
**VILLAGE OF MARTIN'S
ADDITIONS, 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**

VILLAGE OF MARTIN’S ADDITIONS, MARYLAND
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INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Council of the
Village of Martin's Additions, Maryland

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Village of Martin's Additions, 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 Village of Martin's Additions, 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 Village of Martin's Additions, Maryland, as of June 30, 2023 and 2022, and the respective changes in financial position and 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 Village of Martin's Additions, 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 Village of Martin's Additions, 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 Village of Martin's Additions, 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 Village of Martin's Additions, 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 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village of Martin's Additions, we offer the Village of Martin's Additions financial statements and this narrative overview and analysis of the financial activities of the Village of Martin's Additions for the fiscal year ended June 30, 2023. We encourage readers to consider the following information.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Village of Martin's Additions exceeded its liabilities and deferred inflows at the close of the fiscal year by \$5,192,199 (net position). Of this amount, \$4,241,960 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$666,835.
- As of the close of the fiscal year, the Village of Martin's Additions governmental funds reported an ending fund balance of \$4,413,959, an increase of \$634,651 in comparison with the prior year. Of the total fund balance, \$1,912,192 is available for spending at the government's discretion (unassigned fund balance) and \$2,500,000 has been assigned for street improvements, capital projects and a reserve fund. The remaining \$1,767 is nonspendable as it represents prepaid expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Martin's Additions basic financial statements. The Village of Martin's Additions 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 supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. (Exhibits A-1, A-2 and A-3) The government-wide financial statements are designed to provide readers with a broad overview of the Village of Martin's Additions finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village of Martin's Additions 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 Village of Martin's Additions 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 Village of Martin's Additions are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Village of Martin's Additions include general government, public works, public safety, and recreation. The government-wide financial statements report only on the Village of Martin's Additions.

Fund financial statements. (Exhibits A-4 and A-5) 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 Village of Martin's Additions, 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 Village of Martin's Additions 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 government's 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 Village of Martin's Additions maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of which is considered to be a major fund.

The Village of Martin's Additions adopts an annual appropriated budget for its general fund. A budgetary comparison schedule (Exhibit B-1) has been provided for the general fund 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 Village of Martin's Additions, assets exceeded liabilities by \$5,192,199 at the close of the most recent fiscal year.

Approximately 19% of the Village of Martin's Additions total assets reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Village of Martin's Additions uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Village of Martin's Additions Net Position

	Governmental
	<u>Activities</u>
Current and other assets	\$ 5,503,491
Noncurrent assets	<u>1,003,158</u>
Total assets	<u>6,506,649</u>
Deferred Outflows	<u>-</u>
Current liabilities	139,355
Noncurrent liabilities	<u>213,866</u>
Total liabilities	<u>353,221</u>
Deferred Inflows	<u>961,229</u>
Invested in capital assets	\$ 950,239
Unrestricted	<u>4,241,960</u>
Total net position	<u>\$ 5,192,199</u>

The unrestricted net position of \$4,241,960 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased the Village of Martin's Additions net position by \$666,835. Revenues increased by \$237,775 from fiscal year 2022 to fiscal year 2023. The significant changes included: income taxes increased \$74,775 and interest income increased \$158,310.

Expenses increased \$91,278 from fiscal year 2022 to fiscal year 2023. The significant changes included: building review and permits increased \$28,950, community events increased \$16,159 and street expenses increased \$25,123.

Village of Martin's Additions Changes in Net Position

	<u>Governmental Activities</u>
Revenues:	
Program revenues:	
Charges for services	\$ 49,249
Operating grants and contributions	41,774
General revenues:	
Taxes	1,202,674
Other	<u>217,068</u>
Total Revenues	<u>1,510,765</u>
Expenses:	
General government	349,662
Building & zoning	84,910
Public works	308,612
Public safety	42,477
Recreation	49,983
Interest	<u>8,286</u>
Total Expenses	<u>843,930</u>
Increase in net position	666,835
Net position, July 1, 2022	<u>4,525,364</u>
Net position, June 30, 2023	<u>\$ 5,192,199</u>

Taxes of \$1,202,674 comprised 80% of the total revenues of \$1,510,765. The taxes include both property and income taxes.

CAPITAL ASSETS

At the end of fiscal year 2023, the Village's governmental activities have invested \$27,394 in office equipment, \$1,381 in leasehold improvements and \$1,191,352 in infrastructure, as reflected in the following schedule. Total depreciation for the 2023 fiscal year was \$34,304 and accumulated depreciation for all assets was \$259,450. Net capital assets for the Village at the end of the fiscal year were \$960,677.

Governmental Activities - Capital Assets

	Governmental Activities
Non-Depreciable Assets	None
Other Capital Assets	
Infrastructure	\$ 1,191,352
Equipment	27,394
Leasehold Improvements	<u>1,381</u>
Total Capital Assets	1,220,127
Accumulated Depreciation on Other Capital Assets	<u>(259,450)</u>
Net Capital Assets	<u>\$ 960,677</u>

Governmental Activities - Capital Assets

	Governmental Activities
Lease Asset – current portion	\$ 22,163
Lease Asset – noncurrent portion	<u>42,481</u>
Total Lease Assets	<u>\$ 64,644</u>
Lease Liability – current portion	23,386
Lease Liability – noncurrent portion	<u>51,696</u>
Total Lease Liabilities	<u>\$ 75,082</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The Village of Martin's Additions uses fund accounting to ensure and demonstrate compliance with finance related requirements.

Governmental funds. The focus of the Village of Martin's Additions governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village of Martin's Additions financing requirements.

Total general fund revenue was \$1,500,936. This was a \$237,776 increase over fiscal year 2022. The increase was largely a result of a \$74,775 increase in income taxes and an increase in miscellaneous revenues (largely interest income) of \$159,815.

Total general fund expenditures were \$866,285. This was an increase of \$146,249 over the prior year. The increase is largely a result of the general government costs increasing \$115,469 and public works expenses increasing \$55,830.

Total fund balance increased \$634,651 for a total fund balance of \$4,413,959. Of this amount \$1,912,192 is unassigned and can be used for future plans of the Village, \$2,500,000 is assigned for future capital projects and a reserve and \$1,767 is nonspendable as expenses have been prepaid.

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. During the fiscal year the Village made amendments that fall into category one above. A detailed analysis of these changes can be found in Exhibit B-1 of the financial statements.

There were a few significant budget versus actual variances. Income tax revenues received were \$448,763 more than budgeted as the Village budgets conservatively. Also, permit fees were \$28,481 more than budgeted. Due to much higher interest rates, interest income was \$159,335 more than budgeted.

There were several actual expense amounts that were less than budgeted, largely in the designated funds which were budgeted at \$2,500,000 and total current year expenses were \$62,608. Also, snow removal services were \$29,280 less than budgeted.

Actual expenses were \$22,449 more than budgeted for waste collection and recycling largely due to a diesel surcharge. Community events were \$14,983 more than budgeted due to additional events being held in the current year.

ECONOMIC FACTORS

Overall, fiscal year 2023 was a positive year. The Village provided all the services budgeted for and completed the year by adding \$634,651 to the fund balance. The second ARPA payment of \$489,547 was received in August of 2022.

The Village Council maintained a conservative approach in formulating the fiscal year 2024 budget to ensure that the Village has a healthy financial position into the future. In fiscal year 2024, the Village plans to utilize the American Rescue Plan funds to enhance the safety and usability of Village streets, address drainage issues, and tackle other eligible projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Martin's Additions finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Manager of the Village of Martin's Additions, 7013B Brookville Road, Chevy Chase, Maryland, 20815.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Statements of Net Position
June 30,

	Governmental Activities 2023	Governmental Activities 2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 284,502	\$ 280,945
Investments	5,183,345	4,023,532
Receivables, net	1,055	-
Due from other governments	10,659	17,461
Prepaid expenses	1,767	1,767
Lease asset - current portion	22,163	22,163
Total Current Assets	5,503,491	4,345,868
Noncurrent Assets		
Lease asset - net of current portion	42,481	64,644
Capital assets, net	960,677	937,381
Total Noncurrent Assets	1,003,158	1,002,025
Total Assets	6,506,649	5,347,893
Deferred Outflows	-	-
Liabilities		
Current Liabilities		
Accounts payable	69,910	48,716
Refundable deposits	36,230	24,000
Lease liability - current portion	23,386	21,222
State tax credit liability - current portion	9,829	9,829
Total Current Liabilities	139,355	103,767
Noncurrent Liabilities		
Lease liability - net of current portion	51,696	75,082
State tax credit liability - net of current portion	162,170	171,999
Total Noncurrent Liabilities	213,866	247,081
Total Liabilities	353,221	350,848
Deferred Inflows	961,229	471,681
Net Position		
Invested in capital assets, net	950,239	927,884
Unrestricted	4,241,960	3,597,480
Total Net Position	\$ 5,192,199	\$ 4,525,364

The accompanying notes are an integral part of these statements.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND

Statement of Program Activities

For the Year Ended June 30, 2023

						Net (Expenses)	
			Indirect	Program Revenue		Revenue and	
			Expense	Charges for	Operating Grants	Changes in	
	Expenses		Allocation	Services	and Contributions	Net Position	
						Governmental	Total
						Activities	
Functions/Programs							
Governmental Activities							
General government	\$ 349,662	\$ 8,286	\$ 8,768	\$ 8,955	\$ (331,939)	\$ (331,939)	
Building and zoning	84,910	-	40,481	-	(44,429)	(44,429)	
Public works	308,612	-	-	32,819	(275,793)	(275,793)	
Public safety	42,477	-	-	-	(42,477)	(42,477)	
Recreation	49,983	-	-	-	(49,983)	(49,983)	
Interest	8,286	(8,286)	-	-	(8,286)	(8,286)	
Total Governmental Activities	\$ 843,930	\$ -	\$ 49,249	\$ 41,774	(752,907)	(752,907)	
General Revenues							
Property taxes					44,082	44,082	
Income taxes					1,158,592	1,158,592	
Intergovernmental					50,404	50,404	
Interest					164,335	164,335	
Miscellaneous					2,329	2,329	
Total General Revenues					1,419,742	1,419,742	
Change in Net Position					666,835	666,835	
Net Position, Beginning of Year					4,525,364	4,525,364	
Net Position, End of Year					\$ 5,192,199	\$ 5,192,199	

The accompanying notes are an integral part of this statement.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Statement of Program Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue		Net (Expenses) Revenue and Changes in Net Position Governmental Activities	Total
			Charges for Services	Operating Grants and Contributions		
Governmental Activities						
General government	\$ 300,371	\$ 7,030	\$ 13,108	\$ 1,040	\$ (286,223)	\$ (286,223)
Building and zoning	49,240	-	11,015	-	(38,225)	(38,225)
Public works	304,789	-	-	33,586	(271,203)	(271,203)
Public safety	39,899	-	-	-	(39,899)	(39,899)
Recreation	33,823	-	-	-	(33,823)	(33,823)
American Rescue Plan Act	17,500	-	-	17,500	-	-
Interest	7,030	(7,030)	-	-	(7,030)	(7,030)
Total Governmental Activities	<u>\$ 752,652</u>	<u>\$ -</u>	<u>\$ 24,123</u>	<u>\$ 52,126</u>	(676,403)	(676,403)
General Revenues						
Property taxes					42,457	42,457
Income taxes					1,083,817	1,083,817
Intergovernmental					55,703	55,703
Interest					6,025	6,025
Miscellaneous					8,739	8,739
Total General Revenues					<u>1,196,741</u>	<u>1,196,741</u>
Change in Net Position					520,338	520,338
Net Position, Beginning of Year					<u>4,005,026</u>	<u>4,005,026</u>
Net Position, End of Year					<u>\$ 4,525,364</u>	<u>\$ 4,525,364</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND

Balance Sheets
Governmental Funds
June 30,

	2023	2022
	General	General
	<u>Fund</u>	<u>Fund</u>
Assets		
Cash and cash equivalents	\$ 284,502	\$ 280,945
Investments	5,183,345	4,023,532
Receivables, net	1,055	-
Due from other governments	10,659	17,461
Prepaid expenses	1,767	1,767
Total Assets	<u>5,481,328</u>	<u>4,323,705</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Liabilities		
Accounts payable	69,910	48,716
Refundable deposits	36,230	24,000
Total Liabilities	<u>106,140</u>	<u>72,716</u>
Deferred Inflows	<u>961,229</u>	<u>471,681</u>
Fund Balances		
Nonspendable	1,767	1,767
Assigned	2,500,000	2,500,000
Unassigned	1,912,192	1,277,541
Total Fund Balances	<u>\$ 4,413,959</u>	<u>\$ 3,779,308</u>
Reconciliation of Total Governmental Fund Balances		
To Net Position of the Governmental Activities		
Total Governmental Fund Balances	\$ 4,413,959	\$ 3,779,308
Right to use lease assets used for governmental activities are not financial resources and therefore not reported in the funds	64,644	86,807
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(247,081)	(278,132)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	960,677	937,381
Net Position of Governmental Activities	<u>\$ 5,192,199</u>	<u>\$ 4,525,364</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Statements of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Years Ended June 30,

	2023	2022
	General	General
	Fund	Fund
Revenues		
Property taxes	\$ 44,082	\$ 42,457
Taxes - state shared	1,148,763	1,073,988
Licenses and permits	49,250	24,123
Intergovernmental	83,223	89,289
Grants	-	17,500
Miscellaneous	175,618	15,803
	<u>1,500,936</u>	<u>1,263,160</u>
Total Revenues	<u>1,500,936</u>	<u>1,263,160</u>
Expenditures		
General government	428,098	312,629
Public works	335,898	280,068
Public safety	42,477	39,899
Recreation	49,983	33,823
ARPA expenditures	-	17,500
Debt service	9,829	36,117
	<u>866,285</u>	<u>720,036</u>
Total Expenditures	<u>866,285</u>	<u>720,036</u>
Excess of Revenues Over (Under) Expenditures	634,651	543,124
Fund Balance - Beginning of Year	<u>3,779,308</u>	<u>3,236,184</u>
Fund Balance - End of Year	<u>\$ 4,413,959</u>	<u>\$ 3,779,308</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Reconciliation of the Statements of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statements of Program Activities
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Net Change in Fund Balance - Total Governmental Funds	\$ 634,651	\$ 543,124
Amounts reported for governmental activities in the Statement of Program Activities are different because:		
Debt service payments in the Statement of Revenues, Expenses and Changes in Fund Balance does (does not) require the use of current financial resources and therefore are not reported as an expense in the Government-wide financial statements	31,051	29,087
Amortization expense for right to use lease asset	(22,163)	(22,163)
Governmental funds report 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 does (does not) exceed capital outlay in the current period.	<u>23,296</u>	<u>(29,710)</u>
Net Change in Net Position - Governmental Activities	<u><u>\$ 666,835</u></u>	<u><u>\$ 520,338</u></u>

The accompanying notes are an integral part of these statements.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Village of Martin's Additions, Maryland (the Village) was incorporated in 1985 under the laws of the State of Maryland. The Village operates under a Council form of government consisting of a Council Chairperson and Village Council. The Village Council has the authority to appoint a Village Manager who shall be responsible for the day-to-day operations of the Village government and for carrying out the policies determined and approved by the Village government. The Village provides the following services as authorized by its charter: public safety (traffic), streets, sanitation, building permits and general administration services. The basic financial statements of the Village 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 Village has implemented 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 adds 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 Village. All assets, deferred outflows, liabilities and deferred inflows of resources associated with the operation of the Village 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).

VILLAGE OF MARTIN'S ADDITIONS, 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 Village 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 Village of Martin's Additions, Maryland. There are no organizations for which the Village is financially accountable and there are no component units of the Village.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. The reporting model focus is on both the Village 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 activities of the Village. 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 Village has only one governmental fund, the general fund, to account for all activities of the government, and does not have any business type activities or fiduciary 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.

VILLAGE OF MARTIN'S ADDITIONS, 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 are recognized when the grantor eligibility requirements are 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. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village 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, intergovernmental revenues and interest 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 period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village 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 Village 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 Village has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

The Village reports the following major governmental funds:

The General Fund – This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

VILLAGE OF MARTIN'S ADDITIONS, 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 (continued)

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

1. Deposits and Investments

Cash and cash equivalents, which are cash and short-term investments with maturities of three months or less, include cash on hand and demand deposit accounts.

2. Prepaid Expenses

Prepaid expenses record payments to vendors that benefit future reporting periods. Prepaid expenses are similarly reported in government-wide and fund financial statements.

3. Capital Assets

Capital assets, which include equipment, 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 in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 2004 are not reported in the basic financial statements. As of June 30, 2023 and 2022, \$1,191,352 and \$1,133,752, respectively, of infrastructure has been recorded in these financial statements.

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.

VILLAGE OF MARTIN'S ADDITIONS, 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 Assets (continued)

3. Capital Assets (continued)

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

Office equipment - 5 to 7 years
Sidewalks and curbs – 40 years
Leasehold improvements – 10 years

4. Property Taxes

Property taxes were assessed and collected by Montgomery County and subsequently remitted to the Village. 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 residential real property tax rates for the Village for fiscal years ended June 30, 2023 and 2022 were \$.0050 per \$100 of assessed taxable value. The public utilities tax rates for fiscal years ended June 30, 2023 and 2022 were \$1.45 per \$100 of assessed taxable value. The personal property tax rates for fiscal years ended June 30, 2023 and 2022 was \$.50 per \$100 of assessed taxable value. Procedures for the collection of delinquent taxes by Montgomery County are provided for in the laws of Maryland.

5. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as a liability. Long-term debt for governmental activities is not reported as a liability in the fund financial statements. Long-term debt consists of an office lease and state tax liability.

6. Right to Use Asset

The Village has recorded a right to use asset in accordance with GASB 87 – *Leases*. The right to use asset was initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives plus ancillary charges necessary to place the lease in service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

VILLAGE OF MARTIN'S ADDITIONS, 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 Assets (continued)

7. Net Position

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

Invested in capital assets, net of related debt – This amount consists of capital assets net of accumulated depreciation as well as lease assets and reduced by any outstanding debt or lease liabilities that are attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, or 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”.

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

8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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.

9. 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 Village does not have any of this type of item.

VILLAGE OF MARTIN'S ADDITIONS, 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 Assets (continued)

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 Village considered grant revenue collected but not spent to be deferred inflows of resources. See Note 6 for deferred inflows related to grant revenue.

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 sheets include a reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statements of net position.

Note 3 – Detailed Notes on All Funds

- A. Deposits and Investments

Deposits

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

The Village administration is authorized to invest in those instruments authorized by Maryland Statutes. Cash and cash equivalents, as presented on the balance sheets and statements of net position, includes deposits (cash).

At June 30, 2023 and 2022, the carrying amounts of the Village's deposits were \$284,502 and \$280,945, respectively, and the bank balances totaled \$284,267 and \$282,013 respectively. At June 30, 2023 and 2022, there were uninsured balance of \$2,132 and \$1,251, respectively.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Investments - Maryland Local Government Investment Pool

The Village is a participant of the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the State a safe investment vehicle for the short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by a single Baltimore-based financial institution, PNC Bank. An MLGIP advisory committee of current participants was formed to review, on a quarterly basis, the activities of the Fund and to provide suggestions to enhance the pool. The MLGIP has an AAAM rating. The fair value of the pool is the same as the value of the pooled shares. At June 30, 2023 and 2022, the Village had \$5,183,345 and \$4,023,532, respectively invested in the Pool.

Investment Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Village will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. There are three categories of custodial credit risk. Category 1 includes investments that are insured or registered or where securities are held by the Village or its agents, in the Village's name. Category 2 includes uninsured and unregistered investments for which the counterparty's trust department or agent in the Village's name holds the securities. Category 3 includes uninsured and unregistered where the securities are held by the financial institution's trust department or agent, but not in the Village's name. At June 30, 2023 and 2022, all of the Village investments are insured or registered, or for which the securities are held by the Village or its agent in the Village's name or are invested in the MLGIP.

Fair Value

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The Village has the following recurring fair value measurements as of June 30, 2023 and 2022:

- Maryland Local Government Investment Pool mutual funds of \$5,183,345 and \$4,023,532, respectively and are valued using quoted market prices (Level 1 inputs).

B. Receivables

Receivables as of June 30, 2023 and 2022, for the Village's major governmental fund, including the applicable allowances for uncollectible accounts, are as follows:

General Fund:	<u>2023</u>	<u>2022</u>
Receivables	\$ 1,055	\$ -
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>
	<u><u>\$ 1,055</u></u>	<u><u>\$ -</u></u>

Due from other governments represents accrued revenue and consists of the following at June 30:

General Fund:	<u>2023</u>	<u>2022</u>
State	\$ 10,281	\$ 14,524
County	<u>378</u>	<u>2,937</u>
Total	<u><u>\$ 10,659</u></u>	<u><u>\$ 17,461</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.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

C. Right to Use Lease Asset

The Village has recorded a right to use lease asset for the leased office space. The related lease is discussed in the commitments section of Note 3E. The right to use lease asset is amortized on a straight line basis over the terms of the related lease.

Right to use activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right to Use Assets				
Office space	\$ 131,133	\$ -	\$ -	\$ 131,133
Less: accumulated amortization	<u>(44,326)</u>	<u>(22,163)</u>	<u>-</u>	<u>(66,489)</u>
Right to Use Assets, Net	<u>\$ 86,807</u>	<u>\$ (22,163)</u>	<u>\$ -</u>	<u>\$ 64,644</u>

Right to use activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right to Use Assets				
Office space	\$ 131,133	\$ -	\$ -	\$ 131,133
Less: accumulated amortization	<u>(22,163)</u>	<u>(22,163)</u>	<u>-</u>	<u>(44,326)</u>
Right to Use Assets, Net	<u>\$ 108,970</u>	<u>\$ (22,163)</u>	<u>\$ -</u>	<u>\$ 86,807</u>

VILLAGE OF MARTIN'S ADDITIONS, 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>Ending</u> <u>Balance</u>
Capital assets, being depreciated				
Other assets	\$ 2,450	\$ -	\$ -	\$ 2,450
Equipment	24,944	-	-	24,944
Leasehold improvements	1,381	-	-	1,381
Infrastrucutre	<u>1,133,752</u>	<u>57,600</u>	<u>-</u>	<u>1,191,352</u>
Total capital assets being depreciated	1,162,527	57,600	-	1,220,127
Less accumulated depreciation for:				
Equipment	(23,404)	(3,990)	-	(27,394)
Leasehold improvements	(1,381)	-	-	(1,381)
Infrastructure	<u>(200,361)</u>	<u>(30,314)</u>	<u>-</u>	<u>(230,675)</u>
Total accumulated depreciation	(225,146)	(34,304)	-	(259,450)
Total capital assets, being depreciated, net	<u>937,381</u>	<u>23,296</u>	<u>-</u>	<u>960,677</u>
Governmental activities capital assets, net	<u>\$ 937,381</u>	<u>\$ 23,296</u>	<u>\$ -</u>	<u>\$ 960,677</u>

Depreciation expense was charged to function/programs of the primary government as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Governmental activities		
General government	\$ 3,990	\$ 4,989
Public works	<u>30,314</u>	<u>29,071</u>
Total Depreciation Expense	<u>\$34,304</u>	<u>\$34,060</u>

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

E. Long-Term Debt

The Village has a lease for office space. The lease agreement qualifies as an “other than short-term lease” under GASB 87 and therefore has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The lease agreement was executed in 2006 and requires 240 monthly payments until May 1, 2026. Current monthly lease payments are \$2,473 with various increases throughout the lease. The lease liability is measured at a discount rate of 9.75%, which was the prime rate plus 2% at lease inception. The Village has recorded a right to use asset with a net book value of \$64,644 and \$86,807 on June 30, 2023 and 2022, respectively. The Village has an option to renew this lease for an additional ten year term.

Total rent expense for the fiscal years ended June 30, 2023 and 2022 was \$29,676 and \$24,097, respectively.

The future minimum lease obligations and the net present value of the minimum lease payments are as follows:

Year Ending	Principal	Interest	
<u>June 30</u>	<u>Payments</u>	<u>Payments</u>	<u>Total</u>
2024	\$ 23,386	\$ 6,294	\$ 29,680
2025	25,771	3,909	29,680
2026	25,925	1,281	27,206
2027	-	-	-
2028	-	-	-

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

The following summarizes the changes in long-term liabilities for the year ended June 30, 2023:

	Beginning	Increase/	Ending	Amount Due
	<u>Balance</u>	<u>(Decrease)</u>	<u>Balance</u>	<u>Within</u>
				<u>One Year</u>
Lease liability	\$ 96,304	\$ (21,222)	\$ 75,082	\$ 23,386
State tax credit liability	<u>181,828</u>	<u>(9,829)</u>	<u>171,999</u>	<u>9,829</u>
	<u>\$ 278,132</u>	<u>\$ (31,051)</u>	<u>\$ 247,081</u>	<u>\$ 33,215</u>

The following summarizes the changes in long-term liabilities for the year June 30, 2022:

	Beginning	Increase/	Ending	Amount Due
	<u>Balance</u>	<u>(Decrease)</u>	<u>Balance</u>	<u>Within</u>
				<u>One Year</u>
Lease liability	\$ 115,562	\$ (19,258)	\$ 96,304	\$ 21,222
State tax credit liability	<u>191,657</u>	<u>(9,829)</u>	<u>181,828</u>	<u>9,829</u>
	<u>\$ 307,219</u>	<u>\$ (29,087)</u>	<u>\$ 278,132</u>	<u>\$ 31,051</u>

F. 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 \$1,767 and \$1,767 are classified as nonspendable at June 30, 2023 and 2022.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. The Village has no restricted fund balances.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Detailed Notes on All Funds (continued)

F. Fund Balance (continued)

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the Village of Martin's Additions. The Village has no committed fund balances.

Assigned fund balance – includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Village has the following assigned fund balances at June 30:

	<u>2023</u>	<u>2022</u>
Streets	\$ 500,000	\$ 500,000
Walkability	500,000	500,000
Other Capital projects	500,000	500,000
Reserve	<u>1,000,000</u>	<u>1,000,000</u>
Total Assigned Fund Balance	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

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

Order of Fund Balance Spending Policy

The Village'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 – Commitment and Contingencies

A. Risk Management

The Village is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Village's general liability risks are financed through participation in the Local Government Insurance Trust which is a self-insurance pool. The Village paid annual premiums of \$2,661 and \$2,553 for the fiscal years ended June 30, 2023 and 2022, respectively to the pool for its general, auto, worker's compensation, public official bond and property insurance coverage. Claims over the past three years have been significantly less than that amount.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2023 and 2022

Note 4 – Commitment and Contingencies (continued)

A. Risk Management (continued)

The agreement with the pool provides that it will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of \$1,000,000 in aggregate. Settled claims resulting from these risks have not exceeded insurance coverage, and no significant reductions in insurance coverage have occurred, in any of the past three years.

B. Employee's Pension Plan

In 2010, the Village adopted a 457 retirement plan. This plan allows employees to contribute to the plan. To be qualified an employee has to have six months of service with the Village and be at least 18 years of age. Employee contributions are 100% vested.

Note 5 – 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 is 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 obligation for State taxes to be refunded to the State are recorded in the liabilities section of the Statements of Net Position. This amount will be repaid to the State over eighty quarters beginning May 2021 through a reduction in the income tax payments.

	Beginning		Ending		Amount Due
	<u>Balance</u>	<u>Reductions</u>	<u>Balance</u>		<u>Within</u>
					<u>One Year</u>
State of Maryland	\$ 181,828	\$ (9,829)	\$ 171,999	\$	9,829

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2023 and 2022

Note 6 – Deferred Inflows

The American Rescue Plan Act (ARPA) was signed into Federal law in March of 2021, and established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. This program provides financial support to State and Local governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. These funds may be used to cover eligible program costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024, as long as the award funds incurred by December 31, 2024 are expended by December 31, 2026. Any funds not obligated or expended for eligible uses during this period must be returned to the U.S. Treasury.

The Village applied for and was awarded SLFRF funding passed through the State of Maryland in the amount of \$978,728 of which \$489,181 was received in August of 2021 and \$489,547 was received in August of 2022. Eligible expenditures incurred during the fiscal year ended June 30, 2023 and 2022 were \$0 and \$17,500, respectively. The remaining \$961,229 has been included in deferred inflows at June 30, 2023. Revenue recognition of these funds will be deferred until the related eligible expenditures are incurred.

Note 7 – Subsequent Events

Management has evaluated subsequent events through October 30, 2023, the date that the financial statements were available to be issued. There were no significant events to report.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amount Original	Budgeted Amount Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Local				
Real property tax	\$ 15,000	\$ 15,000	\$ 18,742	\$ 3,742
Utility property tax	15,000	15,000	22,942	7,942
Personal property, ordinary business tax	4,500	4,500	2,398	(2,102)
Total Taxes - Local - Net	34,500	34,500	44,082	9,582
State Shared				
Income tax	700,000	700,000	1,148,763	448,763
Total Taxes - State Shared	700,000	700,000	1,148,763	448,763
Total Taxes	734,500	734,500	1,192,845	458,345
Licenses and Permits				
Business license	-	-	404	404
Permit fees	12,000	12,000	40,481	28,481
Cable T.V. franchise fees	11,000	11,000	8,365	(2,635)
Total Licenses and Permits	23,000	23,000	49,250	26,250
Intergovernmental Revenues				
State highway user	30,000	30,000	32,819	2,819
County tax duplication	50,393	50,393	50,404	11
Total Intergovernmental Revenues	\$ 80,393	\$ 80,393	\$ 83,223	\$ 2,830

(continued)

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2023

	Budgeted Amount Original	Budgeted Amount Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Miscellaneous				
Interest	\$ 5,000	\$ 5,000	\$ 164,335	\$ 159,335
Holiday fund	9,000	9,000	8,955	(45)
Other	-	-	2,328	2,328
Total Miscellaneous	<u>14,000</u>	<u>14,000</u>	<u>175,618</u>	<u>161,618</u>
Total Revenues	<u>\$ 851,893</u>	<u>\$ 851,893</u>	<u>\$ 1,500,936</u>	<u>\$ 649,043</u>

(continued)

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2023

Expenditures	Budgeted Amount Original	Budgeted Amount Final	Actual Amounts	Variance with Final Budget Positive (Negative)
General Government				
Financial Administration				
Administrative salaries	\$ 126,500	\$ 126,500	\$ 126,026	\$ 474
Payroll taxes and benefits	18,150	18,150	14,032	4,118
Accounting and auditing	22,680	22,680	16,234	6,446
Dues and subscriptions	10,000	10,000	9,419	581
Information technology	18,050	18,050	18,132	(82)
Legal	55,000	55,000	55,042	(42)
Office lease	32,000	32,000	41,373	(9,373)
Office expenses	15,000	15,000	24,968	(9,968)
Office furniture and equipment	2,000	2,000	2,706	(706)
Telephone	3,000	3,000	2,577	423
Storage rental	4,500	4,500	2,848	1,652
Printing and mailing	4,500	4,500	3,832	668
Insurance	8,000	8,000	6,875	1,125
Website	-	-	2,050	(2,050)
Total Financial Administration	319,380	319,380	326,114	(6,734)
Other General Government				
Building review and permits	86,000	86,000	66,450	19,550
Building and permitting	-	-	5,300	(5,300)
Enforcement and oversight	-	-	13,160	(13,160)
Municipal operations	-	-	1,440	(1,440)
GIS update	5,000	5,000	4,781	219
Holiday fund	9,000	9,000	10,853	(1,853)
Total Other General Government	100,000	100,000	101,984	(1,984)
Total General Government Expenditures	\$ 419,380	\$ 419,380	\$ 428,098	\$ (8,718)

(continued)

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amount Original	Budgeted Amount Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Works				
Highways and Streets				
Street lighting - PEPCO	\$ 4,800	\$ 4,800	\$ 3,406	\$ 1,394
Tree maintenance and replacement	30,000	30,000	40,588	(10,588)
Tree planting initiatives	7,000	7,000	15,160	(8,160)
Street cleaning	35,000	35,000	30,227	4,773
Street maintenance - other	7,500	7,500	15,733	(8,233)
Right-of-way landscaping	10,000	10,000	7,837	2,163
Snow removal services	30,000	30,000	720	29,280
Total Highway and Streets	124,300	124,300	113,671	10,629
Designated Funds				
Designated - walkability	500,000	500,000	-	500,000
Designated - streets	500,000	500,000	60,923	439,077
Designated - capital projects	500,000	500,000	1,685	498,315
Designated - reserve	1,000,000	1,000,000	-	1,000,000
Total Designated Funds	2,500,000	2,500,000	62,608	2,437,392
Sanitation and Waste Removal				
Waste collection and recycling	130,000	130,000	152,449	(22,449)
Leaf bags	8,000	8,000	6,870	1,130
Recycling bins	1,000	1,000	300	700
Total Sanitation & Waste Removal	139,000	139,000	159,619	(20,619)
Total Public Works	\$ 2,763,300	\$ 2,763,300	\$ 335,898	\$ 2,427,402

(continued)

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amount Original</u>	<u>Budgeted Amount Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Safety				
Police salaries	\$ 45,982	\$ 45,982	\$ 33,700	\$ 12,282
Police payroll taxes	3,588	3,588	2,662	926
Traffic engineering	<u>10,000</u>	<u>10,000</u>	<u>6,115</u>	<u>3,885</u>
Total Public Safety	<u>59,570</u>	<u>59,570</u>	<u>42,477</u>	<u>17,093</u>
Recreation				
Community events	<u>35,000</u>	<u>35,000</u>	<u>49,983</u>	<u>(14,983)</u>
Total Recreation	<u>35,000</u>	<u>35,000</u>	<u>49,983</u>	<u>(14,983)</u>
Debt Service	<u>-</u>	<u>-</u>	<u>9,829</u>	<u>(9,829)</u>
Total Expenditures	<u><u>\$ 3,277,250</u></u>	<u><u>\$ 3,277,250</u></u>	<u><u>\$ 866,285</u></u>	<u><u>\$ 2,410,965</u></u>

The accompanying notes are an integral part of this schedule.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Required Supplementary Information
June 30, 2023

Note 1 – Summary of Significant Budget Policies

The Village Council annually adopts a budget for the General Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund. On May 12, 2022, the Village Council approved the original adopted budget for the fiscal year ended June 30, 2023. There were no budget amendments made during the fiscal year.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compares 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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