



**City of Taneytown, Maryland**

**Financial Statements, Supplementary Information, and  
Independent Auditors' Reports**

**For the Year Ended June 30, 2021**

**City of Taneytown, Maryland  
Summary of Elected and Appointed Officials**

**As of June 30, 2021**

**MAYOR**

Bradley J. Wantz

**CITY COUNCIL**

Joe A. Vigliotti, Mayor Pro Tem

Diane A. Foster

Judith K. Fuller

Darryl G. Hale

Daniel M. Haines

**CITY MANAGER**

Jim Wieprecht

**TREASURER**

Barri Avallone

**CITY ATTORNEY**

Jack A. Gullo, Jr.

**City of Taneytown, Maryland  
For the Year Ended June 30, 2021**

**TABLE OF CONTENTS**

Independent Auditors' Report	1
Management's Discussion and Analysis	3
<b>Basic Financial Statements</b>	
Government–Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund–Level Financial Statements	
Balance Sheet – Governmental Fund	11
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	12
Reconciliation of Fund Balance to Net Position of Governmental Activities	13
Statement of Net Position – Proprietary Fund	14
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	15
Statement of Cash Flows – Proprietary Fund	16
Notes to the Financial Statements	18
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	37
Schedule of the City's Proportionate Share of the Net Pension Liability	41
Schedule of Contributions and Related Ratios	41
<b>Other Information</b>	
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	43



## **INDEPENDENT AUDITORS' REPORT**

**Mayor and City Council  
City of Taneytown, Maryland**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Taneytown, Maryland, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Taneytown, Maryland's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**City of Taneytown, Maryland  
Independent Auditors' Report  
Page 2**

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the City of Taneytown, Maryland, as of June 30, 2021, 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.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 – 8 and 37 – 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2021, on our consideration of the City of Taneytown, Maryland'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 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 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 City of Taneytown, Maryland's internal control over financial reporting and compliance.

***DeLeon & Stang***

**DeLeon & Stang, CPAs and Advisors  
Frederick, Maryland  
October 19, 2021**

## **CITY OF TANEYTOWN, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management of the City of Taneytown ("the City") offers readers the following narrative overview and analysis of the financial statements and activities of the City for the fiscal year ended June 30, 2021, which includes a comparison with the prior year.

A feature of this year's financial picture is the continued implementation of GASB 65 – refunding of debt and GASB 68 – accounting and reporting for pensions. The statement of net position will continue to show deferred outflows and inflows of resources affecting the total net position.

In addition, the City has continued its ongoing program to replace and upgrade deteriorated and substandard infrastructure such as water and sewer.

### **FINANCIAL HIGHLIGHTS:**

1. The City's government-wide net position increased \$2,902,188 in fiscal year 2021 as compared to an increase of \$1,224,513 in fiscal year 2020, prior to restatement. Fiscal Year 2020 net position has been restated by an increase of \$3,230,370, as indicated in Note 12.
2. The assets of the City exceeded its liabilities as of June 30, 2021 as noted below:  
  
Governmental Activities: \$10,177,241 (up \$652,643 from last year, restated).  
Business-Type Activities: \$20,350,621 (up \$2,249,545 from last year, restated).  
Of the total net position, \$6,747,552 is unrestricted; \$25,956 is restricted for WWTP loan reserve; \$7,345,253 is restricted for future utility capital infrastructure and \$16,409,101 is invested in capital assets, net of related debt.
3. Total assets as of June 30, 2021 were \$13,681,817 for governmental activities and \$31,456,129 for business-type activities. Total governmental and business-type capital assets, net were \$8,348,834 and \$19,930,407 respectively.
4. The City's total liabilities as of June 30, 2021 were \$15,261,719 (down \$876,561 from last year). Of that amount \$11,870,140 are debt obligations. Total long-term liabilities for the City as of June 30, 2021 were \$14,464,390 (including the net pension liability of \$2,594,250 per GASB 68).
5. As of June 30, 2021, the City's governmental funds reported a combined ending fund balance of \$4,897,512 (down \$121,709 from last year). Of that amount \$4,332,346 is unassigned and available for spending, \$490,467 is committed for Parks – Open Space, and \$42,638 is assigned to a lease obligation and police impact fees.
6. As of June 30, 2021, the City's revenues were as follows: General Fund \$4,983,094 (up \$716,587 or 16% from last year) and Enterprise Fund \$5,562,173 (up \$1,135,175 or 25% from last year). Enterprise Fund revenues have increased due to an increase in benefit assessments.

## **CITY OF TANEYTOWN, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS**

7. As of June 30, 2021, the City's expenditures were as follows: General Fund \$5,104,803 (up \$597,626 or 13% from last year) and Enterprise Fund \$3,312,628 (up \$264,760 or 8% from last year).
8. As of June 30, 2021, the City's deferred outflows were as follows: Governmental activities \$633,944 and Business-type activities \$305,039. Within the governmental and business-type activities, deferred outflows consisted of the 2021 pension contributions, change in proportionate share, net difference between project and actual earnings on pension plan investments, and changes in actuarial assumptions related to the pension plans. In the business-type activities, deferred outflows also included costs associated with debt refunding (\$203,999) that are required to be amortized.
9. As of June 30, 2021, the City's deferred inflows were as follows: Governmental activities \$237,875 and Business-type activities \$49,473. Within the governmental activities and business-type activities, deferred inflows were identified as the difference between actual and expected experience, changes of pension assumptions, and change in proportionate share.

### **OVERVIEW OF THE FINANCIAL STATEMENTS:**

The discussion and analysis are intended to serve as an introduction to the City of Taneytown's basic financial statements. The City of Taneytown's basic financial statements are comprised of three (3) 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 themselves.

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

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

The statement of activities presents information showing how the government'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 the 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.

## **CITY OF TANEYTOWN, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government (legislative, executive, financial administration, legal, planning and zoning, general services), public safety, public works, parks, recreation, and culture, economic development and other charges. The major business-type activities of the City include water and sewer utilities.

The government-wide financial statements include only the City of Taneytown itself (known as the primary government) and are on pages 9 and 10 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two (2) categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 the two.

The city adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget on pages 37 - 40 of this report.

The basic governmental fund financial statements can be found on pages 11 – 13 of this report.

**Proprietary funds.** The City of Taneytown maintains one proprietary, or enterprise, fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City of Taneytown operates a Sanitary Sewer and Water Enterprise Fund.

The basic proprietary fund financial statements can be found on pages 14 – 17 of this report.



**CITY OF TANEYTOWN, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Notes to the Financial Statements.** These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 18 – 36 of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information.

With all of the aforementioned stated, please review the following data closely for a detailed accounting of the financial activities and assets of the City of Taneytown.

The following table summarizes revenues and expenses for the governmental activities of the City and totals for the government overall.

	Governmental Activities		Total Government	
	2020	2021	2020	2021
<b>REVENUES</b>				
Program Revenues				
Operating grants and contributions	\$ 397,016	\$ 509,472	397,016	509,472
Charges for services	208,998	389,601	4,408,467	5,785,998
Capital grants and contributions	-	137,859	0	137,859
General Revenues				
Taxes	3,250,173	3,556,165	3,250,173	3,556,165
Intergovernmental	328,909	332,392	328,909	332,392
Interest	46,964	3,151	134,894	8,707
Miscellaneous	30,341	50,349	34,077	79,092
Rental Income	4,105	4,105	139,969	135,583
<b>TOTAL REVENUES</b>	<b>4,266,506</b>	<b>4,983,094</b>	<b>8,693,505</b>	<b>10,545,268</b>
<b>PROGRAM EXPENSES</b>				
General government	863,482	909,102	863,482	909,102
Public safety	1,895,250	1,310,681	1,895,250	1,310,681
Public works	1,201,178	1,562,444	1,201,178	1,562,444
Recreation and culture	301,901	388,162	301,901	388,162
Economic development	117,627	122,184	117,627	122,184
Interest	41,686	37,878	41,686	37,878
Business-type activities	-	-	3,047,868	3,312,628
<b>TOTAL PROGRAM EXPENSES</b>	<b>4,421,124</b>	<b>4,330,451</b>	<b>7,468,992</b>	<b>7,643,079</b>
 <b>CHANGE IN NET POSITION</b>	 <b>\$ (154,617)</b>	 <b>\$ 652,643</b>	 <b>\$ 1,224,513</b>	 <b>\$ 2,902,188</b>

\*Table data for 2020 does not include restatement.

# CITY OF TANEYTOWN, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS

## General Fund Budget Variances

During FY 2021, the Mayor and City Council publicly amended the budget in September 2020 (Ordinance No. 06-2020), March 2021 (Ordinance No. 01-2021), and again in September 2021 (Ordinance No. 06-2021). At year's end, actual revenues were \$349,274 more than was budgeted. More specifically, local property taxes, other local taxes and licenses and permits were \$114,377 more than the budgeted amount, grants \$130,268 more than budgeted, and \$81,684 more than budgeted in service charges, fees, fines and forfeitures, and miscellaneous revenues.

Actual General Fund expenditures were \$5,104,803 which is \$1,453,676 less than budgeted, due to Capital Projects deferred to the next fiscal year.

## Budget Fiscal Year 2022

Replacement and upgrades to deteriorated and substandard infrastructure will continue to be a high priority for the City. The City will seek grant funding to the greatest extent possible, when available.

Management will continue an annual analysis and maintenance report/schedule for all public infrastructure so that the City can properly budget and repair all its infrastructure, buildings, vehicles, and equipment. Major equipment purchases and construction projects that will continue or begin in the next fiscal year include:

### General Fund

- Public Works: Roberts Mill Street reconstruction and storm drain replacement
- Public Safety: Police vehicle replacements (2)
- Parks, Recreation, and Culture: Bollinger Park development, Memorial Park improvements, LED Retrofit lighting for sports fields

### Enterprise Fund

- Water: Roberts Mill project, Tank and Standpipe
- Sewer: Roberts Mill project, Meadowbrook Interceptor, Belt Filter Press & Building

The **General Fund** is expected to experience an increase in property tax receipts a result of the City maintaining its real property tax rate at .37 cent per \$100 of assessed value which was not exempt from the constant yield tax rate provision. This rate is higher than the 0.3547 constant yield tax rate and is based on Ordinance No. 03-2021.

The City will continue to receive the following grants in the general fund for FY 2021: Highway User Revenue (HUR) Grant, and State Aid for Police Protection Grant.

Approved budget for fiscal year 2022 General Fund Revenue was \$7,180,866 and Expenditures \$7,180,866 per Ordinance No. 02 -2021.

**CITY OF TANEYTOWN, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The **Enterprise Fund** will maintain previous water and sewer rates for FY 2022. The water rate will be \$7.25 per every 1,000 gallons and the sewer rate will be at \$14.24 per every 1,000 gallons. The rate was decreased in FY18, due to the effective management of the system, reduction in operational costs, increase in the accuracy of the metering system, and modest growth in the City.

Approved budget for fiscal year 2022 Enterprise Fund Revenue was \$7,058,586 and Expenditures of \$7,058,586.

**Request for more information:**

This financial report is designed to provide a general overview of the City of Taneytown's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed during business hours to:

City Manager  
17 E. Baltimore Street  
Taneytown, MD 21787

**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,546,781	\$ 3,398,957	\$ 7,945,738
Restricted cash	595,100	7,371,209	7,966,309
Taxes receivable	21,604	-	21,604
Due from other agencies	81,502	-	81,502
Due from customers	-	729,882	729,882
Other receivables	35,735	(1,151)	34,584
Prepaid expenses	52,261	26,825	79,086
Capital assets:			
Land	904,255	182,621	1,086,876
Buildings and improvements	4,689,111	409,525	5,098,636
Machinery and equipment	2,735,110	1,329,838	4,064,948
Infrastructure	8,762,969	36,241,458	45,004,427
Construction in progress	176,960	551,969	728,929
Total Capital assets	17,268,405	38,715,411	55,983,816
Less: accumulated depreciation	(8,919,571)	(18,785,004)	(27,704,575)
Capital assets, net	8,348,834	19,930,407	28,279,241
Total Assets	<u>13,681,817</u>	<u>31,456,129</u>	<u>45,137,946</u>
<b>Deferred Outflows of Resources</b>	<u>633,944</u>	<u>305,039</u>	<u>938,983</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>14,315,761</u>	<u>31,761,168</u>	<u>46,076,929</u>
<b>Liabilities</b>			
Accounts payable	208,946	98,177	307,123
Grants payable	28,533	-	28,533
Accrued expenses	189,886	170,666	360,552
Developer deposits	101,121	-	101,121
Noncurrent liabilities:			
Bonds and loans due within one year	85,831	785,529	871,360
Bonds and loans due in more than one year	926,945	10,071,835	10,998,780
Net pension liability	2,359,383	234,867	2,594,250
Total Liabilities	<u>3,900,645</u>	<u>11,361,074</u>	<u>15,261,719</u>
<b>Deferred Inflows of Resources</b>	<u>237,875</u>	<u>49,473</u>	<u>287,348</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>4,138,520</u>	<u>11,410,547</u>	<u>15,549,067</u>
<b>Net Position</b>			
Net investment in capital assets	7,336,058	9,073,043	16,409,101
Restricted for specific purposes	-	7,371,209	7,371,209
Unrestricted	2,841,183	3,906,369	6,747,552
<b>Total Net Position</b>	<u>\$ 10,177,241</u>	<u>\$ 20,350,621</u>	<u>\$ 30,527,862</u>

**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government	\$ (909,102)	\$ 137,612	\$ 14,552	\$ 56,731	\$ (700,207)	\$ -	\$ (700,207)
Public safety	(1,310,681)	31,395	106,897	-	(1,172,389)	-	(1,172,389)
Public works	(1,562,444)	-	338,883	-	(1,223,561)	-	(1,223,561)
Parks, recreation, and culture	(388,162)	220,594	-	81,128	(86,440)	-	(86,440)
Economic development	(122,184)	-	49,140	-	(73,044)	-	(73,044)
Interest expense on long-term debt	(37,878)	-	-	-	(37,878)	-	(37,878)
Total Governmental Activities	<u>(4,330,451)</u>	<u>389,601</u>	<u>509,472</u>	<u>137,859</u>	<u>(3,293,519)</u>	<u>-</u>	<u>(3,293,519)</u>
<b>Business-type Activities</b>							
Utility fund	<u>(3,312,628)</u>	<u>5,396,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,083,769</u>	<u>2,083,769</u>
<b>Total Primary Government</b>	<u>\$ (7,643,079)</u>	<u>\$ 5,785,998</u>	<u>\$ 509,472</u>	<u>\$ 137,859</u>	<u>(3,293,519)</u>	<u>2,083,769</u>	<u>(1,209,750)</u>
<b>General Revenues</b>							
Property taxes					2,694,071	-	2,694,071
Income taxes					861,254	-	861,254
Other local taxes					840	-	840
County tax distribution					332,392	-	332,392
Rental income					4,105	131,478	135,583
Interest income					3,151	5,555	8,707
Miscellaneous income					<u>50,349</u>	<u>28,743</u>	<u>79,092</u>
<b>Total general revenues</b>					<u>3,946,162</u>	<u>165,776</u>	<u>4,111,939</u>
<b>Change in net position</b>					652,643	2,249,545	2,902,188
<b>Net position, beginning of year, restated</b>					<u>9,524,598</u>	<u>18,101,076</u>	<u>27,625,674</u>
<b>Net position, end of year</b>					<u>\$ 10,177,241</u>	<u>\$ 20,350,621</u>	<u>\$ 30,527,862</u>

The accompanying notes are an integral part of this statement.

**CITY OF TANEYTOWN, MARYLAND**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2021**

	<b>General</b>	<b>Total Governmental Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,546,781	\$ 4,546,781
Restricted cash	595,100	595,100
Taxes receivable	21,604	21,604
Due from other agencies	81,502	81,502
Other receivables - due from developers	35,735	35,735
Prepaid expenses	52,261	52,261
<b>Total Assets</b>	<b>\$ 5,332,983</b>	<b>\$ 5,332,983</b>
<b>Liabilities</b>		
Accounts payable	\$ 208,946	\$ 208,946
Grants payable	28,533	28,533
Accrued salaries	96,871	96,871
Developer deposits	101,121	101,121
<b>Total Liabilities</b>	435,471	435,471
<b>Fund Balance</b>		
Nonspendable	52,261	52,261
Restricted	-	-
Committed	490,467	490,467
Assigned	42,638	42,638
Unassigned	4,312,146	4,312,146
<b>Total Fund Balance</b>	<b>4,897,512</b>	<b>4,897,512</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,332,983</b>	<b>\$ 5,332,983</b>

**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2021**

	<b>General</b>	<b>Total Governmental Fund</b>
<b>Revenues</b>		
Local property taxes	\$ 2,694,071	\$ 2,694,071
Local income taxes	861,254	861,254
Other local taxes	840	840
Licenses and permits	123,960	123,960
Intergovernmental revenues	979,723	979,723
Service charges	261,951	261,951
Fines and forfeitures	3,690	3,690
Miscellaneous revenues	57,605	57,605
Total Revenues	4,983,094	4,983,094
<b>Expenditures</b>		
General government	1,061,002	1,061,002
Public safety	1,866,117	1,866,117
Public works	1,397,900	1,397,900
Parks, recreation, and culture	500,638	500,638
Economic development	116,411	116,411
Debt service	162,735	162,735
Total Expenditures	5,104,803	5,104,803
Deficiency of Revenues under Expenditures	(121,709)	(121,709)
Fund Balance - July 1, 2020	5,019,221	
<b>Fund Balance - June 30, 2021</b>	<b>\$ 4,897,512</b>	
<b>Adjustments for the Statement of Activities</b>		
Capital outlay		848,633
Depreciation expense		(543,483)
Loss on disposal of capital asset		(1,193)
Debt service expenditures		123,980
Change in accrued interest		877
Compensated absences		(4,359)
Net pension adjustment		349,897
Change in Net Position of Governmental Activities		<b>\$ 652,643</b>

**CITY OF TANEYTOWN, MARYLAND**  
**Reconciliation of Fund Balance to Net Position of Governmental Activities**  
**June 30, 2021**

Fund balance - governmental fund \$ 4,897,512

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 funds:

Capital assets, net 8,348,834

Deferred outflows of resources 633,944

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest payable (10,328)

Compensated absences (82,686)

Long-term debt (1,012,776)

Net pension liability (2,359,383)

Deferred inflows of resources (237,875)

Net position - governmental activities \$ 10,177,241



**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	<b>Utility Fund</b>	<b>Total Proprietary Fund</b>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 3,398,957	\$ 3,398,957
Restricted cash	7,371,209	7,371,209
Due from customers	729,882	729,882
Other receivables	(1,151)	(1,151)
Prepaid expenses	26,825	26,825
Total Current Assets	11,525,722	11,525,722
Capital Assets		
Land	182,621	182,621
Infrastructure	36,241,458	36,241,458
Buildings and improvements	409,525	409,525
Machinery and equipment	1,329,838	1,329,838
Construction in progress	551,969	551,969
Total Capital Assets	38,715,411	38,715,411
Less: accumulated depreciation	(18,785,004)	(18,785,004)
Total Capital Assets, net	19,930,407	19,930,407
Total Assets	31,456,129	31,456,129
<b>Deferred Outflows of Resources</b>	305,039	305,039
<b>Total Assets and Deferred Outflows of Resources</b>	31,761,168	31,761,168
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	98,177	98,177
Accrued expenses	170,666	170,666
Current portion of bond and loans payable	785,529	785,529
Total Current Liabilities	1,054,373	1,054,373
Noncurrent Liabilities		
Noncurrent portion of bond and loans payable	10,071,835	10,071,835
Net pension liability	234,867	234,867
Total Noncurrent Liabilities	10,306,702	10,306,702
Total Liabilities	11,361,074	11,361,074
<b>Deferred Inflows of Resources</b>	49,473	49,473
<b>Total Liabilities and Deferred Inflows of Resources</b>	11,410,547	11,410,547
<b>Net Position</b>		
Net investment in capital assets	9,073,043	9,073,043
Restricted for specific purposes	7,371,209	7,371,209
Unrestricted	3,906,369	3,906,369
Total Net Position	\$ 20,350,621	\$ 20,350,621

The accompanying notes are an integral part of this statement.  
Page 14

**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Revenues, Expenses, and Change in Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2021**

	<b>Utility Fund</b>	<b>Total Proprietary Fund</b>
<b>Operating Revenues</b>		
Charges for services	\$ 5,396,397	\$ 5,396,397
Rental income	131,478	131,478
Miscellaneous income	28,743	28,743
Total Operating Revenues	5,556,618	5,556,618
<b>Operating Expenses</b>		
Salaries	519,882	519,882
Professional fees	268,025	268,025
Heat, light, and power	236,791	236,791
Employee benefits	178,940	178,940
Supplies	300,431	300,431
Depreciation	1,159,113	1,159,113
Insurance	38,208	38,208
Maintenance	221,989	221,989
Office	22,444	22,444
Total Operating Expenses	2,945,823	2,945,823
<b>Operating Income</b>	2,610,795	2,610,795
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	5,555	5,555
Interest expense and fiscal agent fees	(366,805)	(366,805)
Total Nonoperating Revenues (Expenses)	(361,250)	(361,250)
<b>Net income</b>	2,249,545	2,249,545
Change in Net Position	2,249,545	2,249,545
Total Net Position, beginning of year, restated	18,101,076	18,101,076
<b>Total Net Position, end of year</b>	\$ 20,350,621	\$ 20,350,621

**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2021**

**Business-type Activities -  
Enterprise Fund**

---

**Cash Flows from Operating Activities**

	<u>Utility Fund</u>
Cash receipts from customers	\$ 5,392,642
Cash receipts from rental income	131,478
Other operating cash receipts	25,000
Cash payments to suppliers for goods and services	(1,339,737)
Cash payments to employees for services	(479,575)
Net cash provided by operating activities	<u>3,729,808</u>

**Cash Flows from Capital and Related Financing Activities**

Principal paid on loans payable	(759,890)
Acquisition and construction of capital assets	(498,596)
Interest paid on capital debt	(345,321)
Net cash used in capital and related financing activities	<u>(1,603,807)</u>

**Cash Flows from Investing Activities**

Interest income	<u>5,555</u>
Net cash provided by investing activities	<u>5,555</u>

Net increase in cash and cash equivalents and restricted cash 2,131,556

Cash and cash equivalents and restricted cash - beginning of year 8,638,610

Cash and cash equivalents and restricted cash - end of year \$ 10,770,166

**Reconciliation to Statement of Net Position**

Cash and cash equivalents	\$ 3,398,957
Restricted cash	<u>7,371,209</u>
	<u>\$ 10,770,166</u>

**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2021**

	<b>Utility Fund</b>
Reconciliation of Operating Income to	
Net Cash provided by Operating Activities	
Operating income	\$ 2,610,795
Depreciation expense	1,159,113
Amortization of premium	(3,743)
Net changes in operating assets and liabilities:	
Customer receivables	(3,755)
Other receivables	-
Prepaid expenses	(26,227)
Accounts payable	(47,354)
Deferred outflows	(27,930)
Deferred inflows	7,762
Accrued expenses	7,950
Net pension liability	53,196
Net cash provided by operating activities	\$ 3,729,808
 <b>Non-cash item:</b>	
Amortization of debt refinancing cost	\$ 29,143

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The City of Taneytown, Maryland (the City) was incorporated in 1884, pursuant to authority of Article XIE of the Constitution of Maryland and Article 23A of the Annotated Code of Maryland. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services. The accompanying basic financial statements conform to accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board Codification Section 2100 have been considered and there are no agencies or entities which should be presented with the City.

The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 62, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the City has elected not to apply non-GASB pronouncements issued on or after November 30, 1989.

**Government-wide and Fund Financial Statements**

The City's basic financial statements include both government-wide (based on the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, public works, recreation and culture, economic development, debt service and general government services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program.

Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements.

The following is a brief description of the specific funds used by the City for the year ended June 30, 2021:

**Governmental Fund Types**

General Fund – This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the City (i.e., public safety, public works, parks and recreation, and general government activities, etc.). These activities are funded principally by property and income taxes on individuals and businesses, and grants from other governmental units.

**Proprietary Fund Types**

Enterprise Fund – The Utility fund accounts for the revenues generated from the charges for distribution of water and charges for sewer services provided to residential and commercial users of the City.

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide statements are prepared using the economic resources measurement focus and the accrual 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 taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be "available" when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues as available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Cash, Cash Equivalents and Investments**

For purposes of the statement of cash flows, the City considers cash on hand, demand deposits, and all highly liquid investments and debt instruments with maturities of three months or less from the date of acquisition to be cash and cash equivalents. In some instances, cash resources of the individual funds are combined to form a pool of cash and investments. Investments are carried at market value in all funds. Investment income earned as a result of pooling is distributed to the appropriate funds based on the average balance of cash and investments of each fund.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**Receivables**

Significant receivables include amounts from customers for utility services and various taxes. These receivables are due within one year. For the year ended June 30, 2021, the City had no allowance for uncollectible accounts.

**Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an estimated useful life in excess of one year and a cost of \$5,000 or more. Capital assets purchased or acquired are recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation of property and equipment is computed on the straight-line method for financial reporting purposes.



**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation is provided for over the following estimated useful lives of the assets:

Infrastructure	25 – 50 years
Buildings and Improvements	20 – 40 years
Equipment	5 – 10 years

**Budgets and Budgetary Accounting**

The City prepares an annual operating budget for the General Fund and Utility Fund on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are subject to amendment during the fiscal year.

**Compensated Absences**

Full-time employees are eligible for paid annual leave, and all leave time must be earned before being taken. The amount employees accrue is based on their number of continuous service years. Employees will receive all of their unused earned vacation leave upon termination. Vacation leave can be carried over to subsequent calendar years, with a maximum of 80 hours. Employees who do not use their accrued leave by the end of the calendar year shall forfeit all annual leave in excess of 80 hours.

Full-time employees shall accrue four hours of sick leave per pay period. There is no maximum of sick leave that may be carried over to subsequent years. When leaving the employment of the City, the amount of accrued sick leave shall be applied to the employee's years of service under the formula and parameters as provided by the State Retirement System.

The vested annual leave is expensed as incurred in the appropriate funds.

**Fund Balance**

The City has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, for its governmental funds. Under GASB Statement No. 54, fund balances are required to be reported according to the following classifications:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the City's highest level of decision-making authority, the Mayor and Council. The City's committed fund balance consists of open space / park impact fees as of June 30, 2021.

Assigned fund balance – Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Mayor and Council. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances. The amount of assigned funds is related to collected police impact fees and the remaining lease obligations on a non-cancellable capital lease.

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, plus any proceeds remaining in cash and investments. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Interfund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**Use of Estimates**

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

**NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments exists when, in the event of the failure of the counterparty to a transaction, a government may be unable to recover the value of investment or collateral securities that are in the possession of an outside party. As of year-end, the total amount of the City's bank balances were \$15,810,702, the carrying amount of deposits was \$15,911,697, and cash on hand was \$350.

The City maintains deposits at two financial institutions. As of June 30, 2021, all deposits were covered by the Federal Deposit Insurance Corporation and securities held by the pledging financial institution's trust department in the City's name.

The City's cash and cash equivalents as of June 30, 2021, reconciled to the total presented in the Statement of Net Position, are as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash on hand	\$ 350	\$ -	\$ 350
Bank deposits	<u>5,141,531</u>	<u>10,770,166</u>	<u>15,911,697</u>
	<u>\$ 5,141,881</u>	<u>\$ 10,770,166</u>	<u>\$ 15,912,047</u>

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 2**      **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**  
(Continued)

**Credit Risk**

Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation.

The City shall invest only in the following types of securities, which are authorized by the State:

- Obligations of U.S. governmental agencies
- Fully collateralized certificates of deposit
- Bankers acceptances with the highest quality letter and numerical rating
- Municipal securities with the highest quality letter and numerical rating
- Money market mutual funds containing securities of U.S. governmental agencies
- Local Government Investment Pool administered by the State Treasurer

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer, not applicable to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools or other pooled investments.

**Restricted Cash**

Cash is restricted for the following purposes as of June 30, 2021:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Developer deposits	\$ 104,633	\$ -	\$ 104,633
Open space/park impact	490,467	-	490,467
Capital infrastructure	-	7,345,253	7,345,253
Loan reserve fund	-	25,956	25,956
	<u>\$ 595,100</u>	<u>\$ 7,371,209</u>	<u>\$ 7,966,309</u>

**NOTE 3**      **PROPERTY TAXES**

The City's property taxes are levied each July 1 at rates enacted by the Mayor and Council on the total assessed value as determined by the Maryland State Department of Assessments and Taxation.

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 3**      **PROPERTY TAXES** (Continued)

Property taxes become delinquent on October 1. Interest accrues at 0.5% monthly for delinquent property taxes. Total assessable base on which levies were made for the year ended June 30, 2021, was \$700,221,076 and the property tax rate was \$0.37 per \$100 of assessed value.

**NOTE 4**      **CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

**Primary Government:**

<u>Governmental Activities:</u>	Balance July 1, 2020	Additions	Dispositions	Transfers	Balance June 30, 2021
Capital assets, not depreciated					
Land	\$ 878,648	\$ -	\$ -	\$ 25,607	\$ 904,255
Construction in progress	<u>583,755</u>	<u>446,328</u>	<u>-</u>	<u>(853,123)</u>	<u>176,960</u>
Total capital assets, not depreciated	<u>1,462,403</u>	<u>446,328</u>	<u>-</u>	<u>(827,516)</u>	<u>1,081,215</u>
Capital assets, depreciated					
Buildings and improvements	4,428,121	-	-	260,990	4,689,111
Machinery and equipment	2,312,618	374,451	(95,519)	143,560	2,735,110
Infrastructure	<u>8,312,148</u>	<u>27,855</u>	<u>-</u>	<u>422,966</u>	<u>8,762,969</u>
Total capital assets, depreciated	15,052,887	402,306	(95,519)	827,516	16,187,190
Accumulated depreciation	<u>(8,470,414)</u>	<u>(543,483)</u>	<u>94,326</u>	<u>-</u>	<u>(8,919,571)</u>
Governmental activities - Capital assets, net	<u>\$ 8,044,876</u>	<u>\$ 305,151</u>	<u>\$ (1,193)</u>	<u>\$ -</u>	<u>\$ 8,348,834</u>

Depreciation expense was charged to each function as follows:

General government	\$ 54,341
Public safety	106,298
Public works	300,100
Parks, recreation, and culture	<u>82,744</u>
	<u>\$ 543,483</u>

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 4      CAPITAL ASSETS (Continued)**

<u><i>Business-type Activities</i></u>	Balance July 1, 2020	Additions	Dispositions	Transfers	Balance June 30, 2021
Capital assets, not depreciated					
Land	\$ 182,621	\$ -	\$ -	\$ -	\$ 182,621
Construction in progress	<u>251,169</u>	<u>300,800</u>	<u>-</u>	<u>-</u>	<u>551,969</u>
Total capital assets, not depreciated	<u>433,790</u>	<u>300,800</u>	<u>-</u>	<u>-</u>	<u>734,590</u>
Capital assets, depreciated					
Buildings and improvements	409,525	-	-	-	409,525
Machinery and equipment	1,139,902	197,796	(7,860)	-	1,329,838
Infrastructure	<u>36,241,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,241,458</u>
Total capital assets, depreciated	37,790,885	197,796	(7,860)	-	37,980,821
Accumulated depreciation	<u>(17,633,751)</u>	<u>(1,159,113)</u>	<u>7,860</u>	<u>-</u>	<u>(18,785,004)</u>
Business-type activities					
Capital assets, net	<u>\$ 20,590,924</u>	<u>\$ (660,517)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,930,407</u>

Depreciation expense was charged to each function as follows:

Water services	\$ 361,418
Sewer services	<u>797,695</u>
	<u>\$ 1,159,113</u>

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5      DEBT OBLIGATIONS**

Debt outstanding as of June 30, 2021 is as follows for:

Governmental Activities:

<u>Purpose</u>	<u>Rate</u>	<u>Amount</u>
\$400,000 Infrastructure Financing Bonds - 2004 Series A; Due in annual principal installments of \$7,600 - \$23,600 plus semi annual interest payments. The bonds mature on May 1, 2034.	4.6% Avg.	\$ 235,200
\$436,698 2012 Refunding of the General Obligation Bond, Series 2009; Due in annual principal installments of \$17,909 - \$35,297 plus semiannual interest payments. The bonds mature on March 15, 2029.	4.24%	244,576
\$897,000 General Obligations Bonds, 2011 Series A; Due in annual principal installments of \$33,000 - \$61,000, plus semi annual interest payments. The bonds mature on June 30, 2031.	2.75%	533,000
\$333,000 General Obligation Bond, 2011 Series B; Due in annual principal installments of \$34,000 - \$39,000 plus semi annual interest payments. The bond matures on November 1, 2020.	2.55%	<u>-</u>
Total governmental activities		<u>\$ 1,012,776</u>

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5**      **DEBT OBLIGATIONS** (Continued)

Business-type Activities:

<u>Purpose</u>	<u>Rate</u>	<u>Amount</u>
\$552,110 Water Quality Bond, Series 2001; semiannual interest payments and annual principal payments of \$23,386 - \$31,604; annual administrative fee of \$1,515; bond matures on February 1, 2021.	1.90%	-
\$1,184,000 General Obligation Bonds, 2011 Series A; Due in annual principal installments of \$53,000 - \$81,000 plus semiannual interest payments. The bonds mature on June 30, 2033.	2.75%	847,000
\$3,206,000 loan for Baltimore Street Water Main Extension; semiannual interest payments and annual principal payments of \$134,843 - \$208,749; annual administrative fee of \$10,323; loan matures on February 1, 2029.	2.50%	1,534,178
\$2,253,000 General Obligation Bonds, York Street Sanitary Sewer Improvements Project, 2012 Series (USDA); Due in quarterly principal and interest installments of \$20,503. The bonds mature on June 28, 2052.	2.00%	1,886,265
\$805,000 Drinking Water Bond, 2012 Series; Due in annual principal installments of \$39,350 - \$45,419 plus semi-annual interest payments. The bond matures on February 1, 2032.	0.80%	480,244
\$6,356,974 Infrastructure Financing Bonds, 2014 Series A-1; Due in annual principal installments of \$111,974 - \$590,000, starting in 2019, plus semiannual interest payments. The bonds mature on May 1, 2032. Includes unamortized bond premium of \$48,664.	3.48% Avg.	5,480,000
\$826,713 Infrastructure Financing Bonds, 2014 Series A-2; Due in annual principal installments of \$26,187 - \$56,000 plus semiannual interest payments. The bonds mature on May 1, 2034.	3.54% Avg.	588,500
Total business-type activities		<u>\$ 10,816,187</u>

Debt service requirements are as follows:

	<u>Principal</u>	<u>Interest &amp; Fees</u>	<u>Total</u>
2022	\$ 871,360	\$ 359,874	\$ 1,231,234
2023	896,120	338,057	1,234,177
2024	920,260	314,502	1,234,762
2025	945,084	289,937	1,235,021
2026	970,100	263,173	1,233,273
2027-2031	4,803,263	846,355	5,649,618
2032-2036	1,306,674	179,999	1,486,673
2037-2041	312,467	97,593	410,060
2042-2046	345,300	64,760	410,060
2047-2051	381,584	28,476	410,060
2052-2056	76,751	5,044	81,795



**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5**      **DEBT OBLIGATIONS** (Continued)

**Changes in Non-Current Liabilities**

During the year ended June 30, 2021, the following changes in debt obligations occurred:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due within One year</u>
Bonds 2004, Series A	\$ 248,100	\$ -	\$ (12,900)	\$ 235,200	\$ 13,600
Bonds 2012 Refunding	269,718	-	(25,142)	244,576	26,231
Bonds 2011, Series B	38,938	-	(38,938)	-	-
Bonds 2011, Series A	1,487,000	-	(107,000)	1,380,000	107,000
USDA 2012	1,930,371	-	(44,106)	1,886,265	44,476
Series 2011 Water Quality Bond	1,347	-	(1,347)	-	-
Baltimore St. Water Main Ext.	1,705,508	-	(171,330)	1,534,178	175,613
2012 Series Drinking Water Bond	521,851	-	(41,607)	480,244	41,940
2014 Series A-1 Bonds	5,885,000	-	(405,000)	5,480,000	425,000
2014 Series A-2 Bonds	<u>625,000</u>	<u>-</u>	<u>(36,500)</u>	<u>588,500</u>	<u>37,500</u>
Total debt obligations	<u>\$ 12,712,833</u>	<u>\$ -</u>	<u>\$ (883,870)</u>	<u>\$ 11,828,963</u>	<u>\$ 871,360</u>
Unamortized bond premium				<u>41,177</u>	
Total carrying value of debt obligations				<u>\$ 11,870,140</u>	

As of June 30, 2021, the current debt obligations are recorded as follows:

Governmental activities	\$ 85,831
Business-type activities	<u>785,529</u>
Total current obligations	<u>\$ 871,360</u>

**Interest Expense**

For the year ended June 30, 2021, total interest costs were \$404,683 and reported as follows: interest expense of \$37,878 for governmental activities and \$366,805 for business-type activities. Cash paid for interest for business-type activities was \$345,321.

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6**      **PENSION BENEFITS**

Cost-sharing Multiple Employer Pension Plan:

Plan description

All permanent employees of the City who are expected to work at least 500 hours in the fiscal year are provided retirement benefits through the Maryland State Retirement and Pension System through two separate plans: Employee's Contributory Pension System ("Pension System") and the Law Enforcement Officers Pension System (LEOPS).

The Pension System is a defined benefit plan and multiple employer system. The plan involves state-wide participation of employees from numerous other state and local governmental units. The system is administered by the Maryland State Retirement Agency pursuant to the Annotated Code of Maryland.

Under the Pension System, members may retire after 30 years of service or the attainment of age 62 with five years of service, age 63 with four years of service, age 64 with three years of service or age 65 or over with two years of service.

LEOPS provides retirement allowances and other benefits for State and local law enforcement officers. This system includes both retirement plan and pension plan provisions which are applicable to separate portions of the State System's membership. The retirement plan provisions are applicable to those members who, on the date they elected to participate in LEOPS, were members of the Employees' Retirement System. The State System's pension plan provisions are applicable to all other participating law enforcement officers.

A member of LEOPS is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of eligibility service regardless of age.

The Maryland State Retirement and Pension System does not prepare or maintain separate actuarial reports for the participating governmental units. The Maryland State Retirement and Pension System issues a comprehensive annual financial report. The report can be obtained from the agency's offices at:

Maryland State Retirement and Pension Systems  
120 East Baltimore Street  
Baltimore, Maryland 21202

**Funding policy**

Obligations to contribute to the plans were established under Titles 22 and 23 of the State Personnel and Pensions Article of the Maryland Code.

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6**      **PENSION BENEFITS** (Continued)

Members of the Pension System contribute 2% of their gross employee compensation and members of LEOPS contribute 7%. The total contributions from the employees for the fiscal years ended June 30 were as follows:

2021	\$	74,696
2020		67,618
2019		68,003
2018		68,400
2017		64,760
2016		63,567
2015		60,691
2014		58,509
2013		55,170
2012		49,335

The City also contributed to the System, in amounts equal to 100% of the required contributions for both Plans. The amounts contributed for the years ended June 30 were as follows:

2021	\$	312,851
2020		246,102
2019		253,565
2018		238,930
2017		234,205
2016		230,745
2015		232,333
2014		217,818
2013		188,155
2012		216,705

Total pension expense for the year ended June 30, 2021 was \$967; \$(71,267) for governmental activities and \$72,234 for business-type activities.

**Key actuarial methods and assumptions:**

Actuarial	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Inflation	2.60% general, 3.10% wage
Salary increases	3.10% to 11.60%, including wage inflation
Discount rate	7.40%
Investment rate of return	7.40%
Mortality	Fully generational – PB-2010/MP2018
Actuarial valuation date	June 30, 2020

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6      PENSION BENEFITS (Continued)**

**Discount rate**

A single discount rate of 7.40% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.40%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate of 1-percentage-point lower or 1-percentage-point higher:

<b>System:</b>	<b>1% decrease 6.40%</b>	<b>NPL at 7.40%</b>	<b>1% increase 8.40%</b>
Employees' Pension	\$ 1,138,239	\$ 843,170	\$ 595,964
LEOPS	2,407,945	1,751,080	1,213,932
	<u>\$ 3,546,184</u>	<u>\$ 2,594,250</u>	<u>\$ 1,809,896</u>

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7      DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

For the year ended June 30, 2021, the City reported deferred outflows and inflows of resources related to the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of pension assumptions	\$ 11,402	\$ 45,697
Difference between actual and expected experience	-	95,724
Net difference between projected and actual earnings on pension plan investments	154,246	-
Change in proportionate share	256,485	145,927
City contributions subsequent to the measurement date	<u>312,851</u>	<u>-</u>
	734,984	287,348
Other deferred outflows and inflows:		
Unamortized cost related to debt refunding	<u>203,999</u>	<u>-</u>
	<u>\$ 938,983</u>	<u>\$ 287,348</u>

Deferred outflows of resources of \$312,851 related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2022	\$ (7,507)
2023	(13,680)
2024	(45,973)
2025	(42,098)
2026	<u>(25,527)</u>
	<u>\$ (134,785)</u>

**NOTE 8      GRANTS FROM GOVERNMENTAL UNITS**

Federal and state governmental units represent an important source of supplementary funding used to finance construction, maintenance, employment programs, and other activities beneficial to the community. The grants received by the City specify the purpose for which the grant funds are to be used, and such grants are subject to audit by the granting agency or its representative if Federal expenditures for the fiscal year exceed \$750,000. The City's federal grant expenditures were less than \$750,000; therefore, they were not subject to the Single Audit Act for fiscal year 2021.

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 9      LEASE OBLIGATIONS**

In February 2019, the City entered into a non-cancelable operating lease for equipment. The lease requires monthly payments of \$620 for 60 months. Future lease payments are as follows:

2022	\$ 7,440
2023	7,440
2024	5,580
2025	-
2026	-

**NOTE 10      RISKS, COMMITMENTS AND CONTINGENT LIABILITIES**

**Grant Funds**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although it is believed by management that such disallowances will be immaterial.

**Global Pandemic**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic. The pandemic has caused business disruption through mandated and voluntary closings of businesses for nonessential services and triggered volatility in financial markets and a significant negative impact on the global economy. Management has concluded that while it is reasonably possible that COVID-19 could have a negative impact on the City's operations, the specific impact is not readily determinable. However, there are no comparable recent events which may provide guidance as to the effect of the spread of the pandemic. As a result, the ultimate impact of the COVID-19 outbreak is highly uncertain and subject to change. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Risk Management**

The City 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 City purchases commercial insurance coverage for these types of losses, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF TANEYTOWN, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 11     RESTRICTED NET POSITION**

As of June 30, 2021, restricted net position consists of the following:

WWTP loan reserve	\$     25,956
Future capital infrastructure	<u>7,345,253</u>
Total	<u>\$   7,371,209</u>

**NOTE 12     PRIOR PERIOD ADJUSTMENT**

During fiscal year 2021, the City finalized and took acceptance to three separate infrastructure properties ranging from an original agreement date between fiscal year 2018 to fiscal year 2020. The effect on the currently presented financial statements is a restatement of the beginning net position of both governmental and business-type activities, as well as beginning fund balance of the proprietary fund, as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Net position/fund balance - beginning of year	\$   7,493,747	\$ 16,901,557
Acceptance of deeded infrastructure	<u>2,030,851</u>	<u>1,199,519</u>
Net position/fund balance - beginning of year, restated	<u>\$   9,524,598</u>	<u>\$ 18,101,076</u>

**NOTE 13     SUBSEQUENT EVENTS**

Subsequent events are defined as events or transactions that occur after the Statement of Net Position date through the date that the financial statements are available to be issued. As of October 19, 2021, the date the financial statements were available to be issued, the City performed an evaluation and revealed no other material events or transactions which would require an adjustment or disclosure in the accompanying financial statements, except for the event noted below.

In August 2021, the City received \$3,358,257 as the first payment from the American Rescue Plan Act. The City is evaluating and determining what projects the funds will be used for, as well as expecting a second payment in the same amount in approximately twelve months from the first payment's date.

**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual - General Fund**

<b>For the year ended June 30, 2021</b>	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Local Property Taxes</b>				
Real property	\$ 2,452,744	\$ 2,452,744	\$ 2,561,827	\$ 109,083
Personal property	139,000	139,000	122,682	(16,318)
Penalties and interest	<u>12,000</u>	<u>12,000</u>	<u>9,562</u>	<u>(2,438)</u>
Total Local Property Taxes	<u>2,603,744</u>	<u>2,603,744</u>	<u>2,694,071</u>	<u>90,327</u>
<b>Local Income Taxes</b>	<u>650,000</u>	<u>850,000</u>	<u>861,254</u>	<u>11,254</u>
<b>Other Local Taxes</b>				
Admissions and amusement taxes	<u>5,250</u>	<u>5,250</u>	<u>840</u>	<u>(4,410)</u>
Total Other Local Taxes	<u>5,250</u>	<u>5,250</u>	<u>840</u>	<u>(4,410)</u>
<b>Licenses and Permits</b>				
Alcoholic beverages	2,500	2,500	2,638	138
Trader's licenses	12,500	12,500	10,773	(1,727)
Building permits	2,200	2,200	8,405	6,205
Cable franchise fees	78,100	78,100	102,144	24,044
Other	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Total Licenses and Permits	<u>95,500</u>	<u>95,500</u>	<u>123,960</u>	<u>28,460</u>
<b>Intergovernmental Revenues</b>				
State aid for police protection	100,715	100,715	85,991	(14,724)
Highway user revenues	318,201	290,201	316,599	26,398
County tax differential	327,658	327,658	327,676	18
Road levy	4,716	4,716	4,716	-
Grants	<u>22,284</u>	<u>114,473</u>	<u>244,741</u>	<u>130,268</u>
Total Intergovernmental Revenues	<u>773,574</u>	<u>837,763</u>	<u>979,723</u>	<u>141,960</u>
<b>Service Charges</b>				
Zoning fees	2,600	2,600	6,802	4,202
Park impact fees	143,500	143,500	205,500	62,000
Non-refundable developer fees	2,500	2,500	5,000	2,500
Public safety charges	6,000	6,000	24,165	18,165
Public parking facilities	7,000	7,000	4,110	(2,890)
Recreation charges	6,500	6,500	15,094	8,594
Other	<u>32</u>	<u>32</u>	<u>1,280</u>	<u>1,248</u>
Total Service Charges	<u>168,132</u>	<u>168,132</u>	<u>261,951</u>	<u>93,819</u>



**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual - General Fund**

<b>For the year ended June 30, 2021</b>	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Fines and Forfeitures</b>				
Parking and code enforcement fines	20,700	20,700	3,690	(17,009)
Total Fines and Forfeitures	<u>20,700</u>	<u>20,700</u>	<u>3,690</u>	<u>(17,009)</u>
<b>Miscellaneous Revenues</b>				
Interest income	50,215	3,215	3,151	(64)
Rental income	4,100	4,100	4,105	5
Sale of property (other than tax sale)	3,000	3,000	-	(3,000)
Other	-	42,416	50,349	7,933
Total Miscellaneous Revenues	<u>57,315</u>	<u>52,731</u>	<u>57,605</u>	<u>4,874</u>
<b>Total Revenues</b>	<u>4,374,215</u>	<u>4,633,820</u>	<u>4,983,094</u>	<u>349,274</u>
<b>General Government</b>				
Legislative				
Mayor and Council salaries	28,000	28,000	28,000	-
Fringe benefits	4,698	4,698	3,831	867
Total salaries and fringe benefits	<u>32,698</u>	<u>32,698</u>	<u>31,831</u>	<u>867</u>
Other operating	32,153	32,153	18,254	13,899
Total Legislative	<u>64,851</u>	<u>64,851</u>	<u>50,085</u>	<u>14,766</u>
Executive				
City Manager salaries	49,945	49,945	55,416	(5,471)
Fringe benefits	24,245	24,245	14,833	9,412
Total salaries and fringe benefits	<u>74,190</u>	<u>74,190</u>	<u>70,249</u>	<u>3,941</u>
Other operating	12,360	12,360	5,927	6,433
Total Executive	<u>86,550</u>	<u>86,550</u>	<u>76,176</u>	<u>10,374</u>
Financial Administration				
Finance salaries	112,450	112,450	122,543	(10,093)
Clerk salaries	46,320	46,320	46,670	(350)
Fringe benefits	98,965	98,965	108,372	(9,407)
Total salaries and fringe benefits	<u>257,735</u>	<u>257,735</u>	<u>277,585</u>	<u>(19,850)</u>
Independent accounting and auditing	18,000	18,000	18,740	(740)
Other operating	31,090	34,310	28,138	6,172
Total Financial Administration	<u>306,825</u>	<u>310,045</u>	<u>324,463</u>	<u>(14,418)</u>
Legal	45,700	45,700	33,875	11,825

The accompanying notes are an integral part of this statement.

**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual - General Fund**

<b>For the year ended June 30, 2021</b>	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Planning and Zoning				
Salaries	58,677	58,677	8,274	50,403
Fringe benefits	27,055	27,055	10,466	16,589
Total salaries and fringe benefits	85,732	85,732	18,740	66,992
Other operating	26,690	26,690	5,525	21,165
Total Planning and Zoning	<u>112,422</u>	<u>112,422</u>	<u>24,265</u>	<u>88,157</u>
General Services				
Municipal Buildings				
Other operating	113,940	113,940	130,331	(16,391)
Capital outlay	140,000	251,602	238,037	13,565
Total Municipal Buildings	<u>253,940</u>	<u>365,542</u>	<u>368,368</u>	<u>(2,826)</u>
IT Department				
Salaries	79,298	79,298	83,156	(3,858)
Fringe benefits	25,388	25,388	19,440	5,948
Total salaries and fringe benefits	104,686	104,686	102,596	2,090
Other operating	66,743	81,484	81,174	310
Capital outlay	8,000	8,000	-	8,000
Total IT Department	<u>179,429</u>	<u>194,170</u>	<u>183,770</u>	<u>10,400</u>
Total General Services	<u>433,369</u>	<u>559,712</u>	<u>552,138</u>	<u>7,574</u>
<b>Total General Government</b>	<u>1,049,717</u>	<u>1,179,280</u>	<u>1,061,002</u>	<u>118,278</u>
<b>Public Safety</b>				
Police Department				
Salaries	963,330	1,012,236	966,366	45,870
Fringe benefits	493,497	493,497	414,449	79,048
Total salaries and fringe benefits	1,456,827	1,505,733	1,380,815	124,918
Other operating	292,058	292,058	241,080	50,978
Capital outlay	240,000	240,000	244,222	(4,222)
<b>Total Public Safety</b>	<u>1,988,885</u>	<u>2,037,791</u>	<u>1,866,117</u>	<u>171,674</u>
<b>Public Works</b>				
Highways and Streets				
Salaries	254,243	254,243	291,379	(37,136)
Fringe benefits	111,412	111,412	84,204	27,208
Total salaries and fringe benefits	365,655	365,655	375,583	(9,928)
Other operating	365,195	365,195	383,019	(17,824)
Capital outlay	1,327,902	1,327,902	160,349	1,167,553
Total Highways and Streets	<u>2,058,752</u>	<u>2,058,752</u>	<u>918,951</u>	<u>1,139,801</u>
Waste collection	570,000	570,000	478,949	91,051
<b>Total Public Works</b>	<u>2,628,752</u>	<u>2,628,752</u>	<u>1,397,900</u>	<u>1,230,852</u>

The accompanying notes are an integral part of this statement.  
Page 39

**CITY OF TANEYTOWN, MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual - General Fund**

<b>For the year ended June 30, 2021</b>	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Parks, Recreation, and Culture</b>				
Salaries	74,917	74,917	75,757	(840)
Fringe benefits	<u>12,481</u>	<u>32,381</u>	<u>32,723</u>	<u>(342)</u>
Total salaries and fringe benefits	87,398	107,298	108,480	(1,182)
Other operating	170,840	170,840	186,133	(15,293)
Capital outlay	<u>143,500</u>	<u>143,500</u>	<u>206,025</u>	<u>(62,525)</u>
<b>Total Parks, Recreation, and Culture</b>	<u>401,738</u>	<u>421,638</u>	<u>500,638</u>	<u>(79,000)</u>
<b>Economic Development</b>				
Salaries	53,697	53,697	26,707	26,990
Fringe benefits	<u>31,816</u>	<u>31,816</u>	<u>20,619</u>	<u>11,197</u>
Total salaries and fringe benefits	85,513	85,513	47,326	38,187
Other operating	<u>42,823</u>	<u>42,823</u>	<u>69,085</u>	<u>(26,262)</u>
<b>Total Economic Development</b>	<u>128,336</u>	<u>128,336</u>	<u>116,411</u>	<u>11,925</u>
<b>Debt Service</b>				
Principal payments	124,042	124,042	123,980	62
Interest payments	<u>38,640</u>	<u>38,640</u>	<u>38,755</u>	<u>(115)</u>
<b>Total Debt Service</b>	<u>162,682</u>	<u>162,682</u>	<u>162,735</u>	<u>(53)</u>
<b>Total Expenditures</b>	<u>6,360,110</u>	<u>6,558,479</u>	<u>5,104,803</u>	<u>1,453,676</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	(1,985,895)	(1,924,659)	(121,709)	1,802,950
<b>Other Financing Sources (Uses)</b>				
Budgeted use of fund balance	<u>1,985,895</u>	<u>1,924,659</u>	<u>-</u>	<u>(1,924,659)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>1,985,895</u>	<u>1,924,659</u>	<u>-</u>	<u>(1,924,659)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (121,709)</u>	<u>\$ (121,709)</u>

**CITY OF TANEYTOWN, MARYLAND**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**

For the Year Ended June 30

	2021			2020			2019			2018		
	Law Enforcement		Total	Law Enforcement		Total	Law Enforcement		Total	Law Enforcement		Total
	Employees' Pension System	Officers' Pension System		Employees' Pension System	Officers' Pension System		Employees' Pension System	Officers' Pension System		Employees' Pension System	Officers' Pension System	
City's proportion of the net pension liability	0.003730616%	0.007747675%	0.011478292%	0.003455175%	0.008892775%	0.012347950%	0.003460656%	0.008521290%	0.011981946%	0.003168357%	0.008338549%	0.011506906%
City's proportionate share of the net pension liability	\$ 843,170	\$ 1,751,080	\$ 2,594,250	\$ 712,651	\$ 1,834,189	\$ 2,546,840	\$ 726,101	\$ 1,787,903	\$ 2,514,004	\$ 685,116	\$ 1,803,103	\$ 2,488,219
Covered-employee payroll	\$ 1,053,610	\$ 715,477	\$ 1,769,087	\$ 967,192	\$ 618,697	\$ 1,585,889	\$ 902,248	\$ 653,510	\$ 1,555,758	\$ 926,288	\$ 627,423	\$ 1,553,711
City's proportionate share of net pension liability as a percentage of its covered-employee payroll	80.03%	244.74%	146.64%	73.68%	296.46%	160.59%	80.48%	273.58%	161.59%	73.96%	287.38%	160.15%
Plan Fiduciary Net Position as a % of total pension liability			70.72%			72.34%			71.18%			69.38%

**CITY OF TANEYTOWN, MARYLAND**  
**Schedule of Contributions and Related Ratios**

For the Year Ended June 30

	2021			2020			2019			2018		
	Law Enforcement		Total	Law Enforcement		Total	Law Enforcement		Total	Law Enforcement		Total
	Employees' Pension System	Officers' Pension System		Employees' Pension System	Officers' Pension System		Employees' Pension System	Officers' Pension System		Employees' Pension System	Officers' Pension System	
Contractually required contribution	\$ 96,164	\$ 216,687	\$ 312,851	\$ 79,987	\$ 166,115	\$ 246,102	\$ 70,952	\$ 182,613	\$ 253,565	\$ 69,009	\$ 169,921	\$ 238,930
Actual contribution	(96,164)	(216,687)	(312,851)	(79,987)	(166,115)	(246,102)	(70,952)	(182,613)	(253,565)	(69,009)	(169,921)	(238,930)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,053,610	\$ 715,477	\$ 1,769,087	\$ 967,192	\$ 618,697	\$ 1,585,889	\$ 902,248	\$ 653,510	\$ 1,555,758	\$ 926,288	\$ 627,423	\$ 1,553,711
Contributions as a percentage of covered-employee payroll	9.13%	30.29%	17.68%	8.27%	26.85%	15.52%	7.86%	27.94%	16.30%	7.45%	27.08%	15.38%

The accompanying notes are an integral part of this schedule.

**CITY OF TANEYTOWN, MARYLAND**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**

For the Year Ended June 30

	2017			2016			2015		
	Employees' Pension System	Law Enforcement Officers' Pension System	Total	Employees' Pension System	Law Enforcement Officers' Pension System	Total	Employees' Pension System	Law Enforcement Officers' Pension System	Total
City's proportion of the net pension liability	0.003276261%	0.008568465%	0.011844727%	0.003576500%	0.007446398%	0.011022898%	0.002822655%	0.006524311%	0.009346966%
City's proportionate share of the net pension liability	\$ 773,002	\$ 2,021,646	\$ 2,794,648	\$ 743,258	\$ 1,547,489	\$ 2,290,747	\$ 500,929	\$ 1,157,852	\$ 1,658,781
Covered-employee payroll	\$ 897,386	\$ 697,193	\$ 1,594,579	\$ 864,298	\$ 689,996	\$ 1,554,294	\$ 831,293	\$ 653,911	\$ 1,485,204
City's proportionate share of net pension liability as a percentage of its covered-employee payroll	86.14%	289.97%	175.26%	86.00%	224.28%	147.38%	60.26%	177.07%	111.69%
Plan Fiduciary Net Position as a % of total pension liability			65.79%			68.78%			71.87%

For the Year Ended June 30

	2017			2016			2015		
	Employees' Pension System	Law Enforcement Officers' Pension System	Total	Employees' Pension System	Law Enforcement Officers' Pension System	Total	Employees' Pension System	Law Enforcement Officers' Pension System	Total
Contractually required contribution	\$ 64,487	\$ 169,718	\$ 234,205	\$ 63,824	\$ 166,921	\$ 230,745	\$ 75,008	\$ 156,950	\$ 231,958
Actual contribution	(64,487)	(169,718)	(234,205)	(63,824)	(166,921)	(230,745)	(75,008)	(156,950)	(231,958)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 897,386	\$ 697,193	\$ 1,594,579	\$ 864,298	\$ 689,996	\$ 1,554,294	\$ 831,293	\$ 653,911	\$ 1,485,204
Contributions as a percentage of covered-employee payroll	7.19%	24.34%	14.69%	7.38%	24.19%	14.85%	9.02%	24.00%	15.62%

The accompanying notes are an integral part of this schedule.



**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**

Mayor and City Council  
City of Taneytown, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Taneytown, Maryland, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Taneytown, Maryland's basic financial statements and have issued our report thereon dated October 19, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Taneytown, Maryland's internal control over financial reporting (internal control) to determine the 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 City of Taneytown, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Taneytown, Maryland'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 entity'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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Taneytown, Maryland'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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*DeLeon & Stang*

**DeLeon & Stang, CPAs and Advisors  
Frederick, Maryland  
October 19, 2021**