

**CITY OF SEAT PLEASANT, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2023**

CITY OF SEAT PLEASANT

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Lindsey + Associates

110 West Road
Suite 217
Towson, MD 21204

410.825.1994 phone
410.825.1997 fax

www.acpafirm.com

Independent Auditor's Report

Honorable Mayor
Members of the City Council
City of Seat Pleasant, Maryland

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Seat Pleasant, Maryland (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, as listed in the table of contents.

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 of Seat Pleasant as of June 30, 2023, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seat Pleasant and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information on pages 4 through 10 and 32 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.

A handwritten signature in black ink that reads "Findley & Associates, LLC". The signature is fluid and cursive, with "Findley & Associates" on the top line and "LLC" on the bottom line.

March 20, 2025

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Our discussion and analysis of the financial performance of the City of Seat Pleasant provides an overview of the City's financial activities for the year ended June 30, 2023. Please read it in conjunction with the City's financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities (net position) as of June 30, 2023, by \$13 million. Of this amount, \$4.8 million is unrestricted and related to governmental activities in the General Fund and may be used to meet the City's future obligations. Restricted net assets consist of \$3.8 million restricted for time or purpose. The remaining \$4.4 million represents the City's investment in capital assets, net of related debt.
- The unassigned fund balance for the General Fund represents 8.41 percent of total General Fund expenditures.
- In comparison with the prior fiscal year, the City's total net position increased by \$3,097,358. This is primarily due to revenue increases in traffic citations and intergovernmental grants.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities are government-wide statements that provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds and individual parts.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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

In the Statement of Net Position and the Statement of Activities, there are only Governmental activities:

- Governmental Activities: The City's basic services are reported here, including the police, general administration, maintenance and parks. Taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- The City currently does not have any business-type activities.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the City as a whole.

- Governmental funds – The City's basic services are reported in the governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation to the right of the fund financial statements.
- Proprietary funds – The City has no proprietary funds.

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The City as a Whole

Governmental Activities

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

General Government: Property taxes, building permit fees, rental housing licenses and penalties

Highways and streets: Highway User Revenues

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

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Governmental-Wide Financial information

The following is selected information as of June 30, 2023 and 2022.

	2023	2022
Current assets	\$ 10,935,496	\$ 9,422,720
Capital assets	9,759,024	7,221,480
Total assets	20,694,520	16,644,200
Deferred outflows	-	-
Total deferred outflows and assets	20,694,520	16,644,200
Current liabilities	3,168,609	1,941,966
Long-term liabilities	4,853,677	5,127,358
Total liabilities	8,022,286	7,069,324
Deferred inflows	-	-
Net position		
Net investment in capital assets	4,431,755	1,506,710
Restricted	3,778,571	1,667,325
Unrestricted	4,767,551	6,706,484
Total net position	12,977,877	9,880,519
Total liabilities, deferred inflows and net position	21,000,163	16,949,843
Program revenues		
Charges for services	12,642,011	13,146,648
Operating grants and contributions	548,566	319,391
General Revenues		
Income taxes	407,517	408,978
Property taxes	2,466,998	2,335,117
Miscellaneous	-	-
Investment earnings	15,626	40,607
Total general revenues	3,863,564	2,335,117
Transfers	-	-
Total revenues and transfers	17,054,141	19,300,095
Expenses		
General government	3,672,723	4,294,766
Public safety	8,475,989	7,514,551
Public works	1,603,826	1,603,090
Interest	204,245	74,885
Total expenses and transfers	13,956,783	13,487,292
Change in net position	3,097,358	5,812,803
Net position, beginning of year	9,880,519	4,067,716
Net position, end of year	\$ 12,977,877	\$ 9,880,519

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The City's Funds

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2023 and the amount of increases and decreases in relation to the prior year.

	FY2023 Amount	FY2022 Amount	Increase (Decrease) From FY2022	Percent of Total
Revenues				
Taxes	\$ 3,999,042	\$ 5,925,662	\$ (1,926,620)	24%
Fines, licenses and permits	4,246,576	4,985,700	(739,124)	25%
Charges for services	5,859,429	2,845,975	3,013,454	34%
Intergovernmental	2,852,501	2,670,785	181,716	17%
Investment earnings	15,626	40,607	(24,981)	0%
Miscellaneous	26,172	39,886	(13,714)	0%
TOTAL REVENUE	<u>\$ 16,999,346</u>	<u>\$ 16,508,615</u>	<u>\$ 490,731</u>	<u>100%</u>
Expenditures				
General government	\$ 3,398,018	\$ 3,965,258	\$ (567,240)	16%
Public safety	7,933,401	7,031,491	901,910	38%
Public works	1,447,424	1,502,126	(54,702)	7%
Capital outlays - ARPA	2,635,858	-	2,635,858	12%
Capital outlays	825,752	185,349	640,403	4%
Debt service				
Principal	4,658,331	775,046	3,883,285	22%
Interest	204,245	74,885	129,360	1%
TOTAL EXPENDITURES	<u>\$ 21,103,029</u>	<u>\$ 13,534,155</u>	<u>\$ 7,568,874</u>	<u>100%</u>

There was a three percent increase in total revenue as the City was rebounding from closure of City Hall due to the COVID-19 pandemic. As a result, expenditures increased significantly due to capital outlays, i.e., purchased vehicles and other equipment with American Rescue Plan Act funds. Furthermore, the stopgap \$4.1 million loan with BB&T Bank was repaid.

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Capital Asset and Debt Administration

Capital Assets

The City's capital assets for its governmental activities as of June 30, 2023 amounted to \$9.8 million (net of accumulated depreciation). Capital assets include land, art/historical treasures, buildings, buildings improvements, equipment, furniture and fixtures. During the year, the City expended \$3,461,610 in capital outlays.

More detailed information about the City's capital assets is presented in Note 6 to the basic financial statements.

Debt

As of June 30, 2023, the City had one bond outstanding in the amount of \$4,032,964 and vehicle purchases of \$1,294,305. The only other long-term debt obligation is compensated absences of \$180,958.

Neither Maryland State law nor the City Charter mandates a limit on municipal debt. On September 14, 2009, the City Council adopted a Debt Policy, Resolution No. 10-01, stating that "to the extent feasible and practicable, the City will endeavor to: (a) limit the use of long-term debt to the financing of capital acquisitions and improvements; (b) limit the issuance of bonds for the financing or construction of capital improvements to durations no longer than the estimated useful life of the improvements being financed, and (c) avoid using debt to finance current operating costs, except in the event of severe cashflow or other emergency situations.

Economic Factors and next Year's Budgets and Rates

The City is located in the southern part of Prince George's County, Maryland and east of Washington, D.C. Although considered to be in the Washington, DC metropolitan area, the City's location also gives it easy access to Annapolis and Baltimore, Maryland. The Washington, D.C. metropolitan area is considered to be one of the fastest growing regions in the nation. Proximity to the Washington, D.C. area and federal government spending generally contributes to the City's stability.

The majority of homes in the City are owner-occupied single-family homes with a median value of \$296,600; a 25.9 percent increase from the prior year.

The unemployment rates as reported by the Maryland Department of Labor, Licensing and Regulations were 2.2 percent in Prince George's County and 2.1 percent for the State of Maryland. There was a slight decline in median income from \$54,613 to \$54,076. The estimated median income for the State of Maryland and the United States was \$102,000 and \$80,610, respectively.

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The revenue outlook for FY 2024 decreased by 5.62 percent which was reflective of the COVID-19 post-pandemic environment. There was a reduction in the business personal tax from \$15 per \$100 to \$12 per \$100 of assessed valuation, whereas the real property tax rate remained at \$.58 per \$100 of assessed valuation.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor and City Council at 6301 Addison Road, Seat Pleasant, MD 20743.

CITY OF SEAT PLEASANT MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Total	
ASSETS			
Current Assets			
Cash and cash equivalents - unrestricted	\$ 2,002,608	\$ 2,002,608	
Cash and cash equivalents - restricted	3,778,571	3,778,571	
Investments	157,464	157,464	
Amounts due from other governments	34,372	34,372	
Accounts receivable - fines	2,991,435	2,991,435	
Personal property taxes receivable, net of allowances	1,710,738	1,710,738	
Accounts receivable - income taxes	184,185	184,185	
Accounts receivable - real estate	52,981	52,981	
Employee advances	19,830	19,830	
Prepaid expenses	3,312	3,312	
Total Current Assets	10,935,496	10,935,496	
Noncurrent Assets			
Property held for sale	305,643	305,643	
Net capital assets	9,759,024	9,759,024	
Total Noncurrent Assets	10,064,667	10,064,667	
TOTAL ASSETS	21,000,163	21,000,163	
DEFERRED OUTFLOWS OF RESOURCES	-	-	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 21,000,163	\$ 21,000,163	
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 1,313,360	\$ 1,313,360	
Other payable	1,200,699	1,200,699	
Current portion of long-term debt	654,550	654,550	
Total Current Liabilities	3,168,609	3,168,609	
Noncurrent Liabilities			
Compensated absences	180,958	180,958	
Loans payable - long-term	4,672,719	4,672,719	
Total Noncurrent Liabilities	4,853,677	4,853,677	
TOTAL LIABILITIES	8,022,286	8,022,286	
DEFERRED INFLOWS OF RESOURCES	-	-	
NET POSITION			
Net investment in capital assets	4,431,755	4,431,755	
Restricted	3,778,571	3,778,571	
Unrestricted	4,767,551	4,767,551	
TOTAL NET POSITION	12,977,877	12,977,877	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 21,000,163	\$ 21,000,163	

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

CITY OF SEAT PLEASANT MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
				Governmental Activities		Total	
Primary Government							
Governmental Activities:							
General government	\$ 3,672,723	\$ 66,380	\$ 2,524,681	\$ -	\$ -	\$ (1,214,422)	\$ (1,214,422)
Public safety	8,475,989	137,865	10,117,330	369,299	-	1,872,775	1,872,775
Public works	1,603,826	-	-	177,276	-	(1,426,550)	(1,426,550)
Recreation and culture	-	-	-	1,991	-	1,991	1,991
Interest expense	204,245	(204,245)	-	-	-	-	-
Total Governmental Activities	13,956,783	-	12,642,011	548,566	-	(766,206)	(766,206)
Total Primary Government	\$ 13,956,783	\$ -	\$ 12,642,011	\$ 548,566	\$ -	\$ (766,206)	\$ (766,206)
General revenues:							
Taxes							
Income taxes					407,517	407,517	
Property taxes					2,466,998	2,466,998	
Personal property taxes					973,423	973,423	
Interest and investment earnings					15,626	15,626	
Miscellaneous					-	-	
Total General Revenues					3,863,564	3,863,564	
Transfers in (out)							
Change in Net Position						3,097,358	3,097,358
Net Position, beginning of year						9,880,519	9,880,519
Net Position, end of year						\$ 12,977,877	\$ 12,977,877

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

CITY OF SEAT PLEASANT MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents - unrestricted	\$ 2,002,608	\$ 2,002,608
Cash and cash equivalents - restricted	3,778,571	3,778,571
Investments	157,464	157,464
Amounts due from other governments	34,372	34,372
Other accounts receivable, net of allowances	2,991,435	2,991,435
Personal property taxes receivable, net of allowance	1,710,738	1,710,738
Accounts receivable - income tax	184,185	184,185
Accounts receivable - real estate	52,981	52,981
Employee advances	19,830	19,830
Prepaid expenses	3,312	3,312
TOTAL ASSETS	<u>10,935,496</u>	<u>10,935,496</u>
DEFERRED OUTFLOWS OF RESOURCES		
	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,935,496</u>	<u>\$ 10,935,496</u>
LIABILITIES		
Accounts payable	\$ 1,313,360	\$ 1,313,360
Other payable	1,200,699	1,200,699
TOTAL LIABILITIES	<u>2,514,059</u>	<u>2,514,059</u>
DEFERRED INFLOWS OF RESOURCES		
	2,864,061	2,864,061
FUND BALANCES		
Non-spendable	3,312	3,312
Restricted	3,778,571	3,778,571
Unassigned	1,775,493	1,775,493
TOTAL FUND BALANCES	<u>5,557,376</u>	<u>5,557,376</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 10,935,496</u>	<u>\$ 10,935,496</u>

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

<i>Total Governmental Fund Balances</i>	<i>\$ 5,557,376</i>
Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds.	2,864,061
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,759,024
Land held for sale is not reported in the funds.	305,643
Long-term liabilities, including loans payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,508,227)</u>
<i>Net Position of Governmental Activities</i>	<i><u>\$ 12,977,877</u></i>

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

CITY OF SEAT PLEASANT MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Total Governmental Funds
REVENUES		
Property taxes	\$ 2,466,693	\$ 2,466,693
Personal property tax	973,728	973,728
Income tax	403,417	403,417
Other taxes	155,204	155,204
Licenses and permits	40,004	40,004
Intergovernmental	2,852,501	2,852,501
Charges for service	5,859,429	5,859,429
Fines	4,206,572	4,206,572
Miscellaneous	41,798	41,798
Total Revenues	16,999,346	16,999,346
EXPENDITURES		
Current Operations		
General government	3,398,018	3,398,018
Public safety	7,933,401	7,933,401
Public works	1,447,424	1,447,424
Recreation and culture	-	-
Capital outlays - ARPA	2,635,858	2,635,858
Capital outlays	825,752	825,752
Debt Service		
Principal	4,658,331	4,658,331
Interest	204,245	204,245
Total Expenditures	21,103,029	21,103,029
Excess of revenues over (under) expenditures and other financing sources	(4,103,683)	(4,103,683)
Other financing sources (uses)		
Proceeds from long-term debt	4,270,830	4,270,830
Total other financing sources (uses)	4,270,830	4,270,830
Excess of revenue and other financing sources over (under) expenditures and other financing uses	167,147	167,147
Fund balance, beginning of year	5,390,229	5,390,229
Fund balance, end of year	\$ 5,557,376	\$ 5,557,376

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	<i>\$ 167,147</i>
Differences in accounting for compensated absences between the accrual basis and the modified accrual basis.	(49,629)
Increases in deferred inflows of resources relating to state income taxes do not provide current financial resources and are not reported as revenue in the governmental funds.	54,795
Proceeds from long-term debt are recorded as other financing sources in the governmental funds. However, in the statement of activities the proceeds are recorded as long-term debt.	(4,270,830)
Governmental funds report principal debt payments as expenditures because they use current financial resources. Principal payments reduce long-term debt in the Statement of Net Position. This is the amount of principal payments during the year.	4,658,331
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,537,544
<i>Change in Net Position of Governmental Activities</i>	<i>\$ 3,097,358</i>

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

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Seat Pleasant, Maryland is a municipal corporation governed by an elected mayor and an elected City council and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, public improvements, parks and recreation, and general administrative services.

The accounting policies of the City of Seat Pleasant conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

In evaluating how to define the City of Seat Pleasant, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set by the Governmental Accounting Standards Board. Component units are legally separate organizations for which the elected officials of the City are financially accountable and a financial benefit or burden relationship exists. In addition, component units can be other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading. As of June 30, 2023, the City has no component units.

Basis of Presentation – Fund Accounting

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

The City's governmental funds include one fund, the General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Accounting

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The City has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, including the reclassification or elimination of internal activity (between funds). This is the same approach used in the preparation of the proprietary fund financial statements, if any, but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, and program revenues for each segment of the business-type activities of the City, if any, and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect costs are allocated to programs. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City. Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Separate financial statements are provided for governmental funds, proprietary funds, if any, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Financial Statements

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

Governmental Funds

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

The major governmental fund is the:

- General Fund – This is the City's primary operating fund. It is used to account for all financial resources except for those required to be accounted for in another fund.

Revenue Recognition

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

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

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

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Expenditure Recognition

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

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2023, with original maturities greater than one year, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Receivables

Receivables, at June 30, 2023, consist of personal property tax, real estate tax, income tax, due from other governments and business licenses. Taxes are deemed collectible in full.

Deferred Outflows and Inflows of Resources

A *deferred outflow of resources* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a *deferred inflow of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2023, deferred inflows of resources consisted of income taxes of \$2,864,061.

Inventory

Inventory is stated at cost on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and as assets and costs of goods sold in the government wide statements. Inventory for the year ended June 30, 2023, consisted of property bought and held for sale, in the amount of \$305,643.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Local Tax Reserve Fund

At June 30, 2023, the City was advised by the State of Maryland that \$176,382 of the Local Tax Reserve Fund was allocable to the City. The City recorded receivable and deferred inflows of resources in the amount of \$176,382 in the fund financial statements. The change in this amount has been reflected as income tax revenue in the government-wide financial statements in accordance with full accrual accounting.

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 20 years.

Restricted Reserves

The City generally uses restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available; however, some public safety expenditures are paid with unrestricted first.

Interest Expense

Interest is expensed as incurred except when interest is incurred during the construction period and is capitalized as part of the cost of the asset.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred and reported as a liability in the government wide financial statements. The total amount of accumulated vacation leave balance at June 30, 2023, is \$180,958.

Net Position

The government-wide statement of net position reports \$3,778,571 of restricted net position which is either restricted by enabling legislation or restrictions determined to be legally enforceable.

Estimates

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

Equity Classifications

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

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

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

Unrestricted net position – consist of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Governmental Fund Balances

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

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

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

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Subsequent Events

Management has evaluated subsequent events through March 20, 2025, the date that the financial statements were available to be issued. Except as disclosed below, no subsequent events were identified for recognition or disclosure in the financial statements.

In fiscal year 2024, the City suspected approximately \$1.4 million in fraudulent credit card transactions occurring over the period of February 2022 through May 2023. The suspected fraud has been referred to the appropriate law enforcement agency for investigation.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements for all funds:

Annual budgets are adopted for all City funds. The City Council may subsequently amend the budget and the budget was not amended during fiscal year 2023. For day-to-day management control, expenditures may not exceed budget at the department level. The City prepares an annual operating budget on a basis not consistent with generally accepted accounting principles.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposit Policies

The City is authorized to invest in certificates of deposit, repurchase agreements, passbooks, banker's acceptance, and other available bank investments provided that approved securities are pledged to secure those funds deposited in an amount equal to the amount of those funds. In addition, the City can invest in direct debt securities of the United States, unless such an investment is expressly prohibited by law, and can invest in the State of Maryland Local Government Investment Pool.

The City's deposits are insured by FDIC or secured by a surety bond or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City.

Deposits

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

At year-end, the carrying amounts of the City's deposits were \$5,781,179 and the bank balances totaled \$5,783,956. Of the bank balances, only \$250,000 was insured by Federal Depository Insurance Corporation (FDIC).

Investment Policies

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

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

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

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS – continued

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City policy is for collateral to be held by the City, its agent, or by the pledging institution's trust department or agent in the name of the City.

Generally, the City's investing activities are managed by the Chief Financial Officer with approval of the City Council. Investing is performed in accordance with investment policies adopted by the City Council complying with State Statutes and the City Charter.

Investments

The City has invested at June 30, 2023, \$71,179 in the State of Maryland Local Government Investment Pool (MLGIP). The pool is under the administrative control of the State's Treasurer's Office. The City's investments are shown by type, carrying amount, fair value, cost and level of risk assumed in holding the various accounts. Investments are carried at cost which approximates market. The fair value of MLGIP investments is determined daily. PNC 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 City's fair value position in the Pool is the same as the value of pool share. The City also had \$86,285 invested in Certificate of Deposit with Industrial Bank.

As of June 30, 2023, the City had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>		<u>Average Credit Quality/ Ratings</u>
	<u>Cost</u>		
MLGIP	\$ 71,179	\$ 71,179	AAAm
Industrial Bank CD	<u>86,285</u>	<u>86,285</u>	N/A
Total Investments	<u>\$ 157,464</u>	<u>\$ 157,464</u>	

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

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - RECEIVABLES

Accounts receivable are comprised of the following as of June 30, 2023:

Highway user	\$ 34,372
Red light and speed camera	2,991,435
Real and personal property tax	1,763,719
Income tax	184,185
	<u><u>\$ 4,973,711</u></u>

NOTE 5 – PROPERTY TAX

Real estate and personal property taxes are levied as of July 1 on property values as of the same date. City residents pay all property taxes directly to the County. The County then forwards all payments made to the City. Tax billings are considered past due after September 30. The real and personal property tax rates for the year ended June 30, 2023 were \$0.58 per \$100 and \$12 per \$100 of assessed value, respectively.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	\$ 628,831	\$ -	\$ -	\$ 628,831
Art/historical treasures	518	-	-	518
Construction in progress	563,319	97,428	-	660,747
Subtotal	<u>1,192,668</u>	<u>97,428</u>	-	<u>1,290,096</u>
Depreciable capital assets:				
Buildings	5,384,045	2,269,599	-	7,653,644
Equipment	7,919,425	1,071,615	-	8,991,040
Furniture and fixtures	211,926	22,968	-	234,894
Subtotal	<u>13,515,396</u>	<u>3,364,182</u>	-	<u>16,879,578</u>
Total capital assets	<u>14,708,064</u>	<u>3,461,610</u>	-	<u>18,169,674</u>
Accumulated depreciation:				
Buildings	3,218,043	186,365	-	3,404,408
Equipment	4,073,371	726,978	-	4,800,349
Furniture and fixtures	195,170	10,723	-	205,893
Subtotal,				
accumulated depreciation	<u>7,486,584</u>	<u>924,066</u>	-	<u>8,410,650</u>
Net capital assets	<u><u>\$ 7,221,480</u></u>	<u><u>\$ 2,537,544</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,759,024</u></u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 249,891
Public safety	517,773
Public works	156,402
Total	<u><u>\$ 924,066</u></u>

The City has no construction commitments as of June 30, 2023.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – LONG-TERM OBLIGATIONS

In September 2017, the City borrowed \$4,100,000 from BB&T bank to finance the construction of the new City Hall at an average coupon rate of 3.02%. Interest only payments, in the amount of \$61,910 are due semi-annually until August 15, 2019, at which time the entire principal amount, as well as interest, is due.

In August 2022, the City received a \$4,100,000 loan from U.S. Department Agriculture to pay off the BB&T Bank loan to finance the renovation of City Hall and construction of the Environmental Justice Building. The BB&T loan was paid off on August 12, 2022. The USDA loan is for 30 years with a 2.750% interest rate; payable in quarterly installments of \$50,307 through August 2052. During FY2023, principal payments of \$67,036 and interest payments of \$83,885 were made. As of June 30, 2023, the principal balance was \$4,032,964.

The changes in long term debt for the year ended June 30, 2023, are as follows:

					Amount Due
	July 1, 2022	Additions	Retirements	June 30, 2023	Within 1 Year
Governmental activities:					
Vehicle purchases	\$ 1,614,770	\$ 170,830	\$ 491,295	\$ 1,294,305	\$ 563,459
Direct borrowings	4,100,000	-	4,100,000	-	-
USDA loan	-	4,100,000	67,036	4,032,964	91,091
Compensated absences	131,329	49,629	-	180,958	-
Total	<u>\$ 5,846,099</u>	<u>\$ 4,320,459</u>	<u>\$ 4,658,331</u>	<u>\$ 5,508,227</u>	<u>\$ 654,550</u>

Interest costs charged to expense during the year ended June 30, 2023 was \$204,245.

The future principal and interest requirements until maturity are as follows:

June 30,	Principal	Interest	Total
2024	\$ 607,433	\$ 164,655	\$ 772,088
2025	444,579	134,246	578,825
2026	371,619	118,838	490,457
2027	251,128	105,998	357,126
2028	101,676	99,552	201,228
thereafter	<u>3,550,834</u>	<u>1,325,672</u>	<u>4,876,506</u>
Total	<u>\$ 5,327,269</u>	<u>\$ 1,948,961</u>	<u>\$ 7,276,230</u>

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – POST RETIREMENT BENEFITS

The City does not provide and has no liability for post-retirement benefits as of June 30, 2023.

NOTE 9 – DEFERRED COMPENSATION PLAN

The City of Seat Pleasant offers its full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all full-time employees and permits them to defer a portion of their current salary until future years.

In compliance with the Internal Revenue Code Section 457(g), all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. Management's involvement with the plan is limited to transferring amounts withheld from payroll to the trustee and administrator, "ICMA-RC." Management has little administrative involvement with the plan and does not perform the investing function for the plan. Investments designated for compensation benefits are no longer reported on the City's balance sheet. Accordingly, the fair value of the plan assets at June 30, 2023 is not reflected in the City's financial statements. All taxes are deferred on those contributions and related earnings until the participant terminates the plan.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to workers, and natural disasters. For property, general, and health and dental insurance, the City is covered through commercial insurance carriers subject to deductibles and to annual aggregate/per occurrence dollar limits.

The City also has an insurance agreement with the Local Government Insurance Trust (LGIT), a public entity risk pool. LGIT provides the City's excess environmental liability coverage.

This is a total risk and cost sharing pool for all participants. In the event that the Trust's General Fund falls into a deficit that cannot be satisfied by transfers from the Trust's capital and surplus accounts, the Trustees shall determine a method to fund the deficit.

The Trust agreement empowers the Trustees to assess an additional premium to each deficit-year participant. Debt issues could also be used to fund a deficit.

Premiums are charged to the City's General Fund, with no provision made for claim liability in addition to premiums, unless an assessment is made by the Trust. There have been no assessments during the year ended June 30, 2023 and the amounts of settlements have not exceeded coverage for each of the past three years.

NOTE 11 – CONCENTRATIONS

The City derives most of its revenues from the citizens of the City and automated enforcement. The City is located in Prince George's County, Maryland.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

As of June 30, 2023, the City was a defendant in a lawsuit which was later settled and paid by the City's insurance. Subsequent to June 30, 2023, the City has been involved in other lawsuits that were either paid by insurance or which the City is vigorously defending.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 – FUND BALANCE REPORTING

Fund balances for the City's governmental funds consisted of the following as of June 30, 2023:

Non-spendable Fund Balance

The non-spendable fund balance of \$3,312 is non-spendable for prepaid expenses.

Restricted Fund Balance

The restricted fund balance of \$3,778,571 and related net position resulting from speed camera revenue and police seizures is restricted for public safety expenditures.

Unassigned Fund Balance

All remaining fund balances in the General Fund are unassigned. At June 30, 2023, this amount was \$1,775,493.

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, effective for reporting periods beginning after June 15, 2020 (postponed one year by Statement No. 95).

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

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS - continued

The GASB has issued the following statements:

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

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

Statement No. 99, *Omnibus 2022*, issued April 2022, sections effective for reporting periods ending after June 15, 2022 and 2023.

Statement No. 100, *Accounting Changes and Error Corrections*, issued June 2022, effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, issued June 2022, effective for reporting periods beginning after December 15, 2023.

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

CITY OF SEAT PLEASANT MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Funds			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Property taxes	\$ 2,010,584	\$ 2,010,584	\$ 2,466,693	\$ 456,109
Personal property tax	731,204	731,204	973,728	242,524
Income tax	-	-	403,417	403,417
Other taxes	-	-	155,204	155,204
Licenses and permits	123,855	123,855	40,004	(83,851)
Intergovernmental	313,589	313,589	2,852,501	2,538,912
Charges for service	-	-	5,859,429	5,859,429
Franchise fees	75,908	75,908	-	(75,908)
Fines	3,893,119	3,893,119	4,206,572	313,453
Grants	200,000	200,000	-	(200,000)
DOJ COPS grant	502,654	502,654	-	(502,654)
Interest and miscellaneous	6,920	6,920	41,798	34,878
ARPA	2,334,080	2,334,080	-	(2,334,080)
ARPA prior year	1,574,061	1,574,061	-	(1,574,061)
 National capital economic devel fund - prior				
Prior year reserves	500,000	500,000	-	(500,000)
Prior year reserves	1,110,675	1,110,675	-	(1,110,675)
Total Revenues	<u>\$ 13,376,649</u>	<u>\$ 13,376,649</u>	<u>\$ 16,999,346</u>	<u>\$ 3,622,697</u>
 Expenditures				
General government	\$ 7,833,889	\$ 7,833,889	3,398,018	\$ 4,435,871
Public safety	3,759,386	3,759,386	7,933,401	(4,174,015)
Public works	1,783,374	1,783,374	1,447,424	335,950
Capital outlays - ARPA	-	-	2,635,858	(2,635,858)
Capital outlays	-	-	825,752	(825,752)
Debt service				
Principal	-	-	4,658,331	(4,658,331)
Interest	-	-	204,245	(204,245)
Total Expenditures	<u>\$ 13,376,649</u>	<u>\$ 13,376,649</u>	<u>\$ 21,103,029</u>	<u>\$ (7,726,380)</u>