

TOWN OF RISING SUN

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

TOWN OF RISING SUN

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Independent Auditors' Report

To the Mayor and Town Commissioners
Town of Rising Sun

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the Town of Rising Sun as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Town of Rising Sun as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Independent Auditors' Report (continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

October 30, 2013
Lutherville, MD

Thygesen, Cronin, & Anna, Chd

TOWN OF RISING SUN

Management Discussion and Analysis June 30, 2013

The Town of Rising Sun's Discussion and Analysis provides an overview of the Town's financial activities for the fiscal year ended June 30, 2013. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the Town's financial statements beginning on page 10.

Financial Highlights

The assets of the Town exceeded its liabilities at the close of the fiscal year by \$7,881,989 (net position). Of this amount, \$2,510,787 may be used to meet the Town's ongoing obligations to citizens and creditors.

- Total net assets of the primary government increased \$983,432. The net assets of governmental activities increased \$58,601 from the previous year, while the net assets from business activities increased \$924,831 due to the MDE grant and the sewer project.
- At the close of the current fiscal year, the Town's governmental general fund reported ending fund balance of \$317,949, all of which \$317,949 is unassigned and available for spending at the Town's discretion.
- The total cost of all of the Town's programs was \$2,309,793 for the year ended June 30, 2013.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Town of Rising Sun's basic financial statements. The Town's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains 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 of Rising Sun's finances, in a manner similar to a private-sector business.

The Statement of Net Position on page 10 presents information showing how the Town's net assets changed during the most recent fiscal year. 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 flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from

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Management Discussion and Analysis June 30, 2013

other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- *Governmental Activities* – Most of the Town's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include general administration, public safety, public works, planning and zoning, parks and recreation, and interest.
- *Business-type Activities* – The Town charges fees to customers to help it cover all or most of the cost of the water and sewer services.

Fund Financial Statements: The Fund Financial Statements begin on page 12 and provide detailed information about the major individual funds. A fund is a grouping of related accounts to maintain control over specific sources that have been segregated for specific activities or objectives. The Town of Rising Sun uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories, governmental and proprietary.

- *Governmental Funds* – Most of the Town's basic services are reported in the governmental funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, the fund statements focus on near-term inflows and outflows of spendable resources and the balances available for future spending at fiscal year end. This information may be useful in evaluating the Town's near-term financing requirements.

Since the fund statements do not encompass the long-term focus of the government-wide statements, reconciliations are provided to demonstrate the differences between the Governmental Funds Balance Sheet and the Statement of Net Position and between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities. Comparison of the two sets of statements for the governmental funds and the governmental activities may provide the reader with insight into the long-term financing decisions, as the funds statement are from a short-term perspective, and the activities statement show long-term information.

- *Proprietary Funds* – The Town maintains one enterprise-type proprietary fund to account for the operations of providing water and sewer services. Enterprise funds are used to present the same functions as business-type functions in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic water and sewer proprietary funds financial statements can be found on pages 16-18 of this report.

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Management Discussion and Analysis
June 30, 2013

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. The notes to the financial statements can be found beginning on page 19 of this report.

Financial Analysis of the Government as a Whole

Net Assets: As noted earlier, the Town of Rising Sun's net assets exceeded liabilities by \$7,881,989. Over time, changes in net assets serve as a useful indicator of a government's financial position. A year-to-year comparison of net assets follows:

	Governmental Activities		Business-type Activities		Government-wide Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 350,513	\$ 317,608	\$ 8,517,903	\$ 13,882,539	\$ 8,868,416	\$ 14,200,147
Capital Assets, Net	2,666,608	2,803,134	12,147,020	5,931,271	14,813,628	8,734,405
Total Assets	<u>3,017,121</u>	<u>3,120,742</u>	<u>20,664,923</u>	<u>19,813,810</u>	<u>23,682,044</u>	<u>22,934,552</u>
Current Liabilities	156,935	184,638	13,213,724	127,124	13,370,659	311,762
Long-Term Liabilities	1,320,533	1,455,052	1,108,863	14,269,181	2,429,396	15,724,233
Total Liabilities	<u>1,477,468</u>	<u>1,639,690</u>	<u>14,322,587</u>	<u>14,396,305</u>	<u>15,800,055</u>	<u>16,035,995</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	1,221,704	1,210,605	4,149,498	4,151,149	5,371,202	5,361,754
Unrestricted	317,949	270,447	2,192,838	1,266,356	2,510,787	1,536,803
Net Assets	<u>\$ 1,539,653</u>	<u>\$ 1,481,052</u>	<u>\$ 6,342,336</u>	<u>\$ 5,417,505</u>	<u>\$ 7,881,989</u>	<u>\$ 6,898,557</u>

The largest component of the Town's net assets, \$5,371,202, reflects its investment in capital assets (e.g., land, infrastructure, buildings, equipment, and others), less any related outstanding debt. The increase in Invested in Capital Assets (Net of Related Debt) of \$9,448 is primarily caused by new capital asset additions. It should be noted that capital assets are not available for future spending as they are used to provide services to citizens. Although the Town's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be liquidated to repay these liabilities.

The remaining portion of net assets is an unrestricted net asset balance of \$2,510,787. These funds are available for the general use of the Town to conduct its normal business. Unrestricted assets for governmental activities increased by \$47,502, while unrestricted net assets for business-type activities increased by \$926,482, for a total increase of \$973,984 from fiscal year 2012.

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Management Discussion and Analysis June 30, 2013

Changes in Net Position: As shown in the following schedule, the Town's governmental net assets increased \$47,502.

	<u>2013</u>	<u>2012</u>
Revenue		
Taxes - Local Property	\$ 876,193	\$ 867,971
Taxes - Other Local	208,268	196,813
Licenses & Permits	9,380	4,405
Intergovernmental - Federal	5,421	41,244
Intergovernmental - State	43,801	48,716
Intergovernmental - County	73,462	71,900
Other Grants & Contributions	1,220	-
Charges for Services - Public Safety	905	3,181
Charges for Services - Waste Collection	179,893	158,521
Charges for Services - Planning & Zoning	16,362	8,107
Charges for Services - Street & Sidewalks	-	196
Charges for Services - Parks & Recreation	544	2,855
Investment Earnings (Loss)	12,291	15,887
Miscellaneous	4,406	9,067
Total Revenues	<u>1,432,146</u>	<u>1,428,863</u>
Expenditures		
General Government Services	233,550	215,542
Public Safety - Police	479,297	496,373
Public Safety - Code Enforcement	61,001	54,765
Public Works - General	111,405	102,576
Public Works - Streets & Sidewalks	58,233	44,285
Public Works - Solid Waste Collection	173,423	174,198
Parks & Recreation	29,566	28,761
Disaster Responses	1,783	389
Capital Expenditures	49,101	52,580
Debt Service - Principal	147,625	182,156
Debt Service - Interest	39,660	45,363
Total Expenditures	<u>1,384,644</u>	<u>1,396,988</u>
Other Financing Sources		
Proceeds from Long-Term Debt	-	29,946
Total Other Financing Sources	<u>-</u>	<u>29,946</u>
Increase (decrease) in Net Assets	<u>\$ 47,502</u>	<u>\$ 61,821</u>

The net assets of the government-wide activities increased \$47,502. The revenue from government-wide activities increased by 0.23%, while the expenditures decreased by 0.88%. The Town's decrease in expenditures is due to the efforts by the Town to reduce expenditures.

For the fiscal year ended June 30, 2013, revenues from government-wide activities totaled \$1,432,146. Property and personal property taxes represented the largest revenue source (61%), followed by other local taxes (14%) and charges for services-waste collection (11%).

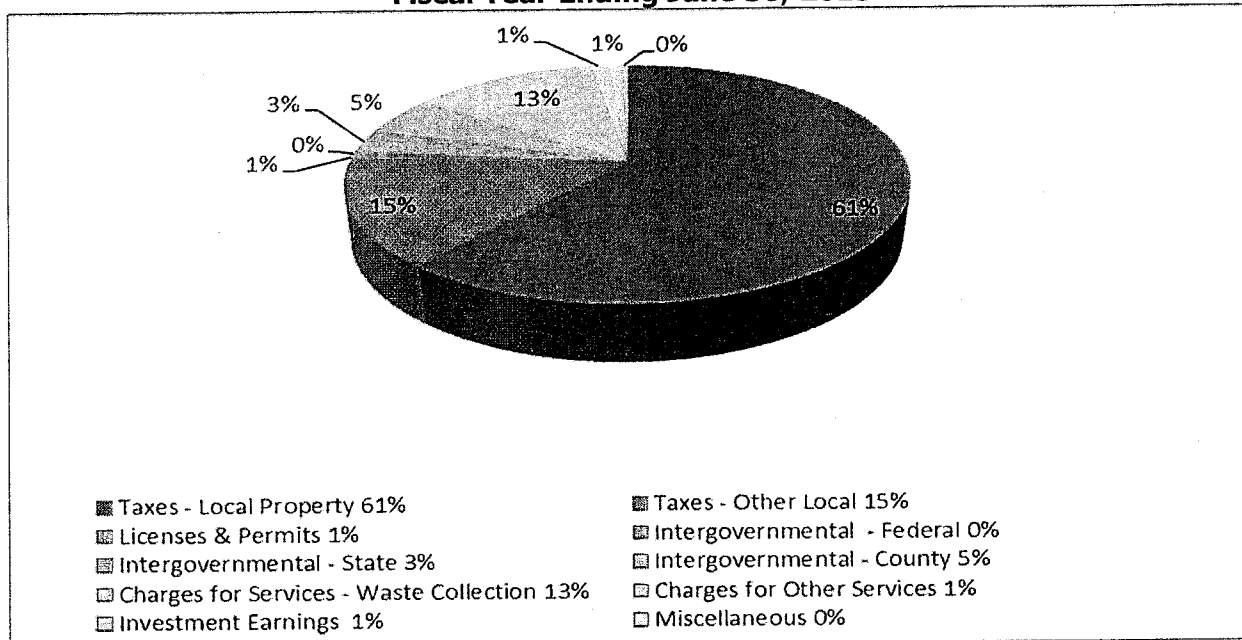
The largest components of the governmental activities' expenditures of \$1,384,644 are general government (15%), public safety-police (36%), and public works-solid waste collection (13%).

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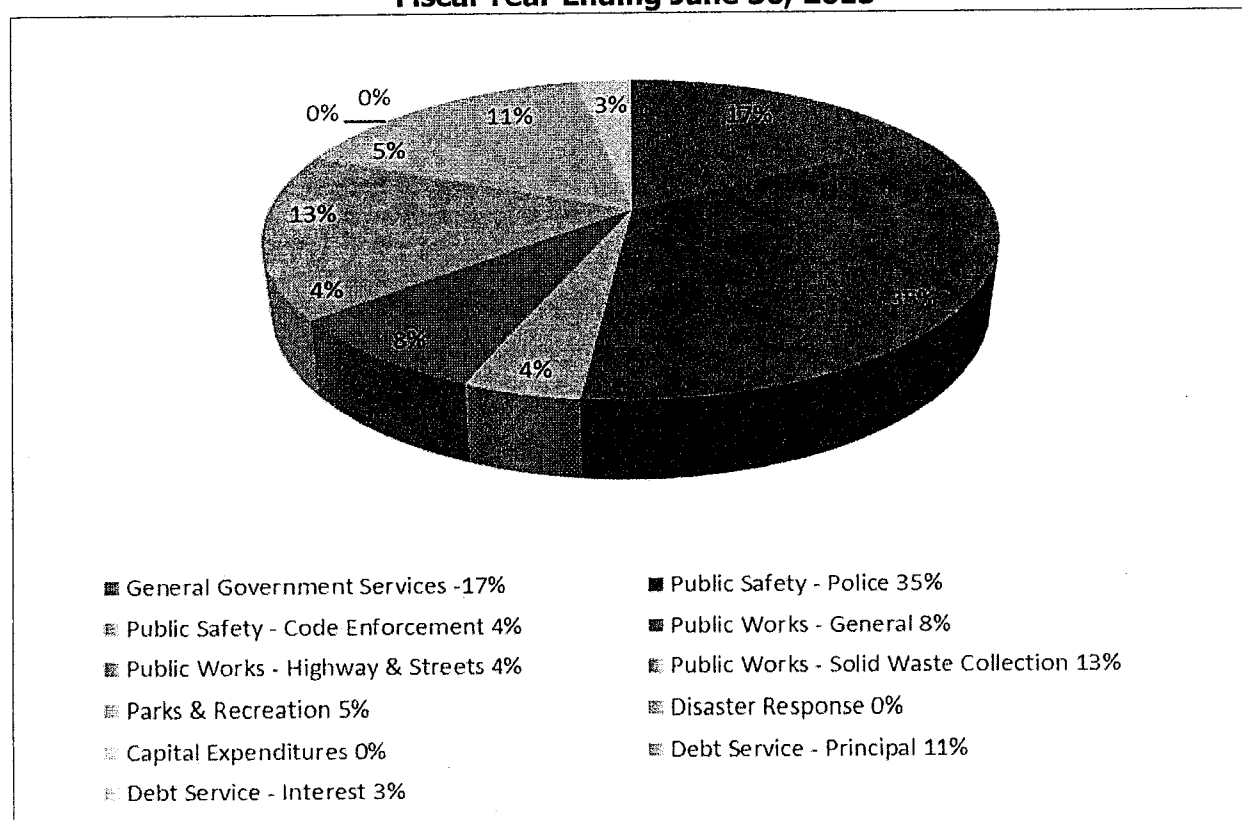
Management Discussion and Analysis
June 30, 2013

The following charts depict revenues and expenditures of the government-wide activities for the fiscal year.

Revenues – Government-wide Activities Fiscal Year Ending June 30, 2013



Expenditures – Government-wide Activities Fiscal Year Ending June 30, 2013



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Management Discussion and Analysis
June 30, 2013

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 funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$317,949, a net increase of \$47,502 from the prior year. All of the ending fund balances constitute unassigned fund balances.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the business-type activities part of the government-wide financial statements, but in greater detail.

Total net assets of the water and sewer proprietary funds at year end were \$6,342,336. Net assets invested in capital assets, net of related debt, were \$4,149,498, and unrestricted net assets were \$2,192,838. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The Town did not amend its General Fund budget during the fiscal year.

During the fiscal year, total actual revenues on a budgetary basis were \$682,854 (32%) below the amount budgeted. The primary reason for revenues being less than budgeted is due to approved grant and matching expenditures being budgeted; however, funding of these programs did not happen until fiscal year 2014. The specific programs involved were the dog park and streets and sidewalks projects.

Actual expenditures were below budgeted spending by \$720,542 (34%). The primary reason for expenditures being less than budgeted is due to approved grant and matching expenditures being budgeted; however, funding of these programs did not happen until fiscal year 2014.

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Management Discussion and Analysis June 30, 2013

Capital Assets and Long-Term Debt

Capital Assets: As of June 30, 2013, the Town had invested \$14,813,628, net of accumulated depreciation, in a broad range of capital assets. Depreciation and depletion charges for this fiscal year totaled \$415,156.

Major capital asset events during the current fiscal year included the following:

- \$6,405,112 of infrastructure – water & sewer.

The following table depicts the Town's capital assets:

	June 30, 2013			June 30, 2012		
	Governmental	Proprietary	Total	Governmental	Proprietary	Total
Capital Assets, at Cost	\$ 4,337,907	\$ 14,831,367	\$ 19,169,274	\$ 4,354,292	\$ 8,386,089	\$ 12,740,381
Less: Accum. Depreciatic	1,671,299	2,684,347	4,355,646	1,551,158	2,454,818	4,005,976
Net Capital Assets	\$ 2,666,608	\$ 12,147,020	\$ 14,813,628	\$ 2,803,134	\$ 5,931,271	\$ 8,734,405

Long-Term Debt: At the end of current fiscal year, the Town had total long-term debt of \$15,714,085, of which \$13,284,689 is due within one year, and the remaining \$2,429,396 is due in subsequent years. \$1,444,904 of the debt was related to governmental activities, and \$14,269,181 was related to business-type activities. All business-type debt is bonded and backed by the full faith and credit of the state government.

The Town's debt had a total net decrease of \$253,361 during the fiscal year, as a result of retiring debt.

Requests for Information

This financial report is designed to provide a general overview of the Town of Rising Sun's finances to the citizens of the Town of Rising Sun and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to the Town Administrator, Town of Rising Sun, MD 21911.

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Statement of Net Position June 30, 2013

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 164,096	\$ 2,136,640	\$ 2,300,736
Investments	94,848	- 0 -	94,848
Taxes receivable	24,582	- 0 -	24,582
Service charges receivable	22,693	125,208	147,901
Due from the State of Maryland	9,894	- 0 -	9,894
Other receivables	18,296	500	18,796
Internal balances	16,104	(16,104)	- 0 -
TOTAL CURRENT ASSETS	<u>350,513</u>	<u>2,246,244</u>	<u>2,596,757</u>
NONCURRENT ASSETS			
Restricted cash	- 0 -	6,271,659	6,271,659
Capital assets, net of accumulated depreciation	<u>2,666,608</u>	<u>12,147,020</u>	<u>14,813,628</u>
TOTAL NONCURRENT ASSETS	<u>2,666,608</u>	<u>18,418,679</u>	<u>21,085,287</u>
TOTAL ASSETS	<u>3,017,121</u>	<u>20,664,923</u>	<u>23,682,044</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	32,564	53,406	85,970
Current portion, notes payable	<u>124,371</u>	<u>13,160,318</u>	<u>13,284,689</u>
TOTAL CURRENT LIABILITIES	<u>156,935</u>	<u>13,213,724</u>	<u>13,370,659</u>
NONCURRENT LIABILITIES			
Notes payable, net of current portion	<u>1,320,533</u>	<u>1,108,863</u>	<u>2,429,396</u>
TOTAL LIABILITIES	<u>1,477,468</u>	<u>14,322,587</u>	<u>15,800,055</u>
NET POSITION			
Invested in capital assets, net of related debt	1,221,704	4,149,498	5,371,202
Unrestricted	<u>317,949</u>	<u>2,192,838</u>	<u>2,510,787</u>
TOTAL NET POSITION	<u>\$ 1,539,653</u>	<u>\$ 6,342,336</u>	<u>\$ 7,881,989</u>

See accompanying notes to financial statements

TOWN OF RISING SUN

Statement of Activities
For the Year Ended June 30, 2013

Net Revenue (Expense) and
Changes in Net Position
Primary Government

	Program Revenues			Net Revenue (Expense) and Changes in Net Position Primary Government		
	Expenses	Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities
FUNCTIONS/PROGRAM ACTIVITIES						
PRIMARY GOVERNMENT						
Governmental Activities:						
General government	\$ 250,916	\$ -0-	\$ -0-	\$ -0-	\$ (250,916)	\$ -0-
Public safety - police	530,447	905	27,630	-0-	(501,912)	-0-
Public safety - planning, zoning & code enforcement	61,001	16,362	-0-	-0-	(44,639)	-0-
Public works - general	126,997	-0-	-0-	-0-	(126,997)	-0-
Public works - streets	148,645	-0-	16,171	-0-	(132,474)	-0-
Public works - solid waste collection	174,602	179,893	8,616	-0-	13,907	-0-
Parks and recreation	39,494	544	-0-	-0-	(38,950)	-0-
Disaster response	1,783	-0-	5,421	-0-	3,638	-0-
Interest on long-term debt	39,660	-0-	-0-	-0-	(39,660)	-0-
Total Governmental Activities	1,373,545	197,704	57,838	-0-	(1,118,003)	-0-
Business Type Activities:						
Water and sewer system	936,248	1,018,282	-0-	800,000	-0-	882,034
TOTAL PRIMARY GOVERNMENT	\$ 2,309,793	\$ 1,215,986	\$ 57,838	\$ 800,000	(1,118,003)	882,034
GENERAL REVENUES:						
Real and personal property taxes					876,193	-0-
Income and other local taxes					208,268	-0-
Traders licenses					9,380	-0-
Grants and contributions not restricted to specific programs					64,846	-0-
Unrestricted investment earnings					12,291	19,759
Miscellaneous					5,626	23,038
TOTAL GENERAL REVENUES					1,176,604	42,797
CHANGE IN NET POSITION					58,601	924,831
NET POSITION - BEGINNING OF YEAR					1,481,052	5,417,505
NET POSITION - ENDING OF YEAR					\$ 1,539,653	\$ 6,342,336
						\$ 7,881,989

See accompanying notes to financial statements

TOWN OF RISING SUN

Balance Sheet Governmental Funds June 30, 2013

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 164,096
Investments	94,848
Taxes receivable	24,582
Service charges receivable	22,693
Due from State of Maryland	9,894
Due from water and sewer proprietary fund	16,104
Other receivables	<u>18,296</u>
TOTAL ASSETS	<u>\$ 350,513</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 32,564</u>
TOTAL LIABILITIES	<u>32,564</u>
FUND BALANCES	
Unassigned	<u>317,949</u>
TOTAL FUND BALANCES	<u>317,949</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 350,513</u>

See accompanying notes to financial statements

TOWN OF RISING SUN

Reconciliation of the Governmental Funds to the Statement of Net Position June 30, 2013

FUND BALANCE - GOVERNMENTAL FUNDS \$ 317,949

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

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

Governmental capital assets	\$ 4,337,907	
Less accumulated depreciation	<u>(1,671,299)</u>	
Net Capital Assets		2,666,608

Long-term liabilities are not due and payable in the current
period and, therefore, not reported in the funds:

General obligation debt	<u>(1,444,904)</u>	
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NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,539,653</u>
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TOWN OF RISING SUN

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2013

	General Fund
REVENUES	
Taxes - local property	\$ 876,193
Taxes - income and other local	208,268
Licenses and permits	9,380
Intergovernmental - federal	5,421
Intergovernmental - state	43,801
Intergovernmental - county	73,462
Other grants and contributions	1,220
Charges for service - public safety	905
Charges for service - solid waste collection	179,893
Charges for service - planning, zoning & code enforcement	16,362
Charges for service - parks and recreation	544
Investment earnings	12,291
Miscellaneous	4,406
Total Revenues	<u>1,432,146</u>
EXPENDITURES	
Current operating	
General government	233,550
Public safety - police	479,297
Public safety - planning, zoning & code enforcement	61,001
Public works - general	111,405
Public works - streets and sidewalks	58,233
Public works - solid waste collection	173,423
Parks and recreation	29,566
Disaster response	1,783
Capital expenditures	49,101
Debt service - principal	147,625
Debt service - interest	39,660
Total Expenditures	<u>1,384,644</u>
EXCESS OF REVENUES OVER EXPENDITURES	47,502
FUND BALANCES - BEGINNING	<u>270,447</u>
FUND BALANCES - ENDING	<u>\$ 317,949</u>

See accompanying notes to financial statements

TOWN OF RISING SUN

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2013

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$	47,502
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Amounts reported for governmental activities in the Statement of Activities
are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$185,627 exceeded capital expenditures of \$49,101 in the current period.	(136,526)
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Principal repayments of long-term debt utilize current financial resources of governmental funds.	<u>147,625</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$</u>	<u>58,601</u>
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TOWN OF RISING SUN

Statement of Net Position - Proprietary Funds June 30, 2013

	Water and Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,136,640
Service charges receivable	125,208
Other receivables	500
TOTAL CURRENT ASSETS	<u>2,262,348</u>
NONCURRENT ASSETS	
Restricted cash	6,271,659
Capital assets, net of accumulated depreciation	<u>12,147,020</u>
TOTAL NONCURRENT ASSETS	<u>18,418,679</u>
TOTAL ASSETS	<u>20,681,027</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	53,406
Current portion, notes payable	13,160,318
Due to general fund	<u>16,104</u>
TOTAL CURRENT LIABILITIES	<u>13,229,828</u>
NONCURRENT LIABILITIES	
Notes payable, net of current portion	<u>1,108,863</u>
TOTAL LIABILITIES	<u>14,338,691</u>
NET POSITION	
Invested in capital assets, net of related debt	4,149,498
Unrestricted	<u>2,192,838</u>
TOTAL NET POSITION	<u>\$ 6,342,336</u>

See accompanying notes to financial statements

TOWN OF RISING SUN

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds For the Year Ended June 30, 2013

	Water	Sewer	Total
OPERATING REVENUES			
Service fees	\$ 486,753	\$ 531,529	\$ 1,018,282
Rents and miscellaneous	19,269	3,771	23,040
Total Operating Revenue	<u>506,022</u>	<u>535,300</u>	<u>1,041,322</u>
OPERATING EXPENSES			
Chemicals and testing	18,509	9,175	27,684
Contracted services and engineering	33,726	17,209	50,935
Depreciation	129,399	100,130	229,529
Fines	- 0 -	8,850	8,850
Other administrative expenses	58,455	110,680	169,135
Payroll taxes and fringe benefits	45,945	45,791	91,736
Repairs and maintenance	8,500	3,985	12,485
Salaries and wages	124,920	129,978	254,898
Supplies and materials	4,301	4,054	8,355
Utilities and telephone	43,068	17,219	60,287
Vehicle expenses	6,402	6,697	13,099
Total Operating Expenses	<u>473,225</u>	<u>453,768</u>	<u>926,993</u>
OPERATING INCOME	<u>32,797</u>	<u>81,532</u>	<u>114,329</u>
NONOPERATING REVENUES (EXPENSES)			
Grants	- 0 -	800,000	800,000
Interest income	414	19,345	19,759
Interest and loan fee expense	(9,142)	(115)	(9,257)
Total Nonoperating Revenue	<u>(8,728)</u>	<u>819,230</u>	<u>810,502</u>
CHANGE IN FUND NET POSITION	24,069	900,762	924,831
TOTAL NET POSITION - BEGINNING	<u>1,902,649</u>	<u>3,514,856</u>	<u>5,417,505</u>
TOTAL NET POSITION - ENDING	<u>\$ 1,926,718</u>	<u>\$ 4,415,618</u>	<u>\$ 6,342,336</u>

See accompanying notes to financial statements

TOWN OF RISING SUN

Statement of Cash Flows - Proprietary Funds For the Year Ended June 30, 2013

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,052,062
Cash paid to suppliers for goods and services	(315,040)
Cash paid to employees for services	(346,634)
	<u>390,388</u>
NET CASH FROM OPERATING ACTIVITIES	
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from general fund	16,374
	<u>16,374</u>
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Repayments of bonds	(105,736)
Grant funds utilized for capital expenditures	800,000
Acquisition of property, plant and equipment	(6,445,278)
Interest payments and administrative fees paid on bond	(9,257)
	<u>(5,760,271)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	19,759
	<u>19,759</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	
NET DECREASE IN CASH	(5,333,750)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING	<u>13,742,049</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - ENDING	<u>\$ 8,408,299</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating income	\$ 114,329
Add depreciation and amortization expense	229,529
(Increase) decrease in current assets	
Accounts receivable	10,738
Prepaid expenses	3,772
Increase (decrease) in current liabilities	
Accounts payable	32,020
	<u>32,020</u>
Net Cash From Operating Activities	<u>\$ 390,388</u>

See accompanying notes to financial statements

TOWN OF RISING SUN

Notes to Financial Statements June 30, 2013

1. Summary of Significant Accounting Policies

The Town of Rising Sun was incorporated in 1860. The Town operates under a Mayor - Commissioner form of government and provides the following services: Public Safety - Police and Planning, Zoning and Code Enforcement; Public Works - Streets and Sidewalks, and Solid Waste Collection; Water and Sewer; Parks and Recreation; and General Administrative Services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The more significant of the government's accounting policies are described below.

Government-Wide Financial Statements - The government-wide financial statements (the statement of net position and the statement of activities) report information on all non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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 or segment. 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 or segment; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets, when applicable. These revenues are subject to externally imposed restrictions to these program uses.

Taxes and other revenues not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Major revenue sources susceptible to year-end accruals include: Income tax receipts and Property taxes. In general, other revenues are recognized when cash is received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded as a liability when incurred.

TOWN OF RISING SUN

Notes to Financial Statements June 30, 2013

1. Summary of Significant Accounting Policies (continued)

The accounts of the Town are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. There are no non-major funds in either category.

The Town maintains the following two funds:

Governmental Fund Type - General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Fund Type - Water and Sewer Enterprise Fund

The Water and Sewer Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, or public policy, management control, accountability or other purposes.

There are no fiduciary funds held by the Town.

Budgetary Data – Formal budgetary accounting is employed as a management control for all funds of the Town. Annual operating budgets are adopted, after public hearings, by passing of a resolution prior to the start of each fiscal year. Transfers of appropriations between functions require approval of the Mayor and Commissioners. The budget uses the same basis of accounting as used to reflect actual revenues and expenditures.

Receivables - All receivables are reported at gross values. No allowance for uncollectible accounts is deemed necessary.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,500 and an estimated useful life in excess of one year. Such items are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Machinery, equipment and vehicles	4 to 25 years
Buildings and improvements	20 to 50 years
Public domain infrastructure	10 to 50 years
Water & Sewer plants, lines and tanks	25 to 50 years
Water & Sewer improvements	10 to 50 years

TOWN OF RISING SUN

Notes to Financial Statements
June 30, 2013

1. Summary of Significant Accounting Policies (continued)

Compensated Absences - Since accumulated unpaid vacation and sick leave are immaterial, no accruals have been made with respect to them.

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

Invested in Capital Assets, Net of Related Debt

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

Net Position (continued) -

Restricted Net Position

This category represents the net position of the Town which has been restricted for a specific project or purpose by a third party. As of June 30, 2013, the Town did not have any assets to be reported in this category.

Unrestricted Net Position

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

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

Nonspendable

This category includes amounts that cannot be spent due to form, such as inventory, prepaid amounts, long term receivables or amounts that must be maintained intact legally or contractually. As of June 30, 2013, the Town did not have any assets to be reported in this category.

Restricted

This category includes amounts constrained by an external party, constitutional provision or enabling legislation. As of June 30, 2013, the Town did not have any assets to be reported in this category.

Committed

This category includes amounts constrained for a specific purpose by the Board of Commissioners using its highest level of decision making authority, prior to year end. As of June 30, 2013, the Town did not have any assets to be reported in this category.

TOWN OF RISING SUN

Notes to Financial Statements June 30, 2013

1. Summary of Significant Accounting Policies (continued)

Assigned

This category includes amounts constrained by the intent to be used for a specific purpose by a governing board which has the authority to assign funds. As of June 30, 2013, the Town did not have any assets to be reported in this category.

Unassigned

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

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

2. Cash and Cash Equivalents and Restricted Cash

Deposits are carried at cost plus accrued interest. The carrying amount of Deposits is separately displayed on the balance sheet as "Cash And Cash Equivalents", and consists of demand deposits and certificates of deposit with short-term (less than six month) maturities.

Deposits, by level of risk, are:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 511,843	\$ 511,843
Uninsured, Collateral Held By Pledging Banks		
Trust Departments in Town's Name	6,439,463	6,440,386
MD Local Government Investment Pool	1,000,807	1,000,807
Uninsured, Uncollateralized	<u>620,282</u>	<u>441,273</u>
Total Deposits	<u>\$ 8,572,395</u>	<u>\$ 8,394,309</u>

The Town has adopted a policy to be followed when investing public funds in accordance with the provisions of Article 95, Section 22F of the Annotated Code of Maryland which prescribes the type of investments permissible for Maryland Municipalities. This policy requires that Town funds be invested in obligations for which the United States has pledged its full faith and credit, obligations insured by a federal agency (such as the FDIC), obligations collateralized by federal obligations, and portfolios created under the Maryland Local Government Investment Pool.

As of June 30, 2013, the Town was not in compliance with this policy. The uninsured balance at one financial institution exceeded the pledged collateral allocated by the bank's trust department. The Town corrected this violation on October 30, 2013 by transferring \$800,000 to the MD Local Government Investment Pool.

The Town has a restricted cash balance totaling \$6,271,659. These funds were initially received as a result of the PNC Bank – Bond Anticipation Note (see Note 9). Use of these funds is restricted to costs associated with the wastewater treatment plant upgrade.

TOWN OF RISING SUN

Notes to Financial Statements June 30, 2013

3. Investments

The Town was bequeathed some A.T. & T. stock in the 1950's. The shares now owned are a result of subsequent stock splits and the A.T. & T. divestiture in 1984. These stocks would not be a permitted investment under Article 95, Section 22 of the Annotated Code of Maryland. However, the Town retains the right to hold these stocks for public use under Article 23A, Subsection 24 of the Code. The Town follows GASB Statement 31, which provides that investments should be carried at fair market value and that the change in the market value of investments be reported as revenue in the operating statement. Fair market value has been determined by quoted market prices of the underlying securities (all Level 1 Measurements).

4. Property Tax

Property tax is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized on the levy or lien date. Current year delinquent property taxes receivable represents unpaid taxes from the current year.

Cecil County bills and collects property taxes for the Town. Taxes for the year ended June 30, 2013, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2012 and December 31, 2012. Any County collection on the 2012-2013 tax levy remitted to the Town within sixty days subsequent to June 30, 2013, are recorded as property tax revenues. Taxes not collected and remitted to the Town within sixty days subsequent to June 30, 2013 are immaterial.

5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds". All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Total advances due to the general fund as of June 30, 2013 totaled \$16,104.

6. Retirement Plan

The Town provides pension benefits for all of its full-time employees through a defined contribution plan under IRS section 457(b). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after reaching age 21 and completing one year of service. The Town matches the employee's salary deferral up to a maximum of 3%. Vesting occurs 40% after four years, 5% additional for each of the next two years, and 10% additional for each of the next five years. Town contributions for and interest forfeited by employees leaving employment before full vesting are used to reduce the Town's current contribution requirement. During the year ended June 30, 2013, the Town matched employees' contributions of up to 3%, for a total contribution of \$16,621 for the current year. All employee contributions are fully vested. There is no obligation or provision for employees to contribute to the plan.

The Town has a 401(a) plan to which it can contribute a discretionary 2% of the employee's salary. No discretionary contribution was authorized for the fiscal year ended June 30, 2013.

TOWN OF RISING SUN

Notes to Financial Statements June 30, 2013

6. Capital Assets

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

	6/30/12	Additions	Dispositions	6/30/13
GOVERNMENTAL ACTIVITIES:				
Land	\$ 417,807	\$ - 0 -	\$ - 0 -	\$ 417,807
Building and improvements	1,551,091	- 0 -	- 0 -	1,551,091
Land improvements	218,762	41,169	- 0 -	259,931
Infrastructure - sidewalks, streets	1,368,647	- 0 -	- 0 -	1,368,647
Machinery, equipment and vehicles	797,985	7,932	65,486	740,431
Total	4,354,292	49,101	65,486	4,337,907
Less: Accumulated Depreciation				
Land	- 0 -	- 0 -	- 0 -	- 0 -
Buildings and improvements	335,328	31,022	- 0 -	366,350
Land improvements	167,806	10,270	- 0 -	178,076
Infrastructure - sidewalks, streets	400,295	89,869	- 0 -	490,164
Machinery, equipment and vehicles	647,729	54,466	65,486	636,709
Total Governmental Activities	1,551,158	185,627	65,486	1,671,299
Net Capital Assets -				
Governmental Activities	\$ 2,803,134			\$ 2,666,608

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 17,366
Public Safety - Police	51,150
Public Works - General	15,592
Public Works - Streets & Sidewalks	90,412
Public Works - Solid Waste Collection	1,179
Parks & Recreation	9,928
Total	\$ 185,627

	6/30/12	Additions	Dispositions	6/30/13
BUSINESS-TYPE ACTIVITIES:				
Land	\$ 105,491	\$ - 0 -	\$ - 0 -	\$ 105,491
Water tanks, mains, wells and plant	3,547,397	13,586	- 0 -	3,560,983
Construction in progress - water system improvements	130,533	11,601	- 0 -	142,134
Sewer system and improvements	3,251,374	1,755	- 0 -	3,253,129
Construction in progress - sewer system improvements	899,608	6,405,112	- 0 -	7,304,720
Machinery, equipment and vehicles	451,686	13,224	- 0 -	464,910
Total	8,386,089	6,445,278	- 0 -	14,831,367
Less: Accumulated Depreciation				
Land	- 0 -	- 0 -	- 0 -	- 0 -
Water tanks, mains and plants	1,087,571	110,039	- 0 -	1,197,610
Construction in progress - water system improvements	- 0 -	- 0 -	- 0 -	- 0 -
Sewer system and improvements	1,077,667	83,764	- 0 -	1,161,431
Construction in progress - sewer system improvements	- 0 -	- 0 -	- 0 -	- 0 -
Machinery, equipment and vehicles	289,580	35,726	- 0 -	325,306
Total Business-Type Activities	2,454,818	229,529	- 0 -	2,684,347
Net Capital Assets -				
Business-Type Activities	\$ 5,931,271			\$ 12,147,020

Total capitalized interest included in construction in progress - sewer system improvements was \$ 328,646 for the year ended June 30, 2013.

TOWN OF RISING SUN

Notes to Financial Statements June 30, 2013

7. Long-Term Debt

Long-Term Debt at June 30, 2013 consists of:

Governmental Activities:

Mortgage Loan - NBRS Financial

Total authorized and issued as of June 30, 2013 - \$1,398,427.

Principal repaid through June 30, 2013 - \$358,803.

Interest at 2.44%, adjustable every three years. Monthly principal and interest payments of \$5,758 through April, 2032. Loan is secured by certain real property.

\$ 1,039,624

Capital Improvement Loan - NBRS Financial

Total authorized and issued as of June 30, 2013 - \$658,330. Principal paid through June 30, 2013 - \$296,257 - Interest at variable rate, based on 75% of Wall Street Journal Prime Rate, Initial Rate 2.44%.

Semi-annual principal payments of \$32,916 beginning January 1, 2013 through January 2019. Interest is paid semi-annually

362,073

Secured Loan - NBRS Financial

Total authorized and issued as of June 30, 2013 - \$81,000.

Principal paid through June 30, 2013 - \$69,018. Interest at 4.88%. Monthly principal and interest payments of \$2,426 through November 2013. Loan is secured by town vehicles.

11,982

Secured Loan - NBRS Financial

Total authorized as of June 30, 2013 - \$76,000. Total Issued as of June 30, 2013 - \$60,081. Principal paid through June 30, 2013 - \$28,856. Interest at 5.39%. Monthly principal and interest payments of \$1,091 through November 2017. Loan is secured by town vehicles.

31,225

Total Governmental Activities

1,444,904

Business-Type Activities:

Maryland Water Quality Financing Administration, Series 2002 Bonds

Total authorized as of June 30, 2013 - \$1,861,600. Issued as of

June 30, 2013 - \$1,698,717. Principal repaid through

June 30, 2013 - \$529,536. Interest at 0.5%, paid semi-annually.

Principal to be repaid in annual installments through February, 2032.

1,169,181

PNC Bank - Bond Anticipation Note

Total authorized and issued as of June 30, 2013 - \$13,100,000.

Principal repaid through June 30, 2013 \$ -0-. Interest at 2.23%, paid quarterly. Interest only payments of \$73,033 through November, 2013. Principal payment of \$13,100,000 due November 15, 2013.

\$ 13,100,000

Total Business-Type Activities

14,269,181

Total Long-Term Debt

\$ 15,714,085

TOWN OF RISING SUN

Notes to Financial Statements
June 30, 2013

7. Long-Term Debt (continued)

During the year ended June 30, 2013, the following changes occurred in Long-Term Debt:

	Balance 6/30/12	Issued	Retired	Balance 06/30/13
Governmental Activities	\$ 1,592,529	\$ - 0 -	\$ 147,625	\$ 1,444,904
Business-Type Activities	14,374,917	- 0 -	105,736	14,269,181
Totals	<u>\$ 15,967,446</u>	<u>\$ - 0 -</u>	<u>\$ 253,361</u>	<u>\$ 15,714,085</u>

Future debt service requirements are as follows:

Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal Maturing	Interest Payable	Principal Maturing	Interest Payable
2014	\$ 124,371	\$ 57,734	\$ 13,160,318	\$ 115,244
2015	115,323	52,731	60,620	5,393
2016	118,049	47,725	60,923	5,089
2017	112,647	42,284	61,227	4,784
2018	111,011	38,186	61,534	4,477
2019 through 2023	287,409	145,033	312,312	17,726
2024 through 2028	309,796	87,807	320,201	9,821
2029 through 2032	266,298	22,366	232,046	2,103
Totals	<u>\$ 1,444,904</u>	<u>\$ 493,866</u>	<u>\$ 14,269,181</u>	<u>\$ 164,637</u>

7. Risk Management

The Town has commercial insurance which covers significant losses. However, the Town does not have coverage regarding contractual claims. Settlement amounts have not exceeded insurance coverage for the current year or for the three prior years.

8. Litigation

The Town is also the defendant in a civil action filed by the Maryland Department of the Environment for violations of the Federal Safe Drinking Water Act, stemming from violations at the Town's wastewater treatment plant. The suit incorporates a Consent Order agreed to by the Town. To date, the Town has complied with all terms of the Order established under the suit. Penalties are ongoing and could be as much as \$1,800 per month. Failure to meet target dates carries additional penalties of \$500 per day. During the year ended June 30, 2013, the Town paid a total of \$8,850 in fines and penalties regarding this matter. It is likely that violations and penalties will continue at the plant until a new plant is online, possibly into 2014.

TOWN OF RISING SUN

Notes to Financial Statements June 30, 2013

9. Contingent Liability

On September 28, 2010, the USDA Rural Development office approved the Town for a loan of \$13,098,500 for the wastewater treatment plant upgrade. The Town has completed the engineering and design phase, and has begun construction, which is expected to be completed during the next fiscal year. The loan will be amortized over 40 years with a 2.375% fixed interest rate. Payments will be made on a quarterly basis. The Town is also obligated to issue a general obligation bond for the total amount borrowed. Interim financing for the project has been obtained through a local bank in anticipation of the funds from USDA upon completion of the project. Total funds borrowed as of June 30, 2013 total \$13,100,000. Of this balance, \$6,271,659 is held in money market funds for future costs, and is included as restricted cash in the Utility Fund as of June 30, 2013.

In addition, the Maryland Department of the Environment also approved \$800,000 in grant funds for the project which were received during the year ended June 30, 2013, to fund certain construction costs of the project.

10. Subsequent Event

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through October 30, 2013, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF RISING SUN

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund (NON-GAAP BUDGETARY BASIS) For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes - local property	\$ 900,421	\$ 876,193	\$ (24,228)
Taxes - income and other local	128,633	208,268	79,635
Licenses & permits	- 0 -	9,380	9,380
Intergovernmental - federal	- 0 -	5,421	5,421
Intergovernmental - state	79,180	43,801	(35,379)
Intergovernmental - county	53,111	73,462	20,351
Other grants & contributions	441,275	1,220	(440,055)
Charges for service - public safety	2,040	905	(1,135)
Charges for service - solid waste collection	180,284	179,893	(391)
Charges for service - planning, zoning & code enforcement	10,538	16,362	5,824
Charges for service - public works	196	- 0 -	(196)
Charges for service - parks & recreation	1,000	544	(456)
Investment earnings	4,322	12,291	7,969
Miscellaneous	14,000	4,406	(9,594)
Proceeds from long term debt	300,000	- 0 -	(300,000)
TOTAL REVENUES	<u>2,115,000</u>	<u>1,432,146</u>	<u>(682,854)</u>
EXPENDITURES			
General government	232,968	233,550	(582)
Public safety - police	522,627	479,297	43,330
Public safety - planning, zoning & code enforcement	53,654	61,001	(7,347)
Public works - general	99,311	111,405	(12,094)
Public works - streets & sidewalks	352,015	58,233	293,782
Public works - solid waste collection	182,067	173,423	8,644
Parks & recreation	133,258	29,566	103,692
Disaster response	1,100	1,783	(683)
Capital expenditures	331,300	49,101	282,199
Debt service - principal	147,625	147,625	- 0 -
Debt service - interest	49,261	39,660	9,601
TOTAL EXPENDITURES	<u>2,105,186</u>	<u>1,384,644</u>	<u>720,542</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 9,814</u>	<u>\$ 47,502</u>	<u>\$ 37,688</u>

See accompanying notes to financial statements

TOWN OF RISING SUN

Notes to Required Supplementary Information June 30, 2013

Budgetary Data - Formal budgetary accounting is employed as a management control for all funds of the Town. Annual operating budgets are adopted, after public hearings, by passing of a resolution prior to the start of each fiscal year. Transfers of appropriations between functions require approval of the Board of Commissioners. The budget uses the same basis of accounting as used to reflect actual revenues and expenditures.

The legal level of budgetary control is at the level of general classification of expenditure. The town exceeded its budget at June 30, 2013 as follows:

General government	\$582
Public safety - planning, zoning & code enforcement	\$7,347
Public works - general	\$12,094
Disaster response	\$683