

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

**TOWN OF RIVERDALE PARK**

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## **Independent Auditor's Report**

Honorable Mayor  
Members of the Town Council  
Town Manager  
Town of Riverdale Park, Maryland

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Riverdale Park, Maryland, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Riverdale Park, Maryland, as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

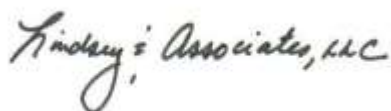
## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, there were prior period accounting errors resulting in an understatement of previously reported balances for the year ended June 30, 2020. As a result, the Town has restated beginning Net Position by \$68,424, from \$4,529,951 to \$4,598,375 and beginning Fund Balance in the General Fund by \$68,424, from \$3,313,640 to \$3,382,064. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the Town's net pension liability and related ratios, other post-employment benefits plan – schedule of changes in employer's net OPEB liability and related ratios – schedule of employer contributions, and the budgetary comparison information on pages 3 through 13, 48 through 49, 50, 51, and 52, 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.



March 27, 2021

**TOWN OF RIVERDALE PARK, MD  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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

**Vision and Commitment**

The Town of Riverdale Park is the location of choice for residents, businesses, visitors, and employees. The Town of Riverdale Park is committed to programs, initiatives, and resources that enhance housing and neighborhoods; sustainability; business and economic development; infrastructure; diversity and inclusion; arts and recreation; community engagement and transparency; and transportation.

**Community Profile**

The Town of Riverdale Park operates under a Council-Manager form of municipal government. A charter granted by the General Assembly of Maryland formed the governing authority for the Town. The Mayor and Council are the governing body of the Town. The governing body is comprised of a Mayor and six (6) Council Members, all directly elected by Riverdale Park residents to serve two-year terms. The Town Manager is appointed by the Mayor and Council to serve as the Chief Executive and Operating Officer of the Town.

The Town of Riverdale Park provides the community with a full range of services and programs across multiple offices and departments. Services are offered through the following offices or departments:

- Office of Administrative Services
- Office of Finance and Employee Services
- Police Department
- Office of Development Services
- Department of Public Works

The Town is a responsible steward of its resources and provides accountability for the disbursement of funds, financial reporting, and asset management. All Town employees are supported through employee services programs and initiatives to promote efficient and effective operations.

The Town works to expand the commercial real estate tax base by supporting the retention, expansion, and attraction of businesses. The Town liaises with the Maryland-National Capital Park and Planning Commission, and Prince George's County; coordinates the Mixed-Use Town Center advisory committee, operates licensing and permitting functions, and provides community events programming.

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

The community enjoys parks and additional recreation areas throughout Riverdale Park. The Town provides a safe, clean, and beautiful environment throughout our neighborhoods and community gathering places. The Town receives public safety protection through the operation of the Town's Police Department and the volunteer Fire Department. The Town administers contractual services for the collection of residential trash and offers a bulk trash collection program for the convenience of residents.

**Financial Highlights**

- The Town continues to maintain at least three months of operating expenditures in the General Fund reserves.
- General Fund revenues for FY2020 were \$8,057,480, with local taxes of \$6,373,710 and intergovernmental funds of \$178,671 constituting the significant components of the Town's revenue sources.
- General Fund expenditures were \$6,645,519 for FY2020, with employee salaries of \$3,298,414 and employee benefits of \$1,337,679 as the significant elements.
- At the end of FY2020, the Town's governmental funds reported combined ending fund balances of \$5,554,848, an increase of \$1,024,897 over the prior year.
- At the end of FY2020, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$4,225,894.

**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, 2020**

**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 activities:

- **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, 2020**

**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 a reconciliation to the right of the fund financial statements.



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

**The Town as a Whole**

**Governmental Activities**

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

General Government	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

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, 2020**

**Government-Wide Financial Information**

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

	2020	2019
Current assets	\$ 6,241,565	\$ 5,086,093
Capital Assets	4,796,536	4,796,536
Other non-current assets	25,000	25,000
Total assets	11,063,101	9,907,629
Deferred outflows	748,766	794,172
Total deferred outflows and assets	11,811,867	10,701,801
Current liabilities	712,001	655,014
Long-term liabilities	6,398,539	6,621,887
Total liabilities	7,110,540	7,276,901
Deferred inflows	565,029	38,808
Net position		
Net investment in capital assets	3,085,513	3,060,506
Restricted	263,949	95,089
Unrestricted	786,836	410,649
Total net position	4,136,298	3,566,244
Total liabilities, deferred inflows and net position	11,811,867	10,881,953
Program revenues		
Charges for services	1,154,806	1,007,506
Grants and contributions	218,707	234,310
General revenues		
Income taxes	710,249	842,392
Property taxes	6,096,165	5,512,901
Total general revenues	7,517,375	7,330,571
Total revenues and transfers	8,890,888	8,572,387
Expenses		
General government	2,394,718	2,582,014
Public safety	3,715,224	3,543,189
Public works	2,052,290	2,215,801
Parks, recreation and economic development	129,923	124,304
Interest	97,103	176,031
Total expenses and transfers	8,389,258	8,641,339
Change in net position	501,630	(68,952)
Net position, beginning of year	3,634,668	3,635,196
Net position, end of year	\$ 4,136,298	\$ 3,566,244

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

**Business-type Activities**

The Town currently has no business-type activities.

**The Town's Funds**

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

	<u>General</u>	<u>Economic Development</u>	<u>Health and Wellness</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Total Revenues</b>							
2020	\$ 8,057,480	\$ 1,250	\$ -	\$ 534,295	\$ -	\$ 399,445	\$ 8,992,470
2019	7,038,593	8,750	71,024	434,312	216,126	680,754	8,449,559
Change	1,018,887	(7,500)	(71,024)	99,983	(216,126)	(281,309)	542,911
<b>Total expenditures</b>							
2020	6,645,519	42,688	-	365,435	444,158	538,197	8,035,997
2019	6,308,313	27,730	-	599,596	517,541	731,765	8,184,945
Change	337,206	14,958	-	(234,161)	(73,383)	(193,568)	(148,948)
<b>Net other financing sources (uses)</b>							
2020	(568,131)	125,000	-	-	443,131	-	-
2019	(95,437)	30,000	(25,200)	(55,349)	90,637	299,585	244,236
<b>Excess of revenues over (under) expenditures and other financing sources and uses</b>							
2020	843,830	83,562	-	168,860	(1,027)	(138,752)	956,473
2019	(299,115)	11,020	45,824	(220,633)	(210,778)	248,574	(425,108)
Change	1,142,945	72,542	(45,824)	389,493	209,751	(387,326)	1,381,581
<b>Fund balance at June 30, 2019</b>	\$ 3,313,640	\$ 61,020	\$ 82,350	\$ 95,089	\$ 46,150	\$ 931,702	\$ 4,529,951
<b>Fund balance at June 30, 2020</b>	\$ 4,225,894	\$ 144,582	\$ 82,350	\$ 263,949	\$ 45,123	\$ 792,950	\$ 5,554,848

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

**Budgetary Highlights**

The Town's budget for the year ending June 30, 2020, was adopted by the Mayor and Council at the Legislative Session on May 20, 2019. There were no amendments made to the budget during the year.

The Town has adopted the following vision and commitment statements:

- Housing and Neighborhoods
- Sustainability
- Business and Economic Development
- Infrastructure

**Notable variances are as follows:**

**General Fund:**

Salary and Benefits: Position vacancy and benefits program enrollment savings were realized of \$282,724.

Revenues exceeded the budgeted amount by \$2,253,633, accounting for a 33.44% increase over budget versus actual.

**Capital Asset and Debt Administration**

**Capital Assets:**

Major capital asset events during the current fiscal year included the following:

Acquisition of vehicles and equipment.

**Debt Services:**

The Town has three (3) loans with a total current principal balance of \$ 3,307,295.

Institution	Origination	Maturity	Interest Rates	Projected Balance
PNC Bank	05/29/2012	05/30/2026	3.00%	\$1,954,395
Maryland CDA	10/01/2013	05/01/2031	3.78%	\$ 785,900
Maryland CDA	10/01/2013	05/01/2028	5.078%	\$ 567,000

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

**Other Long-term Debt:**

At the end of FY2020, the Town had total long-term debt outstanding of \$6,453,068.

This balance is comprised of the following:

Compensated Absences \$ 195,770  
Loans Payable – Long-term \$1,404,552  
Net Pension Liability \$3,565,281  
OPEB Liability \$1,287,465

**Economic Factors and Next Year's Budget and Rates:**

**Business Growth and Recruitment:**

The town officials continued to work with property owners, state officials, and regional economic development organizations to identify resources and develop strategies to further economic development

The Town of Riverdale Parks, Riverdale Park Town Center, saw the completion of two new restaurants, 2fifty BBQ and Gangster Vegan. 2fifty BBQ is ranked #1 in Eater DC's: 25 Most Exciting New Restaurants to Try Around D.C. List, and #1 in The Washington Post's: Best BBQ Joint in the DC Area List.

Cybrary, a cybersecurity training start-up, will be occupying the top floor of the soon to be finished Class A office building under construction on River Road. The new building will include over 100,000 square feet of office space for research companies, industry partners and start-ups.

In the Town's Industrial area, Aerothreads moved into a new space on Rivertech Ct. The Woman Owned Small Businesses specializes in the consultation, design, fabrication, and installation of Multi-Layer Insulation (MLI) blankets and soft goods for aerospace applications.

**Budget and Rates:**

The Town approved a general fund budget for FY2020 of \$6,738,837. This represents an increase of 6.69% over the approved budget for FY2019.

**Local Tax Rates:**

The real property, personal business property, operating, and the admissions and amusement tax rates did not change for FY2020.

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

**Real Property Tax Rate**

The Maryland Department of Assessments and Taxation must appraise each property once every three (3) years. Assessments are certified by the Department to local governments where they are converted into property tax bills by applying the appropriate property tax rates. An assessment is based on an appraisal of the fair market value of the property. FY2020 is the fourth year of the current assessment.

The Town's tax rate is set at .654 per \$100 of assessed value and is assumed to remain unchanged in the FY2020 Approved Budget.

**Business Personal Property Tax Rate**

This is a tax on business-owned personal property that is imposed and collected by the local governments. Responsibility for the assessment of all personal property throughout Maryland rests with the Department of Assessments and Taxation. Personal property generally includes furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property.

This tax rate is set at \$2.00 per \$100 in value and is assumed to remain unchanged in the FY2020 Proposed Budget.

**Operating (Public Utility) Tax Rate**

Maryland regulates utilities as "public service companies." Utility companies and railroads are assessed using the unit method of valuation because the interconnected real and personal property function together to provide service. Assessments are certified to local governments where they are converted into property tax bills by applying the appropriate tax rates set by local governments. Public utility and railroad property include all property used to operate the business. It includes real property, such as land and buildings. It also includes personal property such as telephone or electric poles, towers, lines, cables, meters, transmission, distribution mains, and other equipment used to operate the utility.

This tax rate is set at \$2.00 per \$100 in value and is assumed to remain unchanged in the FY2020 Proposed Budget.

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

**Admissions and Amusement Tax Rate**

The local admissions and amusement tax is a tax on the gross receipts from admissions, the use or rental of recreational or sports equipment, and the sale of merchandise, refreshments, or service at a night club or similar place where entertainment is provided. The tax is imposed by Maryland's counties and municipalities as well as an additional tax by the State of Maryland, specifically for electronic bingo and electronic tip jars. The State Comptroller's Office collects the admissions and amusement tax. The entire amount of the tax collected, less administrative expenses, is returned to the municipalities and counties imposing the local tax. The new State admissions and amusement tax revenue on electronic bingo and electronic tip jars are directed to the State's general fund.

This tax rate is set at 5% of gross receipts of eligible activities and is assumed to remain unchanged in the FY2021 Proposed Budget.

**Assessable Base:**

FY20 represents the fourth year of the triennial reassessment and illustrates growth. A net assessable base summary follows:

July 1, 2015 \$622,233,913  
July 1, 2016 \$590,960,787 (*reflects federal acquisition of 4900 River Road*)  
July 1, 2017 \$632,977,261  
July 1, 2018 \$674,209,904  
July 1, 2019 \$674,498,077  
July 1, 2020 \$754,747,069

The assessable base retracted considerably in 2016, reflecting the loss of 4900 River Road as taxable property. The FY2020 Constant Yield Notice projected that the assessable base would have only a minor increase year-over-year. As with previous Constant Yield Notices, the Calvert Tract, commonly known as the Town of Riverdale Park - Riverdale Park Station (TRP-RPS) development, is not included in the above calculation as the parcels are subject to the tax increment financing (TIF).

**Economic Development Focus:**

In FY2020, the Town continued to invest in its Economic Development Fund from General Fund Reserves. This fund will be used for grant programs to in-town businesses, as outlined in the program guidelines.

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

**COVID-19**

The COVID-19 pandemic developed rapidly in 2020. The resulting impact of the virus on the Town's operations and measures has been minimal because of the Mayor, Council, Town Manager, and the Town staff's quick actions.

Town Hall was closed for the final three and a half months of the fiscal year. This led to a reduction in some expenses. Income for FY2020 was not significantly impacted.

The economic uncertainty resulting from COVID-19 continues to develop, and it is unclear what the longer-term fiscal impact will be on the Town. Both revenues and expenses may be affected in FY2021.

**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 Manager at 5008 Queensbury Road, Riverdale Park, Maryland 20737.



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

	Governmental Activities	Total
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 3,065,852	\$ 3,065,852
Investments	2,487,747	2,487,747
Accounts receivable	413,905	413,905
Accounts receivable - income taxes	274,061	274,061
Total Current Assets	6,241,565	6,241,565
Noncurrent Assets		
Accounts receivable, net of allowances	25,000	25,000
Net capital assets	4,796,536	4,796,536
Total Noncurrent Assets	4,821,536	4,821,536
<b>TOTAL ASSETS</b>	11,063,101	11,063,101
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	748,766	748,766
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 11,811,867	\$ 11,811,867
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 351,001	\$ 351,001
Current portion of long-term debt	361,000	361,000
Total Current Liabilities	712,001	712,001
Noncurrent Liabilities		
Compensated absences	195,770	195,770
Loans payable - long-term	1,350,023	1,350,023
Net pension liability	3,565,281	3,565,281
OPEB Liability	1,287,465	1,287,465
Total Noncurrent Liabilities	6,398,539	6,398,539
<b>TOTAL LIABILITIES</b>	7,110,540	7,110,540
<b>DEFERRED INFLOWS OF RESOURCES</b>	565,029	565,029
<b>NET POSITION</b>		
Net investment in capital assets	3,085,513	3,085,513
Restricted	263,949	263,949
Unrestricted	786,836	786,836
Total Net Position	4,136,298	4,136,298
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	\$ 11,811,867	\$ 11,811,867

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, 2020**

Functions/Programs	Expenses	Indirect Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Total
						Governmental Activities	
Primary Government							
Governmental Activities:							
General government	\$ 2,394,718	\$ -	\$ 205,082	\$ 40,036	\$ -	\$ (2,149,600)	\$ (2,149,600)
Public safety	3,715,224	-	949,724	161,335	-	(2,604,165)	(2,604,165)
Public works	2,052,290	97,103	-	17,336	-	(2,132,057)	(2,132,057)
Community	129,923	-	-	-	-	(129,923)	(129,923)
Interest expense	97,103	(97,103)	-	-	-	-	-
Total Governmental Activities	<u>8,389,258</u>	<u>-</u>	<u>1,154,806</u>	<u>218,707</u>	<u>-</u>	<u>(7,015,745)</u>	<u>(7,015,745)</u>
Total Primary Government	<u>\$ 8,389,258</u>	<u>\$ -</u>	<u>\$ 1,154,806</u>	<u>\$ 218,707</u>	<u>\$ -</u>	<u>\$ (7,015,745)</u>	<u>\$ (7,015,745)</u>
				General revenues:			
				Taxes			
				Income taxes	710,249	710,249	
				Property taxes	6,096,165	6,096,165	
				Other taxes	9	9	
				Interest and investment earnings	58,417	58,417	
				Miscellaneous	652,535	652,535	
				Total General Revenues	<u>7,517,375</u>	<u>7,517,375</u>	
				Transfers in (out)	-	-	
				Change in Net Position	501,630	501,630	
				Net Position, beginning of year, restated	<u>3,634,668</u>	<u>3,634,668</u>	
				Net Position, end of year	<u>\$ 4,136,298</u>	<u>\$ 4,136,298</u>	

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, 2020**

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

	General	Economic Development Fund	Health and Wellness Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds		
<b>ASSETS</b>								<i>Total Governmental Fund Balances</i>	\$ 5,554,848
Cash and cash equivalents - unrestricted	\$ 3,065,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,065,852		
Investments	2,379,368	-	-	-	-	108,379	2,487,747	Capital assets and other non-current assets	
Due from other funds	-	144,582	82,350	263,949	45,123	684,571	1,220,575	used in governmental activities are not financial	
Other accounts receivable	413,905	-	-	-	-	-	413,905	resources and therefore are not reported in	
Accounts receivable - income taxes	274,061	-	-	-	-	-	274,061	the funds.	4,821,536
Prepaid expenses	-	-	-	-	-	-	-		
<b>TOTAL ASSETS</b>	<u>6,133,186</u>	<u>144,582</u>	<u>82,350</u>	<u>263,949</u>	<u>45,123</u>	<u>792,950</u>	<u>7,462,140</u>	Long-term liabilities, including bonds payable, OPEB,	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-	-	-	-	-	and compensated absences are not due and	
	-	-	-	-	-	-	-	payable in the current period and therefore are not	
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 6,133,186</u>	<u>\$ 144,582</u>	<u>\$ 82,350</u>	<u>\$ 263,949</u>	<u>\$ 45,123</u>	<u>\$ 792,950</u>	<u>\$ 7,462,140</u>	reported in the funds.	(6,759,539)
<b>LIABILITIES</b>								Deferred inflows and outflows related to the net	
Accounts payable	\$ 351,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 351,001	pension liability are not reported in the funds.	183,737
Accrued liabilities	-	-	-	-	-	-	-	Receivables pertaining to revenue that is not	
Due to other funds	1,220,575	-	-	-	-	-	1,220,575	available in accordance with modified accrual	
<b>Total Liabilities</b>	<u>1,571,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,571,576</u>	accounting are reported as deferred inflows of	
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>335,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,716</u>	resources in the funds.	<u>335,716</u>
<b>FUND BALANCES</b>								<i>Net Position of Governmental Activities</i>	<u>\$ 4,136,298</u>
Non-Spendable	-	-	-	-	-	-	-		
Restricted	-	-	-	263,949	-	-	263,949		
Committed	319,563	144,582	82,350	-	45,123	792,950	1,384,568		
Unassigned	3,906,331	-	-	-	-	-	3,906,331		
<b>Total Fund Balances</b>	<u>4,225,894</u>	<u>144,582</u>	<u>82,350</u>	<u>263,949</u>	<u>45,123</u>	<u>792,950</u>	<u>5,554,848</u>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 6,133,186</u>	<u>\$ 144,582</u>	<u>\$ 82,350</u>	<u>\$ 263,949</u>	<u>\$ 45,123</u>	<u>\$ 792,950</u>	<u>\$ 7,462,140</u>		

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, 2020**

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

	General	Economic Development Fund	Health and Wellness Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds	
<b>Revenues</b>								
Taxes	\$ 6,373,710	\$ -	\$ -	\$ 534,295	\$ -	\$ -	\$ 6,908,005	<i>Net Change in Fund Balances - Total Governmental Funds</i>
Intergovernmental	178,671	-	-	-	-	-	178,671	\$ 956,473
Service charges and fines	989,960	-	-	-	-	-	989,960	Governmental funds report capital outlays as expenditures.
Licenses and permits	204,882	-	-	-	-	-	204,882	However, in the statement of activities, the cost of those
Miscellaneous	251,840	1,250	-	-	-	399,445	652,535	assets is allocated over their estimated useful lives as
Interest	58,417	-	-	-	-	-	58,417	depreciation expense. This is the amount by which
<b>Total revenues</b>	<u>8,057,480</u>	<u>1,250</u>	<u>-</u>	<u>534,295</u>	<u>-</u>	<u>399,445</u>	<u>8,992,470</u>	depreciation exceeded capital outlays in the current period.
								(180,152)
<b>Expenditures</b>								
Current								Repayment of debt principal is reported in governmental
General government	1,729,443	-	-	5,438	655	-	1,735,536	funds as an expenditure, however, in the statement of
Public safety	3,512,146	-	-	-	-	-	3,512,146	activities, it is recorded as a reduction in long-term debt.
Public works	1,320,145	-	-	359,997	-	-	1,680,142	This is the amount of principal debt repayment.
Community	83,785	42,688	-	-	-	-	126,473	400,929
Capital outlay	-	-	-	-	-	483,668	483,668	Difference between modified accrual and full accrual basis
Debt service								of accounting for compensated absences.
Principal	-	-	-	-	346,400	54,529	400,929	(14,206)
Interest	-	-	-	-	97,103	-	97,103	Changes in deferred inflows of resources relating to income
<b>Total expenditures</b>	<u>6,645,519</u>	<u>42,688</u>	<u>-</u>	<u>365,435</u>	<u>444,158</u>	<u>538,197</u>	<u>8,035,997</u>	taxes do not use current financial resources and are not
								reported as revenue in the governmental funds.
<b>Excess of revenues over (under) expenditures before other financing sources and uses</b>	1,411,961	(41,438)	-	168,860	(444,158)	(138,752)	956,473	(101,582)
								Pension expense pertaining to the net pension liability does not
<b>Other Financing Sources (Uses)</b>								require the use of current financial resource and therefore is
Proceeds from long-term debt	-	-	-	-	-	-	-	not reported in the funds.
Transfers in (out)	(568,131)	125,000	-	-	443,131	-	-	(421,619)
<b>Total other financing sources (uses)</b>	<u>(568,131)</u>	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>443,131</u>	<u>-</u>	<u>-</u>	OPEB contributions are long-term liabilities and the related
								expense is not reported in the funds.
<b>Excess of revenues over (under) expenditures and other financing sources and uses</b>	843,830	83,562	-	168,860	(1,027)	(138,752)	956,473	(138,213)
								<i>Change in Net Position of Governmental Activities</i>
<b>Fund balance beginning of year, restated general fund</b>	3,382,064	61,020	82,350	95,089	46,150	931,702	4,598,375	<u>\$ 501,630</u>
<b>Fund balance end of year</b>	<u>\$ 4,225,894</u>	<u>\$ 144,582</u>	<u>\$ 82,350</u>	<u>\$ 263,949</u>	<u>\$ 45,123</u>	<u>\$ 792,950</u>	<u>\$ 5,554,848</u>	

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, 2020**

**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, Economic Development Fund, Health and Wellness 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 Economic Development Fund is used for future revitalization of the Town Center and older portions of the Town, as well as to support economic development town-wide through programs focused on business attraction, retention, and expansion.

The Health and Wellness Fund is used for future health care premium increases for participants and other health and wellness initiatives for employees.

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

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

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.

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, 2020**

**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 not 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
- Special Revenue Fund
- Debt Service Fund
- Capital Projects Fund

The non-major funds are the:

- Economic Development Fund
- Health and Wellness Fund

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

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



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

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

**Receivables**

Receivables at June 30, 2020 consist of taxes, business licenses, grants, speed camera revenues, highway user revenues, and state aid for police 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, 2020, the balance of deferred inflows of resources consisted of income taxes of \$274,061.

**Local Tax Reserve Fund**

At June 30, 2020, the Town was advised by the State of Maryland that \$274,061 of the Local Tax Reserve Fund was allocable to the Town. The Town recorded receivable and deferred inflows of resources in the amount of \$271,061 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, 2020**

**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.

**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**

In accordance with the Riverdale Park Personnel Policy dated 2013, section F-5(c), employees separating from employment are paid for accumulated earned but unused vacation leave, up to a maximum as shown in the table below. The Town will also pay for one-fifth of accumulated earned but unused sick leave.

Years of Employment	Days Per Year	Hours Accrued Per Pay period	Max Hours Carried Forward*
0-4	10	3.08	<b>120</b>
5-9	15	4.62	<b>160</b>
10-14	18	5.54	<b>184</b>
15-20	20	6.15	<b>200</b>
20+	25	7.69	<b>240</b>
<i>* Year worth of leave plus 5 days</i>			

Vacation and sick pay are reported as an expense and a liability on the government-wide financial statements. The total amount of accumulated vacation leave as of June 30, 2020, was \$195,770.

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

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

**Equity Classifications**

**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 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.

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

**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.

**Prior Period Adjustments**

The Town restated beginning Net Position by \$68,424, from \$4,529,951 to \$4,598,375 and beginning Fund Balance in the General Fund by \$68,424, from \$3,313,640 to \$3,382,064. There were prior period accounting errors pertaining to accrued payroll resulting in an understatement of previously reported equity.

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

**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.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Deposit Policies**

The deposits of the Town are governed by the Annotated Code of Maryland. 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.

**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 \$3,065,852 and the bank balances totaled \$3,416,419. Of the bank balances, the entire amount was collateralized with securities in the Town's name.

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

**NOTE 3 – DEPOSITS AND INVESTMENT – continued**

**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 investment collateral is held by a third-party custodian with whom the Town has a current custodial agreement in the Town's name.

Generally, the Town's investing activities are managed by the Town Manager 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.

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

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

**Investments**

The Town has invested at June 30, 2020, \$2,487,747 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, 2020, the Town had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>
MLGIP	<u>\$ 2,487,747</u>	<u>\$ 2,487,747</u>	AAAm

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

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

**NOTE 4 – ACCOUNTS RECEIVABLE**

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

Abatement fees	\$ 1,420
Alarm registration fees	640
Building permits	1,000
Business licenses	1,875
Finance charges	433
Rental licenses	3,240
Speed camera	275,459
Tangible personal property taxes	129,838
	<u>\$ 413,905</u>

Non-current accounts receivable is comprised of red light and parking citations of \$178,993 and \$1,375,000, 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 \$1,553,993 has been established.



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

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	\$ 252,400	\$ -	\$ -	\$ 252,400
Construction in progress	-	-	-	-
Subtotal	252,400	-	-	252,400
Depreciable capital assets:				
Buildings and improvements	2,490,398	370,070	-	2,860,468
Infrastructure improvements	5,138,532	75,600	-	5,214,132
Furniture and fixtures	44,392	19,784	-	64,176
Vehicles and equipment	4,399,985	18,214	-	4,418,199
Subtotal	12,073,307	483,668	-	12,556,975
Total capital assets	12,325,707	483,668	-	12,809,375
Accumulated depreciation:				
Buildings and improvements	1,273,712	123,160	-	1,396,872
Infrastructure improvements	2,441,322	256,062	-	2,697,384
Furniture and fixtures	44,406	989	-	45,395
Vehicles and equipment	3,589,579	283,609	-	3,873,188
Subtotal, accumulated depreciation	7,349,019	663,820	-	8,012,839
Net capital assets	\$ 4,976,688	\$ (180,152)	\$ -	\$ 4,796,536

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

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION - continued**

Depreciation was charged to functions as follows:

General government	\$	91,796
Public safety		197,470
Public works		371,104
Parks and recreation		3,450
	<u>\$</u>	<u>663,820</u>

The Town had no material construction plans as of June 30, 2020.

**NOTE 6 – 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, 2020:

	<u>CDA Loan</u>	<u>Refunding Bond</u>	<u>Capital Leases</u>	<u>Accrued Vacation</u>	<u>Total</u>
Balance, beginning of year	\$ (137,525)	\$ 1,864,000	\$ 189,707	\$ 181,564	\$ 2,097,746
Additions	-	-	-	14,206	14,206
Retirements	(107,400)	(239,000)	(54,529)	-	(400,929)
Plus: undrawn proceeds	619,879	-	-	-	619,879
Balance, end of year	<u>\$ (244,925)</u>	<u>\$ 1,625,000</u>	<u>\$ 135,178</u>	<u>\$ 195,770</u>	<u>\$ 1,711,023</u>
Due within 1 year	<u>\$ 110,500</u>	<u>\$ 250,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,000</u>

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

**NOTE 6 – LONG-TERM DEBT - continued**

One May 29, 2012, the Town issued \$2,997,000 of taxable refunding bonds to repay the balance due on the 2006 certificates with a maturity date of May, 2026. Interest is charged on the outstanding balance at a rate of 3.00%. The bond is payable in semi-annual installments varying from \$5,000 to \$145,000, commencing on November 30, 2012 through May 30, 2026. At June 30, 2020, the amount of principal owed was \$1,625,000.

In October 2013, the Town issued a total of \$3,428,207 of CDA infrastructure bonds. \$2,559,056 is payable over 30 years and the remaining \$869,151 is payable over 15 years. Interest is charged on the outstanding balance at a rate of 3.788%. The bond is payable in annual installments varying from \$97,500 to \$160,000, commencing May 1, 2014 through May 1, 2043. At June 30, 2020, the amount of principal owed was \$1,242,500 and the balance of undrawn proceeds was \$619,879.

The principal and interest requirements to maturity of the long-term debt follow:

FY	Principal	Interest	Total
2021	\$ 361,000	\$ 175,942	\$ 536,942
2022	373,000	164,730	537,730
2023	385,500	152,917	538,417
2024	398,500	140,467	538,967
2025	411,500	127,344	538,844
2026-2030	572,500	482,686	1,055,186
2031-2034	365,500	295,691	661,191
	\$ 2,867,500	\$ 1,539,778	\$ 4,407,278

\*This payment schedule assumes the remaining balance of undrawn proceeds are drawn down.

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

**NOTE 7 – 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 30<sup>th</sup> and December 31<sup>st</sup>. When taxes are overdue, a lien is placed against the property.

All applicable tax liens are handled by the County. The personal/operating and real property tax rates during the year ended June 30, 2020 were \$2.00, \$0.654 per \$100 of assessed value, respectively.

**NOTE 8 – RETIREMENT PLAN**

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 \$3,565,281 as of the measurement date of June 30, 2020.

The Town has also adopted GASB No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68. GASB No. 71 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The Town’s fiscal 2020 contribution of \$364,873 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 may be amended by the Town Council.

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

**NOTE 8 – 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, 2020 are as follows:

Active participants	34
Inactive plan members entitled to but not yet receiving benefits	21
Inactive plan members or beneficiaries currently receiving benefits	13
Total participants	<u>68</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 \$364,873 for the year ended June 30, 2020, were 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, 2020 are based on salaries for the year ending June 30, 2019. The contribution requirements of plan members of the reporting entity are established and may be amended by the Trustees, and contributions by the Town are authorized by the Town Council. The required and actual contributions for the fiscal years ending June 30<sup>th</sup> were as follows:

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

**NOTE 8 – RETIREMENT PLAN – continued**

	<b>Fiscal Year Ending June 30</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Retirement plan contributions	\$ 364,873	\$ 339,049	\$ 349,146

The Town contributed \$364,873 to the System for fiscal year 2020 which was actuarially determined based on statutory provisions. The Town has also recognized in Pension Expense its proportionate share of the System’s deferred inflows of resources (an increase in Pension Expense) attributable to the net difference between projected and actual investment earnings on pension plan assets and its proportionate share of the Plan’s deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

Required disclosures aggregate for the plan:

	<b>Riverdale Park Defined Benefit Plan</b>
Total pension liability	\$ 11,943,251
Total fiduciary net position	8,377,970
Town's proportionate share of total pension liabilities	3,565,281
Town's proportionate share of net pension liabilities	100%
Total pension assets	8,377,970
Measurement date of net pension liability	June 30, 2020
Date of actuarial valuation	June 30, 2020
Deferred outflows related to pensions	713,871
Deferred inflows related to pensions	27,474
Pension expense/expenditures for the period	756,810

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

**NOTE 8 – RETIREMENT PLAN – continued**

*Actuarial assumptions*

The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2019 rolled forward to June 30, 2020. The key assumptions used to perform the June 30, 2020 pension liability calculation for the System are as follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Asset valuation method	Market value
Inflation (b)	2.75%
Salary Increases	5.0%, including inflation
Discount Rate (a)	7.0%
Investment Rate of Return (b)	7.0%
Retirement age	Rates vary by participant age and service.
Mortality	Public 2010 General Mortality Tables with generational projection by Scale MP-2020

- (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, 2020, calculated in accordance with GASB Statement No. 67, are shown in the following table:

Total pension liability	\$ 11,943,251
Plan fiduciary net position	<u>8,377,970</u>
Net pension liability	<u><u>\$ 3,565,281</u></u>

Plan fiduciary net position as a percentage of the total pension liability	<u><u>70.15%</u></u>
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**TOWN OF RIVERDALE PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – 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
Domestic Large Cap Equity	37%	4.40%
Domestic Mid Cap Equity	5%	5.50%
Domestic Small Cap Equity	4%	5.80%
International Equity	10%	6.40%
Real Estate Investment Trusts	2%	6.80%
Core Fixed Income	35%	1.00%
High yield Bonds	3%	3.20%
Cash	4%	0.00%
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, 2020.

**Discount Rate**

A single discount rate of 7.0% 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 7.0%. 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, 2020**

**NOTE 8 – 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 7.0%, a single discount rate that is 1-percentage point lower (i.e., 6.0%), and a single discount rate that is 1-percentage point higher (i.e., 8.0%).

	1% Lower – 6.0%	Current Rate – 7.0%	1% Higher – 8.0%
The Town’s Net Pension Liability	\$5,143,595	\$3,565,281	\$2,258,742
Town’s proportionate share of the Net Pension Liability	\$5,143,595	\$3,565,281	\$2,258,742

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

At June 30, 2020, the Town reported a liability of \$3,565,281 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 100 percent.

For the year ended June 30, 2020, the Town recognized pension expense of \$421,619. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Changes of assumptions	\$413,375	\$ -
Net difference between projected and actual earnings on pension plan investments	158,401	
Differences between expected and actual experience	108,161	46,255
Total	\$679,937	\$46,255

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

**NOTE 8 – RETIREMENT PLAN – continued**

The deferred outflow of resources and the deferred inflows of resources represent the Town’s unamortized portions of the Plan’s original amounts, which are being amortized over a five-year period beginning in fiscal 2021. 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:	
2021	\$ 295,114
2022	224,519
2023	62,521
2024	51,373
2025	-
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)
<b>Balances at 6/30/19</b>	\$ 11,100,412	\$ 7,904,035	\$ 3,196,377
<b>Changes for the year:</b>			
Service cost	447,041	-	447,041
Interest	762,484	-	762,484
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(61,674)	-	(61,674)
Changes of assumptions	110,567	-	110,567
Contributions - employer	-	364,873	(364,873)
Contributions - member	-	222,216	(222,216)
Net investment income	-	302,425	(302,425)
Benefit payments, including refunds of member contributions	(415,579)	(415,579)	-
Administrative expense	-	-	-
Other	-	-	-
<b>Net Changes</b>	<u>842,839</u>	<u>473,935</u>	<u>368,904</u>
<b>Balances at 6/30/20</b>	<u>\$ 11,943,251</u>	<u>\$ 8,377,970</u>	<u>\$ 3,565,281</u>

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

**NOTE 9 - 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 10 – 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 11 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to workers, and natural disasters. The Town has an insurance agreement with the Local Government Insurance Trust (LGIT), a public entity risk pool. LGIT provides the Town’s property, general, automobile, employee 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, 2020 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, 2020**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**Litigation**

In FY2020, the Town had one active case. On request by the Town, this case has been accepted by the Maryland Court of Appeals (Maryland's highest court). This case dates to 2015. The Local Government Insurance Trust (LGIT) is representing the Town.

**NOTE 13 – 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, 2020, zero retired employees participate in this program.

*Funding Policy*

The Town has not established an OPEB trust as of June 30, 2020 and has not made a contribution for the year ended June 30, 2020.

*Total OPEB Liability*

The Town's total OPEB liability of \$1,287,465 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019 and rolled forward to June 30, 2020.

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

**NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – continued**

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Discount rate	2.45%
Healthcare cost trend rates	4.7%

The discount rate was based on the 20-year bond rate.

Mortality rates were based on the study by the Society of Actuaries for general employees and the most recently released mortality improvement (MP2020) scale.

The trend rate selected is based on an economic model developed by a health care economist for the Society of Actuaries.

**Changes in the Total OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 6/30/19</b>	\$ 1,678,164	\$ -	\$ 1,678,164
<b>Changes for the year:</b>			
Service cost	129,827	-	129,827
Interest	52,378	-	52,378
Changes of benefit terms	-	-	-
Experience losses/(gains)	(542,487)	-	(542,487)
Trust contribution - employer	-	-	-
Net investment income	-	-	-
Changes in assumptions	(30,417)	-	(30,417)
Benefit payments (net of retiree contributions)	-	-	-
Administrative expense	-	-	-
<b>Net Changes</b>	<u>(390,699)</u>	<u>-</u>	<u>(390,699)</u>
<b>Balances at 6/30/20</b>	<u>\$ 1,287,465</u>	<u>\$ -</u>	<u>\$ 1,287,465</u>

Changes of assumptions reflects a change in the discount rate from 3.13% to 2.45%.

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

**NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – continued**

*Sensitivity of the total OPEB liability to changes in the discount rate*

The following presents the total OPEB liability to the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate:

	1% Decrease 1.45%	Discount Rate 2.45%	1% Increase 3.45%
Total OPEB Liability	\$ 1,459,789	\$ 1,287,465	\$ 1,135,129
Net OPEB Liability/(Asset)	\$ 1,459,789	\$ 1,287,465	\$ 1,135,129

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate*

The following presents the total OPEB liability to the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current discount rate:

	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	\$ 1,080,578	\$ 1,287,465	\$ 1,537,978
Net OPEB Liability/(Asset)	\$ 1,080,578	\$ 1,287,465	\$ 1,537,978

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the Town recognized OPEB expense of \$138,213. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 487,506
Changes of assumptions	68,829	31,268
Total	\$ 68,829	\$ 518,774

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

**NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – continued**

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

Fiscal Year ended June 30:	
2021	\$ (53,992)
2022	(53,992)
2023	(53,992)
2024	(53,992)
2025	(53,992)
Thereafter	(179,982)

**NOTE 14 – FUND BALANCE REPORTING**

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

**Restricted Fund Balance**

The restricted fund balance in the special revenue fund is \$263,949, which is for the incremental tax financing administrative fund.

**Committed Fund Balance**

The committed fund balance in the general fund is \$319,563 for OPEB.

The committed fund balance in the economic development fund is \$144,582 for future revitalization of the Town Center and older portions of the Town, as well as to support economic development town-wide through programs focused on business attraction, retention, and expansion.

The committed fund balance in the health and wellness fund is \$82,350 for future health care premium increases for participants and other health and wellness initiatives for employees.

The committed fund balance in the debt service fund is \$45,123 for future debt retirements.

The committed fund balance in the capital projects fund is \$792,950 for future capital projects.

**Unassigned Fund Balance**

The unassigned fund balance in the general fund is \$3,906,331.

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

**NOTE 15 – NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued the following statements:

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

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for reporting periods beginning after June 15, 2019.

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. 91, *Conduit Debt Obligations*, issued May 2019, effective for reporting periods beginning after December 15, 2021.

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

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

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

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

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

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

The Town will implement these statements as necessary as of their effective dates. While the Town is still in the process of determining the effect of implementing these GASB statements, they are not expected to have a material effect on the financial position of the Town.



**TOWN OF 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)**

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 447	\$ 408	\$ 356	\$ 332	\$ 332	\$ 285	\$ 259
Interest	762	668	632	583	541	478	443
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(62)	-	433	-	(63)	(8)	-
Changes of assumptions	111	661	-	7	-	322	-
Benefit payments, including refunds of member contributions	(416)	(358)	(264)	(253)	(248)	(236)	(222)
Net change in total pension liability	843	1,379	1,157	669	562	841	480
Total pension liability - beginning	11,100	9,721	8,564	7,896	7,334	6,493	6,013
Total pension liability - ending (a)	<u>\$ 11,943</u>	<u>\$ 11,100</u>	<u>\$ 9,721</u>	<u>\$ 8,564</u>	<u>\$ 7,896</u>	<u>\$ 7,334</u>	<u>\$ 6,493</u>
Plan fiduciary net position							
Contributions - employer	\$ 365	\$ 339	\$ 349	\$ 306	\$ 299	\$ 608	\$ 253
Contributions - member	222	208	207	187	183	170	157
Net investment income	302	516	506	614	34	158	613
Benefit payments, including refunds of member contributions	(416)	(358)	(264)	(253)	(248)	(236)	(222)
Administrative expense	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ 474	\$ 705	\$ 799	\$ 853	\$ 267	\$ 700	\$ 801
Plan fiduciary net position - beginning	7,904	7,199	6,401	5,547	5,280	4,580	3,779
Plan fiduciary net position - ending (b)	<u>\$ 8,379</u>	<u>\$ 7,904</u>	<u>\$ 7,199</u>	<u>\$ 6,401</u>	<u>\$ 5,547</u>	<u>\$ 5,280</u>	<u>\$ 4,580</u>
Town's net pension liability - ending (a)-(b)	<u>\$ 3,565</u>	<u>\$ 3,196</u>	<u>\$ 2,522</u>	<u>\$ 2,164</u>	<u>\$ 2,348</u>	<u>\$ 2,054</u>	<u>\$ 1,913</u>
Plan fiduciary net position as a percentage of the total pension liability	70.15%	71.20%	74.06%	74.74%	70.26%	71.99%	70.53%
Covered-employee payroll	\$ 2,361	\$ 2,231	\$ 2,231	\$ 2,051	\$ 2,051	\$ 1,961	\$ 1,852
Town's net pension liability as a percentage of covered-employee payroll	151.03%	143.24%	113.02%	105.49%	114.49%	104.73%	103.29%
Expected average remaining service years of all participants	4	4	4	4	5	5	5

**Notes to Schedule:**

*Benefit changes:*

None

*Changes of assumptions:*

FY2020 reflects an update to the expected rates of future mortality.

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)**

**Schedule of Town Contributions**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 365	\$ 339	\$ 349	\$ 306	\$ 299	\$ 258	\$ 253			
Contributions in relation to the actuarially determined contribution	<u>365</u>	<u>339</u>	<u>349</u>	<u>306</u>	<u>299</u>	<u>608</u>	<u>253</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (350)</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 2,361	\$ 2,231	\$ 2,231	\$ 2,051	\$ 2,051	\$ 1,892	\$ 1,734			
Contributions as a percentage of covered employee payroll	15.46%	15.19%	15.65%	14.90%	14.57%	32.16%	14.59%			

Information for FY2013 and earlier is no

**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	Ranging from 14-22 years
Asset valuation method	Market value
Inflation	2.75 percent
Salary increases	5.0 percent, including inflation
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Combined Healthy tables with generational projection by Scale MP-2016

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.

**SCHEDULE OF REQUIRED PENSION-RELATED  
SUPPLEMENTARY INFORMATION**

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

	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015
Town's proportion (%) of collective net pension liability	100%	100%	100%	100%	100%	100%
Town's proportionate share (\$) of collective net pension liability	3,565,281	3,196,377	3,565,281	2,163,623	2,348,208	2,054,143
Town's covered-employee payroll (\$)	2,361,000	2,231,000	2,231,000	2,051,000	2,051,000	1,892,000
Town's proportionate share of collective net pension liability as a percentage of its covered-employee payroll	151.01%	143.27%	159.81%	105.49%	114.49%	108.57%
Pension plan's fiduciary net position as a percentage of the total pension liability	70.15%	71.20%	74.06%	74.74%	70.26%	71.99%

Information for prior years not available

**TOWN OF RIVERDALE PARK, MARYLAND  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020  
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB liability					
Service cost	\$ 129,827	\$ 113,946	\$ 110,382		
Interest cost	52,378	51,508	45,730		
Changes of benefit terms	-	-	-		
Differences between expected and actual experience	(542,487)	(3,850)	(3,850)		
Changes of assumptions	(30,417)	91,773	(6,769)		
Benefit payments	-	-	-		
Net change in total OPEB liability	<u>(390,699)</u>	<u>253,377</u>	<u>145,493</u>		
Total OPEB liability - beginning	<u>1,678,164</u>	<u>1,424,787</u>	<u>1,279,294</u>		
Total OPEB liability - ending (a)	<u><u>\$ 1,287,465</u></u>	<u><u>\$ 1,678,164</u></u>	<u><u>\$ 1,424,787</u></u>		
Plan fiduciary net position					
Contributions - employer	\$ -	\$ -	\$ -		
Net investment income	-	-	-		
Benefit payments (net of retiree contributions)	-	-	-		
Administrative expense	-	-	-		
Net change in plan fiduciary net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>		
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		
Net OPEB liability	\$ 1,287,465	\$ 1,678,164	\$ 1,424,787		
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%		
Covered-employee payroll	2,385,021	2,231,000	2,231,000		
Net OPEB liability as a % of payroll	54%	75%	64%		

Information for FY2017 and earlier is not available

**Notes to Schedule:**

*Benefit changes:*

None

*Changes of assumptions:*

The discount rate was changes as follows:

2.45%

3.13%

3.62%

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 presented for those years for which information is available

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

**Governmental Funds**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
Income taxes	\$ 515,000	\$ 515,000	\$ 710,249	\$ 195,249
Property taxes	4,886,478	4,886,478	6,197,747	1,311,269
Intergovernmental	17,336	17,336	178,671	161,335
Licenses and permits	247,360	247,360	204,882	(42,478)
Interest and investment earnings	18,000	18,000	58,417	40,417
Charges for services	919,499	919,499	989,960	70,461
Other revenues	135,164	135,164	652,544	517,380
<b>Total Revenues</b>	<b>\$ 6,738,837</b>	<b>\$ 6,738,837</b>	<b>\$ 8,992,470</b>	<b>\$ 2,253,633</b>
<b>Expenditures</b>				
General government	\$ 1,552,528	\$ 1,552,528	\$ 1,735,536	\$ (183,008)
Public safety <sup>1</sup>	3,731,858	3,731,858	3,512,146	219,712
Public works	1,360,381	1,360,381	1,680,142	(319,761)
Community	94,070	94,070	126,473	(32,403)
Debt Service	-	-	498,032	(498,032)
Capital outlay	-	-	483,668	(483,668)
<b>Total Expenditures</b>	<b>\$ 6,738,837</b>	<b>\$ 6,738,837</b>	<b>\$ 8,035,997</b>	<b>\$ (1,297,160)</b>
<b>Other financing uses</b>				
Transfer to CIP fund	(111,643)	(111,643)	-	(111,643)
Transfer to Economic Development fund	-	-	(125,000)	125,000
Transfer to Health and Wellness fund	-	-	-	-
Transfer to Debt Service	(205,000)	(205,000)	(443,131)	238,131
Transfer to Community Development	(12,500)	(12,500)	-	(12,500)
Transfer from OPEB	118,594	118,594	-	118,594
Transfer from General fund	210,549	210,549	568,131	(357,582)
<b>Total Expenditures and other financing uses</b>	<b>\$ 6,837,743</b>	<b>\$ 6,837,743</b>	<b>\$ 8,479,128</b>	<b>\$ (1,641,385)</b>