

Town of Chesapeake Beach, Maryland

Financial Report
June 30, 2015

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RSM US LLP

Independent Auditor's Report

To the Mayor and Town Council
Town of Chesapeake Beach, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Chesapeake Beach, Maryland (the Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the business-type activities, and each major fund of the Town of Chesapeake Beach, Maryland, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 to 8 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 Chesapeake Beach, Maryland's basic financial statements. The budget and actual schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget and actual schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2016, on our consideration of the Town of Chesapeake Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Chesapeake Beach, Maryland's internal control over financial reporting and compliance.

RSM US LLP

Frederick, Maryland
January 15, 2016

**TOWN OF CHESAPEAKE BEACH, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

This Management's Discussion and Analysis (MD&A) offers readers of the financial statements of the Town a narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with the financial statements and notes to the financial statements (which immediately follow this discussion).

Financial Highlights

- The net position of the Town of Chesapeake Beach on June 30, 2015, was \$30,713,641 (net position). Approximately 49% of this amount is attributable to business-type activities that include the Utility and Water Park funds. The remaining 51% is attributable to governmental activities. Of total net position, \$8,163,160 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors. This includes \$2,557,419 set aside into the Rainy Day Fund, created as a contingency for emergency situations. The remaining net position of \$22,550,481 represents a net investment in capital assets.
- The property tax rate for the Town was maintained at \$0.36/\$100.
- Water and sewer user rates added a fixed charge per quarter of \$50 and the rates for Sewer per thousand gallons went to \$5.05 and for Water per thousand gallons went to \$1.85 in fiscal year 2015.
- In the Utility Fund, work continued on the water and sewer line relocation project at the 261 bridge.
- At the Water Park, the Point of Service system was updated.
- At the Chesapeake Beach Wastewater Treatment Plant, construction is continuing on the enhanced nutrient removal (ENR) project and is scheduled for completion in FY16.

Overview of the Financial Statements

This annual report comprises three components: (1) Government-wide financial statements, (2) Fund financial statements and (3) Notes to the 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 finances of the Town.

The fund financial statements report the operations of the Town in greater detail than the government-wide statements by providing information about the Town's most significant funds and individual components.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Government-Wide Financial Statements (Reporting on the Town as a Whole)

The government-wide financial statements are designed to provide readers with a broad overview of the finances of the Town of Chesapeake Beach. The Statement of Net Position and the Statement of Activities include all assets and liabilities using the accrual basis of accounting. The accrual basis of accounting requires that revenues be reported when they are earned and that expenses be reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received as of June 30, 2015, and earned but unused vacation leave will be included in the Statement of Activities as revenues and expense, even though the cash associated with these items will not be received or distributed until after June 30, 2015.

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

In these statements, we divide the Town into two kinds of activities:

- Governmental activities – Most of the basic services provided by the Town are reported here, including police protection, general administration, public works and recreation. Taxes, fees and state and county grants finance most of these activities.
- Proprietary (Business-type) activities – The Town charges a fee to customers to help it cover all or most of the costs of certain services it provides. The Town's utility fund, treatment plant fund and water park are reported here.

Fund Financial Statements

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

- Government Funds – Most of the basic services provided by the Town are reported in the governmental funds, which focus on how money flows into and out of the 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 general government operations of the Town 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 programs offered by the Town. 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 at the bottom of the fund financial statements.
- Proprietary Funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities but provide more detail.
- Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.
- Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. Detailed schedules of revenue and expenditures comparing budget to actual for the general fund are presented immediately after the basic financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's combined assets exceeded liabilities by \$30,713,641 at the close of the most recent fiscal year.

Of the Town's net position, 73.4% reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Figure 1						
Condensed Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total Town	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 7,906,778	\$ 6,764,117	\$ 1,432,380	\$ 100,576	\$ 9,339,158	\$ 6,864,693
Capital assets, net	10,171,636	10,902,663	22,451,816	20,624,985	32,623,452	31,527,648
Total assets	18,078,414	17,666,780	23,884,196	20,725,561	41,962,610	38,392,341
Liabilities						
Long-term liabilities	2,212,069	2,615,470	7,934,269	6,254,260	10,146,338	8,869,730
Other liabilities	273,373	323,680	829,258	340,917	1,102,631	664,597
Total liabilities	2,485,442	2,939,150	8,763,527	6,595,177	11,248,969	9,534,327
Net Position						
Net investment in capital assets	8,017,848	8,352,449	14,532,633	13,043,074	22,550,481	21,395,523
Unrestricted	7,575,124	6,375,181	588,036	1,087,310	8,163,160	7,462,491
Total net position	\$ 15,592,972	\$ 14,727,630	\$ 15,120,669	\$ 14,130,384	\$ 30,713,641	\$ 28,858,014

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.

Proprietary (Business-Type) Activities

In reviewing the departmental net (expense)/revenue, there are three departments, Utility Fund (water and sewer), Wastewater Treatment Plant and Water Park. The Water Park has historically shown a net revenue. The Utility Fund shows a net revenue partially as a result of impact fees being charged for future capital expenses. The wastewater treatment plant always operates at breakeven because revenues are collected from the partners to offset all expenditures. The Town's share of these expenditures is reflected in the Utility Fund.

Figure 2

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total Town	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 103,744	\$ 172,281	\$ 2,576,251	\$ 1,797,823	\$ 2,679,995	\$ 1,970,104
Operating grants and contributions	64,408	92,781	-	-	64,408	92,781
Capital grants and contributions	216,886	230,090	1,024,678	2,432,963	1,241,564	2,663,053
General revenues:						
Property tax	2,733,946	2,744,369	-	-	2,733,946	2,744,369
Income tax	704,572	720,358	-	-	704,572	720,358
Admissions and amusements tax	1,242,637	1,108,224	-	-	1,242,637	1,108,224
Hotel tax	75,352	92,077	-	-	75,352	92,077
Franchise tax	96,093	113,636	-	-	96,093	113,636
Investment earnings	1,573	2,670	7,619	282	9,192	2,952
Miscellaneous	92,411	92,244	10,070	21,784	102,481	114,028
Transfers	40,000	(585,000)	(40,000)	585,000	-	-
Total revenues	5,371,622	4,783,730	3,578,618	4,837,852	8,950,240	9,621,582
Expenses						
General government	1,808,894	1,780,244	-	-	1,808,894	1,780,244
Public safety	775,000	757,929	-	-	775,000	757,929
Public works	1,834,824	1,593,001	-	-	1,834,824	1,593,001
Water park	-	-	1,021,373	1,254,163	1,021,373	1,254,163
Water and sewer services	-	-	1,530,451	1,572,992	1,530,451	1,572,992
Interest on long-term debt	87,562	106,652	36,509	104,049	124,071	210,701
Total expenses	4,506,280	4,237,826	2,588,333	2,931,204	7,094,613	7,169,030
Change in net position	\$ 865,342	\$ 545,904	\$ 990,285	\$ 1,906,648	\$ 1,855,627	\$ 2,452,552

General Fund Budgetary Highlights

Most of the significant variations between the original budget, the final budget, and the actual results are directly related to capital projects. Projects frequently take significantly longer to complete than anticipated because of meeting regulatory agencies' requirements, which impacts the expenditures. And, since grant and loan revenues are tied to projects' progress, they are impacted as well. Additionally, the Town received unanticipated admission and amusement taxes in the amount of \$688,587.

Capital Asset and Debt Administration

Capital Assets

The only major project during fiscal year 2015, which was still in process at June 30, 2015, was the ENR project at the treatment plant in the amount started in the prior year with current year additions of \$2,438,111 in the Utility Fund. More detailed information about capital assets can be found in Note 5 to the basic financial statements.

Figure 3

	Capital Assets, Net of Depreciation					
	Governmental Activities		Business-Type Activities		Total Town	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,192,375	\$ 1,192,375	\$ 21,875	\$ 21,875	\$ 1,214,250	\$ 1,214,250
Construction in progress	80,073	72,873	6,740,598	4,302,487	6,820,671	4,375,360
Land Improvements	7,388,927	8,054,899	248,463	247,354	7,637,390	8,302,253
Buildings	1,231,896	1,284,306	852,780	889,809	2,084,676	2,174,115
Water system	-	-	3,986,991	4,157,457	3,986,991	4,157,457
Sewer system	-	-	10,398,734	10,777,448	10,398,734	10,777,448
Vehicles and equipment	278,365	298,210	202,375	228,555	480,740	526,765
Total	\$ 10,171,636	\$ 10,902,663	\$ 22,451,816	\$ 20,624,985	\$ 32,623,452	\$ 31,527,648

Long-Term Liabilities

At June 30, 2015, the Town had total outstanding long-term liabilities of \$10,146,338. Total debt for the Governmental activities is \$2,212,069. Total outstanding debt for business-type activities is \$7,934,269 which includes the current year addition of \$2,173,300 in the Utility Fund used for costs associated with the ENR project previously discussed. More detailed information about long-term debt can be found in Note 6 to the basic financial statements.

Figure 4

	Long-Term Liabilities					
	Governmental Activities		Business-Type Activities		Total Town	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 1,962,760	\$ 2,342,862	\$ 7,919,183	\$ 6,221,911	\$ 9,881,943	\$ 8,564,773
Notes payable	191,028	226,209	-	-	191,028	226,209
Compensated absences	58,281	46,399	15,086	32,349	73,367	78,748
Total	\$ 2,212,069	\$ 2,615,470	\$ 7,934,269	\$ 6,254,260	\$ 10,146,338	\$ 8,869,730

Economic Factors and Next Year's Budgets and Rates

The fiscal 2015 budget reflects that the Town is not immune to the economic downturn and the impact of a weakened real estate market. Real property tax revenues have remained flat since the 13% decline in FY11. The rate of residential construction continues to grow at a slow but steady rate. The real property tax rate will remain at \$0.36/\$100.

The Town has executed a loan from the Maryland Department of the Environment, up to a maximum of \$3,950,000, to help finance the enhanced nutrient removal (ENR) project.

Water and sewer user rates changed in FY 2015. There is a fixed charge per quarter of \$50.00 for sewer usage plus a rate of \$5.05/tg (thousand gallons) and \$1.85/tg (thousand gallons) for water use. Capital connection fees are unchanged.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it received. If you have questions about this report or need additional financial information, contact the Town Treasurer at P.O. Box 400, Chesapeake Beach, Maryland 20732.

Town of Chesapeake Beach, Maryland

Statement of Net Position

June 30, 2015

	Governmental Activities	Business-Type Activities	Total Primary Government
Assets			
Cash and Cash Equivalents	\$ 5,598,623	\$ 2,278,068	\$ 7,876,691
Accounts Receivable			
Property taxes	43,199	-	43,199
Water and sewer services	-	446,102	446,102
Due from other governments	957,847	-	957,847
Other receivables	-	8,319	8,319
Inventory	-	7,000	7,000
Internal Balances	1,307,109	(1,307,109)	-
Capital Assets			
Non-depreciable assets	1,272,448	6,762,473	8,034,921
Depreciable assets, net	8,899,188	15,689,343	24,588,531
Total assets	18,078,414	23,884,196	41,962,610
Liabilities			
Accounts Payable	235,281	118,652	353,933
Accrued Liabilities	30,727	710,606	741,333
Deposits	7,365	-	7,365
Non-Current Liabilities			
Due within one year	442,704	489,341	932,045
Due in more than one year	1,769,365	7,444,928	9,214,293
Total liabilities	2,485,442	8,763,527	11,248,969
Net Position			
Net Investment in Capital Assets	8,017,848	14,532,633	22,550,481
Unrestricted	7,575,124	588,036	8,163,160
Total net position	\$ 15,592,972	\$ 15,120,669	\$ 30,713,641

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

Statement of Activities

Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government
Governmental Activities							
General government	\$ 1,808,894	\$ 85,731	\$ 17,029	\$ -	\$ (1,706,134)	\$ -	\$ (1,706,134)
Public safety	775,000	18,013	47,179	-	(709,808)	-	(709,808)
Public works	1,834,824	-	200	216,886	(1,617,738)	-	(1,617,738)
Interest on long-term debt	87,562	-	-	-	(87,562)	-	(87,562)
Total governmental activities	4,506,280	103,744	64,408	216,886	(4,121,242)	-	(4,121,242)
Business-Type Activities							
Water park	1,021,373	1,074,669	-	-	-	53,296	53,296
Water and sewer services	1,566,960	1,501,582	-	1,024,678	-	959,300	959,300
Total business-type activities	2,588,333	2,576,251	-	1,024,678	-	1,012,596	1,012,596
Total primary government	\$ 7,094,613	\$ 2,679,995	\$ 64,408	\$ 1,241,564	(4,121,242)	1,012,596	(3,108,646)
General Revenues:							
Property tax					2,733,946	-	2,733,946
Income tax					704,572	-	704,572
Admissions and amusement tax					1,242,637	-	1,242,637
Hotel tax					75,352	-	75,352
Franchise tax					96,093	-	96,093
Investment earnings					1,573	7,619	9,192
Miscellaneous					92,411	10,070	102,481
Transfers					40,000	(40,000)	-
Total general revenues and transfers					4,986,584	(22,311)	4,964,273
Change in net position					865,342	990,285	1,855,627
Net Position:							
Beginning					14,727,630	14,130,384	28,858,014
Ending					\$ 15,592,972	\$ 15,120,669	\$ 30,713,641

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

Balance Sheet – Governmental Fund
June 30, 2015

	General Fund
Assets	
Cash and Cash Equivalents	\$ 5,598,623
Property Taxes Receivable, Net	43,199
Due From Other Governments	957,847
Due From Other Funds	118,074
Advances to Other Funds	<u>1,360,000</u>
Total assets	<u>\$ 8,077,743</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities	
Accounts payable	\$ 235,281
Accrued liabilities	18,218
Deposits	7,365
Due to other funds	<u>170,965</u>
Total liabilities	<u>431,829</u>
Deferred Inflows of Resources	
Property taxes receivable	<u>39,504</u>
Fund Balance	
Non-spendable:	
Advances to other funds	1,360,000
Committed for:	
Dredging projects	250,000
Assigned to:	
Subsequent year expenditures	610,000
Unassigned	<u>5,386,410</u>
Total fund balance	<u>7,606,410</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 8,077,743</u>

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2015**

Total Fund Balance – Governmental Fund \$ 7,606,410

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds:

Cost of capital assets	\$ 18,572,952	
Accumulated depreciation	<u>(8,401,316)</u>	10,171,636

Long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds:

Unavailable revenue		39,504
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:

General obligation bonds and notes payable	(2,153,788)	
Accrued interest payable	(12,509)	
Accumulated unused compensated absences	<u>(58,281)</u>	<u>(2,224,578)</u>

Net position of governmental activities

\$ 15,592,972

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Fund
Year Ended June 30, 2015

	General Fund
Revenues	
Taxes	\$ 4,063,593
Licenses and permits	111,799
Intergovernmental	985,646
Charges for services	19,641
Investment earnings	1,573
Miscellaneous	161,028
Total revenues	<u>5,343,280</u>
Expenditures	
Current:	
General government	1,196,648
Public safety	775,000
Public works	1,549,217
Capital outlay	154,944
Debt service:	
Principal	415,283
Interest	89,519
Total expenditures	<u>4,180,611</u>
Other Financing Sources	
Transfer in	<u>40,000</u>
Net change in fund balance	1,202,669
Fund Balance	
Beginning	<u>6,403,741</u>
Ending	<u>\$ 7,606,410</u>

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

**Reconciliation of the Governmental Fund Statement of Revenues,
Expenditures, and Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2015**

Total Net Change in Fund Balance – Governmental Fund	\$	1,202,669
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays are reported in governmental funds 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 expense exceeds capital outlays in the current period:		
Capital outlays	\$	141,133
Depreciation		<u>(872,160)</u>
		(731,027)
A certain amount of property tax and grant revenues in the statement of activities does not provide current financial resources and is not reported as revenue in the governmental funds. This is the amount by which unavailable revenue decreased.		
		(11,658)
Repayment of loan payable principal is an expenditure in the general fund, but the repayment reduces non-current liabilities in the statement of net position.		
		415,283
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds, because interest is recognized as an expenditure in the funds when it is due, thus requiring the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the result of accrued interest on the long-term debt. This is the amount by which accrued interest decreased.		
		1,957
Some expenses in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund. This is the amount by which accumulated unused compensated absences increased.		
		<u>(11,882)</u>
Change in net position of governmental activities	\$	<u>865,342</u>

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Amended		Amended Budget
				Positive (Negative)
Revenues				
Taxes	\$ 3,325,593	\$ 3,325,593	\$ 4,063,593	\$ 738,000
Licenses and permits	99,450	99,450	111,799	12,349
Intergovernmental	1,169,932	1,169,932	985,646	(184,286)
Charges for services	25,000	25,000	70,025	45,025
Investment earnings	3,250	3,250	1,573	(1,677)
Miscellaneous	215,080	215,080	110,644	(104,436)
Total revenues	4,838,305	4,838,305	5,343,280	504,975
Expenditures				
Current:				
General government	1,319,180	1,319,180	1,196,648	122,532
Public safety	775,000	775,000	775,000	-
Public works	1,553,200	1,553,200	1,549,217	3,983
Capital outlay	922,725	922,725	154,944	767,781
Debt service	510,266	510,266	504,802	5,464
Total expenditures	5,080,371	5,080,371	4,180,611	899,760
Other Financing Sources				
Transfers in	40,000	40,000	40,000	-
Net change in fund balance	\$ (202,066)	\$ (202,066)	1,202,669	\$ 1,404,735
Fund Balance				
Beginning			<u>6,403,741</u>	
Ending			<u>\$ 7,606,410</u>	

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

Statement of Net Position – Proprietary Funds
June 30, 2015

	Enterprise Funds		
	Water Park Fund	Utility Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 400,146	\$ 1,877,922	\$ 2,278,068
Accounts receivable	-	446,102	446,102
Other receivables	8,319	-	8,319
Inventory	7,000	-	7,000
Due from other funds	-	170,965	170,965
	<u>415,465</u>	<u>2,494,989</u>	<u>2,910,454</u>
Non-Current Assets			
Capital assets:			
Non-depreciable assets	-	6,762,473	6,762,473
Depreciable assets, net	636,563	15,052,780	15,689,343
	<u>636,563</u>	<u>21,815,253</u>	<u>22,451,816</u>
Total assets	<u>1,052,028</u>	<u>24,310,242</u>	<u>25,362,270</u>
Liabilities			
Current Liabilities			
Accounts payable	100,253	18,399	118,652
Accrued liabilities	26,501	684,105	710,606
Due to other funds	118,074	-	118,074
General obligation bonds payable	-	485,022	485,022
Compensated absences	4,319	-	4,319
	<u>249,147</u>	<u>1,187,526</u>	<u>1,436,673</u>
Non-Current Liabilities			
General obligation bonds payable	-	7,434,161	7,434,161
Advances from other funds	-	1,360,000	1,360,000
Compensated absences	10,767	-	10,767
	<u>10,767</u>	<u>8,794,161</u>	<u>8,804,928</u>
Total liabilities	<u>259,914</u>	<u>9,981,687</u>	<u>10,241,601</u>
Net Position			
Net Investment in Capital Assets	636,563	13,896,070	14,532,633
Unrestricted	155,551	432,485	588,036
Total net position	<u>\$ 792,114</u>	<u>\$ 14,328,555</u>	<u>\$ 15,120,669</u>

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

Statement of Revenues, Expenses, and Changes
in Net Position – Proprietary Funds
Year Ended June 30, 2015

	Enterprise Funds		
	Water Park Fund	Utility Fund	Total
Operating Revenues			
Current use charges	\$ 1,074,669	\$ 1,501,582	\$ 2,576,251
Miscellaneous	8,220	1,850	10,070
	<u>1,082,889</u>	<u>1,503,432</u>	<u>2,586,321</u>
Operating Expenses			
Personnel services	506,375	(17,496)	488,879
Operations and maintenance	446,224	944,762	1,390,986
Depreciation and loss on disposal of assets	68,774	603,185	671,959
	<u>1,021,373</u>	<u>1,530,451</u>	<u>2,551,824</u>
Operating income (loss)	<u>61,516</u>	<u>(27,019)</u>	<u>34,497</u>
Non-Operating Revenues (Expenses)			
Investment interest	75	7,544	7,619
Interest expense	-	(36,509)	(36,509)
	<u>75</u>	<u>(28,965)</u>	<u>(28,890)</u>
Income (loss) before transfers and connection fees and capital grants and contributions	<u>61,591</u>	<u>(55,984)</u>	<u>5,607</u>
Transfer Out	(40,000)	-	(40,000)
Connection Fees	-	23,000	23,000
Capital Grants and Contributions	-	1,001,678	1,001,678
Change in net position	<u>21,591</u>	<u>968,694</u>	<u>990,285</u>
Net Position			
Beginning	<u>770,523</u>	<u>13,359,861</u>	<u>14,130,384</u>
Ending	<u>\$ 792,114</u>	<u>\$ 14,328,555</u>	<u>\$ 15,120,669</u>

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

**Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2015**

	Business-Type Activities – Enterprise Funds		
	Water Park Fund	Utility Fund	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,078,046	\$ 1,279,552	\$ 2,357,598
Payments to suppliers and employees	(959,503)	(430,243)	(1,389,746)
Net cash provided by operating activities	118,543	849,309	967,852
Cash Flows From Non-Capital Financing Activities			
Transfers out	(40,000)	-	(40,000)
Internal activity – payments from (to) other funds	1,862	(272,409)	(270,547)
Net cash used in non-capital financing activities	(38,138)	(272,409)	(310,547)
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(60,679)	(2,438,111)	(2,498,790)
Capital grants received	-	1,001,678	1,001,678
Connection fees received	-	23,000	23,000
Principal payments on notes and bonds payable	-	(476,028)	(476,028)
Interest paid	-	(31,625)	(31,625)
Proceeds from issuance of general obligation bonds payable	-	2,173,300	2,173,300
Net cash provided by (used in) capital and related financing activities	(60,679)	252,214	191,535
Cash Flows From Investing Activities			
Investment interest earned	75	7,544	7,619
Net cash provided by investing activities	75	7,544	7,619
Net increase in cash and cash equivalents	19,801	836,658	856,459
Cash and Cash Equivalents			
Beginning	380,345	1,041,264	1,421,609
Ending	\$ 400,146	\$ 1,877,922	\$ 2,278,068
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ 61,516	\$ (27,019)	\$ 34,497
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	68,774	603,185	671,959
Changes in assets and liabilities:			
Increase in accounts receivable	(3,593)	(223,880)	(227,473)
Decrease in prepaid expenses	-	22,675	22,675
Increase (decrease) in accounts payable	32,866	(38,374)	(5,508)
Increase (decrease) in accrued liabilities	(40,003)	530,218	490,215
Increase (decrease) in compensated absences	233	(17,496)	(17,263)
Decrease in deposits	(1,250)	-	(1,250)
Net cash provided by operating activities	\$ 118,543	\$ 849,309	\$ 967,852

See Notes to Basic Financial Statements.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 1. Overview and Summary of Significant Accounting Policies

The Town of Chesapeake Beach, in Calvert County, Maryland (the Town), was incorporated in 1894 under the provisions of Maryland State Law. The Town operates under a form of government that comprises an elected Town Council (six members) and an elected Mayor and provides such services as authorized by its Charter.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies followed in the preparation of the basic financial statements:

A. Reporting Entity

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the Town is financially accountable. The Town has also considered all other potential organizations for which the nature and significance of their relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of the organization's governing body, and (1) the ability of the Town to impose its will on that organization, or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the Town. Based on these criteria, there are no other organizations or agencies that should be included in these basic financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements: The government-wide financial statements report information on all of the non-fiduciary activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Statement of Net Position: This statement is designed to display the financial position of the Town as of year-end. Governmental activities and business-type activities are reported on a consolidated basis and are reported on a full accrual, economic resources measurement focus, which recognizes all long-term assets, including infrastructure, as well as long-term debt and obligations. The Town's net assets are reported in three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

Statement of Activities: This statement demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues. The Town does not allocate indirect expenses.

Fund Financial Statements: Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

General Fund Budget-to-Actual Comparison Statement: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual budgets of state and local governments and have a keen interest in following the financial progress of their governments over the course of the year. For this reason, the Town has chosen to make its General Fund budget-to-actual comparison statement part of the basic financial statements. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons; as a result, both the original adopted budget and the final amended budget have been reflected in this statement.

C. Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures or expenses, as appropriate. The Town has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; deferred inflows of resources are assigned to the fund in which they will be recognized in the future; and the difference between governmental fund assets, liabilities and deferred inflows of resources, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination.

The Town has one major governmental fund. The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some separate fund are accounted for in this fund.

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. The accrual basis of accounting is used under this measurement focus.

An enterprise fund is used to finance and account for the acquisition, operation, and maintenance of the Town's facilities and services, which are supported primarily by user charges. The Water Park Fund accounts for the operation and maintenance of the water park activities. The Utility Fund accounts for the operation of the water and wastewater systems.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay the liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grants from state and federal governments, which the Town considers available if they are collected within 90 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services, and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time they are levied. The Town's property tax is levied on property values as assessed on January 1, billed on July 1, and payable either by September 30, or in two equal installments on September 30, and December 31. Property taxes are attached as an enforceable lien on the underlying properties as of the succeeding June 1, and are thereafter sold at public auction. Calvert County, Maryland bills and collects property taxes for the Town and remits cash collections to the Town once a month. Property taxes are considered available if received within 60 days of year-end. Delinquent tax receivables not received within 60 days of year-end are reflected as deferred inflows of resources and are recognized at the date of receipt. The Town's tax rate for the collection year ended June 30, 2015, was \$.36 per \$100 of assessed valuation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements requires the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

F. Encumbrances

The Town does not use encumbrances accounting.

G. Budgetary Data

The budget of the General Fund is prepared on the same basis as that used to account for the historical financial data in accordance with accounting principles generally accepted in the United States of America.

H. Cash and Cash Equivalents

The Town's cash and cash equivalents includes cash on hand, demand deposits, and short-term investments with original maturities of three months or less. Short-term investments are stated at fair value and consist of investments in the Maryland Local Government Investment Pool (MLGIP). Fair value generally approximates cost.

I. Receivables

Accounts receivable are carried at original invoice amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. As of June 30, 2015, management believes all receivables are collectible and has not recorded an allowance for doubtful accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

An accounts receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on accounts receivable that are outstanding for more than 30 days and is recognized as charged.

J. Inventory

Inventory is maintained on a consumption basis of accounting and is valued at cost using the first-in, first-out basis. Inventory consists of water park gift shop merchandise and sundries.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are reported as prepaid items using the consumption method, by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

L. Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the government that is applicable to a future reporting period. The Town had no deferred outflows of resources at June 30, 2015.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

M. Capital Assets

Capital assets, including land, buildings, improvements, equipment, and infrastructure (roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. GASB Statement No. 34 requires the Town to prospectively report all governmental activities' infrastructure assets acquired after June 30, 2003, and encourages, but does not require, the Town to retroactively report infrastructure assets acquired after June 30, 1980. The Town has elected not to retroactively report infrastructure assets, and the accompanying basic financial statements only include infrastructure assets acquired after June 30, 2003.

Major outlays for capital assets and improvements are capitalized as projects are constructed, including interest during the construction period. Interest in the amount of \$117,673 was capitalized on projects for the year ended June 30, 2015. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	10 – 75
Improvements other than buildings	2 – 50
Machinery and equipment	5 – 20
Infrastructure (including water lines and pumping stations)	5 – 45

Capital assets are not reported in the governmental funds balance sheet; capital outlay expenditures are reported instead.

N. Deferred Inflows of Resources

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balances that applies to a future period and so will not be recognized in an inflow of resources (revenue) until that time. One item which qualifies for reporting in this category, which arises only under the modified accrual basis of accounting, is unavailable revenue. Accordingly, it is only reported in the governmental funds balance sheet. The Town reports unavailable receivables from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

O. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year is referred to as "due to/from other funds" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables and payables are non interest-bearing and are normally settled in the subsequent period, except for advances which are long term in nature.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

O. Interfund Transactions (Continued)

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements as either transfers in or transfers out.

P. Compensated Absences

It is the Town's policy to permit employees to be paid for accumulated earned but unused vacation upon separation of service, up to a maximum of 30 days. Additionally, it is the Town's policy to permit employees to be paid for accumulated compensatory leave upon separation of service, up to a maximum of 240 hours. Vacation and compensatory leave is accrued when earned in the government-wide statements, as well as the proprietary fund statements.

For governmental fund types, the amount of accumulated unpaid vacation and compensatory leave that is payable from available resources is recorded as a liability of the respective fund only if it has matured, for example, as a result of employee retirements and resignations. As of June 30, 2015, no accumulated unpaid vacation or compensatory leave had matured, resulting in it being maintained separately and being a reconciling item between the governmental fund and government-wide financial statement presentations.

Q. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the bond-outstanding method which approximates the effective interest method. Bonds payable are reported net of the applicable unamortized bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid bond insurance costs are reported as prepaid items and amortized over the term of the related debt using the straight-line method. In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures along with principal and interest payments due.

R. Fund Balance

Governmental fund types report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained. Restricted fund balance are amounts that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes. The Town Council must approve a motion in order to establish a fund balance commitment or assignment and only needs to approve the elimination of a fund balance commitment. Unassigned fund balance is the residual classification for the General Fund.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

R. Fund Balance (Continued)

The Town first considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. When unrestricted amounts are considered to have been spent, the Town considers committed amounts first, then assigned, and finally unassigned when an expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used.

S. Net Position

Net position equals assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The net position category of net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets, excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Remaining net position amounts are unrestricted.

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

Note 2. Cash and Cash Equivalents

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 to it. Maryland State Law prescribes that local government units, such as the Town, must deposit its cash in banks transacting business in the State of Maryland, and that such banks must secure any deposits in excess of Federal Deposit Insurance Corporation insurance levels with collateral whose market value is at least equal to the deposits. As of June 30, 2015, all of the Town's deposits were either covered by federal depository insurance or were covered by collateral held by the Town's agent in the Town's name.

Short-term investments: Maryland State Law authorizes the Town to invest in obligations of the U.S. Government, federal government obligations, and repurchase agreements secured by direct government or agency obligations, or the state's sponsored investment pool. At June 30, 2015, short-term investments consist of deposits in the MLGIP. The MLGIP is rated "AAAm" by Standard and Poor's (their highest rating). The carrying amount and market value of such investments were \$3,016,863 and \$537,384 for governmental activities and business-type activities, respectively, at June 30, 2015.

The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is under the administration of the State Treasurer. The MLGIP seeks to maintain a constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value. The pool is managed in a "Rule 2(a)-7 like" manner and is reported at amortized cost pursuant to Rule 2(a)-7 under the Investment Company Act of 1940.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 3. Receivables and Payables

Receivables and payables at June 30, 2015, consist of the following:

	Governmental Activities	Business-Type Activities		Total
		Water Park Fund	Utility Fund	
Due from other governments				
State of Maryland	\$ 228,246	\$ -	\$ -	\$ 228,246
Calvert County	184,439	-	-	184,439
Treatment plant interjurisdictional participants	545,162			545,162
	<u>\$ 957,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,847</u>
Other receivables				
Miscellaneous	\$ -	\$ 8,319	\$ -	\$ 8,319
Accounts payable				
Vendors	\$ 235,281	\$ 100,253	\$ 18,399	\$ 353,933
Accrued liabilities				
Payroll and withholdings	\$ 18,218	\$ 26,501	\$ -	\$ 44,719
MDE flush fee	-	-	34,144	34,144
Interest	12,509	-	36,650	49,159
Treatment plant	-	-	613,311	613,311
	<u>\$ 30,727</u>	<u>\$ 26,501</u>	<u>\$ 684,105</u>	<u>\$ 741,333</u>

Note 4. Interfund Receivables, Payables and Transfers

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables and payables are non interest-bearing and are normally settled in the subsequent period. At June 30, 2015, interfund receivable and payable balances are as follows:

Payable Fund	Receivable Fund	
	General Fund	Utility Fund
General Fund	\$ -	\$ 170,965
Water Park Fund	118,074	-
	<u>\$ 118,074</u>	<u>\$ 170,965</u>

Additionally, the General Fund previously advanced funds to the Utility Fund in the amount of \$1,360,000 which is not expected to be repaid by June 30, 2016. As such, the General Fund reflects this advance as non-spendable fund balance since they do not represent current resources that are available to satisfy current obligations.

Interfund transfers for the year ended June 30, 2015, consisted of a transfer in the Town's normal course of business from the Water Park of \$40,000 to the General Fund.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2015, is as follows:

	Balance, July 1, 2014	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2015
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,192,375	\$ -	\$ -	\$ 1,192,375
Construction-in-process	72,873	7,200	-	80,073
	<u>1,265,248</u>	<u>7,200</u>	<u>-</u>	<u>1,272,448</u>
Capital assets being depreciated:				
Land improvements	14,368,181	29,489	-	14,397,670
Buildings and facilities	1,717,055	-	-	1,717,055
Equipment	1,081,335	104,444	-	1,185,779
	<u>17,166,571</u>	<u>133,933</u>	<u>-</u>	<u>17,300,504</u>
Accumulated depreciation for:				
Land improvements	(6,313,282)	(695,461)	-	(7,008,743)
Buildings and facilities	(432,749)	(52,410)	-	(485,159)
Equipment	(783,125)	(124,289)	-	(907,414)
	<u>(7,529,156)</u>	<u>(872,160)</u>	<u>-</u>	<u>(8,401,316)</u>
Total depreciable assets, net	<u>9,637,415</u>	<u>(738,227)</u>	<u>-</u>	<u>8,899,188</u>
Governmental activities capital assets, net	<u>\$ 10,902,663</u>	<u>\$ (731,027)</u>	<u>\$ -</u>	<u>\$ 10,171,636</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 21,875	\$ -	\$ -	\$ 21,875
Construction-in-process	4,302,487	2,438,111	-	6,740,598
	<u>4,324,362</u>	<u>2,438,111</u>	<u>-</u>	<u>6,762,473</u>
Capital assets being depreciated:				
Land improvements	631,998	44,785	-	676,783
Buildings and facilities	4,948,182	-	-	4,948,182
Water system	6,656,209	-	-	6,656,209
Sewer system	14,557,994	-	-	14,557,994
Vehicles and equipment	668,735	15,894	-	684,629
	<u>27,463,118</u>	<u>60,679</u>	<u>-</u>	<u>27,523,797</u>
Accumulated depreciation for:				
Land improvements	(384,644)	(43,676)	-	(428,320)
Buildings and facilities	(4,058,373)	(37,029)	-	(4,095,402)
Water system	(2,498,752)	(170,466)	-	(2,669,218)
Sewer system	(3,780,546)	(378,714)	-	(4,159,260)
Vehicles and equipment	(440,180)	(42,074)	-	(482,254)
	<u>(11,162,495)</u>	<u>(671,959)</u>	<u>-</u>	<u>(11,834,454)</u>
Total depreciable assets, net	<u>16,300,623</u>	<u>(611,280)</u>	<u>-</u>	<u>15,689,343</u>
Business-type activities capital assets, net	<u>\$ 20,624,985</u>	<u>\$ 1,826,831</u>	<u>\$ -</u>	<u>\$ 22,451,816</u>

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 5. Capital Assets (Continued)

Depreciation expense was charged in the statement of activities for the year ended June 30, 2015, as follows:

Governmental activities	
General government	\$ 598,585
Public works	273,575
	<u>\$ 872,160</u>
Business-type activities	
Water park	\$ 68,774
Water and sewer services	603,185
	<u>\$ 671,959</u>

Note 6. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015, is as follows:

	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015	Amounts Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 2,342,862	\$ -	\$ (380,102)	\$ 1,962,760	\$ 385,153
Note payable	226,209	-	(35,181)	191,028	35,182
Compensated absences	46,399	30,739	(18,857)	58,281	22,369
	<u>\$ 2,615,470</u>	<u>\$ 30,739</u>	<u>\$ (434,140)</u>	<u>\$ 2,212,069</u>	<u>\$ 442,704</u>
Business-type activities					
General obligation bonds payable	\$ 6,221,911	\$ 2,173,300	\$ (476,028)	\$ 7,919,183	\$ 485,022
Compensated absences	32,349	5,474	(22,737)	15,086	4,319
	<u>\$ 6,254,260</u>	<u>\$ 2,178,774</u>	<u>\$ (498,765)</u>	<u>\$ 7,934,269</u>	<u>\$ 489,341</u>

General obligation bonds payable relating to governmental activities at June 30, 2015, consist of the following:

\$2,193,666 Maryland Department of Housing and Community Development Local Government Infrastructure Financing Bond 2007 Series A; interest payable semi-annually on May 1 and November 1 at varying rates ranging from 3.85% to 4.225%; annual principal payments due May 1 at varying amounts up to \$154,468; due May 1, 2027	\$ 1,497,838
\$3,684,241 Public Facilities Refunding Bond of 2004; interest payable semi-annually on May 15 and November 15 at 3.77%; annual principal payments due November 15 at varying amounts up to \$361,540; due November 15, 2018	464,922
	<u>\$ 1,962,760</u>

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Notes payable relating to governmental activities at June 30, 2015, consists of the following:

Various non-interest bearing Shore Erosion Control notes payable through the Maryland Department of Natural Resources; currently being liquidated in annual installments totaling \$35,182, with varying due dates through September 2020 \$ 191,028

Maturities of the general obligation bonds payable and notes payable relating to governmental activities as of June 30, 2015, is as follows:

<u>Years Ending June 30,</u>	General Obligation Bonds	Notes Payable	Total
2016	\$ 385,153	\$ 35,182	\$ 420,335
2017	161,328	35,182	196,510
2018	167,195	35,182	202,377
2019	174,456	35,182	209,638
2020	116,724	25,150	141,874
2021 – 2025	655,870	25,150	681,020
2026 – 2027	302,034	-	302,034
	<u>\$ 1,962,760</u>	<u>\$ 191,028</u>	<u>\$ 2,153,788</u>

Interest requirements on general obligation bonds and notes payable relating to governmental activities as of June 30, 2015, is as follows:

<u>Years Ending June 30,</u>	General Obligation Bonds	Notes Payable	Total
2016	\$ 74,066	\$ -	\$ 74,066
2017	63,489	-	63,489
2018	57,024	-	57,024
2019	50,325	-	50,325
2020	44,579	-	44,579
2021 – 2025	147,302	-	147,302
2026 – 2027	19,287	-	19,287
	<u>\$ 456,072</u>	<u>\$ -</u>	<u>\$ 456,072</u>

The entire accumulated unused compensated absences liability for governmental activities will be liquidated by the General Fund.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

General obligation bonds payable relating to business-type activities at June 30, 2015, consist of the following:

\$381,059 Maryland Department of Housing and Community Development Local Government Infrastructure Financing Bond 2007 Series A; interest payable semi-annually on May 1 and November 1 at varying rates ranging from 3.45% to 4.125%; annual principal payments due May 1 at varying amounts up to \$26,832; due May 1, 2027	\$	260,187
\$996,149 Public Facilities Refunding Bond of 2004; interest payable semi-annually on May 15 and November 15 at 3.77%; annual principal payments due November 15 at varying amounts up to \$98,662; due November 15, 2018		124,848
\$683,000 ARRA Sewer Improvement Loan of 2009; interest payable semi-annually on February 1 and August 1 at 1.00%; annual principal payments due February 1 at varying amounts up to \$38,046; due February 1, 2028		447,326
\$2,164,385 Maryland Department of Housing and Community Development Local Government Infrastructure Financing Bond 2010 Series A-1; interest payable semi-annually on May 1 and November 1 at varying rates up to 4.25%; annual principal payments due May 1 at varying amounts up to \$149,000; due May 1, 2030		1,736,300
\$4,720,289 Water Quality Bond, Series 2007; interest payable semi-annually on February 1 and August 1 at 1.10%; annual principal payments due February 1 at varying amounts up to \$293,449; due February 1, 2027		3,177,222
\$3,950,000 Maryland Department of the Environment Water Quality 2014 construction loan; \$1,776,700 construction draws available at June 30, 2015; interest payable semi-annually on February 1 and August 1 at 1.0%; annual principal payments beginning February 1, 2017 at varying amounts up to \$216,723; due February 1, 2036		2,173,300
	<u>\$</u>	<u>7,919,183</u>

Maturities and interest requirements of the general obligation bonds payable relating to business-type activities as of June 30, 2015, is as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 485,022	\$ 136,585	\$ 621,607
2017	608,808	147,461	756,269
2018	617,632	137,882	755,514
2019	626,850	128,275	755,125
2020	620,417	118,974	739,391
2021 – 2025	3,254,446	443,838	3,698,284
2026 – 2030	1,706,008	194,286	1,900,294
	<u>\$ 7,919,183</u>	<u>\$ 1,307,301</u>	<u>\$ 9,226,484</u>

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 7. Inter-jurisdictional Agreement

On January 16, 1981, and further amended on May 29, 1990, the Town, along with the Town of North Beach and Calvert County, Maryland, entered into an inter-jurisdictional agreement to build and operate a wastewater treatment plant located in the Town. The terms of the agreement remain in effect in perpetuity and provide that fee simple title to the plant is held by the Town in trust for all parties with ownership being allocated 47% to the Town, 24% to the Town of North Beach, and 29% to Calvert County, Maryland. On August 15, 1996, the owners above entered into another inter-jurisdictional agreement with Anne Arundel County, Maryland, whereby, Anne Arundel County agreed to construct improvements to increase the capacity of the plant by a minimum of 177,500 gallons per day (g.p.d.). Under this agreement, Anne Arundel County does not have any ownership of the plant but is entitled to an allocation of 137,500 g.p.d.

Upon the completion of the increased capacity of the plant, all fixed charges of the plant are allocated proportionally to all jurisdictions involved, based upon g.p.d. allocations of 629,975 g.p.d. to the Town; 250,200 g.p.d. to the Town of North Beach; 302,325 g.p.d. to Calvert County, Maryland; and 137,500 g.p.d. to Anne Arundel County, Maryland. Variable charges of the plant are allocated based upon actual EDU flows for the year. All capital expenditures are allocated based upon the plant ownership percentages discussed above. The Town provides all of the accounting functions for the treatment plant and invoices the other governmental participants for their proportionate share of all operating expenses and capital expenditures. The Town accounts for its respective allocations of the operations of the treatment plant in the Utility Fund and recovers its costs through user charges to the citizens.

Note 8. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance and joined the Local Government Insurance Trust (LGIT) to handle potential losses. LGIT was organized for the purpose of minimizing the cost of insurance and related administrative expenses. The Town pays an annual premium to LGIT for its general insurance coverage. The agreement with LGIT provides that LGIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000. The Town continues to carry commercial insurance for employee health and accident insurance and workers compensation. Settled claims resulting from these risks have not exceeded coverage amounts, and no significant reductions in insurance coverage have occurred, in any of the past three fiscal years.

Note 9. Retirement Plan

The Town sponsors a 401(a) retirement plan on behalf of its eligible employees. Employees are eligible upon obtaining the age of 18. Elective deferrals by employees are not permitted under the plan. The Town makes quarterly contributions to the plan based on 10% of the compensation of all eligible participants during the plan year. All assets and income of the plan are held in trust for the exclusive benefit of each of the participants and their beneficiaries; as such, plan assets are not reflected in the Town's financial statements.

The Town also provides employees the opportunity to participate in a deferred compensation 457(b) plan covering all eligible employees. Employees are eligible upon completion of a six-month probationary period at the start of their employment. Under the plan, participants may make voluntary contributions to the plan up to the maximum amount allowable by law, but not to exceed the lesser of \$15,500 or 100% of an employee's total compensation. The Town makes additional 100% matching contributions of up to 10% of eligible compensation deferred under the plan. Matching contributions made by the Town are made into the 401(a) plan discussed above. Similar to the 401(a) plan, the 457(b) plan assets are not reflected in the Town's financial statements.

Total contributions made by the Town under these plans for the year ended June 30, 2015, was \$92,192.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 10. Commitments and Contingencies

Litigation: The Town is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. The total amount of pending lawsuits and claims not covered by insurance nor expressly provided for in these statements is considered to be immaterial.

Grants: The Town participates in state and federally assisted grant programs which are subject to financial and compliance audits by the grantors or their representatives. The amount of expenditures that could be disallowed by the granting agencies and would have to be refunded by the Town cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Capital projects: The Town has entered into engineering and construction contracts pertaining to an Enhanced Nutrient Removal (ENR) upgrade project for the wastewater treatment plant totaling \$16,045,541, of which a total project commitment of \$3,725,601 was outstanding at June 30, 2015. The Town has received notification from the Maryland Department of the Environment (MDE) that 45.34% of eligible construction costs will be offset directly by a grant from MDE through the Bay Restoration Fund, up to a maximum grant amount of \$7,080,000 (ENR Grant). Under terms of the inter-jurisdictional agreement discussed in Note 7, the Town is responsible for 49.66% of the net project costs, thus is obligated for \$4,452,288 of remaining project costs not covered by the ENR Grant, of which \$871,603 is still outstanding at June 30, 2015.

Leasing arrangements: The Town participates in two separate leases for library services, which are accounted for as operating leases. The Town is responsible for 25% of the combined rents and Calvert County, Maryland is responsible for the remaining 75% of the combined rents. Under the terms of these agreements, annual rent increases are provided based upon the Consumer Price Index, with a minimum of 2% and up to a maximum of 4%. One of the leases was renewed July 1, 2015, for a period of five years ending June 30, 2020, with a current monthly payment of \$2,212. The other lease was renewed November 1, 2015, only for a one year period ending October 31, 2016, with a current monthly payment of \$729. The Town's portion of rent expense incurred under these agreements for the year ended June 30, 2015, was \$34,521. The Town also entered into an operating lease on January 1, 2013, for a copier for five years ending December 31, 2017. The Town's lease expense for this copier is \$325 monthly. The Town's portions of future minimum lease payments are as follows:

Years Ending June 30,

2016	\$	38,732
2017		33,707
2018		29,379
2019		27,980
2020		28,540
	\$	<u>158,338</u>

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 11. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2015, that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statement of the Town:

- GASB Statement No. 72, Fair Value Measurement and Application, will be effective for the Town beginning with its year ending June 30, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under Statement No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. Before the issuance of Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.
- GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, will be effective for the Town beginning with its year ending June 30, 2016. This Statement completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.
- GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and will be effective for the Town beginning with its year ending June 30, 2017. This Statement addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans.
- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, and will be effective for the Town beginning with its year ending June 30, 2018. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

Town of Chesapeake Beach, Maryland

Notes to Basic Financial Statements

Note 11. New Governmental Accounting Standards Board (GASB) Standards (Continued)

- GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, will be effective for the Town beginning with its year ending June 30, 2016. The Statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.
- GASB Statement No. 77, Tax Abatement Disclosures, is effective for the Town beginning with its year ending June 30, 2017, and requires state and local governments, for the first time, to disclose information about tax abatement agreements. The Statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues.

Town of Chesapeake Beach, Maryland

Schedule of Revenues – Budget and Actual – General Fund

Year Ended June 30, 2015

(With Comparative Totals for 2014)

	2015			Variance With Amended Budget Positive (Negative)	2014 Actual
	Original Budget	Amended Budget	Actual		
Taxes					
Local property taxes:					
Real property	\$ 2,630,993	\$ 2,630,993	\$ 2,691,190	\$ 60,197	\$ 2,681,186
Personal property	48,000	48,000	44,732	(3,268)	43,729
Penalties and interest	5,000	5,000	9,682	4,682	7,757
	<u>2,683,993</u>	<u>2,683,993</u>	<u>2,745,604</u>	<u>61,611</u>	<u>2,732,672</u>
Admission and amusement tax	554,050	554,050	1,242,637	688,587	1,108,224
Hotel tax	87,550	87,550	75,352	(12,198)	92,077
Total taxes	<u>3,325,593</u>	<u>3,325,593</u>	<u>4,063,593</u>	<u>738,000</u>	<u>3,932,973</u>
Licenses and Permits					
Liquor	4,000	4,000	1,828	(2,172)	7,180
Cable franchise	66,950	66,950	96,093	29,143	113,636
Traders	3,500	3,500	1,221	(2,279)	3,374
Zoning	25,000	25,000	12,657	(12,343)	34,739
Total licenses and permits	<u>99,450</u>	<u>99,450</u>	<u>111,799</u>	<u>12,349</u>	<u>158,929</u>
Intergovernmental					
State-shared taxes:					
Income	730,000	730,000	704,572	(25,428)	720,358
Highway user	209,432	209,432	216,886	7,454	200,657
	<u>939,432</u>	<u>939,432</u>	<u>921,458</u>	<u>(17,974)</u>	<u>921,015</u>
Grants from state government:					
State Police protection	51,500	51,500	47,179	(4,321)	50,348
State DGS Kellam's Field Rec. Project	-	-	-	-	12,000
State DNR critical areas	4,000	4,000	4,000	-	4,000
State skateboard park	125,000	125,000	-	(125,000)	-
Miscellaneous grants	-	-	(4,870)	(4,870)	-
	<u>180,500</u>	<u>180,500</u>	<u>46,309</u>	<u>(134,191)</u>	<u>66,348</u>
Funds from county government:					
County recreation fees	50,000	50,000	17,879	(32,121)	38,253
Total intergovernmental	<u>1,169,932</u>	<u>1,169,932</u>	<u>985,646</u>	<u>(184,286)</u>	<u>1,025,616</u>
Charges for Services					
Town recreation fees	25,000	25,000	70,025	45,025	22,407
Bulk trash fees	-	-	-	-	2
Total charges for services	<u>25,000</u>	<u>25,000</u>	<u>70,025</u>	<u>45,025</u>	<u>22,409</u>
Investment Earnings	3,250	3,250	1,573	(1,677)	2,670
Miscellaneous Revenues					
Fines and forfeitures	25,000	25,000	18,013	(6,987)	64,599
Mitigation contributions	80,000	80,000	-	(80,000)	63,990
Tower site rental	88,580	88,580	91,000	2,420	87,500
Veteran park brick sales	-	-	200	200	100
Bayfront park admissions	-	-	-	-	39,980
Citizen donations	-	-	20	20	80
Miscellaneous	21,500	21,500	1,411	(20,089)	4,744
Total miscellaneous revenues	<u>215,080</u>	<u>215,080</u>	<u>110,644</u>	<u>(104,436)</u>	<u>260,993</u>
Total revenues	<u>\$ 4,838,305</u>	<u>\$ 4,838,305</u>	<u>\$ 5,343,280</u>	<u>\$ 504,975</u>	<u>\$ 5,403,590</u>

Town of Chesapeake Beach, Maryland

**Schedule of Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2015
(With Comparative Totals for 2014)**

	2015				2014 Actual
	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)	
General Government					
Salaries, payroll taxes, and benefits	\$ 516,830	\$ 516,830	\$ 459,318	\$ 57,512	\$ 469,301
Planning and zoning	60,000	60,000	57,446	2,554	76,966
Legal	45,000	45,000	42,677	2,323	42,141
Code enforcement	35,200	35,200	36,933	(1,733)	3,773
Engineering and consulting	97,000	97,000	120,439	(23,439)	115,217
Special events	115,000	115,000	116,880	(1,880)	133,627
Economic development	37,000	37,000	34,194	2,806	31,223
Grants to local organizations	14,000	14,000	5,500	8,500	10,650
Audit and financial expense	42,000	42,000	41,138	862	37,423
Newsletter	30,000	30,000	21,022	8,978	16,369
Chesapeake Bay critical area	5,000	5,000	-	5,000	-
Office expense	90,000	90,000	111,863	(21,863)	88,255
Repairs and maintenance	28,000	28,000	41,666	(13,666)	24,602
Library rent	36,000	36,000	34,521	1,479	33,716
Council expense	33,000	33,000	32,635	365	24,166
SDAT fees	12,000	12,000	11,558	442	11,558
Insurance	50,000	50,000	18,810	31,190	25,546
Telephone and utilities	32,000	32,000	28,008	3,992	36,722
Miscellaneous	41,150	41,150	(17,960)	59,110	9,826
Total general government	1,319,180	1,319,180	1,196,648	122,532	1,191,081
Public Safety					
Police	700,000	700,000	712,562	(12,562)	691,620
Boardwalk Patrol	50,000	50,000	37,438	12,562	41,309
North Beach VFD	25,000	25,000	25,000	-	25,000
Total public safety	775,000	775,000	775,000	-	757,929
Public Works					
Salaries, payroll taxes, and benefits	431,000	431,000	404,483	26,517	282,466
Trash removal	250,000	250,000	260,700	(10,700)	282,392
Landfill tipping fees	165,000	165,000	162,756	2,244	141,531
Property maintenance	421,000	421,000	386,699	34,301	330,502
Street lighting	70,000	70,000	87,046	(17,046)	66,871
Holiday lights	65,000	65,000	86,573	(21,573)	96,386
Streets and equipment maintenance	42,500	42,500	82,288	(39,788)	48,277
Gasoline and oil	20,000	20,000	10,192	9,808	21,956
Snow removal	45,000	45,000	30,047	14,953	57,291
Telephone and utilities	13,000	13,000	9,615	3,385	14,416
Supplies	20,000	20,000	20,067	(67)	14,461
Oyster program	8,700	8,700	8,066	634	8,104
Road and sidewalk repairs	-	-	-	-	69,935
Miscellaneous	2,000	2,000	685	1,315	6,306
Total public works	1,553,200	1,553,200	1,549,217	3,983	1,440,894
Capital Outlay	922,725	922,725	154,944	767,781	206,732
Debt Service	510,266	510,266	504,802	5,464	1,031,789
Total expenditures	\$ 5,080,371	\$ 5,080,371	\$ 4,180,611	\$ 899,760	\$ 4,628,425