

TOWN OF BEL AIR, MARYLAND

**Financial Statements Together with
Report of Independent Public Accountants
June 30, 2009**



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Commissioners of the
Town of Bel Air, Maryland

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 June 30, 2009 and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements and supplemental schedules are the responsibility of the Town's management. Our responsibility is to express an opinion 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2009, and the 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and grant agreements, and other matters.. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be read in conjunction with this report in considering the results of our audit.



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The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The supplemental information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hunt Valley, Maryland
December 4, 2009

SB's Company, LLC

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

This section of the annual financial statements of the Town of Bel Air, Maryland (the Town) presents a narrative overview and analysis of the financial activities of the Town for the fiscal year that ended June 30, 2009. 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 of the Town exceeded its liabilities as of June 30, 2009, \$8,250,896 (net assets). Approximately 27.1% of this amount is attributable to the business-type activities. Of the total net assets, \$849,624 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors (75.6% is attributable to the business-type activities). Of the remaining total net assets, \$295,251 is restricted for specific purposes (restricted net assets), and \$7,106,021 is invested in capital assets, net of related debt.
- The Town's overall financial position has improved with total net assets increasing by \$523,265 during the fiscal year. The net assets of the business-type activities increased slightly by \$13,547. The net assets of governmental activities increased by \$509,718 due mainly to increases in assessments.

Fund Level:

- As of June 30, 2009, the Town's governmental funds reported a combined fund balance of \$2,674,304, an increase of \$516,256 in comparison with the prior year. Of this total amount, \$1,998,971 or 74.7% is available to meet the Town's current and future needs and is an unreserved and undesignated fund balance.
- As of June 30, 2009, the unreserved, undesignated fund balance for the General Fund (primary operating fund) was \$1,998,971 or 17.2% of total General Fund expenditures.

General Obligation Bonded Debt:

- During the fiscal year, the Town's total general obligation bonded debt increased by \$59,745 to a total of \$2,759,781. The increase is attributable to acquiring new general obligation debt for capital assets greater than the normal pay-downs on debt.

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 and non-required supplementary information in addition to the basic financial statements themselves.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

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 assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, highways and streets, waste collection and disposal, and parks and recreation. 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 on pages 17 and 18 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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*.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

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 on pages 19 - 24.

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 on pages 25 - 27 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 on pages 28 and 29 of this report.

Notes to financial statements. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are part of the basic financial statements and can be found on pages 30 - 55 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This information can be found on pages 57 - 66.

Government-wide Financial Analysis

As noted earlier, net assets 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 \$8,250,896 as of June 30, 2009. The Town of Bel Air's net assets are divided into three categories - invested in capital assets (net of related debt), restricted net assets, and unrestricted net assets. The largest portion of the Town's net assets (86.1%) reflects its investment in capital assets net of depreciation (e.g., land, improvements, buildings, machinery, equipment, vehicles, infrastructure, and sewer system), less any unmatured debt used to acquire those assets and accumulated depreciation. 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. Restricted net assets represent 3.6% of total net assets. Restricted net assets are resources that are subject to

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

external restrictions on how they may be used. Unrestricted net assets of the government have a balance of \$849,624 (10.3% of total net assets), which may be used to meet the government's ongoing obligations to citizens and creditors.

For the fiscal year ended June 30, 2009, the Town reported positive balances in all three categories of net assets for the Town as a whole as well as for governmental activities and business-type activities separately.

The Town's total net assets increased by \$523,265 during the current fiscal year. The assets of the Town's governmental activities increased by \$509,718, and the business-type activities reported an increase of \$13,547.

In the governmental activities, the greatest net change in revenue is in property taxes, primarily real property, which increased 10.0% from fiscal year 2008. In the business-type activities, the greatest net change in expenses is the Harford County sewer charges which increased 19.5%.

The following tables summarize net assets and the changes in net assets for governmental and business-type activities:

NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	\$ 3,951,695	\$ 3,260,702	\$ 1,531,181	\$ 1,305,622	\$ 5,482,876	\$ 4,566,324
Capital assets	<u>6,643,758</u>	<u>6,382,561</u>	<u>2,802,354</u>	<u>2,745,252</u>	<u>9,446,112</u>	<u>9,127,813</u>
Total assets	<u>10,595,453</u>	<u>9,643,263</u>	<u>4,333,535</u>	<u>4,050,874</u>	<u>14,928,988</u>	<u>13,694,137</u>
Liabilities						
Other liabilities	1,118,449	1,330,868	654,483	351,542	1,772,932	1,682,410
Long-term liabilities	<u>3,461,776</u>	<u>2,806,885</u>	<u>1,443,384</u>	<u>1,477,211</u>	<u>4,905,160</u>	<u>4,284,096</u>
Total liabilities	<u>4,580,225</u>	<u>4,137,753</u>	<u>2,097,867</u>	<u>1,828,753</u>	<u>6,678,092</u>	<u>5,966,506</u>
Net Assets						
Invested in capital assets, net of related debt	5,684,727	5,498,595	1,421,294	1,326,182	7,106,021	6,824,777
Restricted	123,560	97,471	171,691	156,691	295,251	254,162
Unrestricted	<u>206,941</u>	<u>(90,556)</u>	<u>642,683</u>	<u>739,248</u>	<u>849,624</u>	<u>648,692</u>
Total net assets	<u>\$ 6,015,228</u>	<u>\$ 5,505,510</u>	<u>\$ 2,235,668</u>	<u>\$ 2,222,121</u>	<u>\$ 8,250,896</u>	<u>\$ 7,727,631</u>

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 1,225,100	\$ 1,374,835	\$ 2,528,053	\$ 2,305,351	\$ 3,753,153	\$ 3,680,186
Operating grants/ contributions	297,463	265,547	-	-	297,463	265,547
Capital grants/ contributions	190,432	181,593	50,533	-	240,965	181,593
General revenues:						
Property taxes	6,725,210	6,112,447	-	-	6,725,210	6,112,447
Shared taxes	1,897,608	2,127,491	-	-	1,897,608	2,127,491
Miscellaneous	645,548	609,955	-	-	645,548	609,955
Unrestricted investment earnings	123,904	180,887	10	19	123,914	180,906
Total revenues	11,105,265	10,852,755	2,578,596	2,305,370	13,683,861	13,158,125
Expenses						
General government	2,097,928	1,918,912	-	-	2,097,928	1,918,912
Public safety	3,594,321	3,449,902	-	-	3,594,321	3,449,902
Public works	2,680,419	2,917,222	-	-	2,680,419	2,917,222
Recreation and culture	164,670	206,859	-	-	164,670	206,859
Miscellaneous	1,991,997	3,441,879	-	-	1,991,997	3,441,879
Interest on long-term debt	66,212	47,383	-	-	66,212	47,383
Sewer	-	-	2,007,271	1,662,424	2,007,271	1,662,424
Parking facilities	-	-	557,778	556,402	557,778	556,402
Total expenditures	10,595,547	11,982,157	2,565,049	2,218,826	13,160,596	14,200,983
Increase (decrease) in net assets	509,718	(1,129,402)	13,547	86,544	523,265	(1,042,858)
Net assets, beginning of year	5,505,510	6,634,912	2,222,121	2,135,577	7,727,631	8,770,489
Net assets, end of year	\$ 6,015,228	\$ 5,505,510	\$ 2,235,668	\$ 2,222,121	\$ 8,250,896	\$ 7,727,631

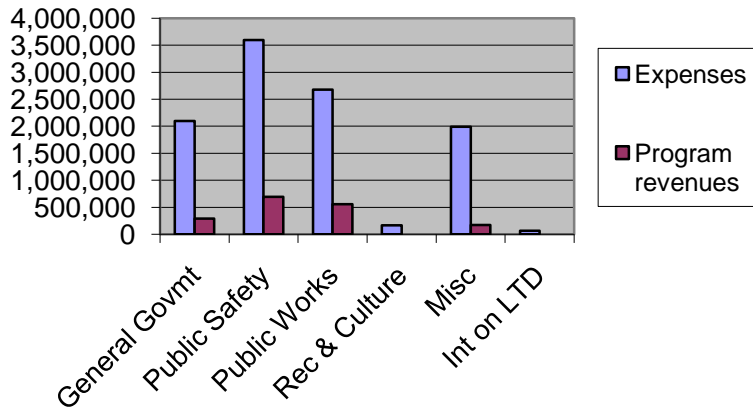
TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

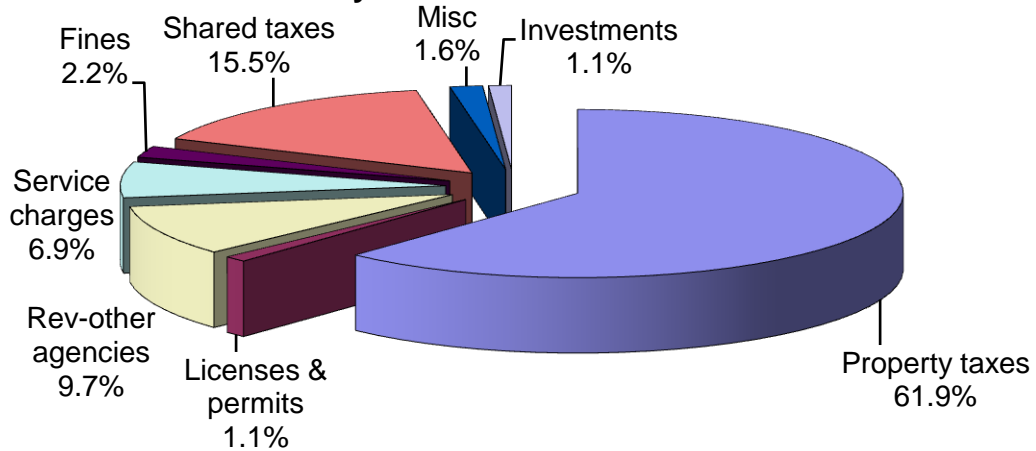
June 30, 2009

Governmental activities: The net assets of governmental activities increased by \$509,718. A key element of this overall increase is the increase in total taxes collected from all governmental sources. Total tax revenue increased by \$382,880 or 4.6% during fiscal year 2009.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



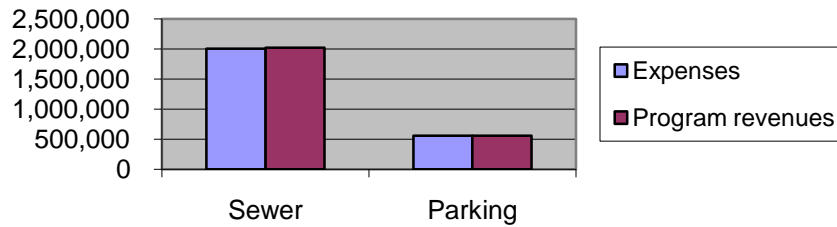
TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

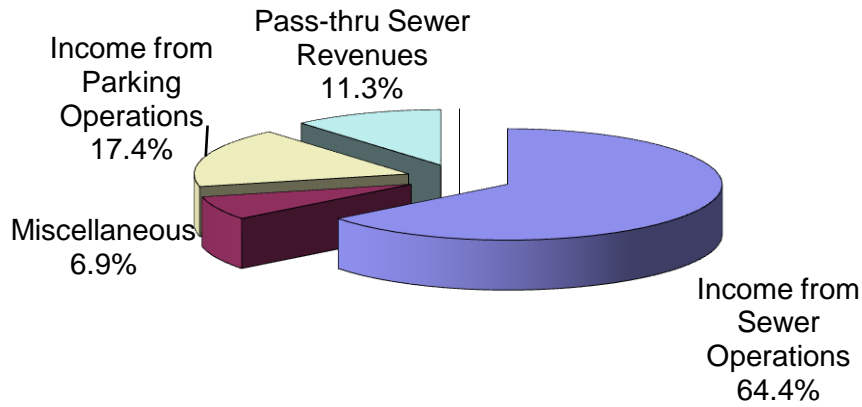
June 30, 2009

Business-type activities: Business-type activities contributed \$13,547 to the net assets of the government.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at fiscal year-end.

As of June 30, 2009, the Town's governmental funds (general fund and special revenue fund) reported a combined ending fund balance of \$2,674,304, an increase of \$516,256 in comparison with the prior year. Approximately 79.0% of this total amount (\$2,111,604) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$525,587) and 2) for a variety of other reserved purposes \$37,113. The reserved fund balance, at 21.0% 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 of Bel Air. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$1,998,971, while total fund balance reached \$2,561,671. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.2% of total General Fund expenditures, while total fund balance represents 22.1% of that same amount.

The fund balance of the General Fund increased by \$497,071 during the current fiscal year mainly due to spending less in various expenditure areas.

The Special Revenue Fund has a total fund balance of \$112,633. The \$19,185 increase in fund balance is due to utilizing less 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 assets of the Parking Fund and the Sewer Fund were \$1,784,011 and \$451,657, respectively and decreased by \$1,043 in the Parking Fund and increased \$14,590 in the Sewer Fund. Other factors concerning the finances of these funds have been addressed in the discussion of the Town's business-type activities.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

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.

The net assets of the Sworn Officers' Pension Trust and the Civilian Pension Trust decreased \$300,296 or 10.8% and \$335,055 or 10.0%, respectively. The decrease in net assets in both Trust Plans is due to investment losses.

General Fund Budgetary Highlights

The final amended budget for the General Fund was increased \$255,827 from the original budget.

There were many increases and decreases in most of the departments; however, the one major appropriation was the \$309,800 increase in Town Buildings due to the contract on the design for the expansion/renovation of the Town Hall/Police Department.

That appropriation was funded with a new line item of \$309,800 for the Town Hall/Police Department expansion/renovation bond proceeds.

During the year, however, revenues and other financing sources were less than budgetary estimates by \$19,016 and expenditures were \$337,722 less than anticipated.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2009, was \$9,446,112 (net of accumulated depreciation). 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 4.1% increase for governmental activities and a 2.1% increase in business-type activities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

The following table of the Town's capital assets is listed below. Additional information can be found in Note 7 on pages 39 and 40 of this report.

**CAPITAL ASSETS
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land and improvements	\$ 2,768,030	\$ 2,764,341	\$ 845,135	\$ 852,407	\$ 3,612,165	\$ 3,616,748
Buildings and improvements	1,615,193	1,583,311	1,146,302	1,201,834	2,761,495	2,785,145
Infrastructure	189,814	137,150	-	-	189,814	137,150
Machinery and equipment	494,542	507,839	63,031	72,238	557,573	580,077
Furniture and fixtures	319,995	258,868	-	35	319,995	258,903
Vehicles	1,257,184	1,131,052	242,086	262,484	1,499,270	1,393,536
Parking improvements	-	-	95,249	99,903	95,249	99,903
Sewer system	-	-	410,551	256,351	410,551	256,351
Total	\$ 6,643,758	\$ 6,382,561	\$ 2,802,354	\$ 2,745,252	\$ 9,446,112	\$ 9,127,813

Major capital asset events during the year ending June 30, 2009 included the following:

- A new stationary patio awning was installed at Rockfield Manor at a cost of \$17,357.
- Leasehold improvements of \$71,209 were completed in the Bel Air Reckord Armory.
- Building improvements of \$43,230 were completed mostly at the Public Works/Planning building with new carpet (\$12,960) and a replacement outdoor security fence (\$17,700) which was funded by Homeland Security Grant funds.
- The Police Department purchased a new K-9 dog at a cost of \$4,850.
- The Police Department purchased four new replacement vehicles at a total cost of \$75,035.
- The Police Department purchased three baker batshield body armors at a total cost of \$8,640.
- The Public Works Department purchased a compact utility tractor (\$25,892), a new dump truck (126,241), a new brush chipper truck (\$69,969), and a new stake flat body truck (\$48,576).
- The Public Works Department contracted to have new sidewalks, handicap ramps, and a speed bump installed for a total cost of \$59,440.
- The Town purchased \$44,622 worth of computer hardware/software during the year.
- The Town contracted to have a bronze sculpture created (\$25,000) and purchased a base for it (\$5,000).
- The Town sold the following major assets at various public auctions and were removed from the Town's capital assets: two police vehicles (\$39,718), dump truck (\$43,290), and one Public Works pick-up truck (\$24,445). One Public Works vehicle (\$20,059) was totaled in a vehicle accident.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

- There were no new capital purchases in the Parking Fund.
- In the Sewer Fund, a major rehabilitation project in the amount of \$160,424 was completed at the Stoneleigh manhole areas.

Debt administration. As of June 30, 2009, the Town had total general obligation bonded debt of \$2,759,781. 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 remainder of the Town's debt is comprised of notes for major equipment and vehicles totaling \$1,048,815, a note for the fuel storage tank replacement of \$90,660, and an obligation to the Liquor Control Board employees' retirement system of \$12,375.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General bonded debt	\$ 1,559,165	\$ 1,500,000	\$ 1,200,616	\$ 1,200,036	\$ 2,759,781	\$ 2,700,036

The Town's total governmental long-term debt increased by \$59,165 and business-type long-term debt increased by \$580. During the year, \$966,284 in debt was retired, and the Town entered into several new obligations as follows: 1) \$324,712 seven-year note for three police vehicles, a compact utility tractor for Public Works, a stake flat body truck for Public Works, a brush chipper truck for Public Works, and a dump truck for Public Works, 2) \$309,800 ten-year general obligation bond to provide design services for the renovation and/or expansion of the Bel Air Town Hall/Police Department, 3) \$500,000 ten-year general obligation bond to provide the second installment on the Bel Air High School Auditorium (recorded as a commitment in fiscal year 2008) and 4) \$109,900 seven-year general obligation bond to provide a portion of the funds needed for the capital work to the Stoneleigh Sanitary Sewer System in town.

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, 2009, the debt limitation is \$73,018,268, 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 8 on pages 40 - 47 of this report.

Economic Factors and Next Year's Budgets and Rates

- The State of Maryland Assessments and Taxation Department completed its triennial assessment for Town residents effective beginning in fiscal year 2009, which assesses the Town every third year, along with a cap of 10% on residential properties. As it did during fiscal year 2009, during the next fiscal year, the Town will experience an increase in real property taxes since it will be the second year of the triennial assessment. Real property tax revenues for fiscal year 2010 are expected to grow by 12.4% over those projected for fiscal year 2009.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

- Income tax revenues are projected to decline over the previous year due to the slowing economy. As a result, income tax revenues are projected to decrease by 5.2%.
- With anticipating a steady decline in interest rates due to the Federal Reserve lowering its benchmark interest rates because of the slowing economy, the Town budgeted its interest on investments to decrease by 23.3% over fiscal year 2009 revenues.
- The Town will finance its final \$500,000 contribution to Harford County for the Bel Air High School Auditorium Expansion project. The cost of the entire project was less than anticipated; therefore, the Town's final contribution will be \$329,095.
- The Town amended the fiscal year 2010 budget on October 19, 2009 due to a 90% state cut in state shared highway user revenues (\$434,273) and a 35% state cut in state shared police protection revenues (\$83,104). The Town made the following cuts in expenditures: \$129,935 in the police department, \$166,163 in the public works department, and \$221,279 in the remaining departments.
- The Town budgeted \$53,700 for various building maintenance projects.
- The Town held an election in November, 2009 for two Town Commissioner seats.
- The Planning Department budgeted \$20,000 to provide funding to revise the Development Regulations.
- The Town created a new department at the beginning of fiscal year 2010, Economic Development. This department used to be under the Planning Department.
- The Town budgeted monies to partially fund its Other Postemployment Benefits Other Than Pensions (OPEB).
- The Town will utilize a Homeland Security Grant to partially fund a document scanning system.
- The Town purchased one police vehicle and two leaf vacuum power units in fiscal year 2010. The rest of the major vehicles/equipment which were in the original budget were cut with the budget amendment.
- The Public Works Department budgeted \$339,801 in street, sidewalk, and curb/gutter construction work to be completed at specific locations.
- The Town will continue utilizing Community Legacy Grant Funds to conduct a design and engineer an adaptive re-use project for the Bel Air Reckord Armory garages and Community Development Block Grant and Parks and Playground Grant monies to complete the ADA walkway and park at the Bel Air Reckord Armory.
- The Town will utilize a Program Open Space Grant to upgrade playground equipment for the Homestead and Plumtree Parks.

TOWN OF BEL AIR, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

- The Town will utilize a Bureau of Justice Grant to provide an additional camera and video recording to an existing closed circuit tv security surveillance system.
- The Town did not appropriate any monies from the unreserved fund balance in the general fund to pay for current expenditures.

All of these factors were considered in preparing the Town's budget for the 2010 fiscal year.

The real and personal property tax rates remain unchanged in fiscal year 2010 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 will increase by 3.8% for fiscal year 2010 and will affect both residential and commercial customers. The percentage adjustment is according to the change in the Consumer Price Index as of December 2008. A project to pave the access road down to the English Country Manor pumping station as well as purchasing a spare sewage pump for English Country Manor pump station and two soft start motors for the existing pumps is budgeted. A project to replace and increase in size the existing 8" sanitary sewer main with a 12" line on Moores Mill Road is budgeted to be done concurrently with the installation of a new storm water box culvert by Harford County. An inflow and infiltration project to cover the costs to make repairs to broken and cracked sewer lines that may be found during smoke testing in the Buchal, Plumtree, and "unmetered" sections of the Town's sanitary sewer system is also budgeted.

In the Parking Fund, meter collections and parking fines were brought back to normal levels before the Main Street Streetscape project since it has been completed. The Town started a pilot program with new smartcard parking meters in fiscal year 2007 and will continue to purchase the meters to replace the old meters at the Thomas Street parking lot and the final section of the parking garage. Funds are budgeted to fund an engineering condition survey in the parking garage as well as to perform repairs identified in the survey as a priority.

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 Hickory Avenue, Bel Air, Maryland 21014 or send an e-mail to lmoody@belairmd.org.

FINANCIAL STATEMENTS

TOWN OF BEL AIR, MARYLAND

**Statement of Net Assets
June 30, 2009**

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,011,259	\$ 570	\$ 1,011,829
Restricted cash and cash equivalents	317,692	4,333	322,025
Investments	2,258,500	-	2,258,500
Accounts receivable	123,305	428,175	551,480
Real and personal property taxes receivable	92,210	-	92,210
Accrued interest receivable	43,378	-	43,378
Due from other units of government	529,083	-	529,083
Internal balances	(693,363)	693,363	-
Prepaid expenses	26,473	-	26,473
Net pension asset	243,158	-	243,158
Capital assets, not being depreciated	2,662,735	777,518	3,440,253
Capital assets, net of accumulated depreciation	3,981,023	2,024,836	6,005,859
Deferred financing costs	-	15,639	15,639
Other assets	-	389,101	389,101
	<hr/>	<hr/>	<hr/>
Total assets	10,595,453	4,333,535	14,928,988
LIABILITIES			
Accounts payable	312,643	653,987	966,630
Accrued liabilities	238,879	-	238,879
Payroll withholdings	7,746	-	7,746
Deposits and other escrows held	52,103	-	52,103
Unearned revenue	507,078	496	507,574
Non-current liabilities:			
Due within one year	693,300	159,228	852,528
Due in more than one year	2,768,476	1,284,156	4,052,632
	<hr/>	<hr/>	<hr/>
Total liabilities	4,580,225	2,097,867	6,678,092
NET ASSETS			
Invested in capital assets, net of related debt	5,684,727	1,421,294	7,106,021
Restricted	123,560	171,691	295,251
Unrestricted	206,941	642,683	849,624
	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	<u>\$ 6,015,228</u>	<u>\$ 2,235,668</u>	<u>\$ 8,250,896</u>

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

TOWN OF BEL AIR, MARYLAND

**Statement of Activities
Year Ended June 30, 2009**

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	\$ 2,097,928	\$ 217,904	\$ 54,014	\$ 19,527	\$ (1,806,483)	\$ -	\$ (1,806,483)
Public safety	3,594,321	447,537	243,449	-	(2,903,335)	-	(2,903,335)
Public works	2,680,419	559,659	-	-	(2,120,760)	-	(2,120,760)
Recreation and culture	164,670	-	-	-	(164,670)	-	(164,670)
Miscellaneous	1,991,997	-	-	170,905	(1,821,092)	-	(1,821,092)
Interest on long-term debt	66,212	-	-	-	(66,212)	-	(66,212)
Total governmental activities	<u>10,595,547</u>	<u>1,225,100</u>	<u>297,463</u>	<u>190,432</u>	<u>(8,882,552)</u>	<u>-</u>	<u>(8,882,552)</u>
Business-type activities:							
Sewer	2,007,271	1,971,328	-	50,533	-	14,589	14,589
Parking facilities	557,778	556,726	-	-	-	(1,052)	(1,052)
Total business-type activities	<u>2,565,049</u>	<u>2,528,054</u>	<u>-</u>	<u>50,533</u>	<u>-</u>	<u>13,537</u>	<u>13,537</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 13,160,596</u>	<u>\$ 3,753,154</u>	<u>\$ 297,463</u>	<u>\$ 240,965</u>		<u>13,537</u>	<u>(8,869,015)</u>
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					6,725,210	-	6,725,210
Shared taxes					1,897,608	-	1,897,608
Miscellaneous					645,548	-	645,548
Unrestricted investment earnings					123,904	10	123,914
Total general revenues					<u>9,392,270</u>	<u>10</u>	<u>9,392,280</u>
CHANGE IN NET ASSETS					509,718	13,547	523,265
NET ASSETS, BEGINNING OF YEAR					5,505,510	2,222,121	7,727,631
NET ASSETS, END OF YEAR					<u>\$ 6,015,228</u>	<u>\$ 2,235,668</u>	<u>\$ 8,250,896</u>

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

TOWN OF BEL AIR, MARYLAND

**Balance Sheet - Governmental Funds
June 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,011,259	\$ -	\$ 1,011,259
Restricted cash and cash equivalents	316,694	998	317,692
Investments	2,258,500	-	2,258,500
Accounts receivable	651,895	493	652,388
Accrued interest receivable	43,378	-	43,378
Property taxes receivable - net	92,210	-	92,210
Due from other funds	-	112,599	112,599
Prepaid costs	26,186	287	26,473
TOTAL ASSETS	<u>\$ 4,400,122</u>	<u>\$ 114,377</u>	<u>\$ 4,514,499</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 310,899	\$ 1,744	\$ 312,643
Accrued costs	204,215	-	204,215
Payroll withholdings	7,746	-	7,746
Deposits	52,103	-	52,103
Deferred revenue	457,526	-	457,526
Due to other funds	805,962	-	805,962
Total liabilities	<u>1,838,451</u>	<u>1,744</u>	<u>1,840,195</u>
FUND BALANCES			
Reserved for centennial activities	4,023	-	4,023
Reserved for prepaid costs	26,186	-	26,186
Reserved for seized property	6,904	-	6,904
Reserved for encumbrances	525,587	-	525,587
Unreserved:			
Special revenue	-	112,633	112,633
Undesignated	1,998,971	-	1,998,971
Total fund balances	<u>2,561,671</u>	<u>112,633</u>	<u>2,674,304</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,400,122</u>	<u>\$ 114,377</u>	<u>\$ 4,514,499</u>

The accompanying notes are an integral part of this balance sheet.

TOWN OF BEL AIR, MARYLAND

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2009**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 21)	\$ 2,674,304
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Certain receivables are offset by deferred revenue in the governmental funds since they are not available to pay for current period expenditures. This is the amount of deferred revenue related to these receivables.	(49,552)
Net pension assets are not financial resources and therefore are not reported as assets in governmental funds.	243,158
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 \$10,517,669 and the accumulated depreciation is \$3,873,911.	6,643,758
Non-current liabilities are not reported as liabilities in the governmental funds.	(3,461,776)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(34,664)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (page 17)	<u><u>\$ 6,015,228</u></u>

The accompanying notes are an integral part of this balance sheet.

TOWN OF BEL AIR, MARYLAND

**Statement Of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds
Year Ended June 30, 2009**

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes - local	\$ 6,794,240	\$ -	\$ 6,794,240
Taxes - state shared	1,704,115	-	1,704,115
Licenses and permits	122,710	-	122,710
Revenue from other agencies	1,060,081	54,014	1,114,095
Service charges for current services	752,521	-	752,521
Fines	237,030	-	237,030
Miscellaneous	301,459	68,655	370,114
Total revenues	<u>10,972,156</u>	<u>122,669</u>	<u>11,094,825</u>
EXPENDITURES			
General government	2,122,642	57,288	2,179,930
Public safety	3,577,679	25,723	3,603,402
Public works	2,882,552	-	2,882,552
Recreation and parks	151,585	13,085	164,670
Miscellaneous	2,490,502	1,495	2,491,997
Debt service:			
Principal	330,039	-	330,039
Interest	60,491	-	60,491
Total expenditures	<u>11,615,490</u>	<u>97,591</u>	<u>11,713,081</u>
Excess (deficiency) of revenues over expenditures	<u>(643,334)</u>	<u>25,078</u>	<u>(618,256)</u>
OTHER FINANCING SOURCES			
Equipment/vehicle debt proceeds	324,712	-	324,712
Bond proceeds	809,800	-	809,800
Total other financing sources	<u>1,134,512</u>	<u>-</u>	<u>1,134,512</u>
Excess of revenues and other financing sources over expenditures	491,178	25,078	516,256
FUND BALANCES, BEGINNING OF YEAR	2,064,600	93,448	2,158,048
TRANSFER PORTION SEIZED PROPERTY RESERVE FROM SPECIAL REVENUE FUND	<u>5,893</u>	<u>(5,893)</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,561,671</u>	<u>\$ 112,633</u>	<u>\$ 2,674,304</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, 2009**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND (page 21) \$ 516,256

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 \$657,822 is exceeded by depreciation expense of \$374,793 in the period. 283,029

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 \$150,671, less any accumulated depreciation of \$128,839. (21,832)

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, vacation, sick and compensatory leave used exceeded the amounts earned by \$21,323. (21,323)

In the Statement of Activities, only the annual required contribution relating to the pensions is reported, whereas in the governmental funds, the actual amount contributed is an expenditure. This year, the actual amount exceeded the required amount by \$53,342. 53,342

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 revenue in the governmental funds which is recognized as revenue in the Statement of Activities. (160,465)

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 2009. 830,039

Long-term debt proceeds are an other 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 2009. (1,134,512)

In the Statement of Activities, the commitment to Harford County for the Bel Air High School Auditorium was \$1,500,000 in FY08; however, the final total amount is \$1,329,095. 170,905

Interest expense in the Statement of Activities differs from the amount reported in governmental funds due to the net change in accrued interest. (5,721)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (page 18) \$ 509,718

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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes - local	\$ 6,636,859	\$ 6,722,859	\$ 6,794,240	\$ 71,381
Taxes - state shared	1,961,003	1,804,003	1,704,115	(99,888)
Licenses and permits	132,000	127,000	122,710	(4,290)
Revenues from other agencies	1,055,350	1,059,877	1,060,081	204
Service charges for current services	537,145	703,145	752,521	49,376
Fines	443,500	244,500	237,030	(7,470)
Miscellaneous	261,000	311,500	301,459	(10,041)
Total revenues	<u>11,026,857</u>	<u>10,972,884</u>	<u>10,972,156</u>	<u>(728)</u>
EXPENDITURES				
Current:				
General government	2,045,062	2,420,862	2,345,899	74,963
Public safety	3,688,576	3,628,379	3,584,218	44,161
Public works	2,976,651	2,953,831	2,816,146	137,685
Recreation and parks	159,350	159,350	153,555	5,795
Miscellaneous	2,591,743	2,574,535	2,497,614	76,921
Debt service	408,475	388,727	390,530	(1,803)
Total expenditures	<u>11,869,857</u>	<u>12,125,684</u>	<u>11,787,962</u>	<u>337,722</u>
(Deficiency) of revenues over expenditures	<u>(843,000)</u>	<u>(1,152,800)</u>	<u>(815,806)</u>	<u>336,994</u>
OTHER FINANCING SOURCES				
Equipment/vehicle proceeds	343,000	343,000	324,712	(18,288)
Bond proceeds	500,000	809,800	809,800	-
Total other financing sources	<u>843,000</u>	<u>1,152,800</u>	<u>1,134,512</u>	<u>(18,288)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES				
	<u>\$ -</u>	<u>\$ -</u>	318,706	<u>\$ 318,706</u>
FUND BALANCE - BEGINNING OF YEAR, GAAP BASIS			2,064,600	
TRANSFER PORTION SEIZED PROPERTY RESERVE FROM SPECIAL REVENUE FUND			<u>5,893</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,389,199</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, 2009**

	<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	\$ 50,000	\$ 50,000	\$ 13,790	\$ (36,210)
Parks & playground grant	-	200,000	-	(200,000)
MEMA grant	25,300	33,733	-	(33,733)
Community Legacy grant	40,000	40,000	40,224	224
	<hr/>	<hr/>	<hr/>	<hr/>
Total - revenues from other agencies	115,300	323,733	54,014	(269,719)
	<hr/>	<hr/>	<hr/>	<hr/>
Miscellaneous	57,850	57,850	68,655	10,805
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	173,150	381,583	122,669	(258,914)
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
General government	93,750	293,750	57,288	236,462
Public safety	16,000	16,000	25,723	(9,723)
Public works	25,300	33,733	-	33,733
Recreation and parks	36,500	36,500	13,085	23,415
Miscellaneous	1,600	1,600	1,495	105
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	173,150	381,583	97,591	283,992
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	25,078	<u>\$ 25,078</u>
FUND BALANCE - BEGINNING OF YEAR			93,448	
TRANSFER PORTION SEIZED PROPERTY RESERVE TO GENERAL FUND			<u>(5,893)</u>	
FUND BALANCE - END OF YEAR			<u>\$ 112,633</u>	

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

TOWN OF BEL AIR, MARYLAND

**Statement of Net Assets – Proprietary Funds (Enterprise Funds)
June 30, 2009**

	Parking Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 570	\$ -	\$ 570
Restricted cash and cash equivalents	4,333	-	4,333
Accounts receivable	32,968	395,207	428,175
Due from other funds	305,111	389,906	695,017
Deferred financing costs	15,639	-	15,639
Total current assets	<u>358,621</u>	<u>785,113</u>	<u>1,143,734</u>
Non-current Assets			
Land	777,518	-	777,518
Capital assets, net	1,332,722	692,114	2,024,836
Deferred financing costs	-	-	-
Other assets	-	389,101	389,101
Total noncurrent assets	<u>2,110,240</u>	<u>1,081,215</u>	<u>3,191,455</u>
Total assets	<u>2,468,861</u>	<u>1,866,328</u>	<u>4,335,189</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	6,723	647,264	653,987
Due to other funds	-	1,654	1,654
Unearned revenue	496	-	496
Notes payable	6,341	33,883	40,224
Bonds payable	59,728	59,276	119,004
Total current liabilities	<u>73,288</u>	<u>742,077</u>	<u>815,365</u>
Non-current Liabilities			
Accrued compensated absences	22,790	39,534	62,324
Note payable - long-term	9,898	130,322	140,220
Bonds payable - long-term	578,874	502,738	1,081,612
Total non-current liabilities	<u>611,562</u>	<u>672,594</u>	<u>1,284,156</u>
Total liabilities	<u>684,850</u>	<u>1,414,671</u>	<u>2,099,521</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,455,399	(34,105)	1,421,294
Restricted	171,691	-	171,691
Unrestricted	156,921	485,762	642,683
TOTAL NET ASSETS	<u>\$ 1,784,011</u>	<u>\$ 451,657</u>	<u>\$ 2,235,668</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 Assets - Proprietary Funds
(Enterprise Funds)
Year Ended June 30, 2009**

	<u>Parking Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Revenues from Other Agencies			
CDBG-Stoneleigh Manhole Rehabilitation	\$ -	\$ 50,533	\$ 50,533
Service Charges for Current Services			
Sanitation and Waste Removal			
Sewerage charges	-	1,662,894	1,662,894
Sewer connection charges	-	264,704	264,704
Other revenues	-	16,955	16,955
User benefit fees	-	26,775	26,775
Highway and Streets			
Meter collections	165,206	-	165,206
Lease fees	142,405	-	142,405
Fines and Forfeitures			
Parking	138,991	-	138,991
Miscellaneous			
County share operating expenses and capital repairs	106,347	-	106,347
Miscellaneous	3,777	-	3,777
Total operating revenues	<u>556,726</u>	<u>2,021,861</u>	<u>2,578,587</u>
OPERATING EXPENSES			
Salaries	-	113,578	113,578
Contractual services	-	1,161,965	1,161,965
Transfer to general fund - administrative costs	259,561	207,250	466,811
Supplies	-	11,317	11,317
Utilities	-	13,281	13,281
Depreciation	69,404	47,282	116,686
Amortization	79,160	36,936	116,096
Maintenance	6,219	77,705	83,924
Compensated absences	594	3,589	4,183
Other	2,547	9,568	12,115
Connection costs	-	264,704	264,704
User benefit fees	-	26,775	26,775
Postage	373	5,125	5,498
Parking fine charges	26,863	-	26,863
Equipment	18,433	-	18,433
Garage operations	64,287	-	64,287
Total operating expenses	<u>527,441</u>	<u>1,979,075</u>	<u>2,506,516</u>
Operating income	<u>29,285</u>	<u>42,786</u>	<u>72,071</u>
Non-Operating Revenue (Expenses)			
Investment income	10	-	10
Investment expenses	(30,338)	(28,196)	(58,534)
Net non-operating expenses	<u>(30,328)</u>	<u>(28,196)</u>	<u>(58,524)</u>
CHANGE IN NET ASSETS	(1,043)	14,590	13,547
NET ASSETS, BEGINNING OF YEAR	<u>1,785,054</u>	<u>437,067</u>	<u>2,222,121</u>
NET ASSETS, END OF YEAR	<u>\$ 1,784,011</u>	<u>\$ 451,657</u>	<u>\$ 2,235,668</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, 2009**

	Parking Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sewer charges	\$ -	\$ 1,755,994	\$ 1,755,994
Cash received from parking charges	483,536	-	483,536
Payments to suppliers	(385,680)	(1,465,933)	(1,851,613)
Payments to employees	-	(112,761)	(112,761)
Net cash provided by operating activities	<u>97,856</u>	<u>177,300</u>	<u>275,156</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from bond	-	109,900	109,900
Cash payment of bond principal	(6,086)	(32,504)	(38,590)
Cash payment of note principal	(57,293)	(52,027)	(109,320)
Interest paid on long-term obligation	(30,442)	(28,881)	(59,323)
Acquisition of capital assets	-	(173,788)	(173,788)
Net cash used in financing activities	<u>(93,821)</u>	<u>(177,300)</u>	<u>(271,121)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>10</u>	<u>-</u>	<u>10</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	4,045	-	4,045
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR			
	<u>858</u>	<u>-</u>	<u>858</u>
CASH AND CASH EQUIVALENTS, END OF YEAR			
	<u>\$ 4,903</u>	<u>\$ -</u>	<u>\$ 4,903</u>

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 29,285	\$ 42,786	\$ 72,071
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation and amortization	148,564	84,218	232,782
Effects of changes in operating assets and liabilities:			
Accounts receivable	5,330	(7,920)	(2,590)
Due from other funds	(77,075)	(257,946)	(335,021)
Accounts payable	(7,398)	312,575	305,177
Unearned revenue	(1,445)	-	(1,445)
Compensated absences payable	595	3,587	4,182
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 97,856</u>	<u>\$ 177,300</u>	<u>\$ 275,156</u>

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

TOWN OF BEL AIR, MARYLAND

**Statement of Fiduciary Net Assets
June 30, 2009**

ASSETS

Cash and cash equivalents	\$ 254,554
Investments:	
Mutual funds	4,796,510
Fiscal agents	<u>466,112</u>
Total assets	<u>5,517,176</u>

LIABILITIES

Accounts payable	<u>10,683</u>
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NET ASSETS

Held in trust for pension benefits	<u>\$ 5,506,493</u>
(See notes to financial statements for the plan's schedule of funding progress.)	

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

TOWN OF BEL AIR, MARYLAND

**Statement of Changes In Fiduciary Net Assets
Year Ended June 30, 2009**

ADDITIONS

Contributions:

Employer contributions	\$ 453,146
Employee contributions	184,376
Total contributions	<u>637,522</u>

Investment loss:

Net decrease in the fair value of investments	<u>(772,850)</u>
Total additions	<u>(135,328)</u>

DEDUCTIONS

Benefit payments	440,014
Contractual services	60,009
Total deductions	<u>500,023</u>

CHANGE IN NET ASSETS

(635,351)

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:

BEGINNING OF YEAR

6,141,844

END OF YEAR

\$ 5,506,493

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

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2009

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 Assets and the Statement of Activities) report information on all of the nonfiduciary 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 Town does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, in accounting and reporting for its proprietary operations unless they are required by GASB pronouncements. 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, 2009**

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 parks, 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, 2009**

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 Assets 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, 2009, amounted to \$92,210. 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 2009, the personal property tax rate was \$1.16 per \$100 of assessed value and the real property tax rate was \$.50 per \$100 of assessed value.

Restricted Assets

Restricted cash in the general fund represents developers' deposits. Restricted cash in the parking fund represents cash designated for parking lot construction. Where they can be restricted assets are used before unrestricted assets.

Deferred Financing Costs

Deferred financing costs represent expenses incurred in regards to the parking fund debt (Certificates of Participation). These costs are being amortized over 16 years, the original repayment period of the Certificates of Participation.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Assets 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 fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or extend asset lives are not capitalized.

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

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

Long-term Obligations

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

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.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Unpaid Vacation, Sick and Compensatory Pay

As of June 30, 2009, the liability for Town employees for accrued vacation, sick and compensatory leave was \$426,910, \$512,530 and \$54,089, 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 Assets/Fund Equity

The government-wide and business-type activity financial statements utilize a net asset presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

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

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

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balance represent tentative plans by management that are subject to change.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

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

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

The governmental funds Balance Sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide Statement of Net Assets. 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 Activities. The summary of the \$3,461,776 difference is as follows:

Harford County Liquor Board	\$ 12,375
Equipment/vehicle obligations	868,371
Compensated absences	931,205
Bel Air High School auditorium	1,261,999
TH/PD Expansion design	297,166
Fuel storage tank replacement note	<u>90,660</u>
Total	<u>\$ 3,461,776</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 assets 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 \$283,029 difference is found on page 22.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

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 follows:

	<u>Revenues</u>	<u>Other Financing Sources</u>	<u>Expenditures</u>	<u>Current Year Effect on Fund Balance</u>
General Fund				
Budgetary basis	\$ 10,972,156	\$ 1,134,512	\$ 11,787,962	\$ 318,706
Current year encumbrances	-	-	(525,587)	525,587
Prior year encumbrances	-	-	353,115	(353,115)
GAAP basis	<u>\$ 10,972,156</u>	<u>\$ 1,134,512</u>	<u>\$ 11,615,490</u>	<u>\$ 491,178</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.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

4. The Town Administrator may transfer funds between appropriations for different purposes; however, it shall be approved by a majority of the Board of Town Commissioners before becoming effective.
5. The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are treated as expenditures at the time purchase orders are issued. Budgetary comparisons presented for the general fund are on this non-GAAP basis.
6. All appropriations lapse at the end of the budget year to the extent that they have not been expended or lawfully encumbered.

NOTE 5 – CASH AND INVESTMENTS

Cash and Cash Equivalents

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

A. Cash on hand

At year-end, cash on hand for petty cash and change funds was \$1,570.

B. Deposits

At year-end, the carrying amount of the Town's bank deposits was \$359,262 and the bank balance was \$477,162. All of the bank balance, \$477,162, was covered by federal deposit insurance, or the balance was collateralized by other assets. The deposits of the Town were not exposed to custodial credit risk as of June 30, 2009.

C. Cash equivalents

As of June 30, 2009, the Town's cash equivalents consisted of money market funds held by the Maryland Local Government Investment Pool totaling \$973,022.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 5 – CASH AND INVESTMENTS (CONTINUED)

Investments

Investments consist of Certificates of Deposit with varying maturities and interest rates ranging from 2.27% to 4.15% which are all covered by federal deposit insurance. Investments have maturities between August 2009 through June 2010.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1 Year</u>	<u>1 to 2</u>
Certificates of Deposit	<u>\$ 2,258,500</u>	<u>\$ -</u>	<u>\$ 2,258,500</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, 2009 met the Town's investment policy as of that date.

Investment income includes the following for the year ended June 30, 2009:

Net interest and dividends – governmental activities	<u>\$ 123,904</u>
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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, 2009, 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, 2009**

NOTE 5 – CASH (CONTINUED)

Pension Investments

As of June 30, 2009, 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	\$ 753,191	\$ 745,461	6.7 years
Short-term Bond Fund	251,676	278,600	2.6 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 – DEFERRED FINANCING COSTS

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Amortization</u>	<u>Ending Balance June 30, 2009</u>
Deferred financing costs	\$ 31,278	\$ -	\$ 15,639	\$ 15,639

NOTE 7 – CHANGES IN CAPITAL ASSETS

Additions and disposals of fixed capital assets during the year ended June 30, 2009 are shown below:

	<u>Balance July 1, 2008</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Ending Balance June30, 2009</u>
Governmental Activities				
Land – not being depreciated	\$ 2,662,735	\$ -	\$ -	\$ 2,662,735
Buildings and improvements	3,677,713	114,439	-	3,792,152
Infrastructure	148,122	59,440	-	207,562
Machinery and equipment	878,518	46,039	3,100	921,457
Furniture and fixtures	453,445	98,024	-	551,469
Vehicles	2,189,985	339,880	147,571	2,382,294
Total	10,010,518	657,822	150,671	10,517,669
Less – accumulated depreciation	3,627,957	374,793	128,839	3,873,911
Capital assets, net	<u>\$ 6,382,561</u>	<u>\$ 283,029</u>	<u>\$ 21,832</u>	<u>\$ 6,643,758</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 7 – CHANGES IN CAPITAL ASSETS (CONTINUED)

	<u>Balance July 1, 2008</u>	<u>Additions and Transfers</u>	<u>Disposals</u>	<u>Ending Balance June 30, 2009</u>
Proprietary Funds				
Parking fund:				
Parking lots	\$ 777,518	\$ -	\$ -	\$ 777,518
Parking improvements	400,296	-	-	400,296
Garage	2,137,374	-	-	2,137,374
Parking vehicle	43,226	-	-	43,226
Equipment	2,265	-	-	2,265
	<u>3,360,679</u>	<u>-</u>	<u>-</u>	<u>3,360,679</u>
Sewer fund:				
Sewer pipes and storm drain	914,840	169,507	-	1,084,347
Equipment	181,622	4,281	-	185,903
Vehicle	289,909	-	-	289,909
	<u>1,386,371</u>	<u>173,788</u>	<u>-</u>	<u>1,560,159</u>
Total	4,747,050	173,788	-	4,920,838
Less – accumulated depreciation	<u>2,001,798</u>	<u>116,686</u>	<u>-</u>	<u>2,118,484</u>
Capital assets, net	<u>\$ 2,745,252</u>	<u>\$ 57,102</u>	<u>\$ -</u>	<u>\$2,802,354</u>

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

General government	\$ 124,706
Public safety	106,222
Public works	143,865
Total depreciation expense – governmental activities	<u>\$ 374,793</u>

As of June 30, 2009, accumulated depreciation for the parking fund and sewer fund amounted to \$1,250,439 and \$868,045, respectively. Depreciation expense as of June 30, 2009 amounted to \$69,404 in the parking fund and \$47,282 in the sewer fund.

NOTE 8 – NON-CURRENT LIABILITIES

Non-current liability transactions of the Town for the year ended June 30, 2009 are presented below. These do not include deferred refunding costs and changes in deferred refunding costs which were deducted on the Statement of Net Assets.

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2009</u>	<u>Due Within One Year</u>
Governmental activities					
Liquor Control Board employees' retirement system obligation	\$ 13,037	\$ -	\$ 662	\$ 12,375	\$ 706
Equipment/vehicle notes	759,308	324,712	215,649	868,371	212,922
Accrued vacation, sick and compensatory leave	909,882	21,323	-	931,205	-
Fuel storage tank replacement note	124,658	-	33,998	90,660	35,270
BAHS Auditorium commitments	1,000,000	-	670,905	329,095	329,095
G.O. Bond 2008A BAHS Auditorium	500,000	-	46,373	453,627	47,144
G.O. Bond 2008B BAHS Auditorium	-	500,000	20,723	479,277	42,003
G.O. Bond 2008A TH/PD Expansion	-	309,800	12,634	297,166	26,160
Total governmental activity liabilities	<u>\$ 3,306,885</u>	<u>\$ 1,155,835</u>	<u>\$ 1,000,944</u>	<u>\$ 3,461,776</u>	<u>\$ 693,300</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 8 – NON-CURRENT LIABILITIES (CONTINUED)

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2009</u>	<u>Due Within One Year</u>
Business-type activities					
Parking Fund:					
Parking garage bond, 2007	\$ 695,895	\$ -	\$ 57,293	\$ 638,602	\$ 59,728
Parking garage sweeper note	22,325	-	6,086	16,239	6,341
Accrued vacation, sick and compensatory leave	22,195	595	-	22,790	-
Total parking fund debt	<u>740,415</u>	<u>595</u>	<u>63,379</u>	<u>677,631</u>	<u>66,069</u>
Sewer Fund:					
Infrastructure Bond 2006 Series A:					
7 year note	40,500	-	13,200	27,300	13,500
20 year note	422,500	-	20,000	402,500	20,500
Stoneleigh Sewer Bond, 2009	-	109,900	8,090	101,810	14,291
Maryland Water Quality Financing					
Administration note	41,141	-	10,737	30,404	10,985
Sewer vacuum truck note	196,709	-	32,504	164,205	33,883
Accrued vacation, sick and compensatory leave	35,946	3,588	-	39,534	-
Total sewer fund debt	<u>736,796</u>	<u>113,488</u>	<u>84,531</u>	<u>765,753</u>	<u>93,159</u>
Total business-type activities liabilities	<u>\$ 1,477,211</u>	<u>\$ 114,083</u>	<u>\$ 147,910</u>	<u>\$ 1,443,384</u>	<u>\$ 159,228</u>

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>
2010	\$ 47,144	\$ 7,314	\$ 54,458
2011	47,928	6,530	54,458
2012	48,725	5,733	54,458
2013	49,534	4,924	54,458
2014	50,357	4,100	54,457
2015 – 2018	<u>209,939</u>	<u>7,892</u>	<u>217,831</u>
Total	<u>\$ 453,627</u>	<u>\$ 36,493</u>	<u>\$ 490,120</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 8 – NON-CURRENT LIABILITIES (CONTINUED)

A. Governmental Activities (Continued)

Bonds Payable (Continued)

On November 5, 2008, the Town issued a \$500,000 “Town of Bel Air Auditorium Bond, 2008B” to NBRS Financial Bank with an interest rate of 4.15%. 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 second contribution to the County on November 5, 2008 in the amount of \$468,787 and reimbursed itself the remaining \$31,213 for expenses paid for design and consultation services for the theater. Principal and interest is payable semi-annually on April 30 and October 30 and will continue until October, 2018.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 42,003	\$ 19,731	\$ 61,734
2011	43,789	17,945	61,734
2012	45,608	16,126	61,734
2013	47,590	14,144	61,734
2014	49,614	12,120	61,734
2015 – 2019	<u>250,673</u>	<u>27,129</u>	<u>277,802</u>
Total	<u>\$ 479,277</u>	<u>\$ 107,195</u>	<u>\$ 586,472</u>

On August 15, 2008, the Town issued a \$309,800 “Town of Bel Air Town Hall/Police Department Building Design Bond, 2008A” to NBRS Financial Bank with an interest rate of 4.05% for the public purpose of providing design services for the renovation and/or expansion of the Bel Air Town Hall and Police Department. Principal and interest is payable semi-annually on February 15 and August 15, and will continue until August, 2018.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 26,160	\$ 11,933	\$ 38,093
2011	27,246	10,848	38,094
2012	28,376	9,718	38,094
2013	29,529	8,565	38,094
2014	30,778	7,316	38,094
2015 – 2019	<u>155,077</u>	<u>16,345</u>	<u>171,422</u>
Total	<u>\$ 297,166</u>	<u>\$ 64,725</u>	<u>\$ 361,891</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 8 – NON-CURRENT LIABILITIES (CONTINUED)

A. Governmental Activities (Continued)

Notes Payable

The Town has entered into several notes for the acquisition of capital equipment and vehicles. The interest rates on these notes range from 2.44% to 4.23% with maturity dates from December 15, 2009 to December 30, 2015. Obligations under the plan provide for minimum payments, as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 212,922	\$ 31,662	\$ 244,584
2011	190,234	23,588	213,822
2012	138,125	16,466	154,591
2013	107,259	11,132	118,391
2014	111,522	7,369	118,891
2015 - 2016	<u>108,309</u>	<u>3,394</u>	<u>111,703</u>
Total	<u>\$ 868,371</u>	<u>\$ 93,611</u>	<u>\$ 961,982</u>

On January 5, 2006, the Town entered into an agreement with Harford Bank to borrow \$120,000 at an annual interest rate of 3.70% for the purpose of providing funds for the removal of existing underground fuel storage tanks located at the Department of Public Works and replacing them with above ground storage tanks. The note was set up as a construction loan with the Town paying interest only payments on the monies drawdown; however, prior to the May 5, 2006 settlement date to finalize the note, the Town requested an additional \$50,000 from Harford Bank to fund additional costs associated with the project. Once again, prior to the September 5, 2006 settlement date to finalize the note, the Town requested additional funding. On December 5, 2006, the note was finalized with Harford Bank with principal and interest payments due semi-annually beginning February 5, 2007 and continuing until August 5, 2011.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 35,270	\$ 3,028	\$ 38,298
2011	36,587	1,711	38,298
2012	<u>18,803</u>	<u>345</u>	<u>19,148</u>
Total	<u>\$ 90,660</u>	<u>\$ 5,084</u>	<u>\$ 95,744</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 8 – 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>
2010	\$ 59,728	\$ 27,141	\$ 86,869
2011	62,266	24,603	86,869
2012	64,913	21,956	86,869
2013	67,672	19,197	86,869
2014	70,548	16,321	86,869
2015 – 2018	<u>313,475</u>	<u>34,000</u>	<u>347,475</u>
Total	<u>\$ 638,602</u>	<u>\$ 143,218</u>	<u>\$ 781,820</u>

On April 22, 2004, the Town of Bel Air entered into an agreement with the Maryland Department of Housing and Community Development, Community Development Administration, to borrow \$91,500 with interest at rates varying from 2.0% to 3.25% 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, 2011.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 13,500	\$ 854	\$ 14,354
2011	<u>13,800</u>	<u>448</u>	<u>14,248</u>
Total	<u>\$ 27,300</u>	<u>\$ 1,302</u>	<u>\$ 28,602</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 8 – 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>
2010	\$ 20,500	\$ 16,851	\$ 37,351
2011	21,000	16,236	37,236
2012	21,500	15,554	37,054
2013	22,500	14,801	37,301
2014	23,500	13,957	37,457
2015 – 2019	131,000	54,647	185,647
2020 – 2024	<u>162,500</u>	<u>23,126</u>	<u>185,626</u>
Total	<u>\$ 402,500</u>	<u>\$ 155,172</u>	<u>\$ 557,672</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. The outstanding debt of \$101,810 is recorded in the Sewer Fund. 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>
2010	\$ 14,291	\$ 3,238	\$ 17,529
2011	14,766	2,764	17,530
2012	15,251	2,279	17,530
2013	15,764	1,766	17,530
2014	16,287	1,243	17,530
2015 – 2016	<u>25,451</u>	<u>844</u>	<u>26,295</u>
Total	<u>\$ 101,810</u>	<u>\$ 12,134</u>	<u>\$ 113,944</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 8 – NON-CURRENT LIABILITIES (CONTINUED)

B. Business-type Activities (Continued)

Bonds Payable (Continued)

On June 30, 2001, the Town of Bel Air entered into an agreement with the Maryland Department of the Environment, Maryland Water Quality Financing Administration (State), whereby the State advanced \$101,686 at an annual interest rate of 2.3% to the Town for the purpose of improvements to the Ellendale Sewage Pumping Station. The outstanding debt of \$51,639 is recorded in the Sewer Fund. Interest is payable semi-annually on February 1 and August 1. Principal payments are due annually on February 1. Principal and interest payments continue until February 1, 2012.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 10,985	\$ 699	\$ 11,684
2011	11,238	446	11,684
2012	8,181	190	8,371
Total	<u>\$ 30,404</u>	<u>\$ 1,335</u>	<u>\$ 31,739</u>

Notes Payable

On July 28, 2006, the Town of Bel Air entered into an agreement with M&T Bank to borrow \$243,000 with an interest rate of 4.20% for the purpose of purchasing a sewer jet vacuum truck. Principal and interest is payable semi-annually beginning January 28, 2007 and continue until July 28, 2013.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 33,883	\$ 6,545	\$ 40,428
2011	35,321	5,107	40,428
2012	36,820	3,607	40,427
2013	38,383	2,045	40,428
2014	19,798	416	20,214
Total	<u>\$164,205</u>	<u>\$ 17,720</u>	<u>\$181,925</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 8 – NON-CURRENT LIABILITIES (CONTINUED)

B. Business-type Activities (Continued)

Notes Payable (Continued)

On July 28, 2006, the Town of Bel Air entered into an agreement with M&T Bank to borrow \$31,000 with an interest rate of 4.14% for the purpose of purchasing a parking garage sweeper. Principal and interest is payable semi-annually beginning January 28, 2007 and continue until July 28, 2011.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 6,341	\$ 612	\$ 6,953
2011	6,606	347	6,953
2012	<u>3,292</u>	<u>70</u>	<u>3,362</u>
Total	<u>\$16,239</u>	<u>\$ 1,029</u>	<u>\$ 17,268</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, \$12,375, has been reflected in the governmental activities noncurrent liabilities in the Statement of Net Assets.

Total interest expense on long-term liabilities was \$119,025.

TOWN OF BEL AIR, MARYLAND

Notes to Financial Statements June 30, 2009

NOTE 9 – CONDUIT DEBT OBLIGATIONS

In 1985, the Town of Bel Air issued \$1.3 million in Industrial Development Bonds pursuant to the Maryland Economic Development Revenue Bond Act to assist the 139 Partnership to acquire and construct a facility at 139 North Main Street. The bonds are secured by the property financed and are payable solely from revenues received in connection with the financing of the facility or other monies made available for such purposes. Neither the Town, the County, the State nor any other political subdivision is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

In 2006, the Town of Bel Air issued \$7.3 million in Economic Development Revenue Bonds pursuant to the Maryland Economic Development Revenue Bond Act to assist the Highlands School in financing the costs of acquiring, constructing, and equipping a new school. The bonds are secured by the property financed and are payable solely from the pledged receipts or from any other monies made available to the School for such purposes. 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.

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.

NOTE 10 – 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, 2009, the plan assets at market value were \$466,112 and are included in the Civilian Pension Trust.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 10 – PENSION PLANS (CONTINUED)

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

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 a ten 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 2% of covered compensation and the Town to contribute 8% 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, 2009, plan assets at fair value totaled \$2,556,997.

For 2009, the pension contribution was determined to be \$227,152. This contribution represents 8.16% 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, 2008 actuarial valuation using the projected unit credit actuarial cost method. 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 1983 Group Annuity Table. The actual contribution by the members was \$58,986. The Town's contribution for the year ended June 30, 2009 was \$255,157. As of June 30, 2009, there were 62 current employee participants in the Plan. A participant is fully vested after five years.

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, 2006	\$ 2,212,907	\$ 3,140,778	\$ 927,871	70.46%	\$ 2,601,818	35.66%
July 1, 2007	2,710,770	3,458,637	747,867	78.38%	2,594,993	28.82%
July 1, 2008	2,735,622	4,014,121	1,278,499	68.15%	2,783,358	45.93%

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 10 – PENSION PLANS (CONTINUED)

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

The annual required contribution for the Civilian Pension Plan is as follows:

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 239,860	\$ 235,137	98.03%
2008	207,268	237,556	114.61%
2007	191,031	212,552	111.27%

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 7% of covered compensation and the Town to contribute 8% 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, 2009, plan assets at fair value totaled \$2,494,067.

For 2009, the pension contribution was determined to be \$96,530. This contribution represents 5.87% 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, 2008 actuarial valuation using the projected unit credit actuarial cost method. 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 1983 Group Annuity Table. The actual contribution by the members was \$125,390. The Town's contribution for the year ended June 30, 2009 was \$218,009. As of June 30, 2009, 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, 2009**

NOTE 10 – PENSION PLANS (CONTINUED)

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

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, 2004	\$ 2,118,536	\$ 2,995,326	\$ 876,790	70.73%	\$ 1,480,164	59.24%
July 1, 2005	2,434,601	3,169,521	734,920	76.81%	1,482,542	49.57%
July 1, 2006	2,221,721	3,410,750	1,189,029	65.14%	1,324,910	89.74%
July 1, 2007	2,756,015	3,951,933	1,195,918	69.74%	1,505,061	79.46%
July 1, 2008	2,792,519	3,752,131	959,612	74.42%	1,645,595	58.31%

The annual required contribution for the Sworn Officers’ Pension Plan is as follows:

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2009	\$ 159,964	\$ 218,009	136.29%
2008	192,333	211,355	109.89%
2007	187,109	198,261	105.96%
2006	66,828	114,481	171.31%
2005	75,986	119,194	156.86%

The financial information for each plan as of and for the year ended June 30, 2009 is summarized as follows:

	As of June 30, 2009	
	Sworn Officers’ Pension Trust	Civilian Pension Trust
ASSETS		
Cash and cash equivalents	\$ 140,025	\$ 114,529
Investments:		
Mutual funds	2,354,042	2,442,468
Fiscal agents	-	466,112
Total assets	<u>2,494,067</u>	<u>3,023,109</u>
LIABILITIES		
Accounts payable	<u>4,102</u>	<u>6,581</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 2,489,965</u>	<u>\$ 3,016,528</u>

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 10 – PENSION PLANS (CONTINUED)

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

	For the Year Ended June 30, 2009	
	Sworn Officers’ Pension Trust	Civilian Pension Trust
ADDITIONS		
Contributions:		
Employer contributions	\$ 218,009	\$ 235,137
Employee contributions	<u>125,390</u>	<u>58,986</u>
Total contributions	343,399	294,123
Investment loss:		
Net decrease in the fair value of investments	<u>(360,222)</u>	<u>(412,628)</u>
Total additions	<u>(16,823)</u>	<u>(118,505)</u>
DEDUCTIONS		
Benefit payments	250,446	189,568
Contractual services	<u>33,027</u>	<u>26,982</u>
Total deductions	<u>283,473</u>	<u>216,550</u>
CHANGE IN NET ASSETS	(300,296)	(335,055)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
BEGINNING OF YEAR	<u>2,790,261</u>	<u>3,351,583</u>
END OF YEAR	<u>\$ 2,489,965</u>	<u>\$ 3,016,528</u>

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.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 10 – PENSION PLANS (CONTINUED)

457 Deferred Compensation Plan (Continued)

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 11 – INTERFUND RECEIVABLES AND PAYABLES

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Sewer Fund</u>	<u>Parking Fund</u>	<u>Total</u>
Due from Other Funds:					
General Fund	\$ -	\$ 110,945	\$ 389,906	\$ 305,111	\$ 805,962
Sewer Fund	-	1,654	-	-	1,654
Total	<u>\$ -</u>	<u>\$ 112,599</u>	<u>\$ 389,906</u>	<u>\$ 305,111</u>	<u>\$ 807,616</u>
Due to Other Funds:					
Sewer Fund	\$ 389,906	\$ -	\$ -	\$ -	\$ 389,906
Parking Fund	305,111	-	-	-	305,111
Special Revenue Fund	110,945	-	1,654	-	112,599
Total	<u>\$ 805,962</u>	<u>\$ -</u>	<u>\$ 1,654</u>	<u>\$ -</u>	<u>\$ 807,616</u>

NOTE 12 – 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. The percentage of premium 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. At 30 years of service, the Town will pay 70% of both the retiree’s and the spouse’s premiums. 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, 2009 was approximately \$25,086 for the four retired employees participating in the Plan and receiving benefits.

The Governmental Accounting Standards Board has issued Statement No. 45, *Financial Reporting for Post-employment Benefit Plans other than Pension Plans*, effective for the Town in fiscal year 2010. The statement provides standards for the measurement of the liabilities for retiree healthcare benefits. The effect of this statement on the Town’s financial statements has not been determined.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 13 – 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 coverages 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 14 – SPECIAL REVENUE FUND BALANCE

As of June 30, 2009, the Special Revenue Fund was designated for the following purposes:

Governmental Funds

Larew book	\$ 158
Tree planting – fee in lieu	1,023
Tree planting – forest conservation	230
Visitors center	40
Seized property	8,285
Armory park donations	5,000
Comprehensive plan	12
Empty cartridges	101
Public amenity – gardens/park/art	66,464
Explorer scouts	14,193
Auxiliary police	12,273
ECDC contingency	1,351
Christmas parade	2,125
Historic preservation	380
Cultural arts	<u>998</u>

Total fund balance - reserved \$ 112,633

NOTE 15 – 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 \$7,180 during the year ended June 30, 2009.

TOWN OF BEL AIR, MARYLAND

**Notes to Financial Statements
June 30, 2009**

NOTE 16 – 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 Assets.

NOTE 17 – 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.

SUPPLEMENTAL INFORMATION

TOWN OF BEL AIR, MARYLAND

**Schedule of Cash and Cash Equivalents - General Fund
June 30, 2009**

UNRESTRICTED

M&T Bank	
Checking	\$ 41,855
Payroll	1,000
Harco Maryland Federal Credit Union	
Savings	6
Carrollton Bank	
Money market	370
PeoplesBank	
Money market	539
TD Bank	
Savings	45,296
Change fund	1,000
Mercantile Safe Deposit and Trust Company	
Local government investment pool	<u>921,193</u>
TOTAL UNRESTRICTED CASH	<u><u>\$ 1,011,259</u></u>

RESTRICTED

BB&T Bank	
Turner escrow	\$ 1,273
Harford Bank	
Savings	7,515
NBRS Financial Bank	
Cash in escrow	257,075
PNC Bank	
Local Government Investment Pool - 612 Rockspring Road	4,813
Local Government Investment Pool - Dombroskie	<u>46,018</u>
TOTAL RESTRICTED CASH	<u><u>\$ 316,694</u></u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes - Local				
Real property	\$ 5,772,356	\$ 5,822,356	\$ 5,789,433	\$ (32,923)
Half-year real property	5,803	32,803	32,875	72
Personal property	13,000	13,000	18,065	5,065
Railroads and public utilities	301,500	308,500	315,562	7,062
Ordinary business corporations	550,000	550,000	640,580	90,580
Penalties and interest	33,000	40,000	44,817	4,817
<u>Deductions</u>				
Discounts allowed on taxes	(38,800)	(43,800)	(47,092)	(3,292)
Net local taxes	6,636,859	6,722,859	6,794,240	71,381
Taxes - State Shared				
Highway	603,003	539,003	524,550	(14,453)
Income taxes	1,300,000	1,235,000	1,170,536	(64,464)
Admission and amusement	58,000	30,000	9,029	(20,971)
Total taxes - state shared	1,961,003	1,804,003	1,704,115	(99,888)
Licenses and Permits				
<u>Business</u>				
Beer, wine and liquor	17,000	12,000	15,616	3,616
Traders	70,000	70,000	74,356	4,356
<u>Other Licenses and Permits</u>				
Building and equipment	45,000	45,000	32,738	(12,262)
Total - licenses and permits	132,000	127,000	122,710	(4,290)
Revenue from Other Agencies				
<u>Grants from State Government</u>				
Governor's office grant	10,000	10,000	10,000	-
Police protection	231,245	226,245	226,492	247
<u>Grants from the Federal Government</u>				
Bulletproof vest grant	-	-	-	-
<u>Grants from County Government</u>				
Financial corporations	8,458	8,458	8,458	-
Tax rebate	788,647	788,647	788,647	-
Homeland security grant	10,000	19,527	19,527	-
Traffic grants	7,000	7,000	6,957	(43)
Total - revenue from other agencies	1,055,350	1,059,877	1,060,081	204
Service Charges for Current Services				
<u>General Government</u>				
MAWC well fees	20,000	16,000	14,841	(1,159)
Bel Air Reckord Armory fees	50,000	44,000	53,522	9,522
Finance fees	6,100	6,100	11,587	5,487
Zoning and subdivision fees	16,000	16,000	9,430	(6,570)
Maps and publication fees	250	250	126	(124)
MD homebuilder guaranty fund	-	-	1,400	1,400

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2009**

	<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>Sanitation and Waste Removal</u>				
Sewer fund administrative fee	\$ 211,113	\$ 211,113	\$ 207,250	\$ (3,863)
<u>Public Service Enterprises</u>				
Parking fund administrative fee	216,982	216,982	259,561	42,579
Reimbursement for police services	15,000	191,000	193,733	2,733
Police reports	<u>1,700</u>	<u>1,700</u>	<u>1,071</u>	<u>(629)</u>
Total - service charges for current services	537,145	703,145	752,521	49,376
Fines				
Traffic signal camera	427,500	232,500	223,351	(9,149)
False alarm	<u>16,000</u>	<u>12,000</u>	<u>13,679</u>	<u>1,679</u>
Total - fines	443,500	244,500	237,030	(7,470)
Miscellaneous				
Interest	100,000	155,000	123,904	(31,096)
Hearing and ad reimbursement	1,000	1,000	769	(231)
Cable TV franchise	122,000	122,000	125,926	3,926
Police and DPW overtime reimbursement	20,000	20,000	15,703	(4,297)
Rental income - Tenant house	6,000	1,500	1,500	-
Seized property	-	-	1,011	1,011
Miscellaneous	<u>12,000</u>	<u>12,000</u>	<u>32,646</u>	<u>20,646</u>
Total - miscellaneous	<u>261,000</u>	<u>311,500</u>	<u>301,459</u>	<u>(10,041)</u>
TOTAL REVENUES	<u><u>\$11,026,857</u></u>	<u><u>\$10,972,884</u></u>	<u><u>\$10,972,156</u></u>	<u><u>\$ (728)</u></u>
EXPENDITURES				
General Government				
<u>Legislative</u>				
Commissioners				
Salaries	\$ 25,200	\$ 25,200	\$ 25,200	\$ -
Operating expenses	20,495	20,495	16,566	3,929
Town Clerk				
Salaries	259,660	259,660	259,776	(116)
Operating expenses	60,135	63,635	48,846	14,789
<u>Executive</u>				
Town Administrator				
Salaries	104,167	104,167	104,568	(401)
Operating expenses	22,975	22,975	17,997	4,978
<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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (continued)				
General Government (continued)				
<u>Financial Administration</u>				
Accounting, Collection, and Disbursement				
Salaries	\$ 200,484	\$ 200,484	\$ 199,876	\$ 608
Operating expenses	34,941	34,941	35,415	(474)
Independent auditing	27,000	27,000	27,000	-
<u>Law</u>				
Legal Counsel				
Operating expenses	39,000	39,000	45,533	(6,533)
<u>Planning and Zoning</u>				
Salaries	390,628	390,628	391,550	(922)
Operating expenses	182,150	200,150	173,990	26,160
<u>General Services</u>				
Municipal Buildings				
Salaries	42,849	42,849	44,345	(1,496)
Operating expenses	234,165	234,165	207,995	26,170
Capital outlay	14,000	14,000	14,000	-
Expansion/Renovation TH/PD	-	309,800	314,427	(4,627)
<u>Bel Air Reckord Armory</u>				
Salaries	4,130	13,630	11,958	1,672
Operating expenses	106,256	116,256	98,584	17,672
Renovations	-	25,000	33,639	(8,639)
<u>Other General Government</u>				
Community Promotion				
Operating expenses	4,950	4,950	7,128	(2,178)
Public Officers' Association				
Operating expenses	16,692	16,692	16,692	-
Computer Network System				
Salaries	500	500	-	500
Operating expenses	165,570	165,570	153,890	11,680
Capital outlay	89,115	89,115	96,924	(7,809)
Total - general government	<u>2,045,062</u>	<u>2,420,862</u>	<u>2,345,899</u>	<u>74,963</u>
Public Safety				
<u>Administrative, Patrol and Investigation</u>				
Salaries	2,772,044	2,856,444	2,842,984	13,460
Operating expenses	266,192	259,562	250,722	8,840
Pension payback	75,000	75,000	75,000	-
Capital outlay	76,060	90,421	85,300	5,121
<u>Homeland security program</u>	10,000	19,527	19,527	-
<u>Traffic Safety</u>				
Red light camera program	311,855	150,000	133,215	16,785
<u>Fire Department</u>				
Volunteer Company Contribution	139,964	139,964	139,964	-

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (continued)				
Public Safety (continued)				
<u>Protective Inspection</u>				
Other:				
Hydrant rental	\$ 37,461	\$ 37,461	\$ 37,506	\$ (45)
Total - public safety	3,688,576	3,628,379	3,584,218	44,161
Public Works				
<u>General Administration</u>				
Salaries	562,787	562,787	560,518	2,269
Operating expenses	140,742	142,922	114,092	28,830
<u>Highways and Streets</u>				
Streets, Roadways and Alleys				
Salaries	474,656	426,656	436,068	(9,412)
Operating expenses	147,429	169,429	160,662	8,767
Sidewalk, curb and street construction	306,255	344,255	344,405	(150)
Main Street Streetscape	-	8,000	7,025	975
Capital outlay	150,500	150,500	152,133	(1,633)
Street Lighting				
Operating expenses	160,360	160,360	162,374	(2,014)
<u>Sanitation and Waste Removal</u>				
Waste Collection and Disposal				
Salaries	423,876	403,876	358,486	45,390
Operating expenses	127,190	127,190	119,153	8,037
Capital outlay	134,000	134,000	118,545	15,455
<u>Shop</u>				
Salaries	153,421	128,421	127,116	1,305
Operating expenses	195,435	195,435	155,569	39,866
Total - public works	2,976,651	2,953,831	2,816,146	137,685
Recreation and Parks				
<u>Participation Recreation</u>				
Operating expenses	111,700	111,700	106,080	5,620
<u>A & B Committee</u>				
Operating expenses	38,300	38,300	38,896	(596)
<u>Cultural Arts Committee</u>				
Operating expenses	9,350	9,350	8,579	771
Total - recreation and parks	159,350	159,350	153,555	5,795
Miscellaneous				
Disability insurance	27,000	27,000	24,498	2,502
Hospital insurance	767,000	755,000	735,308	19,692
Optical and dental plan	14,100	14,100	10,157	3,943
Social security	425,000	420,000	412,121	7,879
Life insurance	28,500	28,500	26,011	2,489
Pension and deferred compensation contributions	448,000	439,400	426,644	12,756
Workmen's compensation	195,000	195,000	198,082	(3,082)

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (continued)				
Miscellaneous (continued)				
Unemployment claims	\$ 160	\$ 5,260	\$ 5,153	\$ 107
General insurance	109,000	92,000	86,480	5,520
Bel Air High School Auditorium	500,000	511,000	514,400	(3,400)
Contingency	37,373	41,165	20,795	20,370
Debt service	408,475	388,727	390,530	(1,803)
Contributions/donations	11,480	11,480	10,975	505
Miscellaneous	29,130	34,630	26,990	7,640
Total - miscellaneous	<u>3,000,218</u>	<u>2,963,262</u>	<u>2,888,144</u>	<u>75,118</u>
TOTAL EXPENDITURES	<u>\$11,869,857</u>	<u>\$ 12,125,684</u>	<u>\$11,787,962</u>	<u>\$337,722</u>
SUMMARY				
TOTAL REVENUES	\$11,026,857	\$10,972,884	\$10,972,156	\$(728)
TOTAL EXPENDITURES	<u>11,869,857</u>	<u>12,125,684</u>	<u>11,787,962</u>	<u>337,722</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (843,000)</u>	<u>\$ (1,152,800)</u>	<u>\$ (815,806)</u>	<u>\$336,994</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Revenue from Other Agencies				
CDBG grant	\$ 50,000	\$ 50,000	\$ 13,790	\$ (36,210)
Parks & playground grant	-	200,000	-	(200,000)
MEMA grant	25,300	33,733	-	(33,733)
Community legacy grant	40,000	40,000	40,224	224
Total - revenue from other agencies	<u>115,300</u>	<u>323,733</u>	<u>54,014</u>	<u>(269,719)</u>
Miscellaneous				
Christmas parade	2,000	2,000	750	(1,250)
Historic preservation	3,500	3,500	2,768	(732)
Tree planting - forest conservation	13,000	13,000	-	(13,000)
Tree planting - fee in lieu	8,000	8,000	-	(8,000)
Public amenity - gardens, parks, and art	5,000	5,000	45,678	40,678
Empty printer cartridges	-	-	90	90
Visitors center	250	250	84	(166)
Transfer from general fund seized property	10,000	10,000	3,892	(6,108)
Armory Park donations	-	-	-	-
Larew book	1,000	1,000	54	(946)
Explorer scouts	6,000	6,000	5,082	(918)
Auxiliary police	6,000	6,000	9,629	3,629
Cultural arts project	2,500	2,500	133	(2,367)
DARE	500	500	-	(500)
ECDC contingency	100	100	495	395
Total - miscellaneous	<u>57,850</u>	<u>57,850</u>	<u>68,655</u>	<u>10,805</u>
TOTAL REVENUES	<u><u>\$ 173,150</u></u>	<u><u>\$ 381,583</u></u>	<u><u>\$ 122,669</u></u>	<u><u>\$ (258,914)</u></u>
EXPENDITURES				
General Government				
Historic preservation	\$ 3,500	\$ 3,500	\$ 3,125	\$ 375
Visitors center	250	250	149	101
Community legacy grant	40,000	40,000	40,224	(224)
CDBG	50,000	50,000	13,790	36,210
Parks & playground grant	-	200,000	-	200,000
Total - general government	<u>93,750</u>	<u>293,750</u>	<u>57,288</u>	<u>236,462</u>
Public Safety				
Seized property	10,000	10,000	15,807	(5,807)
Auxiliary police	6,000	6,000	9,916	(3,916)
Total - public safety	<u>16,000</u>	<u>16,000</u>	<u>25,723</u>	<u>(9,723)</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (Continued)				
Public Works				
MEMA Grant	\$ 25,300	\$ 33,733	\$ -	\$ 33,733
Recreation and Parks				
Tree planting - forest conservation	13,000	13,000	1,380	11,620
Tree planting - fee in lieu	8,000	8,000	-	8,000
Explorer Scouts	6,000	6,000	1,555	4,445
Cultural arts project	2,500	2,500	10,150	(7,650)
Public amenity - gardens, parks and art	5,000	5,000	-	5,000
Christmas parade	2,000	2,000	-	2,000
Total - recreation and parks	<u>36,500</u>	<u>36,500</u>	<u>13,085</u>	<u>23,415</u>
Miscellaneous				
DARE	500	500	-	500
Larew book	1,000	1,000	1,000	-
ECDC contingency	100	100	495	(395)
Total - miscellaneous	<u>1,600</u>	<u>1,600</u>	<u>1,495</u>	<u>105</u>
TOTAL EXPENDITURES	<u>\$ 173,150</u>	<u>\$ 381,583</u>	<u>\$ 97,591</u>	<u>\$ 283,992</u>
SUMMARY				
TOTAL REVENUES	\$ 173,150	\$ 381,583	\$ 122,669	\$ (258,914)
TOTAL EXPENDITURES	<u>173,150</u>	<u>381,583</u>	<u>97,591</u>	<u>283,992</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,078</u>	<u>\$ 25,078</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenses Compared to Budget Parking Fund
Year Ended June 30, 2009**

	<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	\$ 153,000	\$ 165,206	\$ 12,206
Lease fees	158,700	142,405	(16,295)
Fines and Forfeitures			
Parking	112,000	138,991	26,991
Miscellaneous			
County share operating expenses and capital repairs	114,132	106,347	(7,785)
Miscellaneous	<u>7,760</u>	<u>3,777</u>	<u>(3,983)</u>
Total - operating revenues	545,592	556,726	11,134
OPERATING EXPENSES			
Miscellaneous			
Compensated absences	-	594	(594)
Postage	350	373	(23)
Miscellaneous	1,294	1,661	(367)
Parking fine charges	23,660	26,863	(3,203)
Depreciation	75,800	69,403	6,397
Lots and Meters			
Transfer to general fund - administrative costs	162,146	192,613	(30,467)
Maintenance	3,000	575	2,425
Operating expenses	5,900	886	5,014
Equipment	18,500	18,433	67
Parking Garage			
Transfer to general fund - administrative costs	54,836	66,948	(12,112)
Amortization of financing costs	79,160	79,160	-
Operating expenses	43,600	46,113	(2,513)
Insurance	13,900	12,058	1,842
Routine repairs	30,000	6,116	23,884
Maintenance	5,655	5,644	11
Capital repairs	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total - operating expenses	<u>532,801</u>	<u>527,440</u>	<u>5,361</u>
Operating income (loss)	12,791	29,286	16,495
Non-operating Revenues (Expenses)			
Interest income - investment	75	10	(65)
Interest expense - parking garage sweeper	(762)	(762)	-
- parking garage	<u>(29,576)</u>	<u>(29,576)</u>	<u>-</u>
Total - non-operating expenses	<u>(30,263)</u>	<u>(30,328)</u>	<u>(65)</u>
NET INCOME (LOSS)	<u>\$ (17,472)</u>	<u>\$ (1,042)</u>	<u>\$ 16,430</u>

TOWN OF BEL AIR, MARYLAND

**Schedule of Revenues and Expenses Compared to Budget Sewer Fund
Year Ended June 30, 2009**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Revenues From Other Agencies			
CDBG-Stoneleigh Manhole Rehabilitation	\$ -	\$ 50,533	\$ 50,533
Service Charges for Current Services			
Sanitation and Waste Removal			
Sewerage charges	1,639,340	1,662,893	23,553
Sewer connection charges	50,000	264,704	214,704
Other revenues	14,855	16,955	2,100
User benefit fees	26,530	26,775	245
Total - operating revenues	<u>1,730,725</u>	<u>2,021,860</u>	<u>291,135</u>
OPERATING EXPENSES			
Salaries - direct and on call time	88,369	88,803	(434)
- overtime	25,576	24,775	801
Compensated absences	-	3,589	(3,589)
Contractual services	1,063,800	1,161,965	(98,165)
Amortization	36,936	36,936	-
Supplies	9,700	11,317	(1,617)
Utilities	13,000	13,281	(281)
Miss Utility fees	2,100	1,871	229
Depreciation	44,878	47,282	(2,404)
Maintenance	21,500	24,290	(2,790)
Connection costs	50,000	264,704	(214,704)
Water company charges	2,200	2,156	44
Contingency	2,500	1,747	753
Transfer to general fund - administrative costs	211,113	207,250	3,863
User benefit fee	26,530	26,775	(245)
Postage	5,500	5,125	375
Root control maintenance	30,000	30,727	(727)
Main and lateral repairs	18,000	22,688	(4,688)
Credit card fees	2,614	2,766	(152)
Transfer to SSCI	40,000	-	40,000
Miscellaneous	1,150	1,028	122
Total - operating expenses	<u>1,695,466</u>	<u>1,979,075</u>	<u>(283,609)</u>
Operating income	35,259	42,785	7,526
Non-operating expense - interest	<u>35,259</u>	<u>28,196</u>	<u>(7,063)</u>
INCOME	<u>\$ -</u>	<u>\$ 14,589</u>	<u>\$ 14,589</u>

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