

**TOWN OF CENTREVILLE, MARYLAND**

**Financial Statements Together with  
Report of Independent Public Accountants**

**For the Year Ended June 30, 2021**



**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**JUNE 30, 2021**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

Members of the Town Council  
Town of Centreville, Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Centreville, Maryland (the Town), as of June 30, 2021, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Town's proportionate share of the net pension liability, schedule of the Town's pension plan contributions, schedule of revenues and expenditures – budget and actual – General fund, schedule of changes in the net OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplemental balance sheet and schedule of revenue, expenditures and changes in fund balance for the general fund and schedule of revenue, expenses and changes in net position for the proprietary fund are presented for the purposes of additional analysis and are not a required part of the basic financial statements.



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The accompanying supplemental balance sheet and schedule of revenue, expenditures and changes in fund balance for the general fund and schedule of revenue, expenses and changes in net position for the proprietary fund are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental balance sheet and schedule of revenue, expenditures and changes in fund balance for the general fund and schedule of revenue, expenses and changes in net position for the proprietary fund are fairly stated in all material respects in relation to the basic financial statements as a whole.

Owings Mills, Maryland  
November 18, 2021

*SB & Company, LLC*

## TOWN OF CENTREVILLE, MARYLAND

### Management's Discussion and Analysis For the Year Ended June 30, 2021

This section of the annual financial statements of the Town of Centreville, Maryland (the Town) presents a narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements and the accompanying notes.

#### **Financial Highlights**

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of fiscal year June 30, 2021, by \$32,808,099 (*net position*). Approximately 59% of this amount is attributable to the business-type activities. Of the total net position, \$4,977,885 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors (26% is attributable to the business-type activities). Of the remaining total net position, \$1,624,395 is restricted for specific purposes (*restricted net position*), and \$26,205,819 is the net investment in capital assets.
- As of June 30, 2021, the Town's governmental funds reported combined ending fund balances of \$6,595,345.
- The Town's total debt decreased by \$1,846,012 through principal payments and the retirement of the mortgage loan to a year-end balance of \$15,303,286 which is well below the legal debt limit per the Town Charter, as discussed in Note 13, Borrowing Limit.
- As of the close of the current fiscal year, the unassigned fund balance for the general fund was \$4,866,051 or 95% of total general fund expenditures.

#### **Overview of the Financial Statements**

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

#### ***Government-wide financial statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The government-wide statements are on a full accrual accounting basis, including the elimination and/or reclassification of internal activities.

## TOWN OF CENTREVILLE, MARYLAND

### Management's Discussion and Analysis For the Year Ended June 30, 2021

#### Overview of the Financial Statements (continued)

##### *Government-wide financial statements* (continued)

The statement of net position presents information on all of the Town's assets, liabilities, and deferred inflows and outflows of resources. The difference between assets plus deferred outflows and liabilities plus deferred inflows is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town'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 related cash flows. Thus, revenue and expenses are reported in this statement which represent items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, sanitation, parks and recreation, cemetery and stormwater and watershed management. The business-type activities of the Town include water and sewer operations.

The government-wide financial statements can be found on pages 14 and 15 of this report.

##### *Fund financial statements*

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary 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.



## TOWN OF CENTREVILLE, MARYLAND

### Management's Discussion and Analysis For the Year Ended June 30, 2021

#### Overview of the Financial Statements (continued)

##### *Governmental funds* (continued)

Since the government-wide focus includes the long-term view and the fund focus includes the short-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. 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 governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. A budgetary comparison statement can be found on pages 49-50 of this report.

##### *Proprietary fund*

The Town maintains one proprietary fund: an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer infrastructure and operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is considered to be a major fund of the Town. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

##### *Notes to basic financial statements*

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are part of the basic financial statements and can be found on pages 23-45 of this report.

##### *Required supplementary information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparison of the Town's change in net OPEB liability for other post-employment benefits (OPEB) to its employees and the Town's proportionate share of the collective Net Pension Liability. Required supplementary information is located on pages 47-51 of this report.

# TOWN OF CENTREVILLE, MARYLAND

## Management's Discussion and Analysis For the Year Ended June 30, 2021

### Government-wide Financial Analysis

Over time, changes in net position serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$32,808,099 as of June 30, 2021.

The largest portion of the Town's net position (80%) reflects its investment in capital assets, net of depreciation (e.g., buildings, land, improvements, equipment, vehicles, infrastructure, and sewer and water utility systems), less any unmatured debt used to acquire or construct those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net position (\$1.6 million or 5%) represents resources that are restricted by enabling legislation on how they may be used. The remaining balance of unrestricted net position (15%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town reports positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities. Business-type activities report positive balances in all net position categories.

### STATEMENT OF NET POSITION

A summary of government-wide assets, liabilities and net position is as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 6,954,058	\$ 6,847,708	\$ 2,231,021	\$ 1,919,809	\$ 9,185,079	\$ 8,767,517
Capital assets, net	12,473,628	13,544,939	29,035,323	29,856,319	41,508,951	43,401,258
<b>Total Assets</b>	<b>19,427,686</b>	<b>20,392,647</b>	<b>31,266,344</b>	<b>31,776,128</b>	<b>50,694,030</b>	<b>52,168,775</b>
<b>Deferred Outflows of Resources</b>	<b>375,095</b>	<b>164,318</b>	<b>-</b>	<b>-</b>	<b>375,095</b>	<b>164,318</b>
<b>Liabilities</b>						
Current liabilities	359,185	479,641	1,768,499	1,779,122	2,127,684	2,258,763
Long-term liabilities	5,788,900	6,335,333	10,253,610	11,064,678	16,042,510	17,400,011
<b>Total Liabilities</b>	<b>6,148,085</b>	<b>6,814,974</b>	<b>12,022,109</b>	<b>12,843,800</b>	<b>18,170,194</b>	<b>19,658,774</b>
<b>Deferred Inflows of Resources</b>	<b>90,832</b>	<b>107,486</b>	<b>-</b>	<b>-</b>	<b>90,832</b>	<b>107,486</b>
<b>Net Position</b>						
Net investment in capital assets	8,235,021	8,258,041	17,970,798	17,993,919	26,205,819	26,251,960
Restricted	1,624,395	1,631,296	-	-	1,624,395	1,631,296
Unrestricted	3,704,448	3,745,168	1,273,437	938,409	4,977,885	4,683,577
<b>Total Net Position</b>	<b>\$ 13,563,864</b>	<b>\$ 13,634,505</b>	<b>\$ 19,244,235</b>	<b>\$ 18,932,328</b>	<b>\$ 32,808,099</b>	<b>\$ 32,566,833</b>

## **TOWN OF CENTREVILLE, MARYLAND**

### **Management's Discussion and Analysis For the Year Ended June 30, 2021**

#### **Government-wide Financial Analysis (continued)**

The Town's net position increased \$241,266 as of June 30, 2021. This increase is a result of a \$70,641 decrease in governmental activities and a \$311,907 increase in business-type activities.

The governmental activities decreased the Town's net position by \$70,641. Key elements are as follows:

- Deprecation expense of \$1,123,283.
- Speed Camera revenue has brought in an increase of steady Public Service revenue in addition to accomplishing traffic calming measures.
- There was an increase in the Public Utility Tax from \$2.11 per \$100 of assessed value to \$7.00 per \$100 of assessed value.
- Local income revenues saw an increase in of 1-2 % from expectations.

Business-type activities increased the Town's net position by \$311,907. The components of the change in the business-type activities are as follows:

- Water and Sewer services expenses decreased during the fiscal year 2021.
- Charges for services for water and sewer fees continued to increase as a result of a rate increase that totals 25% this FY.
- Revenues related to water and sewer allocations and meter equipment have increased substantially in FY21 as a result of new development of real estate.

# TOWN OF CENTREVILLE, MARYLAND

## Management's Discussion and Analysis For the Year Ended June 30, 2021

### Government-wide Financial Analysis (continued)

#### STATEMENT OF ACTIVITIES

The following table summarizes changes in net position for governmental and business-type activities during the year:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 628,856	\$ 582,890	\$ 2,830,260	\$ 1,850,812	\$ 3,459,116	\$ 2,433,702
Operating grants and contributions	461,439	402,305	-	-	461,439	402,305
General revenue:						
Property taxes	2,400,085	2,310,142	-	-	2,400,085	2,310,142
Other taxes	1,297,061	993,038	-	-	1,297,061	993,038
Other	511,572	288,084	100	100	511,672	288,184
<b>Total Revenue</b>	<b>5,299,013</b>	<b>4,576,459</b>	<b>2,830,360</b>	<b>1,850,912</b>	<b>8,129,373</b>	<b>6,427,371</b>
<b>Program Expenses</b>						
General government	1,288,173	1,086,833	-	-	1,288,173	1,086,833
Public safety	1,620,567	1,496,051	-	-	1,620,567	1,496,051
Public works	1,884,792	1,908,207	-	-	1,884,792	1,908,207
Parks and recreation	103,782	231,569	-	-	103,782	231,569
Cemetery	50,782	39,084	-	-	50,782	39,084
Stormwater/Watershed	64,947	65,818	-	-	64,947	65,818
Centreville wharf	216,172	54,414	-	-	216,172	54,414
Interest on long-term debt	140,439	147,865	-	-	140,439	147,865
Enterprise expenses						
Water, sewer & farm	-	-	2,518,453	2,360,013	2,518,453	2,360,013
<b>Total Program Expenses</b>	<b>5,369,654</b>	<b>5,029,841</b>	<b>2,518,453</b>	<b>2,360,013</b>	<b>7,888,107</b>	<b>7,389,854</b>
<b>Transfers</b>	<b>-</b>	<b>(1,250,000)</b>	<b>-</b>	<b>1,250,000</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(70,641)</b>	<b>(1,703,382)</b>	<b>311,907</b>	<b>740,899</b>	<b>241,266</b>	<b>(962,483)</b>
Net position, beginning of year	13,634,505	15,337,887	18,932,328	18,191,429	32,566,833	33,529,316
<b>Net Position, End of Year</b>	<b>\$ 13,563,864</b>	<b>\$ 13,634,505</b>	<b>\$ 19,244,235</b>	<b>\$ 18,932,328</b>	<b>\$ 32,808,099</b>	<b>\$ 32,566,833</b>

## TOWN OF CENTREVILLE, MARYLAND

### Management's Discussion and Analysis For the Year Ended June 30, 2021

#### Government-wide Financial Analysis (continued)

##### *Business-type Activities*

Revenue from the Town's business-type activities was \$2,830,360 and expenses were \$2,518,453. The Enterprise Fund's costs of operation are shared equally by the users. As with most municipalities throughout the United States, these costs will continue to provide many challenges in the coming years due to aging infrastructure. The Town Council continues with its philosophy of having new development pay for any infrastructure improvements required to accommodate the demands placed on the Town's infrastructure by the new development. With the continued slow growth, building activity has been at a minimum resulting in a slight decrease of residential and commercial allocation fee revenue.

##### *Governmental Activities*

Revenue from the Town's governmental activities was \$5,299,013, while total expenses were \$5,369,654. The table below presents the cost of each of the Town's seven largest services – general government, public safety, public works, parks and recreation, cemetery, stormwater/watershed management and Centreville wharf, as well as, each service's net cost (total cost less fees generated by the activities and intergovernmental aid).

	<u>Total Cost of Services</u>		<u>Net Cost (Surplus) of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General government	\$ 1,288,173	\$ 1,086,833	\$ 833,071	\$ 691,424
Public safety	1,620,567	1,496,051	1,538,807	1,402,842
Public works	1,884,792	1,908,207	1,331,359	1,411,630
Parks and recreation	103,782	231,569	103,782	231,569
Cemetery	50,782	39,084	50,782	39,084
Stormwater/Watershed	64,947	65,818	64,947	65,818
Centreville wharf	216,172	54,414	216,172	54,414
<b>Total</b>	<b>\$ 5,229,215</b>	<b>\$ 4,881,976</b>	<b>\$ 4,138,920</b>	<b>\$ 3,896,781</b>

The net cost shows the financial burden that was placed on the Town's taxpayers by each of these services.

- The cost of all governmental activities this year, excluding interest, was approximately \$5.2 million. Some of that cost was financed by:
  - Those who directly benefited from the programs (\$629 thousand), or
  - Other governments and organizations that subsidized certain programs with grants and contributions (\$461 thousand).
- The Town financed the remaining \$4.1 million "public benefit" portion of governmental activities with taxes.

# TOWN OF CENTREVILLE, MARYLAND

## Management's Discussion and Analysis For the Year Ended June 30, 2021

### Government-wide Financial Analysis (continued)

#### General Fund

	<u>2021</u>	<u>Percent of Total</u>	<u>2020</u>	<u>Percent of Total</u>
<b>Revenue</b>				
General property taxes	\$ 2,870,225	55%	\$ 2,505,704	56%
Local income taxes	757,335	15%	727,810	16%
Licenses and permits	119,809	2%	91,237	2%
Charges for services	509,047	10%	491,653	11%
Intergovernmental	461,439	9%	402,305	9%
Miscellaneous	496,913	10%	244,849	5%
<b>Total Revenue</b>	<u>\$ 5,214,768</u>	<u>100%</u>	<u>\$ 4,463,558</u>	<u>100%</u>

General property taxes comprise the largest source of Town revenue, totaling \$2.9 million (55%) of total revenues for the general fund for fiscal year 2021. Each municipality sets its own property tax rates, within parameters established by the State. For fiscal year 2021, the Town's property tax rate remained constant at \$0.405 per \$100 of assessed value of real property.

Charges for services, totaling \$509 thousand (10%), reflect fees charged to Town citizens. These primarily support public works, sanitation and waste removal, cemetery maintenance and upkeep, and various general government administrative services such as permit review, subdivision and site fees.

Local income taxes, totaled \$757 thousand or approximately 15% of total governmental revenue. This revenue source fluctuates with changes in personal income levels, the ups and downs of the economy and also has some association with unemployment rates during the fiscal year.

	<u>2021</u>	<u>Percent of Total</u>	<u>2020</u>	<u>Percent of Total</u>
<b>Expenditures:</b>				
Current operations:				
General government	\$ 1,065,595	21%	\$ 967,056	22%
Public safety	1,451,330	28%	1,329,548	31%
Public works	998,892	20%	1,039,398	24%
Parks and recreation	71,160	1%	178,631	4%
Cemetery	50,782	1%	37,464	1%
Stormwater/Watershed	1,553	0%	1,066	0%
Centreville wharf	185,775	4%	23,176	1%
Capital outlays	102,583	2%	304,119	7%
Debt service:				0%
Principal	1,048,291	20%	285,153	7%
Interest	140,439	3%	147,865	3%
<b>Total</b>	<u>\$ 5,116,400</u>	<u>100%</u>	<u>\$ 4,313,476</u>	<u>100%</u>

## TOWN OF CENTREVILLE, MARYLAND

### Management's Discussion and Analysis For the Year Ended June 30, 2021

#### Government-wide Financial Analysis (continued)

#### General Fund Budgetary Highlights

The Town adopts an operating budget as of July 1 each year and amends that budget throughout the year in response to actual events. The Schedule of Revenues and Expenditures - Budget and Actual can be found as part of the Required Supplementary Information, which is located after the Notes on pages 49 and 50. The schedule reports original and final budgets, as well as the variance between actual expenditures and final budget.

#### Capital Assets and Debt Administration

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,877,305	\$ 2,877,305	\$ 1,340,863	\$ 1,340,863	\$ 4,218,168	\$ 4,218,168
Buildings and improvements	9,345,108	10,130,939	27,694,460	18,906,811	37,039,568	29,037,750
Equipment	251,215	536,695	-	312,419	251,215	849,114
Construction in progress	-	-	-	9,296,226	-	9,296,226
<b>Total</b>	<b>\$ 12,473,628</b>	<b>\$ 13,544,939</b>	<b>\$ 29,035,323</b>	<b>\$ 29,856,319</b>	<b>\$ 41,508,951</b>	<b>\$ 43,401,258</b>

The Town's total investment in capital assets, for its governmental and business-type activities amounts to approximately \$41.5 million and \$43.4 million as of June 30, 2021 and June 30, 2020, respectively (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings, improvements, equipment, furniture, fixtures, park amenities, vehicles, roads, and water and sewer infrastructure.

The Town's total investment in capital assets for the current fiscal year, net of depreciation, decreased by approximately \$1.9 million. Of this amount, governmental investment in capital assets decreased by \$1.1 million, while business-type investment in capital assets increased by \$0.8 million.

## TOWN OF CENTREVILLE, MARYLAND

### Management's Discussion and Analysis For the Year Ended June 30, 2021

#### Government-wide Financial Analysis (continued)

#### Capital Assets and Debt Administration (continued)

Additional information can be found in Note 7 on pages 33-34 of this report.

#### *Debt administration*

At the end of the current fiscal year, the Town had total long-term debt outstanding of \$15.3 million in loans and bond commitments.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Mortgage loans	\$ -	\$ 785,391	\$ -	\$ -	\$ -	\$ 785,391
Bonds payable	<u>4,238,607</u>	<u>4,501,507</u>	<u>11,064,679</u>	<u>11,862,400</u>	<u>15,303,286</u>	<u>16,363,907</u>
<b>Total</b>	<b>\$ 4,238,607</b>	<b>\$ 5,286,898</b>	<b>\$ 11,064,679</b>	<b>\$ 11,862,400</b>	<b>\$ 15,303,286</b>	<b>\$ 17,149,298</b>

Additional information on the Town's long-term debt is located in Note 8 starting on page 34 of this report.

#### Subsequent Items for Future Financial Statements

The General Fund Budget for FY22 is based on a tax rate of \$0.405 per \$100 off assessment and remains the same as the rate in FY21.

In March of 2020, the Governor of the State declared a state of emergency in response to the evolving outbreak of the COVID-19, a respiratory disease caused by a new strain of coronavirus. Subsequently, through a series of executive orders, the Governor closed all non-essential businesses in the State and directed all State residents to stay in their homes except to conduct essential activities. The Town has assessed the potential impact of the COVID-19 outbreak on the FY22 budget and factored in the potential impact in developing the FY22 budget.

#### Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at 101 Lawyers Row, Centreville, Maryland 21617.



# TOWN OF CENTREVILLE, MARYLAND

## Statement of Net Position As of June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 3,546,910	\$ 4,008,506	\$ 7,555,416
Accounts receivable - taxes	336,632	-	336,632
Accounts receivable - accounts - net	69,087	1,117,534	1,186,621
Note receivable	99,664	-	99,664
Prepaid expenses	6,746	-	6,746
Due from/(to) other funds	2,895,019	(2,895,019)	-
<b>Total Current Assets</b>	<u>6,954,058</u>	<u>2,231,021</u>	<u>9,185,079</u>
Noncurrent Assets			
Non-depreciable assets	2,877,305	1,340,863	4,218,168
Capital assets, net	<u>9,596,323</u>	<u>27,694,460</u>	<u>37,290,783</u>
<b>Total Noncurrent Assets</b>	<u>12,473,628</u>	<u>29,035,323</u>	<u>41,508,951</u>
<b>Total Assets</b>	<u>19,427,686</u>	<u>31,266,344</u>	<u>50,694,030</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	182,477	-	182,477
Deferred outflows related to OPEB	<u>192,618</u>	<u>-</u>	<u>192,618</u>
<b>Total Deferred Outflows of Resources</b>	<u>375,095</u>	<u>-</u>	<u>375,095</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	50,898	59,727	110,625
Accrued payroll	42,387	10,635	53,022
Unearned revenue	-	887,222	887,222
Current portion of long term debt	<u>265,900</u>	<u>810,915</u>	<u>1,076,815</u>
<b>Total Current Liabilities</b>	<u>359,185</u>	<u>1,768,499</u>	<u>2,127,684</u>
Noncurrent liabilities			
Compensated absences, net of current portion	367,118	-	367,118
Net OPEB liability	477,281	-	477,281
Net pension liability	971,794	-	971,794
Long term debt, net of current portion	<u>3,972,707</u>	<u>10,253,610</u>	<u>14,226,317</u>
<b>Total Noncurrent Liabilities</b>	<u>5,788,900</u>	<u>10,253,610</u>	<u>16,042,510</u>
<b>Total Liabilities</b>	<u>6,148,085</u>	<u>12,022,109</u>	<u>18,170,194</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	60,033	-	60,033
Deferred inflows related to OPEB	<u>30,799</u>	<u>-</u>	<u>30,799</u>
<b>Total Deferred Inflows of Resources</b>	<u>90,832</u>	<u>-</u>	<u>90,832</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,235,021	17,970,798	26,205,819
Restricted	1,624,395	-	1,624,395
Unrestricted	<u>3,704,448</u>	<u>1,273,437</u>	<u>4,977,885</u>
<b>TOTAL NET POSITION</b>	<u>\$ 13,563,864</u>	<u>\$ 19,244,235</u>	<u>\$ 32,808,099</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF CENTREVILLE, MARYLAND**

**Statement of Activities  
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 1,288,173	\$ 277,282	\$ 177,820	\$ -	\$ (833,071)	\$ -	\$ (833,071)
Public safety	1,620,567	-	81,760	-	(1,538,807)	-	(1,538,807)
Public works	1,884,792	351,574	201,859	-	(1,331,359)	-	(1,331,359)
Parks and recreation	103,782	-	-	-	(103,782)	-	(103,782)
Cemetery	50,782	-	-	-	(50,782)	-	(50,782)
Stormwater/Watershed	64,947	-	-	-	(64,947)	-	(64,947)
Centreville wharf	216,172	-	-	-	(216,172)	-	(216,172)
Interest	140,439	-	-	-	(140,439)	-	(140,439)
Total Governmental Activities	<u>5,369,654</u>	<u>628,856</u>	<u>461,439</u>	<u>-</u>	<u>(4,279,359)</u>	<u>-</u>	<u>(4,279,359)</u>
Business-type Activities							
Water, sewer & farm	<u>2,518,453</u>	<u>2,830,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311,807</u>	<u>311,807</u>
Total Business-type Activities	<u>2,518,453</u>	<u>2,830,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311,807</u>	<u>311,807</u>
Total Primary Government	<u>\$ 7,888,107</u>	<u>\$ 3,459,116</u>	<u>\$ 461,439</u>	<u>\$ -</u>	<u>(4,279,359)</u>	<u>311,807</u>	<u>(3,967,552)</u>
General Revenue:							
Taxes							
Property taxes					2,400,085	-	2,400,085
Public utility taxes					470,140	-	470,140
Income taxes					826,921	-	826,921
Interest and investment earnings					59,851	100	59,951
Miscellaneous					451,721	-	451,721
Total General Revenue					<u>4,208,718</u>	<u>100</u>	<u>4,208,818</u>
<b>Change in Net Position</b>					<u>(70,641)</u>	<u>311,907</u>	<u>241,266</u>
Net position, beginning of year					<u>13,634,505</u>	<u>18,932,328</u>	<u>32,566,833</u>
<b>Net Position, End of Year</b>					<u>\$ 13,563,864</u>	<u>\$ 19,244,235</u>	<u>\$ 32,808,099</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF CENTREVILLE, MARYLAND**

**Balance Sheet – Governmental Funds  
As of June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,334,456	\$ 1,212,454	\$ 3,546,910
Accounts receivable - taxes	336,632	-	336,632
Accounts receivable - accounts - net	69,087	-	69,087
Note receivable	99,664	-	99,664
Prepaid expenses	6,746	-	6,746
Due from other fund	2,895,019	-	2,895,019
<b>TOTAL ASSETS</b>	<u>\$ 5,741,604</u>	<u>\$ 1,212,454</u>	<u>\$ 6,954,058</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 50,898	\$ -	\$ 50,898
Accrued payroll	42,387	-	42,387
<b>TOTAL LIABILITIES</b>	<u>93,285</u>	<u>-</u>	<u>93,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>265,428</u>	<u>-</u>	<u>265,428</u>
<b>FUND BALANCES</b>			
Non-spendable	106,410	-	106,410
Restricted	305,531	1,212,454	1,517,985
Committed	104,899	-	104,899
Unassigned	4,866,051	-	4,866,051
<b>TOTAL FUND BALANCES</b>	<u>5,382,891</u>	<u>1,212,454</u>	<u>6,595,345</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 5,741,604</u>	<u>\$ 1,212,454</u>	<u>\$ 6,954,058</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF CENTREVILLE, MARYLAND**

**Reconciliation of the Governmental Fund Balance to the Statement  
of Net Position  
As of June 30, 2021**

<b>Total Governmental Fund Balances</b>	\$ 6,595,345
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund statement	12,473,628
Receivables pertaining to revenues that are not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds.	265,428
Deferred inflows and outflows of resources related to pension and OPEB	284,263
Long-term liabilities, including bonds and notes not due and payable in the current period and payable, OPEB, and compensated absences are, therefore, not reported in the funds.	<u>(6,054,800)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 13,563,864</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF CENTREVILLE, MARYLAND**

**Statement of Revenue, Expenditures, and Change in Fund Balance – Governmental Fund  
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUE</b>			
Property taxes	\$ 2,870,225	\$ -	\$ 2,870,225
Local income taxes	757,335	-	757,335
Intergovernmental revenue	461,439	-	461,439
Licenses and permits	119,809	-	119,809
Charges for services	509,047	-	509,047
Miscellaneous revenue:			
Other	462,748	-	462,748
Investment earnings	34,165	25,686	59,851
<b>Total Revenues</b>	<u>5,214,768</u>	<u>25,686</u>	<u>5,240,454</u>
<b>EXPENDITURES</b>			
General government	1,065,595	-	1,065,595
Public safety	1,451,330	-	1,451,330
Public works	998,892	-	998,892
Parks and recreation	71,160	-	71,160
Cemetery	50,782	-	50,782
Storm water/watershed	1,553	-	1,553
Centreville wharf	185,775	-	185,775
Capital outlays	102,583	-	102,583
Debt service			
Principal	1,048,291	-	1,048,291
Interest	140,439	-	140,439
<b>Total Expenditures</b>	<u>5,116,400</u>	<u>-</u>	<u>5,116,400</u>
<b>Excess of revenues over (under) expenditures and other financing uses</b>	<u>98,368</u>	<u>25,686</u>	<u>124,054</u>
<b>Other financing sources (uses)</b>			
Transfer in	444,528	-	444,528
Transfer out	-	(444,528)	(444,528)
<b>Total other financing sources (uses)</b>	<u>444,528</u>	<u>(444,528)</u>	<u>-</u>
<b>Change in fund balance</b>	542,896	(418,842)	124,054
<b>Fund balance, beginning of year</b>	4,839,995	1,631,296	6,471,291
<b>Fund balance, end of year</b>	<u>\$ 5,382,891</u>	<u>\$ 1,212,454</u>	<u>\$ 6,595,345</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF CENTREVILLE, MARYLAND**

**Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balance –  
Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2021**

<b>Net Change in Fund Balances - Total Governmental Fund</b>	\$ 124,054
Governmental funds report capital outlays as expenditures. However, estimated useful lives as depreciation expense: this is the amount by which depreciation exceeded capital outlays in the current period and loss on disposal of capital assets.	(1,071,311)
Pension/OPEB expense pertaining to the net pension/OPEB liability, deferred inflows, and deferred outflows are not reported in the funds.	227,431
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	69,586
Some expenses, representing the change in long-term liabilities or assets reported in the Statement of Activities, including compensated absences do not use current financial resources and are not reported as expenditures in the governmental funds.	(468,692)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>1,048,291</u>
<b>Change in Net Position of Governmental Activities</b>	<u>\$ (70,641)</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF CENTREVILLE, MARYLAND**

**Statement of Net Position – Proprietary Fund  
As of June 30, 2021**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 4,008,506
Accounts receivable	1,117,534
Total Current Assets	<u>5,126,040</u>
Non-Current Assets	
Capital assets, net	29,035,323
Total Noncurrent Assets	<u>29,035,323</u>
<b>TOTAL ASSETS</b>	<u>34,161,363</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	59,727
Accrued payroll expense	10,636
Unearned revenue	887,222
Due to other fund	2,895,018
Current portion of long-term debt	810,915
Total Current Liabilities	<u>4,663,518</u>
Noncurrent Liabilities	
Long-term debt, net of current liabilities	10,253,610
Total Noncurrent Liabilities	<u>10,253,610</u>
<b>TOTAL LIABILITIES</b>	<u>14,917,128</u>
<b>NET POSITION</b>	
Net investment in capital assets	17,970,798
Unrestricted	1,273,437
<b>TOTAL NET POSITION</b>	<u>\$ 19,244,235</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF CENTREVILLE, MARYLAND**

**Statement of Revenue, Expenses and Change in Fund Net Position – Proprietary Fund  
For the Year Ended June 30, 2021**

	<b>Enterprise Fund</b>
<b>Operating Revenue</b>	
Charges for services	\$ 2,830,260
<b>Total Operating Revenue</b>	<u>2,830,260</u>
<b>Operating Expenses</b>	
Salaries and benefits	541,422
Contractual services	242,480
Chemicals, labs and operating supplies	109,997
Utilities	182,253
Repairs and maintenance	229,867
Other operating	66,640
Depreciation	811,789
<b>Total Operating Expenses</b>	<u>2,184,448</u>
<b>Operating Income</b>	<u>645,812</u>
<b>Non-Operating Revenue (Expenses)</b>	
Investment earnings	100
Administrative fees	(18,928)
Interest expense	(315,077)
<b>Net Non-operating Revenue (Expenses)</b>	<u>(333,905)</u>
<b>Change in net position</b>	311,907
Total net position, beginning of year	<u>18,932,328</u>
<b>Total Net Position, End of Year</b>	<u>\$ 19,244,235</u>

The accompanying notes are an integral part of this financial statement.



**TOWN OF CENTREVILLE, MARYLAND**

**Statement of Cash Flows – Proprietary Fund  
For the Year Ended June 30, 2021**

	<b>Enterprise Funds</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 2,501,926
Cash paid to suppliers, services etc.	(857,820)
Cash paid to employees	(541,422)
<b>Net Cash from Operating Activities</b>	<u>1,102,684</u>
 <b>Cash Flows from Capital and Related Financing Activities</b>	
Principal paid on debt	(797,721)
Loan administrative fees	(18,928)
Interest paid on capital debt	(315,077)
<b>Net Cash from Capital and Related Financing Activities</b>	<u>(1,131,726)</u>
 <b>Cash Flows from Noncapital Financing Activities</b>	
Receipts from other funds	<u>1,636,205</u>
 <b>Cash Flows from Investing Activities</b>	
Interest and dividends	<u>100</u>
 <b>Net decrease in cash and cash equivalents</b>	1,607,263
Cash and cash equivalents, beginning of year	<u>2,401,243</u>
<b>Cash and cash equivalents, End of Year</b>	<u>\$ 4,008,506</u>
 <b>Reconciliation of Operating Income to Net Cash from Operating Activities:</b>	
Operating income	\$ 645,812
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation expense	811,789
Changes in assets and liabilities:	
Change in accounts receivable	(331,102)
Change in accounts payable and accrued expenses	(26,583)
Change in unearned revenue	2,768
<b>Net Cash from Operating Activities</b>	<u>\$ 1,102,684</u>

The accompanying notes are an integral part of this financial statement.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### The Reporting Entity

The Town of Centreville, Maryland (the Town) operates under a Council-Manager form of government. The Town's major operations include public safety, parks and recreation, public works, public cemetery, stormwater and watershed management, and general administrative services. In addition, the Town owns and operates a water and sewer system including a farm for spray irrigation.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

In evaluating how to define the Town of Centreville, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set by the Governmental Accounting Standards Board. Component units are legally separate organizations for which the elected officials of the Town are financially accountable and a financial benefit or burden relationship exists. In addition, component units can be other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading. Based upon the application of criteria set by the Governmental Accounting Standards Board, there are no separate component units of the Town.

#### Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Town's funds are grouped into two broad fund categories.

Governmental funds include the General Fund, Special Revenue Fund, and Capital Projects Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The Special Revenue Fund is an investment fund in that only the fund's investment earnings may be used to support the government's programs, without approval from the citizens of the government. The Special Revenue Fund's principal can be used upon approved by the citizens of the government. The Capital Project Fund is to be used to account for capital outlays financed by general obligation debt for the acquisition or construction of major capital facilities.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Basis of Presentation – Fund Accounting (continued)**

The Proprietary Fund includes the Enterprise Fund. The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town operates one Enterprise Fund, the Water and Sewer Fund.

#### **Basis of Accounting - Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, including the reclassification or elimination of internal activity (between funds). This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenue, for each segment of the business-type activities of the Town, and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect costs are allocated to programs. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Program revenue include charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue which is not classified as program revenue is presented as general revenue. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town. Net position should be reported as restricted when constraints placed on net position and the use is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column.

#### Governmental Funds

Town activities pertaining to general government, public safety, public works, recreation, and culture are reported in the governmental funds. All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenue is recognized in the accounting period in which it becomes measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

#### Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collectible within the current year or within two months of year-end and available to pay obligations of the current period). These include property taxes, franchise taxes, investment earnings, charges for services and intergovernmental revenue.

Some revenue, though measurable, is not available soon enough in the subsequent year to finance current period obligations. Therefore, some revenue is recorded as receivables and deferred inflows of resources.

Other revenue, including licenses and permits, certain charges for services, and miscellaneous revenue, is recorded as revenue when received in cash because it is generally not measurable until actually received.

#### Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid.

Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Proprietary Fund**

The Town's water and sewer activities are reported in the proprietary fund. The proprietary fund is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenue is recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Operating revenue is comprised primarily of charges for services, and non-operating revenue is comprised primarily of interest and investment earnings.

#### **Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

#### **Receivables**

Receivables are stated at cost with an allowance for doubtful accounts when, in the opinion of Town management, collection is doubtful.

Receivables at June 30, 2021 consist of taxes, grants, accounts (billings for user charged services, including utility services), special assessments, and accrued interest on investments. The Town calculates its allowance for uncollectible accounts using historical collection data, and in certain cases, specific account analysis. The allowance for uncollectible accounts in the general fund amounted to \$130,716 as of June 30, 2021.

#### **Inventory of Supplies**

Inventories, if any, are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds, and expenses in the proprietary type funds when used.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial individual cost of \$5,000 or more, and an estimated useful life in excess of one year. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated. The Town recognizes intangible assets if identifiable, and are amortized over their useful lives if they do not have indefinite useful lives.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment are not reported in governmental funds. In the fund financial statements, the cost of assets acquired in the governmental funds is charged to the capital outlay expenditures of the department financing the acquisition. Depreciation is not reported in governmental funds.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	10-50 years
Land improvements	10-30 years
Buildings	20-50 years
Building improvements	10-40 years
Machinery and equipment	5-15 years
Water and sewer system	5-50 years
Vehicles	5-10 years

#### Restricted Reserves

The Town uses restricted resources first when an expense is incurred, for purposes for which both restricted and unrestricted net position is available.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Deferred Outflows and Inflows of Resources

A *deferred outflow of resources* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

#### Interest Expense

Interest is expensed as incurred except when interest is incurred during the construction period, and is capitalized as part of the cost of the asset.

#### Compensated Absences

Permanent full-time employees are granted vacation benefits in varying amounts up to specified maximums, depending on tenure with the Town. Sick leave balances can be accumulated up to the maximum allowable per calendar year of 480 hours. An employee is entitled to receive payment for all unused vacation and 50% of the sick leave upon termination. The estimated current portion of the liability for vested vacation and sick leave benefits attributable to the Town's governmental funds is recorded as an expenditure and liability in the respective funds. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

#### Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue, expenditures, and expenses. Actual results could vary from the estimates that were used.

#### Equity Classifications

Equity is classified as net position and is displayed in three components:

*Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, and reduced or increased by deferred inflows and outflows attributable to the acquisition, construction or improvement of those assets.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Equity Classifications (continued)

*Restricted net position* – Consists of net position with constraints placed on their use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation and are reduced by liabilities and deferred inflows of resources related to those constraints.

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

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

#### Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of restrictions imposed externally by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by the Town Charter, Town Code or enabling legislation.
3. Committed Fund Balance – amounts that can be used only for specific purposes determined by a formal action by Town Council, the Town’s highest level of decision-making authority, ordinance or resolution.
4. Assigned Fund Balance – amounts that are constrained by the Town’s intent that they will be used for specific purposes but are neither restricted nor committed. Pursuant to the Town Charter, the Town Manager and the Town Council are authorized to assign amounts for specific purposes.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The Town considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Town also considers committed fund balances should be spent first when other unrestricted fund balance classifications are available for use.



# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 2. COMPLIANCE AND ACCOUNTABILITY

#### Budget Requirements, Accounting, and Reporting

##### Requirements for all funds:

An annual budget is adopted for the Town's General fund. At least 32 days prior to July 1 of each year, the Council is presented with a proposed budget. The Town Council may subsequently amend the budget, and the budget was amended during fiscal year 2021. For day-to-day management control, expenditures may not exceed budget at the department level. The department manager has the authority to apply amounts within the department, so long as the total appropriation for a department is not adjusted. All annual appropriations lapse at year-end. The Town prepares an annual operating budget on a basis consistent with generally accepted accounting principles.

### 3. DEPOSITS AND INVESTMENTS

#### Deposit Policies

The Town's authority to invest surplus cash is derived directly from State law. That law restricts investments to: Deposits in financial institutions insured by the Federal Depository Insurance Corporation (FDIC), U.S. Treasury and Agency securities, collateralized repurchase agreements, guaranteed bankers acceptances and the Maryland Local Government Investment Pool.

The Town's deposits are insured or collateralized with securities held by the Town, its agent, or by the pledging financial institution's trust department, or agent in the name of the Town.

#### Deposits

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned, or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's policy requires deposits to be insured by FDIC, and balances exceeding FDIC limits be secured by collateral. Collateral is to be held by the Town, its agent, or by the pledging financial institution's trust department or agent, in the name of the Town.

At year-end, the carrying amounts of the Town's deposits were \$7,555,416 and the bank balances totaled \$7,607,124. Of the bank balances, \$250,000 was insured by Federal Depository Insurance Corporation (FDIC). Shore United Bank (SUB) has issued an irrevocable letter of credit for \$10 million, balances maintained above the letter of credit limit are covered by securities held by SUB, pledged to secure the Town's deposits. All certificates of deposits are investments. At year-end, the Town's bank balances were not exposed to any custodial credit risk because all deposits were fully insured or collateralized.

## TOWN OF CENTREVILLE, MARYLAND

### Notes to the Financial Statements For the Year Ended June 30, 2021

#### 3. DEPOSITS AND INVESTMENTS (continued)

##### Investment Policies

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town does not have a policy relating to interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's policy requires deposits to be insured by FDIC, and balances exceeding FDIC limits be secured by collateral. Collateral is to be held by the Town, its agent, or by the pledging financial institution's trust department or agent, in the name of the Town.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Town policy provides that investment collateral is held by a third party custodian with whom the Town has a current custodial agreement in the Town's name.

Generally, the Town's investing activities are managed by the Clerk-Treasurer and the Town Council. Investing is performed in accordance with investment policies adopted by the Town Council complying with State Statutes and the Town Charter. Town funds may be invested in: 1) Direct obligations of, or obligations insured or guaranteed by, the United States of America; 2) Bonds, debentures, notes, or other evidences of indebtedness issued by Bank of Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Land Banks, Government National Mortgage Association, Tennessee Valley Authority, and Washington Metropolitan Area Transit Authority; and 3) Time deposits or certificates of deposit secured by obligations described in 1 or 2 above.

#### 4. ACCOUNTS RECEIVABLE – TAXES

As of June 30, 2021, due from other governments, a component of taxes receivable was comprised of local income tax due from the State of Maryland for \$336,632.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 5. INTERFUND TRANSFERS AND BALANCES

Generally, outstanding balances between funds, reported as “due to/from other funds,” include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements outstanding as of the end of the fiscal year are described as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

The following schedule reports receivables and payables within the reporting entity as of fiscal year-end:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Activities		
General Fund	<u>\$ 2,895,019</u>	<u>\$ -</u>
Business-type Activities	<u>\$ -</u>	<u>\$ 2,895,019</u>

During the year ended June 30, 2021, the special revenue fund transferred \$444,528 to the general fund.

### 6. PROPERTY TAX

Real estate and personal property taxes are levied based on the State of Maryland assessments. Property taxes include amounts levied against all real and public utility property located in the Town. Real property taxes are levied on the first day of July on the assessed value. When taxes are overdue a lien is placed against the property. Taxes are due and payable on the first day of July in the year for which they are levied and become overdue and in arrears on the first day of the following October. Penalties and interest are charged on any unpaid taxes. The property tax rate for fiscal year 2021 was \$0.405 per \$100 of assessed value for real property, and the public utility property tax of \$7.00 per \$100 of assessed value. The Town has no personal property taxes.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 7. CAPITAL ASSETS AND DEPRECIATION

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

	<u>Balance</u> <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Governmental activities:</b>				
Not being depreciated:				
Land	\$ 2,877,305	\$ -	\$ -	\$ 2,877,305
Construction in progress	-	-	-	-
Subtotal	<u>2,877,305</u>	<u>-</u>	<u>-</u>	<u>2,877,305</u>
Depreciable capital assets:				
Buildings and improvements	19,608,280	-	(226,917)	19,381,363
Equipment	2,163,198	77,005	(428,164)	1,812,039
Subtotal	<u>21,771,478</u>	<u>77,005</u>	<u>(655,081)</u>	<u>21,193,402</u>
Total capital assets	<u>24,648,783</u>	<u>77,005</u>	<u>(655,081)</u>	<u>24,070,707</u>
Accumulated depreciation:				
Buildings and improvements	9,477,341	871,127	(312,213)	10,036,255
Equipment	1,626,503	252,156	(317,835)	1,560,824
Subtotal, accumulated depreciation	<u>11,103,844</u>	<u>1,123,283</u>	<u>(630,048)</u>	<u>11,597,079</u>
<b>Total Capital Assets, Net</b>	<u>\$ 13,544,939</u>	<u>\$ (1,046,278)</u>	<u>\$ (25,033)</u>	<u>\$ 12,473,628</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 196,944
Public safety	58,337
Public works	756,918
Parks and recreation	25,520
Stormwater/watershed	59,664
Centreville Wharf	25,900
Total	<u>\$ 1,123,283</u>

## TOWN OF CENTREVILLE, MARYLAND

### Notes to the Financial Statements For the Year Ended June 30, 2021

#### 7. CAPITAL ASSETS AND DEPRECIATION (continued)

	<u>Balance</u> <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Business-type activities:</b>				
Not being depreciated:				
Land	\$ 1,340,863	\$ -	\$ -	\$ 1,340,863
Construction in progress	9,296,226	-	(9,296,226)	-
Subtotal	<u>10,637,089</u>	<u>-</u>	<u>(9,296,226)</u>	<u>1,340,863</u>
Depreciable capital assets:				
Buildings and improvements	28,680,668	9,296,226	(9,207)	37,967,687
Equipment	824,598	-	-	824,598
Subtotal	<u>29,505,266</u>	<u>9,296,226</u>	<u>(9,207)</u>	<u>38,792,285</u>
Total capital assets	<u>40,142,355</u>	<u>9,296,226</u>	<u>(9,305,433)</u>	<u>40,133,148</u>
Accumulated depreciation:				
Buildings and improvements	9,773,857	499,370	-	10,273,227
Equipment	512,179	312,419	-	824,598
Subtotal, accumulated depreciation	<u>10,286,036</u>	<u>811,789</u>	<u>-</u>	<u>11,097,825</u>
<b>Total Capital Assets, Net</b>	<u>\$ 29,856,319</u>	<u>\$ 8,484,437</u>	<u>\$ (9,305,433)</u>	<u>\$ 29,035,323</u>

#### Construction Improvements Impacting Environment Concerns

The Town previously partnered with American Rivers for a grant to perform a feasibility study in the spring of 2012 for the removal of the dam at Gravel Run. The Town has since obtained several additional grants to assist with the design and removal/demolition of the dam. The Centreville Dam is ranked in the top 10% of all dams (nearly 4,000 blockages) in the Bay Watershed.

#### 8. LONG-TERM DEBT

##### Governmental Activities

Bond payable, Community Development Administration Local Government Infrastructure Bonds 2012 Series A (Ambac Insured); payable in annual installments beginning May 1, 2013; interest at 3.562%; interest paid on unpaid principal installment amounts due and payable in semiannual payments commencing November 1, 2012; thereafter due first day of May and November each year; thereafter until maturity; the term for this obligation is 20 years. The principal balance outstanding at June 30, 2021 was \$1,186,600.

Promissory note, Queenstown Bank of Maryland; payable in annual installments beginning September 15, 2017, including principal and interest at 2.05%; final payment due September 15, 2036. The proceeds were used to purchase a property. The mortgage was paid off during the year ended June 30, 2021.

## TOWN OF CENTREVILLE, MARYLAND

### Notes to the Financial Statements For the Year Ended June 30, 2021

#### 8. LONG-TERM DEBT (continued)

##### Governmental Activities (continued)

Bond payable, Community Development Administration Local Government Infrastructure Bonds 2016 Series A-1 and A-2; payable in annual installments beginning October 1, 2016, including principal and interest at 2.54%; final payment due April 1, 2036. The principal balance outstanding at June 30, 2021 was \$3,052,007.

##### Business-Type Activities

Bond payable, Water Quality State Revolving Fund Bond, Series 2009 American Recovery and Reinvestment Act (ARRA), payable in annual installments beginning February 1, 2011; interest at 1%; interest paid on the unpaid principal amounts advanced under the loan agreement started on August 1, 2010 and semi-annually thereafter on the first day of August and February each year through February, 2027; maximum principal amount of loan commitment is \$2,281,000. Final principal amount advanced was \$1,812,481. An annual fee of \$6,318 is paid by the town to MDE for administering the loan. The principal balance outstanding at June 30, 2021 was \$612,324.

Bond payable, Community Development Administration Local Government Infrastructure Bonds 2016 Series A-1 and A-2; payable in annual installments beginning October 1, 2016, including principal and interest at 2.54%; final payment due April 1, 2036. The principal balance outstanding at June 30, 2021 was \$3,039,155.

Bond payable, Community Development Administration Local Government Infrastructure Bonds 2017 Series A-1 and A-3; payable in annual installments beginning April 1, 2018; interest at 2.23%; interest paid on unpaid principal installment amounts due and payable in semiannual payments commencing October 1, 2017; thereafter due first day of April and October each year; thereafter until maturity; the term for this obligation is 10 years. The principal balance outstanding at June 30, 2021 was \$7,017,000.

Bond payable, Community Development Administration Local Government Infrastructure Bonds 2012 Series A (Ambac Insured); payable in annual installments beginning May 1, 2013; interest at 3.562%; interest paid on unpaid principal installment amounts due and payable in semiannual payments commencing November 1, 2012; thereafter due first day of May and November each year; thereafter until maturity; the term for this obligation is 20 years. The principal balance outstanding at June 30, 2021 was \$396,200.

**TOWN OF CENTREVILLE, MARYLAND**

**Notes to the Financial Statements  
For the Year Ended June 30, 2021**

**8. LONG-TERM DEBT (continued)**

**Business-Type Activities (continued)**

The changes in long-term liabilities during the year ended June 30, 2021 were as follows:

	Business Activities	Governmental Activities				Total
		Water and Sewer Fund	General Long-term Debt	Compensated Absences	OPEB	
Beginning balance, July 1, 2019	\$ 11,862,400	\$ 5,286,898	\$ 287,329	\$ 305,074	\$ 755,098	\$ 18,496,799
Increase	-	-	79,789	172,207	216,696	468,692
Decrease	(797,721)	(1,048,291)	-	-	-	(1,846,012)
Ending Balance, June 30, 2020	<u>\$ 11,064,679</u>	<u>\$ 4,238,607</u>	<u>\$ 367,118</u>	<u>\$ 477,281</u>	<u>\$ 971,794</u>	<u>\$ 17,119,479</u>
Amounts due in one year	<u>\$ 810,915</u>	<u>\$ 265,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Long-term debt service requirements are as follows:

For the Years Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 265,900	\$ 117,764	\$ 383,664
2023	270,275	112,560	382,835
2024	276,750	106,330	383,080
2025	281,125	99,755	380,880
2026	290,625	92,796	383,421
2027-2031	1,578,725	336,409	1,915,134
2032-2036	1,275,207	105,568	1,380,775
Total	<u>\$ 4,238,607</u>	<u>\$ 971,182</u>	<u>\$ 5,209,789</u>

For the Years Ending June 30,	Business Activities		
	Principal	Interest	Total
2022	\$ 810,915	\$ 308,547	\$ 1,119,462
2023	822,696	293,906	1,116,602
2024	838,689	278,418	1,117,107
2025	853,993	262,441	1,116,434
2026	872,685	244,766	1,117,451
2027-2031	2,535,146	963,350	3,498,496
2032-2036	2,287,900	620,474	2,908,374
2037-2041	880,500	334,600	1,215,100
2042-2046	949,500	161,413	1,110,913
2047	212,500	8,606	221,106
Total	<u>\$ 11,064,524</u>	<u>\$ 3,476,521</u>	<u>\$ 14,541,045</u>

Interest expense was \$140,439 and \$315,077 for the governmental activities and the business-type activities, respectively, for the year ended June 30, 2021.

## **TOWN OF CENTREVILLE, MARYLAND**

### **Notes to the Financial Statements For the Year Ended June 30, 2021**

#### **9. FUND BALANCE REPORTING**

Fund balances for the Town's governmental funds consisted of the following as of June 30, 2021:

##### **Non-spendable Fund Balance**

As of June 30, 2021, non-spendable fund balance was \$106,410, of which \$6,746 was pertaining to prepaid expenses and \$99,664 pertaining to notes receivable in the general fund.

##### **Restricted Fund Balance**

As of June 30, 2021, restricted fund balance was \$305,531 related to perpetual care in the general fund and \$1,212,454 in the special revenue fund.

##### **Committed Fund Balance**

As of June 30, 2021, committed fund balance was \$104,899 to revolving housing funds in the general fund.

##### **Unassigned Fund Balance**

Unassigned fund balance totaled \$4,866,051 in the general fund.

#### **10. RETIREMENT PLAN**

The Town participates in the Maryland State Pension System (the "System") described below and qualifies as a Participating Governmental Unit ("PGU"). The State Retirement Agency (the "Agency") is the Plan administrator and fiduciary. GASB No. 68 requires that a PGU recognize its proportionate share of the System's net pension liability (i.e., unfunded pension liability) and pension expense. The Town's proportionate share of the net pension liability is based on total System contributions and approximates \$971,794 as of the measurement date of June 30, 2020.

The Town's fiscal 2021 contribution of \$106,185 is therefore recognized as a pension-related deferred outflow of resources.



## TOWN OF CENTREVILLE, MARYLAND

### Notes to the Financial Statements For the Year Ended June 30, 2021

#### 10. RETIREMENT PLAN (continued)

##### A. Description of Plan

The State of Maryland identifies multiple-employer defined benefit pension plans as cost-sharing plans.

The Employees' Pension System of the State of Maryland (Pension System) was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System. The Employees Contributory Pension System of the State of Maryland (Contributory Pension System) was established July 1, 1998. The Town elected to participate in the Contributory Pension System during fiscal year 2010.

Under the terms of the Contributory Pension System, a member hired may retire with full benefits upon attaining age 60 or after completing 30 years of eligible service regardless of age. A member may retire with reduced benefits prior to attaining age 60 after completing 25 years of eligible service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested retirement allowance upon age 60.

Under the terms of the Contributory Pension System, a member hired before July 1, 2011 may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least five years of service. An employee hired before July 1, 2011 may also take early retirement with reduced benefits at age 55 with 15 years of service. A member hired before July 1, 2011 terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62. Members hired on or after July 1, 2011 may retire when their age and years of eligibility service totals 90 years or at age 65 with 10 years of eligibility service. Members hired on or after July 1, 2011 may retire with reduced benefits at age 60 with 15 years of eligibility service. A member hired on or after July 1, 2011 terminating employment before attaining retirement age, but after completing ten years of eligible service becomes eligible for a vested pension allowance upon reaching age 65.

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service multiplied by a factor. This factor varies from 1.2% to 2.0% per eligible service year, depending on employee/employer contributions and other plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 10. RETIREMENT PLAN (continued)

#### A. Description of Plan (continued)

Benefits are established under the State Personnel and Pensions Article of the Annotated Code of Maryland. The plan is administered by the Maryland State Retirement Agency.

The MSRPS issues annual financial statements which are publicly available at [www.sra.state.md.us](http://www.sra.state.md.us) or may be obtained by writing to the State Retirement and Pension System of Maryland, 301 West Preston Street, Baltimore, MD 21201, or by calling 1-800-492-5909.

#### *Funding Policy*

Obligations to contribute to the plans are under the Annotated Code of Maryland. Members of the pension plan contribute 10% of annual compensation during employment. The required contribution rate is determined on an actuarially determined basis. During the year ended June 30, 2021, the Town contributed \$106,185. The Town contributed 100% of its required contribution for the year ended June 30, 2021. For members of the pension plan, full service pension allowances equal 2% of average final compensation (AFC) up to a maximum benefit of 60% of AFC (30 years of credit).

#### *Actuarial assumptions*

The key actuarial assumptions used to perform the June 30, 2021 pension liability calculation are as follows:

Actuarial Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Inflation	2.60% General
Salary Increase	3.10%
Investment Rate of Return	7.40%

Mortality rates were based on the Pub-2010 Mortality Tables with generational

# TOWN OF CENTREVILLE, MARYLAND

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 10. RETIREMENT PLAN (continued)

#### A. Description of Plan (continued)

##### Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Pension System's Board after considering input from the investment consultant(s) and actuary(s). For each major asset class that is included in the Pension System's target asset allocation, these best estimates are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocations</b>	<b>Long-term Expected Real Rate of Return</b>
Public equity	37%	5.20%
Rate sensitive	19%	-0.30%
Credit/Debt related	9%	2.80%
Real assets	14%	4.30%
Absolute return	8%	1.80%
Private equity	13%	6.50%
Total	<u>100%</u>	

##### Discount Rate

A single discount rate of 7.40% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made a rate equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF CENTREVILLE, MARYLAND**

**Notes to the Financial Statements  
For the Year Ended June 30, 2021**

**10. RETIREMENT PLAN (continued)**

**Sensitivity of the Net Pension Liability**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the System's net pension liability and the Town's proportionate share of the System's net pension liability, calculated using a single discount rate of 7.40%, a single discount rate that is 1-percentage point lower (i.e., 6.40%), and a single discount rate that is 1-percentage point higher (i.e., 8.40%).

	<b>1.0% decrease (6.40%)</b>	<b>Current Rate (7.40%)</b>	<b>1.0% increase (8.40%)</b>
Net Pension Liability	\$ 1,383,506	\$ 971,794	\$ 628,876

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

As of June 30, 2021, the Town reported a liability of \$971,794 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined.

For the year ended June 30, 2021, the Town recognized pension expense of \$108,339. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Change of assumptions	\$ 4,880	\$ 18,981
Net difference between projected and actual earnings on pension plan investments	71,412	-
Difference between actual and expected experience	-	41,052
Contributions subsequent to the measurement date	106,185	-
Total	<u>\$ 182,477</u>	<u>\$ 60,033</u>

## TOWN OF CENTREVILLE, MARYLAND

### Notes to the Financial Statements For the Year Ended June 30, 2021

#### 10. RETIREMENT PLAN (continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources are related to pension, which will be recognized in pension expense as follows:

<b>Year</b>	<b>Total</b>
2021	\$ (10,834)
2022	2,299
2023	10,941
2024	14,029
2025	(176)
Total	<u>\$ 16,259</u>

#### 11. OTHER POST EMPLOYMENT BENEFITS

The Town provides a post-employment medical insurance benefit and a prescription health reimbursement expense account to employees who retire from employment with a minimum of twenty-five years of service. These post-employment benefits are subject to change at any time. The Town has not yet established a formal policy, has not restricted any funds for the Plan, nor set up a trust to pay benefits. Currently, the employer's contributions are financed on a pay-as-you-go basis, and the future payment of these benefits is contingent upon the annual approval of the operating budget.

The Town offers postretirement health care benefits to employees who retire from the Town under normal or early retirement provisions of the pension plan. The health care benefits are provided until the retiree is eligible for Medicare. Retirees who exercise the one-time option for the health care benefits pay one-half of the estimated cost of the benefits. The Town pays the remaining cost as part of its self-insurance program. Currently, five retirees are receiving benefits and thirty-five employees are active plan members. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported.

The Town offered a special termination benefit to employees that retired between July 1, 1995 and September 30, 1995. Those employees are receiving health care benefits (managed care program) from the date of retirement until they are eligible for Medicare or turn 65. One former employee is receiving this benefit.

**TOWN OF CENTREVILLE, MARYLAND**

**Notes to the Financial Statements  
For the Year Ended June 30, 2021**

**11. OTHER POST EMPLOYMENT BENEFITS (continued)**

*Actuarial Methods and Assumptions*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Net OPEB Liability*

The net OPEB liability is equal to the total OPEB liability minus the net position of the plan. The result as of June 30, 2020 is as follows:

Total OPEB liability	\$	477,281
Net position		-
Net OPEB liability (asset)	\$	<u>477,281</u>

Net position as a percentage of total OPEB liability is 0%.

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

*This plan offers a fixed dollar benefit that is not impacted by the medical trend.*

**TOWN OF CENTREVILLE, MARYLAND**

**Notes to the Financial Statements  
For the Year Ended June 30, 2021**

**11. OTHER POST EMPLOYMENT BENEFITS (continued)**

*Sensitivity of the net OPEB liability to changes in the discount rate*

The following presents the net OPEB liability of the Plan, calculated using a discount rate of 1.92% as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.92%) or 1-percentage point higher (2.92%) than the current rate:

	<b>1.0% decrease (0.92%)</b>	<b>Current rate (1.92%)</b>	<b>1.0% increase (2.92%)</b>
Net OPEB Liability (asset)	<u>\$ 549,951</u>	<u>\$ 477,281</u>	<u>\$ 418,066</u>

For the fiscal year ended June 30, 2021, the Town recognized an OPEB expense of \$39,575. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 141,097	\$ 29,826
Changes of assumptions	51,521	973
<b>Total</b>	<u>\$ 192,618</u>	<u>\$ 30,799</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

<b><u>Fiscal Year ended June 30:</u></b>	
2022	\$ 17,718
2023	17,718
2024	17,718
2025	17,718
2026	17,718
Thereafter	73,229
<b>Total</b>	<u>\$ 161,819</u>

## TOWN OF CENTREVILLE, MARYLAND

### Notes to the Financial Statements For the Year Ended June 30, 2021

#### 12. COMMITMENTS AND CONTINGENCIES

##### Grants

The Town receives grants from time-to-time. Expenditures from certain grants are subject to audit by the grantor, and the Town is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the Town's management, no material refunds will be required as a result of disallowed expenditures.

#### 13. COMMITMENTS AND CONTINGENCIES

##### Borrowing Limit

In connection with the debt acquired in aggregate of \$15,303,286, the Town, by Charter Amendment, agreed to limit the amount of money it can borrow to an amount not to exceed twenty percent (20%) of its assessable tax base of \$585,346,232. Currently, the borrowing limit is \$117,069,246.

##### Litigation

In the normal course of business, the Town is a defendant in several lawsuits which management is vigorously defending. No contingency has been established because neither the outcome of the cases nor the amount of an award, if any, can be determined. The Town's attorney and the insurance carrier are defending these matters.

#### 14. NEW ACCOUNTING PRONOUNCEMENTS

As of June 30, 2020, the Governmental Accounting Standards Board (GASB) has issued the following pronouncements, which will require adoption in the future, if applicable: GASB Statement No. 84, *Fiduciary Activities*; Statement No. 87, *Leases*; Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. During the year ended June 30, 2020, GASB has also issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provides temporary relief to governments in light of the COVID-19 pandemic, by postponing the effective dates of certain pronouncements. These statements may or will have a material effect on the County's financial statements once implemented. The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements and plans to adopt them, as applicable, by their effective date.



**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF CENTREVILLE, MARYLAND**

**Schedule of the Town's Proportionate Share of the Net Pension Liability  
For the Year Ended June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion (%) of collective net pension liability	0.004%	0.004%	0.003%	0.004%	0.004%	0.004%	0.003%
Town's proportionate share (\$) of collective net pension liability	\$ 971,794	\$ 755,098	\$ 473,707	\$ 610,884	\$ 731,555	\$ 849,555	\$ 786,927
Town's covered-employee payroll (\$)	1,575,873	1,374,365	1,374,365	1,678,660	1,555,613	1,617,811	1,402,901
Town's proportionate share of collective net pension liability as a percentage of its covered-employee payroll	61.67%	54.94%	34.47%	36.39%	47.03%	52.51%	56.09%
Pension plan's fiduciary net position as a percentage of the total pension liability	70.72%	71.18%	71.18%	69.38%	65.79%	68.78%	71.87%

The above schedules are presented to illustrate the requirement for specific information for 10 years; however, until a full 10-year trend is complied, information is only presented for those years for which information is available.

**TOWN OF CENTREVILLE, MARYLAND**

**Schedule of the Town's Pension Plan Contributions  
For the Year Ended June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 106,185	\$ 92,189	\$ 75,178	\$ 58,058	\$ 76,809	\$ 70,145	\$ 80,884
Contributions in relation to the contractually required contribution	<u>106,185</u>	<u>92,189</u>	<u>75,178</u>	<u>58,058</u>	<u>76,809</u>	<u>70,145</u>	<u>80,884</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 1,429,454	\$ 1,575,873	\$ 1,374,365	\$ 1,678,660	\$ 1,678,660	\$ 1,617,811	\$1,402,901
Contributions as a percentage of covered-employee payroll	7.4%	5.9%	5.5%	3.5%	4.6%	4.3%	5.8%

The above schedules are presented to illustrate the requirement for specific information for 10 years; however, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

**TOWN OF CENTREVILLE, MARYLAND**

**Schedule of Revenue and Expenditures Budget and Actual (Budgetary Basis) -  
General Fund  
For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>				
Revenues from local sources				
General property taxes	\$ 2,370,652	\$ 2,370,652	\$ 2,400,085	\$ 29,433
Local income taxes	700,000	700,000	757,335	57,335
Public utility taxes	440,172	440,172	470,140	29,968
Total taxes	<u>3,510,824</u>	<u>3,510,824</u>	<u>3,627,560</u>	<u>116,736</u>
Licenses and permits	<u>140,200</u>	<u>140,200</u>	<u>119,809</u>	<u>(20,391)</u>
Intergovernmental	<u>300,735</u>	<u>300,735</u>	<u>461,439</u>	<u>160,704</u>
Charges for services	<u>393,000</u>	<u>393,000</u>	<u>509,047</u>	<u>116,047</u>
Miscellaneous				
Interest income	30,200	30,200	34,165	3,965
Other income	340,736	340,736	462,748	122,012
Total miscellaneous	<u>370,936</u>	<u>370,936</u>	<u>496,913</u>	<u>125,977</u>
Other Financing Sources				
Transfers in (net)	<u>(197,459)</u>	<u>(197,459)</u>	<u>444,528</u>	<u>641,987</u>
<b>TOTAL REVENUE</b>	<u>\$ 4,518,236</u>	<u>\$ 4,518,236</u>	<u>\$ 5,659,296</u>	<u>\$ 1,141,060</u>

**TOWN OF CENTREVILLE, MARYLAND**

**Schedule of Revenue and Expenditures Budget and Actual (Budgetary Basis) -  
General Fund  
For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>				
Town administration				
Council	\$ 47,513	\$ 47,513	\$ 37,885	\$ 9,628
Administration	1,053,861	1,053,861	1,049,071	4,790
Planning and zoning	74,300	74,300	94,316	(20,016)
Total town administration	<u>1,175,674</u>	<u>1,175,674</u>	<u>1,181,272</u>	<u>(5,598)</u>
Public safety				
Police	1,426,743	1,426,743	1,460,935	(34,192)
Volunteer Fire and Rescue Services	45,000	45,000	45,000	-
Total public safety	<u>1,471,743</u>	<u>1,471,743</u>	<u>1,505,935</u>	<u>(34,192)</u>
Public works				
Highways and streets	1,131,618	1,131,618	1,341,422	(209,804)
Landfill	306,400	306,400	308,600	(2,200)
Total public works	<u>1,438,018</u>	<u>1,438,018</u>	<u>1,650,022</u>	<u>(212,004)</u>
Parks and recreation	<u>68,080</u>	<u>68,080</u>	<u>98,940</u>	<u>(30,860)</u>
Public cemetery	<u>33,895</u>	<u>33,895</u>	<u>50,782</u>	<u>(16,887)</u>
Debt Service				
Principal	432,969	432,969	1,048,291	(615,322)
	<u>432,969</u>	<u>432,969</u>	<u>1,048,291</u>	<u>(615,322)</u>
Other				
Other items	(102,143)	(102,143)	(418,842)	316,699
Total other	<u>(102,143)</u>	<u>(102,143)</u>	<u>(418,842)</u>	<u>316,699</u>
<b>TOTAL EXPENDITURES</b>	<u>4,518,236</u>	<u>4,518,236</u>	<u>5,116,400</u>	<u>(598,164)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542,896</u>	<u>\$ 542,896</u>

# TOWN OF CENTREVILLE, MARYLAND

## Schedule of Changes in Net OPEB Liability and Related Ratios For the Year Ended June 30, 2021

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service Cost	\$ 14,540	\$ 11,890	\$ 10,492	\$ 10,197
Interest	7,317	8,283	10,137	9,974
Differences between expected and actual experiences	150,532	6,866	(41,010)	-
Changes of assumptions	19,618	26,735	16,487	(1,461)
Benefit payments	(19,800)	(19,800)	(12,600)	(19,400)
<b>Net changes in total OPEB liability</b>	<u>172,207</u>	<u>33,974</u>	<u>(16,494)</u>	<u>(690)</u>
Total OPEB liability - beginning	305,074	271,100	287,594	288,284
Total OPEB liability - ending (a)	<u>\$ 477,281</u>	<u>\$ 305,074</u>	<u>\$ 271,100</u>	<u>\$ 287,594</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 19,800	\$ 19,800	\$ 12,600	\$ 19,400
Net investment income	-	-	-	-
Benefit payments	(19,800)	(19,800)	(12,600)	(19,400)
Administrative expense	-	-	-	-
<b>Net changes in plan fiduciary net position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net positions - beginning	-	-	-	-
Plan fiduciary net positions - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>County's net OPEB - liability - ending (a) - (b)</b>	<u>\$ 477,281</u>	<u>\$ 305,074</u>	<u>\$ 271,100</u>	<u>\$ 287,594</u>
Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 1,429,454	\$ 1,575,873	\$ 1,374,365	\$ 1,555,613
Net liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
Annual money-weighted rate of return, net of investment expense	0.00%	0.00%	0.00%	0.00%

Notes to schedule:

This information is not available for FY17 and prior.

The discount rate was changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021

The annual determined contribution has not been calculated, therefore is not available.

## **SUPPLEMENTAL SCHEDULES**

**TOWN OF CENTREVILLE, MARYLAND**

**Supplemental Balance Sheet – General Fund  
As of June 30, 2021**

	<u>General Fund</u>	<u>Revolving Housing Fund</u>	<u>Perpetual Care Fund</u>	<u>Total General Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,009,207	\$ 104,899	\$ 220,350	\$ 2,334,456
Accounts receivable - taxes	336,632	-	-	336,632
Accounts receivable - other - net	60,104	-	8,983	69,087
Notes receivable	-	99,664	-	99,664
Prepaid expenses	6,746	-	-	6,746
Due from other funds	2,818,821	-	76,198	2,895,019
<b>TOTAL ASSETS</b>	<u>5,231,510</u>	<u>204,563</u>	<u>305,531</u>	<u>5,741,604</u>
<b>LIABILITIES</b>				
Accounts payable	50,898	-	-	50,898
Accrued payroll	42,387	-	-	42,387
<b>TOTAL LIABILITIES</b>	<u>93,285</u>	<u>-</u>	<u>-</u>	<u>93,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>265,428</u>	<u>-</u>	<u>-</u>	<u>265,428</u>
<b>FUND BALANCES</b>				
Non-spendable	6,746	99,664	-	106,410
Restricted	-	-	305,531	305,531
Committed	-	104,899	-	104,899
Unassigned	4,866,051	-	-	4,866,051
<b>TOTAL FUND BALANCES</b>	<u>4,872,797</u>	<u>204,563</u>	<u>305,531</u>	<u>5,382,891</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 5,231,510</u>	<u>\$ 204,563</u>	<u>\$ 305,531</u>	<u>\$ 5,741,604</u>



**TOWN OF CENTREVILLE, MARYLAND**

**Supplemental Schedule of Revenue, Expenditures  
and Changes in Net Position – General Fund  
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Revolving Housing Fund</u>	<u>Perpetual Care Fund</u>	<u>Total General Funds</u>
<b>Revenue</b>				
Property taxes	\$ 2,870,225	\$ -	\$ -	\$ 2,870,225
Local income taxes	757,335	-	-	757,335
Intergovernmental revenue	461,439	-	-	461,439
Licenses and permits	119,809	-	-	119,809
Charges for services	501,547	-	7,500	509,047
Miscellaneous revenue	492,848	1,341	2,724	496,913
<b>Total Revenue</b>	<u>5,203,203</u>	<u>1,341</u>	<u>10,224</u>	<u>5,214,768</u>
<b>EXPENDITURES</b>				
General government administration	1,065,595	-	-	1,065,595
Public safety	1,451,330	-	-	1,451,330
Public works	998,892	-	-	998,892
Parks and recreation	71,160	-	-	71,160
Cemetery	50,782	-	-	50,782
Stormwater/watershed	1,553	-	-	1,553
Centreville wharf	185,775	-	-	185,775
Capital outlays	102,583	-	-	102,583
Debt service				
Principal	1,048,291	-	-	1,048,291
Interest	140,439	-	-	140,439
<b>Total Expenditures</b>	<u>5,116,400</u>	<u>-</u>	<u>-</u>	<u>5,116,400</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>86,803</u>	<u>1,341</u>	<u>10,224</u>	<u>98,368</u>
<b>Other financing uses</b>				
Transfers in/out	444,528	-	-	444,528
<b>Change in fund balance</b>	<u>531,331</u>	<u>1,341</u>	<u>10,224</u>	<u>542,896</u>
<b>Fund balance, beginning of year</b>	<u>4,341,466</u>	<u>203,222</u>	<u>295,307</u>	<u>4,839,995</u>
<b>Fund balance, end of year</b>	<u>\$ 4,872,797</u>	<u>\$ 204,563</u>	<u>\$ 305,531</u>	<u>\$ 5,382,891</u>

**TOWN OF CENTREVILLE, MARYLAND**

**Supplemental Schedule of Revenue, Expenses  
and Changes in Net Position – Proprietary Fund  
For the Year Ended June 30, 2021**

	<b>Enterprise Fund</b>
<b>Revenue</b>	
<b>Charges for services</b>	
Sewer	\$ 1,435,551
Water	1,194,882
Sewer vacant lots	11,658
Sale of crops	88,500
Other miscellaneous revenue	99,669
<b>Total charges for services</b>	<u>2,830,260</u>
<b>Miscellaneous revenue</b>	
Investment earnings	100
<b>Total miscellaneous revenue</b>	<u>100</u>
<b>Total revenue</b>	<u>2,830,360</u>
<b>Operating Expenses</b>	
Sewer	1,114,104
Water	1,036,253
Farm	34,091
<b>Total operating expenses</b>	<u>2,184,448</u>
<b>Debt service</b>	
Interest	315,077
Admin fees	18,928
<b>Total debt service</b>	<u>334,005</u>
<b>Total expenses</b>	<u>2,518,453</u>
<b>Change in net position</b>	<u>\$ 311,907</u>