



Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2023



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City of Hagerstown



Annual Comprehensive Financial Report Fiscal Year 2023

July 1, 2022 - June 30, 2023

Prepared by:

Finance and Accounting

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City Council



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City of Hagerstown
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For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



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October 31, 2023

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, 2023.

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, 2023, 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, 2023, 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 12.75 square miles and serves a population of 43,701 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 100 through 102 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 103 through 112.

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. There continues to be lasting effects of the Coronavirus (COVID) pandemic to organizations across the nation. The City of Hagerstown has not been immune and the largest impact financially in FY22/23 is the increasing demands of payroll and employees which require greater flexibility in the workplace and starting salary requirements that are difficult to achieve. The current trend of an employee driven market is making recruitment and retention for all positions across the City more difficult than historical experience. The demand for staff continues to be higher than those available and seeking employment which has necessitated salary increases for FY22/23 at levels higher than normal. Another result of the current job market is the length of time to fill some vital positions is greatly increasing which can lead to longer delays in some services. Some of the struggles in the workforce are reflected in the local economic statistics captured below. Despite these trends and through continued commitment to its fiscal management practices, the City has maintained operations of all existing services to the community.

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 October 24, 2023, approximately \$7.5M was spent; \$10.7M encumbered or approved; and the remaining \$2.2M allocated or planned for certain programs or projects. In total, \$6.2M of all the funding is being utilized under the IRS guidelines of revenue replacement items. The City had a special grant committee that worked in conjunction with Mayor and Council to determine the initial spend plan and has quarterly update meetings. During the end of FY22/23, Mayor and Council approved a non-profit program that will provide \$600K towards non-profits dependent upon scoring matrix and eligibility. The non-profit organizations will be discussed throughout November with notification being sent to all organizations that applied by December 2023.

By utilizing the accounting and fiscal policies shown throughout 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 5.3% in June 2022 to 2.1% in June 2023; and, the most recent figure for August 2023 is fairly constant at 2.4% from a high of 14.1% in April 2020. The state of Maryland unemployment rate in June 2023 was 2.0%, and Washington County overall was 1.8%. Conversely the average employment for Washington County in June 2023 reflected a slight decrease to 69,739 compared to the June 2022 average of 69,960 which still has not achieved the same level as pre-COVID employment average of 73,077 in June 2019. The Hagerstown metropolitan per capita income for June 2023 (\$51,102) increased compared to June 2022 (\$47,759) which represents the largest increase (7%) in a single year for this area in a decade.

FY22/23 was the third 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 \$1.4 million over FY21/22 revenue dollars. Property tax revenue comprised approximately 65% of the City's total general fund revenue sources in FY22/23.

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 three years have included seven parcels near the Valley Mall with combined assessed values of \$45 million; two agreements that include speculative warehouse centers that will encompass 2.1 million square feet and border other contiguous properties with pre-annexation agreements; and completed annexation of a 116-acre farm with residential zoning. There are currently plans under review for another two annexation petitions for residential development on 108 acres of land. In the downtown area, there are a variety of redevelopment efforts underway with a current estimated value of \$24.3 million in investment. Construction has started on a 1.95 million square feet warehouse on Edgewood Drive. In addition, there is a new multi-use sports and events center stadium being built in the downtown area by private organizations with funding support by the State of Maryland.

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.

Finally, 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 FY23/24 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 FY22/23 unassigned fund balance for the General Fund was \$18.4 million or 39.6% of total General Fund expenditures (excluding the transfers to other funds). This represents 4.7 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 have been completed. The proposed Hagerstown Field House will be a 114,000 square foot indoor recreation facility that includes two turf fields, six hard courts, E-sports area, fitness area, restaurant, kids' zone and other space to support operations. 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. Extensive interviews with dozens of existing local sports and recreation stakeholders and user groups were conducted as part of the initial demographic analysis. During FY22/23, a developer's agreement has been executed, a twenty-year lease agreement with *ESM* is being drafted, the construction of the facility was formally bid and is anticipated to be awarded in October with formal approval and vote by Mayor and Council. The facility is anticipated to be completed by January 2025.

Last, the City began work on a new parking deck. The Hub City Garage will be a five-level parking deck with a capacity of 397 vehicles, authorized for construction by the City Council in March 2023. During normal workdays, the deck will help to service the parking needs of the businesses and agencies in the downtown core. The garage will also provide parking for the nearby Multi-Use Sports and Events Center stadium, which will host semi-professional baseball games, concerts, and other sporting events. The garage will be a supporting catalyst for the redevelopment and revitalization of downtown Hagerstown. The new parking garage is expected to be completed in June 2024.

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 FY22/23, the City reserved a total of \$855K to be utilized for the Invest Hagerstown program incentives.

The City has a long history of creating and maintaining an impressive public park system. In February 2023, the City Council authorized construction of the first phase of improvements at Wheaton Park, which serves the Jonathan Street community. The first phase included the installation of a misting pad, parking lot improvements, and other amenities and will be completed by November 2023. Future phases will include the installation of a permanent stage/bandshell for use during concerts and events, and a new nature-focused play area.

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.

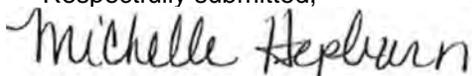
Awards and Acknowledgements

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, 2022. This was the twenty-seventh 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 Senior Financial Accountant, Jeffrey Lear and Senior Accountant, Heidi Herman 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hagerstown
Maryland**

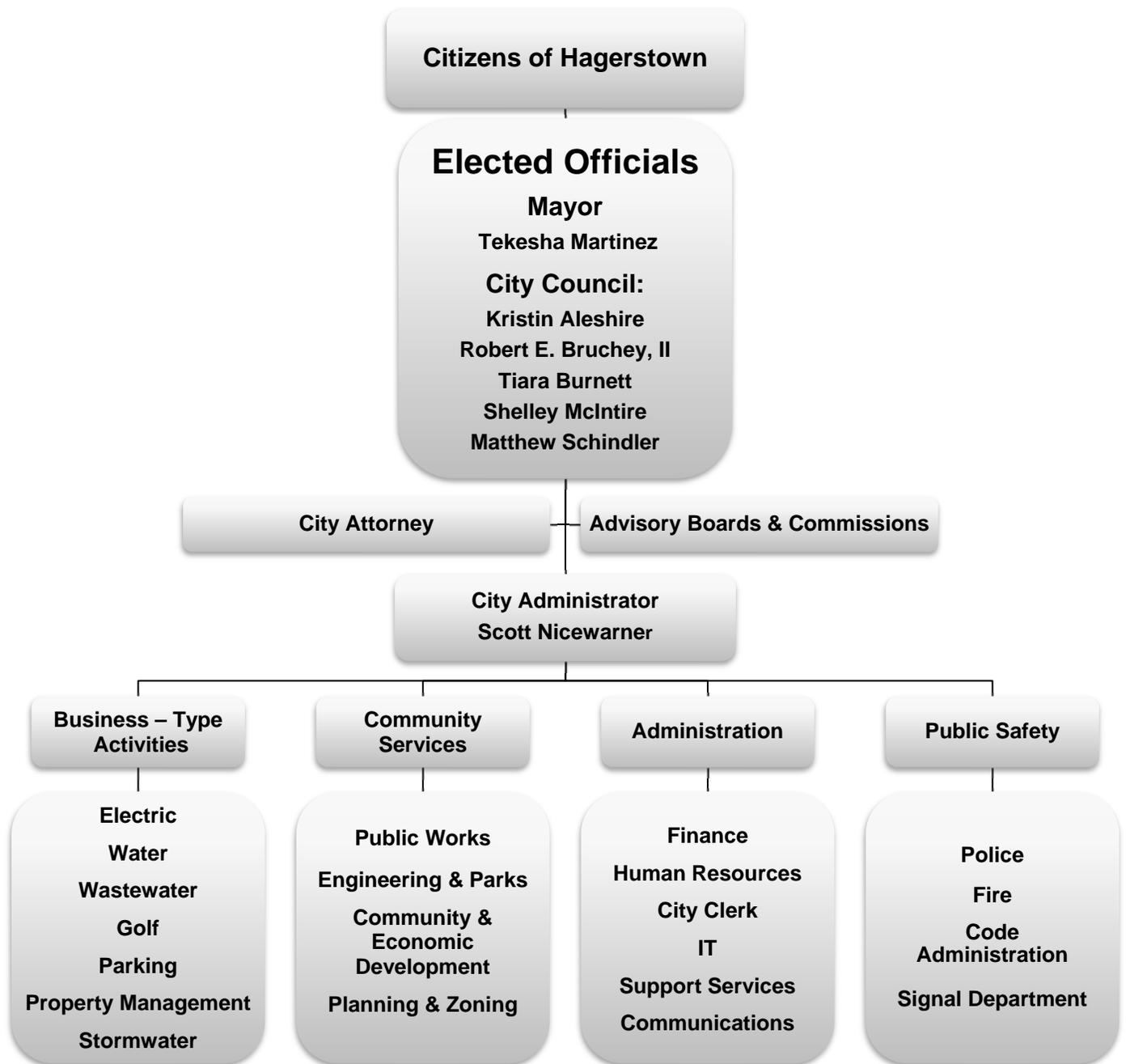
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

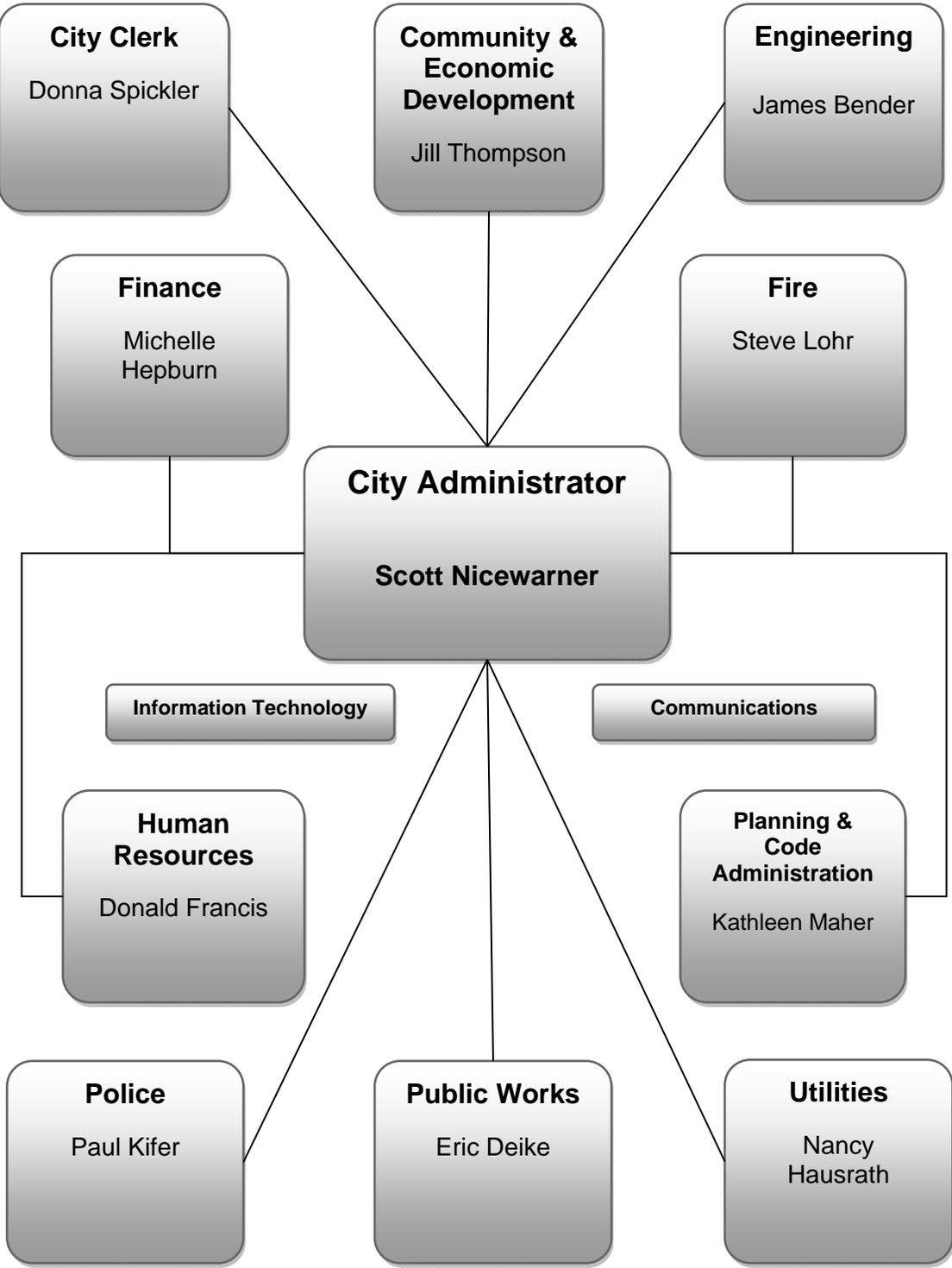
Christopher P. Morill

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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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, 2023, 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, 2023, 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 Plan, 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 Plan 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 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 30, 2023

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, 2023. 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 \$239.5 million (*net position*). Approximately 73.5% of this amount is attributable to the City's three utilities (Electric, Water and Wastewater). Of the total net position, there is negative <\$4.9> million (*unrestricted net deficit*) (attributable to the City's total net pension liabilities of \$75.9 million and to the City's total net OPEB liabilities of \$26.1 million), \$4.4 million is restricted for specific purposes (*restricted net position*), and \$240.0 million is net investment in capital assets. The City's combined pension and OPEB liabilities increased over prior year by \$4.3 million. While the unrealized gains rebounded over prior year's market values, this growth in liability reflects a change in actuarial discount rate from 5.16 % to 5.10% in the Police & Fire pension fund. The overall pension plan is an item continuing to be 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 \$34.6 million. Of this total amount \$18.4 million is unassigned and represents working capital available to support governmental operating needs and future years' capital project expenditures.
- The City's total net bonded debt increased by \$6.3 million during the current fiscal year from \$51.8 million to \$58.1 million. The change was driven by a new \$10.6 bond anticipation note issued for the construction of the City's new parking garage. The City's adherence to its amortization schedules for existing debt reduced its debt by \$4.3 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 surplus of revenues over expenditures and other financial sources and uses by \$3.3 million after making a \$3.4 million transfer to the Capital Projects Fund, operating transfers of \$0.1 million to the Golf Course Fund, \$0.6 million to the Economic Redevelopment toward acquisition of land for new parking garage, and \$1.2 million to the Economic Redevelopment Fund for economic program initiatives and incentives. There was no change in tax rates for FY22/23 which remained 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 \$1.4 million higher in FY22/23 for total revenue of \$36.0 million. Last, other than tax revenue, all other revenue sources combined experienced growth by \$2.7 million over prior FY21/22 amounts; and all other expenses, excluding transfers to other funds, increased by \$2.1 million.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18.4 million or 39.6% of total General Fund expenditures (excluding the transfers to other funds described above). This represents 4.7 months of General Fund expenditures and continues to comply 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 23 and 24 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 28 of this report. The other governmental fund financial statements can be found on pages 100 through 111.

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 30 to 34 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 35 to 36 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 37 to 93.

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 94 to 99 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 \$239.5 million and \$229.2 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 (100.2% or \$240.0 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 \$4.4 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 <\$4.9> million (negative 2.0% 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 \$37.2 million and the unrestricted net position portion for governmental activities has a negative balance of <\$42.1> million.

It is important to note that the City has a total of \$75.9 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 \$26.1 million. This total \$102.0 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, 2023 and 2022**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets:						
Current assets	\$ 40,721,967	\$ 36,459,933	\$ 50,249,125	\$ 45,142,206	\$ 90,971,092	\$ 81,602,139
Long-term and restricted assets	22,128,601	23,253,413	19,745,754	8,010,184	41,874,355	31,263,597
Capital assets, net	93,995,461	90,562,591	193,342,942	195,656,333	287,338,403	286,218,924
Total Assets	<u>156,846,029</u>	<u>150,275,937</u>	<u>263,337,821</u>	<u>248,808,723</u>	<u>420,183,850</u>	<u>399,084,660</u>
Deferred outflows related to OPEB	1,988,665	3,091,836	881,733	1,308,883	2,870,398	4,400,719
Deferred outflows related to pensions	16,720,185	19,626,201	2,108,225	2,528,931	18,828,410	22,155,132
Total Deferred Outflows	<u>18,708,850</u>	<u>22,718,037</u>	<u>2,989,958</u>	<u>3,837,814</u>	<u>21,698,808</u>	<u>26,555,851</u>
Liabilities:						
Long-term liabilities	101,361,746	99,106,918	58,318,212	49,896,159	159,679,958	149,003,077
Other liabilities	28,082,456	29,302,418	9,447,983	8,836,380	37,530,439	38,138,798
Total Liabilities	<u>129,444,202</u>	<u>128,409,336</u>	<u>67,766,195</u>	<u>58,732,539</u>	<u>197,210,397</u>	<u>187,141,875</u>
Deferred inflows related to OPEB	2,470,641	719,383	1,095,431	304,540	3,566,072	1,023,923
Deferred inflows related to pensions	890,501	4,801,851	695,149	3,462,099	1,585,650	8,263,950
Total Deferred Inflows	<u>3,361,142</u>	<u>5,521,234</u>	<u>1,790,580</u>	<u>3,766,639</u>	<u>5,151,722</u>	<u>9,287,873</u>
Net Position:						
Investment in capital assets, net	80,391,365	75,823,002	159,569,273	158,700,731	239,960,638	234,523,733
Restricted	4,433,936	4,333,666	-	-	4,433,936	4,333,666
Unrestricted	(42,075,766)	(41,093,264)	37,201,731	31,446,628	(4,874,035)	(9,646,636)
Total Net Position	<u>\$ 42,749,535</u>	<u>\$ 39,063,404</u>	<u>\$ 196,771,004</u>	<u>\$ 190,147,359</u>	<u>\$ 239,520,539</u>	<u>\$ 229,210,763</u>

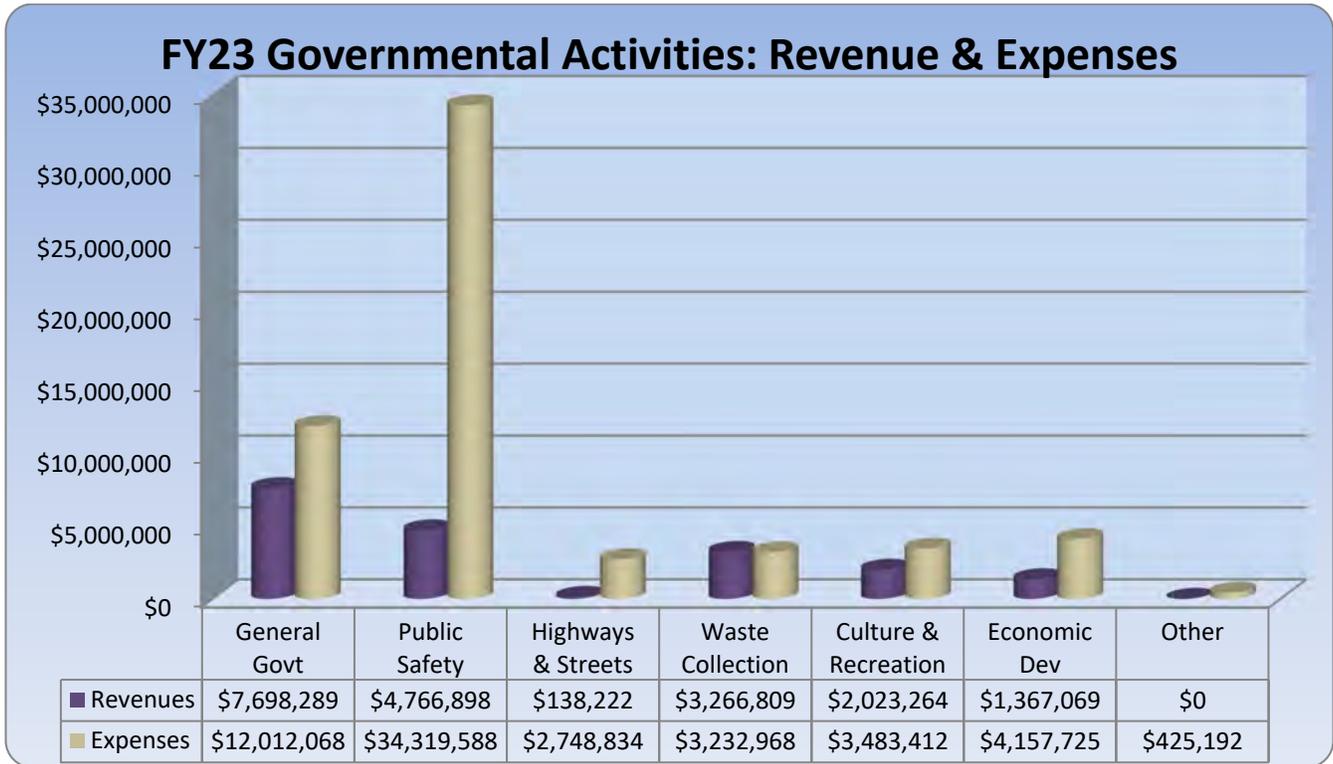
The following table indicates the changes in net position for governmental and business-type activities:

	Changes in Net Position					
	June 30, 2023 and 2022					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 9,144,834	\$ 8,917,531	\$ 56,261,546	\$ 58,192,082	\$ 65,406,380	\$ 67,109,613
Operating grants and contributions	3,079,245	2,053,740	-	140,695	3,079,245	2,194,435
Capital grants and contributions	7,036,472	4,155,845	3,478,438	5,806,552	10,514,910	9,962,397
General Revenues:						
Property taxes	36,004,233	34,592,251	-	-	36,004,233	34,592,251
Income and other taxes	8,116,910	7,772,394	-	-	8,116,910	7,772,394
Miscellaneous	1,657,124	283,825	1,079,566	16,300	2,736,690	300,125
Total Revenues	65,038,818	57,775,585	60,819,550	64,155,629	125,858,368	121,931,214
Expenses:						
Program Expenses:						
General government	12,012,068	10,360,130	-	-	12,012,068	10,360,130
Public safety	34,319,588	31,231,769	-	-	34,319,588	31,231,769
Highways and streets	2,748,834	2,632,966	-	-	2,748,834	2,632,966
Waste collection and disposal	3,232,968	2,926,233	-	-	3,232,968	2,926,233
Culture and recreation	3,483,412	3,379,595	-	-	3,483,412	3,379,595
Economic and community development	4,157,725	4,866,019	-	-	4,157,725	4,866,019
Interest on long-term debt	425,192	466,867	-	-	425,192	466,867
Utilities and other proprietary funds	-	-	55,168,805	55,515,383	55,168,805	55,515,383
Total Expenses	60,379,787	55,863,579	55,168,805	55,515,383	115,548,592	111,378,962
Excess (deficiency) before transfers	4,659,031	1,912,006	5,650,745	8,640,246	10,309,776	10,552,252
Transfers	(972,900)	(817,249)	972,900	817,249	-	-
Change in net position	3,686,131	1,094,757	6,623,645	9,457,495	10,309,776	10,552,252
Net position - beginning	39,063,404	37,968,647	190,147,359	180,689,864	229,210,763	218,658,511
Net Position - Ending	\$ 42,749,535	\$ 39,063,404	\$ 196,771,004	\$ 190,147,359	\$ 239,520,539	\$ 229,210,763

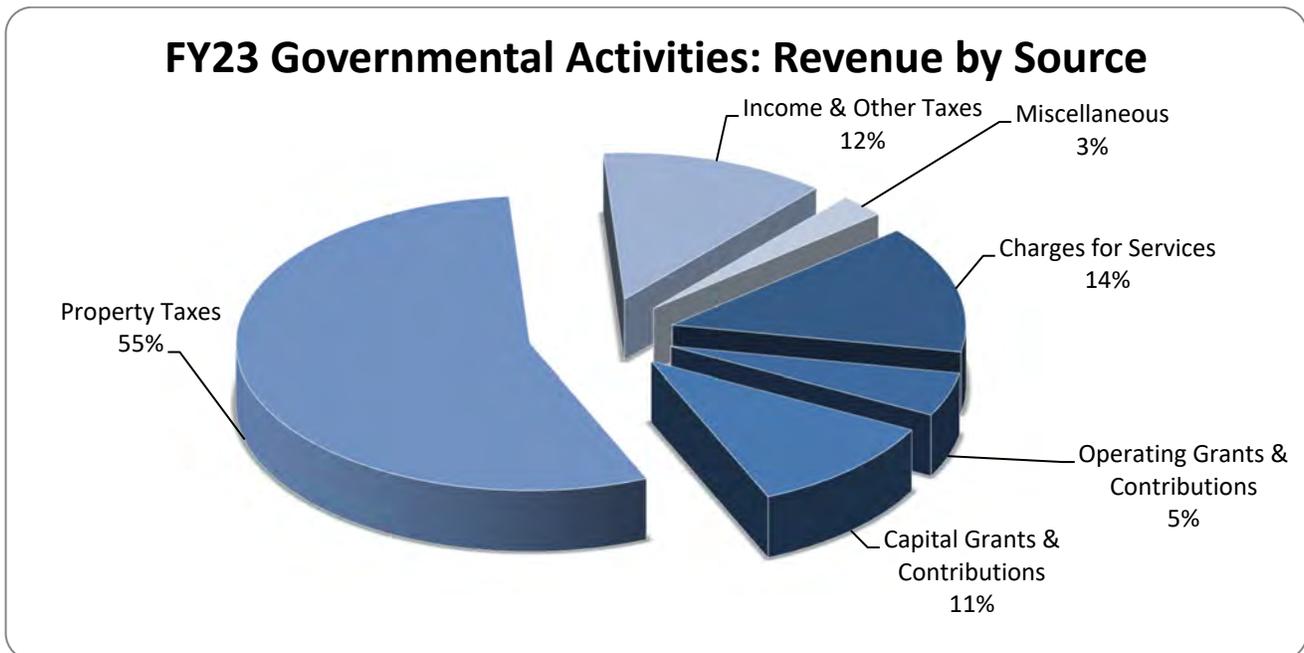
Governmental activities: General revenues for the governmental activities (excluding Transfers to Other Funds) were \$45.8 million, while total expenses, net of charges for services, grants and contributions, were \$41.1 million. Last, the total transfers to other funds were \$1.0 million. The resulting increase in net position for governmental activities was \$3.7 million and can be largely attributed to the following:

- The City's General Fund had a \$3.3 million surplus due to the excess of revenues over actual expenses. This surplus is a result of increased total property tax revenues from growth assessed values related to existing properties, new commercial development, and new annexations. In addition, State income tax, building permits, refuse collection fees, one-time grant revenues, and interest on investments reflected growth over prior year and final budget. Offsetting the revenue growth, most departmental expenses increased over prior year totals due to salary increases, rising credit card and legal fees, increased trash contracted services, and returning to more normal workload and project schedule. Debt service requirements were slightly lower than the prior year since there have been no new bond issues. The overall result is expenses in total were \$2.0 million over prior FY21/22.
- A \$2.6 million increase is a result of all other governmental funds including the Capital Improvement Fund. The Capital Improvement Fund had a \$2.5 million change in fund balance as a result of timing of local funding versus spending, primarily from three larger projects: the Hagerstown Field House, widening and reconstruction of Professional Court Extension, and improvements in City owned Fire Facilities. In addition, the Grant Fund had \$59K surplus due to timing of opioid litigation funding versus spend and Economic Redevelopment Fund had \$51K surplus. The remaining funds (Community Development Block Grant, Flexible Spending, Business Revolving Loan Fund, and the Forest Conservation Fund had deficits or very minimal gains in FY22/23.
- A \$2.3 million decrease is a result of the City's necessary adjustments for Statement of Net Position. The majority of this decrease is from two items. First item is cost related to pension liability increases, declining pension plan investment asset balances, and increased recognized pension expense. The second is a larger amount of internal services allocation from the combined Workers Compensation Fund, Health Insurance Fund, and Dental Insurance Fund. The largest offsetting factor was related to capital infrastructure additions exceeded depreciation expense for capital assets. Please see the reconciliation schedule from the Governmental Funds to the Statement of Activities on page 28 for further details.

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



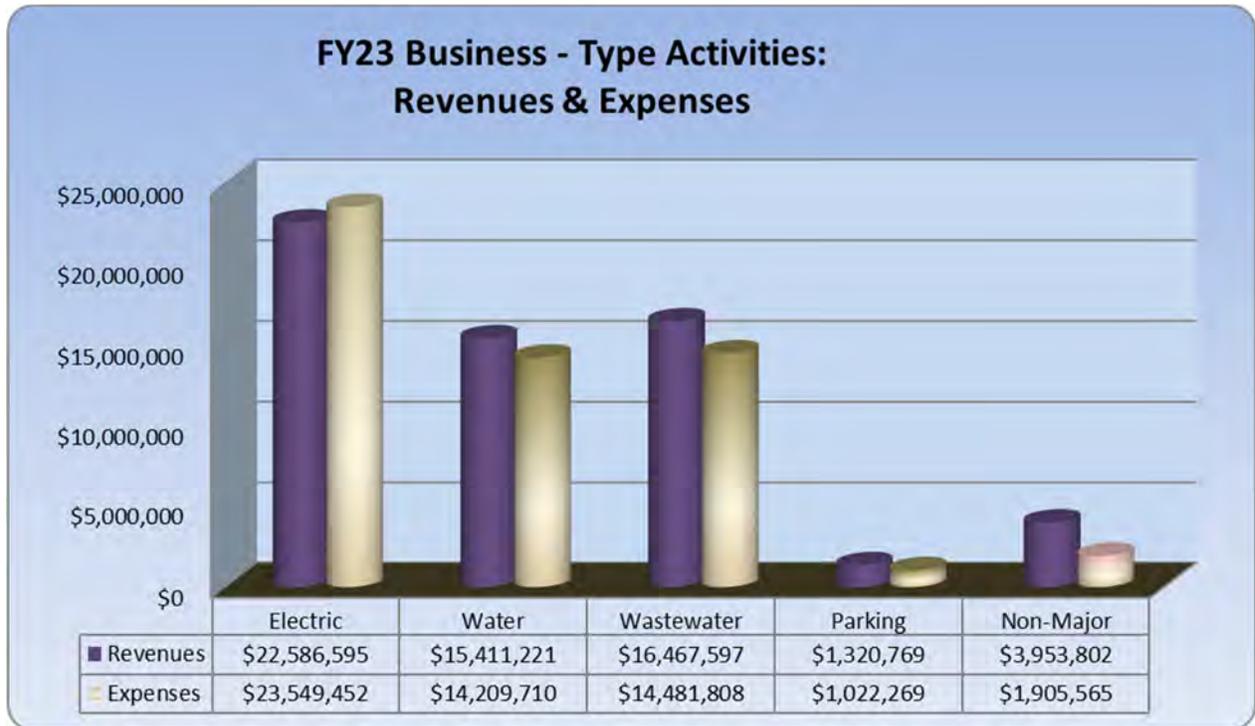
*Please note that the chart above only includes revenue directly associated to each category and excludes \$44.8 million in general property tax, income tax, investment earnings, transfers and other miscellaneous revenue generated in FY22/23.



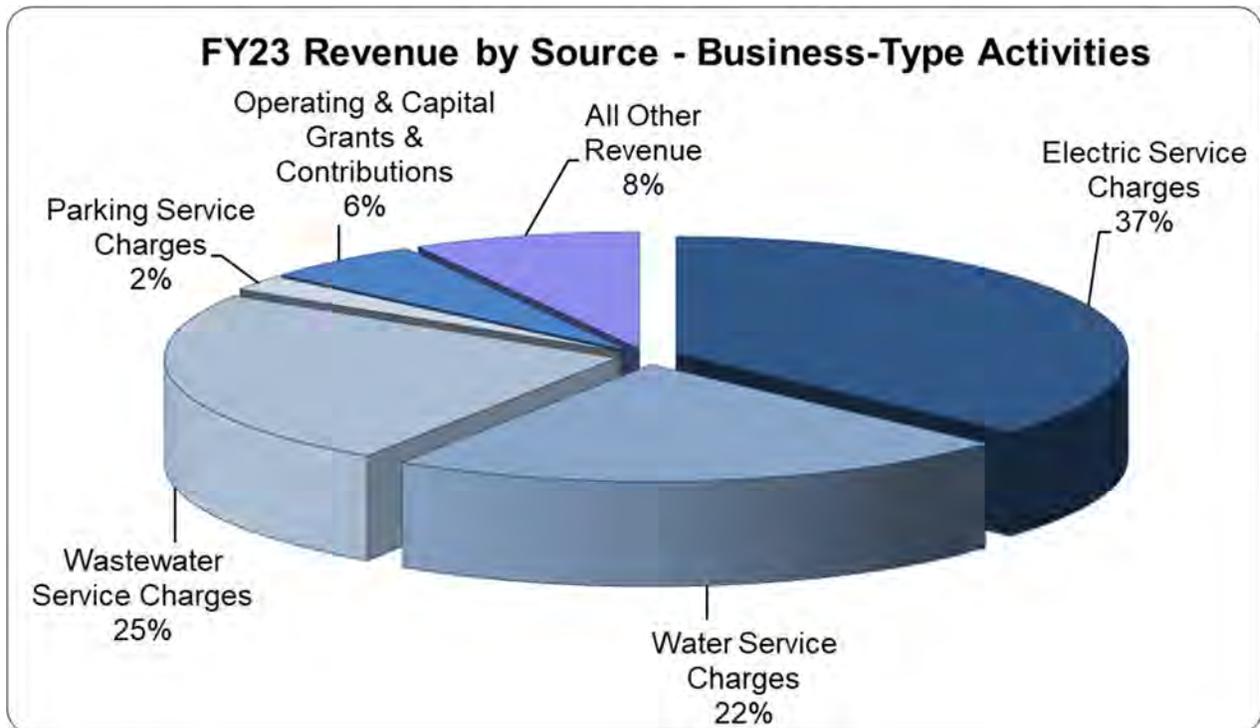
Business-type Activities: Business-type activities increased the City of Hagerstown's net position by \$6.9 million. Key elements of this increase are as follows:

- Water, Wastewater, Parking, Golf, and Stormwater Management Funds had positive changes in net position, or revenues in excess of expenses, while Electric and Property Management had the opposite trend. The following is the breakdown of the positive net changes: \$1.7 million in the Water Fund, \$2.4 million in the Wastewater Fund, \$1.1 million in the Parking Fund, \$0.1 million in the Golf Fund, and \$2.3 million in the Stormwater Management Fund. The following is the breakdown of the negative net changes: <\$0.6> million in the Electric fund and <\$0.1> million in the Property Management Fund.
- Transfers in to the business-type activities account for \$1.0 million in revenue. These transfers were primarily for Golf Course operations, a Parking Fund transfer from the Economic Redevelopment Fund for the new Hub City Garage, 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 \$0.2 million, the Water fund received \$1.7 million, the Wastewater fund received \$1.4 million, Golf received \$49K, and Stormwater management received \$30K during the current fiscal year.
- Maryland State Retirement Pension expense and OPEB expense recognized in the FY22/23 in the Electric, Water and Wastewater funds were \$0.6 million and \$0.5 million respectively and the reductions are included in total overall expenses. The business funds reflect the same trends as experienced in the governmental funds with overall growth in pension liability, declining pension plan assets, and overall increased recognized pension expense.

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 \$2.1 million in general investment earnings, transfers, and transfers of long-term debt between City funds generated in FY22/23.



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 \$34.6 million, an increase of \$6.0 million from the prior year. Approximately 53.1% of the total fund balance (\$34.6 million) constitutes *unassigned fund balance* (\$18.4 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 (\$0.8 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 (\$0.6 million).
- 3) *Assigned* fund balance represents amounts reserved for tentative management plans that are subject to change and include encumbrance balances at June 30 (\$12.6 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 \$18.4 million, while total fund balance equaled \$20.7 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 39.6% of total General Fund expenditures or 4.7 months of fiscal expenditures.

**City of Hagerstown
Governmental Fund Balances**

	Total Fund Balance		
	2023	2022	Variance
General Fund			
Nonspendable	\$ 847,316	\$ 508,641	\$ 338,675
Committed	-	250,000	(250,000)
Assigned	1,496,681	1,068,047	428,634
Unassigned	18,383,408	15,573,818	2,809,590
Subtotal	20,727,405	17,400,506	3,326,899
Capital Improvement Program			
Nonspendable	-	-	-
Restricted	151,794	146,233	5,561
Assigned	9,280,027	6,770,999	2,509,028
Subtotal	9,431,821	6,917,232	2,514,589
Non-Major Governmental			
Restricted	2,076,441	2,024,715	51,726
Committed	576,827	606,008	(29,181)
Assigned	1,780,668	1,691,281	89,387
Subtotal	4,433,936	4,322,004	111,932
Total Governmental Fund Balances	\$34,593,162	\$28,639,742	\$ 5,953,420

The fund balance of the General Fund increased by \$3.3 million during the current fiscal year. This increase is due to actual revenues exceeding expenditures. Below are some key elements for FY22/23:

2023 Actual compared to 2022 Actual.

Revenues were higher than prior year by \$4.1 million.

- Total property taxes of \$36.0 million grew by \$1.4 million. The 4.1% increase is a result of growth in 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 only grew by \$0.2 million or 14.3%. This increase reflects the new warehouse developments and timing of filing of tax returns to the state.
- All other revenue categories in the general fund were a combined \$2.7 million higher than FY21/22.
 - Income and other taxes grew overall by \$0.9 million due primarily to timing

and state return filings; an increase in Enterprise Zone Tax Credits related to new economic development growth; increase to total state aid for police protection back to levels received historically.

- Intergovernmental Grants increased \$0.6 million in FY22/23. This reflects spending more of the ARPA grant funding that this City received specifically towards temporary Grant Coordinator position; temporary Community Liaison Coordinator position; and pass-through of \$0.1 million to other organizations on eligible programs.
- Unallocated General Revenues represented \$1.2 million of the increase. In FY21/22, interest on investments was extremely low and barely covered associated banking fees due to overall market rates. In FY22/23 the increases by the Federal Reserve resulted in the market interest rates growth and the City's total cash balances were higher to generate more interest.

Expenses (excluding transfers to other funds) were higher than prior year by \$2.1 million.

- Overall public safety expenditures were \$2.0 million more than FY21/22. The primary reasons for this amount of growth in expenditures is related to salary increases negotiated and increased overtime in the Fire department and Police Patrol which combined grew by \$1.7 million even with funded vacancies experienced. As a result of the increased salaries and overtime, benefits increased combined by \$0.3 million.
- All other departments and cost centers (excluding public safety) collectively were higher than FY21/22 by \$0.1 million. Most all other departments were slightly higher than FY21/22 in total expenses but were offset by decreases in snow removal costs due to less weather events, lower retiree health insurance claims paid, and decrease in annual debt services as there has been no new bond issues. The largest areas of increased costs were related to: contracted services for trash, landfill, and recycling costs; credit card fees associated with continued growth of the improved online customer payment portal; pool contracted services related to salaries; and vehicle gasoline with jumps in pricing nationwide experienced.

2023 Actual compared to 2023 Budget.

Revenues were over budgeted projections by \$1.4 million.

- Total property taxes of \$36.0 were above projections by \$0.8 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 2.4% is a result of new commercial development, new annexations and overall market value increases for existing properties. FY22/23 reflects the third 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 FY22/23 budget levels.
 - Income and Other Taxes were higher than projections due to the tax filing deadlines and timing changes for companies on when to file tax withholding data. Also, there was a partial year with increase in overall tax withholding from 2.8% to 3.2% which was lowered back down mid-year in January 2023. State minimum wage changes and employee driven market are also contributing factors on the increase in overall tax income. Last, there was some increase in Hotel/Motel Room Tax revenue which continues to rebound post COVID closures and more events happening.
 - Overall Licenses and Permits were higher than projections due to Building Permits due to timing of another new development plan moving not anticipated

- at the time of budget completion.
 - Most all other revenue categories offset with slight fluctuations from budget completion to actual receipts.
- Other Financing Sources offsets the other revenue increases by <\$1.1> 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 \$1.9 million.

- Overall public safety expenditures were under budget by \$1.4 million as a result of vacant positions in the Police department despite salary increases and increased overtime costs related to the vacancies. 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, continued 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 \$0.5 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 \$20K under budget due to timing of interest payments applied.

Transfers to other funds were under budgeted projections by \$0.2 million.

- Fund balance transfers for planned capital infrastructure improvements were \$0.2 million under FY22/23 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 \$9.4 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 (\$9.3 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 \$2.5 million during the current fiscal year. This increase is due to actual revenues exceeding expenditures. Below are some key elements for FY22/23:

2023 Actual compared to 2022 Actual.

Revenues were higher than prior year by \$2.9 million.

- Intergovernmental grant revenue grew \$0.3 million over prior year as a result of the timing of projects completing. There are a few FY22/23 projects that received grant dollars including some Parks play equipment, Fairgrounds stable roof, Skatepark construction. The utilization of ARPA funding for various items: renovations of 32 North Potomac building acquired for improvement customer service; OS365 software implementation; drones for the Police Department; and improved air handling system at the Ice Rink.
- Total contributions and donations increased by \$2.5 million as a result of four new street dedications (Gypsum Lane, Granite Drive, Gneiss, and Calcite Drive) and a \$1.2 million contribution toward the Hagerstown Field House from Washington County forgoing 911 payments.
- Other financing sources were <\$2.4> million lower than FY21/22 due to less transfers from the General and CDBG funds. CDBG funding sources only happen once work and invoices are generated. The transfers were decreased as a result of completion on timing of projects being funded. In addition, the General Fund provided one-time additional surplus funding in FY21/22 toward the Hagerstown Field House that did not repeat in FY22/23.

Expenses were higher than prior year by \$0.3 million.

- There were more project completions that happened than in prior FY21/22. In addition, there was \$1.0 million in final design and renovation/construction that happened at the City Hall Annex building at 32 N Potomac Street that did not happen in FY21/22.

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 <\$0.3> million for the Electric Fund, \$17.8 million for the Water Fund, and \$8.7 million for the Wastewater Fund. The total increase in all proprietary funds net position was \$6.6 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 100.

Original Budget compared to Final Budget.

The final budgeted revenues, expenditures, and transfers to other funds decreased by \$185.0K over the original budget.

Total revenue changes reflected are a decrease of \$1.0 million. There were changes in revenue categories made primarily for property tax revenue, interest on investment market rate changes, and use of fund balance reserves for projects. The revenue increases from property tax and interest were used for additional transfers to Capital projects for a few unanticipated items. Offsetting the revenue increases was a larger reduction in planned fund balance reserve utilization for the Hagerstown Field House and City Hall Annex at 32 North Potomac that were transferred in FY21/22 instead.

There was an additional revenue decrease for \$65K that was a correction for intergovernmental ARPA revenue in the original budget that belonged in the CIP fund.

Total expense changes only reflect a decrease of \$0.8 million. There were some slight offsetting transfers across departmental budgets. The primary factors related to the expense increase were for an event sponsorship, engineering fees, holiday turkeys for employees, branding and new log items, new chairs for Council Chambers, shelving for Code Administration and tasers and transfers to the capital improvement fund.

In addition there were two significant projects utilizing the additional fund balance transfers in the original budget: Hagerstown Field House, a new indoor sports complex and the renovation of City Hall Annex at 32 North Potomac to better serve customers. The funding was transferred at the end of FY21/22 instead of FY22/23 as originally anticipated. The result was the final budget for FY22/23 was reduced for these transactions.

Finally, there was an additional expenditure increase of \$120K with no offset related to a transfer of cash to Economic Redevelopment for an incentive loan payment.

Final Budget compared to Actual Results.

In total, revenue and other financing sources was over budget by \$1.4 million and expenditures and transfers were under budget by \$2.1 million. Total Property Tax revenue generated an increase of \$0.8 million as a result of higher assessed values while all other revenue in total was over budget by \$0.6 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, 2023, amounts to \$287.3 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 \$1.1 million or 0.4%. There was a 3.8% increase for governmental activities and a <1.2%> decrease for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 7,242,679	\$ 7,267,400	\$ 6,501,299	\$ 5,436,357	\$ 13,743,978	\$ 12,703,757
Construction in progress	3,495,893	2,123,349	1,166,342	316,151	4,662,235	2,439,500
Buildings & structures	9,252,479	7,435,363	127,001,727	130,758,504	136,254,206	138,193,867
Land improvements	8,760,602	9,090,077	684,998	470,900	9,445,600	9,560,977
Machinery & equipment	8,750,489	9,212,838	57,593,401	58,369,185	66,343,890	67,582,023
Infrastructure	56,493,319	55,433,564	395,175	305,235	56,888,494	55,738,799
Total	\$93,995,461	\$90,562,591	\$193,342,942	\$195,656,332	\$287,338,403	\$286,218,923

2022 balance was corrected to reflect a \$1 formula error to the published \$195,656,333

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

For the City's governmental activities:

The City spent \$8.9 million in additions for capital assets and improvements during FY22/23. Some of the most notable additions are listed below:

- \$2.4 million was spent on work in progress projects with the three primary areas being \$1.0M toward the City Hall Annex design and construction, \$711K toward design work for the Hagerstown Fieldhouse and \$116K for Wheaton Park Improvements.
- \$6.5 million was spent or received by dedication on all the following items and categories: acceptance to the offer of dedication of streets in the McCleary Hill Development (\$2.4M), purchase and upfitting of 6 police cruisers and five additional vehicles for the Police Department (\$508K), construction of the City Park Train Hub restrooms (\$477K), construction of the Police Athletic League Roof at Fairgrounds Park (\$424K), construction of the signal network at Eastern Boulevard at Frederick (\$423K), an addition of a dehumidification system at the Hagerstown Ice Rink (\$263K), installation of radar boards on Maryland Avenue and Summit Avenue and flashing beacon at Northern Avenue/Short Road (\$223K), accessibility ramps (\$170K), construction at the City Park Bandshell (\$155K), purchase of Hurst fire tools (\$150K), alley reconstruction (\$145K), sidewalk replacements (\$141K), 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 \$6.4 million in additions for construction in progress of capital improvements and other capital assets in FY22/23. Some of the most notable additions are listed below:

- \$865K was spent on the work in progress projects with the primary ones being the Street and Signal Lighting (\$245K), Wilson Treatment Plant Improvements (\$131K), East End Pump Station (\$118K), 3rd Parking Deck Design (\$197K), and Street Tree Planting (\$89K).
- \$1.2 million was spent on the land acquisition for the 3rd Parking Deck.
- \$4.3 million was spent on capital improvements across the following funds: Electric Fund \$1.4M, Water Fund \$930K, Wastewater Fund \$1.5M, and \$420K across all other business-type funds.

Additional information on the City of Hagerstown's capital assets can be found in Note IV. C., pages 63 through 66 of this report.

Long-term debt. At the end of the current fiscal year, the City of Hagerstown had total bonded debt outstanding of \$58.1 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, \$44.4 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			
	2023	2022	2023	2022	2023	2022
General Bonded Debt	\$13,755,890	\$14,885,822	\$44,373,669	\$36,955,602	\$58,129,559	\$51,841,424

The City issued a Bond Anticipation Note in the amount of \$10.6 million. The City's continued adherence to its amortization schedules for debt repayments reduced its debt by \$4.3 million resulting in an overall net increase to debt of \$6.3 million during the current year.

The City of Hagerstown's bond ratings were last affirmed in FY22/23 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 FY22/23, governmental fund debt was 0.45% of the assessed value of taxable property and \$315 per capita while total city-wide debt was 1.91% of the assessed value of taxable property and \$1,330 per capita. Additional information on the City of Hagerstown's long-term debt can be found in Note IV. E. on pages 69 through 72 of this report.

Economic Factors and Next Year's Budgets and Rates

- The FY22/23 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 FY22/23 budget also reflected the fourth 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 FY21/22 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 FY23/24 budget. The FY23/24 General Fund budget as approved reflects net revenue surplus of \$2,124. This net amount reflects the utilization of prior surpluses of \$1.9 million from fund balance reserves for capital improvement/infrastructure projects. Annually, the City develops and updates financial models for all of its major funds, which enables the City to evaluate both short and long term implications of proposed operational and capital decisions regarding City finances.
- For FY23/24 the City's major governmental fund budget as approved for the General Fund is projected to increase by 7.2% over the FY22/23 budget from \$54.1 million to \$58.0 million. Wages and benefits are projected to increase by 3.8% and include estimated increases in employee base salary; minimum wage increases; overtime; increased employer provided benefit costs. Contracted services is estimated to increase by 14.0% due to anticipated new trash contract based on trends, growing amount for legal fees, credit card merchant fees, and medical services for public safety staff. Materials, supplies, and utilities has an increase of 41.7% to purchase new trash totes for city customers with ARPA funding and result of overall inflation. Debt service is projected to increase by 18.7% related to new bond issue necessary for the new Hagerstown Field House construction being more than the retirement of several existing bond terms.
- Despite the February 2023 MD State Department of Assessment and Taxation's Constant Yield Notification which expected a growth of 5.2% 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 \$1.6M. However, City leadership reviewed historical trends and included a 7.1% growth in the FY23/24 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 annual debt service requirements. The City decided to eliminate the separate apartment real estate tax tier which is likely to result in a reduction to revenue of \$85K.

- The FY23/24 budget will remain flat for electric service charges through May 31, 2024. A new wholesale power agreement will be negotiated and in place by then. 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, 2024. Additionally, a complete five year rate schedule from FY19/20 through FY23/24 was approved for both water and wastewater service charges. Stormwater rates increased from \$34.00 to \$36.00 per 1,000 square feet of impervious area on January 1, 2023. A new cost rate plan will be calculated by a third party consultant for future years. These annual increases will make possible the extensive continuing system improvements for these utilities.
- American Rescue Plan Act of 2021 (ARPA): This federal stimulus plan grant provided a total of \$20.4 million to the City. The City formed a committee and initially held weekly meetings to discuss and coordinate ideas for Mayor and Council consideration. A community survey was developed and distributed for feedback independently and separately from notification of this funding. The committee reviewed the community survey results to determine eligible ideas under this ARPA funding guidelines. The goals and strategies of Mayor and Council were taken into consideration as well to determine ARPA eligible items. City staff and Mayor and Council have allocated and discussed strategy to utilize the funding and progress is monitored with quarterly updates. The deadline to have all funding spent is December 31, 2024. To this end, the FY23/24 approved budget includes \$9.1 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 the City Hall Annex at 32 N. Potomac St., new trash totes for customers, IT cybersecurity software and phone upgrades, partial funding of the Professional Court Extension, City Hall elevator, trash truck for public works, public safety radios and community risk reduction boards for the Fire Department.

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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Pooled cash and investments	\$ 33,890,691	\$ 34,777,953	\$ 68,668,644
Receivables (net of allowance for uncollectibles):			
Taxes	1,364,659	-	1,364,659
Intergovernmental	4,305,130	-	4,305,130
Customers	348,878	8,194,347	8,543,225
Loans	2,529,965	-	2,529,965
Other	129,498	15,129	144,627
Internal balances	(4,916,775)	4,916,775	-
Inventories	99,891	2,294,324	2,394,215
Properties held for resale	1,119,767	-	1,119,767
Prepaid items	1,850,263	50,597	1,900,860
Restricted assets:			
Pooled cash and investments	22,128,601	19,745,754	41,874,355
Capital assets (net of accumulated depreciation):			
Land (not being depreciated)	7,242,679	6,501,299	13,743,978
Land improvements	12,075,681	2,089,617	14,165,298
Buildings and structures	20,686,137	226,253,345	246,939,482
Machinery and equipment	9,935,571	126,007,305	135,942,876
Automobiles and trucks	13,114,922	8,679,132	21,794,054
Office furniture and fixtures	3,642,229	902,881	4,545,110
Infrastructure	118,749,184	422,423	119,171,607
Construction in progress (not being depreciated)	3,495,893	1,166,342	4,662,235
Less accumulated depreciation	(94,946,835)	(178,679,402)	(273,626,237)
Total assets	<u>156,846,029</u>	<u>263,337,821</u>	<u>420,183,850</u>
Deferred Outflow of Resources			
Deferred Outflows from OPEB	1,988,665	881,733	2,870,398
Deferred Outflows from Pensions	16,720,185	2,108,225	18,828,410
Total deferred outflows	<u>18,708,850</u>	<u>2,989,958</u>	<u>21,698,808</u>
Liabilities			
Accounts payable	4,953,606	2,713,671	7,667,277
Accrued liabilities	3,166,187	183,225	3,349,412
Escrowed taxes and insurance	1,330	-	1,330
Accrued interest payable	136,158	263,097	399,255
Customer deposits payable	41,842	1,882,064	1,923,906
Unearned revenue	14,284,151	103,728	14,387,879
Undisbursed Loans and Grants	1,954,509	65,357	2,019,866
Compensated absences:			
Due within one year	2,401,202	1,009,247	3,410,449
Due in more than one year	3,046,219	830,761	3,876,980
Long-term liabilities:			
Due within one year	1,143,471	3,227,594	4,371,065
Due in more than one year	12,612,419	41,146,075	53,758,494
Net pension liabilities:			
Due in more than one year	67,607,417	8,318,127	75,925,544
Net OPEB liabilities:			
Due in more than one year	18,095,691	8,023,249	26,118,940
Total liabilities	<u>129,444,202</u>	<u>67,766,195</u>	<u>197,210,397</u>
Deferred Inflow of Resources			
Deferred Inflows from OPEB	2,470,641	1,095,431	3,566,072
Deferred Inflows from Pensions	890,501	695,149	1,585,650
Total deferred inflows	<u>3,361,142</u>	<u>1,790,580</u>	<u>5,151,722</u>
Net Position			
Net investment in capital assets	80,391,365	159,569,273	239,960,638
Restricted for:			
Community Redevelopment	4,197,128	-	4,197,128
Public Safety	234,525	-	234,525
Other Purposes	2,283	-	2,283
Unrestricted	(42,075,766)	37,201,731	(4,874,035)
Total net position	<u>\$ 42,749,535</u>	<u>\$ 196,771,004</u>	<u>\$ 239,520,539</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, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities		Total
			Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	
Primary government:								
Governmental activities:								
General government	\$ 12,012,068	\$ 2,030,571	\$ 595,302	\$ 5,072,416	\$ (4,313,779)	\$ -	\$ -	\$ (4,313,779)
Public safety	34,319,588	3,373,346	1,135,532	258,020	(29,552,690)	-	-	(29,552,690)
Highways and streets	2,748,834	134,454	-	3,768	(2,610,612)	-	-	(2,610,612)
Waste, collection and disposal	3,232,968	3,266,809	-	-	33,841	-	-	33,841
Culture and recreation	3,483,412	291,248	29,748	1,702,268	(1,460,148)	-	-	(1,460,148)
Economic and community development	4,157,725	48,406	1,318,663	-	(2,790,656)	-	-	(2,790,656)
Interest and issuance costs on LT debt	425,192	-	-	-	(425,192)	-	-	(425,192)
Total governmental activities	60,379,787	9,144,834	3,079,245	7,036,472	(41,119,236)	-	-	(41,119,236)
Business-type activities:								
Electric	23,549,452	22,369,024	-	217,571	-	(962,857)	-	(962,857)
Water	14,209,710	13,672,873	-	1,738,348	-	1,201,511	-	1,201,511
Wastewater	14,481,808	15,024,524	-	1,443,073	-	1,985,789	-	1,985,789
Parking facilities	1,022,269	1,320,769	-	-	-	298,500	-	298,500
Golf course	499,547	397,756	-	49,467	-	(52,324)	-	(52,324)
Property management	404,418	280,462	-	-	-	(123,956)	-	(123,956)
Stormwater management	1,001,600	3,196,138	-	29,979	-	2,224,517	-	2,224,517
Total business-type activities	55,168,805	56,261,546	-	3,478,438	-	4,571,179	-	4,571,179
Total primary government	\$ 115,548,592	\$ 65,406,380	\$ 3,079,245	\$ 10,514,910	(41,119,236)	4,571,179	4,571,179	(36,548,057)
General revenues:								
Property taxes					36,004,233	-	-	36,004,233
Income and other taxes					8,116,910	-	-	8,116,910
Investment earnings					1,256,925	1,079,566	-	2,336,491
Miscellaneous					400,199	-	-	400,199
Transfers					(972,900)	972,900	-	-
Total general revenues and transfers					44,805,367	2,052,466	-	46,857,833
Change in net position					3,686,131	6,623,645	10,309,776	10,309,776
Net position - beginning					39,063,404	190,147,359	229,210,763	229,210,763
Net position - ending					\$ 42,749,535	\$ 196,771,004	\$ 239,520,539	\$ 239,520,539

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

City of Hagerstown, Maryland
Balance Sheet
Governmental Funds
June 30, 2023

	General	Capital Improvement Program	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and investments	\$ 20,137,120	\$ 9,644,671	\$ 926,060	\$ 30,707,851
Receivables (net of allowance for uncollectibles):				
Taxes	1,364,659	-	-	1,364,659
Intergovernmental	2,577,930	1,392,159	335,041	4,305,130
Customers	228,730	7,088	1,660	237,478
Loans	-	-	2,529,965	2,529,965
Other	124,474	3,198	403	128,075
Advances to other funds	328,500	-	-	328,500
Inventories	99,891	-	-	99,891
Properties held for resale	-	-	1,119,767	1,119,767
Prepaid items	747,425	-	-	747,425
Restricted assets:				
Pooled cash and investments	14,219,198	-	1,936,083	16,155,281
Total assets	\$ 39,827,927	\$ 11,047,116	\$ 6,848,979	\$ 57,724,022
Liabilities And Fund Balances				
Liabilities:				
Accounts payable	\$ 2,269,792	\$ 1,615,295	\$ 99,391	\$ 3,984,478
Accrued liabilities	775,571	-	4,973	780,544
Advances from other funds	-	-	328,500	328,500
Escrowed taxes and insurance	-	-	1,330	1,330
Customer deposits payable	22,788	-	19,054	41,842
Undisbursed loan and grant commitments	-	-	1,954,509	1,954,509
Unearned revenue	14,276,865	-	7,286	14,284,151
Total liabilities	17,345,016	1,615,295	2,415,043	21,375,354
Deferred Inflows of Resources:				
Unavailable revenue-income taxes	1,755,506	-	-	1,755,506
Total deferred inflows of resources	1,755,506	-	-	1,755,506
Fund balances:				
Nonspendable:				
Inventories	99,891	-	-	99,891
Prepays	747,425	-	-	747,425
Restricted:				
Community Redevelopment	-	-	1,841,738	1,841,738
Public Safety	-	-	234,525	234,525
Forest Conservation	-	-	178	178
Unspent bond proceeds	-	151,794	-	151,794
Committed:				
Mayor & Council actions	-	-	-	-
Community Redevelopment	-	-	576,827	576,827
Assigned:				
Contracted/Professional Services	984,728	-	-	984,728
Other Services	511,953	-	2,105	514,058
Capital Outlay	-	9,280,027	-	9,280,027
Community Redevelopment	-	-	1,778,563	1,778,563
Unassigned	18,383,408	-	-	18,383,408
Total fund balances	20,727,405	9,431,821	4,433,936	34,593,162
Total liabilities and fund balances	\$ 39,827,927	\$ 11,047,116	\$ 6,848,979	\$ 57,724,022

City of Hagerstown, Maryland
Reconciliation of the Total Governmental Fund Balances
to Governmental Activities Net Position
For the Year Ended June 30, 2023

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

Total fund balances - governmental funds		\$	34,593,162
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Cost of capital assets			188,942,296
Accumulated depreciation			(94,946,835)
			93,995,461
Unavailable revenues are not financial resources in the governmental funds, therefore the liability is eliminated and total net position is increased.			
			1,755,506
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 position.			
			2,100,275
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			(5,447,421)
General obligation bonds payable			(13,450,221)
Accrued interest payable on general obligation bonds			(136,158)
Unamortized bond premiums on general obligation bonds			(305,669)
			(19,339,469)
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			(67,607,417)
Deferred outflows from pensions			16,720,185
Deferred inflows from pensions			(890,501)
			(51,777,733)
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			(18,095,691)
Deferred outflows from OPEB			1,988,665
Deferred inflows from OPEB			(2,470,641)
			(18,577,667)
Total net position - governmental activities		\$	42,749,535

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, 2023

	<u>General</u>	<u>Capital Improvement Program</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 36,004,233	\$ -	\$ -	\$ 36,004,233
Income and other taxes	6,608,048	1,632,518	-	8,240,566
Licenses and permits	2,566,286	-	-	2,566,286
Intergovernmental grants	1,087,802	3,094,169	1,909,087	6,091,058
Program income	-	-	48,406	48,406
Charges for services	3,888,705	-	-	3,888,705
Fines and forfeitures	969,744	-	-	969,744
Investment earnings	1,010,911	217,401	28,613	1,256,925
Sale of land & other property	41,084	-	-	41,084
Contributions and donations	63,937	3,942,303	18,419	4,024,659
Unallocated general revenue	2,207,861	81,791	66,963	2,356,615
Total revenues	<u>54,448,611</u>	<u>8,968,182</u>	<u>2,071,488</u>	<u>65,488,281</u>
Expenditures				
Current:				
General government	6,925,957	-	302,927	7,228,884
Public safety	27,336,020	-	321,585	27,657,605
Highways and streets	2,298,843	-	-	2,298,843
Waste, collection and disposal	3,232,599	-	-	3,232,599
Culture and recreation	2,801,935	-	-	2,801,935
Economic and community development	647,562	1,570,080	1,936,089	4,153,731
Unallocated general expenditures	1,647,864	-	15	1,647,879
Debt Service:				
Principal	1,105,691	-	-	1,105,691
Interest	461,738	-	-	461,738
Issuance costs	1,715	-	-	1,715
Capital outlay	-	8,798,337	73,004	8,871,341
Total expenditures	<u>46,459,924</u>	<u>10,368,417</u>	<u>2,633,620</u>	<u>59,461,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,988,687</u>	<u>(1,400,235)</u>	<u>(562,132)</u>	<u>6,026,320</u>
Other Financing Sources (Uses)				
Transfers in	684,375	3,914,824	1,787,716	6,386,915
Transfers out	(5,346,163)	-	(1,113,652)	(6,459,815)
Total other financing sources and uses	<u>(4,661,788)</u>	<u>3,914,824</u>	<u>674,064</u>	<u>(72,900)</u>
Net change in fund balances	3,326,899	2,514,589	111,932	5,953,420
Fund balances - beginning	17,400,506	6,917,232	4,322,004	28,639,742
Fund balances - ending	\$ <u>20,727,405</u>	\$ <u>9,431,821</u>	\$ <u>4,433,936</u>	\$ <u>34,593,162</u>

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

City of Hagerstown, Maryland
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$	5,953,420
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 (\$8,871,341) exceeded depreciation (\$5,112,663) in the current period.		3,758,678
The net effect of capital asset disposals is to decrease net position.		(325,807)
The issuance of long-term debt (\$0) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal (\$1,105,690) consumes the current financial resources of governmental funds. This amount is the net effect of issuance, transfers, and principal payments on long-term debt.		1,105,690
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.		(490,856)
Net OPEB expense transactions based on actuarial calculations to determine net OPEB liabilities are not included in the governmental financial statements.		(316,403)
Net pension expense transactions based on actuarial calculations to determine net pension liabilities are not included in the governmental financial statements.		(4,771,646)
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>(1,251,186)</u>
Change in net position of governmental activities	\$	<u><u>3,686,131</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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 35,134,632	\$ 35,174,763	\$ 36,004,233	\$ 829,470
Income and other taxes	5,026,098	5,422,583	6,608,048	1,185,465
Licenses and permits	2,268,900	2,268,900	2,566,286	297,386
Intergovernmental grants	631,919	1,035,714	1,087,802	52,088
Charges for services	3,958,768	3,958,768	3,888,705	(70,063)
Fines and forfeitures	1,248,150	1,248,150	969,744	(278,406)
Unallocated and other general revenue	2,240,027	2,902,177	3,323,793	421,616
Total revenues	<u>50,508,494</u>	<u>52,011,055</u>	<u>54,448,611</u>	<u>2,437,556</u>
Expenditures				
Current:				
General government	6,684,016	6,989,690	6,925,957	63,733
Public safety	27,753,199	28,697,455	27,336,020	1,361,435
Highways and streets	2,500,633	2,458,375	2,298,843	159,532
Waste, collection and disposal	3,178,629	3,123,077	3,232,599	(109,522)
Culture and recreation	3,085,240	3,121,305	2,801,935	319,370
Economic and community development	681,429	691,809	647,562	44,247
Unallocated general expenditures	2,407,855	1,715,000	1,647,864	67,136
Debt Service:				
Principal	1,105,690	1,105,690	1,105,691	(1)
Interest	481,354	481,354	461,738	19,616
Issuance Costs	1,715	1,715	1,715	-
Total expenditures	<u>47,879,760</u>	<u>48,385,470</u>	<u>46,459,924</u>	<u>1,925,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,628,734</u>	<u>3,625,585</u>	<u>7,988,687</u>	<u>4,363,102</u>
Other Financing Sources (Uses)				
Transfers in	684,375	684,375	684,375	-
Transfers out	(6,866,342)	(5,574,193)	(5,346,163)	228,030
Budgeted use of fund balance	3,555,000	1,081,000	-	(1,081,000)
Total other financing sources and (uses)	<u>(2,626,967)</u>	<u>(3,808,818)</u>	<u>(4,661,788)</u>	<u>(852,970)</u>
Net change in fund balances	1,767	(183,233)	3,326,899	3,510,132
Fund balances - beginning	17,400,506	17,400,506	17,400,506	-
Fund balances - ending	\$ <u>17,402,273</u>	\$ <u>17,217,273</u>	\$ <u>20,727,405</u>	\$ <u>3,510,132</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, 2023

Business-type Activities-Enterprise Funds							
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Parking Facilities</u>	<u>Total Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Assets							
Current assets:							
Pooled cash and investments	\$ 5,382,641	\$ 13,474,723	\$ 10,338,969	\$ 1,253,878	\$ 4,327,742	\$ 34,777,953	\$ 3,182,840
Interest receivable	2,392	5,950	4,476	510	1,801	15,129	1,423
Accounts receivable (net of allowance for uncollectibles)	1,886,930	2,636,589	2,966,075	362,292	342,461	8,194,347	111,400
Inventories	731,907	1,562,417	-	-	-	2,294,324	-
Prepaid items	-	49,656	-	-	941	50,597	1,102,838
Total current assets	8,003,870	17,729,335	13,309,520	1,616,680	4,672,945	45,332,350	4,398,501
Noncurrent assets:							
Restricted assets:							
Pooled cash and investments	-	6,510,810	2,569,587	10,600,000	65,357	19,745,754	5,973,320
Capital assets:							
Land	1,217,107	2,019,652	180,149	2,621,578	462,813	6,501,299	-
Land improvements	277,813	52,342	25,852	1,214,003	519,607	2,089,617	-
Buildings and structures	2,458,011	136,037,747	76,566,519	7,725,584	3,465,484	226,253,345	-
Machinery and equipment	31,272,567	31,051,234	62,641,977	616,672	424,855	126,007,305	-
Automobiles and trucks	1,773,543	2,533,869	3,433,854	83,859	854,007	8,679,132	-
Infrastructure	-	-	-	-	422,423	422,423	-
Office furniture and fixtures	473,685	63,646	255,557	-	109,993	902,881	-
Construction in progress	311,848	140,834	258,329	310,631	144,700	1,166,342	-
Less accumulated depreciation	(22,265,169)	(68,746,971)	(79,305,704)	(5,585,577)	(2,775,981)	(178,679,402)	-
Total capital assets, net	15,519,405	103,152,353	64,056,533	6,986,750	3,627,901	193,342,942	-
Total noncurrent assets	15,519,405	109,663,163	66,626,120	17,586,750	3,693,258	213,088,696	5,973,320
Total assets	23,523,275	127,392,498	79,935,640	19,203,430	8,366,203	258,421,046	10,371,821
Deferred Outflow of Resources							
Deferred Outflows related to Pensions	537,530	817,577	753,118	-	-	2,108,225	-
Deferred Outflows related to OPEB	297,231	249,132	335,370	-	-	881,733	-
Total Deferred Outflows Related to Pensions	834,761	1,066,709	1,088,488	-	-	2,989,958	-

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, 2023

Business-type Activities-Enterprise Funds

	Electric	Water	Wastewater	Parking Facilities	Total Non-Major Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Liabilities							
Current liabilities:							
Accounts payable	1,430,766	390,912	808,634	3,617	79,742	2,713,671	969,128
Compensated absences - current	262,421	390,397	333,158	17,907	5,364	1,009,247	-
Accrued liabilities	33,703	208,615	144,460	46,254	13,290	446,322	2,385,644
Customer deposits and rebates	1,799,274	41,004	32,563	10,224	(1,001)	1,882,064	-
Unearned revenue	-	101,000	-	-	2,728	103,728	-
Undisbursed Loans and Grants	-	-	-	-	65,357	65,357	-
General obligation bonds - current	18,521	1,721,016	1,412,058	32,633	43,366	3,227,594	-
Total current liabilities	3,544,685	2,852,944	2,730,873	110,635	208,846	9,447,983	3,354,772
Noncurrent liabilities:							
General obligation bonds payable	266,120	21,086,268	8,391,824	10,886,051	515,812	41,146,075	-
Compensated absences	216,012	321,355	274,238	14,741	4,415	830,761	-
Net OPEB liabilities	2,704,625	2,266,955	3,051,669	-	-	8,023,249	-
Net pension liabilities	2,120,858	3,225,798	2,971,471	-	-	8,318,127	-
Total noncurrent liabilities	5,307,615	26,900,376	14,689,202	10,900,792	520,227	58,318,212	-
Total liabilities	8,852,300	29,753,320	17,420,075	11,011,427	729,073	67,766,195	3,354,772
Deferred Inflow of Resources							
Deferred Inflows related to Pensions	177,241	269,581	248,327	-	-	695,149	-
Deferred Inflows related to OPEB	369,268	309,512	416,651	-	-	1,095,431	-
Total Deferred Inflows Related to Pensions	546,509	579,093	664,978	-	-	1,790,580	-
Net Position							
Net Investment in Capital Assets	15,234,764	80,345,069	54,252,651	6,668,066	3,068,723	159,569,273	-
Restricted	-	-	-	-	-	-	264,300
Unrestricted	(275,537)	17,781,725	8,686,424	1,523,937	4,568,407	32,284,956	6,752,749
Total net position	\$ 14,959,227	\$ 98,126,794	\$ 62,939,075	\$ 8,192,003	\$ 7,637,130	191,854,229	\$ 7,017,049
						4,916,775	
						\$ 196,771,004	

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, 2023

	Business-type Activities- Enterprise Funds					Total Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Parking Facilities				
Operating revenues:								
Service charges	\$ 21,484,074	\$ 12,710,489	\$ 14,653,566	\$ 993,886	\$ 3,829,083	\$ 53,671,098	\$ 9,429,221	
Other revenues	884,950	955,822	334,545	1,625	45,273	2,222,215	1,172,771	
Total operating revenues	<u>22,369,024</u>	<u>13,666,311</u>	<u>14,988,111</u>	<u>995,511</u>	<u>3,874,356</u>	<u>55,893,313</u>	<u>10,601,992</u>	
Operating expenses:								
Production and treatment expenses	16,330,887	4,667,618	5,277,096	-	-	26,275,601	-	
Transmission, distribution, and collection expenses	2,600,910	2,644,572	1,858,672	-	-	7,104,154	-	
Selling, general and administrative expenses	3,503,491	2,582,661	3,925,969	690,306	1,572,122	12,274,549	10,635,869	
Claim and premium expenses	-	-	-	-	-	-	700,000	
Depreciation	940,415	3,936,303	3,107,139	249,252	238,648	8,471,757	-	
Total operating expenses	<u>23,375,703</u>	<u>13,831,154</u>	<u>14,168,876</u>	<u>939,558</u>	<u>1,810,770</u>	<u>54,126,061</u>	<u>11,335,869</u>	
Operating income (loss)	<u>(1,006,679)</u>	<u>(164,843)</u>	<u>819,235</u>	<u>55,953</u>	<u>2,063,586</u>	<u>1,767,252</u>	<u>(733,877)</u>	
Nonoperating revenues (expenses):								
Investment earnings	177,919	418,740	296,192	79,734	106,981	1,079,566	111,042	
Bond interest expense and premium	(7,885)	(311,728)	(206,203)	(47,885)	(24,565)	(598,266)	-	
Bond issuance cost	(37)	(35,537)	(19,921)	(42,745)	(56)	(98,296)	-	
Gain (loss) on disposal of capital assets	(26,702)	6,562	36,413	325,258	(47,831)	293,700	-	
Total nonoperating revenue (expenses)	<u>143,295</u>	<u>78,037</u>	<u>106,481</u>	<u>314,362</u>	<u>34,529</u>	<u>676,704</u>	<u>111,042</u>	
Income (loss) before contributions and transfers	(863,384)	(86,806)	925,716	370,315	2,098,115	2,443,956	(622,835)	
Capital contributions and grants	217,571	1,738,348	1,443,073	-	79,446	3,478,438	-	
Transfers in	65,354	94,601	85,670	700,000	123,000	1,068,625	-	
Transfers out	(30,275)	(30,275)	(30,275)	(4,900)	-	(95,725)	(900,000)	
Changes in net position	<u>(610,734)</u>	<u>1,715,868</u>	<u>2,424,184</u>	<u>1,065,415</u>	<u>2,300,561</u>	<u>6,895,294</u>	<u>(1,522,835)</u>	
Net position - beginning	15,569,961	96,410,926	60,514,891	7,126,588	5,336,569		8,539,884	
Total net position - ending	<u>\$ 14,959,227</u>	<u>\$ 98,126,794</u>	<u>\$ 62,939,075</u>	<u>\$ 8,192,003</u>	<u>\$ 7,637,130</u>		<u>\$ 7,017,049</u>	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (271,649)

Change in net position of business-type activities \$ 6,623,645

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, 2023

	Business-type Activities- Enterprise Funds					Total Nonmajor Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Parking Facilities				
Cash Flows From Operating Activities								
Receipts from customers and users	\$ 23,485,757	\$ 13,604,164	\$ 15,387,951	\$ 713,995	\$ 3,883,937	\$ 57,075,804	\$ -	
Receipts from interfund services provided	-	-	-	-	-	-	10,682,123	
Payments to suppliers	(18,366,655)	(5,186,958)	(6,400,361)	(222,513)	(558,531)	(30,735,018)	(11,324,948)	
Payments to employees	(4,009,609)	(5,531,506)	(4,711,847)	(528,210)	(932,381)	(15,713,553)	-	
Net cash provided (used) by operating activities	<u>1,109,493</u>	<u>2,885,700</u>	<u>4,275,743</u>	<u>(36,728)</u>	<u>2,393,025</u>	<u>10,627,233</u>	<u>(642,825)</u>	
Cash Flows From Noncapital Financing Activities								
Transfers from other funds	65,354	94,601	85,670	-	123,000	368,625	-	
Transfers to other funds	-	-	-	-	-	-	(900,000)	
Net cash provided (used) by noncapital and related financing activities	<u>65,354</u>	<u>94,601</u>	<u>85,670</u>	<u>-</u>	<u>123,000</u>	<u>368,625</u>	<u>(900,000)</u>	
Cash Flows From Capital And Related Financing Activities								
Proceeds from intergovernmental capital grant	-	-	-	-	79,446	79,446	-	
Capital contributions	217,571	1,738,348	1,443,073	-	-	3,398,992	-	
Acquisition and construction of capital assets	(1,730,783)	(1,060,877)	(1,643,158)	(1,437,927)	(481,283)	(6,354,028)	-	
Proceeds from bond issuance	-	-	-	10,600,000	-	10,600,000	-	
Principal paid on capital debt	(17,760)	(1,691,386)	(1,391,282)	(31,466)	(41,792)	(3,173,686)	-	
Interest paid on capital debt	(8,019)	(328,521)	(219,229)	(13,599)	(24,775)	(594,142)	-	
Bond issuance costs	(37)	(35,537)	(19,921)	(42,745)	(56)	(98,295)	-	
Proceeds from disposal of capital assets	1,392	6,562	36,413	400,000	45,000	489,367	-	
Transfers from other funds for capital acquisitions	-	-	-	700,000	-	700,000	-	
Transfers to other funds for capital acquisitions	(30,275)	(30,275)	(30,275)	(4,900)	-	(95,725)	-	
Net cash provided (used) by capital and related financing activities	<u>(1,567,910)</u>	<u>(1,401,686)</u>	<u>(1,824,378)</u>	<u>10,169,363</u>	<u>(423,460)</u>	<u>4,951,929</u>	<u>-</u>	
Cash Flows From Investing Activities								
Interest and dividends received	175,527	412,790	291,716	79,224	105,180	1,064,437	109,619	
Net cash provided by investing activities	<u>175,527</u>	<u>412,790</u>	<u>291,716</u>	<u>79,224</u>	<u>105,180</u>	<u>1,064,437</u>	<u>109,619</u>	
Net increase (decrease) in pooled cash and investments	(217,536)	1,991,405	2,828,751	10,211,859	2,197,745	17,012,224	(1,433,206)	
Pooled cash and investments, beginning of year	5,600,177	17,994,128	10,079,805	1,642,019	2,195,354	37,511,483	10,589,366	
Pooled cash and investments, end of year	<u>\$ 5,382,641</u>	<u>\$ 19,985,533</u>	<u>\$ 12,908,556</u>	<u>\$ 11,853,878</u>	<u>\$ 4,393,099</u>	<u>\$ 54,523,707</u>	<u>\$ 9,156,160</u>	

City of Hagerstown, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

**Business-type Activities-
Enterprise Funds**

	Business-type Activities- Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Parking Facilities	Total Nonmajor Enterprise Funds		
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (1,006,679)	\$ (164,843)	\$ 819,235	\$ 55,953	\$ 2,063,586	\$ 1,767,252	\$ (733,877)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	940,415	3,936,303	3,107,139	249,252	238,648	8,471,757	-
Net effect of changes in assets and liabilities							
Accounts receivable	554,001	(89,651)	367,277	17,597	10,993	860,217	80,131
Inventories	(133,538)	(515,217)	-	-	-	(648,755)	-
Prepaid items	1,500	(77)	100	-	229	1,752	(15,039)
Accounts payable	(49,373)	(63,867)	44,503	(44,166)	21,727	(91,176)	84,594
Compensated absences payable	76,694	(15,149)	92,555	(5,567)	1,868	150,401	-
Accrued liabilities	(53,292)	(57,284)	(45,706)	(4,234)	(9,230)	(169,746)	(58,634)
Customer deposits and rebates	562,732	27,504	32,563	889	(2,251)	621,437	-
Other liabilities-current	-	-	-	(300,000)	-	(300,000)	-
Undisbursed Loans and Grants	-	-	-	-	65,357	65,357	-
Unearned revenue	-	-	-	-	837	837	-
Other long-term liabilities	217,033	(172,019)	(141,923)	(6,452)	1,262	(102,099)	-
Total adjustments	2,116,172	3,050,543	3,456,508	(92,681)	329,439	8,859,981	91,052
Net cash provided (used) by operating activities	<u>\$ 1,109,493</u>	<u>\$ 2,885,700</u>	<u>\$ 4,275,743</u>	<u>\$ (36,728)</u>	<u>\$ 2,393,025</u>	<u>\$ 10,627,233</u>	<u>\$ (642,825)</u>
Reconciliation of pooled cash and investments to the balance sheet							
Pooled cash and investments	\$ 5,382,641	\$ 13,474,723	\$ 10,338,969	\$ 1,253,878	\$ 4,327,742	\$ 34,777,953	\$ 3,182,840
Restricted pooled cash and investments	-	6,510,810	2,569,587	10,600,000	65,357	19,745,754	5,973,320
Totals	<u>\$ 5,382,641</u>	<u>\$ 19,985,533</u>	<u>\$ 12,908,556</u>	<u>\$ 11,853,878</u>	<u>\$ 4,393,099</u>	<u>\$ 54,523,707</u>	<u>\$ 9,156,160</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, 2023

	Pension and OPEB Trust Funds
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 1,522,038
Government and Agency Issues	5,662,165
Corporate Debt Issues	4,445,347
Common Stock	6,297,666
Mutual Funds	23,308,070
Total investments	41,235,286
Interest Receivable	131,392
Total assets	41,366,678
 Net Position Restricted for:	
Pension	\$ 24,085,000
OPEB	\$ 17,281,678
Total Net Postion	\$ 41,366,678

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, 2023

		Pension and OPEB Trust Funds
Additions		
Contributions:		
Employer	\$	2,384,137
Plan members		1,082,637
Total contributions		3,466,774
Investment earnings:		
Interest and dividends		1,334,232
Net increase/(decrease) in the fair value of investments		2,625,399
Other revenues		24,615
Total investment earnings		3,984,246
Less investment expense		20,146
Net investment earnings		3,964,100
Total additions		7,430,874
Deductions		
Benefits		3,226,243
Administrative expenses		86,648
Actuarial fees		60,450
Total deductions		3,373,341
Change in net position		4,057,533
Net position - beginning		37,309,145
Net position - ending	\$	41,366,678

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

City of Hagerstown
Notes to the Financial Statements
June 30, 2023

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 fund balance 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 fund balance 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 through 6/30/23:		
Per \$100 of assessable base	\$ 1.002	\$ 2.505
	\$ 1.032 Apartments	
Maximum discount:	July 31	July 31
Delinquent:	On October 1	30 days after Bill Date
Terms	0.5% / 30 days	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 fund balance or equity (continued)

4. Restricted cash

Benefit charge proceeds of \$5,532,026 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 \$2,569,587 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 \$10,600,000 in the Parking Fund as classified as restricted assets on the statement of net position from bond proceeds for the City's third parking deck to be constructed in conjunction with the Hagerstown Multi-Use Sports and Events facility.

The Stormwater Management Fund has \$65,357 classified as restricted assets on the statement of net position to be used as reimbursements to property owners for qualifying large-scale stormwater management or impervious area reduction that improve the quality of stormwater runoff through its Large-Scale Incentive Program.

The City has \$14,219,198 as restricted assets on the statement of net position for the General Fund. As of June 30, 2023, \$23,245 was restricted as a deposit for postage and \$14,195,953 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, 2023, \$166,895 was restricted for single family loans and \$1,331 was restricted for escrowed taxes and insurance.

The City has \$1,748,803 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.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and fund balance or equity (continued)

4. Restricted cash (continued)

The City has \$19,054 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.

As part of the City's health insurance program, \$163,000 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 \$829,726 in restricted cash which reflects retirees' available balances on individual Health Retirement accounts. The Workers Compensation fund has \$4,949,294 as restricted assets on the statement of net position. From this total, \$70,000 is being held by PMA Management Corporation and \$4,879,294 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:

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and fund balance or equity (continued)

5. Capital Assets (continued)

<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

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.

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and fund balance or equity (continued)

6. Compensated absences (continued)

- 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 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 fund balance 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 of 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 fund balance 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 fund balance 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	\$ 1,496,681
CIP	5,059,271
Nonmajor Government	<u>6,780</u>
Total Open Encumbrances by Fund	<u><u>\$ 6,562,732</u></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 fund balance 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, 2023, net position *Net Investment in Capital Assets* excludes unspent debt proceeds of \$151,794 for governmental activities; and, the business-type activities had \$10,600,000 in 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 (\$1,049,417)

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 (\$80,835)

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 fund balance 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 (\$74,789)

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 fund balance or equity (continued)

11. Property Tax Abatements (continued)

Payment in Lieu of Taxes (PILOT) (\$933,134)

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

The GASB issued Statement No. 91, *Conduit Debt Obligations*; Statement No. 94, *Public-Private and Public Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; Statement No. 99, *Omnibus 2022*; which all took effect during FY 2023. The City of Hagerstown implemented all Statements that were applicable and material to the City's financial statements during the fiscal year.

The GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and Statement No. 101; *Compensated Absences*; which will require adoption in the future, if applicable. The City will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

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 \$93,995,461 difference are as follows:

Cost of capital assets	\$ 188,942,296
Accumulated depreciation of capital assets	<u>(94,946,835)</u>
Net adjustment to increase <i>fund balance -- total governmental funds</i> to arrive at <i>net position -- governmental activities</i>	<u>\$ 93,995,461</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 \$19,339,469 difference are as follows:

Compensated absences	\$ 5,447,421
General obligation bonds payable, including unamortized premiums	13,755,890
Accrued interest payable on general obligation bonds	<u>136,158</u>
Net adjustment to reduce <i>fund balance -- total governmental funds</i> to arrive at <i>net position -- governmental activities</i>	<u>\$ 19,339,469</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 \$51,777,733 difference are as follows:

Net pension liability	\$ 67,607,417
Deferred outflows related to pensions	(16,720,185)
Deferred inflows related to pensions	<u>890,501</u>
Net adjustment to reduce <i>fund balance -- total governmental funds</i> to arrive at <i>net position -- governmental activities</i>	<u>\$ 51,777,733</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 \$3,758,678 difference are as follows:

Capital Asset Additions	\$ 8,871,341
Depreciation expense	<u>(5,112,663)</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>\$ 3,758,678</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 \$1,105,690 difference are as follows:

Principal payment on general obligation bonds payable	\$ 1,105,690
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>\$ 1,105,690</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 \$4,771,646 difference are as follows:

Net pension liability increase	\$ (7,520,007)
Pensions activity: change in assumptions, investment earnings, change in experience, & recognized pension expense	<u>2,748,361</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>\$ (4,771,646)</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, 2023, expenditures, including transfers to other City funds, exceeded appropriations by \$4,273 in the Community Development Block Grant Fund, \$4,938 in the Business Revolving Loan Fund, \$2,905 in the Forest Conservation Fund, \$610,734 in the Electric Fund, \$106,460 in the Property Management Fund, and \$2,385,883 in the Health Insurance Fund. These excess expenses were funded by the beginning of the year fund balance in the respective funds.

IV. Detailed notes on all funds

A. Deposits and investments

1. City owned and managed investments

As of June 30, 2023, 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 \$80,804,947 and the bank balances were \$82,002,863. 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 \$15,675,000 was secured by federal depository insurance and \$66,327,863 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, 2023, the City had \$29,728,189 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, 2023 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, 2023:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Money Market		\$ 863,465	\$ 863,465	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corp	AAA/NR	530,968	-	-	25,912	505,056
Federal National Mortgage Assn	NR	1,404,542	-	2,754	36,194	1,365,594
Government National Mortgage Assoc	NR	58,264	-	-	-	58,264
U S Treasury Notes	AAA	1,373,867	-	565,533	245,516	562,818
Various Agencies	AAA	93,667	-	39,683	-	53,984
Various Agencies	AA2	69,938	-	-	19,856	50,082
Various Agencies	AA3	21,959	-	-	-	21,959
Various Agencies	A1	351,071	-	218,225	29,808	103,038
Various Agencies	A2	214,987	-	122,374	-	92,613
Various Agencies	A3	422,020	-	232,921	80,968	108,131
Various Agencies	BAA1	471,946	59,368	268,811	93,254	50,513
Various Agencies	BAA2	696,324	44,513	449,378	96,676	105,757
Various Agencies	BAA3	240,973	-	206,297	19,485	15,191
Common Stock		3,807,349	3,807,349	-	-	-
Mutual Funds		13,388,549	13,388,549	-	-	-
Interest Receivable		75,112	75,112	-	-	-
Total Investments Held by Trustee of Pension Plan		\$ 24,085,000	\$ 18,238,355	\$ 2,105,976	\$ 647,669	\$ 3,093,000

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

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

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

2. Pension investments (continued)

Foreign Currency Risk – The City’s Pension Plan has 14.4% or \$3,452,423 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>	<u>40 – 75%</u>	<u>65%</u>
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>	<u>15 – 50%</u>	<u>32%</u>
High Yield Bonds	0 – 10%	2%
Investment Grade Bonds	15 – 40%	30%
<u>Money Market</u>	<u>0 – 10%</u>	<u>3%</u>

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, 2023:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Money Market		\$ 658,572	\$ 658,572	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corp	AAA/NR	507,762	-	-	-	507,762
Federal National Mortgage Assn	NR	831,329	-	-	18,435	812,894
Government National Mortgage Assoc	NR	68,153	-	-	-	68,153
U S Treasury Notes	AAA	898,523	-	429,092	46,164	423,267
Various Agencies	AAA	77,989	-	32,971	-	45,017
Various Agencies	AA2	38,526	-	-	14,892	23,634
Various Agencies	AA3	22,972	-	-	-	22,972
Various Agencies	A1	256,836	-	175,152	24,840	56,844
Various Agencies	A2	146,875	-	84,721	-	62,154
Various Agencies	A3	315,275	-	167,815	57,579	89,881
Various Agencies	BAA1	331,047	44,473	184,106	65,877	36,590
Various Agencies	BAA2	493,378	53,034	306,493	52,623	81,228
Various Agencies	BAA3	168,322	-	143,581	14,614	10,127
Common Stock		2,490,317	2,490,317	-	-	-
Mutual Funds		9,919,523	9,919,523	-	-	-
Interest Receivable		56,280	56,280	-	-	-
Total Investments Held by Trustee of OPEB Plan		\$ 17,281,678	\$ 13,222,198	\$ 1,523,932	\$ 295,024	\$ 2,240,524

IV. Detailed notes on all funds (continued)

A. 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 14.7% or \$2,539,496 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	\$ 2,201,897	\$ -	\$ -	\$ -	\$ 2,201,897
Intergovernmental	2,577,930	1,392,159	-	335,041	4,305,130
Customers	4,308,273	11,847	111,400	496,246	4,927,766
Loans	17,875	68,633	-	3,286,381	3,372,889
Interest	124,474	3,198	1,423	402	129,497
Gross receivables	<u>9,230,449</u>	<u>1,475,837</u>	<u>112,823</u>	<u>4,118,070</u>	<u>14,937,179</u>
Less: allowance for uncollectibles	<u>(4,934,656)</u>	<u>(73,392)</u>	<u>-</u>	<u>(1,251,001)</u>	<u>(6,259,049)</u>
Net total receivables	<u><u>\$ 4,295,793</u></u>	<u><u>\$ 1,402,445</u></u>	<u><u>\$ 112,823</u></u>	<u><u>\$ 2,867,069</u></u>	<u><u>\$ 8,678,130</u></u>

Business-Type Activities:

	Electric	Water	Wastewater	Parking & Non-Major Enterprise Funds	Business- Type Activities
Receivables:					
Intergovernmental	\$ -	\$ 66,969	\$ 16,453	\$ 1,808	\$ 85,230
Customers	4,867,286	2,614,119	2,991,261	1,318,311	11,790,977
Loans	-	-	-	300,000	300,000
Interest	2,392	5,950	4,476	2,311	15,129
Gross receivables	<u>4,869,678</u>	<u>2,687,038</u>	<u>3,012,190</u>	<u>1,622,430</u>	<u>12,191,336</u>
Less: allowance for uncollectibles	<u>(2,980,356)</u>	<u>(44,499)</u>	<u>(41,639)</u>	<u>(915,366)</u>	<u>(3,981,860)</u>
Net total receivables	<u><u>\$ 1,889,322</u></u>	<u><u>\$ 2,642,539</u></u>	<u><u>\$ 2,970,551</u></u>	<u><u>\$ 707,064</u></u>	<u><u>\$ 8,209,476</u></u>

IV. Detailed notes on all funds (continued)

B. Receivables (continued)

City Totals:

	Governmental Activities	Business-Type Activities	Total
Receivables:			
Taxes	\$ 2,201,897	\$ -	\$ 2,201,897
Intergovernmental	4,305,130	85,230	4,390,360
Customers	4,927,766	11,790,977	16,718,743
Loans	3,372,889	300,000	3,672,889
Interest	129,497	15,129	144,626
Gross receivables	<u>14,937,179</u>	<u>12,191,336</u>	<u>27,128,515</u>
Less: allowance for uncollectibles	<u>(6,259,049)</u>	<u>(3,981,860)</u>	<u>(10,240,909)</u>
Net total receivables	<u>\$ 8,678,130</u>	<u>\$ 8,209,476</u>	<u>\$ 16,887,606</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	\$ 1,755,506	\$ -	\$ 1,755,506
Other unavailable revenues	<u>-</u>	<u>14,284,151</u>	<u>14,284,151</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 1,755,506</u>	<u>\$ 14,284,151</u>	<u>\$ 16,039,657</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,267,400	\$ -	\$ (24,721)	\$ -	\$ 7,242,679
Construction in progress	<u>2,123,349</u>	<u>2,411,374</u>	<u>(79,643)</u>	<u>(959,187)</u>	<u>3,495,893</u>
Total capital assets, not being depreciated	<u>9,390,749</u>	<u>2,411,374</u>	<u>(104,364)</u>	<u>(959,187)</u>	<u>10,738,572</u>
Capital assets, being depreciated:					
Land improvements	11,980,405	80,276	-	15,000	12,075,681
Buildings and structures	18,597,753	1,513,753	(346,395)	921,026	20,686,137
Machinery and equipment	9,830,193	418,200	(312,822)	-	9,935,571
Automobiles and trucks	12,808,980	839,527	(553,267)	19,682	13,114,922
Office furniture and fixtures	3,537,477	107,924	(3,172)	-	3,642,229
Infrastructure	<u>115,225,736</u>	<u>3,500,287</u>	<u>-</u>	<u>23,161</u>	<u>118,749,184</u>
Total capital assets being depreciated	<u>171,980,544</u>	<u>6,459,967</u>	<u>(1,215,656)</u>	<u>978,869</u>	<u>178,203,724</u>
Less accumulated depreciation for:					
Land improvements	(2,890,328)	(424,751)	-	-	(3,315,079)
Buildings and structures	(11,162,390)	(534,615)	263,348	-	(11,433,658)
Machinery and equipment	(6,678,307)	(615,609)	217,680	-	(7,076,236)
Automobiles and trucks	(7,065,621)	(954,170)	510,012	(19,682)	(7,529,461)
Office furniture and fixtures	(3,219,884)	(119,826)	3,174	-	(3,336,536)
Infrastructure	<u>(59,792,172)</u>	<u>(2,463,692)</u>	<u>-</u>	<u>-</u>	<u>(62,255,865)</u>
Total accumulated depreciation	<u>(90,808,702)</u>	<u>(5,112,663)</u>	<u>994,213</u>	<u>(19,682)</u>	<u>(94,946,835)</u>
Total capital assets, being depreciated, net	<u>81,171,842</u>	<u>1,347,304</u>	<u>(221,442)</u>	<u>959,187</u>	<u>83,256,890</u>
Governmental activities capital assets, net	<u>\$ 90,562,591</u>	<u>\$ 3,758,678</u>	<u>\$ (325,807)</u>	<u>\$ -</u>	<u>\$ 93,995,461</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	\$ 5,436,357	\$ 1,200,000	\$ (135,058)	\$ -	\$ 6,501,299
Construction in progress	316,151	864,896	(1,733)	(12,972)	1,166,342
Total capital assets, not being depreciated	5,752,508	2,064,896	(136,791)	(12,972)	7,667,641
Capital assets, being depreciated:					
Land improvements	1,935,878	272,864	(119,125)	-	2,089,617
Buildings and structures	225,986,079	393,269	(136,980)	10,977	226,253,345
Machinery and equipment	125,136,372	2,339,250	(1,470,312)	1,995	126,007,305
Automobiles and trucks	7,682,149	1,156,114	(159,131)	-	8,679,132
Office furniture and fixtures	881,964	20,917	-	-	902,881
Infrastructure	317,469	104,954	-	-	422,423
Total capital assets being depreciated	361,939,911	4,287,368	(1,885,548)	12,972	364,354,703
Less accumulated depreciation for:					
Land improvements	(1,464,978)	(50,800)	111,159	-	(1,404,619)
Buildings and structures	(95,227,575)	(4,136,474)	112,431	-	(99,251,618)
Machinery and equipment	(69,555,666)	(3,576,186)	1,445,721	-	(71,686,131)
Automobiles and trucks	(4,953,943)	(681,474)	159,131	-	(5,476,286)
Office furniture and fixtures	(821,691)	(11,809)	-	-	(833,500)
Infrastructure	(12,234)	(15,014)	-	-	(27,248)
Total accumulated depreciation	(172,036,087)	(8,471,757)	1,828,442	-	(178,679,402)
Total capital assets, being depreciated, net	189,903,824	(4,184,389)	(57,106)	12,972	185,675,301
Business-type activities capital assets, net	\$ 195,656,332	\$ (2,119,493)	\$ (193,897)	\$ -	\$ 193,342,942

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

Governmental activities:	
General government, including general infrastructure assets	\$ 2,750,799
Public safety	1,391,200
Highways and streets	284,012
Culture and recreation	644,534
Municipal buildings	42,118
Total depreciation expense – governmental activities	<u>\$ 5,112,663</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

Business-type activities:

Electric	\$ 940,415
Water	3,936,303
Wastewater	3,107,139
Parking facilities	249,252
Golf course	42,965
Property management	104,598
Stormwater	91,085
Total depreciation expense – business-type activities	<u>\$ 8,471,757</u>

Construction commitments

The government has active construction projects as of June 30, 2023. 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
City Hall Annex	1,112,642	1,438,208
City Hall Elevator	11,300	562,480
Microsoft Office 365	81,937	79,957
Design Stadium/Multi Use Facility	1,001,332	70,372
Design of Artifact Displays Hager House Museum	34,500	15,500
Police Software	25,853	35,817
Wheaton Park Renovations Phase I	148,156	234,378
Park Circle Triangle	4,832	198,427
Steam Engine Museum	47,241	800,750
Professional Court Extension	50,000	3,300,000
Consolidation of Public Safety Assets	30,000	1,105,000
Marsh Run Trail	197,304	37,068
Hellane Park Basketball Court	5,850	11,700
Ice Rink HVAC System	12,610	91,150
System Re-Conducting along Marshall Street	40,829	187,500
Kilpatrick Woods New Electric Run in Development	26,114	225,500
Streetlight and Outdoor Lighting	244,905	4,160
Wilson Treatment Plant Improvement	130,698	504,807
Remote Network Security	10,136	114
Scada Upgrades for Collections	42,749	15,000
Engineering Services for East End Pump Station # 33	117,802	243,928
Biosolids Upgrades Phase 1B	4,330	147,344
WW Admin Office	52,423	30,000
WWTP Laboratory Equipment	26,826	420,000
Collection System Phase 1A	14,200	250,000
3rd Parking Deck	310,631	75,209
Golf Course Improvements: Clubhouse Deck	7,468	7,920
Golf Course Improvements: Barrier Netting	7,920	17,080
Street Tree Planting - Stormwater	88,897	2,721
MKS Business Park Stormwater Basin	38,100	12,300
Hamilton Run Stream Restoration at Golf Course	2,315	2,685
Total	<u>\$ 4,662,235</u>	<u>\$ 10,831,741</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 City Hall Annex project is being funded by ARPA, general fund reserves and grants. The Professional Court Extension is being funded by ARPA and ARC federal grants, new and prior year general fund monies and highway user revenues. The City Hall Elevator and the upgrade to Microsoft Office 365 is being funded solely by ARPA. The Hellane Park Basketball Court and the Phase I Wheaton Park Renovations projects are being funded by Community Development Block Grant funds (CDBG), the Park Circle Triangle project is being funded by CDBG and the general fund. All the remaining projects (Design Stadium/Multi Use Facility, Design of the Artifact Displays at the Hager House Museum, Police Software, Steam Engine Museum, Consolidation of Public Safety Assets, Marsh Run Trail, and the Ice Rink HVAC System) are being funded through state and federal grants, new general fund monies, and general fund balance reserves. The System Re-Conducting along Marshall Street and the Kilpatrick Woods New Electric Run in Development projects are funded from the Electric Fund. The Streetlight and Outdoor Lighting upgrades will be funded from the Maryland Energy Administration SOLE Grant. The Remote Network Security project and the Wilson Treatment Plant Improvement project are funded from the Water Fund. The SCADA Upgrades for Collections, the Engineering Services for the East End Pump Station #33, the Administration Office Renovation, the WWTP Laboratory Upgrade, and the Collections System Phase 1A projects are all funded from the Wastewater Fund. 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 Street Tree Planting, the MKS Business Park Stormwater Basin Project, and the Hamilton Run Stream Restoration at the Golf Course projects are all 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, 2023, is as follows:

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Community Development Block Grant Fund	\$328,500
	Total	\$328,500

The temporary advance represents 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 2024. The temporary advance will then be reversed.

Interfund transfers:

Transfers in:	Transfers Out:								Total Transfers In:
	General Fund	Nonmajor Governmental	Electric	Water	Wastewater	Nonmajor Enterprise	Internal Service	Capital Projects	
General	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 654,375	\$ -	\$ 684,375
Capital Projects	3,435,447	383,652	30,275	30,275	30,275	4,900	-	-	3,914,824
Nonmajor Governmental	-	-	-	-	-	-	-	-	-
Electric	1,787,716	-	-	-	-	-	65,354	-	1,787,716
Water	-	-	-	-	-	-	94,601	-	94,601
Wastewater	-	-	-	-	-	-	85,670	-	85,670
Nonmajor Enterprise	-	-	-	-	-	-	-	-	-
Enterprise	123,000	700,000	-	-	-	-	-	-	823,000
Transfers out:	\$ 5,346,163	\$ 1,113,652	\$ 30,275	\$ 30,275	\$ 30,275	\$ 4,900	\$ 900,000	\$ -	\$ 7,455,540

The \$684,375 transferred into the General Fund has two separate components: (1) a \$30,000 transfer from the Community Development Block Grant Fund for full-time employee costs; and (2) a \$654,375 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 \$3,435,447 and from Non-major Governmental Funds for \$383,652 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 \$1,787,716 transfer from the General Fund to the Non-major Governmental Funds has three separate components: (1) a \$19,216 transfer to the Grant Revenue Fund for local match requirements, (2) a \$1,175,000 transfer to Economic Redevelopment for the continuation of economic incentive programs, (3) a \$13,500 transfer to the Flexible Spending Fund, and (4) a \$580,000 transfer from the General Fund Fund Balance to Economic Redevelopment for the 3rd parking deck project land acquisition.

The \$123,000 transfer from the General Fund to the Non-major Enterprise Funds has one component: a transfer to the Golf Course Fund for \$123,000 to cover operating costs.

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. On June 7, 2023, a direct placement bond anticipation note was issued for business-type activities in the amount of \$10,600,000 for the construction of a third parking deck. The bond anticipation note principal is due at maturity, which is reflected in the annual debt service requirements chart. The City intends to refinance the bond anticipation note with a future GO bond issue.

The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to government activities totaling \$10,434,746 and \$3,015,475, respectively. The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to business-type activities totaling \$13,235,255 and \$31,063,393, 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. There were no new bond issues in FY2023 from MDE.

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	\$ 3,744,479	\$ 4,200,522	\$ 7,945,001
2011 Public Facilities Bonds	2.00%-3.50%	2031	-	3,175,000	3,175,000
2015A Public Facilities Bond	3.06%	2035	2,520,165	3,094,835	5,615,000
2015B Public Facilities Bond Taxable	3.89%	2035	439,189	810,811	1,250,000
2017A Public Facilities Bond	2.58%	2037	3,348,197	1,096,803	4,445,000
2017B Public Facilities Bond Taxable	3.45%	2037	382,716	857,284	1,240,000
Subtotal General Obligation Bonds			\$ 10,434,746	\$ 13,235,255	\$ 23,670,001
Direct Borrowings & Direct Placements					
2002 State of Maryland Water Supply Assistance	4.40%	2024	\$ -	\$ 18,071	\$ 18,071
2005 MD Water Quality Revolving Loan Fund	0.40%	2025	-	754,422	754,422
2007 MD Drinking Water Revolving Loan Fund	0.40%	2026	-	821,483	821,483
2009 MDE West End Reservoir Tank Phase II	0.00%	2039	-	2,889,484	2,889,484
2009 MDE Water Quality Bond	0.00%	2032	-	326,680	326,680
2009 MDE RCWillson Mains	0.00%	2041	-	2,733,908	2,733,908
2009 MD Water Quality Revolving Loan Fund	0.00%	2030	-	2,432,301	2,432,301
2009 Salem Ave. Collection System Rehabilitation	0.00%	2030	-	268,395	268,395
2013A MDE Willson Plant Phase IV	0.90%	2044	-	6,628,858	6,628,858
2013B MDE Willson Plant Phase IV	0.00%	2044	-	1,500,000	1,500,000
2014 Public Improvement Bonds	2.50%	2029	198,979	568,939	767,918
2018 Public Improvements Bond Taxable	4.30%	2033	473,357	660,498	1,133,855
2018A MDE Willson Travel Screen & Pump	0.80%	2039	-	609,369	609,369
2018B MDE Willson Travel Screen & Pump	0.00%	2029	-	250,985	250,985
2019 Public Improvements Bond Tax Exempt	2.98%	2034	2,343,139	-	2,343,139
2023 Public Improvements Bond Anticipation Note	4.90%	2025	-	10,600,000	10,600,000
Subtotal Direct Borrowings & Direct Placements			\$ 3,015,475	\$ 31,063,393	\$ 34,078,868
Total bonds payable			\$ 13,450,221	\$ 44,298,648	\$ 57,748,869
Premiums on bond issues			305,669	71,536	377,205
Total general obligation debt outstanding			\$ 13,755,890	\$ 44,370,184	\$ 58,126,074

*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
2024	\$ 875,827	\$ 388,560	\$ 267,644	\$ 95,154	\$ 1,209,173	\$ 472,092	\$ 2,016,724	\$ 636,575
2025	912,597	348,487	273,039	86,815	1,252,404	420,995	14,090,966	625,125
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	1,031,511	225,980	290,052	60,702	1,403,489	257,910	1,298,890	78,755
2029-2033	3,820,936	576,780	1,392,821	168,654	5,264,064	573,954	5,061,935	278,481
2034-2038	1,852,124	120,609	229,111	6,828	1,452,876	86,516	3,615,143	140,590
2039-2043	-	-	-	-	-	-	2,214,247	49,374
2044-2048	-	-	-	-	-	-	65,826	384
Total	10,434,746	2,238,753	3,015,475	566,043	13,235,255	2,496,190	31,063,393	1,992,277
Premiums on bond issues	305,669	-	-	-	71,536	-	-	-
Total debt	\$ 10,740,415	\$ 2,238,753	\$ 3,015,475	\$ 566,043	\$ 13,306,791	\$ 2,496,190	\$ 31,063,393	\$ 1,992,277

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, 2023, \$3,485 of revenue bonds was outstanding:

Description	Interest Rate	Maturity	Business-type Activities
1993 M.C.C.B. water supply assistance loan	5.36%	2025	\$ 3,485

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Business-type Activities	
	Principal	Interest
2024	1,697	141
2025	1,788	48
Total	\$ 3,485	\$ 189

IV. Detailed notes on all funds (continued)

E. Long-term debt (continued)

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Public Sale					
Bonds	\$ 11,278,056	\$ -	\$ (843,310)	\$ 10,434,746	\$ 875,827
Direct Borrowings & Direct					
Placements Bonds	3,277,855	-	(262,380)	3,015,475	267,644
Premium	329,910	-	(24,241)	305,669	-
Total long-term debt	14,885,821 *	-	(1,129,931)	13,755,890	1,143,471
Compensated absences	5,066,201	4,076,087	(3,694,867)	5,447,421	2,401,202
Governmental activity					
Long-term liabilities	\$ 19,952,022 *	\$ 4,076,087	\$ (4,824,798)	\$ 19,203,311	\$ 3,544,673
Business-type activities:					
Bonds payable:					
Public Sale					
Bonds	\$ 14,401,944	\$ -	\$ (1,166,689)	\$ 13,235,255	\$ 1,209,173
Direct Borrowings & Direct					
Placements Bonds	22,468,780	10,600,000	(2,005,387)	31,063,393	2,016,724
Revenue bonds	5,095	-	(1,610)	3,485	1,697
Premium	79,783	-	(8,247)	71,536	-
Total long-term debt	36,955,602	10,600,000	(3,181,933)	44,373,669	3,227,594
Compensated absences	1,694,794	1,260,820	(1,115,606)	1,840,008	1,009,247
Business-type activities					
Long-term liabilities	\$ 38,650,396	\$ 11,860,820	\$ (4,297,539)	\$ 46,213,677	\$ 4,236,841

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 2023.

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 evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

On July 1, 2015, the City replaced its guaranteed cost program for workers' compensation coverage and moved to a self-insured program as approved by 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, \$904,490 for health and dental insurance, and \$1,433,386 for workers compensation.

	General Liability Risks Program		Health and Dental Insurance Fund		Workers Compensation Fund	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Unpaid claims, beginning of year	\$ 10,000	\$ -	\$ 616,709	\$ 529,304	\$1,827,568	\$ 2,312,057
Incurred claims	17,015	20,816	8,775,217	6,374,929	900,212	764,657
Change in reserve	-	-	-	-	(394,182)	(484,489)
Claim payments	(17,015)	(10,816)	(8,487,436)	(6,287,524)	(900,212)	(764,657)
Unpaid claims, end of year	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 904,490</u>	<u>\$ 616,709</u>	<u>\$1,433,386</u>	<u>\$ 1,827,568</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, 2023. 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 2023, 284 retirees and their 93 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 47 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, 2023, the annual money-weighted rate of return of OPEB plan investments, net of the OPEB plan expense was 10.76%. 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, 2023, the City recognized OPEB expense of \$3,072,240. The components of the net OPEB liability as of June 30, 2023 were as follows:

Total OPEB Liability (TPL)	\$ 43,400,618
Less: Plan Fiduciary Net Position	17,281,678
City's Net OPEB Liability	<u>\$ 26,118,940</u>

City's Net Position as a Percentage of OPEB Liability 39.82%

The schedule below reflects the factors that impact net position liability and results as June 30, 2023:

Total Fiduciary Liability	<u>2023</u>
Total OPEB Liability	
Service Cost	\$ 498,680
Interest Cost	3,162,651
Differences Between Expected and Actual Experience	(3,493,900)
Plan Changes	-
Assumption Changes	398,735
Benefit Payments	(1,549,525)
Net Change in Total OPEB Liability	<u>(983,359)</u>
Total OPEB liability-Beginning of Year	44,383,977
Total OPEB liability-End of Year	<u>\$ 43,400,618</u>
 Plan Fiduciary Net Position	
Contributions-Employer	\$ 2,249,525
Net Investment Income	1,618,055
Benefit Payments	(1,549,525)
Administrative Expense	(51,658)
Net Change in Fiduciary Net Position	<u>2,266,397</u>
Fiduciary Net Position-Beginning of Year	15,015,281
Fiduciary Net Position-End of Year	<u>\$ 17,281,678</u>
 Net OPEB Liability	 \$ 26,118,940
Fiduciary Net Position as a % of Total OPEB Liability	39.82%
 Covered Employee Payroll	 \$ 32,465,766
Net OPEB Liability as a % of Payroll	80%
Annual Money-Weighted Rate of Return, net of investment expense	10.76%

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, 2023 with a measurement date of June 30, 2023. 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 & 20+ 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%	7.75%
Mid/Small Domestic Equities	6.00%	8.25%
International Equities	15.00%	8.75%
Real Estate Investment Trusts	2.00%	6.75%
Fixed Investment Grade Bonds	30.00%	5.00%
Fixed High Yield Bonds	2.00%	6.75%
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	\$ 30,192,777	\$ 26,118,940	\$ 22,602,728

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	\$ 23,995,449	\$ 26,118,940	\$ 28,541,924

V. Other information (continued)

C. Other post employment benefits (continued)

OPEB deferred outflows of resources and deferred inflows of resources.

At June 30, 2023 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	\$ -	\$ 3,566,072
Changes of assumptions	1,940,380	-
Net difference between projected and actual earnings on OPEB plan investments	930,018	-
Total	\$ 2,870,398	\$ 3,566,072

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:	
2024	\$ (89,371)
2025	(408,802)
2026	522,803
2027	(720,304)
	<u>\$ (695,674)</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, 2023**

	Other Post Employment Benefits (OPEB) Trust Fund
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 658,573
Government and Agency Issues	2,305,767
Corporate Debt Issues	1,851,219
Common Stock	2,490,317
Mutual Funds	9,919,522
Total investments	<u>17,225,398</u>
Interest Receivable	56,280
Total assets	<u><u>17,281,678</u></u>
Net Position Restricted for OPEB	\$ <u><u>17,281,678</u></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, 2023**

	Other Post Employment Benefits (OPEB) Trust Fund
Additions	
Contributions:	
Employer	\$ 700,000
Plan members	-
Total contributions	<u>700,000</u>
Investment earnings:	
Interest and dividends	570,169
Net increase/(decrease) in the fair value of investments	1,047,858
Other revenues	28
Total investment earnings	<u>1,618,055</u>
Less investment expense	1,871
Net investment earnings	<u>1,616,184</u>
Total additions	<u>2,316,184</u>
Deductions	
Benefits	-
Administrative expenses	40,530
Actuarial fees	9,257
Total deductions	<u>49,787</u>
Change in net position	2,266,397
Net position - beginning	<u>15,015,281</u>
Net position - ending	<u>\$ 17,281,678</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 permitted the option 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, 2022, the date of the most recent actuarial valuation:

Active	162
Retired or disabled	107
Vested terminations or inactive	<u>14</u>
Total	<u>283</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. Based on the July 1, 2022 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 2022/23.

As of June 30, 2023, the plan's net position was \$24,085,000 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, 2023, the annual money weighted return on pension plan investments, net of investment expense was 10.80% 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, 2023, the City recognized Police and Fire Retirement expense of \$6,619,126. The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2023 is as follows:

Total Pension Liability (TPL)	\$ 81,036,721
Less: Plan Fiduciary Net Position	<u>24,085,000</u>
City's Net Pension Liability	<u><u>\$ 56,951,721</u></u>
City's Net Position as a Percentage of TPL	29.72%

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, 2023:

	<u>2023</u>
Total pension liability	
Service cost: Retirement benefits	\$ 1,225,614
Interest	3,851,541
Changes of benefit terms	-
Differences between expected and actual experience	2,298,099
Changes of assumptions	652,601
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<u>(3,226,243)</u>
	4,801,612
Total pension liability - beginning	<u>76,235,109</u>
Total pension liability - ending (a)	<u><u>\$ 81,036,721</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 1,684,137
Contributions - member	1,082,637
Net investment income	2,353,820
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<u>(3,226,243)</u>
Administrative expense and Other	<u>(103,215)</u>
	1,791,136
Plan fiduciary net position - beginning	<u>22,293,864</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 24,085,000</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 56,951,721</u></u>
Plan fiduciary net position as a percentage of total pension liability	29.72%
Covered payroll	\$ 12,051,907
Net liability as a percentage of covered payroll	472.55%
Annual money-weighted rate of return, net of investment expense	10.80%

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 5.10%, 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 (4.10%) or 1 percent higher (6.10%) than the current rate:

	1% decrease 4.10%	Current rate 5.10%	1% increase 6.10%
Net Pension Liability	\$ 69,086,557	\$ 56,951,721	\$ 47,025,733

Deferred outflows and inflows of resources related to pensions. As of June 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,661,019	\$ -
Changes of assumptions	11,201,328	-
Net difference between projected and actual earnings on pension plan investments	1,157,156	-
Total	\$ 14,019,503	\$ -

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

Year Ended June 30:	
2024	\$ 4,296,032
2025	4,122,336
2026	5,165,070
2027	436,065
	<u>\$ 14,019,503</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 94.

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, 2022 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 – 5.10%
- (c) Projected salary increases of 4.25% per year
- (d) Valuation of Assets – Market value
- (e) Mortality – PUB-2010 Mortality Table for Public Safety with projection scale MP-2021, fully generational
- (f) Turnover – Pre-retirement for retirement and spousal benefits is T8
- (g) 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, 2023 is as follows:

	% of Portfolio	Assumed Rate of Return	Inflation	Expected Real Rate of Return
Cash	3.10%	1.50%	0.00%	1.50%
Large-Cap Domestic Equities	40.70%	9.60%	2.25%	7.35%
Mid/Small Domestic Equities	10.50%	7.75%	2.25%	5.50%
Global Domestic Equities	0.00%	2.00%	2.25%	0.00%
Global International Equities	14.40%	2.00%	2.25%	0.00%
Real Estate Investment Trusts	0.00%	3.50%	2.25%	1.25%
Fixed Investment Grade Bonds	29.00%	3.00%	2.25%	0.75%
Fixed High Yield Bonds	2.30%	6.50%	2.25%	4.25%
Total	100.00%	4.48%	2.25%	2.58%

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, 2023**

	Pension Trust Fund
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 863,465
Government and Agency Issues	3,356,398
Corporate Debt Issues	2,594,128
Common Stock	3,807,349
Mutual Funds	13,388,548
Total investments	<u>24,009,888</u>
Interest Receivable	75,112
Total assets	<u>24,085,000</u>
 Net Position Restricted for Pensions	 <u><u>\$ 24,085,000</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, 2023**

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 1,684,137
Plan members	1,082,637
Total contributions	<u>2,766,774</u>
Investment earnings:	
Interest and dividends	764,063
Net increase/(decrease) in the fair value of investments	1,577,541
Other revenues	24,587
Total investment earnings	<u>2,366,191</u>
Less investment expense	18,275
Net investment earnings	<u>2,347,916</u>
Total additions	<u>5,114,690</u>
Deductions	
Benefits	3,226,243
Administrative expenses	46,118
Actuarial fees	51,193
Total deductions	<u>3,323,554</u>
Change in net position	1,791,136
Net position - beginning	22,293,864
Net position - ending	<u><u>\$ 24,085,000</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)

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>
2023	\$ 2,256,948	\$ 2,256,948	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, 2023, the City reported a liability of \$18,973,823 for its proportionate share of the net pension liability. The net Pension liability was measured as of June 30, 2022, 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, 2023, the City's proportion was 0.0948 percent.

For the year ended June 30, 2023, the City recognized pension expense of \$2,660,995. As of June 30, 2023, 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	\$ 2,256,948	\$ -
Changes of assumptions	2,009,510	-
Net difference between projected and actual earnings on pension plan investments	-	188,485
Difference in contributions	542,449	
Difference between actual and expected experience	-	1,397,165
Total	\$ 4,808,907	\$ 1,585,650

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:	
2024	\$ (75,429)
2025	(96,690)
2026	(338,079)
2027	1,659,259
2028	(182,752)
	<u>\$ 966,309</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, 2022 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 11.25%, 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	34.00%	6.00%
Rate Sensitive	21.00%	1.20%
Credit Opportunity	8.00%	4.90%
Real Assets	15.00%	5.20%
Absolute Return	6.00%	3.50%
Private Equity	16.00%	8.40%
Total	100.00%	

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	\$ 32,315,080	\$ 18,973,823	\$ 7,907,337

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, 2022. 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	\$ 14,464,291	53,941,245	\$ 68,405,536
	End	18,973,823	56,951,721	75,925,544
Pension Assets	Beginning	65,180,067	22,293,864	87,473,931
	End	60,985,277	24,085,000	85,070,277
Deferred Outflow of Resources		4,808,907	14,019,503	18,828,410
Deferred Inflow of Resources		1,585,650	-	1,585,650
Pension Expense Recognized per Actuary		2,660,995	6,619,126	9,280,121

Required Supplementary Information

The City of Hagerstown Other Post Employment Benefits Plan

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

Total Fiduciary Liability	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service Cost	\$ 498,680	\$ 427,146	\$ 398,406	\$ 363,917	\$ 352,137	\$ 355,153	\$ 402,527
Interest Cost	3,162,651	2,856,400	2,865,524	2,775,070	2,493,422	2,677,681	2,601,151
Differences Between Expected and Actual Experience	(3,493,900)	-	(1,927,377)	-	662,512	(1,259,781)	-
Plan Changes	-	-	-	-	-	(2,268,178)	-
Assumption Changes	398,735	2,443,164	(66,998)	911,457	2,139,103	3,656	-
Benefit Payments	(1,549,525)	(1,457,202)	(1,335,749)	(1,710,516)	(2,066,757)	(1,867,491)	(2,094,941)
Net Change in Total OPEB Liability	(983,359)	4,269,508	(66,194)	2,339,928	3,580,417	(2,358,960)	908,737
Total OPEB liability-Beginning of Year	44,383,977	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>\$ 43,400,618</u>	<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	\$ 2,249,525	\$ 2,591,202	\$ 1,985,749	\$ 2,360,516	\$ 2,716,757	\$ 2,517,491	\$ 2,744,941
Net Investment Income	1,618,055	(2,540,117)	3,457,579	439,856	651,530	708,254	886,273
Benefit Payments	(1,549,525)	(1,457,202)	(1,335,749)	(1,710,516)	(2,066,757)	(1,867,491)	(2,094,941)
Administrative Expense	(51,658)	(36,387)	(43,432)	(34,928)	(27,805)	(35,391)	(23,374)
Net Change in Fiduciary Net Position	2,266,397	(1,442,504)	4,064,147	1,054,928	1,273,725	1,322,863	1,512,899
Fiduciary Net Position-Beginning of Year	15,015,281	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>\$ 17,281,678</u>	<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	\$ 26,118,940	\$ 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	39.82%	33.83%	41.03%	30.84%	29.96%	29.38%	23.87%
Covered Employee Payroll	\$ 32,465,766	\$ 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	80%	97%	76%	95%	92%	85%	100%
Annual Money-Weighted Rate of Return, net of investment expense	10.76%	-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 Seven Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 2,925,110	\$ 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	<u>(2,249,525)</u>	<u>(2,591,202)</u>	<u>(1,985,749)</u>	<u>(2,360,516)</u>	<u>(2,716,757)</u>	<u>(2,517,491)</u>	<u>(2,744,941)</u>
Contribution Deficiency (Excess)	<u>\$ 675,585</u>	<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	\$ 32,465,766	\$ 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	6.93%	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 Eligibility	Employee hired before July 1, 1989, must have completed a minimum of 10 years of full time continuous service. Employee hired on or after July 1, 1989 must have completed a minimum of 20 years of full time continuous 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 Nine Fiscal Years

	<u>2023</u>	<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	\$ 1,225,614	\$ 686,244	\$ 686,694	\$ 693,593	\$ 871,348	\$ 873,381	\$ 818,483	\$ 751,552	\$ 574,841
Interest	3,851,541	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	2,298,099	215,445	(979,110)	424,585	(2,012,735)	(24,097)	410,836	(420,327)	-
Changes of assumptions	652,601	17,914,818	(128,645)	(90,917)	872,301	3,017,852	-	195,086	-
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<u>(3,226,243)</u>	<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>
	\$ 4,801,612	\$ 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>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>47,574,604</u>	<u>45,958,874</u>	<u>44,304,971</u>
Total pension liability - ending (a)	<u>\$ 81,036,721</u>	<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	\$ 1,684,137	\$ 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	1,082,637	972,814	845,330	839,930	868,254	694,617	632,200	728,171	604,317
Net investment income	2,353,820	(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)	(3,226,243)	(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 and Other	(103,215)	(96,560)	(92,510)	(81,692)	(132,378)	(127,872)	(116,599)	(109,198)	(129,778)
	1,791,136	(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>22,293,864</u>	<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>\$ 24,085,000</u>	<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>\$ 56,951,721</u>	<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	29.72%	29.24%	47.18%	39.08%	39.95%	38.37%	40.37%	39.51%	41.58%
Covered payroll	\$ 12,051,907	\$ 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	472.55%	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	10.80%	-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>2023</u>	<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>
Actuarially determined contribution	\$ 1,684,137	\$ 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
Employer contributions in relation to the actuarially determined contribution	\$ 1,684,137	\$ 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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$12,051,907	\$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
Contributions as a percentage of covered payroll	13.97%	13.94%	14.00%	13.97%	13.94%	13.91%	13.91%	13.51%	13.22%	12.80%

Notes to schedule:

Valuation date: Employee data as of July 1, 2022 and assumption information as of June 30, 2023

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%
Discount Rate	5.10%
Retirement age	50% upon 25 years of service, and 50% per year at 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 Nine Fiscal Years

	<u>2023</u>	<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)	0.0948%	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)	\$18,973,823	\$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	\$15,721,240	\$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	76.27%	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 Nine Fiscal Years

	<u>2023</u>	<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)	\$ 2,164,277	\$ 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>(2,164,277)</u>	<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	\$15,822,070	\$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	13.68%	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 11.25%, 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, 2023

	Budgeted Amounts		2023 Actual	Variance with Final Budget - Positive (Negative)	2022 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers						
General Property Taxes:						
Current year's levy	\$ 32,337,332	\$ 32,377,463	\$ 33,282,408	\$ 904,945	\$ 31,999,285	\$ 1,283,123
Prior year's levy - net	(100,000)	(100,000)	(94,211)	5,789	35,367	(129,578)
Payments in lieu of taxes	2,785,300	2,785,300	2,795,203	9,903	2,809,090	(13,887)
Interest on delinquent taxes	150,000	150,000	55,755	(94,245)	(211,185)	266,940
	<u>35,172,632</u>	<u>35,212,763</u>	<u>36,039,155</u>	<u>826,392</u>	<u>34,632,557</u>	<u>1,406,598</u>
Less discounts allowed	(38,000)	(38,000)	(34,922)	3,078	(40,306)	5,384
Total General Property Taxes	<u>35,134,632</u>	<u>35,174,763</u>	<u>36,004,233</u>	<u>829,470</u>	<u>34,592,251</u>	<u>1,411,982</u>
Income and Other Taxes:						
Income tax	3,100,000	3,100,000	4,150,983	1,050,983	3,809,747	341,236
Admission	250,000	250,000	259,537	9,537	300,314	(40,777)
Enterprise zone tax credits	537,784	537,784	524,709	(13,075)	402,173	122,536
Police protection	700,000	1,096,485	1,096,485	-	676,790	419,695
State aid for fire service	70,000	70,000	78,267	8,267	77,289	978
State highway user revenue	134,100	134,100	134,100	-	100,000	34,100
Financial corporations	34,214	34,214	34,214	-	34,214	-
Hotel/motel room tax	200,000	200,000	329,753	129,753	255,084	74,669
Total Income and Other Taxes	<u>5,026,098</u>	<u>5,422,583</u>	<u>6,608,048</u>	<u>1,185,465</u>	<u>5,655,611</u>	<u>952,437</u>
Licenses and Permits:						
Residential rental licenses	685,000	685,000	606,650	(78,350)	670,889	(64,239)
Cable television franchise	320,000	320,000	298,774	(21,226)	306,413	(7,639)
Traders	98,000	98,000	104,372	6,372	110,310	(5,938)
Building permits	400,000	400,000	816,892	416,892	651,715	165,177
Electrical permits	110,000	110,000	123,354	13,354	160,367	(37,013)
Plumbing permits	65,000	65,000	69,602	4,602	80,144	(10,542)
Other	590,900	590,900	546,642	(44,258)	687,468	(140,826)
Total Licenses and Permits	<u>2,268,900</u>	<u>2,268,900</u>	<u>2,566,286</u>	<u>297,386</u>	<u>2,667,306</u>	<u>(101,020)</u>
Intergovernmental Grant Revenues:						
Federal grants	188,313	592,108	588,470	(3,638)	149,248	439,222
State and local grants	443,606	443,606	499,332	55,726	337,266	162,066
Total Intergovernmental Grant Revenues	<u>631,919</u>	<u>1,035,714</u>	<u>1,087,802</u>	<u>52,088</u>	<u>486,514</u>	<u>601,288</u>
Service Charges:						
Refuse collection fees	3,038,500	3,038,500	3,266,808	228,308	2,851,798	415,010
Stadium	-	-	169	169	12,229	(12,060)
Swimming pool	74,700	74,700	94,425	19,725	106,778	(12,353)
Other	845,568	845,568	527,303	(318,265)	944,098	(416,795)
Total Service Charges	<u>3,958,768</u>	<u>3,958,768</u>	<u>3,888,705</u>	<u>(70,063)</u>	<u>3,914,903</u>	<u>(26,198)</u>
Fines and Forfeitures:						
Safe Speed for School	975,000	975,000	732,810	(242,190)	683,341	49,469
Red Light Program	165,000	165,000	186,223	21,223	175,842	10,381
Other	108,150	108,150	50,711	(57,439)	79,004	(28,293)
Total Fines and Forfeitures	<u>1,248,150</u>	<u>1,248,150</u>	<u>969,744</u>	<u>(278,406)</u>	<u>938,187</u>	<u>31,557</u>
Unallocated General Revenues:						
Administrative allocation	1,997,500	1,997,500	1,997,500	-	1,997,500	-
Interest on investments	21,500	788,434	1,010,911	222,477	6,162	1,004,749
Sale of land & other property	10,000	10,000	41,084	31,084	9,103	31,981
Miscellaneous	211,027	106,243	274,298	168,055	157,112	117,186
Total Unallocated General Revenues	<u>2,240,027</u>	<u>2,902,177</u>	<u>3,323,793</u>	<u>421,616</u>	<u>2,169,877</u>	<u>1,153,916</u>
Total Revenues	50,508,494	52,011,055	54,448,611	2,437,556	50,424,649	4,023,962

* 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, 2023

	Budgeted Amounts		2023 Actual	Variance with Final Budget - Positive (Negative)	2022 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers (continued)						
Other Financing Sources:						
Transfers from community development fund	30,000	30,000	30,000	-	28,524	1,476
Transfers from health insurance fund	654,375	654,375	654,375	-	541,968	112,407
Budgeted use of fund balance	3,555,000	1,081,000	-	(1,081,000)	-	-
Total Other Financing Sources	4,239,375	1,765,375	684,375	(1,081,000)	570,492	113,883
Total Revenues and Other Financing Sources	\$ 54,747,869	\$ 53,776,430	\$ 55,132,986	\$ 1,356,556	\$ 50,995,141	\$ 4,137,845
Expenditures and Transfers						
General Government:						
Council	\$ 137,657	137,657	131,804	\$ 5,853	\$ 125,809	\$ 5,995
Mayor	86,242	86,242	86,984	(742)	86,589	395
City administrator	232,771	240,069	249,825	(9,756)	227,516	22,309
City clerk	184,114	187,354	169,645	17,709	158,174	11,471
Legal counsel	246,000	286,450	228,291	58,159	254,528	(26,237)
Public functions	337,570	323,392	377,768	(54,376)	265,152	112,616
Communications	284,007	299,026	285,258	13,768	270,342	14,916
Finance and accounting	934,477	1,094,077	1,060,368	33,709	921,853	138,515
Information technology	1,240,539	1,255,257	1,265,620	(10,363)	1,164,347	101,273
Customer Services, Billing & Treasurer	487,720	511,873	657,240	(145,367)	560,034	97,206
Planning	436,169	438,866	416,342	22,524	458,567	(42,225)
Annexation	10,800	10,800	(8,607)	19,407	1,609	(10,216)
City hall expenditures	296,281	308,930	263,070	45,860	272,114	(9,044)
City engineer	1,141,401	1,155,145	1,122,243	32,902	1,084,791	37,452
Human resources	628,268	654,552	620,106	34,446	566,126	53,980
Total General Government	6,684,016	6,989,690	6,925,957	63,733	6,417,551	508,406
Public Safety:						
Police department	15,884,217	16,316,898	15,591,217	725,681	14,282,938	1,308,279
Fire department	9,490,492	9,981,173	9,764,870	216,303	9,039,781	725,089
Code enforcement	1,781,328	1,799,563	1,477,891	321,672	1,553,483	(75,592)
Signal department	597,162	599,821	502,042	97,779	495,583	6,459
Total Public Safety	27,753,199	28,697,455	27,336,020	1,361,435	25,371,785	1,964,235
Highways and Streets:						
General street department operations	1,567,095	1,601,865	1,528,145	73,720	1,559,392	(31,247)
Snow removal	386,000	290,000	61,921	228,079	217,826	(155,905)
Central maintenance garage	547,538	566,510	708,777	(142,267)	586,080	122,697
Total Highways and Streets	2,500,633	2,458,375	2,298,843	159,532	2,363,298	(64,455)
Waste, Collection and Disposal	3,178,629	3,123,077	3,232,599	(109,522)	2,926,593	306,006
Culture and Recreation:						
City parks	2,113,437	2,144,117	1,867,809	276,308	1,798,210	69,599
Swimming pool	188,020	188,020	248,375	(60,355)	235,779	12,596
Farmers market	16,751	16,751	12,798	3,953	82,178	(69,380)
Stadium	12,208	12,208	8,704	3,504	32,773	(24,069)
Recreation department	662,876	668,261	587,537	80,724	582,283	5,254
Hager house and 202 train museum	91,948	91,948	76,712	15,236	57,985	18,727
Total Culture and Recreation	3,085,240	3,121,305	2,801,935	319,370	2,789,208	12,727

* 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, 2023

	Budgeted Amounts		2023 Actual	Variance with Final Budget - Positive (Negative)	2022 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Expenditures and Transfers (continued)						
Economic and Community Development:						
Economic development	681,429	691,809	647,562	44,247	532,067	115,495
Total Economic and Community Development	681,429	691,809	647,562	44,247	532,067	115,495
Unallocated General Expenditures:						
Retiree benefits	1,500,000	1,500,000	1,444,594	55,406	1,465,742	(21,148)
Contributions to other agencies	205,000	205,000	202,200	2,800	272,100	(69,900)
Inventory adjustments	10,000	10,000	1,070	8,930	7,483	(6,413)
Budget contingency	692,855	-	-	-	-	-
Total Unallocated General Expenditures	2,407,855	1,715,000	1,647,864	67,136	1,745,325	(97,461)
Debt Service:						
Principal	1,105,690	1,105,690	1,105,691	(1)	1,707,194	(601,503)
Interest	481,354	481,354	461,738	19,616	509,365	(47,627)
Issuance Costs	1,715	1,715	1,715	-	1,715	-
Total Debt Service	1,588,759	1,588,759	1,569,144	19,615	2,218,274	(649,130)
Total Expenditures	\$ 47,879,760	\$ 48,385,470	\$ 46,459,924	\$ 1,925,546	\$ 44,364,101	\$ 2,095,823
Other Financing Uses:						
Transfers to golf course fund	123,000	123,000	123,000	-	200,466	(77,466)
Transfers to grant revenue fund	6,667	19,746	19,216	530	16,543	2,673
Transfers to economic redevelopment fund	1,055,000	1,175,000	1,175,000	-	1,030,000	145,000
Transfers to capital projects fund	2,126,675	3,175,447	3,175,447	-	1,496,819	1,678,628
Transfers to flexible spending fund	-	-	13,500	(13,500)	-	13,500
Transfers from FB reserves to capital projects fund	3,555,000	501,000	260,000	241,000	4,026,730	(3,766,730)
Transfers from FB reserves to economic redevelopment fund	-	580,000	580,000	-	446,011	133,989
Total Other Financing Uses	6,866,342	5,574,193	5,346,163	228,030	7,216,569	(1,870,406)
Total Expenditures and Other Financing Uses	54,746,102	53,959,663	51,806,087	2,153,576	51,580,670	225,417
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
	1,767	(183,233)	3,326,899	3,510,132	(585,529)	3,912,428
Fund balances - beginning	17,400,506	17,400,506	17,400,506	-	17,986,035	(585,529)
Fund balances - ending	\$ 17,402,273	\$ 17,217,273	\$ 20,727,405	\$ 3,510,132	\$ 17,400,506	\$ 3,326,899

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, 2023

	<u>Budgeted Amounts</u>		<u>2023 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2022 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental grant revenues	\$ 5,826,325	\$ 6,065,158	\$ 3,094,169	\$ (2,970,989)	\$ 2,758,290	\$ 335,879
Income and other taxes	1,269,000	1,632,518	1,632,518	-	1,736,144	(103,626)
Contributions and donations	222,500	340,968	3,942,303	3,601,335	1,397,555	2,544,748
Interest income	-	-	217,401	217,401	2,710	214,691
Other revenues	-	55,403	81,791	26,388	122,135	(40,344)
Total revenues	<u>7,317,825</u>	<u>8,094,047</u>	<u>8,968,182</u>	<u>874,135</u>	<u>6,016,834</u>	<u>2,951,348</u>
Expenditures						
General government projects	8,497,000	12,095,219	7,043,173	5,052,046	6,287,648	755,525
Public safety projects	4,171,225	2,332,303	938,434	1,393,869	2,233,625	(1,295,191)
Highways and streets projects	660,000	748,754	124,693	624,061	558,514	(433,821)
Culture and recreation	2,449,700	3,241,487	2,262,117	979,370	1,006,785	1,255,332
Total expenditures	<u>15,777,925</u>	<u>18,417,763</u>	<u>10,368,417</u>	<u>8,049,346</u>	<u>10,086,572</u>	<u>281,845</u>
Excess (deficiency) of revenues over (under) expenditures	(8,460,100)	(10,323,716)	(1,400,235)	8,923,481	(4,069,738)	2,669,503
Other Financing Sources (Uses)						
Transfers in:						
Excise tax fund	-	-	-	-	2,937	(2,937)
Forest conservation fund	90,000	3,000	3,000	-	24,938	-
General fund	5,681,675	3,676,447	3,435,447	(241,000)	5,523,549	(2,088,102)
Electric fund	30,275	30,275	30,275	-	11,740	18,535
Water fund	30,275	30,275	30,275	-	11,740	18,535
Wastewater fund	30,275	30,275	30,275	-	11,740	18,535
Community development block grant fund	595,000	982,081	380,652	(601,429)	713,939	(333,287)
Parking fund	4,900	4,900	4,900	-	2,040	2,860
Budgeted use of fund balance	1,997,700	5,566,463	-	(5,566,463)	-	-
Total other financing sources and (uses)	<u>8,460,100</u>	<u>10,323,716</u>	<u>3,914,824</u>	<u>(6,408,892)</u>	<u>6,302,623</u>	<u>(2,365,861)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	-	-	2,514,589	2,514,589	2,232,885	281,704
Fund balances - beginning	<u>6,917,232</u>	<u>6,917,232</u>	<u>6,917,232</u>	<u>-</u>	<u>4,684,347</u>	<u>2,232,885</u>
Fund balances - ending	\$ <u>6,917,232</u>	\$ <u>6,917,232</u>	\$ <u>9,431,821</u>	\$ <u>2,514,589</u>	\$ <u>6,917,232</u>	\$ <u>2,514,589</u>

Parks and Recreation



SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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**City of Hagerstown, Maryland
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023**

	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	\$ 247	\$ 638,805	\$ 445	\$ 169,425	\$ -	\$ 116,961	\$ 177	\$ 926,060
Interest receivable	-	282	-	71	-	49	1	403
Accounts receivable	-	-	1,660	-	-	-	-	1,660
Intergovernmental receivable	167,799	-	-	-	-	167,242	-	335,041
Prepaid items	-	-	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectibles)	1,486,016	-	-	1,043,949	-	-	-	2,529,965
Properties held for resale	542,940	576,827	-	-	-	-	-	1,119,767
Restricted assets:								
Pooled cash and investments	168,226	1,748,803	19,054	-	-	-	-	1,936,083
Total assets	\$ 2,365,228	\$ 2,964,717	\$ 21,159	\$ 1,213,445	\$ -	\$ 284,252	\$ 178	\$ 6,848,979
Liabilities								
Accounts payable	\$ 24,548	\$ 35,158	\$ -	\$ -	\$ -	\$ 39,685	\$ -	\$ 99,391
Accrued liabilities	2,217	-	-	-	-	2,756	-	4,973
Advances from other funds	328,500	-	-	-	-	-	-	328,500
Escrowed taxes and insurance	1,330	-	-	-	-	-	-	1,330
Customer deposits	-	-	19,054	-	-	-	-	19,054
Deferred revenue	-	-	-	-	-	7,286	-	7,286
Undisbursed loan and grant commitments	166,895	1,681,333	-	106,281	-	-	-	1,954,509
Total liabilities	\$ 523,490	\$ 1,716,491	\$ 19,054	\$ 106,281	\$ -	\$ 49,727	\$ -	\$ 2,415,043
Fund Balance								
Restricted:								
Community Redevelopment	1,841,738	-	-	-	-	-	-	1,841,738
Public Safety	-	-	-	-	-	234,525	-	234,525
Forest Conservation	-	-	-	-	-	-	178	178
Committed:								
Community Redevelopment	-	576,827	-	-	-	-	-	576,827
Assigned:								
Community Redevelopment	-	671,399	-	1,107,164	-	-	-	1,778,563
Employee Benefit	-	-	2,105	-	-	-	-	2,105
Total fund balances	\$ 1,841,738	\$ 1,248,226	\$ 2,105	\$ 1,107,164	\$ -	\$ 234,525	\$ 178	\$ 4,433,936
Total liabilities and fund balances	\$ 2,365,228	\$ 2,964,717	\$ 21,159	\$ 1,213,445	\$ -	\$ 284,252	\$ 178	\$ 6,848,979

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	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	\$ 1,051,106	\$ 200,000	-	\$ -	-	\$ 657,981	-	\$ 1,909,087
Program income	24,146	-	-	24,260	-	-	-	48,406
Investment earnings	17	19,250	3	5,320	-	3,928	95	28,613
Contributions and donations	-	-	-	-	-	18,419	-	18,419
Property sales	-	-	-	-	-	-	-	-
Other revenues	-	11,628	264	100	-	54,971	-	66,963
Total revenues	1,075,269	230,878	267	29,680	-	735,299	95	2,071,488
Expenditures								
Current:								
General government	-	-	-	-	-	302,927	-	302,927
Public safety	-	-	-	-	-	321,585	-	321,585
Economic and community development:								
Public services	131,500	-	-	-	-	-	-	131,500
Public Facilities/Improvements	3,360	-	-	-	-	-	-	3,360
Housing rehabilitation	192,197	-	-	-	-	-	-	192,197
Commercial Rehab Grants	60,183	-	-	-	-	-	-	60,183
Direct economic development	-	1,166,877	-	29,530	-	(5)	-	1,196,402
Cost of properties sold	-	-	-	-	-	-	-	-
Administration	279,735	67,624	-	5,088	-	-	-	352,447
Capital outlay	1,900	-	-	-	-	71,104	-	73,004
Interest expense	15	-	-	-	-	-	-	15
Total expenditures	668,890	1,234,501	-	34,618	-	695,611	-	2,633,620
Excess (deficiency) of revenues over (under) expenditures	406,379	(1,003,623)	267	(4,938)	-	39,688	95	(562,132)
Other Financing Sources (Uses)								
Transfers in	-	1,755,000	13,500	-	-	19,216	-	1,787,716
Transfers out	(410,652)	(700,000)	-	-	-	-	(3,000)	(1,113,652)
Total other financing sources (uses)	(410,652)	1,055,000	13,500	-	-	19,216	(3,000)	674,064
Net change in fund balances	(4,273)	51,377	13,767	(4,938)	-	58,904	(2,905)	111,932
Fund balances - beginning	1,846,011	1,196,849	(11,662)	1,112,102	-	175,621	3,083	4,322,004
Fund balances - ending	\$ 1,841,738	\$ 1,248,226	\$ 2,105	\$ 1,107,164	\$ -	\$ 234,525	\$ 178	\$ 4,433,936

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, 2023

	Budgeted Amounts		2023 Actual	Variance with Final Budget - Positive (Negative)	2022 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grant revenues	\$ 1,540,041	1,469,932	\$ 1,051,106	\$ (418,826)	\$ 1,121,363	\$ (70,257)
Program income	20,125	20,125	24,146	4,021	25,321	(1,175)
Investment earnings	75	75	17	(58)	-	17
Property sales	155,000	155,000	-	(155,000)	-	-
Total revenues	<u>1,715,241</u>	<u>1,645,132</u>	<u>1,075,269</u>	<u>(569,863)</u>	<u>1,146,684</u>	<u>(71,415)</u>
Expenditures						
Public services	182,951	150,200	131,500	18,700	300,686	(169,186)
Public Facilities/Improvements	400,000	-	3,360	(3,360)	2,184	1,176
Housing rehabilitation	132,000	192,000	192,197	(197)	126,205	65,992
Clearance and demolition	75,000	75,000	-	75,000	-	-
Commercial rehab grants	75,000	75,000	60,183	14,817	55,000	5,183
Cost of properties sold	221,000	221,000	-	221,000	-	-
Administration	208,181	208,181	279,735	(71,554)	176,143	103,592
Capital outlay	250	250	1,900	(1,650)	164	1,736
Interest expense	100	100	15	85	28	(13)
Total expenditures	<u>1,294,482</u>	<u>921,731</u>	<u>668,890</u>	<u>252,841</u>	<u>660,410</u>	<u>8,480</u>
Excess (deficiency) of revenues over (under) expenditures	420,759	723,401	406,379	(317,022)	486,274	(79,895)
Other Financing Sources (Uses)						
Transfers to general fund	(30,000)	(30,000)	(30,000)	-	(28,524)	(1,476)
Transfers to capital projects fund	(595,000)	(982,081)	(380,652)	601,429	(713,939)	333,287
Total other financing sources (uses)	<u>(625,000)</u>	<u>(1,012,081)</u>	<u>(410,652)</u>	<u>601,429</u>	<u>(742,463)</u>	<u>331,811</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	(204,241)	(288,680)	(4,273)	284,407	(256,189)	251,916
Fund balances - beginning	1,846,011	1,846,011	1,846,011	-	2,102,200	(256,189)
Fund balances - ending	\$ <u>1,641,770</u>	\$ <u>1,557,331</u>	\$ <u>1,841,738</u>	\$ <u>284,407</u>	\$ <u>1,846,011</u>	\$ <u>(4,273)</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, 2023

	Budgeted Amounts		2023 Actual	Variance with Final Budget - Positive (Negative)	2022 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grants	\$ 412,500	\$ 560,000	\$ 200,000	\$ (360,000)	\$ 10,840	\$ 189,160
Investment earnings	500	500	19,250	18,750	182	19,068
Rental income	11,744	11,744	11,628	(116)	14,289	(2,661)
Total revenues	<u>424,744</u>	<u>572,244</u>	<u>230,878</u>	<u>(341,366)</u>	<u>25,311</u>	<u>205,567</u>
Expenditures						
Direct economic development	1,434,000	1,528,864	1,166,877	361,987	1,925,895	(759,018)
Administration	33,848	33,848	67,624	(33,776)	34,248	33,376
Total expenditures	<u>1,467,848</u>	<u>1,562,712</u>	<u>1,234,501</u>	<u>328,211</u>	<u>1,960,143</u>	<u>(725,642)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,043,104)	(990,468)	(1,003,623)	(13,155)	(1,934,832)	931,209
Other Financing Sources (Uses)						
Transfers from general fund	1,055,000	1,755,000	1,755,000	-	1,030,000	725,000
Transfers to parking fund	-	(700,000)	(700,000)	-	-	(700,000)
Total other financing sources (uses)	<u>1,055,000</u>	<u>1,055,000</u>	<u>1,055,000</u>	<u>-</u>	<u>1,030,000</u>	<u>25,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	11,896	64,532	51,377	(13,155)	(904,832)	956,209
Fund balances - beginning	1,196,849	1,196,849	1,196,849	-	2,101,681	(34,078)
Fund balances - ending	\$ <u>1,208,745</u>	\$ <u>1,261,381</u>	\$ <u>1,248,226</u>	\$ <u>(13,155)</u>	\$ <u>1,196,849</u>	\$ <u>922,131</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, 2023

	Original and Final Budget	2023 Actual	Variance with Final Budget - Positive (Negative)	2022 Actual	Increase/ (Decrease) Over Prior Year
Revenues					
Investment earnings	\$ 25	\$ 3	\$ (22)	\$ -	\$ 3
Charges for services	1,000	264	(736)	3,291	(3,027)
Total revenues	<u>1,025</u>	<u>267</u>	<u>(758)</u>	<u>3,291</u>	<u>(3,024)</u>
Expenditures					
Contracted services	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,025	267	(758)	3,291	(3,024)
Other Financing Sources (Uses)					
Transfers from general fund	-	13,500	13,500	-	13,500
Total other financing sources (uses)	<u>-</u>	<u>13,500</u>	<u>13,500</u>	<u>-</u>	<u>13,500</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)					
	1,025	13,767	12,742	3,291	10,476
Fund balances - beginning	(11,662)	(11,662)	-	(14,953)	3,291
Fund balances - ending	<u><u>\$ (10,637)</u></u>	<u><u>\$ 2,105</u></u>	<u><u>\$ 12,742</u></u>	<u><u>\$ (11,662)</u></u>	<u><u>\$ 13,767</u></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, 2023

	<u>Original and Final Budget</u>	<u>2023 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2022 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
Revenues					
Investment earnings	\$ 500	\$ 5,320	\$ 4,820	\$ 59	\$ 5,261
Miscellaneous	500	100	(400)	500	(400)
Program revenue	261,000	24,260	(236,740)	18,486	5,774
Total revenues	<u>262,000</u>	<u>29,680</u>	<u>(232,320)</u>	<u>19,045</u>	<u>10,635</u>
Expenditures					
Legal & Audit Fees	1,750	23	1,727	1,321	(1,298)
Administration	8,640	5,065	3,575	7,918	(2,853)
Direct economic development loans	250,000	29,530	220,470	30,409	(879)
Total expenditures	<u>260,390</u>	<u>34,618</u>	<u>225,772</u>	<u>39,648</u>	<u>(5,030)</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	1,610	(4,938)	(6,548)	(20,603)	15,665
Fund balances - beginning	1,112,102	1,112,102	-	1,132,705	(20,603)
Fund balances - ending	\$ <u>1,113,712</u>	\$ <u>1,107,164</u>	\$ <u>(6,548)</u>	\$ <u>1,112,102</u>	\$ <u>(4,938)</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, 2023

	<u>Original and Final Budget</u>	<u>2023 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2022 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
Revenues					
Investment earnings	\$ 100	\$ -	\$ (100)	\$ -	\$ -
Excise tax	-	-	-	-	-
Total revenues	<u>100</u>	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>-</u>
Expenditures					
Interest Expense	-	-	-	35	(35)
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>(35)</u>
Other Financing Sources (Uses)					
Transfers to capital projects fund	-	-	-	(2,937)	2,937
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,937)</u>	<u>2,937</u>
Excess (deficiency) of revenues over (under) expenditures	100	-	(100)	(2,972)	2,972
Fund balances - beginning	-	-	-	2,972	(2,972)
Fund balances - ending	\$ <u>100</u>	\$ <u>-</u>	\$ <u>(100)</u>	\$ <u>-</u>	\$ <u>-</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, 2023

	Budgeted Amounts		2023 Actual	Variance with Final Budget - Positive (Negative)	2022 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental	\$ 371,363	\$ 715,278	\$ 657,981	\$ (57,297)	\$ 397,653	\$ 260,328
Investment earnings	-	-	3,928	3,928	12	3,916
Contributions and donations	-	18,419	18,419	-	1,506	16,913
Other revenues	-	-	54,971	54,971	-	54,971
Total revenues	<u>371,363</u>	<u>733,697</u>	<u>735,299</u>	<u>1,602</u>	<u>399,171</u>	<u>336,128</u>
Expenditures						
General government	-	304,447	302,927	1,520	29,253	273,674
Public safety	345,230	368,459	321,585	46,874	283,464	38,121
Culture and recreation	-	-	-	-	5,667	(5,667)
Economic and community development	-	-	(5)	5	5	(10)
Capital outlay	32,800	80,537	71,104	9,433	97,396	(26,292)
Total expenditures	<u>378,030</u>	<u>753,443</u>	<u>695,611</u>	<u>57,832</u>	<u>415,785</u>	<u>279,826</u>
Excess (deficiency) of revenues over (under) expenditures	(6,667)	(19,746)	39,688	59,434	(16,614)	56,302
Other Financing Sources (Uses)						
Transfers from general fund	6,667	19,746	19,216	(530)	16,543	57,362
Total other financing sources (uses)	<u>6,667</u>	<u>19,746</u>	<u>19,216</u>	<u>(530)</u>	<u>16,543</u>	<u>57,362</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	-	-	58,904	58,904	(71)	113,664
Fund balances - beginning	175,621	175,621	175,621	-	175,692	(71)
Fund balances - ending	\$ <u>175,621</u>	\$ <u>175,621</u>	\$ <u>234,525</u>	\$ <u>58,904</u>	\$ <u>175,621</u>	\$ <u>113,593</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, 2023

	Budgeted Amounts		2023 Actual	Variance with Final Budget - Positive (Negative)	2022 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Investment earnings	\$ 350	350	\$ 95	\$ (255)	\$ 1	\$ 94
Reforestation fees	25,000	25,000	-	(25,000)	4,133	(4,133)
Total revenues	<u>25,350</u>	<u>25,350</u>	<u>95</u>	<u>(25,255)</u>	<u>4,134</u>	<u>(4,039)</u>
Expenditures						
Interest Expense	-	-	-	-	28	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers to capital projects fund	(90,000)	(3,000)	(3,000)	-	(24,938)	21,938
Transfers from capital projects fund	-	-	-	-	-	-
Total other financing sources (uses)	<u>(90,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>(24,938)</u>	<u>21,938</u>
Excess (deficiency) of revenues over (under) expenditures	(64,650)	22,350	(2,905)	(25,255)	(20,832)	17,899
Fund balances - beginning	3,083	3,083	3,083	-	23,915	(20,832)
Fund balances - ending	\$ (61,567)	25,433	\$ 178	\$ (25,255)	\$ 3,083	\$ (2,933)

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, 2023

	<u>Golf Course</u>	<u>Property Management</u>	<u>Stormwater Management</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets				
Current assets:				
Pooled cash and investments	\$ 350,831	\$ 540,265	\$ 3,436,646	\$ 4,327,742
Interest receivable	141	231	1,429	1,801
Accounts receivable (net of allowance for uncollectibles)	17,163	19,544	305,754	342,461
Prepaid items	941	-	-	941
Total current assets	<u>369,076</u>	<u>560,040</u>	<u>3,743,829</u>	<u>4,672,945</u>
Noncurrent assets:				
Restricted assets:				
Pooled cash and investments	-	-	65,357	65,357
Capital assets:				
Land	125,000	337,813	-	462,813
Land improvements	290,868	-	228,739	519,607
Buildings and structures	232,333	3,158,888	74,263	3,465,484
Machinery and equipment	387,896	36,959	-	424,855
Automobiles and trucks	152,210	-	701,797	854,007
Infrastructure	26,537	-	395,886	422,423
Office furniture and fixtures	-	109,993	-	109,993
Construction in progress	15,388	-	129,312	144,700
Less accumulated depreciation	<u>(735,746)</u>	<u>(1,627,926)</u>	<u>(412,309)</u>	<u>(2,775,981)</u>
Total capital assets, net	494,486	2,015,727	1,117,688	3,627,901
Total noncurrent assets	<u>494,486</u>	<u>2,015,727</u>	<u>1,183,045</u>	<u>3,693,258</u>
Total assets	<u>863,562</u>	<u>2,575,767</u>	<u>4,926,874</u>	<u>8,366,203</u>
Liabilities				
Current liabilities:				
Accounts payable	30,508	714	48,520	79,742
Advances from other funds	-	-	-	-
Compensated absences - current	4,560	-	804	5,364
Accrued liabilities	3,315	2,473	7,502	13,290
Customer deposits and rebates	-	1,250	(2,251)	(1,001)
Undisbursed Loans and Grants	-	-	65,357	65,357
Unearned revenue	2,728	-	-	2,728
General obligation bonds - current	-	5,992	37,374	43,366
Total current liabilities	<u>41,111</u>	<u>10,429</u>	<u>157,306</u>	<u>208,846</u>
Noncurrent liabilities:				
General obligation bonds - long term	-	98,176	417,636	515,812
Compensated absences	<u>3,753</u>	<u>-</u>	<u>662</u>	<u>4,415</u>
Total noncurrent liabilities	3,753	98,176	418,298	520,227
Total liabilities	<u>44,864</u>	<u>108,605</u>	<u>575,604</u>	<u>729,073</u>
Net Position				
Net Investment in Capital Assets	494,486	1,911,559	662,678	3,068,723
Unrestricted	<u>324,212</u>	<u>555,603</u>	<u>3,688,592</u>	<u>4,568,407</u>
Total net position	<u>\$ 818,698</u>	<u>\$ 2,467,162</u>	<u>\$ 4,351,270</u>	<u>\$ 7,637,130</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023

	<u>Golf Course</u>	<u>Property Management</u>	<u>Stormwater Management</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:				
Service charges	\$ 392,935	\$ 276,187	\$ 3,159,961	3,829,083
Other revenues	4,821	4,275	36,177	45,273
Total operating revenues	<u>397,756</u>	<u>280,462</u>	<u>3,196,138</u>	<u>3,874,356</u>
Operating expenses:				
Selling, general and administrative expenses	448,408	246,176	877,538	1,572,122
Depreciation	42,965	104,598	91,085	238,648
Total operating expenses	<u>491,373</u>	<u>350,774</u>	<u>968,623</u>	<u>1,810,770</u>
Operating income	<u>(93,617)</u>	<u>(70,312)</u>	<u>2,227,515</u>	<u>2,063,586</u>
Nonoperating revenues (expenses):				
Investment earnings	9,169	15,390	82,422	106,981
Bond interest expense and premium	-	(3,651)	(20,914)	(24,565)
Bond issuance cost	-	(56)	-	(56)
Gain (Loss) on disposal of capital assets	-	(47,831)	-	(47,831)
Total nonoperating revenue (expenses)	<u>9,169</u>	<u>(36,148)</u>	<u>61,508</u>	<u>34,529</u>
Income (loss) before contributions and transfers	(84,448)	(106,460)	2,289,023	2,098,115
Capital contributions and grants	49,467	-	29,979	79,446
Transfers in	123,000	-	-	123,000
Transfers out	-	-	-	-
Changes in net position	<u>88,019</u>	<u>(106,460)</u>	<u>2,319,002</u>	<u>2,300,561</u>
Total net position - beginning	730,679	2,573,622	2,032,268	5,336,569
Total net position - ending	<u>\$ 818,698</u>	<u>\$ 2,467,162</u>	<u>\$ 4,351,270</u>	<u>7,637,130</u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023

	Golf Course	Property Management	Stormwater Management	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 405,238	\$ 260,601	\$ 3,218,098	\$ 3,883,937
Payments to suppliers	(175,181)	(126,617)	(256,733)	(558,531)
Payments to employees	(252,782)	(121,449)	(558,149)	(932,381)
Net cash used by operating activities	(22,725)	12,535	2,403,216	2,393,025
Cash Flows From Noncapital Financing Activities				
Transfers from other funds	123,000	-	-	123,000
Net cash provided (used) by noncapital and related financing activities	123,000	-	-	123,000
Cash Flows From Capital And Related Financing Activities				
Proceeds from intergovernmental capital grant	49,467	-	29,979	79,446
Acquisition and construction of capital assets	(73,971)	-	(407,313)	(481,283)
Proceeds from bond issuance	-	-	-	-
Principal paid on capital debt	-	(5,959)	(35,833)	(41,792)
Interest paid on capital debt	-	(3,669)	(21,107)	(24,775)
Bond issuance costs	-	(56)	-	(56)
Proceeds from disposal or sale of capital assets	-	45,000	-	45,000
Transfers from other funds for capital acquisitions	-	-	-	-
Transfers to other funds for capital acquisitions	-	-	-	-
Net cash provided (used) by capital and related financing activities	(24,504)	35,317	(434,274)	(423,460)
Cash Flows From Investing Activities				
Interest and dividends received	9,028	15,159	80,993	105,180
Net cash provided by investing activities	9,028	15,159	80,993	105,180
Net increase (decrease) in pooled cash and investments	84,799	63,011	2,049,935	2,197,745
Pooled cash and investments, beginning of year	266,032	477,254	1,452,068	2,195,354
Pooled cash and investments, end of year	\$ 350,831	\$ 540,265	\$ 3,502,003	\$ 4,393,099
Reconciliation of operating income to net cash (used) by operating activities:				
Operating income (loss)	\$ (93,617)	\$ (70,312)	\$ 2,227,515	\$ 2,063,586
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation expense	42,965	104,598	91,085	238,648
Net effect of changes in assets and liabilities				
Accounts receivable	6,645	(19,862)	24,210	10,993
Prepaid items	229	-	-	229
Accounts payable	20,974	(856)	1,609	21,727
Advances from other funds	-	-	-	-
Compensated absences payable	1,979	-	(111)	1,868
Accrued liabilities	(4,160)	(1,032)	(4,037)	(9,230)
Customer deposits and rebates	-	-	(2,251)	(2,251)
Undisbursed Loans and Grants	-	-	65,357	65,357
Unearned revenue	837	-	-	837
Other long-term liabilities	1,423	-	(161)	1,262
Total adjustments	70,892	82,847	175,701	329,439
Net cash used by operating activities	\$ (22,725)	\$ 12,535	\$ 2,403,216	\$ 2,393,025
Reconciliation of pooled cash and investments to the balance sheet				
Pooled cash and investments	\$ 350,831	\$ 540,265	\$ 3,436,646	\$ 4,327,742
Restricted pooled cash and investments	-	-	65,357	65,357
Totals	\$ 350,831	\$ 540,265	\$ 3,502,003	\$ 4,393,099

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, 2023

	<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	\$ -	\$ 2,375,475	\$ 807,365	\$ 3,182,840
Interest receivable	-	1,079	344	1,423
Accounts receivable (net of allowance for uncollectibles)	-	102,789	8,611	111,400
Prepaid Items	<u>273,112</u>	<u>829,726</u>	<u>-</u>	<u>1,102,838</u>
Total current assets	<u>273,112</u>	<u>3,309,069</u>	<u>816,320</u>	<u>4,398,501</u>
Noncurrent assets:				
Restricted assets:				
Pooled cash and investments	<u>4,949,294</u>	<u>992,726</u>	<u>31,300</u>	<u>5,973,320</u>
Total noncurrent assets	<u>4,949,294</u>	<u>992,726</u>	<u>31,300</u>	<u>5,973,320</u>
Total assets	<u>5,222,406</u>	<u>4,301,795</u>	<u>847,620</u>	<u>10,371,821</u>
Liabilities				
Current liabilities:				
Accounts payable	134,238	831,210	3,680	969,128
Accrued liabilities	<u>1,433,386</u>	<u>940,939</u>	<u>11,319</u>	<u>2,385,644</u>
Total current liabilities	<u>1,567,624</u>	<u>1,772,149</u>	<u>14,999</u>	<u>3,354,772</u>
Total liabilities	<u>1,567,624</u>	<u>1,772,149</u>	<u>14,999</u>	<u>3,354,772</u>
Net Position				
Restricted	70,000	163,000	31,300	264,300
Unrestricted	<u>3,584,782</u>	<u>2,366,646</u>	<u>801,321</u>	<u>6,752,749</u>
Total net position	<u>\$ 3,654,782</u>	<u>\$ 2,529,646</u>	<u>\$ 832,621</u>	<u>\$ 7,017,049</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Worker's Compensation	Health Insurance	Dental Insurance	Total Internal Service Funds
Operating revenues:				
Service charges	\$ 1,679,753	\$ 7,349,020	\$ 400,448	\$ 9,429,221
Stop Loss Reimbursements	-	758,587	-	758,587
Other revenues	-	414,184	-	414,184
Total operating revenues	<u>1,679,753</u>	<u>8,521,791</u>	<u>400,448</u>	<u>10,601,992</u>
Operating expenses:				
Claim and premium expenses	711,080	8,508,750	311,093	9,530,923
Administrative expenses	179,835	880,884	44,227	1,104,946
Contributions to OPEB plan - Employer	-	700,000	-	700,000
Total operating expenses	<u>890,915</u>	<u>10,089,634</u>	<u>355,320</u>	<u>11,335,869</u>
Operating income (loss)	<u>788,838</u>	<u>(1,567,843)</u>	<u>45,128</u>	<u>(733,877)</u>
Nonoperating revenues (expenses):				
Investment earnings	5,176	81,960	23,906	111,042
Total nonoperating revenue (expenses)	<u>5,176</u>	<u>81,960</u>	<u>23,906</u>	<u>111,042</u>
Income before contributions and transfers	<u>794,014</u>	<u>(1,485,883)</u>	<u>69,034</u>	<u>(622,835)</u>
Transfer in from other funds	-	-	-	-
Transfer out to other funds	-	(900,000)	-	(900,000)
Changes in net position	<u>794,014</u>	<u>(2,385,883)</u>	<u>69,034</u>	<u>(1,522,835)</u>
Total net position - beginning	2,860,768	4,915,529	763,587	8,539,884
Total net position - ending	<u>\$ 3,654,782</u>	<u>\$ 2,529,646</u>	<u>\$ 832,621</u>	<u>\$ 7,017,049</u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Worker's Compensation	Health Insurance	Dental Insurance	Total Internal Service Funds
Cash Flows From Operating Activities				
Receipts from interfund services provided	\$ 1,680,103	\$ 8,597,703	\$ 404,317	\$ 10,682,123
Payments to suppliers	<u>(1,195,325)</u>	<u>(9,755,431)</u>	<u>(374,192)</u>	<u>(11,324,948)</u>
Net cash provided (used) by operating activities	<u>484,778</u>	<u>(1,157,728)</u>	<u>30,125</u>	<u>(642,825)</u>
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	<u>-</u>	<u>(900,000)</u>	<u>-</u>	<u>(900,000)</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>(900,000)</u>	<u>-</u>	<u>(900,000)</u>
Cash Flows From Investing Activities				
Interest and dividends received	<u>5,176</u>	<u>80,881</u>	<u>23,562</u>	<u>109,619</u>
Net cash provided by investing activities	<u>5,176</u>	<u>80,881</u>	<u>23,562</u>	<u>109,619</u>
Net increase in pooled cash and investments	489,954	(1,976,847)	53,687	(1,433,206)
Pooled cash and investments, beginning of year	<u>4,459,340</u>	<u>5,345,048</u>	<u>784,978</u>	<u>10,589,366</u>
Pooled cash and investments, end of year	\$ <u>4,949,294</u>	\$ <u>3,368,201</u>	\$ <u>838,665</u>	\$ <u>9,156,160</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ <u>788,838</u>	\$ <u>(1,567,843)</u>	\$ <u>45,128</u>	\$ <u>(733,877)</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	75,912	3,869	80,131
Prepaid items	(16,461)	1,422	-	(15,039)
Accounts payable	106,234	(3,774)	(17,866)	84,594
Accrued liabilities	(394,183)	336,554	(1,006)	(58,634)
Unearned revenue	-	-	-	-
Total adjustments	<u>(304,060)</u>	<u>410,115</u>	<u>(15,003)</u>	<u>91,052</u>
Net cash provided (used) by operating activities	<u>\$ 484,778</u>	<u>\$ (1,157,728)</u>	<u>\$ 30,125</u>	<u>\$ (642,825)</u>
Reconciliation of pooled cash and investments to the balance sheet				
Pooled cash and investments	\$ -	\$ 2,375,475	\$ 807,365	\$ 3,182,840
Restricted pooled cash and investments	<u>4,949,294</u>	<u>992,726</u>	<u>31,300</u>	<u>5,973,320</u>
Totals	\$ <u>4,949,294</u>	\$ <u>3,368,201</u>	\$ <u>838,665</u>	\$ <u>9,156,160</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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 80,391,365
Restricted	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	4,433,936
Unassigned	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)	(42,075,766)
Total governmental activities net position	\$ 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	\$ 42,749,535
Business-type activities:										
Net investment in capital assets	\$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	\$ 159,569,273
Unassigned	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	37,201,731
Total business-type activities net position	\$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	\$ 196,771,004
Primary government:										
Net investment in capital assets	\$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	\$ 239,960,638
Restricted	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	4,433,936
Unrestricted	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)	(4,874,035)
Total primary government net position	\$250,625,531	\$ 213,788,407	\$ 219,605,573	\$ 221,243,515	\$ 194,839,320	\$ 199,634,199	\$ 203,598,504	\$ 218,668,511	\$ 229,210,763	\$ 239,520,539

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General Government	\$ 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	\$ 12,012,068
Public Safety	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	34,319,588
Highways and Streets	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	2,748,834
Waste Collection & Disposal	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	3,232,968
Culture and Recreation	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	3,483,412
Economic & Community Development	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	4,157,725
Interest on Long-term Debt	550,317	557,668	540,521	628,301	622,454	615,223	668,563	475,278	466,867	425,192
Total governmental activities expenses	39,972,768	45,421,740	42,487,669	46,154,838	46,317,883	49,139,356	51,943,257	50,967,183	55,863,579	60,379,767
Business-type activities:										
Electric	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	23,549,452
Water	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	14,209,710
Wastewater	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	14,481,808
Parking Facilities	742,030	739,264	738,566	724,828	771,525	794,876	854,950	832,848	920,257	1,022,269
Golf Course	407,944	435,174	443,541	481,273	432,368	440,537	470,640	479,098	517,697	499,547
Property Management	542,884	517,393	527,751	613,979	451,569	724,383	459,988	750,359	922,494	404,418
Stormwater Management	-	-	-	-	-	-	-	684,089	856,490	1,001,600
Total business-type activities expenses	48,588,768	49,640,710	49,119,197	49,404,822	48,809,122	54,044,110	52,484,620	53,645,648	55,515,383	55,168,805
Total primary government expenses	\$ 88,561,536	\$ 95,062,450	\$ 91,606,866	\$ 95,559,660	\$ 95,127,005	\$ 103,183,466	\$ 104,427,877	\$ 104,612,831	\$ 111,378,962	\$ 115,548,592
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 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	\$ 2,030,571
Public Safety	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	3,373,346
Streets and Alleys	87,261	73,088	48,843	149,743	73,337	68,235	64,644	53,467	94,223	134,454
Waste Collection & Disposal	2,220,898	2,238,358	2,252,262	2,259,249	2,579,249	2,772,301	2,800,885	2,812,037	2,851,797	3,266,809
Parks and Recreation	195,633	259,668	230,561	273,319	310,218	298,623	244,545	261,688	321,679	291,248
Economic & Community Development	89,771	245,921	62,417	61,746	150,415	201,209	60,608	280,050	43,807	48,406
Operating grants and contributions	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	3,079,245
Capital grants and contributions	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	7,036,472
Total governmental activities program revenues	\$ 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	\$ 19,260,551

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services:										
Electric	\$ 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	\$ 22,369,024
Water	11,125,535	11,128,131	11,455,228	11,640,701	11,658,823	11,990,596	12,606,536	12,902,095	13,231,274	13,672,873
Wastewater	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	15,024,524
Parking Facilities	869,670	975,936	953,580	993,779	951,827	935,195	705,456	796,519	1,030,315	1,320,769
Golf Course	196,758	205,199	224,893	174,035	174,021	199,889	243,327	356,507	341,495	397,756
Property Management	(132,163)	203,395	344,644	308,646	356,826	(225,351)	280,561	(119,092)	287,257	280,462
Stormwater Management	-	-	-	-	-	-	-	590,025	2,928,167	3,196,138
Operating grants and contributions	3,607,284	51,110	69,489	44,502	5,616	750,196	240,000	894,857	-	-
Capital grants and contributions	51,135,335	2,135,780	2,669,305	2,136,516	1,449,023	2,568,732	5,037,394	4,965,080	5,947,247	3,478,438
Total business-type activities program revenues	\$ 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	\$ 79,000,535
Total primary government program revenues	\$ 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	\$ 79,000,535
Net (expense)/revenue	\$ (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)	\$ (41,119,236)
Governmental activities	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	4,571,179
Business-type activities	\$ (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)	\$ (36,548,057)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property Taxes	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	36,004,233
Income and Other taxes	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	8,116,910
Excise Tax	69,278	-	-	-	-	-	-	-	-	-
Investment Earnings	13,880	10,695	38,498	62,960	130,598	387,646	387,775	24,457	9,126	1,256,925
Property Sales	-	-	-	-	-	-	-	-	-	-
Gain(Loss) on Disposal of Capital Assets	220,674	269,201	803,541	285,595	295,497	544,636	555,819	590,471	274,699	400,199
Miscellaneous	(175,455)	183,935	(118,745)	(117,983)	(478,644)	(655,763)	(325,719)	(295,571)	(817,249)	(972,900)
Transfers	-	-	-	-	-	-	-	558,138	-	-
Transfers of long-term debt	-	-	-	-	-	-	-	-	-	-
Capital Transfer from Closed Ice Rink Fund	-	-	-	-	-	-	-	-	-	-
Changes in Accounting Estimate	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 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	\$ 44,805,367
Business-type activities:										
Investment Earnings	156,910	146,024	153,275	201,269	265,659	409,075	295,674	41,928	16,300	1,079,566
Transfers	175,455	(183,935)	118,745	117,983	478,644	655,763	325,719	295,571	817,249	972,900
Transfers of long-term debt	-	-	-	-	-	-	-	(558,138)	-	-
Total business-type activities	\$ 332,365	\$ (37,911)	\$ 272,020	\$ 319,252	\$ 744,303	\$ 1,064,838	\$ 621,393	\$ (220,639)	\$ 833,549	\$ 2,052,466
Total primary government	\$ 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	\$ 46,857,833
Change in Net Position										
Governmental activities	\$ 944,481	\$ 75,197	\$ 4,033,550	\$ (541,147)	\$ (87,201)	\$ 1,865,655	\$ (1,515,226)	\$ 9,607,906	\$ 1,094,757	\$ 3,686,131
Business-type activities	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	6,623,645
Total primary government	\$ 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	\$ 10,309,776

**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
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
2023	36,004,233	4,150,983	259,537	1,766,618	1,096,485	34,214	78,267	524,709	329,753	-	44,244,799

Source: City of Hagerstown Accounting Department

Note: Highway User Tax Revenue includes one time grants and the annual allotment. Excludes \$49,467 to Business Type Funds

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable	216,127	226,974	256,353	181,006	167,197	278,377	198,133	170,452	508,641	847,316
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	250,000	251,426	251,426	250,000	250,000	-
Assigned	1,596,838	1,555,317	1,077,515	786,785	1,248,537	465,429	471,031	886,857	1,068,047	1,498,786
Unassigned	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	18,383,408
Total General Fund	\$ 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	\$ 20,729,510
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,165,495	1,809,108	2,034,494	2,555,252	2,588,167	2,840,076	3,723,126	13,628	2,170,948	2,228,235
Restricted	2,908,949	2,829,671	2,815,706	2,562,152	2,588,167	2,840,076	3,723,126	3,147,735	606,008	576,827
Committed	1,672	2,537,161	705,958	2,024,224	2,757,307	4,739,229	945,828	606,008	606,008	576,827
Assigned	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	11,058,590
Unassigned	(150,415)	(1,088,345)	276,605	(92,306)	-	-	-	-	-	-
Total all other governmental funds	\$ 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	\$ 13,863,652
Total governmental funds	\$ -									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
General fund	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,381,622	2,036,082	2,290,847	2,736,258	167,197	278,377	198,133	184,080	508,641	847,316
Restricted	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	2,228,235
Committed	1,672	2,537,161	705,958	2,024,224	3,007,307	4,990,655	1,197,254	856,008	856,008	576,827
Assigned	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	12,557,376
Unassigned	7,902,770	7,083,000	9,468,531	9,370,512	9,958,056	12,378,375	12,563,471	16,678,726	15,573,818	18,383,408
Total all other governmental funds	\$ 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	\$ 34,593,162

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property taxes	\$ 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	\$ 36,004,233
Income and other taxes	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	8,240,566
Licenses and permits	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	2,566,286
Intergovernmental grant revenues	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	6,091,059
Program Income	141,952	224,855	51,859	50,888	145,915	196,959	60,608	280,050	43,807	48,405
Charges for services	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	3,888,705
Fines and forfeitures	1,333,317	1,548,400	1,426,168	1,151,264	1,163,093	949,862	966,215	1,022,555	938,187	969,744
Investment Earnings	13,880	10,695	38,498	62,960	130,598	387,646	387,775	24,457	9,126	1,251,705
Property Sales	34,546	22,119	32,306	44,401	39,898	282,254	177,464	351,252	9,103	41,084
Contributions and Donations	271,247	1,556,831	303,831	426,546	318,567	305,810	227,030	3,204,701	1,434,925	4,024,659
Unallocated general revenue	2,217,577	2,278,109	2,802,237	2,272,194	2,253,098	2,258,782	2,375,855	2,236,719	2,263,086	2,361,835
Total revenues	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	65,488,281
Expenditures:										
General government	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	7,228,884
Public safety	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	27,657,605
Street and alleys	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	2,298,843
Waste collection & disposal	1,950,525	1,972,012	2,001,190	2,022,219	2,294,415	2,562,818	2,622,360	2,835,197	2,926,593	3,232,599
Parks and recreation	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	2,801,935
Municipal buildings	-	-	-	-	-	-	-	-	-	-
Economic and Community Development	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	4,153,731
Unallocated general expenditures	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	1,647,879
Debt Service										
Principal	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	1,105,691
Interest	550,187	517,287	577,660	537,853	638,740	634,902	704,124	519,799	509,365	461,738
Issuance costs	1,105	44,215	1,656	117,200	29,595	34,520	1,778	1,715	1,715	1,715
Capital Outlay	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	8,871,341
Total expenditures	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	59,461,961
Excess of revenues over(under) expenditures	(241,014)	(2,768,522)	(247,915)	(5,122,193)	(336,570)	443,133	(2,440,901)	5,515,615	512,397	6,026,320
Other financing sources(uses):										
Transfers In	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	6,386,915
Transfers Out	(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)	(6,459,815)
Debt Issued	428,427	3,923,743	-	4,793,526	1,265,000	3,105,000	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Bond Financing Prior Proceeds Reiprogram	-	-	-	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)	527,806	4,426,344	(69,593)	5,224,730	1,534,930	3,205,932	492,198	(295,571)	(67,249)	(72,900)
Net changes in Fund Balance	\$ 286,792	\$ 1,657,822	\$ (317,508)	\$ 102,537	\$ 1,198,360	\$ 3,649,065	\$ (1,948,703)	\$ 5,220,044	\$ 445,148	\$ 5,953,420
Debt Service as a percentage of noncapital expenditures	5%	4%	5%	5%	5%	5%	6%	5%	5%	3%

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
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%
2023	2,629,542	249,353	161,161	3,040,056	3.507	2,804,479	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		
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		
2023	1.002	1.032	2.505	3.507		0.803	2.320	3.123	0.112	0.000	0.112	3.235	6.742		

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, 2023

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lowes Home Centers, Inc.	\$ 30,124,400	1	0.99%	\$ 23,061,390	2	0.84%
Board of Education	27,089,400	2	0.89%			
CR Hagerstown, LLC	24,238,400	3	0.80%			
RPAL Hagerstown LLC	20,614,200	4	0.68%			
Walmart Real Estate Business Trust	17,807,400	5	0.59%	20,591,200	3	0.75%
Suso 4 Stone House, LP	16,100,000	6	0.53%			
Nationwide Health Properties LLC	15,865,200	7	0.52%			
Hagerstown Plaza, LLC	15,257,100	8	0.50%	14,516,600	10	0.53%
Washco Centre at Antietam	15,079,000	9	0.50%			
Mill Street Realty LLC	14,421,400	10	0.47%			
Washington Real Estate				59,999,000	1	2.18%
OEKOS Stone House LLC				19,600,000	4	0.71%
I-81 Hollyhock LLC				18,900,000	5	0.69%
Verizon - Maryland				18,405,450	6	0.67%
Hagerstown Apartments (Limited) Partnership				17,999,700	7	0.65%
Sams Real Estate Business Trust				15,313,400	8	0.56%
FB Hagerstown, LLC				14,601,400	9	0.53%
Totals	\$ 196,596,500		6.47%	\$ 222,988,140		8.11%

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	
	Fiscal Year	Amount	Year of Levy	Percentage of Levy		Amount	Percentage of Levy
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%
2023	28,792,083	28,567,588		99.2%	183,000	28,750,588	99.86%

Source: City of Hagerstown Support Services Manager

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

Fiscal Year	Personal Income (2)	Population (1)	Outstanding Debt (3)		Percentage of Personal Income	Total Debt Per Capita
			Governmental	Business-type		
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
2023	2,233,208,502	43,701	13,755,890	44,373,669	2.60%	1,330

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 Bonds	Percentage of Total Taxable Value of Property	
				Value of Property	Per Capita
2014	2,750,162	39,662	66,307,491	2.41%	1,672
2015	2,576,631	40,364	75,402,932	2.93%	1,868
2016	2,656,243	40,432	70,939,759	2.67%	1,755
2017	2,655,548	40,452	73,754,527	2.78%	1,823
2018	2,672,136	40,306	69,769,925	2.61%	1,731
2019	2,712,579	40,205	68,050,106	2.51%	1,693
2020	2,793,243	40,100	61,980,642	2.22%	1,546
2021	3,003,253	43,527	56,911,954	1.90%	1,308
2022	3,204,276	43,487	51,841,424	1.62%	1,192
2023	3,040,056	43,701	58,129,559	1.91%	1,330

Fiscal Year	Total Taxable Assessed Value of Property (In Thousands)	Population	General Obligation Governmental Bonds	Percentage of Total Taxable Value of Property	
				Value of Property	Per Capita
2014	2,750,162	39,662	15,168,166	0.55%	382
2015	2,576,631	40,364	18,093,422	0.70%	448
2016	2,656,243	40,432	16,621,899	0.63%	411
2017	2,655,548	40,452	20,398,889	0.77%	504
2018	2,672,136	40,306	19,902,356	0.74%	494
2019	2,712,579	40,205	21,109,308	0.78%	525
2020	2,793,243	40,100	18,840,748	0.67%	470
2021	3,003,253	43,527	16,617,257	0.55%	382
2022	3,204,276	43,487	14,885,822	0.46%	342
2023	3,040,056	43,701	13,755,890	0.45%	315

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, 2023

City of Hagerstown	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 143,280,709	21.40%	\$ 30,662,072
Subtotal, overlapping debt	0		
City of Hagerstown Direct Governmental Fund Debt	0		13,755,890
Total Direct and Overlapping Debt	0		\$ 44,417,961.74
Sources: Debt outstanding data provided by Washington County's Finance Department.	0		
	0		

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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 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	\$ 304,005,562
Total net debt applicable to limit	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	58,129,559
Legal debt margin	\$ 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	\$ 245,876,003
Total net debt applicable to the limit as a percentage of debt limit	25.04%	30.08%	26.71%	27.77%	26.11%	25.09%	22.19%	18.95%	16.18%	19.12%

Legal Debt Margin Calculation for Fiscal Year 2023

Total assessed value	3,040,055,618
Debt limit (10% of total assessed value)	304,005,562
Debt applicable to limit:	
General obligation bonds	58,129,559
Legal debt margin	<u>\$ 245,876,003</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	
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
2023	43,701	2,233,208,502	51,102	2.6

Data Source:

Population Data provided by the United States Census Bureau - Population Estimate July 1, 2022
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

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washington County Public Schools	3,705	1	5.92%	2,970	1	4.45%
Meritus Health	2,740	2	4.38%	2,730	2	4.09%
FiServ	2,185	3	3.49%			
Volvo Powertrain NA (Mack Trucks, Inc.)	1,836	4	2.93%	1,350	6	2.02%
Amazon	1,500	5	2.40%			
FedEx Ground	900	6	1.44%			
The Bowman Group	830	7	1.33%	718	9	1.08%
Walmart	565	8	0.90%			
Arc of Washington County	550	9	0.88%			
Hagerstown Community College	545	10	0.87%			
Citi				931	8	1.40%
State of Maryland				2,700	3	4.05%
First Data Merchant Services				2,568	4	3.85%
Washington County Government				2,322	5	3.48%
Federal Government				1,159	7	1.74%
				705	10	1.06%
Total	15,356		24.54%	18,153		27.22%

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, 2023**

Customer	2023				2014			
	KwH	Amount Billed	Rank	Percentage of Total Electric Fund Billing	KwH	Amount Billed	Rank	Percentage of Total Electric Fund Billing
City of Hagerstown (1)	21,099,758	\$ 1,409,799	1	6.05%				
Washington County BOE (1)	10,328,255	730,717	2	3.14%				
Conagra	11,491,600	696,180	3	2.99%				
Mari Holdings MD LLC	7,680,000	448,841	4	1.93%				
Hagerstown Housing Authority	4,599,065	316,678	5	1.36%				
HMS Hagerstown LLC	3,559,438	224,302	6	0.96%				
Verizon #27787	3,511,799	216,233	7	0.93%	3,404,001	233,705	5	0.98%
CM Offray	2,933,540	207,440	8	0.89%	3,583,420	280,280	3	1.18%
Western Maryland Hospital	3,195,608	184,928	9	0.79%	3,069,249	202,049	8	0.85%
HBP Inc.	2,282,240	163,136	10	0.70%	3,161,760	229,734	6	0.96%
C.E. Stevens Inc					3,907,040	255,508	4	1.07%
Shenandoah Family Farm					2,234,540	162,644	10	0.68%
City of Hagerstown - Public Works (1)					7,262,911	610,589	1	2.56%
City of Hagerstown - Wastewater Plant (1)					9,739,800	602,674	2	2.53%
Board of Education/North High (1)					2,503,334	204,416	7	0.86%
Board of Education/Marshall Street (1)					2,400,640	185,443	9	0.78%
Totals	70,681,303	\$ 4,598,254		19.72%	41,266,695	\$ 2,967,042		12.46%

Source: City of Hagerstown Billing Department.

(1) Board of Education and City of Hagerstown were split into multiple customers in FY17 and since have become consolidated customers in FY23.

City of Hagerstown, Maryland
Principal Water Fund Customers
June 30, 2023

Customer	2023				2014			
	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing
Hagerstown Prison Complex (MCI)	274,120,700	\$ 1,101,409	1	11.75%	433,151,600	\$ 1,390,207	1	13.43%
Town of Smithsburg	83,287,300	279,416	2	2.98%	83,653,400	225,064	2	2.17%
PR Valley Limited Partnership	48,341,700	212,433	3	2.27%	18,724,500	72,437	9	0.70%
Town of Williamsport	56,208,300	193,644	4	2.07%	75,035,300	205,550	3	1.99%
Town of Funkstown	47,183,000	165,318	5	1.76%	32,582,500	93,592	6	0.90%
Meritus Medical Center	37,226,000	156,446	6	1.67%	39,176,900	131,887	4	1.27%
Brookhaven Park Associates LP	34,077,700	147,862	7	1.58%				
Volvo Powertrain NA (Mack Trucks, Inc.)	42,794,000	134,887	8	1.44%	32,012,500	112,465	5	1.09%
Sherwin Williams	27,592,000	110,945	9	1.18%				
Conagra	37,006,600	62,774	10	0.67%				
Lakeside Park					23,916,500	82,858	7	0.80%
Oak Ridge Apartments					21,115,500	77,204	8	0.75%
Washington County Detention Center					20,509,000	69,146	10	0.67%
Totals	687,837,300	\$ 2,565,134		27.36%	779,877,700	\$ 2,460,410		23.78%

Source: City of Hagerstown Billing Department.

**City of Hagerstown, Maryland
Principal Wastewater Fund Customers
June 30, 2023**

Customer	2023				2014			
	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing
Meritus Medical Center	37,226,000	\$ 374,752	1	3.43%	39,165,500	\$ 295,422	1	2.83%
Brookhaven Park Associates LP	34,077,700	349,349	2	3.19%				
Conagra	37,006,600	228,492	3	2.09%				
Washington County Detention Center	19,589,000	203,414	4	1.86%	20,509,000	155,662	2	1.49%
Washington County BOE	21,427,000	178,761	5	1.63%				
Hagerstown Housing Authority	25,296,600	160,252	6	1.47%	16,898,000	70,940	9	0.68%
Volvo Powertrain NA (Mack Trucks, Inc.)	12,078,300	142,974	7	1.31%	16,134,500	134,315	3	1.29%
Corpark LLC	20,582,300	124,907	8	1.14%	27,174,600	120,271	5	1.15%
CM Offray	13,856,000	113,646	9	1.04%	28,254,300	126,142	4	1.21%
Rosewood Development	6,386,000	93,544	10	0.86%	20,693,500	92,372	6	0.89%
Western Maryland State Hospital					19,481,200	90,594	7	0.87%
Realty Investment Co (Hagers Apts)					10,775,000	70,076	10	0.67%
Rockville Mobile Homes Inc.					8,295,700	72,451	8	0.69%
Brookhaven (Brandywine/Youngstown)								
Totals	227,525,500	\$ 1,970,091		18.01%	207,381,300	\$ 1,228,245		11.77%

Source: City of Hagerstown Billing Department.

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Administrator	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
City Clerk	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Community & Economic Development (3)(7)	23.80	28.80	28.84	6.75	6.75	6.75	6.75	6.85	6.15	6.15
Public Information (3)	-	-	-	-	-	-	-	-	-	-
Subtotal Administration	26.80	31.80	31.84	9.75	9.75	9.75	9.75	9.85	9.15	9.15
Finance/Accounting (2)	8.50	8.50	8.50	8.50	8.50	8.50	8.40	8.40	8.00	9.00
Treasurer (2)	-	-	-	-	-	-	-	-	-	-
Information Technology, Communications & Support Services (4)	12.00	12.00	12.00	14.10	14.10	14.10	13.10	8.00	8.00	8.00
Billing/Customer Service (4)	-	-	-	-	-	-	-	9.00	9.00	10.00
Purchasing (2)	-	-	-	-	-	-	-	-	-	-
Human Resources	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00
Planning & Code Administration (3)(7)	-	-	-	20.00	20.00	20.00	20.00	20.00	20.00	21.00
Engineering (1)	29.63	29.63	30.64	30.65	30.92	30.92	26.41	26.27	24.75	26.10
Code Compliance (3)	-	-	-	-	-	-	-	-	-	-
Police Sworn	107.00	107.00	108.00	112.00	112.00	112.00	112.00	112.00	104.00	91.00
Police Administration/Civilian	15.00	15.00	15.00	15.00	15.00	15.00	15.00	16.00	16.00	20.00
Fire	83.00	83.00	83.00	83.00	83.00	83.00	78.00	78.00	78.00	80.00
Public Works	32.90	32.90	32.50	32.90	32.90	32.90	23.55	24.95	24.95	24.85
Parks & Recreation (1)	-	-	-	-	-	-	-	-	-	-
Stormwater (General Fund Operations)	-	-	-	-	-	-	5.86	3.86	-	-
Total General Fund	318.83	323.83	326.48	330.90	331.17	331.17	317.07	321.33	305.85	303.10
Electric	35.55	35.55	35.55	35.55	35.55	35.55	31.51	29.96	28.85	28.85
Water	55.02	55.02	54.52	54.52	54.52	54.02	50.36	48.67	50.60	49.60
Wastewater	47.76	47.76	48.26	48.26	48.26	48.76	46.56	46.95	45.55	46.55
Golf Course	2.53	2.53	2.52	2.52	2.25	2.25	2.25	2.24	2.24	2.24
Parking	2.20	2.20	2.40	2.20	2.20	2.20	2.20	2.80	2.80	2.80
Property Management (6)	0.90	0.90	1.10	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Community Development Block Grant	2.21	2.21	2.01	2.00	2.00	2.00	2.00	2.00	2.70	2.70
Business Revolving Loan Fund	-	-	0.16	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Stormwater (Enterprise Fund)	-	-	-	-	-	-	-	-	5.36	4.11
Approved City Staffing Levels	465.00	470.00	473.00	477.00	477.00	477.00	453.00	455.00	445.00	441.00
General Operations	116.94	121.94	123.75	123.05	123.32	123.32	114.22	117.48	110.70	114.95
Public Safety	205.00	205.00	206.00	210.00	210.00	210.00	205.00	206.00	198.00	191.00
Business-type Activities	143.06	143.06	143.25	143.95	143.68	143.68	133.78	131.52	136.30	135.05

(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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire Department										
Responses to Fire calls	2,978	3,236	3,623	3,575	3,774	3,801	3,910	3,978	4,199	4,289
Average response time (in minutes)	4:38	4:14	4:14	4:29	4:15	4:26	4:52	5:10	2:58	4:05
Public fire education programs	1,288	1,302	1,029	1,131	1,187	1,222	978	26	35	37
Police Department										
Calls for service	61,329	61,250	54,762	55,519	61,944	55,224	55,224	50,085	80,702	82,381
Alarm calls (included in above number)	470	564	484	402	560	524	524	336	1,974	1,658
Parks and Recreation										
Claude M Poiterfield Pool										
Total attendance at swimming pool	15,998	16,195	21,876	25,776	21,631	23,212	16,132	15,444	20,704	17,353
Average daily attendance at pool	222	176	264	293	254	273	249	178	233	209
The Greens at Hamilton Run										
Total attendance at golf course	10,026	11,736	10,759	10,006	11,133	12,835	15,717	21,397	20,620	23,344
Average daily attendance at golf course	41	48	55	53	43	45	55	58	56	64
Electric Department										
Number of active accounts	16,900	16,866	16,936	17,085	17,093	17,161	17,215	17,070	17,550	17,570
Number of meters (in use)	17,375	17,556	17,691	17,512	17,504	17,674	17,761	17,374	17,665	17,648
Kilowatt hours purchased	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	314,998,054
Kilowatt hours sold	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	307,056,986
System peak demand-kilowatts	68,144	67,655	60,680	60,850	67,464	69,608	60,071	62,687	62,860	69,215
Water Department										
Number of active accounts-City	13,082	13,112	13,215	13,324	13,369	13,422	13,499	13,786	13,821	14,040
Number of active accounts-County	15,387	15,632	15,778	15,967	16,100	16,288	16,436	16,591	16,955	17,170
Total number of active accounts	28,469	28,744	28,993	29,291	29,469	29,710	29,935	30,377	30,776	31,210
Daily average productions in million gallons										
R.C. Willson Plant (365 days)	11,423	11,317	11,700	11,000	10,010	10,250	10,340	10,800	11,840	11,280
Wm. M. Breichner Plant (365 days)	-	-	-	-	-	-	-	-	-	-
Greatest consumption for a single day	14.30	14.12	14.54	12.85	12.04	12.21	11.58	12.80	12.23	12.90
Plant pumping capacity per day	20	20	20	20	20	20	20	20	20	20
Average daily metered consumption	8,129	8,244	8,160	7,980	7,680	7,706	7,797	7,831	7,856	7,839
Wastewater Department										
Number of active accounts-City	12,764	12,853	12,930	13,060	13,107	13,157	13,229	13,382	13,558	13,628
Number of active accounts-County	2,889	2,912	2,934	2,976	2,987	3,032	3,071	3,111	3,137	3,141
Number of active accounts-District (JSA)	3,516	3,577	3,633	3,670	3,729	3,765	3,821	3,868	3,942	3,972
Number of active accounts-Total	19,169	19,342	19,497	19,706	19,823	19,954	20,121	20,361	20,637	20,741
Daily average of sewage treated (million gallons)(including inflow and infiltration)	7,080	6,940	7,020	6,700	0,300	10,600	5,560	5,810	5,826	5,260
Daily average plant capacity (rated optimum efficiency)(million gallons)	10,500	8,000	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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Parking Facilities Department										
Parking Deck:										
Number of Parking Spaces	625	625	625	625	625	625	625	625	625	625
Number of Permit Parkers	485	729	693	605	570	596	615	613	628	743
Operating Revenue:										
Meter Fees	\$ 187,460	\$ 189,227	\$ 180,153	\$ 170,999	\$ 166,717	\$ 167,100	\$ 122,885	\$ 91,831	\$ 132,626	\$ 138,499
Permit Fees	\$ 198,800	\$ 181,425	\$ 157,777	\$ 19,731	\$ 191,471	\$ 213,612	\$ 150,989	\$ 189,265	\$ 185,660	\$ 165,024
Deck	\$ 400,545	\$ 426,571	\$ 500,368	\$ 528,540	\$ 439,464	\$ 485,666	\$ 353,246	\$ 362,802	\$ 541,911	\$ 559,243
Parking ticket violations issued	8,427	8,684	7,985	8,587	11,985	11,314	7,928	10,674	12,817	12,654
Net parking fines	\$ 107,135	\$ 118,225	\$ 118,163	\$ 127,708	\$ 183,458	\$ 164,966	\$ 85,325	\$ 156,251	\$ 149,032	\$ 137,386
Sanitation										
Number of Waste Collection and Disposal Accounts										
Residential	14,278	14,324	14,412	14,364	14,586	14,666	14,759	14,913	15,026	15,960
Commercial (Trash only)	53	60	68	-	-	24	33	36	74	77
Special Revenue Funds										
Number outstanding loans:										
Community Development Block Grant										
Single family	4	4	2	5	7	13	14	18	19	21
Residential Rental	6	12	9	9	9	8	7	6	6	6
Commercial	2	2	2	2	2	1	0	0	0	0
Deferred	35	36	35	37	35	36	36	35	35	32
Public facilities and improvements	4	4	3	4	4	2	2	2	2	2
Homeownership	7	5	5	5	6	4	4	4	3	3
Direct Homeownership	7	6	5	10	9	5	5	5	5	5
Business Revolving Loans	12	16	18	12	10	16	16	15	15	15
Total	74	85	79	84	82	85	84	85	85	84
Outstanding loan balances:										
Community Development Block Grant										
Single family	\$ 11,896	\$ 6,695	\$ 2,951	\$ 35,592	\$ 44,427	\$ 155,380	\$ 138,205	\$ 264,216	\$ 304,968	\$ 301,389
Residential Rental	696,938	813,401	795,402	656,671	688,176	871,961	836,582	560,723	532,012	502,297
Commercial	145,980	21,564	106,983	234,099	261,116	19,464	0	0	0	0
Deferred	758,431	804,257	839,607	797,529	863,392	893,032	882,717	879,096	877,216	892,353
Public facilities and improvements	584,687	546,291	324,546	671,463	715,276	267,712	254,897	244,505	232,849	219,808
Homeownership	109,331	101,600	93,023	217,964	266,411	73,399	67,674	62,910	45,486	41,408
Business Revolving Loans	773,247	903,163	1,202,994	830,909	686,774	1,107,384	1,096,066	1,085,940	1,223,678	1,329,125
Total	\$ 3,080,510	\$ 3,196,971	\$ 3,365,506	\$ 3,444,227	\$ 3,525,572	\$ 3,388,332	\$ 3,276,141	\$ 3,097,390	\$ 3,276,209	\$ 3,286,380
Program income (interest and loan repayments)										
Community Development Block Grant										
Single family	\$ 9,447	\$ 5,763	\$ 4,040	\$ 8,879	\$ 99,941	\$ 10,924	\$ 57,055	\$ 21,992	\$ 23,586	\$ 13,151
Residential Rental	46,853	149,291	32,477	57,651	58,745	75,132	60,631	295,905	44,425	45,171
Commercial	25,001	21,564	21,564	33,280	23,892	21,563	19,766	0	0	0
Deferred	20,550	3,544	0	2,561	1,549	1,549	26,239	35	20	3,024
Public facilities and improvements	55,438	55,991	235,477	69,578	68,309	20,474	19,386	15,556	20,534	18,385
Homeownership*	10,865	8,623	10,363	66,183	22,805	11,201	6,762	5,392	4,310	6,435
Business Revolving Loans	73,135	73,657	73,273	85,714	175,432	257,876	66,000	233,081	62,262	69,556
Total	\$ 241,289	\$ 318,433	\$ 377,194	\$ 323,846	\$ 451,425	\$ 398,719	\$ 255,839	\$ 571,961	\$ 155,137	\$ 155,722

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire Department										
Number of stations (4 volunteer, 1 City owned)	6	6	6	6	5	5	5	5	5	5
Police Department										
Number of Stations and Substations	3	3	3	3	3	3	4	4	4	4
Public Works Department										
Miles of paved streets and alleys	151.88	152.10	153.90	154.39	154.39	154.62	154.62	154.79	155.04	156.20
Number of signalized intersections	131	132	133	136	136	136	136	137	137	137
Parks and Recreation										
Parks and Playgrounds (307 acres)	19	19	20	21	22	22	23	23	29	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	0	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	430	430	430	430	431	441	443	443
Fire hydrants	825	814	824	824	831	825	845	886	886	972
City	1,337	1,318	1,354	1,361	1,372	1,387	1,392	1,393	1,405	1,771
County										
Wastewater Department										
Number of City owned pumping stations	25	25	23	23	23	23	23	23	23	24
Miles of collection system-City owned	157	156	157	157	157	157	158	185	185	185
Parking Facilities Department										
Number of Lots	7	7	7	8	7	7	7	7	13	12
Number of Parking Spaces (Metered or Rented)										
Lots	701	701	701	716	716	699	699	699	713	514
Streets	372	372	372	376	376	333	333	333	333	345
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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