

CITY OF GLENARDEN, MARYLAND

**Financial Statements Together with
Report of Independent Public Accountants**

For the Year Ended June 30, 2022



JUNE 30, 2022

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

Mayor and City Council
City of Glenarden, Maryland

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenarden, Maryland (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, 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 the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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 opinions. 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 GAAS 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 GAAS, 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 the City's 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues and expenditures- budget and actual- general fund as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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



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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 Matters

We also audited the adjustments as described in Note 11 to the financial statements which restated certain balances as of June 30, 2021 from what was originally reported in the June 30, 2021 audited financial statements.

Owings Mills, Maryland
January 30, 2023

SB & Company, LLC

CITY OF GLENARDEN, MARYLAND

Management's Discussion and Analysis For the Year Ended June 30, 2022

Within this section of the City of Glenarden's (the City) Annual Financial Report, the City's management provides information about the financial activities of the City for the fiscal year ending June 30, 2022. The City's financial performance is discussed within the accompanying financial statements following this section.

Financial Highlights

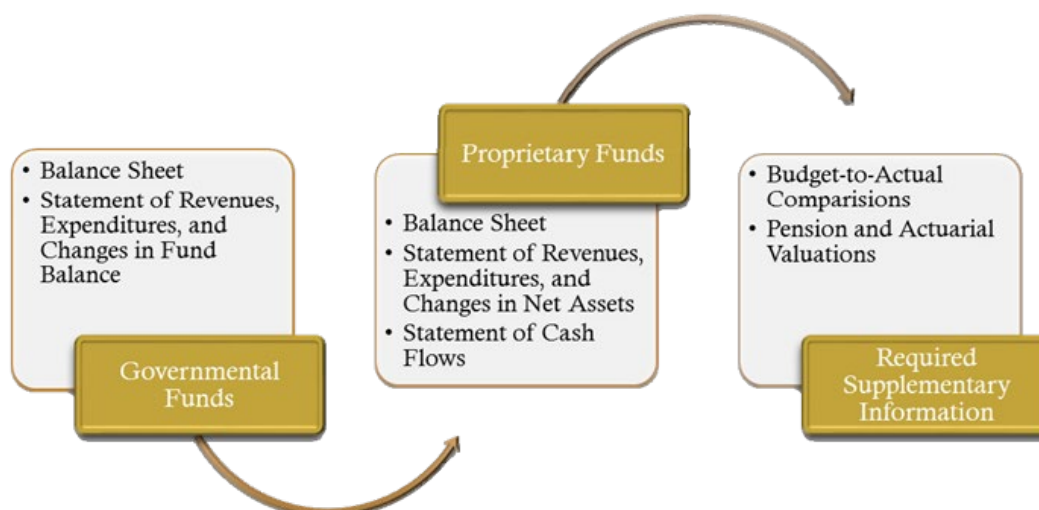
- The City's assets exceeded its liabilities by \$10,728,836 (net position) for the fiscal year 2022. This compares to the previous year when assets exceeded liabilities by \$9,902,069.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,832,094 includes property and construction in progress, net of depreciation and related debt.
 - (2) Restricted of \$1,690,054 represents the portion restricted by third parties.
 - (3) Unrestricted of \$6,206,688 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- At the end of the current fiscal year 2022 the unrestricted net position for the governmental activities was \$6,122,892 or 143% of total governmental activities expenses.
- Total liabilities of the City increased by \$1,972,695 to \$2,657,237 during the fiscal year largely as a result of unspent grant funds.
- General fund prior year end fund balance was \$4,968,452, which shows an increase of \$850,759 during fiscal year 2022.

Using this Annual Report

This annual financial report consists of a series of financial statements, notes to those financial statements, supplemental information, and independent auditor's report. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The Governmental Funds financial statements show how the City's activities were financed in the short term as well as what remains for future spending. The Fund financial statements report the City's activities in more detail by providing information about the City's most significant funds.

CITY OF GLENARDEN, MARYLAND

Management's Discussion and Analysis For the Year Ended June 30, 2022



Reporting on the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole follows on pages 5 through 6. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources – as one way to measure the City's financial health, or financial 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 also need to consider other nonfinancial factors, however, 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 Statements of Net Position and the Statement of Activities, we divide the City's information into two kinds of activities:

- **Governmental activities:** The City's basic services are reported here, including general administration, public safety, parks and recreation, and public services. Property taxes, income taxes, and state grants finance most of these activities.
- **Business-type activities:** The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Gold Room is reported here.

CITY OF GLENARDEN, MARYLAND

Management's Discussion and Analysis For the Year Ended June 30, 2022

Reporting on the City's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City's funds – governmental, proprietary and fiduciary – use different accounting approaches.

- *Governmental Funds* - The City's general services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental 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 and governmental funds in reconciliations on pages 16 and 18 of the financial statements.
- *Proprietary Funds* - The City has one type of proprietary fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises for which either 1) the intent is that the costs (expenses, including depreciation) be recovered primarily through user charges, or 2) determination of net income is appropriate for management control, accountability or other purposes. The City's Gold Room Fund is considered to be a major fund and is displayed in the proprietary fund statements on pages 17 through 19.

The City as a Whole

As year to year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

Net position (assets over liabilities) serves over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$10,728,836 at the close of fiscal year 2022 and \$9,902,069 at the close of fiscal 2021. The largest portion of the City's net position reflects its investments in capital assets (e.g. land, buildings, equipment, infrastructure), less accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

Unrestricted net position of \$6,206,688 may be used to meet the City's ongoing obligations to citizens and creditors. This is not necessarily the cash on hand for the City, but available assets for use after all liabilities are paid.

The City's net position at fiscal year-end is \$10,728,836. This is a \$826,767 increase compared to last year's net position of \$9,902,069. The following table provides a summary of the City's net position as of June 30, 2022 and 2021.

CITY OF GLENARDEN, MARYLAND

Management's Discussion and Analysis For the Year Ended June 30, 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 10,448,763	\$ 7,429,479	\$ 87,263	\$ 60,998	\$ 10,536,026	\$ 7,490,477
Capital assets, net	2,389,756	2,592,598	460,291	503,536	2,850,047	3,096,134
Total Assets	12,838,519	10,022,077	547,554	564,534	13,386,073	10,586,611
Liabilities						
Current liabilities	2,550,702	133,181	3,467	1,028	2,554,169	134,209
Long-term liabilities	103,068	548,800	-	1,533	103,068	550,333
Total Liabilities	2,653,770	681,981	3,467	2,561	2,657,237	684,542
Net Position						
Net investment in capital assets	2,371,803	2,328,723	460,291	503,536	2,832,094	2,832,259
Restricted	1,690,054	1,581,196	-	-	1,690,054	1,581,196
Unrestricted	6,122,892	5,430,177	83,796	58,437	6,206,688	5,488,614
Total Net Position	\$ 10,184,749	\$ 9,340,096	\$ 544,087	\$ 561,973	\$ 10,728,836	\$ 9,902,069
Revenue						
Program revenue:						
Charges for services	\$ 298,211	\$ 179,479	\$ 41,247	\$ 922	\$ 339,458	\$ 180,401
Operating grants and contributions	316,217	586,550	-	-	316,217	586,550
Capital grants and contributions	-	-	-	-	-	-
General revenue:						
Taxes	3,976,202	4,014,946	-	-	3,976,202	4,014,946
Special assessments	543,750	526,750	-	-	543,750	526,750
Other	52,587	32,874	66	-	52,653	32,874
Total Revenue	5,186,967	5,340,599	41,313	922	5,228,280	5,341,521
Program Expenses						
General government	1,975,322	1,580,871	-	-	1,975,322	1,580,871
Public safety	1,815,337	1,483,003	-	-	1,815,337	1,483,003
Public works	498,760	1,037,787	-	-	498,760	1,037,787
Interest on long-term debt	161	2,063	-	-	161	2,063
Enterprise expenses	-	-	111,933	103,637	111,933	103,637
Gold Room	-	-	-	-	-	-
Total Program Expenses	4,289,580	4,103,724	111,933	103,637	4,401,513	4,207,361
Transfers	(52,734)	-	52,734	-	-	-
Change in Net Position	844,653	1,236,875	(17,886)	(102,715)	826,767	1,134,160
Net position, beginning of year	9,340,096	8,103,221	561,973	664,688	9,902,069	8,767,909
Net Position, End of Year	\$ 10,184,749	\$ 9,340,096	\$ 544,087	\$ 561,973	\$ 10,728,836	\$ 9,902,069

Governmental Activities

Governmental activities increased the City's net position by \$844,653. This compares to the previous year when governmental activities increased the City's net position by \$1,236,875.

The City's revenues from governmental activities totaled \$5,186,967 for the fiscal year ended June 30, 2022. The City received 87% of its revenue from taxes and special assessments.

The City's expenses from governmental activities totaled \$4,289,580 for the fiscal year ended June 30, 2022. General government was the largest expense at \$1,975,332 or 46% and the second largest expense was public safety at \$1,815,337 or 42%.

CITY OF GLENARDEN, MARYLAND

Management's Discussion and Analysis For the Year Ended June 30, 2022

Business-type Activities

The City's business-type activities include the Gold Room. The net position of these business-type activities decreased by \$17,886. The major revenue source for the business-type activities is charges for services, which totaled \$41,247. Expenses of the business-type activities totaled \$111,933.

General Fund Budgetary Highlights

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

The General Fund budget for fiscal year 2022 was \$4.8 million. The General Fund Budget complied with financial policies approved by the City Council and maintained core City services. There were no significant 2022 budget revisions in any of the major categories of general fund revenues or expenditures.

Capital Assets and Debt Administration

Capital Assets

The City of Glenarden's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$2,850,047. This investment includes land, buildings, improvements, and machinery and equipment. More detailed information regarding the City's capital assets can be found in Note 3 to financial statements.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 922,656	\$ 922,656	\$ -	\$ -	\$ 922,656	\$ 922,656
Land improvements	809,033	791,541	1,050,856	1,050,856	1,859,889	1,842,397
Infrastructure	1,348,953	1,348,953	-	-	1,348,953	1,348,953
Buildings	1,549,246	1,549,246	-	-	1,549,246	1,549,246
Vehicles, furniture, and equipment	1,691,953	1,571,735	62,346	62,346	1,754,299	1,634,081
Accumulated depreciation	(3,932,085)	(3,591,533)	(652,911)	(609,667)	(4,584,996)	(4,201,200)
Total	\$ 2,389,756	\$ 2,592,598	\$ 460,291	\$ 503,535	\$ 2,850,047	\$ 3,096,133

Economic Factors and Activities

The City's real property tax rate will remain constant at \$.3579 per \$100 assessed for the year ended June 30, 2023. The rate for tangible business personal property will remain constant at \$0.88 per \$100 assessed.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City finances. This allows us to comply with finance related laws and regulations. Lastly, it demonstrates the City's commitment to public accountability. If you have any questions about this report or would like additional information, please contact the City Treasurer at 8600 Glenarden Parkway, Glenarden, Maryland 20706 or by calling 301-773-2100.

CITY OF GLENARDEN, MARYLAND

Statement of Net Position As of June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 9,807,755	\$ 87,263	\$ 9,895,018
Taxes receivable, net	453,588	-	453,588
Accounts receivable, net	152,876	-	152,876
Prepaid expenses	34,544	-	34,544
Total Current Assets	<u>10,448,763</u>	<u>87,263</u>	<u>10,536,026</u>
Noncurrent Assets			
Land- non depreciable	922,656	-	922,656
Capital assets-depreciable, net	1,467,100	460,291	1,927,391
Total Noncurrent Assets	<u>2,389,756</u>	<u>460,291</u>	<u>2,850,047</u>
Total Assets	<u>12,838,519</u>	<u>547,554</u>	<u>13,386,073</u>
LIABILITIES			
Current Liabilities			
Accounts payable	377,894	3,467	381,361
Unearned revenue	2,161,683	-	2,161,683
Current portion of long term liabilities	11,125	-	11,125
Total Current Liabilities	<u>2,550,702</u>	<u>3,467</u>	<u>2,554,169</u>
Noncurrent liabilities			
Compensated absences, net of current portion	96,240	-	96,240
Long term liabilities, net of current portion	6,828	-	6,828
Total Noncurrent Liabilities	<u>103,068</u>	<u>-</u>	<u>103,068</u>
Total Liabilities	<u>2,653,770</u>	<u>3,467</u>	<u>2,657,237</u>
NET POSITION			
Net investment in capital assets	2,371,803	460,291	2,832,094
Restricted	1,690,054	-	1,690,054
Unrestricted	6,122,892	83,796	6,206,688
TOTAL NET POSITION	<u>\$ 10,184,749</u>	<u>\$ 544,087</u>	<u>\$ 10,728,836</u>

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

CITY OF GLENARDEN, MARYLAND

Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 1,975,322	\$ 130,080	\$ 243,393	\$ -	\$ (1,601,849)	\$ -	\$ (1,601,849)
Public safety	1,815,337	167,389	72,824	-	(1,575,124)	-	(1,575,124)
Public works	498,760	742	-	-	(498,018)	-	(498,018)
Interest	161	-	-	-	(161)	-	(161)
Total Governmental Activities	<u>4,289,580</u>	<u>298,211</u>	<u>316,217</u>	<u>-</u>	<u>(3,675,152)</u>	<u>-</u>	<u>(3,675,152)</u>
Business-type Activities							
Gold Room	111,933	41,247	-	-	-	(70,686)	(70,686)
Total Primary Government	<u>\$ 4,401,513</u>	<u>\$ 339,458</u>	<u>\$ 316,217</u>	<u>\$ -</u>	<u>(3,675,152)</u>	<u>(70,686)</u>	<u>(3,745,838)</u>
General Revenue:							
Taxes							
Taxes					3,976,202	-	3,976,202
Special assessments					543,750	-	543,750
Miscellaneous					52,587	66	52,653
Transfers					(52,734)	52,734	-
Total General Revenue					<u>4,519,805</u>	<u>52,800</u>	<u>4,572,605</u>
Change in Net Position					844,653	(17,886)	826,767
Net position, beginning of year, as restated					9,340,096	561,973	9,902,069
Net Position, End of Year					<u>\$ 10,184,749</u>	<u>\$ 544,087</u>	<u>\$ 10,728,836</u>

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

CITY OF GLENARDEN, MARYLAND

**Balance Sheet – Governmental Funds
June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,803,995	\$ 3,146,861	\$ 856,899	\$ 9,807,755
Taxes receivable, net	453,588	-	-	453,588
Accounts receivable, net	56,060	10,478	86,338	152,876
Prepaid expenses	34,544	-	-	34,544
Due from other fund	11,603	-	286,744	298,347
TOTAL ASSETS	<u>\$ 6,359,790</u>	<u>\$ 3,157,339</u>	<u>\$ 1,229,981</u>	<u>\$ 10,747,110</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 157,937	\$ 329	\$ 219,628	\$ 377,894
Unearned revenue	-	2,161,683	-	2,161,683
Due to other fund	31,671	207,442	59,234	298,347
TOTAL LIABILITIES	<u>189,608</u>	<u>2,369,454</u>	<u>278,862</u>	<u>2,837,924</u>
DEFERRED INFLOWS OF RESOURCES	<u>350,971</u>	<u>-</u>	<u>48,950</u>	<u>399,921</u>
FUND BALANCES				
Non-spendable	34,544	-	-	34,544
Restricted	-	787,885	902,169	1,690,054
Unassigned	5,784,667	-	-	5,784,667
TOTAL FUND BALANCES	<u>5,819,211</u>	<u>787,885</u>	<u>902,169</u>	<u>7,509,265</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,359,790</u>	<u>\$ 3,157,339</u>	<u>\$ 1,229,981</u>	<u>\$ 10,747,110</u>

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

CITY OF GLENARDEN, MARYLAND

**Reconciliation of the Governmental Fund Balance to the Statement
of Net Position
As of June 30, 2022**

Total Governmental Fund Balances	\$ 7,509,265
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund statement	2,389,756
Receivables pertaining to revenues that are not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds.	399,921
Long-term liabilities, including debt not due and payable in the current period and payable and compensated absences are, therefore, not reported in the funds.	<u>(114,193)</u>
Net Position of Governmental Activities	<u><u>\$ 10,184,749</u></u>

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

CITY OF GLENARDEN, MARYLAND

**Statement of Revenue, Expenditures, and Change in Fund Balance – Governmental Fund
For the Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUE				
Taxes	\$ 4,002,236	\$ -	\$ -	\$ 4,002,236
Intergovernmental	89,679	-	226,538	316,217
Special assessments	543,750	-	-	543,750
Fines, licenses and permits	180,294	117,917	-	298,211
Interest income	869	275	-	1,144
Miscellaneous	11,555	-	39,888	51,443
Total Revenues	<u>4,828,383</u>	<u>118,192</u>	<u>266,426</u>	<u>5,213,001</u>
EXPENDITURES				
General government	1,908,740	-	-	1,908,740
Public safety	1,647,745	43,126	-	1,690,871
Public works	355,821	-	-	355,821
Capital outlays	-	-	137,710	137,710
Debt service				
Principal	12,423	-	-	12,423
Interest	161	-	-	161
Total Expenditures	<u>3,924,890</u>	<u>43,126</u>	<u>137,710</u>	<u>4,105,726</u>
Excess of revenues over (under) expenditures and other financing uses	<u>903,493</u>	<u>75,066</u>	<u>128,716</u>	<u>1,107,275</u>
Other financing sources (uses)				
Transfer out	<u>(52,734)</u>	<u>-</u>	<u>-</u>	<u>(52,734)</u>
Change in fund balance	850,759	75,066	128,716	1,054,541
Fund balance, beginning of year, as restated	<u>4,968,452</u>	<u>712,819</u>	<u>773,453</u>	<u>6,454,724</u>
Fund balance, end of year	<u>\$ 5,819,211</u>	<u>\$ 787,885</u>	<u>\$ 902,169</u>	<u>\$ 7,509,265</u>

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

CITY OF GLENARDEN, MARYLAND

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Fund	\$ 1,054,541
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these 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 and loss on disposal of capital assets.	(202,842)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(26,034)
Some expenses, representing the change in long-term liabilities or assets reported in the Statement of Activities, including compensated absences do not use current financial resources and are not reported as expenditures in the governmental funds.	6,565
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>12,423</u>
Change in Net Position of Governmental Activities	<u><u>\$ 844,653</u></u>

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

CITY OF GLENARDEN, MARYLAND

**Statement of Net Position – Proprietary Fund
As of June 30, 2022**

	<u>Gold Room</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 87,263
Non-Current Assets	
Capital assets, net	<u>460,291</u>
TOTAL ASSETS	<u>547,554</u>
LIABILITIES	
Current Liabilities	
Accounts payable	<u>3,467</u>
TOTAL LIABILITIES	<u>3,467</u>
NET POSITION	
Net investment in capital assets	460,291
Unrestricted	<u>83,796</u>
TOTAL NET POSITION	<u><u>\$ 544,087</u></u>

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

CITY OF GLENARDEN, MARYLAND

**Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund
For the Year Ended June 30, 2022**

	<u>Gold Room</u>
Operating Revenue	
Charges for services	\$ 41,247
Total Operating Revenue	<u>41,247</u>
Operating Expenses	
Salaries and benefits	55,062
Supplies	6,051
Repairs and maintenance	1,740
Depreciation	43,244
Other	5,836
Total Operating Expenses	<u>111,933</u>
Operating Loss	<u>(70,686)</u>
Non-Operating Revenue	
Interest income	66
Transfer in	52,734
Total Non-Operating Revenue	<u>52,800</u>
Change in net position	(17,886)
Total net position, beginning of year, as restated	<u>561,973</u>
Total Net Position, End of Year	<u>\$ 544,087</u>

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

CITY OF GLENARDEN, MARYLAND

**Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2022**

	<u>Gold Room</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 41,247
Cash paid to suppliers, services etc.	(12,720)
Cash paid to employees	(55,062)
Net Cash from Operating Activities	<u>(26,535)</u>
Cash Flows from Noncapital Financing Activities	
Receipts from other funds	<u>52,734</u>
Cash Flows from Investing Activities	
Interest and dividends	<u>66</u>
Net increase in cash and cash equivalents	26,265
Cash and cash equivalents, beginning of year	<u>60,998</u>
Cash and cash equivalents, End of Year	<u>\$ 87,263</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities:	
Operating loss	\$ (70,686)
Adjustments to reconcile operating loss to net cash from operating	
Depreciation expense	43,244
Changes in assets and liabilities:	
Change in accounts payable and accrued expenses	<u>907</u>
Net Cash from Operating Activities	<u>\$ (26,535)</u>

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

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The City of Glenarden, Maryland (the City) was incorporated in March 1939 and is located in Prince George's County, Maryland. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture- recreation, public improvements, planning and zoning, and general administrative services. A substantial portion of the City's revenue is received from the property and income taxes related to the residents and businesses of the City, grants and contributions from other governments and rental fees provided by its Gold Room.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The basis for determining component units is the governing body's ability to exercise oversight responsibility or the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based on this criteria, the City has concluded that there are no component unit relationships that are required to be presented in these financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government-wide statements are reported using the "economic resources" measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Program revenues include: (1) charges for services which report fees and other charges to users of the City's services and facilities; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets, when applicable. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government-wide statements incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for each major governmental, proprietary, and fiduciary fund held by the City. However, data from the fiduciary fund is not incorporated in the government-wide financial statements.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included in the balance sheets. The City's deferred outflows or resources and deferred inflows of resources are noncurrent. The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period, or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Major revenue sources susceptible to year-end accruals include: Income tax receipts, property taxes and capital grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). In general, all other revenues are considered to be measurable and available when cash is received.

Since the governmental funds financial statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentation.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for services provided. Principal operating expenses are the costs of providing services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances to/from other funds."

Reimbursements are reported as reductions to expenses. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Fund Types and Major Funds

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Types and Major Funds (continued)

An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the organization or meets the following criteria:

- A. Total assets and deferred outflows of resources, liabilities, and deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category and
- B. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The City reports the following major governmental fund:

The General Fund -This is the primary operating fund of the City. It accounts for all of the financial resources and the legally authorized activities of the City except for those required to be accounted for in other specialized funds. The general fund accounts for the normal operating activities of the City. These activities are financed primarily by taxes, grants from other governments and charges for services.

Special Revenue Fund – This fund accounts for financial resources collected from speed camera violations and Public Educational or Government Access Grants (PEG) whose purposes are limited to public safety and cable expenditures, respectively.

Capital Projects Fund – This fund accounts for financial resources associated with the acquisition or construction of major capital facilities not being financed by the proprietary fund.

The City reports the following major proprietary fund:

Gold Room – This fund accounts for the operation of the City’s rental facility. It is intended to be self-supporting through user charges. Activities of the fund include administration, operation and maintenance of the facility.

Budgetary Data – Formal budgetary accounting is employed as a management control for all funds of the City, except for the fiduciary fund. Annual operating budgets are adopted, after public hearings, by passing an ordinance prior to the start of each fiscal year. No public money may be expended without having been appropriated by the Council. Transfers between major appropriations require approval of the Council. The budget uses the same basis of accounting as used to reflect actual revenues and expenditures, except that the City may use prior year surplus to cover budget shortfalls.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Types and Major Funds (continued)

Cash and Cash Equivalents – Cash may include demand deposits, money market accounts, and certificates of deposit with an initial maturity date of less than three months.

Accounts Receivable – All receivables are reported at gross values. Allowances are reported when management has determined that collection of the receivable is not probable. Management has determined that no allowance for uncollectible accounts is deemed necessary as of June 30, 2022. Receivables not expected to be collected within 60 days of year end will be reported as a deferred inflow of resources in the Balance Sheet – Governmental Funds, as they are not currently available to the City.

Property Taxes Receivable – Consists of real and personal property taxes billed and other penalties imposed by the City. The amount that was not collected within 60 days of year end was immaterial.

Accounts Receivable – Other – Includes amounts due from other governments, speed camera citations, cable franchise fees and other receivables.

Due from Other Governments - Receivables from other governments primarily consist of amounts arising from transfer payments and amounts due from grantors for specific programs and capital projects and include highway user revenues, police aid, and local income taxes collected on behalf of the City by the State of Maryland and remitted to the City.

Capital Assets and Depreciation - The City's property, buildings and facilities with an initial, individual cost of more than \$1,000 and an estimated useful life of more than three years are stated at historical cost and comprehensively reported in the government-wide financial statements. All land is capitalized. Proprietary capital assets are also reported in their fund financial statements. The costs of normal maintenance and repairs which do not add to the asset value or materially extend useful lives are not capitalized. Donated capital assets received on or before June 15, 2015 are stated at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The City has been exempted from retroactively reporting its infrastructure assets. However, all future construction or major improvements to the roads, bridges, sidewalks, drainage and lighting systems for the City will be capitalized and depreciated in a manner consistent with current policies for capital assets in the governmental and proprietary funds.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Types and Major Funds (continued)

Construction in progress represents all costs incurred by the City related to the planning, design and installation of new equipment and other projects. These amounts are capitalized but will not be depreciated until such a time that the project is placed in service.

Estimated useful lives for depreciable assets are as follows:

Land improvements	15-50 years
Infrastructure	10-20 years
Buildings	5-50 years
Vehicles, furniture, and equipment	3-20 years

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.

Long-Term Obligations - In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Issuance costs are expensed as incurred. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Compensated Absences – Compensated absences are those earned but unused absences for which employees will be paid, such as vacation and sick leave. Employees are granted vacation and sick leave at varying amounts. It is the City’s policy to permit employees to accumulate up to 160 hours of earned but unused vacation, which will be paid at the current rate of salary. Sick leave may be accumulated, but will not be paid upon resignation, termination or retirement. Vacation leave is accumulated as applicable in the government wide and proprietary fund financial statements as part of long-term obligations. A liability is reported in governmental fund financial statements only if it has matured, for example, as a result of employee termination or retirement.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories.

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balance of the debt that is attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

This category represents the net position of the City which has been restricted for a specific project or purpose by a third party.

Unrestricted Net Position

This category represents the net position of the City, which is not restricted for any project or other purpose by third parties.

Fund Balances

In the governmental fund financial statements, fund balances are classified in the following categories.

Nonspendable

This category includes amounts that cannot be spent due to form, such as inventory, prepaid amounts, long term receivables or amounts that must be maintained intact legally or contractually.

Restricted

This category includes amounts constrained by an external party, constitutional provision or enabling legislation.

Committed

This category includes amounts constrained for a specific purpose by the Council using its highest level of decision making authority, prior to year-end. As of June 30, 2022, the City did not have any assets to be reported in this category.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned

This category includes amounts constrained by the intent to be used for a specific purpose by a governing board which has the authority to assign funds.

Unassigned

This category includes all funds which are not specifically classified as Nonspendable, Restricted, Committed or Assigned.

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

New Accounting Standards – The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2022, that have effective dates that may impact future financial presentations. Management will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

Statement No. 75, *Leases*

This Statement provides guidance on the accounting and financial reporting for operating lease transactions. The requirements for this Statement are effective for periods beginning after December 31, 2020 (FY 2022). The City implemented this Statement during the year ended June 30, 2022 without significant change to the financial statements.

Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022 (FY 2023). The City is currently evaluating the effect of implementation of this Statement.

Statement No. 101, *Compensated Absences*

This Statement aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The requirements of this Statement are effective for periods beginning after December 15, 2023 (FY 2025). The City is currently evaluating the effect of implementation of this Statement.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

2. CASH AND CERTIFICATES OF DEPOSIT

Deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed on the balance sheet as “Cash” and consists of demand deposits and certificates of deposit with an initial maturity date of less than three months.

Credit Risk

The City has adopted a policy to be followed when investing public funds in accordance with the provisions of Section 17-101 of the Local Government Article of the Annotated Code of Maryland which prescribes the type of investments permissible for Maryland Municipalities. This policy requires that City funds be invested in obligations for which the United States has pledged its full faith and credit, obligations insured by a federal agency (such as the Federal Deposit Insurance Corporation (FDIC)), obligations collateralized by federal obligations, and portfolios created under the Maryland Local Government Investment Pool. The City was in compliance with the provisions of the Annotated Code of Maryland as of June 30, 2022, which was adopted to mitigate credit risk for the City.

Interest Rate and Credit Risk

The City manages interest rate and credit risk by investing primarily in short term holdings, including demand deposits, and certificates of deposit.

Custodial Credit Risk

The City manages custodial credit risk through its use of permissible investments based on its compliance with the Annotated Code of Maryland as previously described. As such, uninsured or uncollateralized funds are not permitted. The City’s deposits are covered by a combination of insurance from the FDIC and securities held by the pledging financial institution’s trust department or agent in the City’s name.

Certificates of deposit held by the City with an initial maturity date of greater than three months are also included in the following analysis of deposits by level of risk, as they are either fully insured by the FDIC or fully collateralized by Federal obligations.

The book and bank balance of cash and cash equivalents is \$9,895,018 and \$9,967,135, respectively. Of the bank balances, \$250,000 was insured by FDIC. At year-end, the City’s bank balances were not exposed to any custodial credit risk because all deposits were fully insured or collateralized.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

3. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Governmental activities:				
Not being depreciated:				
Land	\$ 922,656	\$ -	\$ -	\$ 922,656
Depreciable capital assets:				
Land improvements	791,541	17,492	-	809,033
Infrastructure	1,348,953	-	-	1,348,953
Buildings	1,549,246	-	-	1,549,246
Vehicles, furniture, and equipment	1,571,735	120,218	-	1,691,953
Subtotal	5,261,475	137,710	-	5,399,185
Total capital assets	6,184,131	137,710	-	6,321,841
Accumulated depreciation:				
Land improvements	399,213	24,252	-	423,465
Infrastructure	775,787	100,264	-	876,051
Buildings	1,313,408	27,550	-	1,340,958
Vehicles, furniture, and equipment	1,103,125	188,486	-	1,291,611
Subtotal, accumulated depreciation	3,591,533	340,552	-	3,932,085
Total Capital Assets, Net	\$ 2,592,598	\$ (202,842)	\$ -	\$ 2,389,756

Depreciation expense was charged to governmental functions as follows:

General government	\$ 73,147
Public works	142,939
Public safety	124,466
Total	<u>\$ 340,552</u>

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

3. CAPITAL ASSETS (continued)

	<u>Balance</u> <u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-type activities:				
Depreciable capital assets:				
Buildings	\$ 1,050,856	\$ -	\$ -	\$ 1,050,856
Equipment	62,346	-	-	62,346
Total capital assets	<u>1,113,202</u>	<u>-</u>	<u>-</u>	<u>1,113,202</u>
Accumulated depreciation:				
Buildings	552,340	42,273	-	594,613
Equipment	57,327	971	-	58,298
Subtotal, accumulated depreciation	<u>609,667</u>	<u>43,244</u>	<u>-</u>	<u>652,911</u>
Total Capital Assets, Net	<u>\$ 503,535</u>	<u>\$ (43,244)</u>	<u>\$ -</u>	<u>\$ 460,291</u>

4. LONG TERM OBLIGATIONS

The following is a summary of long-term obligations for governmental activities as of June 30, 2022:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Payable Within</u> <u>One Year</u>
Governmental Activities					
Finance purchase agreements	\$ 23,878	\$ -	\$ 5,925	\$ 17,953	\$ 6,125
Compensated absences	<u>96,880</u>	<u>4,360</u>	<u>-</u>	<u>101,240</u>	<u>5,000</u>
Total Governmental Activities	<u>\$ 120,758</u>	<u>\$ 4,360</u>	<u>\$ 5,925</u>	<u>\$ 119,193</u>	<u>\$ 11,125</u>

The annual debt service requirement for the above financed purchase agreements through maturity is as follows:

2023	\$ 6,777
2024	6,777
2025	<u>5,083</u>
	18,637
Less interest	<u>684</u>
	<u>\$ 17,953</u>

5. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

6. DEFERRED COMPENSATION PLAN

The City offers to its employees a deferred compensation plan in accordance with Section 457(b) of the Internal Revenue Code. The plan is available to the City's full-time employees and allows the participants to defer a portion of their current income until future years to shelter such funds and earnings from state and federal taxation until withdrawal. Participation in the plan is optional. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. All contributions to the plan are immediately 100% vested. In addition, contributions are established by the Mayor and Council and may be amended by such.

7. PROPERTY TAX

Property taxes on real estate are recorded as receivables and attach as an enforceable lien on property on July 1, the date levied. Semi-annual installment payments are mandatory for qualified properties unless the taxpayer chooses to pay in one installment. Qualified property is defined as "an owner-occupied principal residence". Under the semi-annual plan, one-half of the tax bill is due September 30 with the balance due on December 31. For all other properties, the bill is due in its entirety on September 30. After the due date, interest is charged on the delinquent portion.. All delinquent taxes are turned over to the county for tax sale. The tax rate for the fiscal year ended June 30, 2021 was \$0.3579 per \$100 assessed value for real.

Personal property taxes are ordinarily billed annually by the City, based on an assessment determined by the State of Maryland. The tax rate for the fiscal year ended June 30, 2022 was \$0.88 per \$100 assessed value for personal property. The government-wide financial statements reflect the personal property taxes in the period they were earned, that is the tax year for which they were levied. However, due to late collections, personal property taxes are reported as a deferred inflow in the fund financial statements as of June 30, 2022.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; errors and omissions; employee health and accident; and natural disasters. The City purchases commercial insurance to protect its interest in its property and equipment, insurance against employee dishonesty and liability protection. Insurance is provided through the Maryland Local Government Insurance Trust and by commercial insurance. The Trust is a total risk and cost sharing plan for all participants. In the event that the Trust's General Fund falls into a deficit that cannot be satisfied by transfer from the Trust's capital and surplus accounts, the Trustees 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. During the year ended June 30, 2022 there was no significant reduction in insurance coverage. Settled claims have not exceeded this coverage for the past three fiscal years.

CITY OF GLENARDEN, MARYLAND

Notes to the Financial Statements For the Year Ended June 30, 2022

9. CONTINGENCIES

Most grants specify the types of expenditures for which the grants may be used. The expenditures made by the City under some of these grants are subject to audit. To date, the City has not been notified of any significant unallowable costs relating to its grants. In the opinion of management, adjustments for unallowable costs, if any, resulting from such audits will not have a material effect on the accompanying financial statements.

10. RESTATEMENT

The City restated the beginning net position and fund balances to properly account for interfund transfers and collectability of receivables as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position, July 1, 2021, previously reported	\$ 10,907,912	\$ (403,160)
Restatement- interfund	(965,133)	965,133
Restatement- receivables	<u>(602,683)</u>	<u>-</u>
Net position, July 1, 2021, as restated	<u>\$ 9,340,096</u>	<u>\$ 561,973</u>

	<u>General Fund</u>
General fund balance, July 1, 2021, previously reported	\$ 5,933,585
Restatement- interfund	<u>(965,133)</u>
General fund balance, July 1, 2021, as restated	<u>\$ 4,968,452</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GLENARDEN, MARYLAND

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- General Fund
For the Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE				
Revenues from local sources				
General property taxes	\$ 2,947,279	\$ 2,947,279	\$ 3,007,402	\$ 60,123
Local income taxes	700,000	700,000	875,139	175,139
Other taxes	124,000	124,000	119,695	(4,305)
Total taxes	<u>3,771,279</u>	<u>3,771,279</u>	<u>4,002,236</u>	<u>230,957</u>
Licenses and permits	<u>248,375</u>	<u>248,375</u>	<u>180,294</u>	<u>(68,081)</u>
Intergovernmental	<u>96,001</u>	<u>96,001</u>	<u>89,679</u>	<u>(6,322)</u>
Special assessments	<u>543,750</u>	<u>543,750</u>	<u>543,750</u>	<u>-</u>
Miscellaneous	<u>91,450</u>	<u>91,450</u>	<u>12,424</u>	<u>-</u>
Other Financing Sources				
Transfers in (net)	<u>95,500</u>	<u>95,500</u>	<u>-</u>	<u>(95,500)</u>
TOTAL REVENUE	<u>\$ 4,846,355</u>	<u>\$ 4,846,355</u>	<u>\$ 4,828,383</u>	<u>\$ 61,054</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
General government	\$ 2,459,137	\$ 2,459,137	\$ 1,908,740	\$ 550,397
Public safety	1,764,639	1,764,639	1,647,745	116,894
Public works	591,191	591,191	355,821	235,370
Debt service	12,585	12,585	12,584	1
TOTAL EXPENDITURES	<u>\$ 4,827,552</u>	<u>\$ 4,827,552</u>	<u>\$ 3,924,890</u>	<u>\$ 902,662</u>