

**TOWN OF CHESAPEAKE BEACH,  
MARYLAND**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT**

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**Year Ended June 30, 2019**

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## INDEPENDENT AUDITORS' 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, business-type activities, each major fund, statement of budgetary comparison and the aggregate remaining fund information of the Town of Chesapeake Beach, Maryland (the Town), as of and for the year ended June 30, 2019, 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.

### Auditors' 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 auditors' 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 Town'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 Town'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.

## **Opinion**

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, each major fund, statement of budgetary comparison and the aggregate remaining fund information of the Town of Chesapeake Beach, Maryland, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 Management's Discussion and Analysis on pages 4 through 10 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 revenue and expense 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 revenue and expense budget and actual schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting data and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget and actual schedules are fairly stated in all material respects in relation to the financial statements as a whole.

November 26, 2019  
Bethesda, Maryland

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style with a large initial 'R'.

**TOWN OF CHESAPEAKE BEACH, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

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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, 2019. 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, 2019, was \$37,045,621 (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 government activities. Of total net position, \$9,951,451 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors. This includes \$2,494,171 set aside into the Rainy Day Fund, created as a contingency for emergency situations. The remaining net position of \$26,472,845 represents a net investment in capital assets and restricted net position.
- The property tax rate for the Town was maintained at \$0.3442/\$100.
- Water and sewer user rates maintained a fixed charge per quarter of \$50 and the rates for Sewer per thousand gallons remained \$5.57 and for Water per thousand gallons remained \$2.01 for fiscal year 2019.
- In the Utility Fund, work was finalized on the water and sewer line relocation project at the 261 bridge.
- At the Chesapeake Beach Wastewater Treatment Plant, construction was completed in FY19.

**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.

**TOWN OF CHESAPEAKE BEACH, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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**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, 2019, and earned but unused vacation leave will be included in the Statement of Activities as revenues and expenses, even though the cash associated with these items will not be received or distributed until after June 30, 2019.

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 be 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

**TOWN OF CHESAPEAKE BEACH, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

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Statement of Net Position and the Statement of Activities) and governmental funds in 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 \$37,498,609 at the close of the most recent fiscal year.

Of the Town's net position, 71.4% 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.



**TOWN OF CHESAPEAKE BEACH, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Condensed Statement of Net Position**

	Governmental Activities		Business Type-Activities		Total Town	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	10,506,879	8,939,261	1,671,241	2,016,794	12,178,120	10,956,055
Capital assets, net	<u>9,482,447</u>	<u>10,060,572</u>	<u>24,729,663</u>	<u>24,578,083</u>	<u>34,212,110</u>	<u>34,638,655</u>
<b>Total Assets</b>	<u><b>19,989,326</b></u>	<u><b>18,999,833</b></u>	<u><b>26,400,904</b></u>	<u><b>26,594,877</b></u>	<u><b>46,390,230</b></u>	<u><b>45,594,710</b></u>
<b>Liabilities</b>						
Long-term liabilities	115,378	151,607	1,093,023	7,774,945	1,208,401	7,926,552
Other liabilities	<u>500,637</u>	<u>464,544</u>	<u>7,182,583</u>	<u>835,130</u>	<u>7,683,220</u>	<u>1,299,674</u>
<b>Total liabilities</b>	<u><b>616,015</b></u>	<u><b>616,151</b></u>	<u><b>8,275,606</b></u>	<u><b>8,610,075</b></u>	<u><b>8,891,621</b></u>	<u><b>9,226,226</b></u>
<b>Net Position</b>						
Net investment in capital assets	9,367,069	9,975,090	17,105,776	16,815,747	26,472,845	26,790,837
Committed	621,325	313,293	-	-	621,325	313,293
Unrestricted	<u>9,384,917</u>	<u>8,095,299</u>	<u>566,534</u>	<u>1,169,055</u>	<u>9,951,451</u>	<u>9,264,354</u>
<b>Total Net Position</b>	<u><b>19,373,311</b></u>	<u><b>18,383,682</b></u>	<u><b>17,672,310</b></u>	<u><b>17,984,802</b></u>	<u><b>37,045,621</b></u>	<u><b>36,368,484</b></u>

**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 net revenue. The Utility Fund shows 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.

**TOWN OF CHESAPEAKE BEACH, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Condensed Statement of Activities**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Town</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	231,390	235,817	2,775,988	2,551,097	3,007,378	2,786,914
Operating Grants and Contributions	169,916	73,824	-	-	169,916	73,824
Capital Grants and Contributions	277,832	254,576	-	-	277,832	254,576
General Revenues:						
Property Tax	2,698,725	2,743,637	-	-	2,698,725	2,743,637
Income Tax	1,086,028	1,054,575	-	-	1,086,028	1,054,575
Admissions and Amusements Tax	1,596,499	1,576,244	-	-	1,596,499	1,576,244
Hotel Tax	100,839	89,771	-	-	100,839	89,771
Franchise Tax	109,186	113,887	-	-	109,186	113,887
Investment Earnings	157,452	73,820	33,498	25,841	190,950	99,661
Miscellaneous	4,260	19,201	12,540	8,951	16,800	28,152
Connection fees	-	-	15,000	-	15,000	-
Transfers	-	(1,000,000)	-	1,000,000	-	-
<b>Total Revenues</b>	<u>6,432,127</u>	<u>5,235,352</u>	<u>2,837,026</u>	<u>3,585,889</u>	<u>9,269,153</u>	<u>8,821,241</u>
<b>Expenses</b>						
General government	2,664,779	2,628,549	-	-	2,664,779	2,628,549
Public Safety	1,132,371	1,079,769	-	-	1,132,371	1,079,769
Public Works	1,645,348	1,550,454	-	-	1,645,348	1,550,454
Water Park	-	-	1,355,853	1,228,373	1,355,853	1,228,373
Water and Sewer Services	-	-	1,340,677	1,971,659	1,340,677	1,971,659
Interest on long-term debt	-	25,050	-	-	-	25,050
<b>Total Expenses</b>	<u>5,442,498</u>	<u>5,283,822</u>	<u>2,696,530</u>	<u>3,200,032</u>	<u>8,139,028</u>	<u>8,483,854</u>

**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 project's progress, they are impacted as well.

**TOWN OF CHESAPEAKE BEACH, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Capital Asset and Debt Administration**

*Capital Assets*

The only major project during fiscal year 2019, was the ENR project at the treatment plant which started prior to 2019 with current year additions of \$212,904 in the Utility Fund. The project was substantially completed during FY19. More detailed information about capital assets can be found in Note 5 to the basic financial statements.

**Capital Assets, Net of Depreciation**

	Governmental Activities		Business-Type Activities		Town Total	
	<b>2019</b>	2018	<b>2019</b>	2018	<b>2019</b>	2018
Land	1,346,596	1,192,375	21,875	21,875	1,368,471	1,214,250
Construction in Progress	80,073	42,826	-	11,206,997	80,073	11,249,823
Land Improvements	6,896,586	7,586,893	448,248	198,025	7,344,834	7,784,918
Buildings	1,025,416	1,077,036	14,269,575	3,348,314	15,294,991	4,425,350
Water System	-	-	3,310,660	3,481,126	3,310,660	3,481,126
Sewer System	-	-	6,395,905	6,156,028	6,395,905	6,156,028
Vehicles and Equipment	133,776	161,442	283,400	165,718	417,176	327,160
<b>Total</b>	<b>9,482,447</b>	<b>10,060,572</b>	<b>24,729,663</b>	<b>24,578,083</b>	<b>34,212,110</b>	<b>34,638,655</b>

*Long-Term Liabilities*

At June 30, 2019, the Town had total outstanding long-term liabilities of \$7,297,961. Total debt for the Governmental activities is \$50,300. Total outstanding debt for business-type activities is \$7,170,899, which includes the \$3,406,430 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.

**Long-Term Liabilities**

	Governmental Activities		Business-Type Activities		Town Total	
	<b>2019</b>	2018	<b>2019</b>	2018	<b>2019</b>	2018
General obligation Bonds	-	-	7,170,899	7,762,336	7,170,899	7,762,336
Notes Payable	50,300	85,482	-	-	50,300	85,482
Compensated Absences	65,078	66,125	11,684	12,609	76,762	78,734
<b>Total</b>	<b>115,378</b>	<b>151,607</b>	<b>7,182,583</b>	<b>7,774,945</b>	<b>7,297,961</b>	<b>7,926,552</b>

**TOWN OF CHESAPEAKE BEACH, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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

The fiscal 2019 budget reflects that the Town follows the Constant Yield Tax Rate. The real property tax rate for FY19 was \$0.3442/\$100.

Water and sewer user rates remained the same in FY 2019. There is a fixed charge per quarter of \$50.00 for sewer usage plus a rate of \$5.57/tg (thousand gallons) and \$2.01/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**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,240,049	\$ 2,998,997	\$ 11,239,046
Accounts receivable			
Water and sewer services	-	309,025	309,025
Prepaid Expenses	89,555	-	89,555
Inventory	-	11,530	11,530
Due from treatment plant	528,964	-	528,964
Due from UF fund	1,147,346	(1,147,346)	-
Due from WP fund	500,965	(500,965)	-
Capital assets			
Non-depreciable assets	1,426,669	21,875	1,448,544
Depreciable assets, net	8,055,778	24,707,788	32,763,566
<b>Total assets</b>	<b>\$ 19,989,326</b>	<b>\$ 26,400,904</b>	<b>\$ 46,390,230</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
Accounts payable	\$ 283,495	\$ 177,032	\$ 460,527
Accrued liabilities	207,902	79,364	287,266
Deposits	9,240	-	9,240
Due to treatment plant	-	836,627	836,627
Non-current liabilities			
Due within one year	25,150	600,143	625,293
Due in more than one year	90,228	6,582,440	6,672,668
<b>Total liabilities</b>	616,015	8,275,606	8,891,621
<b>Net position</b>			
Net investment in capital assets	9,367,069	17,558,764	26,925,833
Unrestricted net position	10,006,242	566,534	10,572,776
<b>Total net position</b>	19,373,311	18,125,298	37,498,609
<b>Total liabilities and net position</b>	<b>\$ 19,989,326</b>	<b>\$ 26,400,904</b>	<b>\$ 46,390,230</b>

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

**TOWN OF CHESAPEAKE BEACH**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2019**

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
<b>Governmental Activities</b>							
General government	\$ 2,664,779	\$ 198,885	\$ 126,586	\$ -	\$ (2,339,308)	\$ -	\$ (2,339,308)
Public safety	1,132,371	31,675	42,830	-	(1,057,866)	-	(1,057,866)
Public works	1,645,348	830	500	277,832	(1,366,186)	-	(1,366,186)
Interest on long-term debt	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>5,442,498</b>	<b>231,390</b>	<b>169,916</b>	<b>277,832</b>	<b>(4,763,360)</b>	<b>-</b>	<b>(4,763,360)</b>
<b>Business-Type Activities</b>							
Water park	1,355,853	1,302,648	-	-	-	(53,205)	(53,205)
Water and sewer services	1,340,677	1,473,340	-	-	-	132,663	132,663
<b>Total business-type activities</b>	<b>2,696,530</b>	<b>2,775,988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,458</b>	<b>79,458</b>
<b>Total primary government</b>	<b>\$ 8,139,028</b>	<b>\$ 3,007,378</b>	<b>\$ 169,916</b>	<b>\$ 277,832</b>	<b>\$ (4,763,360)</b>	<b>\$ 79,458</b>	<b>\$ (4,683,902)</b>

General Revenues:		
Property tax	2,698,725	2,698,725
Income tax	1,086,028	1,086,028
Admissions and amusement tax	1,596,499	1,596,499
Hotel tax	100,839	100,839
Franchise tax	109,186	109,186
Investment earnings	157,452	33,498
Miscellaneous	4,260	12,540
Connection fees	-	15,000
<b>Total general revenues and transfers</b>	<b>5,752,989</b>	<b>5,814,027</b>
<b>Change in net position</b>	<b>989,629</b>	<b>1,130,125</b>
Net Position:		
Beginning	18,383,682	36,368,484
Ending	\$ 19,373,311	\$ 37,498,609

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

**TOWN OF CHESAPEAKE BEACH**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
**June 30, 2019**

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General  
Fund

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**ASSETS**

Cash and cash equivalents	\$	8,240,049
Prepaid expenses		89,555
Due from treatment plant		528,964
Due from WP fund		500,965
Due from Utility fund		<u>1,147,346</u>
<b>Total assets</b>	<b>\$</b>	<b><u>10,506,879</u></b>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts payable	\$	283,495
Accrued liabilities		207,902
Deposits		<u>9,240</u>
<b>Total liabilities</b>		<u>500,637</u>

**Fund balance**

Committed for:		
Dredging projects		621,325
Unassigned		<u>9,384,917</u>
<b>Total fund balance</b>		<u>10,006,242</u>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u><u>10,506,879</u></u></b>

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

**TOWN OF CHESAPEAKE BEACH  
RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
June 30, 2019**

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Total Fund Balance - Governmental Fund	\$	10,006,242
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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	\$ 21,525,546	
Accumulated depreciation	<u>(12,043,099)</u>	9,482,447

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	\$ (50,300)	
Accumulated unused compensated absences	<u>(65,078)</u>	<u>(115,378)</u>

<b>Net position of governmental activities</b>	<b>\$</b>	<b><u><u>19,373,311</u></u></b>
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The accompanying notes are an integral part of these financial statements.



**TOWN OF CHESAPEAKE BEACH**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUND**  
**Year Ended June 30, 2019**

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	<u>General Fund</u>
<b>Revenue</b>	
Taxes	\$ 5,591,277
Charges for services	231,390
Grants and contributions	447,748
Investment earnings	157,452
Miscellaneous	<u>4,260</u>
 <b>Total revenue</b>	 <u>6,432,127</u>
 <b>Expenditures</b>	
Current:	
General government	1,424,741
Public safety	1,132,371
Public works	1,645,348
Capital outlay	662,960
Debt service:	
Principal	<u>35,182</u>
 <b>Total expenditures</b>	 <u>4,900,602</u>
 <b>Net change in fund balance</b>	 <u>1,531,525</u>
 <b>Fund Balance</b>	
Beginning	<u>8,474,717</u>
 Ending	 <u><u>\$ 10,006,242</u></u>

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

**TOWN OF CHESAPEAKE BEACH**  
**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2019**

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Total Net Change in Fund Balance - Governmental Fund \$ 1,531,525

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 these 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	\$ 298,442	
Depreciation expense	(876,567)	(578,125)

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. 35,182

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  
 decreased. 1,047

**Change in net position of governmental activities** **\$ 989,629**

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

**TOWN OF CHESAPEAKE BEACH**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Amended Budget Positive (Negative)
	Original	Amended		
<b>Revenue</b>				
Taxes	\$ 4,480,699	\$ 4,655,699	\$ 5,591,277	\$ 935,578
Charges for services	214,200	214,200	231,390	17,190
Grants and contributions	545,788	545,788	447,748	(98,040)
Investment earnings	30,240	30,240	157,452	127,212
Miscellaneous	<u>1,307,552</u>	<u>1,357,552</u>	<u>4,260</u>	<u>(1,353,292)</u>
<b>Total revenue</b>	<u>6,578,479</u>	<u>6,803,479</u>	<u>6,432,127</u>	<u>(371,352)</u>
<b>Expenditures</b>				
Current:				
General government	1,517,556	1,697,556	1,424,741	272,815
Public safety	1,138,540	1,138,540	1,132,371	6,169
Public works	1,864,979	1,909,979	1,645,348	264,631
Capital outlay	1,947,070	1,947,070	662,960	1,284,110
Debt service:				
Principal	<u>35,182</u>	<u>35,182</u>	<u>35,182</u>	<u>-</u>
<b>Total expenditures</b>	<u>6,503,327</u>	<u>6,728,327</u>	<u>4,900,602</u>	<u>1,827,725</u>
<b>Net change in fund balance</b>	<u>\$ 75,152</u>	<u>\$ 75,152</u>	<u>\$ 1,531,525</u>	<u>\$ 1,456,373</u>
<b>Fund Balance</b>				
Beginning			<u>8,474,717</u>	
Ending			<u>\$ 10,006,242</u>	

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

**TOWN OF CHESAPEAKE BEACH**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2019**

	Enterprise Funds		
	Water Park Fund	Utility Fund	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 825,849	\$ 2,173,148	\$ 2,998,997
Accounts receivable	-	309,025	309,025
Inventory	11,530	-	11,530
Due to general fund	<u>(500,965)</u>	<u>(1,147,346)</u>	<u>(1,648,311)</u>
Total current assets	<u>336,414</u>	<u>1,334,827</u>	<u>1,671,241</u>
<b>Non-current assets</b>			
Capital assets			
Non-depreciable assets	-	21,875	21,875
Depreciable assets, net	<u>856,695</u>	<u>23,851,093</u>	<u>24,707,788</u>
<b>Total assets</b>	<u>\$ 1,193,109</u>	<u>\$ 25,207,795</u>	<u>\$ 26,400,904</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 48,835	\$ 128,197	\$ 177,032
Accrued liabilities	44,907	34,457	79,364
Due to treatment plant	-	836,627	836,627
General obligation bonds payable	<u>-</u>	<u>600,143</u>	<u>600,143</u>
Total current liabilities	<u>93,742</u>	<u>1,599,424</u>	<u>1,693,166</u>
<b>Non-current liabilities</b>			
General obligation bonds payable	-	6,570,756	6,570,756
Compensated absences	<u>11,684</u>	<u>-</u>	<u>11,684</u>
<b>Total liabilities</b>	<u>105,426</u>	<u>8,170,180</u>	<u>8,275,606</u>
<b>Net position</b>			
Net investment in capital assets	856,695	16,702,069	17,558,764
Unrestricted net position	<u>230,988</u>	<u>335,546</u>	<u>566,534</u>
<b>Total net position</b>	<u>1,087,683</u>	<u>17,037,615</u>	<u>18,125,298</u>
<b>Total liabilities and net position</b>	<u>\$ 1,193,109</u>	<u>\$ 25,207,795</u>	<u>\$ 26,400,904</u>

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

**TOWN OF CHESAPEAKE BEACH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**  
**Year Ended June 30, 2019**

	Enterprise Funds		
	Water Park Fund	Utility Fund	Total
<b>Operating Revenues</b>			
Current use charges	\$ 1,302,648	\$ 1,473,340	\$ 2,775,988
Miscellaneous	<u>4,507</u>	<u>8,033</u>	<u>12,540</u>
<b>Total operating revenues</b>	<u>1,307,155</u>	<u>1,481,373</u>	<u>2,788,528</u>
<b>Operating Expenses</b>			
Personnel services	625,392	-	625,392
Operations and maintenance	606,918	1,201,069	1,807,987
Depreciation	<u>123,543</u>	<u>139,608</u>	<u>263,151</u>
<b>Total operating expenses</b>	<u>1,355,853</u>	<u>1,340,677</u>	<u>2,696,530</u>
<b>Operating income (loss)</b>	<u>(48,698)</u>	<u>140,696</u>	<u>91,998</u>
<b>Non-Operating Revenues (Expenses)</b>			
Investment interest	<u>10,838</u>	<u>22,660</u>	<u>33,498</u>
<b>Income (loss) before transfers and connection fees and capital grants and contributions</b>	(37,860)	163,356	125,496
Connection fees	<u>-</u>	<u>15,000</u>	<u>15,000</u>
<b>Change in net position</b>	(37,860)	178,356	140,496
<b>Fund Balance</b>			
Beginning	<u>1,125,543</u>	<u>16,859,259</u>	<u>17,984,802</u>
Ending	<u>\$ 1,087,683</u>	<u>\$ 17,037,615</u>	<u>\$ 18,125,298</u>

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

**TOWN OF CHESAPEAKE BEACH**  
**STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2019**

	Enterprise Funds		
	Water Park Fund	Utility Fund	Total
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 1,311,590	\$ 1,494,673	\$ 2,806,263
Payments to suppliers and employees	(1,207,221)	(1,127,985)	(2,335,206)
<b>Net cash provided by operating activities</b>	<u>104,369</u>	<u>366,688</u>	<u>471,057</u>
<b>Cash flows from non-capital financing activities</b>			
Internal activity - payments from (to) other funds	374,946	1,432,160	1,807,106
<b>Net cash provided by non-capital financing activities</b>	<u>374,946</u>	<u>1,432,160</u>	<u>1,807,106</u>
<b>Cash flows from capital and related financing activities</b>			
Purchases of capital assets	(304,772)	(109,959)	(414,731)
Connection fees	-	15,000	15,000
Principal payments on notes and bonds payable	-	(591,437)	(591,437)
<b>Net cash used by capital and related financing activities</b>	<u>(304,772)</u>	<u>(686,396)</u>	<u>(991,168)</u>
<b>Cash flows from investing activities</b>			
Investment interest earned	10,838	22,660	33,498
<b>Net cash provided by investing activities</b>	<u>10,838</u>	<u>22,660</u>	<u>33,498</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	185,381	1,135,112	1,320,493
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>640,468</u>	<u>1,038,036</u>	<u>1,678,504</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 825,849</u>	<u>\$ 2,173,148</u>	<u>\$ 2,998,997</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (48,698)	\$ 140,696	\$ 91,998
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	123,543	139,608	263,151
Changes in operating assets and liabilities			
Accounts receivable, net	-	13,300	13,300
Inventory	4,435	-	4,435
Accounts payable	45,919	113,771	159,690
Accrued liabilities	(19,905)	(40,687)	(60,592)
Compensated absences	(925)	-	(925)
<b>Net cash provided in operating activities</b>	<u>\$ 104,369</u>	<u>\$ 366,688</u>	<u>\$ 471,057</u>

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

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**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 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. Basis of Accounting**

Government-Wide Financial Statements: The government-wide financial statements report information on all of the non-fiduciary activities of the Town. 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, described as follows:

**Invested in Capital Assets (net of related debt)** – is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt.

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Accounting (continued)**

**Restricted Net Position** – represents net position that has third party (statutory, bond covenant or granting agency) limitations on its use. The Town’s policy is generally to use any restricted net position first, as appropriate opportunities arise.

**Unrestricted Net Position** – represents all the remaining net position that does not meet the definition of the other two categories.

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.

**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:



**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**C. Fund Accounting (continued)**

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 revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**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 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 judgements 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 measureable 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 recognized at the date of receipt. The Town's tax rate for the collection year ended June 30, 2019, was \$0.344 per \$100 of assessed valuation.

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**D. Measurement Focus and Basis of Accounting (continued)**

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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**H. Cash and Cash Equivalents (continued)**

The Town's cash and cash equivalents include 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, 2019, 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, 2019, 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 did not report any deferred outflow of resources as of June 30, 2019.

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**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. 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.

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**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 and 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.

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.

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**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, 2019, 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.

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**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 non-spendable 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. As of June 30, 2019 the Town Council has approved the commitment of \$621,325 as a reserve for the dredge fund. Unassigned fund balance is the residual classification for the General Fund.

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 consist 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 regulation 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.



**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**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, 2019, the Town's deposits of \$1,604,305 and \$1,240,322 for governmental activities and business-type activities, respectively, 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. As of June 30, 2019, 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 \$6,635,744 and \$1,758,675 for governmental activities and business-type activities, respectively, at June 30, 2019.

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, 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**3. RECEIVABLES AND PAYABLES**

Receivables and payables at June 30, 2019 consist of the following:

	Governmental Activities	Business-Type Activities		Total
		Water Park Fund	Utility Fund	
Accounts receivable				
Utility payments	\$ -	\$ -	\$ 309,025	\$ 309,025
Treatment plant	528,964	-	-	528,964
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,025</u>	<u>\$ 309,025</u>
Accounts Payable				
Vendors	\$ 283,495	\$ 48,835	\$ 128,197	\$ 460,527
Accrued Liabilities				
Payroll and withholdings	\$ -	\$ 44,907	\$ -	\$ 44,907
MDE flush fee	-	-	34,457	34,457
Treatment plant	-	-	836,627	836,627
Miscellaneous	207,902	-	-	207,902
	<u>\$ 207,902</u>	<u>\$ 44,907</u>	<u>\$ 871,084</u>	<u>\$ 915,991</u>

**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, 2019, interfund receivable and payable balances are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>		
	<u>General Fund</u>	<u>Utility Fund</u>	<u>Water Park Fund</u>
General Fund	\$ -	\$ 1,147,346	\$ 500,965
Water Park Fund	1,147,346	-	-
Utility Fund	500,965	-	-
	<u>\$ 1,648,311</u>	<u>\$ 1,147,346</u>	<u>\$ 500,965</u>

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**5. CAPITAL ASSETS**

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

<b>Governmental Activities</b>	July 1, <u>2018 Balance</u>	Additions and <u>Other</u> <u>Increases</u>	Deletions and <u>Other</u> <u>Decreases</u>	June 30, <u>2019 Balance</u>
Land	\$ 1,192,375	\$ 154,221	\$ -	\$ 1,346,596
Construction in Progress	<u>80,073</u>	<u>-</u>	<u>-</u>	<u>80,073</u>
Total Assets not being depreciated	1,272,448	154,221	-	1,426,669
Land Improvements	16,746,835	121,831	-	16,868,666
Buildings and Facilities	1,717,055	-	-	1,717,055
Equipment	<u>1,490,766</u>	<u>22,390</u>	<u>-</u>	<u>1,513,156</u>
Total Capital Assets	21,227,104	298,442	-	21,525,546
Less Accumulated Depreciation:	<u>(11,166,532)</u>	<u>(876,567)</u>	<u>-</u>	<u>(12,043,099)</u>
Net Book Value	<u>\$ 10,060,572</u>	<u>\$ (578,125)</u>	<u>\$ -</u>	<u>\$ 9,482,447</u>
<b>Business-Type Activities</b>	July 1, <u>2018 Balance</u>	Additions and <u>Other</u> <u>Increases</u>	Deletions and <u>Other</u> <u>Decreases</u>	June 30, <u>2019 Balance</u>
Land	\$ 21,875	\$ -	\$ -	\$ 21,875
Construction in Progress	<u>11,206,998</u>	<u>109,959</u>	<u>(11,316,957)</u>	<u>-</u>
Total Assets not being depreciated	11,228,873	109,959	(11,316,957)	21,875
Land Improvements	746,654	286,122	-	1,032,776
Buildings and Facilities	4,948,182	-	-	4,948,182
Water System	6,656,209	-	-	6,656,209
Sewer System	14,557,994	-	11,316,957	25,874,951
Equipment	<u>889,282</u>	<u>18,650</u>	<u>-</u>	<u>907,932</u>
Total Capital Assets	39,027,194	414,731	-	39,441,925
Less Accumulated Depreciation:	<u>(14,449,111)</u>	<u>(263,151)</u>	<u>-</u>	<u>(14,712,262)</u>
Net Book Value	<u>\$ 24,578,083</u>	<u>\$ 151,580</u>	<u>\$ -</u>	<u>\$ 24,729,663</u>

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**5. CAPITAL ASSETS (continued)**

Depreciation expense was charged in the statement of activities for the year ended June 30, 2019 as follows:

<b>Governmental Activities</b>	
General government	\$ 72,586
Public works	803,981
	<u>\$876,567</u>
<b>Business-Type Activities</b>	
Water park	\$123,543
Water and sewer services	139,608
	<u>\$263,151</u>

**6. LONG-TERM LIABILITIES**

Long-term liabilities for the year ended June 30, 2019 are as follows:

<b>Governmental Activities</b>	Balance			Balance June 30, 2019	Due Within One Year
	July 1, 2018	Additions	Deductions		
Note payable	\$ 85,482	\$ -	\$ (35,182)	\$ 50,300	\$ 25,150
Compensated absences	<u>66,125</u>	<u>(1,047)</u>	<u>-</u>	<u>65,078</u>	<u>-</u>
Long Term Liabilities	<u>\$ 151,607</u>	<u>\$ (1,047)</u>	<u>\$ (35,182)</u>	<u>\$ 115,378</u>	<u>\$ 25,150</u>
<b>Business-Type Activities</b>	Balance			Balance June 30, 2019	Due Within One Year
	July 1, 2018	Additions	Deductions		
General obligation bonds payable	\$ 7,762,336	\$ -	\$ (591,437)	\$ 7,170,899	\$ 600,141
Compensated absences	<u>12,609</u>	<u>-</u>	<u>(925)</u>	<u>11,684</u>	<u>-</u>
Long Term Liabilities	<u>\$ 7,774,945</u>	<u>\$ -</u>	<u>\$ (592,362)</u>	<u>\$ 7,182,583</u>	<u>\$ 600,141</u>

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**6. LONG-TERM LIABILITIES (continued)**

Notes payable relating to governmental activities at June 30, 2019 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 \$25,150, with varying due dates through September 2020 \$ 50,300

Maturities of the notes payable relating to governmental activities as of June 30, 2019 are as follows:

<u>Years ending June 30,</u>	<u>Notes Payable</u>
2020	\$ 25,150
2021	<u>25,150</u>
	<u>\$ 50,300</u>

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**6. LONG-TERM LIABILITIES (continued)**

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

General obligation bonds payable relating to business-type activities at June 30, 2019 consist of the following:

\$683,000 ARRA Sewer Improvement Loan of 2009; interest payable at 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	\$ 308,858
\$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	\$ 1,359,800
\$4,720,489 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 \$293,499; due February 1, 2027	\$ 2,095,811
\$3,950,000 Maryland Department of the Environment Water Quality 2014 construction loan; 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	\$ 3,406,430
	\$ 7,170,899

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**6. LONG-TERM LIABILITIES (continued)**

Maturities and interest requirements of the general obligation bonds payable relating to business-type activities as of June 30, 2019 are as follows:

Years ending June 30,	Principal	Interest	Total
2020	\$ 600,141	\$ 113,872	\$ 714,013
2021	609,400	104,827	714,227
2022	618,215	200,766	818,981
2023	627,886	86,460	714,346
2024	637,514	77,014	714,528
2025-2029	2,456,002	236,642	2,692,644
2030-2034	1,190,437	59,348	1,249,785
2035-2036	431,305	6,480	437,785
	<u>\$ 7,170,899</u>	<u>\$ 885,409</u>	<u>\$ 8,056,308</u>

**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 does not have any ownership of the plant but is entitled to an allocation of 157,500 g.p.d.

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**7. INTER-JURISDICTIONAL 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 789,640 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 157,500 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 their accounting functions for the treatment plant and invoices the other government participants for their proportional 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 its citizens.

As of June 30, 2019, the Town general fund was owed \$528,964 for cash advanced to the Water Treatment Plant. In addition, the Town Utility Fund owed the Water Treatment Plant \$836,627 for the Town's allocation of expenditures.

**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.



**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**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 a maximum amount allowable by law, but not to exceed the lesser of \$18,500 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, 2019 was \$99,618.

**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 Town is involved with the following litigation and claims as of June 30, 2019:

The Town is in a dispute, with no claims yet filed, related to work done by a contractor on the Wastewater Reclamation and Treatment Plant. The Town claims the work did not meet performance requirements and is withholding retainage of approximately \$100,000 until the issue is settled.

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.

**TOWN OF CHESAPEAKE BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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**10. COMMITMENTS AND CONTINGENCIES (continued)**

Capital projects: The Treatment Plant has entered into engineering and construction contracts pertaining to an Enhanced Nutrient Removal (ENR) upgrade project for the wastewater treatment plant totaling \$17,200,608, of which a total project commitment of \$0 was outstanding at June 30, 2019. 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 these 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 \$4,276,842 of remaining project costs not covered by the ENR Grant, of which \$0 is still outstanding at June 30, 2019.

Leasing Arrangements: The Town participates in a lease 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 lease renewed July 1, 2015, for a period of five years ending June 30, 2020, with a current monthly payment of \$2,212. The Town's portion of rent expense incurred under this agreements for the year ended June 30, 2019 was \$34,639. As of June 30, 2019 future minimum lease payments for the year ended June 30, 2020 were \$28,540.

**11. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to year ended June 30, 2019 that have effective dates that may impact future financial presentations.

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

- GASB 87 – Leases

This Statement requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources and outflows of resources based on payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease assets and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement is effective for financial statements for periods beginning after December 15, 2019, with earlier application encouraged.

**TOWN OF CHESAPEAKE BEACH**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2019**  
**(With Comparative Totals for 2018)**

	Budgeted Amounts		Actual	Variance with	2018 Actual
	Original	Amended		Amended Budget Positive (Negative)	
<b>Taxes</b>					
Local Property Taxes:					
Real property	\$ 2,670,000	\$ 2,625,147	\$ 2,632,014	\$ 6,867	\$ 2,683,992
Personal property	49,200	49,200	55,900	6,700	49,246
Penalties and interest	2,500	2,500	10,811	8,311	10,399
	<u>2,721,700</u>	<u>2,676,847</u>	<u>2,698,725</u>	<u>21,878</u>	<u>2,743,637</u>
Admission and amusement tax	788,999	1,008,852	1,596,499	587,647	1,576,244
Hotel tax	90,000	90,000	100,839	10,839	89,771
<b>Total taxes</b>	<u>3,600,699</u>	<u>3,775,699</u>	<u>4,396,063</u>	<u>620,364</u>	<u>4,409,652</u>
<b>Licenses and Permits</b>					
Liquor	2,000	2,000	-	(2,000)	7,360
Cable franchise	80,000	80,000	109,186	29,186	113,887
Traders	1,200	1,200	2,878	1,678	2,128
Zoning	6,000	6,000	10,505	4,505	14,159
<b>Total licenses and permits</b>	<u>89,200</u>	<u>89,200</u>	<u>122,569</u>	<u>33,369</u>	<u>137,534</u>
<b>Intergovernmental</b>					
State-shared taxes:					
Income	800,000	800,000	1,086,028	286,028	1,054,575
Highway user	259,370	259,370	277,832	18,462	254,576
	<u>1,059,370</u>	<u>1,059,370</u>	<u>1,363,860</u>	<u>304,490</u>	<u>1,309,151</u>
Grants from state government:					
State police protection	47,418	47,418	42,830	(4,588)	69,524
State DNR critical areas	4,000	4,000	14,000	10,000	4,000
Miscellaneous grants	235,000	235,000	112,586	(122,414)	-
	<u>286,418</u>	<u>286,418</u>	<u>169,416</u>	<u>(117,002)</u>	<u>73,524</u>
<b>Total intergovernmental</b>	<u>1,345,788</u>	<u>1,345,788</u>	<u>1,533,276</u>	<u>187,488</u>	<u>1,382,675</u>
<b>Charges for services</b>					
Scrap metal fees	-	-	830	830	1,539
<b>Total charges for services</b>	<u>-</u>	<u>-</u>	<u>830</u>	<u>830</u>	<u>1,539</u>
Investment earnings	30,240	30,240	157,452	127,212	73,820
<b>Miscellaneous Revenues</b>					
Fines and forfeitures	60,000	60,000	31,675	(28,325)	49,009
Tower site rental	95,000	95,000	109,269	14,269	105,067
Veterans park brick sales	-	-	500	500	300
Bayfront park admissions	50,000	50,000	76,233	26,233	55,463
Miscellaneous	1,307,552	1,357,552	4,260	(1,353,292)	20,293
<b>Total miscellaneous revenues</b>	<u>1,512,552</u>	<u>1,562,552</u>	<u>221,937</u>	<u>(1,340,615)</u>	<u>230,132</u>
<b>Total revenues</b>	<u>\$ 6,578,479</u>	<u>\$ 6,803,479</u>	<u>\$ 6,432,127</u>	<u>\$ (371,352)</u>	<u>\$ 6,235,352</u>

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

**TOWN OF CHESAPEAKE BEACH**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2019**  
**(With Comparative Totals for 2018)**

	Budgeted Amounts		Actual	Variance with	2018 Actual
	Original	Amended		Amended Budget Positive (Negative)	
<b>General Government</b>					
Salaries, payroll taxes, and benefits	\$ 726,947	\$ 726,947	\$ 698,041	\$ 28,906	\$ 658,181
Planning and zoning	60,000	100,000	89,266	10,734	64,769
Legal	60,000	100,000	88,587	11,413	46,292
Code enforcement	-	-	-	-	-
Engineering and consulting	50,000	150,000	113,619	36,381	76,816
Special events	132,750	132,750	122,712	10,038	119,644
Economic development	38,000	38,000	34,416	3,584	27,294
Grants to local organizations	37,500	37,500	31,250	6,250	61,500
Audit and financial expense	31,420	31,420	28,550	2,870	30,255
Newsletter	15,000	15,000	7,614	7,386	8,808
Office expense	62,000	62,000	52,672	9,328	60,978
IT Support	25,000	25,000	22,972	2,028	25,000
Repairs and maintenance	50,000	50,000	49,993	7	29,848
Notification system	500	500	-	500	-
Document imaging	5,500	5,500	3,283	2,217	8,202
Library rent	40,306	40,306	34,639	5,667	36,798
Board of elections	-	-	-	-	5,126
Council expense	6,000	6,000	5,132	868	29,064
SDAT fees	11,558	11,558	11,558	-	11,558
Annual software license	37,835	37,835	37,339	496	31,877
Insurance	50,000	50,000	12,100	37,900	40,099
Telephone and utilities	46,000	46,000	26,833	19,167	26,546
Miscellaneous	31,240	31,240	(45,835)	77,075	7,544
<b>Total general government</b>	<u>1,517,556</u>	<u>1,697,556</u>	<u>1,424,741</u>	<u>272,815</u>	<u>1,406,199</u>
<b>Public Safety</b>					
Police	1,038,540	1,038,540	1,022,288	16,252	978,057
Boardwalk Patrol	50,000	50,000	60,083	(10,083)	51,712
North Beach VFD	50,000	50,000	50,000	-	50,000
<b>Total public safety</b>	<u>1,138,540</u>	<u>1,138,540</u>	<u>1,132,371</u>	<u>6,169</u>	<u>1,079,769</u>
<b>Public Works</b>					
Salaries, payroll taxes, and benefits	667,444	667,444	576,846	90,598	549,428
Trash removal	375,000	375,000	307,004	67,996	323,606
Landfill tipping fees	160,000	160,000	160,000	-	160,000
Property and landscape maintenance	215,000	260,000	242,773	17,227	193,512
Street lighting	88,525	88,525	60,923	27,602	61,902
Holiday lights	85,000	85,000	77,043	7,957	66,216
Streets and equipment maintenance	55,000	55,000	46,335	8,665	46,177
Tree trimming and removals	-	-	-	-	-
Gasoline and oil	20,010	20,010	19,399	611	17,000
Snow removal	40,000	40,000	39,011	989	35,550
Web maintenance	10,000	10,000	9,376	624	-
Dues and subscriptions	10,000	10,000	8,817	1,183	-
Legislative education and travel	29,000	29,000	9,213.00	19,787	-
Telephone and utilities	11,200	11,200	10,682	518	13,000
Supplies	15,000	15,000	11,639	3,361	15,425
Oyster program	5,800	5,800	3,556	2,244	9,142
Road and sidewalk repairs	-	-	6,275	(6,275)	-
Fishing creek dredging	-	-	-	-	(1,000)
Recreational operation charges	70,000	70,000	52,249	17,751	58,694
Miscellaneous	8,000	8,000	4,208	3,792	1,802
<b>Total public works</b>	<u>1,864,979</u>	<u>1,909,979</u>	<u>1,645,348</u>	<u>264,631</u>	<u>1,550,454</u>
Capital Outlay	<u>1,947,070</u>	<u>1,947,070</u>	<u>662,960</u>	<u>1,284,110</u>	<u>791,048</u>
Debt Service	<u>35,182</u>	<u>35,182</u>	<u>35,182</u>	<u>-</u>	<u>1,353,824</u>
<b>Total expenditures</b>	<u>\$ 6,503,327</u>	<u>\$ 6,728,327</u>	<u>\$ 4,900,602</u>	<u>\$ 1,827,725</u>	<u>\$ 6,181,294</u>

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