
**TOWN OF COLMAR
MANOR, MARYLAND**

**Financial Statements,
Supplementary Information and
Independent Auditor's Reports**

**For the Years Ended
June 30, 2024 and 2023**

LSWG
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

TOWN OF COLMAR MANOR, MARYLAND
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June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the
Town of Colmar Manor, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Colmar Manor, Maryland, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Town of Colmar Manor, 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 and each major fund of the Town of Colmar Manor, Maryland, as of June 30, 2024 and 2023, and the respective changes in financial position for the years 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Colmar Manor, 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 Colmar Manor, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024, on our consideration of the Town of Colmar Manor, 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 Colmar Manor, 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 Colmar Manor, Maryland's internal control over financial reporting and compliance.

LSWG, P.A.

Rockville, Maryland
October 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Colmar Manor, Maryland's (the Town) financial performance provides an overview of the Town's financial activities for the year ended June 30, 2024. Please read it in conjunction with the Town's financial statements.

Financial Highlights

The tax rate for residential and commercial real property for fiscal year 2024 was \$0.8368 and \$0.7913 per \$100 of assessed value respectively. The public utilities, corporate and personal property tax rates for fiscal year 2024 were \$1.65 per \$100 of assessed value.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Program Activities are government-wide statements that provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements report the Town's operation in more detail than the government-wide statements by providing information about the Town's most significant funds and individual parts.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Program Activities

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Program Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report changes in the Town's net position. You can think of the Town's *net* position (the difference between assets and liabilities) as one way to measure the Town's financial health or position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Program Activities, the Town accounts for the following:

- Governmental activities – All of the Town's basic services are reported here, including the police, general administration and public works. Taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Town's most significant funds. It does not report on the Town as a whole. The Town currently only operates one governmental fund called a General Fund.

- Governmental funds – All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Program Activities) and governmental funds in a reconciliation that is included in the financial statements under Exhibit A-6.

The Town as a Whole

Governmental Activities

To aid in the understanding of the Statement of Program Activities some additional explanation is needed. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

The following is a financial comparison of fiscal year 2023 and 2024 net revenues and expenses and an explanation for significant differences within the Statement of Program Activities.

Town of Colmar Manor, Maryland Statements of Program Activities

Governmental Activities	<u>FY2024</u>	<u>FY2023</u>
Net (Expenses) Revenue		
General Government	\$(427,288)	\$ 845,211
Community Center	(268,080)	(257,561)
Clubs and Committees	(9,501)	-
Public Works	(191,207)	(217,791)
Public Safety	(455,339)	(294,885)
Parks and Recreation	(28,000)	(54,355)
Code Enforcement	(30,572)	(44,854)
ARPA Funding	(634,052)	(355,497)
Interest Expense	<u>(68,267)</u>	<u>(72,299)</u>
Total Governmental Activities	\$(2,112,306)	\$(452,031)
General Revenues		
Property Taxes	\$1,117,182	\$1,085,411
Income Taxes	155,041	148,553
Intergovernmental	930	3,543
Interest	81,601	65,668
Miscellaneous	<u>11,426</u>	<u>27,833</u>
Total General Revenue	<u>1,366,180</u>	<u>1,331,008</u>
Increase (Decrease) in Net Position	<u>\$(746,126)</u>	<u>\$ 878,977</u>

From the above analysis, there was a decrease in net assets of \$746,126 during fiscal year 2024.

The overall Net Expenses increased by \$1,660,275 from fiscal year 2023 to fiscal year 2024. The main item that contributed to this increase was a decrease in grant revenue from the American Rescue Plan Act (ARPA) in FY24 as well as an increase in ARPA Expenditures in FY24.

The major Charges for Services shown on the Statement of Program Activities remained relatively consistent between FY23 and FY24.

The major Operating Grants received include \$71,045 from highway user revenue, \$48,332 from a Chesapeake Bay Trust Grant, \$21,875 from a Public Safety Grant, \$35,575 from State Aid for Police Protection and \$73,697 in recreation grants.

Governmental-Wide Financial Analysis

Over time net assets may serve as a useful indicator of a government's financial position. For the Town of Colmar Manor, Maryland, assets and deferred outflows exceeded its liabilities and deferred inflows by \$1,715,166 at the close of the most recent fiscal year.

The following is a comparison of the Town of Colmar Manor, Maryland's Net Position between fiscal year 2023 and 2024.

Town of Colmar Manor, Maryland's Net Position

	<u>FY2024</u>	<u>FY2023</u>
Current and Other Assets	\$1,335,051	\$1,913,475
Capital Assets - net	<u>2,194,519</u>	<u>2,471,347</u>
Total Assets	<u>3,529,570</u>	<u>4,384,822</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Current and Other Liabilities	231,783	218,978
Long Term Debt	<u>1,582,621</u>	<u>1,692,422</u>
Total Liabilities	<u>1,814,404</u>	<u>1,911,400</u>
Deferred Inflows	<u>-</u>	<u>12,130</u>
Investment in Capital Assets – net of related debt	521,898	681,652
Unrestricted	<u>1,193,268</u>	<u>1,779,640</u>
Total Net Position	<u>\$1,715,166</u>	<u>\$2,461,292</u>

The Town of Colmar Manor, Maryland's change in net position at June 30, 2024 was a decrease of \$746,126. The following is a more detailed summary of the changes in net position.

Town of Colmar Manor, Maryland Changes in Net Position

	<u>Governmental Activities</u>
Revenues:	
Program Revenues:	
Charges for Services	\$ 192,302
Operating Grants and Contributions	251,524
General Revenues	
Taxes	1,272,223
Other	<u>93,957</u>
Total Revenues	1,810,006
Expenses	
General Government	496,729
Community Center	358,867
Clubs and Committees	9,501
Public Works	310,584
Public Safety	544,138
Parks and Recreation	103,422
Code Enforcement	30,572
ARPA Funding	634,052
Interest Expense	<u>68,267</u>
Total Expenses	<u>2,556,132</u>
Decrease in Net Position	(746,126)
Net Position July 1, 2023	<u>2,461,292</u>
Net Position June 30, 2024	<u>\$ 1,715,166</u>

Taxes of \$1,272,223 comprised 70% of the total revenues of \$1,810,006. The taxes consist of property and income taxes.

The Town's Funds

The following schedule presents a summary of general revenue and expenditures for the Town's Funds for fiscal year ended June 30, 2024, and percentage of increases and decreases in relation to the prior year.

	<u>FY 2024</u>	<u>Percent</u>	<u>Increase</u>
	<u>Amount</u>	<u>of Total</u>	<u>(Decrease)</u>
<u>Revenues</u>			<u>From FY23</u>
General Property Taxes	\$1,101,021	61%	\$ 10,633
Intergovernmental	930	0%	(2,613)
State Shared Taxes	155,041	9%	6,488
Licenses and Permits	24,590	1%	4
Fines and Forfeitures	31,349	2%	(7,614)
Grant Revenue	250,524	14%	(1,203,720)
Miscellaneous	<u>230,390</u>	<u>13%</u>	<u>(13,189)</u>
Total Revenues	\$1,793,845	100%	\$ (1,210,011)
<u>Expenditures</u>			
General Government	\$ 749,266	32%	\$ (5,587)
Public Safety	552,170	23%	86,079
Clubs and Committees	9,501	1%	9,501
Public Works	335,736	14%	20,315
Code Enforcement	30,572	1%	(14,281)
Parks and Recreation	81,686	3%	42,958
ARPA Fund Expenditures	<u>634,052</u>	<u>26%</u>	<u>278,555</u>
Total Expenditures	\$2,392,983	100%	\$ 417,540

Total revenues decreased \$1,210,011 from fiscal year 2023 to 2024. The main category that contributed to this decrease was ARPA Fund Grant Revenue in the amount of \$1,238,255.

Total Expenditures increased \$417,540 from fiscal year 2023 to 2024. A large portion of this increase was associated with ARPA Fund Expenditures during FY24 in the amount of \$278,555.

General Fund Budgetary Highlights

There were various budget amendments made during the fiscal year that resulted in budget increases to the revenue and expenditure budgets by \$92,270 and \$110,825 respectively. The increase in budgeted revenues was associated with the many grants that the town received during the year. These included a Recreation Grant, Chesapeake Bay Trust Grant and a grant for Lariscy Park. An analysis of Exhibit B-1 to the financial statements will provide a detailed comparison of the original and amended budget resulting from these amendments.

Capital Asset and Debt Administration

Capital Assets

During the fiscal year 2004, in accordance with GASB No. 34, the Town had the option to restate capital assets for all prior years and reflect them within the financial statements. The Town elected not to do so. The capital assets consisting of land, construction in progress, building and building improvements, vehicles, streetlights and furniture and fixtures are reflected in the financial statements less accumulated depreciation. The total net capital assets at year-end were \$2,194,519. This figure consists of the cost of assets of \$6,732,293 less accumulated depreciation of \$4,537,774. The total net capital assets decreased by \$276,828 during the year.

Debt

At year-end, the Town had \$1,707,530 in long-term debt outstanding. \$1,435,000 of this amount represents the payments remaining on the funds borrowed for the Community Center/Town Hall refinancing during fiscal year 2022. Of the remaining amount of debt, \$34,909 is the liability for accrued compensated absences and \$237,621 is the premium cost of the 2021 CDA Bonds.

Economic Factors and Next Year's Budgets

For fiscal year 2024 the Town ended the year with a fund balance of \$1,179,562. Of this amount \$13,733 is Nonspendable and the remaining \$1,165,829 is Unassigned. The net change in fund balance was a decrease of \$599,138. This large decrease is a result of the town using ARPA funds that were recorded as revenue in prior years to fund expenditures in the current year.

For fiscal year 2025, the Town passed a balanced budget. In order to balance the budget the Town raised the commercial and residential real property tax rates above the Constant Yield Tax Rate by 3.9 cents and 3.39 cents respectively. In addition to this increase, the Town also budgeted \$150,757 of reserves to balance the budget. The Town's financial position remains strong with a projected unreserved fund balance of \$996,352.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Clerk-Treasurer at 3701 Lawrence Street, Colmar Manor, Maryland 20722.

Exhibit A-1

**Town of Colmar Manor, Maryland
Statements of Net Position
For the Years Ended June 30,**

	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>
Assets		
Cash and cash equivalents	\$ 128,884	\$ 280,969
Investments	1,042,335	1,479,621
Receivables, net	34,287	63,760
Due from other governments	115,812	77,555
Prepaid expenses	11,332	7,169
Other assets	2,401	4,401
Capital assets, net	<u>2,194,519</u>	<u>2,471,347</u>
Total Assets	<u>3,529,570</u>	<u>4,384,822</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Liabilities		
Accounts payable	60,040	57,133
Accrued compensated absences	44,497	34,088
Accrued expenses	37,246	30,484
Long-term liabilities		
Due within one year	90,000	97,273
Due in more than one year	<u>1,582,621</u>	<u>1,692,422</u>
Total Liabilities	<u>1,814,404</u>	<u>1,911,400</u>
Deferred Inflows	<u>-</u>	<u>12,130</u>
Net Position		
Invested in capital assets - net of related debt	521,898	681,652
Unrestricted	<u>1,193,268</u>	<u>1,779,640</u>
Total Net Position	<u>\$ 1,715,166</u>	<u>\$ 2,461,292</u>

The accompanying notes are an integral part of these statements.

TOWN OF COLMAR MANOR, MARYLAND
Statement of Program Activities
For the Year Ended June 30, 2024

Functions/Programs	Program Revenue			Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities				Governmental Activities
General government	\$ 496,729	\$ 68,441	\$ 1,000	\$ (427,288)
Community center	358,867	90,787	-	(268,080)
Clubs and committees	9,501	-	-	(9,501)
Public works	310,584	-	119,377	(191,207)
Public safety	544,138	31,349	57,450	(455,339)
Parks and recreation	103,422	1,725	73,697	(28,000)
Code enforcement	30,572	-	-	(30,572)
ARPA funding	634,052	-	-	(634,052)
Interest expense	68,267	-	-	(68,267)
Total Governmental Activities	\$ 2,556,132	\$ 192,302	\$ 251,524	(2,112,306)
General Revenues				
Property taxes				1,117,182
State shared taxes				155,041
Intergovernmental				930
Interest				81,601
Miscellaneous				11,426
Total General Revenues				1,366,180
Change in Net Position				(746,126)
Net Position, Beginning of Year				2,461,292
Net Position, End of Year				\$ 1,715,166

The accompanying notes are an integral part of this statement.

TOWN OF COLMAR MANOR, MARYLAND
Statement of Program Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenue			Net (Expenses) Revenue and Changes in Net Position	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities					
General government	\$ 475,151	\$ 80,220	\$ 1,240,142	\$ 845,211	\$ 845,211
Community center	347,569	90,008	-	(257,561)	(257,561)
Public works	295,724	-	77,933	(217,791)	(217,791)
Public safety	471,904	38,963	138,056	(294,885)	(294,885)
Parks and recreation	56,904	2,549	-	(54,355)	(54,355)
Code enforcement	44,854	-	-	(44,854)	(44,854)
ARPA funding	355,497	-	-	(355,497)	(355,497)
Interest expense	72,299	-	-	(72,299)	(72,299)
Total Governmental Activities	<u>\$ 2,119,902</u>	<u>\$ 211,740</u>	<u>\$ 1,456,131</u>	<u>(452,031)</u>	<u>(452,031)</u>
General Revenues					
Property taxes				1,085,411	1,085,411
State shared taxes				148,553	148,553
Intergovernmental				3,543	3,543
Interest				65,668	65,668
Miscellaneous				27,833	27,833
Total General Revenues				<u>1,331,008</u>	<u>1,331,008</u>
Change in Net Position				878,977	878,977
Net Position, Beginning of Year				<u>1,582,315</u>	<u>1,582,315</u>
Net Position, End of Year				<u>\$ 2,461,292</u>	<u>\$ 2,461,292</u>

The accompanying notes are an integral part of this statement.

TOWN OF COLMAR MANOR, MARYLAND
Balance Sheets
Governmental Fund
June 30,

	Governmental Fund 2024	Governmental Fund 2023
Assets		
Cash and cash equivalents	\$ 128,884	\$ 280,969
Investments	1,042,335	1,479,621
Receivables, net	34,287	63,760
Due from other governments	115,812	77,555
Prepaid expenses	11,332	7,169
Other assets	2,401	4,401
Total Assets	<u>1,335,051</u>	<u>1,913,475</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Liabilities		
Accounts payable	60,040	57,133
Accrued compensated absences	9,588	2,574
Accrued expenses	37,246	30,484
Total Liabilities	<u>106,874</u>	<u>90,191</u>
Deferred Inflows	<u>48,615</u>	<u>44,584</u>
Fund Balances		
Nonspendable	13,733	11,570
Assigned	-	98,775
Unassigned	1,165,829	1,668,355
Total Fund Balances	<u>\$ 1,179,562</u>	<u>\$ 1,778,700</u>
Reconciliation of Total Governmental Fund Balance To Net Position of the Governmental Activities		
Governmental Fund Balance	\$ 1,179,562	\$ 1,778,700
Property tax revenues in the Statement of Program Activities that do not provide current financial resources are not reported as revenues in the fund.	48,615	32,454
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	2,194,519	2,471,347
Compensated absences that are not available to pay for current period expenditures deferred in the fund.	(34,909)	(31,514)
Long-term liabilities not reported as liabilities in the governmental fund.	(1,672,621)	(1,789,695)
Net Position of Governmental Activities	<u>\$ 1,715,166</u>	<u>\$ 2,461,292</u>

The accompanying notes are an integral part of these statements.

Exhibit A-5

TOWN OF COLMAR MANOR, MARYLAND
Statements of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Fund
For the Years Ended June 30,

	Governmental Fund <u>2024</u>	Governmental Fund <u>2023</u>
Revenues		
General property taxes	\$ 1,101,021	\$ 1,090,388
State shared taxes	155,041	148,553
Licenses and permits	24,590	24,586
Intergovernmental revenues	930	3,543
Grant revenues	250,524	1,454,244
Fines and forfeitures	31,349	38,963
Miscellaneous	<u>230,390</u>	<u>243,579</u>
Total Revenues	1,793,845	3,003,856
Expenditures		
General government	749,266	754,853
Public safety	552,170	466,091
Parks and recreation	81,686	38,728
Public works	335,736	315,421
Clubs and committees	9,501	-
Code enforcement	30,572	44,853
ARPA funding expenditures	<u>634,052</u>	<u>355,497</u>
Total Expenditures	<u>2,392,983</u>	<u>1,975,443</u>
Excess (Deficiency) of Revenues over Expenditures	(599,138)	1,028,413
Fund Balance - Beginning of Year	<u>1,778,700</u>	<u>750,287</u>
Fund Balance - End of Year	<u>\$ 1,179,562</u>	<u>\$ 1,778,700</u>

The accompanying notes are an integral part of these statements.

TOWN OF COLMAR MANOR, MARYLAND
Reconciliation of the Statements of Revenues, Expenditures
and Changes in Fund Balances of Governmental Fund
to the Statement of Program Activities
For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
Net Change in Fund Balance - Governmental Fund	\$ (599,138)	\$ 1,028,413
Amounts reported for governmental activities in the Statement of Program Activities are different because:		
Property tax revenues in the Statement of Program Activities that (do) do not provide current financial resources are not reported as revenues in the fund.	16,161	(4,977)
Governmental fund reports capital outlays as expenditures. However, in the Statement of Program Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation did (did not) exceed capital outlay in the current period.	(276,828)	(238,739)
Compensated absences in the Statement of Program Activities (do) do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.	(3,395)	(9,628)
Changes in notes payable not requiring the use of current financial resources and therefore not reported as governmental fund expenditures.	<u>117,074</u>	<u>103,908</u>
Net Changes in Net Position	<u>\$ (746,126)</u>	<u>\$ 878,977</u>

The accompanying notes are an integral part of these statements.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Town of Colmar Manor (Town) was incorporated in 1927 under the laws of the State of Maryland. The Town operates under a Council form of government consisting of a Mayor and Town Council. The Town provides the following services as authorized by its charter: streets, sanitation, recreation, public safety (police) and general administration services. The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for established governmental and financial reporting principles. The Town previously implemented accounting and financial reporting requirements of GASB Statements No. 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments. GASB Statement No. 34 added the following components to the financial statements:

Management's Discussion and Analysis – A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements – These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets (such as buildings and infrastructure, including bridges and roads) and long-term liabilities. Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Position and the Statement of Program Activities.

Statement of Net Position – The Statement of Net Position displays the financial position of the Town. All assets, deferred outflows, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position. The net position of a government is broken into three categories –1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Program Activities – The Statement of Program Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons.

The financial statements were prepared in accordance with GASB Statement No. 14, The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with the basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town of Colmar Manor. There are no organizations for which the Town is financially accountable and there are no component units of the Town.

B. 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 reporting model focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary fund. The government-wide financial statements (i.e., the statement of net position and the statement of program activities) report information on all of the non-fiduciary activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. The Town does not have any business-type activities at this time. The Town currently has no fiduciary funds reportable in the government-wide financial statements.

The statement of program activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Reimbursements are reported as a reduction to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenue to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest payments which are reported as expenditures in the year due.

Property taxes, franchise fees, utility taxes, licenses, intergovernmental revenues, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental fund:

The General Fund – This is the Town's only fund. It accounts for all financial resources of the general government.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Deposits and Investments

Cash and cash equivalents, which are cash and short-term investments with maturities of three months or less, include cash on hand and demand deposit accounts.

2. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

3. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles and infrastructure assets are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 2004 are not reported in the basic financial statements. At June 30, 2024 and 2023, there is \$17,562 of infrastructure recorded on the books. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

Equipment – 3 to 5 years
Community center – 5 to 20 years
Parks and playgrounds – 20 years
Infrastructure – 20 years
Street lights – 40 years
Vehicles – 7 years

4. Compensated Absences

Town employees are granted vacation in varying amounts based on length of service. Carryover is limited to two hundred and forty (240) hours for each calendar year. Unused vacation pay, if any, is paid with the employee's termination or retirement. Those amounts estimated to be liquidated with expendable available financial resources from the general fund are reported as an expenditure and a fund liability of the general fund.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

5. Property Taxes

Property taxes for the current year were assessed and collected by Prince George's County and subsequently remitted to the Town. Property taxes are assessed on July 1st and are due and payable one half by September 30th and one half by December 31st. All unpaid taxes levied July 1st become delinquent on October 1st and January 1st. The residential real property tax rate for the Town for fiscal years ended June 30, 2024 and 2023 was \$0.8368 and \$0.8767 per \$100 of assessed taxable value, respectively. The commercial and industrial real property tax rate for the Town for fiscal years ended June 30, 2024 and 2023 was \$0.7913 and \$0.8259 per \$100 of assessed taxable value, respectively. The business personal property tax rates for the Town for the fiscal years ended June 30, 2024 and 2023 was \$1.65 and \$1.65 per \$100 of assessed taxable value, respectively. Procedures for the collection of delinquent taxes by Prince George's County are provided for in the laws of Maryland.

6. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net position is classified in the following categories:

Invested in capital assets, net of related debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, laws or regulations of other governments.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

6. Net Position (continued)

Unrestricted net position – This amount is the net position that does not meet the definition of “Invested in capital assets, net of related debt” or “restricted net position”.

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the actuarially accrued liability for unpaid claims which is prepared based on certain assumptions pertaining to interest rates, inflation rates, etc. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any of this type of item.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unearned property taxes of \$48,615 and \$32,454 as of June 30, 2024 and 2023, respectively, are included in deferred inflows.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

9. Long-term Debt

In the government-wide financial statements, outstanding debt is reported as a liability. Long-term debt for governmental activities is not reported as a liability in the fund financials statements. Long term debt consists primarily of a note payable, vehicle lease and accrued compensated absence.

Note 2 – Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position.

Note 3 – Detailed Notes on All Funds

A. Deposits and Investments

Deposits:

State statutes require all deposits be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized.

Town administration is authorized to invest in those instruments authorized by Maryland Statutes.

At June 30, 2024 and 2023, the carrying amount of the Town's deposits was \$128,884 and \$280,969 and the bank balances totaled \$140,059 and \$308,897, respectively. The balance in excess of Federal Deposit Insurance Corporation amounts are collateralized at local banks.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 3 – Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Investments – Maryland Local Government Investment Pool

The Town is a participant of the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the State a safe investment vehicle for the short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by a single Baltimore-based financial institution, PNC Bank. An MLGIP advisory committee of current participants was formed to review, on a quarterly basis, the activities of the Fund and to provide suggestions to enhance the pool. The MLGIP has an AAAM rating. The fair value of the pool is the same as the value of the pooled shares. At June 30, 2024 and 2023, the Town had \$1,042,335 and \$1,479,621, respectively invested in the Pool.

Investment Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. There are three categories of custodial credit risk. Category 1 includes investments that are insured or registered or where securities are held by the Town or its agents, in the Town's name. Category 2 includes uninsured and unregistered investments for which the counterparty's trust department or agent in the Town's name holds the securities. Category 3 includes uninsured and unregistered where the securities are held by the financial institution's trust department or agent, but not in the Town's name. At June 30, 2024 and 2023, all of the Town investments are insured or registered, or for which the securities are held by the Town or its agent in the Town's name or are invested in the MLGIP.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2024 and 2023:

- MLGIP mutual funds of \$1,042,335 and \$1,479,621, respectively and are valued using quoted market prices (Level 1 inputs).

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 3 – Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of June 30, 2024 and 2023 for the Town's individual major governmental funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>2024</u>	<u>2023</u>
Receivables		
Property taxes	\$ 50,494	\$ 45,368
Other	19,342	52,969
Gross receivables	69,836	98,337
Less: allowance for uncollectibles	(35,549)	(34,577)
Total Receivables - Net	<u>\$ 34,287</u>	<u>\$ 63,760</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

C. Due from Other Governments

Due from other governments for the General fund represents accrued revenue consisting of the following at June 30:

	<u>2024</u>	<u>2023</u>
State	\$ 102,817	\$ 64,283
County	3,935	1,699
Other local governments	9,060	11,573
Total Primary Government	<u>\$ 115,812</u>	<u>\$ 77,555</u>

D. Long-Term Debt

On January 26, 2011, the Town entered into a loan agreement in the amount of \$3,500,000. The proceeds of the note were used to finance the Community Center. This loan was refinanced with a new general obligation bond issued on September 26, 2013. It bears interest at 3.12% per annum beginning with monthly principal payments of \$11,141 and increasing to \$20,115 at the maturity date of January 26, 2031. The Town has pledged to the payment of this bond, the proceeds of the revenue, taxes or other charges levied or imposed and/or received for the payment of this bond, until such time as this bond and the interest is fully paid. This loan was paid off in December 2021.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 3 – Detailed Notes on All Funds (continued)

D. Long-Term Debt (continued)

On December 2, 2021 the Town closed on the issuance of \$1,655,660 in general obligation bonds through the State of Maryland Infrastructure Bond Program. The bonds were to refinance the SunTrust loan. The bonds are for 15 years at 1.957% interest and are payable semi-annually. The outstanding balance at June 30, 2024 and 2023 was \$1,435,000 and \$1,530,000, respectively.

In January 2020, the Town entered into a capital lease for a copier. The lease amount was \$16,426 and requires forty-eight monthly payments of \$342. The balance at June 30, 2024 and 2023 was \$0 and \$2,273, respectively.

The payment requirements on debt are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
FY25	\$ 63,392	\$ 90,000	\$ 153,392
FY26	58,811	95,000	153,811
FY27	53,975	100,000	153,975
FY28	48,885	105,000	153,885
FY29	43,541	110,000	153,541
FY30 - FY34	128,991	645,000	773,991
FY35 - FY36	14,537	290,000	304,537
	<u>\$ 412,132</u>	<u>\$ 1,435,000</u>	<u>\$ 1,847,132</u>
Unamortized bond premium		237,621	
		<u>\$ 1,672,621</u>	

Changes in Long-Term Debt are as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>
Accrued compensated absences	\$ 31,514	\$ 3,395	\$ -	\$ 34,909
CDA bonds 2021	1,530,000	-	(95,000)	1,435,000
CDA bond premium	257,421	-	(19,800)	237,621
Copier lease	2,274	-	(2,274)	-
	<u>1,789,695</u>	<u>-</u>	<u>(117,074)</u>	<u>1,672,621</u>
	<u>\$ 1,821,209</u>	<u>\$ 3,395</u>	<u>\$ (117,074)</u>	<u>\$ 1,707,530</u>

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 3 – Detailed Notes on All Funds (continued)

D. Long-Term Debt (continued)

Estimated payments of compensated absences are not included in the principal payment requirement schedule. The compensated absences liability attributable to governmental activities will be liquidated by the general fund.

E. Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable fund balance – such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable and property held for resale.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the Mayor and Council of the Town of Colmar Manor, Maryland.

Assigned fund balance – includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance – is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Nonspendable Fund Balance

The Town's nonspendable fund balance at June 30, 2024 and 2023 represents prepaid expenses and deposits of \$13,733 and \$11,570, respectively.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 3 – Detailed Notes on All Funds (continued)

E. Fund Balance (continued)

Assigned Fund Balance

The Town's assigned fund balance is fund balance reporting occurring by the Mayor and Town Council under the direction of the Clerk-Treasurer. The Town's fiscal year 2024-2025 adopted budget contained a projected use of \$789,465 of fund balance for the projected operating deficit. The Town's fiscal year 2023-2024 adopted budget contained a projected use of \$971,465 of fund balance for the projected operating deficit.

Order of Fund Balance Spending Policy

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First non-spendable fund balance is determined. Then restricted fund balances for specific purposes are determined, followed by committed fund balance and assigned fund balance. Unassigned fund balance cannot fall to a negative balance.

F. Capital Assets

Depreciation expense was charged to function/programs as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Governmental Activities:		
General government	\$ 290,629	\$ 290,294
Public safety	32,463	27,311
Public works	12,799	8,818
Parks and recreation	18,176	18,176
	<u>\$ 354,067</u>	<u>\$ 344,599</u>

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 3 – Detailed Notes on All Funds (continued)

F. Capital Assets (continued)

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 129,670	\$ -	\$ -	\$ 129,670
Construction in progress	20,556	-	-	20,556
Total capital assets, not being depreciated	<u>150,226</u>	<u>-</u>	<u>-</u>	<u>150,226</u>
Capital assets, being depreciated				
Street lights	18,217	-	-	18,217
Infrastructure	17,562	-	-	17,562
Community Center	5,517,557	2,346	-	5,519,903
Equipment	402,755	43,953	-	446,708
Parks and playgrounds	225,149	-	-	225,149
Vehicles	323,588	30,940	-	354,528
Total capital assets being depreciated	<u>6,504,828</u>	<u>77,239</u>	<u>-</u>	<u>6,582,067</u>
Less accumulated depreciation for:				
Street lights	(3,532)	(357)	-	(3,889)
Infrastructure	(14,642)	(878)	-	(15,520)
Community Center	(3,570,985)	(276,636)	-	(3,847,621)
Equipment	(296,332)	(35,541)	-	(331,873)
Parks and playgrounds	(66,886)	(11,258)	-	(78,144)
Vehicles	(231,330)	(29,397)	-	(260,727)
Total accumulated depreciation	<u>(4,183,707)</u>	<u>(354,067)</u>	<u>-</u>	<u>(4,537,774)</u>
Total capital assets, being depreciated, net	<u>2,321,121</u>	<u>(276,828)</u>	<u>-</u>	<u>2,044,293</u>
Governmental activities capital assets, net	<u>\$ 2,471,347</u>	<u>\$ (276,828)</u>	<u>\$ -</u>	<u>\$ 2,194,519</u>

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 4 – Commitment and Contingencies

A. 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; and natural disasters. The Town's general liability risks are financed through participation in the Local Government Insurance Trust Risk Pool. For the years ended June 30, 2024 and 2023, the Town paid annual premiums of approximately \$24,953 and \$22,085 respectively, to the pool for its general, auto, umbrella, and property insurance coverage. Claims over the past three years have been significantly less than that amount. The agreement with the pool provides that the pool will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of \$1,000,000. The Town continues to carry commercial insurance for employee health, life insurance and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage for fiscal year ended June 30, 2024. No significant reductions in insurance coverage have occurred in any of the past three fiscal years.

B. Contingent Liabilities

The Town receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any unallowed disbursements resulting from such audits could become a liability of the Town. In the opinion of Town management, no material refunds will be required as a result of unallowed disbursements (if any), by the grantor agencies.

C. Employee's Pension Plan

In 1999, the Town adopted a 457 retirement plan. This plan allows employees to contribute to the plan and the Town contributes 5% of each qualified employee's salary. To be qualified an employee has to have six months of service with the Town and be at least 18 years of age. After the qualification requirements have been met, each employee becomes fully vested after 5 years. Employee contributions are 100% vested. During the fiscal years ended June 30, 2024 and 2023, the Town contributed \$19,775 and \$18,846, respectively, to the plan.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 5 – American Rescue Plan Act

The American Rescue Plan Act (ARPA) was signed into Federal law in March of 2011, and established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. This program provides financial support to State and Local governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. These funds may be used to cover eligible program costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024, as long as the award funds incurred by December 31, 2024 are expended by December 31, 2026. Any funds not obligated or expended for eligible uses during this period must be returned to the U.S. Treasury.

The Town applied for and was awarded SLFRF funding passed through the State of Maryland in the amount of \$1,313,675 of which \$656,838 was received in August of 2021 and \$656,838 was received in August of 2022. For the years ended June 30, 2024 and 2023, revenue of \$0 and \$1,238,255, respectively was recognized.

Deferred inflows consist of the following on the Statements of Net Position as of June 30, 2024 and 2023:

	<u>2024</u>		<u>2023</u>
Grant funds received but not spent	\$ -		\$ 12,130
Total deferred inflows	<u>\$ -</u>		<u>\$ 12,130</u>

Deferred inflows consist of the following on the Balance Sheets – Governmental Funds as of June 30, 2024 and 2023:

	<u>2024</u>		<u>2023</u>
Grant funds received but not spent	\$ -		\$ 12,130
Property taxes	48,615		32,454
Total deferred inflows	<u>\$ 48,615</u>		<u>\$ 44,584</u>

Note 6 – Upcoming Pronouncements

GASB Statement No. 101, *Compensated Absences*, issued June 2022, will be effective for the Town beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2024 and 2023

Note 6 – Upcoming Pronouncements (continued)

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (As long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The Town's management has not yet determined the effect this Statement will have on the Town's financial statements.

Note 7 - Subsequent Events

Management has evaluated subsequent events through October 30, 2024, the date that the financial statements were available to be issued. There are no significant events to report.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Taxes, Penalties and Interest				
Local				
Real estate taxes	\$ 1,011,030	\$ 1,011,030	\$ 1,004,143	\$ (6,887)
Personal property taxes	70,000	70,000	95,166	25,166
Total Taxes - Local	1,081,030	1,081,030	1,099,309	18,279
Penalties and interest	2,500	2,500	1,712	(788)
Total Taxes - Local - Net	1,083,530	1,083,530	1,101,021	17,491
State Shared				
Income taxes	125,000	155,000	155,041	41
Admissions and amusement tax	100	100	-	(100)
Total Taxes - State Shared	125,100	155,100	155,041	(59)
Total Taxes, Penalties and Interest	1,208,630	1,238,630	1,256,062	17,432
Licenses and Permits				
Cable television	10,000	10,000	8,705	(1,295)
Cable television - capital equipment	6,500	6,500	5,428	(1,072)
Licenses and permits	10,500	10,500	9,210	(1,290)
Traders licenses	2,000	2,000	1,247	(753)
Total Licenses and Permits	29,000	29,000	24,590	(4,410)
Intergovernmental Revenues				
Landfill rebate	3,484	3,484	871	(2,613)
Bank stock	59	59	59	-
Total Intergovernmental Revenues	3,543	3,543	930	(2,613)
Fines and Forfeitures				
Vehicle release fees	2,000	2,000	1,989	(11)
Red light camera revenue	30,500	30,500	20,925	(9,575)
Code enforcement violations	250	250	950	700
Flagging release fees	500	500	100	(400)
Police reports	200	200	190	(10)
Police citations	5,500	5,500	7,195	1,695
Total Fines and Forfeitures	\$ 38,950	\$ 38,950	\$ 31,349	\$ (7,601)

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Grants				
State highway user revenue	\$ 69,963	\$ 69,963	\$ 71,045	\$ 1,082
Recreation grant - GOCCP	-	56,380	56,380	-
Public safety grant	87,500	87,500	21,875	(65,625)
Chesapeake Bay Trust grant	3,632	3,632	48,332	44,700
Larisey Park grant - CP&P	30,427	30,427	17,317	(13,110)
State aid for police protection	43,332	43,332	35,575	(7,757)
Total Grants	234,854	291,234	250,524	(40,710)
Miscellaneous				
Credit card processing fees	100	100	(350)	(450)
Larisey Park rental income	1,500	1,500	4,633	3,133
Donations	2,500	2,500	1,000	(1,500)
Community garden income	500	500	1,381	881
Interest income	67,340	67,340	81,601	14,261
Miscellaneous	1,000	1,000	869	(131)
Recreation program income	500	500	-	(500)
Recreation classes	1,500	1,500	1,725	225
Rental income	65,000	70,890	90,787	19,897
Vacant house registration	300	300	-	(300)
Sale of solar credits	5,400	5,400	6,274	874
Senior club income	-	-	3,214	3,214
Senior van	40,491	40,491	39,256	(1,235)
Total Miscellaneous	186,131	192,021	230,390	38,369
Total Revenues	\$ 1,701,108	\$ 1,793,378	\$ 1,793,845	\$ 467

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
General Government				
Legislative and Executive				
Salaries - Mayor & Council	\$ 34,000	\$ 34,000	\$ 34,000	\$ -
Payroll taxes - Mayor & Council	2,610	2,610	2,234	376
Office expense - Mayor & Council	6,000	6,000	1,730	4,270
Convention and travel	15,000	15,000	13,164	1,836
Total Legislative and Executive	57,610	57,610	51,128	6,482
Financial Administration				
Administrative salaries	179,489	171,054	166,701	4,353
Payroll taxes	13,730	16,480	16,456	24
Health insurance	90,000	87,250	78,830	8,420
Life insurance	2,200	2,200	1,942	258
Accounting and audit	9,000	10,000	10,000	-
Advertising	1,200	1,200	984	216
Dues and subscriptions	2,160	2,840	2,831	9
IT expenditures	8,500	8,500	7,207	1,293
Office expense	14,000	14,000	13,704	296
Retirement	31,903	31,903	19,775	12,128
Telephone	11,400	11,400	10,230	1,170
Unemployment costs	500	500	-	500
Workers compensation insurance	750	750	600	150
Total Financial Administration	364,832	358,077	329,260	28,817
Municipal Building				
Community Center				
Cable television	1,500	1,500	1,417	83
Debt service	165,501	165,501	163,700	1,801
Electric	26,000	30,200	30,134	66
Gas - heat	8,700	8,700	4,446	4,254
Insurance - building	11,000	12,780	12,777	3
Building maintenance	25,000	42,545	42,474	71
Service contracts	11,500	11,500	8,834	2,666
Water - WSSC	1,800	3,300	3,178	122
Total Municipal Building	\$ 251,001	\$ 276,026	\$ 266,960	\$ 9,066

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Other General Government				
Anacostia trail way	\$ 400	\$ 400	\$ 397	\$ 3
Bad debt expense	-	-	972	(972)
Colmar Manor Day	2,000	2,000	1,389	611
Copier lease	2,100	2,400	2,396	4
Direct deposit fees	1,000	1,710	1,702	8
ETHM - Youth Development Program	2,000	2,000	1,000	1,000
Interpreter services	7,200	7,780	7,780	-
Lariscey Park Grant-CP&P	30,427	30,427	13,368	17,059
Lobbyist	9,000	9,650	9,650	-
Night out	1,000	1,000	362	638
Office expense - copier maintenance	2,000	2,165	2,161	4
Port Town projects	1,000	1,025	1,022	3
Scholarship fund	2,000	2,000	1,800	200
Senior events	1,000	1,000	126	874
Senior van	50,804	50,804	42,402	8,402
Special events	2,500	2,625	2,623	2
Training	2,000	2,000	1,599	401
Website maintenance	1,000	6,100	6,097	3
Total Other General Government	117,431	125,086	96,846	28,240
Elections	1,000	1,100	1,098	2
Legal Counsel	18,000	18,000	3,974	14,026
Total General Government	809,874	835,899	749,266	86,633
Clubs and Committees				
Community garden	4,000	4,120	4,118	2
Green team	3,300	1,580	1,181	399
Animal welfare	2,000	2,000	1,524	476
Neighborhood watch	2,500	2,500	1,093	1,407
R&S senior club	-	1,600	1,585	15
Total Clubs and Committees	\$ 11,800	\$ 11,800	\$ 9,501	\$ 2,299

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Public Safety				
Police Department				
Salaries	\$ 347,453	\$ 375,453	\$ 375,209	\$ 244
Payroll taxes	26,580	27,405	27,402	3
Background checks, exams and training	3,000	3,000	1,590	1,410
Body cameras	2,300	2,300	2,230	70
Bicycle patrol	200	200	127	73
Communications - cell phones	4,000	4,540	4,537	3
Community outreach	500	500	452	48
DHCD Safety grant	87,500	87,500	53,778	33,722
DHCD Safety grant - Police salaries/ benefits	-	15,000	6,757	8,243
Employee assistance program	135	135	-	135
Equipment	5,500	2,329	2,065	264
Gasoline	19,000	19,000	12,213	6,787
Insurance - auto & general liability	11,300	11,300	10,728	572
Office expense	1,865	1,865	1,451	414
Operating expenses	1,000	1,006	1,006	-
Red light camera citations	10,980	6,680	6,649	31
Santa with a badge	650	650	278	372
Training	2,000	2,000	745	1,255
Travel and dues	3,000	3,000	1,563	1,437
Uniforms	2,100	2,100	1,903	197
Vehicle maintenance	10,000	10,000	8,825	1,175
Workers compensation insurance	24,564	32,664	32,662	2
Total Public Safety	<u>563,627</u>	<u>608,627</u>	<u>552,170</u>	<u>56,457</u>
Parks and Recreation				
Payroll taxes	-	200	200	-
Supplies	1,000	2,500	2,323	177
Class instructors	1,200	1,200	849	351
Recreation council holiday events	13,000	13,390	13,381	9
Rental expenses	16,000	21,300	21,058	242
Recreation grant - GOCCP	-	41,380	43,875	(2,495)
Total Parks and Recreation	<u>\$ 31,200</u>	<u>\$ 79,970</u>	<u>\$ 81,686</u>	<u>\$ (1,716)</u>

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
Code Enforcement				
Salaries	\$ 26,000	\$ 26,000	\$ 25,564	\$ 436
Payroll taxes	1,990	1,990	1,885	105
Code enforcement - shared expenses	4,000	4,000	3,123	877
Total Code Enforcement	31,990	31,990	30,572	1,418
Public Works				
Highways and Streets				
Salaries	147,772	121,492	121,452	40
Payroll taxes	11,301	11,301	9,678	1,623
Chesapeake Bay Trust grant	-	26,527	26,527	-
CDBG PY 43 street work/Adtek	24,177	-	-	-
Insurance - auto	1,600	2,900	1,448	1,452
Maintenance	10,000	13,510	13,461	49
Mosquito control	1,000	-	-	-
Street lighting	30,000	30,000	28,664	1,336
Tree service	2,500	700	685	15
Tipping fees	300	300	-	300
Gasoline - Town vehicles	6,000	5,300	4,358	942
Vehicle maintenance	5,000	800	247	553
Workers compensation insurance	9,742	9,742	9,366	376
Total Highways and Streets	249,392	222,572	215,886	6,686
Sanitation and Waste Removal				
Waste collection	102,000	119,850	119,850	-
Total Sanitation and Waste Removal	102,000	119,850	119,850	-
Total Public Works	351,392	342,422	335,736	6,686
American Rescue Plan	854,135	854,135	634,052	220,083
Total Expenditures	<u>\$ 2,654,018</u>	<u>\$ 2,764,843</u>	<u>\$ 2,392,983</u>	<u>\$ 371,860</u>

The accompanying notes are an integral part of this schedule.

Town of Colmar Manor, Maryland
Notes to Required Supplementary Information
June 30, 2024

Note 1 – Summary of Significant Budget Policies

The Town Council annually adopts a budget for the General Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund. On June 13, 2023 the Town Council approved the original adopted budget for the fiscal year ended June 30, 2024. On September 17, 2024, the Town Council approved the revised budget reflected in the financial statements for fiscal year ended June 30, 2024.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Note 2 – Material Violations

There were no material violations of the annual appropriated budgets for the General Fund for the fiscal year ended June 30, 2024. In addition, there were no excesses of budgetary expenditures for the period.



**INDEPENDENT AUDITOR'S 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***

To the Mayor and Council of the
Town of Colmar Manor, 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 and each major fund of the Town of Colmar Manor, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Colmar Manor, Maryland's basic financial statements, and have issued our report thereon dated October 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Colmar Manor, Maryland's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Colmar Manor, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Colmar Manor, Maryland's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Colmar Manor, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

LSWG, P.A.

Rockville, Maryland
October 30, 2024



To the Mayor and Council of the
Town of Colmar Manor, Maryland
3701 Lawrence Street
Colmar Manor, Maryland 20722

In planning and performing our audit of the financial statements of the governmental activities and the general fund of the Town of Colmar Manor, Maryland as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Colmar Manor's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Colmar Manor's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Colmar Manor'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 discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be 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 following deficiencies in internal control to be material weaknesses:

Policy for Collecting Personal Property Taxes

The Town does not currently have a written policy regarding the procedures for collecting personal property taxes (i.e. when second notices are mailed, what the consequences are for non-payment, how collections will take place, etc.). There are balances that remain in personal property tax receivables from as far back as 2005 and it is unlikely that all of these amounts are collectible. We recommend that the Town investigate the collectability of the existing receivables and establish a written policy for how personal property taxes will be collected moving forward. Management has established an allowance account of approximately \$36,000 which includes accounts in arrears over five years.

Other items identified during the audit that could strengthen financial reporting is discussed below.

PayPal Procedures

The Town has a PayPal account that was established to facilitate the receipt of payments for tickets and fines. The Town has also begun to use the PayPal account for vendor payments. These payments do not adhere to the Town's current cash disbursement processes. While the amount is not currently material, we recommend that written policies be established for how vendor payments through PayPal are initiated and authorized.

Also, the Town has over \$5,000 in the Pay Pal account at the end of the fiscal year. PayPal is not a financial institution and therefore this amount is not covered by FDIC or a collateral agreement therefore there is a risk of loss. We recommend that a policy be established so that these funds are immediately moved from PayPal into a Town bank account.

Segregation of Duties

The Clerk Treasurer is an authorized check signer and has access to the accounting system. An important system of internal controls usually includes segregation of accounting duties. We understand that the Town has a committee comprised of Council members who review the bank statements prior to forwarding to the Clerk Treasurer for reconciliations which helps mitigate this risk.

This communication is intended solely for the information and use of management, the Mayor and the Council, and others within the Town of Colmar Manor, and is not intended to be, and should not be, used by anyone other than these specified parties.

LSWG, P.A.

Rockville, Maryland
October 30, 2024