



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2019

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City of Hagerstown

MARYLAND



Comprehensive Annual Financial Report Fiscal Year 2019

July 1, 2018 - June 30, 2019

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City of Hagerstown
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2019

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INTRODUCTORY SECTION



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City of Hagerstown, Maryland

Finance Department

October 31, 2019

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

State law requires that general purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that schedule, and in accordance with Article VII, Section 722 of the City's Charter, we hereby issue the comprehensive annual financial report (CAFR) for the City of Hagerstown, for the year ended June 30, 2019.

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, 2019, 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, 2019, 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 CAFR.

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 CAFR.

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 12.29 square miles and serves a population of 40,205 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 Director of Finance is the Chief Financial Officer of the City and has been delegated the task of supervising and directing the proper accounting of all revenues and expenditures, and the preparation of the annual operating budget and financial reports.

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 86 through 88 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 89 and 90 through 99.

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.

Local economy. There is a diverse employer base in Washington County that includes companies from the manufacturing, transportation, service, retail, and finance industries as well as local and state government. The unemployment rate for Hagerstown decreased from 5.6% in June 2018 to 5.0% in June 2019; and, the most recent figure for August 2019 is a further reduction to 4.7%. The state of Maryland unemployment rate in June 2019 was 3.9%, while in Washington County overall it was 4.1%. Rebuilding the economy in Western Maryland continues to be a slower process. The average employment for Washington County in June 2019 reflected a slight decline to 73,077 compared to the prior June average of 73,170, while conversely the Hagerstown metropolitan per capita income for June 2019 (\$42,969) increased slightly compared to June 2018 (\$40,934).

FY18/19 was the second year of the City's triennial assessment period. The City's assessable tax base reflected growth and the City created a real property tier tax rate. The tax rate for all real estate excluding Apartments was \$1.002 per \$100 of assessed values; and the real estate tax rate for Apartments was \$1.032. The growth in assessed values, the increase in the tax rate, and the implementation of the tax tier resulted in an increase for total property tax revenue of \$2.4 million over FY17/18 revenue dollars. Property tax revenue comprised approximately 69% of the City's total general fund revenue sources in FY18/19.

As a result of the City's requirements to meet MS4 stormwater permit for Maryland Department of the Environment, the City contracted with a consultant to identify a cost rate model to address these administrative issues. In Maryland, municipalities have the authority to implement a stormwater utility fee. The City's consultant has completed Phase I and started work on Phase II of the stormwater management study. To date, the City and its consultant has held public meetings and will make a final report and recommendation to the City's Mayor and Council by the end of calendar 2019.

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

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

Long-term financial planning. In planning for the City's future, a significant amount of time and resources is spent on planning. The Community's City Center Plan, a redevelopment plan which identifies eight (8) catalytic projects, was completed in FY13/14. These eight core initiatives are long-term plans that stretch beyond a five (5) year completion

period. The plan calls for a mix of both private and public investment designed to be catalytic in nature to encourage further private investment and is available on the City's website. A listing of the catalyst projects are as follows with more details including status reporting on the City's website (www.hagerstownmd.org):

- Catalyst Project 1 - Position downtown to offer new Class A office development using portions of the Central Parking lot
- Catalyst Project 2 - Improve the Maryland Theatre facility and grow performance days per year
- Catalyst Project 3 - Support for expansion of the University System of Maryland Hagerstown (USMH) through a dedicated student housing project
- Catalyst Project 4 - Development of a new hotel, conference center and Civil War heritage center and commemorative park
- Catalyst Project 5 - Trail Project connecting the Arts and Entertainment District to City Park and Washington County Museum of Fine Arts
- Catalyst Project 6 - Efforts continued on strengthening events focused on the City Center, and growth in City Center programming through the Main Street Hagerstown initiatives
- Catalyst Project 7 - The Farmers' Market entered into a two-year partnership with the Valley Co-op for usage of the back area of the market building
- Catalyst Project 8 - Expansion of home ownership programs and renovations in targeted areas and the addition of Neighborhood Service Inspector positions and establishment of annual exterior inspections for rental properties

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 FY18/19 unassigned fund balance for the General Fund was \$12.4 million or 29.0% of total General Fund expenditures (excluding the transfers to other funds). This represents 3.5 months of General Fund operating expenditures.

Additionally, the City has a community vision reflected in Mayor and Council goals and priorities for calendar 2018-2020. This plan provides a structure for the City's leaders to document important initiatives and projects and enables the community to be more involved. The Mayor and Council goals and priorities are broken down into the following main categories: Neighborhoods Revitalization & Sustainability; Public Safety; Public Facilities and Infrastructure; Economic Development; Budget Stabilization; Parks & Recreation for Active/Healthy Living; Innovative/Progressive Government; Community Promotion/Pride; Economic Development through Sports and Tourism; and Citizen-based Government. Further details on these goals and priorities are located on the City's website (www.hagerstownmd.org) under Mayor & City Council and under the Finance Department in the FY19/20 Approved budget.

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 as listed above. 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).

The Urban Improvement Project is a \$42 million partnership project that supports many of the Catalyst Projects by creating a City Center Arts & Entertainment Complex and Urban Education Campus. The City is working in partnership with Washington County, the Board of Education, the Maryland Theatre, the University System of Maryland at Hagerstown, other community partners and private developers on this major investment project which will assist in other revitalization efforts for the urban core of the city. Work continued on the various individual projects in downtown throughout calendar 2019. Most recently, the Maryland Theatre held a grand reopening ceremony on its expansion on October 11, 2019. Other projects including an educational complex for the Board of Education will be completed in Spring 2020.

One of the projects under the overall Urban Improvement Project includes the planning and construction of a plaza. The plaza will serve as a multi-purpose public space and will be used for informal student gatherings, downtown events, and staging for buses and theater production vehicles. Simultaneously, another phase of the Hagerstown Cultural Trail will extend through the plaza to West Washington Street. In FY19, the City of Hagerstown worked with many different utility vendors to secure the placement of all overhead wires underground as the initial phase. The construction of the plaza will be phase II and continue into future fiscal years.

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 Retail and Restaurant Incentive Program support business growth and expansion. Residential homeownership programs and home repair programs assist in revitalizing residential buildings and neighborhoods. During FY18/19, the City was able to implement a new Invest Hagerstown incentive program by utilizing funding from establishing a real property tier tax rate. This Invest Hagerstown program offers four (4) different types of incentives: City Center Redevelopment Grant Program; City-Wide Redevelopment Grant Program; City-Wide down Payment and Rehabilitation Grant Program; and Rental Property Rehabilitation Grant Program. In FY18/19, the City obligated a total of \$550K in the Invest Hagerstown program incentives. Last, the City of Hagerstown boasts a 1 Gigabit Downtown program which offers a fiber-optic internet connection with speeds of 1,000 Megabits per second.

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

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

Awards and Acknowledgements

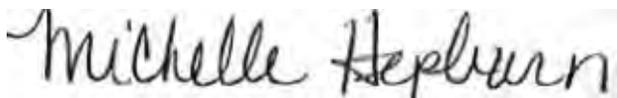
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the twenty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2018. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including: a policy document, a financial plan, an operations guide and a communications device.

Finally, the preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express appreciation to all members of the department who assisted and contributed to the preparation of this report. Special recognition is extended to Jennifer Peterson, Accounting & Budget Manager for coordinating and managing the entire audit process and to the Senior Financial Accountants, Jeffrey Lear and Brooke Garver for the commitment and teamwork displayed during the preparation of the CAFR. 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, Director of Finance



Government Finance Officers Association

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

Presented to

**City of Hagerstown
Maryland**

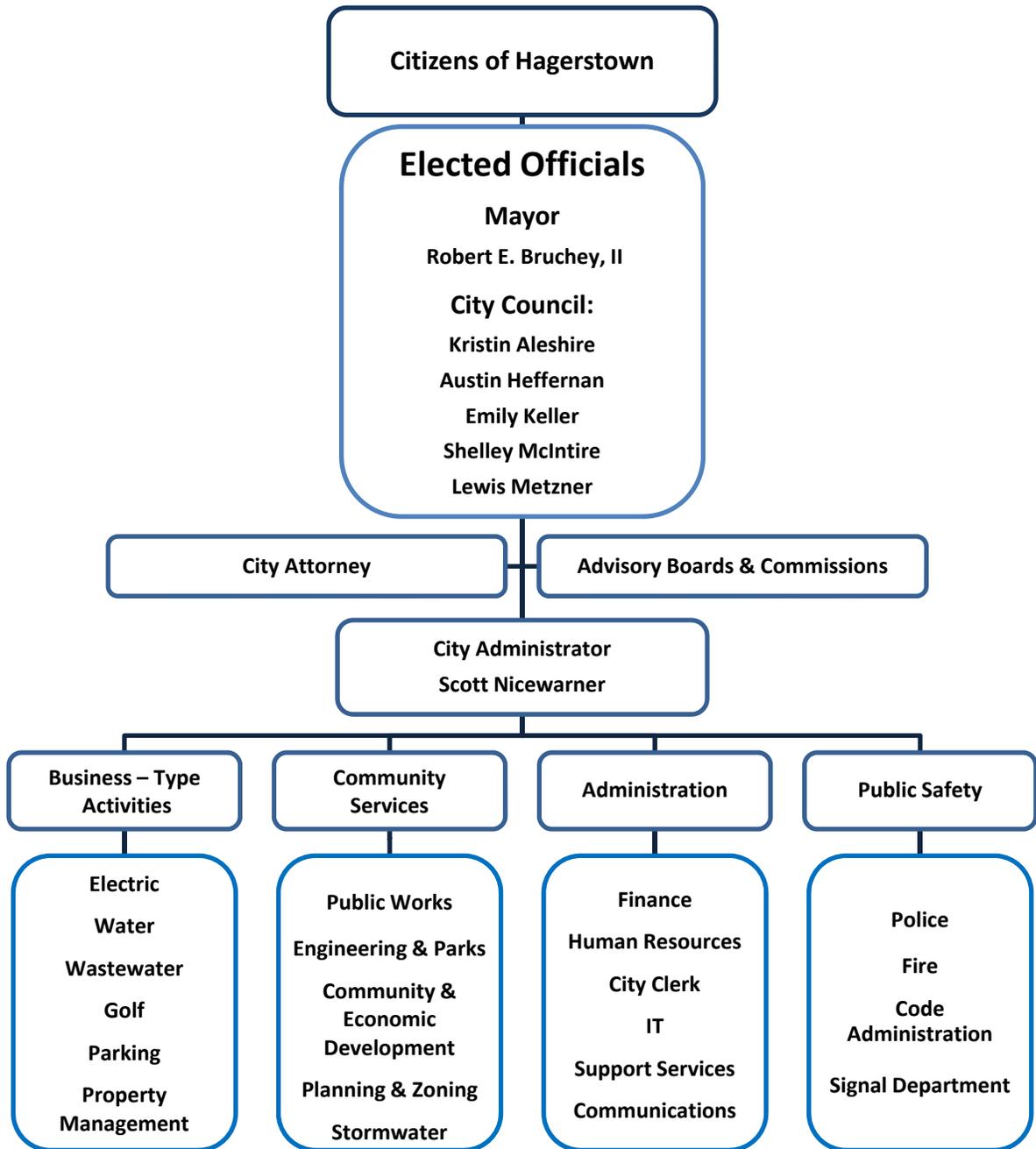
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

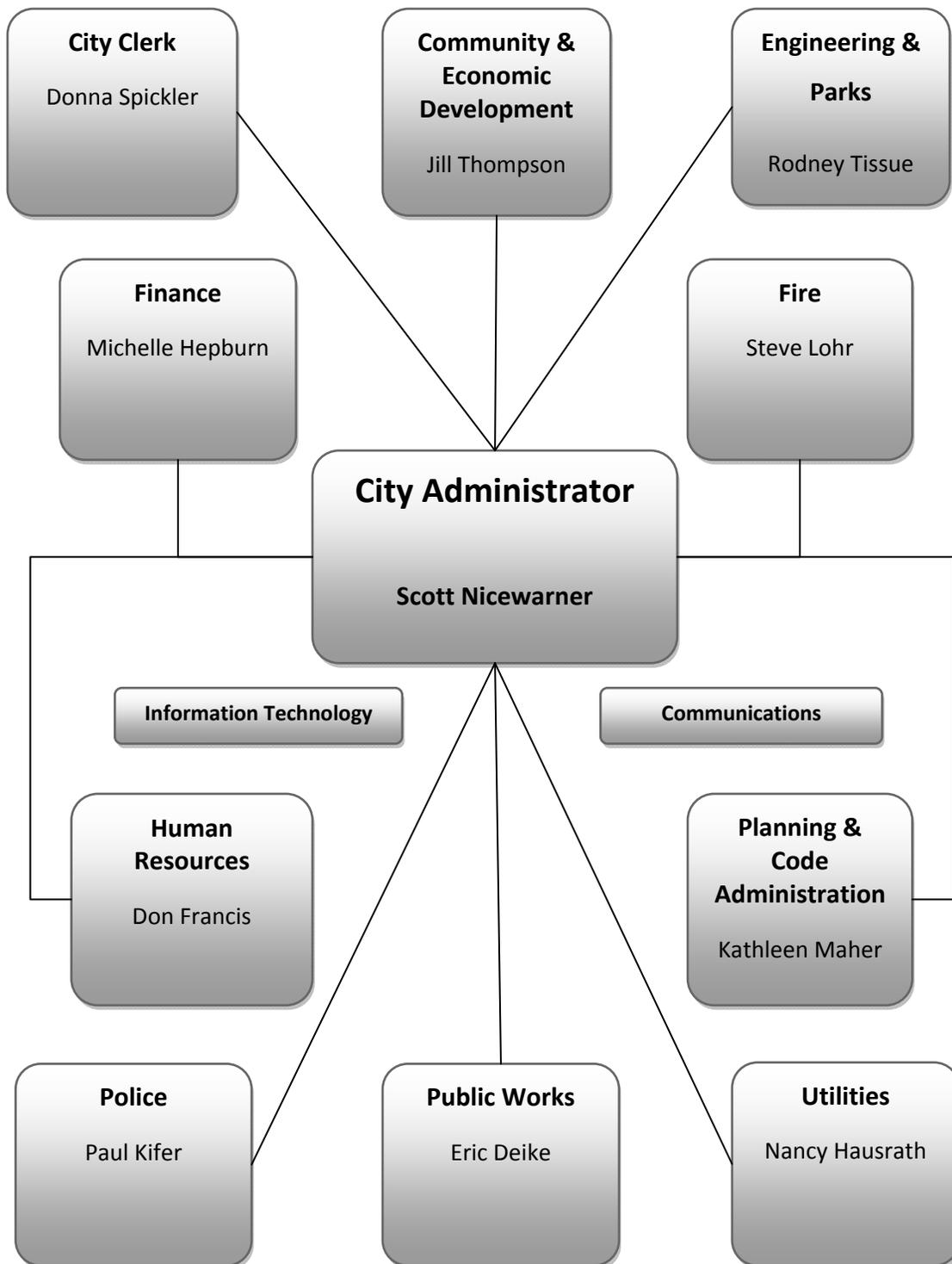
Christopher P. Morrill

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hagerstown, Maryland (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budget and actual for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

Supplementary and Other Information

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

The combining and individual fund statements and budgetary comparison 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 budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Owings Mills, Maryland
October 30, 2019

A handwritten signature in blue ink that reads "SB & Company, LLC".

Management's Discussion and Analysis (MD&A)

Introduction

As management of the City of Hagerstown, Maryland (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. 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 \$199.6 million (*net position*). Approximately 77.6% of this amount is attributable to the City's three utilities (Electric, Water and Wastewater). Of the total net position, there is negative <\$32.8> million (*unrestricted net position*) to meet ongoing obligations to citizens and creditors (attributable to the City's total net pension liabilities of \$50.8 million reflected per GASB 68 implementation and to the City's total net OPEB liabilities of \$26.5 million reflected per GASB 75), \$11.5 million is restricted for specific purposes (*restricted net position*), and \$220.9 million is net investment in capital assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24.9 million. Of this total amount \$12.4 million is unassigned and represents working capital available to support governmental operating needs and future years' expenditures.
- The City's total net bonded debt decreased by \$1.7 million during the current fiscal year from \$69.8 million to \$68.1 million. Total new debt added during the fiscal year was \$4.0 million, which reflects a new 2019A Tax Exempt Public Improvements bond and a new 2018A and 2018B MDE Willson Travel Screen & Pump bonds. The City's adherence to its amortization schedules for existing debt reduced its debt by \$5.8 million in payments during the fiscal year. Additional information on the City's long-term debt activity can be found in Note IV. F. of the notes to the financial statements.
- The General Fund, on a current financial resource basis, reported a surplus of revenues over expenditures and other financial sources and uses by \$1.7 million after making a \$1.3 million transfer to the Capital Projects Fund and operating transfers of \$0.3 million to the Golf Course Fund, and \$0.7 million to the Economic Redevelopment Fund for economic program initiatives and incentives. There was an adjustment to property tax rates in FY18/19 to create a new tier for apartments at \$1.032 per \$100 assessed value. The real estate property tax rate for all other properties was increased to \$1.002 per \$100 assessed value and corporate personal property tax rate to be \$2.505. Due to tax rate increases, establishment of a tier tax rate and growth in assessed values, total property tax revenue was \$2.3 million higher in FY18/19 for total revenue of \$32.0 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.4 million or 29.0% of total General Fund expenditures (excluding the transfers to other funds described above). This represents 3.5 months of General Fund expenditures and complies with the City financial policy requiring a minimum unassigned fund balance of 17% and 2.0 months of the General Fund operating expenditures.

Overview of the Financial Statements

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

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, and property 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 18 and 19 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 ten individual governmental funds: the General; Capital Projects; Community Development Block Grant; Economic Redevelopment; Flexible Spending; Business Revolving Loan; Excise Tax; Grant Revenue; Upper Floors Redevelopment; 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 20 through 24 of this report. The other governmental fund financial statements can be found on pages 86 through 99.

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, and Property Management funds. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City used 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 25 to 29 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 30 to 31 of this report.

Additionally, a separate section can be found on pages 106 to 107 for the detail of the total fiduciary fund.

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 32 to 79.

Other 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. Required supplementary information can be found on pages 80 to 85 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 \$199.6 and \$194.8 million at the close of the current and previous fiscal years.

City of Hagerstown 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 (110.6% or \$220.9 million) reflects its net investment in capital assets (e.g., land and improvements, buildings, machinery, equipment, infrastructure, and improvements), less any unmatured debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending.

Restricted net position represents 5.8% or \$11.5 million of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. The City's total unrestricted net position has a balance of <\$32.8> million (negative 16.4% of total net position) which is used to meet the government's ongoing obligations to citizens, creditors, and employee pension plans. Of this total amount, the unrestricted net position for business-type activities has a balance of \$15.7 million and the unrestricted net position portion for governmental activities has a negative balance of <\$48.5> million.

It is important to note that the City has fully implemented GASB Statement 68 and the result is a total of \$50.8 million in total net pension liability to fund both of the City's pension plans and GASB Statement 75 for the OPEB liability of \$26.5 million. This total \$77.3 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, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current assets	\$ 31,884,250	\$ 27,407,863	\$ 34,352,939	\$ 34,953,596	\$ 66,237,189	\$ 62,361,459
Long-term and restricted assets	4,216,714	3,008,976	10,196,751	9,935,878	14,413,465	12,944,854
Capital assets, net	84,100,043	84,153,136	201,017,529	196,221,106	285,117,572	280,374,242
Total Assets	120,201,007	114,569,975	245,567,219	241,110,580	365,768,226	355,680,555
Deferred outflows related to pensions	4,194,381	4,629,466	1,393,483	1,639,720	5,587,864	6,269,186
Deferred outflows related to OPEB	1,245,494	2,041	551,007	884	1,796,501	2,925
Total Deferred Outflows	5,439,875	4,631,507	1,944,490	1,640,604	7,384,365	6,272,111
Liabilities:						
Long-term liabilities	82,329,480	81,162,201	60,975,530	62,588,442	143,305,010	143,750,643
Other liabilities	11,012,353	8,658,162	16,068,554	12,463,024	27,080,907	21,121,186
Total Liabilities	93,341,833	89,820,363	77,044,084	75,051,466	170,385,917	164,871,829
Deferred inflows related to pensions	2,245,698	650,841	630,917	558,882	2,876,615	1,209,723
Deferred inflows related to OPEB	177,384	719,968	78,475	311,828	255,859	1,031,796
Total Deferred Inflows	2,423,082	1,370,809	709,392	870,710	3,132,474	2,241,519
Net Position:						
Investment in capital assets, net	66,784,135	66,650,974	154,076,731	146,353,536	220,860,866	213,004,510
Restricted	11,549,646	9,650,397	-	-	11,549,646	9,650,397
Unrestricted	(48,457,814)	(48,291,059)	15,681,501	20,475,472	(32,776,313)	(27,815,587)
Total Net Position	\$ 29,875,967	\$ 28,010,312	\$ 169,758,232	\$ 166,829,008	\$ 199,634,199	\$ 194,839,320

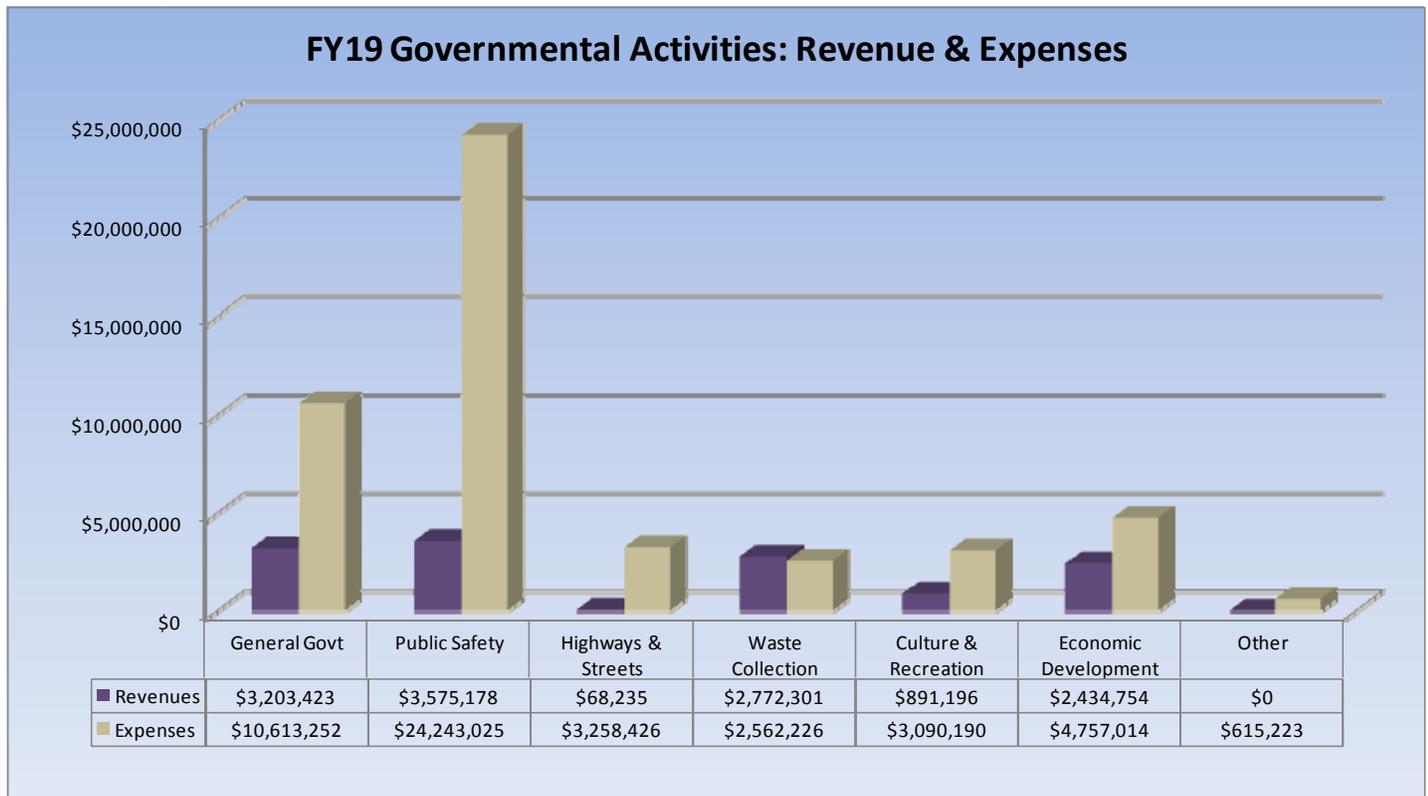
The following table indicates the changes in net position for governmental and business-type activities:

	Changes in Net Position June 30, 2019 and 2018					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 9,038,555	\$ 8,760,431	\$ 52,589,568	\$ 51,159,561	\$ 61,628,123	\$ 59,919,992
Operating grants and contributions	3,061,406	1,554,570	750,196	5,616	3,811,602	1,560,186
Capital grants and contributions	845,126	1,236,493	2,568,732	1,449,023	3,413,858	2,685,516
General Revenues:						
Property taxes	32,047,754	29,674,582	-	-	32,047,754	29,674,582
Income and other taxes	5,735,651	5,057,155	-	-	5,735,651	5,057,155
Miscellaneous	932,282	426,095	409,075	265,658	1,341,357	691,753
Total Revenues	51,660,774	46,709,326	56,317,571	52,879,858	107,978,345	99,589,184
Expenses:						
Program Expenses:						
General government	10,613,252	8,627,247	-	-	10,613,252	8,627,247
Public safety	24,243,025	25,773,111	-	-	24,243,025	25,773,111
Highways and streets	3,258,426	2,791,282	-	-	3,258,426	2,791,282
Waste collection and disposal	2,562,226	2,293,396	-	-	2,562,226	2,293,396
Culture and recreation	3,090,190	3,005,649	-	-	3,090,190	3,005,649
Economic and community development	4,757,014	3,204,744	-	-	4,757,014	3,204,744
Interest on long-term debt	615,223	622,454	-	-	615,223	622,454
Utilities and other proprietary funds	-	-	54,044,110	48,809,122	54,044,110	48,809,122
Total Expenses	49,139,356	46,317,883	54,044,110	48,809,122	103,183,466	95,127,005
Excess (deficiency) before transfers	2,521,418	391,444	2,273,461	4,070,736	4,794,879	4,462,180
Transfers	(655,763)	(478,644)	655,763	478,644	-	-
Change in net position	1,865,655	(87,201)	2,929,224	4,549,380	4,794,879	4,462,180
Net position - beginning	28,010,312	50,538,893	166,829,008	170,704,622	194,839,320	221,243,515
GASB 75 Adjustment	-	(22,441,381)	-	(8,424,994)	-	(30,866,375)
Net position - beginning as restated	28,010,312	28,097,512	166,829,008	162,279,628	194,839,320	190,377,140
Net Position - Ending	\$ 29,875,967	\$ 28,010,312	\$ 169,758,232	\$ 166,829,008	\$ 199,634,199	\$ 194,839,320

Governmental activities: General revenues for the governmental activities were \$38.7 million, while total expenses, net of charges for services, grants and contributions, were \$36.2 million. Last, the total transfers to other funds were \$0.7 million. The resulting increase in net position for governmental activities was \$1.9 million and can be largely attributed to the following:

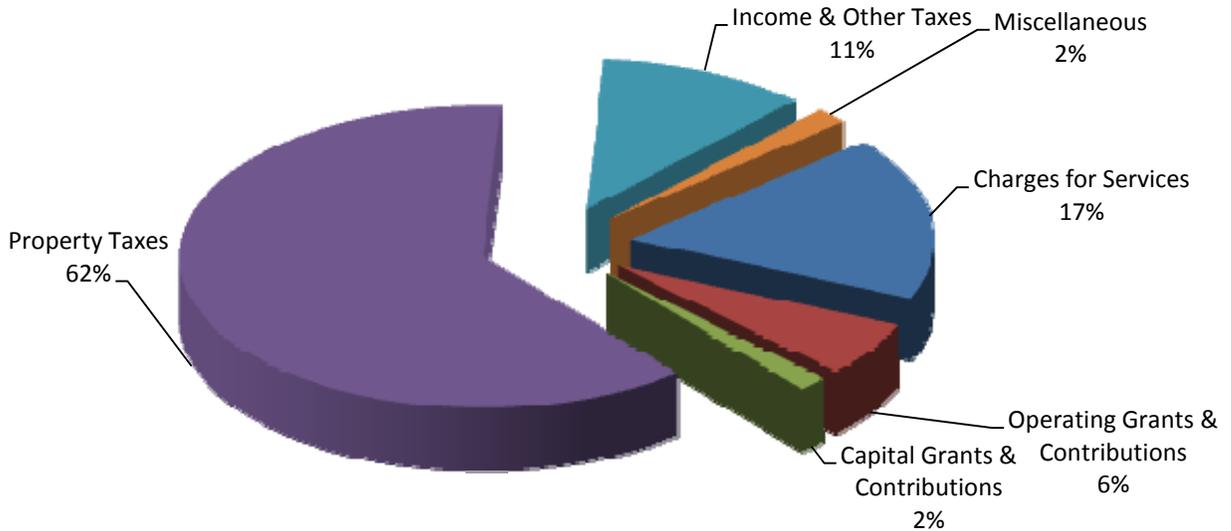
- \$1.7 million of the increase is due to the excess of actual revenues over expenses in the City’s General Fund. This increase is a result of growth in total property tax revenues from new tax tier for apartments, increased assessed values, and a higher tax rate. Also, there was a one-time transfer from the health insurance fund of \$0.5 million. Last, overall expenses decreased over prior year totals and were less than FY18/19 budgets. In total, expenses were \$1.5 million less than FY18/19 budget levels. The largest area of expense savings was within Public Safety which reflects vacant positions in Police and reduced overtime in Fire.
- A \$1.9 million increase is a result of all other governmental funds including the General Capital Improvement Fund. The Capital Improvement Fund had a \$1.5 million surplus as a result of a new bond proceeds at the end of the fiscal year that was unspent and a combined \$0.4 surplus from sale of property under Community Development Block Grant Fund and less Partners in Economic Progress incentives spent than budgeted in the Economic Redevelopment Fund.
- <\$1.8> million of the decrease is a result of the City’s necessary adjustments for Statement of Net Positons. The majority of this decrease is related to annual pension expenses recognized per GASB68 and net impact of long-term debt proceeds and principal payments which were offset by OPEB expense decrease recognized per GASB75. Please see the reconciliation schedule from the Governmental Funds to the Statement of Activities on page 23 for further details.

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



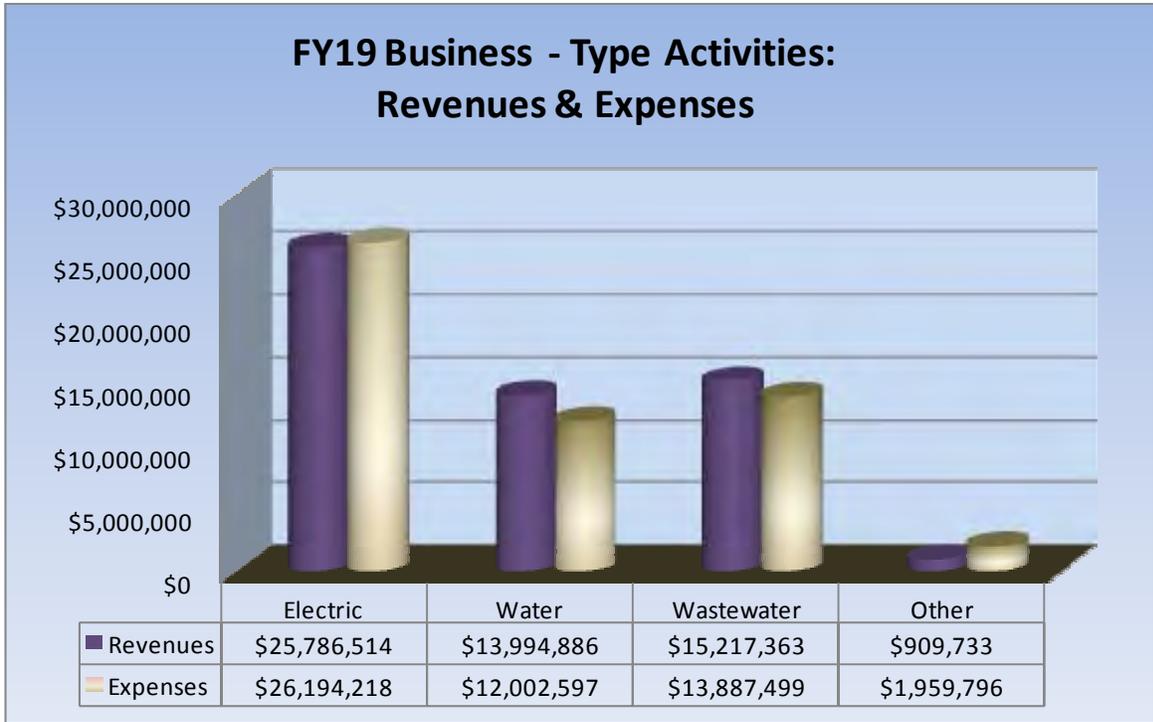
*Please note that the chart above only includes revenue directly associated to each category and excludes \$38.7 million in general property tax, income tax, investment earnings, transfers and other miscellaneous revenue generated in FY18/19.

FY19 Governmental Activities: Revenue by Source

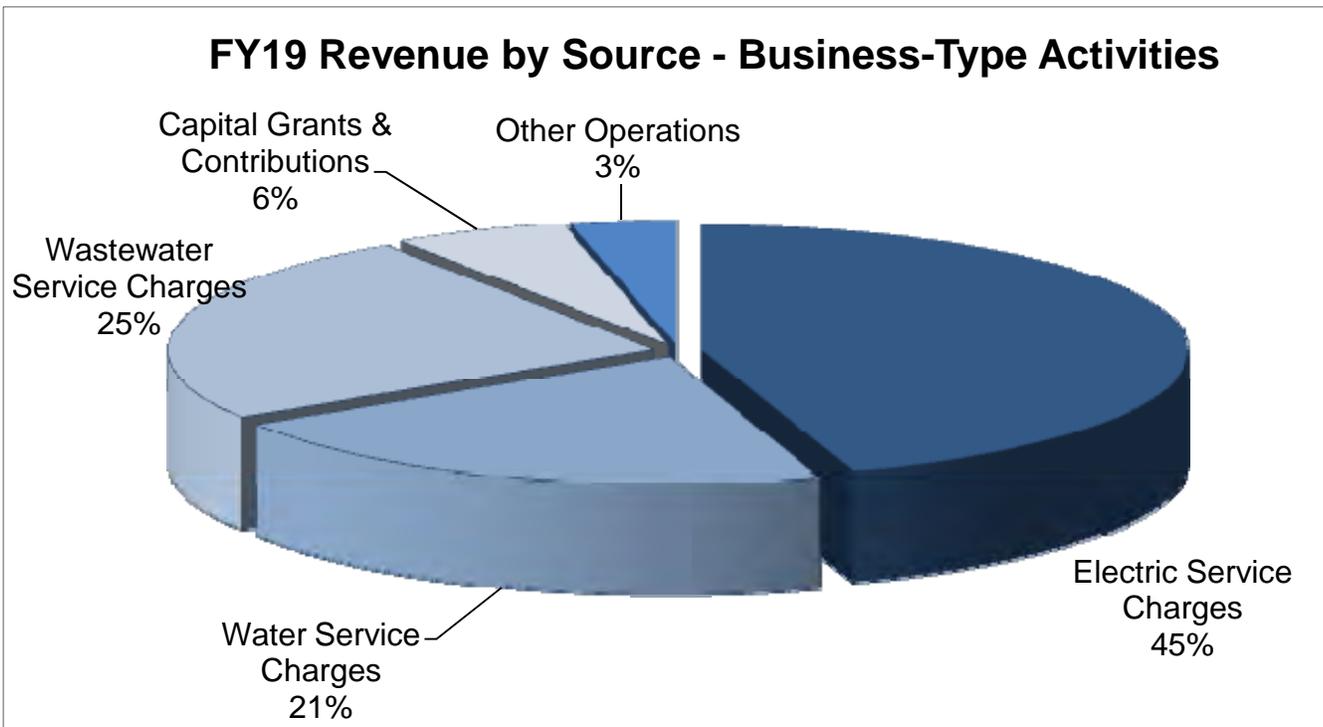


Business-type Activities: Business-type activities increased the City of Hagerstown's net position by \$2.9 million. Key elements of this increase are as follows:

- Water, Wastewater, Golf and Parking 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, \$1.9 million in the Water Fund, \$1.3 million in the Wastewater Fund, \$0.02 million in the Golf Fund, and \$0.1 million in the Parking Fund. The following is the breakdown of the negative net changes: <\$0.3> million in the Electric Fund and <\$0.8> million in the Property Management Fund.
- Transfers in to the business-type activities account for \$0.7 million in revenue. These transfers were primarily for Golf Course operations from the General Fund and one-time transfers from the Health Insurance Fund to Electric, Water, and Wastewater Funds.
- Capital grants and contributions remained a revenue source for business-type activities. The Electric fund received \$0.1 million, the Water fund received \$1.6 million and the Wastewater fund received \$0.9 million during the current fiscal year.
- Maryland State Retirement Pension expense and OPEB expense recognized in the FY18/19 in the Electric, Water and Wastewater funds were \$0.8 million and \$0.03 million respectively and contributed to the total overall expenses.



*Please note that the chart above only includes revenue directly associated to each category and excludes \$1.1 million in general investment earnings and transfers between City funds generated in FY18/19.



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 \$24.9 million, an increase of \$3.6 million from the prior year. Approximately 49.8% of the total fund balance (\$24.9 million) constitutes *unassigned fund balance* (\$12.4 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 (\$0.3 million and \$2.8 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 which includes unspent bond proceeds (\$5.0 million).
- 3) *Assigned* fund balance represents amounts reserved for tentative management plans that are subject to change (\$4.4 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 \$12.4 million, while total fund balance equals \$13.4 million. As a measure of the General Fund's liquidity, it is useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 29.0% of total General Fund expenditures or 3.5 months of fiscal expenditures.

The fund balance of the General Fund increased by \$1.8 million during the current fiscal year. This increase is due to actual expenditures exceeding revenues. Below are some key elements for FY18/19:

Revenues were over approved budget by \$0.2 million

- Total property taxes were above projections by \$0.6 million. The increase is a result in growth of assessable base values and increase tax rate. In addition, the City implemented a new real property tax tier for apartments in FY18/19. The City had a change in tax rates from FY17/18 to FY18/19 and the rates increased to be \$1.032 per \$100 assessed value for apartments, \$1.002 per \$100 assessed value for all other real estate taxes and \$2.505 per \$100 assessed value for personal property tax rates.
- All other revenue categories in the general fund were a combined <\$0.4> under the FY18/19 budget levels. The largest decrease was in Safe Speed for School Fines and Forfeitures.

Expenses (excluding transfers to other funds) were under budgeted projections by \$1.3 million.

- Wages and benefits were \$1.0 million under projections across most departments. The majority of the dollar impact was within the Police Department as a result of higher than normal vacant positions and Fire Department overtime.
- Annual debt service requirements (principal payments, interest expense and bond issuance costs) were \$0.1 million under budget due to timing and amount of expected bond issue.
- Total insurance costs were \$0.1 million under projections due to lower premiums than anticipated.

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 FY18/19 budget amounts.

The Capital Projects Fund has a total fund balance of \$6.3 million. 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) *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 and are for unspent bond proceeds (\$3.8 million)
- 2) *Assigned* fund balance represents amounts reserved for tentative management plans and current encumbrances that are subject to change (\$2.5 million)
- 3) *Unassigned* fund balance represents amounts the portion of net resources in excess of the nonspendable, restricted, committed, and assigned balances (\$0)

Proprietary funds. The City of Hagerstown's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the three utilities at the end of the year amounted to \$1.5 million for the Electric Fund, \$7.9 million for the Water Fund and \$1.5 million for the Wastewater Fund. The total increase in all proprietary funds net position was \$2.9 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

The final budgeted revenues, expenditures, and transfers to other funds increased by less than \$10 thousand over the original budget. The net change reflects an allocation of an original budget contingency across city departments; a breakout for stormwater related costs into its own department from public works and engineering; and an increase in amounts transferred to our Capital Improvement Projects Fund. During the fiscal year, there was a need for some additional funding for projects. The additional project funding was covered by revenues exceeding original projections, reduction in operational expenses, and one-time fund balance use.

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, 2019, amounts to \$285.1 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 City of Hagerstown's investment in capital assets for the current fiscal year was \$4.7 million or 2.3%. There was a 0.1% decrease for governmental activities and a 2.4% increase for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,858,619	\$ 6,862,932	\$ 5,705,970	\$ 5,705,970	\$ 12,564,589	\$ 12,568,902
Construction in progress	1,782,823	380,776	8,571,024	2,620,842	10,353,847	3,001,618
Buildings & Structures	6,438,997	6,642,579	137,097,686	136,808,513	143,536,683	143,451,092
Improvements other than buildings	7,721,407	7,967,868	576,790	595,458	8,298,197	8,563,326
Machinery & Equipment	7,472,410	7,309,632	49,043,502	50,466,882	56,515,912	57,776,514
Infrastructure	53,825,787	54,989,349	22,557	23,441	53,848,344	55,012,790
Total	\$ 84,100,043	\$ 84,153,136	\$ 201,017,529	\$ 196,221,106	\$ 285,117,572	\$ 280,374,242

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

For the City's governmental activities:

The City spent \$4.2 million in additions for capital assets and improvements during FY18/19. Some of the most notable additions are listed below:

- \$1.5 million was spent on work in progress projects and the two primary areas were \$584K toward deposit on new Fire Engine and equipment and \$540K on infrastructure improvements related to the Urban Improvement plaza.
- \$2.7 million was spent on two new street sweepers (\$613K), nine police vehicle replacements (\$439K), seventy accessibility ramps (\$171K), alley reconstruction and improvements (\$339K), pool improvements (\$162K), and various other land improvements, buildings and structures, machinery and equipment, automobiles and trucks, office furniture, and infrastructure (\$1.0M).

Additional information on the governmental activities capital assets can be found in Note IV. C., pages 54 through 57 of this report.

For the City's business activities:

The City spent \$13.6 million in additions for construction in progress of capital improvements and other capital assets in FY18/19.

- \$7.0 million was spent on work in progress projects and the primary ones were a Synagro project at the Wastewater Treatment Plant (\$4.6M) and Water's Pump Station 4 (\$1.2M).
- \$6.6 million was spent for infrastructure improvements across the funds as follows: Electric Fund \$582K, Water Fund \$5.0M, Wastewater Fund \$700K, Parking Fund \$76K, Golf Fund \$16K, and Property Management Fund \$190K

Additional information on the City of Hagerstown's capital assets can be found in Note IV. C., pages 54 through 57 of this report.

Long-term debt. At the end of the current fiscal year, the City of Hagerstown had total bonded debt outstanding of \$68.1 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, \$46.9 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			
	2019	2018	2019	2018	2019	2018
General Bonded Debt	<u>\$21,109,308</u>	<u>\$19,902,356</u>	<u>\$46,940,798</u>	<u>\$49,867,569</u>	<u>\$68,050,106</u>	<u>\$69,769,925</u>

Overall, the City of Hagerstown added new bonded debt of \$4.0 million, across all funds. The City added a new debt from MDE Maryland Water Quality Revolving Loan Fund of \$0.9 million. Also, the City issued a new 2019 Tax Exempt Public Improvements bond for a total of \$3.1 million. The City's continued adherence to its amortization schedules for debt repayments reduced its debt by \$5.8 million resulting in an overall net decrease to debt of \$1.7 million during the current year.

The City of Hagerstown's bond ratings were last affirmed in FY18/19 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 FY18/19, governmental fund debt was 0.78% of the assessed value of taxable property and \$525 per capita while total city-wide debt was 2.51% of the assessed value of taxable property and \$1,693 per capita. Additional information on the City of Hagerstown's long-term debt can be found in Note IV. F. on pages 61 through 64 of this report.

Economic Factors and Next Year's Budgets and Rates

- The FY18/19 budget reflected an increase in real estate and personal property tax rates. The real estate tax rate was \$1.032 cents per \$100 assessed value for apartments, \$1.002 cents per \$100 assessed value for all other properties and personal property rates were \$2.505 cents per \$100 assessed value. The FY18/19 budget also reflects the fifth year changes for Water and Wastewater based on a five year cost study approved and were an increase of 2.0% over the FY17/18 rates.
- The City is required by its Charter to have a balanced budget each fiscal year and has complied with this requirement. In FY19/20 General Fund final budget, there is net revenue surplus of \$1,443 that includes utilizing \$0.8 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 FY19/20 the City's major governmental fund approved budget, the General Fund, is projected to increase by 1.8% over the FY18/19 budget from \$46.4 million to \$47.2 million. Wages and benefits are projected to increase by 0.9% to include an increase in employee compensation and increased employer provided benefit costs. Debt service is projected to increase by 10.1% related to new bond issues needed to invest in infrastructure upgrades and other Mayor and Council priority projects.
- As a result of the February 2019 MD State Department of Assessment and Taxation's Constant Yield Notification which expected a slight growth of 0.52% in assessed values; the City kept the current tax rate structure. This expected increase represents approximately \$131K more in total property tax revenue. The increase in revenue is needed to cover rising costs for approved union salary enhancements, employer benefits, capital infrastructure improvements and updates, annual debt service requirements, and new economic incentive programs.
- The FY19/20 budget will remain flat for electric service charges. Annual rate increases were adopted for water service charges of 3% for inside and outside the City and wastewater service charges of 2% inside and outside the City effective July 1, 2019. Additionally, a complete five year rate schedule from FY19/20 through FY23/24 was approved for both water and wastewater service charges. These annual increases will make possible the extensive continuing system improvements for these utilities. All of these factors were considered in preparing the City of Hagerstown's budget for FY19/20.

A complete copy of the City's budget is available with additional details on our web site 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. Complete financial reports are also available on our web site, www.hagerstownmd.org.

City of Hagerstown, Maryland
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Pooled cash and investments	\$ 25,805,987	\$ 22,555,812	\$ 48,361,799
Receivables (net of allowance for uncollectibles):			
Taxes	728,034	2,500	730,534
Intergovernmental	1,737,639	-	1,737,639
Customers	1,033,824	6,815,273	7,849,097
Loans	2,930,676	-	2,930,676
Other	51,037	9,576	60,613
Internal balances	(3,193,019)	3,193,019	-
Inventories	139,137	1,714,655	1,853,792
Properties held for resale	1,745,111	-	1,745,111
Prepaid items	905,825	62,104	967,929
Restricted assets:			
Pooled cash and investments	4,216,714	9,620,717	13,837,431
Long-term receivables	-	576,034	576,034
Capital assets (net of accumulated depreciation):			
Land (not being depreciated)	6,858,619	5,705,970	12,564,589
Land improvements	9,703,893	1,837,881	11,541,774
Buildings and structures	17,057,859	219,413,519	236,471,378
Machinery and equipment	7,574,751	109,901,998	117,476,749
Automobiles and trucks	11,117,816	6,315,937	17,433,753
Office furniture and fixtures	3,112,961	881,253	3,994,214
Infrastructure	106,939,233	26,537	106,965,770
Construction in progress (not being depreciated)	1,782,823	8,571,025	10,353,848
Less accumulated depreciation	(80,047,913)	(151,636,591)	(231,684,504)
Total assets	<u>120,201,007</u>	<u>245,567,219</u>	<u>365,768,226</u>
Deferred Outflow of Resources			
Deferred Outflows from OPEB	1,245,494	551,007	1,796,501
Deferred Outflows from Pensions	4,194,381	1,393,483	5,587,864
Total deferred outflows	<u>5,439,875</u>	<u>1,944,490</u>	<u>7,384,365</u>
Liabilities			
Accounts and retainages payable	3,730,682	5,868,213	9,598,895
Accrued liabilities	2,984,650	187,661	3,172,311
Escrowed taxes and insurance	1,211	-	1,211
Accrued interest payable	204,774	318,032	522,806
Customer deposits payable	28,284	4,864,266	4,892,550
Due to other agencies	65,881	-	65,881
Unearned revenue	43,015	103,042	146,057
Compensated absences:			
Due within one year	1,833,390	898,018	2,731,408
Due in more than one year	2,849,424	1,037,427	3,886,851
Long-term liabilities:			
Due within one year	2,120,466	3,829,323	5,949,789
Due in more than one year	18,988,842	43,111,475	62,100,317
Net pension liabilities:			
Due in more than one year	42,117,658	8,698,159	50,815,817
Net OPEB liabilities:			
Due in more than one year	18,373,556	8,128,469	26,502,025
Total liabilities	<u>93,341,833</u>	<u>77,044,085</u>	<u>170,385,918</u>
Deferred Inflow of Resources			
Deferred Inflows from OPEB	177,384	78,475	255,859
Deferred Inflows from Pensions	2,245,698	630,917	2,876,615
Total deferred inflows	<u>2,423,082</u>	<u>709,392</u>	<u>3,132,474</u>
Net Position			
Net investment in capital assets	66,784,135	154,076,731	220,860,866
Restricted for:			
Capital Projects Fund	6,284,114	-	6,284,114
Community Development Block Grant Fund	2,623,185	-	2,623,185
Economic Redevelopment Fund	1,277,246	-	1,277,246
Business Revolving Loan Fund	1,131,007	-	1,131,007
Excise Tax Fund	2,693	-	2,693
Grant Revenue Fund	174,585	-	174,585
Other Purposes	56,816	-	56,816
Unrestricted	(48,457,814)	15,681,501	(32,776,313)
Total net position	<u>\$ 29,875,967</u>	<u>\$ 169,758,232</u>	<u>\$ 199,634,199</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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 10,613,252	\$ 2,939,050	\$ 39,967	\$ 224,406	\$ (7,409,829)	\$ -	\$ (7,409,829)
Public safety	24,243,025	2,759,137	760,724	55,317	(20,667,847)	-	(20,667,847)
Highways and streets	3,258,426	68,235	-	-	(3,190,191)	-	(3,190,191)
Waste, collection and disposal	2,562,226	2,772,301	-	-	210,075	-	210,075
Culture and recreation	3,090,190	298,623	27,170	565,403	(2,198,994)	-	(2,198,994)
Economic and community development	4,757,014	201,209	2,233,545	-	(2,322,260)	-	(2,322,260)
Interest and issuance costs on LT debt	615,223	-	-	-	(615,223)	-	(615,223)
Total governmental activities	<u>49,139,356</u>	<u>9,038,555</u>	<u>3,061,406</u>	<u>845,126</u>	<u>(36,194,269)</u>	<u>-</u>	<u>(36,194,269)</u>
Business-type activities:							
Electric	26,194,218	25,644,738	-	141,776	-	(407,704)	(407,704)
Water	12,002,597	11,990,596	428,742	1,575,548	-	1,992,289	1,992,289
Wastewater	13,887,499	14,044,501	321,454	851,408	-	1,329,864	1,329,864
Parking facilities	794,876	935,195	-	-	-	140,319	140,319
Golf course	440,537	199,889	-	-	-	(240,648)	(240,648)
Property management	724,383	(225,351)	-	-	-	(949,734)	(949,734)
Total business-type activities	<u>54,044,110</u>	<u>52,589,568</u>	<u>750,196</u>	<u>2,568,732</u>	<u>-</u>	<u>1,864,386</u>	<u>1,864,386</u>
Total primary government	<u>\$ 103,183,466</u>	<u>\$ 61,628,123</u>	<u>\$ 3,811,602</u>	<u>\$ 3,413,858</u>	<u>(36,194,269)</u>	<u>1,864,386</u>	<u>(34,329,883)</u>
General revenues:							
Property taxes					32,047,754	-	32,047,754
Income and other taxes					5,735,651	-	5,735,651
Investment earnings					387,646	409,075	796,721
Miscellaneous					544,636	-	544,636
Transfers					(655,763)	655,763	-
Total general revenues and transfers					<u>38,059,924</u>	<u>1,064,838</u>	<u>39,124,762</u>
Change in net position					<u>1,865,655</u>	<u>2,929,224</u>	<u>4,794,879</u>
Net position - beginning					28,010,312	166,829,008	194,839,320
Net position - ending					<u>\$ 29,875,967</u>	<u>\$ 169,758,232</u>	<u>\$ 199,634,199</u>

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

City of Hagerstown, Maryland
Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and investments	\$ 13,877,153	\$ 6,868,616	\$ 552,161	\$ 21,297,930
Receivables (net of allowance for uncollectibles):				
Taxes	728,034	-	-	728,034
Intergovernmental	1,140,353	96,453	500,833	1,737,639
Customers	809,760	101,075	16,902	927,737
Loans	90,000	-	2,840,676	2,930,676
Other	47,143	1,637	233	49,013
Advances to other funds	224,909	-	-	224,909
Inventories	139,138	-	-	139,138
Properties held for resale	-	-	1,745,111	1,745,111
Prepaid items	49,239	-	-	49,239
Restricted assets:				
Pooled cash and investments	-	-	584,331	584,331
Total assets	\$ 17,105,729	\$ 7,067,781	\$ 6,240,246	\$ 30,413,756
Liabilities And Fund Balances				
Liabilities:				
Accounts and retainages payable	\$ 2,112,688	\$ 783,667	\$ 141,551	\$ 3,037,906
Accrued liabilities	712,728	-	10,074	722,802
Advances from other funds	-	-	224,909	224,909
Escrowed taxes and insurance	-	-	1,211	1,211
Customer deposits payable	20,434	-	7,850	28,284
Undisbursed loan and grant commitments	-	-	589,121	589,121
Due to other agencies	65,881	-	-	65,881
Unearned revenue	43,015	-	-	43,015
Total liabilities	2,954,746	783,667	974,715	4,713,128
Deferred Inflows of Resources:				
Unavailable revenue-income taxes	777,376	-	-	777,376
Total deferred inflows of resources	777,376	-	-	777,376
Fund balances:				
Nonspendable				
Inventories	139,138	-	-	139,138
Prepays	49,239	-	-	49,239
Loans (net of allowance)	90,000	-	-	90,000
Restricted				
Special revenue programming	-	-	2,840,076	2,840,076
Committed				
Mayor & Council actions	251,426	-	945,828	1,197,254
Unspent bond proceeds	-	3,793,401	-	3,793,401
Assigned				
Contracted/Professional Services	231,859	-	-	231,859
Other Services	233,570	-	-	233,570
Capital Outlay	-	2,490,713	-	2,490,713
Special revenue programming	-	-	1,479,628	1,479,628
Unassigned	12,378,375	-	-	12,378,375
Total fund balances	13,373,607	6,284,114	5,265,531	24,923,252
Total liabilities and fund balances	\$ 17,105,729	\$ 7,067,781	\$ 6,240,246	\$ 30,413,756

City of Hagerstown, Maryland
Reconciliation of the Total Governmental Fund Balances
to Governmental Activities Net Position
For the Year Ended June 30, 2019

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

Total fund balances - governmental funds		\$	24,923,252
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds			
Cost of capital assets	164,147,956		
Accumulated depreciation	<u>(80,047,913)</u>		84,100,043
Unavailable revenues are not financial resources in the governmental funds, therefore the liability is eliminated and total net position is increased			
			777,376
Internal service funds are used by management to charge for the costs associated with uncovered general liability risk, the costs associated with uncovered workers' compensation risk, and the costs associated with the City's health and dental care program. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets			
			3,546,614
Long-term liabilities (including compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund statements.			
Compensated absences	(4,682,814)		
General obligation bonds payable	(20,706,207)		
Accrued interest payable on general obligation bonds	(204,774)		
Unamortized bond premiums on general obligation bonds	<u>(403,101)</u>		(25,996,896)
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	(42,117,658)		
Deferred outflows from pensions	4,194,381		
Deferred inflows from pensions	<u>(2,245,698)</u>		(40,168,975)
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	(18,373,556)		
Deferred outflows from OPEB	1,245,494		
Deferred inflows from OPEB	<u>(177,384)</u>		(17,305,446)
Total net position - governmental activities		\$	<u><u>29,875,967</u></u>

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, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 32,047,754	\$ -	\$ -	\$ 32,047,754
Income and other taxes	4,187,104	1,375,305	-	5,562,409
Licenses and permits	2,144,825	-	-	2,144,825
Intergovernmental grants	525,856	577,275	2,497,592	3,600,723
Program income	-	-	196,959	196,959
Charges for services	3,787,489	-	-	3,787,489
Fines and forfeitures	949,862	-	-	949,862
Investment earnings	264,024	112,883	10,739	387,646
Sale of land & other property	44,524	-	237,730	282,254
Contributions and donations	36,255	267,851	1,704	305,810
Unallocated general revenue	2,107,622	64,904	86,257	2,258,783
Total revenues	<u>46,095,315</u>	<u>2,398,218</u>	<u>3,030,980</u>	<u>51,524,513</u>
Expenditures				
Current:				
General government	5,984,620	-	4,124	5,988,744
Public safety	23,169,590	-	256,838	23,426,428
Highways and streets	3,057,832	-	-	3,057,832
Waste, collection and disposal	2,562,818	-	-	2,562,818
Culture and recreation	2,610,018	-	-	2,610,018
Economic and community development	792,815	1,906,698	2,061,272	4,760,785
Unallocated general expenditures	1,914,332	-	41	1,914,373
Debt Service:				
Principal	1,863,362	-	-	1,863,362
Interest	634,902	-	-	634,902
Issuance costs	34,520	-	-	34,520
Capital outlay	-	4,174,221	53,377	4,227,598
Total expenditures	<u>42,624,809</u>	<u>6,080,919</u>	<u>2,375,652</u>	<u>51,081,380</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,470,506</u>	<u>(3,682,701)</u>	<u>655,328</u>	<u>443,133</u>
Other Financing Sources (Uses)				
New Bond Issuance:				
Debt issued	-	3,105,000	-	3,105,000
Transfers in	564,827	2,061,218	701,733	3,327,778
Transfers out	<u>(2,285,516)</u>	<u>(12,969)</u>	<u>(928,361)</u>	<u>(3,226,846)</u>
Total other financing sources and uses	<u>(1,720,689)</u>	<u>5,153,249</u>	<u>(226,628)</u>	<u>3,205,932</u>
Net change in fund balances	1,749,817	1,470,548	428,700	3,649,065
Fund balances - beginning	11,623,790	4,813,566	4,836,831	21,274,187
Fund balances - ending	\$ <u>13,373,607</u>	\$ <u>6,284,114</u>	\$ <u>5,265,531</u>	\$ <u>24,923,252</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, 2019

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

Net change in fund balances - total governmental funds	\$ 3,649,065
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 depreciation exceeded capital additions in the current period.	(16,111)
The net effect of capital asset disposals is to decrease net position.	(36,981)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of long-term debt issuance and principal payments on long-term debt.	(1,241,638)
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.	34,686
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.	190,989
Net OPEB expense transactions based on actuarial calculations to determine net OPEB liabilities are not included in the governmental financial statements.	295,535
Net pension expense transactions based on actuarial calculations to determine net pension liabilities are not included in the governmental financial statements.	(810,308)
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>(199,581)</u>
Change in net position of governmental activities	<u>\$ 1,865,655</u>

**City of Hagerstown, Maryland
General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019**

	<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	\$ 31,496,725	\$ 31,496,725	\$ 32,047,754	\$ 551,029
Income and other taxes	3,764,235	3,764,235	4,187,104	422,869
Licenses and permits	2,174,672	2,174,672	2,144,825	(29,847)
Intergovernmental grants	445,824	481,564	525,856	44,292
Charges for services	3,455,655	3,455,655	3,787,489	331,834
Fines and forfeitures	1,617,100	1,617,100	949,862	(667,238)
Unallocated and other general revenue	2,211,367	2,230,617	2,452,425	221,808
Total revenues	<u>45,165,578</u>	<u>45,220,568</u>	<u>46,095,315</u>	<u>874,747</u>
Expenditures				
Current:				
General government	6,428,786	6,370,019	5,984,620	385,399
Public safety	24,574,417	24,130,442	23,169,590	960,852
Highways and streets	2,786,344	2,823,166	3,057,832	(234,666)
Waste, collection and disposal	2,575,924	2,575,924	2,562,818	13,106
Culture and recreation	2,638,055	2,610,213	2,610,018	195
Economic and community development	1,399,133	853,819	792,815	61,004
Unallocated general expenditures	1,719,088	1,944,088	1,914,332	29,756
Debt Service:				
Principal	1,932,986	1,932,986	1,863,362	69,624
Interest	673,157	673,157	634,902	38,255
Issuance Costs	2,428	2,428	34,520	(32,092)
Total expenditures	<u>44,730,318</u>	<u>43,916,242</u>	<u>42,624,809</u>	<u>1,291,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>435,260</u>	<u>1,304,326</u>	<u>3,470,506</u>	<u>2,166,180</u>
Other Financing Sources (Uses)				
Transfers in	606,975	579,339	564,827	(14,512)
Transfers out	(1,531,877)	(2,527,908)	(2,285,516)	242,392
Budgeted use of fund balance	490,000	635,101	-	(635,101)
Total other financing sources and (uses)	<u>(434,902)</u>	<u>(1,313,468)</u>	<u>(1,720,689)</u>	<u>(407,221)</u>
Net change in fund balances	358	(9,142)	1,749,817	1,758,959
Fund balances - beginning	11,623,790	11,623,790	11,623,790	-
Fund balances - ending	<u>\$ 11,624,148</u>	<u>\$ 11,614,648</u>	<u>\$ 13,373,607</u>	<u>\$ 1,758,959</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, 2019

Business-type Activities-Enterprise Funds

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Assets						
Current assets:						
Pooled cash and investments	\$ 6,323,094	\$ 7,638,914	\$ 6,868,047	\$ 1,725,757	\$ 22,555,812	\$ 4,508,057
Interest receivable	2,706	3,212	2,932	726	9,576	2,024
Accounts receivable (net of allowance for uncollectibles)	2,505,072	1,839,116	2,385,512	88,073	6,817,773	106,087
Inventories	380,167	1,071,364	263,124	-	1,714,655	-
Prepaid items	15,402	40,378	5,433	891	62,104	856,586
Total current assets	9,226,441	10,592,984	9,525,048	1,815,447	31,159,920	5,472,754
Noncurrent assets:						
Restricted assets:						
Pooled cash and investments	3,566,894	4,836,369	1,217,454	-	9,620,717	3,632,383
Long-term receivable	576,034	-	-	-	576,034	-
Capital assets:						
Land	1,225,255	2,019,652	180,149	2,280,914	5,705,970	-
Land improvements	263,554	28,542	9,121	1,536,664	1,837,881	-
Buildings and structures	2,309,278	131,157,945	73,558,827	12,387,469	219,413,519	-
Machinery and equipment	31,039,519	26,492,367	51,396,589	973,523	109,901,998	-
Automobiles and trucks	1,613,956	2,260,615	2,242,010	199,356	6,315,937	-
Infrastructure	-	-	-	26,537	26,537	-
Office furniture and fixtures	437,337	78,366	255,557	109,993	881,253	-
Construction in progress	-	2,178,012	6,393,013	-	8,571,025	-
Less accumulated depreciation	(22,332,207)	(54,035,165)	(68,465,145)	(6,804,074)	(151,636,591)	-
Total capital assets, net	14,556,692	110,180,334	65,570,121	10,710,382	201,017,529	-
Total noncurrent assets	18,699,620	115,016,703	66,787,575	10,710,382	211,214,280	3,632,383
Total assets	27,926,061	125,609,687	76,312,623	12,525,829	242,374,200	9,105,137
Deferred Outflow of Resources						
Deferred Outflows related to Pensions	391,828	519,084	482,571	-	1,393,483	-
Deferred Outflows related to OPEB	175,575	174,719	200,713	-	551,007	-
Total Deferred Outflows Related to Pensions	567,403	693,803	683,284	-	1,944,490	-

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, 2019

	<u>Business-type Activities-Enterprise Funds</u>					Governmental Activities- Internal Service Funds
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>	
Liabilities						
Current liabilities:						
Accounts and retainages payable	1,721,097	1,149,676	2,961,990	35,450	5,868,213	692,779
Compensated absences - current	276,221	314,041	280,268	27,488	898,018	-
Accrued liabilities	48,103	247,105	186,843	23,642	505,693	1,672,728
Customer deposits and rebates	4,848,701	2,000	-	13,565	4,864,266	-
Unearned revenue	-	101,000	-	2,042	103,042	-
General obligation bonds - current	43,245	1,720,101	1,844,891	221,086	3,829,323	-
Total current liabilities	<u>6,937,367</u>	<u>3,533,923</u>	<u>5,273,992</u>	<u>323,273</u>	<u>16,068,555</u>	<u>2,365,507</u>
Noncurrent liabilities:						
General obligation bonds payable	394,443	27,958,584	14,151,330	607,118	43,111,475	-
Compensated absences	319,103	362,792	323,778	31,754	1,037,427	-
Net OPEB liabilities	2,590,082	2,577,458	2,960,929	-	8,128,469	-
Net pension liabilities	2,445,800	3,240,138	3,012,221	-	8,698,159	-
Total noncurrent liabilities	<u>5,749,428</u>	<u>34,138,972</u>	<u>20,448,258</u>	<u>638,872</u>	<u>60,975,530</u>	<u>-</u>
Total liabilities	<u>12,686,795</u>	<u>37,672,895</u>	<u>25,722,250</u>	<u>962,145</u>	<u>77,044,085</u>	<u>2,365,507</u>
Deferred Inflow of Resources						
Deferred Inflows related to Pensions	177,405	235,022	218,490	-	630,917	-
Deferred Inflows related to OPEB	25,005	24,884	28,586	-	78,475	-
Total Deferred Inflows Related to Pensions	<u>202,410</u>	<u>259,906</u>	<u>247,076</u>	<u>-</u>	<u>709,392</u>	<u>-</u>
Net Position						
Net Investment in Capital Assets	14,119,004	80,501,649	49,573,900	9,882,178	154,076,731	-
Unrestricted	1,485,255	7,869,040	1,452,681	1,681,506	12,488,482	6,739,630
Total net position	<u>\$ 15,604,259</u>	<u>\$ 88,370,689</u>	<u>\$ 51,026,581</u>	<u>\$ 11,563,684</u>	<u>166,565,213</u>	<u>\$ 6,739,630</u>
					3,193,019	
Net position of business-type activities					<u>\$ 169,758,232</u>	

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

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

City of Hagerstown, Maryland
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Non-Major Enterprise Funds	Total	
Operating revenues:						
Service charges	\$ 25,068,872	\$ 10,985,985	\$ 13,233,996	\$ 1,537,625	\$ 50,826,478	\$ 9,239,079
Other revenues	623,239	961,340	795,741	5,956	2,386,276	533,291
Total operating revenues	<u>25,692,111</u>	<u>11,947,325</u>	<u>14,029,737</u>	<u>1,543,581</u>	<u>53,212,754</u>	<u>9,772,370</u>
Operating expenses:						
Production and treatment expenses	19,551,268	3,249,953	5,229,203	-	28,030,424	-
Transmission, distribution, and collection expenses	2,489,188	2,154,104	1,784,086	-	6,427,378	-
Selling, general and administrative expenses	3,272,732	3,028,394	3,568,917	1,520,278	11,390,321	1,435,002
Claim and premium expenses	-	-	-	-	-	7,346,980
Depreciation	931,820	3,329,350	3,152,799	434,116	7,848,085	-
Total operating expenses	<u>26,245,008</u>	<u>11,761,801</u>	<u>13,735,005</u>	<u>1,954,394</u>	<u>53,696,208</u>	<u>8,781,982</u>
Operating income (loss)	<u>(552,897)</u>	<u>185,524</u>	<u>294,732</u>	<u>(410,813)</u>	<u>(483,454)</u>	<u>990,388</u>
Nonoperating revenues (expenses):						
Intergovernmental revenue	-	428,742	321,454	-	750,196	-
Investment earnings	159,107	98,135	111,368	40,466	409,075	77,998
Bond interest expense and premium	(13,160)	(410,731)	(299,221)	(34,594)	(757,706)	-
Bond issuance cost	(37)	(61,384)	(39,604)	(444)	(101,469)	-
Gain (loss) on disposal of capital assets	(47,373)	43,271	14,764	(633,848)	(623,186)	-
Total nonoperating revenue (expenses)	<u>98,537</u>	<u>98,033</u>	<u>108,761</u>	<u>(628,420)</u>	<u>(323,089)</u>	<u>77,998</u>
Income (loss) before contributions and transfers	(454,360)	283,557	403,493	(1,039,233)	(806,543)	1,068,386
Capital contributions	141,776	1,575,548	851,408	-	2,568,732	-
Transfers in	58,015	85,553	76,312	447,883	667,763	-
Transfers out	(4,000)	(4,000)	(4,000)	-	(12,000)	(756,695)
Changes in net position	<u>(258,569)</u>	<u>1,940,658</u>	<u>1,327,213</u>	<u>(591,350)</u>	<u>2,417,952</u>	<u>311,691</u>
Net position - beginning	15,862,828	86,430,031	49,699,368	12,155,034		6,427,939
Total net position - ending	<u>\$ 15,604,259</u>	<u>\$ 88,370,689</u>	<u>\$ 51,026,581</u>	<u>\$ 11,563,684</u>		<u>\$ 6,739,630</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					511,272	
Change in net position of business-type activities					<u>\$ 2,929,224</u>	

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, 2019

	Business-type Activities- Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Non-Major Enterprise Funds	Totals	
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 25,752,284	\$ 11,747,834	\$ 13,857,512	\$ 1,579,136	\$ 52,936,766	\$ -
Receipts from interfund services provided		-	-	-	-	9,598,456
Payments to suppliers	(21,125,636)	(2,441,826)	(2,808,132)	(638,873)	(27,014,467)	(8,435,764)
Payments to employees	(3,909,272)	(4,741,025)	(5,018,859)	(863,427)	(14,532,583)	-
Net cash provided (used) by operating activities	<u>717,375</u>	<u>4,564,983</u>	<u>6,030,522</u>	<u>76,836</u>	<u>11,389,716</u>	<u>1,162,692</u>
Cash Flows From Noncapital Financing Activities						
Transfers from (to) other funds	54,015	81,553	72,312	447,883	655,763	(756,695)
Net cash provided (used) by noncapital and related financing activities	<u>54,015</u>	<u>81,553</u>	<u>72,312</u>	<u>447,883</u>	<u>655,763</u>	<u>(756,695)</u>
Cash Flows From Capital And Related Financing Activities						
Proceeds from intergovernmental grant	-	428,742	321,454	-	750,196	-
Capital contributions	141,776	1,575,548	851,408	-	2,568,732	-
Acquisition and construction of capital assets	(979,455)	(6,104,305)	(6,162,992)	602,242	(12,644,510)	-
Proceeds from bond issuance	-	931,066	-	-	931,066	-
Principal paid on capital debt	(41,674)	(1,773,088)	(1,813,716)	(208,111)	(3,836,590)	-
Interest paid on capital debt	(13,559)	(432,282)	(319,002)	(39,232)	(804,075)	-
Gain (loss) on disposal of capital assets	(47,373)	43,271	14,765	(633,848)	(623,185)	-
Net cash provided (used) by capital and related financing activities	<u>(940,285)</u>	<u>(5,331,048)</u>	<u>(7,108,083)</u>	<u>(278,949)</u>	<u>(13,658,365)</u>	<u>-</u>
Cash Flows From Investing Activities						
Interest and dividends received	158,269	97,439	110,813	40,154	406,675	77,550
Net cash provided by investing activities	<u>158,269</u>	<u>97,439</u>	<u>110,813</u>	<u>40,154</u>	<u>406,675</u>	<u>77,550</u>
Net increase (decrease) in pooled cash and investments	(10,626)	(587,072)	(894,437)	285,924	(1,206,211)	483,547
Pooled cash and investments, beginning of year	9,900,614	13,062,355	8,979,938	1,439,833	33,382,740	7,656,893
Pooled cash and investments, end of year	<u>\$ 9,889,988</u>	<u>\$ 12,475,283</u>	<u>\$ 8,085,501</u>	<u>\$ 1,725,757</u>	<u>\$ 32,176,529</u>	<u>\$ 8,140,440</u>

City of Hagerstown, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities- Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Non-Major Enterprise Funds		
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (552,897)	\$ 185,524	\$ 294,732	\$ (410,813)	\$ (483,454)	\$ 990,388
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	931,820	3,329,350	3,152,799	434,116	7,848,085	-
Bond issuance costs	(37)	(61,384)	(39,604)	(444)	(101,468)	-
Net effect of changes in assets and liabilities						
Accounts receivable	(29,822)	(196,720)	(172,225)	31,417	(367,350)	9,175
Inventories	(33,602)	76,573	2,987	-	45,958	-
Prepaid items	(293)	(32,242)	650	522	(31,363)	(638,396)
Accounts and retainages payable	193,045	785,109	2,545,097	12,962	3,536,213	677,788
Compensated absences payable	79,517	(44,519)	(30,189)	(2,018)	2,791	-
Accrued liabilities	(6,741)	(1,729)	(3,276)	1,136	(10,609)	306,826
Customer deposits and rebates	89,994	(2,270)	-	3,177	90,901	-
Unearned revenue	-	(500)	-	962	462	(183,089)
Other long-term liabilities	46,391	527,790	279,550	5,819	859,550	-
Total adjustments	<u>1,270,272</u>	<u>4,379,459</u>	<u>5,735,790</u>	<u>487,649</u>	<u>11,873,170</u>	<u>172,304</u>
Net cash provided (used) by operating activities	<u>\$ 717,375</u>	<u>\$ 4,564,983</u>	<u>\$ 6,030,522</u>	<u>\$ 76,836</u>	<u>\$ 11,389,716</u>	<u>\$ 1,162,692</u>
Reconciliation of pooled cash and investments to the balance sheet						
Pooled cash and investments	\$ 6,323,094	\$ 7,638,914	\$ 6,868,047	\$ 1,725,757	\$ 22,555,812	\$ 4,508,057
Restricted pooled cash and investments	3,566,894	4,836,369	1,217,454	-	9,620,717	3,632,383
Totals	<u>\$ 9,889,988</u>	<u>\$ 12,475,283</u>	<u>\$ 8,085,501</u>	<u>\$ 1,725,757</u>	<u>\$ 32,176,529</u>	<u>\$ 8,140,440</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, 2019

		Pension and OPEB Trust Funds
Assets		<u> </u>
Investments, at fair value:		
Cash and Cash Equivalents	\$	1,764,116
Government and Agency Issues		2,888,675
Corporate Debt Issues		2,803,169
Common Stock		3,269,468
Mutual Funds		22,130,975
Total investments		<u>32,856,403</u>
Interest Receivable		72,773
Total assets		<u>32,929,176</u>
Net Position Restricted for Pensions & OPEB	\$	<u>32,929,176</u>

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

City of Hagerstown, Maryland
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

		Pension and OPEB Trust Funds
Additions		<u> </u>
Contributions:		
Employer	\$	2,040,831
Plan members		802,610
Total contributions		<u>2,843,441</u>
Investment earnings:		
Interest and dividends		1,241,750
Net increase/(decrease) in the fair value of investments		917,396
Other revenues		1,701
Total investment earnings		<u>2,160,847</u>
Less investment expense		85,433
Net investment earnings		<u>2,075,414</u>
Total additions		<u>4,918,855</u>
Deductions		
Benefits		3,023,539
Administrative expenses		15,456
Actuarial fees		59,345
Total deductions		<u>3,098,341</u>
Change in net position		1,820,514
Net position - beginning		31,108,662
Net position - ending	\$	<u><u>32,929,176</u></u>

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

City of Hagerstown
Notes to the Financial Statements
June 30, 2019

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.
- The *parking facilities fund* accounts for the activities of the City's parking lots and decks.

I. Summary of significant accounting policies (continued)

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

Additionally, the government reports the following funds:

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

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

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

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

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

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

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

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

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

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

I. Summary of significant accounting policies (continued)

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

2. Receivables and payables (continued)

Significant property tax information is as follows:

	<u>Real Property</u>	<u>Business Personal Property</u>
Assessment roll validated:	January 1	January 1
Tax rate ordinance approved:	May 29	May 29
Beginning of fiscal year for which taxes have been levied:	July 1	July 1
Tax bills rendered and due:	July 1	July 1 or upon state notification
Property Tax Rates at 6/30/2019 Per \$100 of assessable base	\$ 1.002 \$ 1.032 Apartments	\$ 2.505
Maximum discount:	July 31	July 31
Delinquent: Terms	On October 1 0.5% / 30 days	30 days after Bill Date 0.5% / 30 days
Delinquent interest and penalty:	12% annually	12% annually

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

3. Inventories and prepaid items

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

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

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

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

I. Summary of significant accounting policies (continued)

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

4. Restricted cash

The Electric fund has restricted assets of \$3,566,894 on the statement of net position due to a deposit being held for the City's wholesale power supplier.

Benefit charge proceeds of \$3,857,585 in the Water fund are classified as restricted assets on the statement of net position because their use is limited to major capital additions, replacements or improvements to water plants, water transmission mains, pump stations, or tanks. The funds are not to be used to pay for maintenance items per policies set by the Mayor and Council.

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

Benefit charge proceeds of \$1,217,454 in the Wastewater fund are classified as restricted assets on the statement of net position because their use is limited to major capital additions, replacements, or improvements to the Wastewater plant.

The City'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, 2019, \$78,621 was restricted for single family loans and \$1,211 was restricted for escrowed taxes and insurance.

The City has \$504,500 as restricted assets on the statement of net position for the Economic Development spending fund which reflects balances restricted for the Invest Hagerstown program, projects already obligated but not yet committed.

As part of the City's health insurance program, \$159,000 is being restricted in the Health Insurance Internal Service Fund. This restriction is a pre-funding for claims associated with the City's health insurance program with United HealthCare Administrators effective July 1, 2014. Likewise, a part of the City's dental health insurance program, \$31,300 is restricted in the Dental Insurance Internal Service Fund. This restriction is a pre-funding equivalent to one month's worth of funding for claims associated with the the City's dental insurance program with United Concordia. In addition, the City's health insurance fund has \$605,347 in restricted cash which reflects retirees' available balances on individual Health Retirement Accounts. The Workers Compensation fund has \$2,836,736 as restricted assets on the statement of net position. From this total, \$70,000 is being held by PMA Management Corporation and \$2,766,736 is being set aside for workers compensation claims.

I. Summary of significant accounting policies (continued)

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

5. Capital assets

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

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

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

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

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.

Union employees who retire from the City will receive payment for accumulated sick leave prorated as follows:

I. Summary of significant accounting policies (continued)

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

6. Compensated absences (continued)

Prior to 8/1/11	100%
8/1/11 to 6/30/12	80%
7/1/12 to 6/30/13	70%
7/1/13 to 6/30/15	60%
7/1/15 to 6/30/16	50%
7/1/16 to 6/30/17	40%
7/1/17 and thereafter	maximum payout is \$12,000

If the reduction by percentage results in a payout of less than \$12,000, the employee will only be reduced to the \$12,000 cap. Non-union employees, as well as employees who are members of A.F.S.C.M.E. #1540, I.B.E.W #307, and I.A.F.F. #1605 who leave City service for reasons other than retirement with a minimum of five (5) consecutive years of service will be paid for one half (1/2) of accumulated sick leave hours at the employee's final rate of pay up to a maximum of \$6,000. Employees who are members of A.F.S.C.M.E. #3373 who leave City service for reasons other than retirement with a minimum of ten (10) consecutive years of service will be paid for one half (1/2) of accumulated sick leave hours at the employee's final rate of pay up to a maximum of \$3,000.

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

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

I. Summary of significant accounting policies (continued)

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

6. Compensated absences (continued)

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.

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.

7. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position sometimes reports a separate section for deferred outflows or inflows of resources. This separate financial statement element represents a consumption or production of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until then. There has 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.

I. Summary of significant accounting policies (continued)

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

8. Long-term obligations (continued)

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.

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.

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

I. Summary of significant accounting policies (continued)

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

9. Fund Balance (continued)

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.

Unassigned – Portion of net resources in excess of the nonspendable, restricted, committed, and assigned balances for 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.

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, 2019, net position *Net Investment in Capital Assets* excludes unspent debt proceeds of \$3,793,401 for governmental activities; and, the business-type activities had no unspent bond proceeds.

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

E. GASB Statements

The City has adopted the provisions of Governmental Accounting Standard Board (GASB) issued Statement No. 88, entitled Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, and Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which the City has.

I. Summary of significant accounting policies (continued)

E. GASB Statements (continued)

implemented in the current fiscal year. The GASB issued Statement No. 83, Certain Asset Retirement Obligations, which the City deems to be not materially applicable to its financial statements

As of year ended June 30, 2019, GASB Statement No.84 Fiduciary Activities; Statement No. 87, Leases; Statement No. 90, Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61; and Statement No. 91, Conduit Debt Obligations; which will require adoption in the future, if applicable. These statements may or will have a material effect on the City's financial statements once implemented. The City has not yet completed the process of evaluating the impact of these pronouncements on its financial statements and plans to adopt them, as applicable, by their effective date.

II. Reconciliation of government-wide and fund financial statements

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

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

One item explains that “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 \$25,996,896 difference are as follows:

Compensated absences	\$ 4,682,814
General obligation bonds payable, including unamortized premiums	20,910,981
Accrued interest payable on general obligation bonds	<u>403,101</u>
Net adjustment to reduce <i>fund balance -- total governmental funds</i> to arrive at <i>net position -- governmental activities</i>	<u>\$ 25,996,896</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 \$40,168,975 difference are as follows:

Net pension liability	\$ 42,117,658
Deferred outflows related to pensions	(4,194,381)
Deferred inflows related to pensions	<u>2,245,698</u>
Net adjustment to reduce <i>fund balance -- total governmental funds</i> to arrive at <i>net position -- governmental activities</i>	<u>\$ 40,168,975</u>

Another item explains that “net OPEB 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 \$17,305,446 difference are as follows:

Net OPEB liability	\$ 18,373,556
Deferred outflows related to OPEB	(1,245,494)
Deferred inflows related to OPEB	<u>177,384</u>
Net adjustment to reduce <i>fund balance -- total governmental funds</i> to arrive at <i>net position -- governmental activities</i>	<u>\$ 17,305,446</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 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 \$1,241,638 difference are as follows:

Principal payment on general obligation bonds payable	\$ 1,863,362
New general obligations bonds issued	(3,105,000)
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>\$ (1,241,638)</u>

A second element of that reconciliation explains that “Net OPEB expense transactions based on actuarial calculations to determine net position liabilities are not included in fund statements.” The details of this \$295,535 difference are as follows:

Net OPEB liability increase	\$ (1,490,502)
OPEB activity: change in assumptions, investment earnings, & change in experience	<u>1,786,037</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>\$ 295,535</u>

A third element of that reconciliation explains that “Net pension expense transactions based on actuarial calculations to determine net position liabilities are not included in fund statements.” The details of this \$810,308 difference are as follows:

Net pension liability decrease	\$ 1,219,634
Pensions activity: change in assumptions, investment earnings, & change in experience	<u>(2,029,942)</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>\$ (810,308)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

B. Excess of expenditures over revenues

For the year ended June 30, 2019, expenditures/expenses exceeded revenues by \$267,622 in the Health Insurance Fund, \$258,569 in the Electric Fund, and \$760,937 in the Property Management Fund. These excess expenditures/expenses were funded by beginning of the year fund balance in the respective funds.

C. Total Net Position

As reflected in the Statement of Net Position on June 30, 2019, \$6,284,114 is restricted for the Capital Project Fund for projects which contain specific grants, bond proceeds, or contributions.

Additionally, on June 30, 2019, a total of \$5,265,532 is restricted, nonspendable, and assigned for Special Revenue Funds. This total consists of \$2,623,185 for the Community Development Block Grant Fund, \$1,277,246 for the Economic Redevelopment Fund, \$1,131,007 for the Business Revolving Loan Fund, \$2,693 for the Excise Tax Fund, \$174,585 for the Grant Revenue Fund and \$56,816 for Other Purposes.

IV. Detailed notes on all funds

A. Deposits and investments

1. City owned and managed investments

As of June 30, 2019, 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 \$40,656,001 and the bank balances were \$41,115,374. 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.

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 \$13,140,000 was secured by federal depository insurance and \$27,975,374 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, 2019, the City had \$21,533,369 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. 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>	<u>25 – 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 – 45%</u>	<u>32%</u>
High Yield Bonds	0 – 10%	2%
Investment Grade Bonds	15 – 40%	30%
<u>Cash</u>	<u>0 - 10%</u>	<u>3%</u>

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, 2019:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Cash Equivalents		\$ 658,475	\$ 658,475	\$ -	\$ -	\$ -
CitiBank NA	AAA	-	-	-	-	-
Federal Home Loan Mortgage Corp	AAA/NR	102,491	-	371	-	102,120
Federal National Mortgage Assn	NR	1,307,615	-	-	131,448	1,176,167
Government National Mortgage Assoc	NR	29,721	-	-	-	29,721
U S Treasury Notes	AAA	1,448,849	99,764	441,072	349,676	558,337
Various Agencies	BA2	14,483	-	14,483	-	-
Various Agencies	A1	179,416	-	153,555	15,473	10,388
Various Agencies	A2	297,510	-	271,369	15,659	10,482
Various Agencies	A3	429,809	24,971	277,122	53,253	74,463
Various Agencies	AA1	41,306	-	20,109	-	21,197
Various Agencies	AA2	57,056	-	-	-	57,056
Various Agencies	AA3	109,347	-	76,562	15,881	16,904
Various Agencies	AAA	453,519	228	310,814	79,126	63,351
Various Agencies	BAA1	434,006	30,576	240,878	31,640	130,912
Various Agencies	BAA2	451,232	14,977	179,650	162,818	93,787
Various Agencies	BAA3	225,482	80,716	67,381	50,696	26,689
Various Agencies	NA	110,002	-	110,002	-	-
High Yield Funds		-	-	-	-	-
Common Stock		2,248,994	2,248,994	-	-	-
Mutual Funds		12,933,490	12,933,490	-	-	-
Total Investments Held by Trustee of Pension Plan		<u>\$ 21,532,803</u>	<u>\$ 16,092,191</u>	<u>\$ 2,163,368</u>	<u>\$ 905,670</u>	<u>\$ 2,371,574</u>

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

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

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

2. Pension investments (continued)

Foreign Currency Risk – The City’s Pension Plan has 13% 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>25 – 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 – 45%</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. We are unable to put a value to unknown future changes.

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, 2019:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Cash Equivalents		\$ 1,105,641	\$ 1,105,641	\$ -	\$ -	\$ -
Common Stock		1,020,474	1,020,474	-	-	-
Mutual Funds		9,197,485	9,197,485	-	-	-
Total Investments Held by Trustee of OPEB Plan		\$ 11,323,600	\$ 11,323,600	\$ -	\$ -	\$ -

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

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

Foreign Currency Risk – The City’s OPEB Plan has 11% invested in foreign stocks. The investment policy permits it to invest up to 20% of total investments in international equities.

IV. Detailed notes on all funds (continued)

B. Receivables

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

Governmental Activities:

	General	Capital Projects	Internal Service Funds	Non-Major Governmental Funds	Total Governmental Funds
Receivables:					
Taxes	\$ 1,444,224	\$ -	\$ -	\$ -	\$ 1,444,224
Intergovernmental	1,140,353	96,453	-	500,833	1,737,639
Customers	2,974,819	106,946	106,087	359,402	3,547,254
Loans	258,746	22,644	-	3,638,066	3,919,456
Interest	47,650	1,637	2,024	233	51,544
Employee	(507)	-	-	-	(507)
Gross receivables	<u>5,865,285</u>	<u>227,680</u>	<u>108,111</u>	<u>4,498,534</u>	<u>10,699,610</u>
Less: allowance for uncollectibles	<u>(3,049,995)</u>	<u>(28,515)</u>	<u>-</u>	<u>(1,139,890)</u>	<u>(4,218,400)</u>
Net total receivables	<u>\$ 2,815,290</u>	<u>\$ 199,165</u>	<u>\$ 108,111</u>	<u>\$ 3,358,644</u>	<u>\$ 6,481,210</u>

Business-Type Activities:

	Electric	Water	Wastewater	Non-Major Enterprise Funds	Business- Type Activities
Receivables:					
Intergovernmental	\$ -	\$ -	\$ 2,500	\$ -	\$ 2,500
Customers	4,992,665	1,867,245	2,432,342	450,575	9,742,827
Loans	1,082,590	-	-	486,789	1,569,379
Interest	2,706	3,212	2,932	726	9,576
Gross receivables	<u>6,077,961</u>	<u>1,870,457</u>	<u>2,437,774</u>	<u>938,090</u>	<u>11,324,282</u>
Less: allowance for uncollectibles	<u>(2,994,149)</u>	<u>(28,129)</u>	<u>(49,330)</u>	<u>(849,291)</u>	<u>(3,920,899)</u>
Net total receivables	<u>\$ 3,083,812</u>	<u>\$ 1,842,328</u>	<u>\$ 2,388,444</u>	<u>\$ 88,799</u>	<u>\$ 7,403,383</u>

IV. Detailed notes on all funds (continued)

B. Receivables (continued)

City Totals:

	Governmental Activities	Business-Type Activities	Total
Receivables:			
Taxes	\$ 1,444,224	\$ -	\$ 1,444,224
Intergovernmental	1,737,639	2,500	1,740,139
Customers	3,547,254	9,742,827	13,290,081
Loans	3,919,456	1,569,379	5,488,835
Interest	51,544	9,576	61,120
Employee	(507)	-	(507)
Gross receivables	10,699,610	11,324,282	22,023,892
Less: allowance for uncollectibles	(4,218,400)	(3,920,899)	(8,139,299)
Net total receivables	<u>\$ 6,481,210</u>	<u>\$ 7,403,383</u>	<u>\$ 13,884,593</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	\$ 777,376	\$ -	\$ 777,376
Other unavailable revenues	-	43,015	43,015
Total unavailable/unearned revenue for governmental funds	<u>\$ 777,376</u>	<u>\$ 43,015</u>	<u>\$ 820,391</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 6,862,932	\$ -	\$ (4,313)	\$ -	\$ 6,858,619
Construction in progress	380,776	1,502,633	(1,473)	(99,113)	1,782,823
Total capital assets, not being depreciated	<u>7,243,708</u>	<u>1,502,633</u>	<u>(5,786)</u>	<u>(99,113)</u>	<u>8,641,442</u>
Capital assets, being depreciated:					
Land improvements	9,638,774	65,120	-	-	9,703,893
Buildings and structures	16,910,237	253,816	(109,203)	3,009	17,057,859
Machinery and equipment	7,272,859	297,550	(5,602)	9,944	7,574,751
Automobiles and trucks	10,766,228	1,097,687	(765,257)	19,158	11,117,816
Office furniture and fixtures	3,433,352	5,337	(315,784)	(9,944)	3,112,961
Infrastructure	105,837,673	1,005,455	-	96,105	106,939,233
Total capital assets being depreciated	<u>153,859,123</u>	<u>2,724,965</u>	<u>(1,195,846)</u>	<u>118,271</u>	<u>155,506,513</u>
Less accumulated depreciation for:					
Land improvements	(1,670,906)	(311,581)	-	-	(1,982,486)
Buildings and structures	(10,267,658)	(433,432)	82,229	-	(10,618,862)
Machinery and equipment	(4,946,276)	(331,793)	3,530	-	(5,274,539)
Automobiles and trucks	(6,016,316)	(825,494)	765,262	(19,158)	(6,095,706)
Office furniture and fixtures	(3,200,215)	(76,287)	313,629	-	(2,962,873)
Infrastructure	(50,848,325)	(2,265,123)	-	-	(53,113,448)
Total accumulated depreciation	<u>(76,949,695)</u>	<u>(4,243,710)</u>	<u>1,164,650</u>	<u>(19,158)</u>	<u>(80,047,913)</u>
Total capital assets, being depreciated, net	<u>76,909,428</u>	<u>(1,518,745)</u>	<u>(31,196)</u>	<u>99,113</u>	<u>75,458,601</u>
Governmental activities capital assets, net	<u>\$ 84,153,136</u>	<u>\$ (16,112)</u>	<u>\$ (36,981)</u>	<u>\$ -</u>	<u>\$ 84,100,043</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 5,705,970	\$ -	\$ -	\$ -	\$ 5,705,970
Construction in progress	2,620,842	6,984,266	-	(1,034,084)	8,571,024
Total capital assets, not being depreciated	<u>8,326,812</u>	<u>6,984,266</u>	<u>-</u>	<u>(1,034,084)</u>	<u>14,276,994</u>
Capital assets, being depreciated:					
Land improvements	1,795,312	42,569	-	-	1,837,881
Buildings and structures	216,305,172	3,625,704	(1,199,289)	681,932	219,413,519
Machinery and equipment	109,154,242	1,745,284	(1,349,680)	352,152	109,901,998
Automobiles and trucks	5,828,206	1,173,674	(666,785)	(19,158)	6,315,937
Office furniture and fixtures	871,009	11,444	(1,199)	-	881,253
Infrastructure	26,537	-	-	-	26,537
Total capital assets being depreciated	<u>333,980,478</u>	<u>6,598,675</u>	<u>(3,216,953)</u>	<u>1,014,926</u>	<u>338,377,126</u>
Less accumulated depreciation for:					
Land improvements	(1,199,854)	(61,237)	-	-	(1,261,091)
Buildings and structures	(79,496,659)	(3,187,388)	368,214	-	(82,315,833)
Machinery and equipment	(60,811,970)	(4,113,808)	1,260,626	-	(63,665,151)
Automobiles and trucks	(3,809,638)	(465,099)	648,477	19,158	(3,607,102)
Office furniture and fixtures	(764,967)	(19,669)	1,203	-	(783,433)
Infrastructure	(3,096)	(885)	-	-	(3,981)
Total accumulated depreciation	<u>(146,086,184)</u>	<u>(7,848,085)</u>	<u>2,278,520</u>	<u>19,158</u>	<u>(151,636,591)</u>
Total capital assets, being depreciated, net	<u>187,894,294</u>	<u>(1,249,409)</u>	<u>(938,433)</u>	<u>1,034,084</u>	<u>186,740,535</u>
Business-type activities capital assets, net	<u>\$ 196,221,106</u>	<u>\$ 5,734,857</u>	<u>\$ (938,433)</u>	<u>\$ -</u>	<u>\$ 201,017,529</u>

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

Governmental activities:

General government, including general infrastructure assets	\$ 2,441,259
Public safety	910,364
Highways and streets	328,803
Culture and recreation	509,979
Municipal buildings	53,305
Total depreciation expense – governmental activities	<u>\$ 4,243,710</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

Business-type activities:

Electric	\$ 931,820
Water	3,329,350
Wastewater	3,152,799
Parking facilities	238,090
Golf course	35,977
Property management	160,049
Total depreciation expense – business-type activities	<u>\$ 7,848,085</u>

Construction commitments

The government has active construction projects as of June 30, 2019. 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:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Fire Department Vehicles	\$ 584,173	\$ 76,688
Police Crime Cameras	177,090	95,086
Hagerstown Cultural Trail	2,000	148,000
Park Equipment	36,077	10,000
Signal Network	14,100	330,000
New Sidewalks	6,872	-
Stormwater Management Planning	105,000	480,000
Multi-Use Trails	192,059	121,957
Neighborhood Parks	9,700	67,100
Kiwanis Park	9,500	20,500
Pangborn Lake Reconstruction	98,120	1,000,000
Urban Improvement Project	548,133	277,014
Willson Treatment Plant Improvements	874,211	712,080
Willson Transmission Mains	52,847	303,530
Edgemont Reservoir Improvements	930,637	1,874,560
Pump Station Improvements	320,317	194,161
Synagro Facility Upgrade Improvements	5,163,567	6,000,000
Citywide - CS Rehabilitation	1,229,447	80,962
Total	<u>\$ 10,353,848</u>	<u>\$ 11,791,639</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

The funding sources for the projects above vary. The Synagro Facility Upgrade Improvements are being financed through bond proceeds. The Willson Treatment Plant Improvements are being funded through bond proceeds and from the water fund. The Willson Transmission Mains and Pump Station Improvement projects are being financed from the water fund. The Citywide-Collection System Rehabilitation is being financed by grants through MDE and the wastewater fund. The Edgemont Reservoir Improvements project is primarily being financed through loans from the Maryland Department of the Environment and the water fund. The Fire Department Vehicles, Pangborn Lake Construction, and the Urban Improvement Project are being funded by bond proceeds. The Stormwater Management Planning is being funded by bond proceeds, grants and from the general fund while the Hagerstown Cultural Trail project is being funded by bond proceeds and a state grant. All of the remaining projects (Police Crime Cameras, Park Equipment, Signal Network, New Sidewalks, Multi-Use Trails, Neighborhood Parks and Kiwanis Park) are being funded through state and federal grants, general fund, CDBG, and other funding sources.

IV. Detailed notes on all funds (continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Community Development Block Grant Fund	\$224,909

These temporary advances represent funds that were expended prior to their receipt from other funds or other governments. These funds are expected to be received shortly after the beginning of July 2019. 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	\$ -	\$ 15,648	\$ -	\$ -	\$ -	\$ -	\$ 536,815	\$ 12,364	\$ 564,827
Capital Projects	1,310,911	738,307	4,000	4,000	4,000	-	-	-	2,061,218
Nonmajor									
Governmental	701,128	-	-	-	-	-	-	605	701,733
Electric	-	-	-	-	-	-	58,015	-	58,015
Water	-	-	-	-	-	-	85,553	-	85,553
Wastewater	-	-	-	-	-	-	76,312	-	76,312
Nonmajor									
Enterprise	273,477	174,406	-	-	-	-	-	-	447,883
Transfers in	\$ 2,285,516	\$ 928,361	\$ 4,000	\$ 4,000	\$ 4,000	\$ -	\$ 756,695	\$ 12,969	\$ 3,995,541

The \$564,827 transferred into the General Fund has three separate components: (1) a \$15,648 transfer from the Community Development Block Grant Fund for part-time employee costs; (2) a \$12,364 transfer from the Capital Improvement Projects Fund surplus to partially fund the purchase of operating supplies; and (3) a \$536,815 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 \$1,310,911, and Non-major Governmental Funds for \$738,307 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 \$701,128 transfer from the General Fund to the Non-major Governmental Funds has three separate components: (1) a \$24,956 transfer to the Grant Revenue Fund for local match requirements, (2) a \$1,672 transfer to the Economic Redevelopment Fund for the final Invest Hagerstown residency incentive, and (3) a \$674,500 transfer to Economic Redevelopment for the continuation of economic incentive programs.

The \$273,477 transfer from the General Fund to the Non-major Enterprise Funds represents transfers to the Golf Course Fund.

IV. Detailed notes on all funds (continued)

E. Operating Leases

The City has entered into several lease agreements as lessee for various other types of equipment under non-cancelable operating leases that expire in FY2024. Total costs for equipment operating leases were \$75,963 in FY2019. Future minimum lease payments for these leases are as follows:

Fiscal Years Ending June 30,						
	2020	2021	2022	2023	Thereafter	Total
Totals	\$ 75,963	\$ 75,963	\$ 72,799	\$ 13,879	\$ 10,410	\$ 249,014

The City leases buildings and office facilities for properties located in Hagerstown, Maryland and in Washington County, Maryland to other parties under non-cancelable operating leases and on a month-to-month basis. The rental income received for those properties for the fiscal year ended June 30, 2019 was \$613,865. Future minimum rental income for these leases is as follows:

Fiscal Years Ending June 30,							
	2020	2021	2022	2023	2024	Thereafter	Total
Totals	\$ 526,063	\$ 458,078	\$ 353,791	\$ 173,659	\$ 160,123	\$ 1,596,899	\$ 3,268,613

As of June 30, 2019, the cost and carrying amount of these leased assets by major asset class and accumulated depreciation in total are as follows:

Cost by Asset Class					
	Land	Building			Total
	Cost	Cost	Accumulated Depreciation	Net	Carrying Amount
Totals	\$ 861,373	\$ 2,828,804	\$ 1,223,702	\$ 1,605,102	\$ 2,466,476

IV. Detailed notes on all funds (continued)

F. Long-term debt

The City secures bonds by utilizing a few methods: Public sale or Direct borrowing and direct placement. The government issues bonds to provide funds for the acquisition and construction of major capital facilities. In FY19, a direct placement bond was issued for governmental activities in the amount of \$3,105,000 for several large vehicles/equipment, radios for all police, lake restoration, and new trail construction. In addition, MDE issued a direct placement of \$931,066 in calendar 2018 for business-type activities for a travel screen and pump station improvements for the RC Willson Water plant.

The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to government activities totaling \$13,727,849 and \$6,978,358 respectively. The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to business-type activities totaling \$17,777,153 and \$29,048,928 respectively.

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

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

IV. Detailed notes on all funds (continued)

F. Long-term debt (continued)

Description	Interest Rates	Maturity	Governmental Activities	Business-Type Activities	Total
Public Sale					
2004 Public Facilities Bonds	3.40%-4.30%	2019	\$ 120,000	\$ -	\$ 120,000
2004 Taxable Facilities	5.40%-6.00%	2019	-	135,000	135,000
2009-A Tax Exempt Bonds	2.00%-4.00%	2019	412,388	462,613	875,001
2009-B Taxable Build America Bonds	5.00%-5.75%	2029	5,073,545	5,691,456	10,765,001
2011 Public Facilities Bonds	2.00%-3.50%	2031	-	4,315,000	4,315,000
2015A Public Facilities Bond	3.06%	2035	3,103,554	3,811,446	6,915,000
2015B Public Facilities Bond Taxable	3.89%	2035	548,108	1,011,892	1,560,000
2017A Public Facilities Bond	2.58%	2037	4,007,291	1,312,709	5,320,000
2017B Public Facilities Bond Taxable	3.45%	2037	462,963	1,037,037	1,500,000
Subtotal General Obligation Bonds			\$ 13,727,849	\$ 17,777,153	\$ 31,505,002
Direct Borrowings & Direct Placements					
1998 MD Water Quality Revolving Loan Fund	3.13%	2019	\$ -	\$ -	\$ -
1998 MD Water Quality Revolving Loan Fund	2.37%	2020	-	410,826	410,826
2000 MD Water Quality Revolving Loan Fund	2.40%	2021	-	255,277	255,277
2002 State of Maryland Water Supply Assistance	4.40%	2024	-	82,980	82,980
2004 Public Facilities Bonds, Second Issue	3.36%	2020	318,250	16,750	335,000
2005 MD Water Quality Revolving Loan Fund	0.40%	2025	-	2,281,776	2,281,776
2006 Public Facilities Bonds	3.66%	2021	1,845,418	609,582	2,455,000
2007 MD Drinking Water Revolving Loan Fund	0.40%	2026	-	2,194,065	2,194,065
2009 MDE West End Reservoir Tank Phase II	0.00%	2039	-	3,653,400	3,653,400
2009 MDE Water Quality Bond	0.00%	2032	-	500,667	500,667
2009 MDE RCWillson Mains	0.00%	2041	-	3,357,342	3,357,342
2009 MD Water Quality Revolving Loan Fund	0.00%	2030	-	3,871,215	3,871,215
2009 Salem Ave. Collection System Rehabilitation	0.00%	2030	-	421,763	421,763
2012 United Bank Loan	4.00%-WSPR	2022	190,306	-	190,306
2013A MDE Willson Plant Phase IV	0.90%	2044	-	7,791,887	7,791,887
2013B MDE Willson Plant Phase IV	0.00%	2044	-	1,500,000	1,500,000 *
2014 Public Improvement Bonds	2.50%	2029	316,164	904,008	1,220,172
2018 Public Improvements Bond Taxable	4.30%	2033	1,203,220	266,325	1,469,545
2018A MDE Willson Travel Screen & Pump	0.80%	2039	-	698,300	698,300
2018B MDE Willson Travel Screen & Pump	0.00%	2029	-	232,766	232,766 *
2019 Public Improvements Bond Tax Exempt	2.98%	2034	3,105,000	-	3,105,000
Subtotal Direct Borrowings & Direct Placements			\$ 6,978,358	\$ 29,048,928	\$ 36,027,286
Total bonds payable			\$ 20,706,207	\$ 46,826,081	\$ 67,532,288
Premiums on bond issues			403,101	105,265	508,366
Total general obligation debt outstanding			\$ 21,109,308	\$ 46,931,346	\$ 68,040,654

*Footnote: 2013B MDE Willson Plant Phase IV for \$1,500,000 and 2018B MDE Willson Travel Screen & Pump for \$232,766 are both forgiveness debts.

IV. Detailed notes on all funds (continued)

F. Long-term debt (continued)

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

Year Ending June 30,	Governmental Activities				Business-type Activities			
	Public Sale		Direct Borrowings and Direct Placements		Public Sale		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 862,537	\$ 439,673	\$ 1,257,365	\$ 227,687	\$ 1,172,465	\$ 653,986	\$ 2,655,482	\$ 163,333
2021	776,249	497,813	967,181	181,454	1,078,752	622,412	2,281,945	138,162
2022	811,008	463,873	985,113	145,844	1,123,992	579,082	2,170,970	119,169
2023	843,312	428,035	298,213	124,426	1,166,690	533,486	3,469,553	107,878
2024	875,827	388,560	305,018	114,720	1,209,173	485,063	1,979,349	98,037
2025-2029	4,953,191	1,333,685	1,634,318	419,317	6,766,813	1,638,492	7,317,394	367,551
2030-2034	3,344,857	451,221	1,531,150	146,392	4,350,146	438,906	4,013,945	223,581
2035-2039	1,260,868	65,288	-	-	909,122	42,167	3,435,178	92,779
2040-2044	-	-	-	-	-	-	1,725,112	32,758
2045-2049	-	-	-	-	-	-	-	-
Total	13,727,849	4,068,148	6,978,358	1,359,840	17,777,153	4,993,594	29,048,928	1,343,248
Premiums on bond issues	403,101	-	-	-	105,265	-	-	-
Total debt	\$ 14,130,950	\$ 4,068,148	\$ 6,978,358	\$ 1,359,840	\$ 17,882,418	\$ 4,993,594	\$ 29,048,928	\$ 1,343,248

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, 2019, \$9,452 of revenue bonds was outstanding:

Description	Interest Rate	Maturity	Business-type Activities
1993 M.C.C.B. water supply assistance loan	5.36%	2025	\$ 9,452

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Business-type Activities	
	Principal	Interest
2020	\$ 1,377	\$ 470
2021	1,451	394
2022	1,529	314
2023	1,611	230
2024	1,697	141
2025	1,787	48
Total	\$ 9,452	\$ 1,597

IV. Detailed notes on all funds (continued)

F. Long-term debt (continued)

Changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Public Sale					
Bonds	\$ 14,558,278	\$ -	\$ (830,429)	\$ 13,727,849	\$ 862,537
Direct Borrowings & Direct					
Placements Bonds	4,906,291	3,105,000	(1,032,933)	6,978,358	1,257,929
Premium	437,787	-	(34,686)	403,101	-
Total long-term debt	<u>19,902,356</u>	<u>3,105,000</u>	<u>(1,898,048)</u>	<u>21,109,308</u>	<u>2,120,466</u>
Compensated absences	4,681,048	5,677,266	(5,675,500)	4,682,814	1,833,390
Governmental activity					
Long-term liabilities	<u>\$ 24,583,404</u>	<u>\$ 8,782,266</u>	<u>\$ (7,573,547)</u>	<u>\$ 25,792,122</u>	<u>\$ 3,953,856</u>
Business-type activities:					
Bonds payable:					
Public Sale					
Bonds	\$ 18,901,723	\$ -	\$ (1,124,570)	\$ 17,777,153	\$ 1,172,464
Direct Borrowings & Direct					
Placements Bonds	30,828,575	931,066	(2,710,713)	29,048,928	2,655,482
Revenue bonds	10,759	-	(1,307)	9,452	1,377
Premium	126,512	-	(21,247)	105,265	-
Total long-term debt	<u>49,867,569</u>	<u>931,066</u>	<u>(3,857,837)</u>	<u>46,940,798</u>	<u>3,829,323</u>
Compensated absences	1,926,834	1,885,924	(1,877,313)	1,935,445	898,018
Business-type activities					
Long-term liabilities	<u>\$ 51,794,403</u>	<u>\$ 2,816,990</u>	<u>\$ (5,735,150)</u>	<u>\$ 48,876,243</u>	<u>\$ 4,727,341</u>

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

V. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. These risks are accounted for in individual government funds. For these risks, the government is only liable to the extent of its deductibles which can range from \$500 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 2014 through 2019.

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

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

Beginning July 1, 2017, the City replaced its large deductible coverage program with a stop-loss program. The City has self-insured health insurance for employees and retirees. This insurance has an individual stop-loss premium of \$250,000. 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, \$617,712 for health and dental insurance, and \$1,055,016 for workers compensation.

	General Liability Risks Program		Health and Dental Insurance Fund		Workers Compensation Fund	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Unpaid claims, beginning of year	\$ 30,000	\$ 40,000	\$ 521,698	\$ 705,708	\$ 844,204	\$ 381,834
Incurred claims	23,016	18,703	6,717,091	5,834,651	206,872	326,701
Change in reserve	(20,000)	(10,000)	-	-	210,812	462,370
Claim payments	(23,016)	(18,703)	(6,621,077)	(6,018,661)	(206,872)	(326,701)
Unpaid claims, end of year	<u>\$ 10,000</u>	<u>\$ 30,000</u>	<u>\$ 617,712</u>	<u>\$ 521,698</u>	<u>\$1,055,016</u>	<u>\$ 844,204</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, 2019. 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 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 an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. During fiscal year 2019, 213 retirees and their 91 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, 63 retirees and 40 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.

Investments: Rate of return. For the year ended June 30, 2019, the annual money-weighted rate of return of OPEB plan investments, net of the OPEB plan expense was 6.20%. 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. The components of the net OPEB liability as of June 30, 2019 were as follows:

Total OPEB Liability (TPL)	\$ 37,840,735
Plan Fiduciary Net Position	11,338,710
City's Net OPEB Liability	<u>\$ 26,502,025</u>

City's Net Position as a Percentage of OPEB Liability 29.96%

The schedule below reflects the factors that impact net position liability and results as June 30, 2019:

Total Fiduciary Liability	<u>2019</u>
Total OPEB Liability	
Service Cost	\$ 352,137
Interest Cost	2,493,422
Differences Between Expected and Actual Experience	662,512
Plan Changes	-
Assumption Changes	2,139,103
Benefit Payments	(2,066,757)
Net Change in Total OPEB Liability	<u>3,580,417</u>
Total OPEB liability-Beginning of Year	34,260,318
Total OPEB liability-End of Year	<u>\$ 37,840,735</u>

Plan Fiduciary Net Position	
Contributions-Employer	\$ 2,716,757
Net Investment Income	651,530
Benefit Payments	(2,066,757)
Administrative Expense	(27,805)
Net Change in Fiduciary Net Position	<u>1,273,725</u>
Fiduciary Net Position-Beginning of Year	10,064,985
Fiduciary Net Position-End of Year	<u>\$ 11,338,710</u>

Net OPEB Liability	\$ 26,502,025
Fiduciary Net Position as a % of Total OPEB Liability	29.96%

Covered Employee Payroll	\$ 28,761,598
Net OPEB Liability as a % of Payroll	92%
Annual Money-Weighted Rate of Return, net of investment expense	6.20%

V. Other information (continued)

C. Other post employment benefits (continued)

Actuarial methods and assumptions. Projections for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The last actuarial valuation date was July 1, 2018 with the same measurement date. 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 for GASB75.
Valuation of Assets	Market rate
Investment Rate of Return	7.50%
Discount Rate	7.50%
Mortality	RP-2000 sex distinct
Turnover	T5
Salary Scale	4.25%
Trend Rates	Medical - 7.0% starting 2019 & decreasing linearly to 4.5% annually Dental - 3.0% increase annually

Retirement Age – As specified in the following table:

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

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

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

V. Other information (continued)

C. Other post employment benefits (continued)

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

Asset Class	Target % of Portfolio	Expected Rate of Return
Cash	3.00%	2.00%
Large-Cap Domestic Equities	42.00%	6.00%
Mid/Small Domestic Equities	6.00%	6.75%
International Equities	15.00%	8.50%
Real Estate Investment Trusts	2.00%	7.25%
Fixed Investment Grade Bonds	30.00%	4.75%
Fixed High Yield Bonds	2.00%	5.75%
Total	100.00%	7.50%

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 (8.50%) and 1 percentage point lower (6.50%):

	1% decrease 6.50%	Current rate 7.50%	1% increase 8.50%
Net OPEB Liability	\$30,089,963	\$ 26,502,025	\$ 23,420,098

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 (8.00 to 5.50%) and 1 percentage point lower (6.00% to 3.50%):

	1% decrease (6.0% to 3.5%)	Current rate (7.0% to 4.5%)	1% increase (8.0% to 5.5%)
Net OPEB Liability	\$24,695,363	\$ 26,502,025	\$ 28,568,149

V. Other information (continued)

C. Other post employment benefits (continued)

OPEB deferred outflows of resources and deferred inflows of resources:

At June 30, 2019 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	\$ -	\$ 225,859
Changes of assumptions	1,713,476	-
Net difference between projected and actual earnings on OPEB plan investments	83,025	-
Total	\$ 1,796,501	\$ 225,859

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

Year Ended June 30:		
2020	\$	328,356
2021		328,356
2022		328,357
2023		585,573
2024		-
	\$	<u>1,570,642</u>

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. These plans are as follows:

Single Employer Pension Plan

City of Hagerstown Police and Fire Employees' Retirement Plan

Cost Sharing Multiple Employer Pension Plans

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

Single Employer Pension Plan

Plan description. The City of Hagerstown Police and Fire Employees' Retirement Plan (Sworn Plan) was established July 1, 1998. At that time the government's sworn employees were allowed to elect to withdraw from the State's cost sharing multiple employer pension plans and to have their net plan assets (\$4,088,321) transferred to the City's Police and Fire Employees' Retirement Plan. The Sworn Plan provides retirement, disability, and death benefits to plan members and beneficiaries. All full-time sworn Police

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

and Fire department employees of the government hired on or after July 1, 1998, and active full-time sworn Police and Fire department employees electing to transfer into the plan on that date are members of the plan. As discussed in Note 1, 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 Sworn Plan consisted of the following as of July 1, 2018, the date of the most recent actuarial valuation:

Active	170
Retired or disabled	95
Vested terminations or inactive	<u>8</u>
Total	<u>273</u>

A sworn employee 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 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 changed to 1.8%. An employee will reach early retirement date on the first day of the month on or after the day the employee is age 50 and has at least 20 years of eligibility service which is an effective change as of July 1, 2018.

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

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

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

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. For the last eight years, the City has contributed 100% of the minimum annual required contribution. Based on the July 1, 2018 actuarial valuation, sworn employees contribute 8.00% of their base pay, which was increased from 7.00% on July 1, 2018, and the current actuarially determined rate the government is required to contribute is 14.00% for fiscal year 2018/2019. As of June 30, 2019, the plan's net position was \$21,590,466 and included the following policy target asset allocation breakdown.

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

For the year ended June 30, 2019, the annual money weighted return on pension plan investments, net of investment expense was 6.39% 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. The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2019 is as follows:

Total Pension Liability (TPL)	\$ 54,039,408
Plan Fiduciary Net Position	<u>21,590,466</u>
City's Net Pension Liability	<u>\$ 32,448,942</u>
City's Net Position as a Percentage of TPL	39.95%

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, 2019:

Total pension liability	<u>2019</u>
Service cost: Retirement benefits	\$ 871,348
Interest	3,868,003
Changes of benefit terms	(1,373,052)
Differences between expected and actual experience	(2,012,735)
Changes of assumptions	872,301
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<u>(3,023,539)</u>
	\$ (797,674)
Total pension liability - beginning	<u>54,837,082</u>
Total pension liability - ending (a)	<u><u>\$ 54,039,408</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 1,520,609
Contributions - member	868,254
Net investment income	1,313,844
Benefit payments (includes member's contributions refunds, deaths, & terminations)	(3,023,539)
Administrative expense	<u>(132,378)</u>
	546,789
Plan fiduciary net position - beginning	<u>21,043,677</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 21,590,466</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 32,448,942</u></u>
Plan fiduciary net position as a percentage of total pension liability	39.95%
Covered employee payroll	\$ 9,974,641
Net liability as a percentage of covered payroll	325.31%
Annual money-weighted rate of return, net of investment expense	5.61%

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

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

	1% decrease 6.25%	Current rate 7.25%	1% increase 8.25%
Net Pension Liability	\$ 39,816,877	\$ 32,448,942	\$ 26,382,304

Deferred outflows and inflows of resources related to pensions. As of June 30, 2019, 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	\$ -	\$ 1,544,379
Changes of assumptions	2,547,571	-
Net difference between projected and actual earnings on pension plan investments	97,837	-
Total	\$ 2,645,408	\$ 1,544,379

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

Year Ended June 30:	
2020	\$ 568,361
2021	336,047
2022	387,808
2023	(191,187)
2024	-
	<u>\$ 1,101,029</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 84.

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, 2018 actuarial valuation using the entry age actuarial cost method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period is 25 years. The actuarial assumptions included:

- (a) Investment return – 7.25% as selected by the plan sponsor
- (b) Funding method – Frozen Initial Liability
- (c) Projected salary increases of 4.25% per year
- (d) Valuation of Assets – Market value
- (f) Mortality – PUB-2010 Mortality Table for Public Safety with projection scale MP-2018, fully generational
- (g) Turnover – Pre-retirement for retirement and spousal benefits is T8
- (h) 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, 2019 is as follows:

	% of Portfolio	Assumed Rate of Return	Inflation	Real Rate of Return
Cash	3.00%	0.00%	2.25%	2.00%
Large-Cap Domestic Equities	40.00%	9.00%	2.25%	6.00%
Mid/Small Domestic Equities	9.00%	9.60%	2.25%	6.75%
International Equities	13.00%	9.60%	2.25%	8.50%
Real Estate Investment Trusts	3.00%	7.90%	2.25%	7.25%
Fixed Investment Grade Bonds	30.00%	4.40%	2.25%	4.75%
Fixed High Yield Bonds	2.00%	5.30%	2.25%	5.75%
Total	100.00%	7.63%	2.25%	5.86%

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

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

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 correctional 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>
2019	\$ 1,858,225	\$ 1,858,225	100%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2019, the City reported a liability of \$18,366,875 for its proportionate share of the net pension liability. The net Pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 0.0875 percent.

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

For the year ended June 30, 2019, the City recognized pension expense of \$1,795,064. As of June 30, 2019, 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	\$ 1,858,225	\$ -
Changes of assumptions	402,824	-
Net difference between projected and actual earnings on pension plan investments	681,407	-
Difference between actual and expected experience	-	1,332,236
Total	\$ 2,942,456	\$ 1,332,236

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:		
2020	\$	483,822
2021		(45,273)
2022		(490,936)
2023		(120,951)
2024		(74,668)

Actuarial Assumptions: The key actuarial assumptions used to perform the June 30, 2016 pension liability calculation are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Inflation	2.60% general, 3.10% wage
Salary Increases	3.10% to 9.10%, including wage inflation
Investment Rate of Return	7.45%

Mortality rates were based on the RP-2014 Combined Healthy Mortality Tables.

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

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System’s investment consultant(s) and actuary(s). For each major asset class that is included in the System’s target asset allocation, the best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37.00%	5.80%
Rate Sensitive	19.00%	1.10%
Credit Opportunity	9.00%	3.60%
Real Assets	14.00%	4.80%
Absolute Return	8.00%	3.20%
Private Equity	13.00%	6.70%
Total	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 7.45 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.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.45 percent, as well as the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.45 percent) or 1 percentage point higher (8.45 percent) than the current rate:

	1% decrease 6.45%	Current rate 7.45%	1% increase 8.45%
City's proportionate share of the Net Pension Liability	\$ 26,454,603	\$ 18,366,875	\$ 11,654,643

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This can be found at www.sra.state.md.us/Agency/Downloads/CAFR/CAFR-2019.pdf.

Required Supplementary Information

The City of Hagerstown Other Post Employment Benefits Plan

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

Total Fiduciary Liability	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 352,137	\$ 355,153	\$ 402,527
Interest Cost	2,493,422	2,677,681	2,601,151
Differences Between Expected and Actual Experience	662,512	(1,259,781)	-
Plan Changes	-	(2,268,178)	-
Assumption Changes	2,139,103	3,656	-
Benefit Payments	<u>(2,066,757)</u>	<u>(1,867,491)</u>	<u>(2,094,941)</u>
Net Change in Total OPEB Liability	3,580,417	(2,358,960)	908,737
Total OPEB liability-Beginning of Year	<u>34,260,318</u>	<u>36,619,278</u>	<u>35,710,541</u>
Total OPEB liability-End of Year	<u>\$ 37,840,735</u>	<u>\$ 34,260,318</u>	<u>\$ 36,619,278</u>
 Plan Fiduciary Net Position			
Contributions-Employer	\$ 2,716,757	\$ 2,517,491	\$ 2,744,941
Net Investment Income	651,530	708,254	886,273
Benefit Payments	(2,066,757)	(1,867,491)	(2,094,941)
Administrative Expense	<u>(27,805)</u>	<u>(35,391)</u>	<u>(23,374)</u>
Net Change in Fiduciary Net Position	1,273,725	1,322,863	1,512,899
Fiduciary Net Position-Beginning of Year	<u>10,064,985</u>	<u>8,742,121</u>	<u>7,229,222</u>
Fiduciary Net Position-End of Year	<u>\$ 11,338,710</u>	<u>\$ 10,064,985</u>	<u>\$ 8,742,121</u>
 Net OPEB Liability	\$ 26,502,025	\$ 24,195,333	\$ 27,877,157
Fiduciary Net Position as a % of Total OPEB Liability	29.96%	29.38%	23.87%
 Covered Employee Payroll	\$ 28,761,598	\$ 28,483,725	\$ 27,837,939
Net OPEB Liability as a % of Payroll	92%	85%	100%
Annual Money-Weighted Rate of Return, net of investment expense	6.20%	7.70%	11.94%

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 Three Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 2,400,786	\$ 2,715,546	\$ 1,793,272
Contributions in relation to the actuarially determined contribution	<u>(2,716,757)</u>	<u>(2,517,491)</u>	<u>(2,744,941)</u>
Contribution Deficiency (Excess)	<u>\$ (315,971)</u>	<u>\$ 198,055</u>	<u>\$ (951,669)</u>
Covered Employee Payroll	\$ 28,761,598	\$ 28,483,725	\$ 27,837,939
Contributions as a Percentage of Covered Employee Payroll	9.45%	8.84%	9.86%

Notes to Schedule

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal for GASB75
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 7.0% in 2019; decreasing linearly to an annual increase of 4.50%. Dental costs are assumed to increase 3% annually.
Salary Increases	4.25% per year
Investment Rate of Return	7.50% as selected by the Plan Sponsor
Retirement Age	100% Age 62 & 5+ Years of Service; 50% Age 55 & 15+ of Service; 100% 25+ Years of Service
Mortality	RP-2000 sex distinct

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 Five Fiscal Years

Total pension liability	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service cost: Retirement benefits	\$ 871,348	\$ 873,381	\$ 818,483	\$ 751,552	\$ 574,841
Interest	3,868,003	3,763,614	3,590,998	3,510,534	3,347,378
Changes of benefit terms	(1,373,052)	-	-	-	-
Differences between expected and actual experience	(2,012,735)	(24,097)	410,836	(420,327)	-
Changes of assumptions	872,301	3,017,852	-	195,086	-
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<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>
	\$ (797,674)	\$ 4,967,582	\$ 2,294,897	\$ 1,615,729	\$ 1,653,903
Total pension liability - beginning	<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>\$ 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	\$ 1,520,609	\$ 1,373,832	\$ 1,249,915	\$ 1,408,922	\$ 1,155,675
Contributions - member	868,254	694,617	632,200	728,171	604,317
Net investment income	1,313,844	1,631,732	2,097,503	79,333	958,835
Benefit payments (includes member's contributions refunds, deaths, & terminations)	(3,023,539)	(2,663,168)	(2,525,420)	(2,421,115)	(2,268,315)
Administrative expense	(132,378)	(127,872)	(116,599)	(109,198)	(129,778)
	546,789	909,141	1,337,599	(313,887)	320,733
Plan fiduciary net position - beginning	<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>\$ 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>\$ 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	39.95%	38.37%	40.37%	39.51%	41.58%
Covered employee payroll	\$ 9,974,641	\$ 10,061,909	\$ 9,727,339	\$ 9,714,880	\$ 9,475,504
Net liability as a percentage of covered payroll	325.31%	335.85%	305.68%	296.22%	283.34%
Annual money-weighted rate of return, net of investment expense	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 Seven Fiscal Years

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

Footnote: FY2018 Actuarially contribution was incorrectly stated in the FY2018 CAFR

Notes to schedule:

Valuation date: Employee data as of July 1, 2018 and Asset information as of June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of projected payroll on an open basis
Remaining amortization period	25 years
Asset valuation method	Market value
Inflation	2.25% per year
Salary increases	4.25% per year
Investment rate of return	7.25%
Retirement age	50% upon 25 years of service, and 50% per year upon 30 years of service, or 100% at age 62
Mortality	Pub-2010 Mortality Table for Public Safety with projection scale MP-2018, fully generational
Cost of living adjustment	None

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

Required Supplementary Information

State of Maryland Retirement and Pension Plan

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

	<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)	0.0875%	0.0820%	0.0856%	0.0865%	0.0762%
City's proportionate share of the ERS net pension liability (asset)	\$18,366,875	\$17,739,302	\$20,203,134	\$17,987,564	\$13,529,649
City's covered-employee payroll	\$15,563,498	\$14,529,094	\$14,841,869	\$15,093,193	\$15,021,461
Plan fiduciary net position as a percentage of the total pension liability	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 employee 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 Five Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (ERS)	\$ 1,745,575	\$ 1,669,720	\$ 1,668,108	\$ 1,824,341	\$ 1,776,607
Contributions in relation to the contractually required contribution	<u>(1,745,575)</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-employee payroll	\$ 15,563,498	\$ 14,529,094	\$ 14,841,869	\$ 15,093,193	\$ 15,021,461
Contributions as a percentage of covered-employee payroll	11.22%	11.49%	11.24%	12.09%	11.83%

Notes to schedule:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Inflation	2.60% general, 3.10% wage
Salary Increases	3.10% to 9.10%, including wage inflation
Discount Rate	7.45%
Investment Rate of Return	7.45%
Mortality	RP-2014 Mortality Tables

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, 2019

	Budgeted Amounts		2019 Actual	Variance with Final Budget - Positive (Negative)	2018 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers						
General Property Taxes:						
Current year's levy	\$ 28,717,125	\$ 28,717,125	\$ 29,197,499	\$ 480,374	\$ 26,857,129	\$ 2,340,370
Prior year's levy - net	(100,000)	(100,000)	(127,361)	(27,361)	(100,965)	(26,396)
Payments in lieu of taxes	2,760,100	2,760,100	2,778,005	17,905	2,756,906	21,099
Interest on delinquent taxes	150,000	150,000	235,741	85,741	192,315	43,426
	<u>31,527,225</u>	<u>31,527,225</u>	<u>32,083,884</u>	<u>556,659</u>	<u>29,705,385</u>	<u>2,378,499</u>
Less discounts allowed	(30,500)	(30,500)	(36,130)	(5,630)	(30,803)	(5,327)
Total General Property Taxes	<u>31,496,725</u>	<u>31,496,725</u>	<u>32,047,754</u>	<u>551,029</u>	<u>29,674,582</u>	<u>2,373,172</u>
Income and Other Taxes:						
Income tax	2,400,000	2,400,000	2,746,653	346,653	2,177,627	569,026
Admission	330,000	330,000	360,785	30,785	410,160	(49,375)
Enterprise zone tax credits	12,123	12,123	11,054	(1,069)	27,707	(16,653)
Police protection	729,898	729,898	736,490	6,592	737,861	(1,371)
State aid for fire service	70,000	70,000	77,933	7,933	78,390	(457)
Financial corporations	34,214	34,214	34,214	-	34,214	-
Hotel/motel room tax	188,000	188,000	219,975	31,975	202,103	17,872
Total Income and Other Taxes	<u>3,764,235</u>	<u>3,764,235</u>	<u>4,187,104</u>	<u>422,869</u>	<u>3,668,062</u>	<u>519,042</u>
Licenses and Permits:						
Residential rental licenses	660,000	660,000	659,933	(67)	657,893	2,040
Cable television franchise	388,700	388,700	330,862	(57,838)	383,202	(52,340)
Traders	100,000	100,000	106,084	6,084	98,724	7,360
Building permits	297,082	297,082	419,724	122,642	301,517	118,207
Electrical permits	120,000	120,000	109,201	(10,799)	115,728	(6,527)
Distilled spirits	-	-	-	-	-	-
Plumbing permits	75,000	75,000	68,127	(6,873)	75,939	(7,812)
Other	533,890	533,890	450,894	(82,996)	524,174	(73,280)
Total Licenses and Permits	<u>2,174,672</u>	<u>2,174,672</u>	<u>2,144,825</u>	<u>(29,847)</u>	<u>2,157,177</u>	<u>(12,352)</u>
Intergovernmental Grant Revenues:						
Federal grants	164,400	200,140	164,310	(35,830)	239,797	(75,487)
State and local grants	281,424	281,424	361,546	80,122	331,718	29,828
Total Intergovernmental Grant Revenues	<u>445,824</u>	<u>481,564</u>	<u>525,856</u>	<u>44,292</u>	<u>571,515</u>	<u>(45,659)</u>
Service Charges:						
Refuse collection fees	2,764,950	2,764,950	2,772,303	7,353	2,579,248	193,055
Stadium	-	-	-	-	-	-
Swimming pool	70,200	70,200	65,303	(4,897)	61,940	3,363
Other	620,505	620,505	949,883	329,378	692,612	257,271
Total Service Charges	<u>3,455,655</u>	<u>3,455,655</u>	<u>3,787,489</u>	<u>331,834</u>	<u>3,333,800</u>	<u>453,689</u>
Fines and Forfeitures:						
Safe Speed for School	1,250,000	1,250,000	767,178	(482,822)	1,035,499	(268,321)
Red Light Program	200,000	200,000	143,995	(56,005)	68,700	75,295
Other	167,100	167,100	38,689	(128,411)	58,894	(20,205)
Total Fines and Forfeitures	<u>1,617,100</u>	<u>1,617,100</u>	<u>949,862</u>	<u>(667,238)</u>	<u>1,163,093</u>	<u>(213,231)</u>
Unallocated General Revenues:						
Administrative allocation	1,997,500	1,997,500	1,997,500	-	1,997,500	-
Interest on investments	40,000	40,000	264,024	224,024	81,627	182,397
Sale of land & other property	14,318	14,318	44,524	30,206	39,898	4,626
Miscellaneous	159,549	178,799	146,377	(32,422)	209,326	(62,949)
Total Unallocated General Revenues	<u>2,211,367</u>	<u>2,230,617</u>	<u>2,452,425</u>	<u>221,808</u>	<u>2,328,351</u>	<u>124,074</u>
Total Revenues	<u>45,165,578</u>	<u>45,220,568</u>	<u>46,095,315</u>	<u>874,747</u>	<u>42,896,580</u>	<u>3,198,735</u>

* This statement is continued on next page.

City of Hagerstown, Maryland
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		2019 Actual	Variance with Final Budget - Positive (Negative)	2018 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers (continued)						
Other Financing Sources:						
Transfers from community development fund	30,160	30,160	15,648	(14,512)	23,329	(7,681)
Transfers from CIP Fund	-	12,364	12,364	-	-	12,364
Transfers from health insurance fund	576,815	536,815	536,815	-	542,881	(6,066)
Budgeted use of fund balance	490,000	635,101	-	(635,101)	-	-
Total Other Financing Sources	1,096,975	1,214,440	564,827	(649,613)	566,210	(1,383)
Total Revenues and Other Financing Sources	\$ 46,262,553	\$ 46,435,008	\$ 46,660,142	\$ 225,134	\$ 43,462,790	\$ 3,197,352
Expenditures and Transfers						
General Government:						
Council	\$ 142,654	142,654	137,063	\$ 5,591	\$ 133,665	\$ 3,398
Mayor	64,643	64,643	62,589	2,054	62,414	175
City administrator	214,468	214,468	306,109	(91,641)	210,388	95,721
City clerk	162,328	162,328	161,346	982	158,544	2,802
Community affairs	-	-	-	-	142,264	(142,264)
Legal counsel	259,887	259,887	181,681	78,206	198,300	(16,619)
Public functions	577,149	571,464	405,648	165,816	323,205	82,443
Communications	288,758	288,758	249,183	39,575	256,766	(7,583)
Finance and accounting	758,822	758,822	760,370	(1,548)	682,993	77,377
Information technology	861,060	861,060	887,810	(26,750)	852,910	34,900
Cashiering	451,463	451,463	507,646	(56,183)	482,388	25,258
Planning	437,133	437,133	425,429	11,704	385,227	40,202
Annexation	8,800	8,800	3,435	5,365	-	3,435
City hall expenditures	295,806	295,806	233,250	62,556	208,337	24,913
City engineer	1,219,025	1,208,056	1,052,459	155,597	1,131,495	(79,036)
Human resources	686,790	644,677	610,602	34,075	656,653	(46,051)
Total General Government	6,428,786	6,370,019	5,984,620	385,399	5,885,549	99,071
Public Safety:						
Police department	14,452,601	14,053,387	13,339,036	714,351	13,387,026	(47,990)
Fire department	8,090,265	8,090,265	7,841,000	249,265	7,694,594	146,406
Code enforcement	1,574,060	1,529,300	1,478,837	50,463	1,387,477	91,360
Signal department	457,491	457,490	510,717	(53,227)	445,499	65,218
Total Public Safety	24,574,417	24,130,442	23,169,590	960,852	22,914,596	254,994
Highways and Streets:						
General street department operations	1,868,101	1,493,941	1,433,834	60,107	987,705	446,129
Snow removal	363,213	363,213	411,389	(48,176)	217,511	193,878
Street cleaning	-	-	-	-	237,455	(237,455)
Street lighting	-	-	-	-	618,932	(618,932)
Central maintenance garage	455,030	455,030	489,062	(34,032)	525,080	(36,018)
Stormwater Management	100,000	510,982	723,547	(212,565)	-	723,547
Total Highways and Streets	2,786,344	2,823,166	3,057,832	(234,666)	2,586,683	471,149
Waste, Collection and Disposal						
	2,575,924	2,575,924	2,562,818	13,106	2,294,415	268,403
Culture and Recreation:						
City parks	1,828,740	1,790,898	1,650,565	140,333	1,612,851	37,714
Swimming pool	166,974	166,974	203,903	(36,929)	205,583	(1,680)
Farmers market	76,651	76,651	68,215	8,436	80,477	(12,262)
Stadium	23,922	33,922	64,553	(30,631)	31,882	32,671
Recreation department	480,484	480,484	493,329	(12,845)	497,566	(4,237)
Hager house and 202 train museum	61,284	61,284	129,453	(68,169)	108,434	21,019
Total Culture and Recreation	2,638,055	2,610,213	2,610,018	195	2,536,793	73,225

* 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, 2019

	Budgeted Amounts		2019 Actual	Variance with Final Budget - Positive (Negative)	2018 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Expenditures and Transfers (continued)						
Economic and Community Development:						
Economic development	1,399,133	853,819	792,815	61,004	346,049	446,766
Housing and community development	-	-	-	-	147,005	(147,005)
Neighborhoods first	-	-	-	-	48,320	(48,320)
Total Economic and Community Dev	<u>1,399,133</u>	<u>853,819</u>	<u>792,815</u>	<u>61,004</u>	<u>541,374</u>	<u>251,441</u>
Unallocated General Expenditures:						
Retiree benefits	1,479,088	1,479,088	1,460,418	18,670	1,449,253	11,165
Contributions to other agencies	455,000	455,000	449,600	5,400	195,000	254,600
Inventory adjustments	10,000	10,000	4,314	5,686	8,975	(4,661)
Budget contingency	(225,000)	-	-	-	-	-
Total Unallocated General Expenditures	<u>1,719,088</u>	<u>1,944,088</u>	<u>1,914,332</u>	<u>29,756</u>	<u>1,653,228</u>	<u>261,104</u>
Debt Service:						
Principal	1,932,986	1,932,986	1,863,362	69,624	1,726,847	136,515
Interest	673,157	673,157	634,902	38,255	638,740	(3,838)
Issuance Costs	2,428	2,428	34,520	(32,092)	29,595	4,925
Total Debt Service	<u>2,608,571</u>	<u>2,608,571</u>	<u>2,532,784</u>	<u>75,787</u>	<u>2,395,182</u>	<u>137,602</u>
Total Expenditures	\$ 44,730,318	\$ 43,916,242	\$ 42,624,809	\$ 1,291,433	\$ 40,807,820	\$ 1,816,989
Other Financing Uses:						
Transfers to golf course fund	273,477	273,477	273,477	-	279,076	(5,599)
Transfers to grant revenue fund	-	38,838	24,956	13,882	113,721	(88,765)
Transfers to economic redevelopment fund	125,000	675,000	674,500	500	125,000	549,500
Transfers to capital projects fund	843,400	1,105,492	1,105,492	-	307,740	797,752
Transfers from FB reserves to capital projects fund	240,000	385,101	205,419	179,682	632,107	(426,688)
Transfers from FB reserves to economic redevelopment fund	50,000	50,000	1,672	48,328	4,146	(2,474)
Total Other Financing Uses	<u>1,531,877</u>	<u>2,527,908</u>	<u>2,285,516</u>	<u>242,392</u>	<u>1,461,790</u>	<u>823,726</u>
Total Expenditures and Other Financing Uses	<u>46,262,195</u>	<u>46,444,150</u>	<u>44,910,325</u>	<u>1,533,825</u>	<u>42,269,610</u>	<u>2,640,715</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
	358	(9,142)	1,749,817	1,758,959	1,193,180	556,637
Fund balances - beginning	11,623,790	11,623,790	11,623,790	-	10,430,610	1,193,180
Fund balances - ending	\$ 11,624,148	\$ 11,614,648	\$ 13,373,607	\$ 1,758,959	\$ 11,623,790	\$ 1,749,817

City of Hagerstown, Maryland
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>2019 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2018 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental grant revenues	\$ 2,755,000	\$ 3,139,737	\$ 577,275	\$ (2,562,462)	\$ 1,018,343	\$ (441,068)
Income and other taxes	1,165,000	1,358,416	1,375,305	16,889	1,250,241	125,064
Contributions and donations	860,500	1,027,202	267,851	(759,351)	218,150	49,701
Interest income	-	-	112,883	112,883	44,875	68,008
Rental Income	35,000	35,000	35,000	-	35,000	-
Other revenues	10,000	29,733	29,904	171	89,632	(59,728)
Total revenues	<u>4,825,500</u>	<u>5,590,088</u>	<u>2,398,218</u>	<u>(3,191,870)</u>	<u>2,656,241</u>	<u>(258,023)</u>
Expenditures						
General government projects	6,429,837	7,230,403	3,403,346	3,827,057	2,908,069	495,277
Public safety projects	5,891,500	6,332,650	1,418,964	4,913,686	945,764	473,200
Highways and streets projects	1,115,000	1,715,785	764,410	951,375	131,045	633,365
Culture and recreation	1,361,000	1,866,143	494,199	1,371,944	503,856	(9,657)
Total expenditures	<u>14,797,337</u>	<u>17,144,981</u>	<u>6,080,919</u>	<u>11,064,062</u>	<u>4,488,734</u>	<u>1,592,185</u>
Excess (deficiency) of revenues over (under) expenditures	(9,971,837)	(11,554,893)	(3,682,701)	7,872,192	(1,832,493)	(1,850,208)
Other Financing Sources (Uses)						
Bond financing Current Year	6,333,600	6,333,600	3,105,000	(3,228,600)	1,265,000	1,840,000
Bond financing Prior Proceeds Reprogram	-	-	-	-	-	-
Transfers in:						
Excise tax fund	-	-	-	-	19,629	(19,629)
General fund	1,083,400	1,490,593	1,310,911	(179,682)	939,847	371,064
Electric fund	4,000	4,000	4,000	-	1,875	2,125
Water fund	4,000	4,000	4,000	-	1,875	2,125
Wastewater fund	4,000	4,000	4,000	-	1,875	2,125
Community development block grant fund	540,000	1,072,908	738,307	(334,601)	167,097	571,210
Parking fund	-	-	-	-	500	(500)
Transfers (out):						
General fund	-	-	(12,364)	(12,364)	-	(12,364)
Forest Conservation fund	-	-	(605)	(605)	-	(605)
Budgeted use of fund balance	<u>2,002,837</u>	<u>2,579,356</u>	<u>-</u>	<u>(2,579,356)</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>9,971,837</u>	<u>11,488,457</u>	<u>5,153,249</u>	<u>(6,335,208)</u>	<u>2,397,698</u>	<u>2,755,551</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	-	(66,436)	1,470,548	1,536,984	565,205	905,343
Fund balances - beginning	<u>4,813,566</u>	<u>4,813,566</u>	<u>4,813,566</u>	<u>-</u>	<u>4,248,361</u>	<u>565,205</u>
Fund balances - ending	\$ <u>4,813,566</u>	\$ <u>4,747,130</u>	\$ <u>6,284,114</u>	\$ <u>1,536,984</u>	\$ <u>4,813,566</u>	\$ <u>1,470,548</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.

Upper Floors Redevelopment Fund - This fund is designed to assist in the installation of elevators and other equipment to make the upper floors of existing downtown buildings attractive for residential or business use.

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, 2019**

Financial Section

	Special Revenue Funds								Total Nonmajor Governmental Funds
	Community Development	Economic Redevelopment	Flexible Spending	Business Revolving Loan	Excise Tax	Grant Revenue	Upper Floors Redevelopment	Forest Conservation Fund	
	Block Grant								
Assets									
Pooled cash and investments	\$ 2,304	\$ 184,109	\$ 5,508	\$ 255,501	\$ 20,541	\$ 41,910	\$ -	\$ 42,288	\$ 552,161
Interest receivable	-	104	2	70	17	22	-	18	233
Accounts receivable	-	1,000	15,902	-	-	-	-	-	16,902
Intergovernmental receivable	189,855	200,000	-	-	-	110,978	-	-	500,833
Loans receivable (net of allowance for uncollectibles)	1,920,422	-	-	881,637	-	38,617	-	-	2,840,676
Properties held for resale	799,283	945,828	-	-	-	-	-	-	1,745,111
Restricted assets:									
Pooled cash and investments	79,831	504,500	-	-	-	-	-	-	584,331
Total assets	\$ 2,991,696	\$ 1,835,541	\$ 21,412	\$ 1,137,207	\$ 20,558	\$ 191,527	\$ -	\$ 42,306	\$ 6,240,246
Liabilities									
Accounts and retainages payable	\$ 61,381	\$ 52,545	\$ 302	\$ -	\$ 17,865	\$ 9,458	\$ -	\$ -	\$ 141,551
Accrued liabilities	2,390	-	-	200	-	7,484	-	-	10,074
Advances from other funds	224,909	-	-	-	-	-	-	-	224,909
Escrowed taxes and insurance	1,211	-	-	-	-	-	-	-	1,211
Customer deposits	-	1,250	6,600	-	-	-	-	-	7,850
Undisbursed loan and grant commitments	78,621	504,500	-	6,000	-	-	-	-	589,121
Total liabilities	368,511	558,295	6,902	6,200	17,865	16,942	-	-	974,715
Fund Balance									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,623,185	-	-	-	-	174,585	-	42,306	2,840,076
Committed	-	945,828	-	-	-	-	-	-	945,828
Assigned	-	331,418	14,510	1,131,007	2,693	-	-	-	1,479,628
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	2,623,185	1,277,246	14,510	1,131,007	2,693	174,585	-	42,306	5,265,531
Total liabilities and fund balances	\$ 2,991,696	\$ 1,835,541	\$ 21,412	\$ 1,137,207	\$ 20,558	\$ 191,527	\$ -	42,306	\$ 6,240,246

*The Upper Floors Redevelopment Fund was closed and remaining cash, loans, and fund balance was consolidated into the Economic Redevelopment Fund effective February 28, 2018

Special Revenue Funds | 90

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

Financial Section

	Special Revenue Funds								
	Community Development	Economic Redevelopment	Flexible Spending	Business Revolving Loan	Excise Tax	Grant Revenue	Upper Floors Redevelopment	Forest Conservation Fund	Total Nonmajor Governmental Funds
	Block Grant								
Revenues									
Intergovernmental grants	\$ 1,380,193	\$ 815,000	\$ -	\$ -	\$ -	\$ 302,398	\$ -	\$ -	\$ 2,497,592
Program income	38,727	100,000	-	58,232	-	-	-	-	196,959
Investment earnings	426	3,839	164	4,487	299	972	-	551	10,739
Contributions and donations	-	-	-	-	-	1,704	-	-	1,704
Property sales	237,730	-	-	-	-	-	-	-	237,730
Other revenues	128	25,167	18,617	1,195	-	-	-	41,150	86,257
Total revenues	1,657,205	944,006	18,781	63,914	299	305,075	-	41,701	3,030,980
Expenditures									
Current:									
General government	-	-	-	-	-	4,124	-	-	4,124
Public safety	-	-	-	-	-	256,838	-	-	256,838
Economic and community development:									
Public services	129,999	-	-	-	-	-	-	-	129,999
Public Facilities/Improvements	714	-	-	-	-	-	-	-	714
Housing rehabilitation	93,437	-	-	-	-	-	-	-	93,437
Direct economic development	-	1,477,785	-	-	-	15,350	-	-	1,493,135
Cost of properties sold	353,676	-	-	-	-	-	-	-	353,676
Administration	(58,199)	30,487	3,727	14,296	-	-	-	-	(9,689)
Capital outlay	545	-	-	85	-	52,747	-	-	53,377
Interest expense	41	-	-	-	-	-	-	-	41
Total expenditures	520,213	1,508,272	3,727	14,381	-	329,059	-	-	2,375,652
Other Financing Sources (Uses)									
Transfers in	-	676,172	-	-	-	24,956	-	605	701,733
Transfers out	(928,361)	-	-	-	-	-	-	-	(928,361)
Total other financing sources (uses)	(928,361)	676,172	-	-	-	24,956	-	605	(226,628)
Net change in fund balances	208,631	111,906	15,054	49,533	299	972	-	42,306	428,700
Fund balances - beginning	2,414,554	1,165,340	(544)	1,081,474	2,394	173,613	-	-	4,836,831
Fund balances - ending	\$ 2,623,185	\$ 1,277,246	\$ 14,510	\$ 1,131,007	\$ 2,693	\$ 174,585	\$ -	\$ 42,306	\$ 5,265,531

Special Revenue Funds | 91

*The Upper Floors Redevelopment Fund was closed and remaining cash, loans, and fund balance was consolidated into the Economic Redevelopment Fund effective February 28, 2018

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, 2019

	Budgeted Amounts		2019 Actual	Variance with Final Budget - Positive (Negative)	2018 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grant revenues	\$ 1,112,023	1,699,362	\$ 1,380,193	\$ (319,169)	\$ 373,528	\$ 1,006,665
Program income	110,884	110,884	38,727	(72,157)	33,656	5,071
Investment earnings	-	-	426	426	34	392
Property sales	110,000	200,000	237,730	37,730	-	237,730
Other revenues	-	-	128	128	165	(37)
Total revenues	<u>1,332,907</u>	<u>2,010,246</u>	<u>1,657,205</u>	<u>(353,041)</u>	<u>407,383</u>	<u>1,249,822</u>
Expenditures						
Public services	105,000	130,000	129,999	1	105,000	24,999
Public Facilities/Improvements	-	-	714	(714)	-	714
Housing rehabilitation	341,000	358,000	93,437	264,563	86,577	6,860
Clearance and demolition	75,000	100,000	-	100,000	-	-
Acquisition	-	-	-	-	-	-
Cost of properties sold	-	-	353,676	(353,676)	-	353,676
Administration	155,817	155,817	(58,199)	214,016	135,654	(193,853)
Direct economic development	-	-	-	-	-	-
Capital outlay	500	500	545	(45)	213	332
Interest expense	200	200	41	159	65	(24)
Total expenditures	<u>677,517</u>	<u>744,517</u>	<u>520,213</u>	<u>224,304</u>	<u>327,509</u>	<u>192,704</u>
Excess (deficiency) of revenues over (under) expenditures	655,390	1,265,729	1,136,992	(128,737)	79,874	1,057,118
Other Financing Sources (Uses)						
Transfers from economic redevelopment fund	-	-	-	-	81,355	(81,355)
Transfers to property management fund	(25,000)	(200,000)	(174,406)	25,594	-	(174,406)
Transfers to general fund	(30,160)	(30,160)	(15,648)	14,512	(23,329)	7,681
Transfers to capital projects fund	(540,000)	(1,072,908)	(738,307)	334,601	(167,097)	(571,210)
Total other financing sources (uses)	<u>(595,160)</u>	<u>(1,303,068)</u>	<u>(928,361)</u>	<u>374,707</u>	<u>(109,071)</u>	<u>(819,290)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	60,230	(37,339)	208,631	245,970	(29,197)	237,828
Fund balances - beginning	2,414,554	2,414,554	2,414,554	-	2,443,751	(29,197)
Fund balances - ending	<u>\$ 2,474,784</u>	<u>\$ 2,377,215</u>	<u>\$ 2,623,185</u>	<u>\$ 245,970</u>	<u>\$ 2,414,554</u>	<u>\$ 208,631</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, 2019

	Budgeted Amounts		2019 Actual	Variance with Final Budget - Positive (Negative)	2018 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental	\$ 1,290,000	\$ 1,290,000	\$ 815,000	\$ (475,000)	\$ 143,537	\$ 671,463
Program income	-	-	100,000	100,000	-	100,000
Investment earnings	700	700	3,839	3,139	1,617	2,222
Miscellaneous revenue	-	-	-	-	3,095	(3,095)
Rental income	32,400	32,400	25,167	(7,233)	18,318	6,849
Total revenues	<u>1,323,100</u>	<u>1,323,100</u>	<u>944,006</u>	<u>(379,094)</u>	<u>166,567</u>	<u>777,439</u>
Expenditures						
Direct economic development	1,359,000	1,909,000	1,477,785	431,215	161,322	1,316,463
Administration	27,203	27,203	30,487	(3,284)	657,994	(627,507)
Total expenditures	<u>1,386,203</u>	<u>1,936,203</u>	<u>1,508,272</u>	<u>427,931</u>	<u>819,316</u>	<u>688,956</u>
Excess (deficiency) of revenues over (under) expenditures	(63,103)	(613,103)	(564,266)	48,837	(652,749)	88,483
Other Financing Sources (Uses)						
Transfers from general fund	125,000	675,000	674,500	(500)	125,000	549,500
Transfers from general fund balance reserves	50,000	50,000	1,672	(48,328)	4,146	(2,474)
Transfers from upper floors	-	-	-	-	29,962	(29,962)
Transfers to community development block grant fund	-	-	-	-	(81,355)	81,355
Total other financing sources (uses)	<u>175,000</u>	<u>725,000</u>	<u>676,172</u>	<u>(48,828)</u>	<u>77,753</u>	<u>598,419</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	111,897	111,897	111,906	9	(574,996)	686,902
Fund balances - beginning	1,165,340	1,165,340	1,165,340	-	1,740,336	(574,996)
Fund balances - ending	\$ <u>1,277,237</u>	\$ <u>1,277,237</u>	\$ <u>1,277,246</u>	\$ <u>9</u>	\$ <u>1,165,340</u>	\$ <u>111,906</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, 2019

	<u>Original and Final Budget</u>	<u>2019 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2018 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
Revenues					
Investment earnings	\$ 25	\$ 164	\$ 139	\$ 231	\$ (67)
Charges for services	<u>4,000</u>	<u>18,617</u>	<u>14,617</u>	<u>(240)</u>	<u>18,857</u>
Total revenues	<u>4,025</u>	<u>18,781</u>	<u>14,756</u>	<u>(9)</u>	<u>18,790</u>
Expenditures					
Contracted services	<u>3,900</u>	<u>3,727</u>	<u>173</u>	<u>5,589</u>	<u>(1,862)</u>
Total expenditures	<u>3,900</u>	<u>3,727</u>	<u>173</u>	<u>5,589</u>	<u>(1,862)</u>
Excess (deficiency) of revenues over (under) expenditures	125	15,054	14,929	(5,598)	20,652
Other Financing Sources (Uses)					
Transfers to general fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)					
	125	15,054	14,929	(5,598)	20,652
Fund balances - beginning	(544)	(544)	-	5,054	(5,598)
Fund balances - ending	\$ <u>(419)</u>	\$ <u>14,510</u>	\$ <u>14,929</u>	\$ <u>(544)</u>	\$ <u>15,054</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, 2019

	<u>Original and Final Budget</u>	<u>2019 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2018 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
Revenues					
Investment earnings	\$ 450	\$ 4,487	\$ 4,037	\$ 1,597	\$ 2,890
Miscellaneous	1,200	1,195	(5)	719	476
Program revenue	21,720	58,232	36,512	112,259	(54,027)
Total revenues	<u>23,370</u>	<u>63,914</u>	<u>40,544</u>	<u>114,575</u>	<u>(50,661)</u>
Expenditures					
Legal & Audit Fees	2,508	3,154	(646)	5,206	(2,052)
Administration	11,180	11,142	38	10,629	513
Capital outlay	-	85	(85)	-	85
Direct economic development loans	125,000	-	125,000	-	-
Total expenditures	<u>138,688</u>	<u>14,381</u>	<u>124,307</u>	<u>15,835</u>	<u>(1,454)</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	(115,318)	49,533	164,851	98,740	(49,207)
Fund balances - beginning	1,081,474	1,081,474	-	982,734	98,740
Fund balances - ending	\$ <u>966,156</u>	\$ <u>1,131,007</u>	\$ <u>164,851</u>	\$ <u>1,081,474</u>	\$ <u>49,533</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, 2019

	<u>Original and Final Budget</u>	<u>2019 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2018 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
Revenues					
Investment earnings	\$ 50	\$ 299	\$ 249	\$ 188	\$ 111
Excise tax	-	-	-	-	-
Total revenues	<u>50</u>	<u>299</u>	<u>249</u>	<u>188</u>	<u>111</u>
Expenditures					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers to capital projects fund	-	-	-	(19,629)	19,629
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,629)</u>	<u>19,629</u>
Excess (deficiency) of revenues over (under) expenditures	50	299	249	(19,441)	19,740
Fund balances - beginning	2,394	2,394	-	21,835	(19,441)
Fund balances - ending	<u><u>\$ 2,444</u></u>	<u><u>\$ 2,693</u></u>	<u><u>\$ 249</u></u>	<u><u>\$ 2,394</u></u>	<u><u>\$ 299</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, 2019

	<u>Budgeted Amounts</u>		<u>2019 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2018 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ 429,472	\$ 426,802	\$ 302,398	\$ (124,404)	\$ 365,573	\$ (63,175)
Investment earnings	-	-	972	972	331	641
Contributions and donations	-	-	1,704	1,704	-	1,704
Total revenues	<u>429,472</u>	<u>426,802</u>	<u>305,075</u>	<u>(121,727)</u>	<u>365,904</u>	<u>(60,829)</u>
Expenditures						
General government	-	6,100	2,420	3,680	25,000	(22,580)
Public safety	374,672	341,206	256,838	84,368	423,339	(166,501)
Culture and recreation	-	-	1,704	(1,704)	-	1,704
Economic and community development	27,000	43,350	15,350	28,000	12,965	2,385
Capital outlay	27,800	74,984	52,747	22,237	17,990	34,757
Total expenditures	<u>429,472</u>	<u>465,640</u>	<u>329,059</u>	<u>136,581</u>	<u>479,294</u>	<u>(150,235)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(38,838)	(23,984)	14,854	(113,390)	89,406
Other Financing Sources (Uses)						
Transfers from general fund	-	38,838	24,956	(13,882)	113,721	(88,765)
Total other financing sources (uses)	<u>-</u>	<u>38,838</u>	<u>24,956</u>	<u>(13,882)</u>	<u>113,721</u>	<u>(88,765)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	-	-	972	972	331	641
Fund balances - beginning	173,613	173,613	173,613	-	173,282	331
Fund balances - ending	<u><u>\$ 173,613</u></u>	<u><u>\$ 173,613</u></u>	<u><u>\$ 174,585</u></u>	<u><u>\$ 972</u></u>	<u><u>\$ 173,613</u></u>	<u><u>\$ 972</u></u>

City of Hagerstown, Maryland
Upper Floors Redevelopment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Original and Final Budget	2019 Actual	Variance with Final Budget - Positive (Negative)	2018 Actual	Increase/ (Decrease) Over Prior Year
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ 98	\$ (98)
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>98</u>	<u>(98)</u>
Expenditures					
Legal	-	-	-	-	-
Direct economic development loans	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers from economic redevelopment fund	-	-	-	(29,962)	29,962
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,962)</u>	<u>29,962</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(29,864)	29,864
Fund balances - beginning	-	-	-	29,864	(29,864)
Fund balances - ending	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

*This fund was closed and remaining cash, loans, and fund balance was consolidated into the Economic Redevelopment Fund effective February 28, 2018

**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, 2019**

	Original and Final Budget	2019 Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 551	\$ 551
Reforestation fees	8,000	41,150	33,150
Total revenues	8,000	41,701	33,701
Expenditures			
Total expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers to capital projects fund	(10,000)	-	10,000
Transfers from capital projects fund	-	605	605
Total other financing sources (uses)	(10,000)	605	10,605
Excess (deficiency) of revenues over (under) expenditures	(2,000)	42,306	44,306
Fund balances - beginning	-	-	-
Fund balances - ending	\$ (2,000)	\$ 42,306	\$ 44,306

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.

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City of Hagerstown, Maryland
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2019

	<u>Golf Course</u>	<u>Property Management</u>	<u>Parking Facilities</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets				
Current assets:				
Pooled cash and investments	\$ 69,297	\$ 84,739	\$ 1,571,721	\$ 1,725,757
Interest receivable	26	36	664	726
Accounts receivable (net of allowance for uncollectibles)	10,940	24,791	52,342	88,073
Prepaid items	138	156	597	891
Total current assets	<u>80,401</u>	<u>109,722</u>	<u>1,625,324</u>	<u>1,815,447</u>
Noncurrent assets:				
Capital assets:				
Land	125,000	696,450	1,459,464	2,280,914
Land improvements	225,522	-	1,311,142	1,536,664
Buildings and structures	219,846	4,434,818	7,732,805	12,387,469
Machinery and equipment	390,981	48,029	534,513	973,523
Automobiles and trucks	137,215	-	62,141	199,356
Infrastructure	26,537	-	-	26,537
Office furniture and fixtures	-	109,993	-	109,993
Construction in progress	-	-	-	-
Less accumulated depreciation	(617,053)	(1,467,269)	(4,719,752)	(6,804,074)
Total capital assets, net	<u>508,048</u>	<u>3,822,021</u>	<u>6,380,313</u>	<u>10,710,382</u>
Total noncurrent assets	<u>508,048</u>	<u>3,822,021</u>	<u>6,380,313</u>	<u>10,710,382</u>
Total assets	<u>588,449</u>	<u>3,931,743</u>	<u>8,005,637</u>	<u>12,525,829</u>
Liabilities				
Current liabilities:				
Accounts and retainages payable	14,596	17,740	3,114	35,450
Compensated absences - current	5,037	-	22,451	27,488
Accrued liabilities	5,751	1,871	16,020	23,642
Customer deposits and rebates	-	5,350	8,215	13,565
Unearned revenue	2,042	-	-	2,042
General obligation bonds - current	-	5,107	215,979	221,086
Total current liabilities	<u>27,426</u>	<u>30,068</u>	<u>265,779</u>	<u>323,273</u>
Noncurrent liabilities:				
General obligation bonds - long term	-	121,193	485,925	607,118
Compensated absences	5,819	-	25,935	31,754
Total noncurrent liabilities	<u>5,819</u>	<u>121,193</u>	<u>511,860</u>	<u>638,872</u>
Total liabilities	<u>33,245</u>	<u>151,261</u>	<u>777,639</u>	<u>962,145</u>
Net Position				
Net Investment in Capital Assets	508,048	3,695,721	5,678,409	9,882,178
Unrestricted	47,156	84,761	1,549,589	1,681,506
Total net position	<u>\$ 555,204</u>	<u>\$ 3,780,482</u>	<u>\$ 7,227,998</u>	<u>\$ 11,563,684</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019

	<u>Golf Course</u>	<u>Property Management</u>	<u>Parking Facilities</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:				
Service charges	\$ 199,683	\$ 349,974	\$ 987,968	\$ 1,537,625
Other revenues	206	5,750	-	5,956
Total operating revenues	<u>199,889</u>	<u>355,724</u>	<u>987,968</u>	<u>1,543,581</u>
Operating expenses:				
Selling, general and administrative expenses	417,782	561,210	541,286	1,520,278
Depreciation	35,977	160,049	238,090	434,116
Total operating expenses	<u>453,759</u>	<u>721,259</u>	<u>779,376</u>	<u>1,954,394</u>
Operating income	<u>(253,870)</u>	<u>(365,535)</u>	<u>208,592</u>	<u>(410,813)</u>
Nonoperating revenues (expenses):				
Gain (Loss) on disposal of capital assets	-	(581,075)	(52,773)	(633,848)
Intergovernmental revenue	-	-	-	-
Investment earnings	680	15,615	24,171	40,466
Interest expense	-	(4,292)	(30,302)	(34,594)
Bond issuance costs	-	(56)	(388)	(444)
Total nonoperating revenue (expenses)	<u>680</u>	<u>(569,808)</u>	<u>(59,292)</u>	<u>(628,420)</u>
Income (loss) before contributions and transfers	(253,190)	(935,343)	149,300	(1,039,233)
Transfers in	<u>273,477</u>	<u>174,406</u>	<u>-</u>	<u>447,883</u>
Changes in net position	<u>20,287</u>	<u>(760,937)</u>	<u>149,300</u>	<u>(591,350)</u>
Total net position - beginning	534,917	4,541,419	7,078,698	12,155,034
Total net position - ending	<u>\$ 555,204</u>	<u>\$ 3,780,482</u>	<u>\$ 7,227,998</u>	<u>\$ 11,563,684</u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019

	Golf Course	Property Management	Parking Facilities	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 195,791	\$ 360,200	\$ 1,023,145	\$ 1,579,136
Payments to suppliers	(123,860)	(404,112)	(110,901)	(638,873)
Payments to employees	(288,155)	(145,888)	(429,384)	(863,427)
Net cash used by operating activities	(216,224)	(189,800)	482,860	76,836
Cash Flows From Noncapital Financing Activities				
Transfers from (to) other funds	273,477	174,406	-	447,883
Net cash provided (used) by noncapital and related financing activities	273,477	174,406	-	447,883
Cash Flows From Capital And Related Financing Activities				
Acquisition and construction of capital assets	(15,995)	641,803	(23,566)	602,242
Principal paid on capital debt	-	(5,085)	(203,026)	(208,111)
Interest paid on capital debt	-	(3,877)	(35,355)	(39,232)
Proceeds from sale of capital assets	-	(581,075)	(52,773)	(633,848)
Net cash provided (used) by capital and related financing activities	(15,995)	51,766	(314,720)	(278,948)
Cash Flows From Investing Activities				
Interest and dividends received	654	15,595	23,905	40,154
Net cash provided by investing activities	654	15,595	23,905	40,154
Net increase (decrease) in pooled cash and investments	41,912	51,967	192,045	285,925
Pooled cash and investments, beginning of year	27,385	32,772	1,379,676	1,439,832
Pooled cash and investments, end of year	\$ 69,297	\$ 84,739	\$ 1,571,721	\$ 1,725,757
Reconciliation of operating income to net cash (used) by operating activities:				
Operating income (loss)	\$ (253,870)	\$ (365,535)	\$ 208,592	\$ (410,813)
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation expense	35,977	160,049	238,090	434,116
Bond issuance costs	-	(56)	(388)	(444)
Net effect of changes in assets and liabilities				
Accounts receivable	(5,060)	1,826	34,651	31,417
Prepaid items	581	240	(299)	522
Accounts and retainages payable	1,615	11,653	(306)	12,962
Compensated absences payable	(3,226)	-	1,208	(2,018)
Accrued liabilities	978	(627)	785	1,136
Customer deposits and rebates	-	2,650	527	3,177
Unearned revenue	962	-	-	962
Other long-term liabilities	5,819	-	-	5,818
Total adjustments	37,646	175,735	274,268	487,648
Net cash used by operating activities	\$ (216,224)	\$ (189,800)	\$ 482,860	\$ 76,835
Reconciliation of pooled cash and investments to the balance sheet				
Pooled cash and investments	\$ 69,297	\$ 84,739	\$ 1,571,721	\$ 1,725,757
Totals	\$ 69,297	\$ 84,739	\$ 1,571,721	\$ 1,725,757

Growth and Expansion in Hagerstown



INTERNAL SERVICE FUNDS

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

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

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

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

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City of Hagerstown, Maryland
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	<u>Worker's Compensation</u>	<u>Health Insurance</u>	<u>Dental Insurance</u>	<u>Total Internal Service Funds</u>
Assets				
Current assets:				
Pooled cash and investments	\$ -	\$ 4,001,652	\$ 506,405	\$ 4,508,057
Interest receivable	-	1,809	215	2,024
Accounts receivable (net of allowance for uncollectibles)	-	100,676	5,411	106,087
Prepaid Items	<u>227,779</u>	<u>628,807</u>	<u>-</u>	<u>856,586</u>
Total current assets	<u>227,779</u>	<u>4,732,944</u>	<u>512,031</u>	<u>5,472,754</u>
Noncurrent assets:				
Restricted assets:				
Pooled cash and investments	<u>2,836,736</u>	<u>764,347</u>	<u>31,300</u>	<u>3,632,383</u>
Total noncurrent assets	<u>2,836,736</u>	<u>764,347</u>	<u>31,300</u>	<u>3,632,383</u>
Total assets	<u>3,064,515</u>	<u>5,497,291</u>	<u>543,331</u>	<u>9,105,137</u>
Liabilities				
Current liabilities:				
Accounts and retainages payable	51,380	638,018	3,381	692,779
Accrued liabilities	<u>1,055,016</u>	<u>603,981</u>	<u>13,731</u>	<u>1,672,728</u>
Total current liabilities	<u>1,106,396</u>	<u>1,241,999</u>	<u>17,112</u>	<u>2,365,507</u>
Total liabilities	<u>1,106,396</u>	<u>1,241,999</u>	<u>17,112</u>	<u>2,365,507</u>
Net Position				
Unassigned	1,958,119	4,255,292	526,219	6,739,630
Total net position	<u>\$ 1,958,119</u>	<u>\$ 4,255,292</u>	<u>\$ 526,219</u>	<u>\$ 6,739,630</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	<u>Worker's Compensation</u>	<u>Health Insurance</u>	<u>Dental Insurance</u>	<u>Total Internal Service Funds</u>
Operating revenues:				
Service charges	\$ 1,149,538	\$ 7,665,905	\$ 423,636	\$ 9,239,079
Other revenues	-	533,291	-	533,291
Total operating revenues	<u>1,149,538</u>	<u>8,199,196</u>	<u>423,636</u>	<u>9,772,370</u>
Operating expenses:				
Claim and premium expenses	580,764	6,473,117	293,099	7,346,980
Administrative expenses	102,846	641,495	40,661	785,002
Contributions to OPEB plan - Employer	-	650,000	-	650,000
Total operating expenses	<u>683,610</u>	<u>7,764,612</u>	<u>333,760</u>	<u>8,781,982</u>
Operating income (loss)	<u>465,928</u>	<u>434,584</u>	<u>89,876</u>	<u>990,388</u>
Nonoperating revenues (expenses):				
Investment earnings	17,311	54,489	6,198	77,998
Total nonoperating revenue (expenses)	<u>17,311</u>	<u>54,489</u>	<u>6,198</u>	<u>77,998</u>
Income before contributions and transfers	<u>483,239</u>	<u>489,073</u>	<u>96,074</u>	<u>1,068,386</u>
Transfer in from other funds	-	-	-	-
Transfer out to other funds	-	(756,695)	-	(756,695)
Changes in net position	<u>483,239</u>	<u>(267,622)</u>	<u>96,074</u>	<u>311,691</u>
Total net position - beginning	1,474,880	4,522,914	430,145	6,427,939
Total net position - ending	<u>\$ 1,958,119</u>	<u>\$ 4,255,292</u>	<u>\$ 526,219</u>	<u>\$ 6,739,630</u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Worker's Compensation	Health Insurance	Dental Insurance	Total Internal Service Funds
Cash Flows From Operating Activities				
Receipts from interfund services provided	\$ 1,149,538	\$ 8,023,117	\$ 425,801	\$ 9,598,456
Payments to suppliers	(442,206)	(7,655,341)	(338,217)	(8,435,764)
Net cash provided (used) by operating activities	707,332	367,776	87,584	1,162,692
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	-	(756,695)	-	(756,695)
Net cash used by capital and related financing activities	-	(756,695)	-	(756,695)
Cash Flows From Investing Activities				
Interest and dividends received	17,311	54,137	6,102	77,550
Net cash provided by investing activities	17,311	54,137	6,102	77,550
Net increase in pooled cash and investments	724,643	(334,782)	93,686	483,547
Pooled cash and investments, beginning of year	2,112,093	5,100,781	444,019	7,656,893
Pooled cash and investments, end of year	\$ 2,836,736	\$ 4,765,999	\$ 537,705	\$ 8,140,440
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ 465,928	\$ 434,584	\$ 89,876	\$ 990,388
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Net effect of changes in assets and liabilities				
Accounts receivable	-	7,010	2,165	9,175
Prepaid items	(9,589)	(628,807)	-	(638,396)
Accounts and retainages payable	40,181	637,376	231	677,788
Accrued liabilities	210,812	100,702	(4,688)	306,826
Unearned revenue	-	(183,089)	-	(183,089)
Total adjustments	241,404	(66,808)	(2,292)	172,304
Net cash provided (used) by operating activities	\$ 707,332	\$ 367,776	\$ 87,584	\$ 1,162,692
Reconciliation of pooled cash and investments to the balance sheet				
Pooled cash and investments	\$ -	\$ 4,001,652	\$ 506,405	\$ 4,508,057
Restricted pooled cash and investments	2,836,736	764,347	31,300	3,632,383
Totals	\$ 2,836,736	\$ 4,765,999	\$ 537,705	\$ 8,140,440

Healthy Living



FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

Pension Trust Fund – This accounts for the activities of the Public Safety Employees Pension System, which accumulates resources for pension benefit payments to qualified public safety employees.

Other Post Employment Benefit (OPEB) Fund – This accumulates resources to provide health benefits to eligible retirees, and in certain instances, their eligible survivors and dependents.

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City of Hagerstown, Maryland
Combining Statement of Fiduciary Net Position
June 30, 2019

	<u>Pension</u>	<u>Other Post</u>	<u>All</u>
	<u>Trust Fund</u>	<u>Employment</u>	<u>Trust Funds</u>
Assets		Benefits (OPEB)	
Trust Fund		Trust Fund	
Investments, at fair value:			
Cash and Cash Equivalents	\$ 658,475	\$ 1,105,641	\$ 1,764,116
Government and Agency Issues	2,888,675	-	2,888,675
Corporate Debt Issues	2,803,169	-	2,803,169
Common Stock	2,248,994	1,020,474	3,269,468
Mutual Funds	12,933,490	9,197,485	22,130,975
Total investments	<u>21,532,803</u>	<u>11,323,600</u>	<u>32,856,403</u>
Interest Receivable	57,663	15,110	72,773
Total assets	<u>21,590,466</u>	<u>11,338,710</u>	<u>32,929,176</u>
Net Position Restricted for Pensions & OPEB	<u>\$ 21,590,466</u>	<u>\$ 11,338,710</u>	<u>\$ 32,929,176</u>

City of Hagerstown, Maryland
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	Pension Trust Fund	Other Post Employment Benefits (OPEB) Trust Fund	All Trust Funds
Additions			
Contributions:			
Employer	\$ 1,390,831	\$ 650,000	\$ 2,040,831
Plan members	802,610	-	802,610
Total contributions	<u>2,193,441</u>	<u>650,000</u>	<u>2,843,441</u>
Investment earnings:			
Interest and dividends	820,999	420,751	1,241,750
Net increase/(decrease) in the fair value of investments	686,829	230,567	917,396
Other revenues	1,489	212	1,701
Total investment earnings	<u>1,509,317</u>	<u>651,530</u>	<u>2,160,847</u>
Less investment expense	58,580	26,853	85,433
Net investment earnings	<u>1,450,737</u>	<u>624,677</u>	<u>2,075,414</u>
Total additions	<u>3,644,178</u>	<u>1,274,677</u>	<u>4,918,855</u>
Deductions			
Benefits	3,023,539	-	3,023,539
Administrative expenses	14,504	952	15,456
Actuarial fees	59,345	-	59,345
Total deductions	<u>3,097,389</u>	<u>952</u>	<u>3,098,341</u>
Change in net position	546,789	1,273,725	1,820,514
Net position - beginning	21,043,677	10,064,985	31,108,662
Net position - ending	<u>\$ 21,590,466</u>	<u>\$ 11,338,710</u>	<u>\$ 32,929,176</u>

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

STATISTICAL SECTION

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

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

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

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

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

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

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

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

Statistical Section

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 60,903,731	\$ 62,031,859	\$ 60,445,265	\$ 62,661,321	\$ 62,841,007	\$ 63,756,574	\$ 66,555,727	\$ 66,954,557	\$ 66,650,974	\$ 66,784,135
Restricted	10,321,603	10,247,443	9,233,959	8,785,932	8,917,240	11,415,507	9,170,892	9,737,523	9,650,397	11,549,646
Unassigned	3,267,432	5,460,533	6,893,284	6,658,627	7,231,204	(28,125,591)	(24,646,579)	(26,153,187)	(48,291,059)	(48,457,814)
Total governmental activities net position	\$ 74,492,766	\$ 77,739,835	\$ 76,572,508	\$ 78,105,880	\$ 78,989,451	\$ 47,046,490	\$ 51,080,040	\$ 50,538,893	\$ 28,010,312	\$ 29,875,967
Business-type activities:										
Net investment in capital assets	\$ 141,557,917	\$ 149,999,762	\$ 148,779,228	\$ 149,983,855	\$ 152,917,402	\$ 146,018,608	\$ 147,056,392	\$ 145,943,803	\$ 146,353,536	\$ 154,076,732
Unassigned	16,192,345	15,816,722	20,605,158	18,919,557	18,718,678	20,703,309	21,469,141	24,760,819	20,475,472	15,681,500
Total business-type activities net position	\$ 157,750,262	\$ 165,816,484	\$ 169,384,386	\$ 168,903,412	\$ 171,636,080	\$ 166,721,917	\$ 168,525,533	\$ 170,704,622	\$ 166,829,008	\$ 169,758,232
Primary government:										
Net investment in capital assets	\$ 202,461,648	\$ 212,031,621	\$ 209,224,493	\$ 212,645,176	\$ 215,758,409	\$ 209,775,182	\$ 213,612,119	\$ 212,898,360	\$ 213,004,510	\$ 220,860,867
Restricted	10,321,603	10,247,443	9,233,959	8,785,932	8,917,240	11,415,507	9,170,892	9,737,523	9,650,397	11,549,646
Unrestricted	19,459,777	21,277,255	27,498,442	25,578,184	25,949,882	(7,422,282)	(3,177,438)	(1,392,368)	(27,815,587)	(32,776,314)
Total primary government net position	\$ 232,243,028	\$ 243,556,319	\$ 245,956,894	\$ 247,009,292	\$ 250,625,531	\$ 213,768,407	\$ 219,605,573	\$ 221,243,515	\$ 194,839,320	\$ 199,634,199

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

Statistical Section

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General Government	\$ 9,238,809	\$ 8,445,750	\$ 9,625,176	\$ 9,581,916	\$ 9,380,546	\$ 9,672,724	\$ 10,564,629	\$ 9,562,623	\$ 8,627,247	\$ 10,613,252
Public Safety	20,501,962	18,387,128	19,964,292	21,070,864	21,088,870	23,566,366	22,889,590	24,950,023	25,773,111	24,243,025
Highways and Streets	3,119,911	2,981,654	2,684,522	2,828,009	2,923,564	2,810,855	2,680,585	2,650,626	2,791,282	3,258,426
Waste Collection & Disposal	2,023,079	2,035,237	2,637,297	1,937,485	1,950,228	1,971,595	2,000,312	2,021,510	2,293,396	2,562,226
Culture and Recreation	2,828,320	2,559,785	2,622,512	2,665,582	2,729,399	2,788,927	2,845,481	2,948,143	3,005,649	3,090,190
Economic & Community Development	3,184,156	2,519,688	2,419,346	3,174,443	1,349,844	4,053,605	966,551	3,393,612	3,204,744	4,757,014
Interest on Long-term Debt	684,700	539,668	532,560	514,648	550,317	557,668	540,521	628,301	622,454	615,223
Total governmental activities expenses	<u>41,580,937</u>	<u>37,468,910</u>	<u>40,485,705</u>	<u>41,772,947</u>	<u>39,972,768</u>	<u>45,421,740</u>	<u>42,487,669</u>	<u>46,154,838</u>	<u>46,317,883</u>	<u>49,139,356</u>
Business-type activities:										
Electric	32,390,627	32,063,217	27,907,324	27,216,777	24,252,793	24,157,287	22,855,165	23,184,083	23,814,395	26,194,218
Water	9,188,412	9,189,223	10,429,856	10,454,834	10,143,760	11,147,791	11,439,748	11,288,656	10,995,786	12,002,597
Wastewater	11,063,156	11,621,172	12,408,290	12,697,968	12,499,357	12,643,801	13,114,426	13,112,003	12,343,489	13,887,499
Parking Facilities	733,541	723,980	786,348	699,693	742,030	739,264	738,566	724,828	771,525	794,876
Golf Course	414,492	418,962	388,840	467,869	407,944	435,174	443,541	481,273	432,368	440,537
Property Management	384,631	410,706	577,208	668,343	542,884	517,393	527,751	613,979	451,559	724,383
Ice Rink	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>54,174,859</u>	<u>54,427,260</u>	<u>52,497,866</u>	<u>52,205,484</u>	<u>48,588,768</u>	<u>49,640,710</u>	<u>49,119,197</u>	<u>49,404,822</u>	<u>48,809,122</u>	<u>54,044,110</u>
Total primary government expenses	<u>\$ 95,755,796</u>	<u>\$ 91,896,170</u>	<u>\$ 92,983,571</u>	<u>\$ 93,978,431</u>	<u>\$ 88,561,536</u>	<u>\$ 95,062,450</u>	<u>\$ 91,606,866</u>	<u>\$ 95,559,660</u>	<u>\$ 95,127,005</u>	<u>\$ 103,183,466</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 3,060,653	\$ 3,035,144	\$ 2,931,762	\$ 3,130,802	\$ 2,784,242	\$ 2,795,421	\$ 2,722,732	\$ 2,618,155	\$ 2,633,174	\$ 2,939,050
Public Safety	1,434,155	1,373,876	1,883,089	2,962,729	2,549,248	3,367,522	3,016,955	2,722,862	3,014,038	2,759,137
Streets and Alleys	90,588	75,676	86,045	102,791	87,261	73,088	48,843	149,743	73,337	68,235
Waste Collection & Disposal	2,153,210	2,164,998	2,298,388	2,478,721	2,220,898	2,238,358	2,252,262	2,258,122	2,579,249	2,772,301
Parks and Recreation	191,602	234,637	225,306	209,899	195,633	259,668	230,561	273,319	310,218	298,623
Economic & Community Development	364,403	96,216	95,246	97,321	89,771	245,921	62,417	61,746	150,415	201,209
Operating grants and contributions	2,671,617	2,407,886	2,072,808	2,331,085	2,119,193	1,930,908	1,963,246	1,783,552	1,554,570	3,061,406
Capital grants and contributions	512,249	1,594,649	2,611,299	3,792,121	543,261	1,807,299	2,034,072	1,315,570	1,236,493	845,126
Total governmental activities program revenues	<u>\$ 10,478,477</u>	<u>\$ 10,983,082</u>	<u>\$ 12,203,943</u>	<u>\$ 15,105,469</u>	<u>\$ 10,589,507</u>	<u>\$ 12,718,185</u>	<u>\$ 12,331,088</u>	<u>\$ 11,183,069</u>	<u>\$ 11,551,494</u>	<u>\$ 12,945,087</u>

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Electric	\$ 31,716,189	\$ 33,144,474	\$ 27,521,532	\$ 26,510,826	\$ 24,683,126	\$ 24,460,137	\$ 22,532,600	\$ 22,919,701	\$ 24,575,942	\$ 25,644,738
Water	8,869,890	9,664,205	10,226,718	10,859,180	11,125,535	11,128,131	11,455,228	11,640,701	11,658,823	11,990,596
Wastewater	9,003,327	9,918,807	10,266,294	10,699,798	10,785,125	12,241,385	12,401,054	13,046,779	13,442,122	14,044,501
Parking Facilities	872,441	811,868	855,638	936,246	869,670	975,936	953,580	993,779	951,827	935,195
Golf Course	126,890	137,884	149,074	178,462	196,758	205,199	224,893	174,035	174,021	199,889
Property Management	202,752	330,576	344,856	(985,215)	(132,163)	203,395	344,644	308,646	356,826	(225,351)
Operating grants and contributions	440,847	107,730	-	-	-	51,110	69,489	44,502	5,616	750,196
Capital grants and contributions	9,006,128	7,252,709	5,322,246	2,546,931	3,607,284	2,135,780	2,669,305	2,136,516	1,449,023	2,568,732
Total business-type activities program revenues	60,238,464	61,368,253	54,686,358	50,746,228	51,135,335	51,401,073	50,650,793	51,264,659	52,614,200	55,908,496
Total primary government program revenues	<u>\$ 70,716,941</u>	<u>\$ 72,351,335</u>	<u>\$ 66,890,301</u>	<u>\$ 65,851,697</u>	<u>\$ 61,724,842</u>	<u>\$ 64,119,258</u>	<u>\$ 62,981,881</u>	<u>\$ 62,447,728</u>	<u>\$ 64,165,694</u>	<u>\$ 68,853,583</u>
Net (expense)/revenue										
Governmental activities	\$ (31,102,460)	\$ (26,485,828)	\$ (28,281,762)	\$ (26,667,478)	\$ (29,383,261)	\$ (32,703,555)	\$ (30,156,581)	\$ (34,971,769)	\$ (34,766,389)	\$ (36,194,269)
Business-type activities	6,063,605	6,940,993	2,188,492	(1,459,256)	2,546,567	1,760,363	1,531,596	1,859,837	3,805,078	1,864,386
Total primary government net expense	<u>\$ (25,038,855)</u>	<u>\$ (19,544,835)</u>	<u>\$ (26,093,270)</u>	<u>\$ (28,126,734)</u>	<u>\$ (26,836,694)</u>	<u>\$ (30,943,192)</u>	<u>\$ (28,624,985)</u>	<u>\$ (33,111,932)</u>	<u>\$ (30,961,311)</u>	<u>\$ (34,329,883)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property Taxes	26,460,939	26,910,889	24,077,697	25,227,705	25,365,054	27,209,882	28,463,400	28,882,713	29,674,582	32,047,754
Income and Other taxes	4,768,035	3,420,814	3,649,661	3,510,080	4,834,311	5,105,039	5,003,437	5,317,337	5,057,155	5,735,651
Excise Tax	115,417	96,342	113,485	115,492	69,278	-	-	-	-	-
Investment Earnings	205,640	72,526	86,685	37,871	13,880	10,695	38,498	62,960	130,598	387,646
Property Sales	-	-	-	-	-	-	-	-	-	-
Gain(Loss) on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	137,326	171,968	312,796	107,791	220,674	269,201	803,541	285,595	295,497	544,636
Transfers	(66,000)	(939,642)	(1,125,889)	(798,089)	(175,455)	183,935	(118,745)	(117,983)	(478,644)	(655,763)
Capital Transfer from Closed Ice Rink Fund	-	-	-	-	-	-	-	-	-	-
Changes in Accounting Estimate	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>31,621,357</u>	<u>29,732,897</u>	<u>27,114,435</u>	<u>28,200,850</u>	<u>30,327,742</u>	<u>32,778,752</u>	<u>34,190,131</u>	<u>34,430,622</u>	<u>34,679,188</u>	<u>38,059,924</u>
Business-type activities:										
Investment Earnings	221,725	185,587	253,521	180,193	156,910	146,024	153,275	201,269	265,659	409,075
Transfers	66,000	939,642	1,125,889	798,089	175,455	(183,935)	118,745	117,983	478,644	655,763
Total business-type activities	<u>287,725</u>	<u>1,125,229</u>	<u>1,379,410</u>	<u>978,282</u>	<u>332,365</u>	<u>(37,911)</u>	<u>272,020</u>	<u>319,252</u>	<u>744,303</u>	<u>1,064,838</u>
Total primary government	<u>\$ 31,909,082</u>	<u>\$ 30,858,126</u>	<u>\$ 28,493,845</u>	<u>\$ 29,179,132</u>	<u>\$ 30,660,107</u>	<u>\$ 32,740,841</u>	<u>\$ 34,462,151</u>	<u>\$ 34,749,874</u>	<u>\$ 35,423,491</u>	<u>\$ 39,124,762</u>
Change in Net Position										
Governmental activities	\$ 518,897	\$ 3,247,069	\$ (1,167,327)	\$ 1,533,372	\$ 944,481	\$ 75,197	\$ 4,033,550	\$ (541,147)	\$ (87,201)	\$ 1,865,655
Business-type activities	6,351,330	8,066,222	3,567,902	(480,974)	2,878,932	1,722,452	1,803,616	2,179,089	4,549,381	2,929,224
Total primary government	<u>\$ 6,870,227</u>	<u>\$ 11,313,291</u>	<u>\$ 2,400,575</u>	<u>\$ 1,052,398</u>	<u>\$ 3,823,413</u>	<u>\$ 1,797,649</u>	<u>\$ 5,837,166</u>	<u>\$ 1,637,942</u>	<u>\$ 4,462,180</u>	<u>\$ 4,794,879</u>

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

Statistical Section

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
2010	26,460,939	2,289,966	75,391	217,622	516,752	34,214	53,361	132,924	127,279	1,598,512	31,506,961
2011	26,910,889	2,068,330	173,017	161,387	516,752	34,214	53,562	137,741	147,663	-	30,203,555
2012	24,077,697	2,271,796	202,180	79,493	516,752	34,214	53,450	110,756	164,257	-	27,510,595
2013	25,227,705	2,305,373	206,234	301,935	516,752	34,214	55,352	101,850	165,898	-	28,915,313
2014	25,365,054	2,452,366	207,892	1,039,880	750,454	34,214	54,797	86,976	176,220	-	30,167,853
2015	27,209,882	2,559,272	214,162	1,081,978	720,362	34,214	63,836	69,699	191,456	-	32,144,861
2016	28,463,400	2,427,965	328,649	1,224,207	686,126	34,214	70,395	48,676	193,894	-	33,477,526
2017	28,882,713	2,628,280	443,873	1,206,125	739,779	34,214	78,697	30,485	187,687	-	34,231,853
2018	29,674,582	2,177,627	410,160	1,250,241	737,861	34,214	78,390	27,707	202,103	-	34,592,885
2019	32,047,754	2,746,653	360,785	1,375,305	736,490	34,214	77,933	11,054	219,975	-	37,610,163

Source: City of Hagerstown Accounting Department

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

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

Statistical Section

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 536,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated	8,022,458	-	-	-	-	-	-	-	-	-
Nonspendable	-	493,492	487,902	254,914	216,127	226,974	256,353	181,006	167,197	278,377
Restricted	-	240,816	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	250,000	251,426
Assigned	-	186,504	199,174	1,783,143	1,596,838	1,555,317	1,077,515	786,785	1,248,537	465,429
Unassigned	-	7,851,817	7,837,687	7,668,912	8,053,185	8,181,345	9,191,926	9,462,818	9,958,056	12,378,375
Total General Fund	\$ 8,558,483	\$ 8,772,629	\$ 8,524,763	\$ 9,706,969	\$ 9,866,150	\$ 9,963,636	\$ 10,525,794	\$ 10,430,609	\$ 11,623,790	\$ 13,373,607
All other governmental funds										
Reserved	\$ 3,870,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
Special revenue funds	1,996,542	-	-	-	-	-	-	-	-	-
Capital projects funds	4,454,096	-	-	-	-	-	-	-	-	-
Nonspendable	-	2,683,659	1,784	998,603	1,165,495	1,809,108	2,034,494	2,555,252	-	-
Restricted	-	2,698,153	5,480,693	2,953,196	2,908,949	2,829,671	2,815,706	2,562,152	2,588,167	2,840,076
Committed	-	2,839,528	1,817,278	43,775	1,672	2,537,161	705,958	2,024,224	2,757,307	4,739,229
Assigned	-	2,026,103	1,934,204	4,790,358	4,841,125	4,239,568	3,614,734	2,595,895	4,304,923	3,970,340
Unassigned	-	-	-	(146,717)	(150,415)	(1,088,345)	276,605	(92,306)	-	-
Total all other governmental funds	\$ 10,321,603	\$ 10,247,443	\$ 9,233,959	\$ 8,639,215	\$ 8,766,826	\$ 10,327,163	\$ 9,447,497	\$ 9,645,217	\$ 9,650,397	\$ 11,549,645
Total governmental funds										
Reserved	\$ 4,406,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
General fund	8,022,458	-	-	-	-	-	-	-	-	-
Special revenue funds	1,996,542	-	-	-	-	-	-	-	-	-
Capital projects funds	4,454,096	-	-	-	-	-	-	-	-	-
Nonspendable	-	3,177,151	489,686	1,253,517	1,381,622	2,036,082	2,290,847	2,736,258	167,197	278,377
Restricted	-	2,938,969	5,480,693	2,953,196	2,908,949	2,829,671	2,815,706	2,562,152	2,588,167	2,840,076
Committed	-	2,839,528	1,817,278	43,775	1,672	2,537,161	705,958	2,024,224	3,007,307	4,990,655
Assigned	-	2,212,607	2,133,378	6,573,501	6,437,963	5,794,885	4,692,249	3,382,680	5,553,460	4,435,769
Unassigned	-	7,851,817	7,837,687	7,522,195	7,902,770	7,093,000	9,468,531	9,370,512	9,958,056	12,378,375
Total all other governmental funds	\$ 18,880,086	\$ 19,020,072	\$ 17,758,722	\$ 18,346,184	\$ 18,632,976	\$ 20,290,799	\$ 19,973,290	\$ 20,075,827	\$ 21,274,187	\$ 24,923,252

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.

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

Statistical Section

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Property taxes	\$ 26,460,939	\$ 26,910,889	\$ 24,077,697	\$ 25,227,703	\$ 25,365,054	\$ 27,209,882	\$ 28,463,400	\$ 28,882,713	\$ 29,674,582	\$ 32,047,754
Income and other taxes	5,046,021	3,292,667	3,822,731	3,687,610	4,802,799	4,934,979	5,014,126	5,349,140	4,918,303	5,562,409
Licenses and permits	1,579,442	1,554,465	1,723,790	1,545,344	1,524,702	2,259,693	1,910,357	1,922,814	2,157,177	2,144,825
Intergovernmental grant revenues	2,824,020	2,867,521	2,866,712	2,856,056	2,371,405	2,181,225	3,692,490	2,672,576	2,472,496	3,600,723
Program Income	214,394	178,801	187,926	194,232	141,952	224,855	51,859	50,888	145,915	196,959
Charges for services	2,927,691	2,937,027	3,196,544	3,326,693	2,984,147	2,959,862	2,957,509	2,998,972	3,333,800	3,787,489
Fines and forfeitures	114,522	73,634	384,137	1,654,158	1,333,317	1,548,400	1,426,168	1,151,264	1,163,093	949,862
Investment Earnings	103,060	72,526	86,688	37,872	13,880	10,695	38,498	62,960	130,598	387,646
Property Sales	167,543	46,547	128,768	121,266	34,546	22,119	32,306	44,401	39,898	282,254
Contributions and Donations	292,594	453,244	211,248	278,945	271,247	1,556,831	303,831	426,546	318,567	305,810
Unallocated general revenue	2,376,572	2,445,006	2,273,943	2,409,113	2,217,577	2,278,109	2,802,237	2,272,194	2,253,098	2,258,782
Total revenues	42,106,798	40,832,327	38,960,184	41,338,992	41,060,626	45,186,650	46,692,781	45,834,468	46,607,527	51,524,513
Expenditures:										
General government	6,025,123	6,161,681	5,613,325	5,482,651	5,841,183	6,235,937	6,140,214	6,104,766	5,910,549	5,988,744
Public safety	20,700,650	19,215,646	18,918,382	19,807,827	20,345,466	22,118,148	22,489,750	22,652,900	23,337,935	23,426,428
Street and alleys	2,979,064	2,592,544	2,441,836	2,392,855	2,627,391	2,564,690	2,516,304	2,451,010	2,586,683	3,057,832
Waste collection & disposal	2,023,156	2,035,308	2,637,018	1,936,153	1,950,525	1,972,012	2,001,190	2,022,219	2,294,415	2,562,818
Parks and recreation	2,353,748	2,134,694	2,180,967	2,157,094	2,312,665	2,415,204	2,552,328	2,503,353	2,536,793	2,610,018
Municipal buildings	-	-	-	-	-	-	-	-	-	-
Economic and Community Development	3,205,593	2,601,343	2,211,660	3,130,591	1,350,190	4,117,042	971,503	3,432,511	3,211,991	4,760,785
Capital Outlay	6,028,999	1,368,903	2,036,727	1,847,017	3,377,716	4,666,856	6,484,873	7,906,338	1,653,293	1,914,373
Debt Service										
Principal	1,457,502	1,748,522	1,824,467	1,435,931	1,281,598	1,267,682	1,446,786	1,504,498	1,726,847	1,863,362
Interest	579,294	650,015	636,814	595,093	550,187	517,287	577,660	537,853	638,740	634,902
Issuance costs	49,714	-	975	1,105	1,105	44,215	1,656	117,200	29,595	34,520
Unallocated general expenditures	1,709,517	1,244,043	1,393,474	1,442,024	1,663,614	2,036,099	1,758,432	1,724,013	3,017,256	4,227,598
Total expenditures	47,112,360	39,752,699	39,895,645	40,228,341	41,301,640	47,955,172	46,940,696	50,956,661	46,944,097	51,081,380
Excess of revenues over(under) expenditures	(5,005,562)	1,079,628	(935,461)	1,110,650	(241,014)	(2,768,522)	(247,915)	(5,122,193)	(336,570)	443,133
Other financing sources(uses):										
Transfers In	2,451,047	2,209,522	1,623,420	2,389,966	1,885,273	2,282,549	2,125,813	3,041,116	2,053,092	3,327,778
Transfers Out	(2,517,047)	(3,149,164)	(2,549,309)	(2,913,055)	(1,785,894)	(2,062,664)	(2,195,406)	(3,123,439)	(1,783,162)	(3,226,846)
Debt Issued	-	-	600,000	-	428,427	3,923,743	-	4,793,526	1,265,000	3,105,000
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Bond Financing Prior Proceeds Reprogram	8,481,044	-	-	-	-	-	-	314,538	-	-
Premium on Bond Financing	102,666	-	-	-	-	282,716	-	198,989	-	-
Proceeds of Long-term debt	-	-	-	-	-	-	-	-	-	-
Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Total other funding sources(uses)	8,517,710	(939,642)	(325,889)	(523,089)	527,806	4,426,344	(69,593)	5,224,730	1,534,930	3,205,932
Net changes in Fund Balance	\$ 3,512,148	\$ 139,986	\$ (1,261,350)	\$ 587,561	\$ 286,792	\$ 1,657,822	\$ (317,508)	\$ 102,537	\$ 1,198,360	\$ 3,649,065
Debt Service as a percentage of noncapital expenditures	5%	6%	7%	5%	5%	4%	5%	5%	5%	5%

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

Financial Trends | 113

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
2010	2,650,893	-	128,231	2,779,124	2.758	3,296,707	84.30%
2011	2,856,491	-	129,589	2,986,080	2.758	3,559,094	83.90%
2012	2,625,439	-	109,650	2,735,089	2.758	3,275,555	83.50%
2013	2,601,940	-	127,861	2,729,801	2.758	3,238,199	84.30%
2014	2,599,512	-	150,650	2,750,162	2.758	3,224,106	85.30%
2015	2,468,251	-	108,380	2,576,631	3.143	2,698,043	95.50%
2016	2,521,123	-	135,120	2,656,243	3.196	2,702,180	98.30%
2017	2,521,811	-	133,737	2,655,548	3.196	2,704,224	98.20%
2018	2,538,466	-	133,670	2,672,136	3.294	2,640,451	101.20%
2019	2,334,413	239,447	138,720	2,712,579	3.507	2,525,679	107.40%

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**

Statistical Section

Fiscal Year Ended	City				County			Overlapping Rates			Total Overlapping Rates	Total Direct & Overlapping Rates
	Real Property	Apartment Real Property	Business & Personal Property	Total Direct Property Tax Rate	Real Property	Business & Personal Property	Total County Property Tax Rate	State				
								Real Property	Business & Personal Property	Total State Property Tax Rate		
2010	0.788	0.000	1.970	2.758	0.948	2.370	3.318	0.112	0.000	0.112	3.430	6.188
2011	0.788	0.000	1.970	2.758	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.063
2012	0.788	0.000	1.970	2.758	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.063
2013	0.788	0.000	1.970	2.758	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.063
2014	0.788	0.000	1.970	2.758	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.063
2015	0.898	0.000	2.245	3.143	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.448
2016	0.913	0.000	2.283	3.196	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.501
2017	0.913	0.000	2.283	3.196	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.501
2018	0.941	0.000	2.353	3.294	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.599
2019	1.002	1.032	2.505	3.507	0.823	2.370	3.193	0.112	0.000	0.112	3.305	6.812

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

Revenue Capacity | 115

City of Hagerstown, Maryland
Principal Property Taxpayers (Includes Real Estate Property Taxes)
June 30, 2019

Statistical Section

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Washington REIT Centre at Hagerstown	\$ 56,375,700	1	2.41%			
Lowes Home Centers, Inc.	29,824,200	2	1.28%	\$ 35,524,032	2	1.28%
RPAI Hagerstown LLC	22,641,567	3	0.97%			
Tractor Supply Company	22,059,500	4	0.94%			
Stone House Maryland LLC (Oekos Stone House)	21,282,567	5	0.91%			
Bowman Railway LLC	20,839,300	6	0.89%			
Walmart Real Estate Business Trust	19,852,800	7	0.85%	21,372,400	4	0.77%
Hagerstown Plaza LLC	15,132,600	8	0.65%	13,976,600	8	0.50%
Washington County Centre at Antietam	14,656,800	9	0.63%			
FB Hagerstown LLC	14,213,500	10	0.61%			
Washington Real Estate				37,233,266	1	1.34%
Verizon-Maryland				24,552,600	3	0.89%
Cortpark II LLC				18,984,000	5	0.68%
I-81 Hollyhook LLC				16,969,366	6	0.61%
OEKOS Stone House LLC				15,825,700	7	0.57%
York Pinewood Apartments LP				13,684,966	9	0.49%
Sams Real Estate Business Trust				13,347,466	10	0.48%
Totals	\$ 236,878,534		10.12%	\$ 211,470,396		7.62%

Source: City of Hagerstown Support Services Manager

Revenue Capacity | 116

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	21,455,120	21,146,616	98.6%	225,861	21,372,477	99.61%
2011	25,120,987	22,207,475	88.4%	161,528	22,369,003	89.05%
2012	20,360,091	19,450,394	95.5%	253,842	19,704,236	96.78%
2013	20,107,789	19,764,852	98.3%	307,390	20,072,242	99.82%
2014	20,260,778	20,024,757	98.8%	145,123	20,169,880	99.55%
2015	22,065,699	21,862,523	99.1%	130,886	21,993,409	99.67%
2016	23,041,528	22,887,668	99.3%	141,597	23,029,265	99.95%
2017	23,342,489	23,130,460	99.1%	108,687	23,239,147	99.56%
2018	24,296,476	23,841,947	98.1%	55,959	23,897,906	98.36%
2019	26,401,431	25,950,722	98.3%	27,085	25,977,807	98.40%

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	Total		
2010	1,325,267,460	39,996	20,457,426	41,856,725	62,314,151	4.70%	1,558
2011	1,314,200,370	39,662	18,695,138	45,060,595	63,755,733	4.85%	1,607
2012	1,335,141,906	39,662	17,459,565	48,904,318	66,363,883	4.97%	1,673
2013	1,435,605,752	39,662	16,013,064	46,872,333	62,885,397	4.38%	1,586
2014	1,435,605,752	39,662	15,168,166	51,139,325	66,307,491	4.62%	1,672
2015	1,459,723,696	40,364	18,093,422	57,309,510	75,402,932	5.17%	1,868
2016	1,543,127,712	40,432	16,621,899	54,317,860	70,939,759	4.60%	1,755
2017	1,617,311,412	40,452	20,398,889	53,355,638	73,754,527	4.56%	1,823
2018	1,649,885,804	40,306	19,902,356	49,867,569	69,769,925	4.23%	1,731
2019	1,727,568,645	40,205	21,109,308	46,940,798	68,050,106	3.94%	1,693

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	Per Capita
2010	2,779,124	39,996	62,314,151	2.24%	1,558
2011	2,986,080	39,662	63,755,733	2.14%	1,607
2012	2,735,089	39,662	66,363,883	2.43%	1,673
2013	2,729,801	39,662	62,885,397	2.30%	1,586
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

Fiscal Year	Total Taxable Assessed Value of Property (In Thousands)	Population	General Obligation Governmental Bonds	Percentage of Total Taxable Value of Property	Per Capita
2010	2,779,124	39,996	20,457,426	0.74%	511
2011	2,986,080	39,662	18,695,138	0.63%	471
2012	2,735,089	39,662	17,459,565	0.64%	440
2013	2,729,801	39,662	16,013,064	0.59%	404
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

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, 2018

<u>City of Hagerstown</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 145,974,503	21.00%	<u>\$ 30,654,646</u>
Subtotal, overlapping debt			
City of Hagerstown Direct Governmental Fund Debt			<u>21,109,308</u>
Total Direct and Overlapping Debt			<u><u>\$ 51,763,953.63</u></u>

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

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

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

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

Statistical Section

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 277,404,374	\$ 292,814,798	\$ 267,405,166	\$ 263,821,300	\$ 264,795,100	\$ 250,651,500	\$ 265,624,272	\$ 265,554,800	267,213,623	271,257,929
Total net debt applicable to limit	62,314,151	63,755,731	66,363,883	62,885,397	66,307,491	75,402,932	70,939,759	73,754,527	69,769,925	68,050,106
Legal debt margin	<u>\$ 215,090,223</u>	<u>\$ 229,059,067</u>	<u>\$ 201,041,283</u>	<u>\$ 200,935,903</u>	<u>\$ 198,487,609</u>	<u>\$ 175,248,568</u>	<u>\$ 194,684,513</u>	<u>\$ 191,800,273</u>	<u>\$ 197,443,698</u>	<u>\$ 203,207,823</u>
Total net debt applicable to the limit as a percentage of debt limit	22.46%	21.77%	24.82%	23.84%	25.04%	30.08%	26.71%	27.77%	26.11%	25.09%

Legal Debt Margin Calculation for Fiscal Year 2019

Total assessed value	2,712,579,290
Debt limit (10% of total assessed value)	271,257,929
Debt applicable to limit:	
General obligation bonds	68,050,106
Legal debt margin	<u>\$ 203,207,823</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**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>MSA Per Capita Personal Income</u>	<u>MSA Unemployment Rate</u>
2010	39,996	1,325,267,460	33,135	9.4
2011	39,662	1,314,200,370	33,135	9.7
2012	39,662	1,335,141,906	33,663	8.5
2013	39,662	1,435,605,752	36,196	7.5
2014	39,662	1,435,605,752	36,196	6.6
2015	40,364	1,459,723,696	36,164	7.5
2016	40,432	1,543,127,712	38,166	6.7
2017	40,452	1,617,311,412	39,981	5.4
2018	40,306	1,649,885,804	40,934	5.6
2019	40,205	1,727,568,645	42,969	5.3

Data Source:

Population Data provided by the United States Census Bureau

Per Capita Personal Income provided by Bureau of Economic Analysis - U.S. Dept. of Commerce

Unemployment Rate provided by the Department of Numbers prior to 2015

From FY17 on Unemployment Rate Provided by Bureau of Labor Statistics/ MD Office of Workforce Information and Performance

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

Statistical Section

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washington County Public Schools	3,100	1	4.72%	2,921	2	4.64%
Meritus Health, Inc. (Washington County Health System, Inc.)	2,740	2	4.17%	3,053	1	4.85%
Citicorp Credit Services, Inc	2,300	3	3.50%	2,244	4	3.56%
First Data Merchant Services	2,185	4	3.33%	2,059	5	3.27%
State of Maryland	1,994	5	3.03%	2,592	3	4.12%
Washington County Government	1,352	6	2.06%	1,259	6	2.00%
Volvo Powertrain NA (Mack Trucks, Inc.)	1,300	7	1.98%	1,115	7	1.77%
FedEx Ground	900	8	1.37%	700	8	1.11%
The Bowman Group, LLC	745	9	1.13%			
Hagerstown Community College	545	10	0.83%	620	10	0.98%
Federal Government				642	9	1.02%
Total	17,161		26.12%	17,205		27.32%

Source: Principal Employers for Washington County MD provided by Maryland Department of Commerce
Total County employment for 2019 was 65,708 and 2010 was 62,975, supplied by Bureau of Labor Statistics.

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**City of Hagerstown, Maryland
Principal Electric Fund Customers
June 30, 2019**

Statistical Section

Customer	2019				2010			
	KwH	Amount Billed	Rank	Percentage of Total Electric Fund Billing	KwH	Amount Billed	Rank	Percentage of Total Electric Fund Billing
Conagra Foods (Pinnacle Foods Group LLC)	9,420,180	\$ 687,744	1	2.76%				
City of Hagerstown - Wastewater Plant	9,966,600	644,300	2	2.59%	10,307,524	\$ 807,547	5	2.52%
City of Hagerstown - Public Works	7,219,706	617,034	3	2.48%	8,440,724	829,290	4	2.59%
Mari Holdings MD LLC	7,440,000	578,932	4	2.33%				
CM Offray, Inc	3,550,820	280,364	5	1.13%	3,862,820	358,351	7	1.12%
Board of Education/Marshall Street	3,179,360	256,553	6	1.03%				
C.E Stevens Inc.	3,563,040	240,267	7	0.97%				
Verizon #27787	3,467,964	235,224	8	0.95%	3,057,703	260,108	9	0.81%
Western Maryland St. Hospital	3,171,827	212,484	9	0.85%	3,095,198	251,316	10	0.79%
Board of Education/North High	2,624,642	205,947	10	0.83%				
Shenandoah Family Farm (Formerly Good Humor)					27,988,800	2,238,101	1	6.99%
Washington County Hospital					18,120,760	1,465,785	2	4.58%
Hagerstown Housing Authority					5,416,371	483,789	6	1.51%
Washington County Commissioners					4,038,222	363,402	8	1.14%
Board of Education (Consolidated in FY08)					10,642,055	1,019,134	3	3.18%
Totals	53,604,139	\$ 3,958,849		15.89%	94,970,177	\$ 8,076,823		25.24%

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

Demographic and Economic Information | 124

**City of Hagerstown, Maryland
Principal Water Fund Customers
June 30, 2019**

Statistical Section

Customer	2019				2010			
	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing
Hagerstown Prison Complex(MCI)	355,230,100	\$ 1,260,966	1	11.46%	451,429,300	\$ 1,179,265	1	17.96%
Town of Smithsburg	87,663,200	260,391	2	2.37%	83,178,800	182,476	2	2.78%
Town of Williamsport	70,228,800	212,919	3	1.93%	63,852,200	140,172	3	2.13%
Volvo Powertrain NA (Mack Trucks, Inc.)	42,144,500	159,613	4	1.45%	27,101,500	70,820	5	1.08%
Meritus Medical Center (Washington County Hospital)	34,871,400	130,272	5	1.18%				
Town of Funkstown	33,247,000	105,358	6	0.96%	33,044,000	72,460	4	1.10%
Lakeside Park	25,053,500	95,447	7	0.87%				
PR Valley Limited Partnership	21,034,200	92,414	8	0.84%				
Oak Ridge Apartments	19,409,700	79,243	9	0.72%	18,750,700	50,775	9	0.77%
Maryland Paper	20,039,100	74,437	10	0.68%	20,299,000	53,182	7	0.81%
Washington County Detention Center					22,454,000	58,742	6	0.89%
Good Humor Breyers, Inc.					45,287,000	52,465	8	0.80%
CitiCorp Credit Services					16,336,500	43,040	10	0.66%
Totals	708,921,500	\$ 2,471,060		22.45%	781,733,000	\$ 1,903,397		28.98%

Source: City of Hagerstown Billing Department.

Demographic and Economic Information | 125

City of Hagerstown, Maryland
Principal Wastewater Fund Customers
June 30, 2019

Statistical Section

Customer	2019				2010			
	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing
Volvo Powertrain NA (Mack Trucks, Inc.)	35,033,600	\$ 343,343	1	2.64%	14,397,000	\$ 102,658	5	1.34%
Meritus Medical Center (Washington County Hospital)	33,994,626	324,907	2	2.49%	28,774,300	120,478	3	1.57%
Conagra Foods (Pinnacle Foods Group, LLC)	29,078,500	164,911	3	1.27%				
Cortpark LLC	27,930,300	155,872	4	1.20%				
Washington County Detention Center	16,078,500	155,577	5	1.19%	22,454,000	159,976	2	2.09%
CM Offray (MD Ribbon)	21,304,700	120,964	6	0.93%	20,228,500	80,422	8	1.05%
Brookhaven (Brandywine/Youngstown)	8,928,900	97,223	7	0.75%	11,362,600	81,094	6	1.06%
Hagerstown Housing Authority/Noland Village	16,038,300	89,113	8	0.68%	26,685,800	106,136	4	1.39%
Homes for Hagerstown LLC (Realty Investment Co)	12,751,100	77,256	9	0.59%	18,988,100	75,552	9	0.99%
Robinwood Medical Center	7,275,500	74,501	10	0.57%				
Good Humor Breyers, Inc.					45,287,000	180,355	1	2.35%
Board of Education					18,392,400	73,877	10	0.96%
Hagerstown Community College					11,303,000	80,556	7	1.05%
Totals	208,414,026	\$ 1,603,667		12.31%	217,872,700	\$ 1,061,104		13.85%

Source: City of Hagerstown Billing Department.

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

Function	Full-time Equivalent Employees as of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Administrator	1.67	1.67	1.67	1.67	1.66	1.66	1.66	1.66	1.66	1.66
City Clerk	1.50	1.50	1.33	1.33	1.34	1.34	1.34	1.34	1.34	1.34
Community & Economic Development (3)(7)	1.33	23.00	23.50	23.85	23.80	28.80	28.84	6.75	6.75	6.75
Public Information (3)	3.50	-	-	-	-	-	-	-	-	-
Subtotal Administration	8.00	26.17	26.50	26.85	26.80	31.80	31.84	9.75	9.75	9.75
Accounting (2)	6.50	8.75	8.75	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Treasurer (2)	4.00	-	-	-	-	-	-	-	-	-
Information Technology, Communications & Support Services (4)	6.00	12.00	12.00	12.00	12.00	12.00	12.00	14.10	14.10	14.10
Billing/Customer Service (4)	4.00	-	-	-	-	-	-	-	-	-
Purchasing (2)	2.50	-	-	-	-	-	-	-	-	-
Human Resources	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00
Planning & Code Administration (3)(7)	6.00	-	-	-	-	-	-	20.00	20.00	20.00
Engineering (1)	14.00	29.00	29.66	29.72	29.63	29.63	30.64	30.65	30.92	30.92
Code Compliance (3)	15.00	-	-	-	-	-	-	-	-	-
Police Sworn	109.00	105.00	105.00	108.00	107.00	107.00	108.00	112.00	112.00	112.00
Police Administration/Civilian	13.00	13.00	13.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Fire	83.60	83.00	83.00	83.00	83.00	83.00	83.00	83.00	83.00	83.00
Public Works	34.00	34.00	32.90	32.90	32.90	32.90	32.50	32.90	32.90	32.90
Parks & Recreation (1)	20.00	-	-	-	-	-	-	-	-	-
Total General Fund	329.60	314.92	314.81	319.97	318.83	323.83	326.48	330.90	331.17	331.17
Electric	40.00	40.00	40.18	40.18	35.55	35.55	35.55	35.55	35.55	35.55
Water	56.00	54.25	55.49	55.02	55.02	55.02	54.52	54.52	54.52	54.02
Wastewater	48.00	48.00	47.40	47.76	47.76	47.76	48.26	48.26	48.26	48.76
Golf Course	3.00	3.00	2.52	2.37	2.53	2.53	2.52	2.52	2.25	2.25
Parking	2.00	2.40	2.20	2.20	2.20	2.20	2.40	2.20	2.20	2.20
Property Management (6)	-	-	0.90	0.90	0.90	0.90	1.10	0.90	0.90	0.90
Community Development Block Grant	6.40	3.43	2.50	2.20	2.21	2.21	2.01	2.00	2.00	2.00
Business Revolving Loan Fund	-	-	-	-	-	-	0.16	0.15	0.15	0.15
Telework Center (5)	1.00	-	-	-	-	-	-	-	-	-
Approved City Staffing Levels	486.00	466.00	466.00	470.60	465.00	470.00	473.00	477.00	477.00	477.00
General Operations	131.40	112.75	117.21	117.07	116.94	121.94	123.75	123.05	123.32	123.32
Public Safety	205.60	205.60	201.00	206.00	205.00	205.00	206.00	210.00	210.00	210.00
Business-type Activities	149.00	147.65	147.79	147.53	143.06	143.06	143.25	143.95	143.68	143.68

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

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

Statistical Section

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire Department										
Responses to Fire alarms	2,275	2,428	2,573	2,587	2,978	3,236	3,623	3,575	3,774	3,801
Average response time (in minutes)	4:31	4:17	4:06	3:06	4:38	4:14	4:14	4:29	4:15	4:26
False alarms (included in above number)	27	18	30	25	30	32	30	51	62	66
Public fire education programs	655	927	1,452	825	1,288	1,302	1,029	1,131	1,187	1,222
Persons in attendance at public education programs	14,875	10,558	9,619	5,880	9,629	9,810	8,572	9,429	9,617	9,905
Police Department										
Parking ticket violations issued	11,660	8,117	7,030	8,838	8,427	8,684	7,985	8,587	11,985	11,314
Net parking fines	\$ 172,865	\$ 125,161	\$ 91,860	\$ 113,540	\$ 107,135	\$ 118,225	\$ 118,163	\$ 127,708	\$ 183,458	\$ 164,966
Calls for service	51,625	54,555	63,697	60,764	61,329	61,250	54,762	55,519	61,944	55,224
Alarm calls (included in above number)	1,563	1,048	696	496	470	564	484	402	560	524
Parks and Recreation										
Claude M Potterfield Pool										
Total attendance at swimming pool	23,764	23,611	23,223	17,945	15,998	16,195	21,876	25,776	21,631	23,212
Average daily attendance at pool	321	353	332	285	222	176	264	293	254	273
The Greens at Hamilton Run										
Total attendance at golf course	10,191	10,804	10,946	9,998	10,026	11,736	10,759	10,006	11,133	12,835
Average daily attendance at golf course	39	39	43	37	41	48	55	53	43	45
Electric Department										
Number of active accounts	16,821	16,921	16,876	16,863	16,900	16,866	16,936	17,085	17,093	17,161
Number of meters (in use)	17,898	17,942	17,825	17,876	17,375	17,556	17,691	17,512	17,504	17,674
Kilowatt hours purchased	350,706,567	354,751,891	322,917,151	314,865,535	318,885,469	310,397,995	297,411,446	304,938,150	317,991,751	325,714,174
Kilowatt hours sold	337,724,526	343,746,297	312,875,929	304,005,581	307,256,238	306,698,130	287,368,823	297,368,988	311,618,237	317,822,554
System peak demand-kilowatts	67,389	71,024	68,180	66,100	68,144	67,655	60,680	60,850	67,464	69,608
Water Department										
Number of active accounts-City	12,996	13,028	13,044	13,088	13,082	13,112	13,215	13,324	13,369	13,422
Number of active accounts-County	15,288	15,319	15,343	15,430	15,387	15,632	15,778	15,967	16,100	16,288
Total number of active accounts	28,284	28,347	28,387	28,518	28,469	28,744	28,993	29,291	29,469	29,710
Daily average productions in million gallons										
R.C. Willson Plant (365 days)	11.346	11.854	11.637	11.559	11.423	11.317	11.7	11.000	10.010	10.250
Wm. M. Breichner Plant (365 days)	-	0.01	-	-	-	-	-	-	-	-
Greatest consumption for a single day	13.530	14.000	13.680	13.65	14.3	14.12	14.54	12.850	12.040	12.210
Plant pumping capacity per day	20	20	20	20	20	20	20	20	20	20
Average daily metered consumption	8.233	8.698	8.244	7.729	8.129	8.244	8.160	7.980	7.680	7.706
Wastewater Department										
Number of active accounts-City	12,745	12,778	12,779	12,795	12,764	12,853	12,930	13,060	13,107	1,357
Number of active accounts-County	2,916	2,922	2,903	2,902	2,889	2,912	2,934	2,976	2,987	3,032
Number of active accounts-District (JSA)	3,434	3,437	3,449	3,476	3,516	3,577	3,633	3,670	3,729	3,765
Number of active accounts-Total	19,095	19,137	19,131	19,173	19,169	19,342	19,497	19,706	19,823	19,954
Daily average of sewage treated (million gallons)(including inflow and infiltration)	7.170	7.430	7.29	6.55	7.08	6.94	7.02	6.700	0.300	10.600
Daily average plant capacity (rated optimum efficiency)(million gallons)	8.000	10.500	10.500	10.500	10.500	8.000	8.000	8.000	8.000	8.000

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

Statistical Section

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Parking Facilities Department										
Parking Deck:										
Number of Parking Spaces	629	625	625	625	625	625	625	625	625	625
Number of Permit Parkers	868	996	638	485	485	729	693	605	570	596
Operating Revenue:										
Meter Fees	\$ 226,740	\$ 186,781	\$ 186,368	\$ 182,763	\$ 187,460	\$ 189,227	\$ 180,153	\$ 170,999	\$ 166,717	\$ 167,100
Permit Fees	\$ 183,619	\$ 144,237	\$ 161,600	\$ 179,250	\$ 198,800	\$ 181,425	\$ 157,777	\$ 19,731	\$ 191,471	\$ 213,612
Deck	\$ 311,211	\$ 361,707	\$ 378,655	\$ 421,341	\$ 400,545	\$ 426,571	\$ 500,368	\$ 528,540	\$ 439,464	\$ 485,666
Sanitation										
Number of Waste Collection and Disposal Accounts										
Residential	14,364	14,304	14,326	14,341	14,278	14,324	14,412	14,364	14,586	14,666
Commercial (Trash only)	-	-	25	38	53	60	68	-	-	24
Special Revenue Funds										
Number outstanding loans:										
Community Development Block Grant										
Single family	5	6	6	4	4	4	2	5	7	13
Residential Rental	9	8	6	6	6	12	9	9	9	8
Commercial	2	2	2	2	2	2	2	2	2	1
Deferred	37	36	37	36	35	36	35	37	35	36
Public facilities and improvements	4	4	4	4	4	4	3	4	4	2
Homeownership	5	4	4	4	4	5	5	5	6	4
Direct Homeownership	10	9	7	7	7	6	5	10	9	5
Business Revolving Loans	12	10	10	12	12	16	18	12	10	16
Total	84	79	76	75	74	85	79	84	82	85
Outstanding loan balances:										
Community Development Block Grant										
Single family	35,592	40,964	31,573	20,335	11,896	6,695	2,951	35,592	44,427	155,380
Residential Rental	656,671	623,803	596,347	716,986	696,938	813,401	795,402	656,671	688,176	871,961
Commercial	234,099	207,740	186,434	167,887	145,980	21,564	106,983	234,099	261,116	19,464
Deferred	797,529	788,302	789,367	783,641	758,431	804,257	839,607	797,529	863,392	893,032
Public facilities and improvements	671,463	627,758	585,653	548,366	584,687	546,291	324,546	671,463	715,276	267,712
Homeownership	217,964	137,620	125,424	117,211	109,331	101,600	93,023	217,964	266,411	73,399
Business Revolving Loans	830,909	569,807	654,480	732,901	773,247	903,163	1,202,994	830,909	686,774	1,107,384
Total	\$ 3,444,227	\$ 2,995,994	\$ 2,969,278	\$ 3,087,327	\$ 3,080,510	\$ 3,196,971	\$ 3,365,506	\$ 3,444,227	\$ 3,525,572	\$ 3,388,332
Program income (interest and loan repayments)										
Community Development Block Grant										
Single family	8,879	8,296	11,404	12,748	9,447	5,763	4,040	8,879	99,941	10,924
Residential Rental	57,651	62,950	56,975	47,244	46,853	149,291	32,477	57,651	58,745	75,132
Commercial	33,280	30,748	25,173	21,564	25,001	21,564	21,564	33,280	23,892	21,563
Deferred	2,561	18,951	-	20	20,550	3,544	-	2,561	2,301	1,549
Public facilities and improvements	69,578	67,292	63,989	57,383	55,438	55,991	235,477	69,578	68,309	20,474
Homeownership*	66,183	85,768	15,910	110,599	10,865	8,623	10,363	66,183	22,805	11,201
Business Revolving Loans	85,714	107,381	112,732	55,780	73,135	73,657	73,273	85,714	175,432	257,876
Total	\$ 323,846	\$ 381,386	\$ 286,183	\$ 305,338	\$ 241,289	\$ 318,433	\$ 377,194	\$ 323,846	\$ 451,425	\$ 398,719

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

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

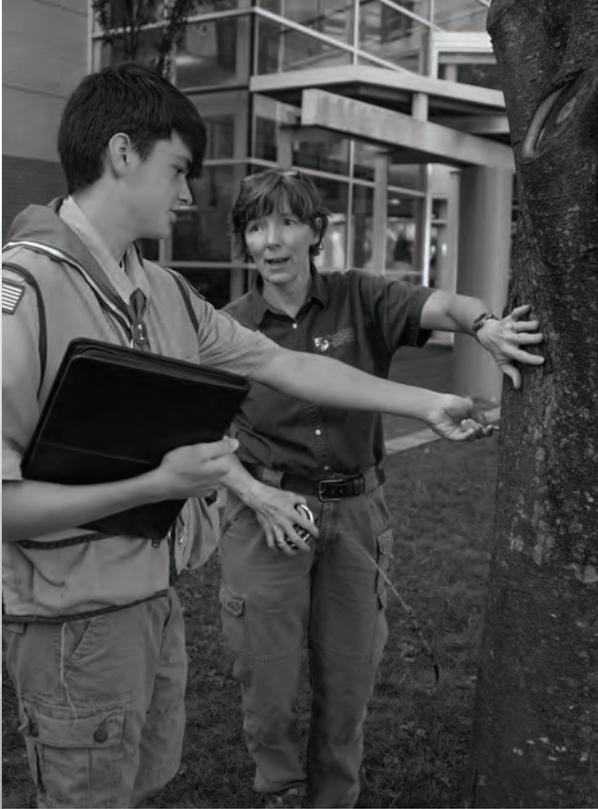
Statistical Section

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire Department										
Number of stations (4 volunteer,1 City owned)	6	6	6	6	6	6	6	6	5	5
Police Department										
Number of Stations and Substations	3	3	3	3	3	3	3	3	3	3
Public Works Department										
Miles of paved streets and alleys	145.6	145.6	151.0	151.75	151.88	152.10	153.90	154.39	154.39	154.62
Number of signalized intersections	133	129	132	132	131	132	133	136	136	136
Parks and Recreation										
Parks and Playgrounds (302.161 acres)	15	15	15	18	19	19	20	21	22	22
Outdoor swimming pools	1	1	1	1	1	1	1	1	1	1
Number of Municipal golf courses	1	1	1	1	1	1	1	1	1	1
Ice Hockey Rinks	1	1	1	1	1	1	1	1	1	1
Municipal Stadium	1	1	1	1	1	1	1	1	1	1
Museums	2	2	2	2	2	2	2	2	2	2
Electric Department										
Number of substations - 34.5KV to 13.8KV	7	7	7	7	7	7	7	7	7	7
Water Department										
Miles of water mains (estimate)	425	425	425	425	425	425	430	430	430	430
Fire hydrants										
City	808	814	814	814	825	814	824	824	831	825
County	1,291	1,297	1,297	1,318	1,337	1,318	1,354	1,361	1,372	1,387
Wastewater Department										
Number of City owned pumping stations	26	23	27	25	25	25	23	23	23	23
Miles of collection system-City owned	153	153	156	156	157	156	157	157	157	157
Parking Facilities Department										
Number of Lots	7	7	7	7	7	7	7	8	7	7
Number of Parking Spaces (Metered or Rented)										
Lots	678	678	709	701	701	701	701	716	716	699
Streets	519	519	363	374	372	372	372	376	376	333
Number of Parking Decks	2	2	2	2	2	2	2	2	2	2

Source: Corresponding City Department.

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Hagerstown Gives Back



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