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**TOWN OF CHEVY CHASE,  
MARYLAND**

**Financial Statements and Report  
of Independent Certified Public  
Accountants**

**For the Years Ended  
June 30, 2013 and 2012**

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**LSWG**

**Linton Shafer Warfield & Garrett, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS**

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**June 30, 2013 and 2012**

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Linton Shafer Warfield & Garrett, P.A.  
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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Mayor and Council of the  
Town of Chevy Chase, Maryland

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chevy Chase, Maryland (the Town), as of and for the years ended June 30, 2013 and 2012, 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.

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chevy Chase Maryland as of June 30, 2013 and 2012, and the respective changes in financial position for the years 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 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 inquires 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.

October 23, 2013

*Linton Shafer Warfield & Garrett*

**TOWN OF CHEVY CHASE, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013 and 2012**

As management of the Town of Chevy Chase, (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. The MD&A is best understood if read in conjunction with the Town's basic financial statements.

**Financial Highlights**

The assets of the Town exceeded its liabilities at the close of the 2013 fiscal year by \$8,919,703 (net position). Of the total net position, \$8,143,515 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors and \$776,188 is invested in capital assets.

As of June 30, 2013, the Town's governmental funds reported an ending fund balance of \$8,172,981, an increase of \$2,183,839 in comparison with the prior year. This entire amount is available for spending at the government's discretion (unassigned fund balance). The unassigned fund balance of \$8,172,981 is 300% of the total fiscal year 2013 general fund expenditures.

**Overview of the Financial Statements**

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

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

The *Statement of Net Position*, Exhibit A-1, presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Program Activities*, Exhibit A-2, presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are

**TOWN OF CHEVY CHASE, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2013 and 2012**

intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, streets and roads, sanitation and waste removal, and parks and recreation. The Town does not have any business-type activities.

The government-wide financial statements include only the Town of Chevy Chase because the Town has no component unit relationships with any other agency. The government-wide financial statements can be found in Exhibits A-1 and A-2 of this report.

**Fund financial statements.** 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Town of Chevy Chase has only a governmental fund, the General Fund.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By so doing, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Town adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found in Exhibits A-3 to A-5.

**Proprietary funds.** The Town does not have a proprietary-type fund (enterprise fund.) *Enterprise funds* are used to report the same functions presented as *business-type activities* in the governmental-wide financial statements.

**TOWN OF CHEVY CHASE, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013 and 2012**

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has no fiduciary funds.

**Summary of significant accounting policies and notes to the financial statements.** The summary and notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are part of the basic financial statements and can be found on pages 1 to 14 of Exhibit A-6.

**Other information.** In addition to the basic financial statements and accompanying notes this report also presents certain *supplementary information* in Exhibits B-1 and B-2.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the Town, assets exceeded liabilities by \$8,919,703 at the close of the current fiscal year. The Town of Chevy Chase's net position is divided into two categories – 1) investment in capital assets, net of related debt, and 2) unrestricted net position. The smaller portion of the Town's net position (8.7%) reflects its investment in capital assets net of depreciation (e.g., land, improvements, buildings, machinery, equipment and vehicles). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The unrestricted net position of the government has a balance of \$8,143,515 (91.3% of total net position), which may be used to meet the government's ongoing obligations to citizens and creditors.

For the fiscal years ended June 30, 2013 and 2012 the Town reported the following assets and liabilities:

**Town of Chevy Chase's Net Position**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current and other assets	\$ 8,334,266	\$ 6,155,999
Capital assets	<u>776,188</u>	<u>672,755</u>
Total assets	<u>9,110,454</u>	<u>6,828,754</u>
<b>Deferred Outflows</b>	<u>-</u>	<u>-</u>
<b>Liabilities</b>	<u>190,751</u>	<u>210,397</u>
<b>Deferred Inflows</b>	<u>-</u>	<u>-</u>
<b>Net Position</b>		
Invested in capital assets	776,188	672,755
Unrestricted and undesignated	<u>8,143,515</u>	<u>5,945,602</u>
<b>Total net position</b>	<u>\$ 8,919,703</u>	<u>\$ 6,618,357</u>

**TOWN OF CHEVY CHASE, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013 and 2012**

The following table indicates the changes in net position for governmental activities:

**Town of Chevy Chase's Change in Net Position**

	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 120,228	\$ 98,816
Operating grants and contributions	60,839	34,397
General revenues:		
Property and income, taxes levied for general purposes	4,487,169	4,057,529
Miscellaneous	222,549	109,273
Unrestricted investment earnings	<u>8,537</u>	<u>1,316</u>
Total revenues	<u>4,899,322</u>	<u>4,301,331</u>
<b>Expenses</b>		
General government	1,195,802	1,175,519
Public safety	500,287	419,201
Parks and recreation	349,693	275,690
Public works	<u>552,194</u>	<u>881,850</u>
Total expenses	<u>2,597,976</u>	<u>2,752,260</u>
<b>Increase (decrease) in net position</b>	2,301,346	1,549,071
<b>Net position, beginning of year</b>	<u>6,618,357</u>	<u>5,069,286</u>
<b>Net position, end of year</b>	<u>\$ 8,919,703</u>	<u>\$ 6,618,357</u>

Governmental activities: Revenues for the governmental activities were \$4,899,322 while total expenses, net of charges for services, grants and contributions, were \$2,597,976. The increase in net position for governmental activities was \$2,301,346, which is largely attributable to increased income tax revenue.

As compared to last fiscal year, expenditures decreased by \$154,284 while revenues increased by \$597,991.

**TOWN OF CHEVY CHASE, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013 and 2012**

**Financial Analysis of the Town's Funds**

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

**Governmental funds.** The focus of the Town's *governmental fund* is to provide information on current inflows, outflows, and balances of available, *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year-end.

The General Fund is the operating fund of the Town of Chevy Chase. At June 30, 2013, the Town's General Fund reported an ending fund balance of \$8,172,981, an increase of \$2,183,839 in comparison with the prior year. This entire amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The total fund balance represents 300% of total General Fund expenditures including capital projects for Town office improvements.

**General Fund Budgetary Highlights**

Total expenditures on Exhibit B-1 of \$2,718,873 were \$218,127 under budget. With unexpended operating funds accounting for \$167,408 of the variance and unexpended capital project funds accounting for \$50,719 of the variance.

Total revenues on Exhibit B-1 of \$4,902,712 were \$2,047,712 over budget. With \$1,864,952 in additional income tax revenue accounting for the majority of the variance.

**Capital Assets and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental activities as of June 30, 2013, was \$776,188 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, vehicles and furniture and equipment.

**TOWN OF CHEVY CHASE, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013 and 2012**

The following table of the Town's capital assets is listed below. Additional information can be found in Note 3 on page 11 of Exhibit A-6.

**Town of Chevy Chase's Capital Assets  
(net of depreciation)**

	2013	2012
Building and improvements	\$ 220,883	\$ 248,389
Vehicles	65,275	76,735
Furniture and Equipment	63,511	38,005
Streets and roads, Parks and Grounds	426,519	309,626
<b>Total</b>	<b>\$ 776,188</b>	<b>\$ 672,755</b>

Major capital asset events during the year ending June 30, 2013 included the following:

Expenditures for street and sidewalk work were \$164,935.

**Economic Factors and Next Year's Budgets and Rates**

In fiscal year 2013 the Council adopted a Constant Yield Tax Rate of \$0.0104 per \$100 of assessed value, which was approximately the same as fiscal year 2012. In FY14, the Town Council approved eliminating the property tax.

Income tax revenues for fiscal year 2014 are budgeted at \$3,800,000, which represents an increase of \$1,300,000 from the fiscal year 2013 budget.

General government administration expenditures for fiscal year 2014 are budgeted at \$1,473,500, which represents an increase of \$86,500 from the fiscal year 2013 budget due in part to the private canopy tree maintenance program.

Public safety expenditures for fiscal year 2014 are budgeted at \$506,000, which is the same as the fiscal year 2013 budget.

Public works expenditures for fiscal year 2014 are budgeted at \$793,500, which represents an increase of \$104,500 from the fiscal year 2013 budget due to anticipated increases in tree maintenance and landscaping costs.

Capital improvement expenditures for fiscal year 2014 are budgeted at \$632,000, which represents an increase of \$277,500 from the fiscal year 2013 budget. The capital improvement budget includes funds for the purchase of new office furniture and a generator for the Town Hall along with landscaping improvements.

**TOWN OF CHEVY CHASE, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013 and 2012**

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Chevy Chase's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Town Manager, Town of Chevy Chase, 4301 Willow Avenue, Chevy Chase, Maryland 20815 or send an e-mail to [jhappy@townofchevychase.org](mailto:jhappy@townofchevychase.org).

**TOWN OF CHEVY CHASE, MARYLAND**  
**Statements of Net Position**  
**June 30,**

	<b>Governmental Activities <u>2013</u></b>	<b>Governmental Activities <u>2012</u></b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,295,546	\$ 1,489,076
Investments	6,956,050	4,347,536
Receivables, net	-	4,200
Due from other governments	82,670	313,268
Prepaid expenses	-	1,919
Capital assets, net	<u>776,188</u>	<u>672,755</u>
Total Assets	<u>9,110,454</u>	<u>6,828,754</u>
<b>Deferred Outflows</b>		
	<u>-</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable	74,453	76,478
Performance bonds	46,895	57,847
Accrued salaries	27,937	26,900
Accrued compensated absences	<u>41,466</u>	<u>49,172</u>
Total Liabilities	<u>190,751</u>	<u>210,397</u>
<b>Deferred Inflows</b>		
	<u>-</u>	<u>-</u>
<b>Net Position</b>		
Invested in capital assets	776,188	672,755
Unrestricted	<u>8,143,515</u>	<u>5,945,602</u>
Total Net Position	<u>\$ 8,919,703</u>	<u>\$ 6,618,357</u>

The accompanying notes are an integral part of these statements.

**TOWN OF CHEVY CHASE, MARYLAND**

**Statement of Program Activities**

For the Year Ended June 30, 2013 (with comparative totals for 2012)

	Program Revenue		Charges for Operating Grants		Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Services and Contributions	Operating Grants	and Contributions	2013 Total	2012 Total
<b>Functions/Programs</b>						
Governmental Activities						
General government	\$ 1,173,603	\$ 71,312	\$ -	\$ (1,102,291)	\$ (1,102,291)	\$ (1,091,539)
Building and zoning	22,199	37,200	-	15,001	15,001	4,151
Public works	552,194	1,010	60,839	(490,345)	(490,345)	(846,443)
Public safety	500,287	10,706	-	(489,581)	(489,581)	(409,526)
Parks and recreation	349,693	-	-	(349,693)	(349,693)	(275,690)
Total Governmental Activities	\$ 2,597,976	\$ 120,228	\$ 60,839	(2,416,909)	(2,416,909)	(2,619,047)
General Revenues						
Property taxes			122,217	122,217	122,217	120,293
Income taxes			4,364,952	4,364,952	4,364,952	3,937,236
Intergovernmental			130,807	130,807	130,807	114,093
Interest			8,537	8,537	8,537	1,316
Loss on disposals on fixed assets			(3,939)	(3,939)	(3,939)	(8,326)
Miscellaneous			95,681	95,681	95,681	3,506
Total General Revenues			4,718,255	4,718,255	4,718,255	4,168,118
Changes in Net Position			2,301,346	2,301,346	2,301,346	1,549,071
Net Position, Beginning of Year			6,618,357	6,618,357	6,618,357	5,069,286
Net Position, End of Year			\$ 8,919,703	\$ 8,919,703	\$ 8,919,703	\$ 6,618,357

The accompanying notes are an integral part of this statement.

## TOWN OF CHEVY CHASE, MARYLAND

## Balance Sheets

## Governmental Funds

June 30,

	General Fund <u>2013</u>	General Fund <u>2012</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,295,546	\$ 1,489,076
Investments	6,956,050	4,347,536
Receivables, net	-	4,200
Due from other governments	82,670	313,268
Prepaid expenses	-	1,919
<b>Total Assets</b>	<u>8,334,266</u>	<u>6,155,999</u>
<b>Deferred Outflows</b>	-	-
<b>Liabilities</b>		
Accounts payable	74,453	76,478
Performance bonds	46,895	57,847
Accrued salaries	27,937	26,900
Accrued compensated absences - current	10,134	4,316
<b>Total Liabilities</b>	<u>159,419</u>	<u>165,541</u>
<b>Deferred Inflows</b>	<u>1,866</u>	<u>1,316</u>
<b>Fund Balances</b>		
Nonspendable		
Prepaid expenses	-	1,919
Assigned		
Fund balance for fiscal year 2012-2013 budget	-	77,000
Unassigned	<u>8,172,981</u>	<u>5,910,223</u>
<b>Total Fund Balances</b>	<u>\$ 8,172,981</u>	<u>\$ 5,989,142</u>

**Reconciliation of Total Governmental Fund Balances To Net**

<b>Assets of the Governmental Activities</b>		
Total Governmental Fund Balances	\$ 8,172,981	\$ 5,989,142
Amounts reported for governmental activities in the statement of net position are different because:		
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	1,866	1,316
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	776,188	672,755
Compensated absences that are not available to pay for current-period expenditures deferred in the funds.	(31,332)	(44,856)
<b>Net Position of Governmental Activities</b>	<u>\$ 8,919,703</u>	<u>\$ 6,618,357</u>

The accompanying notes are an integral part of these statements.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Statements of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Years Ended June 30, 2013 and 2012**

	2013 General Fund	2012 General Fund
	<u>          </u>	<u>          </u>
<b>Revenues</b>		
General property taxes	\$ 121,667	\$ 120,199
State shared taxes	4,364,952	3,937,236
Permits, fee and licenses	108,512	88,131
Intergovernmental revenue	191,646	148,490
Miscellaneous	115,935	15,507
	<u>          </u>	<u>          </u>
Total Revenues	4,902,712	4,309,563
	<u>          </u>	<u>          </u>
<b>Expenditures</b>		
General government	1,215,484	1,144,455
Public safety	500,287	419,201
Public works	1,003,102	1,317,134
	<u>          </u>	<u>          </u>
Total Expenditures	2,718,873	2,880,790
	<u>          </u>	<u>          </u>
Excess of Revenues Over Expenditures	2,183,839	1,428,773
	<u>          </u>	<u>          </u>
Fund Balance at Beginning of Year	5,989,142	4,560,369
	<u>          </u>	<u>          </u>
Fund Balance at End of Year	\$ 8,172,981	\$ 5,989,142
	<u>          </u>	<u>          </u>

The accompanying notes are an integral part of these statements.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Reconciliation of the Statements of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Program Activities**  
**For the Years Ended June 30,**

	<u>2013</u>	<u>2012</u>
Net Change in Fund Balance - Total Governmental Funds	\$ 2,183,839	\$ 1,428,773
Amounts reported for governmental activities in the Statement of Program Activities are different because:		
Property tax revenues in the Statement of Program Activities that (do) do not provide current financial resources (are) are not reported as revenues in the funds.	550	94
Sale of property is reported as a gain or loss on sale in the Statement of Program Activities but is shown as proceeds from sale and expenses are expensed in the governmental funds.	(3,939)	(8,326)
Governmental funds report capital outlays as expenditures. However, in the Statement of Program Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation is less than (exceeded) capital outlay in the current period.	107,372	129,239
Compensated absences in the Statement of Program Activities do (do not) require the use of current financial resources and therefore are (are not) reported as expenditures in governmental funds.	<u>13,524</u>	<u>(709)</u>
Net Change in Net Position	<u>\$ 2,301,346</u>	<u>\$ 1,549,071</u>

The accompanying notes are an integral part of these statements.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 1 - Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The Town of Chevy Chase (Town) was established as a municipality and incorporated in 1918 under the laws of the State of Maryland. The Town operates under a Council-Manager form of government consisting of a Town Manager and Town Council. The Town provides the following services as authorized by its charter: streets, sanitation, building inspection, public safety and general administration services. The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for established governmental and financial reporting principles. The Town implemented the accounting and financial reporting requirements of GASB Statements No. 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments. GASB No. 34 adds the following components to the financial statements:

Management's Discussion and Analysis – A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements – These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Position and the Statement of Program Activities.

Statement of Net Position – The Statement of Net Position displays the financial position of the Town. All assets, deferred outflows, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position. The net position of a government are broken into three categories –1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Program Activities – The Statement of Program Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants.)

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**A. Financial Reporting Entity (continued)**

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons.

The financial statements were prepared in accordance with GASB Statement No.14, The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with the basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town of Chevy Chase. There are no organizations for which the Town is financially accountable and there are no component units of the Town.

**B. 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 reporting model focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories. The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. The Town has one governmental fund, the general fund, to account for all activities of the government, and does not have any business-type activities at this time.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide statements are reported using the economic resources measurement focus, and the accrual basis of accounting. 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 for 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.

Governmental fund financial statements are reported using the current resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise fees, utility taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports unearned revenues on its governmental funds balance sheet. Unearned revenues arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Town has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

The Town reports the following major governmental fund:

The General Fund – This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. No other funds are currently required.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 1 - Summary of Significant Accounting Policies (continued)**

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

1. Deposits and Investments

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

2. Capital Assets

Capital assets, which include property improvements, furniture, equipment, infrastructure and vehicles are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life of five years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 2004 are not reported in the basic financial statements. Total infrastructure increases for June 30, 2013 and 2012 were \$164,935 and \$217,841, respectively. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Infrastructure – 10 years  
Property improvements – 16-40 years  
Furniture and equipment – 5 - 10 years  
Vehicles – 10 years

TOWN OF CHEVY CHASE, MARYLAND  
Notes to Financial Statements  
June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position  
(continued)

3. Compensated Absences

Town employees are granted vacation in varying amounts based on length of service. Carryover is limited to two hundred and forty (240) hours. Unused vacation pay, if any, is paid with the employee's termination or retirement. Those amounts estimated to be liquidated with expendable available financial resources from the general fund are reported as an expenditure and a fund liability of the general fund.

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town recognizes unearned property taxes as a deferred inflow.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the actuarially accrued liability for unpaid claims which is prepared based on certain assumptions pertaining to interest rates, inflation rates, etc. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)**

6. Property Taxes

Property taxes for the current year were assessed and collected by Montgomery County and subsequently remitted to the Town. Property taxes are assessed on July 1st and are due and payable one half by September 30th and one half by December 31st. All unpaid taxes levied July 1st become delinquent on October 1st and January 1st. The real property tax rate for the Town for fiscal year ended June 30, 2013 and 2012 was .0104 and .0105, respectively, per \$100 of assessed taxable value. The public utilities, corporate and personal property tax rates for the Town for the fiscal year ended June 30, 2013 and 2012 was .001 and .001, respectively, per \$100 of assessed taxable value. Procedures for the collection of delinquent taxes by Montgomery County are provided for in the laws of Maryland.

7. Net Position

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

*Net investment in capital assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted net position* – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

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

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 2 – Reconciliation of Government-Wide and Fund Financial Statements**

- A. Explanation of certain differences between the governmental fund balance and the government-wide statement of net position:

The governmental fund balance sheet includes reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position.

**Note 3 – Detailed Notes on All Funds**

- A. Deposits and Temporary Investments

Deposits

State statutes require all deposits be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized. Cash and cash equivalents as presented on the balance sheet and statement of net position include deposits (cash) and money market accounts. At June 30, 2013 and 2012 the carrying amount of the Town's cash and deposits totaled \$1,295,546 and \$1,489,076 and the bank balances totaled \$1,312,523 and \$1,503,497, respectively. Of the bank balances at June 30, 2013 and 2012, \$250,000 and \$261,759 was covered by federally depository insurance, respectively, and the remaining balance was covered by collateral held by the bank's trust department in the Town's name.

Investments

The Town investments are pooled in the Montgomery County Pooled Investment Fund. These funds are part of collateralized investment pools. The Fund is managed by Montgomery County, with oversight by the Investment Committee and in compliance with the Annotated Code of Maryland. The average maturity of the portfolio is generally less than six months. Deposits are fully insured or collateralized. Investment income during the year is allocated to pool participants based upon their average equity in the pool. The carrying amount and fair value of the Fund at June 30, 2013 and 2012 is \$6,956,050 and \$4,347,536, respectively.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 3 – Detailed Notes on All Funds (continued)**

Credit Risk

Town investment policy does not permit investments in commercial paper or corporate bonds, except under state law in the state investment pool. The Town invests in the Montgomery County Pooled Investment Fund (the Fund). The Fund seeks to maintain a constant yield value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party.

B. Receivables

Receivables as of June 30, 2013 and 2012 for the Town's individual major and non-major governmental funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>2013</u>	<u>2012</u>
Receivables:		
Other	\$ -	\$ 4,200
Gross Receivables	-	4,200
Less: allowance for uncollectibles	-	-
Total Receivables - Net	<u>\$ -</u>	<u>\$ 4,200</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 3 – Detailed Notes on All Funds (continued)**

C. Due from Other Governments

Due from other governments represents accrued revenue at June 30, 2013 and 2012 consisting of the following:

	<u>2013</u>	<u>2012</u>
Primary Government		
State		
General Fund	\$ 19,107	\$ 295,198
Total State	19,107	295,198
County		
General Fund	63,563	18,070
Total County	63,563	18,070
Total Primary Government	\$ 82,670	\$ 313,268

D. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

E. Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable – such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable and property held for resale.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the Mayor and council of the Town of Chevy Chase.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 3 – Detailed Notes on All Funds (continued)**

E. Fund Balance (continued)

Assigned fund balance – includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

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

Committed Fund Balance

The Town's Committed Fund Balance is fund balance reporting because of motions that passed at Town Council meetings.

Assigned Fund Balance

The Town's Assigned Fund Balance is fund balance reporting occurring by the Mayor and Town Council under the direction of the Town Manager.

The Town's fiscal year 2012-2013 adopted budget contains a projected use of \$77,000 of fund balance for the projected operating deficit, as reported in the 2012-2013 adopted budget summary dated April 11, 2012 and revised on May 9, 2012. Consequently, \$77,000 is assigned fund balance.

Fund Balance For Next Year's Operations	\$ 77,000
Total Assigned Fund Balance	<u>\$ 77,000</u>

Order of Fund Balance Spending Policy

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year.

First non-spendable fund balance is determined. Then restricted fund balances for specific purposes are determined, followed by committed fund balance and assigned fund balance. Unassigned fund balance cannot fall to a negative balance.

**TOWN OF CHEVY CHASE MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 3 – Detailed Notes on All Funds (continued)**

F. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning</u> <u>7/1/2012</u>	<u>Increase</u>	<u>Decreases</u>	<u>Ending</u> <u>6/30/2013</u>
<b>Governmental Activities</b>				
Capital assets, being depreciated				
Building improvements	\$ 466,195	\$ -	\$ (4,680)	\$ 461,515
Vehicles	114,603	-	-	114,603
Furniture and equipment	175,303	43,230	(15,256)	203,277
Streets and roads	<u>473,589</u>	<u>164,935</u>	<u>-</u>	<u>638,524</u>
Total capital assets being depreciated	<u>1,229,690</u>	<u>208,165</u>	<u>(19,936)</u>	<u>1,417,919</u>
Less accumulated depreciation for:				
Building improvements	(217,806)	(24,975)	2,149	(240,632)
Vehicles	(37,868)	(11,460)	-	(49,328)
Furniture and equipment	(137,298)	(16,316)	13,848	(139,766)
Streets and roads	<u>(163,963)</u>	<u>(48,042)</u>	<u>-</u>	<u>(212,005)</u>
Total accumulated depreciation	(556,935)	(100,793)	15,997	(641,731)
Total capital assets, being depreciated, net	<u>672,755</u>	<u>107,372</u>	<u>(3,939)</u>	<u>776,188</u>
Governmental activities capital assets, net	<u>\$ 672,755</u>	<u>\$ 107,372</u>	<u>\$ (3,939)</u>	<u>\$ 776,188</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities

	<u>2013</u>	<u>2012</u>
General government	\$ 37,072	\$ 35,391
Public works	61,550	56,077
Recreation	<u>2,171</u>	<u>2,171</u>
Total depreciation expenses, governmental activities	<u>\$ 100,793</u>	<u>\$ 93,639</u>

**TOWN OF CHEVY CHASE MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 3 – Detailed Notes on All Funds (continued)**

G. Long-Term Debt

Changes in Long-Term Debt are as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Accrued compensated absences	\$ 44,856	\$ -	\$ (13,524)	\$ 31,332
	<u>\$ 44,856</u>	<u>\$ -</u>	<u>\$ (13,524)</u>	<u>\$ 31,332</u>

**Note 4 – Commitment and Contingencies**

A. Risk Management

The Town is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the Town carries insurance through Local Government Insurance Trust. Premiums for coverages are charged to the Town's general fund, with no provision made for claim liability in addition to premiums unless an assessment is made by the Trust. Claims over the past three years have been significantly less than that amount.

The agreement with the pool provides that the pool will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of \$1,000,000. The Town continues to carry commercial insurance for health, life, short-term disability and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage, and no significant reductions in insurance coverage have occurred, in any of the past three fiscal years.

B. Retirement Plans

The Town participates in three retirement plans. The first plan is the Employees Retirement System of Montgomery County (the Plan), which is a cost-sharing, multiple employer defined benefit plan which covers all full time employees of the Town hired prior to June 30, 1996. At June 30, 2013 and 2012 three employees participated in the plan.

**TOWN OF CHEVY CHASE MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 4 – Commitment and Contingencies (continued)**

**B. Retirement Plans (continued)**

The policy of the Town is to make contributions at the rate required by the Plan, which was 34.58% and 24.17% of eligible employee's salaries for the fiscal years ended June 30, 2013 and 2012, respectively. In addition, employees had 4% withheld from their wages. The amounts withheld are forwarded to the plan.

The second plan, for those employees hired after June 30, 1996, is the Montgomery County Retirement Savings Plan, which is a cost-sharing, multiple employer defined contribution plan. As of June 30, 2013, there were four employees enrolled in the plan. For the years ended June 30, 2013 and 2012, the required contribution was 8% and 6% respectively, plus a 0.1% administrative fee. For the years ended June 30, 2013 and 2012, the administrative fee was waived by the County. The employees also have 1.5% withheld from wages and forwarded to the plan.

The third plan is the Guaranteed Retirement Income Plan (GRIP). Those eligible for the GRIP are full time employees hired between December 31, 2008 and July 1, 2009 enrolled in the Retirement Savings Plan (RSP) who are not public safety employees and full and part time employees hired on or after October 1, 1994 who participate in the RSP and who are not public safety employees. For the years ended June 30, 2013 and 2012 employer contributions were 7.09% and 5.25% respectively, of employee's regular pay, and employees may contribute 4% of regular pay up to Social Security Wage Base, and 8% of pay in excess of Social Security Wage Base. At June 30, 2013 there was one employee participating in the plan. Pension expense for the years ended June 30, 2013 and 2012 was \$104,873 and \$79,964, respectively.

**TOWN OF CHEVY CHASE MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 5 – Leases**

The Town rents office space from Montgomery County under a 35 year lease that began in 1986. During the time period that general obligation bonds were outstanding, no rent was due under the lease. Once the bonds had completely matured, in 2002, the Town began paying rent. As of July 1, 2003, rent was \$795 per month, with annual inflationary adjustments.

During the 2004 fiscal year, the Town entered into an agreement with Montgomery County (the County), which assigned additional space in the County owned Leland Center where the Town offices are located. In consideration of the transfer of office space to the Town, the Town agreed to construct an addition to the Leland Center for use by the County.

The Town agreed to bear the entire cost of the construction of the addition and the incorporation of the additional space into the Town offices. The County agreed to suspend the lease payments for the remaining 16 years of the lease.

The project was completed in 2005 and rent payments ceased.

**Note 6 – New GASB Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several new pronouncements that the Town has reviewed for application to their accounting and reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The Town has implemented this reporting for the year ended June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Town has implemented this statement in the year ended June 30, 2013.

**Note 7 – Subsequent Events**

Management has evaluated subsequent events through October 23, 2013, the date that the financial statements were available to be issued. There were no significant events to report.

**REQUIRED SUPPLEMENTAL INFORMATION**

**TOWN OF CHEVY CHASE, MARYLAND**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes</b>				
<b>Local</b>				
Real property tax	\$ 115,000	\$ 115,000	\$ 121,667	\$ 6,667
Total Taxes - Local	115,000	115,000	121,667	6,667
<b>State Shared</b>				
Income taxes	2,500,000	2,500,000	4,364,952	1,864,952
Total Taxes - State Shared	2,500,000	2,500,000	4,364,952	1,864,952
Total Taxes	2,615,000	2,615,000	4,486,619	1,871,619
<b>Licenses and Permits</b>				
Variance application fee	25,000	25,000	4,800	(20,200)
Permit fees	20,000	20,000	32,400	12,400
Cable franchise tax	33,000	33,000	71,312	38,312
Total Licenses and Permits	78,000	78,000	108,512	30,512
<b>Intergovernmental Revenues</b>				
County revenue sharing	130,000	130,000	130,297	297
FEMA reimbursement	-	-	39,432	39,432
State highway user tax	22,000	22,000	21,407	(593)
Financial corporation -bank shares	500	500	510	10
Total Intergovernmental Revenues	152,500	152,500	191,646	39,146
<b>Miscellaneous</b>				
Special trash pickup	1,000	1,000	1,010	10
Miscellaneous revenues	3,000	3,000	95,682	92,682
Parking fines and meters	9,000	9,000	9,706	706
Municipal citations	-	-	1,000	1,000
Interest	1,500	1,500	8,537	7,037
Total Miscellaneous	14,500	14,500	115,935	101,435
<b>Total Revenues</b>	<b>\$ 2,860,000</b>	<b>\$ 2,860,000</b>	<b>\$ 4,902,712</b>	<b>\$ 2,042,712</b>

Continued

**TOWN OF CHEVY CHASE, MARYLAND**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

Expenditures	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
Administration:				
Salaries and benefits	889,000	\$ 889,000	\$ 882,505	\$ 6,495
Services and supplies	310,000	310,000	183,669	126,331
Civic affairs and constituent services:				
Services and supplies	188,000	188,000	116,710	71,290
Total General Government	<u>1,387,000</u>	<u>1,387,000</u>	<u>1,182,884</u>	<u>204,116</u>
<b>Public Safety</b>				
Parking control, building inspections, services and supplies	506,000	506,000	500,287	5,713
Total Public Safety	<u>506,000</u>	<u>506,000</u>	<u>500,287</u>	<u>5,713</u>
<b>Public Works</b>				
Sanitation and waste removal:				
Household trash	172,000	172,000	169,257	2,743
Yard trash	19,500	19,500	18,658	842
Leaf collection	72,000	72,000	72,329	(329)
Recycling	37,000	37,000	38,793	(1,793)
Streets and roads	129,000	129,000	133,891	(4,891)
Parks, grounds and trees	259,500	259,500	298,493	(38,993)
Total Public Works	<u>689,000</u>	<u>689,000</u>	<u>731,421</u>	<u>(42,421)</u>
<b>Total Expenditures Before Capital Projects Expenditures</b>	<u>2,582,000</u>	<u>2,582,000</u>	<u>2,414,592</u>	<u>167,408</u>
<b>Capital Project Expenditures</b>				
General government	10,000	10,000	32,600	(22,600)
Streets and roads	305,000	305,000	222,651	82,349
Parks, grounds and trees	40,000	40,000	49,030	(9,030)
Total Capital Project Expenditures	<u>355,000</u>	<u>355,000</u>	<u>304,281</u>	<u>50,719</u>
<b>Total Expenditures After Capital Project Expenditures</b>	<u>\$ 2,937,000</u>	<u>\$ 2,937,000</u>	<u>\$ 2,718,873</u>	<u>\$ 218,127</u>

The accompanying notes are an integral part of this schedule.

**TOWN OF CHEVY CHASE, MARYLAND**  
**Notes to Required Supplemental Information**  
**June 30, 2013**

**Note 1 – Summary of Significant Budget Policies**

The Town Council annually adopts a budget for the General Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund. On April 11, 2012 the Town Council approved the original adopted budget.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

**Note 2 – Material Violations**

There were no material violations of the annual appropriated budgets for the General Fund for the fiscal years ended June 30, 2013. In addition, there were no excesses of budgetary expenditures for that period.