



The Town of Emmitsburg, Maryland

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

For the Year Ended June 30, 2020

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

As of June 30, 2020

Mayor

Donald N. Briggs

Commissioners

T.J. Burns

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, 2020**

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INDEPENDENT AUDITORS' REPORT

Mayor and Board of Commissioners Town of Emmitsburg, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Emmitsburg, Maryland, as of and for the year ended June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Town of Emmitsburg, Maryland
Independent Auditors' Report
Page 2

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Town of Emmitsburg, Maryland, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 – 9 and 40 – 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Emmitsburg, Maryland's internal control over financial reporting and compliance.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors
Frederick, Maryland
December 22, 2020



Mayor
Donald N. Briggs

Board of Commissioners
Timothy O'Donnell, *President*
Clifford Sweeney, *Vice President*
TJ Burns, *Treasurer*
Joseph Ritz III
Frank Davis

Town Manager
Cathleen Willets

Town Clerk
Madeline Shaw

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, 2020. 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 \$303,437 in fiscal year 2020 as compared to a decrease of \$262,993 in fiscal year 2019. This net position decrease was primarily due to the business-type activities of the Town. Revenues from both utility charges and tap fees were lower than anticipated in the water and sewer funds. A major factor related to the utility charges was the State of Maryland Emergency Lockdowns that effected the water use of the major institutional town accounts.
2. The assets of the Town of Emmitsburg exceeded its liabilities and as of June 30, 2020 as below noted:

Governmental Activities \$5,916,378 (up \$180,078 from last year)

Business-Type Activities – Enterprise Funds \$26,557,398 (down \$483,515 from last year)

Of the total net position, \$5,190,415 is unrestricted, \$1,373,880 is restricted and \$25,909,481 is net investment in capital assets.

Management's Discussion and Analysis

3. Total governmental and business-type assets were \$6,720,718 and \$32,875,846, respectively. Capital assets, net of accumulated depreciation, for governmental and business-type activities were \$4,207,575 and \$27,498,645, respectively.
4. Total deferred outflows of resources for governmental and business-type activities were \$90,272 and \$78,087, respectively.
5. Total governmental and business-type liabilities were \$701,791 and \$6,324,409, respectively. Of these amounts, \$6,417,906 are long-term liabilities.
6. Total deferred inflows of resources for governmental and business-type activities were \$192,821 and \$72,126, respectively.
7. As of June 30, 2020, the Town of Emmitsburg's governmental funds reported a combined ending fund balance of \$2,130,248 (down \$186,612 from last year). Of that amount, \$1,293,492 is unassigned or 60.7% of total government fund balance.
8. As of June 30, 2020, the Town of Emmitsburg's revenues were as herein noted: Governmental Funds were \$2,357,635, (up \$333,192 or 16.5% from last year), Enterprise Funds operating revenues were \$1,398,219 (down \$871 or .1% from last year). The increase in governmental funds revenue was primarily from increased real estate taxes, state highway use taxes, and miscellaneous revenues. Increased real estate assessments, return to prior year state highway use tax funding levels, and the sale of a property owned asset were tied to these increases. Enterprise funds remained consistent from the prior fiscal year. New sources of enterprise revenue were a forest harvesting agreement and grant activity related to the Creamery Road Pump Station.
9. As of June 30, 2020, the Town of Emmitsburg's expenditures were as herein noted: Governmental Funds were \$2,689,415 (up \$884,502 or 49.0% from last year), Enterprise Funds operating expenses were \$1,917,531 (up \$45,795 or 2.4% from last year). The Governmental Funds increase is contributable to more activity in the Capital Projects Fund. \$253,546 in FY19 as compared to \$947,004 in FY20 or 78.4% of the total increase. The Enterprise Funds increase is contributable to personnel services increases during FY20. \$516,168 in FY19 as compared to \$588,090 in FY20.

Management's Discussion and Analysis

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.

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.

Management's Discussion and Analysis

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The 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.

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 – 39 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 40 – 45 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.

Management's Discussion and Analysis

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

	Governmental Activities		Total Government	
	2019	2020	2019	2020
REVENUES				
Program Revenues				
Charges for services	\$ 297,996	\$ 285,124	\$ 1,697,086	\$ 1,683,343
Operating grants and contributions	156,024	173,311	156,024	173,311
Capital grants and contributions	18,429	321,494	18,429	321,494
General Revenues				
Taxes	1,022,766	1,048,941	1,022,766	1,048,941
Intergovernmental	422,288	440,603	422,288	440,603
Investment income	53,452	36,634	107,084	73,268
Rental income	34,932	31,982	122,182	121,632
Miscellaneous	18,556	19,546	25,554	70,144
TOTAL REVENUES	\$ 2,024,443	\$ 2,357,635	\$ 3,571,413	\$ 3,932,736
PROGRAM EXPENSES				
General government	\$ 596,372	\$ 922,150	\$ 596,372	\$ 922,150
Public safety	281,631	287,846	281,631	287,846
Public works	710,160	663,421	710,160	663,421
Recreation and culture	214,873	297,844	214,873	297,844
Interest	9,506	6,296	9,506	6,296
Business-type activities	-	-	2,021,864	2,058,616
TOTAL PROGRAM EXPENSES	1,812,542	2,177,557	3,834,406	4,236,173
TRANSFERS	-	-	-	-
CHANGE IN NET POSITION	\$ 211,901	\$ 180,078	\$ (262,993)	\$ (303,437)

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 \$95,358 or 4.9% above budgeted revenues. Revenues associated with local income taxes, grants related to the Covid-19 pandemic and census work, and bank interest income revenues were either above expectations or anticipated. General Fund expenditures were over budget by \$59,850 or 3.6% above budgeted expenses. An expenditure of note that was above budget was debt service expense resulting from the sale of the Town property at 140 South Seton Avenue resulting in the remaining principal payoff. This result would be counter balanced by the offsetting proceeds generated by the settlement included in the Other Financing Sources (Uses) section.

Management's Discussion and Analysis

Budget Fiscal Year 2021

Approved fiscal year 2021 General Fund revenues budget is \$1,870,067. Budgeted General Fund expenses before transfer to CIP is \$1,713,248. General Fund budgeted transfer to CIP is \$156,819.

The Real Estate Tax Rate will remain unchanged from fiscal year 2020. The constant yield rate was determined at the same rate as 2020 (.36 per \$100 assessed). Fiscal year 2021 Real Estate Tax revenue has been decreased, due to lowered expectations, relating to economic factors associated with the Covid-19 pandemic. This decrease is reflected in the FY21 budget of \$660,000 compared to the FY20 budget of \$675,000.

Fiscal year 2021 General Fund revenues budgeted have increased in the areas of Local Income Taxes and Cable Television Franchise Fee amounts earned by the Town versus prior fiscal year. It can be noted, though, that Local Income Taxes are budgeted below actual FY20 levels due to current economic conditions relating to the pandemic. FY21 budgeted is \$250,000 as compared to FY20 actual of \$283,022.

Per notice, County Tax Equity will be decreasing from \$440,603 to \$435,005. Overall State Highway Use Funds budgeted will decrease from \$131,782 to \$116,393. Property Rentals is budgeted to decrease going from \$40,607 to \$26,757. The main factor, in this decrease, is the FY20 sale of the

140 South Seton Avenue house property.

The Town will continue to set aside budgetary amounts in the Capital Projects Fund with continued emphasis of Curb, gutter, sidewalk, & road work, along with future vehicle replacement. Designation to each were \$25,896 & \$34,400 respectively.

Other designated areas set aside in the Capital Projects Fund is a commitment to storm-water management in planning, designating \$80,000, due to the Town's efforts relating to the MS-4 permit mandated by the State of Maryland. And last, due to current pandemic circumstances a budgetary item was designated for Small Business Grants totaling \$30,000.

Water & sewer rates will remain the same as fiscal year 2020. Minimum quarterly rates for water are \$35 and \$113 for sewer for a residential household with a standard $\frac{3}{4}$ 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.

Management's Discussion and Analysis

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,187,596	\$ 3,827,428	\$ 5,015,024
Restricted cash	-	1,159,080	1,159,080
Investments	1,000,000	-	1,000,000
Property taxes receivable, net	23,685	-	23,685
Due from customers	55,219	354,614	409,833
Due from other governments	97,612	16,841	114,453
Other receivables	147,326	-	147,326
Benefit assessments	-	11,931	11,931
Prepaid expenses	1,705	7,307	9,012
Capital assets:			
Capital assets not being depreciated	1,085,063	2,988,558	4,073,621
Capital assets being depreciated	8,035,475	35,506,295	43,541,770
Less: Accumulated depreciation	<u>(4,912,963)</u>	<u>(10,996,208)</u>	<u>(15,909,171)</u>
Capital assets, net	<u>4,207,575</u>	<u>27,498,645</u>	<u>31,706,220</u>
Total Assets	<u>6,720,718</u>	<u>32,875,846</u>	<u>39,596,564</u>
Deferred Outflows of Resources	<u>90,272</u>	<u>78,087</u>	<u>168,359</u>
Total Assets and Deferred Outflows of Resources	<u>6,810,990</u>	<u>32,953,933</u>	<u>39,764,923</u>
Liabilities			
Accounts payable	154,919	32,246	187,165
Accrued liabilities	46,205	121,522	167,727
Compensated absences	143,890	77,812	221,702
Escrow deposits	-	28,500	28,500
Benefit assessments - current	-	3,200	3,200
Long-term liabilities:			
Benefit assessments - noncurrent	-	25,430	25,430
Net pension liability	341,977	253,760	595,737
Debt obligations due within one year	14,800	234,943	249,743
Debt obligations due in more than one year	<u>-</u>	<u>5,546,996</u>	<u>5,546,996</u>
Total Liabilities	<u>701,791</u>	<u>6,324,409</u>	<u>7,026,200</u>
Deferred Inflows of Resources	<u>192,821</u>	<u>72,126</u>	<u>264,947</u>
Total Liabilities and Deferred Inflows of Resources	<u>894,612</u>	<u>6,396,535</u>	<u>7,291,147</u>
Net Position			
Net investment in capital assets	4,192,775	21,716,706	25,909,481
Restricted - specific purposes	214,800	1,159,080	1,373,880
Unrestricted	<u>1,508,803</u>	<u>3,681,612</u>	<u>5,190,415</u>
Total Net Position	<u>\$ 5,916,378</u>	<u>\$ 26,557,398</u>	<u>\$ 32,473,776</u>

The accompanying notes are an integral part of this statement.

TOWN OF EMMITSBURG, MARYLAND
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government	\$ (922,150)	\$ 53,135	\$ 14,677	\$ -	\$ (854,338)	\$ -	\$ (854,338)
Public safety	(287,846)	-	16,871	-	(270,975)	-	(270,975)
Public works	(663,421)	208,066	134,218	12,347	(308,790)	-	(308,790)
Recreation and culture	(297,844)	23,923	7,545	309,147	42,771	-	42,771
Interest on long-term debt	(6,296)	-	-	-	(6,296)	-	(6,296)
Total governmental activities	<u>(2,177,557)</u>	<u>285,124</u>	<u>173,311</u>	<u>321,494</u>	<u>(1,397,628)</u>		<u>(1,397,628)</u>
Business-type activities							
Water services	(720,067)	482,039	-	-	-	(238,028)	(238,028)
Sewer services	<u>(1,338,549)</u>	<u>916,180</u>				<u>(422,369)</u>	<u>(422,369)</u>
Total business-type activities	<u>(2,058,616)</u>	<u>1,398,219</u>				<u>(660,397)</u>	<u>(660,397)</u>
Total Primary Government	<u>\$ (4,236,173)</u>	<u>\$ 1,683,343</u>	<u>\$ 173,311</u>	<u>\$ 321,494</u>	<u>(1,397,628)</u>	<u>(660,397)</u>	<u>(2,058,025)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes			-		737,886	-	737,886
Income taxes			-		283,022	-	283,022
Other local taxes		-			28,033	-	28,033
County tax equity		-			440,603	-	440,603
Investment income					36,634	36,634	73,268
Rental income					31,982	89,650	121,632
Miscellaneous income					<u>19,546</u>	<u>50,598</u>	<u>70,144</u>
Total General Revenues					<u>1,577,706</u>	<u>176,882</u>	<u>1,754,588</u>
Change in Net Position					180,078	(483,515)	(303,437)
Net Position - beginning of year					<u>5,736,300</u>	<u>27,040,913</u>	<u>32,777,213</u>
Net Position - end of year					<u>\$ 5,916,378</u>	<u>\$ 26,557,398</u>	<u>\$ 32,473,776</u>

The accompanying notes are an integral part of this statement.

TOWN OF EMMITSBURG, MARYLAND
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Governmental Fund Types</u>		Total
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 483,089	\$ 704,507	\$ 1,187,596
Investments	1,000,000	-	1,000,000
Receivables:			
Taxes	23,685	-	23,685
Customers	55,219	-	55,219
Other governments	52,770	-	52,770
Other	62,364	84,962	147,326
Prepaid items	1,705	-	1,705
Total Assets	<u>\$ 1,678,832</u>	<u>\$ 789,469</u>	<u>\$ 2,468,301</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 154,585	\$ 334	\$ 154,919
Accrued liabilities	46,205	-	46,205
Total Liabilities	<u>200,790</u>	<u>334</u>	<u>201,124</u>
Deferred Inflows of Resources	<u>73,981</u>	<u>62,948</u>	<u>136,929</u>
Fund Balances			
Nonspendable	1,705	-	1,705
Restricted	-	214,800	214,800
Committed	108,864	-	108,864
Assigned	-	511,387	511,387
Unassigned	1,293,492	-	1,293,492
Total Fund Balances	<u>1,404,061</u>	<u>726,187</u>	<u>2,130,248</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,678,832</u>	<u>\$ 789,469</u>	<u>\$ 2,468,301</u>

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, 2020

	General	Capital Projects	Total Governmental Funds
Revenues			
Local property taxes	\$ 737,886	\$ -	\$ 737,886
Local income taxes	283,022	-	283,022
Other local taxes	28,033	-	28,033
Licenses and permits	43,300	-	43,300
Intergovernmental revenues	608,914	289,432	898,346
Service charges	240,250	(1,200)	239,050
Fines and forfeitures	2,775	-	2,775
Miscellaneous	81,410	43,813	125,223
Total Revenues	2,025,590	332,045	2,357,635
Expenditures			
General government	574,283	105,093	679,376
Public safety	281,346	6,500	287,846
Public works	491,752	363,791	855,543
Recreation and culture	200,624	471,620	672,244
Debt service	194,406	-	194,406
Total Expenditures	1,742,411	947,004	2,689,415
Excess (Deficiency) of Revenues over Expenditures	283,179	(614,959)	(331,780)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	145,168	-	145,168
Transfers in (out)	(466,507)	466,507	-
Total Other Financing Sources (Uses)	(321,339)	466,507	145,168
Deficiency of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(38,160)	(148,452)	(186,612)
Fund Balance July 1, 2019	1,442,221	874,639	
Fund Balance June 30, 2020	\$ 1,404,061	\$ 726,187	
Adjustments for the Statement of Activities			
Capital outlay			807,733
Depreciation expense			(235,746)
Proceeds from sale of capital assets			(145,168)
Loss on disposal of capital assets			(217,859)
Compensated absences			(22,627)
Debt service expenditures			188,110
Net pension adjustment			(7,753)
Change in Net Position of Governmental Activities			\$ 180,078

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, 2020

Fund balances - governmental funds	\$ 2,130,248
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, therefore are not reported in the funds

Property and equipment, net	4,207,575
Deferred outflows of resources - pension	90,272
Long-term receivable	44,842
Deferred inflows of resources - pension	(55,892)

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

Long-term debt	(14,800)
Compensated absences	(143,890)
Net pension liability	<u>(341,977)</u>

Net position - governmental activities	<u>\$ 5,916,378</u>
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The accompanying notes are an integral part of this statement.

TOWN OF EMMITSBURG, MARYLAND
Statement of Net Position
Proprietary Funds
June 30, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,345	\$ 3,825,083	\$ 3,827,428
Restricted cash	259,000	900,080	1,159,080
Due from customers	103,755	250,859	354,614
Due from other governments	8,207	8,634	16,841
Prepaid expenses	6,917	390	7,307
Benefit assessments - current	3,200	-	3,200
Total Current Assets	<u>383,424</u>	<u>4,985,046</u>	<u>5,368,470</u>
Capital Assets			
Capital assets not being depreciated	2,678,445	310,113	2,988,558
Capital assets being depreciated	7,007,959	28,498,336	35,506,295
Accumulated depreciation	<u>(3,163,459)</u>	<u>(7,832,749)</u>	<u>(10,996,208)</u>
Capital Assets, Net	<u>6,522,945</u>	<u>20,975,700</u>	<u>27,498,645</u>
Benefit assessments - noncurrent	<u>8,731</u>	<u>-</u>	<u>8,731</u>
Total Assets	<u>6,915,100</u>	<u>25,960,746</u>	<u>32,875,846</u>
Deferred Outflows of Resources	<u>39,258</u>	<u>38,829</u>	<u>78,087</u>
Total Assets and Deferred Outflows of Resources	<u>6,954,358</u>	<u>25,999,575</u>	<u>32,953,933</u>
Liabilities			
Current Liabilities			
Accounts payable	8,685	23,561	32,246
Accrued liabilities	23,721	97,801	121,522
Compensated absences	68,032	9,780	77,812
Benefit assessments - current	3,200	-	3,200
Escrow deposits	28,500	-	28,500
Debt obligations due within one year	134,905	100,038	234,943
Total Current Liabilities	<u>267,043</u>	<u>231,180</u>	<u>498,223</u>
Noncurrent Liabilities			
Benefit assessments - noncurrent	25,430	-	25,430
Net pension liability	116,150	137,610	253,760
Debt obligations due in more than one year	471,444	5,075,552	5,546,996
Total Noncurrent Liabilities	<u>613,024</u>	<u>5,213,162</u>	<u>5,826,186</u>
Total Liabilities	<u>880,067</u>	<u>5,444,342</u>	<u>6,324,409</u>
Deferred Inflows of Resources	<u>50,305</u>	<u>21,821</u>	<u>72,126</u>
Total Liabilities and Deferred Inflows of Resources	<u>930,372</u>	<u>5,466,163</u>	<u>6,396,535</u>
Net Position			
Net investment in capital assets	5,916,596	15,800,110	21,716,706
Restricted - expendable maintenance & improvements	259,000	900,080	1,159,080
Unrestricted	<u>(151,610)</u>	<u>3,833,222</u>	<u>3,681,612</u>
Total Net Position	<u>\$ 6,023,986</u>	<u>\$ 20,533,412</u>	<u>\$ 26,557,398</u>

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, 2020

	Business-type Activities - Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 466,920	\$ 877,866	\$ 1,344,786
Grant income	8,207	37,934	46,141
Miscellaneous income	<u>6,912</u>	<u>380</u>	<u>7,292</u>
Total Operating Revenues	482,039	916,180	1,398,219
Operating Expenses			
Personnel services	321,501	266,589	588,090
Operating	217,775	275,501	493,276
Depreciation	<u>160,905</u>	<u>675,260</u>	<u>836,165</u>
Total Operating Expenses	<u>700,181</u>	<u>1,217,350</u>	<u>1,917,531</u>
Operating Loss	(218,142)	(301,170)	(519,312)
Non-operating Revenues (Expenses)			
Investment income	18,317	18,317	36,634
Rental income	7,250	82,400	89,650
Other income	47,000	3,598	50,598
Interest expense	<u>(19,886)</u>	<u>(121,199)</u>	<u>(141,085)</u>
Total Non-operating Revenues (Expenses)	<u>52,681</u>	<u>(16,884)</u>	<u>35,797</u>
Change in Net Position	<u>(165,461)</u>	<u>(318,054)</u>	<u>(483,515)</u>
Total Net Position, beginning of year	<u>6,189,447</u>	<u>20,851,466</u>	<u>27,040,913</u>
Total Net Position, end of year	<u><u>\$ 6,023,986</u></u>	<u><u>\$ 20,533,412</u></u>	<u><u>\$ 26,557,398</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, 2020

	Business-type Activities - Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities			
Cash receipts from customers	\$ 486,677	\$ 890,776	\$ 1,377,453
Cash receipts from other governments	-	29,300	29,300
Cash payments to suppliers of goods and services	(228,377)	(286,481)	(514,858)
Cash payments to employees for services	(298,646)	(244,970)	(543,616)
Net cash provided by (used in) operating activities	<u>(40,346)</u>	<u>388,625</u>	<u>348,279</u>
Cash flows from non-operating activities			
Rental income	7,250	82,400	89,650
Other income	47,000	3,598	50,598
Net cash provided by non-operating activities	<u>54,250</u>	<u>85,998</u>	<u>140,248</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	(54,811)	(222,707)	(277,518)
Principal paid on bond and loans payable	(131,825)	(141,193)	(273,018)
Interest paid on capital debt	(22,876)	(123,057)	(145,933)
Net cash used in capital and related financing activities	<u>(209,512)</u>	<u>(486,957)</u>	<u>(696,469)</u>
Cash flows from investing activities			
Investment income	18,317	18,317	36,634
Net cash provided by investing activities	<u>18,317</u>	<u>18,317</u>	<u>36,634</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(177,291)	5,983	(171,308)
Cash, cash equivalents and restricted cash - beginning of year	438,636	4,719,180	5,157,816
Cash, cash equivalents and restricted cash - end of year	<u>\$ 261,345</u>	<u>\$ 4,725,163</u>	<u>\$ 4,986,508</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 2,345	\$ 3,825,083	\$ 3,827,428
Restricted cash	259,000	900,080	1,159,080
	<u>\$ 261,345</u>	<u>\$ 4,725,163</u>	<u>\$ 4,986,508</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, 2020

	Business-type Activities - Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating income (loss) to			
Net cash (used in) provided by operating activities			
Operating (loss)	\$ (218,142)	\$ (301,170)	\$ (519,312)
Depreciation	160,905	675,260	836,165
Net changes in assets and liabilities:			
Due from customers	13,076	971	14,047
Due from other governments	(8,207)	(8,634)	(16,841)
Prepaid expenses	3,526	(390)	3,136
Deferred outflows of resources	857	3,606	4,463
Accounts payable	(14,178)	(10,590)	(24,768)
Accrued liabilities	14,518	26,616	41,134
Compensated absences	8,857	4,362	13,219
Net pension liability	1,536	1,481	3,017
Deferred inflows of resources	(3,094)	(2,887)	(5,981)
Net cash provided (used in) by operating activities	<u>\$ (40,346)</u>	<u>\$ 388,625</u>	<u>\$ 348,279</u>

The accompanying notes are an integral part of this statement.

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements
June 30, 2020

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, 2020

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, 2020:

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, 2020

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.

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 30th, 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 30th, the Mayor formally presents the budget message to the Board of Commissioners.
5. Prior to June 30th, 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, 2020

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, 2020, the Town has an allowance for doubtful property taxes of \$17,435 reported in the general fund.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2020, 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.

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

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).

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, 2020, \$108,864 is committed for the purpose of paying employee benefits when such employees retire or otherwise leave the Town.

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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.

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 \$6,173,604, the bank balance was \$6,266,928 and cash on hand was \$500.

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

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

The Town maintains deposits at one financial institution. At June 30, 2020, the Town was fully covered by the Federal Deposit Insurance Corporation and pledged collateral.

Included in cash and cash equivalents, the Town had \$2,042,294 invested in the Maryland Local Government Investment Pool (MLGIP) as of June 30, 2020.

The Town's cash and investments as of June 30, 2020, 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	\$ 1,187,596	\$ 3,827,428	\$ 5,015,024
Restricted	-	1,159,080	1,159,080
	<u>\$ 1,187,596</u>	<u>\$ 4,986,508</u>	<u>\$ 6,174,104</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash on hand	\$ 500	\$ -	\$ 500
Deposits in bank	678,967	3,452,343	4,131,310
Investment pools (MLGIP)	508,129	1,534,165	2,042,294
	<u>\$ 1,187,596</u>	<u>\$ 4,986,508</u>	<u>\$ 6,174,104</u>

As of June 30, 2020, 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>< 1 Year</u>	<u>1-5 Years</u>	
Certificates of deposit (2)	\$ 1,000,000	\$ -	\$ 1,000,000	100.00%

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

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, 2020 were 0.42% for the MLGIP account and 2.30% 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, 2020

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, 2020 was \$191,332,793 and the property tax rate was \$0.36 per \$100 of assessed value.

NOTE 4- CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2019</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Dispositions</u>	<u>Balance June 30, 2020</u>
Capital assets, not being depreciated				
Land	\$ 1,164,089	\$ -	\$ (331,294)	\$ 832,795
Historical Collections	36,750	-	-	36,750
Construction in progress	204,638	10,880	-	215,518
Total capital assets not being depreciated	<u>1,405,477</u>	<u>10,880</u>	<u>(331,294)</u>	<u>1,085,063</u>
Capital assets, being depreciated				
Buildings	815,706	125,853	(118,254)	823,305
Improvements	1,287,464	-	-	1,287,464
Infrastructure	4,667,060	125,934	-	4,792,994
Machinery and equipment	653,206	545,066	(66,560)	1,131,712
Total capital assets being depreciated	<u>7,423,436</u>	<u>796,853</u>	<u>(184,814)</u>	<u>8,035,475</u>
Less: accumulated depreciation	<u>(4,830,299)</u>	<u>(235,746)</u>	<u>153,082</u>	<u>(4,912,963)</u>
Total capital assets being depreciated, net	<u>2,593,137</u>	<u>561,107</u>	<u>(31,732)</u>	<u>3,122,512</u>
Governmental Activities capital assets, net	<u>\$ 3,998,614</u>	<u>\$ 571,987</u>	<u>\$ (363,026)</u>	<u>\$ 4,207,575</u>

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 4- CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General Government	\$	27,117
Public works - streets		137,373
Parks and recreation		<u>71,256</u>
	\$	<u><u>235,746</u></u>

Capital asset activity for the year ended June 30, 2020 was as follows:

<u>Business-type Activities</u>	<u>Balance July 1, 2019</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Dispositions</u>	<u>Balance June 30, 2020</u>
Capital assets, not being depreciated				
Land and land improvements	\$ 2,689,050	\$ 9,950	\$ -	\$ 2,699,000
Construction in progress	<u>228,115</u>	<u>61,443</u>	<u>-</u>	<u>289,558</u>
Total capital assets not being depreciated	<u>2,917,165</u>	<u>71,393</u>	<u>-</u>	<u>2,988,558</u>
Capital assets, being depreciated				
Buildings and improvements	6,934,502	-	-	6,934,502
Infrastructure	28,146,215	145,641	-	28,291,856
Machinery and equipment	<u>219,454</u>	<u>60,483</u>	<u>-</u>	<u>279,937</u>
Total capital assets being depreciated	<u>35,300,171</u>	<u>206,124</u>	<u>-</u>	<u>35,506,295</u>
Less: accumulated depreciation	<u>(10,160,043)</u>	<u>(836,165)</u>	<u>-</u>	<u>(10,996,208)</u>
Total capital assets being depreciated, net	<u>25,140,128</u>	<u>(630,041)</u>	<u>-</u>	<u>24,510,087</u>
Business-type Activities capital assets, net	<u>\$ 28,057,293</u>	<u>\$ (558,648)</u>	<u>\$ -</u>	<u>\$ 27,498,645</u>

Depreciation expense was charged to functions/programs as follows:

Business-type Activities

Water	\$	160,905
Sewer		<u>675,260</u>
	\$	<u><u>836,165</u></u>

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 5- 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.

NOTE 6- DEBT OBLIGATIONS

Debt outstanding at June 30, 2020 is as follows:

<u>Purpose</u>	<u>Rate</u>	<u>Amount</u>
2001 Series A Infrastructure Bonds; Community Development Administration; Due 2021; Annual principal and interest of approximately \$15,200.	4.77%	\$ 14,800
2004 Series Drinking Water Bonds; Maryland Water Quality Financing Administration; Due 2024; Annual principal and interest of approximately \$23,200.	1.20%	85,930
2000 Series Drinking Water Bonds; Maryland Water Quality Financing Administration; Due 2021; Annual principal and interest of approximately \$53,700.	2.40%	50,007
2006 Series Drinking Water Bonds; Maryland Water Quality Financing Administration; Due 2026; Annual principal and interest of approximately \$26,579.	1.10%	146,157
2009 Series General Obligation Bond; Columbia Bank; Due 2029; Semi-annual interest payments with principal amounts due annually.	3.78%	324,255
2014 Series General Obligation Bond; United States Dept. of Agriculture Financing for WWTP; due 2055; Quarterly principal and interest of \$52,565.	2.38%	4,934,970
2016 Series General Obligation Bond; United States Dept. of Agriculture; due 2075; Quarterly principal and interest of \$2,101.	1.38%	<u>240,620</u>
Total Debt Obligations		<u>\$ 5,796,739</u>

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 6- DEBT OBLIGATIONS (Continued)

Changes in Non-Current Liabilities

During the year ended June 30, 2020, the following changes in long-term obligations occurred:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>	<u>Due within one year</u>
2000 MWQFA	\$ 98,842	\$ -	\$ (48,835)	\$ 50,007	\$ 50,007
2001 CDA	28,900	-	(14,100)	14,800	14,800
2004 MWQFA	106,779	-	(20,849)	85,930	21,100
2004 MWQFA	43,426	-	(43,426)	-	-
2006 MWQFA	169,598	-	(23,441)	146,157	23,698
2016 Woodsboro Bank	174,010	-	(174,010)	-	-
2009 GO Bond	362,955	-	(38,700)	324,255	40,100
2014 GO Bond	5,027,686	-	(92,716)	4,934,970	94,918
2016 GO Bond	245,671	-	(5,051)	240,620	5,120
Total	<u>\$ 6,257,867</u>	<u>\$ -</u>	<u>\$ (461,128)</u>	<u>\$ 5,796,739</u>	<u>\$ 249,743</u>

At June 30, 2020, the debt obligations are recorded as follows:

Governmental activities	\$ 14,800
Business-type activities:	
Water Fund	\$ 606,349
Sewer Fund	<u>5,175,590</u>
Total long-term debt obligations	<u>\$ 5,796,739</u>

Interest expense

For the year ended June 30, 2020 total interest costs were \$147,381 and reported as follows: interest expense of \$6,296 for governmental activities and \$141,085 for business-type activities. Cash paid for interest for business-type activities was \$145,933.

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 6- DEBT OBLIGATIONS (Continued)

Debt service requirements are as follows:

	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2021	\$ 249,743	\$ 144,638	\$ 394,381
2022	189,175	135,800	324,975
2023	193,674	131,357	325,031
2024	198,134	126,796	324,930
2025	180,727	121,054	301,781
2026-2030	721,508	605,383	1,326,891
2031-2035	659,504	433,724	1,093,228
2036-2040	740,005	353,223	1,093,228
2041-2045	830,412	262,816	1,093,228
2046-2050	931,961	161,267	1,093,228
2051-2055	889,465	48,113	937,578
2056-2060	12,431	147	12,578

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, 2020, 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, 2020

NOTE 7- 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:

2012	\$ 13,505
2013	13,388
2014	14,087
2015	14,521
2016	14,544
2017	14,388
2018	15,335
2019	15,738
2020	16,333

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 7- 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:

2012	\$ 61,513
2013	51,651
2014	59,732
2015	60,516
2016	54,470
2017	47,822
2018	56,004
2019	59,312
2020	65,278

Total pension expense for the year ended June 30, 2020 was \$78,446; \$44,613 for governmental activities and \$33,833 for business-type activities.

Key actuarial methods and assumptions:

Actuarial	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Inflation	2.60% general, 3.10% wage
Salary increases	3.10% to 8.35% including inflation
Discount rate	7.40%
Investment rate of return	7.40%
Mortality	Fully generational – Pub 2010/MP2018
Actuarial valuation date	June 30, 2019

Discount rate

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

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 7- 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 7.40%, 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:

	1% Decrease to 6.40%	Current Discount	1% Increase to 8.40%
System			
Employees Pension	\$ 815,507	\$ 595,737	\$ 411,688

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 8- GRANTS FROM GOVERNMENTAL UNITS

Federal and state governmental units represent an important source of supplementary funding used to finance construction, maintenance, employment programs, and other activities beneficial to the community. The grants received by the 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 2020.

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 9- DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

As of June 30, 2020, the Town reported deferred outflows and inflows of resources related to the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of pension assumptions	\$ 8,023	\$ 13,451
Difference between actual and expected experience		29,290
Net difference between projected and actual earnings on pension plan investments	-	612
Change in proportionate share	95,058	51,339
Town's contributions subsequent to the measurement	<u>65,278</u>	<u>-</u>
	<u>\$ 168,359</u>	<u>\$ 94,692</u>
Other deferred inflows:		
Property taxes - subsequent year		322
Unavailable revenues		<u>169,933</u>
		<u>\$ 264,947</u>

Deferred outflows of resources of \$65,278 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, 2021.

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:

2021	\$ (3,792)
2022	9,621
2023	816
2024	(15,767)
2025	733

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 10- 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. In addition, the Mayor and Commissioners set-aside funds for specific projects. As of June 30, 2020, the total amount restricted is as follows:

Surcharges for improvements - Water Fund	<u>\$ 259,000</u>
Surcharges for improvements - Sewer Fund	745,500
Lagoon improvements	110,000
Other building improvements	<u>44,580</u>
	<u>\$ 900,080</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	\$ 196,400
Committed for emergency warning system	<u>18,400</u>
	<u>\$ 214,800</u>

NOTE 11- 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.

TOWN OF EMMITSBURG, MARYLAND
Notes to the Financial Statements (Continued)
June 30, 2020

NOTE 12- SUBSEQUENT EVENTS

U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Town's revenues, expenses and cash flows cannot be determined at this time. All subsequent events have been evaluated through December 22, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.

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

For the Year Ended June 30, 2020	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget- Positive (Negative)
Local property taxes				
Real property	\$ 675,100	\$ 675,100	\$ 686,012	\$ 10,912
Personal property	65,000	65,000	53,045	(11,955)
Penalties and interest	6,000	6,000	7,430	1,430
Less discounts	<u>(9,000)</u>	<u>(9,000)</u>	<u>(8,601)</u>	<u>399</u>
Net local property taxes	<u>737,100</u>	<u>737,100</u>	<u>737,886</u>	<u>786</u>
Local income taxes	<u>240,000</u>	<u>240,000</u>	<u>283,022</u>	<u>43,022</u>
Other local taxes				
Admissions and amusement taxes	4,000	4,000	1,909	(2,091)
Public utility taxes	<u>25,000</u>	<u>25,000</u>	<u>26,124</u>	<u>1,124</u>
Total other local taxes	<u>29,000</u>	<u>29,000</u>	<u>28,033</u>	<u>(967)</u>
Licenses and permits				
Trader's licenses	4,500	4,500	4,658	158
Cable franchise fees	<u>31,500</u>	<u>31,500</u>	<u>38,642</u>	<u>7,142</u>
Total licenses and permits	<u>36,000</u>	<u>36,000</u>	<u>43,300</u>	<u>7,300</u>
Intergovernmental revenues				
State Aid for Police Protection	16,990	16,990	16,871	(119)
County - tax equity	440,603	440,603	440,603	-
Highway user revenues	131,782	131,782	122,914	(8,868)
Other	<u>-</u>	<u>-</u>	<u>28,526</u>	<u>28,526</u>
Total intergovernmental revenues	<u>589,375</u>	<u>589,375</u>	<u>608,914</u>	<u>19,539</u>
Service charges				
Garbage and tipping fees	191,200	191,200	196,302	5,102
Zoning permits	5,100	5,100	9,835	4,735
Parking meter receipts	12,000	12,000	10,190	(1,810)
Swimming pool	<u>19,400</u>	<u>19,400</u>	<u>23,923</u>	<u>4,523</u>
Total service charges	<u>227,700</u>	<u>227,700</u>	<u>240,250</u>	<u>12,550</u>
Fines and forfeitures				
Parking fines	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 2,775</u>	<u>\$ (2,225)</u>

The accompanying notes are an integral part of this statement.

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

For the Year Ended June 30, 2020	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget- Positive (Negative)
Miscellaneous revenues				
Interest income	20,000	20,000	36,634	16,634
Rental income	41,457	41,457	31,982	(9,475)
Other	<u>4,600</u>	<u>4,600</u>	<u>12,794</u>	<u>8,194</u>
Total miscellaneous revenues	<u>66,057</u>	<u>66,057</u>	<u>81,410</u>	<u>15,353</u>
Total Revenues	<u>\$ 1,930,232</u>	<u>\$ 1,930,232</u>	<u>\$ 2,025,590</u>	<u>\$ 95,358</u>
General Government				
Legislative				
Salaries	\$ 57,972	\$ 57,972	\$ 57,142	\$ 830
Fringe benefits	<u>5,970</u>	<u>5,970</u>	<u>5,550</u>	<u>420</u>
Total salaries and fringe benefits	<u>63,942</u>	<u>63,942</u>	<u>62,692</u>	<u>1,250</u>
Operations				
Other operating	<u>90,455</u>	<u>90,455</u>	<u>69,030</u>	<u>21,425</u>
Total operations	<u>90,455</u>	<u>90,455</u>	<u>69,030</u>	<u>21,425</u>
Capital Outlay	<u>1,000</u>	<u>1,500</u>	<u>300</u>	<u>1,200</u>
Total Legislative	<u>155,397</u>	<u>155,897</u>	<u>132,022</u>	<u>23,875</u>
Legal	<u>11,400</u>	<u>11,400</u>	<u>21,325</u>	<u>(9,925)</u>
Planning and Zoning				
Salaries	97,960	97,960	96,653	1,307
Fringe benefits	<u>10,949</u>	<u>10,949</u>	<u>11,108</u>	<u>(159)</u>
Total salaries and fringe benefits	<u>108,909</u>	<u>108,909</u>	<u>107,761</u>	<u>1,148</u>
Operations				
Other operating	<u>26,575</u>	<u>26,575</u>	<u>20,685</u>	<u>5,890</u>
Total operations	<u>26,575</u>	<u>26,575</u>	<u>20,685</u>	<u>5,890</u>
Capital outlay	<u>500</u>	<u>500</u>	<u>300</u>	<u>200</u>
Total Planning and Zoning	<u>135,984</u>	<u>135,984</u>	<u>128,746</u>	<u>7,238</u>

The accompanying notes are an integral part of this statement.

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

For the Year Ended June 30, 2020	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget- Positive (Negative)
Financial Administration				
Salaries	\$ 81,869	\$ 81,869	\$ 86,815	\$ (4,946)
Fringe benefits	56,119	56,119	56,570	(451)
Total salaries and fringe benefits	<u>137,988</u>	<u>137,988</u>	<u>143,385</u>	<u>(5,397)</u>
Operations				
Other operating	23,100	23,100	18,756	4,344
Accounting and auditing	13,500	13,500	11,520	1,980
Total operations	<u>36,600</u>	<u>36,600</u>	<u>30,276</u>	<u>6,323</u>
Capital outlay	-	-	-	-
Total Financial Administration	<u>174,588</u>	<u>174,588</u>	<u>173,661</u>	<u>926</u>
General Services				
Salaries	44,599	44,599	55,568	(10,969)
Fringe benefits	16,654	16,654	16,687	(33)
Total salaries and fringe benefits	<u>61,253</u>	<u>61,253</u>	<u>72,255</u>	<u>(11,002)</u>
Operations				
Other operating costs	67,300	67,300	45,577	21,723
Total operations	<u>67,300</u>	<u>67,300</u>	<u>45,577</u>	<u>21,723</u>
Capital outlay	2,600	2,600	697	1,903
Total General Services	<u>131,153</u>	<u>131,153</u>	<u>118,529</u>	<u>12,624</u>
Total General Government	<u>\$ 608,522</u>	<u>\$ 609,022</u>	<u>\$ 574,283</u>	<u>\$ 34,738</u>
Public Safety				
Police, ambulance and fire services				
Police protection	\$ 288,324	\$ 288,324	\$ 261,001	\$ 27,323
Other public safety expenses	6,670	6,670	14,345	(7,675)
Fire and rescue donations	6,000	6,000	6,000	-
Total operations	<u>300,994</u>	<u>300,994</u>	<u>281,346</u>	<u>19,648</u>
Capital outlay	500	500	-	500
Total Public Safety	<u>\$ 301,494</u>	<u>\$ 301,494</u>	<u>\$ 281,346</u>	<u>\$ 20,148</u>

The accompanying notes are an integral part of this statement.

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

For the Year Ended June 30, 2020	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget- Positive (Negative)
Public Works				
Highways and Streets				
Salaries	\$ 147,091	\$ 147,091	\$ 146,280	\$ 811
Fringe benefits	<u>74,745</u>	<u>74,745</u>	<u>74,290</u>	<u>455</u>
Total salaries and fringe benefits	<u>221,836</u>	<u>221,836</u>	<u>220,570</u>	<u>1,266</u>
Operations				
Other operating	<u>164,775</u>	<u>164,775</u>	<u>126,037</u>	<u>38,738</u>
Total operations	<u>164,775</u>	<u>164,775</u>	<u>126,037</u>	<u>38,738</u>
Capital outlay	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Total Highways and Streets	<u>388,411</u>	<u>388,411</u>	<u>346,607</u>	<u>41,805</u>
Refuse				
Salaries	<u>3,300</u>	<u>3,300</u>	<u>2,903</u>	<u>397</u>
Total salaries	<u>3,300</u>	<u>3,300</u>	<u>2,903</u>	<u>397</u>
Operations				
Other operating	<u>144,400</u>	<u>144,400</u>	<u>142,242</u>	<u>2,158</u>
Total operations	<u>144,400</u>	<u>144,400</u>	<u>142,242</u>	<u>2,158</u>
Total Refuse	<u>147,700</u>	<u>147,700</u>	<u>145,145</u>	<u>2,555</u>
Total Public Works	<u>\$ 536,111</u>	<u>\$ 536,111</u>	<u>\$ 491,752</u>	<u>\$ 44,360</u>
Recreation and Culture				
Park and swimming pool				
Salaries	\$ 56,404	\$ 56,404	\$ 58,381	\$ (1,977)
Fringe benefits	<u>26,927</u>	<u>26,927</u>	<u>26,009</u>	<u>918</u>
Total salaries and fringe benefits	<u>83,331</u>	<u>83,331</u>	<u>84,390</u>	<u>(1,059)</u>
Operations				
Other operating	<u>114,110</u>	<u>114,110</u>	<u>111,774</u>	<u>2,336</u>
Total operations	<u>114,110</u>	<u>114,110</u>	<u>111,774</u>	<u>2,336</u>
Capital Outlay	<u>4,800</u>	<u>4,800</u>	<u>4,460</u>	<u>340</u>
Total Recreation and Culture	<u>\$ 202,241</u>	<u>\$ 202,241</u>	<u>\$ 200,624</u>	<u>\$ 1,617</u>

The accompanying notes are an integral part of this statement.

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

For the Year Ended June 30, 2020	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget- Positive (Negative)
Debt Service				
Principal payments	\$ 25,835	\$ 25,835	\$ 188,811	\$ (162,976)
Interest payments	<u>7,858</u>	<u>7,858</u>	<u>5,595</u>	<u>2,263</u>
Total Debt Service	<u>\$ 33,693</u>	<u>\$ 33,693</u>	<u>\$ 194,406</u>	<u>\$ (160,713)</u>
Total Expenditures	<u>\$ 1,682,061</u>	<u>\$ 1,682,561</u>	<u>\$ 1,742,411</u>	<u>\$ (59,850)</u>
Excess of Revenues over Expenditures	<u>\$ 248,171</u>	<u>\$ 247,671</u>	<u>\$ 283,179</u>	<u>\$ 35,508</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	145,168	145,168
Transfers	(466,507)	(466,507)	(466,507)	-
Budgeted use of fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ (466,507)</u>	<u>\$ (466,507)</u>	<u>\$ (321,339)</u>	<u>\$ 145,168</u>
Net Change in Fund Balance	<u>\$ (218,336)</u>	<u>\$ (218,836)</u>	<u>\$ (38,160)</u>	<u>\$ 180,676</u>

The accompanying notes are an integral part of this statement.

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

For the Year Ended June 30	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	0.002888336%	0.002808523%	0.002349602%	0.002796106%	0.002871145%
Town's proportionate share of the net pension liability	<u>\$ 595,737</u>	<u>\$ 589,273</u>	<u>\$ 508,071</u>	<u>\$ 659,714</u>	<u>\$ 596,673</u>
Covered-employee payroll	\$ 862,452	\$ 877,880	\$ 813,293	\$ 772,254	\$ 761,803
Town's proportionate share of net pension liability as a percentage of its covered-employee payroll	<u>69.07%</u>	<u>67.12%</u>	<u>62.47%</u>	<u>85.43%</u>	<u>78.32%</u>
Plan Fiduciary Net position as a % of total pension liability	<u>71.18%</u>	<u>71.18%</u>	<u>69.38%</u>	<u>65.79%</u>	<u>68.78%</u>

TOWN OF EMMITSBURG, MARYLAND
Schedule of Contributions and Related Ratios

For the Year Ended June 30	2020	2019	2018	2017	2016
Contractually required contribution	\$ 65,278	\$ 59,312	\$ 56,004	\$ 47,822	\$ 54,470
Actual contribution	<u>(65,278)</u>	<u>(59,312)</u>	<u>(56,004)</u>	<u>(47,822)</u>	<u>(54,470)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 862,452	\$ 877,880	\$ 813,293	\$ 772,254	\$ 761,803
Contributions as a percentage of covered-employee payroll	7.57%	6.76%	6.89%	6.19%	7.15%

The accompanying notes are an integral part of this statement.



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, 2020, 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 22, 2020.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 22, 2020**