

**TOWN OF CHEVERLY, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2024**

TOWN OF CHEVERLY

TABLE OF CONTENTS

JUNE 30, 2024

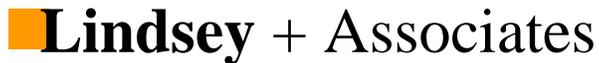
	Page
INDEPENDENT AUDITOR’S REPORT	1 – 3
REQUIRED SUPPLEMENTARY INFORMATION	
• Management’s Discussion and Analysis	4 – 12
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
• Statement of Net Position	13
• Statement of Activities	14
Fund Financial Statement	
• Balance Sheet – Governmental Funds	15
• Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
NOTES TO BASIC FINANCIAL STATEMENTS	17 – 38
REQUIRED SUPPLEMENTARY INFORMATION	
• Schedules of Required Pension-Related Supplementary Information	39
• Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) – General Fund – Unaudited	40
SUPPLEMENTAL SCHEDULES	
• Schedule of Revenues – Budget and Actual – General Fund	41 – 42
• Schedule of Expenditures – Budget and Actual – General Fund	43 – 47
• Schedule of Expenditures of Federal Awards	48

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

49

SINGLE AUDIT REPORTS AND SCHEDULES

- Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 50 – 51
- Independent Auditor’s Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 52 – 53
- Schedule of Findings and Questioned Costs Year Ended June 30, 2024 54
- Corrective Action Plan Year Ended June 30, 2024 55



110 West Road
Suite 217
Towson, MD 21204

410.825.1994 phone
410.825.1997 fax

www.acpafirm.com

Independent Auditor's Report

Honorable Mayor
Members of the Town Council
Town Manager
Town of Cheverly, Maryland

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Cheverly (the "Town") as of June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town as of June 30, 2024, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Cheverly and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Cheverly's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Cheverly's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension-related supplementary information, and the budgetary comparison information on pages 4 through 12, 39 and 40, respectively, 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 Cheverly, Maryland's financial statements as a whole. The schedule of revenues – budget and actual and the schedule of expenditures – budget and actual on pages 41 through 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 48 is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The schedule of revenues – budget and actual – general fund, the schedule of expenditures – budget and actual – general fund and the schedule of expenditures of federal awards (“supplementary information”) 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 and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of the Town of Cheverly, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cheverly, Maryland's internal control over financial reporting and compliance.

Lindsay Associates, LLC

October 29, 2024

**TOWN OF CHEVERLY MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

This section of the Town of Cheverly, Maryland's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2024. Please read it with the Town's financial statements, which immediately follow this section.

The Town of Cheverly is located in Prince George's County, Maryland and is one of twenty-eight municipalities within the County. The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Town of Cheverly's discussion and analysis of the financial results for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,875,462 (net position). Of this amount, \$8,604,163 is net investment in capital assets, leaving an unrestricted net position of \$(1,518,834).
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$12,395,059, a decrease of \$2,553,035 in comparison to the prior year. The ending fund balance includes \$5,604,926 that is available for spending at the Town's discretion (unassigned fund balance).
- The Town's capital assets increased by \$5,069,926 in the year ended June 30, 2024. The construction in progress for the Eley Building amounted to \$4,277,737. The Town also purchased several new police vehicles and public works vehicles during the year, along with an increase in infrastructure.

OVERVIEW OF THE FINANCIAL STATEMENTS

GASB Statement 34 requires the utilization of dual focus financial reporting. Information is presented on a government-wide basis and on a fund basis.

This Discussion and Analysis is intended to serve as an introduction to the Town of Cheverly's basic financial statements that were prepared using these reporting requirements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes, in this report, additional information to supplement the basic financial statements.

**TOWN OF CHEVERLY MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Government-Wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting, at this level, uses a perspective similar to the private sector, with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Town-wide statement of financial position presenting information that includes all the Town's assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town, as a whole, are improving or deteriorating.

The second government-wide statement is the Statement of Activities, which presents information about how the Town's net position changed during the past fiscal year. All changes in net position are reported when the underlying event or transaction occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period such as uncollected income taxes and expensed but not paid interest.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and recreation.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

- *Governmental Funds* – Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

**TOWN OF CHEVERLY MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Since the government-wide focus includes the long-term view, comparison between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balance provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives. The Town has only one governmental fund - the general fund

The Town adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

- *Proprietary Funds* – The Town operates no Proprietary Funds.
- *Fiduciary Funds* – The Town operates no Fiduciary funds.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following 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 assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$13,875,462 as of June 30, 2024. By far the largest portion of the Town's net position reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). This net investment was \$8,604,163 or 62% of the Town's net position as of June 30, 2024. Due to the nature of these assets, they are not available for future spending.

The unrestricted portion of the net position was a deficit totaling \$1,518,834. This category represents the amounts that the Town may use to meet the Town's ongoing obligations to its residents and creditors.

The following is selected information as of June 30, 2024. The previous year's information is provided for comparison purposes.

**TOWN OF CHEVERLY MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

	2023	2024
Current assets	\$ 18,497,718	\$ 14,691,567
Capital assets	8,124,215	12,447,390
Total assets	26,621,933	27,138,957
Deferred outflows	551,221	1,140,598
Total deferred outflows and assets	27,173,154	28,279,555
Current liabilities	3,683,444	2,434,147
Long term liabilities	11,004,123	11,860,514
Total liabilities	14,687,567	14,294,661
Deferred inflows	85,400	109,432
Net position		
Net investment in capital assets	8,124,215	8,604,163
Restricted	1,394,822	6,790,133
Unrestricted	2,881,150	(1,518,834)
Total net position	12,400,187	13,875,462
Total liabilities, deferred inflows, and net position	27,173,154	28,279,555
Program revenues		
Charges for services	930,260	806,689
Grants and contributions	334,355	2,482,698
General revenues		
Income taxes	1,219,096	1,315,638
Property taxes	4,614,245	5,021,090
Total general revenues	5,833,341	6,336,728
Total revenues and transfers	7,097,956	10,286,520
Expenses		
General government expenses	598,843	2,323,187
Public safety expenses	2,525,556	2,826,937
Public works expenses	2,583,607	3,261,377
Interest expense	-	399,744
Total expenses and transfers	5,708,006	8,811,245
Change in net position	1,986,746	1,475,275
Net position, beginning of year	10,413,441	12,400,187
Net position, end of year	\$ 12,400,187	\$ 13,875,462

Governmental activities increased the Town of Cheverly's net position by \$1,475,275 during Fiscal Year 2024. The key elements of this increase are shown below. Information for the prior fiscal year is provided for comparative purposes.

**TOWN OF CHEVERLY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

Analysis of Financial Position

- *Governmental Funds* - During the fiscal year ended June 30, 2024, the Town of Cheverly's fund balance decreased by \$2,553,035. A few of the significant factors affecting the general fund during the year are discussed below:

1. Real Property Taxes Levied for General Operations

The rate has been established at \$0.5299 per \$100 of assessed value on single family homes and an additional rate of \$0.71 per \$100 of assessed value on multi-family units.

2. Tangible Personal Property Tax

The Town of Cheverly levies tangible personal property taxes on business entities within its corporate limits.

The rate has been established at \$1.10 per \$100 of assessed valuation.

3. Highway User Revenue

Highway user revenue is generated from the registration of vehicles within the corporate limits and the amount of linear roadway within the corporate limits. In fiscal year 2024, the Town's allocation increased by \$53,662 from \$245,091 (2023) to \$298,753 (2024).

4. Income Tax

The Town of Cheverly receives a percentage of the income taxes collected by the State of Maryland. This amount fluctuates with the income earned by the Town of Cheverly residents. High unemployment and/or the aging of a community, such as Cheverly, can affect the amount of income tax revenue on an annual basis. In fiscal year 2023, income tax revenue has increased by \$96,542 from \$1,219,096 (2023) to \$1,315,638 (2024).

5. Red Light Camera Revenue

Red light camera revenue is generated as penalties or fines from running red lights in the Town of Cheverly. In fiscal year 2024, the revenue decreased by \$55,974 from \$668,727 (2023) to \$612,753 (2024).

6. The Town of Cheverly borrowed \$8,912,471 to finance the construction of the new public works building in the year ended June 30, 2023. \$3,843,227 of the borrowed funds have been used for the construction of the Eley Building as of June 30, 2024.

**TOWN OF CHEVERLY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the Town had approximately \$12.1 million invested in net capital assets including land, buildings, infrastructure, vehicles, machinery, and equipment. During the year ended June 30, 2024, the Town purchased \$5,069,926 of capital assets and had total depreciation expense of \$746,751.

Capital Assets, Net of Depreciation		
Total Government Activities		
	2023	2024
Land	\$ 1,576,024	\$ 1,576,024
Construction in progress	897,039	\$ 5,174,776
Land improvements	412,650	386,212
Infrastructure	1,842,529	1,878,054
Buildings and improvements	2,062,955	1,997,537
Vehicles	888,899	1,104,291
Machinery and equipment	444,119	330,496
	\$ 8,124,215	\$ 12,447,390

Debt Administration

The Town of Cheverly's outstanding long-term obligations for the past two fiscal years are as follows:

Government Activities		
	2023	2024
General obligations bonds	\$ 8,912,471	\$ 8,772,471
Net pension liability	2,100,706	3,098,439
Employee benefits payable	6,180	2,361
Accrued vacation leave	124,766	127,243
	\$ 11,144,123	\$ 12,000,514

**TOWN OF CHEVERLY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The real property tax rate for fiscal year 2025 has increased to \$0.5799 for single family units and for multi-family units increased to a rate of \$0.75.
- In FY 2025, the Town implemented a salary study that was done in the fall of 2023 which adjusted wages.
- The Town anticipates an annexation of Hospital Hill and other industrial zones in the near future.

CONTACTING THE TOWN OF CHEVERLY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Town's finances. If you have questions about this report or need additional information, contact the Town of Cheverly offices during normal business hours at 301-773-8360.

TOWN OF CHEVERLY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Total
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 12,179,010	\$ 12,179,010
Investments	2,250,243	2,250,243
Prepaid	7,617	7,617
Taxes receivable	79,979	79,979
Due from other governments	174,718	174,718
Total Current Assets	14,691,567	14,691,567
Noncurrent Assets		
Net capital assets	12,447,390	12,447,390
Total Noncurrent Assets	12,447,390	12,447,390
TOTAL ASSETS	27,138,957	27,138,957
DEFERRED OUTFLOWS OF RESOURCES	1,140,598	1,140,598
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 28,279,555	\$ 28,279,555
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,587,176	\$ 1,587,176
Unearned revenue - ARPA	706,971	706,971
Current portion of long-term debt	140,000	140,000
Total Current Liabilities	2,434,147	2,434,147
Noncurrent Liabilities		
Compensated absences	127,243	127,243
Employee benefits payable	2,361	2,361
Net pension liability	3,098,439	3,098,439
Bond payable - long-term	8,632,471	8,632,471
Total Noncurrent Liabilities	11,860,514	11,860,514
TOTAL LIABILITIES	14,294,661	14,294,661
DEFERRED INFLOWS OF RESOURCES	109,432	109,432
NET POSITION		
Net investment in capital assets	8,604,163	8,604,163
Restricted	6,790,133	6,790,133
Unrestricted	(1,518,834)	(1,518,834)
TOTAL NET POSITION	13,875,462	13,875,462
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 28,279,555	\$ 28,279,555

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

**TOWN OF CHEVERLY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Functions/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	Total
Primary Government						
Governmental Activities:						
General government	\$ 2,323,187	\$ 183,145	\$ 2,347,933	\$ -	\$ 207,891	\$ 207,891
Public safety	2,826,937	619,976	115,925	-	(2,091,036)	(2,091,036)
Public works	3,261,377	3,568	18,840	-	(3,238,969)	(3,238,969)
Interest on long-term debt	399,744	-	-	-	(399,744)	(399,744)
Total Governmental Activities	<u>8,811,245</u>	<u>806,689</u>	<u>2,482,698</u>	<u>-</u>	<u>(5,521,858)</u>	<u>(5,521,858)</u>
Total Primary Government	<u>\$ 8,811,245</u>	<u>\$ 806,689</u>	<u>\$ 2,482,698</u>	<u>\$ -</u>	<u>\$ (5,521,858)</u>	<u>\$ (5,521,858)</u>
			General revenues:			
			Taxes			
			Income taxes		1,315,638	1,315,638
			Property taxes		5,021,090	5,021,090
			Highway user taxes		298,753	298,753
			Hotel/motel taxes		88,587	88,587
			Interest and investment earnings		120,808	120,808
			Miscellaneous		152,257	152,257
			Total General Revenues		<u>6,997,133</u>	<u>6,997,133</u>
			Change in Net Position		1,475,275	1,475,275
			Net Position, beginning of year		<u>12,400,187</u>	<u>12,400,187</u>
			Net Position, end of year		<u>\$ 13,875,462</u>	<u>\$ 13,875,462</u>

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

**TOWN OF CHEVERLY, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents - unrestricted	\$ 12,179,010	\$ 12,179,010
Investments	2,250,243	2,250,243
Taxes receivable	79,979	79,979
Due from other governments	174,718	174,718
Prepaid	7,617	7,617
TOTAL ASSETS	14,691,567	14,691,567
DEFERRED OUTFLOWS OF RESOURCES		
	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 14,691,567	\$ 14,691,567
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,587,176	\$ 1,587,176
Unearned revenue	706,971	706,971
Employee benefits payable	2,361	2,361
TOTAL LIABILITIES	2,296,508	2,296,508
DEFERRED INFLOWS OF RESOURCES		
	-	-
FUND BALANCES		
Restricted - ARPA	1,410,490	1,410,490
Restricted - HUR	310,398	310,398
Restricted - Eley building	5,069,245	5,069,245
Unassigned	5,604,926	5,604,926
TOTAL FUND BALANCES	12,395,059	12,395,059
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 14,691,567	\$ 14,691,567

**RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
JUNE 30, 2024**

<i>Total Governmental Fund Balances</i>	\$ 12,395,059
Long-term liabilities, including loans payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(11,998,153)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,447,390
Deferred outflows of resources related to the net pension liability is not reported in the funds.	1,140,598
Deferred inflows of resources related to the net pension liability is not reported in the funds.	(109,432)
<i>Net Position of Governmental Activities</i>	\$ 13,875,462

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

TOWN OF CHEVERLY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Total Governmental Funds	
REVENUES			
Taxes	\$ 6,725,628	\$ 6,725,628	<i>Net Change in Fund Balances - Total Governmental Funds</i> \$ (2,553,035)
Licenses and permits	183,145	183,145	
Intergovernmental	2,482,698	2,482,698	
Fines and forfeitures	619,976	619,976	Governmental funds report capital outlays as expenditures.
Service charges	3,568	3,568	However, in the statement of activities, the cost of those
Miscellaneous	271,505	271,505	assets is allocated over their estimated useful lives as
Total Revenues	10,286,520	10,286,520	depreciation expense. This is the amount by which
			capital outlays exceed depreciation in the current period. 4,323,175
EXPENDITURES			
Current Operations			Increases in deferred inflows of resources relating to state
General government	1,886,074	1,886,074	income taxes do not provide current financial resources and
Public safety	2,468,168	2,468,168	are not reported as revenue in the governmental funds. -
Public works	2,875,643	2,875,643	
Capital outlays	5,069,926	5,069,926	Difference in accounting for compensated absences between
Debt Service			modified accrual and accrual accounting. (2,477)
Principal	140,000	140,000	
Interest	399,744	399,744	
Total Expenditures	12,839,555	12,839,555	
Excess of revenues over (under)			Pension expense pertaining to the net pension liability is not
 expenditures	(2,553,035)	(2,553,035)	reported in the funds. (432,388)
Excess of revenue and other financing			
 sources over (under) expenditures	(2,553,035)	(2,553,035)	Payment on long-term debt is an expenditure in the funds, but
Fund balance, beginning of year	14,948,094	14,948,094	reduces long-term debt in the government-wide statements.
			This is the principal portion of debt repayment. 140,000
Fund balance, end of year	\$ 12,395,059	\$ 12,395,059	<i>Change in Net Position of Governmental Activities</i> \$ 1,475,275

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

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Cheverly, Maryland is a municipal corporation governed by an elected mayor and an elected town council and provides the following services as authorized by its charter: public safety, public works and general administrative services. The Town's major sources of revenues are real estate taxes, income taxes and usage taxes.

The accounting policies of the Town of Cheverly conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

In evaluating how to define the Town of Cheverly, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set by the Governmental Accounting Standards Board. Component units are legally separate organizations for which the elected officials of the Town are financially accountable and a financial benefit or burden relationship exists. In addition, component units can be other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading. Based upon the application of criteria set by the Governmental Accounting Standards Board, there are no separate component units of the Town.

Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Town's funds are grouped into one broad fund category.

Governmental funds include the General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Accounting

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal activity (between or within funds). This is the same approach used in the preparation of the proprietary fund financial statements, if any, but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, and program revenues for each segment of the business-type activities, if any, of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect costs are allocated to programs. When both restricted and unrestricted resources are available for use, it is the town's policy to use restricted resources first, then unrestricted resources as needed. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town. Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Separate financial statements are provided for governmental funds, proprietary funds, if any, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column.

Governmental Funds

Town activities pertaining to general government, public safety, public works, recreation, and culture are reported in the governmental funds. All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental fund is:

- General Fund – This is the Town’s primary operating fund. It is used to account for all financial resources except for those required to be accounted for in another fund.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collectible within the current year or within two months of year-end and available to pay obligations of the current period). These include property taxes, franchise taxes, investment earnings, charges for services and intergovernmental revenues.

Some revenues, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, some revenues are recorded as receivables and deferred inflows of resources.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments held at June 30, 2024 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Receivables

Current receivables at June 30, 2024, consist of income tax, property tax, state and county police protection grants, cable franchise fees, reimbursements, and fines. Current accounts receivable is deemed collectible in full.

Inventory of Supplies

The Town's general fund inventories are not significant and, therefore, are not reported on its balance sheet.

Prepaid Expenses

Certain payment to vendors reflects costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the allocation method.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Deferred Outflows and Inflows of Resources

A *deferred outflow of resources* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a *deferred inflow of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as bridges, roads, curbs and gutters, streets, sidewalks, drainage systems and lighting systems are capitalized. Capital assets are defined by the Town as assets with an original, individual cost of \$1,000 or more and an estimated useful life, in excess of, one year. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated. Intangible assets are recognized if they are identifiable, and are amortized over their useful lives if they do not have indefinite useful lives.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 40 to 50 years; improvements, 15 to 50 years; infrastructure, 20 to 50 years; machinery and equipment, 3 to 10 years; vehicles, 5 to 10 years; and computers, 3 to 5 years.

Restricted Reserves

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

Interest Expense

Interest is expensed as incurred except when interest is incurred during the construction period and is capitalized as part of the cost of the asset.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Compensated Absences

The Town allows its eligible employees to accrue up to 240 hours (30 days) of vacation leave. Upon employee termination, the Town pays up to the 240-hour maximum for accrued vacation time. All other amounts, including sick leave, are forfeited. As of June 30, 2024, the liability for compensated absences is \$127,243.

The Town pays all outstanding leave up to the maximum at separation. A liability for vacation pay is recorded in governmental fund financial statements only if it has matured (i.e., unused reimbursable leave still outstanding following an employee’s resignation or retirement).

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that were used.

Equity Classifications

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, and reduced or increased by deferred inflows and outflows attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation and are reduced by liabilities and deferred inflows of resources related to those constraints.

Unrestricted net position – consist of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first and then unrestricted resources as needed.

**TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of restrictions imposed externally by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by the Town Charter, Town Code or enabling legislation.
3. Committed Fund Balance – amounts that can be used only for specific purposes determined by a formal action by Town Council, the Town’s highest level of decision-making authority, ordinance or resolution.
4. Assigned Fund Balance – amounts that are constrained by the Town’s intent that they will be used for specific purposes but are neither restricted nor committed. Pursuant to the Town Charter, the Town Manager and the Town Council are authorized to assign amounts for specific purposes.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The Town considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Town also considers committed fund balances to spend first when other unrestricted fund balance classifications are available for use.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements for all funds:

Annual budgets are adopted for all Town funds. The Town Council may subsequently amend the budget and the budget was amended during fiscal year 2024. For day-to-day management control, expenditures may not exceed budget at the departmental level.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposit Policies

Per §6–222, statutes authorize the Town to invest in certificates of deposit, repurchase agreements, banker’s acceptance, and other available bank investments provided that approved securities are pledged to secure those funds deposited in an amount equal to the amount of those funds. In addition, the Town can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law and can invest in the State of Maryland Local Government Investment Pool.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town’s policy requires deposits to be insured by FDIC, and balances exceeding FDIC limits be secured by collateral valued at 102 percent of principal and accrued interest. Collateral is to be held by the Town, its agent, or by the pledging financial institution’s trust department or agent in the name of the Town.

At year-end, the carrying amount of the Town’s deposits was \$12,178,011 and the bank balance totaled \$12,177,474. Of the bank balances, \$250,000 was insured by the Federal Depository Insurance Corporation (FDIC) and the remainder was covered by collateral held in the pledging bank’s trust department in the Town’s name.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no policy regarding credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town’s policy provides that investments generally be limited to those with maturities of one year or less.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. The Town’s policy states that the Town will diversify its investments by security type and institution and no more than 50% of the Town’s total investment portfolio will be invested in a single security type or with a single financial institution. At year end the Town has more than 50% invested at a single institution.

**TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – DEPOSITS AND INVESTMENTS - continued

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Town policy provides that investment collateral is held by a third-party custodian with whom the Town has a current custodial agreement in the Town’s name.

Generally, the Town’s investing activities are managed by the Town Manager. Investing is performed in accordance with investment policies adopted by the Town Council complying with State Statutes and the Town Charter. Town funds may be invested in: 1) U.S. Treasury obligations; 2) U.S. Government Agency and U.S. Government-sponsored instrumentalities; 3) Repurchase agreements (master repurchase agreement required); 4) Collateralized certificates of deposit (only Maryland commercial banks) corporation, special district authority or political subdivision thereof, or in any fund or trust that invests only in the securities described in this paragraph; and 5) the Maryland Local Government Investment Pool.

Investments

The Town has invested at June 30, 2024, \$2,250,243 in the State of Maryland Local Government Investment Pool (MLGIP). The pool is under the administrative control of the State’s Treasurer’s Office. The Town’s investments are shown by type, carrying amount, fair value, cost and level of risk assumed in holding the various accounts. Investments are carried at cost which approximates market. The fair value of MLGIP investments is determined daily. PNC Bank is currently contracted to operate the Pool and may invest in any instrument permitted by Section 6-222 of the State Finance and Procurement Article. The Town’s fair value position in the Pool is the same as the value of pool share.

As of June 30, 2024, the Town had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>
MLGIP	<u>\$ 2,250,243</u>	<u>\$ 2,250,243</u>	AAAm
Total Investments	<u><u>\$ 2,250,243</u></u>	<u><u>\$ 2,250,243</u></u>	

Note: Ratings are provided where applicable to indicate associated Credit Risk.

**TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 – RECEIVABLES

Receivables are comprised of the following as of June 30, 2024:

Personal property tax	\$ 79,979
Total	<u>\$ 79,979</u>

NOTE 5 – PROPERTY TAXES

Real estate and personal property taxes are levied based on the State of Maryland's assessments. The tax rate for the year ended June 30, 2024, was \$0.5299 per \$100 of assessed value for single family units and \$0.71 per \$100 of assessed value for multi-family units. For personal property the rate is \$1.10 per \$100 of the assessed value.

Real estate taxes are levied on July 1 and are payable by September 30 of the same year. After September 30, the Town charges both penalties and interest upon the unpaid balance. If the taxes remain unpaid the property is placed with Prince George's County for tax sale the following May.

Personal property taxes are levied throughout the year when the assessment is received from the State of Maryland. The taxes are payable within 30 days after levy. Penalties and interest are charged on any unpaid taxes after the thirty days has expired.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	\$ 1,576,024	\$ -	\$ -	\$ 1,576,024
Construction in progress	897,039	4,277,737	-	5,174,776
Subtotal	<u>2,473,063</u>	<u>4,277,737</u>	<u>-</u>	<u>6,750,800</u>
Depreciable capital assets:				
Buildings & improvements	3,687,256	14,094	-	3,701,350
Machinery & equipment	1,832,167	15,463	-	1,847,630
Land improvements	933,826	-	-	933,826
Infrastructure	2,795,179	186,258	-	2,981,437
Vehicles	3,344,051	576,374	-	3,920,425
Subtotal	<u>12,592,479</u>	<u>792,189</u>	<u>-</u>	<u>13,384,668</u>
Total capital assets	<u>15,065,542</u>	<u>5,069,926</u>	<u>-</u>	<u>20,135,468</u>
Accumulated depreciation:				
Buildings & improvements	1,624,301	79,512	-	1,703,813
Machinery & equipment	1,388,048	129,086	-	1,517,134
Land improvements	521,176	26,438	-	547,614
Infrastructure	952,650	150,733	-	1,103,383
Vehicles	2,455,152	360,982	-	2,816,134
Subtotal, accumulated depreciation	<u>6,941,327</u>	<u>746,751</u>	<u>-</u>	<u>7,688,078</u>
Net capital assets	<u>\$ 8,124,215</u>	<u>\$ 4,323,175</u>	<u>\$ -</u>	<u>\$ 12,447,390</u>

Depreciation was charged to functions as follows:

Government activities:	
General government	\$ 75,213
Public safety	350,785
Public works	320,753
Total government activities depreciation expense	<u>\$ 746,751</u>

The Town has entered into a contract to build a new public works building.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN

The Town participates in the Maryland State Pension System (the “System”) described below and qualifies as a Participating Governmental Unit (“PGU”). The State Retirement Agency (the “Agency”) is the Plan administrator and fiduciary. GASB No. 68 requires that a PGU recognize its proportionate share of the System’s net pension liability (i.e., unfunded pension liability) and pension expense. The Town’s proportionate share of the net pension liability is based on total System contributions and approximates \$2,100,706 as of the measurement date of June 30, 2023.

GASB No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The Town’s fiscal 2024 contribution of \$434,252 is therefore recognized as a pension-related deferred outflow of resources.

A. Description of Plan

The State of Maryland identifies multiple-employer defined benefit pension plans as cost-sharing plans.

On October 1, 1941, the Employees’ Retirement System of the State of Maryland was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees’ Retirement System was essentially closed to new members and the Employees’ Pension System was established.

The Employees’ Pension System of the State of Maryland (Pension System) was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System. The Employees Contributory Pension System of the State of Maryland (Contributory Pension System) was established July 1, 1998.

Under the terms of the Pension System, a member may retire with full benefits upon attaining age 60 or after completing 30 years of eligible service regardless of age. A member may retire with reduced benefits prior to attaining age 60 after completing 25 years of eligible service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested retirement allowance upon age 60.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN- continued

Under the terms of the Contributory Pension System, a member may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least five years of service. An employee may also take early retirement with reduced benefits at age 55 with 15 years of service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62.

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service multiplied by a factor. This factor varies from 1.2% to 2.0% per eligible service year, depending on employee/employer contributions and other plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

Benefits under the two plans are established under the State Personnel and Pensions Article of the Annotated Code of Maryland.

The Maryland State Retirement Agency issues a comprehensive annual financial report that includes disclosures regarding: plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The pension plans' fiduciary net position has been determined on the same basis used by the pension plans. The pension plans' financial statements are prepared on the accrual basis of accounting and are prepared in accordance with principles generally accepted in the United States of America that apply to governmental accounting for fiduciary funds. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Actual employer contributions billed to participating governmental units for the year ending June 30, 2023, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. The contributions were not adjusted to account for differences between actuarially determined contributions and actual contributions by the State of Maryland. This report can be obtained from the agency's office as follows:

State Retirement and Pension System of Maryland
120 E. Baltimore Street, Suite 1601
Baltimore, Maryland 21202-1600

**TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – RETIREMENT PLAN - continued

Funding Policy

Obligations to contribute to the plans are under the Annotated Code of Maryland. Members of the three plans contribute a percentage of their gross employee compensation. For the Retirement System and Contributory Pension System, members contribute 7 percent, 2 percent and 3 percent. Contribution rate to the Contributory Pension System was 4 percent for fiscal year 2008 and will be 5 percent for each fiscal year thereafter.

Required contributions under the plans are not funded by employee contributions but are funded entirely by the Town. Contributions by the Town to all three State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The Town contributions for the year ending June 30, 2024 are based on salaries for the year ending June 30, 2023. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The required and actual contributions for the fiscal years ending June 30th were as follows and are determined on an actuarially determined basis:

	Fiscal Year Ending June 30		
	2024	2023	2022
Retirement plan contributions	<u>\$ 434,252</u>	<u>\$ 371,967</u>	<u>\$ 273,795</u>

The Town contributed \$434,252 to the System for fiscal year 2024 which was actuarially determined based on statutory provisions. The Town has also recognized in Pension Expense its proportionate share of the System’s deferred inflows of resources (an increase in Pension Expense) attributable to the net difference between projected and actual investment earnings on pension plan assets and its proportionate share of the System’s deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN – continued

Required disclosures aggregate for the plan:

	<u>Maryland State Pension System</u>
Total pension liability	\$ 87,923,284,000
Total fiduciary net position	64,892,973,000
Town's proportionate share of total pension liabilities	3,098,439
Town's proportionate share of net pension liabilities	0.0134537%
Total pension assets	64,892,973,000
Measurement date of collective net pension liability	June 30, 2023
Date of actuarial valuation	June 30, 2023
Deferred outflows related to pensions	1,140,598
Deferred inflows related to pensions	109,432
Pension expense for the period	432,388

Actuarial assumptions

The annual required contribution for the current year was determined as part of the actuarial valuation as of June 30, 2023. The key assumptions used to perform the June 30, 2023, pension liability calculation for the System are as follows:

Actuarial Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Asset valuation method	5-year smoothed market; 20% collar
Inflation (b)	2.25% general, 2.75% wage
Salary Increases	2.75%
Discount Rate (a)	6.80%
Investment Rate of Return (b)	6.80%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

- (a) Discount rate at prior measurement date was 6.80%.
- (b) There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the following assumption changes in the 2022 valuation:
 - a. Investment return assumption remained the same at 6.80%.
 - b. Inflation assumption remained the same at 2.60%.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN- continued

The components of the net pension liability for the System as of June 30, 2023, calculated in accordance with GASB Statement No. 67, are shown in the following table:

Total pension liability	\$ 87,923,284,000
Plan Fiduciary Net Position	<u>64,892,973,000</u>
Net Pension Liability	<u><u>\$ 23,030,311,000</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u><u>73.81%</u></u>

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Pension System’s Board after considering input from the investment consultant(s) and actuary(s). For each major asset class that is included in the Pension System’s target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocations	Long-term Expected Real Rate of Return
Public equity	37%	4.7%
Private equity	13%	6.5%
Rate sensitive	19%	-0.4%
Credit opportunity	9%	2.6%
Real assets	14%	4.2%
Absolute return	8%	2.0%
Total	100%	

The above was the Pension System’s Board of Trustee’s adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2023.

**TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – RETIREMENT PLAN- continued

Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the System’s net pension liability and the Town’s proportionate share of the System’s net pension liability, calculated using a single discount rate of 6.80%, a single discount rate that is 1-percentage point lower (i.e., 5.80%), and a single discount rate that is 1-percentage point higher (i.e., 7.80%).

	1% Lower - 5.80%	Current Rate - 6.80%	1% Higher - 7.80%
The System's Net Pension Liability	\$ 34,149,289,000	\$ 23,030,311,000	\$ 13,803,484,000
The Town's Proportionate Share of the Net Pension Liability	\$ 4,594,358	\$ 3,098,439	\$ 1,857,085

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the Town’s reported a liability of \$3,098,439 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2023, the Town’s proportion was approximately 0.01345 percent.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN- continued

For the year ended June 30, 2024, the Town recognized a pension expense of \$432,388. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ -	\$ -
Differences in actual and expected experience	-	102,043
Net difference between projected and actual earnings on pension plan investments	698,957	-
Contributions made subsequent to the measurement date	434,252	-
Changes in proportion and differences between employer contributions and share of contributions	7,389	7,389
Total	\$ 1,140,598	\$ 109,432

The deferred outflows of resources of \$434,252 relating to contributions subsequent to the measurement date will be recognized as a reduction of the Town’s net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources are being amortized over a five-year period beginning in fiscal 2024. These unamortized amounts will be ratably recognized in pension expense over the next four years.

Net Pension Liability

The components of the Town’s proportionate share of the Pension System’s net pension liability as of the measurement date of June 30, 2023, were as follows:

Total pension liability	\$ 11,828,973
Plan Fiduciary Net Position	8,730,534
Net Pension Liability	<u><u>\$ 3,098,439</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 <u><u>73.81%</u></u>

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFERRED COMPENSATION PLAN

The Town also provides a deferred compensation plan in accordance with Internal Revenue Code Section 457. All employees are eligible to participate immediately. Plan provisions and contribution requirements are established and may be amended by the Town council. The Town’s plan is administered by ICMA Retirement Corporation. ICMA Retirement Corporation is also the trustee. The Town contributes nothing towards the plan and employees may make voluntary contributions of up to \$7,500 annually. During fiscal year 2024 the Town’s employees contributed \$153,527.

In compliance with the Internal Revenue Code Section 457(g), all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. Investments designated for compensation benefits are no longer reported on the Town’s balance sheet. Accordingly, the fair value of the plan assets at June 30, 2024, is not reflected in the Town’s financial statements.

NOTE 9 – LONG-TERM OBLIGATIONS

The Town’s only long-term obligations for the year ended June 30, 2024, are \$127,243 for compensated absences and net pension liability of \$3,098,439, and a bond payable of \$8,772,471.

Changes in the long-term obligation relating to compensated absences for the year ended June 30, 2024, follow:

	Balance at July 1, 2023	Additions	Retirements	Balance at June 30, 2024	Amount due in 1 year
Bond payable	\$ 8,912,471	\$ -	\$ 140,000	\$ 8,772,471	\$ 140,000
Net pension liability	2,100,706	997,733	-	3,098,439	-
	<u>\$ 11,013,177</u>	<u>\$ 997,733</u>	<u>\$ -</u>	<u>\$ 11,870,910</u>	<u>\$ 140,000</u>

	Balance at July 1, 2023	Additions	Reductions	June 30, 2024	Amount Due Within 1 Year
Compensated Absences	\$ 124,766	\$ 2,477	\$ -	\$ 127,243	\$ -

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – LONG-TERM OBLIGATIONS - continued

Bond payable: On November 17, 2022, the Town issued 5% interest-bearing bonds in the amount of \$8,912,471 with the State of Maryland for the purpose of expenditures made in connect with a project generally identified as the new Eley Building. This is a general obligation debt of the Town and matures in June 2053. Interest payments are due semi-annually (May 1 and November 1), with principal paid annually (November 1), beginning May 1, 2023. At June 30, 2024, \$8,772,471 was outstanding.

The principal and interest requirement to maturity of the bond payable is as follows:

Bond Payable			
Year(s) Ended	Principal	Interest	Total
June 30			
2025	\$ 145,000	\$ 392,094	\$ 537,094
2026	155,000	384,594	539,594
2027	160,000	376,719	536,719
2028	170,000	368,469	538,469
2029	180,000	359,719	539,719
2030-2034	1,030,000	1,652,844	2,682,844
2035-2039	1,300,000	1,381,794	2,681,794
2040-2044	1,605,000	1,084,894	2,689,894
2045-2049	1,995,000	688,009	2,683,009
2050-2053	2,032,471	186,619	2,219,090
	\$ 8,772,471	\$ 6,875,753	\$ 15,648,224

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – CONCENTRATIONS

The Town derives most of its revenues, except grants, from its citizens. The Town provides various services to its residents. The Town is located in northern Prince George’s County, Maryland.

NOTE 11 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to workers; and natural disasters.

The Town has an insurance agreement with the Local Government Insurance Trust (LGIT), a public entity risk pool. LGIT provides the Town’s property, general, automobile, employee, health, police and public officials’ legal liability insurance coverage.

This is a total risk and cost sharing pool for all participants. In the event that the Trust’s General Fund falls into a deficit that cannot be satisfied by transfers from the Trust’s capital and surplus accounts, the Trustees shall determine a method to fund the deficit.

The Trust agreement empowers the Trustees to assess an additional premium to each deficit-year participant. Debt issues could also be used to fund a deficit.

Premiums are charged to the Town’s General Fund, with no provision made for claim liability in addition to premiums, unless an assessment is made by the Trust. There have been no assessments during the year ended June 30, 2024 and the amount of settlements has not exceeded coverage for each of the past three years.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants

The Town receives grants from time-to-time. Expenditures from certain grants are subject to audit by the grantor, and the Town is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the Town’s management, no material refunds will be required as a result of disallowed expenditures.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – FUND BALANCE REPORTING

Fund balances for the Town’s governmental funds consisted of the following as of June 30, 2024:

Restricted Fund Balances

Restricted fund balance is \$6,790,133, which includes \$1,410,490 pertaining to ARPA, \$310,398 for HUR, and \$5,069,245 for the Eley building.

Unassigned Fund Balances

The unassigned fund balance in the general fund is \$5,604,926.

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements:

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

Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, effective for reporting periods beginning after June 15, 2022.

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

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

The Town will implement these statements as necessary as of their effective dates. The Town is still in the process of determining the effect of implementing these GASB statements.

**TOWN OF CHEVERLY, MARYLAND
SCHEDULES OF REQUIRED PENSION-RELATED
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

	FY2023	FY2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Town's proportion (%) of collective net pension liability	0.0027678%	0.0026448%	0.0021032%	0.0025532	0.00222674%	0.0025568%	0.0025955%
Town's proportionate share (\$) of collective net pension liability	\$ 3,098,439	\$ 3,363,973	\$ 2,670,369	\$ 2,418,400	\$ 2,129,206	\$ 2,418,508	\$ 2,384,346
Town's covered payroll(\$)	\$ 2,321,772	\$ 2,203,566	\$ 2,159,831	\$ 2,043,983	\$ 2,105,467	\$ 1,942,271	\$ 1,813,428
Town's proportionate share of collective net pension liability as a percentage of its covered-employee payroll	133.45%	152.66%	123.64%	118.32%	101.13%	124.52%	131.48%
Pension plan's fiduciary net position as a percentage of the total pension liability	73.81%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%

The years shown above reflect the June 30 reporting dates.

**SCHEDULE OF THE TOWN'S PENSION PLAN CONTRIBUTIONS
Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 434,252	\$ 368,241	\$ 319,122	\$ 306,590	\$ 229,843	\$ 200,412	\$ 199,688
Contributions in relation to the contractually required contribution	<u>434,252</u>	<u>368,241</u>	<u>319,122</u>	<u>306,590</u>	<u>229,843</u>	<u>200,412</u>	<u>199,688</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
Town's covered-employee payroll	2,321,772	2,203,566	2,159,831	2,043,983	2,105,467	1,942,271	1,813,428
Contributions as a percentage of covered-employee payroll	19.7%	17.0%	15.6%	14.6%	11.8%	11.1%	11.0%

The above schedules are presented to illustrate the requirement for specific information for 10 years; however, until a full 10-year trend is compiled, information is only presented for those years for which information is available. Covered payroll listed above represents payroll as of the MSRPS measurement date.

**TOWN OF CHEVERLY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES-UNAUDITED
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	\$ 6,656,392	\$ 6,656,392	\$ 6,725,628	\$ 69,236
Licenses and permits	183,500	183,500	183,145	(355)
Intergovernmental	2,370,023	2,370,023	2,482,698	112,675
Fines and forfeitures	665,500	665,500	619,976	(45,524)
Miscellaneous	6,581,700	6,581,700	271,505	(6,310,195)
Service charges	2,150	2,150	3,568	1,418
Total Revenues	<u>\$ 16,459,265</u>	<u>\$ 16,459,265</u>	<u>\$ 10,286,520</u>	<u>\$ (6,172,745)</u>
Expenditures				
General government	\$ 1,916,597	\$ 1,921,597	\$ 1,890,379	\$ 31,218
Public safety	2,516,818	2,516,818	2,468,168	48,650
Public works	12,205,396	12,205,396	7,941,264	4,264,132
Debt service	539,219	539,219	539,744	(525)
Appropriated from fund balance	(718,765)	(723,765)	-	(723,765)
Total Expenditures	<u>\$ 16,459,265</u>	<u>\$ 16,459,265</u>	<u>\$ 12,839,555</u>	<u>\$ 3,619,710</u>

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Taxes			
Real estate	\$ 4,585,786	\$ 4,587,647	\$ 1,861
Personal property - utilities	145,454	155,746	10,292
Personal property - business	415,000	277,697	(137,303)
Local income	1,100,000	1,315,638	215,638
Hotel/motel tax	110,000	88,587	(21,413)
Highway users tax	298,852	298,753	(99)
Admissions and amusement tax	-	220	220
Bank stock tax	1,300	1,340	40
Total Taxes	<u>6,656,392</u>	<u>6,725,628</u>	<u>69,236</u>
Licenses and Permits			
Traders licenses	-	26	26
Building permits	2,000	8,848	6,848
Residential business licenses	1,500	1,736	236
Rental housing licenses	65,000	66,000	1,000
Cable television franchise fees	115,000	106,535	(8,465)
Total Licenses and Permits	<u>183,500</u>	<u>183,145</u>	<u>(355)</u>
Intergovernmental			
Police protection	134,116	115,925	(18,191)
Disposal fee rebate	18,840	18,840	-
Program open space	180,000	98,021	(81,979)
American Rescue Plan Act	-	1,991,569	1,991,569
CDBG grant	267,067	258,343	(8,724)
Stormwater - MOU	370,000	-	(370,000)
General Assembly bond bill funds	1,400,000	-	(1,400,000)
Total Intergovernmental	<u>2,370,023</u>	<u>2,482,698</u>	<u>1,882,675</u>
Service charges			
Residential parking stickers	150	191	41
Special trash/appliance pickups	500	420	(80)
Park pavilion fees	500	2,175	1,675
Compost bins/rain barrels	-	782	782
Mulch delivery fees	1,000	-	(1,000)
Total service charges	<u>2,150</u>	<u>3,568</u>	<u>1,418</u>

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Fines and Forfeitures			
Parking fines	\$ 500	\$ 2,651	\$ 2,151
Municipal infractions	-	692	692
Red light camera fines	650,000	612,753	(37,247)
Speed camera enforcement	15,000	3,880	(11,120)
Total Fines and Forfeitures	<u>665,500</u>	<u>619,976</u>	<u>(45,524)</u>
Miscellaneous			
Sale of fixed assets	-	10,100	10,100
Lot maintenance	-	1,339	1,339
Miscellaneous	1,500	26,018	24,518
Other police revenue	200	2,682	2,482
Donations	-	975	975
WMATA	-	7,800	7,800
Insurance proceeds	-	101,783	101,783
Bond proceeds	6,400,000	-	(6,400,000)
Interest income	180,000	120,808	(59,192)
Total Miscellaneous	<u>6,581,700</u>	<u>271,505</u>	<u>(6,310,195)</u>
Total Revenues	<u>\$ 16,459,265</u>	<u>\$ 10,286,520</u>	<u>\$ (4,402,745)</u>

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
General Government			
Mayor and Council			
Personnel			
Salaries and wages	\$ 45,600	\$ 49,985	\$ (4,385)
Retirement	5,980	4,818	1,162
Social security	3,525	3,823	(298)
Official expenses	3,000	3,208	(208)
Consultant service system	8,000	11,200	(3,200)
Travel and training	13,000	22,249	(9,249)
Total Personnel	<u>79,105</u>	<u>95,283</u>	<u>(16,178)</u>
Operating			
Public officials liability insurance	\$ 13,000	\$ 10,152	\$ 2,848
Materials and supplies	3,000	7,355	(4,355)
Newsletter	38,000	45,357	(7,357)
Public information	12,000	6,835	5,165
Public officials association	12,000	10,835	1,165
Election expense	4,000	-	4,000
Total Operating	<u>82,000</u>	<u>80,534</u>	<u>1,466</u>
Total Mayor and Council	<u>161,105</u>	<u>175,817</u>	<u>(14,712)</u>
Administration			
Personnel			
Salaries and wages	491,372	430,274	61,098
Overtime	20,000	22,855	(2,855)
Retirement	29,000	40,354	(11,354)
Retirement supplement	10,000	9,713	287
Workmen's compensation	3,500	853	2,647
Social security	39,120	34,355	4,765
Hospitalization	73,500	76,953	(3,453)
Life insurance/long-term disability	2,200	2,627	(427)
Unemployment	200	340	(140)
Total Personnel	<u>668,892</u>	<u>618,324</u>	<u>50,568</u>
Professional Fees			
Operating			
Travel and training	20,000	22,955	(2,955)
Tuition assistance	15,000	35,813	(20,813)
Auto insurance	2,500	2,500	-
Materials, supplies & equipment	15,000	18,817	(3,817)
Miscellaneous	5,000	11,530	(6,530)
Banking fees	13,000	4,640	8,360
Credit card fees	1,500	1,008	492
Subscriptions and memberships	2,500	9,733	(7,233)
Consultant/accountant	53,600	74,576	(20,976)
Recruitment and advertising	2,000	1,804	196
Employee assistance	6,500	-	6,500
Telephone	17,000	9,885	7,115
Office equipment maintenance	2,000	-	2,000
Private property/lots	4,000	14,628	(10,628)
Residential parking	2,000	-	2,000
Uniforms	1,000	265	735
Postage	1,000	6,202	(5,202)
Total Operating	<u>163,600</u>	<u>214,356</u>	<u>(50,756)</u>
Total Administration	<u>\$ 832,492</u>	<u>\$ 832,680</u>	<u>\$ (188)</u>

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Appointed committees			
Operating			
Cheverly day	\$ 20,000	\$ 16,076	\$ 3,924
Cheverly planning board	300	-	300
Cheverly youth committee	15,000	2,323	12,677
Green infrastructure	300	-	300
Interpretive services	3,000	-	3,000
Residential Covid Relief Grants	20,000	17,512	2,488
Police Chief advisory board (PCAB)	2,000	-	2,000
Cheverly community market	5,000	5,000	-
Cheverly recreation	4,500	677	3,823
Technology & comm committee	-	16,811	(16,811)
Total Municipal Building	<u>70,100</u>	<u>58,399</u>	<u>11,701</u>
Debt service			
Operating			
Municipal bond interest payment	\$ 399,219	399,744	\$ (525)
Municipal bond principal payment	140,000	140,000	-
Total Municipal Building	<u>539,219</u>	<u>539,744</u>	<u>(525)</u>
Contractual - consulting services			
Auditors	\$ 25,000	\$ 20,263	\$ 4,737
Legal counsel-retainer fees	90,000	133,522	(43,522)
Computer support	130,000	122,877	7,123
Arborist consultant	44,100	32,980	11,120
Landscaping	1,000	-	1,000
Professional services	40,000	65,591	(25,591)
External studies	1,000	-	1,000
Specialty consultants	-	64,311	(64,311)
Total Municipal Building	<u>331,100</u>	<u>439,544</u>	<u>(108,444)</u>
Non-Departmental - miscellaneous			
Municipal building supplies & maint	35,000	38,632	(3,632)
Municipal building utilities	37,000	55,571	(18,571)
Municipal building liability insurance	3,000	5,305	(2,305)
Municipal building - capital out	70,000	-	70,000
Red light camera contractor	305,500	256,513	48,987
Speed camera contractor	52,800	13,200	39,600
MD retirement admin fees	8,500	5,413	3,087
Animal and insect control programs	5,000	5,000	-
Total non-departmental - misc	<u>516,800</u>	<u>379,634</u>	<u>137,166</u>
Capital outlay			
Equipment (cable television)	10,000	2,660	7,340
Municipal building	-	1,645	(1,645)
Total capital outlay	<u>10,000</u>	<u>4,305</u>	<u>5,695</u>
Total General Government	<u>\$ 2,460,816</u>	<u>\$ 2,430,123</u>	<u>\$ 30,693</u>

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Safety			
Police department			
Personnel			
Salaries and wages	\$ 1,520,197	\$ 1,369,439	\$ 150,758
Overtime	80,000	42,165	37,835
Retirement	175,000	253,376	(78,376)
Retirement supplement (civilian)	7,000	-	7,000
Workmens' compensation	147,200	144,439	2,761
Social security	121,421	107,210	14,211
Hospitalization	158,000	154,136	3,864
Life insurance/long-term disability	7,000	5,135	1,865
Unemployment insurance	200	-	200
Total Personnel	<u>2,216,018</u>	<u>2,075,900</u>	<u>140,118</u>
Operating			
Travel and training	40,000	49,278	(9,278)
Community engagement	20,000	19,129	871
Police liability insurance	25,500	33,502	(8,002)
Auto insurance	21,000	30,791	(9,791)
Materials and supplies	20,000	14,597	5,403
Miscellaneous	10,000	12,914	(2,914)
Equipment	22,000	42,507	(20,507)
Chief's association	800	1,065	(265)
Uniforms	20,000	31,931	(11,931)
Applicant screening	5,000	15,046	(10,046)
Specialized services	40,000	40,866	(866)
Equipment maintenance	2,500	1,093	1,407
Auto repair	25,000	22,056	2,944
Building utilities	20,000	24,331	(4,331)
Credit card transactions	-	156	(156)
Telephone	12,000	33,347	(21,347)
Wireless communications	17,000	19,659	(2,659)
Total operating	<u>300,800</u>	<u>392,268</u>	<u>(91,468)</u>
Total Public Safety	<u>\$ 2,516,818</u>	<u>\$ 2,468,168</u>	<u>\$ 48,650</u>

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Public Works			
Administration			
Personnel			
Salaries and wages	\$ 1,370,682	\$ 1,186,168	\$ 184,514
Overtime	60,000	42,169	17,831
Retirement	165,000	101,189	63,811
Retirement supplement (civilian)	30,000	24,802	5,198
Workmen's compensation	70,000	3,618	66,382
Social security	109,447	77,949	31,498
Hospitalization	183,750	145,680	38,070
Life insurance/long-term disability	5,000	5,069	(69)
Unemployment	200	-	200
Total personnel	<u>1,994,079</u>	<u>1,586,644</u>	<u>407,435</u>
Operating			
Travel and training	20,000	23,433	(3,433)
Auto insurance	46,000	44,417	1,583
Material and supplies	18,000	11,844	6,156
Miscellaneous	3,000	4,501	(1,501)
Radio repair	1,000	-	1,000
Security system	3,250	2,551	699
Subscriptions and memberships	1,000	1,134	(134)
Uniforms/safety gear	35,000	22,947	12,053
Building facilities/yard	50,000	49,865	135
Total operating	<u>177,250</u>	<u>160,692</u>	<u>16,558</u>
Capital outlay			
Eley Building borrowed funds	6,300,000	2,916,124	3,383,876
Eley Building bond bill	1,400,000	45,125	1,354,875
Eley Building contingency	100,000	100,000	-
Equipment replacement	52,000	12,803	39,197
Total capital outlay	<u>7,852,000</u>	<u>3,074,052</u>	<u>4,777,948</u>
Total administration	<u>\$ 10,023,329</u>	<u>\$ 4,821,388</u>	<u>\$ 5,201,941</u>
Street division			
Operating			
Street repair	15,000	10,864	4,136
Snow/ice removal	25,000	18,120	6,880
Traffic control	30,000	20,101	9,899
Street maintenance-asphalt & concrete GF	101,148	97,749	3,399
Street maintenance-asphalt & concrete HUR	298,852	86,664	212,188
Street maintenance-asphalt & concrete CDBG	267,067	258,343	8,724
Stormwater equipment	-	241	(241)
Stormwater MOU	370,000	20,256	349,744
Street light electric utilities	75,000	86,166	(11,166)
Street light maintenance	25,000	1,381	23,619
Stormwater materials and supplies	2,000	-	2,000
Total operating	<u>1,209,067</u>	<u>599,885</u>	<u>609,182</u>
Capital outlay			
Eley building - ARPA	-	1,216,488	(1,216,488)
Vehicles PW - ARPA	-	52,211	(52,211)
Town Hall - ARPA	-	5,707	(5,707)
Vehicles Police - ARPA	-	308,868	(308,868)
Vehicles PW - ARPA	-	215,295	(215,295)
Stormwater project - ARPA	-	186,258	(186,258)
Website upgrades - ARPA	-	6,742	(6,742)
Total capital outlay	<u>-</u>	<u>1,991,569</u>	<u>(1,991,569)</u>
Total street division	<u>\$ 1,209,067</u>	<u>\$ 2,591,454</u>	<u>\$ (1,382,387)</u>

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Parks division			
Operating			
Tree service	\$ 200,000	\$ 153,371	\$ 46,629
Supplies	65,000	55,152	9,848
Tools/equipment	20,000	5,913	14,087
Park development (POS)	200,000	-	200,000
Total personnel	<u>485,000</u>	<u>214,436</u>	<u>70,564</u>
Garage division			
Operating			
Auto repair	50,000	31,024	18,976
Vehicle repair parts	50,000	41,827	8,173
Garage-tools and equipment	10,000	6,061	3,939
Vehicle truck database	3,000	3,000	-
Garage -consumables	15,000	8,388	6,612
Tires and tubes	50,000	11,522	38,478
Gas/oil/grease	120,000	58,011	61,989
Total garage division	<u>298,000</u>	<u>159,833</u>	<u>138,167</u>
Sanitation Division			
Operating			
Landfill disposal fees	120,000	113,085	6,915
Recycling contract	30,000	18,215	11,785
Materials and supplies	5,000	196	4,804
Compost bins	5,000	8,869	(3,869)
Sanitation/equipment repair	5,000	561	4,439
Recycling disposal fees	25,000	13,227	11,773
Total sanitation division	<u>190,000</u>	<u>154,153</u>	<u>35,847</u>
Total Public Works	<u>12,205,396</u>	<u>7,941,264</u>	<u>4,064,132</u>
Total Expenditures	<u><u>\$ 17,183,030</u></u>	<u><u>\$ 12,839,555</u></u>	<u><u>\$ 4,143,475</u></u>

**TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA#</u>	<u>Pass Through Grantor's #</u>	<u>Expenditures</u>
DEPARTMENT OF THE TREASURY			
Coronavirus State and Local Fiscal Recovery Funds	21.017		<u>\$ 1,991,569</u>
TOTAL DEPARTMENT OF THE TREASURY			<u>1,991,569</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant	14.218		<u>258,343</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>258,343</u>
TOTAL			<u><u>\$ 2,249,912</u></u>

**TOWN OF CHEVERLY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – GENERAL

The Schedule of Expenditures of Federal Awards comprises a listing of the federal revenues expended by the Town during the fiscal year ended June 30, 2024. The schedule is organized by program or grant as defined by the appropriate federal or state agency responsible for distributing the funds. All programs started and/or terminated during the year and those programs which remained open during the year are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Cheverly, Maryland, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Town has elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

Federal award expenditures are reported in the Town’s financial statements as follows:

<u>Grant Description</u>	<u>CFDA Number</u>	<u>FY 2024 Expenditures</u>
Coronavirus State and Local Fiscal Recovery Funds	21.017	\$ 1,991,569
Community Development Block Grants	14.218	<u>258,343</u>
Total Expenditures of Federal Awards		<u><u>\$ 2,249,912</u></u>

Single Audit testing procedures were not performed for program transactions occurring during the fiscal year ended June 30, 2023 or 2022.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and members of the Town Council
Town of Cheverly, MD

Report on Compliance for Each Major Federal Program

We have audited the Town of Cheverly, Maryland’s (the “Town”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town’s major federal programs for the year ended June 30, 2024. The Town’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Town’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



October 29, 2024

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and members of the Town Council
Town of Cheverly, Maryland

We have audited, 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, the financial statements of the governmental activities, the business type activities, and each major fund of the Town of Cheverly, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated October 29, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Kinday & Associates, LLC".

October 29, 2024

**TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Financial Statements</u>	<u>Summary of Auditor's Results</u>
1. Type of auditor's report issued:	Unmodified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
3. Noncompliance material to financial statements noted?	No
 <u>Federal Awards</u>	
1. Internal controls over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None reported
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with CFR Section 200.516(a)?	No
4. Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.017	Coronavirus State and Local Fiscal Relief Funds
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$ 750,000
6. Auditee qualified as low-risk auditee?	No

**TOWN OF CHEVERLY, MARYLAND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

Name of contact person: Dylan Galloway
Town Administrator

Contact Information: 301/773-8360

Corrective action planned and anticipated completion date: Not required as there are no findings and no prior year findings.