

BOONSBORO MAYOR AND COUNCIL



FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023

BOONSBORO MAYOR AND COUNCIL

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INDEPENDENT AUDITORS' REPORT

Boonsboro Mayor and Council
Boonsboro, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the **Boonsboro Mayor and Council (“the Town”)** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, for the year ended June 30, 2023, the Town adopted new accounting guidance issued by *Governmental Accounting Standards Board (GASB)*. The Town has adopted GASB No. 99, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the included supplementary information, such as management's discussion and analysis and budgetary comparison information on pages 4 – 9 and 40 – 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison information for the water and sewer funds on pages 45 – 46 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The water and sewer funds budgetary comparison information are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the water and sewer funds budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Albright Crumbacker Moul & Itell, LLC

Hagerstown, Maryland
March 29, 2024

Boonsboro Mayor and Council
Management's Discussion and Analysis
June 30, 2023

The following discussion and analysis of the Mayor and Council of Boonsboro's (the Town) financial performance provides an overview of the Town's financial condition and activities for the fiscal year ended June 30, 2023. Please read the analysis in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2023

The assets of the town exceeded its liabilities at the close of the fiscal year by \$14,234,259 (net position). Of this amount, \$5,422,223 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The total net position increased by \$1,242,513. Of this amount, an increase of \$882,080 and an increase of \$360,433 were associated with governmental and business-type activities, respectively.

As of the close of the current fiscal year, the Town's general fund reported a fund balance of \$6,492,978, which is an increase of \$835,725, in comparison to the prior year.

As mentioned previously, the net position for business-type activities (Water and Sewer) increased by \$360,433. Of this amount, an increase of \$262,426 and an increase of \$98,007 were associated with water and sewer activities, respectively.

OVERVIEW OF 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 supplementary information in addition to the basic financial statements.

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

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The design of this statement is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both of the government-wide financial statements 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, sanitation, highways and streets, parks and recreation, and other charges. The major business-type activities of the Town

include the operation and maintenance of the water and sanitary sewer systems. The government-wide financial statements can be found on pages 10 and 11 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. In contrast to the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. All of the funds of the Town can be divided into two categories: governmental funds and proprietary 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 annual financing requirements of governmental programs and commitment of spendable resources for the near-term.

Because the focus of spendable resources 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 doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund.

Proprietary funds. Services for which the Town charges a fee are generally reported in the proprietary fund. The Town's enterprise funds are the same as its *business-type activities* in the government-wide financial statements, only in more detail. The Town uses enterprise funds to account for the Water Fund and Sewer Fund.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. Budgetary comparison schedules for the General Fund, Water Fund, and Sewer Fund are presented immediately after the basic financial statements.

Table 1
Town of Boonsboro
As of June 30,

	Governmental		Business-Type		Totals		Change
	2023	2022	2023	2022	2023	2022	
Assets:							
Current Assets	\$ 8,440,993	\$ 5,673,656	\$ 3,679,840	\$ 2,596,386	\$ 12,120,833	\$ 8,270,042	\$ 3,850,791
Capital Assets	3,631,441	3,596,400	9,649,306	9,808,205	13,280,747	13,404,605	(123,858)
Other Assets	1,488,510	1,813,022	(1,488,510)	(1,813,022)	-	-	-
Total Assets	13,560,944	11,083,078	11,840,636	10,591,569	25,401,580	21,674,647	3,726,933
Liabilities:							
Current and Other Liabilities	3,441,281	1,829,995	2,938,592	1,882,384	6,379,873	3,712,379	2,667,494
Long-Term Liabilities	-	15,500	4,787,448	4,955,021	4,787,448	4,970,521	(183,073)
Total Liabilities	3,441,281	1,845,495	7,726,040	6,837,405	11,167,321	8,682,900	2,484,421
Net Position:							
Invested in capital assets, net of related debt	3,615,941	3,565,400	4,697,203	4,691,849	8,313,144	8,257,249	55,895
Restricted	406,665	218,551	-	-	406,665	218,551	188,114
Unrestricted	6,097,057	5,453,632	(582,607)	(937,685)	5,514,450	4,515,947	998,503
Total Net Position	\$ 10,119,663	\$ 9,237,583	\$ 4,114,596	\$ 3,754,164	\$ 14,234,259	\$ 12,991,747	\$ 1,242,512

Of the Town's net position, 58 percent reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for spending. Although the Town's investment in 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.

Three percent of the Town's assets are legally restricted for various purposes. Additional information on the Town's restricted assets can be found on the government-wide statement of net position, on page 10 of this report.

The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities net position was \$10,119,663 at the end of the fiscal year, an increase of \$882,00 from beginning net position. This compares to the previous year when governmental activities increased the Town's net position by \$590,659. The Town's revenues from governmental activities totaled \$3,094,089 for the fiscal year. Revenue from taxes represented 73% of total revenue. The major sources of revenue for the Town were real estate and personal property taxes of \$1,342,923 and state income and highway user taxes of \$838,034.

The Town's expenditures from governmental activities totaled \$2,167,009 for the fiscal year. Expenditures of public safety comprised the largest portion of total expenditures from governmental activities and totaled \$673,736 or 31.1%; general government expenses were the second largest portion of total expenditures at \$602,012 or 27.8%.

Business-type activities. Business-type activities net position was \$4,114,596 at the end of the fiscal year, an increase of \$360,433 over beginning net position. Operating expenditures exceeded operating revenue by \$500,377 during the year.

Table 2
Changes in the Town of Boonsboro's Net Position
Fiscal Years Ended June 30,

	Governmental		Business-Type		Totals		Change
	2023	2022	2023	2022	2023	2022	
Revenues							
General Revenues							
Property Taxes	\$ 1,342,923	\$ 1,359,893	\$ -	\$ -	\$ 1,342,923	\$ 1,359,893	\$ (16,970)
Income Taxes	656,928	585,408	-	-	656,928	585,408	71,520
Highway Taxes	181,106	184,076	-	-	181,106	184,076	(2,970)
County Taxes	57,651	40,779	-	-	57,651	40,779	16,872
Other Income	86,628	67,977	720,107	283,874	806,735	351,851	454,884
Interest Income	224,568	11,336	95,118	5,268	319,686	16,604	303,082
Program Revenues							
Public Safety	55,403	29,090	-	-	55,403	29,090	26,313
Parks and Recreation	276,978	24,169	-	-	276,978	24,169	252,809
Sanitation	139,540	137,667	-	-	139,540	137,667	1,873
Water and Sewer	-	-	1,894,600	1,780,791	1,894,600	1,780,791	113,809
Other Income	27,364	30,140	216,561	12,229	243,925	42,369	201,556
Total Revenues	3,049,089	2,470,535	2,926,386	2,082,162	5,975,475	4,552,697	1,422,778
Expenditures							
General Government	602,012	476,189	-	-	602,012	476,189	125,823
Public Safety	673,736	588,188	-	-	673,736	588,188	85,548
Sanitation	199,737	182,392	-	-	199,737	182,392	17,345
Highways and streets	453,877	426,021	-	-	453,877	426,021	27,856
Parks and Recreation	224,525	204,160	-	-	224,525	204,160	20,365
Non-departmental	13,122	2,123	-	-	13,122	2,123	10,999
Interest Expense	-	803	170,976	179,095	170,976	179,898	(8,922)
Bond issuance costs	-	-	-	-	-	-	-
Water/Sewer Utilities	-	-	2,394,977	2,294,607	2,394,977	2,294,607	100,370
Total Expenditures	2,167,009	1,879,876	2,565,953	2,473,702	4,732,962	4,353,578	379,384
Change in Net Position	882,080	590,659	360,433	(391,540)	1,242,513	199,119	1,043,394
Beginning Net Position	9,237,583	8,646,924	3,754,163	4,145,703	12,991,746	12,792,627	199,119
Total Net Position	\$ 10,119,663	\$ 9,237,583	\$ 4,114,596	\$ 3,754,163	\$ 14,234,259	\$ 12,991,746	\$ 1,242,513

Financial Analysis of the Town's Fund

Governmental fund. The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the spendable (both restricted and unrestricted) fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The Town's general fund is the only governmental fund. At the end of the fiscal year, the fund balance of the general fund was \$6,462,978 of which \$4,106,772 was unassigned, \$1,857,314 was nonspendable and \$406,665 was restricted for various purposes (see page 12 of this report for further detail on restricted balances). As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 188% of total general fund expenditures.

Proprietary fund. The Town's proprietary fund provides the same type of information found in the business-type activities of the government-wide financial statements, but in greater detail.

The Water Fund and Sewer Fund are the Town's proprietary funds. Unrestricted net position (deficit) of the Water Fund and Sewer Fund at the end of the fiscal year was \$1,114,716 and \$(1,697,323), respectively.

General Fund Budgetary Highlights

The Charter of the Town of Boonsboro requires that the budget be formally adopted by the Mayor and Council of Boonsboro. The budget was approved by the Mayor and Council. There were no amendments to the original budget during the fiscal year.

Actual revenues on a budgetary basis were \$2,599,650, which exceeded expenditures by \$400,414. Grants and shared taxes exceeded the budgeted estimate by approximately \$125,100, miscellaneous income exceeded the budget estimate by approximately \$282,000 while expenditures were approximately \$317,000 less than budgeted due primarily to public safety, highways, and streets expenses, as well as anticipated capital outlay that were all less than budgeted.

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, 2023 was \$13,280,747 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, vehicles, infrastructure, utility plants, and construction in progress. The Town's net investment in capital assets for the current fiscal year increased by less than one percent for governmental and decreased 1.6 percent for business-type activities as a result of current year depreciation and disposals, net of any current year additions. More detailed information regarding the Town's capital assets can be found in Notes 1 and 7 to the financial statements.

Table 3
Town of Boonsboro's Capital Assets (net of accumulated depreciation)
As of June 30,

	Governmental		Business-Type		Totals		Change
	2023	2022	2023	2022	2023	2022	
Non-Depreciable Assets:							
Land	\$ 1,208,896	\$ 1,208,896	\$ 158,317	\$ 158,317	\$ 1,367,213	\$ 1,367,213	\$ -
Construction In Progress	-	-	805,304	304,786	805,304	304,786	500,518
Depreciable Assets:							
Buildings	189,789	217,160	2,408	2,499	192,197	219,659	(27,462)
Machinery & Equipment	117,452	144,071	746,809	622,722	864,261	766,793	97,468
Parks & Recreation	1,230,167	1,093,424	-	-	1,230,167	1,093,424	136,743
Vehicles	243,939	261,860	5,144	13,454	249,083	275,314	(26,231)
Infrastructure	641,198	670,989	3,602,837	3,747,668	4,244,035	4,418,657	(174,622)
Utility Plants	-	-	4,328,487	4,958,759	4,328,487	4,958,759	(630,272)
Total	\$ 3,631,441	\$ 3,596,400	\$ 9,649,306	\$ 9,808,205	\$ 13,280,747	\$ 13,404,605	\$ (123,858)

Long-Term Debt. At June 30, 2023, the Town had total long-term debt outstanding of \$4,967,355. The Town's long-term debt decreased three percent during the fiscal year due to regularly scheduled payments. Additional information on long-term debt can be found in Note 13 to the basic financial statements.

Table 4
Town of Boonsboro's Long-term Debt
As of June 30,

	Governmental Activities		Business-Type Activities		Totals		Change
	2023	2022	2023	2022	2023	2022	
Note Payable - MWQFA	\$ 15,500	\$ 31,000	\$ -	\$ -	\$ 15,500	\$ 31,000	\$ (15,500)
Notes Payable - MDE	-	-	93,554	120,388	93,554	120,388	(26,834)
Infrastructure Bond - WWTP	-	-	4,788,500	4,923,000	4,788,500	4,923,000	(134,500)
Net unamortized bond premium	-	-	70,049	72,967	70,049	72,967	(2,918)
Total	\$ 15,500	\$ 31,000	\$ 4,952,103	\$ 5,116,355	\$ 4,967,603	\$ 5,147,355	\$ (179,752)

Economic Factors

The Town continually seeks grants to support revenue, in addition to state and federal financial support to sustain essential services and capital projects. Tax revenues from real and personal property, as well as state and county shared taxes, will continue to remain as the primary source of revenue for the Town's general fund.

The associated expense of purchasing, operating, and maintaining the Town's advanced wastewater treatment facility, constructed in 2009, has dramatically altered the procedures and methods in operating and maintaining the Town's sewer system. In addition, much of the Town's utility infrastructure is from the 1950s and 1960s and the need for water and sewer system wide improvements has necessitated the need to review water and sewer rates on an annual basis and, as necessary, consider adjustments to quarterly water and sewer rates. This issue is exemplified in the water system by the emergency need for a new \$6.5 million dollar drinking water reservoir and in the sewer system by systemic operational inefficiencies in sludge treatment and excessive inflow and infiltration.

With the help from a third-party non-profit, the Southeast Rural Community Assistance Project, the Town completed a rate study and a 5-year rate plan for consideration and inclusion in the Fiscal Year 2023 and subsequent budgets. Boonsboro has successfully applied for and received both state and federal grant awards. The Town was awarded \$3.6 million in grant funding for utility infrastructure projects, along with a \$3.1 million American rescue plan allocation. This will enable Town to take an initiative-taking approach to remediating infrastructure decay and reduce operating expenses in Fiscal Year 2024 and moving forward.

The Mayor and Council will continue to work in cooperation with staff and the citizens to make the best financial decisions possible for the betterment of the Town and the citizens of Boonsboro.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Manager, Town of Boonsboro, 21 N. Main Street, Boonsboro, MD 21713.

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF NET POSITION

June 30,

2023

PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 2,619,730	\$ 824,234	\$ 3,443,964
Restricted cash and cash equivalents	3,306,147	2,049,267	5,355,414
Certificates of deposit	2,174,600	-	2,174,600
Restricted certificates of deposits	52,541	-	52,541
Receivables:			
Customers accounts	34,516	483,204	517,720
Grants	58,500	223,988	282,488
Taxes	10,205	-	10,205
Other governmental agencies	135,749	99,147	234,896
Developer, net of allowance for doubtful accounts of \$594,723	-	-	-
Prepaid expenses	49,005	-	49,005
Intercompany balances	(319,799)	319,799	-
Loans receivable (payable) - other funds	1,808,309	(1,808,309)	-
Capital assets:			
Land	1,208,896	158,317	1,367,213
Other capital assets, net of accumulated depreciation	2,422,545	8,685,685	11,108,230
Construction in progress	-	805,304	805,304
TOTAL ASSETS	13,560,944	11,840,636	25,401,580
LIABILITIES			
Accounts payable	79,697	129,313	209,010
Accrued expenses	119,118	111,912	231,030
Other accrued liabilities	3,200	-	3,200
Unearned revenue	3,223,766	2,532,712	5,756,478
Current maturities of long-term debt	15,500	164,655	180,155
Long-term debt	-	4,787,448	4,787,448
TOTAL LIABILITIES	3,441,281	7,726,040	11,167,321
NET POSITION			
Invested in capital assets, net of related debt	3,615,941	4,697,203	8,313,144
Restricted for:			
Friends of Shafer Park	52,541	-	52,541
Tourism activities/marketing	206,000	-	206,000
Community garden	25,000	-	25,000
Capital improvements	123,124	-	123,124
Unrestricted (deficit)	6,097,057	(582,607)	5,514,450
TOTAL NET POSITION	\$ 10,119,663	\$ 4,114,596	\$ 14,234,259

The accompanying notes are an integral part of these financial statements.

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF ACTIVITIES

Year ended June 30,

2023

FUNCTIONS/PROGRAMS	EXPENDITURES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Primary government:							
Governmental activities:							
General government	\$ 602,012	\$ 20,100	\$ 7,264	\$ -	\$ (574,648)	\$ -	\$ (574,648)
Public safety	673,736	-	55,403	-	(618,333)	-	(618,333)
Sanitation	199,737	139,540	-	-	(60,197)	-	(60,197)
Highways and streets	453,877	-	-	-	(453,877)	-	(453,877)
Parks and recreation	224,525	26,862	17,704	232,412	52,453	-	52,453
Non-departmental	13,122	-	-	-	(13,122)	-	(13,122)
TOTAL GOVERNMENTAL ACTIVITIES	2,167,009	186,502	80,371	232,412	(1,667,724)	-	(1,667,724)
Business-type activities:							
Water	887,348	800,975	-	216,561	-	130,188	130,188
Sewer	1,678,605	1,093,625	-	657,270	-	72,290	72,290
TOTAL BUSINESS-TYPE ACTIVITIES	2,565,953	1,894,600	-	873,831	-	202,478	202,478
TOTAL PRIMARY GOVERNMENT	\$ 4,732,962	\$ 2,081,102	\$ 80,371	\$ 1,106,243	\$ (1,667,724)	\$ 202,478	\$ (1,465,246)
GENERAL REVENUES							
Taxes							
Property					1,342,923	-	1,342,923
Income					656,928	-	656,928
Highway					181,106	-	181,106
County shared					57,651	-	57,651
Other					61,140	-	61,140
Other income					37,237	62,837	100,074
Loss on capital asset disposal					(11,749)	-	(11,749)
Interest income					224,568	95,118	319,686
TOTAL GENERAL REVENUES					2,549,804	157,955	2,707,759
Change in net position					882,080	360,433	1,242,513
NET POSITION - BEGINNING OF YEAR					9,237,583	3,754,163	12,991,746
NET POSITION - END OF YEAR					\$ 10,119,663	\$ 4,114,596	\$ 14,234,259

The accompanying notes are an integral part of these financial statements.

BOONSBORO MAYOR AND COUNCIL

BALANCE SHEET – GOVERNMENTAL FUND

<i>June 30,</i>	2023
ASSETS	
Cash and cash equivalents	\$ 2,619,730
Restricted cash and cash equivalents	3,306,147
Certificates of deposit	2,174,600
Restricted certificates of deposit	52,541
Receivables	238,970
Prepaid expenses	49,005
Loan receivable from proprietary fund	1,808,309
TOTAL ASSETS	\$ 10,249,302
LIABILITIES	
Accounts payable	\$ 79,697
Accrued expenses	119,118
Other accrued liabilities	3,200
Due to proprietary fund	319,799
Advanced funds	3,223,766
TOTAL LIABILITIES	3,745,580
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - intergovernmental	40,744
TOTAL DEFERRED INFLOWS OF RESOURCES	40,744
FUND BALANCE	
Non-spendable:	
Prepaid expenses	49,005
Long-term loans receivable	1,808,309
Restricted for:	
Friends of Shafer Park	52,541
Tourism activities/marketing	206,000
Community garden	25,000
Capital improvements	123,124
Unassigned	4,198,999
TOTAL FUND BALANCE	6,462,978
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 10,249,302

The accompanying notes are an integral part of these financial statements.

BOONSBORO MAYOR AND COUNCIL

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION

June 30,

2023

Fund Balance - total governmental funds	\$ 6,462,978
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balance sheet.	
Governmental capital assets, net of accumulated depreciation.	3,631,441
Long-term liabilities are not due and payable in the upcoming year and therefore are not reported in the governmental fund.	(15,500)
Certain amounts of grant revenues and highway user revenue in the statement of activities do not provide current financial resources and therefore is not recognized as revenue in the governmental fund.	
Deferred inflows of resources - unavailable revenue	40,744
<hr/>	
Net Position of Governmental Activities	\$ 10,119,663

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND

Year ended June 30,

2023

REVENUES

Taxes:		
Local	\$	1,342,923
State shared		842,219
County shared		57,651
Other		61,140
Operating grants		80,371
Capital grants and contributions		232,412
Licenses and permits		20,100
Service charges		166,402
Interest income		224,568
Other revenues		37,237

TOTAL REVENUES

3,065,023

EXPENDITURES

General government		529,243
Public safety		632,708
Sanitation		199,737
Highways and streets		393,169
Parks and recreation		79,246
Non-departmental		13,122
Capital outlay		366,573
Debt service:		
Principal		15,500

TOTAL EXPENDITURES

2,229,298

Net change in fund balance 835,725

FUND BALANCE - beginning of year

5,627,253

FUND BALANCE - end of year

\$ 6,462,978

BOONSBORO MAYOR AND COUNCIL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year ended June 30,

2023

Net change in Fund Balance - total governmental funds	\$	835,725
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are capitalized and depreciated over their estimated useful lives. The amount by which current year capital outlays exceeds depreciation is a required adjustment.

	46,790
--	--------

The issuance of long-term debt (e.g. bonds, leases, and notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has an effect on net assets. This amount represents current year principal payments on long-term debt obligations and loan proceeds from newly issued debt.

	15,500
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Certain amounts of highway user revenue and operating grant revenue in the statement of activities do not provide current financial resources and are therefore not recognized as revenue in the governmental fund. This is the amount by which deferred inflows of resources increased.

	(4,186)
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Disposal of capital assets does not yield a gain or loss as capital assets are expensed in the year purchased in the governmental fund. These amounts are therefore not recognized as a revenue in the governmental fund.

	(11,749)
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Change in Net Position of Governmental Funds	\$	882,080
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BOONSBORO MAYOR AND COUNCIL

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30,

2023

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water	Sewer	Total
ASSETS			
Cash and cash equivalents	\$ 733,791	\$ 90,443	\$ 824,234
Restricted cash and cash equivalents	1,920,433	128,834	2,049,267
Receivables:			
Customer accounts	175,476	307,728	483,204
Developer, net of allowance for doubtful accounts of \$594,723	-	-	-
Grant receivables	36,995	186,993	223,988
Other government agencies	99,147	-	99,147
Intercompany balances	76,452	(76,452)	-
Due from other funds	118,338	201,461	319,799
Capital assets:			
Land	125,142	33,175	158,317
Other capital assets, net of accumulated depreciation	3,443,267	5,242,418	8,685,685
Construction in progress	327,244	478,060	805,304
TOTAL ASSETS	\$ 7,056,285	\$ 6,592,660	\$ 13,648,945
LIABILITIES			
Accounts payable	\$ 81,916	\$ 47,397	\$ 129,313
Accrued expenses	41,567	70,345	111,912
Unearned revenue	1,922,433	610,279	2,532,712
Current maturities of long-term debt	19,799	144,856	164,655
Loan payable - general fund	-	1,808,309	1,808,309
Long-term debt	66,399	4,721,049	4,787,448
TOTAL LIABILITIES	\$ 2,132,114	\$ 7,402,235	\$ 9,534,349
NET POSITION			
Invested in capital assets, net of related debt	\$ 3,809,455	\$ 887,748	\$ 4,697,203
Unrestricted	1,114,716	(1,697,323)	(582,607)
TOTAL NET POSITION	\$ 4,924,171	\$ (809,575)	\$ 4,114,596

The accompanying notes are an integral part of these financial statements.

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS

Year ended June 30,

2023

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water	Sewer	Total
OPERATING REVENUES			
Charges for:			
Services	\$ 671,492	\$ 1,093,625	\$ 1,765,117
Administration	129,483	-	129,483
TOTAL OPERATING REVENUES	800,975	1,093,625	1,894,600
OPERATING EXPENSES			
Advertising	410	495	905
Benefits	144,418	95,322	239,740
Biosolids removal	-	201,773	201,773
Chemicals	23,438	36,303	59,741
Depreciation	181,865	697,789	879,654
Equipment expense	10,886	3,921	14,807
Insurance	9,574	24,685	34,259
Maintenance and repairs	44,925	49,768	94,693
Meeting expense	180	170	350
Miscellaneous	30,466	-	30,466
Payroll taxes	22,510	14,402	36,912
Postage	4,034	2,420	6,454
Professional fees	3,415	3,415	6,830
Professional memberships and certifications	1,230	300	1,530
Salaries	283,137	182,870	466,007
Supplies	24,366	17,318	41,684
Testing	886	28,631	29,517
Uniforms	761	630	1,391
Utilities	78,646	141,789	220,435
Vehicle expense	12,839	7,850	20,689
Water/Sewer system study and monitoring	7,140	-	7,140
TOTAL OPERATING EXPENSES	885,126	1,509,851	2,394,977
OPERATING INCOME	(84,151)	(416,226)	(500,377)
NON-OPERATING REVENUES (EXPENSES)			
Debt service fees	24,151	-	24,151
Connection fees	10,550	15,500	26,050
Grants	216,561	657,270	873,831
Interest income	84,901	10,217	95,118
Interest expense	(2,222)	(168,754)	(170,976)
Other non-operating revenues	12,636	-	12,636
TOTAL NON-OPERATING REVENUES (EXPENSES)	346,577	514,233	860,810
CHANGE IN NET POSITION	262,426	98,007	360,433
TOTAL NET POSITION - beginning of year	4,661,745	(907,582)	3,754,163
TOTAL NET POSITION - end of year	\$ 4,924,171	\$ (809,575)	\$ 4,114,596

The accompanying notes are an integral part of these financial statements.

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year ended June 30,

2023

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers, grantors and other governments	\$ 711,325	\$ 1,082,742	\$ 1,794,067
Cash paid to suppliers for goods and services	(210,555)	(546,094)	(756,649)
Cash payments to employees for services	(455,022)	(291,835)	(746,857)
NET CASH PROVIDED BY OPERATING ACTIVITIES	45,748	244,813	290,561
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from (paid to) proprietary fund	(5,376)	5,376	-
Cash received (paid to) from the general fund	(127,188)	(197,324)	(324,512)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(132,564)	(191,948)	(324,512)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(289,374)	(431,381)	(720,755)
Principal payments on notes payable	(19,551)	(141,783)	(161,334)
Interest paid on notes payable	(2,222)	(175,199)	(177,421)
Debt service fees	24,151	-	24,151
Cash received from grants for capital asset construction and acquisition	2,099,999	599,111	2,699,110
Cash paid to other government agency	(4,671)	-	(4,671)
Other	23,186	15,500	38,686
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	1,831,518	(133,752)	1,697,766
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	84,901	10,217	95,118
NET CASH PROVIDED BY INVESTING ACTIVITIES	84,901	10,217	95,118
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,829,603	(70,670)	1,758,933
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	824,621	289,947	1,114,568
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,654,224	\$ 219,277	\$ 2,873,501
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and cash equivalents	\$ 733,791	\$ 90,443	\$ 824,234
Restricted cash and cash equivalents	1,920,433	128,834	2,049,267
TOTAL CASH AND CASH EQUIVALENTS	\$ 2,654,224	\$ 219,277	\$ 2,873,501

The accompanying notes are an integral part of these financial statements.

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year ended June 30,

2023

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Water	Sewer	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (84,151)	\$ (416,226)	\$ (500,377)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	181,865	697,789	879,654
(Increase) decrease in:			
Customer accounts receivable	(5,747)	(10,881)	(16,628)
Other government agencies	(83,905)	-	(83,905)
(Increase) decrease in:			
Accounts payable	42,641	(26,626)	16,015
Accrued expenses	(4,955)	757	(4,198)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 45,748	\$ 244,813	\$ 290,561

The accompanying notes are an integral part of these financial statements.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The primary government is the Boonsboro Mayor and Council, referred to herein as the Town or the Mayor and Council.

Reporting Entity

The Town is located in Washington County and was incorporated under the provisions of Maryland law. The Town operates under a Council form of government and provides its citizens with services in the areas of general government, public safety, highways and streets, sanitation and waste removal, and parks and recreation.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the Town is financially accountable. The Town has also considered all other potential organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the Town to impose its will on that organization, or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the Town. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

Government - Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole. The statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities generally financed in whole or in part with fees charged to external customers.

The statement of net position is designed to display the financial position of the Town as of year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets, including infrastructure, as well as long-term debt obligations. The Town's net position is reported in three categories – (1) net invested in capital assets; (2) restricted; and (3) unrestricted.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities; and (3) operating grants and contributions which fund the acquisition, construction or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions on these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

accepted standard-setting body for establishing U.S. governmental accounting and financial reporting principles. The proprietary fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. In one, monies must be spent on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services, and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as receivable at the time they are levied and attached as an enforceable lien on underlying property. Real estate and personal property taxes are levied July 1 of each year and are due and payable no later than September 30 with accrued interest beginning October 1. If tax bills are not paid within eighteen months, legal process is initiated in order to place a lien on the delinquent taxpayer's property. The Town's tax rates for the collection year ended June 30, 2023 were:

Real estate tax	\$.3591 per \$100 of assessable base
Personal property tax	\$.8700 per \$100 of assessable base

Amounts reported as program revenues include: 1) charges to customer or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues, and expenditures or expenses, as appropriate. The Town has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The Town has one major governmental fund. The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some separate fund are accounted for in this fund.

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows.

An enterprise fund is used to finance and account for the acquisition, operation, and maintenance of the Town's facilities and services which are supported primarily by user charges. The Town has two major enterprise funds, Water Fund and Sewage Disposal Fund. The Water Fund accounts for the activity of the Town's water distribution system and the Sewage Disposal Fund accounts for the activity of the Town's sanitary sewer system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's water and sewer functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Except for certain limited reimbursements of administrative expenses and employee benefits made from other funds, the General Fund is not reimbursed by the other funds for general staff services.

Encumbrances

The Town does not use encumbrances accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town considers all highly liquid investments, including money market funds, with a maturity of three months or less when purchased to be cash equivalents.

Investments

The Town may invest in U.S. Treasury obligations, U.S. Government Agency Securities, repurchase agreements secured by U.S. Treasury obligations or U.S. Government Agency Securities, the MLGIP, interest-bearing accounts in any bank as provided by Article 95, Section 22 of the Annotated Code of Maryland or shares in an investment company or investment trust as provided by Article 95, Section 22N of the Annotated Code of Maryland.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements

The Town complies with GASB Statement No. 72 which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of fair value hierarchy are described as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The Town uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. When available, the Town measures fair value using Level 1 or Level 2 inputs because they generally provide the most reliable evidence of fair value. There are no measurements that require Level 3 inputs for the year ended June 30, 2023.

Receivables

The Town's receivables consist of amounts due for property taxes, water, and sewer service, and for taxes collected by Washington County and the State of Maryland. The Town has the legal right to place a lien on properties for unpaid taxes or water and sewer service fees.

The Town provides credit in the normal course of business to its customers and performs ongoing credit evaluations of those customers. Consumer accounts receivable are carried at original invoice amounts. Receivables are generally due thirty days after billing. The Town considers allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, projection of trends, and other information. Management of the Town periodically reviews the collectability of accounts receivable, and those accounts which are considered not collectable are written off as bad debts. Delinquent accounts receivable for water, sewer, and sanitation services and property taxes are considered to be fully collectible and, therefore, no allowance for doubtful accounts has been recorded. Based on management's review, an allowance for doubtful accounts related to amounts due from developers has been recorded (Note 18).

Receivables are generally due thirty days after billing. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on accounts receivable that are outstanding for more than 30 days and is recognized as it is charged.

Inventory

Inventory is considered immaterial and is charged to expenditure or expense when purchased.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

Prepaid Expenditures

Payments made to vendors for services that will benefit the Town in periods beyond the end of the fiscal year are reported as prepaid expenditures using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and reflecting the expenditure in the year in which services are consumed.

Capital Assets

Capital assets, including land, buildings, improvements, equipment, and infrastructure (roads, bridges, curbs, gutters, streets, sidewalks, drainage systems, and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$1,000 for land, buildings, improvements, and equipment, and \$5,000 for infrastructure and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date donated.

GASB Statement No. 34 requires the Town to prospectively report all governmental activities' infrastructure assets acquired after June 30, 2003, and encourages, but does not require, the Town to retroactively report infrastructure assets acquired after June 30, 1980. The Town has elected not to retroactively report infrastructure assets and the accompanying basic financial statements only include infrastructure assets acquired after June 30, 2003.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. In accordance with GASB Statement No. 89, interest incurred during the construction phase of capital assets is expensed in the period incurred for financial statements prepared using the economic resources measure focus.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 to 50 Years
Machinery and equipment	3 to 40 Years
Parks and recreation	5 to 50 Years
Water and sewer systems	5 to 50 Years
Infrastructure	10 to 50 Years
Vehicles	5 to 15 Years

Inter-fund Transactions

Activity between funds that are representative of lending / borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Intercompany balances." Any residual balances outstanding between the two proprietary funds are reported in the proprietary fund statement of net position as "Intercompany balances."

Compensated Absences

The Town's personnel policies allow employees to accumulate a limited amount of earned but unused leave, which can be used in a subsequent period or will be paid to employees upon separation from the Town. In the government-wide financial statements and proprietary fund financial statements, all annual, holiday, and compensatory leave are reported as an accrued liability when earned. General Fund amounts are considered a fund liability since they are normally expected to be liquidated with expendable available financial resources.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Town does not have any items that qualify for reporting in this category as of June 30, 2023.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. One item which qualifies for reporting in this category, which arises only under the modified accrual basis of accounting, is unavailable revenue. Accordingly, it is only reported in the governmental fund's balance sheet. When applicable, the Town reports unavailable revenue from various sources such as sanitation fees, grants, and other intergovernmental transactions. These amounts are deferred and will be recognized as revenue in the period that the amounts become available. The Town had unavailable revenue approximating \$41,000 of June 30, 2023.

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Invested in capital assets – consists of capital assets net of accumulated depreciation and related debt.

Restricted net position – consists of funds whose use by the Town has been limited by creditors to a specific time period or purpose.

Unrestricted net position – all other net position that do not meet the definition of “invested in capital assets” or “restricted net position.”

The Town's policy regarding an expense for which both restricted and unrestricted net position is available is to first apply the restricted resources. Unrestricted resources are used only to the extent that restricted resources do not cover the incurred expenditure.

In the governmental fund financial statements, equity is to be classified as net position and displayed in each of the applicable five components as prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

Non-spendable – reflects amounts that are not in spendable form (e.g., inventory, prepaid items, etc.).

Restricted – reflects amounts that are restricted to specific purposes, pursuant to restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – reflects amounts subject to internal constraints self-imposed by formal action of the Boonsboro Mayor and Council (i.e., awarded contracts, passed ordinances, etc.).

Assigned – reflects amounts that the Town intends to use for specific purposes. The assignment of fund balance cannot result in a negative unassigned fund balance. The Mayor and Council of Boonsboro delegate to the Town Manager the authority to assign fund balance.

Unassigned – reflects the residual balance that has not been assigned to other funds and is not restricted, committed, or assigned for specific purposes. A negative unassigned fund balance may occur in any fund when there is an over expenditure of Restricted or Committed fund balance. In this case, any assigned

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

When fund balance resources are available for a specific purpose in multiple classifications, the Town's policy is to use restricted resources first and then apply unrestricted resources in the following order: Committed, Assigned, and Unassigned. Committed or Assigned resources would only be used upon specific authorization by the Mayor and Council (and their designee), respectively.

Use of Estimates

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the fair value of negotiable certificates of deposit and investments, the allowance for uncollectible receivables, unearned revenue/tap fee revenue, and the estimated useful lives of depreciable capital assets.

Income Tax Status

The Town is a tax-exempt governmental entity and, accordingly, is exempt from filing Federal and State income tax returns. Therefore, no provision for income taxes has been made in these financial statements.

Recently Adopted Authoritative Guidance

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard establishes a definition for subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition and enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for the arrangement and to disclose essential information about the arrangement. GASB 96 is effective for fiscal year ends beginning after June 15, 2022. The Town has adopted this new guidance for the fiscal year ended June 30, 2023 and has determined that it has no material subscription-based information technology arrangements subject to recording or disclosure.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Town revenues and expenditures accounted for in the General Fund are controlled by a formal budgetary accounting system in accordance with legal requirements that govern the Town's operations. Except that a transfer from unappropriated surplus is sometimes budgeted as a revenue item, annual budgets are adopted on a basis consistent with generally accepted accounting principles. The Town budgets capital projects in the General Fund.

The proprietary funds budgets are prepared using a budgetary basis that approximates the modified cash basis of accounting. Budgetary basis reflects loan proceeds as other revenues, principal payments on debt and capital equipment purchases as expenses and does not reflect depreciation and amortization expense.

The Town's budget is comprised of the current operating budget. The current operating budget is based upon estimated revenues and expenditures of operation for the ensuing fiscal year. All annual appropriations lapse at the fiscal year end.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

3. RISKS AND UNCERTAINTIES

Credit Risk

The Town does not have a formal investment policy that specifically addresses credit risk.

Interest Rate and Concentration of Credit Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates or that addresses concentration of credit risk.

Custodial Credit Risk

The Town maintains its cash balances in several financial institutions, which at times may exceed federally insured limits giving rise to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk; however, State law requires that deposits be insured or collateralized. At June 30, 2023, all of the Town's deposits, including certificates of deposits, were either covered by federal depository insurance or were collateralized, as follows:

	Bank Balance
Insured	\$ 1,014,848
Collateralized:	
Collateral held by pledging bank's agent in the Town's name	9,904,271
Total deposits	\$ 10,919,119

Other

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a member of the Local Government Insurance Trust (LGIT), sponsored by the Maryland Municipal League (MML), and the Maryland Association of Counties. The LGIT is a self-insured public entity risk pool offering general liability, excess liability, business auto liability, police legal liability, public official liability, environmental liability, and property coverage.

LGIT is capitalized at an actuarially determined level to provide financial stability for its local government members to reduce the possibility of assessments. The trust is owned by the participating counties and cities and managed by a Board of Trustees elected by the members. Annual premiums are assessed for the various policy coverages. During fiscal year 2023, the Town paid premiums approximating \$50,000 to the trust. The trust is self-sustaining through member premiums and purchases reinsurance to reduce its exposure to certain large losses. Over the last three years incurred and paid claims have not exceeded insurance coverage.

The Town continues to carry commercial insurance for all other risks of loss, including workers' compensation and fidelity bond insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

4. CASH AND CASH EQUIVALENTS

Unrestricted and restricted (Note 6) cash and cash equivalents consist of the following at June 30, 2023:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Cash	\$ 5,909,986	\$ 2,873,501	\$ 2,654,224	\$ 219,277
Money market accounts	15,891	-	-	-
Total cash and cash equivalents	\$ 5,925,877	\$ 2,873,501	\$ 2,654,224	\$ 219,277

5. CERTIFICATES OF DEPOSIT

Investments in negotiable certificates of deposit are recorded at fair value. Certain certificates of deposits are restricted for use as noted in Note 6 below.

Certificates of deposit, including fair value level when applicable, consisted of the following at June 30, 2023:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Negotiable	\$ 1,927,708	\$ -	\$ -	\$ -
Non-negotiable	299,433	-	-	-
Total certificates of deposit	\$ 2,227,141	\$ -	\$ -	\$ -

	Total	Level 1	Level 2	Level 3
Governmental Activities	\$ 1,927,708	\$ -	\$ 1,927,708	\$ -
Total negotiable certificates of deposit	\$ 1,927,708	\$ -	\$ 1,927,708	\$ -

As of June 30, 2023, the Town's total certificates of deposit mature as follows:

	Carrying Value	Maturities (in years)	
		Less than 1	1 - 5
Governmental Activities	\$ 2,227,141	\$ 2,227,141	\$ -
	\$ 2,227,141	\$ 2,227,141	\$ -

6. RESTRICTED CASH AND CERTIFICATES OF DEPOSITS

Due to limited funding resources that are available to the Town, the Friends of Shafer Park (a separate entity) was established by citizens to support the financial efforts required to achieve the financial obligation associated with the expansion of Shafer Park. In June 2012, the Town established a segregated bank account from an initial contribution of \$40,000. During fiscal year 2014, the balance was rolled over into a certificate of deposit.

As of June 2023, the Town received the total awarded to the Town from the American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Funds (CLFRF). The restricted amount represents funds received but not yet spent in accordance with Federal guidelines (see note 10).

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

In fiscal year 2023 the Town received \$1,000,000 from the State of Maryland to be combined with the \$1,000,000 received from the Washington County Commissioners in fiscal year 2022 for the construction of the new reservoir.

Certain revenue sources are restricted for a specified purpose by agreement, law, or regulation. Amounts received but not expended as of June 30, 2023, for capital improvements, public safety, and tourism activities are included in both restricted cash and restricted net position.

A summary of restricted cash and certificates of deposit as of June 30, 2023 is as follows:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Certificates of deposit:				
Friends of Shafer Park	\$ 52,541	\$ -	\$ -	\$ -
Total restricted certificates of deposit	52,541	-	-	-
Restricted cash:				
Reservoir replacement	-	1,920,433	1,920,433	-
ARPA Funds	2,992,766	-	-	-
Tourism activities/marketing	206,000	-	-	-
Community garden	25,000	-	-	-
WWTP upgrade	-	128,834	-	128,834
Capital improvements	82,381	-	-	-
Total restricted cash	3,306,147	2,049,267	1,920,433	128,834
Total restricted cash and certificates of deposit	\$ 3,358,688	\$ 2,049,267	\$ 1,920,433	\$ 128,834

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	2022	Additions	Reductions	2023
<u>Governmental Activities</u>				
Non-depreciable assets:				
Land	\$ 1,208,896	\$ -	\$ -	\$ 1,208,896
Depreciable:				
Buildings and improvements	1,362,012	-	-	1,362,012
Machinery and equipment	447,447	5,874	-	453,321
Parks and recreation	2,471,815	270,144	-	2,741,959
Vehicles	601,473	60,195	33,045	628,623
Infrastructure	1,771,745	30,360	-	1,802,105
Total	7,863,388	\$ 366,573	\$ 33,045	8,196,916
Less accumulated depreciation				
Buildings and improvements	1,144,852	\$ 27,371	\$ -	1,172,223
Machinery and equipment	303,376	32,493	-	335,869
Parks and recreation	1,378,391	133,401	-	1,511,792
Vehicles	339,613	66,367	21,296	384,684
Infrastructure	1,100,756	60,151	-	1,160,907
Total	4,266,988	\$ 319,783	\$ 21,296	4,565,475
Net book value	\$ 3,596,400			\$ 3,631,441
<u>Business-type Activities</u>				
Non-depreciable assets:				
Land	\$ 158,317	\$ -	\$ -	\$ 158,317
Construction in progress	304,786	500,518	-	805,304
Depreciable:				
Buildings and improvements	144,500	-	-	144,500
Machinery and equipment	2,041,043	220,237	-	2,261,280
Vehicles	169,074	-	-	169,074
Infrastructure	7,692,310	-	-	7,692,310
Utility plants	13,237,041	-	-	13,237,041
Total	23,747,071	\$ 720,755	\$ -	24,467,826
Less accumulated depreciation				
Buildings and improvements	142,001	\$ 91	\$ -	142,092
Machinery and equipment	1,418,321	96,150	-	1,514,471
Vehicles	155,620	8,310	-	163,930
Infrastructure	3,944,642	144,831	-	4,089,473
Utility plants	8,278,282	630,272	-	8,908,554
Total	13,938,866	\$ 879,654	\$ -	14,818,520
Net book value	\$ 9,808,205			\$ 9,649,306

BOONSBORO MAYOR AND COUNCIL

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Depreciation expense was charged to the functions of the primary government as follows:

Governmental Activities	
General government	\$ 72,767
Public safety	41,028
Highways and streets	60,709
Parks and recreation	145,279
	\$ 319,783
Business-type Activities	
Water	\$ 181,865
Sewer	697,789
	\$ 879,654

The Town has active construction projects as of June 30, 2023. At year end, the Town's estimated costs for these major projects are as follows:

Project	Spent-to-Date	Estimated Costs
Replacement of drinking water reservoir	\$ 327,244	\$ 9,000,000
Dewatering sludge press - WWTP	478,060	\$ 2,900,000

8. ACCRUED EXPENSES AND LIABILITIES

The composition of accrued expenses and liabilities as of June 30, 2023 is as follows:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Accrued salaries	\$ 35,623	\$ -	\$ -	\$ -
Accrued compensated absences	41,947	33,689	19,737	13,952
Accrued pension	41,548	35,539	21,830	13,709
Accrued interest	-	42,684	-	42,684
Total accrued expenses	\$ 119,118	\$ 111,912	\$ 41,567	\$ 70,345
Deposits	\$ 3,200	\$ -	\$ -	\$ -
Total other accrued liabilities	\$ 3,200	\$ -	\$ -	\$ -

Deposits in the general fund represent payments by developers for inspections not yet completed or for driveway bonds. The Town collects deposits from developers prior to the start of construction. As inspection charges are billed to the Town, the payments are made from the money received from the developers. Upon completion of a project, or as driveways are completed, any undisbursed funds are refunded to the developers.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

9. OTHER RECEIVABLES:

Other receivables, including amounts receivable from other governmental agencies consisted of the following at June 30, 2023:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Other governmental agencies receivable:				
State of Maryland	\$ 107,774	\$ -	\$ -	\$ -
Washington County	27,975	-	-	-
Local Governments	-	99,147	99,147	-
	<u>\$ 135,749</u>	<u>\$ 99,147</u>	<u>\$ 99,147</u>	<u>\$ -</u>

10. UNEARNED REVENUE

During the fiscal year, the Town received several grants that are for specific purposes or subject to various rules and regulations (see note 6). These grants will be recognized as revenue as the expenses are incurred. As of June 30, 2023 the amounts recorded in deferred revenue were as follows:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Advanced ARPA Funds	\$ 2,992,766	\$ -	\$ -	\$ -
Tourism activities/marketing	206,000	-	-	-
Community Garden	25,000	-	-	-
Rural MD ED fund	-	128,834	-	128,834
Tap fees	-	2,000	2,000	-
Developer agreements (note 18)	-	481,445	-	481,445
Deferred grant revenue - reservoir replacement	-	1,920,433	1,920,433	-
Total unearned revenue	<u>\$ 3,223,766</u>	<u>\$ 2,532,712</u>	<u>\$ 1,922,433</u>	<u>\$ 610,279</u>

11. INTER-FUND RECEIVABLES AND PAYABLES

The composition of inter-fund balances as of June 30, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
Water	General	\$ 118,338
Sewer	General	201,461
		<u>\$ 319,799</u>
Water	Sewer	<u>\$ 76,452</u>

Balances due between the funds are the result of activities between funds outstanding at the end of the fiscal year and can be primarily attributed to the time lag between the dates that reimbursable expenditures occur and payments between funds are made. It is not anticipated that this balance will be repaid within the subsequent fiscal year.

BOONSBORO MAYOR AND COUNCIL

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12. INTER-FUND LOANS

The Sewer Fund obtained a \$58,880 loan from the General Fund for the purpose of financing repairs to the lagoon. Terms of the loan provide for semi-annual payments totaling \$5,888 commencing December 2001 through June 2012, at 0% interest. The loan is pre-payable without penalty and is unsecured. The commencement of payments was postponed, and no payments have been made as of June 30, 2023. Since it is unlikely that any payments will occur within one year, no current maturities are recorded for this loan.

The Sewer Fund obtained loans totaling \$1,008,309 in previous years to cover loan payments for the wastewater treatment plant upgrades. The loan will be repaid to the General Fund when the outstanding amounts due from developers (Note 18) are paid in full. Since it is unlikely that these payments will occur within one year, no current maturities are recorded for this loan.

During 2020 the Sewer Fund obtained an additional loan totaling \$250,000 to assist in continued upgrades and operations of the wastewater treatment plant. As with prior loans, repayment will be made when the outstanding amounts due from developers (Note 18) are paid in full. Since it is unlikely that these payments will occur within one year, no current maturities are recorded for this loan.

During 2021 the Sewer Fund obtained an additional loan totaling \$500,000 to assist in continued upgrades and operations of the wastewater treatment plant. As with prior loans, repayment will be made when the outstanding amounts due from developers (Note 18) are paid in full. Since it is unlikely that these payments will occur within one year, no current maturities are recorded for this loan.

The following is a summary of changes in long-term inter-fund loans for the year ended June 30, 2023:

Receivable Fund	Payable Fund	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023	Balance Due Within One Year
General Fund	Sewer Fund	\$ 58,880	\$ -	\$ -	\$ 58,880	\$ -
General Fund	Sewer Fund	1,008,309	-	-	1,008,309	-
General Fund	Sewer Fund	241,120	-	-	241,120	-
General Fund	Sewer Fund	500,000	-	-	500,000	-
		\$ 1,808,309	\$ -	\$ -	\$ 1,808,309	\$ -

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13. LONG-TERM DEBT

The Town's long-term debt as of June 30, 2023 consisted of the following:

Governmental Activities

In March 2004 the Town obtained a \$310,000 note payable from the MWQFA for the purchase of real estate. The note is non-interest bearing. Terms of the note provide for yearly principal payments of \$15,500 commencing on February 2005 through February 2024. There is no prepayment penalty. The note is secured by future water user charges and all fees for the use of the public water system or connections to it.

\$ 15,500

Total Governmental Activities

\$ 15,500

Business-type Activities

Water Fund

In March 2008 the Town received a loan in the amount of \$78,000 from MDE to assist in the funding of the Alternate Route 40 Water Main Extension Project. The loan is for the engineering phase of the project. Draws of \$73,980 were made during the duration of the project. The loan is being amortized over 19 annual payments which began in February 2010. Interest at a fixed rate of 2.20% is being paid semi-annually in August and February. The loan is a general obligation of the Town, with the full faith and credit and taxing power of the Town pledged.

\$ 19,421

In July 2009 the Town received an additional loan in the amount of \$281,000 from MDE to assist in the funding of the Alternate Route 40 Water Main Extension Project. This loan is for the construction phase of the project. Total drawn during the duration of the project was \$253,574. The loan is being amortized over 19 annual payments which began in February 2011. Interest at a fixed rate of 1% is being paid semi-annually in August and February. The loan is a general obligation of the Town, with the full faith and credit and taxing power of the Town pledged.

66,777

Total Water Fund

\$ 86,198

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Sewer Fund

In August 2005 the Town obtained a \$127,984 loan from the Maryland Department of the Environment (MDE) for the replacement of the Park View Interceptor. Terms of the note provide for annual payments of \$7,430, including interest at a fixed rate of 1% commencing February 2006 through February 2024. The loan is unsecured and prepayable without penalty. Interest will be recomputed if the prepayment of principal is more than six months in advance. \$ 7,356

In August 2017 the Town obtained a Local Government Infrastructure Bond 2017 Series A in the amount of \$5,537,670 through the Community Development Administration. The terms of the bond require semi-annual interest payments at a fixed rate of 3.61% plus annual principal payments of varying amounts. The bond matures in April 2047 and is collateralized by all local government payments, including money, securities, bank deposits, and any other investments. The bond is prepayable without penalty but may not be prepaid prior to June 2026.

	4,788,500
Total Sewer Fund Debt Principal	4,795,856
Net unamortized bond premium	70,049
Total Sewer Fund	\$ 4,865,905
Total Business-type Activities	4,952,103
Total Long-term Debt	\$ 4,967,603

The following is a summary of activity charged to interest expense for the year ended June 30, 2023:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Interest expense	\$ -	\$ 173,895	\$ 2,222	\$ 171,673
Amortization of bond premium	-	(2,919)	-	(2,919)
Total interest expense	\$ -	\$ 170,976	\$ 2,222	\$ 168,754

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023	Balance Due Within One Year
Governmental Activities					
Note Payable - MWQFA	\$ 31,000	\$ -	\$ 15,500	\$ 15,500	\$ 15,500
Total Governmental Activities*	31,000	-	15,500	15,500	15,500
Business-type Activities					
Water Fund					
Note Payable - MDE	23,811	-	4,390	19,421	4,486
Note Payable - MDE	81,938	-	15,161	66,777	15,313
Total Water Fund	105,749	-	19,551	86,198	19,799
Sewer Fund					
Note Payable - MDE	14,639	-	7,283	7,356	7,356
Bond Payable - CDA	4,923,000	-	134,500	4,788,500	137,500
Total Sewer Fund	4,937,639	-	141,783	4,795,856	144,856
Total Business-type Activities*	5,043,388	-	161,334	4,882,054	164,655
Total Long-term Debt Principal*	\$ 5,074,388	\$ -	\$ 176,834	\$ 4,897,554	\$ 180,155

* Does not include net unamortized bond premium. For the year ended June 30, 2023, unamortized bond premiums totaled \$0 for governmental activities and \$70,049 for business-type activities.

The aggregate annual payments on the foregoing long-term debt for the years ending June 30 are as follows:

	Governmental Activities			Business-type Activities			Water Fund		Sewer Fund	
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Principal	Interest
2024	\$ 15,500	\$ -	\$ 15,500	\$ 164,655	\$ 171,779	\$ 336,434	\$ 19,799	\$ 969	\$ 144,856	\$ 170,810
2025	-	-	-	160,051	168,633	328,684	20,051	715	140,000	167,918
2026	-	-	-	163,306	165,205	328,511	20,306	458	143,000	164,747
2027	-	-	-	167,066	161,419	328,485	20,566	197	146,500	161,222
2028	-	-	-	156,976	156,787	313,763	5,476	33	151,500	156,754
2029-2033	-	-	-	826,000	711,103	1,537,103	-	-	826,000	711,103
2034-2038	-	-	-	969,000	567,237	1,536,237	-	-	969,000	567,237
2039-2043	-	-	-	1,165,000	370,008	1,535,008	-	-	1,165,000	370,008
2044-2048	-	-	-	1,110,000	114,575	1,224,575	-	-	1,110,000	114,575
	\$ 15,500	\$ -	\$ 15,500	\$ 4,882,054	\$ 2,586,746	\$ 7,468,800	\$ 86,198	\$ 2,372	\$ 4,795,856	\$ 2,584,374

Note: Principal amounts do not include net unamortized bond premium.

14. RETIREMENT PLAN

The Mayor and Council of Boonsboro Employee Pension Plan, administered by the Town, provides pension benefits for all of the Town's full-time employees through a defined contribution plan. Plan provisions and contribution requirements are established and may be amended by the Town. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after completing six months of employment. The Town's contributions for each employee (and income allocated to the

BOONSBORO MAYOR AND COUNCIL

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employee's account) are fully vested after seven years' continuous service. Partial vesting begins after three years of service. The Town is obligated to contribute 7% of the employees' wages and the employee has the option to contribute to the plan. Contributions and earnings forfeited by employees who leave employment before seven years of service are used to reduce the Town's current-period contribution requirement. As of June 30, 2023, the Town has 19 full-time and part-time employees with 17 employees participating in the plan. The employees of the Town made no contributions. The Town's contribution for fiscal year 2023 approximated \$78,000.

15. 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 Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

16. CONTINGENCIES

In the normal course of operation, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the grant of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

17. COMMITMENTS

The wastewater treatment plant (WWTP) was completed with the help of USDA and MDE to comply with Maryland requirements. The project had a total cost of \$12,047,600 with \$7,991,000 of costs of the project funded through bonds (Note 13) and \$3,610,600 of costs funded through grants. The USDA funding also required obtaining signed developer agreements, secured by letters of credit that would cover the first 5 years of debt service and provide for guaranteed minimum annual hookup fees, irrespective of the economic cycle (Note 18).

18. AGREEMENTS WITH DEVELOPERS

The Town of Boonsboro has entered into agreements with several developers, under which the Town has agreed to pay for some costs (annexation expenses, legal fees, engineering fees) with the understanding that the costs will be reimbursed by the developers. Billings to the developers are generally done on a semi-annual basis. The Town expends the costs in the year in which they were paid and recognizes revenue when cash is received, or when the amounts are considered fully collectible.

During the year ended June 30, 2009, the Town entered into agreements with several developers, under which the Town has agreed to provide an allocated amount of sewer taps which have been guaranteed by the developers and will pay for the first 5 years of debt service related to the construction of the WWTP (Note 17). These agreements provide for a specific number of taps to be earned by paying the debt service payments timely over the next five years and then an additional predetermined number of taps will be available to the developer. As described in Note 19 an allowance for doubtful accounts has been established as of June 30, 2023.

Included in the statement of net position is unearned revenue related to these tap fees totaling \$481,445 for the year ended June 30, 2023. This will be recognized as revenue when the developers begin to utilize the taps. During the year ended June 30, 2023, the Town did not recognize any of this tap fee revenue.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

19. RISKS AND VULNERABILITY

As disclosed in Notes 17 and 18 the Town obtained signed developer agreements covering the debt service of a new wastewater treatment plant for the first 5 years beginning in 2009. These agreements provide a specific number of taps in exchange for the developers paying the debt service payments timely, and an additional predetermined number of taps will be available for purchase by the developer. The construction loans that were obtained by the Town of Boonsboro are for 40- and 20-year terms and thus debt service payments will be required for a longer period than the five years agreed to in the agreements. If the developers purchase all taps available, the debt will be entirely funded by these agreements. In the current economic climate, it is at least reasonably possible that the developers may not purchase additional taps.

As of June 30, 2023, the Town has \$594,723 of other receivables recorded related to payments owed by the developers. At this point in time, it appears unlikely that the Town will be able to collect amounts owed by the developers based on the history of payments to date. Because of these reasons, the Town has established an allowance for doubtful accounts of \$594,723 offsetting the amounts owed by the developers. This has minimal effect on the statement of activities as amounts receivable for tap fees are recorded as unearned revenue (note 10) on the statement of net position.

20. CONDUIT DEBT OBLIGATION

During the year ended June 30, 2016, the Town issued Economic Development Revenue Bonds totaling \$1,436,177 to provide assistance to the Humane Society of Washington County (Organization) for the acquisition and improvement of its operating facilities. An agreement was executed between the Organization and the Town concurrently with the issuance of the bonds.

The bonds are secured in full by the property financed. The agreements provide for the Organization to repay the bonds in aggregate amounts sufficient to provide full and prompt payment of principal and interest on the bonds when due. The full faith and credit of the Town has not been pledged in support of the bonds, and in the event of default the Town cannot be held liable. The Town has no additional or voluntary commitments related to these agreements. At June 30, 2023, Organization had conduit debt outstanding with the Town totaling \$972,095.

21. RECENT GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This Statement addresses a variety of topics and includes specific provisions related to those topics. Requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes accounting and financial reporting for each category of accounting change and error correction and addresses the presentation and disclosure of accounting changes and error corrections. This Statement is effective for fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This Statement aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when an obligation for compensated absences has been incurred.

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

Disclosure requirements are also amended. This Statement is effective for fiscal years beginning after December 15, 2023.

The Town has not yet completed the process of evaluating the impact of these GASB Statements on its financial statements.

22. SUBSEQUENT EVENTS

The Town has evaluated events and transactions subsequent to June 30, 2023 through March 29, 2024, the date these financial statements were available to be issued. Based on the definitions and requirements of accounting principles generally accepted in the United States of America, management has not identified any events that have occurred subsequent to June 30, 2023 through March 29, 2024, that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30,

2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
REVENUES				
LOCAL TAXES				
Real property	\$ 1,259,800	\$ 1,259,800	\$ 1,263,613	\$ 3,813
Personal property - incorporated	80,000	80,000	77,278	(2,722)
Personal property - unincorporated	4,500	4,500	1,902	(2,598)
Penalties and interest	3,500	3,500	3,828	328
Less: discounts	(3,500)	(3,500)	(3,698)	(198)
	1,344,300	1,344,300	1,342,923	(1,377)
LICENSES AND PERMITS				
Trader's	4,500	4,500	4,889	389
Planning and zoning	15,950	15,950	15,161	(789)
	20,450	20,450	20,050	(400)
GRANTS AND SHARED TAXES				
State of Maryland				
Income tax	385,000	385,000	656,928	271,928
Admissions and amusement	7,500	7,500	21,809	14,309
Highway tax	175,000	175,000	185,291	10,291
Grant for police protection	30,000	30,000	55,403	25,403
Other grants and shared taxes	412,500	412,500	268,085	(144,415)
Washington County				
Grant in lieu of tax on elderly housing	1,800	1,800	1,785	(15)
County permit excise tax	5,000	5,000	-	(5,000)
Hotel/motel tax	25,000	25,000	42,490	17,490
Parking fines	-	-	50	50
	1,041,800	1,041,800	1,231,841	190,041
SANITATION CHARGES				
Charges for service	144,100	144,100	139,540	(4,560)
MISCELLANEOUS				
Interest income	7,500	7,500	224,568	217,068
Rental income	6,500	6,500	11,640	5,140
Cable TV franchise fees	25,000	25,000	39,331	14,331
Miscellaneous income	10,000	10,000	55,130	45,130
	49,000	49,000	330,669	281,669
TOTAL REVENUES	\$ 2,599,650	\$ 2,599,650	\$ 3,065,023	\$ 465,373

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30,

2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
EXPENDITURES				
GENERAL GOVERNMENT				
MAYOR AND COUNCIL				
Mayor salary	\$ 3,600	\$ 3,600	\$ 3,600	\$ -
Council salary	7,200	7,200	7,200	-
Treasurer salary	1,000	1,000	1,000	-
MML dues	4,000	4,000	3,890	(110)
Education stipend	3,000	3,000	2,213	(787)
Contributions and donations	1,000	1,000	1,500	500
Convention expense	3,000	3,000	-	(3,000)
	22,800	22,800	19,403	(3,397)
ADMINISTRATION				
Administration salaries	150,000	150,000	133,549	(16,451)
Payroll taxes	13,500	13,500	11,613	(1,887)
Pension	9,550	9,550	10,576	1,026
Insurance - health	50,000	50,000	42,114	(7,886)
Insurance - workers comp	220	220	205	(15)
Payroll processing	2,900	2,900	-	(2,900)
Training	7,000	7,000	5,975	(1,025)
Advertising	3,000	3,000	4,223	1,223
Insurance - property/liability	15,525	15,525	12,037	(3,488)
Postage	2,000	2,000	2,934	934
Office expenses	20,932	20,932	37,156	16,224
Telephone	4,500	4,500	1,208	(3,292)
	279,127	279,127	261,590	(17,537)
PROFESSIONAL SERVICES				
Attorney fees	20,000	20,000	18,852	(1,148)
Audit service	6,750	6,750	6,840	90
Retirement administration	1,800	1,800	1,767	(33)
Accounting services	8,000	8,000	-	(8,000)
Lobbyist	48,000	48,000	44,468	(3,532)
	\$ 84,550	\$ 84,550	\$ 71,927	\$ (12,623)

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30,

2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
MUNICIPAL BUILDING AND GROUNDS				
Maintenance	\$ 50,000	\$ 50,000	\$ 50,864	\$ 864
Heating and electric	35,000	35,000	31,585	(3,415)
	85,000	85,000	82,449	(2,551)
OPERATIONS				
Planning, zoning and engineering	20,700	20,700	42,063	21,363
Economic development commission	32,100	32,100	36,303	4,203
Environmental commission	14,580	14,580	15,508	928
	67,380	67,380	93,874	26,494
TOTAL GENERAL GOVERNMENT	538,857	538,857	529,243	(9,614)
PUBLIC SAFETY				
POLICE DEPARTMENT				
Salaries	375,000	375,000	332,761	(42,239)
Overtime	1,500	1,500	-	(1,500)
Payroll taxes	30,000	30,000	26,256	(3,744)
Pension	23,000	23,000	25,063	2,063
Insurance: health	70,000	70,000	83,527	13,527
Insurance: worker's compensation	18,000	18,000	18,258	258
Equipment	5,000	5,000	17,550	12,550
Uniforms	1,500	1,500	786	(714)
Insurance - vehicle/equipment	12,000	12,000	11,171	(829)
Supplies	2,000	2,000	13,946	11,946
Telephone	2,000	2,000	2,075	75
Building Maintenance and utilities	6,000	6,000	9,678	3,678
Training	2,000	2,000	3,522	1,522
Vehicle maintenance	10,000	10,000	17,165	7,165
Vehicle gas	25,000	25,000	17,676	(7,324)
BPD contingency	50,000	50,000	-	(50,000)
Police fees	8,000	8,000	-	(8,000)
	641,000	641,000	579,434	(61,566)
PUBLIC OUTREACH				
Police & public safety committee meetings	960	960	600	(360)
National Night Out program	1,250	1,250	2,674	1,424
	\$ 2,210	\$ 2,210	\$ 3,274	\$ 1,064

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30,

2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
VOLUNTARY COMPANY CONTRIBUTIONS				
Fire department	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Ambulance service	25,000	25,000	25,000	-
	50,000	50,000	50,000	-
TOTAL PUBLIC SAFETY	693,210	693,210	632,708	(60,502)
HIGHWAYS AND STREETS				
Salaries	125,000	125,000	123,634	(1,366)
Overtime	23,000	23,000	-	(23,000)
Payroll taxes	11,250	11,250	9,741	(1,509)
Pension	8,500	8,500	8,730	230
Insurance: health	79,000	79,000	45,245	(33,755)
Insurance: worker's compensation	5,000	5,000	2,238	(2,762)
Uniforms	2,000	2,000	942	(1,058)
Insurance - building/equipment	3,600	3,600	1,553	(2,047)
Telephone	3,500	3,500	4,322	822
Street lighting	60,000	60,000	55,235	(4,765)
Supplies and small equipment	14,000	14,000	10,452	(3,548)
Cleaning and debris/Yard debris lot	8,000	8,000	6,115	(1,885)
Snow removal	37,000	37,000	16,825	(20,175)
Street maintenance	50,000	50,000	59,504	9,504
Vehicle and equipment maintenance	7,500	7,500	32,368	24,868
Vehicle gas	25,000	25,000	16,265	(8,735)
	462,350	462,350	393,169	(69,181)
SANITATION				
Sanitation and recycling	136,012	136,012	145,042	9,030
Sanitation tipping fees	60,000	60,000	54,695	(5,305)
	196,012	196,012	199,737	3,725
PARKS, RECREATION AND EVENTS				
Park board meetings	960	960	946	(14)
Park equipment	3,500	3,500	3,374	(126)
Facilities maintenance	15,000	15,000	12,902	(2,098)
Grounds maintenance	30,000	30,000	29,683	(317)
Insurance - building/equipment	2,000	2,000	1,181	(819)
Events	25,250	25,250	31,160	5,910
	\$ 76,710	\$ 76,710	\$ 79,246	\$ 2,536

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30,

2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
NON-DEPARTMENTAL EXPENDITURES				
Contingency fund	\$ 41,902	\$ 41,902	\$ 13,122	\$ (28,780)
	41,902	41,902	13,122	(28,780)
CAPITAL OUTLAY				
Street, drainage and overlay	-	-	30,360	30,360
Shafer Park	415,000	415,000	270,144	(144,856)
Vehicles and equipment	107,000	107,000	66,069	(40,931)
	522,000	522,000	366,573	(155,427)
DEBT RETIREMENT				
Mortgage principal	15,500	15,500	15,500	-
	15,500	15,500	15,500	-
TOTAL EXPENDITURES	2,546,541	2,546,541	2,229,298	(317,243)
OTHER FINANCING SOURCES (USES)				
Subsidy to Sewer Fund	(53,109)	(53,109)	-	53,109
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 835,725	\$ 835,725

OTHER SUPPLEMENTARY INFORMATION

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL – WATER UTILITY FUND (BUDGETARY BASIS)

Year ended June 30,

2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
OPERATING REVENUES				
Charges for services	\$ 650,000	\$ 650,000	\$ 671,492	\$ 21,492
Charges for administration	72,000	72,000	129,483	57,483
TOTAL OPERATING REVENUES	722,000	722,000	800,975	78,975
OPERATING EXPENSES				
Advertising	1,000	1,000	410	(590)
Capital outlay	5,005,432	5,005,432	289,374	(4,716,058)
Chemicals	18,000	18,000	23,438	5,438
Engineering services	7,000	7,000	-	(7,000)
Health insurance	98,400	98,400	129,809	31,409
Meetings	1,200	1,200	180	(1,020)
Miscellaneous	-	-	30,466	30,466
Payroll taxes	26,850	26,850	22,510	(4,340)
Postage	3,000	3,000	4,034	1,034
Professional services	11,000	11,000	3,415	(7,585)
Property insurance	8,000	8,000	6,492	(1,508)
Repairs and maintenance	70,000	70,000	44,925	(25,075)
Retirement	20,430	20,430	14,609	(5,821)
Salaries	303,000	303,000	283,137	(19,863)
Supplies	16,000	16,000	24,366	8,366
Telephone	6,000	6,000	886	(5,114)
Testing	4,000	4,000	-	(4,000)
Tools and equipment	-	-	10,886	10,886
Training and certification	1,000	1,000	1,230	230
Uniforms	3,000	3,000	761	(2,239)
Utilities	60,000	60,000	78,646	18,646
Vehicles	20,000	20,000	12,839	(7,161)
Water/Sewer systems study and monitoring	-	-	7,140	7,140
Worker's compensation	8,532	8,532	3,082	(5,450)
TOTAL OPERATING EXPENSES	5,691,844	5,691,844	992,635	(4,699,209)
OPERATING INCOME (LOSS)	(4,969,844)	(4,969,844)	(191,660)	4,778,184
OTHER INCOME (EXPENSE)				
Debt service fees	23,768	23,768	24,151	383
Connection fees	9,550	9,550	10,550	1,000
Grants	4,992,000	4,992,000	216,561	(4,775,439)
Other income	156,100	156,100	12,636	(143,464)
Interest income	3,500	3,500	84,901	81,401
Interest expense	-	-	(2,222)	(2,222)
Debt service (principal payments)	(21,404)	(21,404)	(19,551)	1,853
Contingency	(193,670)	(193,670)	-	193,670
TOTAL OTHER INCOME (EXPENSE)	4,969,844	4,969,844	327,026	(4,642,818)
NET INCOME (LOSS)	\$ -	\$ -	\$ 135,366	\$ 135,366

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL - SEWAGE UTILITY FUND (BUDGETARY BASIS)

Year ended June 30,

2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
OPERATING REVENUES				
Charges for services	\$ 1,090,000	\$ 1,090,000	\$ 1,093,625	\$ 3,625
Bay restoration fee (net)	-	-	-	-
TOTAL OPERATING REVENUES	1,090,000	1,090,000	1,093,625	3,625
OPERATING EXPENSES				
Advertising	1,000	1,000	495	(505)
Biosolids removal	200,000	200,000	201,773	1,773
Capital outlay (including ARC matching)	949,432	949,432	431,381	(518,051)
Chemicals	40,000	40,000	36,303	(3,697)
Engineering services	7,000	7,000	-	(7,000)
Health insurance	65,600	65,600	81,397	15,797
Meetings	1,200	1,200	170	(1,030)
Payroll taxes	17,900	17,900	14,402	(3,498)
Postage	2,000	2,000	2,420	420
Professional services	11,000	11,000	3,415	(7,585)
Property insurance	25,000	25,000	23,108	(1,892)
Repairs and maintenance	100,000	100,000	49,768	(50,232)
Retirement	23,620	23,620	13,925	(9,695)
Salaries	202,000	202,000	182,870	(19,130)
Supplies	11,501	11,501	17,318	5,817
Testing	30,000	30,000	28,631	(1,369)
Tools and equipment	-	-	3,921	3,921
Training and certification	1,000	1,000	300	(700)
Uniforms	2,500	2,500	630	(1,870)
Utilities	119,000	119,000	141,789	22,789
Vehicles	6,000	6,000	7,850	1,850
Worker's compensation	5,688	5,688	1,577	(4,111)
TOTAL OPERATING EXPENSES	1,821,441	1,821,441	1,243,443	(577,998)
OPERATING INCOME (LOSS)	(731,441)	(731,441)	(149,818)	581,623
OTHER INCOME (EXPENSE)				
Connection fees	15,500	15,500	15,500	-
Grants	980,000	980,000	657,270	(322,730)
Interest income	500	500	10,217	9,717
Interest expense	-	-	(171,673)	(171,673)
Debt service (principal payments)	(317,668)	(317,668)	(141,783)	175,885
Subsidy from general fund for debt	53,109	53,109	-	(53,109)
TOTAL OTHER INCOME (EXPENSE)	731,441	731,441	369,531	(361,910)
NET INCOME (LOSS)	\$ -	\$ -	\$ 219,713	\$ 219,713

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Boonsboro Mayor and Council
Boonsboro, Maryland

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, and each major fund of the **Boonsboro Mayor and Council** (“the Town”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated March 29, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Albright Crumbacker Moul & Itell LLC

Hagerstown, Maryland
March 29, 2024

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