

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**TOWN OF BERWYN HEIGHTS**

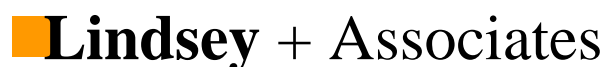
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110 West Road  
Suite 220  
Towson, MD 21204

410.825.1994 phone  
410.825.1997 fax

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

## **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Berwyn Heights, Maryland, as of and for the year ended June 30, 2021, 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, 2021, 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.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements there was a previously undisclosed checking account resulting in an understatement of previously reported balances for year ended June 30, 2020. As a result, the Town has restated beginning net position by \$11,240, from \$5,925,649 to \$5,936,889 and beginning Fund Balance in the General Fund by \$11,240, from \$3,719,259 to \$3,730,499. Our opinion is not modified with respect to this matter.

## **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.

*Lindsay & Associates, LLC*

April 15, 2022

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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, 2021. Please read it in conjunction with the transmittal letter and the Town's financial statements.

**Financial Highlights**

- For FY21, the residential real property tax rate remained the same as the previous year at \$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 2021 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. While some reserve funds were used to balance the budget, the Town still maintains a solid rainy-day fund in case of emergencies.
- Although, FY21 continued to have challenges 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, most Town Hall in-person services were provided on a limited basis to the public for the entire 12 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 FY2021 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: \$353,340
- From the Cable TV Reserve Fund to General Fund: \$35,482
- From the Infrastructure Improvement Reserves to General Fund of \$30,000
- From the NW Trailer Reserves to the General Fund of \$5,914

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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.

**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, 2021**

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, 2021**

**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, 2021**

**Government-Wide Financial Information**

The following is selected information as of June 30, 2021, and June 30, 2020.

	<b>2020</b>	<b>2021</b>
Current assets	\$ 4,098,834	\$ 4,976,272
Capital assets	3,040,777	2,813,843
Total assets	7,139,611	7,790,115
Deferred outflows	165,047	198,167
Total assets and deferred outflows	7,304,658	7,988,282
Current liabilities	194,772	242,866
Long-term liabilities	1,082,249	1,079,695
Total liabilities	1,277,021	1,322,561
Deferred inflows	101,988	1,659
Net position		
Net investment in capital assets	3,037,658	2,813,843
Restricted	8,856	50,993
Unrestricted	2,879,135	3,799,226
Total net position	5,925,649	6,664,062
Total liabilities, deferred inflows and net position	7,304,658	7,988,282
Program revenues		
Charges for services	121,728	137,955
Grants and contributions	204,646	209,446
General revenues		
Income taxes	511,246	503,147
Property taxes	2,236,214	2,433,097
Total general revenues	3,058,083	3,329,071
Transfers	-	-
Total revenues and transfers	3,384,457	3,676,472
Expenses		
General government	554,193	510,092
Public safety	942,136	933,206
Code enforcement & van program	132,618	160,868
Public works	836,531	756,401
Recreation	21,488	5,564
Other	462,777	583,168
Total expenses and transfers	2,949,743	2,949,299
Change in net position	434,714	727,173
Net position, beginning of year	5,490,935	5,936,889
Net position, end of year	5,925,649	6,664,062

**TOWN OF BERWYN HEIGHTS, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**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, 2021.

	FY2021 Amount	Percent of Total	Increase (Decrease) From FY20
<b>Revenues</b>			
Taxes	\$ 2,819,482	81%	\$ 104,668
Intergovernmental	200,193	6%	3,150
Charges for services	-	0%	(186)
Fines, licenses and permits	190,512	5%	(35,976)
Interest income	7,470	0%	(6,388)
Miscellaneous	263,898	8%	189,506
<b>Total Revenues</b>	<b>\$ 3,481,555</b>	<b>100%</b>	<b>\$ 254,774</b>
<b>Expenditures</b>			
General government	\$ 471,210	18%	\$ (7,231)
Public safety	859,438	31%	65,395
Code enforcement & van program	173,293	6%	36,123
Public works	594,341	22%	(41,163)
Recreation	5,564	0%	(15,924)
Other	583,168	21%	125,980
Capital outlays	62,420	2%	(485,162)
<b>Total Expenditures</b>	<b>\$ 2,749,434</b>	<b>100%</b>	<b>\$ (321,982)</b>

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 2021, operating and capital budget was approved at \$4,018,754. This is a \$366,311 or 10% increase over last year's \$3,652,443 budget.

**TOWN OF BERWYN HEIGHTS, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Capital Asset and Debt Administration**

**Capital Assets**

The major capital projects and purchases this year include:

- Purchase of electric LED radar signs

**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 \$.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 \$.10 per \$100 of assessed value for real property and an additional \$.15 per \$100 of assessed personal property tax.

**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, 2021**

	Governmental Activities	Total
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 4,499,001	\$ 4,499,001
Cash and cash equivalents - restricted	55,730	55,730
Accounts receivable - income taxes	210,812	210,812
Other receivables	158,593	158,593
Prepaid expenses	52,136	52,136
Total Current Assets	<u>4,976,272</u>	<u>4,976,272</u>
Noncurrent Assets		
Due from other funds		
Net capital assets	2,813,843	2,813,843
Total Noncurrent Assets	<u>2,813,843</u>	<u>2,813,843</u>
<b>TOTAL ASSETS</b>	<u>7,790,115</u>	<u>7,790,115</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>198,167</u>	<u>198,167</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 7,988,282</u></u>	<u><u>\$ 7,988,282</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 181,971	\$ 181,971
Unearned revenue	10,205	10,205
Amounts held in escrow and deposit	46,940	46,940
Other current liabilities	3,750	3,750
Total Current Liabilities	<u>242,866</u>	<u>242,866</u>
Noncurrent Liabilities		
Compensated absences	52,822	52,822
Net pension liability	1,026,873	1,026,873
Loan payable - long-term	-	-
Total Noncurrent Liabilities	<u>1,079,695</u>	<u>1,079,695</u>
<b>TOTAL LIABILITIES</b>	<u>1,322,561</u>	<u>1,322,561</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,659</u>	<u>1,659</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,813,843	2,813,843
Restricted	50,993	50,993
Unrestricted	3,799,226	3,799,226
<b>TOTAL NET POSITION</b>	<u><u>6,664,062</u></u>	<u><u>6,664,062</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 7,988,282</u></u>	<u><u>\$ 7,988,282</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, 2021**

Functions/Programs	Expenses	Indirect Expense Allocation	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
				Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 510,092	\$ 128,297	\$ 3,939	\$ 9,253	\$ -	\$ (625,197)	\$ (625,197)
Public safety	933,206	268,257	128,655	46,224	-	(1,026,584)	(1,026,584)
Code enforcement and van program	160,868	58,317	2,325	-	-	(216,860)	(216,860)
Public works	756,401	128,297	2,676	153,969	-	(728,053)	(728,053)
Recreation	5,564	-	360	-	-	(5,204)	(5,204)
Other	583,168	(583,168)	-	-	-	-	-
Total Governmental Activities	<u>2,949,299</u>	<u>-</u>	<u>137,955</u>	<u>209,446</u>	<u>-</u>	<u>(2,601,898)</u>	<u>(2,601,898)</u>
Total Primary Government	<u>\$ 2,949,299</u>	<u>\$ -</u>	<u>\$ 137,955</u>	<u>\$ 209,446</u>	<u>\$ -</u>	<u>\$ (2,601,898)</u>	<u>\$ (2,601,898)</u>
General revenues:							
Taxes							
Income taxes						503,147	503,147
Property taxes						2,433,097	2,433,097
Other taxes						-	-
Licenses and permits						137,687	137,687
Grants and contributions						20,977	20,977
Interest and investment earnings						7,470	7,470
Miscellaneous						226,693	226,693
Total General Revenues						<u>3,329,071</u>	<u>3,329,071</u>
Change in Net Position						727,173	727,173
Net Position, beginning of year, restated						<u>5,936,889</u>	<u>5,936,889</u>
Net Position, end of year						<u>\$ 6,664,062</u>	<u>\$ 6,664,062</u>

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

**TOWN OF BERWYN HEIGHTS, MARYLAND  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

**RECONCILIATION OF TOTAL GOVERNMENTAL  
FUND BALANCE TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2021**

	General Fund	Public Safety Taxing District (Non-major Fund)	Public Safety Reserve Fund	Total Governmental Funds		
<b>ASSETS</b>						
Cash and cash equivalents - unrestricted	\$ 4,499,001	\$ -	\$ -	\$ 4,499,001	<i>Total Governmental Fund Balances</i>	\$ 4,522,594
Cash and cash equivalents - restricted	-	4,737	50,993	55,730		
Amounts due from other governments	-	-	-	-		
Accounts receivable - income taxes	210,812	-	-	210,812	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,813,843
Other receivables	158,593	-	-	158,593		
Prepaid expenses	52,136	-	-	52,136		
<b>TOTAL ASSETS</b>	<u>4,920,542</u>	<u>4,737</u>	<u>50,993</u>	<u>4,976,272</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.	(1,079,695)
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 4,920,542</u>	<u>\$ 4,737</u>	<u>\$ 50,993</u>	<u>\$ 4,976,272</u>	Deferred inflows of resources pertaining to net pension liability are not reported in the funds.	(1,659)
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 181,971	\$ -	\$ -	\$ 181,971	Deferred outflows of resources pertaining to net pension liability are not reported in the funds.	198,167
Amounts held in escrow and deposit	46,940	-	-	46,940		
Unearned revenue	10,205	-	-	10,205	Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds.	210,812
Other current liabilities	3,750	-	-	3,750		
<b>TOTAL LIABILITIES</b>	<u>242,866</u>	<u>-</u>	<u>-</u>	<u>242,866</u>		
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>210,812</u>	<u>-</u>	<u>-</u>	<u>210,812</u>	<i>Net Position of Governmental Activities</i>	<u>\$ 6,664,062</u>
<b>FUND BALANCES</b>						
Non-spendable	52,136	-	-	52,136		
Restricted	-	-	50,993	50,993		
Committed						
Dedicated - infrastructure improvement reserve	623,770	-	-	623,770		
Dedicated - public safety reserve	-	4,737	-	4,737		
Dedicated - cable TV - capital outlay	108,384	-	-	108,384		
Dedicated - NW/EP trailer reserve	6,383	-	-	6,383		
Dedicated - vehicle equipment replacement reserve	447,942	-	-	447,942		
Assigned	2,461	-	-	2,461		
Unassigned	3,225,788	-	-	3,225,788		
<b>TOTAL FUND BALANCES</b>	<u>4,466,864</u>	<u>4,737</u>	<u>50,993</u>	<u>4,522,594</u>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 4,920,542</u>	<u>\$ 4,737</u>	<u>\$ 50,993</u>	<u>\$ 4,976,272</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, 2021**

**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, 2021**

	General Fund	Public Safety Taxing District (Non-major Fund)	Public Safety Reserve Fund	Total Governmental Funds		
<b>REVENUES</b>					<i>Net Change in Fund Balances - Total Governmental Funds</i>	<i>\$ 779,945</i>
Taxes	\$ 2,819,482	\$ 81,722	\$ -	\$ 2,901,204	Governmental funds report capital outlays as expenditures.	
Intergovernmental	200,193	-	-	200,193	However, in the statement of activities, the cost of those	
Charges for services	-	-	-	-	assets is allocated over their estimated useful lives as	
Fines, licenses, permits	190,512	-	78,155	268,667	depreciation expense. This is the amount by which	
Interest income	7,470	-	-	7,470	capital outlays exceeded depreciation in the current period.	(226,934)
Miscellaneous	263,898	-	-	263,898		
<b>Total Revenues</b>	<u>3,481,555</u>	<u>81,722</u>	<u>78,155</u>	<u>3,641,432</u>	Changes in deferred inflows of resources pertaining to state	
					income taxes do not provide current financial resources and	
<b>EXPENDITURES</b>					are not reported as revenue in the funds.	35,040
Current Operations						
General government	471,210	-	-	471,210		
Public safety	859,438	66,158	45,895	971,491		
Code enforcement and van program	173,293	-	-	173,293		
Public works	594,341	-	-	594,341	Differences between accrual and modified accrual in accounting	
Recreation	5,564	-	-	5,564	for compensated absences.	(9,432)
Other	583,168	-	-	583,168		
Capital projects	62,420	-	-	62,420	Pension expense pertaining to the net pension liability	
<b>Total Expenditures</b>	<u>2,749,434</u>	<u>66,158</u>	<u>45,895</u>	<u>2,861,487</u>	is not reported in the funds.	<u>148,554</u>
<b>Excess of revenues over (under)</b>						
<b>expenditures and other financing uses</b>	<u>732,121</u>	<u>15,564</u>	<u>32,260</u>	<u>779,945</u>	<i>Change in Net Position of Governmental Activities</i>	<u>\$ 727,173</u>
<b>Other financing sources (uses)</b>						
Transfers in (out)	4,244	(14,121)	9,877	-		
Proceeds from long-term debt	-	-	-	-		
<b>Total other financing sources (uses)</b>	<u>4,244</u>	<u>(14,121)</u>	<u>9,877</u>	<u>-</u>		
<b>Excess of revenue and other financing</b>						
<b>sources over (under) expenditures</b>						
<b>and other financing uses</b>	<u>736,365</u>	<u>1,443</u>	<u>42,137</u>	<u>779,945</u>		
<b>Fund balance, beginning of year, restated general fund</b>	<u>3,730,499</u>	<u>3,294</u>	<u>8,856</u>	<u>3,742,649</u>		
<b>Fund balance, end of year</b>	<u>\$ 4,466,864</u>	<u>\$ 4,737</u>	<u>\$ 50,993</u>	<u>\$ 4,522,594</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, 2021**

**ASSETS**

Cash and cash equivalents	\$ -
Investments, at fair value	527,206
Loan receivable	1,878
Total assets	<u>529,084</u>

**DEFERRED OUTFLOWS OF RESOURCES**

-

**LIABILITIES**

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

**DEFERRED INFLOWS OF RESOURCES**

-

**NET POSITION**

Held in trust for pension benefits	529,084
Total net position	<u><u>\$ 529,084</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, 2021**

**ADDITIONS**

Contributions	
Employer	\$ -
Plan member	25,186
Total contributions	<u>25,186</u>
Investment Income	
Net increase in fair value of investments	96,721
Interest	-
Net investment income	<u>96,721</u>
Total additions	121,907

**DEDUCTIONS**

Distributions	(81,198)
Administrative expenses	(313)
Total deductions	<u>(81,511)</u>

<b>Net increase</b>	40,396
<b>Net position held in trust for pension benefits, beginning of year</b>	<u>488,688</u>
<b>Net position held in trust for pension benefits, end of year</b>	<u><u>\$ 529,084</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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021, 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, 2021, 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, 2021, 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, 2021**

**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, 2021, the balance of deferred inflows of resources in the fund financial statements consisted of income taxes of \$210,812, 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, 2021, the Town was advised by the State of Maryland that \$210,812 of the Local Tax Reserve Fund was allocable to the Town. The Town recorded receivable and deferred inflows of resources in the amount of \$210,812 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, 2021**

**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, 2021, is \$53,713.

**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, 2021**

**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, 2021**

**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.

**Prior Period Adjustments**

The Town restated beginning Net Position by \$11,240, from \$5,925,649 to \$5,936,889 and beginning Fund Balance in the General Fund by \$11,240, from \$3,719,259 to \$3,730,499. A previously undisclosed checking account resulted in and understatement of previously reported equity.

**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 2021. 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, 2021**

**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 \$4,553,631 and the bank balances totaled \$4,517,906. 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, 2021**

**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, 2021, 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	\$ 527,206	\$ 527,206	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, 2021**

**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, 2021, 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, 2021, 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, 2021.

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, 2021**

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2021, 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	3,803,560	33,832	-	3,837,392
Machinery and equipment	2,994,923	28,588	-	3,023,511
Subtotal	6,798,483	62,420	-	6,860,903
Total capital assets	7,500,761	62,420	-	7,563,181
Accumulated depreciation:				
Buildings and improvements	1,808,605	136,223	-	1,944,828
Machinery and equipment	2,651,379	153,131	-	2,804,510
Subtotal, accumulated depreciation	4,459,984	289,354	-	4,749,338
Net capital assets	\$ 3,040,777	\$ (226,934)	\$ -	\$ 2,813,843

Depreciation was charged to functions as follows:

Government activities:	
General government	\$ 65,368
Public works	192,485
Public safety	31,501
Total government activities depreciation expense	<u>\$ 289,354</u>

The Town has no material construction commitments as of June 30, 2021.



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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 \$1,026,873 as of the measurement date of June 30, 2020.

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 2021 contribution of \$122,539 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, 2021**

**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, 2021, 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, 2021, the Town contributed \$122,539. The Town contributed 100% of its required contribution for the year ended June 30, 2021. 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, 2021**

**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, 2021, 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:

	<b>Fiscal Year Ending June 30</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Retirement plan contributions	<u>\$ 122,539</u>	<u>\$ 96,445</u>	<u>\$ 103,987</u>

The Town contributed \$122,539 to the System for fiscal year 2021 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, 2021**

**NOTE 6 – RETIREMENT PLAN – continued**

Required disclosures aggregate for the plan:

	<u>Maryland State Pension System</u>
Total pension liability	\$ 77,187,397,000
Total fiduciary net position	54,586,037,000
Town's proportionate share of total pension liabilities	1,026,873
Town's proportionate share of net pension liabilities	0.00454%
Total pension assets	\$ 54,586,037,000
Measurement date of collective net pension liability	June 30, 2020
Date of actuarial valuation	June 30, 2020
Deferred outflows related to pensions	198,167
Deferred inflows related to pensions	1,659
Pension expense/expenditures for the period	148,554

*Actuarial assumptions*

The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2019 rolled forward to June 30, 2020. The key assumptions used to perform the June 30, 2020, 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)	7.40%
Investment Rate of Return (b)	7.40%
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 7.45%.
- (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 7.40%.
  - b. Inflation assumption decreased to 2.60%.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 – RETIREMENT PLAN – continued**

The components of the net pension liability for the System as of June 30, 2020, calculated in accordance with GASB Statement No. 67, are shown in the following table:

Total pension liability	\$ 77,187,397,000
Plan Fiduciary Net Position	<u>54,586,037,000</u>
Net Pension Liability	<u><u>\$ 22,601,360,000</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u><u>70.72%</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, 2020.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 – RETIREMENT PLAN – continued**

**Discount Rate**

A single discount rate of 7.40% 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 7.40%. 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 7.40%, a single discount rate that is 1-percentage point lower (i.e., 6.40%), and a single discount rate that is 1-percentage point higher (i.e., 8.40%).

	1% Lower - 6.40%	Current Rate - 7.40%	1% Higher - 8.40%
The System's Net Pension Liability	\$ 32,176,695,000	\$ 22,601,360,000	\$ 14,626,005,000
The Town's Proportionate Share of the Net Pension Liability	\$ 1,461,920	\$ 1,026,873	\$ 664,520

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

At June 30, 2021, the Town's reported a liability of \$1,026,873 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Town's proportion was approximately 0.0054534 percent.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 – RETIREMENT PLAN – continued**

For the year ended June 30, 2021, the Town recognized pension expense of \$212,081. At June 30, 2021, 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	\$ -	\$ -
Differences in actual and expected experiences	-	-
Net difference between projected and actual earnings on pension plan investments	75,628	1,659
Contributions made subsequent to the measurement date	122,539	-
Total	\$ 198,167	\$ 1,659

The deferred outflow of resources of \$122,539 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources are being amortized over a five-year period beginning in fiscal 2022. 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, 2020, were as follows:

Total pension liability	\$ 3,506,942
Plan Fiduciary Net Position	<u>2,480,069</u>
Net Pension Liability	<u><u>\$ 1,026,873</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u><u>70.72%</u></u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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, 2021.

**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, 2021, is not reflected in the Town's financial statements.



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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, 2021, 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, 2021, 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, 2021**

**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	\$ (7,000)
Plus: Transfer to reserve fund	-
Less: Prior years' surplus -revenues	<u>(655,653)</u>
Budgeted excess of revenue over (under)	
expenditures - GAAP basis	<u><u>\$ (662,653)</u></u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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, 2021:

**Non-Spendable Fund Balances**

At June 30, 2021, \$52,136 is non-spendable in the general fund and pertains to prepaid expenses.

**Restricted Fund Balances**

At June 30, 2021, \$50,993 is restricted in the public safety reserve fund.

**Committed Fund Balances**

The committed fund balance in the General Fund is composed of \$623,770 for dedicated-infrastructure improvement reserves, \$108,384 for capital outlay reserves, \$6,383 for NW/EP trailer reserves, and \$447,942 for vehicle equipment replacement reserves.

All fund balances in the Public Safety Taxing District are committed for public safety expenditures. At June 30, 2021, this amount was \$4,737.

**Assigned Fund Balances**

At June 30, 2021, \$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, 2021, this amount was \$3,225,788.

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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**

<b>June 30 Measurement Date</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Town's proportion (%) of collective net pension liability	0.00402%	0.00453%	0.00450%	0.00401%	0.00454%	0.00454%
Town's proportionate share (\$) of collective net pension liability	\$ 713,567	\$ 940,799	\$ 1,062,127	\$ 866,763	\$ 1,041,978	\$ 1,026,873
Town's covered payroll(\$)	\$ 1,010,950	\$ 1,028,082	\$ 998,586	\$ 1,160,260	\$ 1,168,637	\$ 1,317,891
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%	77.92%
Pension plan's fiduciary net position as a percentage of the total pension liability	71.87%	68.78%	65.79%	69.38%	72.34%	70.72%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 122,539	\$ 96,445	\$ 103,987	\$ 98,409	\$ 80,263	\$ 88,420
Contributions in relation to the contractually required contribution	122,539	96,445	103,987	98,409	80,263	88,420
Contribution deficiency (excess)	-	-	-	-	-	-
Town's covered payroll	1,317,891	1,168,637	1,160,260	998,586	1,028,082	1,010,950
Contributions as a percentage of covered-employee payroll	9.3%	8.3%	9.0%	9.9%	7.8%	8.6%

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, 2021**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues				
Income taxes	\$ 375,000	\$ 375,000	\$ 468,107	\$ 93,107
Property taxes	2,240,146	2,240,146	2,351,375	111,229
Other taxes	97,945	97,945	-	(97,945)
Fines, licenses and permits	202,900	202,900	190,512	(12,388)
Interest and investment earnings	15,000	15,000	7,470	(7,530)
Charges for services	100	100	-	(100)
Operating grants and contributions	200,571	200,571	200,193	(378)
Other revenues	47,900	231,439	263,898	32,459
Prior years' surplus	655,653	655,653	-	(655,653)
Total Revenues	<u>\$ 3,835,215</u>	<u>\$ 4,018,754</u>	<u>\$ 3,481,555</u>	<u>\$ (537,199)</u>
Expenditures				
General government	\$ 517,870	\$ 517,870	\$ 471,210	\$ 46,660
Public safety	859,300	942,839	859,438	83,401
Code enforcement	180,900	180,900	173,293	7,607
Public works	788,425	788,425	594,341	194,084
Recreation	34,450	34,450	5,564	28,886
Capital projects	825,447	825,447	62,420	763,027
Other	628,823	728,823	583,168	145,655
Total Expenditures	<u>\$ 3,835,215</u>	<u>\$ 4,018,754</u>	<u>\$ 2,749,434</u>	<u>\$ (1,269,320)</u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET TO ACTUAL - PUBLIC SAFETY TAXING DISTRICT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Favorable (Unfavorable)</u>
<b>REVENUES</b>			
<b>Taxes</b>			
Real estate	\$ 57,878	\$ 51,261	\$ (6,617)
Personal property	30,000	30,461	461
<b>Total Taxes</b>	<u>87,878</u>	<u>81,722</u>	<u>(6,156)</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 87,878</u></u>	<u><u>\$ 81,722</u></u>	<u><u>\$ (6,156)</u></u>
<b>EXPENDITURES</b>			
<b>Public Safety</b>			
Salaries	62,800	54,246	8,554
Overtime	2,028	127	1,901
Shift differential	250	-	250
Supplies	-	1,906	(1,906)
FICA	5,000	3,928	1,072
Repairs	-	1,110	(1,110)
Training	1,000	79	921
Dues & conventions	1,000	-	1,000
Gas and oil	4,500	1,922	2,578
Communications	1,000	151	849
Miscellaneous	-	45	(45)
Capital outlay >\$500	1,300	1,799	(499)
Ammunition	-	148	(148)
Uniforms	1,500	697	803
<b>Total Public Safety</b>	<u>80,378</u>	<u>66,158</u>	<u>14,220</u>
<b>Miscellaneous</b>			
Miscellaneous	1,500	-	1,500
Pension plan contribution	6,000	-	6,000
<b>Total Miscellaneous</b>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
<b>Capital Projects</b>			
Police vehicles	7,000	-	7,000
<b>Total Capital Projects</b>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 94,878</u></u>	<u><u>\$ 66,158</u></u>	<u><u>\$ 28,720</u></u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF REVENUES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Favorable (Unfavorable)</u>
<b>REVENUES</b>			
<b>Taxes</b>			
Real estate	\$ 1,897,304	\$ 1,978,402	\$ 81,098
Personal property	220,000	232,306	12,306
Real estate- road fund	110,522	121,434	10,912
Personal property- road fund	12,320	13,613	1,293
Personal property- road fund PY	-	128	128
Penalties and interest	-	5,492	5,492
Income taxes	375,000	468,107	93,107
Recycling tax	97,945	-	(97,945)
<b>Total Taxes</b>	<u>2,713,091</u>	<u>2,819,482</u>	<u>106,391</u>
<b>Licenses and Permits</b>			
Business licenses	17,000	19,066	2,066
Traders licenses	2,000	2,912	912
Building permits	8,000	19,724	11,724
Cable TV franchise fee	48,600	48,405	(195)
Rental licenses	66,000	46,225	(19,775)
Dumpster permits	1,000	1,050	50
Other permits	300	305	5
<b>Total Licenses and Permits</b>	<u>142,900</u>	<u>137,687</u>	<u>(5,213)</u>
<b>Intergovernmental</b>			
Police regular aid	44,627	44,724	97
Supplemental police protection grant	-	1,500	1,500
Disposal fee rebate	8,232	10,290	2,058
Highway user revenue	147,712	143,679	(4,033)
<b>Total Intergovernmental</b>	<u>200,571</u>	<u>200,193</u>	<u>(378)</u>



**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF REVENUES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Favorable (Unfavorable)</u>
<b>Service Charges</b>			
Pedestrian bridge reimbursement	\$ 100	\$ -	\$ (100)
<b>Total Service Charges</b>	<u>100</u>	<u>-</u>	<u>(100)</u>
<b>Fines and Forfeitures</b>			
Police department	55,000	50,500	(4,500)
Code enforcement	<u>5,000</u>	<u>2,325</u>	<u>(2,675)</u>
<b>Total Fines and Forfeitures</b>	<u>60,000</u>	<u>52,825</u>	<u>(7,175)</u>
<b>Surplus</b>			
Surplus budget adopted and amended	200,797	-	(200,797)
Surplus capital equipment purchases	30,120	-	(30,120)
Cable TV reserve	35,482	-	(35,482)
Vehicle replacement reserves	353,340	-	(353,340)
Infrastructure improvement reserves	30,000	-	(30,000)
NW/EP reserve fund	<u>5,914</u>	<u>-</u>	<u>5,914</u>
<b>Total surplus</b>	<u>655,653</u>	<u>-</u>	<u>(643,825)</u>
<b>Miscellaneous</b>			
Interest	15,000	7,470	(7,530)
Rents	5,000	(265)	(5,265)
Recycling	1,300	2,676	1,376
Sale of bags and copying	200	10	(190)
Other	2,000	6,825	4,825
Miscellaneous police	3,000	2,435	(565)
Advertising bulletin	4,000	4,194	194
CARES grant	183,539	183,539	-
Cable TV grant	9,400	9,253	(147)
Rec council	-	360	360
Verizon PEG grant	21,000	20,977	(23)
Sale of assets	<u>2,000</u>	<u>33,894</u>	<u>31,894</u>
<b>Total Miscellaneous</b>	<u>246,439</u>	<u>271,368</u>	<u>24,929</u>
<b>Total Revenues</b>	<u>\$ 4,018,754</u>	<u>\$ 3,481,555</u>	<u>\$ (525,371)</u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budget	Actual	Variable Favorable (Unfavorable)
<b>EXPENDITURES</b>			
<b>General Government</b>			
Mayor and Council			
Conventions & training	\$ 8,500	\$ 1,886	\$ 6,614
Education	4,000	1,690	2,310
Public relations	1,000	530	470
Stipends	15,000	12,000	3,000
Miscellaneous	1,100	206	894
Communications	500	320	180
Total Mayor and Council	<u>30,100</u>	<u>16,632</u>	<u>13,468</u>
Administrative			
Salaries	319,600	290,035	29,565
Treasurer - contractor	-	35,417	(35,417)
FICA	25,000	20,738	4,262
Office supplies	4,300	3,980	320
Postage	1,500	1,154	346
Bulletin	23,000	20,599	2,401
Repairs and maintenance	1,000	191	809
Audit	13,800	15,625	(1,825)
Legal	7,000	5,397	1,603
Dues and conventions	8,000	5,176	2,824
Public relations	2,500	201	2,299
Training	2,000	389	1,611
Travel	1,000	-	1,000
Network/software support	500	138	362
Books and periodicals	500	-	500
Copier maintenance	4,000	3,132	868
Payroll processing fees	4,200	4,595	(395)
Communications	1,500	2,008	(508)
Capital outlay>\$500	4,000	-	4,000
Temp Service	-	8,686	(8,686)
Town council dues	5,300	5,804	(504)
Gas and oil	1,000	-	1,000
Miscellaneous	4,500	2,205	2,295
Law book subscription	1,500	2,055	(555)
Total Administration	<u>435,700</u>	<u>427,525</u>	<u>8,175</u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Favorable (Unfavorable)</u>
<b>Municipal Building</b>			
Repairs and maintenance	\$ 5,500	\$ 841	\$ 4,659
Electricity	3,500	3,484	16
Water	500	421	79
Gas	1,000	528	472
Custodial supplies	500	-	500
Improvement to grounds	2,000	306	1,694
Telephone	3,000	3,374	(374)
Hospitality	1,000	-	1,000
<b>Total Municipal Building</b>	<u>17,000</u>	<u>8,954</u>	<u>8,046</u>
<b>Town Center</b>			
Repairs and maintenance	15,030	9,429	5,601
Electricity	6,500	4,926	1,574
Water	1,200	753	447
Gas	3,500	1,730	1,770
Custodial supplies	500	-	500
Telephone	1,400	-	1,400
Miscellaneous	1,200	765	435
Capital outlay > \$500	5,740	496	5,244
<b>Total Town Center</b>	<u>35,070</u>	<u>18,099</u>	<u>16,971</u>
<b>Total General Government</b>	<u>517,870</u>	<u>471,210</u>	<u>46,660</u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variable Favorable (Unfavorable)
<b>Public Safety</b>			
Police			
Salaries	\$ 597,200	\$ 592,881	\$ 4,319
Salaries - overtime	27,500	30,258	(2,758)
Salaries - shift differential	13,000	5,911	7,089
Hazard pay	83,539	17,786	65,753
FICA	46,600	45,972	628
Supplies	6,500	8,214	(1,714)
Postage	1,000	849	151
Locality Pay	7,200	7,188	12
Vehicle maintenance and repairs	18,000	21,269	(3,269)
Other repairs and maintenance	4,000	3,567	433
Public relations	5,000	3,881	1,119
Dues and conventions	4,000	2,830	1,170
Training	6,000	2,365	3,635
Network/software support	2,000	883	1,117
Miscellaneous	3,000	6,954	(3,954)
Books and periodicals	600	562	38
Electricity	4,000	3,980	20
Gas and oil	22,000	21,517	483
Communications	13,000	9,299	3,701
Telephone	1,400	1,780	(380)
Capital outlay <\$500	-	-	-
Capital outlay >\$500	10,000	14,092	(4,092)
Police station rent	24,000	20,935	3,065
Ammunition	2,400	973	1,427
Uniforms	15,000	16,635	(1,635)
Copier rental and maintenance	3,000	2,932	68
National night out	4,000	(77)	4,077
Speed camera administration	-	-	-
Vehicle preventive maintenance	5,000	5,056	(56)
Total Police	<u>928,939</u>	<u>848,492</u>	<u>80,447</u>
Other Public Safety			
Emergency preparedness	3,900	946	2,954
Berwyn Heights VFD donation	10,000	10,000	-
Total Other Public Safety	<u>13,900</u>	<u>10,946</u>	<u>2,954</u>
<b>Total Public Safety</b>	<u>942,839</u>	<u>859,438</u>	<u>83,401</u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Favorable (Unfavorable)</u>
<b>Code Enforcement and Van Program</b>			
Code Enforcement			
Salaries	\$ 118,600	\$ 120,202	\$ (1,602)
Clerk-part-time	22,500	21,640	860
FICA	11,000	8,837	2,163
Supplies	1,000	1,448	(448)
Postage	1,500	871	629
Repairs and maintenance	1,600	155	1,445
Dues and conventions	1,500	1,287	213
Public relations	400	-	400
Training and seminars	2,800	890	1,910
Travel	550	-	550
Miscellaneous	1,000	185	815
Network/software support	10,000	9,796	204
Books and periodicals	400	198	202
Gas and oil	1,300	380	920
Communications	3,000	2,892	108
Capital outlay > \$500	3,000	3,930	(930)
Uniforms	750	582	168
Total Code Enforcement	<u>180,900</u>	<u>173,293</u>	<u>7,607</u>
Van Program			
Repairs and maintenance	-	-	-
Gas	-	-	-
Total Van Program	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Code and Van Program</b>	<u>180,900</u>	<u>173,293</u>	<u>7,607</u>
<b>Public Works</b>			
Building			
Supplies	3,000	2,723	277
Repairs and maintenance	4,700	1,268	3,432
Electricity	3,000	2,190	810
Water	1,000	906	94
Gas	3,000	1,325	1,675
Communications	2,500	588	1,912
Telephone	1,400	3,176	(1,776)
Capital outlay - building	4,125	4,125	-
Capital outlay > \$500	7,000	-	7,000
Equipment	2,500	-	2,500
Tools	3,000	100	2,900
Total Building	<u>35,225</u>	<u>16,401</u>	<u>18,824</u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Favorable (Unfavorable)</u>
<b>Public Works</b>			
Sanitation and Streets			
Salaries	\$ 319,500	\$ 212,016	\$ 107,484
Salaries - overtime	15,000	8,255	6,745
Salaries - part time	62,000	83,164	(21,164)
Employee recognition incentives	1,000	72	928
FICA	31,000	19,469	11,531
Supplies	4,000	1,092	2,908
Postage	100	-	100
Hazard pay	-	8,599	(8,599)
Temp service	4,000	2,634	1,366
Vehicle repairs and maintenance	63,000	49,961	13,039
Dues and conventions	3,000	235	2,765
Books and periodicals	500	-	500
Training	6,000	883	5,117
Travel	500	-	500
Miscellaneous	1,200	2,120	(920)
Gas and oil	25,000	19,649	5,351
Capital outlay > \$500	4,300	277	4,023
Uniforms	12,000	8,125	3,875
Equipment rental	8,000	5,994	2,006
Disposal	79,000	93,393	(14,393)
Leaf collection	8,000	5,999	2,001
Compost collection	2,900	2,963	(63)
Mosquito control	1,200	-	1,200
Snow and ice removal	7,000	732	6,268
Street materials	7,000	2,268	4,732
Street repairs	20,000	77	19,923
Street signs	7,000	4,522	2,478
Pedestrian bridge repairs	2,000	1,511	489
Tree service	16,000	3,081	12,919
Recreation council events	1,800	-	1,800
Recycling supplies	2,000	700	1,300
Total Sanitation and Streets	<u>714,000</u>	<u>537,791</u>	<u>176,209</u>

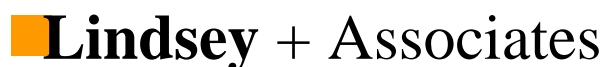
**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budget	Actual	Variable Favorable (Unfavorable)
Street Lighting			
Lighting	\$ 39,000	\$ 39,970	\$ (970)
School flasher	200	179	21
Total Street Lighting	<u>39,200</u>	<u>40,149</u>	<u>(949)</u>
 <b>Total Public Works</b>	 <u>788,425</u>	 <u>594,341</u>	 <u>194,084</u>
 <b>Recreation</b>			
Pop's Park supplies	3,000	384	2,616
Pop's Park maintenance	1,550	210	1,340
Volunteer appreciation dinner	1,500	-	1,500
Miscellaneous	500	-	500
BH historical committee	2,000	466	1,534
Green Team	3,000	212	2,788
Education advisory committee	400	-	400
Special events	13,400	2,796	10,604
Playground supplies	250	-	250
Playground utilities	450	219	231
Sports park-repairs and maintenance	2,800	1,330	1,470
Pontiac Field maintenance	3,000	(53)	3,053
BH boys and girls club	2,600	-	2,600
<b>Total Recreation</b>	<u>34,450</u>	<u>5,564</u>	<u>28,886</u>

**TOWN OF BERWYN HEIGHTS, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND - continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budget	Actual	Variable Favorable (Unfavorable)
<b>Cable TV</b>			
Repairs and maintenance	\$ 1,000	\$ 984	\$ 16
I-Net participation fee	5,800	4,207	1,593
Operators/programmers wages	16,200	-	16,200
Video live streaming	4,775	4,774	1
Miscellaneous	-	13,714	(13,714)
Capital outlay-equip>\$500	38,107	-	38,107
<b>Total Cable TV</b>	<b>65,882</b>	<b>23,679</b>	<b>42,203</b>
<b>Miscellaneous</b>			
Unemployment insurance	10,000	10,809	(809)
Custodial services	14,000	10,049	3,951
General insurance	35,000	36,144	(1,144)
Workers compensation	65,000	67,635	(2,635)
Public officials' bond	700	529	171
Employee recognition award	3,000	1,580	1,420
Miscellaneous benefits	10,000	2,648	7,352
Employee merit increases	20,000	-	20,000
Vision/dental/life insurance	12,180	11,711	469
MD State Pension admin fee	3,800	2,725	1,075
Health insurance	187,211	154,585	32,626
Life insurance	5,300	3,834	1,466
Cities street sweeper-program	19,000	25,207	(6,207)
Network/software support	24,000	30,990	(6,990)
Credit card equipment and fees	750	1,174	(424)
Pension contribution	135,500	122,539	12,961
Employee Wellness initiative	100,000	53,585	46,415
Website services	1,500	1,575	(75)
Digitization of documents	2,000	-	2,000
Vacation attrition	6,000	6,292	(292)
Welcome sign	2,000	-	2,000
STD insurance	6,000	4,138	1,862
<b>Total Miscellaneous</b>	<b>662,941</b>	<b>559,489</b>	<b>103,452</b>
<b>Capital Projects</b>			
Transfer to vehicle equipment reserve	129,715	-	129,715
Machinery, vehicles, and equipment	365,340	20,527	344,813
Police vehicles	50,800	-	50,800
Architecture & Engineering	-	5,000	(5,000)
Codification	9,000	-	9,000
NW trailer	5,914	5,914	-
Allocation for police vehicles replacement	15,558	-	15,558
Public works equipment	9,120	3,840	5,280
Street projects	240,000	27,139	212,861
<b>Total Capital Projects</b>	<b>825,447</b>	<b>62,420</b>	<b>763,027</b>
<b>Total Expenditures</b>	<b>\$ 4,018,754</b>	<b>\$ 2,749,434</b>	<b>\$ 1,269,320</b>





110 West Road  
Suite 220  
Towson, MD 21204

410.825.1994 phone  
410.825.1997 fax

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

April 15, 2022

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, 2021, and have issued our report thereon dated April 15, 2022. 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 May 13, 2021 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, 2021, 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, cash, 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 April 15, 2022.

### *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*

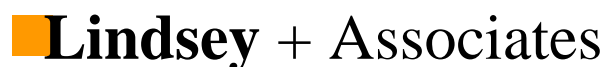
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationships and our responses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

We have also provided the Town’s management with a letter dated April 15, 2022 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,

*Kindley & Associates, LLC*



110 West Road  
Suite 220  
Towson, MD 21204

410.825.1994 phone  
410.825.1997 fax

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

April 15, 2022

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, 2021, 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:

**Create a written policy regarding purchasing decisions made by official Town Committees**

During the audit, we noted that certain official Town Committees have only one officer and that individual is making purchasing decisions without secondary approval. While this was an immaterial amount, there is the possibility it could lead to inappropriate transactions in the future.

We recommend that a policy be enacted to ensure openness and transparency of all financial dealings, including official Town Committees pursuant to Resolution 11-2019 and related parties, to minimize the appearance of inappropriateness. A secondary approval step, such as seeking the approval of the Town Council in an open and public meeting, is warranted in a situation where the official Town Committee has only one officer or is interested in making a payment from which an officer may financially benefit. We recognize that the Town's Purchasing Policy provides the appropriate process for employees.

### **Record all financial activity**

During our audit, management disclosed to us that at least one of the Town's bank accounts was not recorded in the Town's records. As of June 30, 2021, the balance of the account was immaterial, but omitting the activity from the account misstates cash, revenue, and expenditures. The Town should also not allow any other organizations to use the Town's name to open bank accounts, as doing so opens itself to the possibility of theft. In order to make the financial reports generated by the accounting system as meaningful as possible, the Town should ensure that all cash, revenue, and expense activity is entered into the Town's records. A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly.

### **Develop a cash handling policy**

During the audit, we noted that cash and checks are occasionally collected directly from residents. While the amounts are immaterial this could lead to the possibility of transactions not being recorded properly in the future.

We recommend that a policy be enacted to ensure openness and transparency of all financial dealings, including cash handling. Such a policy may include:

- Monies should never be left unattended. This applies to cash registers, desk tops and cash drawers.
- Unauthorized persons should not be allowed in areas where cash is handled.
- Doors should be locked at all times where cash is handled.
- Large sums of cash should be counted and handled out of sight of the general public.
- Individuals should keep working cash funds to a minimum at all times.
- Excess funds should be in a locked device or deposited into the Cashier's Office.
- Cash received must not be used for making change, petty cash purposes, etc.
- Expenditures or refunds cannot be made from cash receipts.
- For overnight storage and during other periods when cash is not being used, it should be kept in a safekeeping device, either a safe or a locked container.
- Under no circumstances should an individual keep Town cash with their own personal funds, deposit Town funds in a personal bank account, or take Town's funds to one's home for safekeeping.

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,

*Kindley & Associates, LLC*