

TOWN OF BEL AIR, MARYLAND

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

For the Year Ended June 30, 2015

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JUNE 30, 2015

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Commissioners of the
Town of Bel Air, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bel Air, Maryland (the Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund and special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of cash and cash equivalents - general fund and the schedules of revenues and expenditures - budget and actual as listed in the accompanying table of contents (collectively, the supplemental information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hunt Valley, Maryland
January 25, 2016



TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

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, 2015. 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, 2015, by \$13,628,643 (net position). Approximately 26% of this amount is attributable to the business-type activities. Of the total net position, \$1,299,856. (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. Unrestricted net position in the business-type activities is a positive \$1,400,376, while the governmental activities shows (\$100,520) due to the recording of the net pension liability. Of the remaining total net position, \$1,525,286 is restricted for specific purposes (restricted net position), and \$10,803,501 is invested in capital assets, net of related debt.
- The Town's overall financial position has improved with total net position increasing by \$1,507,172 during the fiscal year. Net position for governmental and business-type activities increased \$1,152,565 and \$354,607, respectively.
- The Town implemented the Governmental Accounting Standards Board Statement No. 68 (GASB 68) and has recorded a net pension liability of \$3,671,781 and related deferred outflows of \$270,460 and deferred inflows of \$291,105 in the Statement of Net Position. This resulted in a decrease of \$3,692,426 in net position from 2014.
- Net position for the prior year was restated for 2015 for the net pension liability and was reduced \$3,674,731 for governmental activities.

Fund Level:

- As of June 30, 2015, the Town's governmental funds reported a combined ending fund balance of \$5,813,265, an increase of \$650,346 in comparison with the prior year. Of this total amount, \$5,743,586 or 98.8% 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, 2015, the assigned and unassigned fund balance for the General Fund (primary operating fund) was \$4,375,440 or 36.8% of total General Fund expenditures.
- In fiscal year 2015, the Town transferred \$180,000 to the General Fund Capital Reserve account.
- As of June 30, 2015, the Town's business-type operating activities reported net position of \$3,537,458, an increase of \$354,607 in comparison with the prior year. Of the total amount, \$1,400,376 is unrestricted.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

- On December 29, 2014, the Town loaned The John Carroll School \$84,902 for 5 years at an interest rate of 2.29%, The School was responsible for funding half of the cost of the sanitary sewer main replacement on their property. Principal and interest is payable semi-annually on June 29 and December 29 which will continue until December, 2019.

Long-Term Debt:

The Town's long-term debt decreased \$37,210 or .48% during the current fiscal year. The decrease was the net result of making \$558,105 in scheduled payments, \$250,673 in an early payoff, an \$11,624 increase in compensated absences/OPEB, incurring \$857,464 in new debt, and a \$97,520 decrease in net pension liability. Of the amount incurred in new debt, \$287,662 was for equipment/vehicle purchases (\$287,662 general fund and \$25,835 parking fund), while \$569,802 was for sewer inflow and infiltration services and a main replacement in the sewer fund. On October 30, 2015, the Town paid off the G.O. Bond 2008B BAHS Auditorium debt in the amount of \$256,079 without any prepayment penalty. It was originally anticipated to utilize the unassigned fund balance to make the payment; however, that was not necessary as there were savings in other general fund expenditure accounts to cover the cost.

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 agency. The government-wide financial statements can be found by referring to the table of contents which begins on page 1 of this report.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

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.

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 statements 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 statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found by referring to the table of contents which begins on page 1 of this report.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

Notes to financial statements. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are part of the basic financial statements and can be found by referring to the table of contents which begins on page 1 of this report.

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

Government-wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the Town, assets exceeded liabilities by \$13,628,643. as of June 30, 2015. The Town of Bel Air's net position is divided into three categories - invested in capital assets (net of related debt), restricted net position, and unrestricted net position.

The largest portion of the Town's net position is in investment in capital assets net of depreciation (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, 2015, capital assets were valued at \$10,803,501 net of related debt and accumulated depreciation or 79.3% 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, 2015, was \$1,299,856 or 9.5% 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, 2015, was \$1,525,286 or 11.2% 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, 2015, the Town reported positive balances in all three categories of net position for the Town as a whole as well as for business-type activities separately; however, governmental activities reported a negative balance in unrestricted net position due to the recording of the net pension liability. The following tables reflect the condensed statement of net position and the schedule of changes in net position for governmental and business-type activities after the restatement:

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 7,014,638	\$ 6,155,874	\$ 2,176,101	\$ 2,226,221	\$ 9,190,739	\$ 8,382,095
Capital assets	9,774,799	9,754,835	3,836,695	3,394,066	13,611,494	13,148,901
Total assets	16,789,437	15,910,709	6,012,796	5,620,287	22,802,233	21,530,996
Deferred outflows of resources-pensions	270,460	-	-	-	270,460	-
Liabilities						
Other liabilities	797,058	590,708	590,988	922,139	1,388,046	1,512,847
Long-term liabilities	5,880,549	2,517,511	1,884,350	1,515,297	7,764,899	4,032,808
Total liabilities	6,677,607	3,108,219	2,475,338	2,437,436	9,152,945	5,545,655
Deferred inflows of resources-pensions	291,105	-	-	-	291,105	-
Net Position						
Invested in capital assets, net of related debt	8,769,493	8,774,901	2,034,008	1,968,492	10,803,501	10,743,393
Restricted	1,422,212	1,260,037	103,074	85,832	1,525,286	1,345,869
Unrestricted	(100,520)	2,767,552	1,400,376	1,128,527	1,299,856	3,896,079
Total net position	<u>\$ 10,091,185</u>	<u>\$ 12,802,490</u>	<u>\$ 3,537,458</u>	<u>\$ 3,182,851</u>	<u>\$ 13,628,643</u>	<u>\$ 15,985,341</u>

TOWN OF BEL AIR, MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,131,251	\$ 1,172,214	\$ 2,854,772	\$ 3,151,559	\$ 3,986,023	\$ 4,323,773
Operating grants/ contributions	246,216	239,174	-	-	246,216	239,174
Capital grants/ contributions	240,128	353,700	150,902	-	391,030	353,700
General revenues:						
Property taxes	7,512,753	7,687,800	-	-	7,512,753	7,687,800
Shared taxes	2,919,599	2,928,988	-	-	2,919,599	2,928,988
Miscellaneous	619,288	623,306	-	-	619,288	623,306
Unrestricted investment earnings	30,504	21,986	423	798	30,927	22,784
Total revenues	<u>12,699,739</u>	<u>13,027,168</u>	<u>3,006,097</u>	<u>3,152,357</u>	<u>15,705,836</u>	<u>16,179,525</u>
Expenses						
General government	2,765,621	2,102,098	-	-	2,765,621	2,102,098
Public safety	3,409,696	3,731,967	-	-	3,409,696	3,731,967
Public works	2,765,494	2,924,258	-	-	2,765,494	2,924,258
Recreation and culture	205,099	161,621	-	-	205,099	161,621
Miscellaneous	2,363,036	2,511,662	-	-	2,363,036	2,511,662
Interest on long-term debt	38,228	50,347	-	-	38,228	50,347
Sewer	-	-	2,197,200	2,257,834	2,197,200	2,257,834
Parking facilities	-	-	454,290	436,641	454,290	436,641
Total expenditures	<u>11,547,174</u>	<u>11,481,953</u>	<u>2,651,490</u>	<u>2,694,475</u>	<u>14,198,664</u>	<u>14,176,428</u>
Increase in net assets	1,152,565	1,545,215	354,607	457,882	1,507,172	2,003,097
Net position, beginning as restated	<u>8,938,620</u>	<u>11,257,275</u>	<u>3,182,851</u>	<u>2,724,969</u>	<u>12,121,471</u>	<u>13,982,244</u>
Net position, ending	<u>\$ 10,091,185</u>	<u>\$ 12,802,490</u>	<u>\$ 3,537,458</u>	<u>\$ 3,182,851</u>	<u>\$ 13,628,643</u>	<u>\$ 15,985,341</u>

Governmental activities

Governmental net position, as restated, increased by \$1,152,565. Property taxes, shared taxes, and charges for services represent 47.8%, 18.6%, and 25.4% of the Town's revenue stream, respectively. The remaining 8.2% of governmental revenue consists of grants, contributions, investment earnings, and other miscellaneous revenues.

The entity wide statements show that the Town's total revenue from governmental activities in fiscal year 2015 was \$12,699,739 which is \$327,429 lower than the previous year. Revenues in capital grants/contributions decreased \$113,572 due mainly to the recognition of the FEMA grant for the emergency generator in the prior fiscal year. Revenues in property taxes decreased \$175,047 due mainly to lower business corporation taxes.

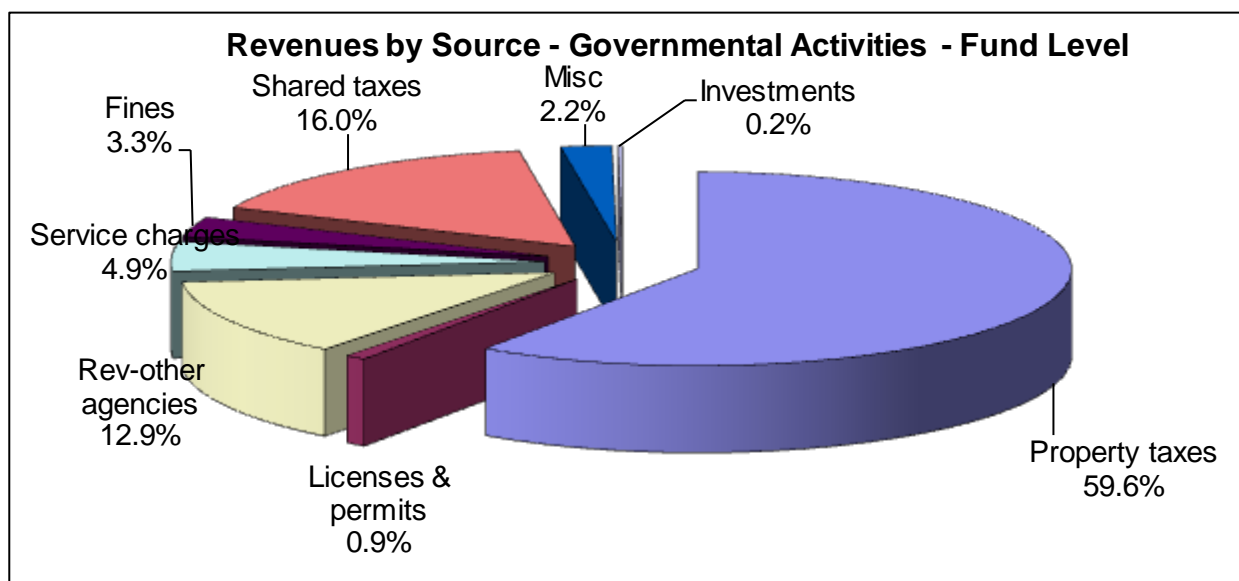
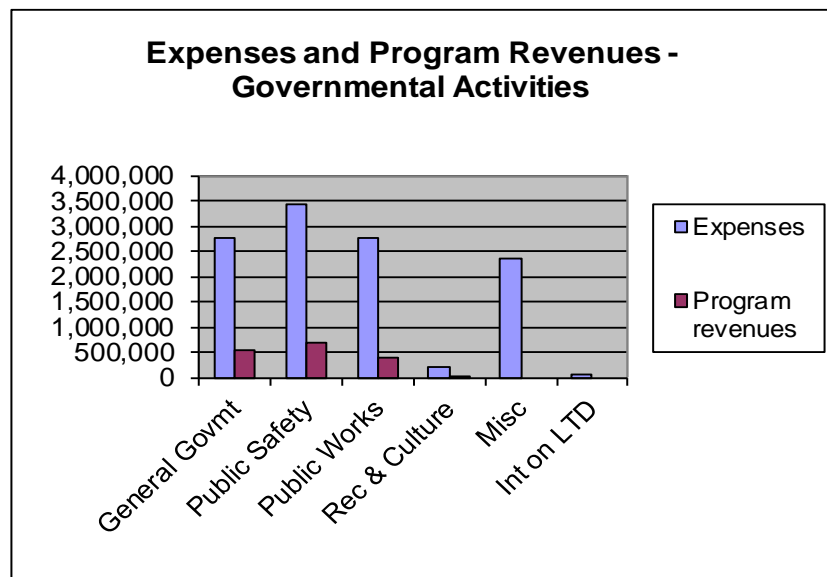
TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

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 .05% compared to .06%. In fiscal year 2015, 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, 2015, the Town held \$3,565,500 in various certificates of deposit with rates ranging from .35% to 1.50% and maturities no longer than 30-months.

Governmental expenses were \$11,547,174 in fiscal year 2015, an increase of \$65,221 or .6%. Public safety and public works are the two largest functional areas comprising 53.5% of all governmental expenses in fiscal year 2015. Public safety represents 29.5% of governmental expenses, while public works represents 23.9%. Both departments showed a decrease in expenses totaling \$481,035 which mainly was attributable to the change in pension expense as it relates to the net pension liability.



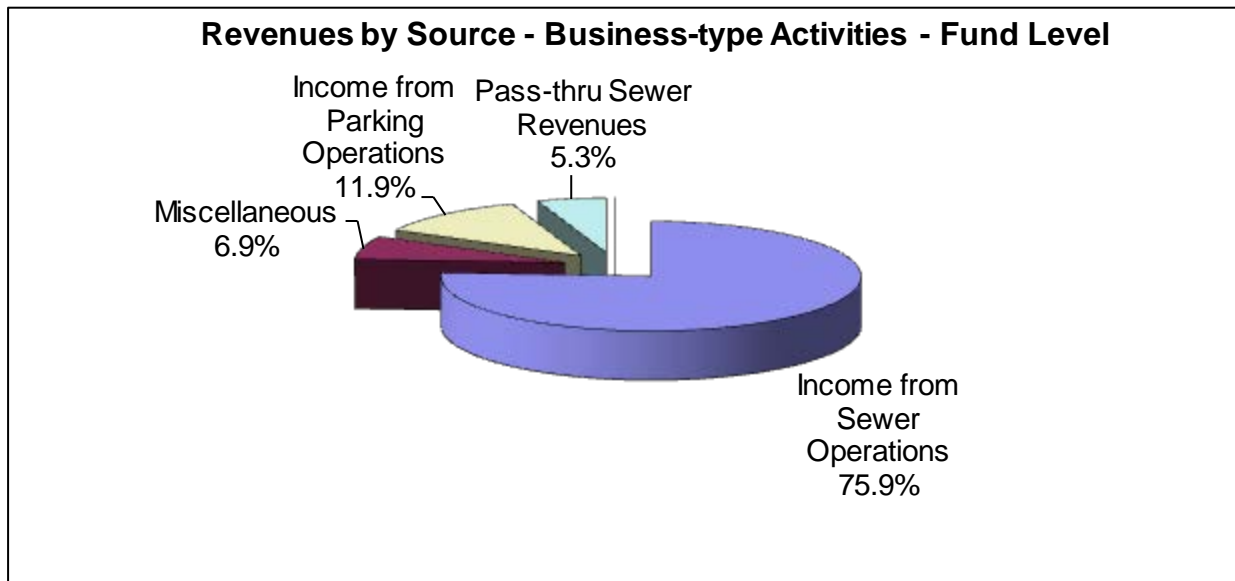
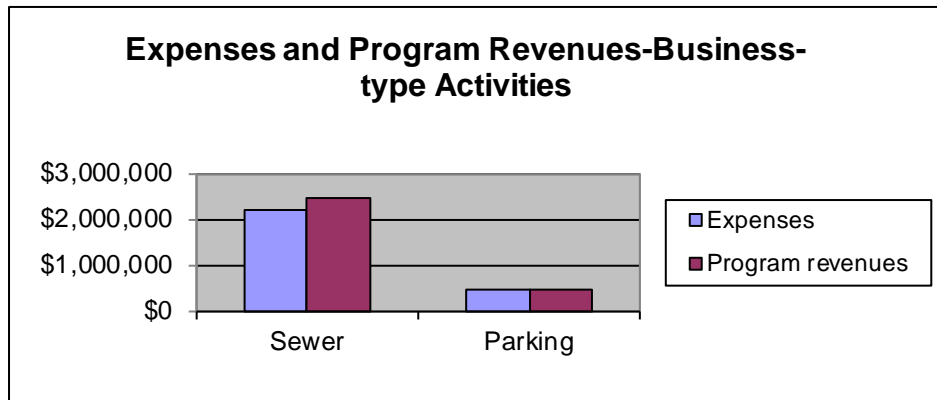
TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

Business-type activities

The Town operates two business-type enterprise funds, Parking and Sewer. Business-type net position increased by \$354,607 overall with the Parking Fund decreasing slightly by \$1,074 and the Sewer Fund increasing by \$355,681. The increase in the sewer fund is due to three issues: 1. lower flows to treat which equates to less dollars to pay Harford County, 2. recording the FEMA grant as revenue while the emergency generators were capitalized, and 3. capital contribution from loan proceeds related to The John Carroll School loan receivable.



TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

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, 2015, the Town's governmental funds (general fund and special revenue fund) reported a combined ending fund balance of \$5,813,265, an increase of \$650,346 in comparison with the prior year. Approximately 98.8% of this total amount (\$5,746,586) 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 1.2% 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 \$4,375,440, while total fund balance was \$5,545,352. 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 36.8% of total General Fund expenditures, while total fund balance represents 47.7% of that same amount.

The Town's General Fund total fund balance increased by \$668,735 during the current fiscal year. This was a result of receiving more revenues than anticipated and expending less with regard to a few large projects.

The Special Revenue Fund has a total fund balance of \$267,913. The \$18,389 decrease in fund balance is due to utilizing more in fund balance as a revenue source to pay for current year expenditures for certain projects/programs than expected.

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 \$2,320,034 and \$1,217,424, respectively and decreased by \$1,074 in the Parking Fund and increased by \$355,681 in the Sewer Fund.

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

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

The Town implemented GASB 67, Financial Reporting for Pension Plans (GASB 67) in 2014 and GASB 68, Accounting and Financial Reporting for Pensions (GASB 68) in 2015. GASB 67 required the use of the entry age normal actuarial valuation method to determine the total pension liability.

The net position of the Sworn Officers' Pension Trust and the Civilian Pension Trust increased \$296,347 or 5.4% and \$289,567 or 5.1%, respectively. The increase in net position in both Trust Plans is due to a net increase in the fair value of investments.

General Fund Budgetary Highlights

The final amended budget for the General Fund increased \$50,958 from the original budget.

The Town amended the budget in March, 2015 after its normal mid-year budget review. The general fund budget was increased \$50,958. The significant revenue changes was that real property taxes was decreased \$88,842 due to appeals, while income taxes was increased \$70,000 due to a one-time tax due from a trust. The budget was also increased for a \$25,000 contribution from Rockfield Foundation to fund half of the tent cost. Based on a reduction in red light citations, the budget was decreased \$30,000. Due to borrowing less money for the backhoe, the equipment/vehicle proceeds was decreased \$35,691. The significant expenditure changes were that the town buildings budget was increased \$75,000 to fund an additional exit from the Town Hall/Police Department parking lot, additional monies to complete the public works lot paving project, and the cost of the tent at Rockfield Manor. There was a \$96,000 transfer to the armory marketplace account in the Economic Development budget from the streets construction account in the Public Works budget. A \$59,000 decrease in benefits, worker's compensation insurance, social security, and pension was included due to vacancies and employees on worker's compensation and short-term disability. Salaries were decreased \$82,000 in the Public Works Administration budget due to personnel changes in three positions. The Public Works Streets budget also included the \$35,691 decrease mentioned above in revenues due to the savings from the backhoe purchase.

At the end of the year, revenues and other financing sources were more than budgetary estimates by \$289,450 and expenditures were \$353,543 less than anticipated.

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, 2015 was \$13,611,494. 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 3.5%, comprised of a .2% and a 13% increase for governmental and business-type activities, respectively.

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, 2015

CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and improvements	\$ 4,641,308	\$ 4,641,308	\$ 777,518	\$ 777,518	\$ 5,418,826	\$ 5,418,826
Buildings and improvements	4,998,691	4,843,757	3,126,190	3,126,190	8,124,881	7,969,947
Infrastructure	849,900	769,039	-	-	849,900	769,039
Machinery and equipment	1,041,655	991,326	358,331	230,831	1,399,986	1,222,157
Furniture and fixtures	1,232,966	1,190,152	-	-	1,232,966	1,190,152
Vehicles	2,771,875	2,615,949	365,418	354,162	3,137,293	2,970,111
Parking improvements	-	-	404,596	404,596	404,596	404,596
Sewer system	-	-	1,680,499	1,205,777	1,680,499	1,205,777
Accumulated depreciation	(5,761,596)	(5,296,696)	(2,875,857)	(2,705,008)	(8,637,453)	(8,001,704)
Total	\$ 9,774,799	\$ 9,754,835	\$ 3,836,695	\$ 3,394,066	\$13,611,494	\$13,148,901

Major capital asset events during the year ending June 30, 2015 included the following:

- The Planning Department purchased a new replacement vehicle (\$22,978) for the Director and transferred the old one to the police department.
- The Police Department purchased three new replacement vehicles (\$75,941) and transferred one of the old vehicles to the technology department and the other two to the public works department.
- The Public Works Department purchased a new replacement backhoe loader (\$100,309), a new replacement dump truck (\$78,990), a 10-yard rolloff container (\$4,000), and a rotary lift (\$4,400). The dump truck was transferred from the streets section to the refuse section.
- The Town Hall/Police Department had an emergency generator installed (\$141,285).
- The Town received a fountain as a donated asset in fiscal year 2014 and contracted for its installation in Shamrock Park during this fiscal year (\$24,541).
- The Public Works Department contracted to have new sidewalks installed (\$77,106), and a new drain tile installed (\$3,755).
- The Town purchased \$18,273 worth of capitalized computer hardware/software during the year.
- The Town either sold the following major assets at various public auctions, used a trade-in at purchase, or scrapped them, and all were removed from the Town's capital assets: a police vehicle (\$3,600), old police department generator (\$3,060), a public works administrative vehicle (\$18,383), and a backhoe loader (\$63,900).
- In the Parking Fund, a new parking jeep was purchased (\$25,835) and the old one was sold (\$14,579).

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

- In the Sewer Fund, a new sanitary sewer main was replaced at The John Carroll School (\$153,352), five sanitary sewer lines were replaced at different locations in Town (\$19,817), emergency generators for four sewer pump stations were purchased/installed (\$123,200), and a major sewer rehab project to line the sewer in an area of Town in order to extend the life was completed (\$301,554).

Debt administration. The Town's long-term debt as of June 30, 2015, was \$7,764,899. Of this amount, \$2,334,661 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 \$719,226, an obligation to the Liquor Control Board employees' retirement system of \$7,368, \$1,031,863 in compensated absences and OPEB liabilities, and \$3,671,781 in net pension liability resulting from GASB #68. The following table reflects the Town's long-term debt:

LONG-TERM DEBT

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligations bonds	\$ 591,420	\$ 993,175	\$1,743,241	\$1,384,286	\$2,334,661	\$2,377,461
Equipment/vehicle notes	659,780	585,478	59,446	41,288	719,226	626,766
Other notes	7,368	8,342	-	-	7,368	8,342
Net pension liability	3,671,781	3,769,301	-	-	3,671,781	3,769,301
Compensated absences / OPEB	950,200	930,516	81,663	89,723	1,031,863	1,020,239
Total	<u>\$5,880,549</u>	<u>\$6,286,812</u>	<u>\$1,884,350</u>	<u>\$1,515,297</u>	<u>\$7,764,899</u>	<u>\$7,802,109</u>

The Town's total long-term debt for governmental activities decreased by \$406,263 and increased \$369,053. for business-type activities. During the year, \$808,778 in debt was retired. During the fiscal year, the Town entered into a new \$287,662 seven-year equipment/vehicle note of which \$261,827 was in the general fund and \$25,835 was in the parking fund. The Town also entered into a new \$569,802 ten-year general obligation bond in the sewer fund for continued inflow and infiltration sewer work as well as a sewer main replacement at The John Carroll School.

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, 2015, the debt limitation is \$84,144,558, 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, 2015

Economic Factors and Fiscal Year 2016's Budgets and Rates

- The State of Maryland Assessments and Taxation Department completed its triennial assessment for Town residents effective beginning in fiscal year 2015, which assesses the Town every third year, along with a cap of 10% on residential properties. During the next fiscal year, the Town expected a very slight assessment increase, 1.7% due to the improving real estate values locally.
- Income tax revenues are projected to increase \$27,000 over the 2015 budget revenues based on information provided by the Comptroller's office. The increase would have been approximately \$97,000; however, in fiscal year 2015, the Town received a one-time income tax payment from a trust. As a result, income tax revenues are projected to increase by 2%.
- Highway user revenues are projected to remain relatively the same over the 2015 actual revenues. This will be the third year in a row that the state has awarded the Town a one-time grant which will be used to fund a capital improvement program project.
- Police protection grant from the state is projected to remain the same. The state returned the 35% cut that was instituted in fiscal year 2009 in fiscal year 2013 which returned the Town to full funding.
- The Harford County tax rebate is projected to decrease \$34,700 due to the formula using the reduction in property assessments years ago in the calculation.
- With anticipating no interest rate increase due to the slowly recovering economy, the Town's interest on investments is budgeted to remain basically flat over fiscal year 2015 actual revenues.
- The Town will not finance its equipment/vehicle purchases in fiscal year but rather will purchase them with current year revenues.
- The Town appropriated \$223,508 in funds from the unassigned fund balance to pay off the Town of Bel Air Auditorium Bond, 2008A with an interest rate of 3.31%. The final payment was not due until February 7, 2018.
- All Town employees received a merit (step) salary increase.
- The Town budgeted \$85,280 for various building maintenance or capital projects to include the installation of the garage doors on the equipment shed at Public Works as well as the remodel of the restrooms at Town Hall.
- Funds were budgeted for an election as the next election was in November, 2015.
- The Finance Department included \$8,000 for the GASB Statement 67/68 actuarial accounting valuation for both defined benefit plans.
- The Planning Department included \$10,000 for graphics required for wayfinding and identification as outlined in the wayfinding study which is currently being completed.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

- The Planning Department included \$10,000 for the comprehensive plan process which began in the Fall of 2015.
- The Planning Department included \$11,000 to upgrade the existing crosswalk in Pennsylvania Avenue in front of the library.
- The Technology Department budgeted approximately \$52,000 for one-time expenditures.
- The Town budgeted \$60,000 to partially fund its Other Postemployment Benefits Other Than Pensions (OPEB).
- The Town budgeted to purchase three police vehicles (\$87,798).
- The Department of Public Works included \$72,500 to include the costs associated with the Town's MS4 storm water management program.
- The Department of Public Works included \$243,000 to fund the rest of the construction money to upgrade the appearance, safety, and usability of the courthouse square area and Office Street.
- The Department of Public Works budgeted to purchase a replacement vehicle for the Operations Chief (\$28,000), rubber tire loader (\$160,000) and a dump truck (\$95,000).
- The Public Works Department budgeted \$370,000 in fill-in sidewalk, street, sidewalk, curb ramp, and curb/gutter construction work to be completed at specific locations.
- In the Special Revenue Fund, the Town has designated three years (2013-2015) of Community Development Block Grants (\$98,500) to the Kelly Street sidewalk and road repair project while the remaining monies budgeted (\$53,974) have not been assigned to a project.
- In the Special Revenue Fund, the Town was awarded a \$175,000, \$150,000, and \$100,000 Community Legacy Grant to provide funds for Phase 2, Phase 3, and 4 of the Armory Garages Marketplace Project.

All of these factors were considered in preparing the Town's budget for the 2016 fiscal year.

The real and personal property tax rates remain unchanged in fiscal year 2016 at the current real property tax rate of \$.50 per \$100 of assessed value and the personal property tax rate is \$1.16 per \$100 of assessed value.

The Sewer Fund user rate and base charge increased by 1.6% for fiscal year 2016 and will affect both residential and commercial customers. The percentage adjustment is according to the change in the Consumer Price Index as of December 2014. The user rate will also increase \$.25/1,000 gallons due to the new Enhanced Nutrient Removal (ENR) fee that is a pass-through to Harford County. An additional inflow and infiltration project totaling \$200,000 is expected to be financed during fiscal year 2016.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

In the Parking Fund, meter collection revenues are projected to basically remain the same; however, parking fines are projected to be \$23,750 lower based on a conservative historical average. The lease fees were down again due to the loss of a major user, and they remain to be at a post-recession level.

Requests for Information

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

FINANCIAL STATEMENTS

TOWN OF BEL AIR, MARYLAND

**Statement of Net Position
June 30, 2015**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,160,467	\$ 570	\$ 3,161,037
Restricted cash and cash equivalents	166,410	221,720	388,130
Investments	3,565,500	-	3,565,500
Accounts receivable	152,845	672,903	825,748
Loan receivable - revolving loan fund	53,299	-	53,299
Loan receivable - The John Carroll School	-	84,902	84,902
Real and personal property taxes receivable	125,270	-	125,270
Accrued interest receivable	22,129	-	22,129
Due from other units of government	739,538	-	739,538
Internal balances	(990,456)	990,456	-
Prepaid expenses	19,636	-	19,636
Capital assets, not being depreciated	4,641,308	889,495	5,530,803
Capital assets, net of accumulated depreciation	5,133,491	2,947,200	8,080,691
Other assets	-	205,550	205,550
	<u>16,789,437</u>	<u>6,012,796</u>	<u>22,802,233</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES-PENSIONS	<u>270,460</u>	<u>-</u>	<u>270,460</u>
LIABILITIES			
Accounts payable	589,990	590,478	1,180,468
Accrued liabilities	132,692	-	132,692
Payroll withholdings	63,203	-	63,203
Deposits and other escrows held	6,127	-	6,127
Unearned revenue	5,046	510	5,556
Non-current liabilities:			
Due within one year	305,611	240,253	545,864
Due in more than one year	5,574,938	1,644,097	7,219,035
	<u>6,677,607</u>	<u>2,475,338</u>	<u>9,152,945</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES-PENSIONS	<u>291,105</u>	<u>-</u>	<u>291,105</u>
NET POSITION			
Invested in capital assets, net of related debt	8,769,493	2,034,008	10,803,501
Restricted	1,422,212	103,074	1,525,286
Unrestricted	(100,520)	1,400,376	1,299,856
	<u>\$ 10,091,185</u>	<u>\$ 3,537,458</u>	<u>\$ 13,628,643</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, 2015**

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	\$ 2,765,621	\$ 299,397	\$ -	\$ 220,128	\$ (2,246,096)	\$ -	\$ (2,246,096)
Public safety	3,409,696	448,107	246,216	-	(2,715,373)	-	(2,715,373)
Public works	2,765,494	383,747	-	-	(2,381,747)	-	(2,381,747)
Recreation and culture	205,099	-	-	20,000	(185,099)	-	(185,099)
Miscellaneous	2,363,036	-	-	-	(2,363,036)	-	(2,363,036)
Interest on long-term debt	38,228	-	-	-	(38,228)	-	(38,228)
Total governmental activities	<u>11,547,174</u>	<u>1,131,251</u>	<u>246,216</u>	<u>240,128</u>	<u>(9,929,579)</u>	<u>-</u>	<u>(9,929,579)</u>
Business-type activities							
Sewer	2,197,200	2,401,565	-	150,902	-	355,267	355,267
Parking facilities	454,290	453,207	-	-	-	(1,083)	(1,083)
Total business-type activities	<u>2,651,490</u>	<u>2,854,772</u>	<u>-</u>	<u>150,902</u>	<u>-</u>	<u>354,184</u>	<u>354,184</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 14,198,664</u>	<u>\$ 3,986,023</u>	<u>\$ 246,216</u>	<u>\$ 391,030</u>	<u>(9,929,579)</u>	<u>354,184</u>	<u>(9,575,395)</u>
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					7,512,753	-	7,512,753
Shared taxes					2,919,599	-	2,919,599
Miscellaneous					619,288	-	619,288
Unrestricted investment earnings					30,504	423	30,927
Total general revenues					<u>11,082,144</u>	<u>423</u>	<u>11,082,567</u>
CHANGE IN NET POSITION					<u>1,152,565</u>	<u>354,607</u>	<u>1,507,172</u>
NET POSITION, BEGINNING AS RESTATED					<u>8,938,620</u>	<u>3,182,851</u>	<u>12,121,471</u>
NET POSITION, ENDING					<u>\$ 10,091,185</u>	<u>\$ 3,537,458</u>	<u>\$ 13,628,643</u>

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

TOWN OF BEL AIR, MARYLAND

**Balance Sheet – Governmental Funds
June 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 3,160,467	\$ -	\$ 3,160,467
Restricted cash and cash equivalents	94,230	72,180	166,410
Investments	3,565,500	-	3,565,500
Accounts receivable	813,575	78,808	892,383
Loan receivable - revolving loan fund	-	53,299	53,299
Accrued interest receivable	22,129	-	22,129
Property taxes receivable - net	125,270	-	125,270
Due from other funds	-	289,478	289,478
Prepaid costs	19,377	259	19,636
TOTAL ASSETS	<u>\$ 7,800,548</u>	<u>\$ 494,024</u>	<u>\$ 8,294,572</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 363,879	\$ 226,111	\$ 589,990
Accrued expenditures	120,857	-	120,857
Payroll withholdings	63,203	-	63,203
Deposits	6,127	-	6,127
Unearned revenue	5,046	-	5,046
Due to other funds	1,279,934	-	1,279,934
Total liabilities	1,839,046	226,111	2,065,157
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	116,994	-	116,994
Unavailable revenue - income taxes	293,496	-	293,496
Unavailable revenue - highway user	5,660	-	5,660
Total deferred inflows of resources	416,150	-	416,150
FUND BALANCES			
Nonspendable	19,377	259	19,636
Restricted	-	50,043	50,043
Committed	1,150,535	149,163	1,299,698
Assigned	1,457,922	68,448	1,526,370
Unassigned	2,917,518	-	2,917,518
Total fund balances	5,545,352	267,913	5,813,265
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 7,800,548</u>	<u>\$ 494,024</u>	<u>\$ 8,294,572</u>

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

TOWN OF BEL AIR, MARYLAND

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 22)	\$ 5,813,265
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.	416,150
Net deferred outflows and inflows of resources related to pensions	(20,645)
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 \$15,536,395 and the accumulated depreciation is \$5,761,596.	9,774,799
Noncurrent liabilities are not reported as liabilities in the governmental funds.	(5,880,549)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(11,835)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 20)	<u><u>\$ 10,091,185</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, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes - local	\$ 7,509,936	\$ -	\$ 7,509,936
Taxes - state shared	2,022,698	-	2,022,698
Licenses and permits	111,987	-	111,987
Revenue from other agencies	1,369,933	258,226	1,628,159
Service charges for current services	619,741	-	619,741
Fines	410,006	-	410,006
Miscellaneous	265,878	36,600	302,478
	<u>12,310,179</u>	<u>294,826</u>	<u>12,605,005</u>
Total revenues			
EXPENDITURES			
General government	2,236,904	245,957	2,482,861
Public safety	3,643,774	11,594	3,655,368
Public works	2,872,237	7,500	2,879,737
Recreation and parks	153,587	51,512	205,099
Miscellaneous	2,363,036	-	2,363,036
Debt service:			
Principal	590,254	-	590,254
Interest	40,131	-	40,131
	<u>11,899,923</u>	<u>316,563</u>	<u>12,216,486</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	410,256	(21,737)	388,519
OTHER FINANCING SOURCES			
Equipment/vehicle debt proceeds	261,827	-	261,827
Total other financing sources	<u>261,827</u>	<u>-</u>	<u>261,827</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	672,083	(21,737)	650,346
FUND BALANCES, BEGINNING OF YEAR	4,876,617	286,302	5,162,919
TRANSFER (TO)FROM SPECIAL REVENUE FUND			
Seized property reserve	<u>(3,348)</u>	<u>3,348</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,545,352</u>	<u>\$ 267,913</u>	<u>\$ 5,813,265</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, 2015**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND (page 24) \$ 650,346

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 \$628,962 exceeded depreciation expense of \$551,513 in the period. 77,449

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 \$144,098, less any accumulated depreciation of \$86,613. (57,485)

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 \$19,684. (19,684)

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. 76,875

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. 94,734

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 2015. 590,254

Long-term debt proceeds are another financing source in the governmental funds, but the proceeds increases long-term liabilities in the Statement of Net Assets. This is the amount of long-term debt proceeds for 2015. (261,827)

Interest expense in the Statement of Activities differs from the amount reported in governmental funds due to the net change in accrued interest. 1,903

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 21) \$ 1,152,565

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, 2015**

	<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	\$ 7,618,176	\$ 7,531,334	\$ 7,509,936	\$ (21,398)
Taxes - state shared	1,677,631	1,747,631	2,022,698	275,067
Licenses and permits	90,000	98,000	111,987	13,987
Revenues from other agencies	1,389,581	1,388,156	1,369,933	(18,223)
Service charges for current services	637,308	637,308	619,741	(17,567)
Fines	403,500	373,500	410,006	36,506
Miscellaneous	219,800	244,800	265,878	21,078
	<u>12,035,996</u>	<u>12,020,729</u>	<u>12,310,179</u>	<u>289,450</u>
EXPENDITURES				
Current:				
General government	2,343,342	2,529,598	2,276,181	253,417
Public safety	3,669,769	3,665,239	3,652,013	13,226
Public works	3,287,017	3,093,326	3,089,897	3,429
Recreation and culture	157,550	157,550	132,067	25,483
Miscellaneous	2,497,234	2,460,394	2,404,266	56,128
Debt service	634,398	632,245	630,385	1,860
	<u>12,589,310</u>	<u>12,538,352</u>	<u>12,184,809</u>	<u>353,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(553,314)</u>	<u>(517,623)</u>	<u>125,370</u>	<u>642,993</u>
OTHER FINANCING SOURCES				
Equipment/vehicle proceeds	<u>297,353</u>	<u>261,662</u>	<u>261,827</u>	<u>165</u>
Total other financing sources	<u>297,353</u>	<u>261,662</u>	<u>261,827</u>	<u>165</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES				
	<u>\$ (255,961)</u>	<u>\$ (255,961)</u>	<u>387,197</u>	<u>\$ 643,158</u>
FUND BALANCE - BEGINNING OF YEAR			4,056,698	
TRANSFER TO SPECIAL REVENUE FUND SEIZED PROPERTY RESERVE			<u>(3,348)</u>	
FUND BALANCE - END OF YEAR			<u>\$ 4,440,547</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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Budget Variance Positive (Negative)</u>
REVENUES				
Revenue from Other Agencies				
CDBG grant	\$ 109,006	\$ 109,006	\$ -	\$ (109,006)
Shamrock Park renovation grant	-	-	20,000	20,000
Community Legacy grant	<u>325,000</u>	<u>325,000</u>	<u>238,226</u>	<u>(86,774)</u>
 Total - revenue from other agencies	 434,006	 434,006	 258,226	 (175,780)
 Miscellaneous	 <u>55,300</u>	 <u>55,300</u>	 <u>36,600</u>	 <u>(18,700)</u>
 Total revenues	 <u>489,306</u>	 <u>489,306</u>	 <u>294,826</u>	 <u>(194,480)</u>
 EXPENDITURES				
General government	328,900	328,900	245,957	82,943
Public safety	16,000	16,000	11,594	4,406
Public works	127,006	127,006	7,500	119,506
Recreation and culture	17,300	17,300	51,512	(34,212)
Miscellaneous	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
 Total expenditures	 <u>489,306</u>	 <u>489,306</u>	 <u>316,563</u>	 <u>172,743</u>
 (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>\$ -</u>	 <u>\$ -</u>	 (21,737)	 <u>\$ (21,737)</u>
 FUND BALANCE - BEGINNING OF YEAR			286,302	
 TRANSFER FROM GENERAL FUND SEIZED PROPERTY RESERVE			<u>3,348</u>	
 FUND BALANCE - END OF YEAR			<u>\$ 267,913</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, 2015**

	<u>Parking Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 570	\$ -	\$ 570
Restricted cash and cash equivalents	19,782	201,938	221,720
Accounts receivable	23,591	649,312	672,903
Loan receivable, The John Carroll School	-	84,902	84,902
Due from other funds	163,138	840,869	1,004,007
Total current assets	<u>207,081</u>	<u>1,777,021</u>	<u>1,984,102</u>
Noncurrent Assets			
Land	889,495	-	889,495
Capital assets, net	1,736,818	1,210,382	2,947,200
Other assets	-	205,550	205,550
Total noncurrent assets	<u>2,626,313</u>	<u>1,415,932</u>	<u>4,042,245</u>
Total assets	<u>2,833,394</u>	<u>3,192,953</u>	<u>6,026,347</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	6,361	584,117	590,478
Due to other funds	-	13,551	13,551
Unearned revenue	510	-	510
Notes payable	3,517	6,049	9,566
Bonds payable	102,309	128,378	230,687
Total current liabilities	<u>112,697</u>	<u>732,095</u>	<u>844,792</u>
Noncurrent Liabilities			
Accrued compensated absences	23,389	58,274	81,663
Notes payable - long-term	20,528	29,352	49,880
Bonds payable - long-term	356,746	1,155,808	1,512,554
Total noncurrent liabilities	<u>400,663</u>	<u>1,243,434</u>	<u>1,644,097</u>
Total liabilities	<u>513,360</u>	<u>1,975,529</u>	<u>2,488,889</u>
NET POSITION			
Invested in capital assets, net of related debt	2,143,213	(109,205)	2,034,008
Restricted	103,074	-	103,074
Unrestricted	73,747	1,326,629	1,400,376
TOTAL NET POSITION	<u>\$ 2,320,034</u>	<u>\$ 1,217,424</u>	<u>\$ 3,537,458</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, 2015**

	<u>Parking Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Revenues From Other Agencies			
FEMA Grant Emergency Generators	\$ -	\$ 66,000	\$ 66,000
Service Charges for Current Services			
Sanitation and Waste Removal			
Sewerage charges	-	2,215,582	2,215,582
Sewer connection charges	-	122,832	122,832
Other revenues	-	29,901	29,901
User benefit fees	-	33,250	33,250
Highway and Streets			
Meter collections	177,279	-	177,279
Lease fees	74,125	-	74,125
Fines and Forfeitures			
Parking	97,175	-	97,175
Miscellaneous			
County share operating expenses and capital repairs	96,052	-	96,052
Miscellaneous	8,576	-	8,576
Total operating revenues	<u>453,207</u>	<u>2,467,565</u>	<u>2,920,772</u>
OPERATING EXPENSES			
Salaries	-	141,106	141,106
Contractual services	-	1,355,001	1,355,001
Transfer to general fund - administrative costs	219,841	241,412	461,253
Supplies	-	2,602	2,602
Utilities	-	13,378	13,378
Depreciation	122,412	63,016	185,428
Amortization	-	24,248	24,248
Maintenance	8,899	70,350	79,249
Compensated absences	2,162	(10,222)	(8,060)
Other	3,829	39,193	43,022
Connection costs	-	122,832	122,832
User benefit fees	-	33,250	33,250
Postage	1,235	-	1,235
Insurance	-	18,857	18,857
Parking fine charges	21,080	-	21,080
Sustainability	-	12,610	12,610
I&I Projects	-	40,286	40,286
Garage operations	56,861	-	56,861
Total operating expenses	<u>436,319</u>	<u>2,167,919</u>	<u>2,604,238</u>
Operating income	<u>16,888</u>	<u>299,646</u>	<u>316,534</u>
Non-Operating Revenue (Expenses)			
Investment income	9	414	423
Investment expenses	(17,971)	(29,281)	(47,252)
Net non-operating expenses	<u>(17,962)</u>	<u>(28,867)</u>	<u>(46,829)</u>
INCREASE (DECREASE) IN NET POSITION BEFORE CONTRIBUTIONS	(1,074)	270,779	269,705
CAPITAL CONTRIBUTION FROM LOAN PROCEEDS	-	84,902	84,902
INCREASE (DECREASE) IN NET POSITION	(1,074)	355,681	354,607
NET POSITION, BEGINNING OF PERIOD	<u>2,321,108</u>	<u>861,743</u>	<u>3,182,851</u>
NET POSITION, END OF PERIOD	<u>\$ 2,320,034</u>	<u>\$ 1,217,424</u>	<u>\$ 3,537,458</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, 2015**

	<u>Parking Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sewer charges	\$ -	\$ 2,656,995	\$ 2,656,995
Cash received from parking charges	432,041	-	432,041
Payments to suppliers	(288,063)	(2,282,233)	(2,570,296)
Payments to employees	-	(140,298)	(140,298)
Net cash provided by operating activities	<u>143,978</u>	<u>234,464</u>	<u>378,442</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from note	25,835	569,802	595,637
Cash payment of note principal	(26,952)	(34,668)	(61,620)
Cash payment of bond principal	(73,546)	(83,358)	(156,904)
Interest paid on long-term obligation	(17,975)	(26,559)	(44,534)
Acquisition of capital assets	(25,835)	(602,222)	(628,057)
Net cash (used in) financing activities	<u>(144,308)</u>	<u>(177,005)</u>	<u>(295,478)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>9</u>	<u>414</u>	<u>423</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(321)	57,873	83,387
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>20,673</u>	<u>144,065</u>	<u>164,738</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 20,352</u>	<u>\$ 201,938</u>	<u>\$ 222,290</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 16,888	\$ 299,646	\$ 316,534
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation and amortization	136,991	87,264	224,255
Effects of changes in operating assets and liabilities:			
Accounts receivable	72,799	(51,853)	20,946
Due from other funds	(82,672)	241,309	158,637
Accounts payable	(2,153)	(331,654)	(333,807)
Due to other funds	-	-	-
Unearned revenue	(37)	(26)	(63)
Compensated absences payable	<u>2,162</u>	<u>(10,222)</u>	<u>(8,060)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 143,978</u>	<u>\$ 234,464</u>	<u>\$ 378,442</u>

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

TOWN OF BEL AIR, MARYLAND

**Statement of Fiduciary Net Position
June 30, 2015**

ASSETS

Cash and cash equivalents	\$	451,770
Investments:		
Mutual funds		11,317,594
Fiscal agents		<u>365,299</u>
Total assets		<u>12,134,663</u>

LIABILITIES

Accounts payable		<u>12,095</u>
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NET POSITION

Held in trust for pension benefits	\$	<u>12,122,568</u>
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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, 2015**

ADDITIONS

Contributions:

Employer contributions	\$ 428,486
Employee contributions	<u>390,604</u>
Total contributions	819,090

Investment gain:

Net increase in the fair value of investments	<u>502,809</u>
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Total additions	<u>1,321,899</u>
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DEDUCTIONS

Benefit payments	697,384
Contractual services	<u>76,696</u>

Total deductions	<u>774,080</u>
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CHANGE IN NET POSITION	547,819
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NET POSITION HELD IN TRUST FOR PENSION BENEFITS:

BEGINNING OF YEAR	<u>11,574,749</u>
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END OF YEAR	<u><u>\$ 12,122,568</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2015

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, 2015

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, 2015

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, 2015, amounted to \$125,270. 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 2015, the personal property tax rate was \$1.10 per \$100 of assessed value and the real property tax rate was \$.50 per \$100 of assessed value.

Restricted Assets

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

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets

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

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

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

Loan Receivable – The John Carroll School

On December 29, 2014, the Town of Bel Air and The John Carroll School signed a loan agreement in the amount of \$84,902. The amount was advanced by the Town on behalf of the School to pay its 50% share to construct a new sanitary sewer main that replaced the existing 15" sanitary sewer main. The interest rate is 2.29% with principal and interest payable semi-annually on June 29 and December 29 which will continue until December 29, 2019.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. In the governmental fund financial statements, the face amount of the debt issued is reported as other financing sources.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Accumulated Unpaid Vacation, Sick, Compensatory Pay and OPEB

As of June 30, 2015, the liability for Town employees for accrued vacation, sick and compensatory leave and OPEB was \$434,442, \$335,841, \$52,003, and \$209,578, respectively, based on the salary and wage rates in effect at the end of the fiscal year.

Encumbrances

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

Use of Estimates in Preparing Financial Statements

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

Net Position

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

Invested in capital assets, net of related debt – 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, 2015

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.

Restatement of Net Position

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"). GASB 68 established standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers. The requirements of GASB 68 were effective for fiscal years beginning after June 15, 2014. The implementation of GASB 68 by the Town required a restatement of the prior year net position to recognize the Town's net pension liability (NPL), the liability to employees for benefits provided through the Town's two pension plans. The Town's NPL of \$3,769,301 was measured as of June 30, 2014, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. A restatement to recognize the NPL decreased the Town's beginning net position from \$12,802,490 to \$8,938,620. Before this restatement, the Town's government-wide financial statements did not reflect the liability.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

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. The summary of the \$5,880,549 difference is as follows:

Harford County Liquor Board	\$	7,368
Equipment/vehicle obligations		659,780
Compensated absences/OPEB		950,200
Net pension liability		3,671,781
Bel Air High School auditorium		245,894
33-37 South Main Street		345,526
		<hr/>
Total	\$	<u>5,880,549</u>

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 \$77,449 difference is found on page 25.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

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	\$ 12,310,179	\$ 261,827	\$ 12,184,809	\$ 387,197
Current year encumbrances	-	-	(1,457,922)	1,457,922
Prior year encumbrances	-	-	1,173,036	(1,173,036)
	<u>\$ 12,310,179</u>	<u>\$ 261,827</u>	<u>\$ 11,899,923</u>	<u>\$ 672,083</u>
GAAP basis	<u>\$ 12,310,179</u>	<u>\$ 261,827</u>	<u>\$ 11,899,923</u>	<u>\$ 672,083</u>

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.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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.

A. Cash on hand

At year-end, cash on hand for petty cash and change funds was \$2,020.

B. Deposits

At year-end, the carrying amount of the Town's bank deposits was \$1,137,872, and the bank balance was \$1,313,959 which was totally covered by federal deposit insurance. The deposits of the Town were not exposed to custodial credit risk as of June 30, 2015.

C. Cash equivalents

As of June 30, 2015, the Town's cash equivalents consisted of money market funds held by the Maryland Local Government Investment Pool totaling \$2,409,274.

Investments

Investments consist of Certificates of Deposit with varying maturities and interest rates ranging from .35% to 1.50% which are all covered by federal deposit insurance. Investments have maturities between July 2015 through September 2017.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 5 – CASH AND INVESTMENTS (CONTINUED)

<u>Investment Type</u>	<u>Fair Value</u>	Investment Maturities (in Years)		
		<u>Less than 1 Year</u>	<u>1 to 2</u>	<u>2 to 3</u>
Certificates of Deposit	<u>\$ 3,565,500</u>	<u>\$ -</u>	<u>\$3,330,500</u>	<u>\$ 235,000</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, 2015, met the Town's investment policy as of that date. Investment income includes the following for the year ended June 30, 2015:

Net interest and dividends - governmental activities \$ 30,504

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, 2015, 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.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 5 – CASH AND INVESTMENTS (CONTINUED)

Pension Investments

As of June 30, 2015, 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.

	<u>Sworn Officers Pension Trust</u>	<u>Civilian Pension Trust</u>	<u>Weighted Average Maturity</u>
T. Rowe Price			
New Income Fund	\$ 1,302,484	\$ 1,347,879	7.68 years
Short-term Bond Fund	523,747	537,923	2.45 years

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

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.

NOTE 6 – CHANGES IN CAPITAL ASSETS

Additions and disposals of fixed capital assets during the year ended June 30, 2015, are shown below:

	<u>Balance July 1, 2014</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Ending Balance June 30, 2015</u>
Governmental Activities				
Land – not being depreciated	\$ 4,641,308	\$ -	\$ -	\$ 4,641,308
Buildings and improvements	4,843,757	157,994	3,060	4,998,691
Infrastructure	769,039	80,861	-	849,900
Machinery and equipment	991,326	114,229	63,900	1,041,655
Furniture and fixtures	1,190,152	42,814	-	1,232,966
Vehicles	2,615,949	233,064	77,138	2,771,875
Total	<u>15,051,531</u>	<u>628,962</u>	<u>144,098</u>	<u>15,536,395</u>
Less – accumulated depreciation	5,296,696	551,513	86,613	5,761,596
Capital assets, net	<u>\$ 9,754,835</u>	<u>\$ 77,449</u>	<u>\$ 57,485</u>	<u>\$ 9,774,799</u>

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements
June 30, 2015

NOTE 6 – CHANGES IN CAPITAL ASSETS (CONTINUED)

	<u>Balance July 1, 2014</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Ending Balance June 30, 2015</u>
Proprietary Funds				
Parking fund:				
Land not being depreciated	\$ 777,518	\$ -	\$ -	\$ 777,518
Parking improvements	404,596	-	-	404,596
Garage	3,126,190	-	-	3,126,190
Parking vehicle	43,226	25,835	14,579	54,482
Equipment	2,265	-	-	2,265
	<u>4,353,795</u>	<u>25,835</u>	<u>14,579</u>	<u>4,365,051</u>
Sewer fund:				
Sewer pipes and storm drain	1,205,777	474,722	-	1,680,499
Equipment	228,566	127,500	-	356,066
Vehicle	310,936	-	-	310,936
	<u>1,745,279</u>	<u>602,222</u>	<u>-</u>	<u>2,347,501</u>
Total	6,099,074	628,057	14,579	6,712,552
Less – accumulated depreciation	2,705,008	185,428	14,579	2,875,857
Capital assets, net	<u>\$ 3,394,066</u>	<u>\$ 442,629</u>	<u>\$ -</u>	<u>\$ 3,836,695</u>

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

General government	\$ 245,467
Public safety	81,985
Public works	<u>224,061</u>
Total depreciation expense – governmental activities	<u>\$ 551,513</u>

As of June 30, 2015, accumulated depreciation for the parking fund and sewer fund amounted to \$1,738,738 and \$1,137,119, respectively. Depreciation expense for the year ended June 30, 2015, amounted to \$122,412 in the parking fund and \$63,016 in the sewer fund.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – NON-CURRENT LIABILITIES

Non-current liability transactions of the Town for the year ended June 30, 2015, are presented below.

	<u>Balance July 1, 2014</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Ending Balance June 30, 2015</u>	<u>Due Within One Year</u>
Governmental activities					
Liquor Control Board employees' retirement system obligation	\$ 8,342	\$ -	\$ 974	\$ 7,368	\$ -
Equipment/vehicle notes	585,478	261,827	187,525	659,780	149,805
Accrued vacation, sick and compensatory leave/OPEB	930,516	52,771	33,087	950,200	-
Net pension liability	3,769,301	330,966	428,486	3,671,781	-
G.O. Bond 2008A BAHS Auditorium	219,888	-	52,291	167,597	54,037
G.O. Bond 2008B BAHS Auditorium	250,673	-	250,673	-	-
G.O. Bond 2009A BAHS Auditorium	128,158	-	49,861	78,297	51,757
G.O. Bond 2012A 33-37 S. Main St	394,456	-	48,930	345,526	50,012
Total governmental activities liabilities	<u>\$ 6,286,812</u>	<u>\$ 645,564</u>	<u>\$ 1,051,827</u>	<u>\$ 5,880,549</u>	<u>\$ 305,611</u>

	<u>Balance July 1, 2014</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Ending Balance June 30, 2015</u>	<u>Due Within One Year</u>
Business-type activities					
Parking Fund:					
Parking garage bond, 2007	\$ 313,475	\$ -	\$ 73,546	\$ 239,929	\$ 76,672
Parking garage repairs bond, 2013	244,288	-	25,162	219,126	25,637
Parking jeep note	-	25,835	1,790	24,045	3,517
Accrued vacation, sick and compensatory leave / OPEB	21,227	2,162	-	23,389	-
Total parking fund debt	<u>578,990</u>	<u>27,997</u>	<u>100,498</u>	<u>506,489</u>	<u>105,826</u>
Sewer Fund:					
Infrastructure Bond 2006 Series A:					
20 year note	293,500	-	24,000	269,500	25,000
Stoneleigh Sewer Bond, 2010	25,451	-	16,828	8,623	8,623
Sewer Fund CIP/I&I Services Bond, 2013A	507,572	-	42,530	465,042	43,257
Sewer I&I Services/Main Replace. Bond, 2015	-	569,802	28,781	541,021	51,498
Sewer van and pick-up truck note	41,288	-	5,887	35,401	6,049
Accrued vacation, sick and compensatory leave / OPEB	68,496	-	10,222	58,274	-
Total sewer fund debt	<u>936,307</u>	<u>569,802</u>	<u>128,248</u>	<u>1,377,861</u>	<u>134,427</u>
Total business-type activities liabilities	<u>\$ 1,515,297</u>	<u>\$ 597,799</u>	<u>\$ 228,746</u>	<u>\$ 1,884,350</u>	<u>\$ 240,253</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – NON-CURRENT LIABILITIES (CONTINUED)

A. Governmental Activities

Bonds Payable

On February 8, 2008, the Town issued a \$500,000 "Town of Bel Air Auditorium Bond, 2008A" to M&T Bank with an interest rate of 3.31%. On January 2, 2008, the Town approved a revised memorandum of Understanding (MOU) with Harford County concerning the new Bel Air High School Auditorium. In this MOU, the Town agreed to contribute a total of \$1,500,000 to the County to increase the number of seats from 540 to 800 and construct other enhancements. The final payment to the County may be reduced if the project costs are less than anticipated. Using the bond proceeds, the Town made its first contribution to the County on February 8, 2008 in the amount of \$424,684 and reimbursed itself the remaining \$75,316 for expenses paid for design and consultation services for the theater. Principal and interest is payable semi-annually on August 7 and February 7 and will continue until February, 2018.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 54,037	\$ 5,103	\$ 59,140
2017	55,840	3,300	59,140
2018	57,720	1,436	59,156
Total	<u>\$ 167,597</u>	<u>\$ 9,839</u>	<u>\$ 177,436</u>

On December 8, 2009, the Town issued a \$329,095, "Town of Bel Air Auditorium Bond, 2009A" to M&T Bank with an interest rate of 4.01%. On January 2, 2008, the Town approved a revised memorandum of Understanding (MOU) with Harford County concerning the new Bel Air High School Auditorium. In this MOU, the Town agreed to contribute a total of \$1,500,000 to the County to increase the number of seats from 540 to 800 and construct other enhancements. The final payment to the County may be reduced if the project costs are less than anticipated. Using the bond proceeds, the Town made its third and final contribution to the County on December 8, 2009 in the amount of \$285,895 and reimbursed itself the remaining \$43,200 for expenses paid for design and consultation services for the theater. Principal and interest is payable semi-annually on June 8 and December 8 and will continue until December, 2016.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 51,757	\$ 2,631	\$ 54,388
2017	26,540	534	27,074
Total	<u>\$ 78,297</u>	<u>\$ 3,165</u>	<u>\$ 81,462</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – NON-CURRENT LIABILITIES (CONTINUED)

A. Governmental Activities (Continued)

Bonds Payable (Continued)

On March 19, 2012, the Town issued a \$515,000 “Town of Bel Air 33-37 South Main Street Bond, 2013” to PNC Bank, National Association with an interest rate of 2.20% for the public purpose of providing a portion of the funds necessary for the purchase of properties located at 33-37 South Main Street. Principal and interest is payable semi-annually on June 30 and December 30 and will continue until December, 2021.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 50,012	\$ 7,328	\$ 57,340
2017	51,119	6,222	57,341
2018	52,250	5,091	57,341
2019	53,406	3,935	57,341
2020	54,587	2,754	57,341
2021 – 2023	84,152	1,858	86,010
Total	<u>\$ 345,526</u>	<u>\$ 27,188</u>	<u>\$ 372,714</u>

The Town has entered into several notes for the acquisition of capital equipment and vehicles. The interest rates on these notes range from 1.88% to 4.23% with maturity dates from August 9, 2014 to August 15, 2021. Obligations under the plan provide for minimum payments, as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 149,805	\$ 12,669	\$ 162,474
2017	126,639	9,707	136,346
2018	129,196	7,149	136,345
2019	111,905	4,540	116,445
2020	74,595	2,439	77,034
2021-2022	67,640	1,241	68,881
Total	<u>\$ 659,780</u>	<u>\$ 37,745</u>	<u>\$ 697,525</u>

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

In consideration of the immediate refund of the Town’s investment of \$25,550 in the Liquor Dispensary System, the Town agreed during the year ended June 30, 1983, to share in the liquidation of the accrued liability for the retirement system of the employees of the Harford County Liquor Board. This agreement requires the Town to pay \$1,529 for the next 37 years to the Harford County Liquor Control Board. The present value of this liability, \$7,368, has been reflected in the governmental activities noncurrent liabilities in the Statement of Net Position.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – NON-CURRENT LIABILITIES (CONTINUED)

B. Business-type Activities

Bonds Payable

On May 1, 2006, the Town of Bel Air entered into an agreement with Harford County, Maryland to borrow \$803,569 at an annual interest rate of 4.25%. The proceeds of the bond were used to refinance the parking garage debt.

The bond was issued in conjunction with a Joint Use and Lease Agreement of the public parking garage at Courtland Street and Hickory Avenue in the Town between Harford County, Maryland and the Town. The County and the Town continue to own 67.2% and 32.8%, respectively, of the garage. The Town continues to operate and maintain the garage, and the County will be responsible for reimbursing the Town for 67.2% of those costs.

Principal and interest are payable in twelve annual installments each June 30 through June 30, 2018.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 76,672	\$ 10,197	\$ 86,869
2017	79,930	6,938	86,868
2018	83,327	3,541	86,868
Total	<u>\$ 239,929</u>	<u>\$ 20,676</u>	<u>\$ 260,605</u>

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>
2016	\$ 25,637	\$ 3,989	\$ 29,626
2017	26,109	3,517	29,626
2018	26,612	3,014	29,626
2019	27,114	2,512	29,626
2020	27,624	2,002	29,626
2021-2023	86,030	2,847	88,877
	<u>\$ 219,126</u>	<u>\$ 17,881</u>	<u>\$ 237,007</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – NON-CURRENT LIABILITIES (CONTINUED)

B. Business-type Activities (Continued)

Bonds Payable (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 25,000	\$ 12,058	\$ 37,058
2017	26,000	10,995	36,995
2018	27,500	9,890	37,390
2019	28,500	8,686	37,186
2020	29,500	7,440	36,940
2021-2025	133,000	14,686	147,686
Total	<u>\$ 269,500</u>	<u>\$ 63,755</u>	<u>\$ 333,255</u>

On April 8, 2009, the Town of Bel Air issued a \$109,900 “Town of Bel Air Stoneleigh Sewer Bond, 2009” to Harford Bank with an interest rate of 3.25% for the public purpose of providing a portion of the funds needed for the repairs to the Stoneleigh Sanitary Sewer System. Principal and interest is payable semi-annually on June 15 and December 15 and will continue until December 15, 2015.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 8,623	\$ 142	\$ 8,765
Total	<u>\$ 8,623</u>	<u>\$ 142</u>	<u>\$ 8,765</u>

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.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – NON-CURRENT LIABILITIES (CONTINUED)

B. Business-type Activities (Continued)

Bonds Payable (continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 51,498	\$ 12,298	\$ 63,796
2017	52,734	11,062	63,796
2018	53,966	9,831	63,797
2019	55,226	8,570	63,796
2020	56,497	7,300	63,797
2021-2025	271,100	15,987	287,087
	<u>\$ 541,021</u>	<u>\$ 65,048</u>	<u>\$ 606,069</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 43,257	\$ 7,762	\$ 51,019
2017	43,994	7,024	51,018
2018	44,746	6,273	51,019
2019	45,510	5,509	51,019
2020	46,286	4,732	51,018
2021-2025	241,249	11,530	252,779
	<u>\$ 465,042</u>	<u>\$ 42,830</u>	<u>\$ 507,872</u>

Notes Payable

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

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 7 – NON-CURRENT LIABILITIES (CONTINUED)

B. Business-type Activities (Continued)

Bonds Payable (continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,049	\$ 929	\$ 6,978
2017	6,216	762	6,978
2018	6,387	591	6,978
2019	6,563	414	6,977
2020	6,745	233	6,978
2021-2022	3,441	47	3,488
	<u>\$ 35,401</u>	<u>\$ 2,976</u>	<u>\$ 38,377</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,517	\$ 441	\$ 3,958
2017	3,584	374	3,958
2018	3,652	306	3,958
2019	3,722	236	3,958
2020	3,793	165	3,958
2021-2022	5,777	111	5,888
	<u>\$ 24,045</u>	<u>\$ 1,633</u>	<u>\$ 25,678</u>

Total interest expense on long-term liabilities was \$87,383.

NOTE 8 – CONDUIT DEBT OBLIGATIONS

In 2007, the Town of Bel Air issued \$4.5 million in Economic Development Revenue Bonds pursuant to the Maryland Economic Development Revenue Bond Act to assist The Harford Day School, Incorporated in financing or refinancing the costs constructing a two-story addition to the school's existing field house, roof replacement for the library, improvements to the HVAC system controls and fire alarm systems, installations of a geothermal heating system, acquisition of a new phone system, miscellaneous classroom improvements, and acquisition of furnishings, fixtures and equipment in connection with the foregoing, and landscaping, roads, or other rights of access. The Town is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The principal balance of the bonds as of June 30, 2015, is \$3,730,000.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2015

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, 2015, the plan assets at fair market value were \$365,299.

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, 2015, plan assets at fair value totaled \$5,975,405.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 9 – PENSION PLANS (CONTINUED)

For 2015, the pension contribution was determined to be \$221,424. This contribution represents 8.22% of estimated payroll and reflects a 30-year amortization of the unfunded actuarial liability. The required contribution was determined as part of the July 1, 2014 actuarial valuation using the projected unit credit actuarial cost method.

Membership of the Plan

The membership consisted of the following as of July 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	16
Terminated Plan members entitled to but not yet receiving benefits	6
Active Plan members	53
	<u>75</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, 2015 is as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Assumed Rate of Return</u>
Equities:	65%	5.94%
Fixed Income:	32%	2.69%
Cash and Equivalents:	3%	0.81%
 Total Weighted Average Real Return	 100%	 4.75%
 Plus Inflation		 3.00%
Total Return w/o Adjustment		7.75%
Risk Adjustment		-0.25%
Total Expected Return		<u>7.50%</u>

The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases of 4.0% and (c) rates of mortality, termination of service, disablement and retirement based on RP-2000 Combined Healthy Table. The actual contribution by the members was \$168,370. The Town's contribution for the year ended June 30, 2015 was \$248,724. As of June 30, 2015, there were 59 current employee participants in the Plan. A participant is fully vested after five years.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 9 – PENSION PLANS (CONTINUED)

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

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2015 is as follows:

Total pension liability	\$ 7,770,691
Net position	<u>(5,975,405)</u>
Net pension liability	<u><u>\$ 1,795,286</u></u>

Net position as a percentage of total pension liability is 76.9%.

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 7.5% 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 (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1.0% decrease (6.50%)	Current rate 7.50%	1.0% increase (8.50%)
Net pension liability	<u>\$ 2,704,548</u>	<u>\$ 1,795,286</u>	<u>\$ 1,016,982</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the Town recognized pension expense of \$228,186 for the Plan. As of June 30, 2015, 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	\$ 138,850	\$ -
Differences in actual versus expected experience	-	239,988
Changes in assumptions	-	-
Total	<u><u>\$ 138,850</u></u>	<u><u>\$ 239,988</u></u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 9 – PENSION PLANS (CONTINUED)

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

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

<u>Year ended June 30,</u>	<u>Net Amount of Outflow/(Inflow)</u>
2016	\$ 429
2017	429
2018	429
2019	427
2020	(34,284)
After 2020	(68,568)
Total	<u><u>\$ (101,138)</u></u>

Town of Bel Air, Maryland Sworn Officers' Pension Plan

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

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

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

Funding Policy

The Plan requires active members to contribute to the System at the rate of 11.62% of covered compensation and the Town to contribute 9.7% of the members' covered compensation. Increases in the funding requirements, as determined by an actuary, shall be borne by the active members by adjusting the percent of the members' covered compensation to be contributed. As of June 30, 2015, plan assets at fair value totaled \$5,781,864.

For 2015, the pension contribution was determined to be \$167,259. This contribution represents 9.24% of estimated payroll and reflects a 30-year amortization of the unfunded actuarial liability. The required contribution was determined as part of the July 1, 2014 actuarial valuation using the projected unit credit actuarial cost method.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 9 – PENSION PLANS (CONTINUED)

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

Membership of the Plan

The membership consisted of the following as of July 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	11
Terminated Plan members entitled to but not yet receiving benefits	1
Active Plan members	30
	<u>42</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, 2015 is as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Assumed Rate of Return</u>
Equities:	65%	5.94%
Fixed Income:	32%	2.69%
Cash and Equivalents:	3%	0.81%
 Total Weighted Average Real Return	 100%	 4.75%
 Plus Inflation		 3.00%
Total Return w/o Adjustment		7.75%
Risk Adjustment		-0.25%
Total Expected Return		<u>7.50%</u>

The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases of 4.0% and (c) rates of mortality, termination of service, disablement and retirement based on RP-2000 Combined Healthy Table. The actual contribution by the members was \$222,234. The Town’s contribution for the year ended June 30, 2015 was \$179,762. As of June 30, 2015, there were 31 current employee participants in the Plan. A participant is fully vested after five years.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 9 – PENSION PLANS (CONTINUED)

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

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2015 is as follows:

Total pension liability	\$ 7,658,359
Net position	<u>(5,781,864)</u>
Net pension liability	<u><u>\$ 1,876,495</u></u>

Net position as a percentage of total pension liability is 75.5%.

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 7.5% 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 (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1.0% decrease (6.50%)	Current rate 7.50%	1.0% increase (8.50%)
Net pension liability	<u>\$ 2,728,871</u>	<u>\$ 1,876,495</u>	<u>\$ 1,156,296</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the Town recognized pension expense of \$123,425 for the Plan. As of June 30, 2015, 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	\$ 131,610	\$ -
Differences in actual verses expected experience	-	51,117
Changes in assumptions	-	-
Total	<u><u>\$ 131,610</u></u>	<u><u>\$ 51,117</u></u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

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>
2016	\$ 25,601
2017	25,601
2018	25,601
2019	25,599
2020	(7,302)
After 2020	<u>(14,607)</u>
Total	<u>\$ 80,493</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 9 – PENSION PLANS (CONTINUED)

The financial information for each plan as of and for the year ended June 30, 2015, is summarized as follows:

	<u>As of June 30, 2015</u>		
	<u>Civilian 401 (a) Plan</u>	<u>Civilian Pension Trust</u>	<u>Sworn Officers' Pension Trust</u>
ASSETS			
Cash and equivalents	\$ -	\$ 220,403	\$ 231,367
Investments:			
Mutual funds	-	5,761,150	5,556,444
Fiscal agents	365,299	-	-
Total assets	<u>365,299</u>	<u>5,981,553</u>	<u>5,787,811</u>
LIABILITIES			
Accounts payable	-	6,148	5,947
NET POSITION			
Held in trust for pension benefits	<u>\$ 365,299</u>	<u>\$ 5,975,405</u>	<u>\$ 5,781,864</u>
	<u>For the Year Ended June 30, 2015</u>		
	<u>Civilian 401 (a) Plan</u>	<u>Civilian Pension Trust</u>	<u>Sworn Officers' Pension Trust</u>
ADDITIONS			
Contributions			
Employer contributions	\$ -	\$ 248,724	\$ 179,762
Employee contributions	-	168,370	222,234
Total contributions	-	417,094	401,996
Investment gain:			
Net increase in the fair value of investr	5,519	250,391	246,899
Total additions	<u>5,519</u>	<u>667,485</u>	<u>648,895</u>
DEDUCTIONS			
Benefit payments	43,614	338,437	315,333
Contractual services	-	39,481	37,215
Total deductions	<u>43,614</u>	<u>377,918</u>	<u>352,548</u>
CHANGE IN NET POSITION	(38,095)	289,567	296,347
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:			
BEGINNING OF YEAR	<u>403,394</u>	<u>5,685,838</u>	<u>5,485,517</u>
END OF YEAR	<u>\$ 365,299</u>	<u>\$ 5,975,405</u>	<u>\$ 5,781,864</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

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 plan in the Town’s financial statements.

NOTE 10 – INTERFUND RECEIVABLES AND PAYABLES

	General Fund	Special Revenue Fund	Sewer Fund	Parking Fund	Total
Due from Other Funds:					
General Fund	\$ -	\$ 275,942	\$ 840,869	\$ 163,123	\$ 1,279,934
Sewer Fund	-	13,536	-	15	13,551
Total	\$ -	\$ 289,478	\$ 840,869	\$ 163,138	\$ 1,293,485
Due to Other Funds:					
Sewer Fund	\$ 840,869	\$ -	\$ -	\$ -	\$ 840,869
Parking Fund	163,123	-	15	-	163,138
General Fund	-	-	-	-	-
Special Revenue Fund	275,942	-	13,536	-	289,478
Total	\$ 1,279,934	\$ -	\$ 13,551	\$ -	\$ 1,293,485

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

NOTE 11 – OTHER POST RETIREMENT 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, 2015, was \$26,914 for the five retired employees participating in the Plan and receiving benefits.

Funding Policy

The Town has not yet established a formal policy nor has it restricted any funds for the plan. The Town is currently paying the retirees’ healthcare costs on a “pay-as-you-go” basis.

Annual Costs and Net Obligations

In accordance with the requirements of GASB Statement No. 45, the portion of the unfunded Annual Required Contribution, as determined by actuaries, had been recorded as an expense and is included in accrued liabilities on the Town’s government wide financial statements.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
July 1, 2008	\$ -	\$ 722,588	\$ 722,588	0.00%	\$ 4,752,123	15.21%
July 1, 2011	-	765,532	765,532	0.00%	4,624,518	16.55%
July 1, 2014	-	824,285	824,285	0.00%	4,570,495	18.03%

The annual required contribution for the Other Post Employment Benefits is as follows:

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2015	\$ 62,149	\$ 26,914	43.31%
2014	60,000	34,543	57.57%
2013	60,000	27,216	45.36%
2012	60,000	26,174	43.62%
2011	60,000	17,735	29.56%
2010	60,000	21,106	35.18%

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2015**

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

NOTE 13– SPECIAL REVENUE FUND BALANCE

As of June 30, 2015, the Special Revenue Fund was designated for the following purposes:

Governmental Funds

Nonspendable:

Auxillary Police	\$ 259	
Total Nonspendable		\$ 259

Restricted:

Community Legacy Grant	50,043	
Total Restricted		50,043

Committed:

Tree planting – fee in lieu	1,347	
Tree planting – forest conservation	6,610	
Revolving loan fund	73,226	
Seized property	12,503	
Open space fee in lieu	8,450	
Stormwater management - fee in lieu	47,027	
Total Committed		149,163

Assigned:

Public amenity – gardens/park/art	34,982	
Cultural arts, sculpture	-	
Cultural arts	11,888	
Larew book	263	
Comprehensive plan	12	
Empty cartridges	295	
Explorer scouts	6,906	
Auxiliary police	13,883	
Historic preservation	219	
Total Assigned		68,448

Total fund balance \$ 267,913

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2015

NOTE 14 – RELATED PARTY

The Town purchased various supplies and goods from a local business owned and operated by one of the Town Commissioners in the amount of \$4,786 during the year ended June 30, 2015.

NOTE 15 – 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 16 – 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.

NOTE 17 – SUBSEQUENT EVENTS

On August 7, 2015, the Town paid off the Town of Bel Air Auditorium Bond, 2008A in the amount of \$170,393.54 without any prepayment penalty. The interest rate was 3.31%, and the original maturity was February 7, 2018. The payoff was a planned expenditure and budgeted from the unassigned fund balance in fiscal year 2016.

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 Town has not made a contribution to the Trust as of yet.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BEL AIR, MARYLAND

**Schedule of Funding Progress and Contribution- OPEB
June 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
July 1, 2008	\$ -	\$ 722,588	\$ 722,588	0.00%	\$ 4,752,123	15.21%
July 1, 2011	-	765,532	765,532	0.00%	4,624,518	16.55%
July 1, 2014	-	824,285	824,285	0.00%	4,570,495	18.03%

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 62,149	\$ 26,914	43.31%
2014	60,000	34,543	57.57%
2013	60,000	27,216	45.36%
2012	60,000	26,174	43.62%
2011	60,000	17,735	29.56%
2010	60,000	21,106	35.18%

TOWN OF BEL AIR, MARYLAND

**Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios
June 30, 2015**

	Civilian	
	<u>2015</u>	<u>2014</u>
Total pension liability		
Service Cost: Retirement benefits Administration	\$ 226,439	\$ 231,098
Interest	554,161	539,426
Differences between expected and actual experiences	(274,272)	-
Benefit payments, including refunds of member contributions, death, & terminations	<u>(338,437)</u>	<u>(253,354)</u>
Net changes in total pension liability	167,891	517,170
Total pension liability - beginning	<u>7,602,800</u>	<u>7,085,630</u>
Total pension liability - ending (a)	<u><u>\$ 7,770,691</u></u>	<u><u>\$ 7,602,800</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 248,724	\$ 254,690
Contributions - member	168,370	137,625
Net investment income	250,391	823,039
Receipts of In-kind	-	-
Benefit payments, including refunds of member contributions	(338,437)	(253,354)
Administrative expense	<u>(39,481)</u>	<u>(39,113)</u>
Net changes in plan fiduciary net position	289,567	922,887
Plan fiduciary net positions - beginning	<u>5,685,838</u>	<u>4,762,951</u>
Plan fiduciary net positions - ending (b)	<u><u>\$ 5,975,405</u></u>	<u><u>\$ 5,685,838</u></u>
Town's net pension - liability - ending (a) - (b)	\$ 1,795,286	\$ 1,916,962
Plan fiduciary net position as a percentage of total pension liability	76.90%	74.79%
Covered employee payroll	\$ 2,634,202	\$ 2,495,671
Net liability as a percentage of covered payroll	68.15%	76.81%
Annual money-weighted rate of return, net of investment expense	4.40%	17.20%

Notes to schedule:

This information is not available for previous years

TOWN OF BEL AIR, MARYLAND

**Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios
June 30, 2015**

Sworn Officers		
	<u>2015</u>	<u>2014</u>
Total pension liability		
Service Cost: Retirement benefits Administration	\$ 148,752	\$ 142,101
Interest	545,503	522,365
Differences between expected and actual experiences	(58,419)	-
Benefit payments, including refunds of member contributions, death, & terminations	<u>(315,333)</u>	<u>(293,451)</u>
Net changes in total pension liability	320,503	371,015
Total pension liability - beginning	<u>7,337,856</u>	<u>6,966,841</u>
Total pension liability - ending (a)	<u><u>\$ 7,658,359</u></u>	<u><u>\$ 7,337,856</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 179,762	\$ 171,769
Contributions - member	222,234	190,035
Net investment income	246,899	800,388
Receipts of In-kind	-	-
Benefit payments, including refunds of member contributions	(315,333)	(293,451)
Administrative expense	<u>(37,215)</u>	<u>(37,599)</u>
Net changes in plan fiduciary net position	296,347	831,142
Plan fiduciary net positions - beginning	<u>5,485,517</u>	<u>4,654,375</u>
Plan fiduciary net positions - ending (b)	<u><u>\$ 5,781,864</u></u>	<u><u>\$ 5,485,517</u></u>
Town's net pension - liability - ending (a) - (b)	\$ 1,876,495	\$ 1,852,339
Plan fiduciary net position as a percentage of total pension liability	75.50%	74.76%
Covered employee payroll	\$ 1,912,365	\$ 1,396,968
Net liability as a percentage of covered payroll	98.12%	132.60%
Annual money-weighted rate of return, net of investment expense	4.50%	17.20%

Notes to schedule:

This information is not available for previous years

TOWN OF BEL AIR, MARYLAND

**Schedule of Civilian Employees Pension Plan Employer Contributions
June 30, 2015**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 221,424	\$ 318,255
Contributions in relation to the actuarially determined contributions	<u>(248,724)</u>	<u>(254,426)</u>
Contributions deficiency (excess)	<u>\$ (27,300)</u>	<u>\$ 63,829</u>
Covered employee payroll	\$ 2,634,202	\$ 2,495,671
Contributions as a percentage of covered employee payroll	9.44%	10.19%

Notes to schedule

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2014,
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	7.50%
Mortality	RP-2000 Combined Healthy Mortality Table for Males and Females
Turnover	T4
Salary Scale	4.0% increases per year
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:

This information is not available for previous years.

TOWN OF BEL AIR, MARYLAND

**Schedule of Sworn Officers Pension Plan Employer Contributions
June 30, 2015**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 167,259	\$ 215,712
Contributions in relation to the actuarially determined contributions	<u>(179,762)</u>	<u>(171,769)</u>
Contributions deficiency (excess)	<u>\$ (12,503)</u>	<u>\$ 43,943</u>
Covered employee payroll	\$ 1,912,365	\$ 1,396,968
Contributions as a percentage of covered employee payroll	9.40%	12.30%

Notes to schedule

Valuation Date

Actuarially determined contributions rates are calculated as of July 1, 2014,
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	7.50%
Mortality	RP-2000 Combined Healthy Mortality Table for Males and Females
Turnover	T4
Salary Scale	4.0% increases per year
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:

This information is not available for previous years.

SUPPLEMENTARY INFORMATION

TOWN OF BEL AIR, MARYLAND

**Schedule of Cash and Cash Equivalents - General Fund
June 30, 2015**

UNRESTRICTED

M&T Bank		
Checking		\$ 25,115
Payroll		1,000
Harco Maryland Federal Credit Union		
Savings		6
TD Bank		
Savings		222,663
Baltimore County Savings Bank		
Money market		5
PeoplesBank		
Money market		582
SunTrust Bank		
Money market		249,584
Susquehanna Bank		
Money market		13,125
Wells Fargo		
Money market		71,931
Freedom Federal Credit Union		
Money market		242,760
Change fund		
		1,450
PNC Bank		
Local government investment pool		2,332,246
TOTAL UNRESTRICTED CASH		<u>\$ 3,160,467</u>

RESTRICTED

BB&T Bank		
Turner escrow		\$ 1,278
Harford Bank		
Savings		7,333
PNC National Association		
Money Market		80,770
PNC Bank		
Local Government Investment Pool - 612 Rockspring Road		4,849
TOTAL RESTRICTED CASH		<u>\$ 94,230</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes - Local				
Real property	\$ 6,720,902	\$ 6,614,060	\$ 6,620,655	\$ 6,595
Half-year real property	2,274	2,274	3,156	882
Personal property	10,000	10,000	5,012	(4,988)
Railroads and public utilities	350,000	370,000	370,672	672
Ordinary business corporations	550,000	550,000	505,657	(44,343)
Penalties and interest	35,000	35,000	55,121	20,121
<u>Deductions</u>				
Discounts allowed on taxes	(50,000)	(50,000)	(50,337)	(337)
Net local taxes	7,618,176	7,531,334	7,509,936	(21,398)
Taxes - State Shared				
Highway	339,631	339,631	342,768	3,137
Income taxes	1,304,000	1,374,000	1,634,160	260,160
Admission and amusement	34,000	34,000	45,770	11,770
Total taxes - state shared	1,677,631	1,747,631	2,022,698	275,067
Licenses and Permits				
<u>Business</u>				
Beer, wine and liquor	5,000	5,000	6,405	1,405
Traders	65,000	65,000	65,321	321
<u>Other Licenses and Permits</u>				
Building and equipment	20,000	28,000	40,261	12,261
Total - licenses and permits	90,000	98,000	111,987	13,987
Revenue from Other Agencies				
<u>Grants from State Government</u>				
Police protection	231,341	231,341	225,267	(6,074)
FEMA Grant	-	-	(18,098)	(18,098)
<u>Grants from the Federal Government</u>				
Bulletproof vest grant	1,425	-	2,838	2,838
<u>Grants from County Government</u>				
Financial corporations	8,458	8,458	8,458	-
Tax rebate	1,133,357	1,133,357	1,133,357	-
Traffic grants	15,000	15,000	18,111	3,111
Total - revenue from other agencies	1,389,581	1,388,156	1,369,933	(18,223)
Service Charges for Current Services				
<u>General Government</u>				
MAWC well fees	16,000	16,000	14,536	(1,464)
Bel Air Reckord Armory fees	65,000	65,000	82,235	17,235
Finance fees	27,500	27,500	25,441	(2,059)
Zoning and subdivision fees	10,000	10,000	12,257	2,257

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES (continued)				
Service Charges for Current Services (continued)				
<u>General Government (Continued)</u>				
Maps and publication fees	\$ 100	\$ 100	\$ 25	\$ (75)
MD homebuilder guaranty fund	1,300	1,300	250	(1,050)
<u>Sanitation and Waste Removal</u>				
Sewer fund administrative fee	260,695	260,695	241,412	(19,283)
<u>Public Service Enterprises</u>				
Parking fund administrative fee	224,913	224,913	219,841	(5,072)
Reimbursement for police services	30,600	30,600	22,679	(7,921)
Police reports	1,200	1,200	1,065	(135)
Total - service charges for current services	<u>637,308</u>	<u>637,308</u>	<u>619,741</u>	<u>(17,567)</u>
Fines				
Traffic signal camera	397,500	367,500	403,319	35,819
False alarm	6,000	6,000	6,687	687
Total - fines	<u>403,500</u>	<u>373,500</u>	<u>410,006</u>	<u>36,506</u>
Miscellaneous				
Interest	18,000	18,000	30,504	12,504
Hearing and ad reimbursement	200	200	1,388	1,188
Cable TV franchise	155,000	155,000	162,907	7,907
Police and DPW overtime reimbursement	9,000	9,000	14,357	5,357
Rental income - Tenant house	350	350	608	258
Seized property	2,000	2,000	4,590	2,590
Equipment/vehicle sale proceeds	26,250	26,250	19,047	(7,203)
Miscellaneous	9,000	34,000	32,477	(1,523)
Total - miscellaneous	<u>219,800</u>	<u>244,800</u>	<u>265,878</u>	<u>21,078</u>
TOTAL REVENUES	<u>\$ 12,035,996</u>	<u>\$ 12,020,729</u>	<u>\$ 12,310,179</u>	<u>\$ 289,450</u>
EXPENDITURES				
General Government				
<u>Legislative</u>				
Commissioners				
Salaries	\$ 25,200	\$ 25,200	\$ 25,200	\$ -
Operating expenses	18,540	18,540	11,669	6,871
<u>Town Clerk</u>				
Salaries	250,301	250,301	248,444	1,857
Operating expenses	45,470	41,770	34,000	7,770
Salary study	-	-	(15,000)	15,000
<u>Executive</u>				
Town Administrator				
Salaries	110,107	113,107	111,448	1,659
Operating expenses	28,068	28,068	30,339	(2,271)
Transfer to Capital Reserve	30,000	30,000	-	30,000
<u>Elections</u>				
Registration and Election				
Operating expenses	-	-	-	-

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (continued)				
General Government (continued)				
<u>Finance</u>				
Salaries	\$ 237,546	\$ 232,546	\$ 230,131	\$ 2,415
Operating expenses	27,043	26,015	20,752	5,263
GASB pension review	11,500	11,500	6,800	4,700
Independent auditing	16,986	16,986	16,986	-
<u>Law</u>				
Legal Counsel				
Operating expenses	45,000	45,000	32,832	12,168
<u>Planning and Zoning</u>				
Salaries	291,983	281,983	280,513	1,470
Operating expenses	84,162	94,383	78,999	15,384
Traffic Study Rt. 1/Rt. 24	45,000	45,000	37,978	7,022
<u>Economic Development</u>				
Salaries	200,070	201,570	202,017	(447)
Operating expenses	95,070	92,260	91,324	936
Armory Marketplace	-	96,000	96,000	-
<u>General Services</u>				
Municipal Buildings				
Salaries	35,535	35,535	30,509	5,026
Operating expenses	208,393	208,393	292,525	(84,132)
Capital outlay	139,070	214,070	102,579	111,491
<u>Bel Air Reckord Armory</u>				
Salaries	46,309	46,309	46,227	82
Operating expenses	108,804	108,804	99,575	9,229
Capital outlay	-	-	-	-
<u>Other General Government</u>				
Community Promotion				
Operating expenses	8,800	8,800	8,026	774
Public Officers' Association				
Operating expenses	17,002	17,002	17,002	-
<u>Technology</u>				
Operating expenses	130,183	153,256	84,839	68,417
Capital outlay	87,200	87,200	54,467	32,733
Total - general government	<u>2,343,342</u>	<u>2,529,598</u>	<u>2,276,181</u>	<u>253,417</u>
Public Safety				
<u>Administrative, Patrol and Investigation</u>				
Salaries	2,940,221	2,940,221	2,887,833	52,388
Operating expenses	273,565	267,715	299,350	(31,635)
Capital outlay	93,358	98,878	93,188	5,690
<u>Traffic Safety</u>				
Red light camera program	169,956	165,756	179,410	(13,654)

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (continued)				
Public Safety (continued)				
<u>Fire Department</u>				
Volunteer Company Contribution	\$ 153,960	\$ 153,960	\$ 153,960	\$ -
<u>Protective Inspection</u>				
Other:				
Hydrant rental	38,709	38,709	38,272	437
Total - public safety	<u>3,669,769</u>	<u>3,665,239</u>	<u>3,652,013</u>	<u>13,226</u>
Public Works				
<u>General Administration</u>				
Salaries	556,887	476,887	479,114	(2,227)
Operating expenses	187,109	185,109	166,243	18,866
<u>Highways and Streets</u>				
Streets, Roadways and Alleys				
Salaries	439,604	439,604	437,650	1,954
Operating expenses	209,545	229,545	258,162	(28,617)
Sidewalk, curb and street construction	370,000	274,000	270,161	3,839
Capital outlay	435,000	399,309	422,299	(22,990)
Street Lighting				
Operating expenses	165,000	165,000	167,397	(2,397)
<u>Sanitation and Waste Removal</u>				
Waste Collection and Disposal				
Salaries	398,700	398,700	387,397	11,303
Operating expenses	161,735	161,735	161,256	479
Capital outlay	3,750	3,750	4,000	(250)
Shop				
Salaries	164,437	164,437	166,784	(2,347)
Operating expenses	195,250	195,250	169,434	25,816
Total - public works	<u>3,287,017</u>	<u>3,093,326</u>	<u>3,089,897</u>	<u>3,429</u>
Recreation and Parks				
<u>Participation Recreation</u>				
Operating expenses	110,900	110,900	88,351	22,549
<u>A & B Committee</u>				
Operating expenses	38,300	38,300	36,080	2,220
<u>Cultural Arts Committee</u>				
Operating expenses	8,350	8,350	7,636	714
Total - recreation and parks	<u>157,550</u>	<u>157,550</u>	<u>132,067</u>	<u>25,483</u>
Miscellaneous				
Disability insurance	15,400	15,400	14,497	903
Hospital insurance	1,006,330	1,006,330	979,925	26,405
Optical and dental plan	26,900	26,900	25,878	1,022
Social security	452,558	440,558	433,576	6,982
Life insurance	22,000	22,000	21,000	1,000
Pension and deferred compensation contributions	504,400	472,400	473,888	(1,488)

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
EXPENDITURES (continued)				
Miscellaneous (continued)				
OPEB	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Workmen's compensation	242,376	227,376	216,167	11,209
Unemployment claims	200	22,360	22,580	(220)
General insurance	93,000	93,000	91,178	1,822
Contingency	12,000	12,000	7,127	4,873
Debt service	634,398	632,245	630,385	1,860
Contributions/donations	9,150	9,150	10,052	(902)
Miscellaneous	52,920	52,920	48,398	4,522
Total - miscellaneous	<u>3,131,632</u>	<u>3,092,639</u>	<u>3,034,651</u>	<u>57,988</u>
TOTAL EXPENDITURES	<u>\$ 12,589,310</u>	<u>\$ 12,538,352</u>	<u>\$ 12,184,809</u>	<u>\$ 353,543</u>
SUMMARY				
TOTAL REVENUES	\$ 12,035,996	\$ 12,020,729	\$ 12,310,179	\$ 289,450
TOTAL EXPENDITURES	<u>12,589,310</u>	<u>12,538,352</u>	<u>12,184,809</u>	<u>353,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (553,314)</u>	<u>\$ (517,623)</u>	<u>\$ 125,370</u>	<u>\$ 642,993</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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EVENUES				
Revenue from Other Agencies				
CDBG grant	\$ 109,006	\$ 109,006	\$ -	\$ (109,006)
Shamrock Park renovation grant	-	-	20,000	20,000
Community Legacy grant	325,000	325,000	238,226	(86,774)
Total - revenue from other agencies	<u>434,006</u>	<u>434,006</u>	<u>258,226</u>	<u>(175,780)</u>
Miscellaneous				
Christmas parade	100	100	-	(100)
Historic preservation	2,400	2,400	1,400	(1,000)
Tree planting - forest conservation	2,400	2,400	150	(2,250)
Tree planting - fee in lieu	1,800	1,800	645	(1,155)
Stormwater management fee in lieu	18,000	18,000	-	(18,000)
Public amenity - gardens, parks, and art	10,000	10,000	-	(10,000)
Empty printer cartridges	-	-	11	11
Transfer from General Fund seized property	10,000	10,000	16,423	6,423
Larew book	100	100	-	(100)
Explorer scouts	2,500	2,500	8,744	6,244
Auxiliary police	6,000	6,000	877	(5,123)
Cultural arts project	500	500	7,757	7,257
Revolving loan fund	1,500	1,500	593	(907)
Total - miscellaneous	<u>55,300</u>	<u>55,300</u>	<u>36,600</u>	<u>(18,700)</u>
TOTAL REVENUES	<u>\$ 489,306</u>	<u>\$ 489,306</u>	<u>\$ 294,826</u>	<u>\$ (194,480)</u>
EXPENDITURES				
General Government				
Historic preservation	\$ 2,400	\$ 2,400	\$ 3,027	\$ (627)
Revolving loan fund	1,500	1,500	4,747	(3,247)
Community Legacy grant	325,000	325,000	238,183	86,817
Total - general government	<u>328,900</u>	<u>328,900</u>	<u>245,957</u>	<u>82,943</u>
Public Safety				
Seized property	10,000	10,000	10,415	(415)
Auxiliary police	6,000	6,000	1,179	4,821
Total - public safety	<u>16,000</u>	<u>16,000</u>	<u>11,594</u>	<u>4,406</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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (Continued)				
Public Works				
CDBG	109,006	109,006	-	109,006
Stormwater management - fee in lieu	18,000	18,000	7,500	10,500
Total - public works	<u>127,006</u>	<u>127,006</u>	<u>7,500</u>	<u>119,506</u>
Recreation and Parks				
Tree planting - forest conservation	2,400	2,400	5,795	(3,395)
Tree planting - fee in lieu	1,800	1,800	-	1,800
Explorer Scouts	2,500	2,500	15,275	(12,775)
Cultural arts project	500	500	5,579	(5,079)
Cultural arts sculpture	-	-	5,171	(5,171)
Public amenity - gardens, parks and art	10,000	10,000	10,258	(258)
Marketplace on Main	-	-	550	(550)
Shamrock Park renovation	-	-	8,884	(8,884)
Christmas parade	100	100	-	100
Total - recreation and parks	<u>17,300</u>	<u>17,300</u>	<u>51,512</u>	<u>(34,212)</u>
Miscellaneous				
Larew book	100	100	-	100
Total - miscellaneous	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
TOTAL EXPENDITURES	<u><u>\$ 489,306</u></u>	<u><u>\$ 489,306</u></u>	<u><u>\$ 316,563</u></u>	<u><u>\$ 172,743</u></u>
Summary				
TOTAL REVENUES	\$ 489,306	\$ 489,306	\$ 294,826	\$ (194,480)
TOTAL EXPENDITURES	<u>489,306</u>	<u>489,306</u>	<u>316,563</u>	<u>172,743</u>
DEFICIENCY OF EXPENDITURES OVER REVENUES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (21,737)</u></u>	<u><u>\$ (21,737)</u></u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Compared to Budget
Parking Fund
Year Ended June 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Service Charges for Current Services			
<u>Highways and Streets</u>			
Meter collections	\$ 168,400	\$ 177,279	\$ 8,879
Lease fees	77,760	74,125	(3,635)
Fines and Forfeitures			
Parking	117,100	97,175	(19,925)
Miscellaneous			
County share operating expenses and capital repairs	102,918	96,052	(6,866)
Miscellaneous	4,540	8,576	4,036
Total - operating revenues	470,718	453,207	(17,511)
OPERATING EXPENSES			
Miscellaneous			
Compensated absences	-	2,162	(2,162)
Postage	1,793	1,235	558
Miscellaneous	840	1,255	(415)
Parking fine charges	25,104	21,080	4,024
Depreciation	121,580	122,412	(832)
Lots and Meters			
Transfer to general fund - administrative costs	157,894	155,591	2,303
Maintenance	3,000	2,048	952
Operating expenses	6,477	2,574	3,903
Thomas Street lot resurfacing	54,000	-	54,000
Parking Garage			
Transfer to general fund - administrative costs	67,019	64,250	2,769
Operating expenses	46,898	42,323	4,575
Insurance	16,635	14,538	2,097
Routine repairs	-	-	-
Maintenance	7,600	6,851	749
Capital repairs	15,000	-	15,000
Total - operating expenses	523,840	436,319	87,521
Operating income (loss)	(53,122)	16,888	70,010
Non-operating Revenues (Expenses)			
Interest income - investment	8	9	1
Interest expense - parking garage renovations	(4,288)	(4,288)	-
- parking jeep	(594)	(360)	234
- parking garage	(13,323)	(13,323)	-
Total - non-operating expenses	(18,197)	(17,962)	235
NET LOSS	\$ (71,319)	\$ (1,074)	\$ 70,245

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Compared to Budget
Sewer Fund
Year Ended June 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Revenues From Other Agencies			
FEMA Grant Emergency Generators	\$ 66,000	\$ 66,000	\$ -
Service Charges for Current Services			
Sanitation and Waste Removal			
Sewerage charges	2,183,800	2,215,582	31,782
Sewer connection charges	50,000	122,832	72,832
Other revenues	22,359	29,901	7,542
User benefit fees	33,180	33,250	70
	<u>2,355,339</u>	<u>2,467,565</u>	<u>112,226</u>
OPERATING EXPENSES			
Salaries - direct and on call time	117,258	116,179	1,079
- overtime	35,997	24,927	11,070
Compensated absences	-	(10,222)	10,222
Contractual services	1,428,432	1,355,001	73,431
Amortization	24,248	24,248	-
Supplies	2,600	2,602	(2)
Utilities	12,300	13,378	(1,078)
Misc Utility fees	3,000	3,512	(512)
Depreciation	55,093	63,016	(7,923)
Maintenance	38,000	25,455	12,545
Connection costs	50,000	122,832	(72,832)
Water company charges	2,070	2,160	(90)
Contingency	22,000	19,492	2,508
Transfer to general fund - administrative costs	260,695	241,412	19,283
User benefit fee	33,180	33,250	(70)
Root control maintenance	35,000	33,574	1,426
Main and lateral repairs	25,000	11,321	13,679
Insurance	16,779	18,857	(2,078)
Transfer to SSCI reserve	40,000	-	40,000
Sanitary sewer station emergency generators	88,000	-	88,000
Sustainability	13,948	12,610	1,338
I&I Projects	-	40,286	(40,286)
Miscellaneous	28,828	14,029	14,799
Total - operating expenses	<u>2,332,428</u>	<u>2,167,919</u>	<u>164,509</u>
Operating income	22,911	299,646	276,735
Non-operating Revenues (Expenses)			
Interest income - investment	-	414	414
Non-operating expense - interest	<u>(22,911)</u>	<u>(29,281)</u>	<u>(6,370)</u>
Total non-operating expenses	<u>(22,911)</u>	<u>(28,867)</u>	<u>(5,956)</u>
Net income before contributions	-	270,779	270,779
Capital contribution from loan proceeds	<u>-</u>	<u>84,902</u>	<u>84,902</u>
NET INCOME	<u>-</u>	<u>\$355,681</u>	<u>\$355,681</u>

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