

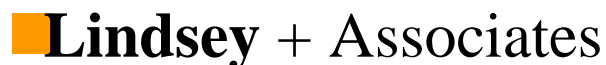
**TOWN OF
WASHINGTON GROVE, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2022**

TOWN OF WASHINGTON GROVE

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JUNE 30, 2022

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Washington Grove (the "Town") as of and for the year ended June 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town as of June 30, 2022, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Washington Grove 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 Washington Grove's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

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 Washington Grove'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 on pages 4 through 10 and 30 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 31 through 35 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.

Kindley & Associates, LLC

October 24, 2022

TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

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, 2022. Please read it in conjunction with the transmittal letter and the Town's financial statements.

Financial Highlights

The effects of the Coronavirus Pandemic which began in the winter of 2020, continued to be felt throughout most of fiscal year 2022. Though the impact on individuals continued, the Town's financial situation was minimally impacted. Revenues were received as anticipated and expenses were comparable to those in fiscal year 2021. The Town continued to hold business meetings virtually. In-person recreation activities continued to be largely curtailed and therefore expenses were well underbudget, although, a few activities at the end of the fiscal year were held in an outdoor setting. The Town's sole employee responsible for grounds and building maintenance retired in December 2021 and the Town contracted these services from an outside provider. The Town intends to monitor if this arrangement yields satisfactory results over the coming year and decide whether to continue with this approach or re-hire the position.

- The Town received a first installment of \$221,834 in American Rescue Plan funds and began considering how to use the funds to make stormwater runoff and drainage improvements in the Town and the West Woods.
- There was a revision to the calculation methodology for the County Municipal Tax Duplication received each year which resulted in a one-time catchup amount of \$41,102.
- McCathran Hall Repairs and Maintenance: The Town Office remained open for this period. There was a small uptick in rentals of McCathran Hall, and there were some uses by the public and small Town groups. The Town hired limited custodial service during this time, and required repairs and maintenance continued for the sprinkler/fire suppression system and the elevator.
- Town Office Pathway Lighting: Two low voltage bollard lights were installed along the stairs to the Town Office. Total cost: \$705.
- Road Resurfacing: There was resurfacing of McCauley Sreet at Washington Grove Lane and other repairs by A.B. Veirs happened throughout the Town. Total cost: \$29,745.
- Town Signage: Two large signs were designed and installed at visible points along the high-traffic roads at the Town's perimeter to better identify the Town: Total cost \$10,400.
- Street Lights: The Town renewed its discussions with PEPCO to purchase the streetlights in Town.

TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

- Tree Removal: As in the previous year, the age and condition of the Town's oaks and accumulated storm damage to other trees continued to necessitate a number of removals this year. Total cost: \$32,250
- Tree Pruning: Pruning for safety continued, along with stump grinding to prepare areas for new trees. Total cost: \$8,000.
- Woods Management: The Woods Committee spent funds as follows: contracted invasive plant control (\$10,750), performed public safety tree pruning (\$3,800), tree planting (\$525). Total cost: \$15,075.
- Invasives Removal in Town Parks: The program to remove invasives from parks in the residential area of Town continued under contract with Invasive Plant Control. Total cost: \$1,451.
- Tree Planting: A total of 46 new trees were planted in the parks and residential areas this year. Total cost: \$14,348.
- Parks: A Disk Frisbee Golf Basket was added to the playgrounds. Total cost: \$375.

As a result of the year's activities, the Town's net position increased by \$171,443. The combined fund balances of the Town increased by \$178,276.

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, 2022

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, 2022**

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, County Municipal Tax Duplication payment
Public Works	Highway User Revenues
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, 2022

Governmental-Wide Financial Information

The following is selected information as of June 30, 2022, and June 30, 2021 for the years then ended.

	2022	2021
Current assets	\$ 1,600,966	\$ 1,173,242
Capital assets	1,259,102	1,280,449
Total assets	2,860,068	2,453,691
Deferred outflows	-	-
Total assets and deferred outflows	2,860,068	2,453,691
Current liabilities	274,329	33,272
Long-term liabilities	4,916	11,039
Total liabilities	279,245	44,311
Deferred inflows	-	-
Net position		
Net investment in capital assets	1,259,102	1,280,449
Restricted	-	-
Unrestricted	1,321,721	1,128,931
Total net position	2,580,823	2,409,380
Total liabilities, deferred inflows and net position	2,860,068	2,453,691
Program revenues		
Charges for services	9,688	6,798
Operating grants and contributions	140,945	75,111
General revenues		
Income taxes	158,611	201,803
Property taxes	287,719	279,652
Interest and investment earnings	1,831	4,087
Miscellaneous	2,442	12,369
Total general revenues	450,603	497,911
Total revenues and transfers	601,236	579,820
Expenses		
General government	153,054	166,190
Public works	100,573	102,121
Parks, lake & recreation	176,166	177,398
Total expenses and transfers	429,793	445,709
Change in net position	171,443	134,111
Net position, beginning of year	2,409,380	2,275,269
Net position, end of year	\$ 2,580,823	\$ 2,409,380

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The Town's Funds

The following schedule presents a summary of general revenue and expenses for the fiscal year ended June 30, 2022, and percentage of increase or decrease in relation to the prior year.

	FY2022 Amount	Percent of Total	Increase (Decrease) From FY21
Revenues			
Taxes	\$ 437,939	74%	\$ (26,115)
Intergovernmental	140,945	24%	65,834
Interest income	1,831	0%	(2,256)
Miscellaneous	12,130	2%	(7,037)
	<u>\$ 592,845</u>	<u>100%</u>	<u>\$ 30,426</u>
Expenditures			
General government	\$ 132,624	32%	\$ (13,207)
Public works	61,650	15%	(4,584)
Parks, lake & recreation	164,197	39%	4,189
Capital outlays	56,098	14%	(5,195)
	<u>\$ 414,569</u>	<u>100%</u>	<u>\$ (18,797)</u>

General Fund Budgetary Highlights

There were no budget transfers for the year ended June 30, 2022.

Capital Asset and Debt Administration

Capital Assets

Capital outlays totaling \$56,098 were made during the year ended June 30, 2022. These included resurfacing roads at a total cost of \$29,745, and new signage at the major roads of the town at a total cost of \$10,400. Forty-six new trees were planted in the Town's parks and residential areas at a cost of \$14,348, and three new trees were planted in the Town's forest preserve at a cost of \$525. Two bollard pathway lights were installed at the Town Office for \$705, and a new recreational apparatus, a Disc Frisbee Golf Basket, was installed at the playground for \$375.

**TOWN OF WASHINGTON GROVE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Debt

The Town had no debt obligations in fiscal year 2022.

Economic Factors and Next Year's Budgets and Rates

The Town voted to decrease the property tax rate from \$0.2479/\$100 to the constant yield tax rate of \$0.2392/\$100 and voted to increase the dwelling tax at \$204 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, 2022 is in excess of \$1,200,000. If all projects are completed as planned in FY 2023, the Town's reserve will be reduced by about \$98,000. Projects for the coming year include street resurfacing, robust tree maintenance efforts along with continuing invasive plant control measures, storm drainage remediation, and continued border identity improvements.

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 206 Chestnut Avenue, Washington Grove, Maryland 20880.

TOWN OF WASHINGTON GROVE, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Total
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 268,951	\$ 268,951
Investments	1,227,475	1,227,475
Accounts receivable	19,521	19,521
Accounts receivable - income taxes	85,019	85,019
Total Current Assets	<u>1,600,966</u>	<u>1,600,966</u>
Noncurrent Assets		
Net capital assets	<u>1,259,102</u>	<u>1,259,102</u>
Total Noncurrent Assets	<u>1,259,102</u>	<u>1,259,102</u>
TOTAL ASSETS	<u>2,860,068</u>	<u>2,860,068</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,860,068</u>	<u>\$ 2,860,068</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 52,495	\$ 52,495
Deferred revenue - ARPA	221,834	221,835
Total Current Liabilities	<u>274,329</u>	<u>274,330</u>
Noncurrent Liabilities		
Compensated absences	<u>4,916</u>	<u>4,916</u>
Total Noncurrent Liabilities	<u>4,916</u>	<u>4,916</u>
TOTAL LIABILITIES	<u>279,245</u>	<u>279,246</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,259,102	1,259,102
Unrestricted	<u>1,321,721</u>	<u>1,321,721</u>
TOTAL NET POSITION	<u>2,580,823</u>	<u>2,580,823</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 2,860,068</u>	<u>\$ 2,860,069</u>

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, 2022

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	\$ 153,054	\$ 6,065	\$ 93,258	\$ -	\$ (53,731)	\$ (53,731)
Public works	100,573	-	47,687	-	(52,886)	(52,886)
Parks, lake & recreation	176,166	3,623	-	-	(172,543)	(172,543)
Total Governmental Activities	<u>429,793</u>	<u>9,688</u>	<u>140,945</u>	<u>-</u>	<u>(279,160)</u>	<u>(279,160)</u>
Total Primary Government	<u>\$ 429,793</u>	<u>\$ 9,688</u>	<u>\$ 140,945</u>	<u>\$ -</u>	<u>\$ (279,160)</u>	<u>\$ (279,160)</u>
General revenues:						
Taxes						
Income taxes					158,611	158,611
Property taxes					287,719	287,719
Interest and investment earnings					1,831	1,831
Miscellaneous					2,442	2,442
Total General Revenues					<u>450,603</u>	<u>450,603</u>
Change in Net Position					171,443	171,443
Net Position, beginning of year					<u>2,409,380</u>	<u>2,409,380</u>
Net Position, end of year					<u>\$ 2,580,823</u>	<u>\$ 2,580,823</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, 2022**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents - unrestricted	\$ 268,951	\$ 268,951
Investments	1,227,475	1,227,475
Accounts receivable	19,521	19,521
Accounts receivable - income taxes	85,019	85,019
TOTAL ASSETS	<u>1,600,966</u>	<u>1,600,966</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,600,966</u>	<u>\$ 1,600,966</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 52,495	\$ 52,495
Deferred revenue - ARPA	221,834	221,834
TOTAL LIABILITIES	<u>274,329</u>	<u>274,329</u>
DEFERRED INFLOWS OF RESOURCES	<u>85,019</u>	<u>85,019</u>
FUND BALANCES		
Unassigned	1,241,618	1,241,618
TOTAL FUND BALANCES	<u>1,241,618</u>	<u>1,241,618</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,600,966</u>	<u>\$ 1,600,966</u>

**RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
JUNE 30, 2022**

<i>Total Governmental Fund Balances</i>	\$ 1,241,618
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,259,102
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(4,916)
Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds.	<u>85,019</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 2,580,823</u>

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, 2022

	General Fund	Total Governmental Funds
REVENUES		
Taxes	\$ 437,939	\$ 437,939
Intergovernmental	140,945	140,945
Charges for services	4,678	4,678
Fines, licenses, permits	5,010	5,010
Interest income	1,831	1,831
Miscellaneous	2,442	2,442
Total Revenues	<u>592,845</u>	<u>592,845</u>
EXPENDITURES		
Current Operations		
General government	132,624	132,624
Public works	61,650	61,650
Parks, lake & recreation	164,197	164,197
Capital outlays	56,098	56,098
Total Expenditures	<u>414,569</u>	<u>414,569</u>
Excess of revenues over (under)		
 expenditures and other financing uses	<u>178,276</u>	<u>178,276</u>
Other financing sources (uses)		
Operating transfers in (out)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Excess of revenue and other financing		
 sources over (under) expenditures		
 and other financing uses	178,276	178,276
Fund balance, beginning of year	<u>1,063,342</u>	<u>1,063,342</u>
Fund balance, end of year	<u>\$ 1,241,618</u>	<u>\$ 1,241,618</u>

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, 2022

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 178,276
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.	(21,347)
Differences in accounting for compensated absences between modified accrual and accrual accounting.	6,123
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.	<u>8,391</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 171,443</u>

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022, 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, 2022, the balance of deferred inflows of resources consisted of income taxes of \$85,019.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Local Tax Reserve Fund

At June 30, 2022, the Town was advised by the State of Maryland that \$85,019 of the Local Tax Reserve Fund was allocable to the Town. The Town recorded receivable and deferred inflows of resources in the amount of \$85,019 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, 2022

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, 2022, the liability for compensated absences is \$4,916.

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, 2022

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.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 2022. 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 \$268,951 and the bank balances totaled \$275,778. Of the bank balances, \$25,778 was not insured by Federal Depositary 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, 2022

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, 2022, \$517,388 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, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS - continued

As of June 30, 2022, 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	\$ 517,388	\$ 517,388	AAAm
Certificate of Deposit:			
WesBanco	102,945	102,945	BBB+
WesBanco	103,544	103,544	BBB+
TD Bank	105,979	105,979	AA-
TD Bank	147,042	147,042	AA-
Sandy Spring Bank	100,577	100,577	BBB+
Sandy Spring Bank	150,000	150,000	BBB+
Certificates of deposit	<u>\$ 710,087</u>	<u>\$ 710,087</u>	
Total Investments	<u>\$ 1,227,475</u>	<u>\$ 1,227,475</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, 2022:

Property taxes	\$ 11
Income taxes	85,019
Highway user	18,010
Other	1,500
	<u>\$ 104,540</u>

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, were \$0.2393 and \$0.70 per \$100 of assessed value, respectively.

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2022, 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	674,066	29,745	-	703,811
Buildings and improvements	1,047,247	11,105	-	1,058,352
Recreation facilities	367,111	15,248	-	382,359
Equipment	98,699	-	-	98,699
Subtotal	2,187,123	56,098	-	2,243,221
Total capital assets	2,967,132	56,098	-	3,023,230
Accumulated depreciation:				
Roads	464,039	33,267	-	497,306
Buildings and improvements	917,298	18,420	-	935,718
Recreation facilities	245,583	17,372	-	262,955
Equipment	59,763	8,386	-	68,149
Subtotal, accumulated depreciation	1,686,683	77,445	-	1,764,128
Net capital assets	\$ 1,280,449	\$ (21,347)	\$ -	\$ 1,259,102

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION – continued

Depreciation was charged to functions as follows:

Government activities:

General government	\$ 20,557
Public works	38,923
Parks	<u>17,965</u>
Total government activities depreciation expense	<u><u>\$ 77,445</u></u>

The Town has no material construction commitments as of June 30, 2022.

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, 2022, 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.

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.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – RISK MANAGEMENT - continued

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, 2022, 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.

The original impact of the ruling on the Town was \$339 in total. During FY2021, the Comptroller's Office stated repayment will be made in 80 withholdings over 20 years, beginning in May 2021. During FY2021, the Town paid off the entire amount owed. At June 30th, 2022 the balance was \$0.

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – CONCENTRATIONS

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

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	\$ -
Use of reserves	<u>(131,363)</u>
Budgeted excess (deficiency) of revenues over (under) expenditures - GAAP basis	<u><u>\$ (131,363)</u></u>

NOTE 13 – FUND BALANCE REPORTING

Fund balances for the Town's governmental funds consisted of the following as of June 30, 2022:

Unassigned Fund Balances

All fund balances in the general fund are unassigned. At June 30, 2022, this amount was \$1,241,618.

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 (postponed 18 months by Statement No. 95).

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 (postponed one year by Statement No. 95).

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 (postponed one year by Statement No. 95).

TOWN OF WASHINGTON GROVE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Statement No. 91, *Conduit Debt Obligations*, issued May 2019, effective for reporting periods beginning after December 15, 2021 (postponed one year by Statement No. 95).

Statement No. 92, *Omnibus 2020*, issued January 2020, effective for reporting periods beginning after June 15, 2021 (postponed one year by Statement No. 95).

Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, effective for reporting periods beginning after June 15, 2020 (postponed one year by Statement No. 95).

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.

Statement No. 98, *The Annual Comprehensive Financial Report*, issued October 2021, effective immediately.

Statement No. 99, *Omnibus 2022*, issued April 2022, sections effective for reporting periods ending after June 15, 2022 and 2023.

Statement No. 100, *Accounting Changes and Error Corrections*, issued June 2022, effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, issued June 2022, effective for reporting periods beginning after December 15, 2023.

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, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Income taxes	\$ 132,000	\$ 132,000	\$ 150,220	\$ 18,220
Property taxes	283,482	283,482	287,719	4,237
Fines, licenses and permits	6,325	6,325	5,010	(1,315)
Interest and investment earnings	1,660	1,660	1,831	171
Charges for services	7,750	7,750	4,678	(3,072)
Operating grants and contributions	38,449	38,449	47,687	9,238
Other revenues	52,156	52,156	93,258	41,102
Miscellaneous	1,600	1,600	2,442	842
Use of reserves	131,363	131,363	-	(131,363)
Total Revenues	<u>\$ 654,785</u>	<u>\$ 654,785</u>	<u>\$ 592,845</u>	<u>\$ (61,940)</u>
Expenditures				
General government	\$ 151,662	\$ 151,662	\$ 91,778	\$ 59,884
Public works	117,725	117,725	61,650	56,075
Parks, lake and recreation	316,725	316,725	164,197	152,528
Miscellaneous	68,673	68,673	40,846	27,827
Capital outlay	-	-	56,098	(56,098)
Total Expenditures	<u>\$ 654,785</u>	<u>\$ 654,785</u>	<u>\$ 414,569</u>	<u>\$ 240,216</u>

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, 2022

	Original budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Taxes - Local Property				
Real estate	\$ 249,232	\$ 249,232	\$ 251,692	\$ 2,460
Dwelling tax	29,250	29,250	29,439	189
Public utilities	5,000	5,000	5,205	205
Taxes - State Shared				
Income taxes	132,000	132,000	150,220	18,220
Delinquent taxes, penalties and interest	-	-	1,383	1,383
Total Taxes	<u>415,482</u>	<u>415,482</u>	<u>437,939</u>	<u>22,457</u>
Licenses and Permits				
Business	125	125	150	25
Other licenses and permits				
Other permits	200	200	280	80
Cable TV franchise fee	6,000	6,000	4,580	(1,420)
Total Licenses and Permits	<u>6,325</u>	<u>6,325</u>	<u>5,010</u>	<u>(1,315)</u>
Intergovernmental				
State Grants				
Highway and streets	38,449	38,449	47,687	9,238
County Grants				
Revenue sharing	52,156	52,156	93,258	41,102
Total Intergovernmental	<u>90,605</u>	<u>90,605</u>	<u>140,945</u>	<u>50,340</u>
Miscellaneous				
Recreation program user fees	7,750	7,750	3,623	(4,127)
Rental - McCathran Hall	-	-	1,055	1,055
Interest	1,660	1,660	1,831	171
Miscellaneous	1,600	1,600	2,292	692
Contributions & donations	-	-	150	150
Use of reserves	131,363	131,363	-	(131,363)
Total Miscellaneous	<u>142,373</u>	<u>142,373</u>	<u>8,951</u>	<u>(133,422)</u>
Total Revenues	<u>\$ 654,785</u>	<u>\$ 654,785</u>	<u>\$ 592,845</u>	<u>\$ (61,940)</u>

TOWN OF WASHINGTON GROVE, MARYLAND
SCHEDULE OF EXPENDITURES - GENERAL FUND
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
General Government				
Executive				
Conference and dues	\$ 1,300	\$ 1,300	\$ 1,181	\$ 119
Telephone	850	850	786	64
Postage	200	200	69	131
Legal notices	600	600	231	369
Repairs - office equipment	2,500	2,500	1,540	960
Supplies and internet	1,500	1,500	240	1,260
Information technology support	1,860	1,860	1,876	(16)
Records management	500	500	200	300
Town clerk salary	48,952	48,952	45,394	3,558
Employee development	-	-	1,888	(1,888)
Town website	23,000	23,000	-	23,000
Website operations	-	-	316	(316)
Printing and copying	200	200	-	200
Total Executive	<u>81,462</u>	<u>81,462</u>	<u>53,721</u>	<u>27,741</u>
Administration				
Salaries	14,000	14,000	12,643	1,357
Postage	165	165	84	81
Bond	100	100	100	-
Supplies	750	750	964	(214)
Bank fees	100	100	132	(32)
Total Administration	<u>15,115</u>	<u>15,115</u>	<u>13,923</u>	<u>1,192</u>
Professional Fees				
Audit/Accounting	7,100	7,100	8,617	(1,517)
Planning and zoning	15,800	15,800	12,421	3,379
Legal counsel	7,600	7,600	721	6,879
Total Professional Fees	<u>30,500</u>	<u>30,500</u>	<u>21,759</u>	<u>8,741</u>
Municipal Building				
Salaries	3,245	3,245	803	2,442
Utilities	5,550	5,550	5,219	331
Telephone	1,225	1,225	1,188	37
Repairs and maintenance	2,000	2,000	-	2,000
Fire alarm	465	465	899	(434)
Sprinkler testing	1,600	1,600	2,010	(410)
Janitorial	5,000	5,000	1,580	3,420
McCathran Hall	4,500	4,500	1,367	3,133
Miscellaneous supplies	1,000	1,000	414	586
Total Municipal Building	<u>24,585</u>	<u>24,585</u>	<u>13,480</u>	<u>11,105</u>
Total General Government	<u>\$ 151,662</u>	<u>\$ 151,662</u>	<u>\$ 102,883</u>	<u>\$ 48,779</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works				
Street maintenance				
Salaries	\$ 3,245	\$ 3,245	\$ 1,084	\$ 2,161
Supplies	1,000	1,000	198	802
Street lighting	4,200	4,200	4,202	(2)
Street light install/repair	3,000	3,000	31	2,969
Snow and ice removal	3,000	3,000	2,100	900
Sanitation	810	810	125	685
Resurfacing	30,000	30,000	29,745	255
Signs	500	500	195	305
Speed Hump	8,000	8,000	-	8,000
Walkways				
Salaries	3,245	3,245	1,050	2,195
Supplies	1,000	1,000	95	905
Lighting	2,000	2,000	705	1,295
Restoration	3,000	3,000	-	3,000
Waste collection and disposal				
Salaries	5,690	5,690	3,700	1,990
Trash collection	17,766	17,766	17,767	(1)
Recycling services	12,069	12,069	11,529	540
Leaf collection	18,600	18,600	18,600	-
Disposal tipping fees	600	600	269	331
Total Public Works	<u>\$ 117,725</u>	<u>\$ 117,725</u>	<u>\$ 91,395</u>	<u>\$ 26,330</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, 2022

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Parks, Lakes and Recreation				
Parks				
Salaries	\$ 64,900	\$ 64,900	\$ 37,327	\$ 27,573
Supplies	4,000	4,000	2,394	1,606
Tree planting	30,000	30,000	14,658	15,342
Tree expert	1,000	1,000	-	1,000
Beautification and forestry	6,000	6,000	293	5,707
Vehicle operation	6,000	6,000	449	5,551
Gypsy moth spraying & invasive species	4,450	4,450	1,649	2,801
Contract services	-	-	29,044	(29,044)
Tree removal	22,000	22,000	32,250	(10,250)
Tree pruning	17,000	17,000	8,000	9,000
Forest management	50,000	50,000	15,075	34,925
Equipment rental	-	-	76	(76)
Nicho's trees	1,850	1,850	-	1,850
Equipment purchase	6,500	6,500	260	6,240
Storm Drainage/Parks and Res. Areas	50,000	50,000	-	50,000
Total Parks	<u>263,700</u>	<u>263,700</u>	<u>141,475</u>	<u>122,225</u>
Lakes				
Salaries	19,250	19,250	14,165	5,085
Supplies	3,000	3,000	147	2,853
Electricity for pump and aeration	750	750	701	49
Water testing and treatment	7,000	7,000	4,593	2,407
Fencing	1,000	1,000	-	1,000
Footbridge and dock	200	200	-	200
Total Lakes	<u>31,200</u>	<u>31,200</u>	<u>19,606</u>	<u>11,594</u>
Recreation				
Salaries	6,000	6,000	5,877	123
Supplies and programs	15,825	15,825	12,487	3,338
Total Recreation	<u>21,825</u>	<u>21,825</u>	<u>18,364</u>	<u>3,461</u>
Total Parks, Lakes and Recreation	<u>\$ 316,725</u>	<u>\$ 316,725</u>	<u>\$ 179,445</u>	<u>\$ 137,280</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Miscellaneous				
Payroll taxes/health insurance- total	\$ 18,766	\$ 18,766	\$ 18,821	\$ (55)
Historic preservation	29,457	29,457	13,853	15,604
Racial and social equity	6,250	6,250	884	5,366
Insurance - workers' compensation	4,500	4,500	3,460	1,040
Insurance - property	700	700	563	137
Insurance - liability	3,000	3,000	2,491	509
Emergency preparedness	1,000	1,000	-	1,000
Contingency	4,500	4,500	-	4,500
Other miscellaneous	500	500	774	(274)
Total Miscellaneous	<u>68,673</u>	<u>68,673</u>	<u>40,846</u>	<u>27,827</u>
 Total Expenditures	 <u><u>\$ 654,785</u></u>	 <u><u>\$ 654,785</u></u>	 <u><u>\$ 414,569</u></u>	 <u><u>\$ 240,216</u></u>