



August 14, 2023

Washington Grove Council and Mayor:

This report is a new approach to presenting the financial statements and fund balances for the Town. The accompanying reports are derived directly from the accounting system and include year-end accrual adjustments. The fiscal year audit is underway, hence, the reports represent unaudited activity. They are also not presented in the format prescribed by Government Accounting Standards as the accounting software does not have that capability. The Town's auditors make the adjustments to conform the audited statements to those Standards.

This report presents the following with accompanying notes:

1. Unaudited final June 30, 2023 Treasurer's Report on Income and Expenses presented on the accrual basis
2. Unaudited final June 30, 2023 Balance Sheet presented on the accrual basis
3. A presentation of the Town's "fund" balances as of June 30, 2023

Respectfully submitted,

S. Jean Moyer, Treasurer

## Report narrative –

### Income and Expenses

Overall, revenue exceeded expenses by approximately \$215,000. Town reserves were not required to be used as budgeted.

#### Income

- As a result of multiple factors, the Town’s income for the year effectively came in on budget without the need for supplement from Town reserves as planned in the FY23 budget.
- State income tax revenue came in at 134% of budget due to the uncertainty in forecasting the future income taxes that will be paid by residents when preparing the budget. We traditionally budget conservatively, accordingly.
- Revenue from the Highway User tax came in at 78% of the expected amount estimated by the state. The Town budgets this revenue based on the state’s estimated amount which was revised downward during the fiscal year.
- The current higher interest environment benefited the Town:
  - The \$443,667 federal ARPA funds were invested in the Maryland Local Government Investment Pool (MLGIP). The use of, or potential return of, those funds resulted in the budgeted interest for that account to be set as if we did not hold those funds. Also, 3 low interest-bearing Certificates of Deposit matured, and the funds were deposited in the MLGIP. Hence, with these added large deposits, actual interest earned from the MLGIP far exceeded the budget, to the Town’s advantage.
  - A remaining, maturing low interest-bearing CD was invested in a higher interest CD at Sandy Spring bank.
- Due to accounting standards, the ARPA funding the Town received had to be classified as “deferred revenue” because, should it not be used we would have to return it, thereby, we had not actually earned it as revenue when it was received. The Town began to use the federal ARPA funding to address stormwater issues during FY23, which allowed an accounting entry to recognize as revenue the amount that was spent. This can be thought of as revenue “on paper”, or a reimbursement, rather than actual revenue received.
- Rentals of McCathran Hall and fees from Summer in the Parks increased with Covid easing.

#### Expenses

- Total expenses came in at 68% of budgeted. This was one of the reasons Town reserves were not utilized to balance the fiscal year-end.

- Accounting standards require a year-end recognition/accrual of future paid leave for the Town's employee. This creates the appearance that salaries exceeded budgeted. Without the entry, salaries were on budget.
- Actual expense for Leaf Collection appears under budget because the budget was erroneously inflated anticipating the need for a new contract.
- Despite the unexpected increased cost of addressing the declining health of the Town's aging trees, other tree and beautification expenditures were minimized to compensate.
- Certain areas of the budget were far under spent as certain budgeted activities did not occur:
  - Planning and Zoning
  - Streets and Walkways
  - Historic Preservation
  - Lake
  - Racial and Social Equity

## **Balance Sheet**

This is a report the Council has not typically seen, and the presentation format does not conform with required Government Accounting Standards, however, it is beneficial and educational for Town stewardship purposes.

## **Assets**

- The largest share of the Town's cash is currently invested in the Maryland Local Government Investment Pool (MLGIP). This should not be a concern and below is an excerpt from the fund's website:

*"The Maryland Local Government Investment Pool (MLGIP) provides all local government units of the State a safe investment vehicle for the short-term investment of funds. The State Legislature created the Maryland Local Government Investment Pool with the passage of Article 95 §22G, of the Annotated Code of Maryland and more recently defined by Title 17, subtitle 3 of the Local Government Article of the Maryland Annotated Code. The Pool's purpose is to assist the public finance officer by providing an investment medium in which the participants may invest their idle balances. A pooled fund strategy is utilized creating a money market fund for municipalities that is a very safe, highly efficient, programmed approach to investing. Participants are provided professional money management, a well diversified portfolio and reduced cost.*

*The MLGIP is rated "AAAm" by Standard and Poor's (their highest rating). The MLGIP, under the administrative control of the State Treasurer, is managed by PNC Capital Advisors, LLC and custodied by PNC Bank, N.A. A MLGIP Advisory Committee of current participants was formed to review, on a semi-annual basis, the activities of the Fund and to provide suggestions to enhance the Pool."*

- The federal ARPA funds are treated as a contra asset due to the nature that the funding is being held by the Town and will be returned if not utilized.

### **Liabilities**

- The Town holds a small payable to the County for property tax revenue that was sent to the Town in late FY22, but actually belonged to another entity. The County has finally reconciled this error at their end and is beginning to incrementally collect this from the Town.
- As explained in the Expense notes above, a year-end recognition/accrual of future paid leave for the Town's employee was required and is reflected as Accrued Sick and Vacation Leave. Accrued payroll represents payroll incurred with the June 30 payroll that was subsequently paid on July 5.

### **Fund Balances**

This is a new format from previous years. It shows the beginning balance of the General Fund and the segments of it set aside for various named and designated purposes. Actual revenue and expenses and internal transfers are accounted for to result in the June 30, 2023 balances. This format allows easy understanding of how the Town accounts for its reserve funds.

**Town of Washington Grove  
Treasurer's Report - FY23 unaudited  
July 1, 2022 through June 30, 2023**

	<b>Jul '22 - Jun 23</b>	<b>Budget</b>	<b>% of Budget</b>
<b>Income</b>			
1A-1.1 · Real Property Tax	257,388	251,191	102%
1A-1.2 · Dwelling Tax	45,989	45,900	100%
1A-1.3 · Public Utility Op. Property Tax	5,643	5,000	113%
1A-1.5 · Penalties & Interest	607	0	100%
1A-2.0 · Income Tax	166,292	123,820	134%
1B-1.0 · Business Licenses	134	125	107%
1B-2.0 · Building Permit Fees	250	100	250%
1B-2.2 · Public Ways Permit Fees	100	100	100%
1B-3.0 · Cable Television Franchise Fees	5,641	6,000	94%
1C-2.11 · Highway User Revenue	33,693	43,038	78%
1C-3.0 · County Muni Tax Duplication	84,368	84,368	100%
1D-5.0 · Recreation Program User Fees			
1D-5.1 · Washington Grove Film Society	0	1,000	0%
1D-5.3 · Summer in the Parks	4,850	3,600	135%
1D-5.4 · Tennis Instruction	0	400	0%
1D-5.5 · Yoga Instruction	0	1,500	0%
<b>Total 1D-5.0 · Recreation Program User Fees</b>	<b>4,850</b>	<b>6,500</b>	<b>75%</b>
1F-1.0 · Investment Earnings			
1F-1.1 · MLGIP Earnings	35,572	250	14,229%
1F-1.3 · TD Bank CD Interest	241	500	48%
1F-1.4 · PNC MM Interest	79	80	99%
1F-1.5 · Sandy Spring CD Interest	2,233	300	744%
1F-1.7 · WesBanco CD Interest	51	520	10%
<b>Total 1F-1.0 · Investment Earnings</b>	<b>38,176</b>	<b>1,650</b>	<b>2,314%</b>
1F-2.0 · McCathran Hall Rental	2,130	1,500	142%
1F-4.0 · Contributions & Donations	1,595	0	100%
1F-5.0 · ARPA Earned Revenue	5,775		
1F-6.0 · Miscellaneous Revenues-Other	17,379	1,755	990%
1Z-1.0 · Use of Reserves	0	97,685	0%
<b>Total Income</b>	<b>670,010</b>	<b>668,732</b>	<b>100%</b>
<b>Expense</b>			
2A-3.0 · Executive			
2A-3.1 · Town Clerk Salary	59,556	48,838	122%
2A-3.2 · Telephone	613	850	72%
2A-3.3 · Postage	65	240	27%
2A-3.4 · Supplies	816	600	136%
2A-3.5a · Website Operations	731	2,000	37%
2A-3.6 · Information Technology Support	1,103	1,500	74%
2A-3.65 · Software	557	1,900	29%
2A-3.7 · Records Management	593	1,000	59%
2A-3.9 · Office Equipment	763	1,000	76%
2A-4.0 · Legal Notices	0	600	0%
2A-4.1 · Printing/Copying	0	200	0%

**Town of Washington Grove  
Treasurer's Report - FY23 unaudited  
July 1, 2022 through June 30, 2023**

	<b>Jul '22 - Jun 23</b>	<b>Budget</b>	<b>% of Budget</b>
2A-4.2 · MML Expenses	1,380	1,200	115%
<b>Total 2A-3.0 · Executive</b>	<b>66,177</b>	<b>59,928</b>	<b>110%</b>
<b>2A-5.0 · Financial Administration</b>			
2A-5.1 · Town Treasurer Salary	14,958	14,592	103%
2A-5.2 · Postage	163	200	82%
2A-5.3 · Supplies	106	300	35%
2A-5.35 · Software	728	970	75%
2A-5.4 · Bond (1-yr)	100	100	100%
2A-5.5 · Audit	7,719	7,500	103%
2A-5.6 · Bank Service Charges	114	186	61%
<b>Total 2A-5.0 · Financial Administration</b>	<b>23,888</b>	<b>23,848</b>	<b>100%</b>
<b>2A-6.0 · Legal</b>			
2A-6.1 · Town Attorney	385	5,000	8%
2A-6.2 · Other Expenses	0	600	0%
<b>Total 2A-6.0 · Legal</b>	<b>385</b>	<b>5,600</b>	<b>7%</b>
<b>2A-8.0 · Planning and Zoning</b>			
2A-8.2 · Border Identity Improvements	6,995	8,000	87%
2A-8.3 · Surveying and Mapping	0	5,000	0%
2A-8.4 · Code Enforcement	0	700	0%
2A-8.5 · Supplies	25	100	25%
2A-8.6 · Sustainability	1,144	5,000	23%
2A-8.7 · Emergency Preparedness & Safety	0	1,000	0%
2A-8.8 · Stormwater Projects	5,775	50,000	12%
<b>Total 2A-8.0 · Planning and Zoning</b>	<b>13,939</b>	<b>69,800</b>	<b>20%</b>
<b>2A-9.0 · Municipal Buildings</b>			
2A-9.2 · Supplies	203	1,000	20%
2A-9.3 · Utilities			
2A-9.3a · Gas	2,080	2,550	82%
2A-9.3b · Electricity	1,768	2,200	80%
2A-9.3c · Water	1,161	1,000	116%
2A-9.3d · Telephone (2 lines)	1,205	1,225	98%
<b>Total 2A-9.3 · Utilities</b>	<b>6,214</b>	<b>6,975</b>	<b>89%</b>
2A-9.4 · Fire Alarm - Monitoring	651	800	81%
2A-9.5 · Sprinkler Testing	1,724	1,700	101%
2A-9.6 · Janitorial Service	2,223	2,234	100%
2A-9.7 · Repairs	0	2,000	0%
2A-9.75 · Contracted Contingency	1,537	5,000	31%
2A-9.8 · McCathran Hall Maintenance	1,961	1,500	131%
2A-9.9 · Maintenance Shop	1,878	500	376%
<b>Total 2A-9.0 · Municipal Buildings</b>	<b>16,391</b>	<b>21,709</b>	<b>76%</b>
<b>2C-1.1 · Streets, Roadways, &amp; Alleys</b>			
2C-1.1a · Contract Services	150	3,000	5%
2C-1.12 · Supplies	0	1,000	0%
2C-1.13 · Resurfacing	35,425	35,000	101%

**Town of Washington Grove  
Treasurer's Report - FY23 unaudited  
July 1, 2022 through June 30, 2023**

	<b>Jul '22 - Jun 23</b>	<b>Budget</b>	<b>% of Budget</b>
2C-1.14 · Speed Humps	0	4,000	0%
2C-1.15 · Snow & Ice Removal	0	3,000	0%
2C-1.16 · Street Name Signs	84	500	17%
2C-1.18 · Street Light Operation	4,177	4,200	99%
2C1.181 · Street Light Repair	0	3,000	0%
2C-1.20 · Lighting Design Consultant	1,688	5,000	34%
<b>Total 2C-1.1 · Streets, Roadways, &amp; Alleys</b>	<b>41,524</b>	<b>58,700</b>	<b>71%</b>
<b>2C-1.2 · Walkways</b>			
2C-1.22 · Supplies	0	500	0%
2C-1.25 · Walkway Lighting	0	2,000	0%
2C-1.26 · Contract Services	252	3,000	8%
2C-1.27 · Contract Contingency	0	10,000	0%
<b>Total 2C-1.2 · Walkways</b>	<b>252</b>	<b>15,500</b>	<b>2%</b>
<b>2C-2.0 · Waste Collection &amp; Disposal</b>			
2C-2.15 · Contract Services	0	6,000	0%
2C-2.2 · Trash Collection (contract)	26,985	27,966	96%
2C-2.3 · Recycling Services (contract)	18,240	17,880	102%
2C-2.4 · Leaf Collection (contract)	18,600	23,250	80%
2C-2.5 · Brush Disp. Tipping Fees	0	600	0%
<b>Total 2C-2.0 · Waste Collection &amp; Disposal</b>	<b>63,825</b>	<b>75,696</b>	<b>84%</b>
<b>2D-1.0 · Parks</b>			
2D-1.15 · Contract Services	51,906	48,000	108%
2D-1.16 · Contract Contingency	8,297	15,000	55%
2D-1.2 · Supplies	174	2,000	9%
2D-1.3 · Vehicle & Equipment O&M	817	1,000	82%
2D-1.4 · Contract Tree Watering	0	10,000	0%
2D-1.41 · Contract Tree Removal	34,900	22,000	159%
2D-1.42 · Contract Tree Pruning	23,200	17,000	136%
2D-1.43 · Woods Management	26,755	50,000	54%
2D-1.44 · Beautification Plantings	0	6,000	0%
2D-1.45 · Licensed Tree Expert	0	1,000	0%
2D-1.46 · Tree Health & Mgmt -Parks	0	1,000	0%
2D-1.47 · Tree Planting, Residential Area	13,965	30,000	47%
2D-1.48 · Nicho's Trees	0	1,850	0%
2D-1.49 · Invasives Treatment - Parks	1,138	3,450	33%
2D-1.8 · Equipment Rental	0	1,000	0%
<b>Total 2D-1.0 · Parks</b>	<b>161,152</b>	<b>209,300</b>	<b>77%</b>
<b>2D-2.0 · Recreation</b>			
2D-2.1 · Salaries			
2D-2.11 · Summer in the Parks	6,199	6,250	99%
2D-2.12 · Tennis Lessons - Contract	0	500	0%
2D-2.13 · Tennis Court Maintenance	1,488	1,500	99%
<b>Total 2D-2.1 · Salaries</b>	<b>7,687</b>	<b>8,250</b>	<b>93%</b>
2D-2.2 · Supplies			

**Town of Washington Grove  
Treasurer's Report - FY23 unaudited  
July 1, 2022 through June 30, 2023**

	<b>Jul '22 - Jun 23</b>	<b>Budget</b>	<b>% of Budget</b>
2D-2.21 · Summer in the Parks	1,660	3,000	55%
2D-2.23 · Tennis Courts	460	0	100%
<b>Total 2D-2.2 · Supplies</b>	<b>2,120</b>	<b>3,000</b>	<b>71%</b>
2D-2.3 · Special Programs	439	0	100%
2D-2.31 · Music Weekend	1,771	2,000	89%
2D-2.32 · Fourth of July	0	750	0%
2D-2.33 · Labor Day	184	200	92%
2D-2.34 · BluestoberFest	1,079	1,200	90%
2D-2.35 · Halloween Party	218	150	145%
2D-2.36 · Holiday Show	1,384	500	277%
2D-2.37 · Family Programs	0	800	0%
2D-2.38 · NY Eve	0	100	0%
2D-2.4 · Washington Grove Film Society	870	1,200	73%
2D-2.5 · Yoga Instruction	0	1,500	0%
2D-2.9 · Playground Equipment, Supplies	178	2,000	9%
<b>Total 2D-2.0 · Recreation</b>	<b>15,930</b>	<b>21,650</b>	<b>74%</b>
<b>2D-3.0 · Historic Preservation</b>			
2D-3.1 · Commission Secretary	0	1,275	0%
2D-3.2 · Preservation Award	233	200	117%
2D-3.3 · Archives Worker	11,983	16,413	73%
2D-3.4 · Archival Equipment & Supplies	226	500	45%
2D-3.45 · Software	380	800	48%
2D-3.5 · Preservation Workshops	0	750	0%
2D-3.6 · Conference Fees	0	750	0%
2D-3.7 · Design Guidelines	0	500	0%
2D-3.8 · NR Historic District Update	0	500	0%
2D-3.9 · Professional Services	0	2,500	0%
2D-3.10 · Special Projects	0	5,000	0%
<b>Total 2D-3.0 · Historic Preservation</b>	<b>12,822</b>	<b>29,188</b>	<b>44%</b>
<b>2D-4.0 · Lake</b>			
2D-4.1 · Salaries			
2D-4.11 · Lifeguard	8,998	21,600	42%
2D-4.12 · Swim Instructor	342	1,600	21%
<b>Total 2D-4.1 · Salaries</b>	<b>9,340</b>	<b>23,200</b>	<b>40%</b>
2D-4.2 · Supplies	788	150	525%
2D-4.3 · Electricity	687	750	92%
2D-4.4 · Water Testing & Treatment	4,975	5,000	100%
2D-4.5 · Fencing	0	1,000	0%
2D-4.6 · Footbridge & Dock	261	500	52%
<b>Total 2D-4.0 · Lake</b>	<b>16,051</b>	<b>30,600</b>	<b>52%</b>
<b>2F-1.0 · Racial and Social Equity</b>			
2F-1.1 · Education Services	1,885	3,000	63%
2F-1.2 · Evaluation Services	0	6,000	0%
2F-1.3 · Translation Services	0	1,000	0%



**Town of Washington Grove  
Treasurer's Report - FY23 unaudited  
July 1, 2022 through June 30, 2023**

	<b>Jul '22 - Jun 23</b>	<b>Budget</b>	<b>% of Budget</b>
<b>Total 2F-1.0 · Racial and Social Equity</b>	1,885	10,000	19%
<b>2H-1.0 · Insurance</b>			
<b>2H-1.1 · Liability Insurance</b>	1,630	3,000	54%
<b>2H-1.2 · Property Insurance</b>	616	700	88%
<b>2H-1.3 · Workers Compensation</b>	2,831	4,500	63%
<b>Total 2H-1.0 · Insurance</b>	5,077	8,200	62%
<b>2H-2.0 · Miscellaneous</b>			
<b>2H-2.1 · Misc. - Fire Dept Donation</b>	500	500	100%
<b>2H-2.2 · Contingency</b>	0	4,500	0%
<b>2H-2.4 · George Paine Memorial Fund</b>	0	5,130	0%
<b>2H-2.3 · Employee Benefits</b>			
<b>2H-2.31 · Payroll Taxes &amp; Fees</b>	6,453	6,997	92%
<b>2H-2.32 · Health Insurance Town Clerk Exp</b>	8,368	9,445	89%
<b>2H-2.33 · Retirement Benefit Town Clerk</b>	0	2,441	0%
<b>Total 2H-2.3 · Employee Benefits</b>	14,821	18,883	78%
<b>Total 2H-2.0 · Miscellaneous</b>	15,321	29,013	53%
<b>Total Expense</b>	454,619	668,732	68%
<b>Net Income</b>	<b>215,391</b>	<b>0</b>	<b>100%</b>

**Summary of RJ Landscaping expenditures:**

Contracted Services	53,367	60,000
Contingency	14,291	40,000

Accrual Basis

Town of Washington Grove  
Balance Sheet - unaudited  
As of June 30, 2023

**ASSETS**

**Current Assets**

**Checking/Savings**

Sandy Spring Bank CD#2	152,132
Sandy Spring Bank CD #1	100,677
PNC Bank MM Savings	176,819
MD Local Govmnt. Invest. Pool	1,450,844
PNC Bank - Checking	59,252

**Total Checking/Savings** 1,939,724

**Total Current Assets** 1,939,724

**Other Assets**

Deferred Revenue - ARPA -437,892

**Total Other Assets** -437,892

**TOTAL ASSETS** 1,501,832

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

Total Accounts Payable 20,325

**Other Current Liabilities**

Return due to County	7,103
Accrued Payroll	5,261
Accrued Sick Leave	4,847
Accrued Vacation	5,657
Payroll Tax Liability	1,628

**Total Other Current Liabilities** 24,496

**Total Current Liabilities** 44,821

**Total Liabilities** 44,821

**Equity**

Beginning Reserves 1,241,617

Current Year Net Income 215,394

**Total Equity** 1,457,011

**TOTAL LIABILITIES & EQUITY** 1,501,832

## Fund Balances at 6/30/2023

Internal informational purposes only

	Unassigned	Assigned Funds - Road Fund	Town Designated - Border Property Acquisition Reserve	Town Designated - Nicho's Trees	Town Designated - George Paine	Restricted Funds (ARPA Deferred revenue)
Per 6/30/22 Audited General Fund Balance	\$ 1,096,588	\$ (1,935)	\$ 140,000	\$ 1,835	\$ 5,130	\$ 221,834
FY23 ARPA Installment #2						221,833
FY23 Actual Revenue (unaudited)	642,093	33,693				
Minus - FY23 Actual Expenses (unaudited)	(424,631)	(35,761)				(5,775)
FY23 transfer	(30,000)		30,000			
<b>Unaudited Fund Balances at 6/30/2023</b>	<b>\$ 1,284,050</b>	<b>\$ (4,003)</b>	<b>\$ 170,000</b>	<b>\$ 1,835</b>	<b>\$ 5,130</b>	<b>\$ 437,892</b>

Funds Held by the County Program Open Space at 6/30/2023 = \$57,911