contributions to other agencies	272,100	272,100	272,100	-	112,500	159,600
Inventory adjustments	10,000	10,000	7,483	2,517	(3,881)	11,364
Budget contingency	241,800	-	-	-	-	-
Total Unallocated General Expenditures	2,025,900	1,784,100	1,745,325	38,775	1,606,258	139,067
Debt Service:						
Principal	1,707,202	1,707,202	1,707,194	8	1,641,111	66,083
Interest	564,142	564,142	509,365	54,777	519,799	(10,434)
Issuance Costs	1,715	1,715	1,715	-	1,715	-
Total Debt Service	2,273,059	2,273,059	2,218,274	54,785	2,162,625	55,649
Total Expenditures	\$ 45,275,700	\$ 45,124,894	\$ 44,364,101	\$ 760,793	\$ 43,146,539	\$ 1,217,562
Other Financing Uses:						
Transfers to golf course fund	200,466	200,466	200,466	-	271,657	(71,191)
Transfers to grant revenue fund	6,667	16,543	16,543	-	57,362	(40,819)
Transfers to economic redevelopment fund	1,030,000	1,030,000	1,030,000	-	1,746,106	(716,106)
Transfers to capital projects fund	1,116,240	1,496,819	1,496,819	-	1,144,147	352,672
Transfers from FB reserves to capital projects fund	937,330	4,500,302	4,026,730	473,572	731,167	3,295,563
Transfers from FB reserves to property management fund	-	446,011	446,011	-	-	446,011
Total Other Financing Uses	3,290,703	7,690,140	7,216,569	473,572	3,950,439	3,266,130
Total Expenditures and Other Financing Uses	48,566,403	52,815,034	51,580,670	1,234,365	47,096,978	4,483,692
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
	2,452	5,014	(585,529)	(590,542)	4,501,974	(5,087,503)
Fund balances - beginning	17,986,035	17,986,035	17,986,035	-	13,484,061	4,501,974
Fund balances - ending	\$ 17,988,487	\$ 17,991,049	\$ 17,400,506	\$ (590,542)	\$ 17,986,035	\$ (585,529)

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, 2022

	<u>Budgeted Amounts</u>		<u>2022 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2021 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental grant revenues	\$ 3,873,416	\$ 5,768,319	\$ 2,758,290	\$ (3,010,029)	\$ 1,969,088	\$ 789,202
Income and other taxes	1,482,000	1,736,144	1,736,144	-	1,650,255	85,889
Contributions and donations	80,000	427,397	1,397,555	970,158	3,182,714	(1,785,159)
Interest income	5,700	5,700	2,710	(2,990)	4,007	(1,297)
Other revenues	-	120,709	122,135	1,426	138,514	(16,379)
Total revenues	<u>5,441,116</u>	<u>8,058,269</u>	<u>6,016,834</u>	<u>(2,041,435)</u>	<u>6,944,578</u>	<u>(927,744)</u>
Expenditures						
General government projects	5,977,000	10,423,316	6,287,648	4,135,668	6,961,614	(673,966)
Public safety projects	4,934,916	3,760,425	2,233,625	1,526,800	1,186,226	1,047,399
Highways and streets projects	699,500	927,314	558,514	368,800	644,874	(86,360)
Culture and recreation	2,105,000	2,299,939	1,006,785	1,293,154	487,127	519,658
Total expenditures	<u>13,716,416</u>	<u>17,410,994</u>	<u>10,086,572</u>	<u>7,324,422</u>	<u>9,279,841</u>	<u>806,731</u>
Excess (deficiency) of revenues over (under) expenditures	(8,275,300)	(9,352,725)	(4,069,738)	5,282,987	(2,335,263)	(1,734,475)
Other Financing Sources (Uses)						
Bond financing Current Year	4,212,000	-	-	-	-	-
Transfers in:						
Excise tax fund	-	-	2,937	2,937	-	2,937
Forest conservation fund	80,000	80,000	24,938	-	176,125	-
General fund	2,053,570	5,997,121	5,523,549	(473,572)	1,875,314	3,648,235
Electric fund	11,740	11,740	11,740	-	16,750	(5,010)
Water fund	11,740	11,740	11,740	-	16,750	(5,010)
Wastewater fund	11,740	11,740	11,740	-	16,750	(5,010)
Community development block grant fund	595,000	717,066	713,939	(3,127)	309,948	403,991
Parking fund	2,040	2,040	2,040	-	3,400	(1,360)
Transfers (out):						
General fund	-	-	-	-	(4,178)	4,178
Stormwater management fund	-	-	-	-	(77,564)	77,564
Budgeted use of fund balance	<u>1,303,170</u>	<u>2,526,978</u>	<u>-</u>	<u>(2,526,978)</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>8,281,000</u>	<u>9,358,425</u>	<u>6,302,623</u>	<u>(3,000,740)</u>	<u>2,333,295</u>	<u>4,120,515</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	5,700	5,700	2,232,885	2,282,247	(1,968)	2,234,853
Fund balances - beginning	<u>4,684,347</u>	<u>4,684,347</u>	<u>4,684,347</u>	<u>-</u>	<u>4,686,315</u>	<u>(1,968)</u>
Fund balances - ending	\$ <u>4,690,047</u>	\$ <u>4,690,047</u>	\$ <u>6,917,232</u>	\$ <u>2,282,247</u>	\$ <u>4,684,347</u>	\$ <u>2,232,885</u>

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, 2022**

	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	\$ 86	\$ 577,043	\$ 55	\$ 194,833	\$ 1,758	\$ 43,542	\$ 3,083	\$ 820,401
Interest receivable	-	-	-	-	-	-	-	-
Accounts receivable	-	-	3,232	-	-	-	-	3,232
Intergovernmental receivable	212,298	-	-	-	-	213,858	-	426,156
Prepaid items	-	3,000	-	-	-	-	-	3,000
Loans receivable (net of allowance for uncollectibles)	1,556,349	-	-	943,775	-	-	-	2,500,124
Properties held for resale	441,846	606,008	-	-	-	-	-	1,047,854
Restricted assets:								
Pooled cash and investments	133,477	1,436,257	22,426	-	-	-	-	1,592,161
Total assets	\$ 2,344,055	\$ 2,622,309	\$ 25,714	\$ 1,138,609	\$ 1,758	\$ 257,400	\$ 3,083	\$ 6,392,928
Liabilities								
Accounts payable	\$ 81,736	\$ 4,037	\$ -	\$ 149	\$ 1,758	\$ 54,448	\$ -	\$ 142,128
Accrued liabilities	2,731	-	-	287	-	9,126	-	12,144
Advances from other funds	280,100	-	14,950	-	-	-	-	295,050
Escrowed taxes and insurance	1,488	-	-	-	-	-	-	1,488
Customer deposits	-	-	22,426	-	-	-	-	22,426
Deferred revenue	-	-	-	-	-	18,205	-	18,205
Undisbursed loan and grant commitments	131,989	1,421,423	-	26,071	-	-	-	1,579,483
Total liabilities	498,044	1,425,460	37,376	26,507	1,758	81,779	-	2,070,924
Fund Balance								
Restricted:								
Community Redevelopment	1,846,011	-	-	-	-	-	-	1,846,011
Public Safety	-	-	-	-	-	175,621	-	175,621
Forest Conservation	-	-	-	-	-	-	3,083	3,083
Committed:								
Community Redevelopment	-	606,008	-	-	-	-	-	606,008
Assigned:								
Community Redevelopment	-	590,841	-	1,112,102	-	-	-	1,702,943
Employee Benefit	-	-	(11,662)	-	-	-	-	(11,662)
Total fund balances	1,846,011	1,196,849	(11,662)	1,112,102	-	175,621	3,083	4,322,004
Total liabilities and fund balances	\$ 2,344,055	\$ 2,622,309	\$ 25,714	\$ 1,138,609	\$ 1,758	\$ 257,400	\$ 3,083	\$ 6,392,928

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	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	\$ 1,121,363	\$ 10,840	-	-	-	\$ 397,653	-	\$ 1,529,856
Program income	25,321	-	-	18,486	-	-	-	43,807
Investment earnings	-	182	-	59	-	12	1	254
Contributions and donations	-	-	-	-	-	1,506	-	1,506
Property sales	-	-	-	-	-	-	-	-
Other revenues	-	14,289	3,291	500	-	-	4,133	22,213
Total revenues	1,146,684	25,311	3,291	19,045	-	399,171	4,134	1,597,636
Expenditures								
Current:								
General government	-	-	-	-	-	34,920	-	34,920
Public safety	-	-	-	-	-	283,464	-	283,464
Economic and community development:								
Public services	300,686	-	-	-	-	-	-	300,686
Public Facilities/Improvements	2,184	-	-	-	-	-	-	2,184
Housing rehabilitation	126,205	-	-	-	-	-	-	126,205
Commercial Rehab Grants	55,000	-	-	-	-	-	-	55,000
Direct economic development	-	1,926,023	-	30,409	-	5	-	1,956,437
Cost of properties sold	-	-	-	-	-	-	-	-
Administration	176,143	34,120	-	9,239	-	-	-	219,502
Capital outlay	164	-	-	-	-	97,396	-	97,560
Interest expense	28	-	-	-	35	-	28	91
Total expenditures	660,410	1,960,143	-	39,648	35	415,785	28	3,076,049
Excess (deficiency) of revenues over (under) expenditures	486,274	(1,934,832)	3,291	(20,603)	(35)	(16,614)	4,106	(1,478,413)
Other Financing Sources (Uses)								
Transfers in	-	1,030,000	-	-	-	16,543	-	1,046,543
Transfers out	(742,463)	-	-	-	(2,937)	-	(24,938)	(770,338)
Total other financing sources (uses)	(742,463)	1,030,000	-	-	(2,937)	16,543	(24,938)	276,205
Net change in fund balances	(256,189)	(904,832)	3,291	(20,603)	(2,972)	(71)	(20,832)	(1,202,208)
Fund balances - beginning	2,102,200	2,101,681	(14,953)	1,132,705	2,972	175,692	23,915	5,524,212
Fund balances - ending	\$ 1,846,011	\$ 1,196,849	\$ (11,662)	\$ 1,112,102	\$ -	\$ 175,621	\$ 3,083	\$ 4,322,004

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, 2022

	Budgeted Amounts		2022 Actual	Variance with Final Budget - Positive (Negative)	2021 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grant revenues	\$ 1,629,910	1,438,267	\$ 1,121,363	\$ (316,904)	\$ 996,259	\$ 125,104
Program income	28,618	28,618	25,321	(3,297)	27,523	(2,202)
Investment earnings	75	75	-	(75)	124	(124)
Property sales	155,000	155,000	-	(155,000)	318,345	(318,345)
Other revenues	-	-	-	-	-	-
Total revenues	<u>1,813,603</u>	<u>1,621,960</u>	<u>1,146,684</u>	<u>(475,276)</u>	<u>1,342,251</u>	<u>(195,567)</u>
Expenditures						
Public services	628,410	399,916	300,686	99,230	667,494	(366,808)
Public Facilities/Improvements	140,000	151,051	2,184	148,867	-	2,184
Housing rehabilitation	43,250	45,050	126,205	(81,155)	99,678	26,527
Clearance and demolition	75,000	30,000	-	30,000	-	-
Commercial rehab grants	75,000	85,000	55,000	30,000	-	55,000
Cost of properties sold	221,000	221,000	-	221,000	-	-
Administration	220,201	220,201	176,143	44,058	16,505	159,638
Capital outlay	1,650	1,650	164	1,486	892	(728)
Interest expense	200	200	28	172	26	2
Total expenditures	<u>1,404,711</u>	<u>1,154,068</u>	<u>660,410</u>	<u>493,658</u>	<u>784,595</u>	<u>(124,185)</u>
Excess (deficiency) of revenues over (under) expenditures	408,892	467,892	486,274	18,382	557,656	(71,382)
Other Financing Sources (Uses)						
Transfers to general fund	(28,524)	(28,524)	(28,524)	-	(31,608)	3,084
Transfers to capital projects fund	(595,000)	(717,066)	(713,939)	3,127	(309,948)	(403,991)
Total other financing sources (uses)	<u>(623,524)</u>	<u>(745,590)</u>	<u>(742,463)</u>	<u>3,127</u>	<u>(341,556)</u>	<u>(400,907)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	(214,632)	(277,698)	(256,189)	21,509	216,100	(472,289)
Fund balances - beginning	2,102,200	2,102,200	2,102,200	-	1,886,100	216,100
Fund balances - ending	\$ <u>1,887,568</u>	\$ <u>1,824,502</u>	\$ <u>1,846,011</u>	\$ <u>21,509</u>	\$ <u>2,102,200</u>	\$ <u>(256,189)</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, 2022

	Budgeted Amounts		2022 Actual	Variance with Final Budget - Positive (Negative)	2021 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grants	\$ 275,000	\$ 10,840	\$ 10,840	\$ -	\$ 283,734	\$ (272,894)
Program income	-	-	-	-	100,000	(100,000)
Investment earnings	300	300	182	(118)	123	59
Rental income	22,289	22,289	14,289	(8,000)	23,960	(9,671)
Total revenues	<u>297,589</u>	<u>33,429</u>	<u>25,311</u>	<u>(8,118)</u>	<u>407,817</u>	<u>(382,506)</u>
Expenditures						
Direct economic development	1,282,150	2,016,529	1,925,895	90,634	1,220,521	705,374
Administration	22,655	22,655	34,248	(11,593)	18,291	15,957
Cost of property sales	-	-	-	-	374,701	(374,701)
Total expenditures	<u>1,304,805</u>	<u>2,039,184</u>	<u>1,960,143</u>	<u>79,041</u>	<u>1,613,513</u>	<u>346,630</u>
Excess (deficiency) of revenues over (under) expenditures	(1,007,216)	(2,005,755)	(1,934,832)	70,923	(1,205,696)	(729,136)
Other Financing Sources (Uses)						
Transfers from general fund	1,030,000	1,030,000	1,030,000	-	1,746,106	(716,106)
Total other financing sources (uses)	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,030,000</u>	<u>-</u>	<u>1,746,106</u>	<u>(716,106)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	22,784	(975,755)	(904,832)	70,923	540,410	(1,445,242)
Fund balances - beginning	2,101,681	2,101,681	2,101,681	-	1,561,271	(34,078)
Fund balances - ending	\$ <u>2,124,465</u>	\$ <u>1,125,926</u>	\$ <u>1,196,849</u>	\$ <u>70,923</u>	\$ <u>2,101,681</u>	\$ <u>(1,479,320)</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, 2022

	Original and Final Budget	2022 Actual	Variance with Final Budget - Positive (Negative)	2021 Actual	Increase/ (Decrease) Over Prior Year
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ 6	\$ (6)
Charges for services	-	3,291	3,291	-	3,291
Total revenues	<u>-</u>	<u>3,291</u>	<u>3,291</u>	<u>6</u>	<u>3,286</u>
Expenditures					
Contracted services	-	-	-	-	-
Administration	-	-	-	7,123	(7,123)
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,123</u>	<u>(7,123)</u>
Excess (deficiency) of revenues over (under) expenditures	-	3,291	3,291	(7,118)	10,409
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)					
	-	3,291	3,291	(7,118)	10,409
Fund balances - beginning	(14,953)	(14,953)	-	(7,835)	(7,118)
Fund balances - ending	<u>\$ (14,953)</u>	<u>\$ (11,662)</u>	<u>\$ 3,291</u>	<u>\$ (14,953)</u>	<u>\$ 3,291</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, 2022

	<u>Original and Final Budget</u>	<u>2022 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2021 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
Revenues					
Investment earnings	\$ 2,000	\$ 59	\$ (1,941)	\$ 128	\$ (69)
Miscellaneous	500	500	-	-	500
Program revenue	226,653	18,486	(208,167)	152,527	(134,041)
Total revenues	<u>229,153</u>	<u>19,045</u>	<u>(210,108)</u>	<u>152,655</u>	<u>(133,610)</u>
Expenditures					
Legal & Audit Fees	1,750	1,321	429	2,291	(970)
Administration	12,342	7,918	4,424	11,984	(4,066)
Capital outlay	200	-	200	-	-
Direct economic development loans	200,000	30,409	169,591	-	30,409
Total expenditures	<u>214,292</u>	<u>39,648</u>	<u>174,644</u>	<u>14,275</u>	<u>25,373</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	14,861	(20,603)	(35,464)	138,380	(158,983)
Fund balances - beginning	1,132,705	1,132,705	-	994,325	138,380
Fund balances - ending	\$ <u>1,147,566</u>	\$ <u>1,112,102</u>	\$ <u>(35,464)</u>	\$ <u>1,132,705</u>	\$ <u>(20,603)</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, 2022

	<u>Original and Final Budget</u>	<u>2022 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2021 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
Revenues					
Investment earnings	\$ 50	\$ -	\$ (50)	\$ 23	\$ (23)
Excise tax	-	-	-	-	-
Total revenues	<u>50</u>	<u>-</u>	<u>(50)</u>	<u>23</u>	<u>(23)</u>
Expenditures					
Interest Expense	-	35	35	-	35
Total expenditures	<u>-</u>	<u>35</u>	<u>35</u>	<u>-</u>	<u>35</u>
Other Financing Sources (Uses)					
Transfers to capital projects fund	-	(2,937)	(2,937)	-	(2,937)
Total other financing sources (uses)	<u>-</u>	<u>(2,937)</u>	<u>(2,937)</u>	<u>-</u>	<u>(2,937)</u>
Excess (deficiency) of revenues over (under) expenditures	50	(2,972)	(3,022)	23	(2,995)
Fund balances - beginning	2,972	2,972	-	2,949	23
Fund balances - ending	\$ <u>3,022</u>	\$ <u>-</u>	\$ <u>(3,022)</u>	\$ <u>2,972</u>	\$ <u>(2,972)</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, 2022

	<u>Budgeted Amounts</u>		<u>2022 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2021 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ 369,077	\$ 463,239	\$ 397,653	\$ (65,586)	\$ 354,441	\$ 43,212
Investment earnings	85	85	12	(73)	43	(31)
Contributions and donations	-	1,506	1,506	-	-	1,506
Total revenues	<u>369,162</u>	<u>464,830</u>	<u>399,171</u>	<u>(65,659)</u>	<u>354,484</u>	<u>44,687</u>
Expenditures						
General government	-	29,174	29,253	(79)	-	29,253
Public safety	353,993	345,355	283,464	61,891	279,970	3,494
Culture and recreation	-	5,667	5,667	-	8,705	(3,038)
Economic and community development	-	3,330	5	3,325	38,617	(38,612)
Capital outlay	21,751	97,762	97,396	366	84,511	12,885
Total expenditures	<u>375,744</u>	<u>481,288</u>	<u>415,785</u>	<u>65,503</u>	<u>411,803</u>	<u>3,982</u>
Excess (deficiency) of revenues over (under) expenditures	(6,582)	(16,458)	(16,614)	(156)	(57,319)	40,705
Other Financing Sources (Uses)						
Transfers from general fund	6,667	16,543	16,543	-	57,362	57,362
Total other financing sources (uses)	<u>6,667</u>	<u>16,543</u>	<u>16,543</u>	<u>-</u>	<u>57,362</u>	<u>57,362</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	85	85	(71)	(156)	43	98,067
Fund balances - beginning	175,692	175,692	175,692	-	175,649	43
Fund balances - ending	<u>\$ 175,777</u>	<u>\$ 175,777</u>	<u>\$ 175,621</u>	<u>\$ (156)</u>	<u>\$ 175,692</u>	<u>\$ 98,110</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, 2022

	Original and Final Budget	2022 Actual	Variance with Final Budget - Positive (Negative)	2021 Actual	Increase/ (Decrease) Over Prior Year
Revenues					
Investment earnings	\$ 150	\$ 1	\$ (149)	\$ 153	\$ (152)
Reforestation fees	15,000	4,133	(10,867)	8,172	(4,039)
Total revenues	<u>15,150</u>	<u>4,134</u>	<u>(11,016)</u>	<u>8,325</u>	<u>(4,191)</u>
Expenditures					
Interest Expense	-	28	-	-	-
Total expenditures	<u>-</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers to capital projects fund	(80,000)	(24,938)	55,062	(176,125)	151,187
Transfers from capital projects fund	-	-	-	-	-
Total other financing sources (uses)	<u>(80,000)</u>	<u>(24,938)</u>	<u>55,062</u>	<u>(176,125)</u>	<u>151,187</u>
Excess (deficiency) of revenues over (under) expenditures	(64,850)	(20,832)	44,046	(167,800)	146,996
Fund balances - beginning	23,915	23,915	-	191,715	(167,800)
Fund balances - ending	\$ <u>(40,935)</u>	\$ <u>3,083</u>	\$ <u>44,046</u>	\$ <u>23,915</u>	\$ <u>(20,804)</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, 2022

	<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	\$ 266,032	\$ 477,254	\$ 1,642,019	\$ 1,452,068	\$ 3,837,373
Interest receivable	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	23,808	(317)	79,888	329,964	433,343
Prepaid items	1,170	-	-	-	1,170
Total current assets	<u>291,010</u>	<u>476,937</u>	<u>1,721,907</u>	<u>1,782,032</u>	<u>4,271,886</u>
Noncurrent assets:					
Capital assets:					
Land	125,000	410,507	1,483,942	-	2,019,449
Land improvements	225,522	-	1,333,127	21,222	1,579,871
Buildings and structures	219,846	3,223,648	7,732,804	74,263	11,250,561
Machinery and equipment	387,896	36,959	616,672	-	1,041,527
Automobiles and trucks	172,456	-	62,141	701,797	936,394
Infrastructure	26,537	-	-	290,932	317,469
Office furniture and fixtures	-	109,993	-	-	109,993
Construction in progress	19,249	-	114,104	34,470	167,823
Less accumulated depreciation	<u>(713,026)</u>	<u>(1,567,951)</u>	<u>(5,469,973)</u>	<u>(321,224)</u>	<u>(8,072,174)</u>
Total capital assets, net	<u>463,480</u>	<u>2,213,156</u>	<u>5,872,817</u>	<u>801,460</u>	<u>9,350,914</u>
Total noncurrent assets	<u>463,480</u>	<u>2,213,156</u>	<u>5,872,817</u>	<u>801,460</u>	<u>9,350,914</u>
Total assets	<u>754,490</u>	<u>2,690,093</u>	<u>7,594,724</u>	<u>2,583,492</u>	<u>13,622,800</u>
Liabilities					
Current liabilities:					
Accounts payable	9,534	1,570	47,784	46,914	105,802
Advances from other funds	-	-	-	-	-
Compensated absences - current	2,580	-	23,474	912	26,966
Accrued liabilities	7,475	3,524	16,198	11,732	38,930
Customer deposits and rebates	-	1,250	9,335	-	10,585
Unearned revenue	1,891	-	-	-	1,891
General obligation bonds - current	-	5,959	31,466	35,833	73,258
Total current liabilities	<u>21,480</u>	<u>12,303</u>	<u>128,257</u>	<u>95,391</u>	<u>257,432</u>
Noncurrent liabilities:					
General obligation bonds - long term	-	104,168	318,686	455,010	877,864
Compensated absences	<u>2,331</u>	<u>-</u>	<u>21,193</u>	<u>823</u>	<u>24,347</u>
Total noncurrent liabilities	<u>2,331</u>	<u>104,168</u>	<u>339,879</u>	<u>455,833</u>	<u>902,211</u>
Total liabilities	<u>23,811</u>	<u>116,471</u>	<u>468,136</u>	<u>551,224</u>	<u>1,159,643</u>
Net Position					
Net Investment in Capital Assets	463,480	2,103,029	5,522,665	310,617	8,399,792
Unrestricted	267,199	470,593	1,603,923	1,721,651	4,063,365
Total net position	<u>\$ 730,679</u>	<u>\$ 2,573,622</u>	<u>\$ 7,126,588</u>	<u>\$ 2,032,268</u>	<u>\$ 12,463,157</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2022

	Golf Course	Property Management	Parking Facilities	Stormwater Management	Total Nonmajor Enterprise Funds
Operating revenues:					
Service charges	\$ 341,365	\$ 282,082	\$ 1,029,616	\$ 2,894,719	4,547,782
Other revenues	130	5,175	699	33,448	39,452
Total operating revenues	<u>341,495</u>	<u>287,257</u>	<u>1,030,315</u>	<u>2,928,167</u>	<u>4,587,234</u>
Operating expenses:					
Selling, general and administrative expenses	475,103	291,214	648,402	753,831	2,168,550
Depreciation	44,906	105,997	266,600	77,300	494,803
Total operating expenses	<u>520,009</u>	<u>397,211</u>	<u>915,002</u>	<u>831,131</u>	<u>2,663,353</u>
Operating income	<u>(178,514)</u>	<u>(109,954)</u>	<u>115,313</u>	<u>2,097,036</u>	<u>1,923,881</u>
Nonoperating revenues (expenses):					
Gain (Loss) on disposal of capital assets	(5,029)	(521,094)	-	-	(526,123)
Intergovernmental revenue	-	-	-	-	-
Investment earnings	87	6,924	481	410	7,902
Interest expense	-	(3,820)	(14,684)	(22,399)	(40,903)
Bond issuance costs	-	(56)	(7)	-	(63)
Total nonoperating revenue (expenses)	<u>(4,942)</u>	<u>(518,046)</u>	<u>(14,210)</u>	<u>(21,989)</u>	<u>(559,187)</u>
Income (loss) before contributions and transfers	(183,456)	(628,000)	101,103	2,075,047	1,364,694
Capital contributions and grants	-	-	24,478	-	24,478
Transfers in	200,466	446,011	-	-	646,477
Transfers out	-	-	(2,040)	-	(2,040)
Changes in net position	<u>17,010</u>	<u>(181,989)</u>	<u>123,541</u>	<u>2,075,047</u>	<u>2,033,609</u>
Total net position - beginning	713,669	2,755,611	7,003,047	(42,779)	10,429,548
Total net position - ending	<u>\$ 730,679</u>	<u>\$ 2,573,622</u>	<u>\$ 7,126,588</u>	<u>\$ 2,032,268</u>	<u>12,463,157</u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2022

	<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	\$ 329,928	\$ 308,938	\$ 1,015,002	\$ 2,838,705	\$ 4,492,573
Advances from other funds	-	-	-	(333,500)	(333,500)
Payments to suppliers	(161,332)	(138,253)	(129,215)	(209,245)	(638,044)
Payments to employees	(311,606)	(152,125)	(467,301)	(519,141)	(1,450,174)
Net cash used by operating activities	<u>(143,010)</u>	<u>18,560</u>	<u>418,486</u>	<u>1,776,819</u>	<u>2,070,855</u>
Cash Flows From Noncapital Financing Activities					
Transfers from (to) other funds	<u>200,466</u>	<u>446,011</u>	<u>(2,040)</u>	<u>-</u>	<u>644,437</u>
Net cash provided (used) by noncapital and related financing activities	<u>200,466</u>	<u>446,011</u>	<u>(2,040)</u>	<u>-</u>	<u>644,437</u>
Cash Flows From Capital And Related Financing Activities					
Proceeds from intergovernmental grant	-	-	24,478	-	24,478
Acquisition and construction of capital assets	(46,711)	325,750	(138,583)	(271,277)	(130,821)
Principal paid on capital debt	-	(5,555)	(69,098)	(34,356)	(109,009)
Interest paid on capital debt	-	(3,838)	(15,420)	(19,761)	(39,019)
Proceeds from sale of capital assets	(5,029)	(521,094)	-	-	(526,123)
Net cash provided (used) by capital and related financing activities	<u>(51,740)</u>	<u>(204,737)</u>	<u>(198,623)</u>	<u>(325,394)</u>	<u>(780,494)</u>
Cash Flows From Investing Activities					
Interest and dividends received	<u>98</u>	<u>6,931</u>	<u>542</u>	<u>410</u>	<u>7,981</u>
Net cash provided by investing activities	<u>98</u>	<u>6,931</u>	<u>542</u>	<u>410</u>	<u>7,981</u>
Net increase (decrease) in pooled cash and investments	5,814	266,765	218,365	1,451,835	1,942,779
Pooled cash and investments, beginning of year	260,218	210,488	1,423,654	233	1,894,593
Pooled cash and investments, end of year	<u>\$ 266,032</u>	<u>\$ 477,254</u>	<u>\$ 1,642,019</u>	<u>\$ 1,452,068</u>	<u>\$ 3,837,373</u>
Reconciliation of operating income to net cash (used) by operating activities:					
Operating income (loss)	\$ (178,514)	\$ (109,954)	\$ 115,313	\$ 2,097,036	\$ 1,923,881
Adjustments to reconcile operating income to net cash used by operating activities:					
Depreciation expense	44,906	105,997	266,600	77,300	494,803
Bond issuance costs	-	(56)	(7)	-	(62)
Net effect of changes in assets and liabilities					
Accounts receivable	(11,854)	21,531	(15,628)	(89,462)	(95,413)
Prepaid items	491	-	-	-	491
Accounts payable	5,140	505	44,939	28,393	78,977
Advances from other funds	-	-	-	(333,500)	(333,500)
Compensated absences payable	(1,320)	-	2,142	(221)	601
Accrued liabilities	(671)	388	4,430	(2,445)	1,701
Customer deposits and rebates	-	150	315	-	465
Unearned revenue	287	-	-	-	287
Other long-term liabilities	(1,475)	-	382	(282)	(1,375)
Total adjustments	<u>35,504</u>	<u>128,514</u>	<u>303,173</u>	<u>(320,217)</u>	<u>146,974</u>
Net cash used by operating activities	<u>\$ (143,010)</u>	<u>\$ 18,560</u>	<u>\$ 418,486</u>	<u>\$ 1,776,819</u>	<u>\$ 2,070,855</u>
Reconciliation of pooled cash and investments to the balance sheet					
Pooled cash and investments	\$ 266,032	\$ 477,254	\$ 1,642,019	\$ 1,452,068	\$ 3,837,373
Totals	<u>\$ 266,032</u>	<u>\$ 477,254</u>	<u>\$ 1,642,019</u>	<u>\$ 1,452,068</u>	<u>\$ 3,837,373</u>

Public Services



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, 2022

	<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	\$ -	\$ 4,354,900	\$ 753,678	\$ 5,108,578
Accounts receivable (net of allowance for uncollectibles)	350	178,701	12,480	191,531
Prepaid Items	<u>256,651</u>	<u>831,148</u>	<u>-</u>	<u>1,087,799</u>
Total current assets	<u>257,001</u>	<u>5,364,749</u>	<u>766,158</u>	<u>6,387,908</u>
Noncurrent assets:				
Restricted assets:				
Pooled cash and investments	<u>4,459,340</u>	<u>990,148</u>	<u>31,300</u>	<u>5,480,788</u>
Total noncurrent assets	<u>4,459,340</u>	<u>990,148</u>	<u>31,300</u>	<u>5,480,788</u>
Total assets	<u>4,716,341</u>	<u>6,354,897</u>	<u>797,458</u>	<u>11,868,696</u>
Liabilities				
Current liabilities:				
Accounts payable	28,004	834,984	21,546	884,534
Accrued liabilities	<u>1,827,569</u>	<u>604,384</u>	<u>12,325</u>	<u>2,444,278</u>
Total current liabilities	<u>1,855,573</u>	<u>1,439,368</u>	<u>33,871</u>	<u>3,328,812</u>
Total liabilities	<u>1,855,573</u>	<u>1,439,368</u>	<u>33,871</u>	<u>3,328,812</u>
Net Position				
Restricted	70,000	159,000	31,300	260,300
Unrestricted	<u>2,790,768</u>	<u>4,756,529</u>	<u>732,287</u>	<u>8,279,584</u>
Total net position	<u>\$ 2,860,768</u>	<u>\$ 4,915,529</u>	<u>\$ 763,587</u>	<u>\$ 8,539,884</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2022

	<u>Worker's Compensation</u>	<u>Health Insurance</u>	<u>Dental Insurance</u>	<u>Total Internal Service Funds</u>
Operating revenues:				
Service charges	\$ 1,660,104	\$ 7,375,384	\$ 404,209	\$ 9,439,697
Other revenues	-	405,878	-	405,878
Total operating revenues	<u>1,660,104</u>	<u>7,781,262</u>	<u>404,209</u>	<u>9,845,575</u>
Operating expenses:				
Claim and premium expenses	467,331	6,140,389	284,039	6,891,759
Administrative expenses	177,561	771,377	44,942	993,880
Contributions to OPEB plan - Employer	-	1,134,000	-	1,134,000
Total operating expenses	<u>644,892</u>	<u>8,045,766</u>	<u>328,981</u>	<u>9,019,639</u>
Operating income (loss)	<u>1,015,212</u>	<u>(264,504)</u>	<u>75,228</u>	<u>825,936</u>
Nonoperating revenues (expenses):				
Investment earnings	3	1,296	223	1,522
Total nonoperating revenue (expenses)	<u>3</u>	<u>1,296</u>	<u>223</u>	<u>1,522</u>
Income before contributions and transfers	<u>1,015,215</u>	<u>(263,208)</u>	<u>75,451</u>	<u>827,458</u>
Transfer in from other funds	-	-	-	-
Transfer out to other funds	-	(750,000)	-	(750,000)
Changes in net position	<u>1,015,215</u>	<u>(1,013,208)</u>	<u>75,451</u>	<u>77,458</u>
Total net position - beginning	1,845,553	5,928,737	688,136	8,462,426
Total net position - ending	\$ <u><u>2,860,768</u></u>	\$ <u><u>4,915,529</u></u>	\$ <u><u>763,587</u></u>	\$ <u><u>8,539,884</u></u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

	Worker's Compensation	Health Insurance	Dental Insurance	Total Internal Service Funds
Cash Flows From Operating Activities				
Receipts from interfund services provided	\$ 1,659,754	\$ 7,764,959	\$ 403,051	\$ 9,827,764
Payments to suppliers	<u>(1,193,346)</u>	<u>(7,951,989)</u>	<u>(314,779)</u>	<u>(9,460,114)</u>
Net cash provided (used) by operating activities	<u>466,408</u>	<u>(187,030)</u>	<u>88,272</u>	<u>367,650</u>
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	<u>-</u>	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>
Cash Flows From Investing Activities				
Interest and dividends received	<u>4</u>	<u>1,513</u>	<u>251</u>	<u>1,768</u>
Net cash provided by investing activities	<u>4</u>	<u>1,513</u>	<u>251</u>	<u>1,768</u>
Net increase in pooled cash and investments	466,412	(935,517)	88,523	(380,582)
Pooled cash and investments, beginning of year	<u>3,992,928</u>	<u>6,280,565</u>	<u>696,455</u>	<u>10,969,948</u>
Pooled cash and investments, end of year	\$ <u>4,459,340</u> \$	\$ <u>5,345,048</u> \$	\$ <u>784,978</u> \$	\$ <u>10,589,366</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ <u>1,015,212</u>	\$ <u>(264,504)</u>	\$ <u>75,228</u>	\$ <u>825,936</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Net effect of changes in assets and liabilities				
Accounts receivable	(350)	(16,303)	(1,158)	(17,811)
Prepaid items	(16,012)	(78,469)	-	(94,481)
Accounts payable	(47,953)	81,104	17,938	51,089
Accrued liabilities	(484,489)	91,141	(3,736)	(397,084)
Unearned revenue	-	-	-	-
Total adjustments	<u>(548,804)</u>	<u>77,474</u>	<u>13,044</u>	<u>(458,286)</u>
Net cash provided (used) by operating activities	<u>\$ 466,408</u>	<u>\$ (187,030)</u>	<u>\$ 88,272</u>	<u>\$ 367,650</u>
Reconciliation of pooled cash and investments to the balance sheet				
Pooled cash and investments	\$ -	\$ 4,354,900	\$ 753,678	\$ 5,108,578
Restricted pooled cash and investments	4,459,340	990,148	31,300	5,480,788
Totals	\$ <u>4,459,340</u> \$	\$ <u>5,345,048</u> \$	\$ <u>784,978</u> \$	\$ <u>10,589,366</u>

Healthy Living



STATISTICAL SECTION

This part of the City of Hagerstown's Annual Comprehensive 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 Annual Comprehensive 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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 75,823,002
Restricted	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	4,333,666
Unassigned	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)	(41,093,264)
Total governmental activities net position	\$ 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	\$ 39,063,404
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 158,700,731
Unassigned	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	31,446,628
Total business-type activities net position	\$ 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	\$ 190,147,359
Primary government:										
Net investment in capital assets	\$ 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	\$ 234,523,733
Restricted	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	4,333,666
Unrestricted	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)	(9,646,636)
Total primary government net position	\$ 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	\$ 229,210,763

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General Government	\$ 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	\$ 10,360,130
Public Safety	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	31,231,769
Highways and Streets	2,828,009	2,923,564	2,810,855	2,680,585	2,650,626	2,791,282	3,258,426	3,044,652	2,693,869	2,632,966
Waste Collection & Disposal	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	2,926,233
Culture and Recreation	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	3,379,595
Economic & Community Development	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	4,866,019
Interest on Long-term Debt	514,648	550,317	557,668	540,521	628,301	622,454	615,223	668,563	475,278	466,867
Total governmental activities expenses	41,772,947	39,972,768	45,421,740	42,487,689	46,154,838	46,317,883	49,139,356	51,943,257	50,967,183	55,863,579
Business-type activities:										
Electric	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	25,379,709
Water	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	13,960,225
Wastewater	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	12,958,511
Parking Facilities	699,693	742,030	739,264	738,566	724,828	771,525	794,876	854,950	832,848	920,257
Golf Course	467,869	407,944	435,174	443,541	481,273	432,368	440,537	470,640	479,088	517,697
Property Management	668,343	542,884	517,393	527,751	613,979	451,559	724,383	459,988	750,359	922,494
Stormwater Management	-	-	-	-	-	-	-	-	684,089	856,490
Total business-type activities expenses	52,205,484	48,588,788	49,640,710	49,119,197	49,404,822	48,809,122	54,044,110	52,484,620	53,645,648	55,515,383
Total primary government expenses	\$ 93,978,431	\$ 88,561,556	\$ 95,062,450	\$ 91,606,886	\$ 95,559,660	\$ 95,127,005	\$ 103,183,466	\$ 104,427,877	\$ 104,612,831	\$ 111,378,962
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 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	\$ 2,269,334
Public Safety	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	3,336,691
Streets and Alleys	102,791	87,261	73,088	48,843	149,743	73,337	66,235	64,644	53,467	94,223
Waste Collection & Disposal	2,478,721	2,220,898	2,238,358	2,252,262	2,258,122	2,579,249	2,772,301	2,800,885	2,812,037	2,851,797
Parks and Recreation	209,899	195,633	259,668	230,561	273,319	310,218	298,623	244,545	261,688	321,679
Economic & Community Development	97,321	89,771	245,921	62,417	61,746	150,415	201,209	60,608	280,050	43,807
Operating grants and contributions	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	2,053,740
Capital grants and contributions	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	4,155,845
Total governmental activities program revenues	\$ 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	\$ 15,127,116

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charges for services:										
Electric	\$ 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	\$ 25,707,216
Water	10,859,180	11,125,535	11,128,131	11,455,228	11,640,701	11,698,823	11,990,596	12,606,536	12,902,095	13,231,274
Wastewater	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	14,666,358
Parking Facilities	936,246	869,670	975,936	953,580	993,779	951,827	935,195	705,456	796,519	1,030,315
Golf Course	178,462	196,758	205,199	224,893	174,035	174,021	199,889	243,327	356,507	341,495
Property Management	(985,215)	(132,163)	203,395	344,644	308,646	356,826	(225,351)	280,561	(119,092)	287,257
Stormwater Management	-	-	-	-	-	-	-	-	590,025	2,928,167
Operating grants and contributions	2,546,931	3,607,284	2,135,780	2,669,305	44,502	5,616	750,196	240,000	894,857	-
Capital grants and contributions	50,746,228	51,135,335	51,401,073	50,650,793	2,136,516	1,449,023	2,568,732	5,037,394	4,965,080	5,947,247
Total business-type activities program revenues	\$ 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	\$ 79,266,445
Total primary government program revenues										
Net (expense)/revenue	\$ (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)	\$ (40,736,463)
Governmental activities	(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	8,623,946
Business-type activities	\$ (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)	\$ (32,112,517)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property Taxes	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	34,592,251
Income and Other taxes	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	7,772,394
Excise Tax	115,492	69,278	-	-	-	-	-	-	-	-
Investment Earnings	37,871	13,880	10,695	38,498	62,960	130,598	387,646	387,775	24,457	9,126
Property Sales	-	-	-	-	-	-	-	-	-	-
Gain(Loss) on Disposal of Capital Assets	107,791	220,674	269,201	803,541	285,595	295,497	544,636	555,819	590,471	274,699
Miscellaneous	(798,089)	(175,455)	183,935	(118,745)	(117,983)	(478,644)	(665,763)	(325,719)	(295,571)	(817,249)
Transfers	-	-	-	-	-	-	-	-	558,138	-
Transfers of long-term debt	-	-	-	-	-	-	-	-	-	-
Capital Transfer from Closed Ice Rink Fund	-	-	-	-	-	-	-	-	-	-
Changes in Accounting Estimate	-	-	-	-	-	-	-	-	-	-
Total governmental activities	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	41,831,221
Business-type activities:										
Investment Earnings	180,193	156,910	146,024	153,275	201,269	265,659	409,075	295,674	41,928	16,300
Transfers	798,089	175,455	(183,935)	118,745	117,983	478,644	655,763	325,719	295,571	817,249
Transfers of long-term debt	-	-	-	-	-	-	-	-	(658,138)	-
Total business-type activities	978,282	332,365	(37,911)	272,020	319,252	744,303	1,064,838	621,393	(220,639)	833,549
Total primary government	\$ 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	\$ 42,664,770
Change in Net Position										
Governmental activities	\$ 1,533,372	\$ 944,481	\$ 75,197	\$ 4,033,550	\$ (541,147)	\$ (87,201)	\$ 1,865,655	\$ (1,515,226)	\$ 9,607,906	\$ 1,094,757
Business-type activities	(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	9,457,495
Total primary government	\$ 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	\$ 10,552,252

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
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
2022	34,592,251	3,809,747	300,314	1,836,144	676,790	34,214	77,289	402,173	255,084	-	41,984,006

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable	254,914	216,127	226,974	256,353	181,006	167,197	278,377	198,133	170,452	508,641
Restricted	-	-	-	-	-	250,000	251,426	251,426	250,000	250,000
Committed	1,783,143	1,596,838	1,555,317	1,077,515	786,785	1,248,537	465,429	471,031	886,857	1,068,047
Unassigned	7,668,912	8,053,185	8,181,345	9,191,926	9,462,818	9,958,056	12,378,375	12,563,471	16,678,726	15,573,818
Total General Fund	\$ 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	\$ 17,400,506
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	998,603	1,165,495	1,809,108	2,034,494	2,555,252	-	-	-	13,628	-
Restricted	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	2,170,948
Committed	43,775	1,672	2,537,161	705,958	2,024,224	2,757,307	4,739,229	945,828	606,008	606,008
Assigned	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	8,462,280
Unassigned	(146,717)	(150,415)	(1,088,345)	276,605	(92,306)	-	-	-	-	-
Total all other governmental funds	\$ 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	\$ 11,239,236
Total governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
General fund	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,253,517	1,381,622	2,036,082	2,290,847	2,736,258	167,197	278,377	198,133	184,080	508,641
Restricted	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	2,170,948
Committed	43,775	1,672	2,537,161	705,958	2,024,224	3,007,307	4,990,655	1,197,254	856,008	856,008
Assigned	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	9,530,327
Unassigned	7,522,195	7,902,770	7,093,000	9,488,531	9,370,512	9,958,056	12,378,375	12,563,471	16,678,726	15,573,818
Total all other governmental funds	\$ 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	\$ 28,639,742

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Property taxes	\$ 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	\$ 34,592,251
Income and other taxes	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	7,391,755
Licenses and permits	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	2,667,306
Intergovernmental grant revenues	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	4,774,660
Program income	194,232	141,952	224,855	51,859	50,888	145,915	196,959	60,608	280,050	43,807
Charges for services	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	3,914,903
Fines and forfeitures	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	938,187
Investment Earnings	37,872	13,880	10,695	38,498	62,960	130,598	387,646	387,775	24,457	9,126
Property Sales	121,266	34,546	22,119	32,306	44,401	39,898	282,254	177,464	351,252	9,103
Contributions and Donations	278,945	271,247	1,556,831	303,831	426,546	318,567	305,810	227,030	3,204,701	1,434,925
Unallocated general revenue	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	2,263,096
Total revenues	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	58,039,119
Expenditures:										
General government	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	6,452,471
Public safety	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	25,655,249
Street and alleys	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	2,363,298
Waste collection & disposal	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	2,926,593
Parks and recreation	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	2,789,208
Municipal buildings	-	-	-	-	-	-	-	-	-	-
Economic and Community Development	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	4,866,382
Unallocated general expenditures	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	1,745,416
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	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	1,707,194
Interest	595,093	550,187	517,287	577,660	537,853	638,740	634,902	704,124	519,799	509,365
Insurance costs	1,105	1,105	44,215	1,656	117,200	29,595	34,520	1,778	1,715	1,715
Capital Outlay	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	8,509,831
Total expenditures	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	57,526,722
Excess of revenues over (under) expenditures	1,110,651	(241,014)	(2,768,522)	(247,915)	(5,122,193)	(336,570)	443,133	(2,440,901)	5,515,615	512,397
Other financing sources(uses):										
Transfers In	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	7,919,658
Transfers Out	(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)	(7,986,907)
Debt Issued	-	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)	(523,089)	527,806	4,426,344	(69,593)	5,224,730	1,534,930	3,205,932	492,198	(295,571)	(67,249)
Net changes in Fund Balance	\$ 587,562	\$ 286,792	\$ 1,657,822	\$ (317,508)	\$ 102,537	\$ 1,198,360	\$ 3,649,065	\$ (1,948,703)	\$ 5,220,044	\$ 445,148
Debt Service as a percentage of noncapital expenditures	5%	5%	4%	5%	5%	5%	5%	6%	5%	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
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%
2022	2,789,166	245,397	169,713	3,204,276	3.507	2,955,974	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	Overlapping Rates														
	City					County					State				
	Real Property	Apartment Real Property	Business & Personal 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	
2013	0.788	0.000	1.970	2.758		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.063	
2014	0.788	0.000	1.970	2.758		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.063	
2015	0.898	0.000	2.245	3.143		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.448	
2016	0.913	0.000	2.283	3.196		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.501	
2017	0.913	0.000	2.283	3.196		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.501	
2018	0.941	0.000	2.353	3.294		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.599	
2019	1.002	1.032	2.505	3.507		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.812	
2020	1.002	1.032	2.505	3.507		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.812	
2021	1.002	1.032	2.505	3.507		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.812	
2022	1.002	1.032	2.505	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, 2022

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CR Hagerstown, LLC	\$ 41,415,100	1	1.29%			
Lowes Home Centers, Inc.	29,944,400	2	0.93%	\$ 20,280,600	3	742.93%
NP Hagerstown Industrial 2, LLC	28,228,770	3	0.88%			
Board of Education	26,811,800	4	0.84%			
Tractor Supply Company	21,839,900	5	0.68%			
RPAL Hagerstown LLC	20,614,200	6	0.64%			
Walmart Real Estate Business Trust	18,751,300	7	0.59%	20,591,200	2	754.31%
Suso 4 Stone House, LP	17,317,400	8	0.54%			
FB Hagerstown, LLC	15,892,900	9	0.50%	14,254,000	9	522.16%
Washco Centre at Antietam	15,492,433	10	0.48%			
Washington Real Estate				58,036,733	1	2126.04%
I-81 Hollyhook LLC				18,833,900	4	689.94%
OEKOS Stone House LLC				18,735,300	5	686.32%
Hagerstown Apartments (Limited) Partnership				17,999,700	6	659.38%
Sams Real Estate Business Trust				14,891,467	7	545.51%
Hagerstown Plaza, LLC				14,516,600	8	531.78%
Cortpark II LLC				14,250,000	10	522.02%
Totals	\$ 236,308,203		7.37%	\$ 212,389,500		7780.40%

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	
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%	
2022	28,900,885	27,875,642	96.5%	53,228	27,928,870	96.64%	

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)	Population (1)	Governmental	Business-type		
2013	1,435,605,752	39,662	16,013,064	46,872,333	4.38%	1,586
2014	1,435,605,752	39,662	15,168,166	51,139,325	4.62%	1,672
2015	1,459,723,696	40,364	18,093,422	57,309,510	5.17%	1,868
2016	1,543,127,712	40,432	16,621,899	54,317,860	4.60%	1,755
2017	1,617,311,412	40,452	20,398,889	53,355,638	4.56%	1,823
2018	1,649,885,804	40,306	19,902,356	49,867,569	4.23%	1,731
2019	1,727,568,645	40,205	21,109,308	46,940,798	3.94%	1,693
2020	1,760,269,700	40,100	18,840,748	43,139,894	3.52%	1,546
2021	1,970,946,087	43,527	16,617,257	40,294,697	2.89%	1,308
2022	2,076,895,633	43,487	14,885,822	36,955,602	2.50%	1,192

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		
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
2022	3,204,276	43,487	51,841,424	51,841,424	1.62%	1,192

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		
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
2022	3,204,276	43,487	14,885,822	14,885,822	0.46%	342

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, 2022

City of Hagerstown	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 142,875,620	20.82%	\$ 29,746,704
Subtotal, overlapping debt			
City of Hagerstown Direct Governmental Fund Debt			14,885,822
Total Direct and Overlapping Debt			\$ 44,632,526.08

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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 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	\$ 320,427,617
Total net debt applicable to limit	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	51,841,424
Legal debt margin	\$ 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	\$ 268,586,193
Total net debt applicable to the limit as a percentage of debt limit	23.84%	25.04%	30.08%	26.71%	27.77%	26.11%	25.09%	22.19%	18.95%	16.18%

Legal Debt Margin Calculation for Fiscal Year 2022

Total assessed value	3,204,276,166
Debt limit (10% of total assessed value)	320,427,617
Debt applicable to limit:	
General obligation bonds	51,841,424
Legal debt margin	<u>268,586,193</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	
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
2022	43,487	2,076,895,633	47,759	4.1

Data Source:

Population Data provided by the United States Census Bureau - Population Estimate July 1, 2021
Per Capita Personal Income provided by Bureau of Economic Analysis - U.S. Dept. of Commerce
Unemployment Rate provided by the Bureau of Labor Statistics

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

	2022			2013		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washington County Public Schools	3,222	1	5.17%	2,965	1	4.46%
Meritus Health	2,740	2	4.40%	2,860	2	4.30%
FIServ	2,185	3	3.51%	2,214	5	3.33%
Volvo Powertrain NA (Mack Trucks, Inc.)	1,611	4	2.59%	1,391	6	2.09%
Amazon	1,500	5	2.41%			
Citi	925	6	1.49%	2,500	3	3.76%
FedEx	900	7	1.44%	648	10	0.97%
The Bowman Group	830	8	1.33%	753	9	1.13%
Walmart	565	9	0.91%			
Hagerstown Community College	545	10	0.87%	813	8	1.22%
State of Maryland				2,304	4	3.46%
Washington County Government				1,134	7	1.70%
Total	15,023		24.12%	17,582		26.42%

Source: Principal Employers for Washington County MD provided by Maryland Department of Commerce
 Total County employment for 2022 was 62,288 and 2013 was 66,543 supplied by Bureau of Labor Statistics.

**City of Hagerstown, Maryland
Principal Electric Fund Customers
June 30, 2022**

Customer	2022				2013			
	KwH	Amount Billed	Rank	Percentage of Total Electric Fund Billing	KwH	Amount Billed	Rank	Percentage of Total Electric Fund Billing
Conagra	11,435,900	\$ 797,032	1	3.18%	9,431,100	\$ 677,815	1	2.60%
Wastewater Plant	9,487,800	607,688	2	2.43%				
Mari Holdings MD LLC	8,364,000	544,411	3	2.17%				
City - Street Lights	7,014,496	598,639	4	2.39%	7,261,232	673,664	2	2.59%
Western Maryland Hospital	3,362,800	218,103	5	0.87%	2,914,074	219,604	9	0.84%
Verizon #27787	3,310,764	228,229	6	0.91%	3,247,404	249,160	7	0.96%
BOE - North High	1,974,720	152,296	7	0.61%	2,551,757	227,733	8	0.87%
BOE - Marshall	1,828,160	149,049	8	0.59%	2,336,160	204,502	10	0.78%
Potomac Center	1,744,400	126,031	9	0.50%				
HBP Inc.	1,648,720	123,549	10	0.49%				
Good Humor Breyers, Inc.					3,292,160	266,531	6	1.02%
CM Offray, Inc.					4,308,860	339,381	3	1.30%
C.E. Stevens Inc.					3,856,120	331,999	4	1.27%
					3,609,280	268,156	5	1.03%
Totals	50,171,760	\$ 3,545,027		14.13%	42,808,147	\$ 3,458,545		13.27%

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, 2022

Customer	2022				2013			
	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing
Hagerstown Prison Complex (MCI)	287,925,700	\$ 1,111,675	1	12.13%	422,906,000	\$ 1,281,408	1	13.47%
Town of Smithsburg	79,855,000	259,729	2	2.83%	79,329,800	200,722	2	2.11%
Town of Williamsport	58,803,800	196,217	3	2.14%	72,721,000	187,415	3	1.97%
Conagra	42,575,100	69,585	4	0.76%				
Town of Funkstown	42,480,500	145,171	5	1.58%	28,859,500	78,628	6	0.83%
Meritus Medical Center	36,770,000	148,674	6	1.62%	34,873,500	110,660	5	1.16%
Sherwin Williams	31,388,300	122,164	7	1.33%				
Volvo Powertrain NA (Mack Trucks, Inc.)	30,645,000	130,545	8	1.42%	34,543,900	113,293	4	1.19%
Maryland Paper Company	26,852,100	107,595	9	1.17%	20,429,200	61,852	10	0.65%
Lakeside Park	25,370,000	105,614	10	1.15%	21,080,500	69,414	8	0.73%
Washington County Detention Center					22,369,000	70,567	7	0.74%
Oak Ridge Apartments					19,383,600	68,945	9	0.72%
Totals	<u>662,665,500</u>	<u>\$ 2,396,969</u>		26.15%	<u>756,496,000</u>	<u>\$ 2,242,904</u>		23.57%

Source: City of Hagerstown Billing Department.

City of Hagerstown, Maryland
Principal Wastewater Fund Customers
June 30, 2022

Customer	2022				2013			
	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing
Conagra	42,575,100	\$ 248,213	1	2.32%				
Meritus Medical Center	36,770,000	359,243	2	3.35%	34,858,500	\$ 256,382	1	2.56%
Cortpark LLC	24,228,900	141,254	3	1.32%	26,221,800	110,526	4	1.10%
Washington County Detention Center	18,766,000	183,344	4	1.71%	22,369,000	164,368	2	1.64%
Hagerstown Housing Authority/Noland Village	16,379,100	95,490	5	0.89%	14,206,500	59,639	9	0.60%
CM Offray, Inc.	15,662,000	91,309	6	0.85%	23,848,700	101,839	5	1.02%
Volvo Powertrain NA (Mack Trucks, Inc.)	8,642,200	84,434	7	0.79%	20,397,000	160,661	3	1.60%
Rosewood	5,874,500	57,394	8	0.54%				
WashCo Development	4,276,500	41,781	9	0.39%				
Robinwood Medical Center	2,584,100	25,247	10	0.24%				
Realty Investment Co (Hagers Apts)					19,034,000	84,382	6	0.84%
Brandywine (Youngstoun Apartments)					9,665,500	80,072	7	0.80%
Western Maryland State Hospital					15,680,500	67,121	8	0.67%
Good Humor Breyers, Inc.					8,248,500	58,426	10	0.58%
Totals	175,758,400	\$ 1,327,709		12.40%	194,530,000	\$ 1,143,415		11.41%

Source: City of Hagerstown Billing Department.

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Administrator	1.67	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
City Clerk	1.33	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Community & Economic Development (3)(7)	23.85	23.80	28.80	28.84	6.75	6.75	6.75	6.75	6.85	6.15
Public Information (3)	-	-	-	-	-	-	-	-	-	-
Subtotal Administration	26.85	26.80	31.80	31.84	9.75	9.75	9.75	9.75	9.85	9.15
Finance/Accounting (2)	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.40	8.40	8.00
Treasurer (2)	-	-	-	-	-	-	-	-	-	-
Information Technology, Communications & Support Services (4)	12.00	12.00	12.00	12.00	14.10	14.10	14.10	13.10	8.00	8.00
Billing/Customer Service (4)	-	-	-	-	-	-	-	-	9.00	9.00
Purchasing (2)	-	-	-	-	-	-	-	-	-	-
Human Resources	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Planning & Code Administration (3)(7)	-	-	-	-	20.00	20.00	20.00	20.00	20.00	20.00
Engineering (1)	29.72	29.63	29.63	30.64	30.65	30.92	30.92	26.41	26.27	24.75
Code Compliance (3)	-	-	-	-	-	-	-	-	-	-
Police Sworn	108.00	107.00	107.00	108.00	112.00	112.00	112.00	112.00	112.00	104.00
Police Administration/Civilian	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	16.00	16.00
Fire	83.00	83.00	83.00	83.00	83.00	83.00	83.00	78.00	78.00	78.00
Public Works	32.90	32.90	32.90	32.50	32.90	32.90	32.90	23.55	24.95	24.95
Parks & Recreation (1)	-	-	-	-	-	-	-	-	-	-
Stormwater (General Fund Operations)	-	-	-	-	-	-	-	5.86	3.86	-
Total General Fund	319.97	318.83	323.83	326.48	330.90	331.17	331.17	317.07	321.33	305.85
Electric	40.18	35.55	35.55	35.55	35.55	35.55	35.55	31.51	29.96	28.85
Water	55.02	55.02	55.02	54.52	54.52	54.52	54.02	50.36	48.67	50.60
Wastewater	47.76	47.76	47.76	48.26	48.26	48.26	48.76	46.56	46.95	45.55
Golf Course	2.37	2.53	2.53	2.52	2.52	2.25	2.25	2.25	2.24	2.24
Parking	2.20	2.20	2.20	2.40	2.20	2.20	2.20	2.20	2.80	2.80
Property Management (6)	0.90	0.90	0.90	1.10	0.90	0.90	0.90	0.90	0.90	0.90
Community Development Block Grant	2.20	2.21	2.21	2.01	2.00	2.00	2.00	2.00	2.00	2.70
Business Revolving Loan Fund	-	-	-	0.16	0.15	0.15	0.15	0.15	0.15	0.15
Stormwater (Enterprise Fund)	-	-	-	-	-	-	-	-	-	5.36
Approved City Staffing Levels	470.60	465.00	470.00	473.00	477.00	477.00	477.00	453.00	455.00	445.00
General Operations	117.07	116.94	121.94	123.75	123.05	123.32	123.32	114.22	117.48	110.70
Public Safety	206.00	205.00	205.00	206.00	210.00	210.00	210.00	205.00	206.00	198.00
Business-type Activities	147.53	143.06	143.06	143.25	143.95	143.68	143.68	133.78	131.52	136.30

(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
(8) Removed Telecenter, replaced with Stormwater Enterprise Fund
Source: City of Hagerstown Human Resource Department.

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire Department										
Responses to Fire calls	2,587	2,978	3,236	3,623	3,575	3,774	3,801	3,910	3,978	4,199
Average response time (in minutes)	3:06	4:38	4:14	4:14	4:29	4:15	4:26	4:52	5:10	2:58
Public fire education programs	825	1,288	1,302	1,029	1,131	1,187	1,222	978	26	35
Police Department										
Calls for service	60,764	61,329	61,250	54,762	55,519	61,944	55,224	55,224	50,085	80,702
Alarm calls (included in above number)	496	470	564	484	402	560	524	524	336	1,974
Parks and Recreation										
Claude M Potterfield Pool										
Total attendance at swimming pool	17,945	15,988	16,195	21,876	25,776	21,631	23,212	16,132	15,444	20,704
Average daily attendance at pool	285	222	176	264	293	254	273	249	178	233
The Greens at Hamilton Run										
Total attendance at golf course	9,998	10,026	11,736	10,759	10,006	11,133	12,835	15,717	21,397	20,620
Average daily attendance at golf course	37	41	48	55	53	43	45	55	58	56
Electric Department										
Number of active accounts	16,863	16,900	16,866	16,936	17,085	17,093	17,161	17,215	17,070	17,550
Number of meters (in use)	17,876	17,375	17,556	17,691	17,512	17,504	17,674	17,761	17,374	17,665
Kilowatt hours purchased	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	320,592,580
Kilowatt hours sold	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	311,510,119
System peak demand-kilowatts	66,100	68,144	67,655	60,680	60,850	67,464	69,608	60,071	62,687	62,860
Water Department										
Number of active accounts-City	13,088	13,082	13,112	13,215	13,324	13,369	13,422	13,499	13,786	13,821
Number of active accounts-County	15,430	15,387	15,632	15,778	15,967	16,100	16,288	16,436	16,591	16,955
Total number of active accounts	28,518	28,469	28,744	28,993	29,291	29,469	29,710	29,935	30,377	30,776
Daily average productions in million gallons										
R.C. Willson Plant (365 days)	11,559	11,423	11,317	11,700	11,000	10,010	10,250	10,340	10,800	11,840
Wm. M. Brechner Plant (365 days)	-	-	-	-	-	-	-	-	-	-
Greatest consumption for a single day	13,65	14,30	14,12	14,54	12,85	12,04	12,21	11,58	12,80	12,23
Plant pumping capacity per day	20	20	20	20	20	20	20	20	20	20
Average daily metered consumption	7,729	8,129	8,244	8,160	7,980	7,680	7,706	7,797	7,831	7,856
Wastewater Department										
Number of active accounts-City	12,795	12,764	12,853	12,930	13,060	13,107	13,157	13,229	13,382	13,558
Number of active accounts-County	2,902	2,889	2,912	2,934	2,976	2,987	3,032	3,071	3,111	3,137
Number of active accounts-District (USA)	3,476	3,516	3,577	3,633	3,670	3,729	3,765	3,821	3,868	3,942
Number of active accounts-Total	19,173	19,169	19,342	19,497	19,706	19,823	19,954	20,121	20,361	20,637
Daily average of sewage treated (million gallons)(including inflow and infiltration)	6,550	7,080	6,940	7,020	6,700	0,300	10,600	5,560	5,810	5,826
Daily average plant capacity (rated optimum efficiency)/(million gallons)	10,500	10,500	8,000	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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Parking Facilities Department										
Parking Deck:										
Number of Parking Spaces	625	625	625	625	625	625	625	625	625	625
Number of Permit Parkers	485	485	729	693	605	570	596	615	613	628
Operating Revenue:										
Meter Fees	\$ 182,763	\$ 187,460	\$ 189,227	\$ 180,153	\$ 170,999	\$ 168,717	\$ 167,100	\$ 122,885	\$ 91,831	\$ 132,826
Permit Fees	\$ 179,250	\$ 198,800	\$ 181,425	\$ 157,777	\$ 19,731	\$ 191,471	\$ 213,612	\$ 150,989	\$ 189,265	\$ 185,660
Deck	\$ 421,341	\$ 400,545	\$ 426,571	\$ 500,368	\$ 528,540	\$ 439,464	\$ 485,666	\$ 353,246	\$ 362,802	\$ 541,911
Parking ticket violations issued	8,838	8,427	8,684	7,985	8,587	11,985	11,314	7,928	10,674	12,817
Net parking fines	\$ 113,540	\$ 107,135	\$ 118,225	\$ 118,163	\$ 127,708	\$ 183,458	\$ 164,966	\$ 85,325	\$ 156,251	\$ 149,032
Sanitation										
Number of Waste Collection and Disposal Accounts	14,341	14,278	14,324	14,412	14,364	14,586	14,666	14,759	14,913	15,026
Residential	38	53	60	68	-	-	24	33	36	74
Commercial (Trash only)										
Special Revenue Funds										
Number outstanding loans:										
Community Development Block Grant										
Single family	4	4	4	2	5	7	13	14	18	19
Residential Rental	6	6	12	9	9	9	8	7	6	6
Commercial	2	2	2	2	2	2	1	0	0	0
Deferred	36	35	36	35	37	35	36	36	35	35
Public facilities and improvements	4	4	4	3	4	4	2	2	2	2
Homeownership	4	4	5	5	5	6	4	4	4	3
Direct Homeownership	7	7	6	5	10	9	5	5	5	5
Business Revolving Loans	12	12	16	18	12	10	16	16	15	15
Total	75	74	85	79	84	82	85	84	85	85
Outstanding loan balances:										
Community Development Block Grant										
Single family	\$ 20,335	\$ 11,896	\$ 6,695	\$ 2,951	\$ 35,592	\$ 44,427	\$ 155,380	\$ 138,205	\$ 264,216	\$ 304,968
Residential Rental	716,986	696,938	813,401	795,402	656,671	688,176	871,961	836,582	560,723	532,012
Commercial	167,887	145,980	21,564	106,983	234,099	261,116	19,464	0	0	0
Deferred	783,641	758,431	804,257	839,607	797,529	863,392	893,032	882,717	879,096	877,216
Public facilities and improvements	548,366	584,687	546,291	324,546	671,463	715,276	267,712	254,897	244,505	232,849
Homeownership	117,211	109,331	101,600	93,023	217,964	266,411	73,399	67,674	62,910	45,486
Business Revolving Loans	732,901	773,247	903,163	1,202,994	830,909	686,774	1,107,384	1,096,066	1,085,940	1,223,678
Total	\$ 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	\$ 3,216,209
Program income (interest and loan repayments)										
Community Development Block Grant										
Single family	\$ 12,748	\$ 9,447	\$ 5,763	\$ 4,040	\$ 8,879	\$ 99,941	\$ 10,924	\$ 57,055	\$ 21,992	\$ 23,586
Residential Rental	47,244	46,853	149,291	32,477	57,651	58,745	75,132	60,631	295,905	44,425
Commercial	21,564	25,001	21,564	21,564	33,280	23,892	21,563	19,766	0	0
Deferred	20	20,550	3,544	0	2,561	2,301	26,239	35	35	20
Public facilities and improvements	57,383	55,438	55,991	235,477	69,578	68,309	20,474	19,386	15,556	20,534
Homeownership*	110,599	10,865	8,623	10,363	66,183	22,805	11,201	6,762	5,392	4,310
Business Revolving Loans	55,780	73,135	73,657	73,273	85,714	175,432	257,876	66,000	233,081	62,262
Total	\$ 305,338	\$ 241,289	\$ 318,433	\$ 377,194	\$ 323,846	\$ 451,425	\$ 398,719	\$ 255,839	\$ 571,961	\$ 155,137

Source: Corresponding City Department.
*Note: Includes sale of 3 homes for \$100,000 in 2013
As of 2021, Fire Dept. no longer tracks Responses to Fire Alarms or Persons in Attendance at Public Education

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire Department										
Number of stations (4 volunteer, 1 City owned)	6	6	6	6	6	5	5	5	5	5
Police Department										
Number of Stations and Substations	3	3	3	3	3	3	3	4	4	4
Public Works Department										
Miles of paved streets and alleys	151.75	151.88	152.10	153.90	154.39	154.39	154.62	154.62	154.79	155.04
Number of signalized intersections	132	131	132	133	136	136	136	136	137	137
Parks and Recreation										
Parks and Playgrounds (307 acres)	18	19	19	20	21	22	22	23	23	29
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	0
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	430	430	430	430	431	441	443
Fire hydrants	814	825	814	824	824	831	825	845	886	886
City	1,318	1,337	1,318	1,354	1,361	1,372	1,387	1,392	1,393	1,405
County										
Wastewater Department										
Number of City owned pumping stations	25	25	25	23	23	23	23	23	23	23
Miles of collection system-City owned	156	157	156	157	157	157	157	158	185	185
Parking Facilities Department										
Number of Lots	7	7	7	7	8	7	7	7	7	13
Number of Parking Spaces (Metered or Rented)										
Lots	701	701	701	701	716	716	699	699	699	713
Streets	374	372	372	372	376	376	333	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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IMAGINE
HAGERSTOWN

FOURTH FRIDAY MUSIC SERIES
5-8 pm @ University Plaza
May 27, June 24, July 22
August 26, September 23

HAGERSTOWN **arts & entertainment DISTRICT**

imaginehagerstown.org

DOWN TOWN

