

**TOWN OF RIVERDALE PARK, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2015**

TOWN OF RIVERDALE PARK

TABLE OF CONTENTS

JUNE 30, 2015

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
REQUIRED SUPPLEMENTARY INFORMATION	
• Management's Discussion and Analysis	3 - 9
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
• Statement of Net Position	10
• Statement of Activities	11
Fund Financial Statements	
• Balance Sheet – Governmental Funds	12
• Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
NOTES TO BASIC FINANCIAL STATEMENTS	14 - 40
REQUIRED SUPPLEMENTARY INFORMATION	
• Schedule of Changes in the Town's Net Pension Liability and Related Ratios	41 – 42
• Schedule of the Town's Proportionate Share of the Net Pension Liability	43
• Other Post-Employment Benefits Plan – Funding Progress	44
• Other Post-Employment Benefits Plan – Employer Contributions	45
• Schedule of Revenues and Expenditures – Budget and Actual – General Fund	46

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 and each major fund of the Town of Riverdale Park, Maryland, as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the Town's net pension liability and related ratios, other post-employment benefits plan – schedule of funding progress, other post-employment benefits plan – schedule of employer contributions, and the budgetary comparison information on pages 3 through 9, 41 through 42, 43, 44, 45, and 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, the Town adopted new accounting guidance, GASB No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No 68* as of July 1, 2014. As a result, the Town restated beginning net position by (\$1,304,646), from \$6,063,388 to \$4,758,742. Our opinion is not modified with respect to this matter.

Rudney + Associates, LLC

March 22, 2016

**TOWN OF RIVERDALE PARK, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The following information includes our discussion and analysis of the financial performance of the Town of Riverdale Park and provides an overview of the Town's financial activities for the year ended June 30, 2015. Please read it in conjunction with the transmittal letter and the Town's financial statements.

Financial Highlights

- The Town continues to streamline the financial record-keeping practices.
- Real estate revenue funds received in FY15 were higher than anticipated.
- Speed camera revenues are down 13% from last year's amount.
- The Town continues to maintain a 25% reserve balance in the general fund.

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.

**TOWN OF RIVERDALE PARK, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Reporting the Town as a Whole

The Statement of the Net Position and the Statement of Activities

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

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

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

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

**TOWN OF RIVERDALE PARK, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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.

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

**TOWN OF RIVERDALE PARK, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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	Building Permit Fees, Rental Single & Multi - Family Housing Licenses, Over the Counter Fees, Financial Corp Bank Stock, County Business licenses, CATV Fee
Public Safety	ACP Grant, Federal Grants, State Grants, Forfeitures & Fines, Report Fees, Alarm Reg. Fees
Public Works	Highway User Revenues, Disposal Fee Rebate
Recreation	MNCPPC Assistance
Economic Development	Farmers Market Grant, CDBG
Fire Department	Town Grant

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

**TOWN OF RIVERDALE PARK, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Government-Wide Financial Information

The following is selected information as of June 30, 2015 and for the previous year ended provided for comparison purposes.

	<u>2015</u>	<u>2014</u>
Current assets	\$ 4,650,049	\$ 4,688,426
Capital Assets	5,293,798	5,589,055
Other non-current assets	25,000	25,000
Total assets	9,968,847	10,302,481
Deferred outflows	422,397	-
Total deferred outflows and assets	10,391,244	10,302,481
Current liabilities	522,910	824,556
Long-term liabilities	5,164,951	3,414,537
Total liabilities	5,687,861	4,239,093
Deferred inflows	6,210	-
Net position		
Net investment in capital assets	2,688,473	2,635,155
Restricted	55,349	55,349
Unrestricted	1,953,351	3,372,884
Total net position	4,697,173	6,063,388
Total liabilities, deferred inflows and net position	10,391,244	10,302,481
Program revenues		
Charges for services	955,252	1,033,439
Grants and contributions	409,477	702,045
General revenues		
Income taxes	523,271	460,465
Property taxes	4,506,046	4,128,757
Total general revenues	5,141,481	4,667,871
Transfers	-	-
Total revenues and transfers	6,506,210	6,403,355
Expenses		
General government	1,206,474	1,205,888
Public safety	3,477,067	3,584,331
Public works	1,553,712	1,527,158
Parks, recreation and economic development	143,103	130,675
Interest	187,423	262,107
Total expenses and transfers	6,567,779	6,710,159
Change in net position	(61,569)	(306,804)
Net position, beginning of year - restated	4,758,742	6,370,192
Net position, end of year	4,697,173	6,063,388

**TOWN OF RIVERDALE PARK, MD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Budgetary Highlights

The budget was amended during the year. The Town continued to aggressively manage expenditures. Refer to page 44 of this report for an analysis of the original budget, final budget and actual revenues and expenditures for the general fund.

Capital Asset and Debt Administration

Capital Assets

Major capital additions during 2015 included 4 new police cars, including equipment.

Debt

During 2015, the Town's long-term debt, excluding compensated absences, decreased by \$348,575.

Economic Factors and Next Year's Budget

The Town anticipates issuing tax incremental bonds in FY2016. Otherwise, the Town does not anticipate any major changes in revenues or expenditures.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Administrator at 5008 Queensbury Road, Riverdale, Maryland 20737.

TOWN OF RIVERDALE PARK, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Total
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 938,471	\$ 938,471
Investments	3,272,297	3,272,297
Accounts receivable	348,440	348,440
Accounts receivable - income taxes	90,841	90,841
Total Current Assets	4,650,049	4,650,049
Noncurrent Assets		
Accounts receivable, net of allowances	25,000	25,000
Net capital assets	5,293,798	5,293,798
Total Noncurrent Assets	5,318,798	5,318,798
TOTAL ASSETS	9,968,847	9,968,847
DEFERRED OUTFLOWS OF RESOURCES	422,397	422,397
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 10,391,244	\$ 10,391,244
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 208,510	\$ 208,510
Current portion of long-term debt	314,400	314,400
Total Current Liabilities	522,910	522,910
Noncurrent Liabilities		
Compensated absences	149,951	149,951
Loans payable - long-term	2,290,925	2,290,925
Net pension liability	2,054,143	2,054,143
OPEB Liability	669,932	669,932
Total Noncurrent Liabilities	5,164,951	5,164,951
TOTAL LIABILITIES	5,687,861	5,687,861
DEFERRED INFLOWS OF RESOURCES	6,210	6,210
NET POSITION		
Net investment in capital assets	2,688,473	2,688,473
Restricted	55,349	55,349
Unrestricted	1,953,351	1,953,351
TOTAL NET POSITION	4,697,173	4,697,173
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 10,391,244	\$ 10,391,244

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

TOWN OF RIVERDALE PARK, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities Total
Primary Government						
Governmental Activities:						
General government	\$ 1,206,474	\$ -	\$ 137,794	\$ 81,571	\$ -	\$ (987,109)
Public safety	3,477,067		816,078	160,630	-	(2,500,359)
Public works	1,553,712	187,423	1,380	167,276	-	(1,572,479)
Parks, recreation and economic development	143,103	-	-	-	-	(143,103)
Interest expense	187,423	(187,423)	-	-	-	-
Total Governmental Activities	6,567,779	-	955,252	409,477	-	(5,203,050)
Total Primary Government	\$ 6,567,779	\$ -	\$ 955,252	\$ 409,477	\$ -	\$ (5,203,050)
				General revenues:		
				Taxes		
				Income taxes	523,271	523,271
				Property taxes	4,506,046	4,506,046
				Other taxes	-	-
				Interest and investment earnings	3,364	3,364
				Miscellaneous	108,800	108,800
				Total General Revenues	5,141,481	5,141,481
				Transfers in (out)		
					-	-
				Change in Net Position		
					(61,569)	(61,569)
				Net Position, beginning of year - restated		
					4,758,742	4,758,742
				Net Position, end of year		
					\$ 4,697,173	\$ 4,697,173

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

**TOWN OF RIVERDALE PARK, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

**RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
JUNE 30, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and cash equivalents - unrestricted	\$ 892,114	\$ -	\$ -	\$ 46,357	\$ 938,471
Investments	2,839,487	57,661	-	375,149	3,272,297
Due from other funds	-	-	827,449	430,426	1,257,875
Other accounts receivable	348,440	-	-	-	348,440
Accounts receivable - income taxes	90,841	-	-	-	90,841
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	4,170,882	57,661	827,449	851,932	5,907,924
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,170,882	\$ 57,661	\$ 827,449	\$ 851,932	\$ 5,907,924
LIABILITIES					
Accounts payable	\$ 200,060	\$ -	\$ -	\$ 450	\$ 200,510
Accrued liabilities	8,000	-	-	-	8,000
Unearned revenue	-	-	-	-	-
Due to other funds	1,255,563	2,312	-	-	1,257,875
Total Liabilities	1,463,623	2,312	-	450	1,466,385
DEFERRED INFLOWS OF RESOURCES	90,841	-	-	-	90,841
FUND BALANCES					
Non-Spendable	-	-	-	-	-
Restricted	-	55,349	-	-	55,349
Committed	-	-	827,449	851,482	1,678,931
Unassigned	2,616,418	-	-	-	2,616,418
Total Fund Balances	2,616,418	55,349	827,449	851,482	4,350,698
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,170,882	\$ 57,661	\$ 827,449	\$ 851,932	\$ 5,907,924

Total Governmental Fund Balances \$ 4,350,698

Capital assets and other non-current assets used in governmental activities are not financial resources and therefore are not reported in the funds. 5,318,798

Long-term liabilities, including bonds payable, OPEB, and compensated absences are not due and payable in the current period and therefore are not reported in the funds. (5,479,351)

Deferred inflows and outflows related to the net pension liability are not reported in the funds. 416,187

Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds. 90,841

Net Position of Governmental Activities \$ 4,697,173

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

TOWN OF RIVERDALE PARK, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues					
Taxes	\$ 4,451,046	\$ -	\$ 546,869	\$ -	\$ 4,997,915
Intergovernmental	327,906	-	-	-	327,906
Service charges and fines	991,969	-	-	-	991,969
Licenses and permits	44,854	-	-	-	44,854
Miscellaneous	62,443	-	-	46,357	108,800
Interest	3,364	-	-	-	3,364
Total revenues	5,881,582	-	546,869	46,357	6,474,808
Expenditures					
Current					
General government	781,051	-	-	-	781,051
Public safety	3,177,938	-	-	-	3,177,938
Public works	1,202,519	-	-	-	1,202,519
Parks and recreation	137,700	-	-	-	137,700
Miscellaneous	29,937	-	-	-	29,937
Capital outlay	-	-	-	369,898	369,898
Debt service	-	-	348,575	-	348,575
Principal	-	-	187,423	-	187,423
Interest	-	-	535,998	-	535,998
Total expenditures	5,329,145	-	535,998	369,898	6,235,041
Excess of revenues over (under) expenditures before other financing sources and uses	552,437	-	10,871	(323,541)	239,767
Other Financing Sources (Uses)					
Proceeds from long-term debt	-	-	-	-	-
Transfers in (out)	(19,358)	-	-	19,358	-
Total other financing sources (uses)	(19,358)	-	-	19,358	-
Excess of revenues over (under) expenditures and other financing sources and uses	533,079	-	10,871	(304,183)	239,767
Fund balance beginning of year	2,083,339	55,349	816,578	1,155,665	4,110,931
Fund balance end of year	\$ 2,616,418	\$ 55,349	\$ 827,449	\$ 851,482	\$ 4,350,698

Net Change in Fund Balances - Total Governmental Funds \$ 239,767

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (295,257)

Repayment of debt principal is reported in governmental funds as an expenditure, however, in the statement of activities, it is recorded as a reduction in long-term debt. This is the amount of principal debt repayment. 348,575

Difference between modified accrual and full accrual basis of accounting for compensated absences. (6,746)

Changes in deferred inflows of resources relating to income taxes do not use current financial resources and are not reported as revenue in the governmental funds. 31,402

Pension expense pertaining to the net pension liability does not require the use of current financial resource and therefore is not reported in the funds. (333,310)

OPEB contributions are long-term liabilities and the related expense is not reported in the funds. (46,000)

Change in Net Position of Governmental Activities \$ (61,569)

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

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Riverdale 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 Riverdale 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 Riverdale 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 funds are grouped into the following fund categories.

Governmental funds include the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects 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 Special Revenue Fund is used to account for amounts received under the Community Development Block Grant, and the special levy for improvements to the Town Hall.

The Debt Service Fund accounts for the servicing of long-term debt relating to the Town's general obligation bond issues.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The Capital Projects fund accounts for the acquisition of capital assets and construction of major capital projects.

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 but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues 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.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

In addition, non-major funds, if any, are reported as a separate column.

Fund Financial Statements

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

Governmental Funds

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

The major governmental funds are:

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 Special Revenue Fund is used to account for amounts received under the Community Development Block Grant, and the special levy for improvements to the Town Hall.

The Debt Service Fund accounts for servicing of long-term debt relating to the Town's general obligation bond issues and capital leases.

The Capital Projects fund accounts for the acquisition of capital assets and construction of major capital projects.

There are no non-major funds.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition

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

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

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

Expenditure Recognition

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

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2015 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.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Receivables

Receivables at June 30, 2015 consist of taxes, business licenses, grants, speed camera revenues, highway user revenues and other revenues as described in Note 4. All current receivables are deemed collectable in full. Non-current receivables are reduced to expected net realizable value by an allowance for doubtful accounts.

Inventory of Supplies

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

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, 2015 the balance of deferred inflows of resources consisted of income taxes of \$6,210.

Local Tax Reserve Fund

At June 30, 2015, the Town was advised by the State of Maryland that \$90,841 of the Local Tax Reserve Fund was allocable to the Town. The Town recorded receivable and deferred inflows of resources in the amount of \$90,841 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 RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets and Depreciation

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

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation up to a maximum of 30 days with no limit on accumulated sick pay. No liability is reported for unpaid accumulated sick leave. Vacation pay is reported as an expense and a liability on the government-wide financial statements. The total amount of accumulated vacation leave as of June 30, 2015 was \$149,951.

Estimates

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

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Equity Classifications

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

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

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

Unrestricted net position – Consists 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.

The Town adopted new accounting guidance, GASB No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No 68* as of July 1, 2014. These statements revise existing standards for accounting and financial reporting by state and local governments for pensions. In accordance with the adoption of these Statements, the Town restated beginning net position by (\$1,304,646), from \$6,063,388 to \$4,758,742.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Governmental Fund Balances

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

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

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

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements for all funds:

The Mayor submits an annual budget to the Town Council in accordance with the Town charter. In June, the Town Council adopts an annual fiscal year appropriated budget for the Town's operating funds and a supplemental budget for the Capital Project Fund. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues or expenses.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department that constitutes the legal level of control. Expenditures may not exceed the budget at this level. All budget revisions are subject to final review by the Town Council. Within these control levels, management may transfer budget items without Council approval. The budget deviates from GAAP because the budget includes appropriated surplus as a budgeted revenue and a transfer to reserves as a budgeted expense. See note 15 for a reconciliation between non-GAAP and GAAP.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposit Policies

The deposits of the Town are governed by the Annotated Code of Maryland. State statutes authorize the Town to establish official depositories with any financial institution whose principal office is located in Maryland. The Town may also establish time deposits in the form of NOW accounts, money market accounts, certificates of deposit, and the State of Maryland Local Government Investment Pool.

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

Pooling of Cash

The Town pools all individual fund cash balances. Income is distributed to the funds based on contribution to the pool.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENT – continued

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's policy requires deposits to be insured by FDIC, 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 \$938,471 and the bank balances totaled \$1,072,890. Of the bank balances, the entire amount was insured by Federal Depository Insurance Corporation (FDIC).

At year end, the Town's bank balances were not exposed to any custodial credit risk because all deposits were fully collateralized.

Investment Policies

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

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

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.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS – continued

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

Generally, the Town’s investing activities are managed by the Town Administrator with oversight by the Finance Committee of the Town Council. Investing is performed in accordance with investment policies adopted by the Town Council complying with State Statutes and the Town Charter. Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, bankers acceptances, the County’s and State’s local government investment pool, and other available bank investments provided that approved securities are pledged to secure those funds on deposit 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.

Investments

The Town has invested at June 30, 2015, \$3,272,297 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.

As of June 30, 2015, 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	<u>\$ 3,272,297</u>	<u>\$ 3,272,297</u>	AAAm

Note: Ratings are provided where applicable to indicate associated Credit Risk.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – ACCOUNTS RECEIVABLE

Current accounts receivable are comprised of the following as of June 30, 2015:

Business licenses	\$	32,600
Taxes		291,766
Speed camera		13,713
Highway user		10,361
	\$	348,440

Non-current accounts receivable are comprised of red light and parking citations of \$178,993 and \$1,483,929, respectively. The Town's management estimates that only \$25,000 of red light and parking citations will be collected. Therefore, an allowance for doubtful accounts in the amount of \$1,458,929 has been established.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	\$ 252,400	\$ -	\$ -	\$ 252,400
Construction in progress	-	-	-	-
Subtotal	252,400	-	-	252,400
Depreciable capital assets:				
Buildings and improvements	2,006,072	72,361	-	2,078,433
Infrastructure improvements	4,437,898	138,059	-	4,575,957
Furniture and fixtures	44,392	-	-	44,392
Vehicles and equipment	3,252,393	159,478	-	3,411,871
Subtotal	9,740,755	369,898	-	10,110,653
Total capital assets	9,993,155	369,898	-	10,363,053
Accumulated depreciation:				
Buildings and improvements	887,861	67,530	-	955,391
Infrastructure improvements	1,260,087	219,568	-	1,479,655
Furniture and fixtures	39,341	1,194	-	40,535
Vehicles and equipment	2,216,811	376,863	-	2,593,674
Subtotal, accumulated depreciation	4,404,100	665,155	-	5,069,255
Net capital assets	\$ 5,589,055	\$ (295,257)	\$ -	\$ 5,293,798

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION - continued

Depreciation was charged to functions as follows:

General government	\$	40,837
Public safety		266,218
Public works		353,296
Parks and recreation		4,804
		665,155
	\$	665,155

The Town had no material construction plans as of June 30, 2015; however, the Town is designing a renovation of its Town Hall, with construction anticipated to commence in FY17.

NOTE 6 – UNEARNED REVENUES

Governmental funds delay revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the unearned revenue reported in the governmental funds was \$0.

NOTE 7 – LONG-TERM DEBT

Governmental Activities

The Town's long-term debt includes the long-term portion of accrued vacation, certificates of indebtedness and capital lease obligations. The following is a summary of the changes in long-term debt for the year ended June 30, 2015:

	CDA Loan	Refunding Bond	Accrued Vacation	Total
Balance, beginning of year	\$ (22,100)	\$ 2,976,000	\$ 143,205	\$ 3,097,105
Additions	-	-	6,746	6,746
Retirements	(139,575)	(209,000)	-	(348,575)
Less: undrawn proceeds	-	-	-	-
Balance, end of year	\$ (161,675)	\$ 2,767,000	\$ 149,951	\$ 2,755,276
Due within 1 year	\$ 98,400	\$ 216,000	\$ -	\$ 314,400

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – PROPERTY TAXES

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. When taxes are overdue, a lien is placed against the property.

All applicable tax liens are handled by the County. The personal/operating, real property and special tax rates during the year ended June 30, 2015 were \$2.00, \$0.6237 and \$0.0303 per \$100 of assessed value, respectively.

NOTE 9 – PENSION PLAN

The Town has adopted GASB No. 68 – Accounting and Financial Reporting for Pensions (“GASB 68”) for the year ended June 30, 2015. The Town participates in The Town of Riverdale Park Defined Benefit Plan (the “Plan”) described below and qualifies as a Participating Governmental Unit (“PGU”). 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 net pension liability approximates \$2,054,143 as of the measurement date of June 30, 2015.

The Town has also adopted GASB No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68. GASB No. 71 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The Town’s fiscal 2015 contribution of \$608,483 is not subsequent to the measurement date and therefore is not recognized as a pension-related deferred outflow of resources.

Plan Description

In accordance with the Town Charter, the Town Council is empowered to provide retirement plans for its employees. The Town provides the following plan:

The Town provides retirement and death benefits to Town employees through The Town of Riverdale Park Defined Benefit Plan. The Plan is a multi-employer defined benefit plan and is administered by the Plan Trustees. The Board of Trustees is comprised of 4 members. The plan currently has one employer participating. In accordance with the Town Charter, benefits are established and maybe by amended by the Town Council.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – RETIREMENT PLAN (CONTINUED)

Under the terms of the Defined Benefit Plan, a member may retire with full benefits upon attaining age 55 or after completing 20 years of eligible service regardless of age. A member terminating employment before attaining retirement age, but after completing six years of eligible service, becomes eligible for a vested retirement allowance upon age 55.

The number of employees covered and current membership classifications as of June 30, 2015 are as follows:

Active participants	33
Inactive plan members entitled to but not yet receiving benefits	17
Inactive plan members or beneficiaries currently receiving benefits	<u>14</u>
Total participants	<u><u>64</u></u>

The Plan issues a publicly available financial report that includes financial statements and required supplementary information, including 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. The financial report may be obtained by writing to Riverdale Park Municipal Center, 5008 Queensbury Road, Riverdale, Maryland 20737.

Funding Policy

Members of the Plan are required to contribute 9% of their compensation. The Town is required to contribute the remaining amount. The required contribution is determined on an actuarially determined basis. Town contributions to the Plan of \$608,483 for the year ended June 30, 2015 was equal to 100% of the required contribution.

Contributions by the Town to the plan 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, 2015 are based on salaries for the year ending June 30, 2014. The contribution requirements of plan members of the reporting entity are established and may be amended by the 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:

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – RETIREMENT PLAN (CONTINUED)

	Fiscal Year Ending June 30		
	2015	2014	2013
Retirement plan contributions	\$ 608,483	\$ 307,092	\$ 289,760

The Town contributed \$608,483 to the System for fiscal year 2015 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 Plan's deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

Required disclosures aggregate for the plan:

	Riverdale Park Defined Benefit Plan
Total pension liability	\$ 7,334,112
Total fiduciary net position	5,279,969
Town's proportionate share of total pension liabilities	2,054,143
Town's proportionate share of net pension liabilities	100%
Total pension assets	5,279,969
Measurement date of net pension liability	June 30,2015
Date of actuarial valuation	June 30,2015
Deferred outflows related to pensions	422,397
Deferred inflows related to pensions	6,210
Pension expense/expenditures for the period	333,310

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – RETIREMENT PLAN (CONTINUED)

Actuarial assumptions

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

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Asset valuation method	Market value
Inflation (b)	3.0%
Salary Increases	5.0%, including inflation
Discount Rate (a)	7.5%
Investment Rate of Return (b)	7.5%
Retirement age	Rates vary by participant age and service.
Mortality	RP-2000 Combined Healthy Tables with generational projection by Scale AA

(a) Discount rate at prior measurement date was 7.50%.

(b) There were no benefit changes during the year. There were no assumption changes made for adjustments to the roll-forward liabilities.

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

Total Pension Liability	\$7,334,112
Plan Fiduciary Net Position	<u>5,279,969</u>
Net Pension Liability	<u>\$2,054,143</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>71.99%</u>
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TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – RETIREMENT PLAN (CONTINUED)

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 Plan’s Board after considering input from the investment consultant(s) and actuary(s). For each major asset class that is included in the Pension Plan’s target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocations	Long-term Expected Real Rate of Return
Public Equity	35%	4.70%
Fixed income	10%	2.00%
Credit opportunity	10%	3.00%
Real return	14%	2.80%
Absolute return	10%	5.00%
Private equity	10%	6.30%
Real estate	10%	4.50%
Cash	1%	1.40%
Total	100%	

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

Discount Rate

A single discount rate of 7.5% 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 7.5%. 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.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – RETIREMENT PLAN (CONTINUED)

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 Plan's net pension liability, calculated using a single discount rate of 7.5%, a single discount rate that is 1-percentage point lower (i.e., 6.5%), and a single discount rate that is 1-percentage point higher (i.e., 8.5%).

	1% Lower – 6.5%	Current Rate – 7.5%	1% Higher – 8.5%
The Town's Net Pension Liability	\$3,080,251	\$2,054,143	\$1,203,598
Town's proportionate share of the Net Pension Liability	\$3,080,251	\$2,054,143	\$1,203,598

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

At June 30, 2015, the Town reported a liability of \$2,054,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2015, the Town's proportion was 100 percent.

For the year ended June 30, 2015, the Town recognized pension expense of \$333,310. At June 30, 2015, 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	\$257,503	\$ -
Net difference between projected and actual earnings on pension plan investments	164,894	6,210
Contributions subsequent to the measurement date	-	-
Total	\$422,397	\$6,210

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – RETIREMENT PLAN (CONTINUED)

The deferred outflow of resources of \$422,397 due to changes in assumptions and deferred inflows of resources of \$6,210 due to differences in projected and actual investment earnings represent the Town's unamortized portions of the Plan's original amounts, which are being amortized over a five-year period beginning in fiscal 2016. These unamortized amounts will be ratably recognized in pension expense over the next four years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 104,047
2017	104,047
2018	104,047
2019	104,046
2020	-
Thereafter	-

Following is the schedule of changes in the Town's Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 6,492,815	\$ 4,579,686	\$ 1,913,129
Changes for the year:			
Service cost	285,259		285,259
Interest	478,104		478,104
Changes of benefit terms	-		-
Differences between expected and actual experience	(7,762)		(7,762)
Changes of assumptions	321,879		321,879
Contributions - employer		608,483	(608,483)
Contributions - member		170,278	(170,278)
Net investment income		157,705	(157,705)
Benefit payments, including refunds of member contributions	(236,183)	(236,183)	-
Administrative expense		-	-
Other		-	-
Net Changes	<u>841,297</u>	<u>700,283</u>	<u>141,014</u>
Balances at 6/30/15	<u>\$ 7,334,112</u>	<u>\$ 5,279,969</u>	<u>\$ 2,054,143</u>

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 - DEFERRED COMPENSATION PLAN

The Town offers a Deferred Compensation Plan to its employees in accordance with Section 457 of the Internal Revenue Code. The plan, available to all full-time Town employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Vantagepoint Transfer Agents, an affiliate of the International City Management Association Retirement Corporation ("ICMA-RC"), administers the plan and is the trustee. Management's involvement is limited to transferring amounts withheld from payroll to Vantagepoint.

All amounts of compensation deferred under the plan, and all related income are held in trust for the exclusive benefit of participants and their beneficiaries. The assets will not be diverted to any other purpose. In compliance with the Internal Revenue Code Section 457(g), all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the investments designated for compensation benefits are not reflected in the Town's financial statements.

NOTE 11 – CONCENTRATIONS

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

NOTE 12 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to workers, and natural disasters. The Town has an insurance agreement with the Local Government Insurance Trust (LGIT), a public entity risk pool. LGIT provides the Town's property, general, automobile, employee health, 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 appropriate Town department, 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, 2015 and the amount of settlements has not exceeded coverage for each of the past three years.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

The Town allows retired employees to participate in its health insurance plan. Annual cost per employee of this plan is \$4,900. As of June 30, 2015 two retired employees participate in this program.

Funding Policy

The Town has not established an OPEB trust as of June 30, 2015 and has not made a contribution for the year ended June 30, 2015.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS – continued

The following table shows the components of the Town’s annual OPEB cost, the amount actually contributed to the Plan and the Town’s net OPEB obligation as of June 30, 2015.

Annual required contribution (ARC)	\$	81,000
Adjustments to ARC		(25,000)
Interest on net OPEB obligation		22,000
Annual OPEB cost		78,000
Estimated benefit payments		(32,000)
Increase in net OPEB obligation (NOO)		46,000
Net OPEB obligation - beginning of year		623,932
Net OPEB obligation - end of year	\$	669,932
Percentage of annual OPEB cost contributed		0.00%

Funded Status

As of June 30, 2015, there was not an OPEB trust. The actuarial accrued liability for benefits was \$524,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$524,000. The ratio of the actuarial value of assets to the actuarial accrued liability was 0%. The covered payroll (annual payroll of active employees covered under the Plan) was \$2,682,275 and the ratio of the UAAL to the covered payroll was 20%.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS – continued

The accompanying schedules of funding progress and employer contributions following the footnotes present trend information about the actuarial value of plan assets relative to the actuarial accrued liability for benefits and amounts contributed to the plan.

The actuarial method and significant assumptions listed below were used in the actuarial valuation as of July 1, 2012.

Actuarial cost method	Projected unit credit cost method
Asset valuation method	Not applicable
Rate of return on investments	3.50%
Aggregate salary growth	3.00%
Healthcare cost trend rate	Medical and prescription: 8.00% for FY 2012 trending down to 5.00% in FY 2050
Amortization method	Level percentage of projected payroll
Amortization period	30 years
Status of period	Closed basis

NOTE 15 – DIFFERENCES BETWEEN GAAP AND BUDGET BASIS

The financial statements and notes conform to GAAP. The budget is prepared on a basis not consistent with GAAP. The budget deviates from GAAP because it includes use of appropriated surplus as a budgeted revenue and a transfer to reserves as a budgeted expenditure. The reconciliation between the non-GAAP budget and GAAP follows:

Budgeted excess of revenue over (under) expenditures - Non-GAAP basis	\$ 49,000
Less: Appropriated surplus	<u>(305,687)</u>
Budgeted excess of revenue over (under) expenditures - GAAP basis	<u><u>\$ (256,687)</u></u>

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 – FUND BALANCE REPORTING

Fund balances for the Town's governmental funds consisted of the following as of June 30, 2015:

Restricted Fund Balance

The restricted fund balance in the special revenue fund is \$55,349 for Community Development Block Grant projects.

Committed Fund Balance

The committed fund balance in the debt service fund is \$827,449 for future debt retirements.

The committed fund balance in the capital projects fund is \$851,482 for future capital projects.

Unassigned Fund Balance

The unassigned fund balance in the general fund is \$2,616,418.

TOWN OF RIVERDALE PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements:

Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, effective for financial statements for fiscal years beginning after June 15, 2015.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, issued June 2015, effective for financial statements for fiscal years beginning after June 15, 2015.

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

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued June 2015, effective for financial statements for fiscal years beginning after June 15, 2015.

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

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 RIVERDALE PARK, MARYLAND
REQUIRED SUPPLEMENTAL INFORMATION
TOWN OF RIVERDALE PARK, MARYLAND DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(DOLLAR AMOUNTS IN THOUSANDS)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total pension liability										
Service cost	\$ 285	\$ 259								
Interest	478	443								
Changes of benefit terms	-	-								
Differences between expected and actual experience	(8)	-								
Changes of assumptions	322	-								
Benefit payments, including refunds of member contributions	(236)	(222)								
Net change in total pension liability	841	480								
Total pension liability - beginning	6,493	6,013								
Total pension liability - ending (a)	<u>\$ 7,334</u>	<u>\$ 6,493</u>								
Plan fiduciary net position										
Contributions - employer	\$ 608	\$ 253								
Contributions - member	170	157								
Net investment income	158	613								
Benefit payments, including refunds of member contributions	(236)	(222)								
Administrative expense	-	-								
Other	-	-								
Net change in plan fiduciary net position	\$ 700	\$ 801								
Plan fiduciary net position - beginning	4,580	3,779								
Plan fiduciary net position - ending (b)	<u>\$ 5,280</u>	<u>\$ 4,580</u>								
Town's net pension liability - ending (a)-(b)	<u>\$ 2,054</u>	<u>\$ 1,913</u>								
Plan fiduciary net position as a percentage of the total pension liability	71.99%	70.53%								
Covered-employee payroll	\$ 1,961	\$ 1,852								
Town's net pension liability as a percentage of covered-employee payroll	104.73%	103.29%								
Expected average remaining service years of all participants	5	5								

Information for FY2013 and earlier is not available

Notes to Schedule:
Benefit changes:
Changes of assumptions:

None
FY15 reflects a change in the expected rates of future retirements.

The above schedule is 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 RIVERDALE PARK, MARYLAND
REQUIRED SUPPLEMENTAL INFORMATION
TOWN OF RIVERDALE PARK, MARYLAND DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
LAST TEN FISCAL YEARS
(DOLLAR AMOUNTS IN THOUSANDS)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Schedule of Town Contributions										
Contractually required contribution	\$ 258	\$ 253								
Contributions in relation to the actuarially determined contribution	608	253								
Contribution deficiency (excess)	<u>\$ (350)</u>	<u>\$ -</u>								
Covered-employee payroll	\$ 1,961	\$ 1,852								
Contributions as a percentage of covered employee payroll	31.02%	13.66%								

Information for FY2013 and earlier is not available

Notes to Schedule

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the two years immediately following the fiscal year. Actuarial valuations are performed every other year.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Individual Entry Age Normal
- Amortization method Level Percentage of Payroll, Closed
- Remaining amortization period 20 years
- Asset valuation method Market value
- Inflation 3.0 percent
- Salary increases 5.0 percent, including inflation
- Investment rate of return 7.5 percent, net of pension plan investment expense, including inflation
- Retirement age Rates vary by participant age and service
- Mortality RP-2000 Combined Healthy tables with generational projection by Scale AA

The above schedule is 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 Riverdale Park, MD
SCHEDULE OF REQUIRED PENSION-RELATED
SUPPLEMENTARY INFORMATION**

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

	FY2015
Town's proportion (%) of collective net pension liability	100%
Town's proportionate share (\$) of collective net pension liability	2,054,143
Town's covered-employee payroll (\$)	1,631,583
Town's proportionate share of collective net pension liability as a percentage of its covered-employee payroll	125.90%
Pension plan's fiduciary net position as a percentage of the total pension liability	71.99%

TOWN OF RIVERDALE PARK, MARYLAND
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

Actuarial Valuation Date July 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age Normal	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2014	\$ -	\$ 612,000	\$ 612,000	0.00%	\$ 2,311,014	26%
2012	-	524,000	524,000	0.00%	2,487,978	21%
2010	-	939,305	939,305	0.00%	2,219,964	42%

Information for prior years not available

TOWN OF RIVERDALE PARK, MARYLAND

**OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2015

Year Ended June 30,	Annual Required Contribution (ARC)	Percentage Contributed	
		Employer Contribution	Total
2015	\$ 81,000	0.00%	0.00%
2014	76,000	0.00%	0.00%
2013	72,000	0.00%	0.00%
2012	178,644	0.00%	0.00%
2011	178,644	0.00%	0.00%
2010	178,644	0.00%	0.00%

Information for prior years not available.

**TOWN OF RIVERDALE PARK, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Income taxes	\$ 440,000	\$ 440,000	\$ 491,869	\$ 51,869
Property taxes	3,878,074	3,878,074	3,959,177	81,103
Intergovernmental	326,558	326,558	327,906	1,348
Licenses and permits	118,000	118,000	44,854	(73,146)
Interest and investment earnings	8,000	8,000	3,364	(4,636)
Charges for services	677,600	677,600	991,969	314,369
Other revenues	101,000	136,000	62,443	(73,557)
Appropriated surplus	305,687	305,687	-	(305,687)
Total Revenues	\$ 5,854,919	\$ 5,889,919	\$ 5,881,582	\$ (8,337)
Expenditures				
General government	\$ 936,810	\$ 936,810	\$ 781,051	\$ 155,759
Public safety ¹	3,362,109	3,362,109	3,177,938	184,171
Public works	1,351,140	1,351,140	1,202,519	148,621
Recreation and culture	38,950	38,950	32,581	6,369
Economic Development Promotion	120,310	120,310	105,119	15,191
Miscellaneous	31,600	31,600	29,937	1,663
Transfer to CIP fund	-	-	-	-
Total Expenditures	\$ 5,840,919	\$ 5,840,919	\$ 5,329,145	\$ 511,774
Other financing uses				
Transfer to CIP fund	14,000	49,000	19,358	29,642
Total Expenditures and other financing uses	\$ 5,854,919	\$ 5,889,919	\$ 5,348,503	\$ 541,416

(1) The speed camera program is budgeted net of expenditures, i.e., revenue less expenditures; however, actual revenues and expenditures are required to be presented separately, i.e., gross, in the financial statements.

Net speed camera revenues budgeted were \$365,000. Actual speed camera revenues were \$722,314 and the related processing fees were \$281,702.