

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

# **TOWN OF BERWYN HEIGHTS**

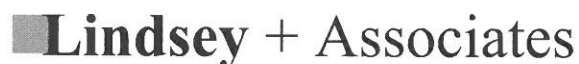
## **TABLE OF CONTENTS**

**JUNE 30, 2016**

|   | <b>Page</b>    |
|---|----------------|
| <b>INDEPENDENT AUDITOR’S REPORT</b>   | <b>1 – 3</b>   |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>   |                |
| • Management’s Discussion and Analysis  | 4 – 10         |
| <b>BASIC FINANCIAL STATEMENTS</b>   |                |
| <b>Government-wide Financial Statements</b>   |                |
| • Statement of Net Position   | 11             |
| • Statement of Activities   | 12             |
| <b>Fund Financial Statements</b>  |                |
| • Balance Sheet – Governmental Funds  | 13             |
| • Statement of Revenues, Expenditures and Changes in<br>Fund Balances – Governmental Funds                        | 14             |
| • Statement of Fiduciary Net Position – Pension Trust Fund  | 15             |
| • Statement of Changes in Fiduciary Net Position – Pension Trust Fund   | 16             |
| <b>NOTES TO BASIC FINANCIAL STATEMENTS</b>  | <b>17 – 43</b> |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>   |                |
| • Schedules of Required Pension-Related Supplementary Information   | 44             |
| • Schedule of Revenues and Expenditures – Budget and Actual<br>(Budgetary Basis) – Governmental Funds – Unaudited | 45             |
| • Schedule of Revenues and Expenditures – Budget and Actual<br>Special Public Safety Taxing District – Unaudited  | 46             |

## **SUPPLEMENTAL SCHEDULES**

- Schedule of Revenues – Budget and Actual – General Fund 47 – 48
- Schedule of Expenditures – Budget and Actual – General Fund 49 – 55



606 Baltimore Avenue  
Suite 101  
Towson, MD 21204

410.825.1994 phone  
410.825.1997 fax

[www.acpafirm.com](http://www.acpafirm.com)

## **Independent Auditor's Report**

Honorable Mayor and Members of the Town Council  
Town of Berwyn Heights, Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Berwyn Heights, Maryland, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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



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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Berwyn Heights, Maryland, as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension-related supplementary information, and the budgetary comparison information on pages 4 through 10, 44, and 45 through 46, respectively, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Berwyn Heights, Maryland's financial statements as a whole. The schedule of revenues – budget and actual general fund and the schedule of expenditures – budget and actual general fund on pages 47 through 55 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of revenues – budget and actual general fund and the schedule of expenditures – budget and actual general fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Rindley + Associates, LLC".

October 20, 2016

**TOWN OF BERWYN HEIGHTS, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

The following information includes our discussion and analysis of the financial performance of the Town of Berwyn Heights and provides an overview of the Town's financial activities for the year ended June 30, 2016. Please read it in conjunction with the transmittal letter and the Town's financial statements.

**Financial Highlights**

- The Town's real property tax rate remained at \$0.53 per \$100 of assessed value. The Town's personal property tax rate remained at \$1.325 per \$100 of assessed value. For properties located in the Public Safety Taxing District, an additional \$0.10 per \$100 of assessed value for real property and an additional \$0.15 per \$100 of assessed value for personal property is also levied.
- The Town is totally debt free so in order to finance capital purchases and projects, such as street and sidewalk construction, Town facility improvements, and vehicle and equipment purchases, the Town has dedicated reserves for such purposes. Reserve transfers for this fiscal year include:
  - Infrastructure Improvement Reserve: \$198,729 (including funding from the Town and the State of Maryland through Highway User Revenue)
  - Vehicle and Equipment Replacement Reserve: \$58,600
  - Greenbelt Station Reserve: \$342,444
  - Cable Television Capital Reserve: \$13,160
- Sources of increased revenue this fiscal year are income tax, revenue from the developers of Greenbelt Station, and Police Department fines.
- Major projects funded this fiscal year include:
  - Sidewalk construction on 63<sup>rd</sup> Avenue between Seminole Street and Greenbelt Road
  - Emergency generators at the Town Office and Town Center
  - Purchase of a new refuse collection truck and medium-duty truck for Public Works
  - Purchase of a new Police officer patrol vehicle
  - Funding of the demolition of a blighted residential property with the Town's cost to be recouped as a lien on the property
  - Upgrades to Town servers and equipment for enhanced efficiency and security
  - Installation of seamless WI-FI in all Town facilities
  - Purchase of tablets for Code Compliance Officer use in the field
  - Installation of new overhead LED lighting at the Public Works Building for a 50% reduction in energy use
  - Contract with a human resources consultant for rewriting the Employee Handbook, conducting a classification and compensation study, revising the performance evaluation process, and employee training on changes
  - Contract with an urban forest consultant for conducting a tree inventory, tree canopy assessment, and urban forest management plan.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities are government-wide statements that provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements report the Town's operation in more detail than the government-wide statements by providing information about the Town's most significant funds and individual parts.

**Reporting the Town as a Whole**

**The Statement of the Net Position and the Statement of Activities**

One of the most important questions asked about the Town's finances is, "Is the Town as a whole, better off or worse off as a result of the year's activities?" The statement of Net Position and the Statement of Activities reports information about the Town as a whole and about its activities in a way that helps to answer this question. These statements include all assets plus deferred outflows and liabilities plus deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report changes in the Town's net position. You can think of the Town's net position (the difference between assets plus deferred outflows and liabilities plus deferred inflows) as one way to measure the Town's financial health or position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activity:

- **Governmental Activity-** All of the Town's basic services are reported here, including the police, general government, public works, fire, economic development, and recreation. Taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type Activity –** The Town currently has no business-type activities.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**Reporting the Town's Most Significant Funds**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds - not the Town as a whole. The Town's government fund:

- **Governmental funds-** Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic service it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

**The Town as a Whole**

**Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

|                    |   |
|--------------------|---|
| General Government | Rental License Fees   |
| Public Safety      | State Grants, Homeland Security Grant, and Vehicle Release Fees                   |
| Public Works       | Highway User Revenues, Stormwater Management Payment, and Landfill Rebate Charges |

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted to a specific purpose.

**TOWN OF BERWYN HEIGHTS, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Government-Wide Financial Information**

The following is selected information as of June 30, 2016 and June 30, 2015 for the years then ended.

|  | <b>2015</b>  | <b>2016</b>  |
|--|--------------|--------------|
| Current assets                                       | \$ 2,861,462 | \$ 2,707,371 |
| Capital assets                                       | 2,098,555    | 2,366,900    |
| Total assets   | 4,960,017    | 5,074,271    |
| Deferred outflows                                    | 105,740      | 213,080      |
| Total assets and deferred outflows                   | 5,065,757    | 5,287,351    |
| Current liabilities                                  | 408,092      | 177,887      |
| Long-term liabilities                                | 763,719      | 979,447      |
| Total liabilities                                    | 1,171,811    | 1,157,334    |
| Deferred inflows                                     | 78,105       | 60,902       |
| Net position   |              |              |
| Net investment in capital assets                     | 2,098,555    | 2,366,900    |
| Restricted   | -            | 107,518      |
| Unrestricted   | 1,717,286    | 1,594,697    |
| Total net position                                   | 3,815,841    | 4,069,115    |
| Total liabilities, deferred inflows and net position | 5,065,757    | 5,287,351    |
| Program revenues                                     |              |              |
| Charges for services                                 | 181,926      | 230,431      |
| Grants and contributions                             | 172,485      | 163,743      |
| General revenues                                     |              |              |
| Income taxes   | 465,722      | 378,382      |
| Property taxes                                       | 1,718,127    | 1,672,236    |
| Total general revenues                               | 2,668,283    | 2,530,071    |
| Transfers  | -            | -            |
| Total revenues and transfers                         | 3,022,694    | 2,924,245    |
| Expenses   |              |              |
| General government                                   | 530,224      | 652,275      |
| Public safety  | 755,172      | 761,625      |
| Code enforcement & van program                       | 99,690       | 98,635       |
| Public works   | 749,536      | 719,213      |
| Recreation   | 16,325       | 14,745       |
| Other  | 344,741      | 424,478      |
| Total expenses and transfers                         | 2,495,688    | 2,670,971    |
| Change in net position                               | 527,006      | 253,274      |
| Net position, beginning of year                      | 3,288,835    | 3,815,841    |
| Net position, end of year                            | 3,815,841    | 4,069,115    |

**TOWN OF BERWYN HEIGHTS, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Business-type Activities**

The Town currently has no business-type activities.

**The Town' Funds**

The following schedule presents a summary of revenues and expenditures for the fiscal year ending June 30, 2016.

|                                | FY2016<br>Amount    | Percent<br>of Total | Increase<br>(Decrease)<br>From FY15 |
|--------------------------------|---------------------|---------------------|-------------------------------------|
| Revenues                       |                     |                     |                                     |
| Taxes                          | \$ 2,060,214        | 76%                 | \$ (95,522)                         |
| Intergovernmental              | 156,702             | 5%                  | (6,378)                             |
| Charges for services           | 217                 | 1%                  | (2,185)                             |
| Fines, licenses and permits    | 196,829             | 7%                  | (37,375)                            |
| Interest income                | 16,462              | 1%                  | (1,493)                             |
| Miscellaneous                  | 278,302             | 10%                 | (1,408)                             |
| Total Revenues                 | <u>\$ 2,708,726</u> | <u>100%</u>         | <u>\$ (144,361)</u>                 |
| Expenditures                   |                     |                     |                                     |
| General government             | \$ 436,326          | 16%                 | \$ (17,322)                         |
| Public safety                  | 621,710             | 23%                 | (7,906)                             |
| Code enforcement & van program | 97,626              | 4%                  | (1,344)                             |
| Public works                   | 632,753             | 23%                 | (52,047)                            |
| Recreation                     | 14,745              | 1%                  | (1,580)                             |
| Other                          | 419,253             | 15%                 | 78,024                              |
| Capital outlays                | 477,663             | 18%                 | (235,363)                           |
| Total Expenditures             | <u>\$ 2,700,076</u> | <u>100%</u>         | <u>\$ (237,538)</u>                 |

The above table does not include funds transferred to or from dedicated reserve funds or from the Unassigned portion of the Fund Balances.

**TOWN OF BERWYN HEIGHTS, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Budgetary Highlights**

The Fiscal Year 2016 budgeted revenues were approved at \$3,394,363, which is \$215,118 less than the previous year. Expenditures were also approved at \$3,394,373 and were \$215,108 less than the previous year due to fewer expenses associated with capital projects and purchases in Fiscal Year 2016.

**Capital Asset and Debt Administration**

**Capital Assets**

The major capital projects and purchases this year include:

- Sidewalk construction on 63<sup>rd</sup> Avenue between Seminole Street and Greenbelt Road
- Emergency generators at the Town Office and Town Center
- Purchase of a new refuse collection truck and medium-duty truck for Public Works
- Purchase of a new Police officer patrol vehicle
- Funding of the demolition of a blighted residential property with the Town's cost to be recouped as a lien on the property
- Upgrades to Town servers and equipment for enhanced efficiency and security
- Installation of seamless WI-FI in all Town facilities
- Purchase of tablets for Code Compliance Officer use in the field
- Installation of new overhead LED lighting at the Public Works Building for a 50% reduction in energy use

**Debt**

The Town is debt free.



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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

- Fiscal Year 2016 marks the end of the Town's triennial real property assessment cycle. Real property assessments are conducted every three years. Neighboring communities in the first year of their new assessment cycles are seeing a marked increase in real property assessments that is increasing real property tax revenue. The Town expects to see revenue from property tax collection increase in Fiscal Year 2017 due to property assessments beginning to recover from declines brought about by the economic downturn.
- The Town has seen increased revenue from income tax over the last five years, with a five-year averaging an 11% increase. Grants from the State of Maryland, such as Police Aid and Highway User Revenue, are anticipated to be flat in Fiscal Year 2017.

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Administrator at 5700 Berwyn Road, Berwyn Heights, Maryland 20740.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

|  | Governmental<br>Activities | Total                      |
|--|----------------------------|----------------------------|
| <b>ASSETS</b>  |                            |                            |
| Current Assets   |                            |                            |
| Cash and cash equivalents - unrestricted                                 | \$ 2,498,036               | \$ 2,498,036               |
| Cash and cash equivalents - restricted                                   | 81,639                     | 81,639                     |
| Amounts due from other governments                                       | 1,490                      | 1,490                      |
| Accounts receivable - income taxes                                       | 82,159                     | 82,159                     |
| Other receivables  | 35,983                     | 35,983                     |
| Prepaid expenses   | 8,064                      | 8,064                      |
| Total Current Assets   | <u>2,707,371</u>           | <u>2,707,371</u>           |
| Noncurrent Assets  |                            |                            |
| Net capital assets   | <u>2,366,900</u>           | <u>2,366,900</u>           |
| Total Noncurrent Assets  | <u>2,366,900</u>           | <u>2,366,900</u>           |
| <b>TOTAL ASSETS</b>  | <u>5,074,271</u>           | <u>5,074,271</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    | <u>213,080</u>             | <u>213,080</u>             |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                   | <u><u>\$ 5,287,351</u></u> | <u><u>\$ 5,287,351</u></u> |
| <b>LIABILITIES</b>   |                            |                            |
| Current Liabilities  |                            |                            |
| Accounts payable and accrued expenses                                    | \$ 80,598                  | \$ 80,598                  |
| Amounts held in escrow and deposit                                       | 51,253                     | 51,253                     |
| Other current liabilities  | 46,036                     | 46,036                     |
| Total Current Liabilities  | <u>177,887</u>             | <u>177,887</u>             |
| Noncurrent Liabilities   |                            |                            |
| Compensated absences   | 38,648                     | 38,648                     |
| Net pension liability  | 940,799                    | 940,799                    |
| Total Noncurrent Liabilities   | <u>979,447</u>             | <u>979,447</u>             |
| <b>TOTAL LIABILITIES</b>   | <u>1,157,334</u>           | <u>1,157,334</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     | <u>60,902</u>              | <u>60,902</u>              |
| <b>NET POSITION</b>  |                            |                            |
| Net investment in capital assets   | 2,366,900                  | 2,366,900                  |
| Restricted   | 107,518                    | 107,518                    |
| Unrestricted   | 1,594,697                  | 1,594,697                  |
| <b>TOTAL NET POSITION</b>  | <u><u>4,069,115</u></u>    | <u><u>4,069,115</u></u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> | <u><u>\$ 5,287,351</u></u> | <u><u>\$ 5,287,351</u></u> |

The accompanying notes to these financial statements are an integral part of this statement.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

| Functions/Programs               | Program Revenues    |                                   |                         |  | Net (Expense) Revenue and<br>Changes in Net Position |                            |
|----------------------------------|---------------------|-----------------------------------|-------------------------|--|--|----------------------------|
|                                  | Expenses            | Indirect<br>Expense<br>Allocation | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital Grants<br>and<br>Contributions               | Primary Government         |
|                                  |                     |                                   |                         |  |  | Governmental<br>Activities |
| Primary Government               |                     |                                   |                         |  |  |                            |
| Governmental Activities:         |                     |                                   |                         |  |  |                            |
| General government               | \$ 652,275          | \$ 93,386                         | \$ 10,887               | \$ 7,041                                 | \$ -   | \$ (727,733)               |
| Public safety                    | 761,625             | 174,036                           | 202,629                 | 44,981                                   | -  | (688,051)                  |
| Code enforcement and van program | 98,635              | 29,713                            | 15,621                  | -  | -  | (112,727)                  |
| Public works                     | 719,213             | 127,343                           | 1,294                   | 111,721                                  | -  | (733,541)                  |
| Recreation                       | 14,745              | -                                 | -                       | -  | -  | (14,745)                   |
| Other                            | 424,478             | (424,478)                         | -                       | -  | -  | -                          |
| Total Governmental Activities    | <u>2,670,971</u>    | <u>-</u>                          | <u>230,431</u>          | <u>163,743</u>                           | <u>-</u>   | <u>(2,276,797)</u>         |
| Total Primary Government         | <u>\$ 2,670,971</u> | <u>\$ -</u>                       | <u>\$ 230,431</u>       | <u>\$ 163,743</u>                        | <u>\$ -</u>  | <u>\$ (2,276,797)</u>      |
| General revenues:                |                     |                                   |                         |  |  |                            |
| Taxes                            |                     |                                   |                         |  |  |                            |
|                                  |                     |                                   |                         |  |  | 378,382                    |
|                                  |                     |                                   |                         |  |  | 1,672,236                  |
|                                  |                     |                                   |                         |  |  | 72,170                     |
|                                  |                     |                                   |                         |  |  | 131,524                    |
|                                  |                     |                                   |                         |  |  | 16,003                     |
|                                  |                     |                                   |                         |  |  | 16,462                     |
|                                  |                     |                                   |                         |  |  | 243,294                    |
|                                  |                     |                                   |                         |  |  | <u>2,530,071</u>           |
| Transfers in (out)               |                     |                                   |                         |  |  |                            |
|                                  |                     |                                   |                         |  |  | -                          |
|                                  |                     |                                   |                         |  |  | 253,274                    |
|                                  |                     |                                   |                         |  |  | <u>3,815,841</u>           |
|                                  |                     |                                   |                         |  |  | <u>\$ 4,069,115</u>        |
|                                  |                     |                                   |                         |  |  | <u>\$ 4,069,115</u>        |

The accompanying notes to these financial statements are an integral part of this statement.

TOWN OF BERWYN HEIGHTS, MARYLAND  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

RECONCILIATION OF TOTAL GOVERNMENTAL  
FUND BALANCE TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2016

|  | General Fund        | Public Safety Taxing District (Non-major Fund) | Public Safety Reserve Fund | Total Governmental Funds |
|--|---------------------|--|----------------------------|--------------------------|
| <b>ASSETS</b>  |                     |  |                            |                          |
| Cash and cash equivalents - unrestricted   | \$ 2,498,036        | \$ -   | \$ -                       | \$ 2,498,036             |
| Cash and cash equivalents - restricted   | -                   | (5,245)  | 86,884                     | 81,639                   |
| Amounts due from other governments   | 1,490               | -  | -                          | 1,490                    |
| Amounts due from other funds   | -                   | 31,093   | 20,634                     | 51,727                   |
| Accounts receivable - income taxes   | 82,159              | -  | -                          | 82,159                   |
| Other receivables  | 35,983              | -  | -                          | 35,983                   |
| Prepaid expenses   | 8,064               | -  | -                          | 8,064                    |
| <b>TOTAL ASSETS</b>  | <b>2,625,732</b>    | <b>25,848</b>                                  | <b>107,518</b>             | <b>2,759,098</b>         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                     |  |                            |                          |
|  | -                   | -  | -                          | -                        |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>   | <b>\$ 2,625,732</b> | <b>\$ 25,848</b>                               | <b>\$ 107,518</b>          | <b>\$ 2,759,098</b>      |
| <b>LIABILITIES</b>   |                     |  |                            |                          |
| Accounts payable and accrued expenses  | \$ 73,675           | \$ 6,923                                       | \$ -                       | \$ 80,598                |
| Amounts held in escrow and deposit   | 51,253              | -  | -                          | 51,253                   |
| Amounts due to other funds   | 51,727              | -  | -                          | 51,727                   |
| Other current liabilities  | 46,036              | -  | -                          | 46,036                   |
| <b>TOTAL LIABILITIES</b>   | <b>222,691</b>      | <b>6,923</b>                                   | <b>-</b>                   | <b>229,614</b>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                     |  |                            |                          |
|  | 82,159              | -  | -                          | 82,159                   |
| <b>FUND BALANCES</b>   |                     |  |                            |                          |
| Non-spendable  | 8,064               | -  | -                          | 8,064                    |
| Restricted   | -                   | -  | 107,518                    | 107,518                  |
| Committed  |                     |  |                            |                          |
| Dedicated - operating reserve  | 442,000             | -  | -                          | 442,000                  |
| Dedicated - infrastructure improvement reserve   | 752,519             | -  | -                          | 752,519                  |
| Dedicated - public safety reserve  | -                   | 18,925   | -                          | 18,925                   |
| Dedicated - cable TV - capital outlay  | 95,109              | -  | -                          | 95,109                   |
| Dedicated - NW/EP trailer reserve  | 6,956               | -  | -                          | 6,956                    |
| Dedicated - recycling disposal fee reserve   | 10,000              | -  | -                          | 10,000                   |
| Dedicated - vehicle equipment replacement reserve  | 159,077             | -  | -                          | 159,077                  |
| Dedicated - greenbelt station impact fee reserve   | 330,900             | -  | -                          | 330,900                  |
| Unassigned   | 516,257             | -  | -                          | 516,257                  |
| <b>TOTAL FUND BALANCES</b>   | <b>2,320,882</b>    | <b>18,925</b>                                  | <b>107,518</b>             | <b>2,447,325</b>         |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>  | <b>\$ 2,625,732</b> | <b>\$ 25,848</b>                               | <b>\$ 107,518</b>          | <b>\$ 2,759,098</b>      |
| <b>RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES</b>  |                     |  |                            |                          |
| Total Governmental Fund Balances   |                     |  |                            | \$ 2,447,325             |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |                     |  |                            | 2,366,900                |
| Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds. |                     |  |                            | (979,447)                |
| Deferred outflows of resources pertaining to net pension liability are not reported in the funds.  |                     |  |                            | (60,902)                 |
| Deferred inflows of resources pertaining to net pension liability are not reported in the funds.   |                     |  |                            | 213,080                  |
| Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds. |                     |  |                            | 82,159                   |
| Net Position of Governmental Activities  |                     |  |                            | \$ 4,069,115             |

The accompanying notes to these financial statements are an integral part of this statement.

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, 2016

The accompanying notes to these financial statements are an integral part of this statement.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**ASSETS**

|                            |                |
|----------------------------|----------------|
| Cash and cash equivalents  | \$ -           |
| Investments, at fair value | 396,257        |
| Loan receivable            | 26,023         |
| Total assets               | <u>422,280</u> |

**DEFERRED OUTFLOWS OF RESOURCES**

-

**LIABILITIES**

|                   |          |
|-------------------|----------|
| Accounts payable  | -        |
| Total liabilities | <u>-</u> |

**DEFERRED INFLOWS OF RESOURCES**

-

**NET POSITION**

|                                    |                          |
|------------------------------------|--------------------------|
| Held in trust for pension benefits | 422,280                  |
| Total net position                 | <u><u>\$ 422,280</u></u> |

The accompanying notes to these financial statements are an integral part of this statement.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**ADDITIONS**

|   |              |
|---|--------------|
| Contributions                             |              |
| Employer                                  | \$ -         |
| Plan member                               | 7,000        |
| Total contributions                       | <u>7,000</u> |
| Investment Income                         |              |
| Net increase in fair value of investments | -            |
| Interest                                  | 846          |
| Net investment income                     | <u>846</u>   |
| Total additions                           | 7,846        |

**DEDUCTIONS**

|   |                          |
|---|--------------------------|
| Distributions   | (49,532)                 |
| Administrative expenses   | (350)                    |
| Loan default  | -                        |
|   | <u>(49,882)</u>          |
| <b>Net increase</b>   | (42,036)                 |
| <b>Net position held in trust for pension benefits, beginning of year</b> | <u>464,316</u>           |
| <b>Net position held in trust for pension benefits, end of year</b>       | <u><u>\$ 422,280</u></u> |

The accompanying notes to these financial statements are an integral part of this statement.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Financial Reporting Entity**

The Town of Berwyn Heights, Maryland is a municipal corporation governed by an elected mayor and an elected town council and provides the following services as authorized by its charter: police and code enforcement, public works, recreation and cultural, and general administrative. Its major sources of revenues are derived from real estate taxes, income taxes, personal property taxes, highway user revenues and user fees.

The accounting policies of the Town of Berwyn Heights conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

In evaluating how to define the Town of Berwyn Heights, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set by the Governmental Accounting Standards Board. Component units are legally separate organizations for which the elected officials of the Town are financially accountable and a financial benefit or burden relationship exists. In addition, component units can be other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading. Based upon the application of criteria set by the Governmental Accounting Standards Board, there are no separate component units of the Town.

**Basis of Presentation – Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

The Town's funds are grouped into two broad fund categories.

Governmental funds include the General Fund, the Public Safety Taxing District and the Public Safety Reserve 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. The Public Safety Taxing District is used to account for the funding of public safety activities, and acquisition of Public Safety Capital Assets. The Public Safety Reserve Fund is used to account for the Town's revenue from speed cameras and the associated administration costs and public safety projects.

The Town currently has one Fiduciary Fund. The Pension Trust Fund is used to account for defined contribution plan assets held by the Town in a trustee capacity. This fund is accounted for and reported in a manner similar to proprietary funds since capital maintenance is critical.

**Basis of Accounting**

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The Town has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal activity (between or within funds). This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

The government-wide statement of activities presents a comparison between expenses, and program revenues for each segment of the business-type activities of the Town, if any, and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect costs are allocated to programs. 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. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town. Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Fiduciary funds are excluded from the government-wide financial statements.

Separate financial statements are provided for governmental funds, proprietary funds, if any, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

**Fund Financial Statements**

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Governmental Funds**

Town activities pertaining to general government, public safety, public works, recreation, and culture are reported in the governmental funds. All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The major governmental funds are:

- General Fund – This is the Town’s primary operating fund. It is used to account for all financial resources except for those required to be accounted for in another fund.
- Public Safety Reserve Fund – The Public Safety Reserve Fund is used to account for the Town’s revenue from speed cameras and the associated administration costs and public safety projects.

The Town’s only non-major fund is the Public Safety Taxing District. The purpose of this fund is to account for the funding of public safety activities and acquisition of public safety capital assets.

**Fiduciary Fund – Pension Trust Fund**

The Town currently has one Fiduciary Fund. The Pension Trust Fund is used to account for defined contribution plan assets held by the Town in a trustee capacity. This fund is accounted for and reported in a manner similar to proprietary funds since capital maintenance is critical.

**Revenue Recognition**

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collectible within the current year or within two months of year-end and available to pay obligations of the current period). These include property taxes, franchise taxes, investment earnings, charges for services and intergovernmental revenues.

Some revenues, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, some revenues are recorded as receivables and deferred inflows of resources.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

**Expenditure Recognition**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which has not matured, are recognized when paid.

Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

**Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition, excluding investments in the State of Maryland Local Government Investment Pool.

**Investments**

Investments held at June 30, 2016 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**Receivables**

Receivables at June 30, 2016 consist of income tax, property tax and highway user revenue. Receivables are deemed collectible in full, and the allowance for doubtful accounts at June 30, 2016 is \$0.

**Inventory of Supplies**

Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary type funds, if any, when used.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Deferred Outflows and Inflows of Resources**

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of June 30, 2016 the balance of deferred inflows of resources per the fund financial statements consisted of income taxes of \$82,159, and the balance of deferred outflows of resources in the government-wide financial statements consisted of \$88,420 pertaining to pension payments.

**Local Tax Reserve Fund**

At June 30, 2016, the Town was advised by the State of Maryland that \$82,159 of the Local Tax Reserve Fund was allocable to the Town. The Town recorded receivable and deferred inflows of resources in the amount of \$82,159 in the fund financial statements. The change in this amount has been reflected as income tax revenue in the government-wide financial statements in accordance with full accrual accounting.

**Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as bridges, roads, curbs and gutters, streets, sidewalks, drainage systems and lighting systems are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated. Intangible assets are recognized if they are identifiable, and are amortized over their useful lives if they do not have indefinite lives.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 15 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 20 years.

**Restricted Reserves**

The Town uses restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Interest Expense**

Interest is expensed as incurred except when interest is incurred during the construction period and is capitalized as part of the cost of the asset.

**Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. The total amount of accumulated vacation leave at June 30, 2016 is \$38,648.

**Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that were used.

**Equity Classifications**

Equity is classified as net position and is displayed in three components:

*Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, and reduced or increased by deferred inflows and outflows attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* – Consists of net position with constraints placed on its use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation and are reduced by liabilities and deferred inflows of resources related to those constraints.

*Unrestricted net position* – all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of restrictions imposed externally by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by the Town Charter, Town Code or enabling legislation.
3. Committed Fund Balance – amounts that can be used only for specific purposes determined by a formal action by Town Council, the Town's highest level of decision-making authority, ordinance or resolution.
4. Assigned Fund Balance – amounts that are constrained by the Town's intent that they will be used for specific purposes but are neither restricted nor committed. Pursuant to the Town Charter, the Town Administrator/CFO and the Town council are authorized to assign amounts for specific purposes.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The Town considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Town also considers committed fund balances to spend first when other unrestricted fund balance classifications are available for use.

**NOTE 2 – COMPLIANCE AND ACCOUNTABILITY**

**Budget Requirements, Accounting, and Reporting**

**Requirements for all funds:**

Annual budgets are adopted for all Town funds. The Town Council may subsequently amend the budget and the budget was amended during fiscal year 2016. For day-to-day management control, expenditures may not exceed total budget of the major activity. The Town prepares an annual operating budget on a basis not consistent with generally accepted accounting principles.



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 – CASH AND INVESTMENTS**

**Deposit Policies**

Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, banker's acceptance, and other available bank investments provided that approved securities are pledged to secure those funds deposited in an amount equal to the amount of those funds. In addition, the Town can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law and can invest in the State of Maryland Local Government Investment Pool.

The Town's deposits are insured or collateralized with securities held by the Town, its agent, or by the pledging financial institution's trust department or agent in the name of the Town.

**Deposits**

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's policy requires deposits to be insured by FDIC.

At year-end, the carrying amounts of the Town's deposits were \$2,579,475 and the bank balances totaled \$2,707,396. Of the bank balances, \$2,207,396 was not insured by the Federal Depository Insurance Corporation (FDIC) or collateralized.

**Investment Policies**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no policy regarding credit risk.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's policy provides that to the extent practicable, investments are matched with anticipated cash flows.



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 – CASH AND INVESTMENTS – continued**

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's policy is to not concentrate investments in a single issuer.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Town policy provides that investment collateral is held by a third party custodian with whom the Town has a current custodial agreement in the Town's name.

Generally, the Town's investing activities are managed by the Town Administrator. Investing is performed in accordance with investment policies adopted by the Town Council complying with State Statutes and the Town Charter. Town funds may be invested in: 1) U.S. Treasury obligations; 2) U.S. Government Agency and U.S. Government-sponsored instrumentalities; 3) Repurchase agreements (master repurchase agreement required); 4) Collateralized certificates of deposit (only Maryland commercial banks); and 5) Maryland Local Government Investment Pool.

**Investments**

The Town has invested at June 30, 2016, \$0 in the State of Maryland Local Government Investment Pool (MLGIP). The pool is under the administrative control of the State's Treasurer's Office. The Town's investments are shown by type, carrying amount, fair value, cost and level of risk assumed in holding the various accounts. Investments are carried at cost which approximates market. The fair value of MLGIP investments is determined daily. PNC Institutional Investments (formerly Mercantile-Safe Deposit and Trust Company) is currently contracted to operate the Pool and may invest in any instrument permitted by Section 6-222 of the State Finance and Procurement Article. The Town's fair value position in the Pool is the same as the value of pool share.

In addition, there was \$0 invested in certificates of deposits and \$0 invested in money market accounts, all of which were covered by FDIC or by pledged collateral held in the Town's name.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 – DEPOSITS AND INVESTMENTS - continued**

As of June 30, 2016, the Town had the following investments:

Pension Investments

|              |                   |                   |     |
|--------------|-------------------|-------------------|-----|
| Mutual funds | <u>\$ 396,257</u> | <u>\$ 396,257</u> | N/A |
|--------------|-------------------|-------------------|-----|

Note: Ratings are provided where applicable to indicate associated Credit Risk.  
N/A indicates not applicable.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 – PROPERTY TAX**

Real and personal property taxes are levied at rates enacted by the Mayor and Town Council in the annual budget on the assessed value as determined by the Maryland State Department of Assessments and Taxation. The tax rate for the fiscal year ended June 30, 2016 was \$0.53 and \$1.365 per \$100 of assessed value for real and personal property, respectively.

The real property tax rate for the Public Safety taxing District for the fiscal year ended June 30, 2016 was \$.10 per \$100 of assessed value for real property and \$.15 per \$100 of assessed value for personal property.

In fiscal year 2012, the Town introduced a Road Repair levy to overlay and reconstruct Town streets. The special levy was \$.03 per \$100 of assessed value for real property and \$.075 per \$100 of assessed value for personal property. The Town continued the special Road Repair levy at the same rates for the year ended June 30, 2016.

Real estate taxes are levied on July 1 and are payable by September 30 of the same year. If the property is a residential owner-occupied property, and the owner pays at least half of the tax bill by September 30, and the remaining balance by December 31, there is no penalty or interest. This is by state law. If the property owner does not pay at least half of the tax bill by September 30, then they will pay penalty and interest starting October 1. If the tax bill is not paid in full by December 31, the property owner is subject to penalty and interest starting January 1.

If the property is a residential non-owner occupied property, then the real property tax bill must be paid in full on or before September 30. The same holds true for commercial and industrial properties.

If the taxes remain unpaid the property is placed with Prince George's County for tax sale the following May.

Personal property taxes are levied throughout the year when the assessment is received from the State of Maryland. The taxes are payable within 30 days after levy. Penalties and interest are charged on any unpaid taxes after the thirty days has expired.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2016 was as follows:

|                                    | Beginning<br>Balance | Increases  | Decreases | Ending<br>Balance |
|------------------------------------|----------------------|------------|-----------|-------------------|
| Governmental Activities:           |                      |            |           |                   |
| Not being depreciated:             |                      |            |           |                   |
| Land                               | \$ 702,278           | \$ -       | \$ -      | \$ 702,278        |
| Construction in progress           | -                    | -          | -         | -                 |
| Subtotal                           | 702,278              | -          | -         | 702,278           |
| Depreciable capital assets:        |                      |            |           |                   |
| Buildings and improvements         | 2,374,635            | 224,650    | -         | 2,599,285         |
| Machinery and equipment            | 2,237,123            | 287,894    | -         | 2,525,017         |
| Subtotal                           | 4,611,758            | 512,544    | -         | 5,124,302         |
| Total capital assets               | 5,314,036            | 512,544    | -         | 5,826,580         |
| Accumulated depreciation:          |                      |            |           |                   |
| Buildings and improvements         | 1,304,761            | 88,433     | -         | 1,393,194         |
| Machinery and equipment            | 1,910,720            | 155,766    | -         | 2,066,486         |
| Subtotal, accumulated depreciation | 3,215,481            | 244,199    | -         | 3,459,680         |
| Net capital assets                 | \$ 2,098,555         | \$ 268,345 | \$ -      | \$ 2,366,900      |

Depreciation was charged to functions as follows:

|  |                   |
|--|-------------------|
| Government activities:                           |                   |
| General government                               | \$ 115,418        |
| Public works                                     | 95,544            |
| Public safety                                    | 33,237            |
| Total government activities depreciation expense | <u>\$ 244,199</u> |

The Town has no material construction commitments as of June 30, 2016.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – RETIREMENT PLAN**

The Town has adopted GASB No. 68 – Accounting and Financial Reporting for Pensions (“GASB 68”) for the year ended June 30, 2016. The Town participates in the Maryland State Pension System (the “System”) described below and qualifies as a Participating Governmental Unit (“PGU”). The State Retirement Agency (the “Agency”) is the Plan administrator and fiduciary. GASB No. 68 requires that a PGU recognize its proportionate share of the System’s net pension liability (i.e., unfunded pension liability) and pension expense. The Town’s proportionate share of the net pension liability is based on total System contributions and approximates \$940,799 as of the measurement date of June 30, 2015.

The Town has also adopted GASB No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68. GASB No. 71 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The Town’s fiscal 2016 contribution of \$88,420 is therefore recognized as a pension-related deferred outflow of resources.

**A. Description of Plan**

The Town of Berwyn Heights entered into the Employees Contributory Pension System of the State Retirement and Pension Systems of Maryland as of July 1, 2008. The Town’s actuarial accrued liability to enter into the system was calculated based on the 22 current employees at June 30, 2008 for 33 1/3 % of past service. The Town’s actuarial accrued liability to enter into the system was \$131,185, either to be amortized over the next 25 years with level payments or paid in full. The Town elected to pay in full.

Under the terms of the Contributory Pension System, a member may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least 5 years of service. An employee may also take an early retirement with reduced benefits at age 55 with 15 years of service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62 except those employees hired after July 1, 2011 require ten years of eligible service to vest.

On retirement from service, a member of the plan shall receive an annual service retirement allowance based on the member’s average final compensation and years of creditable service multiplied by a factor. The factor varies from 1.2% to 2.6% per eligible service year, depending on employee/employer contributions and other plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefits received.

Benefits under the plan are established under the State Personnel and Pensions Article of the Annotated Code of Maryland.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – RETIREMENT PLAN – continued**

The Maryland State Retirement Agency issues a comprehensive annual financial report that includes disclosures regarding: plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The pension plans' fiduciary net position has been determined on the same basis used by the pension plans. The pension plans' financial statements are prepared on the accrual basis of accounting and are prepared in accordance with principles generally accepted in the United States of America that apply to governmental accounting for fiduciary funds. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Actual employer contributions billed to participating governmental units for the year ending June 30, 2015 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. The contributions were adjusted by increasing contributions by approximately \$251,000,000 to adjust for differences between actuarially determined contributions and actual contributions by the State of Maryland. This report can be obtained from the agency's office as follows:

State Retirement and Pension Systems of Maryland  
120 E. Baltimore Street, Suite 1601  
Baltimore Maryland, 21202-1600

*Funding Policy*

Obligations to contribute to the plans are under the Annotated Code of Maryland. Members of the pension plan contribute 7% of annual compensation during employment. The required contribution rate is determined on an actuarially determined basis. During the year ended June 30, 2016 the Town contributed \$88,420. The Town contributed 100% of its required contribution for the year ended June 30, 2016. For members of the pension plan, full service pension allowances equal 2% of average final compensation (AFC) up to a maximum benefit of 60% of AFC (30 years of credit).

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – RETIREMENT PLAN – continued**

Required contributions not funded by employee contributions are funded by the Town. The contributions by the Town to the State Plan for the current fiscal year takes place before December 31 and are based on the annualized gross base hourly rate in effect on June 30 of the preceding fiscal year. The Town contribution for the year ending June 30, 2016 was based on the annualized gross hourly rate in effect on June 30, 2014. Required employee contribution under the plan was 5% of the employee's gross base salary, excluding holiday, overtime and shift differential pay for fiscal year 2011 and is 7 percent for each fiscal year thereafter. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The required and actual Town contribution for the fiscal years ended June 30 were as follows:

|                               | <b>Fiscal Year Ending June 30</b> |                  |                  |
|-------------------------------|-----------------------------------|------------------|------------------|
|                               | <b>2016</b>                       | <b>2015</b>      | <b>2014</b>      |
| Retirement plan contributions | <u>\$ 88,420</u>                  | <u>\$ 95,418</u> | <u>\$ 94,930</u> |

The Town contributed \$88,420 to the System for fiscal year 2016 which was actuarially determined based on statutory provisions. The Town has also recognized in Pension Expense its proportionate share of the System's deferred inflows of resources (an increase in Pension Expense) attributable to the net difference between projected and actual investment earnings on pension plan assets and its proportionate share of the System's deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – RETIREMENT PLAN – continued**

Required disclosures aggregate for the plan:

|   | <u>Maryland State Pension System</u> |
|---|--------------------------------------|
| Total pension liability                                 | \$ 66,571,552,000                    |
| Total fiduciary net position                            | 45,789,840,000                       |
| Town's proportionate share of total pension liabilities | 940,799                              |
| Town's proportionate share of net pension liabilities   | 0.00453%                             |
| Total pension assets                                    | 45,789,840,000                       |
| Measurement date of collective net pension liability    | June 30, 2015                        |
| Date of actuarial valuation                             | June 30, 2015                        |
| Deferred outflows related to pensions                   | 213,080                              |
| Deferred inflows related to pensions                    | 60,902                               |
| Pension expense/expenditures for the period             | 102,689                              |

*Actuarial assumptions*

The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2014 rolled forward to June 30, 2015. The key assumptions used to perform the June 30, 2015 pension liability calculation for the System are as follows:

|                               |  |
|-------------------------------|--|
| Actuarial Method              | Entry Age Normal   |
| Amortization Method           | Level Percentage of Payroll, Closed  |
| Asset valuation method        | 5-year smoothed market; 20% collar   |
| Inflation (b)                 | 2.95% general, 3.45% wage  |
| Salary Increases              | 3.45% to 11.9%, including inflation  |
| Discount Rate (a)             | 7.55%  |
| Investment Rate of Return (b) | 7.55%  |
| Retirement age                | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006-2010. |
| Mortality                     | RP-2000 Combined Healthy Mortality Table projected to the year 2025  |

- (a) Discount rate at prior measurement date was 7.65%.
- (b) There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the following assumption changes in the 2014 valuation:
  - a. Investment return assumption changed from 7.65% to 7.55%.
  - b. Inflation assumption changed from 2.90% to 2.95%.



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – RETIREMENT PLAN – continued**

The components of the net pension liability for the System as of June 30, 2015, calculated in accordance with GASB Statement No. 67, are shown in the following table:

|   |                          |
|---|--------------------------|
| Total pension liability   | \$ 66,571,552,000        |
| Plan Fiduciary Net Position   | 45,789,840,000           |
| Net Pension Liability   | <u>\$ 20,781,712,000</u> |
|   |                          |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability | <u>68.78%</u>            |

**Investments**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Pension System's Board after considering input from the investment consultant(s) and actuary(s). For each major asset class that is included in the Pension System's target asset allocation, these best estimates are summarized in the following table:

| Asset Class        | Target Allocations | Long-term Expected Real Rate of Return |
|--------------------|--------------------|--|
| Public Equity      | 35%                | 6.30%                                  |
| Fixed income       | 10%                | 0.60%                                  |
| Credit opportunity | 10%                | 3.20%                                  |
| Real return        | 14%                | 1.80%                                  |
| Absolute return    | 10%                | 4.20%                                  |
| Private equity     | 10%                | 7.20%                                  |
| Real estate        | 10%                | 4.40%                                  |
| Cash               | 1%                 | 0.00%                                  |
|                    |                    |  |
| Total              | 100%               |  |

The above was the Pension System's Board of Trustee's adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2015.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – RETIREMENT PLAN – continued**

**Discount Rate**

A single discount rate of 7.55% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.55%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the System's net pension liability and the Town's proportionate share of the System's net pension liability, calculated using a single discount rate of 7.55%, a single discount rate that is 1-percentage point lower (i.e., 6.55%), and a single discount rate that is 1-percentage point higher (i.e., 8.55%).

|   | 1% Lower - 6.55%  | Current Rate - 7.55% | 1% Higher - 8.55% |
|---|-------------------|----------------------|-------------------|
| The System's Net Pension Liability                          | \$ 29,371,763,000 | \$ 20,781,712,000    | \$ 13,658,848,000 |
| The Town's Proportionate Share of the Net Pension Liability | \$ 1,329,675      | \$ 940,799           | \$ 618,343        |

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Town's reported a liability of \$940,799 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2015, the Town's proportion was approximately 0.00453 percent.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – RETIREMENT PLAN – continued**

For the year ended June 30, 2016, the Town recognized pension expense of \$102,689. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows | Deferred Inflows |
|--|-------------------|------------------|
| Changes of assumptions   | \$ 41,795         | \$ -             |
| Net difference between projected and actual earnings on pension plan investments | 82,865            | 60,902           |
| Contributions made subsequent to the measurement date                            | 88,420            |                  |
| Total  | \$ 213,080        | \$ 60,902        |

The deferred outflow of resources of \$88,420 relating to contributions subsequent to the measurement date will be recognized as a reduction of the Town's net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources are being amortized over a five-year period beginning in fiscal 2016. These unamortized amounts will be ratably recognized in pension expense over the next four years.

**Net Pension Liability**

The components of the Town's proportionate share of the Pension System's net pension liability as of the measurement date of June 30, 2015 were as follows:

|  |                   |
|--|-------------------|
| Total pension liability  | \$ 3,013,729      |
| Plan Fiduciary Net Position  | 2,072,930         |
| Net Pension Liability  | <u>\$ 940,799</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | <u>68.78%</u>     |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7 – DEFINED CONTRIBUTION PLAN**

Prior to July 1, 2008, when the Town joined the Maryland State Retirement System, the Town provided retirement benefits for all of its full-time employees through a noncontributory defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full time employees were eligible to participate on the first day of work. The Town annually contributed an amount equal to 6% of the employee's base salary. The Town's contribution for each employee (and interest allocated to employee's account) fully vested the employee after 5 years of continuous service. The Town contributions for employee and the interest allocated to employee's account are forfeited by the employee who leaves employment with the Town before 5 years of continuous service and the forfeited funds can be used to reduce the Town's current-period contribution requirement or for any other purpose.

When the Town joined the State pension system on July 1, 2008, it discontinued contributing to the ICMA-RC 401 plan. Therefore; there was no contribution for the year ended June 30, 2016.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 – DEFERRED COMPENSATION PLAN**

All employees of the Town government may participate in the deferred compensation plan organized under the Internal Revenue Code Section 457, and administered by Public Employees Benefit Services Corporation. Under the terms of the plan, participating employees may have a portion of their salaries withheld, subject to limitations imposed by the Internal Revenue Service, and invested in the plan.

As an incentive to enroll in the deferred compensation plan, the Town offered a match for those employees who contribute up to 3% of their base pay. When the Town joined the State pension system on July 1, 2008, it discontinued contributing to the 457 plan; therefore, there was no match. Management's involvement with the plan is limited to transferring amounts withheld from payroll. Management has little administrative involvement with the plan and does not perform the investing function for the plan. All taxes are deferred on those contributions and related earnings until the participant terminates the plan.

In compliance with the Internal Revenue Code Section 457(g), all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. Investments designated for compensation benefits are not reflected in the Town's financial statements. Accordingly, the fair value of the plan assets at June 30, 2016 is not reflected in the Town's financial statements.

**NOTE 9 – LONG-TERM DEBT**

The following is a summary of the activity in the Town's long-term debt:

|                          | Accumulated<br>Annual<br>Leave | Total            |
|--------------------------|--------------------------------|------------------|
| Balance at July 1, 2015  | \$ 50,152                      | \$ 50,152        |
| Additions                | (11,504)                       | (11,504)         |
| Payments                 | -                              | -                |
| Balance at June 30, 2016 | <u>\$ 38,648</u>               | <u>\$ 38,648</u> |
| Amount due within 1 year | <u>\$ -</u>                    | <u>\$ -</u>      |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 – COMPTROLLER OF THE TREASURY OF MARYLAND V. WYNNE**

In 2015, in *Comptroller of the Treasury of Maryland v. Wynne*, the Supreme Court invalidated a portion of Maryland's personal income tax scheme after determining that it inherently burdened the earnings of individuals who resided in one state but earned income in another.

In response, Maryland has enacted corrective legislation allowing a credit for Maryland residents against personal income tax for income taxed by other states. The Court had ruled that the failure of Maryland law to allow such a credit rendered Maryland's personal income tax scheme unconstitutional.

As of June 2016, the Comptroller's Office has not identified any returns in the Town that were amended as a result of the Wynne case. As taxpayers have three years to amend their returns, the Town could be impacted in future years.

**NOTE 11 – CONCENTRATIONS**

The Town derives most of its revenues from the citizens of the Town. The Town is located in Prince George's County, Maryland.

**NOTE 12 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to workers; and natural disasters.

The Town has an insurance agreement with the Local Government Insurance Trust (LGIT), a public entity risk pool. LGIT provides the Town's property, general, automobile, employee, police and public officials' legal liability insurance coverage.

This is a total risk and cost sharing pool for all participants. In the event that the Trust's General Fund falls into a deficit that cannot be satisfied by transfers from the Trust's capital and surplus accounts, the Trustees shall determine a method to fund the deficit. The Trust agreement empowers the Trustees to assess an additional premium to each deficit-year participant. Debt issues could also be used to fund a deficit.

Premiums are charged to the Town's General Fund, with no provision made for claim liability in addition to premiums, unless an assessment is made by the Trust. There have been no assessments during the year ended June 30, 2016 and the amount of settlements has not exceeded coverage for each of the past three years.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**Grants**

The Town receives grants from time-to-time. Expenditures from certain grants are subject to audit by the grantor, and the Town is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the Town's management, no material refunds will be required as a result of disallowed expenditures.

**NOTE 14 – RISKS AND UNCERTAINTIES**

The Pension Trust Fund is invested in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position available for benefits.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 - RECONCILIATION OF NON-GAAP BUDGET TO GAAP BUDGET**

The financial statements and notes conform to GAAP. The budget is prepared on a basis not consistent with GAAP because the prior years' surplus is included in budgeted revenues and expenditures. The reconciliation between the non-GAAP budget and GAAP follows:

|   |    |                         |
|---|----|-------------------------|
| Budgeted excess of revenue over (under) |    |                         |
| expenditures - Non-GAAP basis           | \$ | (10)                    |
| Plus: Transfer to reserve fund          |    | -                       |
| Less: Prior years' surplus -revenues    |    | <u>(394,709)</u>        |
| Budgeted excess of revenue over (under) |    |                         |
| expenditures - GAAP basis               | \$ | <u><u>(394,719)</u></u> |

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS**

The Town offers no other post-employment benefits as defined by the Government Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting for Post Employment Benefit Plans Other Than Pensions" (GASB 45).

**NOTE 17 – FUND BALANCE REPORTING**

Fund balances for the Town's governmental funds consisted of the following as of June 30, 2016:

**Non-Spendable Fund Balances**

At June 30, 2016, \$8,064 is non-spendable in the general fund and pertains to prepaid expenses.

**Restricted Fund Balances**

At June 30, 2016, \$107,518 is restricted in the public safety reserve fund.



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 17 – FUND BALANCE REPORTING - continued**

**Committed Fund Balances**

The committed fund balance in the General Fund is composed of \$442,000 for dedicated-operating reserve, \$752,519 for dedicated-infrastructure improvement reserve, \$95,109 for dedicated-cable TV-capital outlay, \$6,956 dedicated-NW/EP-trailer reserve, \$10,000 for dedicated-recycling disposal fee, \$159,077 dedicated-vehicle equipment replacement reserve, and \$330,900 for dedicated-greenbelt station impact fee reserve.

All fund balances in the Public Safety Taxing District are committed for public safety expenditures. At June 30, 2016, this amount was \$18,925.

**Unassigned Fund Balances**

All remaining general fund balances are unassigned. At June 30, 2016, this amount was \$516,257.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 18– NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued the following statements:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, issued June 2015, effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015, effective for financial statements for fiscal years beginning after June 15, 2017.

Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, effective for financial statements for fiscal years beginning after December 15, 2015.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December 2015, effective for financial statements for fiscal years beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, issued March 2016, effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, effective for financial statements for fiscal years beginning after December 15, 2016.

Statement No. 82, *Pension Issues – an amendment of GASB States No. 67, No. 68, and No. 73*, issued March 2016, effective for financial statements for fiscal years beginning after June 15, 2016.

The Town will implement these statements as necessary as of their effective dates. While the Town is still in the process of determining the effect of implementing these GASB statements, they are not expected to have a material effect on the financial position of the Town.

**Town of Berwyn Heights, MD**  
**SCHEDULES OF REQUIRED PENSION-RELATED**  
**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**

|  | FY 2016      |
|--|--------------|
| Town's proportion (%) of collective net pension liability  | 0.00453%     |
| Town's proportionate share (\$) of collective net pension liability  | \$ 940,799   |
| Town's covered-employee payroll(\$)  | \$ 1,028,082 |
| Town's proportionate share of collective net pension liability as a percentage of its covered-employee payroll | 91.51%       |
| Pension plan's fiduciary net position as a percentage of the total pension liability                           | 68.78%       |

**SCHEDULE OF THE TOWN'S PENSION PLAN CONTRIBUTIONS**  
**Last 10 Fiscal Years**

|  | 2016      | 2015      | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|-----------|-----------|------|------|------|------|------|------|------|------|
| Contractually required contribution                                  | \$ 88,420 | \$ 95,418 |      |      |      |      |      |      |      |      |
| Contributions in relation to the contractually required contribution | 88,420    | 95,418    |      |      |      |      |      |      |      |      |
| Contribution deficiency (excess)                                     | -         | -         |      |      |      |      |      |      |      |      |
| Town's covered-employee payroll                                      | 1,028,082 | 1,010,950 |      |      |      |      |      |      |      |      |
| Contributions as a percentage of covered-employee payroll            | 8.6%      | 9.4%      |      |      |      |      |      |      |      |      |

The above schedules are presented to illustrate the requirement for specific information for 10 years; however, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

|                                    | <b>General Fund</b>    |                     |                     |                     |
|------------------------------------|------------------------|---------------------|---------------------|---------------------|
|                                    | <b>Original Budget</b> | <b>Final Budget</b> | <b>Actual</b>       | <b>Variance</b>     |
| Revenues                           |                        |                     |                     |                     |
| Income taxes                       | \$ 410,000             | \$ 410,000          | \$ 379,538          | \$ (30,462)         |
| Property taxes                     | 1,641,815              | 1,641,815           | 1,608,506           | (33,309)            |
| Other taxes                        | 72,170                 | 72,170              | 72,170              | -                   |
| Fines, licenses and permits        | 261,565                | 261,565             | 196,829             | (64,736)            |
| Interest and investment earnings   | 15,000                 | 15,000              | 16,462              | 1,462               |
| Charges for services               | 2,700                  | 2,700               | 217                 | (2,483)             |
| Operating grants and contributions | 157,654                | 323,204             | 156,702             | (166,502)           |
| Other revenues                     | 273,200                | 273,200             | 278,302             | 5,102               |
| Prior years' surplus               | 255,800                | 394,709             | -                   | (394,709)           |
| Total Revenues                     | <u>\$ 3,089,904</u>    | <u>\$ 3,394,363</u> | <u>\$ 2,708,726</u> | <u>\$ (685,637)</u> |
| Expenditures                       |                        |                     |                     |                     |
| General government                 | \$ 440,616             | \$ 458,116          | \$ 436,326          | \$ 21,790           |
| Public safety                      | 674,244                | 681,754             | 621,710             | 60,044              |
| Code enforcement                   | 109,401                | 109,401             | 97,626              | 11,775              |
| Public works                       | 683,375                | 690,875             | 632,753             | 58,122              |
| Recreation                         | 25,000                 | 25,000              | 14,745              | 10,255              |
| Capital projects                   | 652,529                | 924,488             | 477,663             | 446,825             |
| Other                              | 504,739                | 504,739             | 419,253             | 85,486              |
| Total Expenditures                 | <u>\$ 3,089,904</u>    | <u>\$ 3,394,373</u> | <u>\$ 2,700,076</u> | <u>\$ 694,297</u>   |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED**  
**PUBLIC SAFETY TAXING DISTRICT**  
**YEAR ENDED JUNE 30, 2016**

|                               | Budget            | Actual            | Variable<br>Favorable<br>(Unfavorable) |
|-------------------------------|-------------------|-------------------|--|
| <b>REVENUES</b>               |                   |                   |  |
| <b>Taxes</b>                  |                   |                   |  |
| Real estate                   | \$ 39,992         | \$ 37,953         | \$ (2,039)                             |
| Personal property             | 30,944            | 25,777            | (5,167)                                |
| Penalties and interest        | 200               | -                 | (200)                                  |
| <b>Total Taxes</b>            | <u>71,136</u>     | <u>63,730</u>     | <u>(7,406)</u>                         |
| <b>Surplus</b>                |                   |                   |  |
| Surplus adopted budget        | 35,443            | -                 | (35,443)                               |
| <b>Total Surplus</b>          | <u>35,443</u>     | <u>-</u>          | <u>(35,443)</u>                        |
| <b>Miscellaneous</b>          |                   |                   |  |
| Miscellaneous                 | 1,005             | -                 | (1,005)                                |
| <b>Total Miscellaneous</b>    | <u>1,005</u>      | <u>-</u>          | <u>(1,005)</u>                         |
| <b>TOTAL REVENUES</b>         | <u>\$ 107,584</u> | <u>\$ 63,730</u>  | <u>\$ (43,854)</u>                     |
| <b>EXPENDITURES</b>           |                   |                   |  |
| <b>Public Safety</b>          |                   |                   |  |
| Salaries                      | 51,250            | 55,153            | (3,903)                                |
| Overtime                      | 2,800             | 1,372             | 1,428                                  |
| Shift differential            | 1,000             | -                 | 1,000                                  |
| FICA                          | 4,210             | 4,228             | (18)                                   |
| Training                      | 600               | -                 | 600                                    |
| Gas and oil                   | 4,800             | 894               | 3,906                                  |
| Communications                | 1,025             | -                 | 1,025                                  |
| Capital outlay >\$500         | 900               | -                 | 900                                    |
| Ammunition                    | 600               | -                 | 600                                    |
| Uniforms                      | 1,200             | 875               | 325                                    |
| <b>Total Public Safety</b>    | <u>68,385</u>     | <u>62,522</u>     | <u>5,863</u>                           |
| <b>Miscellaneous</b>          |                   |                   |  |
| Pension plan contribution     | 4,407             | 5,225             | (818)                                  |
| <b>Total Miscellaneous</b>    | <u>4,407</u>      | <u>5,225</u>      | <u>(818)</u>                           |
| <b>Capital Projects</b>       |                   |                   |  |
| Police vehicles               | 34,792            | 34,881            | (89)                                   |
| <b>Total Capital Projects</b> | <u>34,792</u>     | <u>34,881</u>     | <u>(89)</u>                            |
| <b>TOTAL EXPENDITURES</b>     | <u>\$ 107,584</u> | <u>\$ 102,628</u> | <u>\$ 4,956</u>                        |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

| <b>REVENUES</b>                   | <u>Budget</u>    | <u>Actual</u>    | <u>Variable<br/>Favorable<br/>(Unfavorable)</u> |
|-----------------------------------|------------------|------------------|---|
| <b>Taxes</b>                      |                  |                  |   |
| Real estate                       | \$ 1,283,788     | \$ 1,276,731     | \$ (7,057)                                      |
| Personal property                 | 265,000          | 211,669          | (53,331)  |
| Real estate- road fund            | 77,227           | 83,153           | 5,926   |
| Personal property- road fund      | 14,000           | 13,068           | (932)   |
| Personal property- road fund PY   | -                | 126              | 126   |
| Penalties and interest            | 1,800            | 23,759           | 21,959  |
| Income taxes                      | 410,000          | 379,538          | (30,462)  |
| Recycling tax                     | 72,170           | 72,170           | -   |
| <b>Total Taxes</b>                | <u>2,123,985</u> | <u>2,060,214</u> | <u>(63,771)</u>                                 |
| <b>Licenses and Permits</b>       |                  |                  |   |
| Business licenses                 | 18,000           | 20,668           | 2,668   |
| Traders licenses                  | 1,100            | 1,874            | 774   |
| Building permits                  | 8,500            | 12,282           | 3,782   |
| Cable TV franchise fee            | 47,000           | 36,896           | (10,104)  |
| Rental licenses                   | 64,500           | 58,204           | (6,296)   |
| Dumpster permits                  | 1,100            | 1,300            | 200   |
| Other permits                     | 900              | 300              | (600)   |
| <b>Total Licenses and Permits</b> | <u>141,100</u>   | <u>131,524</u>   | <u>(9,576)</u>                                  |
| <b>Intergovernmental</b>          |                  |                  |   |
| Police regular aid                | 47,812           | 44,981           | (2,831)   |
| Disposal fee rebate               | 8,232            | 6,174            | (2,058)   |
| Highway user revenue              | 76,610           | 105,547          | 28,937  |
| Other grants                      | 190,550          | -                | (190,550)                                       |
| <b>Total Intergovernmental</b>    | <u>323,204</u>   | <u>156,702</u>   | <u>(166,502)</u>                                |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL - GENERAL FUND - continued**  
**YEAR ENDED JUNE 30, 2016**

|   | <u>Budget</u>       | <u>Actual</u>       | Variable<br>Favorable<br>(Unfavorable) |
|---|---------------------|---------------------|--|
| <b>Service Charges</b>                  |                     |                     |  |
| Pedestrian bridge reimbursement         | \$ 2,700            | \$ 217              | \$ (2,483)                             |
| <b>Total Service Charges</b>            | <u>2,700</u>        | <u>217</u>          | <u>(2,483)</u>                         |
| <b>Fines and Forfeitures</b>            |                     |                     |  |
| Police department                       | 48,000              | 49,684              | 1,684                                  |
| Speed camera                            | 50,000              | -                   | (50,000)                               |
| Code enforcement                        | 22,465              | 15,621              | (6,844)                                |
| <b>Total Fines and Forfeitures</b>      | <u>120,465</u>      | <u>65,305</u>       | <u>(55,160)</u>                        |
| <b>Surplus</b>                          |                     |                     |  |
| Surplus budget adopted and amended      | 50,000              | -                   | (50,000)                               |
| Surplus capital equipment purchases     | 145,876             | -                   | (145,876)                              |
| Vehicle replacement reserves            | 198,833             | -                   | (198,833)                              |
| <b>Total surplus</b>                    | <u>394,709</u>      | <u>-</u>            | <u>(394,709)</u>                       |
| <b>Miscellaneous</b>                    |                     |                     |  |
| Interest                                | 15,000              | 16,462              | 1,462                                  |
| Rents                                   | 5,200               | 7,879               | 2,679                                  |
| Recycling                               | 3,000               | 1,077               | (1,923)                                |
| Sale of bags and copying                | 250                 | 222                 | (28)                                   |
| National Night Out donation             | -                   | 50                  | 50                                     |
| Other                                   | 250                 | 3,009               | 2,759                                  |
| Miscellaneous police                    | 2,500               | 4,133               | 1,633                                  |
| Advertising bulletin                    | 6,000               | 2,786               | (3,214)                                |
| Cable TV grant                          | 9,400               | 7,041               | (2,359)                                |
| Verizon PEG grant                       | 19,600              | 16,003              | (3,597)                                |
| Sale of assets                          | 1,000               | 13,658              | 12,658                                 |
| Abatement/code                          | 1,000               | -                   | (1,000)                                |
| Greenbelt station metroland impact fees | 225,000             | 222,444             | (2,556)                                |
| <b>Total Miscellaneous</b>              | <u>288,200</u>      | <u>294,764</u>      | <u>6,564</u>                           |
| <b>Total Revenues</b>                   | <u>\$ 3,394,363</u> | <u>\$ 2,708,726</u> | <u>\$ (685,637)</u>                    |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

|                           | Budget   | Actual   | Variable<br>Favorable<br>(Unfavorable) |
|---------------------------|----------|----------|--|
| <b>EXPENDITURES</b>       |          |          |  |
| <b>General Government</b> |          |          |  |
| Mayor and Council         |          |          |  |
| Conventions & training    | \$ 7,500 | \$ 5,407 | \$ 2,093                               |
| Education                 | 4,500    | 2,312    | 2,188                                  |
| Public relations          | 1,000    | 1,574    | (574)                                  |
| Stipends                  | 15,000   | 14,500   | 500                                    |
| Miscellaneous             | 500      | 637      | (137)                                  |
| Communications            | 500      | -        | 500                                    |
| Total Mayor and Council   | 29,000   | 24,430   | 4,570                                  |
| Administrative            |          |          |  |
| Salaries                  | 242,520  | 227,265  | 15,255                                 |
| FICA                      | 17,712   | 17,430   | 282                                    |
| Office supplies           | 4,700    | 5,577    | (877)                                  |
| Postage                   | 1,800    | 1,071    | 729                                    |
| Bulletin                  | 31,500   | 22,792   | 8,708                                  |
| Repairs and maintenance   | 1,000    | 1,324    | (324)                                  |
| Audit                     | 12,000   | 22,117   | (10,117)                               |
| Legal                     | 6,000    | 6,855    | (855)                                  |
| Elections                 | 1,500    | 1,609    | (109)                                  |
| Dues and conventions      | 5,000    | 3,255    | 1,745                                  |
| Public relations          | 2,300    | 2,434    | (134)                                  |
| Training                  | 2,000    | 1,660    | 340                                    |
| Travel                    | 1,000    | 175      | 825                                    |
| Network/software support  | 11,000   | 10,502   | 498                                    |
| Books and periodicals     | 500      | -        | 500                                    |
| Copier maintenance        | 4,100    | 4,208    | (108)                                  |
| Payroll processing fees   | 3,500    | 3,007    | 493                                    |
| Communications            | 780      | 335      | 445                                    |
| Capital outlay<\$500      | 1,400    | -        | 1,400                                  |
| Capital outlay>\$500      | 6,500    | 4,005    | 2,495                                  |
| Temp Service              | -        | 12,699   | (12,699)                               |
| Town council dues         | 5,222    | 4,884    | 338                                    |
| Miscellaneous             | 3,500    | 3,687    | (187)                                  |
| Law book subscription     | 2,300    | 2,531    | (231)                                  |
| Total Administration      | 367,834  | 359,422  | 8,412                                  |



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND - continued**  
**YEAR ENDED JUNE 30, 2016**

|                                 | Budget         | Actual         | Variable<br>Favorable<br>(Unfavorable) |
|---------------------------------|----------------|----------------|--|
| Municipal Building              |                |                |  |
| Salaries                        | \$ 9,351       | \$ 7,977       | \$ 1,374                               |
| FICA                            | 715            | 634            | 81                                     |
| Repairs and maintenance         | 5,500          | 2,717          | 2,783                                  |
| Electricity                     | 6,000          | 3,311          | 2,689                                  |
| Water                           | 500            | 409            | 91                                     |
| Gas                             | 1,100          | 694            | 406                                    |
| Custodial supplies              | 200            | 386            | (186)                                  |
| Telephone                       | 3,100          | 3,542          | (442)                                  |
| Hospitality                     | 900            | 629            | 271                                    |
| Miscellaneous                   | -              | 458            | (458)                                  |
| Total Municipal Building        | <u>27,366</u>  | <u>20,757</u>  | <u>6,609</u>                           |
| Town Center                     |                |                |  |
| Salaries                        | 9,351          | 7,978          | 1,373                                  |
| FICA                            | 715            | 634            | 81                                     |
| Repairs and maintenance         | 11,000         | 10,616         | 384                                    |
| Electricity                     | 6,650          | 6,608          | 42                                     |
| Water                           | 600            | 348            | 252                                    |
| Gas                             | 4,000          | 2,870          | 1,130                                  |
| Custodial supplies              | 400            | 645            | (245)                                  |
| Telephone                       | 800            | 1,009          | (209)                                  |
| Miscellaneous                   | 400            | 1,009          | (609)                                  |
| Total Town Center               | <u>33,916</u>  | <u>31,717</u>  | <u>2,199</u>                           |
| <b>Total General Government</b> | <u>458,116</u> | <u>436,326</u> | <u>21,790</u>                          |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND - continued**  
**YEAR ENDED JUNE 30, 2016**

|                                 | Budget         | Actual         | Variable<br>Favorable<br>(Unfavorable) |
|---------------------------------|----------------|----------------|--|
| <b>Public Safety</b>            |                |                |  |
| Police                          |                |                |  |
| Salaries                        | \$ 428,498     | \$ 412,863     | \$ 15,635                              |
| Salaries - overtime             | 27,880         | 19,447         | 8,433                                  |
| Salaries - shift differential   | 10,800         | 11,429         | (629)                                  |
| FICA                            | 34,900         | 36,145         | (1,245)                                |
| Supplies                        | 6,500          | 5,138          | 1,362                                  |
| Postage                         | 1,500          | 852            | 648                                    |
| Locality Pay                    | 7,200          | 4,800          | 2,400                                  |
| Vehicle maintenance and repairs | 15,000         | 11,163         | 3,837                                  |
| Other repairs and maintenance   | 3,000          | 3,720          | (720)                                  |
| Public relations                | 1,200          | 721            | 479                                    |
| Dues and conventions            | 3,000          | 1,959          | 1,041                                  |
| Training                        | 2,500          | 2,079          | 421                                    |
| Travel                          | 300            | -              | 300                                    |
| Network/software support        | 2,000          | 2,991          | (991)                                  |
| Miscellaneous                   | 3,000          | 3,562          | (562)                                  |
| Books and periodicals           | 600            | 671            | (71)                                   |
| Electricity                     | 4,500          | 3,320          | 1,180                                  |
| Gas and oil                     | 30,000         | 19,755         | 10,245                                 |
| Communications                  | 13,000         | 12,489         | 511                                    |
| Telephone                       | 4,000          | 4,087          | (87)                                   |
| Capital outlay <\$500           | 2,500          | 3,361          | (861)                                  |
| Capital outlay >\$500           | 6,000          | 5,108          | 892                                    |
| Police station rent             | 22,876         | 20,935         | 1,941                                  |
| Ammunition                      | 2,400          | 2,396          | 4                                      |
| Uniforms                        | 11,500         | 13,875         | (2,375)                                |
| Copier rental and maintenance   | 1,800          | 2,027          | (227)                                  |
| National night out              | 2,300          | 2,821          | (521)                                  |
| Speed camera administration     | 20,000         | 3,504          | 16,496                                 |
| Total Police                    | <u>668,754</u> | <u>611,218</u> | <u>57,536</u>                          |
| Other Public Safety             |                |                |  |
| Emergency preparedness          | 3,000          | 492            | 2,508                                  |
| Berwyn Heights VFD donation     | 10,000         | 10,000         | -                                      |
| Total Other Public Safety       | <u>13,000</u>  | <u>10,492</u>  | <u>2,508</u>                           |
| <b>Total Public Safety</b>      | <u>681,754</u> | <u>621,710</u> | <u>60,044</u>                          |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND - continued**  
**YEAR ENDED JUNE 30, 2016**

|   | Budget    | Actual    | Variable<br>Favorable<br>(Unfavorable) |
|---|-----------|-----------|--|
| <b>Code Enforcement and Van Program</b> |           |           |  |
| Code Enforcement                        |           |           |  |
| Salaries                                | \$ 57,200 | \$ 58,207 | \$ (1,007)                             |
| Clerk-part-time                         | 27,577    | 17,747    | 9,830                                  |
| FICA                                    | 6,724     | 6,782     | (58)                                   |
| Supplies                                | 1,000     | 316       | 684                                    |
| Postage                                 | 2,800     | 1,327     | 1,473                                  |
| Repairs and maintenance                 | 1,350     | 736       | 614                                    |
| Dues and conventions                    | 700       | 50        | 650                                    |
| Public relations                        | 200       | -         | 200                                    |
| Training and seminars                   | 700       | 250       | 450                                    |
| Travel                                  | 50        | -         | 50                                     |
| Miscellaneous                           | -         | 726       | (726)                                  |
| Network/software support                | 5,000     | 4,827     | 173                                    |
| Books and periodicals                   | 300       | -         | 300                                    |
| Gas and oil                             | 1,650     | 1,016     | 634                                    |
| Communications                          | 1,200     | 2,257     | (1,057)                                |
| Telephone                               | 700       | 711       | (11)                                   |
| Capital outlay < \$500                  | 300       | 83        | 217                                    |
| Capital outlay > \$500                  | 550       | 626       | (76)                                   |
| Uniforms                                | 400       | 270       | 130                                    |
| Total Code Enforcement                  | 108,401   | 95,931    | 12,470                                 |
| Van Program                             |           |           |  |
| Salaries                                | -         | 15        | (15)                                   |
| Repairs and maintenance                 | 1,000     | 1,621     | (621)                                  |
| Gas                                     | -         | 59        | (59)                                   |
| Total Van Program                       | 1,000     | 1,695     | (695)                                  |
| <b>Total Code and Van Program</b>       | 109,401   | 97,626    | 11,775                                 |
| <b>Public Works</b>                     |           |           |  |
| Building                                |           |           |  |
| Supplies                                | 3,000     | 4,145     | (1,145)                                |
| Repairs and maintenance                 | 4,700     | 3,801     | 899                                    |
| Software support                        | 1,000     | 987       | 13                                     |
| Electricity                             | 5,500     | 2,942     | 2,558                                  |
| Water                                   | 450       | 793       | (343)                                  |
| Gas                                     | 3,500     | 1,771     | 1,729                                  |
| Communications                          | 3,500     | 2,029     | 1,471                                  |
| Telephone                               | 2,000     | 2,896     | (896)                                  |
| Capital outlay - building               | 2,000     | 3,556     | (1,556)                                |
| Equipment                               | 2,500     | 2,562     | (62)                                   |
| Tools                                   | 2,500     | 2,039     | 461                                    |
| Total Building                          | 30,650    | 27,521    | 3,129                                  |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND - continued**  
**YEAR ENDED JUNE 30, 2016**

|                                 | <u>Budget</u>  | <u>Actual</u>  | <u>Variable<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------|----------------|----------------|---|
| <b>Public Works</b>             |                |                |   |
| Sanitation and Streets          |                |                |   |
| Salaries                        | \$ 298,471     | \$ 275,797     | \$ 22,674                                       |
| Salaries - overtime             | 15,000         | 23,271         | (8,271)   |
| Salaries - part time            | 22,726         | 24,051         | (1,325)   |
| Employee recognition incentives | 800            | 780            | 20  |
| FICA                            | 25,650         | 24,253         | 1,397   |
| Supplies                        | 4,000          | 4,078          | (78)  |
| Postage                         | 100            | 163            | (63)  |
| Temp service                    | 3,968          | 1,336          | 2,632   |
| Vehicle repairs and maintenance | 47,000         | 41,362         | 5,638   |
| Dues and conventions            | 1,000          | 776            | 224   |
| Books and periodicals           | 500            | 299            | 201   |
| Training                        | 2,000          | 912            | 1,088   |
| Travel                          | 100            | -              | 100   |
| Miscellaneous                   | 700            | 1,896          | (1,196)   |
| Gas and oil                     | 43,000         | 21,439         | 21,561  |
| Capital outlay < \$500          | 1,000          | -              | 1,000   |
| Uniforms                        | 9,000          | 8,410          | 590   |
| Abatement                       | -              | 44             | (44)  |
| Equipment rental                | 8,000          | 7,069          | 931   |
| Disposal                        | 70,000         | 77,348         | (7,348)   |
| Leaf collection                 | 8,000          | 5,666          | 2,334   |
| Mosquito control                | 700            | 804            | (104)   |
| Snow and ice removal            | 7,000          | 9,039          | (2,039)   |
| Street materials                | 7,500          | 1,854          | 5,646   |
| Street repairs                  | 20,000         | 3,165          | 16,835  |
| Street signs                    | 4,000          | 5,938          | (1,938)   |
| Storm drain construction        | 2,000          | -              | 2,000   |
| Pedestrian bridge repairs       | 2,500          | 235            | 2,265   |
| Tree service                    | 9,000          | 26,132         | (17,132)  |
| Recreation council events       | 1,800          | 1,365          | 435   |
| Recycling supplies              | 5,500          | 2,921          | 2,579   |
| Total Sanitation and Streets    | <u>621,015</u> | <u>570,403</u> | <u>50,612</u>                                   |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND - continued**  
**YEAR ENDED JUNE 30, 2016**

|                               | Budget         | Actual         | Variable<br>Favorable<br>(Unfavorable) |
|-------------------------------|----------------|----------------|--|
| Street Lighting               |                |                |  |
| Lighting                      | \$ 39,000      | \$ 34,651      | \$ 4,349                               |
| School flasher                | 210            | 178            | 32                                     |
| Total Street Lighting         | 39,210         | 34,829         | 4,381                                  |
| <b>Total Public Works</b>     | <b>690,875</b> | <b>632,753</b> | <b>58,122</b>                          |
| <b>Recreation</b>             |                |                |  |
| Pop's Park supplies           | 3,000          | 4,241          | (1,241)                                |
| Postage                       | -              | 75             | (75)                                   |
| Pop's Park maintenance        | 1,550          | 1,000          | 550                                    |
| Volunteer appreciation dinner | 1,000          | -              | 1,000                                  |
| Miscellaneous                 | 700            | -              | 700                                    |
| Equipment                     | 2,750          | -              | 2,750                                  |
| BH historical committee       | 2,000          | 1,399          | 601                                    |
| Special events                | 9,000          | 7,620          | 1,380                                  |
| Playground supplies           | 250            | -              | 250                                    |
| Playground utilities          | 450            | 160            | 290                                    |
| Concession stand              | 1,300          | 250            | 1,050                                  |
| Pontiac Field maintenance     | 3,000          | -              | 3,000                                  |
| <b>Total Recreation</b>       | <b>25,000</b>  | <b>14,745</b>  | <b>10,255</b>                          |

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND - continued**  
**YEAR ENDED JUNE 30, 2016**

|                                    | Budget              | Actual              | Variable<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|---------------------|--|
| <b>Cable TV</b>                    |                     |                     |  |
| Repairs and maintenance            | \$ 2,000            | \$ 350              | \$ 1,650                               |
| I-Net participation fee            | 4,684               | 4,462               | 222                                    |
| Miscellaneous                      | 450                 | 551                 | (101)                                  |
| Capital outlay-equip>\$500         | 13,000              | 12,200              | 800                                    |
| <b>Total Cable TV</b>              | <u>20,134</u>       | <u>17,563</u>       | <u>2,571</u>                           |
| <b>Miscellaneous</b>               |                     |                     |  |
| Unemployment insurance             | 2,000               | 2,051               | (51)                                   |
| General insurance                  | 29,500              | 29,358              | 142                                    |
| Workers compensation               | 72,500              | 62,237              | 10,263                                 |
| Public officials' bond             | 1,100               | 635                 | 465                                    |
| Employee recognition award         | 1,800               | 1,614               | 186                                    |
| Miscellaneous benefits             | 5,251               | 3,876               | 1,375                                  |
| Employee merit increases           | 32,004              | 28,665              | 3,339                                  |
| Vision/dental/life insurance       | 10,600              | 11,337              | (737)                                  |
| MD State Pension admin fee         | 3,600               | 3,542               | 58                                     |
| Health insurance                   | 123,000             | 109,444             | 13,556                                 |
| Cities street sweeper-program      | 19,000              | 19,952              | (952)                                  |
| Tuition reimbursement              | 1,000               | 1,000               | -                                      |
| Economic development study         | 30,000              | -                   | 30,000                                 |
| Urban forest activities            | 15,000              | -                   | 15,000                                 |
| Animal study                       | -                   | 8,000               | (8,000)                                |
| Pension contribution               | 91,200              | 83,195              | 8,005                                  |
| HR consulting                      | 17,500              | 20,778              | (3,278)                                |
| HRA reimbursement fund             | 20,000              | 11,441              | 8,559                                  |
| HRA administration fee             | 3,550               | 915                 | 2,635                                  |
| Website Services                   | 6,000               | 3,650               | 2,350                                  |
| <b>Total Miscellaneous</b>         | <u>484,605</u>      | <u>401,690</u>      | <u>82,915</u>                          |
| <b>Capital Projects</b>            |                     |                     |  |
| Public works vehicles              | 218,183             | 218,132             | 51                                     |
| Police vehicles                    | 34,792              | 34,881              | (89)                                   |
| Transfer                           | 407,437             | -                   | 407,437                                |
| DNR project                        | 3,000               | 1,559               | 1,441                                  |
| Buildings and grounds improvements | 137,500             | 119,199             | 18,301                                 |
| Safe Routes to School grant        | 73,651              | 52,980              | 20,671                                 |
| Bikeway grant                      | -                   | 672                 | (672)                                  |
| Sidewalk construction              | 34,925              | 34,925              | -                                      |
| Residential property demolition    | 15,000              | 15,315              | (315)                                  |
| <b>Total Capital Projects</b>      | <u>924,488</u>      | <u>477,663</u>      | <u>446,825</u>                         |
| <b>Total Expenditures</b>          | <u>\$ 3,394,373</u> | <u>\$ 2,700,076</u> | <u>\$ 694,297</u>                      |