

TOWN OF BEL AIR, MARYLAND

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

For the Year Ended June 30, 2022

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JUNE 30, 2022

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

The Commissioners of the
Town of Bel Air, Maryland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bel Air, Maryland (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial



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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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, and compared to budget) 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
May 11, 2023

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

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

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, 2022. 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, 2022, by \$20,190,818 (net position). Approximately 19.3% of this amount is attributable to the business-type activities. Of the total net position, \$223,337 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. Unrestricted net position in the business-type activities is positive at \$1,014,370, while the governmental activities show a (\$791,033) due to the net difference of a new non-current receivable related to the undrawn debt proceeds versus the increase in unearned revenue due to American Rescue Plan Act funds received but not spent as of the end of the fiscal year. Of the remaining total net position, \$5,450,297 is restricted for specific purposes (restricted net position), and \$14,517,184 is invested in capital assets, net of related debt.
- The Town's overall financial position increased by \$768,687 during the fiscal year. Net position for governmental and business-type activities increased \$610,760 and \$157,927, respectively.
- The Town has recorded a net pension liability of \$3,911,935 compared to a net pension asset in the previous year and related net deferred outflows of \$1,949,984 in the Statement of Net Position.

Fund Level:

- As of June 30, 2022, the Town's governmental funds reported a combined ending fund balance of \$8,523,036, a decrease of \$380,017 in comparison with the prior year. Of this total amount, \$8,323,492 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, 2022, the assigned and unassigned fund balance for the General Fund (primary operating fund) was \$2,777,007 or 13.8% of total General Fund expenditures.
- In fiscal year 2022, the Town transferred the following within the General Fund: \$146,565 to the Capital Reserve, \$141,282 to the Stormwater Management Reserve, and \$172,841 to the Stabilization Reserve.
- As of June 30, 2022, the Town's business-type operating activities reported net position of \$3,890,865, an increase of \$157,927, in comparison with the prior year. Of the total amount, \$1,014,370 is unrestricted.
- The Town received its first of two installments related to the American Rescue Plan Act in the amount of \$4,984,920 of which \$149,500 and \$64,035 was spent in the General Fund and Sewer Fund, respectively.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

Long-Term Debt:

The Town's long-term debt increased \$11,229,705 or 216.27% during the current fiscal year. The increase was the net result of making \$1,009,889 in scheduled payments, a \$167,360 net decrease in compensated absences/OPEB liability, a \$3,911,935 increase in net pension liability, and a \$8,160,299 increase in new debt proceeds and corresponding bond premium.

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, 2022

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, 2022

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 \$20,190,818 as of June 30, 2022. 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, 2022, capital assets were valued at \$14,517,184, net of related debt and accumulated depreciation or 71.9% 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, 2022, was \$223,337 or 1.11% 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, 2022, was \$5,450,297 or 27.0% 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, 2022, the Town reported positive balances in net investment in capital assets and restricted, but a negative in unrestricted due to the net difference of a new non-current receivable related to the undrawn debt proceeds versus the increase in unearned revenue due to American Rescue Plan Act funds received but not spent as of the end of the fiscal year. The Town reported positive balances in all three categories for the business-type activities separately.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

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	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 19,996,398	\$ 11,979,678	\$ 1,900,238	\$ 3,128,345	\$ 21,896,636	\$ 15,108,023
Capital assets	16,430,885	11,944,238	3,432,791	3,480,294	19,863,676	15,424,532
Total assets	36,427,283	23,923,916	5,333,029	6,608,639	41,760,312	30,532,555
Deferred outflows of resources-Pensions/OPEB	2,519,615	421,121	-	-	2,519,615	421,121
Liabilities						
Other liabilities	6,459,604	1,138,622	637,777	1,840,473	7,097,381	2,979,095
Long-term liabilities	15,617,710	4,157,164	804,387	1,035,228	16,422,097	5,192,392
Total liabilities	22,077,314	5,295,786	1,442,164	2,875,701	23,519,478	8,171,487
Deferred inflows of resources-pensions/OPEB	569,631	3,360,058	-	-	569,631	3,360,058
Net Position						
Net investment in capital assets	11,783,310	10,664,091	2,733,874	1,850,442	14,517,184	12,514,533
Restricted	5,307,676	3,894,138	142,621	127,614	5,450,297	4,021,752
Unrestricted	(791,033)	1,130,964	1,014,370	1,754,882	223,337	2,885,846
Total net position	\$ 16,299,953	\$ 15,689,193	\$ 3,890,865	\$ 3,732,938	\$ 20,190,818	\$ 19,422,131

TOWN OF BEL AIR, MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,633,022	\$ 1,334,866	\$ 3,425,267	\$ 2,781,448	\$ 5,058,289	\$ 4,116,314
Operating grants/ contributions	731,672	515,990	-	-	731,672	515,990
Capital grants/ contributions	252,544	28,887	-	-	252,544	28,887
General revenues:						
Property taxes	9,155,892	8,500,093	-	-	9,155,892	8,500,093
Shared taxes	3,161,409	4,420,143	-	-	3,161,409	4,420,143
Miscellaneous	905,111	759,333	-	-	905,111	759,333
Unrestricted investment earnings	36,774	42,921	236	209	37,010	43,130
Total revenues	<u>15,876,424</u>	<u>15,602,233</u>	<u>3,425,503</u>	<u>2,781,657</u>	<u>19,301,927</u>	<u>18,383,890</u>
Expenses						
General government	4,271,451	3,586,390	-	-	4,271,451	3,586,390
Public safety	6,140,937	5,232,903	-	-	6,140,937	5,232,903
Public works	4,063,769	3,489,052	-	-	4,063,769	3,489,052
Recreation and culture	379,517	196,736	-	-	379,517	196,736
Miscellaneous	231,337	219,575	-	-	231,337	219,575
Interest on long-term debt	178,653	49,265	-	-	178,653	49,265
Sewer	-	-	2,759,903	2,699,187	2,759,903	2,699,187
Parking facilities	-	-	507,673	471,050	507,673	571,050
Total expenditures	<u>15,265,664</u>	<u>12,773,921</u>	<u>3,267,576</u>	<u>3,170,237</u>	<u>18,533,240</u>	<u>15,944,158</u>
Change in net position	610,760	2,828,312	157,927	(388,580)	768,687	2,439,732
Net position, beginning	<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>
Net position, ending	<u>\$ 16,299,953</u>	<u>\$ 15,689,193</u>	<u>\$ 3,890,865</u>	<u>\$ 3,732,938</u>	<u>\$ 20,190,818</u>	<u>\$ 19,422,131</u>

Governmental activities

Governmental net position increased by \$610,760 mainly due to the receiving additional revenues and spending less. Property taxes, shared taxes, and charges for services represent 57.7%, 19.9%, and 10.3% of the Town's revenue stream, respectively. The remaining 12.1% 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 2022 was \$15,876,424 which is \$274,191 or 1.8% more than the previous year. The increase was not due to any individual category.

Investment earnings increased 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 .20%, with the last month of the fiscal year being 1.00% compared to .09% as a result of the Federal Reserve increasing the federal funds rate.

TOWN OF BEL AIR, MARYLAND

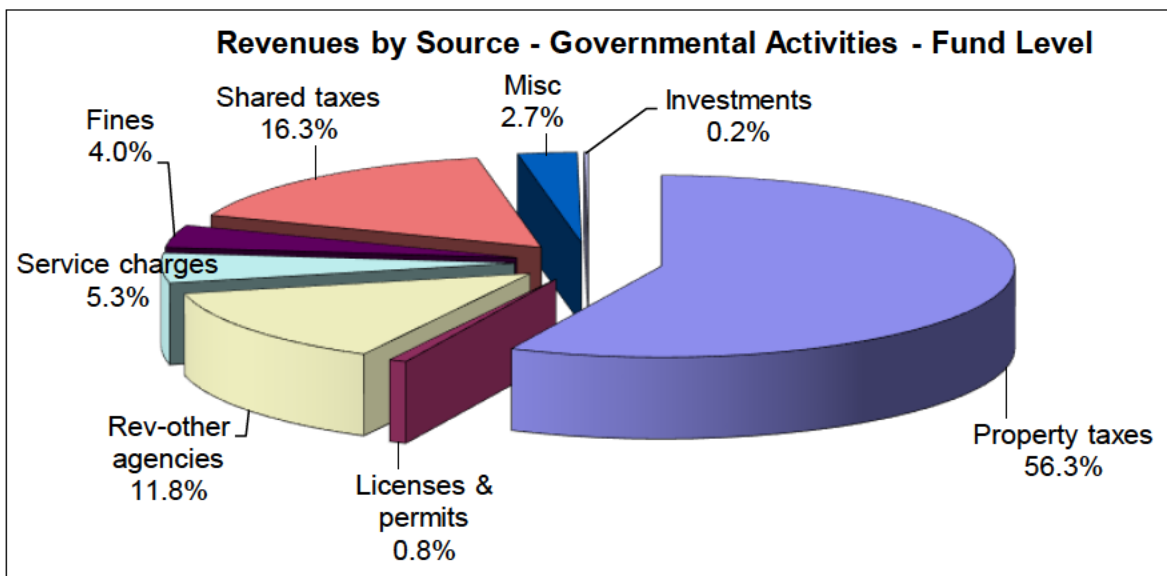
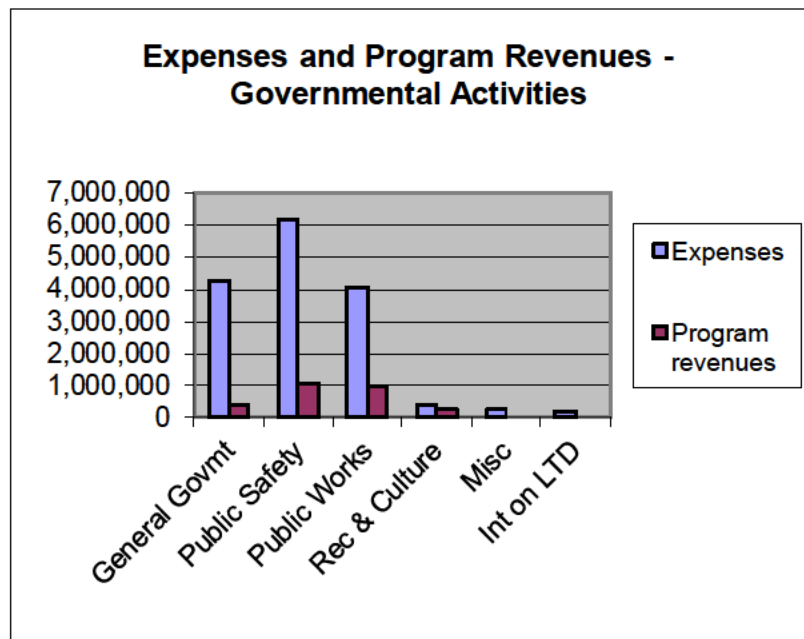
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

In fiscal year 2022, 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, 2022, the Town held \$3,630,000 in various certificates of deposit with rates ranging from .15% to .55% and maturities no longer than 26-months.

Governmental expenses were \$15,265,664 in fiscal year 2022, which equates to an increase of \$2,491,743 or 19.5%. Public safety and public works are the two largest functional areas comprising 66.8% of all governmental expenses in fiscal year 2022. Public safety represents 40.2% of governmental expenses, while public works represents 26.6%. An increase is shown in each of these main departments as well as the remainder of the expense categories.



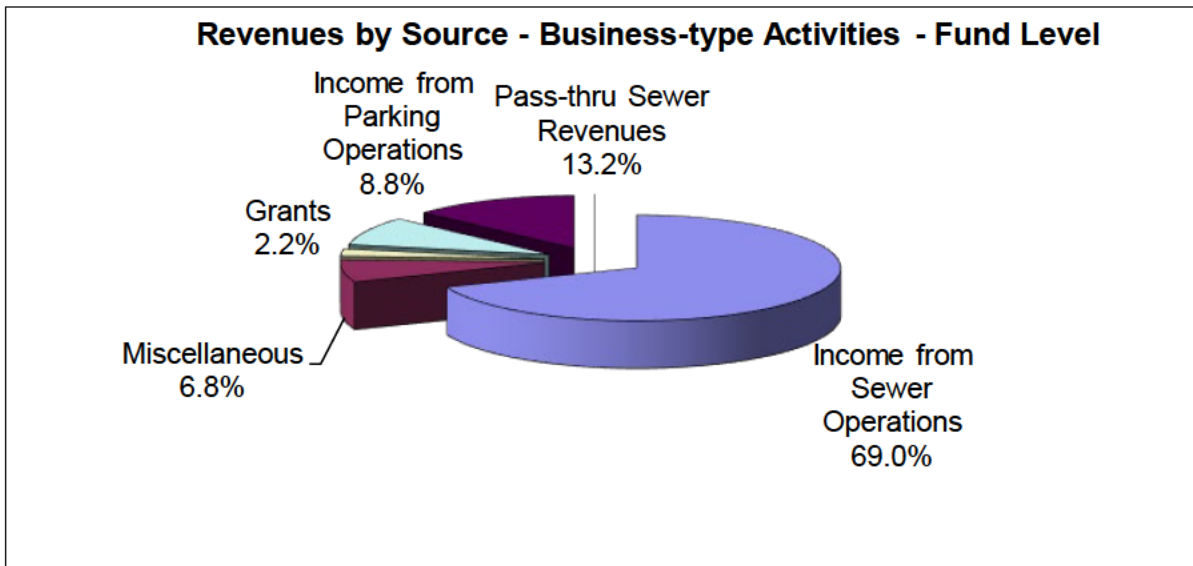
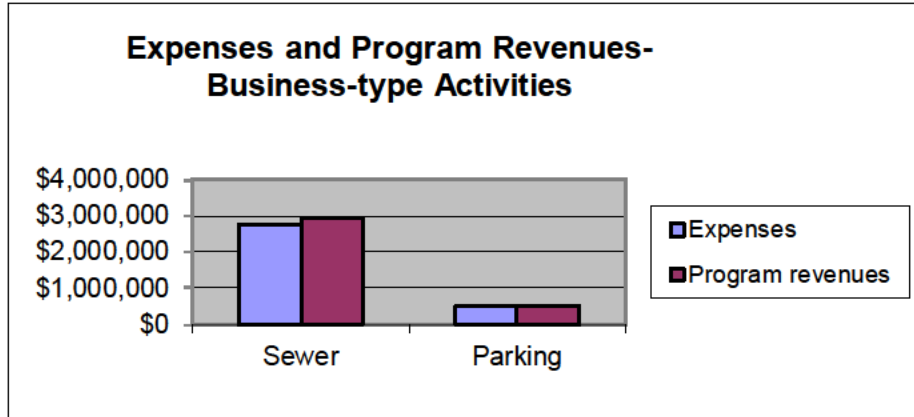
TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

Business-type activities

The Town operates two business-type enterprise funds, Parking and Sewer. Business-type net position increased by \$157,927, overall with the Parking Fund decreasing \$12,692 and the Sewer Fund increasing \$170,619. The decrease in the Parking Fund was mainly due to receiving less revenues from all three sources. The increase in the Sewer Fund was mainly due to paying Harford County less to treat the sewage than expected.



TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

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, 2022, the Town's governmental funds (general fund and special revenue fund) reported a combined ending fund balance of \$8,523,036, a decrease of \$380,017 in comparison with the prior year. Approximately 97.7% of this total amount or \$8,323,492 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 1.9% of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$2,777,007, while total fund balance was \$8,125,945. 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 13.8% of total General Fund expenditures, while total fund balance represents 40.5% of that same amount.

The Town's General Fund total fund balance decreased by \$412,765 during the current fiscal year. This was a result of the fiscal year 2021 encumbrances being more than the current year encumbrances by approximately \$700,000. Also, the Town received more revenues than anticipated in state share income taxes by approximately \$321,000.

The Special Revenue Fund has a total fund balance of \$397,091 which increased \$32,748.

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 \$2,068,568 and \$1,822,297, respectively, and decreased \$12,692 in the Parking Fund and increased \$170,619 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 MissionSquare Retirement. 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 an 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, 2022

The net position of the Sworn Officers' Pension Trust and the Civilian Pension Trust decreased \$2,067,366 or 18.5%, and \$1,936,544 or 18.1%. The decreases in both trusts were due to a net decrease 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 decreased \$77,399 or 12.9% due to mainly to a decrease in the fair value of investments.

General Fund Budgetary Highlights

The Town amended the budget in April 2022 after its normal mid-year budget review. The general fund budget increased \$347,480. The significant revenue changes were increases in real property taxes and state shared income taxes. The significant expenditure changes were increases in Town Buildings for the procurement/bid contract on the Town Hall/Police Department building and the Town's share of the Rockfield Creative Playground capital work as well as staff development through Dale Carnegie training and contracts through Lexipol to assist in rewriting the Police Department and Human Resource policy manuals.

The Town amended the budget again in July 2022. The general fund budget increased \$4,216,359. The significant revenue change was a new account for bond proceeds to reflect the drawdown from the Infrastructure Bond related to the Town Hall/Police Department building project. The significant expenditure change was related to the revenue with a new account for the capital construction work on the building.

At the end of the year, revenues and other financing sources were more than budgetary estimates by \$532,455 and expenditures were \$277,212 less than anticipated. The following revenues were the main drivers for the excess revenues: Ordinary business corporations (\$21,520), State shared income taxes (\$321,908), State shared highway (\$25,239), Harford County stormwater management grant (\$52,591), parking fund administrative fee (\$33,240), and fines (\$21,055). The following expenditure departments were the main drivers for the lower expenditures: Police (\$47,187) and Public Works (\$206,863).

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, 2022 was \$19,863,676. This investment in capital assets includes land, buildings, improvements, machinery, equipment, furniture, fixtures, vehicles, infrastructure, and sewer system. The total increase in capital assets for the current fiscal year was 28.8%, comprised of a 37.6% increase in governmental activities and a 1.4% 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, 2022

CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and improvements	\$ 4,641,308	\$ 4,641,308	\$ 777,518	\$ 777,518	\$ 5,418,826	\$ 5,418,826
Buildings and improvements	7,406,799	7,380,960	3,277,524	3,206,000	10,684,323	10,586,960
Infrastructure	1,830,062	1,812,989	-	-	1,830,062	1,812,989
Machinery and equipment	1,110,062	1,066,764	625,509	556,517	1,735,571	1,623,281
Furniture and fixtures	1,770,031	1,744,007	-	-	1,770,031	1,744,007
Vehicles	4,209,964	3,641,857	519,866	514,130	4,729,830	4,155,987
Construction in progress	4,183,837	-	-	-	4,183,837	-
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	(8,721,178)	(8,343,647)	(4,257,791)	(4,064,036)	(12,978,969)	(12,407,683)
Total	\$ 16,430,885	\$ 11,944,238	\$ 3,432,791	\$ 3,480,294	\$ 19,863,676	\$ 15,424,532

Major capital asset events during the year ending June 30, 2022 included the following:

- The Police Department purchased five vehicles (\$182,342).
- The Planning Department added eleven wayfinding signs located around Town (\$57,300).
- The Town added technology hardware/software (\$21,512).
- The Public Works Department purchased five equipment vehicles (\$716,641).
- The Town has construction in progress for a new Town Hall/Police Dept building (\$4,183,837).
- The Town sold the following major assets on Govdeals and all were removed from the Town's capital assets: two police vehicles (\$59,621) and various public work's equipment (\$297,587).
- In the Parking Fund, stairwell doors were purchased and installed (\$60,569).
- In the Sewer Fund, new generators were purchased (\$64,035).

Debt administration. The Town's long-term debt as of June 30, 2022, was \$16,422,097. Of this amount, \$9,376,964 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 \$691,558, \$2,441,640 in compensated absences and OPEB liabilities from GASB #75, and \$3,911,935 in a net pension liability.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2022

The following table reflects the Town's long-term debt:

LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligations bonds	\$ 8,724,760	\$ 715,036	\$ 652,204	\$ 865,056	\$ 9,376,964	\$ 1,580,092
Equipment/vehicle notes	644,845	1,280,147	46,713	57,873	691,558	1,338,020
Net pension liability	3,911,935	-	-	-	3,911,935	-
Compensated absences / OPEB	2,336,170	2,161,981	105,470	112,299	2,441,640	2,274,280
Total	\$ 15,617,710	\$ 4,157,164	\$ 804,387	\$ 1,035,228	\$ 16,422,097	\$ 5,192,392

The Town's total long-term debt for governmental activities increased \$11,460,546 and decreased \$230,841 for business-type activities. During the year, \$985,369 in debt was retired, the Town entered into a new \$8,000,000 thirty-year bond for the public purpose of building a new Town Hall/Police Department building, and the Town recorded a net pension liability mainly due to major investment losses.

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, 2022, the debt limitation is \$80,724,323 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, 2022

Economic Factors and Fiscal Year 2023'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 remains \$.54 per \$100 of assessed value and \$1.20 per \$100 of assessed value, respectively. During the fiscal year, the Town expects flat real estate assessments.
- Income tax revenues are projected to remain flat from 2022 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 \$18,561 over the 2022 budgeted revenues.
- Police protection grant from the state is projected to be flat.
- While the Town will receive fifty percent of its American Rescue Plan Act (ARPA) monies in fiscal year 2023, the Town anticipates utilizing only \$1,613,195 on salaries.
- The Harford County tax rebate is projected to decrease slightly \$14,116 based on the Harford County formula.
- Effective in 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 public would be getting back to "normal" from COVID-19, the rental revenue from the Bel Air Armory facility was increased \$15,000.
- With interest rates continuing to decline due to the economy, the Town's interest on investments is budgeted to increase slightly \$5,000 mainly due to interest that would be earned on the first installment of the ARPA monies.
- The Town intends to use the savings in salaries from the ARPA monies to purchase its fiscal year 2023 vehicles/equipment in the amount of \$562,579.
- The Town anticipates utilizing \$41,273 from the unassigned fund balance to fund the new salary scale for certain public works employees.
- The Town anticipates utilizing \$56,600 from the capital reserve mainly to fund the match as required by the Community Parks & Playground grant for Homestead Park.
- The Town anticipates utilizing \$44,829 from the worker's compensation reserve to fund the increase in worker's compensation premiums due to the mod rate increasing to a higher premium.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

- All Town employees received a merit increase and a 2% COLA. A new salary scale for certain public works employees was funded and those 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.
- The Town budgeted \$361,000 for various building maintenance or capital projects.
- The Planning Department included \$475,000 for various capital projects for Burns Alley (\$85,000), Homestead Park (\$200,000), and Shamrock Park (\$190,000).
- The Technology Department budgeted approximately \$77,000 for one-time expenditures.
- The Town's worker's compensation modification rate increased from a 1.02 premium to a 1.90 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, 2021.
- The Town's health insurance premiums increased 1% from fiscal year 2022.
- 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 \$21,144 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.
- The Public Works Department budgeted \$355,000 in street, curb ramp, and curb/gutter construction work to be completed at specific locations.
- The Public Works Department budgeted \$392,579 to purchase a replacement skid-steer loader, dump truck, and international forestry 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, \$67,404, 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.
- In the Special Revenue Fund, the Town included a grant award in the amount of \$100,000 from Community Legacy to provide support for Phase II of the Court House Square project.

All of these factors were considered in preparing the Town's budget for the 2023 fiscal year.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The Sewer Fund user rate increased \$.29, which was based on the December 2021 Consumer Price Index of 4.7%. The base charge increased by the Consumer Price Index of 4.7%. Funds will be used from ARPA to fund the Harford County charges to treat the sewage, and those savings will be used to fund comprehensive engineering evaluations for the three pump stations and substantial repairs and replacement to two pump stations for a total of \$890,000.

In the Parking Fund, meter collections and parking fines were projected to decrease as these still have not recovered from the pandemic. 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 lmoody@belairmd.org.

FINANCIAL STATEMENTS

TOWN OF BEL AIR, MARYLAND

**Statement of Net Position
June 30, 2022**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,236,740	\$ 236,267	\$ 5,473,007
Restricted cash and cash equivalents	5,131,749	9,329	5,141,078
Investments	3,630,000	-	3,630,000
Accounts receivable	6,693,970	739,553	7,433,523
Loan receivable - revolving loan fund	36,337	-	36,337
Real and personal property taxes receivable	87,697	-	87,697
Accrued interest receivable	17,474	-	17,474
Internal balances	(879,275)	879,278	3
Prepaid expenses	41,706	-	41,706
Capital assets, not being depreciated	8,825,145	777,518	9,602,663
Capital assets, net of accumulated depreciation	7,605,740	2,655,273	10,261,013
Other assets	-	35,811	35,811
	<u>36,427,283</u>	<u>5,333,029</u>	<u>41,760,312</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES-PENSIONS/OPEB	<u>2,519,615</u>	<u>-</u>	<u>2,519,615</u>
LIABILITIES			
Accounts payable	1,284,620	635,589	1,920,209
Accrued liabilities	386,446	-	386,446
Payroll withholdings	5,376	-	5,376
Deposits and other escrows held	3,580	-	3,580
Unearned revenue	4,779,582	2,188	4,781,770
Non-current liabilities:			
Due within one year	342,751	226,579	569,330
Due in more than one year	15,274,959	577,808	15,852,767
	<u>22,077,314</u>	<u>1,442,164</u>	<u>23,519,478</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES-PENSIONS/OPEB	<u>569,631</u>	<u>-</u>	<u>569,631</u>
NET POSITION			
Net investment in capital assets	11,783,310	2,733,874	14,517,184
Restricted	5,307,676	142,621	5,450,297
Unrestricted	(791,033)	1,014,370	223,337
	<u>\$ 16,299,953</u>	<u>\$ 3,890,865</u>	<u>\$ 20,190,818</u>
TOTAL NET POSITION			

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

TOWN OF BEL AIR, MARYLAND

**Statement of Activities
Year Ended June 30, 2022**

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	\$ 4,271,451	\$ 320,716	\$ 70,778	\$ 6,580	\$ (3,873,377)	\$ -	\$ (3,873,377)
Public safety	6,140,937	705,430	333,182	-	(5,102,325)	-	(5,102,325)
Public works	4,063,769	606,876	327,712	-	(3,129,181)	-	(3,129,181)
Recreation and culture	379,517	-	-	245,964	(133,553)	-	(133,553)
Miscellaneous	231,337	-	-	-	(231,337)	-	(231,337)
Interest on long-term debt	178,653	-	-	-	(178,653)	-	(178,653)
Total governmental activities	<u>15,265,664</u>	<u>1,633,022</u>	<u>731,672</u>	<u>252,544</u>	<u>(12,648,426)</u>	<u>-</u>	<u>(12,648,426)</u>
Business-type activities:							
Sewer	2,759,903	2,930,522	-	-	-	170,619	170,619
Parking facilities	507,673	494,745	-	-	-	(12,928)	(12,928)
Total business-type activities	<u>3,267,576</u>	<u>3,425,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,691</u>	<u>157,691</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 18,533,240</u>	<u>\$ 5,058,289</u>	<u>\$ 731,672</u>	<u>\$ 252,544</u>	<u>(12,648,426)</u>	<u>157,691</u>	<u>(12,490,735)</u>
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					9,155,892	-	9,155,892
Shared taxes					3,161,409	-	3,161,409
Miscellaneous					905,111	-	905,111
Unrestricted investment earnings					36,774	236	37,010
Total general revenues					<u>13,259,186</u>	<u>236</u>	<u>13,259,422</u>
CHANGE IN NET POSITION					610,760	157,927	768,687
NET POSITION, BEGINNING					15,689,193	3,732,938	19,422,131
NET POSITION, ENDING					<u>\$ 16,299,953</u>	<u>\$ 3,890,865</u>	<u>\$ 20,190,818</u>

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

TOWN OF BEL AIR, MARYLAND

**Balance Sheet
June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 5,236,740	\$ -	\$ 5,236,740
Restricted cash and cash equivalents	4,927,401	204,348	5,131,749
Investments	3,630,000	-	3,630,000
Accounts receivable	2,532,284	184,949	2,717,233
Loan receivable - revolving loan fund	-	36,337	36,337
Accrued interest receivable	17,474	-	17,474
Property taxes receivable - net	87,697	-	87,697
Due from other funds	168,218	34,450	202,668
Prepaid costs	41,262	444	41,706
TOTAL ASSETS	<u>\$ 16,641,076</u>	<u>\$ 460,528</u>	<u>\$ 17,101,604</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,225,715	\$ 58,905	\$ 1,284,620
Accrued expenditures	338,489	-	338,489
Payroll withholdings	5,376	-	5,376
Deposits	3,580	-	3,580
Unearned revenue	4,779,582	-	4,779,582
Due to other funds	1,077,411	4,532	1,081,943
Total liabilities	<u>7,430,153</u>	<u>63,437</u>	<u>7,493,590</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	55,016	-	55,016
Unavailable revenue - income taxes	988,250	-	988,250
Unavailable revenue - highway user	41,712	-	41,712
Total deferred inflows of resources	<u>1,084,978</u>	<u>-</u>	<u>1,084,978</u>
FUND BALANCES			
Nonspendable	41,262	444	41,706
Restricted	-	157,838	157,838
Committed	5,307,676	133,838	5,441,514
Assigned	255,832	104,971	360,803
Unassigned	2,521,175	-	2,521,175
Total fund balances	<u>8,125,945</u>	<u>397,091</u>	<u>8,523,036</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 16,641,076</u>	<u>\$ 460,528</u>	<u>\$ 17,101,604</u>

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

TOWN OF BEL AIR, MARYLAND

**Reconciliation of the Governmental Funds Balance Sheet
to the Statements of Net Position
June 30, 2022**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 22)	\$ 8,523,036
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.	1,084,978
Non-current receivable related to un-drawn capital debt proceeds	3,976,737
Net deferred outflows and inflows of resources related to pensions/OPEB.	1,949,984
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 \$25,152,063 and the accumulated depreciation is \$8,721,178.	16,430,885
Noncurrent liabilities and assets are not reported as liabilities in the governmental funds.	(11,705,775)
Net pension liability	(3,911,935)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(47,957)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 20)	<u><u>\$ 16,299,953</u></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, 2022**

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes - local	\$ 9,105,602	\$ -	\$ 9,105,602
Taxes - state shared	2,596,177	-	2,596,177
Licenses and permits	125,962	-	125,962
Revenue from other agencies	1,906,147	274,894	2,181,041
Service charges for current services	843,120	-	843,120
Fines	643,055	-	643,055
Miscellaneous	395,390	70,686	466,076
Total revenues	<u>15,615,453</u>	<u>345,580</u>	<u>15,961,033</u>
EXPENDITURES			
General government	3,775,425	8,000	3,783,425
Public safety	6,211,883	27,357	6,239,240
Public works	4,555,367	51,580	4,606,947
Recreation and parks	153,622	225,895	379,517
Miscellaneous	231,337	-	231,337
Capital outlay	4,183,837	-	4,183,837
Debt service:			
Principal	761,357	-	761,357
Interest	178,653	-	178,653
Total expenditures	<u>20,051,481</u>	<u>312,832</u>	<u>20,364,313</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,436,028)	32,748	(4,403,280)
OTHER FINANCING SOURCES			
TH/PD Infrastructure Bond proceeds	4,023,263	-	4,023,263
Total other financing sources	<u>4,023,263</u>	<u>-</u>	<u>4,023,263</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(412,765)	32,748	(380,017)
FUND BALANCES, BEGINNING OF YEAR	8,538,710	364,343	8,903,053
FUND BALANCES, END OF YEAR	<u>\$ 8,125,945</u>	<u>\$ 397,091</u>	<u>\$ 8,523,036</u>

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

TOWN OF BEL AIR, MARYLAND

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities Year Ended June 30, 2022

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND (page 24)	\$ (380,017)
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 \$5,285,992 exceeded depreciation expense of \$739,392 in the period.	4,546,600
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 \$421,814, less any accumulated depreciation of \$361,861.	(59,953)
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 \$174,189.	(174,189)
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.	201,264
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.	(250,786)
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 2022.	785,877
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 2022.	(4,023,263)
Interest expense in the Statement of Activities differs from the amount reported in governmental funds due to the net change in accrued interest.	<u>(34,773)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 21)	<u>\$ 610,760</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE				
Taxes - local	\$ 8,896,574	\$ 9,083,579	\$ 9,105,602	\$ 22,023
Taxes - state shared	2,003,380	2,242,269	2,596,177	353,908
Licenses and permits	98,000	128,000	125,962	(2,038)
Revenues from other agencies	1,680,332	1,869,073	1,906,147	37,074
Service charges for current services	756,273	788,273	843,120	54,847
Fines	480,000	622,000	643,055	21,055
Miscellaneous	764,359	349,804	395,390	45,586
Total revenues	<u>14,678,918</u>	<u>15,082,998</u>	<u>15,615,453</u>	<u>532,455</u>
EXPENDITURES				
Current:				
General government	3,358,044	7,806,685	7,779,695	26,990
Public safety	6,096,406	6,138,560	6,091,373	47,187
Public works	4,335,448	4,361,532	4,154,669	206,863
Recreation and culture	159,550	159,550	151,650	7,900
Miscellaneous	250,340	254,040	230,862	23,178
Debt service	861,844	905,104	940,010	(34,906)
Total expenditures	<u>15,061,632</u>	<u>19,625,471</u>	<u>19,348,259</u>	<u>277,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(382,714)</u>	<u>(4,542,473)</u>	<u>(3,732,806)</u>	<u>809,667</u>
OTHER FINANCING SOURCES				
TH/PD Infrastructure Bond proceeds	-	4,021,431	4,023,263	(1,832)
Total other financing sources	<u>-</u>	<u>4,021,431</u>	<u>4,023,263</u>	<u>(1,832)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES				
	<u>\$ (382,714)</u>	<u>\$ (521,042)</u>	290,457	<u>\$ 807,835</u>
FUND BALANCE - BEGINNING OF YEAR			<u>8,190,518</u>	
FUND BALANCE - END OF YEAR			<u>\$ 8,480,975</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 - Special Revenue Fund
(Non-GAAP Budgetary Basis)
Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget Variance Positive (Negative)
REVENUES				
Revenue from Other Agencies				
CDBG grant	\$ 91,984	\$ 51,580	\$ 51,580	\$ -
Rockfield Creative Playground Grant	-	100,000	100,000	-
Chesapeake Bay Trust Grant	-	14,850	14,850	-
Community Legacy grant	175,464	175,464	108,464	(67,000)
Total - revenue from other agencies	267,448	341,894	274,894	(67,000)
Miscellaneous	68,555	68,555	70,686	2,131
Total revenues	<u>336,003</u>	<u>410,449</u>	<u>345,580</u>	<u>(64,869)</u>
EXPENDITURES				
General government	1,000	15,850	14,850	1,000
Public safety	23,500	23,500	27,357	(3,857)
Public works	94,984	54,580	51,580	3,000
Recreation and culture	216,519	316,519	251,595	64,924
Total expenditures	<u>336,003</u>	<u>410,449</u>	<u>345,382</u>	<u>65,067</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	198	<u>\$ 198</u>
FUND BALANCE - BEGINNING OF YEAR			364,343	
TRANSFER FROM GENERAL FUND TO SPECIAL REVENUE FUND			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ 364,541</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, 2022**

	Parking Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 236,267	\$ -	\$ 236,267
Restricted cash and cash equivalents	9,329	-	9,329
Accounts receivable	152,475	587,078	739,553
Due from other funds	-	1,049,952	1,049,952
Total current assets	<u>398,071</u>	<u>1,637,030</u>	<u>2,035,101</u>
Noncurrent Assets			
Land	777,518	-	777,518
Capital assets, net	1,223,544	1,431,729	2,655,273
Other assets	-	35,811	35,811
Total noncurrent assets	<u>2,001,062</u>	<u>1,467,540</u>	<u>3,468,602</u>
Total assets	<u>2,399,133</u>	<u>3,104,570</u>	<u>5,503,703</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	8,913	626,676	635,589
Due to other funds	170,674	-	170,674
Unearned revenue	2,118	70	2,188
Notes payable	9,401	-	9,401
Bonds payable	33,912	183,266	217,178
Total current liabilities	<u>225,018</u>	<u>810,012</u>	<u>1,035,030</u>
Noncurrent Liabilities			
Accrued compensated absences	19,630	85,840	105,470
Notes payable - long-term	37,312	-	37,312
Bonds payable - long-term	48,605	386,421	435,026
Total noncurrent liabilities	<u>105,547</u>	<u>472,261</u>	<u>577,808</u>
Total liabilities	<u>330,565</u>	<u>1,282,273</u>	<u>1,612,838</u>
NET POSITION			
Net investment in capital assets	1,871,832	862,042	2,733,874
Restricted	142,621	-	142,621
Unrestricted	54,115	960,255	1,014,370
TOTAL NET POSITION	<u>\$ 2,068,568</u>	<u>\$ 1,822,297</u>	<u>\$ 3,890,865</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, 2022**

	Parking Fund	Sewer Fund	Total
OPERATING REVENUES			
Revenues from Other Agencies			
MD Energy Admin Energy Efficiency and Conservation Block Grant	\$ 10,000	\$ -	\$ 10,000
American Rescue Plan Act	-	64,035	64,035
Service Charges for Current Services			
Sanitation and Waste Removal			
Sewerage charges	-	2,362,121	2,362,121
Sewer connection charges	-	414,797	414,797
Other revenues	-	24,705	24,705
Utility locator fees	-	28,464	28,464
User benefit fees	-	36,400	36,400
Highway and Streets			
Meter collections	125,932	-	125,932
Lease fees	78,394	-	78,394
Fines and Forfeitures			
Parking	98,005	-	98,005
Miscellaneous			
County share operating expenses and capital repairs	182,414	-	182,414
Total operating revenues	<u>494,745</u>	<u>2,930,522</u>	<u>3,425,267</u>
OPERATING EXPENSES			
Salaries/Benefits	-	243,785	243,785
Contractual services	-	1,415,880	1,415,880
Allocated administrative costs	285,780	352,044	637,824
Supplies	-	3,156	3,156
Utilities	-	18,072	18,072
Depreciation	133,520	84,532	218,052
Amortization	-	24,248	24,248
Maintenance	8,527	105,761	114,288
Compensated absences	(7,434)	605	(6,829)
Other	9,067	15,352	24,419
Connection costs	-	414,797	414,797
User benefit fees	-	36,400	36,400
Postage	1,251	-	1,251
Insurance	21,811	8,969	30,780
Parking fine charges	17,555	-	17,555
Processing fees	-	18,677	18,677
Garage operations	34,415	-	34,415
Total operating expenses	<u>504,492</u>	<u>2,742,278</u>	<u>3,246,770</u>
Operating income (loss)	<u>(9,747)</u>	<u>188,244</u>	<u>178,497</u>
Non-Operating Revenue (Expenses)			
Investment income	236	-	236
Investment expenses	(3,181)	(17,625)	(20,806)
Net non-operating (expenses)	<u>(2,945)</u>	<u>(17,625)</u>	<u>(20,570)</u>
INCREASE (DECREASE) IN NET POSITION	(12,692)	170,619	157,927
NET POSITION, BEGINNING OF PERIOD	<u>2,081,260</u>	<u>1,651,678</u>	<u>3,732,938</u>
NET POSITION, END OF PERIOD	<u>\$ 2,068,568</u>	<u>\$ 1,822,297</u>	<u>\$ 3,890,865</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, 2022**

	<u>Parking Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sewer charges	\$ -	\$ 4,104,679	\$ 4,104,679
Cash received from parking charges	482,293	-	482,293
Payments to suppliers	(261,578)	(3,594,165)	(3,855,743)
Payments to employees	-	(243,372)	(243,372)
Net cash provided by operating activities	<u>220,715</u>	<u>267,142</u>	<u>487,857</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from note	-	-	-
Cash payment of note principal	(11,160)	-	(11,160)
Cash payment of bond principal	(33,246)	(179,606)	(212,852)
Interest paid on long-term obligation	(3,470)	(18,544)	(22,014)
Acquisition of capital assets	(103,096)	(68,992)	(172,088)
Net cash (used in) financing activities	<u>(149,433)</u>	<u>(267,142)</u>	<u>(416,575)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	236	-	236
NET INCREASE IN CASH AND CASH EQUIVALENTS	71,518	-	71,518
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>174,078</u>	<u>-</u>	<u>174,078</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 245,596</u>	<u>\$ -</u>	<u>\$ 245,596</u>

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

Operating income (loss)	\$ (9,747)	\$ 188,244	\$ 178,497
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	133,520	108,780	242,300
Effects of changes in operating assets and liabilities:			
Accounts receivable	(13,762)	(108,795)	(122,557)
Due from other funds	-	1,283,823	1,283,823
Due to other funds	114,111	-	114,111
Accounts payable	2,717	(1,204,644)	(1,201,927)
Unearned revenue	1,310	(871)	439
Compensated absences payable	(7,434)	605	(6,829)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 220,715</u>	<u>\$ 267,142</u>	<u>\$ 487,857</u>

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

TOWN OF BEL AIR, MARYLAND

Statement of Fiduciary Net Position June 30, 2022

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 318,961	\$ -	\$ 318,961
Investments:			
Mutual funds	17,546,488	-	17,546,488
Fiscal agents	213,910	-	213,910
Pooled OPEB Trust	-	522,458	522,458
Total assets	<u>18,079,359</u>	<u>522,458</u>	<u>18,601,817</u>
LIABILITIES			
Accounts payable	<u>17,382</u>	<u>-</u>	<u>17,382</u>
NET POSITION			
Held in trust for pension/OPEB benefits	<u>\$ 18,061,977</u>	<u>\$ 522,458</u>	<u>\$ 18,584,435</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, 2022**

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer contributions	\$ 553,125	\$ 12,750	\$ 565,875
Employee contributions	472,894	-	472,894
Total contributions	<u>1,026,019</u>	<u>12,750</u>	<u>1,038,769</u>
Investment (loss):			
Net (decrease) in the fair value of investments	<u>(3,871,782)</u>	<u>(81,608)</u>	<u>(3,953,390)</u>
Total additions	<u>(2,845,763)</u>	<u>(68,858)</u>	<u>(2,914,621)</u>
DEDUCTIONS			
Benefit payments	1,075,117	-	1,075,117
Contractual services	<u>123,339</u>	<u>8,541</u>	<u>131,880</u>
Total deductions	<u>1,198,456</u>	<u>8,541</u>	<u>1,206,997</u>
CHANGE IN NET POSITION	<u>(4,044,219)</u>	<u>(77,399)</u>	<u>(4,121,618)</u>
NET POSITION HELD IN TRUST FOR PENSION/OPEB BENEFITS:			
BEGINNING OF YEAR	<u>22,106,196</u>	<u>599,857</u>	<u>22,706,053</u>
END OF YEAR	<u>\$ 18,061,977</u>	<u>\$ 522,458</u>	<u>\$ 18,584,435</u>

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

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

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, 2022

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, 2022

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, 2022, amounted to \$87,697. 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 2022, both tax rates were increased by \$.04 per \$100 of assessed value. The personal property tax rate is \$1.20 per \$100 of assessed value, and the real property tax rate is \$.54 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, 2022

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. Construction in progress (CIP) was added due to the materiality of the construction/renovation of the Town Hall/Police Department project.

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.

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 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.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Unpaid Vacation, Sick, Compensatory Pay and OPEB

As of June 30, 2022, the liability for governmental activities of the Town employees for accrued vacation, sick and compensatory leave and OPEB was \$559,000, \$627,559, \$70,231, and \$1,079,380, 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.

Adoption of Governmental Accounting Standards Board Statements

The Town adopted the provisions of GASB Statement No. 87 “Leases”. The adoption of this statement did not have a material effect on the financial statements.

Net Position

The government-wide and business-type activity financial statements utilize a net asset presentation. Net position is 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, 2022

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, 2022**

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	\$	644,845
Compensated absences/OPEB		2,336,170
Infrastructure Bond 2021 A-1 and A-2		7,355,000
Infrastructure Bond Premium		711,094
G.O. Bond 2018 Energy Performance Contract		658,666
Total	\$	11,705,775

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 \$4,546,600 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	\$ 15,615,453	\$ 4,023,263	\$ 19,348,259	\$ 290,457
Current year encumbrances	-	-	(255,832)	255,832
Prior year encumbrances	-	-	959,054	(959,054)
GAAP basis	<u>\$ 15,615,453</u>	<u>\$ 4,023,263</u>	<u>\$ 20,051,481</u>	<u>\$ (412,765)</u>
	<u>Revenues</u>	<u>Other Financing Sources</u>	<u>Expenditures</u>	<u>Current Year Effect on Fund Balance</u>
Special Revenue Fund				
Budgetary basis	\$ 345,580	\$ -	\$ 345,382	\$ 198
Current year encumbrances	-	-	(32,550)	32,550
Prior year encumbrances	-	-	-	-
GAAP basis	<u>\$ 345,580</u>	<u>\$ -</u>	<u>\$ 312,832</u>	<u>\$ 32,748</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

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, 2022

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 \$(109,929), and the bank balance was \$864,631 of which \$771,510 was covered by federal deposit insurance and \$93,121 was covered by collateral. The deposits of the Town were not exposed to custodial credit risk as of June 30, 2022.

C. Cash equivalents

As of June 30, 2023, the Town's cash equivalents consisted of money market funds held by the Maryland Local Government Investment Pool totaling \$10,721,894.

Investments

Investments consist of Certificates of Deposit with varying maturities and interest rates ranging from .13% to .55% which are all covered by federal deposit insurance. Investments have maturities between July 2022 through August 2023.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1 Year</u>	<u>1 to 2</u>	<u>2 to 3</u>
Certificates of Deposit	<u>\$ 3,630,000</u>	<u>\$ -</u>	<u>\$ 3,385,000</u>	<u>\$ 245,000</u>

Interest Rate Risk

Fair value fluctuates with interest rates and increasing interest rates could cause fair value to decline below original cost. To limit the Town's exposure to fair value losses arising from increasing interest rates, the Town's investment policy limits the term of investment maturities except in the fiduciary funds, for which longer term maturities are allowed to match the cash flow of liabilities. Town management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the Town from having to sell investments below original cost for that purpose. The investments at June 30, 2022, met the Town's investment policy as of that date. Investment income includes the following for the year ended June 30, 2022:

Net interest and dividends - governmental activities	<u>\$ 36,774</u>
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TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

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, 2022, 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, 2022, 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	\$ 2,328,937	\$ 2,400,560	6.30 years
Short-term Bond - I Fund	725,181	769,646	2.16 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, 2022**

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, 2022:

- 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, 2022		
	Civilian 401 (a) Plan (Level 2)	Civilian Pension Trust (Level 1)	Sworn Officers' Pension Trust (Level 1)
ASSETS			
Investments:			
Mutual funds	\$ -	\$ 8,961,954	\$ 8,584,534
Fiscal agents	213,910	-	-
Total assets	<u>\$ 213,910</u>	<u>\$ 8,961,954</u>	<u>\$ 8,584,534</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

NOTE 6 – CHANGES IN CAPITAL ASSETS

Additions and disposals of fixed capital assets during the year ended June 30, 2022, are shown below:

	Balance July 1, 2021	Additions	Disposals	Ending Balance June 30, 2022
Governmental Activities				
Land – not being depreciated	\$ 4,641,308	\$ -	\$ -	\$ 4,641,308
Buildings and improvements	7,380,960	25,839	-	7,406,799
Infrastructure	1,812,989	17,073	-	1,830,062
Machinery and equipment	1,066,764	118,298	75,000	1,110,062
Furniture and fixtures	1,744,007	47,567	21,543	1,770,031
Vehicles	3,641,857	893,378	325,271	4,209,964
Construction in progress	-	4,183,837	-	4,183,837
Total	<u>20,287,885</u>	<u>5,285,992</u>	<u>421,814</u>	<u>25,152,063</u>
Less – accumulated depreciation	<u>8,343,647</u>	<u>739,392</u>	<u>361,861</u>	<u>8,721,178</u>
Capital assets, net	<u><u>\$ 11,944,238</u></u>	<u><u>\$ 4,546,600</u></u>	<u><u>\$ 59,953</u></u>	<u><u>\$ 16,430,885</u></u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

NOTE 6 – CHANGES IN CAPITAL ASSETS (Continued)

	Balance July 1, 2020	Additions	Disposals	Ending Balance June 30, 2022
Proprietary Funds				
Parking fund:				
Land not being depreciated	\$ 777,518	\$ -	\$ -	\$ 777,518
Parking improvements	456,647	-	-	456,647
Garage	3,206,000	71,524	-	3,277,524
Parking vehicle	71,369	31,572	25,836	77,105
Equipment	2,265	-	-	2,265
	<u>4,513,799</u>	<u>103,096</u>	<u>25,836</u>	<u>4,591,059</u>
Sewer fund:				
Sewer pipes and storm drain	2,033,518	-	-	2,033,518
Equipment	554,252	68,992	-	623,244
Vehicle	442,761	-	-	442,761
	<u>3,030,531</u>	<u>68,992</u>	<u>-</u>	<u>3,099,523</u>
Total	7,544,330	172,088	25,836	7,690,582
Less – accumulated depreciation	4,064,036	218,052	24,297	4,257,791
Capital assets, net	<u>\$ 3,480,294</u>	<u>\$ (45,964)</u>	<u>\$ 1,539</u>	<u>\$ 3,432,791</u>

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

General government	\$ 339,061
Public safety	103,571
Public works	<u>296,760</u>
Total depreciation expense – governmental activities	<u>\$ 739,392</u>

As of June 30, 2022, accumulated depreciation for the parking fund and sewer fund amounted to \$2,589,997 and \$1,667,794, respectively. Depreciation expense for the year ended June 30, 2022, amounted to \$133,520 in the parking fund and \$84,532 in the sewer fund.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

NOTE 7 – NON-CURRENT LIABILITIES

Non-current liability transactions of the Town for the year ended June 30, 2022, are presented below.

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2022</u>	<u>Due Within One Year</u>
Governmental activities					
Equipment/vehicle notes	\$ 1,280,147	-	\$ 635,302	\$ 644,845	\$ 125,278
Net pension liability	-	3,911,935	-	3,911,935	-
G.O. Bond 2018 Energy Performance Contract	715,036	-	56,370	658,666	57,953
Infrastructure Bond Series 2021 A-1 and A-2	-	7,424,685	69,685	7,355,000	135,000
Infrastructure Bond Premium	-	735,614	24,520	711,094	24,520
Accrued vacation, sick and compensatory leave/OPEB	<u>2,161,981</u>	<u>174,189</u>	<u>-</u>	<u>2,336,170</u>	<u>-</u>
Total governmental activities liabilities	<u>\$ 4,157,164</u>	<u>\$ 12,246,423</u>	<u>\$ 785,877</u>	<u>\$ 15,617,710</u>	<u>\$ 342,751</u>
	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2022</u>	<u>Due Within One Year</u>
Business-type activities					
Parking Fund:					
Parking garage repairs bond, 2013	\$ 57,888	\$ -	\$ 28,675	\$ 29,213	\$ 29,213
Parking garage bond (lighting retrofit), 2018	57,875	-	4,571	53,304	4,699
Parking jeep note	21,939	-	4,900	17,039	3,022
Parking garage sweeper note	35,934	-	6,260	29,674	6,379
Accrued vacation, sick and compensatory leave / OPEB	<u>27,064</u>	<u>-</u>	<u>7,434</u>	<u>19,630</u>	<u>-</u>
Total parking fund debt	<u>200,700</u>	<u>-</u>	<u>51,840</u>	<u>148,860</u>	<u>43,313</u>
Sewer Fund:					
Infrastructure Bond 2006 Series A: 20 year note	102,000	-	32,500	69,500	34,000
Sewer Fund I&I Services Bond, 2017A	240,000	-	40,000	200,000	40,000
Sewer Fund CIP/I&I Services Bond, 2013A	194,023	-	47,926	146,097	48,698
Sewer I&I Services/Main Replace. Bond. 2015	213,270	-	59,180	154,090	60,568
Accrued vacation, sick and compensatory leave / OPEB	<u>85,235</u>	<u>605</u>	<u>-</u>	<u>85,840</u>	<u>-</u>
Total sewer fund debt	<u>834,528</u>	<u>605</u>	<u>179,606</u>	<u>655,527</u>	<u>183,266</u>
Total business-type activities liabilities	<u>\$ 1,035,228</u>	<u>\$ 605</u>	<u>\$ 231,446</u>	<u>\$ 804,387</u>	<u>\$ 226,579</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

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 (now Truist Bank) 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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	64,745	11,180	75,925
2028-2032	352,153	27,572	379,725
Total	<u>\$ 658,666</u>	<u>\$ 100,691</u>	<u>\$ 759,357</u>

On December 2, 2021, the Town entered into a Local Government Infrastructure Bond with the Department of Housing and Community Development for \$8,000,000 with an interest rate of 2.64% for the purpose of providing funds needed to provide and received improvements to Town Hall and the Police Department. Principal is paid annually on April 1 and interest is paid semi-annually on April 1 and October 1 and will continue until April 1, 2051. While the Town borrowed \$8,000,000, the debt service repayment will only be for \$7,424,684 due to a bond premium received in the amount of \$735,614 which is being amortized over the same period as the debt.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

NOTE 7 – NON-CURRENT LIABILITIES (Continued)

A. Governmental Activities (Continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 135,000	\$ 264,420	\$ 399,420
2024	145,000	257,548	402,548
2025	155,000	250,168	405,168
2026	155,000	242,278	397,278
2027	170,000	234,388	404,388
2028-2032	960,000	1,036,040	1,996,040
2033-2037	1,185,000	806,642	1,991,642
2038-2042	1,385,000	604,560	1,989,560
2043-2047	1,605,000	377,290	1,982,290
2048-2051	1,460,000	114,332	1,574,332
Total	<u>\$ 7,355,000</u>	<u>\$ 3,696,044</u>	<u>\$ 7,986,044</u>

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 1.89% with maturity dates from August 18, 2026 to November 21, 2027.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 125,278	\$ 8,903	\$ 134,181
2024	127,145	7,034	134,179
2025	129,057	5,123	134,180
2026	130,993	3,188	134,181
2027	99,212	1,221	100,433
2028	33,160	183	33,343
Total	<u>\$ 644,845</u>	<u>\$ 25,652</u>	<u>\$ 670,497</u>

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>
2023	\$ 29,213	\$ 411	\$ 29,624
Total	<u>\$ 29,213</u>	<u>\$ 411</u>	<u>\$ 29,624</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

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 (now Truist Bank) 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>
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	5,175	907	6,082
2028-2032	28,526	2,236	30,762
Total	<u>\$ 53,304</u>	<u>\$ 8,165</u>	<u>\$ 61,469</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>
2023	\$ 34,000	\$ 3,214	\$ 37,214
2024	35,500	1,642	37,142
Total	<u>\$ 69,500</u>	<u>\$ 4,856</u>	<u>\$ 74,356</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

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.

Fiscal Year	Principal	Interest	Total
2023	\$ 48,698	\$ 2,320	\$ 51,018
2024	49,530	1,489	51,019
2025	47,869	643	48,512
Total	\$ 146,097	\$ 4,452	\$ 150,549

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

Fiscal Year	Principal	Interest	Total
2023	\$ 60,568	\$ 3,229	\$ 63,797
2024	61,979	1,819	63,798
2025	31,543	367	31,910
Total	\$ 154,090	\$ 5,415	\$ 159,505

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
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	\$ 200,000	\$ 14,190	\$ 214,190

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

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>
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	32	3,454
Total	<u>\$ 29,674</u>	<u>\$ 1,419</u>	<u>\$ 31,093</u>

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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3,157	43	3,200
2028	1,593	9	1,602
Total	<u>\$ 17,039</u>	<u>\$ 566</u>	<u>\$ 17,605</u>

Total interest expense on long-term liabilities was \$199,459.

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 was paid off on March 29, 2022.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

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, 2022, the plan assets at fair market value were \$213,910.

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, 2022, plan assets at fair value totaled \$9,099,509.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

NOTE 9 – PENSION PLANS (Continued)

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

Investments (continued)

For 2022, the actuarially determined employer contribution was determined to be \$302,077. This contribution represents 9.54% of estimated payroll and reflects a 30-year layered amortization. The required contribution was determined as part of the July 1, 2021 actuarial valuation using the projected unit credit actuarial cost method.

Membership of the Plan

The membership consisted of the following as of July 1, 2021, the date of the latest actuarial valuation:

Active Plan members	61
Retirees and beneficiaries receiving benefits	24
Terminated Plan members entitled to but not yet receiving benefits	13
	<u>98</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, 2022 is as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Assumed Rate of Return</u>
Equities:	65%	5.95%
Fixed Income:	34%	2.00%
Cash and Equivalents:	1%	0.20%
Total Weighted Average Real Return	100%	4.55%
Plus Inflation		2.50%
Total Return w/o Adjustment		7.05%
Risk Adjustment		-0.05%
Total Expected Return		<u>7.00%</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

NOTE 9 – PENSION PLANS (Continued)

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

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 \$196,654.

The Town's contribution for the year ended June 30, 2022 was \$333,500. As of June 30, 2022, there were 72 current employee participants in the Plan. A participant is fully vested after five years.

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2022 is as follows:

Total pension liability	\$	11,412,530
Net position		<u>(9,099,509)</u>
Net pension liability	\$	<u>2,313,021</u>

Net position as a percentage of total pension liability is 79.7%.

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

The following presents the net pension liability of the plan, calculated using a discount rate of 7.00% as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) 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 liability	<u>\$ 3,639,573</u>	<u>\$ 2,313,021</u>	<u>\$ 1,185,459</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the Town recognized pension expense of \$334,279, for the Plan. As of June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected versus actual investment earnings	\$ 1,070,220	\$ -
Differences in actual versus expected experience	33,898	-
Changes in assumptions	64,513	-
Total	\$ 1,168,631	\$ -

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>
2023	\$ 163,860
2024	169,190
2025	223,289
2026	631,657
2027	(19,365)
Total	\$ 1,168,631

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.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

NOTE 9 – PENSION PLANS (Continued)

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

Funding Policy

On October 18, 2021, the Plan Trustees voted to change the required active member contribution from 11.62% to 10% of covered compensation, and the Plan requires 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, 2022, plan assets at fair value totaled \$8,748,558.

For 2022, the actuarially determined employer contribution was determined to be \$125,294. This contribution represents 9.85% 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, 2021 actuarial valuation using the projected unit credit actuarial cost method.

Membership of the Plan

The membership consisted of the following as of July 1, 2021, 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
	49
	49

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, 2022 is as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Assumed Rate of Return</u>
Equities:	65%	5.95%
Fixed Income:	34%	2.00%
Cash and Equivalents:	1%	0.20%
Total Weighted Average Real Return	100%	4.55%
Plus Inflation		2.50%
Total Return w/o Adjustment		7.05%
Risk Adjustment		-0.05%
Total Expected Return		7.00%

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

NOTE 9 – PENSION PLANS (Continued)

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

Actuarial Assumptions (Continued)

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 \$276,240. The Town's contribution for the year ended June 30, 2022 was \$219,625. As of June 30, 2022, there were 32 current employee participants in the Plan. A participant is fully vested after five years.

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2022 is as follows:

Total pension liability	\$ 10,347,472
Net position	<u>(8,748,558)</u>
Net pension liability	<u>\$ 1,598,914</u>

Net position as a percentage of total pension liability is 84.5%.

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

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

	<u>1.0% decrease</u> <u>6.00%</u>	<u>Current rate</u> <u>7.00%</u>	<u>1.0% increase</u> <u>8.00%</u>
Net pension liability	<u>\$ 2,928,158</u>	<u>\$ 1,598,914</u>	<u>\$ 477,225</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the Town recognized pension expense of \$134,573, for the Plan. As of June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between projected versus actual investment earnings	\$ 1,018,286	\$ -
Differences in actual versus expected experience	-	353,038
Changes in assumptions	112,839	-
Total	<u>\$ 1,131,125</u>	<u>\$ 353,038</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

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>
2023	\$ 130,432
2024	136,981
2025	108,122
2026	485,339
2027	(39,353)
After 2027	(43,434)
Total	<u>\$ 778,087</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

The financial information for each plan as of and for the year ended June 30, 2022, is summarized as follows:

	As of June 30, 2022			
	Civilian 401 (a) Plan	Civilian Pension Trust	Sworn Officers' Pension Trust	Total
ASSETS				
Cash and equivalents	\$ -	\$ 146,416	\$ 172,545	\$ 318,961
Investments:				
Mutual funds	-	8,961,954	8,584,534	17,546,488
Fiscal agents	213,910	-	-	213,910
Total assets	213,910	9,108,370	8,757,079	18,079,359
LIABILITIES				
Accounts payable	-	8,861	8,521	17,382
NET POSITION				
Held in trust for pension benefits	\$ 213,910	\$ 9,099,509	\$ 8,748,558	\$ 18,061,977
	For the Year Ended June 30, 2022			
	Civilian 401 (a) Plan	Civilian Pension Trust	Sworn Officers' Pension Trust	Total
ADDITIONS				
Contributions				
Employer contributions	\$ -	\$ 333,500	\$ 219,625	\$ 553,125
Employee contributions	-	196,654	276,240	472,894
Total contributions	-	530,154	495,865	1,026,019
Investment gain:				
Net decrease in the fair value of investments	(33,260)	(1,961,696)	(1,876,826)	(3,871,782)
Total additions	(33,260)	(1,431,542)	(1,380,961)	(2,845,763)
DEDUCTIONS				
Benefit payments	7,049	572,663	495,405	1,075,117
Contractual services	-	63,161	60,178	123,339
Total deductions	7,049	635,824	555,583	1,198,456
CHANGE IN NET POSITION	(40,309)	(2,067,366)	(1,936,544)	(4,044,219)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:				
BEGINNING OF YEAR	\$ 254,219	\$ 11,166,875	\$ 10,685,102	\$ 22,106,196
END OF YEAR	\$ 213,910	\$ 9,099,509	\$ 8,748,558	\$ 18,061,977

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

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	\$ -	\$ 34,450	\$ 1,042,961	\$ -	\$ 1,077,411
Special Revenue	-	-	4,532	-	4,532
Parking Fund	168,218	-	2,459	-	170,677
Total	<u>\$ 168,218</u>	<u>\$ 34,450</u>	<u>\$ 1,049,952</u>	<u>\$ -</u>	<u>\$ 1,252,620</u>
Due to Other Funds:					
Sewer Fund	\$ 1,042,961	\$ 4,532	\$ -	\$ 2,456	\$ 1,049,949
General Fund	-	-	-	168,218	168,218
Special Revenue	34,450	-	-	-	34,450
Total	<u>\$ 1,077,411</u>	<u>\$ 4,532</u>	<u>\$ -</u>	<u>\$ 170,674</u>	<u>\$ 1,252,617</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

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, 2022, was \$32,246 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, 2022, the Town contributed \$12,750 to the Trust. As of June 30, 2022, the Town's share of the net position of the Trust was \$522,458. 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, 2021, 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, 2022**

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, 2022, 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	36.0%	5.95%
International Funds	24.0%	6.25%
Fixed Income - U.S.	35.0%	2.00%
Real Estate	<u>5.0%</u>	<u>4.95%</u>
Total Weighted Average Real Return	100.0%	4.59%
Plus Inflation		<u>2.50%</u>
Total Return w/o Adjustment		7.09%
Risk Adjustment		<u>-0.09%</u>
Total Expected Return		<u><u>7.00%</u></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, 2022**

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, 2022 is as follows:

Total OPEB liability	\$ 1,601,839
Plan fiduciary net position	<u>(522,459)</u>
Net OPEB liability	<u>\$ 1,079,380</u>

Plan fiduciary net position as a percentage of the total OPEB liability	32.6%
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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>\$ 1,232,831</u>	<u>\$ 1,079,380</u>	<u>\$ 941,463</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>\$ 904,506</u>	<u>\$ 1,079,380</u>	<u>\$ 1,287,135</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2022**

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the Town recognized OPEB expense of \$135,997 for the Plan. As of June 30, 2022, 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	\$ 108,929	\$ (53,597)
Differences in actual versus expected experience	-	(162,996)
Changes in assumptions	110,930	-
Total	<u>\$ 219,859</u>	<u>\$ (216,593)</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>
2023	\$ 6,470
2024	5,553
2025	1,152
2026	19,017
2027	(5,785)
After 2027	<u>(23,141)</u>
Total	<u>\$ 3,266</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, 2022**

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 – FUND BALANCES

As of June 30, 2022, the Fund Balances were designated for the following purposes:

Governmental Funds

Nonspendable:

Auxillary Police	\$ 444	
Total Nonspendable		\$ 444

Restricted:

Community Legacy Grant	50,000	
Seized property-Federal Justice	42,204	
Seized property-Federal Treasury	65,634	
Total Restricted		157,838

Committed:

Tree planting – forest conservation	12,303	
Revolving loan fund	78,799	
Seized property	1,376	
Open space fee in lieu	2,410	
Stormwater management - fee in lieu	38,950	
Total Committed		133,838

Assigned:

Public amenity – gardens/park/art	34,777	
Memorials	776	
Cultural arts	18,663	
Explorer scouts	17,605	
Auxiliary police	600	
Chesapeake Bay Trust Grant	6,850	
Community Parks and Playground	25,700	
Total Assigned		104,971

Total fund balance \$ 397,091

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2022

NOTE 13 – SPECIAL REVENUE FUND BALANCE (Continued)

Fund balances for the Town's general fund consisted of the following as of June 30, 2022: Non-spendable fund balance was \$41,262 pertaining to prepaid costs in the general fund; committed fund balance was \$5,307,676 pertaining to \$12,065 for seized property, \$3,421,086 for capital, \$271,785 for stormwater management, \$44,829 for worker's compensation claims, \$1,418,593 for stabilization, \$139,318 for leave payout; assigned fund balance was \$255,832, for current year encumbrances, and unassigned fund balance totaled \$2,521,175.

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, 2022**

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service Cost	\$ 56,974	\$ 46,773	\$ 45,411	\$ 46,496	\$ 45,142	\$ 43,827
Interest	105,865	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	(32,246)	(51,348)	(31,329)	(21,408)	(36,324)	(27,476)
Net change in Total OPEB Liability	130,593	88,311	105,596	45,072	90,642	91,951
Total OPEB liability - beginning	1,471,246	1,382,935	1,277,339	1,232,267	1,141,625	1,049,674
Total OPEB liability - ending	\$ 1,601,839	\$ 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	\$ 44,996	\$ 74,348	\$ 56,999	\$ 55,404	\$ 77,024	\$ 60,476
Contributions - member	-	-	-	-	-	-
Net investment income	(81,879)	121,975	8,671	22,721	20,751	25,757
Benefit payments and implicit subsidy	(32,246)	(51,348)	(31,329)	(21,408)	(36,324)	(27,476)
Administrative expense	(8,270)	(2,071)	(7,717)	(1,975)	(5,810)	(1,510)
Other	-	-	-	-	-	-
Net change in Plan Fiduciary Net Position	(77,399)	142,904	26,624	54,742	55,641	57,247
Plan fiduciary net position - beginning	599,858	456,954	430,330	375,588	319,947	262,700
Plan fiduciary net positions - ending	\$ 522,459	\$ 599,858	\$ 456,954	\$ 430,330	\$ 375,588	\$ 319,947
Net OPEB liability - ending	\$ 1,079,380	\$ 871,388	\$ 925,981	\$ 847,009	\$ 856,679	\$ 821,678
Plan fiduciary net position as a percentage of total OPEB liability	32.62%	40.77%	33.04%	33.69%	30.48%	28.03%
Covered employee payroll	\$ 5,724,945	\$ 5,820,103	\$ 5,513,957	\$ 5,038,579	\$ 5,239,219	\$ 5,086,620
Net OPEB liability as a percentage of covered payroll	18.85%	14.97%	16.79%	16.81%	16.35%	16.15%
Annual money-weighted rate of return	-13.60%	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, 2022

	<u>2022</u>	<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>
Actuarially determined contribution	\$ 114,632	\$ 107,133	\$ 99,286	\$ 92,364	\$ 85,721	\$ 85,721	\$ 62,149	\$ 62,149	\$ 60,000	\$ 60,000
Contributions in relation to the actuarially determined contribution	44,996	74,348	56,999	55,404	77,024	60,476	276,195	26,914	34,543	27,216
Contribution deficiency (excess)	<u>\$ 69,636</u>	<u>\$ 32,785</u>	<u>\$ 42,287</u>	<u>\$ 36,960</u>	<u>\$ 8,697</u>	<u>\$ 25,245</u>	<u>\$ (214,046)</u>	<u>\$ 35,235</u>	<u>\$ 25,457</u>	<u>\$ 32,784</u>
Covered payroll	\$ 5,724,945	\$ 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
Contributions as a percentage of covered payroll	0.79%	1.28%	1.03%	1.10%	1.47%	1.19%	5.84%	0.59%	0.77%	0.58%

Note to Schedule

Valuation date: June 30, 2022

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 are based on the gener-specific Pub2020G 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

**Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios
June 30, 2022**

	Civilian								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service Cost: Retirement benefits Administration	\$ 371,177	\$ 356,660	\$ 342,361	\$ 332,389	\$ 321,472	\$ 315,871	\$ 241,040	\$ 226,439	\$ 231,098
Interest	773,265	724,793	675,561	637,782	601,400	565,717	594,815	554,161	539,426
Differences between expected and actual experiences	(116,205)	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	(572,663)	(469,133)	(574,943)	(347,140)	(303,500)	(433,705)	(329,122)	(338,437)	(253,354)
Net changes in total pension liability	455,574	1,086,014	612,774	516,004	594,104	(210,083)	587,452	167,891	517,170
Total pension liability - beginning	10,956,956	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)	\$ 11,412,530	\$ 10,956,956	\$ 9,870,942	\$ 9,258,168	\$ 8,742,164	\$ 8,148,060	\$ 8,358,143	\$ 7,770,691	\$ 7,602,800
Plan fiduciary net position									
Contributions - employer	\$ 333,500	\$ 317,698	\$ 306,985	\$ 288,726	\$ 285,031	\$ 268,835	\$ 263,915	\$ 248,724	\$ 254,690
Contributions - member	196,654	215,491	208,185	195,931	191,429	182,322	179,074	168,370	137,625
Net investment income	(1,961,696)	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	(572,663)	(469,133)	(574,942)	(347,140)	(303,500)	(433,705)	(329,122)	(338,437)	(253,354)
Administrative expense	(63,161)	(62,711)	(52,340)	(56,172)	(48,061)	(42,569)	(55,379)	(39,481)	(39,113)
Net changes in plan fiduciary net position	(2,067,366)	2,567,600	354,288	628,741	768,264	830,230	42,347	289,567	922,887
Plan fiduciary net positions - beginning	11,166,875	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)	\$ 9,099,509	\$ 11,166,875	\$ 8,599,275	\$ 8,244,987	\$ 7,616,246	\$ 6,847,982	\$ 6,017,752	\$ 5,975,405	\$ 5,685,838
Town's net pension - (asset) liability - ending (a) - (b)	\$ 2,313,021	\$ (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	79.73%	101.92%	87.12%	89.06%	87.12%	84.04%	72.00%	76.90%	74.79%
Covered employee payroll	\$ 3,494,150	\$ 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	66.20%	-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	-17.70%	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, 2022**

	Sworn Officers								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service Cost: Retirement benefits Administration	\$ 290,585	\$ 230,036	\$ 240,936	\$ 233,918	\$ 235,642	\$ 220,727	\$ 166,468	\$ 148,752	\$ 142,101
Interest	711,646	670,501	633,161	601,697	575,590	548,807	579,955	545,503	522,365
Differences between expected and actual experiences	(278,653)	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	(495,405)	(436,239)	(436,239)	(382,037)	(342,165)	(348,320)	(407,470)	(315,333)	(293,451)
Net changes in total pension liability	<u>228,173</u>	<u>886,739</u>	<u>525,936</u>	<u>365,918</u>	<u>399,347</u>	<u>(163,916)</u>	<u>446,916</u>	<u>320,503</u>	<u>371,015</u>
Total pension liability - beginning	10,119,299	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>\$ 10,347,472</u>	<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	\$ 219,625	\$ 216,533	\$ 201,258	\$ 202,289	\$ 201,004	\$ 194,064	\$ 183,050	\$ 179,762	\$ 171,769
Contributions - member	276,240	267,690	248,753	249,527	249,870	239,984	226,325	222,234	190,035
Net investment income	(1,876,826)	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	(495,405)	(436,239)	(436,239)	(382,037)	(342,165)	(348,320)	(407,470)	(315,333)	(293,451)
Administrative expense	(60,178)	(58,733)	(48,023)	(47,430)	(48,331)	(40,844)	(54,700)	(37,215)	(37,599)
Net changes in plan fiduciary net position	<u>(1,936,544)</u>	<u>2,454,110</u>	<u>424,552</u>	<u>545,647</u>	<u>679,109</u>	<u>868,803</u>	<u>(65,891)</u>	<u>296,347</u>	<u>831,142</u>
Plan fiduciary net positions - beginning	10,685,102	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>\$ 8,748,558</u>	<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)	\$ 1,598,914	\$ (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	84.55%	105.59%	89.19%	89.70%	87.09%	82.92%	70.52%	75.50%	74.76%
Covered employee payroll	\$ 2,230,796	\$ 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	71.67%	-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	-17.60%	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, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 302,077	\$ 312,798	\$ 282,384	\$ 272,771	\$ 281,277	\$ 282,358	\$ 224,720	\$ 221,424	\$ 318,255
Contributions in relation to the actuarially determined contributions	(333,500)	(317,698)	(306,985)	(288,726)	(285,031)	(268,835)	(263,914)	(248,724)	(254,426)
Contributions deficiency (excess)	<u>\$ (31,423)</u>	<u>\$ (4,900)</u>	<u>\$ (24,601)</u>	<u>\$ (15,955)</u>	<u>\$ (3,754)</u>	<u>\$ 13,523</u>	<u>\$ (39,194)</u>	<u>\$ (27,300)</u>	<u>\$ 63,829</u>
Covered employee payroll	\$ 3,494,150	\$ 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	9.54%	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, 2021,
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. A two year ago setback is applied for members.
Turnover	T4
Salary Scale	7.00% for the first 5 years, 5.50% for the next 8 years, and 3% thereafter
Valuation of Assets	Market value as reported by the plan administrator, adjusted by a fraction of the investment (gains)/losses for the plan years preceding the current valuation year. Actuarial value can not exceed 120% of actual market value or be less than 80%.

Notes to schedule:

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

TOWN OF BEL AIR, MARYLAND

**Schedule of Sworn Officers Pension Plan Employer Contributions
June 30, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 125,294	\$ 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>(219,625)</u>	<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>\$ (94,331)</u>	<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	\$ 2,230,796	\$ 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	9.85%	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, 2021,
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 Pub2010S(B) mortality tables, projected generationally using Scale SSA: 50% applied for pre-retirement deaths.
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, 2022**

UNRESTRICTED

M&T Bank		
Checking	\$	(632,439)
Payroll		1,000
Har-co Credit Union		
Savings		7
PeoplesBank		
Money market		108
Aberdeen Proving Grounds Federal Credit Union		
Savings		5
First National Bank		
Checking		50
Freedom Federal Credit Union		
Money market		242,814
TD Bank		
Money market		25,050
Change fund		1,350
PNC		
Local government investment pool		5,598,795
		<hr/>
TOTAL UNRESTRICTED CASH	\$	<u>5,236,740</u>

RESTRICTED

Truist Bank		
Turner escrow	\$	1,280
Harford Bank		
Savings		7,371
Escrow		-
PNC Bank		
Local Government Investment Pool - ARPA		4,781,008
Local Government Investment Pool - Bond Issue		137,742
		<hr/>
TOTAL RESTRICTED CASH	\$	<u>4,927,401</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual General Fund
Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes - Local				
Real property	\$ 7,848,674	\$ 8,021,079	\$ 8,022,437	\$ 1,358
Half-year real property	5,400	-	-	-
Personal property	12,500	12,500	9,007	(3,493)
Railroads and public utilities	473,000	503,000	503,339	339
Ordinary business corporations	507,000	497,000	518,520	21,520
Penalties and interest	50,000	50,000	52,299	2,299
<u>Deductions</u>				
Discounts allowed on taxes	-	-	-	-
Net local taxes	8,896,574	9,083,579	9,105,602	22,023
Taxes - State Shared				
Highway	453,380	486,614	511,853	25,239
Income taxes	1,500,000	1,688,655	2,010,563	321,908
Admission and amusement	50,000	67,000	73,761	6,761
Total taxes - State shared	2,003,380	2,242,269	2,596,177	353,908
Licenses and Permits				
<u>Business</u>				
Beer, wine and liquor	-	-	-	-
Traders	63,000	55,000	51,762	(3,238)
<u>Other Licenses and Permits</u>				
Building and equipment	35,000	73,000	74,200	1,200
Total - licenses and permits	98,000	128,000	125,962	(2,038)
Revenue from Other Agencies				
<u>Grants from State Government</u>				
Police protection	229,564	229,564	220,255	(9,309)
Governor's Office grant	25,000	22,435	21,271	(1,164)
Miscellaneous grants	14,848	23,348	21,878	(1,470)
<u>Grants from the Federal Government</u>				
Bulletproof vest grant	4,235	-	-	-
ARPA grant	-	149,500	149,500	-
<u>Grants from County Government</u>				
Financial corporations	8,458	8,458	8,458	-
Stormwater Management	145,000	177,541	230,132	52,591
Tax rebate	1,230,227	1,230,227	1,230,227	-
Traffic grants	8,000	8,000	4,426	(3,574)
Miscellaneous grants	15,000	20,000	20,000	-
Total - revenue from other agencies	1,680,332	1,869,073	1,906,147	37,074

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual General Fund
Year Ended June 30, 2022**

	<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	5,432	(1,568)
Bel Air Armory fees	70,000	90,000	95,665	5,665
Finance fees	9,900	9,900	14,080	4,180
Zoning and subdivision fees	12,000	24,000	26,462	2,462
Administration permit fees	1,500	1,500	1,282	(218)
MD homebuilder guaranty fund	800	800	-	(800)
<u>Sanitation and Waste Removal</u>				
Sewer fund administrative fee	355,733	355,733	352,044	(3,689)
<u>Public Service Enterprises</u>				
Parking fund administrative fee	252,540	252,540	285,780	33,240
Reimbursement for police services	25,000	25,000	34,411	9,411
Police and DPW overtime reimbursement	20,000	20,000	26,339	6,339
Police reports	1,800	1,800	1,625	(175)
Total - service charges for for current services	756,273	788,273	843,120	54,847
Fines				
Traffic signal camera	465,000	597,000	611,398	14,398
False alarm	15,000	25,000	31,657	6,657
Total - fines	480,000	622,000	643,055	21,055
Miscellaneous				
Interest	20,000	20,000	36,774	16,774
Cable TV franchise	145,000	145,000	141,632	(3,368)
Rental income	35,000	30,000	33,271	3,271
Seized property	4,000	4,000	1,005	(2,995)
Equipment/vehicle sale proceeds	514,000	94,595	94,596	1
Rockfield Foundation contribution	600	7,950	8,834	884
Bel Air Alliance contribution	2,500	5,000	4,688	(312)
Miscellaneous grants	38,259	38,259	31,230	(7,029)
Miscellaneous	5,000	5,000	43,360	38,360
Total - miscellaneous	764,359	349,804	395,390	45,586
TOTAL REVENUES	\$ 14,678,918	\$ 15,082,998	\$ 15,615,453	\$ 532,455

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2022**

	<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	\$ 27,351	\$ 27,351	\$ 27,189	\$ 162
Operating expenses	28,550	28,550	21,927	6,623
<u>Town Clerk</u>				
Salaries/Benefits	246,281	253,381	253,166	215
Operating expenses	38,273	75,898	72,174	3,724
<u>Executive</u>				
Town Administrator				
Salaries/Benefits	165,946	171,434	172,459	(1,025)
Operating expenses	1,254	1,254	769	485
<u>Elections</u>				
Registration and Election				
Operating expenses	3,700	3,700	3,405	295
<u>Finance</u>				
Salaries/Benefits	570,883	575,233	566,770	8,463
Operating expenses	24,498	29,048	27,484	1,564
Actuarial valuations pension & OPEB	11,200	11,200	3,200	8,000
Independent auditing	17,750	17,750	17,750	-
<u>Law</u>				
Legal Counsel				
Operating expenses	49,800	73,800	88,771	(14,971)
<u>Planning and Zoning</u>				
Salaries/Benefits	497,417	518,417	510,246	8,171
Operating expenses	60,672	77,708	61,927	15,781
Capital outlay	50,000	55,776	81,127	(25,351)
<u>Economic Development</u>				
Salaries/Benefits	351,866	379,166	380,076	(910)
Operating expenses	84,635	84,635	82,784	1,851
<u>General Services</u>				
<u>Municipal Buildings</u>				
Salaries/Benefits	61,239	73,747	70,716	3,031
Operating expenses	195,852	196,482	177,444	19,038
Pre-construction services-PD/TH	-	245,330	255,451	(10,121)
Capital outlay	-	4,007,765	4,007,436	329
<u>Bel Air Reckord Armory</u>				
Salaries/Benefits	115,140	122,540	122,972	(432)
Operating expenses	145,613	137,613	142,110	(4,497)
Capital outlay	-	-	-	-

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual General Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
EXPENDITURES (Continued)				
General Government (Continued)				
<u>Other General Government</u>				
Public Officers' Association				
Operating expenses	18,211	18,211	17,846	365
Public Relations				
Salaries/Benefits	94,917	96,917	97,179	(262)
Operating expenses	7,326	7,326	5,724	1,602
<u>Technology</u>				
Salaries/Benefits	225,121	219,121	214,545	4,576
Operating expenses	219,549	258,332	258,034	298
Capital outlay	45,000	39,000	39,014	(14)
Total - general government	<u>3,358,044</u>	<u>7,806,685</u>	<u>7,779,695</u>	<u>26,990</u>
Public Safety				
<u>Administrative, Patrol and Investigation</u>				
Salaries/Benefits	5,245,785	5,286,502	5,237,096	49,406
Operating expenses	299,918	307,392	309,088	(1,696)
Capital outlay	120,000	106,719	106,719	-
<u>Traffic Safety</u>				
Red light camera program	211,020	227,020	227,543	(523)
<u>Fire Department</u>				
Volunteer Company Contribution	159,589	159,589	159,589	-
<u>Protective Inspection</u>				
Other:				
Hydrant rental	60,094	51,338	51,338	-
Total - public safety	<u>6,096,406</u>	<u>6,138,560</u>	<u>6,091,373</u>	<u>47,187</u>
Public Works				
<u>General Administration</u>				
Salaries/Benefits	987,518	1,020,889	1,014,623	6,266
Operating expenses	239,057	280,898	191,949	88,949
<u>Highways and Streets</u>				
Streets, Roadways and Alleys				
Salaries/Benefits	769,580	681,904	636,859	45,045
Operating expenses	273,310	261,110	223,931	37,179
Sidewalk, curb and street construction	355,000	355,000	344,524	10,476
Capital outlay	145,000	109,049	109,048	1
Street Lighting				
Operating expenses	108,000	108,000	101,573	6,427

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual General Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Public Works (Continued)				
<u>Sanitation and Waste Removal</u>				
Waste Collection and Disposal				
Salaries/Benefits	\$ 688,356	\$ 705,086	\$ 696,460	\$ 8,626
Operating expenses	171,907	171,907	172,123	(216)
Capital outlay	210,000	227,866	227,866	-
<u>Shop</u>				
Salaries/Benefits	227,600	240,603	239,503	1,100
Operating expenses	160,120	199,220	196,210	3,010
Capital outlay	-	-	-	-
Total - public works	<u>4,335,448</u>	<u>4,361,532</u>	<u>4,154,669</u>	<u>206,863</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	31,425	7,875
<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>151,650</u>	<u>7,900</u>
Miscellaneous				
Hospital, dental, and vision insurance	7,090	7,090	7,466	(376)
Worker's compensation insurance	-	-	828	(828)
OPEB	45,000	45,000	45,024	(24)
Transfer to leave payout reserve	-	-	-	-
Unemployment claims	220	2,520	3,292	(772)
General insurance	125,200	125,200	125,746	(546)
Miscellaneous	32,830	34,230	29,936	4,294
Debt service	861,844	905,104	940,010	(34,906)
Contributions/donations	20,000	20,000	18,570	1,430
Transfer to capital reserve	20,000	20,000	-	20,000
Total - miscellaneous	<u>1,112,184</u>	<u>1,159,144</u>	<u>1,170,872</u>	<u>(11,728)</u>
TOTAL EXPENDITURES	<u>\$ 15,061,632</u>	<u>\$ 19,625,471</u>	<u>\$ 19,348,259</u>	<u>\$ 277,212</u>
SUMMARY				
TOTAL REVENUES	\$ 14,678,918	\$ 15,082,998	\$ 15,615,453	\$ 532,455
TOTAL EXPENDITURES	<u>15,061,632</u>	<u>19,625,471</u>	<u>19,348,259</u>	<u>277,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (382,714)</u>	<u>\$ (4,542,473)</u>	<u>\$ (3,732,806)</u>	<u>\$ 809,667</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Revenue from Other Agencies				
CDBG grant	\$ 91,984	\$ 51,580	\$ 51,580	\$ -
Rockfield Creative Playground Grant	-	100,000	100,000	-
Chesapeake Bay Trust Grant	-	14,850	14,850	-
Community Parks & Playground Grant	175,464	175,464	108,464	(67,000)
Total - revenue from other agencies	<u>267,448</u>	<u>341,894</u>	<u>274,894</u>	<u>(67,000)</u>
Miscellaneous				
Seized property-Federal Justice	-	-	68	68
Tree planting - forest conservation	2,000	2,000	150	(1,850)
Tree planting - fee in lieu	5,000	5,000	-	(5,000)
Stormwater management fee in lieu	3,000	3,000	-	(3,000)
Open space fee in lieu	5,000	5,000	6,558	1,558
Memorials	200	200	1,598	1,398
Transfer from General Fund seized property	11,500	11,500	-	(11,500)
Seized property-Federal Treasury	9,500	9,500	26,087	16,587
Public amenity	2,000	2,000	-	(2,000)
Explorer scouts	9,000	9,000	18,097	9,097
Auxiliary police	2,500	2,500	-	(2,500)
Cultural arts project	17,855	17,855	18,033	178
Revolving loan fund	1,000	1,000	95	(905)
Total - miscellaneous	<u>68,555</u>	<u>68,555</u>	<u>70,686</u>	<u>2,131</u>
TOTAL REVENUES	<u>\$ 336,003</u>	<u>\$ 410,449</u>	<u>\$ 345,580</u>	<u>\$ (64,869)</u>
EXPENDITURES				
General Government				
Revolving loan fund	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Chesapeake Bay Trust Grant	-	14,850	14,850	-
Total - general government	<u>1,000</u>	<u>15,850</u>	<u>14,850</u>	<u>1,000</u>
Public Safety				
Seized property-internal	11,500	11,500	-	11,500
Seized property-Federal Treasury	9,500	9,500	-	9,500
Seized property-Federal Justice	-	-	26,114	(26,114)
Auxiliary police	2,500	2,500	1,243	1,257
Total - public safety	<u>23,500</u>	<u>23,500</u>	<u>27,357</u>	<u>(3,857)</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, 2022**

	<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	3,000	3,000	-	3,000
CDBG grant	91,984	51,580	51,580	-
Total - public works	<u>94,984</u>	<u>54,580</u>	<u>51,580</u>	<u>3,000</u>
Recreation and Parks				
Tree planting - forest conservation	2,000	2,000	4,246	(2,246)
Tree planting - fee in lieu	5,000	5,000	-	5,000
Explorer Scouts	9,000	9,000	13,842	(4,842)
Cultural arts project	17,855	17,855	17,059	796
Open space fee in lieu	5,000	5,000	6,492	(1,492)
Public amenity	2,000	2,000	-	2,000
Memorials	200	200	1,492	(1,292)
Rockfield Creative Playground Grant	-	100,000	100,000	
Community Parks & Playground Grant	175,464	175,464	108,464	67,000
Total - recreation and parks	<u>216,519</u>	<u>316,519</u>	<u>251,595</u>	<u>64,924</u>
TOTAL EXPENDITURES	<u>\$ 336,003</u>	<u>\$ 410,449</u>	<u>\$ 345,382</u>	<u>\$ 65,067</u>
SUMMARY				
TOTAL REVENUES	\$ 336,003	\$ 410,449	\$ 345,580	\$ (64,869)
TOTAL EXPENDITURES	<u>336,003</u>	<u>410,449</u>	<u>345,382</u>	<u>65,067</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ 198</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Compared to Budget
Parking Fund
Year Ended June 30, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Revenues from other Agencies			
MEA EECB Grant	\$ -	\$ 10,000	\$ 10,000
Service Charges for Current Services			
<u> Highways and Streets</u>			
Meter collections	182,000	125,932	(56,068)
Lease fees	70,064	78,394	8,330
Fines and Forfeitures			
Parking	125,000	98,005	(26,995)
Miscellaneous			
County share operating expenses and capital repairs	114,662	182,414	67,752
Total operating revenues	<u>491,726</u>	<u>494,745</u>	<u>3,019</u>
OPERATING EXPENSES			
Miscellaneous			
Compensated absences	-	(7,434)	7,434
Postage	1,790	1,251	539
Miscellaneous	1,846	7,647	(5,801)
Parking fine charges	25,000	17,555	7,445
Depreciation	132,960	133,520	(560)
Lots and Meters			
Transfer to general fund - administrative costs	156,150	178,260	(22,110)
Maintenance	3,000	628	2,372
Operating expenses	6,445	1,420	5,025
Parking Garage			
Transfer to general fund - administrative costs	96,389	107,520	(11,131)
Operating expenses	31,525	34,415	(2,890)
Insurance	20,804	21,811	(1,007)
Maintenance	7,050	7,899	(849)
Capital repairs	15,000	-	15,000
Total operating expenses	<u>497,959</u>	<u>504,492</u>	<u>(6,533)</u>
Operating (loss)	<u>(6,233)</u>	<u>(9,747)</u>	<u>(3,514)</u>
Non-operating Revenues (Expenses)			
Interest income - investment	-	236	236
Interest expense - various debts	<u>(3,617)</u>	<u>(3,181)</u>	<u>436</u>
Total non-operating (expenses)	<u>(3,617)</u>	<u>(2,945)</u>	<u>672</u>
NET (LOSS)	<u>\$ (9,850)</u>	<u>\$ (12,692)</u>	<u>\$ (2,842)</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Compared to Budget
Sewer Fund
Year Ended June 30, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Revenues from other Agencies			
American Rescue Plan Grant	\$ -	\$ 64,035	\$ 64,035
Service Charges for Current Services			
Sanitation and Waste Removal			
Sewerage charges	2,350,000	2,362,121	12,121
Sewer connection charges	50,000	414,797	364,797
Other revenues	17,550	24,705	7,155
Utility locator fees	19,000	28,464	9,464
User benefit fees	36,260	36,400	140
Total operating revenues	<u>2,472,810</u>	<u>2,930,522</u>	<u>457,712</u>
OPERATING EXPENSES			
Salaries/benefits	242,083	243,785	(1,702)
Compensated absences	-	605	(605)
Contractual services	1,507,351	1,415,880	91,471
Amortization	24,248	24,248	-
Supplies	3,200	3,156	44
Utilities	15,350	18,072	(2,722)
Miss Utility fees	3,050	3,829	(779)
Depreciation	82,077	84,532	(2,455)
Maintenance	30,000	18,775	11,225
Connection costs	50,000	414,797	(364,797)
Water company charges	5,600	5,636	(36)
Miscellaneous	7,500	5,887	1,613
Transfer to general fund - administrative costs	355,733	352,044	3,689
User benefit fee	36,260	36,400	(140)
Root control maintenance	35,000	34,412	588
Main and lateral repairs	22,000	52,574	(30,574)
Insurance	9,948	8,969	979
Transfer to SSCI reserve	-	-	-
Processing fees	25,929	18,677	7,252
Total operating expenses	<u>2,455,329</u>	<u>2,742,278</u>	<u>(286,949)</u>
Operating income	17,481	188,244	170,763
Non-operating (Expenses)			
Interest expense - various debts	(17,481)	(17,625)	(144)
Total non-operating (expenses)	<u>(17,481)</u>	<u>(17,625)</u>	<u>(144)</u>
NET INCOME	<u>\$ -</u>	<u>\$ 170,619</u>	<u>\$ 170,619</u>

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