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**TOWN OF BROOKEVILLE,  
MARYLAND**

**Financial Statements,  
Supplementary Information and  
Independent Auditor's Report**

**For the Years Ended  
June 30, 2021 and 2020**

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**LSWG**

**CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS ADVISORS**

**Town of Brookeville, Maryland  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Commissioners of the  
Town of Brookeville, Maryland

We have audited the accompanying financial statements of the governmental activities and the general fund of the Town of Brookeville, Maryland (the Town), as of and for the years ended June 30, 2021 and 2020, 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, and the general fund of the Town of Brookeville, Maryland, as of June 30, 2021 and 2020, and the respective changes in financial position for the years 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 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 inquires 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.

**LSWG, P.A.**

Rockville, Maryland  
October 13, 2021

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This section of the Town of Brookeville's Annual Financial Report represents the Town Commissioners' discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2021. It should be read in conjunction with the Town's financial statement that follows this section.

### **FINANCIAL AND BUDGETARY HIGHLIGHTS**

- The assets and deferred outflows of the Town of Brookeville exceeded its liabilities and deferred inflows at the close of the fiscal year by \$1,247,289 (net position). Of this amount, \$769,525 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The carrying amount of the Town's cash deposits was \$756,387 and the bank balances totaled \$756,365.
- Governmental fund revenues were \$180,580 and expenditures were \$136,887 for an increase in fund balance of \$43,693 compared with an increase of \$31,609 in year 2020.
- Compared with fiscal year 2020, year 2021 governmental program activity revenues increased \$31,077, and expenditures decreased \$9,637. The most significant change in revenue resulted from an increase in income taxes of \$36,171. As a result of the COVID-19 pandemic, Academy rental income also decreased \$4,760. The most significant decrease in expenditures relates to schoolhouse expenses.
- The tax rate for assessable real property for fiscal year 2021 was \$0.15 and the personal property tax rate was \$0.45. Our Net Assessable Real Property Tax Base was \$26,531,832.
- Of revenues received, property taxes amounted to \$42,304. State shared taxes derived from income taxes amounted to \$106,092. Intergovernmental revenues through County revenue sharing, State Highway User taxes and bank shares amounted to \$17,894. License and permit revenue amounted to \$1,470. Revenue from miscellaneous sources included rental income of the Brookeville Academy of \$5,695. Grant income amounted to \$7,125.
- Capital assets with total cost of \$984,752 have been depreciated by \$506,988 for a net reported value of \$477,764.
- General Government expenditures totaled \$79,634 and includes financial administration expenditures such as personnel, insurance, planning commission, legal, and Town Building expenditures such as utilities, maintenance and operation of the Town's community center and office. Public Works expenditures totaled \$25,351 and includes trash collection, recycling, street lighting, public space maintenance, trees, and road and sidewalk maintenance. There were also expenditures of \$31,827 for capital improvement projects to include Academy roofing materials and Market Street replacement costs.
- Compared with 2020, 2021 governmental fund revenues increased \$31,087 and expenditures increased \$19,003. The most significant revenue variance was an increase in income tax revenue of \$36,171. As a result of COVID-19, academy

rental income decreased \$4,760 in 2021. The most significant increase in expenditures relates to increases in Capital Improvement projects.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Town of Brookeville's basic financial statements. The Town of Brookeville's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** (Exhibits A-1 to A-3) - The government-wide financial statements are designed to provide readers with a broad overview of the Town of Brookeville's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town of Brookeville's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Brookeville is improving or deteriorating.

The Statement of Program Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements of the Town of Brookeville are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town of Brookeville include general government, public works, and parks and recreation. The government-wide financial statements report only on the Town of Brookeville.

**Fund financial statements.** (Exhibits A-4 to A-6) - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Brookeville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Brookeville are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Brookeville maintains one individual governmental fund, the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement which is considered to be a major fund.

The Town of Brookeville adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund (as Required Supplementary Information) to demonstrate compliance with this budget.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial position. In the case of the Town of Brookeville, assets exceeded liabilities by \$1,247,289 at the close of the most recent fiscal year.

Approximately 38% of the Town of Brookeville's net position reflects its investment in capital assets (e.g., land, buildings and equipment). The Town of Brookeville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### Town of Brookeville - Net Position

	<u>Governmental</u>
Current and other assets	\$ 776,495
Capital assets	<u>477,764</u>
Total assets	<u>1,254,259</u>
Deferred Outflows	<u>-</u>
Current liabilities	6,258
Long-term liabilities	<u>712</u>
Total liabilities	<u>6,970</u>
Deferred Inflows	<u>-</u>
Invested in capital assets, net of related debt	477,764
Unrestricted	<u>769,525</u>
Total net position	<u>\$ 1,247,289</u>

The unrestricted net position \$769,525 may be used to meet the government's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities resulted in a net increase of the Town of Brookeville's net position by \$57,290.

#### **Town of Brookeville - Changes in Net Position**

	<u>Governmental Activities</u>
Revenues:	
Program revenues:	
Charges for services	\$ 3,480
Operating grants and contributions	16,908
General revenues:	
Taxes	148,367
Other	<u>11,796</u>
Total Revenues	<u>180,551</u>
Expenses:	
General government	52,799
Building and zoning	40,131
Public works	30,275
Parks and recreation	<u>56</u>
Total Expenses	<u>123,261</u>
Increase in net position	57,290
Net position, July 1, 2020	<u>1,189,999</u>
Net position, June 30, 2021	<u>\$ 1,247,289</u>

- Taxes of \$148,367 comprised 82% of the total revenues. This balance is comprised of property and income taxes.

#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

##### **(Exhibits A-4 and A-5)**

The Town of Brookeville uses fund accounting to ensure and demonstrate compliance with finance related requirements.

**Governmental funds.** The focus of the Town of Brookeville governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Brookeville financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town of Brookeville governmental funds reported an ending fund balance of \$769,162.



**General fund budgetary highlights.** Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as County and State grants; and (3) increases in appropriations that become necessary to maintain services.

<b>General Fund</b>	<b>Original <u>Budget</u></b>	<b>Final <u>Budget</u></b>	<b><u>Actual</u></b>
Revenues			
Taxes	\$ 93,330	\$ 93,330	\$ 148,396
Licenses and permits	2,090	2,090	1,470
Intergovernmental	20,473	20,473	17,894
Grants	-	-	7,125
Miscellaneous	<u>10,100</u>	<u>10,100</u>	<u>5,695</u>
Total Revenues	<u>125,993</u>	<u>125,993</u>	<u>180,580</u>
Expenditures			
General government	91,468	91,468	79,634
Public Works	37,680	37,680	25,351
Parks and Recreation	2,500	2,500	56
Debt Service	0	0	19
Capital Improvement Projects	<u>352,500</u>	<u>352,500</u>	<u>31,827</u>
Total Expenditures	<u>484,148</u>	<u>484,148</u>	<u>136,887</u>
Change in Fund Balance	<u>\$(358,155)</u>	<u>\$(358,155)</u>	<u>\$ 43,693</u>

The Town anticipates stable revenue from real estate taxes going forward, as the Town has maintained its real property tax rate in fiscal year 2022 to \$ .15 per \$100 of assessed value.

### **CAPITAL ASSETS**

At the end of fiscal year 2021, the Town's governmental activities have invested \$477,764 in land, construction in progress, infrastructure, building and improvements and equipment, as reflected in the following schedule.

## Governmental Activities - Capital Assets

	Governmental <u>Activities</u>
Non-Depreciable Assets	
Land	\$ 77,589
Power Woods park land improvements	<u>5,865</u>
Total Non depreciable capital assets	83,454
Other Capital Assets	
Infrastructure	88,539
Building and improvements	780,225
Equipment	<u>32,504</u>
Total Capital Assets being depreciated	<u>901,298</u>
Total Capital Assets	984,752
Accumulated Depreciation on	
Other Capital Assets	<u>(506,988)</u>
Net Capital Assets	<u>\$ 477,764</u>

## ECONOMIC FACTORS

The major economic factors that will affect the Town of Brookeville are the size of the State income tax share that the Town will receive in the 2022 fiscal year.

The Town has budgeted for beyond-average expenditures associated with Brookeville Academy including the replacement of the roof, Market Street replacement costs and gravel road projects.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Brookeville's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Brookeville, 5 High Street, Brookeville, Maryland, 20833.

**Exhibit A-1**

**Town of Brookeville, Maryland**  
**Statements of Net Position**  
**June 30,**

	<b>Governmental Activities <u>2021</u></b>	<b>Governmental Activities <u>2020</u></b>
<b>Assets</b>		
Cash and cash equivalents	\$ 756,387	\$ 688,044
Receivables, net	1,114	21,269
Due from other governments	16,760	19,434
Prepaid expenses	2,234	1,896
Capital assets, net	<u>477,764</u>	<u>464,157</u>
Total Assets	<u>1,254,259</u>	<u>1,194,800</u>
<b>Deferred Outflows</b>	<u>-</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable	1,568	1,893
Deposits	3,950	1,500
Payroll taxes withheld and accrued	701	638
State tax credit liability - current	39	39
Long-Term Liabilities		
Due in more than one year		
State tax credit liability	<u>712</u>	<u>731</u>
Total Liabilities	<u>6,970</u>	<u>4,801</u>
<b>Deferred Inflows</b>	<u>-</u>	<u>-</u>
<b>Net Position</b>		
Invested in capital assets	477,764	464,157
Unrestricted	<u>769,525</u>	<u>725,842</u>
Total Net Position	<u>\$ 1,247,289</u>	<u>\$ 1,189,999</u>

The accompanying notes are an integral part of these statements.

**Town of Brookeville, Maryland**  
**Statement of Program Activities**  
**For the Year Ended June 30, 2021**

		Program Revenue		Net (Expenses) Revenue and Changes in Net Position	
		Charges for	Operating	Governmental	Total
	<u>Expenses</u>	<u>Services</u>	<u>Grants and Contributions</u>	<u>Activities</u>	
<b>Functions/Programs</b>					
Governmental Activities					
General government	\$ 52,799	\$ -	\$ -	\$ (52,799)	\$ (52,799)
Building and zoning	40,131	3,480	-	(36,651)	(36,651)
Public works	30,275	-	16,908	(13,367)	(13,367)
Parks and recreation	56	-	-	(56)	(56)
Total Governmental Activities	<u>\$ 123,261</u>	<u>\$ 3,480</u>	<u>\$ 16,908</u>	(102,873)	(102,873)
General Revenues					
Property taxes				42,275	42,275
Income taxes				106,092	106,092
Intergovernmental				8,111	8,111
Interest				3,088	3,088
Miscellaneous				597	597
Total General Revenues				<u>160,163</u>	<u>160,163</u>
Changes in Net Position				57,290	57,290
Net Position - Beginning of Year				<u>1,189,999</u>	<u>1,189,999</u>
Net Position - End of Year				<u>\$ 1,247,289</u>	<u>\$ 1,247,289</u>

The accompanying notes are an integral part of this statement.

**Town of Brookeville, Maryland**  
**Statement of Program Activities**  
**For the Year Ended June 30, 2020**

	Program Revenue			Net (Expenses)	
				Revenue and	
				Changes in	
				Net Position	
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Governmental</u>	<u>Total</u>
Functions/Programs		<u>Services</u>	<u>Grants and</u>	<u>Activities</u>	
			<u>Contributions</u>		
Governmental Activities					
General government	\$ 50,368	\$ -	\$ -	\$ (50,368)	\$ (50,368)
Building and zoning	48,460	8,544	-	(39,916)	(39,916)
Public works	31,913	-	19,278	(12,635)	(12,635)
Parks and recreation	2,157	-	-	(2,157)	(2,157)
Total Governmental Activities	<u>\$ 132,898</u>	<u>\$ 8,544</u>	<u>\$ 19,278</u>	(105,076)	(105,076)
General Revenues					
Property taxes				41,404	41,404
Income taxes				69,921	69,921
Intergovernmental				8,111	8,111
Interest				2,116	2,116
Miscellaneous				<u>100</u>	<u>100</u>
Total General Revenues				<u>121,652</u>	<u>121,652</u>
Changes in Net Position				16,576	16,576
Net Position - Beginning of Year				<u>1,173,423</u>	<u>1,173,423</u>
Net Position - End of Year				<u>\$ 1,189,999</u>	<u>\$ 1,189,999</u>

The accompanying notes are an integral part of this statement.

**Town of Brookeville, Maryland**  
**Balance Sheets**  
**Governmental Fund**  
**June 30,**

	<b><u>General Fund</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Assets</b>		
Cash and cash equivalents	\$ 756,387	\$ 688,044
Receivables, net	1,114	21,269
Due from other governments	16,760	19,434
Prepaid expenses	<u>2,234</u>	<u>1,896</u>
<b>Total Assets</b>	<u>776,495</u>	<u>730,643</u>
<b>Deferred Outflows</b>	<u>-</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable	1,568	1,893
Deposits	3,950	1,500
Payroll taxes withheld and accrued	<u>701</u>	<u>638</u>
Total Liabilities	<u>6,219</u>	<u>4,031</u>
<b>Deferred Inflows</b>	<u>1,114</u>	<u>1,143</u>
<b>Fund Balance</b>		
Nonspendable	2,234	1,896
Assigned	753,100	433,155
Unassigned	<u>13,828</u>	<u>290,418</u>
Total Fund Balance	<u>\$ 769,162</u>	<u>\$ 725,469</u>
<b>Reconciliation of Governmental Fund Balance To Net</b>		
<b>Position of the Governmental Activities</b>		
Governmental Fund Balances	\$ 769,162	\$ 725,469
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Property tax revenues in the Statement of Program Activities that do not provide current financial resources are not reported as revenues in the general fund.	1,114	1,143
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	477,764	464,157
State Income tax liability expensed in the government-wide financial statements not requiring the use of current financial resources and therefore not expensed in the fund.	<u>(751)</u>	<u>(770)</u>
Net Position Governmental Activities	<u>\$ 1,247,289</u>	<u>\$ 1,189,999</u>

The accompanying notes are an integral part of these statements.

**Exhibit A-5**

**Town of Brookeville, Maryland**  
**Statements of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Governmental Fund**  
**For the Years Ended June 30,**

	<b>2021</b>	<b>2020</b>
	<b>General</b>	<b>General</b>
	<b>Fund</b>	<b>Fund</b>
<b>Revenues</b>		
General property taxes	\$ 42,304	\$ 41,423
State shared taxes	106,092	69,921
Licenses and permits	1,470	1,774
Intergovernmental revenue	17,894	16,939
Grant revenue	7,125	10,450
Miscellaneous	<u>5,695</u>	<u>8,986</u>
 Total Revenues	 <u>180,580</u>	 <u>149,493</u>
 <b>Expenditures</b>		
General government	91,519	80,640
Public works	45,293	35,087
Parks and recreation	56	2,157
Debt service	<u>19</u>	<u>-</u>
 Total Expenditures	 <u>136,887</u>	 <u>117,884</u>
 Excess of Revenues Over Expenditures	 43,693	 31,609
 <b>Fund Balance at Beginning of Year</b>	 <u>725,469</u>	 <u>693,860</u>
 <b>Fund Balance at End of Year</b>	 <u>\$ 769,162</u>	 <u>\$ 725,469</u>

The accompanying notes are an integral part of these statements.

**Town of Brookeville, Maryland**  
**Reconciliation of the Statements of Revenues, Expenditures**  
**and Changes in Fund Balances of the Governmental Fund**  
**to the Statement of Program Activities**  
**For the Years Ended June 30,**

	<u><b>2021</b></u>	<u><b>2020</b></u>
Net Change in Fund Balance - Governmental Fund	\$ 43,693	\$ 31,609
Amounts reported for governmental activities in the Statement of Program Activities are different because:		
Property tax revenues in the Statement of Program Activities that (do) do not provide current financial resources are not reported as revenues in the governmental fund.	(29)	(19)
Governmental fund reports capital outlays as expenditures. However, in the Statement of Program Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	13,607	(15,014)
The Statement of Revenues, Expenses and Changes in Fund Balances does (does not) require the use of current financial resources and therefore are not reported as an expense in the Government wide financial statements	<u>19</u>	<u>-</u>
Net Change in Net Position - Government-Wide	<u><u>\$ 57,290</u></u>	<u><u>\$ 16,576</u></u>

The accompanying notes are an integral part of these statements.



**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 - Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The Town of Brookeville (Town) was incorporated in 1808 under the laws of the State of Maryland. The Town operates under a Commission form of government consisting of a President and Town Commissioners. The Town provides the following services as authorized by its charter: highways and streets, planning and zoning, sanitation, and general administration services. The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The Town implemented the accounting and financial reporting requirements of GASB Statements No. 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments. GASB Statement No. 34 added the following components to the financial statements:

Management's Discussion and Analysis – A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements – These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Position and the Statement of Program Activities.

Statement of Net Position – The Statement of Net Position displays the financial position of the Town. All assets, deferred outflows, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position. The net position of a government is broken into three categories –1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Program Activities – The Statement of Program Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants.)

**Town of Brookeville, Maryland  
Notes to Financial Statements  
June 30, 2021 and 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**A. Financial Reporting Entity (continued)**

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons.

The financial statements were prepared in accordance with GASB Statement No. 14, The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with the basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town of Brookeville. There are no organizations for which the Town is financially accountable and there are no component units of the Town.

**B. Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The reporting model focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary fund. The government-wide financial statements (i.e., the statement of net position and the statement of program activities) report information on all of the non-fiduciary activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. The Town has only one governmental fund, the general fund, to account for all activities of the government, and does not have any business-type or fiduciary fund activities at this time.

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

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

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

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reduction to expenses. 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 and similar items are recognized when the grantor eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the Town considers revenue to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest payments which are reported as expenditures in the year due.

Property taxes, franchise fees, utility taxes, licenses, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports unearned revenues on its governmental funds balance sheet. Unearned revenues arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Town has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

The Town reports the following major governmental fund:

The General Fund – This is the Town's only operating fund. It accounts for all financial resources of the general government.

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

1. Deposits and Investments

Cash and cash equivalents, which are cash, money market accounts and a certificate of deposit, include cash on hand and demand deposit accounts. The Town reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. 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.

3. Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure assets are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of five years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 2005 are not reported in the basic financial statements. At June 30, 2021 and 2020 there is \$88,539 and \$68,597, respectively of infrastructure recorded on the books. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure – 40 years  
Buildings – 40 years  
Improvements – 15-40 years  
Office and other equipment 5 to 10 years

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)**

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any of this type of item.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town recognizes unearned property taxes as a deferred inflow.

5. Property Taxes

Property taxes for the years ended June 30, 2021 and 2020 were assessed and collected by Montgomery County and subsequently remitted to the Town. Property taxes are assessed on July 1st and are due and payable one half by September 30th and one half by December 31st. All unpaid taxes levied July 1st become delinquent on October 1st and January 1st. The real property tax rates for the Town for fiscal years ended June 30, 2021 and 2020 was .15, respectively, per \$100 of assessed taxable value. The public utilities, corporate and personal property tax rates for the Town for the fiscal years ended June 30, 2021 and 2020 was .45, respectively, per \$100 of assessed taxable value. Procedures for the collection of delinquent taxes by Montgomery County are provided for in the laws of Maryland.

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)**

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

7. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net position is classified in the following categories:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted net position* – This amount is restricted by creditors, grantors, contributors, laws or regulations of other governments.

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

**Note 2 – Reconciliation of Government-Wide and Fund Financial Statements**

A. Explanation of certain differences between the governmental fund balance and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between fund balance – general fund and net position – governmental activities as reported in the government-wide statement of net position.

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 3 – Detailed Notes on All Funds**

**A. Deposits and Investments**

**Deposits**

State statutes require all deposits be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized.

Town administration is authorized to invest in those instruments authorized by Maryland Statutes. Cash and cash equivalents as presented on the balance sheet and statement of net position include deposits (cash), a money market account and certificate of deposit.

At June 30, 2021 and 2020, the carrying amount of the Town's deposits were \$756,387 and \$688,044, respectively, and the bank balances totaled \$756,365 and \$688,294, respectively. Of the bank balances at June 30, 2021 and 2020, \$500,000 was covered by federal deposit insurance, respectively. The cash balances in excess of FDIC coverage at June 30, 2021 and 2020 are covered by collateral held by the bank's trust department in the Town's name. The Town has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on deposits.

**B. Receivables**

Receivables as of June 30, 2021 and 2020 for the Town's individual major governmental funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	<u><b>2021</b></u>	<u><b>2020</b></u>
Property Taxes	\$ 1,114	\$ 1,144
Other	<u>-</u>	<u>20,125</u>
Gross Receivables	<u>1,114</u>	<u>21,269</u>
Total Receivables - Net	<u><u>\$ 1,114</u></u>	<u><u>\$ 21,269</u></u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2021 and 2020 the Town had \$1,114 and \$1,143, respectively in unearned revenue reported as deferred inflows.

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 3 – Detailed Notes on All Funds (continued)**

C. Due From Other Governments

Due from other governments represents accrued revenue at June 30, 2021 and 2020 consisting of the following:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Primary Government		
General Fund		
State	\$ 15,660	\$ 18,886
County	<u>1,100</u>	<u>548</u>
Total Primary Government	<u><u>\$ 16,760</u></u>	<u><u>\$ 19,434</u></u>



**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 3 – Detailed Notes on All Funds (continued)**

D. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<b><u>Beginning</u></b> <b><u>Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending</u></b> <b><u>Balance</u></b>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 77,589	\$ -	\$ -	\$ 77,589
Power Woods Park land improvement	<u>5,865</u>	<u>-</u>	<u>-</u>	<u>5,865</u>
Total capital assets, not being depreciated	<u>83,454</u>	<u>-</u>	<u>-</u>	<u>83,454</u>
Capital assets, being depreciated				
Infrastructure	68,597	19,942	-	88,539
Buildings and improvements	763,468	16,787	-	780,255
Equipment	<u>32,504</u>	<u>-</u>	<u>-</u>	<u>32,504</u>
Total capital assets being depreciated	<u>864,569</u>	<u>36,729</u>	<u>-</u>	<u>901,298</u>
Less accumulated depreciation for:				
Infrastructure	(32,994)	(1,717)	-	(34,711)
Buildings and improvements	(427,157)	(20,809)	-	(447,966)
Equipment	<u>(23,715)</u>	<u>(596)</u>	<u>-</u>	<u>(24,311)</u>
Total accumulated depreciation	<u>(483,866)</u>	<u>(23,122)</u>	<u>-</u>	<u>(506,988)</u>
Total capital assets, being depreciated, net	<u>380,703</u>	<u>13,607</u>	<u>-</u>	<u>394,310</u>
Governmental activities capital assets, net	<u>\$ 464,157</u>	<u>\$ 13,607</u>	<u>\$ -</u>	<u>\$ 477,764</u>

Depreciation expense was charged to function/programs of the primary government as follows:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Governmental activities		
General government	\$ 18,198	\$ 18,188
Public works	<u>4,924</u>	<u>4,301</u>
Total depreciation expense, governmental activities	<u>\$ 23,122</u>	<u>\$ 22,489</u>

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 3 – Detailed Notes on All Funds (continued)**

E. Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable – such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable and property held for resale. Prepaid expenses of \$2,234 and \$1,896 are classified as nonspendable at June 30, 2021 and 2020, respectively.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the President and Commissioners of the Town.

Assigned fund balance – includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance – is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 3 – Detailed Notes on All Funds (continued)**

E. Fund Balance (continued)

The Town utilizes encumbrance based accounting. As of June 30, 2021 and 2020 there was a cumulative \$753,100 and \$433,155 of non-restricted encumbrances, which is general fund assigned fund balance. The following is a schedule of the assigned fund balances as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Schoolhouse	\$ 1,500	\$ -
Road projects	300,000	-
Academy - roof	51,000	75,000
Fund balance to be used for next years budget	<u>400,600</u>	<u>358,155</u>
	<u>\$ 753,100</u>	<u>\$ 433,155</u>

Order of Fund Balance Spending Policy

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year.

First non-spendable fund balance is determined. Then restricted fund balances for specific purposes are determined, followed by committed fund balance and assigned fund balance. Unassigned fund balance cannot fall to a negative balance.

**Note 4 – Grants**

The Town receives financial assistance from local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any unallowed disbursements resulting from such audits could become a liability of the Town. In the opinion of Town management, no material refunds will be required as a result of unallowed disbursements (if any), by the grantor agencies. Grant revenue is recognized as funds are expended. Any amount received in excess of expenditures is recorded as unearned grant revenue and will be recognized as revenue in the year it is earned.

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 5 – Commitment and Contingencies**

**A. Risk Management**

The Town is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the Town carries insurance through Montgomery County Self Insurance Pool together with the County Government's component units, and at least one other local municipality. For the years ended June 30, 2021 and 2020, the Town paid annual premiums of approximately \$1,865 and \$1,830, respectively, to the pool for its general, auto, and property insurance coverage. Claims over the past three years have been significantly less than that amount. The agreement with the pool provides that the pool will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of \$1,000,000.

The Town continues to carry commercial insurance for workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage, and no significant reductions in insurance coverage have occurred in any of the past three fiscal years.

**Note 6 – Wynne Case**

Maryland's individual income tax is composed of a state and a local rate. Maryland residents are allowed a credit for taxes paid to other states, but the credit was allowed against only the state portion of the tax and not against the local tax portion. The U.S. Supreme Court ruled this practice to be unconstitutional because it results in double taxation of income earned outside of Maryland. As a result, the State of Maryland is requiring Maryland local governments to refund the estimated portion of income tax paid to the local governments in previous years, consisting of the local portion of the tax, that the state may have to re-pay taxpayers that file amended returns claiming a refund for the credit applicable to the local tax rate. The Town's estimated obligation for State taxes to be refunded to the State of \$751 and \$770, respectively, for the years ended June 30, 2021 and 2020 is recorded in the liabilities section of the Statements of Net Position. This amount is being repaid to the State over eighty quarters beginning May 2021.

**Town of Brookeville, Maryland**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 7 – Subsequent Events**

Management has evaluated subsequent events through October 13, 2021, the date that the financial statements were available to be issued. There were no significant events to report.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Town of Brookeville, Maryland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts Original</b>	<b>Budgeted Amounts Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Taxes</b>				
<b>Local</b>				
Real property tax	\$ 40,000	\$ 40,000	\$ 39,798	\$ (202)
Personal and ordinary business and public utilities	3,330	3,330	2,478	(852)
Total Taxes - Local	43,330	43,330	42,276	(1,054)
Additions and abatements - prior years	-	-	28	28
Total Taxes - Local - Net	43,330	43,330	42,304	(1,026)
<b>State Shared</b>				
Income taxes	50,000	50,000	106,092	56,092
Total Taxes - State Shared	50,000	50,000	106,092	56,092
Total Taxes	93,330	93,330	148,396	55,066
<b>Licenses and Permits</b>				
Building permits	300	300	50	(250)
Licenses	30	30	14	(16)
Cable franchise tax	1,760	1,760	1,406	(354)
Total Licenses and Permits	2,090	2,090	1,470	(620)
<b>Intergovernmental Revenues</b>				
Municipal tax duplication	10,490	10,490	8,067	(2,423)
State highway user tax	9,939	9,939	9,783	(156)
Financial corporation -bank shares	44	44	44	-
Total Intergovernmental Revenues	\$ 20,473	\$ 20,473	\$ 17,894	\$ (2,579)

Continued

**Town of Brookeville, Maryland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts Original</b>	<b>Budgeted Amounts Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Grants</b>				
Other	\$ -	\$ -	\$ 7,125	\$ 7,125
Total Grants	-	-	7,125	7,125
<b>Miscellaneous</b>				
Interest	4,100	4,100	3,088	(1,012)
Rental income	6,000	6,000	2,010	(3,990)
Miscellaneous	-	-	597	597
Total Miscellaneous	10,100	10,100	5,695	(4,405)
<b>Total Revenues</b>	<u>\$ 125,993</u>	<u>\$ 125,993</u>	<u>\$ 180,580</u>	<u>\$ 54,587</u>

Continued



**Town of Brookeville, Maryland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts Original</b>	<b>Budgeted Amounts Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>General Government</b>				
Financial Administration				
Audit	\$ 6,850	\$ 6,850	\$ 7,200	\$ (350)
Property manager salary	11,000	11,000	11,000	-
Payroll taxes	2,804	2,804	3,020	(216)
Clerk salary	12,124	12,124	12,124	-
Treasurer salary	7,922	7,922	7,922	-
Event manager salary	5,610	5,610	5,610	-
Meetings and training	180	180	-	180
Dues and fees	734	734	771	(37)
Insurance	2,180	2,180	2,121	59
Legal	620	620	726	(106)
Office supplies	630	630	141	489
Technology/website	2,574	2,574	1,568	1,006
Planning commission expenses	500	500	-	500
Equipment permits	400	400	-	400
Donations	250	250	-	250
Total Financial Administration	<u>54,378</u>	<u>54,378</u>	<u>52,203</u>	<u>2,175</u>
Town Building				
Academy Grounds Maintenance	1,600	1,600	-	1,600
Advertising	500	500	-	500
Alarm Monitoring	1,000	1,000	-	1,000
Cleaning	2,500	2,500	385	2,115
Fire Extinguishers	225	225	144	81
Fire Sprinklers	2,000	2,000	2,195	(195)
Flooring	3,500	3,500	4,902	(1,402)
Furniture	500	500	42	458
Maintenance - building	11,500	11,500	1,800	9,700
Maintenance - other	2,500	2,500	137	2,363
Flood damage	-	-	9,149	(9,149)
Elevator	2,000	2,000	-	2,000
HVAC and fire alarm	2,500	2,500	561	1,939
Parking	1,000	1,000	1,000	-
Utilities	5,765	5,765	7,116	(1,351)
Total Town Building	<u>37,090</u>	<u>37,090</u>	<u>27,431</u>	<u>9,659</u>
Total General Government	<u>\$ 91,468</u>	<u>\$ 91,468</u>	<u>\$ 79,634</u>	<u>\$ 11,834</u>

Continued

**Town of Brookeville, Maryland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts Original</b>	<b>Budgeted Amounts Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Public Works</b>				
Solid waste and recycling	\$ 7,190	\$ 7,190	\$ 7,549	\$ (359)
Schoolhouse expenses	4,200	4,200	4,401	(201)
Lawn maintenance- public areas	1,000	1,000	-	1,000
Public area maintenance	1,487	1,487	860	627
Road and sidewalk maintenance	15,000	15,000	1,536	13,464
Snow removal	1,800	1,800	1,907	(107)
Street light maintenance	360	360	714	(354)
Street lighting	3,700	3,700	5,051	(1,351)
Solid waste tax	238	238	255	(17)
Bulk Trash Pickup	1,400	1,400	1,085	315
Fuel fee	330	330	293	37
Tree rebate	125	125	-	125
Tree service	850	850	1,700	(850)
Total Public Works	<u>37,680</u>	<u>37,680</u>	<u>25,351</u>	<u>12,329</u>
<b>Parks, Recreation and Culture</b>				
Town sponsored events	<u>2,500</u>	<u>2,500</u>	<u>56</u>	<u>2,444</u>
Total Parks and Recreation	<u>2,500</u>	<u>2,500</u>	<u>56</u>	<u>2,444</u>
<b>Debt Service - State Income Tax Liability</b>	<u>-</u>	<u>-</u>	<u>19</u>	<u>(19)</u>
<b>Capital Improvement Projects</b>				
Academy - replace roof	51,000	51,000	11,885	39,115
Schoolhouse	1,500	1,500	-	1,500
Market Street replacement	<u>300,000</u>	<u>300,000</u>	<u>19,942</u>	<u>280,058</u>
Total Capital Improvement Projects	<u>352,500</u>	<u>352,500</u>	<u>31,827</u>	<u>320,673</u>
Total Expenditures	<u>\$ 484,148</u>	<u>\$ 484,148</u>	<u>\$ 136,887</u>	<u>\$ 347,261</u>

The accompanying notes are an integral part of this schedule.

**Town of Brookeville, Maryland**  
**Notes to Required Supplementary Information**  
**June 30, 2021**

**Note 1 – Summary of Significant Budget Policies**

The Town Commissioners annually adopt a budget for the General Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund. On June 10, 2020, the Town Commissioners approved the original adopted budget reflected in the financial statements for fiscal year ending June 30, 2021. There were no budget amendments in fiscal year 2021.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

**Note 2 – Material Violations**

There were no material violations of the annual appropriated budgets for the General Fund for the fiscal year ended June 30, 2021. In addition, there were no excesses of budgetary expenditures for the period.

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