

**TOWN OF
WASHINGTON GROVE, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2019**

TOWN OF WASHINGTON GROVE

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Independent Auditor's Report

Honorable Mayor and Members of the Town Council
Town of Washington Grove, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Washington Grove, Maryland, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Washington Grove as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, there was a prior period accounting error relating to compensated absences resulting in an understatement of prior period equity. As a result, the Town has restated beginning net position by \$10,488 from \$2,002,458 to \$2,012,946 and beginning fund balance in the General Fund by \$10,488 from \$794,834 to \$805,322. Our opinion is not modified with respect to this matter.

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 on pages 4 through 11 and 31 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 Washington Grove, Maryland's financial statements as a whole. The schedule of revenues – budget and actual and the schedule of expenditures – budget and actual on pages 32 through 36 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of revenues – budget and actual and the schedule of expenditures – budget and actual 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

September 10, 2019

Kinday's Associates, LLC

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Our discussion and analysis of the financial performance of the Town of Washington Grove provides an overview of the Town's financial activities for the year ended June 30, 2019. Please read it in conjunction with the transmittal letter and the Town's financial statements.

Financial Highlights

Again, this year, the Town was able to focus on internal issues, infrastructure improvements, and the effort to maintain the all-important tree canopy, both in developed portions of Town and the Town's two Forest Reserves, each 40+ acres.

- State Income Tax: This revenue source continues to be unpredictable. The Town received \$46,954 over the amount anticipated in the budget.
- Town Hall Generator: Generating Power LLC installed a 22-kilowatt Generac generator, connected to the natural gas line already providing heat for the Town Hall. Town Maintenance installed the visual and noise screening, stained to match the exterior siding. This project includes an upgrade to 200-amp electrical service. Total cost: \$14,596
- Town Hall Floor Beam Reinforcement: The contractor, M. Taylor Enterprise LLC, completed this project to reinforce termite-damaged floor beams in the Main Hall. The work included installation of steel floor beams, with steel lally columns on new concrete footers, and removal of the older wooden footers. To enable access for installing the steel beams, Guardian moved a portion of the fire suppression pressurized pipeline. After the floor beam work was completed, Minuteman Exterminating treated the soil under the floor for termites. Total cost: \$16,000
- Town Hall Kitchen/Restrooms Update: Installation is complete for the new cabinets, countertop, sink, and flooring in the kitchenette. More of the same flooring material has been purchased for installation in the restrooms and the hallway. Restroom improvements will include installing beadboard on the walls plus protective wall covering where needed. Total cost: \$5,109
- Town Hall Floor Refinishing: Hawkins Floors was contracted to refinish the main hall floor with three layers of oil-based polyurethane. Total cost: \$4,675
- Archives Room Climate Control Unit: After several years exploring the best way to control the humidity and temperature for historic records preservation, a Mitsubishi wall unit was purchased for installation in the Archives Room. Total cost: \$2,300.

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

- National Register Historic District Update: To protect the historic character of Washington Grove into the future, a contract was awarded to Robinson & Associates in January 2018 to update the 1980 National Register Historic District nomination. The update includes the expanded Town boundaries and more comprehensive Register standards. Total contract award: \$29,950. Spent in FY 2019: \$11,980.
- Road Resurfacing: Resurfacing has been completed on Brown Street, from Grove Road to Chestnut Road, Hickory Road from Center Street to 206 Hickory Road, and on a major portion of upper Ridge Road. This is the first part of a three-year contract with A.B. Veirs and M.T. Laney to address significant road sections that have deteriorated over the past decade. Total cost: \$51,591
- Speed Humps: The Town installed two types of trial portable speed bumps/humps at different locations where speeding is a problem. Feedback has been collected. Total cost: \$3,085
- Street Name Signs: A group of volunteers led by Susan Van Nostrand completed refurbishing the Town's wood street name signs. The project now enters the maintenance phase. Cost in FY 2019: \$1,048
- Stormwater Management Plan: Preparation has begun to issue a Request for Proposal for an engineering study to seek recommendations on how further stormwater damage can be mitigated, and how existing damage might be remediated especially in the West Woods and along the Town's border with Towne Crest. Total cost: \$2,300
- Lake Entrance Bridge: Maintenance Supervisor Steve Werts designed and built a new stronger bridge at the entrance to Maple Lake using a 4.5-foot diameter corrugated steel pipe surrounded by concrete and re-bar with a cement and dirt roadway on top. Large rip rap was placed in the eroded ditch along the lake fence. Total cost: \$2,782
- Woods Management: Guided by the 2015 "Forest Stewardship Plan for Washington Grove," the Woods Committee spent funds in six key areas: contracted invasive plant control East Woods (\$21,306), contracted invasive plant control West Woods (\$4,271), public safety tree pruning (\$1,600), tree planting (\$2,035), community outreach and supplies (\$739), and deer management (\$134). Total cost: \$30,085
- Tree Planting: A total of 17 new trees were planted in the parks and residential areas this year. Ace Tree Movers installed six large caliper canopy trees and one understory Kousa Dogwood. Ten smaller caliper trees were planted by Stadler Nurseries, three of them in the Maple Lake area. Total cost: \$17,025

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

- Dog Park Development: After several years of planning and preparation, a site was selected in the West Woods and Tri County Fencing was awarded a contract to erect fencing and a gate. Prior to installation, the area was cleared of brush and one tree was removed. Total cost: \$6,533

As a result of the year's activities, the Town's net position increased by \$136,637. The combined fund balances of the Town increased by \$31,834.

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.

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the Town as a whole. 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 of resources and liabilities plus deferred inflows of resources) 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.

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

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the Town as a whole.

- 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 side of the fund financial statements.

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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
Public Works	Highway User Revenues, County Municipal Tax Duplication payment
Recreation & Culture	State Program Open Space

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.

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Governmental-Wide Financial Information

The following is selected information as of June 30, 2019, and June 30, 2018, for the years then ended.

	2019	2018
Current assets	\$ 902,256	\$ 851,912
Capital assets	1,274,598	1,188,299
Total assets	2,176,854	2,040,211
Deferred outflows	-	-
Total assets and deferred outflows	2,176,854	2,040,211
Current liabilities	16,065	26,943
Long-term liabilities	11,206	10,810
Total liabilities	27,271	37,753
Deferred inflows	-	-
Net position		
Net investment in capital assets	1,274,598	1,188,299
Restricted	-	-
Unrestricted	874,985	814,159
Total net position	2,149,583	2,002,458
Total liabilities, deferred inflows and net position	2,176,854	2,040,211
Program revenues		
Charges for services	24,912	21,046
Operating grants and contributions	78,587	72,394
General revenues		
Income taxes	165,837	147,625
Property taxes	286,882	280,950
Interest and investment earnings	11,584	5,550
Miscellaneous	6,494	5,313
Total general revenues	470,797	439,438
Total revenues and transfers	574,296	532,878
Expenses		
General government	172,361	174,771
Public works	93,006	81,738
Parks, lake & recreation	172,292	178,325
Total expenses and transfers	437,659	434,834
Change in net position	136,637	98,044
Net position, beginning of year -(restated for 2019)	2,012,946	1,904,414
Net position, end of year	\$ 2,149,583	\$ 2,002,458

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The Town's Funds

The following schedule presents a summary of general revenue and expenses for the fiscal year ended June 30, 2019, and percentage of increase or decrease in relation to the prior year.

	FY2019 Amount	Percent of Total	Increase (Decrease) From FY18
Revenues			
Taxes	\$ 433,836	78%	\$ 13,167
Intergovernmental	78,587	14%	6,193
Interest income	11,584	2%	6,034
Miscellaneous	31,406	6%	5,047
	<u>\$ 555,413</u>	<u>100%</u>	<u>\$ 30,441</u>
Expenditures			
General government	\$ 157,792	30%	\$ (7,163)
Public works	65,473	13%	8,390
Parks, lake & recreation	157,184	30%	(9,633)
Capital outlays	143,130	27%	58,122
	<u>\$ 523,579</u>	<u>100%</u>	<u>\$ 49,716</u>

General Fund Budgetary Highlights

Resolution No. 2019-09 authorizing budget transfers for the year ended June 30, 2019, was adopted by the Town Council on June 10, 2019. \$3,500 was transferred from Walkways (Restoration) to the following categories: \$1,000 to Buildings (Supplies), and \$2,500 to Waste (Salaries).

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Capital Asset and Debt Administration

Capital Assets

Capital outlays totaling \$143,130 were made during the year ended June 30, 2019. These included improvements to McCathran Hall totaling \$42,680: reinforcing the support structure under the main hall, installation of a backup generator, updates to the 23-year-old kitchenette and restrooms, refinishing the main hall's large oak floor, and purchase of a climate control unit for the Archives Room where the Town's historic records are stored. Various road-related items totaling \$61,377 were accomplished in the fiscal year: resurfacing several large sections of paved roadway, installation of trial speed humps, completion of the street name sign project, preparation of a request for proposal for stormwater management recommendations, and rebuilding of the lake entrance bridge. Finally, tree planting continued apace. Six large mature trees and eleven smaller trees were planted in the parks, residential areas, and woods at a cost of \$19,060. The second phase of the National Register Historic District update was completed for \$13,480. The Town's new dog park, "The Dog Spot," was completed for \$6,533.

Debt

As of June 30, 2019, the Town's only debt liability is \$339 due to the State of Maryland as a result of the 2015 *Comptroller of Maryland v. Wynne* case. See note 10 for more information.

Economic Factors and Next Year's Budgets and Rates

The Town voted to decrease the property tax rate from \$0.262/\$100 to the constant yield tax rate of \$0.2603/\$100 and voted to keep the dwelling tax at \$130 per dwelling per year. The tax rate on public utility operating property and business personal property will remain at \$0.70/\$100 assessed valuation. The Town's reserve at June 30, 2019, is in excess of \$800,000. If all projects are completed as planned in FY 2020, the Town's reserve will be reduced by about \$73,000. Projects for the coming year include additional street resurfacing, completion of the National Register Historic District Nomination update, and robust tree planting efforts along with continuing invasive plant control. The Town will also seek professional help with stormwater management which is degrading portions of the Town's Forest Preserve.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Treasurer at P.O. Box 216 or 503 McCauley Street, Washington Grove, Maryland 20880.

TOWN OF WASHINGTON GROVE, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Total
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 108,232	\$ 108,232
Investments	736,828	736,828
Accounts receivable	8,161	8,161
Accounts receivable - income taxes	49,035	49,035
Total Current Assets	902,256	902,256
Noncurrent Assets		
Net capital assets	1,274,598	1,274,598
Total Noncurrent Assets	1,274,598	1,274,598
TOTAL ASSETS	2,176,854	2,176,854
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,176,854	\$ 2,176,854
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 16,065	\$ 16,065
Total Current Liabilities	16,065	16,065
Noncurrent Liabilities		
Due to State (Note 10)	339	339
Compensated absences	10,867	10,867
Total Noncurrent Liabilities	11,206	11,206
TOTAL LIABILITIES	27,271	27,271
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	1,274,598	1,274,598
Restricted	-	-
Unrestricted	874,985	874,985
TOTAL NET POSITION	2,149,583	2,149,583
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 2,176,854	\$ 2,176,854

The accompanying notes to these financial statements are an integral part of this statement.

TOWN OF WASHINGTON GROVE, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Total
Primary Government						
Governmental Activities:						
General government	\$ 172,361	\$ 11,739	\$ 44,922	\$ -	\$ (115,700)	\$ (115,700)
Public works	93,006	-	33,665	-	(59,341)	(59,341)
Parks, lake & recreation	172,292	13,173	-	-	(159,119)	(159,119)
Total Governmental Activities	<u>437,659</u>	<u>24,912</u>	<u>78,587</u>	<u>-</u>	<u>(334,160)</u>	<u>(334,160)</u>
Total Primary Government	<u>\$ 437,659</u>	<u>\$ 24,912</u>	<u>\$ 78,587</u>	<u>\$ -</u>	<u>\$ (334,160)</u>	<u>\$ (334,160)</u>
			General revenues:			
			Taxes			
			Income taxes		165,837	165,837
			Property taxes		286,882	286,882
			Interest and investment earnings		11,584	11,584
			Miscellaneous		6,494	6,494
			Total General Revenues		<u>470,797</u>	<u>470,797</u>
			Change in Net Position		136,637	136,637
			Net Position, beginning of year - restated		<u>2,012,946</u>	<u>2,012,946</u>
			Net Position, end of year		<u>\$ 2,149,583</u>	<u>\$ 2,149,583</u>

The accompanying notes to these financial statements are an integral part of this statement.

**TOWN OF WASHINGTON GROVE, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

**RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
JUNE 30, 2019**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents - unrestricted	\$ 108,232	\$ 108,232
Investments	736,828	736,828
Accounts receivable	8,161	8,161
Accounts receivable - income taxes	49,035	49,035
TOTAL ASSETS	902,256	902,256
 DEFERRED OUTFLOWS OF RESOURCES	-	-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 902,256	\$ 902,256
 LIABILITIES		
Accounts payable and accrued expenses	\$ 16,065	\$ 16,065
TOTAL LIABILITIES	16,065	16,065
 DEFERRED INFLOWS OF RESOURCES	49,035	49,035
 FUND BALANCES		
Unassigned	837,156	837,156
TOTAL FUND BALANCES	837,156	837,156
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 902,256	\$ 902,256

<i>Total Governmental Fund Balances</i>	\$	837,156
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,274,598
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(11,206)
Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds.		49,035
<i>Net Position of Governmental Activities</i>	\$	2,149,583

The accompanying notes to these financial statements are an integral part of this statement.

TOWN OF WASHINGTON GROVE, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

	General Fund	Total Governmental Funds
REVENUES		
Taxes	\$ 433,836	\$ 433,836
Intergovernmental	78,587	78,587
Charges for services	16,138	16,138
Fines, licenses, permits	8,774	8,774
Interest income	11,584	11,584
Miscellaneous	6,494	6,494
Total Revenues	555,413	555,413
EXPENDITURES		
Current Operations		
General government	157,792	157,792
Public works	65,473	65,473
Parks, lake & recreation	157,184	157,184
Capital outlays	143,130	143,130
Total Expenditures	523,579	523,579
Excess of revenues over (under) expenditures and other financing uses	31,834	31,834
Other financing sources (uses)		
Operating transfers in (out)	-	-
Total other financing sources (uses)	-	-
Excess of revenue and other financing sources over (under) expenditures and other financing uses	31,834	31,834
Fund balance, beginning of year - restated	805,322	805,322
Fund balance, end of year	\$ 837,156	\$ 837,156

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 31,834
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 capital outlays exceeded depreciation in the current period.	86,299
Differences in accounting for compensated absences between modified accrual and accrual accounting.	(379)
Increases in deferred inflows of resources relating to income taxes are not available to finance current period obligations and are not reported as revenue in the governmental funds.	18,883
<i>Change in Net Position of Governmental Activities</i>	\$ 136,637

The accompanying notes to these financial statements are an integral part of this statement.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town was incorporated May 30, 1937, and is a municipal corporation governed by an elected mayor and an elected town council and provides the following services as authorized by its charter: streets, sanitation, recycling, health and social services, public park improvements and general administrative services. Its major sources of revenues are derived from real estate taxes, income taxes and usage taxes.

The accounting policies of the Town of Washington Grove 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 Washington Grove, for financial reporting purposes, management has considered all potential component units. The decision 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 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.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 Town has no 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, if any, 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 and 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.

Separate financial statements are provided for governmental funds, proprietary funds, if any, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, if any, 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, streets, sanitation, recycling, health and social services, and public park improvements 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.

The major governmental fund is:

- General Fund – This is the Town’s primary operating fund. It is used to account for all financial resources except for those required to be accounted for in another fund.

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, 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.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 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 activities.

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.

Investments

Investments 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, 2019, consist primarily of state income tax. Accounts receivable are deemed collectible in full.

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.

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, 2019, the balance of deferred inflows of resources consisted of income taxes of \$49,035.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Local Tax Reserve Fund

At June 30, 2019, the Town was advised by the State of Maryland that \$49,035 of the Local Tax Reserve Fund was allocable to the Town. The Town recorded receivable and deferred inflows of resources in the amount of \$49,035 in the fund financial statements. Changes in this amount have been reflected as current year income tax revenue in the government-wide financial statements in accordance with full accrual accounting.

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. 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. Donated capital assets are capitalized at estimated fair market value on the date donated. Intangible assets are recognized if they are identifiable, and are amortized over their useful lives if they do not have indefinite useful lives.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 20 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.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Compensated Absences

The Town allows its eligible employees to accrue up to 160 hours of vacation leave. Any amounts over this maximum are forfeited at the end of the next calendar year. Upon employee termination, the Town pays up to the 160 hour maximum for vacation time. The Town also pays one fourth of accrued sick leave to a retiring employee but not to a terminated employee. All other amounts are forfeited. As of June 30, 2019, the liability for compensated absences is \$10,867.

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.

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 its 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 – consists of 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.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 Treasurer and the Town council are authorized to assign amounts for specific purposes.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

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 be spent first when other unrestricted fund balance classifications are available for use.

Prior Period Error

There was a prior period accounting error relating to compensated absences resulting in an understatement of prior period equity. As a result, the Town has restated beginning net position by \$10,488 from \$2,002,458 to \$2,012,946 and beginning fund balance in the General Fund by \$10,488 from \$794,834 to \$805,322. Our opinion is not modified with respect to this matter.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 amended during fiscal year 2019. For day-to-day management control, expenditures may not exceed budget at the department level. The budget deviates from GAAP because the budget includes a use of reserves as a budgeted revenue. Refer to Note 12 for a reconciliation between non-GAAP and GAAP.

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.

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 \$108,232 and the bank balances totaled \$119,416. Of the bank balances, the entire amount was insured by Federal Depository Insurance Corporation (FDIC). At year end, the Town's bank balances were not exposed to any custodial credit risk because all deposits were fully collateralized.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS - continued

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no policy regarding credit risk.

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.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town has no policy regarding concentration of credit risk.

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 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.

Generally, the Town's investing activities are managed by the Town Treasurer. 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); and 5) Maryland Local Government Investment Pool.

Investments

The Town has invested at June 30, 2019, \$305,219 in the State of Maryland Local Government Investment Pool (MLGIP). The pool is under the administrative control of the State's Treasurer's Office. The Town's investments are shown by type, carrying amount, fair value, cost and level of risk assumed in holding the various accounts. Investments are carried at cost which approximates market. The fair value of MLGIP investments is determined daily. PNC Bank is currently contracted to operate the Pool and may invest in any instrument permitted by Section 6-222 of the State Finance and Procurement Article. The Town's fair value position in the Pool is the same as the value of pool share.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS - continued

As of June 30, 2019, the Town had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>
MLGIP	\$ 305,219	\$ 305,219	AAAm
Certificate of Deposit:			
First National Bank	86,368	86,368	BBB+
First National Bank	97,815	97,815	BBB+
TD Bank	103,590	103,590	AA-
TD Bank	143,836	143,836	AA-
Certificates of deposit	<u>\$ 431,609</u>	<u>\$ 431,609</u>	
Total Investments	<u>\$ 736,828</u>	<u>\$ 736,828</u>	

Note: Ratings are provided where applicable to indicate associated Credit Risk.
N/A indicates not applicable.

NOTE 4 - RECEIVABLES

Receivables are comprised of the following as of June 30, 2019:

Property taxes	\$ 3,299
Cable TV fees	1,729
Income taxes	49,035
Recreation fees	260
Due from State	2,873
	<u>\$ 57,196</u>

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – PROPERTY TAX

Real estate and personal property taxes are levied based on the State of Maryland’s assessments. Real estate taxes are levied on July 1 and are payable by October 1 of the same year. After October 1, the Town charges both penalties and interest upon the unpaid balance. If the taxes remain unpaid the property is placed with Montgomery County for tax sale the following May.

Personal property taxes are levied throughout the year when the assessment is received from the State of Maryland. The taxes are payable within 30 days after levy. Penalties and interest are charged on any unpaid taxes after the thirty days has expired. When taxes are overdue, a lien is placed against the property. The real and personal property tax rates during the year ended June 30, 2019, were \$0.262 and \$0.70 per \$100 of assessed value, respectively.

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	\$ 780,009	\$ -	\$ -	\$ 780,009
Construction in progress	-	-	-	-
Subtotal	780,009	-	-	780,009
Depreciable capital assets:				
Roads	523,254	61,377	-	584,631
Buildings and improvements	985,802	41,564	-	1,027,366
Recreation facilities	306,336	25,593	-	331,929
Equipment	82,406	14,596	-	97,002
Subtotal	1,897,798	143,130	-	2,040,928
Total capital assets	2,677,807	143,130	-	2,820,937
Accumulated depreciation:				
Roads	387,666	20,811	-	408,477
Buildings and improvements	868,231	14,080	-	882,311
Recreation facilities	200,915	13,434	-	214,349
Equipment	32,696	8,506	-	41,202
Subtotal, accumulated depreciation	1,489,508	56,831	-	1,546,339
Net capital assets	\$ 1,188,299	\$ 86,299	\$ -	\$ 1,274,598

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION – continued

Depreciation was charged to functions as follows:

Government activities:	
General government	\$ 14,432
Public works	27,533
Parks	14,866
Total government activities depreciation expense	<u>\$ 56,831</u>

The Town has no material construction commitments as of June 30, 2019.

NOTE 7 – DEFERRED COMPENSATION PLAN

The Town provides retirement benefits for all of its full-time employees through a deferred compensation plan. All full-time employees are eligible to participate. Plan provisions and contribution requirements are established and may be amended by the Town council. The Town contributes up to five percent (5%) of an eligible employee's compensation per annum towards the plan and employees may make voluntary contributions of up to \$7,500 annually. During the year ended June 30, 2019, employees contributed \$0 to the plan and the Town contributed 100% of its required contribution in the amount of \$0. The Town currently has no employees participating in the plan.

Effective January 1, 1998, all amounts of compensation deferred under the plan, and all related income, are held in trust for the exclusive benefit of participants and their beneficiaries. The assets will not be diverted to any other purpose.

In compliance with the Internal Revenue Code Section 457(g), all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the investments designated for compensation benefits are not reflected in the Town's financial statements.

The Plan Administrator, ICMA Retirement Corporation, is the trustee.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – 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.

The Town has an insurance agreement with the Local Government Insurance Trust (LGIT), a public entity risk pool. LGIT provides the Town's property, general, automobile, and public officials' legal liability insurance coverage. The Town also has an agreement with Chesapeake Employers' Insurance (formerly Injured Worker's Insurance Fund) to provide a workers' compensation policy. The Town's health insurance is managed by Employers Association, Inc.

LGIT is a total risk and cost sharing pool for all participants. In the event that the Trust's General Fund falls into a deficit that cannot be satisfied by transfers from the Trust's capital and surplus accounts, the Trustees shall determine a method to fund the deficit. The Trust agreement empowers the Trustees to assess an additional premium to each deficit-year participant. Debt issues could also be used to fund a deficit.

Premiums are charged to the Town's General Fund, with no provision made for claim liability in addition to premiums, unless an assessment is made by the Trust. There have been no assessments during the year ended June 30, 2019, and the amounts of settlements have not exceeded coverage for each of the past three years.

NOTE 9 – 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 10 – COMPTROLLER OF THE TREASURY OF MARYLAND V. WYNNE

In 2015, in *Comptroller of the Treasury of Maryland v. Wynne*, the Supreme Court invalidated a portion of Maryland's personal income tax scheme after determining that it inherently burdened the earnings of individuals who resided in one state but earned income in another.

In response, Maryland has enacted corrective legislation allowing a credit for Maryland residents against personal income tax for income taxed by other states. The Court had ruled that the failure of Maryland law to allow such a credit rendered Maryland's personal income tax scheme unconstitutional.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 – COMPTROLLER OF THE TREASURY OF MARYLAND V. WYNNE
- continued

As of June 30, 2019, the Comptroller’s Office estimates that the fiscal impact of the ruling on the Town will be approximately \$339 of refunds for prior years’ taxes, and a minimal reduction of each year going forward.

The Town will be required to start reimbursing the State during the fourth quarter of fiscal year 2021, and the debt will be repaid over a period of five years as a reduction in quarterly income tax distribution. The changes in this liability are as follows:

	Balance June 30, 2018	Retired During Year	Balance June 30, 2019	Amount Due Within 1 Year
State of Maryland	\$ 339	\$ -	\$ 339	\$ -

The annual deductions will be as follows:

FY	Amount
2021	\$ 34
2022	68
2023	68
2024	68
2025	68
Thereafter	33
	\$ 339

NOTE 11 – CONCENTRATIONS

The Town derives most of its revenues from the citizens of the Town. The Town is located in Montgomery County, Maryland.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - DIFFERENCES BETWEEN GAAP AND BUDGET BASIS

The financial statements and notes conform to GAAP. The budget is prepared on a basis not consistent with GAAP. The budget deviates from GAAP because it includes use of reserves as a budgeted revenue. The reconciliation between the non-GAAP budget and GAAP follows:

Budgeted excess (deficiency) of revenues over (under) expenditures - non-GAAP basis	\$ (2,500)
use of reserves	<u>(164,904)</u>
Budgeted excess (deficiency) of revenues over (under) expenditures - GAAP basis	<u><u>\$ (167,404)</u></u>

NOTE 13 – FUND BALANCE REPORTING

Fund balances for the Town’s governmental funds consisted of the following as of June 30, 2019:

Unassigned Fund Balances

All fund balances in the general fund are unassigned. At June 30, 2019, this amount was \$837,156.

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements:

Statement No. 84, *Fiduciary Activities*, issued January 2018, effective for financial statements for fiscal years beginning after December 15, 2018.

Statement No. 87, *Leases*, issued June 2018, effective for financial statements for fiscal years beginning after December 15, 2019.

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, 2019.

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.

**TOWN OF WASHINGTON GROVE, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Income taxes	\$ 100,000	\$ 100,000	\$ 146,954	\$ 46,954
Property taxes	281,134	281,134	286,882	5,748
Fines, licenses and permits	5,500	5,500	8,774	3,274
Interest and investment earnings	5,158	5,158	11,584	6,426
Charges for services	15,050	15,050	16,138	1,088
Operating grants and contributions	29,353	29,353	33,665	4,312
Other revenues	44,922	44,922	44,922	-
Miscellaneous	1,600	1,600	6,494	4,894
Use of reserves	164,904	164,904	-	(164,904)
Total Revenues	\$ 647,621	\$ 647,621	\$ 555,413	\$ (92,208)
Expenditures				
General government	\$ 109,281	\$ 110,281	\$ 85,768	\$ 24,513
Public works	71,110	70,110	65,473	4,637
Parks, lake and recreation	224,615	224,615	157,184	67,431
Miscellaneous	89,005	89,005	72,024	16,981
Capital outlay	156,110	156,110	143,130	12,980
Total Expenditures	\$ 650,121	\$ 650,121	\$ 523,579	\$ 126,542

SUPPLEMENTAL SCHEDULES

TOWN OF WASHINGTON GROVE, MARYLAND
SCHEDULE OF REVENUES - GENERAL FUND
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Taxes - Local Property				
Real estate	\$ 246,684	\$ 246,684	\$ 247,462	\$ 778
Dwelling tax	29,250	29,250	29,347	97
Public utilities	5,200	5,200	9,230	4,030
Taxes - State Shared				-
Income taxes	100,000	100,000	146,954	46,954
Delinquent taxes, penalties and interest	-	-	843	843
Total Taxes	<u>381,134</u>	<u>381,134</u>	<u>433,836</u>	<u>52,702</u>
Licenses and Permits				
Business	100	100	150	50
Other licenses and permits				-
Other permits	400	400	390	(10)
Cable TV franchise fee	5,000	5,000	8,234	3,234
Total Licenses and Permits	<u>5,500</u>	<u>5,500</u>	<u>8,774</u>	<u>3,274</u>
Intergovernmental				
State Grants				
Highway and streets	29,353	29,353	33,665	4,312
County Grants				
Revenue sharing	44,922	44,922	44,922	-
Total Intergovernmental	<u>74,275</u>	<u>74,275</u>	<u>78,587</u>	<u>4,312</u>
Miscellaneous				
Recreation program user fees	12,050	12,050	13,173	1,123
Rental - McCathran Hall	3,000	3,000	2,965	(35)
Interest	5,158	5,158	11,584	6,426
Miscellaneous	1,600	1,600	5,994	4,394
Contributions & donations	-	-	500	500
Use of reserves	164,904	164,904	-	(164,904)
Total Miscellaneous	<u>186,712</u>	<u>186,712</u>	<u>34,216</u>	<u>(152,496)</u>
Total Revenues	<u>\$ 647,621</u>	<u>\$ 647,621</u>	<u>\$ 555,413</u>	<u>\$ (92,208)</u>

TOWN OF WASHINGTON GROVE, MARYLAND
SCHEDULE OF EXPENDITURES - GENERAL FUND
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
General Government				
Executive				
Conference and dues	\$ 2,860	\$ 2,860	\$ 1,945	\$ 915
Telephone	765	765	785	(20)
Postage	1,250	1,250	1,342	(92)
Legal notices	400	400	86	314
Repairs - office equipment	600	600	484	116
Supplies and internet	1,100	1,100	1,023	77
Information technology support	250	250	640	(390)
Records management	1,500	1,500	485	1,015
Town clerk salary	46,144	46,144	42,743	3,401
Town website	4,200	4,200	4,374	(174)
Printing and copying	1,350	1,350	1,663	(313)
Total Executive	<u>60,419</u>	<u>60,419</u>	<u>55,570</u>	<u>4,849</u>
Administration				
Salaries	13,223	13,223	11,794	1,429
Postage	225	225	226	(1)
Bond	100	100	100	-
Supplies	775	775	852	(77)
Bank fees	80	80	69	11
Total Administration	<u>14,403</u>	<u>14,403</u>	<u>13,041</u>	<u>1,362</u>
Professional Fees				
Audit/Accounting	6,700	6,700	6,570	130
Planning and zoning	10,600	10,600	93	10,507
Legal counsel	13,500	13,500	1,525	11,975
Total Professional Fees	<u>30,800</u>	<u>30,800</u>	<u>8,188</u>	<u>22,612</u>
Municipal Building				
Salaries	7,600	7,600	3,242	4,358
Utilities	6,100	6,100	6,626	(526)
Telephone	1,070	1,070	1,088	(18)
Repairs and maintenance	2,000	2,000	3,614	(1,614)
Fire alarm	465	465	465	-
Sprinkler testing	1,500	1,500	1,520	(20)
Janitorial	2,674	2,674	1,685	989
McCathran Hall	37,895	38,895	44,542	(5,647)
Miscellaneous supplies	1,200	1,200	2,347	(1,147)
Total Municipal Building	<u>60,504</u>	<u>61,504</u>	<u>65,129</u>	<u>(3,625)</u>
Total General Government	<u>\$ 166,126</u>	<u>\$ 167,126</u>	<u>\$ 141,928</u>	<u>\$ 25,198</u>

TOWN OF WASHINGTON GROVE, MARYLAND
SCHEDULE OF EXPENDITURES - GENERAL FUND- continued
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works				
Street maintenance				
Salaries	\$ 3,825	\$ 3,825	\$ 2,570	\$ 1,255
Supplies	1,000	1,000	3,850	(2,850)
Street lighting	9,500	9,500	8,677	823
Street light install/repair	1,000	1,000	-	1,000
Snow and ice removal	3,000	3,000	-	3,000
Storm drainage	3,000	3,000	3,753	(753)
Sanitation	765	765	236	529
Resurfacing	50,000	50,000	51,591	(1,591)
Signs	3,000	3,000	1,048	1,952
Walkways				-
Salaries	1,565	1,565	375	1,190
Supplies	1,000	1,000	1,255	(255)
Restoration	6,500	3,000	-	3,000
Waste collection and disposal				-
Salaries	3,825	3,825	5,114	(1,289)
Trash collection	17,766	20,266	17,767	2,499
Recycling services	11,529	11,529	11,529	-
Leaf collection	18,600	18,600	18,600	-
Disposal tipping fees	500	500	485	15
Total Public Works	<u>\$ 136,375</u>	<u>\$ 135,375</u>	<u>\$ 126,850</u>	<u>\$ 8,525</u>

TOWN OF WASHINGTON GROVE, MARYLAND
SCHEDULE OF EXPENDITURES - GENERAL FUND - continued
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Parks, Lakes and Recreation				
Parks				
Salaries	\$ 58,850	\$ 58,850	\$ 57,004	\$ 1,846
Supplies	4,000	4,000	3,737	263
Tree planting	20,000	20,000	16,395	3,605
Tree expert	1,000	1,000	-	1,000
Beautification and forestry	4,000	4,000	1,806	2,194
Vehicle operation	3,500	3,500	1,600	1,900
Gypsy moth spraying	1,000	1,000	-	1,000
Maple Spring Restoration	2,000	2,000	-	2,000
Tree removal	22,000	22,000	8,450	13,550
Tree pruning	17,000	17,000	8,400	8,600
Forest management	50,000	50,000	30,085	19,915
Equipment rental	1,000	1,000	-	1,000
Nicho's trees	1,840	1,840	-	1,840
Equipment purchase	3,000	3,000	-	3,000
Transfer to Public Works	2,500	2,500	-	2,500
Total Parks	<u>191,690</u>	<u>191,690</u>	<u>127,477</u>	<u>64,213</u>
Lakes				
Salaries	15,500	15,500	13,350	2,150
Supplies	2,000	2,000	3,716	(1,716)
Electricity for pump and aeration	800	800	601	199
Water testing and treatment	4,500	4,500	4,256	244
Entrance bridge	7,500	7,500	3,634	3,866
Total Lakes	<u>30,300</u>	<u>30,300</u>	<u>25,557</u>	<u>4,743</u>
Recreation				
Salaries	6,500	6,500	4,880	1,620
Supplies and programs	30,125	30,125	24,863	5,262
Total Recreation	<u>36,625</u>	<u>36,625</u>	<u>29,743</u>	<u>6,882</u>
Total Parks, Lakes and Recreation	<u>\$ 258,615</u>	<u>\$ 258,615</u>	<u>\$ 182,777</u>	<u>\$ 75,838</u>

TOWN OF WASHINGTON GROVE, MARYLAND
SCHEDULE OF EXPENDITURES - GENERAL FUND - continued
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Miscellaneous				
Payroll taxes/health insurance- total	\$ 19,265	\$ 19,265	\$ 29,312	\$ (10,047)
Historic preservation	38,975	38,975	29,523	9,452
Retirement benefits	5,035	5,035	-	5,035
Insurance - workers' compensation	12,000	12,000	7,248	4,752
Insurance - property	850	850	648	202
Insurance - liability	1,550	1,550	1,257	293
Emergency preparedness	1,200	1,200	-	1,200
Contingency	4,500	4,500	-	4,500
George Paine Memorial	5,130	5,130	-	5,130
Other miscellaneous	500	500	4,036	(3,536)
Total Miscellaneous	<u>89,005</u>	<u>89,005</u>	<u>72,024</u>	<u>16,981</u>
Total Expenditures	<u><u>\$ 650,121</u></u>	<u><u>\$ 650,121</u></u>	<u><u>\$ 523,579</u></u>	<u><u>\$ 126,542</u></u>