

**CITY OF SEAT PLEASANT, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2024**

CITY OF SEAT PLEASANT

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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, 2024, 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, 2024, 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 5 through 11 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.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seat Pleasant, Maryland's financial statements as a whole. The schedule of revenues – budget and actual and the schedule of expenditures – budget and actual on page 32 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues – budget and actual, the schedule of expenditures – budget and actual is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the City of Seat Pleasant, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Seat Pleasant, Maryland's internal control over financial reporting and compliance.

Hindsey & Associates, LLC

December 22, 2025

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

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, 2024. 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, 2024, by appropriately \$12.9 million. Of this amount, \$3.3 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 \$5.4 million designated for specific purpose or time. The remaining \$4.2 million represents the City's investment in capital assets, net of related debt.
- The unassigned fund balance for the General Fund represents 4.70 percent of total General Fund expenditures.
- In comparison with the prior fiscal year, the City's total net position decreased by \$42,070. The decrease is due primarily to the American Rescue Program funds ending in FY 2023.

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, 2024

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, 2024

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, 2024

Governmental-Wide Financial information

The following is selected information as of June 30, 2024 and 2023.

	2024	2023
Current assets	\$ 10,183,379	\$ 10,935,496
Capital assets	9,044,682	9,759,024
Total assets	19,228,061	20,694,520
Deferred outflows	-	-
Total deferred outflows and assets	19,228,061	20,694,520
Current liabilities	2,283,106	3,168,609
Long-term liabilities	4,314,791	4,853,677
Total liabilities	6,597,897	8,022,286
Deferred inflows	-	-
Net position		
Net investment in capital assets	4,238,894	4,431,755
Restricted	5,427,621	3,778,571
Unrestricted	3,269,292	4,767,551
Total net position	12,935,807	12,977,877
Total liabilities, deferred inflows and net position	19,533,704	21,000,163
Program revenues		
Charges for services	10,544,793	12,642,011
Operating grants and contributions	321,894	548,566
General Revenues		
Income taxes	439,425	407,517
Property taxes	3,097,101	3,440,421
Miscellaneous	47,909	-
Investment earnings	95,009	15,626
Total general revenues	3,679,444	3,863,564
Transfers	-	-
Total revenues and transfers	14,546,131	17,054,141
Expenses		
General government	3,428,020	3,672,723
Public safety	8,921,365	8,475,989
Public works	2,078,931	1,603,826
Interest	159,885	204,245
Total expenses and transfers	14,588,201	13,956,783
Change in net position	(42,070)	3,097,358
Net position, beginning of year	12,977,877	9,880,519
Net position, end of year	\$ 12,935,807	\$ 12,977,877

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The City's Funds

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2024 and the amount of increases and decreases in relation to the prior year.

	FY2024 Amount	FY2023 Amount	Increase (Decrease) From FY2023	Percent of Total
Revenues				
Taxes	\$ 3,563,813	\$ 3,999,042	\$ (435,229)	23%
Fines, licenses and permits	4,415,767	4,246,576	169,191	29%
Charges for services	6,540,141	5,859,429	680,712	44%
Intergovernmental	262,840	2,852,501	(2,589,661)	2%
Investment earnings	95,009	15,626	79,383	1%
Miscellaneous	93,337	26,172	67,165	1%
TOTAL REVENUE	<u>\$ 14,970,907</u>	<u>\$ 16,999,346</u>	<u>\$ (2,028,439)</u>	<u>100%</u>
Expenditures				
General government	\$ 3,219,010	\$ 3,398,018	\$ (179,008)	23%
Public safety	8,396,936	7,933,401	463,535	58%
Public works	1,901,919	1,447,424	454,495	13%
Capital outlays - ARPA	-	2,635,858	(2,635,858)	0%
Capital outlays	213,514	825,752	(612,238)	1%
Debt service				
Principal	521,481	4,658,331	(4,136,850)	4%
Interest	159,885	204,245	(44,360)	1%
TOTAL EXPENDITURES	<u>\$ 14,412,745</u>	<u>\$ 21,103,029</u>	<u>\$ (6,690,284)</u>	<u>100%</u>

Total revenues and expenditures decreased by approximately 12% and 32%, respectively, primarily due to intergovernmental activities. The City received its last appropriation of American Rescue Program (ARP) revenues in fiscal year 2023. As a result, there were no ARP capital outlays or other significant related expenditures in FY 2024.

Also, the principal debt decreased due to the payoff of the \$4.1 million BB&T loan in FY 2023.

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Capital Asset and Debt Administration

Capital Assets

The City's capital assets for its governmental activities as of June 30, 2024 amounted to \$9 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 \$213,514 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, 2024, the City had one bond outstanding in the amount of \$3,941,873 and vehicle purchases of \$863,915. The only other long-term debt obligation is compensated absences of \$163,553.

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.

Approximately fifty-eight percent of the homes in the City are owner-occupied with a median value of \$345,000. This value represents a 16.32% increase in property value compared to 2023.

The City's median household income was projected to be \$55,258, which represents a 2% increase from 2023. The estimated median income for Prince George's County was \$99,180; whereas the State of Maryland and the United States were \$102,905 and \$83,730, respectively.

CITY OF SEAT PLEASANT, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The unemployment rates for the State of Maryland and Prince George's County were 3 and 3.3 percent, respectively, which represented a one percent increase compared to 2023.

The fiscal year 2025 approved budget includes a 12 percent increase in revenues compared to FY 2024. This increase consists primarily of real property, personal property and local income taxes. The real and personal property tax rates remain at \$.58 and \$12.00 per \$100 of assessed valuation, respectively.

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, 2024

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 1,343,550	\$ 1,343,550
Cash and cash equivalents - restricted	5,427,621	5,427,621
Investments	161,373	161,373
Amounts due from other governments	-	-
Accounts receivable - fines	2,535,469	2,535,469
Personal property taxes receivable, net of allowances	350,655	350,655
Accounts receivable - income taxes	202,033	202,033
Accounts receivable - real estate	78,211	78,211
Employee advances	74,264	74,264
Prepaid expenses	10,203	10,203
Total Current Assets	<u>10,183,379</u>	<u>10,183,379</u>
Noncurrent Assets		
Property held for sale	305,643	305,643
Net capital assets	<u>9,044,682</u>	<u>9,044,682</u>
Total Noncurrent Assets	<u>9,350,325</u>	<u>9,350,325</u>
TOTAL ASSETS	<u>19,533,704</u>	<u>19,533,704</u>
DEFERRED OUTFLOWS OF RESOURCES		
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 19,533,704</u>	<u>\$ 19,533,704</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 777,211	\$ 777,211
Other payable	851,345	851,345
Current portion of long-term debt	654,550	654,550
Total Current Liabilities	<u>2,283,106</u>	<u>2,283,106</u>
Noncurrent Liabilities		
Compensated absences	163,553	163,553
Loans payable - long-term	4,151,238	4,151,238
Total Noncurrent Liabilities	<u>4,314,791</u>	<u>4,314,791</u>
TOTAL LIABILITIES	<u>6,597,897</u>	<u>6,597,897</u>
DEFERRED INFLOWS OF RESOURCES		
NET POSITION		
Net investment in capital assets	4,238,894	4,238,894
Restricted	5,427,621	5,427,621
Unrestricted	3,269,292	3,269,292
TOTAL NET POSITION	<u>12,935,807</u>	<u>12,935,807</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 19,533,704</u>	<u>\$ 19,533,704</u>

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, 2024

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	\$ 3,428,020	\$ 51,963	\$ 158,065	\$ 10,489	\$ -	\$ (3,311,429)	\$ (3,311,429)
Public safety	8,921,365	107,922	10,386,728	242,563	-	1,600,004	1,600,004
Public works	2,078,931	-	-	65,801	-	(2,013,130)	(2,013,130)
Recreation and culture	-	-	-	3,041	-	3,041	3,041
Interest expense	159,885	(159,885)	-	-	-	-	-
Total Governmental Activities	14,588,201	-	10,544,793	321,894	-	(3,721,514)	(3,721,514)
Total Primary Government	\$ 14,588,201	\$ -	\$ 10,544,793	\$ 321,894	\$ -	\$ (3,721,514)	\$ (3,721,514)
General revenues:							
Taxes							
Income taxes					439,425	439,425	
Property taxes					2,527,522	2,527,522	
Personal property taxes					569,579	569,579	
Interest and investment earnings					95,009	95,009	
Miscellaneous					47,909	47,909	
Total General Revenues					3,679,444	3,679,444	
Transfers in (out)							
Change in Net Position					(42,070)	(42,070)	
Net Position, beginning of year					<u>12,977,877</u>	<u>12,977,877</u>	
Net Position, end of year					\$ 12,935,807	\$ 12,935,807	

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, 2024

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents - unrestricted	\$ 1,343,550	\$ 1,343,550
Cash and cash equivalents - restricted	5,427,621	5,427,621
Investments	161,373	161,373
Amounts due from other governments	-	-
Other accounts receivable, net of allowances	2,535,469	2,535,469
Personal property taxes receivable, net of allowance	350,655	350,655
Accounts receivable - income tax	202,033	202,033
Accounts receivable - real estate	78,211	78,211
Employee advances	74,264	74,264
Prepaid expenses	<u>10,203</u>	<u>10,203</u>
TOTAL ASSETS	<u>10,183,379</u>	<u>10,183,379</u>
DEFERRED OUTFLOWS OF RESOURCES		
	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,183,379</u>	<u>\$ 10,183,379</u>
LIABILITIES		
Accounts payable	\$ 777,211	\$ 777,211
Other payable	851,345	851,345
TOTAL LIABILITIES	<u>1,628,556</u>	<u>1,628,556</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>2,439,285</u>	<u>2,439,285</u>
FUND BALANCES		
Non-spendable	10,203	10,203
Restricted	5,427,621	5,427,621
Unassigned	677,714	677,714
TOTAL FUND BALANCES	<u>6,115,538</u>	<u>6,115,538</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 10,183,379</u>	<u>\$ 10,183,379</u>

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

<i>Total Governmental Fund Balances</i>	\$ 6,115,538
Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds.	2,439,285
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,044,682
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>(4,969,341)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 12,935,807</u>

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, 2024

	General Fund	Total Governmental Funds
REVENUES		
Property taxes	\$ 2,527,522	\$ 2,527,522
Personal property tax	569,579	569,579
Income tax	439,425	439,425
Other taxes	27,287	27,287
Licenses and permits	127,901	127,901
Intergovernmental	262,840	262,840
Charges for service	6,540,141	6,540,141
Fines	4,287,866	4,287,866
Miscellaneous	188,346	188,346
Total Revenues	<u>14,970,907</u>	<u>14,970,907</u>
EXPENDITURES		
Current Operations		
General government	3,219,010	3,219,010
Public safety	8,396,936	8,396,936
Public works	1,901,919	1,901,919
Recreation and culture	-	-
Capital outlays	213,514	213,514
Debt Service		
Principal	521,481	521,481
Interest	159,885	159,885
Total Expenditures	<u>14,412,745</u>	<u>14,412,745</u>
Excess of revenues over (under) expenditures and other financing sources	<u>558,162</u>	<u>558,162</u>
Other financing sources (uses)		
Proceeds from long-term debt	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Excess of revenue and other financing sources over (under) expenditures and other financing uses	<u>558,162</u>	<u>558,162</u>
Fund balance, beginning of year	<u>5,557,376</u>	<u>5,557,376</u>
Fund balance, end of year	<u>\$ 6,115,538</u>	<u>\$ 6,115,538</u>

**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, 2024**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 558,162
Differences in accounting for compensated absences between the accrual basis and the modified accrual basis.	17,405
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.	(424,776)
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.	-
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.	521,481
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(714,342)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$ (42,070)</u>

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, 2024

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, 2024, 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, 2024

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, 2024

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, 2024

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, 2024, 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, 2024, 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, 2024, deferred inflows of resources consisted of income taxes of \$202,033.

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, 2024, 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, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Local Tax Reserve Fund

At June 30, 2024, the City was advised by the State of Maryland that \$202,033 of the Local Tax Reserve Fund was allocable to the City. The City recorded receivable and deferred inflows of resources in the amount of \$202,033 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, 2024

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, 2024, is \$163,553.

Net Position

The government-wide statement of net position reports \$5,427,621 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, 2024

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, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Subsequent Events

Management has evaluated subsequent events through December 22, 2025, the date that the financial statements were available to be issued. No subsequent events were identified for recognition or disclosure in the financial statements.

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 amended during fiscal year 2024. 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, 2024

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 \$6,771,171 and the bank balances totaled \$6,833,462. 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, 2024

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, 2024, \$75,088 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, 2024, the City had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>
MLGIP	\$ 75,088	\$ 75,088	AAAm
Industrial Bank CD	<u>86,285</u>	<u>86,285</u>	N/A
Total Investments	<u>\$ 161,373</u>	<u>\$ 161,373</u>	

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

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 - RECEIVABLES

Accounts receivable are comprised of the following as of June 30, 2024:

Employee advances	\$ 74,264
Red light and speed camera	2,535,469
Real and personal property tax	428,866
Income tax	<u>202,033</u>
	<u><u>\$ 3,240,632</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, 2024 were \$0.58 per \$100 and \$12 per \$100 of assessed value, respectively.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2024, 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	660,747	- -	- -	660,747
Subtotal	<u>1,290,096</u>	- -	- -	<u>1,290,096</u>
Depreciable capital assets:				
Buildings	7,653,644	- -	- -	7,653,644
Equipment	8,991,040	212,145	- -	9,203,185
Furniture and fixtures	234,894	1,369	- -	236,263
Subtotal	<u>16,879,578</u>	<u>213,514</u>	- -	<u>17,093,092</u>
Total capital assets	<u>18,169,674</u>	<u>213,514</u>	- -	<u>18,383,188</u>
Accumulated depreciation:				
Buildings	3,404,408	171,475	- -	3,575,883
Equipment	4,800,349	748,243	- -	5,548,592
Furniture and fixtures	205,893	8,138	- -	214,031
Subtotal,				
accumulated depreciation	<u>8,410,650</u>	<u>927,856</u>	- -	<u>9,338,506</u>
Net capital assets	<u>\$ 9,759,024</u>	<u>\$ (714,342)</u>	- -	<u>\$ 9,044,682</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 217,712
Public safety	533,132
Public works	177,012
Total	<u>\$ 927,856</u>

The City has no construction commitments as of June 30, 2024.

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 were due semi-annually until August 15, 2019, at which time the entire principal amount, as well as interest, was 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 FY2024, principal payments of \$91,091 and interest payments of \$110,137 were made. As of June 30, 2024, the principal balance was \$3,941,873.

The changes in long term debt for the year ended June 30, 2024, are as follows:

	July 1, 2023	Additions	Retirements	June 30, 2024	Amount Due Within 1 Year
Governmental activities:					
Vehicle purchases	\$ 1,294,305	\$ -	\$ 430,390	\$ 863,915	\$ 563,459
Direct borrowings	-	-	-	-	-
USDA loan	4,032,964	-	91,091	3,941,873	91,091
Compensated absences	180,958	-	17,405	163,553	-
Total	\$ 5,508,227	\$ -	\$ 538,886	\$ 4,969,341	\$ 654,550

Interest costs charged to expense during the year ended June 30, 2024 was \$159,548.

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

June 30,	Principal	Interest	Total
2025	\$ 434,398	\$ 135,370	\$ 569,768
2026	394,611	120,020	514,631
2027	251,128	105,998	357,126
2028	101,676	99,552	201,228
2029	104,772	96,456	201,228
thereafter	3,519,203	1,325,672	4,844,875
Total	\$ 4,805,788	\$ 1,883,068	\$ 6,688,856

CITY OF SEAT PLEASANT, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – POST RETIREMENT BENEFITS

The City does not provide and has no liability for post-retirement benefits as of June 30, 2024.

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, 2024 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, 2024

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, 2024 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, 2024, the City was a defendant in a lawsuit which was later settled and paid by the City's insurance. Subsequent to June 30, 2024, 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, 2024

NOTE 13 – FUND BALANCE REPORTING

Fund balances for the City's governmental funds consisted of the following as of June 30, 2024:

Non-spendable Fund Balance

The non-spendable fund balance of \$10,203 is non-spendable for prepaid expenses.

Restricted Fund Balance

The restricted fund balance of \$5,427,621 and related net position resulting from speed camera revenue.

Unassigned Fund Balance

All remaining fund balances in the General Fund are unassigned. At June 30, 2024, this amount was \$677,714.

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements:

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

Statement No. 102, *Certain Risk Disclosures*, issued December 2023, effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, issued April 2024, effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, issued September 2024, effective for fiscal years beginning after June 15, 2025.

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, 2024

	Governmental Funds			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Property taxes	\$ 2,010,584	\$ 2,010,584	\$ 2,527,522	\$ 516,938
Personal property tax	1,100,000	1,100,000	569,579	(530,421)
Income tax	-	-	439,425	439,425
Other taxes	-	-	27,287	27,287
Licenses and permits	123,855	123,855	127,901	4,046
Intergovernmental	336,021	336,021	262,840	(73,181)
Charges for service	-	-	6,540,141	6,540,141
Franchise fees	75,908	75,908	-	(75,908)
Fines	5,420,000	5,420,000	4,287,866	(1,132,134)
Grants	400,000	400,000	-	(400,000)
DOJ COPS grant	2,000,000	2,000,000	-	(2,000,000)
Interest and miscellaneous	6,920	6,920	188,346	181,426
National police athletic grant	14,500	14,500	-	(14,500)
GOCCP public safety recruitment grant	25,520	86,533	-	(86,533)
Prior year reserves	<u>1,110,675</u>	<u>1,110,675</u>	<u>-</u>	<u>(1,110,675)</u>
Total Revenues	<u>\$ 12,623,983</u>	<u>\$ 12,684,996</u>	<u>\$ 14,970,907</u>	<u>\$ 2,285,911</u>
Expenditures				
General government	\$ 5,121,907	\$ 5,347,500	3,219,010	\$ 2,128,490
Public safety	4,378,758	4,212,678	8,396,936	(4,184,258)
Public works	2,384,094	2,385,594	1,901,919	483,675
Capital outlays	-	-	213,514	(213,514)
Debt service				
Principal	739,224	739,224	521,481	217,743
Interest	-	-	159,885	(159,885)
Total Expenditures	<u>\$ 12,623,983</u>	<u>\$ 12,684,996</u>	<u>\$ 14,412,745</u>	<u>\$ (1,727,749)</u>