
**TOWN OF BROOKEVILLE,
MARYLAND**

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

**For the Years Ended
June 30, 2023 and 2022**

LSWG

**CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS**

Town of Brookeville, Maryland
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June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the
Town of Brookeville, Maryland

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Town of Brookeville, Maryland as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Town of Brookeville, Maryland's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Brookeville, Maryland, as of June 30, 2023 and 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Brookeville, Maryland, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Brookeville, Maryland's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 is the responsibility of management and, 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.

LSWG, P.A

Rockville, Maryland
October 25, 2023

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, 2023. 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 \$1,381,266 (net position). Of this amount, \$763,512 (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 \$775,373 and the bank balances totaled \$775,610.
- Governmental fund revenues were \$239,100 and expenditures were \$145,526 for an increase in fund balance of \$93,574 compared with a decrease of \$99,955 in year 2022.
- Compared with fiscal year 2022, year 2023 governmental program activity revenues increased \$48,351, and expenditures increased \$19,976. The most significant change in revenue resulted from an increase in State income tax revenue of \$40,141 and grant revenue of \$26,250. The most significant decrease in expenditures relates to the town hall.
- The tax rate for assessable real property for fiscal year 2023 was \$0.15 and the personal property tax rate was \$0.45. Our Net Assessable Real Property Tax Base was \$26,846,133.
- Of revenues received, property taxes amounted to \$42,233. State shared taxes derived from income taxes amounted to \$134,499. Intergovernmental revenues through County revenue sharing, State Highway User taxes and bank shares amounted to \$25,549. License and permit revenue amounted to \$1,314. Revenue from miscellaneous sources included rental income of the Brookeville Academy of \$9,255.
- Capital assets with total cost of \$1,182,549 have been depreciated by \$564,795 for a net reported value of \$617,754.
- General Government expenditures totaled \$90,337 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 \$26,896 and includes trash collection, recycling, street lighting, public space maintenance, trees, and road and sidewalk maintenance. There were also expenditures of \$25,598 for capital improvement projects to include gravel roads and Market street projects.
- Compared with 2022, 2023 governmental fund revenues increased \$47,601 and expenditures decreased \$145,928. The most significant revenue variance was an increase in State income tax revenues of \$40,141 and grant revenue of \$26,250. The most significant decrease in expenditures relates to decreases in Capital Improvement projects of \$142,774.

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 \$1381,266 at the close of the most recent fiscal year.

Approximately 45% 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	\$ 783,992
Capital assets	<u>617,754</u>
Total assets	<u>1,401,746</u>
Deferred Outflows	<u>-</u>
Current liabilities	19,786
Long-term liabilities	<u>694</u>
Total liabilities	<u>20,480</u>
Deferred Inflows	<u>-</u>
Invested in capital assets, net of related debt	617,754
Unrestricted	<u>763,512</u>
Total net position	<u>\$ 1,381,266</u>

The unrestricted net position \$763,512 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 \$81,176.

Town of Brookeville - Changes in Net Position

	<u>Governmental Activities</u>
Revenues:	
Program revenues:	
Charges for services	\$ 8,905
Operating grants and contributions	36,569
General revenues:	
Taxes	177,272
Other	<u>16,894</u>
Total Revenues	<u>239,640</u>
 Expenses:	
General government	61,809
Building and zoning	54,878
Public works	39,101
Parks and recreation	<u>2,676</u>
 Total Expenses	 <u>158,464</u>
 Increase in net position	 81,176
Net position, July 1, 2022	<u>1,300,090</u>
Net position, June 30, 2023	<u>\$ 1,381,266</u>

- Taxes of \$177,272 comprised 74% 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 \$762,781.

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.

General Fund	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues			
Taxes	\$112,480	\$ 112,480	\$ 176,732
Licenses and permits	1,665	1,665	1,314
Intergovernmental	18,197	18,197	25,549
Grants	-	-	26,250
Miscellaneous	<u>13,500</u>	<u>13,500</u>	<u>9,255</u>
Total Revenues	<u>145,842</u>	<u>145,842</u>	<u>239,100</u>
Expenditures			
General government	112,482	112,482	90,337
Public Works	41,045	41,045	26,896
Parks and Recreation	2,500	2,500	2,676
Debt Service	-	-	19
Capital Improvement Projects	<u>314,500</u>	<u>314,500</u>	<u>25,598</u>
Total Expenditures	<u>470,527</u>	<u>470,527</u>	<u>145,526</u>
Change in Fund Balance	<u>\$(324,685)</u>	<u>\$(324,685)</u>	<u>\$ 93,574</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 2023 to \$.15 per \$100 of assessed value.

CAPITAL ASSETS

At the end of fiscal year 2023, the Town's governmental activities have invested \$617,754 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	218,653
Building and improvements	847,938
Equipment	<u>32,504</u>
Total Capital Assets being depreciated	<u>1,099,095</u>
Total Capital Assets	1,182,549
Accumulated Depreciation on	
Other Capital Assets	<u>(564,795)</u>
Net Capital Assets	<u>\$ 617,754</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 2024 fiscal year.

The Town has budgeted for beyond-average expenditures associated with Brookeville Academy and the Schoolhouse. The Town has budgeted for beyond-average expenditures associated with the Brookeville Academy as well as work on Market Street.

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,

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
Assets		
Cash and cash equivalents	\$ 775,373	\$ 640,319
Receivables, net	1,444	19,418
Due from other governments	6,149	10,416
Prepaid expenses	1,026	1,021
Capital assets, net	<u>617,754</u>	<u>630,711</u>
Total Assets	<u>1,401,746</u>	<u>1,301,885</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Liabilities		
Accounts payable	18,438	-
Deposits	600	250
Payroll taxes withheld and accrued	729	813
Wynne liability		
Due within one year	19	19
Due in more than one year	<u>694</u>	<u>713</u>
Total Liabilities	<u>20,480</u>	<u>1,795</u>
Deferred Inflows	<u>-</u>	<u>-</u>
Net Position		
Invested in capital assets	617,754	630,711
Unrestricted	<u>763,512</u>	<u>669,379</u>
Total Net Position	<u>\$ 1,381,266</u>	<u>\$ 1,300,090</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, 2023

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Governmental Activities</u>	<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Functions/Programs					
Governmental Activities					
General government	\$ 61,809	\$ -	\$ -	\$ (61,809)	\$ (61,809)
Building and zoning	54,878	8,905	-	(45,973)	(45,973)
Public works	39,101	-	36,569	(2,532)	(2,532)
Parks and recreation	2,676	-	-	(2,676)	(2,676)
Total Governmental Activities	<u>\$ 158,464</u>	<u>\$ 8,905</u>	<u>\$ 36,569</u>	(112,990)	(112,990)
General Revenues					
Property taxes				42,773	42,773
Income taxes				134,499	134,499
Intergovernmental				15,229	15,229
Interest				1,665	1,665
Total General Revenues				<u>194,166</u>	<u>194,166</u>
Changes in Net Position				81,176	81,176
Net Position - Beginning of Year				<u>1,300,090</u>	<u>1,300,090</u>
Net Position - End of Year				<u>\$ 1,381,266</u>	<u>\$ 1,381,266</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, 2022**

	Program Revenue			Net (Expenses) Revenue and Changes in Net Position	
Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities					
General government	\$ 66,098	\$ -	\$ -	\$ (66,098)	\$ (66,098)
Building and zoning	44,590	26,595	-	(17,995)	(17,995)
Public works	26,349	-	10,508	(15,841)	(15,841)
Parks and recreation	1,451	-	-	(1,451)	(1,451)
Total Governmental Activities	\$ 138,488	\$ 26,595	\$ 10,508	(101,385)	(101,385)
General Revenues					
Property taxes				41,823	41,823
Income taxes				94,358	94,358
Intergovernmental				16,829	16,829
Interest				239	239
Miscellaneous				937	937
Total General Revenues				154,186	154,186
Changes in Net Position				52,801	52,801
Net Position - Beginning of Year				1,247,289	1,247,289
Net Position - End of Year				\$ 1,300,090	\$ 1,300,090

The accompanying notes are an integral part of this statement.

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

	<u>General Fund</u>	
	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 775,373	\$ 640,319
Receivables, net	1,444	19,418
Due from other governments	6,149	10,416
Prepaid expenses	1,026	1,021
Total Assets	<u>783,992</u>	<u>671,174</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Liabilities		
Accounts payable	18,438	-
Deposits	600	250
Payroll taxes withheld and accrued	729	813
Total Liabilities	<u>19,767</u>	<u>1,063</u>
Deferred Inflows	<u>1,444</u>	<u>904</u>
Fund Balance		
Nonspendable	1,026	1,021
Assigned	304,000	324,685
Committed	-	19,550
Unassigned	457,755	323,951
Total Fund Balance	<u>\$ 762,781</u>	<u>\$ 669,207</u>
Reconciliation of Governmental Fund Balance To Net Position of the Governmental Activities		
Governmental Fund Balances	\$ 762,781	\$ 669,207
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.	1,444	904
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	617,754	630,711
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>(713)</u>	<u>(732)</u>
Net Position Governmental Activities	<u>\$ 1,381,266</u>	<u>\$ 1,300,090</u>

The accompanying notes are an integral part of these statements.

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

	2023	2022
	General Fund	General Fund
Revenues		
General property taxes	\$ 42,233	\$ 42,032
State shared taxes	134,499	94,358
Licenses and permits	1,314	13,165
Intergovernmental revenue	25,549	27,338
Grant revenue	26,250	-
Miscellaneous	9,255	14,606
 Total Revenues	 239,100	 191,499
 Expenditures		
General government	90,337	156,883
Public works	52,494	133,101
Parks and recreation	2,676	1,451
Debt service	19	19
 Total Expenditures	 145,526	 291,454
 Excess of Revenues Over (Under) Expenditures	 93,574	 (99,955)
 Fund Balance at Beginning of Year	 669,207	 769,162
 Fund Balance at End of Year	 \$ 762,781	 \$ 669,207

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>2023</u>	<u>2022</u>
Net Change in Fund Balance - Governmental Fund	\$ 93,574	\$ (99,955)
<p>Amounts reported for governmental activities in the Statement of Program Activities are different because:</p>		
<p>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.</p>	540	(210)
<p>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.</p>	(12,957)	152,947
<p>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</p>	<u>19</u>	<u>19</u>
Net Change in Net Position - Government-Wide	<u>\$ 81,176</u>	<u>\$ 52,801</u>

The accompanying notes are an integral part of these statements.

Town of Brookeville, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022**

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, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022 there is \$218,653 and \$200,215, 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, 2023 and 2022

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, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022, the carrying amount of the Town’s deposits were \$775,373 and \$640,319, respectively, and the bank balances totaled \$775,610 and \$747,484, respectively. Of the bank balances at June 30, 2023 and 2022, \$500,000 was covered by federal deposit insurance, respectively. The cash balances in excess of FDIC coverage at June 30, 2023 and 2022 are covered by collateral held by the bank’s trust department in the Town’s name except for one bank with an excess of FDIC limits of \$3,971. There is no collateral held at this bank. 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, 2023 and 2022 for the Town’s individual major governmental funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>2023</u>	<u>2022</u>
Receivables		
Property Taxes	\$ 1,444	\$ 904
Other	-	18,514
Gross Receivables	<u>1,444</u>	<u>19,418</u>
Total Receivables - Net	<u><u>\$ 1,444</u></u>	<u><u>\$ 19,418</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, 2023 and 2022 the Town had \$1,444 and \$904, respectively in unearned revenue reported as deferred inflows.

Town of Brookeville, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

C. Due From Other Governments

Due from other governments represents accrued revenue at June 30, 2023 and 2022 consisting of the following:

	<u>2023</u>	<u>2022</u>
Primary Government		
General Fund		
State	\$ 5,825	\$ 10,096
County	<u>324</u>	<u>320</u>
Total Primary Government	<u>\$ 6,149</u>	<u>\$ 10,416</u>

Town of Brookeville, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass</u>	<u>Ending</u> <u>Balance</u>
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>-</u>	<u>5,865</u>
Total capital assets, not being depreciated	<u>83,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,454</u>
Capital assets, being depreciated					
Infrastructure	200,215	18,438	-	-	218,653
Buildings and improvements	847,938	-	-	-	847,938
Equipment	<u>32,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,504</u>
Total capital assets being depreciated	<u>1,080,657</u>	<u>18,438</u>	<u>-</u>	<u>-</u>	<u>1,099,095</u>
Less accumulated depreciation for:					
Infrastructure	(36,428)	(5,045)	-	-	(41,473)
Buildings and improvements	(472,165)	(25,393)	-	1,625	(495,933)
Equipment	<u>(24,807)</u>	<u>(957)</u>	<u>-</u>	<u>(1,625)</u>	<u>(27,389)</u>
Total accumulated depreciation	<u>(533,400)</u>	<u>(31,395)</u>	<u>-</u>	<u>-</u>	<u>(564,795)</u>
Total capital assets, being depreciated, net	<u>547,257</u>	<u>(12,957)</u>	<u>-</u>	<u>-</u>	<u>534,300</u>
Governmental activities capital assets, net	<u>\$ 630,711</u>	<u>\$ (12,957)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617,754</u>

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

Governmental activities	<u>2023</u>	<u>2022</u>
General government	\$ 26,350	\$ 21,488
Public works	<u>5,045</u>	<u>4,924</u>
Total depreciation expense, governmental activities	<u>\$ 31,395</u>	<u>\$ 26,412</u>

Town of Brookeville, Maryland
Notes to Financial Statements
June 30, 2023 and 2022

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 \$1,026 and \$1,021 are classified as nonspendable at June 30, 2023 and 2022, 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, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

E. Fund Balance (continued)

The Town utilizes encumbrance based accounting. As of June 30, 2023 and 2022 there was a cumulative \$304,000 and \$324,685 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Fund balance to be used for the next years budget	<u>\$ 304,000</u>	<u>\$ 324,685</u>
	<u>\$ 304,000</u>	<u>\$ 324,685</u>

The Town's committed fund balance includes the projected use of funds for a retainage wall reconstruction program for which a contract has been signed. For the years ended June 30, 2023 and 2022 the committed fund balance was \$0 and \$19,550, respectively.

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, 2023 and 2022

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, 2023 and 2022, the Town paid annual premiums of approximately \$2,221 and \$2,159, 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 \$713 and \$732, respectively, for the years ended June 30, 2023 and 2022 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.

Note 7 – Subsequent Events

Management has evaluated subsequent events through October 25, 2023, the date that the financial statements were available to be issued. There were no significant events to report.

SUPPLEMENTARY INFORMATION

Town of Brookeville, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Taxes				
Local				
Real property tax	\$ 40,000	\$ 40,000	\$ 39,795	\$ (205)
Personal and ordinary business and public utilities	<u>2,480</u>	<u>2,480</u>	<u>2,412</u>	<u>(68)</u>
Total Taxes - Local	42,480	42,480	42,207	(273)
Additions and abatement - prior years	<u>-</u>	<u>-</u>	<u>26</u>	<u>26</u>
Total Taxes - Local - Net	<u>42,480</u>	<u>42,480</u>	<u>42,233</u>	<u>(247)</u>
State Shared				
Income taxes	<u>70,000</u>	<u>70,000</u>	<u>134,499</u>	<u>64,499</u>
Total Taxes - State Shared	<u>70,000</u>	<u>70,000</u>	<u>134,499</u>	<u>64,499</u>
Total Taxes	<u>112,480</u>	<u>112,480</u>	<u>176,732</u>	<u>64,252</u>
Licenses and Permits				
Building permits	250	250	50	(200)
Licenses	15	15	49	34
Cable franchise tax	<u>1,400</u>	<u>1,400</u>	<u>1,215</u>	<u>(185)</u>
Total Licenses and Permits	<u>1,665</u>	<u>1,665</u>	<u>1,314</u>	<u>(351)</u>
Intergovernmental Revenues				
Municipal tax duplication	8,000	8,000	15,186	7,186
State highway user tax	10,153	10,153	10,319	166
Financial corporation -bank shares	<u>44</u>	<u>44</u>	<u>44</u>	<u>-</u>
Total Intergovernmental Revenues	<u>\$ 18,197</u>	<u>\$ 18,197</u>	<u>\$ 25,549</u>	<u>\$ 7,352</u>

Continued

Town of Brookeville, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Grants				
Grant income	\$ -	\$ -	\$ 26,250	\$ 26,250
Total Grants	<u>-</u>	<u>-</u>	<u>26,250</u>	<u>26,250</u>
Miscellaneous				
Interest	3,000	3,000	1,665	(1,335)
Rental income	10,000	10,000	7,590	(2,410)
Miscellaneous	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
Total Miscellaneous	<u>13,500</u>	<u>13,500</u>	<u>9,255</u>	<u>(4,245)</u>
Total Revenues	<u>\$ 145,842</u>	<u>\$ 145,842</u>	<u>\$ 239,100</u>	<u>\$ 93,258</u>

Continued

Town of Brookeville, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government				
Financial Administration				
Audit	\$ 7,500	\$ 7,500	\$ 7,900	\$ (400)
Property manager salary	11,400	11,400	11,440	(40)
Payroll taxes	3,100	3,100	3,318	(218)
Clerk salary	12,609	12,609	12,609	-
Treasurer salary	8,239	8,239	8,239	-
Event manager salary	5,834	5,834	5,834	-
Meetings and training	500	500	-	500
Dues and fees	1,000	1,000	1,100	(100)
Insurance	2,850	2,850	2,478	372
Legal and consultant	6,000	6,000	3,390	2,610
Office supplies	750	750	977	(227)
Technology equipment/online services	4,900	4,900	2,607	2,293
Planning commission expenses	-	-	960	(960)
Donations	250	250	-	250
Total Financial Administration	<u>64,932</u>	<u>64,932</u>	<u>60,852</u>	<u>4,080</u>
Town Building				
Academy Grounds Maintenance	2,000	2,000	1,200	800
Advertising	750	750	83	667
Alarm Monitoring	1,000	1,000	-	1,000
Cleaning	3,500	3,500	1,330	2,170
Fire Extinguishers	225	225	84	141
Fire Sprinklers	2,500	2,500	10,618	(8,118)
Fire Alarm	1,000	1,000	960	40
Furniture	500	500	-	500
Maintenance - building	12,000	12,000	210	11,790
Maintenance - equipment	1,500	1,500	-	1,500
Maintenance - other	1,000	1,000	2,307	(1,307)
Equipment permits	400	400	-	400
Elevator	3,000	3,000	1,270	1,730
HVAC	2,500	2,500	520	1,980
Parking	1,000	1,000	1,150	(150)
Utilities	14,675	14,675	9,753	4,922
Total Town Building	<u>47,550</u>	<u>47,550</u>	<u>29,485</u>	<u>18,065</u>
Total General Government	<u>\$ 112,482</u>	<u>\$ 112,482</u>	<u>\$ 90,337</u>	<u>\$ 22,145</u>

Continued

Town of Brookeville, Maryland
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Works				
Recycling	\$ 3,000	\$ 3,000	\$ 2,647	\$ 353
Schoolhouse expenses	4,500	4,500	1,243	3,257
Lawn maintenance- public areas	1,000	1,000	-	1,000
Public area maintenance	4,000	4,000	9,549	(5,549)
Road and sidewalk maintenance	6,500	6,500	-	6,500
Snow removal	3,000	3,000	-	3,000
Street light maintenance	1,500	1,500	-	1,500
Street lighting	5,000	5,000	6,340	(1,340)
Solid waste tax	275	275	-	275
Waste	6,750	6,750	5,186	1,564
Tree Rebate	120	120	-	120
Bulk Trash Pickup	1,200	1,200	599	601
Fuel fee	700	700	1,332	(632)
Tree service	3,500	3,500	-	3,500
Total Public Works	<u>41,045</u>	<u>41,045</u>	<u>26,896</u>	<u>14,149</u>
Parks, Recreation and Culture				
Town sponsored events	<u>2,500</u>	<u>2,500</u>	<u>2,676</u>	<u>(176)</u>
Total Parks and Recreation	<u>2,500</u>	<u>2,500</u>	<u>2,676</u>	<u>(176)</u>
Debt Service - State Income Tax Liability	<u>-</u>	<u>-</u>	<u>19</u>	<u>(19)</u>
Capital Improvement Projects				
Gravel roads	314,500	314,500	23,083	291,417
Market Street	<u>-</u>	<u>-</u>	<u>2,515</u>	<u>(2,515)</u>
Total Capital Improvement Projects	<u>314,500</u>	<u>314,500</u>	<u>25,598</u>	<u>288,902</u>
Total Expenditures	<u>\$ 470,527</u>	<u>\$ 470,527</u>	<u>\$ 145,526</u>	<u>\$ 325,001</u>

The accompanying notes are an integral part of this schedule.

**Town of Brookeville, Maryland
Notes to Required Supplementary Information
June 30, 2023**

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 14, 2022, the Town Commissioners approved the original adopted budget reflected in the financial statements for fiscal year ending June 30, 2023. There were no budget amendments in fiscal year 2023.

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, 2023. In addition, there were no excesses of budgetary expenditures for the period.

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