

TOWN OF MANCHESTER, MARYLAND

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**TOWN OF MANCHESTER, MARYLAND
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES	14
FUND FINANCIAL STATEMENTS	
GOVERNMENTAL FUNDS	
BALANCE SHEET — GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE BALANCE SHEET — GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS	17
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
GENERAL FUND	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)	19
PROPRIETARY FUNDS	
STATEMENT OF NET POSITION	20
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION	21
STATEMENT OF CASH FLOWS	22
NOTES TO FINANCIAL STATEMENTS	23

**TOWN OF MANCHESTER, MARYLAND
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY — MARYLAND STATE RETIREMENT AND PENSION SYSTEM	43
SCHEDULE OF THE TOWN CONTRIBUTIONS — MARYLAND STATE RETIREMENT AND PENSION SYSTEM	44
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	45

SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND EXPENDITURES — BUDGET AND ACTUAL — GENERAL FUND (NON-GAAP BUDGETARY BASIS)	46
SCHEDULE OF REVENUES AND EXPENDITURES — BUDGET AND ACTUAL — ENTERPRISE FUND (NON-GAAP BUDGETARY BASIS)	50



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the Town Council
Town of Manchester, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Manchester, Maryland (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Honorable Mayor and
Members of the Town Council
Town of Manchester, Maryland

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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'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'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.

Honorable Mayor and
Members of the Town Council
Town of Manchester, Maryland

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Town's proportionate share of the net pension liability and schedule of Town contributions and the Notes to the Required Supplementary 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of revenues and expenditures – budget and actual – general fund and enterprise fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023, on our consideration of the Town'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'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 the Town's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
October 26, 2023

**TOWN OF MANCHESTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Introduction

As management of the Town of Manchester, Maryland (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. The MD&A is best understood if read in conjunction with the Town's basic financial statements.

Financial Highlights

- The Town's assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by \$29.4 million (net position). Of this amount, \$5.2 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's note/bond payable decreased by \$197,933 during the current fiscal year from \$747,933 to \$550,000, due to the Town making the required annual principal payments on the note payable.
- The General Fund on a current financial resource basis, reported revenues in excess of expenditures of \$224,951.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4.3 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

**TOWN OF MANCHESTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, and recreation. The business-type activities of the Town include water and sewer operations.

The government-wide financial statements include only the Town of Manchester because the Town has no component unit relationships with any other agency. The government-wide financial statements can be found on pages 13 and 14 of this report.

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

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

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

The Town has only one governmental fund, the general fund. Information is presented for the General Fund in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The Town adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report. The budgetary comparison statement for the general fund can be found on page 19.

Proprietary funds. The Town maintains Enterprise funds, which are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water and Sewer operations, which are major funds. The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

**TOWN OF MANCHESTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Notes to the financial statements. The summary of significant accounting policies and notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 23 through 42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents supplementary information which details the Town's general fund budgetary comparison at a more detailed level and the Enterprise funds' budgetary comparisons. The supplementary information can be found beginning on page 50 of this report.

Required supplemental information. The financial statements also contain required supplementary information in addition to the basic financial statements themselves. This information includes tables related to the Town's proportionate share of pension liability and schedule of the Town contributions. The required supplementary information is located on pages 43 and 44 of this report and the notes to the required supplementary information is located on page 45 of this report.

Government-wide financial analysis. As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the Town, assets and deferred outflows of financial resources exceeded liabilities and deferred inflows of financial resources by \$29.4 million at the close of the current fiscal year. The Town's net position is divided into three categories – net investment in capital assets, restricted net position, and unrestricted net position. The largest portion of the Town's net position (66.73%) reflects its net investment in capital assets (e.g., land and improvements, buildings, machinery, equipment, infrastructure, and improvements), less any unmatured debt used to acquire those assets. The Town uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Restricted net position represents 15.75% of total net position. Restricted net position includes resources that are subject to external restrictions on how they may be used.

Unrestricted net position of the Town has a balance of approximately \$5.1 million (17.52% of total net position), which may be used to meet the Town's ongoing obligations to citizens and creditors.

The following table summarizes the net position for governmental and business-type activities at June 30, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
Current and Other Assets	\$ 5,695,204	\$ 6,299,513	\$ 9,897,485	\$ 7,247,266	\$ 15,592,689	\$ 13,546,779	15 %
Capital Assets, Net	8,108,901	8,225,181	12,070,609	11,759,987	20,179,510	19,985,168	1.0
Total Assets	13,804,105	14,524,694	21,968,094	19,007,253	35,772,199	33,531,947	6.7
Total Deferred Outflows	415,866	445,556	160,616	219,085	576,482	664,641	(13)
Long-Term Liabilities	1,398,135	1,376,688	398,832	391,367	1,796,967	1,768,055	1.6
Other Liabilities	484,228	468,607	3,736,499	2,150,510	4,220,727	2,619,117	61.2
Total Liabilities	1,882,363	1,845,295	4,135,331	2,541,877	6,017,694	4,387,172	37.2
Total Deferred Inflows	231,389	1,308,360	684,690	201,272	916,079	1,509,632	(39)
Net Position:							
Capital Assets	7,558,901	7,500,181	12,070,609	11,737,054	19,629,510	19,237,235	2.0
Restricted	-	-	4,632,684	4,482,630	4,632,684	4,482,630	3.3
Unrestricted	4,547,318	4,316,414	605,396	263,505	5,152,714	4,579,919	12.5
Total Net Position	\$ 12,106,219	\$ 11,816,595	\$ 17,308,689	\$ 16,483,189	\$ 29,414,908	\$ 28,299,784	3.9

**TOWN OF MANCHESTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The following table indicates the changes in net position for governmental and business-type activities at June 30, 2023 and 2022:

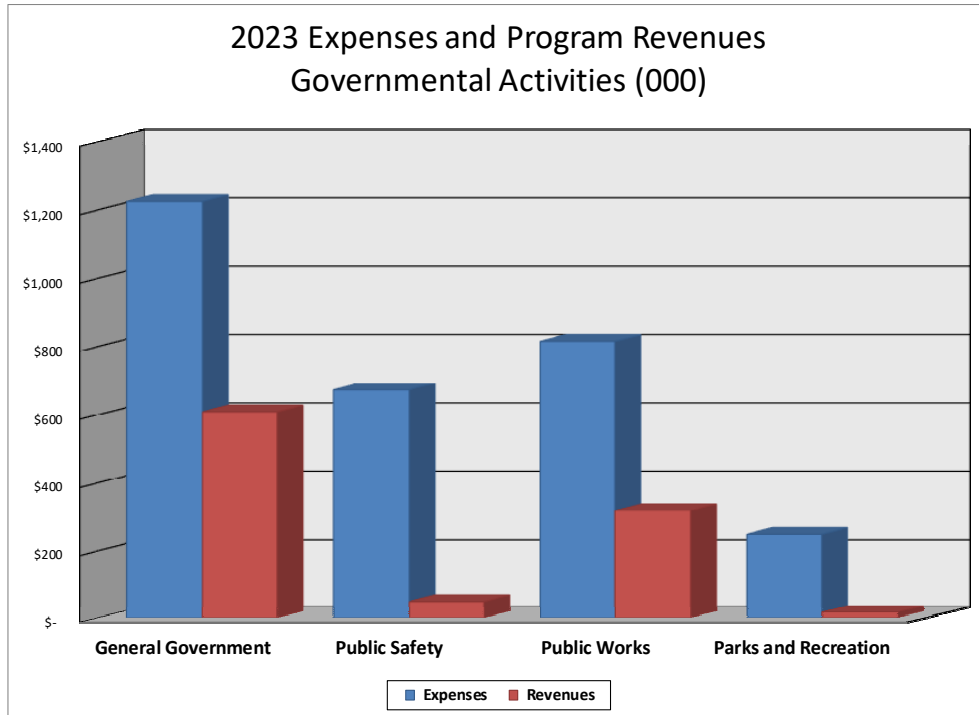
	Governmental Activities		Business-Type Activities		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
Program Revenues							
Charges for Services	\$ 434,350	\$ 421,964	\$ 1,549,989	\$ 1,624,098	\$ 1,984,339	\$ 2,046,062	(3)%
Operating Grants	561,292	339,035	-	-	561,292	339,035	65.6
Capital Grants and Contributions	-	-	801,854	-	801,854	-	-
General Revenues							
Property Taxes	1,216,215	1,187,575	-	-	1,216,215	1,187,575	2.4
Other Taxes	944,399	1,055,654	-	-	944,399	1,055,654	(11)
Investment Earnings and Other	92,233	146,359	150,052	33,119	242,285	179,478	35.0
Total Revenue	<u>3,248,489</u>	<u>3,150,587</u>	<u>2,501,895</u>	<u>1,657,217</u>	<u>5,750,384</u>	<u>4,807,804</u>	19.6
Program Expenses							
General Government	1,223,389	1,162,920	-	-	1,223,389	1,162,920	5.2
Public Safety	671,687	602,843	-	-	671,687	602,843	11.4
Public Works	814,351	839,389	-	-	814,351	839,389	(3)
Parks and Recreation	249,438	188,256	-	-	249,438	188,256	32.5
Utilities (Water and Sewer)	-	-	1,676,395	1,588,638	1,676,395	1,588,638	5.5
Total Program Expenses	<u>2,958,865</u>	<u>2,793,408</u>	<u>1,676,395</u>	<u>1,588,638</u>	<u>4,635,260</u>	<u>4,382,046</u>	5.8
INCREASE IN NET POSITION	289,624	357,179	825,500	68,579	1,115,124	425,758	161.9
Net Position - Beginning of Year	<u>11,816,595</u>	<u>11,459,416</u>	<u>16,483,189</u>	<u>16,414,610</u>	<u>28,299,784</u>	<u>27,874,026</u>	1.5
NET POSITION - END OF YEAR	<u>\$ 12,106,219</u>	<u>\$ 11,816,595</u>	<u>\$ 17,308,689</u>	<u>\$ 16,483,189</u>	<u>\$ 29,414,908</u>	<u>\$ 28,299,784</u>	3.9

Governmental activities. General revenues for the governmental activities were \$2.3 million, while total expenses, net of charges for services, grants and contributions, were \$2.0 million. The increase in net position for governmental activities was \$289,624, a decrease of \$67,555 over the prior year, for which the majority of can be attributed to the following:

- Program revenue increased by \$234,643 or 30.8% primarily due to an increase from the State during FY23 for Program Open Space, as well as an increase in Highway User Tax from the State.
- Program expenses increased by \$165,457 or 5.9% primarily due to increased spending in parks and recreation for renovations to playgrounds.

**TOWN OF MANCHESTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The following charts compare the Expenses and Program Revenues of the Town's governmental activities:

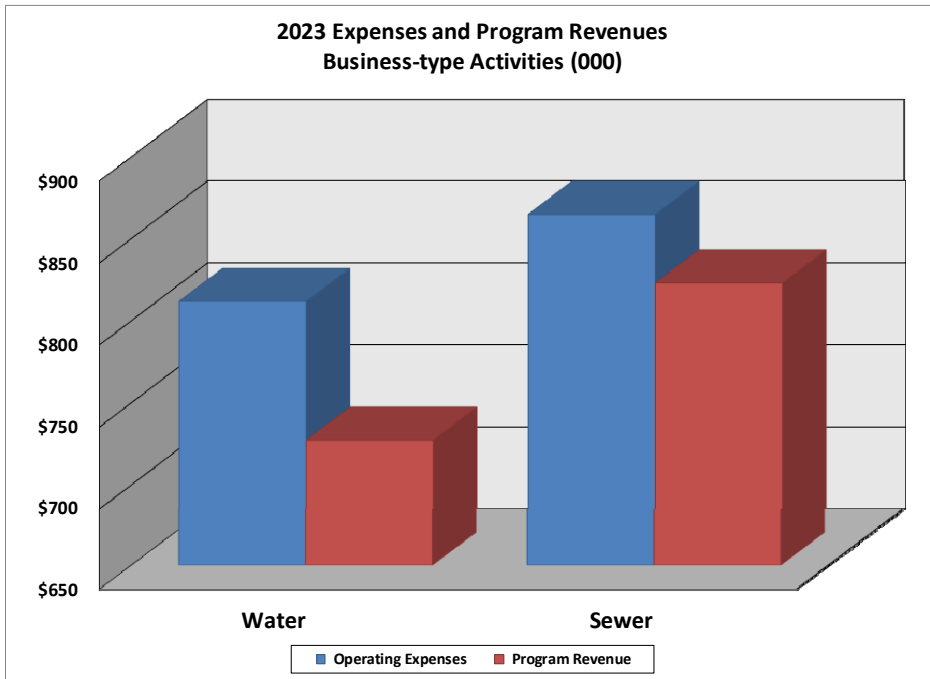
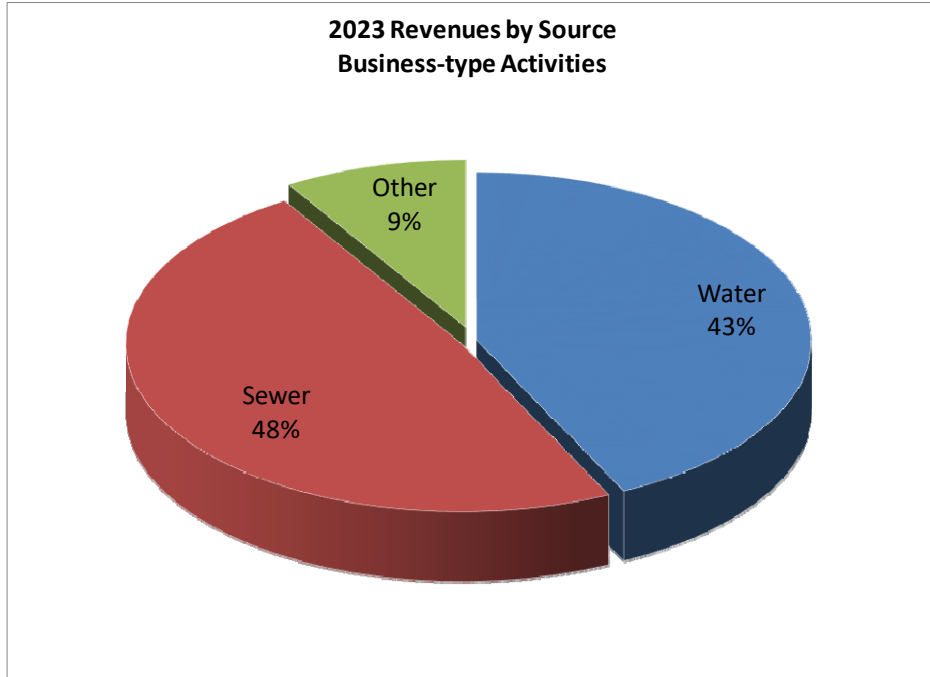


Business-type activities. Business-type activities increased the Town's net position by \$825,500, which was an increase of \$756,921 over the prior year. Key elements of this change are as follows:

- Business-type revenue increased \$844,678 or 50.9%. This is primarily due to the Town receiving ARPA funding during the current year that was used for water projects.

**TOWN OF MANCHESTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The following charts compare the Operating Expenses and Program Revenues of the Town's business-type activities:



**TOWN OF MANCHESTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Financial Analysis of the Government's Funds

As noted earlier, the Town of Manchester uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the only governmental fund of the Town. At the end of the current fiscal year, the General Fund reported an ending fund balance of \$4.9 million, an increase of \$224,951. Approximately 86.7% of this total amount (\$4.3 million) constitutes unassigned fund balance, which represents working capital available to support governmental operating needs and future years' expenditures. Approximately 0.8% of this total amount (\$37,000) constitutes assigned fund balance, which represents fund balance amounts budgeted for subsequent years expenditures. The remainder of fund balance is committed to indicate that it is not available for new spending because it has already been committed as follows: park service \$196,903, safety service \$323,736, road improvements \$71,503, historic center \$17,901, and other \$8,285.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Currently, this comparison indicates that the Town has sufficient fund balance to meet the financial needs of the upcoming fiscal year based on the Town's expectations.

The key elements of the \$224,951 increase to the Town's General Fund's fund balance were addressed in the discussion of the Town's governmental activities. However, the increase in net position of governmental activities differs due to the adjustments required by GASB No. 34. These adjustments are shown in detail on page 18 of this report.

Proprietary funds. The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the two funds at the end of the year amounted to \$605,396. This amount consists of a \$(498,275) deficit for the Water Fund and a \$1,103,671 surplus for the Sewer Fund. The total net position was increased by \$825,500. Other factors concerning these funds' finances have been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The Town made no amendments during the year to the General Fund original budget. Revenues were higher than budgetary estimates by \$507,259 and expenditures were lower by \$225,404. A detailed analysis of the budget and actual revenues and expenditures for the General Fund can be found on page 19 of this report.

**TOWN OF MANCHESTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities (net of accumulated depreciation) as of June 30, 2023 amounts to \$20.2 million. This investment in capital assets includes land, buildings, machinery, and equipment (including vehicles) and infrastructure (including park facilities, roads, water system, and sewer system). The total decrease in the Town's investment in capital assets for the current fiscal year was 1.0% (1.4% decrease for governmental activities and a 2.4% increase for business-type activities).

**Town of Manchester's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 768,410	\$ 768,410	\$ 1,551,289	\$ 1,551,289	\$ 2,319,699	\$ 2,319,699
Construction in Progress	4,779	4,779	810,531	28,088	815,310	32,867
Buildings and Improvements	2,157,427	2,229,517	23,786	26,075	2,181,213	2,255,592
Other Improvements	94,020	104,684	-	-	94,020	104,684
Machinery and Equipment	190,741	203,447	420,106	463,856	610,847	667,303
Furniture and Fixtures	278,491	294,974	-	-	278,491	294,974
Vehicles	218,772	48,328	73,222	83,826	291,994	132,154
Infrastructure	4,396,261	4,571,042	-	-	4,396,261	4,571,042
Water and Sewer Systems	-	-	9,191,675	9,606,853	9,191,675	9,606,853
Total	<u>\$ 8,108,901</u>	<u>\$ 8,225,181</u>	<u>\$ 12,070,609</u>	<u>\$ 11,759,987</u>	<u>\$ 20,179,510</u>	<u>\$ 19,985,168</u>

Capital Asset and Debt Administration

Major capital additions for the fiscal year ended June 30, 2023 included the following:

- Street paving totaling \$266,713
- Re-skin Salt Sin totaling \$20,739
- 2023 Freightliner Dump Truck totaling \$208,944
- ADA Playground totaling \$77,829

Additional information on the Town's capital assets can be found in Note 6, pages 34 and 35 of this report.

Debt administration. At the end of the current fiscal year, the Town had total debt outstanding of \$550,000, which is recorded in the governmental activities. This balance comprised of a municipal bond. Additional information on the Town's long-term debt can be found in Note 7 on page 35 and 36 of this report.

**TOWN OF MANCHESTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Economic Factors and Next Year's Budgets and Rates

- The employment situation in the Town, with respect to no lay-offs or furloughs has been stable and is expected to continue.
- The tax rate remained unchanged for fiscal year 2024.
- Water and sewer rates remained unchanged, however water and sewer unit charges increased fiscal year 2024.
- Major capital asset additions planned for fiscal year 2024 include street paving and York Street water tower rehabilitation.

All of these factors were considered in preparing the Town's budget for fiscal 2023.

Requests for Information

This financial report is designed to provide a general overview of the Town of Manchester's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance, Town of Manchester, P.O. Box 830, Manchester, Maryland, 21102, or by telephone at (410) 239-3200.

TOWN OF MANCHESTER, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Temporary Investments	\$ 5,119,651	\$ 743,001	\$ 5,862,652
Restricted Cash	-	7,831,708	7,831,708
Receivables, Net	672,525	387,494	1,060,019
Lease Receivable	119,281	674,935	794,216
Internal Balances, Net	(216,253)	216,253	-
Supply Inventory	-	44,094	44,094
Capital Assets, Not Being Depreciated	773,189	2,361,820	3,135,009
Capital Assets Being Depreciated, Net	7,335,712	9,708,789	17,044,501
Total Assets	13,804,105	21,968,094	35,772,199
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension	415,866	160,616	576,482
LIABILITIES			
Accounts Payable	92,790	457,858	550,648
Accrued Liabilities	74,189	32,156	106,345
Deposits	29,457	-	29,457
Unearned Revenue	-	3,199,024	3,199,024
Compensated Absences Payable:			
Due Within One Year	107,792	47,461	155,253
Due in More Than One Year	32,132	14,151	46,283
Note/Bond Payable:			
Due Within One Year	180,000	-	180,000
Due in More Than One Year	370,000	-	370,000
Net Pension Liability	996,003	384,681	1,380,684
Total Liabilities	1,882,363	4,135,331	6,017,694
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Leases	117,466	640,692	758,158
Deferred Inflows of Resources Related to Pension	113,923	43,998	157,921
Total Deferred Inflows of Resources	231,389	684,690	916,079
NET POSITION			
Net Investment in Capital Assets	7,558,901	12,070,609	19,629,510
Restricted for Capital Projects	-	4,632,684	4,632,684
Unrestricted	4,547,318	605,396	5,152,714
Total Net Position	\$ 12,106,219	\$ 17,308,689	\$ 29,414,908

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Positions Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,223,389	\$ 101,743	\$ 506,231	\$ -	\$ (615,415)	\$ -	\$ (615,415)
Public Safety	671,687	745	51,233	-	(619,709)	-	(619,709)
Public Works	814,351	314,922	3,828	-	(495,601)	-	(495,601)
Recreation	249,438	16,940	-	-	(232,498)	-	(232,498)
Total Governmental Activities	2,958,865	434,350	561,292	-	(1,963,223)	-	(1,963,223)
Business-Type Activities:							
Water	811,752	727,103	-	801,854	-	717,205	717,205
Sewer	864,643	822,886	-	-	-	(41,757)	(41,757)
Total Business-Type Activities	1,676,395	1,549,989	-	801,854	-	675,448	675,448
Total Governmental/Business-Type Activities	\$ 4,635,260	\$ 1,984,339	\$ 561,292	\$ 801,854	(1,963,223)	675,448	(1,287,775)
GENERAL REVENUES							
Taxes:							
Property Taxes					1,216,215	-	1,216,215
Income Taxes					933,415	-	933,415
Other Local Taxes					10,984	-	10,984
Investment Income					59,139	150,052	209,191
Other Revenue					33,094	-	33,094
Total General Revenues					2,252,847	150,052	2,402,899
CHANGE IN NET POSITION							
					289,624	825,500	1,115,124
Net Position - Beginning of Year							
					11,816,595	16,483,189	28,299,784
NET POSITION - END OF YEAR							
					\$ 12,106,219	\$ 17,308,689	\$ 29,414,908

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, MARYLAND
BALANCE SHEET — GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General
ASSETS	
Cash and Cash Equivalents	\$ 5,119,651
Receivables, Net	672,525
Lease Receivable	119,281
Due from Other Funds	398,831
Total Assets	\$ 6,310,288
LIABILITIES	
Accounts Payable	\$ 92,790
Due to Other Funds	615,084
Accrued Liabilities	74,189
Deposits	29,457
Total Liabilities	811,520
DEFERRED INFLOW OF RESOURCES	
Lease Revenue	117,466
Unavailable Revenue	457,198
Total Deferred Inflows of Resources	574,664
FUND BALANCE	
Committed to:	
Park Service	196,903
Safety Service	323,736
Road Improvements	71,503
Historic Center	17,901
Other	8,285
Assigned - Subsequent Year Expenditures	37,000
Unassigned	4,268,776
Total Fund Balance	4,924,104
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 6,310,288

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, MARYLAND
RECONCILIATION OF THE BALANCE SHEET — GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Funds	\$ 4,924,104
Adjustments to Reconcile to the Government-Wide Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	8,108,901
Other long-term assets are not available to pay current-period expenditures and therefore are offset by unavailable revenue in the governmental funds.	457,198
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Compensated Absences	(139,924)
Bond Payable	(550,000)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(996,003)
Deferred Outflows of Resources Related to Pension	415,866
Deferred Inflows of Resources Related to Pension Expense	<u>(113,923)</u>
Net Position of Governmental Activities	<u><u>\$ 12,106,219</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General
REVENUES	
Local Property Taxes	\$ 1,216,215
Local Income Taxes	960,574
State Shared Taxes	326,569
Licenses and Permits	10,025
Intergovernmental	561,292
Interest	59,139
Rents and Concessions	108,740
Miscellaneous	33,094
Total Revenues	3,275,648
EXPENDITURES	
General Government	833,551
Public Safety	649,333
Public Works	1,151,286
Recreation	227,964
Debt Service:	
Principal	175,000
Interest	13,563
Total Expenditures	3,050,697
NET CHANGE IN FUND BALANCE	224,951
Fund Balance - Beginning of Year	4,699,153
FUND BALANCE - END OF YEAR	\$ 4,924,104

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net Changes in Fund Balances - Total Governmental Funds \$ 224,951

Amounts Reported for Governmental Activities in the Statement of Activities

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of capital assets are allocated over their useful lives and reported as a depreciation expense.

Capital Outlay	\$	613,420	
Depreciation Expense		<u>(729,700)</u>	(116,280)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Change in Unavailable Local Income Tax Revenue	(27,159)
--	----------

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in Compensated Absences	79,047
--------------------------------	--------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds.

Principal Payments of Bonds	175,000
-----------------------------	---------

Governmental funds report Town pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.

	<u>(45,935)</u>
--	-----------------

Change in Net Position of Governmental Activities	<u><u>\$ 289,624</u></u>
--	---------------------------------

TOWN OF MANCHESTER, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Local Property Taxes	\$ 1,211,542	\$ 1,211,542	\$ 1,216,215	\$ 4,673
Local Income Taxes	775,000	775,000	960,574	185,574
State Shared Taxes	284,870	284,870	326,569	41,699
Licenses and Permits	7,750	7,750	10,025	2,275
Intergovernmental	50,727	50,727	257,153	206,426
Town/County Agreement	304,139	304,139	304,139	-
Service Charges	12,500	12,500	-	(12,500)
Interest	22,000	22,000	59,139	37,139
Rents and Concessions	96,046	96,046	106,925	10,879
Miscellaneous	2,000	2,000	33,094	31,094
Total Revenues	2,766,574	2,766,574	3,273,833	507,259
EXPENDITURES				
General Government	473,003	481,003	430,597	50,406
Public Safety	616,022	641,386	649,333	(7,947)
Public Works	1,045,431	1,211,631	1,151,286	60,345
Recreation	213,692	241,692	227,964	13,728
Miscellaneous	511,826	511,826	402,954	108,872
Total Expenditures	2,859,974	3,087,538	2,862,134	225,404
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES				
	(93,400)	(320,964)	411,699	732,663
OTHER FINANCING SOURCES				
Principal, Interest, and Issuance Cost	(189,294)	(189,294)	(188,563)	731
Transfer from Other Sources	203,294	203,294	-	(203,294)
Use of Prior Year Fund Balance	79,400	306,964	-	(306,964)
Total	183,400	320,964	(188,563)	(306,263)
NET CHANGE IN FUND BALANCE				
	\$ -	\$ -	223,136	\$ 223,136
Fund Balance - Beginning of Year			4,699,153	
FUND BALANCE - END OF YEAR			\$ 4,922,289	
Net effect of leases			1,815	
FUND BALANCE - END OF YEAR - GAAP BASIS			\$ 4,924,104	

See accompanying Notes to Financial Statements.

TOWN OF MANCHESTER, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Cash and Cash Equivalents	\$ 108,512	\$ 634,489	\$ 743,001
Restricted Cash	3,665,207	4,166,501	7,831,708
Receivables, Net	159,688	227,806	387,494
Lease Receivable	674,935	-	674,935
Due from Other Funds	120,809	615,084	735,893
Supply Inventory	44,094	-	44,094
Capital Assets, Net of Accumulated Depreciation	5,601,338	6,469,271	12,070,609
Total Assets	<u>10,374,583</u>	<u>12,113,151</u>	<u>22,487,734</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension	85,808	74,808	160,616
Total Assets and Deferred Outflows of Resources	<u>\$ 10,460,391</u>	<u>\$ 12,187,959</u>	<u>\$ 22,648,350</u>
LIABILITIES			
Accounts Payable	\$ 374,864	\$ 82,994	\$ 457,858
Due to Other Funds	398,831	120,809	519,640
Accrued Expenses	16,759	15,397	32,156
Unearned Revenue	1,198,585	2,000,439	3,199,024
Compensated Absences:			
Due Within One Year	24,623	22,838	47,461
Due in More Than One Year	7,335	6,816	14,151
Net Pension Liability	205,512	179,169	384,681
Total Liabilities	<u>2,226,509</u>	<u>2,428,462</u>	<u>4,654,971</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pension	23,505	20,493	43,998
Lease Revenue	640,692	-	640,692
Total Deferred Inflows of Resources	<u>664,197</u>	<u>20,493</u>	<u>684,690</u>
NET POSITION			
Net Investment in Capital Assets	5,601,338	6,469,271	12,070,609
Restricted for Capital Projects	2,466,622	2,166,062	4,632,684
Unrestricted	(498,275)	1,103,671	605,396
Total Net Position	<u>7,569,685</u>	<u>9,739,004</u>	<u>17,308,689</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 10,460,391</u>	<u>\$ 12,187,959</u>	<u>\$ 22,648,350</u>

See accompanying Notes to Financial Statements.

TOWN OF MANCHESTER, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for Services	\$ 335,885	\$ 503,599	\$ 839,484
Unit Charges	259,914	304,232	564,146
Miscellaneous	131,304	15,055	146,359
Total Operating Revenues	<u>727,103</u>	<u>822,886</u>	<u>1,549,989</u>
OPERATING EXPENSES			
Salaries and Fringe Benefits	364,263	324,642	688,905
Operating Expenses	216,516	231,739	448,255
Depreciation Expense	230,858	308,262	539,120
Total Operating Expenses	<u>811,637</u>	<u>864,643</u>	<u>1,676,280</u>
OPERATING INCOME (LOSS)	(84,534)	(41,757)	(126,291)
NONOPERATING REVENUES (EXPENSES)			
Grant Revenue	801,854	-	801,854
Interest Income	77,399	72,653	150,052
Interest Expense	(115)	-	(115)
Total Nonoperating Revenues	<u>879,138</u>	<u>72,653</u>	<u>951,791</u>
INCOME	794,604	30,896	825,500
CHANGE IN NET POSITION	794,604	30,896	825,500
Total Net Position - Beginning of Year	<u>6,775,081</u>	<u>9,708,108</u>	<u>16,483,189</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 7,569,685</u>	<u>\$ 9,739,004</u>	<u>\$ 17,308,689</u>

See accompanying Notes to Financial Statements.

TOWN OF MANCHESTER, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 688,560	\$ 789,071	\$ 1,477,631
Cash Paid to Suppliers for Goods and Services	157,058	(195,189)	(38,131)
Cash Paid to Employees for Services	(402,648)	(358,228)	(760,876)
Net Cash Provided by Operating Activities	442,970	235,654	678,624
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	77,399	72,653	150,052
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grant Revenue	-	2,000,439	2,000,439
Acquisition and Construction of Capital Assets	(841,547)	(8,195)	(849,742)
Principal Paid on Bond and Notes Maturities	(22,933)	-	(22,933)
Interest Paid	(115)	-	(115)
Net Cash Provided (Used) by Capital and Related Financing Activities	(864,595)	1,992,244	1,127,649
CHANGE IN CASH AND CASH EQUIVALENTS	(344,226)	2,300,551	1,956,325
Cash and Cash Equivalents - Beginning of Year	4,117,945	2,500,439	6,618,384
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,773,719</u>	<u>\$ 4,800,990</u>	<u>\$ 8,574,709</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (84,534)	\$ (41,757)	\$ (126,291)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	230,858	308,262	539,120
Effects of Changes in Operating Assets, Deferred Outflows, Liabilities and Deferred Inflows:			
Accounts Receivable	(3,456)	(32,473)	(35,929)
Lease Receivable	(674,935)	-	(674,935)
Inventory	19,218	-	19,218
Interfund Receivables	(844)	(1,342)	(2,186)
Accounts Payable	355,262	35,706	390,968
Interfund Payables	(906)	844	(62)
Accrued Expenses	50	1,481	1,531
Deferred Outflows Related to Pension Amounts	31,750	26,719	58,469
Deferred Inflows Related to Pension Amounts	(84,494)	(72,780)	(157,274)
Deferred Inflows Related to Leases	640,692	-	640,692
Net Pension Liability	24,952	23,229	48,181
Compensated Absences	(10,643)	(12,235)	(22,878)
Net Cash Provided (Used) by Operating Activities	<u>\$ 442,970</u>	<u>\$ 235,654</u>	<u>\$ 678,624</u>

See accompanying Notes to Financial Statements.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Manchester, Maryland (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting principles are described below. These policies should be recognized by the reader as integral to the preparation and use of the accompanying general purpose financial statements.

Reporting Entity

The Town was incorporated in March of 1834 under the provisions of the State of Maryland Public Local Law, Article 17, Section 631, Chapter 532 as amended by Section 1, 1949, Chapter 583. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: general government, public works, public safety, recreation, and water and sewer.

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting entity includes the Mayor and Town Council of Manchester, which represents the primary government.

Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the Town. Eliminations have been made to remove the effect of interfund activity from these statements. Governmental activities, which are supported by taxes and intergovernmental activities, are reported separately from business-type activities that are supported by customer service charges.

The statement of activities presents a comparison between direct expenses and program revenues for each of the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those specifically associated with a program or function. Program revenues include charges to customers and grants and contributions restricted to the capital or operational requirements of particular programs. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

Separate financial statements are shown for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year of levy.

Grants are recognized as revenue when all eligibility requirements are met.

Governmental fund statements are presented using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within 60 days of year-end. Expenditures are recorded when the related liability is incurred as under accrual accounting. Expenditures for compensated absences are recorded when the payments are due.

Those revenues susceptible to accrual are property taxes, taxes collected by the state and county on behalf of the Town, franchise taxes, special assessments, revenue from other agencies, interest revenue, and charges for services. Fines and forfeitures, licenses, permits, penalties and interest (on property taxes), and other revenues become measurable and available when cash is received by the Town and are recognized as revenue at that time.

The Town has one major governmental fund: the general fund. The general fund is used to account for all activities of the government not accounted for in some other fund. It accounts for the normal recurring activities of the Town such as police, public works, parks and recreation, general government, etc. These activities are financed primarily by property taxes, other taxes, service charges, and grants from other governmental units.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues and expenses result from providing services and delivering goods in connection with the fund's principal ongoing operations such as charges to customers for sales and services and expenses such as salaries, product costs, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town has two major proprietary funds. The Water Fund operates the water treatment plants and distribution system. The Sewer Fund operates the sewage treatment plant, pumping stations, and collection system.

The effect of interfund activity has been eliminated from the government-wide financial statements except for charges between the water and sewer funds and the general fund for direct services. Elimination of these charges would distort the direct costs and program revenues reported for the various services. Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions and capital grants. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equity in Pooled Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months at the time of purchase. Cash deposits of the Town are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping and forthcoming, when required, of these deposits.

Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, or in obligations of federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the state of Maryland.

Cash resources of each of the individual funds, except cash required to be segregated by law or policy, are combined to form a pool of cash and investments to maximize interest earnings. Income from pooled investments are allocated to funds on the basis of their equity in pooled cash.

The investments in the Maryland Local Government Pool are valued on an amortized cost basis.

**TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Property taxes are reported at their estimated collectible value. The following summarizes the property tax calendar:

	<u>Real</u>	<u>Personal and Corporate</u>
Assessment Roll Validated:	December 31	January 1
Tax Rate Ordinance Approved:	June 30	June 30
Beginning of Fiscal Year for Which Taxes Have Been Levied:	July 1	July 1
Tax Bills Rendered and Due:	July 1	On State Notification
Owner-Occupied Residential:	July 1 and Jan 1	On State Notification
Property Taxes Receivable:		
Delinquent	Oct. 1, Feb. 1	After 30 days
Terms	60 days	30 days
Delinquent Interest Rate	18%	18%

Information presented is for “full year” levy. “Half year” levy dates are each six months later, and relate to new construction in the first six months of the calendar year. A lien is attached to the property on the billing date, becomes delinquent October 1, and is sold at tax sale by the end of 18 months.

Allowances for uncollectible accounts, if any, are maintained on all types of receivables that historically experience bad debt. Receivables are shown net of such an allowance for uncollectibles for all funds. Real property taxes are generally fully collectible. Receivables shown in the water and sewer funds represents amounts due from customers for charges for service.

Inventory

Inventory is stated at the lower of cost or market on the FIFO basis and consists of general supplies and equipment and supplies used in the operation of the municipal water system.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure such as roads, storm drains, and pipe systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets, which individually cost more than \$2,500 and have an estimated useful life in excess of two years. Land is not depreciated as it is assumed to have an indefinite useful life. Construction in progress is not depreciated until the asset is placed into service. In the enterprise funds, fixed assets are recorded at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or extend asset lives are not capitalized.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Expenditures for major assets and improvements are capitalized as projects are constructed. Interest on debt during the construction period is capitalized. The amount of interest to be capitalized is offset by interest income earned on invested unused debt proceeds over the same period. Exhaustible capital assets of the governmental and business-type activities and proprietary funds are depreciated, which is charged as an expense against their operations. Accumulated depreciation is reported in the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method.

Estimated useful lives are generally as follows:

Water and Sewer Systems	40 to 50 Years
Vehicles	5 to 10 Years
Machinery and Equipment	3 to 15 Years
Buildings and Improvements	15 to 40 Years
Infrastructure	20 to 50 Years
Other Improvements	7 to 20 Years
Furniture and Fixtures	5 to 10 Years

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Town recognizes deferred outflows related to pensions.

Long-Term Obligations

In the governmental activities, business-type activities and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statements of net position.

Compensated Absences

Vacation benefits are earned by employees of the Town based upon time in service. The rights to such benefits are vested immediately. A maximum of 35 days of accumulated vacation leave may be carried forward into the next year. Employees accumulate comp-time for overtime hours worked at 1.5 hours per each hour of overtime. A maximum of 120 hours of accumulated comp-time may be carried forward into the next year. Upon termination of employment, the Town pays the employee for accumulated vacation leave up to 240 hours and accumulated comp-time up to 80 hours. The Town records vacation leave and comp-time benefits as earned. The vested benefits as of year-end are included as "compensated absences" on the statement of net position.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until the future period. The Town recognizes deferred inflows related to pensions and leases. The Town's general fund has unavailable revenue related to receivables for revenues that are not considered to be available to liquidate liabilities of the current period such as income taxes not collected within 60 days after fiscal year-end. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases. The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Maryland State Retirement and Pension System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Net Position/Fund Balance

The government-wide financial statements utilize a net position presentation. The proprietary funds use a balance sheet approach, but utilize the same net position categorization as the government-wide statements. Net Position is categorized as net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets** – This category groups all capital assets including infrastructure into one component of net position. Accumulated depreciation and the outstanding balances of debt and liabilities that are attributed to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- **Restricted net position** – This category presents net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments.
- **Unrestricted net position** – This category presents the net position of the Town, not restricted for any purpose.

In the fund financial statements, governmental funds report classifications of fund balance in a hierarchy based primarily on the extent of constraints on the related funding sources. As of June 30, 2023, fund balances of the governmental funds are classified as follows:

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

Nonspendable

Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact (e.g., inventory). There were no nonspendable fund balances at June 30, 2023.

Restricted

Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. There were no restricted fund balances at June 30, 2023.

Committed

Amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances approved by the Town Council.

Assigned

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, assignment of funds can be recommended by the Director of Finance but all assignments must be approved by the Town Council.

Unassigned

All other spendable amounts.

When an expense/expenditure is incurred for purposes for which both restricted and unrestricted funds are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned funds are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council or the Director of Finance has provided otherwise in its commitment or assignment actions.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stewardship, Compliance, and Accountability

Budgetary Information

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

1. Prior to June 1, the Mayor submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted after two weeks' notice is given in a local newspaper.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. Any transfer of funds between major appropriations for different purposes must be approved by the Council by a three-fifths (3/5) vote before becoming effective.

The Town's budget for the Water and Sewer funds is not legally adopted, and is for management's use only.

5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except for the following two items if applicable:
 - a. Capital contributions are not budgeted and are not included in the non-GAAP budgetary statements.
 - b. The use of prior year fund balance is budgeted for and is included in the non-GAAP budgetary statements.

Budgetary comparisons presented for the General Fund are on this non-GAAP basis.

6. Appropriations which are not expended lapse at the end of the fiscal year.

Budgeted amounts are adopted on a non-GAAP basis and are shown as originally adopted by the Town Council for the General Fund. Expenditures may not legally exceed appropriations at the fund level. The General Fund did not exceed their appropriated expenditure budget at the fund level for the year ended June 30, 2023. For non-GAAP budgetary basis presentation debt service payments in the amount of \$188,563 are shown as other financing uses, however for GAAP purposes these payments are shown as debt service expenditures.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 DEPOSITS AND INVESTMENTS

Reconciliation of cash and temporary investments as shown on the statement of net position is as follows:

Carrying Amount of Deposits	\$ 9,562,248
Carrying Amounts of Temporary Investments	<u>4,132,112</u>
Total Cash and Temporary Investments per Statement of Net Position	<u><u>\$ 13,694,360</u></u>

Deposits

At year-end, the carrying amount of the Town's deposits (including cash on hand of \$250) was \$9,562,248 and the bank balance was \$9,615,161. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town follows the state mandated deposit policy for custodial credit risk requiring all deposits to be collateralized for amounts in excess of FDIC limits. At year-end, the Town was in compliance with the State's deposit policy, and all deposits in excess of FDIC limits were covered by collateral held by the Bank's trust department in the name of the Town.

Investments

At June 30, 2023, the Town's investments totaling \$4,132,112 were entirely in the State-created Maryland Local Government Investment Pool (MLGIP). The State Legislature created MLGIP under the Annotated Code of Maryland. The MLGIP, under the administrative control of the state treasurer, is managed by a single Baltimore-based financial institution, PNC. The pool is a 2a7 like pool, which is not registered with the Security and Exchange Commission (SEC) but generally operates in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 (Rule 2a7). Unit value is computed using the amortized cost method and maintains a \$1 per share value.

Investment Rate Risk

Fair value fluctuates with interest, and increasing interest rates could cause fair value to decline below original cost. To limit the Town's exposure to fair value losses arising from increasing interest rates, the Town's investment policy limits the term of investment maturities between 30 days to one year in order to remain sufficiently liquid to enable the Town to meet all operating requirements which might be reasonably anticipated. Town management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the Town from having to sell investments below original cost for that purpose.

The investments at June 30, 2023, met the Town's investment policy as of that date. Investment income for the year ended June 30, 2022 was \$209,191, comprised entirely of interest and dividends on investments and cash deposits.

**TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

The investment policy of the Town permits investments in the following types of investments as authorized by the state of Maryland: direct U.S. obligations, U.S. agency obligations, repurchase agreements, bankers' acceptances, municipal securities, commercial paper, money market mutual funds, and the MLGIP. The MLGIP is established under the Annotated Code of Maryland and is under the administration of the state treasurer. It is rated AAAM by Standard & Poor's, their highest rating for money market mutual funds. The MLGIP seeks to maintain a constant value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

Custodial 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. The investments of the Town were not exposed to custodial risk at June 30, 2023.

Foreign Currency Risk

The Town's investment policy does not allow for investments denominated in foreign currencies and the Town was in compliance with this policy during the year ended June 30, 2023.

NOTE 3 RECEIVABLES

Property Taxes Receivable

Property taxes are reported at their estimated collectible value. The Town's real property tax rate was \$0.216 per \$100 of assessed value. The Town's tax rate for personal and corporate property was \$0.46 per \$100 of assessed value. As of June 30, 2023, property taxes receivable amounted to \$937.

Summary of Receivables

Receivables as of year-end for the government's major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities			Total
		Water	Sewer	Total Business-Type Activities	
Receivables					
Taxes	\$ 127,511	\$ -	\$ -	\$ -	\$ 127,511
Accounts	-	159,688	227,806	387,494	387,494
Due from Other Governments	545,014	-	-	-	545,014
Net Receivables	<u>\$ 672,525</u>	<u>\$ 159,688</u>	<u>\$ 227,806</u>	<u>\$ 387,494</u>	<u>\$ 1,060,019</u>

**TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 UNAVAILABLE REVENUE

Governmental funds report unavailable revenue in relation to receivables for revenues that are not considered to be available to liquidate liabilities of the current period such as income taxes not collected within 60 days after fiscal year-end. Unavailable revenue for the general fund at June 30, 2023 consisted solely of revenue deemed unavailable in the amount of \$457,198, which is reported on as deferred inflow of resources.

NOTE 5 INTERFUND BALANCES

The composition of interfund balances as of June 30, 2023 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 398,831	\$ 615,084
Water Fund	120,809	398,831
Sewer Fund	615,084	120,809
Total	\$ 1,134,724	\$ 1,134,724

These interfund balances are presented in the accompanying financial statements as follows:

	Due From	Due To
Balance Sheet - Governmental Funds		
Statements (page 15)	\$ 398,831	\$ 615,084
Statement of Net Position - Proprietary Funds (page 20)	735,893	519,640
Total	\$ 1,134,724	\$ 1,134,724

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 CHANGES IN CAPITAL ASSETS

Capital Assets

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

	Beginning Balance	Additions	Transfers and Deletions	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 768,410	\$ -	\$ -	\$ 768,410
Construction in Progress	4,779	-	-	4,779
Total Capital Assets, Not Being Depreciated	773,189	-	-	773,189
Capital Assets, Being Depreciated:				
Buildings and Improvements	3,189,802	20,739	-	3,210,541
Other Improvements	369,730	-	-	369,730
Machinery and Equipment	769,136	34,247	(9,947)	793,436
Furniture and Fixtures	355,725	-	-	355,725
Vehicles	773,783	208,944	(91,162)	891,565
Infrastructure	10,827,631	349,490	-	11,177,121
Total Capital Assets, Being Depreciated	16,285,807	613,420	(101,109)	16,798,118
Less Accumulated Depreciation:				
Buildings and Improvements	(960,285)	(92,829)	-	(1,053,114)
Other Improvement	(265,046)	(10,664)	-	(275,710)
Machinery and Equipment	(565,689)	(46,953)	9,947	(602,695)
Furniture and Fixtures	(60,751)	(16,483)	-	(77,234)
Vehicles	(725,455)	(38,500)	91,162	(672,793)
Infrastructure	(6,256,589)	(524,271)	-	(6,780,860)
Total Accumulated Depreciation	(8,833,815)	(729,700)	101,109	(9,462,406)
Capital Assets Being Depreciated, Net	7,451,992	(116,280)	-	7,335,712
Governmental Activities Capital Assets, Net	\$ 8,225,181	\$ (116,280)	\$ -	\$ 8,108,901
	Beginning Balance	Additions	Transfers and Deletions	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,551,289	\$ -	\$ -	\$ 1,551,289
Construction in Progress	28,088	782,443	-	810,531
Total Capital Assets, Not Being Depreciated	1,579,377	782,443	-	2,361,820
Capital Assets, Being Depreciated:				
Buildings	79,023	-	-	79,023
Machinery and Equipment	1,735,423	39,129	-	1,774,552
Vehicles	290,289	8,200	-	298,489
Sewer System	12,904,017	-	-	12,904,017
Water System	7,348,486	19,970	-	7,368,456
Total Capital Assets, Being Depreciated	22,357,238	67,299	-	22,424,537
Less Accumulated Depreciation:				
Buildings	(52,948)	(2,289)	-	(55,237)
Machinery and Equipment	(1,271,567)	(82,879)	-	(1,354,446)
Vehicles	(206,463)	(18,804)	-	(225,267)
Sewer System	(7,453,692)	(248,980)	-	(7,702,672)
Water System	(3,191,958)	(186,168)	-	(3,378,126)
Total Accumulated Depreciation	(12,176,628)	(539,120)	-	(12,715,748)
Capital Assets Being Depreciated, Net	10,180,610	(471,821)	-	9,708,789
Business-Type Activities Capital Assets, Net	\$ 11,759,987	\$ 310,622	\$ -	\$ 12,070,609

**TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 CHANGES IN CAPITAL ASSETS (CONTINUED)

Depreciation Expense

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 405,989
Public Safety	29,540
Public Works	255,235
Parks and Recreation	38,936
Total Depreciation - Governmental Activities	<u>\$ 729,700</u>
Business-Type Activities:	
Water	\$ 230,858
Sewer	308,262
Total Depreciation - Business-Type Activities	<u>\$ 539,120</u>

NOTE 7 LONG-TERM DEBT

Bond Payable

On August 17, 2016, the Town issued \$1,700,000 of Local Government Infrastructure Bonds, Series 2016A, through the Maryland Community Development Administration's Local Government Infrastructure Financing Program, as such this bond is consider a direct borrowing. The proceeds of the 2016A Local Government Infrastructure Bonds were used to finance the new Town Hall and Police Station. The Series 2016A Local Government Infrastructure Bonds were issued with a variable interest rate with interest being payable on June 1 and December 1 of each year. Principal amounts of between \$120,000 and \$185,000 are payable on June 1, with a final maturity on the debt due on June 1, 2026.

The annual debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 180,000	\$ 10,843	\$ 190,843
2025	185,000	7,567	192,567
2026	185,000	3,922	188,922
Total	<u>\$ 550,000</u>	<u>\$ 22,332</u>	<u>\$ 572,332</u>

**TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Government Activities					
Bond Payable	\$ 725,000	\$ -	\$ 175,000	\$ 550,000	\$ 180,000
Compensated Absences	218,971	-	79,047	139,924	107,792
Government Activities Long-Term Liabilities	<u>\$ 943,971</u>	<u>\$ -</u>	<u>\$ 254,047</u>	<u>\$ 689,924</u>	<u>\$ 287,792</u>
Business-Type Activities					
Loan Payable	\$ 22,933	\$ -	\$ 22,933	\$ -	\$ -
Compensated Absences	84,490	-	22,878	61,612	47,461
Business-Type Activities Long-Term Liabilities	<u>\$ 107,423</u>	<u>\$ -</u>	<u>\$ 45,811</u>	<u>\$ 61,612</u>	<u>\$ 47,461</u>

NOTE 8 NET POSITION – PROPRIETARY FUNDS

Restricted net position at June 30, 2023 as follows:

	Funds		Total
	Water	Sewer	
Purpose:			
Capital Projects	<u>\$ 2,466,622</u>	<u>\$ 2,166,062</u>	<u>\$ 4,632,684</u>

The restriction of net position in the enterprise fund was established by an ordinance adopted by the Mayor and Town Council. It provides that all sanitary sewer capital connection charges shall be used for the construction, extension, improvement, and maintenance of the sanitary system and wastewater treatment plant.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 PENSION PLAN

General Information about the Plan

Plan description. The employees of the Town are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, employees of the Town are members of the Employees' Retirement and Pension Systems and the Law Enforcement Officers' Pension System. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to state employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member board of trustees. The System issues a publicly available financial report that can be obtained at <http://www.sra.maryland.gov>.

Benefits provided. The System provides retirement allowances and other benefits to state employees of participating governmental units, among others. For individuals who become members of the Employees' Retirement and Pension Systems on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For individuals who become members of the Employees' Pension System on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's average final compensation (AFC) multiplied by the number of years of accumulated creditable service.

A member of the Employees' Pension System on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the members' combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 PENSION PLAN (CONTINUED)

General Information about the Plan (Continued)

For most individuals who retired from the Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the members AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.4% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998 plus 1.8% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. Beginning in July 1, 2011, any new member of the Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Employees' Pension System.

Contributions. The Town and covered members are required by state statute to contribute to the System. Members of the Employees' Pension System are required to contribute 7% annually. Members of the Employees' Retirement System are required to contribute 5-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the state and participating governmental employers are established and may be amended by the Board of Trustees for the System.

The Town's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2023, was 6.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town made its share of the required contributions during the year ended June 30, 2023 of \$182,274.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Town reported a liability of \$1,380,684 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2022. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the state of Maryland. As of June 30, 2023, the Town's proportionate share was 0.0069004% an increase of 0.0000959% from the prior year.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the Town recognized pension expense of \$199,404. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 151,412	\$ 11,010
Differences Between Expected and Actual Experience	-	95,114
Change in Proportion	242,796	28,432
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	6,178
Changes in Proportionate Share of Contributions	-	17,187
Town Contributions Subsequent to the Measurement Date	182,274	-
Total	<u>\$ 576,482</u>	<u>\$ 157,921</u>

\$182,274 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2024	\$ 69,175
2025	50,665
2026	8,761
2027	112,139
2028	(4,453)

Actuarial assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% General, 2.75% Wage
Salary Increases	2.75% to 11.25%
Investment Rate of Return	6.80%

Mortality rates were based on Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale.

**TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The economic and demographic actuarial assumptions used in the June 30, 2022 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 valuation. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates, and rates of salary increase were adopted by the board for the first use in the actuarial valuation as of June 30, 2019. As a result, an investment return assumption of 6.80% and an inflation assumption of 2.25% were used in the June 30, 2022 valuation.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighing the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the board after considering input from the System's investment consultant(s) and actuary(s).

For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	34 %	6.00 %
Private Equity	16	8.40
Rate Sensitive	21	1.20
Credit Opportunity	08	4.90
Real Assets	15	5.20
Absolute Return	06	3.50
Total	<u>100 %</u>	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2023.

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was -2.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. The single discount rate used to measure the total pension liability was 6.80%. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Town's net pension liability, calculated using a single discount rate of 6.80%, as well as what the Town's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Town's Proportionate Share of the Net Pension Liability	\$ 2,118,385	\$ 1,380,684	\$ 768,535

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

NOTE 10 OTHER INFORMATION

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; employee health and accident; and natural disasters. The Town purchases commercial insurance to protect its interest in its property and equipment, insurance against employee dishonesty and liability protection. Settled claims have not exceeded these coverage's for the past three fiscal years.

NOTE 11 LEASES

The Town, acting as lessor, leases antenna space and buildings under long-term, non-cancelable lease agreements. The leases expire at various dates through 2038 and provide for various renewal options. During the year ended June 30, 2023, the Town recognized \$110,961 and \$11,894 in lease revenue and interest revenue, respectively, pursuant to these contracts.

TOWN OF MANCHESTER, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 LEASES (CONTINUED)

Total future minimum lease payments to be received under lease agreement are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities - General Fund</u>		<u>Business-Type Activities - Water Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 40,291	\$ 1,509	\$ 72,304	\$ 9,852	\$ 123,956
2025	40,920	880	76,402	8,693	126,895
2026	38,070	246	44,817	7,692	90,825
2027	-	-	28,312	7,215	35,527
2028	-	-	28,753	6,773	35,526
2029-2033	-	-	181,863	25,819	207,682
2034-2038	-	-	234,314	9,712	244,026
2039-2043	-	-	8,170	5	8,175
Total	<u>\$ 119,281</u>	<u>\$ 2,635</u>	<u>\$ 674,935</u>	<u>\$ 75,761</u>	<u>\$ 872,612</u>

TOWN OF MANCHESTER, MARYLAND
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY —
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
YEAR ENDED JUNE 30, 2023

Employees' Retirement and Pension System:	Measurement Date As of June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability	0.0069004%	0.0068045%	0.0061312%	0.0054586%	0.0048274%	0.0043291%	0.0044621%	0.0045820%	0.0036002%
Town's Proportionate Share of the Net Pension Liability	\$ 1,380,684	\$ 1,020,847	\$ 1,385,734	\$ 1,125,870	\$ 1,012,867	\$ 936,107	\$ 1,052,785	\$ 952,226	\$ 638,920
Town's Covered Payroll	\$ 1,374,261	\$ 1,129,951	\$ 1,252,714	\$ 1,228,030	\$ 1,079,668	\$ 1,016,852	\$ 960,225	\$ 860,225	\$ 796,543
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	100.47%	90.34%	110.62%	91.68%	93.81%	92.06%	109.64%	110.69%	80.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.75%	76.76%	66.29%	67.98%	68.36%	66.71%	62.97%	66.26%	69.53%

The Town implemented GASB 68 during fiscal year 2015. As such, only nine years of information is available.

**TOWN OF MANCHESTER, MARYLAND
SCHEDULE OF THE TOWN CONTRIBUTIONS —
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 182,274	\$ 157,490	\$ 149,940	\$ 92,862	\$ 112,092	\$ 96,262	\$ 88,112	\$ 86,925	\$ 86,576	\$ 83,898
Contributions in Relation to the Contractually Required Contribution	(182,274)	(157,490)	(149,940)	(92,862)	(112,092)	(96,262)	(88,112)	(86,925)	(86,576)	(83,898)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 1,497,892	\$ 1,374,261	\$ 1,129,951	\$ 1,215,341	\$ 1,252,714	\$ 1,228,030	\$ 1,079,668	\$ 1,016,852	\$ 960,225	\$ 860,225
Contributions as a Percentage of Covered Payroll	12.17%	11.46%	13.27%	7.64%	8.95%	7.84%	8.16%	8.55%	9.02%	9.75%

See Notes to Required Supplementary Information.

**TOWN OF MANCHESTER, MARYLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
STATE OF MARYLAND RETIREMENT AND PENSION SYSTEM
JUNE 30, 2023**

NOTE 1 CHANGES IN BENEFIT TERMS

There were no benefit changes during the years 2015 to 2022.

NOTE 2 CHANGES IN ASSUMPTIONS

- Inflation assumption changed as follows:
 - 6/30/2022 2.25%
 - 6/30/2021 2.25%
 - 6/30/2020 2.60%
 - 6/30/2019 2.60%
 - 6/30/2018 2.60%
 - 6/30/2017 2.65%
 - 6/30/2016 2.70%
 - 6/30/2015 2.70%

- Investment return assumption changed as follows:
 - 6/30/2022 6.80%
 - 6/30/2021 6.80%
 - 6/30/2020 7.40%
 - 6/30/2019 7.40%
 - 6/30/2018 7.50%
 - 6/30/2017 7.50%
 - 6/30/2016 7.55%
 - 6/30/2015 7.65%

**TOWN OF MANCHESTER, MARYLAND
SCHEDULE OF REVENUES AND EXPENDITURES —
BUDGET AND ACTUAL — GENERAL FUND
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes			
Local Property Taxes:			
Real Property	\$ 1,171,542	\$ 1,162,694	\$ (8,848)
Personal Property	400	-	(400)
Railroads and Public Utilities	21,000	30,428	9,428
Ordinary Business Corporations	15,000	20,769	5,769
Penalties and Interest - Delinquent Taxes	3,600	2,324	(1,276)
Net Property Taxes	<u>1,211,542</u>	<u>1,216,215</u>	4,673
Local Income Taxes	775,000	960,574	185,574
State Shared Taxes:			
Alcoholic Beverages	625	663	38
Admission	18,000	10,984	(7,016)
Highway	266,245	314,922	48,677
Total State Shared Taxes	<u>284,870</u>	<u>326,569</u>	41,699
Total Taxes	<u>2,271,412</u>	<u>2,503,358</u>	231,946
Licenses and Permits			
Traders	4,000	3,980	(20)
Building Permits	2,750	2,095	(655)
Rental Housing	500	1,850	1,350
Zoning Fees	500	2,100	1,600
Total Licenses and Permits	<u>7,750</u>	<u>10,025</u>	2,275
Intergovernmental			
Grants from Other Governments:			
Police Protection	50,727	51,233	506
Program Open Space Grant	-	205,920	205,920
Total Grants from Other Governments	<u>50,727</u>	<u>257,153</u>	206,426
Grants from County Government:			
State Road Grant	3,828	3,828	-
Financial Corporations	655	655	-
Planning Functions	299,656	299,656	-
Total Grants from County Government	<u>304,139</u>	<u>304,139</u>	-
Total Intergovernmental	<u>354,866</u>	<u>561,292</u>	206,426
Service Charges			
Public Safety Charges:			
Safety Service Fee	7,500	-	(7,500)
Recreation Charges:			
Park Service Fee	5,000	-	(5,000)
Total Service Charges	<u>12,500</u>	<u>-</u>	(12,500)

**TOWN OF MANCHESTER, MARYLAND
SCHEDULE OF REVENUES AND EXPENDITURES —
BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<u>REVENUES (Continued)</u>			
Rents and Concessions			
Rents and Concessions	\$ 41,796	\$ 44,415	\$ 2,619
Cable TV Franchise Fees	42,500	44,825	2,325
Recreation Charges:			
Rentals	11,000	16,940	5,940
Public Safety Charges:			
Police Fines/Fees	750	745	(5)
Total Rents and Concessions	<u>96,046</u>	<u>106,925</u>	<u>10,879</u>
Miscellaneous Revenue			
Interest	22,000	59,139	37,139
Other	2,000	33,094	31,094
Total Miscellaneous Revenue	<u>24,000</u>	<u>92,233</u>	<u>68,233</u>
 Total Revenues	 <u>\$ 2,766,574</u>	 <u>\$ 3,273,833</u>	 <u>\$ 507,259</u>

**TOWN OF MANCHESTER, MARYLAND
SCHEDULE OF REVENUES AND EXPENDITURES —
BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General Government			
Legislative:			
<u>Council</u>			
Salaries	\$ 8,000	\$ 8,000	\$ -
Operating Expenses	26,200	21,591	4,609
<u>Administration</u>			
Salary	140,572	132,400	8,172
Operating Expenses	68,217	54,205	14,012
Capital Outlay	-	3,494	(3,494)
Executive:			
<u>Mayor</u>			
Salary	10,000	10,000	-
Financial Administration:			
<u>Independent Accounting and Auditing</u>			
Operating Expenses	22,500	24,675	(2,175)
Law:			
<u>Legal Counsel</u>			
Operating Expenses	11,000	9,473	1,527
Planning and Zoning:			
<u>Planning Commission</u>			
Salaries	86,174	80,152	6,022
Operating Expenses	25,450	8,374	17,076
General Services:			
<u>Postal Park</u>			
Operating Expenses	3,350	1,906	1,444
<u>Data Processing</u>			
Computer Operating Expenses	18,000	22,913	(4,913)
<u>Other General Services</u>			
Historical Association	42,890	30,390	12,500
Community Projects	12,650	17,795	(5,145)
Liability Insurance	6,000	5,229	771
Total General Government	481,003	430,597	50,406
Public Safety			
Police Department:			
<u>Patrol and Investigation</u>			
Salaries	512,806	519,561	(6,755)
Operating Expenses	80,176	87,298	(7,122)
Capital Outlay	2,900	4,725	(1,825)
Fire Department:			
<u>Volunteer Company</u>			
Operating Expenses	45,504	37,749	7,755
Total Public Safety	641,386	649,333	(7,947)

**TOWN OF MANCHESTER, MARYLAND
SCHEDULE OF REVENUES AND EXPENDITURES —
BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
EXPENDITURES (Continued)			
Public Works			
Highways and Street:			
<u>Streets, Roadways and Alleys:</u>			
Salaries and Overtime	\$ 171,848	\$ 177,928	\$ (6,080)
Operating Expenses	72,500	45,412	27,088
Capital Outlay	487,600	495,118	(7,518)
<u>Snow and Ice Removal:</u>			
Salaries	15,000	962	14,038
Operating Expenses	21,000	6,383	14,617
<u>Street Lighting:</u>			
Operating Expenses	33,600	26,619	6,981
<u>Stormwater Management:</u>			
Operating Expenses	74,000	74,957	(957)
<u>Sanitation and Waste Removal:</u>			
Waste - Collection and Disposal:			
Operating Expenses	336,083	323,907	12,176
Total Public Works	<u>1,211,631</u>	<u>1,151,286</u>	<u>60,345</u>
Recreation			
Parks:			
Salaries	121,526	109,770	11,756
Operating Expenses	58,166	23,398	34,768
Capital Outlay	62,000	94,796	(32,796)
Total Recreation	<u>241,692</u>	<u>227,964</u>	<u>13,728</u>
Miscellaneous			
Workers' Compensation Insurance	41,506	33,538	7,968
Health and Accident Insurance	205,200	157,323	47,877
Social Security Contributions	80,320	76,271	4,049
Pension Plan Expense	184,800	134,678	50,122
Miscellaneous	-	1,144	(1,144)
Total Miscellaneous	<u>511,826</u>	<u>402,954</u>	<u>108,872</u>
Total Expenditures	<u>3,087,538</u>	<u>2,862,134</u>	<u>225,404</u>
Excess (Deficiency) of Expenditures Over Revenues Before Other Financing Sources	(320,964)	411,699	732,663
OTHER FINANCING SOURCES			
Principal, Interest, and Issuance Cost	(189,294)	(188,563)	731
Transfer from Other Sources	203,294	-	(203,294)
Use of Prior Year Fund Balance	306,964	-	(306,964)
Total Other Financing Sources	<u>320,964</u>	<u>(188,563)</u>	<u>(509,527)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 223,136</u>	<u>\$ 223,136</u>

TOWN OF MANCHESTER, MARYLAND
SCHEDULE OF REVENUES AND EXPENDITURES —
BUDGET AND ACTUAL — ENTERPRISE FUND
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2023

	Water Fund			Sewer Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES						
Charges for Services	\$ 326,326	\$ 335,885	\$ 9,559	\$ 504,000	\$ 503,599	\$ (401)
Unit Charges	253,000	259,914	6,914	283,000	304,232	21,232
Excise Taxes	12,750	-	(12,750)	11,250	-	(11,250)
Area Service Charges	12,500	-	(12,500)	12,500	-	(12,500)
Grant Revenue	2,000,439	801,854	(1,198,585)	2,000,439	-	(2,000,439)
Miscellaneous	144,904	97,061	(47,843)	10,675	15,055	4,380
Total Operating Revenues	2,749,919	1,494,714	(1,255,205)	2,821,864	822,886	(1,998,978)
OPERATING EXPENSES						
Salaries and Fringe Benefits	436,344	392,055	44,289	375,135	347,474	27,661
Operating Expenses	233,336	216,516	16,820	371,490	231,739	139,751
Capital Outlay	2,072,739	841,542	1,231,197	2,062,739	8,200	2,054,539
Total Operating Expenses	2,742,419	1,450,113	1,292,306	2,809,364	587,413	2,221,951
Operating Income (Loss)	7,500	44,601	37,101	12,500	235,473	222,973
NONOPERATING REVENUES (EXPENSES)						
Payments on Notes	(23,100)	(22,933)	167	-	-	-
Interest Revenue	15,600	77,399	61,799	13,200	72,653	59,453
Debt Service Interest	-	(115)	(115)	-	-	-
Bay Restoration Fees Revenue	-	-	-	112,800	114,199	1,399
Bay Restoration Fees Remitted to the State	-	-	-	(112,800)	(114,199)	(1,399)
Total Nonoperating Income (Loss)	(7,500)	54,351	61,851	13,200	72,653	59,453
Change in Net Position - Budgetary Basis	<u>\$ -</u>	<u>98,952</u>	<u>\$ 98,952</u>	<u>\$ 25,700</u>	<u>308,126</u>	<u>\$ 282,426</u>
Capital Outlay		841,542			8,200	
Lease Revenue		34,243			-	
Payments on Notes		22,933			-	
Pension Expense		27,792			22,832	
Depreciation Expense		(230,858)			(308,262)	
Change in Net Position - GAAP Basis		<u>\$ 794,604</u>			<u>\$ 30,896</u>	