

TOWN OF BEL AIR, MARYLAND

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

For the Year Ended June 30, 2021

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JUNE 30, 2021

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 Funds	
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	69
Schedule of Changes in Net OPEB Liability and Related Ratios.....	70
Schedule of Contribution – OPEB.....	71
Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios	72
Schedule of Civilian Employees Pension Plan Employer Contributions	74
Schedule of Sworn Officers Pension Plan Employer Contributions	75
SUPPLEMENTARY INFORMATION	76
Schedule of Cash and Cash Equivalents – General Fund	77
Schedule of Revenues and Expenditures – Budget	
(Non-GAAP Budgetary Basis) and Actual – General Fund	78
Schedule of Revenues and Expenditures – Budget	
(Non-GAAP Budgetary Basis) and Actual – Special Revenue Fund.....	83
Schedule of Revenues and Expenditures Compared to Budget – Parking Fund.....	85
Schedule of Revenues and Expenditures Compared to Budget – Sewer Fund.....	86



S B & COMPANY, LLC
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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, 2021, 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, 2021, 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.



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
April 29, 2022

SB & Company, LLC

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021. 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, 2021, by \$19,422,131 (net position). Approximately 19.2% of this amount is attributable to the business-type activities. Of the total net position, \$2,885,846 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. Unrestricted net position in the governmental and business-type activities is a positive \$1,130,964 and \$1,754,882, respectively. Of the remaining total net position, \$4,021,752 is restricted for specific purposes (restricted net position), and \$12,514,533 is invested in capital assets, net of related debt.
- The Town's overall financial position increased by \$2,439,732 during the fiscal year. Net position for governmental and business-type activities increased \$2,828,312 and decreased \$388,580, respectively.
- The Town has recorded a net pension asset of \$775,722 and related net deferred inflows of \$2,825,212 in the Statement of Net Position. A factor of the increase in net position from 2020 was due to the change from a net pension liability (\$2,270,143) to a net pension asset.

Fund Level:

- As of June 30, 2021, the Town's governmental funds reported a combined ending fund balance of \$8,903,053, an increase of \$1,852,8468 in comparison with the prior year. Of this total amount, \$8,701,522 or 97.7% 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, 2021, the assigned and unassigned fund balance for the General Fund (primary operating fund) was \$3,588,926 or 26.3% of total General Fund expenditures.
- In fiscal year 2021, the Town transferred the following within the General Fund: \$1,030,909 to the Capital Reserve, \$49,514 to the Stormwater Management Reserve, and \$41,159 to the Stabilization Reserve.
- As of June 30, 2021, the Town's business-type operating activities reported net position of \$3,732,938, a decrease of \$388,580 in comparison with the prior year. Of the total amount, \$1,754,882 is unrestricted.
- The Town's General Fund was minimally impacted financially by the pandemic during the fiscal year. The Town received \$49,037 in CARES monies as a pass-through from Harford County, which covered the majority of our unbudgeted expenditures related to the pandemic.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Long-Term Debt:

The Town's long-term debt decreased \$2,357,096 or 31.2% during the current fiscal year. The decrease was the net result of making \$531,461 in scheduled payments, a \$68,559 decrease in compensated absences/OPEB liability, a \$2,270,143 decrease in net pension liability, and a \$470,989 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, 2021

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.

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.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,422,131 as of June 30, 2021. The Town of Bel Air's net position is divided into three categories – net investment in capital assets, restricted net position, and unrestricted net position.

The largest portion of the 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, 2021, capital assets were valued at \$12,514,533, net of related debt and accumulated depreciation or 64.4% 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, 2021, was \$2,885,846 or 14.9% 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, 2021, was \$4,021,752 or 20.7% 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, 2021, the Town reported positive balances in all three categories for both governmental and business-type activities mainly due to the change in net pension from a liability to an asset.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

The following tables reflect the condensed statement of net position and the schedule of changes in net position for governmental and business-type activities:

NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 11,979,678	\$ 8,441,159	\$ 3,128,345	\$ 2,558,228	\$ 15,108,023	\$ 10,999,387
Capital assets	11,944,238	12,352,711	3,480,294	3,672,967	15,424,532	16,025,678
Total assets	<u>23,923,916</u>	<u>20,793,870</u>	<u>6,608,639</u>	<u>6,231,195</u>	<u>30,532,555</u>	<u>27,025,065</u>
Deferred outflows of resources-Pensions/OPEB	421,121	21,458	-	-	421,121	21,458
Liabilities						
Other liabilities	1,138,622	698,334	1,840,473	881,655	2,979,095	1,579,989
Long-term liabilities	4,157,164	6,363,544	1,035,228	1,228,022	5,192,392	7,591,566
Total liabilities	<u>5,295,786</u>	<u>7,061,878</u>	<u>2,875,701</u>	<u>2,109,677</u>	<u>8,171,487</u>	<u>9,171,555</u>
Deferred inflows of resources-pensions/OPEB	3,360,058	892,569	-	-	3,360,058	892,569
Net Position						
Net investment in capital assets	10,664,091	11,265,900	1,850,442	2,020,878	12,514,533	13,286,778
Restricted	3,894,138	2,890,182	127,614	112,608	4,021,752	3,002,790
Unrestricted	1,130,964	(1,295,201)	1,754,882	1,988,032	2,885,846	692,831
Total net position	<u>\$ 15,689,193</u>	<u>\$ 12,860,881</u>	<u>\$ 3,732,938</u>	<u>\$ 4,121,518</u>	<u>\$ 19,422,131</u>	<u>\$ 16,982,399</u>

TOWN OF BEL AIR, MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 1,334,866	\$ 1,297,279	\$ 2,781,448	\$ 3,114,302	\$ 4,116,314	\$ 4,411,581
Operating grants/ contributions	515,990	483,904	-	-	515,990	483,904
Capital grants/ contributions	28,887	960,147	-	-	28,887	960,147
General revenues:						
Property taxes	8,500,093	8,267,958	-	-	8,500,093	8,267,958
Shared taxes	4,420,143	2,984,319	-	-	4,420,143	2,984,319
Miscellaneous	759,333	823,912	-	-	759,333	823,912
Unrestricted investment earnings	42,921	164,954	209	214	43,130	165,168
Total revenues	15,602,233	14,982,473	2,781,657	3,114,516	18,383,890	18,096,989
Expenses						
General government	3,586,390	3,289,502	-	-	3,586,390	3,289,502
Public safety	5,232,903	5,317,390	-	-	5,232,903	5,317,390
Public works	3,489,052	4,332,756	-	-	3,489,052	4,332,756
Recreation and culture	196,736	393,768	-	-	196,736	393,768
Miscellaneous	219,575	214,808	-	-	219,575	214,808
Interest on long-term debt	49,265	48,149	-	-	49,265	48,149
Sewer	-	-	2,699,187	2,526,374	2,699,187	2,526,374
Parking facilities	-	-	471,050	501,833	471,050	501,833
Total expenditures	12,773,921	13,596,373	3,170,237	3,028,207	15,944,158	16,624,580
Change in net position	2,828,312	1,386,100	(388,580)	86,309	2,439,732	1,472,409
Net position, beginning	12,860,881	11,474,781	4,121,518	4,035,209	16,982,399	15,509,990
Net position, ending	\$15,689,193	\$12,860,881	\$ 3,732,938	\$ 4,121,518	\$19,422,131	\$16,982,399

Governmental activities

Governmental net position increased by \$2,828,312 mainly due to the positive change in unrestricted net position. Property taxes, shared taxes, and charges for services represent 54.5%, 28.3%, and 8.6% of the Town's revenue stream, respectively. The remaining 9.6% 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 2021 was \$15,602,233 which is \$619,760 or 4.1% more than the previous year. The main increase was in state shared taxes due to receiving more in income taxes and highway user revenues than in the previous year.

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 .09% compared to 1.48% as a result of federal rate cuts in response to the pandemic.

TOWN OF BEL AIR, MARYLAND

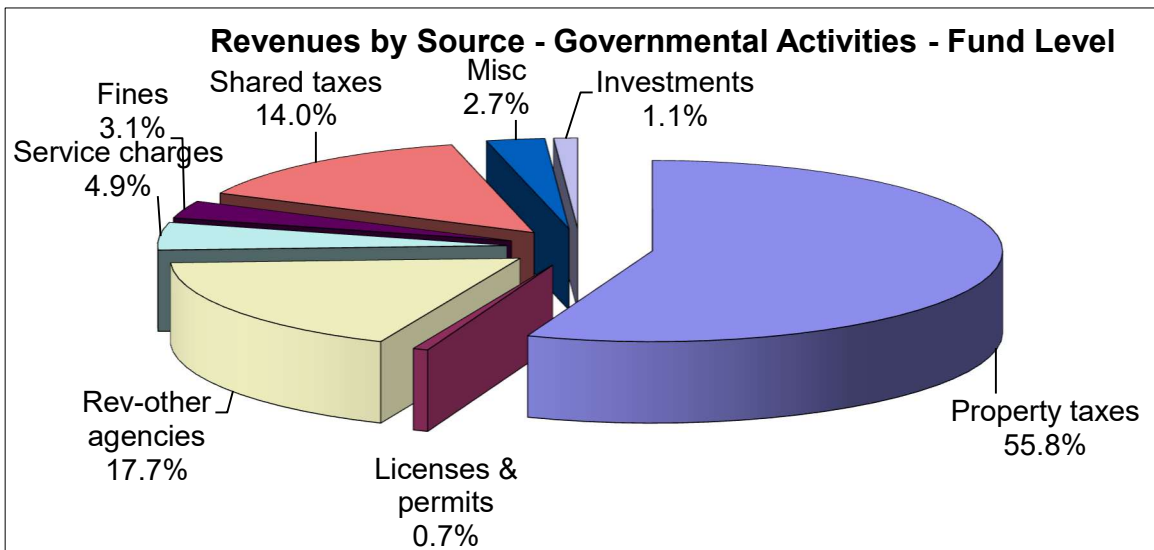
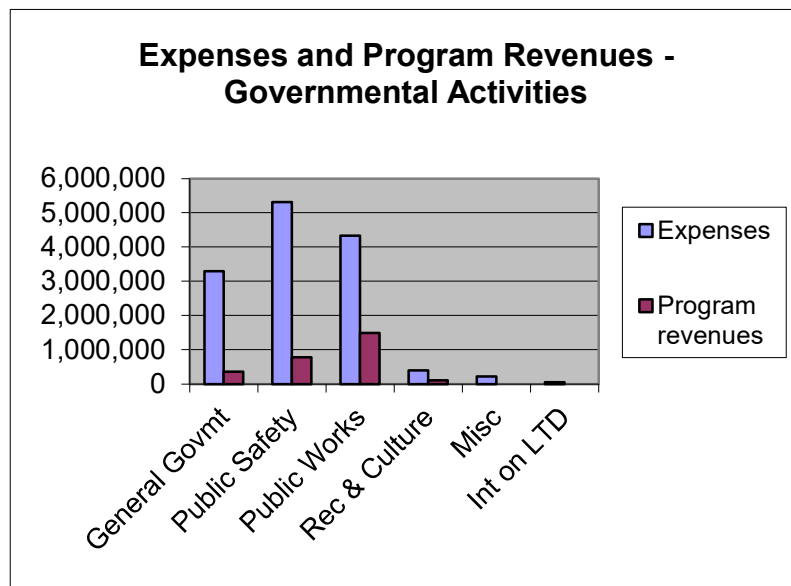
MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2021

In fiscal year 2021, 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, 2021, the Town held \$4,355,000 in various certificates of deposit with rates ranging from .25% to 2.20% and maturities no longer than 26-months.

Governmental expenses were \$12,773,921 in fiscal year 2021, which equates to a decrease of \$822,452 or 6%. Public safety and public works are the two largest functional areas comprising 68.3% of all governmental expenses in fiscal year 2021. Public safety represents 40.0% of governmental expenses, while public works represents 27.3%. A decrease is shown in each of these main departments, while an increase is shown in general government.



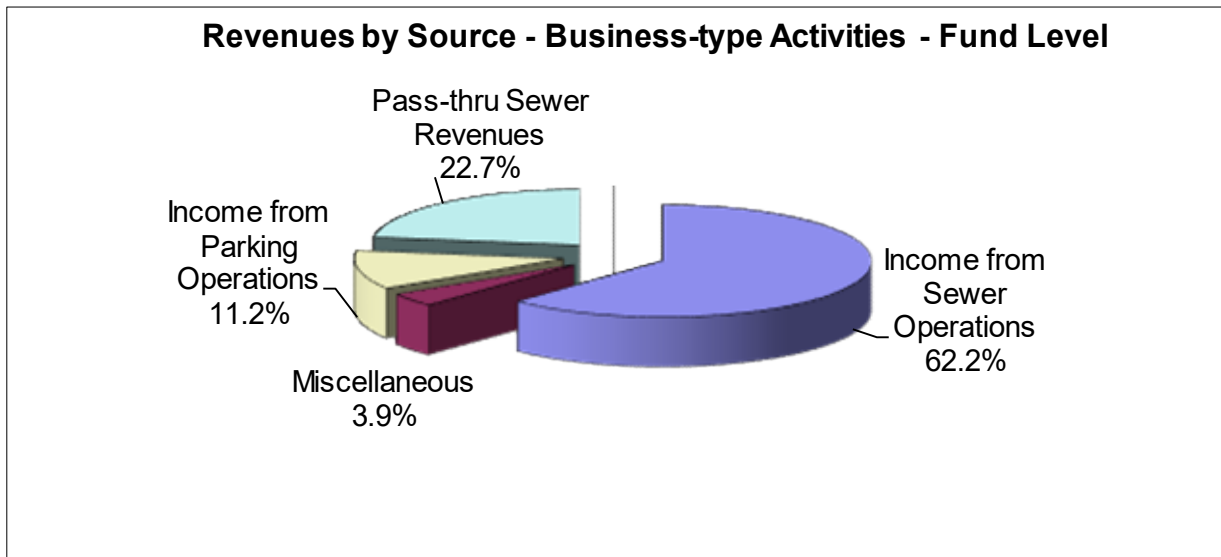
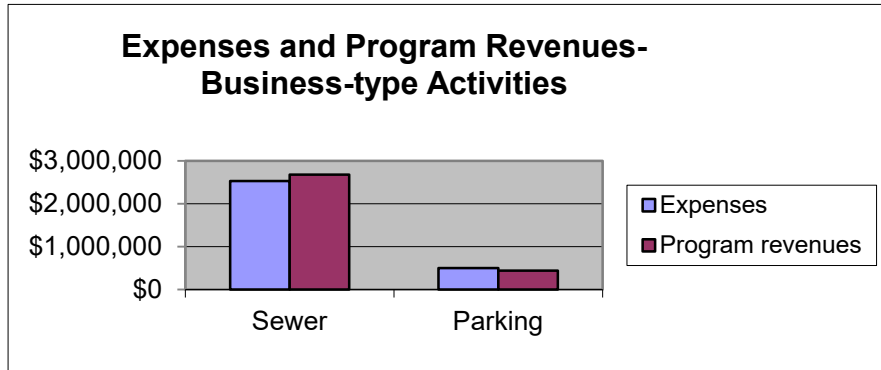
TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Business-type activities

The Town operates two business-type enterprise funds, Parking and Sewer. Business-type net position decreased by \$388,580 overall with the Parking Fund and Sewer Fund decreasing \$119,720 and \$268,861, respectively. The decrease in the Parking Fund was mainly due to receiving less revenues from all three sources due to COVID-19. The decrease in the Sewer Fund was a combination of less revenues received from sewer customers as well as more paid to Harford County to treat the sewage due to a \$.79 rate increase.



TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021, the Town's governmental funds (general fund and special revenue fund) reported a combined ending fund balance of \$8,903,053, an increase of \$1,852,846 in comparison with the prior year. Approximately 97.7% of this total amount or \$8,701,522 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 2.3% 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 \$3,588,926, while total fund balance was \$8,538,710. 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 26.3% of total General Fund expenditures, while total fund balance represents 62.5% of that same amount.

The Town's General Fund total fund balance increased by \$1,875,075 during the current fiscal year. This was a result of receiving more revenues than anticipated, especially the one-time income tax amount related to one property owner 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 \$364,343 which decreased \$22,229.

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 \$2,081,260 and \$1,651,678, respectively, and decreased \$119,720 in the Parking Fund and decreased \$268,861 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 eleven-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, 2021

The net position of the Sworn Officers' Pension Trust and the Civilian Pension Trust increased \$2,451,019 or 29.8%, and \$2,567,600 or 29.9%. 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 \$142,904 or 31.3% due to mainly to an increase in the fair value of investments.

General Fund Budgetary Highlights

The Town amended the budget in April 2021 after its normal mid-year budget review which was delayed due to COVID-19. The general fund budget increased \$475,109. The significant revenue changes were increases in real property taxes, public utility taxes, and income taxes with the latter attributable to unknown pandemic factors. The significant expenditure changes were increases in Town Buildings for the design development contract on the Town Hall/Police Department building and a new dump truck.

The Town amended the budget again in July 2021. The general fund budget increased \$1,018,367. The significant revenue changes were an increase in income taxes mainly due to a one-time tax impact from a 2019 return as well as an increase in the transfer from capital reserve to fund the construction document contract on the Town Hall/Police Department building. The signature expenditure changes were related to the revenue with the income tax increase included in the transfer to capital reserve account instead of utilizing it on current year projects.

At the end of the year, revenues and other financing sources were more than budgetary estimates by \$534,570 and expenditures were \$1,097,887 less than anticipated. The following revenues were the main drivers for the excess revenues: Ordinary business corporations (\$129,386), Penalties and interest on taxes (\$27,632) State shared income taxes (\$267,504), State shared highway (\$46,782), and red light camera fines (\$20,550). The following expenditure departments were the main drivers for the lower expenditures: Technology (\$18,029), Police (\$71,098), Public Works (\$110,906), and transfer to capital reserve (\$822,708).

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, 2021 was \$15,424,532. This investment in capital assets includes land, buildings, improvements, machinery, equipment, furniture, fixtures, vehicles, infrastructure, and sewer system. The total decrease in capital assets for the current fiscal year was 3.8%, comprised of a 3.3% decrease in governmental activities and a 5.2% decrease in 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, 2021**

CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 4,641,308	\$ 4,641,308	\$ 777,518	\$ 777,518	\$ 5,418,826	\$ 5,418,826
Buildings and improvements	7,380,960	7,470,610	3,206,000	3,206,000	10,586,960	10,676,610
Infrastructure	1,812,989	1,730,749	-	-	1,812,989	1,730,749
Machinery and equipment	1,066,764	1,046,208	556,517	521,308	1,623,281	1,567,516
Furniture and fixtures	1,744,007	1,635,136	-	-	1,744,007	1,635,136
Vehicles	3,641,857	3,673,078	514,130	514,130	4,155,987	4,187,208
Parking improvements	-	-	456,647	456,647	456,647	456,647
Sewer system	-	-	2,033,518	2,033,518	2,033,518	2,033,518
Accumulated depreciation	(8,343,647)	(7,844,378)	(4,064,036)	(3,836,154)	(12,407,683)	(11,680,532)
Total	\$11,944,238	\$12,352,711	\$ 3,480,294	\$ 3,672,967	\$15,424,532	\$16,025,678

Major capital asset events during the year ending June 30, 2021 included the following:

- The Police Department purchased three vehicles (\$105,834).
- The Planning Department added eleven wayfinding signs located around Town (\$57,300).
- The Town added technology hardware/software (\$58,992).
- The Public Works Department purchased a tractor (\$28,690).
- The Public Works Department added eighteen new handicap ramps around town (\$72,000) and 140 linear feet of sidewalk (\$10,240).
- The Town sold the following major assets on Govdeals and all were removed from the Town's capital assets: six police vehicles (\$137,057) and various public work's equipment (\$22,292).
- The Town disposed of various building improvements at the Armory (\$108,250).
- In the Sewer Fund, capital assets, such as pumps and a new pan tilt camera were purchased (\$35,209).

Debt administration. The Town's long-term debt as of June 30, 2021, was \$5,192,392. Of this amount, \$1,580,092 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 \$1,338,020 and \$2,274,280 in compensated absences and OPEB liabilities from GASB #75.

TOWN OF BEL AIR, MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligations bonds	\$ 715,036	\$ 765,766	\$ 865,056	\$1,073,276	\$ 1,580,092	\$ 1,839,042
Equipment/vehicle notes	1,280,147	1,086,811	57,873	9,219	1,338,020	1,096,030
Other notes	-	1,434	-	-	-	1,434
Net pension liability	-	2,270,143	-	-	-	2,270,143
Compensated absences / OPEB	2,161,981	2,239,390	112,299	103,449	2,274,280	2,342,839
Total	\$ 4,157,164	\$ 6,363,544	\$ 1,035,228	\$ 1,185,944	\$ 5,192,392	\$ 7,549,488

The Town's total long-term debt for governmental activities decreased \$1,789,977 and decreased \$121,200 for business-type activities. During the year, \$531,461 in debt was retired, the Town entered into a new \$470,989 seven-year term note for the public purpose of purchasing General Fund vehicles (\$449,418) and a Parking Fund vehicle (\$21,571), and the net pension liability was eliminated as it became a net pension asset mainly due to strong investment returns.

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, 2021, the debt limitation is \$86,357,785 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, 2021

Economic Factors and Fiscal Year 2022'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. The tax rate on both real and personal property increased by \$.04 per \$100 of assessed value which was the first tax rate increase since fiscal year 2004.
- Income tax revenues are projected to remain flat from 2020 budget revenues. 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 \$25,388 over the 2021 budgeted revenues.
- Police protection grant from the state is projected to be flat.
- The Harford County tax rebate is projected to decrease \$54,603 based on the Harford County formula.
- Effective for fiscal year 2021, 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. The expected funding is \$145,000.
- Anticipating that the COVID-19 restrictions would be lifted, the rental revenue from the Bel Air Armory facility was increased \$20,000.
- With interest rates on the decline due to the economy, the Town's interest on investments is budgeted to decrease \$18,000.
- The Town plans on financing its equipment/vehicle purchases in fiscal year 2022 in the amount of \$475,000.
- The Town anticipates utilizing \$359,038 from the unassigned fund balance to fund the new salary scales and the one-time adjustment for employees.
- The Town anticipates utilizing \$35,000 from the capital reserve to fund the match as required by the Community Parks & Playground grant for Homestead Park.
- The Town anticipates utilizing \$28,935 from the worker's compensation reserve to fund the increase in worker's compensation premiums due to the mod rate increasing to a premium.
- All Town employees received a merit increase and a 1.7% COLA. New salary scales for both civilian and sworn employees were funded, and employees received a salary scale adjustment.
- 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, 2021

- The Town budgeted \$152,050 for various building maintenance or capital projects.
- Expenses for an election to be held in November 2021 were included.
- The Planning Department included \$15,000 to be used as the Town's match required by the Community Parks & Playground grant for the Office Street Pocket Park.
- The Planning Department included \$35,000 to be used as the Town's match required by the Community Parks & Playground grant for Homestead Park upgrades.
- A new full-time Desktop/Computer User Support Specialist position was approved in the Technology Department budget.
- The Technology Department budgeted approximately \$45,000 for one-time expenditures.
- Debt service in the amount of \$462,000 was added for the Police Department/Town Hall renovation/expansion project. Based on the current timeline, the Town expects to begin construction in fiscal year 2022 and borrow monies through the DHCD Infrastructure Program for the majority of the cost.
- The Town's worker's compensation modification rate increased from a .70 discount to a 1.02 premium due to an 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.
- A new full-time LEAD Executive position was approved in the Police Department.
- 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 \$145,000 to fund the costs associated with the Town's MS4 storm water management program which also matches the anticipated revenue from Harford County.
- A new full-time Construction Worker II position was approved in the Department of Public Works budget. This position was removed in the fiscal year 2012 budget as a result of the recession.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

- The Public Works Department budgeted \$381,000 in street, curb ramp, and curb/gutter construction work to be completed at specific locations.
- The Public Works Department budgeted \$355,000 to purchase a replacement backhoe loader, pick-up truck, and trash truck.
- In the Special Revenue Fund, the Town has designated its current year of Community Development Block Grant as well as the balance from previous fiscal years, \$91,984 to resurfacing street projects.
- In the Special Revenue Fund, the Town included a grant award in the amount of \$115,000 from Community Parks & Playground to provide new recreational activities, provision of off-street parking, and handicapped access to Homestead Park as well as a \$60,464 grant award to provide funding for the Office Street Pocket Park.

All of these factors were considered in preparing the Town's budget for the 2022 fiscal year.

The real and personal property tax rates increased by \$.04 in fiscal year 2022. resulting in the real property tax rate of \$.54 per \$100 of assessed value and the personal property tax rate of \$1.20 per \$100 of assessed value. The tax rates were increased mainly to fund the debt on the new Town Hall/Police Department renovation/expansion project.

The Sewer Fund user rate increased \$.07, which was based on the Consumer Price Index of 1.2%. The base charge increased by the Consumer Price Index of 1.2%. There were no new capital purchases or projects budgeted.

In the Parking Fund, all three main sources of revenue were projected to remain the same. There were no new capital purchases or projects budgeted.

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 lmood@belairmd.org.

FINANCIAL STATEMENTS

TOWN OF BEL AIR, MARYLAND

Statement of Net Position June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,434,662	\$ 143,170	\$ 6,577,832
Restricted cash and cash equivalents	670,513	30,908	701,421
Investments	4,355,000	-	4,355,000
Accounts receivable	1,803,237	616,996	2,420,233
Loan receivable - revolving loan fund	36,337	-	36,337
Real and personal property taxes receivable	97,387	-	97,387
Accrued interest receivable	40,298	-	40,298
Internal balances	(2,277,212)	2,277,212	-
Prepaid expenses	43,734	-	43,734
Net pension asset	775,722	-	775,722
Capital assets, not being depreciated	4,641,308	777,518	5,418,826
Capital assets, net of accumulated depreciation	7,302,930	2,702,776	10,005,706
Other assets	-	60,059	60,059
Total assets	23,923,916	6,608,639	30,532,555
DEFERRED OUTFLOWS OF RESOURCES-PENSIONS/OPEB	421,121	-	421,121
LIABILITIES			
Accounts payable	801,563	1,838,724	2,640,287
Accrued liabilities	321,920	-	321,920
Payroll withholdings	6,635	-	6,635
Deposits and other escrows held	3,580	-	3,580
Unearned revenue	4,924	1,749	6,673
Non-current liabilities:			
Due within one year	319,158	191,523	510,681
Due in more than one year	3,838,006	843,705	4,681,711
Total liabilities	5,295,786	2,875,701	8,171,487
DEFERRED INFLOWS OF RESOURCES-PENSIONS/OPEB	3,360,058	-	3,360,058
NET POSITION			
Net investment in capital assets	10,664,091	1,850,442	12,514,533
Restricted	3,894,138	127,614	4,021,752
Unrestricted	1,130,964	1,754,882	2,885,846
TOTAL NET POSITION	\$ 15,689,193	\$ 3,732,938	\$ 19,422,131

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

TOWN OF BEL AIR, MARYLAND

Statement of Activities
Year Ended June 30, 2021

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	\$ 3,586,390	\$ 288,076	\$ 72,262	\$ 25,000	\$ (3,201,052)	\$ -	\$ (3,201,052)
Public safety	5,232,903	539,628	258,492	3,887	(4,430,896)	-	(4,430,896)
Public works	3,489,052	507,162	155,871	-	(2,826,019)	-	(2,826,019)
Recreation and culture	196,736	-	29,365	-	(167,371)	-	(167,371)
Miscellaneous	219,575	-	-	-	(219,575)	-	(219,575)
Interest on long-term debt	49,265	-	-	-	(49,265)	-	(49,265)
Total governmental activities	<u>12,773,921</u>	<u>1,334,866</u>	<u>515,990</u>	<u>28,887</u>	<u>(10,894,178)</u>	<u>-</u>	<u>(10,894,178)</u>
Business-type activities:							
Sewer	2,699,187	2,430,327	-	-	-	(268,860)	(268,860)
Parking facilities	471,050	351,121	-	-	-	(119,929)	(119,929)
Total business-type activities	<u>3,170,237</u>	<u>2,781,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(388,789)</u>	<u>(388,789)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 15,944,158</u>	<u>\$ 4,116,314</u>	<u>\$ 515,990</u>	<u>\$ 28,887</u>	<u>(10,894,178)</u>	<u>(388,789)</u>	<u>(11,282,967)</u>
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					8,500,093	-	8,500,093
Shared taxes					4,420,143	-	4,420,143
Miscellaneous					759,333	-	759,333
Unrestricted investment earnings					42,921	209	43,130
Total general revenues					<u>13,722,490</u>	<u>209</u>	<u>13,722,699</u>
CHANGE IN NET POSITION					2,828,312	(388,580)	2,439,732
NET POSITION, BEGINNING					<u>12,860,881</u>	<u>4,121,518</u>	<u>16,982,399</u>
NET POSITION, ENDING					<u>\$ 15,689,193</u>	<u>\$ 3,732,938</u>	<u>\$ 19,422,131</u>

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

TOWN OF BEL AIR, MARYLAND

**Governmental Funds Balance Sheet
June 30, 2021**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,434,662	\$ -	\$ 6,434,662
Restricted cash and cash equivalents	461,339	209,174	670,513
Investments	4,355,000	-	4,355,000
Accounts receivable	1,790,753	12,484	1,803,237
Loan receivable - revolving loan fund	-	36,337	36,337
Accrued interest receivable	40,298	-	40,298
Property taxes receivable - net	97,387	-	97,387
Due from other funds	54,104	121,286	175,390
Prepaid costs	43,110	624	43,734
TOTAL ASSETS	\$ 13,276,653	\$ 379,905	\$ 13,656,558
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 790,533	\$ 11,030	\$ 801,563
Accrued expenditures	308,736	-	308,736
Payroll withholdings	6,635	-	6,635
Deposits	3,580	-	3,580
Unearned revenue	4,924	-	4,924
Due to other funds	2,448,070	4,532	2,452,602
Total liabilities	3,562,478	15,562	3,578,040
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	13,184	-	13,184
Unavailable revenue - income taxes	1,141,392	-	1,141,392
Unavailable revenue - highway user	20,889	-	20,889
Total deferred inflows of resources	1,175,465	-	1,175,465
FUND BALANCES			
Nonspendable	43,110	624	43,734
Restricted	-	157,797	157,797
Committed	4,906,674	137,773	5,044,447
Assigned	959,054	68,149	1,027,203
Unassigned	2,629,872	-	2,629,872
Total fund balances	8,538,710	364,343	8,903,053
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,276,653	\$ 379,905	\$ 13,656,558

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, 2021**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 21)	\$ 8,903,053
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.	1,175,465
Net deferred outflows and inflows of resources related to pensions/.	(2,938,937)
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 \$20,287,885 and the accumulated depreciation is \$8,343,647.	11,944,238
Noncurrent liabilities and assets are not reported as liabilities in the governmental funds.	(4,157,164)
Net pension asset.	775,722
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(13,184)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 19)	<u>\$ 15,689,193</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, 2021**

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes - local	\$ 8,531,068	\$ -	\$ 8,531,068
Taxes - state shared	3,100,125	-	3,100,125
Licenses and permits	89,590	-	89,590
Revenue from other agencies	1,756,688	29,365	1,786,053
Service charges for current services	693,639	-	693,639
Fines	525,721	-	525,721
Miscellaneous	383,688	18,930	402,618
	<hr/>	<hr/>	<hr/>
Total revenues	15,080,519	48,295	15,128,814
EXPENDITURES			
General government	3,663,965	-	3,663,965
Public safety	5,473,297	25,118	5,498,415
Public works	3,792,939	-	3,792,939
Recreation and parks	151,330	45,406	196,736
Miscellaneous	219,575	-	219,575
Debt service:			
Principal	308,246	-	308,246
Interest	45,510	-	45,510
	<hr/>	<hr/>	<hr/>
Total expenditures	13,654,862	70,524	13,725,386
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,425,657	(22,229)	1,403,428
OTHER FINANCING SOURCES			
Equipment/vehicle proceeds	449,418	-	449,418
Total other financing sources	449,418	-	449,418
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	1,875,075	(22,229)	1,852,846
FUND BALANCES, BEGINNING OF YEAR	6,663,635	386,572	7,050,207
	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	\$ 8,538,710	\$ 364,343	\$ 8,903,053
	<hr/>	<hr/>	<hr/>

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, 2021

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND (page 23)	\$ 1,852,846
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 \$387,963 exceeded depreciation expense of \$731,509 in the period.	(343,546)
In the Statement of Activities, only the gain/loss on the disposition of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by costs of the capital assets disposed of \$297,167, less any accumulated depreciation of \$232,240.	(64,927)
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 \$77,409.	77,409
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.	978,039
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.	467,543
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 2021.	308,246
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 2021.	(449,418)
Interest expense in the Statement of Activities differs from the amount reported in governmental funds due to the net change in accrued interest.	<u>2,120</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 20)	<u>\$ 2,828,312</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, 2021**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUE				
Taxes - local	\$ 8,195,242	\$ 8,374,122	\$ 8,531,068	\$ 156,946
Taxes - state shared	1,812,177	2,774,575	3,100,125	325,550
Licenses and permits	98,000	98,000	89,590	(8,410)
Revenues from other agencies	1,700,354	1,759,380	1,756,688	(2,692)
Service charges for current services	713,398	690,398	693,639	3,241
Fines	458,000	503,000	525,721	22,721
Miscellaneous	293,800	346,474	383,688	37,214
Total revenues	13,270,971	14,545,949	15,080,519	534,570
EXPENDITURES				
Current:				
General government	3,321,431	3,883,323	3,822,154	61,169
Public safety	5,478,179	5,636,631	5,562,430	74,201
Public works	4,072,170	4,187,909	4,077,003	110,906
Recreation and culture	159,550	159,550	156,167	3,383
Miscellaneous	405,970	1,063,363	220,050	843,313
Debt service	358,671	358,671	353,756	4,915
Total expenditures	13,795,971	15,289,447	14,191,560	1,097,887
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(525,000)	(743,498)	888,959	1,632,457
OTHER FINANCING SOURCES				
Equipment/vehicle proceeds	475,000	449,418	449,418	-
Total other financing sources	475,000	449,418	449,418	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$(50,000.00)	(\$294,080)	1,338,377	\$1,632,457
FUND BALANCE - BEGINNING OF YEAR			6,852,141	
FUND BALANCE - END OF YEAR			\$ 8,190,518	

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, 2021**

	<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	\$ 61,802	\$ -	\$ -	\$ -
Governor's Office grant	-	-	15,940	15,940
MD State Arts Council grant	-	-	13,425	13,425
Community Legacy grant	200,000	-	-	-
Total - revenue from other agencies	261,802	-	29,365	29,365
Miscellaneous	53,600	53,600	18,930	(34,670)
Total revenues	315,402	53,600	48,295	(5,305)
EXPENDITURES				
General government	63,802	2,000	-	2,000
Public safety	14,000	14,000	25,118	(11,118)
Public works	205,000	5,000	-	5,000
Recreation and culture	32,600	32,600	45,406	(12,806)
Total expenditures	315,402	53,600	70,524	(16,924)
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	(22,229)	<u>\$ (22,229)</u>
FUND BALANCE - BEGINNING OF YEAR			386,572	
TRANSFER FROM GENERAL FUND TO SPECIAL REVENUE FUND			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ 364,343</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, 2021**

	<u>Parking Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 143,170	\$ -	\$ 143,170
Restricted cash and cash equivalents	30,908	-	30,908
Accounts receivable	138,713	478,283	616,996
Due from other funds	-	2,333,775	2,333,775
Total current assets	<u>312,791</u>	<u>2,812,058</u>	<u>3,124,849</u>
Noncurrent Assets			
Land	777,518	-	777,518
Capital assets, net	1,255,506	1,447,270	2,702,776
Other assets	-	60,059	60,059
Total noncurrent assets	<u>2,033,024</u>	<u>1,507,329</u>	<u>3,540,353</u>
Total assets	<u>2,345,815</u>	<u>4,319,387</u>	<u>6,665,202</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	6,484	1,832,240	1,838,724
Due to other funds	56,563	-	56,563
Unearned revenue	808	941	1,749
Notes payable	11,210	-	11,210
Bonds payable	33,246	147,067	180,313
Total current liabilities	<u>108,311</u>	<u>1,980,248</u>	<u>2,088,559</u>
Noncurrent Liabilities			
Accrued compensated absences	27,064	85,235	112,299
Notes payable - long-term	46,663	-	46,663
Bonds payable - long-term	82,517	602,226	684,743
Total noncurrent liabilities	<u>156,244</u>	<u>687,461</u>	<u>843,705</u>
Total liabilities	<u>264,555</u>	<u>2,667,709</u>	<u>2,932,264</u>
NET POSITION			
Invested in capital assets, net of related debt	1,859,389	(8,947)	1,850,442
Restricted	127,614	-	127,614
Unrestricted	94,257	1,660,625	1,754,882
TOTAL NET POSITION	<u>\$ 2,081,260</u>	<u>\$ 1,651,678</u>	<u>\$ 3,732,938</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, 2021**

	<u>Parking Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Service Charges for Current Services			
Sanitation and Waste Removal			
Sewerage charges	\$ -	\$ 2,250,311	\$ 2,250,311
Sewer connection charges	-	106,799	106,799
Other revenues	-	19,740	19,740
Utility locator fees	-	16,272	16,272
User benefit fees	-	37,205	37,205
Highway and Streets			
Meter collections	78,514	-	78,514
Lease fees	65,029	-	65,029
Fines and Forfeitures			
Parking	81,550	-	81,550
Miscellaneous			
Miscellaneous income	1,348	-	1,348
County share operating expenses and capital repairs	124,680	-	124,680
Total operating revenues	<u>351,121</u>	<u>2,430,327</u>	<u>2,781,448</u>
OPERATING EXPENSES			
Salaries/Benefits	-	223,711	223,711
Contractual services	-	1,689,090	1,689,090
Allocated administrative costs	241,783	333,553	575,336
Supplies	-	3,150	3,150
Utilities	-	16,389	16,389
Depreciation	134,572	93,310	227,882
Amortization	-	24,248	24,248
Maintenance	8,621	89,046	97,667
Compensated absences	1,952	6,898	8,850
Other	3,274	25,717	28,991
Connection costs	-	106,799	106,799
User benefit fees	-	37,205	37,205
Postage	1,001	-	1,001
Insurance	18,947	11,902	30,849
Parking fine charges	15,870	-	15,870
Processing fees	-	15,912	15,912
Garage operations	41,215	-	41,215
Resurface lot	-	-	-
Inflow and infiltration remediation	-	-	-
Total operating expenses	<u>467,235</u>	<u>2,676,930</u>	<u>3,144,165</u>
Operating (loss)	<u>(116,114)</u>	<u>(246,603)</u>	<u>(362,717)</u>
Non-Operating Revenue (Expenses)			
Investment income	209	-	209
Investment expenses	<u>(3,815)</u>	<u>(22,257)</u>	<u>(26,072)</u>
Net non-operating (expenses)	<u>(3,606)</u>	<u>(22,257)</u>	<u>(25,863)</u>
(DECREASE) IN NET POSITION	(119,720)	(268,860)	(388,580)
NET POSITION, BEGINNING OF PERIOD	<u>2,200,980</u>	<u>1,920,538</u>	<u>4,121,518</u>
NET POSITION, END OF PERIOD	<u>\$ 2,081,260</u>	<u>\$ 1,651,678</u>	<u>\$ 3,732,938</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, 2021**

	<u>Parking Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sewer charges	\$ -	\$ 1,831,837	\$ 1,831,837
Cash received from parking charges	347,901	-	347,901
Payments to suppliers	(363,392)	(1,372,094)	(1,735,486)
Payments to employees	-	(221,961)	(221,961)
Net cash provided by (used in) operating activities	<u>(15,491)</u>	<u>237,782</u>	<u>222,291</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from note	21,571	-	21,571
Cash payment of note principal	(11,553)	(3,442)	(14,995)
Cash payment of bond principal	(32,255)	(175,965)	(208,220)
Interest paid on long-term obligation	(4,096)	(23,165)	(27,261)
Acquisition of capital assets	-	(35,209)	(35,209)
Net cash (used in) financing activities	<u>(26,333)</u>	<u>(237,781)</u>	<u>(264,114)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	209	-	209
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(41,615)	1	(41,614)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>215,693</u>	<u>-</u>	<u>215,693</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 174,078</u>	<u>\$ -</u>	<u>\$ 174,078</u>

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

Operating income (loss)	\$ (116,114)	\$ (246,603)	\$ (362,717)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	134,572	117,558	252,130
Effects of changes in operating assets and liabilities:			
Accounts receivable	(3,200)	(18,947)	(22,147)
Due from other funds	-	(578,837)	(578,837)
Due to other funds	(34,993)	-	(34,993)
Accounts payable	2,312	958,419	960,731
Unearned revenue	(20)	(706)	(726)
Compensated absences payable	1,952	6,898	8,850
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (15,491)</u>	<u>\$ 237,782</u>	<u>\$ 222,291</u>

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

TOWN OF BEL AIR, MARYLAND

Statement of Fiduciary Net Position June 30, 2021

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 669,171	\$ -	\$ 669,171
Investments:			
Mutual funds	21,210,307	-	21,210,307
Fiscal agents	254,219	-	254,219
Pooled OPEB Trust	-	599,857	599,857
Accounts receivable	8,342	-	8,342
Total assets	<u>22,142,039</u>	<u>599,857</u>	<u>22,741,896</u>
LIABILITIES			
Accounts payable	<u>35,843</u>	<u>-</u>	<u>35,843</u>
NET POSITION			
Held in trust for pension/OPEB benefits	<u>\$ 22,106,196</u>	<u>\$ 599,857</u>	<u>\$ 22,706,053</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, 2021**

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer contributions	\$ 534,231	\$ 23,000	\$ 557,231
Employee contributions	483,181	-	483,181
Total contributions	<u>1,017,412</u>	<u>23,000</u>	<u>1,040,412</u>
Investment gain:			
Net increase in the fair value of investments	<u>5,076,105</u>	<u>122,256</u>	<u>5,198,361</u>
Total additions	<u>6,093,517</u>	<u>145,256</u>	<u>6,238,773</u>
DEDUCTIONS			
Benefit payments	963,087	-	963,087
Contractual services	<u>121,444</u>	<u>2,352</u>	<u>123,796</u>
Total deductions	<u>1,084,531</u>	<u>2,352</u>	<u>1,086,883</u>
CHANGE IN NET POSITION	5,008,986	142,904	5,151,890
NET POSITION HELD IN TRUST FOR PENSION/OPEB BENEFITS:			
BEGINNING OF YEAR	<u>17,097,210</u>	<u>456,953</u>	<u>17,554,163</u>
END OF YEAR	<u>\$ 22,106,196</u>	<u>\$ 599,857</u>	<u>\$ 22,706,053</u>

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

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

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, 2021

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, 2021

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, 2021, amounted to \$97,387. 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 year 2021, 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, 2021**

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:

<u>Category</u>	<u>Years</u>
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 in the 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, 2021

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 of 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, 2021, the liability for governmental activities of the Town employees for accrued vacation, sick and compensatory leave and OPEB was \$585,122, \$643,118, \$62,354, and \$871,388, 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, 2021

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, 2021**

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:

Equipment/vehicle obligations	\$	1,280,147
Compensated absences/OPEB		2,161,981
G.O. Bond 2018 Energy Performance Contract		715,036
Total	\$	4,157,164

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	\$ 15,080,519	\$ 449,418	\$ 14,191,560	\$ 1,338,377
Current year encumbrances	-	-	(959,054)	959,054
Prior year encumbrances	-	-	422,356	(422,356)
	<u>\$ 15,080,519</u>	<u>\$ 449,418</u>	<u>\$ 13,654,862</u>	<u>\$ 1,875,075</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

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, 2021

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 \$751,989, and the bank balance was \$907,266 of which \$538,438 was covered by federal deposit insurance and \$368,828 was covered by collateral. The deposits of the Town were not exposed to custodial credit risk as of June 30, 2021.

C. Cash equivalents

As of June 30, 2021, the Town's cash equivalents consisted of money market funds held by the Maryland Local Government Investment Pool totaling \$6,525,144.

Investments

Investments consist of Certificates of Deposit with varying maturities and interest rates ranging from .25% to 2.20% which are all covered by federal deposit insurance. Investments have maturities between July 2021 through May 2023.

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1 Year	1 to 2	2 to 3
Certificates of Deposit	\$ 4,355,000	\$ -	\$ 4,110,000	\$ 245,000

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, 2021, met the Town's investment policy as of that date. Investment income includes the following for the year ended June 30, 2021:

Net interest and dividends - governmental activities	<u>\$ 42,921</u>
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TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

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, 2021, 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, 2021, 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	\$ 2,524,832	\$ 2,595,930	5.83 years
Short-term Bond - I Fund	657,472	728,989	2.15 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, 2021**

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, 2021:

- 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, 2021		
	Civilian 401 (a) Plan (Level 2)	Civilian Pension Trust (Level 1)	Sworn Officers' Pension Trust (Level 1)
ASSETS			
Investments:			
Mutual funds	\$ -	\$ 10,848,764	\$ 10,361,543
Fiscal agents	254,219	-	-
Total assets	<u>\$ 254,219</u>	<u>\$ 10,848,764</u>	<u>\$ 10,361,543</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

NOTE 6 – CHANGES IN CAPITAL ASSETS

Additions and disposals of fixed capital assets during the year ended June 30, 2021, are shown below:

	Balance July 1, 2020	Additions	Disposals	Ending Balance June 30, 2021
Governmental Activities				
Land – not being depreciated	\$ 4,641,308	\$ -	\$ -	\$ 4,641,308
Buildings and improvements	7,470,610	18,600	108,250	7,380,960
Infrastructure	1,730,749	82,240	-	1,812,989
Machinery and equipment	1,046,208	42,848	22,292	1,066,764
Furniture and fixtures	1,635,136	119,666	10,795	1,744,007
Vehicles	3,673,078	124,609	155,830	3,641,857
Total	20,197,089	387,963	297,167	20,287,885
Less – accumulated depreciation	7,844,378	731,509	232,240	8,343,647
Capital assets, net	\$ 12,352,711	\$ (343,546)	\$ 64,927	\$ 11,944,238

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

NOTE 6 – CHANGES IN CAPITAL ASSETS (Continued)

	Balance			Ending
	July 1, 2020	Additions	Disposals	Balance
				June 30, 2021
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	71,369	-	-	71,369
Equipment	2,265	-	-	2,265
	<u>4,513,799</u>	<u>-</u>	<u>-</u>	<u>4,513,799</u>
Sewer fund:				
Sewer pipes and storm drain	2,033,518	-	-	2,033,518
Equipment	519,043	35,209	-	554,252
Vehicle	442,761	-	-	442,761
	<u>2,995,322</u>	<u>35,209</u>	<u>-</u>	<u>3,030,531</u>
Total	7,509,121	35,209	-	7,544,330
Less – accumulated depreciation	3,836,154	227,882	-	4,064,036
Capital assets, net	<u>\$ 3,672,967</u>	<u>\$ (192,673)</u>	<u>\$ -</u>	<u>\$ 3,480,294</u>

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

General government	\$ 339,770
Public safety	98,296
Public works	<u>293,443</u>
Total depreciation expense – governmental activities	<u>\$ 731,509</u>

As of June 30, 2021, accumulated depreciation for the parking fund and sewer fund amounted to \$2,480,774 and \$1,583,262, respectively. Depreciation expense for the year ended June 30, 2021, amounted to \$134,572 in the parking fund and \$93,310 in the sewer fund.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

NOTE 7 – NON-CURRENT LIABILITIES

Non-current liability transactions of the Town for the year ended June 30, 2021, are presented below.

	Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021	Due Within One Year
Governmental activities					
Liquor Control Board employees' retirement system obligation	\$ 1,434	\$ -	\$ 1,434	\$ -	\$ -
Equipment/vehicle notes	1,086,811	449,418	256,082	1,280,147	262,788
Accrued vacation, sick and compensatory leave/OPEB	2,239,390	-	77,409	2,161,981	-
Net pension liability	2,270,143	-	2,270,143	-	-
G.O. Bond 2018 Energy Performance	765,766	-	50,730	715,036	56,370
Total governmental activities liabilities	\$ 6,363,544	\$ 449,418	\$ 2,655,798	\$ 4,157,164	\$ 319,158

	Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021	Due Within One Year
Business-type activities					
Parking Fund:					
Parking garage repairs bond, 2013	\$ 86,030	\$ -	\$ 28,142	\$ 57,888	\$ 28,675
Parking jeep note	5,777	21,571	5,409	21,939	4,950
Parking garage sweeper	42,078	-	6,144	35,934	6,260
Parking garage bond (lighting retrofit), 2018	61,988	-	4,113	57,875	4,571
Accrued vacation, sick and compensatory leave / OPEB	25,112	1,952	-	27,064	-
Total parking fund debt	<u>220,985</u>	<u>23,523</u>	<u>43,808</u>	<u>200,700</u>	<u>44,456</u>
Sewer Fund:					
Infrastructure Bond 2006 Series A:					
20 year note	133,000	-	31,000	102,000	-
Sewer Fund I&I Services Bond, 2017A	280,000	-	40,000	240,000	40,000
Sewer Fund CIP/I&I Services Bond, 2013A	241,144	-	47,121	194,023	47,881
Sewer I&I Services/Main Replace. Bond, 2015	271,114	-	57,844	213,270	59,186
Sewer van and pick-up truck note	3,442	-	3,442	-	-
Accrued vacation, sick and compensatory leave / OPEB	78,337	6,898	-	85,235	-
Total sewer fund debt	<u>1,007,037</u>	<u>6,898</u>	<u>179,407</u>	<u>834,528</u>	<u>147,067</u>
Total business-type activities liabilities	\$ 1,228,022	\$ 30,421	\$ 223,215	\$ 1,035,228	\$ 191,523

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

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
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	62,977	12,950	75,927
2027-2031	342,439	37,192	379,631
2032	74,459	1,560	76,019
Total	\$ 715,036	\$ 120,247	\$ 835,283

Notes Payable

The Town has entered into several notes for the acquisition of capital equipment and vehicles. The interest rates on these notes range from 1.08% to 3.16% with maturity dates from August 15, 2021 to November 21, 2027.

On February 21, 2021, the Town of Bel Air issued a \$470,989 term note to Harford Bank for the public purpose of purchasing vehicles of which \$21,571 was to finance the purchase of a replacement electric parking enforcement vehicle. The interest rate is 1.08% with principal and interest payable semi-annually on May 21 and November 21 and will continue until November 21, 2027.

Fiscal Year	Principal	Interest	Total
2022	\$ 262,788	\$ 23,864	\$ 286,652
2023	248,004	18,541	266,545
2024	253,252	13,291	266,543
2025	222,833	7,909	230,742
2026	160,899	3,663	164,562
2027-2028	132,371	1,404	133,775
Total	\$ 1,280,147	\$ 68,672	\$ 1,348,819

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

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 final payment was made during the year ended June 30, 2021.

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>
2022	\$ 28,675	\$ 950	\$ 29,625
2023	29,213	411	29,624
Total	<u>\$ 57,888</u>	<u>\$ 1,361</u>	<u>\$ 59,249</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	5,106	1,050	6,156
2027-2031	27,690	3,016	30,706
2032	6,011	127	6,138
Total	<u>\$ 57,875</u>	<u>\$ 9,976</u>	<u>\$ 67,851</u>

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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 32,500	\$ 4,718	\$ 37,218
2023	34,000	3,214	37,214
2024	35,500	1,642	37,142
Total	<u>\$ 102,000</u>	<u>\$ 9,574</u>	<u>\$ 111,574</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

B. Business-type Activities (Continued)

Bonds Payable (Continued)

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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 47,881	\$ 3,138	\$ 51,019
2023	48,698	2,320	51,018
2024	49,741	1,489	51,230
2025	47,703	643	48,346
Total	<u>\$ 194,023</u>	<u>\$ 7,590</u>	<u>\$ 201,613</u>

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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 59,186	\$ 4,611	\$ 63,797
2023	60,568	3,229	63,797
2024	61,979	1,819	63,798
2025	31,537	367	31,904
Total	<u>\$ 213,270</u>	<u>\$ 10,026</u>	<u>\$ 223,296</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

B. Business-type Activities (Continued)

Bonds Payable (Continued)

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
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	40,000	1,806	41,806
2027	40,000	774	40,774
Total	\$ 240,000	\$ 20,124	\$ 260,124

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.

Fiscal Year	Principal	Interest	Total
2022	\$ 4,950	\$ 230	\$ 5,180
2023	3,022	178	3,200
2024	3,055	146	3,201
2025	3,089	112	3,201
2026	3,123	78	3,201
2027-2028	4,700	52	4,752
Total	\$ 21,939	\$ 796	\$ 22,735

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

B. Business-type Activities (Continued)

Notes Payable

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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,260	\$ 650	\$ 6,910
2023	6,379	531	6,910
2024	6,500	410	6,910
2025	6,624	286	6,910
2026	6,749	160	6,909
2027	3,422	97	3,519
Total	<u>\$ 35,934</u>	<u>\$ 2,134</u>	<u>\$ 38,068</u>

Total interest expense on long-term liabilities was \$71,582.

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, 2021, is \$2,880,000.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

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, 2021, the plan assets at fair market value were \$254,219.

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, 2021, plan assets at fair value totaled \$11,166,875.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

NOTE 9 – PENSION PLANS (Continued)

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

Investments (continued)

For 2021, the pension contribution was determined to be \$312,798. This contribution represents 9.20% of estimated payroll and reflects a 30-year layered amortization. The required contribution was determined as part of the July 1, 2020 actuarial valuation using the projected unit credit actuarial cost method.

Membership of the Plan

The membership consisted of the following as of July 1, 2020, the date of the latest actuarial valuation:

Active Plan members	60
Retirees and beneficiaries receiving benefits	24
Terminated Plan members entitled to but not yet receiving benefits	13
	<u>97</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, 2021 is as follows:

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

NOTE 9 – PENSION PLANS (Continued)

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

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Assumed Rate of Return</u>
Equities:	65%	6.10%
Fixed Income:	34%	1.60%
Cash and Equivalents:	1%	0.20%
Total Weighted Average Real Return	100%	4.50%
Plus Inflation		2.50%
Total Return w/o Adjustment		7.01%
Risk Adjustment		-0.01%
Total Expected Return		<u>7.00%</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 (-2,-2) (Blue Collar), projected to 2025 with Scale BB apply 50% for pre-retirement deaths. The actual contribution by the members was \$215,491.

The Town's contribution for the year ended June 30, 2021 was \$317,698. As of June 30, 2021, there were 63 current employee participants in the Plan. A participant is fully vested after five years.

Net Pension Asset

The net pension asset is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2021 is as follows:

Total pension liability	\$ 10,956,956
Net position	<u>(11,166,875)</u>
Net pension asset	<u>\$ (209,919)</u>

Net position as a percentage of total pension asset is 101.92%.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

NOTE 9 – PENSION PLANS (Continued)

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

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

The following presents the net pension asset of the plan, calculated using a discount rate of 7.00% as well as what the plan's net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1.0% decrease 6.00%	Current rate 7.00%	1.0% increase 8.00%
Net pension (asset)/liability	<u>\$ 1,077,434</u>	<u>\$ (209,919)</u>	<u>\$ (1,302,131)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the Town recognized pension expense of \$171,068 for the Plan. As of June 30, 2021, 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	\$ -	\$ (1,516,553)
Differences in actual versus expected experience	120,368	-
Changes in assumptions	42,655	-
Total	<u>\$ 163,023</u>	<u>\$ (1,516,553)</u>

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>	Net Amount of Outflow/(Inflow)
2022	\$ (427,733)
2023	(364,588)
2024	(359,258)
2025	(305,159)
2026	103,208
Total	<u>\$ (1,353,530)</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

NOTE 9 – PENSION PLANS (Continued)

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, 2021, plan assets at fair value totaled \$10,361,543.

For 2021, the pension contribution was determined to be \$120,840. This contribution represents 5.63% 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, 2020 actuarial valuation using the projected unit credit actuarial cost method.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

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, 2020, the date of the latest actuarial valuation:

Active Plan members	32
Retirees and beneficiaries receiving benefits	14
Terminated Plan members entitled to but not yet receiving benefits	3
	<hr/>
	49
	<hr/> <hr/>

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, 2021 is as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Assumed Rate of Return</u>
Equities:	65%	6.10%
Fixed Income:	34%	1.60%
Cash and Equivalents:	1%	0.20%
Total Weighted Average Real Return	<hr/> 100%	<hr/> 4.50%
Plus Inflation		2.50%
Total Return w/o Adjustment		7.01%
Risk Adjustment		<hr/> -0.01%
Total Expected Return		<hr/> <hr/> 7.00%

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) projected to 2025 with Scale BB apply 50% for pre-retirement deaths. The actual contribution by the members was \$267,690. The Town's contribution for the year ended June 30, 2021 was \$216,533. As of June 30, 2021, 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, 2021**

NOTE 9 – PENSION PLANS (Continued)

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

Net Pension Asset

The net pension asset is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2021 is as follows:

Total pension liability	\$ 10,119,299
Net position	<u>(10,685,102)</u>
Net pension asset	<u>\$ (565,803)</u>

Net position as a percentage of total pension asset is 105.6%.

Sensitivity of the net pension (asset) liability to changes in the discount rate

The following presents the net pension (asset) liability of the plan, calculated using a discount rate of 7.00% as well as what the plan’s net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	<u>1.0% decrease 6.00%</u>	<u>Current rate 7.00%</u>	<u>1.0% increase 8.00%</u>
Net pension liability (asset)	<u>\$ 727,134</u>	<u>\$ (565,803)</u>	<u>\$ (1,651,714)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the Town recognized pension expense of \$349,714 for the Plan. As of June 30, 2021, 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	\$ -	\$ (1,463,478)
Differences in actual versus expected experience	-	(127,457)
Changes in assumptions	119,253	-
Total	<u>\$ 119,253</u>	<u>\$ (1,590,935)</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

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>
2022	\$ (401,783)
2023	(366,397)
2024	(359,848)
2025	(388,707)
2026	(11,488)
After 2026	56,541
Total	\$ (1,471,682)

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

NOTE 9 – PENSION PLANS (Continued)

The financial information for each plan as of and for the year ended June 30, 2021, is summarized as follows:

	As of June 30, 2021			
	Civilian 401 (a) Plan	Civilian Pension Trust	Sworn Officers' Pension Trust	Total
ASSETS				
Cash and equivalents	\$ -	\$ 323,769	\$ 345,402	\$ 669,171
Investments:				
Mutual funds	-	10,848,764	10,361,543	21,210,307
Fiscal agents	254,219	-	-	254,219
Accounts receivable	-	8,342	-	8,342
Total assets	<u>254,219</u>	<u>11,180,875</u>	<u>10,706,945</u>	<u>22,142,039</u>
LIABILITIES				
Accounts payable	-	14,000	21,843	35,843
NET POSITION				
Held in trust for pension benefits	<u>\$ 254,219</u>	<u>\$ 11,166,875</u>	<u>\$ 10,685,102</u>	<u>\$ 22,106,196</u>
	For the Year Ended June 30, 2021			
	Civilian 401 (a) Plan	Civilian Pension Trust	Sworn Officers' Pension Trust	Total
ADDITIONS				
Contributions				
Employer contributions	\$ -	\$ 317,698	\$ 216,533	\$ 534,231
Employee contributions	-	215,491	267,690	483,181
Total contributions	-	533,189	484,223	1,017,412
Investment gain:				
Net increase in the fair value of investments	48,082	2,566,255	2,461,768	5,076,105
Total additions	<u>48,082</u>	<u>3,099,444</u>	<u>2,945,991</u>	<u>6,093,517</u>
DEDUCTIONS				
Benefit payments	57,715	469,133	436,239	963,087
Contractual services	-	62,711	58,733	121,444
Total deductions	<u>57,715</u>	<u>531,844</u>	<u>494,972</u>	<u>1,084,531</u>
CHANGE IN NET POSITION	(9,633)	2,567,600	2,451,019	5,008,986
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:				
BEGINNING OF YEAR	<u>263,852</u>	<u>8,599,275</u>	<u>8,234,083</u>	<u>17,097,210</u>
END OF YEAR	<u>\$ 254,219</u>	<u>\$ 11,166,875</u>	<u>\$ 10,685,102</u>	<u>\$ 22,106,196</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Sewer Fund</u>	<u>Parking Fund</u>	<u>Total</u>
Due from Other Funds:					
General Fund	\$ -	\$ 121,286	\$ 2,326,784	\$ -	\$ 2,448,070
Special Revenue	-	-	4,532	-	4,532
Parking Fund	54,104	-	2,459	-	56,563
Total	<u>\$ 54,104</u>	<u>\$ 121,286</u>	<u>\$ 2,333,775</u>	<u>\$ -</u>	<u>\$ 2,509,165</u>
Due to Other Funds:					
Sewer Fund	\$ 2,326,784	\$ 4,532	\$ -	\$ 2,459	\$ 2,333,775
General Fund	-	-	-	54,104	54,104
Special Revenue	121,286	-	-	-	121,286
Total	<u>\$ 2,448,070</u>	<u>\$ 4,532</u>	<u>\$ -</u>	<u>\$ 56,563</u>	<u>\$ 2,509,165</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

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, 2021, was \$32,074 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, 2021, the Town contributed \$23,000 to the Trust. As of June 30, 2021, the Town's share of the net position of the Trust was \$599,857. 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, 2020, the date of the latest actuarial valuation:

Number of participants	Total
Active	71
Retired	7
Spouse	4
Total participants	82

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

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, 2021, and the final investment return assumption, are summarized in the following table:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Long-term Expected Real Return - Portfolio</u>
Domestic Equity	33.5%	6.15%
International Funds	24.5%	6.40%
Fixed Income - U.S.	35.0%	2.15%
Real Estate	7.0%	4.85%
Total Weighted Average Real Return	100.0%	4.72%
Plus Inflation		2.50%
Total Return w/o Adjustment		7.22%
Risk Adjustment		-0.22%
Total Expected Return		<u>7.00%</u>

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 Pub2010G for civilian members, Pub 2010S (Below Median) for sworn officers, each with SSA generational projections using Scale SSa2020; 50% of rates for pre-retirement mortality.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

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, 2021 is as follows:

Total OPEB liability	\$ 1,471,245
Plan fiduciary net position	<u>(599,857)</u>
Net OPEB liability	<u>\$ 871,388</u>

Plan fiduciary net position as a percentage of the total OPEB liability	40.77%
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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>\$ 1,012,329</u>	<u>\$ 871,388</u>	<u>\$ 744,715</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>\$ 710,771</u>	<u>\$ 871,388</u>	<u>\$ 1,062,205</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2021**

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the Town recognized OPEB expense of \$96,729 for the Plan. As of June 30, 2021, 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	\$ 15,589	\$ (71,463)
Differences in actual versus expected experience	-	(181,107)
Changes in assumptions	123,256	-
Total	<u>\$ 138,845</u>	<u>\$(252,570)</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:

<u>Year ended June 30,</u>	<u>Net Amount of Outflow/(Inflow)</u>
2022	\$ (17,783)
2023	(18,332)
2024	(19,249)
2025	(23,650)
2026	(5,785)
After 2026	<u>(28,926)</u>
Total	<u>\$ (113,725)</u>

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, 2021**

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, 2021, the Special Revenue Fund was designated for the following purposes:

Governmental Funds

Nonspendable:

Auxillary Police	624.00	
Total Nonspendable	624.00	\$ 624

Restricted:

Community Legacy Grant	50,000	
Seized property-Federal Justice	68,250	
Seized property-Federal Treasury	39,547	
Total Restricted	157,797	157,797

Committed:

Tree planting – forest conservation	16,399	
Revolving loan fund	78,704	
Seized property	1,376	
Open space fee in lieu	2,344	
Stormwater management - fee in lieu	38,950	
Total Committed	137,773	137,773

Assigned:

Public amenity – gardens/park/art	34,777	
Memorials	670	
Cultural arts	17,690	
Explorer scouts	13,349	
Auxiliary police	1,663	
Total Assigned	68,149	68,149

Total fund balance \$ 364,343

Fund balances for the Town’s general fund consisted of the following as of June 30, 2021: Non-spendable fund balance was \$43,110 pertaining to prepaid costs in the general fund; committed fund balance was \$4,906,674 pertaining to \$11,069 for seized property, \$3,274,521 for capital, \$130,503 for stormwater management, \$44,829 for worker’s compensation claims, \$1,245,752 for stabilization, \$200,000 for leave payout; assigned fund balance was \$959,054 for current year encumbrances, and unassigned fund balance totaled \$2,629,872.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2021

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.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BEL AIR, MARYLAND

Schedule of Changes in Net OPEB Liability and Related Ratios June 30, 2021

	2021	2020	2019	2018	2017
Total OPEB liability					
Service Cost	\$ 46,773	\$ 45,411	\$ 46,496	\$ 45,142	\$ 43,827
Interest	98,313	91,514	88,777	81,824	75,600
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(141,009)	-	(68,793)	-	-
Changes in assumptions	135,582	-	-	-	-
Benefit payments and implicit subsidy	(51,348)	(31,329)	(21,408)	(36,324)	(27,476)
Net change in Total OPEB Liability	88,311	105,596	45,072	90,642	91,951
Total OPEB liability - beginning	1,382,935	1,277,339	1,232,267	1,141,625	1,049,674
Total OPEB liability - ending	\$ 1,471,246	\$ 1,382,935	\$ 1,277,339	\$ 1,232,267	\$ 1,141,625
Plan fiduciary net position					
Contributions - employer, including benefit payments and implicit subsidy	\$ 74,348	\$ 56,999	\$ 55,404	\$ 77,024	\$ 60,476
Contributions - member	-	-	-	-	-
Net investment income	121,975	8,671	22,721	20,751	25,757
Benefit payments and implicit subsidy	(51,348)	(31,329)	(21,408)	(36,324)	(27,476)
Administrative expense	(2,071)	(7,717)	(1,975)	(5,810)	(1,510)
Other	-	-	-	-	-
Net change in Plan Fiduciary Net Position	142,904	26,624	54,742	55,641	57,247
Plan fiduciary net position - beginning	456,954	430,330	375,588	319,947	262,700
Plan fiduciary net positions - ending	\$ 599,858	\$ 456,954	\$ 430,330	\$ 375,588	\$ 319,947
Net OPEB liability - ending	\$ 871,388	\$ 925,981	\$ 847,009	\$ 856,679	\$ 821,678
Plan fiduciary net position as a percentage of total OPEB liability	40.77%	33.04%	33.69%	30.48%	28.03%
Covered employee payroll	\$ 5,820,103	\$ 5,513,957	\$ 5,038,579	\$ 5,239,219	\$ 5,086,620
Net OPEB liability as a percentage of covered payroll	14.97%	16.79%	16.81%	16.35%	16.15%
Annual money-weighted rate of return	26.20%	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, 2021

	<u>2021</u>	<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>
Actuarially determined contribution	\$ 107,133	\$ 99,286	\$ 92,364	\$ 85,721	\$ 85,721	\$ 62,149	\$ 62,149	\$ 60,000	\$ 60,000	\$ 60,000
Contributions in relation to the actuarially determined contribution	74,348	56,999	55,404	40,700	47,000	276,195	26,914	34,543	27,216	26,174
Contribution deficiency (excess)	<u>\$ 32,785</u>	<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>
Covered payroll	\$ 5,820,103	\$ 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
Contributions as a percentage of covered payroll	1.28%	1.03%	1.10%	0.78%	0.92%	5.84%	0.59%	0.77%	0.58%	0.56%

Note to Schedule

Valuation date: June 30, 2021

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, 2021**

	Civilian							
	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service Cost: Retirement benefits Administration	\$ 356,660	\$ 342,361	\$ 332,389	\$ 321,472	\$ 315,871	\$ 241,040	\$ 226,439	\$ 231,098
Interest	724,793	675,561	637,782	601,400	565,717	594,815	554,161	539,426
Differences between expected and actual experiences	149,005	169,795	(107,027)	(25,268)	(50,182)	80,719	(274,272)	-
Changes in assumptions	324,689	-	-	-	(607,784)	-	-	-
Benefit pymts, incl rfd's member contrib, death, terminations	(469,133)	(574,943)	(347,140)	(303,500)	(433,705)	(329,122)	(338,437)	(253,354)
Net changes in total pension liability	1,086,014	612,774	516,004	594,104	(210,083)	587,452	167,891	517,170
Total pension liability - beginning	9,870,942	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>\$ 10,956,956</u>	<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	\$ 317,698	\$ 306,985	\$ 288,726	\$ 285,031	\$ 268,835	\$ 263,915	\$ 248,724	\$ 254,690
Contributions - member	215,491	208,185	195,931	191,429	182,322	179,074	168,370	137,625
Net investment income	2,566,255	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	(469,133)	(574,942)	(347,140)	(303,500)	(433,705)	(329,122)	(338,437)	(253,354)
Administrative expense	(62,711)	(52,340)	(56,172)	(48,061)	(42,569)	(55,379)	(39,481)	(39,113)
Net changes in plan fiduciary net position	2,567,600	354,288	628,741	768,264	830,230	42,347	289,567	922,887
Plan fiduciary net positions - beginning	8,599,275	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>\$ 11,166,875</u>	<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 - (asset) liability - ending (a) - (b)	\$ (209,919)	\$ 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/asset	101.92%	87.12%	89.06%	87.12%	84.04%	72.00%	76.90%	74.79%
Covered employee payroll	\$ 3,516,421	\$ 3,373,219	\$ 3,318,691	\$ 3,276,716	\$ 3,147,119	\$ 2,739,570	\$ 2,634,202	\$ 2,693,914
Net liability/asset as a percentage of covered payroll	-5.97%	37.70%	30.53%	34.36%	41.31%	85.43%	68.15%	71.20%
Annual money-weighted rate of return, net of investment expense	29.90%	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, 2021**

	Sworn Officers							
	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service Cost: Retirement benefits Administration	\$ 230,036	\$ 240,936	\$ 233,918	\$ 235,642	\$ 220,727	\$ 166,468	\$ 148,752	\$ 142,101
Interest	670,501	633,161	601,697	575,590	548,807	579,955	545,503	522,365
Differences between expected and actual experiences	50,669	88,078	(87,660)	(69,720)	(215,973)	107,963	(58,419)	-
Changes in assumptions	371,772	-	-	-	(369,157)	-	-	-
Benefit pymts, incl rfd's member contrib, death, terminations	(436,239)	(436,239)	(382,037)	(342,165)	(348,320)	(407,470)	(315,333)	(293,451)
Net changes in total pension liability	886,739	525,936	365,918	399,347	(163,916)	446,916	320,503	371,015
Total pension liability - beginning	9,232,560	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>\$ 10,119,299</u>	<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	\$ 216,533	\$ 201,258	\$ 202,289	\$ 201,004	\$ 194,064	\$ 183,050	\$ 179,762	\$ 171,769
Contributions - member	267,690	248,753	249,527	249,870	239,984	226,325	222,234	190,035
Net investment income	2,461,767	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)	(436,239)	(382,037)	(342,165)	(348,320)	(407,470)	(315,333)	(293,451)
Administrative expense	(58,733)	(48,023)	(47,430)	(48,331)	(40,844)	(54,700)	(37,215)	(37,599)
Net changes in plan fiduciary net position	2,451,018	424,552	545,647	679,109	868,803	(65,891)	296,347	831,142
Plan fiduciary net positions - beginning	8,234,084	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>\$ 10,685,102</u>	<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 (asset) - ending (a) - (b)	\$ (565,803)	\$ 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/asset	105.59%	89.19%	89.70%	87.09%	82.92%	70.52%	75.50%	74.76%
Covered employee payroll	\$ 2,248,187	\$ 2,140,738	\$ 2,152,007	\$ 2,137,595	\$ 1,939,501	\$ 1,988,860	\$ 1,912,365	\$ 1,809,621
Net liability/asset as a percentage of covered payroll	-25.17%	46.64%	41.69%	50.38%	69.94%	120.13%	98.12%	102.36%
Annual money-weighted rate of return, net of investment expense	29.90%	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, 2021**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 312,798	\$ 282,384	\$ 272,771	\$ 281,277	\$ 282,358	\$ 224,720	\$ 221,424	\$ 318,255
Contributions in relation to the actuarially determined contributions	(317,698)	(306,985)	(288,726)	(285,031)	(268,835)	(263,914)	(248,724)	(254,426)
Contributions deficiency (excess)	\$ (4,900)	\$ (24,601)	\$ (15,955)	\$ (3,754)	\$ 13,523	\$ (39,194)	\$ (27,300)	\$ 63,829
Covered employee payroll	\$ 3,516,421	\$ 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	9.03%	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, 2020,
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%, net of investment expense and including inflation
Mortality	The Pub2010G mortality tables, projected generationally using Scale SSA; 50% applied for pre-retirement deaths.
Turnover	A two year ago setback is applied for members.
Salary Scale	T4
Valuation of Assets	7.00% for the first 5 years, 5.50% for the next 8 years, and 3% thereafter
	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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 120,840	\$ 141,858	\$ 137,891	\$ 130,508	\$ 155,731	\$ 165,647	\$ 167,259	\$ 215,712
Contributions in relation to the actuarially determined contributions	<u>(216,533)</u>	<u>(201,258)</u>	<u>(202,289)</u>	<u>(201,004)</u>	<u>(194,064)</u>	<u>(183,050)</u>	<u>(179,762)</u>	<u>(171,769)</u>
Contributions deficiency (excess)	<u>\$ (95,693)</u>	<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	\$ 2,248,187	\$ 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	9.63%	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, 2020,
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%, net of investment expense and including inflation The Pub2010S(B) mortality tables, projected generationally using Scale SSA: 50% applied for pre-retirement deaths.
Mortality	
Turnover	T4
Salary Scale	5.75% for the first 15 years, 4.5% for the next 10 years, then 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

SUPPLEMENTARY INFORMATION

TOWN OF BEL AIR, MARYLAND

**Schedule of Cash and Cash Equivalents - General Fund
June 30, 2021**

UNRESTRICTED

M&T Bank	
Checking	\$ 226,083
Payroll	1,000
Harco Maryland Credit Union	
Savings	6
PeoplesBank	
Money market	108
Aberdeen Proving Grounds Federal Credit Union	
Savings	5
First National Bank	
Checking	50
Freedom Federal Credit Union	
Money market	2,620
TD Bank	
Money market	25,047
Change fund	1,350
PNC	
Local government investment pool	<u>6,178,393</u>
TOTAL UNRESTRICTED CASH	<u>\$ 6,434,662</u>

RESTRICTED

BB&T Bank	
Turner escrow	\$ 1,280
Harford Bank	
Savings	7,367
Escrow	315,115
PNC Bank	
Local Government Investment Pool - Bond Issue	<u>137,577</u>
TOTAL RESTRICTED CASH	<u>\$ 461,339</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes - Local				
Real property	\$ 7,251,242	\$ 7,323,482	\$ 7,324,822	\$ 1,340
Half-year real property	5,000	30,640	30,640	-
Personal property	10,000	10,000	8,852	(1,148)
Railroads and public utilities	404,000	485,000	484,736	(264)
Ordinary business corporations	490,000	490,000	619,386	129,386
Penalties and interest	35,000	35,000	62,632	27,632
<u>Deductions</u>				
Discounts allowed on taxes	-	-	-	-
Net local taxes	8,195,242	8,374,122	8,531,068	156,946
Taxes - State Shared				
Highway	479,871	427,992	474,774	46,782
Income taxes	1,277,306	2,314,583	2,582,087	267,504
Admission and amusement	55,000	32,000	43,264	11,264
Total taxes - State shared	1,812,177	2,774,575	3,100,125	325,550
Licenses and Permits				
<u>Business</u>				
Beer, wine and liquor	-	-	-	-
Traders	63,000	63,000	54,214	(8,786)
<u>Other Licenses and Permits</u>				
Building and equipment	35,000	35,000	35,376	376
Total - licenses and permits	98,000	98,000	89,590	(8,410)
Revenue from Other Agencies				
<u>Grants from State Government</u>				
Police protection	230,954	230,954	230,879	(75)
Governor's Office grant	10,000	20,500	13,823	(6,677)
Miscellaneous grants	20,000	-	9,738	9,738
<u>Grants from the Federal Government</u>				
Bulletproof vest grant	1,730	1,730	-	(1,730)
CARES grant	-	49,037	49,037	-
<u>Grants from County Government</u>				
Financial corporations	8,458	8,458	8,458	-
Stormwater Management	136,382	155,871	155,871	-
Tax rebate	1,284,830	1,284,830	1,284,830	-
Traffic grants	8,000	8,000	4,052	(3,948)
Total - revenue from other agencies	1,700,354	1,759,380	1,756,688	(2,692)

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual General Fund
Year Ended June 30, 2021**

	<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	\$ 7,000	\$ 7,000	\$ 6,040	\$ (960)
Bel Air Armory fees	55,000	60,000	63,298	3,298
Finance fees	9,900	9,900	18,006	8,106
Zoning and subdivision fees	17,000	9,000	14,562	5,562
Administration permit fees	200	200	2,490	2,290
MD homebuilder guaranty fund	800	800	-	(800)
<u>Sanitation and Waste Removal</u>				
Sewer fund administrative fee	326,371	326,371	333,553	7,182
<u>Public Service Enterprises</u>				
Parking fund administrative fee	250,627	250,627	241,783	(8,844)
Reimbursement for police services	25,000	15,000	7,777	(7,223)
Police and DPW overtime reimbursement	20,000	10,000	4,631	(5,369)
Police reports	1,500	1,500	1,499	(1)
Total - service charges for for current services	713,398	690,398	693,639	3,241
Fines				
Traffic signal camera	435,000	490,000	510,550	20,550
False alarm	23,000	13,000	15,171	2,171
Total - fines	458,000	503,000	525,721	22,721
Miscellaneous				
Interest	55,000	38,000	42,921	4,921
Cable TV franchise	145,000	145,000	143,275	(1,725)
Rental income	30,000	30,000	39,313	9,313
Seized property	2,000	2,000	3,445	1,445
Equipment/vehicle sale proceeds	20,000	20,000	25,706	5,706
Real estate sale proceeds	30,000	30,000	30,694	694
Contribution income	-	-	3,887	3,887
Rockfield Foundation contribution	600	600	-	(600)
Bel Air Alliance contribution	6,200	31,860	31,752	(108)
Miscellaneous grants	-	13,100	17,565	4,465
Miscellaneous	5,000	35,914	45,130	9,216
Total - miscellaneous	293,800	346,474	383,688	37,214
TOTAL REVENUES	\$13,270,971	\$ 14,545,949	\$ 15,080,519	\$ 534,570

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2021**

	<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	\$ 27,259	\$ 27,259	\$ 27,165	\$ 94
Operating expenses	36,850	16,250	14,193	2,057
<u>Town Clerk</u>				
Salaries/Benefits	233,991	225,812	223,605	2,207
Operating expenses	38,613	41,613	38,758	2,855
<u>Executive</u>				
Town Administrator				
Salaries/Benefits	160,632	160,632	160,772	(140)
Operating expenses	2,900	2,900	1,732	1,168
<u>Elections</u>				
Registration and Election				
Operating expenses	-	-	-	-
<u>Finance</u>				
Salaries/Benefits	520,049	537,767	531,697	6,070
Operating expenses	27,545	23,545	22,529	1,016
Actuarial valuations pension & OPEB	11,200	11,200	11,200	-
Independent auditing	17,250	17,250	17,250	-
<u>Law</u>				
Legal Counsel				
Operating expenses	44,500	40,500	37,710	2,790
<u>Planning and Zoning</u>				
Salaries/Benefits	437,782	470,271	461,085	9,186
Operating expenses	104,672	103,491	109,329	(5,838)
Capital outlay	60,000	80,000	75,978	4,022
<u>Economic Development</u>				
Salaries/Benefits	364,045	328,391	320,819	7,572
Operating expenses	84,132	58,953	54,904	4,049
<u>General Services</u>				
<u>Municipal Buildings</u>				
Salaries/Benefits	54,216	45,962	42,518	3,444
Operating expenses	230,777	277,143	280,772	(3,629)
Pre-construction services-PD/TH	-	542,046	541,811	235
Capital outlay	60,000	10,000	14,657	(4,657)
<u>Bel Air Reckord Armory</u>				
Salaries/Benefits	104,731	104,731	100,531	4,200
Operating expenses	108,574	104,977	120,926	(15,949)
Capital outlay	4,000	24,200	5,600	18,600

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2021**

	<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>				
Public Officers' Association				
Operating expenses	18,802	18,802	17,884	918
Public Relations				
Salaries/Benefits	86,951	86,951	86,162	789
Operating expenses	12,326	9,826	7,745	2,081
<u>Technology</u>				
Salaries/Benefits	168,402	169,902	171,412	(1,510)
Operating expenses	246,232	279,176	260,295	18,881
Capital outlay	55,000	63,773	63,115	658
Total - general government	<u>3,321,431</u>	<u>3,883,323</u>	<u>3,822,154</u>	<u>61,169</u>
Public Safety				
<u>Administrative, Patrol and Investigation</u>				
Salaries/Benefits	4,652,232	4,680,732	4,599,713	81,019
Operating expenses	306,390	337,074	348,200	(11,126)
Capital outlay	120,000	182,662	181,457	1,205
<u>Traffic Safety</u>				
Red light camera program	189,884	216,884	213,781	3,103
<u>Fire Department</u>				
Volunteer Company Contribution	159,589	159,589	159,589	-
<u>Protective Inspection</u>				
Other:				
Hydrant rental	50,084	59,690	59,690	-
Total - public safety	<u>5,478,179</u>	<u>5,636,631</u>	<u>5,562,430</u>	<u>74,201</u>
Public Works				
<u>General Administration</u>				
Salaries/Benefits	899,091	877,691	865,799	11,892
Operating expenses	237,483	260,833	202,621	58,212
<u>Highways and Streets</u>				
Streets, Roadways and Alleys				
Salaries/Benefits	685,660	633,660	639,559	(5,899)
Operating expenses	301,810	336,770	300,547	36,223
Sidewalk, curb and street construction	355,000	373,000	388,533	(15,533)
Capital outlay	355,000	458,708	456,961	1,747
Street Lighting				
Operating expenses	99,000	99,000	99,373	(373)

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual General Fund
Year Ended June 30, 2021**

	<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	\$ 613,082	\$ 619,082	\$ 597,992	\$ 21,090
Operating expenses	160,724	142,657	141,366	1,291
Capital outlay	-	-	-	-
<u>Shop</u>				
Salaries/Benefits	208,400	208,400	207,744	656
Operating expenses	156,920	172,180	170,580	1,600
Capital outlay	-	5,928	5,928	-
Total - public works	<u>4,072,170</u>	<u>4,187,909</u>	<u>4,077,003</u>	<u>110,906</u>
Recreation and Parks				
<u>Participation Recreation</u>				
Operating expenses	111,900	111,900	111,900	-
<u>A & B Committee</u>				
Operating expenses	39,300	39,300	35,942	3,358
<u>Cultural Arts Committee</u>				
Operating expenses	8,350	8,350	8,325	25
Total - recreation and parks	<u>159,550</u>	<u>159,550</u>	<u>156,167</u>	<u>3,383</u>
Miscellaneous				
Hospital, dental, and vision insurance	119,231	7,603	(5,356)	12,959
Worker's compensation insurance	7,719	7,719	3,369	4,350
OPEB	45,000	55,000	55,074	(74)
Transfer to leave payout reserve	-	-	-	-
Unemployment claims	220	3,220	3,334	(114)
General insurance	117,000	117,000	116,953	47
Miscellaneous	43,800	30,113	26,823	3,290
Debt service	358,671	358,671	353,756	4,915
Contributions/donations	23,000	20,000	19,853	147
Transfer to capital reserve	50,000	822,708	-	822,708
Total - miscellaneous	<u>764,641</u>	<u>1,422,034</u>	<u>573,806</u>	<u>848,228</u>
TOTAL EXPENDITURES	<u><u>\$13,795,971</u></u>	<u><u>\$ 15,289,447</u></u>	<u><u>\$ 14,191,560</u></u>	<u><u>\$ 1,097,887</u></u>
SUMMARY				
TOTAL REVENUES	\$13,270,971	\$ 14,545,949	\$ 15,080,519	\$ 534,570
TOTAL EXPENDITURES	<u>13,795,971</u>	<u>15,289,447</u>	<u>14,191,560</u>	<u>1,097,887</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u><u>\$ (525,000)</u></u>	<u><u>\$ (743,498)</u></u>	<u><u>\$ 888,959</u></u>	<u><u>\$ 1,632,457</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Revenue from Other Agencies				
CDBG grant	\$ 61,802	\$ -	\$ -	\$ -
Governor's Office grant	-	-	15,940	15,940
MD State Arts Council grant	-	-	13,425	13,425
Community Legacy grant	200,000	-	-	-
Total - revenue from other agencies	<u>261,802</u>	<u>-</u>	<u>29,365</u>	<u>29,365</u>
Miscellaneous				
Seized property-Federal Justice	-	-	228	228
Historic preservation	500	500	-	(500)
Tree planting - forest conservation	1,000	1,000	-	(1,000)
Tree planting - fee in lieu	1,000	1,000	-	(1,000)
Stormwater management fee in lieu	5,000	5,000	-	(5,000)
Open space fee in lieu	2,000	2,000	-	(2,000)
Memorials	200	200	1,530	1,330
Transfer from General Fund seized property	11,500	11,500	3,660	(7,840)
Seized property-Federal Treasury	-	-	11,107	11,107
Public amenity	2,000	2,000	-	(2,000)
Explorer scouts	9,000	9,000	2,297	(6,703)
Auxiliary police	2,500	2,500	-	(2,500)
Cultural arts project	17,400	17,400	18	(17,382)
Revolving loan fund	1,500	1,500	90	(1,410)
Total - miscellaneous	<u>53,600</u>	<u>53,600</u>	<u>18,930</u>	<u>(34,670)</u>
TOTAL REVENUES	<u>\$ 315,402</u>	<u>\$ 53,600</u>	<u>\$ 48,295</u>	<u>\$ (5,305)</u>
EXPENDITURES				
General Government				
Historic preservation	\$ 500	\$ 500	\$ -	\$ 500
Revolving loan fund	1,500	1,500	-	1,500
CDBG grant	61,802	-	-	-
Total - general government	<u>63,802</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Public Safety				
Seized property-internal	11,500	11,500	4,126	7,374
Seized property-Federal Treasury	-	-	3,372	(3,372)
Seized property-Federal Justice	-	-	13,087	(13,087)
Auxiliary police	2,500	2,500	4,533	(2,033)
Total - public safety	<u>14,000</u>	<u>14,000</u>	<u>25,118</u>	<u>(11,118)</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, 2021**

	<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	5,000	5,000	-	5,000
Community Legacy grant	200,000	-	-	-
Total - public works	<u>205,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Recreation and Parks				
Tree planting - forest conservation	1,000	1,000	7,286	(6,286)
Tree planting - fee in lieu	1,000	1,000	-	1,000
Explorer Scouts	9,000	9,000	21,623	(12,623)
Cultural arts project	17,400	17,400	14,325	3,075
Open space fee in lieu	2,000	2,000	-	2,000
Public amenity	2,000	2,000	-	2,000
Memorials	200	200	2,172	(1,972)
Total - recreation and parks	<u>32,600</u>	<u>32,600</u>	<u>45,406</u>	<u>(12,806)</u>
TOTAL EXPENDITURES	<u>\$ 315,402</u>	<u>\$ 53,600</u>	<u>\$ 70,524</u>	<u>\$ (16,924)</u>

Summary

TOTAL REVENUES	\$ 315,402	\$ 53,600	\$ 48,295	\$ (5,305)
TOTAL EXPENDITURES	<u>315,402</u>	<u>53,600</u>	<u>70,524</u>	<u>(16,924)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,229)</u>	<u>\$ (22,229)</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Compared to Budget
Parking Fund
Year Ended June 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Service Charges for Current Services			
<u>Highways and Streets</u>			
Meter collections	\$ 182,000	\$ 78,514	\$ (103,486)
Lease fees	67,763	65,029	(2,734)
Fines and Forfeitures			
Parking	135,000	81,550	(53,450)
Miscellaneous			
Miscellaneous income	-	1,348	1,348
County share operating expenses and capital repairs	161,463	124,680	(36,783)
Total - operating revenues	<u>546,226</u>	<u>351,121</u>	<u>(195,105)</u>
OPERATING EXPENSES			
Miscellaneous			
Compensated absences	-	1,952	(1,952)
Postage	1,790	1,001	789
Miscellaneous	2,485	1,613	872
Parking fine charges	27,000	15,870	11,130
Depreciation	136,016	134,572	1,444
Lots and Meters			
Transfer to general fund - administrative costs	157,288	146,454	10,834
Maintenance	3,000	317	2,683
Operating expenses	6,512	1,661	4,851
Resurface lot	62,000	-	62,000
Parking Garage			
Transfer to general fund - administrative costs	93,339	95,329	(1,990)
Operating expenses	31,700	27,896	3,804
Insurance	21,687	18,947	2,740
Maintenance	6,850	8,304	(1,454)
Capital repairs	80,000	13,319	66,681
Total - operating expenses	<u>629,667</u>	<u>467,235</u>	<u>162,432</u>
Operating (loss)	<u>(83,441)</u>	<u>(116,114)</u>	<u>(32,673)</u>
Non-operating Revenues (Expenses)			
Interest income - investment	-	209	209
Interest expense - various debts	(3,734)	(3,815)	(81)
Total - non-operating expenses	<u>(3,734)</u>	<u>(3,606)</u>	<u>128</u>
NET (LOSS)	<u>\$ (87,175)</u>	<u>\$ (119,720)</u>	<u>\$ (32,545)</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Compared to Budget
Sewer Fund
Year Ended June 30, 2021**

	<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	\$ 2,439,000	\$ 2,250,311	\$ (188,689)
Sewer connection charges	50,000	106,799	56,799
Other revenues	18,050	19,740	1,690
Utility locator fees	19,000	16,272	(2,728)
User benefit fees	36,645	37,205	560
	<u>2,562,695</u>	<u>2,430,327</u>	<u>(132,368)</u>
OPERATING EXPENSES			
Salaries/Benefits	225,540	223,711	1,829
Compensated absences	-	6,898	(6,898)
Contractual services	1,434,516	1,689,090	(254,574)
Amortization	24,248	24,248	-
Supplies	3,200	3,150	50
Utilities	15,350	16,389	(1,039)
Misc Utility fees	3,050	2,649	401
Depreciation	85,500	93,310	(7,810)
Maintenance	30,000	34,096	(4,096)
Connection costs	50,000	106,799	(56,799)
Water company charges	5,600	5,570	30
Miscellaneous	7,725	7,669	56
Transfer to general fund - administrative costs	326,371	333,553	(7,182)
User benefit fee	36,645	37,205	(560)
Root control maintenance	35,000	34,413	587
Main and lateral repairs	22,000	20,537	1,463
Insurance	9,900	11,902	(2,002)
Processing fees	25,929	15,912	10,017
Equipment, sewage pumps	25,000	-	25,000
Pumping station engineering/repair/replacements	175,000	9,829	165,171
Total - operating expenses	<u>2,540,574</u>	<u>2,676,930</u>	<u>(136,356)</u>
Operating income	22,121	(246,603)	(268,724)
Non-operating Revenues (Expenses)			
Non-operating expense - interest	(22,121)	(22,257)	(136)
Total non-operating expenses	<u>(22,121)</u>	<u>(22,257)</u>	<u>(136)</u>
NET INCOME	<u>\$ -</u>	<u>\$ (268,860)</u>	<u>\$ (268,860)</u>

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