

**TOWN OF UNIVERSITY PARK, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2021**

TOWN OF UNIVERSITY PARK

TABLE OF CONTENTS

JUNE 30, 2021

	Page
INDEPENDENT AUDITOR’S REPORT	1 – 3
REQUIRED SUPPLEMENTARY INFORMATION	
• Management’s Discussion and Analysis	4 – 10
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
• Statement of Net Position	11
• Statement of Activities	12
Fund Financial Statements	
• Balance Sheet – Governmental Funds	13
• Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
• Statement of Fiduciary Net Position – Pension Trust Fund	15
• Statement of Changes in Fiduciary Net Position – Pension Trust Fund	16
NOTES TO BASIC FINANCIAL STATEMENTS	17 – 43
REQUIRED SUPPLEMENTARY INFORMATION	
• Schedules of Required Pension-Related Supplementary Information	44
• Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) – General Funds – Unaudited	45
SUPPLEMENTAL SCHEDULES	
• Schedule of Revenues – Budget (Non-GAAP basis) and Actual General Fund	46
• Schedule of Expenditures – Budget (Non-GAAP basis) and Actual General Fund	47– 49
• Schedule of Revenue and Expenditures – Budget (Non-GAAP basis) and Actual - Capital Projects Fund	50

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, 2021, 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, 2021, 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.

Kindrey & Associates, LLC

October 26, 2021

**TOWN OF UNIVERSITY PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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

Financial Highlights

- For fiscal year 2021 the Town adopted a real property tax rate of \$.5598 per hundred dollars of real property tax assessment. This rate is the Constant Yield Tax Rate. 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 \$1,038,143. In addition, the combined fund balances of the Town decreased by \$838,972. This included a \$278,645 surplus in the General Fund and a \$1,117,617 deficit in the Capital Projects Fund. The deficit in the Capital Projects Fund was related to the expenditure of bond proceeds and reserve funds for Capital Projects during the year. The ending fund balance in the General Fund was \$2,243,796 and \$754,239 in the Capital Projects Fund. The combined ending fund balance was \$2,998,035.

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, 2021**

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, 2021**

The Town as a Whole

Governmental Activities

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

General Government	Rental License Fees 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, 2021**

Governmental-Wide Financial Information

The following is selected information as of June 30, 2021, and for the previous year, which is provided for comparison purposes.

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Current assets	\$ 3,448,186	\$ 4,207,738
Capital assets	4,498,502	2,933,174
Total assets	<u>7,946,688</u>	<u>7,140,912</u>
Deferred outflows	<u>270,662</u>	<u>205,422</u>
Total deferred outflows and assets	<u>\$ 8,217,350</u>	<u>\$ 7,346,334</u>
Current liabilities	\$ 381,416	\$ 351,706
Long-term liabilities	<u>4,267,750</u>	<u>4,447,309</u>
Total liabilities	<u>4,649,166</u>	<u>4,799,015</u>
Deferred inflows	<u>100,901</u>	<u>118,179</u>
Net position		
Net investment in capital assets	2,960,863	1,207,832
Restricted	206,416	181,643
Unrestricted	<u>300,004</u>	<u>1,039,665</u>
Total net position	<u>3,467,283</u>	<u>2,429,140</u>
Total liabilities, deferred inflows and net position	<u>\$ 8,217,350</u>	<u>\$ 7,346,334</u>
Program revenues		
Charges for services	100,030	108,934
Operating grants and contributions	369,899	189,955
Capital grants and contributions	591,201	-
General revenues		
Income taxes	845,933	820,035
Property taxes	2,507,341	2,503,902
Other	<u>18,312</u>	<u>42,025</u>
Total general revenues	<u>3,371,586</u>	<u>3,365,962</u>
Total revenues and transfers	4,432,716	3,664,851
Expenses		
General government	770,151	705,248
Public works	1,484,330	1,326,088
Public safety	1,036,369	1,074,489
Interest expense	<u>103,723</u>	<u>126,151</u>
Total expenses and transfers	<u>3,394,573</u>	<u>3,231,976</u>
Change in net position	1,038,143	432,875
Net position, beginning of year	<u>2,429,140</u>	<u>1,996,265</u>
Net position, end of year	<u>\$ 3,467,283</u>	<u>\$ 2,429,140</u>

**TOWN OF UNIVERSITY PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The Town's Funds

The following schedule presents a summary of general revenue and expenditures for the fiscal year ended June 30, 2021 and the amount of increases and decreases in relation to the prior year.

	FY2021 Amount	Percent of Total	Increase (Decrease) From FY2020
Revenues			
Taxes	\$ 3,299,769	86%	\$ 64,376
Intergovernmental	366,096	10%	180,705
Fines, licenses and permits	76,550	2%	(1,654)
Service charges	22,850	1%	(6,850)
Interest income	1,946	0%	(28,439)
Miscellaneous	20,799	1%	8,489
Total Revenues	\$ 3,788,010	100%	\$ 216,627
Expenditures			
General government	\$ 725,525	21%	\$ 90,234
Public safety	1,023,075	29%	(3,837)
Public works	1,269,342	36%	101,369
Capital outlays	121,497	3%	(81,443)
Debt service	369,926	11%	(41,185)
Total Expenditures	\$ 3,509,365	100%	\$ 65,138

Total revenues increased \$216,627 from fiscal year 2020 to fiscal year 2021. Taxes increased by \$64,376 mainly as a result of Income Tax revenues increasing by \$60,937. Intergovernmental Revenue increased \$180,705. The largest contributor to this increase was a grant for \$160,986 from the CARES Act to help pay for costs associated with the COVID 19 pandemic. The other major revenue sources remained relatively consistent from fiscal year 2020 to fiscal year 2021. The \$28,439 decrease in interest income is associated with the very low interest rate market during the year.

Total expenditures increased by \$65,138 in fiscal year 2021. Expenditures increased by \$90,234 in General Government and \$101,369 in Public Works. Major contributors for increases in General Government costs included increases in COVID expenditures of \$61,968 and increases of \$72,314 for a Town Administrator for a full year. Increases in Public Works included \$63,388 in Salaries and Benefits, \$25,779 in minor Street and Sidewalk Repairs and \$10,067 in Vehicle Maintenance. The decrease in Debt Service was mainly associated with the lease for two packers being paid off in FY2020 and therefore no associated expenditures in FY2021.

**TOWN OF UNIVERSITY PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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:

- In February 2021, budget adjustments were approved to cover small adjustments to each Department's Budget based on a mid-year analysis of the budget. These adjustments were covered from other line items within the Departmental Budgets.
- In May 2021 and September 2021, budget adjustments were approved to cover small adjustments in each Department's Budget based on an analysis of the budget at each interval. Most of these adjustments were covered from other line items within the Departmental Budgets. Amounts that were not able to be covered from individual department budgets were covered from other Department's Budgets. No funds were transferred from Reserve Funds during the year to cover budget shortfalls.

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, 2021**

Debt

At year-end, the Town had outstanding \$2,874,639 of bond debt. This was a decrease of \$266,203 from the prior year. This decrease is attributed to the Town making scheduled loan payments during the year and not taking on any additional debt.

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. The Town's finances have not been significantly impacted by the pandemic and the Town has been able to provide municipal services with little disruption.

In preparing the fiscal year 2021 budget the town was able to keep the tax rate at the Constant Yield Tax Rate and did not need to go into reserve funds during the year to meet expenditures. State Income Taxes and Highway User Taxes increased during the year over fiscal year 2020 levels. The Town also received \$160,986 in COVID 19 funding from the CARES Act to help pay for COVID 19 related issues.

The Town completed \$1,708,818 in Capital Projects during the year. This included street and sidewalk work and a trail project that was partially funded from a Maryland Heritage Area grant.

In preparing the fiscal year 2022 budget the town was able to set the tax rate at the Constant Yield Tax Rate.

Since the close of the fiscal year the Town was awarded \$2,592,218 under the American Rescue Plan Act which is a federal program created to address negative economic conditions associated with COVID-19 and to battle the pandemic. The Town is currently examining the many allowed uses of this funding and developing a plan that best meets the Town's needs.

The Town allocated \$861,573 in the fiscal year 2022 budget for the second phase of capital project improvements.

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, 2021

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 86,657	\$ 86,657
Cash and cash equivalents - restricted	4,217	4,217
Investments	2,792,441	2,792,441
Accounts receivable, net of allowances	182,915	182,915
Accounts receivable - income taxes	351,647	351,647
Prepaid expenses	14,694	14,694
Other assets	15,615	15,615
Total Current Assets	<u>3,448,186</u>	<u>3,448,186</u>
Noncurrent Assets		
Net capital assets	4,498,502	4,498,502
Total Noncurrent Assets	<u>4,498,502</u>	<u>4,498,502</u>
TOTAL ASSETS	<u>7,946,688</u>	<u>7,946,688</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>270,662</u>	<u>270,662</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,217,350</u>	<u>\$ 8,217,350</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 64,337	\$ 64,337
Accrued salaries	29,418	29,418
Amounts held in escrow	4,749	4,749
Due to State - current portion	3,474	3,474
Current portion of long-term debt	279,438	279,438
Total Current Liabilities	<u>381,416</u>	<u>381,416</u>
Noncurrent Liabilities		
Compensated absences	109,002	109,002
Due to State (see Note 12)	64,276	64,276
Net pension liability	1,332,397	1,332,397
Loan payable - long-term	2,762,075	2,762,075
Total Noncurrent Liabilities	<u>4,267,750</u>	<u>4,267,750</u>
TOTAL LIABILITIES	<u>4,649,166</u>	<u>4,649,166</u>
DEFERRED INFLOWS OF RESOURCES	<u>100,901</u>	<u>100,901</u>
NET POSITION		
Net investment in capital assets	2,960,863	2,960,863
Restricted	206,416	206,416
Unrestricted	300,004	300,004
TOTAL NET POSITION	<u>3,467,283</u>	<u>3,467,283</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 8,217,350</u>	<u>\$ 8,217,350</u>

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, 2021**

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	Governmental Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 770,151	\$ 103,723	\$ 60,475	\$ 195,722	\$ -	\$ (617,677)	\$ (617,677)
Public works	1,484,330	-	-	123,176	-	(1,361,154)	(1,361,154)
Public safety	1,036,369	-	39,555	51,001	-	(945,813)	(945,813)
Interest expense	103,723	(103,723)	-	-	-	-	-
Capital projects	-	-	-	-	591,201	591,201	591,201
Total Governmental Activities	<u>3,394,573</u>	<u>-</u>	<u>100,030</u>	<u>369,899</u>	<u>591,201</u>	<u>(2,333,443)</u>	<u>(2,333,443)</u>
Total Primary Government	<u>\$ 3,394,573</u>	<u>\$ -</u>	<u>\$ 100,030</u>	<u>\$ 369,899</u>	<u>\$ 591,201</u>	<u>\$ (2,333,443)</u>	<u>\$ (2,333,443)</u>
				General revenues:			
				Taxes			
				Income taxes	845,933	845,933	
				Property taxes	2,507,341	2,507,341	
				Interest and investment earnings	1,946	1,946	
				Miscellaneous	16,366	16,366	
				Total General Revenues	<u>3,371,586</u>	<u>3,371,586</u>	
				Transfers	-	-	
				Change in Net Position	1,038,143	1,038,143	
				Net Position, beginning of year	<u>2,429,140</u>	<u>2,429,140</u>	
				Net Position, end of year	<u>\$ 3,467,283</u>	<u>\$ 3,467,283</u>	

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, 2021

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	
REVENUES					
Taxes	\$ 3,299,769	\$ -	\$ -	\$ 3,299,769	
Intergovernmental	366,096	-	-	366,096	
Charges for services	22,850	-	-	22,850	
Fines, licenses, permits	76,550	-	-	76,550	
Interest Income	1,946	-	3,283	5,229	
Miscellaneous	20,799	-	587,918	608,717	
Total Revenues	3,788,010	-	591,201	4,379,211	
EXPENDITURES					
Current Operations					
General government	725,525	-	-	725,525	
Public works	1,269,342	-	-	1,269,342	
Public safety	1,023,075	-	-	1,023,075	
Capital outlay	121,497	-	1,708,818	1,830,315	
Capital projects					
Debt service					
Principal	23,023	243,180	-	266,203	
Interest	4,321	99,402	-	103,723	
Total Expenditures	3,166,783	342,582	1,708,818	5,218,183	
Excess of revenues over (under) expenditures and other financing uses	621,227	(342,582)	(1,117,617)	(838,972)	
Other financing sources (uses)					
Proceeds from long-term debt	-	-	-	-	
Bond premium	-	-	-	-	
Operating transfers in (out)	(2,214,438)	342,582	1,871,856	-	
Total other financing sources (uses)	(2,214,438)	342,582	1,871,856	-	
Excess of revenue and other financing sources over (under) expenditures and other financing uses	(1,593,211)	-	754,239	(838,972)	
Fund balance, beginning of year	3,837,007	-	-	3,837,007	
Fund balance, end of year	\$ 2,243,796	\$ -	\$ 754,239	\$ 2,998,035	
					<i>Net Change in Fund Balances - Total Governmental Funds</i> \$ (838,972)
					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. 266,203
					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. 1,565,328
					Differences in accounting for compensated absences between modified accrual and accrual accounting. 19,979
					Pension expense pertaining to the net pension liability is not reported in the funds. (27,900)
					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. 53,505
					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. -
					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. -
					<i>Change in Net Position of Governmental Activities</i> <u>\$ 1,038,143</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, 2021**

ASSETS	
Cash and cash equivalents	\$ -
Investments, at fair value	1,861,233
Due from other funds	-
Total assets	<u>1,861,233</u>
 DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
 LIABILITIES	
Accounts payable	-
Total liabilities	<u>-</u>
 DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
 NET POSITION	
Held in trust for pension benefits	1,861,233
Total net position	<u>\$ 1,861,233</u>

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, 2021**

ADDITIONS

Contributions		
Employer	\$	-
Plan member		74,752
Total contributions		<u>74,752</u>
Investment income		
Net increase in fair value of investments		329,026
Net investment income		<u>329,026</u>
Total additions		<u>403,778</u>

DEDUCTIONS

Distributions		21,585
Total deductions		<u>21,585</u>

CHANGE IN NET POSITION	<u>382,193</u>
-------------------------------	----------------

NET POSITION, BEGINNING OF YEAR	<u>1,479,040</u>
NET POSITION, END OF YEAR	<u><u>\$ 1,861,233</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, 2021

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, 2021

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, 2021

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.
- Capital Projects Fund – accounts for the major capital projects budgeted for the town and includes the revenue and other funding sources from the projects and the related expenditures.

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, 2021

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, 2021 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Receivables

Receivables at June 30, 2021 consist of income 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, 2021, the Town was advised by the State of Maryland that \$351,647 of the Local Tax Reserve Fund was allocable to the Town. Town recorded receivable and deferred inflows of resources in the amount of \$351,647 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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Deferred Outflows and Inflows of Resources

A *deferred outflow of resources* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a *deferred inflow of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2021, deferred inflows of resources consisted of income taxes of \$351,647 on the Balance Sheet. As of June 30, 2021, deferred inflows of resources consisted of \$100,901 and deferred outflows of resources consisted of \$270,662, 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, 2021

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, 2021 is \$109,002.

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, 2021

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, 2021

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements for all funds:

Annual budgets are adopted for all Town funds. The Town Council may subsequently amend the budget and the budget was amended during fiscal year 2021. For day-to-day management control, expenditures may not exceed 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 \$101,044 and the bank balances totaled \$706,567. 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, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS - continued

Restricted equity consisted of the following at June 30, 2021:

Cemetery maintenance	\$	4,217
Cable capital equipment		197,450
Police benevolence		4,479
Other		270
		\$ 206,416

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, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS - continued

Investments

The Town has invested at June 30, 2021, \$2,792,441 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, 2021, 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	\$ 2,792,441	\$ 2,792,441	AAAm
	<u>\$ 2,792,441</u>	<u>\$ 2,792,441</u>	
Pension Trust Fund			
Cash management funds	\$ 429,607	\$ 429,607	N/A
Bond funds	172,855	172,855	N/A
Mutual funds	1,258,770	1,258,770	N/A
	<u>\$ 1,861,233</u>	<u>\$ 1,861,232</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, 2021

NOTE 4 – RECEIVABLES

Accounts receivable is comprised of the following as of June 30, 2021:

Real estate tax	\$ 7,662
Personal property tax	14,723
Police protection	13,991
Highway user	52,115
Cable	14,505
State income	48,482
Other	31,437
	<u>\$ 182,915</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, 2021 were \$2.25 and \$0.5598 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, 2021

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	\$ 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	365,251	18,000	-	383,251
Machinery & equipment	3,149,094	99,997	-	3,249,091
Capital improvements	2,820,341	1,712,318	-	4,532,659
Subtotal	<u>6,334,686</u>	<u>1,830,315</u>	-	<u>8,165,001</u>
Total capital assets	<u>8,559,253</u>	<u>1,830,315</u>	-	<u>10,389,568</u>
Accumulated depreciation:				
Buildings	310,693	1,173	-	311,866
Machinery & equipment	2,450,061	130,930	-	2,580,991
Capital improvements	2,865,325	132,884	-	2,998,209
Subtotal, accumulated depreciation	<u>5,626,079</u>	<u>264,987</u>	-	<u>5,891,066</u>
Net capital assets	<u>\$ 2,933,174</u>	<u>\$ 1,565,328</u>	<u>\$ -</u>	<u>\$ 4,498,502</u>

Depreciation was charged to functions as follows:

Government activities:	
General government	\$ 10,176
Public safety	36,316
Parks	3,449
Public works	215,046
Total government activities depreciation expense	<u>\$ 264,987</u>

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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 \$1,332,397 as of the measurement date of June 30, 2021.

GASB No. 71 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The Town’s fiscal 2021 contribution of \$147,552 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, 2021

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, 2020 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. The contributions were not adjusted 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, 2021

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, 2021 the Town contributed \$147,552. The Town contributed 100% of its required contribution for the year ended June 30, 2021. For members of the pension plan, full-service pension allowances 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, 2021 are based on salaries for the year ending June 30, 2020. 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 30th were as follows:

	Fiscal Year Ending June 30		
	2021	2020	2019
Retirement plan contributions	<u>\$ 147,552</u>	<u>\$ 125,929</u>	<u>\$ 120,210</u>

The Town contributed \$147,552 to the System for fiscal year 2021 which was actuarially determined based on statutory provisions. The Town has also recognized in Pension Expense its proportionate share of the System’s deferred inflows of resources (an increase in Pension Expense) attributable to the net difference between projected and actual investment earnings on pension plan assets and its proportionate share of the System’s deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – PENSION PLAN – continued

Required disclosures aggregate for the plan:

	<u>Maryland State Pension System</u>
Total pension liability	\$ 77,187,397,000
Total fiduciary net position	54,586,037,000
Town's proportionate share of total pension liabilities	1,332,397
Town's proportionate share of net pension liabilities	0.0058734%
Total pension assets	54,586,037,000
Measurement date of collective net pension liability	June 30, 2020
Date of actuarial valuation	June 30, 2020
Deferred outflows related to pensions	270,662
Deferred inflows related to pensions	100,901
Pension expense/expenditures for the period	27,900

Actuarial assumptions

The annual required contribution for the current year was determined as part of the actuarial valuation as of June 30, 2020. The key assumptions used to perform the June 30, 2020 pension liability calculation for the System are as follows:

Actuarial Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Asset valuation method	5-year smoothed market; 20% collar
Inflation (b)	2.60% general, 3.10% wage
Salary Increases	3.10%
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 7.40%.
- (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 2020 valuation:
 - a. Investment return assumption remained the same at 7.40%
 - b. Inflation assumption decreased from 2.65% to 2.60%.

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Investments

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

Asset Class	Target Allocations	Long-term Expected Real Rate of Return
Public equity	37%	5.2%
Private equity	13%	6.5%
Rate sensitive	19%	-0.3%
Credit opportunity	9%	2.8%
Real assets	14%	4.3%
Absolute return	8%	1.8%
Total	100%	

The above was the Pension System’s Board of Trustee’s adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2020.

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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	\$ 32,176,695,000	\$ 22,601,360,000	\$ 14,626,005,000
The Town's Proportionate Share of Net Pension Liability	\$ 1,896,883	\$ 1,332,397	\$ 862,233

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the Town reported a liability of \$1,332,397 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2020, the Town’s proportion was approximately 0.0058734 percent.

For the year ended June 30, 2021, the Town recognized pension expense of \$27,900. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Changes of assumptions	\$ 6,665	\$ 25,928
Differences in actual and expected experiences	-	56,077
Net difference between projected and actual earnings on pension plan investments	116,445	18,896
Contributions subsequent to the measurement date	147,552	-
Total	\$270,662	\$100,901

The deferred outflow of resources of \$147,552 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources are being amortized over a five-year period beginning in fiscal 2020. These unamortized amounts will be ratably recognized in pension expense over the next four years.

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020 were as follows:

Total pension liability	\$	4,550,357
Plan Fiduciary Net Position		3,217,960
Net Pension Liability	\$	<u>1,332,397</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		<u>70.72%</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, 2021 is \$4,217.

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, 2021 is \$1,437,203.

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 is \$1,337,000.

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>	<u>Amount Due Within 1 Year</u>
Ford F550 lease	\$ 123,459	\$ -	\$ 23,023	\$ 100,436	\$ 23,829
2019 Issue	1,595,211	-	91,337	1,503,874	81,000
2014 Issue	1,601,883	-	164,680	1,437,203	174,609
	<u>\$ 3,320,553</u>	<u>\$ -</u>	<u>\$ 279,040</u>	<u>\$ 3,041,513</u>	<u>\$ 279,438</u>

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Amount Due Within 1 Year</u>
Compensated Absences	\$ 128,981	\$ (19,979)	\$ -	\$ 109,002	\$ -

Principal and interest payments follow:

Year(s) ending	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	279,438	\$ 85,766	\$ 365,204
2023		286,829	78,230	365,059
2024		295,343	69,654	364,997
2025		303,984	60,804	364,788
2026		285,411	313,240	598,651
2026-2034		1,423,634	313,240	1,736,874
Total		<u>2,874,639</u>	<u>920,934</u>	<u>3,795,573</u>

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – INTERFUND BALANCES AND TRANSFERS

Interfund transfers during 2021 consisted of the following:

Transfer in	Transfer out	Amount
Capital Projects	General fund	1,871,856
Debt service fund	General fund	369,926

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.

The original impact of the ruling on the Town was \$69,487 in total. During FY2021, the Comptroller’s Office stated repayment will be made in 80 withholdings over 20 years, beginning in May 2021. Tax revenues will be reduced \$3,474 each year going forward. The remaining balance is reflected as a liability on the Statement of Net Position, as the Town was required to start reimbursing the State in the fourth quarter of fiscal year 2021. The State will collect these funds by withholding \$868 of the Town’s income tax distributions four times per year over a period of 20 years.

The changes in this liability are as follows:

	Balance June 30, 2020	Retired During Year	Balance June 30, 2021	Amount Due Within 1 Year
State of Maryland	\$ 69,487	\$ 1,737	\$ 67,750	\$ 3,474

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

The annual deductions will be as follows:

<u>FY</u>	<u>Amount</u>
2022	\$ 3,474
2023	3,474
2024	3,474
2025	3,474
2026	3,474
Therafter	50,380
	<u>\$ 67,750</u>

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, 2021 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, 2021

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, 2021:

Non-spendable Fund Balance

The non-spendable fund balance in the general fund is comprised of \$14,694 of prepaid expenses that are not spendable.

Restricted Fund Balance

The restricted fund balance in the general fund of \$206,416 is comprised of \$4,217 for cemetery maintenance, \$197,450 for cable capital equipment, \$4,479 for police benevolence, and \$270 for other.

Committed Fund Balance - General

The committed fund balance in the general fund 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 in the capital projects fund is comprised of \$754,239 for street work.

Unassigned Fund Balance

All remaining fund balances in the General Fund are unassigned. At June 30, 2021, this amount was \$1,888,686.

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 and the second of these options during FY2020. Effective May 2021 the monthly lease payments increased to \$3,600. The town purchased this property in September 2021. The future minimum lease payments as of June 30, 2021 were as follows:

<u>Year Ending June,</u>	
2022	<u>\$ 7,200</u>
Total minimum lease payments	<u><u>\$ 7,200</u></u>

Lease payments were \$34,700 for the year ended June 30, 2021.

TOWN OF UNIVERSITY PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements:

Statement No. 87, *Leases*, issued June 2017, 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, 2021.

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. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, effective for reporting periods beginning after June 15, 2022.

Statement No. 97, issued June 2020, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, 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%	0.0058734%
Town's proportionate share (\$) of collective net pension liability	\$ 927,553	\$ 1,081,842	\$ 1,233,045	\$ 1,029,290	\$ 1,167,053	\$ 1,332,397
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%	92.03%
Pension plan's fiduciary net position as a percentage of the total pension liability	71.87%	68.78%	65.79%	69.38%	71.18%	70.72%

The above dates refer to the June 30 measurement date.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 147,552	\$ 125,929	\$ 120,210	\$ 110,916	\$ 96,882	\$ 101,809	\$ 109,723	\$ 121,799	\$ 100,591	\$ 122,302
Contributions in relation to the contractually required contribution	147,552	125,929	120,210	110,916	96,882	101,809	109,723	121,799	100,591	122,302
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered payroll	1,447,824	1,439,346	1,295,746	1,347,322	1,416,517	1,127,673	1,217,988	1,118,912	1,117,939	923,747
Contributions as a percentage of covered-employee payroll	10.2%	8.7%	9.3%	8.2%	6.8%	9.0%	9.0%	10.9%	9.0%	13.2%

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, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Real estate taxes	\$ 2,446,072	\$ 2,446,072	\$ 2,453,401	\$ 7,329
Income taxes	680,000	680,000	792,428	112,428
Property taxes	60,000	60,000	53,940	(6,060)
Fines, licenses and permits	87,320	87,320	76,550	(10,770)
Interest and investment earnings	15,000	15,000	1,946	(13,054)
Charges for services	31,200	31,200	22,850	(8,350)
Operating grants and contributions	347,337	347,337	366,096	18,759
Other revenues	5,600	5,600	16,996	11,396
Prior years surplus	-	-	-	-
TOTAL REVENUES	<u>\$ 3,672,529</u>	<u>\$ 3,672,529</u>	<u>\$ 3,784,207</u>	<u>\$ 111,678</u>
EXPENDITURES				
General government	\$ 845,505	\$ 845,505	\$ 725,525	\$ 119,980
Public works	1,269,805	1,285,405	1,269,342	16,063
Public safety	1,090,123	1,077,023	1,023,075	53,948
Capital outlay	124,100	124,100	121,497	2,603
Debt service	418,722	418,722	27,344	391,378
Use of reserves	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 3,748,255</u>	<u>\$ 3,750,755</u>	<u>\$ 3,166,783</u>	<u>\$ 583,972</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(75,726)</u>	<u>(78,226)</u>	<u>617,424</u>	<u>695,650</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out	-	-	(369,926)	(369,926)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(369,926)</u>	<u>(369,926)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(75,726)</u>	<u>(78,226)</u>	<u>247,498</u>	<u>325,724</u>
FUND BALANCE, BEGINNING OF YEAR	<u>3,837,007</u>	<u>3,837,007</u>	<u>3,837,007</u>	<u>3,837,007</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,761,281</u>	<u>\$ 3,758,781</u>	<u>\$ 4,084,505</u>	<u>\$ 4,162,731</u>

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

	<u>Budget</u>	<u>Governmental Funds</u>	<u>Budget Favorable (Unfavorable)</u>
REVENUES			
Taxes			
Real estate	\$ 2,445,072	\$ 2,449,774	\$ 4,702
Personal property	60,000	53,940	(6,060)
Penalties and interest	1,000	3,627	2,627
State income taxes	680,000	792,428	112,428
Total Taxes	<u>3,186,072</u>	<u>3,299,769</u>	<u>113,697</u>
Licenses and Permits			
Building, permits and fees	1,500	2,265	765
Cable television - capital equipment	24,300	22,575	(1,725)
Cable television - franchise fees	38,800	35,635	(3,165)
Red light camera	18,720	15,625	(3,095)
Fines	4,000	450	(3,550)
Rental license fees	31,200	22,850	(8,350)
Total Licenses and Permits	<u>118,520</u>	<u>99,400</u>	<u>(19,120)</u>
From Other Governments			
Police grant	49,668	51,001	1,333
Highway user revenue	120,156	116,920	(3,236)
Bank stock tax	10,257	10,257	-
MHAA grant	-	20,676	20,676
Prince George's County landfill rebate	6,256	6,256	-
COVID19 County	161,000	160,986	(14)
Total From Other Governments	<u>347,337</u>	<u>366,096</u>	<u>18,759</u>
Miscellaneous			
Interest	15,000	1,946	(13,054)
Recycling income	2,000	2,906	906
Vehicle releases	2,000	550	(1,450)
Miscellaneous receipts	100	340	240
Sale of asset	-	13,200	13,200
Sale of energy credits	500	3,803	
Solar System revenue	1,000	-	(1,000)
Total Miscellaneous	<u>20,600</u>	<u>22,745</u>	<u>2,145</u>
Total Revenues	<u>\$ 3,672,529</u>	<u>\$ 3,788,010</u>	<u>\$ 115,481</u>

TOWN OF UNIVERSITY PARK, MARYLAND
SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memo Only)</u>	<u>Budget Favorable (Unfavorable)</u>
GENERAL GOVERNMENT EXPENDITURES					
ADA accessibility	\$ 250	\$ -	\$ -	\$ -	\$ 250
Audit and accounting services	9,000	8,529	-	8,529	471
Azalea classic	6,000	-	-	-	6,000
Building maintenance and repairs	18,650	18,621	-	18,621	29
Building utilities	17,000	9,753	-	9,753	7,247
Clerk (recording secretary)	5,000	2,300	-	2,300	2,700
Council retreat	8,000	-	-	-	8,000
COVID expenditures	161,000	114,296	-	114,296	46,704
Election expenses	4,000	3,067	-	3,067	933
Engineering services	2,950	2,902	-	2,902	48
Employee awards and events	3,570	3,537	-	3,537	33
Fire department donations	9,000	9,000	-	9,000	-
Grant to UPCA	8,000	-	-	-	8,000
Hyattsville Middle School PTA	6,000	-	-	-	6,000
Insurance	36,100	35,706	-	35,706	394
IT costs	22,000	21,986	-	21,986	14
Legal advertising	1,500	1,390	-	1,390	110
Legal fees and expenses	52,500	52,448	-	52,448	52
Membership dues and professional development	7,000	5,768	-	5,768	1,232
Newsletter	25,000	23,379	-	23,379	1,621
Office supplies and postage	21,000	17,390	-	17,390	3,610
Payroll taxes and employee benefits	52,080	52,551	-	52,551	(471)
PTA donation	6,000	-	-	-	6,000
Publications	8,000	1,800	-	1,800	6,200
Salaries	213,725	213,905	-	213,905	(180)
Senior programs	5,000	2,009	-	2,009	2,991
Small equipment	3,000	1,973	-	1,973	1,027
Telephone	10,000	8,962	-	8,962	1,038
Transit Call-A-Bus	9,680	5,827	-	5,827	3,853
Travel, meetings and publications	13,900	9,652	-	9,652	4,248
Website	8,800	8,706	-	8,706	94
Training	1,500	559	-	559	941
Town administrator	90,300	89,509	-	89,509	791
Total General Government Expenditures Excluding Capital Outlays	<u>845,505</u>	<u>725,525</u>	<u>-</u>	<u>725,525</u>	<u>119,980</u>
Capital outlays	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>-</u>
Total General Government Expenditures Including Capital Outlays	<u>\$ 863,505</u>	<u>\$ 743,525</u>	<u>\$ -</u>	<u>\$ 743,525</u>	<u>\$ 119,980</u>

TOWN OF UNIVERSITY PARK, MARYLAND
SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memo Only)</u>	<u>Budget Favorable (Unfavorable)</u>
PUBLIC WORKS EXPENDITURES					
Cemetery upkeep	\$ 100	\$ -	\$ -	\$ -	\$ 100
Composting	7,500	7,469	-	7,469	31
Gasoline	34,600	34,581	-	34,581	19
Landfill charges	63,300	63,296	-	63,296	4
Medical exams	500	293	-	293	207
Park usage concept plan	100	-	-	-	100
Park landscape maintenance	5,200	5,122	-	5,122	78
Payroll taxes and benefits	270,080	267,837	-	267,837	2,243
Recycling cost	14,000	13,214	-	13,214	786
Resident tree reimbursement	4,000	2,983	-	2,983	1,017
Playing field maintenance	10,000	8,420	-	8,420	1,580
Salaries	601,525	601,522	-	601,522	3
Snow removal	5,000	2,604	-	2,604	2,396
Street and sidewalk repairs	47,100	47,070	-	47,070	30
Street and traffic lights	29,000	25,885	-	25,885	3,115
Street tree maintenance	33,000	32,997	-	32,997	3
Street tree replacement	10,000	9,870	-	9,870	130
Tools and supplies	8,000	7,822	-	7,822	178
Training	2,500	1,754	-	1,754	746
Travel and dues	2,500	1,140	-	1,140	1,360
Tree maintenance	20,050	20,045	-	20,045	5
Tree replacement	8,250	8,246	-	8,246	4
Truck repair and maintenance	43,600	43,558	-	43,558	42
Uniforms	4,000	3,212	-	3,212	788
Upkeep of parks	8,500	8,478	-	8,478	22
Vehicle storage	53,000	51,924	-	51,924	1,076
Total Public Works Expenditures Excluding Capital Outlays	<u>1,285,405</u>	<u>1,269,342</u>	<u>-</u>	<u>1,269,342</u>	<u>16,063</u>
Capital Outlays	<u>5,100</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>1,600</u>
Total Public Works Expenditures Including Capital Outlays	<u>\$ 1,290,505</u>	<u>\$ 1,272,842</u>	<u>\$ -</u>	<u>\$ 1,272,842</u>	<u>\$ 17,663</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, 2021

	<u>Budget</u>	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memo Only)</u>	<u>Budget Favorable (Unfavorable)</u>
PUBLIC SAFETY EXPENDITURES, CAPITAL OUTLAYS AND DEBT SERVICE					
Bike patrol	\$ 500	\$ 341	\$ -	\$ 341	\$ 159
Body worn camera	8,522	8,382	-	8,382	140
Code compliance	30,000	28,401	-	28,401	1,599
Computer	2,000	-	-	-	2,000
Citations	8,700	6,298	-	6,298	2,402
MILES computer	100	-	-	-	100
Crossing guards	5,500	5,190	-	5,190	310
Gasoline	14,750	12,323	-	12,323	2,427
GPS	2,500	1,459	-	1,459	1,041
Medical exams	3,350	3,328	-	3,328	22
Mobile data terminals	18,375	12,467	-	12,467	5,908
Payroll taxes and benefits	260,547	249,235	-	249,235	11,312
Police supplies	5,440	5,359	-	5,359	81
Salaries	681,789	660,358	-	660,358	21,431
Home security rebate	1,500	200	-	200	1,300
Small equipment	9,400	8,376	-	8,376	1,024
Training	5,000	4,280	-	4,280	720
Travel, meetings, and publications	2,550	2,531	-	2,531	19
Uniforms	8,300	6,863	-	6,863	1,437
Radio maintenance	500	-	-	-	500
Vehicle maintenance	7,700	7,684	-	7,684	16
Total Public Safety Expenditures Excluding Capital Outlays	<u>1,077,023</u>	<u>1,023,075</u>	<u>-</u>	<u>1,023,075</u>	<u>53,948</u>
Capital Outlays	<u>101,000</u>	<u>99,997</u>	<u>-</u>	<u>99,997</u>	<u>1,003</u>
Total Public Safety Expenditures Including Capital Outlays	<u>\$ 1,178,023</u>	<u>\$ 1,123,072</u>	<u>-</u>	<u>\$ 1,123,072</u>	<u>\$ 54,951</u>
Prior Years' Surplus	-	-	-	-	-
Total Capital Outlays	124,100	121,497	-	121,497	2,603
Debt Service	<u>418,722</u>	<u>27,344</u>	<u>369,926</u>	<u>397,270</u>	<u>21,452</u>
Total Expenditures	<u><u>\$ 3,750,755</u></u>	<u><u>\$ 3,166,783</u></u>	<u><u>\$ 369,926</u></u>	<u><u>\$ 3,536,709</u></u>	<u><u>\$ 214,046</u></u>

TOWN OF UNIVERSITY PARK, MARYLAND
SCHEDULE OF CAPITAL PROJECTS REVENUE AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Capital Projects	Totals (Memo Only)	Budget Favorable (Unfavorable)
CAPITAL PROJECTS REVENUE				
Interest income - 2019 Bond	\$ -	\$ 3,283	\$ 3,283	\$ (3,283)
Maryland Bond Bill - Town Hall	200,000	-	-	200,000
MHAA Grant	40,750	-	-	40,750
Safe routes to school grant	200,000	-	-	200,000
WSSC/WGL street repair rebate	516,000	587,918	587,918	(71,918)
Total Capital Projects grants and other funding source	\$ 956,750	\$ 591,201	591,201	365,549
Committed Fund Balance				
Use of fund balance	1,871,856	-	-	1,871,856
Total Capital Projects revenue and funding sources	\$ 2,828,606	\$ 591,201	\$ 591,201	2,237,405
CAPITAL PROJECTS EXPENDITURES				
Construction	-	1,576,126	1,576,126	(1,576,126)
Design and inspection	-	83,481	83,481	(83,481)
Street project FY2021	2,507,106	-	-	2,507,106
Town Hall design and construction	240,000	-	-	240,000
MHAA trail project	81,500	49,211	49,211	32,289
Total Capital Projects Expenditures	\$ 2,828,606	\$ 1,708,818	\$ 1,708,818	\$ 1,119,788