

TOWN OF BERWYN HEIGHTS, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2020

TOWN OF BERWYN HEIGHTS

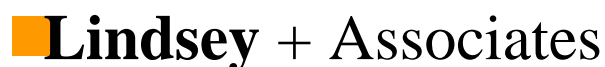
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Independent Auditor's Report

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, 2020, 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, 2020, 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, 42, and 43, 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 44 through 53 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.

Hindley & Associates, LLC

March 29, 2021

TOWN OF BERWYN HEIGHTS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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, 2020. Please read it in conjunction with the transmittal letter and the Town's financial statements.

Financial Highlights

-) For FY20, The Town increased the residential real property tax rate by one and a half cents, from \$0.53 to \$0.545 per \$100 which includes \$0.03 of the total of assessed valuation for the Infrastructure Improvement Reserve to fund major infrastructure projects. The Town's personal property tax rate remained at \$1.325 per \$100 of assessed value which includes \$.075 of the total assessed valuation for the Infrastructure Improvement Reserves.
-) 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.
-) FY 2020 Town's entire operating needs are financed through revenues received on an annual basis in addition to some of the prior year funds to balance the budget. The increase in real property tax reduces the Town's reliance on funds remaining from the previous year to balance the budget, while maintaining a solid rainy-day fund in case of emergencies.
-) The Town Council also approved an increase in the Recycling Fee charged to homeowners. From \$72,170 (\$70 per house) to \$97,945 (\$95 per house), this increase was needed in order to better cover the cost of the recycling program.
-) Although, FY20 had a challenge of dealing with the novelties of a global pandemic, each department was able to maintain its expenses within their assigned budgets.
-) Due to the COVID-19 emergency, the Town Hall was closed to the public for the final three and a half months of the fiscal year. Town services were provided remotely, Town Council meetings were held virtually and the Council election was mail-in only. This led to the reduction in some expenses. Income for FY2020 was not significantly impacted.
-) The economic uncertainty resulting from COVID-19 continues to develop and it is unclear what the longer-term fiscal impact will be on the Town. Both revenues and expenses may be affected.

The Town has dedicated reserves to finance capital purchases and projects, including street and sidewalk construction, facility improvements, and vehicle and equipment purchases. Reserve transfers for this fiscal year include:

-) From Vehicle and Equipment Replacement Reserve to General Fund: \$225,003
-) From the Cable TV Reserve Fund to General Fund: \$30,000

TOWN OF BERWYN HEIGHTS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Major sources of revenue this fiscal year are the real property tax, personal property tax, income tax, intergovernmental grants, and town-collected fees and fines.

Major projects funding this fiscal year include:

-) The continuation of the road repair project while the total cost for this phase was \$218,465
-) The purchase of new refuse truck at the cost of \$187,441
-) The purchase of a new F350 super heady duty pick-up truck at the cost of \$39,345
-) Purchase and uplifting of 2 new police SUV cruisers at a cost of \$98,351
-) The replacement of carpets at Town Hall & senior center for a cost of \$8,000.
-) Interior painting of all Town hall and Senior center at a cost of \$3,450

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.

TOWN OF BERWYN HEIGHTS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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.

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. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The town has two types of funds: governmental and fiduciary funds.

-) 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 right of the fund financial statements.
-) Fiduciary funds – Fiduciary funds are used to account for assets held for the benefit of employees by private organizations. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs.

**TOWN OF BERWYN HEIGHTS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020

Government-Wide Financial Information

The following is selected information as of June 30, 2020, and June 30, 2019.

| | 2019 | 2020 |
|--|--------------|--------------|
| Current assets | \$ 3,926,614 | \$ 4,098,834 |
| Capital assets | 2,781,551 | 3,040,777 |
| Total assets | 6,708,165 | 7,139,611 |
| Deferred outflows | 211,651 | 165,047 |
| Total assets and deferred outflows | 6,919,816 | 7,304,658 |
| Current liabilities | 228,579 | 194,772 |
| Long-term liabilities | 1,077,367 | 1,082,249 |
| Total liabilities | 1,305,946 | 1,277,021 |
| Deferred inflows | 122,935 | 101,988 |
| Net position | | |
| Net investment in capital assets | 2,780,694 | 3,037,658 |
| Restricted | 8,454 | 8,856 |
| Unrestricted | 2,701,787 | 2,879,135 |
| Total net position | 5,490,935 | 5,925,649 |
| Total liabilities, deferred inflows and net position | 6,919,816 | 7,304,658 |
| Program revenues | | |
| Charges for services | 86,935 | 121,728 |
| Grants and contributions | 196,956 | 204,646 |
| General revenues | | |
| Income taxes | 455,614 | 511,246 |
| Property taxes | 2,040,472 | 2,236,214 |
| Total general revenues | 2,929,148 | 3,058,083 |
| Transfers | - | - |
| Total revenues and transfers | 3,213,039 | 3,384,457 |
| Expenses | | |
| General government | 548,903 | 554,193 |
| Public safety | 864,131 | 942,136 |
| Code enforcement & van program | 113,526 | 132,618 |
| Public works | 865,761 | 836,531 |
| Recreation | 23,337 | 21,488 |
| Other | 444,026 | 462,777 |
| Total expenses and transfers | 2,859,684 | 2,949,743 |
| Change in net position | 353,355 | 434,714 |
| Net position, beginning of year | 5,137,580 | 5,490,935 |
| Net position, end of year | 5,490,935 | 5,925,649 |

**TOWN OF BERWYN HEIGHTS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020.

| | FY2020 Amount | Percent of Total | Increase (Decrease) From FY19 |
|--------------------------------|---------------------|---------------------|-------------------------------------|
| Revenues | | | |
| Taxes | \$ 2,714,814 | 85% | \$ 240,472 |
| Intergovernmental | 197,043 | 6% | 3,243 |
| Charges for services | 186 | 0% | 139 |
| Fines, licenses and permits | 226,488 | 7% | 33,714 |
| Interest income | 13,858 | 0% | (1,013) |
| Miscellaneous | 74,392 | 2% | (158,888) |
| Total Revenues | <u>\$ 3,226,781</u> | <u>100%</u> | <u>\$ 117,667</u> |
| Expenditures | | | |
| General government | \$ 478,441 | 16% | \$ 60,537 |
| Public safety | 794,043 | 26% | 124,515 |
| Code enforcement & van program | 137,170 | 3% | 18,789 |
| Public works | 635,504 | 21% | (16,487) |
| Recreation | 21,488 | 1% | (1,849) |
| Other | 457,188 | 15% | 19,464 |
| Capital outlays | 547,582 | 18% | (434,150) |
| Total Expenditures | <u>\$ 3,071,416</u> | <u>100%</u> | <u>\$ (229,181)</u> |

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

General Fund Budgetary Highlights

The fiscal year 2020, operating and capital budget was approved at \$3,427,740. This is a \$1,110,691 or 24.47% reduction over last year's \$4,538,431 budget. It should be noted that the FY19 budget included \$1,238,365 budgeted for road repairs.

**TOWN OF BERWYN HEIGHTS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Capital Asset and Debt Administration

Capital Assets

The major capital projects and purchases this year include:

-) Completion of Phase II of the road repair project.
-) Purchase of a new refuse truck and pick-up truck for Public Works
-) Purchase of two Police vehicles
-) Repairs to the Public Works building
-) Painting and replacement of carpets at Town Hall and Senior center.

Debt

The Town is debt-free.

Economic Factors and Next Year's Budgets and Rates

For FY21 the Town maintained the current residential real property tax rate at \$.545 per \$100 which includes \$0.03 of the total of assessed value for the Infrastructure Improvement Reserves to fund major infrastructure projects. The Town's personal property tax rate remained at \$1.325 per \$100 of assessed value which includes \$.075 of the total assessed valuation for the Infrastructure Improvement Reserves.

For FY21 the Town also maintained the same tax rates for properties located in the Public Safety Taxing District. The tax rates are an additional \$0.10 per \$100 of assessed value for real property and an additional \$0.15 per

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 finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Laura Allen, Town Manager at 5700 Berwyn Road, Berwyn Heights, Maryland 20740 or via telephone at 301-474-5000.

TOWN OF BERWYN HEIGHTS, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2020

| | Governmental Activities | Total |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents - unrestricted | \$ 3,825,852 | \$ 3,825,852 |
| Cash and cash equivalents - restricted | 12,150 | 12,150 |
| Amounts due from other governments | 29,426 | 29,426 |
| Accounts receivable - income taxes | 175,772 | 175,772 |
| Other receivables | 42,645 | 42,645 |
| Prepaid expenses | 12,989 | 12,989 |
| Total Current Assets | <u>4,098,834</u> | <u>4,098,834</u> |
| Noncurrent Assets | | |
| Net capital assets | <u>3,040,777</u> | <u>3,040,777</u> |
| Total Noncurrent Assets | <u>3,040,777</u> | <u>3,040,777</u> |
| TOTAL ASSETS | <u>7,139,611</u> | <u>7,139,611</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>165,047</u> | <u>165,047</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u><u>\$ 7,304,658</u></u> | <u><u>\$ 7,304,658</u></u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 133,870 | \$ 133,870 |
| Unearned revenue | 8,585 | 8,585 |
| Amounts held in escrow and deposit | 46,940 | 46,940 |
| Other current liabilities | 2,258 | 2,258 |
| Current portion of long-term debt | <u>3,119</u> | <u>3,119</u> |
| Total Current Liabilities | <u>194,772</u> | <u>194,772</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 40,271 | 40,271 |
| Net pension liability | <u>1,041,978</u> | <u>1,041,978</u> |
| Total Noncurrent Liabilities | <u>1,082,249</u> | <u>1,082,249</u> |
| TOTAL LIABILITIES | <u>1,277,021</u> | <u>1,277,021</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>101,988</u> | <u>101,988</u> |
| NET POSITION | | |
| Net investment in capital assets | 3,037,658 | 3,037,658 |
| Restricted | 8,856 | 8,856 |
| Unrestricted | <u>2,879,135</u> | <u>2,879,135</u> |
| TOTAL NET POSITION | <u>5,925,649</u> | <u>5,925,649</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u><u>\$ 7,304,658</u></u> | <u><u>\$ 7,304,658</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, 2020

| Functions/Programs | Expenses | Indirect Expense Allocation | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|----------------------------------|--------------|-----------------------------------|-------------------------|--|--|--|----------------|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | |
| | | | | | | Governmental Activities | Total |
| Primary Government | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 554,193 | \$ 106,439 | \$ 5,549 | \$ 7,603 | \$ - | \$ (647,480) | \$ (647,480) |
| Public safety | 942,136 | 203,622 | 106,600 | 49,744 | - | (989,414) | (989,414) |
| Code enforcement and van program | 132,618 | 41,650 | 7,298 | - | - | (166,970) | (166,970) |
| Public works | 836,531 | 111,066 | 2,281 | 147,299 | - | (798,017) | (798,017) |
| Recreation | 21,488 | - | - | - | - | (21,488) | (21,488) |
| Other | 462,777 | (462,777) | - | - | - | - | - |
| Total Governmental Activities | 2,949,743 | - | 121,728 | 204,646 | - | (2,623,369) | (2,623,369) |
| Total Primary Government | \$ 2,949,743 | \$ - | \$ 121,728 | \$ 204,646 | \$ - | \$ (2,623,369) | \$ (2,623,369) |
| General revenues: | | | | | | | |
| Taxes | | | | | | | |
| Income taxes | | | | | | 511,246 | 511,246 |
| Property taxes | | | | | | 2,236,214 | 2,236,214 |
| Other taxes | | | | | | 97,945 | 97,945 |
| Licenses and permits | | | | | | 139,675 | 139,675 |
| Grants and contributions | | | | | | 18,825 | 18,825 |
| Interest and investment earnings | | | | | | 13,858 | 13,858 |
| Miscellaneous | | | | | | 40,320 | 40,320 |
| Total General Revenues | | | | | | 3,058,083 | 3,058,083 |
| Change in Net Position | | | | | | 434,714 | 434,714 |
| Net Position, beginning of year | | | | | | 5,490,935 | 5,490,935 |
| Net Position, end of year | | | | | | \$ 5,925,649 | \$ 5,925,649 |

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, 2020 | | | | | RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2020 | |
|---|---------------------|---|-------------------------------|--------------------------------|--|---------------------|
| | General Fund | Public Safety Taxing District (Non-major Fund) | Public Safety Reserve Fund | Total Governmental Funds | | |
| ASSETS | | | | | | |
| Cash and cash equivalents - unrestricted | \$ 3,825,852 | \$ - | \$ - | \$ 3,825,852 | Total Governmental Fund Balances | \$ 3,731,409 |
| Cash and cash equivalents - restricted | - | 3,294 | 8,856 | 12,150 | | |
| Amounts due from other governments | 29,426 | - | - | 29,426 | | |
| Accounts receivable - income taxes | 175,772 | - | - | 175,772 | Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 3,040,777 |
| Other receivables | 42,645 | - | - | 42,645 | | |
| Prepaid expenses | 12,989 | - | - | 12,989 | | |
| TOTAL ASSETS | <u>4,086,684</u> | <u>3,294</u> | <u>8,856</u> | <u>4,098,834</u> | 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. | (1,085,368) |
| DEFERRED OUTFLOWS OF RESOURCES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | | |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 4,086,684</u> | <u>\$ 3,294</u> | <u>\$ 8,856</u> | <u>\$ 4,098,834</u> | Deferred inflows of resources pertaining to net pension liability are not reported in the funds. | (101,988) |
| LIABILITIES | | | | | Deferred outflows of resources pertaining to net pension liability are not reported in the funds. | 165,047 |
| Accounts payable and accrued expenses | \$ 133,870 | \$ - | \$ - | \$ 133,870 | Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds. | 175,772 |
| Amounts held in escrow and deposit | 46,940 | - | - | 46,940 | | |
| Unearned revenue | 8,585 | - | - | 8,585 | | |
| Other current liabilities | 2,258 | - | - | 2,258 | | |
| TOTAL LIABILITIES | <u>191,653</u> | <u>-</u> | <u>-</u> | <u>191,653</u> | | |
| DEFERRED INFLOWS OF RESOURCES | <u>175,772</u> | <u>-</u> | <u>-</u> | <u>175,772</u> | | |
| FUND BALANCES | | | | | Net Position of Governmental Activities | <u>\$ 5,925,649</u> |
| Non-spendable | 12,989 | - | - | 12,989 | | |
| Restricted | - | - | 8,856 | 8,856 | | |
| Committed | | | | | | |
| Dedicated - infrastructure improvement reserve | 622,343 | - | - | 622,343 | | |
| Dedicated - public safety reserve | - | 3,294 | - | 3,294 | | |
| Dedicated - cable TV - capital outlay | 123,117 | - | - | 123,117 | | |
| Dedicated - NW/EP trailer reserve | 12,297 | - | - | 12,297 | | |
| Dedicated - vehicle equipment replacement reserve | 446,918 | - | - | 446,918 | | |
| Assigned | 2,461 | - | - | 2,461 | | |
| Unassigned | 2,499,134 | - | - | 2,499,134 | | |
| TOTAL FUND BALANCES | <u>3,719,259</u> | <u>3,294</u> | <u>8,856</u> | <u>3,731,409</u> | | |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 4,086,684</u> | <u>\$ 3,294</u> | <u>\$ 8,856</u> | <u>\$ 4,098,834</u> | | |

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

TOWN OF BERWYN HEIGHTS, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | General Fund | Public Safety Taxing District (Non-major Fund) | Public Safety Reserve Fund | Total Governmental Funds |
|--|---------------------|--|-------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$ 2,714,814 | \$ 79,265 | \$ - | \$ 2,794,079 |
| Intergovernmental | 197,043 | - | - | 197,043 |
| Charges for services | 186 | - | - | 186 |
| Fines, licenses, permits | 226,488 | - | 27,085 | 253,573 |
| Interest income | 13,858 | - | - | 13,858 |
| Miscellaneous | 74,392 | - | - | 74,392 |
| Total Revenues | <u>3,226,781</u> | <u>79,265</u> | <u>27,085</u> | <u>3,333,131</u> |
| EXPENDITURES | | | | |
| Current Operations | | | | |
| General government | 478,441 | - | - | 478,441 |
| Public safety | 794,043 | 72,480 | 26,683 | 893,206 |
| Code enforcement and van program | 137,170 | - | - | 137,170 |
| Public works | 635,504 | - | - | 635,504 |
| Recreation | 21,488 | - | - | 21,488 |
| Other | 457,188 | 5,589 | - | 462,777 |
| Capital projects | 547,582 | - | - | 547,582 |
| Total Expenditures | <u>3,071,416</u> | <u>78,069</u> | <u>26,683</u> | <u>3,176,168</u> |
| Excess of revenues over (under) | | | | |
| expenditures and other financing uses | <u>155,365</u> | <u>1,196</u> | <u>402</u> | <u>156,963</u> |
| Other financing sources (uses) | | | | |
| Transfers in (out) | - | - | - | - |
| Proceeds from long-term debt | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenue and other financing | | | | |
| sources over (under) expenditures | | | | |
| and other financing uses | <u>155,365</u> | <u>1,196</u> | <u>402</u> | <u>156,963</u> |
| Fund balance, beginning of year | <u>3,563,894</u> | <u>2,098</u> | <u>8,454</u> | <u>3,574,446</u> |
| Fund balance, end of year | <u>\$ 3,719,259</u> | <u>\$ 3,294</u> | <u>\$ 8,856</u> | <u>\$ 3,731,409</u> |

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, 2020

| | |
|---|-------------------|
| <i>Net Change in Fund Balances - Total Governmental Funds</i> | \$ 156,963 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 259,226 |
| Changes in deferred inflows of resources pertaining to state income taxes do not provide current financial resources and are not reported as revenue in the funds. | 51,326 |
| Differences between accrual and modified accrual in accounting for compensated absences. | (10,189) |
| Pension expense pertaining to the net pension liability is not reported in the funds. | <u>(22,612)</u> |
| <i>Change in Net Position of Governmental Activities</i> | <u>\$ 434,714</u> |

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, 2020**

ASSETS

| | |
|----------------------------|----------------|
| Cash and cash equivalents | \$ - |
| Investments, at fair value | 470,523 |
| Loan receivable | 18,165 |
| Total assets | <u>488,688</u> |

DEFERRED OUTFLOWS OF RESOURCES

-

LIABILITIES

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

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

| | |
|------------------------------------|--------------------------|
| Held in trust for pension benefits | 488,688 |
| Total net position | <u><u>\$ 488,688</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, 2020

ADDITIONS

| | |
|---|---------------|
| Contributions | |
| Employer | \$ - |
| Plan member | 11,194 |
| Total contributions | <u>11,194</u> |
| Investment Income | |
| Net increase in fair value of investments | 21,408 |
| Interest | - |
| Net investment income | <u>21,408</u> |
| Total additions | 32,602 |

DEDUCTIONS

| | |
|---|--------------------------|
| Distributions | (17,401) |
| Administrative expenses | <u>(288)</u> |
| Total deductions | <u>(17,689)</u> |
| Net increase | 14,913 |
| Net position held in trust for pension benefits, beginning of year | <u>473,775</u> |
| Net position held in trust for pension benefits, end of year | <u><u>\$ 488,688</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, 2020

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 whether 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, 2020

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, 2020

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, 2020

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, 2020

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, 2020, 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, 2020, consist of income tax, property tax, code liens and related interest, pedestrian bridge reimbursement, and admission and amusement tax revenue. Receivables are deemed collectible in full, and the allowance for doubtful accounts at June 30, 2020, 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, 2020

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, 2020, the balance of deferred inflows of resources in the fund financial statements consisted of income taxes of \$175,772, and the balance of deferred inflows and deferred outflows of resources in the government-wide financial statements consisted of \$101,988 and \$165,047, respectively, pertaining to pension payments.

Local Tax Reserve Fund

At June 30, 2020, the Town was advised by the State of Maryland that \$175,772 of the Local Tax Reserve Fund was allocable to the Town. The Town recorded receivable and deferred inflows of resources in the amount of \$175,772 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 in the government-wide statements. 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, 2020

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, compensatory time, and sick pay benefits. Per the Town's policy, no more than 40 hours of compensatory time can be accrued at one time per non-exempt employee, and if unused by the end of the calendar year, these hours must be paid out during the calendar year's last payroll. Due to its nature, a liability is recognized for the current portion of compensatory time due within one year of fiscal year-end. No exempt employees are permitted to accrue compensatory time. No more than 120 vacation hours are to be carried over to the next calendar year. No liability is reported for unpaid accumulated sick leave. The total amount of accumulated vacation leave and accrued compensatory time at June 30, 2020, is \$43,390.

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.

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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 Manager/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.

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 2020. 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. See Note 14 for a reconciliation of non-GAAP budget to GAAP budget.

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.

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS - continued

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 \$3,880,711 and the bank balances totaled \$3,952,084. Of the bank balances, the entire amount was either insured by Federal Depository Insurance Corporation (FDIC), or balances exceeding FDIC limits are secured by a surety bond or collateral valued 102 percent of principal and accrued interest. Collateral is to be held by the Town, its agent, or by the pledging institution's trust department or agent in the name of the Town. At year end, the Town's bank balances were not exposed to any custodial credit risk because all deposits were fully 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, 2020

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 Manager. 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

As of June 30, 2020, the only investments were in the Pension Trust Fund:

| <u>Types of Investments</u> | <u>Fair Value/ Carrying Amount</u> | <u>Cost</u> | <u>Average Credit Quality/ Ratings</u> |
|-----------------------------|--|-------------------|--|
| <u>Pension Investments</u> | | | |
| Mutual funds | <u>\$ 470,523</u> | <u>\$ 470,523</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, 2020

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, 2020, was \$0.545 and \$1.325 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, 2020, was an additional \$.10 per \$100 of assessed value for real property and an additional \$.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, 2020.

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, 2020

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2020, was as follows:

| | Beginning Balance | Increases | Decreases | Ending 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 | 3,564,445 | 239,115 | - | 3,803,560 |
| Machinery and equipment | 2,686,456 | 308,467 | - | 2,994,923 |
| Subtotal | 6,250,901 | 547,582 | - | 6,798,483 |
| Total capital assets | 6,953,179 | 547,582 | - | 7,500,761 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | 1,678,851 | 129,754 | - | 1,808,605 |
| Machinery and equipment | 2,492,777 | 158,602 | - | 2,651,379 |
| Subtotal, accumulated depreciation | 4,171,628 | 288,356 | - | 4,459,984 |
| Net capital assets | \$ 2,781,551 | \$ 259,226 | \$ - | \$ 3,040,777 |

Depreciation was charged to functions as follows:

| | |
|--|-------------------|
| Government activities: | |
| General government | \$ 63,895 |
| Public works | 195,391 |
| Public safety | 29,070 |
| Total government activities depreciation expense | <u>\$ 288,356</u> |

The Town has no material construction commitments as of June 30, 2020.

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – RETIREMENT PLAN

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 \$1,041,978 as of the measurement date of June 30, 2019.

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 2020 contribution of \$96,445 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, 2020

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, 2020, 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 not adjusted to account 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, 2020, the Town contributed \$96,445. The Town contributed 100% of its required contribution for the year ended June 30, 2020. 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, 2020

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, 2020, was based on the annualized gross hourly rate in effect on June 30, 2019. 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 contributions for the fiscal years ended June 30 were as follows:

| | Fiscal Year Ending June 30 | | |
|-------------------------------|-----------------------------------|-------------------|------------------|
| | 2020 | 2019 | 2018 |
| Retirement plan contributions | <u>\$ 96,445</u> | <u>\$ 103,987</u> | <u>\$ 98,409</u> |

The Town contributed \$96,445 to the System for fiscal year 2020 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, 2020

NOTE 6 – RETIREMENT PLAN – continued

Required disclosures aggregate for the plan:

| | <u>Maryland State Pension System</u> |
|---|--------------------------------------|
| Total pension liability | \$ 74,569,030,000 |
| Total fiduciary net position | 53,943,420,000 |
| Town's proportionate share of total pension liabilities | 1,041,978 |
| Town's proportionate share of net pension liabilities | 0.00505% |
| Total pension assets | \$ 53,943,420,000 |
| Measurement date of collective net pension liability | June 30, 2019 |
| Date of actuarial valuation | June 30, 2019 |
| Deferred outflows related to pensions | 165,047 |
| Deferred inflows related to pensions | 101,988 |
| Pension expense/expenditures for the period | 22,612 |

Actuarial assumptions

The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2018 rolled forward to June 30, 2019. The key assumptions used to perform the June 30, 2019, 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) | 2.60% general, 3.10% wage |
| Salary Increases | 3.15% to 9.15% |
| Discount Rate (a) | 7.45% |
| Investment Rate of Return (b) | 7.45% |
| Retirement age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014. |
| Mortality | RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience. |

- (a) Discount rate at prior measurement date was 7.50%.
- (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 2018 valuation:
 - a. Investment return assumption decreased to 7.45%.
 - b. Inflation assumption decreased to 2.60%.

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – RETIREMENT PLAN – continued

The components of the net pension liability for the System as of June 30, 2019, calculated in accordance with GASB Statement No. 67, are shown in the following table:

| | |
|---|---------------------------------|
| Total pension liability | \$ 74,569,030,000 |
| Plan Fiduciary Net Position | <u>53,943,420,000</u> |
| Net Pension Liability | <u><u>\$ 20,625,610,000</u></u> |
| | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | <u><u>72.34%</u></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 | 37% | 5.8% |
| Private equity | 13% | 6.7% |
| Rate sensitive | 19% | 1.1% |
| Credit opportunity | 9% | 3.6% |
| Real assets | 14% | 4.8% |
| Absolute return | 8% | 3.2% |
| | | |
| 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, 2019.

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – RETIREMENT PLAN – continued

Discount Rate

A single discount rate of 7.45% 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 7.45%. 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 7.45%, a single discount rate that is 1-percentage point lower (i.e., 6.45%), and a single discount rate that is 1-percentage point higher (i.e., 8.45%).

| | 1% Lower - 6.45% | Current Rate - 7.45% | 1% Higher - 8.45% |
|---|-------------------|----------------------|-------------------|
| The System's Net Pension Liability | \$ 30,220,704,000 | \$ 20,625,610,000 | \$ 13,313,808,000 |
| The Town's Proportionate Share of the Net Pension Liability | \$ 1,526,709 | \$ 1,041,978 | \$ 672,596 |

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

At June 30, 2020, the Town's reported a liability of \$1,041,978 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Town's proportion was approximately 0.0050519 percent.

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – RETIREMENT PLAN – continued

For the year ended June 30, 2020, the Town recognized pension expense of \$212,081. At June 30, 2020, 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 | \$ 17,622 | \$ - |
| Differences in actual and expected experiences | - | 72,153 |
| Net difference between projected and actual earnings on pension plan investments | 50,980 | 29,835 |
| Contributions made subsequent to the measurement date | 96,445 | - |
| | | |
| Total | \$ 165,047 | \$ 101,988 |

The deferred outflow of resources of \$96,445 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources are being amortized over a five-year period beginning in fiscal 2020. 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, 2019, were as follows:

| | |
|--|---------------------|
| Total pension liability | \$ 3,767,127 |
| Plan Fiduciary Net Position | 2,725,149 |
| Net Pension Liability | <u>\$ 1,041,978</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | <u>72.34%</u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020.

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, 2020, is not reflected in the Town's financial statements.

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – 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 30, 2020, the Comptroller’s Office has not identified any returns in the Town that were amended as a result of the Wynne case.

NOTE 10 – 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 11 – 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, 2020, 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, 2020

NOTE 12 – 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.

Litigation

In the normal course of business, the Town is a defendant in two lawsuits which management is vigorously defending. No contingency has been established because neither the outcome of the cases nor the amount of the award, if any, can be determined. The City's insurance carrier is defending these matters.

NOTE 13 – 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.

NOTE 14 - 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 | \$ (368,117) |
| Plus: Transfer to reserve fund | 282,117 |
| Less: Prior years' surplus -revenues | <u>(308,394)</u> |
| Budgeted excess of revenue over (under) | |
| expenditures - GAAP basis | <u><u>\$ (394,394)</u></u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS

The Town offers no other post-employment benefits.

NOTE 16 – FUND BALANCE REPORTING

Fund balances for the Town's governmental funds consisted of the following as of June 30, 2020:

Non-Spendable Fund Balances

At June 30, 2020, \$12,989 is non-spendable in the general fund and pertains to prepaid expenses.

Restricted Fund Balances

At June 30, 2020, \$8,856 is restricted in the public safety reserve fund.

Committed Fund Balances

The committed fund balance in the General Fund is composed of \$622,343 for dedicated-infrastructure improvement reserves, \$123,117 for capital outlay reserves, \$12,297 for NW/EP trailer reserves, and \$446,918 for vehicle equipment replacement reserves.

All fund balances in the Public Safety Taxing District are committed for public safety expenditures. At June 30, 2020, this amount was \$3,294.

Assigned Fund Balances

At June 30, 2020, \$2,461 is assigned in the general fund and pertains to two SECU bank accounts.

Unassigned Fund Balances

All remaining general fund balances are unassigned. At June 30, 2020, this amount was \$2,499,134.

TOWN OF BERWYN HEIGHTS, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17– NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements:

Statement No. 87, *Leases*, issued June 2018, effective for financial statements for fiscal years beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, issued August 2018, effective for reporting periods beginning after December 15, 2019.

Statement No. 91, *Conduit Debt Obligations*, issued May 2019, effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, issued January 2020, effective for reporting periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, effective for reporting periods beginning after June 15, 2020.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, effective for reporting periods beginning after June 15, 2022.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued May 2020, effective immediately.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued June 2020, effective for reporting periods beginning after June 15, 2021.

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 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|---|----------------|----------------|----------------|----------------|----------------|
| Town's proportion (%) of collective net pension liability | 0.00402% | 0.00453% | 0.00450% | 0.00401% | 0.00505% |
| Town's proportionate share (\$) of collective net pension liability | \$ 713,567 | \$ 940,799 | \$ 1,062,127 | \$ 866,763 | \$ 1,041,978 |
| Town's covered payroll(\$) | \$ 1,010,950 | \$ 1,028,082 | \$ 998,586 | \$ 1,160,260 | \$ 1,168,637 |
| Town's proportionate share of collective net pension liability as a percentage of its covered payroll | 75.58% | 91.51% | 106.36% | 74.70% | 89.16% |
| Pension plan's fiduciary net position as a percentage of the total pension liability | 71.87% | 68.78% | 65.79% | 69.38% | 72.34% |

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 96,445 | \$ 103,987 | \$ 98,409 | \$ 80,263 | \$ 88,420 | \$ 95,418 |
| Contributions in relation to the contractually required contribution | 96,445 | 103,987 | 98,409 | 80,263 | 88,420 | 95,418 |
| Contribution deficiency (excess) | - | - | - | - | - | - |
| Town's covered payroll | 1,168,637 | 1,168,637 | 1,160,260 | 998,586 | 1,028,082 | 1,010,950 |
| Contributions as a percentage of covered-employee payroll | 8% | 9% | 8.5% | 8.0% | 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 (NON-GAAP BASIS) AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

| | General Fund | | | |
|------------------------------------|------------------------|---------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance |
| Revenues | | | | |
| Income taxes | \$ 375,000 | \$ 375,000 | \$ 459,920 | \$ 84,920 |
| Property taxes | 2,145,878 | 2,145,878 | 2,156,949 | 11,071 |
| Other taxes | 97,945 | 97,945 | 97,945 | - |
| Fines, licenses and permits | 218,400 | 218,400 | 226,488 | 8,088 |
| Interest and investment earnings | 15,000 | 15,000 | 13,858 | (1,142) |
| Charges for services | 2,000 | 2,000 | 186 | (1,814) |
| Operating grants and contributions | 193,271 | 193,271 | 197,043 | 3,772 |
| Other revenues | 71,852 | 71,852 | 74,392 | 2,540 |
| Prior years' surplus | 308,394 | 308,394 | - | (308,394) |
| Total Revenues | <u>\$ 3,427,740</u> | <u>\$ 3,427,740</u> | <u>\$ 3,226,781</u> | <u>\$ (200,959)</u> |
| Expenditures | | | | |
| General government | \$ 509,346 | \$ 509,346 | \$ 478,441 | \$ 30,905 |
| Public safety | 942,451 | 942,451 | 794,043 | 148,408 |
| Code enforcement | 156,820 | 156,820 | 137,170 | 19,650 |
| Public works | 818,730 | 818,730 | 635,504 | 183,226 |
| Recreation | 34,450 | 34,450 | 21,488 | 12,962 |
| Capital projects | 378,215 | 378,215 | 547,582 | (169,367) |
| Other | 587,728 | 587,728 | 457,188 | 130,540 |
| Transfer to reserves | 282,117 | 282,117 | - | 282,117 |
| Total Expenditures | <u>\$ 3,709,857</u> | <u>\$ 3,709,857</u> | <u>\$ 3,071,416</u> | <u>\$ 638,441</u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL - PUBLIC SAFETY TAXING DISTRICT
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variable Favorable (Unfavorable)</u> |
|-------------------------------|-----------------------------|-----------------------------|---|
| REVENUES | | | |
| Taxes | | | |
| Real estate | \$ - | \$ 50,069 | \$ 50,069 |
| Personal property | - | 29,196 | 29,196 |
| Total Taxes | <u>-</u> | <u>79,265</u> | <u>79,265</u> |
| TOTAL REVENUES | <u><u>\$ -</u></u> | <u><u>\$ 79,265</u></u> | <u><u>\$ 79,265</u></u> |
| EXPENDITURES | | | |
| Public Safety | | | |
| Salaries | 67,500 | 58,225 | 9,275 |
| Overtime | 1,600 | 2,279 | (679) |
| Shift differential | 250 | 46 | 204 |
| FICA | 5,150 | 4,437 | 713 |
| Training | - | 642 | (642) |
| Gas and oil | 3,500 | 3,814 | (314) |
| Communications | 500 | 407 | 93 |
| Capital outlay >\$500 | - | 600 | (600) |
| Uniforms | 700 | 2,030 | (1,330) |
| Total Public Safety | <u>79,200</u> | <u>72,480</u> | <u>6,720</u> |
| Miscellaneous | | | |
| Pension plan contribution | 5,800 | 5,589 | 211 |
| Total Miscellaneous | <u>5,800</u> | <u>5,589</u> | <u>211</u> |
| TOTAL EXPENDITURES | <u><u>\$ 85,000</u></u> | <u><u>\$ 78,069</u></u> | <u><u>\$ 6,931</u></u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF REVENUES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variable Favorable (Unfavorable) |
|-----------------------------------|------------------|------------------|--|
| REVENUES | | | |
| Taxes | | | |
| Real estate | \$ 1,808,225 | \$ 1,772,198 | \$ (36,027) |
| Personal property | 220,000 | 248,779 | 28,779 |
| Real estate- road fund | 105,333 | 115,278 | 9,945 |
| Personal property- road fund | 12,320 | 13,592 | 1,272 |
| Personal property- road fund PY | - | 1,946 | 1,946 |
| Penalties and interest | - | 5,156 | 5,156 |
| Income taxes | 375,000 | 459,920 | 84,920 |
| Recycling tax | 97,945 | 97,945 | - |
| Total Taxes | <u>2,618,823</u> | <u>2,714,814</u> | <u>95,991</u> |
| Licenses and Permits | | | |
| Business licenses | 18,000 | 17,304 | (696) |
| Traders licenses | 2,000 | 516 | (1,484) |
| Building permits | 7,000 | 15,558 | 8,558 |
| Cable TV franchise fee | 48,600 | 42,272 | (6,328) |
| Rental licenses | 61,500 | 63,300 | 1,800 |
| Dumpster permits | 1,000 | 575 | (425) |
| Other permits | 300 | 150 | (150) |
| Total Licenses and Permits | <u>138,400</u> | <u>139,675</u> | <u>1,275</u> |
| Intergovernmental | | | |
| Police regular aid | 44,627 | 49,744 | 5,117 |
| Disposal fee rebate | 8,232 | 8,232 | - |
| Highway user revenue | 140,412 | 139,067 | (1,345) |
| Total Intergovernmental | <u>193,271</u> | <u>197,043</u> | <u>3,772</u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF REVENUES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variable Favorable (Unfavorable)</u> |
|---|----------------------------|----------------------------|---|
| Service Charges | | | |
| Pedestrian bridge reimbursement | \$ 2,000 | \$ 186 | \$ (1,814) |
| Total Service Charges | <u>2,000</u> | <u>186</u> | <u>(1,814)</u> |
| Fines and Forfeitures | | | |
| Police department | 55,000 | 79,515 | 24,515 |
| Speed camera | 20,000 | - | (20,000) |
| Code enforcement | 5,000 | 7,298 | 2,298 |
| Total Fines and Forfeitures | <u>80,000</u> | <u>86,813</u> | <u>6,813</u> |
| Surplus | | | |
| Surplus budget adopted and amended | 234,194 | - | (234,194) |
| Surplus capital equipment purchases | 44,200 | - | (44,200) |
| Infrastructure improvement reserves | 30,000 | - | (30,000) |
| Total surplus | <u>308,394</u> | <u>-</u> | <u>(308,394)</u> |
| Miscellaneous | | | |
| Interest | 15,000 | 13,858 | (1,142) |
| Rents | 5,000 | 5,000 | - |
| Recycling | 1,300 | 2,095 | 795 |
| Sale of bags and copying | 100 | 161 | 61 |
| National Night Out donation | - | 50 | 50 |
| Other | 2,000 | 4,945 | 2,945 |
| Miscellaneous police | 3,000 | 2,750 | (250) |
| Advertising bulletin | 4,000 | 388 | (3,612) |
| Cable TV grant | 9,400 | 7,603 | (1,797) |
| Verizon PEG grant | 21,000 | 18,825 | (2,175) |
| Sale of assets | 2,000 | 8,523 | 6,523 |
| Greenbelt station metroland impact fees | 24,052 | 24,052 | - |
| Total Miscellaneous | <u>86,852</u> | <u>88,250</u> | <u>1,398</u> |
| Total Revenues | <u><u>\$ 3,427,740</u></u> | <u><u>\$ 3,226,781</u></u> | <u><u>\$ (200,959)</u></u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variable Favorable (Unfavorable)</u> |
|---------------------------|----------------|----------------|---|
| EXPENDITURES | | | |
| General Government | | | |
| Mayor and Council | | | |
| Conventions & training | \$ 8,500 | \$ 3,253 | \$ 5,247 |
| Education | 4,000 | - | 4,000 |
| Public relations | 1,000 | 330 | 670 |
| Stipends | 15,000 | 15,000 | - |
| Miscellaneous | 500 | 941 | (441) |
| Communications | 500 | 48 | 452 |
| Total Mayor and Council | <u>29,500</u> | <u>19,572</u> | <u>9,928</u> |
| Administrative | | | |
| Salaries | 309,216 | 294,315 | 14,901 |
| FICA | 23,100 | 22,236 | 864 |
| Office supplies | 5,000 | 5,463 | (463) |
| Postage | 1,500 | 1,044 | 456 |
| Bulletin | 23,000 | 21,318 | 1,682 |
| Repairs and maintenance | 1,000 | 206 | 794 |
| Audit | 13,000 | 10,247 | 2,753 |
| Legal | 7,000 | 7,307 | (307) |
| Elections | 4,600 | 2,916 | 1,684 |
| Dues and conventions | 8,000 | 6,322 | 1,678 |
| Public relations | 2,500 | 2,365 | 135 |
| Training | 2,000 | 1,777 | 223 |
| Travel | 1,000 | 86 | 914 |
| Network/software support | 500 | 485 | 15 |
| Books and periodicals | 500 | 400 | 100 |
| Copier maintenance | 4,000 | 3,273 | 727 |
| Payroll processing fees | 3,500 | 4,073 | (573) |
| Communications | 1,500 | 1,241 | 259 |
| Capital outlay>\$500 | 4,000 | 2,981 | 1,019 |
| Temp Service | - | 1,318 | (1,318) |
| Town council dues | 5,300 | 4,838 | 462 |
| Gas and oil | 1,000 | 1,036 | (36) |
| Miscellaneous | 3,500 | 2,260 | 1,240 |
| Law book subscription | 1,500 | 1,596 | (96) |
| Total Administration | <u>426,216</u> | <u>399,103</u> | <u>27,113</u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variable Favorable (Unfavorable) |
|-------------------------------------|--------------------|--------------------|--|
| Municipal Building | | | |
| Repairs and maintenance | \$ 5,500 | \$ 6,457 | \$ (957) |
| Electricity | 3,500 | 3,181 | 319 |
| Water | 500 | 384 | 116 |
| Gas | 1,000 | 755 | 245 |
| Custodial supplies | 500 | 282 | 218 |
| Improvement to grounds | 2,000 | 517 | 1,483 |
| Telephone | 3,000 | 2,844 | 156 |
| Hospitality | 1,000 | 26 | 974 |
| Capital outlay - building | <u>8,000</u> | <u>8,000</u> | <u>-</u> |
| Total Municipal Building | <u>25,000</u> | <u>22,446</u> | <u>2,554</u> |
| Town Center | | | |
| Repairs and maintenance | 15,030 | 25,706 | (10,676) |
| Electricity | 6,500 | 5,935 | 565 |
| Water | 1,200 | 1,082 | 118 |
| Gas | 3,500 | 2,756 | 744 |
| Custodial supplies | 500 | 254 | 246 |
| Telephone | 1,400 | 1,248 | 152 |
| Miscellaneous | <u>500</u> | <u>339</u> | <u>161</u> |
| Total Town Center | <u>28,630</u> | <u>37,320</u> | <u>(8,690)</u> |
| Total General Government | <u>509,346</u> | <u>478,441</u> | <u>30,905</u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variable Favorable (Unfavorable)</u> |
|---------------------------------|----------------|----------------|---|
| Public Safety | | | |
| Police | | | |
| Salaries | \$ 621,451 | \$ 539,180 | \$ 82,271 |
| Salaries - overtime | 27,500 | 23,891 | 3,609 |
| Salaries - shift differential | 13,000 | 6,145 | 6,855 |
| Hazard pay | - | 14,002 | (14,002) |
| FICA | 44,700 | 45,249 | (549) |
| Supplies | 6,500 | 7,553 | (1,053) |
| Postage | 1,000 | 1,350 | (350) |
| Locality Pay | 4,800 | 5,631 | (831) |
| Vehicle maintenance and repairs | 18,000 | 16,877 | 1,123 |
| Other repairs and maintenance | 4,000 | 3,092 | 908 |
| Public relations | 5,000 | 4,014 | 986 |
| Dues and conventions | 4,000 | 1,251 | 2,749 |
| Training | 6,000 | 1,818 | 4,182 |
| Network/software support | 2,000 | 1,075 | 925 |
| Miscellaneous | 7,000 | 3,083 | 3,917 |
| Books and periodicals | 600 | 348 | 252 |
| Electricity | 4,000 | 3,545 | 455 |
| Gas and oil | 22,000 | 21,424 | 576 |
| Communications | 13,000 | 11,550 | 1,450 |
| Telephone | 1,400 | 1,248 | 152 |
| Capital outlay >\$500 | 54,200 | 13,410 | 40,790 |
| Police station rent | 24,000 | 20,935 | 3,065 |
| Ammunition | 2,400 | 45 | 2,355 |
| Uniforms | 15,000 | 13,564 | 1,436 |
| Copier rental and maintenance | 3,000 | 3,273 | (273) |
| National night out | 4,000 | 4,059 | (59) |
| Secret service reimbursement | - | 1,278 | (1,278) |
| Speed camera administration | 20,000 | 13,492 | 6,508 |
| Total Police | <u>928,551</u> | <u>782,382</u> | <u>146,169</u> |
| Other Public Safety | | | |
| Emergency preparedness | 3,900 | 1,661 | 2,239 |
| Berwyn Heights VFD donation | 10,000 | 10,000 | - |
| Total Other Public Safety | <u>13,900</u> | <u>11,661</u> | <u>2,239</u> |
| Total Public Safety | <u>942,451</u> | <u>794,043</u> | <u>148,408</u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variable Favorable (Unfavorable) |
|---|----------------|----------------|--|
| Code Enforcement and Van Program | | | |
| Code Enforcement | | | |
| Salaries | \$ 106,500 | \$ 94,674 | \$ 11,826 |
| Clerk-part-time | 15,300 | 15,026 | 274 |
| FICA | 9,220 | 7,841 | 1,379 |
| Supplies | 1,000 | 1,310 | (310) |
| Postage | 1,500 | 1,115 | 385 |
| Repairs and maintenance | 1,500 | 227 | 1,273 |
| Dues and conventions | 1,500 | 1,125 | 375 |
| Public relations | 400 | 297 | 103 |
| Training and seminars | 2,000 | 1,802 | 198 |
| Miscellaneous | 1,000 | 575 | 425 |
| Network/software support | 7,000 | 6,989 | 11 |
| Books and periodicals | 400 | 46 | 354 |
| Gas and oil | 1,000 | 515 | 485 |
| Communications | 3,000 | 2,476 | 524 |
| Capital outlay > \$500 | 3,000 | 2,902 | 98 |
| Uniforms | 500 | 250 | 250 |
| Total Code Enforcement | <u>154,820</u> | <u>137,170</u> | <u>17,650</u> |
| Van Program | | | |
| Repairs and maintenance | 1,000 | - | 1,000 |
| Gas | 1,000 | - | 1,000 |
| Total Van Program | <u>2,000</u> | <u>-</u> | <u>2,000</u> |
| Total Code and Van Program | <u>156,820</u> | <u>137,170</u> | <u>19,650</u> |
| Public Works | | | |
| Building | | | |
| Supplies | 3,000 | 1,380 | 1,620 |
| Repairs and maintenance | 4,700 | 1,403 | 3,297 |
| Electricity | 3,000 | 2,886 | 114 |
| Water | 1,000 | 1,190 | (190) |
| Gas | 3,000 | 1,053 | 1,947 |
| Communications | 2,500 | 2,256 | 244 |
| Telephone | 1,400 | 1,248 | 152 |
| Capital outlay > \$500 | 7,000 | 2,125 | 4,875 |
| Equipment | 2,500 | 150 | 2,350 |
| Tools | 3,000 | 172 | 2,828 |
| Total Building | <u>31,100</u> | <u>13,863</u> | <u>17,237</u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2020

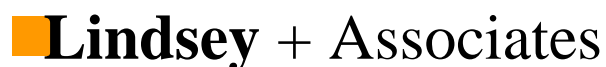
| | <u>Budget</u> | <u>Actual</u> | <u>Variable Favorable (Unfavorable)</u> |
|---------------------------------|----------------|----------------|---|
| Public Works | | | |
| Sanitation and Streets | | | |
| Salaries | \$ 348,780 | \$ 242,393 | \$ 106,387 |
| Salaries - overtime | 15,000 | 5,226 | 9,774 |
| Salaries - part time | 73,350 | 64,186 | 9,164 |
| Employee recognition incentives | 1,000 | - | 1,000 |
| FICA | 31,000 | 21,545 | 9,455 |
| Supplies | 4,000 | 3,606 | 394 |
| Postage | 100 | - | 100 |
| Hazard pay | - | 4,585 | (4,585) |
| Temp service | 4,000 | 4,502 | (502) |
| Vehicle repairs and maintenance | 63,000 | 61,323 | 1,677 |
| Dues and conventions | 3,000 | 657 | 2,343 |
| Books and periodicals | 500 | 299 | 201 |
| Training | 6,000 | 574 | 5,426 |
| Travel | 500 | - | 500 |
| Miscellaneous | 1,200 | 1,409 | (209) |
| Gas and oil | 25,000 | 21,464 | 3,536 |
| Capital outlay > \$500 | 1,000 | 935 | 65 |
| Uniforms | 12,000 | 11,506 | 494 |
| Equipment rental | 8,000 | 5,100 | 2,900 |
| Disposal | 79,000 | 94,754 | (15,754) |
| Leaf collection | 8,000 | 6,352 | 1,648 |
| Mosquito control | 1,200 | - | 1,200 |
| Snow and ice removal | 7,000 | 4,032 | 2,968 |
| Street materials | 7,000 | - | 7,000 |
| Street repairs | 20,000 | 9,156 | 10,844 |
| Street signs | 7,000 | 302 | 6,698 |
| Pedestrian bridge repairs | 2,000 | 671 | 1,329 |
| Tree service | 16,000 | 18,116 | (2,116) |
| Recreation council events | 1,800 | 248 | 1,552 |
| Recycling supplies | 2,000 | 714 | 1,286 |
| Total Sanitation and Streets | <u>748,430</u> | <u>583,655</u> | <u>164,775</u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2020

| | Budget | Actual | Variable Favorable (Unfavorable) |
|-------------------------------------|--------------------|--------------------|--|
| Street Lighting | | | |
| Lighting | \$ 39,000 | \$ 37,816 | \$ 1,184 |
| School flasher | 200 | 170 | 30 |
| Total Street Lighting | <u>39,200</u> | <u>37,986</u> | <u>1,214</u> |
| Total Public Works | <u>818,730</u> | <u>635,504</u> | <u>183,226</u> |
| Recreation | | | |
| Pop's Park supplies | 3,000 | 3,000 | - |
| Pop's Park maintenance | 1,550 | 1,550 | - |
| Volunteer appreciation dinner | 1,500 | 1,503 | (3) |
| Miscellaneous | 500 | 500 | - |
| BH historical committee | 2,000 | 1,755 | 245 |
| Green Team | 3,000 | 378 | 2,622 |
| Special events | 13,400 | 7,163 | 6,237 |
| Playground supplies | 250 | 250 | - |
| Playground utilities | 450 | 279 | 171 |
| Sports park-repairs and maintenance | 5,800 | 1,926 | 3,874 |
| Pontiac Field maintenance | 3,000 | 184 | 2,816 |
| BH boys and girls club | - | 3,000 | (3,000) |
| Total Recreation | <u>34,450</u> | <u>21,488</u> | <u>12,962</u> |

TOWN OF BERWYN HEIGHTS, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2020

| | Budget | Actual | Variable Favorable (Unfavorable) |
|---------------------------------------|---------------------|---------------------|--|
| Cable TV | | | |
| Repairs and maintenance | \$ 2,000 | \$ 1,003 | \$ 997 |
| I-Net participation fee | 5,800 | 5,312 | 488 |
| Operators/programmers wages | 16,200 | 13,413 | 2,787 |
| Video live streaming | 4,500 | 4,635 | (135) |
| Miscellaneous | 20,400 | 2,800 | 17,600 |
| Capital outlay-equip>\$500 | 11,500 | 522 | 10,978 |
| Total Cable TV | <u>60,400</u> | <u>27,685</u> | <u>32,715</u> |
| Miscellaneous | | | |
| Unemployment insurance | 10,000 | 6,508 | 3,492 |
| Custodial services | 12,000 | 12,179 | (179) |
| General insurance | 35,000 | 33,916 | 1,084 |
| Workers compensation | 65,000 | 58,827 | 6,173 |
| Public officials' bond | 700 | 100 | 600 |
| Employee recognition award | 3,000 | 3,794 | (794) |
| Miscellaneous benefits | 10,000 | 2,953 | 7,047 |
| Employee merit increases | 38,185 | - | 38,185 |
| Vision/dental/life insurance | 11,000 | 10,417 | 583 |
| MD State Pension admin fee | 3,800 | 3,760 | 40 |
| Health insurance | 157,000 | 137,751 | 19,249 |
| Life insurance | 5,100 | 4,177 | 923 |
| Cities street sweeper-program | 19,000 | 24,633 | (5,633) |
| Network/software support | 24,000 | 23,814 | 186 |
| Credit card equipment and fees | 750 | 548 | 202 |
| Pension contribution | 106,000 | 90,856 | 15,144 |
| Employee Wellness initiative | 10,000 | 6,724 | 3,276 |
| Website services | 1,500 | 1,500 | - |
| Digitization of documents | 2,000 | 2,000 | - |
| Vacation attrition | 6,000 | - | 6,000 |
| Welcome sign | 2,000 | - | 2,000 |
| STD insurance | 5,293 | 5,046 | 247 |
| Total Miscellaneous | <u>527,328</u> | <u>429,503</u> | <u>97,825</u> |
| Capital Projects | | | |
| Infrastructure reserve fund | 117,653 | - | 117,653 |
| Transfer to Greenbelt Station reserve | 24,052 | - | 24,052 |
| Transfer to vehicle equipment reserve | 106,215 | - | 106,215 |
| HUR revenue | 140,412 | - | 140,412 |
| Machinery, vehicles, and equipment | 44,200 | 325,137 | (280,937) |
| Public works equipment | 3,000 | 3,980 | (980) |
| Street projects | 224,800 | 218,465 | 6,335 |
| Total Capital Projects | <u>660,332</u> | <u>547,582</u> | <u>112,750</u> |
| Total Expenditures | <u>\$ 3,709,857</u> | <u>\$ 3,071,416</u> | <u>\$ 638,441</u> |



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March 29, 2021

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

We audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Berwyn Heights, Maryland (the "Town") for the year ended June 30, 2020, and have issued our report thereon dated March 29, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U. S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 13, 2020 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Town. Such consideration was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests were not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020, except as may be explained in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Difficulties Encountered in Performing the Audit

No difficulties were encountered in performing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We proposed adjustments to receivables, revenue, liabilities, prepaids, expenses, cash, fixed assets, and equity. Management has corrected all such misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representation from management that is included in the management representation letter dated March 29, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

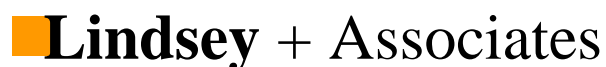
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationships and our responses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

We have also provided the Town’s management with a letter dated March 29, 2021 pertaining to our audit findings and recommendations.

This information is intended solely for the use of the Mayor and Members of Town Council and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Finley & Associates, LLC



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March 29, 2021

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

In planning and performing our audit of the financial statements of the Town of Berwyn Heights, Maryland (the "Town") as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the Town's internal control to be material weaknesses:

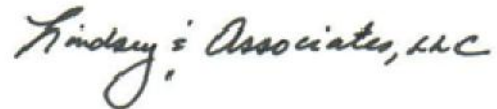
Preparation of Financial Statements

In the current year as well as the prior year we noted no Town employee or officer has the technical background to prepare the financial statements, including the related notes to the financial statements, in accordance with generally accepted accounting principles.

As part of the audit, the Town's management has requested us to prepare a draft of the Town's financial statements, including related notes to the financial statements. The Town Manager performed a review of the financial statements. However, in order to provide improved oversight of the financial statement preparation services at an appropriate level and implement controls over the financial reporting process, we recommend the Town obtain and use one or both of the following publications in subsequent years when reviewing the financial statements: *Governmental Accounting, Auditing, and Financial Reporting Using the GASB 34 Model* available from the Government Finance Officers Association at www.gfoa.org or *Preparing Governmental Financial Statements Under GASBS No. 34* available from Thomson Tax & Accounting at www.ppc.thomson.com.

This communication is intended solely for the information and use of the Mayor, Town Council, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Kinday & Associates, LLC". The signature is written in dark ink and is positioned to the right of the "Very truly yours," text.