



VILLAGE OF MARTIN'S ADDITIONS

7013 Brookville Road (Second Floor, Suite B)
Chevy Chase, MD 20815-3263
Phone (301) 656-4112
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Agenda for Council Meeting Thursday, February 9, 2023, 7:30 PM

The Council may entertain a motion in open session to enter into a closed session, in accordance with Section 3-305(b) of the Open Meetings Act (Maryland Code, General Provisions Article).

- Call to Order: Kauders
- Approve Previous Meeting Minutes: Kauders
- Opportunity for Council to Hear Residents' Comments
- A visit from the off-duty Montgomery County Police Officers that work for the Village 10 hours a week: Mike Pratt and Nick Picerno
- Review Audit: Eva Webb (Appendices)
- Building Administrator's Report: Lohmeyer
- Discuss proposal and process to widen the end of Quincy St: Silliman
- Committee Updates: Kauders
- Discussion and possible introduction of resolution (No. 2023-1) to amend policy regarding the taking of oaths and disclosure of conflicts of interest to remove the requirement for a notary to administer the oath.
- Consider motion to host community listening session on the Introduced Ordinance 2022-10-1. Ordinance to Amend the Ethics Ordinance to Expand the Definition of "Official" to Include Members of All Committees and Ad Hoc Committees Appointed by the Council: Blander
- Review 2022 Annual Survey Results: Alexander
- Treasurer's Report: Alexander
- Manager's Report: Silliman
- Opportunity for Council to Hear Residents' Comments
- Adjournment: Kauders

**Village of Martin's Additions
7013 Brookville Road, Suite B
Chevy Chase, MD 20815**

Council Meeting Minutes – January 19, 2023

VIA ZOOM CONFERENCE CALL AND IN-PERSON

Council Members Present: Andrew Kauders; Susan Fattig; Arthur Alexander; Katie Howard; Jeff Blander

Residents and other Attendees: Village Manager: Michael Silliman; Building Administrator: Doug Lohmeyer; Village Attorney: Ron Bolt; Keith Allen (Turner Ln.); Marty Langelan (Chestnut St.); Lorie Mitchell (Cummings Ln.); Susan Kahn (Bradley Ln.); George McAleese (Melville Pl.); Peter Kahn (Bradley Ln.); Paul Weller (Raymond St.); David Saulter (Brookville Rd.); Naomi Naierman (Quincy St.); Jean Sperling (Shepherd St.); Paul McGowan (Brookville Rd)

7:30 PM Call to Order: Andrew Kauders.

7:30 PM Weather: Keith Allen reported that it was unlikely that there would be snow in the foreseeable future; rather, unseasonably mild temperatures and the threat of rain every 2-3 days.

7:31 PM Motion to approve December 15, 2022 Meeting Minutes: Jeff Blander; Motion. Katie Howard; Seconded. Unanimous vote to approve meeting minutes.

7:32 PM Building Administrator's Report: Doug Lohmeyer delivered his report. Highlights were the plans that have been submitted for 3417 Cummings Lane to build two separate houses and the proposal at 3412 Raymond Street to close off the garage and create a driveway that slopes down the street.

Andrew Kauders indicated that Eva Webb was previously scheduled to review the audit at this meeting, but she was absent due to illness. Her review is postponed until the February Council meeting. Arthur Alexander added that the audit is included in the meeting packet.

Andrew Kauders explained that the Council had received the petition signed by a large number of residents regarding the Election Plan that was introduced at the December Council Meeting. He mentioned that the submitted comments and feedback have been reviewed by the Council and will be discussed later in tonight's agenda.

7:37 PM Opportunity for Council to Hear Residents' Comments: Kauders

Susan Kahn shared concerns that more volunteers are needed to serve on committees and that committees need more oversight and accountability. She further suggested creating an ethics interest group.

David Saulter requested an update on walkability and street improvements, specifically the budget. He also inquired about the budget and roles for police in the Village.

Peter Kahn shared his support for the proposal from Jeff Blander regarding the Ethics Ordinance; he recommended examining the Committee's operations. Peter Kahn also expressed concern regarding the differences between the two December 2022 versions of the Election Plan.

Paul Weller shared his interest in a fair election process and recommended that the Election Plan not be changed from year to year.

Susan Kahn emphasized the importance of residents having a say in elections and of an independent election committee.

Marty Langelan suggested a speed monitor, shared concerns about the procedure for reviewing the Election Plan, and asked that it be reviewed item by item. Andrew Kauders explained that everyone will have a chance to speak and Arthur Alexander mentioned that the Council has reviewed everyone's submitted comments.

Naomi Naierman posed questions regarding the changes that were made to the Election Plan. As well, she questioned the need for the current Ethics Committee Ordinance. Last, she inquired about sidewalk snow shoveling.

8:10 PM Committee Updates: Kauders

Community Engagement Committee: Keith Allen, Chair

Keith Allen gave the report highlighting a planning committee meeting next Tuesday, 7 PM to discuss the community party at La Ferme to take place later in February or in March. Paul McGowan requested approval for the event, and Arthur Alexander indicated that the committee has a budget, so they do not need approval for this event.

Ethics Committee: Lorie Mitchell, Chair

Lorie Mitchell discussed Ordinance 2022-10-1, the Ordinance to Amend the Ethics Ordinance to Expand the Definition of "Official" to Include Members of All Committees and Ad Hoc Committees Appointed by the Council. She shared the rationale being consistency and conforming the code to the 2019 policy requiring committee members to execute oaths.

Election Committee: George McAleese, Chair

George McAleese gave the committee's report, explaining that committee has grown to operational strength with two new members and that they will be meeting soon.

8:30 PM Jeff Blander raised questions about the Ethics ordinance and suggested a separate, public listening session with residents. Ron Bolt answered questions raised about the Ethics Ordinance.

Motion to introduce the Ethics Ordinance 2022-10-1. Susan Fattig; Motion. Arthur Alexander; Seconded. Jeff Blander voted against with reference to his proposal. Katie Howard abstained. Jeff Blander agreed to submit comments and questions to Ron Bolt.

9:26 PM Andrew Kauders explained that it would be helpful to simplify the Election Plan process, year after year. The Council took a 5-minute break prior to the review of the Election Plan.

9:31 PM Review of 2023 Election Plan

The Election Plan was reviewed and edited, line by line, with recommended edits from residents.

10:58 PM Opportunity for Council to Hear Residents' Comments: Kauders

Peter Kahn, Marty Langelan, and Susan Kahn shared clarifying questions regarding the Election Plan.

10:54 PM Motion to approve the 2023 Election Plan: Arthur Alexander; Motion. Jeff Blander; Seconded. Unanimous vote to approve 2023 Election Plan.

11:03 PM Treasurer's Report: Arthur Alexander

Arthur Alexander called attention to his written report and asked that any questions be directed to him.

11:04 PM Village Manager's Report: Michael Silliman

Michael Silliman gave his report, with specific emphasis on the subsequent Council meeting, the date of which will be February 9, 2023. The review of the audit and the annual community survey will be moved to that meeting's agenda.

11:05 PM Adjournment: Kauders

TO: The Council at the Village of Martin's Additions

FROM: Doug Lohmeyer

DATE OF MEMO: Feb. 3, 2023

SUBJECT: Building Administrator's Report

3506 Bradley La.

Demolition and building permit applications were submitted to the Village office. The Village issued the building permit on Dec. 9, 2021. Work is progressing. On Nov. 29, the applicant requested an extension until Feb. 28th. We contacted the applicant to get a project update.

3508 Bradley La.

The property owner has submitted a building permit application to add a two story addition at the rear of the ex. house. The Village issued the permits on Nov. 25, 2022. Work has begun.

3417 Cummings La.

The owner submitted an application to demolish the existing house and to construct a new home on Nov. 22, 2022. The property is two lots, 6 and 7, recorded in 1919. The staff has completed the initial review and provided the applicant with review comments.

3419 Cummings La.

The owner submitted an application to demolish the existing house and to construct a new home on Nov. 22, 2022. The property is two lots, 6 and 7, recorded in 1919. The staff has completed the initial review and provided the applicant with review comments.

7200 Delfield St.

The new homeowners propose to add a porch, with steps and a patio on the eastern side of the new house. The staff has reviewed the non-vegetative analysis and the proposed plans. They have also installed new plants along Delfield and Taylor St. and added an arbor along Delfield. A right of way licenses agreement has been prepared and is pending signatures.

120 Quincy St.

The homeowner submitted plans to the County and the Village for review. The application proposes constructing several additions at the side and rear of the existing house. MCDPS issued their building permit on Jan. 5, 2022. The Village issued their permits on Feb. 6, 2022. Work is ongoing. The applicant has requested a building permit extension until May 31st.

151 Quincy St.

The property owner submitted a building permit application to remove the ex. house and to construct a new house. A zoom residents information meeting was held on Tues. Oct. 25th. The Village issued the permits on Nov. 23, 2022. The old house has been removed and the new house construction is underway.

155 Quincy St.

The homeowner has submitted an application to remove the existing deck and construct a new deck at the rear of the house. They also plan on installing a generator on the left side of the house. The staff is reviewing the application.

162 Quincy St.

The new homeowner is making interior improvements to the existing house and has said the existing house footprint will not increase. The homeowner has built a 10 inch high retaining wall along the front of the property on Quincy, next to the public sidewalk. A Village right of way license agreement has been prepared and is pending signatures.

3500 Raymond St.

The homeowners are considering several additions to the existing house. They have applied to the MCDPS and to the Village. The Village issued their permits on Jan. 6, 2023. The work is ongoing. A Wall Check survey has been requested.

3504 Shepherd St.

The homeowner plans to construct an addition at the rear of the ex. house. The Village has issued their permits and the work has begun.

7200 Summit Ave.

The homeowners submitted a Variance Application for additions to the existing house. The variance was approved by the Council on July 16, 2020. The MCDPS issued their permit on April 12th. The Village issued their building permit on April 26, 2022. Work is ongoing. The staff will measure the new improvements to make sure they comply with the variance.

3412 Taylor St.

The homeowner has submitted plans to enclose and remove the existing below street garage and to remove and raise the driveway, so it will slope towards the street and away from the house. The staff has sent comments to the applicant's team.

3502 Taylor St.

The staff has met with the architect to discuss planned additions to the existing house. Plans have not been submitted to the MCDPS or the Village.

3515 Taylor St.

The new homeowner plans to construct a shed at the left rear of the lot. No plans have been submitted to the MCDPS or the Village.

Resolution No. 2023-1

Introduced:

Adopted:

Effective:

**RESOLUTION OF
THE VILLAGE OF MARTIN'S ADDITIONS**

SUBJECT: RESOLUTION TO AMEND POLICY REGARDING THE
TAKING OF OATHS AND DISCLOSURE OF CONFLICTS OF
INTEREST TO REMOVE THE REQUIREMENT FOR A
NOTARY TO ADMINISTER THE OATH

WHEREAS, to promote the public trust and the utmost ethical service by appointees, and to ensure impartiality and the avoidance of conflicts of interest, the Village Council finds it appropriate to require all elected officials, committee and board members, employees, and those appointed to an executive office, including the Village Tree Supervisor, to execute an Oath of Service and to complete a Conflicts of Interest Questionnaire prepared by the Village Ethics Committee; and

WHEREAS, the Maryland Code, General Provisions Article Section 2-101, provides that local law may require an individual appointed to a public position to take an oath; and

WHEREAS, said law does not require the oath to be administered by a notary, as required by the current Village policy, and the Village Council finds that allowing the oath to be administered or witnessed by someone who is not a notary would allow for greater convenience and efficiency; and

WHEREAS, the Village Council finds that the adoption of the attached policy and regulations would assist in assuring the good government of the Village; protect and preserve the Village's rights, property and privileges, including protection under the Village's insurance policy for appointees acting in good faith; and protect the general welfare of the Village.

NOW, THEREFORE, BE IT RESOLVED this ____ day of _____, 2023, by the Council of the Village of Martin's Additions that:

1. The Village of Martin's Additions hereby adopts the attached Policy; and
2. This resolution is effective as of the ____ day of _____, 2023.

I, Susan Fattig, Secretary of the Village Council, hereby certify that the foregoing Resolution was adopted by the Council at its open meeting on the ____ day of _____, 2023.

Susan Fattig, Secretary



Village of Martin's Additions
7013 B Brookville Road
Chevy Chase, MD 20815
301-656-4112 (Phone)
301-656-0030 (Fax)

Policy No. 2023-1
(Amending and Replacing Policy No. 2019-10-3)

Oath and Conflicts of Interest Disclosure Policy

Council members are required to take an oath of office, as provided in the Village Charter Section 901 and the Maryland Constitution. Village employees and Council members are required to complete the Conflicts of Interest Questionnaire according to the Village Code, Section 4-201.

To promote the public trust and the utmost ethical service by appointees, and to ensure impartiality and the avoidance of conflicts of interest, it is the policy of the Village to further require all committee and board members, employees, and those serving in an executive office (including the Tree Supervisor) to execute an Oath of Service, in the form attached hereto, and to require all committee and board members, and those serving in an executive office (including the Tree Supervisor), to complete a Conflicts of Interest Questionnaire, in the form attached hereto.

The Oath of Service may be administered by a Council member, the Village Manager, or the Village Attorney.

In addition to the Election Committee and the Ethics Committee, which are established by the Village Code, Section 2-101, the Village of Martin's Additions may create such other committees and boards, as deemed necessary by the Village Council from time to time, according to Village Code Section 2-102. This policy shall apply to all committees and boards, and appointments.

Policy Number: 2023-1
Introduced:
Public Hearing:
Action/Adoption:
Effective Date:

**Oath of Service
Committee/Board Member**

I, the undersigned, duly appointed to act as a member of the _____ Board / _____ Committee of the Village of Martin's Additions, a municipal corporation in Maryland, and being duly sworn, do depose and say that I will faithfully execute my duties as such member with strict impartiality and according to the best of my ability, in accordance with the Charter of the Village of Martin's Additions, the Code of Ordinances, and any committee/board charter or rules and procedures adopted by the Village Council.

Member Name: _____

Signed and sworn before me, this _____ day of _____, 20____.

Oath of Service
Tree Supervisor

I, the undersigned, duly appointed to act as the Tree Supervisor of the Village of Martin's Additions, a municipal corporation in Maryland, and being duly sworn, do depose and say that I will faithfully execute my duties as such officer with strict impartiality and according to the best of my ability, in accordance with the Charter of the Village of Martin's Additions, the Code of Ordinances, and any rules and procedures adopted by the Village Council.

Print Name:

Signed and sworn before me, this _____ day of _____, 20____.

Oath of Employee

I, the undersigned, being duly employed in an at-will capacity as Village Manager/Assistant Village Manager, of the Village of Martin's Additions, a municipal corporation in Maryland, and being duly sworn, do depose and say that I will faithfully execute my duties as such employee with strict impartiality and according to the best of my ability, in accordance with the Charter of the Village of Martin's Additions, the Code of Ordinances, and any rules and procedures adopted by the Village Council.

Member Name:

Signed and sworn before me, this ____ day of _____, 20__.

VILLAGE OF MARTIN'S ADDITIONS CONFLICT OF INTEREST QUESTIONNAIRE

The Village of Martin's Additions is governed by a municipal Charter that provides for a five-member elected Council to appoint an Ethics Committee (Committee). The Committee shall provide advisory opinions to persons subject to the provisions of Chapter 4 of the Village Code (Code) as to its applicability and to make determinations as authorized by Chapter 4 of the Code. This questionnaire is required by Village Charter Section 903 and will assist the Committee in doing its work.

The purpose of this questionnaire is to ensure that each member of the Village Council and each Village employee (salaried and contract) is free of or has disclosed all Conflicts of Interest, as that term is defined below.

1. During the prior calendar year and in this year up to the date of your signature (the Period), have you or any Related Party of yours had any material interest, direct or indirect, in any Transactions to which the Village of Martin's Additions (VMA) was, or is to be, a party?

Yes__ No__ If Yes, please provide details.

2. Do you or any Related Party of yours have any material interest, direct or indirect, in any pending or incomplete Transactions to which VMA was, or is to be a party?

Yes__ No__ If Yes, please provide details.

3. During the Period, have you or any Related Party of yours been indebted to VMA?

Yes__ No__ If Yes, please provide details.

4. During the Period, have you or any Related Party of yours been an employee, officer, director, partner, or trustee of any organization with which VMA now has, or you have reason to believe may in the future have a business relationship?

Yes__ No__ If Yes, please provide details.

5. Are you or any Related Party of yours discussing or negotiating employment or any other relationship with any organization with which VMA now has, or you have reason to believe may in the future have a business relationship?

Yes__ No__ If Yes, please provide details.

6. During the Period, have you or any Related Party of yours received any gift from any organization with which VMA now has, or you have reason to believe, may have now or in the future a business relationship? Do not include any unsolicited gifts from any donor having a total value during the Reporting Period of less than fifty dollars (\$50.00).

Yes__ No__ If Yes, please provide details.

7. Is there any other circumstance or association that could be a Conflict of Interest between you or any Related Party of yours and VMA?

Yes__ No__ If Yes, please provide details.

8. I acknowledge the duty to update this disclosure form should any of my answers become no longer accurate.

I Agree__

My answers to the questions above are correct to the best of my knowledge and belief.

Signature

Printed Name

Date

Definitions for Purposes of this Questionnaire

Related Party	Means any person who has the potential to influence the actions of another person, including without limitation immediate family members (spouses, domestic partners, parents, children, siblings, and in-laws) and business colleagues and associates.
Material Interest	Means a financial interest greater than \$50.00 or any interest that has the potential to influence the independent judgement of a person.
Conflict of Interest	Means the potential to influence or in the perception of others to erode the undiminished loyalty of a person to the interest of VMA.
Transactions	Means dealings with which one party agrees to perform one or more obligations in exchange for one or more obligations of another party, whether or not such arrangement is memorialized in writing.

**Village of Martin's Additions
Annual Survey Results, 2022
Conducted December 9-23, 2022**

Context: The Village of Martin's Additions has conducted resident surveys since 2015. Additionally, two committees canvased the community on more focused issues. The response rate was twenty-five percent (25%) or 147 of the 572 emails sent using the Constant Contact system. The Village Manager regularly updates this list. In addition to online submissions, 18 surveys were hand delivered, with one returned and the responses manually entered. The survey results are from the approximately 300 households located within VMA.

Survey replies: 2015-22

	Year	Month	Number
Annual Survey	2015	9	108
Annual Survey	2016	9	141
Annual Survey	2017	9	127
Annual Survey	2018	9	168
Annual Survey	2019	9	87
Walkability	2020	6	192
Annual Survey	2020	10	144
Safety	2021	6	155
Annual Survey	2021	10	124
Annual Survey	2022	12	147

Several questions have been asked every year, providing an opportunity to examine whether trends or patterns exist. For example, those respondents who are extremely or somewhat satisfied with Village Operations has consistently been greater than 70%, since 2015, ranging from 90% (2018) and 73% (2015). Furthermore, Village office staff has been reported as responding in 3 business days or the same business day at least 85% of the time, ranging from 85% (2015) to 95% (2018).

Overall, how satisfied are you with Village operations (% of responses)

	2015	2016	2017	2018	2020	2021	2022
Extremely satisfied	30	37	47	62	37	45	41
Somewhat satisfied	43	40	41	28	39	41	43
Neither satisfied nor dissatisfied	14	14	8	8	15	9	10
Somewhat dissatisfied	9	6	3	3	8	4	4
Extremely dissatisfied	3	3	2	0	2	1	1
Total	100	100	100	100	99.9	100	100

If you have contacted the Village office within the last year, how quickly did the Village office staff respond?

	2015	2016	2017	2018	2020	2021	2022
Within the same day	67	57	66	70	61	65	46
Within 3 business days	18	32	26	25	33	22	44
Within one week	10	6	3	2	4	9	3
Never received a response	5	5	5	2	3	4	7
Total	100	100	100	100	100	100	100

The following list of responses help reveal the value of Village services. Here are some comparative responses. (See the full survey for detailed wording of the questions.) All services were considered highly valued or valued by at least 67% of respondents, ranging from 98% percent (Recyclables pick-up) to 67% (Tree Planting).

	Highly valued	Valued	Neutral	Not valued
Trash pickup:	85	12	3	0
Yard waste pickup:	80	14	5	1
Recyclables pickup:	93	5	3	0
Bulk trash:	76	22	2	0
Autumn curbside leaf vacuuming:	56	24	16	4
Police patrols (10 hours weekly):	48	23	19	11
Planting, maintenance of Village trees in public right of way:	51	31	14	4
Village support of private tree planting:	37	33	23	7

We also asked about services not now provided by the Village, but that have been proposed. The following provides these results, of which 50% or greater support was reported for most of these activities, providing context for further follow-up and discussion. (See the full survey for detailed wording of the questions.)

Should the Village implement the following activities?

	Yes	No
Composting	47	53
Would you subscribe?	50	50
Snow removal on public sidewalks	58	42
Would you request this service?	52	48
Covering dues of older residents at Chevy Chase at Home?	53	47
Would you apply for support?	12	88
Expansion of community activities	56	74

Appendix: 2022 Survey and Results

The Village Council is seeking resident input on Village services and operations. We use this feedback to inform the Council's choices, decisions, and priorities. The survey should take less than 10 minutes to complete. Please participate! Each question has space for an open response, which we value because it adds context to your choices. Please submit the survey only once for each resident.

2022 responses

We start off with questions about current operations and activities.

1. Overall, how satisfied are you with Village operations?

	Number	%
Total responses	143	100
Extremely satisfied	59	41
Somewhat satisfied	61	43
Neither satisfied nor dissatisfied	15	10
Somewhat dissatisfied	6	4
Extremely dissatisfied	2	1
Comments	27	

2. If you have contacted the Village Office within the past six months, how quickly did the Village Office staff respond?

	Number	%
Total responses	142	100
Within the same day	43	30
Within 3 business days	41	29
Within one week	3	2
Never received a response	7	5
N/A	48	34
Comments	19	

3. If you have contacted a Village Council member within the past six months, how quickly did the Council member respond to your request?

	Number	%
Total responses	141	100
Within the same day	19	13
Within 3 business days	14	10
Within one week	1	1
Never received a response	4	3
N/A	103	73
Comments	7	

4. Council and committee meetings were held remotely after the start of the pandemic in March 2020. If you have remotely attended one or more Council meetings via Zoom, did you find the meetings effective?

	Number	%
Total responses	80	100
Yes	59	74
No	21	26
Comments	34	

5. How informative do you find the current forms of Village communication: Martin's Edition monthly newsletter, Weekly Wrap-up, and email alerts?

	Number	%
Total responses	77	100
Very informative	0	0
Informative	70	91
Not informative	6	8
Useless	1	1
Comments	24	

6. The Village staff sends regular email alerts to residents about such things as upcoming events, issues under consideration by the Council, and possible parking and traffic disruptions. What else would you like to hear from the Village office?

Total responses 37

7. Do you believe the 2022 Village election was conducted in a fair and open manner?

	Number	%
Total responses	132	100
Yes	131	99
No	1	1
Comments	15	

8. Do you believe the 2022 Village election was conducted in a fair and open manner?

	Number	%
Total responses	139	100
Yes	130	94
No	9	6
Comments	13	

9. Did you get the information you needed to make an informed decision in the 2022 Village election?

	Number	%
Total responses	139	100
Yes	130	94
No	9	6
Comments	11	

10. The 2022 Village election was conducted partly by mail. If you used the mail option, was the process of voting by mail easy?

	Number	%
Total responses	123	100
Yes	119	97
No	4	3
Comments	17	

11. Should we resume in-person voting plus the 'Celebration on the Sidewalk' in addition to voting bymail?

	Number	%
Total responses	131	100
Yes	108	82
No	23	18
Comments	26	

12. In which Village events have you participated in the past year?

Total responses	275
Monthly Council Meeting	44
Candidate Forum (April 2022)	46
Shredding Event (December 2022)	32
Independence Day (July 2022)	42
Movie Night (September 2022)	23
I have not participated in Village events	32

Most of the Village budget is spent providing services to residents. Please indicate how you value these services:

13. Trash pickup:

	Number	%
Total responses	146	100
Highly valued	124	85
Valued	17	12
Neutral	5	3
Not valued	0	0
Comments	14	

14. Yard waste pickup:

	Number	%
Total responses	147	100
Highly valued	117	80
Valued	20	14
Neutral	8	5
Not valued	2	1
Comments	6	

15. Recyclables pickup:

	Number	%
Total responses	147	100
Highly valued	136	93
Valued	7	5
Neutral	4	3
Not valued	0	0
Comments	14	

16. Bulk trash:

	Number	%
Total responses	147	100
Highly valued	111	76
Valued	33	22
Neutral	3	2
Not valued	0	0
Comments	8	

17. Autumn curbside leaf vacuuming:

	Number	%
Total responses	147	100
Highly valued	82	56
Valued	36	24
Neutral	23	16
Not valued	6	4
Comments	14	

18. Police patrols (10 hours weekly):

	Number	%
Total responses	145	100
Highly valued	69	48
Valued	33	23
Neutral	27	19
Not valued	16	11
Comments	40	

19. Planting, maintenance of Village trees in public right of way:

	Number	%
Total responses	146	100
Highly valued	75	51
Valued	45	31
Neutral	20	14
Not valued	6	4
Comments	15	

20. Village support of private tree planting:

	Number	%
Total responses	145	100
Highly valued	54	37
Valued	48	33
Neutral	33	23
Not valued	10	7
Comments	10	

Now, we want to hear from you about possible future services and activities. To assist your evaluation, the Village's total annual spending in 2021 was \$650,000.

21. Composting is a service that is facilitated by the Village, but the Village does not pay for it. Should this weekly service be made available to all households at Village expense at an annual cost of approximately \$190 per household?

	Number	%
Total response	137	100
Yes	64	47
No	73	53
Comments	37	

22. If weekly composting service is offered at Village expense, would you subscribe?

	Number	%
Total response	139	100
Yes	70	50
No	69	50
Comments	22	

23. Should the Village expand its street snow removal service to include shoveling the public sidewalks in front of residents' homes on request? The estimated cost would be \$30,000 if all households request the service.

	Number	%
Total response	144	100
Yes	84	58
No	60	42
Comments	38	

24. If snow shoveling is offered at Village expense, would you request this service?

	Number	%
Total response	139	100
Yes	72	52
No	67	48
Comments	27	

25. Should the Village support aging in place of older residents requiring financial support by covering their dues to the nonprofit organization Chevy Chase at Home? An experimental program for up to ten families would cost \$6,000.

	Number	%
Total response	137	100
Yes	72	53
No	65	47
Comments	35	

26. If dues to Chevy Chase at Home were covered by the Village, would you apply for support?

	Number	%
Total response	135	100
Yes	16	12
No	119	88
Comments	22	

27. Community engagement events such as the Independence Day celebration are currently budgeted at \$35,000 for all events over the year. Should community engagement activities be expanded to include more social activities? Any suggestions?

	Number	%
Total response	130	100
Yes	56	43
No	7	57
Comments	49	

28. Do you have anything else you would like to say to the Village Council? Are there other services that should be considered (or eliminated)?

Comments: 51

28. Please select your street below.

Total	142
Bradley Ln	16
Brookville Rd	3
Chestnut St	10
Cummings Ln	11
Delfield St	5
Melville Pl	4
Oxford St	2
Quincy St	16
Raymond St	18
Shepherd St	13
Summit Ave	11
Taylor St	10
Thornapple St	8
Turner Ln	15

Village of Martin's Additions
Financial Report for January 2023
Arthur Alexander, Treasurer
February 9, 2023

	Actual year to date	Budgeted year to date
July 2022-December 2022		
Revenues	809,670	490,521
Expenses (excluding capital projects)	432,443	450,158
Net Income (regular revenues minus current expenses)	377,227	325,718
Capital investment expenses	\$57,600	
Federal grant: American Rescue Plan	489,547	0
Investment reserves (less expenditures)	1,442,400	
Emergency reserves	1,000,000	
Current assets less designated reserves:	\$ 2,623,492	

In January 2023, we transferred \$55,000 from the Village's savings account in the Maryland Local Government Investment Pool (MLGIP) to the checking account to cover projected expenses, the same as last month.

Total expenses are running just about as budgeted. Ordinarily, the January receipt of the Village's share of residents' income tax payments are a few thousand dollars; this year, it was almost \$110,000 reflecting previous years' late payments. Of course, we cannot project such unexpectedly large receipts into the future. Our auditors have recommended that we maintain a reserve account to cover possible revenue declines, designated as "Emergency reserves," approximately 125% of our annual budget.

Account	Expenditures June-December 2022	Annual budget
Income		
4000: Revenue		
4005: Business License	6,806	0
4010: Permit Fees	22,643	12,000
4020: Cable TV Franchise Fees	5,701	11,000
4040: County Revenue Sharing	50,404	50,393
4050: Highway Users Fees	17,403	30,000
4060: Income Tax	473,603	700,000
4080: Personal Property Tax	0	4,500
4090: Real Property Tax	12,371	15,000
4095: Utility Property Tax	0	15,000
4100: Holiday Fund	8,955	9,000
4110: Interest	36,350	5,000
4000: Revenue - Other	0	0
Total 4000: Revenue	634,236	851,893
4001: Federal Grants	489,547	489,181
	1,123,783	1,341,074
Expense		
5000: General Government		
5010: Office Expenses	26,384	15,000
5025: Office Furniture & Equipment	1,200	2,000
5030: Insurance	5,894	8,000
5040: Printing & Mailing	2,838	4,500
5050: Dues & Subscriptions/Conference	5,310	10,000
5055: Storage Rental	1,068	4,500
5060: Office Lease	21,586	32,000
5065: Telephone	514	3,000
5070: IT		
5071: Website	0	2,050
5070: IT - Other	3,036	18,050
Total 5070: IT	3,036	20,100
5080: Holiday Fund	10,853	9,000
Total 5000: General Government	78,682	108,100
5100: Salaries & Benefits		
5110: Managerial & Office Salaries	55,952	126,500
5120: Payroll Taxes & Benefits	4,645	18,150
5130: Police salaries	16,800	48,382
5135: Police Payroll taxes	1,200	3,588
5100: Salaries & Benefits - Other	0	0
Total 5100: Salaries & Benefits	78,597	196,620
5200: Professional Fees		
5206: Audit - Financial Process	0	5,680
5210: Accounting & Auditing	9,250	17,000
5220: Building & Permitting		
5222: Building Review & Permits	32,900	50,000
5224: Enforcement & Oversight	1,400	18,000
5226: Municipal Operations	1,440	18,000

Total 5220: Building & Permitting	35,740	86,000
5230: Legal		27,500
5240: Police		
5244: Traffic Engineering	3,608	10,000
5247: GIS Update	0	5,000
5200: Professional Fees - Other	0	0
Total 5200: Professional Fees	58,736	178,680
5300: Streets		
5305: Streets - General		
5310: Street Lighting - PEPCO	1,719	4,800
5322: Street Cleaning - Fall/Spring	14,825	35,000
5324: Street Maintenance – Other	0	7,500
5326: Leaf Vacuuming	0	0
5305: Streets - General - Other	3,908	
Total 5305: Streets - General	20,452	47,300
5349: Snow Removal Services		
5350: Snow Removal - Shovel.	0	0
5351: Snow Removal - Plowing	720	30,000
5349: Snow Removal Services - Other	0	0
Total 5349: Snow Removal Services	720	30,000
Total 5300: Streets	21,172	77,300
5400: Waste & Recycling		
5410: Waste Collection & Recycling	82,358	130,000
5420: Leaf Bags	13,563	8,000
5425: Recycling Bins	0	1,000
Total 5400: Waste & Recycling	95,921	139,000
5500: Other		
5510: Tree Maintenance	22,600	30,000
5515: Tree Replacement	0	0
5516: Tree Planting Initiatives Prog.	15,160	7,000
5518: Right-of-Way Landscaping	3,918	0
5520: Community Events		
5521: Elections	2,500	-2,500
5520: Community Events	15,594	30,000
Total 5520: Community Events	15,594	35,000
Total 5500: Other	57,271	72,000
5800: Designated Funds		
5805: Designated - Walkability	0	500,000
5810: Designated - Street	57,600	500,000
5814: Designated - Capital Projects	0	500,000
5820: Designated - Audit Rec. Reserve	0	1,000,000
Total 5800: Designated Funds	57,600	2,500,000



VILLAGE OF MARTIN'S ADDITIONS

7013 Brookville Road (Second Floor, Suite B)

Chevy Chase, MD 20815-3263

Phone (301) 656-4112

www.martinsadditions.org

From: Michael Silliman, Village Manager

To: Village Council

Subject: Village Manager's Report

Date: 2-7-23

In addition to the items already discussed here tonight, I have a few additional updates for the Council.

First, GreenSweep, our ground maintenance company, has submitted a renewal contract for 2023. The total for the year is \$7,059.

Also, I am scheduling a three-hour training session, which is required for me to become a notary through the National Notary Association. We have applied for the Tree City USA recognition through the Arbor Day Foundation again. Arbor Day this year is April 7, 2023.

You may have noticed updates to the Village communications. For *Martin's Edition*, I am hoping to increase content and refresh repeated items more frequently. I am also working to improve the readability and appearance of both email and print versions. For the Weekly Wrap-Ups, I have added a "Friday Reflections" section where I provide observations and considerations for improvements in the Village.

We are also trying to stay ahead of issues that could impact Village residents by sending out email alerts when we become aware of them. Recent examples include discolored water, gas leak, or WSSC road work.

The Town and Village Managers from the neighboring communities are meeting in two weeks. This will be a good opportunity for me to meet those I haven't yet met and participate in knowledge and idea-sharing. A few topics we will discuss are:

- Permitting and code enforcement
- The use of off duty police officers
- Parking enforcement
- Streetlights and our relationship with PEPCO

I have started inviting people to join me on my Friday lunchtime walks around the Village, so if you'd like to join me on a mental health break tomorrow, I'll be leaving from the Village office at noon.



October 28, 2022

To the Chairperson and Council of the
Village of Martin's Additions, Maryland
7013B Brookville Road
Chevy Chase, Maryland 20815

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Martin's Additions, Maryland (the Village) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. As described in Note 7 to the financial statements, the Village changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*, in fiscal year 2022. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenue, Expenditures and Changes in Fund Balance. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material adjustments were proposed for the general fund:

- To adjust accounts payable balance to actual which resulted in an increase in expenses of approximately \$18,000.
- To reclassify the approximately \$472,000 of unspent ARPA grant funds to deferred inflows.
- To reverse prior year receivables of approximately \$18,000 which reduced current year revenue.
- To record current year receivables of approximately \$17,000 which increased current year revenue.

There were a total of 16 proposed adjustments and the net effect of all proposed adjustments was a reduction in net income of approximately \$485,000.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 28, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Chairperson, Council and management of the Village of Martin's Additions, Maryland and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

LSWG, P.A.

**VILLAGE OF MARTIN'S
ADDITIONS, MARYLAND
Financial Statements, Supplementary
Information and Independent
Auditor's Report**

**For the Years Ended
June 30, 2022 and 2021**

LSWG

**CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS**

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
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June 30, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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 28, 2022

MANAGEMENT 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, 2022. 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 \$4,525,364 (net position). Of this amount, \$3,597,480 (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 \$520,338.
- As of the close of the fiscal year, the Village of Martin's Additions governmental funds reported an ending fund balance of \$3,779,308, an increase of \$543,124 in comparison with the prior year. Of the total fund balance, \$1,277,541 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 \$4,525,364 at the close of the most recent fiscal year.

Approximately 21% 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	\$ 4,345,868
Noncurrent assets	<u>1,002,025</u>
Total assets	<u>5,347,893</u>
Deferred Outflows	<u>-</u>
Current liabilities	103,767
Noncurrent liabilities	<u>247,081</u>
Total liabilities	<u>350,848</u>
Deferred Inflows	<u>471,681</u>
Invested in capital assets	\$ 927,884
Unrestricted	<u>3,597,480</u>
Total net position	<u>\$ 4,525,364</u>

The unrestricted net position of \$3,597,480 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 \$520,338. Revenues increased by \$389,259 from fiscal year 2021 to fiscal year 2022. The increase was largely a result of the increase in income taxes in fiscal year 2022 of \$334,156, in county tax duplication in FY2022 of \$28,871, and American Rescue Plan Act (ARPA) grant income of \$17,500.

Expenses increased \$47,658 from fiscal year 2021 to fiscal year 2022. The overall increase in expenses was attributable to increases related to ARPA expenses of \$17,500 and community event expenses of \$29,206.

Village of Martin's Additions Changes in Net Position

	<u>Governmental Activities</u>
Revenues:	
Program revenues:	
Charges for services	\$ 24,123
Operating grants and contributions	52,126
General revenues:	
Taxes	1,126,274
Other	<u>70,467</u>
Total Revenues	<u>1,272,990</u>
Expenses:	
General government	307,401
Building & zoning	49,240
Public works	304,789
Public safety	39,899
Recreation	33,823
American Rescue Plan Act	<u>17,500</u>
Total Expenses	<u>752,652</u>
Increase in net position	520,338
Net position, July 1, 2021	<u>4,005,026</u>
Net position, June 30, 2022	<u>\$ 4,525,364</u>

Taxes of \$1,126,274 comprised 88% of the total revenues of \$1,272,990. The taxes include both property and income taxes.

CAPITAL ASSETS

At the end of fiscal year 2022, the Village's governmental activities have invested \$27,394 in office equipment, \$1,381 in leasehold improvements and \$1,133,752 in infrastructure, as reflected in the following schedule. Total depreciation for the 2022 fiscal year was \$34,060 and accumulated depreciation for all assets was \$225,146. Net capital assets for the Village at the end of the fiscal year were \$937,381.

Governmental Activities - Capital Assets

	Governmental Activities
Non-Depreciable Assets	None
Other Capital Assets	
Infrastructure	\$ 1,133,752
Equipment	27,394
Leasehold Improvements	<u>1,381</u>
Total Capital Assets	1,162,527
Accumulated Depreciation on Other Capital Assets	<u>(225,146)</u>
Net Capital Assets	<u>\$ 937,381</u>

Governmental Activities - Capital Assets

	Governmental Activities
Lease Asset – current portion	\$ 22,163
Lease Asset – noncurrent portion	<u>64,644</u>
Total Lease Assets	<u>\$ 86,807</u>
Lease Liability – current portion	21,222
Lease Liability – noncurrent portion	<u>75,082</u>
Total Lease Liabilities	<u>\$ 96,304</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 \$1,263,160. This was a \$384,343 increase over fiscal year 2021. The increase was largely a result of a \$329,241 increase in income taxes in fiscal year 2022, an increase of \$32,033 in intergovernmental revenues, and ARPA grant income of \$17,500.

Total general fund expenditures were \$720,036. This was an increase of \$23,857 over the prior year. The increase is largely a result of the ARPA grant expenses of \$17,500 in fiscal year 2022.

Total fund balance increased \$543,124 for a total fund balance of \$3,779,308. Of this amount \$1,277,541 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 \$423,988 more than budgeted. Also, County tax duplication was \$28,903 more than budgeted and ARPA grant income was \$17,500 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 \$35,800.

ECONOMIC FACTORS

Overall, fiscal year 2022 was a positive year. The Village provided all the services budgeted for and completed the year by adding \$543,124 to the fund balance. ARPA grant income of \$489,181 was received in August of 2021. Eligible expenditures of \$17,500 were incurred in fiscal year 2022. The second payment of \$489,547 was received in August of 2022.

The Village Council maintained a conservative approach in formulating the fiscal year 2023 budget to ensure that the Village has a healthy financial position into the future. In fiscal year 2023, the Village plans to utilize its capital projects fund and the American Rescue Plan funds to enhance the safety and usability of Village streets, address drainage issues, and tackle other projects eligible for American Rescue Plan funds.

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 2022	(Restated) Governmental Activities 2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 280,945	\$ 291,332
Investments	4,023,532	2,981,228
Receivables, net	-	73
Due from other governments	17,461	18,042
Prepaid expenses	1,767	3,958
Lease asset - current portion	22,163	22,163
Total Current Assets	4,345,868	3,316,796
Noncurrent Assets		
Lease asset - net of current portion	64,644	86,807
Capital assets, net	937,381	967,091
Total Noncurrent Assets	1,002,025	1,053,898
Total Assets	5,347,893	4,370,694
Deferred Outflows	-	-
Liabilities		
Current Liabilities		
Accounts payable	48,716	29,449
Refundable deposits	24,000	29,000
Lease liability - current portion	21,222	19,258
State tax credit liability - current portion	9,829	9,829
Total Current Liabilities	103,767	87,536
Noncurrent Liabilities		
Lease liability - net of current portion	75,082	96,304
State tax credit liability - net of current portion	171,999	181,828
Total Noncurrent Liabilities	247,081	278,132
Total Liabilities	350,848	365,668
Deferred Inflows	471,681	-
Net Position		
Invested in capital assets	927,884	967,091
Unrestricted	3,597,480	3,037,935
Total Net Position	\$ 4,525,364	\$ 4,005,026

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, 2022

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue		Net (Expenses) Revenue and Changes in Net Position	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	\$ 752,652	\$ -	\$ 24,123	\$ 52,126	(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					1,196,741	1,196,741
Change in Net Position					520,338	520,338
Net Position, Beginning of Year					4,005,026	4,005,026
Net Position, End of Year					\$ 4,525,364	\$ 4,525,364

The accompanying notes are an integral part of this statement.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Statement of Program Activities - Restated
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue		Net (Expenses) Revenue and Changes in Net Position	Total
			Charges for Services	Operating Grants and Contributions		
Governmental Activities						
General government	\$ 299,380	\$ 11,001	\$ 12,986	\$ 6,435	\$ (279,959)	\$ (279,959)
Building and zoning	60,598	-	7,984	-	(52,614)	(52,614)
Public works	293,313	-	-	30,424	(262,889)	(262,889)
Public safety	36,084	-	-	-	(36,084)	(36,084)
Recreation	4,617	-	-	-	(4,617)	(4,617)
Interest	11,001	(11,001)	-	-	(11,001)	(11,001)
Total Governmental Activities	\$ 704,993	\$ -	\$ 20,970	\$ 36,859	(647,164)	(647,164)
General Revenues						
Property taxes					41,233	41,233
Income taxes					749,661	749,661
Intergovernmental					26,832	26,832
Interest					8,176	8,176
Total General Revenues					825,902	825,902
Change in Net Position					178,738	178,738
Net Position, Beginning of Year					3,826,288	3,826,288
Net Position, End of Year					\$ 4,005,026	\$ 4,005,026

The accompanying notes are an integral part of this statement.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Balance Sheets
Governmental Funds
June 30,

	2022	(Restated)
	General	2021
	Fund	General
	Fund	Fund
Assets		
Cash and cash equivalents	\$ 280,945	\$ 291,332
Investments	4,023,532	2,981,228
Receivables, net	-	73
Due from other governments	17,461	18,042
Prepaid expenses	1,767	3,958
	<u>4,323,705</u>	<u>3,294,633</u>
Total Assets		
Deferred Outflows	<u>-</u>	<u>-</u>
Liabilities		
Accounts payable	48,716	29,449
Refundable deposits	24,000	29,000
Total Liabilities	<u>72,716</u>	<u>58,449</u>
Deferred Inflows	<u>471,681</u>	<u>-</u>
Fund Balances		
Nonspendable	1,767	3,958
Assigned	2,500,000	2,500,000
Unassigned	1,277,541	732,226
Total Fund Balances	<u>\$ 3,779,308</u>	<u>\$ 3,236,184</u>
Reconciliation of Total Governmental Fund Balances		
To Net Position of the Governmental Activities		
Total Governmental Fund Balances	\$ 3,779,308	\$ 3,236,184
Right to use lease assets used for governmental activities are not financial resources and therefore not reported in the funds	86,807	108,970
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.	(278,132)	(307,219)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>937,381</u>	<u>967,091</u>
Net Position of Governmental Activities	<u>\$ 4,525,364</u>	<u>\$ 4,005,026</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,

	2022	(Restated)
	General	2021
	Fund	General
	Fund	Fund
Revenues		
Property taxes	\$ 42,457	\$ 41,233
Taxes - state shared	1,073,988	744,747
Licenses and permits	24,123	20,970
Intergovernmental	89,289	57,256
Grants	17,500	-
Miscellaneous	<u>15,803</u>	<u>14,611</u>
Total Revenues	<u>1,263,160</u>	<u>878,817</u>
Expenditures		
General government	312,629	332,827
Public works	280,068	296,080
Public safety	39,899	36,084
Recreation	33,823	4,617
ARPA expenditures	17,500	-
Debt service	<u>36,117</u>	<u>26,571</u>
Total Expenditures	<u>720,036</u>	<u>696,179</u>
Excess of Revenues Over (Under) Expenditures	543,124	182,638
Other Financing Sources - Leases	-	131,132
Fund Balance - Beginning of Year	<u>3,236,184</u>	<u>2,922,414</u>
Fund Balance - End of Year	<u>\$ 3,779,308</u>	<u>\$ 3,236,184</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>2022</u>	(Restated) <u>2021</u>
Net Change in Fund Balance - Total Governmental Funds	\$ 543,124	\$ 313,770
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	29,087	(110,648)
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>(29,710)</u>	<u>(2,222)</u>
Net Change in Net Position - Governmental Activities	<u>\$ 520,338</u>	<u>\$ 178,737</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2022 and 1899

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, 2022 and 1899

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, 2022 and 1899

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, 2022 and 1899

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, 2022, \$1,133,752 and \$1,129,402, 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, 2022 and 1899

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, 2022 were \$.0050 per \$100 of assessed taxable value. The public utilities tax rates for fiscal years ended June 30, 2022 were \$1.45 per \$100 of assessed taxable value. The personal property tax rates for fiscal years ended June 30, 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 as a result of implementing GASB 87 – *Leases*. The right to use asset is 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, and 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, 2022 and 1899

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, 2022 and 1899

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, 2022, the carrying amounts of the Village's deposits were \$280,945 and \$291,332, respectively, and the bank balances totaled \$282,013 and \$288,807 respectively. At June 30, 2022, there were uninsured balance of \$1,251. At , all amounts were covered by FDIC.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2022 and 1899

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, 2022, the Village had \$4,023,532 and \$2,981,228, 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, 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, 2022 and 1899

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, 2022:

- Maryland Local Government Investment Pool mutual funds of \$4,023,532 and \$2,981,228, respectively and are valued using quoted market prices (Level 1 inputs).

B. Receivables

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

	<u>2022</u>	<u>2021</u>
Receivables		
Less: allowance for uncollectibles	\$ -	\$ 73
Total Receivables, net	<u>\$ -</u>	<u>\$ 73</u>

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

	<u>2022</u>	<u>2021</u>
General Fund:		
State	\$ 14,524	\$ 14,206
County	<u>2,937</u>	<u>3,836</u>
Total	<u>\$ 17,461</u>	<u>\$ 18,042</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, 2022 and 1899

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, 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
Total Right to Use Asset	<u>131,133</u>	<u>-</u>	<u>-</u>	<u>131,133</u>
Less accumulated amortization for:				
Office space	<u>(22,163)</u>	<u>(22,163)</u>	<u>-</u>	<u>(44,326)</u>
Total 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>

Right to use activity for the year ended 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
Total Right to Use Asset	<u>-</u>	<u>131,133</u>	<u>-</u>	<u>131,133</u>
Less accumulated amortization for:				
Office space	<u>-</u>	<u>(22,163)</u>	<u>-</u>	<u>(22,163)</u>
Total Accumulated Amortization	<u>-</u>	<u>(22,163)</u>	<u>-</u>	<u>(22,163)</u>
Right to Use Assets, Net	<u>\$ -</u>	<u>\$ 108,970</u>	<u>\$ -</u>	<u>\$ 108,970</u>

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2022 and 1899

Note 3 – Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset 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>
Capital assets, being depreciated				
Other Assets	\$ 2,450	\$ -	\$ -	\$ 2,450
Equipment	24,944	-	-	24,944
Leasehold improvements	1,381	-	-	1,381
Infrastructure	<u>1,129,402</u>	<u>4,350</u>	<u>-</u>	<u>1,133,752</u>
Total capital assets being depreciated	1,158,177	4,350	-	1,162,527
Less accumulated depreciation for:				
Equipment	(18,415)	(4,989)	-	(23,404)
Leasehold improvements	(1,381)	-	-	(1,381)
Infrastructure	<u>(171,290)</u>	<u>(29,071)</u>	<u>-</u>	<u>(200,361)</u>
Total accumulated depreciation	<u>(191,086)</u>	<u>(34,060)</u>	<u>-</u>	<u>(225,146)</u>
Total capital assets, being depreciated, net	<u>967,091</u>	<u>(29,710)</u>	<u>-</u>	<u>937,381</u>
Governmental activities capital assets, net	<u>\$ 967,091</u>	<u>\$ (29,710)</u>	<u>\$ -</u>	<u>\$ 937,381</u>

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

	<u>2022</u>	<u>2021</u>
Governmental activities		
General government	\$ 4,989	\$ 4,990
Public works	<u>29,071</u>	<u>28,367</u>
Total Depreciation Expense	<u>\$34,060</u>	<u>\$33,357</u>

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2022 and 1899

Note 3 – Detailed Notes on All Funds (continued)

D. 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 \$2,191 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 \$86,807 and \$108,970 on June 30, 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, 2022 was \$24,097 and \$31,457, 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>
2023	\$ 21,222	\$ 8,458	\$	29,680
2024	23,386	6,294		29,680
2025	25,771	3,909		29,680
2026	25,926	1,281		27,207
2027	-	-		-

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2022 and 1899

Note 3 – Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

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

	Balance	Increase/	Balance	Due within
	<u>June 30, 2021</u>	<u>(Decrease)</u>	<u>June 30, 2022</u>	<u>one year</u>
Lease liability	\$ 115,562	\$ (19,258)	\$ 96,304	\$ 21,222
State tax credit liability	191,657	(9,829)	181,828	9,829
	<u>\$ 307,219</u>	<u>\$ (29,087)</u>	<u>\$ 278,132</u>	<u>\$ 31,051</u>
	Balance	Increase/	Balance	Due within
	<u>June 30, 2020</u>	<u>(Decrease)</u>	<u>June 30, 2021</u>	<u>one year</u>
Lease liability	\$ 131,132	\$ (15,570)	\$ 115,562	\$ 19,258
State tax credit liability	201,486	(9,829)	191,657	9,829
	<u>\$ 332,618</u>	<u>\$ (25,399)</u>	<u>\$ 307,219</u>	<u>\$ 29,087</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 \$3,958 are classified as nonspendable at June 30, 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.

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.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2022 and 1899

Note 3 – Detailed Notes on All Funds (continued)

E. Fund Balance (continued)

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>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 approximately \$2,553 and \$2,326 for the fiscal years ended June 30, 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, 2022 and 1899

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 Within
	<u>Balance</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
State of	\$		\$	\$
Maryland	191,657	\$ (9,829)	181,828	9,829

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

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Financial Statements
June 30, 2022 and 1899

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.

Note 6 – Deferred Inflows (continued)

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. Eligible expenditures incurred during the fiscal year ended June 30, 2022 were \$17,500. The remaining \$471,681 has been included in deferred inflows at June 30, 2022.

On August 8, 2022, the Village received its second payment in the amount of \$489,547. Revenue recognition of these funds will be deferred until the related eligible expenditures are incurred.

Note 7 – Change in Accounting Principle

The Village implemented Government Accounting Standards Board (GASB) Statement No.87, *Leases*, effective July 1, 2021. The statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use a lease asset. As a result, beginning fund balance on the statement of revenue, expenditures and changes in fund balance – governmental funds for the year ended June 30, 2021 was restated by \$131,132.

Note 7 – Subsequent Events

Management has evaluated subsequent events through October 28, 2022, 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, 2022

	<u>Budgeted Amount Original</u>	<u>Budgeted Amount Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Taxes				
Local				
Real property tax	\$ 15,000	\$ 15,000	\$ 17,303	\$ 2,303
Utility property tax	15,000	15,000	20,938	5,938
Personal property, ordinary business tax	<u>4,500</u>	<u>4,500</u>	<u>4,216</u>	<u>(284)</u>
Total Taxes - Local - Net	<u>34,500</u>	<u>34,500</u>	<u>42,457</u>	<u>7,957</u>
State Shared				
Income tax	<u>650,000</u>	<u>650,000</u>	<u>1,073,988</u>	<u>423,988</u>
Total Taxes - State Shared	<u>650,000</u>	<u>650,000</u>	<u>1,073,988</u>	<u>423,988</u>
Total Taxes	<u>684,500</u>	<u>684,500</u>	<u>1,116,445</u>	<u>431,945</u>
Licenses and Permits				
Business license	-	-	145	145
Permit fees	12,000	12,000	11,015	(985)
Cable T.V. franchise fees	<u>11,000</u>	<u>11,000</u>	<u>12,963</u>	<u>1,963</u>
Total Licenses and Permits	<u>23,000</u>	<u>23,000</u>	<u>24,123</u>	<u>1,123</u>
Intergovernmental Revenues				
State highway user	30,000	30,000	33,586	3,586
County tax duplication	<u>26,800</u>	<u>26,800</u>	<u>55,703</u>	<u>28,903</u>
Total Intergovernmental Revenues	<u>\$ 56,800</u>	<u>\$ 56,800</u>	<u>\$ 89,289</u>	<u>\$ 32,489</u>

(continued)

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amount Original</u>	<u>Budgeted Amount Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Grants				
American Rescue Plan Act	\$ -	\$ -	\$ 17,500	\$ 17,500
Total Grants	-	-	17,500	17,500
 Miscellaneous				
Interest	20,000	20,000	6,025	(13,975)
Holiday fund	9,000	9,000	1,040	(7,960)
Other	-	-	8,738	8,738
Total Miscellaneous	29,000	29,000	15,803	(13,197)
 Total Revenues	<u>\$ 793,300</u>	<u>\$ 793,300</u>	<u>\$ 1,263,160</u>	<u>\$ 469,860</u>

(continued)

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Year Ended June 30, 2022

Expenditures	Budgeted Amount Original	Budgeted Amount Final	Actual Amounts	Variance with Final Budget Positive (Negative)
General Government				
Financial Administration				
Administrative salaries	\$ 115,000	\$ 115,000	\$ 129,607	\$ (14,607)
Payroll taxes and benefits	16,500	16,500	10,811	5,689
Accounting and auditing	22,680	22,680	13,145	9,535
Dues and subscriptions	10,000	10,000	6,095	3,905
Information technology	16,000	16,000	3,163	12,837
Legal	55,000	55,000	45,637	9,363
Office lease	32,000	32,000	-	32,000
Office expenses	12,000	12,000	21,546	(9,546)
Office furniture and equipment	2,000	2,000	1,677	323
Telephone	3,000	3,000	3,083	(83)
Storage rental	4,500	4,500	4,628	(128)
Printing and mailing	4,500	4,500	2,318	2,182
Insurance	8,000	8,000	6,461	1,539
Website	2,050	2,050	2,050	-
Total Financial Administration	<u>303,230</u>	<u>303,230</u>	<u>250,221</u>	<u>53,009</u>
Other General Government				
Building review and permits	50,000	50,000	42,800	7,200
Enforcement and oversight	18,000	18,000	6,440	11,560
Municipal operations	18,000	18,000	4,780	13,220
GIS update	5,000	5,000	795	4,205
Holiday fund	9,000	9,000	7,593	1,407
Total Other General Government	<u>100,000</u>	<u>100,000</u>	<u>62,408</u>	<u>37,592</u>
Total General Government Expenditures	<u>\$ 403,230</u>	<u>\$ 403,230</u>	<u>\$ 312,629</u>	<u>\$ 90,601</u>

(continued)

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	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	\$ 1,952	\$ 2,848
Tree maintenance and replacement	30,000	30,000	21,480	8,520
Tree planting initiatives	7,000	7,000	9,300	(2,300)
Street cleaning	35,000	35,000	34,911	89
Street maintenance - other	7,500	7,500	1,320	6,180
Right-of-way landscaping	10,000	10,000	6,364	3,636
Snow removal services	30,000	30,000	23,718	6,282
Total Highway and Streets	<u>124,300</u>	<u>124,300</u>	<u>99,045</u>	<u>25,255</u>
Designated Funds				
Designated - walkability	500,000	500,000	-	500,000
Designated - streets	500,000	500,000	35,800	464,200
Designated - capital projects	500,000	500,000	-	500,000
Designated - reserve	1,000,000	1,000,000	-	1,000,000
Total Designated Funds	<u>2,500,000</u>	<u>2,500,000</u>	<u>35,800</u>	<u>2,464,200</u>
Sanitation and Waste Removal				
Waste collection and recycling	130,000	130,000	140,163	(10,163)
Leaf bags	8,000	8,000	4,720	3,280
Recycling bins	1,000	1,000	340	660
Total Sanitation & Waste Removal	<u>139,000</u>	<u>139,000</u>	<u>145,223</u>	<u>(6,223)</u>
Total Public Works	<u>\$ 2,763,300</u>	<u>\$ 2,763,300</u>	<u>\$ 280,068</u>	<u>\$ 2,483,232</u>

(continued)

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Budgeted Amount Original	Budgeted Amount Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Safety				
Police salaries	\$ 41,802	\$ 41,802	\$ 31,200	\$ 10,602
Police payroll taxes	3,262	3,262	2,559	703
Traffic engineering	10,000	10,000	6,140	3,860
Total Public Safety	<u>55,064</u>	<u>55,064</u>	<u>39,899</u>	<u>15,165</u>
Recreation				
Community events	<u>35,000</u>	<u>35,000</u>	<u>33,823</u>	<u>1,177</u>
Total Recreation	<u>35,000</u>	<u>35,000</u>	<u>33,823</u>	<u>1,177</u>
American Rescue Plan Act (ARPA)				
ARPA expenditures	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>(17,500)</u>
Total ARPA expenditures	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>(17,500)</u>
Debt Service	<u>-</u>	<u>-</u>	<u>36,117</u>	<u>(36,117)</u>
Total Expenditures	<u>\$ 3,256,594</u>	<u>\$ 3,256,594</u>	<u>\$ 720,036</u>	<u>\$ 2,536,558</u>

The accompanying notes are an integral part of this schedule.

VILLAGE OF MARTIN'S ADDITIONS, MARYLAND
Notes to Required Supplementary Information
June 30, 2022

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 13, 2021, the Village Council approved the original adopted budget for the fiscal year ended June 30, 2022.

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, 2022. In addition, there were no excesses of budgetary expenditures for the period.

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