

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2012**

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**Town of Forest Heights**  
Forest Heights, Maryland

FRANCIS J. DISALVO CERTIFIED PUBLIC ACCOUNTANT

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# FRANCIS J. DiSALVO

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CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the Town Council  
Town of Forest Heights, Maryland

I have audited the accompanying financial statements of the governmental activities and the general fund of the Town of Forest Heights as of and for the year ended June 30, 2012, which collectively comprise the Town of Forest Height's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Forest Heights' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement's presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Town of Forest Heights as of June 30, 2012, and the respective changes in financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated January 14, 2013 on my consideration of the Town of Forest Height's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with auditing standards general accepted in the United States of America and should be considered in assessing the results of my audit.

## FRANCIS J. DiSALVO

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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 10 and 30 through 31 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink, reading "Francis J. DiSalvo CPA". The signature is written in a cursive style with a large, looping initial "F".

Suitland, Maryland  
January 14, 2013

**TOWN OF FOREST HEIGHTS, MARYLAND**  
Management Discussion and Analysis  
For the Year Ended June 30, 2012

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This section of the Town of Forest Height's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2012. Please read it with the Town's financial statements, which immediately follow this section.

**Financial Highlights**

The assets of the Town exceeded its liabilities at the close of the fiscal year ended June 30, 2012 by \$5,343,685 (Net Assets). The majority of the Town's net assets of \$3,592,448, net of related debt, are capital assets which generally do not generate revenue nor can they be sold to generate liquid capital. At year end, the Town's net assets increased by \$1,653,341.

As of the close of the fiscal year ended June 30, 2012, the Town's general fund reported a surplus of \$1,763,938, an increase of \$509,477 in comparison to the prior year. The Town has no long-term debt obligations.

During this year, the Town's speed camera program to improve public safety on Indian Head Highway and Livingston Road experienced an anticipated decline in fines and fees from \$3,071,276 in FY 2011 to \$1,541,298 this year. Administrative fees paid to the speed camera vendor were \$603,002 in FY 2012 in comparison to administrative fees paid to the speed camera vendor and Comptroller of Maryland of \$2,089,265 in FY 2011. The statutory formula used to calculate the state's share of the speed camera revenue resulted in a decline of only \$43,715 in the Town's share of speed camera revenue before direct expenses from \$982,011 in FY 2011 to \$938,296 in FY 2012.

**Overview of Financial Statements**

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

**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 private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. To assess the overall health of the Town, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The statement of activities presents information showing how the government's net assets changed during fiscal year 2012. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash

**TOWN OF FOREST HEIGHTS, MARYLAND**  
Management Discussion and Analysis  
For the Year Ended June 30, 2012

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

flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town 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 government activities of the Town include general government, public safety, and public works. The Town has no business-type activities.

In the government-wide financial statements, the Town's activities are in one category:

- **Governmental Activities:** Most of the Town's basic services are included here, such as the police, public works, and general administration. Property taxes and state and federal grants finance most of these activities.

**Fund Financial Statements.** The fund financial statements provide more detailed information about the Town's only fund, the General Fund (not the Town as a whole). Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants.

The Town has one major fund, the general fund.

- **General fund:** The Town's basic services are included in the general fund, which focus on how cash and other financial assets can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. Consequently, the general fund statement provides a short-term view that helps determine whether there are more or fewer financial resources that can be spent on the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in the reconciliation statements that explain the relationship (or differences) between them.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The town adopts an annual budget for its general fund. A budgetary comparison for the general fund is presented immediately after the basic financial statements to demonstrate compliance with this budget.

# TOWN OF FOREST HEIGHTS, MARYLAND

## Management Discussion and Analysis

For the Year Ended June 30, 2012

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### Major features of the Government-Wide and Fund Financial Statements

The chart below summarizes the major features of the Town's financial statements, including the portion of the activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and content of each of the statements.

	<b>GOVERNMENT-WIDE STATEMENTS</b>	<b>FUND FINANCIAL STATEMENTS GOVERNMENTAL FUNDS</b>
<b>SCOPE</b>	<b>ENTIRE TOWN (EXCEPT FIDUCIARY FUNDS)</b>	<b>THE ACTIVITIES OF THE TOWN THAT ARE NOT PROPRIETARY OR FIDUCIARY.</b>
Required financial Statements	<ul style="list-style-type: none"> <li>➤ Statement of net assets</li> <li>➤ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ Balance sheet</li> <li>➤ Statement of revenues, expenditures, and changes in fund balances</li> </ul>
Accounting basis and measurement focus.	Accrual accounting and economic resources' focus.	Modified accrual accounting and current financial focus.
Type of asset/liability information.	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter.
Type of in-flow/out-flow information.	All revenues and expenses during the year.	Revenues for which cash is received, expenditures when goods or services have been received, and related liabilities that are due and payable.

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2012**

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**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's combined assets exceeded liabilities by \$5,343,685 at the close of the fiscal year ended June 30, 2012.

The Town's net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the Statement of Net Assets for the Town as of June 30, 2012 and 2011.

**Condensed Statement of Net Assets**

	Governmental Activities	
	2012	2011
<b>Assets</b>		
Current and other assets	\$ 2,019,940	\$ 2,332,387
Capital Assets - Net of Depreciation	3,592,448	2,449,632
<b>Total assets</b>	<b>\$ 5,612,388</b>	<b>\$ 4,782,019</b>
<b>Liabilities</b>		
Long-term liabilities outstanding	\$ 24,321	\$ 33,707
Other Liabilities	244,382	1,057,968
<b>Total liabilities</b>	<b>\$ 268,703</b>	<b>\$ 1,091,675</b>
<b>Net Assets</b>	<b>\$ 5,343,685</b>	<b>\$ 3,690,344</b>
<b>Net Assets</b>		
Invested in capital assets, <i>net of related debt</i>	\$ 3,592,448	\$ 2,449,632
Restricted	278	11,028
Unrestricted Surplus (Deficit)	1,750,959	1,229,684
<b>Total net assets</b>	<b>\$ 5,343,685</b>	<b>\$ 3,690,344</b>

# TOWN OF FOREST HEIGHTS, MARYLAND

## Management Discussion and Analysis

For the Year Ended June 30, 2012

The Town's revenue totaled \$3,789,506 (see Chart A). Speed Camera Fines & Fees comprised 41% of the Town's revenue. 27% of the Town's revenue comes from real property taxes, and 33 cents of every dollar comes from some type of tax (see Chart A). The Town's expenses cover a range of services, with about 54% related to public safety, 24% to public works and 22% to administration (see Chart B).

CHART A

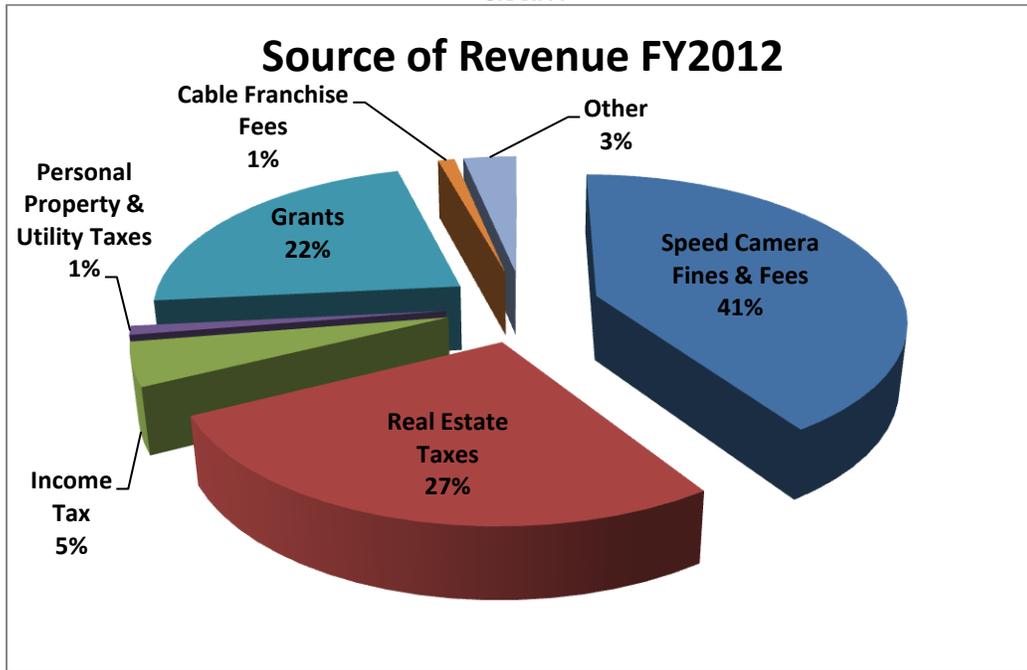
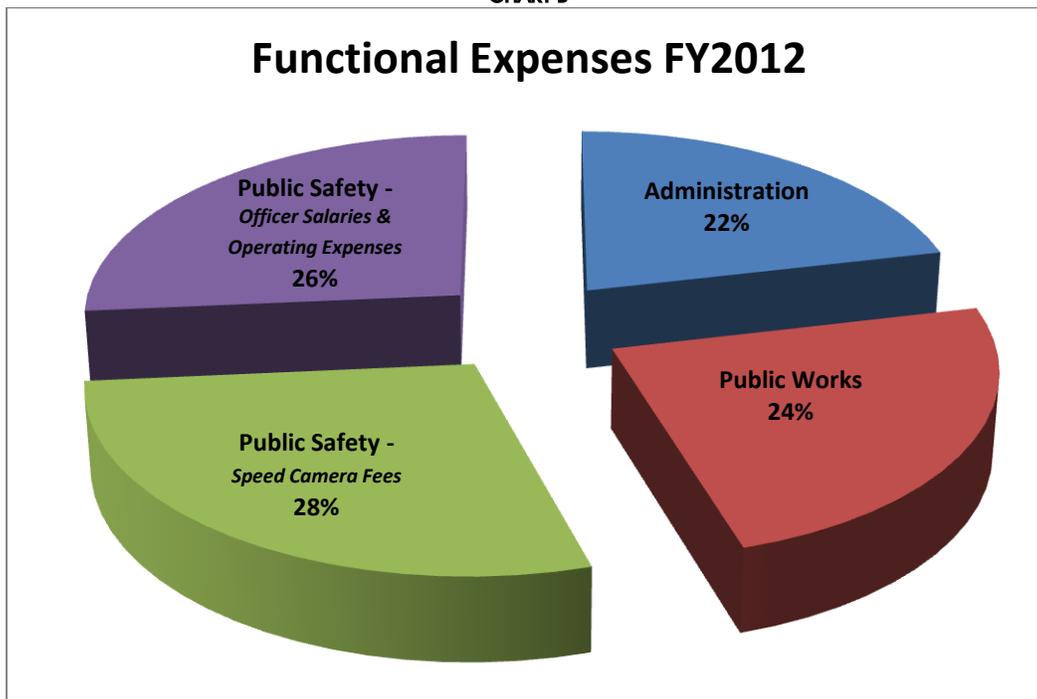


CHART B



**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2012**

The following table presents a condensed statement of activities and changes in net assets for the Town for the year ended June 30, 2012 and 2011.

**Condensed Statement of Activities and Changes in Net Assets**

<b>Revenues</b>	Governmental Activities 2012	2011
Program Revenues		
Charges for Services	\$ 6,838	\$ 11,808
Operating grants and Contributions	46,825	92,645
Capital grants and Contributions	798,173	-
General Revenues		
Property Taxes	1,060,669	1,102,562
Intergovernmental	214,508	228,868
Speed Camera Fines & Fees	1,541,298	3,071,276
Other	121,195	80,322
<b>Total Revenues</b>	<b>\$ 3,789,506</b>	<b>\$ 4,587,481</b>
<b>Expenses</b>		
Administration	\$ 457,692	\$ 383,758
Public Safety	1,166,900	2,649,662
Public Works	511,573	477,370
<b>Total Expenses</b>	<b>\$ 2,136,165</b>	<b>\$ 3,510,790</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 1,653,341</b>	<b>\$ 1,076,691</b>
Net Assets <i>as of July 1, 2011 and 2010</i>	3,690,344	2,613,653
<b>Total net assets</b>	<b>\$ 5,343,685</b>	<b>\$ 3,690,344</b>

**FUND FINANCIAL STATEMENT ANALYSIS**

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable 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. At the end of the current fiscal year, the general fund, the chief operating fund of the Town, reported an ending fund balance of \$1,763,938, an increase of \$509,477 over the prior year.

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2012**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, resources available for appropriation were \$4.389 million below the budgeted amount. Reductions in State funding affected grant resources available for appropriations which comprised most of the shortfall. On the other hand, actual expenditures were \$4.898 million less than budgeted. This reduction was due in large part to the postponement of infrastructure improvements that were to have been funded by State grants.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The Town's investment in capital assets for its governmental activities as of June 30, 2012 was \$3,592,448 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings, vehicles, and equipment. The following is a summary of the capital assets.

**Capital Assets Net of Depreciation**

	Governmental Activities	
	2012	2011
	Land	\$ 5,039
Construction on Progress	118,149	138,987
Buildings	750,787	633,811
Vehicles	120,912	161,932
Equipment	125,159	144,319
Street & Infrastructure	2,472,402	1,365,544
Total	\$ 3,592,448	\$ 2,449,632

**Long Term Debt:** The long-term debt consists of accumulated unused compensated absences which decreased by \$9,836 from the prior year.

**Long-term Liabilities**

	Governmental Activities	
	2012	2011
	Accumulated unused vacation leave	\$ 24,321
Total	\$ 24,321	\$ 33,707

# TOWN OF FOREST HEIGHTS, MARYLAND

## Management Discussion and Analysis

For the Year Ended June 30, 2012

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### HIGHLIGHTS

The Town made substantial progress in FY 2012 at the direction of the Mayor and Council. The highlights include the following:

- A new trash contract for 7 years commenced in July 2012 which results in a savings to the homeowners of over \$660,523 over the seven year term of the contract.
- Successfully challenged workers compensation audit saving the Town \$7,131.
- Town sidewalks were updated to be ADA compliant with funds received through the Maryland Department of Housing and Community Development Legacy Grant.
- Completion of the upgrade to the Computer Room at the Municipal Building allowed computer classes to be offered to the town seniors and for computers to be available to assist with tutoring during the after school program.
- Curb and gutter replacement work was performed throughout the Town.
- The following streets were paved as a result of an agreement with Washington Gas: Arapahoe Terrace, Choctaw Drive, Comanche Drive, Ottawa Street, Pitt Lane, Quade Street, Shawnee Drive, Shoshone Drive, Spokane Drive, Sumner Lane and Terrell Ave.
- With the funding of a grant from the Prince George's County Energy Efficiency and Conservation Block Grant Program, Solar Panels were installed at the Municipal Building as an alternative energy source.
- Municipal ground improvements to produce zero storm water run-offs and effectively reduce the pollutants to the Chesapeake and Anacostia waterways were funded by a National Fish and Wildlife Foundation Grant.
- A new heating, ventilation and air conditioning system (HVAC) was installed at the Municipal Hall with funds from the Maryland Department of Energy.
- Commencement of a storm water drainage project on Rolph Drive.
- Installation of three surveillance cameras in public areas to assist with the detection of criminal activity.
- Adopted legislation for a Rainy Day Fund to begin in the Fiscal Year 2014 budget.

### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayer's, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Treasurer's Office, Town of Forest Heights, 5508 Arapahoe Drive, Forest Heights, Maryland 20745-1998 or call (301)839-1030.

**TOWN OF FOREST HEIGHTS, MARYLAND**

Statement of Net Assets

As of June 30, 2012

**Assets**

Cash & Cash Equivalents	\$	1,847,479
Real Estate Taxes Receivable - net		12,202
Personal Property Taxes Receivable - net		7,454
Grants Receivable		100,409
Franchise Fees Receivable		9,932
Due from other Governments		6,130
Speed Camera Fines & Fees - <i>Due from Vendor</i>		16,950
Employee Loans		3,108
Prepaid Expenses		11,204
Other Assets		5,072
Capital Assets		
Nondepreciable assets - <i>Land &amp; Construction in Progress</i>		123,188
Depreciable assets, net		3,469,260
<b>Total assets</b>	<b>\$</b>	<b>5,612,388</b>

**Liabilities**

Accounts payable	\$	199,216
Revolving Credit Accounts		1,419
Due to Other Governments		26,863
Accrued liabilities		14,909
Refundable Deposits		700
Unearned Income		1,275
Noncurrent liabilities		
Compensated Absences Due in more than one year		24,321
<b>Total liabilities</b>	<b>\$</b>	<b>268,703</b>

**Net Assets**

Invested in capital assets, net of related debt	\$	3,592,448
Restricted		278
Unrestricted		1,750,959
<b>Total net assets</b>	<b>\$</b>	<b>5,343,685</b>

**TOWN OF FOREST HEIGHTS, MARYLAND**

Statement of Activities

For the Year Ended June 30, 2012

<i>Function Programs</i>	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
<i>Function Programs</i>	Expenses	Charge for Service	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Administration	\$ 457,692	\$ 3,738	\$ -	\$ 23,670	\$ (430,284)
Public Safety	1,166,900	2,785	-	23,155	(1,140,960)
Public Works	511,573	315	798,173	-	286,915
<i>Total Governmental Activities</i>	\$ 2,136,165	\$ 6,838	\$ 798,173	\$ 46,825	\$ (1,284,329)
<b>General Revenues</b>					
Real Estate Tax					\$ 1,023,580
Income Tax					179,153
Highway User Revenue					27,359
Cable Franchise Fees					39,327
Tangible Personal Property & Utility Taxes					37,089
Building, Occupancy, & Rental Permits					6,225
Speed Camera Fines & Fees					1,541,298
Fines & Forfeitures					33,794
Waste Disposal Rebates					7,996
Unrestricted Investment Income					5,994
Miscellaneous					35,855
Total General Revenue					\$ 2,937,670
Change in Net Assets					\$ 1,653,341
Net Assets - beginning					3,690,344
Net Assets - ending					\$ 5,343,685

TOWN OF FOREST HEIGHTS, MARYLAND

Balance Sheet  
Governmental Funds  
As of June 30, 2012

**Assets**

Cash & Cash Equivalents	\$	1,847,479
Real Estate Taxes Receivable - net		12,202
Personal Property Taxes Receivable - net		7,454
Grants Receivable		100,409
Franchise Fees Receivable		9,932
Due from other Governments		6,130
Speed Camera Fines & Fees - <i>Due from Vendor</i>		16,950
Employee Loans		3,108
Prepaid Expenses		11,204
Other Assets		5,072

**Total assets** \$ 2,019,940

**Liabilities**

Accounts payable	\$	199,216
Revolving Credit Accounts		1,419
Due to Governments		26,863
Refundable Deposits		700
Accrued liabilities		14,909
Unearned Income - <i>Deposits</i>		1,275
Deferred Revenue		11,620

**Total liabilities** \$ 256,002

**Fund Equity**

Fund Balances		
Nonspendable	\$	14,312
Restricted		278
Committed		142,019
Assigned		200,000
Uassigned		1,407,329
Total fund balances		1,763,938

**Total Liabilities and Fund Equity** \$ 2,019,940

**TOWN OF FOREST HEIGHTS, MARYLAND**  
 Reconciliation of the Governmental Fund Balance Sheet  
 To the Statement of Net Assets  
 For the Year Ended June 30, 2012

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**TOTAL FUND BALANCE - GOVERNMENTAL FUNDS** **\$ 1,763,938**

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**AMOUNTS REPORTED IN GOVERNMENTAL ACTIVITIES  
 IN THE STATEMENT OF NET ASSETS ARE  
 DIFFERENT BECAUSE**

Capital Assets used in governmental activities are not financial resource and, therefore, are not reported in the fund financial statements.

Cost of capital assets	\$ 4,921,245	
Accumulated Depreciation	<u>(1,328,797)</u>	
		3,592,448

Certain receivables are offset by deferred revenue in the governmental funds since they are not available to pay for current period expenditures. This is the amount of deferred revenue related to these receivables. 11,620

Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the fund financial statements.

Accumulated Unused Compensated Absences		\$ (24,321)
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**NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 5,343,685**

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**TOWN OF FOREST HEIGHTS, MARYLAND**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

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**REVENUES**

Property Taxes - Net	\$ 1,059,540
Income Tax	179,153
Highway User Revenue	27,359
Cable TV Franchise Fee	39,327
Operating and Capital Grants	436,433
Waste Disposal Rebates	7,996
Service Charges for Current Services	6,838
Fines and Forfeitures	33,794
Speed Camera Fines & Fees	1,541,298
Building, Occupancy, & Rental Permits	6,225
Investment Income	5,994
Miscellaneous	35,855
	35,855
<b>Total Revenues</b>	<b>\$ 3,379,812</b>

**EXPENDITURES**

**Current**

Administration	\$ 398,201
Public Safety	1,046,613
Public Works	391,279
Capital Outlays	862,381
Miscellaneous - <i>Payroll Taxes &amp; Employee Benefits</i>	171,861
	171,861
<b>TOTAL EXPENDITURES</b>	<b>2,870,335</b>
<b>SURPLUS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 509,477</b>
<b>FUND BALANCE - July 1, 2011</b>	<b>1,254,461</b>
<b>FUND BALANCE - June 30, 2012</b>	<b>\$ 1,763,938</b>

**TOWN OF FOREST HEIGHTS, MARYLAND**  
 Reconciliation of the Governmental Fund, Statement of Revenues, Expenditures,  
 and Changes in Fund Balances to the Statement of Activities  
 For the Year Ended June 30, 2012

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**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 509,477

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**AMOUNTS REPORTED IN GOVERNMENTAL ACTIVITIES  
 IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE**

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation in the current period.

Capital Outlays	\$ 862,381	
Depreciation	<u>(116,759)</u>	745,622

In the statement of activities, donated capital assets are reported as revenues, capitalized, and depreciated. In the governmental fund, when the government receives a donated asset that it intends to use as a general capital asset, no entry is required because no financial resource flow has taken place. This is the amount of donated assets for 2012. 418,032

Revenues in the statement of activities that do not provide current resources are not reported as revenues in the governmental fund. 1,129

Expenses in the statement of activities that do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund. (11,452)

Revenues that do not provide current financial resources are not reported as revenue in the governmental funds. The amount of change in deferred revenue is not reported in the statement of activities. (9,467)

**CHANGE IN NET ASSETS OF THE GOVERNMENTAL ACTIVITIES** **\$ 1,653,341**

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**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

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

The Town of Forest Heights, Maryland, ("Town") was incorporated in 1949 under the provisions of Maryland State Law. The Town operates under a Council-Manager form of government and provides a comprehensive range of municipal services as authorized by its Charter.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies followed in the preparation of the basic financial statements:

**A. Reporting entity**

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the Town is financially accountable. The Town has also considered all other potential organizations for which the nature and significance of their relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Government Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of the organization's governing body, and the ability of the Town to impose its will on that organization, or the potential for that organization to provide specific benefits to or impose specific financial burdens on the Town. Based on these criteria, there are no other organizations or agencies that should be included in these basic financial statements.

**B. Government-wide and Fund Financial Statements**

**Government-wide Financial Statements:** The government-wide financial statements report information on all of the non-fiduciary activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Presently, the Town does not have any business-type activities.

- **Statement of Net Assets:** This statement is designed to display the financial position of the Town as of year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets, including infrastructure, as well as long-term debt and obligations. The Town's net assets are reported in three categories – 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. The Town generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available.

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- **Statement of Activities:** This statement 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 included among program revenues are reported as general revenues.

**Fund Financial Statements:** General Fund is the only operating fund of the Town. All general tax revenues and other receipts that are not restricted by law or contractual agreement are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement are costs that are paid from the General Fund.

- **General Fund Budget-to-Actual Comparison:** 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 budgets of state and local governments, and have a keen interest in following the financial progress of their governments over the course of the year. The Town has reported its General Fund budget-to-actual comparison as required supplementary information.
- **Fund Accounting**

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Town has one major governmental fund, the General Fund.

The General Fund is the only operating fund of the Town. This fund is used to account for all financial resources. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs are paid from the General Fund.

**C. Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

TOWN OF FOREST HEIGHTS, MARYLAND  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. The Town also prepares its budget on a basis consistent with its governmental fund financial statements.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. All other governmental fund revenues are recognized when received.

**D. Use of Estimates**

The preparation of financial statements requires the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**E. Encumbrances**

The Town does not use encumbrances accounting.

**F. Assets, liabilities, and net assets or equity**

Cash and cash equivalents: For the purpose of the Statement of Net Assets, cash includes all demand and savings accounts of the Town.

TOWN OF FOREST HEIGHTS, MARYLAND  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Receivables: In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, franchise taxes, and grants.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as franchise tax and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned.

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

Deferred Revenues: Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. The governmental fund also defers revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental fund were as follows:

Deferred Revenue	Unavailable
Real Property Taxes	\$ 7,201
Personal Property Taxes	4,419
	\$ 11,620
Unearned Income	
Deposits on Municipal Building Rentals	\$ 1,275

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Assets: The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

- **Government Wide Financial Statements:** In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003. The Town defines capital assets as those, which have an acquisition cost or donated value of at least \$500 and an estimated life of a year or more.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. The Town defines infrastructure assets to be capitalized as any road, street, and sidewalk, which exceed a certain cost of \$500. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 - 50 Years
Improvements other than buildings	10 - 50 Years
Machinery and equipment	3 - 20 Years
Infrastructure	75 Years

- **Fund Financial Statements:** In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Debt: The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liability in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest is reported as expenditures.

Compensated Absences: Vested or accumulated vacation is accrued when earned by employees and a liability is recorded in the government-wide financial statements. No liability is recorded for non-vesting accumulated rights to receive sick pay benefits, as the Town does not pay these amounts when employees separate from service. The Town pays all outstanding annual leave at separation up to one year's accumulation. The accrual is included in the government-wide statements.

TOWN OF FOREST HEIGHTS, MARYLAND  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Equity Classifications:

- Government-Wide Statements: Equity is classified as net assets and displayed in three components:
  - a) Invested in Capital Assets, Net of Related Debt: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
  - (b) Restricted Net Assets: Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation. The restricted net asset balance reported consists of the Forest Heights Dictionary Program (\$278).
  - (c) Unrestricted Net Assets: All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”
- Fund statements: In the fund financial statements, governmental funds report the following classifications of fund balance:
  - (a) Nonspendable: Resources that are nonspendable and are not available for appropriation or are legally restricted by outside parties or creditors for use for a specific purpose. The nonspendable fund balance reported in the General Fund consists of prepaid costs (\$11,204) and long term receivables (\$3,108).
  - (b) Restricted: Resources that have constraints placed on use by external parties such as creditors, grantors, contributors, or other levels of government. The restricted fund balance reported in the General Fund consists of the Forest Heights Dictionary Program (\$278).
  - (c) Committed: Resources that can only be used for specific purposes due to formal action (legislation, resolution, ordinance, etc.) of the Town Council, the Town’s highest level of decision-making authority. Also includes resources that are committed by contract, in which existing/current resources have been specifically committed for satisfying the contract. The committed fund balance for the General Fund consists of commitments for Forest Heights Day (\$869), professional fees (\$23,750), public works (\$10,769) and capital outlay for public works (\$107,500).
  - (d) Assigned: Resources that can only be used for specific purposes due to the Town’s intent but are not restricted or committed and may be subject to change by the Town Council or Management. The assigned fund balance for the General Fund consists of capital outlay for a public safety and public works facility (\$200,000).
  - (e) Unassigned: This classification consists of resources that have not been restricted, committed or assigned to a specific purpose within the General Fund.

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Revenues, Expenditures, and Expenses**

Revenue Recognition-Property Taxes: Real and personal property taxes are levied at a rate consistent with State law requiring that the State Department of Assessments and Taxation's constant yield tax rate cannot be exceeded without notice to the public of such an intent, and then, only after public hearings are held. The Town Council levies the rate, adopted in the appropriations ordinance, based on the assessed value of the property as determined by the State Department of Assessments and Taxation.

By action of the Maryland General Assembly, triennial assessment in the State became effective in fiscal years after 1980. This act provides that only 1/3 of all property be reassessed every year with all property being reassessed every three years. The assessment increase is phased in over the three-year period.

Taxes are levied as of July 1, become a lien on that date, and are due and payable by October 1, except principal residences, which are due and payable in semiannual installments at July 1 and December 31. Semiannual installments due on December 31 become delinquent January 1. Monthly interest at the rate of 2/3 of 1 percent and a penalty of 1 percent is added to all taxes unpaid. Sale of property for delinquent taxes or tax liens is conducted by Prince George's County during the month of May.

The rate for the fiscal year ended June 30, 2012 was \$0.5671 per \$100 of assessed value for real property plus a bulk trash flat tax fee of \$156 per home; and \$1.25 per \$100 of assessed value for business personal property.

Expenditure/Expenses: In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, governmental funds report expenditures of financial resources by department.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The State of Maryland Code allows municipalities to invest surplus funds in financial institutions within the State of Maryland if the financial institution provides collateral with a market value that equals or exceeds the amount by which a deposit exceeds the deposit insurance. Collateral is limited to obligations of or guarantees by the United States government; State, County or Municipal Obligation; obligations of the Inter-American Development Bank; or obligations of the World Bank. Municipalities may also invest in federal obligations or repurchase agreements those obligations secure. The State of Maryland Code requires municipalities have an investment policy. By resolution passed by the Town Council, an investment policy has been adopted.

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

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**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

Deposits: Deposits include cash in checking accounts, savings accounts, and undeposited cash. At fiscal year end, the carrying amount of the Town's deposits was \$1,847,479 and the bank balances were \$1,874,917. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2012, the Town's bank balances were not exposed to any custodial credit risk since all deposits were fully collateralized. Of the bank balances, \$500,000 was covered by federal depository insurance, and \$1,374,917 was covered by collateral pledged to the Town by the Federal Reserve Bank and an irrevocable standby letter of credit from the Federal Home Loan Bank of Pittsburgh.

**NOTE 3. DUE FROM OTHER GOVERNMENTS**

The June 30, 2012 general fund balance due from other governments is as follows:

	<b>2012</b>
State Of Maryland	\$ 6,130
Total	\$ 6,130

**NOTE 4. RETIREMENT PLAN**

The Town offers its full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Town employees, permits them to defer a portion of their current salary up to the limits established by the Internal Revenue Service until future years. Town contributions are permissible but not required. During FY 2012 the Town contributed \$33,183 to the plan for full-time employees. Employee contributions are immediately 100% vested. Town contributions vest over time according to the plan terms. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for post retirement benefits at June 30, 2012.

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions Completions	Retirements Adjustments	Balance June 30, 2012
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,039	\$ -	\$ -	\$ 5,039
Construction in Progress	138,987	49,225	(70,063)	118,149
Total Capital Assets not being Depreciated	<u>144,026</u>	<u>49,225</u>	<u>(70,063)</u>	<u>123,188</u>
Capital assets being depreciated				
Improvements	29,209	3,602	(176)	32,635
Buildings	779,635	134,348	-	913,983
Infrastructure	2,277,735	1,136,656	-	3,414,391
Vehicles	297,533	-	(36,105)	261,428
Equipment	169,813	5,808	-	175,621
Total Capital Assets being Depreciated	<u>3,553,925</u>	<u>1,280,414</u>	<u>(36,281)</u>	<u>4,798,058</u>
Less accumulated depreciation for				
Improvements	(28,088)	(493)	176	(28,405)
Buildings	(145,824)	(17,372)	-	(163,196)
Infrastructure	(913,312)	(32,907)	-	(946,219)
Vehicles	(135,601)	(41,020)	36,105	(140,516)
Equipment	(25,494)	(24,968)	-	(50,462)
Total Accumulated Depreciation	<u>(1,248,319)</u>	<u>(116,760)</u>	<u>36,281</u>	<u>(1,328,798)</u>
Total Capital Assets being Depreciated, Net	<u>2,305,606</u>	<u>1,163,654</u>	<u>-</u>	<u>3,469,260</u>
Government Activities Capital Assets, Net	<u><u>\$2,449,632</u></u>	<u><u>\$ 1,212,879</u></u>	<u><u>\$ (70,063)</u></u>	<u><u>\$ 3,592,448</u></u>

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

<u>Government activities</u>	
General government and administration	\$ 4,254
Public safety	46,356
Public works	<u>66,150</u>
	<u><u>\$ 116,760</u></u>

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

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**NOTE 6. COMMITMENTS**

Operating Lease: In January 2012, the Town entered into a four-year operating lease with De Lage Landen for a RICOH Digital Copier System. The future minimum lease payments are as follows:

Years Ending June 30,	Future Annual Amounts
2013	\$ 3,070
2014	3,070
2015	3,070
2016	2,047
Total	<u>\$ 11,257</u>

Changes in long-term debt: The following is a summary of changes in long-term debt for the year ended June 30, 2012.

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	Amounts Due Within One Year
Accrued Vacation	\$ 33,707	\$ 7,707	\$ (17,093)	\$ 24,321	\$ -
Totals	<u>\$ 91,203</u>	<u>7,707</u>	<u>\$ (17,093)</u>	<u>\$ 24,321</u>	<u>\$ -</u>

**NOTE 7. CONTINGENCIES**

The Town is party to legal proceedings which normally occur in government operations. The legal proceedings are not, in the opinion of the Town Attorney, likely to have a material, adverse impact on the financial position of the Town as a whole.

The Town receives financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements, and are subject to audit by grantor agencies. Any disallowed expenditure resulting from such audits could become a liability of the General Fund or other applicable funds. In the opinion of Town management, no material refunds will be required as a result of expenditures disallowed, if any, by the grantor agencies.

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

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**NOTE 8. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information:** Budgetary integration is employed as a management control device during the year for the General Fund. An annual budget is adopted for the General Fund. The annual budget is presented at a public hearing before the beginning of the year and enacted by the Town Council before July 1.

In mid-year, budget revisions, if needed, are enacted by the Town Council. A final budget resolution, with revised appropriations, is adopted prior to year-end, as provided in the Town Charter. The staff as deemed necessary can make intradepartmental budget revisions. Appropriations lapse at year-end. The Town does not employ encumbrance accounting.

The Town Council approved, by ordinance, the total annual budget consisting of anticipated revenues and proposed expenditures (appropriations). Any subsequent transfer of funds between major appropriations for different purposes must be approved by the Council before coming effective. All appropriations lapse at the end of the budget year to the extent that they shall not have been expended.

Actual results of operations are presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund on the budgetary basis of accounting in order to provide a meaningful comparison of actual results with budget estimates.

**NOTE 9. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The general liability risks are financed through the Town's participation in the Local Government Insurance Trust (LGIT) sponsored by the Maryland Municipal League (MML) and the Maryland Association of Counties. The Local Government Insurance Trust is a self-insurance pool offering general liability, excess liability, business auto liability, police legal liability, and public official liability.

LGIT is capitalized at an actuarially determined level to provide financial stability for its local government members and to reduce the possibility of assessments. The Trust is owned by the participating towns, cities, and counties and managed by a Board of Trustees elected by the members. Annual premiums are assessed for the various policy coverages.

During fiscal year 2012, the Town paid premiums of \$20,163 to the Trust. Settled claims resulting from these risks have not exceeded coverage amounts, and no significant reductions in insurance coverage have occurred in the past three fiscal years. The Town carries commercial insurance for employee health and workers compensation for employee accidents.

TOWN OF FOREST HEIGHTS, MARYLAND  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

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**NOTE 10. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2012, that have effective dates that may impact future financial presentations.

Management has not determined what, if any, impact implementation the following statements may have on the financial statements of the Town.

*GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," will be effective for the Town beginning with its year ending June 30, 2013.* This Statement provides guidance for reporting deferred outflows of resources and deferred inflows of resources within the financial statements of governmental entities.

**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2012

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**General Fund Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (negative)
<b>Taxes</b>				
Town Real Estate Taxes	\$ 1,002,556	\$ 1,002,556	\$ 1,016,380	\$ 13,824
Utility Taxes	24,500	24,500	25,322	822
Personal Property Taxes	20,000	20,000	17,838	(2,162)
	<u>1,047,056</u>	<u>1,047,056</u>	<u>1,059,540</u>	<u>12,484</u>
<b>Licenses and Permits</b>				
Cable TV Franchise Fee	30,000	30,000	39,327	9,327
Rental Permits	3,750	3,750	1,850	(1,900)
Building Permits	2,500	2,500	1,750	(750)
Occupancy Permits	-	-	2,625	2,625
	<u>36,250</u>	<u>36,250</u>	<u>45,552</u>	<u>9,302</u>
<b>Intergovernmental</b>				
Income Taxes	192,000	192,000	179,153	(12,847)
Highway User Revenue	28,180	28,180	27,359	(821)
Grants & Bond Bills	4,431,189	4,431,189	403,809	(4,027,380)
State Aid to Police	23,155	23,155	23,155	-
Parks & Planning	10,000	10,000	9,469	(531)
Rebates Waste Disposal	7,996	7,996	7,996	-
	<u>4,692,520</u>	<u>4,692,520</u>	<u>650,941</u>	<u>(4,041,579)</u>
<b>Fines and Forfeitures</b>				
Speed Camera	1,920,000	1,920,000	1,541,298	(378,702)
Civil Citations	-	-	5,580	5,580
Municipal Infractions	5,000	5,000	1,449	(3,551)
Parking Fines, Vehicle Release &	11,000	11,000	26,765	15,765
	<u>1,936,000</u>	<u>1,936,000</u>	<u>1,575,092</u>	<u>(360,908)</u>
<b>Charges for Services</b>				
Municipal Building Rental	20,000	20,000	1,895	(18,105)
Grass Cutting	2,000	2,000	-	(2,000)
Metal Pick-up & Tire Dispc	400	400	315	(85)
Fingerprinting	4,000	4,000	2,785	(1,215)
	<u>26,400</u>	<u>26,400</u>	<u>4,995</u>	<u>(21,405)</u>
<b>Miscellaneous Revenue</b>				
Investment Interest Incom	18,000	18,000	5,994	(12,006)
Solar Energy	10,000	10,000	594	(9,406)
Yard Sale	600	600	845	245
Newsletter Advertising	400	400	998	598
Sale of Fixed Assets	1,500	1,500	14,700	13,200
Donations	-	-	2,413	2,413
Miscellaneous	-	-	18,148	18,148
	<u>30,500</u>	<u>30,500</u>	<u>43,692</u>	<u>13,192</u>
<b>TOTAL REVENUES</b>	<u>\$ 7,768,726</u>	<u>\$ 7,768,726</u>	<u>\$ 3,379,812</u>	<u>\$ (4,388,914)</u>

**TOWN OF FOREST HEIGHTS, MARYLAND**  
**General Fund Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (negative)
<b>Administration Expenses</b>				
Salaries	\$ 220,031	\$ 228,587	\$ 220,585	8,002
Operating Expenses	290,600	314,430	177,616	136,814
Capital Outlay	54,000	53,000	928	52,072
	<u>564,631</u>	<u>596,017</u>	<u>399,129</u>	<u>196,888</u>
<b>Public Safety</b>				
Salaries	383,823	332,488	252,872	79,616
Operating Expenses	928,167	951,352	793,741	157,611
Capital Outlay	26,800	11,800	3,595	8,205
	<u>1,338,790</u>	<u>1,295,640</u>	<u>1,050,208</u>	<u>245,432</u>
<b>Public Works</b>				
Salaries	102,954	112,965	111,255	1,710
Operating Expenses	857,620	863,109	280,023	583,086
Capital Outlay	4,670,437	4,670,437	857,859	3,812,578
	<u>5,631,011</u>	<u>5,646,511</u>	<u>1,249,137</u>	<u>4,397,374</u>
<b>Miscellaneous</b>				
Workmen's Compensation	70,743	63,082	33,396	29,686
Health Insurance	66,583	64,784	45,994	18,790
Social Security Contribution	48,325	50,725	48,431	2,294
Unemployment Insurance	23,548	8,500	4,071	4,429
Retirement Plan Contribution	16,940	35,162	33,183	1,979
Life Insurance	8,155	8,305	6,786	1,519
	<u>234,294</u>	<u>230,558</u>	<u>171,861</u>	<u>58,697</u>
<b>TOTAL EXPENDITURES</b>	<u>7,768,726</u>	<u>7,768,726</u>	<u>2,870,335</u>	<u>4,898,391</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	509,477	509,477
Fund Balance - <i>Beginning of Year</i>	1,254,461	1,254,461	1,254,461	-
Fund Balance - <i>End of Year</i>	<u>\$ 1,254,461</u>	<u>\$ 1,254,461</u>	<u>1,763,938</u>	<u>\$ 509,477</u>