


TOWN OF CHEVERLY, MARYLAND
Cheverly, Maryland

FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

**BRIDGETT
MOCK**

& ASSOCIATES, P.A.
Certified Public Accountants



TOWN OF CHEVERLY, MARYLAND
For The Year Ended June 30, 2018
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Town Council
Town of Cheverly, Maryland
Cheverly, Maryland

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major fund information of the Town of Cheverly, Maryland, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund information of the Town of Cheverly, Maryland, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-12 and 50-59 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.

Bridgett, Mock & Associates, P. A.
Waldorf, Maryland
November 8, 2018

TOWN OF CHEVERLY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018. 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, 2018.

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 \$6,037,529 (net position). Of this amount, \$4,878,403 is net investment in capital assets, leaving an unrestricted net position of \$1,159,126.
- The Town's total net position decreased by \$1,985,872. The governmental net position increased by \$587,465 and the business-type net position decreased by \$2,573,337. The significant decrease in the net position of the business-type activities was due to the Enterprise Fund, referred to as the Fontana Fund, being closed during the year. The Town had a long term lease agreement on property held by the Fontana Fund with Fontana Lithograph. In July of 2017, the property was transferred to Fontana Lithograph as part of this lease agreement for no consideration.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$3,094,097, an increase of \$64,008 in comparison to the prior year. The ending fund balance of \$3,094,907 includes \$1,856,128 that is available for spending at the Town's discretion (unassigned fund balance).
- Land previously acquired and reported in the Fontana Fund, at purchase price of \$251,637, was transferred to the General Fund during the year. The Town purchased \$778,864 in new capital assets during the year which included three police cars, two public works trucks, police and public works equipment, new doors with locking system and an air conditioner for the Town Hall, a fueling canopy for public works and additional work done in Boyd Park.

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.

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 that found in 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 of 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 is 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. Business-type activities include rental property and Town improvement activities.

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.

The Town has two categories of funds:

- *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.

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* - Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges a fee. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

The Town maintains one enterprise fund that is used to report the same functions presented as business activities in the government-wide statements, which is the Fontana Fund. This fund was closed during the year ended June 30, 2018.

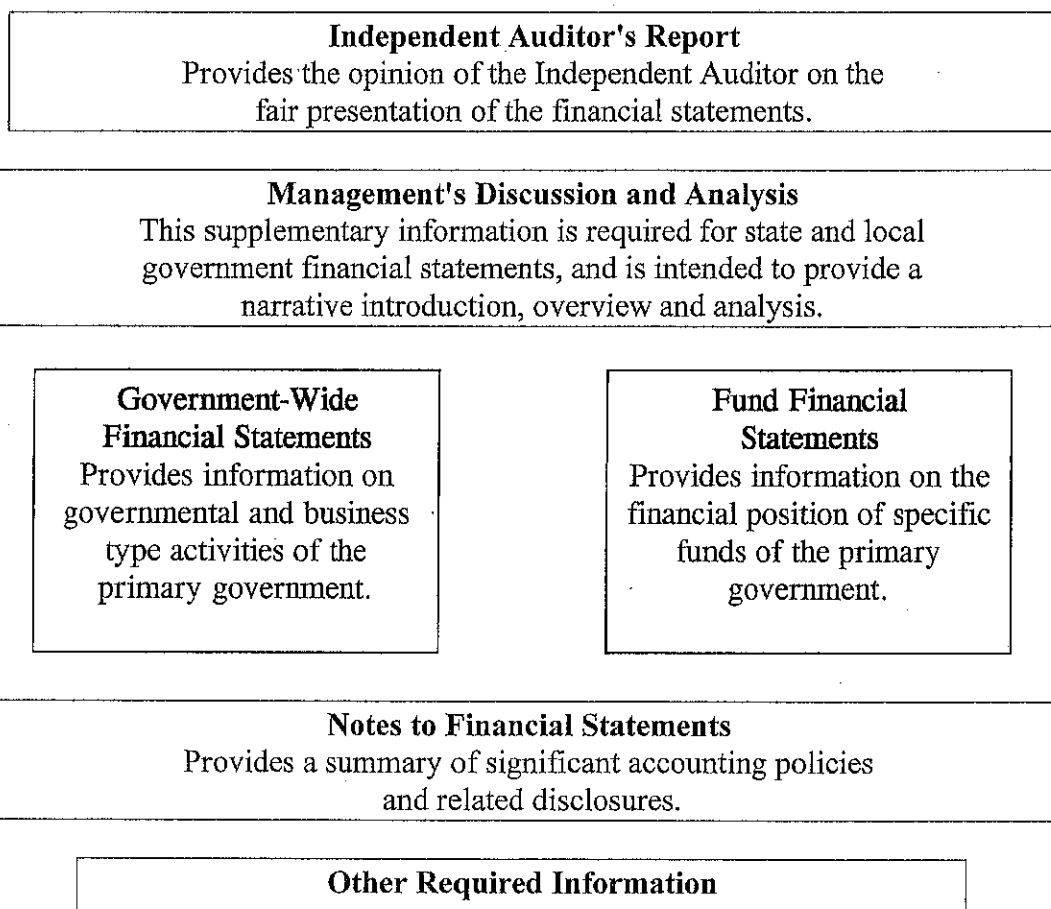
Notes to the Financial Statements

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.

Figure 1 shows how the various parts of this annual report are arranged and are related to one another.

Figure 1

Organization and Flow of Financial Section Information



GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The Town's net position at June 30, 2018 was \$6,037,529.

Of the Town's total net position, \$4,878,403 is reflected as net investment in capital assets which represents capital assets net of depreciation and unamortized debt used to acquire those assets. The Town uses these assets to provide services to the citizens of the Town. Consequently, these assets are not available for future spending.

Summary of Net Position

The following summarizes the Town-wide net position at fiscal years ended June 30, 2018 and 2017.

Table A-1
Statement of Activities Summary

	Government Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 3,417,994	\$ 3,431,689	\$ -	\$ 381,959	\$ 3,417,994	\$ 3,813,648
Capital assets, net of depreciation	5,243,398	4,692,186	-	2,753,300	5,243,398	7,445,486
Total Assets	8,661,392	8,123,875	-	3,135,259	8,661,392	11,259,134
Deferred Outflow of Resources	602,065	705,368	-	-	602,065	705,368
Liabilities						
Current liabilities	278,117	233,670	-	16,922	278,117	250,592
Long-term liabilities	2,663,945	2,983,833	-	545,000	2,663,945	3,528,833
Total Liabilities	2,942,062	3,217,503	-	561,922	2,942,062	3,779,425
Deferred Inflow of Resources	283,866	161,676	-	-	283,866	161,676
Net Position						
Net investment in capital assets	4,878,403	4,297,186	-	2,208,300	4,878,403	6,505,486
Restricted	-	-	-	365,037	-	365,037
Unrestricted	1,159,126	1,152,878	-	-	1,159,126	1,152,878
Total Net Position	\$ 6,037,529	\$ 5,450,064	\$ -	\$ 2,573,337	\$ 6,037,529	\$ 8,023,401

Results of Operations

For the fiscal year ended June 30, 2018 and 2017, the Town-wide results of operations were:

Table A-2
Statement of Activities Summary

	Government Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 1,128,686	\$ 1,086,952	\$ -	\$ 293,340	\$ 1,128,686	\$ 1,380,292
Operating grants	138,290	176,640	-	-	138,290	176,640
Total Program Revenues	1,266,976	1,263,592	-	293,340	1,266,976	1,556,932
General revenues						
Taxes	4,864,179	5,152,246	-	-	4,864,179	5,152,246
Net investment income	30,588	12,204	-	-	30,588	12,204
Other	131,392	83,952	-	-	131,392	83,952
Total General Revenues	5,026,159	5,248,402	-	-	5,026,159	5,248,402
Total Revenues	6,293,135	6,511,994	-	293,340	6,293,135	6,805,334
Expenses						
General government	1,163,154	1,017,221	-	-	1,163,154	1,017,221
Public safety	2,026,012	1,907,826	-	-	2,026,012	1,907,826
Public works	2,487,645	2,603,390	-	-	2,487,645	2,603,390
Interest expense	16,013	22,165	-	-	16,013	22,165
Fontana fund	-	-	2,586,183	100,107	2,586,183	100,107
Total Expenses	5,692,824	5,550,602	2,586,183	100,107	8,279,007	5,650,709
Transfers	(12,846)	-	12,846	-	-	-
Changes in Net Position	587,465	961,392	(2,573,337)	193,233	(1,985,872)	1,154,625
Net Position, beginning	5,450,064	4,488,672	2,573,337	2,380,104	8,023,401	6,868,776
Net Position, ending	\$ 6,037,529	\$ 5,450,064	\$ -	\$ 2,573,337	\$ 6,037,529	\$ 8,023,401

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

Analysis of Financial Position

- *Governmental Funds* - During the fiscal year ended June 30, 2018, the Town of Cheverly's fund balance increased by \$64,008. 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 \$0.54 per \$100 of assessed value on single family homes and an additional rate of \$0.66 per \$100 of assessed value on multi-family units.

<u>Fiscal Year</u>	<u>Amount</u>	<u>% Increase From Prior Year</u>
2017 - 2018	\$ 3,478,637	4.75
2016 - 2017	\$ 3,320,884	4.05
2015 - 2016	\$ 3,191,538	7.92
2014 - 2015	\$ 2,957,209	1.36
2013 - 2014	\$ 2,917,443	0.75
2012 - 2013	\$ 2,895,864	(1.78)
2011 - 2012	\$ 2,948,462	4.02

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.

<u>Fiscal Year</u>	<u>Amount</u>	<u>% Increase From Prior Year</u>
2017 - 2018	\$ 275,390	(47.60)
2016 - 2017	\$ 525,550	(6.05)
2015 - 2016	\$ 559,400	74.99
2014 - 2015	\$ 319,679	(33.29)
2013 - 2014	\$ 479,199	6.61
2012 - 2013	\$ 449,492	21.94
2011 - 2012	\$ 368,629	(32.01)

3. 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 2018, income tax revenue has decreased by \$47,647 from \$981,847 (2017) to \$934,200 (2018).

4. 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 2018, the Town's allocation increased by \$5,693 from \$150,495 (2017) to \$156,188 (2018).

5. Red Light Camera Revenue

Red light camera revenue is generated as penalties or fines from running red lights in the Town of Cheverly. The revenue has progressively increased since the inception of cameras. In fiscal year 2018, the revenue increased by \$120,429 from \$722,664 (2017) to \$843,093 (2018).

- *Proprietary Fund* - The Town of Cheverly closed out the Fontana Fund's operations during the fiscal year ended June 30, 2018. The Fontana property was sold during the year and the remaining land transferred to the general fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Expenditures Budget Vs. Actual 5-Year History

Fiscal Year	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Expenditures Actual & Original Budget Variance	Expenditures Actual & Final Budget Variance
2017 - 2018	\$ 6,747,892	\$ 7,083,949	\$ 6,094,199	\$ 653,693	\$ 989,750
2016 - 2017	\$ 6,102,907	\$ 6,377,167	\$ 6,018,363	\$ 84,544	\$ 358,804
2015 - 2016	\$ 5,312,539	\$ 5,368,839	\$ 5,192,145	\$ 120,394	\$ 176,694
2014 - 2015	\$ 5,841,068	\$ 6,183,168	\$ 5,869,701	\$ (28,633)	\$ 313,467
2013 - 2014	\$ 5,369,030	\$ 5,388,030	\$ 5,207,385	\$ 161,645	\$ 180,645

General Fund Revenues Budget Vs. Actual 5-Year History

Fiscal Year	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Revenues Actual & Original Budget Variance	Revenues Actual & Final Budget Variance
2017 - 2018	\$ 6,106,108	\$ 6,106,108	\$ 6,422,691	\$ 316,583	\$ 316,583
2016 - 2017	\$ 5,594,554	\$ 5,716,387	\$ 6,550,445	\$ 955,891	\$ 834,058
2015 - 2016	\$ 5,163,489	\$ 5,163,489	\$ 6,019,354	\$ 855,865	\$ 855,865
2014 - 2015	\$ 5,841,068	\$ 6,183,168	\$ 6,422,691	\$ 581,623	\$ 239,523
2013 - 2014	\$ 5,369,030	\$ 5,388,030	\$ 5,119,342	\$ (249,688)	\$ (268,688)

Original vs. Final Budget

The Town of Cheverly Town Charter requires that the Mayor and Town Council approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, when need arises, the Mayor and Town Council amends it's budget during the fiscal year. There were eight budget adjustments made throughout the year by the Mayor and Town Council.

- The Town of Cheverly's final actual revenues differed from the final amended budget by \$316,583, a favorable variance. Actual fines and forfeitures exceeded the budget by \$280,978, due mainly to the revenue from the Red Light Camera Enforcement. The Town received additional revenues this year due to the State's adjustment for local income taxes.
- The Town of Cheverly's final actual expenditures differed from the final amended budget by \$989,750, a favorable variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Net Investment in Capital Position

The Town of Cheverly's net investment in capital assets in the governmental fund decreased during the fiscal year due to disposals and depreciation. The Town's most significant purchases in fiscal year 2018 consisted of new police vehicles and security system, and a Public Works Kubota loader. The Town's net investment in capital assets in the proprietary fund decreased during the fiscal year due to the disposal of assets and transfer of land to general fund. This can be summarized as follows:

	Government Activities	Business-Type Activities
Beginning investment in capital assets, net at July 1, 2017	\$ 4,692,186	\$ 2,753,300
Acquisition of capital assets at cost, fiscal year June 30, 2018	778,864	-
Transfer of land	251,637	(251,637)
Disposal of capital assets at original cost, fiscal year June 30, 2018	(29,682)	(3,868,954)
Accumulated depreciation of disposal capital assets, fiscal year June 30, 2018	23,250	1,367,291
Net depreciation expense for fiscal year June 30, 2018	(472,857)	-
Ending Investment In Capital Assets, Net As Of June 30, 2018	<u>\$ 5,243,398</u>	<u>\$ -</u>

Debt Administration

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

	Government Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2018	2017	2018	2017	2018	2017
General obligations						
Bonds	\$ 300,000	\$ 395,000	\$ -	\$ 545,000	\$ 300,000	\$ 940,000
Capital lease	64,995	-	-	-	64,995	-
Net pension liability	2,129,206	2,418,508	-	-	2,129,206	2,418,508
Accrued vacation leave	169,744	170,325	-	-	169,744	170,325
	<u>\$ 2,663,945</u>	<u>\$ 2,983,833</u>	<u>\$ -</u>	<u>\$ 545,000</u>	<u>\$ 2,663,945</u>	<u>\$ 3,528,833</u>

The net pension liability began in fiscal year 2016 as a result of implementation of GASB Statement 68.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The tax rate will decrease for fiscal year 2019, for single family units from \$0.54 to \$0.51 and the multi-family units will remain the same at \$0.66.
- In FY 2019, a 2.1% cost of living adjustment was provided to all employees. A position in the Police Department remains frozen.
- In FY 2019, the Town Council adopted a new deferred compensation plan for the non-law enforcement employees.

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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 374,331	\$ -	\$ 374,331
Investments	2,800,322	-	2,800,322
Taxes receivable	81,724	-	81,724
Due from other governments	136,393	-	136,393
Other receivables	25,224	-	25,224
Capital assets			
Land	1,533,154	-	1,533,154
Other capital assets, net of depreciation	3,710,244	-	3,710,244
TOTAL ASSETS	8,661,392	-	8,661,392
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	602,065	-	602,065
LIABILITIES			
Accounts payable	214,973	-	214,973
Accrued liabilities	62,084	-	62,084
Interest payable	1,060	-	1,060
Noncurrent liabilities			
Due within one year	127,186	-	127,186
Due in more than one year	2,536,759	-	2,536,759
TOTAL LIABILITIES	2,942,062	-	2,942,062
DEFERRED INFLOWS OF RESOURCES			
Pension related	283,866	-	283,866
NET POSITION			
Net investment in capital			
assets	4,878,403	-	4,878,403
Unrestricted	1,159,126	-	1,159,126
TOTAL NET POSITION	\$ 6,037,529	\$ -	\$ 6,037,529

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

TOWN OF CHEVERLY, MARYLAND
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2018

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
General government	\$ 1,163,154	\$ 172,194	\$ 1,858	\$ (989,102)	\$ -	\$ (989,102)
Public safety	2,026,012	900,978	117,592	(1,007,442)	-	(1,007,442)
Public works	2,487,645	55,514	18,840	(2,413,291)	-	(2,413,291)
Interest on long-term debt	16,013	-	-	(16,013)	-	(16,013)
Total Governmental Activities	5,692,824	1,128,686	138,290	(4,425,848)	-	(4,425,848)
Business-type activities						
Fontana fund	2,586,183	-	-	-	(2,586,183)	(2,586,183)
Total Primary Government	\$ 8,279,007	\$ 1,128,686	\$ 138,290	(4,425,848)	(2,586,183)	(7,012,031)
General revenues						
Property taxes				3,630,905	-	3,630,905
Income tax				934,200	-	934,200
Other taxes				299,074	-	299,074
Investment income				30,588	-	30,588
Miscellaneous income				131,392	-	131,392
Transfers				(12,846)	12,846	-
Total General Revenues and Transfers				5,013,313	12,846	5,026,159
Change in net position				587,465	(2,573,337)	(1,985,872)
Net position - beginning				5,450,064	2,573,337	8,023,401
Net position - ending				\$ 6,037,529	\$ -	\$ 6,037,529

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

TOWN OF CHEVERLY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 374,331
Investments	2,800,322
Taxes receivable	81,724
Due from other governments	136,393
Other receivables	25,224
	<hr/>
Total Assets	3,417,994
 DEFERRED OUTFLOW OF RESOURCES	
	<hr/>
Total Assets and Deferred Outflows of Resources	\$ 3,417,994
	<hr/>
LIABILITIES	
Accounts payable	\$ 214,973
Accrued expenditures	62,084
Total Liabilities	<hr/> 277,057
 DEFERRED INFLOW OF RESOURCES	
Unavailable revenue - property taxes	46,840
 FUND BALANCES	
Assigned for:	
Public safety	23,233
Subsequent years expenditures	1,214,736
Unassigned	1,856,128
Total Fund Balances	<hr/> 3,094,097
	<hr/>
Total Liabilities, Deferred Inflow of Resources, And Fund Balances	\$ 3,417,994
	<hr/>

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

TOWN OF CHEVERLY, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 3,094,097
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Amounts reported in governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of these assets is \$10,031,380 and the accumulated depreciation is (\$4,787,982).	5,243,398
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Payments made for the pension systems reduce the long-term liability on Statement of Net Position but not in Fund Statements. This is the amount of deferred outflow of resources.	602,065
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(2,663,945)
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Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.	(1,060)
--	---------

Deferred inflows of resources related to pension liability and earnings on pension plan investments are not reported in fund financial statements.	(283,866)
--	-----------

Certain receivables are offset by deferred revenue in the governmental funds since they are not available to pay for current-period expenditures. This is the amount of deferred inflow of resources.	<u>46,840</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 6,037,529</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF CHEVERLY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2018

	General Fund
REVENUES	
Taxes	\$ 4,987,301
Licenses and permits	172,194
Intergovernmental	138,290
Service charges	55,514
Fines and forfeitures	900,978
Miscellaneous	137,826
Investment income	30,588
Total Revenues	<u>6,422,691</u>
EXPENDITURES	
Current	
General government	1,254,915
Public safety	2,011,652
Public works	2,780,643
Debt service	
Principal	128,421
Interest	16,984
Total Expenditures	<u>6,192,615</u>
Excess of revenues over expenditures	230,076
OTHER FINANCING SOURCE (USE)	
Capital lease funding	98,416
Transfer out	(264,484)
Total other financing source (use)	<u>(166,068)</u>
Net change in fund balance	64,008
FUND BALANCE - BEGINNING	<u>3,030,089</u>
FUND BALANCE - ENDING	<u><u>\$ 3,094,097</u></u>

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

TOWN OF CHEVERLY, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2018

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$	64,008
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Amounts reported for governmental activities in the
Statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense in the current period. This is the amount capital outlay (\$1,030,501) exceeds depreciation expense (\$472,857).		557,644
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The net effect of various transactions involving capital assets (i.e., sales, trade-ins, disposals) is to decrease net position.		(6,432)
--	--	---------

Long-term debt issuance provide current financial resources to governmental funds, while the repayments of long-term debt are expenditures in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of long-term debt	(98,416)	
Repayments of long-term debt	128,421	30,005

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds.

Change in accrued interest	972	
Change in compensated absences	581	
Changes in pension costs	63,810	65,363

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(123,123)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	587,465

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

TOWN OF CHEVERLY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2018

	Enterprise Fund Fontana Fund
ASSETS	
Current assets	
Cash	\$ -
Investments	-
Total Current Assets	-
Noncurrent assets	
Capital assets	
Land	-
Other capital assets, net of depreciation	-
Total Noncurrent Assets	-
Total Assets	\$ -
LIABILITIES	
Current liabilities	
Interest payable	\$ -
Due to other funds	-
Bonds payable	-
Total Liabilities	\$ -
NET POSITION	
Net investment in capital assets	\$ -
Restricted	-
Total Net Position	\$ -

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

TOWN OF CHEVERLY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
PROPRIETARY FUND
For The Year Ended June 30, 2018

	<u>Enterprise Fund</u> Fontana Fund
NONOPERATING REVENUES (EXPENSES)	
Other investment expenses	\$ (18,183)
Loss on transfer of land	(251,637)
Loss on disposal of assets	<u>(2,568,001)</u>
Net Nonoperating Revenues (Expenses)	(2,837,821)
Transfer in	<u>264,484</u>
CHANGE IN NET POSITION	(2,573,337)
TOTAL NET POSITION - BEGINNING	<u>2,573,337</u>
TOTAL NET POSITION - ENDING	<u><u>\$ -</u></u>

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

TOWN OF CHEVERLY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For The Year Ended June 30, 2018

	Enterprise Fund Fontana Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from rental income	\$ -
Net Cash Provided By Operating Activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal repayments on bonds	(545,000)
Interest paid on bonds	(12,311)
Payment of excess funds to lessee at end of lease	(66,340)
Net Cash Used For Capital And Related Financing Activities	(623,651)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net financing activity	(246)
Net Cash Used For Financing Activities	(246)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of securities	353,823
Net Cash Used for Investing Activities	353,823
NET DECREASE IN CASH AND CASH EQUIVALENTS	(270,074)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	270,074
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -

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

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. A summary of significant accounting policies followed by the Town are presented below.

A. Financial Reporting Entity

The Town of Cheverly, Maryland (the Town) was established on April 18, 1931 to serve the needs of the citizens of the Cheverly area. Its major sources of revenue are derived from real estate taxes, income taxes, and usage taxes. The Town provides its citizens with the following services: public safety, sanitation, highways and streets, culture-recreation, public improvements, and general administration services.

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting entity includes the Mayor and Town Council of the Town of Cheverly, the primary government, and its proprietary fund.

The Town of Cheverly has no separate component units.

B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole. Governmental activities, which normally are supported by taxes and the Town's general revenues, are reported separately from business-type activities, which rely on fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines, and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including investment income, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. The Town has a general fund and an enterprise fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they both become measurable and available). Measurable means the amount of the transactions can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers revenues available if they are collected within the current period or within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues, which are accrued, include federal and state grants, property taxes, franchise taxes, licenses, interest charges, and any charges for services. Other amounts, which are collected and held in the Town's name by other governmental agencies at the end of a fiscal year, are also recognized. Revenues that are not susceptible to accrual include certain licenses, fines, permits, and penalties since they are not measurable until received in cash.

The Town has only one governmental fund, the general fund.

The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

The Town has one proprietary fund.

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Town:

The Fontana fund is an enterprise fund used to account for all activity associated with the Town's purchase, improvement, sale, and operation of leased rental property and investment property. All assets and liabilities associated with the enterprise fund were disposed of in fiscal year 2018.

D. Budgets

Formal budgetary accounting is employed as a management control for the General Fund. The Town Administrator and the Mayor submit an annual budget to the Town Council in accordance with the Town's Charter. The budget is prepared in accordance with the modified accrual basis. In June, the Town Council adopts the annual budget for the Town's General fund. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenue and appropriations. The budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. Expenditures may not exceed the appropriations at the department level.

E. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Net Position or Equity

Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as investments with an original maturity date within three months. Cash deposits of the Town are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping of these deposits.

Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, obligations of Federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the State of Maryland.

Inventories

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

Interfund Transactions

Activities between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/due from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Prepaid Expenses

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, and similar items), are reported in applicable governmental or business-type activities columns in the government wide financial statements. 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. These assets are stated at cost or estimated cost if historical records are not available. Donated fixed assets are recorded at estimated fair market value on the date of donation.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Net Position or Equity (continued)

Capital Assets (continued)

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures, which materially increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of a fixed asset, the cost and/or estimated value is eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

• Buildings	40 - 50 years
• Improvements	15 - 50 years
• Machinery and equipment	3 - 10 years
• Vehicles	5 - 10 years
• Computers	3 - 5 years
• Infrastructure	20 - 50 years

Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and is not recognized as an outflow of resources in the current period.

The statement of net position reports a separate section of deferred inflows of resources which represents an acquisition of net position that applies to a future period and is not recognized an inflow of resources or revenue until that time.

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 accrued sick leave, are forfeited.

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).

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Net Position or Equity (continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund-types statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund-type statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources and uses and the amount of principal repayment as an expenditure.

Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 7 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the net position reflected in the actuarial report provided by the Maryland State Retirement and Pension System (The System). The net pension liability is measured as of the Town's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For the purposes of measuring the Town's net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, have been determined on the same basis as they are reported by The System.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Net Position or Equity (continued)

Net Position/Equity

In the government-wide financial statements, equity is classified as net position and 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, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted net position* - consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - all other net position that do not meet the definition of restricted or investment in capital assets, net of related debt.

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

In the fund financial statements, equity is classified as fund balance for governmental funds. Further classifications are as follows:

- *Nonspendable fund balance* – Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted fund balance* – Amounts constrained to specific purposes by their 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.
- *Committed fund balance* – Amounts constrained to specific purposes determined by a formal action of the Town Council (ordinance).
- *Assigned fund balance* – Amounts the Town *intends* to use for a specific purpose; intent can be expressed by the Town Council.
- *Unassigned fund balance* – Amounts that are available for any purpose; these amounts are reported only in the general fund.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Net Position or Equity (continued)

Net Position/Equity (continued)

The Town considers restricted fund balances to be spent for governmental activities first when both restricted and unrestricted are available. The Town also considers committed fund balances to be spent first, assigned balances to be spent second, and unassigned fund balances to be spent last when other unrestricted fund balance classifications are available for use.

G. Revenues, Expenditures, and Expenses

Property tax and interest assessed in the current fiscal period are accrued and are recognized as revenues in the current fiscal period.

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified by character.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources. Proprietary funds distinguished operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing goods in connection with the proprietary fund's principal operations. Operating revenues include user fees and charges. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 - CASH AND INVESTMENTS

Deposits

At year end, the carrying amount of the Town deposits was \$374,331 and the bank balance was \$439,175. Of the bank balance, \$439,175 was covered by Federal Depository Insurance and no additional collateral was held in the pledging bank's trust department in the Town's name. The Town, as of June 30, 2018, was not exposed to custodial risk, which is defined as "the risk that a government will not be able to recover deposits if the depository financial institution fails."

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 2 - CASH AND INVESTMENTS

Investments

By statute, the Town is authorized to invest in obligations of the U.S. government and agencies, mutual funds which invest in U.S. government securities, bank certificates of deposit or in repurchase agreements fully collateralized by U.S. government and agency securities, banker's acceptances and the Maryland Local Government Investment Pool (Pool).

As of June 30, 2018, the Town had the following investments:

Investment Type	Fair Value
Maryland Local Government Investment Pool	\$ 2,800,322

Investment Rate Risk

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. To limit the Town's exposure to fair value losses arising from increasing interest rates, the Town's investment policy limits the term of investment maturities to ten years in order to remain sufficiently liquid to enable the Town to meet all operating requirements which might be reasonably anticipated. Town management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the Town from having to sell investments below original cost for that purpose. The investments at June 30, 2018, met the Town investment policy regarding investment rate risk. Investment income as of June 30, 2018, totaled \$30,588.

Credit Risk

As of June 30, 2018, the Maryland Local Investment Pool was rated AAAM by Standard & Poor's. Regulatory oversight for the local government investment pool rests with the Maryland State Treasurer's Office and the fair value of the pool is the same as the value of the pool shares. The Pool was established under Article 95, Section 220 of the Annotated Code of Maryland and is under the administrative control of the State Treasurer. 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 the Pool shares.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

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.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The investments of the Town were not exposed to custodial credit risk at June 30, 2018.

Foreign Currency Risk

The Town's investment policy does not allow for investments denominated in foreign currencies.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

At June 30, 2018, the Due from Other Governments consists of the following:

State of Maryland	
Highway user tax	\$ 9,489
Income tax	79,939
Admissions & amusement tax	1,107
Prince George's County	
Hotel/motel tax	45,858
Total Due From Other Governments	<u>\$ 136,393</u>

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

Governmental Activities

	Capital Assets At July 1, 2017	Additions	Adjustments & Disposals	Capital Assets At June 30, 2018
Capital assets, not depreciated				
Land	\$ 1,281,517	\$ 251,637	\$ -	\$ 1,533,154
Construction in progress	32,076	232,867	-	264,943
Total Capital Assets, Not Depreciated	1,313,593	484,504	-	1,798,097
Capital assets depreciated				
Land improvements	621,826	-	-	621,826
Infrastructure	1,207,042	74,935	-	1,281,977
Buildings and improvements	2,610,363	11,137	-	2,621,500
Vehicles	2,016,394	292,921	29,682	2,279,633
Machinery and equipment	1,261,343	167,004	-	1,428,347
Total Capital Assets, Depreciated	7,716,968	545,997	29,682	8,233,283
Less accumulated depreciation for				
Land improvements	425,604	19,209	-	444,813
Infrastructure	500,767	60,950	-	561,717
Buildings and improvements	1,275,677	58,527	-	1,334,204
Vehicles	1,266,443	225,511	23,250	1,468,704
Machinery and equipment	869,884	108,660	-	978,544
Total Accumulated Depreciation	4,338,375	472,857	23,250	4,787,982
Total Capital Assets, Depreciated, Net	3,378,593	73,140	6,432	3,445,301
Government Activities Capital Assets, Net	<u>\$ 4,692,186</u>	<u>\$ 557,644</u>	<u>\$ 6,432</u>	<u>\$ 5,243,398</u>

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 4 - CAPITAL ASSETS (continued)

Business-Type Activities

	Capital Assets At July 1, 2017	Additions	Disposals	Capital Assets At June 30, 2018
Capital assets, not depreciated				
Land	\$ 1,193,922	\$ -	\$ 1,193,922	\$ -
Total Capital Assets, Not Depreciated	1,193,922	-	1,193,922	-
Capital assets depreciated				
Buildings and improvements	2,878,572	-	2,878,572	-
Capitalized interest	48,097	-	48,097	-
Total Capital Assets, Depreciated	2,926,669	-	2,926,669	-
Less accumulated depreciation for				
Buildings and improvements	1,344,746	-	1,344,746	-
Capitalized interest	22,545	-	22,545	-
Total Accumulated Depreciation	1,367,291	-	1,367,291	-
Total Capital Assets, Depreciated, Net	1,559,378	-	1,559,378	-
Business-Type Activities				
Capital Assets, Net	<u>\$ 2,753,300</u>	<u>\$ -</u>	<u>\$ 2,753,300</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Government activities	
General government	\$ 45,377
Public safety	232,386
Public works	195,094
Total Depreciation Expense - Governmental Activities	<u>\$ 472,857</u>

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

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, 2018 was \$0.54 per \$100 of assessed value for single family units and \$0.66 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 30 days have expired.

At June 30, 2018, the property tax receivable consists of:

Real estate taxes	\$ 21,261
Personal property taxes	60,463
Total	<u>\$ 81,724</u>

NOTE 6 - CAPITAL LEASE

In fiscal year 2018, the Town entered into a lease-purchase agreement with CNH Industrial Capital America, LLC to acquire a tractor backhoe. The leased amount is \$98,416 and the terms of the lease require a \$33,421 payment at the lease commencement date of December 29, 2017, with two additional payments annually of \$33,421 including interest at a rate of 1.9%. The final payment on this lease will be made on December 29, 2019.

The following is a schedule of the future minimum lease payments under this capital lease arrangement at June 30, 2018:

Year Ending June 30,	Principal
2019	\$ 33,421
2020	33,421
	<u>66,842</u>
Less amount represents interest	1,847
Present value of future minimum lease payments	<u>\$ 64,995</u>

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 7 - LONG-TERM DEBT

Governmental Activities

On May 31, 2006, the Town, following proper authorization and approval, issued a general obligation bond in the amount of \$1,200,000. The proceeds of this bond were used to put an addition on the Town's municipal building for the police department. The bond is due in annual principal installments beginning May 31, 2007 and ending May 31, 2021. Interest is due semi-annually at a rate of 4.3%. Debt service payments are appropriated from general fund resources. General obligation bonds are direct obligations and pledged on full faith and credit of the Town.

Annual debt service requirements to maturity for the general obligation bond are as follows at June 30, 2018:

Years Ending June 30,	Principal	Interest
2019	\$ 95,000	\$ 12,900
2020	100,000	8,815
2021	105,000	4,515
	<u>\$ 300,000</u>	<u>\$ 26,230</u>

The following is a summary of changes in general long-term debt:

Fiscal Year	Balance July 1, 2017	Increase	Decrease	Balance June 30, 2018	One Year
General obligation					
bonds	\$ 395,000	\$ -	\$ 95,000	\$ 300,000	\$ 95,000
Capital lease	-	98,416	33,421	64,995	32,186
Net pension liability	2,418,508	-	289,302	2,129,206	-
Accrued vacation	170,325	80,640	81,221	169,744	-
	<u>\$ 2,983,833</u>	<u>\$ 179,056</u>	<u>\$ 498,944</u>	<u>\$ 2,663,945</u>	<u>\$ 127,186</u>

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 7 - LONG-TERM DEBT (continued)

Business-Type Activities

On December 18, 1997, the Town, following proper authorization and approval, issued general obligation bonds in the amount of \$3,475,000. The proceeds of these bonds were used for the purchase and renovation of an improved parcel of land within the Town's legal boundaries. The bonds carry varying interest rates ranging from 4.4% to 5.2%. There are varying maturities and interest payments that began in March 1998 and continue through September 2018. In July of 2017, \$545,000 of principal and no interest was paid on these bonds and bonds were paid off.

The following is a summary of changes in business-type long-term debt:

Fiscal Year	Balance			Balance	One Year
	July 1, 2017	Increase	Decrease	June 30, 2018	
Bonds payable	\$ 545,000	\$ -	\$ 545,000	\$ -	\$ -
	<u>\$ 545,000</u>	<u>\$ -</u>	<u>\$ 545,000</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 - OTHER PROPRIETARY FUND DISCLOSURES

Land, Buildings and Improvements

In December 1997, the Town purchased improved real estate (2627 Pepsi Place, Cheverly, Maryland) for a price of approximately \$550,000. A portion of the proceeds from the issuance of the general obligation bonds (see discussion above) were used to purchase and renovate this property. In March 2000, an additional parcel of land was added to this property at a cost of \$450,000. The proceeds of the March 30, 2000 general obligation bonds were used for this purchase. This property was leased until July of 2017. See Lease Agreement note below for additional information.

On October 25, 2004, the Town purchased a parcel of land and building within the Town's boundaries for \$235,298. The building has been demolished. In June 2006, an agreement was entered into with a third party to purchase this property. A monthly payment of \$700 has been paid through August 2015 when the contract was cancelled.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 8 - OTHER PROPRIETARY FUND DISCLOSURES (continued)

Capitalized Interest

In accordance with generally accepted accounting principles, certain interest costs are capitalized by proprietary funds when debt proceeds are used to finance the construction of assets. Any interest earned on the proceeds of tax-exempt borrowing offset the interest costs in determining the amount to be capitalized.

Lease Agreement

Concurrent with the issuance of the general obligation bonds, the Town entered into a long-term lease with Fontana Lithograph, Inc., for the use of land and improvements at 2627 Pepsi Place, Cheverly, Maryland. (See Land, Building, and Improvements note above.)

The lease commenced on October 1, 1998. The lease term was for 20 years at a minimum rate sufficient to meet the annual principal and interest payments on the general obligation bonds discussed above. After 10 years, the tenant has the right to purchase the property for an amount equal to the outstanding principal, interest, and any redemption premium on the Government Obligations Bonds to maturity or the first available redemption date. The tenant is responsible for all utilities, insurance, and legal fees associated with the bond issue discussed above. The lease was amended in March of 2000 to account for the additional land that is now included in the leased area. The tenant exercised their right to purchase the property in July 2017. No rental income was received for fiscal year 2018.

NOTE 9 - DEFERRED COMPENSATION PLAN

The Town offers a Deferred Compensation Plan to its employees in accordance with Section 457 of the Internal Revenue Code. The plan, available to all Town employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional and participants elect how their salary deferrals are invested. Investment options include the following: stock funds, bond funds, and money market accounts, including various risk alternatives. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. ICMA Deferred Compensation Plan manages the investments and has the responsibility for investing the deferred monies, maintaining detailed accounting records for both the individual employee, and the Town, and disbursing funds to plan participants. The plan assets, including all income earned and rights purchased, are the exclusive property of the participants and are not assets of the Town.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 -STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND

Plan Description

The employees of the Town are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, employees of the Town are members of the Employees' Retirement and Pension Systems ("ECS") and, as of July 1, 2017, the law enforcement officers transferred from ECS to the Law Enforcement Officers Pension System ("LEOPS"). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. This report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202, or by calling (410)625-5555, or on the website: <http://www.sra.state.md.us>.

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. As of July 1, 1999, and retroactively to July 1, 1998, the Town elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

On July 2, 1990, the Law Enforcement Officers Pension System ("LEOPS") was established to provide retirement allowances and other benefits to all uniformed law enforcement officers of the State of Maryland and law enforcement officers, firefighters and paramedics of participating governmental units. Effective January 1, 2005, the LEOPS Retirement Plan was closed to new members and the LEOPS Pension Plan was established. As a result, all employees hired after December 31, 2004, became members of the LEOPS Pension Plan.

Benefits Provided

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees' Retirement System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 - STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Benefits Provided (continued)

For all individuals who are members of the pension systems of the State Retirement and Pension System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' AFC and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive years' AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2017, are as follows:

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals $1/55$ (1.8%) of the member's AFC multiplied by the number of years of accumulated creditable service.

An individual who is a member of the Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from the Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 –STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Benefits Provided (continued)

With certain exceptions, for individuals who are members of the Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Employees' Pension System.

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011, and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011, and who terminates employment before attaining retirement age, but after accumulating 10 years of eligibility service, is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.

Contributions

The State Personnel and Pensions Article requires both active members and their respective employers to make contributions to the System. Rates for required contributions by active members are established by law. Members of the Employees' Contributory System are required to contribute 7% or 5% of earnable compensation depending upon the retirement option selected. Members of the LEOPS are required to contribute 4%, 5%, or 7% of their earnable compensation, depending on the retirement option selected, as stipulated by the System.

However, members of the Employees' Retirement System who are employed by a participating governmental unit that elected to remain in the Contributory Pension System are required to contribute 2% of earnable compensation. The members of the Employees' Retirement System who are employed by participating governmental units who elected to remain in the Non-Contributory Pension System are only required to contribute 5% of earnable compensation in excess of the social security taxable wage base.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 - STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Contributions (continued)

Contribution rates for employer and other “non-employer” contributing entities are established by annual actuarial valuations using the Individual Entry Age Normal Cost method with projection and other actuarial assumptions adopted by the Board of Trustees. These contribution rates have been established as the rates necessary to fully fund normal costs and amortize the unfunded actuarial accrued liability.

The unfunded actuarial liability was being amortized in distinct layers. The unfunded actuarial accrued liability which existed as of the June 30, 2000, actuarial valuation was being amortized over a 40-year period (as provided by law) from July 1, 1980 and as provided by law, any new unfunded liabilities or surpluses arising during the fiscal year ended June 30, 2001, or any fiscal year thereafter, was being amortized over a 25-year period from the end of the fiscal year in which the liability or surplus arose. However, in the 2014 legislative session, the Legislature changed the method used to fund the System. The unfunded liability for each System is being amortized over a single closed 25-year period.

Service Retirement Allowances

A member of the Law Enforcement Officers Pension System is generally eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of creditable services regardless of age. The annual retirement allowance equals 2.3% of the members for the first 30 years of creditable service plus an additional 1% of AFC for each additional year for an individual who is subject to the LEOPS retirement plan provisions. The annual retirement allowance equals 2.0% of AFC for the three highest consecutive years as an employee, up to a maximum benefit of 60% of AFC for members subject to the LEOPS retirement plan provisions who became members on or before June 30, 2011. The annual retirement allowance equals 2.0% of AFC for the five highest consecutive years as an employee, up to a maximum benefit of 60% of AFC for members subject to the LEOPS retirement plan provisions who became members after July 1, 2011. Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to the date of retirement.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Vested Allowances

Any individual who is a member of the LEOPS on or before June 30, 2011 are eligible for vested pension allowances after separation from service and upon attaining age 50, provided they accumulated at least five years of eligibility service prior to separation. Any individual who joins the LEOPS on or after July 1, 2011 are eligible for vested pension allowances after separation from service prior to separation. Vested allowances equal the normal service retirement or pension allowances computed on the basis of the members' accumulated creditable service and AFC at the date of separation.

Early Service Retirement

LEOPS members are not eligible for early service retirement allowances.

Disability and Death Benefits

LEOPS members covered under retirement plan provisions qualify for ordinary disability after completing five years of eligible service and receiving medical board certification as to their permanent incapacity to perform their necessary job functions receive a service allowance based on the greater of the normal service allowance or 25% of AFC. LEOPS members covered under pension plan provisions qualify for ordinary disability after completing five years of eligible service and receiving medical board certification as to their permanent incapacity to perform their necessary job functions receive full service pension allowances if the member is at least age 50 on the date of retirement. Otherwise, the allowances equal full service pension allowances as though the member had continued to work until age 50 without any change in the rate of earnable compensation.

LEOPS members qualify for accidental disability benefits if the medical board certifies that they became totally and permanently incapacitated for duty arising out of or in the actual performance of duty receive disability allowances equal to the sum of an annuity determine as the actuarial date of the members' accumulated contributions, and 2/3 (66.6%) OF AFC. Allowances may not exceed the members' AFC.

LEOPS members qualify for ordinary death benefits if the members have accumulated at least one but less than two years of eligibility prior to the date of death receive benefits equal to a member's annual earnable compensation at the time of death plus accumulated contributions.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 –STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Disability and Death Benefits (continued)

LEOPS members qualify for special death benefits if the member has accumulated at least two years of eligibility prior to the time of death or died in the line of duty. The benefits received equal 50% of the applicable ordinary disability allowance. In cases where the deceased members are not survived by a spouse, the decedents' children, if any, will continue to receive the special death benefit until the youngest child reaches age 18. The special death benefit for officers killed in the line of duty is 2/3 (66.7%) of AFC.

Adjusted Retirement Allowances (as applicable)

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. For LEOPS members who are subject to retirement plan provisions, annual COLA's are determined under various methods applicable to ERS members as described under ununiformed employees.

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

At June 30, 2018, the Town reported a liability of \$2,129,206 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2017, 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 portion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2017. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. At June 30, 2017, the Town's proportion share was .0098466%.

For the year ended June 30, 2018, the Town recognized pension expense of \$229,843. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 –STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 153,515
Changes in assumptions	87,294	-
Net difference between projected and actual earnings on retirement plan investments	284,928	130,351
Town contributions subsequent to the measurement date	229,843	-
	<u>\$ 602,065</u>	<u>\$ 283,866</u>

Deferred financing inflows and outflows are made up of changes in actuarial assumptions, differences in actual and expected experience and net differences in the projected and actual investing earnings. The deferred inflows and outflows related to non-investment activity are being amortized over the remaining service life of 5.87 years. The 2014 deferred outflows not related to investment activity are being amortized over the remaining service life of 5 years. The net difference in investment earnings for both 2017 and 2016 is being amortized over a closed five year period. The following tables show the amortization of these balances:

Year End June 30,	2017 Balance Amortization			2016 Balance Amortization		2015 Balance Amortization			2014 Balance Amortization	
	Deferred Outflows	Deferred Inflows		Deferred Outflows	Deferred Inflows	Deferred Outflows		Deferred Inflows	Deferred Outflows	Deferred Inflows
	Change in Assumptions	Actual and Expected Experience	Net Difference in Investment Earnings	Net Difference in Investment Earnings	Actual and Expected Experience	Net Difference in Investment Earnings	Change in Assumptions	Actual and Expected Experience	Change in Assumptions	Net Difference in Investment Earnings
2019	2,219	21,588	20,574	\$ 59,975	\$ 5,447	\$ 52,503	\$ 24,508	\$ 9,766	\$ 6,352	\$ 48,057
2020	2,219	21,588	20,574	59,974	5,447	52,502	24,508	9,766	-	-
2021	2,219	21,588	20,573	59,974	5,447	-	21,323	9,765	-	-
2022	2,219	21,588	20,573	-	4,711	-	-	-	-	-
2023	1,727	16,814	-	-	-	-	-	-	-	-
Total	\$ 10,603	\$ 103,166	\$ 82,294	\$ 179,923	\$ 21,052	\$ 105,005	\$ 70,339	\$ 29,297	\$ 6,352	\$ 48,057

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>Net</u>
2019	\$ 145,557	\$ 105,432	\$ 40,125
2020	139,203	57,375	81,828
2021	83,516	57,373	26,143
2022	2,219	46,872	(44,653)
2023	1,727	16,814	(15,087)
Total	<u><u>\$ 372,222</u></u>	<u><u>\$ 283,866</u></u>	<u><u>\$ 88,356</u></u>

Actuarial Assumptions

Actuarial	Entry age normal.
Amortization Method	Level percentage of payroll, closed.
Inflation	2.65% general, 3.15% wage
Salary Increases	3.15% to 9.15%, including wage inflation
Discount Rate	7.50%
Investment Rate of Return	7.50%
Mortality	RP-2014 Mortality Tables

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 Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Investments (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	6.60%
Private Equity	10%	7.40%
Rate Sensitive	20%	1.30%
Credit Opportunity	9%	4.20%
Real Assets	15%	4.70%
Absolute Return	9%	3.70%
Total	<u>100%</u>	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2017.

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 2.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A single rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. 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.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 10 -STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

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 plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

System	1% Decrease to 6.50%	Current Discount 7.50%	1% Increase to 8.50%
System net pension liability	\$ 30,645,067,000	\$ 21,623,701,000	\$ 14,138,519,000
Town's proportionate share of the net pension liability	\$ 3,017,497	\$ 2,129,206	\$ 1,392,163

NOTE 11 -RISK AND UNCERTAINTIES

The Town is a member in the Local Government Insurance Trust. The Trust is a consortium of Maryland local governments created to provide an alternative to the diminishing availability of insurance coverages to municipal governments and the increasing premium costs associated with those coverages. The Trust is owned and directed by the local governments that subscribe to its insurance coverages. If the Trust were to experience large losses, its reserves could be depleted, thus exposing the Town to uninsured risks. No insurance settlement has exceeded the coverages to date.

NOTE 12 -CONTINGENT LIABILITIES

The Town is a defendant in various lawsuits. In the opinion of Town management, such litigation will not have a material adverse effect on the financial position of the Town.

The Town receives federal and state grants through Maryland and Prince George's County for specific purposes. These grants are subject to review and audit by various cognizant agencies. Such audits could result in a request for reimbursement if any expenditure is disallowed under the terms and conditions of the granting authority, and the grant contracts. In the opinion of Town Management, such disallowances, if they should occur, would not be significant.

TOWN OF CHEVERLY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2018

NOTE 13 -POST RETIREMENT BENEFITS

The Town does not provide and, therefore, has no liability for post retirement benefits.

NOTE 14 -SUBSEQUENT EVENTS

The Town evaluated subsequent events which represents the date the financial statements were available through November 8, 2018, to be issued.

TOWN OF CHEVERLY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2018

**BRIDGETT
MOCK**
& ASSOCIATES, P.A.
Certified Public Accountants

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - NON GAAP BASIS
GENERAL FUND
For The Year Ended June 30, 2018

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES				
Taxes	\$ 4,981,232	\$ 4,981,232	\$ 4,987,301	\$ 6,069
Licenses and permits	210,550	210,550	172,194	(38,356)
Intergovernmental	255,700	255,700	138,290	(117,410)
Service charges	8,500	8,500	55,514	47,014
Fines and forfeitures	620,000	620,000	900,978	280,978
Miscellaneous	22,626	22,626	137,826	115,200
Investment income	7,500	7,500	30,588	23,088
Total Revenues	6,106,108	6,106,108	6,422,691	316,583
EXPENDITURES				
General government	1,492,610	1,579,234	1,366,900	212,334
Public safety	2,215,448	2,215,448	2,011,652	203,796
Public works	3,039,834	3,289,267	2,715,647	573,620
Total Expenditures	6,747,892	7,083,949	6,094,199	989,750
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	\$ (641,784)	\$ (977,841)	\$ 328,492	\$ 1,306,333

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL - NON GAAP BASIS
GENERAL FUND
For The Year Ended June 30, 2018

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
Taxes				
Real estate	\$ 3,468,392	\$ 3,468,392	\$ 3,478,637	\$ 10,245
Personal property - utilities	121,500	121,500	33,319	(88,181)
Personal property - business	380,000	380,000	242,071	(137,929)
Penalties and interest	1,000	1,000	-	(1,000)
Local income	750,000	750,000	934,200	184,200
Hotel / motel tax	100,000	100,000	140,382	40,382
Highway users tax	159,000	159,000	156,188	(2,812)
Admissions and amusement tax	-	-	1,164	1,164
Taxes - bank stock tax	1,340	1,340	1,340	-
	<u>4,981,232</u>	<u>4,981,232</u>	<u>4,987,301</u>	<u>6,069</u>
Licenses and permits				
Traders licenses	50	50	-	(50)
Building permits	2,000	2,000	2,999	999
Residential business licenses	500	500	1,952	1,452
Rental housing licenses	75,000	75,000	14,345	(60,655)
Cable television franchise fees	133,000	133,000	152,898	19,898
	<u>210,550</u>	<u>210,550</u>	<u>172,194</u>	<u>(38,356)</u>
Intergovernmental				
Police protection	90,000	90,000	115,322	25,322
Program open space	33,000	33,000	-	(33,000)
Disposal fee rebate	18,700	18,700	18,840	140
Highway safety grant	7,000	7,000	-	(7,000)
Miscellaneous grants	107,000	107,000	4,128	(102,872)
	<u>255,700</u>	<u>255,700</u>	<u>138,290</u>	<u>(117,410)</u>
Service charges				
Residential parking stickers	1,100	1,100	838	(262)
Special trash / appliance pickups	2,000	2,000	1,971	(29)
Park pavilion reservation fees	1,400	1,400	1,950	550
Lot maintenance (private property)	1,000	1,000	48,005	47,005
Mulch delivery fee / sign fees	3,000	3,000	2,750	(250)
	<u>8,500</u>	<u>8,500</u>	<u>55,514</u>	<u>47,014</u>
Fines and forfeitures				
Parking tickets	7,000	7,000	19,594	12,594
Municipal infractions	1,000	1,000	8,795	7,795
Red light camera enforcement	600,000	600,000	843,093	243,093
Speed camera enforcement	12,000	12,000	29,496	17,496
	<u>620,000</u>	<u>620,000</u>	<u>900,978</u>	<u>280,978</u>
Miscellaneous				
Sale of fixed assets	1,000	1,000	1,850	850
Miscellaneous	20,126	20,126	31,994	11,868
Other police revenue	-	-	27,729	27,729
Vending machine and pay phone	1,500	1,500	1,737	237
Leaf bag sales	-	-	1,825	1,825
Insurance proceeds revenue	-	-	72,691	72,691
	<u>22,626</u>	<u>22,626</u>	<u>137,826</u>	<u>115,200</u>
Investment income	<u>7,500</u>	<u>7,500</u>	<u>30,588</u>	<u>23,088</u>
Total Revenues	<u>\$ 6,106,108</u>	<u>\$ 6,106,108</u>	<u>\$ 6,422,691</u>	<u>\$ 316,583</u>

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - NON GAAP BASIS
GENERAL FUND
For The Year Ended June 30, 2018

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
General government				
Mayor and council				
Personnel				
Salaries and wages	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Staff Bonuses	10,000	10,000	-	10,000
Retirement	2,500	2,500	2,299	201
Social security	1,400	1,400	1,371	29
Official expenses	2,000	2,000	1,460	540
Document Management System	15,000	15,000	-	15,000
Travel and training	13,000	13,000	12,046	954
Total Personnel	61,900	61,900	35,176	26,724
Operating				
Public officials liability insurance	12,500	12,500	15,024	(2,524)
Materials and supplies	2,000	2,000	385	1,615
Newsletter	25,000	25,000	20,060	4,940
Public information	15,000	15,000	14,618	382
Annexation rebate	25,000	25,000	925	24,075
Public officials association	9,600	9,600	7,616	1,984
Election expenses	-	-	68	(68)
Total Operating	89,100	89,100	58,696	30,404
Total Mayor And Council	151,000	151,000	93,872	57,128
Administration				
Personnel				
Salaries and wages	283,850	283,850	206,971	76,879
Retirement	40,000	40,000	20,685	19,315
Workmen's compensation	15,000	15,000	8,372	6,628
Social security	22,000	22,000	17,524	4,476
Hospitalization	35,000	35,000	15,773	19,227
Life insurance	2,000	2,000	1,162	838
Unemployment	150	150	55	95
Total Personnel	398,000	398,000	270,542	127,458
Operating				
Travel and training	2,000	2,000	309	1,691
Auto insurance	3,000	3,000	3,000	-
Materials, supplies & equipment	7,000	7,000	9,625	(2,625)
Miscellaneous	2,000	2,000	959	1,041
Bank card fees	3,300	3,300	722	2,578
Subscriptions and memberships	1,500	1,500	1,211	289
Recruitment and advertising	1,500	1,500	1,532	(32)
Employee assistance program	3,000	3,000	546	2,454
Telephone	5,000	5,000	3,918	1,082
Office equipment maintenance	4,000	4,000	563	3,437
Postage	7,000	7,000	5,530	1,470
Total Operating	39,300	39,300	27,915	11,385
Total Administration	437,300	437,300	298,457	138,843
Appointed committees				
Operating				
Cheverly day committee	15,000	15,000	12,810	2,190
Planning board	500	500	-	500

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - NON GAAP BASIS
GENERAL FUND
(continued)

For The Year Ended June 30, 2018

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
Parks and grounds committee	500	500	-	500
Youth program	1,000	1,000	-	1,000
Recreation council	3,000	3,000	3,000	-
CPACT	4,000	4,000	4,276	(276)
Grants	10,000	10,000	9,085	915
Technology & communication committee	25,000	25,000	3,000	22,000
Composting bins	500	500	-	500
Total Appointed Committees	59,500	59,500	32,171	27,329
Debt service				
Operating				
Municipal Bond Interest Payment	85,000	85,000	95,000	(10,000)
Municipal Bond Principal Payment	24,510	24,510	16,985	7,525
Police station building	-	-	-	-
Total Debt Service	109,510	109,510	111,985	(2,475)
Miscellaneous activities/divisions				
Auditors	22,000	32,124	19,896	12,228
Legal counsel-retainer fees	40,000	40,000	28,277	11,723
Legal counsel-other	10,000	10,000	6,465	3,535
Computer support	34,000	34,000	44,542	(10,542)
Consultant	20,000	60,000	17,608	42,392
Landscaping/holiday decorating contr.	33,000	33,000	47,841	(14,841)
Municipal building supplies & maint.	35,000	35,000	30,511	4,489
Municipal building utilities	30,000	30,000	37,592	(7,592)
Municipal building liability ins.	5,500	5,500	4,915	585
Vending machine	1,700	1,700	2,559	(859)
Red light camera contractor	270,000	270,000	352,410	(82,410)
Speed camera contractor	3,400	3,400	11,683	(8,283)
Retirement admin fees	8,200	8,200	8,162	38
Materials and supplies	200	200	-	200
Professional services	15,000	15,000	13,773	1,227
Mosquito control	800	800	1,557	(757)
Supplies and equipment	500	500	892	(392)
Total Miscellaneous Activities/Div.	529,300	579,424	628,683	(49,259)
Capital outlay				
Equipment	1,000	1,000	6,565	(5,565)
Municipal Building	205,000	241,500	195,167	46,333
Total Capital Outlay	206,000	242,500	201,732	40,768
Total General Government	1,492,610	1,579,234	1,366,900	212,334
Public safety				
Police department				
Personnel				
Salaries and wages	1,123,248	1,123,248	1,027,893	95,355
Overtime	50,000	50,000	90,260	(40,260)
Retirement	205,000	205,000	105,728	99,272
Workmen's compensation	171,000	171,000	111,278	59,722
Social security	88,000	88,000	87,443	557
Hospitalization	150,000	150,000	117,647	32,353

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - NON GAAP BASIS
GENERAL FUND
(continued)

For The Year Ended June 30, 2018

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
Life insurance	10,000	10,000	8,168	1,832
Unemployment	200	200	-	200
Total Personnel	1,797,448	1,797,448	1,548,417	249,031
Operating				
Training/travel	12,000	12,000	17,726	(5,726)
Tuition assistance	15,000	15,000	19,551	(4,551)
Police liability insurance	24,000	24,000	22,504	1,496
Retirement admin fees	-	-	6,156	(6,156)
Auto insurance	14,000	14,000	17,050	(3,050)
Materials and supplies	20,000	20,000	16,177	3,823
Miscellaneous	2,000	2,000	4,964	(2,964)
Equipment	25,000	25,000	23,883	1,117
Bank/credit card fees	4,000	4,000	4,969	(969)
Subscriptions and Memberships	600	600	400	200
Uniforms	25,000	25,000	22,898	2,102
Applicant screening	3,000	3,000	6,599	(3,599)
Specialized services	8,500	8,500	7,747	753
Equipment maintenance	1,500	1,500	863	637
Traffic control	5,000	5,000	13,650	(8,650)
Residential parking zones	900	900	893	7
Auto repair	30,000	30,000	41,764	(11,764)
Building utilities	10,000	10,000	11,805	(1,805)
Telephone	9,000	9,000	10,612	(1,612)
Wireless communications	8,500	8,500	12,401	(3,901)
Total Operating	218,000	218,000	262,612	(44,612)
Capital outlay				
Vehicle replacement	150,000	150,000	149,802	198
Building/Facilities	-	-	-	-
Equipment/furnishing	50,000	50,000	50,821	(821)
Total Capital Outlay	200,000	200,000	200,623	(623)
Total Public Safety	2,215,448	2,215,448	2,011,652	203,796
Public works				
Administration				
Personnel				
Salaries and wages	1,018,574	1,018,574	947,173	71,401
Overtime	8,000	8,000	11,826	(3,826)
Retirement	124,000	124,000	101,131	22,869
Workmen's compensation	90,000	90,000	52,689	37,311
Social security	74,000	74,000	74,066	(66)
Hospitalization	230,000	230,000	198,589	31,411
Life insurance	8,000	8,000	5,867	2,133
Unemployment	2,000	2,000	165	1,835
Total Personnel	1,554,574	1,554,574	1,391,506	163,068
Operating				
Travel and training	1,000	1,000	199	801
Auto insurance	13,000	13,000	14,981	(1,981)
Materials and supplies	7,000	7,000	2,955	4,045
Miscellaneous	1,000	1,000	3,945	(2,945)
Subscription and memberships	160	160	195	(35)
Uniforms/safety gear	25,000	25,000	33,603	(8,603)
Lot maintenance (private property)	5,000	5,000	10,572	(5,572)

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - NON GAAP BASIS
GENERAL FUND
(continued)
For The Year Ended June 30, 2018

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
Security system	1,100	1,100	421	679
Radio repair	1,000	1,000	2,403	(1,403)
Total Operating	54,260	54,260	69,274	(15,014)
Capital outlay				
Vehicle replacement	176,500	206,500	176,741	29,759
Equipment replacement	38,500	38,500	31,309	7,191
Buildings/Facilities/Yard	88,000	88,000	128,835	(40,835)
Total Capital Outlay	303,000	333,000	336,885	(3,885)
Total Administration	1,911,834	1,941,834	1,797,665	144,169
Street division				
Operating				
Street repair	10,000	10,000	1,094	8,906
Subcontract work	5,000	5,000	-	5,000
Snow/ice removal	25,000	25,000	11,858	13,142
Street light utilities	74,000	74,000	65,443	8,557
Stormdrain - materials & supplies	107,000	107,000	-	107,000
Total Operating	221,000	221,000	78,395	142,605
Capital outlay				
Sidewalk/curb/gutter	15,000	15,000	5,711	9,289
Street lights	3,000	3,000	22,571	(19,571)
Road projects	258,000	258,000	248,490	9,510
Total Capital Outlay	276,000	276,000	276,772	(772)
Total Street Division	497,000	497,000	355,167	141,833
Stormwater Management Division				
Capital outlay				
Stormdrain - Equipment	-	143,833	94,217	49,616
Total Capital Outlay	-	143,833	94,217	49,616
Total Stormwater Management Division	-	143,833	94,217	49,616
Parks division				
Operating				
Tree service	50,000	50,000	39,750	10,250
Park supplies	20,000	20,000	11,305	8,695
Park tools and equipment	1,000	1,000	6,909	(5,909)
Total Operating	71,000	71,000	57,964	13,036
Capital outlay				
Park development	85,500	161,100	33,087	128,013
Green Space Beautification	17,500	17,500	4,950	12,550
Land Acquisition	10,000	10,000	-	10,000
Total Capital Outlay	113,000	188,600	38,037	150,563
Total Parks Division	184,000	259,600	96,001	163,599

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - NON GAAP BASIS
GENERAL FUND
(continued)
For The Year Ended June 30, 2018

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
Garage division				
Operating				
Auto repair	35,000	35,000	56,403	(21,403)
Vehicle repair parts	38,000	38,000	54,445	(16,445)
Garage-tools and equipment	9,000	9,000	10,036	(1,036)
Garage-consumables	25,000	25,000	9,947	15,053
Tires and tubes	23,000	23,000	19,500	3,500
Gas/oil/grease	170,000	170,000	86,175	83,825
Total Garage Division	300,000	300,000	236,506	63,494
Sanitation division				
Operating				
Landfill disposal fees	120,000	120,000	85,239	34,761
Recycling contract	14,000	14,000	16,945	(2,945)
Materials and supplies	1,000	1,000	10,168	(9,168)
Recycling disposal fees	5,000	5,000	15,706	(10,706)
Equipment repair	7,000	7,000	8,033	(1,033)
Total Sanitation Division	147,000	147,000	136,091	10,909
Total Public Works	3,039,834	3,289,267	2,715,647	573,620
Total Expenditures	\$ 6,747,892	\$ 7,083,949	6,094,199	\$ 989,750

TOWN OF CHEVERLY, MARYLAND
EMPLOYEES' RETIREMENT AND PENSION SYSTEM

For The Year Ended June 30, 2018

Last Ten Fiscal Years *

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 229,843	\$ 200,412	\$ 199,688	\$ 241,826	\$ 234,735	\$ 222,111	\$ 254,586	\$ 248,677	\$ 171,106	\$ 162,428
Contributions in relation to the contractually required contribution	229,843	200,412	199,688	241,826	234,735	222,111	254,586	248,677	171,106	162,428
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 2,105,467	\$ 1,942,271	\$ 1,813,428	\$ 2,044,871	\$ 1,897,888	\$ 1,976,769	*	*	*	*
Contributions as a percentage of covered payroll	10.92%	10.32%	11.01%	11.83%	12.37%	11.24%	*	*	*	*

* Amounts presented above were determined as of June 30, 2018. Additional years will be presented as they become available.

TOWN OF CHEVERLY, MARYLAND
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last Ten Fiscal Years *

<u>Employees' Retirement and Pension System:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportionate percent of the net pension liability	0.0098466%	0.0102505%	0.0114733%	0.0098958%
Town's proportionate share(s) of the net pension liability	\$ 2,129,206	\$ 2,418,508	\$ 2,384,346	\$ 1,756,182
Town's covered payroll	\$ 1,942,271	\$ 1,813,428	\$ 2,044,871	\$ 1,897,888
Town's proportionate share of the net pension liability as of a percentage of its covered payroll	109.62%	133.37%	116.60%	92.53%
Plan fiduciary net position as a percentage of the total pension liability	69.38%	65.79%	68.78%	71.87%

* Additional years will be presented as they become available.

TOWN OF CHEVERLY, MARYLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2018

BUDGETARY INFORMATION

Formal budgetary integration is employed as a management control device during the year for the General Fund. The Town Council approved, by ordinance, the total annual budget consisting of anticipated revenues and proposed expenditures (appropriations). Any subsequent transfer of funds between major appropriations for different purposes must be approved by the Council before coming effective. All appropriations lapse at the end of the budget year to the extent that they shall not have been expended.

The following is a reconciliation of the Non-GAAP Budgetary Expenditures to the GAAP Basis:

Total Actual Expenditures Non-GAAP Budgetary Basis	\$ 6,094,199
Equipment purchased with lease proceeds	<u>98,416</u>
Total Actual Expenditures GAAP Basis	<u><u>\$ 6,192,615</u></u>