TOWN OF GREENSBORO, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2023

TOWN OF GREENSBORO

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Independent Auditor's Report

Honorable Mayor and Council Members
Town of Greensboro, Maryland

Opinion

We have audited the accompanying financial statements of the governmental activities the business-type activities, and each major fund of the Town of Greensboro (the "Town"), as of June 30, 2023, and the related notes to the financial statements, which comprise the Town's 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 its financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Accounting Adjustment

As discussed in Note 1, there were prior period accounting adjustments resulting in an understatement of previously reported balances for the year ended June 30, 2022.

As a result, the Town has restated the "Governmental Activities" net position by $500,217 from $1,948,433 to $2,448,650 and the "Business-type Activities" net position by $695,029 from $14,695,915 to $15,390,944. The Town has also restated the "General Fund" balance by $628,577 from $1,630,718 to $2,232,295. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Greensboro and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Greensboro's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness

of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Greensboro'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information, and the pension-related supplementary information on pages 4 through 10, 44 and 45, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Greensboro, Maryland's financial statements as a whole. The Schedule of Revenues – Budget and Actual – General Fund, Schedule of Expenditures – Budget and Actual – General Fund, and the Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Utility Fund ("supplemental schedules") on pages 46 through 50 are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.



March 3, 2026

Our discussion and analysis of the financial performance of the Town of Greensboro provides an overview of the Town's financial activities for the year ended June 30, 2023. Please read it in conjunction with the transmittal letter and the Town's financial statements.

Financial Highlights:

- Property tax remained the same
- Water & Sewer rates did not increase
- Building Permits – remained the same
- There were 4 water & sewer connections
- Water and Sewer charges remained constant; penalties slightly decreased
- State Income Taxes increased

Using This Annual Report

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

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities

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

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

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including the police, general administration, public works, and parks. Taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system is reported here.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. The Town's two kinds of funds, governmental and proprietary, use different accounting approaches.

- Governmental funds – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation to the right of the fund financial statements.
- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash-flows.

The Town as a Whole

Governmental Activities

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

General Government	Building Permit Fees, Rental Housing Licenses, Zoning Appeals Fees, Penalties, Occupancy Permits, Business Licenses
Public Safety	Federal Grants, State Grants, Fines, Impact Fees, Report Fees
Public Works	Highway User Revenues, County Overlapping Grants, Trash Receipts
Recreation & Culture	State Grants

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted to a specific purpose.

Governmental-Wide Financial Information

The following is selected information as of June 30, 2023 and for the previous year ended provided for comparison purposes.

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current assets	$ 1,817,345	$ 596,077	$ 2,413,422	$ 2,337,069	$ 97,356	$ 2,434,425
Capital assets	1,328,517	18,298,990	19,627,507	1,343,768	19,024,643	20,368,411
Total assets	3,145,862	18,895,067	22,040,929	3,680,837	19,121,999	22,802,836
Deferred outflows	238,408	-	238,408	204,345	-	204,345
Total assets and deferred outflows	3,384,270	18,895,067	22,279,337	3,885,182	19,121,999	23,007,181
Current liabilities	253,468	255,886	509,354	792,862	873,769	1,666,631
Long-term liabilities	926,434	4,375,641	5,302,075	899,057	3,552,315	4,451,372
Total liabilities	1,179,902	4,631,527	5,811,429	1,691,919	4,426,084	6,118,003
Deferred inflows	19,815	-	19,815	244,830	-	244,830
Net position						
Net investment in capital assets	857,866	14,120,695	14,978,561	798,534	14,872,512	15,671,046
Restricted	1,221,173	-	1,221,173	924,666	-	924,666
Unrestricted	105,514	142,845	248,359	225,233	(176,597)	48,636
Total net position	2,184,553	14,263,540	16,448,093	1,948,433	14,695,915	16,644,348
Total liabilities, deferred inflows and net position	3,384,270	18,895,067	22,279,337	3,885,182	19,121,999	23,007,181
Program revenues						
Charges for Services	177,688	1,204,397	1,382,085	544,762	1,347,559	1,892,321
Grants and contributions	925,358	-	925,358	1,144,901	-	1,144,901
General Revenues						
Income Taxes	277,667	-	277,667	172,892	-	172,892
Property Taxes	842,762	-	842,762	799,127	-	799,127
Total general revenues	1,347,986	75,419	1,423,405	642,948	431,421	1,074,369
Total revenues and transfers	2,451,032	1,279,816	3,730,848	2,332,611	1,778,980	4,111,591
Expenses						
General government	1,509,881	-	1,509,881	805,623	-	805,623
Public Safety	508,766	-	508,766	456,507	-	456,507
Public works	507,330	-	507,330	540,636	-	540,636
Recreation and parks	176,999	-	176,999	115,812	-	115,812
Transfers	-	-	-	-	-	-
Total expenses and transfers	2,715,129	2,407,220	5,122,349	1,922,705	1,918,820	3,841,525
Change in net position	(264,097)	(1,127,404)	(1,391,501)	409,906	(139,840)	270,066
Net position, beginning of year - restated	2,448,650	15,390,944	17,839,594	1,538,527	14,835,755	16,374,282
Net position, end of year	$ 2,184,553	$ 14,263,540	$ 16,448,093	$ 1,948,433	$ 14,695,915	$ 16,644,348

The Statement of Net Position provides a look at the Town's resources, specifically, the difference between assets and liabilities. The Town's Governmental Activities net position decreased by about $264 thousand, or 12% from 2022 to 2023. The decrease in net position is due to an increase in expenses. The business-type funds decreased by less than 10%.

The Town's total revenues decreased by 10% to $3,730,848. The Town's business-type saw a decrease in revenue from water and sewer service charges, allocation fees, and connection fees. The increase in governmental activities is primarily attributable to an increase in real property, personal property and income tax revenue. Total expenses and transfers increased by 25% to $5,122,349. Governmental activities expenditures saw an increase due to various line items.

Business-type Activities – Water and Sewer Activities

Business-type activities consist of the water, sewer, and pumping stations operations. The utility fund shows an operating loss of ($1,127,404) resulting from repairs, upgrades, and debt service and a decrease in fee collections in fiscal year 2023.

The Town's Funds

The following schedule presents a summary of general revenue and expenses for the fiscal year ended June 30, 2023 and percentage of increases and decreases in relation to the prior year.

	FY2023 Amount	Percent of Total	Increase (Decrease) From FY22	FY2022 Amount
Revenues				
Taxes	$ 1,154,747	47%	$ 118,554	$ 1,036,193
Intergovernmental	3,300	0%	(21,859)	25,159
Licenses and permits	126,465	5%	94,844	31,621
ARPA	925,358	38%	887,441	37,917
Fines	3,150	0%	1,007	2,143
Charges for services	143,370	6%	2,318	141,052
Miscellaneous	94,642	4%	(1,352,720)	1,447,362
TOTAL REVENUE	$ 2,451,032	100%	$ (270,415)	$ 2,721,447
Expenditures				
General government	$ 1,756,713	58%	$ 950,452	$ 806,261
Public safety	481,883	16%	(8,318)	490,201
Public works	468,831	15%	(20,586)	489,417
Recreation and parks	125,204	4%	61,359	63,845
Capital outlays	135,689	4%	117,823	17,866
Debt Service	86,736	3%	24,384	62,352
TOTAL EXPENDITURES	$ 3,055,056	100%	$ 1,125,114	$ 1,929,942

General Fund Budgetary Highlights

There were no budget revisions in fiscal year 2023. Refer to page 44 of this report for a detailed analysis of the original budget, final budget, and actual revenues and expenditures for the governmental funds.

Capital Asset and Debt Administration

Capital Assets

Capital assets for FY23 included infrastructure, equipment, and vehicles.

Debt

At year end, the Town's governmental activities had $470,651 in outstanding long-term debt as compared to $545,234 last year. In the utility funds, the Town had $4,178,295 in outstanding long-term debt compared to $4,264,313 last year.

Other obligations of the Town as of year-end include compensated absences and the net pension liability.

Economic Factors and Next Year's Budgets and Rates

Utility rates did not increase for FY 2023. It continues to be imperative to consider increasing the property tax rates and utility rates for Fiscal Year 2024. The Town is looking into hiring a firm to conduct a water/sewer rate study in order to evaluate its financial position and determine what need exists for reserve funds.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager at Town of Greensboro, PO Box 340, Greensboro, Maryland 21639.

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents - unrestricted	$ 505,180	$ 85,450	$ 590,630
Cash and cash equivalents - restricted	1,221,173	-	1,221,173
Investments	55,886	-	55,886
Accounts receivable	35,106	510,627	545,733
Total Current Assets	1,817,345	596,077	2,413,422
Noncurrent Assets			
Net capital assets	1,328,517	18,298,990	19,627,507
Total Noncurrent Assets	1,328,517	18,298,990	19,627,507
TOTAL ASSETS	3,145,862	18,895,067	22,040,929
DEFERRED OUTFLOWS OF RESOURCES	238,408	-	238,408
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,384,270	$ 18,895,067	$ 22,279,337
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	189,074	$ 124,136	$ 313,210
Current portion of long-term debt	64,394	131,750	196,144
Total Current Liabilities	253,468	255,886	509,354
Noncurrent Liabilities			
Compensated absences	27,340	4,101	31,441
Net pension liability	487,427	-	487,427
Leases	5,410	324,995	330,405
Loans payable - long-term	406,257	4,046,545	4,452,802
Total Noncurrent Liabilities	926,434	4,375,641	5,302,075
TOTAL LIABILITIES	1,179,902	4,631,527	5,811,429
DEFERRED INFLOWS OF RESOURCES	19,815	-	19,815
NET POSITION			
Net investment in capital assets	857,866	14,120,695	14,978,561
Restricted - ARPA	1,221,173	-	1,221,173
Unrestricted	105,514	142,845	248,359
TOTAL NET POSITION	2,184,553	14,263,540	16,448,093
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 3,384,270	$ 18,895,067	$ 22,279,337

See accompanying notes to financial statements.

TOWN OF GREENSBORO, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Direct Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government								
Governmental Activities:								
General government	$ 1,509,881	$ 12,153	$ -	$ 925,358	$ -	$ (596,676)	$ -	$ (596,676)
Public safety	508,766	-	-	-	-	(508,766)	-	(508,766)
Public works	507,330	-	177,688	-	-	(329,642)	-	(329,642)
Recreation and parks	176,999	-	-	-	-	(176,999)	-	(176,999)
Interest expense	12,153	(12,153)	-	-	-	-	-	-
Total Governmental Activities	2,715,129	-	177,688	925,358	-	(1,612,083)	-	(1,612,083)
Business-type Activities								
Water and sewer	2,407,220	-	1,204,397	-	-	-	(1,202,823)	(1,202,823)
Total Business-type Activities	2,407,220	-	1,204,397	-	-	-	(1,202,823)	(1,202,823)
Total Primary Government	$ 5,122,349	$ -	$ 1,382,085	$ 925,358	$ -	$ (1,612,083)	$ (1,202,823)	$ (2,814,906)
General revenues:								
Taxes								
Income taxes						277,667	-	277,667
Property taxes						842,762	-	842,762
Interest and investment earnings						1,667	-	1,667
Miscellaneous						225,890	75,419	301,309
Transfers						-	-	-
Total General Revenues						1,347,986	75,419	1,423,405
Change in Net Position						(264,097)	(1,127,404)	(1,391,501)
Net Position, beginning of year - restated						2,448,650	15,390,944	17,839,594
Net Position, end of year						$ 2,184,553	$ 14,263,540	$ 16,448,093

See accompanying notes to financial statements.

TOWN OF GREENSBORO, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents - unrestricted	$ 505,180	$ 505,180
Cash and cash equivalents - restricted	1,221,173	1,221,173
Investments	55,886	55,886
Other receivables	35,106	35,106
TOTAL ASSETS	1,817,345	1,817,345
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,817,345	$ 1,817,345
LIABILITIES		
Accounts payable and accrued expenditures	$ 189,074	$ 189,074
TOTAL LIABILITIES	189,074	189,074
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCES		
Non-spendable	-	-
Restricted - ARPA	1,221,173	1,221,173
Unassigned	407,098	407,098
TOTAL FUND BALANCES	1,628,271	1,628,271
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,817,345	$ 1,817,345

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total Governmental Fund Balances	$ 1,628,271
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,328,517
Net pension liability is a long-term liability and is not reported in the funds.	(487,427)
Deferred inflows of resources pertaining to net pension liability are not reported in the funds.	(19,815)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(503,401)
Deferred outflows of resources pertaining to net pension liability are not reported in the funds.	238,408
Net Position of Governmental Activities	$ 2,184,553

See accompanying notes to financial statements.

TOWN OF GREENSBORO, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Total Governmental Funds
REVENUES		
Property taxes	$ 842,762	$ 842,762
Local taxes	311,985	311,985
Licenses and permits	126,465	126,465
Intergovernmental revenue	3,300	3,300
ARPA	925,358	925,358
Fines	3,150	3,150
Charges for services	143,370	143,370
Miscellaneous revenue	94,642	94,642
Total Revenues	2,451,032	2,451,032
EXPENDITURES		
General government	1,756,713	1,756,713
Public safety	481,883	481,883
Public works	468,831	468,831
Recreation and parks	125,204	125,204
Capital outlays	135,689	135,689
Debt service		
Principal	74,583	74,583
Interest	12,153	12,153
Total Expenditures	3,055,056	3,055,056
Excess of revenues over (under) expenditures and other financing uses	(604,024)	(604,024)
Other financing sources (uses)		
Transfers in (out)	-	-
Total other financing sources (uses)	-	-
Excess of revenue and other financing sources over (under) expenditures and other financing uses	(604,024)	(604,024)
Fund balance, beginning of year - restated	2,232,295	2,232,295
Fund balance, end of year	$ 1,628,271	$ 1,628,271

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$ (604,024)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,842)
Long term liabilities relating to compensated absences are not due and payable in the current period and therefore are not reported in the funds.	32,264
Pension expense pertaining to net pension liability is not reported in the funds.	234,922
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	74,583
Change in Net Position of Governmental Activities	$ (264,097)

See accompanying notes to financial statements.

TOWN OF GREENSBORO, MARYLAND
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2023

	Business-Type Activities	
	Utility	Total
ASSETS		
Current Assets		
Cash and cash equivalents	$ 85,450	$ 85,450
Accounts receivable, net of allowances	510,627	510,627
Total Current Assets	596,077	596,077
Noncurrent Assets		
Due from other funds	-	-
Net capital assets	18,298,990	18,298,990
Total Noncurrent Assets	18,298,990	18,298,990
TOTAL ASSETS	18,895,067	18,895,067
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 18,895,067	$ 18,895,067
LIABILITIES		
Current Liabilities		
Accounts payable	$ 124,136	$ 124,136
Current portion of capital lease	37,687	37,687
Current portion of long-term debt	94,063	94,063
Due to other funds	-	-
Total Current Liabilities	255,886	255,886
Noncurrent Liabilities		
Compensated absences	4,101	4,101
Long-term capital lease, net of current liabilities	324,995	324,995
Long-term debt, net of current liabilities	4,046,545	4,046,545
Total Noncurrent Liabilities	4,375,641	4,375,641
TOTAL LIABILITIES	4,631,527	4,631,527
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	14,158,382	14,158,382
Restricted	-	-
Unrestricted	105,158	105,158
TOTAL NET POSITION	14,263,540	14,263,540
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 18,895,067	$ 18,895,067

See accompanying notes to financial statements.

TOWN OF GREENSBORO, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities	
	Utility Fund	Total
Operating Revenues		
Charges for services	$ 1,204,397	$ 1,204,397
Miscellaneous	75,419	75,419
Total Operating Revenues	1,279,816	1,279,816
Operating Expenses		
Operations	1,544,319	1,544,319
Depreciation	862,901	862,901
Total Operating Expenses	2,407,220	2,407,220
Operating Income (Loss)	(1,127,404)	(1,127,404)
Non-operating Revenues (Expenses)		
Investment income	-	-
Net Non-operating Revenues (Expenses)	-	-
Income Before Contributions and Transfers	(1,127,404)	(1,127,404)
Capital contributions	-	-
Transfers (to) from other funds	-	-
	-	-
Changes in Net Position	(1,127,404)	(1,127,404)
Total net position at beginning of year - restated	15,390,944	15,390,944
Total net position at end of year	$ 14,263,540	$ 14,263,540

See accompanying notes to financial statements.

TOWN OF GREENSBORO, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities	
	Utility	Total
Cash flows from operating activities		
Cash received from customers	$ 693,770	$ 693,770
Cash paid to suppliers	(1,434,977)	(1,434,977)
Cash paid to employees	324,995	324,995
Other receipts	75,419	75,419
Net cash provided (used) by operating activities	(340,793)	(340,793)
Cash flows from capital and related financing activities		
Purchases of capital assets	(137,248)	(137,248)
Principal paid on debt	(189,985)	(189,985)
Net cash (used) for capital and related financing activities	(327,233)	(327,233)
Cash flows from non-capital financing activities		
Transfers (to) from other funds	656,120	656,120
Net cash (used) for non-capital financing activities	656,120	656,120
Cash flows from investing activities		
Interest and dividends	-	-
Net cash provided by investing activities	-	-
Net increase (decrease) in cash and cash equivalents	(11,906)	(11,906)
Cash and cash equivalents at beginning of year	97,356	97,356
Cash and cash equivalents at end of year	$ 85,450	$ 85,450
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (1,127,404)	$ (1,127,404)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	862,901	862,901
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(510,627)	(510,627)
Increase (decrease) in accounts payable	91,688	91,688
Increase (decrease) in accrued expenses	17,654	17,654
Increase (decrease) in compensated absences	324,995	324,995
Cash provided (used) by operating activities	$ (340,793)	$ (340,793)

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Greensboro, (the "Town"), is located in Caroline County, Maryland and has a population of approximately 1,919 people. Some of the major services provided by the Town include water and sewer, trash removal, parks and recreation, planning and zoning, improvements, and public safety.

The accounting policies of the Town of Greensboro conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

In evaluating how to define the Town of Greensboro, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set by the Governmental Accounting Standards Board. Component units are legally separate organizations for which the elected officials of the Town are financially accountable and a financial benefit or burden relationship exists. In addition, component units can be other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading. Based upon the application of criteria set by the Governmental Accounting Standards Board, there are no separate component units of the Town.

Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Town's funds are grouped into two broad fund categories.

Governmental funds include the General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Proprietary Fund includes the Enterprise Fund. The Enterprise Fund is used to account for operations that are financed and operated in manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, including the reclassification or elimination of internal activity (between funds). This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues, for each segment of the business-type activities of the Town, and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect costs are allocated to programs. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Program revenues include charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town. Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column.

Governmental Funds

Town activities pertaining to general government, public safety, public works, recreation, and culture are reported in the governmental funds. All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collectible within the current year or within two months of year-end and available to pay obligations of the current period). These include property taxes, franchise taxes, investment earnings, charges for services and intergovernmental revenues.

Some revenues, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, some revenues are recorded as receivables and deferred inflows of resources.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid.

Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Proprietary Funds

The Town's water utility activities are reported in the proprietary fund. The proprietary fund is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled water fund utility receivables are recorded at each year-end. Operating revenues are comprised primarily of charges for services, and non-operating revenues are comprised primarily of interest and investment earnings.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition, excluding investments in the State of Maryland Local Government Investment Pool.

Investments

Investments held at June 30, 2023, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Receivables

Receivables at June 30, 2023, consist of taxes, water charges, and sewer charges. Accounts receivable are deemed collectible in full.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Inventory of Supplies

Inventories, if any, are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds, and expenses in the proprietary type funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government wide statements. Infrastructure such as bridges, roads, curbs and gutters, streets, sidewalks, drainage systems and lighting systems are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The Town defines capital assets as assets with an initial individual cost of $5,000 or more, and an estimated useful life in excess of one year. Donated capital assets are capitalized at estimated fair market value on the date donated. The Town recognizes intangible assets if identifiable, and are amortized over their useful lives if they do not have indefinite useful lives.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and structures	50 years
Improvements other than buildings	15 – 25 years
Infrastructure	39 – 75 years
Furniture, machinery and equipment	5 – 10 years
Automobiles and trucks	7 – 8 years

Restricted Reserves

The Town uses restricted resources first when an expense is incurred, for purposes for which both restricted and unrestricted net position is available.

Interest Expense

Interest is expensed as incurred except when interest is incurred during the construction period, and is capitalized as part of the cost of the asset.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Deferred Outflows and Inflows 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 (expense/expenditure) until then. Likewise, 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 that time.

As of June 30, 2023, in the government wide statements, deferred outflows of resources was comprised of $238,408 for net pension liability, and deferred inflows of resources was comprised of $19,815 related to the net pension liability.

Compensated Absences

Accumulated unpaid leave of the Town is recorded as a liability. Compensated absences consist of accumulated sick and vacation time. Upon retirement, sick leave is limited to 50% of accumulated balances not to exceed 60 days or 480 hours. Vacation accrual is limited to 240 hours.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that were used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Equity Classifications

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, and reduced or increased by deferred inflows and outflows attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation and are reduced by liabilities and deferred inflows of resources related to those constraints.

Unrestricted net position – the remaining net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first and then unrestricted resources as needed.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of restrictions imposed externally by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by the Town Charter, Town Code or enabling legislation.
3. Committed Fund Balance – amounts that can be used only for specific purposes determined by a formal action by Town Council, the Town's highest level of decision-making authority, ordinance or resolution.
4. Assigned Fund Balance – amounts that are constrained by the Town's intent that they will be used for specific purposes but are neither restricted nor committed. Pursuant to the Town Charter, the Town Manager and the Town Council are authorized to assign amounts for specific purposes.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The Town considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Town also considers committed fund balances to spend first when other unrestricted fund balance classifications are available for use.

Prior Period Accounting Adjustments

There were prior period accounting adjustments pertaining to net position and fund balance. As a result of the adjustments, the Town of Greensboro has restated July 1, 2022 beginning net position and fund balance.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements for all funds:

Annual budgets are adopted for all Town funds. The Town Council may subsequently amend the budget, and the budget was not amended during fiscal year 2023. For day-to-day management control, expenditures may not exceed budget at the expenditure-type (i.e. personnel services, other operations and maintenance, etc.). The Town prepares an annual operating budget on a basis consistent with generally accepted accounting principles.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposit Policies

Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, banker's acceptance, and other available bank investments, provided that approved securities are pledged to secure those funds deposited in an amount equal to the amount of those funds. In addition, the Town can invest in direct debt securities of the United States, unless such an investment is expressly prohibited by law and can invest in the State of Maryland Local Government Investment Pool.

The Town's deposits are insured or collateralized with securities held by the Town, its agent, or by the pledging financial institution's trust department, or agent in the name of the Town.

Pooling of Cash

The Town pools all individual fund cash balances. Income is distributed to the funds based on contribution to the pool.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned, or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's policy requires deposits to be insured by FDIC, and balances exceeding FDIC limits be secured by collateral valued at 102 percent of principal and accrued interest. Collateral is to be held by the Town, its agent, or by the pledging financial institution's trust department or agent, in the name of the Town.

At year-end, the carrying amounts of the Town's deposits were $1,809,814 and the bank balances totaled $1,809,815. Of the bank balances, $1,309,814 was not insured by Federal Depository Insurance Corporation (FDIC). However, at year end, the Town's bank balances were not exposed to any custodial credit risk because all deposits were fully collateralized.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's policy provides that to the extent practicable, investments are matched with anticipated cash flows.

NOTE 3 – DEPOSITS AND INVESTMENTS – continued

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Town policy provides that investment collateral is held by a third-party custodian with whom the Town has a current custodial agreement in the Town's name.

Generally, the Town's investing activities are managed by the Town Manager and the Town Council. Investing is performed in accordance with investment policies adopted by the Town Council complying with State Statutes and the Town Charter. Town funds may be invested in: 1) U.S. Treasury obligations; 2) U.S. Government Agency and U.S. Government-sponsored instrumentalities; 3) Repurchase agreements (master repurchase agreement required); 4) Collateralized certificates of deposit (only Maryland commercial banks); 5) Bankers' acceptances from domestic banks which also include the United States affiliates of large international banks with a short-term rating of A1 from Standard and Poor's Corporation and P1 from Moody's Investor Service; 6) Money market mutual funds, highest rating by at least one recognized rating agency; 7) Commercial paper with a minimum of an A1/P1 rating by at least one recognized rating agency; 8) State of Maryland Local Government Investment Pool; 9) Bonds, notes or other obligation (with the highest rating by at least one recognized rating agency) issued by or on behalf of any state or any agency, department, county, municipal or public corporation, special district authority or political subdivision thereof, or in any fund or trust that invests only in the securities described in this paragraph.

Investments

At June 30, 2023, the Town had $55,886 held in the Maryland Local Government Investment Pool (MLGIP).

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2023, accounts receivable consists of the following:

Other receivables	$	1,522
Water/sewer charges		510,627
Licenses & permits		33,584
	$	545,733

NOTE 5 - INTERFUND TRANSFERS AND BALANCES

As of June 30, 2023, the amount transferred from the general fund to the utility enterprise fund was $0.

NOTE 6 – PROPERTY TAX

Real estate and personal property taxes are levied based on the State of Maryland assessments. Property taxes include amounts levied against all real and public utility property and tangible personal property which are used in businesses located in the Town. Real property taxes are levied on the first day of July on the assessed value. When taxes are overdue and the amount exceeds $100, a lien is placed against the property. Taxes are due and payable on the first day of July in the year for which they are levied and become overdue and in arrears on the first day of the following October. Penalties and interest are charged on any unpaid taxes. The property tax rate for fiscal year 2023 is $.71 per $100 of assessed value for real property, commercial and business property is $1.513 per $100 of assessed value, and public utilities is $1.40 per $100 assessed value.

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 594,895	$ -	$ -	$ 594,895
Construction in progress	-	-	-	-
Subtotal	594,895	-	-	594,895
Depreciable capital assets:				
Buildings	563,086	-	-	563,086
Machinery & equipment	214,637	19,114	-	233,751
Improvements	1,654,491	44,108	13,409	1,685,190
Vehicles	232,392	72,467	-	304,859
Subtotal	2,664,606	135,689	13,409	2,786,886
Total capital assets	3,259,501	135,689	13,409	3,381,781
Accumulated depreciation:				
Buildings	333,511	13,638	-	347,149
Machinery & equipment	172,711	6,305	-	179,016
Improvements	1,215,857	92,255	-	1,308,112
Vehicles	193,654	25,333	-	218,987
Subtotal, accumulated depreciation	1,915,733	137,531	-	2,053,264
Net capital assets	$ 1,343,768	$ (1,842)	$ 13,409	$ 1,328,517

Depreciation was charged to functions as follows:

Government activities:	
General government	$ 20,354
Public safety	26,883
Public works	38,499
Parks, recreation and culture	51,795
Total government activities depreciation expense	$ 137,531

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION - continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 343,600	$ -	$ -	$ 343,600
Construction in progress	-	-	-	-
Subtotal	343,600	-	-	343,600
Other depreciable capital assets:				
Equipment	317,477	-		317,477
Improvements	24,234,440	137,248	-	24,371,688
Vehicles	101,011	-	-	101,011
Subtotal	24,652,928	137,248	-	24,790,176
Total capital assets	24,996,528	137,248	-	25,133,776
Accumulated depreciation:				
Equipment	149,170	27,409	-	176,579
Improvements	5,737,712	821,984	-	6,559,696
Vehicles	85,003	13,508	-	98,511
Subtotal accumulated depreciation	5,971,885	862,901	-	6,834,786
Net capital assets	$ 19,024,643	$ (725,653)	$ -	$ 18,298,990

Depreciation was charged as follows:

Business-type activities:	
Sewer fund	$ 776,211
Water fund	86,690
Total business-type activities depreciation expense	$ 862,901

The Town has no material construction commitments as of June 30, 2023.

NOTE 8 – RETIREMENT PLAN

The Town has adopted GASB No. 68 – Accounting and Financial Reporting for Pensions ("GASB 68") for the year ended June 30, 2015. The Town participates in the Maryland State Pension System (the "System") described below and qualifies as a Participating Governmental Unit ("PGU"). The State Retirement Agency (the "Agency") is the Plan administrator and fiduciary. GASB No. 68 requires that a PGU recognize its proportionate share of the System's net pension liability (i.e., unfunded pension liability) and pension expense. The Town's proportionate share of the net pension liability is based on total System contributions and approximates $487,427 as of the measurement date of June 30, 2022.

The Town has also adopted GASB No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68. GASB No. 71 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The Town's fiscal 2023 contribution of $110,509 is therefore recognized as a pension-related deferred outflow of resources.

NOTE 8 – RETIREMENT PLAN - continued

A. Description of Plans

The State of Maryland identifies multiple-employer defined benefit pension plans as cost-sharing plans.

On October 1, 1941, the Employees' Retirement System of the State of Maryland was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established.

The Employees' Pension System of the State of Maryland (Pension System) was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System. The Employees Contributory Pension System of the State of Maryland (Contributory Pension System) was established July 1, 1998. The Town elected to participate in the Contributory Pension System effective May 1, 2005.

Under the terms of the Contributory Pension System, a member hired may retire with full benefits upon attaining age 60 or after completing 30 years of eligible service regardless of age. A member may retire with reduced benefits prior to attaining age 60 after completing 25 years of eligible service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested retirement allowance upon age 60.

Under the terms of the Contributory Pension System, a member hired before July 1, 2011 may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least five years of service. An employee hired before July 1, 2011 may also take early retirement with reduced benefits at age 55 with 15 years of service. A member hired before July 1, 2011 terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62. Members hired on or after July 1, 2011 may retire when their age and years of eligibility service totals 90 years or at age 65 with 10 years of eligibility service. Members hired on or after July 1, 2011 may retire with reduced benefits at age 60 with 15 years of eligibility service. A member hired on or after July 1, 2011 terminating employment before attaining retirement age, but after completing ten years of eligible service becomes eligible for a vested pension allowance upon reaching age 65.

NOTE 8 – RETIREMENT PLAN – continued

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service multiplied by a factor. This factor varies from 1.2% to 2.0% per eligible service year, depending on employee/employer contributions and other plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

Benefits under the two plans are established under the State Personnel and Pensions Article of the Annotated Code of Maryland.

Benefits are established under the State Personnel and Pensions Article of the Annotated Code of Maryland. The plan is administered by the Maryland State Retirement Agency.

The Maryland State Retirement Agency issues a comprehensive annual financial report that includes disclosures regarding: plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The pension plans' fiduciary net position has been determined on the same basis used by the pension plans. The pension plans' financial statements are prepared on the accrual basis of accounting and are prepared in accordance with principles generally accepted in the United States of America that apply to governmental accounting for fiduciary funds. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Actual employer contributions billed to participating governmental units for the year ending June 30, 2022 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. The contributions were not adjusted to adjust for differences between actuarially determined contributions and actual contributions by the State of Maryland. This report can be obtained from the agency's office as follows:

State Retirement and Pension System of Maryland
120 E. Baltimore Street, Suite 1601
Baltimore, Maryland 21202-1600

Funding Policy
Obligations to contribute to the plans are under the Annotated Code of Maryland. Members of the pension plan contribute 7% of annual compensation during employment. The required contribution rate is determined on an actuarially determined basis. During the year ended June 30, 2023 the Town contributed $110,509. The Town contributed 100% of its required contribution for the year ended June 30, 2023. For members of the pension plan, full-service pension allowances equal 2% of average final compensation (AFC) up to a maximum benefit of 60% of AFC (30 years of credit).

NOTE 8 – RETIREMENT PLAN – continued

Required contributions under the plans are not funded by both employee and Town contributions but are funded entirely by the Town. Contributions by the Town take place during the fiscal year and are based upon salaries for the preceding fiscal year. The Town contributions for the year ending June 30, 2023 are based on salaries for the year ending June 30, 2022. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees, and contributions by the Town are authorized by the Town Council. The required and actual contributions for the fiscal years ending June 30th were as follows:

	Fiscal Year Ending June 30		
	2023	2022	2021
Retirement plan contributions	$ 110,509	$ 93,191	$ 54,657

The Town contributed $110,509 to the System for fiscal year 2023 which was actuarially determined based on statutory provisions. The Town has also recognized in Pension Expense its proportionate share of the System's deferred inflows of resources (an increase in Pension Expense) attributable to the net difference between projected and actual investment earnings on pension plan assets and its proportionate share of the System's deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

Required disclosures aggregate for the plan:

	Maryland State Pension System
Total pension liability	$ 84,319,523,000
Total fiduciary net position	64,310,991,000
Town's proportionate share of total pension liabilities	2,054,104
Town's proportionate share of net pension liabilities	487,427
Total pension assets	64,310,991,000
Measurement date of collective net pension liability	June 30, 2022
Date of actuarial valuation	June 30, 2022
Deferred outflows related to pensions	238,408
Deferred inflows related to pensions	19,815
Pension expense/expenditures for the period	(234,922)

NOTE 8 – RETIREMENT PLAN – continued

Actuarial assumptions

The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2021 rolled forward to June 30, 2022. The key assumptions used to perform the June 30, 2022 pension liability calculation for the System are as follows:

Actuarial Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Asset valuation method	5-year smoothed market; 20% collar
Inflation (b)	2.25% general, 3.10% wage
Salary Increases	2.75%
Discount Rate (a)	6.80%
Investment Rate of Return (b)	6.80%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

(a) Discount rate at prior measurement date was 6.80%.

(b) There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the following assumption changes in the 2022 valuation:
   a. Investment return assumption remained the same at 6.80%.
   b. Inflation assumption decreased to 2.25%.

The components of the net pension liability for the System as of June 30, 2022, calculated in accordance with GASB Statement No. 67, are shown in the following table:

Total pension liability	$ 84,319,523,000
Plan fiduciary net position	64,310,991,000
Net pension liability	$ 20,008,532,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.27%

NOTE 8 – RETIREMENT PLAN – continued

Investments

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

Asset Class	Target Allocations	Long-term Expected Real Rate of Return
Public equity	37%	6.3%
Private equity	13%	7.5%
Rate sensitive	19%	1.3%
Credit opportunity	9%	3.9%
Real assets	14%	4.5%
Absolute return	8%	3.0%
Total	100%	

The above was the Pension System's Board of Trustee's adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at 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.

NOTE 8 – RETIREMENT PLAN – continued

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the System's net pension liability and the Town's proportionate share of the System's net pension liability, calculated using a single discount rate of 6.80%, a single discount rate that is 1-percentage point lower (i.e., 5.80%), and a single discount rate that is 1-percentage point higher (i.e., 7.80%).

	1% Lower - 5.80%	Current Rate - 6.80%	1% Higher - 7.80%
The System's Net Pension Liability	$ 30,699,455,000	$ 20,008,532,000	$ 11,137,544,000
The Town's Proportionate Share of Net Pension Liability	$ 747,869	$ 487,427	$ 271,322

NOTE 8 – RETIREMENT PLAN – continued

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

At June 30, 2022, the Town reported a liability of $487,427 for its proportionate share of the net pension liability. 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 a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2022, the Town's proportion was approximately 0.0024361 percent.

For the year ended June 30, 2022, the Town recognized a pension benefit of $234,922. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Changes of assumptions	$ -	$ -
Differences in actual and expected experience	-	18,477
Net difference between projected and actual earnings on pension plan investments	126,561	-
Contributions subsequent to the measurement date	110,509	-
Changes in proportion and differences betweeen employer contributions and share of contributions	1,338	1,338
Total	$ 238,408	$ 19,815

The deferred outflows of resources of $110,509 relating to contributions subsequent to the measurement date will be recognized as a reduction of the Town's net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources are being amortized over a five-year period beginning in fiscal 2023. These unamortized amounts will be ratably recognized in pension expense over the next four years.

NOTE 8 – RETIREMENT PLAN – continued

Net Pension Liability

The components of the Town's proportionate share of the Pension System's net pension liability as of the measurement date of June 30, 2022 were as follows:

Total pension liability	$ 84,319,523,000
Plan fiduciary net position	64,310,991,000
Net pension liability	$ 20,008,532,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.27%

NOTE 9 – LONG-TERM DEBT

BBT Public Improvement Refunding Bond of 2011A dated December 2011 for $566,500; due in semi-annual installments of $19,944, including interest at 2.69% through October 2031.

BBT Public Improvement Refunding Bond of 2011B dated December 2011 for $204,300; due in semi-annual installments of $7,079, including interest at 4.12% through October 2031.

USDA General Obligation Bond dated September 2014 for $186,000; due in quarterly installments of $1,805, including interest at 2.375% through September 2054. Boyce Mill Road improvements.

BBT Public Improvement Refunding Bond of 2011A dated December 2011 for $566,500; due in semi-annual installments of $16,318, including interest at 2.69% through October 2031. Water improvements.

USDA WWTP Loan 11 dated November 2016 for $100,000; due in quarterly installments of $846, including interest at 1.375% through November 2056.

USDA WWTP Loan 12 dated November 2016 for $300,000; due in quarterly installments of $2,538, including interest at 1.375% through November 2056.

NOTE 9 – LONG-TERM DEBT – continued

USDA WWTP Loan 09 dated November 2016 for $3,964,769; due in quarterly installments of $33,722, including interest at 1.375% through November 2056.

The changes in general long-term debt as of June 30, 2023, are summarized as follows:

	Beginning Of Year	Additions	Retirements	End of Year
BBT Public Improvement Refunding Bond	$ 267,736	$ -	$ 60,408	$ 207,328
BBT Public Improvement Refunding Bond	115,200	-	9,900	105,300
USDA General Obligation Bond	162,298	-	4,275	158,023
Governmental activities	545,234	-	74,583	470,651
BBT Public Improvement Refunding Bond	213,967	-	13,281	200,686
USDA WWTP Loan 11	94,894	-	4,205	90,689
USDA WWTP Loan 12	278,423	-	6,356	272,067
USDA WWTP Loan 09	3,677,029	-	62,176	3,614,853
Business-type activities	4,264,313	-	86,018	4,178,295
Compensated Absences	59,604	-	32,264	27,340
Net Pension Liability	370,080	117,347	-	487,427
	$ 5,239,231	$ 117,347	$ 192,865	$ 5,163,713

Interest costs charged to expense during the year ended June 30, 2023, were $15,803.

The requirements to maturity of the long-term debt of all funds are as follows:

	Governmental Activities			Business-Type Activities		
Year(s) Ended June 30	Principal	Interest	Total	Principal	Interest	Total
2024	64,394	18,950	83,344	94,063	54,361	148,424
2025	57,178	17,135	74,313	95,510	52,914	148,424
2026	58,864	15,449	74,313	96,830	51,594	148,424
2027	60,652	13,709	74,361	98,168	50,256	148,424
2028	62,442	11,915	74,357	99,393	49,031	148,424
thereafter	167,121	63,712	230,833	3,694,331	735,154	4,429,485
	$ 470,651	$ 140,870	$ 611,521	$ 4,178,295	$ 993,310	$ 5,171,605

NOTE 10 – CONCENTRATIONS

The Town derives most of its revenues, except grants, from its citizens. The Town provides various services to its residents. The Town is located in Caroline County, Maryland. Credit is granted to its residents for back taxes and water bills. The Town may place a lien on any property associated with taxes and water services.

NOTE 11 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to workers; and natural disasters.

Local Government Insurance Trust provides the Town's general, automobile, employee, police and public officials' legal liability insurance coverage and property coverage. Chesapeake Employers Trust provides the Town's Workers Compensation Insurance.

Premiums are charged to the Town's expenditure accounts. There have been no assessments or settlements during the year ended June 30, 2023.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants

The Town receives grants from time-to-time. Expenditures from certain grants are subject to audit by the grantor, and the Town is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the Town's management, no material refunds will be required as a result of disallowed expenditures.

NOTE 13 – FUND BALANCE REPORTING

Fund balances for the Town's governmental funds consisted of the following as of June 30, 2023:

Restricted fund balance totals $1,221,173 pertaining to ARPA funds.

Unassigned fund balance totals $407,098.

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements:

Statement No. 87, *Leases,* issued June 2018, effective for financial statements for fiscal years beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, issued August 2018, effective for reporting periods beginning after December 15, 2019.

Statement No. 91, *Conduit Debt Obligations*, issued May 2019, effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, issued January 2020, effective for reporting periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, effective for reporting periods beginning after June 15, 2020.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, effective for reporting periods beginning after June 15, 2022.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued May 2020, effective immediately.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued June 2020, effective for reporting periods beginning after June 15, 2021.

The Town will implement these statements as necessary as of their effective dates. While the Town is still in the process of determining the effect of implementing these GASB statements, they are not expected to have a material effect on the financial position of the Town.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 3, 2026, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

TOWN OF GREENSBORO, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - Governmental Funds
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Funds			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Property taxes	$ 852,000	$ 852,000	$ 842,762	$ (9,238)
Local taxes	224,870	224,870	311,985	87,115
Licenses and permits	63,925	63,925	126,465	62,540
Intergovernmental revenue	31,350	31,350	3,300	(28,050)
Fines	1,125	1,125	3,150	2,025
Charges for services	201,500	201,500	143,370	(58,130)
Miscellaneous revenue	177,070	177,070	1,020,000	842,930
Total Revenues	$ 1,551,840	$ 1,551,840	$ 2,451,032	$ 899,192
Expenditures				
General government	$ 401,327	$ 401,327	$ 1,853,427	$ (1,452,100)
Public safety	457,941	457,941	563,486	(105,545)
Public works	607,627	607,627	512,939	94,688
Recreation and parks	84,945	84,945	125,204	(40,259)
Total Expenditures	$ 1,551,840	$ 1,551,840	$ 3,055,056	$ (1,503,216)

Town of Greensboro, MD
SCHEDULES OF REQUIRED PENSION-RELATED
SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Town's proportion (%) of collective net pension liability	0.0024361%	0.0024668%	0.0027237%	0.0021557%	0.0017333%	0.0017131%	0.0018257%	0.0018469%	0.0017024%
Town's proportionate share ($) of collective net pension liability	$ 487,427	$ 370,080	$ 615,602	$ 444,623	$ 363,678	$ 370,443	$ 430,753	$ 383,821	$ 302,127
Town's covered payroll($)	$ 559,763	$ 559,763	$ 530,830	$ 631,444	$ 525,806	$ 403,777	$ 426,782	$ 416,982	$ 400,086
Town's proportionate share of collective net pension liability as a percentage of its covered-employee payroll	87.08%	66.11%	115.97%	70.41%	69.17%	91.74%	100.93%	98.40%	63.61%
Pension plan's fiduciary net position as a percentage of the total pension liability	76.27%	81.84%	70.72%	72.34%	71.86%	69.38%	65.79%	68.78%	71.87%

(FY reported)

SCHEDULE OF THE TOWN'S PENSION PLAN CONTRIBUTIONS
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 110,509	$ 93,191	$ 54,357	$ 58,399	$ 44,268	$ 34,546	$ 34,868	$ 35,566	$ 38,928
Contributions in relation to the contractually required contribution	110,509	93,191	54,357	58,399	44,268	34,546	34,868	35,566	38,928
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	$ 559,763	$ 559,763	$ 530,830	$ 631,444	$ 525,806	$ 403,777	$ 426,782	$ 416,982	$ 400,086
Contributions as a percentage of covered-employee payroll	19.7%	16.6%	10.2%	9.2%	8.4%	8.6%	8.2%	8.5%	9.7%

The above schedules are presented to illustrate the requirement for specific information for 10 years; however, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

TOWN OF GREENSBORO, MARYLAND
SCHEDULE OF REVENUES -BUDGET AND ACTUAL - General Fund
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes - local				
Real and personal property				
Real property	$ 799,000	799,000	$ 812,185	$ 13,185
Personal property and corporation	31,000	31,000	27,771	(3,229)
Public utility taxes	22,000	22,000	-	(22,000)
Sidewalk assessments	-	-	2,806	2,806
Total real and personal property	852,000	852,000	842,762	(9,238)
Highway User	91,870	91,870	34,318	(57,552)
Franchise Taxes	8,000	8,000	-	(8,000)
Income taxes	125,000	125,000	277,667	152,667
Total taxes - local	1,076,870	1,076,870	1,154,747	77,877
Licenses and permits				
Buiness licenses	850	850	2,000	1,150
Building permits	40,000	40,000	111,843	71,843
Occupancy permits	-	-	150	150
Rental licenses	21,875	21,875	11,625	(10,250)
Other licenses and permits	1,200	1,200	847	(353)
Total licenses and permits	63,925	63,925	126,465	62,540
Intergovernmental				
State police aid	21,000	21,000	-	(21,000)
Grant proceeds	10,350	10,350	3,300	(7,050)
Total intergovernmental	31,350	31,350	3,300	(28,050)
Fines				
Fines and violations	1,125	1,125	3,150	2,025
Total fines	1,125	1,125	3,150	2,025
Charges for services				
Trash service	200,000	200,000	143,370	(56,630)
Credit Card Service Fee	1,500	1,500	-	(1,500)
Total charges for services	201,500	201,500	143,370	(58,130)
Miscellaneous revenue				
LGIT	-	-	8,130	8,130
Penalties/Interest	1,000	1,000	1,667	667
Whoville	15,800	15,800	8,186	(7,614)
Car Show/Musicfest	-	-	6,880	6,880
ARPA	-	-	925,358	925,358
Sale of assets	-	-	48,768	48,768
Reimbursed expenses	1,170	1,170	11,853	10,683
Other miscellaneous revenue	159,100	159,100	9,158	(149,942)
Total miscellaneous revenue	177,070	177,070	1,020,000	842,930
Total Revenues	$ 1,551,840	$ 1,551,840	$ 2,451,032	$ 899,192

TOWN OF GREENSBORO, MARYLAND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - General Fund
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Expenditures				
General Government				
Salary and Personnel	$ 144,290	$ 144,290	$ 418,069	$ (273,779)
Community Support	39,200	39,200	107,944	(68,744)
Contractual	82,090	82,090	82,828	(738)
Communications/Utilities	18,500	18,500	50,909	(32,409)
Maintenance	14,000	14,000	20,375	(6,375)
Computer/Internet	9,000	9,000	26,741	(17,741)
Supplies and Equipment (non-capital)	10,600	10,600	35,481	(24,881)
Operating Expenses - other	20,850	20,850	1,014,366	(993,516)
Capital/Reserve	1,580	1,580	9,978	(8,398)
Debt	61,217	61,217	86,736	(25,519)
Total General Government	401,327	401,327	1,853,427	(1,452,100)
Public Safety				
Salary and Personnel	322,902	322,902	330,061	(7,159)
Community Support	500	500	-	500
Contractual	37,450	37,450	1,508	35,942
Communications/Utilities	27,500	27,500	19,944	7,556
Maintenance	11,000	11,000	50,498	(39,498)
Computer/Internet	7,500	7,500	9,088	(1,588)
Supplies and Equipment (non-capital)	24,450	24,450	20,252	4,198
Operating Expenses - other	6,500	6,500	50,532	(44,032)
Capital/Reserve	1,000	1,000	81,603	(80,603)
Debt	19,139	19,139	-	19,139
Total Public Safety	457,941	457,941	563,486	(105,545)

TOWN OF GREENSBORO, MARYLAND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - General Fund - continued
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Public Works				
Salary and Personnel	$ 149,347	$ 149,347	$ 153,509	$ (4,162)
Contractual	220,100	220,100	135,985	84,115
Communications/Utilities	57,500	57,500	25,634	31,866
Maintenance	160,650	160,650	64,302	96,348
Computer/Internet	4,000	4,000	13,456	(9,456)
Supplies and Equipment (non-capital)	11,280	11,280	24,065	(12,785)
Operating Expenses - other	2,250	2,250	51,880	(49,630)
Capital/Reserve	2,500	2,500	44,108	(41,608)
Total Public Works	607,627	607,627	512,939	94,688
Parks				
Salary and Personnel	70,795	70,795	70,813	(18)
Community Support	1,000	1,000	-	1,000
Contractual	3,900	3,900	1,948	1,952
Communications/Utilities	1,250	1,250	488	762
Maintenance	500	500	2,503	(2,003)
Computer/Internet	-	-	3,367	(3,367)
Supplies and Equipment (non-capital)	7,000	7,000	2,254	4,746
Operating Expenses - other	-	-	43,831	(43,831)
Capital/Reserve	500	500	-	500
Total Parks	84,945	84,945	125,204	(40,259)
Total Expenditures	$ 1,551,840	$ 1,551,840	$ 3,055,056	$ (1,503,216)

TOWN OF GREENSBORO, MARYLAND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Operating Revenues				
Water and sewer charges	$ 919,296	$ 919,296	$ 1,021,605	$ 102,309
Connection charges	9,000	9,000	-	(9,000)
O&M Goldsboro and County	89,500	89,500	73,429	(16,071)
Reimbursible engineering fees	20,000	20,000	-	(20,000)
Bay restoration fee	55,000	55,000	68,227	13,227
Debt service fees	31,276	31,276	26,029	(5,247)
Admin fees	10,000	10,000	8,634	(1,366)
Water and sewer deposits	-	-	2,400	2,400
Vacant lot fee	-	-	3,173	3,173
Water/Sewer turn off charge	4,000	4,000	24	(3,976)
Water and sewer allocation fees		33,075	-	(33,075)
Reimbursible expenses	-	-	776	776
Penalties	9,000	9,000	100	(8,900)
Sprint Lease	18,007	18,007	17,881	(126)
Cingular Lease	16,638	16,638	17,542	904
Verizon Lease	27,375	27,375	22,813	(4,562)
Other income	8,500	8,500	17,183	8,683
Total Operating Revenues	1,217,592	1,250,667	1,279,816	29,149
Operating Expenses				
Salary and Personnel	228,187	228,187	174,251	53,936
Contractual	251,250	251,250	220,679	30,571
Communications/Utilities	121,250	121,250	187,935	(66,685)
Maintenance	91,380	91,380	199,371	(107,991)
Computer/Internet	8,750	8,750	35,426	(26,676)
Supplies and Equipment (non-capital)	79,770	79,770	85,255	(5,485)
Operating Expenses - other	58,700	58,700	138,490	(79,790)
Capital/Reserve	93,738	93,738	143,866	(50,128)
Debt	316,742	316,742	359,046	(42,304)
Total Operating Expenses, excluding depreciation	1,249,767	1,249,767	1,544,319	(294,552)
OPERATING INCOME BEFORE DEPRECIATION	$ (32,175)	$ 900	$ (264,503)	$ (265,403)

TOWN OF GREENSBORO, MARYLAND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Depreciation	$ -	$ -	$ 862,901	$ (862,901)
OPERATING INCOME (LOSS)	(32,175)	900	(1,127,404)	(1,128,304)
NONOPERATING REVENUE (EXPENSES)	-	-	-	-
TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-	-
CHANGE IN NET POSITION	(32,175)	900	(1,127,404)	(1,128,304)
NET POSITION, BEGINNING OF YEAR - RESTATED	14,695,915	14,695,915	14,695,915	-
NET POSITION, END OF YEAR	$ 14,663,740	$ 14,696,815	$ 13,568,511	$ (1,128,304)

Lindsey + Associates LLC
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Council Members
Town of Greensboro, Maryland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, and each major fund of the Town of Greensboro, Maryland, 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 and have issued our report thereon dated March 3, 2026.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings and Responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying *Schedule of Findings and Responses* to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The Town's Response to the Findings

The Town's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Responses.* The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindsay & Associates, LLC

March 3, 2026

SCHEDULE OF FINDINGS AND RESPONSES
TOWN OF GREENSBORO, MARYLAND
JUNE 30, 2023

FINDING 2023-01 LACK OF EXPERTISE TO PREPARE FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

No Town employee or officer has the technical background to prepare the financial statements, including the related notes to the financial statements, in accordance with generally accepted accounting principles.

As part of the audit, the Town's management has requested us to prepare a draft of the Town's financial statements, including related notes to the financial statements. The Clerk/Treasurer performed a review of the financial statements. However, in order to provide improved oversight of the financial statement preparation services at an appropriate level and implement controls over the financial reporting process, we recommend the Town obtain and use one or both of the following publications in subsequent years when reviewing the financial statements: *Governmental Accounting, Auditing, and Financial Reporting Using the GASB 34 Model* available from the Government Finance Officers Association at www.gfoa.org or *Preparing Governmental Financial Statements Under GASBS No. 34* available from Thomson Tax & Accounting at www.ppc.thomson.com.

RESPONSE AND RELATED CORRECTIVE ACTION TO FINDING 2023-01

The administration acknowledges this finding. Budget constraints limit the Town's ability to hire a full-time financial professional qualified to prepare financial statements according to GASB No 34. The Clerk/Treasurer has been closely involved in the financial statement preparation process with the auditors and the current Council includes members with significant financial management and reporting backgrounds. Reasonable mitigating circumstances are in place at this time.

FINDING 2023-02 – REVIEW OF BANK RECONCILIATIONS

During our audit, we noted that year-end journal entries were recorded to reconcile the accounting system bank balances to the bank statement balances. While this process ensures that the accounting records agree with the bank statements at year-end, it does not provide the effective internal control that results from preparing regular bank reconciliations within the accounting system. Preparing timely bank reconciliations within the accounting system helps identify errors, omissions, or other reconciling items throughout the year and allows management to detect and correct discrepancies on a timely basis. We recommend that bank reconciliations be prepared within the accounting system on a regular basis and reviewed by management. Evidence of management's review should be documented through initials or other indication of review.

RESPONSE AND RELATED CORRECTIVE ACTION TO FINDING 2023-02

The administration is working toward implementing this policy and reviewing the current procedure for any changes needed to support it.

SCHEDULE OF FINDINGS AND RESPONSES
TOWN OF GREENSBORO, MARYLAND
JUNE 30, 2023

FINDING 2023-03 TIMELY AUDIT REPORTS

Without timely audit reports, management may be unaware of information necessary to make important decisions. To maintain the integrity of the audit process, it is crucial that audit reports are taken seriously. We strongly urge management to place a higher priority on completing annual audits on a timely basis.

RESPONSE AND RELATED CORRECTIVE ACTION TO FINDING 2023-03

The administration acknowledges this finding and will give it further consideration in the upcoming fiscal year.

FINDING 2023 – 04 IMPROVE CONTROLS OVER CAPITAL ASSETS

At fiscal year-end, we identified and management recorded a number of material adjustments to properly record certain capital asset categories in the Town's financial statements. In addition, we proposed certain adjustments to depreciation expense that were not recorded because of management's assessment of materiality to the financial statements as a whole.

RESPONSE AND RELATED CORRECTIVE ACTION TO FINDING 2023-04

The administration acknowledges this finding and will give it further consideration in the upcoming fiscal year.

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March 3, 2026

Honorable Mayor and Council Members
Town of Greensboro, Maryland

We audited the financial statements of the governmental activities and each major fund of the Town of Greensboro, Maryland (the "Town") for the year ended June 30, 2023, and have issued our report thereon dated March 3, 2026. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U. S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Town's compliance with those requirements.

Planned Scope and Timing of the Audit

The scope of the audit was exceeded to perform additional testing, and the audit was delayed due to challenges with due to/due from other funds, compensated absences, accrued payroll, fixed assets, long-term debt, change in revenue recognition between funds, and due from other governments.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2023, except as may be explained in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

The audit was delayed waiting to resolve certain accounting issues.

Corrected and Uncorrected Misstatements

The Town maintains its books on a cash basis. We assisted the Town in converting from the cash basis to generally accepted accounting principles (GAAP). Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Many of the following adjustments pertain to converting from the cash basis to GAAP. Management has made all such adjustments.

- Fixed assets, depreciation expense, and related accumulated depreciation
- Equity
- Long-term debt and related expenses

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that any such disagreements that arose during the course of our audit were resolved.

Management Representations

We have requested certain representation from management that is included in the management representation letter dated March 3, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationships and our responses were not a condition to our retention.

We have also provided the Town's management with a letter dated March 3, 2026 pertaining to our audit findings and recommendations.

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

Very truly yours,

Lindsay & Associates, LLC