

**TOWN OF CHEVERLY, MARYLAND**  
**Cheverly, Maryland**

**FINANCIAL STATEMENTS**

**For The Year Ended June 30, 2020**



**TOWN OF CHEVERLY, MARYLAND**  
**For The Year Ended June 30, 2020**  
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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Town Council  
Town of Cheverly, Maryland  
Cheverly, Maryland

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund information of the Town of Cheverly, 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 the major fund information of the Town of Cheverly, Maryland, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 10, the budgetary comparison information on pages 40 - 46 and the additional information required for pension on pages 47 and 48 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.

Waldorf, Maryland  
November 9, 2020

## **TOWN OF CHEVERLY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Town of Cheverly, Maryland's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2020. Please read it with the Town's financial statements, which immediately follow this section.

The Town of Cheverly is located in Prince George's County, Maryland and is one of twenty-eight municipalities within the County. The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Town of Cheverly's discussion and analysis of the financial results for the fiscal year ended June 30, 2020.

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### **FINANCIAL HIGHLIGHTS**

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- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,927,576 (net position). Of this amount, \$4,961,507 is net investment in capital assets, leaving an unrestricted net position of \$1,966,069.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$4,467,544, an increase of \$828,745 in comparison to the prior year. The ending fund balance of \$4,467,544 includes \$3,542,348 that is available for spending at the Town's discretion (unassigned fund balance).
- The Town purchased \$466,030 in new capital assets during the year which included five police cars, a public works truck, and police and public works equipment.

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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GASB Statement 34 requires the utilization of dual focus financial reporting. Information is presented on a government-wide basis and on a fund basis.

This discussion and analysis is intended to serve as an introduction to the Town of Cheverly's basic financial statements that were prepared using these reporting requirements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes, in this report, additional information to supplement the basic financial statements.

#### **Government-Wide Financial Statements**

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting, at this level, uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which presents information about how the Town's net position changed during the past fiscal year. All changes in net position are reported when the underlying event or transaction occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period such as uncollected income taxes and expensed but not paid interest.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and recreation.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

- *Governmental Funds* - Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparison between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balance provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

The Town has only one governmental fund - the general fund

The Town adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

- *Proprietary Funds* – The Town operates no Proprietary Funds.
- *Fiduciary Funds* – The Town operates no Fiduciary funds.

## Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$6,927,576 as of June 30, 2020. By far the largest portion of the Town's net position reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding). This investment was \$4,961,507 or 71.6% of the Town's net position as of June 30, 2020. Due to the nature of these assets, they are not available for future spending.

The unrestricted portion of the net position was a surplus totaling \$1,966,069. This category represents the amounts that the Town may use to meet the Town's ongoing obligations to its residents and creditors.

During the fiscal year, the Town's net position increased by \$539,475. The following table reflects the Town's net position as of June 30, 2020 compared to June 30, 2019.

<b>Governmental Activities Statement of Net Position</b>		
	<u>2020</u>	<u>2019</u>
Assets		
Current assets	\$ 5,125,468	\$ 4,078,361
Capital assets, net of depreciation	<u>5,066,507</u>	<u>5,129,691</u>
Total Assets	<u>10,191,975</u>	<u>9,208,052</u>
Deferred Outflow of Resources	<u>452,839</u>	<u>547,935</u>
Liabilities		
Current liabilities	537,095	317,882
Long-term liabilities	<u>2,927,616</u>	<u>2,783,355</u>
Total Liabilities	<u>3,464,711</u>	<u>3,101,237</u>
Deferred Inflow of Resources	<u>252,527</u>	<u>266,649</u>
Net Position		
Net investment in capital assets	4,961,507	4,891,882
Unrestricted	<u>1,966,069</u>	<u>1,496,219</u>
Total Net Position	<u>\$ 6,927,576</u>	<u>\$ 6,388,101</u>

Governmental activities increased the Town of Cheverly's net position by \$539,475 during Fiscal Year 2020, hereby accounting for the total growth in the net position. The key elements of this increase are shown below. Information for the prior fiscal year is provided for comparative purposes.

**Governmental Activities  
Statement of Activities Summary**

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 843,653	\$ 1,063,601
Operating grants	<u>192,299</u>	<u>221,332</u>
Total Program Revenues	1,035,952	1,284,933
General revenues		
Taxes	5,486,785	5,610,286
Net investment income	61,746	59,031
Other	<u>33,441</u>	<u>43,758</u>
Total General Revenues	<u>5,581,972</u>	<u>5,713,075</u>
Total Revenues	6,617,924	6,998,008
Expenses		
General government	1,404,289	1,383,534
Public safety	2,304,689	2,357,291
Public works	2,360,402	2,892,811
Interest expense	<u>9,069</u>	<u>13,800</u>
Total Expenses	<u>6,078,449</u>	<u>6,647,436</u>
Changes in Net Position	539,475	350,572
Net Position, beginning	<u>6,388,101</u>	<u>6,037,529</u>
Net Position, ending	<u><u>\$ 6,927,576</u></u>	<u><u>\$ 6,388,101</u></u>

Overall revenues decreased \$380,084 from Fiscal Year 2019 to Fiscal Year 2020. In program revenues, charges for services decreased \$219,948 and capital grants decreased \$29,033. In general revenue, property tax revenue decreased \$118,305, and intergovernmental revenues decreased \$5,196. In addition, miscellaneous revenues decreased \$10,317 and investment earnings increased \$2,445. The \$2,445 increase in investment earnings was primarily due to the increase in interest earned on the \$3.5 million of MLGIP investments.



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## FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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### Analysis of Financial Position

- *Governmental Funds* - During the fiscal year ended June 30, 2020, the Town of Cheverly's fund balance increased by \$828,745. A few of the significant factors affecting the general fund during the year are discussed below:

#### 1. Real Property Taxes Levied For General Operations

The rate has been established at \$0.51 per \$100 of assessed value on single family homes and an additional rate of \$0.66 per \$100 of assessed value on multi-family units.

<u>Fiscal Year</u>	<u>Amount</u>	<u>% Increase From Prior Year</u>
2019 - 2020	\$ 3,715,196	5.65
2018 - 2019	\$ 3,516,381	1.09
2017 - 2018	\$ 3,478,637	4.75
2016 - 2017	\$ 3,320,884	4.05
2015 - 2016	\$ 3,191,538	7.92
2014 - 2015	\$ 2,957,209	1.36
2013 - 2014	\$ 2,917,443	0.75

#### 2. Tangible Personal Property Tax

The Town of Cheverly levies tangible personal property taxes on business entities within its corporate limits.

The rate has been established at \$1.10 per \$100 of assessed valuation.

<u>Fiscal Year</u>	<u>Amount</u>	<u>% Increase From Prior Year</u>
2019 - 2020	\$ 427,801	(35.97)
2018 - 2019	\$ 668,149	142.62
2017 - 2018	\$ 275,390	(47.60)
2016 - 2017	\$ 525,550	(6.05)
2015 - 2016	\$ 559,400	74.99
2014 - 2015	\$ 319,679	(33.29)
2013 - 2014	\$ 479,199	6.61

The large increase in fiscal year 2019 was due to collections made in fiscal year 2019 for unpaid fiscal year 2018 taxes.

#### 3. Highway User Revenue

Highway user revenue is generated from the registration of vehicles within the corporate limits and the amount of linear roadway within the corporate limits. In fiscal year 2020, the Town's allocation increased by \$40,850 from \$171,735 (2019) to \$212,585 (2020).

#### 4. Income Tax

The Town of Cheverly receives a percentage of the income taxes collected by the State of Maryland. This amount fluctuates with the income earned by the Town of Cheverly residents. High unemployment and/or the aging of a community, such as Cheverly, can affect the amount of income tax revenue on an annual basis. In fiscal year 2020, income tax revenue has decreased by \$28,068 from \$1,020,537 (2019) to \$992,469 (2020).

#### 5. Red Light Camera Revenue

Red light camera revenue is generated as penalties or fines from running red lights in the Town of Cheverly. In fiscal year 2020, due to COVID-19 restrictions, the revenue decreased by \$127,354 from \$743,993 (2019) to \$616,639 (2020).

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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#### General Fund Expenditures Budget Vs. Actual 5-Year History

Fiscal Year	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Expenditures Actual & Original Budget Variance	Expenditures Actual & Final Budget Variance
2019 - 2020	\$ 7,193,150	\$ 7,537,950	\$ 5,816,027	\$ 1,377,123	\$ 1,721,923
2018 - 2019	\$ 7,540,320	\$ 7,583,120	\$ 6,427,988	\$ 1,112,332	\$ 1,155,132
2017 - 2018	\$ 6,747,892	\$ 7,083,949	\$ 6,094,199	\$ 653,693	\$ 989,750
2016 - 2017	\$ 6,102,907	\$ 6,377,167	\$ 6,018,363	\$ 84,544	\$ 358,804
2015 - 2016	\$ 5,312,539	\$ 5,368,839	\$ 5,192,145	\$ 120,394	\$ 176,694

#### General Fund Revenues Budget Vs. Actual 5-Year History

Fiscal Year	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Revenues Actual & Original Budget Variance	Revenues Actual & Final Budget Variance
2019 - 2020	\$ 6,530,850	\$ 6,530,850	\$ 6,644,772	\$ 113,922	\$ 113,922
2018 - 2019	\$ 6,325,584	\$ 6,325,584	\$ 6,972,690	\$ 647,106	\$ 647,106
2017 - 2018	\$ 6,106,108	\$ 6,106,108	\$ 6,422,691	\$ 316,583	\$ 316,583
2016 - 2017	\$ 5,594,554	\$ 5,716,387	\$ 6,550,445	\$ 955,891	\$ 834,058
2015 - 2016	\$ 5,163,489	\$ 5,163,489	\$ 6,019,354	\$ 855,865	\$ 855,865

## Original vs. Final Budget

The Town of Cheverly Town Charter requires that the Mayor and Town Council approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, when need arises, the Mayor and Town Council amends it's budget during the fiscal year. There were eight budget adjustments made throughout the year by the Mayor and Town Council.

- The Town of Cheverly's final actual revenues differed from the final amended budget by \$113,922, a favorable variance.
- The Town of Cheverly's final actual expenditures differed from the final amended budget by \$1,721,923, a favorable variance.

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## CAPITAL ASSET AND DEBT ADMINISTRATION

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### Capital Assets

As of June 30, 2020, the Town had approximately \$5.1 million invested in net capital assets including land, buildings, infrastructure, vehicles, machinery, and equipment. During the year ended June 30, 2020, the Town purchased \$466,030 of capital assets and had total depreciation expense of \$503,573.

Capital Assets, Net of Depreciation		
Total Government Activities		
	2020	2019
Land	\$ 1,576,024	\$ 1,576,024
Land improvements	127,854	148,190
Infrastructure	765,401	832,282
Buildings and improvements	1,335,932	1,406,349
Vehicles	860,967	746,212
Machinery and equipment	400,329	420,634
Total	<u>\$ 5,066,507</u>	<u>\$ 5,129,691</u>

## Debt Administration

The Town of Cheverly's outstanding long-term obligations for the past two fiscal years are as follows:

Government Activities		
	2020	2019
General obligations bonds	\$ 105,000	\$ 205,000
Capital lease	-	32,809
Net pension liability	2,670,369	2,418,400
Accrued vacation leave	152,247	127,146
	<u>\$ 2,927,616</u>	<u>\$ 2,783,355</u>

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## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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- The real property tax rate for fiscal year 2021 remained the same at \$0.51 for single family units \$0.66 for the multi-family units.
- In FY 2021, no cost of living adjustment was provided to the employees. Only employees eligible for a step increase received adjustments to wages in FY 2021.
- Two unfunded positions in the Public Works Department were funded in FY 2021.
- The Town anticipates that the COVID-19 pandemic will have impact on revenues during FY 2021. Most significantly, the Town has budgeted for a decrease in Highway User revenue as these funds are generated by vehicle usage, which has decreased significantly.

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## CONTACTING THE TOWN OF CHEVERLY'S FINANCIAL MANAGEMENT

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This financial report is designed to provide our citizens and taxpayers with a general overview of the Town's finances. If you have questions about this report or need additional information, contact the Town of Cheverly offices during normal business hours at 301-773-8360.

**TOWN OF CHEVERLY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,228,393
Investments	3,500,243
Taxes receivable	175,611
Due from other governments	197,986
Other receivables	23,235
Capital assets, net	
Non-depreciable	1,576,024
Depreciable	3,490,483
TOTAL ASSETS	<u>10,191,975</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	<u>452,839</u>
 <b>LIABILITIES</b>	
Accounts payable	453,895
Accrued liabilities	82,829
Interest payable	371
Noncurrent liabilities	
Due within one year	105,000
Due in more than one year	152,247
Net pension liability	2,670,369
TOTAL LIABILITIES	<u>3,464,711</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	<u>252,527</u>
 <b>NET POSITION</b>	
Net investment in capital assets	4,961,507
Unrestricted	1,966,069
TOTAL NET POSITION	<u><u>\$ 6,927,576</u></u>

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

**TOWN OF CHEVERLY, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2020**

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
General government	\$ 1,404,289	\$ 209,089	\$ 9,000	\$ (1,186,200)
Public safety	2,304,689	630,747	115,000	(1,558,942)
Public works	2,360,402	3,817	68,299	(2,288,286)
Interest on long-term debt	9,069	-	-	(9,069)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 6,078,449</u>	<u>\$ 843,653</u>	<u>\$ 192,299</u>	(5,042,497)
<b>GENERAL REVENUES</b>				
Property taxes				4,141,791
Income tax				992,469
Other taxes				352,525
Investment income				61,746
(Loss) on disposal of assets				(11,815)
Miscellaneous income				45,256
Total General Revenues				<u>5,581,972</u>
<b>CHANGE IN NET POSITION</b>				539,475
<b>NET POSITION, BEGINNING</b>				<u>6,388,101</u>
<b>NET POSITION, ENDING</b>				<u>\$ 6,927,576</u>

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

**TOWN OF CHEVERLY, MARYLAND**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

	General Fund
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,228,393
Investments	3,500,243
Taxes receivable	175,611
Due from other governments	197,986
Other receivables	<hr/> 23,235
<b>TOTAL ASSETS</b>	<hr/> <b>\$ 5,125,468</b> <hr/>
 <b>LIABILITIES</b>	
Accounts payable	\$ 453,895
Accrued expenditures	<hr/> 82,829
Total Liabilities	536,724
 <b>DEFERRED INFLOW OF RESOURCES</b>	
Unavailable revenue - property taxes	121,200
 <b>FUND BALANCES</b>	
Assigned for:	
Public safety	33,446
Highway	200,000
Subsequent years expenditures	691,750
Unassigned	<hr/> 3,542,348
Total Fund Balances	<hr/> 4,467,544 <hr/>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	 <hr/> <b>\$ 5,125,468</b> <hr/>

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

**TOWN of CHEVERLY, MARYLAND**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 4,467,544

Amounts reported in governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of these assets is \$10,702,115 and the accumulated depreciation is \$5,635,608. 5,066,507

Payments made for the pension systems reduce the long-term liability on Statement of Net Position but not in Fund Statements. This is the amount of deferred outflow of resources. 452,839

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (2,927,616)

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet. (371)

Deferred inflows of resources related to pension liability and earnings on pension plan investments are not reported in fund financial statements. (252,527)

Certain receivables are offset by unavailable revenue in the governmental funds since they are not available to pay for current-period expenditures. This is the amount of unavailable revenues. 121,200

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 6,927,576

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



**TOWN OF CHEVERLY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2020**

	General Fund
<b>REVENUES</b>	
Taxes	\$ 5,487,991
Licenses and permits	209,089
Intergovernmental	192,299
Service charges	3,817
Fines and forfeitures	630,747
Miscellaneous	59,083
Investment income	61,746
Total Revenues	<u>6,644,772</u>
<b>EXPENDITURES</b>	
Current	
General government	1,276,781
Public safety	2,345,482
Public works	2,051,532
Debt service	
Principal	132,809
Interest	9,423
Total Expenditures	<u>5,816,027</u>
<b>NET CHANGE IN FUND BALANCE</b>	828,745
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>3,638,799</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 4,467,544</u></u>

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

**TOWN OF CHEVERLY, MARYLAND  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2020**

**TOTAL NET CHANGE IN FUND BALANCE -  
GOVERNMENTAL FUNDS**

\$ 828,745

Amounts reported for governmental activities in the  
Statement of activities are different because:

Capital outlays are reported in governmental funds as  
expenditures. However, in the statement of activities,  
the cost of those assets is allocated over their estimated  
useful lives as depreciation expense in the current period.  
This is the amount by which depreciation expense of  
\$503,373 exceeds capital outlay of \$466,030.

(37,543)

The net effect of various transactions involving capital assets  
(i.e. sales, trade-ins, disposals) is to decrease net position.

(25,641)

Long-term debt issuance provide current financial  
resources to governmental funds, while the repayments  
of long-term debt are expenditures in the  
governmental funds but the repayment reduces long-  
term liabilities in the Statement of Net Position.

Repayments of long-term debt

132,809

Some expenses in the statement of activities  
do not require the use of current financial  
resources and, therefore, are not reported  
as an expenditure in the governmental funds.

Change in accrued interest

354

Change in compensated absences

(25,101)

Changes in pension costs

(332,943)

(357,690)

Revenues in the statement of activities that do not  
provide current financial resources are not  
reported as revenues in the funds.

(1,205)

**CHANGE IN NET POSITION OF  
GOVERNMENTAL ACTIVITIES**

\$ 539,475

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

**TOWN OF CHEVERLY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2020**

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

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. A summary of significant accounting policies followed by the Town are presented below.

Financial Reporting Entity

The Town of Cheverly, Maryland (the Town) was established on April 18, 1931 to serve the needs of the citizens of the Cheverly area. Its major sources of revenue are derived from real estate taxes, income taxes, and usage taxes. The Town provides its citizens with the following services: public safety, sanitation, highways and streets, culture-recreation, public improvements, and general administration services.

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting entity includes the Mayor and Town Council of the Town of Cheverly and the primary government.

The Town of Cheverly has no separate component units.

Basis of Presentation

**Government-Wide Financial Statements and Fund Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole. Governmental activities, which normally are supported by taxes and the Town's general revenues, are reported separately from business-type activities, which rely on fees charged to external customers. The Town does not have any business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines, and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including investment income, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Separate financial statements are shown for governmental funds. The Town has only one governmental fund, the General Fund.

The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they both become measurable and available). Measurable means the amount of the transactions can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers revenues available if they are collected within the current period or within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues, which are accrued, include federal and state grants, property taxes, franchise taxes, licenses, interest charges, and any charges for services. Other amounts, which are collected and held in the Town's name by other governmental agencies at the end of a fiscal year, are also recognized. Revenues that are not susceptible to accrual include certain licenses, fines, permits, and penalties since they are not measurable until received in cash.

Budgets

Formal budgetary accounting is employed as a management control for the General Fund. The Town Administrator and the Mayor submit an annual budget to the Town Council in accordance with the Town's Charter. The budget is prepared in accordance with the modified accrual basis. In June, the Town Council adopts the annual budget for the Town's General fund. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenue and appropriations. The budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. Expenditures may not exceed the appropriations at the department level.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Net Position or Equity

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include amounts in demand deposits as well as investments with an original maturity date within three months. Cash deposits of the Town are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping of these deposits.

Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, obligations of Federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the State of Maryland.

**Inventories**

The Town's general fund inventories are not significant and, therefore, are not reported on its balance sheet.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the allocation method.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, and similar items), are reported in applicable governmental or business-type activities columns in the government wide financial statements. Capital assets are defined by the Town as assets with an original, individual cost of \$1,000 or more and an estimated useful life in excess of one year. These assets are stated at cost or estimated cost if historical records are not available. Donated fixed assets are recorded at their acquisition value on the date of donation.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures, which materially increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of a fixed asset, the cost and/or estimated value is eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

**TOWN OF CHEVERLY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Assets, Liabilities, Net Position or Equity (continued)

**Capital Assets** (continued)

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

• Buildings	40 - 50 years
• Improvements	15 - 50 years
• Machinery and equipment	3 - 10 years
• Vehicles	5 - 10 years
• Computers	3 - 5 years
• Infrastructure	20 - 50 years

**Deferred Outflows/Inflows of Resources**

The statement of net position reports a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and is not recognized as an outflow of resources in the current period.

The statement of net position reports a separate section of deferred inflows of resources which represents an acquisition of net position that applies to a future period and is not recognized an inflow of resources or revenue until that time.

**Compensated Absences**

The Town allows its eligible employees to accrue up to 240 hours (30 days) of vacation leave. Upon employee termination, the Town pays up to the 240-hour maximum for accrued vacation time. All other amounts, including accrued sick leave, are forfeited.

The Town pays all outstanding leave up to the maximum at separation. A liability for vacation pay is recorded in governmental fund financial statements only if it has matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources and uses and the amount of principal repayment as an expenditure.

**Pensions**

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Net Position or Equity (continued)

**Pensions (continued)**

In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the net position reflected in the actuarial report provided by the Maryland State Retirement and Pension System (The System). The net pension liability is measured as of the Town's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

**Net Position/Equity**

In the government-wide financial statements, equity is classified as net position and 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, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted net position* - consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - all other net position that do not meet the definition of restricted or investment in capital assets, net of related debt.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Net Position or Equity (continued)

**Net Position/Equity (continued)**

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

In the fund financial statements, equity is classified as fund balance for governmental funds. Further classifications are as follows:

- *Nonspendable fund balance* – Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted fund balance* – Amounts constrained to specific purposes by their 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.
- *Committed fund balance* – Amounts constrained to specific purposes determined by a formal action of the Town Council (ordinance).
- *Assigned fund balance* – Amounts the Town *intends* to use for a specific purpose; intent can be expressed by the Town Council.
- *Unassigned fund balance* – Amounts that are available for any purpose; these amounts are reported only in the general fund.

The Town considers restricted fund balances to be spent for governmental activities first when both restricted and unrestricted are available. The Town also considers committed fund balances to be spent first, assigned balances to be spent second, and unassigned fund balances to be spent last when other unrestricted fund balance classifications are available for use.

**Deposits**

At year end, the carrying amount of the Town deposits was \$1,228,393 and the bank balance was \$1,337,690. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$1,087,690 was covered by collateral held in the pledging bank's trust department in the Town's name. The Town, as of June 30, 2020, was not exposed to custodial risk, which is defined as "the risk that a government will not be able to recover deposits if the depository financial institution fails."



**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 2 - CASH AND INVESTMENTS**

**Investments**

By statute, the Town is authorized to invest in obligations of the U.S. government and agencies, mutual funds which invest in U.S. government securities, bank certificates of deposit or in repurchase agreements fully collateralized by U.S. government and agency securities, banker's acceptances and the Maryland Local Government Investment Pool (Pool).

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

Investment Type	Fair Value
Maryland Local Government Investment Pool	\$ 3,500,243

*Investment Rate Risk*

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. To limit the Town's exposure to fair value losses arising from increasing interest rates, the Town's investment policy limits the term of investment maturities to ten years in order to remain sufficiently liquid to enable the Town to meet all operating requirements which might be reasonably anticipated. Town management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the Town from having to sell investments below original cost for that purpose. The investments at June 30, 2020, met the Town investment policy regarding investment rate risk. Investment income as of June 30, 2020, totaled \$61,746.

*Credit Risk*

As of June 30, 2020, the Maryland Local Investment Pool was rated AAAM by Standard & Poor's. Regulatory oversight for the local government investment pool rests with the Maryland State Treasurer's Office and the fair value of the pool is the same as the value of the pool shares. The Pool was established under Article 95, Section 220 of the Annotated Code of Maryland and is under the administrative control of the State Treasurer. PNC Bank is currently contracted to operate the Pool and may invest in any instrument permitted by Section 6-222 of the State Finance and Procurement Article. The Town's fair value position in the Pool is the same as the value of the Pool shares.

**TOWN OF CHEVERLY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2020**

**NOTE 2 - CASH AND INVESTMENTS (continued)**

**Investments (continued)**

*Concentration of Credit Risk*

The Town's policy states that the Town will diversify its investments by security type and institution and no more than 50% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution. At year end, the Town has more than 50% invested at a single institution.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The investments of the Town were not exposed to custodial credit risk at June 30, 2020.

*Foreign Currency Risk*

The Town's investment policy does not allow for investments denominated in foreign currencies.

**NOTE 3 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2020, the Due from Other Governments consists of the following:

State of Maryland	
Highway user tax	\$ 47,180
Income tax	89,902
State aid for police protection	28,359
Prince George's County	
Hotel/motel tax	28,983
D.C. Government	
Withholding refund	3,562
Total Due From Other Governments	<u>\$ 197,986</u>

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 4 - CAPITAL ASSETS**

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

**Governmental Activities**

	Capital Assets At July 1, 2019	Additions	Adjustments & Disposals	Capital Assets At June 30, 2020
Capital assets, not depreciated				
Land	\$ 1,576,024	\$ -	\$ -	\$ 1,576,024
Capital assets depreciated				
Land improvements	588,456	-	-	588,456
Infrastructure	1,459,860	-	-	1,459,860
Buildings and improvements	2,810,356	-	-	2,810,356
Vehicles	2,326,411	368,965	48,076	2,647,300
Machinery and equipment	1,523,054	97,065	-	1,620,119
Total Capital Assets, Depreciated	8,708,137	466,030	48,076	9,126,091
Less accumulated depreciation for				
Land improvements	440,266	20,336	-	460,602
Infrastructure	627,578	66,881	-	694,459
Buildings and improvements	1,404,007	70,417	-	1,474,424
Vehicles	1,580,199	228,569	22,435	1,786,333
Machinery and equipment	1,102,420	117,370	-	1,219,790
Total Accumulated Depreciation	5,154,470	503,573	22,435	5,635,608
Total Capital Assets, Depreciated, Net	3,553,667	(37,543)	25,641	3,490,483
Government Activities Capital Assets, Net	<u>\$ 5,129,691</u>	<u>\$ (37,543)</u>	<u>\$ 25,641</u>	<u>\$ 5,066,507</u>

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 4 - CAPITAL ASSETS (continued)**

**Governmental Activities (continued)**

Depreciation expense was charged to functions/programs of the Town as follows:

Government activities	
General government	\$ 58,648
Public safety	240,725
Public works	<u>204,200</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 503,573</u></u>

**NOTE 5 - PROPERTY TAXES**

Real estate and personal property taxes are levied based on the State of Maryland's assessments. The tax rate for the year ended June 30, 2020 was \$.51 per \$100 of assessed value for single family units and \$0.66 per \$100 of assessed value for multi-family units. For personal property the rate is \$1.10 per \$100 of the assessed value.

Real estate taxes are levied on July 1, and are payable by September 30 of the same year. After September 30, the Town charges both penalties and interest upon the unpaid balance. If the taxes remain unpaid, the property is placed with Prince George's County for tax sale the following May.

Personal property taxes are levied throughout the year when the assessment is received from the State of Maryland. The taxes are payable within 30 days after levy. Penalties and interest are charged on any unpaid taxes after the 30 days have expired.

At June 30, 2020, the property tax receivable consists of:

Real estate taxes	\$ 44,169
Personal property taxes	<u>131,442</u>
Total	<u><u>\$ 175,611</u></u>

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 6 - LONG-TERM DEBT**

**Governmental Activities**

On May 31, 2006, the Town, following proper authorization and approval, issued a general obligation bond in the amount of \$1,200,000. The proceeds of this bond were used to put an addition on the Town's municipal building for the police department. The bond is due in annual principal installments beginning May 31, 2007 and ending May 31, 2021. Interest is due semi-annually at a rate of 4.3%. Debt service payments are appropriated from general fund resources. General obligation bonds are direct obligations and pledged on full faith and credit of the Town.

Annual debt service requirements to maturity for the general obligation bond are as follows at June 30, 2020:

Years Ending June 30,	Principal	Interest
2021	\$ 105,000	\$ 4,515

The following is a summary of changes in general long-term debt:

Fiscal Year	Balance July 1, 2019	Increase	Decrease	Balance June 30, 2020	One Year
General obligation					
bonds	\$ 205,000	\$ -	\$ 100,000	\$ 105,000	\$ 105,000
Capital lease	32,809	-	32,809	-	-
Net pension liability	2,418,400	251,969	-	2,670,369	-
Compensated Absences	127,146	84,986	59,885	152,247	-
	<u>\$ 2,783,355</u>	<u>\$ 336,955</u>	<u>\$ 192,694</u>	<u>\$ 2,927,616</u>	<u>\$ 105,000</u>

**NOTE 7 - RISK AND UNCERTAINTIES**

The Town is a member in the Local Government Insurance Trust. The Trust is a consortium of Maryland local governments created to provide an alternative to the diminishing availability of insurance coverages to municipal governments and the increasing premium costs associated with those coverages. The Trust is owned and directed by the local governments that subscribe to its insurance coverages. If the Trust were to experience large losses, its reserves could be depleted, thus exposing the Town to uninsured risks. No insurance settlement has exceeded the coverages to date.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 8 - 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 Town employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional and participants elect how their salary deferrals are invested. Investment options include the following: stock funds, bond funds, and money market accounts, including various risk alternatives. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. ICMA Deferred Compensation Plan manages the investments and has the responsibility for investing the deferred monies, maintaining detailed accounting records for both the individual employee, and the Town, and disbursing funds to plan participants. The plan assets, including all income earned and rights purchased, are the exclusive property of the participants and are not assets of the Town.

A matching contribution will be made by the Town on behalf of non-law enforcement employees and will be scaled as follows:

Grade 4 – 7	100% match
Grade 8 – 11	75% match
All Others	50% match

The amount contributed by the Town for the year ended June 30, 2020 was \$51,345.

In June 2020, the Mayor and Council voted to cap contributions made by the Town on behalf of non-law enforcement employees at 15% of annual salary.

**NOTE 9 - STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND**

**Pension Plan Description**

**Organization**

The employees of the Town are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, employees of the Town are members of the Employees' Retirement and Pension Systems ("ECS") and, as of July 1, 2017, the law enforcement officers transferred from ECS to the Law Enforcement Officers Pension System ("LEOPS"). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. This report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202, or by calling (410)625-5555, or on the website: <http://www.sra.state.md.us>.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 9 - STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

*Non-Uniformed Employees*

**Covered Members**

The Employees' Pension System of the State of Maryland (Pension System) was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System. The Employees Contributory Pension System of the State of Maryland (Contributory Pension System) was established July 1, 1998. As of July 1, 1999, and retroactively to July 1, 1998, the Town elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

**Summary of Significant Plan Provisions**

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees' Retirement System (ECS) on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, retirement allowances are computed using both the highest five consecutive years' AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors. Beginning July 1, 2011, the member contribution rate was increased for members of the ECS system from 5% and 7%, and from 4% to 6%, respectively, in fiscal year 2013. In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation. A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2017, are as follows:

**Service Retirement Allowances**

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals  $1/55$  (1.8%) of the member's AFC multiplied by the number of years of accumulated creditable service.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 9 - STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

**Service Retirement Allowances (continued)**

An individual who is a member of the Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from the Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998.

With certain exceptions, for individuals who are members of the Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Employees' Pension System.

**Vested Allowances**

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011, and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011, and who terminates employment before attaining retirement age, but after accumulating 10 years of eligibility service, is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.



**TOWN OF CHEVERLY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2020**

**NOTE 9 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

**Early Service Retirement**

A member of the Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility services. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for an ECS member is 30%. An individual who is a member of ECS on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of ECS is 42%. An individual who becomes a member of the ECS on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the ECS System is 30%.

**Disability and Death Benefits**

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as a result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

*Law Enforcement Officers*

**Covered Members**

On July 2, 1990, the Law Enforcement Officers Pension System ("LEOPS") was established to provide retirement allowances and other benefits to all uniformed law enforcement officers of the State of Maryland and law enforcement officers, firefighters and paramedics of participating governmental units. Effective January 1, 2005, the LEOPS Retirement Plan was closed to new members and the LEOPS Pension Plan was established. As a result, all employees hired after December 31, 2004, became members of the LEOPS Pension Plan.

**TOWN OF CHEVERLY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2020**

**NOTE 9 - STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

**Summary of Significant Plan Provisions**

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the LEOPS System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, retirement allowances are computed using both the highest five consecutive years' AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors. Beginning July 1, 2011, the member contribution rate was increased for members of the ECS system from 5% and 7%, and from 4% to 6%, respectively, in fiscal year 2013. In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation. A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2017, are as follows:

**Service Retirement Allowances**

A member of the Law Enforcement Officers Pension System is generally eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of creditable services regardless of age. The annual retirement allowance equals 2.3% of the members for the first 30 years of creditable service plus an additional 1% of AFC for each additional year for an individual who is subject to the LEOPS retirement plan provisions. The annual retirement allowance equals 2.0% of AFC for the three highest consecutive years as an employee, up to a maximum benefit of 60% of AFC for members subject to the LEOPS retirement plan provisions who became members on or before June 30, 2011. The annual retirement allowance equals 2.0% of AFC for the five highest consecutive years as an employee, up to a maximum benefit of 60% of AFC for members subject to the LEOPS retirement plan provisions who became members after July 1, 2011. Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to the date of retirement.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 9 - STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

**Vested Allowances**

Any individual who is a member of the LEOPS on or before June 30, 2011 are eligible for vested pension allowances after separation from service and upon attaining age 50, provided they accumulated at least five years of eligibility service prior to separation. Any individual who joins the LEOPS on or after July 1, 2011 are eligible for vested pension allowances after separation from service prior to separation. Vested allowances equal the normal service retirement or pension allowances computed on the basis of the members' accumulated creditable service and AFC at the date of separation.

**Early Service Retirement**

LEOPS members are not eligible for early service retirement allowances.

**Disability and Death Benefits**

LEOPS members covered under retirement plan provisions qualify for ordinary disability after completing five years of eligible service and receiving medical board certification as to their permanent incapacity to perform their necessary job functions receive a service allowance based on the greater of the normal service allowance or 25% of AFC. LEOPS members covered under pension plan provisions qualify for ordinary disability after completing five years of eligible service and receiving medical board certification as to their permanent incapacity to perform their necessary job functions receive full service pension allowances if the member is at least age 50 or the member had continued to work until age 50 without any change in the rate of earnable compensation.

LEOPS members qualify for accidental disability benefits if the medical board certifies that they became totally and permanently incapacitated for duty arising out of or in the actual performance of duty receive disability allowances equal to the sum of an annuity determined as the actuarial date of the members' accumulated contributions, and 2/3 (66.67%) of AFC. Allowances may not exceed the members' AFC.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 9 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

**Disability and Death Benefits (continued)**

LEOPS members qualify for ordinary death benefits if the members have accumulated at least one but less than two years of eligibility prior to the date of death receive benefits equal to a member's annual earnable compensation at the time of death plus accumulated contributions. LEOPS members qualify for special death benefits if the member has accumulated at least two years of eligibility prior to the time of death or died in the line of duty. The benefits received equal 50% of the applicable ordinary disability allowance. In cases where the deceased members are not survived by a spouse, the decedents' children, if any, will continue to receive the special death benefit until the youngest child reaches age 18. The special death benefit for officers killed in the line of duty is  $\frac{2}{3}$  (66.7%) of AFC.

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

In relation to employees participating in the ECS and in the LEOPS at June 30, 2020, the Town reported a liability of \$2,670,369, for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's portion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2019. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. At June 30, 2019, the Town's proportionate share of total contributions was .0149291%.

For the year ended June 30, 2020, the Town recognized pension expense of \$652,065. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Deferred financing inflows and outflows are made up of changes in actuarial assumptions, differences in actual and expected experience and net differences in the projected and actual investment earnings. The deferred inflows and outflows related to non-investment activity are being amortized over the remaining service life from 5.00 to 5.87 years. The net difference in investment earnings is being amortized over a closed five year period, for each of the years presented.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 9 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

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

The following table shows the deferred inflows and outflows of resources, by source, to be recognized in future pension.

Deferred Outflows of Resources	Year of Deferral	Amortization Period	Beginning of Year Balance	Additions	Current Year Amortization	End of Year Balance
Town contributions subsequent to the measurement date			\$ -	\$ 319,122	\$ -	\$ 319,122
Net Difference in Investment Earnings						
	2019	5.0000	-	43,356	8,671	34,685
	2016	5.0000	119,948	-	59,974	59,974
	2015	5.0000	52,502	-	52,502	-
			<u>172,450</u>	<u>43,356</u>	<u>121,147</u>	<u>94,659</u>
Change in Assumptions						
	2018	5.7220	14,680	-	3,110	11,570
	2017	5.7789	8,384	-	2,219	6,165
	2015	5.8700	45,831	-	24,508	21,323
			<u>68,895</u>	<u>-</u>	<u>29,837</u>	<u>39,058</u>
Total Deferred Outflows of Resources						<u>\$ 452,839</u>
<u>Deferred Inflows of Resources</u>						
Difference between expected and actual experience						
	2019	5.6820	\$ -	\$ 20,579	\$ 3,622	\$ 16,957
	2018	5.7220	63,838	-	13,525	50,313
	2017	5.7789	81,578	-	21,588	59,990
	2016	5.8647	15,605	-	5,447	10,158
	2015	5.8700	19,531	-	9,766	9,765
			<u>180,552</u>	<u>20,579</u>	<u>53,948</u>	<u>147,183</u>
Change in Assumptions	2019	5.6820	-	55,723	9,807	45,916
Net Difference in Investment Earnings						
	2018	5.0000	24,377	-	6,095	18,282
	2017	5.0000	61,720	-	20,574	41,146
			<u>86,097</u>	<u>-</u>	<u>26,669</u>	<u>59,428</u>
Total Deferred Inflows of Resources						<u>\$ 252,527</u>

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Year Ended June 30, 2020

**NOTE 9 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

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

The following table shows the amortization of these balances:

Year Ending June 30	Deferred Outflows		Deferred Inflows		Net Difference in Investment Earnings
	Net Difference in Investment Earnings	Change in Assumptions	Actual and Expected Experience	Change in Assumptions	
2020	\$ 59,974	\$ 26,652	\$ 50,325	\$ -	\$ 26,667
2021	8,671	14,000	43,446	9,807	36,474
2022	8,671	13,508	33,961	9,807	15,901
2023	8,671	10,911	13,360	9,807	9,807
2024	-	-	2,469	6,688	6,688
Total	\$ 85,987	\$ 65,071	\$ 143,561	\$ 36,109	\$ 95,537

**Actuarial Assumptions**

Actuarial	Entry age normal.
Amortization Method	Level percentage of payroll, closed.
Inflation	2.60% general, 3.10% wage
Salary Increases	3.10% to 8.35%, including wage inflation
Discount Rate	7.40%
Investment Rate of Return	7.40%
Mortality	Fully generational - Pub-2010/MP2018

**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.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 9 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

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

**Investments (continued)**

Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	6.30%
Private Equity	13%	7.50%
Rate Sensitive	19%	1.30%
Credit Opportunity	9%	3.90%
Real Assets	14%	4.50%
Absolute Return	8%	3.00%
Total	<u>100%</u>	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2018.

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 8.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A single rate of 7.40% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2020**

**NOTE 9 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (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 plan's net pension liability, calculated using a single discount rate of 7.40%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

System	1% Decrease to 6.40%	Current Discount 7.40%	1% Increase to 8.40%
System net pension liability	\$ 29,853,506,000	\$ 20,625,610,000	\$ 12,939,936,000
Town's proportionate share of the net pension liability	\$ 4,456,860	\$ 2,670,369	\$ 1,931,816

**NOTE 10 - POST RETIREMENT BENEFITS**

The Town receives federal and state grants through Maryland and Prince George's County for specific purposes. These grants are subject to review and audit by various cognizant agencies. Such audits could result in a request for reimbursement if any expenditure is disallowed under the terms and conditions of the granting authority, and the grant contracts. In the opinion of Town Management, such disallowances, if they should occur, would not be significant.

**NOTE 11 - POST RETIREMENT BENEFITS**

The Town does not provide and, therefore, has no liability for post retirement benefits.

**NOTE 21 - SUBSEQUENT EVENTS**

The Town evaluated subsequent events which represents the date the financial statements were available through November 9, 2020, to be issued.



**TOWN OF CHEVERLY, MARYLAND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For The Year Ended June 30, 2020**

**TOWN OF CHEVERLY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**For The Year Ended June 30, 2020**

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 5,278,800	\$ 5,278,800	\$ 5,487,991	\$ 209,191
Licenses and permits	223,550	223,550	209,089	(14,461)
Intergovernmental	191,700	191,700	192,299	599
Service charges	6,300	6,300	3,817	(2,483)
Fines and forfeitures	755,000	755,000	630,747	(124,253)
Miscellaneous	23,500	23,500	59,083	35,583
Investment income	52,000	52,000	61,746	9,746
<b>Total Revenues</b>	<b>6,530,850</b>	<b>6,530,850</b>	<b>6,644,772</b>	<b>113,922</b>
<b>EXPENDITURES</b>				
General government	1,740,650	1,811,650	1,385,596	426,054
Public safety	2,514,300	2,727,600	2,345,482	382,118
Public works	2,938,200	2,998,700	2,084,949	913,751
<b>Total Expenditures</b>	<b>7,193,150</b>	<b>7,537,950</b>	<b>5,816,027</b>	<b>1,721,923</b>
<b>(DEFICIENCY) EXCESS OF</b>				
<b>REVENUES OVER EXPENDITURES</b>	<b>\$ (662,300)</b>	<b>\$ (1,007,100)</b>	<b>\$ 828,745</b>	<b>\$ 1,835,845</b>

**TOWN OF CHEVERLY, MARYLAND**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**For The Year Ended June 30, 2020**

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
<b>Taxes</b>				
Real estate	\$ 3,661,800	\$ 3,661,800	\$ 3,715,196	\$ 53,396
Personal property - utilities	120,000	120,000	123,835	3,835
Personal property - business	400,000	400,000	303,966	(96,034)
Penalties and interest	1,000	1,000	-	(1,000)
Local income	775,000	775,000	992,469	217,469
Hotel / motel tax	105,000	105,000	132,958	27,958
Highway users tax	214,700	214,700	212,585	(2,115)
Admission & amusement tax	-	-	5,642	5,642
Taxes, Bank Stock Tax	1,300	1,300	1,340	40
	<u>5,278,800</u>	<u>5,278,800</u>	<u>5,487,991</u>	<u>209,191</u>
<b>Licenses and permits</b>				
Traders licenses	50	50	50	-
Building permits	1,500	1,500	2,590	1,090
Residential business licenses	2,000	2,000	1,675	(325)
Rental housing licenses	70,000	70,000	70,150	150
Cable television franchise fees	150,000	150,000	134,624	(15,376)
	<u>223,550</u>	<u>223,550</u>	<u>209,089</u>	<u>(14,461)</u>
<b>Intergovernmental</b>				
Police aid	115,000	115,000	115,000	-
Program open space	58,000	58,000	-	(58,000)
Disposal fee rebate	18,700	18,700	18,840	140
Miscellaneous grants	-	-	58,459	58,459
	<u>191,700</u>	<u>191,700</u>	<u>192,299</u>	<u>599</u>
<b>Service charges</b>				
Residential parking stickers	800	800	519	(281)
Special trash / appliance pickups	300	300	600	300
Lot maintenance (private property)	1,700	1,700	-	(1,700)
Park pavilion reservation fees	1,300	1,300	1,548	248
Mulch delivery fee / sign fees	2,200	2,200	1,150	(1,050)
	<u>6,300</u>	<u>6,300</u>	<u>3,817</u>	<u>(2,483)</u>
<b>Fines and forfeitures</b>				
Parking tickets	10,000	10,000	4,990	(5,010)
Municipal infractions	5,000	5,000	670	(4,330)
Red light camera enforcement	725,000	725,000	616,639	(108,361)
Speed camera enforcement	15,000	15,000	8,448	(6,552)
	<u>755,000</u>	<u>755,000</u>	<u>630,747</u>	<u>(124,253)</u>
<b>Miscellaneous</b>				
Sale of fixed assets	1,500	1,500	1,900	400
Miscellaneous	20,000	20,000	22,408	2,408
Other police revenue	-	-	2,857	2,857
Vending machine	1,000	1,000	423	(577)
Compost bins/rain barrels	1,000	1,000	2,266	1,266
Insurance proceeds revenue	-	-	29,229	29,229
	<u>23,500</u>	<u>23,500</u>	<u>59,083</u>	<u>35,583</u>
<b>Investment income</b>	<u>52,000</u>	<u>52,000</u>	<u>61,746</u>	<u>9,746</u>
<b>Total Revenues</b>	<u>\$ 6,530,850</u>	<u>\$ 6,530,850</u>	<u>\$ 6,644,772</u>	<u>\$ 113,922</u>

**TOWN OF CHEVERLY, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**For The Year Ended June 30, 2020**

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
General government				
Mayor and council				
Personnel				
Salaries and wages	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Retirement	2,500	2,500	2,000	500
Social security	1,400	1,400	1,331	69
Official expenses	2,000	2,000	1,450	550
Constituent service system	12,200	12,200	2,000	10,200
Travel and training	13,000	13,000	4,178	8,822
Total Personnel	49,100	49,100	28,959	20,141
Operating				
Public officials liability insurance	18,200	74,200	72,402	1,798
Materials and supplies	2,000	2,000	1,882	118
Newsletter	20,000	20,000	21,919	(1,919)
Public information	22,000	22,000	15,857	6,143
Public officials association	11,000	21,000	10,243	10,757
Total Operating	73,200	139,200	122,303	16,897
Total Mayor And Council	122,300	188,300	151,262	37,038
Administration				
Personnel				
Salaries and wages	414,700	414,700	312,788	101,912
Overtime	10,000	10,000	-	10,000
Retirement	30,100	30,100	22,434	7,666
Retirement supplement	10,000	10,000	10,525	(525)
Workmen's compensation	10,000	10,000	2,564	7,436
Social security	26,900	26,900	22,817	4,083
Hospitalization	30,000	30,000	42,465	(12,465)
Life insurance/Long-term disability	2,000	2,000	1,057	943
Unemployment	150	150	847	(697)
Employee assistance program	-	-	3,511	(3,511)
Total Personnel	533,850	533,850	419,008	114,842
Operating				
Travel and training	10,000	10,000	7,055	2,945
Auto insurance	3,000	3,000	5,934	(2,934)
Materials, supplies & equipment	8,000	8,000	14,476	(6,476)
Miscellaneous	2,000	2,000	8,445	(6,445)
Banking fees	1,500	1,500	2,682	(1,182)
Subscriptions and memberships	1,500	1,500	1,282	218
Consultant/Accountant	5,000	5,000	1,016	3,984
Recruitment and advertising	1,500	1,500	310	1,190
Insurance reimbursement	3,000	3,000	-	3,000
Telephone	5,000	5,000	6,207	(1,207)
Office equipment maintenance	3,000	3,000	241	2,759
Postage	7,000	7,000	2,843	4,157
Total Operating	50,500	50,500	50,491	9
Total Administration	584,350	584,350	469,499	114,851

**TOWN OF CHEVERLY, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**(continued)**  
**For The Year Ended June 30, 2020**

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
Appointed committees				
Operating				
Cheverly day	22,000	22,000	6,156	15,844
Planning board	500	500	150	350
Interpretive services	5,000	5,000	-	5,000
Youth program	1,000	1,000	-	1,000
Recreation council	4,500	4,500	-	4,500
Police Chief advisory board (PCAB)	2,000	2,000	2,000	-
Cheverly community market	5,000	5,000	5,000	-
Grants	20,000	20,000	8,348	11,652
Technology & communication	3,000	3,000	3,000	-
Parks and grounds	-	-	4,500	(4,500)
Total Appointed Committees	63,000	63,000	29,154	33,846
Debt service				
Operating				
Municipal Bond Interest Payment	16,000	16,000	8,815	7,185
Municipal Bond Principal Payment	100,000	100,000	100,000	-
Total Debt Service	116,000	116,000	108,815	7,185
Miscellaneous activities/divisions				
Auditors	12,500	12,500	20,578	(8,078)
Legal counsel-retainer fees	150,000	150,000	135,658	14,342
Legal counsel-other	-	-	457	(457)
Computer support	48,000	48,000	54,498	(6,498)
Arborist consultant	5,000	5,000	5,100	(100)
Landscaping	3,000	3,000	850	2,150
Contract employees	-	-	19,851	(19,851)
External Studies	55,000	55,000	20,489	34,511
Communications specialist	5,000	5,000	-	5,000
Municipal building supplies & maint.	35,000	35,000	8,894	26,106
Municipal building utilities	30,000	30,000	33,749	(3,749)
Municipal building liability insurance	4,000	4,000	4,353	(353)
Vending machine	1,500	1,500	2,023	(523)
Red light camera contractor	310,000	310,000	287,280	22,720
Speed camera contractor	11,000	11,000	4,309	6,691
MD retirement admin fees	8,500	8,500	7,364	1,136
Materials and supplies	200	200	183	17
Professional svcs (cable television)	15,000	15,000	21,230	(6,230)
Supplies (cable television)	500	500	-	500
Mosquito control	800	800	-	800
Total Miscellaneous Activities/Div.	695,000	695,000	626,866	68,134
Capital outlay				
Equipment (cable television)	150,000	150,000	-	150,000
Equipment	-	5,000	-	5,000
Municipal Building	10,000	10,000	-	10,000
Total Capital Outlay	160,000	165,000	-	165,000
Total General Government	1,740,650	1,811,650	1,385,596	426,054

**TOWN OF CHEVERLY, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**(continued)**  
**For The Year Ended June 30, 2020**

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
Public safety				
Police department				
Personnel				
Salaries and wages	1,255,100	1,255,100	1,130,999	124,101
Overtime	77,000	77,000	-	77,000
Retirement	263,400	263,400	145,125	118,275
Retirement supplement (civilian)	7,000	12,000	13,096	(1,096)
Workmen's compensation	180,000	180,000	93,464	86,536
Social security	90,000	90,000	92,544	(2,544)
Hospitalization	130,000	130,000	123,077	6,923
Life insurance/Long-term disability	10,000	10,000	6,039	3,961
Unemployment	200	200	22,659	(22,459)
Total Personnel	2,012,700	2,017,700	1,627,003	390,697
Operating				
Travel and training	23,000	32,700	33,282	(582)
Tuition assistance	15,000	15,000	882	14,118
Police liability insurance	23,500	23,500	23,401	99
Auto insurance	25,300	25,300	25,300	-
Materials and supplies	20,000	20,000	11,520	8,480
Miscellaneous	12,000	12,000	19,789	(7,789)
Equipment	25,000	25,000	29,086	(4,086)
Bank/credit card fees	4,500	4,500	434	4,066
Subscriptions and Memberships	600	5,000	540	4,460
Uniforms	30,000	30,000	32,594	(2,594)
Applicant screening	10,000	10,000	12,521	(2,521)
Specialized services	16,700	19,200	33,523	(14,323)
Equipment maintenance	2,000	2,000	144	1,856
Residential parking zones	900	900	741	159
Auto repair	45,000	45,000	26,739	18,261
Building utilities	12,000	12,000	16,094	(4,094)
Telephone	12,000	12,000	12,558	(558)
Wireless communications	13,000	13,000	14,917	(1,917)
Total Operating	290,500	307,100	294,065	13,035
Capital outlay				
Vehicle replacement	165,000	335,000	348,407	(13,407)
Building/Facilities	20,000	20,000	12,261	7,739
Equipment/Furnishings	26,100	47,800	63,746	(15,946)
Total Capital Outlay	211,100	402,800	424,414	(21,614)
Total Public Safety	2,514,300	2,727,600	2,345,482	382,118
Public works				
Administration				
Personnel				
Salaries and wages	1,027,300	1,027,300	897,667	129,633
Overtime	10,000	10,000	-	10,000
Retirement	150,000	150,000	149,563	437
Retirement supplement	15,000	32,500	27,724	4,776
Workmen's compensation	80,000	80,000	54,003	25,997
Social security	82,700	82,700	75,114	7,586
Hospitalization	200,000	200,000	143,395	56,605
Life insurance	7,000	7,000	4,360	2,640
Unemployment	2,000	2,000	11,723	(9,723)
Total Personnel	1,574,000	1,591,500	1,363,549	227,951

**TOWN OF CHEVERLY, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**(continued)**  
**For The Year Ended June 30, 2020**

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
Operating				
Travel and training	1,100	1,100	702	398
Auto insurance	13,000	13,000	13,000	-
Materials and supplies	5,000	5,000	8,228	(3,228)
Miscellaneous	1,000	1,000	2,244	(1,244)
Subscription and memberships	500	500	75	425
Uniforms/safety gear	29,000	29,000	67,740	(38,740)
Lot maintenance (private property)	10,000	10,000	1,300	8,700
Security system	1,000	1,000	855	145
Radio repair	1,000	1,000	40	960
Total Operating	61,600	61,600	94,184	(32,584)
Capital outlay				
Vehicle replacement	241,000	241,000	75,275	165,725
Equipment replacement	51,000	-	20,466	(20,466)
Buildings/Facilities/Yard	30,000	30,000	-	30,000
Total Capital Outlay	322,000	271,000	95,741	175,259
Total Administration	1,957,600	1,924,100	1,553,474	370,626
Street division				
Operating				
Street repair	10,000	10,000	5,187	4,813
Subcontract work	-	-	245	(245)
Snow/ice removal	25,000	25,000	5,019	19,981
Traffic control	10,000	10,000	9,388	612
Street light utilities	72,000	72,000	69,789	2,211
Stormdrain - materials & supplies	-	-	4,019	(4,019)
Total Operating	117,000	117,000	93,647	23,353
Capital outlay				
Sidewalk/curb/gutter	-	85,000	-	85,000
Street lights	20,000	20,000	354	19,646
Road projects	200,000	200,000	-	200,000
Total Capital Outlay	220,000	305,000	354	304,646
Total Street Division	337,000	422,000	94,001	327,999
Parks division				
Operating				
Tree service	58,000	58,000	52,597	5,403
Park supplies	15,000	15,000	9,392	5,608
Park tools and equipment	3,800	3,800	12,224	(8,424)
Total Operating	76,800	76,800	74,213	2,587
Capital outlay				
Park development	117,000	126,000	14,158	111,842
Land Acquisition	40,000	40,000	-	40,000
Total Capital Outlay	157,000	166,000	14,158	151,842
Total Parks Division	233,800	242,800	88,371	154,429

**TOWN OF CHEVERLY, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**(continued)**  
**For The Year Ended June 30, 2020**

	Original Budget	As Amended Budget	Actual	Variance - Favorable (Unfavorable)
Garage division				
Operating				
Auto repair	37,000	37,000	52,820	(15,820)
Vehicle repair parts	63,000	63,000	14,007	48,993
Garage-tools and equipment	9,000	9,000	2,428	6,572
Garage-consumables	22,000	22,000	4,376	17,624
Tires and tubes	23,000	23,000	41,392	(18,392)
Gas/oil/grease	120,000	120,000	93,862	26,138
Total Garage Division	<u>274,000</u>	<u>274,000</u>	<u>208,885</u>	<u>65,115</u>
Sanitation division				
Operating				
Landfill disposal fees	95,000	95,000	97,633	(2,633)
Recycling contract	20,600	20,600	19,265	1,335
Materials and supplies	3,500	3,500	5,602	(2,102)
Composting bins	2,500	2,500	-	2,500
Recycling disposal fees	-	-	11,986	(11,986)
Equipment repair	14,200	14,200	5,732	8,468
Total Sanitation Division	<u>135,800</u>	<u>135,800</u>	<u>140,218</u>	<u>(4,418)</u>
Total Public Works	<u>2,938,200</u>	<u>2,998,700</u>	<u>2,084,949</u>	<u>913,751</u>
Total Expenditures	<u>\$ 7,193,150</u>	<u>\$ 7,537,950</u>	<u>\$ 5,816,027</u>	<u>\$ 1,721,923</u>



**TOWN OF CHEVERLY, MARYLAND**  
**SCHEDULE OF THE TOWN'S PENSION PLAN CONTRIBUTIONS**  
**For The Year Ended June 30, 2020**  
**Last Ten Fiscal Years \***

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 319,122	\$ 306,590	\$ 229,843	\$ 200,412	\$ 199,688	\$ 241,826	\$ 234,735	\$ 222,111	\$ 254,586	\$ 248,677
Contributions in relation to the contractually required contribution	<u>319,122</u>	<u>306,590</u>	<u>229,843</u>	<u>200,412</u>	<u>199,688</u>	<u>241,826</u>	<u>234,735</u>	<u>222,111</u>	<u>254,586</u>	<u>248,677</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 2,159,831	\$ 2,043,983	\$ 2,105,467	\$ 1,942,271	\$ 1,813,428	\$ 2,044,871	\$ 1,897,888	\$ 1,976,769	*	*
Contributions as a percentage of covered payroll	14.78%	15.00%	10.92%	10.32%	11.01%	11.83%	12.37%	11.24%	*	*

\* Additional years will be presented as they become available.

**TOWN OF CHEVERLY, MARYLAND**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**Last Ten Fiscal Years \***

<u>Employees' Retirement and Pension System:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportionate percent of the net pension liability	0.0149291%	0.0115263%	0.0098466%	0.0102505%	0.0114733%	0.0098958%
Town's proportionate share(s) of the net pension liability	\$ 2,670,369	\$ 2,418,400	\$ 2,129,206	\$ 2,418,508	\$ 2,384,346	\$ 1,756,182
Town's covered payroll	\$ 2,159,831	\$ 2,043,983	\$ 2,105,467	\$ 1,942,271	\$ 1,942,271	\$ 1,813,428
Town's proportionate share of the net pension liability as a percentage of its covered payroll	123.64%	118.32%	101.13%	124.52%	122.76%	96.84%
Plan fiduciary net position as a percentage of the total pension liability	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

\* Additional years will be presented as they become available.

**TOWN OF CHEVERLY, MARYLAND**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For The Year Ended June 30, 2020**

**BUDGETARY INFORMATION**

Formal budgetary integration is employed as a management control device during the year for the General Fund. The Town Council approved, by ordinance, the total annual budget consisting of anticipated revenues and proposed expenditures (appropriations). Any subsequent transfer of funds between major appropriations for different purposes must be approved by the Council before coming effective. All appropriations lapse at the end of the budget year to the extent that they shall not have been expended.