



Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2024



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City of Hagerstown



Annual Comprehensive Financial Report Fiscal Year 2024

July 1, 2023 - June 30, 2024

Prepared by:

Finance and Accounting

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City Council



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City of Hagerstown
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

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INTRODUCTORY SECTION



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October 31, 2024

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

State law requires that general purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that schedule, and in accordance with Article VII, Section 722 of the City's Charter, we hereby issue the annual comprehensive financial report (Annual Report) for the City of Hagerstown, for the year ended June 30, 2024.

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, 2024, 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, 2024 are fairly presented in conformity with GAAP. The independent public accountant's report is presented as the first component of the Financial Section of this Annual Report.

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

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

Profile of the Government

The City of Hagerstown (The City), founded in 1762 and incorporated in 1813, is the county seat of Washington County, Maryland. The City is located approximately 70 miles northwest of Washington D.C., about 72 miles west of Baltimore, Maryland, and 65 miles southwest of Harrisburg, Pennsylvania. The City currently occupies a land area of 12.75 square miles and serves a population of 43,701 per the latest update from the Maryland State Archives Census Bureau. The City is empowered to levy a property tax on real properties and business personal property within its boundaries and to charge user fees for services it provides.

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

The City Administrator serves as the Chief Administrative Officer of the City, responsible to the Mayor and Council for the administration of all City affairs, including financial affairs. The Chief Financial Officer of the City has been delegated the task

of supervising and directing the proper accounting of all revenues and expenditures, the preparation of the annual operating budget and financial reports, and the management oversight for utility and tax billing and customer service.

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 100 through 102 as part of the basic financial statements for the governmental funds. For governmental funds other than the General Fund, with appropriated annual budgets, this comparison is presented on pages 103 through 112.

Factors Affecting Financial Condition

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

National economy and COVID pandemic. There continues to be financial impacts of the Coronavirus (COVID) pandemic to organizations across the nation. The City of Hagerstown has not been immune and the largest financially in FY23/24 is the continued increasing demands of payroll and employees which require greater flexibility in the workplace and starting salary requirements that are difficult to achieve. The current trend of an employee driven market is making recruitment and retention for all positions across the City more difficult than historical experience. The demand for staff continues to be higher than those available and seeking employment which has necessitated salary increases for FY23/24 at levels higher than normal. Another result of the current job market is the length of time to fill some vital positions is greatly increasing which can lead to longer delays in some services. Some of the struggles in the workforce are reflected in the local economic statistics captured below. Despite these trends and through continued commitment to its fiscal management practices, the City has maintained operations of all existing services to the community.

To date, the City's position can be attributed to good fiscal policies, strict adherence to purchasing guidelines, revenue receipt cycle, maintaining staffing for vital local government services, and federal grant assistance from American Rescue Plan Act of 2021 (ARPA) grant funding. The City received a total of \$20.4M in ARPA funding. As of October 22, 2024, approximately \$13.3M was spent; \$19.6M obligated and encumbered; and the remaining \$0.8M allocated or planned for certain programs or projects. In total, \$6.6M of all the funding is being utilized under the IRS guidelines of revenue replacement items. The City had a special grant committee that worked in conjunction with Mayor and Council to determine the initial spend plan and has recurring update meetings. During the end of FY22/23, Mayor and Council approved a non-profit program that provides \$961K to nineteen various non-profit organizations' programs that are funded from this program initiative with \$421K spent through September 30. Finally, the city's overall financial position should not be significantly impacted when all this federal funding is spent and gone as the city has not relied on this funding to cover items that are normal recurring operations, seeking other funding sources to continue projects, and continuing to move forward with annexations.

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

Local economy. There is a diverse employer base in Washington County that includes companies from the manufacturing, warehouse distribution, transportation, service, retail, and finance industries as well as local and state government. Despite the employer base, Western Maryland continues to rebound from economic situations at a slower rate than the state but are still moving in a positive direction. The unemployment rate for Hagerstown increased from 2.1% in June 2023 to 3.9% in June 2024; and, the most recent figure for August 2024 increased to 4.3% down from a high of 14.1% in April 2020. The state of Maryland unemployment rate in June 2024 was 2.8%, and Washington County overall was 3.3%. Conversely the average employment for Washington County in June 2024 reflected a slight increase to 70,484 compared to the June 2023 average of 69,739 which still has not achieved the same level as pre-COVID employment average of 73,077 in June 2019.

The Hagerstown metropolitan per capita income for June 2024 (\$52,426) increased compared to June 2023 (\$51,102) which represents a 2.6% increase.

FY23/24 was the first year of the City's triennial assessment period. The City's assessable tax base reflected growth and the elimination of a separate real property tax rate tier for Apartments. The tax rate for all real estate remains at \$1.002 per \$100 of assessed values. The growth in assessed values related to new development, new annexed parcels, and overall growth in market values from the triennial reassessment cycle resulted in an increase in total property tax revenue of \$2.3 million over FY22/23 revenue dollars. Property tax revenue comprised approximately 63% of the City's total general fund revenue sources in FY23/24.

Three key factors in helping to continue to boost the City's finances are annexations, current housing market trends, and economic growth. The City's pro-active approach on annexations from 2022-2024 have included twelve areas with combined estimated assess values of \$149M. The largest include speculative warehouse centers that will encompass 2.1 million square feet and border other contiguous properties with pre-annexation agreements; and completed annexation of a 116-acre farm with residential zoning. Over the same time period, there are a variety of commercial and industrial redevelopment efforts underway with a current estimated value of \$335.3 million in investment. Construction has just completed on a 1.95 million square feet warehouse on Edgewood Drive that had \$130M in investments alone. Separately, there is a new multi-use sports and events center stadium constructed in the downtown area by private organizations with funding support by the State of Maryland that totaled another \$70M not included in the total reflected above.

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

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

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

Additionally, the Mayor and Council conducted a Community Survey to seek input to help draft an updated Strategic Plan including revised Mission and Vision Statements. The Mayor and Council's Strategic Plan reflects goals and priorities for calendar 2021-2024. This plan provides a structure for the City's leaders to document important initiatives and projects to encompass key feedback received from the Community Survey. The Mayor and Council goals and priorities are broken down into the following main categories: Neighborhoods Revitalization & Sustainability; Public Safety; Public Facilities and Infrastructure; Economic Development; Citizen-Based Government; Fiscal Accountability; Parks & Recreation for Active/Healthy Living; Innovative/Progressive Government; Community Promotion/Pride; Economic Development through Sports and Tourism; and Miscellaneous Projects, Goals and Legislative Priorities. Further details on the existing goals and priorities are located on the City's website (www.hagerstownmd.org) under Mayor & City Council and under the Finance Department in the FY24/25 Approved budget.

Through a mix of financial management policies, land use, and forecasting, the City will ensure stability by maximizing its current use of resources. The success of these initiatives and strong fiscal management is reflected in the City's credit rating from both Moody's and Standard and Poor's rating agencies. The City's ratings were reaffirmed in FY24/25 and by Standard and Poor's with a rating of AA and in July 2024 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 FY23/24 unassigned fund balance for the General Fund was \$22.8 million or 45.5% of total General Fund expenditures (excluding the transfers to other funds). This represents 5.5 months of General Fund operating expenditures.

Major Projects and Initiatives. The Mayor and Council continue to prioritize initiatives with the desire to strengthen the City and its City Center core. The Mayor and Council have endorsed the Community's City Center Plan and the plan's goals. The City continues to work with private and public entities on funding of these projects and initiatives. Specific details including status reports for the Community City Center Plan are located on the City's website (www.hagerstownmd.org). In addition, a major project initiative that started in FY21/22 is for an indoor sports complex to be located at the site of a prior minor league baseball stadium. The prior stadium was demolished, design and planning phases have been completed, and construction is in progress. The proposed Hagerstown Field House will be a 114,000 square foot indoor recreation facility that includes two

turf fields, six hard courts, E-sports area, fitness area, restaurant, kids' zone and other space to support operations. The facility will serve the youth and young adults of our community with a secondary benefit of sports tourism, especially on weekends. Through an extensive proposal process, the City selected and contracted with *Eastern Sports Management (ESM)* to be our private sector partner and to facilitate design, construction and operations. *ESM* operates several similar or larger facilities on the east coast and is developing other facilities in partnership with other cities. Extensive interviews with dozens of existing local sports and recreation stakeholders and user groups were conducted as part of the initial demographic analysis. During FY23/24, a twenty-year lease agreement with *ESM* has been executed and the construction of the facility is significantly underway. The facility is anticipated to be completed by January 2025.

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

Neighborhood and Commercial Redevelopment. The Department of Community and Economic Development offers a variety of incentive programs to encourage residential and commercial redevelopment. The Partners in Economic Progress (PEP) Program, Business Revolving Loan Program, and Invest Hagerstown Incentive Program support business growth and expansion. Residential homeownership programs and home repair programs assist in revitalizing residential buildings and neighborhoods. The Invest Hagerstown program offered five (5) different types of incentives: City Center Redevelopment Grant Program; City-Wide Redevelopment Grant Program; City-Wide down Payment and Rehabilitation Grant Program; Façade Grant; and Rental Property Rehabilitation Grant Program. In FY23/24, the City reserved a total of \$928K to be utilized for the Invest Hagerstown program incentives. Additionally, there was a total of up to \$184K in ARPA funding toward a Retail/Restaurant Ready program initiative.

The City has a long history of creating and maintaining an impressive public park system. In February 2023, the City Council authorized construction of the first phase of improvements at Wheaton Park, which serves the Jonathan Street community. The first phase included the installation of a misting pad, parking lot improvements, and other amenities and was completed in Spring 2024. Phase II is underway with award of new nature-focused play area and anticipated permanent stage/bandshell for use during concerts and events that is under design.

Main Street Accreditation, Arts & Entertainment District, Sustainable Community Designation, Tree City Recognition, Sustainable Maryland Designation, and other efforts round out the City's comprehensive efforts to further the development of strong and sustainable neighborhoods and community.

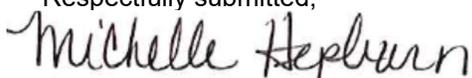
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the twenty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Michelle Hepburn, Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hagerstown
Maryland**

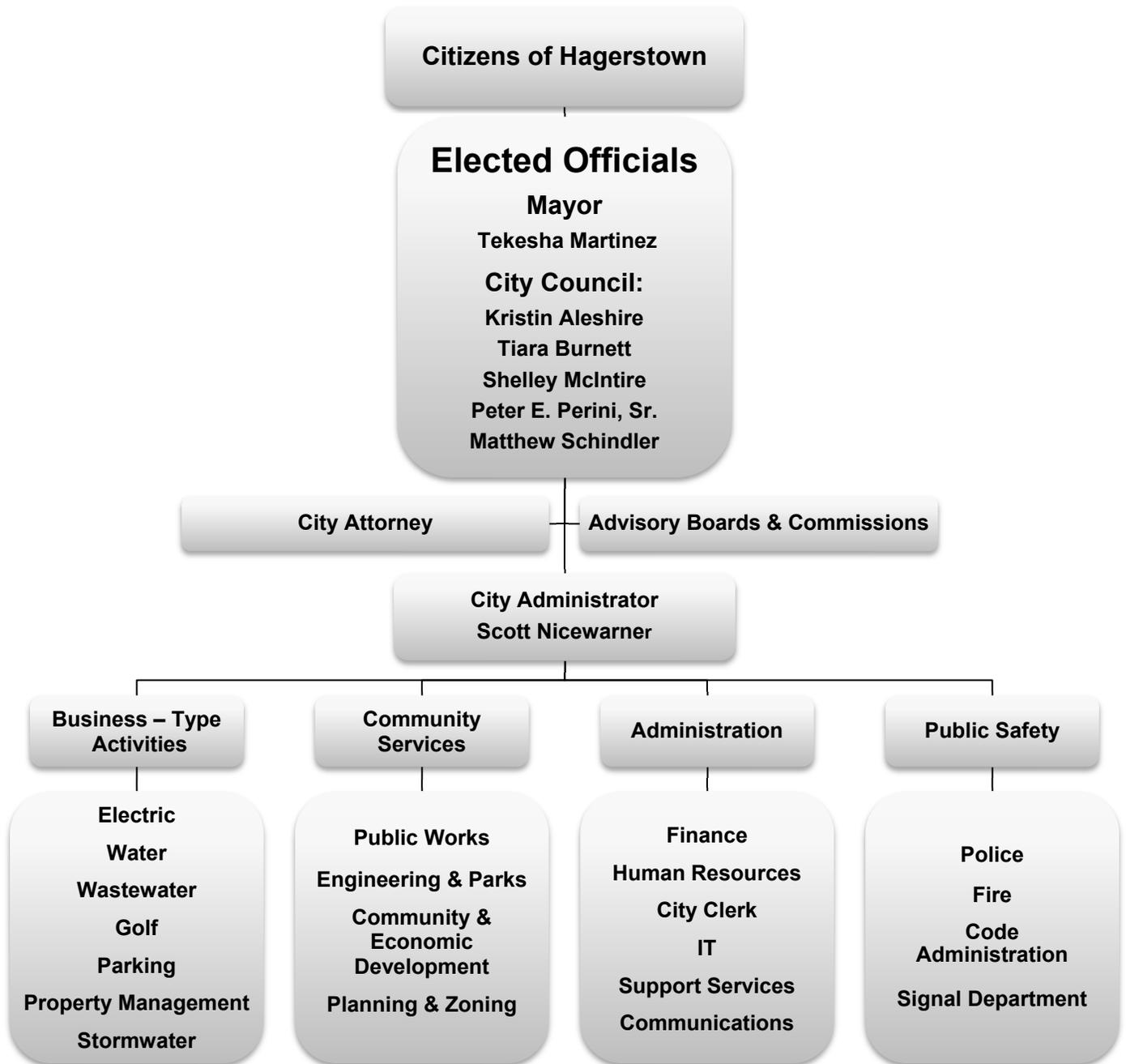
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

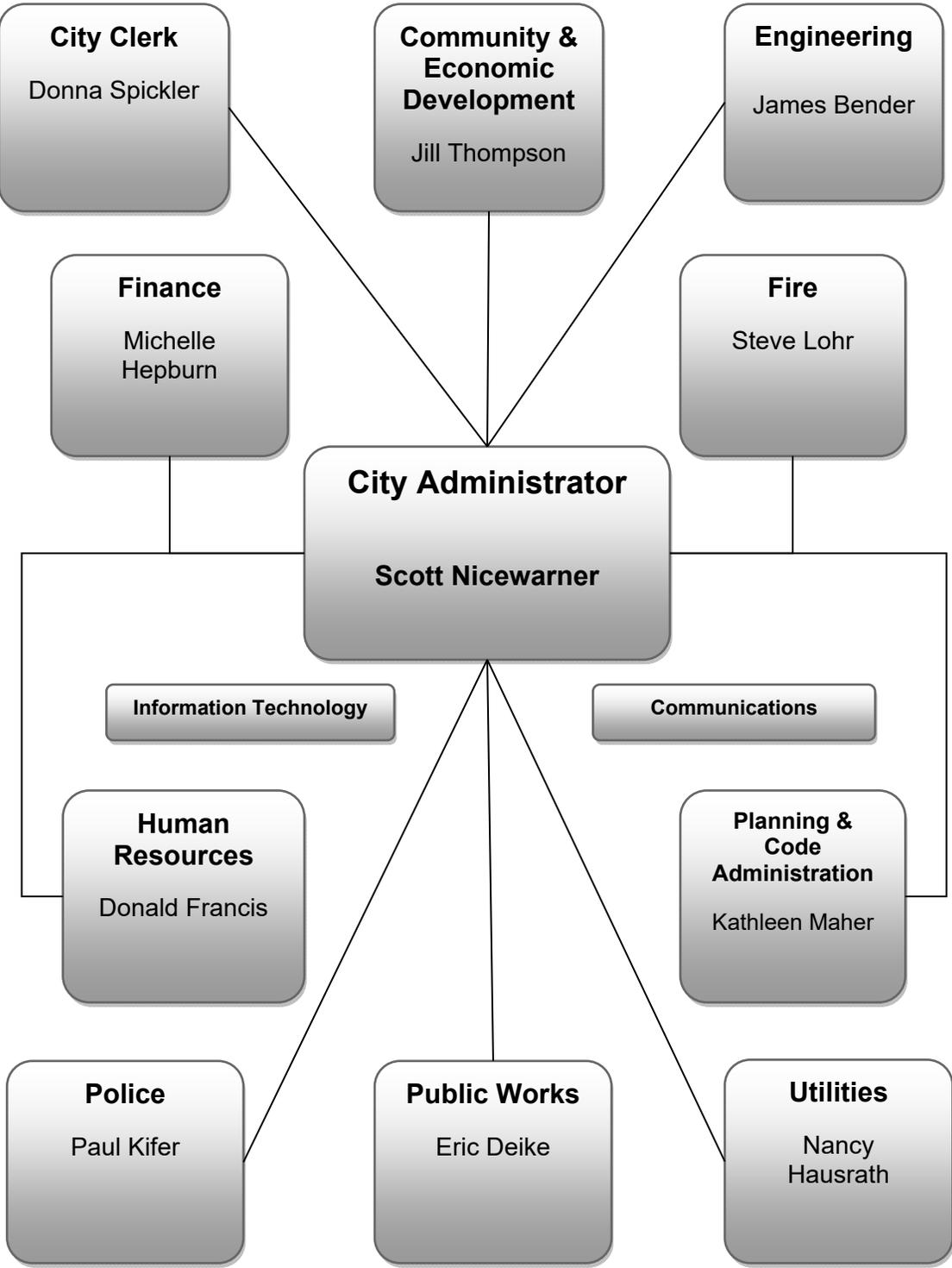
Christopher P. Morill

Executive Director/CEO

City of Hagerstown Organizational Structure



City of Hagerstown Department Organizational Structure



City Center — The Heart of Hagerstown



FINANCIAL SECTION



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

City of Hagerstown, Maryland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hagerstown, Maryland (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, budget and actual schedule for the general fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and schedule of contributions for the State of Maryland Retirement and Pension System, the schedule of changes in pension fund net pension liability and related ratios and schedule of employer contributions for the City of Hagerstown Police and Fire Employees' Retirement Plan, the schedule of contributions, the schedule of changes in net OPEB liability and related ratios for the Other Post-Employment Benefits and budget and actual schedule for the general fund and capital projects funds be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is



required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

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

Supplementary Information

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

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

Other Information

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

Owings Mills, Maryland
October 30, 2024

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, 2024. 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 \$264.4 million (*net position*). Approximately 70.4% of this amount is attributable to the City's three utilities (Electric, Water and Wastewater). Of the total net position, there is negative <\$5.9> million (*unrestricted net deficit*) (attributable to the City's total net pension liabilities of \$59.8 million and to the City's total net OPEB liabilities of \$25.0 million), \$4.3 million is restricted for specific purposes (*restricted net position*), and \$265.9 million is net investment in capital assets. The City's combined pension and OPEB liabilities decreased over prior year by \$17.1 million. In conjunction with market value gains, this decline in liability reflects a change in actuarial discount rate back to equal the investment rate of return from 5.10 % to 7.25% in the Police & Fire pension fund. The overall pension plan is an item continuing to be strategically evaluated and monitored by the City. More details and information regarding the pension and OPEB plans are located in Note V. of the notes to the financial statements.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31.5 million. Of this total amount \$22.8 million is unassigned and represents working capital available to support governmental operating needs and future years' capital project expenditures.
- The City's total net bonded debt decreased by \$5.9 million during the current fiscal year from \$58.1 million to \$52.2 million. There were no additions to new debt during the fiscal year; however new debt has been subsequently issued in August 2024. The City's adherence to its amortization schedules for existing debt reduced its debt by \$5.9 million in payments during the fiscal year. Additional information on the City's long-term debt activity can be found in Note IV. E. of the notes to the financial statements.
- The General Fund, on a current financial resource basis, reported a surplus of revenues over expenditures and other financial sources and uses by \$3.9 million after making a \$5.1 million transfer to the Capital Projects Fund, operating transfers of \$0.3 million to the Golf Course Fund, and \$1.1 million to the Economic Redevelopment Fund for economic program initiatives and incentives. There was no change in tax rates for FY23/24, however, the real estate tier for apartments at \$1.032 per \$100 assessed value was eliminated. The real estate rate for all properties was \$1.002 per \$100 assessed value and the corporate personal property tax rate was \$2.505. Due to new development, new annexations, and growth in existing values, total property tax revenue was \$2.3 million higher in FY23/24 for total revenue of \$38.3 million. Last, other than tax revenue, all other revenue sources combined experienced growth by \$3.1 million over prior FY22/23 amounts; and all other expenses, excluding transfers to other funds, increased by \$3.6 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22.8

million or 45.5% of total General Fund expenditures (excluding the transfers to other funds described above). This represents 5.5 months of General Fund expenditures and continues to comply with the City's financial policy requiring a minimum unassigned fund balance of 17% and 2.0 months of the General Fund operating expenditures.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include only the City of Hagerstown because the City has no component unit relationships with any other agency. The government-wide financial statements can be found on pages 23 and 24 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hagerstown, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds. Within the basic financial statements, fund financial statements focus on the City's most significant funds. Major

funds are reported separately, and all others are combined into a single, aggregated presentation. Combining statements provided in a later section of this report provide individual fund data for nonmajor funds.

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

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

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

The City adopts an annual appropriated budget for its individual governmental funds. Budgetary comparison statements are provided for the funds to demonstrate compliance with its budget. The basic governmental fund financial statements can be found on pages 23 through 28 of this report. The other governmental fund financial statements can be found on pages 100 through 112.

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

Proprietary funds provide both short-term and long-term financial information consistent with the focus provided by the government-wide financial statements, only in greater detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Wastewater funds, all of which are major funds of the City. Conversely, all internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds and nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 30 to 34 of this report.

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

outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic total fiduciary fund financial statements can be found on pages 35 to 36 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 37 to 93.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and health insurance to its retirees. Required supplementary information can be found on pages 94 to 99 of this report.

Government-wide Financial Analysis

As noted earlier, net position serves over time as a useful indicator of a government's overall financial condition and position. In the case of the City, assets exceeded liabilities by \$264.4 million and \$239.5 million at the close of the current and previous fiscal years.

The City of Hagerstown's net position is divided into three categories – net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the City's net position (100.6% or \$265.9 million) reflects its net investment in capital assets (e.g., land and improvements, buildings, machinery, equipment, infrastructure, and improvements), less any unmatured debt, unspent bond proceeds, and outstanding retainages payable used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending.

Restricted net position represents 1.6% or \$4.3 million of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. The City's total unrestricted net position has a balance of <\$5.9> million (negative 2.2% of total net position) which is used to meet the government's ongoing obligations to citizens, creditors, and employee pension and OPEB plans. Of this total amount, the unrestricted net position for business-type activities has a balance of \$39.5 million and the unrestricted net position portion for governmental activities has a negative balance of <\$45.4> million.

It is important to note that the City has a total of \$59.8 million in total net pension liability to fund both of the City's pension plans and GASB Statement 75 for the net OPEB liability of \$25.0 million. This total \$84.8 million liability is not a current obligation or expectation of payment but an actuarial calculation on total to be fully funded in the future. This liability decreases the amount reflected in the unrestricted net position of the City.

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

**Summary of Net Position
June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current assets	\$ 39,032,828	\$ 40,721,967	\$ 54,903,563	\$ 50,249,125	\$ 93,936,391	\$ 90,971,092
Long-term and restricted assets	17,826,623	22,128,601	10,185,148	19,745,754	28,011,771	41,874,355
Capital assets, net	108,238,109	93,995,461	208,905,126	193,342,942	317,143,235	287,338,403
Total Assets	165,097,560	156,846,029	273,993,837	263,337,821	439,091,397	420,183,850
Deferred outflows related to OPEB	959,075	1,988,665	394,523	881,733	1,353,598	2,870,398
Deferred outflows related to pensions	7,936,127	16,720,185	2,503,622	2,108,225	10,439,749	18,828,410
Total Deferred Outflows	8,895,202	18,708,850	2,898,145	2,989,958	11,793,347	21,698,808
Liabilities:						
Long-term liabilities	82,775,506	101,361,746	43,085,533	58,318,212	125,861,039	159,679,958
Other liabilities	24,164,266	28,082,456	23,082,505	9,447,983	47,246,771	37,530,439
Total Liabilities	106,939,772	129,444,202	66,168,038	67,766,195	173,107,810	197,210,397
Deferred inflows related to OPEB	1,949,896	2,470,641	802,105	1,095,431	2,752,001	3,566,072
Deferred inflows related to pensions	2,890,091	890,501	103,541	695,149	2,993,632	1,585,650
Total Deferred Inflows	4,839,987	3,361,142	905,646	1,790,580	5,745,633	5,151,722
Net Position:						
Investment in capital assets, net	95,649,931	80,391,365	170,283,873	159,569,273	265,933,804	239,960,638
Restricted	4,294,540	4,433,936	-	-	4,294,540	4,433,936
Unrestricted	(45,391,066)	(42,075,766)	39,534,425	37,201,731	(5,856,641)	(4,874,035)
Total Net Position	\$ 54,553,405	\$ 42,749,535	\$ 209,818,298	\$ 196,771,004	\$ 264,371,703	\$ 239,520,539

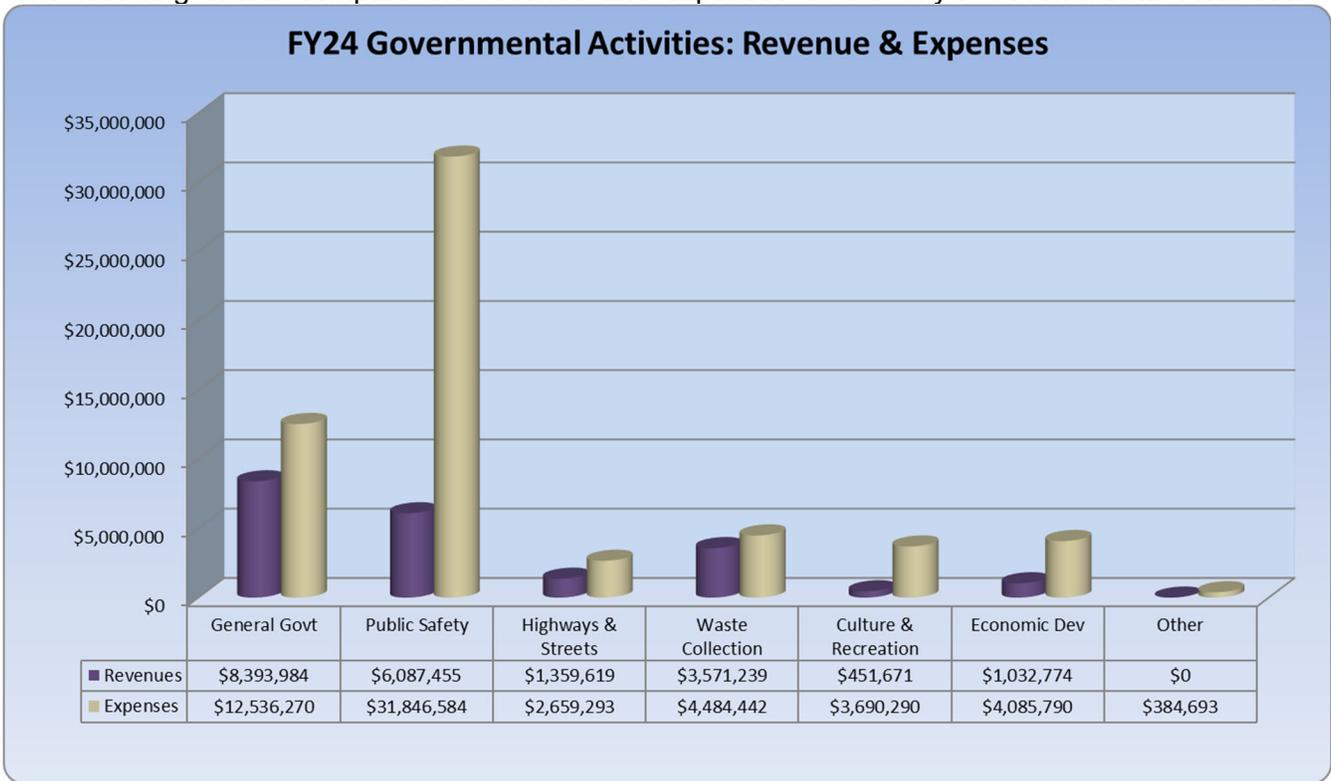
The following table indicates the changes in net position for governmental and business-type activities:

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	\$ 10,727,573	\$ 9,144,834	\$ 57,567,048	\$ 56,261,546	\$ 68,294,621	\$ 65,406,380
Operating grants and contributions	3,884,768	3,079,245	-	-	3,884,768	3,079,245
Capital grants and contributions	6,284,401	7,036,472	10,115,909	3,478,438	16,400,310	10,514,910
General Revenues:						
Property taxes	38,291,769	36,004,233	-	-	38,291,769	36,004,233
Income and other taxes	9,784,489	8,116,910	-	-	9,784,489	8,116,910
Miscellaneous	3,238,944	1,657,124	2,226,500	1,079,566	5,465,444	2,736,690
Total Revenues	72,211,944	65,038,818	69,909,457	60,819,550	142,121,401	125,858,368
Expenses:						
Program Expenses:						
General government	12,536,270	12,012,068	-	-	12,536,270	12,012,068
Public safety	31,846,584	34,319,588	-	-	31,846,584	34,319,588
Highways and streets	2,659,293	2,748,834	-	-	2,659,293	2,748,834
Waste collection and disposal	4,484,442	3,232,968	-	-	4,484,442	3,232,968
Culture and recreation	3,690,290	3,483,412	-	-	3,690,290	3,483,412
Economic and community development	4,085,790	4,157,725	-	-	4,085,790	4,157,725
Interest on long-term debt	384,693	425,192	-	-	384,693	425,192
Utilities and other proprietary funds	-	-	57,582,875	55,168,805	57,582,875	55,168,805
Total Expenses	59,687,362	60,379,787	57,582,875	55,168,805	117,270,237	115,548,592
Excess (deficiency) before transfers	12,524,582	4,659,031	12,326,582	5,650,745	24,851,164	10,309,776
Transfers	(720,712)	(972,900)	720,712	972,900	-	-
Change in net position	11,803,870	3,686,131	13,047,294	6,623,645	24,851,164	10,309,776
Net position - beginning	42,749,535	39,063,404	196,771,004	190,147,359	239,520,539	229,210,763
Net Position - Ending	\$ 54,553,405	\$ 42,749,535	\$ 209,818,298	\$ 196,771,004	\$ 264,371,703	\$ 239,520,539

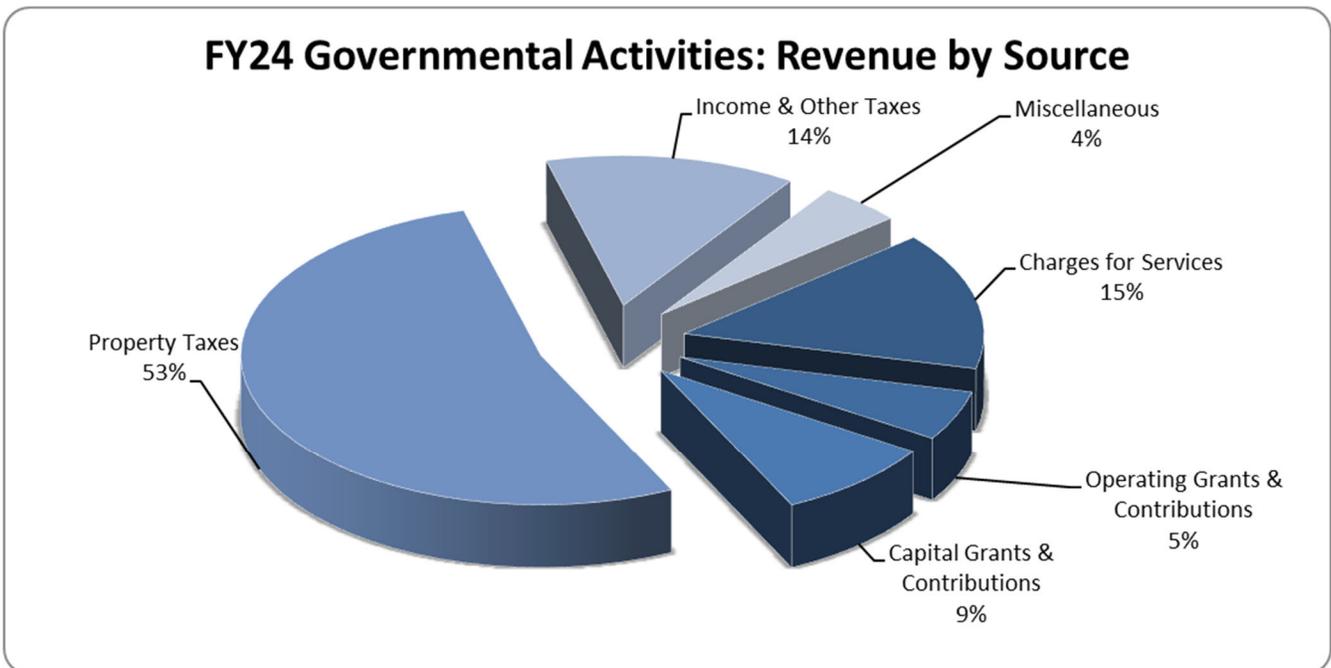
Governmental activities: General revenues for the governmental activities (excluding Transfers from Other Funds) were \$51.3 million, while total expenses, net of charges for services, grants and contributions, were \$38.8 million. Last, the total transfers to other funds were \$0.7 million. The resulting increase in net position for governmental activities was \$11.8 million and can be largely attributed to the following:

- The City's General Fund had a \$3.9 million surplus due to the excess of revenues over actual expenses. This surplus is a result of increased total property tax revenues from growth assessed values related to existing properties, new commercial development, and new annexations. In addition, Admissions and amusement tax, State aid for police protection funding, refuse collection fees, other service charges, one-time grant revenues, and interest on investments reflected growth over prior year and most over final budget. Offsetting the revenue growth, most departmental expenses increased over prior year totals due to salary and related benefit increases, public safety overtime, legal fees, increased trash contracted services, salt for snow removal, and trash totes for all customers funded by ARPA. Debt service requirements were slightly lower than the prior year since there have been no new bond issues. The overall result is expenses in total were \$3.7 million over prior FY22/23 excluding Transfers to other funds.
- A <\$6.9> million decrease is a result of all other governmental funds including the Capital Improvement Fund. The Capital Improvement Fund had a <\$6.8> million change in fund balance as a result of timing of spending prior years' funding and waiting on timing of August 2024 new bond issue, primarily from two projects: the Hagerstown Field House, and improvements in grant funded playground equipment. In addition, the Grant Fund had \$97K surplus due to timing of opioid litigation funding versus spend, Business Revolving Loan Fund had \$70K surplus resulting from older loans being paid that were previously estimated to not be collected, Flexible Spending Fund reported \$40K surplus, and Economic Redevelopment Fund had \$503K surplus. The Community Development Block Grant had a <\$849> deficit in FY23/24.
- A \$14.8 million increase is a result of the City's necessary adjustments for Statement of Net Position. The majority of this increase is from two items. First item is related to capital infrastructure additions exceeded depreciation expense for capital assets. The second is a smaller amount resulting from reducing long-term debt. The largest offsetting factor was cost related to pension liability increases, deferred inflows and outflows, and recognized pension expense. Please see the reconciliation schedule from the Governmental Funds to the Statement of Activities on page 28 for further details.

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



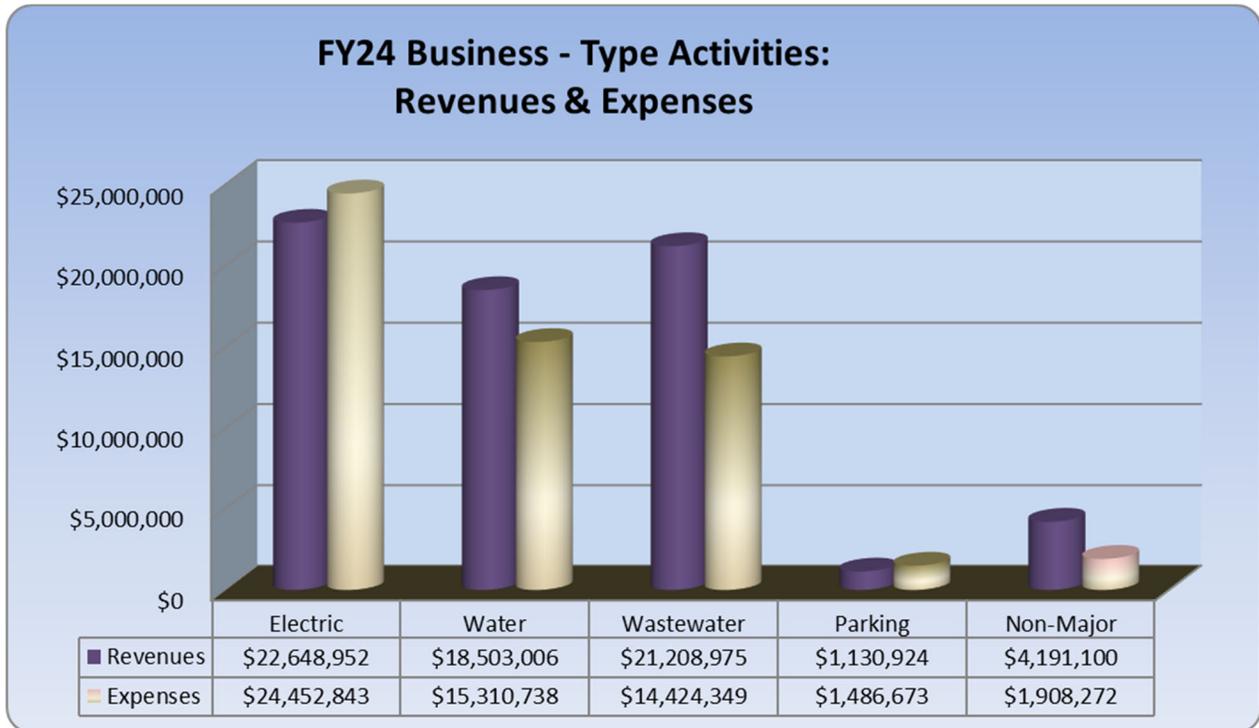
*Please note that the chart above only includes revenue directly associated to each category and excludes \$50.6 million in general property tax, income tax, investment earnings, transfers and other miscellaneous revenue generated in FY23/24.



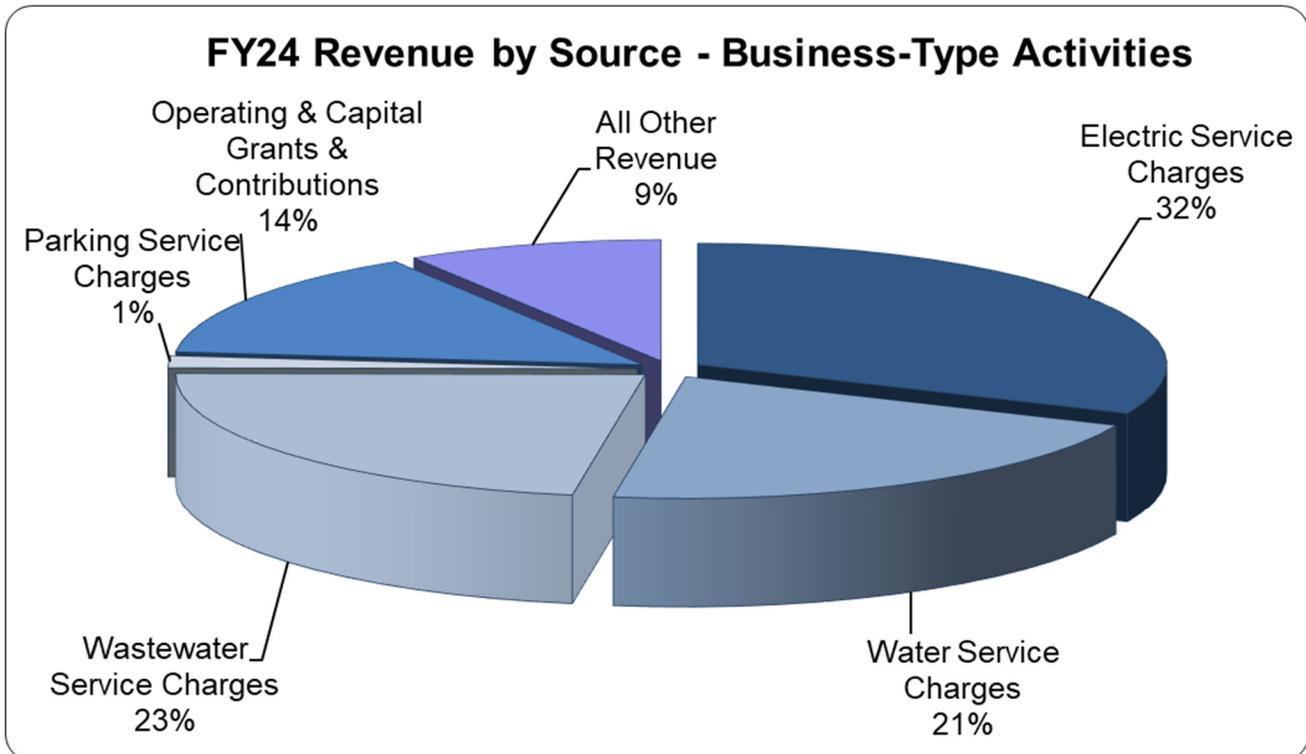
Business-type Activities: Business-type activities increased the City of Hagerstown's net position by \$13.5 million. Key elements of this increase are as follows:

- Water, Wastewater, Parking, Golf, and Stormwater Management Funds had positive changes in net position, or revenues in excess of expenses, while Electric and Property Management had the opposite trend. The following is the breakdown of the positive net changes: \$4.2 million in the Water Fund, \$7.2 million in the Wastewater Fund, \$0.6 million in the Parking Fund, \$0.1 million in the Golf Fund, and \$2.8 million in the Stormwater Management Fund. The following is the breakdown of the negative net changes: <\$1.3> million in the Electric fund and <\$0.1> million in the Property Management Fund.
- Transfers in to the business-type activities account for \$0.8 million in revenue. These transfers were for Golf Course operations, and a one-time Parking Fund transfer from the Economic Redevelopment Fund for the new Hub City Garage.
- Capital grants and contributions remained a revenue source for business-type activities. The Electric fund received \$0.6 million, the Water fund received \$2.4 million, the Wastewater fund received \$5.3 million, Parking received \$34K, and Stormwater management received \$0.2 million during the current fiscal year.
- Maryland State Retirement Pension expense and OPEB expense recognized in the FY23/24 in the Electric, Water and Wastewater funds were \$0.2 million and \$0.5 million respectively and the reductions are included in total overall expenses. The business funds reflect the same trends as experienced in the governmental funds with overall growth in pension liability, deferred inflows and outflows, and overall recognized pension expense.

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



*Please note that the chart above only includes revenue directly associated to each category and excludes \$2.9 million in general investment earnings, transfers, and transfers of long-term debt between City funds generated in FY23/24.



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 \$31.5 million, an decrease of \$3.1 million from the prior year. Approximately 72.3% of the total fund balance (\$31.5 million) constitutes *unassigned fund balance* (\$22.8 million), which represents working capital available to support governmental operating needs and future years' expenditures. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed or is legally restricted as follows:

- 1) *Nonspendable and Restricted* fund balance represents amounts that are either legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation which includes unspent bond proceeds (\$0.4 million and \$1.3 million, respectively).
- 2) *Committed* fund balance represents amounts that are reserved for a particular purpose by the Mayor and Council of the City of Hagerstown and would require action by that governing body to release the fund balance from its commitment (\$0.0 million).
- 3) *Assigned* fund balance represents amounts reserved for tentative management plans that are subject to change and include encumbrance balances at June 30 (\$7.0 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 \$22.8 million, while total fund balance equaled \$24.6 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 45.5% of total General Fund expenditures or 5.5 months of fiscal expenditures.

**City of Hagerstown
Governmental Fund Balances**

	Total Fund Balance		
	2024	2023	Variance
General Fund			
Nonspendable	\$ 411,129	\$ 847,316	\$ (436,187)
Committed	-	-	-
Assigned	1,384,131	1,496,681	(112,550)
Unassigned	22,819,133	18,383,408	4,435,725
Subtotal	24,614,393	20,727,405	3,886,988
Capital Improvement Program			
Nonspendable	-	-	-
Restricted	-	151,794	(151,794)
Assigned	2,638,970	9,280,027	(6,641,057)
Subtotal	2,638,970	9,431,821	(6,792,851)
Non-Major Governmental			
Restricted	1,324,580	2,076,441	(751,861)
Committed	-	576,827	(576,827)
Assigned	2,969,960	1,780,668	1,189,292
Subtotal	4,294,540	4,433,936	(139,396)
Total Governmental Fund Balances	\$31,547,903	\$34,593,162	\$ (3,045,259)

The fund balance of the General Fund increased by \$3.9 million during the current fiscal year. This increase is due to actual revenues exceeding expenditures. Below are some key elements for FY23/24:

2024 Actual compared to 2023 Actual.

Revenues were higher than prior year by \$5.4 million.

- Total property taxes of \$38.3 million grew by \$2.3 million. The 6.4% increase is a result of growth in assessable base values. In addition, there was new commercial warehouse development and new annexations that contributed to the total growth in assessed values. There was no change in tax rates, however, the \$1.032 per \$100 assessed value for apartments tier was eliminated. The tax rate for FY23/24 is \$1.002 per \$100 assessed value for all real estate and \$2.505 per \$100 assessed value for personal property. Of the total property tax, personal property tax decreased by <\$0.6> million or 13.3%. This net decrease reflects the new warehouse developments and return to normal timing of filing of tax returns to the state with no extension catch ups from COVID.
- All other revenue categories in the general fund were a combined \$3.1 million higher than FY22/23.

- Income and other taxes grew overall by \$0.6 million due primarily to an increase in Admissions & Amusement related to new businesses established; and an increase to total state aid for police protection back to levels received historically.
- Intergovernmental Grants increased by \$1.1 million in FY23/24. This reflects spending more of the ARPA grant funding that the City received specifically \$0.9 million towards trash totes for city customers as requested by our third party contractor; and \$0.1 million for portable defibrillator (AED) machines and stop the bleed tourniquet kits in all city owned public buildings.
- Service charges represented \$1.3 million of the increase. The growth over FY22/23 is from two primary sources: trash/refuse fees which were increased for part of the fiscal year; and reversal of prior estimated uncollectible revenues that were collected through increased efforts.
- Unallocated General Revenues represented \$814K of the growth over prior year. In FY22/23 the increases by the Federal Reserve resulted in the market interest rates growth and the City's total cash balances were higher to generate more interest. This trend continued through FY23/24.

Expenses (excluding transfers to other funds) were higher than prior year by \$3.7 million.

- Overall public safety expenditures were \$1.8 million more than FY22/23. The primary reasons for this amount of growth in expenditures is related to salary increases negotiated and increased overtime in the Fire department and Police Patrol which combined grew by \$1.1 million even with funded vacancies experienced. As a result of the increased salaries and overtime, benefits increased combined by \$0.4 million.
- All other departments and cost centers (excluding public safety) collectively were higher than FY22/23 by \$1.9 million. Most all other departments were slightly higher than FY22/23 in total expenses but were offset by decreases in farmers market facility and vendor costs; vacancy savings in Finance and Signal departments, and decrease in annual debt services as there has been no new bond issues. The largest areas of increased costs were related to contracted services for trash, landfill, and recycling costs; credit card fees associated with continued growth of the improved online customer payment portal; legal fees; snow removal costs including salt/chemicals; and trash totes for all city customers as requested by new vendor contract.

2024 Actual compared to 2024 Budget.

Revenues were under budgeted projections by \$0.4 million.

- Total property taxes of \$38.3 were above projections by \$0.6 million. The increase is a result in growth of assessable base values. There was no change in tax rates, however, the tax tier of \$1.032 per \$100 assessed value for apartments was eliminated. The tax rate for all real estate is \$1.002 per \$100 assessed value and \$2.505 per \$100 assessed value for personal property. Overall total growth of 6.4% is attributable all to real estate revenue despite slightly lower corporate personal property revenue of <\$0.4> million. The real estate growth is due to new commercial development, new annexations and overall market value increases for existing properties. FY23/24 reflects the first year of the City's triennial reassessment period.
- All other revenue categories in the general fund excluding property taxes and other financing sources, were a combined <\$0.2> million over the FY23/24 budget levels.
 - Income and Other Taxes were higher than projections due to increase in Admissions & Amusement related to new businesses established; and an increase to total state aid for police protection back to levels received historically. State income tax revenue was also greater than budget. The

original budget was reduced as the local withholding change decreased from 3.2% to 2.95%. The change from the percentage reduction was offset by State minimum wage increases and an employee driven market.

- Unallocated General Revenues were higher than projections due to Building Permits due to interest on investments continuing to grow based on market and cash balances being higher than anticipated. There was not a decrease made by the Federal Reserve until September 2024.
 - Most all other revenue categories offset with slight fluctuations from budget completion to actual receipts.
- Other Financing Sources offsets the other revenue increases by <\$4.6> million compared to budget. During the budget process, it was anticipated that prior Fund Balance Reserves would be utilized toward infrastructure and capital improvement projects which is reflected in Budgeted Use of Fund Balance. There is no impact to actual revenue reflected at the point of utilization of this Fund Balance Reserve which causes a variance when comparing actual results to budget.

Expenses (excluding transfers to other funds) were under budgeted projections by \$2.3 million.

- Overall public safety expenditures were under budget by \$0.7 million as a result of vacant positions in both the Police and Fire departments despite salary increases and increased overtime costs related to the vacancies. Code Administration also had vacancy savings that contributed to this budget difference. Last, continued supply chain issues for ammunition and uniforms combined with lower contracted services for speed camera operations were reflected in this lower amount.
- All other departments and cost centers (excluding public safety) collectively were under budget by \$1.6 million as well. Legal fees, advertising and printing, and software maintenance costs were all lower than budget across the city's individual departments.
- Annual debt service requirements (principal payments, interest expense and bond issuance costs) were \$0.3 million under budget due to timing of new bond issue not happening until August 2024.

Transfers to other funds were under budgeted projections by \$2.0 million.

- Fund balance transfers for planned capital infrastructure improvements were \$2.0 million under FY23/24 budget amounts. Fund balance transfers are not made until project completion or payment of project occurs. The savings in this line item is a reflection of timing on completion for one project and another project being delayed or deferred.

The Capital Improvement Fund has a total fund balance of \$2.6 million which reflects a net position decrease over the prior year. Of the total fund balance, certain amounts are *restricted* to indicate that it is not available for new spending because it has already been committed or is legally restricted for capital projects as follows:

- 1) *Nonspendable and Restricted* fund balance represents amounts that are either legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation including unspent bond proceeds (\$0).
- 2) *Committed* fund balance represents amounts that are reserved for a particular purpose by the Mayor and Council of the City of Hagerstown and would require action by that governing body to release the fund balance from its commitment (\$0).
- 3) *Assigned* fund balance represents amounts reserved for tentative management plans and current encumbrances that are subject to change (\$2.6 million).
- 4) *Unassigned* fund balance represents amounts the portion of net resources in excess of the nonspendable, restricted, committed, and assigned balances (\$0).

The fund balance of the Capital Improvement Fund decreased by \$6.8 million during the current fiscal year. This increase is due to actual expenditures exceeding revenues. Below are some key elements for FY23/24:

2024 Actual compared to 2023 Actual.

Revenues were slightly lower than prior year by \$25K

- Intergovernmental grant revenue grew \$1.8 million over prior year as a result of timing. The largest three contributing factors for the increase over prior year were \$1.25 million in federal ARC grants toward portion of Professional Boulevard Reconstruction; \$602K in various State of Maryland grants toward Hagerstown Field House project; and \$820K in ARPA funds toward renovations of 32 North Potomac building acquired for improvement customer service.
- Total contributions and donations decreased by \$2.6 million as a result of one-time FY22/23 donations that does not recur including four new street dedications (Gypsum Lane, Granite Drive, Gneiss, and Calcite Drive) and a \$1.2 million contribution toward the Hagerstown Field House from Washington County.

Expenditures were higher than prior year by \$11.3 million.

- Capital infrastructure projects vary year over year. Often times, the amount spent towards capital projects remain fairly constant or vary as result of timing delays. However the increase in the expenditures during FY23/24 are largely attributable to \$10.1M spent on ongoing construction of a new Hagerstown Field House which is an indoor sports complex. This project represents a significant solo project that likely will not be replicated once it is completed.

Transfers In were higher than prior year by \$2.0 million.

- There were more project completions that happened than in prior FY22/23. In addition, there was a \$1.7 million fund balance reserve transfer for a new citywide computer software system. Formal bidding was completed in FY23/24 and selection has been narrowed down to two vendors. It is anticipated that vendor selection will happen by end of calendar 2024.

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 <\$3.5> million for the Electric Fund, \$20.6 million for the Water Fund, and \$11.2 million for the Wastewater Fund. The total increase in all proprietary funds net position was \$13.5 million. Other factors concerning these funds' finances have been addressed in the discussion of the City of Hagerstown's business-type activities.

General Fund Budgetary Highlights

For a detailed breakdown of the General Fund performance and budget dollars please see the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances on page 100.

Original Budget compared to Final Budget.

The final budgeted revenues, expenditures, and transfers to other funds increased by \$26K over the original budget.

Total revenue changes reflected are an increase of \$3.0 million. There were slight changes in revenue categories made for state aid for police protection state shared funding, insurance reimbursements reflected in unallocated general revenues, and use of fund balance reserves for projects. The majority of the revenue increase (\$2.7M) was an increase in planned fund balance reserve utilization for several capital infrastructure projects: new software system, police building renovations, the Hagerstown Field House, temporary facility relocation/renovations for fire command staff, and Professional Boulevard reconstruction. Primarily this fund balance reserve utilization was related to FY22/23 surplus.

Total expense changes reflect a corresponding increase of \$2.9 million. There were some slight offsetting transfers across departmental budgets. The primary factors related to the expense increase were grant pass through to other entities and fire portable defibrillator machines for all city owned public buildings, and transfers to the capital improvement fund.

In addition there were significant projects utilizing the additional fund balance transfers in the original budget: new software system, police building renovations, the Hagerstown Field House, temporary facility relocation/renovations for fire command staff, and Professional Boulevard reconstruction. Primarily this fund balance reserve utilization was related to FY22/23 surplus

Final Budget compared to Actual Results.

In total, revenue and other financing sources was under budget by \$0.4 million and expenditures and transfers were under budget by \$4.3 million. Total Property Tax revenue generated an increase of \$0.6 million as a result of higher assessed values while all other revenue in total was under budget by \$1.0 million. More details were provided above.

Capital Asset and Debt Administration

Capital assets. The City of Hagerstown’s investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$317.1 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 the City of Hagerstown’s investment in capital assets for the current fiscal year was \$29.8 million or 10.4%. There was a 15.2% increase for governmental activities and a 8.0% increase for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
	Land	\$ 7,242,679	\$ 7,242,679	\$ 6,501,299	\$ 6,501,299	\$ 13,743,978
Construction in progress	14,552,601	3,495,893	14,513,925	1,166,342	29,066,526	4,662,235
Buildings & structures	9,061,836	9,252,479	124,251,206	127,001,727	133,313,042	136,254,206
Land improvements	8,720,479	8,760,602	1,261,027	684,998	9,981,506	9,445,600
Machinery & equipment	10,914,763	8,750,489	61,500,935	57,593,401	72,415,698	66,343,890
Infrastructure	57,745,751	56,493,319	876,734	395,176	58,622,485	56,888,495
Total	\$108,238,109	\$93,995,461	\$208,905,126	\$193,342,943	\$317,143,235	\$287,338,404

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

For the City's governmental activities:

The City spent \$19.8 million in additions for capital assets and improvements during FY23/24. Some of the most notable additions are listed below:

- \$14.1M was spent on work in progress projects with the four primary areas being \$10.0M toward design and construction of the Hagerstown Field House, \$1.3M toward the City Hall Annex design and construction, \$338.5K toward the replacement of the City Hall Elevator and \$263.1K for the Fire Department Training Center Burn Building.
- \$5.7M was spent or received by dedication on all the following items and categories: acceptance to the offer of dedication of streets in the Hillside Manor Development (\$1.1M), purchase of the Pierce Arrow Reserve Truck 3 (\$771K), purchase and upfitting of 10 police vehicles for the Police Department (\$489K), purchase of three Public Works Trucks/Dump Trucks (\$408K) and two Dump Trucks for Parks (\$242K), Wheaton Park Improvements (\$241K), Alley Reconstructions (\$208K), HPD King Street Security Expansion (\$188K), Park Circle Improvements (\$181K), sidewalk replacements (\$173K), accessibility ramps (\$145K), Natural Gas Generator for the Fire Department (\$133K), purchase of Police Laboratory Equipment (\$106K), and various other land improvements, buildings and structures, machinery and equipment, automobiles and trucks, office furniture, and infrastructure (\$1.3M).

For the City's business activities:

The City spent \$24.6 million in additions for construction in progress of capital improvements and other capital assets in FY23/24. Some of the most notable additions are listed below:

- \$14.6M was spent on the work in progress projects with the primary ones being the Meter Replacements (\$214K), Pump Station #33 Construction (\$823K), East End Pump Station (\$257K), Hub City Garage Construction (\$11.2M), Stormwater Management Implementations (\$220K), and Long Meadow Park Improvements (\$631K).
- \$151K was spent on Stormwater Management at the Field House with ARPA Funding.
- \$10.0M was spent on capital improvements across the following funds: Electric Fund \$2.9M, Water Fund \$2.0M, Wastewater Fund \$4.5M, and \$577K across all other business-type funds.

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

Long-term debt. At the end of the current fiscal year, the City of Hagerstown had total bonded debt outstanding of \$52.2 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, \$39.6 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			
	2024	2023	2024	2023	2024	2023
General Bonded Debt	\$12,588,178	\$13,755,890	\$39,637,827	\$44,373,669	\$52,226,005	\$58,129,559

There were no additions to new debt during the fiscal year. The City's continued adherence to its amortization schedules for debt repayments reduced its debt by \$5.9 million resulting in an overall net decrease to debt of \$5.9 million during the current year.

The City of Hagerstown's bond ratings were last affirmed in FY22/23 as follows: Moody's Investor Service with a rating of Aa3, and Standard and Poor's with a rating of AA.

The amount of general obligation debt the City of Hagerstown may issue is not limited by State statute or local ordinance. However, the City adheres to a financial policy approved by its elected officials which prohibits general obligation debt from exceeding 10% of the assessed value of taxable property or \$1,000 per capita. At the end of FY23/24, governmental fund debt was 0.39% of the assessed value of taxable property and \$289 per capita while total city-wide debt was 1.63% of the assessed value of taxable property and \$1,199 per capita. Additional information on the City of Hagerstown's long-term debt can be found in Note IV. E. on pages 69 through 72 of this report.

Economic Factors and Next Year's Budgets and Rates

- The FY23/24 budget reflected no increase in real estate and personal property tax rates, however, the real estate tax rate of \$1.032 per \$100 assessed value for apartments was eliminated. The real estate tax rate for all real properties is \$1.002 per \$100 assessed value and the personal property rate is \$2.505 cents per \$100 assessed value. The FY23/24 budget also reflected the fifth and final year of charges for Water and Wastewater based on an approved cost study (July 1, 2019 through June 30, 2024) and were an increase of 3.0% for Water and 3.0% for Wastewater over the FY22/23 rates.
- The City is required by its Charter to have a balanced budget each fiscal year and has complied with this requirement. The City's Mayor and Council adopted the FY24/25 budget. The FY24/25 General Fund budget as approved reflects net revenue surplus of \$5,109. This net amount reflects the utilization of prior surpluses of \$2.2 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 FY24/25 the City's major governmental fund budget as approved for the General Fund is projected to increase by 3.3% over the FY23/24 budget from \$61.0 million to \$63.1 million. Wages and benefits are projected to increase by 7.1% and include estimated increases in employee base salary; minimum wage increases; overtime; and increased employer provided benefit costs. Contracted services is estimated to increase by 19.1% due to new trash contract, and growing credit card merchant fees. Materials, supplies, and utilities has a decrease of 16.7% that reflects offsetting reduction of one-time FY23/24 trash totes for city customers with ARPA funding and increasing fire volunteer incentives, pool

chemicals, electric costs, and various other supplies. Debt service is projected to increase by 9.6% related to new bond issue necessary for the new Hagerstown Field House construction being more than the retirement of several existing bond terms.

- Despite the February 2024 MD State Department of Assessment and Taxation's Constant Yield Notification which expected a growth of 6.5% in assessed values; the City kept the current tax rate structure. Per the Constant Yield Notification, maintaining this same tax rate will result in an increase of \$2.1M. However, City leadership reviewed historical trends and included a 6.9% growth in the FY24/25 budget numbers. The increase in revenue is needed to cover rising costs for contracted services; materials, supplies and utilities; maintenance and repairs; other unallocated general expenditures; and annual debt service requirements.
- The FY24/25 budget will remain flat for electric service charges through December 31, 2024. An anticipated rate increase of retail rates is expected to occur on January 1, 2025. A new wholesale power agreement contract with AEP Energy Partners is effective June 1, 2024 through December 31, 2026 at a rate of \$54.05/MWh. Annual rate increases were estimated at continuing 3% until completion of rate study could be approved. Subsequently, for water service charges of 14% for inside and outside the City and wastewater service charges of 13% for inside and outside the City became effective July 1, 2024. Additionally, another year rate schedule for FY25/26 was approved for both water and wastewater service charges. Stormwater rates are remaining at the January 1, 2023 rates of \$36.00 per 1,000 square feet of impervious. A revised and new cost rate plan will be calculated by a third party consultant for future years. These annual increases will make possible the extensive continuing system improvements for these utilities.
- American Rescue Plan Act of 2021 (ARPA): This federal stimulus plan grant provided a total of \$20.4 million to the City. The City formed a committee and initially held weekly meetings to discuss and coordinate ideas for Mayor and Council consideration. A community survey was developed and distributed for feedback independently and separately from notification of this funding. The committee reviewed the community survey results to determine eligible ideas under this ARPA funding guidelines. The goals and strategies of Mayor and Council were taken into consideration as well to determine ARPA eligible items. City staff and Mayor and Council have allocated and discussed strategy to utilize the funding and progress is monitored with quarterly updates. The deadline to have all funding spent or obligated is December 31, 2024. To this end, the FY24/25 approved budget includes \$4.3 million in utilization of this federal grant on the following projects: a Grant Coordinator position, Police body worn camera maintenance costs, police Community Outreach position, City Hall elevator, Fire flashover simulator, Fire community risk reduction boards, IT generator, Wheaton Park Phase II playground equipment, Hellane Park fence, Engineering survey equipment, two traffic signal upgrades, and new Wastewater pump station.

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

Requests for Information

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

City of Hagerstown, Maryland
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Pooled cash and investments	\$ 31,572,423	\$ 38,839,945	\$ 70,412,368
Receivables (net of allowance for uncollectibles):			
Taxes	1,185,386	-	1,185,386
Intergovernmental	5,902,693	-	5,902,693
Customers	1,339,804	9,250,159	10,589,963
Loans	1,808,645	-	1,808,645
Other	122,836	26,900	149,736
Internal balances	(4,508,526)	4,508,526	-
Inventories	81,575	2,214,135	2,295,710
Prepaid items	1,527,992	163,898	1,691,890
Restricted assets:			
Pooled cash and investments	17,826,623	10,085,148	27,911,771
Capital assets (net of accumulated depreciation):			
Land (not being depreciated)	7,242,679	6,501,299	13,743,978
Land improvements	12,464,345	2,723,275	15,187,620
Buildings and structures	21,124,984	227,671,616	248,796,600
Machinery and equipment	10,772,127	134,265,531	145,037,658
Automobiles and trucks	15,604,342	8,895,938	24,500,280
Office furniture and fixtures	3,908,857	912,095	4,820,952
Infrastructure	122,576,245	924,682	123,500,927
Construction in progress (not being depreciated)	14,552,601	14,513,925	29,066,526
Less accumulated depreciation	(100,008,071)	(187,503,235)	(287,511,306)
Total assets	<u>165,097,560</u>	<u>273,993,837</u>	<u>439,091,397</u>
Deferred Outflow of Resources			
Deferred Outflows from OPEB	959,075	394,523	1,353,598
Deferred Outflows from Pensions	7,936,127	2,503,622	10,439,749
Total deferred outflows	<u>8,895,202</u>	<u>2,898,145</u>	<u>11,793,347</u>
Liabilities			
Accounts payable	6,922,913	5,674,277	12,597,190
Accrued liabilities	3,292,468	225,140	3,517,608
Escrowed taxes and insurance	2,337	-	2,337
Accrued interest payable	121,550	239,817	361,367
Customer deposits payable	5,920	1,522,634	1,528,554
Unearned revenue	9,027,143	552,931	9,580,074
Undisbursed Loans and Grants	1,206,730	-	1,206,730
Compensated absences:			
Due within one year	2,399,570	1,022,549	3,422,119
Due in more than one year	2,937,627	861,424	3,799,051
Long-term liabilities:			
Due within one year	1,185,635	13,845,157	15,030,792
Due in more than one year	11,402,543	25,792,670	37,195,213
Net pension liabilities:			
Due in more than one year	50,691,494	9,132,370	59,823,864
Net OPEB liabilities:			
Due in more than one year	17,743,842	7,299,069	25,042,911
Total liabilities	<u>106,939,772</u>	<u>66,168,038</u>	<u>173,107,810</u>
Deferred Inflow of Resources			
Deferred Inflows from OPEB	1,949,896	802,105	2,752,001
Deferred Inflows from Pensions	10,549,689	103,541	10,653,230
Total deferred inflows	<u>12,499,585</u>	<u>905,646</u>	<u>13,405,231</u>
Net Position			
Net investment in capital assets	95,649,931	170,283,873	265,933,804
Restricted for:			
Community Redevelopment	3,921,124	-	3,921,124
Public Safety	331,562	-	331,562
Other Purposes	41,854	-	41,854
Unrestricted	(45,391,066)	39,534,425	(5,856,641)
Total net position	<u>\$ 54,553,405</u>	<u>\$ 209,818,298</u>	<u>\$ 264,371,703</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, 2024

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 12,536,270	\$ 3,117,909	\$ 1,533,630	\$ 3,742,445	\$ (4,142,286)	\$ -	\$ (4,142,286)
Public safety	31,846,584	3,512,411	1,354,849	1,220,195	(25,759,129)	-	(25,759,129)
Highways and streets	2,659,293	109,619	-	1,250,000	(1,299,674)	-	(1,299,674)
Waste, collection and disposal	4,484,442	3,571,239	-	-	(913,203)	-	(913,203)
Culture and recreation	3,690,290	334,587	45,323	71,761	(3,238,619)	-	(3,238,619)
Economic and community development	4,085,790	81,808	950,966	-	(3,053,016)	-	(3,053,016)
Interest and issuance costs on LT debt	384,693	-	-	-	(384,693)	-	(384,693)
Total governmental activities	59,687,362	10,727,573	3,884,768	6,284,401	(38,790,620)	-	(38,790,620)
Business-type activities:							
Electric	24,452,843	22,084,817	-	564,135	-	(1,803,891)	(1,803,891)
Water	15,310,738	14,597,382	-	3,905,624	-	3,192,268	3,192,268
Wastewater	14,424,349	15,832,202	-	5,376,773	-	6,784,626	6,784,626
Parking facilities	1,486,673	1,097,549	-	33,375	-	(355,749)	(355,749)
Golf course	542,071	332,154	-	-	-	(209,917)	(209,917)
Property management	404,363	292,981	-	-	-	(111,382)	(111,382)
Stormwater management	961,838	3,329,963	-	236,002	-	2,604,127	2,604,127
Total business-type activities	57,582,875	57,567,048	-	10,115,909	-	10,100,082	10,100,082
Total primary government	\$ 117,270,237	\$ 68,294,621	\$ 3,884,768	\$ 16,400,310	\$ (38,790,620)	\$ 10,100,082	\$ (28,690,538)
General revenues:							
Property taxes					38,291,769	-	38,291,769
Income and other taxes					9,784,489	-	9,784,489
Investment earnings					2,430,352	2,226,500	4,656,852
Miscellaneous					808,592	-	808,592
Transfers					(720,712)	720,712	-
Total general revenues and transfers					50,594,490	2,947,212	53,541,702
Change in net position					11,803,870	13,047,294	24,851,164
Net position - beginning					42,749,535	196,771,004	239,520,539
Net position - ending					\$ 54,553,405	\$ 209,818,298	\$ 264,371,703

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

City of Hagerstown, Maryland
Balance Sheet
Governmental Funds
June 30, 2024

	General	Capital Improvement Program	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and investments	\$ 23,693,653	\$ 3,636,908	\$ 1,533,162	\$ 28,863,723
Receivables (net of allowance for uncollectibles):				
Taxes	1,185,386	-	-	1,185,386
Intergovernmental	3,131,024	2,561,778	209,891	5,902,693
Customers	1,186,575	23,050	1,643	1,211,268
Loans	-	-	1,808,645	1,808,645
Other	117,046	2,875	836	120,757
Advances to other funds	10,600	-	-	10,600
Inventories	81,575	-	-	81,575
Prepaid items	329,554	-	-	329,554
Restricted assets:				
Pooled cash and investments	8,998,057	-	2,260,136	11,258,193
Total assets	\$ 38,733,470	\$ 6,224,611	\$ 5,814,313	\$ 50,772,394
Liabilities And Fund Balances				
Liabilities:				
Accounts payable	\$ 1,923,178	\$ 3,585,641	\$ 309,185	\$ 5,818,004
Accrued liabilities	884,533	-	7,789	892,322
Advances from other funds	-	-	10,600	10,600
Escrowed taxes and insurance	-	-	2,337	2,337
Customer deposits payable	22,788	-	(16,868)	5,920
Undisbursed loan and grant commitments	-	-	1,206,730	1,206,730
Unearned revenue	9,027,143	-	-	9,027,143
Total liabilities	11,857,642	3,585,641	1,519,773	16,963,056
Deferred Inflows of Resources:				
Unavailable revenue-income taxes	2,261,435	-	-	2,261,435
Total deferred inflows of resources	2,261,435	-	-	2,261,435
Fund balances:				
Nonspendable:				
Inventories	81,575	-	-	81,575
Prepays	329,554	-	-	329,554
Restricted:				
Community Redevelopment	-	-	992,826	992,826
Public Safety	-	-	331,562	331,562
Forest Conservation	-	-	192	192
Assigned:				
Contracted/Professional Services	877,701	-	-	877,701
Other Services	506,430	-	41,662	548,092
Capital Outlay	-	2,638,970	-	2,638,970
Community Redevelopment	-	-	2,928,298	2,928,298
Unassigned	22,819,133	-	-	22,819,133
Total fund balances	24,614,393	2,638,970	4,294,540	31,547,903
Total liabilities and fund balances	\$ 38,733,470	\$ 6,224,611	\$ 5,814,313	\$ 50,772,394

City of Hagerstown, Maryland
Reconciliation of the Total Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2024

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

Total fund balances - governmental funds		\$	31,547,903
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Cost of capital assets			208,246,180
Accumulated depreciation			(100,008,071)
			108,238,109
Unavailable revenues are not financial resources in the governmental funds, therefore the liability is eliminated and total net position is increased.			
			2,261,435
Internal service funds are used by management to charge for the costs associated with uncovered general liability risk, the costs associated with uncovered workers' compensation risk, and the costs associated with the City's health and dental care program. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			
			2,592,602
Long-term liabilities (including compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund statements.			
Compensated absences			(5,337,197)
General obligation bonds payable			(12,306,750)
Accrued interest payable on general obligation bonds			(121,550)
Unamortized bond premiums on general obligation bonds			(281,428)
			(18,046,925)
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			(50,691,494)
Deferred outflows from pensions			7,936,127
Deferred inflows from pensions			(10,549,689)
			(53,305,056)
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			(17,743,842)
Deferred outflows from OPEB			959,075
Deferred inflows from OPEB			(1,949,896)
			(18,734,663)
Total net position - governmental activities		\$	54,553,405

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, 2024

	<u>General</u>	<u>Capital Improvement Program</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 38,291,769	\$ -	\$ -	\$ 38,291,769
Income and other taxes	7,182,409	2,096,151	-	9,278,560
Licenses and permits	2,563,694	-	-	2,563,694
Intergovernmental grants	2,156,254	4,897,555	1,672,770	8,726,579
Program income	-	-	81,808	81,808
Charges for services	5,159,232	-	-	5,159,232
Fines and forfeitures	997,723	-	-	997,723
Investment earnings	1,936,694	423,720	69,938	2,430,352
Sale of land & other property	34,703	-	383,891	418,594
Contributions and donations	48,458	1,386,846	7,286	1,442,590
Unallocated general revenue	2,117,925	138,599	130,974	2,387,498
Total revenues	<u>60,488,861</u>	<u>8,942,871</u>	<u>2,346,667</u>	<u>71,778,399</u>
Expenditures				
Current:				
General government	7,037,178	-	420,692	7,457,870
Public safety	29,125,074	-	372,417	29,497,491
Highways and streets	2,448,949	-	-	2,448,949
Waste, collection and disposal	4,484,707	-	-	4,484,707
Culture and recreation	2,971,315	-	-	2,971,315
Economic and community development	725,296	1,830,086	1,532,500	4,087,882
Unallocated general expenditures	1,762,087	-	4	1,762,091
Debt Service:				
Principal	1,143,471	-	-	1,143,471
Interest	421,466	-	-	421,466
Issuance costs	2,076	-	-	2,076
Capital outlay	-	19,799,803	25,825	19,825,628
Total expenditures	<u>50,121,619</u>	<u>21,629,889</u>	<u>2,351,438</u>	<u>74,102,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,367,242</u>	<u>(12,687,018)</u>	<u>(4,771)</u>	<u>(2,324,547)</u>
Other Financing Sources (Uses)				
Transfers in	43,180	5,906,092	1,134,667	7,083,939
Transfers out	<u>(6,523,434)</u>	<u>(11,925)</u>	<u>(1,269,292)</u>	<u>(7,804,651)</u>
Total other financing sources and uses	<u>(6,480,254)</u>	<u>5,894,167</u>	<u>(134,625)</u>	<u>(720,712)</u>
Net change in fund balances	3,886,988	(6,792,851)	(139,396)	(3,045,259)
Fund balances - beginning	20,727,405	9,431,821	4,433,936	34,593,162
Fund balances - ending	\$ <u>24,614,393</u>	\$ <u>2,638,970</u>	\$ <u>4,294,540</u>	\$ <u>31,547,903</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, 2024

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

Net change in fund balances - total governmental funds	\$ (3,045,259)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions (\$19,825,629) exceeded depreciation (\$5,510,597) in the current period.	14,315,032
The net effect of capital asset disposals is to decrease net position.	(72,384)
The issuance of long-term debt (\$0) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal (\$1,143,471) consumes the current financial resources of governmental funds. This amount is the net effect of issuance, transfers, and principal payments on long-term debt.	1,143,471
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the amortization of those costs.	24,241
Revenues and expenditures are reported in the statement of activities on the accrual basis and in the governmental funds when they provide for or use current financial resources. This is the net difference of revenues and expenditures recognized between the governmental funds and statement of activities.	630,761
Net OPEB expense transactions based on actuarial calculations to determine net OPEB liabilities are not included in the governmental financial statements.	(156,996)
Net pension expense transactions based on actuarial calculations to determine net pension liabilities are not included in the governmental financial statements.	(1,527,323)
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>492,327</u>
Change in net position of governmental activities	<u><u>\$ 11,803,870</u></u>

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

**City of Hagerstown, Maryland
General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 37,646,300	\$ 37,646,300	\$ 38,291,769	\$ 645,469
Income and other taxes	5,826,864	5,900,899	7,182,409	1,281,510
Licenses and permits	2,389,300	2,389,300	2,563,694	174,394
Intergovernmental grants	2,054,382	2,161,861	2,156,254	(5,607)
Charges for services	4,635,190	4,635,190	5,159,232	524,042
Fines and forfeitures	1,148,650	1,148,650	997,723	(150,927)
Unallocated and other general revenue	2,384,131	2,411,295	4,137,780	1,726,485
Total revenues	56,084,817	56,293,495	60,488,861	4,195,366
Expenditures				
Current:				
General government	7,442,131	7,439,957	7,037,178	402,779
Public safety	29,861,491	29,860,849	29,125,074	735,775
Highways and streets	2,865,304	2,879,328	2,448,949	430,379
Waste, collection and disposal	4,463,690	4,490,708	4,484,707	6,001
Culture and recreation	3,230,097	3,288,533	2,971,315	317,218
Economic and community development	779,219	779,259	725,296	53,963
Unallocated general expenditures	2,059,540	1,802,040	1,762,087	39,953
Debt Service:				
Principal	1,143,470	1,143,470	1,143,471	(1)
Interest	741,429	741,429	421,466	319,963
Issuance Costs	1,715	1,715	2,076	(361)
Total expenditures	52,588,086	52,427,288	50,121,619	2,305,669
Excess (deficiency) of revenues over (under) expenditures	3,496,731	3,866,207	10,367,242	6,501,035
Other Financing Sources (Uses)				
Transfers in	30,000	41,925	43,180	1,255
Transfers out	(5,413,607)	(8,510,009)	(6,523,434)	1,986,575
Budgeted use of fund balance	1,889,000	4,630,000	-	(4,630,000)
Total other financing sources and (uses)	(3,494,607)	(3,838,084)	(6,480,254)	(2,642,170)
Net change in fund balances	2,124	28,123	3,886,988	3,858,865
Fund balances - beginning	20,727,405	20,727,405	20,727,405	-
Fund balances - ending	\$ 20,729,529	\$ 20,755,528	\$ 24,614,393	\$ 3,858,865

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, 2024

Business-type Activities-Enterprise Funds							
	Electric	Water	Wastewater	Parking	Total Non-Major Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Assets							
Current assets:							
Pooled cash and investments	\$ 1,781,113	\$ 16,484,962	\$ 12,434,018	\$ 2,358,509	\$ 5,781,343	\$ 38,839,945	\$ 2,708,700
Interest receivable	1,438	11,660	8,213	1,575	4,014	26,900	2,079
Accounts receivable (net of allowance for uncollectibles)	2,320,730	2,943,877	3,287,482	201,737	396,333	9,150,159	128,536
Inventories	841,450	1,372,685	-	-	-	2,214,135	-
Prepaid items	3,067	60,164	100,000	-	667	163,898	1,198,438
Total current assets	4,947,798	20,873,348	15,829,713	2,561,821	6,182,357	50,395,037	4,037,753
Noncurrent assets:							
Restricted assets:							
Pooled cash and investments	-	6,482,263	2,586,311	1,016,574	-	10,085,148	6,568,430
Long-term receivable	-	-	-	100,000	-	100,000	-
Capital assets:							
Land	1,217,107	2,019,652	180,149	2,621,578	462,813	6,501,299	-
Land improvements	277,813	52,342	25,852	1,214,003	1,153,265	2,723,275	-
Buildings and structures	2,480,189	137,384,366	76,566,519	7,763,555	3,476,987	227,671,616	-
Machinery and equipment	34,325,183	31,672,072	67,189,754	616,672	461,850	134,265,531	-
Automobiles and trucks	1,827,665	2,630,045	3,500,362	83,859	854,007	8,895,938	-
Infrastructure	-	-	-	-	924,682	924,682	-
Office furniture and fixtures	482,899	63,646	255,557	-	109,993	912,095	-
Construction in progress	278,877	97,700	2,041,580	11,521,492	574,276	14,513,925	-
Less accumulated depreciation	(23,561,478)	(72,636,627)	(82,444,760)	(5,834,314)	(3,026,056)	(187,503,235)	-
Total capital assets, net	17,328,255	101,283,196	67,315,013	17,986,845	4,991,817	208,905,126	-
Total noncurrent assets	17,328,255	107,765,459	69,901,324	19,103,419	4,991,817	219,090,274	6,568,430
Total assets	22,276,053	128,638,807	85,731,037	21,665,240	11,174,174	269,485,311	10,606,183
Deferred Outflow of Resources							
Deferred Outflows related to Pensions	654,988	1,053,251	795,383	-	-	2,503,622	-
Deferred Outflows related to OPEB	137,003	109,062	148,458	-	-	394,523	-
Total Deferred Outflows Related to Pensions	791,991	1,162,313	943,841	-	-	2,898,145	-

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, 2024

Business-type Activities-Enterprise Funds

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>	<u>Total Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Liabilities							
Current liabilities:							
Accounts payable	1,939,121	336,872	1,320,335	1,919,282	158,667	5,674,277	1,104,909
Compensated absences - current	250,967	365,400	344,863	31,963	29,356	1,022,549	-
Accrued liabilities	52,139	205,827	144,497	47,391	15,103	464,957	2,400,146
Customer deposits and rebates	1,458,137	31,354	30,319	11,120	(8,296)	1,522,634	-
Unearned revenue	50,000	500,000	-	-	2,931	552,931	-
Undisbursed Loans and Grants	-	-	-	-	-	-	-
General obligation bonds - current	19,536	1,734,847	1,411,922	10,633,835	45,017	13,845,157	-
Total current liabilities	3,769,900	3,174,300	3,251,936	12,643,591	242,778	23,082,505	3,505,055
Noncurrent liabilities:							
General obligation bonds payable	246,584	17,847,249	6,975,828	252,214	470,795	25,792,670	-
Compensated absences	211,424	307,823	290,524	26,925	24,728	861,424	-
Net OPEB liabilities	2,534,685	2,017,763	2,746,621	-	-	7,299,069	-
Net pension liabilities	2,389,175	3,841,906	2,901,289	-	-	9,132,370	-
Total noncurrent liabilities	5,381,868	24,014,741	12,914,262	279,139	495,523	43,085,533	-
Total liabilities	9,151,768	27,189,041	16,166,198	12,922,730	738,301	66,168,038	3,505,055
Deferred Inflow of Resources							
Deferred Inflows related to Pensions	27,088	43,559	32,894	-	-	103,541	-
Deferred Inflows related to OPEB	278,540	221,735	301,830	-	-	802,105	-
Total Deferred Inflows Related to Pensions	305,628	265,294	334,724	-	-	905,646	-
Net Position							
Net Investment in Capital Assets	17,062,135	81,701,100	58,927,263	8,117,370	4,476,005	170,283,873	-
Restricted	-	-	-	-	-	-	375,300
Unrestricted	(3,451,487)	20,645,685	11,246,693	625,140	5,959,868	35,025,899	6,725,828
Total net position	\$ 13,610,648	\$ 102,346,785	\$ 70,173,956	\$ 8,742,510	\$ 10,435,873	205,309,772	\$ 7,101,128
						Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	4,508,526
						Net position of business-type activities	\$ 209,818,298

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
June 30, 2024

	Business-type Activities- Enterprise Funds				Total Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Parking			
Operating revenues:							
Service charges	\$ 21,647,937	\$ 13,378,273	\$ 15,376,132	\$ 1,092,022	\$ 3,922,961	\$ 55,417,325	\$ 9,732,926
Other revenues	428,394	1,195,025	456,070	5,527	32,137	2,117,153	1,242,779
Total operating revenues	<u>22,076,331</u>	<u>14,573,298</u>	<u>15,832,202</u>	<u>1,097,549</u>	<u>3,955,098</u>	<u>57,534,478</u>	<u>10,975,705</u>
Operating expenses:							
Production and treatment expenses	17,069,012	4,755,796	5,292,318	-	-	27,117,126	-
Transmission, distribution, and collection expenses	2,621,950	2,810,593	1,991,884	-	-	7,424,427	-
Selling, general and administrative expenses	3,516,366	3,229,002	3,909,189	721,246	1,637,173	13,012,976	10,344,883
Claim and premium expenses	-	-	-	-	-	-	700,000
Depreciation	960,891	3,934,873	3,139,056	248,737	250,075	8,533,632	-
Total operating expenses	<u>24,168,219</u>	<u>14,730,264</u>	<u>14,332,447</u>	<u>969,983</u>	<u>1,887,248</u>	<u>56,088,161</u>	<u>11,044,883</u>
Operating income (loss)	<u>(2,091,888)</u>	<u>(156,966)</u>	<u>1,499,755</u>	<u>127,566</u>	<u>2,067,850</u>	<u>1,446,317</u>	<u>(69,178)</u>
Nonoperating revenues (expenses):							
Investment earnings	186,272	774,133	572,353	425,958	267,784	2,226,500	153,257
Bond interest expense and premium	(7,347)	(283,147)	(185,879)	(531,457)	(22,837)	(1,030,667)	-
Bond issuance cost	(37)	(35,537)	(19,921)	(247)	(56)	(55,798)	-
Gain (loss) on disposal of capital assets	8,486	24,084	-	-	-	32,570	-
Total nonoperating revenue (expenses)	<u>187,374</u>	<u>479,533</u>	<u>366,553</u>	<u>(105,746)</u>	<u>244,891</u>	<u>1,172,605</u>	<u>153,257</u>
Income (loss) before contributions and transfers	<u>(1,904,514)</u>	<u>322,567</u>	<u>1,866,308</u>	<u>21,820</u>	<u>2,312,741</u>	<u>2,618,922</u>	<u>84,079</u>
Capital contributions and grants	564,135	2,405,624	5,376,773	33,375	236,002	8,615,909	-
Loan Forgiveness	-	1,500,000	-	-	-	1,500,000	-
Transfers in	-	-	-	500,000	250,000	750,000	200,000
Transfers out	(8,200)	(8,200)	(8,200)	(4,688)	-	(29,288)	(200,000)
Changes in net position	<u>(1,348,579)</u>	<u>4,219,991</u>	<u>7,234,881</u>	<u>550,507</u>	<u>2,798,743</u>	<u>13,455,543</u>	<u>84,079</u>
Net position - beginning	14,959,227	98,126,794	62,939,075	8,192,003	7,637,130		7,017,049
Total net position - ending	<u>\$ 13,610,648</u>	<u>\$ 102,346,785</u>	<u>\$ 70,173,956</u>	<u>\$ 8,742,510</u>	<u>\$ 10,435,873</u>		<u>\$ 7,101,128</u>
						(408,249)	
						<u>\$ 13,047,294</u>	

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

Change in net position of business-type activities

\$ 13,047,294

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, 2024

	Business-type Activities- Enterprise Funds				Total Nonmajor Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Parking			
Cash Flows From Operating Activities							
Receipts from customers and users	\$ 21,351,395	\$ 14,655,361	\$ 15,508,550	\$ 1,159,000	\$ 3,894,135	\$ 56,568,441	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	10,958,569
Payments to suppliers	(18,703,040)	(5,003,227)	(6,461,811)	1,759,469	(593,948)	(29,002,558)	(10,990,199)
Payments to employees	(4,205,744)	(5,737,662)	(4,843,245)	(537,318)	(983,046)	(16,307,015)	-
Net cash provided (used) by operating activities	<u>(1,557,389)</u>	<u>3,914,471</u>	<u>4,203,494</u>	<u>2,381,151</u>	<u>2,317,141</u>	<u>11,258,868</u>	<u>(31,630)</u>
Cash Flows From Noncapital Financing Activities							
Transfers from other funds	-	-	-	-	250,000	250,000	200,000
Transfers to other funds	-	-	-	-	-	-	(200,000)
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Cash Flows From Capital And Related Financing Activities							
Proceeds from intergovernmental capital grant	-	-	-	-	236,002	236,002	-
Capital contributions	564,135	2,405,624	5,376,773	33,375	-	8,379,907	-
Acquisition and construction of capital assets	(2,776,353)	(2,065,716)	(6,397,536)	(11,248,832)	(1,613,990)	(24,102,427)	-
Principal paid on capital debt	(18,521)	(1,721,016)	(1,412,058)	(32,633)	(43,367)	(3,227,595)	-
Interest paid on capital debt	(7,486)	(300,442)	(199,396)	(531,814)	(23,057)	(1,062,194)	-
Bond issuance costs	(37)	(35,537)	(19,921)	(247)	(56)	(55,796)	-
Proceeds from disposal of capital assets	15,097	24,084	-	-	-	39,181	-
Transfers from other funds for capital acquisitions	-	-	-	500,000	-	500,000	-
Transfers to other funds for capital acquisitions	(8,200)	(8,200)	(8,200)	(4,688)	-	(29,288)	-
Net cash provided (used) by capital and related financing activities	<u>(2,231,364)</u>	<u>(1,701,202)</u>	<u>(2,660,337)</u>	<u>(11,284,839)</u>	<u>(1,444,467)</u>	<u>(19,322,210)</u>	<u>-</u>
Cash Flows From Investing Activities							
Interest and dividends received	187,226	768,423	568,616	424,893	265,571	2,214,729	152,601
Net cash provided by investing activities	<u>187,226</u>	<u>768,423</u>	<u>568,616</u>	<u>424,893</u>	<u>265,571</u>	<u>2,214,729</u>	<u>152,601</u>
Net increase (decrease) in pooled cash and investments	(3,601,528)	2,981,692	2,111,773	(8,478,795)	1,388,244	(5,598,613)	120,971
Pooled cash and investments, beginning of year	5,382,641	19,985,533	12,908,556	11,853,878	4,393,099	54,523,706	9,156,159
Pooled cash and investments, end of year	<u>\$ 1,781,113</u>	<u>\$ 22,967,225</u>	<u>\$ 15,020,329</u>	<u>\$ 3,375,083</u>	<u>\$ 5,781,343</u>	<u>\$ 48,925,093</u>	<u>\$ 9,277,130</u>

City of Hagerstown, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

Business-type Activities-
Enterprise Funds

	Business-type Activities-				Total Nonmajor Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Parking			
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (2,091,888)	\$ (156,966)	\$ 1,499,755	\$ 127,566	\$ 2,067,850	\$ 1,446,317	\$ (69,178)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	960,891	3,934,873	3,139,056	248,737	250,075	8,533,632	-
Net effect of changes in assets and liabilities							
Accounts receivable	(433,800)	(307,288)	(321,408)	160,555	(53,872)	(955,813)	(17,136)
Inventories	(109,543)	189,732	-	-	-	80,189	-
Prepaid items	(3,065)	(10,508)	(100,000)	-	274	(113,299)	(95,600)
Accounts payable	508,354	(54,040)	511,701	1,915,665	78,923	2,960,603	135,781
Compensated absences payable	(16,042)	(38,529)	27,990	14,056	23,994	11,469	-
Accrued liabilities	18,575	10,335	9,480	1,492	2,033	41,915	14,504
Customer deposits and rebates	(341,137)	(9,650)	(2,244)	896	(7,295)	(359,430)	-
Other liabilities-current	-	-	-	(100,000)	-	(100,000)	-
Undisbursed Loans and Grants	-	-	-	-	(65,357)	(65,357)	-
Unearned revenue	50,000	399,000	-	-	203	449,203	-
Other long-term liabilities	(99,734)	(42,488)	(560,836)	12,184	20,313	(670,561)	-
Total adjustments	534,499	4,071,437	2,703,739	2,253,585	249,291	9,812,551	37,548
Net cash provided (used) by operating activities	\$ (1,557,389)	\$ 3,914,471	\$ 4,203,494	\$ 2,381,151	\$ 2,317,141	\$ 11,258,868	\$ (31,630)
Reconciliation of pooled cash and investments to the balance sheet							
Pooled cash and investments	\$ 1,781,113	\$ 16,484,962	\$ 12,434,018	\$ 2,358,509	\$ 5,781,343	\$ 38,839,945	\$ 2,708,700
Restricted pooled cash and investments	-	6,482,263	2,586,311	1,016,574	-	10,085,148	6,568,430
Totals	\$ 1,781,113	\$ 22,967,225	\$ 15,020,329	\$ 3,375,083	\$ 5,781,343	\$ 48,925,093	\$ 9,277,130

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

City of Hagerstown, Maryland
Statement of Fiduciary Net Position
June 30, 2024

	Pension and OPEB Trust Funds
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 2,808,233
Government and Agency Issues	5,864,443
Corporate Debt Issues	4,541,434
Common Stock	6,830,568
Mutual Funds	26,238,712
Total investments	46,283,390
Interest Receivable	152,352
Total assets	46,435,742
 Net Position Restricted for:	
Pension	\$ 26,035,978
OPEB	\$ 20,399,764
 Total Net Postion	\$ 46,435,742

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, 2024

		Pension and OPEB Trust Funds
Additions		
Contributions:		
Employer	\$	2,382,287
Plan members		1,081,478
Total contributions		<u>3,463,765</u>
Investment earnings:		
Interest and dividends		1,203,677
Net increase/(decrease) in the fair value of investments		4,612,194
Total investment earnings		5,815,871
Less investment expense		103,223
Net investment earnings		<u>5,712,648</u>
Total additions		<u>9,176,413</u>
Deductions		
Benefits		4,028,603
Administrative expenses		59,541
Actuarial fees		19,205
Total deductions		<u>4,107,349</u>
Change in net position		5,069,064
Net position - beginning		41,366,678
Net position - ending	\$	<u><u>46,435,742</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, 2024

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 fund accounts for the activities of the City's parking lots, parking decks, and parking enforcement operations.

I. Summary of significant accounting policies (continued)

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

Additionally, the government reports the following funds:

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

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

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

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

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

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and fund balance or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

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

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

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

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

I. Summary of significant accounting policies (continued)

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

2. Receivables and payables (continued)

Significant property tax information is as follows:

	<u>Real Property</u>	<u>Business Personal Property</u>
Assessment roll validated:	January 1	January 1
Tax rate ordinance approved:	May 17	May 17
Beginning of fiscal year for which taxes have been levied:	July 1	July 1
Tax bills rendered and due:	July 1	July 1 or upon state notification
Property Tax Rates through 6/30/24: Per \$100 of assessable base	\$ 1.002	\$ 2.505
Maximum discount:	July 31	July 31
Delinquent:	On October 1	30 days after Bill Date
Terms	0.5% / 30 days	0.5% / 30 days
Delinquent interest and penalty:	12% annually	12% annually

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

3. Inventories and prepaid items

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

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

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

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

I. Summary of significant accounting policies (continued)

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

4. Restricted cash

Benefit charge proceeds of \$5,604,479 in the Water fund are classified as restricted assets on the statement of net position because their use is internally limited to major capital additions, replacements or improvements to water plants, water transmission mains, pump stations, or tanks. The funds are not to be used to pay for maintenance items per policies set by the Mayor and Council.

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

Benefit charge proceeds of \$2,586,311 in the Wastewater fund are classified as restricted assets on the statement of net position because their use is internally limited to major capital additions, replacements, or improvements to the Wastewater plant.

The City has \$1,016,574 in the Parking Fund as classified as restricted assets on the statement of net position from bond proceeds for the City's third parking deck to be constructed in conjunction with the Hagerstown Multi-Use Sports and Events facility.

The City has \$8,998,057 as restricted assets on the statement of net position for the General Fund. As of June 30, 2024, \$23,245 was restricted as a deposit for postage and \$8,974,812 was restricted for American Rescue Plan spending.

The City's participation in the Federal Community Development Block Grant Program requires pooled cash and investments to be restricted for specific purposes. As of June 30, 2024, \$17,062 was restricted for single family loans, \$2,337 was restricted for escrowed taxes and insurance and \$162,675 was restricted as program income.

The City has \$2,061,194 as restricted assets on the statement of net position for the Economic Development spending fund which reflects balances restricted for the Invest Hagerstown program, projects already obligated but not yet completed.

I. Summary of significant accounting policies (continued)

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

4. Restricted cash (continued)

The City has \$16,868 as restricted assets on the statement of net position for the flexible spending fund which reflects employees' available balances for medical and dependent care benefits.

As part of the City's health insurance program, \$274,000 is being restricted in the Health Insurance Internal Service Fund. This restriction is a pre-funding for claims associated with the City's health insurance program with United Healthcare Administrators effective July 1, 2014. Likewise, a part of the City's dental health insurance program, \$31,300 is restricted in the Dental Insurance Internal Service Fund. This restriction is a pre-funding equivalent to one month's worth of funding for claims associated with the City's dental insurance program with United Concordia. In addition the City's health insurance fund has \$915,193 in restricted cash which reflects retirees' available balances on individual Health Retirement accounts. The Workers Compensation fund has \$5,347,937 as restricted assets on the statement of net position. From this total, \$70,000 is being held by PMA Management Corporation and \$5,277,937 is being set aside for workers compensation claims.

5. Capital assets

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

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

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

I. Summary of significant accounting policies (continued)

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

5. Capital Assets (continued)

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

6. Compensated absences

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

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

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

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

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

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

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

I. Summary of significant accounting policies (continued)

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

6. Compensated absences (continued)

- Employees who are members of A.F.S.C.M.E. #3373 with more than ten (10) years of service but less than fifteen (15) years of service will be paid for one half (1/2) of accumulated sick leave hours up to a maximum of \$3,000
- Non-union employees, as well as employees who are members of A.F.S.C.M.E. #1540, I.B.E.W #307, and I.A.F.F. #1605 with 10 years of service or more would continue employment with the City until retirement. Payouts are prorated based on the aforementioned schedule.
- Employees who are members of A.F.S.C.M.E. #3373 with 15 years of service or more would continue employment with the City until retirement and payouts are prorated based on the aforementioned schedule.

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

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

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

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

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

I. Summary of significant accounting policies (continued)

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

7. Deferred Outflows/Inflows of Resources

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

8. Long-term obligations

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

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

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

I. Summary of significant accounting policies (continued)

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

9. Fund Balance

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

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

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

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

I. Summary of significant accounting policies (continued)

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

9. Fund Balance (continued)

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

Open Encumbrances by Fund at June 30	
General Fund	\$ 1,384,131
CIP	18,626,329
Nonmajor Government	<u>545,968</u>
Total Open Encumbrances by Fund	<u><u>\$ 20,556,428</u></u>

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

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

I. Summary of significant accounting policies (continued)

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

10. Net Position

The difference between assets, deferred outflows, liabilities, and deferred inflows is *Net Position* on the government-wide and fiduciary fund statements. Net Position is classified as *Net Investment in Capital Assets*, legally *Restricted* for a specific purpose or *Unrestricted* and available for appropriation for general purposes. *Net Investment in Capital Assets* consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of these assets. As of June 30, 2024, net position *Net Investment in Capital Assets* excludes unspent debt proceeds of \$1,016,574 for business-type activities.

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

11. Property Tax Abatements

Enterprise Zone Benefits Program (\$1,086,424)

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

Partners in Economic Progress (PEP) Program (\$60,594)

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

I. Summary of significant accounting policies (continued)

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

11. Property Tax Abatements (continued)

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

Annexation of adjacent and contiguous areas (\$77,556)

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

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

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

I. Summary of significant accounting policies (continued)

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

11. Property Tax Abatements (continued)

Payment in Lieu of Taxes (PILOT) (\$883,975)

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

E. GASB Statements

The GASB has issued Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 which took effect during FY 2024, and was implemented by the City.

The GASB has issued Statement No. 101, Compensated Absences, Statement No. 102, Certain Risk Disclosures, Statement No. 103, Financial Reporting Model Improvements, and Statement 104, Disclosure of Certain Capital Assets, which will require adoption in future years. The City will be analyzing the effect of these pronouncements and plans to adopt them, as applicable, by their effective date(s).

II. Reconciliation of government-wide and fund financial statements

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

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

One item explains that “capital assets do not represent current financial resources and therefore are not reported in the funds.” The details of this \$108,238,109 difference are as follows:

Cost of capital assets	\$ 208,246,180
Accumulated depreciation of capital assets	<u>(100,008,071)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 108,238,109</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 \$18,734,663 difference are as follows:

Net OPEB liability	\$ 17,743,842
Deferred outflows related to OPEB	(959,075)
Deferred inflows related to OPEB	<u>1,949,896</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 18,734,663</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 \$53,305,056 difference are as follows:

Net pension liability	\$ 50,691,494
Deferred outflows related to pensions	(7,936,127)
Deferred inflows related to pensions	<u>10,549,689</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 53,305,056</u>

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

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

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

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$14,315,032 difference are as follows:

Capital Asset Additions	\$ 19,825,629
Depreciation expense	<u>(5,510,597)</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>\$ 14,315,032</u>

A second element of that reconciliation explains that “Governmental funds report principal payments of general bonds payable obligations as an expenditure and new general bonds issues as revenue. However, neither of these transactions impacts the statement of activities.” The details of this \$1,143,471 difference are as follows:

Principal payment on general obligation bonds payable	\$ 1,143,471
New general obligations bonds issued	<u>-</u>
 Net adjustment to increase <i>net changes in fund balances -- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$ 1,143,471</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 \$1,527,323 difference are as follows:

Net pension liability decrease	\$ 16,101,679
Pensions activity: change in assumptions, investment earnings, change in experience, & recognized pension expense	<u>(17,629,002)</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>\$ (1,527,323)</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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrance accounting is employed in governmental funds. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year's budget.

B. Excess of expenditures over appropriations

For the year ended June 30, 2024, expenditures, including transfers to other City funds, exceeded appropriations by \$6,792,851 in the Capital Improvement Program Fund, \$848,912 in the Community Development Block Grant Fund, \$1,348,579 in the Electric Fund, \$82,844 in the Property Management Fund, \$111,500 in the Health Insurance Fund, and \$106,461 in the Dental Insurance Fund. These excess expenses were funded by the beginning of the year fund balance in the respective funds.

IV. Detailed notes on all funds

A. Deposits and investments

1. City owned and managed investments

As of June 30, 2024, 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 \$75,434,383 and the bank balances were \$78,499,619. All deposits are carried at cost plus accrued interest. The City's investment policy specifies that all deposits must be collateralized at 102% of fair value as required by Maryland law for any amount exceeding FDIC coverage. In addition, the City has \$9,262 in petty cash across all funds.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk, except as noted above. Of the bank balance \$19,419,000 was secured by federal depository insurance and \$59,080,619 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, 2024, the City had \$22,880,492 invested in the Maryland Local Government Investment Pool (the "Pool"). The Pool was created under Maryland State Law, is regulated by the Maryland State Treasurer's Office, and participation in the pool is voluntary. It is maintained exclusively to assist eligible participants defined by Articles 95 and 22 of the Annotated Code of Maryland. The Pool may invest in any instrument in which the State Treasurer may invest. Permissible instruments are established by Section 6-222 of the State Finance and Procurement Article. No direct investment may have a maturity date of more than 13 months after its acquisition. Securities of the Pool are valued daily on an amortized cost basis, which approximates fair value and are held to maturity under normal circumstances. Investments in money market funds are valued at the closing net asset value per share on the day of valuation. The fair value of the position in the Pool is the same as the value of the pool net assets (shares). Standard & Poor's assigned their highest rating, AAA, to the Pool. The Pool is valued at net asset value. There are no significant redemption notices or periods of notifications for the Pool. As of June 30, 2024 these funds have a weighted average maturity of less than 3 months and are invested in a money market. Additionally, the City has no funding commitments to the Pool.

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

1. City owned and managed investments (continued)

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

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

2. Pension investments

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

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

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

	<u>Range</u>	<u>Target</u>
<u>Equities</u>	40 – 70%	65%
Large-Cap U.S. Stocks	30 – 50%	42%
Mid/Small-Cap U.S. Stocks	0 – 15%	6%
International Equities	10 – 20%	15%
REITS	0 – 10%	2%
<u>Fixed Income</u>	15 – 50%	32%
High Yield Bonds	0 – 10%	2%
Investment Grade Bonds	15 – 40%	30%
<u>Cash</u>	0 - 10%	3%

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

2. Pension investments (continued)

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

The City Pension Plan has the following recurring fair value measurements as of June 30, 2024:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Money Market		\$ 1,328,522	\$ 1,328,522	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corp	AAA/NR	477,108	-	-	20,576	456,532
Federal National Mortgage Assn	NR	1,249,671	-	1,427	44,987	1,203,257
Government National Mortgage Assoc	NR	51,304	-	-	-	51,304
U S Treasury Notes	AAA	1,665,365	-	673,857	426,508	565,001
Various Agencies	AAA	254,938	-	195,694	19,943	39,302
Various Agencies	AA2	46,171	-	-	-	46,171
Various Agencies	AA3	12,081	-	-	-	12,081
Various Agencies	A1	355,096	-	260,029	29,657	65,410
Various Agencies	A2	248,828	-	136,658	15,057	97,113
Various Agencies	A3	410,776	-	174,043	115,258	121,475
Various Agencies	BAA1	217,611	-	136,370	65,419	15,822
Various Agencies	BAA2	812,121	69,084	535,583	88,281	119,173
Various Agencies	BAA3	190,860	34,318	156,542	-	-
Various Agencies	NA	117,539	-	117,539	-	-
Common Stock		3,840,272	3,840,272	-	-	-
Mutual Funds		14,670,586	14,670,586	-	-	-
Interest Receivable		87,128	87,128	-	-	-
Total Investments Held by Trustee of Pension Plan		<u>\$ 26,035,978</u>	<u>\$ 20,029,910</u>	<u>\$ 2,387,742</u>	<u>\$ 825,686</u>	<u>\$ 2,792,640</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.

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

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

2. Pension investments (continued)

Foreign Currency Risk – The City’s Pension Plan has 14.4% or \$3,749,464 invested in foreign stocks. The investment policy permits it to invest up to 20% of total investments in international equities.

3. OPEB (Other Post Employee Benefits) investments

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

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

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

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

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

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

The City OPEB Plan has the following recurring fair value measurements as of June 30, 2024:

	Moody's Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 -10	More than 10
Cash and Money Market		\$ 1,479,711	\$ 1,479,711	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corp	AAA/NR	452,349	-	-	28,525	423,824
Federal National Mortgage Assn	NR	743,089	-	-	34,290	708,799
Government National Mortgage Assoc	NR	60,009	-	-	-	60,009
U S Treasury Notes	AAA	1,165,549	-	596,037	125,245	444,267
Various Agencies	AAA	190,386	-	140,486	14,957	34,944
Various Agencies	AA2	21,669	-	-	-	21,669
Various Agencies	AA3	12,929	-	-	-	12,929
Various Agencies	A1	260,590	-	187,224	24,714	48,652
Various Agencies	A2	163,635	-	97,492	10,038	56,105
Various Agencies	A3	306,476	-	122,705	69,803	113,968
Various Agencies	BAA1	159,957	-	95,991	52,099	11,867
Various Agencies	BAA2	544,798	49,342	348,060	58,631	88,765
Various Agencies	BAA3	136,771	24,513	112,258	-	-
Various Agencies	NA	78,201	-	78,201	-	-
Common Stock		2,990,296	2,990,296	-	-	-
Mutual Funds		11,568,125	11,568,125	-	-	-
Interest Receivable		65,224	65,224	-	-	-
Total Investments Held by Trustee of OPEB Plan		<u>\$ 20,399,764</u>	<u>\$ 16,177,211</u>	<u>\$ 1,778,453</u>	<u>\$ 418,302</u>	<u>\$ 2,025,798</u>

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

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

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

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

Foreign Currency Risk – The City’s OPEB Plan has 13.7% or \$2,777,789 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 and long term receivables, are as follows:

Governmental Activities:

	General	Capital Projects	Internal Service Funds	Non-Major Governmental Funds	Total Governmental Funds
Receivables:					
Taxes	\$ 1,755,076	\$ -	\$ -	\$ -	\$ 1,755,076
Intergovernmental	3,131,024	2,561,778	-	209,891	5,902,693
Customers	5,070,250	24,263	128,536	768,730	5,991,779
Loans	17,875	20,386	-	2,458,406	2,496,667
Interest	117,046	2,875	2,079	836	122,836
Gross receivables	<u>10,091,271</u>	<u>2,609,302</u>	<u>130,615</u>	<u>3,437,863</u>	<u>16,269,051</u>
Less: allowance for uncollectibles	<u>(4,471,240)</u>	<u>(21,599)</u>	<u>-</u>	<u>(1,416,848)</u>	<u>(5,909,687)</u>
Net total receivables	<u><u>\$ 5,620,031</u></u>	<u><u>\$ 2,587,703</u></u>	<u><u>\$ 130,615</u></u>	<u><u>\$ 2,021,015</u></u>	<u><u>\$ 10,359,364</u></u>

Business-Type Activities:

	Electric	Water	Wastewater	Parking	Non-Major Enterprise Funds	Business- Type Activities
Receivables:						
Intergovernmental	\$ 101,850	\$ 74,634	\$ 217,204	\$ 33,929	\$ -	\$ 427,617
Customers	5,271,170	3,054,596	3,363,934	1,252,893	400,828	13,343,421
Loans	-	-	-	100,000	-	100,000
Interest	1,438	11,660	8,213	1,575	4,014	26,900
Gross receivables	<u>5,374,458</u>	<u>3,140,890</u>	<u>3,589,351</u>	<u>1,388,397</u>	<u>404,842</u>	<u>13,897,938</u>
Less: allowance for uncollectibles	<u>(3,052,290)</u>	<u>(185,353)</u>	<u>(293,656)</u>	<u>(1,085,085)</u>	<u>(4,495)</u>	<u>(4,620,879)</u>
Net total receivables	<u><u>\$ 2,322,168</u></u>	<u><u>\$ 2,955,537</u></u>	<u><u>\$ 3,295,695</u></u>	<u><u>\$ 303,312</u></u>	<u><u>\$ 400,347</u></u>	<u><u>\$ 9,277,059</u></u>

IV. Detailed notes on all funds (continued)

B. Receivables (continued)

City Totals:

	Governmental Activities	Business-Type Activities	Total
Receivables:			
Taxes	\$ 1,755,076	\$ -	\$ 1,755,076
Intergovernmental	5,902,693	427,617	6,330,310
Customers	5,991,779	13,343,421	19,335,200
Loans	2,496,667	100,000	2,596,667
Interest	122,836	26,900	149,736
Gross receivables	<u>16,269,051</u>	<u>13,897,938</u>	<u>30,166,989</u>
Less: allowance for uncollectibles	<u>(5,909,687)</u>	<u>(4,620,879)</u>	<u>(10,530,566)</u>
Net total receivables	<u><u>\$ 10,359,364</u></u>	<u><u>\$ 9,277,059</u></u>	<u><u>\$ 19,636,423</u></u>

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

	Unavailable	Unearned	Total
Deferred income taxes receivable	<u>\$ 2,261,435</u>	<u>\$ -</u>	<u>\$ 2,261,435</u>
Other unavailable revenues	<u>-</u>	<u>9,027,143</u>	<u>9,027,143</u>
Total unavailable/unearned revenue for governmental funds	<u><u>\$ 2,261,435</u></u>	<u><u>\$ 9,027,143</u></u>	<u><u>\$ 11,288,578</u></u>

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,242,679	\$ -	\$ -	\$ -	\$ 7,242,679
Construction in progress	3,495,893	14,148,029	(10,000)	(3,081,321)	14,552,601
Total capital assets, not being depreciated	<u>10,738,572</u>	<u>14,148,029</u>	<u>(10,000)</u>	<u>(3,081,321)</u>	<u>21,795,280</u>
Capital assets, being depreciated:					
Land improvements	12,075,681	240,508	-	148,156	12,464,345
Buildings and structures	20,686,137	421,405	-	17,442	21,124,984
Machinery and equipment	9,935,571	819,006	-	17,550	10,772,127
Automobiles and trucks	13,114,922	2,126,737	(369,653)	732,336	15,604,342
Office furniture and fixtures	3,642,229	203,468	(98,734)	161,894	3,908,857
Infrastructure	118,749,184	1,866,476	(43,358)	2,003,943	122,576,245
Total capital assets being depreciated	<u>178,203,724</u>	<u>5,677,600</u>	<u>(511,745)</u>	<u>3,081,321</u>	<u>186,450,900</u>
Less accumulated depreciation for:					
Land improvements	(3,315,079)	(428,787)	-	-	(3,743,866)
Buildings and structures	(11,433,658)	(629,490)	-	-	(12,063,148)
Machinery and equipment	(7,076,236)	(631,453)	-	-	(7,707,689)
Automobiles and trucks	(7,529,461)	(1,097,451)	350,627	-	(8,276,285)
Office furniture and fixtures	(3,336,536)	(148,787)	98,734	-	(3,386,590)
Infrastructure	(62,255,865)	(2,574,629)	-	-	(64,830,494)
Total accumulated depreciation	<u>(94,946,835)</u>	<u>(5,510,597)</u>	<u>449,361</u>	<u>-</u>	<u>(100,008,071)</u>
Total capital assets, being depreciated, net	<u>83,256,890</u>	<u>167,003</u>	<u>(62,384)</u>	<u>3,081,321</u>	<u>86,442,829</u>
Governmental activities capital assets, net	<u>\$ 93,995,461</u>	<u>\$14,315,032</u>	<u>\$ (72,384)</u>	<u>\$ -</u>	<u>\$ 108,238,109</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	\$ 6,501,299	\$ -	\$ -	\$ -	\$ 6,501,299
Construction in progress	1,166,342	14,588,909	(84,251)	(1,157,076)	14,513,925
Total capital assets, not being depreciated	<u>7,667,641</u>	<u>14,588,909</u>	<u>(84,251)</u>	<u>(1,157,076)</u>	<u>21,015,224</u>
Capital assets, being depreciated:					
Land improvements	2,089,617	-	-	633,658	2,723,275
Buildings and structures	226,253,345	1,406,768	-	11,503	227,671,616
Machinery and equipment	126,007,305	7,785,531	(39,220)	511,915	134,265,531
Automobiles and trucks	8,679,132	262,025	(45,219)	-	8,895,938
Office furniture and fixtures	902,881	9,214	-	-	912,095
Infrastructure	422,423	502,259	-	-	924,682
Total capital assets being depreciated	<u>364,354,703</u>	<u>9,965,797</u>	<u>(84,439)</u>	<u>1,157,076</u>	<u>375,393,137</u>
Less accumulated depreciation for:					
Land improvements	(1,404,619)	(57,629)	-	-	(1,462,248)
Buildings and structures	(99,251,618)	(4,168,792)	-	-	(103,420,410)
Machinery and equipment	(71,686,131)	(3,639,309)	(335,417)	-	(75,660,857)
Automobiles and trucks	(5,476,286)	(633,174)	45,216	-	(6,064,244)
Office furniture and fixtures	(833,500)	(14,028)	-	-	(847,528)
Infrastructure	(27,248)	(20,700)	-	-	(47,948)
Total accumulated depreciation	<u>(178,679,402)</u>	<u>(8,533,632)</u>	<u>(290,201)</u>	<u>-</u>	<u>(187,503,235)</u>
Total capital assets, being depreciated, net	<u>185,675,301</u>	<u>1,432,165</u>	<u>(374,640)</u>	<u>1,157,076</u>	<u>187,889,902</u>
Business-type activities capital assets, net	<u>\$ 193,342,942</u>	<u>\$ 16,021,074</u>	<u>\$ (458,891)</u>	<u>\$ -</u>	<u>\$ 208,905,126</u>

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

Governmental activities:	
General government, including general infrastructure assets	\$ 2,898,200
Public safety	1,510,379
Highways and streets	300,970
Culture and recreation	758,319
Municipal buildings	42,729
Total depreciation expense – governmental activities	<u>\$ 5,510,597</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

Business-type activities:

Electric	\$ 960,891
Water	3,934,873
Wastewater	3,139,056
Parking	248,737
Golf course	47,009
Property management	102,584
Stormwater	100,482
Total depreciation expense – business-type activities	<u>\$ 8,533,632</u>

Construction commitments

The government has active construction projects as of June 30, 2024. The projects include improvements and construction of parking decks, park improvements, water and wastewater treatment plant and system, fire engine, and building improvements. At year end, the government's commitments with contractors are as follows:

Project	Spent-to- Date	Remaining Commitment
City Hall Annex	2,460,279	136,178
City Hall Elevator	349,769	230,211
Traffic Signal Summit Avenue at West Antietam Street and Salem Avenue at West Side	14,602	1,019,002
Hagerstown Field House	11,022,881	13,953,251
Design of Artifact Displays and Hager House Museum Improvements	50,000	400,000
Police Evidence Software	25,852	35,817
Fire Department Training Center Burn Building	263,163	789,488
Signal Design and Construction Potomac at Baltimore	40,709	800,000
Design and Renovation of Third Floor Police Department	17,128	217,546
Design and Renovation City Hall Lobby 1st Floor Renovations	41,673	410,390
Steam Engine Museum	49,240	438,750
Consolidation of Public Safety Assets	20,000	500,000
Marsh Run Trail	197,304	192,081
Electric Service to Undeveloped Lands between Marshall Street and Salem Avenue	55,664	203,336
Electric Meter Replacements for HLD Customers	214,201	785,799
Kilpatrick Woods Circuit Upgrades	9,013	115,500
Wilson Treatment Plant Improvement	16,570	1,650,000
Water Distribution Hydrants	81,129	670,000
Pump Station #33 Construction	822,751	4,404,693
Pump Station #33 Construction and Materials	343,327	57,847
Collection System Phase 1B	875,502	498,310
Hub City Garage	11,521,492	189,572
Golf Course Improvements: Clubhouse Deck	7,468	17,080
Street Tree Planting - Stormwater	157,697	50,000
MKS Business Park Stormwater Basin	258,436	101,964
Stormwater Fieldhouse	150,675	279,825
Total	<u>\$ 29,066,525</u>	<u>\$ 28,146,639</u>

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

The funding sources for the projects above vary. The City Hall Annex is being funded by the American Rescue Plan Act (ARPA) and general fund reserves. The City Hall Elevator project and the renovation of the third floor of the Police Department are being funded solely by ARPA. The Traffic Signal projects are being funded by ARPA and the general fund. The Signal Design and Construction at Potomac and Baltimore is being funded by a Transportation Alternatives Grant with a match from the general fund. The Steam Engine Museum is being funded by the general fund and general fund reserves and a federal grant. The Hagerstown Field House is being funded with bond funding, general fund reserves, grants, highway user revenue and a contribution by Washington County. The Fire Department Training Center Burn Building is being funded by general fund reserves and by a State Grant Governors Bond. All the remaining projects (Design of the Artifact Displays at the Hager House Museum, Police Software, Design and Renovation of the City Hall Lobby and 1st Floor Renovations, Consolidation of Public Safety Assets and Marsh Run Trail) are being funded either through state and federal grants, new general fund monies, and/or general fund balance reserves. The Electric service to undeveloped lands between Marshall Street and Salem Avenue is being funded by the Electric Fund and Contributions from Others. The Electric Meter Replacements for HLD Customers and the Kilpatric Woods Circuit Upgrades projects are all funded from the Electric Fund. The Wilson Treatment Plant Improvements are being funded by the Water Department. The Water Distribution Hydrants project is funded by Contributions from Others and the Water Fund. ARPA Funding is responsible for a portion of the Pump Station #33 Construction for Wastewater. The Wastewater Fund will fund the remaining Pump Station #33 Construction and Materials project. The Collection System Phase 1B is funded by ARC Grant and Wastewater Fund. The Hub City Parking Garage is primarily Bond funded with remaining funding by the Parking Fund. The Golf Course Improvements are funded by the Golf Fund. The Street Tree Planting and the MKS Business Park Stormwater Basin projects are all funded by the Stormwater management Fund. The Stormwater Fieldhouse is funded by ARPA Funding.

IV. Detailed notes on all funds (continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2024, is as follows:

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Community Development Block Grant Fund	\$10,600
	Total	\$10,600

The temporary advance represents funds that were expended prior to their receipt from other funds or other governments. These funds are expected to be received shortly after the beginning of July 2024. The temporary advance will then be reversed.

Interfund transfers:

Transfers in:	Transfers Out:								Total Transfers In:
	General Fund	Nonmajor Governmental	Electric	Water	Wastewater	Nonmajor Enterprise	Internal Service	Capital Projects	
General	\$ -	\$ 31,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,925	\$ 43,180
Capital Projects	5,138,767	738,037	8,200	8,200	8,200	4,688	-	-	5,906,092
Nonmajor Governmental	1,134,667	-	-	-	-	-	-	-	1,134,667
Electric	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Wastewater	-	-	-	-	-	-	-	-	-
Nonmajor Enterprise	250,000	500,000	-	-	-	-	-	-	750,000
Internal Service	-	-	-	-	-	-	200,000	-	200,000
Transfers out:	\$ 6,523,434	\$ 1,269,292	\$ 8,200	\$ 8,200	\$ 8,200	\$ 4,688	\$ 200,000	\$ 11,925	\$ 8,033,939

The \$43,180 transferred into the General Fund has two separate components: (1) a \$31,255 transfer from the Community Development Block Grant Fund for full-time employee costs; and (2) a \$11,925 transfer from the Capital Projects Fund for a one-time transfer to the Parks Equipment Fund.

Transfers to the Capital Projects Fund from the General Fund for \$5,138,767 and from Non-major Governmental Funds for \$738,037 are for capital project improvements. These annual capital projects include purchases of governmental vehicles, annual resurfacing of City streets and alleys, funds for park and neighborhood improvements, and various other major capital projects.

IV. Detailed notes on all funds (continued)

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

The \$1,134,667 transfer from the General Fund to the Non-major Governmental Funds has two separate components: (1) a \$6,667 transfer to the Grant Revenue Fund for local match requirements, and (2) a \$1,128,000 transfer to Economic Redevelopment for the continuation of economic incentive programs.

The \$250,000 transfer from the General Fund to the Non-major Enterprise Funds has one component: a transfer to the Golf Course Fund for \$250,000 to cover operating costs.

IV. Detailed notes on all funds (continued)

E. Long-term debt

The City secures bonds by utilizing a few methods: Public sale or Direct borrowing and direct placement. The government issues bonds to provide funds for the acquisition and construction of major capital facilities.

The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to government activities totaling \$9,558,918 and \$2,747,832, respectively. The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to business-type activities totaling \$12,026,082 and \$27,546,669, 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. On August 29, 2023, 2013B MDE Willson Plant Phase IV qualified for loan principal forgiveness in the amount of \$1,500,000. There were no new bond issues in FY2024 from MDE.

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

Subsequently, on August 13, 2024, the City issued Public Facilities Bonds of 2024 for \$26,550,000. This public sale bond funds a portion of the Hagerstown Field House in the amount of \$15,950,000 and prepays prior to its stated maturity the Public Improvements Bond Anticipation Note of 2023 in the amount of \$10,600,000 for the Hub City Garage.

IV. Detailed notes on all funds (continued)

E. Long-term debt (continued)

Description	Interest Rates	Maturity	Governmental Activities	Business-Type Activities	Total
Public Sale					
2009-B Taxable Build America Bonds	5.00%-5.75%	2029	\$ 3,268,465	\$ 3,666,535	\$ 6,935,000
2011 Public Facilities Bonds	2.00%-3.50%	2031	-	2,865,000	2,865,000
2015A Public Facilities Bond	3.06%	2035	2,356,367	2,893,633	5,250,000
2015B Public Facilities Bond Taxable	3.89%	2035	409,324	755,676	1,165,000
2017A Public Facilities Bond	2.58%	2037	3,163,651	1,036,349	4,200,000
2017B Public Facilities Bond Taxable	3.45%	2037	361,111	808,889	1,170,000
Subtotal General Obligation Bonds			\$ 9,558,918	\$ 12,026,082	\$ 21,585,000
Direct Borrowings & Direct Placements					
2005 MD Water Quality Revolving Loan Fund	0.40%	2025	\$ -	\$ 368,758	\$ 368,758
2007 MD Drinking Water Revolving Loan Fund	0.40%	2026	-	474,899	474,899
2009 MDE West End Reservoir Tank Phase II	0.00%	2039	-	2,698,505	2,698,505
2009 MDE Water Quality Bond	0.00%	2032	-	283,182	283,182
2009 MDE RCWillson Mains	0.00%	2041	-	2,578,050	2,578,050
2009 MD Water Quality Revolving Loan Fund	0.00%	2030	-	2,072,571	2,072,571
2009 Salem Ave. Collection System Rehabilitation	0.00%	2030	-	230,053	230,053
2013A MDE Willson Plant Phase IV	0.90%	2044	-	6,330,796	6,330,796
2014 Public Improvement Bonds	2.50%	2029	167,829	479,872	647,701
2018 Public Improvements Bond Taxable	4.30%	2033	434,476	606,246	1,040,722
2018A MDE Willson Travel Screen & Pump	0.80%	2039	-	572,752	572,752
2018B MDE Willson Travel Screen & Pump	0.00%	2029	-	250,985	250,985
2019 Public Improvements Bond Tax Exempt	2.98%	2034	2,145,527	-	2,145,527
2023 Public Improvements Bond Anticipation Note	4.90%	2025	-	10,600,000	10,600,000
Subtotal Direct Borrowings & Direct Placements			\$ 2,747,832	\$ 27,546,669	\$ 30,294,501
Total bonds payable			\$ 12,306,750	\$ 39,572,751	\$ 51,879,501
Premiums on bond issues			281,428	63,288	344,716
Total general obligation debt outstanding			\$ 12,588,178	\$ 39,636,039	\$ 52,224,217

*Footnote: 2018B MDE Willson Travel Screen & Pump for \$250,985 is a forgiveness debt. On August 29, 2023, 2013B MDE Willson Plant Phase IV qualified for loan principal forgiveness in the amount of \$1,500,000.

IV. Detailed notes on all funds (continued)

E. Long-term debt (continued)

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

Year Ending June 30,	Governmental Activities				Business-type Activities			
	Public Sale		Direct Borrowings and Direct Placements		Public Sale		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 912,597	\$ 348,487	\$ 273,038	\$ 86,815	\$ 1,252,405	\$ 420,995	\$ 12,590,965	\$ 149,009
2026	951,256	309,675	278,570	78,296	1,303,743	369,536	1,409,188	95,775
2027	990,495	268,662	284,239	69,594	1,349,505	315,187	1,290,474	87,218
2028	1,031,511	225,980	290,052	60,702	1,403,489	257,910	1,298,890	78,755
2029	1,067,330	180,880	296,014	51,616	1,457,670	197,164	1,558,497	70,084
2030-2034	3,344,856	451,221	1,325,919	123,865	4,350,145	421,140	4,219,177	243,836
2035-2039	1,260,873	65,289	-	-	909,125	42,168	3,454,363	122,151
2040-2044	-	-	-	-	-	-	1,725,115	32,759
Total	9,558,918	1,850,194	2,747,832	470,888	12,026,082	2,024,100	27,546,669	879,587
Premiums on bond issues	281,428	-	-	-	63,288	-	-	-
Total debt	\$ 9,840,346	\$ 1,850,194	\$ 2,747,832	\$ 470,888	\$ 12,089,370	\$ 2,024,100	\$ 27,546,669	\$ 879,587

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. As of June 30, 2023, \$3,485 of revenue bonds was outstanding:

Description	Interest Rate	Maturity	Business-type Activities
1993 M.C.C.B. water supply assistance loan	5.36%	2025	\$ 1,788

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Business-type Activities	
	Principal	Interest
2025	1,788	48
Total	\$ 1,788	\$ 48

IV. Detailed notes on all funds (continued)

E. Long-term debt (continued)

Changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Public Sale					
Bonds	\$ 10,434,746	\$ -	\$ (875,828)	\$ 9,558,918	\$ 912,597
Direct Borrowings & Direct					
Placements Bonds	3,015,475	-	(267,643)	2,747,832	273,038
Premium	305,669	-	(24,241)	281,428	-
Total long-term debt	<u>13,755,890</u>	<u>-</u>	<u>(1,167,712)</u>	<u>12,588,178</u>	<u>1,185,635</u>
Compensated absences	5,447,421	4,641,210	(4,751,435)	5,337,196	2,399,570
Governmental activity					
Long-term liabilities	<u>\$ 19,203,311</u>	<u>\$ 4,641,210</u>	<u>\$ (5,919,147)</u>	<u>\$ 17,925,374</u>	<u>\$ 3,585,205</u>
Business-type activities:					
Bonds payable:					
Public Sale					
Bonds	\$ 13,235,255	\$ -	\$ (1,209,173)	\$ 12,026,082	\$ 1,252,405
Direct Borrowings & Direct					
Placements Bonds	31,063,393	-	(3,516,724)	27,546,669	12,590,964
Revenue bonds	3,485	-	(1,697)	1,788	1,788
Premium	71,536	-	(8,248)	63,288	-
Total long-term debt	<u>44,373,669</u>	<u>-</u>	<u>(4,735,842)</u>	<u>39,637,827</u>	<u>13,845,157</u>
Compensated absences	1,840,008	1,505,301	(1,461,336)	1,883,973	1,022,549
Business-type activities					
Long-term liabilities	<u>\$ 46,213,677</u>	<u>\$ 1,505,301</u>	<u>\$ (6,197,178)</u>	<u>\$ 41,521,800</u>	<u>\$ 14,867,706</u>

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

V. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. These risks are accounted for in individual government funds. For these risks, the government is only liable to the extent of its deductibles which can range from \$0 to \$10,000. These liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. No claims related costs exceeded insurance coverage for 2016 through 2024.

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

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

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

As shown in the chart below, the City estimates its liability is \$10,000 for general liability risk claims, \$761,930 for health and dental insurance, and \$1,596,443 for workers compensation.

	General Liability Risks Program		Health and Dental Insurance Fund		Workers Compensation Fund	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Unpaid claims, beginning of year	\$ 10,000	\$ 10,000	\$ 904,490	\$ 616,709	\$1,433,386	\$ 1,827,568
Incurred claims	20,531	17,015	7,942,844	8,775,217	837,118	900,212
Change in reserve	-	-	-	-	163,057	(394,182)
Claim payments	(20,531)	(17,015)	(8,085,404)	(8,487,436)	(837,118)	(900,212)
Unpaid claims, end of year	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 761,930</u>	<u>\$ 904,490</u>	<u>\$1,596,443</u>	<u>\$ 1,433,386</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, 2024. The government officials and counsel intend to defend all pending litigation against the government, and the outcome of these legal proceedings is not presently determinable. In the opinion of the government and counsel, the liability, if any, in or arising from litigation and other legal proceedings in which the government is involved, as well as any other claims and assessments, will not have a material adverse effect on its financial condition.

C. Other post employment benefits

In addition to the pension benefits described later in Note V D, the City of Hagerstown provides other post employment benefits (OPEB) to all employees who qualify as a retiree and meet specific service requirements through a single-employer defined benefit plan. The City established a separate irrevocable trust for administering the plan assets while continuing to pay for 100% of the actual claims incurred through normal operating and paygo cash in an effort to build the OPEB plan assets. During fiscal year 2024, 281 retirees and their 90 dependents were eligible for hospitalization and dental benefits.

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

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

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

V. Other information (continued)

C. Other post employment benefits (continued)

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

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

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

For those retirees and their dependents who are over the age of 65 or are proven to be eligible for Medicare coverage, the City provides up to a \$350 monthly stipend to aid in the cost of acquiring a Medicare supplemental health insurance plan. Of the eligible retirees, 64 retirees and 45 dependents are provided the \$350 monthly stipend to aid in acquiring a Medicare supplemental health insurance plan. No drug benefits are provided under the Medicare supplemental health insurance plan after June 30, 2010.

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

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

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

Investments: Rate of return. For the year ended June 30, 2024, the annual money-weighted rate of return of OPEB plan investments, net of the OPEB plan expense was 14.35%. The money-weighted rate of return reflects investment performance, net of investment expense, adjusted for the changing amounts actually invested.

V. Other information (continued)

C. Other post employment benefits (continued)

Net OPEB liability and OPEB Expense. For the year ended June 30, 2024, the City recognized OPEB expense of \$2,168,222. The components of the net OPEB liability as of June 30, 2024 were as follows:

Total OPEB Liability (TPL)	\$ 45,442,675
Less: Plan Fiduciary Net Position	20,399,764
City's Net OPEB Liability	<u>\$ 25,042,911</u>

City's Net Position as a Percentage of OPEB Liability	44.89%
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The schedule below reflects the factors that impact net position liability and results as June 30, 2024:

Total Fiduciary Liability	<u>2024</u>
Total OPEB Liability	
Service Cost	\$ 614,509
Interest Cost	3,080,958
Differences Between Expected and Actual Experience	-
Plan Changes	-
Assumption Changes	188,112
Benefit Payments	(1,841,522)
Net Change in Total OPEB Liability	<u>2,042,057</u>
Total OPEB liability-Beginning of Year	43,400,618
Total OPEB liability-End of Year	<u>\$ 45,442,675</u>

Plan Fiduciary Net Position	
Contributions-Employer	\$ 2,541,522
Net Investment Income	2,485,261
Benefit Payments	(1,841,522)
Administrative Expense	(67,175)
Net Change in Fiduciary Net Position	<u>3,118,086</u>
Fiduciary Net Position-Beginning of Year	17,281,678
Fiduciary Net Position-End of Year	<u>\$ 20,399,764</u>

Net OPEB Liability	\$ 25,042,911
Fiduciary Net Position as a % of Total OPEB Liability	44.89%

Covered Employee Payroll	\$ 29,398,653
Net OPEB Liability as a % of Payroll	85%
Annual Money-Weighted Rate of Return, net of investment expense	14.35%

V. Other information (continued)

C. Other post employment benefits (continued)

Actuarial methods and assumptions. Projections for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The last actuarial valuation date was June 30, 2023 with a measurement date of June 30, 2024. The actuarial methods and assumptions used include techniques that are designed to reduce short-term perspective of the calculations, and are as follows:

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

Assumptions.

Actuarial Cost Method	Entry Age Normal
Valuation of Assets	Market rate
Investment Rate of Return	7.25%
Discount Rate	7.25%
Mortality	Pub-2010 50% Public Safety/50% General Employees Headcount Weighted Mortality with Scale MP-2021 fully generational.
Turnover	T5
Salary Scale	4.25%
Trend Rates	Medical - Increase 7.50% starting FY2023 & decreasing 25 basis points to 4.5% annually Dental - 3.0% increase annually

Retirement Age – As specified in the following table:

	<u>Probability of Retirement</u>	<u>Probability of Electing Coverage</u>
Age 62 & 5+ Years of Service	100%	85%
Age 55 & 20+ Years of Service	50%	85%
25+ Years of Service	100%	85%

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

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

V. Other information (continued)

C. Other post employment benefits (continued)

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

Asset Class	Target % of Portfolio	Expected Rate of Return
Cash	3.00%	2.00%
Large-Cap Domestic Equities	42.00%	7.75%
Mid/Small Domestic Equities	6.00%	8.25%
International Equities	15.00%	8.75%
Real Estate Investment Trusts	2.00%	6.75%
Fixed Investment Grade Bonds	30.00%	5.00%
Fixed High Yield Bonds	2.00%	6.75%
Total	100.00%	7.25%

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

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

	1% decrease 6.25%	Current rate 7.25%	1% increase 8.25%
Net OPEB Liability	\$ 29,583,339	\$ 25,042,911	\$ 21,133,705

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability and what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point higher (8.50% to 5.50%) and 1 percentage point lower (6.50% to 3.50%):

	1% decrease (6.50% to 3.5%)	Current rate (7.50% to 4.5%)	1% increase (8.50% to 5.5%)
Net OPEB Liability	\$ 22,665,978	\$ 25,042,911	\$ 27,761,549

V. Other information (continued)

C. Other post employment benefits (continued)

OPEB deferred outflows of resources and deferred inflows of resources.

At June 30, 2024 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	\$ -	\$ 2,481,817
Changes of assumptions	1,353,598	-
Net difference between projected and actual earnings on OPEB plan investments	-	270,184
Total	\$ 1,353,598	\$ 2,752,001

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

Year Ended June 30:	
2025	\$ (587,891)
2026	(67,006)
2027	(539,169)
2028	(204,337)
	<u>\$ (1,398,403)</u>

V. Other information (continued)

C. Other post employment benefits (continued)

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

**Statement of Fiduciary Net Position
June 30, 2024**

	Other Post Employment Benefits (OPEB) Trust Fund
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 1,479,711
Government and Agency Issues	2,420,995
Corporate Debt Issues	1,875,412
Common Stock	2,990,296
Mutual Funds	11,568,126
Total investments	<u>20,334,540</u>
Interest Receivable	65,224
Total assets	<u>20,399,764</u>
Net Position Restricted for OPEB	\$ <u>20,399,764</u>

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

V. Other information (continued)

C. Other post employment benefits (continued)

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024**

	Other Post Employment Benefits (OPEB) Trust Fund
Additions	
Contributions:	
Employer	\$ 700,000
Plan members	-
Total contributions	<u>700,000</u>
Investment earnings:	
Interest and dividends	529,912
Net increase/(decrease) in the fair value of investments	1,955,349
Total investment earnings	2,485,261
Less investment expense	<u>27,853</u>
Net investment earnings	<u>2,457,408</u>
 Total additions	 <u>3,157,408</u>
 Deductions	
Benefits	-
Administrative expenses	<u>39,322</u>
Total deductions	<u>39,322</u>
 Change in net position	 3,118,086
 Net position - beginning	 <u>17,281,678</u>
Net position - ending	<u>\$ 20,399,764</u>

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

V. Other information (continued)

D. Employee retirement systems and pension plans

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

Single Employer Pension Plan

City of Hagerstown Police and Fire Employees' Retirement Plan

Cost Sharing Multiple Employer Pension Plans

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

Single Employer Pension Plan

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

Membership in the City's Police and Fire Retirement Plan consisted of the following as of July 1, 2023, the date of the most recent actuarial valuation:

Active	160
Retired or disabled	112
Vested terminations or inactive	<u>19</u>
Total	<u>291</u>

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

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

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

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

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

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

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

Funding policy. Obligations to contribute to the Sworn Plan were established by local resolution after a public hearing. Funding policy for the Sworn Plan provides for periodic contributions based upon actuarial valuations. Required contributions under the Sworn Plan which are not funded by employee contributions are funded entirely by the government. Costs of administering the Sworn Plan are financed on a current funding basis. Based on the July 1, 2021 actuarial valuation, sworn employees contribute 9.00% of their base pay and the current actuarially determined rate the government is required to contribute is 14.00% for fiscal year 2023/24.

As of June 30, 2024, the plan’s net position was \$26,035,978 and included the following policy target asset allocation breakdown.

Asset Class	Target % of Portfolio	Expected Rate of Return w/o Inflation
Cash	3.00%	1.50%
Large-Cap Domestic Equities	42.00%	9.60%
Mid/Small Domestic Equities	6.00%	7.75%
International Equities	15.00%	2.00%
Real Estate Investment Trusts	2.00%	3.50%
Fixed Investment Grade Bonds	30.00%	3.00%
Fixed High Yield Bonds	2.00%	6.50%
Total	100.00%	7.25%

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

For the year ended June 30, 2024, the annual money weighted return on pension plan investments, net of investment expense was 14.28% for the Sworn Plan. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net pension liability and pension expense. For the year ended June 30, 2024, the City recognized Police and Fire Retirement expense of \$3,076,427. The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2024 is as follows:

Total Pension Liability (TPL)	\$ 64,547,839
Less: Plan Fiduciary Net Position	<u>26,035,978</u>
City's Net Pension Liability	<u>\$ 38,511,861</u>
City's Net Position as a Percentage of TPL	40.34%

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, 2024:

Total pension liability	<u>2024</u>
Service cost: Retirement benefits	\$ 1,297,173
Interest	4,031,421
Changes of benefit terms	-
Differences between expected and actual experience	4,159,863
Changes of assumptions	(21,948,736)
Benefit payments (includes member's contributions refunds, deaths, & terminations)	<u>(4,028,603)</u>
	\$ (16,488,882)
Total pension liability - beginning	<u>81,036,721</u>
Total pension liability - ending (a)	<u><u>\$ 64,547,839</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 1,682,287
Contributions - member	1,081,478
Net investment income	3,330,610
Benefit payments (includes member's contributions refunds, deaths, & terminations)	(4,028,603)
Administrative expense and Other	<u>(114,794)</u>
	1,950,978
Plan fiduciary net position - beginning	<u>24,085,000</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 26,035,978</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 38,511,861</u></u>
Plan fiduciary net position as a percentage of total pension liability	40.34%
Covered payroll	\$ 12,016,325
Net liability as a percentage of covered payroll	320.50%
Annual money-weighted rate of return, net of investment expense	14.28%

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

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

	1% decrease 6.25%	Current rate 7.25%	1% increase 8.25%
Net Pension Liability	\$ 46,949,986	\$ 38,511,861	\$ 31,516,759

Deferred outflows and inflows of resources related to pensions. As of June 30, 2024, 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	\$ 4,597,105	\$ -
Changes of assumptions	-	10,027,231
Net difference between projected and actual earnings on pension plan investments	-	384,369
Total	\$ 4,597,105	\$ 10,411,600

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

Year Ended June 30:	
2025	\$ 237,845
2026	1,280,580
2027	(3,448,426)
2028	(3,884,494)
	<u>\$ (5,814,495)</u>

The schedule of changes in the net pension liability, schedule of the City's contributions, and a schedule of investment returns are presented as Required Supplementary Information (RSI) following the notes to the financial statements starting on page 94.

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Actuarial methods and assumptions. The annual required contribution for the current year was determined as part of the July 1, 2021 actuarial valuation using the entry age actuarial cost method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period is 25 years. The actuarial assumptions included:

- (a) Investment return – 7.25%
- (b) Discount rate – 7.25%
- (c) Projected salary increases of 4.25% per year
- (d) Valuation of Assets – Fair value
- (e) Mortality – PUB-2010 Mortality Table for Public Safety with projection scale MP-2021, fully generational
- (f) Turnover – Pre-retirement for retirement and spousal benefits is T6
- (g) Inflation – 2.25%

The long-term expected rate of return on pension plan investments was determined using log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2024 is as follows:

	% of Portfolio	Expected Rate of Return w/o Inflation	Inflation	Expected Rate of Return w/ Inflation
Cash	4.50%	1.50%	0.00%	1.50%
Large-Cap Domestic Equities	40.70%	9.60%	2.25%	7.35%
Mid/Small Domestic Equities	10.30%	7.75%	2.25%	5.50%
Global Domestic Equities	0.00%	2.00%	2.25%	0.00%
Global International Equities	14.50%	2.00%	2.25%	0.00%
Real Estate Investment Trusts	0.00%	3.50%	2.25%	1.25%
Fixed Investment Grade Bonds	27.80%	3.00%	2.25%	0.75%
Fixed High Yield Bonds	2.20%	6.50%	2.25%	4.25%
Total	100.00%	7.25%	2.25%	2.58%

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

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

**Statement of Fiduciary Net Position
June 30, 2024**

	Pension Trust Fund
Assets	
Investments, at fair value:	
Cash and Cash Equivalents	\$ 1,328,522
Government and Agency Issues	3,443,448
Corporate Debt Issues	2,666,022
Common Stock	3,840,272
Mutual Funds	14,670,586
Total investments	<u>25,948,850</u>
Interest Receivable	87,128
Total assets	<u>26,035,978</u>
Net Position Restricted for Pensions	<u>\$ 26,035,978</u>

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

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024**

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 1,682,287
Plan members	1,081,478
Total contributions	<u>2,763,765</u>
Investment earnings:	
Interest and dividends	673,765
Net increase/(decrease) in the fair value of investments	2,656,845
Other revenues	-
Total investment earnings	<u>3,330,610</u>
Less investment expense	<u>75,370</u>
Net investment earnings	<u>3,255,240</u>
Total additions	<u>6,019,005</u>
Deductions	
Benefits	4,028,603
Administrative expenses	20,219
Actuarial fees	19,205
Total deductions	<u>4,068,027</u>
Change in net position	1,950,978
Net position - beginning	24,085,000
Net position - ending	<u>\$ 26,035,978</u>

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

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Cost Sharing Multiple Employer Pension Plans

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

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

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

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

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

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2024	\$ 2,447,323	\$ 2,447,323	100%

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2024, the City reported a liability of \$21,312,003 for its proportionate share of the net pension liability. The net Pension liability was measured as of June 30, 2023, 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, 2024, the City's proportion was 0.0925 percent.

For the year ended June 30, 2024, the City recognized pension expense of \$2,483,175. As of June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 2,447,323	\$ -
Changes of assumptions	1,541,205	-
Net difference between projected and actual earnings on pension plan investments	1,830,958	-
Difference in contributions	23,158	
Difference between actual and expected experience	-	241,630
Total	\$ 5,842,644	\$ 241,630

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:	
2025	\$ 412,543
2026	171,154
2027	2,168,493
2028	326,481
2029	75,020
	<u>\$ 3,153,691</u>

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Actuarial Assumptions: The key actuarial assumptions used to perform the June 30, 2023 pension liability calculation are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 11.25%, including wage inflation
Discount Rate	6.80%
Investment Rate of Return	6.80%
Mortality	Public Sector 2010 Mortality Tables; MP-2018 Mortality improvement scale

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34.00%	6.90%
Rate Sensitive	20.00%	2.60%
Credit Opportunity	9.00%	5.60%
Real Assets	15.00%	5.40%
Absolute Return	6.00%	4.40%
Private Equity	16.00%	8.60%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% decrease 5.80%	Current rate 6.80%	1% increase 7.80%
City's proportionate share of the Net Pension Liability	\$ 31,601,386	\$ 21,312,003	\$ 12,773,596

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This can be found at <https://.sra.maryland.gov/annual-financial-reports>.

All City Pension Plans

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

		MD State Retirement System (MSRS)	Police & Fire Employees Retirement Plan	Total All Pension Plans
Net Pension Liability (NPL)	Beginning	\$ 18,973,823	56,951,721	\$ 75,925,544
	End	21,312,003	38,511,861	59,823,864
Pension Assets	Beginning	60,985,277	24,085,000	85,070,277
	End	60,051,243	26,035,978	86,087,221
Deferred Outflow of Resources		5,842,644	4,597,105	10,439,749
Deferred Inflow of Resources		241,630	10,411,600	10,653,230
Pension Expense Recognized per Actuary		2,483,175	3,076,427	5,559,602

Required Supplementary Information

The City of Hagerstown Other Post Employment Benefits Plan

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

Total Fiduciary Liability	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability								
Service Cost	\$ 614,509	\$ 498,680	\$ 427,146	\$ 398,406	\$ 363,917	\$ 352,137	\$ 355,153	\$ 402,527
Interest Cost	3,080,958	3,162,651	2,856,400	2,865,524	2,775,070	2,493,422	2,677,681	2,601,151
Differences Between Expected and Actual Experience	-	(3,493,900)	-	(1,927,377)	-	662,512	(1,259,781)	-
Plan Changes	-	-	-	-	-	-	(2,268,178)	-
Assumption Changes	188,112	398,735	2,443,164	(66,998)	911,457	2,139,103	3,656	-
Benefit Payments	(1,841,522)	(1,549,525)	(1,457,202)	(1,335,749)	(1,710,516)	(2,066,757)	(1,867,491)	(2,094,941)
Net Change in Total OPEB Liability	<u>2,042,057</u>	<u>(983,359)</u>	<u>4,269,508</u>	<u>(66,194)</u>	<u>2,339,928</u>	<u>3,580,417</u>	<u>(2,358,960)</u>	<u>908,737</u>
Total OPEB liability-Beginning of Year	<u>43,400,618</u>	<u>44,383,977</u>	<u>40,114,469</u>	<u>40,180,663</u>	<u>37,840,735</u>	<u>34,260,318</u>	<u>36,619,278</u>	<u>35,710,541</u>
Total OPEB liability-End of Year	<u>\$ 45,442,675</u>	<u>\$ 43,400,618</u>	<u>\$ 44,383,977</u>	<u>\$ 40,114,469</u>	<u>\$ 40,180,663</u>	<u>\$ 37,840,735</u>	<u>\$ 34,260,318</u>	<u>\$ 36,619,278</u>
Plan Fiduciary Net Position								
Contributions-Employer	\$ 2,541,522	\$ 2,249,525	\$ 2,591,202	\$ 1,985,749	\$ 2,360,516	\$ 2,716,757	\$ 2,517,491	\$ 2,744,941
Net Investment Income	2,485,261	1,618,055	(2,540,117)	3,457,579	439,856	651,530	708,254	886,273
Benefit Payments	(1,841,522)	(1,549,525)	(1,457,202)	(1,335,749)	(1,710,516)	(2,066,757)	(1,867,491)	(2,094,941)
Administrative Expense	(67,175)	(51,658)	(36,387)	(43,432)	(34,928)	(27,805)	(35,391)	(23,374)
Net Change in Fiduciary Net Position	<u>3,118,086</u>	<u>2,266,397</u>	<u>(1,442,504)</u>	<u>4,064,147</u>	<u>1,054,928</u>	<u>1,273,725</u>	<u>1,322,863</u>	<u>1,512,899</u>
Fiduciary Net Position-Beginning of Year	<u>17,281,678</u>	<u>15,015,281</u>	<u>16,457,785</u>	<u>12,393,638</u>	<u>11,338,710</u>	<u>10,064,985</u>	<u>8,742,121</u>	<u>7,229,222</u>
Fiduciary Net Position-End of Year	<u>\$ 20,399,764</u>	<u>\$ 17,281,678</u>	<u>\$ 15,015,281</u>	<u>\$ 16,457,785</u>	<u>\$ 12,393,638</u>	<u>\$ 11,338,710</u>	<u>\$ 10,064,985</u>	<u>\$ 8,742,121</u>
Net OPEB Liability	\$ 25,042,911	\$ 26,118,940	\$ 29,368,696	\$ 23,656,684	\$ 27,787,025	\$ 26,502,025	\$ 24,195,333	\$ 27,877,157
Fiduciary Net Position as a % of Total OPEB Liability	44.89%	39.82%	33.83%	41.03%	30.84%	29.96%	29.38%	23.87%
Covered Employee Payroll	\$ 29,398,653	\$ 32,465,766	\$ 30,267,821	\$ 31,132,817	\$ 29,146,447	\$ 28,761,598	\$ 28,483,725	\$ 27,837,939
Net OPEB Liability as a % of Payroll	85%	80%	97%	76%	95%	92%	85%	100%
Annual Money-Weighted Rate of Return, net of investment expense	14.35%	10.76%	-15.42%	27.85%	3.87%	6.20%	7.70%	11.94%

Notes to Schedule:

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

Required Supplementary Information

The City of Hagerstown Other Post Employment Benefits Plan

Schedule of Contributions Last Eight Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 2,772,446	\$ 2,925,110	\$ 2,381,652	\$ 2,694,159	\$ 2,553,504	\$ 2,400,786	\$ 2,715,546	\$ 1,793,272
Contributions in relation to the actuarially determined contribution	<u>(2,541,522)</u>	<u>(2,249,525)</u>	<u>(2,591,202)</u>	<u>(1,985,749)</u>	<u>(2,360,516)</u>	<u>(2,716,757)</u>	<u>(2,517,491)</u>	<u>(2,744,941)</u>
Contribution Deficiency (Excess)	<u>\$ 230,924</u>	<u>\$ 675,585</u>	<u>\$ (209,550)</u>	<u>\$ 708,410</u>	<u>\$ 192,988</u>	<u>\$ (315,971)</u>	<u>\$ 198,055</u>	<u>\$ (951,669)</u>
Covered Employee Payroll	\$ 29,398,653	\$ 32,465,766	\$ 30,267,821	\$ 31,132,817	\$ 29,146,447	\$ 28,761,598	\$ 28,483,725	\$ 27,837,939
Contributions as a Percentage of Covered Employee Payroll	8.65%	6.93%	8.56%	6.38%	8.10%	9.45%	8.84%	9.86%

Notes to Schedule

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset Valuation Method	Assets are valued at fair value
Healthcare Cost Trends	Medical Costs are assumed to increase annually at rate starting at 7.50% in FY2024; decreasing 25 basis points to an annual increase of 4.50%. Dental costs are assumed to increase 3.00% annually.
Salary Increases	4.25% per year
Investment Rate of Return	7.25%
Retirement Eligibility	Employee hired before July 1, 1989, must have completed a minimum of 10 years of full time continuous service. Employee hired on or after July 1, 1989 must have completed a minimum of 20 years of full time continuous service.
Mortality	Pub-2010 50% Public Safety/50% General Employees Headcount-Weighted Mortality with Scale MP-2021 fully generational

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

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

Required Supplementary Information

The City of Hagerstown Police and Fire Employees' Retirement Plan

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

Total pension liability	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service cost: Retirement benefits	\$ 1,297,173	\$ 1,225,614	\$ 686,244	\$ 686,694	\$ 693,593	\$ 871,348	\$ 873,381	\$ 818,483	\$ 751,552	\$ 574,841
Interest	4,031,421	3,851,541	3,991,545	3,947,209	3,812,666	3,868,003	3,763,614	3,590,998	3,510,534	3,347,378
Changes of benefit terms	-	-	-	192,454	-	(1,373,052)	-	-	-	-
Differences between expected and actual experience	4,159,863	2,298,099	215,445	(979,110)	424,585	(2,012,735)	(24,097)	410,836	(420,327)	-
Changes of assumptions	(21,948,736)	652,601	17,914,818	(128,645)	(90,917)	872,301	3,017,852	-	195,086	-
Benefit payments (includes member's contributions refunds, deaths, & terminations)	(4,028,603)	(3,226,243)	(3,201,469)	(3,015,905)	(2,953,506)	(3,023,539)	(2,663,168)	(2,525,420)	(2,421,115)	(2,268,315)
	\$ (16,488,882)	\$ 4,801,612	\$ 19,606,583	\$ 702,697	\$ 1,886,421	\$ (797,674)	\$ 4,967,582	\$ 2,294,897	\$ 1,615,729	\$ 1,653,903
Total pension liability - beginning	81,036,721	76,235,109	56,628,526	55,925,829	54,039,408	54,837,082	49,869,501	47,574,604	45,958,874	44,304,971
Total pension liability - ending (a)	<u>\$ 64,547,839</u>	<u>\$ 81,036,721</u>	<u>\$ 76,235,109</u>	<u>\$ 56,628,526</u>	<u>\$ 55,925,829</u>	<u>\$ 54,039,408</u>	<u>\$ 54,837,082</u>	<u>\$ 49,869,501</u>	<u>\$ 47,574,603</u>	<u>\$ 45,958,874</u>
Plan fiduciary net position										
Contributions - employer	\$ 1,682,287	\$ 1,684,137	\$ 1,505,749	\$ 1,465,600	\$ 1,456,144	\$ 1,520,609	\$ 1,373,832	\$ 1,249,915	\$ 1,408,922	\$ 1,155,675
Contributions - member	1,081,478	1,082,637	972,814	845,330	839,930	868,254	694,617	632,200	728,171	604,317
Net investment income	3,330,610	2,353,820	(3,606,741)	5,662,045	1,004,169	1,313,844	1,631,732	2,097,503	79,333	958,835
Benefit payments (includes member's contributions refunds, deaths, & terminations)	(4,028,603)	(3,226,243)	(3,201,469)	(3,015,905)	(2,953,506)	(3,023,539)	(2,663,168)	(2,525,420)	(2,421,115)	(2,268,315)
Administrative expense and Other	(114,794)	(103,215)	(96,560)	(92,510)	(81,692)	(132,378)	(127,872)	(116,599)	(109,198)	(129,778)
	1,950,978	1,791,136	(4,426,207)	4,864,560	265,045	546,789	909,141	1,337,599	(313,887)	320,733
Plan fiduciary net position - beginning	24,085,000	22,293,864	26,720,071	21,855,511	21,590,466	21,043,677	20,134,537	18,796,938	19,110,825	18,790,093
Plan fiduciary net position - ending (b)	<u>\$ 26,035,978</u>	<u>\$ 24,085,000</u>	<u>\$ 22,293,864</u>	<u>\$ 26,720,071</u>	<u>\$ 21,855,511</u>	<u>\$ 21,590,466</u>	<u>\$ 21,043,678</u>	<u>\$ 20,134,537</u>	<u>\$ 18,796,938</u>	<u>\$ 19,110,825</u>
City's net pension liability - ending (a) - (b)	<u>\$ 38,511,861</u>	<u>\$ 56,951,721</u>	<u>\$ 53,941,245</u>	<u>\$ 29,908,455</u>	<u>\$ 34,070,318</u>	<u>\$ 32,448,942</u>	<u>\$ 33,793,404</u>	<u>\$ 29,734,964</u>	<u>\$ 28,777,665</u>	<u>\$ 26,848,049</u>
Plan fiduciary net position as a percentage of total pension liability	40.34%	29.72%	29.24%	47.18%	39.08%	39.95%	38.37%	40.37%	39.51%	41.58%
Covered payroll	\$ 12,016,325	\$ 12,051,907	\$ 10,803,922	\$ 10,471,415	\$ 10,423,153	\$ 9,974,641	\$ 10,061,909	\$ 9,727,339	\$ 9,714,880	\$ 9,475,504
Net liability as a percentage of covered payroll	320.50%	472.55%	499.27%	285.62%	326.87%	325.31%	335.85%	305.68%	296.22%	283.34%
Annual money-weighted rate of return, net of investment expense	14.28%	10.80%	-13.78%	26.62%	4.78%	5.61%	7.47%	10.54%	-0.16%	4.41%

Notes to Schedule:

This schedule is presented to illustrate the requirement to reflect information for 10 years.

Required Supplementary Information

The City of Hagerstown Police and Fire Employees' Retirement Plan

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,682,287	\$ 1,684,137	\$ 1,505,749	\$ 1,465,600	\$ 1,456,144	\$ 1,390,831	\$ 1,400,050	\$ 1,353,475	\$ 1,312,319	\$ 1,252,278
Employer contributions in relation to the actuarially determined contribution	\$ 1,682,287	\$ 1,684,137	\$ 1,505,749	\$ 1,465,600	\$ 1,456,144	\$ 1,390,831	\$ 1,400,050	\$ 1,353,475	\$ 1,312,319	\$ 1,252,278
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$12,016,325	\$12,051,907	\$10,803,922	\$10,471,415	\$10,423,153	\$9,974,641	\$10,061,909	\$9,727,339	\$9,714,880	\$9,475,504
Contributions as a percentage of covered payroll	14.00%	13.97%	13.94%	14.00%	13.97%	13.94%	13.91%	13.91%	13.51%	13.22%

Notes to schedule:

Valuation date: Employee data as of July 1, 2023 and assumption information as of June 30, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	The City uses a 5-year amortization period for all Deferred Outflows and Inflows
Unfunded liability amortization period	25 years
Asset valuation method	Fair value
Inflation	2.25% per year
Salary increases	4.25% per year
Investment rate of return	7.25%
Discount Rate	7.25%
Retirement age	50% upon 25 years of service, and 50% per year at 30 years of service, or 100% at age 62
Mortality	Pub-2010 Mortality Table for Public Safety with projection scale MP-2021, fully generational
Cost of living adjustment	None

This schedule is presented to illustrate the required 10 years.

Required Supplementary Information

State of Maryland Retirement and Pension Plan

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the ERS net pension liability (asset)	0.0925%	0.0948%	0.0964%	0.0914%	0.0905%	0.0875%	0.0820%	0.0856%	0.0865%	0.0762%
City's proportionate share of the ERS net pension liability (asset)	\$21,312,003	\$18,973,823	\$14,464,291	\$20,665,745	\$18,664,243	\$18,366,875	\$17,739,302	\$20,203,134	\$17,987,564	\$13,529,649
City's covered payroll	\$15,822,070	\$15,721,240	\$16,071,999	\$16,012,062	\$15,794,817	\$14,529,094	\$14,841,869	\$15,093,193	\$15,021,461	\$14,288,819
Plan fiduciary net position as a percentage of the total pension liability	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

Notes to Schedule:

This schedule is presented to illustrate the requirement to reflect information for 10 years. City covered payroll listed above represents payroll as of the MSRS measurement date.

Required Supplementary Information

State of Maryland Retirement and Pension Plan

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (ERS)	\$ 2,256,948	\$ 2,164,277	\$ 2,124,501	\$ 1,960,442	\$ 1,858,224	\$ 1,745,575	\$ 1,669,720	\$ 1,668,108	\$ 1,824,341	\$ 1,776,607
Contributions in relation to the contractually required contribution	<u>(2,256,948)</u>	<u>(2,164,277)</u>	<u>(2,124,501)</u>	<u>(1,960,442)</u>	<u>(1,858,224)</u>	<u>(1,745,575)</u>	<u>(1,669,720)</u>	<u>(1,668,108)</u>	<u>(1,824,341)</u>	<u>(1,776,607)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered payroll	\$16,748,979	\$15,822,070	\$15,721,240	\$16,071,999	\$16,012,062	\$15,794,817	\$ 14,529,094	\$14,841,869	\$15,093,193	\$15,021,461
Contributions as a percentage of covered payroll	13.48%	13.68%	13.51%	12.20%	11.61%	11.05%	11.49%	11.24%	12.09%	11.83%

Notes to schedule:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 11.25%, including wage inflation
Discount Rate	6.80%
Investment Rate of Return	6.80%
Mortality	Public Sector 2010 Mortality Tables; MP-2018 Mortality improvement scale

Notes to Schedule:

This schedule is presented to illustrate the requirement to reflect information for 10 years.

City of Hagerstown, Maryland
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts		2024 Actual	Variance with Final Budget - Positive (Negative)	2023 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers						
General Property Taxes:						
Current year's levy	\$ 34,857,000	\$ 34,857,000	\$ 35,102,082	\$ 245,082	\$ 33,282,408	\$ 1,819,674
Prior year's levy - net	(100,000)	(100,000)	267,548	367,548	(94,211)	361,759
Payments in lieu of taxes	2,799,300	2,799,300	2,817,728	18,428	2,795,203	22,525
Interest on delinquent taxes	150,000	150,000	149,779	(221)	55,755	94,024
	<u>37,706,300</u>	<u>37,706,300</u>	<u>38,337,137</u>	<u>630,837</u>	<u>36,039,155</u>	<u>2,297,982</u>
Less discounts allowed	(60,000)	(60,000)	(45,368)	14,632	(34,922)	(10,446)
Total General Property Taxes	<u>37,646,300</u>	<u>37,646,300</u>	<u>38,291,769</u>	<u>645,469</u>	<u>36,004,233</u>	<u>2,287,536</u>
Income and Other Taxes:						
Income tax	3,500,000	3,500,000	4,094,393	594,393	4,150,983	(56,590)
Admission	300,000	300,000	591,838	291,838	259,537	332,301
Enterprise zone tax credits	538,000	538,000	543,212	5,212	524,709	18,503
Police protection	1,000,000	1,066,442	1,351,297	284,855	1,096,485	254,812
State aid for fire service	70,000	77,593	77,593	-	78,267	(674)
State highway user revenue	134,650	134,650	134,650	-	134,100	550
Financial corporations	34,214	34,214	34,214	-	34,214	-
Hotel/motel room tax	250,000	250,000	311,918	61,918	329,753	(17,835)
Cannabis sales tax	-	-	43,294	43,294	-	43,294
Total Income and Other Taxes	<u>5,826,864</u>	<u>5,900,899</u>	<u>7,182,409</u>	<u>1,281,510</u>	<u>6,608,048</u>	<u>574,361</u>
Licenses and Permits:						
Residential rental licenses	715,000	715,000	701,848	(13,152)	606,650	95,198
Cable television franchise	280,000	280,000	238,143	(41,857)	298,774	(60,631)
Traders	95,000	95,000	109,916	14,916	104,372	5,544
Building permits	550,000	550,000	833,123	283,123	816,892	16,231
Electrical permits	110,000	110,000	115,523	5,523	123,354	(7,831)
Plumbing permits	65,000	65,000	64,047	(953)	69,602	(5,555)
Other	574,300	574,300	501,094	(73,206)	546,642	(45,548)
Total Licenses and Permits	<u>2,389,300</u>	<u>2,389,300</u>	<u>2,563,694</u>	<u>174,394</u>	<u>2,566,286</u>	<u>(2,592)</u>
Intergovernmental Grant Revenues:						
Federal grants	1,481,442	1,582,260	1,531,878	(50,382)	588,470	943,408
State and local grants	572,940	579,601	624,376	44,775	499,332	125,044
Total Intergovernmental Grant Revenues	<u>2,054,382</u>	<u>2,161,861</u>	<u>2,156,254</u>	<u>(5,607)</u>	<u>1,087,802</u>	<u>1,068,452</u>
Service Charges:						
Refuse collection fees	3,610,500	3,610,500	3,571,239	(39,261)	3,266,808	304,431
Stadium	-	-	-	-	169	(169)
Swimming pool	80,400	80,400	121,487	41,087	94,425	27,062
Other	944,290	944,290	1,466,506	522,216	527,303	939,203
Total Service Charges	<u>4,635,190</u>	<u>4,635,190</u>	<u>5,159,232</u>	<u>524,042</u>	<u>3,888,705</u>	<u>1,270,527</u>
Fines and Forfeitures:						
Safe Speed for School	900,000	900,000	690,270	(209,730)	732,810	(42,540)
Red Light Program	100,000	100,000	193,225	93,225	186,223	7,002
Other	148,650	148,650	114,228	(34,422)	50,711	63,517
Total Fines and Forfeitures	<u>1,148,650</u>	<u>1,148,650</u>	<u>997,723</u>	<u>(150,927)</u>	<u>969,744</u>	<u>27,979</u>
Unallocated General Revenues:						
Administrative allocation	1,997,500	1,997,500	1,997,500	-	1,997,500	-
Interest on investments	310,000	319,862	1,936,694	1,616,832	1,010,911	925,783
Sale of land & other property	3,000	3,000	34,703	31,703	41,084	(6,381)
Miscellaneous	73,631	90,933	168,883	77,950	274,298	(105,415)
Total Unallocated General Revenues	<u>2,384,131</u>	<u>2,411,295</u>	<u>4,137,780</u>	<u>1,726,485</u>	<u>3,323,793</u>	<u>813,987</u>
Total Revenues	56,084,817	56,293,495	60,488,861	4,195,366	54,448,611	6,040,250

* 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, 2024

	Budgeted Amounts		2024 Actual	Variance with Final Budget - Positive (Negative)	2023 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues and Transfers (continued)						
Other Financing Sources:						
Transfers from community development fund	30,000	30,000	31,255	1,255	30,000	1,255
Transfers from CIP Fund	-	11,925	11,925	-	-	11,925
Transfers from health insurance fund	-	-	-	-	654,375	(654,375)
Budgeted use of fund balance	1,889,000	4,630,000	-	(4,630,000)	-	-
Total Other Financing Sources	1,919,000	4,671,925	43,180	(4,628,745)	684,375	(641,195)
Total Revenues and Other Financing Sources	\$ 58,003,817	\$ 60,965,420	\$ 60,532,041	\$ (433,379)	\$ 55,132,986	\$ 5,399,055
Expenditures and Transfers						
General Government:						
Council	\$ 153,778	153,778	125,119	\$ 28,659	\$ 131,804	\$ (6,885)
Mayor	94,585	94,585	74,580	20,005	86,984	(12,404)
City administrator	253,473	253,473	252,858	615	249,825	3,033
City clerk	186,354	193,049	165,267	27,782	169,645	(4,378)
Legal counsel	276,000	276,000	237,270	38,730	228,291	8,979
Public functions	402,151	419,811	420,046	(235)	377,768	42,278
Communications	296,776	296,776	238,693	58,083	285,258	(46,565)
Finance and accounting	992,938	1,038,908	977,125	61,783	1,060,368	(83,243)
Information technology	1,356,824	1,356,824	1,247,160	109,664	1,265,620	(18,460)
Customer Services, Billing & Treasurer	570,002	570,002	649,228	(79,226)	657,240	(8,012)
Planning	484,416	484,445	469,238	15,207	416,342	52,896
Annexation	10,800	10,800	4,828	5,972	(8,607)	13,435
City hall expenditures	318,516	324,847	332,794	(7,947)	263,070	69,724
City engineer	1,373,461	1,294,591	1,199,435	95,156	1,122,243	77,192
Human resources	672,057	672,068	643,537	28,531	620,106	23,431
Total General Government	7,442,131	7,439,957	7,037,178	402,779	6,925,957	111,221
Public Safety:						
Police department	16,827,523	16,745,212	16,485,000	260,212	15,591,217	893,783
Fire department	10,542,798	10,669,631	10,555,079	114,552	9,764,870	790,209
Code enforcement	1,812,413	1,812,736	1,632,594	180,142	1,477,891	154,703
Signal department	678,757	633,270	452,401	180,869	502,042	(49,641)
Total Public Safety	29,861,491	29,860,849	29,125,074	735,775	27,336,020	1,789,054
Highways and Streets:						
General street department operations	1,767,146	1,781,170	1,534,637	246,533	1,528,145	6,492
Snow removal	386,100	386,100	261,066	125,034	61,921	199,145
Central maintenance garage	712,058	712,058	653,246	58,812	708,777	(55,531)
Total Highways and Streets	2,865,304	2,879,328	2,448,949	430,379	2,298,843	150,106
Waste, Collection and Disposal						
	4,463,690	4,490,708	4,484,707	6,001	3,232,599	1,252,108
Culture and Recreation:						
City parks	2,226,158	2,278,972	1,962,866	316,106	1,867,809	95,057
Swimming pool	220,282	229,359	303,374	(74,015)	248,375	54,999
Farmers market	-	-	2,029	(2,029)	12,798	(10,769)
Stadium	11,311	11,311	3,272	8,039	8,704	(5,432)
Recreation department	663,773	657,827	602,242	55,585	587,537	14,705
Hager house and 202 train museum	108,573	111,064	97,532	13,532	76,712	20,820
Total Culture and Recreation	3,230,097	3,288,533	2,971,315	317,218	2,801,935	169,380

* 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, 2024

	Budgeted Amounts		2024 Actual	Variance with Final Budget - Positive (Negative)	2023 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Expenditures and Transfers (continued)						
Economic and Community Development:						
Economic development	779,219	779,259	725,296	53,963	647,562	77,734
Total Economic and Community Development	779,219	779,259	725,296	53,963	647,562	77,734
Unallocated General Expenditures:						
Retiree benefits	1,664,540	1,664,540	1,553,734	110,806	1,444,594	109,140
Contributions to other agencies	205,000	202,500	202,500	-	202,200	300
Inventory adjustments	10,000	10,000	5,853	4,147	1,070	4,783
Budget contingency	180,000	(75,000)	-	(75,000)	-	-
Total Unallocated General Expenditures	2,059,540	1,802,040	1,762,087	39,953	1,647,864	114,223
Debt Service:						
Principal	1,143,470	1,143,470	1,143,471	(1)	1,105,691	37,780
Interest	741,429	741,429	421,466	319,963	461,738	(40,272)
Issuance Costs	1,715	1,715	2,076	(361)	1,715	361
Total Debt Service	1,886,614	1,886,614	1,567,013	319,601	1,569,144	(2,131)
Total Expenditures	\$ 52,588,086	\$ 52,427,288	\$ 50,121,619	\$ 2,305,669	\$ 46,459,924	\$ 3,661,695
Other Financing Uses:						
Transfers to golf course fund	250,000	250,000	250,000	-	123,000	127,000
Transfers to grant revenue fund	12,558	12,558	6,667	5,891	19,216	(12,549)
Transfers to economic redevelopment fund	1,128,000	1,128,000	1,128,000	-	1,175,000	(47,000)
Transfers to capital projects fund	2,134,049	2,489,451	2,489,451	-	3,175,447	(685,996)
Transfers to flexible spending fund	-	-	-	-	13,500	(13,500)
Transfers from FB reserves to capital projects fund	1,889,000	4,630,000	2,649,316	1,980,684	260,000	2,389,316
Transfers from FB reserves to economic redevelopment fund	-	-	-	-	580,000	(580,000)
Total Other Financing Uses	5,413,607	8,510,009	6,523,434	1,986,575	5,346,163	1,177,271
Total Expenditures and Other Financing Uses	58,001,693	60,937,297	56,645,053	4,292,244	51,806,087	4,838,966
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
	2,124	28,123	3,886,988	3,858,865	3,326,899	560,089
Fund balances - beginning	20,727,405	20,727,405	20,727,405	-	17,400,506	3,326,899
Fund balances - ending	\$ 20,729,529	\$ 20,755,528	\$ 24,614,393	\$ 3,858,865	\$ 20,727,405	\$ 3,886,988

City of Hagerstown, Maryland
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts		2024 Actual	Variance with Final Budget - Positive (Negative)	2023 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grant revenues	\$ 10,787,664	\$ 7,137,871	\$ 4,897,555	\$ (2,240,316)	\$ 3,094,169	\$ 1,803,386
Income and other taxes	1,860,000	2,096,151	2,096,151	-	1,632,518	463,633
Contributions and donations	418,750	443,754	1,386,846	943,092	3,942,303	(2,555,457)
Interest income	100,000	100,000	423,720	323,720	217,401	206,319
Other revenues	-	79,987	138,599	58,612	81,791	56,808
Total revenues	<u>13,166,414</u>	<u>9,857,763</u>	<u>8,942,871</u>	<u>(914,892)</u>	<u>8,968,182</u>	<u>(25,311)</u>
Expenditures						
General government projects	31,561,825	22,394,344	17,518,744	4,875,600	7,043,173	10,475,571
Public safety projects	6,063,567	7,152,620	2,184,044	4,968,576	938,434	1,245,610
Highways and streets projects	940,000	1,648,145	1,071,709	576,436	124,693	947,016
Culture and recreation	<u>2,238,000</u>	<u>2,322,717</u>	<u>855,392</u>	<u>1,467,325</u>	<u>2,262,117</u>	<u>(1,406,725)</u>
Total expenditures	<u>40,803,392</u>	<u>33,517,826</u>	<u>21,629,889</u>	<u>11,887,937</u>	<u>10,368,417</u>	<u>11,261,472</u>
Excess (deficiency) of revenues over (under) expenditures	(27,636,978)	(23,660,063)	(12,687,018)	10,973,045	(1,400,235)	(11,286,783)
Other Financing Sources (Uses)						
Bond financing Current Year	19,330,355	9,657,859	-	(9,657,859)	-	-
Transfers in:						
Excise tax fund	-	-	-	-	-	-
Forest conservation fund	2,000	2,000	-	-	3,000	-
General fund	4,023,049	7,119,451	5,138,767	(1,980,684)	3,435,447	1,703,320
Electric fund	8,200	8,200	8,200	-	30,275	(22,075)
Water fund	8,200	8,200	8,200	-	30,275	(22,075)
Wastewater fund	8,200	8,200	8,200	-	30,275	(22,075)
Community development block grant fund	540,000	782,788	738,037	(44,751)	380,652	357,385
Parking fund	4,688	4,688	4,688	-	4,900	(212)
Grant fund	-	-	-	-	-	-
Property management fund	-	-	-	-	-	-
Transfers (out):						
General fund	-	-	(11,925)	(11,925)	-	(11,925)
Budgeted use of fund balance	<u>3,812,286</u>	<u>6,168,677</u>	<u>(6,168,677)</u>	<u>(6,168,677)</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>27,736,978</u>	<u>23,760,063</u>	<u>5,894,167</u>	<u>(17,863,896)</u>	<u>3,914,824</u>	<u>1,982,343</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	100,000	100,000	(6,792,851)	(6,890,851)	2,514,589	(9,307,440)
Fund balances - beginning	<u>9,431,821</u>	<u>9,431,821</u>	<u>9,431,821</u>	<u>-</u>	<u>6,917,232</u>	<u>2,514,589</u>
Fund balances - ending	\$ <u>9,531,821</u>	\$ <u>9,531,821</u>	\$ <u>2,638,970</u>	\$ <u>(6,890,851)</u>	\$ <u>9,431,821</u>	\$ <u>(6,792,851)</u>

Parks and Recreation



SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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City of Hagerstown, Maryland
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds							Total
	Community Development Block Grant	Economic Redevelopment	Flexible Spending	Business Revolving Loan	Excise Tax	Grant Revenue	Forest Conservation Fund	
Assets								
Pooled cash and investments	\$ 281	\$ 828,124	\$ 6,266	\$ 273,715	\$ 7,869	\$ 416,715	\$ 192	\$ 1,533,162
Interest receivable	-	615	17	192	-	12	-	836
Accounts receivable	-	-	1,643	-	-	-	-	1,643
Intergovernmental receivable	-	78,585	-	-	-	131,306	-	209,891
Prepaid items	-	-	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectibles)	867,536	-	-	941,109	-	-	-	1,808,645
Properties held for resale	-	-	-	-	-	-	-	-
Restricted assets:								
Pooled cash and investments	182,074	2,061,194	16,868	-	-	-	-	2,260,136
Total assets	\$ 1,049,891	\$ 2,968,518	\$ 24,794	\$ 1,215,016	\$ 7,869	\$ 548,033	\$ 192	\$ 5,814,313
Liabilities								
Accounts payable	\$ 22,983	\$ 65,568	\$ -	\$ -	\$ 7,869	\$ 212,765	\$ -	\$ 309,185
Accrued liabilities	4,083	-	-	-	-	3,706	-	7,789
Advances from other funds	10,600	-	-	-	-	-	-	10,600
Escrowed taxes and insurance	2,337	-	-	-	-	-	-	2,337
Customer deposits	-	-	(16,868)	-	-	-	-	(16,868)
Deferred revenue	-	-	-	-	-	-	-	-
Undisbursed loan and grant commitments	17,062	1,151,638	-	38,030	-	-	-	1,206,730
Total liabilities	\$ 57,065	\$ 1,217,206	\$ (16,868)	\$ 38,030	\$ 7,869	\$ 216,471	\$ -	\$ 1,519,773
Fund Balance								
Restricted:								
Community Redevelopment	992,826	-	-	-	-	-	-	992,826
Public Safety	-	-	-	-	-	331,562	-	331,562
Forest Conservation	-	-	-	-	-	-	192	192
Committed:								
Community Redevelopment	-	-	-	-	-	-	-	-
Assigned:								
Community Redevelopment	-	1,751,312	-	1,176,986	-	-	-	2,928,298
Employee Benefit	-	-	41,662	-	-	-	-	41,662
Total fund balances	\$ 992,826	\$ 1,751,312	\$ 41,662	\$ 1,176,986	\$ -	\$ 331,562	\$ 192	\$ 4,294,540
Total liabilities and fund balances	\$ 1,049,891	\$ 2,968,518	\$ 24,794	\$ 1,215,016	\$ 7,869	\$ 548,033	\$ 192	\$ 5,814,313

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds							Total
	Community Development Block Grant	Economic Redevelopment	Flexible Spending	Business Revolving Loan	Excise Tax	Grant Revenue	Forest Conservation Fund	
Revenues								
Intergovernmental grants	\$ 778,244	\$ 93,585	-	\$ -	-	\$ 800,941	-	\$ 1,672,770
Program income	21,702	-	-	60,106	-	-	-	81,808
Investment earnings	-	52,327	857	9,766	-	6,974	14	69,938
Contributions and donations	-	-	-	-	-	7,286	-	7,286
Property sales	355,000	28,891	-	-	-	-	-	383,891
Other revenues	-	1,996	38,700	150	-	90,128	-	130,974
Total revenues	1,154,946	176,799	39,557	70,022	-	905,329	14	2,346,667
Expenditures								
Current:								
General government	-	-	-	-	-	420,692	-	420,692
Public safety	-	-	-	-	-	372,417	-	372,417
Economic and community development:								
Public services	202,156	-	-	-	-	-	-	202,156
Public Facilities/Improvements	-	-	-	-	-	-	-	-
Housing rehabilitation	261,214	-	-	-	-	-	-	261,214
Commercial Rehab Grants	48,898	-	-	-	-	-	-	48,898
Direct economic development	-	286,399	-	-	-	-	-	286,399
Cost of properties sold	542,940	-	-	-	-	-	-	542,940
Administration	175,379	15,314	-	200	-	-	-	190,893
Capital outlay	3,975	-	-	-	-	21,850	-	25,825
Interest expense	4	-	-	-	-	-	-	4
Total expenditures	1,234,566	301,713	-	200	-	814,959	-	2,351,438
Excess (deficiency) of revenues over (under) expenditures	(79,620)	(124,914)	39,557	69,822	-	90,370	14	(4,771)
Other Financing Sources (Uses)								
Transfers in	-	1,128,000	-	-	-	6,667	-	1,134,667
Transfers out	(769,292)	(500,000)	-	-	-	-	-	(1,269,292)
Total other financing sources (uses)	(769,292)	628,000	-	-	-	6,667	-	(134,625)
Net change in fund balances	(848,912)	503,086	39,557	69,822	-	97,037	14	(139,396)
Fund balances - beginning	1,841,738	1,248,226	2,105	1,107,164	-	234,525	178	4,433,936
Fund balances - ending	\$ 992,826	\$ 1,751,312	\$ 41,662	\$ 1,176,986	\$ -	\$ 331,562	\$ 192	\$ 4,294,540

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, 2024

	Budgeted Amounts		2024 Actual	Variance with Final Budget - Positive (Negative)	2023 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grant revenues	\$ 959,714	1,329,630	\$ 778,244	\$ (551,386)	\$ 1,051,106	\$ (272,862)
Program income	26,000	20,000	21,702	1,702	24,146	(2,444)
Investment earnings	75	75	-	(75)	17	(17)
Property sales	160,000	355,000	355,000	-	-	355,000
Total revenues	<u>1,145,789</u>	<u>1,704,705</u>	<u>1,154,946</u>	<u>(549,759)</u>	<u>1,075,269</u>	<u>79,677</u>
Expenditures						
Public services	140,000	231,771	202,156	29,615	131,500	70,656
Public Facilities/Improvements	-	-	-	-	3,360	(3,360)
Housing rehabilitation	182,500	182,500	261,214	(78,714)	192,197	69,017
Clearance and demolition	75,000	75,000	-	75,000	-	-
Commercial rehab grants	50,000	50,000	48,898	1,102	60,183	(11,285)
Cost of properties sold	279,390	542,940	542,940	(1)	-	542,940
Administration	240,999	240,999	175,379	65,620	279,735	(104,356)
Capital outlay	3,100	3,100	3,975	(875)	1,900	2,075
Interest expense	100	100	4	96	15	(11)
Total expenditures	<u>971,089</u>	<u>1,326,409</u>	<u>1,234,566</u>	<u>91,843</u>	<u>668,890</u>	<u>565,676</u>
Excess (deficiency) of revenues over (under) expenditures	174,700	378,296	(79,620)	(457,916)	406,379	(485,999)
Other Financing Sources (Uses)						
Transfers to general fund	(30,000)	(30,000)	(31,255)	(1,255)	(30,000)	(1,255)
Transfers to capital projects fund	<u>(540,000)</u>	<u>(782,788)</u>	<u>(738,037)</u>	<u>44,751</u>	<u>(380,652)</u>	<u>(357,385)</u>
Total other financing sources (uses)	<u>(570,000)</u>	<u>(812,788)</u>	<u>(769,292)</u>	<u>43,496</u>	<u>(410,652)</u>	<u>(358,640)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	(395,300)	(434,492)	(848,912)	(414,420)	(4,273)	(844,639)
Fund balances - beginning	1,841,738	1,841,738	1,841,738	-	1,846,011	(4,273)
Fund balances - ending	\$ <u>1,446,438</u>	\$ <u>1,407,246</u>	\$ <u>992,826</u>	\$ <u>(414,420)</u>	\$ <u>1,841,738</u>	\$ <u>(848,912)</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, 2024

	Budgeted Amounts		2024 Actual	Variance with Final Budget - Positive (Negative)	2023 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Intergovernmental grants	\$ 597,500	\$ 93,585	\$ 93,585	\$ -	\$ 200,000	\$ (106,415)
Investment earnings	8,000	8,000	52,327	44,327	19,250	33,077
Property sales	-	-	28,891	28,891	-	28,891
Rental income	11,950	11,950	1,996	(9,954)	11,628	(9,632)
Total revenues	<u>617,450</u>	<u>113,535</u>	<u>176,799</u>	<u>63,264</u>	<u>230,878</u>	<u>(54,079)</u>
Expenditures						
Direct economic development	1,718,000	372,000	286,399	85,601	1,166,877	(880,478)
Administration	39,780	39,780	15,314	24,466	67,624	(52,310)
Total expenditures	<u>1,757,780</u>	<u>411,780</u>	<u>301,713</u>	<u>110,067</u>	<u>1,234,501</u>	<u>(932,788)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,140,330)	(298,245)	(124,914)	173,331	(1,003,623)	878,709
Other Financing Sources (Uses)						
Transfers from general fund	1,128,000	1,128,000	1,128,000	-	1,755,000	(627,000)
Transfers to parking fund	-	(500,000)	(500,000)	-	(700,000)	200,000
Total other financing sources (uses)	<u>1,128,000</u>	<u>628,000</u>	<u>628,000</u>	<u>-</u>	<u>1,055,000</u>	<u>(427,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	(12,330)	329,755	503,086	173,331	51,377	451,709
Fund balances - beginning	1,248,226	1,248,226	1,248,226	-	1,196,849	(34,078)
Fund balances - ending	\$ <u>1,235,896</u>	\$ <u>1,577,981</u>	\$ <u>1,751,312</u>	\$ <u>173,331</u>	\$ <u>1,248,226</u>	\$ <u>417,631</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, 2024

	Original and Final Budget	2024 Actual	Variance with Final Budget - Positive (Negative)	2023 Actual	Increase/ (Decrease) Over Prior Year
Revenues					
Investment earnings	\$ 25	\$ 857	\$ 832	\$ 3	\$ 854
Charges for services	1,000	38,700	37,700	264	38,436
Total revenues	<u>1,025</u>	<u>39,557</u>	<u>38,532</u>	<u>267</u>	<u>39,290</u>
Expenditures					
Contracted services	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,025	39,557	38,532	267	39,290
Other Financing Sources (Uses)					
Transfers from general fund	-	-	-	13,500	(13,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,500</u>	<u>(13,500)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)					
	1,025	39,557	38,532	13,767	25,790
Fund balances - beginning	2,105	2,105	-	(11,662)	13,767
Fund balances - ending	\$ <u>3,130</u>	\$ <u>41,662</u>	\$ <u>38,532</u>	\$ <u>2,105</u>	\$ <u>39,557</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, 2024

	<u>Original and Final Budget</u>	<u>2024 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2023 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
Revenues					
Investment earnings	\$ 2,000	\$ 9,766	\$ 7,766	\$ 5,320	\$ 4,446
Miscellaneous	250	150	(100)	100	50
Program revenue	28,303	60,106	31,803	24,260	35,846
Total revenues	<u>30,553</u>	<u>70,022</u>	<u>39,469</u>	<u>29,680</u>	<u>40,342</u>
Expenditures					
Legal & Audit Fees	1,500	200	1,300	23	177
Administration	-	-	-	5,065	(5,065)
Direct economic development loans	-	-	-	29,530	(29,530)
Total expenditures	<u>1,500</u>	<u>200</u>	<u>15,314</u>	<u>34,618</u>	<u>(34,418)</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	29,053	69,822	40,769	(4,938)	74,760
Fund balances - beginning	1,107,164	1,107,164	-	1,112,102	(4,938)
Fund balances - ending	\$ <u>1,136,217</u>	\$ <u>1,176,986</u>	\$ <u>40,769</u>	\$ <u>1,107,164</u>	\$ <u>69,822</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, 2024

	Original and Final Budget	2024 Actual	Variance with Final Budget - Positive (Negative)	2023 Actual	Increase/ (Decrease) Over Prior Year
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Excise tax	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures					
Interest Expense	-	-	-	-	-
Total expenditures	-	-	-	-	-
Other Financing Sources (Uses)					
Transfers to capital projects fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balances - beginning	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2024

	<u>Budgeted Amounts</u>		<u>2024 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2023 Actual</u>	<u>Increase/ (Decrease) Over Prior Year</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ 364,299	\$ 984,862	\$ 800,941	\$ (183,921)	\$ 657,981	\$ 142,960
Investment earnings	2,000	2,000	6,974	4,974	3,928	3,046
Contributions and donations	-	7,286	7,286	-	18,419	(11,133)
Other revenues	-	-	90,128	90,128	54,971	35,157
Total revenues	<u>366,299</u>	<u>994,148</u>	<u>905,329</u>	<u>(88,819)</u>	<u>735,299</u>	<u>170,030</u>
Expenditures						
General government	-	520,693	420,692	100,001	302,927	117,765
Public safety	353,428	462,212	372,417	89,795	321,585	50,832
Culture and recreation	-	-	-	-	-	-
Economic and community development	-	-	-	-	(5)	5
Capital outlay	23,429	15,910	21,850	(5,940)	71,104	(49,254)
Total expenditures	<u>376,857</u>	<u>998,815</u>	<u>814,959</u>	<u>183,856</u>	<u>695,611</u>	<u>119,348</u>
Excess (deficiency) of revenues over (under) expenditures	(10,558)	(4,667)	90,370	95,037	39,688	50,682
Other Financing Sources (Uses)						
Transfers from general fund	12,558	6,667	6,667	-	19,216	57,362
Total other financing sources (uses)	<u>12,558</u>	<u>6,667</u>	<u>6,667</u>	<u>-</u>	<u>19,216</u>	<u>57,362</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)						
	2,000	2,000	97,037	95,037	58,904	108,044
Fund balances - beginning	234,525	234,525	234,525	-	175,621	58,904
Fund balances - ending	\$ <u>236,525</u>	\$ <u>236,525</u>	\$ <u>331,562</u>	\$ <u>95,037</u>	\$ <u>234,525</u>	\$ <u>166,948</u>

City of Hagerstown, Maryland
Forest Conservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts		2024 Actual	Variance with Final Budget - Positive (Negative)	2023 Actual	Increase/ (Decrease) Over Prior Year
	Original	Final				
Revenues						
Investment earnings	\$ 100	100	\$ 14	\$ (86)	\$ 95	\$ (81)
Reforestation fees	2,000	2,000	-	(2,000)	-	-
Total revenues	<u>2,100</u>	<u>2,100</u>	<u>14</u>	<u>(2,086)</u>	<u>95</u>	<u>(81)</u>
Expenditures						
Interest Expense	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers to capital projects fund	(2,000)	(2,000)	-	2,000	(3,000)	3,000
Transfers from capital projects fund	-	-	-	-	-	-
Total other financing sources (uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>	<u>(3,000)</u>	<u>3,000</u>
Excess (deficiency) of revenues over (under) expenditures	100	100	14	(86)	(2,905)	2,919
Fund balances - beginning	178	178	178	-	3,083	(2,905)
Fund balances - ending	<u><u>\$ 278</u></u>	<u><u>278</u></u>	<u><u>\$ 192</u></u>	<u><u>\$ (86)</u></u>	<u><u>\$ 178</u></u>	<u><u>\$ 14</u></u>

Growth and Expansion in Hagerstown



NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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City of Hagerstown, Maryland
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2024

	<u>Golf Course</u>	<u>Property Management</u>	<u>Stormwater Management</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets				
Current assets:				
Pooled cash and investments	\$ 423,045	\$ 558,626	\$ 4,799,672	\$ 5,781,343
Interest receivable	285	396	3,333	4,014
Accounts receivable (net of allowance for uncollectibles)	30,234	17,852	348,247	396,333
Prepaid items	667	-	-	667
Total current assets	<u>454,231</u>	<u>576,874</u>	<u>5,151,252</u>	<u>6,182,357</u>
Noncurrent assets:				
Restricted assets:				
Pooled cash and investments	-	-	-	-
Capital assets:				
Land	125,000	337,813	-	462,813
Land improvements	290,868	-	862,397	1,153,265
Buildings and structures	243,836	3,158,888	74,263	3,476,987
Machinery and equipment	424,891	36,959	-	461,850
Automobiles and trucks	152,210	-	701,797	854,007
Infrastructure	26,537	-	898,145	924,682
Office furniture and fixtures	-	109,993	-	109,993
Construction in progress	7,468	-	566,808	574,276
Less accumulated depreciation	<u>(782,755)</u>	<u>(1,730,510)</u>	<u>(512,791)</u>	<u>(3,026,056)</u>
Total capital assets, net	488,055	1,913,143	2,590,619	4,991,817
Total noncurrent assets	<u>488,055</u>	<u>1,913,143</u>	<u>2,590,619</u>	<u>4,991,817</u>
Total assets	<u>942,286</u>	<u>2,490,017</u>	<u>7,741,871</u>	<u>11,174,174</u>
Liabilities				
Current liabilities:				
Accounts payable	8,848	4,839	144,980	158,667
Advances from other funds	-	-	-	-
Compensated absences - current	27,559	-	1,797	29,356
Accrued liabilities	5,463	2,634	7,006	15,103
Customer deposits and rebates	-	50	(8,346)	(8,296)
Undisbursed Loans and Grants	-	-	-	-
Unearned revenue	2,931	-	-	2,931
General obligation bonds - current	-	6,036	38,981	45,017
Total current liabilities	<u>44,801</u>	<u>13,559</u>	<u>184,418</u>	<u>242,778</u>
Noncurrent liabilities:				
General obligation bonds - long term	-	92,140	378,655	470,795
Compensated absences	<u>23,215</u>	<u>-</u>	<u>1,513</u>	<u>24,728</u>
Total noncurrent liabilities	23,215	92,140	380,168	495,523
Total liabilities	<u>68,016</u>	<u>105,699</u>	<u>564,586</u>	<u>738,301</u>
Net Position				
Net Investment in Capital Assets	488,055	1,814,967	2,172,983	4,476,005
Unrestricted	<u>386,215</u>	<u>569,351</u>	<u>5,004,302</u>	<u>5,959,868</u>
Total net position	<u>\$ 874,270</u>	<u>\$ 2,384,318</u>	<u>\$ 7,177,285</u>	<u>\$ 10,435,873</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2024

	Golf Course	Property Management	Stormwater Management	Total Nonmajor Enterprise Funds
Operating revenues:				
Service charges	\$ 332,026	\$ 292,731	\$ 3,298,204	3,922,961
Other revenues	128	250	31,759	32,137
Total operating revenues	<u>332,154</u>	<u>292,981</u>	<u>3,329,963</u>	<u>3,955,098</u>
Operating expenses:				
Selling, general and administrative expenses	501,767	297,621	837,785	1,637,173
Depreciation	47,009	102,584	100,482	250,075
Total operating expenses	<u>548,776</u>	<u>400,205</u>	<u>938,267</u>	<u>1,887,248</u>
Operating income	<u>(216,622)</u>	<u>(107,224)</u>	<u>2,391,696</u>	<u>2,067,850</u>
Nonoperating revenues (expenses):				
Investment earnings	22,194	27,908	217,682	267,784
Bond interest expense and premium	-	(3,472)	(19,365)	(22,837)
Bond issuance cost	-	(56)	-	(56)
Gain (Loss) on disposal of capital assets	-	-	-	-
Total nonoperating revenue (expenses)	<u>22,194</u>	<u>24,380</u>	<u>198,317</u>	<u>244,891</u>
Income (loss) before contributions and transfers	(194,428)	(82,844)	2,590,013	2,312,741
Capital contributions and grants	-	-	236,002	236,002
Transfers in	250,000	-	-	250,000
Transfers out	-	-	-	-
Changes in net position	<u>55,572</u>	<u>(82,844)</u>	<u>2,826,015</u>	<u>2,798,743</u>
Total net position - beginning	818,698	2,467,162	4,351,270	7,637,130
Total net position - ending	<u>\$ 874,270</u>	<u>\$ 2,384,318</u>	<u>\$ 7,177,285</u>	<u>10,435,873</u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2024

	Golf Course	Property Management	Stormwater Management	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 319,286	\$ 293,473	\$ 3,281,376	\$ 3,894,135
Payments to suppliers	(195,217)	(138,265)	(260,466)	(593,948)
Payments to employees	(283,327)	(155,051)	(544,668)	(983,046)
Net cash used by operating activities	(159,258)	157	2,476,242	2,317,141
Cash Flows From Noncapital Financing Activities				
Transfers from other funds	250,000	-	-	250,000
Net cash provided (used) by noncapital and related financing activities	250,000	-	-	250,000
Cash Flows From Capital And Related Financing Activities				
Proceeds from intergovernmental capital grant	-	-	236,002	236,002
Capital contribution	-	-	-	-
Acquisition and construction of capital assets	(40,578)	-	(1,573,413)	(1,613,990)
Proceeds from bond issuance	-	-	-	-
Principal paid on capital debt	-	(5,993)	(37,374)	(43,367)
Interest paid on capital debt	-	(3,491)	(19,566)	(23,057)
Bond issuance costs	-	(56)	-	(56)
Proceeds from disposal or sale of capital assets	-	-	-	-
Transfers from other funds for capital acquisitions	-	-	-	-
Transfers to other funds for capital acquisitions	-	-	-	-
Net cash provided (used) by capital and related financing activities	(40,578)	(9,539)	(1,394,351)	(1,444,467)
Cash Flows From Investing Activities				
Interest and dividends received	22,050	27,743	215,778	265,571
Net cash provided by investing activities	22,050	27,743	215,778	265,571
Net increase (decrease) in pooled cash and investments	72,214	18,361	1,297,669	1,388,244
Pooled cash and investments, beginning of year	350,831	540,265	3,502,003	4,393,099
Pooled cash and investments, end of year	\$ 423,045	\$ 558,626	\$ 4,799,672	\$ 5,781,343
Reconciliation of operating income to net cash (used) by operating activities:				
Operating income (loss)	\$ (216,622)	\$ (107,224)	\$ 2,391,696	\$ 2,067,850
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation expense	47,009	102,584	100,482	250,075
Net effect of changes in assets and liabilities				
Accounts receivable	(13,071)	1,692	(42,493)	(53,872)
Prepaid items	274	-	-	274
Accounts payable	(21,659)	4,125	96,457	78,923
Advances from other funds	-	-	-	-
Compensated absences payable	22,998	-	996	23,994
Accrued liabilities	2,148	180	(295)	2,033
Customer deposits and rebates	-	(1,200)	(6,095)	(7,295)
Undisbursed Loans and Grants	-	-	(65,357)	(65,357)
Unearned revenue	203	-	-	203
Other long-term liabilities	19,462	-	851	20,313
Total adjustments	57,364	107,381	84,546	249,291
Net cash used by operating activities	\$ (159,258)	\$ 157	\$ 2,476,242	\$ 2,317,141
Reconciliation of pooled cash and investments to the balance sheet				
Pooled cash and investments	\$ 423,045	\$ 558,626	\$ 4,799,672	\$ 5,781,343
Restricted pooled cash and investments	-	-	-	-
Totals	\$ 423,045	\$ 558,626	\$ 4,799,672	\$ 5,781,343

Public Services



INTERNAL SERVICE FUNDS

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

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

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

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

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City of Hagerstown, Maryland
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	<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	\$ -	\$ 1,979,558	\$ 729,142	\$ 2,708,700
Interest receivable	-	1,569	510	2,079
Accounts receivable (net of allowance for uncollectibles)	-	118,845	9,691	128,536
Prepaid Items	<u>283,245</u>	<u>915,193</u>	<u>-</u>	<u>1,198,438</u>
Total current assets	<u>283,245</u>	<u>3,015,165</u>	<u>739,343</u>	<u>4,037,753</u>
Noncurrent assets:				
Restricted assets:				
Pooled cash and investments	<u>5,347,937</u>	<u>1,189,193</u>	<u>31,300</u>	<u>6,568,430</u>
Total noncurrent assets	<u>5,347,937</u>	<u>1,189,193</u>	<u>31,300</u>	<u>6,568,430</u>
Total assets	<u>5,631,182</u>	<u>4,204,358</u>	<u>770,643</u>	<u>10,606,183</u>
Liabilities				
Current liabilities:				
Accounts payable	77,917	992,347	34,645	1,104,909
Accrued liabilities	<u>1,596,443</u>	<u>793,865</u>	<u>9,838</u>	<u>2,400,146</u>
Total current liabilities	<u>1,674,360</u>	<u>1,786,212</u>	<u>44,483</u>	<u>3,505,055</u>
Total liabilities	<u>1,674,360</u>	<u>1,786,212</u>	<u>44,483</u>	<u>3,505,055</u>
Net Position				
Restricted	70,000	274,000	31,300	375,300
Unrestricted	<u>3,886,822</u>	<u>2,144,146</u>	<u>694,860</u>	<u>6,725,828</u>
Total net position	<u>\$ 3,956,822</u>	<u>\$ 2,418,146</u>	<u>\$ 726,160</u>	<u>\$ 7,101,128</u>

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2024

	Worker's Compensation	Health Insurance	Dental Insurance	Total Internal Service Funds
Operating revenues:				
Service charges	\$ 1,682,409	\$ 7,633,284	\$ 417,233	\$ 9,732,926
Stop Loss Reimbursements	-	708,198	-	708,198
Other revenues	-	534,581	-	534,581
Total operating revenues	<u>1,682,409</u>	<u>8,876,063</u>	<u>417,233</u>	<u>10,975,705</u>
Operating expenses:				
Claim and premium expenses	1,218,787	7,666,438	318,155	9,203,380
Administrative expenses	185,209	911,367	44,927	1,141,503
Contributions to OPEB plan - Employer	-	700,000	-	700,000
Total operating expenses	<u>1,403,996</u>	<u>9,277,805</u>	<u>363,082</u>	<u>11,044,883</u>
Operating income (loss)	<u>278,413</u>	<u>(401,742)</u>	<u>54,151</u>	<u>(69,178)</u>
Nonoperating revenues (expenses):				
Investment earnings	23,627	90,242	39,388	153,257
Total nonoperating revenue (expenses)	<u>23,627</u>	<u>90,242</u>	<u>39,388</u>	<u>153,257</u>
Income before contributions and transfers	<u>302,040</u>	<u>(311,500)</u>	<u>93,539</u>	<u>84,079</u>
Transfer in from other funds	-	200,000	-	200,000
Transfer out to other funds	-	-	(200,000)	(200,000)
Changes in net position	<u>302,040</u>	<u>(111,500)</u>	<u>(106,461)</u>	<u>84,079</u>
Total net position - beginning	3,654,782	2,529,646	832,621	7,017,049
Total net position - ending	<u>\$ 3,956,822</u>	<u>\$ 2,418,146</u>	<u>\$ 726,160</u>	<u>\$ 7,101,128</u>

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2024

	Worker's Compensation	Health Insurance	Dental Insurance	Total Internal Service Funds
Cash Flows From Operating Activities				
Receipts from interfund services provided	\$ 1,682,409	\$ 8,860,007	\$ 416,153	\$ 10,958,569
Payments to suppliers	<u>(1,307,393)</u>	<u>(9,349,208)</u>	<u>(333,598)</u>	<u>(10,990,199)</u>
Net cash provided (used) by operating activities	<u>375,017</u>	<u>(489,201)</u>	<u>82,555</u>	<u>(31,630)</u>
Cash Flows From Noncapital Financing Activities				
Transfers from other funds	-	200,000	-	200,000
Transfers to other funds	-	-	<u>(200,000)</u>	<u>(200,000)</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>
Cash Flows From Investing Activities				
Interest and dividends received	<u>23,627</u>	<u>89,752</u>	<u>39,222</u>	<u>152,601</u>
Net cash provided by investing activities	<u>23,627</u>	<u>89,752</u>	<u>39,222</u>	<u>152,601</u>
Net increase in pooled cash and investments	398,644	(199,449)	(78,223)	120,971
Pooled cash and investments, beginning of year	<u>4,949,294</u>	<u>3,368,201</u>	<u>838,665</u>	<u>9,156,159</u>
Pooled cash and investments, end of year	\$ <u>5,347,937</u>	\$ <u>3,168,751</u>	\$ <u>760,442</u>	\$ <u>9,277,130</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ <u>278,413</u>	\$ <u>(401,742)</u>	\$ <u>54,151</u>	\$ <u>(69,178)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Net effect of changes in assets and liabilities				
Accounts receivable	-	(16,056)	(1,080)	(17,136)
Prepaid items	(10,133)	(85,467)	-	(95,600)
Accounts payable	(56,321)	161,137	30,965	135,781
Accrued liabilities	163,058	(147,073)	(1,481)	14,504
Unearned revenue	-	-	-	-
Total adjustments	<u>96,604</u>	<u>(87,459)</u>	<u>28,404</u>	<u>37,548</u>
Net cash provided (used) by operating activities	<u>\$ 375,017</u>	<u>\$ (489,201)</u>	<u>\$ 82,555</u>	<u>\$ (31,630)</u>
Reconciliation of pooled cash and investments to the balance sheet				
Pooled cash and investments	\$ -	\$ 1,979,558	\$ 729,142	\$ 2,708,700
Restricted pooled cash and investments	<u>5,347,937</u>	<u>1,189,193</u>	<u>31,300</u>	<u>6,568,430</u>
Totals	\$ <u>5,347,937</u>	\$ <u>3,168,751</u>	\$ <u>760,442</u>	\$ <u>9,277,130</u>

Healthy Living



STATISTICAL SECTION

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

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

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

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

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

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 63,756,574	\$ 66,555,727	\$ 66,954,557	\$ 66,650,974	\$ 66,784,135	\$ 67,629,556	\$ 71,600,496	\$ 75,823,002	\$ 80,391,365	\$ 95,649,931
Restricted	11,415,507	9,170,892	9,737,523	9,650,397	11,549,646	4,804,175	5,539,165	4,333,666	4,433,936	4,294,540
Unassigned	(28,125,591)	(24,646,579)	(26,153,187)	(48,291,059)	(48,457,814)	(44,072,990)	(39,171,014)	(41,093,264)	(42,075,766)	(45,391,066)
Total governmental activities net position	\$ 47,046,490	\$ 51,080,040	\$ 50,538,893	\$ 28,010,312	\$ 29,875,967	\$ 28,360,741	\$ 37,968,647	\$ 39,063,404	\$ 42,749,535	\$ 54,553,405
Business-type activities:										
Net investment in capital assets	\$ 146,018,608	\$ 147,056,392	\$ 145,943,803	\$ 146,353,536	\$ 154,076,732	\$ 159,951,215	\$ 157,963,476	\$ 158,700,731	\$ 159,569,273	\$ 170,283,873
Unassigned	20,703,309	21,469,141	24,760,819	20,475,472	15,681,500	15,286,548	22,726,388	31,446,628	37,201,731	39,534,425
Total business-type activities net position	\$ 166,721,917	\$ 168,525,533	\$ 170,704,622	\$ 166,829,008	\$ 169,758,232	\$ 175,237,763	\$ 180,689,864	\$ 190,147,359	\$ 196,771,004	\$ 209,818,298
Primary government:										
Net investment in capital assets	\$ 209,775,182	\$ 213,612,119	\$ 212,898,360	\$ 213,004,510	\$ 220,860,867	\$ 227,580,771	\$ 229,563,972	\$ 234,523,733	\$ 239,960,638	\$ 265,933,804
Restricted	11,415,507	9,170,892	9,737,523	9,650,397	11,549,646	4,804,175	5,539,165	4,333,666	4,433,936	4,294,540
Unrestricted	(7,422,282)	(3,177,438)	(1,392,368)	(27,815,587)	(32,776,314)	(28,786,442)	(16,444,626)	(9,646,636)	(4,874,035)	(5,856,641)
Total primary government net position	\$ 213,768,407	\$ 219,605,573	\$ 221,243,515	\$ 194,839,320	\$ 199,634,199	\$ 203,598,504	\$ 218,658,511	\$ 229,210,763	\$ 239,520,539	\$ 264,371,703

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General Government	\$ 9,672,724	\$ 10,564,629	\$ 9,562,623	\$ 8,627,247	\$ 10,613,252	\$ 10,986,324	\$ 10,425,129	\$ 10,360,130	\$ 12,012,068	\$ 12,536,270
Public Safety	23,566,366	22,889,590	24,950,023	25,773,111	24,243,025	26,395,843	26,871,881	31,231,769	34,319,588	31,846,584
Highways and Streets	2,810,855	2,680,585	2,650,626	2,791,282	3,258,426	3,044,652	2,693,869	2,632,966	2,748,834	2,659,293
Waste Collection & Disposal	1,971,595	2,000,312	2,021,510	2,293,396	2,562,226	2,621,986	2,834,652	2,926,233	3,232,968	4,484,442
Culture and Recreation	2,788,927	2,845,481	2,948,143	3,005,649	3,090,190	3,267,389	2,946,663	3,379,595	3,483,412	3,690,290
Economic & Community Development	4,053,605	966,551	3,393,612	3,204,744	4,757,014	4,958,500	4,719,711	4,866,019	4,157,725	4,085,790
Interest on Long-term Debt	557,668	540,521	628,301	622,454	615,223	668,563	475,278	466,867	425,192	384,693
Total governmental activities expenses	45,421,740	42,487,669	46,154,838	46,317,983	49,139,356	51,943,257	50,967,183	55,863,579	60,379,787	59,687,362
Business-type activities:										
Electric	24,157,287	22,855,165	23,184,083	23,814,395	26,194,218	24,669,525	24,776,304	25,379,709	23,549,452	24,452,843
Water	11,147,791	11,439,748	11,288,656	10,995,786	12,002,597	11,839,287	13,711,421	13,960,225	14,209,710	15,310,738
Wastewater	12,843,801	13,114,426	13,112,003	12,343,489	13,887,499	14,190,230	12,411,529	12,958,511	14,481,808	14,424,349
Parking	739,264	738,566	724,828	771,525	794,876	854,950	832,848	920,257	1,022,269	1,486,673
Golf Course	435,174	443,541	481,273	432,368	440,537	470,640	479,098	517,697	499,547	542,071
Property Management	517,393	527,751	613,979	451,559	724,383	459,988	750,359	922,494	404,418	404,363
Stormwater Management	-	-	-	-	-	-	684,089	856,490	1,001,600	961,838
Total business-type activities expenses	49,640,710	49,119,197	49,404,822	48,809,122	54,044,110	52,484,820	53,645,648	55,515,383	55,168,805	57,582,875
Total primary government expenses	\$ 95,062,450	\$ 91,606,866	\$ 95,559,660	\$ 95,127,005	\$ 103,183,466	\$ 104,427,877	\$ 104,612,831	\$ 111,378,962	\$ 115,548,592	\$ 117,270,237
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 2,795,421	\$ 2,722,732	\$ 2,618,155	\$ 2,633,174	\$ 2,939,050	\$ 2,403,598	\$ 2,124,484	\$ 2,269,334	\$ 2,030,571	\$ 3,117,909
Public Safety	3,367,522	3,016,955	2,722,862	3,014,038	2,759,137	2,652,804	3,923,330	3,336,691	3,373,346	3,512,411
Streets and Alleys	73,088	48,843	149,743	73,337	68,235	64,644	53,467	94,223	134,454	109,619
Waste Collection & Disposal	2,238,358	2,252,262	2,258,122	2,579,249	2,772,301	2,800,885	2,812,037	2,851,797	3,266,809	3,571,239
Parks and Recreation	259,668	230,561	273,319	310,218	298,623	244,545	261,688	321,679	291,248	334,587
Economic & Community Development	245,921	62,417	61,746	150,415	201,209	60,608	280,050	43,807	48,406	81,808
Operating grants and contributions	1,930,908	1,963,246	1,783,552	1,554,570	3,061,406	2,246,769	4,923,824	2,053,740	3,079,245	3,884,768
Capital grants and contributions	1,807,299	2,034,072	1,315,570	1,236,493	845,126	1,006,232	5,151,802	4,155,845	7,036,472	6,284,401
Total governmental activities program revenues	\$ 12,718,185	\$ 12,331,088	\$ 11,183,069	\$ 11,551,494	\$ 12,945,087	\$ 11,480,085	\$ 19,530,682	\$ 15,127,116	\$ 19,260,551	\$ 20,896,742

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type activities:										
Charges for services:										
Electric	\$ 24,460,137	\$ 22,532,600	\$ 22,919,701	\$ 24,575,942	\$ 25,644,738	\$ 24,418,023	\$ 24,812,000	\$ 25,707,216	\$ 22,369,024	\$ 22,084,817
Water	11,128,131	11,455,228	11,640,701	11,658,823	11,990,596	12,606,536	12,902,095	13,231,274	13,672,873	14,597,382
Wastewater	12,241,385	12,401,054	13,046,779	13,442,122	14,044,501	13,811,461	14,120,397	14,666,358	15,024,524	15,832,202
Parking	975,936	953,580	993,779	951,827	935,195	705,456	796,519	1,030,315	1,320,769	1,097,549
Golf Course	205,199	224,893	174,035	174,021	199,889	243,327	356,507	341,495	397,756	332,154
Property Management	203,395	344,644	308,646	356,826	(225,351)	280,561	(119,092)	287,257	280,462	292,981
Stormwater Management	-	-	-	-	-	-	590,025	2,928,167	3,196,138	3,329,963
Operating grants and contributions	51,110	69,489	44,502	5,616	750,196	240,000	894,857	-	-	10,115,909
Capital grants and contributions	2,135,780	2,669,305	2,136,516	1,449,023	2,568,732	5,037,394	4,965,080	5,947,247	3,478,438	-
Total business-type activities program revenues	\$ 51,401,073	\$ 50,650,793	\$ 51,264,659	\$ 52,614,200	\$ 55,908,496	\$ 57,342,758	\$ 59,318,388	\$ 64,139,329	\$ 59,739,984	\$ 67,682,957
Total primary government program revenues	\$ 64,119,258	\$ 62,981,881	\$ 62,447,728	\$ 64,165,694	\$ 68,853,583	\$ 66,822,843	\$ 78,849,070	\$ 79,266,445	\$ 79,000,535	\$ 88,579,699
Net (expense)/revenue	\$ (32,703,555)	\$ (30,156,581)	\$ (34,971,769)	\$ (34,766,389)	\$ (36,194,269)	\$ (40,463,172)	\$ (31,436,501)	\$ (40,736,463)	\$ (41,119,236)	\$ (38,790,620)
Governmental activities	1,760,363	1,531,596	1,859,837	3,805,078	1,864,386	4,858,138	5,672,740	8,623,946	4,571,179	10,100,082
Business-type activities	(30,943,192)	(28,624,985)	(33,111,932)	(30,961,311)	(34,329,883)	(35,605,034)	(25,763,761)	(32,112,517)	(36,548,057)	(28,690,538)
Total primary government net expense	\$ (28,182,829)	\$ (27,093,389)	\$ (31,252,095)	\$ (27,156,233)	\$ (32,465,497)	\$ (30,746,896)	\$ (20,091,021)	\$ (23,488,571)	\$ (31,976,878)	\$ (18,589,456)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property Taxes	27,209,882	28,463,400	28,882,713	29,674,582	32,047,754	32,399,365	33,417,546	34,592,251	36,004,233	38,291,769
Income and Other taxes	5,105,039	5,003,437	5,317,337	5,057,155	5,735,651	5,930,706	6,749,366	7,772,394	8,116,910	9,784,489
Excise Tax	-	-	-	-	-	-	-	-	-	-
Investment Earnings	10,695	38,498	62,960	130,598	387,646	387,775	24,457	9,126	1,256,925	2,430,352
Property Sales	-	-	-	-	-	-	-	-	-	-
Gain(Loss) on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	269,201	803,541	285,595	295,497	544,636	555,819	590,471	274,699	400,199	808,592
Transfers	183,935	(118,745)	(117,983)	(478,644)	(655,763)	(325,719)	(295,571)	(817,249)	(972,900)	(720,712)
Transfers of long-term debt	-	-	-	-	-	-	-	-	-	-
Capital Transfer from Closed Ice Rink Fund	-	-	-	-	-	-	-	-	-	-
Changes in Accounting Estimate	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 32,778,752	\$ 34,190,131	\$ 34,430,622	\$ 34,679,188	\$ 38,059,924	\$ 38,947,946	\$ 41,044,407	\$ 41,831,221	\$ 44,805,367	\$ 50,594,490
Business-type activities:										
Investment Earnings	146,024	153,275	201,269	265,659	409,075	295,674	41,928	16,300	1,079,566	2,226,500
Transfers	(183,935)	118,745	117,983	478,644	655,763	325,719	(558,138)	817,249	972,900	720,712
Transfers of long-term debt	-	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ (37,911)	\$ 272,020	\$ 319,252	\$ 744,303	\$ 1,064,838	\$ 621,393	\$ (220,639)	\$ 833,549	\$ 2,052,466	\$ 2,947,212
Total primary government	\$ 32,740,841	\$ 34,462,151	\$ 34,749,874	\$ 35,423,491	\$ 39,124,762	\$ 39,569,339	\$ 40,823,768	\$ 42,664,770	\$ 46,857,833	\$ 53,541,702
Change in Net Position										
Governmental activities	\$ 75,197	\$ 4,033,550	\$ (541,147)	\$ (87,201)	\$ 1,865,655	\$ (1,515,226)	\$ 9,607,906	\$ 1,094,757	\$ 3,686,131	\$ 11,803,870
Business-type activities	1,722,452	1,803,616	2,179,089	4,549,381	2,929,224	5,479,531	5,452,101	9,457,495	6,623,645	13,047,294
Total primary government	\$ 1,797,649	\$ 5,837,166	\$ 1,637,942	\$ 4,462,180	\$ 4,794,879	\$ 3,964,305	\$ 15,060,007	\$ 10,552,252	\$ 10,309,776	\$ 24,851,164

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

Fiscal Year	Property Taxes	Income Taxes	Admissions Tax	Highway User Tax	Police Protection	Financial Corporations	State Aid Fire Services	Enterprise Zone Tax	Hotel/Motel Room Tax	Cannabis Taxes	County Taxes	Total
2014	25,365,054	2,452,366	207,892	1,039,880	750,454	34,214	54,797	86,976	176,220	-	-	30,167,853
2015	27,209,882	2,559,272	214,162	1,081,978	720,362	34,214	63,836	69,699	191,456	-	-	32,144,861
2016	28,463,400	2,427,965	328,649	1,224,207	686,126	34,214	70,395	48,676	193,894	-	-	33,477,526
2017	28,882,713	2,628,280	443,873	1,206,125	739,779	34,214	78,697	30,485	187,687	-	-	34,231,853
2018	29,674,582	2,177,627	410,160	1,250,241	737,861	34,214	78,390	27,707	202,103	-	-	34,592,885
2019	32,047,754	2,746,653	360,785	1,375,305	736,490	34,214	77,933	11,054	219,975	-	-	37,610,163
2020	32,399,365	2,838,385	182,599	1,558,316	693,469	34,214	77,865	10,066	157,258	-	-	37,951,537
2021	33,417,546	3,481,066	172,623	1,730,255	682,832	34,214	79,594	46,133	180,036	-	-	39,824,299
2022	34,592,251	3,809,747	300,314	1,836,144	676,790	34,214	77,289	402,173	255,084	-	-	41,984,006
2023	36,004,233	4,150,983	259,537	1,766,618	1,096,485	34,214	78,267	524,709	329,753	-	-	44,244,799
2024	38,291,769	4,094,393	591,838	2,230,801	1,351,297	34,214	77,593	543,212	311,918	43,294	-	47,570,329

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable	226,974	256,353	181,006	167,197	278,377	198,133	170,452	508,641	847,316	411,129
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	250,000	251,426	251,426	250,000	250,000	-	-
Assigned	1,555,317	1,077,515	786,785	1,248,537	465,429	471,031	886,857	1,068,047	1,498,786	1,384,131
Unassigned	8,181,345	9,191,926	9,462,818	9,958,056	12,378,375	12,563,471	16,678,726	15,573,818	18,383,408	22,819,133
Total General Fund	\$ 9,963,636	\$ 10,525,794	\$ 10,430,609	\$ 11,623,790	\$ 13,373,607	\$ 13,484,061	\$ 17,986,035	\$ 17,400,506	\$ 20,729,510	\$ 24,614,393
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,809,108	2,034,494	2,555,252	-	-	-	13,628	-	-	-
Restricted	2,829,671	2,815,706	2,562,152	2,588,167	2,840,076	3,723,126	3,147,735	2,170,948	2,228,235	1,324,580
Committed	2,537,161	705,958	2,024,224	2,757,307	4,739,229	945,828	606,008	606,008	576,827	-
Assigned	4,239,568	3,614,734	2,595,895	4,304,923	3,970,340	4,821,556	6,441,188	8,462,280	11,058,590	5,608,930
Unassigned	(1,088,345)	276,605	(92,306)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 10,327,163	\$ 9,447,497	\$ 9,645,217	\$ 9,650,397	\$ 11,549,645	\$ 9,490,490	\$ 10,208,559	\$ 11,239,236	\$ 13,863,652	\$ 6,933,510
Total governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated, reported in:										
General fund	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	2,036,082	2,290,847	2,736,258	167,197	278,377	198,133	184,080	508,641	847,316	411,129
Restricted	2,829,671	2,815,706	2,562,152	2,588,167	2,840,076	3,723,126	3,147,735	2,170,948	2,228,235	1,324,580
Committed	2,537,161	705,958	2,024,224	3,007,307	4,990,655	1,197,254	856,008	856,008	576,827	-
Assigned	5,794,885	4,692,249	3,382,680	5,563,460	4,435,769	5,292,567	7,328,045	9,530,327	12,557,376	6,993,061
Unassigned	7,093,000	9,468,531	9,370,512	9,958,056	12,378,375	12,563,471	16,678,726	15,573,818	18,383,408	22,819,133
Total all other governmental funds	\$ 20,290,799	\$ 19,973,290	\$ 20,075,827	\$ 21,274,187	\$ 24,923,252	\$ 22,974,550	\$ 28,194,594	\$ 28,639,742	\$ 34,593,162	\$ 31,547,903

NOTES:

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Property taxes	\$ 27,209,882	\$ 28,463,400	\$ 28,882,713	\$ 29,674,582	\$ 32,047,754	\$ 32,399,365	\$ 33,417,546	\$ 34,592,251	\$ 36,004,233	\$ 38,291,769
Income and other taxes	4,934,979	5,014,126	5,349,140	4,918,303	5,562,409	5,552,172	6,406,753	7,391,755	8,240,566	9,278,560
Licenses and permits	2,259,693	1,910,357	1,922,814	2,157,177	2,144,825	2,144,423	2,271,882	2,667,306	2,566,286	2,563,694
Intergovernmental grant revenues	2,181,225	3,692,490	2,672,576	2,472,496	3,600,723	3,025,971	6,870,925	4,774,660	6,091,059	8,726,579
Program Income	224,855	51,859	50,888	145,915	196,959	60,608	280,050	43,807	48,405	81,808
Charges for services	2,959,862	2,957,509	2,998,972	3,333,800	3,787,489	3,332,932	3,686,465	3,914,903	3,888,705	5,159,232
Fines and forfeitures	1,548,400	1,426,168	1,151,264	1,163,093	949,862	966,215	1,022,555	938,187	969,744	997,723
Investment Earnings	10,695	38,498	62,960	130,598	387,646	387,775	24,457	9,126	1,251,705	2,430,352
Property Sales	22,119	32,306	44,401	39,898	282,254	177,464	351,252	9,103	41,084	418,594
Contributions and Donations	1,556,831	303,831	426,546	318,567	305,810	227,030	3,204,701	1,434,925	4,024,659	1,442,590
Unallocated general revenue	2,278,109	2,802,237	2,272,194	2,253,098	2,258,782	2,375,855	2,236,719	2,263,096	2,361,835	2,387,498
Total revenues	45,186,650	46,692,781	45,834,468	46,607,527	51,524,513	50,649,810	60,773,305	58,039,119	65,488,281	71,778,399
Expenditures:										
General government	6,235,937	6,140,214	6,104,766	5,910,549	5,988,744	5,878,797	5,947,534	6,452,471	7,228,884	7,457,871
Public safety	22,118,148	22,489,750	22,652,900	23,337,933	23,426,428	24,094,838	25,449,377	25,655,249	27,657,605	29,497,490
Street and alleys	2,564,690	2,516,304	2,451,010	2,586,683	3,057,832	2,644,230	2,483,251	2,363,298	2,298,843	2,448,949
Waste collection & disposal	1,972,012	2,001,190	2,022,219	2,294,415	2,562,818	2,622,380	2,835,197	2,926,593	3,232,599	4,484,707
Parks and recreation	2,415,204	2,552,328	2,503,353	2,536,793	2,610,018	2,726,959	2,442,662	2,789,208	2,801,935	2,971,315
Municipal buildings	-	-	-	-	-	-	-	-	-	-
Economic and Community Development	4,117,042	971,503	3,432,511	3,211,991	4,760,785	4,964,779	4,728,302	4,866,382	4,153,731	4,087,882
Unallocated general expenditures	2,036,099	1,758,432	1,724,013	1,653,293	1,914,373	1,712,853	1,606,284	1,745,416	1,647,879	1,762,091
Debt Service										
Principal	1,267,682	1,446,786	1,504,498	1,726,847	1,863,362	2,243,851	1,641,111	1,707,194	1,105,691	1,143,471
Interest	517,287	577,660	537,853	638,740	634,902	704,124	519,799	509,365	461,738	421,466
Issuance costs	44,215	1,656	117,200	29,595	34,520	1,778	1,715	1,715	1,715	2,076
Capital Outlay	4,666,856	6,484,873	7,906,338	3,017,256	4,227,598	5,496,121	7,602,457	8,509,831	8,871,341	19,825,629
Total expenditures	47,955,172	46,940,696	50,956,661	46,944,097	51,081,380	53,090,711	55,257,689	57,526,722	59,461,961	74,102,946
Excess of revenues over(under) expenditures	(2,768,522)	(247,915)	(5,122,193)	(336,570)	443,133	(2,440,901)	5,515,615	512,397	6,026,320	(2,324,547)
Other financing sources(uses):										
Transfers In	2,282,549	2,125,813	3,041,116	2,053,092	3,327,778	4,872,678	4,254,291	7,919,658	6,386,915	7,083,939
Transfers Out	(2,062,664)	(2,195,406)	(3,123,439)	(1,783,162)	(3,226,846)	(4,380,480)	(4,549,862)	(7,986,907)	(6,459,815)	(7,804,651)
Debt Issued	3,923,743	-	4,793,526	1,265,000	3,105,000	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Bond Financing Prior Proceeds Reprogram	-	-	314,538	-	-	-	-	-	-	-
Premium on Bond Financing	282,716	-	198,989	-	-	-	-	-	-	-
Proceeds of Long-term debt	-	-	-	-	-	-	-	-	-	-
Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Total other funding sources(uses)	4,426,344	(69,593)	5,224,730	1,534,930	3,205,932	492,198	(295,571)	(67,249)	(72,900)	(720,712)
Net changes in Fund Balance	\$ 1,657,822	\$ (317,508)	\$ 102,537	\$ 1,198,360	\$ 3,649,065	\$ (1,948,703)	\$ 5,220,044	\$ 445,148	\$ 5,953,420	\$ (3,045,259)
Debt Service as a percentage of noncapital expenditures	4%	5%	5%	5%	5%	6%	5%	5%	3%	3%

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

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

Fiscal Year Ended	Real Property	Apartment Real Property	Business Personal Property	Total Taxable Assessed Value	Total City Direct Tax Rate	Estimated Actual Value	Assessed Value As a Percentage of Actual Value
2015	2,468,251	-	108,380	2,576,631	3.143	2,698,043	95.50%
2016	2,521,123	-	135,120	2,656,243	3.196	2,702,180	98.30%
2017	2,521,811	-	133,737	2,655,548	3.196	2,704,224	98.20%
2018	2,538,466	-	133,670	2,672,136	3.294	2,640,451	101.20%
2019	2,334,413	239,447	138,720	2,712,579	3.507	2,525,679	107.40%
2020	2,400,047	240,820	152,376	2,793,243	3.507	2,569,681	108.70%
2021	2,598,601	244,911	159,741	3,003,253	3.507	2,770,529	108.40%
2022	2,789,166	245,397	169,713	3,204,276	3.507	2,955,974	108.40%
2023	2,629,542	249,353	161,161	3,040,056	3.507	2,804,479	108.40%
2024	3,043,039	-	153,042	3,196,081	3.507	2,975,867	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.
4. Real Property and Apartment Real Property combined in FY24.

Source: City of Hagerstown Support Services Manager

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

Fiscal Year Ended	Overlapping Rates														
	City					County					State				
	Real Property	Apartment Real Property	Business & Personal Property	Total Direct Property Tax Rate		Real Property	Business & Personal Property	Total County Property Tax Rate		Real Property	Business & Personal Property	Total State Property Tax Rate	Total Overlapping Rates	Total Direct & Overlapping Rates	
2015	0.898	0.000	2.245	3.143		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.448	
2016	0.913	0.000	2.283	3.196		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.501	
2017	0.913	0.000	2.283	3.196		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.501	
2018	0.941	0.000	2.353	3.294		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.599	
2019	1.002	1.032	2.505	3.507		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.812	
2020	1.002	1.032	2.505	3.507		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.812	
2021	1.002	1.032	2.505	3.507		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.812	
2022	1.002	1.032	2.505	3.507		0.823	2.370	3.193		0.112	0.000	0.112	3.305	6.812	
2023	1.002	1.032	2.505	3.507		0.803	2.320	3.123		0.112	0.000	0.112	3.235	6.742	
2024	1.002	0.000	2.505	3.507		0.803	2.320	3.123		0.112	0.000	0.112	3.235	6.742	

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

City of Hagerstown, Maryland
Principal Property Taxpayers (Includes Real Estate Property Taxes)
June 30, 2024

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
MCB Hagerstown LLC	\$ 125,281,633	1	3.92%			
Lowes Home Centers, Inc.	30,144,700	2	0.94%	\$ 22,604,303	2	0.88%
Board of Education	28,819,267	3	0.90%			
CR Hagerstown, LLC	24,875,966	4	0.78%			
KRG Hagerstown LLC	20,872,333	5	0.65%			
Walmart Real Estate Business Trust	17,819,500	6	0.56%	20,128,400	3	0.78%
Washco Centre at Antietam	15,142,467	7	0.47%			
Nationwide Health Properties LLC	15,098,700	8	0.47%			
Suso 4 Stone House, LP	14,934,600	9	0.47%			
FB Hagerstown, LLC	14,649,533	10	0.46%			
Hagerstown Plaza, LLC				14,599,267	10	0.57%
Mill Street Realty LLC						
Washington Real Estate				58,779,866	1	2.28%
OEKOS Stone House LLC				18,543,900	6	0.72%
I-81 Hollyhock LLC				19,181,100	4	0.74%
Verizon - Maryland				16,587,400	7	0.64%
Hagerstown Apartments (Limited) Partnership				19,127,400	5	0.74%
Cortpark LLC				15,082,233	8	0.59%
Cortpark II LLC				15,082,233	9	0.59%
Totals	\$ 307,638,699		9.63%	\$ 219,716,102		8.53%

Source: City of Hagerstown Support Services Manager

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
2015	22,065,699	21,862,523	99.1%	130,886		21,993,409	99.67%
2016	23,041,528	22,887,668	99.3%	141,597		23,029,265	99.95%
2017	23,342,489	23,130,460	99.1%	108,687		23,239,147	99.56%
2018	24,296,476	23,841,947	98.1%	55,959		23,897,906	98.36%
2019	26,401,431	25,950,722	98.3%	27,085		25,977,807	98.40%
2020	26,768,993	26,117,772	97.6%	33,746		26,151,519	97.69%
2021	27,249,592	26,502,357	97.3%	3,790		26,506,146	97.27%
2022	28,900,885	27,875,642	96.5%	53,228		27,928,870	96.64%
2023	28,792,083	28,567,588	99.2%	184,734		28,752,322	99.86%
2024	31,190,935	30,973,688	99.3%	7,017		30,980,705	99.33%

Source: City of Hagerstown Support Services Manager

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

Fiscal Year	Personal Income (2)	Population (1)	Outstanding Debt (3)		Percentage of Personal Income	Total Debt Per Capita
			Governmental	Business-type		
2014	1,435,605,752	39,662	15,168,166	51,139,325	4.62%	1,672
2015	1,459,723,696	40,364	18,093,422	57,309,510	5.17%	1,868
2016	1,543,127,712	40,432	16,621,899	54,317,860	4.60%	1,755
2017	1,617,311,412	40,452	20,398,889	53,355,638	4.56%	1,823
2018	1,649,885,804	40,306	19,902,356	49,867,569	4.23%	1,731
2019	1,727,568,645	40,205	21,109,308	46,940,798	3.94%	1,693
2020	1,760,269,700	40,100	18,840,748	43,139,894	3.52%	1,546
2021	1,970,946,087	43,527	16,617,257	40,294,697	2.89%	1,308
2022	2,076,895,633	43,487	14,885,822	36,955,602	2.50%	1,192
2023	2,233,208,502	43,701	13,755,890	44,373,669	2.60%	1,330
2024	2,283,309,578	43,553	12,588,178	39,637,827	2.29%	1,199

NOTES:

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

Source:

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

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

Fiscal Year	Total Taxable Assessed Value of Property (In Thousands)	Population	General Obligation Total		Percentage of Total Taxable Value of Property	Per Capita
			Bonds	Bonds		
2015	2,576,631	40,364	75,402,932		2.93%	1,868
2016	2,656,243	40,432	70,939,759		2.67%	1,755
2017	2,655,548	40,452	73,754,527		2.78%	1,823
2018	2,672,136	40,306	69,769,925		2.61%	1,731
2019	2,712,579	40,205	68,050,106		2.51%	1,693
2020	2,793,243	40,100	61,980,642		2.22%	1,546
2021	3,003,253	43,527	56,911,954		1.90%	1,308
2022	3,204,276	43,487	51,841,424		1.62%	1,192
2023	3,040,056	43,701	58,129,559		1.91%	1,330
2024	3,196,081	43,553	52,226,005		1.63%	1,199

Fiscal Year	Total Taxable Assessed Value of Property (In Thousands)	Population	General Obligation Governmental		Percentage of Total Taxable Value of Property	Per Capita
			Bonds	Bonds		
2015	2,576,631	40,364	18,093,422		0.70%	448
2016	2,656,243	40,432	16,621,899		0.63%	411
2017	2,655,548	40,452	20,398,889		0.77%	504
2018	2,672,136	40,306	19,902,356		0.74%	494
2019	2,712,579	40,205	21,109,308		0.78%	525
2020	2,793,243	40,100	18,840,748		0.67%	470
2021	3,003,253	43,527	16,617,257		0.55%	382
2022	3,204,276	43,487	14,885,822		0.46%	342
2023	3,040,056	43,701	13,755,890		0.45%	315
2024	3,196,081	43,553	12,588,178		0.39%	289

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, 2024

City of Hagerstown	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 142,634,217	21.61%	\$ 30,823,254
Subtotal, overlapping debt			
City of Hagerstown Direct Governmental Fund Debt			12,588,178
Total Direct and Overlapping Debt			\$ 43,411,432.34

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**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 250,651,500	\$ 265,624,272	\$ 265,554,800	\$ 267,213,623	\$ 271,257,929	\$ 279,324,312	\$ 300,325,326	\$ 320,427,617	\$ 304,005,562	\$ 319,608,148
Total net debt applicable to limit	75,402,932	70,939,759	73,754,527	69,769,925	68,050,106	61,980,642	56,911,954	51,841,424	58,129,559	52,226,005
Legal debt margin	\$ 175,248,568	\$ 194,684,513	\$ 191,800,273	\$ 197,443,698	\$ 203,207,823	\$ 217,343,670	\$ 243,413,372	\$ 268,586,193	\$ 245,876,003	\$ 267,382,143
Total net debt applicable to the limit as a percentage of debt limit	30.08%	26.71%	27.77%	26.11%	25.09%	22.19%	18.95%	16.18%	19.12%	16.34%

Legal Debt Margin Calculation for Fiscal Year 2024

Total assessed value	3,196,081,478
Debt limit (10% of total assessed value)	319,608,148
Debt applicable to limit:	
General obligation bonds	52,226,005
Legal debt margin	<u>267,382,143</u>

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

Source: City of Hagerstown Accounting Department.

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

Fiscal Year	Population	MSA		MSA Unemployment Rate
		Personal Income	Per Capita Personal Income	
2015	40,364	1,459,723,696	36,164	7.5
2016	40,432	1,543,127,712	38,166	6.7
2017	40,452	1,617,311,412	39,981	5.4
2018	40,306	1,649,885,804	40,934	5.6
2019	40,205	1,727,568,645	42,969	5.3
2020	40,100	1,760,269,700	43,897	11.2
2021	43,527	1,970,946,087	45,281	6.9
2022	43,487	2,076,895,633	47,759	4.1
2023	43,701	2,233,208,502	51,102	2.6
2024	43,553	2,283,309,578	52,426	3.6

Data Source:

Population Data provided by the United States Census Bureau - Population Estimate July 1, 2023
Per Capita Personal Income provided by Bureau of Economic Analysis - U.S. Dept. of Commerce
Unemployment Rate provided by the Bureau of Labor Statistics

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

Employer	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washington County Public Schools	3,705	1	5.88%	2,970	1	4.46%
Meritus Health	2,740	2	4.35%	2,740	2	4.11%
FedEx Ground	2,654	3	4.21%			
FiServ	2,185	4	3.47%			
Volvo Powertrain NA (Mack Trucks, Inc.)	1,836	5	2.91%	1,517	6	2.28%
Amazon	1,500	6	2.38%			
The Bowman Group	830	7	1.32%	746	9	1.12%
Walmart	565	8	0.90%			
Hagerstown Community College	545	9	0.86%	890	8	1.34%
Merkle Response Management Group	545	10	0.86%			
State of Maryland				2,568	3	3.85%
First Data Merchant Services				2,322	4	3.48%
Citi				2,100	5	3.15%
Washington County Government				1,352	7	2.03%
Federal Government				705	10	1.06%
Total	17,105		27.14%	17,910		26.88%

Source: Principal Employers for Washington County MD provided by Maryland Department of Commerce
 Total County employment for 2024 was 63,010 and 2015 was 66,660 supplied by Bureau of Labor Statistics.

**City of Hagerstown, Maryland
Principal Electric Fund Customers
June 30, 2024**

Customer	2024				2015			
	Kwh	Amount Billed	Rank	Percentage of Total Electric Fund Billing	Kwh	Amount Billed	Rank	Percentage of Total Electric Fund Billing
City of Hagerstown (1)	21,057,832	\$ 1,388,238	1	6.37%				
Washington County BOE (1)	10,083,768	704,228	2	3.23%				
Conagra	10,658,240	642,158	3	2.95%				
Mari Holdings MD LLC	6,912,000	395,830	4	1.82%				
HMS Hagerstown LLC	5,057,291	322,859	5	1.48%				
Hagerstown Housing Authority	4,662,143	316,391	6	1.45%				
Verizon #27787	3,403,212	205,220	7	0.94%	3,352,764	222,611	6	0.94%
CM Offray	2,763,480	194,994	8	0.89%	3,434,780	267,037	4	1.13%
Western Maryland Hospital	3,252,761	183,256	9	0.84%	3,020,961	196,621	9	0.83%
HBP Inc.	2,245,280	159,964	10	0.73%	3,080,560	219,669	7	0.93%
City of Hagerstown - Public Works (1)					7,242,303	603,674	1	2.56%
City of Hagerstown - Wastewater Plant (1)					9,351,300	580,593	2	2.46%
Shenandoah Family Farm					5,276,900	371,794	3	1.58%
C.E. Stevens Inc					4,098,880	262,089	5	1.11%
Board of Education/North High (1)					2,672,545	212,997	8	0.90%
Board of Education/Marshall Street (1)					2,417,600	185,033	10	0.78%
Totals	70,096,007	\$ 4,513,138		20.71%	43,948,593	\$ 3,122,118		13.24%

Source: City of Hagerstown Billing Department.

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

**City of Hagerstown, Maryland
Principal Water Fund Customers
June 30, 2024**

Customer	2024				2015			
	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Water Fund Billing
Hagerstown Prison Complex (MCI)	286,654,700	\$ 1,185,919	1	12.22%	421,365,800	\$ 1,378,271	1	13.37%
Town of Smithsburg	80,410,500	277,996	2	2.86%	89,788,000	245,968	2	2.39%
Town of Williamsport	57,575,000	204,150	3	2.10%	62,299,600	174,767	3	1.69%
PR Valley Limited Partnership	38,267,300	179,255	4	1.85%	16,284,000	65,920	10	0.64%
Volvo Powertrain NA (Mack Trucks, Inc.)	53,440,600	158,547	5	1.63%	38,679,000	136,199	4	1.32%
Meritus Medical Center	35,868,200	155,598	6	1.60%	38,460,300	131,868	5	1.28%
Town of Funkstown	41,120,800	149,493	7	1.54%	32,202,500	94,323	7	0.91%
Brookhaven Park Associates LP	30,444,600	143,174	8	1.48%				0.00%
Hagerstown Housing Authority	29,207,800	53,277	9	0.55%				
Conagra	28,207,100	50,011	10	0.52%				
Lakeside Park					28,183,000	98,254	6	0.95%
Oak Ridge Apartments					21,492,200	79,935	8	0.78%
Citigroup Mid Atlantic					16,785,200	67,126	9	0.65%
Totals	681,196,600	\$ 2,557,420		26.35%	765,539,600	\$ 2,472,631		23.98%

Source: City of Hagerstown Billing Department.

City of Hagerstown, Maryland
Principal Wastewater Fund Customers
June 30, 2024

Customer	2024				2015			
	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing	Gallons	Amount Billed	Rank	Percentage of Total Wastewater Fund Billing
Meritus Medical Center	35,868,200	\$ 369,001	1	3.29%	38,025,300	\$ 321,801	1	2.79%
Brookhaven Park Associates LP	30,444,600	329,781	2	2.94%				
Washington County Commissioners	19,019,000	228,133	3	2.03%				
Volvo Powertrain NA (Mack Trucks, Inc.)	17,888,600	205,328	4	1.83%	14,419,500	\$ 136,466	2	1.18%
Washington County BOE	24,283,000	188,186	5	1.68%				
Hagerstown Housing Authority	29,207,800	186,505	6	1.66%	15,182,000	74,890	9	0.65%
Conagra	28,207,100	179,683	7	1.60%				
Cortpark LLC	23,640,300	145,987	8	1.30%	25,933,400	128,560	4	1.12%
Homes for Hagerstown (Realty Investment Co)	17,033,900	111,265	9	0.99%	19,614,200	102,054	7	0.89%
Washington County Development	7,145,900	104,365	10	0.93%				
Washington County Detention Center					15,684,500	134,959	3	1.17%
CM Offray					21,295,300	107,289	5	0.93%
Rockville Mobile Homes Inc.					14,700,500	106,374	6	0.92%
Brookhaven (Brandywine/Youngstown)					7,753,100	76,740	8	0.67%
Western Maryland State Hospital					14,566,900	73,492	10	0.64%
Totals	<u>232,738,400</u>	<u>\$ 2,048,234</u>		18.24%	<u>187,174,700</u>	<u>\$ 1,262,625</u>		10.96%

Source: City of Hagerstown Billing Department.

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

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City Administrator	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
City Clerk	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Community & Economic Development (1)	28.80	28.84	6.75	6.75	6.75	6.75	6.85	6.15	6.15	6.30
Subtotal Administration	31.80	31.84	9.75	9.75	9.75	9.75	9.85	9.15	9.15	9.30
Finance/Accounting	8.50	8.50	8.50	8.50	8.50	8.40	8.40	8.00	8.00	9.00
Information Technology, Communications & Support Services	12.00	12.00	14.10	14.10	14.10	13.10	8.00	8.00	8.00	8.00
Community Engagement	-	-	-	-	-	-	-	-	-	1.00
Billing/Customer Service	-	-	-	-	-	-	9.00	9.00	10.00	10.00
Human Resources	4.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Planning & Code Administration (1)	-	-	20.00	20.00	20.00	20.00	20.00	20.00	21.00	21.00
Engineering	29.63	30.64	30.65	30.92	30.92	26.41	26.27	24.75	10.24	10.44
Code Compliance	-	-	-	-	-	-	-	-	-	-
Police Sworn	107.00	108.00	112.00	112.00	112.00	112.00	112.00	104.00	91.00	91.00
Police Administration/Civilian	15.00	15.00	15.00	15.00	15.00	15.00	16.00	16.00	20.00	18.00
Fire	83.00	83.00	83.00	83.00	83.00	78.00	78.00	78.00	80.00	78.00
Public Works & Parks and Recreation (2)	32.90	32.50	32.90	32.90	32.90	23.55	24.95	24.95	40.71	40.86
Stormwater (General Fund Operations)	-	-	-	-	-	5.86	3.86	-	-	-
Total General Fund	323.83	326.48	330.90	331.17	331.17	317.07	321.33	305.85	303.10	300.60
Electric	35.55	35.55	35.55	35.55	35.55	31.51	29.96	28.85	28.85	29.85
Water	55.02	54.52	54.52	54.52	54.02	50.36	48.67	50.60	49.60	51.10
Wastewater	47.76	48.26	48.26	48.26	48.76	46.56	46.95	45.55	46.55	44.05
Golf Course	2.53	2.52	2.52	2.25	2.25	2.25	2.24	2.24	2.24	2.24
Parking	2.20	2.40	2.20	2.20	2.20	2.20	2.80	2.80	2.80	2.90
Property Management	0.90	1.10	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.55
Community Development Block Grant	2.21	2.01	2.00	2.00	2.00	2.00	2.00	2.70	2.70	2.70
Business Revolving Loan Fund	-	0.16	0.15	0.15	0.15	0.15	0.15	0.15	0.15	-
Stormwater (Enterprise Fund)	-	-	-	-	-	-	-	5.36	4.11	4.01
Approved City Staffing Levels	470.00	473.00	477.00	477.00	477.00	453.00	455.00	445.00	441.00	438.00
General Operations	121.94	123.75	123.05	123.32	123.32	114.22	117.48	110.70	114.95	116.30
Public Safety	205.00	206.00	210.00	210.00	210.00	205.00	206.00	198.00	191.00	187.00
Business-type Activities	143.06	143.25	143.95	143.68	143.68	133.78	131.52	136.30	135.05	134.70

(1) Planning & Code Administration were split from Community & Economic Development in 2017

(2) Public Works and Parks and Recreation combined in 2022

Source: City of Hagerstown Human Resource Department.

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

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fire Department										
Responses to Fire calls	3,236	3,623	3,575	3,774	3,801	3,910	3,978	4,199	4,289	4,251
Average response time (in minutes)	4:14	4:14	4:29	4:15	4:26	4:52	5:10	2:58	4:05	3:58
Public fire education programs	1,302	1,029	1,131	1,187	1,222	978	26	35	37	150
Police Department										
Calls for service	61,250	54,762	55,519	61,944	55,224	55,224	50,085	80,702	82,381	68,598
Alarm calls (included in above number)	564	484	402	560	524	524	336	1,974	1,658	1,622
Parks and Recreation										
Claude M Potterfield Pool										
Total attendance at swimming pool	16,195	21,876	25,776	21,631	23,212	16,132	15,444	20,704	17,363	21,984
Average daily attendance at pool	176	264	293	254	273	249	178	233	209	262
The Greens at Hamilton Run										
Total attendance at golf course**	11,736	10,759	10,006	11,133	12,835	15,717	21,397	20,620	23,344	17,102
Average daily attendance at golf course	48	55	53	43	45	55	58	56	64	68
Electric Department										
Number of active accounts	16,866	16,936	17,085	17,093	17,161	17,215	17,070	17,550	17,570	17,626
Number of meters (in use)	17,556	17,691	17,512	17,504	17,674	17,761	17,374	17,665	17,648	17,665
Kilowatt hours purchased	310,397,995	297,411,446	304,938,150	317,991,751	325,714,174	314,633,291	317,012,588	320,592,580	314,998,054	321,744,207
Kilowatt hours sold	306,698,130	287,368,823	297,368,988	311,618,237	317,822,554	306,202,234	309,569,972	311,510,119	307,056,986	313,531,718
System peak demand-kilowatts	67,655	60,680	60,850	67,464	69,608	60,071	62,687	62,860	69,215	65,134
Water Department										
Number of active accounts-City	13,112	13,215	13,324	13,369	13,422	13,499	13,786	13,821	14,040	13,971
Number of active accounts-County	15,632	15,778	15,967	16,100	16,288	16,436	16,591	16,955	17,170	17,182
Total number of active accounts	28,744	28,993	29,291	29,469	29,710	29,935	30,377	30,776	31,210	31,153
Daily average productions in million gallons										
R.C. Willson Plant (365 days)	11,317	11,700	11,000	10,010	10,250	10,340	10,800	11,840	11,280	11,770
Wm. M. Breichner Plant (365 days)	-	-	-	-	-	-	-	-	-	-
Greatest consumption for a single day	14.12	14.54	12.85	12.04	12.21	11.58	12.80	12.23	12.90	12.95
Plant pumping capacity per day	20	20	20	20	20	20	20	20	20	20
Average daily metered consumption	8,244	8,160	7,980	7,680	7,706	7,797	7,831	7,856	7,839	7,820
Wastewater Department										
Number of active accounts-City	12,853	12,930	13,060	13,107	13,157	13,229	13,382	13,558	13,628	13,681
Number of active accounts-County	2,912	2,934	2,976	2,987	3,032	3,071	3,111	3,137	3,141	3,169
Number of active accounts-District (JSA)	3,577	3,633	3,670	3,729	3,765	3,821	3,868	3,942	3,972	4,009
Number of active accounts-Total	19,342	19,497	19,706	19,823	19,954	20,121	20,361	20,637	20,741	20,859
Daily average of sewage treated (million gallons)(including inflow and infiltration)	6,940	7,020	6,700	0,300	10,600	5,560	5,810	5,826	5,260	5,840
Daily average plant capacity (rated optimum efficiency)(million gallons)	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

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

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Parking Department										
Parking Deck:										
Number of Parking Spaces	625	625	625	625	625	625	625	625	625	625
Number of Permit Parkers	729	693	605	570	596	615	613	628	743	756
Operating Revenue:										
Meter Fees	\$ 189,227	\$ 180,153	\$ 170,999	\$ 166,717	\$ 167,100	\$ 122,885	\$ 91,831	\$ 132,626	\$ 138,499	\$ 153,774
Permit Fees	\$ 181,425	\$ 157,777	\$ 19,731	\$ 191,471	\$ 213,612	\$ 150,989	\$ 189,265	\$ 185,660	\$ 165,024	\$ 165,692
Deck	\$ 426,571	\$ 500,368	\$ 528,540	\$ 439,464	\$ 485,666	\$ 353,246	\$ 362,802	\$ 541,911	\$ 559,243	\$ 629,689
Parking ticket violations issued	8,684	7,985	8,587	11,985	11,314	7,928	10,674	12,817	12,654	12,175
Net parking fines	\$ 118,225	\$ 118,163	\$ 127,708	\$ 183,458	\$ 164,966	\$ 85,325	\$ 156,251	\$ 149,032	\$ 137,386	\$ 142,926
Sanitation										
Number of Waste Collection and Disposal Accounts	14,324	14,412	14,364	14,586	14,666	14,759	14,913	15,026	15,960	16,043
Residential	60	68	-	-	24	33	36	74	77	78
Commercial (Trash only)										
Special Revenue Funds										
Number outstanding loans:										
Community Development Block Grant										
Single family	4	2	5	7	13	14	18	19	21	18
Residential Rental	12	9	9	9	8	7	6	6	6	2
Commercial	2	2	2	2	1	2	0	0	0	0
Deferred	36	35	37	35	36	36	35	35	32	19
Public facilities and improvements	4	3	4	4	2	2	2	2	2	2
Homeownership	5	5	5	6	4	4	4	3	3	3
Direct Homeownership	5	5	10	9	5	5	5	5	5	5
Business Revolving Loans	16	18	12	10	16	16	15	15	15	13
Total	85	79	84	82	85	84	85	85	84	62
Outstanding loan balances:										
Community Development Block Grant										
Single family	\$ 6,695	\$ 2,951	\$ 35,592	\$ 44,427	\$ 155,380	\$ 138,205	\$ 264,216	\$ 304,968	\$ 301,389	\$ 153,691
Residential Rental	813,401	795,402	656,671	686,176	871,961	836,582	560,723	532,012	502,297	106,275
Commercial	21,564	106,983	234,099	261,116	19,464	0	0	0	0	0
Deferred	804,257	839,607	797,529	863,392	893,032	882,717	879,096	877,216	892,353	683,617
Public facilities and improvements	546,291	324,546	671,463	715,276	267,712	254,897	244,505	232,849	219,808	207,390
Homeownership	101,600	93,023	217,964	266,411	73,399	67,674	62,910	45,486	41,408	30,829
Business Revolving Loans	903,163	1,202,994	830,909	686,774	1,107,384	1,096,066	1,085,940	1,223,678	1,329,125	1,196,614
Total	\$ 3,196,971	\$ 3,365,506	\$ 3,444,227	\$ 3,525,572	\$ 3,388,332	\$ 3,276,141	\$ 3,097,390	\$ 3,216,209	\$ 3,286,380	\$ 2,378,416
Program income (interest and loan repayments)										
Community Development Block Grant										
Single family	\$ 5,763	\$ 4,040	\$ 8,879	\$ 99,941	\$ 10,924	\$ 57,055	\$ 21,992	\$ 23,586	\$ 13,151	\$ 46,315
Residential Rental	149,291	32,477	57,651	58,745	75,132	60,631	295,905	44,425	45,171	408,776
Commercial	21,564	21,564	33,280	23,892	21,563	19,766	0	0	0	0
Deferred	3,544	0	2,301	2,301	2,301	26,239	35	20	3,024	26,610
Public facilities and improvements	55,991	235,477	69,578	68,309	20,474	19,386	15,556	20,534	18,385	16,971
Homeownership*	8,623	10,363	66,183	22,805	11,201	6,762	5,392	4,310	6,435	15,336
Business Revolving Loans	73,657	73,273	85,714	175,432	257,876	66,000	233,081	62,262	69,556	162,956
Total	\$ 318,433	\$ 377,194	\$ 323,846	\$ 451,425	\$ 398,719	\$ 255,839	\$ 571,961	\$ 155,137	\$ 155,722	\$ 676,964

Source: Corresponding City Department.
 *Note: Includes sale of 3 homes for \$100,000 in 2013
 As of 2021, Fire Dept no longer tracks Responses to Fire Alarms or Persons in Attendance at Public Education
 **Note: Golf Course closed for Stream Restoration Project from December 4, 2023 - May 20, 2024; open for a total of 197 days in FY2024.

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

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fire Department										
Number of stations (4 volunteer, 1 City owned)	6	6	6	5	5	5	5	5	5	5
Police Department										
Number of Stations and Substations	3	3	3	3	3	4	4	4	4	4
Public Works Department										
Miles of paved streets and alleys	152.10	153.90	154.39	154.39	154.62	154.62	154.79	155.04	156.20	156.61
Number of signalized intersections	132	133	136	136	136	136	137	137	137	137
Parks and Recreation										
Parks and Playgrounds (307 acres)	19	20	21	22	22	23	23	29	29	29
Outdoor swimming pools	1	1	1	1	1	1	1	1	1	1
Number of Municipal golf courses	1	1	1	1	1	1	1	1	1	1
Ice Hockey Rinks	1	1	1	1	1	1	1	1	1	1
Municipal Stadium	1	1	1	1	1	1	1	0	0	0
Museums	2	2	2	2	2	2	2	2	2	2
Electric Department										
Number of substations - 34.5KV to 13.8KV	7	7	7	7	7	7	7	7	7	7
Water Department										
Miles of water mains (estimate)	425	430	430	430	430	431	441	443	443	445
Fire hydrants	814	824	824	831	825	845	886	886	972	1,010
City	1,318	1,354	1,361	1,372	1,387	1,392	1,393	1,405	1,771	1,910
County										
Wastewater Department										
Number of City owned pumping stations	25	23	23	23	23	23	23	23	24	24
Miles of collection system-City owned	156	157	157	157	157	158	185	185	185	185
Parking Department										
Number of Lots	7	7	8	7	7	7	7	13	12	13
Number of Parking Spaces (Metered or Rented)										
Lots	701	701	716	716	699	699	699	713	514	477
Streets	372	372	376	376	333	333	333	333	345	345
Number of Parking Decks	2	2	2	2	2	2	2	2	2	2

Source: Corresponding City Department.

Hagerstown Gives Back



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HUB CITY GARAGE

HUB CITY GARAGE

HAGERSTOWN



CULTURAL TRAIL

West Antietam Street Entrance

