

TOWN OF BEL AIR, MARYLAND

**Financial Statements Together with
Report of Independent Public Accountants**

For the Year Ended June 30, 2020

(This page intentionally left blank.)



JUNE 30, 2020

TABLE OF CONTENTS

	PAGE
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	18
Government-wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	21
Reconciliation of the Governmental Fund	
Balance Sheet to the Statement of Net Position.....	22
Statement of Revenues, Expenditures and Changes	
in Fund Balances	23
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures and Changes in Fund Balances to the Statement of Activities	24
General Fund:	
Statement of Revenues and Expenditures – Budget and Actual	
(Non-GAAP Budgetary Basis)	25
Special Revenue Fund:	
Statement of Revenues and Expenditures – Budget and Actual	
(Non-GAAP Budgetary Basis)	26
Proprietary Funds:	
Statement of Net Position – Proprietary Funds (Enterprise Funds).....	27
Statement of Revenues, Expenses and Change in	
Net Position – Proprietary Funds (Enterprise Funds)	28
Statement of Cash Flows – Proprietary Funds (Enterprise Funds)	29
Fiduciary Funds:	
Statement of Fiduciary Net Position	30
Statement of Changes in Fiduciary Net Position	31
Notes to Financial Statements	32
REQUIRED SUPPLEMENTARY INFORMATION.....	68
Schedule of Changes in Net OPEB Liability and Related Ratios.....	69
Schedule of Contribution – OPEB.....	70
Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios	71
Schedule of Civilian Employees Pension Plan Employer Contributions	73
Schedule of Sworn Officers Pension Plan Employer Contributions	74
SUPPLEMENTARY INFORMATION.....	75
Schedule of Cash and Cash Equivalents – General Fund	76
Schedule of Revenues and Expenditures – Budget	
(Non-GAAP Budgetary Basis) and Actual – General Fund	77
Schedule of Revenues and Expenditures – Budget	
(Non-GAAP Budgetary Basis) and Actual – Special Revenue Fund.....	82
Schedule of Revenues and Expenditures Compared to Budget – Parking Fund.....	84
Schedule of Revenues and Expenditures Compared to Budget – Sewer Fund.....	85



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Commissioners of the
Town of Bel Air, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bel Air, Maryland (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund and special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB liability and related ratios, schedule of contributions – OPEB, schedule of changes in pension fund net pension liability and related ratios, schedule of civilian employees pension plan employer contributions, and schedule of sworn officers pension plan employer contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of cash and cash equivalents - general fund and the schedules of revenues and expenditures - budget and actual, as listed in the accompanying table of contents (collectively, the supplemental information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Owings Mills, Maryland
February 4, 2021

SB & Company, LLC

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

As management of the Town of Bel Air, Maryland ("the Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year that ended June 30, 2020. We encourage readers to use this information in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide:

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows as of June 30, 2020, by \$16,982,399 (net position). Approximately 24% of this amount is attributable to the business-type activities. Of the total net position, (\$692,831) (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. Unrestricted net position in the business-type activities is a positive \$1,988,032, while the governmental activities show (\$1,295,201) due to the recording of the change in the net pension/OPEB liability. Of the remaining total net position, \$3,002,790 is restricted for specific purposes (restricted net position), and \$13,286,778 is invested in capital assets, net of related debt.
- The Town's overall financial position increased by \$1,472,409 during the fiscal year. Net position for governmental and business-type activities increased \$1,386,100 and \$86,309, respectively.
- The Town has recorded a net pension liability of \$2,270,143 and related deferred inflows of \$834,360 in the Statement of Net Position. The change in net pension liability resulted in a decrease of \$359,870 in net position from 2019.

Fund Level:

- As of June 30, 2020, the Town's governmental funds reported a combined ending fund balance of \$7,050,205, an increase of \$791,548 in comparison with the prior year. Of this total amount, \$6,854,009 or 97.2% is available to meet the Town's current and future needs as mandated by the appropriate level of authority within the Town and are properly designated as committed, assigned, and unassigned.
- As of June 30, 2020, the assigned and unassigned fund balance for the General Fund (primary operating fund) was \$2,841,166 or 21.3% of total General Fund expenditures. The decrease is mainly due to creating a Stabilization Reserve Fund and transferring \$1,204,593 at year end. The Reserve was created in consideration of a fiscal emergency and established a 10% target level of the preceding year's audited non-GAAP actual operating expenses.
- In fiscal year 2020, the Town transferred \$377,426 to the General Fund Capital Reserve account. The Town created the Stormwater Management Reserve to an effort to preserve any unspent stormwater management revenues in a fiscal year which were unspent and transferred \$80,989 to the account.
- As of June 30, 2020, the Town's business-type operating activities reported net position of \$4,121,518, an increase of \$86,309 in comparison with the prior year. Of the total amount, \$1,988,032 is unrestricted.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

- The Town was minimally impacted financially by the pandemic during the last quarter of the fiscal year. We received \$31,750 in CARES monies as a pass-through from Harford County which covered the majority of our unbudgeted expenditures related to the pandemic.

Long-Term Debt:

The Town's long-term debt increased \$676,758 or 9.8% during the current fiscal year. The increase was the net result of making \$501,718 in scheduled payments, a \$318,344 increase in compensated absences/OPEB liability, a \$359,870 increase in net pension liability, and \$490,267 increase in new debt proceeds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The 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 supplementary and non-required supplemental information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the Town'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 of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise 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 fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements mentioned above distinguish functions of the Town 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 Town include general government, public safety, public works, recreation and culture, miscellaneous, and debt service. The business-type activities of the Town include Parking and Sewer operations. The government-wide financial statements include only the Town of Bel Air because the Town has no component unit relationships with any other entity. The government-wide financial statements can be found by referring to the table of contents which begins on page 1 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 Town, 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 Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

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 narrower 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 Town maintains two individual governmental funds, the general fund and the special revenue fund. 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 both of the governmental funds.

The Town adopts an annual appropriated budget for both of its individual governmental funds. A budgetary comparison statement has been provided for the major fund, General, and the one non-major fund, Special Revenue, to demonstrate compliance with this budget. The basic governmental fund financial statements can be found by referring to the table of contents which begins on page 1 of this report.

Proprietary funds. The Town maintains one proprietary-type fund: an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the governmental-wide financial statements. The Town uses enterprise funds to account for its Parking and Sewer activities. The basic proprietary fund financial statements can be found by referring to the table of contents which begins on page 1 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 statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found by referring to the table of contents which begins on page 1 of this report.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

Notes to financial statements. The notes to financial statements 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 financial statements are part of the basic financial statements and can be found by referring to the table of contents which begins on page 1 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information*. This information can be found by referring to the table of contents which begins on page 1 of this report.

Government-wide Financial Analysis

The Town's financial statements are prepared in conformity with the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis (MD&A) - for State and Local Governments*. MD&A includes prior fiscal year results for the purpose of providing comparative information.

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the Town, assets exceeded liabilities by \$16,982,399 as of June 30, 2020. The Town of Bel Air's net position is divided into three categories - invested in capital assets (net of related debt), restricted net position, and unrestricted net position.

The largest portion of the Town's net position is in investment in capital assets (e.g., land, improvements, buildings, machinery, equipment, vehicles, infrastructure, and sewer system), less any related debt used to acquire those assets and accumulated depreciation. As of June 30, 2020, capital assets were valued at \$13,286,778, net of related debt and accumulated depreciation or 78.2% of total net position. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The balance of unrestricted net position as of June 30, 2020, was \$692,831 or 4.1% of total net position and may be used to meet the government's ongoing obligations to citizens and creditors. The balance of restricted net position as of June 30, 2020, was \$3,002,790 or 17.7% of total net position and are resources that are subject to external restrictions on how they may be used.

For the fiscal year ended June 30, 2020, the Town reported positive balances in net investment in capital assets and restricted, but a negative balance in unrestricted. The Town reported positive balances in all three categories for the business-type activities separately; however, governmental activities reported a negative balance in unrestricted net position due to the change in the net pension/OPEB liability. The following tables reflect the condensed statement of net position and the schedule of changes in net position for governmental and business-type activities:

TOWN OF BEL AIR, MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 8,441,159	\$ 7,582,954	\$ 2,558,228	\$ 2,292,321	\$ 10,999,387	\$ 9,875,275
Capital assets	12,352,711	11,831,658	3,672,967	3,787,033	16,025,678	15,618,691
Total assets	20,793,870	19,414,612	6,231,195	6,079,354	27,025,065	25,493,966
Deferred outflows of resources- OPEB	21,458	5,309	-	-	21,458	5,309
Liabilities						
Other liabilities	698,334	829,542	881,655	652,845	1,579,989	1,482,387
Long-term liabilities	6,363,544	5,523,508	1,228,022	1,391,300	7,591,566	6,914,808
Total liabilities	7,061,878	6,353,050	2,109,677	2,044,145	9,171,555	8,397,195
Deferred inflows of resources- pensions/OPEB	892,569	1,592,090	-	-	892,569	1,592,090
Net Position						
Net investment in capital assets	11,265,900	10,968,138	2,020,878	2,140,730	13,286,778	13,108,868
Restricted	2,890,182	2,513,039	112,608	97,601	3,002,790	2,610,640
Unrestricted	(1,295,201)	(2,006,396)	1,988,032	1,796,878	692,831	(209,518)
Total net position	\$ 12,860,881	\$ 11,474,781	\$ 4,121,518	\$ 4,035,209	\$ 16,982,399	\$ 15,509,990

TOWN OF BEL AIR, MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 1,297,279	\$ 1,376,611	\$ 3,114,302	\$ 3,388,783	\$ 4,411,581	\$ 4,765,394
Operating grants/ contributions	483,904	301,186	-	-	483,904	301,186
Capital grants/ contributions	960,147	136,158	-	-	960,147	136,158
General revenues:						
Property taxes	8,267,958	8,107,047	-	-	8,267,958	8,107,047
Shared taxes	2,984,319	3,065,314	-	-	2,984,319	3,065,314
Miscellaneous	823,912	927,139	-	-	823,912	927,139
Unrestricted investment earnings	164,954	186,791	214	711	165,168	187,502
Total revenues	14,982,473	14,100,246	3,114,516	3,389,494	18,096,989	17,489,740
Expenses						
General government	3,289,502	2,082,061	-	-	3,289,502	2,082,061
Public safety	5,317,390	4,405,892	-	-	5,317,390	4,405,892
Public works	4,332,756	3,529,958	-	-	4,332,756	3,529,958
Recreation and culture	393,768	352,767	-	-	393,768	352,767
Miscellaneous	214,808	1,872,773	-	-	214,808	1,872,773
Interest on long-term debt	48,149	51,890	-	-	48,149	51,890
Sewer	-	-	2,526,374	3,201,335	2,526,374	3,201,335
Parking facilities	-	-	501,833	470,396	501,833	470,396
Total expenditures	13,596,373	12,295,341	3,028,207	3,671,731	16,624,580	15,967,072
Change in net position	1,386,100	1,804,905	86,309	(282,237)	1,472,409	1,522,668
Net position, beginning	11,474,781	9,669,876	4,035,209	4,317,446	15,509,990	13,987,322
Net position, ending	\$ 12,860,881	\$ 11,474,781	\$ 4,121,518	\$ 4,035,209	\$ 16,982,399	\$ 15,509,990

Governmental activities

Governmental net position increased by \$1,386,100 mainly due to the positive change in unrestricted net position. Property taxes, shared taxes, and charges for services represent 55.2%, 19.9%, and 8.7% of the Town's revenue stream, respectively. The remaining 16.2% of governmental revenue consists of grants, contributions, investment earnings, and other miscellaneous revenues.

The entity wide statements show that the Town's total revenue from governmental activities in fiscal year 2020 was \$14,928,473 which is \$882,227 or 6.3% more than the previous year. The main increase was in capital grants/contributions, due to receiving more grant revenues than in the previous year. Two grants represented 87.7% of the total shown.

Investment earnings decreased entity wide. The State of Maryland investment pool, in which the average maturity is less than 45 days and all investments are guaranteed fully by the Federal Government, average interest rate during the fiscal year was 1.48% compared to 2.25%. The decline in rates began to drastically occur in March 2020 coinciding with the fed rate cuts in response to the pandemic. In fiscal year 2020, the Town utilized the CDARS program as well as investing in certificates of deposit and money market accounts at Maryland banks more in order to take advantage of higher investment rates. As of June 30, 2020, the Town held \$3,865,000 in

TOWN OF BEL AIR, MARYLAND

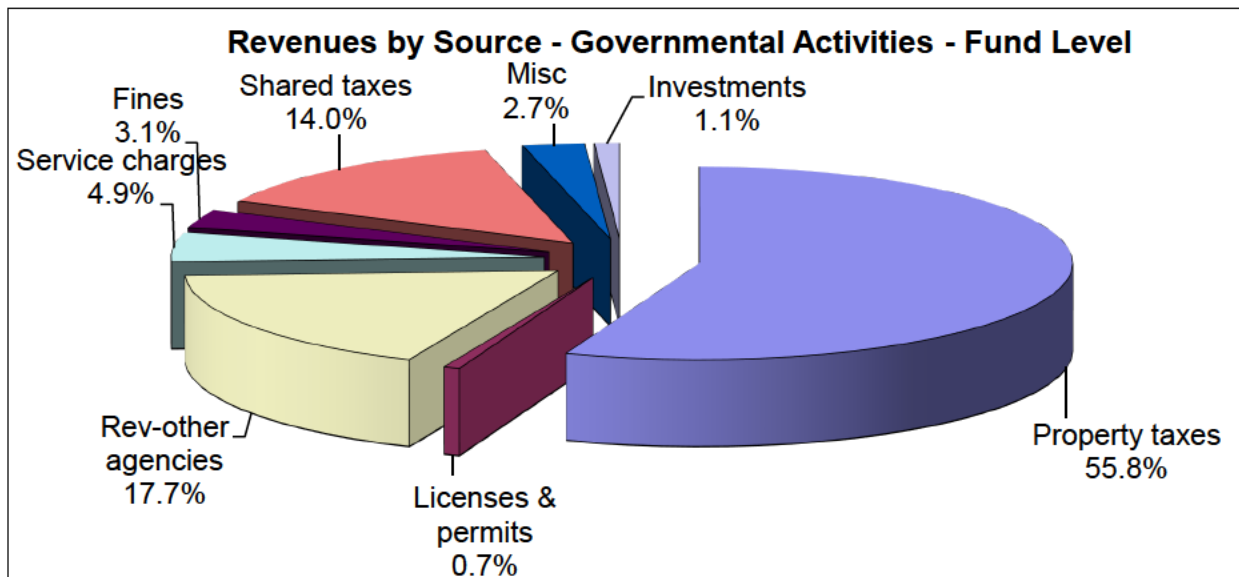
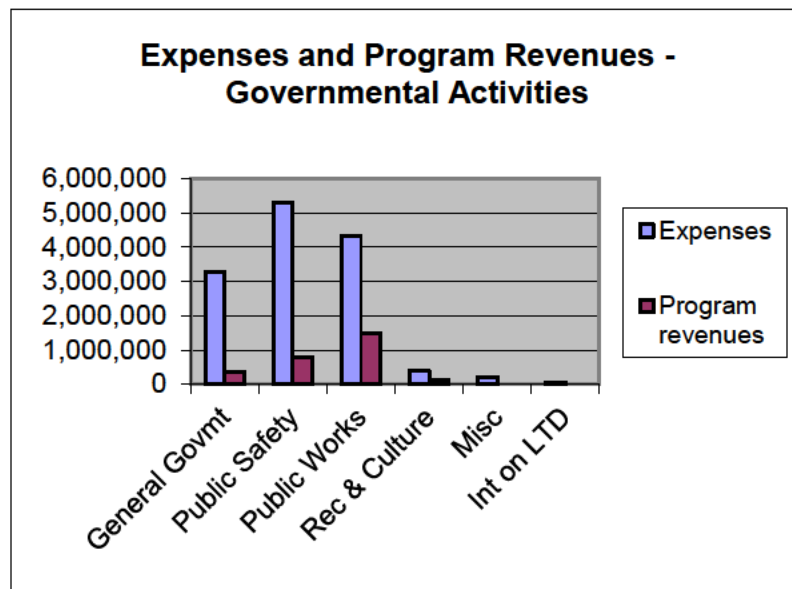
MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2020

various certificates of deposit with rates ranging from .70% to 2.70% and maturities no longer than 21-months.

Governmental activities

Governmental expenses were \$13,596,373 in fiscal year 2020, which equates to an increase of \$1,301,032 or 10.6%. Public safety and public works are the two largest functional areas comprising 71.0% of all governmental expenses in fiscal year 2020. Public safety represents 39.1% of governmental expenses, while public works represents 31.9%. An increase is shown in each of the main departments, while benefits decreased. The reason is due to recording all benefits in the applicable departments instead of in the benefit department.



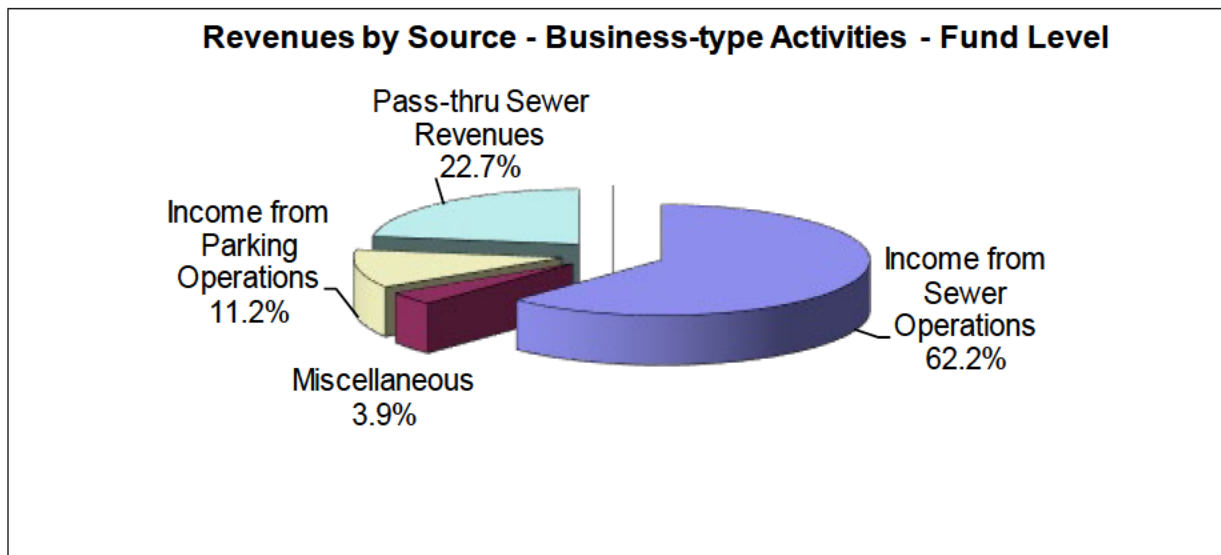
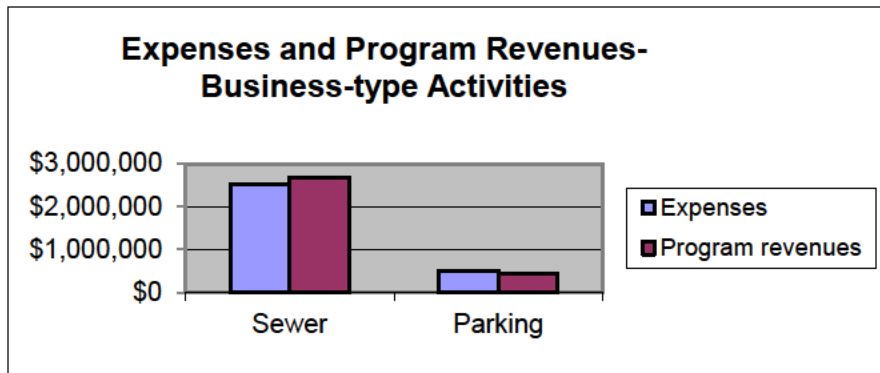
TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

Business-type activities

The Town operates two business-type enterprise funds, Parking and Sewer. Business-type net position increased by \$86,309 overall with the Parking Fund decreasing \$62,497 and the Sewer Fund increasing \$148,806. The decrease in the Parking Fund was mainly due to receiving less revenues from all three sources due to COVID-19. The increase in the Sewer Fund was a combination of more revenues received from sewer customers as well as less paid to Harford County to treat the sewage by Harford County.



TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's *governmental funds* is to provide information on current inflows, outflows, and balances of available, *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *committed, assigned, and 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 June 30, 2020, the Town's governmental funds (general fund and special revenue fund) reported a combined ending fund balance of \$7,050,205, an increase of \$791,548 in comparison with the prior year. Approximately 97.2% of this total amount or \$6,854,009 constitutes *committed, assigned, and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable and restricted* to indicate that it is not available for new spending because it has already been dedicated for prepaids. The *nonspendable and restricted fund balance*, at 2.8% of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$2,841,166, while total fund balance was \$6,663,633. As a measure of the General Fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 21.3% of total General Fund expenditures, while total fund balance represents 50.0% of that same amount.

The Town's General Fund total fund balance increased by \$792,612 during the current fiscal year. This was a result of receiving more revenues than anticipated, especially in the area of income taxes, and expending less in the police and public works departments mainly due to vacancies which resulted in major salary and benefit savings.

The Special Revenue Fund has a total fund balance of \$386,572 which decreased slightly.

Proprietary funds. The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Parking Fund and the Sewer Fund was \$2,200,980 and \$1,920,538, respectively, and decreased \$62,497 in the Parking Fund and increased \$148,806 in the Sewer Fund.

Fiduciary funds. The Town maintains two pension funds: 1) Sworn Officers' Pension Trust and 2) Civilian Pension Trust. The Sworn Officers' Pension Trust is a single employer defined benefit pension plan administered by the Town with responsibility for the administration and operation of the Plan vested with a five-member Board of Trustees. The Civilian Pension Trust includes the Civilian Employees Pension Trust and funds remaining in the ICMA Retirement Trust. The Civilian Employees Pension Trust is a single employer defined benefit pension plan administered by the Town with responsibility for the administration and operation of the Plan vested with a ten-member Board of Trustees. Both defined benefit pension plans provide pension and death and disability benefits to full-time plan members and beneficiaries.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

The net position of the Sworn Officers' Pension Trust and the Civilian Pension Trust increased \$424,552 or 5.4%, and \$354,288 or 4.3%. The increases in both trusts were due to a net increase in the fair value of investments.

On December 7, 2015, the Board of Town Commissioners approved Resolution No. 1061-15 which authorized the Town becoming a member of the Maryland Association of Counties Pooled OPEB Trust Fund. The Trust was established on January 27, 2015 to facilitate the investments of Other Postemployment Benefits (OPEB) by the members to provide post-retirement benefits to their respective retirees. The net position of the OPEB Trust increased \$26,624 or 6.2% due to an increase in the fair value of investments as well as an employer contribution.

General Fund Budgetary Highlights

The Town amended the budget in May 2020 after its normal mid-year budget review which was delayed due to COVID-19. The general fund budget increased \$171,525. The significant revenue changes were decreases in income taxes and red light camera fines both attributable to COVID-19; however, \$200,930 was an increase to the transfer from capital reserve to fund the schematic design contract on the Town Hall/Police Department building. The significant expenditure changes were increases in the Armory for additional capital work and repairs as well as in the Town Buildings budget for the schematic design contract on the Town Hall/Police Department building.

At the end of the year, revenues and other financing sources were more than budgetary estimates by \$516,653 and expenditures were \$500,117 less than anticipated. The following revenues were the main drivers for the excess revenues: State shared income taxes (\$342,052), Harford County stormwater management funds (\$126,159), red light camera fines (\$38,050), and additional grant funds from the CARES Act (\$31,750). The following expenditure departments were the main drivers for the lower expenditures: Police (\$124,410), Planning and Zoning (\$42,583), Public Works (\$232,071), and various other departments due to non-spending of operating expenditures from the restrictions related to the pandemic.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets net of accumulated depreciation for its governmental and business-type activities as of June 30, 2020 was \$16,025,677. This investment in capital assets includes land, buildings, improvements, machinery, equipment, furniture, fixtures, vehicles, infrastructure, and sewer system. The total increase in capital assets for the current fiscal year was 2.6%, comprised of a 4.4% increase in governmental activities and a 3.00% decrease for business-type activities.

The following table displays the Town's capital assets. Additional information can be found in Note 6 in the notes to the financial statements of this report.

TOWN OF BEL AIR, MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and improvements	\$ 4,641,308	\$ 4,641,308	\$ 777,518	\$ 777,518	\$ 5,418,826	\$ 5,418,826
Buildings and improvements	7,470,610	7,269,110	3,206,000	3,206,000	10,676,610	10,475,110
Infrastructure	1,730,749	1,533,899	-	-	1,730,749	1,533,899
Machinery and equipment	1,046,208	1,084,646	521,308	485,375	1,567,516	1,570,021
Furniture and fixtures	1,635,136	1,397,630	-	-	1,635,136	1,397,630
Vehicles	3,673,078	3,345,406	514,130	497,243	4,187,208	3,842,649
Parking improvements	-	-	456,647	456,647	456,647	456,647
Sewer system	-	-	2,033,518	2,009,218	2,033,518	2,009,218
Accumulated depreciation	(7,844,378)	(7,440,341)	(3,836,154)	(3,644,968)	(11,680,532)	(11,085,309)
Total	\$12,352,711	\$11,831,658	\$ 3,672,967	\$ 3,787,033	\$16,025,678	\$15,618,691

Major capital asset events during the year ending June 30, 2020 included the following:

- The Town added a new pavilion at Rockfield Park (\$74,550).
- The Town added a new emergency generator to the Planning/Public Works building (\$105,750).
- The Town added playground equipment to Rockfield Park Chesapeake Sensory and Plumtree Park (\$55,339).
- The Police Department purchased six vehicles and one Harley Davidson motorcycle and had a Harley Davidson motorcycle donated (\$254,719).
- The Planning Department added eleven wayfinding signs located around Town (\$43,886).
- The Town added technology hardware/software (\$116,845).
- The Public Works Department purchased a street sweeper (\$321,585).
- The Public Works Department added nineteen new handicap ramps around town (\$75,850) and various infrastructure for the new Rockfield Park Chesapeake Sensory (\$121,000).
- The Town sold the following major assets on Govdeals and all were removed from the Town's capital assets: four police vehicles (\$71,766) and one public work's vehicle (\$176,866).
- In the Sewer Fund, capital assets, such as pumps and new check valves were purchased, and a sewer pipe bursting project of an 8" main was contracted in order to extend the life was completed (\$69,533). The Town sold the old sewer jet truck on Govdeals (\$38,438) and scrapped a sewer pump (\$9,300).
- In the Parking Fund, a replacement parking garage sweeper was purchased (\$45,533). The Town sold the old parking garage sweeper on Govdeals (\$28,647).

TOWN OF BEL AIR, MARYLAND

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2020

Debt administration. The Town’s long-term debt as of June 30, 2020, was \$7,591,566. Of this amount, \$1,839,042 represents general obligation bonds in which the full faith and credit and unlimited taxing power of the Town 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. The remaining debt consists of notes for major equipment and vehicles totaling \$1,138,108, an obligation to the Liquor Control Board employees’ retirement system of \$1,434, \$2,342,839 in compensated absences and OPEB liabilities from GASB #75, and \$2,270,143 in net pension liability resulting from GASB #68. The following table reflects the Town’s long-term debt:

LONG-TERM DEBT

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General obligations bonds	\$ 765,766	\$ 825,891	\$ 1,073,276	#####	\$1,839,042	\$2,103,981
Equipment/vehicle notes	1,086,811	863,520	51,297	19,756	1,138,108	883,276
Other notes	1,434	2,778	-	-	1,434	2,778
Net pension liability	2,270,143	1,910,273	-	-	2,270,143	1,910,273
Compensated absences / OPEB	2,239,390	1,921,046	103,449	93,454	2,342,839	2,014,500
Total	<u>\$6,363,544</u>	<u>\$5,523,508</u>	<u>\$ 1,228,022</u>	<u>\$1,391,300</u>	<u>\$7,591,566</u>	<u>\$6,914,808</u>

The Town’s total long-term debt for governmental activities increased \$804,036 and decreased \$163,278 for business-type activities. During the year, \$501,718 in debt was retired, and the Town entered into a new \$490,267 seven-year term note for the public purpose of purchasing General Fund vehicles (\$444,734) and a Parking Fund vehicle (\$45,533).

The amount of general obligation debt the Town may issue is limited by the Town’s charter. The Town may issue bonds as long as the total bonded indebtedness of the Town does not exceed 6% of the assessed value of real and personal property. As of June 30, 2020, the debt limitation is \$85,998,215 which is significantly in excess of the Town’s outstanding general obligation debt.

Additional information on the Town’s long-term debt can be found in Note 7 in the notes to the financial statements of this report.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

Economic Factors and Fiscal Year 2021's Budgets and Rates

- The State of Maryland Assessments and Taxation Department completed its triennial assessment for Town residents effective beginning in fiscal year 2021, which assesses the Town every third year, along with a cap of 10% on residential properties. During the next fiscal year, the Town expected an assessment decrease of .20% due to factoring in potential appeals with the new triennial assessment.
- Income tax revenues are projected to increase slightly over the 2020 budget revenues based on information provided by the Comptroller's office. With not knowing how COVID-19 would impact income tax revenues during this fiscal year. The staff was conservative on the budget estimate.
- Highway user revenues are projected to increase a slim \$9,677 over the 2020 budget revenues due to receiving a cut in funding from the state.
- Police protection grant from the state is projected to decrease \$17,799. The reduction is a reflection of the Town's police expenditures being less than the other jurisdictions.
- The Harford County tax rebate is projected to increase \$119,558 based on the Harford County formula.
- The Annotated Code of Maryland requires that Harford County contribute toward the cost of the three municipalities stormwater remediation obligations. The jurisdictions negotiated a formula for the distribution of County funds and memorialized it through a MOU. Fiscal year 2021 will be the first year the Town budgets for the funding, \$136,382, even though the first distribution was made late in fiscal year 2020.
- With the uncertainty of how COVID-19 restrictions were going to impact the rental of the Bel Air Armory facility, the budget was reduced \$32,500.
- With interest rates on the decline due to the economy, the Town's interest on investments is budgeted to decrease \$107,800.
- The Town will receive its final commercial real estate installment in the amount of \$30,000 for the sale of a portion of land.
- The Town plans on financing its equipment/vehicle purchases in fiscal year 2021 in the amount of \$475,000.
- The Town anticipates utilizing \$50,000 from the capital reserve to fund a portion of the cost for the repairs and upgrades of Rockfield Creative Playground by Bel Air Parks and Recreation.
- All Town employees received a 2% COLA but not a merit increase due to the uncertainty of COVID-19.
- The departmental operating expenditures remained basically unchanged from the previous fiscal year even with the uncertainty of the pandemic.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

- With the uncertainty of COVID-19, the Town funded multiple capital projects in the previous fiscal year instead of waiting until fiscal year 2021; therefore, a minimal amount was budgeted for the Armory.
- The Town budgeted \$177,050 for various building maintenance or capital projects to include the \$50,000 contribution toward the repairs and upgrade to the Rockfield Creative Playground.
- A new full-time Accounting Clerk position was approved in May 2020 in the Finance Department, so a full year was budgeted in fiscal year 2021.
- The Planning Department included \$50,000 to provide support regarding the 2020 census as well as professional assistance to update the Comprehensive Plan.
- The Planning Department included \$30,000 to be used for directional signage in the downtown area and approaches which is the third part of Phase III of implementing the Wayfinding Study. The Town's share is \$10,000, while the remaining \$20,000 will be received from grants.
- The Planning Department included \$30,000 to construct a paved pedestrian connection and add minor upgrades to a park.
- The Technology Department budgeted approximately \$55,000 for one-time expenditures.
- A new Public Relations Department was established with a full-time new hire in March 2020. Fiscal year 2021 will be the first full year budget for this department which handles the public relations needs of the Town.
- The Town's worker's compensation modification rate increased slightly from a .64 discount to a .70 discount due to a slight increase in claims and experience for the last three completed fiscal years.
- The Town budgeted \$45,000 to fully fund its Other Postemployment Benefits Other Than Pensions (OPEB) based on the last valuation completed as of June 30, 2019.
- The Town's health insurance premiums remained the same from fiscal year 2021.
- The Police Department began a body worn camera program in fiscal year 2020 and will fund the program over five years in the amount of \$20,184 yearly.
- The Police Department budgeted \$120,000 to purchase three replacement vehicles.
- The Department of Public Works included \$136,382 to fund the costs associated with the Town's MS4 storm water management program which also matches the anticipated revenue from Harford County.
- The Department of Public Works budgeted to replace all of the traffic signal light fixtures on Boulton Street next to the Harford Mall in the amount of \$25,000.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

- The Public Works Department budgeted \$380,000 in fill-in sidewalk, street, sidewalk, curb ramp, and curb/gutter construction work to be completed at specific locations.
- The Public Works Department budgeted \$355,000 to purchase a replacement landscaping and snow removal tractor, leaf vacuum truck, and dump truck.
- In the Special Revenue Fund, the Town has yet to designate its current year of Community Development Block Grant as well as the balance from previous fiscal years, \$61,802, to fund an appropriate project.
- In the Special Revenue Fund, the Town included \$200,000 for a Community Legacy Grant to support Phase 2 of the Office Street/Court House Square project.

All of these factors were considered in preparing the Town's budget for the 2021 fiscal year.

The real and personal property tax rates remain unchanged in fiscal year 2021 at the current real property tax rate of \$.50 per \$100 of assessed value and the personal property tax rate is \$1.16 per \$100 of assessed value.

The Sewer Fund user rate increased \$.11 which was based on the Consumer Price Index of 1.8%. The base charge increased by the Consumer Price Index of 1.8%. A comprehensive engineering evaluation for one pumping station was budgeted in the amount of \$25,000. The Town budgeted \$25,000 to replace the existing lateral sewer camera and \$150,000 for substantial repairs to one pumping station.

In the Parking Fund, all three main sources of revenue were projected to remain the same. A resurfacing of one of the parking lots was budgeted in the amount of \$40,000. A project in the amount of \$65,000 was budgeted for capital improvements to the parking garage which Harford County will fund 67.2%.

Requests for Information

This financial report is designed to provide a general overview of the Town of Bel Air's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Director of Finance, Town of Bel Air, 39 N. Hickory Avenue, Bel Air, Maryland 21014 or send an e-mail to lmoody@belairmd.org.

FINANCIAL STATEMENTS

TOWN OF BEL AIR, MARYLAND

**Statement of Net Position
June 30, 2020**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,304,958	\$ 206,377	\$ 4,511,335
Restricted cash and cash equivalents	277,781	9,316	287,097
Investments	3,865,000	-	3,865,000
Accounts receivable	1,410,461	594,846	2,005,307
Loan receivable - revolving loan fund	36,337	-	36,337
Real and personal property taxes receivable	131,486	-	131,486
Accrued interest receivable	45,243	-	45,243
Internal balances	(1,663,382)	1,663,382	-
Prepaid expenses	33,275	-	33,275
Capital assets, not being depreciated	4,641,308	777,518	5,418,826
Capital assets, net of accumulated depreciation	7,711,403	2,895,449	10,606,852
Other assets	-	84,307	84,307
	<u>20,793,870</u>	<u>6,231,195</u>	<u>27,025,065</u>
Total assets			
	<u>21,458</u>	<u>-</u>	<u>21,458</u>
DEFERRED OUTFLOWS OF RESOURCES-OPEB			
	<u>21,458</u>	<u>-</u>	<u>21,458</u>
LIABILITIES			
Accounts payable	379,404	879,180	1,258,584
Accrued liabilities	306,283	-	306,283
Payroll withholdings	3,700	-	3,700
Deposits and other escrows held	3,580	-	3,580
Unearned revenue	5,367	2,475	7,842
Non-current liabilities:			
Due within one year	274,669	221,627	496,296
Due in more than one year	6,088,875	1,006,395	7,095,270
	<u>7,061,878</u>	<u>2,109,677</u>	<u>9,171,555</u>
Total liabilities			
	<u>7,061,878</u>	<u>2,109,677</u>	<u>9,171,555</u>
DEFERRED INFLOWS OF RESOURCES-PENSIONS/OPEB			
	<u>892,569</u>	<u>-</u>	<u>892,569</u>
NET POSITION			
Net investment in capital assets	11,265,900	2,020,878	13,286,778
Restricted	2,890,182	112,608	3,002,790
Unrestricted	(1,295,201)	1,988,032	692,831
	<u>12,860,881</u>	<u>4,121,518</u>	<u>16,982,399</u>
TOTAL NET POSITION			
	<u>\$ 12,860,881</u>	<u>\$ 4,121,518</u>	<u>\$ 16,982,399</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 3,289,502	\$ 299,038	\$ 44,877	\$ 19,000	\$ (2,926,587)	\$ -	\$ (2,926,587)
Public safety	5,317,390	487,622	279,379	17,000	(4,533,389)	-	(4,533,389)
Public works	4,332,756	510,619	134,321	841,838	(2,845,978)	-	(2,845,978)
Recreation and culture	393,768	-	25,327	82,309	(286,132)	-	(286,132)
Miscellaneous	214,808	-	-	-	(214,808)	-	(214,808)
Interest on long-term debt	48,149	-	-	-	(48,149)	-	(48,149)
Total governmental activities	<u>13,596,373</u>	<u>1,297,279</u>	<u>483,904</u>	<u>960,147</u>	<u>(10,855,043)</u>	<u>-</u>	<u>(10,855,043)</u>
Business-type activities							
Sewer	2,526,374	2,675,180	-	-	-	148,806	148,806
Parking facilities	501,833	439,122	-	-	-	(62,711)	(62,711)
Total business-type activities	<u>3,028,207</u>	<u>3,114,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,095</u>	<u>86,095</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 16,624,580</u>	<u>\$ 4,411,581</u>	<u>\$ 483,904</u>	<u>\$ 960,147</u>	<u>(10,855,043)</u>	<u>86,095</u>	<u>(10,768,948)</u>
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					8,267,958	-	8,267,958
Shared taxes					2,984,319	-	2,984,319
Miscellaneous					823,912	-	823,912
Unrestricted investment earnings					164,954	214	165,168
Total general revenues					<u>12,241,143</u>	<u>214</u>	<u>12,241,357</u>
CHANGE IN NET POSITION					1,386,100	86,309	1,472,409
NET POSITION, BEGINNING					<u>11,474,781</u>	<u>4,035,209</u>	<u>15,509,990</u>
NET POSITION, ENDING					<u>\$ 12,860,881</u>	<u>\$ 4,121,518</u>	<u>\$ 16,982,399</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Governmental Funds Balance Sheet
June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 4,304,958	\$ -	\$ 4,304,958
Restricted cash and cash equivalents	146,067	131,714	277,781
Investments	3,865,000	-	3,865,000
Accounts receivable	1,120,687	289,774	1,410,461
Loan receivable - revolving loan fund	-	36,337	36,337
Accrued interest receivable	45,243	-	45,243
Property taxes receivable - net	131,486	-	131,486
Due from other funds	89,097	36,753	125,850
Prepaid costs	32,418	857	33,275
TOTAL ASSETS	<u>\$ 9,734,956</u>	<u>\$ 495,435</u>	<u>\$ 10,230,391</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 275,073	\$ 104,331	\$ 379,404
Accrued expenditures	290,979	-	290,979
Payroll withholdings	3,700	-	3,700
Deposits	3,580	-	3,580
Unearned revenue	5,367	-	5,367
Due to other funds	1,784,700	4,532	1,789,232
Total liabilities	<u>2,363,399</u>	<u>108,863</u>	<u>2,472,262</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	52,617	-	52,617
Unavailable revenue - income taxes	631,430	-	631,430
Unavailable revenue - highway user	23,877	-	23,877
Total deferred inflows of resources	<u>707,924</u>	<u>-</u>	<u>707,924</u>
FUND BALANCES			
Nonspendable	32,418	857	33,275
Restricted	-	162,921	162,921
Committed	3,790,049	145,435	3,935,484
Assigned	422,356	77,359	499,715
Unassigned	2,418,810	-	2,418,810
Total fund balances	<u>6,663,633</u>	<u>386,572</u>	<u>7,050,205</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 9,734,956</u>	<u>\$ 495,435</u>	<u>\$ 10,230,391</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2020**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 21)	\$ 7,050,205
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Certain receivables are offset by unavailable revenue in the governmental funds since they are not available to pay for current period expenditures. This is the amount of deferred inflows of resources related to these receivables.	707,924
Net deferred outflows and inflows of resources related to pensions/OPEB	(871,111)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$20,197,089 and the accumulated depreciation is \$7,844,378.	12,352,711
Noncurrent liabilities are not reported as liabilities in the governmental funds.	(6,363,544)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(15,304)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 19)	<u>\$ 12,860,881</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Statement of Revenues, Expenditures and Changes In Fund Balances –
Governmental Funds
Year Ended June 30, 2020**

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes - local	\$ 8,251,015	\$ -	\$ 8,251,015
Taxes - state shared	2,076,137	-	2,076,137
Licenses and permits	103,356	-	103,356
Revenue from other agencies	1,623,180	990,323	2,613,503
Service charges for current services	724,078	-	724,078
Fines	454,920	-	454,920
Miscellaneous	448,467	109,377	557,844
	<u>13,681,153</u>	<u>1,099,700</u>	<u>14,780,853</u>
EXPENDITURES			
General government	3,468,192	-	3,468,192
Public safety	5,376,930	10,391	5,387,321
Public works	3,800,806	841,838	4,642,644
Recreation and parks	145,233	248,535	393,768
Miscellaneous	214,808	-	214,808
Debt service:			
Principal	282,912	-	282,912
Interest	44,394	-	44,394
	<u>13,333,275</u>	<u>1,100,764</u>	<u>14,434,039</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	347,878	(1,064)	346,814
OTHER FINANCING SOURCES			
Equipment/vehicle proceeds	444,734	-	444,734
Total other financing sources	444,734	-	444,734
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	792,612	(1,064)	791,548
FUND BALANCES, BEGINNING OF YEAR	<u>5,871,021</u>	<u>387,636</u>	<u>6,258,657</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,663,633</u>	<u>\$ 386,572</u>	<u>\$ 7,050,205</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2020**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND (page 23)	\$ 791,548
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$1,212,160 exceeded depreciation expense of \$691,107 in the period.	521,053
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year). This year, the change in vacation, sick, compensatory leave, and OPEB expense was \$318,344.	(318,344)
In the Statement of Activities, only the pension expense related to the changes in net pension liability is reported, whereas in the governmental funds, the actual amount contributed is an expenditure.	355,800
In the Statement of Activities, revenues are recognized when they are earned and received. In the governmental funds, revenues are recognized as income if they are available to satisfy current obligations. This is the amount of the increase in deferred inflows of resources in the governmental funds which is recognized as revenue in the Statement of Activities.	201,620
Long-term debt repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount of long-term debt repayments for 2020.	282,912
Long-term debt proceeds are another financing source in the governmental funds, but the proceeds increase long-term liabilities in the Statement of Net Assets. This is the amount of long-term debt proceeds for 2020.	(444,734)
Interest expense in the Statement of Activities differs from the amount reported in governmental funds due to the net change in accrued interest.	<u>(3,755)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 20)	<u>\$ 1,386,100</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Statement of Revenues and Expenditures – Budget and Actual - General Fund (Non-GAAP Budgetary Basis)
Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUE				
Taxes - local	\$ 8,185,064	\$ 8,238,825	\$ 8,251,015	\$ 12,190
Taxes - state shared	1,875,194	1,763,194	2,076,137	312,943
Licenses and permits	100,000	120,000	103,356	(16,644)
Revenues from other agencies	1,448,010	1,471,210	1,623,180	151,970
Service charges for current services	752,115	733,715	724,078	(9,637)
Fines	469,000	419,000	454,920	35,920
Miscellaneous	359,256	418,556	448,467	29,911
Total revenues	13,188,639	13,164,500	13,681,153	516,653
EXPENDITURES				
Current:				
General government	3,292,393	3,611,135	3,505,807	105,328
Public safety	5,437,261	5,410,561	5,304,454	106,107
Public works	4,006,010	4,044,510	3,812,439	232,071
Recreation and culture	169,550	169,550	145,233	24,317
Miscellaneous	403,191	244,174	214,808	29,366
Debt service	330,234	330,234	327,306	2,928
Total expenditures	13,638,639	13,810,164	13,310,047	500,117
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(450,000)	(645,664)	371,106	1,016,770
OTHER FINANCING SOURCES				
Equipment/vehicle proceeds	450,000	444,734	444,734	-
Total other financing sources	450,000	444,734	444,734	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	(\$200,930)	815,840	\$1,016,770
FUND BALANCE - BEGINNING OF YEAR			6,036,301	
FUND BALANCE - END OF YEAR			\$ 6,852,141	

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Statement of Revenues and Expenditures – Budget and Actual - Special Revenue Fund
(Non-GAAP Budgetary Basis)
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Budget Variance Positive (Negative)</u>
REVENUES				
Revenue from Other Agencies				
CDBG grant	\$ 35,351	\$ 35,351	\$ -	\$ (35,351)
DNR grant	651,465	641,838	641,838	-
Parks & playground grant	-	42,049	42,049	-
Governor's Office grant	-	2,420	11,227	8,807
Department of Justice	-	-	81,109	81,109
MD State Arts Council grant	-	15,000	14,100	(900)
Community Legacy grant	200,000	200,000	200,000	-
	<u>886,816</u>	<u>936,658</u>	<u>990,323</u>	<u>53,665</u>
Total - revenue from other agencies				
Miscellaneous	<u>198,600</u>	<u>236,600</u>	<u>109,377</u>	<u>(127,223)</u>
Total revenues	<u>1,085,416</u>	<u>1,173,258</u>	<u>1,099,700</u>	<u>(73,558)</u>
EXPENDITURES				
General government	38,551	38,551	-	38,551
Public safety	7,500	7,500	10,391	(2,891)
Public works	861,465	851,838	841,838	10,000
Recreation and culture	177,900	275,369	248,535	26,834
	<u>1,085,416</u>	<u>1,173,258</u>	<u>1,100,764</u>	<u>72,494</u>
Total expenditures				
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	(1,064)	<u>\$ (1,064)</u>
FUND BALANCE - BEGINNING OF YEAR			387,636	
TRANSFER FROM GENERAL FUND TO SPECIAL REVENUE FUND ART AMENITY RESERVE			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ 386,572</u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Statement of Net Position – Proprietary Funds (Enterprise Funds)
June 30, 2020**

	Parking Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 206,377	\$ -	\$ 206,377
Restricted cash and cash equivalents	9,316	-	9,316
Accounts receivable	135,512	459,334	594,846
Loan receivable, The John Carroll School	-	-	-
Due from other funds	-	1,754,938	1,754,938
Total current assets	<u>351,205</u>	<u>2,214,272</u>	<u>2,565,477</u>
Noncurrent Assets			
Land	777,518	-	777,518
Capital assets, net	1,390,078	1,505,371	2,895,449
Other assets	-	84,307	84,307
Total noncurrent assets	<u>2,167,596</u>	<u>1,589,678</u>	<u>3,757,274</u>
Total assets	<u>2,518,801</u>	<u>3,803,950</u>	<u>6,322,751</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	4,452	874,728	879,180
Due to other funds	91,556	-	91,556
Unearned revenue	828	1,647	2,475
Notes payable	10,019	3,442	13,461
Bonds payable	32,253	175,913	208,166
Total current liabilities	<u>139,108</u>	<u>1,055,730</u>	<u>1,194,838</u>
Noncurrent Liabilities			
Accrued compensated absences	25,112	78,337	103,449
Notes payable - long-term	37,836	-	37,836
Bonds payable - long-term	115,765	749,345	865,110
Total noncurrent liabilities	<u>178,713</u>	<u>827,682</u>	<u>1,006,395</u>
Total liabilities	<u>317,821</u>	<u>1,883,412</u>	<u>2,201,233</u>
NET POSITION			
Invested in capital assets, net of related debt	1,971,723	49,155	2,020,878
Restricted	112,608	-	112,608
Unrestricted	116,649	1,871,383	1,988,032
TOTAL NET POSITION	<u>\$ 2,200,980</u>	<u>\$ 1,920,538</u>	<u>\$ 4,121,518</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Statement of Revenues, Expenses and Change In Net Position - Proprietary Funds
(Enterprise Funds)
Year Ended June 30, 2020**

	Parking Fund	Sewer Fund	Total
OPERATING REVENUES			
Service Charges for Current Services			
Sanitation and Waste Removal			
Sewerage charges	\$ -	\$ 2,346,092	\$ 2,346,092
Sewer connection charges	-	251,613	251,613
Other revenues	-	22,583	22,583
Utility locator fees	-	18,352	18,352
User benefit fees	-	36,540	36,540
Highway and Streets			
Meter collections	134,508	-	134,508
Lease fees	59,066	-	59,066
Fines and Forfeitures			
Parking	125,010	-	125,010
Miscellaneous			
Miscellaneous income	977	-	977
County share operating expenses and capital repairs	119,561	-	119,561
Total operating revenues	<u>439,122</u>	<u>2,675,180</u>	<u>3,114,302</u>
OPERATING EXPENSES			
Salaries/Benefits	-	213,563	213,563
Contractual services	-	1,345,572	1,345,572
Allocated administrative costs	237,165	339,515	576,680
Supplies	-	1,505	1,505
Utilities	-	15,837	15,837
Depreciation	136,617	88,855	225,472
Amortization	-	24,248	24,248
Maintenance	6,758	106,117	112,875
Compensated absences	2,791	7,203	9,994
Other	4,180	30,467	34,647
Connection costs	-	251,613	251,613
User benefit fees	-	36,540	36,540
Postage	1,761	-	1,761
Insurance	18,553	9,198	27,751
Parking fine charges	24,134	-	24,134
Processing fees	-	25,530	25,530
Garage operations	37,301	-	37,301
Resurface lot	28,510	-	28,510
Inflow and infiltration remediation	-	3,685	3,685
Total operating expenses	<u>497,770</u>	<u>2,499,448</u>	<u>2,997,218</u>
Operating income (loss)	<u>(58,648)</u>	<u>175,732</u>	<u>117,084</u>
Non-Operating Revenue (Expenses)			
Investment income	214	-	214
Investment expenses	(4,063)	(26,926)	(30,989)
Net non-operating (expenses)	<u>(3,849)</u>	<u>(26,926)</u>	<u>(30,775)</u>
INCREASE (DECREASE) IN NET POSITION	(62,497)	148,806	86,309
NET POSITION, BEGINNING OF PERIOD	<u>2,263,477</u>	<u>1,771,732</u>	<u>4,035,209</u>
NET POSITION, END OF PERIOD	<u>\$ 2,200,980</u>	<u>\$ 1,920,538</u>	<u>\$ 4,121,518</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Statement of Cash Flows - Proprietary Funds (Enterprise Funds)
Year Ended June 30, 2020**

	<u>Parking Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sewer charges	\$ -	\$ 2,417,125	\$ 2,417,125
Cash received from parking charges	434,023	-	434,023
Payments to suppliers	(346,197)	(1,937,106)	(2,283,303)
Payments to employees	-	(212,486)	(212,486)
Net cash provided by operating activities	<u>87,826</u>	<u>267,533</u>	<u>355,359</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt payments from loan receivable-John Carroll	-	8,932	8,932
Proceeds from note	45,533	-	45,533
Cash payment of note principal	(7,247)	(6,745)	(13,992)
Cash payment of bond principal	(32,500)	(172,314)	(204,814)
Interest paid on long-term obligation	(3,996)	(27,873)	(31,869)
Proceeds from sale of capital assets	3,660	-	3,660
Acquisition of capital assets	(45,533)	(69,533)	(115,066)
Net cash (used in) financing activities	<u>(40,083)</u>	<u>(267,533)</u>	<u>(307,616)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>214</u>	<u>-</u>	<u>214</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,957	-	47,957
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>167,736</u>	<u>-</u>	<u>167,736</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 215,693</u>	<u>\$ -</u>	<u>\$ 215,693</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (58,648)	\$ 175,732	\$ 117,084
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	136,617	113,103	249,720
Effects of changes in operating assets and liabilities:			
Accounts receivable	(4,484)	(44,491)	(48,975)
Due from other funds	-	(215,211)	(215,211)
Due to other funds	13,055	-	13,055
Accounts payable	(890)	229,550	228,660
Unearned revenue	(615)	1,647	1,032
Compensated absences payable	2,791	7,203	9,994
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 87,826</u>	<u>\$ 267,533</u>	<u>\$ 355,359</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Statement of Fiduciary Net Position
June 30, 2020**

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 369,171	\$ -	\$ 369,171
Investments:			
Mutual funds	16,480,652	-	16,480,652
Fiscal agents	263,852	-	263,852
Pooled OPEB Trust	-	456,954	456,954
Total assets	<u>17,113,675</u>	<u>456,954</u>	<u>17,570,629</u>
LIABILITIES			
Accounts payable	<u>16,464</u>	<u>-</u>	<u>16,464</u>
NET POSITION			
Held in trust for pension/OPEB benefits	<u>\$ 17,097,211</u>	<u>\$ 456,954</u>	<u>\$ 17,554,165</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

**Statement of Changes In Fiduciary Net Position
Year Ended June 30, 2020**

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer contributions	\$ 508,243	\$ 25,670	\$ 533,913
Employee contributions	456,938	-	456,938
Total contributions	<u>965,181</u>	<u>25,670</u>	<u>990,851</u>
Investment gain:			
Net increase in the fair value of investments	<u>938,672</u>	<u>8,671</u>	<u>947,343</u>
Total additions	<u>1,903,853</u>	<u>34,341</u>	<u>1,938,194</u>
DEDUCTIONS			
Benefit payments	1,014,584	-	1,014,584
Contractual services	<u>100,363</u>	<u>7,717</u>	<u>108,080</u>
Total deductions	<u>1,114,947</u>	<u>7,717</u>	<u>1,122,664</u>
CHANGE IN NET POSITION	788,906	26,624	815,530
NET POSITION HELD IN TRUST FOR PENSION/OPEB BENEFITS:			
BEGINNING OF YEAR	<u>16,308,305</u>	<u>430,330</u>	<u>16,738,635</u>
END OF YEAR	<u>\$ 17,097,211</u>	<u>\$ 456,954</u>	<u>\$ 17,554,165</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Bel Air, Maryland (the Town) was incorporated in 1874 by an act of the Maryland General Assembly and operates under a Council-Manager form of government. The Town provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, culture, recreation, public improvements, planning and zoning, and general administrative services.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect on interfund activity has been removed from these statements. Exceptions to this general rule are the interfund activity between the government funds and the fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that are supported by customer service charges.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are clearly identifiable with a specific function or category. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

Separate financial statements are shown 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 are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. The recorded amounts of enterprise fund financial instruments, including cash, investments, receivables, payables and long-term debt approximate fair value. 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 revenue in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 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 year. For pension trust funds, employee and employer contributions are recognized as revenues in the period in which the employee services are performed. Under the modified accrual method, revenues from federal and state expenditure-driven grant programs are deemed available and subject to accrual to the extent that eligible expenditures have been incurred and federal and state funds are requested to pay invoices when due. 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.

Those revenues susceptible to accrual are property taxes, taxes collected by the state and county on behalf of the Town, franchise taxes, special assessments, revenue from other agencies, interest revenue and charges for services. Fines and forfeitures, licenses, permits, penalties and interest (on property taxes) and other revenues become measurable and available when cash is received by the Town and are recognized as revenue at that time.

The Town has two major governmental funds, the general fund and special revenue fund. The general fund is used to account for all activities of the government not accounted for in some other fund. The general fund accounts for the normal recurring activities of the Town such as police, public works, recreation and culture, general government, etc. These activities are financed primarily by property taxes, other taxes, licenses and permits, revenues from other governmental agencies and service charges. The special revenue fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result primarily from providing services and delivering goods in connection with the fund's principal ongoing operations such as charges to customers for sales and services and expenses such as salaries, operating expenses and depreciation. All revenues and expenses not meeting this definition are non-operating revenues and expenses.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Town has two proprietary funds, the sewer fund and the parking fund. The sewer fund accounts for all activities associated with the provision of sewerage services to the residents of the Town of Bel Air. The parking fund accounts for the cost and operation of the Town's parking facilities.

The Town has two fiduciary funds, the Sworn Officers Pension Trust and the Civilian Pension Trust. As fiduciary funds, the pension funds are used to account for assets held by the Town in a trustee capacity for individuals and retirees.

Assets, Liabilities and Net Position or Equity

Property Taxes

Taxes on real property are levied on a fiscal year basis as of July 1 and are delinquent after September 30. Taxes on business personal property are levied on a fiscal year basis as of July 1 and are delinquent three months after the monthly billing. Property taxes are attached as an enforceable lien on the underlying properties. General property taxes receivable as of June 30, 2020, amounted to \$131,486. Property tax revenue is recognized in the year levied and when it becomes available, including amounts expected to be collected soon enough after the end of the year to be used to pay liabilities of the current period.

Real and personal property taxes are levied at rates enacted by the Board of Commissioners in the annual budget resolution on the assessed value as determined by the Maryland State Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice, and only after public hearings.

In fiscal 2020, the personal property tax rate was \$1.16 per \$100 of assessed value, and the real property tax rate was \$.50 per \$100 of assessed value.

Restricted Assets

Restricted cash in the general fund represents developers' deposits and cash in escrow from bank financings. Restricted cash in the parking fund and sewer fund represents cash designated for parking lot construction and cash in escrow from bank financings, respectively. When possible, restricted assets are used before unrestricted assets.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets, as those which cost more than \$2,500 and have an estimated useful life in excess of one year. Such assets are valued at historical or estimated historical cost if actual historical cost is not available. Donated assets are stated at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or extend asset lives are not capitalized.

Expenditures for major assets and improvements are capitalized as projects are constructed. Interest on debt during the construction period is capitalized. The amount of interest to be capitalized is offset by interest income earned on investment proceeds over the same period. Exhaustible capital assets of the General Fund and Proprietary Funds are depreciated, which is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are generally as follows:

Category	Years
Infrastructure	50
Land improvements	10 – 30
Buildings	25 – 40
Building improvements	7 – 40
Leasehold improvements	7 – 40
Machinery and equipment	3 – 45
Furniture and fixtures	5 – 15
Vehicles	5 – 20

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 Position. In the governmental fund financial statements, the face amount of the debt issued is reported as other financing sources.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Town employees accumulate vacation, compensatory, and sick leave hours for subsequent use or for payment upon termination or retirement. Earned vacation pay may be paid upon termination or retirement upon completion of one year's continuous service as a full-time employee. A maximum of 80 hours compensatory time may be converted to paid hours when a nonexempt employee retires, resigns, or is otherwise terminated. Fifty percent of earned sick pay to a maximum of 400 hours may be paid upon retirement, resignation or termination after completion of five years of service.

Accumulated Unpaid Vacation, Sick, Compensatory Pay and OPEB

As of June 30, 2020, the liability for governmental activities of the Town employees for accrued vacation, sick and compensatory leave and OPEB was \$600,296, \$639,807, \$73,306, and \$925,981, respectively, based on the salary and wage rates in effect at the end of the fiscal year.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities in accordance with generally accepted accounting principles.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

The government-wide and business-type activity financial statements utilize a net asset presentation. Net position are categorized as follows:

Net Investment in capital assets – This category groups all capital assets into one component of net assets. Accumulated depreciation and outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets, reduce the balances in this category.

Restricted net position – This category represents external restrictions imposed by creditors, grantors, laws and regulations of other governments.

Unrestricted net position – This category represents the net position of the Town, not restricted for any purpose.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components- nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned – This component consists of amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted or committed. The authority for assigning fund balance is expressed by the Town Manager or their designee.

Unassigned – This classification represents amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position.

The governmental funds Balance Sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation is non-current liabilities. Noncurrent liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds but is recognized as an expenditure when due. All liabilities, both current and noncurrent are reported in the Statement of Net Position.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

A. Explanation of certain differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position (Continued)

The summary of the difference is as follows:

Harford County Liquor Board	\$	1,434
Equipment/vehicle obligations		1,086,811
Compensated absences/OPEB		2,239,390
Net pension liability		2,270,143
G.O. Bond 2018 Energy Performance Contract		765,766
Total	\$	6,363,544

B. Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between the net changes in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation is the purchase of capital assets as expenditures; however, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. The summary of the \$521,053 difference is found on page 24.

NOTE 3 – RECONCILIATION OF GAAP AND NON-GAAP EXPENDITURES

A reconciliation of expenditures of the general fund and special revenue fund to present the Statements of Revenues and Expenditures on a GAAP basis is as follows:

	<u>Revenues</u>	<u>Other Financing Sources</u>	<u>Expenditures</u>	<u>Current Year Effect on Fund Balance</u>
General Fund				
Budgetary basis	\$ 13,681,153	\$ 444,734	\$ 13,310,047	\$ 815,840
Current year encumbrances	-	-	(422,356)	422,356
Prior year encumbrances	-	-	445,584	(445,584)
GAAP basis	<u>\$ 13,681,153</u>	<u>\$ 444,734</u>	<u>\$ 13,333,275</u>	<u>\$ 792,612</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. By the first meeting in April, the Town Administrator submits the entire budget to the Board of Town Commissioners. The budget includes both the operating and capital equipment expenditures and the means of financing them. Also, work sessions and hearings are scheduled.
2. No later than the second Town meeting in April, the Town Board adopts a tentative budget. The Board may insert new budget items, delete items, and increase or decrease any items of the budget so presented. The tentative budget becomes a public record in the Office of the Director of Finance, open to public inspection by any resident or taxpayer of the Town.
3. Between the 15th and 31st of May, the Board must hold a public hearing on the tentative budget after two weeks' notice has been published in a newspaper with a general circulation within the Town.
4. The Town Administrator may transfer funds between appropriations for different purposes; however, it shall be approved by a majority of the Board of Town Commissioners before becoming effective.
5. The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are treated as expenditures at the time purchase orders are issued. Budgetary comparisons presented for the general fund are on this non-GAAP basis.
6. All appropriations lapse at the end of the budget year to the extent that they have not been expended or lawfully encumbered.

NOTE 5 – CASH AND INVESTMENTS

Cash and Cash Equivalents

For purposes of statement presentation, all highly-liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents, which includes short-term funds held in the Maryland Local Government Investment Pool.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 5 – CASH AND INVESTMENTS (Continued)

Cash and Cash Equivalents (Continued)

A. Cash on hand

At year-end, cash on hand for petty cash and change funds was \$2,120.

B. Deposits

At year-end, the carrying amount of the Town's bank deposits was \$251,427, and the bank balance was \$608,625 of which \$501,372 was covered by federal deposit insurance and \$107,253 was covered by collateral. The deposits of the Town were not exposed to custodial credit risk as of June 30, 2020.

C. Cash equivalents

As of June 30, 2020, the Town's cash equivalents consisted of money market funds held by the Maryland Local Government Investment Pool totaling \$4,544,885.

Investments

Investments consist of Certificates of Deposit with varying maturities and interest rates ranging from .70% to 2.70% which are all covered by federal deposit insurance. Investments have maturities between October 2020 through December 2021.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1 Year</u>	<u>1 to 2</u>	<u>2 to 3</u>
Certificates of Deposit	<u>\$ 3,865,000</u>	<u>\$ 240,000</u>	<u>\$ 3,625,000</u>	<u> </u>

Interest Rate Risk

Fair value fluctuates with interest rates and increasing interest rates could cause fair value to decline below original cost. To limit the Town's exposure to fair value losses arising from increasing interest rates, the Town's investment policy limits the term of investment maturities except in the fiduciary funds, for which longer term maturities are allowed to match the cash flow of liabilities. Town management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the Town from having to sell investments below original cost for that purpose. The investments at June 30, 2020, met the Town's investment policy as of that date. Investment income includes the following for the year ended June 30, 2020:

Net interest and dividends - governmental activities	<u>\$ 164,954</u>
--	-------------------

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 5 – CASH AND INVESTMENTS (Continued)

Credit Risk

Town investment policy does not permit investments in commercial paper or corporate bonds, except in fiduciary funds or if they are permitted under state law in the state investment pool. The Town invests in the Maryland Local Government Investment Pool (MLGIP), which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95, Section 22G of the Annotated Code of Maryland and is rated AAAM by Standard & Poors, their highest rating for money market mutual funds. The MLGIP seeks to maintain a constant value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020, all of the Town's investments were insured or registered, or for which the securities were held by the Town or its agent in the Town's name or were invested in the MLGIP.

Statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements secured by direct government or agency obligations, and in Maryland Local Government Investment Pool.

Pension Investments

As of June 30, 2020, the Sworn Officers Pension Trust and the Civilian Pension Trust had the following investments and maturities in two of its mutual funds which include investments in bonds.

	Sworn Officers Pension Trust	Civilian Pension Trust	Weighted Average Maturity
T. Rowe Price			
New Income - I Fund	\$ 2,099,200	\$ 2,168,647	6.60 years
Short-term Bond - I Fund	643,180	713,143	2.26 years

The mutual funds are unrated. The Town's investments held by the Pension Trusts are reported at fair value.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 5 – CASH AND INVESTMENTS (Continued)

Pension Investments (Continued)

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the 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; Level 3 inputs are significant unobservable inputs.

The Plans have the following recurring fair value measurements as of June 30, 2020:

- Mutual funds are valued using quoted market prices (Level 1 inputs); and
- Fiscal agents are valued based on the quoted market prices of the underlying assets (Level 2 inputs).

	As of June 30, 2020		
	Civilian 401 (a) Plan (Level 2)	Civilian Pension Trust (Level 1)	Sworn Officers' Pension Trust (Level 1)
ASSETS			
Investments:			
Mutual funds	\$ -	\$ 8,409,495	\$ 8,071,157
Fiscal agents	263,852	-	-
Total assets	<u>\$ 263,852</u>	<u>\$ 8,409,495</u>	<u>\$ 8,071,157</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 6 – CHANGES IN CAPITAL ASSETS

Additions and disposals of fixed capital assets during the year ended June 30, 2020, are shown below:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance June 30, 2020</u>
Governmental Activities				
Land – not being depreciated	\$ 4,641,308	\$ -	\$ -	\$ 4,641,308
Buildings and improvements	7,269,110	201,500		7,470,610
Infrastructure	1,533,899	196,850		1,730,749
Machinery and equipment	1,084,646	-	38,438	1,046,208
Furniture and fixtures	1,397,630	237,506	-	1,635,136
Vehicles	3,345,406	576,304	248,632	3,673,078
Total	<u>19,271,999</u>	<u>1,212,160</u>	<u>287,070</u>	<u>20,197,089</u>
Less – accumulated depreciation	7,440,341	691,107	287,070	7,844,378
Capital assets, net	<u>\$ 11,831,658</u>	<u>\$ 521,053</u>	<u>\$ -</u>	<u>\$ 12,352,711</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 6 – CHANGES IN CAPITAL ASSETS (Continued)

	Balance			Ending
	July 1, 2019	Additions	Disposals	Balance
				June 30, 2020
Proprietary Funds				
Parking fund:				
Land not being depreciated	\$ 777,518	\$ -	\$ -	\$ 777,518
Parking improvements	456,647	-	-	456,647
Garage	3,206,000	-	-	3,206,000
Parking vehicle	54,482	45,533	28,646	71,369
Equipment	2,265	-	-	2,265
	<u>4,496,912</u>	<u>45,533</u>	<u>28,646</u>	<u>4,513,799</u>
Sewer fund:				
Sewer pipes and storm drain	2,009,218	24,300	-	2,033,518
Equipment	483,110	45,233	9,300	519,043
Vehicle	442,761	-	-	442,761
	<u>2,935,089</u>	<u>69,533</u>	<u>9,300</u>	<u>2,995,322</u>
Total	7,432,001	115,066	37,946	7,509,121
Less – accumulated depreciation	3,644,968	225,472	34,286	3,836,154
Capital assets, net	<u>\$ 3,787,033</u>	<u>\$ (110,406)</u>	<u>\$ 3,660</u>	<u>\$ 3,672,967</u>

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

General government	\$ 315,500
Public safety	85,524
Public works	<u>290,083</u>
Total depreciation expense – governmental activities	<u>\$ 691,107</u>

As of June 30, 2020, accumulated depreciation for the parking fund and sewer fund amounted to \$2,346,202 and \$1,489,952, respectively. Depreciation expense for the year ended June 30, 2020, amounted to \$136,617 in the parking fund and \$88,855 in the sewer fund.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 7 – NON-CURRENT LIABILITIES

Non-current liability transactions of the Town for the year ended June 30, 2020, are presented below.

	Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020	Due Within One Year
Governmental activities					
Liquor Control Board employees' retirement system obligation	\$ 2,778	\$ -	\$ 1,344	\$ 1,434	\$ -
Equipment/vehicle notes	863,520	444,734	221,443	1,086,811	223,939
Accrued vacation, sick and compensatory leave/OPEB	1,921,046	318,344	-	2,239,390	-
Net pension liability	1,910,273	359,870	-	2,270,143	-
G.O. Bond 2018 Energy Performance	825,891	-	60,125	765,766	50,730
Total governmental activities liabilities	\$ 5,523,508	\$ 1,122,948	\$ 282,912	\$ 6,363,544	\$ 274,669
	Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020	Due Within One Year
Business-type activities					
Parking Fund:					
Parking garage repairs bond, 2013	\$ 113,655	\$ -	\$ 27,625	\$ 86,030	\$ 28,140
Parking jeep note	9,569	-	3,792	5,777	3,875
Parking garage sweeper	-	45,533	3,455	42,078	6,144
Parking garage bond (lighting retrofit), 2018	66,863	-	4,875	61,988	4,113
Accrued vacation, sick and compensatory leave / OPEB	22,321	2,791	-	25,112	-
Total parking fund debt	212,408	48,324	39,747	220,985	42,272
Sewer Fund:					
Infrastructure Bond 2006 Series A:					
20 year note	162,500	-	29,500	133,000	31,000
Sewer Fund I&I Services Bond, 2017A	320,000	-	40,000	280,000	40,000
Sewer Fund CIP/I&I Services Bond, 2013A	287,471	-	46,327	241,144	47,077
Sewer I&I Services/Main Replace. Bond, 2015	327,601	-	56,487	271,114	57,836
Sewer van and pick-up truck note	10,187	-	6,745	3,442	3,442
Accrued vacation, sick and compensatory leave / OPEB	71,133	7,204	-	78,337	-
Total sewer fund debt	1,178,892	7,204	179,059	1,007,037	179,355
Total business-type activities liabilities	\$ 1,391,300	\$ 55,528	\$ 218,806	\$ 1,228,022	\$ 221,627

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

A. Governmental Activities

Bonds Payable

On July 19, 2017, the Town issued a not to exceed \$968,754 “Town of Bel Air \$968,754 General Obligation Energy Performance Bond, 2017B” to Branch Banking and Trust Company with an interest rate of 2.79% for the public purpose of providing funds needed to provide energy improvements to Town facilities. Of this amount, \$896,191 is included in the General Fund, while \$72,563 is included in the Parking Fund. Principal and interest are payable semi-annually on April 19 and October 19 and will continue until April 19, 2032.

Fiscal Year	Principal	Interest	Total
2021	\$ 50,730	\$ 21,039	\$ 71,769
2022	56,370	19,556	75,926
2023	57,953	17,973	75,926
2024	59,582	16,345	75,927
2025	61,256	14,671	75,927
2026-2030	333,081	46,552	379,633
2031-2032	146,794	5,152	151,946
Total	\$ 765,766	\$ 141,288	\$ 907,054

The Town has entered into several notes for the acquisition of capital equipment and vehicles. The interest rates on these notes range from 1.89% to 3.16% with maturity dates from October 15, 2020 to August 18, 2026.

Fiscal Year	Principal	Interest	Total
2021	\$ 223,939	\$ 24,693	\$ 248,632
2022	200,501	19,463	219,964
2023	185,034	14,824	199,858
2024	189,600	10,258	199,858
2025	158,474	5,583	164,057
2026-2027	129,263	2,359	131,622
Total	\$ 1,086,811	\$ 77,180	\$ 1,163,991

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

A. Governmental Activities (Continued)

Bonds Payable (Continued)

Accrued Liability for the Retirement System of the Employees of Harford County Liquor Control Board

In consideration of the immediate refund of the Town's investment of \$25,550 in the Liquor Dispensary System, the Town agreed during the year ended June 30, 1983, to share in the liquidation of the accrued liability for the retirement system of the employees of the Harford County Liquor Board. This agreement requires the Town to pay \$1,529 for the next 37 years to the Harford County Liquor Control Board. The present value of this liability, \$1,434, has been reflected in the governmental activities noncurrent liabilities section in the Statement of Net Position.

B. Business-type Activities

Bonds Payable

On May 24, 2013, the Town of Bel Air issued a \$270,334 "Parking Garage Repairs Bond, 2013" to Harford Bank with an interest rate of 1.85% for the public purpose of providing funds necessary for the Town's portion of the repairs to the parking garage, located at 16 S. Hickory Avenue, as well as professional engineering bidding and inspection services related to the project. Interest is payable semi-annually on August 15 and February 15 and will continue until February 15, 2023.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 28,140	\$ 1,486	\$ 29,626
2022	28,675	951	29,626
2023	29,215	411	29,626
Total	<u>\$ 86,030</u>	<u>\$ 2,848</u>	<u>\$ 88,878</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

B. Business-type Activities (Continued)

Bonds Payable (Continued)

On July 19, 2017, the Town issued a not to exceed \$968,754 “Town of Bel Air \$968,754 General Obligation Energy Performance Bond, 2017B” to Branch Banking and Trust Company with an interest rate of 2.79% for the public purpose of providing funds needed to provide energy improvements to Town facilities. Of this amount, \$896,191 is included in the General Fund, while \$72,563 is included in the Parking Fund. Principal and interest is payable semi-annually on April 19 and October 19 and will continue until April 19, 2032.

Fiscal Year	Principal	Interest	Total
2021	\$ 4,113	\$ 1,706	\$ 5,819
2022	4,571	1,811	6,382
2023	4,699	1,457	6,156
2024	4,831	1,325	6,156
2025	4,967	1,190	6,157
2026-2030	27,007	3,774	30,781
2031-3032	11,800	418	12,218
Total	<u>\$ 61,988</u>	<u>\$ 11,681</u>	<u>\$ 73,669</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

B. Business-type Activities (Continued)

Bonds Payable (Continued)

On April 22, 2004, the Town of Bel Air entered into an agreement with the Maryland Department of Housing and Community Development, Community Development Administration, to borrow \$497,000 with interest at rates varying from 2.0% to 4.625% for the purpose of prepaying a sewer service agreement with Harford County. Interest is payable semi-annually. Principal and interest payments continue until May 1, 2024.

Fiscal Year	Principal	Interest	Total
2021	\$ 31,000	\$ 6,112	\$ 37,112
2022	32,500	4,718	37,218
2023	34,000	3,214	37,214
2024	35,500	1,642	37,142
Total	\$ 133,000	\$ 15,686	\$ 148,686

On June 11, 2013, the Town of Bel Air issued a \$551,700 “Sewer Fund CIP/I&I Services Bond, 2013A” to PNC Bank, National Association with an interest rate of 1.70% for the public purpose of providing funds needed to develop and publish a sewer system capital improvement plan as well as repairs to the sanitary sewer system in various areas. Interest is payable semi-annually on September 15 and March 15 and will continue until March 15, 2025.

Fiscal Year	Principal	Interest	Total
2021	\$ 47,077	\$ 3,941	\$ 51,018
2022	47,881	3,138	51,019
2023	48,698	2,320	51,018
2024	49,741	1,489	51,230
2025	47,747	643	48,390
Total	\$ 241,144	\$ 11,531	\$ 252,675

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

B. Business-type Activities (Continued)

Bonds Payable (Continued)

On January 5, 2015, the Town of Bel Air issued a \$569,802 “Sewer Fund I&I Services/Main Replacement Bond, 2015” to Harford Bank with an interest rate of 2.29% for the public purpose of providing funds needed for the repairs to the sanitary sewer system in various areas within the Town, as well as a sanitary sewer main replacement located on The John Carroll School property. Interest is payable semi-annually on April 1 and October 1 and will continue until October 1, 2024.

Fiscal Year	Principal	Interest	Total
2021	\$ 57,836	\$ 5,962	\$ 63,798
2022	59,186	4,611	63,797
2023	60,568	3,229	63,797
2024	61,979	1,819	63,798
2025	31,545	367	31,912
Total	\$ 271,114	\$ 15,988	\$ 287,102

On June 5, 2018, the Town of Bel Air issued a \$400,000 “Sewer Fund I&I Services Bond, 2017A” to PNC Bank, National Association with an interest rate of 2.58% for the public purpose of providing funds needed to purchase sewer equipment and to perform repairs to the sanitary sewer system in various areas within the Town. Interest is payable semi-annually on December 5 and June 5 and will continue until June 5, 2027.

Fiscal Year	Principal	Interest	Total
2021	\$ 40,000	\$ 6,966	\$ 46,966
2022	40,000	5,934	45,934
2023	40,000	4,902	44,902
2024	40,000	3,870	43,870
2025	40,000	2,838	42,838
2026-2027	80,000	2,580	82,580
Total	\$ 280,000	\$ 27,090	\$ 307,090

Notes Payable

On October 15, 2013, the Town of Bel Air entered into a notes payable purchase agreement with Santander Bank in the amount of \$154,987 of which \$44,171 was to finance the purchase of a sewer pick-up truck and a sewer cargo van. The interest rate is 2.74% with principal and interest payable semi-annually on April 15 and October 15 which will continue until October 2020.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

B. Business-type Activities (Continued)

Notes Payable (Continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,442	\$ 47	\$ 3,489

On September 30, 2014, the Town of Bel Air entered into a notes payable purchase agreement with PNC Bank, National Association in the amount of \$287,662 of which \$25,835 was to finance the purchase of a jeep for parking enforcement. The interest rate is 1.90% with principal and interest payable semi-annually on February 15 and August 15 which will continue until August 2021.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,875	\$ 92	\$ 3,967
2022	1,902	19	1,921
Total	<u>\$ 5,777</u>	<u>\$ 111</u>	<u>\$ 5,888</u>

On February 17, 2020, the Town of Bel Air issued a \$490,267 term note to Harford Bank for the public purpose of purchasing vehicles of which \$45,533 was to finance the purchase of a replacement parking garage sweeper. The interest rate is 1.89% with principal and interest payable semi-annually on February 18 and August 18 and will continue until August 18, 2026.

Total interest expense on long-term liabilities was \$75,383.

NOTE 8 – CONDUIT DEBT OBLIGATIONS

In 2007, the Town of Bel Air issued \$4.5 million in Economic Development Revenue Bonds pursuant to the Maryland Economic Development Revenue Bond Act to assist The Harford Day School, Incorporated in financing or refinancing the costs constructing a two-story addition to the school's existing field house, roof replacement for the library, improvements to the HVAC system controls and fire alarm systems, installations of a geothermal heating system, acquisition of a new phone system, miscellaneous classroom improvements, and acquisition of furnishings, fixtures and equipment in connection with the foregoing, and landscaping, roads, or other rights of access. The Town is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The principal balance of the bonds as of June 30, 2020, is \$3,040,000.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 9 – PENSION PLANS

Town of Bel Air, Maryland Retirement Plan and Trust

The Town of Bel Air provides pension benefits for all of its full-time vested terminated employees through the Town of Bel Air, Maryland Retirement Plan and Trust, a defined contribution plan which was established by and is amended under the conditions of Resolution 430 of the Board of Town Commissioners.

Investments held by the pension trust fund are with the ICMA-RC Retirement Trust. As of June 30, 2020, the plan assets at fair market value were \$263,852.

Town of Bel Air, Maryland Civilian Employees Pension Plan

On July 1, 2006, the Town of Bel Air established the Town of Bel Air Civilian Employees Pension Plan (Plan) which provides pension and death and disability benefits to non-sworn plan members and beneficiaries. In accordance with the Town Code, subject to approval by the Town Commissioners, pension plan provisions may be established or amended. The Plan is a single employer defined benefit pension plan administered by the Town of Bel Air. Responsibility for the administration and operation of the Plan is vested with an eleven-member Board of Trustees.

The Plan does not issue a separate financial report but is included in the accompanying financial statements as a pension trust fund.

The Town uses the accrual basis of accounting for the Plan. Investment income is recognized when it is earned, and expenses are recognized when they are incurred. Contributions are recognized when due. Benefits and refunds are recognized when due and payable under the terms of the Plan. The investments consist of publicly traded mutual funds and their fair value is determined by reference to published trade journals.

Investments

The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

<u>Investment Type</u>	<u>Range/Target</u>
Reserves	0% to 20%
Fixed Income	30% to 50%
Equity	50% to 70%

Funding Policy

The Plan requires active members to contribute to the System at the rate of 5.9% of covered compensation and the Town to contribute 8.7% of the members' covered compensation. Increases in the funding requirements, as determined by an actuary, shall be borne by the active members by adjusting the percent of the members' covered compensation to be contributed. As of June 30, 2020, plan assets at fair value totaled \$8,599,275.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

Town of Bel Air, Maryland Civilian Employees Pension Plan (Continued)

For 2020, the pension contribution was determined to be \$282,384. This contribution represents 8.87% of estimated payroll and reflects a 28-year amortization of the initial unfunded actuarial liability established July 1, 2017, plus a 29-year amortization of the gain/loss over the 2017/2018 plan year, plus a 30-year amortization of the gain/loss over the past year. The required contribution was determined as part of the July 1, 2019 actuarial valuation using the projected unit credit actuarial cost method.

Membership of the Plan

The membership consisted of the following as of July 1, 2019, the date of the latest actuarial valuation:

Active Plan members	57
Retirees and beneficiaries receiving benefits	23
Terminated Plan members entitled to but not yet receiving benefits	13
	<u>93</u>

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. 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 assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2020 is as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Assumed Rate of Return</u>
Equities:	65%	6.00%
Fixed Income:	34%	1.75%
Cash and Equivalents:	1%	0.40%
Total Weighted Average Real Return	<u>100%</u>	<u>4.50%</u>
Plus Inflation		2.75%
Total Return w/o Adjustment		7.25%
Risk Adjustment		<u>0.00%</u>
Total Expected Return		<u>7.25%</u>

The actuarial assumptions included (a) 7.25% investment rate of return, (b) projected salary increases of 6.75% for the first 14 years, 3.25% thereafter, (c) 2.75% inflation rate, and (d) rates of mortality, termination of service, disablement and retirement based on RP-2000 Combined Healthy Table for Males and Females to the RP 2000 (Blue Collar), w/BB x 25 years; 50% applied for Active. The actual contribution by the members was \$208,185.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 9 – PENSION PLANS (Continued)

The Town’s contribution for the year ended June 30, 2020 was \$306,985. As of June 30, 2020, there were 60 current employee participants in the Plan. A participant is fully vested after five years.

Town of Bel Air, Maryland Civilian Employees Pension Plan (Continued)

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2020 is as follows:

Total pension liability	\$	9,870,942
Net position		<u>(8,599,275)</u>
Net pension liability	\$	<u>1,271,667</u>

Net position as a percentage of total pension liability is 87.1%.

Sensitivity of the net pension liability to changes in the discount rate

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

	1.0% decrease 6.25%	Current rate 7.25%	1.0% increase 8.25%
Net pension liability	<u>\$ 2,453,248</u>	<u>\$ 1,271,667</u>	<u>\$ 265,747</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Town recognized pension expense of \$178,187 for the Plan. As of June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected versus actual investment earnings	\$ -	\$ (31,268)
Differences in actual versus expected experience	-	(25,550)
Changes in assumptions	-	<u>(303,892)</u>
Total	<u>\$ -</u>	<u>\$ (360,710)</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

Town of Bel Air, Maryland Civilian Employees Pension Plan (Continued)

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in the pension expense as follows:

<u>Year ended June 30,</u>	<u>Net Amount of Outflow/(Inflow)</u>
2021	\$ (184,746)
2022	(113,604)
2023	(50,459)
2024	(45,129)
2025	8,969
After 2025	24,259
Total	<u>\$ (360,710)</u>

Town of Bel Air, Maryland Sworn Officers' Pension Plan

On July 1, 2003, the Town of Bel Air established the Town of Bel Air Sworn Officers' Pension Plan (Plan) which provides pension and death and disability benefits to plan members and beneficiaries. In accordance with the Town Code, subject to approval by the Town Commissioners, pension plan provisions may be established or amended. The Plan is a single employer defined benefit pension plan administered by the Town of Bel Air. Responsibility for the administration and operation of the Plan is vested with a five-member Board of Trustees.

The Plan does not issue a separate financial report but is included in the accompanying financial statements as a pension trust fund.

The Town uses the accrual basis of accounting for the Plan. Investment income is recognized when it is earned, and expenses are recognized when they are incurred. Contributions are recognized when due. Benefits and refunds are recognized when due and payable under the terms of the Plan. The investments consist of publicly traded mutual funds and their fair value is determined by reference to published trade journals.

Funding Policy

The Plan requires active members to contribute to the System at the rate of 11.62% of covered compensation, and the Town to contribute 9.7% of the members' covered compensation. Increases in the funding requirements, as determined by an actuary, shall be borne by the active members by adjusting the percent of the members' covered compensation to be contributed. As of June 30, 2020, plan assets at fair value totaled \$8,234,084.

For 2020, the pension contribution was determined to be \$141,858. This contribution represents 9.4% of estimated payroll and reflects a 20-year amortization of the unfunded actuarial liability. The required contribution was determined as part of the July 1, 2019 actuarial valuation using the projected unit credit actuarial cost method.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

Town of Bel Air, Maryland Sworn Officers' Pension Plan (Continued)

Membership of the Plan

The membership consisted of the following as of July 1, 2019, the date of the latest actuarial valuation:

Active Plan members	29
Retirees and beneficiaries receiving benefits	14
Terminated Plan members entitled to but not yet receiving benefits	3
	<hr/>
	46

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. 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 assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2020 is as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Assumed Rate of Return</u>
Equities:	65%	6.00%
Fixed Income:	34%	1.75%
Cash and Equivalents:	1%	0.40%
Total Weighted Average Real Return	100%	4.50%
Plus Inflation		2.75%
Total Return w/o Adjustment		7.25%
Risk Adjustment		0.00%
Total Expected Return		<hr/> 7.25%

The actuarial assumptions included (a) 7.25% investment rate of return, (b) projected salary increases of 5.5% for the first 15 years, 4.5% for the next 10 years, and 3.5% thereafter, (c) 2.75% inflation rate, and (d) rates of mortality, termination of service, disablement and retirement based on RP-2000 Combined Healthy table for Males and Females to the RP 2000 (Blue Collar), w/BB x 25 years; 50% applied for Active. The actual contribution by the members was \$248,753. The Town's contribution for the year ended June 30, 2020 was \$201,258. As of June 30, 2020, there were 31 current employee participants in the Plan. A participant is fully vested after five years.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 9 – PENSION PLANS (Continued)

Town of Bel Air, Maryland Sworn Officers’ Pension Plan (Continued)

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2020 is as follows:

Total pension liability	\$ 9,232,560
Net position	<u>(8,234,084)</u>
Net pension liability	<u>\$ 998,476</u>

Net position as a percentage of total pension liability is 89.2%.

Sensitivity of the net pension liability to changes in the discount rate

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

	1.0% decrease 6.25%	Current rate 7.25%	1.0% increase 8.25%
Net pension liability	<u>\$ 2,127,562</u>	<u>\$ 998,476</u>	<u>\$ 43,642</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Town recognized pension expense of \$65,182 for the Plan. As of June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected versus actual investment earnings	\$ -	\$ (42,208)
Differences in actual versus expected experience	-	(185,337)
Changes in assumptions	-	(246,105)
Total	<u>\$ -</u>	<u>\$ (473,650)</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 9 – PENSION PLANS (Continued)

Town of Bel Air, Maryland Sworn Officers' Pension Plan (Continued)

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in the pension expense as follows:

<u>Year ended June 30,</u>	<u>Net Amount of Outflow/(Inflow)</u>
2021	\$ (130,653)
2022	(66,806)
2023	(31,420)
2024	(24,871)
2025	(53,732)
After 2025	(166,168)
Total	<u>\$ (473,650)</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 9 – PENSION PLANS (Continued)

The financial information for each plan as of and for the year ended June 30, 2020, is summarized as follows:

	As of June 30, 2020		
	Civilian 401 (a) Plan	Civilian Pension Trust	Sworn Officers' Pension Trust
ASSETS			
Cash and equivalents	\$ -	\$ 198,191	\$ 170,980
Investments:			
Mutual funds		8,409,495	8,071,157
Fiscal agents	263,852		
Total assets	<u>263,852</u>	<u>8,607,686</u>	<u>8,242,137</u>
LIABILITIES			
Accounts payable	-	8,411	8,053
NET POSITION			
Held in trust for pension benefits	<u>\$ 263,852</u>	<u>\$ 8,599,275</u>	<u>\$ 8,234,084</u>
	For the Year Ended June 30, 2020		
	Civilian 401 (a) Plan	Civilian Pension Trust	Sworn Officers' Pension Trust
ADDITIONS			
Contributions			
Employer contributions	\$ -	\$ 306,985	\$ 201,258
Employee contributions	-	208,185	248,753
Total contributions	-	515,170	450,011
Investment gain:			
Net increase in the fair value of investments	13,469	466,400	458,803
Total additions	<u>13,469</u>	<u>981,570</u>	<u>908,814</u>
DEDUCTIONS			
Benefit payments	3,404	574,942	436,239
Contractual services	-	52,340	48,023
Total deductions	<u>3,404</u>	<u>627,282</u>	<u>484,262</u>
CHANGE IN NET POSITION	10,065	354,288	424,552
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:			
BEGINNING OF YEAR	<u>253,787</u>	<u>8,244,987</u>	<u>7,809,532</u>
END OF YEAR	<u>\$ 263,852</u>	<u>\$ 8,599,275</u>	<u>\$ 8,234,084</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 9 – PENSION PLANS (Continued)

457 Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property rights purchased with those amounts, and all income attributable to those amounts (until paid or made available to the employee or other beneficiary) are held in trust, with the Town serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries, and the assets cannot be diverted to any other purpose. The Town’s beneficial ownership of plan assets held in the ICMA Retirement Trust are held for the further exclusive benefit of the plan participants and their beneficiaries.

Investments are managed by the plan’s trustee under 1 of 32 investment options, or a combination thereof. The plan’s investments are reported at fair value. The choice of the investment option is made by the participant. Management of the Town has determined that the Town does not meet the fiduciary requirements under GASB 32 and therefore has not included the financial statement of the 457 deferred compensation plan in the Town’s financial statements.

NOTE 10 – INTERFUND RECEIVABLES AND PAYABLES

	General Fund	Special Revenue Fund	Sewer Fund	Parking Fund	Total
Due from Other Funds:					
General Fund	\$ -	\$ 36,753	\$ 1,747,947	\$ -	\$ 1,784,700
Special Revenue	-	-	4,532	-	4,532
Parking Fund	89,097	-	2,459	-	91,556
Total	\$ 89,097	\$ 36,753	\$ 1,754,938	\$ -	\$ 1,880,788
Due to Other Funds:					
Sewer Fund	\$ 1,747,947	\$ 4,532	\$ -	\$ 2,459	\$ 1,754,938
General Fund	-	-	-	89,097	89,097
Special Revenue	36,753	-	-	-	36,753
Total	\$ 1,784,700	\$ 4,532	\$ -	\$ 91,556	\$ 1,880,788

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

The Town of Bel Air has instituted a program to provide health plan insurance to retired employees who are at least 55 years of age with at least 20 years of service. On July 1, 2009, the Town changed its benefit from a percentage of premium to a determined actual amount; however, the old benefit of a percentage of premium will remain in effect for those individuals who retired prior to January 1, 2009, which includes all of the retirees currently receiving the benefit. The premium amount paid by the Town is dependent upon the years of service by the retiree. The cost of the dependent care portion of the policy is born by the retiree unless he/she has at least 30 years of service. Participation in the program terminates at age 65. The Town recognizes the cost of the contribution in the year it is made. The total cost of the Plan to the Town for the year ended June 30, 2020, was \$31,329 for the nine retired employees participating in the Plan and receiving benefits.

In fiscal year 2016, the Town joined the Maryland Association of Counties (MACO) Pooled OPEB Trust (The Trust). The Trust is a wholly-owned instrumentality of its name members including the Town. The Trust was formed to facilitate the investments of other post-retirement benefits trusts formed by the members to provide post-retirement benefits to their respective retirees. During the year ended June 30, 2020, the Town contributed \$25,670 to the Trust. As of June 30, 2020, the Town's share of the net position of the Trust was \$456,954. A separately audited financial statement of the Trust may be obtained by sending a request to the following address: Board of the MACO Pooled Investment Trust, 169 Conduit Street, Annapolis, MD 21401.

Funding Policy

On December 7, 2015, the Board of Town Commissioners approved Resolution No. 1061-15 which authorized the Town becoming a member of the Maryland Association of Counties Pooled OPEB Trust Fund. The Trust was established on January 27, 2015 to facilitate the investments of Other Postemployment Benefits (OPEB) by the members to provide post-retirement benefits to their respective retirees.

Membership of the Plan

The membership consisted of the following as of July 1, 2019, the date of the latest actuarial valuation:

Number of Participants	Total
Active	62
Retired	5
Spouse	3
Total Participants	<u>70</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2020, and the final investment return assumption, are summarized in the following table:

Investment Type	% of Portfolio	Long-term Expected Real Return - Portfolio
Domestic Equity	48%	5.90%
International Funds	13%	6.15%
Fixed Income - U.S.	33%	1.80%
Global Funds	6%	4.65%
Cash Equivalents	0%	0.40%
Total Weighted Average Real Return	100%	4.50%
Plus Inflation		2.50%
Total Return w/o Adjustment		7.00%
Risk Adjustment		0.00%
Total Expected Return		7.00%

The actuarial assumptions included (a) 7.0% investment return, net of investment expense and including inflation, (b) 6.0% healthcare trend initially, grading down to 4.25% ultimately, (c) 2.50% inflation, (d) 3.0% salary increases, and (e) rates of mortality are based on the gender-specific RP 2000 Blue Collar tables (setback 2 years for civilians) projected to 2025 with Scale BB. A 50% factor is applied for pre-retirement.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The net OPEB liability is equal to the total OPEB liability minus the net position of the plan. The result as of June 30, 2020 is as follows:

Total OPEB liability	\$ 1,382,935
Plan fiduciary net position	<u>(456,954)</u>
Net OPEB liability	<u>\$ 925,981</u>

Plan fiduciary net position as a percentage of the total OPEB liability	33.04%
---	--------

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the plan, calculated using the discount rate of 7.00% as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate:

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Net OPEB liability	<u>\$ 1,057,198</u>	<u>\$ 925,981</u>	<u>\$ 808,158</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the net OPEB liability of the Town as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current healthcare cost trend rates.

	1% Decrease 3.25%	Current Ultimate Trend Rate 4.25%	1% Increase 5.25%
Net OPEB liability	<u>\$ 773,672</u>	<u>\$ 925,981</u>	<u>\$ 1,108,306</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense of \$114,530 for the Plan. As of June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected versus actual investment earnings	\$ 21,458	\$ -
Differences in actual versus expected experience	-	(58,209)
Changes in assumptions	-	-
Total	<u>\$ 21,458</u>	<u>\$(58,209)</u>

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in the OPEB expense as follows:

NOTE 12 – RISK MANAGEMENT

The Town's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance.

For property, excess liability, primary auto and boiler and machinery liability coverage, the Town became a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool which is owned and directed by the local governments that subscribe to its coverage and operates under the terms of a Trust Agreement. The Town pays LGIT an annual premium. Claims are processed and recoveries and administrative costs are paid by LGIT.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2020**

NOTE 12 – RISK MANAGEMENT (Continued)

Similar to a commercial insurance carrier, recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits. Settled claims from these risks have not exceeded coverage for the past three fiscal years, and there has not been a reduction in insurance coverage in the past fiscal year. The Town is fully insured for worker’s compensation through the Injured Worker’s Insurance Fund of Maryland. Employees are bonded through commercial insurance carriers to limit the loss to the Town in the event of employees committing acts of embezzlement or theft.

NOTE 13 – SPECIAL REVENUE FUND BALANCE

As of June 30, 2020, the Special Revenue Fund was designated for the following purposes:

Governmental Funds

Nonspendable:

Explorer Scouts	\$	672	
Auxillary Police		185	
Total Nonspendable		<u>857</u>	\$ 857

Restricted:

Community Legacy Grant	50,000	
Chesapeake Sensory Plaza	-	
Seized property-Federal Justice	81,109	
Seized property-Federal Treasury	31,812	
Total Restricted		162,921

Committed:

Tree planting – fee in lieu	-	
Tree planting – forest conservation	23,685	
Revolving loan fund	78,614	
Seized property	1,842	
Open space fee in lieu	2,344	
Stormwater management - fee in lieu	38,950	
Total Committed		145,435

Assigned:

Public amenity – gardens/park/art	34,777	
Memorials	1,312	
Cultural arts	18,572	
Explorer scouts	16,063	
Auxiliary police	6,635	
Total Assigned		<u>77,359</u>

Total fund balance

\$ 386,572

Fund balances for the Town’s general fund consisted of the following as of June 30, 2020: Non-spendable fund balance was \$32,418 pertaining to prepaid costs in the general fund; committed fund balance was \$3,790,049 pertaining to \$16,026 for seized property, \$2,243,612 for capital, \$80,989 for stormwater management, \$44,829 for worker’s compensation claims, \$1,204,593 for stabilization, \$200,000 for leave payout; assigned fund balance was \$422,356 for current year encumbrances, and unassigned fund balance totaled \$2,418,810.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2020

NOTE 14 – RISK AND UNCERTAINTIES

The Town's pension plans invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment of securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Town receives grants from time to time. Expenditures from certain grants are subject to audit by the grantor, and the Town is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the Town's management, no material refunds will be required as a result of disallowed expenditures.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BEL AIR, MARYLAND

**Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2020**

	2020	2019	2018	2017
Total OPEB liability				
Service Cost	\$ 45,411	\$ 46,496	\$ 45,142	\$ 43,827
Interest	91,514	88,777	81,824	75,600
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	-	(68,793)	-	-
Changes in assumptions	-	-	-	-
Benefit payments and implicit subsidy	(31,329)	(21,408)	(36,324)	(27,476)
Net change in Total OPEB Liability	105,596	45,072	90,642	91,951
Total OPEB liability - beginning	1,277,339	1,232,267	1,141,625	1,049,674
Total OPEB liability - ending	\$ 1,382,935	\$ 1,277,339	\$ 1,232,267	\$ 1,141,625
Plan fiduciary net position				
Contributions - employer, including benefit payments and implicit subsidy	\$ 56,999	\$ 55,404	\$ 77,024	\$ 60,476
Contributions - member	-	-	-	-
Net investment income	8,671	22,721	20,751	25,757
Benefit payments and implicit subsidy	(31,329)	(21,408)	(36,324)	(27,476)
Administrative expense	(7,717)	(1,975)	(5,810)	(1,510)
Other	-	-	-	-
Net change in Plan Fiduciary Net Position	26,624	54,742	55,641	57,247
Plan fiduciary net position - beginning	430,330	375,588	319,947	262,700
Plan fiduciary net positions - ending	\$ 456,954	\$ 430,330	\$ 375,588	\$ 319,947
Net OPEB liability - ending	\$ 925,981	\$ 847,009	\$ 856,679	\$ 821,678
Plan fiduciary net position as a percentage of total OPEB liability	33.04%	33.69%	30.48%	28.03%
Covered employee payroll	\$ 5,513,957	\$ 5,038,579	\$ 5,239,219	\$ 5,086,620
Net OPEB liability as a percentage of covered payroll	16.79%	16.81%	16.35%	16.15%
Annual money-weighted rate of return	2.00%	5.80%	6.20%	7.64%

Notes to schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF BEL AIR, MARYLAND

Schedule of Contributions - OPEB June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 99,286	\$ 92,364	\$ 85,721	\$ 85,721	\$ 62,149	\$ 62,149	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Contributions in relation to the actuarially determined contribution	56,999	55,404	40,700	47,000	276,195	26,914	34,543	27,216	26,174	17,735
Contribution deficiency (excess)	<u>\$ 42,287</u>	<u>\$ 36,960</u>	<u>\$ 45,021</u>	<u>\$ 38,721</u>	<u>\$ (214,046)</u>	<u>\$ 35,235</u>	<u>\$ 25,457</u>	<u>\$ 32,784</u>	<u>\$ 33,826</u>	<u>\$ 42,265</u>
Covered payroll	\$ 5,513,957	\$ 5,038,579	\$ 5,239,219	\$ 5,086,620	\$ 4,728,430	\$ 4,546,567	\$ 4,503,535	\$ 4,698,425	\$ 4,711,551	\$ 4,704,679
Contributions as a percentage of covered payroll	1.03%	1.10%	0.78%	0.92%	5.84%	0.59%	0.77%	0.58%	0.56%	0.38%

Note to Schedule

Valuation date: June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level payment over a closed period of 30 years
Asset valuation method	Market Value
Inflation	2.5%
Salary increases	3%
Investment rate of return	7% net of OPEB investment expense, including inflation
Retirement age	The latter of 25 years of service and age 65

Mortality rates for pre-retirement are based on the RP2000 (Blue Collar) for males and females, Scale BB projected to 2025, apply 50%, setback 2 year for civilians.

Mortality rates for post-retirement are based on the RP2000 (Blue Collar) for males and females, Scale BB projected to 2025, setback 2 years for civilians.

TOWN OF BEL AIR, MARYLAND

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios June 30, 2020

	Civilian						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service Cost Retirement benefits Administration	\$ 342,361	\$ 332,389	\$ 321,472	\$ 315,871	\$ 241,040	\$ 226,439	\$ 231,098
Interest	675,561	637,782	601,400	565,717	594,815	554,161	539,426
Differences between expected and actual experiences	169,795	(107,027)	(25,268)	(50,182)	80,719	(274,272)	-
Changes in assumptions	-	-	-	(607,784)	-	-	-
Benefit pymts, incl rfd's member contrib, death, terminations	(574,943)	(347,140)	(303,500)	(433,705)	(329,122)	(338,437)	(253,354)
Net changes in total pension liability	<u>612,774</u>	<u>516,004</u>	<u>594,104</u>	<u>(210,083)</u>	<u>587,452</u>	<u>167,891</u>	<u>517,170</u>
Total pension liability - beginning	9,258,168	8,742,164	8,148,060	8,358,143	7,770,691	7,602,800	7,085,630
Total pension liability - ending (a)	<u>\$ 9,870,942</u>	<u>\$ 9,258,168</u>	<u>\$ 8,742,164</u>	<u>\$ 8,148,060</u>	<u>\$ 8,358,143</u>	<u>\$ 7,770,691</u>	<u>\$ 7,602,800</u>
Plan fiduciary net position							
Contributions - employer	\$ 306,985	\$ 288,726	\$ 285,031	\$ 268,835	\$ 263,915	\$ 248,724	\$ 254,690
Contributions - member	208,185	195,931	191,429	182,322	179,074	168,370	137,625
Net investment income	466,400	547,396	643,365	855,347	(16,141)	250,391	823,039
Receipts of In-kind	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(574,942)	(347,140)	(303,500)	(433,705)	(329,122)	(338,437)	(253,354)
Administrative expense	(52,340)	(56,172)	(48,061)	(42,569)	(55,379)	(39,481)	(39,113)
Net changes in plan fiduciary net position	<u>354,288</u>	<u>628,741</u>	<u>768,264</u>	<u>830,230</u>	<u>42,347</u>	<u>289,567</u>	<u>922,887</u>
Plan fiduciary net positions - beginning	8,244,987	7,616,246	6,847,982	6,017,752	5,975,405	5,685,838	4,762,951
Plan fiduciary net positions - ending (b)	<u>\$ 8,599,275</u>	<u>\$ 8,244,987</u>	<u>\$ 7,616,246</u>	<u>\$ 6,847,982</u>	<u>\$ 6,017,752</u>	<u>\$ 5,975,405</u>	<u>\$ 5,685,838</u>
Town's net pension - liability - ending (a) - (b)	\$ 1,271,667	\$ 1,013,181	\$ 1,125,918	\$ 1,300,078	\$ 2,340,391	\$ 1,795,286	\$ 1,916,962
Plan fiduciary net position as a percentage of total pension liability	87.12%	89.06%	87.12%	84.04%	72.00%	76.90%	74.79%
Covered employee payroll	\$ 3,373,219	\$ 3,318,691	\$ 3,276,716	\$ 3,147,119	\$ 2,739,570	\$ 2,634,202	\$ 2,693,914
Net liability as a percentage of covered payroll	37.70%	30.53%	34.36%	41.31%	85.43%	68.15%	71.20%
Annual money-weighted rate of return, net of investment expense	5.30%	7.60%	9.40%	14.30%	-0.30%	4.40%	17.20%

Notes to schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF BEL AIR, MARYLAND

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios June 30, 2020

	Sworn Officers						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service Cost Retirement benefits Administration	\$ 240,936	\$ 233,918	\$ 235,642	\$ 220,727	\$ 166,468	\$ 148,752	\$ 142,101
Interest	633,161	601,697	575,590	548,807	579,955	545,503	522,365
Differences between expected and actual experiences	88,078	(87,660)	(69,720)	(215,973)	107,963	(58,419)	-
Changes in assumptions	-	-	-	(369,157)	-	-	-
Benefit pymts, incl rfd's member contrib, death, terminations	(436,239)	(382,037)	(342,165)	(348,320)	(407,470)	(315,333)	(293,451)
Net changes in total pension liability	525,936	365,918	399,347	(163,916)	446,916	320,503	371,015
Total pension liability - beginning	8,706,624	8,340,706	7,941,359	8,105,275	7,658,359	7,337,856	6,966,841
Total pension liability - ending (a)	<u>\$ 9,232,560</u>	<u>\$ 8,706,624</u>	<u>\$ 8,340,706</u>	<u>\$ 7,941,359</u>	<u>\$ 8,105,275</u>	<u>\$ 7,658,359</u>	<u>\$ 7,337,856</u>
Plan fiduciary net position							
Contributions - employer	\$ 201,258	\$ 202,289	\$ 201,004	\$ 194,064	\$ 183,050	\$ 179,762	\$ 171,769
Contributions - member	248,753	249,527	249,870	239,984	226,325	222,234	190,035
Net investment income	458,803	523,298	618,731	823,919	(13,096)	246,899	800,388
Receipts of In-kind	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(436,239)	(382,037)	(342,165)	(348,320)	(407,470)	(315,333)	(293,451)
Administrative expense	(48,023)	(47,430)	(48,331)	(40,844)	(54,700)	(37,215)	(37,599)
Net changes in plan fiduciary net position	424,552	545,647	679,109	868,803	(65,891)	296,347	831,142
Plan fiduciary net positions - beginning	7,809,532	7,263,885	6,584,776	5,715,973	5,781,864	5,485,517	4,654,375
Plan fiduciary net positions - ending (b)	<u>\$ 8,234,084</u>	<u>\$ 7,809,532</u>	<u>\$ 7,263,885</u>	<u>\$ 6,584,776</u>	<u>\$ 5,715,973</u>	<u>\$ 5,781,864</u>	<u>\$ 5,485,517</u>
Town's net pension - liability - ending (a) - (b)	\$ 998,476	\$ 897,092	\$ 1,076,821	\$ 1,356,583	\$ 2,389,302	\$ 1,876,495	\$ 1,852,339
Plan fiduciary net position as a percentage of total pension liability	89.19%	89.70%	87.09%	82.92%	70.52%	75.50%	74.76%
Covered employee payroll	\$ 2,140,738	\$ 2,152,007	\$ 2,137,595	\$ 1,939,501	\$ 1,988,860	\$ 1,912,365	\$ 1,809,621
Net liability as a percentage of covered payroll	46.64%	41.69%	50.38%	69.94%	120.13%	98.12%	102.36%
Annual money-weighted rate of return, net of investment expense	5.40%	7.70%	9.40%	14.40%	-0.20%	4.50%	17.20%

Notes to schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF BEL AIR, MARYLAND

Schedule of Civilian Employees Pension Plan Employer Contributions June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 282,384	\$ 272,771	\$ 281,277	\$ 282,358	\$ 224,720	\$ 221,424	\$ 318,255
Contributions in relation to the actuarially determined contributions	<u>(306,985)</u>	<u>(288,726)</u>	<u>(285,031)</u>	<u>(268,835)</u>	<u>(263,914)</u>	<u>(248,724)</u>	<u>(254,426)</u>
Contributions deficiency (excess)	<u>\$ (24,601)</u>	<u>\$ (15,955)</u>	<u>\$ (3,754)</u>	<u>\$ 13,523</u>	<u>\$ (39,194)</u>	<u>\$ (27,300)</u>	<u>\$ 63,829</u>
Covered employee payroll	\$ 3,373,219	\$ 3,318,691	\$ 3,276,716	\$ 3,147,119	\$2,739,570	\$ 2,634,202	\$ 2,495,671
Contributions as a percentage of covered employee payroll	9.10%	8.70%	8.70%	8.54%	9.63%	9.44%	10.19%

Notes to schedule

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2019,
12 months prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Investment return	7.25% RP 2000 tables, with Blue Collar adjustments, projected to 2025 with Scale BB; 50% applied for pre-retirement deaths.
Mortality	A two year ago setback is applied for members.
Turnover	T4
Salary Scale	6.75% for the first 14 years, 3.25% thereafter
Valuation of Assets	Market value as reported by the plan administrator, adjusted by a fraction of the investment (gains)/losses for the plan years preceding the current valuation year. Actuarial value can not exceed 120% of actual market value or be less than 80%.

Notes to schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF BEL AIR, MARYLAND

**Schedule of Sworn Officers Pension Plan Employer Contributions
June 30, 2020**

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 141,858	\$ 137,891	\$ 130,508	\$ 155,731	\$ 165,647	\$ 167,259	\$ 215,712
Contributions in relation to the actuarially determined contributions	(201,258)	(202,289)	(201,004)	(194,064)	(183,050)	(179,762)	(171,769)
Contributions deficiency (excess)	<u>\$ (59,400)</u>	<u>\$ (64,398)</u>	<u>\$ (70,496)</u>	<u>\$ (38,333)</u>	<u>\$ (17,403)</u>	<u>\$ (12,503)</u>	<u>\$ 43,943</u>
Covered employee payroll	\$2,140,738	\$2,152,007	\$2,137,595	\$1,939,501	\$1,988,860	\$1,912,365	\$1,396,968
Contributions as a percentage of covered employee payroll	9.40%	9.40%	9.40%	10.01%	9.44%	9.40%	12.30%

Notes to schedule

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2019,
12 months prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Investment return	7.25% RP 2000 tables, with Blue Collar adjustments, projected to 2025 with Scale
Mortality	BB; 50% applied for pre-retirement deaths.
Turnover	T4
Salary Scale	5.5% for the first 15 years, 4.5% for the next 10 years, then 3.5% thereafter
Valuation of Assets	Market value as reported by the plan administrator, adjusted by a fraction of the investment (gains)/losses for the plan years preceding the current valuation year. Actuarial value can not exceed 120% of actual market value or be less than 80%.

Notes to schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

SUPPLEMENTARY INFORMATION

TOWN OF BEL AIR, MARYLAND

**Schedule of Cash and Cash Equivalents - General Fund
June 30, 2020**

UNRESTRICTED

M&T Bank	
Checking	\$ (947)
Payroll	1,000
Harco Maryland Federal Credit Union	
Savings	6
Aberdeen Proving Grounds Credit Union	
Money market	5
PeoplesBank	
Money market	108
First National Bank	
Checking	50
Freedom Federal Credit Union	
Money market	2,615
TD Bank	
Money market	25,023
Change fund	
	1,350
PNC Bank	
Local government investment pool	<u>4,275,748</u>
TOTAL UNRESTRICTED CASH	<u><u>\$ 4,304,958</u></u>

RESTRICTED

BB&T Bank	
Turner escrow	\$ 1,280
Harford Bank	
Savings	7,362
PNC Bank	
Local Government Investment Pool - Bond Issue	<u>137,425</u>
TOTAL RESTRICTED CASH	<u><u>\$ 146,067</u></u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes - Local				
Real property	\$ 7,224,937	\$ 7,265,698	\$ 7,265,739	\$ 41
Half-year real property	9,127	22,127	22,376	249
Personal property	8,000	8,000	12,820	4,820
Railroads and public utilities	408,000	408,000	404,180	(3,820)
Ordinary business corporations	500,000	500,000	494,429	(5,571)
Penalties and interest	35,000	35,000	51,471	16,471
<u>Deductions</u>				
Discounts allowed on taxes	-	-	-	-
Net local taxes	8,185,064	8,238,825	8,251,015	12,190
Taxes - State Shared				
Highway	470,194	470,194	430,742	(39,452)
Income taxes	1,350,000	1,250,000	1,592,052	342,052
Admission and amusement	55,000	43,000	53,343	10,343
Total taxes - State shared	1,875,194	1,763,194	2,076,137	312,943
Licenses and Permits				
<u>Business</u>				
Beer, wine and liquor	-	-	-	-
Traders	65,000	65,000	44,462	(20,538)
<u>Other Licenses and Permits</u>				
Building and equipment	35,000	55,000	58,894	3,894
Total - licenses and permits	100,000	120,000	103,356	(16,644)
Revenue from Other Agencies				
<u>Grants from State Government</u>				
Police protection	248,753	248,753	235,438	(13,315)
Governor's Office grant	3,177	18,177	34,668	16,491
Miscellaneous grants	12,500	20,700	5,000	(15,700)
<u>Grants from the Federal Government</u>				
Bulletproof vest grant	1,850	1,850	1,296	(554)
CARES grant	-	-	31,750	31,750
DNR Plumtree run grant	-	-	8,162	8,162
<u>Grants from County Government</u>				
Financial corporations	8,458	8,458	8,458	-
Stormwater Management	-	-	126,159	126,159
Tax rebate	1,165,272	1,165,272	1,165,272	-
Traffic grants	8,000	8,000	6,977	(1,023)
Total - revenue from other agencies	1,448,010	1,471,210	1,623,180	151,970

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual General Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES (Continued)				
Service Charges for Current Services				
<u>General Government</u>				
MAWC well fees	\$ 5,000	\$ 5,000	\$ 11,845	\$ 6,845
Bel Air Armory fees	87,500	87,500	78,720	(8,780)
Finance fees	9,900	9,900	7,952	(1,948)
Zoning and subdivision fees	22,000	10,000	12,831	2,831
Administration permit fees	575	575	1,848	1,273
MD homebuilder guaranty fund	800	800	1,500	700
<u>Sanitation and Waste Removal</u>				
Sewer fund administrative fee	329,313	329,313	339,515	10,202
<u>Public Service Enterprises</u>				
Parking fund administrative fee	245,527	245,527	237,165	(8,362)
Reimbursement for police services	25,000	25,000	22,370	(2,630)
Police and DPW overtime reimbursement	25,000	18,600	8,566	(10,034)
Police reports	1,500	1,500	1,766	266
Total - service charges for for current services	<u>752,115</u>	<u>733,715</u>	<u>724,078</u>	<u>(9,637)</u>
Fines				
Traffic signal camera	450,000	400,000	438,050	38,050
False alarm	19,000	19,000	16,870	(2,130)
Total - fines	<u>469,000</u>	<u>419,000</u>	<u>454,920</u>	<u>35,920</u>
Miscellaneous				
Interest	135,000	162,800	164,954	2,154
Cable TV franchise	140,000	146,000	146,086	86
Rental income	23,606	30,106	37,482	7,376
Seized property	2,000	2,000	680	(1,320)
Equipment/vehicle sale proceeds	18,000	18,000	28,823	10,823
Contribution income	-	-	17,000	17,000
Rockfield Foundation contribution	8,300	8,300	4,365	(3,935)
Bel Air Alliance contribution	7,350	7,350	6,769	(581)
Miscellaneous grants	20,000	20,000	19,267	(733)
Miscellaneous	5,000	24,000	23,041	(959)
Total - miscellaneous	<u>359,256</u>	<u>418,556</u>	<u>448,467</u>	<u>29,911</u>
TOTAL REVENUES	<u><u>\$ 13,188,639</u></u>	<u><u>\$ 13,164,500</u></u>	<u><u>\$ 13,681,153</u></u>	<u><u>\$ 516,653</u></u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
General Government				
<u>Legislative</u>				
Commissioners				
Salaries/Benefits	\$ 27,243	\$ 27,243	\$ 27,192	\$ 51
Operating expenses	45,290	45,290	28,390	16,900
<u>Town Clerk</u>				
Salaries/Benefits	237,963	237,963	227,990	9,973
Operating expenses	31,453	31,453	32,001	(548)
<u>Executive</u>				
Town Administrator				
Salaries/Benefits	157,491	157,491	158,471	(980)
Operating expenses	2,625	2,625	912	1,713
<u>Elections</u>				
Registration and Election				
Operating expenses	3,700	3,700	2,180	1,520
<u>Finance</u>				
Salaries/Benefits	454,774	491,534	487,515	4,019
Operating expenses	30,373	24,673	21,527	3,146
Actuarial valuations pension & OPEB	11,200	11,200	11,200	-
Independent auditing	16,750	16,750	16,750	-
<u>Law</u>				
Legal Counsel				
Operating expenses	39,200	53,300	59,371	(6,071)
<u>Planning and Zoning</u>				
Salaries/Benefits	468,811	455,811	434,691	21,120
Operating expenses	77,050	83,875	73,915	9,960
Capital outlay	60,000	51,800	40,297	11,503
<u>Economic Development</u>				
Salaries/Benefits	355,789	357,177	358,949	(1,772)
Operating expenses	88,650	88,650	79,776	8,874
<u>General Services</u>				
<u>Municipal Buildings</u>				
Salaries/Benefits	66,680	54,587	55,800	(1,213)
Operating expenses	216,230	457,465	469,196	(11,731)
Capital outlay	142,000	124,400	119,770	4,630
<u>Bel Air Reckord Armory</u>				
Salaries/Benefits	100,498	106,498	101,740	4,758
Operating expenses	102,822	164,622	177,051	(12,429)
Capital outlay	42,000	97,150	75,835	21,315

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)				
General Government (Continued)				
<u>Other General Government</u>				
Community Promotion				
Operating expenses	\$ 9,900	\$ 9,900	\$ 7,936	\$ 1,964
Public Officers' Association				
Operating expenses	18,249	18,249	18,249	-
Public Relations				
Salaries/Benefits	33,798	26,798	23,707	3,091
Operating expenses	3,950	3,950	1,195	2,755
<u>Technology</u>				
Salaries/Benefits	159,357	160,234	165,500	(5,266)
Operating expenses	172,947	172,947	159,359	13,588
Capital outlay	115,600	73,800	69,342	4,458
Total - general government	<u>3,292,393</u>	<u>3,611,135</u>	<u>3,505,807</u>	<u>105,328</u>
Public Safety				
<u>Administrative, Patrol and Investigation</u>				
Salaries/Benefits	4,591,978	4,544,778	4,410,100	134,678
Operating expenses	317,990	323,490	316,630	6,860
Capital outlay	125,000	160,000	177,128	(17,128)
<u>Traffic Safety</u>				
Red light camera program	192,620	172,620	192,298	(19,678)
<u>Fire Department</u>				
Volunteer Company Contribution	159,589	159,589	159,589	-
<u>Protective Inspection</u>				
Other:				
Hydrant rental	50,084	50,084	48,709	1,375
Total - public safety	<u>5,437,261</u>	<u>5,410,561</u>	<u>5,304,454</u>	<u>106,107</u>
Public Works				
<u>General Administration</u>				
Salaries/Benefits	881,410	881,410	879,875	1,535
Operating expenses	183,811	213,811	135,051	78,760
<u>Highways and Streets</u>				
Streets, Roadways and Alleys				
Salaries/Benefits	698,869	674,869	624,976	49,893
Operating expenses	301,274	339,774	289,981	49,793
Sidewalk, curb and street construction	345,000	345,000	308,859	36,141
Capital outlay	325,000	325,000	341,321	(16,321)
Street Lighting				
Operating expenses	102,600	102,600	98,368	4,232

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual General Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)				
Public Works (Continued)				
<u>Sanitation and Waste Removal</u>				
Waste Collection and Disposal				
Salaries/Benefits	\$ 581,194	\$ 611,194	\$ 584,989	\$ 26,205
Operating expenses	157,878	157,878	181,281	(23,403)
Capital outlay	-	-	-	-
<u>Shop</u>				
Salaries/Benefits	268,384	212,384	198,121	14,263
Operating expenses	160,590	180,590	169,617	10,973
Capital outlay	-	-	-	-
Total - public works	<u>4,006,010</u>	<u>4,044,510</u>	<u>3,812,439</u>	<u>232,071</u>
Recreation and Parks				
<u>Participation Recreation</u>				
Operating expenses	121,900	121,900	101,700	20,200
<u>A & B Committee</u>				
Operating expenses	39,300	39,300	36,227	3,073
<u>Cultural Arts Committee</u>				
Operating expenses	8,350	8,350	7,306	1,044
Total - recreation and parks	<u>169,550</u>	<u>169,550</u>	<u>145,233</u>	<u>24,317</u>
Miscellaneous				
Hospital insurance	111,804	4,804	4,543	261
Optical and dental plan	2,017	-	23	(23)
OPEB	57,000	57,000	56,999	1
Transfer to leave payout reserve	30,000	-	-	-
Unemployment claims	220	220	220	-
General insurance	108,000	114,000	113,353	647
Miscellaneous	48,750	28,250	21,676	6,574
Debt service	330,234	330,234	327,306	2,928
Contributions/donations	25,400	19,900	17,994	1,906
Transfer to capital reserve	20,000	20,000	-	20,000
Total - miscellaneous	<u>733,425</u>	<u>574,408</u>	<u>542,114</u>	<u>32,294</u>
TOTAL EXPENDITURES	<u><u>\$ 13,638,639</u></u>	<u><u>\$ 13,810,164</u></u>	<u><u>\$ 13,310,047</u></u>	<u><u>\$ 500,117</u></u>
SUMMARY				
TOTAL REVENUES	\$ 13,188,639	\$ 13,164,500	\$ 13,681,153	\$ 516,653
TOTAL EXPENDITURES	<u>13,638,639</u>	<u>13,810,164</u>	<u>13,310,047</u>	<u>500,117</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u><u>\$ (450,000)</u></u>	<u><u>\$ (645,664)</u></u>	<u><u>\$ 371,106</u></u>	<u><u>\$ 1,016,770</u></u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
Special Revenue Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Revenue from Other Agencies				
CDBG grant	\$ 35,351	\$ 35,351	\$ -	\$ (35,351)
DNR grant	651,465	641,838	641,838	-
Community Parks & Playground grant	-	42,049	42,049	-
Governor's Office grant	-	2,420	11,227	8,807
Department of Justice	-	-	81,109	81,109
MD State Arts Council grant	-	15,000	14,100	(900)
Community Legacy grant	200,000	200,000	200,000	-
Total - revenue from other agencies	<u>886,816</u>	<u>936,658</u>	<u>990,323</u>	<u>53,665</u>
Miscellaneous				
Chesapeake Sensory Plaza grant	150,000	188,000	40,260	(147,740)
Historic preservation	1,700	1,700	-	(1,700)
Tree planting - forest conservation	3,000	3,000	-	(3,000)
Tree planting - fee in lieu	1,500	1,500	-	(1,500)
Stormwater management fee in lieu	10,000	10,000	38,900	28,900
Open space fee in lieu	2,000	2,000	3,210	1,210
Memorials	500	500	100	(400)
Transfer from General Fund seized property	5,000	5,000	-	(5,000)
Seized property-Federal Treasury	-	-	7,825	7,825
Public amenity	5,000	5,000	75	(4,925)
Explorer scouts	9,000	9,000	8,745	(255)
Auxiliary police	2,500	2,500	3,000	500
Cultural arts project	6,900	6,900	5,915	(985)
Revolving loan fund	1,500	1,500	1,347	(153)
Total - miscellaneous	<u>198,600</u>	<u>236,600</u>	<u>109,377</u>	<u>(127,223)</u>
TOTAL REVENUES	<u>\$1,085,416</u>	<u>\$1,173,258</u>	<u>\$1,099,700</u>	<u>\$ (73,558)</u>
EXPENDITURES				
General Government				
Historic preservation	\$ 1,700	\$ 1,700	\$ -	\$ 1,700
Revolving loan fund	1,500	1,500	-	1,500
CDBG grant	35,351	35,351	-	35,351
Total - general government	<u>38,551</u>	<u>38,551</u>	<u>-</u>	<u>38,551</u>
Public Safety				
Seized property-internal	5,000	5,000	6,476	(1,476)
Seized property-Federal Treasury	-	-	2,600	(2,600)
Auxiliary police	2,500	2,500	1,315	1,185
Total - public safety	<u>7,500</u>	<u>7,500</u>	<u>10,391</u>	<u>(2,891)</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
Special Revenue Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (Continued)				
Public Works				
Stormwater management - fee in lieu	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Plumtree Run Streamback project	651,465	641,838	641,838	-
Community Legacy grant	200,000	200,000	200,000	-
Total - public works	<u>861,465</u>	<u>851,838</u>	<u>841,838</u>	<u>10,000</u>
Recreation and Parks				
Tree planting - forest conservation	3,000	3,000	6,536	(3,536)
Tree planting - fee in lieu	1,500	1,500	698	802
Explorer Scouts	9,000	11,420	22,443	(11,023)
Cultural arts project	6,900	21,900	18,945	2,955
Open space fee in lieu	2,000	2,000	9,316	(7,316)
Public amenity	5,000	5,000	-	5,000
Memorials	500	500	169	331
Community Parks & Playground grant	-	42,049	42,049	-
Chesapeake Sensory Plaza	150,000	188,000	148,379	39,621
Total - recreation and parks	<u>177,900</u>	<u>275,369</u>	<u>248,535</u>	<u>26,834</u>
TOTAL EXPENDITURES	<u>\$ 1,085,416</u>	<u>\$ 1,173,258</u>	<u>\$ 1,100,764</u>	<u>\$ 72,494</u>

Summary

TOTAL REVENUES	\$ 1,085,416	\$ 1,173,258	\$ 1,099,700	\$ (73,558)
TOTAL EXPENDITURES	<u>1,085,416</u>	<u>1,173,258</u>	<u>1,100,764</u>	<u>72,494</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,064)</u>	<u>\$ (1,064)</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Compared to Budget
Parking Fund
Year Ended June 30, 2020**

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Service Charges for Current Services			
<u>Highways and Streets</u>			
Meter collections	\$ 182,000	\$ 134,508	\$ (47,492)
Lease fees	64,323	59,066	(5,257)
Fines and Forfeitures			
Parking	135,000	125,010	(9,990)
Miscellaneous			
Miscellaneous income	-	977	977
County share operating expenses and capital repairs	107,305	119,561	12,256
Total operating revenues	<u>488,628</u>	<u>439,122</u>	<u>(49,506)</u>
OPERATING EXPENSES			
Miscellaneous			
Compensated absences	-	2,791	(2,791)
Postage	1,760	1,761	(1)
Miscellaneous	1,778	2,618	(840)
Parking fine charges	28,680	24,134	4,546
Depreciation	135,620	136,617	(997)
Lots and Meters			
Transfer to general fund - administrative costs	157,173	140,224	16,949
Maintenance	3,000	-	3,000
Operating expenses	6,512	1,562	4,950
Resurface lot	40,000	28,510	11,490
Parking Garage			
Transfer to general fund - administrative costs	87,354	96,941	(9,587)
Operating expenses	27,688	37,301	(9,613)
Insurance	18,099	18,553	(454)
Maintenance	7,240	6,758	482
Capital repairs	15,000	-	15,000
Total operating expenses	<u>529,904</u>	<u>497,770</u>	<u>32,134</u>
Operating income (loss)	<u>(41,276)</u>	<u>(58,648)</u>	<u>(17,372)</u>
Non-operating Revenues (Expenses)			
Interest income - investment	-	214	214
Interest expense - various debts	(5,583)	(4,063)	1,520
Total non-operating (expenses)	<u>(5,583)</u>	<u>(3,849)</u>	<u>1,734</u>
NET INCOME (LOSS)	<u>\$ (46,859)</u>	<u>\$ (62,497)</u>	<u>\$ (15,638)</u>

TOWN OF BEL AIR, MARYLAND

Schedule of Revenues and Expenditures Compared to Budget

Sewer Fund

Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Service Charges for Current Services			
Sanitation and Waste Removal			
Sewerage charges	\$ 2,338,161	\$ 2,346,092	\$ 7,931
Sewer connection charges	50,000	251,613	201,613
Other revenues	15,125	22,583	7,458
Utility locator fees	42,000	18,352	(23,648)
User benefit fees	35,945	36,540	595
Total operating revenues	<u>2,481,231</u>	<u>2,675,180</u>	<u>193,949</u>
OPERATING EXPENSES			
Salaries/benefits	221,717	213,563	8,154
Compensated absences	-	7,203	(7,203)
Contractual services	1,311,492	1,345,572	(34,080)
Amortization	24,248	24,248	-
Supplies	3,100	1,505	1,595
Utilities	13,720	15,837	(2,117)
Miss Utility fees	2,500	3,797	(1,297)
Depreciation	82,000	88,855	(6,855)
Maintenance	30,000	19,640	10,360
Connection costs	50,000	251,613	(201,613)
Water company charges	6,300	5,568	732
Miscellaneous	15,574	16,176	(602)
Transfer to general fund - administrative costs	329,313	339,515	(10,202)
User benefit fee	35,945	36,540	(595)
Root control maintenance	35,000	34,905	95
Main and lateral repairs	22,000	51,572	(29,572)
Insurance	8,710	9,198	(488)
Transfer to SSCI reserve	-	-	-
Processing fees	40,732	25,530	15,202
Inflow and infiltration remediation	125,000	3,685	121,315
Equipment, sewage pumps	30,000	-	30,000
Pumping station engineering/repair/replacements	67,000	4,926	62,074
Total operating expenses	<u>2,454,351</u>	<u>2,499,448</u>	<u>(45,097)</u>
Operating income	26,880	175,732	148,852
Non-operating Revenues (Expenses)			
Interest income - investment	102	-	(102)
Interest expense - various debts	(26,982)	(26,926)	56
Total non-operating (expenses)	<u>(26,880)</u>	<u>(26,926)</u>	<u>(46)</u>
NET INCOME	<u>\$ -</u>	<u>\$ 148,806</u>	<u>\$ 148,806</u>

(This page intentionally left blank.)