

**TOWN OF UNIVERSITY PARK, MARYLAND  
FINANCIAL STATEMENTS  
JUNE 30, 2020**

# TOWN OF UNIVERSITY PARK

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## **Independent Auditor's Report**

Honorable Mayor and Members of the Town Council  
Town of University Park, 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 University Park, Maryland as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town, 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 State 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 misstatements.

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 University Park, Maryland as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension-related supplementary information, and the budgetary comparison information on pages 4 through 10, 44 and 45, 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 University Park, Maryland's financial statements as a whole. The schedule of revenues – budget and actual and the schedule of expenditures – budget and actual on pages 46 through 49 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 (non-GAAP), the schedule of expenditures – budget and actual (“supplementary information”) 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 supplementary 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lindsey Associates, LLC*

October 22, 2020

**TOWN OF UNIVERSITY PARK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

Our discussion and analysis of the Town of University Park's (the "Town") financial performance provides an overview of the Town's financial activities for the year ended June 30, 2020. Please read it in conjunction with the Town's financial statements.

**Financial Highlights**

- For fiscal year 2020 the Town adopted a real property tax rate of \$.5830 per hundred dollars of real property tax assessment. This rate is \$.0608 higher than the Constant Yield Tax Rate of \$.5222. The personal property tax rate was set at \$2.25 per hundred dollars of personal property tax assessment.
- As a result of the year's activities, the Town's net position increased by \$432,875. In addition, the combined fund balances of the Town increased by \$1,921,270. \$1,600,000 of this increase was attributed to a General Obligation Bond Issuance during the year. The remaining \$321,270 was related to operations. The ending fund balance was \$3,837,007.

**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 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 report information about the Town as a whole and about its activities in a way that helps 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.

**TOWN OF UNIVERSITY PARK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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

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

- Governmental activities – All of the Town's basic services are reported here, including the police, general administration and public works. Taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities – The Town of University Park does not currently have any 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. The Town has two kinds of governmental funds, a General Fund and a Debt Service Fund.

- Governmental funds – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services 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 the reconciliation to the side of the fund financial statements.

**TOWN OF UNIVERSITY PARK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**The Town as a Whole**

**Governmental Activities**

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

General Government	Rental License Fees and Bank Stock Taxes
Community Development	Federal Grants
Public Safety	State Grants and Vehicle Release Fees
Public Works	Highway User Revenues Payment and Landfill Rebate Charges

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

**TOWN OF UNIVERSITY PARK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Governmental-Wide Financial Information**

The following is selected information as of June 30, 2020, and for the previous year, which is provided for comparison purposes.

	Governmental Activities	
	2020	2019
Current assets	\$ 4,207,738	\$ 2,203,400
Capital assets	2,933,174	2,929,090
Total assets	7,140,912	5,132,490
Deferred outflows	205,422	244,790
Total deferred outflows and assets	\$ 7,346,334	\$ 5,377,280
Current liabilities	\$ 351,706	\$ 301,548
Long-term liabilities	4,447,309	2,937,216
Total liabilities	4,799,015	3,238,764
Deferred inflows	118,179	142,251
Net position		
Net investment in capital assets	1,207,832	1,112,767
Restricted	181,643	171,460
Unrestricted	1,039,665	712,038
Total net position	2,429,140	1,996,265
Total liabilities, deferred inflows and net position	\$ 7,346,334	\$ 5,377,280
Program revenues		
Charges for services	108,934	124,846
Operating grants and contributions	189,955	162,985
Capital grants and contributions	-	-
General revenues		
Income taxes	820,035	809,151
Property taxes	2,503,902	2,239,158
Other	42,025	40,817
Total general revenues	3,365,962	3,089,126
Total revenues and transfers	3,664,851	3,376,957
Expenses		
General government	705,248	856,695
Public works	1,326,088	1,423,057
Public safety	1,074,489	1,018,242
Interest expense	126,151	55,600
Total expenses and transfers	3,231,976	3,353,594
Change in net position	432,875	23,363
Net position, beginning of year	1,996,265	1,972,902
Net position, end of year	\$ 2,429,140	\$ 1,996,265

**TOWN OF UNIVERSITY PARK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**The Town's Funds**

The following schedule presents a summary of general revenue and expenditures for the fiscal year ended June 30, 2020 and the amount of increases and decreases in relation to the prior year.

	FY2020 Amount	Percent of Total	Increase (Decrease) From FY2019
<b>Revenues</b>			
Taxes	\$ 3,235,393	91%	\$ 228,935
Intergovernmental	185,391	5%	24,059
Fines, licenses and permits	78,204	2%	(15,577)
Service charges	29,700	1%	800
Interest income	30,385	1%	(5,305)
Miscellaneous	12,310	0%	3,365
<b>Total Revenues</b>	<b>\$ 3,571,383</b>	<b>100%</b>	<b>\$ 236,277</b>
<b>Expenditures</b>			
General government	\$ 635,291	18%	\$ (31,119)
Public safety	1,026,912	30%	35,677
Public works	1,167,973	34%	(58,021)
Capital outlays	202,940	6%	132,358
Debt service	411,111	12%	146,676
<b>Total Expenditures</b>	<b>\$ 3,444,227</b>	<b>100%</b>	<b>\$ 225,571</b>

Total revenues increased \$236,277 from fiscal year 2019 to fiscal year 2020. Taxes increased by \$228,935. The largest increase was in Real Property Taxes in the amount of \$273,730. This increase was the result of increasing the real property tax rate \$.06 higher than the Constant Yield Tax Rate. State Income Taxes decreased \$35,809. The other major revenue sources remained relatively consistent from fiscal year 2019 to fiscal year 2020. The \$5,305 decrease in interest income is associated with a decrease in the interest rate market during the year.

Total expenditures increased \$225,271 in fiscal year 2020. The largest increase in expenditures incurred in Debt Service in the amount of \$146,676. During the year the Town issued \$1,600,000 in General Obligation Bonds. Debt Service on these bonds during the year was \$74,402. There also was \$43,311 related to the Cost of Issuance of these bonds. The Town also purchased two vehicles in the Public Works Department and financed the purchase over six years. The Debt Service cost in fiscal year 2020 for these vehicles was \$28,963.

**TOWN OF UNIVERSITY PARK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**General Fund Budgetary Highlights**

Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as County and State grants; and (3) increases in appropriations that become necessary to maintain services. During the fiscal year the Town made amendments that fall into categories one and three above. A summary of some of these budget amendments are summarized below:

- An allocation of \$1,789 was made to purchase speed signs.
- In February 2020, budget adjustments were approved to cover small adjustments to each Department's Budget based on a mid-year analysis of the budget. Most of these adjustments were covered from other line items within the Departmental Budgets. Where funds were not enough to be covered from the Departmental budgets the necessary funding was taken from the Undesignated Unreserved funds. Adjustments to prior years surplus was also made at this time to reflect the ending Fund Balance from fiscal year 2019.
- \$4,500 was transferred from the Administrative Expense line item to the Elections line item to be used to conduct a mail-in election.
- \$1,100 was transferred from the Administrative Expense line item to the Town Hall Security line item to cover additional costs of installing lighting and cameras at the Town Hall.
- \$950 was transferred from the Administrative Expense line item to the General Government Small Equipment line item to purchase a laptop for the Town Clerk to be used during COVID-19.
- \$3,000 was transferred from the Snow Removal line item to Public Works Vehicle Maintenance to cover higher than anticipated costs in this line item.

**Capital Asset and Debt Administration**

**Capital Assets**

Capital assets purchased during the fiscal year included vehicles and related equipment for the Police and Public Works Departments.

**TOWN OF UNIVERSITY PARK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Debt**

At year-end, the Town had outstanding \$3,140,842 of bond debt. This was an increase of \$1,324,519 from the prior year. This increase is attributed to the Town issuing \$1,600,000 in General Obligation Bonds and entering into a \$150,803 lease-purchase agreement for the purchase of two Ford F550 Trucks.

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

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. While the Town's finances have not been significantly impacted by the pandemic so far, this continues to be an evolving situation and its potential effects on the Town cannot be fully estimated at this time.

During the fiscal year 2021 Budget preparation there was some uncertainty surrounding the impact on the State Income Tax revenues and Highway Users revenue projections that that Town receives from the State as a result of events related to the COVID 19 Pandemic. After the adoption of the fiscal year 2021 Budget new information has been provided that suggests that the State Income Tax revenues will remain consistent with fiscal year 2020 figures.

Highway User revenues are expected to be consistent with actual fiscal year 2019 figures but are projected to be about 10% below what was budgeted.

The Town was awarded \$161,000 in funding for COVID 19 related expenditures from Prince George's County. These funds must be expended before December 15, 2020.

**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 the Town Treasurer at 6724 Baltimore Avenue, University Park, Maryland 20782.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Governmental Activities	Total
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 1,812,577	\$ 1,812,577
Cash and cash equivalents - restricted	4,212	4,212
Investments	1,977,005	1,977,005
Accounts receivable, net of allowances	83,627	83,627
Accounts receivable - income taxes	298,142	298,142
Prepaid expenses	17,473	17,473
Other assets	14,702	14,702
Total Current Assets	4,207,738	4,207,738
Noncurrent Assets		
Net capital assets	2,933,174	2,933,174
Total Noncurrent Assets	2,933,174	2,933,174
<b>TOTAL ASSETS</b>	7,140,912	7,140,912
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	205,422	205,422
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 7,346,334	\$ 7,346,334
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 40,382	\$ 40,382
Accrued salaries	27,926	27,926
Amounts held in escrow	4,281	4,281
Due to State - current portion	6,949	6,949
Current portion of long-term debt	272,168	272,168
Total Current Liabilities	351,706	351,706
Noncurrent Liabilities		
Compensated absences	128,981	128,981
Due to State (see Note 12)	62,538	62,538
Unamortized bond premium	179,711	179,711
Net pension liability	1,207,405	1,207,405
Loan payable - long-term	2,868,674	2,868,674
Total Noncurrent Liabilities	4,447,309	4,447,309
<b>TOTAL LIABILITIES</b>	4,799,015	4,799,015
<b>DEFERRED INFLOWS OF RESOURCES</b>	118,179	118,179
<b>NET POSITION</b>		
Net investment in capital assets	1,207,832	1,207,832
Restricted	181,643	181,643
Unrestricted	1,039,665	1,039,665
Total Net Position	2,429,140	2,429,140
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	\$ 7,346,334	\$ 7,346,334

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

**TOWN OF UNIVERSITY PARK, MARYLAND  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 705,248	\$ 126,151	\$ 64,569	\$ 25,009	\$ -	\$ (741,821)	\$ (741,821)
Public works	1,326,088	-	-	114,110	-	(1,211,978)	(1,211,978)
Public safety	1,074,489	-	44,365	50,836	-	(979,288)	(979,288)
Interest expense	126,151	(126,151)	-	-	-	-	-
Total Governmental Activities	<u>3,231,976</u>	<u>-</u>	<u>108,934</u>	<u>189,955</u>	<u>-</u>	<u>(2,933,087)</u>	<u>(2,933,087)</u>
Total Primary Government	<u>\$ 3,231,976</u>	<u>\$ -</u>	<u>\$ 108,934</u>	<u>\$ 189,955</u>	<u>\$ -</u>	<u>\$ (2,933,087)</u>	<u>\$ (2,933,087)</u>
				General revenues:			
				Taxes			
				Income taxes	820,035	820,035	
				Property taxes	2,503,902	2,503,902	
				Interest and investment earnings	30,385	30,385	
				Miscellaneous	11,640	11,640	
				Total General Revenues	<u>3,365,962</u>	<u>3,365,962</u>	
				Transfers	-	-	
				Change in Net Position	432,875	432,875	
				Net Position, beginning of year	<u>1,996,265</u>	<u>1,996,265</u>	
				Net Position, end of year	<u>\$ 2,429,140</u>	<u>\$ 2,429,140</u>	

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

**TOWN OF UNIVERSITY PARK, MARYLAND  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

**RECONCILIATION OF TOTAL GOVERNMENTAL  
FUND BALANCE TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2020**

	General Fund	Debt Service Fund	Total Governmental Funds		
<b>ASSETS</b>					
Cash and cash equivalents - unrestricted	\$ 1,812,577	\$ -	\$ 1,812,577	<i>Total Governmental Fund Balances</i>	\$ 3,837,007
Cash and cash equivalents - restricted	4,212	-	4,212		
Investments	1,977,005	-	1,977,005	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,933,174
Accounts receivable	83,627	-	83,627		
Accounts receivable - income taxes	298,142	-	298,142		
Prepaid expenses	17,473	-	17,473		
Other assets	14,702	-	14,702		
<b>TOTAL ASSETS</b>	<b>4,207,738</b>	<b>-</b>	<b>4,207,738</b>	Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds.	298,142
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-		
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,207,738</b>	<b>\$ -</b>	<b>\$ 4,207,738</b>	Payments pertaining to net pension liability are reported as deferred outflows of resources in the government wide financial statements.	205,422
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 40,382	\$ -	\$ 40,382	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.	(4,726,426)
Accrued salaries	27,926	-	27,926		
Amounts held in escrow and deposit	4,281	-	4,281	Deferred inflows of resources pertaining to net pension liability are not reported in the funds	(118,179)
<b>TOTAL LIABILITIES</b>	<b>72,589</b>	<b>-</b>	<b>72,589</b>	<i>Net Position of Governmental Activities</i>	<b>\$ 2,429,140</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>298,142</b>	<b>-</b>	<b>298,142</b>		
<b>FUND BALANCES</b>					
Non-spendable	17,473	-	17,473		
Restricted	181,643	-	181,643		
Committed - General	134,000	-	134,000		
Committed - Street work bond	1,600,000	-	1,600,000		
Unassigned	1,903,891	-	1,903,891		
<b>TOTAL FUND BALANCES</b>	<b>3,837,007</b>	<b>-</b>	<b>3,837,007</b>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,207,738</b>	<b>\$ -</b>	<b>\$ 4,207,738</b>		

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

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

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 3,235,393	\$ -	\$ 3,235,393
Intergovernmental	185,391	-	185,391
Charges for services	29,700	-	29,700
Fines, licenses, permits	78,204	-	78,204
Interest Income	30,385	-	30,385
Miscellaneous	12,310	-	12,310
<b>Total Revenues</b>	<u>3,571,383</u>	<u>-</u>	<u>3,571,383</u>
<b>EXPENDITURES</b>			
Current Operations			
General government	635,291	-	635,291
Public works	1,167,973	-	1,167,973
Public safety	1,026,912	-	1,026,912
Capital outlay	202,940	-	202,940
Debt service			
Principal	83,849	201,111	284,960
Interest	3,307	122,844	126,151
<b>Total Expenditures</b>	<u>3,120,272</u>	<u>323,955</u>	<u>3,444,227</u>
<b>Excess of revenues over (under) expenditures and other financing uses</b>	<u>451,111</u>	<u>(323,955)</u>	<u>127,156</u>
<b>Other financing sources (uses)</b>			
Proceeds from long-term debt	1,609,479	-	1,609,479
Bond premium	184,635	-	184,635
Operating transfers in (out)	(323,955)	323,955	-
<b>Total other financing sources (uses)</b>	<u>1,470,159</u>	<u>323,955</u>	<u>1,794,114</u>
<b>Excess of revenue and other financing sources over (under) expenditures and other financing uses</b>	<u>1,921,270</u>	<u>-</u>	<u>1,921,270</u>
<b>Fund balance, beginning of year</b>	<u>1,915,737</u>	<u>-</u>	<u>1,915,737</u>
<b>Fund balance, end of year</b>	<u>\$ 3,837,007</u>	<u>\$ -</u>	<u>\$ 3,837,007</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 1,921,270
Repayment of debt principal is reported as an expenditure in governmental funds, however, in the statement of activities, it is recorded as a reduction in long-term debt. This is the amount of principal debt repayment.	284,960
Governmental funds report capital outlays as expenditures. In the statement of activities, this cost is allocated and shown as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,084
Differences in accounting for compensated absences between modified accrual and accrual accounting.	(21,145)
Pension expense pertaining to the net pension liability is not reported in the funds.	(55,648)
Increases in deferred inflows of resources pertaining to income taxes do not provide current financial resources and are not reported as revenue in the funds.	88,544
Proceeds from new debt and the premium is considered an other finance source in the government funds, but is recorded as an increase in long-term debt in the statement of activities. This is the amount of proceeds from new debt.	(1,794,114)
Governmental funds report the effects of bond premiums when debt is first issued, but these amounts are deferred and amortized in the Statement of Activities.	<u>4,924</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 432,875</u>

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

**TOWN OF UNIVERSITY PARK, MARYLAND  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND - PENSION TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

**ASSETS**

Cash and cash equivalents	\$ -
Investments, at fair value	1,479,040
Due from other funds	-
Total assets	1,479,040

**DEFERRED OUTFLOWS OF RESOURCES**

	-
--	---

**LIABILITIES**

Accounts payable	-
Total liabilities	-

**DEFERRED INFLOWS OF RESOURCES**

	-
--	---

**NET POSITION**

Held in trust for pension benefits	1,479,040
Total net position	\$ 1,479,040

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

**TOWN OF UNIVERSITY PARK, MARYLAND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
AGENCY FUND - PENSION TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>ADDITIONS</b>	
Contributions	
Employer	\$ -
Plan member	63,738
Total contributions	<u>63,738</u>
Investment income	
Net increase in fair value of investments	44,861
Net investment income	<u>44,861</u>
Total additions	<u>108,599</u>
 <b>DEDUCTIONS</b>	
Distributions	25,024
Total deductions	<u>25,024</u>
 <b>CHANGE IN NET POSITION</b>	 <u>83,575</u>
 <b>NET POSITION, BEGINNING OF YEAR</b>	 <u>1,395,465</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 1,479,040</u></u>

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

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**Financial Reporting Entity**

The Town of University Park, 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: public safety (police), highways and streets, sanitation, public improvements and general administrative services.

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

**Basis of Presentation – Fund Accounting**

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

The Town's governmental funds include the General Fund and the Debt Service 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 Debt Service Fund accounts for the servicing of long-term debt relating to the Town's general obligation bond issues. The Town has one fiduciary fund. It is used to account for pension assets held by the Town in a trustee capacity.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**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 funds). This is the same approach used in the preparation of the proprietary fund financial statements, if any, 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.

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, 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.

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.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**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. Nonmajor funds, if any, are aggregated and presented in a single column.

**Governmental Funds**

Town activities pertaining to general government, public safety, highways and streets, sanitation, recreation, and public improvements 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.
- Debt Service Fund – accounts for the servicing of long-term debt relating to the town’s general obligation bond issues.

**Fiduciary Fund**

The Town has one fiduciary fund. The Pension Trust Fund is used to account for pension 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.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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.

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 activities.

**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.

**Investments**

Investments held at June 30, 2020 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**Receivables**

Receivables at June 30, 2020 consist of income taxes, real estate taxes, personal property taxes, highway user revenue, franchise fees, grant income, and other receivables. Receivables are deemed collectible in full.

**Local Tax Reserve Fund**

At June 30, 2020, the Town was advised by the State of Maryland that \$298,142 of the Local Tax Reserve Fund was allocable to the Town. Town recorded receivable and deferred inflows of resources in the amount of \$298,142 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.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**Deferred Outflows and Inflows of Resources**

A *deferred outflow of resources* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a *deferred inflow of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2020, deferred inflows of resources consisted of income taxes of \$298,142 on the Balance Sheet. As of June 30, 2020, deferred inflows of resources consisted of \$118,179 and deferred outflows of resources consisted of \$209,339, both pertaining to pension payments on the Statement of Net Position.

**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 Statement of Net Position. 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 useful 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, 20 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.

**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.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred and reported as a liability in the government wide financial statements. The total amount of accumulated vacation leave at June 30, 2020 is \$128,981.

**Estimates**

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

**Equity Classifications**

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

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

*Restricted net position* – Consists of net position with constraints placed on their 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* – consist of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**Long-Term Obligations**

Long-term debt is reported as a liability in the government-wide statements of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**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 council is authorized to assign amounts for specific purposes.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

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

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – COMPLIANCE AND ACCOUNTABILITY**

**Budget Requirements, Accounting, and Reporting**

**Requirements for all funds:**

Annual budgets are adopted for all Town funds. The Town Council may subsequently amend the budget and the budget was amended during fiscal year 2020. For day-to-day management control, expenditures may not exceed the budget at the department level. The Town prepares an annual operating budget on a basis consistent with generally accepted accounting principles.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Deposit Policies**

The Town is authorized 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 by FDIC or secured by a surety bond or collateralized with securities held by the Town, its agent, or by the pledging financial institution's trust department or agent in the name of the Town.

**Deposits**

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's policy requires deposits to be insured by FDIC, and balances exceeding FDIC limits be secured by collateral valued at 102 percent of principal and accrued interest. Collateral is to be held by the Town, its agent, or by the pledging financial institution's trust department or agent in the name of the Town.

At year-end, the carrying amounts of the Town's deposits were \$218,559 and the bank balances totaled \$330,414. Of the bank balances, the entire amount was insured by Federal Depository Insurance Corporation (FDIC) or secured by a surety bond or collateralized with securities held in the Town's name. At year end, the Town's bank balances were not exposed to any custodial credit risk because all deposits were fully collateralized.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

Restricted equity consisted of the following at June 30, 2020:

Cemetery maintenance	\$ 4,212
Cable capital equipment	173,150
Police benevolence	4,281
	<u>\$ 181,643</u>

**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.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town has no policy regarding concentration of credit risk.

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 collateral is to be held by the Town, its agent, or by the pledging financial institution's trust department or agent in the name of the Town.

Generally, the Town's investing activities are managed by the Treasurer and the Town Council. 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.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**Investments**

The Town has invested at June 30, 2020, \$1,977,005 in the State of Maryland Local Government Investment Pool (MLGIP). The pool is under the administrative control of the State’s Treasurer’s Office. The Town’s investments are shown by type, carrying amount, fair value, cost and level of risk assumed in holding the various accounts. Investments are carried at cost which approximates market. The fair value of MLGIP investments is determined daily. PNC Bank is currently contracted to operate the Pool and may invest in any instrument permitted by Section 6-222 of the State Finance and Procurement Article. The Town’s fair value position in the Pool is the same as the value of pool share.

As of June 30, 2020, the Town had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>
MLGIP	\$ 1,977,005	\$ 1,977,005	AAAm
	<u>\$ 1,977,005</u>	<u>\$ 1,977,005</u>	
Pension Trust Fund			
Cash management funds	\$ 407,106	\$ 407,106	N/A
Bond funds	51,232	51,232	N/A
Mutual funds	1,020,702	1,020,702	N/A
	<u>\$ 1,479,040</u>	<u>\$ 1,479,040</u>	

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

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 4 – RECEIVABLES**

Accounts receivable is comprised of the following as of June 30, 2020:

Real estate tax	\$	31
Personal property tax		11,730
Other		108,638
	\$	<u>120,399</u>

**NOTE 5 – PROPERTY TAX**

The Town Council holds an annual public hearing no later than May 31, for the residents to voice their opinion on the proposed tax rate and annual budget. After the hearing, the council sets the tax rate by ordinance by May 31. Prince George’s County (the County) tax offices are informed of the approved rate and County tax bills have these amounts included on them.

Property taxes are levied as of July 1, on property values as of the same date. Town residents pay all property taxes directly to the County. The County then forwards all payments made to the Town office. Tax payments are made on a semi-annual basis and are considered past due after September 30th and December 31st. The personal and real property tax rates during the year ended June 30, 2020 were \$2.25 and \$0.5830 per \$100 of assessed value, respectively. When taxes are overdue, a lien is placed against the property.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	\$ 140,263	\$ -	\$ -	\$ 140,263
Construction in progress	2,084,304	-	-	2,084,304
Subtotal	<u>2,224,567</u>	-	-	<u>2,224,567</u>
Depreciable capital assets:				
Buildings	313,114	52,137	-	365,251
Machinery & equipment	2,998,291	150,803	-	3,149,094
Capital improvements	2,820,341	-	-	2,820,341
Subtotal	<u>6,131,746</u>	<u>202,940</u>	-	<u>6,334,686</u>
Total capital assets	<u>8,356,313</u>	<u>202,940</u>	-	<u>8,559,253</u>
Accumulated depreciation:				
Buildings	308,982	1,711	-	310,693
Machinery & equipment	2,300,514	149,547	-	2,450,061
Capital improvements	2,817,727	47,598	-	2,865,325
Subtotal, accumulated depreciation	<u>5,427,223</u>	<u>198,856</u>	-	<u>5,626,079</u>
Net capital assets	<u>\$ 2,929,090</u>	<u>\$ 4,084</u>	<u>\$ -</u>	<u>\$ 2,933,174</u>

Depreciation was charged to functions as follows:

Government activities:	
General government	\$ 11,022
Public safety	30,827
Parks	439
Public works	156,568
Total government activities depreciation expense	<u>\$ 198,856</u>

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 – DEFINED CONTRIBUTION PLAN**

On March 1, 1986, the Town instituted a defined contribution (401K) retirement plan covering all of its permanent employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are permitted to elect a salary reduction amount of up to maximum amounts determined by statutes, which then will be contributed to the plan. The Town has agreed to match the employee contribution up to a maximum of 2% of the employee's salary. In addition, the Town contributes 4% of the employee's salary to the plan. After six months of continuous service all permanent employees at least 18 years of age are eligible to participate in the retirement plan. Plan provisions and contribution requirements are established and may be amended by the Town Council. The Town's plan is administered by ICMA Retirement Corporation.

Employees are vested according to the following schedule:

<u>Time</u>	<u>Vested Amount</u>
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years or more	100%

In fiscal year 2010, the Town joined the Maryland State Retirement and Pension System; therefore, the Town no longer contributes to the aforementioned plan. Employees still have the option to contribute to the plan.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – PENSION 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 \$1,207,405 as of the measurement date of June 30, 2019.

GASB No. 71 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The Town’s fiscal 2020 contribution of \$125,929 is therefore recognized as a pension-related deferred outflow of resources.

**A. Description of Plan**

The State of Maryland identifies multiple-employer defined benefit pension plans as cost-sharing plans.

The Employees’ Pension System of the State of Maryland (Pension System) was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System. The Employees Contributory Pension System of the State of Maryland (Contributory Pension System) was established July 1, 1998. The Town elected to participate in the Contributory Pension System during fiscal year 2010.

Under the terms of the Contributory Pension System, a member hired may retire with full benefits upon attaining age 60 or after completing 30 years of eligible service regardless of age. A member may retire with reduced benefits prior to attaining age 60 after completing 25 years of eligible service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested retirement allowance upon age 60.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – PENSION PLAN – continued**

Under the terms of the Contributory Pension System, a member hired before July 1, 2011 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 five years of service. An employee hired before July 1, 2011 may also take early retirement with reduced benefits at age 55 with 15 years of service. A member hired before July 1, 2011 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. Members hired on or after July 1, 2011 may retire when their age and years of eligibility service totals 90 years or at age 65 with 10 years of eligibility service. Members hired on or after July 1, 2011 may retire with reduced benefits at age 60 with 15 years of eligibility service. A member hired on or after July 1, 2011 terminating employment before attaining retirement age, but after completing ten years of eligible service becomes eligible for a vested pension allowance upon reaching age 65.

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service multiplied by a factor. This factor varies from 1.5% to 1.8% 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 benefit received.

Benefits are established under the State Personnel and Pensions Article of the Annotated Code of Maryland. The plan is administered by the Maryland State Retirement Agency.

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, 2019 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 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 System of Maryland  
120 E. Baltimore Street, Suite 1601  
Baltimore, Maryland 21202-1600

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – PENSION PLAN – continued**

*Funding Policy*

Obligations to contribute to the plans are under the Annotated Code of Maryland. Members of the pension plan contribute 7% of annual compensation during employment. The required contribution rate is determined on an actuarially determined basis. During the year ended June 30, 2020 the Town contributed \$125,929. The Town contributed 100% of its required contribution for the year ended June 30, 2020. For members of the pension plan, full-service pension allowances are equal to between 1.5% and 1.8% of average final compensation (AFC).

Required contributions under the plans are funded by both employee and Town contributions. Contributions by the Town take place during the fiscal year and are based upon salaries for the preceding fiscal year. The Town contributions for the year ending June 30, 2020 are based on salaries for the year ending June 30, 2019. 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, and contributions by the Town are authorized by the Town Council. The required and actual contributions for the fiscal years ending June 30<sup>th</sup> were as follows:

	Fiscal Year Ending June 30		
	2020	2019	2018
Retirement plan contributions	<u>\$ 125,929</u>	<u>\$ 120,210</u>	<u>\$ 110,916</u>

The Town contributed \$125,929 to the System for fiscal year 2020 which was actuarially determined based on statutory provisions. The Town has also recognized in Pension Expense its proportionate share of the System’s deferred inflows of resources (an increase in Pension Expense) attributable to the net difference between projected and actual investment earnings on pension plan assets and its proportionate share of the System’s deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – PENSION PLAN – continued**

Required disclosures aggregate for the plan:

	<u>Maryland State Pension System</u>
Total pension liability	\$ 74,569,030,000
Total fiduciary net position	54,943,420,000
Town's proportionate share of total pension liabilities	1,207,405
Town's proportionate share of net pension liabilities	0.0058539%
Total pension assets	54,943,420,000
Measurement date of collective net pension liability	June 30, 2019
Date of actuarial valuation	June 30, 2019
Deferred outflows related to pensions	205,422
Deferred inflows related to pensions	118,179
Pension expense/expenditures for the period	55,648

*Actuarial assumptions*

The annual required contribution for the current year was determined as part of the actuarial valuation as of June 30, 2019. The key assumptions used to perform the June 30, 2019 pension liability calculation for the System are as follows:

Actuarial Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Asset valuation method	5-year smoothed market; 20% collar
Inflation (b)	2.65% general, 3.15% wage
Salary Increases	3.10% to 11.6%
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 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

- (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 2019 valuation:
  - a. Investment return assumption decreased from 7.45% to 7.40%
  - b. Inflation assumption increased from 2.60% to 2.65%.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – PENSION PLAN – continued**

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

Pension expense/expenditures for the period	\$ 74,569,030,000
Plan Fiduciary Net Position	<u>54,943,420,000</u>
Net Pension Liability	<u><u>\$ 19,625,610,000</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u><u>73.68%</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%	6.3%
Private equity	13%	7.5%
Rate sensitive	19%	1.3%
Credit opportunity	9%	3.9%
Real assets	14%	4.5%
Absolute return	8%	3.0%
Total	100%	

The above was the Pension System’s Board of Trustee’s adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2019.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – PENSION 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	\$ 29,853,506,000	\$ 20,625,510,000	\$ 12,939,936,000
The Town's Proportionate Share of Net Pension Liability	\$ 1,747,606	\$ 1,207,405	\$ 757,496

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – PENSION PLAN – continued**

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

At June 30, 2020, the Town reported a liability of \$1,207,405 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2019, the Town’s proportion was approximately 0.0055623 percent.

For the year ended June 30, 2020, the Town recognized pension expense of \$51,731. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Changes of assumptions	\$ 20,420	\$ -
Differences in actual and expected experiences	-	83,607
Net difference between projected and actual earnings on pension plan investments	59,073	34,572
Contributions subsequent to the measurement date	125,929	-
Total	\$205,422	\$118,179

The deferred outflow of resources of \$125,422 relating to contributions subsequent to the measurement date will be recognized as a reduction of the Town’s net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources are being amortized over a five-year period beginning in fiscal 2019. These unamortized amounts will be ratably recognized in pension expense over the next four years.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – PENSION PLAN – continued**

**Net Pension Liability**

The components of the Town’s proportionate share of the Pension System’s net pension liability as of the measurement date of June 30, 2019 were as follows:

Total pension liability	\$	4,587,629
Plan Fiduciary Net Position		3,380,224
Net Pension Liability	\$	<u>1,207,405</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		<u>73.68%</u>

**NOTE 9 – RESTRICTED FUNDS FOR CEMETERY MAINTENANCE**

The Town entered into an agreement with St. Matthew’s Episcopal Church for the purpose of taking over the perpetual maintenance of the Deakin’s Family cemetery located within the Town. Under the agreement dated March 20, 1984, St. Matthew’s transferred all funds, with accrued interest, that the Deakin’s Family had given to St. Matthew’s for the perpetual maintenance of the cemetery to the Town of University Park. The Town is restricted from using these funds or interest earned on these funds for any other activities. The restricted fund balance pertaining to cemetery maintenance at June 30, 2020 is \$4,212.

**NOTE 10 – LONG-TERM DEBT OBLIGATIONS**

During fiscal year 2014, the Town entered into a financing agreement with STI Institutional and Government, Inc. As part of the financing agreement, the Town issued a general obligation bond in the amount of \$2,602,000 to pay the outstanding principal amount on the 2009 and 2011 general obligation bonds. The bond bears an average rate of 2.31% over the life of the bond. Principal and interest is payable semi-annually on January 11 and July 11, beginning on January 11, 2014 and continuing through July 11, 2028. The balance as of June 30, 2020 is \$1,601,883.

During fiscal year 2015, the Town entered into a leasing agreement with SunTrust Equipment Financing & Lease Corp for two trash packers. Principal and interest is payable annually on December 29, beginning on December 29, 2014. The annual interest rate over the life of the lease is 2.11%. The balance as of June 30, 2020 is \$0.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 – LONG-TERM DEBT OBLIGATIONS – continued**

During fiscal year 2020, the Town entered into a financing agreement with the Maryland Department of Housing and Community Development Infrastructure Financing Project. As part of the financing agreement, the Town issued a general obligation bond at a premium with gross proceeds from the sale of bonds in the amount of \$1,458,676 to pay for road work and related projects. The bond bears an average rate of 2.54% over the life of the bond. Principal and interest are payable semi-annually on April 1 and October 1, beginning on April 1, 2020 and continuing through July 11, 2028. The balance as of June 30, 2020 is \$1,415,500.

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>	<u>Amount Due Within 1 Year</u>
Ford F550 lease	\$ -	\$ 150,803	\$ 27,344	\$ 123,459	23,023
Packer lease	56,505	-	56,505	-	-
2019 Issue	-	1,458,676	43,176	1,415,500	78,500
2014 Issue	1,759,818	-	157,935	1,601,883	170,645
	<u>\$ 1,816,323</u>	<u>\$ 1,609,479</u>	<u>\$ 284,960</u>	<u>\$ 3,140,842</u>	<u>\$ 272,168</u>
 Bond Premium	 \$ -	 \$ 184,634	 \$ 4,923	 \$ 179,711	 \$ 12,837
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>	<u>Amount Due Within 1 Year</u>
Compensated Absences	\$ 107,836	\$ 21,145	\$ -	\$ 128,981	\$ -

Principal and interest payments follow:

Year(s) ending	Principal	Interest	Total
<u>June 30,</u> 2021	\$ 272,168	\$ 97,066	\$ 369,234
2022	279,438	89,823	369,261
2023	286,829	82,381	369,210
2024	295,343	73,902	369,245
2025	303,984	65,150	369,134
2026-2034	1,703,080	334,036	2,037,116
Total	<u>3,140,842</u>	<u>742,358</u>	<u>3,883,200</u>

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 – INTERFUND BALANCES AND TRANSFERS**

Interfund transfers during 2019 consisted of the following:

Transfer in	Transfer out	Amount
Debt service fund	General fund	\$ 323,955

These transfers are initiated to service long-term debt relating to the Town’s general obligation bond issuance.

**NOTE 12 – 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 2018, the Comptroller’s Office states that the fiscal impact of the ruling on the Town will be \$69,487 of refunds for prior years’ taxes. Tax revenues will be reduced \$13,897 each year going forward.

The amount of refunds to be paid has been recorded as a noncurrent liability on the Statement of Net Position, as the Town will be required to start reimbursing the State during the fourth quarter of fiscal year 2021, and will be repaid over a period of five years as a reduction in income tax distribution. The changes in this liability are as follows:

	Balance June 30, 2019	Retired During Year	Balance June 30, 2020	Amount Due Within 1 Year
State of Maryland	\$ 69,487	\$ -	\$ 69,487	\$ 6,949

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 – COMPTROLLER OF THE TREASURY OF MARYLAND V. WYNNE**

The annual deductions will be as follows:

FY	Amount
2021	\$ 6,949
2022	13,897
2023	13,897
2024	13,897
2025	13,897
2026	6,950
	\$ 69,487

**NOTE 13 – 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 14– 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, police and public officials’ legal liability, punitive damage and umbrella insurance coverage.

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

Premiums are charged to the Town’s General Fund, with no provision made for claim liability in addition to premiums, unless an assessment is made by the Trust. There have been no assessments during the year ended June 30, 2020 and the amounts of settlements have not exceeded coverage for each of the past three years.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**NOTE 16 – 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 17 – FUND BALANCE REPORTING**

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

**Non-spendable Fund Balance**

The non-spendable fund balance is comprised of \$17,473 of prepaid expenses that are not spendable.

**Restricted Fund Balance**

The restricted fund balance of \$181,643 is comprised of \$4,212 for cemetery maintenance, \$173,150 for cable capital equipment, and \$4,281 for police benevolence.

**Committed Fund Balance - General**

The committed fund balance of \$134,000 is comprised of \$26,000 for vehicle replacement, \$40,000 for tree replacement, and \$68,000 for police services.

**Committed Fund Balance – Street Work Bond**

The committed fund balance street work bond is comprised of \$1,600,000 for street work.

**Unassigned Fund Balance**

All remaining fund balances in the General Fund are unassigned. At June 30, 2020, this amount was \$1,903,891.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 18 – OPERATING LEASES**

The Town entered into a lease agreement as lessee for warehouse and office space May 17, 2011 with monthly installment payments of \$2,600, increasing in May of each year. The lease expired on April 30, 2016. The Town entered into a new three-year lease agreement on May 1, 2016 with monthly installment payments of \$2,750. The lease will expire on April 30, 2019. The Town has an option to renew the lease for two additional one-year term at the expiration of the lease. The Town exercised the first of these options during FY2019. The future minimum lease payments as of June 30, 2019 were as follows:

<u>Year Ending June,</u>	
2021	<u>\$ 27,500</u>
Total minimum lease payments	<u><u>\$ 27,500</u></u>

Lease payments were \$33,000 for the year ended June 30, 2020.

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 19 – 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 University Park, MD**  
**SCHEDULES OF REQUIRED PENSION-RELATED**  
**SUPPLEMENTARY INFORMATION**

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Town's proportion (%) of collective net pension liability	0.0052%	0.0052%	0.0052%	0.00476%	0.0055623%	0.0058539%
Town's proportionate share (\$) of collective net pension liability	\$ 927,553	\$ 1,081,842	\$ 1,233,045	\$ 1,029,290	\$ 1,167,053	\$ 1,207,405
Town's covered payroll(\$)	\$ 1,127,673	\$ 1,416,517	\$ 1,347,322	\$ 1,295,746	\$ 1,439,346	\$ 1,447,824
Town's proportionate share of collective net pension liability as a percentage of its covered payroll	82.25%	76.37%	91.52%	79.44%	81.08%	83.39%
Pension plan's fiduciary net position as a percentage of the total pension liability	71.87%	68.78%	65.79%	69.38%	71.18%	73.68%

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 125,929	\$ 120,210	\$ 110,916	\$ 96,882	\$ 101,809	\$ 109,723	\$ 121,799	\$ 100,591	\$ 122,302	\$ 100,043	\$ 118,146
Contributions in relation to the contractually required contribution	125,929	120,210	110,916	96,882	101,809	109,723	121,799	100,591	122,302	100,043	118,146
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-
Town's covered payroll	1,447,824	1,447,824	1,447,824	1,195,721	1,193,547	1,127,673	1,217,988	1,118,912	1,117,939	923,747	1,026,035
Contributions as a percentage of covered-employee payroll	8.7%	8.3%	7.7%	8.1%	8.5%	9.7%	10.0%	9.0%	10.9%	10.8%	11.5%

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 UNIVERSITY PARK, MARYLAND**  
**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Real estate taxes	\$ 2,425,892	\$ 2,425,892	\$ 2,449,044	\$ 23,152
Income taxes	650,900	652,815	731,491	78,676
Property taxes	60,000	60,000	54,858	(5,142)
Fines, licenses and permits	80,800	84,850	78,204	(6,646)
Interest and investment earnings	37,500	37,500	30,385	(7,115)
Charges for services	31,200	31,200	29,700	(1,500)
Operating grants and contributions	384,583	384,583	1,834,335	1,449,752
Other revenues	7,889	7,889	6,677	(1,212)
Prior years surplus	1,653,368	1,653,368	-	(1,653,368)
<b>TOTAL REVENUES</b>	<b>\$ 5,332,132</b>	<b>\$ 5,338,097</b>	<b>\$ 5,214,694</b>	<b>\$ (123,403)</b>
<b>EXPENDITURES</b>				
General government	\$ 667,347	\$ 1,104,689	\$ 635,291	\$ 469,398
Public works	1,239,681	3,782,467	1,167,973	2,614,494
Public safety	1,030,738	1,061,735	1,026,912	34,823
Capital outlay	149,500	539,500	52,137	487,363
Debt service fund	206,254	418,722	87,156	331,566
Use of reserves	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,293,520</b>	<b>\$ 6,907,113</b>	<b>\$ 2,969,469</b>	<b>\$ 3,937,644</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,038,612</b>	<b>(1,569,016)</b>	<b>2,245,225</b>	<b>3,814,241</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer out	-	-	(323,955)	(323,955)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(323,955)</b>	<b>(323,955)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>2,038,612</b>	<b>(1,569,016)</b>	<b>1,921,270</b>	<b>3,490,286</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>1,915,737</b>	<b>1,915,737</b>	<b>1,915,737</b>	<b>1,915,737</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 3,954,349</b>	<b>\$ 346,721</b>	<b>\$ 3,837,007</b>	<b>\$ 5,406,023</b>

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

	<u>Budget</u>	<u>Governmental Funds</u>	<u>Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
<b>Taxes</b>			
Real estate	2,424,892	2,445,975	21,083
Personal property	60,000	54,858	(5,142)
Penalties and interest	1,000	3,069	2,069
State income taxes	652,815	731,491	78,676
<b>Total Taxes</b>	<u>3,138,707</u>	<u>3,235,393</u>	<u>96,686</u>
<b>Licenses and Permits</b>			
Building, permits and fees	1,500	1,808	308
Cable television - capital equipment	22,600	24,171	1,571
Cable television - franchise fees	36,000	38,590	2,590
Red light camera	20,750	12,875	(7,875)
Fines	4,000	760	(3,240)
Rental license fees	31,200	29,700	(1,500)
<b>Total Licenses and Permits</b>	<u>116,050</u>	<u>107,904</u>	<u>(8,146)</u>
<b>From Other Governments</b>			
Police grant	49,730	50,836	1,106
Highway user revenue	116,590	107,854	(8,736)
Bank stock tax	10,257	10,257	-
MHAA grant	40,750	10,188	(30,562)
Prince George's County landfill rebate	6,256	6,256	-
COVID19 County	161,000	-	(161,000)
<b>Total From Other Governments</b>	<u>384,583</u>	<u>185,391</u>	<u>(199,192)</u>
<b>Miscellaneous</b>			
Interest	37,500	30,385	(7,115)
Recycling income	2,000	2,204	204
Vehicle releases	2,000	800	(1,200)
Miscellaneous receipts	1,889	2,073	184
Sale of asset	17,000	1,600	(15,400)
Solar System revenue	2,500	5,633	3,133
<b>Total Miscellaneous</b>	<u>62,889</u>	<u>42,695</u>	<u>(20,194)</u>
<b>Grants and Bonds</b>			
Maryland Bond Bill - Town Hall	200,000	-	(200,000)
Leaf/Utility Vehicle Leases	150,000	-	(150,000)
Infrastructure Bond - 2019	1,800,000	1,643,311	(156,689)
WSSC/WGL - Street Repair Rebate	516,000	-	(516,000)
<b>Total Grants and Bonds</b>	<u>2,666,000</u>	<u>1,643,311</u>	<u>(1,022,689)</u>
<b>Total Revenues</b>	<u>\$ 6,368,229</u>	<u>\$ 5,214,694</u>	<u>\$ (1,153,535)</u>

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	General	Debt Service	Totals (Memo Only)	Budget Favorable (Unfavorable)
<b>GENERAL GOVERNMENT EXPENDITURES</b>					
ADA accessibility	\$ 250	\$ -	\$ -	\$ -	\$ 250
Administrative expenses	68,450	17,195	-	17,195	51,255
Audit and accounting services	9,000	7,872	-	7,872	1,128
Azalea classic	6,000	6,000	-	6,000	-
Building maintenance and repairs	15,000	14,306	-	14,306	694
Building utilities	7,000	5,016	-	5,016	1,984
Clerk (recording secretary)	5,000	3,250	-	3,250	1,750
Council retreat	1,000	-	-	-	1,000
COVID expenditures	161,000	52,328	-	52,328	108,672
Election expenses	6,500	360	-	360	6,140
Engineering services	2,000	1,046	-	1,046	954
Employee awards and events	3,000	1,901	-	1,901	1,099
Fire department donations	9,000	9,000	-	9,000	-
Grant to UPCA	8,000	-	-	-	8,000
Insurance	32,200	32,961	-	32,961	(761)
IT costs	20,500	20,474	-	20,474	26
Legal advertising	1,500	1,520	-	1,520	(20)
Legal fees and expenses	45,000	44,969	-	44,969	31
Membership dues and professional development	6,000	6,098	-	6,098	(98)
Newsletter	25,000	20,379	-	20,379	4,621
Northwestern High School PTA	6,000	6,000	-	6,000	-
Office supplies and postage	21,000	24,135	-	24,135	(3,135)
Payroll taxes and employee benefits	35,532	34,872	-	34,872	660
PTA donation	6,000	-	-	-	6,000
Publications	8,000	1,150	-	1,150	6,850
Salaries	204,207	203,120	-	203,120	1,087
Senior programs	5,000	2,113	-	2,113	2,887
Small equipment	6,950	5,232	-	5,232	1,718
Telephone	10,000	9,585	-	9,585	415
Town hall security	11,800	12,070	-	12,070	(270)
Town hall design construction	240,000	-	-	-	240,000
Transit Call-A-Bus	88,500	82,723	-	82,723	5,777
Travel, meetings and publications	20,000	1,601	-	1,601	18,399
Website	8,800	7,515	-	7,515	1,285
Training	1,500	500	-	500	1,000
<b>Total General Government Expenditures Excluding Capital Outlays</b>	<b>1,104,689</b>	<b>635,291</b>	<b>-</b>	<b>635,291</b>	<b>469,398</b>

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memo Only)</u>	<u>Budget Favorable (Unfavorable)</u>
<b>PUBLIC WORKS EXPENDITURES</b>					
Cemetery upkeep	\$ 100	\$ -	-	\$ -	\$ 100
Composting	5,000	5,024	-	5,024	(24)
Gasoline	28,000	25,924	-	25,924	2,076
Landfill charges	64,000	64,990	-	64,990	(990)
Medical exams	500	288	-	288	212
MHAA trail project	81,500	12,517	-	12,517	68,983
Park usage concept plan	100	-	-	-	100
Park landscape maintenance	10,000	10,295	-	10,295	(295)
Payroll taxes and benefits	256,402	249,714	-	249,714	6,688
Recycling cost	12,000	6,968	-	6,968	5,032
Resident tree reimbursement	4,000	2,153	-	2,153	1,847
Playing field maintenance	7,000	7,155	-	7,155	(155)
Salaries	571,959	556,262	-	556,262	15,697
Snow removal	2,000	-	-	-	2,000
Street and infrastructure FY2020	2,507,106	1,875	-	1,875	2,505,231
Street and sidewalk repairs	24,500	21,291	-	21,291	3,209
Street and traffic lights	28,000	26,059	-	26,059	1,941
Street tree maintenance	28,000	27,771	-	27,771	229
Street tree replacement	10,000	10,019	-	10,019	(19)
Tiger mosquito regression program	100	-	-	-	100
Tools and supplies	8,000	7,879	-	7,879	121
Training	2,000	407	-	407	1,593
Trash container	7,000	5,519	-	5,519	1,481
Travel and dues	5,000	5,184	-	5,184	(184)
Tree maintenance	20,000	19,740	-	19,740	260
Tree replacement	8,000	7,990	-	7,990	10
Truck repair and maintenance	33,000	33,491	-	33,491	(491)
Uniforms	5,500	5,818	-	5,818	(318)
Upkeep of parks	8,000	8,126	-	8,126	(126)
Vehicle storage	45,700	45,514	-	45,514	186
<b>Total Public Works Expenditures Excluding Capital Outlays</b>	<u>3,782,467</u>	<u>1,167,973</u>	<u>-</u>	<u>1,167,973</u>	<u>2,614,494</u>
<b>Capital Outlays</b>	<u>250,000</u>	<u>1,990</u>	<u>-</u>	<u>1,990</u>	<u>248,010</u>
<b>Total Public Works Expenditures Including Capital Outlays</b>	<u>\$ 4,032,467</u>	<u>\$ 1,169,963</u>	<u>\$ -</u>	<u>\$ 1,169,963</u>	<u>\$ 2,862,504</u>

**TOWN OF UNIVERSITY PARK, MARYLAND**  
**SCHEDULE OF PUBLIC SAFETY EXPENDITURES, CAPITAL OUTLAYS AND DEBT SERVICE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memo Only)</u>	<u>Budget Favorable (Unfavorable)</u>
<b>PUBLIC SAFETY EXPENDITURES, CAPITAL OUTLAYS AND DEBT SERVICE</b>					
Bike patrol	\$ 2,000	\$ 162	\$ -	\$ 162	\$ 1,838
Body worn camera	11,000	9,531	-	\$ 9,531	1,469
Code compliance	29,500	26,994	-	26,994	2,506
Computer	2,000	-	-	-	2,000
Citations	8,700	5,253	-	5,253	3,447
MILES computer	100	-	-	-	100
Crossing guards	7,200	5,402	-	5,402	1,798
Gasoline	22,000	20,372	-	20,372	1,628
Medical exams	7,000	6,500	-	6,500	500
Mobile data terminals	6,375	6,413	-	6,413	(38)
Payroll taxes and benefits	237,091	228,384	-	228,384	8,707
Police supplies	9,240	9,329	-	9,329	(89)
Purchase of speed signs	6,289	5,824	-	5,824	465
Salaries	670,540	662,793	-	662,793	7,747
Home security rebate	1,500	100	-	100	1,400
Small equipment	14,400	14,827	-	14,827	(427)
Training	6,000	5,014	-	5,014	986
Travel, meetings, and publications	3,500	1,115	-	1,115	2,385
Uniforms	8,300	7,901	-	7,901	399
Radio maintenance	500	-	-	-	500
Vehicle maintenance	8,500	10,998	-	10,998	(2,498)
<b>Total Public Safety Expenditures Excluding Capital Outlays</b>	<u>1,061,735</u>	<u>1,026,912</u>	<u>-</u>	<u>1,026,912</u>	<u>34,823</u>
<b>Capital Outlays</b>	<u>49,500</u>	<u>50,147</u>	<u>-</u>	<u>50,147</u>	<u>(647)</u>
<b>Total Public Safety Expenditures Including Capital Outlays</b>	<u>\$ 1,111,235</u>	<u>\$ 1,077,059</u>	<u>-</u>	<u>\$ 1,077,059</u>	<u>\$ 34,176</u>
<b>Prior Years' Surplus</b>	-	-	-	-	-
<b>Total Capital Outlays</b>	539,500	52,137	-	52,137	487,363
<b>Debt Service</b>	<u>418,722</u>	<u>87,156</u>	<u>323,955</u>	<u>411,111</u>	<u>7,611</u>
<b>Total Expenditures</b>	<u>\$ 6,907,113</u>	<u>\$ 2,969,469</u>	<u>\$ 323,955</u>	<u>\$ 3,293,424</u>	<u>\$ 3,613,689</u>