
Town of Colmar Manor, Maryland

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

**For the Years Ended
June 30, 2023 and 2022**

LSVG

**CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS**

TOWN OF COLMAR MANOR, MARYLAND
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June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

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, 2023 and 2022, 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, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 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, 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 budgetary comparison information 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.

LSWG, P.A.

October 13, 2023
Rockville, Maryland

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Colmar Manor's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2023. 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 2023 was \$0.8767 and \$0.8259 per \$100 of assessed value respectively. The public utilities, corporate and personal property tax rates for fiscal year 2023 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 2022 and 2023 net revenues and expenses and an explanation for significant differences within the Statement of Program Activities.

Town of Colmar Manor Statement of Program Activities

Governmental Activities	<u>FY2022</u>	<u>FY2023</u>
Net (Expenses) Revenue		
General Government	\$(444,367)	\$ 845,211
Community Center	(303,902)	(257,561)
Public Works	(237,382)	(217,791)
Public Safety	(287,558)	(294,885)
Parks and Recreation	(39,057)	(54,355)
Code Enforcement	(13,955)	(44,854)
ARPA Funding	-	(355,497)
Interest Expense	<u>(57,540)</u>	<u>(72,299)</u>
Total Governmental Activities	\$(1,383,761)	\$(452,031)
General Revenues		
Property Taxes	\$1,063,165	\$1,085,411
Income Taxes	131,577	148,553
Intergovernmental	3,543	3,543
Interest	2,494	65,668
Miscellaneous	<u>9,628</u>	<u>27,833</u>
Total General Revenue	<u>1,210,407</u>	<u>\$1,331,008</u>
Increase (Decrease) in Net Position	<u>\$(173,354)</u>	<u>\$ 878,977</u>

From the above analysis, there was an increase in net assets of \$878,977 during fiscal year 2023.

The overall Net Expenses decreased by \$931,730 from fiscal year 2022 to fiscal year 2023. The main item that contributed to this decrease was grant revenue from the American Rescue Plan Act in the amount of \$1,238,255.

The major Charges for Services shown on the Statement of Program Activities included \$90,008 in Rental Fees in the Community Center and \$28,122 in Red Light Camera Citations in the Public Safety program area.

The major Operating Grants received include \$57,377 from highway user revenue, \$65,625 from a Public Safety Grant and \$43,331 from State Aid for Police Protection. In Capital Grants and Contributions, the Town received \$1,238,255 from the American Rescue Plan Act.

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, assets exceeded liabilities by \$2,461,292 at the close of the most recent fiscal year.

The following is a comparison of the Town of Colmar Manor's Net Position between fiscal year 2022 and 2023.

Town of Colmar Manor's Net Position

	<u>FY2022</u>	<u>FY2023</u>
Current and Other Assets	\$1,449,335	\$1,913,475
Capital Assets - net	<u>2,710,086</u>	<u>2,471,347</u>
Total Assets	<u>4,159,421</u>	<u>4,384,822</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Current and Other Liabilities	208,266	218,978
Long Term Debt	<u>1,787,422</u>	<u>1,692,422</u>
Total Liabilities	<u>1,995,688</u>	<u>1,911,400</u>
Deferred Inflows	<u>581,418</u>	<u>12,130</u>
Investment in Capital Assets – net of related debt	816,483	681,652
Unrestricted	<u>765,832</u>	<u>1,779,640</u>
Total Net Position	<u>\$1,582,315</u>	<u>\$2,461,292</u>

The Town of Colmar Manor's change in net position at June 30, 2023 was an increase of \$878,977. The following is a more detailed summary of the changes in net position.

Town of Colmar Manor Changes in Net Position

	<u>Governmental Activities</u>
Revenues:	
Program Revenues:	
Charges for Services	\$ 211,740
Operating Grants and Contributions	1,456,131
General Revenues	
Taxes	1,233,964
Other	<u>97,044</u>
Total Revenues	2,998,879
Expenses	
General Government	475,151
Community Center	347,569
Public Works	295,724
Public Safety	471,904
Parks and Recreation	56,904
Code Enforcement	44,854
ARPA Funding	355,497
Interest Expense	<u>72,299</u>
Total Expenses	2,119,902
Increase in Net Position	<u>878,977</u>
Net Position July 1, 2022	<u>1,582,315</u>
Net Position June 30, 2023	<u>\$ 2,461,292</u>

Taxes of \$1,233,964 comprised 42% of the total revenues of \$2,998,879. 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, 2023, and percentage of increases and decreases in relation to the prior year.

	<u>FY 2023</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From FY22</u>
<u>Revenues</u>			
General Property Taxes	\$1,090,388	36%	\$ 23,990
Intergovernmental	3,543	0%	0
State Shared Taxes	148,553	5%	16,976
Licenses and Permits	24,586	1%	(2,809)
Fines and Forfeitures	38,963	1%	(11,224)
Grant Revenue	1,454,244	49%	1,301,289
Miscellaneous	<u>243,579</u>	<u>8%</u>	<u>115,418</u>
Total Revenues	\$3,003,856	100%	\$ 1,443,640
<u>Expenditures</u>			
General Government	\$ 754,853	38%	(43,024)
Public Safety	466,091	24%	89,947
Public Works	315,421	16%	13,561
Code Enforcement	44,853	2%	30,898
Parks and Recreation	38,728	2%	16,051
ARPA Fund Expenditures	<u>355,497</u>	<u>18%</u>	<u>280,077</u>
Total Expenditures	\$1,975,443	100%	\$ 387,510

Total revenues increased \$1,443,640 from fiscal year 2022 to 2023. The main categories that contributed to this increase were Grant Revenue, which increased \$1,301,289 and Miscellaneous revenue that increased \$115,418. General Property Taxes increased by \$23,990. Real Estate Taxes increased \$4,995.

The largest major increase in Grant Revenue was from an ARPA Grant in the amount of \$1,238,255. A large contributor to Miscellaneous Revenues was interest income earned on investments in the amount of \$65,668 in fiscal year 2023 compared to \$2,494 in fiscal year 2022.

Total Expenditures increased \$387,510 from fiscal year 2022 to 2023.

This increase was associated with an \$89,947 increase in Public Safety Expenditures, a \$13,561 increase in Public Works Expenditures, a \$30,898 increase in Code Enforcement Expenditures, a \$16,051 increase in Parks and Recreation expenditures, a \$280,077 increase in ARPA Expenditures and a \$43,024 decrease in General Government expenditures.

The decrease in General Government expenditures was due to a write off of personal property taxes as a bad debt in the amount of \$27,676 in fiscal year 2022 versus \$6,901 in fiscal year 2023. There was also a decrease in the Circuit Rider Manager costs in the amount of \$10,000 from fiscal year 2022 that was not incurred in fiscal year 2023.

The major increase in police costs during fiscal year 2023 was associated with salaries and benefits. The police department was fully staffed in fiscal year 2023 while it had vacancies in fiscal year 2022. Salary and benefit costs accounted for \$65,955 of the increase over fiscal year 2022.

Public Works increased over the prior year as a result of increased waste collection costs. Parks and Recreation costs remained constant between fiscal year 2023 and fiscal year 2022.

ARPA expenditures increased from \$75,420 in fiscal year 2022 to \$355,497 in fiscal year 2023, an increase of \$280,077. This increase was a result of funding and expending for ARPA eligible projects.

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 \$181,536 and \$234,392 respectively. The increase in budgeted revenues was associated with the many grants that the town received during the year. These included a License Plate Reader Grant, Public Safety Grant, Chesapeake Bay Trust Grant and the Laricey Park Grant. A large portion of the increase in budgeted expenditures was related to the expenses associated with these grants.

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 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 \$2,471,347. This figure consists of cost of assets of \$6,504,828 less accumulated depreciation of \$4,183,707. The total net capital assets decreased by \$238,740 during the year.

Debt

At year-end, the Town had \$1,821,209 in long-term debt outstanding. \$1,530,000 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, \$2,274 is associated with the lease of a new copier, \$31,514 is the liability for accrued compensated absences and \$257,421 is the premium cost of the 2021 CDA Bonds.

Economic Factors and Next Year's Budgets

For fiscal year 2023 the Town ended the year with a fund balance of \$1,778,700. Of this amount \$11,570 is Nonspendable, \$98,775 is Assigned and \$1,668,355 is Unassigned. The net change in fund balance is an increase of \$1,028,413. This large increase is a result of the town electing to treat the grant funds received through the American Rescue Plan Act as lost revenue and therefore recognizing the grant funds in fiscal year 2023.

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>2023</u>	Governmental Activities <u>2022</u>
Assets		
Cash and cash equivalents	\$ 280,969	\$ 62,434
Investments	1,479,621	1,262,543
Receivables, net	63,760	52,656
Due from other governments	77,555	66,071
Prepaid expenses	7,169	175
Other assets	4,401	5,456
Capital assets, net	<u>2,471,347</u>	<u>2,710,086</u>
Total Assets	<u>4,384,822</u>	<u>4,159,421</u>
 Deferred Outflows	 <u>-</u>	 <u>-</u>
 Liabilities		
Accounts payable	57,133	62,327
Accrued compensated absences	34,088	22,881
Accrued expenses	30,484	16,877
Long-term liabilities		
Due within one year	97,273	106,181
Due in more than one year	<u>1,692,422</u>	<u>1,787,422</u>
Total Liabilities	<u>1,911,400</u>	<u>1,995,688</u>
 Deferred Inflows	 <u>12,130</u>	 <u>581,418</u>
 Net Position		
Invested in capital assets - net of related debt	681,652	816,483
Unrestricted	<u>1,779,640</u>	<u>765,832</u>
Total Net Position	<u>\$ 2,461,292</u>	<u>\$ 1,582,315</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, 2023

Functions/Programs	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expenses) Revenue and Changes in Net Position Governmental Activities</u>	<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</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>	(452,031)	(452,031)
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
Statement of Program Activities
For the Year Ended June 30, 2022

Functions/Programs	<u>Expenses</u>	<u>Program Revenue</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>	<u>Governmental Activities</u>	<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>				
Governmental Activities							
General government	\$ 519,482	\$ 75,115	\$ -	\$ -	\$ (444,367)	\$ (444,367)	
Community center	370,590	66,688	-	-	(303,902)	(303,902)	
Public works	295,700	-	58,318	-	(237,382)	(237,382)	
Public safety	356,962	50,187	19,217	-	(287,558)	(287,558)	
Parks and recreation	40,688	1,631	-	-	(39,057)	(39,057)	
Code enforcement	13,955	-	-	-	(13,955)	(13,955)	
ARPA funding	75,420	-	-	75,420	-	-	
Interest expense	57,540	-	-	-	(57,540)	(57,540)	
Total Governmental Activities	<u>\$ 1,730,337</u>	<u>\$ 193,621</u>	<u>\$ 77,535</u>	<u>\$ 75,420</u>	(1,383,761)	(1,383,761)	
General Revenues							
Property taxes					1,063,165	1,063,165	
State shared taxes					131,577	131,577	
Intergovernmental					3,543	3,543	
Interest					2,494	2,494	
Miscellaneous					9,628	9,628	
Total General Revenues					<u>1,210,407</u>	<u>1,210,407</u>	
Change in Net Position					(173,354)	(173,354)	
Net Position, Beginning of Year					<u>1,755,669</u>	<u>1,755,669</u>	
Net Position, End of Year					<u>\$ 1,582,315</u>	<u>\$ 1,582,315</u>	

The accompanying notes are an integral part of this statement.

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

	Governmental Fund 2023	Governmental Fund 2022
Assets		
Cash and cash equivalents	\$ 280,969	\$ 62,434
Investments	1,479,621	1,262,543
Receivables, net	63,760	52,656
Due from other governments	77,555	66,071
Prepaid expenses	7,169	175
Other assets	4,401	5,456
Total Assets	<u>1,913,475</u>	<u>1,449,335</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Liabilities		
Accounts payable	57,133	62,327
Accrued compensated absences	2,574	995
Accrued expenses	30,484	16,877
Total Liabilities	<u>90,191</u>	<u>80,199</u>
Deferred Inflows	<u>44,584</u>	<u>618,849</u>
Fund Balances		
Nonspendable	11,570	5,631
Assigned	98,775	78,943
Unassigned	1,668,355	665,713
Total Fund Balances	<u>\$ 1,778,700</u>	<u>\$ 750,287</u>
Reconciliation of Total Governmental Fund Balance To Net Position of the Governmental Activities		
Governmental Fund Balance	\$ 1,778,700	\$ 750,287
Property tax revenues in the Statement of Program Activities that do not provide current financial resources are not reported as revenues in the fund.	32,454	37,431
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	2,471,347	2,710,086
Compensated absences that are not available to pay for current period expenditures deferred in the fund.	(31,514)	(21,886)
Long-term liabilities not reported as liabilities in the governmental fund.	<u>(1,789,695)</u>	<u>(1,893,603)</u>
Net Position of Governmental Activities	<u>\$ 2,461,292</u>	<u>\$ 1,582,315</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>2023</u>	Governmental Fund <u>2022</u>
Revenues		
General property taxes	\$ 1,090,388	\$ 1,066,398
State shared taxes	148,553	131,577
Licenses and permits	24,586	27,395
Intergovernmental revenues	3,543	3,543
Grant revenues	1,454,244	152,955
Fines and forfeitures	38,963	50,187
Miscellaneous	<u>243,579</u>	<u>128,161</u>
Total Revenues	3,003,856	1,560,216
Expenditures		
General government	754,853	797,877
Public safety	466,091	376,144
Parks and recreation	38,728	22,677
Public works	315,421	301,860
Code enforcement	44,853	13,955
ARPA funding expenditures	<u>355,497</u>	<u>75,420</u>
Total Expenditures	<u>1,975,443</u>	<u>1,587,933</u>
Excess (Deficiency) of Revenues over Expenditures	1,028,413	(27,717)
Other Financing Sources (Uses)		
Bond issuance	-	1,655,660
Bond premium	-	297,025
Bond payoff	-	(1,902,232)
Bond issuance costs	<u>-</u>	<u>(50,453)</u>
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,028,413	(27,717)
Fund Balance - Beginning of Year	<u>750,287</u>	<u>778,004</u>
Fund Balance - End of Year	<u><u>\$ 1,778,700</u></u>	<u><u>\$ 750,287</u></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>2023</u>	<u>2022</u>
Net Change in Fund Balance - Governmental Fund	\$ 1,028,413	\$ (27,717)
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.	(4,977)	(3,233)
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.	(238,739)	(243,501)
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.	(9,628)	(1,378)
Changes in notes payable not requiring the use of current financial resources and therefore not reported as governmental fund expenditures	<u>103,908</u>	<u>102,475</u>
Net Changes in Net Position	<u>\$ 878,977</u>	<u>\$ (173,354)</u>

The accompanying notes are an integral part of these statements.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

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 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, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022

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. As June 30, 2023 and 2022, 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, 2023 and 2022

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, 2023 and 2022 was \$0.8767 and \$0.9235 per \$100 of assessed taxable value, respectively. The commercial and industrial real property tax rate for the Town for fiscal years ended June 30, 2023 and 2022 was \$0.8259 and \$0.8636 per \$100 of assessed taxable value, respectively. The business personal property tax rates for the Town for the fiscal years ended June 30, 2023 and 2022 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, 2023 and 2022

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 \$32,454 and \$37,431 as of June 30, 2023 and 2022, respectively, are included in deferred inflows.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022, the carrying amount of the Town's deposits was \$280,969 and \$62,434 and the bank balances totaled \$308,897 and \$84,061, 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, 2023 and 2022

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, 2023 and 2022, the Town had \$1,479,621 and \$1,262,543, 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, 2023 and 2022, 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, 2023 and 2022:

- MLGIP mutual funds of \$1,479,621 and \$1,262,543, respectively and are valued using quoted market prices (Level 1 inputs).

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of June 30, 2023 and 2022 for the Town's individual major governmental funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>2023</u>	<u>2022</u>
Receivables		
Property taxes	\$ 45,368	\$ 51,137
Other	52,969	29,195
	<u>98,337</u>	<u>80,332</u>
Gross receivables		
Less: allowance for uncollectibles	(34,577)	(27,676)
Total Receivables - Net	<u><u>\$ 63,760</u></u>	<u><u>\$ 52,656</u></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 at June 30, 2023 and 2022 consisting of the following:

	<u>2023</u>	<u>2022</u>
State	\$ 64,283	\$ 46,132
County	1,699	871
Other local governments	11,573	19,068
Total Primary Government	<u><u>\$ 77,555</u></u>	<u><u>\$ 66,071</u></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, 2023 and 2022

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, 2023 and 2022 was \$1,530,000 and \$1,610,000, respectively.

In July 2018, the Town entered into a master lease purchase agreement for a Ford truck. The lease amount was \$41,209 and required four annual principal and interest payments of \$10,302. The interest rate was 4.89%. This loan was paid off in 2022.

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, 2023 and 2022 was \$2,273 and \$6,379, respectively.

The payment requirements on debt are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
FY24	\$ 68,227	\$ 97,273	\$ 165,500
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 - FY33	158,149	620,000	778,149
FY34 - FY36	28,920	425,000	453,920
	<u>\$ 480,359</u>	<u>\$ 1,532,273</u>	<u>\$ 2,012,632</u>
Unamortized bond premium		257,422	
		<u>\$ 1,789,695</u>	

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

D. Long-Term Debt (continued)

Changes in Long-Term Debt are as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>
Accrued compensated absences	\$ 21,886	\$ 9,628	\$ -	\$ 31,514
CDA bonds 2021	1,610,000	-	(80,000)	1,530,000
CDA bond premium	277,223	-	(19,802)	257,421
Copier lease	6,380	-	(4,106)	2,274
	<u>1,893,603</u>	<u>-</u>	<u>(103,908)</u>	<u>1,789,695</u>
	<u>\$ 1,915,489</u>	<u>\$ 9,628</u>	<u>\$ (103,908)</u>	<u>\$ 1,821,209</u>

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.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

E. Fund Balance (continued)

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, 2023 and 2022 represents prepaid expenses and deposits of \$11,570 and \$5,631, respectively.

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 2023-2024 adopted budget contained a projected use of \$98,775 of fund balance for the projected operating deficit. The Town's fiscal year 2022-2023 adopted budget contained a projected use of \$78,943 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>2023</u>	<u>2022</u>
Governmental Activities:		
General government	\$ 290,294	\$ 285,153
Public safety	27,311	18,458
Public works	8,818	7,408
Parks and recreation	18,176	18,176
	<u>\$ 344,599</u>	<u>\$ 329,195</u>

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

F. Capital Assets (continued)

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 129,670	\$ -	\$ -	\$ 129,670
Construction in progress	<u>-</u>	<u>20,556</u>	<u>-</u>	<u>20,556</u>
Total capital assets, not being depreciated	<u>129,670</u>	<u>20,556</u>	<u>-</u>	<u>150,226</u>
Capital assets, being depreciated				
Street lights	11,487	6,730	-	18,217
Infrastructure	17,562	-	-	17,562
Community Center	5,511,471	6,086	-	5,517,557
Equipment	393,291	72,488	(63,024)	402,755
Parks and playgrounds	225,149	-	-	225,149
Vehicles	<u>338,125</u>	<u>-</u>	<u>(14,537)</u>	<u>323,588</u>
Total capital assets being depreciate	6,497,085	85,304	(77,561)	6,504,828
Less accumulated depreciation for:				
Street lights	(3,217)	(315)	-	(3,532)
Infrastructure	(13,764)	(878)	-	(14,642)
Community Center	(3,295,303)	(275,682)	-	(3,570,985)
Equipment	(331,430)	(27,926)	63,024	(296,332)
Parks and playgrounds	(55,628)	(11,258)	-	(66,886)
Vehicles	<u>(217,327)</u>	<u>(28,540)</u>	<u>14,537</u>	<u>(231,330)</u>
Total accumulated depreciation	(3,916,669)	(344,599)	77,561	(4,183,707)
Total capital assets, being depreciated, net	<u>2,580,416</u>	<u>(259,295)</u>	<u>-</u>	<u>2,321,121</u>
Governmental activities capital assets, net	<u>\$ 2,710,086</u>	<u>\$ (238,739)</u>	<u>\$ -</u>	<u>\$ 2,471,347</u>

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022, the Town paid annual premiums of approximately \$22,085 and \$20,397 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, 2023. 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, 2023 and 2022, the Town contributed \$18,846 and \$25,532, respectively, to the plan.

Town of Colmar Manor, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022, revenue of \$1,313,675 and \$75,420, respectively was recognized.

Deferred inflows consist of the following on the Statements of Net Position as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Grant funds received but not spent	\$ 12,130	\$ 581,418
Total deferred inflows	<u>\$ 12,130</u>	<u>\$ 581,418</u>

Deferred inflows consist of the following on the Balance Sheets – Governmental Funds as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Grant funds received but not spent	\$ 12,130	\$ 581,418
Property taxes	<u>32,454</u>	<u>37,431</u>
Total deferred inflows	<u>\$ 44,584</u>	<u>\$ 618,849</u>

Note 6 - Subsequent Events

Management has evaluated subsequent events through October 13, 2023, 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, 2023

	<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>
Taxes, Penalties and Interest				
Local				
Real estate taxes	\$ 1,008,188	\$ 1,008,188	\$ 1,019,210	\$ 11,022
Personal property taxes	70,000	70,000	68,614	(1,386)
Total Taxes - Local	1,078,188	1,078,188	1,087,824	9,636
Penalties and interest	2,500	2,500	2,564	64
Total Taxes - Local - Net	1,080,688	1,080,688	1,090,388	9,700
State Shared				
Income taxes	125,000	143,650	148,553	4,903
Admissions and amusement tax	100	100	-	(100)
Total Taxes - State Shared	125,100	143,750	148,553	4,803
Total Taxes, Penalties and Interest	1,205,788	1,224,438	1,238,941	14,503
Licenses and Permits				
Cable television	14,000	14,000	10,486	(3,514)
Cable television - capital equipment	8,500	8,500	6,518	(1,982)
Licenses and permits	5,250	5,250	6,200	950
Traders licenses	2,000	2,000	1,382	(618)
Total Licenses and Permits	29,750	29,750	24,586	(5,164)
Intergovernmental Revenues				
Landfill rebate	3,484	3,484	3,484	-
Bank Stock	59	59	59	-
Total Intergovernmental Revenues	3,543	3,543	3,543	-
Fines and Forfeitures				
Vehicle release fees	1,000	1,000	2,831	1,831
Red light camera revenue	50,000	50,000	28,122	(21,878)
Code enforcement violations	800	800	100	(700)
Flagging release fees	2,000	2,000	420	(1,580)
Police reports	300	300	190	(110)
Police citations	6,000	6,000	7,300	1,300
Total Fines and Forfeitures	\$ 60,100	\$ 60,100	\$ 38,963	\$ (21,137)

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	<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	\$ 56,347	\$ 56,347	\$ 57,377	\$ 1,030
ARPA FY22 Carryover	569,938	569,938	581,417	11,479
ARPA - reserved	656,838	656,838	656,838	-
License plate reader grant	-	30,350	29,100	(1,250)
Public safety grant	-	87,500	65,625	(21,875)
Chesapeake Bay Trust grant	-	32,686	20,556	(12,130)
Laricey Park grant - CP&P	33,000	33,000	-	(33,000)
State aid for police protection	21,638	21,638	43,331	21,693
Total Grants	1,337,761	1,488,297	1,454,244	(34,053)
Miscellaneous				
Credit card processing fees	100	100	(321)	(421)
Laricy Park rental income	5,000	5,000	1,705	(3,295)
Donations	2,500	2,500	1,887	(613)
Community garden income	300	300	614	314
Interest income	1,000	1,000	65,668	64,668
Miscellaneous	500	500	2,240	1,740
Recreation program income	500	500	-	(500)
Recreation classes	2,500	2,500	2,549	49
Rental income	75,000	87,350	90,008	2,658
Vacant house registration	300	300	-	(300)
Sale of solar credits	5,400	5,400	5,642	242
Senior van	50,700	50,700	55,020	4,320
Sale of asset	-	-	203	203
Property clean-up	-	-	950	950
PCB Settlement	-	-	17,414	17,414
Total Miscellaneous	143,800	156,150	243,579	87,429
Total Revenues	\$ 2,780,742	\$ 2,962,278	\$ 3,003,856	\$ 41,578

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	<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	\$ 35,550	\$ 35,550	\$ -
Payroll taxes - Mayor/Council	2,610	2,610	2,372	238
Office expense - Mayor/Council	5,000	8,710	8,709	1
Convention and travel	15,000	15,000	11,036	3,964
Total Legislative and Executive	56,610	61,870	57,667	4,203
Financial Administration				
Administrative salaries	169,344	146,344	145,850	494
Payroll taxes	12,955	16,855	16,778	77
Health insurance	75,000	86,000	85,822	178
Life insurance	2,000	2,000	1,940	60
Accounting and audit	8,500	8,500	8,500	-
Advertising	400	1,160	1,160	-
Dues and subscriptions	1,500	2,380	2,377	3
IT expenditures	8,000	8,300	8,299	1
Office expense	14,000	14,000	13,443	557
Retirement	33,000	25,570	18,846	6,724
Telephone	11,400	12,050	12,041	9
Unemployment costs	500	500	-	500
Workers compensation insurance	845	845	788	57
Total Financial Administration	337,444	324,504	315,844	8,660
Municipal Building				
Community Center				
Cable television	1,500	1,500	1,285	215
Debt service	152,783	152,783	152,614	169
Electric	23,000	31,050	31,035	15
Gas - heat	5,000	7,100	7,073	27
Insurance - building	11,000	11,000	10,915	85
Building maintenance	25,000	48,500	48,462	38
Service contracts	11,500	11,500	9,690	1,810
Water- WSSC	1,000	1,000	2,025	(1,025)
Total Municipal Building	\$ 230,783	\$ 264,433	\$ 263,099	\$ 1,334

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	<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>
Other General Government				
Anacostia trail way	\$ 400	\$ 400	\$ 397	\$ 3
Bad debt expense	-	-	6,901	(6,901)
Colmar Manor Day	2,000	2,000	-	2,000
Community garden	4,000	4,350	4,337	13
Copier lease	4,200	4,200	4,106	94
Council retreat	-	5,500	5,473	27
Direct deposit fees	1,000	1,000	987	13
ETHM - Youth Development Program	3,000	3,000	-	3,000
Interpreter services	7,200	7,200	7,055	145
Laricey Park Grant-CP&P	33,000	33,000	5,873	27,127
Lobbyist	-	6,950	6,950	-
Night out	1,000	1,130	1,130	-
Office expense - copier maintenance	2,000	2,000	1,458	542
Port Town projects	1,000	1,000	-	1,000
Scholarship fund	1,000	3,000	3,000	-
Senior events	2,000	2,000	226	1,774
Senior van	49,636	55,136	50,679	4,457
Special events	2,500	3,600	3,585	15
Training	2,000	2,000	1,080	920
Website maintenance	1,000	1,000	-	1,000
Total Other General Government	116,936	138,466	103,237	35,229
Elections	-	1,000	973	27
Legal Counsel	18,000	18,000	14,033	3,967
Total General Government	\$ 759,773	\$ 808,273	\$ 754,853	\$ 53,420

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
Public Safety				
Police Department				
Salaries	\$ 336,071	\$ 336,071	\$ 328,254	\$ 7,817
Payroll taxes	25,709	24,489	20,596	3,893
Background checks, exams and training	1,500	1,500	1,454	46
Body cameras	1,100	1,100	1,115	(15)
Bicycle patrol	200	200	162	38
Communications - cell phones	4,000	4,000	3,458	542
Community outreach	500	500	110	390
DHCD Safety grant	-	87,500	-	87,500
Equipment	5,500	5,500	3,459	2,041
Gasoline	15,000	18,300	18,279	21
Insurance - auto	8,300	9,600	9,582	18
License plate reader	-	30,350	29,100	1,250
Office expense	2,000	2,000	1,949	51
Operating expenses	1,000	1,000	622	378
Red light camera citations	18,500	8,500	8,365	135
Santa with a badge	650	650	450	200
Training	2,000	2,200	2,195	5
Travel and dues	3,000	3,000	918	2,082
Uniforms	2,000	2,170	2,170	-
Vehicle maintenance	6,600	11,750	11,740	10
Workers compensation insurance	21,027	22,127	22,113	14
Total Public Safety	<u>454,657</u>	<u>572,507</u>	<u>466,091</u>	<u>106,416</u>
Parks and Recreation				
Supplies	1,000	2,100	2,013	87
Class instructors	1,200	1,200	1,369	(169)
Recreation council holiday events	10,000	8,900	8,567	333
Rental expenses	15,000	27,000	26,779	221
Total Parks and Recreation	<u>\$ 27,200</u>	<u>\$ 39,200</u>	<u>\$ 38,728</u>	<u>\$ 472</u>

Continued

Town of Colmar Manor, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	<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>
Code Enforcement				
Salaries	\$ -	\$ 3,600	\$ 3,582	\$ 18
Payroll taxes	-	210	202	8
Parking permit program	1,000	1,000	-	1,000
Code enforcement - shared expenses	49,000	65,561	38,960	26,601
Property clean up	-	-	1,200	(1,200)
Code enforcement expenses	1,000	1,000	909	91
Total Code Enforcement	51,000	71,371	44,853	26,518
Public Works				
Highways and Streets				
Salaries	117,138	112,398	109,269	3,129
Salary - Trash Picker	20,613	20,613	19,621	992
Payroll taxes	10,238	10,808	10,807	1
Chesapeake Bay Trust grant	-	32,686	20,556	12,130
Insurance - auto	1,500	1,600	1,588	12
Maintenance	9,500	9,570	9,566	4
Mosquito control	1,000	1,000	-	1,000
Street lighting	25,000	27,600	27,578	22
Tree service	1,000	3,985	3,110	875
Tipping fees	300	300	-	300
Gasoline - Town vehicles	6,000	6,850	6,818	32
Vehicle maintenance	5,000	5,000	2,093	2,907
Workers compensation insurance	7,990	8,540	8,529	11
Total Highways and Streets	205,279	240,950	219,535	21,415
Sanitation and Waste Removal				
Waste collection	102,000	102,000	95,886	6,114
Total Sanitation and Waste Removal	102,000	102,000	95,886	6,114
Total Public Works	307,279	342,950	315,421	27,529
American Rescue Plan	1,226,776	1,226,776	355,497	871,279
Total Expenditures	<u>\$ 2,826,685</u>	<u>\$ 3,061,077</u>	<u>\$ 1,975,443</u>	<u>\$ 1,085,634</u>

The accompanying notes are an integral part of this schedule.

**Town of Colmar Manor, Maryland
Notes to Required Supplemental Information
June 30, 2023**

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 14, 2022 the Town Council approved the original adopted budget for the fiscal year ended June 30, 2023. On September 5, 2023, the Town Council approved the revised budget reflected in the financial statements for fiscal year ended June 30, 2023.

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, 2023. In addition, there were no excesses of budgetary expenditures for the period.

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