

*Town of*  
**Barnesville, MD**

**THE COMMISSIONERS OF BARNESVILLE**

**Financial Statements, Supplementary Information,  
and Independent Auditors' Report**

**For the Year Ended June 30, 2020**

**THE COMMISSIONERS OF BARNESVILLE**  
**Summary of Elected and Appointed Officials**

**June 30, 2020**

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**COMMISSIONERS**

Mildred Callear

Holly Larisch

Audrey Morris

**TOWN AUDITOR**

DeLeon & Stang, CPAs and Advisors

**TOWN ATTORNEY**

Jack A. Gullo, Jr.

**The Commissioners of Barnesville**  
**For the Year Ended June 30, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

### **Commissioners of Barnesville Town of Barnesville, Maryland**

We have audited the accompanying financial statements of the governmental activities and each major fund of The Commissioners of Barnesville, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditors' 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 auditors' 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.

**The Commissioners of Barnesville  
Independent Auditors' Report  
Page 2**

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Commissioners of Barnesville as of June 30, 2020, and the respective changes in financial position 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 and budgetary comparison information on pages 3-9 and 24-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

*DeLeon & Stang*

**DeLeon & Stang, CPAs and Advisors  
Frederick, Maryland  
October 6, 2020**



**Town of Barnesville  
Commissioners**

**Montgomery County Maryland**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This section of the annual financial report of **COMMISSIONERS OF BARNESVILLE** presents our discussion and analysis of **THE TOWN OF BARNESVILLE**'s financial performance during the year that ended June 30, 2020. Please read it in conjunction with **BARNESVILLE**'s financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets of **THE TOWN OF BARNESVILLE** exceeded its liabilities on June 30, 2020 by \$893,089
- As of the close of the current fiscal year, **BARNESVILLE**'s net position increased by \$36,640 from the net position at the close of the prior year.
- A prior period adjustment of \$25,282 was recognized during the fiscal year. In November 2019, the Town received a credit for street lighting resulting from errors in billings over the past ten years. The credit will reduce the Town's monthly billings until the credit is depleted. The effect on the presented financial statements is a restatement of the Town's beginning net position and beginning fund balance of the Town's governmental activities and general fund.
- Revenues were above the amount budgeted (\$14,663; 19.4%), and expenditures were below the anticipated level of spending (\$13,136; 10.5%) for the year.
- The overall fiscal health of **BARNESVILLE** is excellent

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of financial statements that present different views of **BARNESVILLE**:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about **BARNESVILLE**'s *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of **BARNESVILLE**'s government, reporting the operations in *more detail* than the government-wide financial statements. These *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure 1 on the following page shows how the required parts of this annual report are arranged and relate to one another.

**THE COMMISSIONERS OF BARNESVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2020**

**Government-Wide Financial Statements**

The government-wide financial statements report information about **BARNESVILLE** as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of **BARNESVILLE**'s assets and liabilities. Likewise, *all* of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report **BARNESVILLE**'s *net position* and how that amount has changed. Net position – the difference between **BARNESVILLE**'s assets and liabilities – is one way to measure the **TOWN**'s financial health, or position.

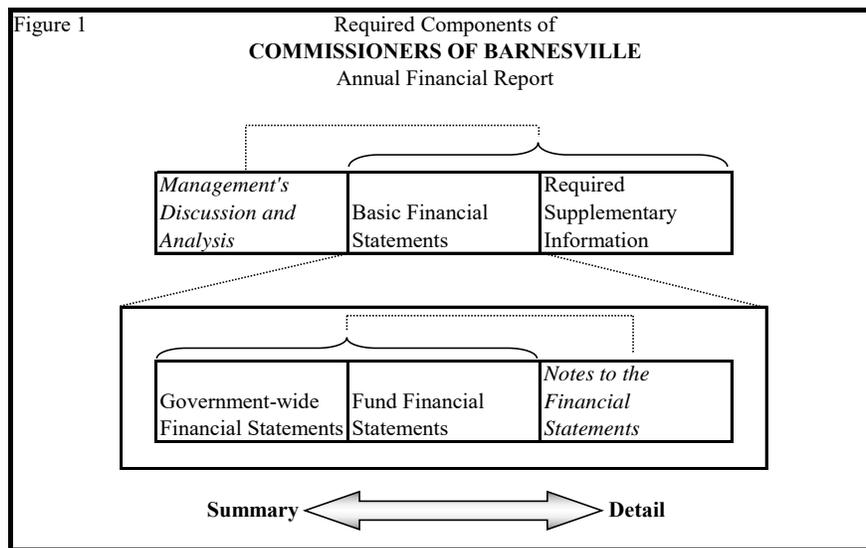
- Over time, increases or decreases in **BARNESVILLE**'s net position are an indicator of whether its financial health is improving or deteriorating, respectively
- To properly assess the overall fiscal health of **BARNESVILLE** you also need to consider other factors such as changes in **BARNESVILLE**'s property tax base.

**Fund Financial Statements**

The fund financial statements provide more detailed information about **BARNESVILLE**'s most significant *funds* – not **BARNESVILLE** as a whole. Funds are accounting devices that the **TOWN** uses to keep track of specific sources of funding and spending for particular purposes.

Currently, **BARNESVILLE** has only the *General Fund* which is a governmental type fund, and is used to account for all activities of the general government.

**BARNESVILLE**'s basic services are accounted for in its governmental fund, which focuses on <sup>(1)</sup>how cash and other financial assets that can readily be converted to cash flow in and out, and <sup>(2)</sup>the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the **TOWN**'s programs. Because this information does not encompass the additional *long-term* focus of the government-wide financial statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them.



**THE COMMISSIONERS OF BARNESVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2020**

**FINANCIAL ANALYSIS OF THE TOWN OF BARNESVILLE AS A WHOLE**

**Net position**

**BARNESVILLE's** net position increased by \$36,640 during the fiscal year ended June 2020 to a total of \$893,089. This 4.28% increase for the year compares to the \$12,593 (1.49%) decrease in the previous year. Of the total net position, \$633,721-was unrestricted as to its use, while \$259,368 was invested in capital assets net of accumulated depreciation.

The year-over-year changes and the variances between actual and expected revenues and expenses, as noted throughout this discussion, are due to several factors; some positive, some negative:

*Positive financial factors:*

Increased real property values resulting in a slight uptick in related revenues

Continued maintenance of significant reserve balances

Acceptance of donated land valued at \$40,000 for a town park to be known as Lillard's Corner

The commissioners continue to review every expense line item carefully to develop a pattern of actual costs of running the town.

FY2020 budget anticipated legal and consulting costs for Master Plan review. Master Plan review is progressing and a portion of these costs were incurred in FY2020 while further costs are anticipated to be incurred in FY2021.

*Negative financial factors:*

Because commuters often speed through town, Barnesville has increased its spending for Public Safety by hiring off-duty police officers to monitor the speed throughout town. In 2019 the State Highway Administration installed two sets of three-way stop signs in town. Construction work on the Monocacy River bridge crossing on Rte. 28 has also caused traffic to be detoured through the town of Barnesville, particularly on weekends. In order to ensure compliance with the stop signs and enforce the speed limits, the town continues to schedule increased patrols by the off-duty police officers. Expenses related to the safety patrols amounted to \$16,505 (14.7% of total expenses) in FY2020.

Total expenses were higher by over 19% from the prior year. General government expenses were down by 9% over the prior year, while the town made a significant capital outlay (\$29,703, or 26% of total expenses) for the closing costs, design and construction of a new town park. A portion of that capital outlay will be reimbursed in FY21 by Program Open Space grant proceeds.

The following is a comparison of financial highlights as of June 30, 2020 and 2019 and for the years then ended:

	<b>2020</b>	<b>2019</b>
<b>Total Assets</b>	\$ 899,275	\$ 838,523
<b>Total Liabilities</b>	\$ 6,186	\$ 7,356
<b>Total Net Position:</b>		
Invested in capital assets (net of accumulated depreciation)	\$ 259,368	\$ 200,847
Unrestricted	\$ 633,721	\$ 630,320
<b>Total Revenues:</b>		
Program revenues	\$ 61,022	\$ 23,490
General revenues	\$ 69,241	\$ 62,846
<b>Total Expenses (net of Contributions and Grants)</b>	\$ 93,623	\$ 99,829

**THE COMMISSIONERS OF BARNESVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2020**

**Governmental Activities**

For various reasons, as explained below, the TOWN experienced actual real-dollar changes and significant budget variances in several revenue and expense line items during the 2019-2020 fiscal year. These changes are summarized in the following table:

	Current Year actual	Prior year actual	\$ Increase/ (Decrease)	% Increase/ (Decrease)	Current year budget	\$ Over/ (under) budget	% Over/ (under) budget
<b>Revenues:</b>							
Local Income Taxes	51,820	46,497	5,323	11%	40,000	11,820	30%
Speed Camera Revenue	19,477	23,598	(4,121)	-17%	20,000	(523)	-3%
<b>Expenses:</b>							
General Government	51,723	56,800	(5,077)	-9%	67,960	(16,237)	-24%
Public safety	16,505	19,851	(3,346)	-17%	18,000	(1,495)	-8%
Public works	14,213	17,851	(3,638)	-20%	19,320	(5,107)	-26%
Parks and recreation - Capital outlay	29,703	-	29,703	100%	20,000	9,703	49%

Our budgeting process and actual experience for FY 2019-2020 created significant variances in certain income and expense categories as discussed in the following paragraphs. For the future, we hope to refine that process in order to minimize these inconsistencies.

***Speed Camera Revenue***

As noted in prior years, the TOWN receives revenue from the two speed cameras located within the town. Starting in FY2018, a new county formula for revenue-sharing from speed cameras went into effect. The calculation of this revenue amount is dependent upon traffic counts and speeding rates. The goal of the town is to improve public safety by reducing speeding in town. If successful, reduced speeding will result in less Speed Camera Revenue. Therefore, the Commissioners have been reluctant to budget this as a significant revenue source. With only 2 years of history under the current formula, the budgeted number was essentially an average of those two years' receipts and proved to be fairly accurate. The FY20 Speed Camera Revenue declined by 17% from the prior year, which may be a result of our efforts to reduce speeding in town. Based on the Memorandum of Understanding ("MOU") signed by the TOWN in February 2017, this revenue is given to the TOWN in the form of a grant to be used for public safety purposes (including pedestrian safety). In this fiscal year, the TOWN incurred \$23,780 for such purposes, including amounts paid to Streethawk, Inc. for traffic policing and to Montgomery Consulting and others for work related to sidewalk planning and negotiation with the state and county. Note that on Page 12 of this report, the Restricted Funds of \$0 indicates that the cumulative amount of speed camera revenue since the effective date of the MOU, has been fully expended on expenses related to public and pedestrian safety in that same timeframe.

***Income Tax Revenues***

The majority of our revenue comes from our share of the State and Local Income Taxes. We have seen these revenues fluctuate considerably over the past few years and have found it very difficult to develop an accurate budget because of a lack of information from the State which handles all income tax collections and distributes our share to us, generally on a monthly basis. Due to the small population of the Town, it appears that there may be significant variations from year to year as the employment status of residents changes. There was a significant increase (11%) in income tax revenue this fiscal year, which may be a result of some houses in town being occupied recently by two-earner families. However, the uncertainty of financial impacts of the COVID-19 economic slowdown on town residents leads us to continue to budget conservatively so that we can sustain town activities if this revenue stream again decreases.

**THE COMMISSIONERS OF BARNESVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2020**

***Total Expenses***

Our actual expenses came in below budget by over \$13,000. There were some significant variances within that number. The variances were attributable to several factors. The last quarter of this fiscal year was impacted by the COVID-19 pandemic.

This led to reduced expenses in several line items such as Traffic Enforcement, Convention/Meeting Expense and Electricity at town hall. Due to reduced traffic through town, the Commissioners were able to reduce the traffic policing expenditures during that period. The annual expense related to the Commissioners' attendance at the Maryland Municipal League convention was largely curtailed. With regard to the Public Works category, during this fiscal year, the Commissioners explored the idea of replacing the streetlights in town with more energy efficient fixtures. As we reviewed our current agreement with Potomac Edison, it was discovered that the utility had overcharged the town for the full 10 years of the prior streetlighting agreement. Based on the actual lower cost of operating the streetlights, the Commissioners decided to postpone streetlight replacements which led to much of the savings in the Public Works category. The reduced streetlight charges will be budgeted going forward and the town has a credit from the utility that is being used to pay for streetlight costs. This credit will cover streetlight costs for the next several years. Another item that led to savings was a delay in implementation of the update to the Town's Master Plan. The Planning Commission has been proceeding with review and updating of the Master Plan, but did not spend as much as budgeted for legal or consulting advice on the update. Additional costs related to completing the update to the Master Plan have been budgeted for FY 2021. Other savings were distributed among the expense categories, as cost-saving measures implemented by the Commissioners continued. The Commissioners continue to monitor expenses closely and look for opportunities to economize. The only major expense category that exceeded the budgeted amount was the Capital Outlay for the development of the new park in town. The timing of the project was not known at the time the FY20 budget was prepared. Later in June 2020, the TOWN was able to get the park funding considered in the Program Open Space funding for the state's FY20 budget. The development of the park was accelerated and therefore more costs were incurred in this fiscal year. A portion of these expenses will be reimbursed by the state in FY21 and there will be a final accounting of the costs of this phase of the park by the end of FY21.

***Consultant***

For several years now, one of the TOWN's goals has been to improve the walkability of BARNESVILLE by expanding the sidewalks throughout TOWN, including extensions to our local elementary school and the nearby MARC Train station. As the roads through BARNESVILLE are owned and maintained by the State and County, those jurisdictions have major input with regard to this project. As in prior years, the TOWN continues to engage a consultant to assist in this effort; specifically concerning negotiations with the State Highway Administration and Montgomery County. Those negotiations picked up in FY20, as the parties work on a plan for the next phase of sidewalks along Beallsville Road to the post office.

***Review of Master Plan***

In 2017-18, vacancies on the Planning Commission were filled and the commission began the periodic review of the Master Plan. The Planning Commission has been proceeding with review and updating of the Master Plan. A good deal of progress has been made and it is expected that the Master Plan will be incorporated in FY21. As noted above, consulting and legal expenses are budgeted for this process, and expenses are being incurred as needed.

**THE COMMISSIONERS OF BARNESVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2020**

***Fiscal Safeguards***

At each TOWN meeting, the Clerk/Treasurer provides a report showing BARNESVILLE's budgeted and actual income and expense for the current month and fiscal year-to-date. In certain instances, the line items are more detailed than those required by the Legislative Auditor, but this allows us to plan for specific events and activities by creating more detailed accounts. All receipts are initially deposited into BARNESVILLE's checking account with M&T Bank, which allows for greater fiscal control and ease of verification for audit purposes. Funds which are not expected to be needed in the near future may be transferred out of the checking account; to one of the TOWN's other accounts maintained with various financial institutions. BARNESVILLE maintains several accounts with different banking institutions to ensure that our deposits are either collateralized or federally insured.

***Risk Management***

The COMMISSIONERS have taken a number of steps to address significant areas of risk: physical safety of residents and the safety and security of the physical assets of the TOWN. The COMMISSIONERS are managing resident safety by installing new stop signs and crosswalks at the main intersections, refreshing the white striping at the intersections, enforcing speed and stop signs through the hiring of off-duty Montgomery County police, working with the county to install and maintain sidewalks free of hazards as well as developing plans to extend sidewalks throughout the TOWN. With respect to the safety and security of the TOWN's physical assets, the COMMISSIONERS have tested the water at Town Hall, provided bottled water for those using the Town Hall, corrected leaks in the basement area, instituted regular inspection of fire safety equipment, refinished the floors to maintain safe conditions for those using the Town Hall, collected security deposits from renters to cover possible damage to equipment or the building and arranged for an inspection of the premises and general areas by the Local Government Insurance Trust that insures the Town. The Town also maintains adequate liability insurance for the traffic enforcement activities undertaken by the off-duty officers. In the last twenty years, we have not had any claims against BARNESVILLE and safety concerns for the TOWN are an important agenda item at each town meeting.

***Summary***

The TOWN has followed careful guidelines, planning and conservative expenditures which have allowed the COMMISSIONERS to continue to serve the community well without having to make sacrifices to the overall goals for the year. The fiscal condition of BARNESVILLE continues to be healthy.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2020 BARNESVILLE has recorded approximately **\$358,881 of original cost** of capital assets, including our office equipment, Town Hall and related improvements. These items of general infrastructure and other property and equipment meet the requirements for recognition under GASB 34. Of the total, \$69,703 was acquired during this fiscal year, with the acquisition and development of the new town park to be known as Lillard's Corner. All such assets are being depreciated over their estimated useful lives of 5 to 50 years. The town's capitalization policy is that only expenditures above \$2,500 will be capitalized.

The Town Hall houses the TOWN computer, printer, file cabinet, excess recycling bins for community members, supplies for community events, historical TOWN records and other miscellaneous supplies for use in the community and office.

**THE COMMISSIONERS OF BARNESVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2020**

**Long-term Debt**

The **TOWN** has a long-standing tradition of operating without debt. Once again, the **COMMISSIONERS OF BARNESVILLE** has been able to fund all operations from current year revenues and accumulated reserves on a pay-as-we-go basis. We maintain more than sufficient reserves so that if an unexpected expense should arise we have funds available to pay for those services and need not go into debt. Although it will require additional attention and effort, this is expected to continue for the foreseeable future.

**Fiscal 2021**

The approved budget for FY 2021 calls for a total of \$110,175 of expenditures and an estimated \$110,175 of revenue (including the use of \$39,475 of reserve funds used to balance the budget). The Commissioners are monitoring the impacts of COVID-19 on the town's operations and will look for opportunities to replace traditional community events with other outreach efforts while COVID restrictions are required. There are several major projects in FY2021 for which the **TOWN** is incurring expenses beyond the ordinary levels. These include the expenses related to the updating of the town's Master Plan (\$6,000). As noted above, the **TOWN** will proceed to complete the first phase of improvements to the new park, with an additional \$10,270 of town funds budgeted for FY21. The **TOWN** will also incur continuing consulting expenses related to the next Phase II of the sidewalk development in town. The **TOWN** incurs consulting costs when dealing with the State and County officials on these projects, but has borne none of the actual cost of installation. The **TOWN** will also continue to use restricted funds received from Speed Camera revenue for Traffic Enforcement and consulting costs related to pedestrian safety. The **TOWN** has been awarded a grant in the amount of \$14,960 from the Chesapeake Bay Trust for the design of a green streets conceptual plan to address stormwater management drainage issues in the area of Barnesville Rd. and West Harris Rd. This design project will occur in FY21 and the town has budgeted funds for consulting costs that may exceed the amount of the grant. There is no change to real estate and personal property tax rates budgeted for FY2021.

**CONTACTING THE COMMISSIONERS OF BARNESVILLE**

This financial report is designed to provide our citizens/taxpayers with a general overview of **BARNESVILLE's** finances and to demonstrate **BARNESVILLE's** accountability for the money it receives. If you have questions about this report or need additional information, please contact the Clerk/Treasurer at PO Box 95, Barnesville, MD 20838.

**THE COMMISSIONERS OF BARNESVILLE**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Total</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 548,968	\$ 548,968
Certificates of deposit	69,004	69,004
Receivables	1	1
Prepaid items	21,934	21,934
Capital Assets:		
Construction in progress	28,784	28,784
Land	80,814	80,814
Building and building improvements	222,529	222,529
Other capital assets	26,754	26,754
	358,881	358,881
Less: accumulated depreciation	(99,513)	(99,513)
Capital Assets, net	259,368	259,368
<b>Total Assets</b>	<b>899,275</b>	<b>899,275</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	3,409	3,409
Comptroller v. Wynne liability	2,777	2,777
<b>Total Liabilities</b>	<b>6,186</b>	<b>6,186</b>
<b>Net Position</b>		
Net investment in capital assets	259,368	259,368
Unrestricted	633,721	633,721
<b>Total Net Position</b>	<b>\$ 893,089</b>	<b>\$ 893,088</b>

**THE COMMISSIONERS OF BARNESVILLE**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
<b>Primary Government</b>						
Governmental Activities						
General government	\$ (62,906)	\$ 1,199	\$ 346	\$ -	\$ (61,361)	\$ (61,361)
Public safety	(16,505)	-	19,477	-	2,972	2,972
Public works	(14,212)	-	-	-	(14,212)	(14,212)
Parks and recreation	-	-	-	40,000	40,000	40,000
Total Governmental Activities	<u>(93,623)</u>	<u>1,199</u>	<u>19,823</u>	<u>40,000</u>	<u>(32,601)</u>	<u>(32,601)</u>
General Revenues						
Real property taxes					13,600	13,600
Business personal property taxes					9	9
Income taxes					51,820	51,820
Admission & amusement taxes					187	187
Interest income					397	397
Rental income					1,075	1,075
Miscellaneous income					<u>2,153</u>	<u>2,153</u>
Total General Revenues					<u>69,241</u>	<u>69,241</u>
<b>Change in Net Position</b>					36,640	36,640
<b>Net Position - beginning of year, restated</b>					<u>856,449</u>	<u>856,449</u>
<b>Net Position - end of year</b>					<u>\$ 893,089</u>	<u>\$ 893,089</u>

See accompanying notes to the financial statements.  
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**THE COMMISSIONERS OF BARNESVILLE**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2020**

	<b>General</b>	<b>Total Governmental Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 548,968	\$ 548,968
Certificates of deposit	69,004	69,004
Receivables	1	1
Prepaid items	21,934	21,934
<b>Total Assets</b>	<b>\$ 639,907</b>	<b>\$ 639,907</b>
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,409	\$ 3,409
<b>Total Liabilities</b>	3,409	3,409
 <b>Fund Balance</b>		
Nonspendable	21,934	21,934
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	614,564	614,564
<b>Total Fund Balance</b>	636,498	636,498
<b>Total Liabilities and Fund Balance</b>	<b>\$ 639,907</b>	<b>\$ 639,907</b>

**THE COMMISSIONERS OF BARNESVILLE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2020**

	<b>General</b>	<b>Total Governmental Fund</b>
<b>Revenues</b>		
Local property taxes	\$ 13,609	\$ 13,609
Local income taxes	51,820	51,820
Other local taxes	187	187
Licenses and permits	1,199	1,199
Intergovernmental revenues	19,823	19,823
Miscellaneous revenues	3,625	3,625
Total Revenues	90,263	90,263
<b>Expenditures</b>		
General government	51,723	51,723
Public safety	16,505	16,505
Public works	14,213	14,213
Parks and recreation	29,703	29,703
Total Expenditures	112,144	112,144
Deficiency of Revenues under Expenditures	(21,881)	(21,881)
Fund Balance - July 1, 2019, restated	658,379	
<b>Fund Balance - June 30, 2020</b>	<b>\$ 636,498</b>	
<b>Adjustments for the Statement of Activities</b>		
Depreciation expense		(11,181)
Capital outlay		29,703
Contribution of capital asset		40,000
Change in Net Position of Governmental Activities		<b>\$ 36,640</b>

**THE COMMISSIONERS OF BARNESVILLE**  
**Reconciliation of Fund Balance to Net Position of Governmental Activities**  
**June 30, 2020**

Fund balance - governmental fund	\$ 636,498
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, therefore are not reported in the fund level financial

Capital assets, net of accumulated depreciation	259,368
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Comptroller v. Wynne liability is not due and payable in the current period therefore is not reported in the funds

<u>(2,777)</u>
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Net position - governmental activities	<u><u>\$ 893,089</u></u>
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**THE COMMISSIONERS OF BARNESVILLE**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Reporting Entity

The Commissioners of Barnesville (the Town) was incorporated in 1888 as a municipal corporation which is governed by an elected board of commissioners. The Town provides the following services: planning and zoning, and general administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to local governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board Codification Section 2100 have been considered and there are no agencies or entities which should be presented with the Town.

The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The Town, for reporting purposes, includes all funds, board, commissions, and authorities that are controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, guarantee of debt, ownership of assets, or the Commissioners' obligation to fund any deficits that may occur.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

**THE COMMISSIONERS OF BARNESVILLE**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Town.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements.

The following is a brief description of the fund used by the Town for the year ended June 30, 2020:

Governmental Fund Type

General Fund – This Fund is the Town's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the Town, (i.e., public works and general government activities). These activities are funded principally by property taxes, income taxes and grants from other governmental units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**THE COMMISSIONERS OF BARNESVILLE**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

This approach 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 the governmental fund.

Net position is reported as restricted when constraints placed on net position use are externally imposed by grantors or contributors.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when cash is received and when amounts to be received are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues as available if they are collected within 60 days after year end.

Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. General revenues include all taxes.

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 they are needed.

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All appropriations lapse at the fiscal year end.

**THE COMMISSIONERS OF BARNESVILLE**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Receivables and Uncollectible Accounts

Receivables include amounts due to the Town. These receivables are due within one year. There is no allowance for uncollectible accounts as of June 30, 2020.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid expenses. Prepaid expenses are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Capital assets purchased or acquired are recorded at cost or, if donated, at the estimated fair market value upon receipt.

Depreciation of property and equipment is computed on the straight-line method for financial reporting purposes and is provided for over the estimated useful lives of the assets as follows:

Equipment and other personal property	5 - 7 years
Sidewalks and other land improvements	15 - 25 years
Buildings and building improvements	50 years

**THE COMMISSIONERS OF BARNESVILLE**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balance

Under GASB Statement No. 54, fund balances are required to be reported according to the following classifications:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Town's highest level of decision-making authority, the Town Commissioners.

Assigned fund balance – Amounts that are constrained by the Town's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Town Commissioners, or by an official to whom that authority has been given.

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners have provided otherwise in its commitment or assignment actions.

**THE COMMISSIONERS OF BARNESVILLE**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of costs of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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 revenues and expenses. Actual results could vary from the estimates that were used.

**NOTE 2- CASH AND INVESTMENTS**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments exists when, in the event of the failure of the counterparty to a transaction, a government may be unable to recover the value of investment or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the Town's deposits was \$617,972 and the bank balances were \$622,941.

The Town maintains deposits at three financial institutions. As of June 30, 2020, the Town's deposits were fully collateralized by the Federal Deposit Insurance Corporation and collateral held by the pledging financial institution.

**THE COMMISSIONERS OF BARNESVILLE**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 2- CASH AND INVESTMENTS (Continued)**

Investments

State statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds deposited in an amount equal to the amount of those funds. In addition, the Town can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Investments held by the Town are stated at fair value. As of June 30, 2020, the Town had the following investments:

<u>Investment Type (All funds)</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		<u>% of Portfolio</u>
		<u>Less &lt; 1 Year</u>	<u>1 – 5 Years</u>	
Certificate of deposits (3) - Wesbanco Bank	35,000	-	35,000	50.72%
Certificate of deposits (2) - BB&T Bank	30,000	20,000	10,000	43.48%
Certificate of deposit (1) - M&T Bank	4,004	4,004	-	5.80%
	<u>\$ 69,004</u>	<u>\$ 24,004</u>	<u>\$ 45,000</u>	

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy is not explicit as to how interest rate risk is managed. The applicable interest rates as of June 30, 2020 ranged from 0.30% to 0.95% for the certificates of deposit.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer, not applicable to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, and external investment pools or other pooled investments. The total amount of applicable investments is comprised of six certificates of deposit at three separate financial institutions.

**THE COMMISSIONERS OF BARNESVILLE**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 3- PROPERTY TAXES**

The Town's property taxes are levied each July 1 on property values assessed on the same date. The Montgomery County, Maryland tax offices are informed of the approved rate and County tax bills include the additional amount in the bill. Town residents pay all property taxes directly to the County, which forwards the Town's portion to the Town. If a change in the tax rate for real and/or business personal property were necessary, the Commissioners would recommend and vote on a rate at a Town meeting.

The Town does not account for unknown delinquent taxes as receivable at June 30, as these amounts are generally not material. Delinquent taxes in subsequent years are recorded as income in the year they are received from the County. All applicable tax liens are handled by the County.

The total assessable based on which levies were made for the year ended June 30, 2020 was \$26,459,144 and the property tax rate was \$.0514 per \$100 of assessed value.

**NOTE 4- CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities:	Balance July 1, 2019	Transfers/ Additions	Transfers/ Dispositions	Balance June 30, 2020
Capital Assets, not being depreciated				
Construction in progress	\$ -	\$ 28,784	\$ -	\$ 28,784
Land	39,895	40,919	-	80,814
Total Capital Assets, not being depreciated	<u>39,895</u>	<u>69,703</u>	<u>-</u>	<u>109,598</u>
Capital Assets, being depreciated				
Building and building improvements	222,529	-	-	222,529
Other capital assets	26,754	-	-	26,754
	<u>249,283</u>	<u>-</u>	<u>-</u>	<u>249,283</u>
Less: accumulated depreciation	(88,332)	(11,181)	-	(99,513)
Capital Assets, being depreciated, net	<u>160,951</u>	<u>(11,181)</u>	<u>-</u>	<u>149,770</u>
Total Capital Assets, Net	<u>\$ 200,846</u>	<u>\$ 58,522</u>	<u>\$ -</u>	<u>\$ 259,368</u>

Depreciation expense was charged to the functions/programs as follows:

General government	\$ 11,181
	<u>\$ 11,181</u>

**THE COMMISSIONERS OF BARNESVILLE**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 5- RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town's general liability risks are financed through the Town's participation in the Local Government Insurance Trust (LGIT). The Town pays an annual premium to LGIT for its general insurance coverage. The Town has coverage of \$1,000,000 for each occurrence under commercial general liability.

**NOTE 6- PRIOR PERIOD ADJUSTMENT**

In November 2019, the Town received a credit for street lighting resulting from errors in billings over the past ten years. The credit will reduce the Town's monthly billings until the credit is depleted.

The effect on the presented financial statements is a restatement of the beginning net position and beginning fund balance of the Town's governmental activities and general fund, as follows:

	<b>Governmental Activities</b>	<b>General Fund</b>
Net position/fund balance, beginning of year	\$ 831,167	\$ 633,097
Streetlight credit	<u>25,282</u>	<u>25,282</u>
Net position/fund balance, beginning of year - restated	<u>\$ 856,449</u>	<u>\$ 658,379</u>

**NOTE 7- SUBSEQUENT EVENTS**

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Town's revenues, expenses, and cash flows cannot be determined at this time. All subsequent events have been evaluated through October 6, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material events or transaction which would require an adjustment to or disclosure in the accompanying financial statements.

**THE COMMISSIONERS OF BARNESVILLE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget to Actual - General Fund**  
**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Local property taxes</b>				
Real property taxes	\$ 13,000	\$ 13,000	\$ 13,600	\$ 600
Business personal property taxes	300	300	9	(291)
Total local property taxes	<u>13,300</u>	<u>13,300</u>	<u>13,609</u>	<u>309</u>
<b>Local income taxes</b>	<u>40,000</u>	<u>40,000</u>	<u>51,820</u>	<u>11,820</u>
<b>Admission and amusement taxes</b>	<u>-</u>	<u>-</u>	<u>187</u>	<u>187</u>
<b>Licenses and permits</b>				
Cable and television franchise fees	300	300	849	549
Building permits	<u>400</u>	<u>400</u>	<u>350</u>	<u>(50)</u>
Total licenses and permits	<u>700</u>	<u>700</u>	<u>1,199</u>	<u>499</u>
<b>Intergovernmental revenues</b>				
Bank share	-	-	346	346
Speed camera revenues	<u>20,000</u>	<u>20,000</u>	<u>19,477</u>	<u>(523)</u>
Total intergovernmental revenues	<u>20,000</u>	<u>20,000</u>	<u>19,823</u>	<u>(177)</u>
<b>Miscellaneous revenues</b>				
Other miscellaneous	-	-	2,153	2,153
Investment earnings	400	400	397	(3)
Rental income	<u>1,200</u>	<u>1,200</u>	<u>1,075</u>	<u>(125)</u>
Total miscellaneous revenues	<u>1,600</u>	<u>1,600</u>	<u>3,625</u>	<u>2,025</u>
<b>Total Revenues</b>	<u>\$ 75,600</u>	<u>\$ 75,600</u>	<u>\$ 90,263</u>	<u>\$ 14,663</u>

**THE COMMISSIONERS OF BARNESVILLE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget to Actual - General Fund**  
**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Appropriated Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>General government</b>				
Financial administration				
Finance salaries	6,000	6,000	6,000	-
Independent accounting and auditin	<u>10,000</u>	<u>10,000</u>	<u>9,249</u>	<u>751</u>
Total financial administration	<u>16,000</u>	<u>16,000</u>	<u>15,249</u>	<u>751</u>
Legal	<u>5,000</u>	<u>5,000</u>	<u>2,234</u>	<u>2,766</u>
General services				
Municipal buildings				
Operating expenditures	<u>6,700</u>	<u>6,700</u>	<u>6,430</u>	<u>270</u>
Total general services	<u>6,700</u>	<u>6,700</u>	<u>6,430</u>	<u>270</u>
Other general government				
Operating expenditures	<u>40,260</u>	<u>40,260</u>	<u>27,810</u>	<u>12,450</u>
Total other general government	<u>40,260</u>	<u>40,260</u>	<u>27,810</u>	<u>12,450</u>
Total general government	<u>\$ 67,960</u>	<u>\$ 67,960</u>	<u>\$ 51,723</u>	<u>\$ 16,237</u>
<b>Public safety</b>				
Operating expenditures	<u>18,000</u>	<u>18,000</u>	<u>16,505</u>	<u>1,495</u>
Total public safety	<u>18,000</u>	<u>18,000</u>	<u>16,505</u>	<u>1,495</u>
<b>Public works</b>				
Street lighting	7,680	7,680	5,573	2,107
Waste collection	8,640	8,640	8,640	-
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total public works	<u>19,320</u>	<u>19,320</u>	<u>14,213</u>	<u>5,107</u>
<b>Parks and recreation</b>				
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>29,703</u>	<u>(9,703)</u>
Total parks and recreation	<u>20,000</u>	<u>20,000</u>	<u>29,703</u>	<u>(9,703)</u>
<b>Total Expenditures</b>	<u>125,280</u>	<u>125,280</u>	<u>112,144</u>	<u>13,136</u>
Budgeted use of fund balance	<u>49,680</u>	<u>49,680</u>	<u>-</u>	<u>(49,680)</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,881)</u>	<u>\$ (21,881)</u>