

**TOWN OF PRINCESS ANNE,
MARYLAND**

AUDIT COMMUNICATIONS

JUNE 30, 2023

TOWN OF PRINCESS ANNE, MARYLAND

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I. COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

July 1, 2024

Commissioners of Princess Anne
Town of Princess Anne, Maryland
Princess Anne, Maryland

We have audited the financial statements of the governmental activities, and each major fund of the Town of Princess Anne, Maryland (“the Town”) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 20, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 2 to the financial statements. Effective July 1, 2022, the Town adopted new accounting guidance from the Government Accounting Standard Board (GASB) Statement No. 96, Subscription-Based Information Technology Agreements as discussed in Note 2. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town’s financial statements were:

Management’s estimation of the allowance for uncollectible amounts was based on past experience. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Management’s estimation of depreciation expense is based on the estimated useful lives of these assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability is based upon an actuarial study performed by a third party. We evaluated the key factors and assumptions used to develop the pension liability and pension expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the lessor and lessee; lease asset, deferred outflow, and lease liability as it relates to GASB No. 87. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

- Note 13 Washington Inn
- Note 15 Prior Period Adjustment

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed because of the following:

- Un-timely reconciliations of material general ledger accounts.
- Significant turnover in key employees within the accounting department, along with challenges in hiring their replacements.
- Key leadership turnover

The above difficulties resulted in missing key legislative deadlines as required by the State of Maryland and Uniform Guidance.

In addition, we do not express an opinion on the accompanying financial statements of the Town. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. The basis for disclaimer of opinions paragraph has been included below.

Basis for Disclaimer of Opinions

The June 30, 2022 financial statement audit was conducted by PKS and Company, PA ("PKS"). In their auditors' report dated October 6, 2023, they encountered significant difficulties in performing and completing the audit process. These difficulties related primarily to the inability to obtain appropriate audit documentation and the significant turnover in staff, resulted in the unavailability of Town staff to assist and answer questions. The prior audit firm, PKS issued a disclaimer of opinion on the June 30, 2022 financial statement.

Therefore, we (UHY LLP) were unable to obtain sufficient appropriate audit evidence regarding opening fund balance and net position as of June 30, 2022.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The attached Adjusting Journal Entry Reports, as listed in the table of contents, list all adjustments made during the audit, some of which are material to the financial statements. Certain journal entries were proposed as part of our audit procedures, while others were provided by management and/or consultants acting on behalf of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 1, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Commissioners of Princess Anne, and management of the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "UHY LLP". The letters are written in a cursive, slightly slanted style.

UHY LLP
Salisbury, Maryland

II. COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

July 1, 2024

Commissioners of Princess Anne
Town of Princess Anne, Maryland
Princess Anne, Maryland

In planning and performing our audit of the financial statements of the governmental activities, and each major fund of the Town of Princess Anne, Maryland (“the Town”) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town’s system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Finding Number 2023-001 – Timely and Accurate Financial Reporting
Material Weakness

Criteria: Internal controls should be properly designed to ensure timely and accurate financial reporting.

Condition: The internal controls currently in place led to a reconciliation process resulting in overall inaccuracies and delays in the financial reporting process.

Cause: Per management, much of this internal control deficiency is due to the departure and turnover of key staff during 2022 and 2023.

Effect: During our audit, significant adjusting journal entries were prepared prior to preparation of the financial statements. Timely and accurate financial reporting creates confidence, credibility, reliability and awareness for the commissioners, management and other users of those financial reports. In addition, the Town is neither in compliance nor meeting its current demands for external reporting.

Recommendation: We recommend hiring experienced staff to help in designing and implementing internal controls that would enable the Town to have timely and accurate financial reporting.

Identification of Repeat Finding: This is a repeat finding.

Views of Responsible Officials: The Town will review its internal controls to ensure timely and accurate financial reporting. In addition, the Town has hired a new finance administrator, and has engaged outside consultants to help.

Finding Number 2023-002 – Account Reconciliations
Material Weakness

Criteria: Internal controls should be properly designed to ensure periodic reconciliations of material general ledger accounts.

Condition: The Town does not prepare periodic reconciliations for some of its assets, liability, revenue and expense accounts throughout the year.

Cause: Per management, much of this internal control deficiency is due to the departure and turnover of key staff during 2022 and 2023.

Effect: During our audit, significant adjusting journal entries were prepared. In addition, significant assets and liabilities were identified during our audit procedures which were previously unreported.

Recommendation: We recommend designing and implementing internal controls that include when possible, the following:

- Account reconciliations that are complete – no account left behind.
- Account reconciliations should be accurate.
- Account reconciliations should be completed and reviewed by management in a timely manner.
- Account reconciliations should support the appropriate accounting principles.
- Account reconciliations should be constantly reviewed and improved.

We have provided more detailed account reconciliation recommendations in Section III – *Comments and Recommendations*.

Identification of Repeat Finding: This is a first year finding.

Views of Responsible Officials: The Town will review its internal controls to ensure material general ledger accounts are being reconciled. In addition, the Town has hired a new finance administrator, and has engaged outside consultants to help.

Finding Number 2023-003 – Supporting Documentation could not be located
Material Weakness

Criteria: A good system of internal control includes maintaining documentation of transactions.

Condition: During our audit, we noted that the prior auditor experienced difficulties in obtaining appropriate documentation for disbursements, accounts payables, and capital assets. In addition, we were unable to obtain appropriate documentation for 27 out of 120 (23%) items selected during our testing of credit card transactions.

Cause: Per management, much of this internal control deficiency is due to the departure and turnover of key staff during 2022 and 2023. The Town also did not have an adequate filing system for paid invoices.

Effect: Missing accounting records may be a result of general disorganization or could be a red flag of a more severe issue such as potential fraud or abuse. At a minimum, missing documents results in nonproductive time spent searching for needed documents.

Recommendation: A formal Record Retention Policy indicating number of years documentation is to be kept on file should be developed. A significant effort should be made to ensure that documentation be properly filed and retained. The Town should develop a systematic method of filing these documents such as alphabetically by vendor. Documents should be filed immediately after processing.

Identification of Repeat Finding: This is a repeat finding.

Views of Responsible Officials: The Town will review its procedures for maintaining documentation. In addition, the Town has hired a new finance administrator, and has engaged outside consultants to help.

Finding Number 2023-004 – Segregation of Duties
Material Weakness

Criteria: Proper segregation of duties should be in place to strengthen internal controls to provide reasonable assurance that a material misstatement to the financial statements is prevented.

Condition: We noted that the internal controls currently in place with regard to the review of bank reconciliations, cash receipts, and cash disbursements creates conflicts within duties assigned to a single individual and produces a increased level of internal control risk. During our audit, we noted a lack of segregation of duties.

Cause: The lack of appropriately designed internal control systems has produced conflicts regarding assigned duties.

Effect: Segregation of duties issues does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, the misappropriation of assets and/or errors on a timely basis.

Recommendation: We recommend that, when possible, responsibilities for authorization, recording, and maintaining custody of assets be assigned to different employees. In situations where this is not possible, we recommend the implementation of certain transaction review controls. It is important to note that review controls do not eliminate all risk when segregation of duties conflicts exist, and management and those charged with governance need to be aware of such risks.

Identification of Repeat Finding: This is a first year finding.

Views of Responsible Officials: It has been determined that it would not be cost effective for the Town to add additional personnel to ensure complete segregation of duties in the finance department.

COMPLIANCE

Finding Number 2023-005 – Noncompliance with State Annual Financial Reporting Material Weakness

Criteria – Local governments in the State of Maryland must submit their audited financial report no later than April 30th following the fiscal year end.

Condition – The Town did not submit its audited financial report by the required date.

Cause – The Town’s internal controls failed to provide appropriate account reconciliations and timely and accurate financial reporting.

Effect – Non-compliance with State’s requirements may result in sanctions.

Recommendation – We recommend preparing an audit close timeline, identifying key employees who will take ownership.

Identification of Repeat Finding: This is a repeat finding.

Views of Responsible Officials: The Town will review its internal controls to ensure material general ledger accounts are being reconciled which will aid in timely and accurate financial reporting. In addition, the Town has hired a new finance administrator, and has engaged outside consultants to help.

This communication is intended solely for the information and use of management and the Commissioners, and is not intended to be, and should not be, used by anyone other than these specified parties. The Town’s written response to the material weaknesses identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion on it.



UHY LLP
Salisbury, Maryland
July 1, 2024

III. COMMENTS AND RECOMMENDATIONS

July 1, 2024

Commissioners of Princess Anne
Town of Princess Anne, Maryland
Princess Anne, Maryland

In planning and performing our audit of the financial statements of Town of Princess Anne, Maryland (“the Town”) as of and for the year ended June 30, 2023, we considered the Town’s internal control as a basis for designing our auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated July 1, 2024 on the financial statements of the Town.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with the Town’s personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist in implementing the recommendations.

We wish to thank the commissioners and employees of the Town for the assistance and cooperation provided us during our engagement.

Very truly yours,



UHY LLP

Government Finance Officers Association (“GFOA”) Best Practices identify specific policies and procedures that contribute to improved government management. They aim to promote and facilitate positive change.

Internal Control Environment

We recommend reviewing the GFOA’s best practices for *Internal Control Environment*. A summary is as follows:

The GFOA recommends that governments demonstrate a commitment to the COSO framework, assume responsibility for overseeing internal control, develop organizational structures and accountability, commit to attracting and retaining competent employees, and hold individuals accountable.

Timely Financial Reporting

We recommend reviewing the GFOA’s best practices for *Timely Financial Reporting*. A summary is as follows:

Financial reports are intended to meet the needs of decision makers. Accordingly, timeliness is identified as one of the characteristics of information in financial reporting in Concepts Statement No. 1 of the Governmental Accounting Standards Board (GASB), Objectives of Financial Reporting. To accomplish this objective, financial reports must be available in time to inform decision making. Therefore, financial reports should be published as soon as possible after the end of the reporting period.

Timely financial reporting requires careful, yearlong planning and monitoring¹ (e.g., data processing, audit field work) and cannot be reduced to a well-managed busy season. The need for timeliness has to be balanced against the need for reliability, which also was identified as one of the characteristics of information in financial reporting identified in GASB Concepts Statement No. 1. While governments certainly should not sacrifice reliability for timeliness, minor gains in precision ought not to be purchased at the price of indefinite delay. GASB Concepts Statement No. 1 says that “Sometimes a timely estimate is more useful than precise information that takes a long time to produce” (e.g., accounting estimates).

Legislative deadlines for submitting financial statements should be viewed as a minimum standard rather than as an ideal objective.

Budget Monitoring

We recommend reviewing the GFOA’s best practices for Budget Monitoring. A summary is as follows:

GFOA recommends that all governments establish a formal set of processes for comparing budget to actual results to monitor financial performance. Establishing and conducting regular budget monitoring provides organizations the opportunity to promptly adjust for any significant variances to ensure continuity of program/service delivery.

Account Reconciliations

- Cash: We recommend timely preparation and review of bank reconciliations to ensure accuracy. In addition, we recommend examining older outstanding checks and the requirements of unclaimed property.
- Receivables: We recommend a timely reconciliation of accounts and other receivables to ensure subledger and general ledger accounts match, as well as ensure proper cutoff procedures are implemented.
- Grant Reconciliation: We recommend a timely reconciliation of grants to ensure compliance with grant requirements, proper “cut-off” and “matching” of related grant revenue and expense accounts, as well as proper tracking of grant receivables and deferred revenue amounts.
- Capital Assets: We recommend developing an internal control to identify capital assets and proper recordation of disposed/impaired/damaged capital assets. We also recommend reviewing the capital asset listing for completeness and accuracy.
- Payables/Accruals: We recommend a timely reconciliation of accounts and other payables to ensure subledger and general ledger accounts match, as well as ensure proper cutoff procedures are implemented.
- Long-term Debt: We recommend a timely reconciliation of long-term debt to ensure proper year-end balances, debt service cost, cash flow and disclosure information.
- Leases: We recommend developing a process and schedule to identify and track both operating and finance leases to properly report in accordance with GASB No. 87.
- Credit Cards: Credit cards should be physically secured. Authorized users should be reviewed at least annually and more often as employees are hired and/or leave. In addition, monthly credit card statements should be reconciled and support for all transactions should be reviewed to ensure appropriateness of the purchase.

In addition to the specific items identified above, we recommend that the Town prepare periodic reconciliations of all material revenue and expense accounts.

Financial Health

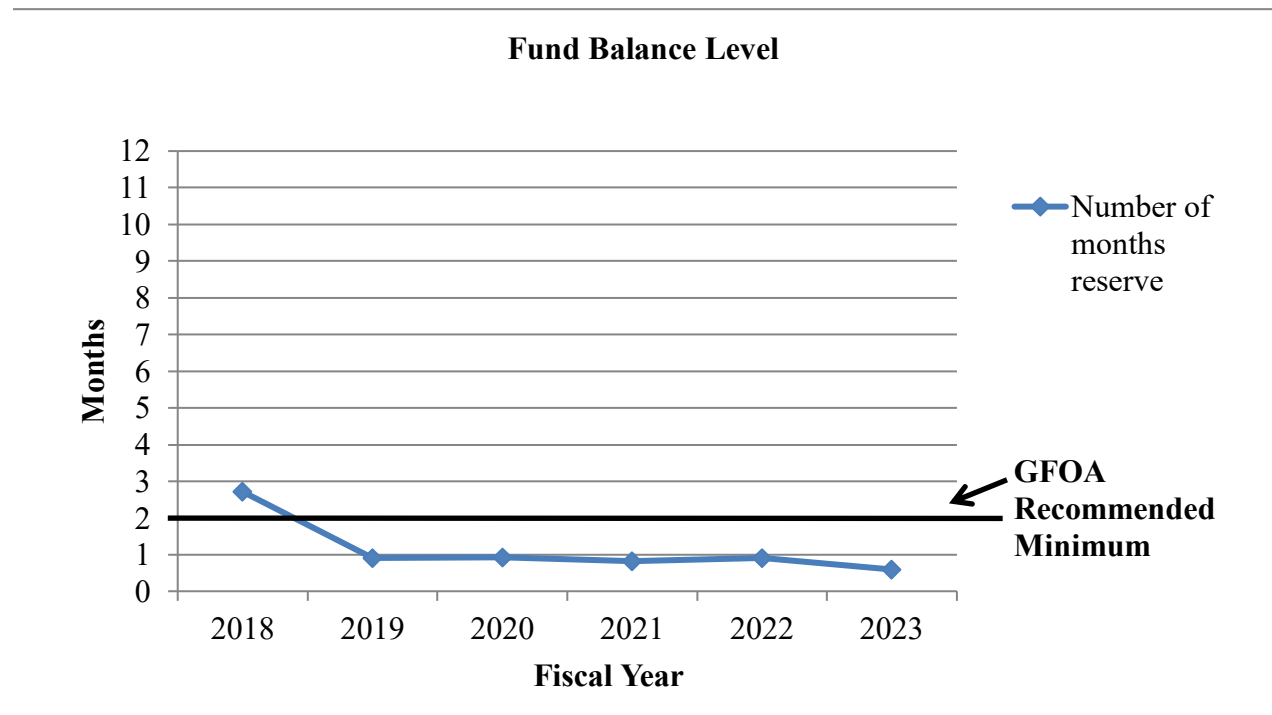
Fund Balance Level

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risk, such as declines in revenue or unexpected expenditures. Financial statements report up to five separate categories of fund balance based on the type and source of constraints placed on how resources can be spent (presented in descending order from most constraining to least constraining): 1) nonspendable, 2) restricted, 3) committed, 4) assigned and 5) unassigned. The total of the amounts in the last three categories (where the only constraint on spending, if any, is imposed by the government itself) is termed *unrestricted fund balance*.

The Government Finance Officers Association (“GFOA”) recommends, at a minimum, the general fund maintain unrestricted fund balance of **no less than two months** of regular general fund operating expenditures.

As indicated in the following chart, the fund balance reserve has decreased from three months in 2018 down to less than one month in 2023.

		Fund Balance Level					
Years ended June 30,	2018	2019	2020	2021	2022	2023	
Fund Balance							
Nonspendable	\$ 400,632	\$ 411,011	\$ 461,707	\$ 476,946	\$ 473,147	\$ 32,212	
Restricted	-	-	-	362,630	430,681	372,592	
Committed	-	-	-	-	-	-	
Assigned	58,200	35,000	35,000	15,000	-	-	
Unassigned	549,884	185,142	172,553	185,293	307,002	228,133	
Total Fund Balance	\$ 1,008,716	\$ 631,153	\$ 669,260	\$ 1,039,869	\$ 1,210,830	\$ 632,937	
Unrestricted fund balance	\$ 608,084	\$ 220,142	\$ 207,553	\$ 200,293	\$ 307,002	\$ 228,133	
Total expenditures, net of capital outlay	\$ 2,679,135	\$ 2,889,193	\$ 2,706,561	\$ 2,890,850	\$ 4,070,698	\$ 4,538,305	
Number of months reserve	2.7	0.9	0.9	0.8	0.9	0.6	



For additional information, we recommend reviewing the GFOA’s Best Practice - “Fund Balance Guidelines for the General Fund”.

<https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>

IV. ADJUSTING JOURNAL ENTRY REPORTS

Client: **Town of Princess Anne, Maryland**
Engagement: **Town of Princess Anne, Maryland**
Period Ending: **6/30/2023**
Workpaper: **GF AJE's**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		2040.1		
PBC- AJE 1-3 Audit-only entries needed to agree to new TB/GL 6/30/2023				
0300	Accounts Payable		344.35	
0449	Rental License		11,400.00	
0200 a1	Annual Rental Lic/Insp Fees			11,400.00
0586a	Reimbursed Expenses			32.00
2302.01	Telephone - Supp. Services			36.10
2302.09	Computer Info Serv -Supp.Serv.			276.25
Total			11,744.35	11,744.35
Adjusting Journal Entries JE # 2		2040.2		
PBC- AJE#4 To reclass WLMC recon, R&M expenses, Vehicle Lease and towing exps, and ARP project				
0200 a3	Code Enforcement		40.00	
0339	American Rescue Plan Funds		47,984.00	
1003.04c	Washington Inn Maint.		7,532.37	
1302.11	Computer Supplies -Fin.Admin.		46.35	
1602.04	Miscellaneous -Other GG		1,765.00	
2103.02	Capital Outlay-Vehicle Lease		14,950.00	
3202.01	Repairs- Waste Collection		207.17	
5004.05	Equipment		12,984.25	
5004.06	Contributions		10,000.00	
5004.06	Contributions		25,000.00	
0200 g	Reimbursed Expenses			1,805.00
0602	ARP Recognized Revenue			47,984.00
1003.04	Capital Outlay-Hotel Project			7,532.37
1102.10	Computer Service - Executive			12,984.25
1303.02	Capital Outlay - Computer			46.35
2302.08	Towing - Supp.Serv.			14,950.00
2602.01	Annual Contribution-Fire Dept			25,000.00
3203.01	Capital Outlay -Waste Collect.			207.17
4002.03e	Donation GHYC - Parks & Rec			10,000.00
Total			120,509.14	120,509.14
Adjusting Journal Entries JE # 3		2040.3		
PBC - AJE 5 - 8 To adjust AR to actual, reclass prepayment, reverse deferred tax, and record Deferred tax				
0221 RE	Real Estate Taxes		16,091.17	
0340 CY	Deferred Rev. - Current Yr Tax		179,153.26	
0400	Real Estate Taxes		70,325.57	
0409	Deferred Taxes		101,591.17	
0221 RE	Real Estate Taxes			70,325.57
0340 CY	Deferred Rev. - Current Yr Tax			101,591.17
0340 UE	Unearned Revenue			16,091.17
0409	Deferred Taxes			179,153.26
Total			367,161.17	367,161.17
Adjusting Journal Entries JE # 4		4205		
To reclass Lease receivable				
0360	Deferred inflows - leases rece		307,843.33	
0200 a6	Leases receivable long term			307,843.33
Total			307,843.33	307,843.33
Adjusting Journal Entries JE # 5		2061k		
To adjust MD pension and related accounts to actual				
0391	Deferred outflows - MD Pension		538,472.00	
0393	MD Pension - Contra		1,411,568.00	
0390	Deferred inflows - MD Pension			151,937.00

Client: **Town of Princess Anne, Maryland**
Engagement: **Town of Princess Anne, Maryland**
Period Ending: **6/30/2023**
Workpaper: **GF AJE's**

Account	Description	W/P Ref	Debit	Credit
0392	Net Pension liability			1,798,103.00
Total			1,950,040.00	1,950,040.00
Adjusting Journal Entries JE # 6		4605		
To adjust capital assets to actual				
0281	Land		671,538.00	
0282	Industrial park - Land		281,252.00	
0284	Buildings and improvements		3,627,420.00	
0285	Industrial park		3,675,283.00	
0286	Infrastructure		1,082,543.00	
0287	Machinery and equipment		783,394.00	
0288	Transportation		1,120,990.00	
0289	ROU - Leased asset		13,395.00	
0280	Capital Assets, contra			6,228,728.00
0294	AD - Building and equipment			1,133,103.00
0295	AD - Industrial park			2,272,951.00
0296	AD - Infrastructure			518,334.00
0297	AD - Machinery and equipment			447,545.00
0298	AD - Transportation			648,242.00
0299	AA - ROU leased asset			6,912.00
Total			11,255,815.00	11,255,815.00
Adjusting Journal Entries JE # 7		5101K		
To adjust long term debt to actual				
0400L	Loan Liability, Contra		590,105.00	
0400L	Loan Liability, Contra		879,284.00	
0365 L	General obligation refunding bond Series 2014B			316,269.00
0366 L	General obligation refunding bond Series 2014A			273,836.00
0368L	Washington Inn Investors, LLC			481,580.00
0369.1L	Advance from Department of Commerce			397,704.00
Total			1,469,389.00	1,469,389.00
Adjusting Journal Entries JE # 8		4206		
To clear Note Receivable from Washintgon LLC				
7300	Bad Debt (audit account)		429,369.35	
0125.40	Due from Other			429,369.35
Total			429,369.35	429,369.35
Adjusting Journal Entries JE # 9		5104K		
To clear the Note Payable for Washinton Inn Investors				
0368L	Washington Inn Investors, LLC		481,580.00	
0400L	Loan Liability, Contra			481,580.00
Total			481,580.00	481,580.00
Adjusting Journal Entries JE # 10		4404		
To reclass deposit for Mural deopist paid				
0130	Prepaid Insurance		14,430.87	
5009.09	Tourism			14,430.87
Total			14,430.87	14,430.87
Adjusting Journal Entries JE # 11		4204		
To book allowance for AR (Rental, Code Enforcement, & Sub weed contract)				
0340 IN	Deferred Rev. - Interest		71,526.39	
1003.04a	Hotel Project Receivable		8,369.95	

Client: **Town of Princess Anne, Maryland**
Engagement: **Town of Princess Anne, Maryland**
Period Ending: **6/30/2023**
Workpaper: **GF AJE's**

Account	Description	W/P Ref	Debit	Credit
7300	Bad Debt (audit account)		12,220.37	
7300	Bad Debt (audit account)		40,892.00	
0114	Accrued Interest Receivable			71,190.22
0200.1	Allowance for bad debts-misc			8,369.95
0200.1	Allowance for bad debts-misc			12,220.37
0200.1	Allowance for bad debts-misc			40,892.00
7300	Bad Debt (audit account)			336.17
Total			133,008.71	133,008.71
Adjusting Journal Entries JE # 12		5105		
To reclass payroll expense to accrued withdrawl				
2101.10	Accrued Time Off Withdraw		2,416.40	
2101.01	Salaries- Officers- P & I			2,416.40
Total			2,416.40	2,416.40
Adjusting Journal Entries JE # 13		6003		
Opening Adjusting Entry -PKS Cash reversal				
0586	Miscellaneous Income		972.64	
0586	Miscellaneous Income		19,316.86	
374	Beginning Balance Equity			20,289.50
Total			20,289.50	20,289.50
Adjusting Journal Entries JE # 14		7107 & 5104K		
To reclass Somerset Reserve LLLP Cashflow and Liability				
0463	Revenue - Reality Program		12,500.00	
0586	Miscellaneous Income			12,500.00
Total			12,500.00	12,500.00
Adjusting Journal Entries JE # 15		5106		
To adjust compensated Absences				
0317	Compensated Absences Payable		2,071.19	
2101.01	Salaries- Officers- P & I			1,528.69
5001.01	Salary-Code Enf Off-Urb Dev			542.50
Total			2,071.19	2,071.19
Adjusting Journal Entries JE # 16		2040.4		
To record FY23 In-kind grant and Capital Expenditure				
2103.09	Capitol Outlay- PD Equipment		39,896.71	
0301	Accounts Payable - Manual			1,577.87
0571	Main Street Director Grant			38,318.84
Total			39,896.71	39,896.71
Adjusting Journal Entries JE # 17		4606		
To reclass police roof expense from Facilities				
5004.04	Facilities		39,649.34	
5004.03	Infrastructure			39,649.34
Total			39,649.34	39,649.34
Adjusting Journal Entries JE # 18		4207		
To record Note Rec and corresponding debt				
0262NRP	Cash Flow 4% (DOC) - Principal		222,243.00	
0263NR	SGIF Enterprise Somerset Commons (Dept of Commerce)		500,000.00	

Client: **Town of Princess Anne, Maryland**
Engagement: **Town of Princess Anne, Maryland**
Period Ending: **6/30/2023**
Workpaper: **GF AJE's**

Account	Description	W/P Ref	Debit	Credit
0264NR	CDGF Enterprise (Dept of Commerce)		412,500.00	
0400L	Loan Liabiity, Contra		1,172,374.00	
0265NR	Contra - Note receivable			1,134,743.00
0362LI	Cash Flow 4% (DOC) - Interest			9,067.00
0362LP	Cash Flow 4% (DOC) - Princpal			225,807.00
0363L	SGIF Somerset Commons Dept of Commerce			500,000.00
0364L	CDGF Dept Commerce			437,500.00
Total			2,307,117.00	2,307,117.00
Adjusting Journal Entries JE # 19		4607		
To record impairment loss on sale of Washington Inn (sold in FY2024)				
0280	Capital Assets, contra		1,143,574.00	
0294	AD - Building and equipment		263,266.00	
0284	Buildings and improvements			1,406,840.00
Total			1,406,840.00	1,406,840.00
Adjusting Journal Entries JE # 20		5102K		
To record finance lease liability				
0400L	Loan Liabiity, Contra		256,202.68	
0367L	Finance Lease Liability			256,202.68
Total			256,202.68	256,202.68
Adjusting Journal Entries JE # 21		5103k		
To adjust Operating Lease to actual				
0400L	Loan Liabiity, Contra		6,800.00	
0388 ROU	ROU Lease Liability			6,800.00
Total			6,800.00	6,800.00
Adjusting Journal Entries JE # 22		5102K		
To record lease proceeds and corresponding capital outlay for asset # 520 & 521				
2103.02	Capital Outlay-Vehicle Lease		44,018.00	
2103.02	Capital Outlay-Vehicle Lease		46,888.00	
0595	Proceeds fr issuance of debt			44,018.00
0595	Proceeds fr issuance of debt			46,888.00
Total			90,906.00	90,906.00