

# Town Of Chesapeake Beach, Maryland

Financial Report  
June 30, 2009

**McGladrey & Pullen**  
Certified Public Accountants

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Town Council  
Town of Chesapeake Beach, Maryland

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 as of and for the year ended June 30, 2009, which collectively comprise the Town of Chesapeake Beach's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Chesapeake Beach, Maryland's management. 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 *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 27, 2009, on our consideration of the Town of Chesapeake Beach, Maryland's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chesapeake Beach's basic financial statements. The other 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 of the Town of Chesapeake Beach, Maryland. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McGladrey & Pullen, LLP*

Frederick, Maryland  
October 27, 2009

**TOWN OF CHESAPEAKE BEACH, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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, 2009. 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 assets of the Town of Chesapeake Beach exceeded its liabilities on June 30, 2009 by \$20,892,173. Approximately 59.6% of this amount is attributable to business-type activities that include the Utility and Water Park funds. The remaining 40.4% is attributable to governmental activities. Of total net assets, \$4,919,690 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors. This includes \$1,395,029 set aside into the Rainy Day Fund, created as a contingency for emergency situations. The remaining net assets of \$15,972,483 are invested in capital assets, net of related debt.
- The property tax rate for the Town decreased approximately 16% from \$0.44/\$100 to \$0.37/\$100.
- Water and sewer user rates increased 10% on July 1, 2008.
- The Town received a \$95,000 grant from the Waterway Improvement Fund. The grant will be used in conjunction with the bulkhead replacement project.
- The Town has been selected to receive AARA stimulus funding in the form of a low interest loan to finance the D Street Sewer Improvements Project.
- The Town funded the Rainy Day Fund with an additional \$250,000.
- In the General Fund, the major projects in process are the SHA streetscape project which will include upgraded sidewalks, landscaping and lighting along MD 260 and MD 261, refurbishment of Gordon Stinnett Avenue, and the 1.4 mile hiker-biker Railway Trail.
- Mitigation Funds were used as a source of funding for the Seagate Living Shoreline project.
- At the Water Park, upgrades were made to ensure compliance with the Virginia Graeme Baker Act.
- In the Utility Fund, the major projects underway are the Chesapeake Village Water Tower and D Street Sewer Improvements Project. The force main project was completed.
- At the Chesapeake Beach Wastewater Treatment Plant, the enhanced nutrient removal (ENR) initiative is underway. The shellfish protection holding tank and interim expansion projects were completed during FY09.

### **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 Assets 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 Assets 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, 2009, 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, 2009.

These two statements report changes in the net assets of the Town. You can think of the net assets (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 assets 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 Assets 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 Assets 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 assets may serve over time as a useful indicator of a government's financial position. The Town's combined assets exceeded liabilities by \$20,892,173 at the close of the most recent fiscal year.

Of the Town's net assets, 76.5 percent reflects its investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. 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 Assets**

	Governmental Activities		Business-Type Activities		Total Town	
	2009	2008	2009	2008	2009	2008
<b>Assets:</b>						
Current and other assets	\$ 4,905,826	\$ 5,813,999	\$ 1,670,137	\$ 2,195,035	\$ 6,575,963	\$ 8,009,034
Capital assets, net	9,489,284	8,044,768	16,630,885	15,569,574	26,120,169	23,614,342
<b>Total assets</b>	<b>14,395,110</b>	<b>13,858,767</b>	<b>18,301,022</b>	<b>17,764,609</b>	<b>32,696,132</b>	<b>31,623,376</b>
<b>Liabilities:</b>						
Long-term liabilities	5,651,978	6,145,593	5,472,840	4,919,277	11,124,818	11,064,870
Other liabilities	298,582	639,715	380,559	986,740	679,141	1,626,455
<b>Total liabilities</b>	<b>5,950,560</b>	<b>6,785,308</b>	<b>5,853,399</b>	<b>5,906,017</b>	<b>11,803,959</b>	<b>12,691,325</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	4,798,426	3,393,803	11,174,057	10,762,663	15,972,483	14,156,466
Unrestricted	3,646,124	3,679,656	1,273,566	1,095,929	4,919,690	4,775,585
<b>Total net assets</b>	<b>\$ 8,444,550</b>	<b>\$ 7,073,459</b>	<b>\$ 12,447,623</b>	<b>\$ 11,858,592</b>	<b>\$ 20,892,173</b>	<b>\$ 18,932,051</b>

### 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	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 164,539	\$ 206,702	\$ 1,329,147	\$ 1,375,081	\$ 1,493,686	\$ 1,581,783
Operating grants and contributions	132,195	120,168	-	-	132,195	120,168
Capital grants and contributions	648,597	586,915	1,340,000	2,500,000	1,988,597	3,086,915
General revenues:						
Property tax	2,470,427	2,504,595	-	-	2,470,427	2,504,595
Income tax	665,999	696,513	-	-	665,999	696,513
Admissions and amusements tax	571,982	699,981	-	-	571,982	699,981
Hotel tax	78,592	84,094	-	-	78,592	84,094
Franchise tax	21,160	13,538	-	-	21,160	13,538
Investment earnings	68,577	152,606	25,077	31,239	93,654	183,845
Miscellaneous	452,325	93,789	10,800	18,581	463,125	112,370
Transfers	(225,000)	(150,000)	225,000	150,000	-	-
<b>Total revenues</b>	<b>5,049,393</b>	<b>5,008,901</b>	<b>2,930,024</b>	<b>4,074,901</b>	<b>7,979,417</b>	<b>9,083,802</b>
<b>Expenses:</b>						
General government	1,294,941	1,135,829	-	-	1,294,941	1,135,829
Public safety	698,620	642,531	-	-	698,620	642,531
Public works	1,463,028	1,178,674	-	-	1,463,028	1,178,674
Water park	-	-	915,316	903,149	915,316	903,149
Water and sewer services	-	-	1,324,078	823,278	1,324,078	823,278
Interest on long-term debt	221,713	229,231	101,599	101,599	323,312	330,830
<b>Total expenses</b>	<b>3,678,302</b>	<b>3,186,265</b>	<b>2,340,993</b>	<b>1,828,026</b>	<b>6,019,295</b>	<b>5,014,291</b>
<b>Increase in net assets</b>	<b>\$ 1,371,091</b>	<b>\$ 1,822,636</b>	<b>\$ 589,031</b>	<b>\$ 2,246,875</b>	<b>\$ 1,960,122</b>	<b>\$ 4,069,511</b>

## 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.

## Capital Asset and Debt Administration

### Capital Assets

Numerous construction projects were completed during FY09. Major additions include rehabilitation of the B & 10<sup>th</sup> and Mears Avenue Pump Stations (\$2,116,371), 31<sup>st</sup> & C Street storm water management and sewer improvements (\$1,549,069), the force main project (\$1,341,148) and the shellfish holding tank/interim expansion at the wastewater treatment plant (\$4,784,190). More detailed information about capital assets can be found in Note 7 to the basic financial statements.

**Figure 3**

**Capital Assets, Net of Depreciation**

	Governmental Activities		Business-Type Activities		Total Town	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,041,275	\$ 1,041,275	\$ 21,875	\$ 21,875	\$ 1,063,150	\$ 1,063,150
Construction in progress	2,072,454	1,771,715	268,772	7,812,168	2,341,226	9,583,883
Land Improvements	5,014,606	3,903,780	264,403	255,885	5,279,009	4,159,665
Buildings	1,159,352	1,191,688	1,543,169	1,725,894	2,702,521	2,917,582
Water system	-	-	2,649,078	2,405,567	2,649,078	2,405,567
Sewer system	-	-	11,737,782	3,282,684	11,737,782	3,282,684
Vehicles and equipment	201,597	136,310	145,806	65,501	347,403	201,811
<b>Total</b>	<b>\$ 9,489,284</b>	<b>\$ 8,044,768</b>	<b>\$ 16,630,885</b>	<b>\$ 15,569,574</b>	<b>\$ 26,120,169</b>	<b>\$ 23,614,342</b>

### Long-Term Debt

At June 30, 2009, the Town had total outstanding debt of \$11,124,818. Total debt for the Governmental activities is \$5,651,978. Total outstanding debt for business-type activities is \$5,472,840. More detailed information about long-term debt can be found in Note 8 to the basic financial statements.

**Figure 4**

**Long-Term Liabilities**

	Governmental Activities		Business-Type Activities		Total Town	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 5,127,916	\$ 5,561,114	\$ 5,472,840	\$ 4,919,277	\$ 10,600,756	\$ 10,480,391
Notes payable	498,323	561,766	-	-	498,323	561,766
Accumulated unused compensated absences	25,739	22,713	-	-	25,739	22,713
<b>Total</b>	<b>\$ 5,651,978</b>	<b>\$ 6,145,593</b>	<b>\$ 5,472,840</b>	<b>\$ 4,919,277</b>	<b>\$ 11,124,818</b>	<b>\$ 11,064,870</b>



## **Economic Factors and Next Year's Budgets and Rates**

The rate of residential construction is expected to continue slowing because little vacant land remains in the Town. Build-out should be complete in a few years, with only infill and redevelopment remaining. For fiscal year 2010, the real property tax rate remains constant. A ten percent (10%) increase in utility user rates became effective July 1, 2009. Due to state legislation, revenues from the admissions and amusements tax are expected to be negligible beginning in fiscal year 2011.

## **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 Assets

June 30, 2009

	Governmental Activities	Business -Type Activities	Total Primary Government
<b>Assets</b>			
Cash and cash equivalents	\$ 3,456,507	\$ 1,374,922	\$ 4,831,429
Accounts receivable:			
Property taxes	69,903	-	69,903
Water and sewer services	-	239,675	239,675
Due from other governments	401,244	2,617	403,861
Other receivables	30,968	920	31,888
Internal balances	(13,316)	13,316	-
Prepays	25,139	22,675	47,814
Bond issuance costs	57,299	16,012	73,311
Temporarily restricted assets - investments	878,082	-	878,082
Capital assets:			
Nondepreciable assets	3,113,729	290,647	3,404,376
Depreciable assets, net	6,375,555	16,340,238	22,715,793
<b>Total assets</b>	<b>14,395,110</b>	<b>18,301,022</b>	<b>32,696,132</b>
<b>Liabilities</b>			
Accounts payable	226,276	255,859	482,135
Accrued liabilities	53,391	124,700	178,091
Deposits	18,915	-	18,915
Noncurrent liabilities:			
Due within one year	533,274	350,988	884,262
Due in more than one year	5,118,704	5,121,852	10,240,556
<b>Total liabilities</b>	<b>5,950,560</b>	<b>5,853,399</b>	<b>11,803,959</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	4,798,426	11,174,057	15,972,483
Unrestricted	3,646,124	1,273,566	4,919,690
<b>Total net assets</b>	<b>\$ 8,444,550</b>	<b>\$ 12,447,623</b>	<b>\$ 20,892,173</b>

See Notes To Basic Financial Statements.

Town Of Chesapeake Beach, Maryland

Statement Of Activities  
Year Ended June 30, 2009

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government	
<b>Governmental Activities:</b>								
General government	\$ 1,294,941	\$ 162,414	\$ 86,749	\$ 269,546	\$ (776,232)	\$ -	\$ (776,232)	
Public safety	698,620	2,000	44,446	-	(652,174)	-	(652,174)	
Public works	1,463,028	125	1,000	379,051	(1,082,852)	-	(1,082,852)	
Interest on long-term debt	221,713	-	-	-	(221,713)	-	(221,713)	
<b>Total governmental activities</b>	<b>3,678,302</b>	<b>164,539</b>	<b>132,195</b>	<b>648,597</b>	<b>(2,732,971)</b>	<b>-</b>	<b>(2,732,971)</b>	
<b>Business-Type Activities:</b>								
Water park	915,316	786,219	-	-	-	(129,097)	(129,097)	
Water and sewer services	1,425,677	542,928	-	1,340,000	-	457,251	457,251	
<b>Total business -type activities</b>	<b>2,340,993</b>	<b>1,329,147</b>	<b>-</b>	<b>1,340,000</b>	<b>-</b>	<b>328,154</b>	<b>328,154</b>	
<b>Total primary government</b>	<b>\$ 6,019,295</b>	<b>\$ 1,493,686</b>	<b>\$ 132,195</b>	<b>\$ 1,988,597</b>	<b>(2,732,971)</b>	<b>328,154</b>	<b>(2,404,817)</b>	
<b>General Revenues</b>								
					2,470,427	-	2,470,427	
					665,999	-	665,999	
					571,982	-	571,982	
					78,592	-	78,592	
					21,160	-	21,160	
					68,577	25,077	93,654	
					452,325	10,800	463,125	
					(225,000)	225,000	-	
					<b>4,104,062</b>	<b>260,877</b>	<b>4,364,939</b>	
					<b>Change in net assets</b>	<b>1,371,091</b>	<b>589,031</b>	<b>1,960,122</b>
<b>Net Assets</b>								
					7,073,459	11,858,592	18,932,051	
					<b>\$ 8,444,550</b>	<b>\$ 12,447,623</b>	<b>\$ 20,892,173</b>	

See Notes To Basic Financial Statements.

Town Of Chesapeake Beach, Maryland

Balance Sheet – Governmental Fund  
June 30, 2009

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 3,456,507
Investments	878,082
Property taxes receivable, net	69,903
Other receivables	30,968
Due from other governments	401,244
Due from other funds	27,573
Prepays	25,139
<b>Total assets</b>	<u><u>\$ 4,889,416</u></u>
<b>Liabilities And Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 226,276
Accrued liabilities	22,589
Deposits	18,915
Deferred revenue	59,211
Due to other funds	40,889
<b>Total liabilities</b>	<u>367,880</u>
Fund Balances:	
Reserved for:	
Prepays	25,139
Capital projects	878,082
Unreserved and undesignated	3,618,315
<b>Total fund balance</b>	<u>4,521,536</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 4,889,416</u></u>

See Notes To Basic Financial Statements.

Town Of Chesapeake Beach, Maryland

Reconciliation Of The Governmental Fund Balance Sheet  
 To The Statement Of Net Assets  
 June 30, 2009

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Total fund balance – governmental fund		\$	4,521,536
Amounts reported for governmental activities in the statement of net assets 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	\$	13,530,972	
Accumulated depreciation		<u>(4,041,688)</u>	9,489,284
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Property taxes			59,211
Bond issuance costs expensed by the funds at the time of issuance but deferred and amortized in the governmental statement of activities.			
			57,299
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		(5,626,239)	
Accrued interest payable		(30,802)	
Accumulated unused compensated absences		<u>(25,739)</u>	<u>(5,682,780)</u>
<b>Net assets of governmental activities</b>			<u><u>\$ 8,444,550</u></u>

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, 2009

	General Fund
<b>Revenues:</b>	
Taxes	\$ 3,096,615
Licenses and permits	105,574
Intergovernmental	1,285,245
Service charges for current services	78,125
Investment earnings	68,577
Miscellaneous	615,871
<b>Total revenues</b>	<u>5,250,007</u>
<b>Expenditures:</b>	
Current:	
General government	1,043,962
Public safety	698,620
Public works	1,255,600
Capital outlay	1,896,713
Debt service:	
Principal	496,641
Interest	217,963
<b>Total expenditures</b>	<u>5,609,499</u>
<b>Other Financing Sources (Uses):</b>	
Transfers out	<u>(225,000)</u>
<b>Total other financing sources</b>	<u>(225,000)</u>
<b>Net change in fund balance</b>	(584,492)
<b>Fund Balance:</b>	
Beginning	<u>5,106,028</u>
Ending	<u>\$ 4,521,536</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, 2009

Total net change in fund balance – governmental fund	\$	(584,492)
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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 capital outlays exceed depreciation expense in the current period:

Capital outlays	\$	1,893,877	
Depreciation		(449,362)	1,444,515

A certain amount of property tax 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 deferred revenue increased (decreased).	24,386
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Repayment of loan payable principal is an expenditure in the general fund, but the repayment reduces noncurrent liabilities in the statement of net assets.	496,641
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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 (increased) decreased.	(3,750)
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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) decreased.	(3,026)
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Bond issuance costs related to long-term debt is an expenditure in the general fund, but this cost increases noncurrent assets in the statement of net assets. This is the amount of bond issuance costs amortization.	(3,183)
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<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>1,371,091</b>
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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, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Amended		Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,915,450	\$ 2,915,450	\$ 3,096,615	\$ 181,165
Licenses and permits	54,600	54,600	105,574	50,974
Intergovernmental	1,114,300	1,213,300	1,285,245	71,945
Service charges for current services	36,500	36,500	78,125	41,625
Investment earnings	72,500	72,500	68,577	(3,923)
Miscellaneous	87,000	437,065	615,871	178,806
<b>Total revenues</b>	<b>4,280,350</b>	<b>4,729,415</b>	<b>5,250,007</b>	<b>520,592</b>
<b>Expenditures:</b>				
Current:				
General government	990,300	1,090,300	1,043,962	46,338
Public safety	700,500	700,500	698,620	1,880
Public works	1,147,500	1,347,500	1,255,600	91,900
Capital outlay	2,841,500	2,910,500	1,896,713	1,013,787
Debt service	715,000	715,000	714,604	396
<b>Total expenditures</b>	<b>6,394,800</b>	<b>6,763,800</b>	<b>5,609,499</b>	<b>1,154,301</b>
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	(225,000)	(225,000)	(225,000)	-
Bond proceeds	1,300,000	1,475,000	-	(1,475,000)
<b>Total other financing sources</b>	<b>1,075,000</b>	<b>1,250,000</b>	<b>(225,000)</b>	<b>(1,475,000)</b>
<b>Net change in fund balance</b>	<b>\$ (1,039,450)</b>	<b>\$ (784,385)</b>	<b>(584,492)</b>	<b>\$ 199,893</b>
<b>Fund Balance :</b>				
Beginning			<u>5,106,028</u>	
Ending			<u>\$ 4,521,536</u>	

See Notes To Basic Financial Statements.



Town Of Chesapeake Beach, Maryland

Statement of Net Assets – Proprietary Funds  
June 30, 2009

	Enterprise Funds		
	Water Park Fund	Utility Fund	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 215,256	\$ 1,159,666	\$ 1,374,922
Accounts receivable	920	239,675	240,595
Due from other governments	2,617	-	2,617
Due from other funds	-	40,889	40,889
Prepaid expenses	-	22,675	22,675
	<u>218,793</u>	<u>1,462,905</u>	<u>1,681,698</u>
Noncurrent assets:			
Bond issuance costs	-	16,012	16,012
Capital assets:			
Nondepreciable assets	-	290,647	290,647
Depreciable assets, net	1,217,746	15,122,492	16,340,238
	<u>1,217,746</u>	<u>15,429,151</u>	<u>16,646,897</u>
<b>Total assets</b>	<u>1,436,539</u>	<u>16,892,056</u>	<u>18,328,595</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	55,670	200,189	255,859
Accrued liabilities	56,507	68,193	124,700
Due to other funds	27,573	-	27,573
General obligation bond payable	-	350,988	350,988
Noncurrent liabilities:			
General obligation bond payable	-	5,121,852	5,121,852
<b>Total liabilities</b>	<u>139,750</u>	<u>5,741,222</u>	<u>5,880,972</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	1,217,746	9,956,311	11,174,057
Unrestricted	79,043	1,194,523	1,273,566
<b>Total net assets</b>	<u>\$ 1,296,789</u>	<u>\$ 11,150,834</u>	<u>\$ 12,447,623</u>

See Notes To Basic Financial Statements.

Town Of Chesapeake Beach, Maryland

Statement Of Revenues, Expenses, And Changes In  
Fund Net Assets – Proprietary Funds  
Year Ended June 30, 2009

	Enterprise Funds		
	Water Park Fund	Utility Fund	Total
<b>Operating Revenues:</b>			
Current use charges	\$ 786,219	\$ 542,928	\$ 1,329,147
Miscellaneous	1,172	9,628	10,800
	<u>787,391</u>	<u>552,556</u>	<u>1,339,947</u>
<b>Operating Expenses:</b>			
Personnel services	341,510	83,825	425,335
Operations and maintenance	363,271	671,516	1,034,787
Depreciation and loss on disposal of assets	210,535	568,737	779,272
	<u>915,316</u>	<u>1,324,078</u>	<u>2,239,394</u>
<b>Operating loss</b>	<u>(127,925)</u>	<u>(771,522)</u>	<u>(899,447)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment interest	326	24,751	25,077
Interest expense	-	(101,599)	(101,599)
Connection fees	-	1,340,000	1,340,000
	<u>326</u>	<u>1,263,152</u>	<u>1,263,478</u>
<b>Income (loss) before transfers</b>	<u>(127,599)</u>	<u>491,630</u>	<u>364,031</u>
Transfer In	<u>125,000</u>	<u>100,000</u>	<u>225,000</u>
<b>Change in net assets</b>	<u>(2,599)</u>	<u>591,630</u>	<u>589,031</u>
<b>Net Assets:</b>			
Beginning	1,299,388	10,559,204	11,858,592
Ending	<u>\$ 1,296,789</u>	<u>\$ 11,150,834</u>	<u>\$ 12,447,623</u>

See Notes To Basic Financial Statements.

Town Of Chesapeake Beach, Maryland

Statement Of Cash Flows – Proprietary Funds  
Year Ended June 30, 2009

	Business -Type Activities - Enterprise Funds		
	Water Park Fund	Utility Fund	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 785,363	\$ 524,819	\$ 1,310,182
Payments to suppliers and employees	(721,032)	(1,352,025)	(2,073,057)
<b>Net cash provided by (used in) operating activities</b>	<b>64,331</b>	<b>(827,206)</b>	<b>(762,875)</b>
<b>Cash Flows From Non-Capital Financing Activities</b>			
Net operating transfers in (out)	125,000	100,000	225,000
Internal activity – payments from (to) other funds	1,611	(138,872)	(137,261)
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>126,611</b>	<b>(38,872)</b>	<b>87,739</b>
<b>Cash Flows From Capital And Related Financing Activities</b>			
Payments for capital assets	(72,670)	(1,767,913)	(1,840,583)
Nonoperating grants received	-	25,600	25,600
Connection fees received	-	1,340,000	1,340,000
Principal payments on notes and bonds payable	-	(345,150)	(345,150)
Interest paid, net of amount capitalized	-	(93,542)	(93,542)
Proceeds from issuance of general obligation bonds payable	-	898,713	898,713
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(72,670)</b>	<b>57,708</b>	<b>(14,962)</b>
<b>Cash Flows From Investing Activities</b>			
Investment interest earned	326	24,751	25,077
Decrease in restricted investments	-	95,051	95,051
<b>Net cash provided by investing activities</b>	<b>326</b>	<b>119,802</b>	<b>120,128</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>118,598</b>	<b>(688,568)</b>	<b>(569,970)</b>
<b>Cash And Cash Equivalents:</b>			
Beginning	96,658	1,848,234	1,944,892
Ending	<u>\$ 215,256</u>	<u>\$ 1,159,666</u>	<u>\$ 1,374,922</u>
<b>Reconciliation Of Operating Loss To Net Cash Provided By (Used In) Operating Activities</b>			
Operating loss	\$ (127,925)	\$ (771,522)	\$ (899,447)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation, amortization, and loss on disposal of assets	210,535	570,040	780,575
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(920)	(27,737)	(28,657)
(Increase) in due from other governments	(1,108)	-	(1,108)
(Decrease) in accounts payable	(13,420)	(614,737)	(628,157)
Increase (decrease) in accrued liabilities	(2,831)	16,750	13,919
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 64,331</b>	<b>\$ (827,206)</b>	<b>\$ (762,875)</b>

See Notes To Basic Financial Statements.

## Town Of Chesapeake Beach, Maryland

### Notes To Basic Financial Statements

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#### Note 1. Overview And Summary Of Significant Accounting Policies

The Town of Chesapeake Beach, in Calvert County, Maryland, ("Town") was incorporated in 1894 under the provisions of Maryland State Law. The Town operates under a form of government which 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 which 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 Assets: This statement is designed to display the financial position of the Town as of year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, 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) invested in capital assets, net of related debt, 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.

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.

## Town Of Chesapeake Beach, Maryland

### Notes To Basic Financial Statements

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#### Note 1. Overview And Summary Of Significant Accounting Policies (Continued)

##### 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, fund balance/net assets, 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 typically are 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; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, 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. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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.

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 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

## Town Of Chesapeake Beach, Maryland

### Notes To Basic Financial Statements

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#### Note 1. Overview And Summary Of Significant Accounting Policies (Continued)

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 revenue and are recognized at date of receipt. The Town's tax rates for the collection years ended June 30, 2009 and 2008, was \$0.37 and \$0.44, respectively, 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.

#### 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.

## Town Of Chesapeake Beach, Maryland

### Notes To Basic Financial Statements

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#### Note 1. Overview And Summary Of Significant Accounting Policies (Continued)

##### H. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of 3 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. Investments

Investments are stated at amortized cost, which approximates market value.

##### J. 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, 2009, management has provided for an allowance for delinquent property taxes in the amount of \$200. 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.

##### K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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. Bond Issuance Costs

Bond issuance costs are deferred and amortized over the term of the bonds using the effective interest method.

##### 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. 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. Total interest capitalized on projects for the year ended June 30, 2009 was \$11,134. 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.

## Town Of Chesapeake Beach, Maryland

### Notes To Basic Financial Statements

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#### Note 1. Overview And Summary Of Significant Accounting Policies (Continued)

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

#### N. Deferred Revenue

Deferred revenue in the governmental fund represents amounts due, which are measurable, but not available.

#### O. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are 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.

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. Vacation 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 which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. As of June 30, 2009, no accumulated unpaid vacation leave had matured, resulting in it being maintained separately and being a reconciling item between the fund and government-wide financial statement presentations.

#### Q. Fund Balance

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets, if any, are limited to outside third-party restrictions or those restrictions imposed by law through constitutional provisions or enabling legislation. Any designations of fund balance represent tentative management plans that are subject to change.



## Town Of Chesapeake Beach, Maryland

### Notes To Basic Financial Statements

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#### Note 1. Overview And Summary Of Significant Accounting Policies (Continued)

##### R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are 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. Restricted resources are used first to fund appropriation.

The Town first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are 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, 2009, 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 United States government, federal government obligations and repurchase agreements secured by direct government or agency obligations, or the State's sponsored investment pool. At June 30, 2009, 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 \$3,151,067 and \$900,298 for governmental activities and business-type activities, respectively.

#### Note 3. Investments

On May 1, 2007 the Town issued the \$2,574,725 Community Development Administration Local Government Infrastructure 2007 Series A general obligation bond in order to finance the completion of specific capital projects. As of June 30, 2009, unspent bond proceeds of \$878,082 and \$0 for governmental and business-type activities, respectively, were invested by the Community Development Administration in U.S. Government money market funds. These investments are restricted for the use on completion of certain capital projects.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk. At June 30, 2009, all of the Town's investments are exposed to custodial credit risk since the securities are held by the counterparty and are not in the Town's name.

Town Of Chesapeake Beach, Maryland

Notes To Basic Financial Statements

**Note 4. Receivables And Payables**

Receivables and payables at June 30, 2009, consist of the following:

	Governmental Activities	Business -Type Activities		Total
		Water Park Fund	Utility Fund	
<b>Due from other governments:</b>				
State of Maryland	\$ 272,640	\$ -	\$ -	\$ 272,640
Calvert County	13,604	1,076	-	14,680
Charles County	-	1,057	-	1,057
Anne Arundel County	-	484	-	484
Maryland Department of Natural Resources	115,000	-	-	115,000
	<u>\$ 401,244</u>	<u>\$ 2,617</u>	<u>\$ -</u>	<u>\$ 403,861</u>
<b>Other receivables:</b>				
Miscellaneous	\$ 30,968	\$ 920	\$ -	\$ 31,888
<b>Accounts payable:</b>				
Vendors	\$ 148,579	\$ 55,670	\$ 174,802	\$ 379,051
Contractor retainages	77,697	-	25,387	103,084
	<u>\$ 226,276</u>	<u>\$ 55,670</u>	<u>\$ 200,189</u>	<u>\$ 482,135</u>
<b>Accrued liabilities:</b>				
Payroll and withholdings	\$ 22,589	\$ 56,507	\$ 3,106	\$ 82,202
MDE flush fee	-	-	32,721	32,721
Interest	30,802	-	32,366	63,168
	<u>\$ 53,391</u>	<u>\$ 56,507</u>	<u>\$ 68,193</u>	<u>\$ 178,091</u>

**Note 5. 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, 2009, interfund receivable and payable balances are as follows:

Receivable Fund	Payable Fund	
	General Fund	Water Park Fund
General Fund	\$ -	\$ 27,573
Utility Fund	40,889	-
	<u>\$ 40,889</u>	<u>\$ 27,573</u>

Interfund transfers for the year ended June 30, 2009, consisted of transfers in the Town's normal course of business from the General Fund of \$125,000 and \$100,000 to the Water Park Fund and the Utility Fund, respectively.

Town Of Chesapeake Beach, Maryland

Notes To Basic Financial Statements

**Note 6. Bond Issuance Costs**

Bond issuance costs consist of the following at June 30, 2009:

	Balance July 1, 2008	Additions	Amortization	Balance June 30, 2009
<b>Governmental activities:</b>				
CDA 2007 Series A general obligation bond	\$ 60,483	\$ -	\$ (3,184)	\$ 57,299
<b>Business-type activities:</b>				
CDA 2007 Series A general obligation bond	\$ 10,134	\$ -	\$ (925)	\$ 9,209
MDE 2007 Water Quality general obligation bond	7,181	-	(378)	6,803
	<u>\$ 17,315</u>	<u>\$ -</u>	<u>\$ (1,303)</u>	<u>\$ 16,012</u>

**Note 7. Capital Assets**

Capital asset activity for the year ended June 30, 2009, is as follows:

	Balance July 1, 2008	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2009
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,041,275	\$ -	\$ -	\$ 1,041,275
Construction in process	1,771,715	1,180,850	(880,111)	2,072,454
	<u>2,812,990</u>	<u>1,180,850</u>	<u>(880,111)</u>	<u>3,113,729</u>
Capital assets being depreciated:				
Land improvements	6,985,036	595,912	880,111	8,461,059
Buildings and facilities	1,340,571	-	-	1,340,571
Equipment	498,497	117,116	-	615,613
	<u>8,824,104</u>	<u>713,028</u>	<u>880,111</u>	<u>10,417,243</u>
Accumulated depreciation for:				
Land improvements	(3,081,256)	(365,197)	-	(3,446,453)
Buildings and facilities	(148,883)	(32,336)	-	(181,219)
Equipment	(362,187)	(51,829)	-	(414,016)
	<u>(3,592,326)</u>	<u>(449,362)</u>	<u>-</u>	<u>(4,041,688)</u>
<b>Total depreciable assets, net</b>	<u>5,231,778</u>	<u>263,666</u>	<u>880,111</u>	<u>6,375,555</u>
<b>governmental activities capital assets, net</b>	<u>\$ 8,044,768</u>	<u>\$ 1,444,516</u>	<u>\$ -</u>	<u>\$ 9,489,284</u>

Town Of Chesapeake Beach, Maryland

Notes To Basic Financial Statements

Note 7. Capital Assets (Continued)

	Balance July 1, 2008	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2009
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 21,875	\$ -	\$ -	\$ 21,875
Construction in process	7,812,168	161,048	(7,704,444)	268,772
	<u>7,834,043</u>	<u>161,048</u>	<u>(7,704,444)</u>	<u>290,647</u>
Capital assets being depreciated:				
Land improvements	422,667	44,270	-	466,937
Buildings and facilities	4,664,346	-	-	4,664,346
Water system	3,818,595	77,785	326,050	4,222,430
Sewer system	4,822,218	1,695,022	7,121,903	13,639,143
Vehicles and equipment	290,941	118,949	-	409,890
	<u>14,018,767</u>	<u>1,936,026</u>	<u>7,447,953</u>	<u>23,402,746</u>
Accumulated depreciation for:				
Land improvements	(166,782)	(35,752)	-	(202,534)
Buildings and facilities	(2,938,452)	(182,725)	-	(3,121,177)
Water system	(1,413,028)	(160,324)	-	(1,573,352)
Sewer system	(1,539,534)	(361,827)	-	(1,901,361)
Vehicles and equipment	(225,440)	(38,644)	-	(264,084)
	<u>(6,283,236)</u>	<u>(779,272)</u>	<u>-</u>	<u>(7,062,508)</u>
<b>Total depreciable assets, net</b>	<u>7,735,531</u>	<u>1,156,754</u>	<u>7,447,953</u>	<u>16,340,238</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 15,569,574</u>	<u>\$ 1,317,802</u>	<u>\$ (256,491)</u>	<u>\$ 16,630,885</u>

Depreciation expense was charged in the Statement of Activities for the year ended June 30, 2009, as follows:

<b>Governmental activities:</b>	
General government	\$ 260,542
Public works	188,820
	<u>\$ 449,362</u>
<b>Business-type activities:</b>	
Water park	\$ 210,535
Water and sewer services	568,737
	<u>\$ 779,272</u>

Town Of Chesapeake Beach, Maryland

Notes To Basic Financial Statements

**Note 8. Long-Term Liabilities**

Long-term liability activity as of and for the year ended June 30, 2009, is as follows:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 5,561,114	\$ -	\$ (433,198)	\$ 5,127,916	\$ 450,590
Note payable	561,766	-	(63,443)	498,323	63,443
Accumulated unused compensated absences	22,713	14,599	(11,573)	25,739	19,241
	<u>\$ 6,145,593</u>	<u>\$ 14,599</u>	<u>\$ (508,214)</u>	<u>\$ 5,651,978</u>	<u>\$ 533,274</u>
<b>Business-type activities:</b>					
General obligation bonds payable	\$ 4,919,277	\$ 898,713	\$ (345,150)	\$ 5,472,840	\$ 350,988

General obligation bonds payable relating to governmental activities at June 30, 2009, consist of the following:

\$1,000,000 Community Development Administration Infrastructure Financing Bond 2001 Series A; interest payable semi-annually on May 1 and November 1 at variable rates ranging from 4.0% - 5.0%; annual principal payments due May 1 at varying amounts up to \$76,100; due May 1, 2021	\$ 700,300
\$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 variable rates ranging from 3.85% - 4.225%; annual principal payments due May 1 at varying amounts up to \$154,468; due May 1, 2027	2,036,983
\$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 \$364,538; due November 15, 2018	2,390,633
	<u>\$ 5,127,916</u>

Notes payable relating to governmental activities at June 30, 2009, 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 \$63,443 with varying due dates through September 2020	<u>\$ 498,323</u>
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Town Of Chesapeake Beach, Maryland

Notes To Basic Financial Statements

**Note 8. Long-Term Liabilities (Continued)**

Maturities of the general obligation bonds payable and notes payable relating to governmental activities as of June 30, 2009, is as follows:

Years Ending June 30,	General Obligation Bonds	Notes Payable	Total
2010	\$ 450,590	\$ 63,443	\$ 514,033
2011	468,408	63,443	531,851
2012	486,042	54,157	540,199
2013	506,672	45,538	552,210
2014	415,342	45,533	460,875
2015-2019	1,578,634	175,909	1,754,543
2020-2024	778,506	50,300	828,806
2025-2027	443,722	-	443,722
	<u>\$ 5,127,916</u>	<u>\$ 498,323</u>	<u>\$ 5,626,239</u>

Interest requirements on general obligation bonds and notes payable relating to governmental activities as of June 30, 2009, is as follows:

Years Ending June 30,	General Obligation Bonds	Notes Payable	Total
2010	\$ 200,193	\$ -	\$ 200,193
2011	182,741	-	182,741
2012	164,556	-	164,556
2013	145,575	-	145,575
2014	127,827	-	127,827
2015-2019	420,203	-	420,203
2020-2024	185,325	-	185,325
2025-2027	37,999	-	37,999
	<u>\$ 1,464,419</u>	<u>\$ -</u>	<u>\$ 1,464,419</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 8. Long-Term Liabilities (Continued)**

General obligation bonds payable relating to business-type activities at June 30, 2009, 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 variable 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	\$	353,842
\$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		646,037
\$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		4,472,961
	<u>\$</u>	<u>5,472,840</u>

Maturities and interest requirements of the general obligation bonds payable relating to business-type activities as of June 30, 2009, is as follows:

Years Ending June 30,	Principal	Interest	Total
2010	\$ 350,988	\$ 86,299	\$ 437,287
2011	357,719	79,639	437,358
2012	364,425	72,802	437,227
2013	371,874	65,766	437,640
2014	349,265	59,092	408,357
2015-2019	1,636,272	209,057	1,845,329
2020-2024	1,529,635	101,241	1,630,876
2025-2027	512,662	12,956	525,618
	<u>\$ 5,472,840</u>	<u>\$ 686,852</u>	<u>\$ 6,159,692</u>

**Note 9. Interjurisdictional Agreement**

On January 16, 1981, and further amended May 29, 1990, the Town along with the Town of North Beach, and Calvert County, Maryland entered into an interjurisdictional 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 interjurisdictional 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.

## Town Of Chesapeake Beach, Maryland

### Notes To Basic Financial Statements

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#### **Note 9. Interjurisdictional Agreement (Continued)**

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 plant ownership percentages discussed above. The Town accounts for all of its allocations of the operations of the treatment plant in the Utility Fund and recovers its costs through user charges.

#### **Note 10. Risk Management**

The Town is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to 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 3 fiscal years.

#### **Note 11. 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 made contributions of \$62,233 for the year ended June 30, 2009.

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 the employee's total compensation. The Town makes additional 100% matching contributions of up to 10% of eligible compensation deferred under the plan. No employer contributions were made to the plan for the year ended June 30, 2009.

#### **Note 12. Commitments And Contingencies**

##### Litigation:

The Town is contingently liable with respect to lawsuits and other claims which 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 which may be disallowed by the granting agencies and will have to be refunded by the Town cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.



## Town Of Chesapeake Beach, Maryland

### Notes To Basic Financial Statements

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#### Note 12. Commitments And Contingencies (Continued)

##### 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%. The renewed leases were for a period of 5 years ending May 30, 2014 and October 31, 2014. The Town's current combined monthly lease payments are \$2,562. The Town's portion of rent expense incurred under these agreements for the year ended June 30, 2009 was \$30,371. The Town's portions of future minimum lease payments, are as follows:

##### Years Ending June 30,

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2010	\$	31,160
2011		31,784
2012		32,416
2013		33,068
2014		33,034
Thereafter		8,512
	\$	<u>169,974</u>

#### Note 13. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2009, 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. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, will be implemented in phases using the same criteria applied in the implementation of the new governmental reporting model. As a result, this Statement will be effective for the Town beginning with its year ending June 30, 2010. This Statement will require governments to recognize an expense under the accrual basis for annual required OPEB contributions, regardless of amounts paid. The cumulative difference between amounts expensed and paid will create a liability (asset) similar to net pension obligations.
- GASB Statement Number 51, *Accounting and Financial Reporting for Intangible Assets*, will be effective for the Town beginning with its year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable.
- GASB Statement Number 53, *Accounting and Financial Reporting for Derivative Instruments*, will be effective for the Town beginning with its year ending June 30, 2010. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions.
- GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the Town beginning with its year ending June 30, 2011. This Statement creates a presentation hierarchy based primarily on spending constraints placed upon use of resources versus availability for appropriation.

Town Of Chesapeake Beach, Maryland

Schedule Of Revenues – Budget And Actual – General Fund  
 Year Ended June 30, 2009  
 (With Comparative Totals For 2008)

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)	2008 Actual
<b>Taxes:</b>					
Local property taxes:					
Real property	\$ 2,285,450	\$ 2,285,450	\$ 2,390,699	\$ 105,249	\$ 2,454,471
Personal property	40,000	40,000	39,856	(144)	39,868
Penalties and interest	10,000	10,000	15,486	5,486	16,865
	<u>2,335,450</u>	<u>2,335,450</u>	<u>2,446,041</u>	<u>110,591</u>	<u>2,511,204</u>
Admission and amusement tax	500,000	500,000	571,982	71,982	699,981
Hotel tax	80,000	80,000	78,592	(1,408)	84,094
<b>Total taxes</b>	<u>2,915,450</u>	<u>2,915,450</u>	<u>3,096,615</u>	<u>181,165</u>	<u>3,295,279</u>
<b>Licenses and permits:</b>					
Liquor	5,800	5,800	5,000	(800)	12,383
Cable franchise	-	-	21,160	21,160	13,538
Traders	3,800	3,800	3,454	(346)	4,206
Zoning	45,000	45,000	75,960	30,960	84,070
<b>Total licenses and permits</b>	<u>54,600</u>	<u>54,600</u>	<u>105,574</u>	<u>50,974</u>	<u>114,197</u>
<b>Intergovernmental:</b>					
State-shared taxes:					
Income	600,000	600,000	665,999	65,999	696,513
Highway user	415,000	415,000	379,051	(35,949)	411,515
	<u>1,015,000</u>	<u>1,015,000</u>	<u>1,045,050</u>	<u>30,050</u>	<u>1,108,028</u>
Grants from state government:					
State Police protection	46,500	46,500	44,446	(2,054)	44,222
State DNR critical areas	6,000	6,000	6,000	-	6,000
State DNR bulkhead replacement	-	99,000	109,000	10,000	-
	<u>52,500</u>	<u>151,500</u>	<u>159,446</u>	<u>7,946</u>	<u>50,222</u>
County recreation fees	46,800	46,800	80,749	33,949	67,846
<b>Total intergovernmental</b>	<u>1,114,300</u>	<u>1,213,300</u>	<u>1,285,245</u>	<u>71,945</u>	<u>1,226,096</u>
<b>Service charges for current services:</b>					
Town recreation fees	36,000	36,000	78,000	42,000	96,000
Bulk trash fees	500	500	125	(375)	-
<b>Total service charges for current services</b>	<u>36,500</u>	<u>36,500</u>	<u>78,125</u>	<u>41,625</u>	<u>96,000</u>
Investment earnings	72,500	72,500	68,577	(3,923)	152,606
<b>Miscellaneous revenues:</b>					
Fines and forfeitures	-	-	2,000	2,000	10,043
Mitigation contributions	-	-	31,571	31,571	175,400
Tower site rental	85,000	85,000	69,932	(15,068)	73,845
Veteran park brick sales	1,000	1,000	1,000	-	2,100
Miscellaneous	1,000	351,065	511,368	160,303	19,944
<b>Total miscellaneous revenues</b>	<u>87,000</u>	<u>437,065</u>	<u>615,871</u>	<u>178,806</u>	<u>281,332</u>
<b>Total revenues</b>	<u>\$ 4,280,350</u>	<u>\$ 4,729,415</u>	<u>\$ 5,250,007</u>	<u>\$ 520,592</u>	<u>\$ 5,165,510</u>

Town of Chesapeake Beach, Maryland

Schedule Of Expenditures – Budget And Actual – General Fund  
 Year Ended June 30, 2009  
 (With Comparative Totals For 2008)

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)	2008 Actual
<b>General government:</b>					
Salaries, payroll taxes and benefits	\$ 293,300	\$ 293,300	\$ 307,161	\$ (13,861)	\$ 312,269
Planning and zoning	60,000	60,000	57,114	2,886	68,200
Legal	60,000	60,000	63,006	(3,006)	47,911
Code enforcement	9,000	9,000	16,002	(7,002)	9,056
Engineering and consulting	55,000	80,000	77,030	2,970	56,041
Special events	95,000	95,000	86,152	8,848	73,531
Recreation	70,000	120,000	115,471	4,529	36,695
Economic development	25,000	25,000	20,981	4,019	12,698
Grants to local organizations	22,500	22,500	20,250	2,250	22,500
Audit and financial expense	37,000	37,000	36,700	300	25,850
Newsletter	30,000	30,000	27,077	2,923	23,489
Chesapeake Bay critical area	30,000	30,000	9,097	20,903	15,863
Office expense	45,000	45,000	53,715	(8,715)	38,260
Repairs and maintenance	20,000	45,000	44,787	213	20,104
Library rent	34,000	34,000	30,371	3,629	29,295
Council expense	15,000	15,000	36,021	(21,021)	15,099
Insurance	40,000	40,000	12,892	27,108	35,126
Telephone and utilities	36,000	36,000	26,505	9,495	28,408
Miscellaneous	13,500	13,500	3,630	9,870	15,975
<b>Total general government</b>	<b>990,300</b>	<b>1,090,300</b>	<b>1,043,962</b>	<b>46,338</b>	<b>886,370</b>
<b>Public safety:</b>					
Police	700,500	700,500	698,620	1,880	642,531
<b>Total public safety</b>	<b>700,500</b>	<b>700,500</b>	<b>698,620</b>	<b>1,880</b>	<b>642,531</b>
<b>Public works:</b>					
Salaries, payroll taxes and benefits	273,000	273,000	254,615	18,385	206,230
Trash removal	250,000	250,000	228,633	21,367	223,524
Landfill tipping fees	175,000	175,000	147,367	27,633	145,226
Property maintenance	175,000	375,000	372,303	2,697	191,928
Street lighting	60,000	60,000	65,309	(5,309)	54,389
Holiday lights	60,000	60,000	61,489	(1,489)	83,520
Streets and equipment maintenance	55,000	55,000	55,993	(993)	39,296
Gasoline and oil	20,000	20,000	10,372	9,628	19,060
Snow removal	25,000	25,000	11,067	13,933	5,332
Telephone and utilities	33,000	33,000	20,694	12,306	23,633
Supplies	20,000	20,000	27,009	(7,009)	16,326
Miscellaneous	1,500	1,500	749	751	3,820
<b>Total public works</b>	<b>1,147,500</b>	<b>1,347,500</b>	<b>1,255,600</b>	<b>91,900</b>	<b>1,012,284</b>
<b>Capital outlay</b>	<b>2,841,500</b>	<b>2,910,500</b>	<b>1,896,713</b>	<b>1,013,787</b>	<b>1,284,427</b>
<b>Debt service</b>	<b>715,000</b>	<b>715,000</b>	<b>714,604</b>	<b>396</b>	<b>710,930</b>
<b>Total expenditures</b>	<b>\$ 6,394,800</b>	<b>\$ 6,763,800</b>	<b>\$ 5,609,499</b>	<b>\$ 1,154,301</b>	<b>\$ 4,536,542</b>