

1 City Council of the City of Glenarden, Maryland  
2 2016 Legislation  
3

4 **Resolution No:** **R-41-2016**  
5 **Introduced By:** **Maxine Phifer, Council President**  
6 **Co-Sponsors:** **At the Request of Administration**  
7 **Session:** **Regular Session**  
8 **Date of Introduction:** **May 9, 2016**  
9

10 **A Resolution Accepting the FY 2014 Independent Auditor's Report**  
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12  
13 **WHEREAS**, Weyrich, Cronin & Sora, Chartered submitted the FY 2014 Independent Auditor's  
14 Report to the Mayor and City Council on April 7, 2016 and presented the FY 2014 Auditor's  
15 Report to Citizens on May 9, 2016; and  
16

17 **WHEREAS**, the Council has reviewed the FY 2014 Auditor's Report and is satisfied that it can  
18 be accepted.  
19

20 **NOW, THEREFORE BE IT RESOLVED**, by the City Council of Glenarden, Maryland sitting in  
21 Regular Session this **9th day of May 2016** that:  
22

- 23 1. The City Council accepts the Independent Auditor's Report submitted by **Weyrich,**  
24 **Cronin & Sora, Chartered**, which is attached to this Resolution as Exhibit A.  
25  
26 2. The FY 2014 Independent Auditor's Report has been submitted to the Maryland  
27 Department of Legislative Services.  
28  
29 3. That this Resolution shall take effect immediately.  
30

31 Date Approved: May 9, 2016  
32

33 ATTEST:

34 Toni Taylor  
35 Toni Taylor, Clerk to the Council  
36  
37

City Council of Glenarden

38 Maxine E. Phifer  
39 Maxine Phifer, President, At Large  
40

41 James Herring  
42 James Herring, Vice President, Ward I  
43

44 Elaine A. Carter  
45 Elaine A. Carter, Councilwoman, Ward II  
46

Judy C. Diggs  
Judy C. Diggs, Councilwoman, At Large

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**R-41-2016**  
**A Resolution Accepting the FY 2014 Independent Auditor's Report**  
**Page 2**

  
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Deborah Eason, Councilwoman, Ward II

  
\_\_\_\_\_  
Jennifer A. Jenkins, Councilwoman, Ward III

  
\_\_\_\_\_  
Carolyn Smallwood, Councilwoman, Ward I

Yea 7  
Nay 0  
Abstain 0

**CITY OF GLENARDEN, MARYLAND**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2014**

# CITY OF GLENARDEN, MARYLAND

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## Independent Auditors' Report

To the Mayor and City Council  
City of Glenarden, Maryland

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the City of Glenarden, Maryland as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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 of 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.

### **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 and each major fund of the City of Glenarden, Maryland as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Independent Auditors' Report (continued)

**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 through 8 and 30 through 32 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.

*Weyrich, Cronin & Sarra, Chtd.*

April 22, 2016  
Lutherville, MD

## CITY OF GLENARDEN, MARYLAND

Management Discussion and Analysis  
June 30, 2014

### FINANCIAL HIGHLIGHTS

- Net position is the amount by which total assets exceed total liabilities. At June 30, 2014, net position of the City of Glenarden amounted to \$5,176,058.
- Governmental activities and business-type activities resulted in an increase in net position of \$344,989 and decrease of (\$49,629), respectively.
- Total revenues from governmental activities for the year were \$3,192,260, and total expenses from governmental activities were \$2,847,271.
- The City's business-type activity (the Gold Room) produced operating revenues of \$100,939 and incurred operating expenses of \$130,683.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, this report contains other supplemental information, including budgetary information, which serves to enhance the reader's understanding of the financial condition of the City of Glenarden.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and total liabilities.

- The *statement of net position* presents information on all of the City's assets and liabilities, with the difference 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 City is improving or deteriorating.
- The *statement of activities* presents information about how 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, revenues and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: general government, public safety, public works, and cable. The business-type activity for the City is operation of the Gold Room hall.

The government-wide financial statements are presented on pages 9 and 10.

## CITY OF GLENARDEN, MARYLAND

Management Discussion and Analysis  
June 30, 2014

### Fund Financial Statements

The fund financial statements provide a more detailed view of the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Glenarden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds include governmental funds, which are comprised of general, special revenue and capital projects funds, and a proprietary fund, which accounts for activities of the Gold Room.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to allow readers to compare governmental funds and governmental activities.

The governmental fund financial statements are presented on pages 11 through 14.

- Proprietary funds. One type of proprietary fund is an enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements. The City's enterprise fund accounts for the activities of the Gold Room.

The proprietary fund financial statements are presented on pages 15 through 17.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Information presented in the notes to the financial statements includes summaries of significant accounting policies, disclosures about capital asset activity and depreciation, and principal and interest requirements related to long-term debt.

The notes to the financial statements are presented on pages 18 through 29.

Supplementary information reflects comparisons between budget and actual revenues and expenditures for the fiscal year ended June 30, 2014. These budget-to-actual comparisons are presented on pages 30 through 32.

## CITY OF GLENARDEN, MARYLAND

Management Discussion and Analysis  
June 30, 2014

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The City's total net position as of June 30, 2014 was \$5,176,058. The largest portion of the City's net position reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), net of related debt. As of June 30, 2014, investment in capital assets totaled \$2,136,653, comprising 41% of total net position.

The second largest portion of the City's net position represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors. As of June 30, 2014, unrestricted net position totaled \$2,135,480 and represented 41% of total net position.

The remaining balance of net position is restricted net position which represents resources that are subject to external restrictions on how they may be used. As of June 30, 2014, restricted net position totaled \$903,925 and represented 18% of total net position.

The following table is a condensed statement of net assets:

#### City of Glenarden Maryland Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$3,302,757	\$2,866,295	\$ 13,082	\$ 26,315	\$3,315,839	\$2,892,610
Capital Assets	2,071,445	2,246,697	119,429	142,392	2,190,874	2,389,089
Total Assets	5,374,202	5,112,992	132,511	168,707	5,506,713	5,281,699
Long-term Liabilities	101,469	134,288	2,924	2,895	104,393	137,183
Other Liabilities	205,879	210,039	20,383	19,126	226,262	229,165
Total Liabilities	307,348	344,327	23,307	22,021	330,655	366,348
Net Position						
Net investment in capital assets	2,017,224	2,112,409	119,429	142,392	2,136,653	2,254,801
Restricted	903,925	684,396	0	0	903,925	684,396
Unrestricted	2,145,705	1,971,860	(10,225)	4,294	2,135,480	1,976,154
	\$5,066,854	\$4,768,665	\$ 109,204	\$ 146,686	\$5,176,058	\$4,915,351

The statement of activities presents information about how net position changed during the year. The net position balance changes as (1) expenses are incurred to provide services to citizens and run the government and (2) revenues are raised to fund those costs.

**CITY OF GLENARDEN, MARYLAND**

Management Discussion and Analysis  
June 30, 2014

The following table is a condensed statement of activities for the years ended June 30, 2013 and 2014:

**City of Glenarden, Maryland  
Condensed Statement of Activities**

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 655,776	\$ 631,694	\$ 100,939	\$ 146,333	\$ 756,715	\$ 778,027
Operating grants/contributions	252,297	161,134	0	0	252,297	161,134
Capital grants/contributions	32,188	23,750	0	0	32,188	23,750
General revenue:						
Property and income taxes	2,093,677	2,216,658	0	0	2,093,677	2,216,658
Other taxes	32,162	37,459	0	0	32,162	37,459
Licenses/permits	88,849	83,689	0	0	88,849	83,689
Investment income	2,443	4,158	115	29	2,558	4,187
Transfers in(out)	20,000	40,000	(20,000)	(40,000)	0	0
Miscellaneous	14,868	34,289	0	0	14,868	34,289
Total revenue	<u>3,192,260</u>	<u>3,232,831</u>	<u>81,054</u>	<u>106,362</u>	<u>3,273,314</u>	<u>3,339,193</u>
<b>Expenses</b>						
General government	1,366,500	1,525,579	0	0	1,366,500	1,525,579
Public safety	864,539	964,770	0	0	864,539	964,770
Public works	603,317	542,789	0	0	603,317	542,789
Cable	12,915	26,150	0	0	12,915	26,150
Gold Room	0	0	130,683	163,095	130,683	163,095
Total expenses	<u>2,847,271</u>	<u>3,059,288</u>	<u>130,683</u>	<u>163,095</u>	<u>2,977,954</u>	<u>3,222,383</u>
Increase (decrease) in net position	344,989	173,543	(49,629)	(56,733)	295,360	116,810
Net position, beginning of year						
As previously reported	4,768,665	4,595,122	146,686	203,419	4,915,351	4,798,541
Adjustments related to prior periods	(46,800)	0	12,147	0	(34,653)	0
Net position, beginning of year – restated	<u>4,721,865</u>	<u>4,595,122</u>	<u>158,833</u>	<u>203,419</u>	<u>4,880,698</u>	<u>4,798,541</u>
Net position, end of year	<u>\$5,066,854</u>	<u>\$4,768,665</u>	<u>\$ 109,204</u>	<u>\$ 146,686</u>	<u>\$5,176,058</u>	<u>\$4,915,351</u>

**Governmental Activities**

Governmental activities for the year ended June 30, 2014 increased the City's net position by \$344,989 as governmental revenues exceeded governmental expenses. Total governmental revenues decreased slightly when compared to the prior year.

Total revenues from governmental activities decreased by 1.3% - from \$3,232,831 in fiscal year 2013 to \$3,192,260 in fiscal year 2014. The major sources of revenue and their percentages of total revenue were property and income taxes (65%), Special Assessment for street lights /sanitation (13%), other charges for services (8%), grants and contributions (9%) and all other income (5%).

## CITY OF GLENARDEN, MARYLAND

### Management Discussion and Analysis June 30, 2014

In 2014 the City had a decrease in tax revenues due to a decrease in income tax revenue which resulted from the closing of the Glenarden Apartments subsection. The Glenarden Apartments complex had over 200 income tax paying residents who were moved out of the city when the complex was shut down in 2013 for later redevelopment.

The decrease in income tax revenue in 2014 was offset in part by an increase in building permit fees from new construction. In 2014 the City had an increase in building permit fees due to the new construction at the Woodmore Towne Centre project in Glenarden. The Woodmore Town Centre Project is a development of new homes and a shopping center located in Glenarden. When completed, the Woodmore Towne Centre at Glenarden will have 479 new homes and 700,000 square feet of retail space for new businesses along with 2 hotels and a conference center.

Total expenses from governmental activities decreased by 7% - from \$3,059,288 in fiscal year 2013 to \$2,847,271 in fiscal year 2014.

#### Business Type Activities

Business-type activities incurred a loss from operations in the amount of (\$49,629). Rental revenues decreased by 31% from the previous year, and expenses decreased by 20%. This includes a decrease of 25% in salaries and benefits.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Glenarden uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

The City's general government functions are accounted for in the General, Special Revenue and Capital Projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Glenarden. At June 30, 2014, the fund balance of the general fund totaled \$1,539,074, a decrease of \$1,747 from the previous year after a restatement of fund balance.

The fund balance of the capital projects fund increased by 24% from the prior fiscal year. This increase is the result of funds received from State Highway User funds.

The fund balance of the special revenue fund increased by 28% from the prior fiscal year. This increase is the result of an increase in building permits from the Woodmore Town Center project.

### BUDGETARY HIGHLIGHTS

For the year ended June 30, 2014, actual general fund revenues including transfers totaled \$2,681,605 compared to the final budgeted amount of \$2,998,623. Actual Revenues were less than budgeted revenues as a result of lower than expected tax receipts.

## CITY OF GLENARDEN, MARYLAND

Management Discussion and Analysis  
June 30, 2014

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital assets

The City's investment in governmental capital assets and business-type capital assets (net of accumulated depreciation) of \$2,071,445 and \$119,429, respectively, includes land and land improvements, infrastructure, buildings, and machinery, equipment and tools.

During the year ended June 30, 2014, the City incurred \$20,143 of capital expenditures.

The following table displays the City's capital assets:

Description	City of Glenarden Capital Assets	
	Governmental Activities	Business-type Activities
Land	\$ 922,656	\$ 0
Buildings and Improvements	1,372,011	552,632
Machinery and Equipment	984,194	55,546
Land Improvements	418,188	0
Infrastructure	808,932	0
Less: Accumulated Depreciation	(2,434,536)	(488,749)
Total	<u>\$ 2,071,445</u>	<u>\$ 119,429</u>

#### Long-term debt

At June 30, 2014 the City of Glenarden had \$104,393 in long-term debt including compensated absences.

### ECONOMIC FACTORS AND ACTIVITIES

The City's real property tax rate remained at \$.336 per \$100 assessed for the year ended June 30, 2014. The rate for tangible business personal property was \$.83 per \$100 assessed. With tax rates remaining unchanged, revenues are expected to remain stable through the end of fiscal year 2015.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Treasurer at 8600 Glenarden Parkway, Glenarden, Maryland 20706 or by calling 301-773-2100.

**CITY OF GLENARDEN, MARYLAND**

Statement of Net Position  
June 30, 2014

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,408,107	\$ 297,936	\$ 2,706,043
Restricted cash	25,000	- 0 -	25,000
Accounts receivable - taxes, net of allowance	509,362	- 0 -	509,362
Accounts receivable - other, net of allowance	75,434	- 0 -	75,434
Due from (to) other funds	284,854	(284,854)	- 0 -
Net capital assets	2,071,445	119,429	2,190,874
<b>TOTAL ASSETS</b>	<b>5,374,202</b>	<b>132,511</b>	<b>5,506,713</b>
<b>LIABILITIES</b>			
Accounts payable & accrued expenses	205,879	10,202	216,081
Deposits	- 0 -	10,181	10,181
Current portion - long-term obligations	15,861	- 0 -	15,861
Noncurrent - long-term obligations	85,608	2,924	88,532
<b>TOTAL LIABILITIES</b>	<b>307,348</b>	<b>23,307</b>	<b>330,655</b>
<b>NET POSITION</b>			
Net investment in capital assets	2,017,224	119,429	2,136,653
Restricted	903,925	- 0 -	903,925
Unrestricted	2,145,705	(10,225)	2,135,480
<b>TOTAL NET POSITION</b>	<b>\$ 5,066,854</b>	<b>\$ 109,204</b>	<b>\$ 5,176,058</b>

See accompanying notes to financial statements

**CITY OF GLENARDEN, MARYLAND**

Statement of Activities

For the Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>						
<b>GOVERNMENTAL ACTIVITIES:</b>						
General government	\$ 1,366,500	\$ 4,755	\$ - 0 -	\$ (1,261,697)	\$ - 0 -	\$ (1,261,697)
Public safety	864,539	78,822	7,188	(638,627)	- 0 -	(638,627)
Public works	603,317	120,993	25,000	(41,498)	- 0 -	(41,498)
Cable	12,915	47,727	- 0 -	34,812	- 0 -	34,812
<b>Total Governmental Activities</b>	<b>2,847,271</b>	<b>252,297</b>	<b>32,188</b>	<b>(1,907,010)</b>	<b>- 0 -</b>	<b>(1,907,010)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Gold Room	130,683	- 0 -	- 0 -	- 0 -	(29,744)	(29,744)
<b>Total Business-Type Activities</b>	<b>130,683</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>(29,744)</b>	<b>(29,744)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 2,977,954</b>	<b>\$ 252,297</b>	<b>\$ 32,188</b>	<b>(1,907,010)</b>	<b>(29,744)</b>	<b>(1,936,754)</b>
<b>GENERAL REVENUES:</b>						
Taxes:						
Real estate				1,528,246	- 0 -	1,528,246
Personal property				220,051	- 0 -	220,051
Income				345,380	- 0 -	345,380
Other taxes and licenses				32,162	- 0 -	32,162
Cable franchise fees				88,849	- 0 -	88,849
Investment income				2,443	115	2,558
Miscellaneous				14,868	- 0 -	14,868
Transfers in (out)				20,000	(20,000)	- 0 -
<b>TOTAL GENERAL REVENUES &amp; TRANSFERS</b>				<b>2,251,999</b>	<b>(19,885)</b>	<b>2,232,114</b>
<b>CHANGE IN NET POSITION</b>				<b>344,989</b>	<b>(49,629)</b>	<b>295,360</b>
<b>NET POSITION - BEGINNING</b>				<b>4,768,665</b>	<b>146,686</b>	<b>4,915,351</b>
As previously reported				<b>(46,800)</b>	<b>12,147</b>	<b>(34,653)</b>
Adjustments related to prior periods						
<b>NET POSITION - BEGINNING - RESTATED</b>				<b>4,721,865</b>	<b>158,833</b>	<b>4,880,698</b>
<b>NET POSITION - ENDING</b>				<b>\$ 5,066,854</b>	<b>\$ 109,204</b>	<b>\$ 5,176,058</b>

See accompanying notes to financial statements

**CITY OF GLENARDEN, MARYLAND**

Balance Sheet  
Governmental Funds  
June 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,365,376	\$ 619,264	\$ 423,467	\$ 2,408,107
Restricted cash	- 0 -	- 0 -	25,000	25,000
Accounts receivable - taxes	509,362	- 0 -	- 0 -	509,362
Accounts receivable - other	27,541	37,459	10,434	75,434
Due from other funds	399,589	- 0 -	362,163	761,752
 Total Assets	 <u>\$ 2,301,868</u>	 <u>\$ 656,723</u>	 <u>\$ 821,064</u>	 <u>\$ 3,779,655</u>
 <b><u>LIABILITIES</u></b>				
Accounts payable and accrued expenses	\$ 203,733	\$ 2,146	\$ - 0 -	\$ 205,879
Due to other funds	94,240	161,298	221,360	476,898
 Total Liabilities	 <u>297,973</u>	 <u>163,444</u>	 <u>221,360</u>	 <u>682,777</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue - income taxes	47,046	- 0 -	- 0 -	47,046
Unavailable revenue - property taxes	417,775	- 0 -	- 0 -	417,775
Unavailable revenue - traffic camera	- 0 -	23,838	- 0 -	23,838
 Total Deferred Inflows of Resources	 <u>464,821</u>	 <u>23,838</u>	 <u>- 0 -</u>	 <u>488,659</u>
 <b><u>FUND BALANCES</u></b>				
Restricted	- 0 -	469,441	434,484	903,925
Committed	300,933	- 0 -	165,220	466,153
Unassigned	1,238,141	- 0 -	- 0 -	1,238,141
 Total Fund Balances	 <u>1,539,074</u>	 <u>469,441</u>	 <u>599,704</u>	 <u>2,608,219</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 2,301,868</u>	 <u>\$ 656,723</u>	 <u>\$ 821,064</u>	 <u>\$ 3,779,655</u>

See accompanying notes to financial statements

**CITY OF GLENARDEN, MARYLAND**

Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position  
June 30, 2014

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 2,608,219

Amounts reported for Governmental Activities  
in the Statement of Net Position are different  
because:

Capital assets used in Governmental  
Activities are not financial resources  
and, therefore, are not reported in  
the governmental funds.

Governmental capital assets	\$ 4,505,981	
Less: accumulated depreciation	<u>(2,434,536)</u>	
		2,071,445

Long term liabilities associated with the acquisition  
of capital assets are not reported in the  
governmental funds. (54,221)

Long term liabilities associated with compensated  
absences are not payable in the current  
period and are not reported in the governmental  
funds. (47,248)

Revenues that will be collected after year-end, but not  
available soon enough to pay the current period's  
expenditures are reported as deferred inflows of  
resources. 488,659

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,066,854

**CITY OF GLENARDEN, MARYLAND**

Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 1,880,758	\$ - 0 -	\$ - 0 -	\$ 1,880,758
Intergovernmental	121,540	- 0 -	129,621	251,161
Special assessments	415,826	- 0 -	- 0 -	415,826
Fines, licenses and permits	241,361	158,059	- 0 -	399,420
Interest income	1,655	135	653	2,443
Miscellaneous	465	- 0 -	- 0 -	465
	<u>2,661,605</u>	<u>158,194</u>	<u>130,274</u>	<u>2,950,073</u>
<b>EXPENDITURES</b>				
Current operating				
General government	1,312,761	- 0 -	- 0 -	1,312,761
Public safety	759,306	52,851	- 0 -	812,157
Public works	526,516	- 0 -	- 0 -	526,516
Cable	- 0 -	2,480	- 0 -	2,480
Capital outlays	7,188	- 0 -	12,955	20,143
Debt service - principal	29,221	- 0 -	- 0 -	29,221
Debt service - interest	1,560	- 0 -	- 0 -	1,560
	<u>2,636,552</u>	<u>55,331</u>	<u>12,955</u>	<u>2,704,838</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>25,053</u>	<u>102,863</u>	<u>117,319</u>	<u>245,235</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	20,000	- 0 -	- 0 -	20,000
	<u>20,000</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>20,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>45,053</u>	<u>102,863</u>	<u>117,319</u>	<u>265,235</u>
<b>FUND BALANCES - BEGINNING</b>				
As previously reported	1,540,821	366,578	482,385	2,389,784
Adjustments related to prior periods	(46,800)	- 0 -	- 0 -	(46,800)
	<u>1,494,021</u>	<u>366,578</u>	<u>482,385</u>	<u>2,342,984</u>
<b>FUND BALANCES - BEGINNING - AS RESTATED</b>	<u>1,494,021</u>	<u>366,578</u>	<u>482,385</u>	<u>2,342,984</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,539,074</u>	<u>\$ 469,441</u>	<u>\$ 599,704</u>	<u>\$ 2,608,219</u>

See accompanying notes to financial statements

**CITY OF GLENARDEN, MARYLAND**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2014

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$	265,235
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$195,395 exceeded capital outlays of \$20,143 in the current period.		
		(175,252)
Governmental funds report principal debt payments as expenditures because they use current financial resources. Principal payments reduce long term debt in the Statement of Net Position. This is the amount of principal payments made during the year.		
		29,221
Governmental funds report compensated absences when paid. However, in the Statement of Activities, they are recorded when earned. This is the excess of the amount paid over the amount earned for the year.		
		3,598
Governmental funds recognize revenues if they are received within sixty days of year end. The Statement of Activities reports revenues when earned. This is the amount of property taxes not received within the specified time period.		
		210,365
Governmental funds recognize revenues if they are received within sixty days of year end. The Statement of Activities reports revenues when earned. This is the amount by which income taxes earned in the current year but not received in the specified time period exceeded taxes earned but not received in the prior period.		
		2,554
Governmental funds recognize revenues if they are received within sixty days of year end. The Statement of Activities reports revenues when earned. This is the amount by which traffic camera fines earned in the current year but not received in specified time period exceeded fines earned but not received in the prior period.		
		<u>9,268</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>344,989</u>

See accompanying notes to financial statements

**CITY OF GLENARDEN, MARYLAND**

Statement of Net Position - Proprietary Fund  
June 30, 2014

	<u>Major Enterprise Fund</u>	
	<u>Gold Room</u>	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 297,936	
<b>Total Current Assets</b>		\$ 297,936
<b>CAPITAL ASSETS</b>		
Buildings, improvements & equipment	608,178	
Less: accumulated depreciation	<u>(488,749)</u>	
<b>Total Capital Assets</b>		<u>119,429</u>
<b>TOTAL ASSETS</b>		<u>417,365</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	10,202	
Customer deposits	<u>10,181</u>	
<b>Total Current Liabilities</b>		20,383
<b>NONCURRENT LIABILITIES</b>		
Due to other funds	284,854	
Compensated absences	<u>2,924</u>	
<b>Total Noncurrent Liabilities</b>		<u>287,778</u>
<b>TOTAL LIABILITIES</b>		<u>308,161</u>
<b>NET POSITION</b>		
Net investment in capital assets	119,429	
Unrestricted	<u>(10,225)</u>	
<b>TOTAL NET POSITION</b>		<u>\$ 109,204</u>

See accompanying notes to financial statements

**CITY OF GLENARDEN, MARYLAND**

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended June 30, 2014

	<u>Major Enterprise Fund</u>	
	<u>Gold Room</u>	
OPERATING REVENUES		
Rentals	<u>\$ 100,939</u>	
Total Operating Revenue		\$ 100,939
OPERATING EXPENSES		
Salaries and benefits	78,798	
Contract expenses	9,658	
Supplies	1,284	
Repairs and maintenance	11,223	
Depreciation	22,963	
Other	<u>6,757</u>	
Total Operating Expenses		<u>130,683</u>
OPERATING LOSS		(29,744)
NONOPERATING REVENUES		
Interest and investment earnings	<u>115</u>	
Net Nonoperating Revenue		<u>115</u>
INCOME (LOSS) BEFORE TRANSFERS		(29,629)
Transfers in (out)		<u>(20,000)</u>
CHANGE IN NET POSITION		<u>(49,629)</u>
TOTAL NET POSITION - BEGINNING		
As previously reported		146,686
Adjustments related to prior periods		<u>12,147</u>
TOTAL NET POSITION - BEGINNING - AS RESTATED		<u>158,833</u>
TOTAL NET POSITION - ENDING		<u><u>\$ 109,204</u></u>

See accompanying notes to financial statements

**CITY OF GLENARDEN, MARYLAND**

Statement of Cash Flows - Proprietary Fund  
For the Year Ended June 30, 2014

	<u>Major Enterprise Fund</u>	
	<u>Gold Room</u>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 98,830	
Cash payments to suppliers for goods and services	(25,556)	
Cash payments for salaries and benefits	<u>(78,769)</u>	
NET CASH FLOWS USED IN OPERATING ACTIVITIES		\$ (5,495)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer from other funds	15,395	
Transfer to general fund	<u>(20,000)</u>	
NET CASH FLOWS USED IN NON-CAPITAL FINANCING ACTIVITIES		(4,605)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>- 0 -</u>	
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		- 0 -
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	<u>115</u>	
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>115</u>
NET DECREASE IN CASH		<u>(9,985)</u>
CASH AND CASH EQUIVALENTS - BEGINNING		
As previously reported		295,774
Adjustments related to prior periods		<u>12,147</u>
CASH AND CASH EQUIVALENTS - BEGINNING - AS RESTATED		<u>307,921</u>
CASH AND CASH EQUIVALENTS - END		<u>\$ 297,936</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss		\$ (29,744)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense		22,963
Increase in accounts payable		3,366
Decrease in customer deposits		(2,109)
Increase in compensated absences		<u>29</u>
Net cash used in operating activities		<u>\$ (5,495)</u>

See accompanying notes to financial statements

## CITY OF GLENARDEN, MARYLAND

### Notes to Financial Statements

June 30, 2014

#### 1. Summary of Significant Accounting Policies

The City of Glenarden, Maryland (the City) was incorporated in March 1939 and is located in Prince George's County, Maryland. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. A substantial portion of the City's revenue is received from the property and income taxes related to the residents and businesses of the City, grants and contributions from other governments and rental fees provided by its Gold Room.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The basis for determining component units is the governing body's ability to exercise oversight responsibility or the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based on this criteria, the City has concluded that there are no component unit relationships that are required to be presented in these financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Proprietary fund financial statements also report using this same focus and 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 tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Program revenues include: (1) charges for services which report fees and other charges to users of the City's services and facilities; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets, when applicable. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

## CITY OF GLENARDEN, MARYLAND

Notes to Financial Statements  
June 30, 2014

### 1. Summary of Significant Accounting Policies (continued)

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government-wide statements incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for each major governmental and proprietary fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period, or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources

Major revenue sources susceptible to year-end accruals include: Income tax receipts and Property taxes. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). In general, all other revenues are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for rental fees. Principal operating expenses are the costs of providing services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are reported as reductions to expenses.

## CITY OF GLENARDEN, MARYLAND

### Notes to Financial Statements

June 30, 2014

#### 1. Summary of Significant Accounting Policies (continued)

##### Fund Types and Major Funds

The accounts of the Town are organized on the basis of funds. A fund is an independent fiscal and 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 contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. There are no non-major funds in either fund category.

The City reports the following major governmental funds:

*The General Fund* - This is the primary operating fund of the City. It accounts for all of the financial resources and the legally authorized activities of the City except for those required to be accounted for in other specialized funds. The general fund accounts for the normal operating activities of the City. These activities are financed primarily by taxes, grants from other governments and charges for services.

*Special Revenue Fund* - This fund accounts for financial resources collected from speed camera violations and Public Education Grants whose purposes are limited to public safety and cable expenditures, respectively.

*Capital Projects Fund* - This fund accounts for financial resources associated with the acquisition or construction of major capital facilities not being financed by the proprietary fund.

The City reports the following major proprietary fund:

*Gold Room* - This fund accounts for the operation of the City's rental facility. It is intended to be self-supporting through user charges. Activities of the fund include administration, operation and maintenance of the facility.

Budgetary Data - Formal budgetary accounting is employed as a management control for the General Fund, Capital Projects Fund, Special Revenue Fund and the Enterprise Fund. The budgets are prepared annually by the Mayor with the assistance of the City Manager and are required to be submitted to the City Council by April 15<sup>th</sup> of each year.

Upon receipt of the budget, the City Council is required to publish a general summary of the proposed budget and tax levy and to hold a public hearing on the proposed budget. After submission to the City Council, the budget must be adopted prior to the second Monday in June of the current fiscal year and approved by a majority vote of the City Council. If the Council fails to adopt the budget by the second Monday in June, the budget for the current fiscal year shall be deemed adopted for the ensuing year as if it had been enacted by ordinance until the Council adopts a new budget. The City Council may amend the budget. For day-to-day management control, expenditures should not exceed budget at the general classification of expenditure. The budget uses the same basis of accounting as used to reflect actual revenues and expenditures.

Cash and Cash Equivalents - Cash and Cash Equivalents include demand deposits, money market accounts, and investments in the MLGIP.

## CITY OF GLENARDEN, MARYLAND

Notes to Financial Statements  
June 30, 2014

### 1. Summary of Significant Accounting Policies (continued)

Restricted cash consists of grant funds held for construction of a Veterans Memorial within the City.

Accounts Receivable - Taxes – Accounts receivable includes property and income taxes receivable.

Property Taxes Receivable - Taxes on real estate are billed and collected on behalf of the City by Prince George's County which remits payment to the City. Real Property taxes receivable was \$14,881 as of June 30, 2014.

Personal property taxes are billed and collected by the City based on assessed values provided by the State of Maryland. The balance of personal property taxes due was \$464,195. Management has estimated that \$46,420 of property taxes will not be collected and accordingly has established an allowance for doubtful accounts in that amount. Of this amount, \$417,775 are not collectible within 60 days and accordingly has been deferred in the general fund.

Income Taxes Receivable – Income taxes are collected by the State of Maryland which remits payment to the City. The balance of Income Taxes Receivable was \$76,706 as of June 30, 2014. Of this amount, \$47,046 is not collectible within 60 days and accordingly has been deferred in the general fund.

All taxes receivable, excluding personal property taxes, are reported at gross values. No other allowance for uncollectible accounts is deemed necessary.

Accounts Receivable - Other – Accounts receivable - other includes amounts due from other governments, speed camera citations and cable franchise fees.

Due from Other Governments – Highway user fees, police aid and admission and amusement taxes are collected on behalf of the City by the State of Maryland and are remitted to the City. The amount due from other governments was \$26,373. All were received within 60 days of year-end, therefore no amounts have been deferred.

Speed Camera, net of allowance - As of June 30, 2014, the City had outstanding \$249,620 of unpaid citations and flagging fees. Management has determined citations greater than one year outstanding have a remote chance of collection and accordingly an allowance for doubtful accounts of \$224,730 has been established. The special revenue fund reports a short-term receivable of \$24,890 of which \$23,838 is not collectible within 60 days and therefore has been deferred.

Cable franchise fees – Consists of franchise fees and PEG grants from local cable providers. The amount due for cable franchise fees was \$24,171. All were received within 60 days of year-end, therefore no amounts have been deferred.

All other receivables, excluding speed camera citations, are reported at gross values. No other allowance for uncollectible accounts is deemed necessary.

# CITY OF GLENARDEN, MARYLAND

## Notes to Financial Statements June 30, 2014

### 1. Summary of Significant Accounting Policies (continued)

Net Capital Assets - The City's property, buildings and facilities with an initial, individual cost of more than \$500 and an estimated useful life of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. All land is capitalized. Proprietary capital assets are also reported in their fund financial statements. Donated assets are stated at fair value on the date donated. The costs of normal maintenance and repairs which do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The City has been exempted from retroactively reporting its infrastructure assets. However, all future construction or major improvements to the roads, bridges, sidewalks, drainage and lighting systems for the City will be capitalized and depreciated in a manner consistent with current policies for capital assets in the governmental and proprietary funds.

Estimated useful lives for depreciable assets are as follows:

Land improvements	15 - 50 years
Infrastructure	10 - 20 years
Buildings and improvements	5 - 50 years
Vehicles, furniture and equipment	3 - 20 years

Compensated Absences - Compensated absences are those earned but unused absences for which employees will be paid, such as vacation and sick leave. Employees are granted vacation and sick leave in varying amounts. It is the City's policy to permit employees to accumulate earned but unused sick leave without limitation and up to 160 hours of vacation leave. Accumulated unpaid vacation leave at December 31 of each year in excess of 160 hours is forfeited. Upon separation from employment, an employee will be paid for unused vacation leave, but not for unused sick leave. Vacation and sick leave are accrued as applicable in the government-wide and proprietary fund financial statements as part of long term obligations. A liability is reported in governmental fund financial statements only if it has matured, for example, as a result of employee resignations and retirements.

#### Net Position -

In the government-wide financial statements, net position is classified in the following categories:

#### *Net Investment in Capital Assets*

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balance of the debt that is attributable to the acquisition, construction or improvement of these assets reduce this category.

#### *Restricted*

This category represents the net position of the City which has been restricted for a specific project or purpose by a third party. As of June 30, 2014, the City's restricted net position consisted of funds whose purpose was restricted by the donor for specific activities including street projects of \$422,439, Veterans Memorial of \$12,045, public safety expenditures of \$198,929 and Public Education Grants of \$270,512.

## CITY OF GLENARDEN, MARYLAND

Notes to Financial Statements  
June 30, 2014

### 1. Summary of Significant Accounting Policies (continued)

#### *Unrestricted*

This category represents the net position of the City, which is not restricted for any project or other purpose by third parties.

#### Fund Balance –

In the fund financial statements, fund balances are classified in the following categories:

#### *Nonspendable*

This category includes amounts that cannot be spent due to form, such as inventory, prepaid amounts, long term receivables or amounts that must be maintained intact legally or contractually. As of June 30, 2014, the City had no nonspendable funds.

#### *Restricted*

This category includes amounts constrained by an external party, constitutional provision or enabling legislation. As of June 30, 2014, balances classified as restricted consisted of funds whose purpose was restricted by the donor for street projects of \$422,439, Veterans Memorial of \$12,045, public safety expenditures of \$198,929 and Public Education Grants of \$270,512.

#### *Committed*

This category includes amounts constrained for a specific purpose by the Mayor and Council using its highest level of decision making authority, prior to year end. As of June 30, 2014, the Mayor and Council committed \$284,453 for trash removal contracts and \$181,700 for the Veterans Memorial construction.

#### *Assigned*

This category includes amounts constrained by the intent to be used for a specific purpose by a governing board which has the authority to assign funds. As of June 30, 2014, the City had no assigned funds.

#### *Unassigned*

This category includes all funds which are not specifically classified as Nonspendable, Restricted, Committed or Assigned.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

### 2. Cash and Cash Equivalents

Deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Cash Equivalents" and "Restricted Cash." Cash and Cash Equivalents include demand deposits, money market accounts, and investments in the Maryland Local Government Investment Pool (MLGIP). Restricted cash consists of resources set aside because their use is limited to sources from which they were derived. These sources consist of grants from state and county government agencies. The resources are maintained in separate bank accounts.

## CITY OF GLENARDEN, MARYLAND

### Notes to Financial Statements

June 30, 2014

#### 2. Cash and Cash Equivalents (continued)

The City is a participant in the MLGIP, which was established by the State of Maryland as an investment vehicle for short-term investment of funds by local municipalities. The MLGIP, under the control of the state treasurer, has been managed by a single financial institution. Short term investments of the pool are reported at cost, which approximates fair value (Level 1). The fair value of the pool is the same as the value of the pool shares. As of June 30, 2014, all pool holdings are in cash and cash equivalents.

Credit Risk - The City has adopted a policy to be followed when investing public funds in accordance with the provisions of Section 17-101 of the Local Government Article of the Annotated Code of Maryland which prescribes the type of investments permissible for Maryland Municipalities. This policy requires that City funds be invested in obligations for which the United States has pledged its full faith and credit, obligations insured by a federal agency (such as the FDIC), obligations collateralized by federal obligations, and portfolios created under the Maryland Local Government Investment Pool. Except as noted below, the City was in compliance with the provisions of the Annotated Code of Maryland as of June 30, 2014, which was adopted to mitigate credit risk for the City.

The City was not in compliance with the provisions of the Annotated Code of Maryland as of June 30, 2014. The City was exposed to custodial credit risk as of June 30, 2014 as a result of funds in excess of FDIC insurance that were not adequately collateralized. The balance of funds uninsured and uncollateralized was \$73,828 as of June 30, 2014.

Interest Rate and Credit Risk – The City manages interest rate and credit risk by investing primarily in short term holdings, including demand deposits and MLGIP.

Custodial Credit Risk – The City manages custodial credit risk through its use of permissible investments based on its compliance with the Annotated Code of Maryland as previously described. As such, uninsured or uncollateralized funds are not permitted.

Deposits recorded in the following schedule are reported in the financial statements as Cash and Cash Equivalents and Restricted Cash.

Deposits by level of risk are:

	Carrying Amount	Bank Balance
Cash on hand	\$ 351	\$ - 0 -
FDIC Insured	500,000	500,000
Uninsured, collateral held by pledging bank's Trust Department in the City's name	2,152,907	2,197,034
Uninsured, uncollateralized	73,828	73,828
Maryland Local Government Investment Pool	3,957	3,816
Total deposits	\$ 2,731,043	\$ 2,774,678

**CITY OF GLENARDEN, MARYLAND**

Notes to Financial Statements  
June 30, 2014

3. Capital Assets

Capital asset activity for the City of Glenarden, Maryland for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Land	\$ 922,656	\$ - 0 -	\$ - 0 -	\$ 922,656
Land improvements	405,233	12,955	- 0 -	418,188
Infrastructure	808,932	- 0 -	- 0 -	808,932
Buildings & improvements	1,372,011	- 0 -	- 0 -	1,372,011
Vehicles, furniture and equipment	<u>1,018,306</u>	<u>7,188</u>	<u>41,300</u>	<u>984,194</u>
Total	<u>4,527,138</u>	<u>20,143</u>	<u>41,300</u>	<u>4,505,981</u>
Less: Accumulated depreciation				
Land improvements	246,066	13,561	- 0 -	259,627
Infrastructure	106,658	76,301	- 0 -	182,959
Buildings & improvements	1,106,384	37,950	- 0 -	1,144,334
Vehicles, furniture and equipment	<u>821,333</u>	<u>67,583</u>	<u>41,300</u>	<u>847,616</u>
Total accumulated depreciation	<u>2,280,441</u>	<u>195,395</u>	<u>41,300</u>	<u>2,434,536</u>
Governmental Activities Capital Assets, net	<u>\$ 2,246,697</u>			<u>\$ 2,071,445</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 55,085
Public safety	53,344
Public works	76,531
Cable	<u>10,435</u>
Total depreciation expense	<u>\$ 195,395</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Building & improvements	\$ 552,632	\$ - 0 -	\$ - 0 -	\$ 552,632
Equipment	<u>55,546</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>55,546</u>
Total	<u>608,178</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>608,178</u>
Less: accumulated depreciation				
Buildings & improvements	410,240	22,963	- 0 -	433,203
Equipment	<u>55,546</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>55,546</u>
Total accumulated depreciation	<u>465,786</u>	<u>22,963</u>	<u>- 0 -</u>	<u>488,749</u>
Business-type Activities Capital Assets, Net	<u>\$ 142,392</u>			<u>\$ 119,429</u>

Depreciation expense for business-type activities for the year ended June 30, 2014 was \$22,963.

**CITY OF GLENARDEN, MARYLAND**

Notes to Financial Statements  
June 30, 2014

4. Property Tax

Property taxes on real estate are recorded as receivables and attach as an enforceable lien on property on July 1, the date levied. Semi-annual installment payments are mandatory for qualified properties unless the taxpayer chooses to pay in one installment. Qualified property is defined as "an owner-occupied principal residence". Under the semi-annual plan, one-half of the tax bill is due September 30 with the balance due on December 31. For all other properties, the bill is due in its entirety on September 30. After the due date, interest is charged on the delinquent portion. All delinquent taxes are turned over to the county for tax sale. Real property taxes not collected and remitted to the City within sixty days subsequent to June 30, 2014 are immaterial.

Personal property taxes are ordinarily billed annually by the City, based on an assessment determined by the State of Maryland. Personal property taxes of \$231,234 and \$232,961 for the 2014 and 2013 tax years, respectively were not billed until February 2015. The government-wide financial statements reflect the personal property taxes in the period they were earned, that is the tax year for which they should have been billed. However, due to the late collections, personal property taxes are reported as a deferred inflow in the fund financial statements as of June 30, 2014. Management has estimated that \$46,420 of personal property taxes will not be collected and accordingly has established an allowance in that amount.

The tax rate for the fiscal year ended June 30, 2014 was \$0.336 and \$.83 per \$100 assessed value for real and personal property, respectively.

5. Long Term Obligations

Long-Term Obligations at June 30, 2014 consists of:

Governmental Activities:	
Capital Lease – Suntrust Bank	
Total authorized and issued as of June 30, 2014 - \$94,663.	
Principal paid through June 30, 2014 - \$94,663.	
Interest at 4.10%. Monthly principal and interest payments of \$1,748 through February, 2014.	\$ - 0 -
Capital Lease – Suntrust Bank	
Total authorized and issued as of June 30, 2014 - \$79,909.	
Principal paid through June 30, 2014 - \$25,688.	
Interest at 2.15%. Monthly principal and interest payments of \$1,406 through October, 2017.	54,221
Compensated Absences	<u>47,248</u>
Total Governmental Activities	\$ <u>101,469</u>
Business-type Activities:	
Compensated Absences	<u>2,924</u>
Total Long-Term Obligations	\$ <u><u>104,393</u></u>

**CITY OF GLENARDEN, MARYLAND**

Notes to Financial Statements  
June 30, 2014

5. Long Term Obligations (continued)

During the year ended June 30, 2014, the following changes occurred in Long-Term Obligations:

	<u>Balance</u> <u>6/30/13</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/14</u>
<b>Governmental Activities:</b>				
Capital leases	\$ 83,442	\$ - 0 -	\$ 29,221	\$ 54,221
Compensated Absences	<u>50,846</u>	<u>270</u>	<u>3,868</u>	<u>47,248</u>
Totals	\$ <u>134,288</u>	\$ <u>- 0 -</u>	\$ <u>32,819</u>	\$ <u>101,469</u>
<b>Business-type Activities:</b>				
Compensated Absences	\$ <u>2,895</u>	\$ <u>29</u>	\$ <u>- 0 -</u>	\$ <u>2,924</u>

Future debt service requirements are as follows:

<u>Years Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u> <u>Maturing</u>	<u>Interest</u> <u>Payable</u>
2015	\$ 15,861	\$ 1,010
2016	16,205	666
2017	16,557	314
2018	<u>5,598</u>	<u>25</u>
Totals	\$ <u>54,221</u>	\$ <u>2,015</u>

Total interest and administrative fees paid for the year ended June 30, 2014 included as direct function expense in the governmental activities totaled \$1,560.

The total cost of assets acquired under capital leases and capitalized is \$79,909 and as of June 30, 2014 accumulated depreciation is \$26,637. These assets are held as security and collateral on the related capital leases.

6. Risk Management

The City 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 City purchases insurance to protect its interest in its property and equipment, insurance against employee dishonesty and liability protection. During the year ended June 30, 2014, there was no significant reduction in insurance coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. Insurance is provided through the Maryland Local Government Insurance Trust and by commercial insurance. This is a total risk and cost sharing plan for all participants. In the event that the Trust's General Fund falls into a deficit that cannot be satisfied by transfer from the Trust's capital and surplus accounts, the Trustees determine a method to fund the deficit. The trust agreement empowers the Trustees to assess an additional premium to each deficit-year participant. Debt issues could also be used to fund a deficit.

## CITY OF GLENARDEN, MARYLAND

### Notes to Financial Statements June 30, 2014

#### 7. Employee Benefit Plans

The City offers a defined contribution plan to all employees meeting certain age and service requirements. The plan was adopted by resolution of the Mayor and Council. Employer contributions may be amended by the Mayor and Council annually as part of the budget process. During the current year the City contributed 2.5% of salary for each employee who had been employed for 90 days. The City's total payroll was \$1,171,975 and covered payroll was \$1,106,952. The City's contribution for the year ended June 30, 2014 was \$27,674. No contributions are required by employees. Participants are 100% vested after three years of service. The plan is administered by Mutual of America.

#### 8. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Total advances due to the general fund as of June 30, 2014 totaled \$284,854.

#### 9. Contingent Liabilities and Commitments

Most grants and cost-reimbursable contracts specify the types of expenditures for which the grants or contract funds may be used. The expenditures made by the City under some of these grants and contracts are subject to audit. To date, the City has not been notified of any significant unallowable costs relating to its grants or contracts. In the opinion of management, adjustments for unallowable costs, if any, resulting from such audits will not have a material effect on the accompanying financial statements.

As of June 30, 2014, the City had \$59,256 in retainage payable pertaining to street repairs undertaken during the prior year. This amount will be paid one year after the date of payment of the final acceptance. The retainage payable was paid in September, 2014. The balance of retainage is included in accounts payable and accrued expenses as of June 30, 2014.

During the year ended June 30, 2014, the City awarded a trash removal contract to Goode Trash Removal not to exceed \$341,343 for the period May 1, 2014 through April 30, 2015 with the option to renew for three additional one year periods.

The City is committed to building a Veteran's Memorial within the City. During the year ended June 30, 2014, the City awarded a construction contract to The Brickman Group in the amount of \$131,700. The City also awarded a contract to purchase plaques for the memorial from Lucian Group in the amount of \$25,911. The City has two bond bills for this project in the amount of \$58,250 and \$150,000 from the State of Maryland with matching requirements. Once the City has expended their share of required match funds, the bond bills will be drawn down. Work was completed as of November 11, 2015.

In the ordinary course of business, the City is party to a lawsuit which management is vigorously defending. No accruals have been made for a loss contingency because the outcome of the case is uncertain.

## CITY OF GLENARDEN, MARYLAND

### Notes to Financial Statements June 30, 2014

#### 10. Deficit of Major Enterprise Fund Net Position

The Gold Room has a deficit in unrestricted net position of (\$10,225) as of June 30, 2014.

#### 11. Adjustments Related to Prior Periods

During the year ended June 30, 2014, it was determined that certain items had been improperly recorded into the general ledger in prior periods resulting in an overstatement of governmental activities net position and general fund balance as of June 30, 2013 by \$46,800. Consequently, beginning net position and fund balance have been reduced by this amount. In addition, it was determined that certain items had been improperly recorded into the general ledger in prior periods resulting in an understatement of business-type activities net position and enterprise fund net position as of June 30, 2013 by \$12,147. Consequently, beginning net position has been increased by this amount.

#### 12. Subsequent Events

Subsequent to year end, the City entered into major capital contracts of \$191,941 for playground equipment at Martin Luther King Community Park and \$28,000 for replacement of the fire doors in the Gold Room.

In preparing these financial statements, management has evaluated events and transactions for potential recognition through April 22, 2016 the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GLENARDEN, MARYLAND**  
Schedule of Revenues and Expenditures - Budget and Actual  
General Fund  
For the Year Ended June 30, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Taxes	\$ 2,142,921	\$ 2,142,921	\$ 1,880,758	\$ (262,163)
Intergovernmental	59,268	59,268	121,540	62,272
Charges for services	415,826	415,826	415,826	- 0 -
Fines, licenses and permits	127,000	127,000	241,361	114,361
Interest income	3,000	3,000	1,655	(1,345)
Miscellaneous	7,700	7,700	465	(7,235)
<b>Total Revenues</b>	<u>2,755,715</u>	<u>2,755,715</u>	<u>2,661,605</u>	<u>(94,110)</u>
<b>Other financing sources - transfers</b>	<u>202,908</u>	<u>242,908</u>	<u>20,000</u>	<u>(222,908)</u>
	<u>202,908</u>	<u>242,908</u>	<u>20,000</u>	<u>(222,908)</u>
<b>Total revenues and other financing sources</b>	<u>2,958,623</u>	<u>2,998,623</u>	<u>2,681,605</u>	<u>(317,018)</u>
<b>Expenditures</b>				
General government	1,592,785	1,632,785	1,312,761	320,024
Public safety	825,796	825,796	759,306	66,490
Public works	496,042	496,042	526,516	(30,474)
Capital outlays	- 0 -	- 0 -	7,188	(7,188)
Debt service - principal	42,440	42,440	29,221	13,219
Debt service - interest	1,560	1,560	1,560	- 0 -
<b>Total expenditures</b>	<u>2,958,623</u>	<u>2,998,623</u>	<u>2,636,552</u>	<u>362,071</u>
<b>Excess of revenue and other financing sources over expenditures</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 45,053</u>	<u>\$ 45,053</u>

See accompanying notes to required supplementary information

**CITY OF GLENARDEN, MARYLAND**  
Schedule of Revenues and Expenditures - Budget and Actual  
Special Revenue Fund  
For the Year Ended June 30, 2014

	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Intergovernmental	\$ 11,576	\$ 11,576	\$ - 0 -	\$ (11,576)
Fines, licenses and permits	105,000	105,000	158,059	53,059
Interest income	- 0 -	- 0 -	135	135
Prior year revenue	35,000	35,000	- 0 -	(35,000)
<b>Total Revenues</b>	<u>151,576</u>	<u>151,576</u>	<u>158,194</u>	<u>6,618</u>
<b>Expenditures</b>				
General government	11,576	11,576	- 0 -	11,576
Public safety	73,000	73,000	52,851	20,149
Cable	23,010	23,010	2,480	20,530
<b>Total expenditures</b>	<u>107,586</u>	<u>107,586</u>	<u>55,331</u>	<u>52,255</u>
<b>Excess of revenue sources over expenditures</b>	<u>\$ 43,990</u>	<u>\$ 43,990</u>	<u>\$ 102,863</u>	<u>\$ 58,873</u>

See accompanying notes to required supplementary information

## CITY OF GLENARDEN, MARYLAND

### Notes to Required Supplementary Information June 30, 2014

#### Budgetary Information

The City follows these procedures in establishing the budgetary data:

- a. Prior to April 15<sup>th</sup>, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is conducted to obtain public comments after notice has been given in newspaper(s) having general circulation within the City.
- c. The budget is legally enacted through a majority vote of the City Council prior to the second Monday in June. Adoption of the budget shall be by a favorable vote of at least a majority of the Council.
- d. Adoption of the budget by the Council shall constitute appropriation of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax proposed.
- e. The budget may be amended by passing of an ordinance approved by at least two-thirds of the Council.
- f. Upon written request by the Mayor, the Council may, by ordinance, adopted by a two-thirds majority of the Council, transfer part or all of any unencumbered appropriation from one expenditure classification to another.
- g. Appropriations, except an appropriation for a capital expenditure, lapse at the year-end unless legally encumbered. Capital expenditure appropriations shall continue in force until the purpose has been accomplished or abandoned if 3 years passes without any disbursement or encumbrance of the appropriation.

The legal level of budgetary control is at the level of general classification of expenditure. The City exceeded its budget at June 30, 2014 in the general fund in the following departments: public works and capital outlays. The City did not exceed its budget at June 30, 2014 in the special revenue fund.

