



City of Taneytown, Maryland

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

For the Year Ended June 30, 2023

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

As of June 30, 2023

MAYOR

Christopher Miller

CITY COUNCIL

James McCarron, Mayor Pro Tem

Elizabeth Chaney

Diane Foster

Judith Fuller

Christopher Tillman

CITY MANAGER

Jim Wieprecht

TREASURER

Barri Avallone

CITY ATTORNEY

Jack A. Gullo, Jr.

**City of Taneytown, Maryland
For the Year Ended June 30, 2023**

TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
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
Required Supplementary Information	
Schedule 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
Other Information	
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

Opinions

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, 2023, 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.

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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Taneytown, Maryland 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.

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 City of Taneytown, Maryland'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.

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 City of Taneytown, Maryland'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 City of Taneytown, Maryland'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 management's discussion and analysis, budgetary comparison information and pension schedules on pages 4 - 8 and 37 - 42 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

**City of Taneytown, Maryland
Independent Auditors' Report
Page 3**

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 4, 2023, 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 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 the City of Taneytown, Maryland's 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 City of Taneytown, Maryland's internal control over financial reporting and compliance.

DeLeon & Stang

**DeLeon & Stang, CPAs and Advisors
Frederick, Maryland
October 4, 2023**

**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, 2023, which includes a comparison with the prior year.

FINANCIAL HIGHLIGHTS:

1. The City's government-wide net position increased \$3,595,912 in fiscal year 2023 as compared to an increase of \$1,748,970 in fiscal year 2022.
2. The assets of the City exceeded its liabilities as of June 30, 2023 as noted below:

Governmental Activities: \$12,121,714 (up \$1,769,842 from last year).
Business-Type Activities: \$23,751,030 (up \$1,826,070 from last year).
Of the total net position, \$5,056,561 is unrestricted; \$26,322 is restricted for WWTP loan reserve; \$9,307,744 is restricted for future utility capital infrastructure and \$21,482,117 is invested in capital assets, net of related debt.
3. Total assets as of June 30, 2023 were \$17,556,937 for governmental activities and \$36,561,301 for business-type activities. Total governmental and business-type capital assets, net were \$10,407,457 and \$21,168,783 respectively.
4. The City's total liabilities as of June 30, 2023 were \$14,599,168 (up \$481,418 from last year). Of that amount \$10,094,123 are debt obligations. Total long-term liabilities for the City as of June 30, 2023 were \$13,084,606 (including the net pension liability of \$2,990,483 per GASB 68).
5. As of June 30, 2023, the City's governmental funds reported a combined ending fund balance of \$4,972,518 (up \$32,980 from last year). Of that amount \$4,666,446 is unassigned and available for spending, \$265,512 is committed for Parks – Open Space, and \$14,998 is assigned to lease obligation and police impact fees.
6. As of June 30, 2023, the City's revenues were as follows: General Fund \$6,594,184 (up \$1,242,524 or 23% from last year) and Enterprise Fund \$4,971,175 (up \$177,638 or 3% from last year). General Fund revenues increased due to higher property tax and income tax revenue, and recognition of ARPA fund revenue used for capital projects.
7. As of June 30, 2023, the City's expenditures were as follows: General Fund \$6,561,204 (up \$1,251,570 or 23% from last year) and Enterprise Fund \$3,512,948 (down \$74,093 or 2% from last year). General Fund expenditures were higher due to capital projects in Public Works and Parks.
8. As of June 30, 2023, the City's deferred outflows were as follows: Governmental activities \$1,665,770 and Business-type activities \$421,976. Within the governmental and business-type activities, deferred outflows consisted of the 2023 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 (\$145,714) that are required to be amortized.

CITY OF TANEYTOWN, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS

9. As of June 30, 2023, the City's total deferred inflows were as follows: Governmental activities \$2,774,617 and Business-type activities \$2,959,455. Within the governmental activities and business-type activities, deferred inflows related to pension were identified as the difference between actual and expected experience, changes of pension assumptions, and change in proportionate share. Also included this year in the deferred inflows is \$4,221,793 of American Rescue Plan unearned revenue, split between governmental and business-type activities according to planned capital projects for each fund.

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.

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.

CITY OF TANEYTOWN, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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.

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

	Governmental A ctivities		Total Government	
	2022	2023	2022	2023
REVENUES				
Program Revenues				
Operating grants and contributions	\$ 455,445	\$ 483,210	455,445	483,210
Charges for services	402,817	195,477	5,337,862	3,309,472
Capital grants and contributions	205,187	1,552,831	294,677	3,433,407
General Revenues				
Taxes	3,903,589	4,300,650	3,903,589	4,300,650
Intergovernmental	361,493	448,010	361,493	448,010
Interest	4,008	104,003	10,900	282,657
Miscellaneous	15,017	74,872	18,760	81,440
Rental Income	4,105	3,714	130,316	162,940
TOTAL REVENUES	5,351,661	7,162,767	10,513,042	12,501,786
PROGRAM EXPENSES				
General government	918,620	1,085,902	918,620	1,085,902
Public safety	2,012,038	1,815,754	2,012,038	1,815,754
Public works	1,549,089	1,783,497	1,549,089	1,783,497
Recreation and culture	566,814	573,233	566,814	573,233
Economic development	95,873	103,271	95,873	103,271
Interest	34,596	31,268	34,596	31,268
Business-type activities	-	-	3,587,041	3,512,948
TOTAL PROGRAM EXPENSES	5,177,030	5,392,925	8,764,071	8,905,873
 CHANGE IN NET POSITION	 \$ 174,631	 \$ 1,769,842	 \$ 1,748,970	 \$ 3,595,912

General Fund Budget Variances

During FY 2023, the Mayor and City Council publicly amended the budget in September 2022 (Ordinance No. 07-2022), March 2023 (Ordinance No. 04-2023), and again in September 2023 (Ordinance No. 07-2023). At year's end, actual revenues were \$1,070,519 more than was budgeted. More specifically, local property taxes, other local taxes, licenses and permits were \$142,339 more than the budgeted amount, grants \$810,768 more than budgeted, and \$97,851 more than budgeted in service charges, fees, fines and forfeitures, and miscellaneous revenues. The grant increase reflects \$805,520 of ARPA funds used.

Actual General Fund expenditures were \$6,561,204 which is \$2,046,295 less than budgeted, due to Capital Projects deferred to the next fiscal year, and lower operating costs in Public Safety because of staffing shortages.

Budget Fiscal Year 2024

Replacement and upgrades to deteriorated and substandard infrastructure will continue to be a high priority for the City. The City will utilize the ARPA funds awarded to make improvements.

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

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 (4 – 2 deferred from FY23)
- Parks, Recreation, and Culture: Bollinger Park development, Tot Lot and Memorial Park expansion.

Enterprise Fund

- Water: Roberts Mill project
- Sewer: Roberts Mill project, Additional Sewer Replacement, 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 0.3589 constant yield tax rate and is based on Ordinance No. 03-2023.

The City will continue to receive the following grants in the general fund for FY 2024: Highway User Revenue (HUR) Grant, and State Aid for Police Protection Grant.

Approved budget for fiscal year 2024 General Fund Revenue was \$9,165,631 and Expenditures \$9,165,631 per Ordinance No. 01 -2023.

The **Enterprise Fund** will maintain previous water and sewer rates for FY 2024. 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 has been the same since 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 2024 Enterprise Fund Revenue was \$6,988,213 and Expenditures of \$6,988,213.

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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,465,001	\$ 5,270,103	\$ 11,735,104
Restricted cash	406,572	9,334,066	9,740,638
Taxes receivable	94,019	-	94,019
Due from other agencies	78,938	-	78,938
Due from customers	-	781,279	781,279
Other receivables	79,388	(1,151)	78,237
Prepaid expenses	25,562	8,221	33,783
Capital assets:			
Land	904,255	182,621	1,086,876
Buildings and improvements	4,764,233	409,525	5,173,758
Machinery and equipment	2,886,785	1,355,469	4,242,254
Infrastructure	10,100,928	37,032,872	47,133,800
Construction in progress	1,471,478	3,144,809	4,616,287
Total Capital assets	20,127,679	42,125,296	62,252,975
Less: accumulated depreciation	(9,720,222)	(20,956,513)	(30,676,735)
Capital assets, net	10,407,457	21,168,783	31,576,240
Total Assets	17,556,937	36,561,301	54,118,238
Deferred Outflows of Resources	1,665,770	421,976	2,087,746
Total Assets and Deferred Outflows of Resources	19,222,707	36,983,277	56,205,984
Liabilities			
Accounts payable	527,753	575,848	1,103,601
Grants payable	13,964	-	13,964
Accrued expenses	114,034	154,342	268,376
Developer deposits	128,621	-	128,621
Noncurrent liabilities:			
Bonds and loans due within one year	93,353	826,907	920,260
Bonds and loans due in more than one year	741,125	8,432,738	9,173,863
Net pension liability	2,707,526	282,957	2,990,483
Total Liabilities	4,326,376	10,272,792	14,599,168
Deferred Inflows of Resources	2,774,617	2,959,455	5,734,072
Total Liabilities and Deferred Inflows of Resources	7,100,993	13,232,247	20,333,240
Net Position			
Net investment in capital assets	9,572,979	11,909,138	21,482,117
Restricted for specific purposes	-	9,334,066	9,334,066
Unrestricted	2,548,735	2,507,826	5,056,561
Total Net Position	\$ 12,121,714	\$ 23,751,030	\$ 35,872,744

CITY OF TANEYTOWN, MARYLAND
Statement of Activities
For the Year Ended June 30, 2023

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
Primary Government							
Governmental Activities							
General government	\$ (1,085,902)	\$ 149,646	\$ 5,000	\$ -	\$ (931,256)	\$ -	\$ (931,256)
Public safety	(1,815,754)	17,324	127,325	-	(1,671,105)	-	(1,671,105)
Public works	(1,783,497)	-	350,885	1,374,105	(58,507)	-	(58,507)
Parks, recreation, and culture	(573,233)	28,507	-	178,726	(366,000)	-	(366,000)
Economic development	(103,271)	-	-	-	(103,271)	-	(103,271)
Interest expense on long-term debt	(31,268)	-	-	-	(31,268)	-	(31,268)
Total Governmental Activities	<u>(5,392,925)</u>	<u>195,477</u>	<u>483,210</u>	<u>1,552,831</u>	<u>(3,161,407)</u>	<u>-</u>	<u>(3,161,407)</u>
Business-type Activities							
Utility fund	<u>(3,512,948)</u>	<u>3,113,995</u>	<u>-</u>	<u>1,880,576</u>	<u>-</u>	<u>1,481,623</u>	<u>1,481,623</u>
Total Primary Government	<u>\$ (8,905,873)</u>	<u>\$ 3,309,472</u>	<u>\$ 483,210</u>	<u>\$ 3,433,407</u>	<u>(3,161,407)</u>	<u>1,481,623</u>	<u>(1,679,784)</u>
General Revenues							
Property taxes					3,193,607	-	3,193,607
Income taxes					1,098,993	-	1,098,993
Other local taxes					8,050	-	8,050
County tax distribution					448,010	-	448,010
Rental income					3,714	159,226	162,940
Interest income					104,003	178,653	282,657
Miscellaneous income					<u>74,872</u>	<u>6,568</u>	<u>81,440</u>
Total general revenues					<u>4,931,249</u>	<u>344,447</u>	<u>5,275,697</u>
Change in net position					1,769,842	1,826,070	3,595,912
Net position, beginning of year					<u>10,351,872</u>	<u>21,924,960</u>	<u>32,276,832</u>
Net position, end of year					<u>\$ 12,121,714</u>	<u>\$ 23,751,030</u>	<u>\$ 35,872,744</u>

The accompanying notes are an integral part of this statement.

CITY OF TANEYTOWN, MARYLAND
Balance Sheet
Governmental Fund
June 30, 2023

	General	Total Governmental Fund
Assets		
Cash and cash equivalents	\$ 6,465,001	\$ 6,465,001
Restricted cash	406,572	406,572
Taxes receivable	94,019	94,019
Due from other agencies	78,938	78,938
Other receivables	79,388	79,388
Prepaid expenses	25,562	25,562
Total Assets	\$ 7,149,480	\$ 7,149,480
Liabilities		
Accounts payable	\$ 527,753	\$ 527,753
Grants payable	13,964	13,964
Accrued salaries	39,507	39,507
Developer deposits	128,621	128,621
Total Liabilities	709,845	709,845
Deferred Inflows of Resources	1,467,117	1,467,117
Total Liabilities and Deferred Inflows of Resources	2,176,962	2,176,962
Fund Balance		
Nonspendable	25,562	25,562
Restricted	-	-
Committed	272,776	272,776
Assigned	7,558	7,558
Unassigned	4,666,622	4,666,622
Total Fund Balance	4,972,518	4,972,518
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 7,149,480	\$ 7,149,480

CITY OF TANEYTOWN, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2023

	General	Total Governmental Fund
Revenues		
Local property taxes	\$ 3,193,607	\$ 3,193,607
Local income taxes	1,098,993	1,098,993
Other local taxes	8,050	8,050
Licenses and permits	131,914	131,914
Intergovernmental revenues	1,915,468	1,915,468
Service charges	58,978	58,978
Fines and forfeitures	4,585	4,585
Miscellaneous revenues	182,589	182,589
Total Revenues	6,594,184	6,594,184
Expenditures		
General government	1,052,857	1,052,857
Public safety	1,720,051	1,720,051
Public works	2,388,952	2,388,952
Parks, recreation, and culture	1,174,674	1,174,674
Economic development	100,133	100,133
Debt service	124,537	124,537
Total Expenditures	6,561,204	6,561,204
Excess of Revenues over Expenditures	32,980	32,980
Fund Balance - July 1, 2022	4,939,538	
Fund Balance - June 30, 2023	\$ 4,972,518	
Adjustments for the Statement of Activities		
Capital outlay		1,805,375
Contribution of capital asset		568,583
Depreciation expense		(593,357)
Loss on disposal of capital asset		(16,996)
Debt service expenditures		92,467
Change in accrued interest		802
Compensated absences		10,040
Net pension adjustment		(130,052)
Change in Net Position of Governmental Activities		\$ 1,769,842

CITY OF TANEYTOWN, MARYLAND
Reconciliation of Fund Balance to Net Position of Governmental Activities
June 30, 2023

Fund balance - governmental fund	\$	4,972,518
----------------------------------	----	-----------

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		10,407,457
---------------------	--	------------

Deferred outflows of resources		1,665,770
--------------------------------	--	-----------

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

Accrued interest payable		(8,451)
Compensated absences		(66,075)
Long-term debt		(834,478)
Net pension liability		(2,707,526)

Deferred inflows of resources - pension related		<u>(1,307,500)</u>
---	--	--------------------

Net position - governmental activities	\$	<u>12,121,714</u>
--	----	-------------------

CITY OF TANEYTOWN, MARYLAND
Statement of Net Position
Proprietary Fund
June 30, 2023

	Utility Fund	Total Proprietary Fund
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,270,103	\$ 5,270,103
Restricted cash	9,334,066	9,334,066
Due from customers	781,279	781,279
Other receivables	(1,151)	(1,151)
Prepaid expenses	8,221	8,221
Total Current Assets	15,392,518	15,392,518
Capital Assets		
Land	182,621	182,621
Infrastructure	37,032,872	37,032,872
Buildings and improvements	409,525	409,525
Machinery and equipment	1,355,469	1,355,469
Construction in progress	3,144,809	3,144,809
Total Capital Assets	42,125,296	42,125,296
Less: accumulated depreciation	(20,956,513)	(20,956,513)
Total Capital Assets, net	21,168,783	21,168,783
Total Assets	36,561,301	36,561,301
Deferred Outflows of Resources	421,976	421,976
Total Assets and Deferred Outflows of Resources	36,983,277	36,983,277
Liabilities		
Current Liabilities		
Accounts payable	575,848	575,848
Accrued expenses	154,342	154,342
Current portion of bond and loans payable	826,907	826,907
Total Current Liabilities	1,557,097	1,557,097
Noncurrent Liabilities		
Noncurrent portion of bond and loans payable	8,432,738	8,432,738
Net pension liability	282,957	282,957
Total Noncurrent Liabilities	8,715,695	8,715,695
Total Liabilities	10,272,792	10,272,792
Deferred Inflows of Resources	2,959,455	2,959,455
Total Liabilities and Deferred Inflows of Resources	13,232,247	13,232,247
Net Position		
Net investment in capital assets	11,909,138	11,909,138
Restricted for specific purposes	9,334,066	9,334,066
Unrestricted	2,507,826	2,507,826
Total Net Position	\$ 23,751,030	\$ 23,751,030

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, 2023

	Utility Fund	Total Proprietary Fund
Operating Revenues		
Charges for services	\$ 3,113,995	\$ 3,113,995
Rental income	159,226	159,226
Intergovernmental revenues - grants	1,512,733	1,512,733
Miscellaneous income	6,568	6,568
Total Operating Revenues	4,792,522	4,792,522
Operating Expenses		
Salaries	610,218	610,218
Professional fees	326,188	326,188
Heat, light, and power	208,898	208,898
Employee benefits	212,629	212,629
Supplies	353,314	353,314
Depreciation	1,126,173	1,126,173
Insurance	41,763	41,763
Maintenance	265,782	265,782
Office	34,920	34,920
Total Operating Expenses	3,181,602	3,181,602
Operating Income	1,610,920	1,610,920
Nonoperating Revenues (Expenses)		
Interest income	178,653	178,653
Capital contribution	367,843	367,843
Interest expense and fiscal agent fees	(331,346)	(331,346)
Total Nonoperating Revenues (Expenses)	215,150	215,150
Net income	1,826,070	1,826,070
Change in Net Position	1,826,070	1,826,070
Total Net Position, beginning of year	21,924,960	21,924,960
Total Net Position, end of year	\$ 23,751,030	\$ 23,751,030

CITY OF TANEYTOWN, MARYLAND
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023

**Business-type Activities -
Enterprise Fund**

Cash Flows from Operating Activities

	Utility Fund
Cash receipts from customers	\$ 3,100,849
Cash receipts from other governments	1,512,733
Cash receipts from rental income	159,226
Other operating cash receipts	2,825
Cash payments to suppliers for goods and services	(1,114,714)
Cash payments to employees for services	591,532
Net cash provided by operating activities	4,252,451

Cash Flows from Capital and Related Financing Activities

Principal paid on loans payable	(804,183)
Purchase of capital assets	(407,939)
Current year construction of capital assets	(1,906,394)
Interest paid on capital debt	(307,766)
Net cash used in capital and related financing activities	(3,426,282)

Cash Flows from Investing Activities

Interest income	178,653
Net cash provided by investing activities	178,653

Net increase in cash and cash equivalents and restricted cash 1,004,822

Cash and cash equivalents and restricted cash - beginning of year 13,599,347

Cash and cash equivalents and restricted cash - end of year \$ 14,604,169

Reconciliation to Statement of Net Position

Cash and cash equivalents	\$ 5,270,103
Restricted cash	9,334,066
	\$ 14,604,169

CITY OF TANEYTOWN, MARYLAND
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023

	Utility Fund
Reconciliation of Operating Income to	
Net Cash provided by Operating Activities	
Operating income	\$ 1,610,920
Depreciation expense	1,126,173
Amortization of premium	(3,743)
Net changes in operating assets and liabilities:	
Customer receivables	(13,146)
Prepaid expenses	8,699
Accounts payable	320,618
Deferred outflows	(71,302)
Deferred inflows	1,138,791
Accrued expenses	8,260
Net pension liability	127,181
Net cash provided by operating activities	\$ 4,252,451
 Non-cash item:	
Amortization of debt refinancing cost	\$ 29,143

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

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, 2023

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, 2023:

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, 2023

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. As of June 30, 2023, 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, 2023

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, 2023

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, 2023.

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, 2023

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 \$21,594,894, the carrying amount of deposits was \$21,475,392, and cash on hand was \$350.

The City maintains deposits at two financial institutions. As of June 30, 2023, 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, 2023, reconciled to the total presented in the Statement of Net Position, are as follows:

	Governmental Activities	Business-Type Activities	Total
Cash on hand	\$ 350	\$ -	\$ 350
Bank deposits	<u>6,871,223</u>	<u>14,604,169</u>	<u>21,475,392</u>
	<u>\$ 6,871,573</u>	<u>\$ 14,604,169</u>	<u>\$ 21,475,742</u>

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

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, 2023:

	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Developer deposits	\$ 133,796	\$ -	\$ 133,796
Open space/park impact	272,776	-	272,776
Capital infrastructure	-	9,307,744	9,307,744
Loan reserve fund	-	<u>26,322</u>	<u>26,322</u>
	<u>\$ 406,572</u>	<u>\$ 9,334,066</u>	<u>\$ 9,740,638</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, 2023

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, 2023, was \$826,603,976 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, 2023 was as follows:

Primary Government:

<u>Governmental Activities:</u>	Balance July 1, 2022	Additions	Dispositions	Transfers	Balance June 30, 2023
Capital assets, not depreciated					
Land	\$ 904,255	\$ -	\$ -	\$ -	\$ 904,255
Construction in progress	361,880	1,208,271	-	(98,673)	1,471,478
Total capital assets, not depreciated	<u>1,266,135</u>	<u>1,208,271</u>	<u>-</u>	<u>(98,673)</u>	<u>2,375,733</u>
Capital assets, depreciated					
Buildings and improvements	4,764,233	-	-	-	4,764,233
Machinery and equipment	2,739,020	212,465	(163,373)	98,673	2,886,785
Infrastructure	<u>9,187,308</u>	<u>953,222</u>	<u>(39,602)</u>	<u>-</u>	<u>10,100,928</u>
Total capital assets, depreciated	16,690,561	1,165,687	(202,975)	98,673	17,751,946
Accumulated depreciation	<u>(9,312,844)</u>	<u>(593,357)</u>	<u>185,979</u>	<u>-</u>	<u>(9,720,222)</u>
Governmental activities - Capital assets, net	<u>\$ 8,643,852</u>	<u>\$ 1,780,601</u>	<u>\$ (16,996)</u>	<u>\$ -</u>	<u>\$ 10,407,457</u>

Depreciation expense for the year ended June 30, 2023 was charged to each function as follows:

General government	\$ 60,407
Public safety	107,941
Public works	319,792
Parks, recreation, and culture	<u>105,217</u>
	<u>\$ 593,357</u>

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

NOTE 4 CAPITAL ASSETS (Continued)

<u><i>Business-type Activities</i></u>	Balance July 1, 2022	Additions	Dispositions	Transfers	Balance June 30, 2023
Capital assets, not depreciated					
Land	\$ 182,621	\$ -	\$ -	\$ -	\$ 182,621
Construction in progress	<u>1,153,952</u>	<u>2,274,237</u>	<u>-</u>	<u>(283,380)</u>	<u>3,144,809</u>
Total capital assets, not depreciated	<u>1,336,573</u>	<u>2,274,237</u>	<u>-</u>	<u>(283,380)</u>	<u>3,327,430</u>
Capital assets, depreciated					
Buildings and improvements	409,525	-	-	-	409,525
Machinery and equipment	1,347,302	40,096	(31,929)	-	1,355,469
Infrastructure	<u>36,381,650</u>	<u>367,843</u>	<u>-</u>	<u>283,380</u>	<u>37,032,872</u>
Total capital assets, depreciated	38,138,477	407,939	(31,929)	283,380	38,797,866
Accumulated depreciation	<u>(19,862,269)</u>	<u>(1,126,173)</u>	<u>31,929</u>	<u>-</u>	<u>(20,956,513)</u>
Business-type activities					
Capital assets, net	<u>\$ 19,612,781</u>	<u>\$ 1,556,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,168,783</u>

Depreciation expense for the year ended June 30, 2023 was charged to each function as follows:

Water services	\$ 319,517
Sewer services	<u>806,656</u>
	<u>\$ 1,126,173</u>

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

NOTE 5 DEBT OBLIGATIONS

Debt outstanding as of June 30, 2023 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.	\$ 207,500
\$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%	190,978
\$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%	<u>436,000</u>
Total governmental activities		<u>\$ 834,478</u>

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

NOTE 5 **DEBT OBLIGATIONS** (Continued)

Business-type Activities:

<u>Purpose</u>	<u>Rate</u>	<u>Amount</u>
\$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%	\$ 723,000
\$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%	1,178,561
\$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%	1,795,366
\$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%	396,028
\$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.	4,620,000
\$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.	513,000
Total business-type activities		<u>\$ 9,225,955</u>

Debt service requirements are as follows:

	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2024	\$ 920,260	\$ 311,502	\$ 1,231,762
2025	945,084	289,937	1,235,021
2026	970,100	263,173	1,233,273
2027	993,911	235,238	1,229,149
2028	1,029,924	205,938	1,235,862
2029-2033	3,833,471	507,784	4,341,255
2034-2038	373,885	120,164	494,049
2039-2043	325,208	84,852	410,060
2044-2048	359,380	50,680	410,060
2049-2053	309,211	18,620	327,831

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

NOTE 5 **DEBT OBLIGATIONS** (Continued)

Changes in Non-Current Liabilities

During the year ended June 30, 2023, the following changes in debt obligations occurred:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Due within One year</u>
Bonds 2004, Series A	\$ 221,600	\$ -	\$ (14,100)	\$ 207,500	\$ 14,800
Bonds 2012 Refunding	218,345	-	(27,367)	190,978	28,553
Bonds 2011, Series A	1,273,000	-	(114,000)	1,159,000	114,000
USDA 2012	1,841,269	-	(45,903)	1,795,366	46,289
Baltimore St. Water Main Ext.	1,358,565	-	(180,004)	1,178,561	184,504
2012 Series Drinking Water Bond	438,304	-	(42,276)	396,028	42,614
2014 Series A-1 Bonds	5,055,000	-	(435,000)	4,620,000	450,000
2014 Series A-2 Bonds	551,000	-	(38,000)	513,000	39,500
Total debt obligations	<u>\$ 10,957,083</u>	<u>\$ -</u>	<u>\$ (896,650)</u>	<u>\$ 10,060,433</u>	<u>\$ 920,260</u>
Unamortized bond premium				33,690	
Total carrying value of debt obligations				<u>\$ 10,094,123</u>	

As of June 30, 2023, the current debt obligations are recorded as follows:

Governmental activities	\$ 93,353
Business-type activities	<u>826,907</u>
Total current obligations	<u>\$ 920,260</u>

Interest Expense

For the year ended June 30, 2023, total interest costs were \$362,614 and reported as follows: interest expense of \$31,268 for governmental activities and \$331,346 for business-type activities. Cash paid for interest for business-type activities was \$307,766.

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

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, 2023

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:

2023	\$	70,516
2022		79,637
2021		74,696
2020		67,618
2019		68,003
2018		68,400
2017		64,760
2016		63,567
2015		60,691
2014		58,509

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:

2023	\$	324,705
2022		341,114
2021		312,851
2020		246,102
2019		253,565
2018		238,930
2017		234,205
2016		230,745
2015		232,333
2014		217,818

Total pension expense for the year ended June 30, 2023 was \$484,388; \$404,225 for governmental activities and \$80,163 for business-type activities.

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

NOTE 6 **PENSION BENEFITS** (Continued)

Key actuarial methods and assumptions:

Actuarial Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Actuarial Valuation Date	June 30, 2022
Inflation	In the 2022 actuarial valuation, 2.25% general, 2.75% wage In the 2021 actuarial valuation, 2.25% general, 2.75% wage
Salary Increases	In the 2022 actuarial valuation, 2.75% to 11.25% In the 2021 actuarial valuation, 2.75% to 9.25%
Investment Rate of Return	In the 2022 actuarial valuation, 6.80% In the 2021 actuarial valuation, 6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2019 experience study for the period July 1, 2014 to June 30, 2018.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality Improvements scale for males and females.

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

NOTE 6 **PENSION BENEFITS** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	34.0%	6.0%
Private Equity	16.0%	8.4%
Rate Sensitive	21.0%	1.2%
Credit Opportunity	8.0%	4.9%
Real Assets	15.0%	5.2%
Absolute Return	<u>6.0%</u>	3.5%
Total	100.0%	

The above was the Board of Trustees' adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2022. For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was (2.97)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

A single discount rate of 6.80% 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 6.80%. 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 6.80%, 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:

System:	1% decrease 5.80%	NPL at 6.80%	1% increase 7.80%
Employees' Pension	\$ 1,500,941	\$ 978,246	\$ 544,531
LEOPS	<u>3,087,413</u>	<u>2,012,237</u>	<u>1,120,091</u>
	<u>\$ 4,588,354</u>	<u>\$ 2,990,483</u>	<u>\$ 1,664,622</u>

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

NOTE 7 DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

For the year ended June 30, 2023, the City reported deferred outflows and inflows of resources related to the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of pension assumptions	\$ 265,142	\$ 51,190
Difference between actual and expected experience	-	216,860
Net difference between projected and actual earnings on pension plan investments	832,502	708,114
Change in proportionate share	519,683	536,115
City contributions subsequent to the measurement date	<u>324,705</u>	<u>-</u>
	1,942,032	1,512,279
Other deferred outflows and inflows:		
Unearned revenue - American Rescue Plan	-	4,221,793
Unamortized cost related to debt refunding	<u>145,714</u>	<u>-</u>
	<u>\$ 2,087,746</u>	<u>\$ 5,734,072</u>

Deferred outflows of resources of \$324,705 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, 2024.

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:

2024	\$ 1,670
2025	5,545
2026	22,121
2027	(142,762)
2028	<u>8,378</u>
	<u>\$ (105,048)</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. For fiscal year 2023, the City's federal grant expenditures exceeded \$750,000 and the City was subject to the Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2023 OMB *Compliance Supplement*. Total CSLFRF funds spent during fiscal year 2023 were \$2,318,254.

CITY OF TANEYTOWN, MARYLAND
Notes to the Financial Statements
June 30, 2023

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 \$5,580 for fiscal year 2024, when the lease will term.

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.

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.

NOTE 11 RESTRICTED NET POSITION

As of June 30, 2023, restricted net position consists of the following:

WWTP loan reserve	\$	26,322
Future capital infrastructure		<u>9,307,744</u>
Total	\$	<u>9,334,066</u>

NOTE 12 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 4, 2023 the date the financial statements were available to be issued, the City performed an evaluation and revealed no events or transactions which would require an adjustment or disclosure in the accompanying financial statements.

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

For the year ended June 30, 2023	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget Positive (Negative)
Local Property Taxes				
Real property	\$ 2,852,875	\$ 2,927,875	\$ 3,025,964	\$ 98,089
Personal property	136,200	136,200	159,280	23,080
Penalties and interest	10,000	10,000	8,363	(1,637)
Total Local Property Taxes	<u>2,999,075</u>	<u>3,074,075</u>	<u>3,193,607</u>	<u>119,532</u>
Local Income Taxes	<u>700,000</u>	<u>1,095,000</u>	<u>1,098,993</u>	<u>3,993</u>
Other Local Taxes				
Admissions and amusement taxes	5,250	5,250	8,050	2,800
Total Other Local Taxes	<u>5,250</u>	<u>5,250</u>	<u>8,050</u>	<u>2,800</u>
Licenses and Permits				
Alcoholic beverages	2,500	2,500	3,088	588
Trader's licenses	11,000	11,000	12,916	1,916
Building permits	2,200	2,200	1,534	(666)
Cable franchise fees	100,000	100,000	114,226	14,226
Solicitors License	200	200	150	(50)
Total Licenses and Permits	<u>115,900</u>	<u>115,900</u>	<u>131,914</u>	<u>16,014</u>
Intergovernmental Revenues				
State aid for police protection	110,000	110,000	122,079	12,079
Highway user revenues	343,402	343,402	350,885	7,483
County tax differential	443,172	443,172	443,172	-
Financial corporations	-	-	-	-
Road levy	4,838	4,838	4,838	-
Grants	560,466	183,726	994,494	810,768
Total Intergovernmental Revenues	<u>1,461,878</u>	<u>1,085,138</u>	<u>1,915,468</u>	<u>830,330</u>
Service Charges				
Zoning fees	2,600	2,600	2,682	82
Park impact fees	-	-	7,500	7,500
Non-refundable developer fees	2,500	2,500	12,500	10,000
Public safety charges	6,000	6,000	7,045	1,045
Public parking facilities	7,000	7,000	7,044	44
Recreation charges	7,000	7,000	20,957	13,957
Other	32	32	1,250	1,218
Total Service Charges	<u>25,132</u>	<u>25,132</u>	<u>58,978</u>	<u>33,846</u>

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

For the year ended June 30, 2023	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget Positive (Negative)
Fines and Forfeitures				
Parking and code enforcement fines	20,700	20,700	4,585	(16,114)
Total Fines and Forfeitures	<u>20,700</u>	<u>20,700</u>	<u>4,585</u>	<u>(16,114)</u>
Miscellaneous Revenues				
Interest income	5,370	95,370	104,003	8,633
Rental income	4,100	4,100	3,714	(386)
Sale of property (other than tax sale)	3,000	3,000	41,603	38,603
Other	-	-	33,269	33,269
Total Miscellaneous Revenues	<u>12,470</u>	<u>102,470</u>	<u>182,589</u>	<u>80,119</u>
Total Revenues	<u>5,340,405</u>	<u>5,523,665</u>	<u>6,594,184</u>	<u>1,070,519</u>
General Government				
Legislative				
Mayor and Council salaries	28,000	28,000	27,000	1,000
Fringe benefits	4,892	4,892	4,763	129
Total salaries and fringe benefits	32,892	32,892	31,763	1,129
Other operating	33,070	33,070	33,033	37
Total Legislative	<u>65,962</u>	<u>65,962</u>	<u>64,796</u>	<u>1,166</u>
Executive				
City Manager salaries	48,306	48,306	50,301	(1,995)
Fringe benefits	27,549	27,549	32,778	(5,229)
Total salaries and fringe benefits	75,855	75,855	83,079	(7,224)
Other operating	7,950	7,950	5,392	2,558
Total Executive	<u>83,805</u>	<u>83,805</u>	<u>88,471</u>	<u>(4,666)</u>
Financial Administration				
Finance salaries	122,068	122,068	135,420	(13,352)
Clerk salaries	59,009	59,009	59,236	(227)
Fringe benefits	121,607	121,607	117,216	4,391
Total salaries and fringe benefits	302,684	302,684	311,872	(9,188)
Independent accounting and auditing	30,500	30,500	29,340	1,160
Other operating	39,800	39,800	28,748	11,052
Total Financial Administration	<u>372,984</u>	<u>372,984</u>	<u>369,960</u>	<u>3,024</u>
Legal	<u>47,400</u>	<u>47,400</u>	<u>83,044</u>	<u>(35,644)</u>

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

For the year ended June 30, 2023	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget Positive (Negative)
Planning and Zoning				
Salaries	48,867	48,867	49,055	(188)
Fringe benefits	8,630	8,630	4,616	4,014
Total salaries and fringe benefits	57,497	57,497	53,671	3,826
Other operating	22,862	22,862	11,735	11,127
Total Planning and Zoning	80,359	80,359	65,406	14,953
General Services				
Municipal Buildings				
Other operating	159,832	215,832	181,357	34,475
Capital outlay	-	-	21,953	(21,953)
Total Municipal Buildings	159,832	215,832	203,310	12,522
IT Department				
Salaries	87,265	87,265	80,656	6,609
Fringe benefits	35,491	35,491	23,278	12,213
Total salaries and fringe benefits	122,756	122,756	103,934	18,822
Other operating	70,235	70,235	73,936	(3,701)
Capital outlay	16,000	16,000	-	16,000
Total IT Department	208,991	208,991	177,870	31,121
Total General Services	368,823	424,823	381,180	43,643
Total General Government	1,019,333	1,075,333	1,052,857	22,476
Public Safety				
Police Department				
Salaries	1,163,505	1,163,505	966,605	196,900
Fringe benefits	602,311	602,311	382,843	219,468
Total salaries and fringe benefits	1,765,816	1,765,816	1,349,448	416,368
Other operating	308,500	308,500	253,770	54,730
Capital outlay	100,000	79,500	116,833	(37,333)
Total Public Safety	2,174,316	2,153,816	1,720,051	433,765
Public Works				
Highways and Streets				
Salaries	307,455	307,455	266,277	41,178
Fringe benefits	133,423	133,423	121,037	12,386
Total salaries and fringe benefits	440,878	440,878	387,314	53,564
Other operating	466,525	476,525	513,911	(37,386)
Capital outlay	2,443,277	2,494,037	938,656	1,555,381
Total Highways and Streets	3,350,680	3,411,440	1,839,881	1,571,559
Waste collection	625,000	625,000	549,071	75,929
Total Public Works	3,975,680	4,036,440	2,388,952	1,647,488

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

For the year ended June 30, 2023	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget Positive (Negative)
Parks, Recreation, and Culture				
Salaries	98,029	98,029	121,687	(23,658)
Fringe benefits	<u>38,557</u>	<u>38,557</u>	<u>40,331</u>	<u>(1,774)</u>
Total salaries and fringe benefits	136,586	136,586	162,018	(25,432)
Other operating	274,015	274,015	284,723	(10,708)
Capital outlay	<u>970,900</u>	<u>700,400</u>	<u>727,933</u>	<u>(27,533)</u>
Total Parks, Recreation, and Culture	<u>1,381,501</u>	<u>1,111,001</u>	<u>1,174,674</u>	<u>(63,673)</u>
Economic Development				
Salaries	48,867	48,867	49,055	(188)
Fringe benefits	<u>16,455</u>	<u>16,455</u>	<u>14,316</u>	<u>2,139</u>
Total salaries and fringe benefits	65,322	65,322	63,371	1,951
Other operating	<u>41,005</u>	<u>41,005</u>	<u>36,762</u>	<u>4,243</u>
Total Economic Development	<u>106,327</u>	<u>106,327</u>	<u>100,133</u>	<u>6,194</u>
Debt Service				
Principal payments	92,467	92,467	92,467	-
Interest payments	<u>32,115</u>	<u>32,115</u>	<u>32,070</u>	<u>45</u>
Total Debt Service	<u>124,582</u>	<u>124,582</u>	<u>124,537</u>	<u>45</u>
Total Expenditures	<u>8,781,739</u>	<u>8,607,499</u>	<u>6,561,204</u>	<u>2,046,295</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(3,441,334)	(3,083,834)	32,980	3,116,814
Other Financing Sources (Uses)				
Budgeted use of fund balance	<u>3,441,334</u>	<u>3,083,834</u>	<u>-</u>	<u>(3,083,834)</u>
Total Other Financing Sources (Uses)	<u>3,441,334</u>	<u>3,083,834</u>	<u>-</u>	<u>(3,083,834)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,980</u>	<u>\$ 32,980</u>

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

For the Year Ended June 30	2023			2022			2021			2020			2019		
	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	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	0.004889144%	0.010056895%	0.014946039%	0.004365509%	0.009833656%	0.014199165%	0.003730616%	0.007747675%	0.011478292%	0.003455175%	0.008892775%	0.012347950%	0.003460656%	0.008521290%	0.011981946%
City's proportionate share of the net pension liability	\$ 978,246	\$ 2,012,237	\$ 2,990,483	\$ 654,927	\$ 1,475,275	\$ 2,130,202	\$ 843,170	\$ 1,751,080	\$ 2,594,250	\$ 712,651	\$ 1,834,189	\$ 2,546,840	\$ 726,101	\$ 1,787,903	\$ 2,514,004
Covered-employee payroll	\$ 1,308,146	\$ 633,906	\$ 1,942,052	\$ 1,179,546	\$ 768,073	\$ 1,947,619	\$ 1,053,610	\$ 715,477	\$ 1,769,087	\$ 967,192	\$ 618,697	\$ 1,585,889	\$ 902,248	\$ 653,510	\$ 1,555,758
City's proportionate share of net pension liability as a percentage of its covered-employee payroll	74.78%	317.43%	153.99%	55.52%	192.07%	109.37%	80.03%	244.74%	146.64%	73.68%	296.46%	160.59%	80.48%	273.58%	161.59%
Plan Fiduciary Net Position as a % of total pension liability			76.27%			81.84%			70.72%			72.34%			71.18%

CITY OF TANEYTOWN, MARYLAND
Schedule of Contributions and Related Ratios

For the Year Ended June 30	2023			2022			2021			2020			2019		
	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	Employees' Pension System	Law Enforcement Officers' Pension System	Total	Employees' Pension System	Law Enforcement Officers' Pension System	Total
Contractually required contribution	\$ 128,460	\$ 196,245	\$ 324,705	\$ 111,585	\$ 229,529	\$ 341,114	\$ 96,164	\$ 216,687	\$ 312,851	\$ 79,987	\$ 166,115	\$ 246,102	\$ 70,952	\$ 182,613	\$ 253,565
Actual contribution	(128,460)	(196,245)	(324,705)	(111,585)	(229,529)	(341,114)	(96,164)	(216,687)	(312,851)	(79,987)	(166,115)	(246,102)	(70,952)	(182,613)	(253,565)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,308,146	\$ 633,906	\$ 1,942,052	\$ 1,179,546	\$ 768,073	\$ 1,947,619	\$ 1,053,610	\$ 715,477	\$ 1,769,087	\$ 967,192	\$ 618,697	\$ 1,585,889	\$ 902,248	\$ 653,510	\$ 1,555,758
Contributions as a percentage of covered-employee payroll	9.82%	30.96%	16.72%	9.46%	29.88%	17.51%	9.13%	30.29%	17.68%	8.27%	26.85%	15.52%	7.86%	27.94%	16.30%

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

	2018			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	Employees' Pension System	Law Enforcement Officers' Pension System	Total
City's proportion of the net pension liability	0.003168357%	0.008338549%	0.011506906%	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	\$ 685,116	\$ 1,803,103	\$ 2,488,219	\$ 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	\$ 926,288	\$ 627,423	\$ 1,553,711	\$ 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	73.96%	287.38%	160.15%	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			69.38%			65.79%			68.78%			71.87%

For the Year Ended June 30

	2018			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	Employees' Pension System	Law Enforcement Officers' Pension System	Total
Contractually required contribution	\$ 69,009	\$ 169,921	\$ 238,930	\$ 64,487	\$ 169,718	\$ 234,205	\$ 63,824	\$ 166,921	\$ 230,745	\$ 75,008	\$ 156,950	\$ 231,958
Actual contribution	(69,009)	(169,921)	(238,930)	(64,487)	(169,718)	(234,205)	(63,824)	(166,921)	(230,745)	(75,008)	(156,950)	(231,958)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 926,288	\$ 627,423	\$ 1,553,711	\$ 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	7.45%	27.08%	15.38%	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, 2023, 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 4, 2023.

Report on 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Finding 2023-001 that we consider to be a significant deficiency.

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

Report on 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*.

City of Taneytown, Maryland's Response to Finding

City of Taneytown, Maryland's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. City of Taneytown, Maryland's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 4, 2023**

CITY OF TANEYTOWN, MARYLAND
Schedule of Findings and Responses
For the Year Ended June 30, 2023

Finding 2023-001: Contractor Invoices

Criteria: The City is responsible for having adequate internal controls over financial reporting, and ensuring the City's books and records are complete and all costs are properly recorded.

Condition: During our search for unrecorded liabilities and related capital projects testing, we noted several contractor invoices for various capital projects of the City where the corresponding retainage had not been recorded as of June 30, 2023. Additional capital outlay costs and corresponding retainage payables were recorded as of year-end in both the General and Utility Funds. In addition, the related grant income was recorded as the majority of the projects were grant funded.

Cause: Due to the ongoing nature of these projects, there was a misunderstanding as to when such costs should be recorded.

Effect: Additional capital outlay costs were recorded for the following amounts, as a result of adjusting for the applicable retainage payables as follows:

General Fund	\$ 33,407
Utility Fund	<u>130,306</u>
Total Retainage	\$ 163,713

In addition, grant income of \$102,968 was also recorded as follows; \$33,407 General Fund and \$69,561 Utility Fund as two of the three capital projects were grant funded.

Recommendation: We recommend the City review its current internal control policies to ensure situations like the one described above are properly detected and corrected.

Response: The City has updated the Capital Asset narrative to include recognition of retainage at fiscal year-end, as underlined in the below excerpt. The Construction in Process tracking spreadsheet has also been updated to include retainage amounts. Checking for retainage on projects and recording any applicable cost will be part of the year-end process going forward.

From the updated narrative:
Construction in Progress

Costs for individual projects are accumulated in capital outlay accounts coded by project. Periodically, the Treasurer will review the costs by project and reconcile the accounts. Determination with assistance from the City Manager other department heads, if the projects have been completed or abandoned and if so, the Treasurer will place them in service when completed in the Asset Management System or record them as expenditures in the Financial System, if abandoned. Final project invoices for incomplete projects at fiscal year-end must be reviewed for retainage amounts. Any retainage must be recorded in Construction in Process and Retainage Payable.