



Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2025



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City of Hagerstown



Annual Comprehensive Financial Report Fiscal Year 2025

July 1, 2024 - June 30, 2025

Prepared by:

Finance and Accounting

Michelle Hepburn, Chief Financial Officer
Brooke Garver, Accounting & Budget Manager

City Council



William McIntire
MAYOR



Scott Nicewarner
CITY ADMINISTRATOR



Kristin Aleshire
COUNCIL MEMBER



Caroline Anderson
COUNCIL MEMBER



Erika Bell
COUNCIL MEMBER



Tiara Burnett
COUNCIL MEMBER



Sean Flaherty
COUNCIL MEMBER

City of Hagerstown
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

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INTRODUCTORY SECTION



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October 31, 2025

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, 2025.

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, 2025, 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, 2025 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 13.16 square miles and serves a population of 43,909 per the latest estimate from the Maryland State Archives Census Bureau. The City is empowered to levy a property tax on real properties and business personal property within its boundaries and to charge user fees for services it provides.

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

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

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

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 99 through 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 111.

Factors Affecting Financial Condition

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

National economy and ARPA Funding. There continues to be lasting financial impacts of the Coronavirus (COVID) pandemic to organizations across the nation. The American Rescue Plan Act of 2021 (ARPA) funding has helped many governmental agencies sustain. The City of Hagerstown has not been immune and the largest financial impact in FY24/25 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, especially with four different collective bargaining groups. The current trend of an employee driven market is making recruitment and retention for all positions across the City more difficult than historical experience. This demand for staff and national trend on public safety officers necessitated salary increases for FY24/25 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. While ARPA funding has been in place and was to be spent by December 31, 2024, the federal government provided an extension of time to spend but all funding had to be obligated per IRS definitions. The City received a total of \$20.4M in ARPA funding. As of October 2025, approximately \$20.4M was spent with just \$6K remaining that is obligated but not yet spent. 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 had recurring update meetings. Many municipalities and other governmental agencies have begun to experience a financial strain now that the funding no longer remains with bleak forecasts for the next two fiscal years. The City utilized most of the ARPA funding for larger items that were one-time construction or purchases and avoided becoming dependent upon those funds to cover recurring operating costs. As a result, the city's overall financial position should not be significantly impacted when all this federal funding is spent and gone. The City continues to seek other funding sources to continue projects, which include proactive annexations. Despite all efforts, the City will struggle if market values decline after the significant changes in staff salaries.

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 and are moving in the wrong direction from a year ago. The unemployment rate for Hagerstown increased from 3.9% in June 2024 to 4.8% in June 2025; and, the most recent figure for August 2025 increased to 5.5% down from a high of 14.1% in April 2020.

The state of Maryland unemployment rate in June 2025 was 3.3%, and Washington County overall was 4.0%. Likewise, the average employment for Washington County in June 2025 reflected a decrease to 67,503 compared to the June 2024 average of 70,484 which still has not achieved the same level as pre-COVID employment average of 73,077 in June 2019. On the positive side, the Hagerstown metropolitan per capita income for June 2025, \$55,041, increased compared to June 2024, \$52,426, which represents a 5.0% increase.

FY24/25 was the second year of the City's triennial assessment period. The City's assessable tax base reflected growth and a single real estate tax tier. The tax rate for all real estate remained 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 \$3.2 million over FY23/24 revenue dollars. Property tax revenue comprised approximately 65.6% of the City's total general fund revenue sources in FY24/25.

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 is working with its consultant, UP Development Planning LLC, to update this plan for the next ten years. Multiple community meetings have been held and a new plan is estimated to be presented by the end of fiscal year 25/26.

Additionally, the Mayor and Council have revised and updated its Strategic Plan. The Mayor and Council's Strategic Plan reflects goals and priorities for calendar 2025-2028. This plan provides a structure for the City's leaders to document important initiatives, projects, and collaboration efforts with other agencies. The Mayor and Council goals and priorities are broken down into the following main categories: Affordable Housing & Homeless Solutions; Blight & Urban Revitalization; Water/Wastewater Sustainability; Diversity, Equity, Inclusion & Accessibility; Economic Development; Public Safety; Social Issues; Civic Pride; The Arts; Green Space; and Community Engagement. 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 FY24/25 unassigned fund balance for the General Fund was \$22.9 million or 41.4% of total General Fund expenditures (excluding the transfers to other funds). This represents 5.0 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). A major project initiative that began in FY21/22 for an indoor sports complex was open for business in February 2025. The Hagerstown Field House is located at 290 E Memorial Blvd which was the former site of minor league baseball stadium. This project costs

\$26.4M in total for all phases including demolition, initial design, feasibility/market plan, and construction. The Hagerstown Field House is 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 serves 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* was executed. In FY 24/25, the City issued a new 2024 Taxable Public Facilities Bond, in part, to fund a portion of the Hagerstown Field House.

Last, the City executed a contract for a new Enterprise Software Solution to replace its current legacy systems. The contract was awarded to Workday and its partners to provide applicable modules and seamless integration. The implementation is expected to happen in phases with Human Resources, Payroll, and core Financials to be converted first with implementation date by end of FY25/26. Once all phases are implemented, the software is anticipated to provide better transparency for customers and the community and modernize many processes across the City's departments.

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 FY24/25, the City reserved a total of \$975K to be utilized for the Invest Hagerstown program incentives.

The City has a long history of creating and maintaining an impressive public park system. In February 2023, the City Council authorized construction of Phase I 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. In FY24/25, the new nature-focused play area was installed and completed. The permanent stage/bandshell area design was completed and bid to be used during concerts and events which is the last portion for Phase II.

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.

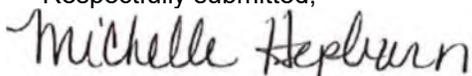
Awards and Acknowledgements

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, 2024. This was the twenty-ninth 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, 2024

Christopher P. Morill

Executive Director/CEO

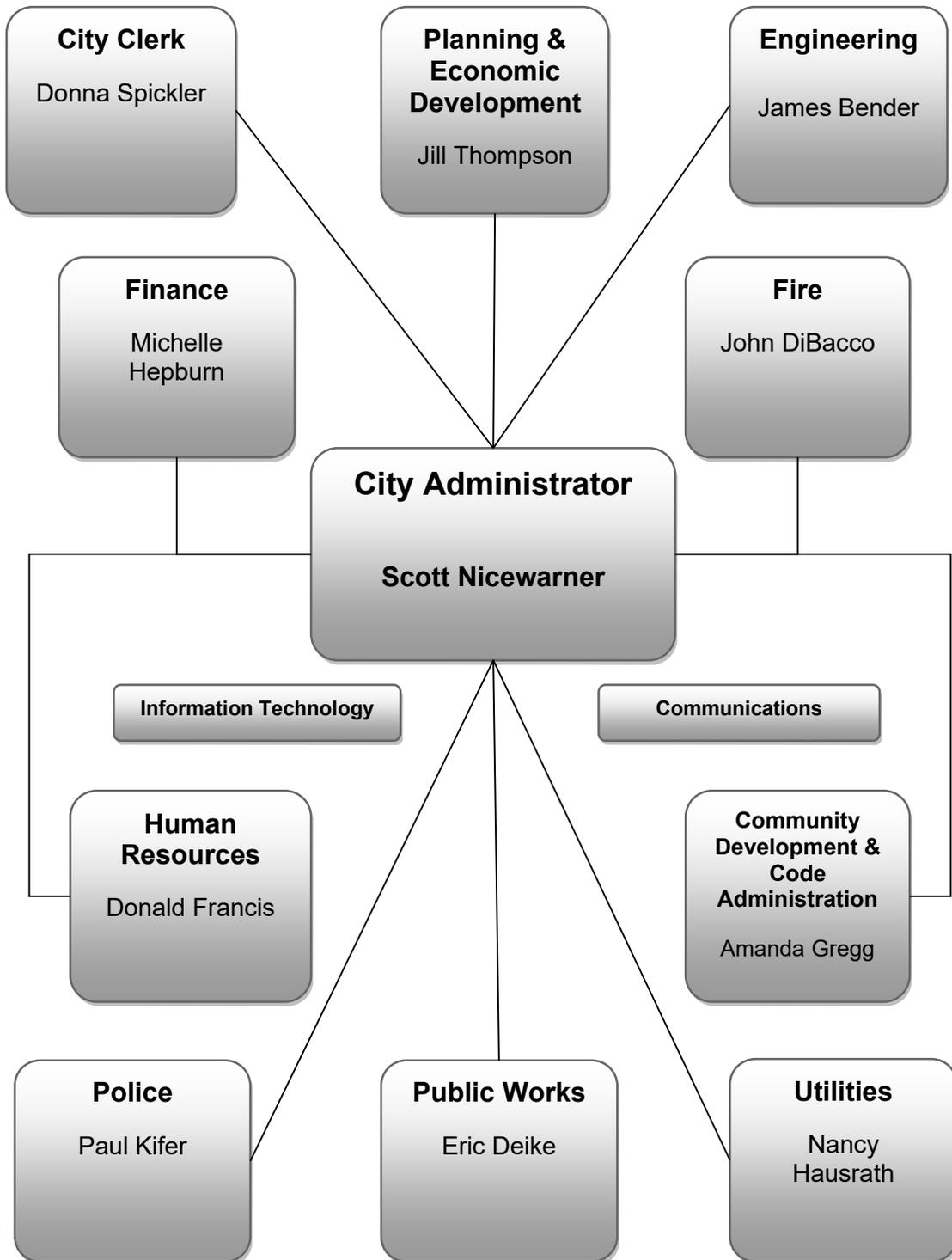
City of Hagerstown Organizational Structure

As of June 30, 2025



City of Hagerstown Department Organizational Structure

As of June 30, 2025



Parks and Recreation



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, 2025, 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, 2025, 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



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SBC Business Advisors

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, 2025

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, 2025. 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 \$294.1 million (*net position*). Approximately 67.6% of this amount is attributable to the City's three utilities (Electric, Water and Wastewater). Of the total net position, there is \$10.1 million (*unrestricted net surplus*) (attributable to the City's total net pension liabilities of \$64.0 million and to the City's total net OPEB liabilities of \$24.2 million), \$4.8 million is restricted for specific purposes (*restricted net position*), and \$279.2 million is net investment in capital assets. The City's combined pension and OPEB liabilities increased over prior year by \$3.3 million. In conjunction with market value gains, this increase in liability reflects a slight decrease in OPEB transactions with an increase of \$1.8 million in actuarial determined deferred outflows. 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.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$38.1 million. Of this total amount \$22.9 million is unassigned and represents working capital available to support governmental operating needs and future years' capital project expenditures.
- The City's total net bonded debt increased by \$12.0 million during the current fiscal year from \$52.2 million to \$64.2 million. In August 2024, the City issued Public Facilities Bonds of 2024 for \$26.6 million. This public sale bond funded a portion of the Hagerstown Field House in the amount of \$16.0 million and prepaid prior to its stated maturity the Public Improvements Bond Anticipation Note of 2023 in the amount of \$10.6 million. The City's adherence to its amortization schedules for existing debt reduced its debt by \$15.1 million in payments during the fiscal year. Additional information on the City's long-term debt activity can be found in Note IV. E. of the notes to the financial statements.
- The General Fund, on a current financial resource basis, reported a surplus of revenues over expenditures and other financial sources and uses by \$1.3 million after making a \$4.9 million transfer to the Capital Projects Fund, operating transfers of \$0.2 million to the Golf Course Fund, and \$1.3 million to the Economic Redevelopment Fund for economic program initiatives and incentives. There was no change in tax rates for FY24/25. 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 \$3.1 million higher in FY24/25 for total revenue of \$41.4 million. Last, other than tax revenue, all other revenue sources combined decreased by \$0.8 million over prior FY23/24 amounts; and all other expenses, excluding transfers to other funds, increased by \$5.3 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22.9

million or 41.4% of total General Fund expenditures (excluding the transfers to other funds described above). This represents 5.0 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 99 through 111.

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

Proprietary funds provide both short-term and long-term financial information consistent with the focus provided by the government-wide financial statements, only in greater detail. The proprietary fund financial statements provide separate information for the Electric, Water, Wastewater, and Parking 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 92.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and health insurance to its retirees. Required supplementary information can be found on pages 93 to 98 of this report.

Government-wide Financial Analysis

As noted earlier, net position serves over time as a useful indicator of a government's overall financial condition and position. In the case of the City, assets exceeded liabilities by \$294.1 million and \$264.4 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 (94.9% or \$279.2 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 \$4.8 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 \$10.1 million (3.4% 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 \$47.9 million and the unrestricted net position portion for governmental activities has a negative balance of <\$37.8> million.

It is important to note that the City has a total of \$64.0 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 \$24.2 million. This total \$88.2 million liability is not a current obligation or expectation of payment but an actuarial calculation on total to be fully funded in the future. This liability decreases the amount reflected in the unrestricted net position of the City.

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

**Summary of Net Position
June 30, 2025 and 2024**

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|--------------------------------|----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Assets: | | | | | | |
| Current assets | \$ 41,540,840 | \$ 39,032,828 | \$ 61,217,677 | \$ 54,903,563 | \$ 102,758,517 | \$ 93,936,391 |
| Long-term and restricted assets | 9,894,496 | 17,826,623 | 10,151,008 | 10,185,148 | 20,045,504 | 28,011,771 |
| Capital assets, net | 129,828,226 | 108,238,109 | 213,613,890 | 208,905,126 | 343,442,116 | 317,143,235 |
| Total Assets | 181,263,562 | 165,097,560 | 284,982,575 | 273,993,837 | 466,246,137 | 439,091,397 |
| Deferred outflows related to OPEB | 2,266,793 | 959,075 | 865,896 | 394,523 | 3,132,689 | 1,353,598 |
| Deferred outflows related to pensions | 9,230,619 | 7,936,127 | 3,656,787 | 2,503,622 | 12,887,406 | 10,439,749 |
| Total Deferred Outflows | 11,497,412 | 8,895,202 | 4,522,683 | 2,898,145 | 16,020,095 | 11,793,347 |
| Liabilities: | | | | | | |
| Long-term liabilities | 99,572,929 | 82,775,506 | 51,941,720 | 43,085,533 | 151,514,649 | 125,861,039 |
| Other liabilities | 13,156,558 | 24,164,266 | 12,395,190 | 23,082,505 | 25,551,748 | 47,246,771 |
| Total Liabilities | 112,729,487 | 106,939,772 | 64,336,910 | 66,168,038 | 177,066,397 | 173,107,810 |
| Deferred inflows related to OPEB | 584,004 | 1,949,896 | 223,085 | 802,105 | 807,089 | 2,752,001 |
| Deferred inflows related to pensions | 10,295,500 | 10,549,689 | - | 103,541 | 10,295,500 | 10,653,230 |
| Total Deferred Inflows | 10,879,504 | 12,499,585 | 223,085 | 905,646 | 11,102,589 | 13,405,231 |
| Net Position: | | | | | | |
| Investment in capital assets, net | 102,193,979 | 95,649,931 | 177,025,994 | 170,283,873 | 279,219,973 | 265,933,804 |
| Restricted | 4,787,753 | 4,294,540 | - | - | 4,787,753 | 4,294,540 |
| Unrestricted | (37,829,749) | (45,391,066) | 47,919,269 | 39,534,425 | 10,089,520 | (5,856,641) |
| Total Net Position | \$ 69,151,983 | \$ 54,553,405 | \$ 224,945,263 | \$ 209,818,298 | \$ 294,097,246 | \$ 264,371,703 |

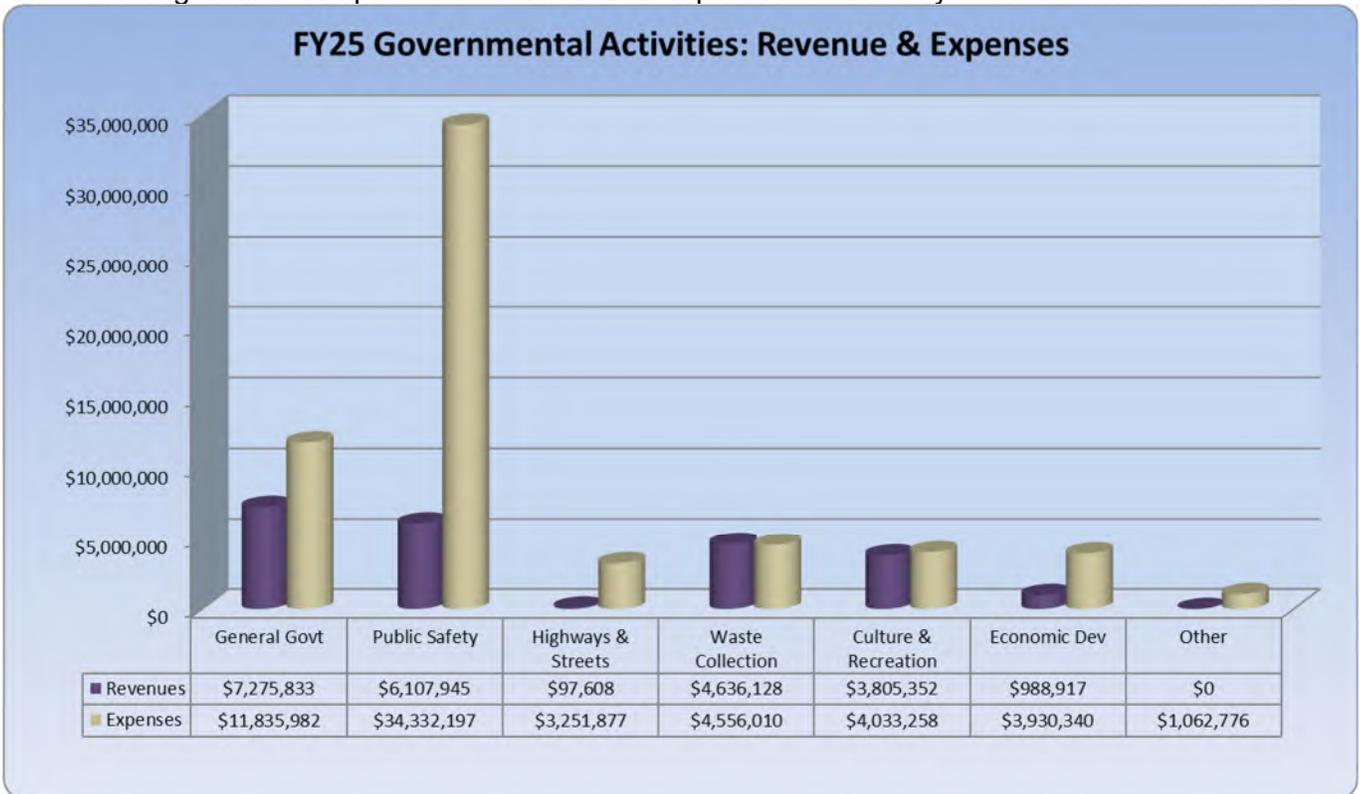
The following table indicates the changes in net position for governmental and business-type activities:

| | Changes in Net Position June 30, 2025 and 2024 | | | | | |
|---|---|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 10,324,320 | \$ 10,727,573 | \$ 72,637,099 | \$ 57,567,048 | \$ 82,961,419 | \$ 68,294,621 |
| Operating grants and contributions | 3,026,046 | 3,884,768 | - | - | 3,026,046 | 3,884,768 |
| Capital grants and contributions | 9,561,417 | 6,284,401 | 9,590,809 | 10,115,909 | 19,152,226 | 16,400,310 |
| General Revenues: | | | | | | |
| Property taxes | 41,445,640 | 38,291,769 | - | - | 41,445,640 | 38,291,769 |
| Income and other taxes | 10,532,135 | 9,784,489 | - | - | 10,532,135 | 9,784,489 |
| Miscellaneous | 2,652,381 | 3,238,944 | 1,684,271 | 2,226,500 | 4,336,652 | 5,465,444 |
| Total Revenues | 77,541,939 | 72,211,944 | 83,912,179 | 69,909,457 | 161,454,118 | 142,121,401 |
| Expenses: | | | | | | |
| Program Expenses: | | | | | | |
| General government | 11,835,983 | 12,536,270 | - | - | 11,835,983 | 12,536,270 |
| Public safety | 34,332,197 | 31,846,584 | - | - | 34,332,197 | 31,846,584 |
| Highways and streets | 3,251,877 | 2,659,293 | - | - | 3,251,877 | 2,659,293 |
| Waste collection and disposal | 4,556,010 | 4,484,442 | - | - | 4,556,010 | 4,484,442 |
| Culture and recreation | 4,033,258 | 3,690,290 | - | - | 4,033,258 | 3,690,290 |
| Economic and community development | 3,930,340 | 4,085,790 | - | - | 3,930,340 | 4,085,790 |
| Interest on long-term debt | 1,062,776 | 384,693 | - | - | 1,062,776 | 384,693 |
| Utilities and other proprietary funds | - | - | 68,726,134 | 57,582,875 | 68,726,134 | 57,582,875 |
| Total Expenses | 63,002,441 | 59,687,362 | 68,726,134 | 57,582,875 | 131,728,575 | 117,270,237 |
| Excess (deficiency) before transfers | 14,539,498 | 12,524,582 | 15,186,045 | 12,326,582 | 29,725,543 | 24,851,164 |
| Transfers | 59,080 | (720,712) | (59,080) | 720,712 | - | - |
| Change in net position | 14,598,578 | 11,803,870 | 15,126,965 | 13,047,294 | 29,725,543 | 24,851,164 |
| Net position - beginning | 54,553,405 | 42,749,535 | 209,818,298 | 196,771,004 | 264,371,703 | 239,520,539 |
| Net Position - Ending | \$ 69,151,983 | \$ 54,553,405 | \$ 224,945,263 | \$ 209,818,298 | \$ 294,097,246 | \$ 264,371,703 |

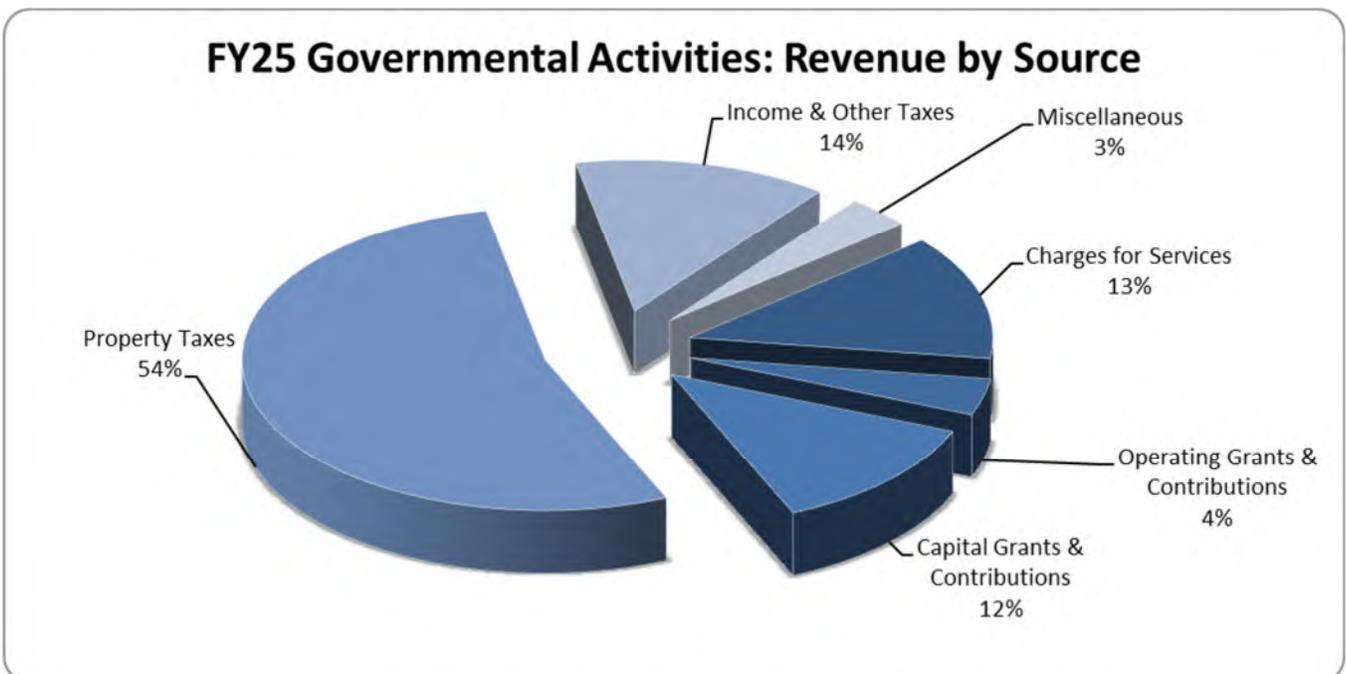
Governmental activities: General revenues for the governmental activities (excluding Transfers from Other Funds) were \$54.6 million, while total expenses, net of charges for services, grants and contributions, were \$40.1 million. Last, the total transfers from other funds were \$0.1 million. The resulting increase in net position for governmental activities was \$14.6 million and can be largely attributed to the following:

- The City's General Fund had a \$1.3 million surplus due to the excess of revenues over actual expenses. This surplus is a result of increased total property tax revenues from growth assessed values related to existing properties, new commercial development, and new annexations. In addition, income tax, Enterprise zone tax credits, state highway user revenue, cannabis sales tax, most licenses and permits, and refuse collection fees 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, IT costs, increased trash contracted services, and highway and street operations. Debt service requirements were higher than the prior year due to a new bond issue. The overall result is expenses in total were \$5.3 million over prior FY23/24 excluding Transfers to other funds.
- A \$5.2 million increase is a result of all other governmental funds including the Capital Improvement Fund. The Capital Improvement Fund had a \$4.7 million increase in fund balance primarily as a result of a new bond issue in August 2024 funding the Hagerstown Field House. In addition, the Grant Fund had \$60.4K surplus due to timing of opioid litigation funding versus spend, and the Economic Redevelopment Fund had \$828.7K surplus. The Community Development Block Grant had a <\$301.3K> deficit; the Flexible Spending Fund had a <\$34.8K> deficit; and the Business Revolving Loan Fund had a <\$59.8K> deficit in FY24/25.
- \$8.1 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 related to the completion of the Hagerstown Field House. The second is the result of all OPEB transactions based on actuarial calculations that determine net OPEB liabilities, inflows, outflows, and expense. Outflows increased significantly, while there was a minimal decrease to the OPEB liability. The largest offsetting factor was cost related to the issuance of long-term debt, while smaller factors include pension liability increases, pension 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.



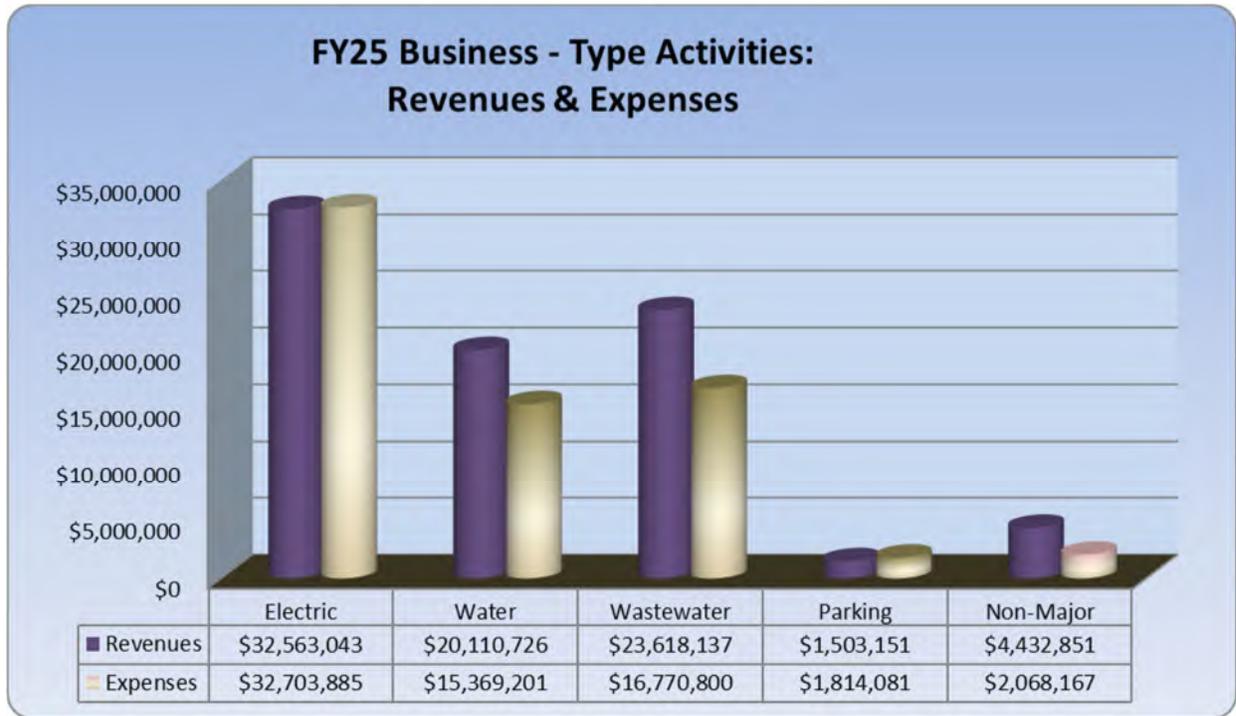
*Please note that the chart above only includes revenue directly associated to each category and excludes \$54.7 million in general property tax, income tax, investment earnings, transfers and other miscellaneous revenue generated in FY24/25.



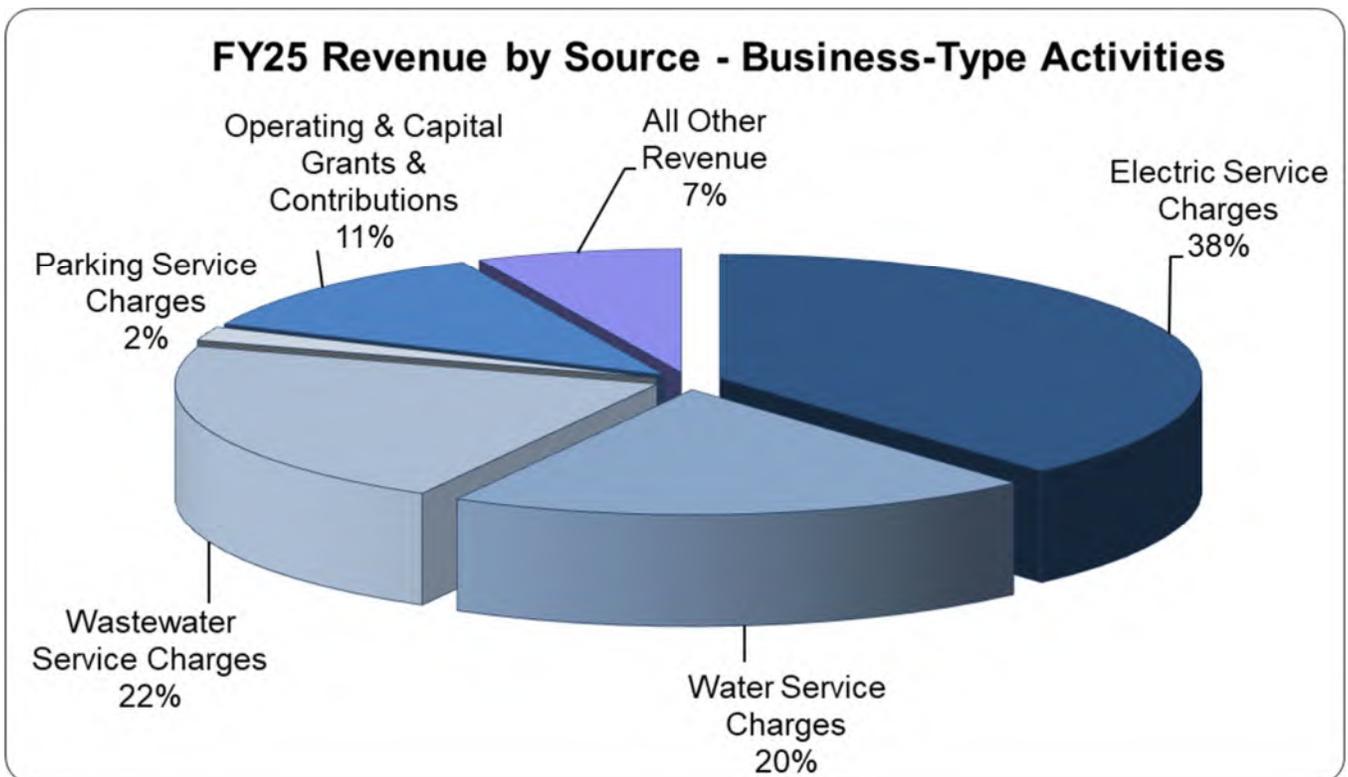
Business-type Activities: Business-type activities increased the City of Hagerstown's net position by \$15.1 million. Key elements of this increase are as follows:

- Water, Wastewater, and Stormwater Management Funds had positive changes in net position, or revenues in excess of expenses, while Electric, Parking, Golf, and Property Management had the opposite trend. The following is the breakdown of the positive net changes: \$5.6 million in the Water Fund, \$7.2 million in the Wastewater Fund, and \$2.9 million in the Stormwater Management Fund. The following is the breakdown of the negative net changes: <\$0.2> million in the Electric fund, <\$0.3> million in the Parking Fund, <\$0.1> in the Golf Fund, and <\$0.1> million in the Property Management Fund.
- Transfers in to the business-type activities account for \$0.2 million in revenue. This transfer was for Golf Course operations.
- Capital grants and contributions remained a revenue source for business-type activities. The Electric fund received \$0.3 million, the Water fund received \$3.6 million, the Wastewater fund received \$5.3 million, Golf received \$52.5K, and Stormwater management received \$0.3 million during the current fiscal year.
- Maryland State Retirement Pension expense and OPEB expense recognized in FY24/25 in the Electric, Water and Wastewater funds were \$0.4 million and <\$1.7> 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 \$1.6 million in general investment earnings, transfers, and transfers of long-term debt between City funds generated in FY24/25.



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 \$38.1 million, an increase of \$6.6 million from the prior year. Approximately 60.2% of the total fund balance (\$38.1 million) constitutes *unassigned fund balance* (\$22.9 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 (\$1.1 million and \$1.1 million, respectively).
- 2) *Committed* fund balance represents amounts that are reserved for a particular purpose by the Mayor and Council of the City of Hagerstown and would require action by that governing body to release the fund balance from its commitment (\$0.0 million).
- 3) *Assigned* fund balance represents amounts reserved for tentative management plans that are subject to change and include encumbrance balances at June 30 (\$12.9 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 \$22.9 million, while total fund balance equaled \$25.9 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 41.4% of total General Fund expenditures or 5.0 months of fiscal expenditures.

**City of Hagerstown
Governmental Fund Balances**

| | Total Fund Balance | | |
|---|-------------------------------|---------------------|---------------------|
| | 2025 | 2024 | Variance |
| General Fund | | | |
| Nonspendable | \$ 1,140,582 | \$ 411,129 | \$ 729,453 |
| Committed | - | - | - |
| Assigned | 1,883,372 | 1,384,131 | 499,241 |
| Unassigned | 22,910,856 | 22,819,133 | 91,723 |
| Subtotal | 25,934,809 | 24,614,393 | 1,320,416 |
| Capital Improvement Program | | | |
| Nonspendable | - | - | - |
| Restricted | - | - | - |
| Assigned | 7,331,358 | 2,638,970 | 4,692,388 |
| Subtotal | 7,331,358 | 2,638,970 | 4,692,388 |
| Non-Major Governmental | | | |
| Restricted | 1,083,689 | 1,324,580 | (240,891) |
| Committed | - | - | - |
| Assigned | 3,704,064 | 2,969,960 | 734,104 |
| Subtotal | 4,787,753 | 4,294,540 | 493,213 |
| Total Governmental Fund Balances | \$38,053,920 | \$31,547,903 | \$ 6,506,017 |

The fund balance of the General Fund increased by \$1.3 million during the current fiscal year. This increase is due to actual revenues exceeding expenditures. Below are some key elements for FY24/25:

2025 Actual compared to 2024 Actual.

Revenues were higher than prior year by \$2.3 million.

- Total property taxes of \$41.4 million grew by \$3.2 million. The 8.2% 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. The tax rate for FY24/25 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 increased by \$1.6 million or 42.0%. This net increase reflects the new warehouse developments.
- All other revenue categories in the general fund were a combined <\$0.8> million less than FY23/24.
 - Income and other taxes grew overall by \$0.8 million due primarily to an increase in an increase to total state aid for police protection back to levels

- received historically. State highway user revenue also increase by \$90.7K.
- Intergovernmental Grants decreased by <\$1.1> million in FY24/25. This reflects a decrease in spending of the ARPA grant funded one-time items purchased in the prior fiscal year.
- Service charges decreased by <\$0.3> million. The decline over FY23/24 is result of two offsetting sources: trash/refuse fees which were increased in the fiscal year; and estimated uncollectible revenues for miscellaneous charges.
- Unallocated General Revenues represented <\$0.3> million of the change from the prior year. In FY23/24 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 reversed through FY24/25 with the decline in interest rates by the Federal Reserve.

Expenses (excluding transfers to other funds) were higher than prior year by \$5.3 million.

- Overall public safety expenditures were \$2.1 million more than FY23/24. The primary reasons for this amount of growth in expenditures is related to salary increases negotiated and related employer costs. Combined, these grew by \$1.2 million even with funded vacancies experienced. Fire Administration and Command staff entered into a new building lease that increased rental costs by \$0.2 million, a Police maintenance contract for warranty expired items resulted in another \$0.2 million, Police and Fire combined had \$0.2 million more in vehicle repair costs, and the remaining growth was across various supplies and other items.
- .All other departments and cost centers (excluding public safety) collectively were higher than FY23/24 by \$3.1 million. Most all other departments were slightly higher than FY24/25 in total expenses but were offset by decreases in city hall repair costs; swimming pool and other recreation contract expenses; and inventory adjustments. The largest areas of increased costs were related to new debt issuance costs and interest; contracted services for trash, landfill, and recycling costs; credit card fees associated with continued growth of the improved online customer payment portal; legal fees; software maintenance contract increases; and increased electric costs for all street lighting.

2025 Actual compared to 2025 Budget.

Revenues were over budgeted projections by \$1.2 million.

- Total property taxes of \$41.4 were above projections by \$1.2 million. The increase is a result in growth of assessable base values. There was no change in tax rates. 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 8.2% is attributable to both real estate and corporate personal property tax revenue. Corporate personal property tax revenue grew by \$0.9 million over budget. The real estate growth was offset by abatements, appeals, and other reductions for just a net \$0.4 million growth over budgeted estimates. The real estate growth is due to new commercial development, new annexations and overall market value increases for existing properties. FY24/25 reflects the second year of the City's triennial reassessment period.
- All other revenue categories in the general fund excluding property taxes and other financing sources, were a combined \$28.2K over the FY24/25 budget levels.
 - Income and Other Taxes were \$0.8 million higher than projections due to increases in Enterprise zone tax credits related to new warehouse additions offset by a decrease in Admissions & Amusement revenue that included a refund from prior year funding received in error. State income tax revenue was also slightly greater than budget.

- Licenses and Permits were over budget by \$0.3 million due to building permits for large warehouse construction.
 - Service Charges were <\$1.0> million under budget related to two primary reasons: Trash revenue slightly under budget from transition to annual price increases to fiscal year versus calendar year as projected; and estimate for uncollectible accounts for miscellaneous receivables was not anticipated. As a new software system conversion is starting, collection efforts and write offs for all items are being reviewed thoroughly which caused this fluctuation in FY24/25.
 - Most all other revenue categories offset with slight fluctuations from budget completion to actual receipts.
- Other Financing Sources offsets the other revenue increases by <\$1.9> million compared to budget. During the budget process, it was anticipated that prior Fund Balance Reserves would be utilized toward infrastructure and capital improvement projects which is reflected in Budgeted Use of Fund Balance. There is no impact to actual revenue reflected at the point of utilization of this Fund Balance Reserve which causes a variance when comparing actual results to budget.

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

- Overall public safety expenditures were under budget by \$0.8 million as a result of vacant positions in both the Police and Fire departments despite salary increases. Conversely, overtime costs were less than projected based on FY23/24 trends. Traffic Signal also had vacancy savings that contributed to this budget difference. Despite actual costs for Fire office lease and vehicle repair costs being over budget other line items under budget offset this trend. 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 \$0.8 million as well. Legal fees, advertising and printing, and software maintenance costs were all lower than budget across the city's individual departments. Three department areas were the reason for this trend while credit card fees were collectively over budget citywide \$0.2 million. The areas under budget driving the overall impact were Trash recycling costs were under budget as a result of holding contract pricing and transitioning the contract to a fiscal year versus a calendar year. Parks were under budget due to prolonged full-time staff vacancies, less seasonal staff than needed were successfully recruited, and contracted ground services were under projections. The last major area of impact was the Public Works and Street department area under budget as a result of unplanned staff vacancies.
- Annual debt service requirements (principal payments, interest expense and bond issuance costs) were \$0.3 million over budget due to issuance costs related to the new bond issue that occurred in August 2024.

Transfers to other funds were under budgeted projections by \$0.6 million.

- Fund balance transfers for planned capital infrastructure improvements were \$0.6 million under FY24/25 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 \$7.3 million which reflects a net position increase over the prior year. Of the total fund balance, certain amounts are *restricted* to indicate that it is not available for new spending because it has already been committed or is legally restricted for

capital projects as follows:

- 1) *Nonspendable and Restricted* fund balance represents amounts that are either legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation including unspent bond proceeds (\$0).
- 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 (\$7.3 million).
- 4) *Unassigned* fund balance represents amounts the portion of net resources in excess of the nonspendable, restricted, committed, and assigned balances (\$0).

The fund balance of the Capital Improvement Fund increased by \$4.7 million during the current fiscal year. This increase is due to actual revenues exceeding expenditures. Below are some key elements for FY24/25:

2025 Actual compared to 2024 Actual.

Revenues were higher than prior year by \$3.7 million.

- Intergovernmental grant revenue grew \$911K million over prior year as a result of timing. The largest contributing factors for the increase over prior year were \$2.4M in various State of Maryland grants toward Hagerstown Field House project; \$576K in Federal ARPA grants toward portion of Professional Boulevard Reconstruction; with reductions in grants of <\$1.3M> of an Appalachian Regional Commission Grant for the Professional Boulevard Construction and <\$698K> in ARPA funds toward renovations of 32 North Potomac building acquired for improved customer service.
- Total contributions and donations increased by \$2.4 million as a result of a one-time FY24/25 dedication to the City's street system (Peleton Street, Paul Smith Boulevard, and Lois Harrison Boulevard). The total includes acceptance of the street light dedication at South Edgewood Drive and Paul Smith Boulevard of \$420K.

Expenditures were higher than prior year by \$7.7 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 FY24/25 are largely attributable to \$4.6M spent on ongoing construction of a new Hagerstown Field House indoor sports complex. This project represents a significant solo project that likely will not be replicated once it is completed. Public Safety Expenditures were \$3.3M more in FY24/25 primarily due to the purchase of police department vehicles \$588K, third floor renovations at HPD \$248K, the relocation of HFD headquarters \$1.1M, and the construction of the Burn Building at the HFD Training Center \$653K.

Transfers In were higher than prior year by \$15.5 million.

- There was a \$16.0 million bond issue in FY24/25 to help fund the Hagerstown Field House. In addition, there was a <\$0.5> million decrease in transfers in project funding from the CDBG fund from the previous year.

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 <\$4.8> million for the Electric Fund,

\$24.8 million for the Water Fund, and \$13.8 million for the Wastewater Fund. The total increase in all proprietary funds net position was \$15.1 million. Other factors concerning these funds' finances have been addressed in the discussion of the City of Hagerstown's business-type activities.

General Fund Budgetary Highlights

For a detailed breakdown of the General Fund performance and budget dollars please see the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances on page 99.

Original Budget compared to Final Budget.

The final budgeted revenues, expenditures, and transfers to other funds increased by \$65.7K over the original budget.

Total revenue changes reflected are an increase of \$0.7 million. There were slight changes in revenue categories made for state aid for police protection state shared funding, state aid for fire service, state highway user revenues, building permits, grants, interest on investments, and use of fund balance reserves for projects.

Total expense changes reflect a corresponding increase of \$0.7 million. There were some slight offsetting transfers across departmental budgets. The primary factors related to the expense increase were public safety expenditures and transfers to the capital improvement fund.

In addition, there were projects utilizing the additional fund balance transfers in the original budget: construction of the burn building at the HFD Training Center, renovation of the first floor of City Hall, temporary facility relocation/renovations for fire command staff, and the purchase and installation of public safety technology cameras. 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 \$0.6 million and expenditures and transfers were under budget by \$1.8 million. Total Property Tax revenue generated an increase of \$1.2 million as a result of higher assessed values while all other revenue in total was under budget by \$1.8 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, 2025, amounts to \$343.4 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 \$26.3 million or 8.3%. There was a 21.6% increase for governmental activities and a 4.7% increase for business-type activities.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land | \$ 7,242,679 | \$ 7,242,679 | \$ 6,501,299 | \$ 6,501,299 | \$ 13,743,978 | \$ 13,743,978 |
| Construction in progress | 1,614,418 | 14,552,601 | 7,781,312 | 14,513,925 | 9,395,730 | 29,066,526 |
| Buildings & structures | 37,773,404 | 9,061,836 | 122,706,332 | 124,251,206 | 160,479,736 | 133,313,042 |
| Land improvements | 8,270,133 | 8,720,479 | 13,321,023 | 1,261,027 | 21,591,156 | 9,981,506 |
| Machinery & equipment | 15,171,667 | 10,914,763 | 61,928,650 | 61,500,935 | 77,100,317 | 72,415,698 |
| Infrastructure | 59,755,924 | 57,745,751 | 1,375,274 | 876,734 | 61,131,198 | 58,622,485 |
| Total | \$129,828,225 | \$108,238,109 | \$213,613,890 | \$208,905,126 | \$343,442,115 | \$317,143,235 |

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

For the City's governmental activities:

The City spent \$28.0 million in additions for capital assets and improvements during FY24/25. Some of the most notable additions are listed below:

- \$1.5M was spent on work in progress projects with the three primary areas being \$359.5K for the Traffic Signals at Summit Avenue at West Antietam Street and Salem Avenue at West Side Avenue, \$518.0K for the Fire Department Triple Combination Attack Pumper and \$523.3K for the Workday Software Implementation.
- \$26.5M was spent or received by dedication on all the following items and categories: design and construction of the Hagerstown Field House (\$14.6M), acceptance to the offer of dedication of streets in the Currwood Warehouse and Burhans Village Developments (\$3.2M), purchase and upfitting of 19 police vehicles for the Police Department (\$1.1M), relocation and construction costs for the move of the HFD Headquarters to Eldridge Drive (\$1.0M), completion of the HFD Burn Building and other projects at the Fire Department Training Center (\$910K), widening of Professional Boulevard (\$577K), City Hall First Floor Renovation (\$521K), Street Dedication of South Edgewood Drive and Paul Smith Boulevard (\$430K), Third Floor Renovations at HPD (\$248K), purchase of a Public Works vehicle and one dump truck (\$239K), purchase of Fire Department radios (\$236K), purchase of fire vehicles (\$235K), City Hall Elevator Modernization (\$207K), construction of new sidewalks on Security Road (\$188K), crime camera expansion (\$183K), purchase of playground and parks equipment (\$178K), purchase of radios for the Police Department (\$168K), and various other land improvements, buildings and structures, machinery and equipment, automobiles and trucks, office furniture, and infrastructure (\$2.3M).

For the City's business activities:

The City spent \$13.7 million in additions for construction in progress of capital improvements and other capital assets in FY24/25. Some of the most notable additions are listed below:

- \$5.3M was spent on the work in progress projects with the primary ones being the Electric Streetlight Replacement (\$153K), Pump Station #33 Construction (\$3.9M), Wastewater Collection System Phase 1B (\$660K), and Wastewater Treatment Plant Equipment Upgrades (\$325K).
- \$4.8M was spent on Wastewater Pump Station #33 Construction with ARPA Funding.
- \$8.4M was spent on capital improvements across the following funds: Electric Fund \$2.1M,

Water Fund \$3.5M, Wastewater Fund \$1.5M, and \$1.3M 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 \$64.2 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, \$36.6 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 Activities | | Business-type Activities | | Total | |
|--|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | General Bonded Debt | \$27,634,247 | \$12,588,178 | \$36,587,898 | \$39,637,827 | \$64,222,145 |

In FY24/25, the City issued Public Facilities Bonds of 2024 for \$26.6 million. This public sale bond funded a portion of the Hagerstown Field House in the amount of \$15,950,000 and prepaid 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. The City’s continued adherence to its amortization schedules for debt repayments and the pay off of a \$10.6 million bond anticipation note resulted in a decrease of debt by \$15.1 million. There was an overall net increase to debt of \$12.0 million during the current year.

The City of Hagerstown’s bond ratings were last affirmed in FY24/25 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 FY24/25, governmental fund debt was 0.78% of the assessed value of taxable property and \$629 per capita while total city-wide debt was 1.81% of the assessed value of taxable property and \$1,463 per capita. Additional information on the City of Hagerstown’s long-term debt can be found in Note IV. E. on pages 69 through 71 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The FY25/26 budget includes an increase in real estate and personal property tax rates. The new real estate tax rate is \$1.057 per \$100 assessed value and the new personal property tax rate is \$2.643 per \$100 assessed value.
- 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 FY25/26 budget. The FY25/26 General Fund budget as approved reflects net revenue surplus of \$7,991. This net amount reflects the utilization of prior surpluses of \$4.1 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 FY25/26 the City's major governmental fund budget as approved for the General Fund is projected to increase by 11.8% over the FY24/25 budget from \$63.9 million to \$71.4 million. Wages and benefits are projected to increase by 12.0% and include estimated increases in employee base salary; overtime; and increased employer provided benefit costs. Maintenance and repairs are estimated to increase by 12.1% due to police cameras and new ERP costs. Debt service is projected to increase by 36.6% related to a new bond issue necessary for the Hagerstown Field House construction. Fund balance transfers to the CIP Fund are expected to increase by 57.2% as a result of the appropriation and reallocation of General Fund reserves in order to reduce direct transfers to the CIP Fund and help balance the budget.
- Despite the February 2025 MD State Department of Assessment and Taxation's Constant Yield Notification which expected a growth of 5.7% in assessed values; the City included a real estate tax rate increase of \$0.055 which brought the tax rate to \$1.057 per \$100 assessed value. 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 7.0% growth in the FY25/26 budget numbers. The increase in revenue is needed to cover a portion of the increase in approved sworn police officer positions; approved union contracts; employer paid benefits; materials, supplies and utilities; maintenance and repairs; rentals; and annual debt service requirements.
- The FY25/26 budget will remain flat for electric service charges through December 31, 2026. A wholesale power agreement contract with AEP Energy Partners is effective June 1, 2024 through December 31, 2026 at a rate of \$54.05/MWh. No annual rate increases were estimated for future years' until a rate study is approved. Water service charges reflect an average 14% increase for inside and outside the City and wastewater service charges reflect an average 13% for inside and outside the City and became effective July 1, 2025. All future budget projections are based on a cost rate study. Stormwater rates increased on July 1, 2025 from \$36.00 to \$38.00 per 1,000 square feet of impervious area through June 30, 2028. These annual increases will make possible the extensive continuing system improvements for these utilities.

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, 2025

| | Primary Government | | |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Pooled cash and investments | \$ 33,075,781 | \$ 42,964,207 | \$ 76,039,988 |
| Receivables (net of allowance for uncollectibles): | | | |
| Taxes | 2,275,349 | - | 2,275,349 |
| Intergovernmental | 6,106,735 | - | 6,106,735 |
| Customers | 766,607 | 10,605,801 | 11,372,408 |
| Loans | 1,532,313 | - | 1,532,313 |
| Other | 15,372 | 18,299 | 33,671 |
| Internal balances | (4,552,293) | 4,552,293 | - |
| Inventories | 38,927 | 2,806,812 | 2,845,739 |
| Prepaid items | 2,282,049 | 270,265 | 2,552,314 |
| Restricted assets: | | | |
| Pooled cash and investments | 9,894,496 | 10,151,008 | 20,045,504 |
| Capital assets (net of accumulated depreciation): | | | |
| Land (not being depreciated) | 7,242,679 | 6,501,299 | 13,743,978 |
| Land improvements | 12,467,245 | 14,883,121 | 27,350,366 |
| Buildings and structures | 50,672,429 | 230,256,100 | 280,928,529 |
| Machinery and equipment | 14,898,169 | 137,677,271 | 152,575,440 |
| Automobiles and trucks | 16,616,163 | 10,216,530 | 26,832,693 |
| Office furniture and fixtures | 4,506,314 | 920,008 | 5,426,322 |
| Infrastructure | 127,272,549 | 1,455,182 | 128,727,731 |
| Construction in progress (not being depreciated) | 1,614,418 | 7,781,312 | 9,395,730 |
| Less accumulated depreciation | (105,461,740) | (196,076,933) | (301,538,673) |
| Total assets | <u>181,263,562</u> | <u>284,982,575</u> | <u>466,246,137</u> |
| Deferred Outflow of Resources | | | |
| Deferred Outflows from OPEB | 2,266,793 | 865,896 | 3,132,689 |
| Deferred Outflows from Pensions | 9,230,619 | 3,656,787 | 12,887,406 |
| Total deferred outflows | <u>11,497,412</u> | <u>4,522,683</u> | <u>16,020,095</u> |
| Liabilities | | | |
| Accounts payable | 4,335,026 | 4,958,941 | 9,293,967 |
| Accrued liabilities | 4,354,484 | 270,375 | 4,624,859 |
| Advances from other funds | (1,216,000) | 1,216,000 | - |
| Accrued interest payable | 451,338 | 227,250 | 678,588 |
| Customer deposits payable | 47,727 | 1,147,004 | 1,194,731 |
| Unearned revenue | 980,838 | 805,953 | 1,786,791 |
| Undisbursed Loans and Grants | 325,415 | - | 325,415 |
| Compensated absences: | | | |
| Due within one year | 2,341,521 | 853,119 | 3,194,640 |
| Due in more than one year | 2,770,080 | 809,835 | 3,579,915 |
| Long-term liabilities: | | | |
| Due within one year | 1,536,209 | 2,916,548 | 4,452,757 |
| Due in more than one year | 26,098,038 | 33,671,350 | 59,769,388 |
| Net pension liabilities: | | | |
| Due in more than one year | 53,188,486 | 10,769,448 | 63,957,934 |
| Net OPEB liabilities: | | | |
| Due in more than one year | 17,516,325 | 6,691,087 | 24,207,412 |
| Total liabilities | <u>112,729,487</u> | <u>64,336,910</u> | <u>177,066,397</u> |
| Deferred Inflow of Resources | | | |
| Deferred Inflows from OPEB | 584,004 | 223,085 | 807,089 |
| Deferred Inflows from Pensions | 10,295,500 | - | 10,295,500 |
| Total deferred inflows | <u>10,879,504</u> | <u>223,085</u> | <u>11,102,589</u> |
| Net Position | | | |
| Net investment in capital assets | 102,193,979 | 177,025,994 | 279,219,973 |
| Restricted for: | | | |
| Community Redevelopment | 4,388,733 | - | 4,388,733 |
| Public Safety | 391,914 | - | 391,914 |
| Other Purposes | 7,106 | - | 7,106 |
| Unrestricted | (37,829,749) | 47,919,269 | 10,089,520 |
| Total net position | <u>\$ 69,151,983</u> | <u>\$ 224,945,263</u> | <u>\$ 294,097,246</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, 2025

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--------------------------------------|-----------------------|----------------------|--------------------------|--------------------------|---|------------------------------|------------------------------|
| | Expenses | Charges for Services | Operating | Capital | Primary Government | | Total |
| | | | Grants and Contributions | Grants and Contributions | Governmental Activities | Business-type Activities | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 11,835,983 | \$ 1,616,182 | \$ 643,507 | \$ 5,016,144 | \$ (4,560,150) | \$ - | \$ (4,560,150) |
| Public safety | 34,332,197 | 3,687,694 | 1,308,726 | 1,111,525 | (28,224,252) | - | (28,224,252) |
| Highways and streets | 3,251,877 | 97,608 | - | - | (3,154,269) | - | (3,154,269) |
| Waste, collection and disposal | 4,556,010 | 4,636,128 | - | - | 80,118 | - | 80,118 |
| Culture and recreation | 4,033,258 | 256,499 | 115,105 | 3,433,748 | (227,906) | - | (227,906) |
| Economic and community development | 3,930,340 | 30,209 | 958,708 | - | (2,941,423) | - | (2,941,423) |
| Interest | 1,062,776 | - | - | - | (1,062,776) | - | (1,062,776) |
| Total governmental activities | <u>63,002,441</u> | <u>10,324,320</u> | <u>3,026,046</u> | <u>9,561,417</u> | <u>(40,090,658)</u> | <u>-</u> | <u>(40,090,658)</u> |
| Business-type activities: | | | | | | | |
| Electric | 32,703,885 | 32,224,789 | - | 338,254 | - | (140,842) | (140,842) |
| Water | 15,369,201 | 16,511,851 | - | 3,598,875 | - | 4,741,525 | 4,741,525 |
| Wastewater | 16,770,800 | 18,303,436 | - | 5,314,701 | - | 6,847,337 | 6,847,337 |
| Parking facilities | 1,814,081 | 1,503,151 | - | - | - | (310,930) | (310,930) |
| Golf course | 616,199 | 381,602 | - | 52,493 | - | (182,104) | (182,104) |
| Property management | 417,729 | 269,436 | - | - | - | (148,293) | (148,293) |
| Stormwater management | 1,034,239 | 3,442,834 | - | 286,486 | - | 2,695,081 | 2,695,081 |
| Total business-type activities | <u>68,726,134</u> | <u>72,637,099</u> | <u>-</u> | <u>9,590,809</u> | <u>-</u> | <u>13,501,774</u> | <u>13,501,774</u> |
| Total primary government | <u>\$ 131,728,575</u> | <u>\$ 82,961,419</u> | <u>\$ 3,026,046</u> | <u>\$ 19,152,226</u> | <u>(40,090,658)</u> | <u>13,501,774</u> | <u>(26,588,884)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 41,445,640 | - | 41,445,640 |
| Income and other taxes | | | | | 10,532,135 | - | 10,532,135 |
| Investment earnings | | | | | 2,229,355 | 1,684,271 | 3,913,626 |
| Miscellaneous | | | | | 423,026 | - | 423,026 |
| Transfers | | | | | 59,080 | (59,080) | - |
| Total general revenues and transfers | | | | | <u>54,689,236</u> | <u>1,625,191</u> | <u>56,314,427</u> |
| Change in net position | | | | | <u>14,598,578</u> | <u>15,126,965</u> | <u>29,725,543</u> |
| Net position - beginning | | | | | <u>54,553,405</u> | <u>209,818,298</u> | <u>264,371,703</u> |
| Net position - ending | | | | | <u>\$ 69,151,983</u> | <u>\$ 224,945,263</u> | <u>\$ 294,097,246</u> |

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

City of Hagerstown, Maryland
Balance Sheet
Governmental Funds
June 30, 2025

| | General | Capital Improvement Program | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------------------|------------------------------------|--------------------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 22,277,799 | \$ 6,592,769 | \$ 1,729,542 | \$ 30,600,110 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes | 2,275,349 | - | - | 2,275,349 |
| Intergovernmental | 4,456,907 | 1,330,075 | 319,753 | 6,106,735 |
| Customers | 597,939 | 8,238 | 2,332 | 608,509 |
| Loans | - | - | 1,532,313 | 1,532,313 |
| Other | 10,702 | 2,907 | 704 | 14,313 |
| Advances to other funds | 1,280,500 | - | - | 1,280,500 |
| Inventories | 38,927 | - | - | 38,927 |
| Prepaid items | 1,101,655 | - | - | 1,101,655 |
| Restricted assets: | | | | |
| Pooled cash and investments | 914,909 | - | 1,907,338 | 2,822,247 |
| Total assets | \$ 32,954,687 | \$ 7,933,989 | \$ 5,491,982 | \$ 46,380,658 |
| Liabilities And Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,389,699 | \$ 552,631 | \$ 279,757 | \$ 3,222,087 |
| Accrued liabilities | 1,110,232 | - | 8,618 | 1,118,850 |
| Advances from other funds | - | - | 64,500 | 64,500 |
| Customer deposits payable | 21,788 | - | 25,939 | 47,727 |
| Undisbursed loan and grant commitments | - | - | 325,415 | 325,415 |
| Unearned revenue | 930,838 | 50,000 | - | 980,838 |
| Total liabilities | 4,452,557 | 602,631 | 704,229 | 5,759,417 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue-income taxes | 2,567,321 | - | - | 2,567,321 |
| Total deferred inflows of resources | 2,567,321 | - | - | 2,567,321 |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventories | 38,927 | - | - | 38,927 |
| Prepays | 1,101,655 | - | - | 1,101,655 |
| Restricted: | | | | |
| Community Redevelopment | - | - | 691,575 | 691,575 |
| Public Safety | - | - | 391,914 | 391,914 |
| Forest Conservation | - | - | 200 | 200 |
| Assigned: | | | | |
| Contracted/Professional Services | 538,287 | - | - | 538,287 |
| Other Services | 1,345,085 | - | 6,906 | 1,351,991 |
| Capital Outlay | - | 7,331,358 | - | 7,331,358 |
| Community Redevelopment | - | - | 3,697,158 | 3,697,158 |
| Unassigned | 22,910,856 | - | - | 22,910,856 |
| Total fund balances | 25,934,809 | 7,331,358 | 4,787,753 | 38,053,920 |
| Total liabilities and fund balances | \$ 32,954,687 | \$ 7,933,989 | \$ 5,491,982 | \$ 46,380,658 |

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

City of Hagerstown, Maryland
Reconciliation of the Total Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2025

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

| | | |
|---|----------------------|-----------------------------|
| Total fund balances - governmental funds | | \$ 38,053,920 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. | | |
| Cost of capital assets | 235,289,966 | |
| Accumulated depreciation | <u>(105,461,740)</u> | 129,828,226 |
| Unavailable revenues are not financial resources in the governmental funds, therefore the liability is eliminated and total net position is increased. | | |
| | | 2,567,321 |
| 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. | | |
| | | 1,986,605 |
| 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 | (5,111,601) | |
| General obligation bonds payable | (27,071,115) | |
| Accrued interest payable on general obligation bonds | (451,338) | |
| Unamortized bond premiums on general obligation bonds | <u>(563,132)</u> | (33,197,186) |
| 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 | (53,188,486) | |
| Deferred outflows from pensions | 9,230,619 | |
| Deferred inflows from pensions | <u>(10,295,500)</u> | (54,253,367) |
| 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 | (17,516,325) | |
| Deferred outflows from OPEB | 2,266,793 | |
| Deferred inflows from OPEB | <u>(584,004)</u> | (15,833,536) |
| Total net position - governmental activities | | \$ <u><u>69,151,983</u></u> |

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

City of Hagerstown, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

| | <u>General</u> | <u>Capital Improvement Program</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------|--|---|---|
| Revenues | | | | |
| Property taxes | \$ 41,445,640 | \$ - | \$ - | \$ 41,445,640 |
| Income and other taxes | 7,940,790 | 2,285,459 | - | 10,226,249 |
| Licenses and permits | 2,755,100 | - | - | 2,755,100 |
| Intergovernmental grants | 1,057,032 | 5,808,234 | 1,899,203 | 8,764,469 |
| Program income | - | - | 30,209 | 30,209 |
| Charges for services | 4,857,414 | - | - | 4,857,414 |
| Fines and forfeitures | 965,466 | - | - | 965,466 |
| Investment earnings | 1,552,559 | 612,718 | 64,078 | 2,229,355 |
| Sale of land & other property | 62,630 | - | - | 62,630 |
| Contributions and donations | 69,811 | 3,753,183 | - | 3,822,994 |
| Unallocated general revenue | 2,104,278 | 198,769 | 54,848 | 2,357,895 |
| Total revenues | <u>62,810,720</u> | <u>12,658,363</u> | <u>2,048,339</u> | <u>77,517,422</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 8,547,147 | - | 443,472 | 8,990,619 |
| Public safety | 31,230,154 | - | 379,595 | 31,609,749 |
| Highways and streets | 2,913,898 | - | - | 2,913,898 |
| Waste, collection and disposal | 4,555,590 | - | - | 4,555,590 |
| Culture and recreation | 3,121,377 | - | - | 3,121,377 |
| Economic and community development | 786,020 | 1,476,855 | 1,669,464 | 3,932,339 |
| Unallocated general expenditures | 1,871,756 | - | 4 | 1,871,760 |
| Debt Service: | | | | |
| Principal | 1,185,635 | - | - | 1,185,635 |
| Interest | 768,875 | - | - | 768,875 |
| Issuance costs | 396,223 | - | - | 396,223 |
| Capital outlay | - | 27,839,418 | 152,593 | 27,992,011 |
| Total expenditures | <u>55,376,675</u> | <u>29,316,273</u> | <u>2,645,128</u> | <u>87,338,076</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,434,045</u> | <u>(16,657,910)</u> | <u>(596,789)</u> | <u>(9,820,654)</u> |
| Other Financing Sources (Uses) | | | | |
| New bond Issuance: | | | | |
| General obligation bonds issued | - | 15,950,000 | - | 15,950,000 |
| Premium on bond financing | 317,591 | - | - | 317,591 |
| Transfers in | 22,655 | 5,400,298 | 1,378,208 | 6,801,161 |
| Transfers out | (6,453,875) | - | (288,206) | (6,742,081) |
| Total other financing sources and uses | <u>(6,113,629)</u> | <u>21,350,298</u> | <u>1,090,002</u> | <u>16,326,671</u> |
| Net change in fund balances | 1,320,416 | 4,692,388 | 493,213 | 6,506,017 |
| Fund balances - beginning | 24,614,393 | 2,638,970 | 4,294,540 | 31,547,903 |
| Fund balances - ending | \$ <u>25,934,809</u> | \$ <u>7,331,358</u> | \$ <u>4,787,753</u> | \$ <u>38,053,920</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, 2025

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

| | |
|---|----------------------|
| Net change in fund balances - total governmental funds | \$ 6,506,017 |
| 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 (\$27,992,010) exceeded depreciation (\$6,120,525) in the current period. | 21,871,485 |
| The net effect of capital asset disposals is to decrease net position. | (281,369) |
| The issuance of long-term debt (\$16,267,591) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal (\$1,185,635) consumes the current financial resources of governmental funds. This amount is the net effect of issuance, transfers, and principal payments on long-term debt. | (15,081,956) |
| 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. | 35,887 |
| 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. | 201,694 |
| Net OPEB expense transactions based on actuarial calculations to determine net OPEB liabilities are not included in the governmental financial statements. | 2,901,128 |
| Net pension expense transactions based on actuarial calculations to determine net pension liabilities are not included in the governmental financial statements. | (948,311) |
| 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. | (605,996) |
| Change in net position of governmental activities | <u>\$ 14,598,579</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, 2025**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property taxes | \$ 40,262,277 | \$ 40,262,277 | \$ 41,445,640 | \$ 1,183,363 |
| Income and other taxes | 6,846,480 | 7,159,868 | 7,940,790 | 780,922 |
| Licenses and permits | 2,356,000 | 2,409,834 | 2,755,100 | 345,266 |
| Intergovernmental grants | 970,397 | 1,070,944 | 1,057,032 | (13,912) |
| Charges for services | 5,900,408 | 5,900,408 | 4,857,414 | (1,042,994) |
| Fines and forfeitures | 1,126,150 | 1,126,150 | 965,466 | (160,684) |
| Unallocated and other general revenue | 3,401,956 | 3,669,674 | 3,789,278 | 119,604 |
| Total revenues | <u>60,863,668</u> | <u>61,599,155</u> | <u>62,810,720</u> | <u>1,211,565</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 8,052,054 | 8,335,179 | 8,547,147 | (211,968) |
| Public safety | 31,818,494 | 32,051,772 | 31,230,154 | 821,618 |
| Highways and streets | 3,119,307 | 3,157,735 | 2,913,898 | 243,837 |
| Waste, collection and disposal | 4,875,807 | 4,897,909 | 4,555,590 | 342,319 |
| Culture and recreation | 3,566,103 | 3,587,753 | 3,121,377 | 395,853 |
| Economic and community development | 911,328 | 904,862 | 786,020 | 118,842 |
| Unallocated general expenditures | 2,046,025 | 1,771,025 | 1,871,756 | (100,731) |
| Debt Service: | | | | |
| Principal | 1,185,636 | 1,185,636 | 1,185,635 | 1 |
| Interest | 880,302 | 821,480 | 768,875 | 52,605 |
| Issuance Costs | 1,715 | 1,715 | 396,223 | (394,508) |
| Total expenditures | <u>56,456,771</u> | <u>56,715,066</u> | <u>55,376,675</u> | <u>1,267,868</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,406,897</u> | <u>4,884,089</u> | <u>7,434,045</u> | <u>2,479,433</u> |
| Other Financing Sources (Uses) | | | | |
| Debt issued | - | - | 317,591 | 317,591 |
| Transfers in | - | 35,000 | 22,655 | (12,345) |
| Transfers out | (6,603,787) | (7,004,034) | (6,453,875) | 550,159 |
| Budgeted use of fund balance | 2,202,000 | 2,155,739 | - | (2,155,739) |
| Total other financing sources and (uses) | <u>(4,401,787)</u> | <u>(4,813,295)</u> | <u>(6,113,629)</u> | <u>(1,617,925)</u> |
| Net change in fund balances | 5,110 | 70,794 | 1,320,416 | 861,508 |
| Fund balances - beginning | 24,614,393 | 24,614,393 | 24,614,393 | - |
| Fund balances - ending | <u>\$ 24,619,503</u> | <u>\$ 24,685,187</u> | <u>\$ 25,934,809</u> | <u>\$ 861,508</u> |

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

City of Hagerstown, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2025

| 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 | \$ 542 | \$ 19,138,877 | \$ 14,463,785 | \$ 1,406,284 | \$ 7,954,719 | \$ 42,964,207 | \$ 2,475,671 |
| Interest receivable | - | 8,290 | 6,161 | 559 | 3,289 | 18,299 | 1,059 |
| Accounts receivable (net of allowance for uncollectibles) | 4,035,374 | 2,770,082 | 3,216,013 | 145,493 | 438,839 | 10,605,801 | 158,098 |
| Inventories | 807,574 | 1,999,238 | - | - | - | 2,806,812 | - |
| Prepaid items | 4,131 | 61,167 | 204,075 | - | 892 | 270,265 | 1,180,394 |
| Total current assets | 4,847,621 | 23,977,654 | 17,890,034 | 1,552,336 | 8,397,739 | 56,665,384 | 3,815,223 |
| Noncurrent assets: | | | | | | | |
| Restricted assets: | | | | | | | |
| Pooled cash and investments | 253,189 | 7,090,644 | 2,807,175 | - | - | 10,151,008 | 7,072,249 |
| 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 | 13,166,716 | 1,360,398 | 14,883,121 | - |
| Buildings and structures | 2,506,350 | 139,610,446 | 76,898,762 | 7,763,555 | 3,476,987 | 230,256,100 | - |
| Machinery and equipment | 35,575,755 | 32,701,247 | 68,167,584 | 616,672 | 616,013 | 137,677,271 | - |
| Automobiles and trucks | 2,466,720 | 2,863,280 | 3,670,149 | 83,859 | 1,132,522 | 10,216,530 | - |
| Infrastructure | - | - | - | - | 1,455,182 | 1,455,182 | - |
| Office furniture and fixtures | 490,813 | 63,646 | 255,556 | - | 109,993 | 920,008 | - |
| Construction in progress | 225,118 | 97,700 | 7,200,058 | - | 258,436 | 7,781,312 | - |
| Less accumulated depreciation | (24,376,200) | (76,487,383) | (85,788,967) | (6,102,811) | (3,321,572) | (196,076,933) | - |
| Total capital assets, net | 18,383,476 | 100,920,930 | 70,609,143 | 18,149,569 | 5,550,772 | 213,613,890 | - |
| Total noncurrent assets | 18,636,665 | 108,011,574 | 73,416,318 | 18,149,569 | 5,550,772 | 223,764,898 | 7,072,249 |
| Total assets | 23,484,286 | 131,989,228 | 91,306,352 | 19,701,905 | 13,948,511 | 280,430,282 | 10,887,472 |
| Deferred Outflow of Resources | | | | | | | |
| Deferred Outflows related to Pensions | 931,088 | 1,495,214 | 1,230,485 | - | - | 3,656,787 | - |
| Deferred Outflows related to OPEB | 278,305 | 230,532 | 357,059 | - | - | 865,896 | - |
| Total Deferred Outflows Related to Pensions | 1,209,393 | 1,725,746 | 1,587,544 | - | - | 4,522,683 | - |

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, 2025

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 | 3,016,025 | 388,237 | 1,314,233 | 59,411 | 181,035 | 4,958,941 | 1,112,940 |
| Advances from other funds | 1,216,000 | - | - | - | - | 1,216,000 | - |
| Compensated absences - current | 228,926 | 293,390 | 284,777 | 26,664 | 19,362 | 853,119 | - |
| Accrued liabilities | 65,009 | 205,916 | 148,086 | 60,760 | 17,854 | 497,625 | 3,235,634 |
| Customer deposits and rebates | 1,071,763 | 50,835 | 24,385 | 21 | - | 1,147,004 | - |
| Unearned revenue | 303,189 | 500,000 | - | - | 2,764 | 805,953 | - |
| Undisbursed Loans and Grants | - | - | - | - | - | - | - |
| General obligation bonds - current | 20,551 | 1,542,992 | 1,067,167 | 238,730 | 47,108 | 2,916,548 | - |
| Total current liabilities | 5,921,463 | 2,981,370 | 2,838,648 | 385,586 | 268,123 | 12,395,190 | 4,348,574 |
| Noncurrent liabilities: | | | | | | | |
| General obligation bonds payable | 226,033 | 16,300,084 | 5,904,588 | 10,816,958 | 423,687 | 33,671,350 | - |
| Compensated absences | 217,311 | 278,501 | 270,329 | 25,312 | 18,382 | 809,835 | - |
| Net OPEB liabilities | 2,150,565 | 1,781,402 | 2,759,120 | - | - | 6,691,087 | - |
| Net pension liabilities | 2,742,108 | 4,403,491 | 3,623,849 | - | - | 10,769,448 | - |
| Total noncurrent liabilities | 5,336,017 | 22,763,478 | 12,557,886 | 10,842,270 | 442,069 | 51,941,720 | - |
| Total liabilities | 11,257,480 | 25,744,848 | 15,396,534 | 11,227,856 | 710,192 | 64,336,910 | 4,348,574 |
| Deferred Inflow of Resources | | | | | | | |
| Deferred Inflows related to Pensions | - | - | - | - | - | - | - |
| Deferred Inflows related to OPEB | 71,701 | 59,393 | 91,991 | - | - | 223,085 | - |
| Total Deferred Inflows Related to Pensions | 71,701 | 59,393 | 91,991 | - | - | 223,085 | - |
| Net Position | | | | | | | |
| Net Investment in Capital Assets | 18,136,892 | 83,077,854 | 63,637,388 | 7,093,881 | 5,079,977 | 177,025,992 | - |
| Restricted | - | - | - | - | - | - | - |
| Unrestricted | (4,772,394) | 24,832,879 | 13,767,983 | 1,380,168 | 8,158,342 | 43,366,978 | 6,538,898 |
| Total net position | \$ 13,364,498 | \$ 107,910,733 | \$ 77,405,371 | \$ 8,474,049 | \$ 13,238,319 | 220,392,970 | \$ 6,538,898 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | 4,552,293 | |
| Net position of business-type activities | | | | | | \$ 224,945,263 | |

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, 2025

| | Business-type Activities- Enterprise Funds | | | | Total Nonmajor Enterprise Funds | Total | Governmental Activities- Internal Service Funds |
|---|---|-----------------------|----------------------|---------------------|--|-------------------|--|
| | Electric | Water | Wastewater | Parking | | | |
| Operating revenues: | | | | | | | |
| Service charges | \$ 31,496,757 | \$ 15,417,021 | \$ 17,832,973 | \$ 1,495,475 | \$ 4,054,646 | \$ 70,296,872 | \$ 10,665,180 |
| Other revenues | 728,032 | 1,077,030 | 459,700 | 7,156 | 39,226 | 2,311,144 | 763,201 |
| Total operating revenues | <u>32,224,789</u> | <u>16,494,051</u> | <u>18,292,673</u> | <u>1,502,631</u> | <u>4,093,872</u> | <u>72,608,016</u> | <u>11,428,381</u> |
| Operating expenses: | | | | | | | |
| Production and treatment expenses | 25,365,604 | 5,130,114 | 7,487,429 | - | - | 37,983,147 | - |
| Transmission, distribution, and collection expenses | 3,277,020 | 2,657,057 | 2,002,498 | - | - | 7,936,575 | - |
| Selling, general and administrative expenses | 2,955,989 | 3,284,533 | 3,839,907 | 928,727 | 1,748,685 | 12,757,841 | 11,422,927 |
| Claim and premium expenses | - | - | - | - | - | - | 700,000 |
| Depreciation | 981,393 | 3,878,040 | 3,365,717 | 268,497 | 295,517 | 8,789,164 | - |
| Total operating expenses | <u>32,580,006</u> | <u>14,949,744</u> | <u>16,695,551</u> | <u>1,197,224</u> | <u>2,044,202</u> | <u>67,466,727</u> | <u>12,122,927</u> |
| Operating income (loss) | <u>(355,217)</u> | <u>1,544,307</u> | <u>1,597,122</u> | <u>305,407</u> | <u>2,049,670</u> | <u>5,141,289</u> | <u>(694,546)</u> |
| Nonoperating revenues (expenses): | | | | | | | |
| Investment earnings | 12,812 | 759,705 | 560,133 | 66,725 | 284,896 | 1,684,271 | 132,316 |
| Bond interest expense and premium | (6,832) | (255,282) | (165,463) | (367,605) | (21,043) | (816,225) | - |
| Bond issuance cost | (37) | (35,537) | (19,921) | (262,188) | (56) | (317,739) | - |
| Gain (loss) on disposal of capital assets | (169,210) | 17,800 | 10,763 | 520 | - | (140,127) | - |
| Total nonoperating revenue (expenses) | <u>(163,267)</u> | <u>486,686</u> | <u>385,512</u> | <u>(562,548)</u> | <u>263,797</u> | <u>410,180</u> | <u>132,316</u> |
| Income (loss) before contributions and transfers | (518,484) | 2,030,993 | 1,982,634 | (257,141) | 2,313,467 | 5,551,469 | (562,230) |
| Capital contributions and grants | 338,254 | 3,598,875 | 5,314,701 | - | 338,979 | 9,590,809 | - |
| Transfers in | - | - | - | - | 150,000 | 150,000 | - |
| Transfers out | (65,920) | (65,920) | (65,920) | (11,320) | - | (209,080) | - |
| Changes in net position | <u>(246,150)</u> | <u>5,563,948</u> | <u>7,231,415</u> | <u>(268,461)</u> | <u>2,802,446</u> | <u>15,083,198</u> | <u>(562,230)</u> |
| Net position - beginning | 13,610,648 | 102,346,785 | 70,173,956 | 8,742,510 | 10,435,873 | | 7,101,128 |
| Total net position - ending | <u>\$ 13,364,498</u> | <u>\$ 107,910,733</u> | <u>\$ 77,405,371</u> | <u>\$ 8,474,049</u> | <u>\$ 13,238,319</u> | | <u>\$ 6,538,898</u> |

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. 43,767

Change in net position of business-type activities \$ 15,126,965

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, 2025

| | 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 | \$ 30,376,961 | \$ 16,687,329 | \$ 18,358,210 | \$ 1,647,777 | \$ 4,059,495 | \$ 71,129,772 | \$ - |
| Receipts from interfund services provided | - | - | - | - | - | - | 11,398,819 |
| Advances from other funds | 1,216,000 | - | - | - | - | 1,216,000 | - |
| Payments to suppliers | (26,819,095) | (6,200,077) | (8,314,577) | (2,143,589) | (769,935) | (44,247,273) | (11,261,364) |
| Payments to employees | (4,355,506) | (5,979,914) | (5,343,692) | (649,379) | (1,035,325) | (17,363,816) | - |
| Net cash provided (used) by operating activities | 418,360 | 4,507,338 | 4,699,941 | (1,145,191) | 2,254,235 | 10,734,683 | 137,455 |
| Cash Flows From Noncapital Financing Activities | | | | | | | |
| Transfers from other funds | - | - | - | - | 150,000 | 150,000 | - |
| Transfers to other funds | - | - | - | - | - | - | - |
| Net cash provided (used) by noncapital and related financing activities | - | - | - | - | 150,000 | 150,000 | - |
| Cash Flows From Capital And Related Financing Activities | | | | | | | |
| Proceeds from intergovernmental capital grant | - | - | - | - | 338,979 | 338,979 | - |
| Capital contributions | 338,254 | 3,598,875 | 5,314,701 | - | - | 9,251,830 | - |
| Acquisition and construction of capital assets | (2,211,049) | (3,515,774) | (6,659,850) | (431,221) | (789,115) | (13,607,009) | - |
| Proceeds from bond issuance | - | - | - | 10,811,221 | - | 10,811,221 | - |
| Principal paid on capital debt | (19,536) | (1,734,847) | (1,411,922) | (10,633,835) | (45,020) | (13,845,160) | - |
| Interest paid on capital debt | (6,930) | (272,716) | (179,346) | (364,525) | (21,270) | (844,786) | - |
| Bond issuance costs | (37) | (35,536) | (19,921) | (262,188) | (56) | (317,737) | - |
| Proceeds from disposal of capital assets | 5,225 | 17,800 | 10,763 | 520 | 2 | 34,310 | - |
| Transfers from other funds for capital acquisitions | - | - | - | - | - | - | - |
| Transfers to other funds for capital acquisitions | (65,920) | (65,920) | (65,920) | (11,320) | - | (209,080) | - |
| Net cash provided (used) by capital and related financing activities | (1,959,993) | (2,008,117) | (3,011,495) | (891,348) | (516,480) | (8,387,432) | - |
| Cash Flows From Investing Activities | | | | | | | |
| Interest and dividends received | 14,250 | 763,075 | 562,185 | 67,740 | 285,621 | 1,692,871 | 133,336 |
| Net cash provided by investing activities | 14,250 | 763,075 | 562,185 | 67,740 | 285,621 | 1,692,871 | 133,336 |
| Net increase (decrease) in pooled cash and investments | (1,527,382) | 3,262,296 | 2,250,631 | (1,968,799) | 2,173,376 | 4,190,122 | 270,791 |
| Pooled cash and investments, beginning of year | 1,781,113 | 22,967,225 | 15,020,329 | 3,375,083 | 5,781,343 | 48,925,093 | 9,277,130 |
| Pooled cash and investments, end of year | \$ 253,731 | \$ 26,229,521 | \$ 17,270,960 | \$ 1,406,284 | \$ 7,954,719 | \$ 53,115,215 | \$ 9,547,920 |

City of Hagerstown, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

**Business-type Activities-
Enterprise Funds**

| | Business-type Activities- Enterprise Funds | | | | 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) | \$ (355,217) | \$ 1,544,307 | \$ 1,597,122 | \$ 305,407 | \$ 2,049,670 | \$ 5,141,289 | \$ (694,546) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation expense | 981,393 | 3,878,040 | 3,365,717 | 268,497 | 295,517 | 8,789,164 | - |
| Net effect of changes in assets and liabilities | | | | | | | |
| Accounts receivable | (1,714,644) | 173,795 | 71,473 | 56,244 | (40,738) | (1,453,870) | (29,562) |
| Inventories | 33,876 | (626,554) | - | - | - | (592,678) | - |
| Prepaid items | (1,066) | (1,003) | (104,075) | - | (225) | (106,369) | 18,044 |
| Accounts payable | 1,076,904 | 51,365 | (6,101) | (1,859,871) | 22,371 | (715,332) | 8,031 |
| Advances from other funds | 1,216,000 | - | - | - | - | 1,216,000 | - |
| Compensated absences payable | (16,154) | (101,331) | (80,280) | (5,299) | (9,715) | (212,779) | - |
| Accrued liabilities | 12,968 | 13,348 | 13,398 | 2,543 | 2,978 | 45,235 | 835,488 |
| Customer deposits and rebates | (386,374) | 19,481 | (5,934) | (11,099) | 6,527 | (377,399) | - |
| Other liabilities-current | - | - | - | 100,000 | - | 100,000 | - |
| Undisbursed Loans and Grants | - | - | - | (100,000) | (65,357) | (165,357) | - |
| Unearned revenue | 253,189 | - | - | - | (167) | 253,022 | - |
| Other long-term liabilities | (682,515) | (444,110) | (151,379) | (1,613) | (6,626) | (1,286,243) | - |
| Total adjustments | <u>773,577</u> | <u>2,963,031</u> | <u>3,102,819</u> | <u>(1,450,598)</u> | <u>204,565</u> | <u>5,593,394</u> | <u>832,001</u> |
| Net cash provided (used) by operating activities | <u>\$ 418,360</u> | <u>\$ 4,507,338</u> | <u>\$ 4,699,941</u> | <u>\$ (1,145,191)</u> | <u>\$ 2,254,235</u> | <u>\$ 10,734,683</u> | <u>\$ 137,455</u> |
| Reconciliation of pooled cash and investments to the balance sheet | | | | | | | |
| Pooled cash and investments | \$ 542 | \$ 19,138,877 | \$ 14,463,785 | \$ 1,406,284 | \$ 7,954,719 | \$ 42,964,207 | \$ 2,475,671 |
| Restricted pooled cash and investments | <u>253,189</u> | <u>7,090,644</u> | <u>2,807,175</u> | <u>-</u> | <u>-</u> | <u>10,151,008</u> | <u>7,072,249</u> |
| Totals | <u>\$ 253,731</u> | <u>\$ 26,229,521</u> | <u>\$ 17,270,960</u> | <u>\$ 1,406,284</u> | <u>\$ 7,954,719</u> | <u>\$ 53,115,215</u> | <u>\$ 9,547,920</u> |

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

City of Hagerstown, Maryland
Statement of Fiduciary Net Position
June 30, 2025

| | Pension and OPEB Trust Funds |
|---|---|
| Assets | |
| Investments, at fair value: | |
| Cash and Cash Equivalents | \$ 1,835,181 |
| Government and Agency Issues | 7,476,279 |
| Corporate Debt Issues | 4,725,544 |
| Common Stock | 7,751,524 |
| Mutual Funds | 29,400,085 |
| Total investments | 51,188,613 |
| Interest Receivable | 156,185 |
| Total assets | 51,344,798 |
| Net Position Restricted for: | |
| Pension | \$ 28,032,415 |
| OPEB | \$ 23,312,383 |
| Total Net Postion | \$ 51,344,798 |

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, 2025

| | | Pension and OPEB Trust Funds |
|---|----|---|
| Additions | | |
| Contributions: | | |
| Employer | \$ | 2,741,846 |
| Plan members | | 1,148,526 |
| Total contributions | | 3,890,372 |
| Investment earnings: | | |
| Interest and dividends | | 1,671,963 |
| Net increase/(decrease) in the fair value of investments | | 3,459,315 |
| Total investment earnings | | 5,131,278 |
| Less investment expense | | 144,608 |
| Net investment earnings | | 4,986,670 |
| Total additions | | 8,877,042 |
| Deductions | | |
| Benefits | | 3,928,696 |
| Administrative expenses | | 1,285 |
| Actuarial fees | | 38,005 |
| Total deductions | | 3,967,986 |
| Change in net position | | 4,909,056 |
| Net position - beginning | | 46,435,742 |
| Net position - ending | \$ | 51,344,798 |

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

City of Hagerstown
Notes to the Financial Statements
June 30, 2025

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 6/30/25: 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

The Electric Fund has restricted assets on the statement of net position of \$253,189 for money received as part of the Comcast make-ready work agreement. Make-ready is the work performed by HLD crews on HLD facilities at Comcast's expense to replace/relocate assets that make room on poles for their attachments. This is offset by a liability.

Benefit charge proceeds of \$6,212,860 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. This is offset with a liability.

Benefit charge proceeds of \$2,807,175 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 \$914,909 as restricted assets on the statement of net position for the General Fund. As of June 30, 2025, \$23,245 was restricted as a deposit for postage and \$891,664 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, 2025, \$7,383 was restricted for single family loans.

The City has \$1,874,016 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 \$25,939 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 \$956,406 in restricted cash which reflects retirees' available balances on individual Health Retirement accounts. The Workers Compensation fund has \$5,810,543 as restricted assets on the statement of net position. From this total, \$70,000 is being held by PMA Management Corporation and \$5,740,543 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. However, the liability calculation covers utilization of sick time prior to payout.
- 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 | \$ 1,883,371 |
| CIP | 4,876,761 |
| Nonmajor Government | <u>141,987</u> |
| Total Open Encumbrances by Fund | <u><u>\$ 6,902,119</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, 2025, net position *Net Investment in Capital Assets* does not have unspent debt proceeds for governmental and 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 (\$2,852,167)

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 (\$75,542)

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 (\$71,235)

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) (\$861,518)

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. 101, Compensated Absences and Statement No. 102, Certain Risk Disclosures, which took effect during FY 2025 and were implemented by the City.

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 \$129,828,226 difference are as follows:

| | |
|---|-----------------------|
| Cost of capital assets | \$ 235,289,966 |
| Accumulated depreciation of capital assets | <u>(105,461,740)</u> |
| Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i> | <u>\$ 129,828,226</u> |

Another item explains that ““long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$33,197,186 difference are as follows:

| | |
|---|----------------------|
| Compensated absences | \$ 5,111,601 |
| General obligation bonds payable, including unamortized premiums | 27,634,247 |
| Accrued interest payable on general obligation bonds | <u>451,338</u> |
| Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i> | <u>\$ 33,197,186</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 \$54,253,367 difference are as follows:

| | |
|---|----------------------|
| Net pension liability | \$ 53,188,486 |
| Deferred outflows related to pensions | (9,230,619) |
| Deferred inflows related to pensions | <u>10,295,500</u> |
| Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i> | <u>\$ 54,253,367</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 \$21,871,485 difference are as follows:

| | |
|---|----------------------|
| Capital Asset Additions | \$ 27,992,010 |
| Depreciation expense | <u>(6,120,525)</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>\$ 21,871,485</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 \$15,081,956 difference are as follows:

| | |
|---|------------------------|
| Principal payment on general obligation bonds payable | \$ 1,185,635 |
| New general obligations bonds issued | <u>(16,267,591)</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>\$ (15,081,956)</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 \$948,311 difference are as follows:

| | |
|---|---------------------|
| Net pension liability decrease | \$ (4,134,070) |
| Pensions activity: change in assumptions, investment earnings, change in experience, & recognized pension expense | <u>3,185,759</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>\$ (948,311)</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, 2025, expenditures, including transfers to other City funds, exceeded appropriations by \$59,849 in the Business Revolving Fund, \$13,045 in the Community Development Block Grant Fund, \$493,291 in the Economic Redevelopment Fund, \$246,150 in the Electric Fund, \$34,756 in the Flexible Spending Fund, \$18,811 in the Golf Fund, \$417,289 in the Health Insurance Fund, \$268,461 in the Parking Fund, \$124,589 in the Property Management Fund, and \$187,132 in the Workers Compensation 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, 2025, 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 \$73,965,371 and the bank balances were \$76,499,420. 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 \$12,142 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 \$16,680,000 was secured by federal depository insurance and \$59,819,420 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, 2025, the City had \$22,107,979 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, 2025 these funds have a weighted average maturity of less than 3 months and are invested in a money market. Additionally, the City has no funding commitments to the Pool.

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

1. City owned and managed investments (continued)

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

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

2. Pension investments

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

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

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

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

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

2. Pension investments (continued)

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

The City Pension Plan has the following recurring fair value measurements as of June 30, 2025:

| | Moody's Rating | Fair Value | Investment Maturities (in Years) | | | |
|--|-------------------|----------------------|----------------------------------|---------------------|-------------------|---------------------|
| | | | Less than 1 | 1 - 5 | 6 -10 | More than 10 |
| Cash and Money Market | | \$ 873,581 | \$ 873,581 | \$ - | \$ - | \$ - |
| Federal Home Loan Mortgage Corp | AAA/NR | 488,565 | - | - | 16,715 | 471,850 |
| Federal National Mortgage Assn | NR | 1,377,350 | 78 | 17,282 | 66,019 | 1,293,970 |
| Government National Mortgage Assoc | NR | 43,497 | - | - | - | 43,497 |
| U S Treasury Notes | AAA | 2,046,647 | - | 1,142,131 | 422,908 | 481,608 |
| Various Agencies | AAA | 231,420 | - | 157,588 | 58,857 | 14,975 |
| Various Agencies | AA2 | 52,836 | - | - | - | 52,836 |
| Various Agencies | AA3 | 32,258 | - | - | 19,916 | 12,342 |
| Various Agencies | A1 | 470,574 | - | 363,311 | 61,057 | 46,206 |
| Various Agencies | A2 | 247,072 | - | 131,353 | 19,969 | 95,750 |
| Various Agencies | A3 | 374,860 | - | 171,651 | 124,664 | 78,545 |
| Various Agencies | BAA1 | 222,648 | - | 143,512 | 34,480 | 44,656 |
| Various Agencies | BAA2 | 638,259 | - | 457,438 | 71,043 | 109,778 |
| Various Agencies | BAA3 | 144,476 | - | 144,476 | - | - |
| Various Agencies | NA | 94,568 | - | 94,568 | - | - |
| Common Stock | | 4,352,690 | 4,352,690 | - | - | - |
| Mutual Funds | | 16,256,570 | 16,256,570 | - | - | - |
| Interest Receivable | | 84,545 | 84,545 | - | - | - |
| Total Investments Held by Trustee of Pension Plan | | <u>\$ 28,032,415</u> | <u>\$ 21,567,465</u> | <u>\$ 2,823,310</u> | <u>\$ 895,628</u> | <u>\$ 2,746,014</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 14.5% or \$4,043,267 invested in foreign stocks. The investment policy permits it to invest up to 20% of total investments in international equities.

3. OPEB (Other Post Employee Benefits) investments

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

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

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

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

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

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

The City OPEB Plan has the following recurring fair value measurements as of June 30, 2025:

| | Moody's Rating | Fair Value | Investment Maturities (in Years) | | | |
|---|-------------------|----------------------|----------------------------------|---------------------|-------------------|---------------------|
| | | | Less than 1 | 1 - 5 | 6 -10 | More than 10 |
| Cash and Money Market | | \$ 961,600 | \$ 961,600 | \$ - | \$ - | \$ - |
| Federal Home Loan Mortgage Corp | AAA/NR | 567,466 | - | - | 65,002 | 502,464 |
| Federal National Mortgage Assn | NR | 1,033,929 | - | - | 29,804 | 1,004,125 |
| Government National Mortgage Assoc | NR | 54,902 | - | - | - | 54,902 |
| U S Treasury Notes | AA1 | 1,863,924 | - | 1,116,547 | 335,422 | 411,955 |
| Various Agencies | AAA | 190,718 | - | 121,967 | 53,778 | 14,974 |
| Various Agencies | AA2 | 54,722 | - | - | - | 54,722 |
| Various Agencies | AA3 | 28,181 | - | - | 19,916 | 8,265 |
| Various Agencies | A1 | 413,349 | - | 338,952 | 35,613 | 38,784 |
| Various Agencies | A2 | 225,962 | - | 116,196 | 19,969 | 89,797 |
| Various Agencies | A3 | 328,271 | - | 182,398 | 112,662 | 33,211 |
| Various Agencies | BAA1 | 209,752 | 24,939 | 118,545 | 25,860 | 40,408 |
| Various Agencies | BAA2 | 566,529 | - | 370,885 | 96,507 | 99,137 |
| Various Agencies | BAA3 | 124,536 | - | 124,536 | - | - |
| Various Agencies | NA | 74,553 | - | 74,553 | - | - |
| Common Stock | | 3,398,834 | 3,398,834 | - | - | - |
| Mutual Funds | | 13,143,515 | 13,143,515 | - | - | - |
| Interest Receivable | | 71,640 | 71,640 | - | - | - |
| Total Investments Held by Trustee of OPEB Plan | | <u>\$ 23,312,383</u> | <u>\$ 17,600,528</u> | <u>\$ 2,564,578</u> | <u>\$ 794,533</u> | <u>\$ 2,352,744</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 13.6% or \$3,151,290 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 | \$ 3,368,266 | \$ - | \$ - | \$ - | \$ 3,368,266 |
| Intergovernmental | 4,456,907 | 1,330,075 | - | 319,753 | 6,106,735 |
| Customers | 5,698,679 | 12,397 | 158,098 | 2,332 | 5,871,506 |
| Loans | - | 8,000 | - | 3,552,608 | 3,560,608 |
| Interest | 10,702 | 2,907 | 1,059 | 704 | 15,372 |
| Gross receivables | <u>13,534,554</u> | <u>1,353,379</u> | <u>159,157</u> | <u>3,875,397</u> | <u>18,922,487</u> |
| Less: allowance for uncollectibles | <u>(6,193,657)</u> | <u>(12,159)</u> | <u>-</u> | <u>(2,020,295)</u> | <u>(8,226,111)</u> |
| Net total receivables | <u>\$ 7,340,897</u> | <u>\$ 1,341,220</u> | <u>\$ 159,157</u> | <u>\$ 1,855,102</u> | <u>\$ 10,696,376</u> |

Business-Type Activities:

| | Electric | Water | Wastewater | Parking | Non-Major Enterprise Funds | Business- Type Activities |
|---------------------------------------|---------------------|---------------------|---------------------|--------------------|----------------------------------|---------------------------------|
| Receivables: | | | | | | |
| Intergovernmental | \$ - | \$ 129,020 | \$ 12,372 | \$ 466 | \$ - | \$ 141,858 |
| Customers | 7,329,253 | 3,181,338 | 3,775,803 | 1,428,393 | 444,092 | 16,158,879 |
| Loans | - | - | - | - | - | - |
| Interest | - | 8,290 | 6,161 | 559 | 3,289 | 18,299 |
| Gross receivables | <u>7,329,253</u> | <u>3,318,648</u> | <u>3,794,336</u> | <u>1,429,418</u> | <u>447,381</u> | <u>16,319,036</u> |
| Less: allowance for uncollectibles | <u>(3,293,879)</u> | <u>(540,276)</u> | <u>(572,162)</u> | <u>(1,283,366)</u> | <u>(5,253)</u> | <u>(5,694,936)</u> |
| Net total receivables | <u>\$ 4,035,374</u> | <u>\$ 2,778,372</u> | <u>\$ 3,222,174</u> | <u>\$ 146,052</u> | <u>\$ 442,128</u> | <u>\$ 10,624,100</u> |

IV. Detailed notes on all funds (continued)

B. Receivables (continued)

City Totals:

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|----------------------|
| Receivables: | | | |
| Taxes | \$ 3,368,266 | \$ - | \$ 3,368,266 |
| Intergovernmental | 6,106,735 | 141,858 | 6,248,593 |
| Customers | 5,871,506 | 16,158,879 | 22,030,385 |
| Loans | 3,560,608 | - | 3,560,608 |
| Interest | 15,372 | 18,299 | 33,671 |
| Gross receivables | <u>18,922,487</u> | <u>16,319,036</u> | <u>35,241,523</u> |
| Less: allowance for uncollectibles | <u>(8,226,111)</u> | <u>(5,694,936)</u> | <u>(13,921,047)</u> |
| Net total receivables | <u>\$ 10,696,376</u> | <u>\$ 10,624,100</u> | <u>\$ 21,320,476</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 | \$ 2,567,321 | \$ - | \$ 2,567,321 |
| Other unavailable revenues | <u>-</u> | <u>980,838</u> | <u>980,838</u> |
| Total unavailable/unearned revenue for governmental funds | <u>\$ 2,567,321</u> | <u>\$ 980,838</u> | <u>\$ 3,548,159</u> |

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 7,242,679 | \$ - | \$ - | \$ - | \$ 7,242,679 |
| Construction in progress | <u>14,552,601</u> | <u>1,473,367</u> | <u>(217,304)</u> | <u>(14,194,246)</u> | <u>1,614,418</u> |
| Total capital assets, not being depreciated | <u>21,795,280</u> | <u>1,473,367</u> | <u>(217,304)</u> | <u>(14,194,246)</u> | <u>8,857,097</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 12,464,345 | 2,900 | - | - | 12,467,245 |
| Buildings and structures | 21,124,984 | 16,740,535 | - | 12,806,910 | 50,672,429 |
| Machinery and equipment | 10,772,127 | 2,987,098 | (32,195) | 1,171,139 | 14,898,169 |
| Automobiles and trucks | 15,604,342 | 1,638,500 | (626,679) | - | 16,616,163 |
| Office furniture and fixtures | 3,908,857 | 453,307 | (72,047) | 216,197 | 4,506,314 |
| Infrastructure | <u>122,576,245</u> | <u>4,696,304</u> | <u>-</u> | <u>-</u> | <u>127,272,549</u> |
| Total capital assets being depreciated | <u>186,450,900</u> | <u>26,518,643</u> | <u>(730,921)</u> | <u>14,194,246</u> | <u>226,432,868</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (3,743,866) | (453,246) | - | - | (4,197,112) |
| Buildings and structures | (12,063,148) | (835,877) | - | - | (12,899,025) |
| Machinery and equipment | (7,707,689) | (690,219) | 31,115 | - | (8,366,793) |
| Automobiles and trucks | (8,276,285) | (1,281,148) | 565,527 | - | (8,991,906) |
| Office furniture and fixtures | (3,386,590) | (173,904) | 70,215 | - | (3,490,279) |
| Infrastructure | <u>(64,830,494)</u> | <u>(2,686,131)</u> | <u>-</u> | <u>-</u> | <u>(67,516,624)</u> |
| Total accumulated depreciation | <u>(100,008,071)</u> | <u>(6,120,525)</u> | <u>666,857</u> | <u>-</u> | <u>(105,461,740)</u> |
| Total capital assets, being depreciated, net | <u>86,442,829</u> | <u>20,398,118</u> | <u>(64,064)</u> | <u>14,194,246</u> | <u>120,971,129</u> |
| Governmental activities capital assets, net | <u>\$108,238,109</u> | <u>\$21,871,485</u> | <u>\$ (281,369)</u> | <u>\$ 0</u> | <u>\$129,828,225</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 | 14,513,925 | 5,346,933 | - | (12,079,546) | 7,781,312 |
| Total capital assets, not being depreciated | <u>21,015,224</u> | <u>5,346,933</u> | <u>-</u> | <u>(12,079,546)</u> | <u>14,282,611</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 2,723,275 | 480,657 | - | 11,679,189 | 14,883,121 |
| Buildings and structures | 227,671,616 | 2,584,485 | - | - | 230,256,100 |
| Machinery and equipment | 134,265,531 | 3,737,931 | (479,040) | 152,849 | 137,677,271 |
| Automobiles and trucks | 8,895,938 | 1,227,045 | 93,547 | - | 10,216,530 |
| Office furniture and fixtures | 912,095 | 7,913 | - | - | 920,008 |
| Infrastructure | 924,682 | 379,825 | - | 150,675 | 1,455,182 |
| Total capital assets being depreciated | <u>375,393,137</u> | <u>8,417,855</u> | <u>(385,493)</u> | <u>11,982,713</u> | <u>395,408,212</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (1,462,248) | (99,850) | - | - | (1,562,098) |
| Buildings and structures | (103,420,410) | (4,129,358) | - | - | (107,549,768) |
| Machinery and equipment | (75,660,857) | (3,945,204) | 309,013 | - | (79,297,048) |
| Automobiles and trucks | (6,064,244) | (568,502) | (93,547) | - | (6,726,293) |
| Office furniture and fixtures | (847,528) | (14,290) | - | - | (861,818) |
| Infrastructure | (47,948) | (31,960) | - | - | (79,908) |
| Total accumulated depreciation | <u>(187,503,235)</u> | <u>(8,789,164)</u> | <u>215,466</u> | <u>-</u> | <u>(196,076,933)</u> |
| Total capital assets, being depreciated, net | <u>187,889,902</u> | <u>(371,308)</u> | <u>(170,027)</u> | <u>11,982,713</u> | <u>199,331,279</u> |
| Business-type activities capital assets, net | <u>\$ 208,905,126</u> | <u>\$ 4,975,625</u> | <u>\$ (170,027)</u> | <u>\$ (96,833)</u> | <u>\$ 213,613,890</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government, including general infrastructure assets | \$ 3,118,887 |
| Public safety | 1,663,522 |
| Highways and streets | 360,803 |
| Culture and recreation | 916,906 |
| Municipal buildings | 60,408 |
| Total depreciation expense – governmental activities | <u>\$ 6,120,525</u> |

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

| | |
|---|---------------------|
| Business-type activities: | |
| Electric | \$ 981,393 |
| Water | 3,878,040 |
| Wastewater | 3,365,717 |
| Parking | 268,497 |
| Golf course | 43,719 |
| Property management | 101,940 |
| Stormwater | 149,858 |
| Total depreciation expense – business-type activities | <u>\$ 8,789,164</u> |

Construction commitments

The government has active construction projects as of June 30, 2025. The projects include 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 |
|--|---------------------|-------------------------|
| Traffic Signal Summit Avenue at West Antietam Street and Salem Avenue at West Side | \$ 374,143.29 | \$ 539,460.46 |
| Triple Combination Attack Pumper | 517,953 | 493,177 |
| Design of Artifact Displays and Hager House Museum Improvements | 75,955 | 574,000 |
| Fire Department Training Center Training Towers | 14,332 | 39,818 |
| Signal Design and Construction Potomac at Baltimore | 49,511 | 800,000 |
| Steam Engine Museum Train Hub | 51,116 | 35,000 |
| Design and Construction Mills Park Pavilion | 8,075 | 51,674 |
| Workday Software Implementation | 523,333 | 1,594,407 |
| Electric Telemetry Equipment | 1,550 | 48,450 |
| Electric Service to Undeveloped Lands between Marshall Street and Salem Avenue | 55,664 | 117,836 |
| Electric Streetlight Replacement | 152,849 | 47,151 |
| Electric Substation Upgrades | 6,042 | 68,958 |
| Kilpatrick Woods Circuit Upgrades | 9,013 | 106,487 |
| Wilson Treatment Plant Improvement | 16,571 | 367,642 |
| Water Distribution Hydrants | 81,129 | 241,370 |
| Pump Station #33 Construction | 4,808,670 | - |
| Pump Station #33 Construction and Materials | 1,003,841 | 115,477 |
| Wastewater Treatment Plant Equipment Upgrades | 325,869 | 274,131 |
| Collection System Phase 1B | 1,061,678 | 1,810,949 |
| MKS Business Park Stormwater Basin | 258,436 | 98,677 |
| Total | <u>\$ 9,395,730</u> | <u>\$ 7,424,664</u> |

IV. Detailed notes on all funds (continued)

C. Capital Assets (continued)

The funding sources for the projects above vary. The Traffic Signals at Summit Avenue at West Antietam and Salem Avenue at West Side Avenue is being funded by the American Rescue Plan Act (ARPA). 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 Design of Artifact Displays and Hager House Museum Improvements is being funded by and Appalachian Regional Commission Grant (ARC), CIP Fund Balance from Contingency and General Fund Transfers. The Workday Software Implementation is being funded by General Fund, Fund Balance Reserves. The Fire Department Training Center Training Towers is being funded by the General Fund and General Fund Reserves. All the remaining projects (Triple Combination Attack Pumper, Steam Engine Museum Train Hub and the Design and Construction of Mills Park Pavilion) are being funded through transfers from the General Fund. The Electric Telemetry Equipment is being funded by the Electric Fund. 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 Streetlight Replacement is being funded by the Electric Fund and Sole Grant. The Electric Substation Upgrades and the Kilpatrick Woods Circuit Upgrades are being funded by 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. The American Rescue Plan Act (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 Wastewater Treatment Plant Upgrades is being funded by the Wastewater Fund, MDE Bond Financing, and MDE State Grant. The Collection System Phase 1B is funded by the Appalachian Regional Commission (ARC) Grant and Wastewater Fund. The MKS Business Park Stormwater Basin is being funded by the Stormwater Fund.

IV. Detailed notes on all funds (continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2025, is as follows:

Advances from/to other funds:

| Receivable Fund | Payable Fund | Amount |
|-----------------|--|--------------------|
| General Fund | Community Development Block Grant Fund | \$ 64,500 |
| General Fund | Electric Fund | 1,216,000 |
| | Total | \$1,280,500 |

The temporary advance represents funds that were expended prior to their receipt from other funds or other governments. These funds are expected to be received shortly after the beginning of July 2025. The temporary advance will then be reversed.

Interfund transfers:

| Transfers in: | Transfers Out: | | | | | | | | | Total Transfers In: |
|------------------|----------------|-----------------------|-----------|-----------|------------|-----------|---------------------|------------------|------------------|---------------------|
| | General Fund | Nonmajor Governmental | Electric | Water | Wastewater | Parking | Nonmajor Enterprise | Internal Service | Capital Projects | |
| General | \$ - | \$ 22,655 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,655 |
| Capital Projects | 4,925,667 | 265,551 | 65,920 | 65,920 | 65,920 | 11,320 | - | - | - | 5,400,298 |
| Nonmajor | - | - | - | - | - | - | - | - | - | - |
| Governmental | 1,378,208 | - | - | - | - | - | - | - | - | 1,378,208 |
| Electric | - | - | - | - | - | - | - | - | - | - |
| Water | - | - | - | - | - | - | - | - | - | - |
| Wastewater | - | - | - | - | - | - | - | - | - | - |
| Parking | - | - | - | - | - | - | - | - | - | - |
| Nonmajor | - | - | - | - | - | - | - | - | - | - |
| Enterprise | 150,000 | - | - | - | - | - | - | - | - | 150,000 |
| Internal Service | - | - | - | - | - | - | - | - | - | - |
| Transfers out: | \$ 6,453,875 | \$ 288,206 | \$ 65,920 | \$ 65,920 | \$ 65,920 | \$ 11,320 | \$ - | \$ - | \$ - | \$ 6,951,161 |

The \$22,655 transferred into the General Fund has one component: (1) a \$22,655 transfer from the Community Development Block Grant Fund for full-time employee costs.

Transfers to the Capital Projects Fund from the General Fund for \$4,925,667 and from Non-major Governmental Funds for \$1,378,208 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 \$1,378,208 transfer from the General Fund to the Non-major Governmental Funds has two separate components: (1) a \$56,208 transfer to the Grant Revenue Fund for local match requirements, and (2) a \$1,322,000 transfer to Economic Redevelopment for the continuation of economic incentive programs.

The \$150,000 transfer from the General Fund to the Non-major Enterprise Funds has one component: a transfer to the Golf Course Fund for \$150,000 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 \$24,596,322 and \$2,474,793, respectively. The City has outstanding public sale bonds and direct placements and direct borrowings bonds related to business-type activities totaling \$21,373,678 and \$14,955,704, respectively.

Outstanding bonds sold by direct placement to the Maryland Water Quality Financing Administration (MWQFA) related to business-type funds contain provisions allowing acceleration of principal, late fees, additional interest (to the extent permitted by law) and an intercept mechanism allowing MWQFA to direct the Maryland State Treasurer to divert certain revenues intended to be shared with the City to MWQFA upon an event of default; certain of such remedies are not automatic but must be exercised at MWQFA's option. There were no new bond issues in FY2025 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.

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.

In FY2025, multiple bond issues were paid in full, including a State of Maryland revenue bond. These debt issues are no longer reflected in the schedules.

IV. Detailed notes on all funds (continued)

E. Long-term debt (continued)

| Description | Interest Rates | Maturity | Governmental Activities | Business-Type Activities | Total |
|---|----------------|----------|-------------------------|--------------------------|----------------------|
| Public Sale | | | | | |
| 2009B Taxable Build America Bonds | 5.00%-5.75% | 2029 | \$ 2,775,957 | \$ 3,114,043 | \$ 5,890,000 |
| 2011 Public Facilities Bonds | 2.00%-3.50% | 2031 | - | 2,545,000 | 2,545,000 |
| 2015A Public Facilities Bond | 3.06% | 2035 | 2,183,594 | 2,681,406 | 4,865,000 |
| 2015B Public Facilities Bond Taxable | 3.89% | 2035 | 379,459 | 700,541 | 1,080,000 |
| 2017A Public Facilities Bond | 2.58% | 2037 | 2,967,806 | 972,194 | 3,940,000 |
| 2017B Public Facilities Bond Taxable | 3.45% | 2037 | 339,506 | 760,494 | 1,100,000 |
| 2024 Public Facilities Bonds Taxable | 5.05% | 2049 | 15,950,000 | 10,600,000 | 26,550,000 |
| Subtotal General Obligation Bonds | | | \$ 24,596,322 | \$ 21,373,678 | \$ 45,970,000 |
| Direct Borrowings & Direct Placements | | | | | |
| 2007 MD Drinking Water Revolving Loan Fund | 0.40% | 2026 | \$ - | \$ 126,929 | \$ 126,929 |
| 2009 MDE West End Reservoir Tank Phase II | 0.00% | 2039 | - | 2,507,526 | 2,507,526 |
| 2009 MDE Water Quality Bond | 0.00% | 2032 | - | 239,686 | 239,686 |
| 2009 MDE RC Willson Mains | 0.00% | 2041 | - | 2,422,191 | 2,422,191 |
| 2009 MD Water Quality Revolving Loan Fund | 0.00% | 2030 | - | 1,712,844 | 1,712,844 |
| 2009 Salem Avenue Collection System Rehabilitation | 0.00% | 2030 | - | 191,711 | 191,711 |
| 2013A MDE Willson Plant Phase IV | 0.90% | 2044 | - | 6,029,753 | 6,029,753 |
| 2014 Public Improvement Bonds | 2.50% | 2029 | 135,900 | 388,578 | 524,478 |
| 2018 Public Improvements Bond Taxable | 4.30% | 2033 | 393,923 | 549,660 | 943,583 |
| 2018A MDE Willson Travel Screen & Pump | 0.80% | 2039 | - | 535,841 | 535,841 |
| 2018B MDE Willson Travel Screen & Pump | 0.00% | 2029 | - | 250,985 | 250,985 |
| 2019 Public Improvements Bond Tax Exempt | 2.98% | 2034 | 1,944,970 | - | 1,944,970 |
| Subtotal Direct Borrowings & Direct Placements | | | \$ 2,474,793 | \$ 14,955,704 | \$ 17,430,497 |
| Total bonds payable | | | \$ 27,071,115 | \$ 36,329,382 | \$ 63,400,497 |
| Premiums on bond issues | | | 563,132 | 258,516 | 821,648 |
| Total general obligation debt outstanding | | | \$ 27,634,247 | \$ 36,587,898 | \$ 64,222,145 |

*Footnote: 2018B MDE Willson Travel Screen & Pump for \$250,985 is a forgiveness debt.

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 |
| 2026 | \$ 1,257,640 | \$ 1,128,008 | \$ 278,569 | \$ 78,296 | \$ 1,507,360 | \$ 912,363 | \$ 1,409,188 | \$ 95,775 |
| 2027 | 1,314,902 | 1,068,071 | 284,239 | 69,594 | 1,565,098 | 845,378 | 1,290,474 | 87,218 |
| 2028 | 1,376,944 | 1,005,294 | 290,052 | 60,702 | 1,633,056 | 774,676 | 1,298,890 | 78,755 |
| 2029 | 1,433,790 | 938,837 | 296,014 | 51,616 | 1,701,210 | 699,666 | 1,558,497 | 70,084 |
| 2030 | 1,495,185 | 869,021 | 266,005 | 42,331 | 1,769,815 | 620,814 | 1,127,259 | 62,022 |
| 2031-2035 | 5,167,491 | 3,642,795 | 1,059,914 | 81,534 | 4,942,510 | 2,491,353 | 3,811,265 | 213,628 |
| 2036-2040 | 3,701,274 | 2,586,499 | - | - | 2,373,726 | 1,708,053 | 3,240,376 | 103,730 |
| 2041-2045 | 3,883,870 | 1,731,626 | - | - | 2,581,130 | 1,140,382 | 1,219,755 | 19,365 |
| 2046-2050 | 4,965,226 | 645,585 | - | - | 3,299,773 | 415,291 | - | - |
| Total | 24,596,322 | 13,615,736 | 2,474,793 | 384,073 | 21,373,678 | 9,607,976 | 14,955,704 | 730,577 |
| Premiums on bond issues | 563,132 | - | - | - | 258,516 | - | - | - |
| Total debt | \$ 25,159,454 | \$ 13,615,736 | \$ 2,474,793 | \$ 384,073 | \$ 21,632,194 | \$ 9,607,976 | \$ 14,955,704 | \$ 730,577 |

Changes in long-term liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|----------------------|------------------------|----------------------|---------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| Public Sale | | | | | |
| Bonds | \$ 9,558,918 | \$ 15,950,000 | \$ (912,596) | \$ 24,596,322 | \$ 1,257,640 |
| Direct Borrowings & Direct Placements Bonds | 2,747,832 | - | (273,039) | 2,474,793 | 278,569 |
| Premium | 281,428 | 317,591 | (35,887) | 563,132 | - |
| Total long-term debt | 12,588,178 | 16,267,591 | (1,221,522) | 27,634,247 | 1,536,209 |
| Compensated absences | 5,337,196 | 4,802,118 | (5,027,713) | 5,111,601 | 2,341,521 |
| Governmental activity Long-term liabilities | \$ 17,925,374 | \$ 21,069,709 | \$ (6,249,235) | \$ 32,745,848 | \$ 3,877,730 |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Public Sale | | | | | |
| Bonds | \$ 12,026,082 | \$ 10,600,000 | \$ (1,252,404) | \$ 21,373,678 | \$ 1,507,360 |
| Direct Borrowings & Direct Placements Bonds | 27,546,669 | - | (12,590,965) | 14,955,704 | 1,409,188 |
| Revenue bonds | 1,788 | - | (1,788) | - | - |
| Premium | 63,288 | 211,221 | (15,993) | 258,516 | - |
| Total long-term debt | 39,637,827 | 10,811,221 | (13,861,150) | 36,587,898 | 2,916,548 |
| Compensated absences | 1,883,973 | 1,657,757 | (1,878,776) | 1,662,954 | 853,119 |
| Business-type activities Long-term liabilities | \$ 41,521,800 | \$ 12,468,978 | \$ (15,739,926) | \$ 38,250,852 | \$ 3,769,667 |

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 2025.

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 \$20,000 for general liability risk claims, \$1,062,693 for health and dental insurance, and \$2,114,413 for workers compensation.

| | General Liability Risks Program | | Health and Dental Insurance Fund | | Workers Compensation Fund | |
|-------------------------------------|------------------------------------|------------------|-------------------------------------|-------------------|------------------------------|---------------------|
| | 2024/25 | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 |
| Unpaid claims, beginning of year | \$ 10,000 | \$ 10,000 | \$ 761,930 | \$ 904,490 | \$1,596,443 | \$ 1,433,386 |
| Incurred claims | 39,644 | 20,531 | 8,479,664 | 7,942,844 | 1,067,597 | 837,118 |
| Change in reserve | - | - | - | - | 517,970 | 163,057 |
| Claim payments | (29,644) | (20,531) | (8,178,901) | (8,085,404) | (1,067,597) | (837,118) |
| Unpaid claims, end of year | <u>\$ 20,000</u> | <u>\$ 10,000</u> | <u>\$ 1,062,693</u> | <u>\$ 761,930</u> | <u>\$2,114,413</u> | <u>\$ 1,596,443</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, 2025. 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, 284 retirees and their 85 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, 2025, the annual money-weighted rate of return of OPEB plan investments, net of the OPEB plan expense was 11.22%. The money-weighted rate of return reflects investment performance, excluding 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, 2025, the City recognized OPEB revenue of \$1,428,237. The components of the net OPEB liability as of June 30, 2025 were as follows:

| | |
|-----------------------------------|----------------------|
| Total OPEB Liability (TPL) | \$ 47,519,795 |
| Less: Plan Fiduciary Net Position | 23,312,383 |
| City's Net OPEB Liability | <u>\$ 24,207,412</u> |

| | |
|---|--------|
| City's Net Position as a Percentage of OPEB Liability | 49.06% |
|---|--------|

The schedule below reflects the factors that impact net position liability and results as June 30, 2025:

| | |
|--|----------------------|
| Total Fiduciary Liability | <u>2025</u> |
| Total OPEB Liability | |
| Service Cost | \$ 613,199 |
| Interest Cost | 3,208,003 |
| Differences Between Expected and Actual Experience | 4,075,365 |
| Plan Changes | (4,024,386) |
| Assumption Changes | 636,204 |
| Benefit Payments | (2,431,265) |
| Net Change in Total OPEB Liability | <u>2,077,120</u> |
| Total OPEB liability-Beginning of Year | 45,442,675 |
| Total OPEB liability-End of Year | <u>\$ 47,519,795</u> |

| | |
|--|----------------------|
| Plan Fiduciary Net Position | |
| Contributions-Employer | \$ 3,131,265 |
| Net Investment Income | 2,292,500 |
| Benefit Payments | (2,431,265) |
| Administrative Expense | (79,881) |
| Net Change in Fiduciary Net Position | <u>2,912,619</u> |
| Fiduciary Net Position-Beginning of Year | 20,399,764 |
| Fiduciary Net Position-End of Year | <u>\$ 23,312,383</u> |

| | |
|---|---------------|
| Net OPEB Liability | \$ 24,207,412 |
| Fiduciary Net Position as a % of Total OPEB Liability | 49.06% |

| | |
|--|---------------|
| Covered Employee Payroll | \$ 31,091,729 |
| Net OPEB Liability as a % of Payroll | 78% |
| Annual Money-Weighted Rate of Return, net of investment expense | 11.22% |

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, 2025 with a measurement date of June 30, 2025. 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 to 7.50% beginning FY2025 & decreasing 25 basis points to 4.5% annually for Pre-65 Benefits 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% | 3.75% |
| Large-Cap Domestic Equities | 42.00% | 7.75% |
| Mid/Small Domestic Equities | 6.00% | 8.00% |
| International Equities | 15.00% | 8.00% |
| Real Estate Investment Trusts | 2.00% | 6.75% |
| Fixed Investment Grade Bonds | 30.00% | 6.50% |
| 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 | \$ 29,350,118 | \$ 24,207,412 | \$ 19,869,677 |

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 | \$ 20,050,161 | \$ 24,207,412 | \$ 29,113,643 |

V. Other information (continued)

C. Other post employment benefits (continued)

OPEB deferred outflows of resources and deferred inflows of resources.

At June 30, 2025 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 1,862,732 | \$ - |
| Changes of assumptions | 1,269,957 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 807,089 |
| Total | \$ 3,132,689 | \$ 807,089 |

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: | |
|---------------------|---------------------|
| 2026 | \$ 1,102,497 |
| 2027 | (140,614) |
| 2028 | 579,691 |
| 2029 | 784,026 |
| | <u>\$ 2,325,600</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, 2025**

| | Other Post Employment Benefits (OPEB) Trust Fund |
|---|---|
| Assets | |
| Investments, at fair value: | |
| Cash and Cash Equivalents | \$ 961,600 |
| Government and Agency Issues | 3,520,221 |
| Corporate Debt Issues | 2,216,573 |
| Common Stock | 3,398,834 |
| Mutual Funds | 13,143,515 |
| Total investments | <u>23,240,743</u> |
| Interest Receivable | 71,640 |
| Total assets | <u>23,312,383</u> |
| Net Position Restricted for OPEB | \$ <u>23,312,383</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, 2025**

| | Other Post Employment Benefits (OPEB) Trust Fund |
|---|---|
| Additions | |
| Contributions: | |
| Employer | \$ 700,000 |
| Total contributions | <u>700,000</u> |
| Investment earnings: | |
| Interest and dividends | 780,285 |
| Net increase/(decrease) in the fair value of investments | 1,512,215 |
| Total investment earnings | 2,292,500 |
| Less investment expense | <u>58,807</u> |
| Net investment earnings | <u>2,233,693</u> |
| Total additions | <u>2,933,693</u> |
| Deductions | |
| Administrative expenses | <u>21,074</u> |
| Total deductions | <u>21,074</u> |
| Change in net position | 2,912,619 |
| Net position - beginning | <u>20,399,764</u> |
| Net position - ending | <u>\$ 23,312,383</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, 2024, the date of the most recent actuarial valuation:

| | |
|---------------------------------|------------|
| Active | 157 |
| Retired or disabled | 128 |
| Vested terminations or inactive | <u>17</u> |
| Total | <u>302</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 2024/25.

As of June 30, 2025, the plan's net position was \$28,032,415 and included the following policy target asset allocation breakdown.

| Asset Class | Target % of Portfolio | Expected Rate of Return w/o Inflation |
|-------------------------------|--------------------------|---|
| Cash | 3.00% | 3.75% |
| Large-Cap Domestic Equities | 42.00% | 7.75% |
| Mid/Small Domestic Equities | 6.00% | 8.00% |
| International Equities | 15.00% | 8.00% |
| Real Estate Investment Trusts | 2.00% | 6.75% |
| Fixed Investment Grade Bonds | 30.00% | 6.50% |
| Fixed High Yield Bonds | 2.00% | 6.75% |
| Total | 100.00% | 7.25% |

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

For the year ended June 30, 2025, the annual money weighted return on pension plan investments, net of investment expense was 11.21% 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, 2025, the City recognized Police and Fire Retirement expense of \$2,843,353. The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2025 is as follows:

| | |
|--|-----------------------------|
| Total Pension Liability (TPL) | \$ 67,403,761 |
| Less: Plan Fiduciary Net Position | <u>28,032,415</u> |
| City's Net Pension Liability | <u><u>\$ 39,371,346</u></u> |
| | |
| City's Net Position as a Percentage of TPL | 41.59% |

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, 2025:

| | |
|---|-----------------------------|
| Total pension liability | <u>2025</u> |
| Service cost: Retirement benefits | \$ 893,901 |
| Interest | 4,539,795 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 1,350,922 |
| Changes of assumptions | - |
| Benefit payments (includes member's contributions refunds, deaths, & terminations) | <u>(3,928,696)</u> |
| | \$ 2,855,922 |
| Total pension liability - beginning | <u>64,547,839</u> |
| Total pension liability - ending (a) | <u><u>\$ 67,403,761</u></u> |
| | |
| Plan fiduciary net position | |
| Contributions - employer | \$ 2,041,846 |
| Contributions - member | 1,148,526 |
| Net investment income | 2,838,753 |
| Benefit payments (includes member's contributions refunds, deaths, & terminations) | <u>(3,928,696)</u> |
| Administrative expense and Other | <u>(103,992)</u> |
| | 1,996,437 |
| Plan fiduciary net position - beginning | <u>26,035,978</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ 28,032,415</u></u> |
| | |
| City's net pension liability - ending (a) - (b) | <u><u>\$ 39,371,346</u></u> |
| | |
| Plan fiduciary net position as a percentage of total pension liability | 41.59% |
| Covered payroll | \$ 12,763,359 |
| | |
| Net liability as a percentage of covered payroll | 308.47% |
| | |
| Annual money-weighted rate of return, net of investment expense | 11.21% |

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 | \$ 47,939,347 | \$ 39,371,346 | \$ 32,263,557 |

Deferred outflows and inflows of resources related to pensions. As of June 30, 2025, 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 | \$ 4,538,983 | \$ - |
| Changes of assumptions | - | 9,325,239 |
| Net difference between projected and actual earnings on pension plan investments | - | 970,261 |
| Total | \$ 4,538,983 | \$ 10,295,500 |

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

| Year Ended June 30: | |
|---------------------|-----------------------|
| 2026 | \$ 1,354,535 |
| 2027 | (3,374,471) |
| 2028 | (3,810,538) |
| 2029 | 73,957 |
| | <u>\$ (5,756,517)</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, 2025 is as follows:

| | % of Portfolio | Expected Rate of Return w/o Inflation | Inflation | Expected Rate of Return w/ Inflation |
|-------------------------------|----------------|---------------------------------------|--------------|--------------------------------------|
| Cash | 2.40% | 3.75% | 0.00% | 3.75% |
| Large-Cap Domestic Equities | 42.70% | 7.75% | 2.25% | 5.50% |
| Mid/Small Domestic Equities | 10.70% | 8.00% | 2.25% | 5.75% |
| Global Domestic Equities | 0.00% | 8.00% | 2.25% | 5.75% |
| Global International Equities | 14.50% | 8.00% | 2.25% | 5.75% |
| Real Estate Investment Trusts | 0.00% | 6.75% | 2.25% | 4.50% |
| Fixed Investment Grade Bonds | 27.60% | 6.50% | 2.25% | 4.25% |
| Fixed High Yield Bonds | 2.10% | 6.75% | 2.25% | 4.50% |
| Total | 100.00% | 7.25% | 2.25% | 4.97% |

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, 2025**

| | Pension Trust Fund |
|---|-------------------------------|
| Assets | |
| Investments, at fair value: | |
| Cash and Cash Equivalents | \$ 873,581 |
| Government and Agency Issues | 3,956,058 |
| Corporate Debt Issues | 2,508,971 |
| Common Stock | 4,352,690 |
| Mutual Funds | 16,256,570 |
| Total investments | <u>27,947,870</u> |
| Interest Receivable | 84,545 |
| Total assets | <u>28,032,415</u> |
| Net Position Restricted for Pensions | <u><u>\$ 28,032,415</u></u> |

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

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025**

| | Pension Trust Fund |
|---|-------------------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 2,041,846 |
| Plan members | 1,148,526 |
| Total contributions | <u>3,190,372</u> |
| Investment earnings: | |
| Interest and dividends | 891,678 |
| Net increase/(decrease) in the fair value of investments | 1,947,100 |
| Other revenues | - |
| Total investment earnings | <u>2,838,778</u> |
| Less investment expense | <u>85,801</u> |
| Net investment earnings | <u>2,752,977</u> |
| Total additions | <u>5,943,349</u> |
| Deductions | |
| Benefits | 3,928,696 |
| Administrative expenses | 1,285 |
| Actuarial fees | 16,931 |
| Total deductions | <u>3,946,912</u> |
| Change in net position | 1,996,437 |
| Net position - beginning | <u>26,035,978</u> |
| Net position - ending | <u>\$ 28,032,415</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> |
|--------------------|------------------------------|----------------------------|-------------------------------|
| 2025 | \$ 2,750,250 | \$ 2,750,250 | 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, 2025, the City reported a liability of \$24,586,588 for its proportionate share of the net pension liability. The net Pension liability was measured as of June 30, 2024, 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, 2025, the City's proportion was 0.0935 percent.

For the year ended June 30, 2025, the City recognized pension expense of \$2,864,886. As of June 30, 2025, 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 | \$ 2,750,250 | \$ - |
| Changes of assumptions | 1,862,079 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,737,226 | - |
| Difference in contributions | 127,591 | - |
| Difference between actual and expected experience | 1,871,277 | - |
| Total | \$ 8,348,423 | \$ - |

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: | |
|---------------------|---------------------|
| 2026 | \$ 742,559 |
| 2027 | 2,739,898 |
| 2028 | 897,886 |
| 2029 | 646,425 |
| 2030 | 571,405 |
| | <u>\$ 5,598,173</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, 2024 pension liability calculation are as follows:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, closed |
| Inflation | 2.50% general, 3.00% wage |
| Salary Increases | 3.00% to 22.50%, including wage inflation |
| Discount Rate | 6.80% |
| Investment Rate of Return | 6.80% |
| Mortality | Public Sector 2010 Mortality Tables; MP-2021 Mortality improvement scale |

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------|-----------------------|--|
| Public Equity | 34.00% | 6.00% |
| Rate Sensitive | 20.00% | 2.40% |
| Credit Opportunity | 9.00% | 5.40% |
| Real Assets | 15.00% | 5.50% |
| Absolute Return | 6.00% | 3.90% |
| Private Equity | 16.00% | 8.50% |
| Total | <u>100.00%</u> | |

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

V. Other information (continued)

D. Employee retirement systems and pension plans (continued)

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

| | 1% decrease 5.80% | Current rate 6.80% | 1% increase 7.80% |
|---|----------------------|-----------------------|----------------------|
| City's proportionate share of the Net Pension Liability | \$ 35,732,792 | \$ 24,586,588 | \$ 15,295,441 |

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, 2024. 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 | \$ 21,312,003 | \$ 38,511,861 | \$ 59,823,864 |
| | End | 24,586,588 | 39,371,346 | 63,957,934 |
| Pension Assets | Beginning | 60,051,243 | 26,035,978 | 86,087,221 |
| | End | 63,474,797 | 28,032,415 | 91,507,212 |
| Deferred Outflow of Resources | | 8,348,423 | 4,538,983 | 12,887,406 |
| Deferred Inflow of Resources | | - | 10,295,500 | 10,295,500 |
| Pension Expense Recognized per Actuary | | 2,864,886 | 2,843,353 | 5,708,239 |

Required Supplementary Information

The City of Hagerstown Other Post Employment Benefits Plan

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

| Total Fiduciary Liability | <u>2025</u> | <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 | \$ 613,199 | \$ 614,509 | \$ 498,680 | \$ 427,146 | \$ 398,406 | \$ 363,917 | \$ 352,137 | \$ 355,153 | \$ 402,527 |
| Interest Cost | 3,208,003 | 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 | 4,075,365 | - | (3,493,900) | - | (1,927,377) | - | 662,512 | (1,259,781) | - |
| Plan Changes | (4,024,386) | - | - | - | - | - | - | (2,268,178) | - |
| Assumption Changes | 636,204 | 188,112 | 398,735 | 2,443,164 | (66,998) | 911,457 | 2,139,103 | 3,656 | - |
| Benefit Payments | (2,431,265) | (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>2,077,120</u> | <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>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> | <u>35,710,541</u> |
| Total OPEB liability-End of Year | <u>\$ 47,519,795</u> | <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 | \$ 3,131,265 | \$ 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 | 2,292,500 | 2,485,261 | 1,618,055 | (2,540,117) | 3,457,579 | 439,856 | 651,530 | 708,254 | 886,273 |
| Benefit Payments | (2,431,265) | (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 | (79,881) | (67,175) | (51,658) | (36,387) | (43,432) | (34,928) | (27,805) | (35,391) | (23,374) |
| Net Change in Fiduciary Net Position | <u>2,912,619</u> | <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>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> | <u>7,229,222</u> |
| Fiduciary Net Position-End of Year | <u>\$ 23,312,383</u> | <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 | \$ 24,207,412 | \$ 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 | 49.06% | 44.89% | 39.82% | 33.83% | 41.03% | 30.84% | 29.96% | 29.38% | 23.87% |
| Covered Employee Payroll | \$ 31,091,729 | \$ 29,398,653 | \$ 32,465,766 | \$ 30,267,821 | \$ 31,132,817 | \$ 29,146,447 | \$ 28,761,598 | \$ 28,463,725 | \$ 27,837,939 |
| Net OPEB Liability as a % of Payroll | 78% | 85% | 80% | 97% | 76% | 95% | 92% | 85% | 100% |
| Annual Money-Weighted Rate of Return, net of investment expense | 11.22% | 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 Nine Fiscal Years

| | <u>2025</u> | <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 | \$ 2,682,235 | \$ 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>(3,131,265)</u> | <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>\$ (449,030)</u> | <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 | \$ 31,091,729 | \$ 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 | 10.07% | 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 FY2025; decreasing 25 basis points to 4.5% annually for Pre-65 Benefits. 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

| | <u>2025</u> | <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> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | | | | | | |
| Service cost: Retirement benefits | \$ 893,901 | \$ 1,297,173 | \$ 1,225,614 | \$ 686,244 | \$ 686,694 | \$ 693,593 | \$ 871,348 | \$ 873,381 | \$ 818,483 | \$ 751,552 |
| Interest | 4,539,795 | 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 |
| Changes of benefit terms | - | - | - | - | 192,454 | - | (1,373,052) | - | - | - |
| Differences between expected and actual experience | 1,350,922 | 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) | <u>(3,928,696)</u> | <u>(4,028,603)</u> | <u>(3,226,243)</u> | <u>(3,201,469)</u> | <u>(3,015,905)</u> | <u>(2,953,506)</u> | <u>(3,023,539)</u> | <u>(2,663,168)</u> | <u>(2,525,420)</u> | <u>(2,421,115)</u> |
| | \$ 2,855,922 | \$ (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 |
| Total pension liability - beginning | <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>47,574,604</u> | <u>45,958,874</u> |
| Total pension liability - ending (a) | <u>\$ 67,403,761</u> | <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> |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 2,041,846 | \$ 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 |
| Contributions - member | 1,148,526 | 1,081,478 | 1,082,637 | 972,814 | 845,330 | 839,930 | 868,254 | 694,617 | 632,200 | 728,171 |
| Net investment income | 2,838,753 | 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 |
| Benefit payments (includes member's contributions refunds, deaths, & terminations) | <u>(3,928,696)</u> | <u>(4,028,603)</u> | <u>(3,226,243)</u> | <u>(3,201,469)</u> | <u>(3,015,905)</u> | <u>(2,953,506)</u> | <u>(3,023,539)</u> | <u>(2,663,168)</u> | <u>(2,525,420)</u> | <u>(2,421,115)</u> |
| Administrative expense and Other | <u>(103,992)</u> | <u>(114,794)</u> | <u>(103,215)</u> | <u>(96,560)</u> | <u>(92,510)</u> | <u>(81,692)</u> | <u>(132,378)</u> | <u>(127,872)</u> | <u>(116,599)</u> | <u>(109,198)</u> |
| | 1,996,437 | 1,950,978 | 1,791,136 | (4,426,207) | 4,864,560 | 265,045 | 546,789 | 909,141 | 1,337,599 | (313,887) |
| Plan fiduciary net position - beginning | <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>21,043,677</u> | <u>20,134,537</u> | <u>18,796,938</u> | <u>19,110,825</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 28,032,415</u> | <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> |
| City's net pension liability - ending (a) - (b) | <u>\$ 39,371,346</u> | <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> |
| Plan fiduciary net position as a percentage of total pension liability | 41.59% | 40.34% | 29.72% | 29.24% | 47.18% | 39.08% | 39.95% | 38.37% | 40.37% | 39.51% |
| Covered payroll | \$ 12,763,359 | \$ 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 |
| Net liability as a percentage of covered payroll | 308.47% | 320.50% | 472.55% | 499.27% | 285.62% | 326.87% | 325.31% | 335.85% | 305.68% | 296.22% |
| Annual money-weighted rate of return, net of investment expense | 11.21% | 14.28% | 10.80% | -13.78% | 26.62% | 4.78% | 5.61% | 7.47% | 10.54% | -0.16% |

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>2025</u> | <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> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 2,041,846 | \$ 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 |
| Employer contributions in relation to the actuarially determined contribution | \$ 2,041,846 | \$ 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 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$12,763,359 | \$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 |
| Contributions as a percentage of covered payroll | 16.00% | 14.00% | 13.97% | 13.94% | 14.00% | 13.97% | 13.94% | 13.91% | 13.91% | 13.51% |

Notes to schedule:

Valuation date: Employee data as of July 1, 2024 and assumption information as of June 30, 2025

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% 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>2025</u> | <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> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City's proportion of the ERS net pension liability (asset) | 0.0935% | 0.0925% | 0.0948% | 0.0964% | 0.0914% | 0.0905% | 0.0875% | 0.0820% | 0.0856% | 0.0865% |
| City's proportionate share of the ERS net pension liability (asset) | \$24,586,588 | \$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 |
| 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 |
| Plan fiduciary net position as a percentage of the total pension liability | 72.08% | 73.81% | 76.27% | 81.84% | 70.72% | 72.34% | 71.18% | 69.38% | 65.79% | 68.78% |

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>2025</u> | <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> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution (ERS) | \$ 2,447,323 | \$ 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 |
| Contributions in relation to the contractually required contribution | <u>(2,447,323)</u> | <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> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| City's covered payroll | \$18,139,887 | \$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 |
| Contributions as a percentage of covered payroll | 13.49% | 13.48% | 13.68% | 13.51% | 12.20% | 11.61% | 11.05% | 11.49% | 11.24% | 12.09% |

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 | 2.50% general, 3.00% wage |
| Salary Increases | 3.00% to 22.50%, including wage inflation |
| Discount Rate | 6.80% |
| Investment Rate of Return | 6.80% |
| Mortality | Public Sector 2010 Mortality Tables; MP-2021 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, 2025

| | Budgeted Amounts | | 2025 Actual | Variance with Final Budget - Positive (Negative) | 2024 Actual | Increase/ (Decrease) Over Prior Year |
|--|-------------------|-------------------|-------------------|---|-------------------|---|
| | Original | Final | | | | |
| Revenues and Transfers | | | | | | |
| General Property Taxes: | | | | | | |
| Current year's levy | \$ 37,495,967 | \$ 37,495,967 | \$ 39,731,394 | \$ 2,235,427 | \$ 35,102,082 | \$ 4,629,312 |
| Prior year's levy - net | (100,000) | (100,000) | (523,227) | (423,227) | 267,548 | (790,775) |
| Payments in lieu of taxes | 2,806,310 | 2,806,310 | 2,843,393 | 37,083 | 2,817,728 | 25,665 |
| Interest on delinquent taxes | 100,000 | 100,000 | (558,456) | (658,456) | 149,779 | (708,235) |
| | <u>40,302,277</u> | <u>40,302,277</u> | <u>41,493,104</u> | <u>1,190,827</u> | <u>38,337,137</u> | <u>3,155,967</u> |
| Less discounts allowed | (40,000) | (40,000) | (47,464) | (7,464) | (45,368) | (2,096) |
| Total General Property Taxes | <u>40,262,277</u> | <u>40,262,277</u> | <u>41,445,640</u> | <u>1,183,363</u> | <u>38,291,769</u> | <u>3,153,871</u> |
| Income and Other Taxes: | | | | | | |
| Income tax | 4,200,000 | 4,200,000 | 4,325,642 | 125,642 | 4,094,393 | 231,249 |
| Admission | 457,000 | 457,000 | 249,580 | (207,420) | 591,838 | (342,258) |
| Enterprise zone tax credits | 571,266 | 571,266 | 1,426,084 | 854,818 | 543,212 | 882,872 |
| Police protection | 1,000,000 | 1,205,209 | 1,205,209 | - | 1,351,297 | (146,088) |
| State aid for fire service | 70,000 | 77,858 | 77,858 | - | 77,593 | 265 |
| State highway user revenue | 125,000 | 225,321 | 225,321 | - | 134,650 | 90,671 |
| Financial corporations | 34,214 | 34,214 | 34,214 | - | 34,214 | - |
| Hotel/motel room tax | 325,000 | 325,000 | 306,253 | (18,747) | 311,918 | (5,665) |
| Cannabis sales tax | 64,000 | 64,000 | 90,629 | 26,629 | 43,294 | 47,335 |
| Total Income and Other Taxes | <u>6,846,480</u> | <u>7,159,868</u> | <u>7,940,790</u> | <u>780,922</u> | <u>7,182,409</u> | <u>758,381</u> |
| Licenses and Permits: | | | | | | |
| Residential rental licenses | 685,000 | 685,000 | 651,182 | (33,818) | 701,848 | (50,666) |
| Cable television franchise | 258,000 | 258,000 | 238,892 | (19,108) | 238,143 | 749 |
| Traders | 95,000 | 95,000 | 102,630 | 7,630 | 109,916 | (7,286) |
| Building permits | 550,000 | 603,834 | 989,337 | 385,503 | 833,123 | 156,214 |
| Electrical permits | 110,000 | 110,000 | 122,276 | 12,276 | 115,523 | 6,753 |
| Plumbing permits | 55,000 | 55,000 | 64,343 | 9,343 | 64,047 | 296 |
| Other | 603,000 | 603,000 | 586,440 | (16,560) | 501,094 | 85,346 |
| Total Licenses and Permits | <u>2,356,000</u> | <u>2,409,834</u> | <u>2,755,100</u> | <u>345,266</u> | <u>2,563,694</u> | <u>191,406</u> |
| Intergovernmental Grant Revenues: | | | | | | |
| Federal grants | 364,280 | 437,910 | 432,425 | (5,485) | 1,531,878 | (1,099,453) |
| State and local grants | 606,117 | 633,034 | 624,606 | (8,428) | 624,376 | 230 |
| Total Intergovernmental Grant Revenues | <u>970,397</u> | <u>1,070,944</u> | <u>1,057,032</u> | <u>(13,912)</u> | <u>2,156,254</u> | <u>(1,099,222)</u> |
| Service Charges: | | | | | | |
| Refuse collection fees | 4,878,340 | 4,878,340 | 4,636,127 | (242,213) | 3,571,239 | 1,064,888 |
| Swimming pool | 93,500 | 93,500 | 97,739 | 4,239 | 121,487 | (23,748) |
| Other | 928,568 | 928,568 | 123,548 | (805,020) | 1,466,506 | (1,342,958) |
| Total Service Charges | <u>5,900,408</u> | <u>5,900,408</u> | <u>4,857,414</u> | <u>(1,042,994)</u> | <u>5,159,232</u> | <u>(301,818)</u> |
| Fines and Forfeitures: | | | | | | |
| Safe Speed for School | 825,000 | 825,000 | 691,733 | (133,267) | 690,270 | 1,463 |
| Red Light Program | 210,000 | 210,000 | 209,042 | (958) | 193,225 | 15,817 |
| Other | 91,150 | 91,150 | 64,691 | (26,459) | 114,228 | (49,537) |
| Total Fines and Forfeitures | <u>1,126,150</u> | <u>1,126,150</u> | <u>965,466</u> | <u>(160,684)</u> | <u>997,723</u> | <u>(32,257)</u> |
| Unallocated General Revenues: | | | | | | |
| Administrative allocation | 1,997,500 | 1,997,500 | 1,997,500 | - | 1,997,500 | - |
| Interest on investments | 1,255,000 | 1,502,042 | 1,552,559 | 50,517 | 1,936,694 | (384,135) |
| Sale of land & other property | 3,500 | 3,500 | 62,630 | 59,130 | 34,703 | 27,927 |
| Miscellaneous | 145,956 | 166,632 | 176,589 | 9,957 | 168,883 | 7,706 |
| Total Unallocated General Revenues | <u>3,401,956</u> | <u>3,669,674</u> | <u>3,789,278</u> | <u>119,604</u> | <u>4,137,780</u> | <u>(348,502)</u> |
| Total Revenues | 60,863,668 | 61,599,155 | 62,810,720 | 1,211,565 | 60,488,861 | 2,321,859 |

* 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, 2025

| | Budgeted Amounts | | 2025 Actual | Variance with Final Budget - Positive (Negative) | 2024 Actual | Increase/ (Decrease) Over Prior Year |
|--|------------------|---------------|----------------|---|----------------|---|
| | Original | Final | | | | |
| Revenues and Transfers (continued) | | | | | | |
| Other Financing Sources: | | | | | | |
| Transfers from community development fund | - | 35,000 | 22,655 | (12,345) | 31,255 | (8,600) |
| Transfers from CIP Fund | - | - | - | - | 11,925 | (11,925) |
| Budgeted use of fund balance | 2,202,000 | 2,155,739 | - | (2,155,739) | - | - |
| Bond Proceeds | - | - | 317,591 | 317,591 | - | - |
| Total Other Financing Sources | 2,202,000 | 2,190,739 | 340,246 | (1,850,493) | 43,180 | (20,525) |
| Total Revenues and Other Financing Sources | \$ 63,065,668 | \$ 63,789,894 | \$ 63,150,966 | \$ (638,928) | \$ 60,532,041 | \$ 2,301,334 |
| Expenditures and Transfers | | | | | | |
| General Government: | | | | | | |
| Council | \$ 131,293 | 137,592 | 147,151 | \$ (9,559) | \$ 125,119 | \$ 22,032 |
| Mayor | 77,565 | 78,825 | 79,098 | (273) | 74,580 | 4,518 |
| City administrator | 261,069 | 261,069 | 265,480 | (4,411) | 252,858 | 12,622 |
| City clerk | 190,364 | 238,164 | 215,319 | 22,845 | 165,267 | 50,052 |
| Legal counsel | 281,000 | 281,000 | 296,154 | (15,154) | 237,270 | 58,884 |
| Public functions | 432,543 | 493,093 | 555,051 | (61,958) | 420,046 | 135,005 |
| Communications | 302,978 | 304,187 | 294,134 | 10,053 | 238,693 | 55,441 |
| Finance and accounting | 1,078,627 | 1,056,033 | 1,070,206 | (14,173) | 977,125 | 93,081 |
| Information technology | 1,625,011 | 1,633,351 | 1,727,337 | (93,986) | 1,247,160 | 480,177 |
| Customer Services, Billing & Treasurer | 647,170 | 649,971 | 821,274 | (171,303) | 649,228 | 172,046 |
| Planning | 527,694 | 531,747 | 504,072 | 27,675 | 469,238 | 34,834 |
| Annexation | 10,800 | 10,800 | 30,480 | (19,680) | 4,828 | 25,652 |
| City hall expenditures | 340,412 | 350,340 | 324,433 | 25,907 | 332,794 | (8,361) |
| City engineer | 1,421,807 | 1,572,609 | 1,534,502 | 38,107 | 1,199,435 | 335,067 |
| Human resources | 723,721 | 736,398 | 682,456 | 53,942 | 643,537 | 38,919 |
| Total General Government | 8,052,054 | 8,335,179 | 8,547,147 | (211,968) | 7,037,178 | 1,509,969 |
| Public Safety: | | | | | | |
| Police department | 17,914,495 | 18,108,901 | 17,676,537 | 432,364 | 16,485,000 | 1,191,537 |
| Fire department | 11,373,554 | 11,391,598 | 11,221,308 | 170,290 | 10,555,079 | 666,229 |
| Code enforcement | 1,897,715 | 1,918,088 | 1,828,345 | 89,743 | 1,632,594 | 195,751 |
| Signal department | 632,730 | 633,185 | 503,964 | 129,221 | 452,401 | 51,563 |
| Total Public Safety | 31,818,494 | 32,051,772 | 31,230,154 | 821,618 | 29,125,074 | 2,105,080 |
| Highways and Streets: | | | | | | |
| General street department operations | 1,850,821 | 1,879,354 | 1,728,537 | 150,817 | 1,534,637 | 193,900 |
| Snow removal | 386,100 | 386,100 | 364,797 | 21,303 | 261,066 | 103,731 |
| Central maintenance garage | 882,386 | 892,281 | 820,564 | 71,717 | 653,246 | 167,318 |
| Total Highways and Streets | 3,119,307 | 3,157,735 | 2,913,898 | 243,837 | 2,448,949 | 464,949 |
| Waste, Collection and Disposal | 4,875,807 | 4,897,909 | 4,555,590 | 342,319 | 4,484,707 | 70,883 |
| Culture and Recreation: | | | | | | |
| City parks | 2,330,393 | 2,335,179 | 2,004,469 | 330,710 | 1,962,866 | 41,603 |
| Swimming pool | 306,053 | 306,053 | 270,195 | 35,858 | 303,374 | (33,179) |
| Farmers market | - | - | - | - | 2,029 | (2,029) |
| Ice Rink | 103,800 | 215,664 | 145,141 | - | - | 145,141 |
| Stadium | 37,100 | 37,100 | 29,404 | 7,696 | 3,272 | 26,132 |
| Recreation department | 687,855 | 592,855 | 584,544 | 8,311 | 602,242 | (17,698) |
| Hager house and 202 train museum | 100,902 | 100,902 | 87,624 | 13,278 | 97,532 | (9,908) |
| Total Culture and Recreation | 3,566,103 | 3,587,753 | 3,121,377 | 395,853 | 2,971,315 | 150,062 |

* 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, 2025

| | Budgeted Amounts | | 2025 Actual | Variance with Final Budget - Positive (Negative) | 2024 Actual | Increase/ (Decrease) Over Prior Year |
|---|----------------------|----------------------|----------------------|---|----------------------|---|
| | Original | Final | | | | |
| Expenditures and Transfers (continued) | | | | | | |
| Economic and Community Development: | | | | | | |
| Economic development | 911,328 | 904,862 | 759,889 | 144,973 | 725,296 | 34,593 |
| Housing and community development | - | - | 26,131 | (26,131) | - | 26,131 |
| Total Economic and Community Development | <u>911,328</u> | <u>904,862</u> | <u>786,020</u> | <u>118,842</u> | <u>725,296</u> | <u>60,724</u> |
| Unallocated General Expenditures: | | | | | | |
| Retiree benefits | 1,656,025 | 1,656,025 | 1,673,321 | (17,296) | 1,553,734 | 119,587 |
| Contributions to other agencies | 205,000 | 205,000 | 204,751 | 249 | 202,500 | 2,251 |
| Inventory adjustments | 10,000 | 10,000 | (6,316) | 16,316 | 5,853 | (12,169) |
| Budget contingency | 175,000 | (100,000) | - | (100,000) | - | - |
| Total Unallocated General Expenditures | <u>2,046,025</u> | <u>1,771,025</u> | <u>1,871,756</u> | <u>(100,731)</u> | <u>1,762,087</u> | <u>109,669</u> |
| Debt Service: | | | | | | |
| Principal | 1,185,636 | 1,185,636 | 1,185,635 | 1 | 1,143,471 | 42,164 |
| Interest | 880,302 | 821,480 | 768,875 | 52,605 | 421,466 | 347,409 |
| Issuance Costs | 1,715 | 1,715 | 396,223 | (394,508) | 2,076 | 394,147 |
| Total Debt Service | <u>2,067,653</u> | <u>2,008,831</u> | <u>2,350,733</u> | <u>(341,902)</u> | <u>1,567,013</u> | <u>783,720</u> |
| Total Expenditures | \$ 56,456,771 | \$ 56,715,066 | \$ 55,376,675 | \$ 1,267,868 | \$ 50,121,619 | \$ 5,255,056 |
| Other Financing Uses: | | | | | | |
| Transfers to golf course fund | 150,000 | 150,000 | 150,000 | - | 250,000 | (100,000) |
| Transfers to grant revenue fund | 106,667 | 56,118 | 56,208 | (90) | 6,667 | 49,541 |
| Transfers to economic redevelopment fund | 1,322,000 | 1,322,000 | 1,322,000 | - | 1,128,000 | 194,000 |
| Transfers to capital projects fund | 2,823,120 | 3,073,135 | 3,073,135 | - | 2,489,451 | 583,684 |
| Transfers from FB reserves to capital projects fund | 2,202,000 | 2,402,781 | 1,852,532 | 550,249 | 2,649,316 | (796,784) |
| Total Other Financing Uses | <u>6,603,787</u> | <u>7,004,034</u> | <u>6,453,875</u> | <u>550,159</u> | <u>6,523,434</u> | <u>(69,559)</u> |
| Total Expenditures and Other Financing Uses | <u>63,060,558</u> | <u>63,719,100</u> | <u>61,830,550</u> | <u>1,818,027</u> | <u>56,645,053</u> | <u>5,185,497</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 5,110 | 70,794 | 1,320,416 | 1,179,099 | 3,886,988 | (2,884,163) |
| Fund balances - beginning | 24,614,393 | 24,614,393 | 24,614,393 | - | 20,727,405 | 3,886,988 |
| Fund balances - ending | \$ 24,619,503 | \$ 24,685,187 | \$ 25,934,809 | \$ 1,179,099 | \$ 24,614,393 | \$ 1,002,825 |

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, 2025

| | Budgeted Amounts | | 2025 Actual | Variance with Final Budget - Positive (Negative) | 2024 Actual | Increase/ (Decrease) Over Prior Year |
|---|----------------------------|----------------------------|----------------------------|---|----------------------------|---|
| | Original | Final | | | | |
| Revenues | | | | | | |
| Intergovernmental grant revenues | \$ 7,260,822 | \$ 7,816,078 | \$ 5,808,234 | \$ (2,007,844) | \$ 4,897,555 | \$ 910,679 |
| Income and other taxes | 1,635,000 | 2,285,459 | 2,285,459 | - | 2,096,151 | 189,308 |
| Contributions and donations | 82,000 | 47,000 | 3,753,183 | 3,706,183 | 1,386,846 | 2,366,337 |
| Interest income | 100,000 | 100,000 | 612,718 | 512,718 | 423,720 | 188,998 |
| Rental Income | 36,000 | 36,000 | 39,000 | 3,000 | - | 39,000 |
| Other revenues | - | 159,770 | 159,769 | (1) | 138,599 | 21,170 |
| Total revenues | <u>9,113,822</u> | <u>10,444,307</u> | <u>12,658,363</u> | <u>2,214,056</u> | <u>8,942,871</u> | <u>3,715,492</u> |
| Expenditures | | | | | | |
| General government projects | 17,273,000 | 20,945,898 | 21,962,302 | (1,016,404) | 17,518,744 | 4,443,558 |
| Public safety projects | 5,751,200 | 7,141,754 | 5,453,885 | 1,687,869 | 2,184,044 | 3,269,841 |
| Highways and streets projects | 1,632,322 | 1,588,566 | 1,185,041 | 403,525 | 1,071,709 | 113,332 |
| Culture and recreation | 2,737,000 | 2,747,759 | 715,045 | 2,032,714 | 855,392 | (140,347) |
| Total expenditures | <u>27,393,522</u> | <u>32,423,977</u> | <u>29,316,273</u> | <u>3,107,704</u> | <u>21,629,889</u> | <u>7,686,384</u> |
| Excess (deficiency) of revenues over (under) expenditures | (18,279,700) | (21,979,670) | (16,657,910) | 5,321,760 | (12,687,018) | (3,970,892) |
| Other Financing Sources (Uses) | | | | | | |
| Bond financing Current Year | - | - | 15,950,000 | 15,950,000 | - | 15,950,000 |
| Transfers in: | | | | | | |
| Excise tax fund | - | - | - | - | - | - |
| Forest conservation fund | - | - | - | - | - | - |
| General fund | 5,025,120 | 5,475,916 | 4,925,667 | (550,249) | 5,138,767 | (213,100) |
| Electric fund | 65,920 | 65,920 | 65,920 | - | 8,200 | 57,720 |
| Water fund | 65,920 | 65,920 | 65,920 | - | 8,200 | 57,720 |
| Wastewater fund | 65,920 | 65,920 | 65,920 | - | 8,200 | 57,720 |
| Community development block grant fund | 250,000 | 544,344 | 265,551 | (278,793) | 738,037 | (472,486) |
| Parking fund | 11,320 | 11,320 | 11,320 | - | 4,688 | 6,632 |
| Grant fund | - | - | - | - | - | - |
| Property management fund | - | - | - | - | - | - |
| Stormwater management fund | 100,000 | - | - | - | - | - |
| Transfers (out): | | | | | | |
| General fund | - | - | - | - | (11,925) | 11,925 |
| Budgeted use of fund balance | 12,795,500 | 15,850,330 | - | (15,850,330) | - | - |
| Total other financing sources and (uses) | <u>18,379,700</u> | <u>22,079,670</u> | <u>21,350,298</u> | <u>(729,372)</u> | <u>5,894,167</u> | <u>15,456,131</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses) | 100,000 | 100,000 | 4,692,388 | 4,592,388 | (6,792,851) | 11,485,239 |
| Fund balances - beginning | 2,638,970 | 2,638,970 | 2,638,970 | - | 9,431,821 | (6,792,851) |
| Fund balances - ending | \$ <u>2,738,970</u> | \$ <u>2,738,970</u> | \$ <u>7,331,358</u> | \$ <u>4,592,388</u> | \$ <u>2,638,970</u> | \$ <u>4,692,388</u> |

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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**City of Hagerstown, Maryland
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025**

| | Special Revenue Funds | | | | | | | Total Nonmajor Governmental Funds |
|---|--------------------------|---------------------------|----------------------|-------------------------------|-----------------|-------------------|--------------------------------|--|
| | Community Development | Economic Redevelopment | Flexible Spending | Business Revolving Loan | Excise Tax | Grant Revenue | Forest Conservation Fund | |
| | Block Grant | | | | | | | |
| Assets | | | | | | | | |
| Pooled cash and investments | \$ 119 | \$ 1,198,508 | \$ 4,572 | \$ 304,378 | \$ 4,659 | \$ 217,106 | \$ 200 | \$ 1,729,542 |
| Interest receivable | - | 500 | 2 | 128 | - | 74 | - | 704 |
| Accounts receivable | - | - | 2,332 | - | - | - | - | 2,332 |
| Intergovernmental receivable | 72,404 | - | - | - | - | 247,349 | - | 319,753 |
| Prepaid items | - | - | - | - | - | - | - | - |
| Loans receivable (net of allowance for uncollectibles) | 719,682 | - | - | 812,631 | - | - | - | 1,532,313 |
| Properties held for resale | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | |
| Pooled cash and investments | 7,383 | 1,874,016 | 25,939 | - | - | - | - | 1,907,338 |
| Total assets | \$ 799,588 | \$ 3,073,024 | \$ 32,845 | \$ 1,117,137 | \$ 4,659 | \$ 464,529 | \$ 200 | \$ 5,491,982 |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 32,940 | \$ 174,971 | \$ - | \$ - | \$ 4,659 | \$ 67,187 | \$ - | \$ 279,757 |
| Accrued liabilities | 3,190 | - | - | - | - | 5,428 | - | 8,618 |
| Advances from other funds | 64,500 | - | - | - | - | - | - | 64,500 |
| Escrowed taxes and insurance | - | - | - | - | - | - | - | - |
| Customer deposits | - | - | 25,939 | - | - | - | - | 25,939 |
| Deferred revenue | - | - | - | - | - | - | - | - |
| Undisbursed loan and grant commitments | 7,383 | 318,032 | - | - | - | - | - | 325,415 |
| Total liabilities | 108,013 | 493,003 | 25,939 | - | 4,659 | 72,615 | - | 704,229 |
| Fund Balance | | | | | | | | |
| Restricted: | | | | | | | | |
| Community redevelopment | 691,575 | - | - | - | - | - | - | 691,575 |
| Public safety | - | - | - | - | - | 391,914 | - | 391,914 |
| Forest conservation | - | - | - | - | - | - | 200 | 200 |
| Committed: | | | | | | | | |
| Community redevelopment | - | - | - | - | - | - | - | - |
| Assigned: | | | | | | | | |
| Community redevelopment | - | 2,580,021 | - | 1,117,137 | - | - | - | 3,697,158 |
| Employee benefit | - | - | 6,906 | - | - | - | - | 6,906 |
| Total fund balances | 691,575 | 2,580,021 | 6,906 | 1,117,137 | - | 391,914 | 200 | 4,787,753 |
| Total liabilities and fund balances | \$ 799,588 | \$ 3,073,024 | \$ 32,845 | \$ 1,117,137 | \$ 4,659 | \$ 464,529 | \$ 200 | \$ 5,491,982 |

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

| | Special Revenue Funds | | | | | | | Total Nonmajor Governmental Funds |
|--|--|---------------------------|----------------------|-------------------------------|-------------|-------------------|--------------------------------|--|
| | Community Development Block Grant | Economic Redevelopment | Flexible Spending | Business Revolving Loan | Excise Tax | Grant Revenue | Forest Conservation Fund | |
| Revenues | | | | | | | | |
| Intergovernmental grants | \$ 628,394 | \$ 228,763 | \$ - | \$ - | \$ - | \$ 1,042,046 | \$ - | \$ 1,899,203 |
| Program income | 10,953 | - | - | 19,256 | - | - | - | 30,209 |
| Investment earnings | - | 42,002 | 434 | 11,571 | - | 10,063 | 8 | 64,078 |
| Contributions and donations | - | - | - | - | - | - | - | - |
| Property sales | - | - | - | - | - | - | - | - |
| Other revenues | - | 4,560 | - | - | - | 50,288 | - | 54,848 |
| Total revenues | 639,347 | 275,325 | 434 | 30,828 | - | 1,102,397 | 8 | 2,048,339 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | 443,472 | - | 443,472 |
| Public safety | - | - | - | - | - | 379,595 | - | 379,595 |
| Economic and community development: | | | | | | | | |
| Public services | 132,636 | - | - | - | - | - | - | 132,636 |
| Public facilities/improvements | - | - | - | - | - | - | - | - |
| Housing rehabilitation | 146,469 | - | - | - | - | - | - | 146,469 |
| Commercial rehab grants | 23,183 | - | - | - | - | - | - | 23,183 |
| Direct economic development | - | 742,457 | - | 90,495 | - | 126,207 | - | 959,159 |
| Cost of properties sold | - | - | - | - | - | - | - | - |
| Administration | 346,486 | 26,159 | 35,190 | 182 | - | - | - | 408,017 |
| Capital outlay | 3,614 | - | - | - | - | 148,979 | - | 152,593 |
| Interest expense | 4 | - | - | - | - | - | - | 4 |
| Total expenditures | 652,392 | 768,616 | 35,190 | 90,677 | - | 1,098,253 | - | 2,645,128 |
| Excess (deficiency) of revenues over (under) expenditures | (13,045) | (493,291) | (34,756) | (59,849) | - | 4,144 | 8 | (596,789) |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | - | 1,322,000 | - | - | - | 56,208 | - | 1,378,208 |
| Transfers out | (288,206) | - | - | - | - | - | - | (288,206) |
| Total other financing sources (uses) | (288,206) | 1,322,000 | - | - | - | 56,208 | - | 1,090,002 |
| Net change in fund balances | (301,251) | 828,709 | (34,756) | (59,849) | - | 60,352 | 8 | 493,213 |
| Fund balances - beginning | 992,826 | 1,751,312 | 41,662 | 1,176,986 | - | 331,562 | 192 | 4,294,540 |
| Fund balances - ending | \$ 691,575 | \$ 2,580,021 | \$ 6,906 | \$ 1,117,137 | \$ - | \$ 391,914 | \$ 200 | \$ 4,787,753 |

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, 2025

| | Budgeted Amounts | | 2025 Actual | Variance with Final Budget - Positive (Negative) | 2024 Actual | Increase/ (Decrease) Over Prior Year |
|---|----------------------------|--------------------------|--------------------------|---|--------------------------|---|
| | Original | Final | | | | |
| Revenues | | | | | | |
| Intergovernmental grant revenues | \$ 1,106,156 | 1,124,263 | \$ 628,394 | \$ (495,869) | \$ 778,244 | \$ (149,850) |
| Program income | 25,000 | 25,000 | 10,953 | (14,047) | 21,702 | (10,749) |
| Investment earnings | 75 | 75 | - | (75) | - | - |
| Property sales | - | - | - | - | 355,000 | (355,000) |
| Total revenues | <u>1,131,231</u> | <u>1,149,338</u> | <u>639,347</u> | <u>(509,991)</u> | <u>1,154,946</u> | <u>(515,599)</u> |
| Expenditures | | | | | | |
| Public services | 140,000 | 140,000 | 132,636 | 7,364 | 202,156 | (69,520) |
| Public facilities/improvements | 40,000 | - | - | - | - | - |
| Housing rehabilitation | 147,000 | 285,982 | 146,469 | 139,513 | 261,214 | (114,745) |
| Clearance and demolition | 175,000 | 100,000 | - | 100,000 | - | - |
| Commercial rehab grants | 50,000 | 65,000 | 23,183 | 41,817 | 48,898 | (25,715) |
| Cost of properties sold | - | - | - | - | 542,940 | (542,940) |
| Administration | 296,680 | 235,363 | 346,486 | (111,123) | 175,379 | 171,107 |
| Capital outlay | 3,500 | 3,500 | 3,614 | (114) | 3,975 | (361) |
| Interest expense | 100 | 100 | 4 | 96 | 4 | - |
| Total expenditures | <u>852,280</u> | <u>829,945</u> | <u>652,392</u> | <u>177,553</u> | <u>1,234,566</u> | <u>(582,174)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 278,951 | 319,393 | (13,045) | (332,438) | (79,620) | 66,575 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers to general fund | - | (35,000) | (22,655) | 12,345 | (31,255) | 8,600 |
| Transfers to capital projects fund | <u>(250,000)</u> | <u>(544,344)</u> | <u>(265,551)</u> | <u>278,793</u> | <u>(738,037)</u> | <u>472,486</u> |
| Total other financing sources (uses) | <u>(250,000)</u> | <u>(579,344)</u> | <u>(288,206)</u> | <u>291,138</u> | <u>(769,292)</u> | <u>481,086</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses) | | | | | | |
| | 28,951 | (259,951) | (301,251) | (41,300) | (848,912) | 547,661 |
| Fund balances - beginning | 992,826 | 992,826 | 992,826 | - | 1,841,738 | (848,912) |
| Fund balances - ending | \$ <u>1,021,777</u> | \$ <u>732,875</u> | \$ <u>691,575</u> | \$ <u>(41,300)</u> | \$ <u>992,826</u> | \$ <u>(301,251)</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, 2025

| | Budgeted Amounts | | 2025 Actual | Variance with Final Budget - Positive (Negative) | 2024 Actual | Increase/ (Decrease) Over Prior Year |
|---|----------------------------|----------------------------|----------------------------|---|----------------------------|---|
| | Original | Final | | | | |
| Revenues | | | | | | |
| Intergovernmental grants | \$ 575,000 | \$ 228,763 | \$ 228,763 | \$ - | \$ 93,585 | \$ 135,178 |
| Investment earnings | 25,000 | 25,000 | 42,002 | 17,002 | 52,327 | (10,325) |
| Property sales | - | - | - | - | 28,891 | (28,891) |
| Rental income | - | 46,415 | 4,560 | (41,855) | 1,996 | 2,564 |
| Total revenues | <u>600,000</u> | <u>300,178</u> | <u>275,325</u> | <u>(24,853)</u> | <u>176,799</u> | <u>98,526</u> |
| Expenditures | | | | | | |
| Direct economic development | 1,742,500 | 796,250 | 742,457 | 53,793 | 286,399 | 456,058 |
| Administration | 21,633 | 21,633 | 26,159 | (4,526) | 15,314 | 10,845 |
| Total expenditures | <u>1,764,133</u> | <u>817,883</u> | <u>768,616</u> | <u>49,267</u> | <u>301,713</u> | <u>466,903</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,164,133) | (517,705) | (493,291) | 24,414 | (124,914) | (368,377) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers from general fund | 1,322,000 | 1,322,000 | 1,322,000 | - | 1,128,000 | 194,000 |
| Transfers to parking fund | - | - | - | - | (500,000) | 500,000 |
| Total other financing sources (uses) | <u>1,322,000</u> | <u>1,322,000</u> | <u>1,322,000</u> | <u>-</u> | <u>628,000</u> | <u>694,000</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses) | | | | | | |
| | 157,867 | 804,295 | 828,709 | 24,414 | 503,086 | 325,623 |
| Fund balances - beginning | 1,751,312 | 1,751,312 | 1,751,312 | - | 1,248,226 | (34,078) |
| Fund balances - ending | \$ <u>1,909,179</u> | \$ <u>2,555,607</u> | \$ <u>2,580,021</u> | \$ <u>24,414</u> | \$ <u>1,751,312</u> | \$ <u>291,545</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, 2025

| | <u>Original and Final Budget</u> | <u>2025 Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> | <u>2024 Actual</u> | <u>Increase/ (Decrease) Over Prior Year</u> |
|---|--|------------------------|---|-------------------------|---|
| Revenues | | | | | |
| Investment earnings | \$ 50 | \$ 434 | \$ 384 | \$ 857 | \$ (423) |
| Charges for services | 1,000 | - | (1,000) | 38,700 | (38,700) |
| Total revenues | <u>1,050</u> | <u>434</u> | <u>(616)</u> | <u>39,557</u> | <u>(39,123)</u> |
| Expenditures | | | | | |
| Administration | - | 35,190 | (35,190) | - | 35,190 |
| Total expenditures | <u>-</u> | <u>35,190</u> | <u>(35,190)</u> | <u>-</u> | <u>35,190</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,050 | (34,756) | (35,806) | 39,557 | (74,313) |
| Other Financing Sources (Uses) | | | | | |
| Transfers from general fund | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses) | | | | | |
| | 1,050 | (34,756) | (35,806) | 39,557 | (74,313) |
| Fund balances - beginning | 41,662 | 41,662 | - | 2,105 | 39,557 |
| Fund balances - ending | <u><u>\$ 42,712</u></u> | <u><u>\$ 6,906</u></u> | <u><u>\$ (35,806)</u></u> | <u><u>\$ 41,662</u></u> | <u><u>\$ (34,756)</u></u> |

City of Hagerstown, Maryland
Business Revolving Loan
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

| | <u>Original and Final Budget</u> | <u>2025 Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> | <u>2024 Actual</u> | <u>Increase/ (Decrease) Over Prior Year</u> |
|--|--|----------------------------|---|----------------------------|---|
| Revenues | | | | | |
| Investment earnings | \$ 5,500 | \$ 11,571 | \$ 6,071 | \$ 9,766 | \$ 1,805 |
| Miscellaneous | 250 | - | (250) | 150 | (150) |
| Program revenue | 26,000 | 19,256 | (6,744) | 60,106 | (40,850) |
| Total revenues | <u>31,750</u> | <u>30,828</u> | <u>(922)</u> | <u>70,022</u> | <u>(39,194)</u> |
| Expenditures | | | | | |
| Legal & Audit Fees | 1,500 | 182 | 1,318 | 200 | (18) |
| Direct economic development loans | - | 90,495 | (90,495) | - | 90,495 |
| Total expenditures | <u>1,500</u> | <u>90,677</u> | <u>15,314</u> | <u>200</u> | <u>90,477</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 | 30,250 | (59,849) | (90,099) | 69,822 | (129,671) |
| Fund balances - beginning | 1,176,986 | 1,176,986 | - | 1,107,164 | 69,822 |
| Fund balances - ending | \$ <u>1,207,236</u> | \$ <u>1,117,137</u> | \$ <u>(90,099)</u> | \$ <u>1,176,986</u> | \$ <u>(59,849)</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, 2025

| | <u>Original and Final Budget</u> | <u>2025 Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> | <u>2024 Actual</u> | <u>Increase/ (Decrease) Over Prior Year</u> |
|--|--|------------------------|---|------------------------|---|
| Revenues | | | | | |
| Investment earnings | \$ - | \$ - | \$ - | \$ - | \$ - |
| Excise tax | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | |
| Interest Expense | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers to capital projects fund | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - | - |
| Fund balances - beginning | - | - | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

City of Hagerstown, Maryland
Grant Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

| | Budgeted Amounts | | 2025 Actual | Variance with Final Budget - Positive (Negative) | 2024 Actual | Increase/ (Decrease) Over Prior Year |
|---|--------------------------|--------------------------|--------------------------|---|--------------------------|---|
| | Original | Final | | | | |
| Revenues | | | | | | |
| Intergovernmental | \$ 544,577 | \$ 1,062,103 | \$ 1,042,046 | \$ (20,057) | \$ 800,941 | \$ 241,105 |
| Investment earnings | 4,000 | 4,000 | 10,063 | 6,063 | 6,974 | 3,089 |
| Contributions and donations | - | - | - | - | 7,286 | (7,286) |
| Other revenues | - | - | 50,288 | 50,288 | 90,128 | (39,840) |
| Total revenues | <u>548,577</u> | <u>1,066,103</u> | <u>1,102,397</u> | <u>36,294</u> | <u>905,329</u> | <u>197,068</u> |
| Expenditures | | | | | | |
| General government | - | 443,472 | 443,472 | - | 420,692 | 22,780 |
| Public safety | 434,752 | 395,671 | 379,595 | 16,076 | 372,417 | 7,178 |
| Culture and recreation | - | - | - | - | - | - |
| Economic and community development | 200,000 | 126,207 | 126,207 | - | - | 126,207 |
| Capital outlay | 18,900 | 152,961 | 148,979 | 3,982 | 21,850 | 127,129 |
| Total expenditures | <u>653,652</u> | <u>1,118,311</u> | <u>1,098,253</u> | <u>20,058</u> | <u>814,959</u> | <u>283,294</u> |
| Excess (deficiency) of revenues over (under) expenditures | (105,075) | (52,208) | 4,144 | 56,352 | 90,370 | (86,226) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers from general fund | 106,667 | 56,208 | 56,208 | - | 6,667 | 57,362 |
| Total other financing sources (uses) | <u>106,667</u> | <u>56,208</u> | <u>56,208</u> | <u>-</u> | <u>6,667</u> | <u>57,362</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses) | | | | | | |
| | 1,592 | 4,000 | 60,352 | 56,352 | 97,037 | (28,864) |
| Fund balances - beginning | 331,562 | 331,562 | 331,562 | - | 234,525 | 97,037 |
| Fund balances - ending | \$ <u>333,154</u> | \$ <u>335,562</u> | \$ <u>391,914</u> | \$ <u>56,352</u> | \$ <u>331,562</u> | \$ <u>68,173</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, 2025

| | Budgeted Amounts | | 2025 Actual | Variance with Final Budget - Positive (Negative) | 2024 Actual | Increase/ (Decrease) Over Prior Year |
|--|----------------------|-------------------|----------------------|---|----------------------|---|
| | Original | Final | | | | |
| Revenues | | | | | | |
| Investment earnings | \$ 100 | 100 | \$ 8 | \$ (92) | \$ 14 | \$ (6) |
| Reforestation fees | - | - | - | - | - | - |
| Total revenues | <u>100</u> | <u>100</u> | <u>8</u> | <u>(92)</u> | <u>14</u> | <u>(6)</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 | - | - | - | - | - | - |
| Transfers from capital projects fund | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | 100 | 100 | 8 | (92) | 14 | (6) |
| Fund balances - beginning | 192 | 192 | 192 | - | 178 | 14 |
| Fund balances - ending | <u><u>\$ 292</u></u> | <u><u>292</u></u> | <u><u>\$ 200</u></u> | <u><u>\$ (92)</u></u> | <u><u>\$ 192</u></u> | <u><u>\$ 8</u></u> |

City Center — The Heart of 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, 2025

| | <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 | \$ 392,873 | \$ 514,406 | \$ 7,047,440 | \$ 7,954,719 |
| Interest receivable | 166 | 219 | 2,904 | 3,289 |
| Accounts receivable (net of allowance for uncollectibles) | 38,849 | 31,802 | 368,188 | 438,839 |
| Prepaid items | 892 | - | - | 892 |
| Total current assets | <u>432,780</u> | <u>546,427</u> | <u>7,418,532</u> | <u>8,397,739</u> |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Pooled cash and investments | - | - | - | - |
| Capital assets: | | | | |
| Land | 125,000 | 337,813 | - | 462,813 |
| Land improvements | 290,868 | - | 1,069,530 | 1,360,398 |
| Buildings and structures | 243,836 | 3,158,888 | 74,263 | 3,476,987 |
| Machinery and equipment | 579,054 | 36,959 | - | 616,013 |
| Automobiles and trucks | 152,210 | - | 980,312 | 1,132,522 |
| Infrastructure | 26,537 | - | 1,428,645 | 1,455,182 |
| Office furniture and fixtures | - | 109,993 | - | 109,993 |
| Construction in progress | - | - | 258,436 | 258,436 |
| Less accumulated depreciation | <u>(826,472)</u> | <u>(1,832,451)</u> | <u>(662,649)</u> | <u>(3,321,572)</u> |
| Total capital assets, net | 591,033 | 1,811,202 | 3,148,537 | 5,550,772 |
| Total noncurrent assets | <u>591,033</u> | <u>1,811,202</u> | <u>3,148,537</u> | <u>5,550,772</u> |
| Total assets | <u>1,023,813</u> | <u>2,357,629</u> | <u>10,567,069</u> | <u>13,948,511</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 123,086 | 2,493 | 55,456 | 181,035 |
| Compensated absences - current | 18,673 | - | 967 | 19,640 |
| Accrued liabilities | 6,605 | 3,266 | 7,983 | 17,854 |
| Unearned revenue | 2,764 | - | - | 2,764 |
| General obligation bonds - current | - | 6,451 | 40,657 | 47,108 |
| Total current liabilities | <u>151,128</u> | <u>12,210</u> | <u>105,063</u> | <u>268,401</u> |
| Noncurrent liabilities: | | | | |
| General obligation bonds - long term | - | 85,690 | 337,997 | 423,687 |
| Compensated absences | <u>17,226</u> | <u>-</u> | <u>878</u> | <u>18,104</u> |
| Total noncurrent liabilities | 17,226 | 85,690 | 338,875 | 441,791 |
| Total liabilities | <u>168,354</u> | <u>97,900</u> | <u>443,938</u> | <u>710,192</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | 591,033 | 1,719,061 | 2,769,883 | 5,079,977 |
| Unrestricted | 264,426 | 540,668 | 7,353,248 | 8,158,342 |
| Total net position | <u>\$ 855,459</u> | <u>\$ 2,259,729</u> | <u>\$ 10,123,131</u> | <u>\$ 13,238,319</u> |

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

| | <u>Golf Course</u> | <u>Property Management</u> | <u>Stormwater Management</u> | <u>Total Nonmajor Enterprise Funds</u> |
|--|--------------------------|--------------------------------|----------------------------------|--|
| Operating revenues: | | | | |
| Service charges | \$ 376,461 | \$ 269,436 | \$ 3,408,749 | 4,054,646 |
| Other revenues | 5,141 | - | 34,085 | 39,226 |
| Total operating revenues | <u>381,602</u> | <u>269,436</u> | <u>3,442,834</u> | <u>4,093,872</u> |
| Operating expenses: | | | | |
| Selling, general and administrative expenses | 576,842 | 311,264 | 860,579 | 1,748,685 |
| Depreciation | 43,719 | 101,940 | 149,858 | 295,517 |
| Total operating expenses | <u>620,561</u> | <u>413,204</u> | <u>1,010,437</u> | <u>2,044,202</u> |
| Operating income | <u>(238,959)</u> | <u>(143,768)</u> | <u>2,432,397</u> | <u>2,049,670</u> |
| Nonoperating revenues (expenses): | | | | |
| Investment earnings | 17,655 | 22,529 | 244,712 | 284,896 |
| Bond interest expense and premium | - | (3,294) | (17,749) | (21,043) |
| Bond issuance cost | - | (56) | - | (56) |
| Gain (Loss) on disposal of capital assets | - | - | - | - |
| Total nonoperating revenue (expenses) | <u>17,655</u> | <u>19,179</u> | <u>226,963</u> | <u>263,797</u> |
| Income (loss) before contributions and transfers | (221,304) | (124,589) | 2,659,360 | 2,313,467 |
| Capital contributions and grants | 52,493 | - | 286,486 | 338,979 |
| Transfers in | 150,000 | - | - | 150,000 |
| Transfers out | - | - | - | - |
| Changes in net position | <u>(18,811)</u> | <u>(124,589)</u> | <u>2,945,846</u> | <u>2,802,446</u> |
| Total net position - beginning | 874,270 | 2,384,318 | 7,177,285 | 10,435,873 |
| Total net position - ending | <u>\$ 855,459</u> | <u>\$ 2,259,729</u> | <u>\$ 10,123,131</u> | <u>13,238,319</u> |

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

| | Golf Course | Property Management | Stormwater Management | Total Nonmajor Enterprise Funds |
|---|--------------------------|--------------------------------|----------------------------------|--|
| Cash Flows From Operating Activities | | | | |
| Receipts from customers and users | \$ 372,819 | \$ 255,436 | \$ 3,431,240 | \$ 4,059,495 |
| Payments to suppliers | (119,491) | (143,657) | (506,787) | (769,935) |
| Payments to employees | (357,071) | (169,301) | (508,953) | (1,035,325) |
| Net cash used by operating activities | <u>(103,743)</u> | <u>(57,522)</u> | <u>2,415,500</u> | <u>2,254,235</u> |
| Cash Flows From Noncapital Financing Activities | | | | |
| Transfers from other funds | 150,000 | - | - | 150,000 |
| Net cash provided (used) by noncapital and related financing activities | <u>150,000</u> | <u>-</u> | <u>-</u> | <u>150,000</u> |
| Cash Flows From Capital And Related Financing Activities | | | | |
| Proceeds from intergovernmental capital grant | 52,493 | - | 286,486 | 338,979 |
| Acquisition and construction of capital assets | (146,696) | - | (642,419) | (789,115) |
| Principal paid on capital debt | - | (6,039) | (38,981) | (45,020) |
| Interest paid on capital debt | - | (3,311) | (17,959) | (21,270) |
| Bond issuance costs | - | (56) | - | (56) |
| Proceeds from disposal or sale of capital assets | - | 2 | - | 2 |
| Net cash provided (used) by capital and related financing activities | <u>(94,203)</u> | <u>(9,404)</u> | <u>(412,873)</u> | <u>(516,480)</u> |
| Cash Flows From Investing Activities | | | | |
| Interest and dividends received | 17,774 | 22,706 | 245,141 | 285,621 |
| Net cash provided by investing activities | <u>17,774</u> | <u>22,706</u> | <u>245,141</u> | <u>285,621</u> |
| Net increase (decrease) in pooled cash and investments | (30,172) | (44,220) | 2,247,768 | 2,173,376 |
| Pooled cash and investments, beginning of year | 423,045 | 558,626 | 4,799,672 | 5,781,343 |
| Pooled cash and investments, end of year | <u>\$ 392,873</u> | <u>\$ 514,406</u> | <u>\$ 7,047,440</u> | <u>\$ 7,954,719</u> |
| Reconciliation of operating income to net cash (used) by operating activities: | | | | |
| Operating income (loss) | \$ (238,959) | \$ (143,768) | \$ 2,432,397 | \$ 2,049,670 |
| Adjustments to reconcile operating income to net cash used by operating activities: | | | | |
| Depreciation expense | 43,719 | 101,940 | 149,858 | 295,517 |
| Net effect of changes in assets and liabilities | | | | |
| Accounts receivable | (8,616) | (13,950) | (18,172) | (40,738) |
| Prepaid items | (225) | - | - | (225) |
| Accounts payable | 114,238 | (2,343) | (89,524) | 22,371 |
| Compensated absences payable | (8,885) | - | (830) | (9,715) |
| Accrued liabilities | 1,142 | 649 | 1,187 | 2,978 |
| Customer deposits and rebates | - | (50) | 6,577 | 6,527 |
| Undisbursed Loans and Grants | - | - | (65,357) | (65,357) |
| Unearned revenue | (167) | - | - | (167) |
| Other long-term liabilities | (5,990) | - | (636) | (6,626) |
| Total adjustments | <u>135,216</u> | <u>86,246</u> | <u>(16,897)</u> | <u>204,565</u> |
| Net cash used by operating activities | <u>\$ (103,743)</u> | <u>\$ (57,522)</u> | <u>\$ 2,415,500</u> | <u>\$ 2,254,235</u> |
| Reconciliation of pooled cash and investments to the balance sheet | | | | |
| Pooled cash and investments | \$ 392,873 | \$ 514,406 | \$ 7,047,440 | \$ 7,954,719 |
| Restricted pooled cash and investments | - | - | - | - |
| Totals | <u>\$ 392,873</u> | <u>\$ 514,406</u> | <u>\$ 7,047,440</u> | <u>\$ 7,954,719</u> |

Public Services



INTERNAL SERVICE FUNDS

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

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

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

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

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City of Hagerstown, Maryland
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

| | <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 | \$ - | \$ 1,733,845 | \$ 741,826 | \$ 2,475,671 |
| Interest receivable | - | 743 | 316 | 1,059 |
| Accounts receivable (net of allowance for uncollectibles) | - | 148,124 | 9,974 | 158,098 |
| Prepaid Items | <u>223,988</u> | <u>956,406</u> | <u>-</u> | <u>1,180,394</u> |
| Total current assets | <u>223,988</u> | <u>2,839,118</u> | <u>752,117</u> | <u>3,815,223</u> |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Pooled cash and investments | <u>5,810,543</u> | <u>1,230,406</u> | <u>31,300</u> | <u>7,072,249</u> |
| Total noncurrent assets | <u>5,810,543</u> | <u>1,230,406</u> | <u>31,300</u> | <u>7,072,249</u> |
| Total assets | <u>6,034,531</u> | <u>4,069,524</u> | <u>783,417</u> | <u>10,887,472</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 150,428 | 962,512 | - | 1,112,940 |
| Accrued liabilities | <u>2,114,413</u> | <u>1,106,155</u> | <u>15,066</u> | <u>3,235,634</u> |
| Total current liabilities | <u>2,264,841</u> | <u>2,068,667</u> | <u>15,066</u> | <u>4,348,574</u> |
| Total liabilities | <u>2,264,841</u> | <u>2,068,667</u> | <u>15,066</u> | <u>4,348,574</u> |
| Net Position | | | | |
| Restricted | | | | |
| Cash held by others | 70,000 | 274,000 | 31,300 | 375,300 |
| Unrestricted | <u>3,699,690</u> | <u>1,726,857</u> | <u>737,051</u> | <u>6,163,598</u> |
| Total net position | <u>\$ 3,769,690</u> | <u>\$ 2,000,857</u> | <u>\$ 768,351</u> | <u>\$ 6,538,898</u> |

City of Hagerstown, Maryland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

| | Worker's Compensation | Health Insurance | Dental Insurance | Total Internal Service Funds |
|---|----------------------------------|-----------------------------|-----------------------------|---|
| Operating revenues: | | | | |
| Service charges | \$ 1,746,348 | \$ 8,501,608 | \$ 417,224 | \$ 10,665,180 |
| Stop Loss Reimbursements | - | 88,925 | - | 88,925 |
| Other revenues | - | 674,276 | - | 674,276 |
| Total operating revenues | <u>1,746,348</u> | <u>9,264,809</u> | <u>417,224</u> | <u>11,428,381</u> |
| Operating expenses: | | | | |
| Claim and premium expenses | 1,819,172 | 8,164,443 | 360,220 | 10,343,835 |
| Administrative expenses | 158,318 | 875,528 | 45,246 | 1,079,092 |
| Contributions to OPEB plan - Employer | - | 700,000 | - | 700,000 |
| Total operating expenses | <u>1,977,490</u> | <u>9,739,971</u> | <u>405,466</u> | <u>12,122,927</u> |
| Operating income (loss) | <u>(231,142)</u> | <u>(475,162)</u> | <u>11,758</u> | <u>(694,546)</u> |
| Nonoperating revenues (expenses): | | | | |
| Investment earnings | 44,010 | 57,873 | 30,433 | 132,316 |
| Total nonoperating revenue (expenses) | <u>44,010</u> | <u>57,873</u> | <u>30,433</u> | <u>132,316</u> |
| Income before contributions and transfers | <u>(187,132)</u> | <u>(417,289)</u> | <u>42,191</u> | <u>(562,230)</u> |
| Transfer in from other funds | - | - | - | - |
| Transfer out to other funds | - | - | - | - |
| Changes in net position | <u>(187,132)</u> | <u>(417,289)</u> | <u>42,191</u> | <u>(562,230)</u> |
| Total net position - beginning | 3,956,822 | 2,418,146 | 726,160 | 7,101,128 |
| Total net position - ending | <u>\$ 3,769,690</u> | <u>\$ 2,000,857</u> | <u>\$ 768,351</u> | <u>\$ 6,538,898</u> |

City of Hagerstown, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

| | Worker's Compensation | Health Insurance | Dental Insurance | Total Internal Service Funds |
|--|----------------------------------|-----------------------------|-----------------------------|---|
| Cash Flows From Operating Activities | | | | |
| Receipts from interfund services provided | \$ 1,746,348 | \$ 9,235,530 | \$ 416,941 | \$ 11,398,819 |
| Payments to suppliers | <u>(1,327,752)</u> | <u>(9,498,729)</u> | <u>(434,883)</u> | <u>(11,261,364)</u> |
| Net cash provided (used) by operating activities | <u>418,596</u> | <u>(263,199)</u> | <u>(17,942)</u> | <u>137,455</u> |
| Cash Flows From Noncapital Financing Activities | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | - | - | - | - |
| Net cash used by capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash Flows From Investing Activities | | | | |
| Interest and dividends received | <u>44,010</u> | <u>58,699</u> | <u>30,627</u> | <u>133,336</u> |
| Net cash provided by investing activities | <u>44,010</u> | <u>58,699</u> | <u>30,627</u> | <u>133,336</u> |
| Net increase in pooled cash and investments | 462,606 | (204,500) | 12,685 | 270,791 |
| Pooled cash and investments, beginning of year | <u>5,347,937</u> | <u>3,168,751</u> | <u>760,442</u> | <u>9,277,130</u> |
| Pooled cash and investments, end of year | \$ <u>5,810,543</u> | \$ <u>2,964,251</u> | \$ <u>773,126</u> | \$ <u>9,547,920</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating Income (loss) | \$ <u>(231,142)</u> | \$ <u>(475,162)</u> | \$ 11,758 | \$ <u>(694,546)</u> |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Net effect of changes in assets and liabilities | | | | |
| Accounts receivable | - | (29,279) | (283) | (29,562) |
| Prepaid items | 59,257 | (41,213) | - | 18,044 |
| Accounts payable | 72,511 | (29,835) | (34,645) | 8,031 |
| Accrued liabilities | 517,970 | 312,290 | 5,228 | 835,488 |
| Unearned revenue | - | - | - | - |
| Total adjustments | <u>649,738</u> | <u>211,963</u> | <u>(29,700)</u> | <u>832,001</u> |
| Net cash provided (used) by operating activities | <u>\$ 418,596</u> | <u>\$ (263,199)</u> | <u>\$ (17,942)</u> | <u>\$ 137,455</u> |
| Reconciliation of pooled cash and investments to the balance sheet | | | | |
| Pooled cash and investments | \$ - | \$ 1,733,845 | \$ 741,826 | \$ 2,475,671 |
| Restricted pooled cash and investments | <u>5,810,543</u> | <u>1,230,406</u> | <u>31,300</u> | <u>7,072,249</u> |
| Totals | \$ <u>5,810,543</u> | \$ <u>2,964,251</u> | \$ <u>773,126</u> | \$ <u>9,547,920</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)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 102,193,979 |
| Restricted | 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 | 4,787,753 |
| Unassigned | (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) | (37,829,749) |
| Total governmental activities net position | \$ 51,089,040 | \$ 50,538,893 | \$ 28,010,312 | \$ 29,875,967 | \$ 28,360,741 | \$ 37,968,647 | \$ 39,063,404 | \$ 42,749,535 | \$ 54,553,405 | \$ 69,151,983 |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 177,025,994 |
| Unassigned | 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 | 47,919,269 |
| Total business-type activities net position | \$ 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 | \$ 224,945,263 |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 279,219,973 |
| Restricted | 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 | 4,787,753 |
| Unrestricted | (3,177,436) | (1,392,368) | (27,815,587) | (32,776,314) | (28,786,442) | (16,444,626) | (9,646,636) | (4,874,035) | (5,856,641) | 10,089,520 |
| Total primary government net position | \$ 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 | \$ 294,097,246 |

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

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General Government | \$ 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 | \$ 11,835,983 |
| Public Safety | 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 | 34,332,197 |
| Highways and Streets | 2,680,585 | 2,650,626 | 2,791,282 | 3,258,426 | 3,044,652 | 2,693,969 | 2,632,966 | 2,748,834 | 2,659,293 | 3,251,877 |
| Waste Collection & Disposal | 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 | 4,556,010 |
| Culture and Recreation | 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 | 4,033,258 |
| Economic & Community Development | 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 | 3,930,340 |
| Interest on Long-term Debt | 540,521 | 628,301 | 622,454 | 615,223 | 668,563 | 475,278 | 466,867 | 425,192 | 384,693 | 1,062,776 |
| Total governmental activities expenses | 42,487,669 | 46,154,838 | 46,317,883 | 49,139,356 | 51,943,257 | 50,967,183 | 55,863,579 | 60,379,787 | 59,687,362 | 63,002,441 |
| Business-type activities: | | | | | | | | | | |
| Electric | 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 | 32,703,885 |
| Water | 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 | 15,369,201 |
| Wastewater | 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 | 16,770,800 |
| Parking | 738,566 | 724,828 | 771,525 | 794,876 | 854,950 | 832,848 | 920,257 | 1,022,269 | 1,486,673 | 1,814,081 |
| Golf Course | 443,541 | 481,273 | 432,368 | 440,537 | 470,640 | 479,098 | 517,697 | 499,547 | 542,071 | 616,199 |
| Property Management | 527,751 | 613,979 | 451,559 | 724,383 | 459,988 | 750,359 | 922,494 | 404,418 | 404,363 | 417,729 |
| Stormwater Management | - | - | - | - | - | 684,089 | 856,490 | 1,001,600 | 961,838 | 1,034,239 |
| Total business-type activities expenses | 49,119,197 | 49,404,822 | 48,809,122 | 54,044,110 | 52,484,620 | 53,645,648 | 55,515,383 | 55,168,805 | 57,582,875 | 68,726,134 |
| Total primary government expenses | \$ 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 | \$ 131,728,575 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General Government | \$ 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 | \$ 1,616,182 |
| Public Safety | 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 | 3,687,694 |
| Streets and Alleys | 48,843 | 149,743 | 73,337 | 68,235 | 64,644 | 53,467 | 94,223 | 134,454 | 109,619 | 97,608 |
| Waste Collection & Disposal | 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 | 4,636,128 |
| Parks and Recreation | 230,561 | 273,319 | 310,218 | 298,623 | 244,545 | 261,688 | 321,679 | 291,248 | 334,587 | 256,499 |
| Economic & Community Development | 62,417 | 61,746 | 150,415 | 201,209 | 60,608 | 280,050 | 43,807 | 48,406 | 81,808 | 30,209 |
| Operating grants and contributions | 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 | 3,026,046 |
| Capital grants and contributions | 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 | 9,561,417 |
| Total governmental activities program revenues | \$ 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 | \$ 22,911,783 |

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)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Electric | \$ 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 | \$ 32,224,789 |
| Water | 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 | 16,511,851 |
| Wastewater | 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 | 18,303,436 |
| Parking | 953,580 | 993,779 | 951,827 | 935,195 | 705,456 | 796,519 | 1,030,315 | 1,320,769 | 1,097,549 | 1,503,151 |
| Golf Course | 224,893 | 174,035 | 174,021 | 199,889 | 243,327 | 356,507 | 341,495 | 397,756 | 381,602 | 381,602 |
| Property Management | 344,644 | 308,646 | 356,826 | (225,351) | 280,561 | (119,092) | 287,257 | 280,462 | 292,981 | 269,436 |
| Stormwater Management | - | - | - | - | - | 590,025 | 2,928,167 | 3,196,138 | 3,329,963 | 3,442,834 |
| Operating grants and contributions | 69,489 | 44,502 | 5,616 | 750,196 | 240,000 | 894,857 | - | - | - | - |
| Capital grants and contributions | 2,669,305 | 2,136,516 | 1,449,023 | 2,568,732 | 5,037,394 | 4,965,080 | 5,947,247 | 3,478,438 | 10,115,909 | 9,590,809 |
| Total business-type activities program revenues | 50,650,793 | 51,264,659 | 52,614,200 | 55,908,486 | 57,342,758 | 59,318,388 | 64,139,329 | 59,739,984 | 67,682,957 | 82,227,908 |
| Total primary government program revenues | \$ 62,981,881 | \$ 62,447,728 | \$ 64,165,694 | \$ 68,853,583 | \$ 68,822,843 | \$ 78,849,070 | \$ 79,266,445 | \$ 79,000,535 | \$ 88,579,699 | \$ 105,139,691 |
| Net (expense)/revenue | \$ (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) | \$ (40,090,658) |
| Governmental activities | 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 | 13,501,774 |
| Business-type activities | (28,624,985) | (33,111,932) | (30,961,311) | (34,329,863) | (35,605,034) | (25,763,761) | (32,112,517) | (36,548,057) | (28,690,538) | (26,588,884) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property Taxes | 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 | 41,445,640 |
| Income and Other taxes | 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 | 10,532,135 |
| Excise Tax | - | - | - | - | - | - | - | - | - | - |
| Investment Earnings | 38,498 | 62,960 | 130,598 | 387,646 | 387,775 | 24,457 | 9,126 | 1,256,925 | 2,430,352 | 2,229,355 |
| Property Sales | - | - | - | - | - | - | - | - | - | - |
| Gain(Loss) on Disposal of Capital Assets | 803,541 | 285,595 | 295,497 | 544,636 | 555,819 | 590,471 | 274,699 | 400,199 | 808,592 | 423,026 |
| Miscellaneous | (118,745) | (117,983) | (478,644) | (655,763) | (325,719) | (295,571) | (817,249) | (972,900) | (720,712) | 59,080 |
| Transfers | - | - | - | - | - | 558,138 | - | - | - | - |
| Transfers of long-term debt | - | - | - | - | - | - | - | - | - | - |
| Capital Transfer from Closed Ice Rink Fund | - | - | - | - | - | - | - | - | - | - |
| Changes in Accounting Estimate | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities | 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 | 54,689,236 |
| Business-type activities: | | | | | | | | | | |
| Investment Earnings | 153,275 | 201,269 | 265,659 | 409,075 | 295,674 | 41,928 | 16,300 | 1,079,566 | 2,226,500 | 1,684,271 |
| Transfers | 118,745 | 117,983 | 478,644 | 655,763 | 325,719 | 295,571 | 817,249 | 972,900 | 720,712 | (59,080) |
| Transfers of long-term debt | - | - | - | - | - | (558,138) | - | - | - | - |
| Total business-type activities | 272,020 | 319,252 | 744,303 | 1,064,838 | 621,393 | (220,639) | 833,549 | 2,052,466 | 2,947,212 | 1,625,191 |
| Total primary government | \$ 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 | \$ 56,314,427 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ 14,598,578 |
| Business-type activities | 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 | 15,126,965 |
| Total primary government | \$ 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 | \$ 29,725,543 |

**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 |
|-------------|----------------|--------------|----------------|------------------|-------------------|------------------------|-------------------------|---------------------|----------------------|----------------|--------------|------------|
| 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 | 2,638,385 | 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 |
| 2025 | 41,445,640 | 4,325,642 | 249,580 | 2,510,780 | 1,205,209 | 34,214 | 77,858 | 1,426,084 | 306,253 | 90,629 | - | 51,671,889 |

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

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved/Undesignated | - | - | - | - | - | - | - | - | - | - |
| Nonspendable | 256,353 | 181,006 | 167,197 | 278,377 | 198,133 | 170,452 | 508,641 | 847,316 | 411,129 | 1,140,582 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | 250,000 | 251,426 | 251,426 | 250,000 | 250,000 | - | - | - |
| Assigned | 1,077,515 | 786,785 | 1,248,537 | 465,429 | 471,031 | 886,857 | 1,068,047 | 1,498,786 | 1,384,131 | 1,883,371 |
| Unassigned | 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 | 22,910,856 |
| Total General Fund | \$ 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 | \$ 25,934,809 |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved/Undesignated, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | - | - | - | - |
| Capital projects funds | - | - | - | - | - | - | - | - | - | - |
| Nonspendable | 2,034,494 | 2,555,252 | - | - | - | 13,628 | - | - | - | - |
| Restricted | 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 | 1,083,689 |
| Committed | 705,958 | 2,024,224 | 2,757,307 | 4,739,229 | 945,828 | 606,008 | 606,008 | 576,827 | - | - |
| Assigned | 3,614,734 | 2,595,895 | 4,304,923 | 3,970,340 | 4,821,536 | 6,441,188 | 8,462,280 | 11,068,590 | 5,608,930 | 11,035,422 |
| Unassigned | 276,605 | (92,306) | - | - | - | - | - | - | - | - |
| Total all other governmental funds | \$ 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 | \$ 12,119,111 |
| Total governmental funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved/Undesignated, reported in: | | | | | | | | | | |
| General fund | - | - | - | - | - | - | - | - | - | - |
| Special revenue funds | - | - | - | - | - | - | - | - | - | - |
| Capital projects funds | - | - | - | - | - | - | - | - | - | - |
| Nonspendable | 2,290,847 | 2,736,258 | 167,197 | 278,377 | 198,133 | 184,080 | 508,641 | 847,316 | 411,129 | 1,140,582 |
| Restricted | 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 | 1,083,689 |
| Committed | 705,958 | 2,024,224 | 3,007,307 | 4,990,655 | 1,197,254 | 856,008 | 856,008 | 576,827 | - | - |
| Assigned | 4,692,249 | 3,382,680 | 5,553,460 | 4,435,769 | 5,292,567 | 7,328,045 | 9,530,327 | 12,557,376 | 6,993,061 | 12,918,793 |
| Unassigned | 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 | 22,910,856 |
| Total all other governmental funds | \$ 19,973,290 | \$ 20,075,827 | \$ 21,274,187 | \$ 24,923,252 | \$ 22,974,550 | \$ 28,194,584 | \$ 28,639,742 | \$ 34,593,162 | \$ 31,547,903 | \$ 38,053,920 |

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

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---------------------|-------------------|---------------------|---------------------|-----------------------|---------------------|-------------------|---------------------|-----------------------|---------------------|
| Revenues: | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 41,445,640 |
| Income and other taxes | 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 | 10,226,249 |
| Licenses and permits | 1,910,357 | 1,922,814 | 2,157,177 | 2,144,825 | 2,144,423 | 3,271,882 | 2,667,306 | 2,566,286 | 2,563,694 | 2,755,100 |
| Intergovernmental grant revenues | 3,692,490 | 2,672,496 | 2,472,496 | 3,600,971 | 3,025,971 | 6,870,925 | 4,774,660 | 6,091,059 | 8,726,579 | 8,764,469 |
| Program Income | 51,859 | 50,888 | 145,915 | 196,959 | 60,608 | 280,050 | 43,807 | 48,405 | 81,808 | 30,209 |
| Charges for services | 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 | 4,857,414 |
| Fines and forfeitures | 1,426,168 | 1,151,264 | 1,163,093 | 949,862 | 966,215 | 1,022,555 | 938,187 | 969,744 | 997,723 | 965,466 |
| Investment Earnings | 38,498 | 62,960 | 130,598 | 387,646 | 387,775 | 24,457 | 9,126 | 1,251,705 | 2,430,352 | 2,229,355 |
| Property Sales | 32,306 | 44,401 | 39,898 | 282,254 | 177,464 | 351,252 | 9,103 | 41,084 | 418,594 | 62,630 |
| Contributions and Donations | 303,831 | 426,546 | 318,567 | 305,810 | 227,030 | 3,204,701 | 1,434,925 | 4,024,659 | 1,442,590 | 3,822,994 |
| Unallocated general revenue | 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 | 2,357,896 |
| Total revenues | 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 | 77,517,422 |
| Expenditures: | | | | | | | | | | |
| General government | 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 | 8,990,619 |
| Public safety | 22,489,750 | 22,652,900 | 23,337,935 | 23,426,428 | 24,094,838 | 25,449,377 | 25,655,249 | 27,657,605 | 29,497,490 | 31,609,749 |
| Street and alleys | 2,516,304 | 2,451,010 | 2,586,683 | 3,087,832 | 2,644,230 | 2,483,251 | 2,363,298 | 2,298,843 | 2,448,949 | 2,913,898 |
| Waste collection & disposal | 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 | 4,555,590 |
| Parks and recreation | 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 | 3,121,377 |
| Municipal buildings | - | - | - | - | - | - | - | - | - | - |
| Economic and Community Development | 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 | 3,932,339 |
| Unallocated general expenditures | 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 | 1,871,760 |
| Debt Service | | | | | | | | | | |
| Principal | 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 | 1,185,635 |
| Interest | 577,660 | 537,853 | 638,740 | 634,902 | 704,124 | 519,799 | 509,365 | 461,738 | 421,466 | 768,875 |
| Issuance costs | 1,656 | 117,200 | 29,595 | 34,520 | 1,778 | 1,715 | 1,715 | 1,715 | 2,076 | 396,223 |
| Capital Outlay | 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 | 27,992,011 |
| Total expenditures | 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 | 87,338,076 |
| Excess of revenues over(under) expenditures | (247,915) | (5,122,193) | (336,570) | 443,133 | (2,440,901) | 5,515,615 | 512,397 | 6,026,320 | (2,324,547) | (9,820,654) |
| Other financing sources(uses): | | | | | | | | | | |
| Transfers In | 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 | 6,801,161 |
| Transfers Out | (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) | (6,742,081) |
| Debt Issued | - | 4,793,526 | 1,265,000 | 3,105,000 | - | - | - | - | - | 16,267,591 |
| Sale of Capital Assets | - | - | - | - | - | - | - | - | - | - |
| Bond Financing Prior Proceeds Reprogram | - | 314,538 | - | - | - | - | - | - | - | - |
| Premium on Bond Financing | - | 198,989 | - | - | - | - | - | - | - | - |
| Proceeds of Long-term debt | - | - | - | - | - | - | - | - | - | - |
| Payment to Bond Escrow Agent | - | - | - | - | - | - | - | - | - | - |
| Total other funding sources(uses) | (69,593) | 5,224,730 | 1,534,930 | 3,205,932 | 492,198 | (295,571) | (67,249) | (72,900) | (720,712) | 16,326,671 |
| Net changes in Fund Balance | \$ (317,508) | \$ 102,537 | \$ 1,198,360 | \$ 3,649,065 | \$ (1,948,703) | \$ 5,220,044 | \$ 445,148 | \$ 5,953,420 | \$ (3,045,259) | \$ 6,506,017 |
| Debt Service as a percentage of noncapital expenditures | 5% | 5% | 5% | 5% | 6% | 5% | 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 |
|-------------------|---------------|-------------------------|----------------------------|------------------------------|----------------------------|------------------------|--|
| 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% |
| 2025 | 3,394,468 | - | 144,342 | 3,538,810 | 3.507 | 3,329,078 | 106.30% |

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 | City | | | | | | | | | | Overlapping Rates | | | | | | | |
|-------------------|---------------|---------------|-------------------|---------------------|------------------------------|-------------------|---------------|------------------------------|-------------------|---------------|------------------------------|-------------------|---------------|------------------------------|-------------------|-------|-------------------------|----------------------------------|
| | Apartment | | | Business & Personal | | | Total Direct | | | | County | | | State | | | Total Overlapping Rates | Total Direct & Overlapping Rates |
| | Real Property | Real Property | Property Tax Rate | Real Property | Business & Personal Property | Property Tax Rate | Real Property | Business & Personal Property | Property Tax Rate | Real Property | Business & Personal Property | Property Tax Rate | Real Property | Business & Personal Property | Property Tax Rate | | | |
| 2016 | 0.913 | 0.000 | 2.283 | 0.823 | 2.370 | 3.196 | 0.823 | 2.370 | 3.193 | 0.112 | 0.000 | 0.112 | 0.112 | 0.000 | 0.112 | 3.305 | 6.501 | |
| 2017 | 0.913 | 0.000 | 2.283 | 0.823 | 2.370 | 3.196 | 0.823 | 2.370 | 3.193 | 0.112 | 0.000 | 0.112 | 0.112 | 0.000 | 0.112 | 3.305 | 6.501 | |
| 2018 | 0.941 | 0.000 | 2.353 | 0.823 | 2.370 | 3.294 | 0.823 | 2.370 | 3.193 | 0.112 | 0.000 | 0.112 | 0.112 | 0.000 | 0.112 | 3.305 | 6.599 | |
| 2019 | 1.002 | 1.032 | 2.505 | 0.823 | 2.370 | 3.507 | 0.823 | 2.370 | 3.193 | 0.112 | 0.000 | 0.112 | 0.112 | 0.000 | 0.112 | 3.305 | 6.812 | |
| 2020 | 1.002 | 1.032 | 2.505 | 0.823 | 2.370 | 3.507 | 0.823 | 2.370 | 3.193 | 0.112 | 0.000 | 0.112 | 0.112 | 0.000 | 0.112 | 3.305 | 6.812 | |
| 2021 | 1.002 | 1.032 | 2.505 | 0.823 | 2.370 | 3.507 | 0.823 | 2.370 | 3.193 | 0.112 | 0.000 | 0.112 | 0.112 | 0.000 | 0.112 | 3.305 | 6.812 | |
| 2022 | 1.002 | 1.032 | 2.505 | 0.803 | 2.320 | 3.507 | 0.803 | 2.320 | 3.123 | 0.112 | 0.000 | 0.112 | 0.112 | 0.000 | 0.112 | 3.235 | 6.742 | |
| 2023 | 1.002 | 1.032 | 2.505 | 0.803 | 2.320 | 3.507 | 0.803 | 2.320 | 3.123 | 0.112 | 0.000 | 0.112 | 0.112 | 0.000 | 0.112 | 3.235 | 6.742 | |
| 2024 | 1.002 | 0.000 | 2.505 | 0.803 | 2.320 | 3.507 | 0.803 | 2.320 | 3.123 | 0.112 | 0.000 | 0.112 | 0.112 | 0.000 | 0.112 | 3.235 | 6.742 | |
| 2025 | 1.002 | 0.000 | 2.505 | 0.803 | 2.320 | 3.507 | 0.803 | 2.320 | 3.123 | 0.112 | 0.000 | 0.112 | 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, 2025

| Taxpayer | 2025 | | | 2016 | | |
|---|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| MCB Hagerstown LLC | \$ 204,433,767 | 1 | 5.79% | | | |
| NP Hagerstown Industrial 2 LLC | 115,175,134 | 2 | 3.26% | | | |
| Hagerstown Industrial Properties | 103,960,233 | 3 | 2.94% | | | |
| GVP Hagerstown LLC | 43,872,734 | 4 | 1.24% | | | |
| Lowes Home Centers, Inc. | 30,165,000 | 5 | 0.85% | \$ 35,347,527 | 2 | 1.33% |
| Bowman Railway LLC | 27,746,500 | 6 | 0.79% | | | |
| B33 Hagerstown LLC | 26,960,200 | 7 | 0.76% | | | |
| Tractor Supply Company | 26,742,100 | 8 | 0.76% | 22,066,733 | 3 | 0.83% |
| TR Hagerstown MOB LLC | 22,830,800 | 9 | 0.65% | | | |
| South End Inventory LLC | 21,920,400 | 10 | 0.62% | | | |
| Washington Real Estate | | | | 59,636,067 | 1 | 2.25% |
| Hagerstown Apartments (Limited) Partnership | | | | 20,255,100 | 4 | 0.76% |
| Walimart Real Estate Business Trust | | | | 20,128,400 | 5 | 0.76% |
| RPAL Hagerstown LLC | | | | 19,462,200 | 6 | 0.73% |
| OEKOS Stone House LLC | | | | 18,061,100 | 7 | 0.68% |
| Cortpark LLC | | | | 15,914,467 | 8 | 0.60% |
| Cortpark II LLC | | | | 15,914,467 | 9 | 0.60% |
| Verizon - Maryland | | | | 15,241,420 | 10 | 0.57% |
| Totals | \$ 623,806,868 | | | \$ 242,027,481 | | 9.11% |

Source: City of Hagerstown Support Services Manager

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

| Fiscal Year | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of Levy | | Collections in Subsequent Years | | Total Collections to Date | |
|-------------|--------------------------------|--|--------------------|---------------------------------|------------|---------------------------|--|
| | | Amount | Percentage of Levy | Subsequent Years | Amount | Percentage of Levy | |
| 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% | |
| 2025 | 34,028,558 | 33,276,038 | 97.8% | 315,277 | 33,591,315 | 98.72% | |

Source: City of Hagerstown Support Services Manager

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

| Fiscal Year | Personal Income (2) | Population (1) | Outstanding Debt (3) | | Percentage of Personal Income | Total Debt Per Capita |
|-------------|---------------------|----------------|----------------------|---------------|-------------------------------|-----------------------|
| | | | Governmental | Business-type | Total | |
| 2016 | 1,543,127,712 | 40,432 | 16,621,899 | 54,317,860 | 70,939,759 | 1,755 |
| 2017 | 1,617,311,412 | 40,452 | 20,398,889 | 53,355,638 | 73,754,527 | 1,823 |
| 2018 | 1,649,885,804 | 40,306 | 19,902,356 | 49,867,569 | 69,769,925 | 1,731 |
| 2019 | 1,727,568,645 | 40,205 | 21,109,308 | 46,940,798 | 68,050,106 | 1,693 |
| 2020 | 1,760,269,700 | 40,100 | 18,840,748 | 43,139,894 | 61,980,642 | 1,546 |
| 2021 | 1,970,946,087 | 43,527 | 16,617,257 | 40,294,697 | 56,911,954 | 1,308 |
| 2022 | 2,076,895,633 | 43,487 | 14,885,822 | 36,955,602 | 51,841,424 | 1,192 |
| 2023 | 2,233,208,502 | 43,701 | 13,755,890 | 44,373,669 | 58,129,559 | 1,330 |
| 2024 | 2,283,309,578 | 43,553 | 12,588,178 | 39,637,827 | 52,226,005 | 1,199 |
| 2025 | 2,416,795,269 | 43,909 | 27,634,247 | 36,587,898 | 64,222,145 | 1,463 |

NOTES:

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

Source:

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

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

| Fiscal Year | Total Taxable Assessed Value of Property (In Thousands) | Population | General Obligation Total Bonds | Percentage of Total Taxable | |
|-------------|---|------------|--------------------------------|-----------------------------|------------|
| | | | | Value of Property | Per Capita |
| 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 |
| 2025 | 3,538,810 | 43,909 | 64,222,145 | 1.81% | 1,463 |

| Fiscal Year | Total Taxable Assessed Value of Property (In Thousands) | Population | General Obligation Governmental Bonds | Percentage of Total Taxable | |
|-------------|---|------------|---------------------------------------|-----------------------------|------------|
| | | | | Value of Property | Per Capita |
| 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 |
| 2025 | 3,538,810 | 43,909 | 27,634,247 | 0.78% | 629 |

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, 2025

| | Debt Outstanding | Estimated Percentage Applicable* | Estimated Share of Overlapping Debt |
|--|------------------|----------------------------------|-------------------------------------|
| City of Hagerstown | \$ 142,965,578 | 22.21% | \$ 31,752,655 |
| Debt repaid with property taxes: County | | | |
| Subtotal, overlapping debt | | | |
| City of Hagerstown Direct Governmental Fund Debt | | | 27,634,247 |
| Total Direct and Overlapping Debt | | | \$ 59,386,901.96 |

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**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt Limit | \$ 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 | \$ 353,880,998 |
| Total net debt applicable to limit | 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 | 64,222,145 |
| Legal debt margin | \$ 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 | \$ 289,658,853 |
| Total net debt applicable to the limit as a percentage of debt limit | 26.71% | 27.77% | 26.11% | 25.09% | 22.19% | 18.95% | 16.18% | 19.12% | 16.34% | 18.15% |

Legal Debt Margin Calculation for Fiscal Year 2025

| | |
|--|--------------------|
| Total assessed value | 3,538,809,983 |
| Debt limit (10% of total assessed value) | 353,880,998 |
| Debt applicable to limit: | |
| General obligation bonds | 64,222,145 |
| Legal debt margin | <u>289,658,853</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 | |
| 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 |
| 2025 | 43,909 | 2,416,795,269 | 55,041 | 3.8 |

Data Source:

Population Data provided by the United States Census Bureau - Population Estimate July 1, 2025
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

| | 2025 | | | 2016 | | |
|---|---------------|------|---------------------------------------|---------------|------|---------------------------------------|
| Employer | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Washington County Public Schools | 3,388 | 1 | 5.28% | 3,100 | 1 | 4.62% |
| Meritus Health | 2,740 | 2 | 4.27% | 2,740 | 2 | 4.08% |
| FedEx Ground | 2,654 | 3 | 4.14% | 900 | 8 | 1.34% |
| FiServ | 2,185 | 4 | 3.41% | 1,300 | 7 | 1.94% |
| Volvo Powertrain NA (Mack Trucks, Inc.) | 1,836 | 5 | 2.86% | | | |
| Amazon | 1,500 | 6 | 2.34% | | | |
| The Bowman Group | 830 | 7 | 1.29% | 746 | 10 | 1.11% |
| Walmart | 565 | 8 | 0.88% | | | |
| Hagerstown Community College | 545 | 9 | 0.85% | 890 | 9 | 1.33% |
| Merkle Response Management Group | 545 | 10 | 0.85% | | | |
| State of Maryland | | | | 2,385 | 3 | 3.55% |
| Citicorp Credit Services | | | | 2,300 | 4 | 3.43% |
| First Data Merchant Services | | | | 2,183 | 5 | 3.25% |
| Washington County Government | | | | 1,352 | 6 | 2.01% |
| Federal Government | | | | | | |
| Total | 16,788 | | 26.17% | 17,896 | | 26.66% |

Source: Principal Employers for Washington County MD provided by Maryland Department of Commerce
Total County employment for 2025 was 64,169 and 2016 was 67,108 supplied by Bureau of Labor Statistics.

**City of Hagerstown, Maryland
Principal Electric Fund Customers
June 30, 2025**

| Customer | 2025 | | | | 2016 | | | |
|---|-------------------|---------------------|------|---|-------------------|---------------------|------|---|
| | KwH | Amount Billed | Rank | Percentage of Total Electric Fund Billing | KwH | Amount Billed | Rank | Percentage of Total Electric Fund Billing |
| City of Hagerstown (1) | 20,128,968 | \$ 1,832,431 | 1 | 6.09% | | | | |
| Conagra | 13,099,320 | 1,083,604 | 2 | 3.60% | | | | |
| Mari Holdings MD LLC | 11,652,000 | 957,739 | 3 | 3.18% | | | | |
| Washington County BOE (1) | 9,878,658 | 913,637 | 4 | 3.03% | | | | |
| HMS Hagerstown LLC | 7,471,841 | 673,016 | 5 | 2.24% | | | | |
| Hagerstown Housing Authority | 4,560,568 | 410,551 | 6 | 1.36% | | | | |
| Verizon #27787 | 3,213,617 | 274,130 | 7 | 0.91% | 3,368,604 | \$ 221,862 | 5 | 1.01% |
| Western Maryland Hospital | 3,143,162 | 254,028 | 8 | 0.84% | 3,015,965 | 194,554 | 9 | 0.89% |
| CM Offray | 2,657,220 | 246,803 | 9 | 0.82% | 3,372,340 | 258,416 | 3 | 1.18% |
| Washington County Commissioners HBP Inc. | 2,114,060 | 187,647 | 10 | 0.62% | | | | |
| City of Hagerstown - Public Works (1) | | | | | 2,876,000 | 206,408 | 7 | 0.94% |
| City of Hagerstown - Wastewater Plant (1) | | | | | 7,253,479 | 598,796 | 1 | 2.73% |
| C.E. Stevens Inc | | | | | 9,269,400 | 567,412 | 2 | 2.58% |
| Board of Education/North High (1) | | | | | 3,697,120 | 238,669 | 4 | 1.09% |
| Board of Education/Marshall Street (1) | | | | | 2,842,783 | 218,873 | 6 | 1.00% |
| HHA, Potomac Towers | | | | | 2,590,880 | 200,164 | 8 | 0.91% |
| | | | | | 2,079,520 | 148,476 | 10 | 0.68% |
| Totals | 77,919,414 | \$ 6,833,586 | | 22.70% | 40,366,091 | \$ 2,853,630 | | 13.00% |

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, 2025

| Customer | 2025 | | | | 2016 | | | |
|---|--------------------|---------------------|------|--|--------------------|---------------------|------|--|
| | Gallons | Amount Billed | Rank | Percentage of Total Water Fund Billing | Gallons | Amount Billed | Rank | Percentage of Total Water Fund Billing |
| Hagerstown Prison Complex (MCI) | 274,621,700 | \$ 1,298,110 | 1 | 11.32% | 437,232,300 | \$ 1,456,173 | 1 | 13.95% |
| Town of Smithsburg | 84,819,800 | 334,097 | 2 | 2.91% | 91,339,500 | 254,791 | 2 | 2.44% |
| Town of Williamsport | 58,290,500 | 235,402 | 3 | 2.05% | 55,388,800 | 158,845 | 3 | 1.52% |
| PR Valley Limited Partnership | 38,251,000 | 205,260 | 4 | 1.79% | 16,301,000 | 67,219 | 10 | 0.64% |
| Meritus Medical Center | 39,371,000 | 195,524 | 5 | 1.70% | 36,103,500 | 126,512 | 4 | 1.21% |
| Volvo Powertrain NA (Mack Trucks, Inc.) | 34,857,500 | 177,775 | 6 | 1.55% | 25,895,400 | 96,550 | 5 | 0.92% |
| Lakeside Park | 34,884,000 | 172,340 | 7 | 1.50% | 23,587,500 | 84,918 | 7 | 0.81% |
| Brookhaven Park Associates LP | 28,738,000 | 156,263 | 8 | 1.36% | 29,742,000 | 89,254 | 6 | 0.85% |
| Town of Funkstown | 29,565,100 | 125,080 | 9 | 1.09% | 18,828,800 | 72,644 | 8 | 0.70% |
| Washington County Commissioners | 18,115,300 | 120,995 | 10 | 1.05% | 17,053,000 | 69,332 | 9 | 0.66% |
| Oak Ridge Apartments | | | | | | | | |
| Citigroup Mid Atlantic | | | | | | | | |
| Totals | 641,513,900 | \$ 3,020,846 | | 26.33% | 751,471,800 | \$ 2,476,238 | | 23.72% |

Source: City of Hagerstown Billing Department.

**City of Hagerstown, Maryland
Principal Wastewater Fund Customers
June 30, 2025**

| Customer | 2025 | | | | 2016 | | | |
|---|---------------------------|----------------------------|------|---|---------------------------|----------------------------|------|---|
| | Gallons | Amount Billed | Rank | Percentage of Total Wastewater Fund Billing | Gallons | Amount Billed | Rank | Percentage of Total Wastewater Fund Billing |
| Meritus Medical Center | 39,371,000 | \$ 459,302 | 1 | 3.45% | 35,092,616 | \$ 310,408 | 1 | 2.61% |
| Brookhaven Park Associates LP | 28,738,000 | 357,376 | 2 | 2.68% | 8,603,800 | 87,070 | 9 | 0.73% |
| Conagra | 46,071,800 | 327,053 | 3 | 2.46% | | | | |
| Washington County Commissioners | 18,115,300 | 248,220 | 4 | 1.86% | 21,318,300 | 111,800 | 6 | 0.94% |
| CM Offray | 22,806,900 | 230,821 | 5 | 1.73% | | | | |
| Washington County BOE | 23,742,100 | 220,531 | 6 | 1.66% | | | | |
| Hagerstown Housing Authority | 29,890,100 | 217,371 | 7 | 1.63% | 18,769,500 | 96,183 | 8 | 0.81% |
| Cortpark LLC | 24,561,400 | 172,057 | 8 | 1.29% | 26,494,200 | 136,676 | 3 | 1.15% |
| Washington County Development | 11,398,000 | 168,501 | 9 | 1.27% | | | | |
| Volvo Powertrain NA (Mack Trucks, Inc.) | 11,318,300 | 156,749 | 10 | 1.18% | 12,521,200 | \$ 125,671 | 4 | 1.06% |
| Washington County Detention Center | | | | | 16,166,500 | 144,503 | 2 | 1.22% |
| Northhave MHC LLC | | | | | 15,778,700 | 117,090 | 5 | 0.99% |
| Homes for Hagerstown (Realty Investment Co) | | | | | 18,771,000 | 101,945 | 7 | 0.86% |
| Western Maryland State Hospital | | | | | 15,978,900 | 83,675 | 10 | 0.70% |
| Totals | <u>256,012,900</u> | <u>\$ 2,557,981</u> | | 19.21% | <u>189,494,716</u> | <u>\$ 1,315,021</u> | | 11.07% |

Source: City of Hagerstown Billing Department.

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

| Function | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 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) | 28.84 | 6.75 | 6.75 | 6.75 | 6.75 | 6.85 | 6.15 | 6.15 | 6.30 | 6.30 |
| Subtotal Administration | 31.84 | 9.75 | 9.75 | 9.75 | 9.75 | 9.85 | 9.15 | 9.15 | 9.30 | 9.30 |
| Finance/Accounting | 8.50 | 8.50 | 8.50 | 8.50 | 8.40 | 8.40 | 8.00 | 9.00 | 9.00 | 9.00 |
| Information Technology, Communications & Support Services | 12.00 | 14.10 | 14.10 | 14.10 | 13.10 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Community Engagement | - | - | - | - | - | - | - | - | 1.00 | 1.00 |
| Billing/Customer Service | - | - | - | - | - | 9.00 | 9.00 | 10.00 | 10.00 | 10.00 |
| Human Resources | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 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 | 21.00 |
| Engineering | 30.64 | 30.65 | 30.92 | 30.92 | 26.41 | 26.27 | 24.75 | 10.24 | 10.44 | 10.55 |
| Police Sworn | 108.00 | 112.00 | 112.00 | 112.00 | 112.00 | 112.00 | 104.00 | 91.00 | 91.00 | 91.00 |
| Police Administration/Civilian | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 16.00 | 16.00 | 20.00 | 18.00 | 21.00 |
| Fire | 83.00 | 83.00 | 83.00 | 83.00 | 78.00 | 78.00 | 78.00 | 80.00 | 78.00 | 79.00 |
| Public Works & Parks and Recreation (2) | 32.50 | 32.90 | 32.90 | 32.90 | 23.55 | 24.95 | 24.95 | 40.71 | 40.86 | 39.96 |
| Stormwater (General Fund Operations) | - | - | - | - | 5.86 | 3.86 | - | - | - | - |
| Total General Fund | 326.48 | 330.90 | 331.17 | 331.17 | 317.07 | 321.33 | 305.85 | 303.10 | 300.60 | 303.81 |
| Electric | 35.55 | 35.55 | 35.55 | 35.55 | 31.51 | 29.96 | 28.85 | 28.85 | 29.85 | 28.85 |
| Water | 54.52 | 54.52 | 54.52 | 54.02 | 50.36 | 48.67 | 50.60 | 49.60 | 51.10 | 52.10 |
| Wastewater | 48.26 | 48.26 | 48.26 | 48.76 | 46.56 | 46.95 | 45.55 | 46.55 | 44.05 | 44.05 |
| Golf Course | 2.52 | 2.52 | 2.25 | 2.25 | 2.25 | 2.24 | 2.24 | 2.24 | 2.24 | 2.24 |
| Parking | 2.40 | 2.20 | 2.20 | 2.20 | 2.20 | 2.80 | 2.80 | 2.80 | 2.90 | 3.30 |
| Property Management | 1.10 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.55 | 1.05 |
| Community Development Block Grant | 2.01 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.70 | 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 | 3.90 |
| Approved City Staffing Levels | 473.00 | 477.00 | 477.00 | 477.00 | 453.00 | 455.00 | 445.00 | 441.00 | 438.00 | 442.00 |
| General Operations | 123.75 | 123.05 | 123.32 | 123.32 | 114.22 | 117.48 | 110.70 | 114.95 | 116.30 | 115.51 |
| Public Safety | 206.00 | 210.00 | 210.00 | 210.00 | 205.00 | 206.00 | 198.00 | 191.00 | 187.00 | 191.00 |
| Business-type Activities | 143.25 | 143.95 | 143.68 | 143.68 | 133.78 | 131.52 | 136.30 | 135.05 | 134.70 | 135.49 |

(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 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire Department | | | | | | | | | | |
| Responses to Fire calls | 3,623 | 3,575 | 3,774 | 3,801 | 3,910 | 3,978 | 4,199 | 4,289 | 4,251 | 4,629 |
| Average response time (in minutes) | 4:14 | 4:29 | 4:15 | 4:26 | 4:52 | 5:10 | 2:58 | 4:05 | 3:58 | 4:09 |
| Public fire education programs | 1,029 | 1,131 | 1,187 | 1,222 | 978 | 26 | 35 | 37 | 150 | 174 |
| Police Department | | | | | | | | | | |
| Calls for service | 54,762 | 55,519 | 61,944 | 55,224 | 55,224 | 50,085 | 80,702 | 82,381 | 68,598 | 62,546 |
| Alarm calls (included in above number) | 484 | 402 | 560 | 524 | 524 | 336 | 1,974 | 1,658 | 1,622 | 749 |
| Parks and Recreation | | | | | | | | | | |
| Claude M Potterfield Pool | | | | | | | | | | |
| Total attendance at swimming pool | 21,876 | 25,776 | 21,631 | 23,212 | 16,132 | 15,444 | 20,704 | 17,353 | 21,984 | 18,999 |
| Average daily attendance at pool | 264 | 293 | 254 | 273 | 249 | 178 | 233 | 209 | 262 | 238 |
| The Greens at Hamilton Run | | | | | | | | | | |
| Total attendance at golf course** | 10,759 | 10,006 | 11,133 | 12,835 | 15,717 | 21,397 | 20,620 | 23,344 | 17,102 | 18,452 |
| Average daily attendance at golf course | 55 | 53 | 43 | 45 | 55 | 58 | 56 | 64 | 68 | 65 |
| Electric Department | | | | | | | | | | |
| Number of active accounts | 16,936 | 17,085 | 17,093 | 17,161 | 17,215 | 17,070 | 17,550 | 17,570 | 17,626 | 17,751 |
| Number of meters (in use) | 17,691 | 17,512 | 17,504 | 17,674 | 17,761 | 17,374 | 17,665 | 17,648 | 17,665 | 17,752 |
| Kilowatt hours purchased | 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 | 346,040,738 |
| Kilowatt hours sold | 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 | 324,810,218 |
| System peak demand-kilowatts | 60,680 | 60,850 | 67,464 | 69,608 | 60,071 | 62,687 | 62,860 | 69,215 | 65,134 | 74,394 |
| Water Department | | | | | | | | | | |
| Number of active accounts-City | 13,215 | 13,324 | 13,369 | 13,422 | 13,499 | 13,786 | 13,821 | 14,040 | 13,971 | 14,116 |
| Number of active accounts-County | 15,778 | 15,967 | 16,100 | 16,288 | 16,436 | 16,591 | 16,955 | 17,170 | 17,182 | 17,336 |
| Total number of active accounts | 28,993 | 29,291 | 29,469 | 29,710 | 29,935 | 30,377 | 30,776 | 31,210 | 31,153 | 31,452 |
| Daily average productions in million gallons | | | | | | | | | | |
| R.C. Willson Plant (365 days) | 11,700 | 11,000 | 10,010 | 10,250 | 10,340 | 10,800 | 11,840 | 11,280 | 11,770 | 11,500 |
| W/m. M. Breichner Plant (365 days) | - | - | - | - | - | - | - | - | - | - |
| Greatest consumption for a single day | 14.54 | 12.85 | 12.04 | 12.21 | 11.58 | 12.80 | 12.23 | 12.90 | 12.95 | 15.40 |
| Plant pumping capacity per day | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Average daily metered consumption | 8,160 | 7,980 | 7,680 | 7,706 | 7,797 | 7,831 | 7,856 | 7,839 | 7,820 | 7,964 |
| Wastewater Department | | | | | | | | | | |
| Number of active accounts-City | 12,930 | 13,060 | 13,107 | 13,157 | 13,229 | 13,382 | 13,558 | 13,628 | 13,681 | 13,689 |
| Number of active accounts-County | 2,934 | 2,976 | 2,987 | 3,032 | 3,071 | 3,111 | 3,137 | 3,141 | 3,169 | 3,153 |
| Number of active accounts-District (USA) | 3,633 | 3,670 | 3,729 | 3,765 | 3,821 | 3,868 | 3,942 | 3,972 | 4,009 | 2,679 |
| Number of active accounts-Total | 19,497 | 19,706 | 19,823 | 19,954 | 20,121 | 20,361 | 20,637 | 20,741 | 20,859 | 19,521 |
| Daily average of sewage treated (million gallons)(including inflow and infiltration) | 7,020 | 6,700 | 0,300 | 10,600 | 5,560 | 5,810 | 5,826 | 5,260 | 5,840 | 6,000 |
| 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 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Parking Department | | | | | | | | | | |
| Parking Deck: | | | | | | | | | | |
| Number of Parking Spaces | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 1,023 |
| Number of Permit Parkers | 693 | 605 | 570 | 596 | 615 | 613 | 628 | 743 | 756 | 603 |
| Operating Revenue: | | | | | | | | | | |
| Meter Fees | \$ 180,153 | \$ 170,999 | \$ 166,717 | \$ 167,100 | \$ 122,885 | \$ 91,831 | \$ 132,626 | \$ 138,499 | \$ 153,774 | \$ 164,991 |
| Permit Fees | \$ 157,777 | \$ 19,731 | \$ 191,471 | \$ 213,612 | \$ 150,989 | \$ 189,265 | \$ 185,660 | \$ 165,024 | \$ 165,692 | \$ 163,175 |
| Deck | \$ 500,368 | \$ 528,540 | \$ 439,464 | \$ 485,666 | \$ 353,246 | \$ 362,802 | \$ 541,911 | \$ 559,243 | \$ 629,689 | \$ 1,029,379 |
| Parking ticket violations issued | 7,985 | 8,587 | 11,985 | 11,314 | 7,928 | 10,674 | 12,817 | 12,654 | 12,175 | 13,169 |
| Net parking fines | \$ 118,163 | \$ 127,708 | \$ 183,458 | \$ 164,966 | \$ 85,325 | \$ 156,251 | \$ 149,032 | \$ 137,386 | \$ 142,926 | \$ 140,480 |
| Sanitation | | | | | | | | | | |
| Number of Waste Collection and Disposal Accounts | | | | | | | | | | |
| Residential | 14,412 | 14,364 | 14,586 | 14,666 | 14,759 | 14,913 | 15,026 | 15,960 | 16,043 | 15,527 |
| Commercial (Trash only) | 68 | - | - | 24 | 33 | 36 | 74 | 77 | 78 | 82 |
| Special Revenue Funds | | | | | | | | | | |
| Number outstanding loans: | | | | | | | | | | |
| Community Development Block Grant | | | | | | | | | | |
| Single family | 2 | 5 | 7 | 13 | 14 | 18 | 19 | 21 | 18 | 16 |
| Residential Rental | 9 | 9 | 9 | 8 | 7 | 6 | 6 | 6 | 2 | 2 |
| Commercial | 2 | 2 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred | 35 | 37 | 35 | 36 | 36 | 35 | 35 | 32 | 19 | 18 |
| Public facilities and improvements | 3 | 4 | 4 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Homeownership | 5 | 5 | 6 | 4 | 4 | 4 | 3 | 3 | 3 | 0 |
| Direct Homeownership | 5 | 10 | 9 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Business Revolving Loans | 18 | 12 | 10 | 16 | 16 | 15 | 15 | 15 | 13 | 12 |
| Total | 79 | 84 | 82 | 85 | 84 | 85 | 85 | 84 | 62 | 55 |
| Outstanding loan balances: | | | | | | | | | | |
| Community Development Block Grant | | | | | | | | | | |
| Single family | \$ 2,951 | \$ 35,592 | \$ 44,427 | \$ 155,380 | \$ 138,205 | \$ 264,216 | \$ 304,968 | \$ 301,389 | \$ 153,691 | \$ 213,333 |
| Residential Rental | 795,402 | 656,671 | 688,176 | 871,961 | 836,582 | 560,723 | 532,012 | 502,297 | 106,275 | 91,513 |
| Commercial | 106,983 | 234,099 | 261,116 | 19,464 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred | 839,607 | 797,529 | 863,392 | 893,032 | 882,717 | 879,096 | 877,216 | 892,353 | 683,617 | 683,617 |
| Public facilities and improvements | 324,546 | 671,463 | 715,276 | 267,712 | 254,897 | 244,505 | 232,849 | 219,808 | 207,390 | 192,086 |
| Homeownership | 93,023 | 217,964 | 266,411 | 73,399 | 67,674 | 62,910 | 45,486 | 41,408 | 30,829 | 12,973 |
| Business Revolving Loans | 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 | 1,158,632 |
| Total | \$ 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 | \$ 2,352,154 |
| Program income (interest and loan repayments) | | | | | | | | | | |
| Community Development Block Grant | | | | | | | | | | |
| Single family | \$ 4,040 | \$ 8,879 | \$ 99,941 | \$ 10,924 | \$ 57,055 | \$ 21,992 | \$ 23,586 | \$ 13,151 | \$ 46,315 | \$ 18,889 |
| Residential Rental | 32,477 | 57,651 | 58,745 | 75,132 | 60,631 | 295,905 | 44,425 | 45,171 | 408,776 | 17,169 |
| Commercial | 21,564 | 33,280 | 23,892 | 21,563 | 19,766 | 35 | 0 | 0 | 0 | 0 |
| Deferred | 0 | 2,561 | 2,301 | 1,549 | 26,239 | 35 | 20 | 3,024 | 26,610 | 0 |
| Public facilities and improvements | 235,477 | 69,578 | 68,309 | 20,474 | 19,386 | 15,556 | 20,534 | 18,385 | 16,971 | 19,831 |
| Homeownership* | 10,363 | 66,183 | 22,805 | 11,201 | 6,762 | 5,392 | 4,310 | 6,435 | 15,336 | 18,078 |
| Business Revolving Loans | 73,273 | 85,714 | 175,432 | 257,876 | 66,000 | 233,081 | 62,262 | 69,556 | 162,956 | 54,803 |
| Total | \$ 377,194 | \$ 323,846 | \$ 451,425 | \$ 398,719 | \$ 255,839 | \$ 571,961 | \$ 155,137 | \$ 155,722 | \$ 676,964 | \$ 128,770 |

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 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fire Department | | | | | | | | | | |
| Number of stations (4 volunteer, 1 City owned) | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Police Department | | | | | | | | | | |
| Number of Stations and Substations | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Public Works Department | | | | | | | | | | |
| Miles of paved streets and alleys | 153.90 | 154.39 | 154.39 | 154.62 | 154.62 | 154.79 | 155.04 | 156.20 | 156.61 | 157.40 |
| Number of signalized intersections | 133 | 136 | 136 | 136 | 136 | 137 | 137 | 137 | 137 | 138 |
| Parks and Recreation | | | | | | | | | | |
| Parks and Playgrounds (266 acres) | 20 | 21 | 22 | 22 | 23 | 23 | 29 | 29 | 29 | 22 |
| Outdoor swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Municipal golf courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ice Hockey Rinks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Municipal Stadium | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Museums | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Community Garden | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Indoor Sports Facility | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| 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) | 430 | 430 | 430 | 430 | 431 | 441 | 443 | 443 | 445 | 445 |
| Fire hydrants | 824 | 824 | 831 | 825 | 845 | 886 | 886 | 972 | 1,010 | 1,015 |
| City | 1,354 | 1,361 | 1,372 | 1,387 | 1,392 | 1,393 | 1,405 | 1,771 | 1,910 | 1,480 |
| County | | | | | | | | | | |
| Wastewater Department | | | | | | | | | | |
| Number of City owned pumping stations | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 24 | 24 | 24 |
| Miles of collection system-City owned | 157 | 157 | 157 | 157 | 158 | 185 | 185 | 185 | 185 | 185 |
| Parking Department | | | | | | | | | | |
| Number of Lots | 7 | 8 | 7 | 7 | 7 | 7 | 13 | 12 | 13 | 13 |
| Number of Parking Spaces (Metered or Rented) | 701 | 716 | 716 | 699 | 699 | 699 | 713 | 514 | 477 | 544 |
| Lots | 372 | 376 | 376 | 333 | 333 | 333 | 333 | 345 | 345 | 377 |
| Streets | | | | | | | | | | |
| Number of Parking Decks | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |

Source: Corresponding City Department.

Hagerstown Gives Back



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