

**Town of Bladensburg, Maryland**

**Financial Statements,  
Supplementary Information and  
Independent Auditor's Reports**

**For the Year Ended  
June 30, 2025**

DRAFT

**TOWN OF BLADENSBURG, MARYLAND**  
**Table of Contents**  
**June 30, 2025**

<b><u>DESCRIPTION</u></b>	<b><u>EXHIBIT</u></b>
Independent Auditor’s Report	
Management’s Discussion and Analysis	
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	A-1
Statement of Program Activities	A-2
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet	A-3
Statement of Revenues, Expenditures, and Changes in Fund Balances	A-4
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Program Activities	A-5
Notes to Financial Statements	A-6
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	B-1
Notes to Required Supplementary Information	B-2
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios	B-3
Schedule of Required Contributions	B-4
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	

## **Independent Auditor's Report**

To the Mayor and Council of the  
Town of Bladensburg, Maryland

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Bladensburg, Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Bladensburg, Maryland's basic financial statements 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 each major fund of the Town of Bladensburg, Maryland, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Town of Bladensburg, Maryland 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***

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 Town of Bladensburg, Maryland'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 generally accepted auditing standards and *Government 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 and *Government 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 the Town of Bladensburg, Maryland'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 Town of Bladensburg, Maryland'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, budgetary comparison schedule – general fund, schedule of proportionate share of the net pension liability and related ratios and schedule of required contributions 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 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February xx, 2026, on our consideration of the Town of Bladensburg, 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 solely 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 the effectiveness of Town of Bladensburg, Maryland's 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 Town of Bladensburg, Maryland's internal control over financial reporting and compliance.

*LSWG, P.A.*

Rockville, Maryland  
February xx, 2026

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Bladensburg, Maryland (the Town), we offer the Town of Bladensburg, Maryland's financial statements, this narrative overview and analysis of the financial activities of the Town of Bladensburg, Maryland for the fiscal year ended June 30, 2025. We encourage readers to consider the following information:

### Financial Highlights

#### Capital Investments and Funding

The Town's net position decreased by (\$2,660,502) in FY2025. This was an unprecedented one-time decrease for the following major items:

- The FY25 budget included a (\$575K) transfer from Fund Balance to offset investments back into the Town which were deferred from prior years.
- The Town experienced a (\$1.3M) loss from the Automated Traffic Program, which included funding from Speed and Red-Light Cameras. While the Town had budgeted for revenues exceeding \$2 million, actual revenue received was just over \$700,000.
- A (\$128K) transfer from fund balance was made to utilize unused Highway User Funds from prior years for current road construction projects.
- Accrued Compensated Balances increased (\$81K) for unused leave and sick pay. This is attributable to staffing growth and salary improvements.
- The State of Maryland Retirement and Pension System experienced an actuarial loss and increased servicing cost during the audit's measurement period. As a result, the Town's share of Pension Liabilities increased over \$1.3M reaching nearly \$4.3M, representing a 47% increase compared to the prior year. The Town incurred (\$504K) of additional pension expense against this liability.

#### American Rescue Plan Act

The Town is nearing the completion of its allocated \$4.9 million in ARPA funding received in FY2022. In FY2025, \$235,000 was spent on the following projects:

- Purchase of three police SUVs and two police radios;
- Food assistance programs; and
- Holiday assistance for senior citizens.

The Town has reserved the remaining \$500,000 for a joint flood mitigation project with Prince George's County. This initiative addresses the severe flooding event that impacted the Town in 2020.

#### Other Notable Highlights:

- Lighting Improvements - The Town completed Phase 1 of lighting on 57<sup>th</sup> Ave corridor with funding of \$150K from the Department of Housing and Community Development (DHCD) and \$50K Highway User Funds.

- Infrastructure Upgrades - Over \$300,000 in Community Development Block Grant (CDBG) funding was used for various projects, including bridge repairs, roadway milling and asphalt replacement, and sidewalk construction.
- Community Engagement and Events - The Town continues to provide exceptional services and fostering community engagement. In FY2025, numerous community events were hosted, including: National Night Out, Senior Picnic, Yule Log, Easter Eggstravaganza, Mental Health Awareness Event, the July 4th Fireworks at the Bladensburg Waterfront Park, Citizens Police Academy, Black History Month Celebration, Bladefest, Trunk or Treat, Rock the Block, Shop with-a-Cop, Back to School events, and Coffee with a Cop. These events demonstrate the Town's dedication to fostering a vibrant and inclusive community.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Bladensburg, Maryland's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Bladensburg, Maryland's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the Town's assets and deferred outflows less liabilities and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of program activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both government-wide financial statements report governmental activities of the Town that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public works, and public safety. The government-wide financial statements report only on the Town of Bladensburg, Maryland.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Bladensburg, Maryland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Bladensburg, Maryland maintains two governmental funds: the general fund and a special revenue fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance.

The Town of Bladensburg, Maryland adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indication of a government’s financial position. The Town of Bladensburg, Maryland’s net position decreased \$2,660,502 from \$6,079,654 on June 30, 2024 to \$3,419,152 on June 30, 2025.

Approximately 35% of the Town of Bladensburg, Maryland’s total assets reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Town of Bladensburg, Maryland’s Net Position:**

	Governmental
	<u>Activities</u>
Current and Other Assets	\$ 5,335,231
Capital Assets, Net	<u>2,936,296</u>
Total Assets	8,271,527
Deferred Outflows	<u>2,123,921</u>
Current Liabilities	1,352,826
Non-Current Liabilities	<u>4,662,519</u>
Total Liabilities	<u>6,015,345</u>

Deferred Inflows	<u>960,951</u>
Invested in Capital Assets, Net of Related Debt	2,976,535
Restricted	423,370
Unrestricted	<u>19,247</u>
Total Net Position	<u>\$ 3,419,152</u>

Total assets and deferred outflows in fiscal year 2025 decreased \$1,420,465 as compared to fiscal year 2024. Liabilities and deferred inflows increased \$1,240,037 for this same period which resulted in an decrease of \$2,660,502 in net position.

The deferred outflows of \$2,123,921 is related to pension contributions and changes in actuarial assumptions related to the Pension Plan. The deferred inflows of \$960,951 are related to changes in the State Retirement's investment activity of \$310,809, and grant funds received but not spent of \$578,250, and business licenses for fiscal year 2026 of \$71,892. Additional information related to the pension plan can be found in Note 5 and information related to the deferred inflows can be found in Note 6.

Restricted net position represents unspent highway user revenue of \$423,370 at June 30, 2025.

**Governmental activities.** Governmental activities decreased the Town of Bladensburg, Maryland's net position by \$2,660,502.

#### **Town of Bladensburg, Maryland's Changes in Net Position**

	<u>Governmental Activities</u>
<b>Revenues:</b>	
Program Revenues:	
Charges for Services	\$ 962,027
Operating Grants and Contributions	998,166
Capital Grants and Contributions	680,974
General Revenues:	
Taxes	6,232,177
Other	<u>495,886</u>
Total Revenues	<u>9,369,230</u>
<b>Expenses:</b>	
General Government	2,919,210
Public Works	1,979,461
Public Safety	7,130,178
Interest	<u>883</u>
Total Expenses	<u>12,029,732</u>
Decrease in net position	(2,660,502)
Net Position July 1, 2024	<u>6,079,654</u>
Net Position June 30, 2025	<u>\$ 3,419,152</u>

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The Town of Bladensburg, Maryland uses fund accounting to ensure and demonstrate compliance with finance related requirements.

**Governmental funds.** The focus of the Town of Bladensburg, Maryland’s governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town’s general fund balance decreased \$2,072,831 to \$3,365,324. Fund balance consists of the following: nonspendable fund balance of \$120,400, restricted fund balance of \$423,370, committed fund balance of \$750,000 and unassigned fund balance of \$2,071,554. Details of fund balance can be found in Note 3(G) of the attached financial statements.

**General fund budgetary highlights.** Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as County and State grants; and (3) increases in appropriations that become necessary to maintain services.

During the fiscal year, the Town amended the budget on several occasions. These adjustments fall within all three categories noted above. See Exhibit B-1 for the detailed budget adjustments.

A comparison of the original and amended budget is as follows:

<b>General Fund:</b>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Revenues			
Taxes	\$ 6,185,810	\$ 6,355,000	\$ 6,229,916
Intergovernmental	1,852,622	1,852,622	698,917
Grant revenue	1,360,000	1,567,991	718,426
Other	<u>2,647,000</u>	<u>2,647,000</u>	<u>1,325,285</u>
Total	<u>12,045,432</u>	<u>12,422,613</u>	<u>8,972,544</u>
Expenditures	<u>12,753,736</u>	<u>12,997,727</u>	<u>11,450,882</u>
Total	<u>12,753,736</u>	<u>12,997,727</u>	<u>11,450,882</u>
Change in fund balance (excluding Other Financing)	<u>\$ (708,304)</u>	<u>\$ (575,114)</u>	<u>\$(2,478,338)</u>

The variance in each individual revenue and expenditure account can be found in Exhibit B-1 to the financial statements.

**DEBT**

The Town has equipment lease liabilities of \$213,263 and subscription liabilities of \$49,196 at June 30, 2025. As discussed in Note 3 to the financial statements, the Town’s net pension liability from its participation in the State of Maryland Employee Pension System is \$4,271,099.

**CAPITAL ASSETS**

At the end of fiscal year 2025, the Town’s governmental activities have invested \$2,936,296 in a variety of capital assets as reflected in the following schedule. These assets include land, buildings, equipment and computer software. Total depreciation expense for the 2025 fiscal year was \$525,104.

**Governmental Activities – Capital Assets**

	<u>Governmental Activities</u>
Non-Depreciable Assets	
Land	\$ 17,448
Capital Assets, being depreciated	
Buildings	1,673,805
Equipment	4,712,651
Improvements	<u>710,424</u>
Total capital assets, being depreciated	<u>7,096,880</u>
Total Capital Assets	7,114,328
Accumulated Depreciation on Capital Assets	<u>(4,178,032)</u>
Net Capital Assets	<u>\$ 2,936,296</u>

**Highlights and Economic Factors for Fiscal Year 2026 include:**

The Town has outlined key measures to reduce spending and increase revenues for Fiscal Year 2026. These initiatives include:

- Spending Reductions
  - Implementing a freeze on wages and vacant positions.
  - Increasing contributions to Town employees for their benefits.
  - Reducing reliance on contracted services, and
  - Limiting non-grant-related capital expenditures.
- Revenue Increases
  - Raising the Business Personal Property Tax rate on railroads and public utilities from \$2.75 per \$100 of assessed property to \$3.25 per \$100 of assessed property.
  - Raising the Business Personal Property Tax rate from \$2.09 per \$100 of assessed property to \$2.50 per \$100 of assessed property.

- Increasing the tax rate for apartments from \$0.80 per \$100 of assessed property to \$0.85 per \$100 of assessed property.
- Raising the tax rate for commercial and industrial properties from \$0.74 per \$100 of assessed property to \$0.82 per \$100 of assessed property.
- Keeping the residential tax rate unchanged for decades at \$0.74 per \$100 of assessed property.

The Town remains optimistic that an improving economy will also have a positive impact on its financial statements in the year ahead.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Bladensburg, Maryland's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer's office, Town of Bladensburg, Maryland, 4229 Edmonston Road, Bladensburg, MD 20710.

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**Town of Bladensburg, Maryland**  
**Statement of Net Position**  
**For the Year Ended June 30, 2025**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents - unrestricted	\$ 396,611
Cash and cash equivalents - restricted	500
Investments	2,211,015
Investments - restricted	1,310,678
Accounts receivable	347,668
Amounts due from other governments	640,421
Prepaid expenses	120,400
Right to use subscription assets - net of amortization	54,434
Right to use lease assets - net of amortization	253,504
Capital assets - net of depreciation	<u>2,936,296</u>
<b>Total Assets</b>	<u>8,271,527</u>
 <b>Deferred Outflows of Resources</b>	 <u>2,123,921</u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	303,618
Accrued salary	168,629
Accrued compensated absences - current portion	779,545
Long-term liabilities:	
Due within one year	101,034
Due in more than one year	4,432,526
Accrued compensated absences - net of current portion	<u>229,993</u>
<b>Total Liabilities</b>	<u>6,015,345</u>
 <b>Deferred Inflows of Resources</b>	 <u>960,951</u>
<b>Net Position</b>	
Invested in capital assets, net of related debt	2,976,535
Restricted	423,370
Unrestricted	<u>19,247</u>
<b>Total Net Position</b>	<u><u>\$ 3,419,152</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF BLADENSBURG, MARYLAND**  
**Statement of Program Activities**  
**For the Year Ended June 30, 2025**

Functions/Programs Primary Government	Governmental Activities:	Indirect Expense Allocation	Program Revenue			Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position Primary
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
General government	\$ 2,919,210	\$ 883	\$ 179,514	\$ 81,638	\$ 318,128	\$ (2,340,813)	\$ (2,340,813)
Public safety	7,130,178	-	782,513	330,380	49,186	(5,968,099)	(5,968,099)
Public works	1,979,461	-	-	586,148	313,660	(1,079,653)	(1,079,653)
Interest	883	(883)	-	-	-	-	-
Total Governmental Activities	12,029,732	-	962,027	998,166	680,974	(9,388,565)	(9,388,565)
Total Primary Government	\$12,029,732	\$ -	\$ 962,027	\$ 998,166	\$ 680,974	(9,388,565)	(9,388,565)
General Revenues							
Taxes							
State shared taxes						699,568	699,568
Property taxes						5,532,609	5,532,609
Intergovernmental revenue						2,372	2,372
Interest income						285,211	285,211
Miscellaneous						208,303	208,303
Total General Revenues						6,728,063	6,728,063
Change in Net Position						(2,660,502)	(2,660,502)
Net Position, Beginning of Year						6,079,654	6,079,654
Net Position, End of Year						\$ 3,419,152	\$ 3,419,152

The accompanying notes are an integral part of this statement.

**TOWN OF BLADENSBURG, MARYLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	<b>General Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 396,611
Restricted cash	500
Investments	2,211,015
Investments - restricted	1,310,678
Accounts receivable	347,668
Amounts due from other governments	323,328
Prepaid expenses	120,400
<b>Total Assets</b>	<b>4,710,200</b>
<b>Deferred Outflows</b>	-
<b>Liabilities</b>	
Accounts payable and accrued expenses	303,618
Accrued salaries	168,629
Accrued compensated absences - current portion	124,133
<b>Total Liabilities</b>	<b>596,380</b>
<b>Deferred Inflows</b>	<b>748,496</b>
<b>Fund Balances</b>	
Nonspendable	120,400
Restricted	423,370
Committed	750,000
Unassigned	2,071,554
<b>Total Fund Balances</b>	<b>\$ 3,365,324</b>
<b>Reconciliation of Total Governmental Fund Balances To Net Position of the Governmental Activities</b>	
Total Governmental Fund Balances	\$ 3,365,324
Right to use leased assets used in governmental activities are not financial resources and therefore not reported in the funds.	253,504
Grants receivable are not collected in the current period and therefore are not reported in the fund financial statements	317,093
Right to use subscription assets used in governmental activities are not financial resources and therefore not reported in the funds.	54,434
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(5,418,965)
Deferred inflows for property taxes not deferred in the statement of net position.	98,354
Deferred outflows of resources relating to pension contributions are not reported in the fund financial statements.	2,123,921
Deferred inflows of resources pertaining to net pension liability are not reported in the funds.	(310,809)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,936,296
<b>Net Position of Governmental Activities</b>	<b>\$ 3,419,152</b>

The accompanying notes are an integral part of this statement.

**TOWN OF BLADENSBURG, MARYLAND**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2025**

	<b><u>General Fund</u></b>
<b>Revenues</b>	
Taxes	\$ 6,229,916
Licenses and permits	73,473
Intergovernmental revenues	698,917
Grant revenues	718,426
Franchise fees	105,121
Service charges	783,433
Other revenues	<u>363,258</u>
Total Revenues	8,972,544
<b>Expenditures</b>	
General government	1,686,726
Public safety	7,148,486
Public works	1,832,176
American Rescue Plan Act	235,166
Grants - restricted	531,029
Debt service - interest	<u>17,299</u>
Total Expenditures	<u>11,450,882</u>
<b>Excess of Revenues Over (Under)</b>	
<b>Expenditures</b>	(2,478,338)
<b>Other Financing Sources</b>	
Lease financing	188,500
Insurance proceeds	<u>217,007</u>
Total Other Financing Sources	<u>405,507</u>
<b>Net Change in Fund Balance</b>	(2,072,831)
<b>Fund Balance - Beginning of Year - restated</b>	<u>5,438,155</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 3,365,324</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF BLADENSBURG, MARYLAND**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Program Activities**  
**For the Year Ended June 30, 2025**

Net Change in Fund Balance - Governmental Funds	\$ (2,072,831)
Governmental funds report capital outlays as expenditures. However, in the statement of program activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded or is less than capital outlays in the current period.	(273,263)
Grants receivable in the Statement of Program Activities that do (do not) provide current financial resources and therefore are (are not) reported as revenues in the governmental funds.	264,169
Changes in deferred inflows of resources relating to property taxes do not provide current financial resources and are not reported as revenue in the funds.	2,260
Right to use lease assets, which were capitalized net of amortization are expensed in the governmental funds.	6,486
Right to use subscription assets, which were capitalized net of amortization are expensed in the governmental funds.	(1,092)
Difference between accrual and modified accrual in accounting for compensated absences.	(81,520)
Pension expense pertaining to net pension liability is not reported in the funds.	<u>(504,711)</u>
Net Change in Net Position	<u>\$ (2,660,502)</u>

The accompanying notes are an integral part of this statement.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The Town of Bladensburg (Town) was established in 1854 and incorporated in 1947 under the laws of the State of Maryland. The Town operates under a Mayor-Council form of government consisting of a Mayor and Town Council. The Town provides the following services as authorized by its charter: streets, recreation, public safety, public works and community promotion. The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for established governmental and financial reporting principles. The Town implemented accounting and financial reporting requirements of GASB Statements No. 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments. GASB Statement No. 34 added the following components to the financial statements:

Management's Discussion and Analysis – A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements – These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Position and the Statement of Program Activities.

Statement of Net Position – The Statement of Net Position displays the financial position of the Town. All assets, deferred outflows, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position. The net position of a government is broken into three categories –1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Program Activities – The Statement of Program Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants.)

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**A. Financial Reporting Entity (continued)**

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons.

The financial statements were prepared in accordance with GASB Statement No. 14, The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with the basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town of Bladensburg. There are no organizations for which the Town is financially accountable and there are no component units of the Town.

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

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The reporting model focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary fund. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Program Activities) report information on all of the non-fiduciary activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. The Town does not have any business-type activities at this time. The Town currently has no fiduciary funds reportable in the government-wide financial statements.

The Statement of Program Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenue to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest payments which are reported as expenditures in the year due. However, principal and interest on long-term debt, which has not matured, are recognized when paid.

Property taxes, franchise fees, utility taxes, licenses, intergovernmental revenues, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports unearned revenues on its governmental funds Balance Sheet. Unearned revenues arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Town has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed from the Balance Sheet and revenue is recognized.

The Town reports the following governmental fund:

The General Fund – This is the Town's primary operating fund and it is major. It is used to account for all financial resources except those required to be accounted for in another fund.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

1. Deposits and Investments

Cash and cash equivalents, which are cash and short-term investments with maturities of three months or less, include cash on hand and demand deposit accounts.

2. Prepaid Expenses

Prepaid expenses record payments to vendors that benefit future reporting periods. Prepaid expenses are similarly reported in government-wide and fund financial statements.

3. Capital Assets

Capital assets, which include furniture, buildings, improvements/infrastructure, vehicles and equipment, furniture and equipment, and computer software assets are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

- Vehicles and equipment – 3 to 20 years
- Buildings – 25 to 50 years
- Furniture and equipment – 8 years
- Improvements/Infrastructure – 10 to 50 years
- Computer software – 3 to 7 years

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)**

4. Compensated Absences

The annual leave policy of the Town provides for the accumulation of earned vacation leave to full-time employees based upon length of service, with a limit of 360 hours per calendar year. Excess annual leave over a above 360 at the end of the calendar year will be forfeited. Upon termination of employment, an employee shall be paid for annual leave accumulated to the date of termination.

The Town's sick leave policy provides for the accumulation of 120 hours of sick leave per year for full time employees. Unused sick leave carries over without limits. The Town allows employees upon termination to be paid for 50% of their sick leave to a maximum of \$12,000.

For the Town's government-wide financial statements, an expenditure and a liability for compensated absences and salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

For the Town's general fund financial statements, those amounts estimated to be liquidated with expendable available financial resources are reported as an expenditure and a liability of the general fund.

5. Property Taxes

Property taxes for the current year were assessed and collected by Prince George's County and subsequently remitted to the Town. Property taxes are assessed on July 1<sup>st</sup> and are due and payable one half by September 30<sup>th</sup> and one half by December 31<sup>st</sup>. All unpaid taxes levied July 1<sup>st</sup> become delinquent on October 1<sup>st</sup> ad January 1<sup>st</sup>. The real property tax rate for the Town for fiscal year ended June 30, 2025 was \$.74 per \$100 of assessed value. The corporate and personal property tax rates for the Town for fiscal year June 30, 2025 was \$2.09 per \$100 of assessed value. Procedures for the collection of delinquent taxes by Prince George's County are provided for in the laws of Maryland. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

Town of Bladensburg, Maryland  
Notes to the Financial Statements  
June 30, 2025

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)**

6. Leases

The Town recognizes has recorded right to use lease assets as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses an estimated incremental borrowing rate as the discount rate for leases. The Town's estimated incremental borrowing rate is the Federal prime rate plus 2% at the commencement of the lease.

Right to use lease assets are reported in assets and lease liabilities are reported as long-term liabilities on the statement of net position.

7. Subscription Based Information Technology Arrangements (SBITA)

The Town has recorded right of use subscription assets as a result of implementing GASB 96 – *Subscription Based Information Technology Arrangements (SBITA)*. The right of use subscription assets are initially measured at the subscription liability plus payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term plus capitalized initial implementation costs. The right of use subscription assets should be amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

Town of Bladensburg, Maryland  
Notes to the Financial Statements  
June 30, 2025

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)**

8. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net position is classified in the following categories:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted net position* – This amount is restricted by creditors, grantors, contributors, laws or regulations of other governments.

*Unrestricted net position* – This amount is the net position that does not meet the definition of “Invested in capital assets, net of related debt” or “restricted net position”.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 5 for deferred outflows related to GASB. 68.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial

**Town of Bladensburg, Maryland  
Notes to the Financial Statements  
June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position  
(continued)**

10. Deferred Outflows/Inflows of Resources (continued)

statement element, *deferred inflows 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. The Town considers unearned property taxes and grant revenue collected but not spent to be deferred inflows of resources. See Note 5 for deferred inflows related to GASB No. 68 and Note 6 for deferred inflows related to grant revenue.

**Note 2 – Reconciliation of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position.

**Note 3 – Detailed Notes on All Funds**

A. Deposits and Investments

Deposits

State statutes require all deposits be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized.

Town administration is authorized to invest in those instruments authorized by Maryland Statutes.

At June 30, 2025, the carrying amount of the Town's deposits was \$396,611 and the bank balances totaled \$428,961. Of the bank balances, the entire amount was either insured by Federal Depository Insurance Corporation (FDIC), or balances exceeding FDIC limits are collateralized at local banks.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 3 – Detailed Notes on All Funds (continued)**

A. Deposits and Investments (continued)

Investments – Maryland Local Government Investment Pool

The Town’s investments are categorized to give an indication of the level of custodial credit risk assumed by the Town at year-end. Category 1 includes investments that are insured or registered or where securities are held by the Town or its agent, in the Town’s name. Category 2 includes uninsured and unregistered investments for which the counterparty’s trust department or agent in the Town’s name holds the securities. Category 3 includes uninsured and unregistered investments where the securities are held by the financial institution’s trust department or agent, but not in the Town’s name. The Town holds no such investment at this time. The investments the Town holds are investments in the Maryland Local Government’s Investment Pool.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significantly unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2025:

MLGIP mutual funds of \$3,521,693 are valued using quoted market prices (Level 1 inputs).

B. Receivables

Receivables as of June 30, 2025 for the Town’s individual major governmental funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Property taxes	\$ 276,272
Other receivables	71,396
Gross receivables	347,668
Less: allowance or uncollectible	-
Total receivables - Net	\$ 347,668

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Town of Bladensburg, Maryland  
Notes to the Financial Statements  
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

C. Right to Use Assets

Lease Assets

The Town has recorded right to use lease assets for leased equipment. The related leases are discussed in the commitments subsection of this note. The right to use lease assets are being amortized on a straight line basis over the terms of the related leases.

Right to use activity for the fiscal year ending June 30, 2025 was as follows:

	<b><u>Beginning</u></b> <b><u>Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending</u></b> <b><u>Balance</u></b>
Right to Use Assets				
Tasers	\$ 136,745	\$ -	\$ -	\$ 136,745
Body camera	101,859	-	-	101,859
Vehicle camera	-	188,500	-	188,500
Equipment	56,084	-	-	56,084
Total Right to Use Assets	<u>294,688</u>	<u>188,500</u>	<u>-</u>	<u>483,188</u>
Less accumulated amortization for:				
Tasers	91,163	30,388	-	121,551
Vehicle camera	-	28,074	-	28,074
Body camera	35,651	20,372	-	56,023
Equipment	12,018	12,018	-	24,036
Total Accumulated Amortization	<u>138,832</u>	<u>90,852</u>	<u>-</u>	<u>229,684</u>
Right to Use Assets, Net	<u>\$ 155,856</u>	<u>\$ 97,648</u>	<u>\$ -</u>	<u>\$ 253,504</u>

Subscription Assets

The Town has entered into a subscription based information technology arrangement (SBITA) involving body camera software. The total cost of the Town's subscription asset recorded is \$120,964 less accumulated amortization of \$66,530.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 3 – Detailed Notes on All Funds (continued)**

C. Right to Use Assets (continued)

Future subscription payments under the SBITA agreement are as follows:

<u>Fiscal Year</u>	<u>Subscriptions</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 24,085	\$ 2,096	\$ 26,181
2027	25,111	1,070	26,181
2028	-	-	-
2029	-	-	-
2030	-	-	-
Total	<u>\$ 49,196</u>	<u>\$ 3,166</u>	<u>\$ 52,362</u>

D. Due from Other Governments

Due from other governments represent accrued revenue at June 30, 2025 consisting of the following:

Governmental Activities:

Primary Government	
General Fund:	
State	\$ 231,101
County	<u>92,227</u>
Total Primary Government	<u>\$ 323,328</u>

Governmental Funds:

Primary Government	
General Fund:	
State	\$ 548,194
County	<u>92,227</u>
Total Primary Government	<u>\$ 640,421</u>

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 3 – Detailed Notes on All Funds (continued)**

E. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 17,448	\$ -	\$ -	\$ 17,448
Total capital assets, not being depreciated				
Capital assets being depreciated				
Buildings	1,602,422	71,383	-	1,673,805
Equipment	4,733,345	267,204	(287,898)	4,712,651
Improvements	842,007	-	(131,583)	710,424
Total capital assets being depreciated	<u>7,177,774</u>	<u>338,587</u>	<u>(419,481)</u>	<u>7,096,880</u>
Total capital assets	7,195,222	338,587	(419,481)	7,114,328
Less accumulated depreciation for:				
Buildings	1,019,898	41,463	-	1,061,361
Equipment	2,539,562	448,531	(202,476)	2,785,617
Improvements	426,203	35,110	(130,259)	331,054
Total accumulated depreciation	<u>3,985,663</u>	<u>525,104</u>	<u>(332,735)</u>	<u>4,178,032</u>
Net capital assets	<u>\$ 3,209,559</u>	<u>\$ (186,517)</u>	<u>\$ (86,746)</u>	<u>\$ 2,936,296</u>

Depreciation was charged to functions as follows:

Governmental activities	
General government	\$ 14,535
Public safety	369,109
Public works	<u>141,460</u>
Total governmental activities depreciation expense	<u>\$ 525,104</u>

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 3 – Detailed Notes on All Funds (continued)**

F. Leases

The Town entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on January 1, 2021, to lease police equipment and requires 5 annual payments, the first payment is \$7,688 followed by 4 annual payments of \$17,300. The initial lease liability was recorded in the amount of \$62,422. This lease expired in fiscal year 2025 and was not renewed.

The second agreement was executed on September 15, 2022, to lease certain police equipment and requires five annual payments of \$22,075. The initial lease liability was recorded in the amount of \$101,859. As of June 30, 2025, the value of the lease liability is \$41,437. The lease liability was measured at a discount rate of 4.25%, which is the prime rate plus 2% at lease inception. The right to use asset is discussed in more detail in the right to use assets section C of this note.

The third agreement was executed on March 1, 2023 for a copier and requires monthly payments of \$1,101. The initial lease liability was recorded in the amount of \$56,084. As of June 30, 2025, the value of the lease liability is \$33,265. The lease liability was measured at a discount rate of 4.19%. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$32,048 on June 30, 2025. The right to use asset is discussed in more detail in the right to use assets section C of this note.

The fourth agreement was executed on November 1, 2024 for police vehicle cameras and requires annual payments of \$49,938. The initial lease liability was recorded in the amount of \$188,500. As of June 30, 2025, the value of the lease liability is \$138,562. The lease liability was measured at a discount rate of 4.11%. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$160,425 on June 30, 2025. The right to use asset is discussed in more detail in the right to use assets section C of this note.

Town of Bladensburg, Maryland  
Notes to the Financial Statements  
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

F. Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025 are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	
<b>June 30</b>	<b>Payments</b>	<b>Payments</b>	<b>Total</b>
2026	\$ 76,948	\$ 8,271	\$ 85,219
2027	79,717	5,501	85,218
2028	56,598	2,144	58,742
2029	-	-	-
2030	-	-	-
Total	<u>\$ 213,263</u>	<u>\$ 15,916</u>	<u>\$ 229,179</u>

The following summarizes the changes in long-term liabilities for the year ended June 30, 2025.

	<b>Balance</b>	<b>Increase /</b>	<b>Balance</b>	<b>Due within</b>
	<b>June 30, 2024</b>	<b>(Decrease)</b>	<b>June 30, 2025</b>	<b>one year</b>
Lease liabilities	\$ 122,103	\$ 91,160	\$ 213,263	\$ 76,949
Subscription liabilities	72,297	(23,101)	49,196	24,085
Pension liability	2,892,736	1,378,363	4,271,099	-
Accrued compensated absences	915,850	93,686	1,009,536	779,545
Total	<u>\$ 4,002,986</u>	<u>\$ 1,540,108</u>	<u>\$ 5,543,094</u>	<u>\$ 880,579</u>

G. Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable fund balance – such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable and property held for resale.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 3 – Detailed Notes on All Funds (continued)**

G. Fund Balance (continued)

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the Mayor and Council of the Town of Bladensburg.

Assigned fund balance – includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance – is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund balances for the Town's governmental funds consisted of the following as of June 30, 2025:

Nonspendable Fund Balance

As of June 30, 2025, the Town has \$120,400 of prepaid expenses included in non-spendable fund balance.

Restricted Fund Balance

At June 30, 2025, this balance represents unspent highway user revenues in the amount of \$423,370.

Committed Fund Balance

The Town Council has established a reserve fund in the amount of \$750,000 (emergency fund).

Unassigned Fund Balance

All remaining fund balance in the general fund is unassigned. At June 30, 2025, this amount was \$2,071,554.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 3 – Detailed Notes on All Funds (continued)**

G. Fund Balance (continued)

Order of Fund Balance Spending Policy

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First non-spendable fund balance is determined. Then restricted fund balances for specific purposes are determined, followed by committed fund balance and assigned fund balance. Unassigned fund balance cannot fall to a negative balance.

**Note 4 – Commitment and Contingencies**

A. Risk Management

The Town is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets, errors and omissions, and natural disasters. The Town's general liability risks are financed through participation in the Local Government Insurance Trust which is a self-insurance pool.

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 Town's General Fund, with no provisions 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, 2025. The Town paid annual premiums of approximately \$156,441. The amount of settlements have not exceeded coverage for each of the past three years.

B. Contingent Liabilities

Grants

The Town receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any unallowed disbursements resulting from such audits could become a liability of the Town. In the opinion of Town management, no material refunds will be required as a result of unallowed disbursements (if any), by the grantor agencies.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 5 – Retirement Plans**

Cost Sharing Multi-Employer Defined Benefit Plan

The Town previously adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB No. 68) which requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits.

The Town has also previously adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68*. GASB No. 71 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The Town's fiscal year 2025 contribution of \$485,156 is therefore recognized as a pension-related deferred outflow of resources.

*Plan description* – On July 1, 2007, the Town entered into the State of Maryland Retirement and Pension System (System). The System was established by the State Personnel and Pensions Article of Annotated Code of Maryland. Responsibility for the System's administration and operation is vested in a 15 member Board of Trustees. The System provides retirement benefits to employees of participating governmental units. Pension benefits are calculated using both the highest three consecutive years' average final compensation (AFC) and the actual number of years of accumulated creditable service. In addition, the pension benefits attributable to service are subject to cost of living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the calculation. There is no indication that the plan is closed to new entrants. This system is handled by the Maryland State Retirement and Pension System, an agent that acts as a common investment and administrative agent for political subdivisions in the State of Maryland, and is, therefore, not reflected as a Town pension trust fund.

Under the terms of the Pension System, a member may retire after 30 years of service regardless of age, at age 65 with two years of service, at age 64 with three years of service, at age 63 with four years of service or at age 62 with at least five years of service. An employee may also take early retirement with reduced benefits at age 55 with 15 years of service.

A member is eligible for vesting after 5 years of service; however, the contribution must be left in the Pension System in order for benefits at age 62. Benefits under the Pension System are established under Titles 22 and 23, respectively, of the State Personnel and Pensions Article of the Annotated Code of Maryland.

Town of Bladensburg, Maryland  
Notes to the Financial Statements  
June 30, 2025

**Note 5 – Retirement Plans (continued)**

Cost Sharing Multi-Employer Defined Benefit Plan (continued)

There are currently 52 active Town employees, 14 inactive Town employees and 16 retired Town employees in the System. Actual System contributions billed to the Town are used as a basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. The contribution rate for the year ended June 30, 2025 was 11.97%.

The Maryland Pension System issues an annual comprehensive financial report. The report can be obtained from the agency's offices.

State Retirement and Pension System of Maryland  
120 E. Baltimore Street, Suite 1660  
Baltimore, Maryland 21202-1600

*Net Pension Liability* – the pension liability is determined using the individual entry age normal cost method. Under this method, actuarial present value of all future plan benefits that are expected to be paid to each active, terminated vested, and retired participant as of the measurement date is computed. For each active participant this is broken down between the portion that remains to be funded by future entry age normal costs based on a percentage of such participants expected future compensation, and the portion that is attributable to prior service. The latter is referred to as the entry age accrued liability.

*Discount rate* – a single discount rate of 6.80% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on these assumptions, the System's net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 5 – Retirement Plans (continued)**

Cost Sharing Multi-Employer Defined Benefit Plan (continued)

The net pension liability if the discount rate changes plus 1% or minus 1% from the discount rate used in the current projection is as follows:

	<b>1% Decrease <u>(5.80%)</u></b>	<b>Discount Rate <u>(6.80%)</u></b>	<b>1% Increase <u>(7.80%)</u></b>
Town's net pension liability	<u>\$ 6,207,379</u>	<u>\$ 4,271,099</u>	<u>\$ 2,657,072</u>

*Other information* – the measurement period is July 1<sup>st</sup> through June 30<sup>th</sup>. The valuation date is June 30, 2024 as this was the latest period available. There are no changes to the benefit terms.

*Key Actuarial Assumptions* – The rate of return on investments is 6.80%. The inflation assumption was 2.5% for general and 3% for wage. Salary increases from 3% to 22.5%, including inflation. Various versions of the PB-2010 mortality tables with projected generational mortality improvements based on the MP-2021 fully generational mortality improvement scale were used. The amortization method is the level percentage of payroll, closed.

The Town's annual required contribution was \$485,156 for the year ended June 30, 2025, which is the same as the annual pension cost. The contributions made for fiscal year ending June 30, 2025 was \$485,156.

*Deferred inflows and outflows* – With the implementation of GASB Statement 68, deferred inflows and outflows are reported on the Statement of Net Position. The deferred inflows consist of changes in pension investment activity in the amount of \$310,809, for the year ended June 30, 2025, and will be amortized to income over the next 5 years. The Town's deferred outflows include changes in pension assumptions of \$2,123,921, for 2025 and will be amortized to expense over the next 5 years. The 2025 pension contribution was \$485,156. The pension contribution will reduce the net pension liability in the next fiscal year, and the changes in pension assumptions will be amortized over 23 years beginning July 1, 2015.

Money Purchase Plan

The Town established a 401A money purchase retirement plan to benefit employees by providing funds for retirement. All full time employees hired were required to contribute to the plan. In 2007, when the Town entered into the State of Maryland Retirement and Pension System, contributions to the 401A money purchase plan were no longer made. The 401A money purchase plan has a forfeiture amount of approximately \$116,000 which can be used to fund future contributions.

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 5 – Retirement Plans (continued)**

457 Deferred Compensation Plan

The Town established a Governmental 457 deferred compensation plan available to all Town employees, which was established in accordance with Internal Revenue Code Section 457. This plan allows pretax deferrals from employees up to the maximum set by IRS regulations. Employees are fully vested in the pretax deferrals made to this plan.

**Note 6 – Deferred Inflows**

The American Rescue Plan Act (ARPA) was signed into Federal law in March of 2021, and established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. This program provides financial support to State and Local governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. These funds may be used to cover eligible program costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024, as long as the award funds incurred by December 31, 2024 are expended by December 31, 2026. Any funds not obligated or expended for eligible uses during this period must be returned to the U.S. Treasury.

The Town applied for and was awarded SLFRF funding passed through the State of Maryland in the amount of \$4,933,972 of which \$2,466,986 was received in August of 2021. On August 5, 2022, the Town received its second payment in the amount of \$2,466,986. Revenue recognition of these funds will be deferred until the related eligible expenditures are incurred.

Eligible expenditures incurred during the fiscal year was \$235,166. The remaining \$500,000 has been included in deferred inflows at June 30, 2025.

Deferred inflows consist of the following on the Statement of Net Position as of June 30, 2025:

Grant funds received but not yet spent	\$ 578,250
Business licenses	71,892
Actuarial assumptions and investment return on the State retirement plan	<u>310,809</u>
Total Deferred inflows	<u>\$ 960,951</u>

Deferred inflows consist of the following on the Balance Sheet – Governmental Funds as of June 30, 2025:

Grant funds received but not yet spent	\$ 578,250
Business licenses	71,892
Property taxes	<u>98,354</u>
Total Deferred inflows	<u>\$ 748,496</u>

**Town of Bladensburg, Maryland**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 7 – Restatement – Correction of an Error**

During the fiscal year 2025 audit, an error in receivables was identified. An unbilled grant receivable of \$52,924 was improperly included in the general fund accounts receivable and revenue in fiscal year 2024. As a result, the Town recorded an adjustment to decrease assets and to decrease opening fund balance as follows:

General Fund:

Opening fund balance, as originally reported	\$ 5,491,079
Change for error correction	<u>(52,924)</u>
Opening fund balance, as restated	<u>\$ 5,438,155</u>

**Note 8 – Subsequent Events**

Management has evaluated subsequent events through February xx, 2026, the date that the financial statements were available to be issued. There were no significant events to report.

**REQUIRED SUPPLEMENTARY INFORMATION**

DRAFT

**Town of Bladensburg, Maryland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
<b>Property Taxes</b>				
Real estate tax	\$ 4,440,810	\$ 4,560,000	\$ 4,573,744	\$ 13,744
Personal property tax	1,075,000	1,125,000	956,604	(168,396)
<b>State Shared</b>				
Income tax	650,000	650,000	697,342	47,342
Admissions and amusement tax	20,000	20,000	2,226	(17,774)
<b>Total Taxes</b>	<u>6,185,810</u>	<u>6,355,000</u>	<u>6,229,916</u>	<u>(125,084)</u>
<b>Licenses and Permits</b>				
County traders license	15,000	15,000	11,692	(3,308)
Local business license	80,000	80,000	61,781	(18,219)
<b>Total Licenses and Permits</b>	<u>95,000</u>	<u>95,000</u>	<u>73,473</u>	<u>(21,527)</u>
<b>Intergovernmental - state</b>				
Highway user revenue	327,766	327,766	299,493	(28,273)
Bond bill	1,200,000	1,200,000	-	(1,200,000)
State grant for police	300,000	300,000	374,566	74,566
<b>Total Intergovernmental - State</b>	<u>1,827,766</u>	<u>1,827,766</u>	<u>674,059</u>	<u>(1,153,707)</u>
<b>Intergovernmental - county</b>				
County disposal fee rebate	22,484	22,484	22,486	2
Financial - bank stock tax	2,372	2,372	2,372	-
<b>Total Intergovernmental - County</b>	<u>24,856</u>	<u>24,856</u>	<u>24,858</u>	<u>2</u>
<b>Total Intergovernmental</b>	<u>1,852,622</u>	<u>1,852,622</u>	<u>698,917</u>	<u>(1,153,705)</u>
<b>Grant Revenues</b>				
American Rescue Plan Act revenue	250,000	78,491	235,166	156,675
Federal earmark	1,000,000	1,000,000	-	(1,000,000)
CDBG construction grant	-	167,000	313,660	146,660
Other grants	10,000	172,500	19,600	(152,900)
Community legacy	100,000	150,000	150,000	-
<b>Total Grant Revenues</b>	<u>\$ 1,360,000</u>	<u>\$ 1,567,991</u>	<u>\$ 718,426</u>	<u>\$ (849,565)</u>

Continued

**Town of Bladensburg, Maryland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Service Charges</b>				
Local fines	\$ 40,000	\$ 40,000	\$ 66,282	\$ 26,282
Copier fees	3,000	3,000	920	(2,080)
Automated traffic enforcement	1,500,000	1,500,000	716,171	(783,829)
Red light camera	537,000	537,000	-	(537,000)
Fingerprinting	1,000	1,000	60	(940)
<b>Total Service Charges</b>	<u>2,081,000</u>	<u>2,081,000</u>	<u>783,433</u>	<u>(1,297,567)</u>
<b>Franchise Fees</b>				
Cable franchise fees	120,000	120,000	105,121	(14,879)
<b>Total Franchise Fees</b>	<u>120,000</u>	<u>120,000</u>	<u>105,121</u>	<u>(14,879)</u>
<b>Other Revenues</b>				
Interest	250,000	250,000	285,211	35,211
Miscellaneous revenues	2,000	2,000	23,897	21,897
Insurance reimbursement	50,000	50,000	-	(50,000)
Vehicle deployment	7,000	7,000	12,900	5,900
Property rental	42,000	42,000	41,250	(750)
<b>Total Other Revenues</b>	<u>351,000</u>	<u>351,000</u>	<u>363,258</u>	<u>12,258</u>
<b>Total Revenues</b>	<u>\$ 12,045,432</u>	<u>\$ 12,422,613</u>	<u>\$ 8,972,544</u>	<u>\$ (3,450,069)</u>

Continued

**Town of Bladensburg, Maryland  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>General Government</b>				
<b>Mayor, Council and Town Clerk</b>				
Compensation	\$ 464,374	\$ 464,374	\$ 483,758	\$ (19,384)
General administration	263,402	263,402	287,955	(24,553)
Capital outlay	-	-	18,056	(18,056)
<b>Total Mayor, Council and Town Clerk</b>	<u>727,776</u>	<u>727,776</u>	<u>789,769</u>	<u>(61,993)</u>
<b>Town Administration</b>				
Compensation	210,943	210,943	214,508	(3,565)
General administration	245,000	275,000	313,773	(38,773)
<b>Total Town Administration</b>	<u>455,943</u>	<u>485,943</u>	<u>528,281</u>	<u>(42,338)</u>
<b>Finance</b>				
Compensation	294,295	294,295	300,914	(6,619)
General administration	56,000	56,000	67,762	(11,762)
<b>Total Finance</b>	<u>350,295</u>	<u>350,295</u>	<u>368,676</u>	<u>(18,381)</u>
<b>Total General Government</b>	<u>1,534,014</u>	<u>1,564,014</u>	<u>1,686,726</u>	<u>(122,712)</u>
<b>Public Safety</b>				
<b>Police Department</b>				
Compensation	5,847,204	5,847,204	5,661,411	185,793
General administration	1,161,000	1,223,500	1,104,108	119,392
Capital outlay	300,000	150,594	382,967	(232,373)
<b>Total Police Department</b>	<u>7,308,204</u>	<u>7,221,298</u>	<u>7,148,486</u>	<u>72,812</u>
<b>Total Public Safety</b>	<u>\$ 7,308,204</u>	<u>\$ 7,221,298</u>	<u>\$ 7,148,486</u>	<u>\$ 72,812</u>

Continued

**Town of Bladensburg, Maryland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<b>Variance with</b> <b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Public Works</b>				
Compensation	\$ 624,518	\$ 624,518	\$ 671,405	\$ (46,887)
General administration	530,000	536,000	685,185	(149,185)
Capital outlay	150,000	150,000	475,586	(325,586)
<b>Total Public Works</b>	<u>1,304,518</u>	<u>1,310,518</u>	<u>1,832,176</u>	<u>(521,658)</u>
<b>American Rescue Plan Act (ARPA)</b>				
Program expenses	250,000	67,491	68,477	(986)
Capital outlay	-	160,406	166,689	(6,283)
<b>Total American Rescue Plan Act</b>	<u>250,000</u>	<u>227,897</u>	<u>235,166</u>	<u>(7,269)</u>
<b>Debt Service</b>				
Interest		-	17,299	(17,299)
Principal	47,000	47,000	-	47,000
<b>Total Debt Service</b>	<u>47,000</u>	<u>47,000</u>	<u>17,299</u>	<u>29,701</u>
<b>Grants - Restricted</b>	<u>110,000</u>	<u>327,000</u>	<u>531,029</u>	<u>(204,029)</u>
<b>Capital Projects - Federal/State funds</b>	<u>2,200,000</u>	<u>2,300,000</u>	<u>-</u>	<u>2,300,000</u>
<b>Total Expenditures</b>	<u>\$ 12,753,736</u>	<u>\$ 12,997,727</u>	<u>\$ 11,450,882</u>	<u>\$ 1,546,845</u>

The accompanying notes are an integral part of this schedule.

**Town of Bladensburg, Maryland**  
**Notes to Required Supplementary Information**  
**June 30, 2025**

**Note 1 – Summary of Significant Budget Policies**

The Town Council annually adopts a budget for the General Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund. On June 10, 2024 the Town Council approved the original adopted budget for the fiscal year ended June 30, 2025. On July 14, 2025, the Town Council approved the revised budget reflected in the financial statements for fiscal year ended June 30, 2025.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

**Note 2 – Material Violations**

There were no material violations of the annual appropriated budgets for the General Fund for the fiscal year ended June 30, 2025. In addition, there were no excesses of budgetary expenditures for the period.

**TOWN OF BLADENSBURG, MARYLAND**  
**Schedule of Proportionate Share of the Net**  
**Pension Liability and Related Ratios**  
**For the Years Ended June 30,**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's portion of the net pension liability	0.0162%	0.0126%	0.0123%	0.0112%	0.0112%	0.0097%	0.0090%	0.0086%	0.0090%	0.0093%
Town's proportionate share of the net pension liability	\$ 4,271,099	\$ 2,892,736	\$ 2,463,599	\$ 1,701,734	\$ 2,537,553	\$ 2,008,956	\$ 1,882,379	\$ 1,860,574	\$ 2,123,363	\$ 1,940,687
Town's covered-employee payroll	\$ 4,645,978	\$ 4,429,393	\$ 3,842,323	\$ 3,087,871	\$ 2,571,758	\$ 2,324,182	\$ 2,579,516	\$ 2,222,369	\$ 2,089,953	\$ 2,143,542
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	91.93%	65.31%	64.12%	55.11%	98.67%	86.44%	72.97%	83.72%	101.60%	90.54%
Plan fiduciary net position as a percentage of the total pension liability	72.08%	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%

The accompanying notes are an integral part of this schedule.

**TOWN OF BLADENSBURG, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Required Contributions**  
**For the Years Ended June 30,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 485,156	\$ 425,141	\$ 306,342	\$ 281,014	\$ 249,949	\$ 240,723	\$ 206,712	\$ 187,712	\$ 181,209	\$ 181,553
Contribution in relation to the contractually required contribution	<u>(485,156)</u>	<u>(425,141)</u>	<u>(306,342)</u>	<u>(281,014)</u>	<u>(249,949)</u>	<u>(240,723)</u>	<u>(206,712)</u>	<u>(187,712)</u>	<u>(181,209)</u>	<u>(181,553)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Town's covered-employee payroll	\$ 4,645,978	\$ 4,429,393	\$ 3,842,323	\$ 3,087,871	\$ 2,571,758	\$ 2,324,182	\$ 2,579,516	\$ 2,222,369	\$ 2,089,953	\$ 2,143,542
Contribution as a percentage of covered employee payroll	10.44%	9.60%	7.97%	9.10%	9.72%	10.36%	8.01%	8.45%	8.67%	8.47%

The accompanying notes are an integral part of this schedule.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor and Council of the  
Town of Bladensburg, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Bladensburg, Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated February xx, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Bladensburg, Maryland’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bladensburg, Maryland’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bladensburg, Maryland’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about Town of Bladensburg, Maryland’s financial statements are free from material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*LSWG, P.A.*

Rockville, Maryland

February xx, 2026

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