

BOONSBORO MAYOR AND COUNCIL



FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

BOONSBORO MAYOR AND COUNCIL

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1110 Professional Blvd, Suite 300
Hagerstown, MD 21740
301-739-5300

212 Lutz Avenue
Martinsburg, WV 25404
304-264-2004

acmicpa.com

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, 2025, 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, 2025, 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 (GAS), 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, 2025, the Town adopted new accounting guidance issued by *Governmental Accounting Standards Board (GASB)*. The Town has adopted GASB No. 101, *Compensated Absences*, and GASB No. 102, *Certain Risk Disclosures*. Our opinion was not modified with respect to these matters.

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 and GAS, 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 39 – 43 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 44 – 45 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 February 26, 2026, 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
February 26, 2026

Boonsboro Mayor and Council
Management's Discussion and Analysis
June 30, 2025

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, 2025. Please read the analysis in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2025

The Town's assets exceeded its liabilities at the close of the fiscal year by \$20,457,496 (net position). Of this amount, \$7,438,403 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The total net position increased by \$4,755,881. Of this amount, a decrease of \$973,462 and an increase of \$3,921,034 were associated with governmental and business-type activities, respectively. Included in those amounts is an operational transfer of \$1,808,309 from the general fund to the sewer fund. The transfer was intended to address long-standing interfund loans from the general fund to the sewer fund, effectively resolving them.

As of the close of the current fiscal year, the Town's general fund reported a fund balance of \$6,232,077, a decrease of \$1,209,629 from the prior year. It is noteworthy that excluding the interfund transfer yields net revenue over expenses of \$598,680 for the current year.

The net position for business-type activities (Water and Sewer) increased by \$5,729,343. Of this amount, increases of \$3,113,966 and \$2,615,377 were associated with water and sewer activities, respectively. It is noteworthy that excluding the interfund transfer yields net revenue over expenses of \$3,921,034 for the current year.

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 valuable indicator of whether the Town's financial position 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 government-wide financial statements distinguish the Town's functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those intended to recover all or a significant portion of their costs through user fees (*business-type activities*). The Town's governmental activities include general government, public safety, sanitation, highways and streets, parks and recreation, and other charges. The Town's major business-type activities 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 used to maintain control over resources that are 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 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 helpful in evaluating annual financing requirements for governmental programs and for committing spendable resources in the near-term.

Because the focus of governmental funds' spendable resources is narrower than that of the government-wide financial statements, it is helpful to compare the information presented for governmental funds with similar information 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
	2025	2024	2025	2024	2025	2024	
Assets:							
Current Assets	\$ 6,429,384	\$ 5,179,714	\$ 6,632,855	\$ 6,649,644	\$ 13,062,239	\$ 11,829,358	\$ 1,232,881
Capital Assets	3,633,218	3,312,192	13,744,172	10,904,134	17,377,390	14,216,326	3,161,064
Other Assets	72,211	2,697,027	(72,211)	(2,697,027)	-	-	-
Total Assets	10,134,813	11,188,933	20,304,816	14,856,751	30,439,629	26,045,684	4,393,945
Liabilities:							
Current and Other Liabilities	308,604	389,262	5,212,276	5,330,329	5,520,880	5,719,591	(198,711)
Long-Term Liabilities	-	-	4,461,253	4,624,478	4,461,253	4,624,478	(163,225)
Total Liabilities	308,604	389,262	9,673,529	9,954,807	9,982,133	10,344,069	(361,936)
Net Position:							
Invested in capital assets, net of related debt	3,633,218	3,312,192	9,122,613	6,119,605	12,755,831	9,431,797	3,324,034
Restricted	263,262	406,665	-	-	263,262	406,665	(143,403)
Unrestricted	5,929,729	7,080,814	1,508,674	(1,217,661)	7,438,403	5,863,153	1,575,250
Total Net Position	\$ 9,826,209	\$ 10,799,671	\$ 10,631,287	\$ 4,901,944	\$ 20,457,496	\$ 15,701,615	\$ 4,755,881

Of the Town's net position, 62 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; therefore, 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.

One (1) 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. The governmental activities net position was \$9,826,209 at the end of the fiscal year, a decrease of \$973,462 from the beginning net position. This compares to the previous year, when governmental activities increased the Town's net position by \$680,008. The Town's revenues from governmental activities totaled \$3,466,016 for the fiscal year. Revenue from all taxes represented 72% of total revenue. The significant sources of revenue for the Town were real estate and personal property taxes of \$1,485,945 and state income and highway user taxes of \$975,603.

The Town's expenditures from governmental activities totaled \$2,631,169 for the fiscal year. Expenditures of general government comprised the largest portion of total expenditures from governmental activities and totaled \$837,998 or 32%; public safety expenses were the second largest portion of total expenditures at \$735,247 or 28%.

Business-type activities. The business-type activities' net position was \$10,631,287 at the end of the fiscal year, an increase of \$5,729,343 from the beginning net position. However, operating expenditures exceeded operating revenue by \$691,855 during the year (page 17).

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

	Governmental		Business-Type		Totals		Change
	2025	2024	2025	2024	2025	2024	
Revenues							
General Revenues							
Property Taxes	\$ 1,485,945	\$ 1,410,813	\$ -	\$ -	\$ 1,485,945	\$ 1,410,813	\$ 75,132
Income Taxes	714,578	706,297	-	-	714,578	706,297	8,281
Highway Taxes	261,025	219,344	-	-	261,025	219,344	41,681
County Taxes	40,546	71,105	-	-	40,546	71,105	(30,559)
Other Income	145,647	117,881	4,170,693	1,116,866	4,316,340	1,234,747	3,081,593
Interest Income	256,286	133,803	182,957	338,714	439,243	472,517	(33,274)
Program Revenues							
Public Safety	43,494	65,835	-	-	43,494	65,835	(22,341)
Parks and Recreation	168,205	22,365	-	-	168,205	22,365	145,840
Sanitation	167,152	139,370	-	-	167,152	139,370	27,782
Water and Sewer	-	-	2,001,537	2,031,062	2,001,537	2,031,062	(29,525)
Other Income	183,138	98,831	426,424	64,386	609,562	163,217	446,345
Total Revenues	3,466,016	2,985,644	6,781,611	3,551,028	10,247,627	6,536,672	3,710,955
Expenditures							
General Government	837,998	742,289	-	-	837,998	742,289	95,709
Public Safety	735,247	644,356	-	-	735,247	644,356	90,891
Sanitation	267,378	211,334	-	-	267,378	211,334	56,044
Highways and streets	558,997	440,218	-	-	558,997	440,218	118,779
Parks and Recreation	229,632	267,439	-	-	229,632	267,439	(37,807)
Non-departmental	1,917	-	-	-	1,917	-	1,917
Interest Expense	-	-	167,185	170,365	167,185	170,365	(3,180)
Bond issuance costs	-	-	-	-	-	-	-
Water/Sewer Utilities	-	-	2,693,392	2,593,315	2,693,392	2,593,315	100,077
Total Expenditures	2,631,169	2,305,636	2,860,577	2,763,680	5,491,746	5,069,316	422,430
Transfers	(1,808,309)	-	1,808,309	-	-	-	-
Change in Net Position	(973,462)	680,008	5,729,343	787,348	4,755,881	1,467,356	3,288,525
Beginning Net Position	10,799,671	10,119,663	4,901,944	4,114,596	15,701,615	14,234,259	1,467,356
Total Net Position	\$ 9,826,209	\$ 10,799,671	\$ 10,631,287	\$ 4,901,944	\$ 20,457,496	\$ 15,701,615	\$ 4,755,881

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 \$6,232,077 of which \$5,939,605 was unassigned, \$29,210 was nonspendable and \$263,262 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 208% 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 of the Water Fund and Sewer Fund at the end of the fiscal year was \$1,279,270 and \$229,404, respectively.

General Fund Budgetary Highlights

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

Actual revenues on a budgetary basis were \$3,452,898. The significant budget variances primarily reflect budgeted but unspent capital outlays and related funding. As a result, revenues were \$7,709,383 below budget. Grants and shared taxes were approximately \$7,992,068 below budget, while miscellaneous income exceeded budget by approximately \$275,846.

Actual expenditures were \$8,308,063 below budget, primarily due to capital outlays that were approximately \$8,200,975 below budget. In addition, safety, highways and streets, and administrative expenses 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, 2025, was \$17,377,390 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, vehicles, infrastructure, and utility plants. The Town's net investment in capital assets for the current fiscal year increased by approximately ten (10) percent for governmental. Business-type activities increased by 26 percent, primarily due to current-year capital additions, net of depreciation and disposals. 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
	2025	2024	2025	2024	2025	2024	
Non-Depreciable Assets:							
Land	\$ 1,208,896	\$ 1,208,896	\$ 158,317	\$ 158,317	\$ 1,367,213	\$ 1,367,213	\$ -
Construction In Progress	23,194	-	3,602,100	325,540	3,625,294	325,540	3,299,754
Depreciable Assets:							
Buildings	221,005	168,340	2,228	2,318	223,233	170,658	52,575
Machinery & Equipment	68,128	97,693	918,203	787,943	986,331	885,636	100,695
Parks & Recreation	1,093,547	1,085,660	-	-	1,093,547	1,085,660	7,887
Vehicles	162,400	169,323	-	-	162,400	169,323	(6,923)
Infrastructure	856,048	582,280	3,344,127	3,474,869	4,200,175	4,057,149	143,026
Utility Plants	-	-	5,719,197	6,155,147	5,719,197	6,155,147	(435,950)
Total	\$ 3,633,218	\$ 3,312,192	\$ 13,744,172	\$ 10,904,134	\$ 17,377,390	\$ 14,216,326	\$ 3,161,064

Long-Term Debt. At June 30, 2025, the Town had total long-term debt outstanding of \$4,621,559. The Town's long-term debt decreased three (3) 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
	2025	2024	2025	2024	2025	2024	
Notes Payable - MDE	\$ -	\$ -	\$ 10,350	\$ 66,399	\$ 10,350	\$ 66,399	\$ (56,049)
Note Payable - CHIEF	-	-	35,998	-	35,998	-	35,998
Infrastructure Bond - WWTP	-	-	4,511,000	4,651,000	4,511,000	4,651,000	(140,000)
Net unamortized bond premium	-	-	64,211	67,130	64,211	67,130	(2,919)
Total	\$ -	\$ -	\$ 4,621,559	\$ 4,784,529	\$ 4,621,559	\$ 4,784,529	\$ (162,970)

Economic Factors

The primary source of revenue for the Town's General Fund will continue to be tax revenues from real and personal property, as well as state and county shared taxes. While the Town does continue to seek grant funding for projects, it is attempting to reduce its reliance on grant funding and shift focus to Capital Improvement Plan funding.

Much of the Town's utility infrastructure is from the mid-twentieth century. Town staff, along with various Town commissions, have been working to prioritize the necessary improvements, allocate citizens' tax dollars, and explore appropriate grant options. Water and sewer rates continue to be reviewed annually, but thus far have not changed from the original rate increase plan. In the past few years, Boonsboro has been very successful in securing state and federal grant awards, as well as assistance from the Board of County Commissioners; however, grant availability is not guaranteed, and the Town needs to reach a state of self-sustainability. An adequate CIP fund will ensure the necessary improvements can be made, and grant funding can be sought for additional projects the Town would like to pursue.

The Mayor and Council, Town staff, and Town commissions strive to make sound financial decisions that balance preservation of Town assets and potential future progress – all while keeping citizens' needs at the heart of everything we do.

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,

2025

PRIMARY GOVERNMENT				
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS				
Cash and cash equivalents	\$ 4,605,798		\$ 3,421,524	\$ 8,027,322
Restricted cash and cash equivalents	121,848		1,418,927	1,540,775
Certificates of deposit	1,247,616		-	1,247,616
Restricted certificates of deposits	57,490		-	57,490
Receivables:				
Customers accounts	41,401		505,377	546,778
Grants	168,636		1,155,390	1,324,026
Taxes	45,494		-	45,494
Other governmental agencies	99,770		131,637	231,407
Developer, net of allowance for doubtful accounts of \$594,723	-		-	-
Other	12,121		-	12,121
Prepaid expenses	29,210		-	29,210
Intercompany balances	72,211		(72,211)	-
Capital assets:				
Land	1,208,896		158,317	1,367,213
Other capital assets, net of accumulated depreciation	2,401,128		9,983,755	12,384,883
Construction in progress	23,194		3,602,100	3,625,294
TOTAL ASSETS	10,134,813		20,304,816	30,439,629
LIABILITIES				
Accounts payable	36,896		1,367,959	1,404,855
Accrued expenses	207,634		170,310	377,944
Other accrued liabilities	3,200		-	3,200
Advanced ARPA funds	-		-	-
Unearned revenue	60,874		3,511,999	3,572,873
Due to other government agency	-		1,702	1,702
Non-current liabilities:				
Debt due within one year	-		160,306	160,306
Debt due in more than one year	-		4,461,253	4,461,253
TOTAL LIABILITIES	308,604		9,673,529	9,982,133
NET POSITION				
Invested in capital assets, net of related debt	3,633,218		9,122,613	12,755,831
Restricted for:				
Friends of Shafer Park	57,490		-	57,490
Capital improvements	205,772		-	205,772
Unrestricted (deficit)	5,929,729		1,508,674	7,438,403
TOTAL NET POSITION	\$ 9,826,209		\$ 10,631,287	\$ 20,457,496

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

BOONSBORO MAYOR AND COUNCIL

STATEMENT OF ACTIVITIES

Year ended June 30,

2025

FUNCTIONS/PROGRAMS	EXPENDITURES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Primary government:							
Governmental activities:							
General government	\$ 837,998	\$ 7,587	\$ 175,551	\$ -	\$ (654,860)	\$ -	\$ (654,860)
Public safety	735,247	-	43,494	-	(691,753)	-	(691,753)
Sanitation	267,378	167,152	-	-	(100,226)	-	(100,226)
Highways and streets	558,997	-	-	-	(558,997)	-	(558,997)
Parks and recreation	229,632	29,405	138,800	-	(61,427)	-	(61,427)
Non-departmental	1,917	-	-	-	(1,917)	-	(1,917)
TOTAL GOVERNMENTAL ACTIVITIES	2,631,169	204,144	357,845	-	(2,069,180)	-	(2,069,180)
Business-type activities:							
Water	1,039,215	860,048	-	2,985,383	-	2,806,216	2,806,216
Sewer	1,821,362	1,141,489	-	1,185,310	-	505,437	505,437
TOTAL BUSINESS-TYPE ACTIVITIES	2,860,577	2,001,537	-	4,170,693	-	3,311,653	3,311,653
TOTAL PRIMARY GOVERNMENT	\$ 5,491,746	\$ 2,205,681	\$ 357,845	\$ 4,170,693	\$ (2,069,180)	\$ 3,311,653	\$ 1,242,473
GENERAL REVENUES							
Taxes							
Property					\$ 1,485,945	\$ -	\$ 1,485,945
Income					714,578	-	714,578
Highway					261,025	-	261,025
County shared					40,546	-	40,546
Other					59,147	-	59,147
Other income					86,977	426,424	513,401
Loss on capital asset disposal					(477)	-	(477)
Interest income					256,286	182,957	439,243
TOTAL GENERAL REVENUES					2,904,027	609,381	3,513,408
Change in net position					834,847	3,921,034	4,755,881
Interfund transfers					(1,808,309)	1,808,309	-
NET POSITION - BEGINNING OF YEAR					10,799,671	4,901,944	15,701,615
NET POSITION - END OF YEAR					9,826,209	\$ 10,631,287	\$ 20,457,491

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

BOONSBORO MAYOR AND COUNCIL

BALANCE SHEET – GOVERNMENTAL FUND

<i>June 30,</i>	<i>2025</i>
ASSETS	
Cash and cash equivalents	\$ 4,605,798
Restricted cash and cash equivalents	121,848
Certificates of deposit	1,247,616
Restricted certificates of deposit	57,490
Receivables	367,422
Prepaid expenses	29,210
Due from proprietary fund	72,211
TOTAL ASSETS	\$ 6,501,595
LIABILITIES	
Accounts payable	\$ 36,896
Accrued expenses	109,179
Other accrued liabilities	3,200
Advanced funds	60,874
TOTAL LIABILITIES	210,149
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - intergovernmental	59,369
TOTAL DEFERRED INFLOWS OF RESOURCES	59,369
FUND BALANCE	
Non-spendable:	
Prepaid expenses	29,210
Restricted for:	
Friends of Shafer Park	57,490
Capital improvements	205,772
Unassigned	5,939,605
TOTAL FUND BALANCE	6,232,077
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 6,501,595

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,

2025

Fund Balance - total governmental funds	\$	6,232,077
Amounts reported for governmental activities in the Statement of Net Position 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.		3,633,218
Accrued compensated absences do not require the use of current resources and therefore are not reported as a liability in the governmental fund.		(98,455)
Certain amounts of grant revenues and highway user revenue in the statement of activities do not provide current financial resources and therefore are not recognized as revenue in the governmental fund.		
Deferred inflows of resources - unavailable revenue		59,369
<hr/>		
Net Position of Governmental Activities	\$	9,826,209

BOONSBORO MAYOR AND COUNCIL

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

Year ended June 30,

2025

REVENUES

Taxes:

Local	\$	1,485,945
State shared		962,008
County shared		40,546
Other		59,147
Operating grants		357,845
Licenses and permits		7,587
Service charges		196,557
Interest income		256,286
Other revenues		86,977

TOTAL REVENUES

3,452,898

EXPENDITURES

General government	755,318
Public safety	619,390
Sanitation	267,378
Highways and streets	457,597
Parks and recreation	78,144
Non-departmental	1,917
Capital outlay	674,474

TOTAL EXPENDITURES

2,854,218

OTHER FINANCING SOURCES (USES)

Operating transfers to proprietary funds	(1,808,309)
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TOTAL OTHER FINANCING SOURCES (USES)

(1,808,309)

Net change in fund balance

(1,209,629)

FUND BALANCE - beginning of year

7,441,706

FUND BALANCE - end of year

\$ 6,232,077

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,

2025

Net change in Fund Balance - total governmental funds	\$ (1,209,629)
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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. 321,504

Transfers out to proprietary funds are eliminated in the Statement of Activities because they represent internal reallocations of resources rather than expenses of the government as a whole. 1,808,309

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. 13,595

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. (477)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

This is the amount by which accumulated unused compensated absences, excluding those which are payable from available resources, decreased. (98,455)

Change in Net Position of Governmental Funds	\$ 834,847
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BOONSBORO MAYOR AND COUNCIL

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30,

2025

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water	Sewer	Total
ASSETS			
Cash and cash equivalents	\$ 2,859,203	\$ 562,321	\$ 3,421,524
Restricted cash and cash equivalents	1,418,927	-	1,418,927
Receivables:			
Customer accounts	194,144	311,233	505,377
Developer, net of allowance for doubtful accounts of \$594,723	-	-	-
Grant receivables	1,155,390	-	1,155,390
Other government agencies	69,637	62,000	131,637
Intercompany balances	77,321	(77,321)	-
Capital assets:			
Land	125,142	33,175	158,317
Other capital assets, net of accumulated depreciation	3,379,055	6,604,700	9,983,755
Construction in progress	3,602,100	-	3,602,100
TOTAL ASSETS	\$ 12,880,919	\$ 7,496,108	\$ 20,377,027
LIABILITIES			
Accounts payable	\$ 1,343,042	\$ 24,917	\$ 1,367,959
Accrued expenses	78,236	92,074	170,310
Unearned revenue	3,030,554	481,445	3,511,999
Due to other government agency	1,702	-	1,702
Current maturities of long-term debt	20,306	140,000	160,306
Due to other funds	41,818	30,393	72,211
Long-term debt	26,042	4,435,211	4,461,253
TOTAL LIABILITIES	\$ 4,541,700	\$ 5,204,040	\$ 9,745,740
NET POSITION			
Invested in capital assets, net of related debt	\$ 7,059,949	\$ 2,062,664	\$ 9,122,613
Unrestricted	1,279,270	229,404	1,508,674
TOTAL NET POSITION	\$ 8,339,219	\$ 2,292,068	\$ 10,631,287

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,

2025

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water	Sewer	Total
OPERATING REVENUES			
Charges for:			
Services	\$ 803,924	\$ 1,141,489	\$ 1,945,413
Administration	56,124	-	56,124
TOTAL OPERATING REVENUES	860,048	1,141,489	2,001,537
OPERATING EXPENSES			
Advertising	436	157	593
Benefits	209,271	140,402	349,673
Biosolids removal	-	8,245	8,245
Chemicals	27,348	71,216	98,564
Depreciation	184,120	844,640	1,028,760
Equipment expense	15,536	18,705	34,241
Insurance	11,844	27,885	39,729
Maintenance and repairs	35,782	78,282	114,064
Meeting expense	315	315	630
Miscellaneous	12,597	-	12,597
Payroll taxes	26,987	19,235	46,222
Postage	4,739	2,270	7,009
Professional fees	10,265	10,265	20,530
Professional memberships and certifications	2,471	1,304	3,775
Salaries	377,054	266,848	643,902
Software subscriptions	11,488	8,008	19,496
Supplies	12,292	3,437	15,729
Testing	715	24,439	25,154
Uniforms	1,136	850	1,986
Utilities	79,205	120,496	199,701
Vehicle expense	13,895	8,897	22,792
TOTAL OPERATING EXPENSES	1,037,496	1,655,896	2,693,392
OPERATING INCOME (LOSS)	(177,448)	(514,407)	(691,855)
NON-OPERATING REVENUES (EXPENSES)			
Debt service fees	25,078	-	25,078
Connection fees	105,500	248,000	353,500
Grants	2,985,383	1,185,310	4,170,693
Interest income	167,378	15,579	182,957
Interest expense	(1,719)	(165,466)	(167,185)
Operating transfers from general fund	-	1,808,309	1,808,309
Other non-operating revenues	9,794	38,052	47,846
TOTAL NON-OPERATING REVENUES (EXPENSES)	3,291,414	3,129,784	6,421,198
CHANGE IN NET POSITION	3,113,966	2,615,377	5,729,343
TOTAL NET POSITION - beginning of year	5,225,253	(323,309)	4,901,944
TOTAL NET POSITION - end of year	\$ 8,339,219	\$ 2,292,068	\$ 10,631,287

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,

2025

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers, grantors and other governments	\$ 815,307	\$ 1,073,775	\$ 1,889,082
Cash paid to suppliers for goods and services	1,064,238	(402,645)	661,593
Cash payments to employees for services	(575,038)	(401,662)	(976,700)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,304,507	269,468	1,573,975
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from (paid to) proprietary fund	6,151	(6,151)	-
Cash received (paid to) from the general fund	140,274	(956,781)	(816,507)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	146,425	(962,932)	(816,507)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,461,731)	(407,069)	(3,868,800)
Principal payments on notes payable	(20,051)	(140,000)	(160,051)
Interest paid on notes payable	(1,719)	(169,177)	(170,896)
Debt service fees	25,078	-	25,078
Cash received from grants for capital asset construction and acquisition	3,129,606	1,185,310	4,314,916
Cash paid to other government agency	1,702	-	1,702
Other	115,294	286,051	401,345
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(211,821)	755,115	543,294
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	167,378	15,579	182,957
NET CASH PROVIDED BY INVESTING ACTIVITIES	167,378	15,579	182,957
INCREASE IN CASH AND CASH EQUIVALENTS	1,406,489	77,230	1,483,719
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,871,641	485,091	3,356,732
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,278,130	\$ 562,321	\$ 4,840,451
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and cash equivalents	\$ 2,859,203	\$ 562,321	\$ 3,421,524
Restricted cash and cash equivalents	1,418,927	-	1,418,927
TOTAL CASH AND CASH EQUIVALENTS	\$ 4,278,130	\$ 562,321	\$ 4,840,451

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,

2025

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Water	Sewer	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (177,448)	\$ (514,407)	\$ (691,855)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	184,120	844,640	1,028,760
(Increase) decrease in:			
Customer accounts receivable	(2,803)	(5,713)	(8,516)
Other government agencies	(41,938)	-	(41,938)
Development fees	-	(62,000)	(62,000)
(Increase) decrease in:			
Accounts payable	1,304,302	(17,874)	1,286,428
Accrued expenses	38,274	24,822	63,096
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,304,507	\$ 269,468	\$ 1,573,975

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, 2025 were:

Real estate tax	\$.3591 per \$100 of assessable base
Personal property tax	\$.8750 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, 2025.

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

Interfund 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 "Interfund balances." Any residual balances outstanding between the two proprietary funds are reported in the proprietary fund statement of net position as "Interfund 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.

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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, 2025.

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 \$59,000 as of June 30, 2025.

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

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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 unearned revenue/tap fee revenue.

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 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 results in governments recognizing a liability that more appropriately reflects when an obligation for compensated absences has been incurred. Disclosure requirements are also amended. This Statement is effective for fiscal years beginning after December 15, 2023. The Town has adopted this new guidance for the fiscal year ended June 30, 2025, using a cumulative-effect adjustment to the statement of net position as of July 1, 2024. There was no significant measurement difference between the liability for compensated absences as calculated under GASB 101 as of July 1, 2024, and the balance of the existing liability for compensated absences. Consequently, there was no charge to beginning net position for the adoption of GASB 101. For the year ended June 30, 2025, there is no significant difference between the change in net position as reported under GASB 101 and the change in net position that would have been reported under the previous guidance for compensated absences.

In January 2024, GASB issued Statement No. 102, Certain Risk Disclosures. This Statement requires governments to disclose essential information about risks related to a government's current vulnerabilities due to certain concentrations and constraints common in the governmental environment where the concentration or constraint meets certain specified criteria. This Statement is effective for fiscal years beginning after June 15, 2024. The Town has adopted this new guidance for the fiscal year ended June 30, 2025 using a prospective application. Additional disclosures, if necessary, are included in the accompanying notes to the financial statements.

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.

BOONSBORO MAYOR AND COUNCIL

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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.

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, 2025, 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	\$ 6,632,302
Collateralized:	
Collateral held by pledging bank's agent in the Town's name	2,693,508
Total deposits	\$ 9,325,810

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 2025, the Town paid premiums approximating \$61,700 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.

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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.

4. CASH AND CASH EQUIVALENTS

Unrestricted and restricted (Note 6) cash and cash equivalents consist of the following at June 30, 2025:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Cash	\$ 4,400,240	\$ 4,840,452	\$ 4,278,130	\$ 562,321
Money market accounts	107,406	-	-	-
Total cash and cash equivalents	\$ 4,507,646	\$ 4,840,452	\$ 4,278,130	\$ 562,321

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, 2025:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Negotiable	\$ 1,247,616	\$ -	\$ -	\$ -
Non-negotiable	57,490	-	-	-
Total certificates of deposit	\$ 1,305,106	\$ -	\$ -	\$ -

	Total	Level 1	Level 2	Level 3
Governmental Activities	\$ 1,247,616	\$ -	\$ 1,247,616	\$ -
Total negotiable certificates of deposit	\$ 1,247,616	\$ -	\$ 1,247,616	\$ -

As of June 30, 2025, the Town's total certificates of deposit mature as follows:

	Carrying Value	Maturities (in years)	
		Less than 1	1 - 5
Governmental Activities	\$ 1,305,106	\$ 1,247,616	\$ 57,490
	\$ 1,305,106	\$ 1,247,616	\$ 57,490

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.

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As of June 2025, 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).

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, 2025, 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, 2025 is as follows:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Certificates of deposit:				
Friends of Shafer Park	\$ 57,490	\$ -	\$ -	\$ -
Total restricted certificates of deposit	57,490	-	-	-
Restricted cash:				
Reservoir replacement	-	1,418,927	1,418,927	-
Capital improvements	121,848	-	-	-
Total restricted cash	121,848	1,418,927	1,418,927	-
Total restricted cash and certificates of deposit	\$ 179,338	\$ 1,418,927	\$ 1,418,927	\$ -

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2025 is as follows:

	2024	Additions	Reductions	2025
<u>Governmental Activities</u>				
Non-depreciable assets:				
Land	\$ 1,208,896	\$ -	\$ -	\$ 1,208,896
Construction in progress	-	23,194	-	23,194
Depreciable:				
Buildings and improvements	1,365,837	77,401	-	1,443,238
Machinery and equipment	456,812	-	14,823	441,989
Parks and recreation	2,741,425	148,461	-	2,889,886
Vehicles	628,623	68,967	122,122	575,468
Infrastructure	1,802,105	356,451	-	2,158,556
Total	8,203,698	\$ 674,474	\$ 136,945	8,741,227
Less accumulated depreciation				
Buildings and improvements	1,197,497	\$ 24,736	\$ -	1,222,233
Machinery and equipment	359,119	29,564	14,822	373,861
Parks and recreation	1,655,765	140,574	-	1,796,339
Vehicles	459,300	75,414	121,646	413,068
Infrastructure	1,219,826	82,682	-	1,302,508
Total	4,891,507	\$ 352,970	\$ 136,468	5,108,009
Net book value	\$ 3,312,191			\$ 3,633,218

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	2024	Additions	Reductions	2025
<u>Business-type Activities</u>				
Non-depreciable assets:				
Land	\$ 158,317	\$ -	\$ -	\$ 158,317
Construction in progress	325,540	3,276,560	-	3,602,100
Depreciable:				
Buildings and improvements	144,500	-	-	144,500
Machinery and equipment	2,390,457	254,435	48,664	2,596,228
Vehicles	169,074	-	-	169,074
Infrastructure	7,709,169	-	-	7,709,169
Utility plants	15,718,580	349,579	-	16,068,159
Total	26,615,637	\$ 3,880,574	\$ 48,664	30,447,547
Less accumulated depreciation				
Buildings and improvements	142,182	\$ 90	\$ -	142,272
Machinery and equipment	1,602,516	112,399	36,890	1,678,025
Vehicles	169,074	-	-	169,074
Infrastructure	4,234,300	130,742	-	4,365,042
Utility plants	9,563,433	785,529	-	10,348,962
Total	15,711,505	\$ 1,028,760	\$ 36,890	16,703,375
Net book value	<u>\$ 10,904,132</u>		<u>\$ 13,744,172</u>	

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

Governmental Activities	
General government	\$ 61,902
Public safety	56,342
Highways and streets	83,239
Parks and recreation	151,487
	\$ 352,970
Business-type Activities	
Water	\$ 184,120
Sewer	844,640
	\$ 1,028,760

The Town has active construction projects as of June 30, 2025. 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	\$ -	\$ 6,777,413
Crestview		\$ 1,584,747
School Intersection Upgrade		\$ 1,420,000

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

8. ACCRUED EXPENSES AND LIABILITIES

The composition of accrued expenses and liabilities as of June 30, 2025 is as follows:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Accrued salaries	\$ 58,273	\$ -	\$ -	\$ -
Accrued compensated absences	98,455	80,067	48,803	31,264
Accrued pension	50,906	49,056	29,433	19,623
Accrued interest	-	41,187	-	41,187
Total accrued expenses	\$ 207,634	\$ 170,310	\$ 78,236	\$ 92,074
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.

9. OTHER RECEIVABLES:

Other receivables, including amounts receivable from other governmental agencies and miscellaneous sources consisted of the following at June 30, 2025:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Other governmental agencies receivable:				
State of Maryland	\$ 91,282	\$ -	\$ -	\$ -
Washington County	8,488	-	-	-
Local governments	-	69,637	69,637	-
	\$ 99,770	\$ 69,637	\$ 69,637	\$ -
Other receivables:				
Cable TV franchise fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous	12,121	62,000	-	62,000
	\$ 12,121	\$ 62,000	\$ -	\$ 62,000

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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 the eligibility requirements are satisfied. As of June 30, 2025 the amounts recorded in deferred revenue were as follows:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Tap fees	\$ -	\$ 2,000	\$ 2,000	\$ -
Developer agreements (note 18)	-	481,445	-	481,445
Deferred grant revenue - reservoir replacement	-	3,028,554	3,028,554	-
Total unearned revenue	\$ -	\$ 3,511,999	\$ 3,030,554	\$ 481,445

11. INTER-FUND RECEIVABLES AND PAYABLES

The composition of inter-fund balances as of June 30, 2025 is as follows:

Receivable Fund	Payable Fund	Amount
Water	General	\$ -
Sewer	General	-
		\$ -
Water	Sewer	\$ 77,321

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.

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, 2025. 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. All balances were paid or forgiven as of the year ended June 30, 2025.

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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. All balances were paid or forgiven as of the year ended June 30, 2025.

During 2024 the Sewer Fund obtained an additional loan totaling \$1,000,000 to assist in continued upgrades and operations of the wastewater treatment plant. All balances were paid or forgiven as of the year ended June 30, 2025.

The following is a summary of changes in long-term inter-fund loans for the year ended June 30, 2025:

Receivable Fund	Payable Fund	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025	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	1,500,000	-	1,500,000	-	-
		\$ 2,808,309	\$ -	\$ 2,808,309	\$ -	\$ -

13. LONG-TERM DEBT

The Town's long-term debt as of June 30, 2025 consisted of the following:

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.

\$ 10,350

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.

35,998

Total Water Fund

\$ 46,348

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Sewer Fund

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.

	4,511,000
Total Sewer Fund Debt Principal	4,511,000
Net unamortized bond premium	64,211
Total Sewer Fund	\$ 4,575,211
Total Business-type Activities	4,621,559
Total Long-term Debt	\$ 4,621,559

The following is a summary of activity charged to interest expense for the year ended June 30, 2025:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Interest expense	\$ -	\$ 170,105	\$ 1,719	\$ 168,386
Amortization of bond premium	-	(2,920)	-	(2,920)
Total interest expense	\$ -	\$ 167,185	\$ 1,719	\$ 165,466

The following is a summary of changes in long-term debt for the year ended June 30, 2025:

	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025	Balance Due Within One Year
Business-type Activities					
Water Fund					
Note Payable - MDE	\$ 14,935	\$ -	\$ 4,585	\$ 10,350	\$ 4,686
Note Payable - MDE	51,464	-	15,466	35,998	15,620
Total Water Fund	66,399	-	20,051	46,348	20,306
Sewer Fund					
Bond Payable - CDA	4,651,000	-	140,000	4,511,000	140,000
Total Sewer Fund	4,651,000	-	140,000	4,511,000	140,000
Total Business-type Activities*	4,717,399	-	160,051	4,557,348	160,306
Total Long-term Debt Principal*	\$ 4,717,399	\$ -	\$ 160,051	\$ 4,557,348	\$ 160,306

* Does not include net unamortized bond premium. For the year ended June 30, 2025, unamortized bond premiums totaled \$0 for governmental activities and \$70,049 for business-type activities.

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

	Business-type Activities			Water Fund		Sewer Fund	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
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	156,000	152,133	308,133	-	-	156,000	152,133
2030	160,000	147,375	307,375	-	-	160,000	147,375
2031-2035	878,500	657,460	1,535,960	-	-	878,500	657,460
2036-2040	1,039,500	496,939	1,536,439	-	-	1,039,500	496,939
2041-2045	1,259,500	273,760	1,533,260	-	-	1,259,500	273,760
2046-2048	576,500	35,255	611,755	-	-	576,500	35,255
	<u>\$ 4,557,348</u>	<u>\$ 2,246,333</u>	<u>\$ 6,803,681</u>	<u>\$ 46,348</u>	<u>\$ 688</u>	<u>\$ 4,511,000</u>	<u>\$ 2,245,645</u>

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 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, 2025, the Town has 21 full-time and part-time employees with 18 employees participating in the plan. The employees of the Town made no contributions. The Town's contribution for fiscal year 2025 approximated \$65,000.

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

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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 expenses 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, 2025.

Included in the statement of net position is unearned revenue related to these tap fees totaling \$481,445 for the year ended June 30, 2025. This will be recognized as revenue when the developers begin to utilize the taps. During the year ended June 30, 2025, the Town did not recognize any of this tap fee revenue.

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, 2025, 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

BOONSBORO MAYOR AND COUNCIL

NOTES TO FINANCIAL STATEMENTS

cannot be held liable. The Town has no additional or voluntary commitments related to these agreements. At June 30, 2025, Organization had conduit debt outstanding with the Town totaling \$826,033.

21. RECENT GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

In May 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement is intended to improve key components of the financial report model to enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability and address certain application issues. This Statement is effective for fiscal years beginning after June 15, 2025.

In October 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement establishes requirements for certain types of capital assets to be disclosed separately for purposes of note disclosures and also establishes requirements for capital assets held for sale, requiring additional disclosures for those capital assets. This Statement is effective for fiscal years beginning after June 15, 2025.

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, 2025 through February 26, 2026, 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, 2025 through February 26, 2026, 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,

2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
REVENUES				
LOCAL TAXES				
Real property	\$ 1,386,205	\$ 1,386,205	\$ 1,399,090	\$ 12,885
Personal property - incorporated	55,000	55,000	87,965	32,965
Personal property - unincorporated	4,500	4,500	1,110	(3,390)
Public utility property tax	25,000	25,000	-	(25,000)
Penalties and interest	3,500	3,500	2,124	(1,376)
Less: discounts	(3,500)	(3,500)	(4,344)	(844)
	1,470,705	1,470,705	1,485,945	15,240
LICENSES AND PERMITS				
Trader's	4,500	4,500	4,008	(492)
Planning and zoning	14,000	14,000	3,579	(10,421)
	18,500	18,500	7,587	(10,913)
GRANTS AND SHARED TAXES				
State of Maryland				
Income tax	500,000	500,000	714,578	214,578
Admissions and amusement	22,000	22,000	27,194	5,194
Highway tax	255,877	255,877	247,430	(8,447)
Grant for police protection	45,000	45,000	43,319	(1,681)
Other grants and shared taxes	8,483,839	8,483,839	311,766	(8,172,073)
Washington County				
Grant in lieu of tax on financial corporati	950	950	951	1
Grant in lieu of tax on elderly housing	1,800	1,800	1,614	(186)
County permit excise tax	35,000	35,000	-	(35,000)
Hotel/motel tax	35,000	35,000	40,546	5,546
	9,379,466	9,379,466	1,387,398	(7,992,068)
SANITATION CHARGES				
Charges for service	164,640	164,640	167,152	2,512
MISCELLANEOUS				
Interest income	60,000	60,000	256,286	196,286
Rental income	12,800	12,800	12,595	(205)
Cable TV franchise fees	30,000	30,000	31,953	1,953
Miscellaneous income	26,170	26,170	103,982	77,812
	128,970	128,970	404,816	275,846
TOTAL REVENUES	\$ 11,162,281	\$ 11,162,281	\$ 3,452,898	\$ (7,709,383)

BOONSBORO MAYOR AND COUNCIL

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

Year ended June 30,

2025

	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	4,200	4,200	5,150	950
Education stipend	7,200	7,200	4,588	(2,612)
Contributions and donations	1,000	1,000	500	(500)
Convention expense	7,000	7,000	-	(7,000)
	31,200	31,200	22,038	(9,162)
ADMINISTRATION				
Administration salaries	162,851	162,851	154,971	(7,880)
Payroll taxes	12,500	12,500	13,545	1,045
Pension	12,800	12,800	11,478	(1,322)
Insurance - health	66,000	66,000	49,073	(16,927)
Insurance - workers comp	500	500	887	387
Payroll processing	3,300	3,300	-	(3,300)
Training	7,000	7,000	10,336	3,336
Advertising	3,000	3,000	630	(2,370)
Insurance - property/liability	17,000	17,000	14,214	(2,786)
Postage	3,000	3,000	530	(2,470)
Office expenses	20,700	20,700	31,582	10,882
Software subscriptions	12,700	12,700	15,858	3,158
Telephone	1,100	1,100	4,216	3,116
	322,451	322,451	307,320	(15,131)
PROFESSIONAL SERVICES				
Attorney fees	20,000	20,000	19,427	(573)
Audit service	10,750	10,750	11,030	280
Retirement administration	2,100	2,100	375	(1,725)
Accounting services	8,500	8,500	-	(8,500)
Circuit rider	12,000	12,000	12,000	-
Lobbyist	48,000	48,000	52,000	4,000
	\$ 101,350	\$ 101,350	\$ 94,832	\$ (6,518)

BOONSBORO MAYOR AND COUNCIL

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

Year ended June 30,

2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
MUNICIPAL BUILDING AND GROUNDS				
Maintenance	\$ 55,000	\$ 55,000	\$ 62,954	\$ 7,954
Heating and electric	32,000	32,000	27,392	(4,608)
	87,000	87,000	90,346	3,346
OPERATIONS				
Planning, zoning and engineering	72,850	72,850	113,009	40,159
Economic development commission	59,450	59,450	120,132	60,682
Environmental commission	12,920	12,920	7,641	(5,279)
	145,220	145,220	240,782	95,562
TOTAL GENERAL GOVERNMENT	687,221	687,221	755,318	68,097
PUBLIC SAFETY				
POLICE DEPARTMENT				
Salaries	353,963	353,963	390,566	36,603
Overtime	2,000	2,000	-	(2,000)
Payroll taxes	35,600	35,600	32,652	(2,948)
Pension	27,675	27,675	22,914	(4,761)
Insurance: health	89,000	89,000	26,626	(62,374)
Insurance: worker's compensation	20,000	20,000	21,242	1,242
Equipment	12,000	12,000	15,871	3,871
Uniforms	4,000	4,000	10,540	6,540
Insurance - vehicle/equipment	14,000	14,000	12,852	(1,148)
National Night Out program	2,250	2,250	1,838	(412)
Supplies	2,500	2,500	2,854	354
Telephone	1,500	1,500	1,750	250
Building maintenance and utilities	10,000	10,000	5,075	(4,925)
Training	6,000	6,000	2,938	(3,062)
Vehicle maintenance	15,000	15,000	4,546	(10,454)
Vehicle gas	20,000	20,000	11,126	(8,874)
BPD contingency	25,000	25,000	-	(25,000)
Police fees	12,000	12,000	-	(12,000)
	\$ 652,488	\$ 652,488	\$ 563,390	\$ (89,098)

BOONSBORO MAYOR AND COUNCIL

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

Year ended June 30,

2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
VOLUNTARY COMPANY CONTRIBUTIONS				
Fire department	\$ 28,000	\$ 28,000	\$ 28,000	\$ -
Ambulance service	28,000	28,000	28,000	-
	56,000	56,000	56,000	-
TOTAL PUBLIC SAFETY	708,488	708,488	619,390	(89,098)
HIGHWAYS AND STREETS				
Salaries	145,728	145,728	157,370	11,642
Overtime	30,000	30,000	-	(30,000)
Payroll taxes	13,000	13,000	14,525	1,525
Pension	9,000	9,000	12,462	3,462
Insurance: health	90,000	90,000	80,578	(9,422)
Insurance: worker's compensation	5,000	5,000	4,565	(435)
Uniforms	1,200	1,200	2,106	906
Insurance - building/equipment	3,500	3,500	3,011	(489)
Telephone	4,400	4,400	1,288	(3,112)
Street lighting	60,000	60,000	68,522	8,522
Equipment maintenance & repair	10,000	10,000	-	(10,000)
Supplies and small equipment	17,000	17,000	23,019	6,019
Cleaning and debris/yard debris lot	8,000	8,000	9,275	1,275
Snow removal: contractor	10,000	10,000	27,219	17,219
Snow removal: salt	25,000	25,000	16,369	(8,631)
Street maintenance	55,000	55,000	2,386	(52,614)
Street cleaning	12,000	12,000	-	(12,000)
Vehicle and equipment maintenance	20,000	20,000	24,268	4,268
Vehicle gas	20,000	20,000	10,634	(9,366)
	538,828	538,828	457,597	(81,231)
SANITATION				
Sanitation and recycling	210,885	210,885	218,603	7,718
Sanitation tipping fees	60,000	60,000	48,775	(11,225)
	270,885	270,885	267,378	(3,507)
PARKS, RECREATION AND EVENTS				
Park board meetings	960	960	730	(230)
Park equipment	3,000	3,000	5,162	2,162
Facilities maintenance	15,000	15,000	15,120	120
Grounds maintenance	30,000	30,000	28,706	(1,294)
Insurance - building/equipment	2,000	2,000	2,639	639
Events	30,250	30,250	25,787	(4,463)
	\$ 81,210	\$ 81,210	\$ 78,144	\$ (3,066)

BOONSBORO MAYOR AND COUNCIL

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

Year ended June 30,

2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
NON-DEPARTMENTAL EXPENDITURES				
Contingency fund	\$ 200	\$ 200	\$ -	\$ (200)
Miscellaneous	-	-	1,917	1,917
	200	200	1,917	1,717
CAPITAL OUTLAY				
Special projects	321,660	321,660	-	(321,660)
Capital improvement/construction	7,263,789	7,263,789	-	(7,263,789)
School intersection project	1,220,000	1,220,000	23,194	(1,196,806)
Infrastructure	-	-	356,451	356,451
National Road Bathrooms	-	-	77,401	77,401
Shafer Park (disc golf and trail ext)	-	-	148,461	148,461
Police department	70,000	70,000	68,967	(1,033)
	8,875,449	8,875,449	674,474	(8,200,975)
TOTAL EXPENDITURES	11,162,281	11,162,281	2,854,218	(8,308,063)
OTHER FINANCING SOURCES (USES)				
Operating transfer - out	-	-	1,808,309	1,808,309
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ (1,209,629)	\$ 2,406,989

OTHER SUPPLEMENTARY INFORMATION

BOONSBORO MAYOR AND COUNCIL

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

Year ended June 30,

2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
OPERATING REVENUES				
Charges for services	\$ 822,000	\$ 822,000	\$ 803,924	\$ (18,076)
Charges for administration	50,000	50,000	56,124	6,124
TOTAL OPERATING REVENUES	872,000	872,000	860,048	(11,952)
OPERATING EXPENSES				
Advertising	500	500	436	(64)
Capital outlay	275,652	275,652	3,473,505	3,197,853
Chemicals	25,000	25,000	27,348	2,348
Health insurance	155,000	155,000	187,048	32,048
Meetings	1,000	1,000	315	(685)
Miscellaneous	200	200	12,597	12,397
Payroll taxes	33,458	33,458	26,987	(6,471)
Postage	4,000	4,000	4,739	739
Professional services	8,375	8,375	10,265	1,890
Property insurance	8,000	8,000	7,963	(37)
Repairs and maintenance	79,500	79,500	35,782	(43,718)
Retirement	29,900	29,900	22,223	(7,677)
Salaries	390,980	390,980	377,054	(13,926)
Software subscriptions	4,455	4,455	11,488	7,033
Supplies	19,000	19,000	12,292	(6,708)
Telephone	1,200	1,200	-	(1,200)
Testing	2,500	2,500	715	(1,785)
Tools and equipment	15,000	15,000	15,535	535
Training and certification	2,000	2,000	2,471	471
Uniforms	1,100	1,100	1,136	36
Utilities	60,000	60,000	79,205	19,205
Vehicles	14,000	14,000	13,895	(105)
Worker's compensation	5,400	5,400	3,882	(1,518)
TOTAL OPERATING EXPENSES	1,136,220	1,136,220	4,326,881	3,190,661
OPERATING INCOME (LOSS)	(264,220)	(264,220)	(3,466,833)	(3,202,613)
OTHER INCOME (EXPENSE)				
Debt service fees	24,080	24,080	25,078	998
Connection fees	274,300	274,300	105,500	(168,800)
Grants	-	-	2,985,383	2,985,383
Other income	30,000	30,000	9,794	(20,206)
Interest income	150,000	150,000	167,378	17,378
Interest expense	(1,070)	(1,070)	(1,719)	(649)
Debt service (principal payments)	(213,090)	(213,090)	(20,051)	193,039
TOTAL OTHER INCOME (EXPENSE)	264,220	264,220	3,271,363	3,007,143
NET INCOME (LOSS)	\$ -	\$ -	\$ (195,470)	\$ (195,470)

BOONSBORO MAYOR AND COUNCIL

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

Year ended June 30,

2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) BUDGET
OPERATING REVENUES				
Charges for services	\$ 1,237,244	\$ 1,237,244	\$ 1,141,489	\$ (95,755)
TOTAL OPERATING REVENUES	1,237,244	1,237,244	1,141,489	(95,755)
OPERATING EXPENSES				
Advertising	1,000	1,000	157	(843)
Biosolids removal	70,000	70,000	8,245	(61,755)
Capital outlay (including ARC matching)	30,000	30,000	407,069	377,069
Chemicals	-	-	71,216	71,216
Communications	3,500	3,500	-	(3,500)
Contingency fund	128,851	128,851	-	(128,851)
Health insurance	103,500	103,500	123,737	20,237
Meetings	1,200	1,200	315	(885)
Payroll taxes	19,599	19,599	19,235	(364)
Postage	2,000	2,000	2,270	270
Professional services	10,375	10,375	10,265	(110)
Property insurance	25,000	25,000	26,003	1,003
Repairs and maintenance	80,000	80,000	78,282	(1,718)
Retirement	18,288	18,288	16,665	(1,623)
Salaries	261,254	261,254	266,848	5,594
Software subscriptions	-	-	8,008	8,008
Supplies	15,500	15,500	3,437	(12,063)
Telephone	800	800	-	(800)
Testing	30,000	30,000	24,439	(5,561)
Tools and equipment	10,000	10,000	18,705	8,705
Training and certification	1,000	1,000	1,304	304
Uniforms	1,500	1,500	849	(651)
Utilities	125,000	125,000	120,496	(4,504)
Vehicles	8,000	8,000	8,897	897
Worker's compensation	3,200	3,200	1,883	(1,317)
TOTAL OPERATING EXPENSES	949,567	949,567	1,218,325	268,758
OPERATING INCOME (LOSS)	287,677	287,677	(76,836)	(364,513)
OTHER INCOME (EXPENSE)				
Connection fees	356,500	356,500	248,000	(108,500)
Grants	-	-	1,185,310	1,185,310
Other income	-	-	38,052	38,052
Interest income	15,000	15,000	15,579	579
Interest expense	(169,177)	(169,177)	(168,386)	791
Debt service (principal payments)	(140,000)	(140,000)	(140,000)	-
Operating transfers in	-	-	1,808,309	1,808,309
Repayment to general fund for debt	(350,000)	(350,000)	-	350,000
TOTAL OTHER INCOME (EXPENSE)	(287,677)	(287,677)	2,986,864	3,274,541
NET INCOME (LOSS)	\$ -	\$ -	\$ 2,910,028	\$ 2,910,028



1110 Professional Blvd, Suite 300
Hagerstown, MD 21740
301-739-5300

212 Lutz Avenue
Martinsburg, WV 25404
304-264-2004

acmicpa.com

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, 2025, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated February 26, 2026.

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
February 26, 2026



1110 Professional Blvd, Suite 300
Hagerstown, MD 21740
301-739-5300

212 Lutz Ave
Martinsburg, WV 25404
304-264-2004

info@acmicpa.com
acmicpa.com

