



**Town of Emmitsburg, Maryland**

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

**For the Year Ended June 30, 2023**

**Town of Emmitsburg, Maryland  
Summary of Elected and Appointed Officials**

**As of June 30, 2023**

**Mayor**

Donald N. Briggs

**Commissioners**

Amy Boehmann – Pollitt

Frank Davis

Tim O'Donnell

Joseph Ritz III

Clifford L. Sweeney

**Town Manager**

Cathy Willets

**Town Auditor**

DeLeon & Stang, CPAs and Advisors

**Town Attorney**

Leslie A. Powell

**Town of Emmitsburg, Maryland  
For the Year Ended June 30, 2023**

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**Town of Emmitsburg, Maryland  
For the Year Ended June 30, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

### **Mayor and Board of Commissioners Town of Emmitsburg, 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 Town of Emmitsburg, Maryland, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Emmitsburg, 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 Town of Emmitsburg, 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 Town of Emmitsburg, 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 Town of Emmitsburg, 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 Town of Emmitsburg, 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 Town of Emmitsburg, 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 - 9 and 41 - 46 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

**Town of Emmitsburg, Maryland  
Independent Auditors' Report  
Page 3**

applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the Town of Emmitsburg, 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 Town of Emmitsburg, 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 Town of Emmitsburg, Maryland's internal control over financial reporting and compliance.

*DeLeon & Stang*

**DeLeon & Stang, CPAs and Advisors  
Frederick, Maryland  
December 28, 2023**

# Town of Emmitsburg

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## TOWN OF EMMITSBURG, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Emmitsburg, Maryland, we offer readers of the Town of Emmitsburg's financial statements this narrative overview and analysis of the financial activities of the Town of Emmitsburg as of and for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with all other information furnished in this package.

### FINANCIAL HIGHLIGHTS:

1. The Town's government-wide net position decreased \$109,133 in fiscal year 2023 as compared to an increase of \$956,050 in fiscal year 2022. This net position decrease was directly due to the governmental-type activities of the Town. In particular, the decrease in capital grants and contributions going from \$814,127 in FY22 to \$294,012 in FY23.

2. The assets of the Town of Emmitsburg exceeded its liabilities and as of June 30, 2023 as below noted:

Governmental Activities ..... \$7,302,449 (up \$279,573 from last year)

Business-Type Activities – Enterprise Funds ..... \$25,980,866 (down \$388,706 from last year)

Of the total net position, \$5,768,463 is unrestricted, \$1,043,600 is restricted and \$26,471,252 is net investment in capital assets.

3. Total governmental and business-type assets were \$8,182,910 and \$35,505,200, respectively. Capital assets, net of accumulated depreciation, for governmental and business-type activities were \$5,442,836 and \$26,192,564, respectively.

4. Total deferred outflows of resources for governmental and business-type activities were \$251,962 and \$256,892, respectively.

5. Total governmental and business-type liabilities were \$796,933 and \$5,870,271, respectively. Of these amounts, \$5,965,824 are long-term liabilities.

6. Total deferred inflows of resources for governmental and business-type activities were \$335,490 and \$3,910,955, respectively.



## Management's Discussion and Analysis

7. As of June 30, 2023, the Town of Emmitsburg's governmental funds reported a combined ending fund balance of \$2,386,552 (down \$82,679 from last year). Of that amount, \$1,556,771 is unassigned or 65.2% of total government fund balance.
8. As of June 30, 2023, the Town of Emmitsburg's revenues were as herein noted: Governmental Funds were \$2,841,509 (down \$39,024 or 1.4% from last year), Enterprise Funds operating revenues were \$1,497,822 (down \$635,914 or 29.8% from last year). The decrease in governmental funds revenue was primarily from lower intergovernmental revenues in the capital projects fund. Due to the ADA ramp project being completed in the prior FY22 year the activity for FY23 was lower in comparison. Although at a lower level, continued projects associated with safety, streets, and parks had activity in FY23. Enterprise funds also decreased from the prior fiscal year. Tap fees in both the water and sewer funds were the main factor in the decreased operating revenues of the Enterprise Fund from FY23 to FY22. The prior fiscal year 2022 had tap fees associated with 22 homes. This compares to the current fiscal year 2023 where tap fees were associated with 3 entities, 1 home & 2 business's.
9. As of June 30, 2023, the Town of Emmitsburg's expenditures were as herein noted: Governmental Funds were \$2,924,188 (up \$94,874 or 3.4% from last year), Enterprise Funds operating expenses were \$2,086,481 (up \$23,709 or 1.1% from last year). The Governmental Funds increase is mainly due to increased expenditures in the General Fund associated with general government & Public Works. The Enterprise Funds increase again this year is tied to continued efforts in the sewer department with work done on sewer relining projects with major work being done on DePaul Street section of Town.

### OVERVIEW OF THE FINANCIAL STATEMENTS:

The discussion and analysis are intended to serve as an introduction to the Town of Emmitsburg's basic financial statements. The Town of Emmitsburg'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 Town of Emmitsburg's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the 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.

## Management's Discussion and Analysis

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Emmitsburg include legislative, executive, planning and zoning, public safety, garbage, streets, recreation & parks, and other charges. The major business-type activities of the Town of Emmitsburg include the water & sewer enterprise funds.

The government-wide financial statements include only the Town of Emmitsburg itself (known as the primary government).

The government-wide financial statements can be found on pages 10–11 of this report.

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

The fund financial statements can be found on pages 12–18 of this report.

**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 governmental funds financial statements can be found on pages 12–14 of this report.

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

The proprietary funds financial statements can be found on pages 15–18 of this report.

## Management’s Discussion and Analysis

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

The notes to the financial statements can be found on pages 19–40 of this report.

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

The required supplementary information can be found on pages 41–46 of this report.

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

The following table summarizes revenues and expenses for the governmental activities of the Town and totals for the government overall:

	Governmental Activities		Total Government	
	2022	2023	2022	2023
<b>REVENUES</b>				
Program Revenues				
Charges for services	\$ 377,218	\$ 341,983	\$ 2,275,161	\$ 1,792,194
Operating grants and contributions	173,303	303,733	209,764	345,112
Capital grants and contributions	814,127	294,012	1,001,699	332,571
General Revenues				
Taxes	1,110,650	1,204,719	1,110,650	1,204,719
Intergovernmental	426,617	428,331	426,617	428,331
Investment income	17,128	121,006	41,114	256,582
Rental income	37,618	36,443	129,546	128,421
Miscellaneous	30,933	4,221	62,755	71,337
<b>TOTAL REVENUES</b>	<b>\$ 2,987,594</b>	<b>\$ 2,734,448</b>	<b>\$ 5,257,306</b>	<b>\$ 4,559,267</b>
<b>PROGRAM EXPENSES</b>				
General government	\$ 790,774	\$ 1,062,241	\$ 790,774	\$ 1,062,241
Public safety	275,697	248,559	275,697	248,559
Public works	690,486	763,252	690,486	763,252
Recreation and culture	355,007	380,823	355,007	380,823
Interest	-	-	-	-
Business-type activities	-	-	2,189,292	2,213,525
<b>TOTAL PROGRAM EXPENSES</b>	<b>2,111,964</b>	<b>2,454,875</b>	<b>4,301,256</b>	<b>4,668,400</b>
<b>TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 875,630</b>	<b>\$ 279,573</b>	<b>\$ 956,050</b>	<b>\$ (109,133)</b>

## Management's Discussion and Analysis

### Budget Variances

In comparing the final budget amounts to the actual revenues and expenditures for the Town's General Fund, the Town's revenues were higher than the appropriated budget by \$243,102 or 11.8% above budgeted revenues. Revenues associated with real estate taxes, local income taxes, state highway use taxes, & zoning permits & interest were above expectations. General Fund expenditures were lower than budget by \$203,184 or 10.1% of budgeted expenses. The legislative, general services, public safety & public works departments contributed most to the lower than expected expenses.

### Budget Fiscal Year 2024

Approved fiscal year 2024 General Fund revenues budget is \$2,181,496. Budgeted General Fund expenses before transfer to CIP is \$2,092,267. General Fund budgeted transfer to CIP is \$89,229.

The Real Estate Tax Rate in fiscal year 2024 has remained steady from the prior fiscal year, the rate being .3464 per \$100 assessed. Fiscal year 2024 Real Estate Tax Revenue is anticipated to rise based on increasing values reported by Frederick County.

Fiscal year 2024 General Fund revenues budgeted have increased in the areas of Real Estate Taxes and for Local Income Taxes earned by the Town versus prior fiscal year. Real Estate Taxes going from \$735,000 budgeted in FY23 compared to \$750,000 in FY24. For Local Income Taxes the budgeted amount increases from \$310,000 to \$315,000 in the same time period.

Other areas to highlight, State Highway Use Funds budgeted will increase from \$138,439 to \$175,761. Per county notice, County Tax Equity will be slightly increasing from \$428,331 to \$434,028. Also, Zoning Permits & Review Fees budget will be increasing from \$10,000 to \$25,000 due to expected increased activity. And last, due to higher bank interest rates the budget for Interest has gone from \$12,000 to \$50,000.

The Town will continue to set aside budgetary amounts in the Capital Projects Fund with continued emphasis of Curb, gutter, sidewalk, & road work. Designation to this area will be \$111,492. Amounts are set aside, traditionally, as to cover future continued needs of the Town in this category.

Again this year, a designated area set aside in the Capital Projects Fund is a commitment to storm-water management in planning, designating \$35,697 due to the Town's efforts relating to the MS-4 permit mandated by the State of Maryland. Other items of emphasis for designation of capital funds are in the areas of streets – parking enforcement which will be \$28,209 and parks – trail maintenance & promotion at \$8,850 in FY24.

Construction also continues in the Water Fund, with waterline work in the North Seton – Depaul Streets area of town. Also, building of a new water clarifier will continue in FY24. Along with these projects, in the Sewer Fund, construction of a new pump station on Creamery Road is continuing.

## Management's Discussion and Analysis

In an effort to mitigate ever increasing expenses and to address the need for ongoing & future water & sewer infrastructure projects, approval for increased water & sewer rates was given by the Board of Commissioners and will be implemented at the start of FY24. Minimum quarterly rates for water will be \$47.60 and \$116.39 for sewer for a residential household with a standard ¾ inch meter size. These rates are based upon the minimum first 6,000 gallons. The Town of Emmitsburg's rate schedule is a tier schedule based upon the amount of gallons used each quarter. A rate schedule can be obtained upon request by contacting the Town offices.

The Town will continue to monitor the water consumption needs of its residents and businesses. The Town anticipates water & sewer infrastructure improvements to be made during the fiscal year including setting aside funds for replacement of water meters. And last, Town staff will continue to make a detailed watch of the expenses concerning operating the Waste Water Treatment Plant.

### **Request for more information:**

This financial report is designed to provide a general overview of the Town of Emmitsburg'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 to:

Town Manager  
300A S. Seton Avenue  
Emmitsburg, Maryland 21727

**TOWN OF EMMITSBURG, MARYLAND**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,110,347	\$ 7,288,396	\$ 8,398,743
Restricted cash	-	1,004,500	1,004,500
Investments	1,072,506	-	1,072,506
Property taxes receivable, net	46,639	-	46,639
Due from customers	49,175	363,893	413,068
Due from other governments	225,496	28,053	253,549
Lease receivable	36,912	612,065	648,977
Other receivables	187,112	-	187,112
Benefit assessments	-	2,133	2,133
Prepaid expenses	11,887	13,596	25,483
Capital assets:			
Capital assets not being depreciated	1,091,902	3,559,903	4,651,805
Capital assets being depreciated	9,713,990	39,167,642	48,881,632
Less: Accumulated depreciation	<u>(5,363,056)</u>	<u>(16,534,981)</u>	<u>(21,898,037)</u>
Capital assets, net	<u>5,442,836</u>	<u>26,192,564</u>	<u>31,635,400</u>
<b>Total Assets</b>	<u>8,182,910</u>	<u>35,505,200</u>	<u>43,688,110</u>
<b>Deferred Outflows of Resources</b>	<u>251,962</u>	<u>256,892</u>	<u>508,854</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>8,434,872</u>	<u>35,762,092</u>	<u>44,196,964</u>
<b>Liabilities</b>			
Accounts payable	71,085	226,681	297,766
Accrued liabilities	56,284	72,886	129,170
Compensated absences	225,912	46,399	272,311
Benefit assessments - current	-	2,133	2,133
Long-term liabilities:			
Benefit assessments - noncurrent	-	16,700	16,700
Net pension liability	443,652	341,324	784,976
Debt obligations due within one year	-	198,134	198,134
Debt obligations due in more than one year	<u>-</u>	<u>4,966,014</u>	<u>4,966,014</u>
<b>Total Liabilities</b>	<u>796,933</u>	<u>5,870,271</u>	<u>6,667,204</u>
<b>Deferred Inflows of Resources</b>	<u>335,490</u>	<u>3,910,955</u>	<u>4,246,445</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>1,132,423</u>	<u>9,781,226</u>	<u>10,913,649</u>
<b>Net Position</b>			
Net investment in capital assets	5,442,836	21,028,416	26,471,252
Restricted - specific purposes	39,100	1,004,500	1,043,600
Unrestricted	<u>1,820,513</u>	<u>3,947,950</u>	<u>5,768,463</u>
<b>Total Net Position</b>	<u>\$ 7,302,449</u>	<u>\$ 25,980,866</u>	<u>\$ 33,283,315</u>

The accompanying notes are an integral part of this statement.

**TOWN OF EMMITSBURG, MARYLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary Government</b>							
Governmental activities							
General government	\$ (1,062,241)	\$ 74,177	\$ 112,660	\$ -	\$ (875,404)	\$ -	\$ (875,404)
Public safety	(248,559)	-	17,873	145,799	(84,887)	-	(84,887)
Public works	(763,252)	239,547	166,668	-	(357,037)	-	(357,037)
Recreation and culture	(380,823)	28,259	6,532	148,213	(197,819)	-	(197,819)
Total governmental activities	<u>(2,454,875)</u>	<u>341,983</u>	<u>303,733</u>	<u>294,012</u>	<u>(1,515,147)</u>	<u>-</u>	<u>(1,515,147)</u>
Business-type activities							
Water services	(668,116)	504,785	-	38,559	-	(124,772)	(124,772)
Sewer services	(1,545,409)	945,426	41,379	-	-	(558,604)	(558,604)
Total business-type activities	<u>(2,213,525)</u>	<u>1,450,211</u>	<u>41,379</u>	<u>38,559</u>	<u>-</u>	<u>(683,376)</u>	<u>(683,376)</u>
<b>Total Primary Government</b>	<u>\$ (4,668,400)</u>	<u>\$ 1,792,194</u>	<u>\$ 345,112</u>	<u>\$ 332,571</u>	(1,515,147)	(683,376)	(2,198,523)
<b>General Revenues</b>							
Taxes							
Property taxes, levied for general purposes					829,523	-	829,523
Income taxes					344,884	-	344,884
Other local taxes					30,312	-	30,312
County tax equity					428,331	-	428,331
Investment income					121,006	135,576	256,582
Rental income					36,443	91,978	128,421
Miscellaneous income					4,221	67,116	71,337
<b>Total General Revenues</b>					<u>1,794,720</u>	<u>294,670</u>	<u>2,089,390</u>
<b>Change in Net Position</b>					279,573	(388,706)	(109,133)
<b>Net Position - beginning of year</b>					<u>7,022,876</u>	<u>26,369,572</u>	<u>33,392,448</u>
<b>Net Position - end of year</b>					<u>\$ 7,302,449</u>	<u>\$ 25,980,866</u>	<u>\$ 33,283,315</u>

The accompanying notes are an integral part of this statement.

**TOWN OF EMMITSBURG, MARYLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<b>Governmental Fund Types</b>		<b>Total Governmental Funds</b>
	<b>General</b>	<b>Capital Projects</b>	
<b>Assets</b>			
Cash and cash equivalents	\$ 481,074	\$ 629,273	\$ 1,110,347
Investments	1,072,506	-	1,072,506
Receivables:			
Taxes, net	46,639	-	46,639
Customers	49,175	-	49,175
Other governments	34,391	146,263	180,654
Lease receivable	36,912	-	36,912
Other	187,112	-	187,112
Prepaid items	11,887	-	11,887
<b>Total Assets</b>	<b>\$ 1,919,696</b>	<b>\$ 775,536</b>	<b>\$ 2,695,232</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities			
Accounts payable	\$ 67,527	\$ 3,558	\$ 71,085
Accrued liabilities	56,284	-	56,284
Total Liabilities	123,811	3,558	127,369
Deferred Inflows of Resources	118,363	62,948	181,311
Fund Balances			
Nonspendable	11,887	-	11,887
Restricted	-	39,100	39,100
Committed	108,864	-	108,864
Assigned	-	669,930	669,930
Unassigned	1,556,771	-	1,556,771
Total Fund Balances	1,677,522	709,030	2,386,552
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,919,696</b>	<b>\$ 775,536</b>	<b>\$ 2,695,232</b>

The accompanying notes are an integral part of this statement.



**TOWN OF EMMITSBURG, MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Local property taxes	\$ 829,523	\$ -	\$ 829,523
Local income taxes	344,884	-	344,884
Other local taxes	30,312	-	30,312
Licenses and permits	41,862	-	41,862
Intergovernmental revenues	590,347	401,073	991,420
Service charges	284,703	2,400	287,103
Fines and forfeitures	13,018	-	13,018
Miscellaneous	161,670	141,717	303,387
Total Revenues	<u>2,296,319</u>	<u>545,190</u>	<u>2,841,509</u>
<b>Expenditures</b>			
General government	673,897	413,048	1,086,945
Public safety	248,559	144,142	392,701
Public works	616,492	339,018	955,510
Recreation and culture	260,735	228,297	489,032
Total Expenditures	<u>1,799,683</u>	<u>1,124,505</u>	<u>2,924,188</u>
Excess (Deficiency) of Revenues over Expenditures	496,636	(579,315)	(82,679)
<b>Other Financing Sources (Uses)</b>			
Transfers in (out)	<u>(408,327)</u>	<u>408,327</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(408,327)</u>	<u>408,327</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	88,309	(170,988)	(82,679)
Fund Balance July 1, 2022	<u>1,589,213</u>	<u>880,018</u>	
<b>Fund Balance June 30, 2023</b>	<u>\$ 1,677,522</u>	<u>\$ 709,030</u>	
<b>Adjustments for the Statement of Activities</b>			
Capital outlay			735,964
Depreciation expense			(290,124)
Deferred inflows of resources - unavailable grant revenues			(107,061)
Compensated absences			53,484
Net pension adjustment			(30,011)
Change in Net Position of Governmental Activities			<u>\$ 279,573</u>

The accompanying notes are an integral part of this statement.

**TOWN OF EMMITSBURG, MARYLAND**  
**Reconciliation of Fund Balance to Net Position of Governmental Activities**  
**June 30, 2023**

Fund balances - governmental funds	\$ 2,386,552
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources, therefore are not reported in the funds</p>	
Property and equipment, net	5,442,836
Deferred outflows of resources - pension	251,962
Long-term receivable	44,842
Deferred inflows of resources - pension	(154,179)
<p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds</p>	
Compensated absences	(225,912)
Net pension liability	<u>(443,652)</u>
Net position - governmental activities	<u>\$ 7,302,449</u>

The accompanying notes are an integral part of this statement.

**TOWN OF EMMITSBURG, MARYLAND**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	2,899,583	\$ 4,388,813	\$ 7,288,396
Restricted cash	259,000	745,500	1,004,500
Due from customers	111,930	251,963	363,893
Due from other governments	28,053	-	28,053
Lease receivable - current	-	73,314	73,314
Prepaid expenses	11,037	2,559	13,596
Benefit assessments - current	2,133	-	2,133
Total Current Assets	3,311,736	5,462,149	8,773,885
Capital Assets			
Capital assets not being depreciated	2,934,033	625,870	3,559,903
Capital assets being depreciated	7,299,694	31,867,948	39,167,642
Accumulated depreciation	(3,779,696)	(12,755,285)	(16,534,981)
Capital Assets, Net	6,454,031	19,738,533	26,192,564
Lease receivable - noncurrent	-	538,751	538,751
<b>Total Assets</b>	9,765,767	25,739,433	35,505,200
<b>Deferred Outflows of Resources</b>	112,047	144,845	256,892
<b>Total Assets and Deferred Outflows of Resources</b>	9,877,814	25,884,278	35,762,092
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	19,672	207,009	226,681
Accrued liabilities	6,972	65,914	72,886
Compensated absences	7,337	39,062	46,399
Benefit assessments - current	2,133	-	2,133
Debt obligations due within one year	90,957	107,177	198,134
Total Current Liabilities	127,071	419,162	546,233
Noncurrent Liabilities			
Benefit assessments - noncurrent	16,700	-	16,700
Net pension liability	143,460	197,864	341,324
Debt obligations due in more than one year	204,744	4,761,270	4,966,014
Total Noncurrent Liabilities	364,904	4,959,134	5,324,038
<b>Total Liabilities</b>	491,975	5,378,296	5,870,271
<b>Deferred Inflows of Resources</b>	3,247,504	663,451	3,910,955
<b>Total Liabilities and Deferred Inflows of Resources</b>	3,739,479	6,041,747	9,781,226
<b>Net Position</b>			
Net investment in capital assets	6,158,330	14,870,086	21,028,416
Restricted - expendable maintenance & improvements	259,000	745,500	1,004,500
Unrestricted	(278,995)	4,226,945	3,947,950
<b>Total Net Position</b>	\$ 6,138,335	\$ 19,842,531	\$ 25,980,866

The accompanying notes are an integral part of this statement.

**TOWN OF EMMITSBURG, MARYLAND**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
Operating Revenues			
Charges for services	\$ 504,785	\$ 945,426	\$ 1,450,211
Grant income - operating	-	41,379	41,379
Miscellaneous income	6,232	-	6,232
Total Operating Revenues	<u>511,017</u>	<u>986,805</u>	<u>1,497,822</u>
Operating Expenses			
Personnel services	252,496	403,883	656,379
Operating	238,467	340,347	578,814
Depreciation	163,735	687,553	851,288
Total Operating Expenses	<u>654,698</u>	<u>1,431,783</u>	<u>2,086,481</u>
Operating Loss	(143,681)	(444,978)	(588,659)
Non-operating Revenues (Expenses)			
Investment income	59,881	75,695	135,576
Rental income	7,250	84,728	91,978
Grant income - capital	38,559	-	38,559
Other income	56,799	4,085	60,884
Interest expense	(13,418)	(113,626)	(127,044)
Total Non-operating Revenues (Expenses)	<u>149,071</u>	<u>50,882</u>	<u>199,953</u>
Change in Net Position	<u>5,390</u>	<u>(394,096)</u>	<u>(388,706)</u>
Total Net Position, beginning of year	<u>6,132,945</u>	<u>20,236,627</u>	<u>26,369,572</u>
<b>Total Net Position, end of year</b>	<u><u>\$ 6,138,335</u></u>	<u><u>\$ 19,842,531</u></u>	<u><u>\$ 25,980,866</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF EMMITSBURG, MARYLAND**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>Business-type Activities - Enterprise Funds</b>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 504,916	\$ 937,203	\$ 1,442,119
Cash receipts from other governments	-	42,577	42,577
Cash payments to suppliers of goods and services	(273,094)	(362,635)	(635,729)
Cash payments to employees for services	(356,380)	(384,544)	(740,924)
Net cash provided by (used in) operating activities	<u>(124,558)</u>	<u>232,601</u>	<u>108,043</u>
<b>Cash flows from non-operating activities</b>			
Cash received from leasing arrangements	7,250	87,418	94,668
Cash received from other governments - capital	1,770,367	-	1,770,367
Cash received from other sources	56,799	4,085	60,884
Net cash provided by non-operating activities	<u>1,834,416</u>	<u>91,503</u>	<u>1,925,919</u>
<b>Cash flows from capital and related financing activities</b>			
Purchase and construction of capital assets	(92,622)	(103,191)	(195,813)
Principal paid on bond and loans payable	(88,931)	(104,743)	(193,674)
Interest paid on capital debt	(11,860)	(114,222)	(126,082)
Net cash used in capital and related financing activities	<u>(193,413)</u>	<u>(322,156)</u>	<u>(515,569)</u>
<b>Cash flows from investing activities</b>			
Investment income	59,881	59,880	119,761
Net cash provided by investing activities	<u>59,881</u>	<u>59,880</u>	<u>119,761</u>
Net increase in cash, cash equivalents and restricted cash	1,576,326	61,828	1,638,154
Cash, cash equivalents and restricted cash - beginning of year	1,582,257	5,072,485	6,654,742
Cash, cash equivalents and restricted cash - end of year	<u>\$ 3,158,583</u>	<u>\$ 5,134,313</u>	<u>\$ 8,292,896</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 2,899,583	\$ 4,388,813	\$ 7,288,396
Restricted cash	259,000	745,500	1,004,500
	<u>\$ 3,158,583</u>	<u>\$ 5,134,313</u>	<u>\$ 8,292,896</u>
<b>Supplemental Non-Cash Items</b>			
Purchase of capital assets included in payables	<u>\$ -</u>	<u>\$ (184,880)</u>	<u>\$ (184,880)</u>

The accompanying notes are an integral part of this statement.

**TOWN OF EMMITSBURG, MARYLAND**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to</b>			
<b>Net cash provided by (used in) operating activities</b>			
Operating loss	\$ (143,681)	\$ (444,978)	\$ (588,659)
Depreciation	163,735	687,553	851,288
Loss on disposal of fixed assets	3,626	3,928	7,554
Net changes in assets and liabilities:			
Due from customers	(13,758)	(10,882)	(24,640)
Due from other governments	-	1,198	1,198
Prepaid expenses	1,413	(1,485)	(72)
Deferred outflows of resources	(22,920)	(50,026)	(72,946)
Accounts payable	(39,666)	(24,732)	(64,398)
Accrued liabilities	7,657	2,660	10,317
Compensated absences	(113,841)	11,222	(102,619)
Net pension liability	46,742	82,665	129,407
Deferred inflows of resources	(13,865)	(24,522)	(38,387)
Net cash provided by (used in) operating activities	<u>\$ (124,558)</u>	<u>\$ 232,601</u>	<u>\$ 108,043</u>

The accompanying notes are an integral part of this statement.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements**  
**June 30, 2023**

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

**Financial Reporting Entity**

The Town of Emmitsburg was incorporated in 1825 and is currently organized under the provisions of a commission form of government. The financial statements of The Town of Emmitsburg, Maryland (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. 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 Town.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town follows GASB 62 in applying GASB guidance to its proprietary activities, which incorporates Financial Accounting Standards Board statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The statement of net position and the statement of activities display information about the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements** (Continued)  
**June 30, 2023**

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

**Government-wide and Fund Financial Statements** (Continued)

The statement of net position presents the financial condition of the governmental and business-type activities of the Town at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for business-type activities of the Town. 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 Town, 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 Town.

In the fund financial statements, financial transactions and accounts of the Town 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 Town for the year ended June 30, 2023:

**Governmental Fund Types**

General Fund – This fund is the Town'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 Town, (i.e., public safety, parks and recreation, public works 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.

Capital Projects Fund – This fund accounts for the purchase, construction or renovation of major general fixed assets over an extended period of time (other than those financed by the Proprietary Funds). While capital outlay accounts are used in each function reported in the General Fund, longer-term projects, those with mixed funding or projects of a larger amount or spanning several fiscal years, are accounted for in this fund.



**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

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

**Government-wide and Fund Financial Statements (Continued)**

**Proprietary Fund Types**

Enterprise Funds – The Water and Sewer Funds account for the activity of the Town’s sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

**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.

Net position is reported as restricted when constraints placed on net position use are externally imposed by grantors or contributors.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when cash is received and when amounts to be received are both measurable and available. "Available" means 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.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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 statement of net position. 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 Town's enterprise funds 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 nonoperating revenues and expenses.

**Budgets and Budgetary Accounting**

The budget document is a comprehensive financial plan showing all revenues and expenditures expected for the fiscal year.

The Town follows these procedures in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to May 30<sup>th</sup>, the Mayor requests the Town Manager and Town Accountant meet with the Board of Commissioners and then prepare their proposed operating budgets for the fiscal year commencing the following July 1.
2. All budget requests are compiled by the Town Manager and Town Accountant and presented to the Mayor for review together with comparative and supporting data.
3. Public hearings are advertised and conducted at the Town Hall for taxpayer comments.
4. Prior to May 30<sup>th</sup>, the Mayor formally presents the budget message to the Board of Commissioners.
5. Prior to June 30<sup>th</sup>, the budget is legally enacted through the passage of an ordinance.
6. Appropriations lapse at the end of the fiscal year.
7. During the operating year, the Board of Commissioners must approve inter-departmental budget transfers at a regularly scheduled public meeting.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**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 Town considers cash on hand, demand deposits, and all highly liquid investments and debt instruments with maturities of six months or less from the date of acquisition to be cash and cash equivalents. Generally, cash resources of the individual funds are combined to form a pool. 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.

**Receivables and Doubtful Accounts**

Significant receivables include amounts due from customers primarily for property taxes and utility services. These receivables are due within one year. As of June 30, 2023, the Town has an allowance for doubtful personal property taxes of \$20,809 reported in the general fund.

**Lease Receivable**

The Town has recorded leases receivables as a result of implementing GASB-87 and the Town being the lessor to various rental agreements. The leases receivable are measured at an amount equal to the initial measurement value of the related deferred inflow, which is calculated as the present value of the remaining future lease payments during the lease term. The discount rate utilized by the Town is either the implicit interest rate disclosed in the lease, or the estimated incremental borrowing rate. The related deferred inflow balances are amortized on a straight-line basis over the life of the related lease. The annual reduction of the lease receivable is the difference between the cash received and interest revenue .

The Town does not report lease receivables and deferred inflows for short-term leases, with a maximum non-cancelable term of 12 months or less.

**Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid expenses. In governmental funds, reported prepaid expenses are equally offset by non-spendable fund balance amounts, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

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

**Capital Assets**

Capital assets are reported in the governmental or business-type activities column in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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. Depreciation is provided for over the estimated useful lives of the assets.

Buildings	20 – 50 years
Land improvements	10 – 20 years
Infrastructure	20 – 50 years
Machinery and equipment	5 – 15 years

**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 statement of net position. Short-term interfund loans are classified as “interfund receivables/payables”.

**Compensated Absences**

It is the Town’s policy to permit employees to accumulate earned but unused pay benefits. Employees are entitled to receive payment based on their hire date. Employees hired before December 1, 2016 will be paid for all unused vacation hours and half-time pay for accrued and unused sick and personal hours upon termination. For hires on or after December 1, 2016, accrued and unused vacation and sick leave will be paid out at half-time with no payment for personal hours. Accumulated vacation, sick, and personal leave, as applicable, is accrued when incurred in the government-wide and proprietary fund financial statements.

**Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that period.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that period.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

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

**Commitments and Contingent Liabilities**

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.

**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.

**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. Restricted net position represents external restrictions by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law or enabling legislation.

**Fund Balance**

The Town 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:

Non-spendable 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.

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).

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

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

**Fund Balance (Continued)**

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Town’s highest level of decision-making authority, the Mayor and Board of Commissioners. As of June 30, 2023, \$108,864 is committed for the purpose of paying employee benefits when such employees retire or otherwise leave the Town.

Assigned fund balance – Amounts that are constrained by the Town’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 Board of Commissioners, or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

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 Town’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

**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.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**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 Town's carrying amount of deposits was \$9,402,693, the bank balance was \$7,613,843 and cash on hand was \$550.

The Town maintains deposits at one financial institution. At June 30, 2023, the Town was fully covered by the Federal Deposit Insurance Corporation and pledged collateral.

Included in cash and cash equivalents, the Town had \$1,899,412 invested in the Maryland Local Government Investment Pool (MLGIP) as of June 30, 2023.

The Town's cash and investments as of June 30, 2023, reconciled to the total presented in the Statement of Net Position, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents:			
Unrestricted	\$ 1,110,347	\$ 7,288,396	\$ 8,398,743
Restricted	-	1,004,500	1,004,500
	<u>\$ 1,110,347</u>	<u>\$ 8,292,896</u>	<u>\$ 9,403,243</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash on hand	\$ 550	\$ -	\$ 550
Deposits in bank	744,549	6,758,732	7,503,281
Investment pools (MLGIP)	365,248	1,534,164	1,899,412
	<u>\$ 1,110,347</u>	<u>\$ 8,292,896</u>	<u>\$ 9,403,243</u>

As of June 30, 2023, the Town had the following investments:

<u>Investment Type (All funds)</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		<u>% of Portfolio</u>
		<u>&lt; 1 Year</u>	<u>1-5 Years</u>	
Certificates of deposit (2)	\$ 1,072,506	\$ -	\$ 1,072,506	100.00%

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy is not explicit as to how interest rate risk is managed. The interest rate in the MLGIP fluctuates throughout the year. The applicable interest rate at June 30, 2023 were 5.07% for the MLGIP account and .10% for the certificates of deposit.

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

**Credit Risk**

- Obligations of U.S. governmental agencies
- Fully insured or collateralized certificates of deposit
- Repurchase agreements and reverse repurchase agreements not to exceed 360 days to stated maturity
- 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

The Town's investments have received the following ratings by Standard & Poor's: Maryland Local Government Investment Pool (MLGIP) rated AAAm. There are no ratings on the certificates of deposit.

**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.



**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**NOTE 3- PROPERTY TAXES**

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

Property taxes become delinquent on October 1. Interest accrues at 1% monthly for delinquent property taxes. Tax liens on real property are sold at public auction the second Monday in May on taxes delinquent since October 1 of the current fiscal year. Total assessable base on which levies were made for the year ended June 30, 2023 was \$228,597,537 and the property tax rate was \$0.3464 per \$100 of assessed value.

**NOTE 4- LEASES RECEIVABLE & LESSOR AGREEMENTS**

The Town executed a lease agreement with Christ Community Church for the rental of a Town building. The terms of this agreement include monthly payments of \$2,200 from April 2021 through September 2023, increasing to \$2,500 per month from October 2023 through September 2024. The agreement does not provide any renewal options. This lease agreement is recognized in the General Fund of the Town.

The Town used the payment schedule in the above executed agreement to measure the lease receivable as of July 1, 2021. In addition, the lease receivable was discounted to a net present value at July 1, 2021 using a 2.375% interest rate, the rate of the 2014 Series A General Obligation Bonds.

For the year ended June 30, 2023, the General Fund recognized \$27,536 in lease revenue and \$1,244 in interest revenue related to lease payments received from this lease. As of year-end, \$36,912 is reported as lease receivable of the General Fund. Future payments due to the Town under the agreement is as follows for the years ending June 30:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 29,442	\$ 558
2025	<u>7,470</u>	<u>30</u>
Total	<u>\$ 36,912</u>	<u>\$ 588</u>

The Town executed a lease agreement with Denali Water Solutions for the rental of the Town's storage lagoon, with payments beginning November 2021. The terms of this agreement include semiannual payments of \$43,709 through November 2024, increasing 3% annually. The agreement provided an option to extend the lease for up to four additional one-year periods on the same terms and conditions, except that the rent shall increase three percent (3%) annually for each extended lease year. The Town is reasonably certain this extension period will be granted and is reflected in the net present value of the lease. This lease agreement is recognized in the Sewer Fund of the Town.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**NOTE 4- LEASES RECEIVABLE & LESSOR AGREEMENTS (Continued)**

The Town used the payment schedule in the above executed agreement, including the lease extension period, to measure the lease receivable as of November 8, 2021. In addition, the lease receivable was discounted to a net present value at November 8, 2021 using a 2.375% interest rate, the rate of the 2014 Series A General Obligation Bonds.

For the year ended June 30, 2023, the Sewer Fund recognized \$84,728 in lease revenue and \$15,815 in interest revenue related to lease payments received from this lease. As of year-end, \$612,065 is reported as lease receivable of the Sewer Fund. Future payments due to the Town under the agreement is as follows for the years ending June 30:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 73,314	\$ 14,104
2025	77,703	12,337
2026	82,278	10,464
2027	87,042	8,482
2028	92,005	6,385
2029	97,172	4,170
2030	<u>102,551</u>	<u>1,830</u>
Total	<u>\$ 612,065</u>	<u>\$ 57,772</u>

**NOTE 5- CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2022</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Dispositions</u>	<u>Balance June 30, 2023</u>
Capital assets, not being depreciated				
Land	\$ 821,200	\$ -	\$ -	\$ 821,200
Historical Collections	36,750	-	-	36,750
Construction in progress	<u>951,396</u>	<u>735,964</u>	<u>(1,453,408)</u>	<u>233,952</u>
Total capital assets not being depreciated	<u>1,809,346</u>	<u>735,964</u>	<u>(1,453,408)</u>	<u>1,091,902</u>
Capital assets, being depreciated				
Buildings	935,659	-	24,295	959,954
Improvements	1,255,255	-	182,148	1,437,403
Infrastructure	5,044,725	-	896,388	5,941,113
Machinery and equipment	<u>1,101,190</u>	<u>-</u>	<u>274,330</u>	<u>1,375,520</u>
Total capital assets being depreciated	<u>8,336,829</u>	<u>-</u>	<u>1,377,161</u>	<u>9,713,990</u>
Less: accumulated depreciation	<u>(5,149,179)</u>	<u>(290,124)</u>	<u>76,247</u>	<u>(5,363,056)</u>
Total capital assets being depreciated, net	<u>3,187,650</u>	<u>(290,124)</u>	<u>1,453,408</u>	<u>4,350,934</u>
Governmental Activities capital assets, net	<u>\$ 4,996,996</u>	<u>\$ 445,840</u>	<u>\$ -</u>	<u>\$ 5,442,836</u>

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**NOTE 5- CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities**

General Government	\$	30,794
Public works - streets		167,576
Parks and recreation		91,754
	\$	<u>290,124</u>

Capital asset activity for the year ended June 30, 2023 was as follows:

<u>Business-type Activities</u>	<u>Balance July 1, 2022</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Dispositions</u>	<u>Balance June 30, 2023</u>
Capital assets, not being depreciated				
Land and land improvements	\$ 2,826,962	\$ -	\$ (57,500)	\$ 2,769,462
Construction in progress	725,684	64,757	-	790,441
Total capital assets not being depreciated	<u>3,552,646</u>	<u>64,757</u>	<u>(57,500)</u>	<u>3,559,903</u>
Capital assets, being depreciated				
Buildings and improvements	10,004,271	-	(270,000)	9,734,271
Infrastructure	28,512,166	242,531	-	28,754,697
Machinery and equipment	674,671	73,405	(69,402)	678,674
Total capital assets being depreciated	<u>39,191,108</u>	<u>315,936</u>	<u>(339,402)</u>	<u>39,167,642</u>
Less: accumulated depreciation	<u>(16,073,041)</u>	<u>(851,288)</u>	<u>389,348</u>	<u>(16,534,981)</u>
Total capital assets being depreciated, net	<u>23,118,067</u>	<u>(535,352)</u>	<u>49,946</u>	<u>22,632,661</u>
Business-type Activities capital assets, net	<u>\$ 26,670,713</u>	<u>\$ (470,595)</u>	<u>\$ (7,554)</u>	<u>\$ 26,192,564</u>

Depreciation expense was charged to functions/programs as follows:

**Business-type Activities**

Water	\$	163,735
Sewer		687,553
	\$	<u>851,288</u>

**NOTE 6- UNEARNED REVENUE**

Unearned revenue arises in governmental funds when revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises, in both governmental and proprietary funds, when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**NOTE 7- DEBT OBLIGATIONS**

Debt outstanding at June 30, 2023 is as follows:

<u>Purpose</u>	<u>Rate</u>	<u>Amount</u>
2004 Series Drinking Water Bonds; Maryland Water Quality Financing Administration; Due 2024; Annual principal and interest of approximately \$23,200.	1.20%	\$ 21,868
2006 Series Drinking Water Bonds; Maryland Water Quality Financing Administration; Due 2026; Annual principal and interest of approximately \$26,579.	1.10%	74,278
2009 Series General Obligation Bond; Fulton Bank; Due 2029; Semi-annual interest payments with principal amounts due annually.	3.78%	199,555
2014 Series General Obligation Bond; United States Dept. of Agriculture Financing for WWTP; due 2055; Quarterly principal and interest of \$52,565.	2.38%	4,643,400
2016 Series General Obligation Bond; United States Dept. of Agriculture; due 2057; Quarterly principal and interest of \$2,101.	1.38%	<u>225,047</u>
Total Debt Obligations		<u>\$ 5,164,148</u>

**Changes in Non-Current Liabilities**

During the year ended June 30, 2023, the following changes in long-term obligations occurred:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Due within one year</u>
2004 MWQFA	\$ 43,477	\$ -	\$ (21,609)	\$ 21,868	\$ 21,868
2006 MWQFA	98,500	-	(24,222)	74,278	24,489
2009 GO Bond	242,655	-	(43,100)	199,555	44,600
2014 GO Bond	4,742,880	-	(99,480)	4,643,400	101,843
2016 GO Bond	<u>230,310</u>	<u>-</u>	<u>(5,263)</u>	<u>225,047</u>	<u>5,334</u>
Total	<u>\$ 5,357,822</u>	<u>\$ -</u>	<u>\$ (193,674)</u>	<u>\$ 5,164,148</u>	<u>\$ 198,134</u>

At June 30, 2023, the debt obligations are recorded as follows:

Business-type activities:	
Water Fund	\$ 295,701
Sewer Fund	<u>4,868,447</u>
Total long-term debt obligations	<u>\$ 5,164,148</u>

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**NOTE 7- DEBT OBLIGATIONS (Continued)**

**Interest expense**

For the year ended June 30, 2023 total interest costs were \$127,044 and reported as within business-type activities. Cash paid for interest for business-type activities was \$126,082.

Debt service requirements are as follows:

	<u>Principal</u>	<u>Interest &amp; Fees</u>	<u>Total</u>
2024	\$ 198,134	\$ 126,796	\$ 324,930
2025	180,727	121,054	301,781
2026	185,250	116,511	301,761
2027	164,530	110,574	275,104
2028	128,457	101,144	229,601
2029-2033	629,830	463,398	1,093,228
2034-2038	706,679	386,549	1,093,228
2039-2043	792,984	300,244	1,093,228
2044-2048	889,922	203,306	1,093,228
2049-2053	998,800	94,428	1,093,228
2054-2058	288,835	5,384	294,219

**Conduit Debt**

In December 2009, the Town issued \$1,250,000 of Town of Emmitsburg Educational Facilities Revenue Bonds, Series 2009, for the purpose of lending the proceeds to Mount Saint Mary's University to finance the renovation and improvements to the Terrace Student Housing Complex. The project is being funded by donor contributions and the Series 2009 Bond proceeds will bridge the time between costs of the projects and payments received from pledges.

As of June 30, 2023, the conduit debt obligations outstanding was \$1,250,000.

The Town is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**NOTE 8- EMPLOYEE BENEFITS**

Cost-sharing Multiple Employer Pension Plan:

**Plan Description**

Effective July 1, 2006, all full-time employees of the Town are provided retirement benefits through the Maryland State Retirement and Pension's contributory pension system ("Pension System"). 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 and two years of service.

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

2013	\$ 13,388
2014	14,087
2015	14,521
2016	14,544
2017	14,388
2018	15,335
2019	15,738
2020	16,333
2021	17,558
2022	19,610
2023	19,644

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements** (Continued)  
**June 30, 2023**

**NOTE 8- EMPLOYEE BENEFITS** (Continued)

The Town contributed the following payments to the System, which were equal to 100% of the required contributions for the years ended June 30:

2013	\$ 51,651
2014	59,732
2015	60,516
2016	54,470
2017	47,822
2018	56,004
2019	59,312
2020	65,278
2021	74,957
2022	89,539
2023	98,147

Total pension expense for the year ended June 30, 2023 was \$71,726; \$41,749 for governmental activities and \$29,977 for business-type activities.

**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, 2.60% general, 3.10% wage
Salary Increases	In the 2021 actuarial valuation, 2.75% to 11.25% In the 2020 actuarial valuation, 2.75% to 9.25%
Investment Rate of Return	In the 2022 actuarial valuation, 6.80% In the 2021 actuarial valuation, 6.8%
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 2018 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.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements** (Continued)  
**June 30, 2023**

**NOTE 8- EMPLOYEE BENEFITS** (Continued)

**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:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
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 years 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.



**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements** (Continued)  
**June 30, 2023**

**NOTE 8- EMPLOYEE BENEFITS** (Continued)

**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 that is 1-percentage-point lower or 1-percentage-point higher:

<b>System</b>	<b>1% Decrease to 5.80%</b>	<b>Current Discount</b>	<b>1% Increase to 7.80%</b>
Employees Pension	\$ 1,204,404	\$ 784,976	\$ 436,949

**Deferred compensation plan**

The Town offers a deferred compensation plan administered by the International Town/County Management Associates (ICMA) Retirement Corporation to all full-time employees under the provisions of Internal Revenue Code Section 457. Under the terms of a 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by ICMA are held in trust for the exclusive benefit of the participants and their beneficiaries, and accordingly, are not included in the Town’s financial statements.

**NOTE 9- 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 Town specify the purpose for which the grant funds are to be used, and such grants are subject to audit by the granting agency or its representative if Federal expenditures for the fiscal year exceed \$750,000. The Town’s federal grant expenditures were less than \$750,000; therefore, the Town is not subject to the Single Audit Act for fiscal year 2023.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**NOTE 10- DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

As of June 30, 2023, the Town reported deferred outflows and inflows of resources related to the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of pension assumptions	\$ 63,512	\$ 12,139
Difference between actual and expected experience		54,035
Net difference between projected and actual earnings on pension plan investments	215,581	169,646
Change in proportionate share	131,614	55,176
Town's contributions subsequent to the measurement date	98,147	-
	<u>\$ 508,854</u>	<u>\$ 290,996</u>
Other deferred inflows:		
Unearned grant revenue - ARPA		3,147,719
Unearned lease revenue		627,513
Unavailable revenues		180,217
		<u>\$ 4,246,445</u>

Deferred outflows of resources of \$98,147 related to pensions resulting from the Town's contribution 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	\$ 36,695
2025	20,193
2026	10,104
2027	49,650
2028	3,069
	<u>\$ 119,711</u>

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**NOTE 11- RESTRICTED NET POSITION**

The Town has instituted through a local ordinance a surcharge on water and sewer connections for the purpose of funding necessary repairs and maintenance and improvements to the Town’s Water and Sewer system. As of June 30, 2023, the total amount restricted is as follows:

Surcharges for improvements - Water Fund	\$ 259,000
Surcharges for improvements - Sewer Fund	<u>745,500</u>
	<u>\$ 1,004,500</u>

Net position restricted by enabling legislation represents accumulated net position attributed to revenue sources, such as taxes or fees, which are restricted for specific purposes. All new residential dwelling units are assessed a one-time fee of \$1,200 per residential dwelling unit. This impact fee is to be utilized for the acquisition, development, and rehabilitation of municipal roads, sidewalks, streets, lights, and corresponding electric service, park and recreational areas. Impact fees collected are recorded in the Capital Projects Fund. A portion of the impact fees collected is to be committed to the upgrade of the local emergency warning system and is included in restricted net position in the government-wide statement of net position.

Impact fees - not committed	\$ 19,700
Committed for emergency warning system	<u>19,400</u>
	<u>\$ 39,100</u>

**NOTE 12- RISKS, COMMITMENTS AND CONTINGENCIES**

**Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town’s general liability risks are financed through the Town’s participation in the Maryland Local Government Insurance Trust (MLGIT). The Town pays an annual premium to MLGIT for its general insurance coverage. The Town has coverage of \$1,000,000 for each occurrence. The annual aggregate limit is \$2,000,000 and is the most the Trust will pay under the Town’s agreement. The Town continues to carry commercial insurance for employee health and accident insurance and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage, and no significant reductions in insurance coverage have occurred, in any of the past three fiscal years.

**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.

**TOWN OF EMMITSBURG, MARYLAND**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2023**

**NOTE 13- SUBSEQUENT EVENTS**

Subsequent events are defined as events or transactions that occur after the Statement of Net Position date through the date that the financial statements are available to be issued. As of December 28, 2023, the date the financial statements were available to be issued, the Town performed an evaluation and revealed no other material events or transactions which would require an adjustment or disclosure in the accompanying financial statements.

**TOWN OF EMMITSBURG, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual**  
**General Fund**

<b>For the Year Ended June 30, 2023</b>	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Local property taxes</b>				
Real property	\$ 735,250	\$ 735,250	\$ 785,460	\$ 50,210
Personal property	50,000	50,000	45,513	(4,487)
Penalties and interest	5,000	5,000	8,243	3,243
Less discounts	(9,000)	(9,000)	(9,693)	(693)
Net local property taxes	<u>781,250</u>	<u>781,250</u>	<u>829,523</u>	<u>48,273</u>
<b>Local income taxes</b>	<u>310,000</u>	<u>310,000</u>	<u>344,884</u>	<u>34,884</u>
<b>Other local taxes</b>				
Admissions and amusement taxes	750	750	1,344	594
Public utility taxes	25,000	25,000	28,968	3,968
Total other local taxes	<u>25,750</u>	<u>25,750</u>	<u>30,312</u>	<u>4,562</u>
<b>Licenses and permits</b>				
Trader's licenses	4,500	4,500	3,924	(576)
Cable franchise fees	38,000	38,000	37,938	(62)
Total licenses and permits	<u>42,500</u>	<u>42,500</u>	<u>41,862</u>	<u>(638)</u>
<b>Intergovernmental revenues</b>				
State Aid for Police Protection	17,332	17,332	17,873	541
County - tax equity	428,331	428,331	428,331	-
Highway user revenues	138,439	138,439	144,143	5,704
Total intergovernmental revenues	<u>584,102</u>	<u>584,102</u>	<u>590,347</u>	<u>6,245</u>
<b>Service charges</b>				
Garbage and tipping fees	195,500	195,500	205,772	10,272
Zoning permits	10,100	10,100	32,315	22,215
Parking meter receipts	12,000	12,000	18,357	6,357
Swimming pool	27,100	27,100	28,259	1,159
Total service charges	<u>244,700</u>	<u>244,700</u>	<u>284,703</u>	<u>40,003</u>
<b>Fines and forfeitures</b>				
Parking fines	\$ 11,233	\$ 11,233	\$ 13,018	\$ 1,785

**TOWN OF EMMITSBURG, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual**  
**General Fund**

<b>For the Year Ended June 30, 2023</b>	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Miscellaneous revenues</b>				
Interest income	12,000	12,000	121,006	109,006
Rental income	38,882	38,882	36,443	(2,439)
Other	2,800	2,800	4,221	1,421
Total miscellaneous revenues	<u>53,682</u>	<u>53,682</u>	<u>161,670</u>	<u>107,988</u>
<b>Total Revenues</b>	<u>\$ 2,053,217</u>	<u>\$ 2,053,217</u>	<u>\$ 2,296,319</u>	<u>\$ 243,102</u>
<b>General Government</b>				
Legislative				
Salaries	\$ 69,019	\$ 69,019	\$ 52,901	\$ 16,118
Fringe benefits	6,585	6,585	6,169	416
Total salaries and fringe benefits	<u>75,604</u>	<u>75,604</u>	<u>59,070</u>	<u>16,534</u>
Operations				
Other operating	52,565	52,565	46,231	6,334
Total operations	<u>52,565</u>	<u>52,565</u>	<u>46,231</u>	<u>6,334</u>
Capital Outlay	2,400	2,400	595	1,805
Total Legislative	<u>130,569</u>	<u>130,569</u>	<u>105,896</u>	<u>24,673</u>
Legal	<u>39,750</u>	<u>94,750</u>	<u>69,884</u>	<u>24,866</u>
Planning and Zoning				
Salaries	126,740	126,740	124,247	2,493
Fringe benefits	16,784	16,784	22,545	(5,761)
Total salaries and fringe benefits	<u>143,524</u>	<u>143,524</u>	<u>146,792</u>	<u>(3,268)</u>
Operations				
Other operating	16,935	58,935	41,804	17,131
Total operations	<u>16,935</u>	<u>58,935</u>	<u>41,804</u>	<u>17,131</u>
Capital outlay	500	500	300	200
Total Planning and Zoning	<u>160,959</u>	<u>202,959</u>	<u>188,896</u>	<u>14,063</u>

**TOWN OF EMMITSBURG, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual**  
**General Fund**

<b>For the Year Ended June 30, 2023</b>	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
Financial Administration				
Salaries	\$ 67,862	\$ 92,862	\$ 92,897	\$ (35)
Fringe benefits	66,650	66,650	67,137	(487)
Total salaries and fringe benefits	<u>134,512</u>	<u>159,512</u>	<u>160,034</u>	<u>(522)</u>
Operations				
Other operating	34,570	34,570	21,827	12,743
Accounting and auditing	15,000	15,000	14,700	300
Total operations	<u>49,570</u>	<u>49,570</u>	<u>36,527</u>	<u>13,042</u>
Total Financial Administration	<u>184,082</u>	<u>209,082</u>	<u>196,561</u>	<u>12,520</u>
General Services				
Salaries	51,890	51,890	60,112	(8,222)
Fringe benefits	19,931	19,931	20,179	(248)
Total salaries and fringe benefits	<u>71,821</u>	<u>71,821</u>	<u>80,291</u>	<u>(8,470)</u>
Operations				
Other operating costs	65,905	65,905	32,369	33,536
Total operations	<u>65,905</u>	<u>65,905</u>	<u>32,369</u>	<u>33,536</u>
Capital outlay	1,000	1,000	-	1,000
Total General Services	<u>138,726</u>	<u>138,726</u>	<u>112,660</u>	<u>26,066</u>
<b>Total General Government</b>	<u>\$ 654,086</u>	<u>\$ 776,086</u>	<u>\$ 673,897</u>	<u>\$ 102,189</u>
<b>Public Safety</b>				
Police, ambulance and fire services				
Police protection	\$ 271,470	\$ 271,470	\$ 233,232	\$ 38,238
Other public safety expenses	19,660	19,660	9,327	10,333
Fire and rescue donations	6,000	6,000	6,000	-
Total operations	<u>297,130</u>	<u>297,130</u>	<u>248,559</u>	<u>48,571</u>
Capital outlay	250	250	-	250
<b>Total Public Safety</b>	<u>\$ 297,380</u>	<u>\$ 297,380</u>	<u>\$ 248,559</u>	<u>\$ 48,821</u>

**TOWN OF EMMITSBURG, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual**  
**General Fund**

<b>For the Year Ended June 30, 2023</b>	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Public Works</b>				
Highways and Streets				
Salaries	\$ 233,348	\$ 233,348	\$ 252,880	\$ (19,532)
Fringe benefits	94,050	94,050	89,757	4,293
Total salaries and fringe benefits	<u>327,398</u>	<u>327,398</u>	<u>342,637</u>	<u>(15,239)</u>
Operations				
Other operating	179,635	179,635	127,196	52,439
Total operations	<u>179,635</u>	<u>179,635</u>	<u>127,196</u>	<u>52,439</u>
Capital outlay	500	500	-	500
Total Highways and Streets	<u>507,533</u>	<u>507,533</u>	<u>469,833</u>	<u>37,701</u>
Refuse				
Salaries	4,500	4,500	4,366	134
Total salaries	<u>4,500</u>	<u>4,500</u>	<u>4,366</u>	<u>134</u>
Operations				
Other operating	151,935	151,935	142,293	9,642
Total operations	<u>151,935</u>	<u>151,935</u>	<u>142,293</u>	<u>9,642</u>
Total Refuse	<u>156,435</u>	<u>156,435</u>	<u>146,659</u>	<u>9,776</u>
<b>Total Public Works</b>	<u>\$ 663,968</u>	<u>\$ 663,968</u>	<u>\$ 616,492</u>	<u>\$ 47,476</u>
<b>Recreation and Culture</b>				
Park and swimming pool				
Salaries	\$ 93,234	\$ 93,234	\$ 96,335	\$ (3,101)
Fringe benefits	31,194	31,194	30,915	279
Total salaries and fringe benefits	<u>124,428</u>	<u>124,428</u>	<u>127,250</u>	<u>(2,822)</u>
Operations				
Other operating	139,505	139,505	133,185	6,320
Total operations	<u>139,505</u>	<u>139,505</u>	<u>133,185</u>	<u>6,320</u>
Capital Outlay	1,500	1,500	300	1,200
<b>Total Recreation and Culture</b>	<u>\$ 265,433</u>	<u>\$ 265,433</u>	<u>\$ 260,735</u>	<u>\$ 4,698</u>



**TOWN OF EMMITSBURG, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual**  
**General Fund**

<b>For the Year Ended June 30, 2023</b>	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Total Expenditures</b>	\$ 1,880,867	\$ 2,002,867	\$ 1,799,683	\$ 203,184
<b>Excess of Revenues over Expenditures</b>	\$ 172,350	\$ 50,350	\$ 496,636	\$ 446,286
<b>Other Financing Sources (Uses)</b>				
Transfers	(172,350)	(408,327)	(408,327)	-
<b>Total Other Financing Sources (Uses)</b>	\$ (172,350)	\$ (408,327)	\$ (408,327)	\$ -
<b>Net Change in Fund Balance</b>	\$ -	\$ (357,977)	\$ 88,309	\$ 446,286

**TOWN OF EMMITSBURG, MARYLAND**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability**

<b>For the Year Ended June 30</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Town's proportion of the net pension liability	0.003923206%	0.003401731%	0.003044565%	0.002888336%	0.002808523%	0.002349602%	0.002796106%	0.002871145%	0.002528922%
Town's proportionate share of the net pension liability	\$ 784,976	\$ 510,338	\$ 688,113	\$ 595,737	\$ 589,273	\$ 508,071	\$ 659,714	\$ 596,673	\$ 448,801
Covered-employee payroll	\$ 1,243,409	\$ 1,073,812	\$ 889,126	\$ 862,452	\$ 877,880	\$ 813,293	\$ 772,254	\$ 761,803	\$ 759,020
Town's proportionate share of net pension liability as a percentage of its covered-employee payroll	63.13%	47.53%	77.39%	69.07%	67.12%	62.47%	85.43%	78.32%	59.13%
Plan Fiduciary Net position as a % of total pension liability	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

**TOWN OF EMMITSBURG, MARYLAND**  
**Schedule of Contributions and Related Ratios**

<b>For the Year Ended June 30</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 98,147	\$ 89,539	\$ 74,957	\$ 65,278	\$ 59,312	\$ 56,004	\$ 47,822	\$ 54,470	\$ 60,516
Actual contribution	(98,147)	(89,539)	(74,957)	(65,278)	(59,312)	(56,004)	(47,822)	(54,470)	(60,516)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,243,409	\$ 1,073,812	\$ 889,126	\$ 862,452	\$ 877,880	\$ 813,293	\$ 772,254	\$ 761,803	\$ 759,020
Contributions as a percentage of covered-employee payroll	7.89%	8.34%	8.43%	7.57%	6.76%	6.89%	6.19%	7.15%	7.97%



**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 Board of Commissioners  
Town of Emmitsburg, 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 Town of Emmitsburg, Maryland, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Emmitsburg, Maryland's basic financial statements, and have issued our report thereon dated December 28, 2023.

**Report Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Emmitsburg, 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 Town of Emmitsburg, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Emmitsburg, Maryland's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2023-001 to be a material weakness.

**TOWN OF EMMITSBURG, MARYLAND**  
**Independent Auditors' Report**  
**Page 2**

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. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2023-002 to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Emmitsburg, 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*.

**Town of Emmitsburg, Maryland's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Emmitsburg, Maryland's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Town of Emmitsburg, Maryland's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**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**  
**December 28, 2023**

**TOWN OF EMMITSBURG, MARYLAND**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

**Finding 2023-001 – Internal Controls over Grant Billings & Reconciliations**

**Criteria:** The Town is responsible for implementing adequate internal controls over its grant billings and related reconciliations to ensure grant revenues are recognized and received on a timely and accurate basis.

The Town considers all revenues as available if they are collected within 60 days after year-end for its governmental funds.

**Condition:** As a result of audit procedures, two material adjustments were recorded to properly recognize grant revenues for the Capital Projects Fund, Water Fund and Sewer Fund as shown below;

- To reduce grant revenues by \$127,070 for amounts not collected in 60 days after year end - Capital Projects Fund
- To reduce grant revenues by \$77,019 for corrections to the USDA & MDE grant – Water & Sewer Fund

**Cause:** It appears the practice of the Town is not to request reimbursement for expended grant funds until the project is final and complete. Due to this practice, the Town incurs grant expenditures and the related grant income is not requested or received on a timely basis, so there is a mismatch in grant revenues agreeing to related grant expenditures for the governmental funds of the Town.

In addition, it appears the Town needs a better reconciliation process amongst the individuals responsible for processing and billing the grant awards and the Town Accountant to ensure grants are recorded in the accounting system as expected.

**Effect:** As noted above, there was an overall decrease in grant revenues amongst the three funds as follows;

- \$127,070 Capital Projects Fund
- \$36,379 Water Fund
- \$40,640 Sewer Fund

For fiscal year 2023, the Capital Projects Fund incurred \$127,070 of related grant expenditures, with no offsetting grant revenues recorded based on the revenues not being available as the funds were yet to be requested from the grantor.

**Recommendation:** We recommend the Town review its current policies over grant billings and amend as considered necessary to ensure grant funds are requested within a timely manner after the expenditure has been occurred. If the grant allows for progress billings, it would be best practice to bill as the funds are expended and not hold until the project is complete. Also, we recommend the Town review its current reconciliation practices amongst the grants and accounting departments to ensure grant related revenues are recorded in the Town's accounting system as expected.

**Response:** Priority will be given to submit grant reimbursement requests in a timely manner if allowed by the grant organization before project completion.

**TOWN OF EMMITSBURG, MARYLAND**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

It should be noted that per the United States Department of Agriculture (USDA), Grant Closing Instructions, Request for Advance or Reimbursement document “[The Towns] initial submission, which is recommended to be one submission which would be initial and final...” (p. 8) was requested by the USDA. The Town has been waiting to submit one final submission per the USDA for the grant; however, there was a delay in project completion by the contractor due to supply chain issues. The project is expected to be completed by January 12, 2024.

For the MDE water clarifier grant, the Town submitted reimbursement requests to the State; however, there were several instances where payment was not received for over six months.

**Finding 2023-002 – Internal Controls over Financial Reporting**

**Criteria:** The Town is responsible for ensuring there is an effective financial close and reporting process and accounts reconciliations are performed to allow for the Town’s internal financial statements to be fairly stated.

**Condition:** In addition to the above adjustments noted in Finding 2023-001, we identified two other audit adjustments that were corrected as detailed below;

- To record \$173,436 of capital infrastructure costs and the related payable at year-end – Sewer Fund
- To adjust lessor receivables and related income – General & Sewer Fund
  - Decrease lessor receivable by \$71,604 for the Sewer Fund and \$27,856 for the General Fund
  - Increase revenue by \$13,124 for the Sewer Fund and decrease revenue by \$320 for the General Fund

**Cause:** It appears the above entries were an oversight during the financial close process.

**Effect:** There is a potential risk that the internal financial statements of the Town are not fairly stated when entries are missed during the month & year-end close.

**Recommendation:** We recommend the Town review its financial close and reporting process and make changes as determined applicable to ensure the Town’s transactions are properly recorded.

**Response:** Priority will be given to communicate with Supervisors that when invoices are received, especially during the first quarter of the new fiscal year, that thought should be given to identifying prior fiscal year work and to make sure if that is the case, that is noted on the invoice. Accounting staff also increasing oversight to this issue, with greater emphasis placed in cases of material amounts.