



# FY 2021

City of Gaithersburg, MD

Annual  
Comprehensive  
Financial Report

For the Fiscal Year Ended  
June 30, 2021







*Gaithersburg*

**City of Gaithersburg,  
Maryland**

**Annual Comprehensive Financial Report**

Including Independent Auditors' Report

For the Fiscal Year Ended  
June 30, 2021

Prepared by

The Dedicated Staff of the City's  
Department of Finance and Administration

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# City of Gaithersburg, Maryland

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# Introductory Section





# Skate Park Mural



October 29, 2021

To the Mayor and City Council and  
To the Residents of the City of Gaithersburg, Maryland:

State law requires that all general-purpose local governments publish, within four months of the close of each Fiscal Year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement and the provisions of the City of Gaithersburg ("City") Charter, Section 53, we hereby issue the Annual Comprehensive Financial Report (ACFR) for the City for the year ending June 30, 2021.

Management assumes full responsibility for the completeness and reliability of all the information presented in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been independently audited by CohnReznick, LLP, a firm of licensed certified public accountants. The independent auditors have issued an unmodified opinion on the City's financial statements for the year ended June 30, 2021. The independent auditor's report is presented as the first component of the Financial Section of the ACFR.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal, and it should be read in conjunction with it.

## PROFILE OF THE CITY

The City began in 1765 as a small agricultural settlement known as Log Town. In 1850, the post office was named "Forest Oak." The town officially became "Gaithersburg" when it was incorporated on April 5, 1878.

The City occupies just over 10 square miles and, according to 2020 U.S. Census Bureau estimates, has a population of 69,657 making it the third largest municipality in Maryland. The City provides many services including public safety, licensing and permitting, building inspections, housing and community services, street maintenance, snow removal, recycling, parks, recreation and cultural activities. Fire and rescue, schools, library and health services are provided by Montgomery County. Water and sanitary sewer services are provided by Washington Suburban Sanitary Commission, which is a legally separate entity that provides these services to a number of cities and counties within Maryland.

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MAYOR  
Jud Ashman

COUNCIL MEMBERS  
Neil Harris  
Laurie-Anne Sayles  
Michael A. Sesma  
Ryan Spiegel  
Robert T. Wu

CITY MANAGER  
Tanisha R. Briley

## **ECONOMIC CONDITION AND OUTLOOK**

Located less than 15 miles from Washington, DC, the City is a major international hub of biotechnology and information technology companies. The City offers businesses a stable, attractive community with a highly educated workforce, where it is estimated that more than 25% of residents over age 25 have graduate or professional degrees. Labor market participation is high with estimated employment of 33,449 (Maryland Department of Labor). According to the Maryland Department of Labor, Licensing and Regulation, the City began 2021 with a monthly unemployment rate of 9.6%, higher than the statewide rate of 8.8%, of which both directly related to pandemic disruptions in the labor market. At June 30, 2021 the City's unemployment rate was 6.6% and the statewide rate was 6.7%. Previously, approximately 15.4% of the City's employment base worked in the sectors of Accommodation/Food Service and Retail Trade, where the majority of pandemic-related layoffs occurred and impacted the unemployment rates in the early part of the fiscal year.

The City's diverse commercial real estate market provides businesses with competitive choices in the location selection process. Major employers include AstraZeneca (previously MedImmune, Biologics Research & Development – Headquarters), Leidos (Information Systems – Defense), Asbury Methodist Village (Senior Living Facility), and Hughes Network Systems, LLC (networking technologies). While observed declines in office space demand could disrupt tax revenue, the City's light industrial and life sciences properties are experiencing heightened demand and associated growth in rents. Federal government investment in Gaithersburg companies for development of Coronavirus vaccines and COVID therapeutics has exceeded \$2.8 billion, causing local expansions. Traditionally, the presence of eleven (11) Federal Government research and regulatory agencies within a 10-mile radius of the City, including the National Institute of Standards & Technology at the center of the City, has stimulated entrepreneurial activity within the fields of science and technology.

Hotel tax and admission and amusement receipts saw a decline during fiscal year 2021 due the pandemic. Before COVID-19, hotel and motel tax receipts were on track to meet the budgeted amount. As a result of State and County Executive Orders and cancellation of most public activities, the City realized only 46% of the budgeted hotel and motel tax and 23% of the budgeted admission and amusement tax. Income tax was \$1.1 million over budget in part, due to the income tax filing extension from the prior year which allowed traditional April 2020 filings to be submitted in July 2020. The income tax revenue increase is also indicative of the strength and stability of the local economy, despite the disruptions of the pandemic. Real estate tax revenue grew by 3.8% from 2020 to 2021, demonstrating solid economic growth.

## **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

As a debt-free community, the City has a strong history of ensuring that adequate funding is available for the City's growing capital needs. One such example is the Asset Replacement Fund. The City annually reviews equipment inventory lists in order to determine how much funding should be set aside, using a calculation that approximates depreciation. The goal of this process is to ensure that when an asset is ready to be replaced, funding is available to purchase a new one. This ensures that operations are not impacted due to a lack of financing, and it keeps the City from needing to issue debt to cover these types of expenditures.

The City maintains a five year Capital Improvements Plan (CIP). This plan allows the City to estimate capital needs far enough in advance to ensure the funding is in place, without requiring additional financing. The City's CIP has peaked in recent years with several large projects underway. Although the actual spending within the CIP Fund was \$17.8 million in FY 2021, the FY 2022 CIP budget anticipates contracting and/or spending \$31.0 million in future projects, including the creation of a new park on the former Consumer Product Safety Commission property and several significant infrastructure improvement projects.

## **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year that ended June 30, 2020. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, the contents of which conform to the program standards. Such ACFR must satisfy both accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for 43 consecutive years (Fiscal Years 1978-2020). We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to the GFOA for review.

## **DISTINGUISHED BUDGET PRESENTATION**

GFOA presented an award of Distinguished Presentation to the City for its annual budget for the Fiscal Year beginning July 1, 2020. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is only valid for a period of one year. The City is proud to be the recipient of the award for 19 consecutive years (Fiscal Years 2003-2020). It is our belief the current budget continues to conform to program requirements, and we have submitted it to GFOA to determine its eligibility for another award.

## **ACKNOWLEDGMENTS**

The preparation of this report in a timely manner could not be accomplished without the professional, efficient and dedicated services of the entire staff of the Department of Finance and Administration, along with various City staff who assisted and contributed to its preparation. Their hard work, professional dedication and continuing efforts to improve the quality of this report are a direct benefit to all who read and use it. A special thank you goes to the Public Information Office staff for their invaluable assistance. We also would like to acknowledge the cooperation and assistance of the City's departments throughout the year in the efficient administration of the City's financial operations.

In closing, we would like to thank the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,



Tanisha R. Briley  
City Manager



Kimberly Francisco, CPA  
Director of Finance and Administration

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Gaithersburg  
Maryland**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

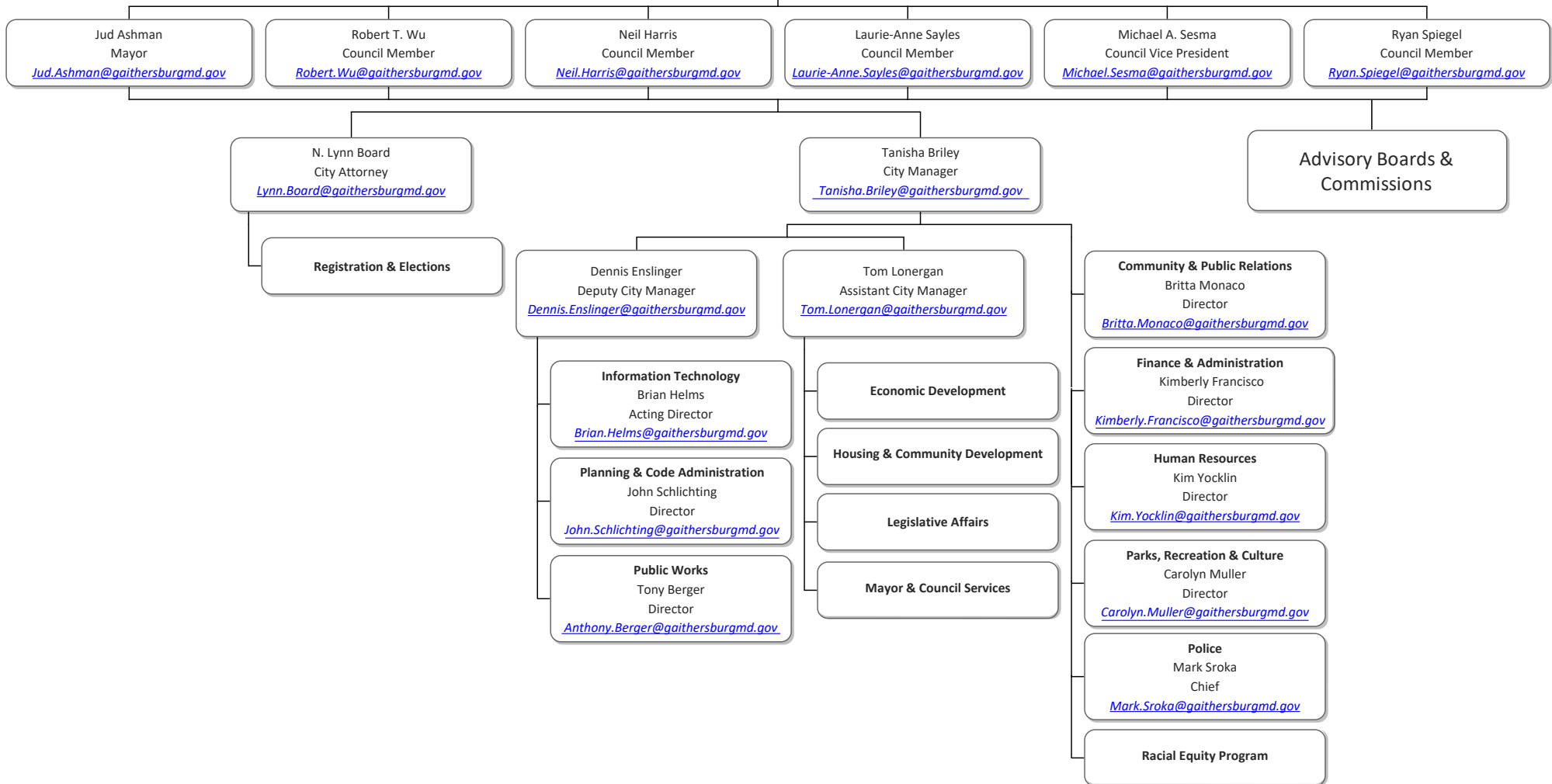
June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# City of Gaithersburg, Maryland

## Gaithersburg Citizens



## City of Gaithersburg, Maryland

### Directory of City Officials

<u>Title</u>	<u>Name</u>
Mayor	Jud Ashman
City Council	Neil Harris Laurie-Anne Sayles Michael A. Sesma Ryan Spiegel Robert T. Wu
City Manager	Tanisha R. Briley
Deputy City Manager	Dennis Enslinger
Assistant City Manager	Tom Lonergan
City Attorney	N. Lynn Board
<u>Department Directors</u>	
Community & Public Relations	Britta Monaco
Human Resources	Kim Yocklin
Information Technology, Acting	Brian Helms
Parks, Recreation & Culture	Carolyn Muller
Planning & Code Administration	John Schlichting
Police	Mark Sroka
Public Works	Anthony Berger
<u>Department of Finance and Administration</u>	
Accountant II	Janice Gacuma
Accounting Specialist	Diana Aguinaga
Administrative Assistant II	Brittany Saravia
Chief Accountant	Francis Dohnji
Comptroller	Janice G. Hartman, CPA
Director	Kimberly Francisco, CPA
Payroll Coordinator	Larry Salins
Procurement Manager	Penny Crawley
Procurement Specialist	Douglas Gollan
Senior Accounting Technician	Witarani Doyle
Senior Budget Analyst	Nathan Bassett

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# Financial Section





**Gaithersburg  
Aquatic  
Center**

## Independent Auditor's Report

To the Honorable Mayor, Members of the City Council and City Manager  
City of Gaithersburg, Maryland

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Gaithersburg, Maryland (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Gaithersburg, Maryland, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10 through 23 and the Required Supplementary Information - Schedule of Changes in the City's Net OPEB Liability and Related Ratios on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gaithersburg, Maryland's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, General Fund budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the General Fund budgetary comparison schedules, as described in the table of contents, are the responsibility of management and were derived from, and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the General Fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the City of Gaithersburg, 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 City of Gaithersburg, 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 the City of Gaithersburg, Maryland's internal control over financial reporting and compliance.

*CohnReznick LLP*

Baltimore, Maryland  
October 29, 2021



**Farmers Market**  
**Casey**  
**Community**  
**Center**

## City of Gaithersburg, Maryland

### Management's Discussion and Analysis June 30, 2021

#### Introduction

The Management's Discussion and Analysis (MD&A) section of the City's ACFR is presents a discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2021. The MD&A is best understood if read in conjunction with the Transmittal Letter and the City's basic financial statements.



#### Financial Highlights for FY 2021

- The City's government-wide net position increased by \$19.8 million and long-term liabilities decreased by \$4.9 million as a result of the employer contribution and investment performance of the other post-employment benefits (OPEB) trust.

- The General Fund, the primary operating fund of the City, showed an increase in fund balance of \$11.2 million compared to the budgeted decrease of \$3.3 million. This increase is primarily due to significant grant revenues received in FY21, including \$5.6 million in state and local fiscal recovery funds from the American Rescue Plan Act

coupled with \$3.8 million in capital grants which reimbursed the General Fund for advances made for capital projects. The increase in fund balance also includes a \$1.3 million increase in income tax revenue and cost savings in Parks & Recreation and General Government for reduced programming and facility costs during the COVID-19 pandemic.

- Total governmental funds' fund balance increased by \$2.6 million to \$153.1 million which is comprised of General Fund and Stormwater Management Fund increases of \$11.2 million and \$2.4 million, coupled with CIP Fund and Non-Major Fund decreases of \$10.6 million and \$358 thousand, respectively.
- Citywide capital expenditures of \$23.0 million covered many projects, including the construction of the new police station and Mayor and City Council Chambers, road resurfacing and reconstruction, completion of Discovery Park, Water Park equipment replacement, improvements to Olde Towne Plaza, the start of a multi-year LED streetlight conversion, vehicle and equipment replacements, and significant stormwater projects at Watkins Mill Road stream and Travis Avenue stream.

#### Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes required supplementary and other supplementary information intended to furnish additional detail to support the basic financial statements.

#### Government-Wide Statements

The first two financial statements following this MD&A are called *government-wide financial statements*. These statements consist of a Statement of Net Position and a Statement of Activities. They report information about the City as a whole using accounting methods similar to those used by private-sector companies.

## City of Gaithersburg, Maryland

### Management's Discussion and Analysis June 30, 2021

The Statement of Net Position is similar to a Balance Sheet and is designed to provide bottom line results for the City's governmental activities. This statement reports governmental funds' current financial resources (i.e., short-term spendable resources) along with capital assets and long-term obligations. All infrastructure assets built or purchased by the City and infrastructure donated by developers are included in the accompanying government-wide financial statements. The difference between the City's assets and liabilities is reported as net position. Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively. However, to assess the City's overall health, one should also consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The Statement of Activities is similar to an Income Statement and is focused on both the gross and net cost of various functions. This is intended to summarize and simplify the users' analysis of the cost of various governmental services.

Jointly, these statements group all of the activities of the City together and are designed to provide both *short-term* and *long-term* information about the City's *overall* financial status. In the government-wide financial statements, the activities of the City are maintained within one category:

- *Governmental Activities:* The City's basic services are reported here which include the following: Public Works, Public Safety, Community Services & Development, Parks & Recreation, and General Government. These activities are financed by various forms of City revenues.

#### Fund Financial Statements

The remaining statements are *fund financial statements* which provide more detailed information about the City's funds, focusing on its most significant or "major" funds, not the City as a whole. (Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs.) The City uses fund accounting to ensure compliance with financial requirements. The funds of the City can be divided into two categories, governmental funds and fiduciary funds.

- *Governmental funds:* The City's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances remaining at year-end that are available for future spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in a reconciliation of the governmental funds balance sheet to the statement of net position and a separate reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the statement of activities. The City maintains six governmental funds. Three of these funds are considered to be major funds: the General Fund, CIP Fund, and the Stormwater Management Fund. Three of these funds are considered to be non-major funds: the Forest Conservation Fund, the Asset Replacement Fund, and the Housing Program Fund.
- *Fiduciary funds:* These funds are used to account for resources held for the benefit of parties outside the government (where the City acts solely as trustee or agent). Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The City reports two

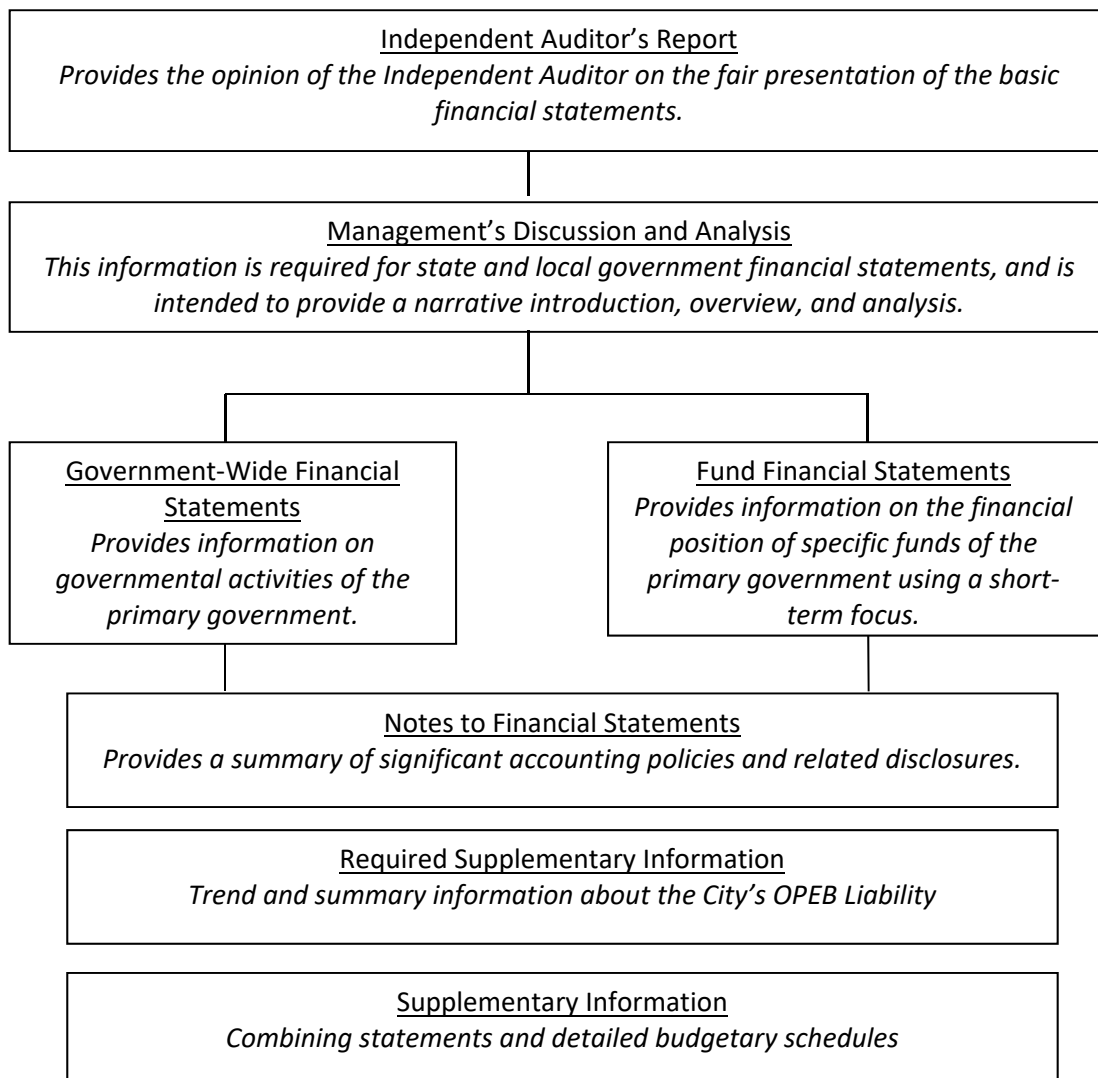
City of Gaithersburg, Maryland

Management’s Discussion and Analysis  
June 30, 2021

fiduciary funds: the Other Post-Employment Benefit (OPEB) trust fund and a Private Purpose Trust Fund used to report resources held to provide interest income for funding recreational scholarships.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The notes are followed by a section of required supplementary information that provides trend information about the City’s net Other Postemployment Benefits (OPEB) liability followed by supplementary information. Supplementary information includes the City’s combining non-major fund financial statements and additional budget to actual detail schedules. Figure 1 shows how the various parts of this annual report are arranged and related to one another. The chart below summarizes the major sections of the City’s financial statements, including the portion of the activities they cover and the types of information they contain. Figure 2 summarizes the differences between the financial statements and highlights the structure and contents of each of the statements.

Figure 1 - Organization and Flow of Financial Section Information



**City of Gaithersburg, Maryland**

**Management's Discussion and Analysis  
June 30, 2021**

**Figure 2 - Major Features of the Government-Wide and Fund Financial Statements**

	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire City (except fiduciary funds)	The activities of the City that are not fiduciary funds, such as Public Safety, Parks & Recreation, Public Works, Community Services & Development and General Government.	Instances in which the City administers resources on behalf of someone else, such as other post-employment benefits held in a trust.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out-flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**City of Gaithersburg, Maryland**

**Management's Discussion and Analysis  
June 30, 2021**

**Financial Analysis of the City as a Whole**

Statement of Net Position: The following table presents a summary of the Statement of Net Position for the City as of June 30, 2021 with a FY 2020 comparative analysis:

**Figure 3 - Condensed Statement of Net Position**

<u>Governmental Activities</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
<b>Assets</b>				
Current and other assets	\$ 170,499,048	\$ 166,075,424	\$ 4,423,624	2.66%
Capital assets	<u>124,100,714</u>	<u>110,608,034</u>	<u>13,492,680</u>	<u>12.20%</u>
Total assets	<u>294,599,762</u>	<u>276,683,458</u>	<u>17,916,304</u>	<u>6.48%</u>
Deferred outflows of resources	<u>1,346,343</u>	<u>1,983,652</u>	<u>(637,309)</u>	<u>-32.13%</u>
<b>Liabilities</b>				
Long-term liabilities	19,193,641	24,068,978	(4,875,337)	-20.26%
Other liabilities	<u>8,930,876</u>	<u>6,992,260</u>	<u>1,938,616</u>	<u>27.73%</u>
Total liabilities	<u>28,124,517</u>	<u>31,061,238</u>	<u>(2,936,721)</u>	<u>-9.45%</u>
Deferred inflows of resources	<u>19,376,838</u>	<u>18,998,602</u>	<u>378,236</u>	<u>1.99%</u>
<b>Net position</b>				
Net investment in capital asset	124,100,714	110,608,034	13,492,680	12.20%
Restricted	844,889	19,515,420	(18,670,531)	-95.67%
Unrestricted	<u>123,499,147</u>	<u>98,483,816</u>	<u>25,015,331</u>	<u>25.40%</u>
Total net position	<u>\$ 248,444,750</u>	<u>\$ 228,607,270</u>	<u>\$ 19,837,480</u>	<u>8.68%</u>

Current and other assets for governmental activities primarily represent cash, property taxes receivable, amounts due from other governments, miscellaneous receivables, prepaid items, and long-term loans receivable. Total current and other assets increased by \$4.4 million. This increase primarily relates to an increase in cash and investments of \$2.6 million during the year coupled with a \$1.4 million increase in receivables, which is mostly comprised of increased income tax receivables. Cash balances increased mainly due to significant grant revenues received during the year and stormwater fees exceeding stormwater expenditures. The City began a stormwater fee program during FY 2016 because of pending State of Maryland stormwater management regulations. These regulations require a reduction of 20 percent of stormwater runoff during the City's seven year permit period. The City's stormwater management capital plan calls for over \$20 million in capital projects over the next seven years. Since the City does not issue debt for capital projects, cash reserves will be needed during the City's seven year permit period in order to fund these capital projects.

Capital Assets for governmental activities of the City include a broad range of capital assets, including buildings, athletic facilities, vehicles, equipment, and infrastructure. Investments in capital assets (net of depreciation) totaled \$124.1 million at June 30, 2021. Depreciation expense for FY 2021 was \$5.0 million, and additions to buildings, infrastructure, improvements, and equipment and furniture amounted to \$3.2 million. More detailed information about capital assets can be found in Note 7. During the fiscal year, the City's investments in capital assets included the following significant projects:

**City of Gaithersburg, Maryland**

**Management’s Discussion and Analysis  
June 30, 2021**

**Figure 4 - Capital Assets (Net of Depreciation)**

Governmental Activities	2021	2020
Land	\$ 43,063,337	\$ 43,143,623
Buildings	19,081,896	19,877,147
Improvements other than buildings	9,582,911	7,839,668
Machinery and equipment	5,916,568	4,784,379
Intangibles	313,901	164,009
Infrastructure	23,198,328	23,171,205
Construction in progress	22,943,773	11,628,003
<b>Total capital assets, net</b>	<b>\$ 124,100,714</b>	<b>\$ 110,608,034</b>

- Completion and grand opening of Discovery Park;
- Significant construction on the new police station and Mayor and City Council Chambers;
- Various Road Resurfacing and Reconstruction projects;
- Several signal reconstruction projects; and
- The start of the LED streetlight conversion project

Capital asset additions also included the purchase of various vehicles and small equipment.

Deferred outflows and inflows represent future expenses related to the City’s OPEB liability. Deferred outflows of resources and deferred inflows of resources arise from differences between projected and actual pension/OPEB plan investment earnings are aggregated and reported as a net deferred outflow of resources or as a net deferred inflow of resources. The deferred outflows decrease results from a reduction in liability due to differences between expected and actual experiences. The increase in deferred inflow results from aggregating the deferred outflows and inflows related to changes in actuarial assumptions. The deferred outflow and inflows are amortized into expense over the average remaining service life of employees (nine years).

The City made changes to the OPEB plan for employees hired after July 1, 2018. As a result of this change, the City now has a discount rate of 6.25%. The net OPEB liability decreased by \$5.3 million and the fiduciary net position increased by \$7.7 million, from contributions of \$3.2 million by the City and investment income of \$5.7 million, offset by benefit payments of \$1.2 million.

Other liabilities include accounts payable, accrued payroll and related benefit liabilities, unearned revenue, and deposits related to development work that will be refunded.

By far the largest portion of the City’s net position reflects its investment in capital assets, (e.g., land, buildings, improvements, furniture and equipment, infrastructure). The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. The net investment in capital assets can be thought of as the City’s equity in capital assets. As mentioned previously, the City does not utilize debt financing, so the net investment in capital assets is 100 percent.

Restricted net position represents money that was unspent at year end and is subject to third party restrictions on how it can be used. Full details of the City’s restricted net position can be found within the notes to the financial statements, but larger restrictions include forest conservation funds, police forfeitures and certain programs that receive external contributions. This category decreased by \$18.7 million due to adjustments in classifications and uses of funds for the dedicated purpose.

Unrestricted net position represents the remaining category of equity after net investment in capital assets and restricted net position has been calculated. Unrestricted net position increased as funds were accumulated for future capital purposes during the year.

**City of Gaithersburg, Maryland**

**Management's Discussion and Analysis  
June 30, 2021**

Statement of Activities: The Statement of Activities presents information showing how the City's net position changed during the 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). The table below summarizes the Statements of Activities for FY 2021 and FY 2020. Significant changes year over year are discussed following the table.

**Figure 5 - Condensed Statement of Activities**

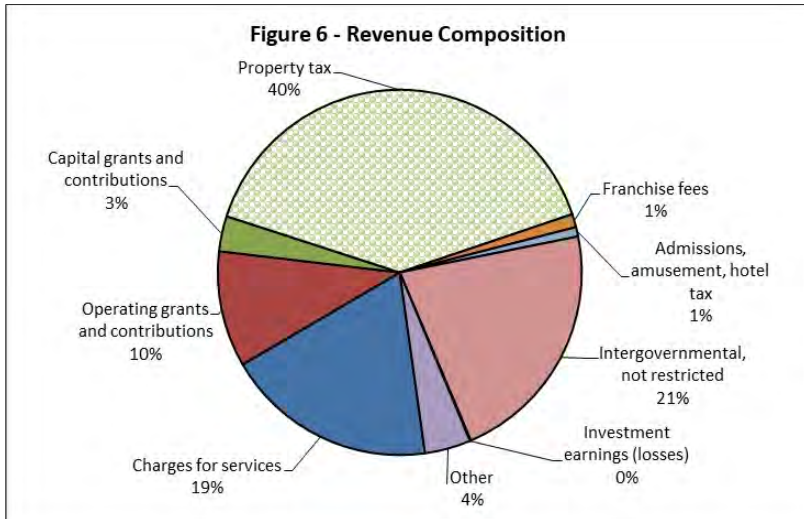
Governmental Activities	2021	2020	Change	% Change
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 14,650,489	\$ 15,385,694	\$ (735,205)	-4.78%
Operating grants and contributions	7,981,625	2,439,428	5,542,197	227.19%
Capital grants and contributions	2,432,767	2,317,530	115,237	4.97%
General revenues				
Property tax	31,022,820	30,157,599	865,221	2.87%
Franchise fees	910,827	979,581	(68,754)	-7.02%
Admissions, amusement, hotel tax	646,585	2,284,180	(1,637,595)	-71.69%
Intergovernmental, not restricted	16,951,655	15,670,875	1,280,780	8.17%
Investment earnings (losses)	(69,522)	4,673,875	(4,743,397)	-101.49%
Other	3,172,356	1,355,491	1,816,865	134.04%
<b>Total revenue</b>	<u>77,699,602</u>	<u>75,264,253</u>	<u>2,435,349</u>	<u>3.24%</u>
<b>Expenses</b>				
General government	18,629,882	20,384,264	(1,754,382)	-8.61%
Public safety	12,365,791	12,567,588	(201,797)	-1.61%
Public works	17,287,709	15,819,024	1,468,685	9.28%
Parks and recreation	6,793,813	8,226,326	(1,432,513)	-17.41%
Community services and development	2,784,927	2,879,193	(94,266)	-3.27%
<b>Total expenses</b>	<u>57,862,122</u>	<u>59,876,395</u>	<u>(2,014,273)</u>	<u>-3.36%</u>
Change in net position	19,837,480	15,387,858	4,449,622	28.92%
Beginning net position	<u>228,607,270</u>	<u>213,219,412</u>		
Ending net position	<u>\$ 248,444,750</u>	<u>\$ 228,607,270</u>		

**City of Gaithersburg, Maryland**

**Management’s Discussion and Analysis  
June 30, 2021**

**Revenues**

The chart below shows the composition of the City’s revenue by sources. The City’s largest revenue sources are property taxes, charges for services, and intergovernmental revenues not restricted to a specific purpose.



The overall composition has shifted some from FY 2020 to FY 2021. Most notably, grants and contributions made up 13 percent of the City’s revenues in FY21 compared to 6 percent in FY20 and investment earnings made up 6 percent of the City’s FY20 revenues but actually represent losses in FY21 due to the presence of unrealized losses which more than offset interest earnings and realized gains.

The City’s property tax rate has remained the same since 2010, meaning that the City only receives additional revenue when

property values appreciate, land is annexed into the City, or new development adds housing units. Figure 7 illustrates the City’s property tax revenues for the last several years. The City’s 2021 property tax revenue grew approximately 3 percent primarily due to phased-in property value assessments and construction of new residential units.

Intergovernmental revenues, not restricted to specific programs are the City’s second largest revenue category and includes the City’s share of income taxes. This category increased by 8.2 percent over the previous year. The City maintained its strong income tax base in FY 2021, despite the pandemic and the uptick in unemployment rates. This growth is also impacted by the funds held in the State’s income tax reserve fund, which is included in governmental activities revenue. This reserve fund



represents money received by the State for estimated tax payments where the final tax return has not been completed. Charges for services are the City’s third largest revenue category. Some of the larger revenues in this category include police tickets and fines, photo radar tickets, stormwater and recycling fees, building permits and licenses, forest conservation fees, and recreation fees. Charges for services decreased by \$735 thousand due to facility closures, event cancellations and program capacity limitations in effect to address continued restrictions during the pandemic. The City expects charges for services to begin rebounding in FY 2022 as restrictions ease and vaccination rates increase throughout the region.

Operating grants and contributions typically include the State of Maryland (State) police grant, a federal grant for housing, and several smaller grants for homeless programs and senior nutrition programming, but in FY 2021 the

**City of Gaithersburg, Maryland**

**Management’s Discussion and Analysis  
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City also received \$5.7 million in federal relief grants from the American Rescue Plan Act. The presence of federal relief grants is the source of the 227 percent increase in operating grants and contributions revenue observed in FY 2021. The City expects a second and final tranche of federal relief grant proceeds in FY 2022.

Capital grants and contributions can fluctuate significantly on an annual basis. The City receives funding from the State on an annual basis in the form of highway user fees, which is one of the primary revenues reported in this category. Other revenues in this category include capital grants. Capital grants and contributions revenues increased 5 percent in FY 2021 compared to FY 2020, and include state capital grants received for the Police Station project that is nearing completion. In FY 2020 a capital grant was received for the Water Park.

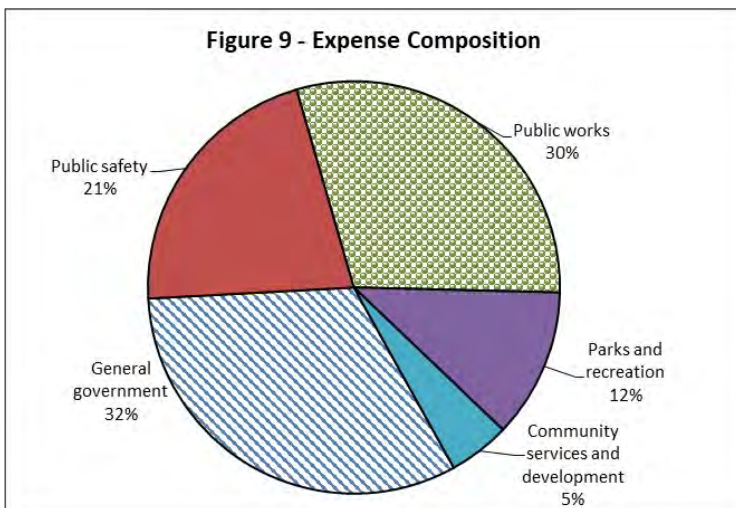
Investment earnings decreased from FY 2020 to FY 2021. Investment earnings (losses) decreased by 101.5% as average interest rates dropped. The one-year treasury rate decreased from an average of 1.17% during FY 2020

Governmental Activities	2021	2020
Unrealized gains / (losses)	\$ (1,155,116)	\$ 2,481,109
Interest earnings and realized gains / (losses)	<u>1,085,594</u>	<u>2,192,766</u>
Total investment earnings (losses)	<u>\$ (69,522)</u>	<u>\$ 4,673,875</u>

to an average of 0.10% during FY 2021. The decrease in interest earnings and realized gains / (losses) along with unrealized losses in FY 2021 ultimately left the City reporting investment losses at June 30, 2021. The City is required to recognize changes in the market value on investments as increases or decreases occur to investment earnings. The majority of the City’s investments are held until maturity, thus unrealized gains and losses are rarely realized. Unrealized gains and losses represent changes in market value which typically fluctuate as interest rates change for fixed income investments. Figure 8 summarizes the City’s unrealized gains and losses compared to interest earnings and realized gains / (losses) in FY 2021 and FY 2020.

**Expenses**

Figure 9 shows the composition of FY 2021 expenses by function. The allocation of total costs across the functions was similar between FY 2020 and FY 2021.



The general government function includes the City’s administrative, management and legislative activities, maintenance on all City facilities, economic development, planning administration, and public information activities. General government expenses decreased due to a combination of staffing vacancies and reductions in some facility maintenance and energy costs while some facilities were closed to the public during the pandemic, and many City staff worked remotely.

The public safety function includes police services, building and code enforcement, traffic, and animal control costs. This function decreased \$202 thousand compared to FY 2020 due to decreases in overtime pay.

## City of Gaithersburg, Maryland

### Management's Discussion and Analysis June 30, 2021

The public works function represents maintenance costs for municipal parks, fleet and streets, as well as street lighting, landscaping and forestry, recycling, engineering, stormwater management, sustainability and street projects. Expenses within public works increased by \$1.5 million primarily due to the addition of a new stormwater program manager, expenses incurred for a stormwater program study and implementation of new asset management software.

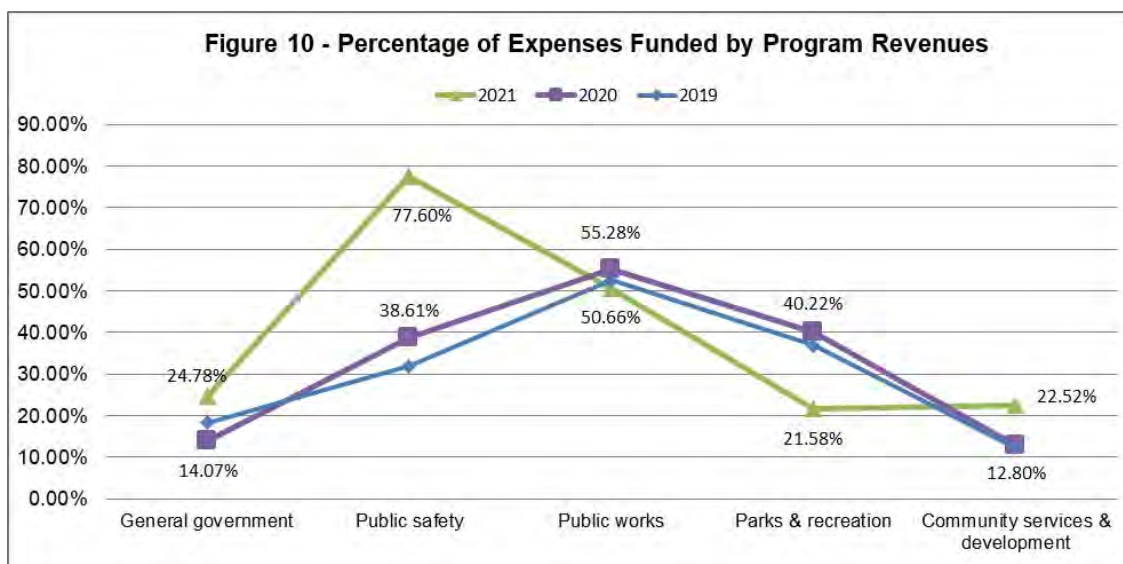
The parks & recreation function includes costs for hosting many programs and special events for people of all ages. Costs for the City's community centers, Arts Barn, Mansion, Water Park, miniature golf course, Gaithersburg Aquatic Center, and local parks are also categorized in this function. Expenses within this function decreased by \$1.4 million between FY 2020 and FY 2021. The savings were due to reduced part-time staffing, decreases in rental and use costs, professional services, and entertainment as many large events were canceled, facilities were closed and programs had capacity limitations during the fiscal year.

Community services & development includes costs for contributions to local schools and nonprofits, homeless assistance and housing and community development programs. Expenses within this function have decreased \$94 thousand between FY 2020 and FY 2021 which is comprised of cost savings across several activities.

#### Net Costs

As mentioned in the revenues section, program revenues are intended to pay for a certain activity or function and include charges for services, operating grants and capital grants. The chart below illustrates how much of each function's expenses are funded by program revenues. All expenses not funded through program revenues are financed with general revenues, primarily taxes. The percentages funded by program revenues fluctuate based on changes in revenues and expenses identified above. Because both revenues and expenses impact this chart, 2019 data was included to better illustrate the changes.

General government funded percentage increased in FY 2021 due to increases in licensing and permit fees. The sharp increase in the public safety funded percentage is largely driven by one-time capital grants received for the construction of the new police station. Public works funded percentage remains consistent year over year. The funded percentage for the parks & recreation function decreased as revenues for programs and activities decreased and capacity limitations were in force for in-person programming. The community services and development funded percentage increased as operating grants increased more than the expenses.



## City of Gaithersburg, Maryland

### Management's Discussion and Analysis June 30, 2021

#### Financial Analysis of the City's Funds

The strong financial performance of the City as a whole is reflected in its governmental funds as well. At year-end, the governmental funds reported combined fund balances of \$153.1 million, an increase of \$2.6 million over FY 2020's fund balance.

General Fund: The General Fund received \$11.2 million more than was spent, thereby increasing the total fund balance to \$59.6 million. Overall revenues increased \$6.8 million compared to FY 2020; however, it is important to highlight that much of this increase is reflective of grant revenues which more than offset decreases in revenues for charges for services and other decreases in investment earnings. Expenditures decreased \$1.9 million compared to FY 2020, which reflects reduced recreation programming and reductions in facility operating needs during the COVID-19 pandemic. More detail on these variances are discussed within the General Fund budgetary highlights section of this report.

CIP Fund: The CIP Fund reported a decrease in fund balance of \$10.6 million due significant spending on current projects in excess of the contributions from the General Fund. The largest source of project spending in FY 2021 included construction of the new police station and Mayor and City Council chambers, which is planned for completion in January 2022. Fund balances in the CIP fund represent resources to be used for authorized projects as well as funding for future projects.

Stormwater Management Fund: The Stormwater Management Fund reported an increase of \$2.4 million in fund balance to provide for future capital funding. The City's stormwater management capital plan calls for over \$20 million in future capital projects over the next seven years. Since the City does not issue debt for capital projects, these cash balances will be needed during the City's seven year permit period in order to fund ongoing/future capital projects.

Non-Major Funds: The Non-Major funds reported a decrease in fund balance of a cumulative \$358 thousand mainly due to expenditures in the Asset Replacement Fund exceeding the amounts transferred in from the General Fund.

#### General Fund Budgetary Highlights

The Mayor and City Council adopted a FY 2021 General Fund expenditure budget of \$69.4 million. In accordance with a Resolution of the Mayor and City Council, the City Manager is authorized to make transfers after May 31<sup>st</sup> of each year so long as no activity budget is increased more than 25 percent. The resolution requires any changes to the budget exceeding 25 percent to go before the Mayor and City Council for adoption. The City code allows for encumbered balances to carry forward to future years. This is accomplished through a budget adjustment. All open purchase orders at year end are added to the subsequent year's budgetary authorization. No other adjustments or amendments were made to the City's budget during 2021.

#### Revenues

Overall, the City's General Fund revenues of \$72.9 million exceeded the budgeted amount of \$66.7 million. Most notably, the City obtained \$5.7 million in state and local fiscal recovery funds from the American Rescue Plan Act coupled with \$3.8 million in capital grants which reimbursed the General Fund for advances made for capital projects. These increases offset the revenue shortfalls in charges for services and investment earnings.

**City of Gaithersburg, Maryland**

**Management’s Discussion and Analysis  
June 30, 2021**

Licenses and permits were over budget by \$222 thousand, in total. The City experienced an increase in licensing and site plan, deck and electrical permit revenue due to the pandemic. The table below shows year over year comparisons related to this revenue stream. Construction projects can create large swings in revenue as the table shows. In FY 2022, the City expects this revenue stream to be in line with FY 2020 as there continues to be several construction projects in place.

**Figure 11 - Licenses and permits**

General Fund	2021	2020	2019	2018	2017	2016
Actual	\$ 4,493,621	\$ 4,128,350	\$ 4,970,524	\$ 3,812,595	\$ 5,439,804	\$ 5,485,935
Budget	4,271,780	4,299,970	4,024,910	4,735,820	4,249,183	3,969,580
Over/(Under)	<u>\$ 221,841</u>	<u>\$ (171,620)</u>	<u>\$ 945,614</u>	<u>\$ (923,225)</u>	<u>\$ 1,190,621</u>	<u>\$ 1,516,355</u>

- Intergovernmental revenues of \$27 million were over budget by \$7.1 million primarily due to \$5.7 million in state and local fiscal recovery funds from the American Rescue Plan Act. The City also received grant funding from FEMA during the year, which was not budgeted at the time the FY 2021 budget was adopted.
- Charges for services of \$3.5 million were under budget by \$1.3 million. Recreation program fees, water park revenues, and facility rentals all contributed to this revenue variance due to reduced programming, capacity limitations, cancelled events, and facility closures during FY 2021 in response to the pandemic.
- Fines and forfeiture revenue of \$2.1 million was over budget by \$111 thousand. Expected decreases in citations compared to FY 2020 were realized, but were not as significant as expected.
- Local tax revenue of \$31.9 million was under budget by \$308 thousand. While property tax revenues exceeded the increase expected, admission and amusement tax revenue was significantly under budget as COVID-19 continued to disrupt public activities.
- Investment earnings were under budget by \$1.9 million due to an increase in unrealized losses that actually exceeded interest income and realized gains / (losses) during the year. Miscellaneous revenue of \$3.6 million was over budget by \$2.1 million due primarily to the timing of contributions for capital projects.

**Expenditures**

General Fund expenditures came in at \$8.4 million, or 14.0 percent, under budget due to the City’s strong budgetary controls and cancellation of many activities due to COVID-19. Some of the significant differences between actuals and budgets are identified below:

- The City’s non-departmental activity was under budget by \$1.2 million as the \$475 thousand budgeted for contingency was not spent. Additionally, vacation and sick leave payouts are budgeted within this activity at \$354 thousand but are charged to the activity where the employee works.
- Several departments experienced significant cost savings because of COVID-19. While some expenses increased, many costs were reduced as a result of reduced travel, facility closures, program capacity limitations, cancelation of events and ongoing employee teleworking. Some of the departments with the most savings include the Senior Programs (savings of \$406 thousand), Summer Programs (savings of \$527 thousand), Special Events (savings of \$437 thousand), Engineering Services (savings of \$341 thousand), and Recreation Programs and Sports (savings of \$331 thousand).

## City of Gaithersburg, Maryland

### Management's Discussion and Analysis

June 30, 2021

#### Transfers

Transfers out were in line with the budgeted amount of \$13.1 million and included transfers to the CIP, Stormwater, Housing, and Asset Replacement Funds. Transfers to Other Post-Employment Retirement Benefits (OPEB) were \$3.2 million. These funds assisted the increase in the fiduciary net position from \$20.6 million to \$28.3 million.

#### Long-Term Obligations

The City is a strong proponent of the "pay-as-you-go" methodology, and proud of the fact that the City has no outstanding debt instruments. The City's long-term obligations consist only of compensated absences payable, other post-employment benefits, and income tax duplication liability.

The City's net OPEB liability decreased as the City continued to make significant contributions to the OPEB Trust and had strong returns on investments held by the Trust. See Notes 8 – 10 for more information on these liabilities.

Figure 12 - Long-term Obligations

Governmental Activities	2021	2020
Compensated absences		
Vacation	\$ 2,395,713	\$ 2,093,199
Sick	1,095,833	1,007,647
Total compensated absences	<u>3,491,546</u>	<u>3,100,846</u>
Net OPEB liability	<u>15,524,410</u>	<u>20,785,892</u>
Income tax duplication liability	<u>177,685</u>	<u>182,241</u>
Total long-term debt	<u>\$ 19,193,641</u>	<u>\$ 24,068,979</u>

#### Factors Impacting the City's Future

The following economic factors are reflected in the City's FY 2022 budget:

- The adopted expenditure budget for FY 2022 is \$70.2 million, representing a 1.2 percent increase from FY 2021. This modest increase reflects the City's understanding of the financial pressures on the community as a result of the pandemic and addresses important maintenance needs, funding for three new full-time equivalent positions to address pressing operational needs, and planned increases for OPEB and Asset Replacement Fund contributions.
- The overall decline in revenues projected for FY 2022 is being offset by a one-time transfer of \$4.1 million from the Stormwater Fund to the General Fund. This transfer repays a subsidy from the General Fund to the Stormwater Fund that was used to aid in reducing the rate needed for stormwater management as the City sought to raise funds in 2014 to meet new anticipated state requirements. The FY 2022 budget also includes a planned Stormwater Fund transfer to the Capital Improvement Fund, which also reflects a repayment of a previous subsidy and will provide additional relief to the General Fund.
- With the COVID-19 pandemic continuing into FY 2022, we expect to see impacts to the City's revenue and expenditures. We anticipate that we will begin to see revenue in Charges for Services start to rebound as restrictions on group gatherings ease. The City also anticipates that Hotel and Motel Tax and Admissions and

**City of Gaithersburg, Maryland**

**Management's Discussion and Analysis  
June 30, 2021**

Amusements Tax revenue will start to rebound incrementally in FY 2022 as more people get vaccinated and begin participating in travel and entertainment activities. Despite the conservative optimism, the City expects to see long-term impacts to commercial real estate as online shopping flourishes and teleworking continues. The City is fortunate to have a diverse real estate market to help mitigate some of this risk. The City's biotechnology and information technology companies will see less of an impact in the coming years. The City is actively looking for ways to enter new markets and anticipate changes in the economy.

**Contacting the City's Financial Management**

This financial report is designed to provide the citizens, taxpayers, customers, vendors, and employees of the City with a general overview of the City's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Finance and Administration at:

City of Gaithersburg  
31 South Summit Avenue  
Gaithersburg, MD 20877  
Phone: 301-258-6320  
Fax: 301-258-6326  
[www.gaithersburgmd.gov](http://www.gaithersburgmd.gov)

City of Gaithersburg, Maryland

Statement of Net Position  
As of June 30, 2021

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 67,041,986
Investments	85,755,217
Receivables, net of allowance for uncollectibles	11,834,611
Prepays	371,539
Inventory	35,814
Long-term receivables	5,459,881
Capital assets	
Land	43,063,337
Buildings	38,472,123
Improvements other than buildings	21,539,293
Machinery and equipment	17,879,166
Intangibles	484,324
Infrastructure	70,245,354
Construction-in-progress	22,943,773
Less: accumulated depreciation	<u>(90,526,656)</u>
<b>Total assets</b>	<u>294,599,762</u>
<b>Deferred outflows of resources</b>	
Deferred outflows from OPEB	<u>1,346,343</u>
<b>Liabilities</b>	
Accounts payable	5,167,786
Accrued liabilities	1,771,748
Unearned recreation fee revenue	328,872
Deposits	1,662,470
Non-current liabilities	
Due within one year	1,186,359
Due in more than one year	<u>18,007,282</u>
<b>Total liabilities</b>	<u>28,124,517</u>
<b>Deferred inflows of resources</b>	
Deferred inflows from OPEB	<u>19,376,838</u>
<b>Net Position</b>	
Net investment in capital assets	124,100,714
Restricted for:	
Sports scholarships	11,671
Holiday giving	22,802
Police forfeitures	66,814
Forest conservation	<u>743,602</u>
Total Restricted	844,889
Unrestricted	<u>123,499,147</u>
<b>Total net position</b>	<u>\$ 248,444,750</u>

See Notes to Basic Financial Statements.

**City of Gaithersburg, Maryland**

**Statement of Activities  
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General government	\$ 18,629,882	\$ 2,924,779	\$ 691,900	\$ 1,000,500	\$ (14,012,703)
Public safety	12,365,791	3,133,262	6,462,273	590	(2,769,666)
Public works	17,287,709	7,232,939	93,360	1,431,677	(8,529,733)
Parks & recreation	6,793,813	1,334,895	131,438	-	(5,327,480)
Community services & development	2,784,927	24,614	602,654	-	(2,157,659)
<b>Total governmental activities</b>	<u>\$ 57,862,122</u>	<u>\$ 14,650,489</u>	<u>\$ 7,981,625</u>	<u>\$ 2,432,767</u>	<u>(32,797,241)</u>
<b>General Revenues</b>					
Property tax					31,022,820
Franchise fees					910,827
Admissions, amusement, and hotel taxes					646,585
Intergovernmental not restricted to specific programs					16,951,655
Investment earnings (losses)					(69,522)
Miscellaneous revenues					3,172,356
<b>Total general revenues</b>					<u>52,634,721</u>
<b>Change in net position</b>					<u>19,837,480</u>
<b>Net Position</b>					
Beginning					<u>228,607,270</u>
Ending					<u>\$ 248,444,750</u>

City of Gaithersburg, Maryland

Balance Sheet – Governmental Funds  
As of June 30, 2021

	General Fund	CIP Fund	Stormwater Management Fund	Non-Major Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 15,549,631	\$ 25,477,530	\$ 17,519,833	\$ 8,494,992	\$ 67,041,986
Investments	45,740,519	23,656,333	10,018,391	6,339,974	85,755,217
Property taxes, net of allowance	239,671	-	-	-	239,671
Due from other governments	8,957,846	-	-	-	8,957,846
Other receivables, net of allowances	1,649,408	-	985,171	2,515	2,637,094
Prepays	371,539	-	-	-	371,539
Inventory	35,814	-	-	-	35,814
Long-term receivables	-	-	-	5,459,881	5,459,881
<b>Total assets</b>	<u>\$ 72,544,428</u>	<u>\$ 49,133,863</u>	<u>\$ 28,523,395</u>	<u>\$ 20,297,362</u>	<u>\$ 170,499,048</u>
<b>Liabilities, Deferred Inflow of Resources, and Fund Balances</b>					
Liabilities					
Accounts payable	\$ 1,771,883	\$ 3,198,331	\$ 138,226	\$ 59,346	\$ 5,167,786
Accrued liabilities	1,739,997	-	31,751	-	1,771,748
Unearned recreation fee revenue	328,872	-	-	-	328,872
Deposits	1,662,470	-	-	-	1,662,470
<b>Total liabilities</b>	<u>5,503,222</u>	<u>3,198,331</u>	<u>169,977</u>	<u>59,346</u>	<u>8,930,876</u>
Deferred inflow of resources					
Unavailable revenues	7,449,348	-	985,179	14,720	8,449,247
<b>Total deferred inflow of resources</b>	<u>7,449,348</u>	<u>-</u>	<u>985,179</u>	<u>14,720</u>	<u>8,449,247</u>
Fund balances					
Non-spendable					
Prepays	371,539	-	-	-	371,539
Inventory	35,814	-	-	-	35,814
Restricted	101,287	-	-	743,602	844,889
Committed	-	45,935,532	27,368,239	19,479,694	92,783,465
Assigned	3,072,598	-	-	-	3,072,598
Unassigned	56,010,620	-	-	-	56,010,620
<b>Total fund balances</b>	<u>59,591,858</u>	<u>45,935,532</u>	<u>27,368,239</u>	<u>20,223,296</u>	<u>153,118,925</u>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<u>\$ 72,544,428</u>	<u>\$ 49,133,863</u>	<u>\$ 28,523,395</u>	<u>\$ 20,297,362</u>	<u>\$ 170,499,048</u>

**City of Gaithersburg, Maryland**

**Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
As of June 30, 2021**

Total fund balance – governmental funds		\$ 153,118,925
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	214,627,370	
Accumulated depreciation	<u>(90,526,656)</u>	124,100,714
Income taxes, fines and forfeitures, and other revenues in the statement of activities do not provide financial resources within the period of availability so they are not reported as revenue in the governmental funds		
		8,449,247
The net OPEB liability and the related deferred outflows and inflows do not represent financial resources or the use of financial resources within the current period and are not reported in the governmental funds.		
Net OPEB liability		(15,524,410)
Deferred outflows from OPEB		1,346,343
Deferred inflows from OPEB		(19,376,838)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Income tax duplication liability		(177,685)
Accumulated unused compensated absences		<u>(3,491,546)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 248,444,750</u></u>

City of Gaithersburg, Maryland

Statement of Revenues, Expenditures, and Changes  
in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2021

	General Fund	CIP Fund	Stormwater Management Fund	Non-Major Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 31,890,564	\$ -	\$ -	\$ -	\$ 31,890,564
Licenses and permits	4,493,621	-	-	-	4,493,621
Intergovernmental	27,048,751	-	-	166,532	27,215,283
Charges for services	3,529,174	-	5,332,794	-	8,861,968
Fines and forfeitures	2,120,622	-	-	-	2,120,622
Investments earnings (losses)	(82,297)	-	(19,863)	(2,411)	(104,571)
Miscellaneous	3,616,910	-	-	-	3,616,910
<b>Total revenues</b>	<u>72,617,345</u>	<u>-</u>	<u>5,312,931</u>	<u>164,121</u>	<u>78,094,397</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	16,887,368	-	-	25,000	16,912,368
Public safety	12,104,886	-	-	-	12,104,886
Public works	10,380,291	-	1,261,091	15,843	11,657,225
Parks & recreation	6,006,909	-	-	-	6,006,909
Community services & development	2,791,560	-	-	-	2,791,560
Contribution to OPEB trust	3,200,000	-	-	-	3,200,000
Capital outlay	377,925	17,771,661	1,840,848	3,040,710	23,031,144
<b>Total expenditures</b>	<u>51,748,939</u>	<u>17,771,661</u>	<u>3,101,939</u>	<u>3,081,553</u>	<u>75,704,092</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>20,868,406</u>	<u>(17,771,661)</u>	<u>2,210,992</u>	<u>(2,917,432)</u>	<u>2,390,305</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	7,165,000	171,169	2,559,300	9,895,469
Transfers out	(9,895,469)	-	-	-	(9,895,469)
Proceeds from sale of capital assets	252,246	-	-	-	252,246
<b>Total other financing sources (uses)</b>	<u>(9,643,223)</u>	<u>7,165,000</u>	<u>171,169</u>	<u>2,559,300</u>	<u>252,246</u>
<b>Net change in fund balances</b>	<u>11,225,183</u>	<u>(10,606,661)</u>	<u>2,382,161</u>	<u>(358,132)</u>	<u>2,642,551</u>
<b>Fund Balances</b>					
Beginning	48,366,675	56,542,193	24,986,078	20,581,428	150,476,374
Ending	<u>\$ 59,591,858</u>	<u>\$ 45,935,532</u>	<u>\$ 27,368,239</u>	<u>\$ 20,223,296</u>	<u>\$ 153,118,925</u>

See Notes to Basic Financial Statements.

**City of Gaithersburg, Maryland**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2021**

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Total net change in fund balances – governmental funds	\$	2,642,551
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period:</p>		
Capitalized outlays		18,908,504
Depreciation		<u>(5,009,401)</u>
		13,899,103
<p>In the statement of activities, only the gain/loss on the disposition of capital assets is reported; whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by costs of the capital assets sold less any accumulated depreciation:</p>		
Asset disposals		(2,126,167)
Accumulated depreciation		<u>1,719,744</u>
		(406,423)
<p>A certain amount of revenues in the statement of activities does not provide current financial resources and is not reported as revenue in the governmental funds. This is the amount by which earned but not available revenue decreased</p>		
		(157,544)
<p>The net OPEB liability relates to funding for future retiree health benefit payments, which are not considered current. The net OPEB liability decreased in the current fiscal year.</p>		
		4,245,937
<p>Some expenses in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.</p>		
Income tax duplication expense decreased		4,556
Unused compensated absences increased		<u>(390,700)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>19,837,480</u></b>

City of Gaithersburg, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual – General Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 32,198,200	\$ 32,198,200	\$ 31,890,564	\$ (307,636)
Licenses and permits	4,271,780	4,271,780	4,493,621	221,841
Intergovernmental	19,927,153	19,927,153	27,048,751	7,121,598
Charges for services	4,877,376	4,877,376	3,529,174	(1,348,202)
Fines and forfeitures	2,010,000	2,010,000	2,120,622	110,622
Investments earnings (losses)	1,801,000	1,801,000	(82,297)	(1,883,297)
Miscellaneous	1,477,922	1,477,922	3,616,910	2,138,988
<b>Total revenues</b>	<u>66,563,431</u>	<u>66,563,431</u>	<u>72,617,345</u>	<u>6,053,914</u>
<b>Expenditures</b>				
General government	19,813,251	19,940,799	16,887,368	3,053,431
Public safety	12,246,948	12,327,898	12,104,886	223,012
Public works	11,460,883	11,853,992	10,380,291	1,473,701
Parks and recreation	9,605,818	9,642,712	6,006,909	3,635,803
Community services and development	3,129,790	3,196,790	2,791,560	405,230
Contribution to OPEB trust	3,200,000	3,200,000	3,200,000	-
Capital outlay	-	-	377,925	(377,925)
<b>Total expenditures</b>	<u>59,456,690</u>	<u>60,162,191</u>	<u>51,748,939</u>	<u>8,413,252</u>
<b>Excess of revenues over expenditures</b>	7,106,741	6,401,241	20,868,406	14,467,166
<b>Other Financing Sources (Uses)</b>				
Transfers out	(9,893,847)	(9,893,847)	(9,895,469)	(1,622)
Proceeds from sale of capital assets	150,000	150,000	252,246	102,246
<b>Total other financing uses</b>	<u>(9,743,847)</u>	<u>(9,743,847)</u>	<u>(9,643,223)</u>	<u>100,624</u>
<b>Net change in fund balance</b>	<u>\$ (2,637,106)</u>	<u>\$ (3,342,607)</u>	\$ 11,225,183	<u>\$ 14,567,790</u>
<b>Fund Balance</b>				
Beginning			<u>48,366,675</u>	
Ending			<u>\$ 59,591,858</u>	

See Notes to Basic Financial Statements.

**City of Gaithersburg, Maryland**

**Statement of Fiduciary Net Position – Fiduciary Funds  
As of June 30, 2021**

	Pension Trust - OPEB <u>Trust Fund</u>	Private-Purpose <u>Trust Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 28,510,529	\$ 15,634
<b>Total assets</b>	<u>28,510,529</u>	<u>15,634</u>
<b>Liabilities</b>		
Claim reimbursements due to primary government	238,205	-
<b>Total liabilities</b>	<u>238,205</u>	<u>-</u>
<b>Net Position</b>		
Net position restricted for postemployment benefits other than pensions	28,272,324	-
Net position held in trust	-	15,634
<b>Total net position</b>	<u>\$ 28,272,324</u>	<u>\$ 15,634</u>

See Notes to Basic Financial Statements.

**City of Gaithersburg, Maryland**

**Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
For the Year Ended June 30, 2021**

	Pension Trust - OPEB <u>Trust Fund</u>	Private-Purpose <u>Trust Fund</u>
Additions		
Contributions		
Employer	\$ 3,200,000	\$ -
Interest and gains	<u>5,672,506</u>	<u>5</u>
<b>Total additions</b>	<u>8,872,506</u>	<u>5</u>
Deductions		
Benefits and withdrawals	<u>1,190,330</u>	<u>-</u>
<b>Change in net position</b>	7,682,176	5
Net Position		
Beginning	<u>20,590,148</u>	<u>15,629</u>
Ending	<u>\$ 28,272,324</u>	<u>\$ 15,634</u>

See Notes to Basic Financial Statements.

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## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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#### **Note 1      Overview and Summary of Significant Accounting Policies**

The accounting policies of the City of Gaithersburg, Maryland (the City) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). The City has implemented all GASB Statements through Statement No. 82 and Statement No. 85 for these financial statements.

#### **A. Financial Reporting Entity**

The City was incorporated in 1878 under the provisions of Maryland law. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, public safety, public works, parks and recreation, and community services and development. Schools, libraries, social services, and fire protection are provided by Montgomery County and the Board of Education.

The basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization, or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, there are no other organizations or agencies that should be included in these basic financial statements.

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

Government-Wide Financial Statements: The government-wide financial statements report information on all of the non-fiduciary activities of the City. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Currently, the City has no business-type activities.

Statement of Net Position: This statement is designed to display the financial position of the City as of year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets, including infrastructure, as well as long-term debt and obligations. The City's net position is reported in three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted.

Statement of Activities: This statement 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 included among program revenues are reported as general revenues. The City does not allocate indirect expenses.

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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Fund Financial Statements: Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

General Fund Budget-to-Actual Comparison Statement: 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 budgets of state and local governments and have a keen interest in following the financial progress of their governments over the course of the year. For this reason, the City has chosen to make its General Fund budget-to-actual comparison statement part of the basic financial statements.

#### **C. Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise assets, liabilities, fund balance/net position, revenues, and expenditures or expenses, as appropriate. The City has the following funds and fund types:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in current financial position, rather than upon net income determination. The following comprise the City's governmental funds:

General Fund: The General Fund is the primary operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments, street and highway maintenance, public safety, parks and recreation programs are accounted for in this fund.

Capital Projects Funds: Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities, technology projects and existing City facilities. The City maintains one major and one nonmajor Capital Projects Fund:

- Capital Improvements Plan (CIP) Fund (Major fund): This fund is used to account for funds assigned for capital projects or allocated for future capital projects. This is reported as a major fund.
- Asset Replacement Fund (Nonmajor fund): This fund is used to account for funds set aside for the replacement of existing City equipment, vehicles, large software and computer hardware. This is reported as a nonmajor fund.

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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Special Revenue Funds: The City uses Special Revenue Funds to demonstrate compliance over the spending of revenues designated for specific purposes. The City maintains one major and two nonmajor Special Revenue Funds:

- **Stormwater Management Fund (Major Fund):** This fund is used to account for financial resources to be used for the management and construction of the City's stormwater management facilities and accounts for the associated revenues from the stormwater program fees. This fund may also report interest earnings earned on investments allocated to the fund.
- **Forest Conservation Fund (Nonmajor fund):** This is used to account for revenues which were collected through the City's forestry in-lieu-of fee. These fees are generated when developments are unable to meet certain forestry requirements on their property. This fund may also report interest earnings earned on investments allocated to the fund.
- **Housing Program Fund (Nonmajor fund):** This is used to account for revenues which were collected through the City's housing fee-in-lieu agreements, such as the Community Development Block Grant (CDBG) funds for the City's housing program and City assigned funding for housing. Fees-in-lieu may be generated when new housing developments cannot meet all affordable housing requirements. This fund may also report repayments on housing loans initiated from these resources.

Fiduciary Fund Types: Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City reports the following Fiduciary Funds:

OPEB Trust Fund: OPEB Trust Funds are accounted for in essentially the same manner as government-wide financial statements; The City's OPEB Trust Fund accounts for contributions made by the City to finance future OPEB payments and held in an irrevocable trust account.

Private-Purpose Trust Fund: Private-purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments, and they are accounted for in essentially the same manner as the government-wide financial statements; that is, the measurement focus is upon income determination, financial position, and cash flows. The City's Sam and Claire Rosen Trust Fund is included as a private-purpose trust fund. This fund accounts for interest earned on the balance held to fund recreational sports scholarships.

#### **D. Measurement Focus and Basis of Accounting**

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

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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In contrast, governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier, if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services, and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time they are levied. The City's property tax is levied on property values as assessed on January 1, billed on July 1, and payable either by September 30, or in two equal installments on September 30 and December 31. Property taxes are attached as an enforceable lien on the underlying properties as of the succeeding June 1. Property on which taxes are not paid by the succeeding June 1 may be sold at public auction. Montgomery County, Maryland bills and collects property taxes for the City and remits cash collections to the City once a month. Property taxes are considered available if received within 31 days of year-end. Delinquent tax receivables not received within 31 days of year-end and expected to be repaid are reflected as earned, but not available revenue and are recognized at the date of receipt. The City's tax rate for the collection year ended June 30, 2021 was \$0.262 per \$100 of assessed valuation.

Developer contributions are recognized as a receivable when an enforceable legal claim arises. Contributions that contain a purpose restriction are reported in net position as restricted until used. Contributions are considered available if received within 60 days of year-end.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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#### **E. Encumbrances**

Appropriations in the governmental funds are charged for encumbrances when commitments are made. Fund balances are assigned for outstanding encumbrances, which serve as authorizations for expenditures in the subsequent year.

#### **F. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **G. Cash, Cash Equivalents and Investments**

To facilitate effective management of the City's resources, substantially all operating cash is combined into one pooled account and reported in the General Fund. Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

All cash, cash equivalents and investments are reported at fair value except for the position in the Maryland Local Government Investment Pool (MLGIP) and the OPEB Collective Investment Trust (CIT), (collectively the External Investment Pools). The External Investment Pools operate in conformity with all of the requirements of the Securities and Exchange Commission (SEC) Rule 2(a)-7 as promulgated under the Investment Compact Act of 1940, as amended. Accordingly, the External Investment Pools qualify as 2(a)7-like pools and are reported at the net asset value per share which is calculated using the amortized cost method.

#### **H. Receivables**

Receivables are carried at original invoice amount less an estimate for doubtful accounts. The allowance for doubtful accounts on property taxes and stormwater fees has been established as all receivables older than three years. The allowance for police tickets and fines is based on a review of all historical collections. Receivables are written off when deemed uncollectible and recoveries of receivables previously written off are recorded when received.

#### **I. Inventory**

Inventory is maintained on a consumption basis of accounting and is valued at cost on a first-in, first-out basis. Inventory consists of gasoline held for consumption in City-owned vehicles and equipment.

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

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**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the current year, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

**K. Capital Assets**

Capital assets, including land, buildings, improvements, equipment, software and infrastructure (roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems) are reported in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital assets received as part of a service concession arrangement are recorded at acquisition value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Lives</u>
Buildings	15 – 40
Improvements other than buildings	15
Machinery and equipment	5 – 10
Intangible software	5 – 10
Infrastructure	15 – 50

**L. Inter-Fund Transactions**

Transactions that constitute reimbursements to a fund for expenditures made on behalf of another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions that constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported in the respective funds' operating statements.

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities would be reported in the government-wide financial statements as "internal balances."

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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#### **M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position, or fund balance, that applies to a future period and so will not be recognized in an outflow of resources (expense/expenditure) until that time. The City only has one item that qualifies for reporting in this category, which is the deferred outflow of resources related to OPEB expense recognition.

Additional deferred outflows and/or deferred inflows of resources also arise from other OPEB transactions, specifically the net difference between projected and actual investment earnings, changes in OPEB assumptions, and the differences between expected and actual experience which are required to be charged to OPEB expense over future periods. As such, those balances are reported as either a deferred outflow or a deferred inflow depending on the direction of the change.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position, or fund balance, that applies to a future period, therefore it will not be recognized in an inflow of resources (revenue) until that time. One item that qualifies for reporting in this category, which arises only under the modified accrual basis of accounting, is unavailable revenue. Accordingly, it is reported only in the governmental funds balance sheet. The City reports unavailable revenues from income taxes, property taxes, fines and forfeitures and other receivables not collected within the period of availability. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

#### **N. Compensated Absences**

Full-time employees earn four hours of sick leave for each pay period of service. Sick leave may be accumulated with no maximum balance, and may be applied day-for-day in order to assist an employee in meeting the years of service retirement requirement. Upon retirement from service, the employee is paid for one quarter of their accumulated sick leave.

Employees earn annual vacation leave at the rate of 12 days per year for up to three years of service; 15 days per year for four to six years of service; 18 days per year for seven to nine years of service; 21 days per year for 10 to 12 years of service; and 24 days per year after 12 years of service. At the City Manager's discretion, employees may receive payment for unused vacation under unusual circumstances. All outstanding vacation, not to exceed 240 hours, is payable upon separation of service.

For governmental fund types, the amount of accumulated unpaid vacation and sick leave that is payable from available resources is recorded as a liability of the respective fund only if it has matured, for example, as a result of employee retirements and resignations.

#### **O. Fund Balance**

Governmental fund types report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained. Restricted fund balances are amounts that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can be used only for specific purposes. The City Council must approve a resolution in order to establish a fund balance commitment, as well as approve the elimination of a fund balance commitment. Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager through the City's charter has the authority to establish assignments of fund balance. Unassigned fund balance is the residual classification for the General Fund.

The City first considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. When unrestricted amounts are considered to have been spent, the City considers committed amounts first, then assigned, and finally unassigned when an expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, the Mayor and City Council, are to be reported as committed fund balance. The action to establish, modify, or rescind commitments would be a majority vote of the Council taken at a public meeting.

#### **P. Net Position**

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position categorized as net investment in capital assets, consists of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. As of year-end the City had no debt associated with acquisition of capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriation. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### **Note 2 Stewardship, Compliance, and Accountability**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to May 2, the City Manager submits to the City Council a proposed operating and capital budget at the program level within each department for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Expenditures may not legally exceed budgeted appropriations at the department level.
- A public hearing is held to obtain taxpayer comments. Prior to July 1, the budget for the General Fund is legally enacted through passage of an ordinance.

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

- The City Council is authorized to transfer budgeted amounts between programs and then departments within any fund; however, any revisions that alter the total expenditures of any fund must be presented at a public hearing prior to adoption by the City Council. The City Manager is authorized to make transfers in the operating budget as long as no activity area budget is increased more than 25 percent.
  
- The City follows Generally Accepted Accounting Principles (GAAP) for budgeting with one exception. Open encumbrances at the end of the year are added to the subsequent years' budgetary authority. Actual amounts are charged based on GAAP. Unencumbered appropriations of the operating budget lapse at the end of each fiscal year. All appropriations for the capital budget are deemed re-appropriated without inclusion in the budget for the subsequent year unless the City Council shall specifically provide that such appropriations are not re-appropriated.
  
- The City's budget is adopted at the departmental level as presented within the Supplementary Information section of this document. GAAP reporting requires expenditures be reported by function rather than by department; expenditures for the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual have been reclassified to be presented by functional category.

**Note 3 Cash, Cash Equivalents, and Investments**

The City's cash, cash equivalents and investments consisted of the following at year-end:

	Governmental Activities	OPEB Trust Fund	Private Purpose Trust Fund	Associated Risks
<u>Cash and cash equivalents</u>				
Bank deposits	\$ 9,984,139	\$ -	\$ 2,000	Custodial credit deposits
MLGIP	56,779,062	-	-	Credit, interest rate
Certificates of deposit	-	-	13,634	Custodial credit deposits
Money market	278,785	-	-	Credit, interest rate
CIT	-	28,510,529	-	Credit, interest rate
Sub-Total	<u>67,041,986</u>	<u>28,510,529</u>	<u>15,634</u>	
<u>Investments</u>				
US agency securities	24,413,299	-	-	Custodial credit, credit, interest rate, concentration
US treasury securities	61,341,918	-	-	Custodial credit, interest rate
Sub-Total	<u>85,755,217</u>	<u>-</u>	<u>-</u>	
<b>Total</b>	<u><b>\$ 152,797,203</b></u>	<u><b>\$ 28,510,529</b></u>	<u><b>\$ 15,634</b></u>	

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

The Mayor and Council of the City recognize that their authority to invest public funds of the City derives from Section 6-222 of the State of Maryland's Finance and Procurement Article, as well as Article 95, Section 22-22N of the annotated Code of Maryland. Authority to invest City funds in compliance with provisions of these State statutes is delegated to the Director of Finance and Administration. MLGIP is under the administrative control of the Maryland State Treasurer. This investment pool invests only in securities allowed by Maryland State statutes.

The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is under the administration of the State Treasurer. The MLGIP seeks to maintain a constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value. The pool is managed in a "Rule 2(a)-7 like" manner and is reported at amortized cost pursuant to Rule 2(a)-7 under the Investment Company Act of 1940. There are no limitations on participant withdrawals.

The CIT, a Collective Investment Trust (CIT) Fund, is an investment vehicle which is only available for qualified retirement plans. This CIT is sponsored by MissionSquare (formerly ICMA-RC). The CIT is a pooled investment that is exempt from registration under the Investment Company Act pursuant to section 3(c)(11) of the Investment Company Act. The CIT uses unit value accounting to establish a per share price which is valued daily.

#### *Fair Value Hierarchy*

Some of the amounts shown above are considered investments that are measured at fair value on a recurring basis. The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America (GAAP). 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 significant unobservable inputs. The City has the following recurring fair value measurements as of year-end:

Asset type	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
US agency securities	\$ 24,413,299	\$ -	\$ 24,413,299	\$ -
US treasury securities	61,341,918	61,341,918	-	-
Total investments by fair value level	<u>\$ 85,755,217</u>	<u>\$ 61,341,918</u>	<u>\$ 24,413,299</u>	<u>\$ -</u>

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quote prices.

- Amounts invested in US treasury securities are comprised of securities valued using quoted market prices (Level 1) which are then allocated to position holders.

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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- Amounts invested in US agency securities are comprised of securities which are priced by industry standard vendors, using observable inputs such as benchmark yields, reported trades broker/dealer quotes, and issuer spreads (Level 2) which are then allocated to position holders at a per unit value.

#### *Custodial credit risk deposits*

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. Maryland State Law prescribes that local government units, such as the City, must deposit its cash in banks transacting business in the State of Maryland, and that such banks must secure any deposits in excess of Federal Deposit Insurance Corporation insurance levels with collateral whose market value is at least equal to the deposits. As of year-end all of the City's deposits were either covered by federal depository insurance or were covered by collateral held by the City's agent in the City's name.

#### *Custodial credit risk for investments*

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the City will not recover the value of the investment or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities are held by a third-party custodian.

#### *Credit risk*

Credit risk is the risk the City would lose money due to a default by the security issuers or backer. The City's investment policy reduces the exposure to this risk by restricting the authorized investments to the following:

- U.S. Government Securities - these securities include obligations for which the United States has pledged its full faith and credit for the payment of interest and principal;
- U.S. Agency Securities - Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of congress;
- Repurchase Agreements - entered into with financial institutions that sign master repurchase agreements and that maintain collateralization of at least 102% of the principal amount and comply with other safekeeping and collateral requirements;
- Certificates of Deposit and Time Deposits, including deposits to Certificate of Deposit Account Registry Service (CDARS) - Banks and savings and loan associations must maintain collateralization that equals or exceeds that amount of the deposit not federally insured and comply with other safekeeping and collateral requirements;
- Bankers' Acceptances - issued by a bank with a short-term debt rating in the highest letter and numerical rating by at least one national recognized statistical rating organization as designated by the United States Securities and Exchange Commission (SEC) or the State Treasurer;

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

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- Municipal Bonds - amounts treated by the Internal Revenue Service as bond sale proceeds only, bonds, notes or other obligations of investment grade in the highest quality letter and numerical rating by at least one nationally recognized statistical rating organization as designated by the SEC issued by or on behalf of this or any other state or any agency, department, county, municipal or public corporation special district authority, or political subdivision thereof, or in any fund or trust that invests only in securities of the type described in this item;
- Commercial Paper - issued by a company that has received the highest letter and numerical rating by at least two nationally recognized statistical rating organization as designated by the United States Securities and Exchange Commission, provided that such commercial paper may not exceed 10% of the total investments made under this subsection;
- Money Market Mutual Funds - that contain only securities of the organizations listed in items 1,2, 3 and 4 above; are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, U.S.C. § 80(A), as amended and operated in accordance with rule 2A-7 of the Investment Company Act of 1940, 17 C.F.R. § 270-2A-7, as amended; and that has received the highest rating from at least one nationally recognized statistical rating organization as designated by the United States Securities and Exchange Commission;
- Pooled Investments - Any investment portfolio created under the Maryland Local Government Investment Pool, defined under the Local Government Article, Sections 17-301 through 17-309 of the Annotated Code of Maryland, that is administered by the State Treasurer;
- Montgomery County Pooled Investment Fund; and
- Any other investments expressly permitted by §6-222 of Maryland State Finance and Procurement Code, as well as any future amendments to this State Code and other future state laws that supersede or supplement this State Code, as applicable.

The City's cash, cash equivalents, and investments in the OPEB trust are not subject to this investment policy.

As of June 30, 2021, the City held cash equivalents and investments which were exposed to credit risk. These assets had the following credit ratings:

<u>Cash equivalent and investment</u>	<u>S&amp;P/Moody's Rating</u>	<u>Amount</u>
MLGIP	AAAm	\$ 56,779,062
Money market	AAAm	278,785
CIT	unrated	28,510,529
US agency securities	AA+	24,413,299

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

*Interest rate risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy limits investments to five years. As of June 30, 2021, the City's cash equivalents and investments had the following maturities:

	Amount	Maturity in years				
		< 1 year	1 - 2	2 - 3	3 - 4	4 - 5
MLGIP	\$ 56,779,062	\$ 56,779,062	\$ -	\$ -	\$ -	\$ -
Money market	278,785	278,785	-	-	-	-
CIT	28,510,529	28,510,529	-	-	-	-
US agency securities	24,413,299	3,976,900	-	2,300,023	7,339,068	10,797,308
US treasury securities	<u>61,341,918</u>	<u>14,923,519</u>	<u>17,391,662</u>	<u>14,569,461</u>	<u>11,027,416</u>	<u>3,429,860</u>
 Total	 <u>\$ 171,323,593</u>	 <u>\$ 104,468,795</u>	 <u>\$ 17,391,662</u>	 <u>\$ 16,869,484</u>	 <u>\$ 18,366,484</u>	 <u>\$ 14,227,168</u>

*Concentration of credit risk*

Concentration of credit risk is the risk that losses become substantial due to the magnitude of the City's investment in a single issuer. To reduce these risks the City's investment policy limits the investment portfolio allocations by investment type and individual issuer as follows:

Security Type	Maximum Allocation At Purchase	Maximum Issuer At Purchase
US treasury securities	100%	N/A
US agency securities	75%	30%
Repurchase agreements	50%	30%
Certificates of Deposit & CDARS	25%	5%
Bankers Acceptances	25%	10%
Municipal Bonds	25%	10%
Commercial Paper	10%	5%
Money Market Mutual Funds	50%	25%
MLGIP	100%	N/A
Montgomery County Pooled Investment Fund	25%	N/A

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

**Note 4    Receivables**

Receivables at June 30, 2021 reported in the General, Stormwater and NonMajor Funds consist of the following:

	<u>Governmental Activities</u>
Property taxes	
Current year	\$ 121,558
Previous years'	268,871
Allowance on taxes more than 3 years old	<u>(150,758)</u>
Total property taxes	<u>239,671</u>
Due from other governments	
County	7,108
State	8,716,729
Federal	<u>234,009</u>
Total due from other governments	<u>8,957,846</u>
Other receivables	
Cable TV fees	229,356
Police tickets and fines	886,486
OPEB Trust reimbursement	238,205
Stormwater fees	1,514,756
Accrued interest	293,934
Hotel taxes	52,155
Miscellaneous	146,419
Allowance on stormwater fees	(529,585)
Allowance on police tickets and fines	<u>(194,632)</u>
Total other receivables	<u>2,637,094</u>
Total	<u><u>\$ 11,834,611</u></u>

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and also defer revenue recognition in connection with resources that have been received, but not yet earned. Unavailable revenues as of June 30, 2021 are as follows:

	<u>Unavailable</u>
Income tax reserve	\$ 6,321,394
Property taxes receivable	210,777
Interest earnings	168,392
Police fines and tickets	508,003
American Rescue Plan Act Relief Funds	156,127
Other receivables	<u>84,655</u>
Total General Fund	<u>7,449,348</u>
Stormwater charges	<u>985,179</u>
Nonmajor Funds	
Interest earnings on loans	<u>14,720</u>
Total Nonmajor	<u>14,720</u>
Total Governmental Funds	<u><u>\$ 8,449,247</u></u>

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

**Note 5 Inter-Fund Transfers**

During the fiscal year, the following amounts were transferred between funds of the City:

Transferred From	Transferred To				Total	Purpose
	CIP	Storm Water Management	Housing Program	Asset Replacement		
General Fund	\$ 7,165,000	\$ -	\$ -	\$ -	\$ 7,165,000	Capital funding
General Fund	-	171,169	240,000	-	411,169	Operating subsidy
General Fund	-	-	-	2,319,300	2,319,300	Savings for future asset replacement
<b>Total</b>	<u>\$ 7,165,000</u>	<u>\$ 171,169</u>	<u>\$ 240,000</u>	<u>\$ 2,319,300</u>	<u>\$ 9,895,469</u>	

**Note 6 Long-Term Receivables**

The City's long-term receivables consist of the following:

	<u>Governmental Activities</u>
Long-term receivables	
Gaithersburg Homeownership Assistance Loan Program	\$ 4,709,161
Developer note receivable	<u>750,720</u>
<b>Total</b>	<u>\$ 5,459,881</u>

These amounts are included on the governmental activities statement of net position and recorded in the Housing Program Fund within the governmental fund financial statements.

**A. Gaithersburg Homeownership Assistance Loan Program (GHALP)**

In order to help reduce barriers for homeownership, the City has developed a down-payment assistance program. This program provides loan funds towards a down payment and closing costs to qualified individuals and families. The loans bear no interest. Principal is to be repaid on the loans if the unit is no longer owner occupied, or when the unit is refinanced or sold. The City's loan is secured by a second mortgage on the property. At year-end, a total of 275 individual loans ranging from \$4,700 to \$25,000 had been made totaling \$4,709,161. Of these loans, 34 were made during FY 2021 totaling \$631,916. The City has received cumulative repayments of \$438,148, of which \$217,612 were received during FY 2021. The proceeds from these loan repayments will remain committed for housing projects. As such, these balances are included in committed fund balance within the Housing Program Fund, along with other funding assigned for GHALP.

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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#### **B. Forgivable Property Improvement Loan**

During 2015, the City provided a forgivable loan to a local apartment building to assist with renovations in the amount of \$82,500. The loan was interest free and was forgiven during the year ended June 30, 2021.

#### **C. Developer Note Receivable**

On December 19, 2012, the City entered into a loan agreement with a third party to finance renovations to a 32-unit residential facility in the amount of \$486,000 to support the City's Affordable Housing Initiative. The terms of the note call for annual interest-only payments at a rate of two percent per annum commencing on January 1, 2014. Interest payments may be deferred until the project has positive cash flow. The entire unpaid balance, together with accrued interest, was due on January 1, 2020. As of May 18, 2020, a first amendment to the deed of trust note was executed that extended the repayment date to December 31, 2021. The loan is secured, in a second lien position, by a deed of trust on the land and any structures erected or placed on the land, and an assignment of rents. The outstanding balance on this loan at year end was \$486,000 in principal and \$9,720 in accrued interest.

On April 14, 2014, the City entered into a loan agreement with the same third party above to provide residential rental housing for lower-income households in the amount of \$250,000 to support the City's Affordable Housing Initiative. The terms of the note call for annual installments at the lesser of interest at a rate of two percent per annum or fifty percent of net cash flow commencing on June 1, 2016. The entire unpaid balance, together with accrued interest, was due on January 1, 2020. As of May 18, 2020, a first amendment to the deed of trust note was executed that extended the repayment date to December 31, 2021. The loan is secured by a deed of trust, security agreement and assignment of rents. The outstanding balance on this loan at year end was \$250,000 in principal and \$5,000 in accrued interest.

As the proceeds received on these two loans will remain assigned for housing projects, the balances have been reported as fund balance committed for housing projects within the Housing Program Fund.

#### **D. American Rescue Plan Act Relief Funds**

On March 11, 2021, the Department of the Treasury was authorized under Section 602(b) and 603(b) of the Social Security Act (the "Act"), as added by Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2, to make payments to certain recipients from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund. The City was awarded funds due to COVID-19 public health emergency. Pursuant to section 602(c)(1)(C) and 603(c)(1)(C) of the Act, reduction in revenue is measured relative to the revenue collected in the most recent full fiscal year prior to the emergency. During the year ended June 30, 2021, the City recognized \$5,750,139 in grant funds related to a reduction in revenue and is included in intergovernmental not restricted to specific programs on the statement of activities.

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

**Note 7 Capital Assets**

Capital asset activity for the year consisted of the following:

	Balance, July 1, 2020	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2021
<b>Capital assets not being depreciated</b>				
Land	\$ 43,143,623	\$ -	\$ (80,286)	\$ 43,063,337
Construction-in-progress	<u>11,628,003</u>	<u>15,484,704</u>	<u>(4,168,934)</u>	<u>22,943,773</u>
Total assets not being depreciated	<u>54,771,626</u>	<u>15,484,704</u>	<u>(4,249,220)</u>	<u>66,007,110</u>
<b>Capital assets being depreciated</b>				
Buildings	38,667,766	317,860	(513,503)	38,472,123
Improvements other than buildings	18,872,347	2,691,946	(25,000)	21,539,293
Machinery and equipment	16,111,502	2,960,269	(1,192,605)	17,879,166
Intangibles	284,324	200,000	-	484,324
Infrastructure	<u>69,137,468</u>	<u>1,422,659</u>	<u>(314,773)</u>	<u>70,245,354</u>
Total assets being depreciated	<u>143,073,407</u>	<u>7,592,734</u>	<u>(2,045,881)</u>	<u>148,620,260</u>
<b>Less accumulated depreciation for</b>				
Buildings	(18,790,619)	(968,041)	368,433	(19,390,227)
Improvements other than buildings	(11,032,679)	(930,786)	7,083	(11,956,382)
Machinery and equipment	(11,327,123)	(1,806,009)	1,170,534	(11,962,598)
Intangibles	(120,315)	(50,108)	-	(170,423)
Infrastructure	<u>(45,966,263)</u>	<u>(1,254,457)</u>	<u>173,694</u>	<u>(47,047,026)</u>
Total accumulated depreciation	<u>(87,236,999)</u>	<u>(5,009,401)</u>	<u>1,719,744</u>	<u>(90,526,656)</u>
<b>Capital assets, net</b>	<u>\$ 110,608,034</u>	<u>\$ 18,068,037</u>	<u>\$ (4,575,357)</u>	<u>\$ 124,100,714</u>

Depreciation expense was charged to governmental functions for the year ended June 30, 2021 as follows:

General government	\$ 1,421,629
Public safety	443,415
Public works	2,350,143
Parks and recreation	791,167
Community services and development	<u>3,047</u>
Total depreciation	<u>\$ 5,009,401</u>

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

**Note 8 Long-Term Liabilities**

The City's long-term liabilities consist of accumulated unused compensated absences, other postemployment benefits liabilities and a liability to the State of Maryland for income tax claims (See Note 10). All long-term liabilities will be liquidated solely by the General Fund. The following is a summary of changes in the City's long-term liabilities:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Compensated absences					
Vacation	\$ 2,093,199	\$ 1,215,847	\$ (913,333)	\$ 2,395,713	\$ 1,088,603
Sick	<u>1,007,647</u>	<u>98,362</u>	<u>(10,176)</u>	<u>1,095,833</u>	<u>88,644</u>
Total compensated absences	<u>3,100,846</u>	<u>1,314,209</u>	<u>(923,509)</u>	<u>3,491,546</u>	<u>1,177,247</u>
Net OPEB liability	20,785,892	3,792,268	(9,053,750)	15,524,410	-
Income tax duplication liability	<u>182,241</u>	<u>-</u>	<u>(4,556)</u>	<u>177,685</u>	<u>9,112</u>
Total other liabilities	<u>20,968,133</u>	<u>3,792,268</u>	<u>(9,058,306)</u>	<u>15,702,095</u>	<u>9,112</u>
 Total long-term liabilities	 <u>\$ 24,068,979</u>	 <u>\$ 5,106,477</u>	 <u>\$ (9,981,815)</u>	 <u>\$ 19,193,641</u>	 <u>\$ 1,186,359</u>

**Note 9 Postretirement Healthcare and Life Insurance**

Plan Description: The City's Other Post-Employment Benefit Plan (OPEB Plan) is a single-employer defined benefit healthcare plan administered by the City. The OPEB Plan provides health care, dental, and life insurance benefits for qualifying retirees, disabled employees and their spouses. Employer and plan member contributions and benefit levels are established and may be amended by the City Manager. The City does not issue separate OPEB Plan financial statements. All required disclosures have been included within this report. The significant accounting policies of the plan are covered in Note 1 of the notes to the financial statements.

*Employees covered by benefit terms:* Substantially all full-time employees may qualify for these benefits. As of June 30, 2021, the following employees were covered by the benefit terms:

Retired employees	102
Active employees	<u>299</u>
Total plan members	<u><u>401</u></u>

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

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*Eligibility:* Not all 299 active employees will meet the qualifications to retire and receive OPEB benefits. The table above includes 57 active employees and 21 retirees who opted out of medical coverage. To be eligible for the General Retirement Plan, retirees must meet certain age and service requirements. The sum of the retiree's age and number of service years must be at least 75, with a minimum age of 50 and a minimum of 15 years of service. To retire under the Early Retirement Plan, the employee must be at least 46 years of age and have a minimum of 20 years of service. Employees retiring under the Early Retirement Plan pay an additional 5% of the healthcare premium cost of the lowest Health Maintenance Organization (HMO) offered at the time of retirement. All other benefits afforded to a retiree at the time of retirement remain the same, whether an employee retires under the General Retirement Plan or the Early Retirement Plan.

*Benefits provided for employees hired prior to July 1, 2018:* For General Retirement retirees, the City pays 85% of the health care and dental premiums, while retirees contribute the remaining 15%. For Early Retirement Plan retirees, the City pays 80% of the health care and dental premiums, while retirees contribute the remaining 20%.

*Benefits provided for employees hired on or after July 1, 2018:* The City's share of premium was reduced from 85% to 75% for medical and dental premiums. Supplemental medical coverage is no longer provided to Medicare eligible retirees and spouses.

For all eligible employees, regardless of hire date, the City pays 100% of the life insurance and the long-term care premiums. Active employees are not required to contribute to the OPEB Plan.

*Contributions:* The contribution requirements of plan members and the City are established and may be amended by the City Manager. The annual contribution to the trust is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually during the budget process. Additional contributions may be identified during the year by the City Manager. The City currently funds more than the amount needed under a pay-as-you-go funding mechanism. In 2021, the City contributed \$3,200,000 to the OPEB Plan. The contribution amount is determined annually based on budgetary funding availability with a long term goal of fully funding the obligation. There are no statutory or other legally required contribution levels.

**Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

*Actuarial assumptions:* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Salary increases	4.20 - 7.20%
Investment rate of return	6.25%
Healthcare cost trend rates	4.00%
Mortality rate	Pub2010- with scale MP-2019

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial study for the period July 1, 2019 - June 30, 2020.

*Long-term expected rate of return:* An expected real rate of return was not provided for the asset profile. The 10-year average rate of return for the portfolio was 5.7%. The 10-year geometric average inflation was 1.7% which is 60 basis points lower than the inflation assumption for the long-term medical trend model. The actual return was adjusted by 60 basis points and rounded to the nearest 25 basis points to select the long-term rate of return assumption of 6.25%.

*Discount rate:* The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at the same level as the subsequent years' adopted budget. Based on this assumption, the OPEB Plan's assets are not expected to be exhausted in future years.

**Net OPEB Trust Fund Plan's Fiduciary Net Position**

The elements of the OPEB Plan's basic financial statements are included within the Statement of Fiduciary Net Position - Fiduciary Funds and Statement of Changes in Fiduciary Net Position - Fiduciary Funds, in the accompanying financial statements.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning Balance - June 30, 2020	\$41,376,040	\$ 20,590,148	\$ 20,785,892
Changes for the year			
Service cost	1,249,127	-	1,249,127
Interest	2,543,141	-	2,543,141
Experience (gains) losses	(181,244)	-	(181,244)
Employer contributions	-	3,200,000	(3,200,000)
Net investment income	-	5,672,506	(5,672,506)
Benefit payments	(1,190,330)	(1,190,330)	-
Net changes	2,420,694	7,682,176	(5,261,482)
Ending balance - June 30, 2021	\$ 43,796,734	\$ 28,272,324	\$ 15,524,410
Funded status		64.55%	

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates:* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
Net OPEB liability	\$22,654,243	\$ 15,524,410	\$ 9,725,884

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Health Care Cost Trend	1% Increase
	<u>3.00%</u>	<u>Rate 4.00%</u>	<u>5.00%</u>
Net OPEB liability	\$ 8,918,841	\$ 15,524,410	\$ 23,942,605

**OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,045,948. As of June 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 3,229,186
Changes in assumptions	-	16,147,652
Difference between expected and actual experience	<u>1,346,343</u>	-
Total	<u>\$ 1,346,343</u>	<u>\$ 19,376,838</u>

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending</u>	<u>Total</u>
2022	\$ (3,372,052)
2023	(3,327,694)
2024	(4,203,949)
2025	(3,453,863)
2026	(2,589,304)
Thereafter	<u>(1,083,633)</u>
Total	<u><u>\$ (18,030,495)</u></u>

**Note 10    Income Tax Duplication Liability**

The State of Maryland was involved in a case related to income tax duplication where taxpayers with income tax liabilities in multiple states had not been allowed a credit for local income taxes paid to other jurisdictions. The outcome of the case was in favor of the taxpayers. In order to receive a refund related to the above case, the taxpayers are required to file an amended state tax return. The State of Maryland has indicated that any reduction in taxes due to the City would be deducted from the City's local income tax payment beginning in FY 21. Total amount of the income duplication liability totaled 182,241, which includes \$6,440 of interest. Payments of \$4,556 was made during FY 21. As of June 30, 2021, the outstanding balance is \$177,685 which is recorded as long-term liability on the statement of net position.

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

**Note 11      Fund Balance**

The details of Governmental fund balances are summarized as follows:

	<u>General Fund</u>	<u>CIP Fund</u>	<u>Stormwater Management Fund</u>	<u>Non-Major Funds</u>
Non-spendable				
Prepays	\$ 371,539	\$ -	\$ -	\$ -
Inventory	35,814	-	-	-
Total non-spendable	<u>407,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for				
Holiday giving	22,802	-	-	-
Sports Scholarships	11,671	-	-	-
Police forfeitures	66,814	-	-	-
Forest conservation	-	-	-	743,602
Total restricted	<u>101,287</u>	<u>-</u>	<u>-</u>	<u>743,602</u>
Committed for				
Housing projects	-	-	-	8,537,721
Stormwater programming	-	-	27,368,239	-
Capital projects and equipment	-	45,935,532	-	10,941,973
Total committed	<u>-</u>	<u>45,935,532</u>	<u>27,368,239</u>	<u>19,479,694</u>
Assigned for				
Economic development opportunity grants	2,208,567	-	-	-
Economic development toolbox grants	372,403	-	-	-
Encumbrances for operations	491,628	-	-	-
Total assigned	<u>3,072,598</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>56,010,620</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 59,591,858</u>	<u>\$ 45,935,532</u>	<u>\$ 27,368,239</u>	<u>\$ 20,223,296</u>

Encumbrances included various expenditures that have been assigned for future services that are to be provided to the City such as professional, landscaping, refuse collection services, as well as for the purchase of future assets (machinery and equipment) for various departments.

**City of Gaithersburg, Maryland**

**Notes to Basic Financial Statements**

**Note 12 Retirement Plans**

The City offers three single-employer, defined contribution retirement plans, all authorized under Section 401 of the Internal Revenue Code. The plans and contribution rates were established by the Mayor and City Council, who would authorize any plan amendments. The plans are administered by MissionSquare (formerly ICMA-RC), a nonprofit independent financial services corporation. The table below summarizes each plan:

Plan Description	401a	401k	401a supplemental	Medicare RHS
Covered employees	all full-time	all full-time, with employee match	public safety and public works	all full-time employees hired on or after July 1, 2018
Benefits Provided	8% of salary	3% of salary, with 5% employee match	up to 5% of salary, with 10% employee match	Employer contributions of \$76.93 per pay period
Vesting period years of service				
1	0%	0%	0%	0%
2	0%	0%	0%	0%
3	33%	33%	0%	100%
4	67%	67%	0%	100%
5	100%	100%	0%	100%
6	100%	100%	20%	100%
7	100%	100%	40%	100%
8	100%	100%	60%	100%
9	100%	100%	80%	100%
10	100%	100%	100%	100%

Unvested, forfeited amounts are available to the City to offset future retirement plan payments. The table below summarizes the retirement plan expense for the year ended June 30, 2021:

Pension Expense	401a	401k	401a supplemental	Medicare RHS
Retirement plan expense	\$ 1,911,059	\$ 666,907	\$ 424,720	\$ 139,320
Forfeitures applied	(108,430)	(28,668)	(69,725)	(30,423)
Net pension expense	<u>\$ 1,802,629</u>	<u>\$ 638,239</u>	<u>\$ 354,995</u>	<u>\$ 108,897</u>

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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#### **Note 13 Tax Abatements**

The City does not have a formal tax abatement program. Tax abatements, instead, are provided through the execution of individual tax abatement agreements. These agreements are authorized through the approval of a Resolution by the Mayor and City Council. These agreements either reduce the assessed value or refund municipal property taxes paid by the taxpayer. Some of the abatements abate 100% of the City's municipal taxes and others abate the difference between the property tax owed in the current year and the property tax that would have been owed if the property were not within the City boundaries. There are no recapture provisions as the primary reason for the abatement is the annexation of the property into the City. During 2021, the City had six tax abatement agreements in place and abated approximately \$338,915 in real property tax revenue.

The City has established a threshold of 2% of the subsequent year's property tax budget as a minimum level for providing individual disclosure within these financial statements. None of these agreements met this threshold for individual disclosure.

#### **Note 14 Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injury; and natural disasters. The City is a member of the Local Government Insurance Trust (LGIT), sponsored by the Maryland Municipal League (MML), and the Maryland Association of Counties. The LGIT is a self-insured public entity risk pool offering general liability, excess liability, business auto liability, police legal liability, public official liability, environmental liability, and property coverage.

LGIT is capitalized at an actuarially determined level to provide financial stability for its local government members to reduce the possibility of assessments. The trust is owned by the participating counties and cities and managed by a Board of Trustees elected by the members. Annual premiums are assessed for the various policy coverages. During the fiscal year, the City paid premiums of \$262,235 to the trust. The agreement for the formation of the LGIT provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$5 million for each insured event.

The City also participates in a similar risk sharing pool for its workers' compensation coverage. The City is one of 12 local governmental entities covered by the Montgomery County Self-Insurance Program. Each member's annual premium is calculated using an actuarial study and an estimate of incurred but not reported losses. During the fiscal year, the City estimated premiums of \$542,048 to Montgomery County, of which the entire balance remains payable as of June 30, 2021.

#### **Note 15 Commitments and Contingencies**

Litigation: There are several pending lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

Open Contracts: The City is committed under various contracts pertaining to street resurfacing, stormwater management, traffic signalization, other capital improvement projects and general operating contracts. As of June 30, 2021, encumbrances for contracts were \$491,628 in the General Fund,

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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\$5,654,436 in the CIP Fund, \$1,090,249 in the Stormwater Management Fund, and \$1,011,720 in the Asset Replacement Fund. These have been reported as assigned or committed within the appropriate fund.

Grant Program: The City participates in a number of state- and federally-assisted grant programs, which are subject to financial and compliance audits by the grantors or their representatives. Such federal programs were audited in accordance with Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (the Uniform Guidance) for the current year as the threshold of \$750,000 of federal expenditures was met. A separate report will be issued on these various state and federally assisted grant programs under Uniform Guidance.

COVID-19: On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide which caused a shutdown of the City. The City expects this matter to continue to negatively impact the City's financial condition, results of operations, or cash flows, but cannot reasonably estimate the impact at this time.

#### **Note 16    Conduit Debt Obligations**

The City has approved the issuance of economic development revenue bonds for the benefit of Asbury Methodist Village, Incorporated (Asbury), an assisted living facility. This debt is secured by the revenues of the facility and do not constitute an indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2021, there were two bond issuances outstanding with an aggregate balance of \$105,425,000. The full faith and credit of the City has not been pledged in support of the bonds, and in the event of default, the City cannot be held liable.

#### **Note 17    Subsequent Event**

The City has not identified any subsequent events that would require potential financial statement disclosure through October 29, 2021, which represents the date the financial statements were available to be issued.

#### **Note 18    New Governmental Accounting Standards Board (GASB) Standards**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2021, that have effective dates that may impact future financial presentations. The full statements are available on the GASB's website. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City.

- GASB Statement No. 87, *Leases*, will be effective for the City beginning with its year ending June 30, 2022. This statement removes the traditional classifications of leases as operating or capital and recognizes all leases as financing tools, resulting in reporting of lease transactions as both a liability and an intangible right to use the leased asset. This statement defines lease transactions and establishes the new accounting and financial reporting requirements.
- GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the City beginning with its year ending June 30, 2023. This statement defines and provides guidance on the presentation of a single method of reporting conduit debt obligations.

## City of Gaithersburg, Maryland

### Notes to Basic Financial Statements

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- GASB Statement No. 92, *Omnibus 2020*, will be effective for the City beginning with its year ending June 30, 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will be effective for the City June 30, 2022. The requirement in paragraph 11b is effective for the City beginning with its year ending June 30, 2023. All other requirements of this Statement are effective for the City during the year ended June 30, 2021.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the City beginning with its year ending June 30, 2023.
- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, has been effective for the City since the year ended June 30, 2020.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for the City beginning with its year ending June 30, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will be effective for the City immediately related to paragraphs 4 and 5. All other requirements of the Statement are effective for fiscal years ending June 30, 2022.



# CARES Hub

# Required Supplementary Information Section





**Be Your Best  
Fest**

City of Gaithersburg, Maryland

Required Supplementary Information  
Schedule of Changes in the City's Net OPEB Liability and Related Ratios

	2021	2020	2019	2018	2017	2016
Total OPEB liability						
Service cost	\$ 1,249,127	\$ 1,631,724	\$ 1,568,965	\$ 3,068,323	\$ 2,967,911	\$ 2,427,000
Interest	2,543,141	2,647,596	2,451,107	2,124,337	1,881,173	1,833,000
Experience losses	(181,244)	(32,765)	266,934	2,369,093	103,499	-
Changes in assumptions	-	(4,705,201)	-	(21,020,509)	(6,599,302)	6,658,997
Benefit payments	(1,190,330)	(1,053,686)	(965,773)	(698,839)	(568,547)	(676,997)
Net change in total OPEB liability	2,420,694	(1,512,332)	3,321,233	(14,157,595)	(2,215,266)	10,242,000
Beginning total OPEB liability	41,376,040	42,888,372	39,567,139	53,724,734	55,940,000	45,698,000
Ending total OPEB liability (a)	\$ 43,796,734	\$ 41,376,040	\$ 42,888,372	\$ 39,567,139	\$ 53,724,734	\$ 55,940,000
Plan fiduciary net position						
Employer contributions	\$ 3,200,000	\$ 3,100,000	\$ 5,000,000	\$ 2,200,000	\$ 2,326,000	\$ 1,326,000
Net investment income	5,672,506	859,779	715,041	925,489	1,118,555	(103,118)
Benefit payments	(1,190,330)	(1,053,686)	(965,773)	(698,839)	(694,547)	(676,997)
Net change in fiduciary net position	7,682,176	2,906,093	4,749,268	2,426,650	2,750,008	545,885
Beginning fiduciary net position	20,590,148	17,684,055	12,934,787	10,508,137	7,758,129	7,212,244
Ending fiduciary net position (b)	\$ 28,272,324	\$ 20,590,148	\$ 17,684,055	\$ 12,934,787	\$ 10,508,137	\$ 7,758,129
City's net OPEB liability - ending (a) - (b)	15,524,410	20,785,892	25,204,317	26,632,352	43,216,597	48,181,871
Plan fiduciary net position as a percentage of the total OPEB liability	64.55%	49.76%	41.23%	32.69%	19.56%	13.87%
Covered payroll	26,602,062	25,221,807	23,888,943	23,661,849	21,426,009	20,709,628
City's net OPEB liability as a percentage of covered payroll	58.36%	82.41%	105.51%	112.55%	201.70%	232.65%
Expected average remaining service years of all participants	9	9	9	9	8	8
Annual money-weighted rate of return	8.22%	8.22%	8.22%	8.22%	13.05%	-1.35%

Notes to schedule:

*Changes in assumptions:* reflects the effect of changes in the discount rate.

Discount rate	6.25%	6.25%	6.25%	6.25%	3.98%	3.38%
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Due to future benefit changes the City was not required to use a blended discount rate as the cross-over test was met for future years

The above schedule is presented to illustrate the requirement for specified information for 10 years. Until a full 10 year trend is compiled, information is only presented for those year(s) for which the information is available

*Actuarial assumptions:* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.50%
Salary increases	4.20%-7.20%
Investment rate of return	6.25%
Healthcare cost trend rates	4.00%
Mortality rate	Pub-2010 with scale MP-2019

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# Supplementary Information Section





# Discovery Park

City of Gaithersburg, Maryland

Combining Balance Sheet – Nonmajor Governmental Funds  
As of June 30, 2021

	Special Revenue		Capital Projects	Total Non-Major Funds
	Forest Conservation Fund	Housing Program Fund	Asset Replacement Fund	
<b>Assets</b>				
Cash and cash equivalents	\$ 438,542	\$ 1,843,615	\$ 6,212,835	\$ 8,494,992
Investments	302,545	1,248,945	4,788,484	6,339,974
Other receivables	2,515	-	-	2,515
Long-term receivables	-	5,459,881	-	5,459,881
<b>Total assets</b>	<u>\$ 743,602</u>	<u>\$ 8,552,441</u>	<u>\$ 11,001,319</u>	<u>\$ 20,297,362</u>
<b>Liabilities, Deferred Inflow of Resources, and Fund Balances</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 59,346	\$ 59,346
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>59,346</u>	<u>59,346</u>
Deferred inflow of resources				
Unavailable revenues	-	14,720	-	14,720
<b>Total deferred inflow of resources</b>	<u>-</u>	<u>14,720</u>	<u>-</u>	<u>14,720</u>
Fund balances				
Restricted	743,602	-	-	743,602
Committed	-	8,537,721	10,941,973	19,479,694
Assigned	-	-	-	-
<b>Total fund balances</b>	<u>743,602</u>	<u>8,537,721</u>	<u>10,941,973</u>	<u>20,223,296</u>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<u>\$ 743,602</u>	<u>\$ 8,552,441</u>	<u>\$ 11,001,319</u>	<u>\$ 20,297,362</u>

City of Gaithersburg, Maryland

Combining Statement of Revenues, Expenditures, and Changes  
in Fund Balances – Nonmajor Governmental Funds  
Year Ended June 30, 2021

	Special Revenue		Capital Projects	Total Non-Major Funds
	Forest Conservation Fund	Housing Program Fund	Asset Replacement Fund	
Revenues				
Intergovernmental	\$ -	\$ 166,532	\$ -	\$ 166,532
Investments earnings (losses)	(432)	(1,979)	-	(2,411)
<b>Total revenues</b>	<u>(432)</u>	<u>164,553</u>	<u>-</u>	<u>164,121</u>
Expenditures				
Current				
General government	-	25,000	-	25,000
Public works	15,843	-	-	15,843
Capital outlay	-	-	3,040,710	3,040,710
<b>Total expenditures</b>	<u>15,843</u>	<u>25,000</u>	<u>3,040,710</u>	<u>3,081,553</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(16,275)</u>	<u>139,553</u>	<u>(3,040,710)</u>	<u>(2,917,432)</u>
Other Financing Sources (Uses)				
Transfers in	-	240,000	2,319,300	2,559,300
<b>Net change in fund balances</b>	<u>(16,275)</u>	<u>379,553</u>	<u>(721,410)</u>	<u>(358,132)</u>
Fund Balances				
Beginning	<u>759,877</u>	<u>8,158,168</u>	<u>11,663,383</u>	<u>20,581,428</u>
Ending	<u>\$ 743,602</u>	<u>\$ 8,537,721</u>	<u>\$ 10,941,973</u>	<u>\$ 20,223,296</u>

City of Gaithersburg, Maryland

Schedule of Revenues – Budget and Actual - General Fund  
 Year Ended June 30, 2021  
 (With Comparative Totals for 2020)

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Original Budget	Final Budget	Actual		
<b>Taxes</b>					
Real estate taxes	\$ 28,750,000	\$ 28,750,000	\$ 29,333,126	\$ 583,126	\$ 28,249,425
Personal property taxes	1,389,200	1,389,200	1,837,514	448,314	1,599,905
Penalties and interest	39,000	39,000	73,335	34,335	47,556
Hotel tax	770,000	770,000	357,670	(412,330)	808,161
Admissions tax	1,250,000	1,250,000	288,919	(961,081)	1,476,020
<b>Total taxes</b>	<b>32,198,200</b>	<b>32,198,200</b>	<b>31,890,564</b>	<b>(307,636)</b>	<b>32,181,067</b>
<b>Licenses and Permits</b>					
Street permits	22,000	22,000	48,662	26,662	57,861
Amusement licenses	38,850	38,850	2,700	(36,150)	35,250
Traders licenses	127,000	127,000	114,671	(12,329)	18,386
Electricians licenses	50,000	50,000	36,575	(13,425)	56,175
Rental housing licenses	847,530	847,530	728,255	(119,275)	653,328
Bus shelter franchise fee	10,000	10,000	-	(10,000)	9,736
CATV franchise	980,000	980,000	910,827	(69,173)	975,243
CATV PEG	50,000	50,000	41,700	(8,300)	47,117
Animal licenses	30,000	30,000	19,535	(10,465)	21,360
Building permits	1,440,000	1,440,000	1,454,253	14,253	1,406,608
Deck permits	3,000	3,000	29,265	26,265	7,775
Electrical permits	144,000	144,000	241,721	97,721	182,783
Utility permits	3,000	3,000	7,010	4,010	6,342
Occupancy permits	41,000	41,000	72,600	31,600	87,350
Sign permits	17,000	17,000	24,882	7,882	22,181
Fire protection & protection systems permits	184,000	184,000	264,796	80,796	237,085
Mechanical permits	144,000	144,000	158,115	14,115	136,772
Special events permits	11,000	11,000	2,050	(8,950)	8,205
Grading permits	20,000	20,000	33,679	13,679	23,383
On site improvements	75,000	75,000	269,392	194,392	39,057
Stormwater management permits	20,000	20,000	-	(20,000)	78,513
Other permits	14,400	14,400	32,933	18,533	17,840
<b>Total licenses and permits</b>	<b>4,271,780</b>	<b>4,271,780</b>	<b>4,493,621</b>	<b>221,841</b>	<b>4,128,350</b>

City of Gaithersburg, Maryland

Schedule of Revenues – Budget and Actual - General Fund  
 Year Ended June 30, 2021  
 (With Comparative Totals for 2020)

(continued)

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Original Budget	Final Budget	Actual		
<b>Intergovernmental</b>					
<b>Federal grants</b>					
Community development	\$ 617,900	\$ 617,900	\$ 480,068	\$ (137,832)	\$ 156,680
Transitional housing	6,000	6,000	3,600	(2,400)	7,500
FEMA	-	-	93,360	93,360	-
DOJ police equipment	10,300	10,300	590	(9,710)	4,479
Miscellaneous	32,000	32,000	5,601,371	5,569,371	15,860
<b>State grants</b>					
Open Space	800,000	800,000	-	(800,000)	535,000
Police	900,000	900,000	704,775	(195,225)	642,688
Arts	65,000	65,000	96,865	31,865	113,193
Maryland state bond bill	200,000	200,000	-	(200,000)	-
Miscellaneous	900,000	900,000	2,000,500	1,100,500	1,764
<b>State-shared taxes</b>					
Highway user	1,682,053	1,682,053	1,825,893	143,840	1,470,576
<b>County grants and shared taxes</b>					
County revenue sharing	1,206,567	1,206,567	1,206,567	-	1,206,567
Income tax	13,380,000	13,380,000	14,517,741	1,137,741	13,192,477
Homeless program	72,333	72,333	78,323	5,990	77,873
Nutrition program	55,000	55,000	-	(55,000)	38,206
Miscellaneous	-	-	439,098	439,098	3,568
<b>Total intergovernmental</b>	<b>19,927,153</b>	<b>19,927,153</b>	<b>27,048,751</b>	<b>7,121,598</b>	<b>17,466,431</b>
<b>Charges for Services</b>					
Automation fee	110,000	110,000	240,400	130,400	216,271
Zoning fees	131,834	131,834	169,026	37,192	108,531
Recreation program fees	857,850	857,850	441,883	(415,967)	843,237
Casey Community Center	200,000	200,000	4,906	(195,094)	161,558
Water Park	350,000	350,000	71,512	(278,488)	393,822
Kentlands Mansion	125,530	125,530	21,872	(103,658)	89,060
Special events	87,000	87,000	11,373	(75,627)	58,913
Gaithersburg Aquatic Center	164,085	164,085	22,087	(141,998)	146,420
Skate park	7,070	7,070	15,443	8,373	13,265
Group picnics	40,242	40,242	21,161	(19,081)	39,625
Winter Lights	367,000	367,000	598,209	231,209	422,937
Miniature golf revenue	96,000	96,000	83,943	(12,057)	68,089
Youth Center in Olde Towne	17,000	17,000	1,940	(15,060)	13,612
Activity Center programs	194,803	194,803	13,815	(180,988)	172,840

City of Gaithersburg, Maryland

Schedule of Revenues – Budget and Actual - General Fund  
 Year Ended June 30, 2021  
 (With Comparative Totals for 2020)

(continued)

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Original Budget	Final Budget	Actual		
Gaithersburg Arts Barn	\$ 209,500	\$ 209,500	\$ 21,229	\$ (188,271)	\$ 177,871
Gaithersburg Youth Center	2,940	2,940	5	(2,935)	6,261
Community Museum	12,800	12,800	2,467	(10,333)	8,533
Membership fee – dog exercise	1,800	1,800	978	(822)	780
Senior Center	122,000	122,000	24,614	(97,386)	125,041
Environmental fees	4,000	4,000	7,105	3,105	3,985
Recycling collections	1,714,152	1,714,152	1,716,919	2,767	1,412,711
Passports	60,000	60,000	36,960	(23,040)	39,095
Miscellaneous	1,770	1,770	1,327	(443)	1,836
<b>Total charges for services</b>	<u>4,877,376</u>	<u>4,877,376</u>	<u>3,529,174</u>	<u>(1,348,202)</u>	<u>4,579,480</u>
Fines and Forfeitures					
Ordinance fines	<u>2,010,000</u>	<u>2,010,000</u>	<u>2,120,622</u>	<u>110,622</u>	<u>2,164,421</u>
Investments earnings (losses)	<u>1,801,000</u>	<u>1,801,000</u>	<u>(82,297)</u>	<u>(1,883,297)</u>	<u>3,794,269</u>
Miscellaneous Revenue					
Rents	148,772	148,772	119,148	(29,624)	142,758
Contributions	178,600	178,600	136,964	(41,636)	115,681
Miscellaneous	<u>1,150,550</u>	<u>1,150,550</u>	<u>3,360,798</u>	<u>2,210,248</u>	<u>1,229,668</u>
<b>Total miscellaneous</b>	<u>1,477,922</u>	<u>1,477,922</u>	<u>3,616,910</u>	<u>2,138,988</u>	<u>1,488,107</u>
<b>Total revenues</b>	<u>66,563,431</u>	<u>66,563,431</u>	<u>72,617,345</u>	<u>6,053,914</u>	<u>65,802,125</u>
Other Financing Sources					
Proceeds from sale of capital assets	<u>150,000</u>	<u>150,000</u>	<u>252,246</u>	<u>102,246</u>	<u>110,585</u>
<b>Total revenues and other financing sources</b>	<u>\$ 66,713,431</u>	<u>\$ 66,713,431</u>	<u>\$ 72,869,591</u>	<u>\$ 6,156,160</u>	<u>\$ 65,912,710</u>



# Storm Drain Paint Out

City of Gaithersburg, Maryland

Schedule of Departmental Expenditures – Budget and Actual - General Fund  
 Year Ended June 30, 2021  
 (With Comparative Totals for 2020)

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Original Budget	Final Budget	Actual		
City Manager's Office					
Mayor and City Council	\$ 493,020	\$ 493,020	\$ 453,037	\$ 39,983	\$ 403,116
Legal services	775,605	794,382	776,210	18,172	765,529
Registration and elections	5,000	5,000	2,093	2,907	53,948
Office of the City Manager	825,796	848,867	686,869	161,998	990,501
Economic and business development	519,794	519,794	387,908	131,886	461,534
<b>Total city manager's office</b>	<u>2,619,215</u>	<u>2,661,063</u>	<u>2,306,117</u>	<u>354,946</u>	<u>2,674,628</u>
Human resources	<u>1,235,488</u>	<u>1,259,461</u>	<u>1,180,044</u>	<u>79,417</u>	<u>1,200,622</u>
Community and Public Relations					
Public information	998,658	998,658	989,743	8,915	973,566
Gaithersburg television	303,944	303,944	311,514	(7,570)	302,628
Community services	1,767,348	1,834,348	1,701,489	132,859	1,593,014
Housing and community development	832,907	832,907	594,712	238,195	284,809
Homeless assistance	529,535	529,535	495,362	34,173	537,452
<b>Total community and public relations</b>	<u>4,432,392</u>	<u>4,499,392</u>	<u>4,092,820</u>	<u>406,572</u>	<u>3,691,469</u>
Finance and Administration					
Finance and administration	1,679,537	1,679,537	1,442,285	237,252	1,508,730
General services	61,356	61,356	27,181	34,175	43,700
Non-departmental	3,770,005	3,724,489	2,545,657	1,178,832	2,605,611
<b>Total finance and administration</b>	<u>5,510,898</u>	<u>5,465,382</u>	<u>4,015,123</u>	<u>1,450,259</u>	<u>4,158,041</u>
Information Technology					
Information technology	1,933,582	1,933,582	1,891,465	42,117	1,809,422
Geographic information services	346,112	346,112	337,445	8,667	326,546
<b>Total information technology</b>	<u>2,279,694</u>	<u>2,279,694</u>	<u>2,228,910</u>	<u>50,784</u>	<u>2,135,968</u>

City of Gaithersburg, Maryland

Schedule of Departmental Expenditures – Budget and Actual - General Fund  
 Year Ended June 30, 2021  
 (With Comparative Totals for 2020)

(continued)

	2021				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2020 Actual
Parks, Recreation and Culture					
Administration	\$ 893,191	\$ 908,607	\$ 747,171	\$ 161,436	\$ 935,638
Recreation programs and sports	922,097	922,098	591,036	331,062	826,006
Recreation classes	289,579	289,579	130,773	158,806	249,580
Youth services	401,231	401,231	349,753	51,478	326,781
Summer programs	678,381	678,381	150,965	527,416	441,221
Gaithersburg Youth Center	264,544	264,544	215,189	49,355	244,854
Skate park	44,117	44,117	35,497	8,620	21,813
Casey Community Center	403,082	403,082	219,258	183,824	342,975
Water park	900,784	903,591	648,000	255,591	536,687
Gaithersburg Arts Barn	507,187	511,221	263,290	247,931	382,993
Youth Center in Olde Towne	338,289	338,289	93,926	244,363	264,473
Senior program	824,804	824,804	419,222	405,582	727,548
Activities Center at Bohrer park	560,114	560,114	407,014	153,100	507,773
Gaithersburg Aquatic Center	346,547	348,171	208,559	139,612	290,357
Miniature golf course	105,900	105,900	94,681	11,219	98,927
Picnic pavilions	26,139	26,139	8,444	17,695	18,254
Winter Lights	231,544	231,992	196,140	35,852	194,696
Special events	1,231,726	1,242,290	805,488	436,802	1,048,071
Museums	237,685	239,685	184,446	55,239	206,610
Kentlands Mansion	398,877	398,877	256,064	142,813	368,617
<b>Total parks, recreation and culture</b>	<b>9,605,818</b>	<b>9,642,712</b>	<b>6,024,916</b>	<b>3,617,796</b>	<b>8,033,874</b>
Planning and Code Administration					
Planning	1,222,045	910,823	932,609	(21,786)	907,064
Planning and code administration	900,823	1,222,045	1,109,885	112,160	1,060,787
Permits and inspections	1,790,821	1,811,771	1,724,534	87,237	1,700,161
Neighborhood services	1,235,670	1,235,670	1,163,445	72,225	1,183,506
Animal control	418,019	418,019	351,411	66,608	368,542
<b>Total planning and code administration</b>	<b>5,567,378</b>	<b>5,598,328</b>	<b>5,281,884</b>	<b>316,444</b>	<b>5,220,060</b>
Police department	9,710,447	9,770,447	9,767,276	3,171	9,715,040

City of Gaithersburg, Maryland

Schedule of Departmental Expenditures – Budget and Actual - General Fund  
 Year Ended June 30, 2021  
 (With Comparative Totals for 2020)

(continued)

	2021				2020 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Public Works					
Facilities management	\$ 1,858,795	\$ 1,864,132	\$ 1,666,019	\$ 198,113	\$ 1,738,103
Building and grounds					
City Hall	157,379	170,338	130,542	39,796	132,934
Police station	67,037	69,437	43,990	25,447	80,232
Public service facility	200,663	225,032	174,449	50,583	202,939
Train station	35,041	35,041	21,067	13,974	26,008
Kentlands Firehouse	-	-	-	-	18
Kentlands Mansion	66,710	70,267	42,487	27,780	45,671
Benjamin Gaither Center	94,787	96,971	70,012	26,959	64,453
Casey Community Center	164,422	168,344	64,556	103,788	130,784
Olde Towne Pavilion	5,477	5,477	3,036	2,441	2,389
Public safety facility	54,146	55,496	10,439	45,057	46,573
Gaithersburg Aquatic Center	19,491	20,103	22,818	(2,715)	11,677
Activity Center at Bohrer Park	279,628	286,516	146,574	139,942	262,056
Gaithersburg Arts Barn	82,250	84,647	71,984	12,663	49,980
Water Park at Bohrer Park	124,683	147,340	121,278	26,062	72,123
Miniature golf course	16,169	16,169	14,791	1,378	12,297
Skate park	8,479	8,479	4,081	4,398	1,669
Youth Center in Olde Towne	42,470	43,525	32,389	11,136	52,790
Youth Center at Robertson Park	55,951	58,787	36,195	22,592	53,674
Future park site	15,640	15,640	11,058	4,582	12,378
Parking facility	112,349	113,789	72,156	41,633	70,883
Homeland	45,249	48,529	39,304	9,225	35,670
Public works administration	815,111	815,111	838,540	(23,429)	822,814
Streets and special projects	1,095,314	1,095,331	797,819	297,512	776,758
Fleet maintenance	675,137	675,137	655,865	19,272	657,651
Landscaping and forestry	1,226,890	1,226,890	911,554	315,336	1,099,005
Environmental services operations	6,450	6,450	820	5,630	546
Municipal parks maintenance	2,068,107	2,145,930	1,918,003	227,927	1,986,473
Mowing and bulk pick-up	2,215,924	2,365,274	2,375,196	(9,922)	2,126,574
Recycling	1,544,894	1,562,808	1,575,849	(13,041)	1,317,900
Engineering services	975,722	1,123,727	782,914	340,813	774,137
Street lighting	705,000	705,000	620,155	84,845	666,303
Environmental services	132,334	132,334	114,243	18,091	91,388
Traffic engineering	327,661	327,661	261,666	65,995	273,833
<b>Total public works</b>	<u>15,295,360</u>	<u>15,785,712</u>	<u>13,651,849</u>	<u>2,133,863</u>	<u>13,698,683</u>
<b>Total expenditures</b>	<u>56,256,690</u>	<u>56,962,191</u>	<u>48,548,939</u>	<u>8,413,252</u>	<u>50,528,385</u>

City of Gaithersburg, Maryland

Schedule of Departmental Expenditures – Budget and Actual - General Fund  
 Year Ended June 30, 2021  
 (With Comparative Totals for 2020)

(continued)

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Original Budget	Final Budget	Actual		
Transfers Out					
CIP	\$ 7,165,000	\$ 7,165,000	\$ 7,165,000	\$ -	\$ 6,350,000
Stormwater Management	169,547	169,547	171,169	(1,622)	1,233,383
Housing Program	240,000	240,000	240,000	-	240,000
Asset Replacement	2,319,300	2,319,300	2,319,300	-	2,488,000
OPEB Trust	3,200,000	3,200,000	3,200,000	-	3,100,000
<b>Total transfers out</b>	<u>13,093,847</u>	<u>13,093,847</u>	<u>13,095,469</u>	<u>(1,622)</u>	<u>13,411,383</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 69,350,537</u>	<u>\$ 70,056,038</u>	<u>\$ 61,644,408</u>	<u>\$ 8,411,630</u>	<u>\$ 63,939,768</u>

The City’s budget is adopted at the departmental level as presented above. GAAP reporting requires expenditures be reported by function rather than by department; expenditures for the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (page 30) have been reclassified to be presented by functional category, as required by GAAP.

# Statistical Section





**Train Station**

**TABLE OF CONTENTS**  
**STATISTICAL SECTION**

This part of the City of Gaithersburg, Maryland’s Annual Comprehensive Financial Reports presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Page(s)

<b>Financial Trends</b>	70–74
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	75–79
These schedules contain information to help the reader assess the City’s most significant local revenue sources, the property tax and the room tax.	
<b>Debt Capacity</b>	80
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	81–82
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<b>Operating Information</b>	83–87
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.



# Winter Lights

City of Gaithersburg, Maryland

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 124,100,714	\$ 110,608,034	\$ 108,073,293	\$ 109,193,844	\$ 107,678,373	\$ 107,492,726	\$ 103,485,802	\$ 101,260,797	\$ 96,693,648	\$ 99,456,894
Restricted	844,889	19,515,420	15,520,727	11,975,377	9,468,351	3,474,680	1,241,199	-	-	-
Unrestricted	<u>123,499,147</u>	<u>98,483,816</u>	<u>89,625,392</u>	<u>78,201,276</u>	<u>75,134,765</u>	<u>71,152,790</u>	<u>94,938,598</u>	<u>88,602,102</u>	<u>84,005,267</u>	<u>72,126,415</u>
<b>Total Governmental Activities</b>										
Net Position	<u>\$ 248,444,750</u>	<u>\$ 228,607,270</u>	<u>\$ 213,219,412</u>	<u>\$ 199,370,497</u>	<u>\$ 192,281,489</u>	<u>\$ 182,120,196</u>	<u>\$ 199,665,599</u>	<u>\$ 189,862,899</u>	<u>\$ 180,698,915</u>	<u>\$ 171,583,309</u>

Note:

Previous years have not been restated to conform to the current year presentation.

City of Gaithersburg, Maryland

Changes in Net Position - Governmental Activities  
Last Ten Fiscal Years  
(accrual basis of accounting)

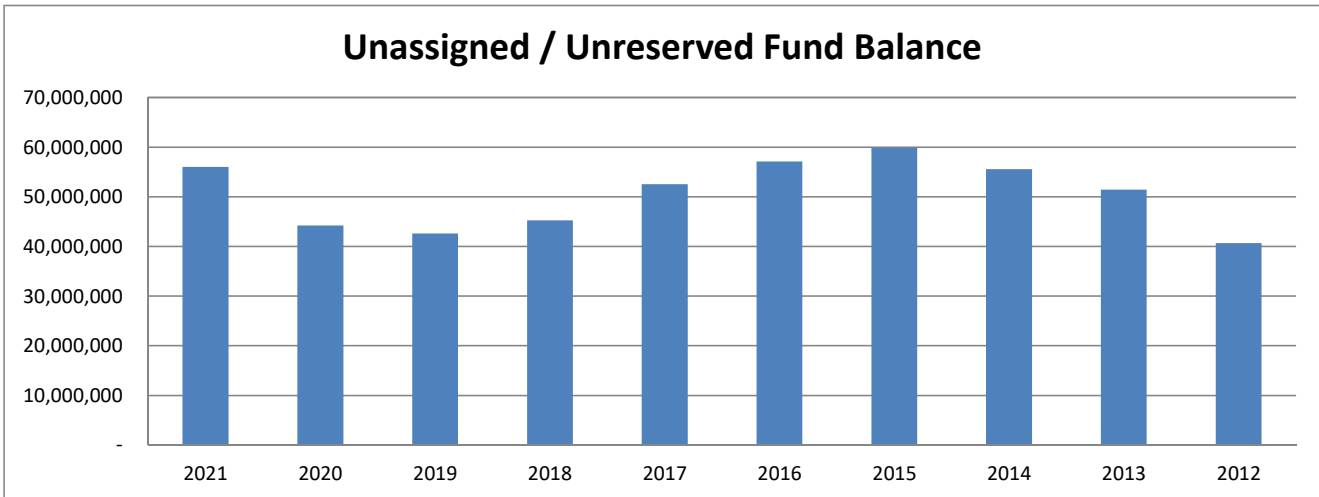
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses</b>										
General Government	\$ 18,629,882	\$ 20,384,264	\$ 19,583,229	\$ 19,630,246	\$ 18,308,169	\$ 19,165,828	\$ 16,504,191	\$ 15,483,111	\$ 17,151,788	\$ 16,369,822
Public Safety	12,365,791	12,567,588	12,100,925	12,651,404	12,879,218	13,409,073	12,562,415	11,654,483	10,568,639	10,538,639
Public Works	17,287,709	15,819,024	15,497,314	14,672,065	13,692,879	12,954,346	10,305,125	14,102,911	12,374,419	13,138,836
Park, Recreation & Culture	6,793,813	8,226,326	9,693,087	9,062,499	8,771,811	8,719,722	8,325,520	6,259,327	6,254,667	5,659,702
Community Services & Development	2,784,927	2,879,193	2,826,109	2,908,824	2,747,027	3,139,656	2,559,169	2,260,865	2,217,111	2,089,330
<i>Total Expenses</i>	<u>57,862,122</u>	<u>59,876,395</u>	<u>59,700,664</u>	<u>58,925,038</u>	<u>56,399,104</u>	<u>57,388,625</u>	<u>50,256,420</u>	<u>49,760,697</u>	<u>48,566,624</u>	<u>47,796,329</u>
<b>Program Revenues</b>										
Charges for Services:										
General Government	2,924,779	2,483,898	3,033,466	2,258,721	3,899,801	3,804,063	3,012,450	2,640,480	3,596,714	2,731,495
Public Safety	3,133,262	3,189,655	3,342,786	3,351,511	3,858,779	4,585,220	3,331,546	3,538,543	4,090,633	4,295,957
Public Works	7,232,939	6,968,352	6,480,804	5,799,562	5,047,293	4,755,402	3,156,696	2,426,075	2,301,691	2,630,871
Park, Recreation & Culture	1,334,895	2,618,748	3,398,073	2,949,980	3,803,969	3,862,799	3,809,545	3,448,852	3,346,990	3,412,020
Community Services & Develop	24,614	125,041	155,087	145,922	-	-	-	-	-	-
Operating Grants and Contributions	7,981,625	2,439,428	1,499,477	1,505,737	1,894,132	935,022	922,928	1,184,147	1,981,372	751,938
Capital Grants and Contributions	2,432,767	2,317,530	1,775,943	3,337,167	4,111,152	1,767,652	2,824,717	4,824,259	917,287	1,312,834
<i>Total Program Revenues</i>	<u>25,064,881</u>	<u>20,142,652</u>	<u>19,685,636</u>	<u>19,348,600</u>	<u>22,615,126</u>	<u>19,710,158</u>	<u>17,057,882</u>	<u>18,062,356</u>	<u>16,234,687</u>	<u>15,135,115</u>
<b>Net (Expense)/Revenue</b>	(32,797,241)	(39,733,743)	(40,015,028)	(39,576,438)	(33,783,978)	(37,678,467)	(33,198,538)	(31,698,341)	(32,331,937)	(32,661,214)
<b>General Revenues</b>										
Property Taxes	31,022,820	30,157,599	28,730,598	27,991,501	26,988,696	25,846,114	24,309,643	23,855,427	23,294,315	24,575,499
Franchise Fees	910,827	979,581	951,888	906,801	934,275	921,784	902,479	832,395	777,606	689,385
Admissions, Amusement, Hotel & Motel Tax	646,585	2,284,180	2,251,143	2,377,436	2,493,425	2,487,526	2,293,951	2,429,703	2,269,995	2,395,490
Intergovernmental not Restricted to Specific Programs	16,951,655	15,670,875	15,244,519	13,675,383	12,708,505	12,522,102	12,780,222	12,099,303	10,159,237	9,986,624
Investment earnings (losses)	(69,522)	4,673,875	4,625,457	720,410	206,501	881,004	80,324	76,838	114,189	54,191
Gain (loss) on Sale of Capital Assets	-	-	(32,666)	236,504	-	115,249	95,852	-	-	-
Miscellaneous	3,172,356	1,355,491	2,093,004	757,411	613,869	851,598	713,899	1,568,659	4,832,201	468,463
<i>Total General Revenues</i>	<u>52,634,721</u>	<u>55,121,601</u>	<u>53,863,943</u>	<u>46,665,446</u>	<u>43,945,271</u>	<u>43,625,377</u>	<u>41,176,370</u>	<u>40,862,325</u>	<u>41,447,543</u>	<u>38,169,652</u>
<b>Change in Net Position</b>	<u>\$ 19,837,480</u>	<u>\$ 15,387,858</u>	<u>\$ 13,848,915</u>	<u>\$ 7,089,008</u>	<u>\$ 10,161,293</u>	<u>\$ 5,946,910</u>	<u>\$ 7,977,832</u>	<u>\$ 9,163,984</u>	<u>\$ 9,115,606</u>	<u>\$ 5,508,438</u>

Note:  
The City does not use business-type activities.  
Beginning in FY20, the Gain (Loss) on Sale of Capital Assets has been combined with General Government Expenses.

**City of Gaithersburg, Maryland**

**Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	2021	2020	2019	2018	2017
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Non-spendable *	407,353	345,718	367,114	295,517	327,520
Restricted *	101,287	499,683	499,816	508,616	480,988
Committed *	-	298,696	155,374	33,701	1,987,523
Assigned *	3,072,598	2,991,430	2,781,154	2,948,034	5,945,235
Unassigned *	<u>56,010,620</u>	<u>44,231,148</u>	<u>42,590,275</u>	<u>45,217,971</u>	<u>52,545,837</u>
<b>Total General Fund</b>	<u>\$ 59,591,858</u>	<u>\$ 48,366,675</u>	<u>\$ 46,393,733</u>	<u>\$ 49,003,839</u>	<u>\$ 61,287,103</u>
<b>All Other Governmental Funds</b>					
Reserved	-	-	-	-	-
Restricted *	743,602	19,015,757	15,020,911	11,466,761	8,987,363
Committed *	92,783,465	23,127,874	9,667,978	5,091,622	6,294,525
Assigned/Designated	-	59,966,068	71,957,269	65,969,331	51,802,159
<b>Total All Other Governmental Funds</b>	<u>93,527,067</u>	<u>102,109,699</u>	<u>96,646,158</u>	<u>82,527,714</u>	<u>67,084,047</u>
<b>Total Governmental Funds</b>	<u>\$ 153,118,925</u>	<u>\$ 150,476,374</u>	<u>\$ 143,039,891</u>	<u>\$ 131,531,553</u>	<u>\$ 128,371,150</u>

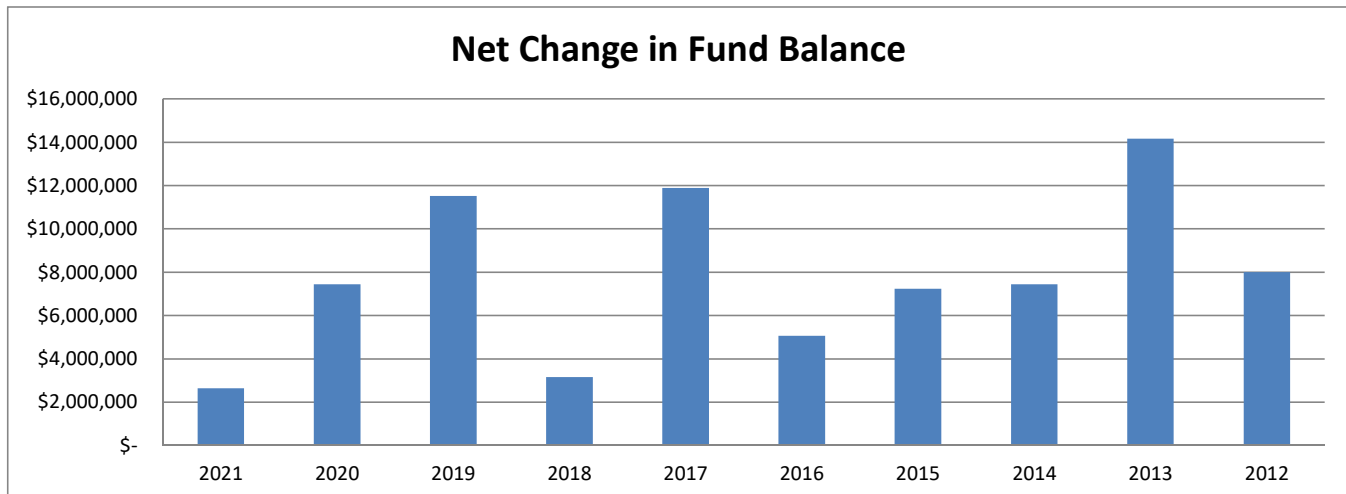


**City of Gaithersburg, Maryland**

**Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	2016	2015	2014	2013	2012
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Non-spendable *	222,316	173,933	1,235,084	666,682	416,567
Restricted *	475,671	506,812	-	-	-
Committed *	3,117,523	3,116,773	3,600,000	2,514,000	-
Assigned *	15,047,154	14,414,580	11,964,092	11,556,843	11,081,062
Unassigned *	57,112,054	59,860,713	55,540,429	51,441,048	40,627,029
<b>Total General Fund</b>	<b>\$ 75,974,718</b>	<b>\$ 78,072,811</b>	<b>\$ 72,339,605</b>	<b>\$ 66,178,573</b>	<b>\$ 52,124,658</b>
<b>All Other Governmental Funds</b>					
Reserved	-	-	-	-	-
Restricted *	2,986,643	734,387	-	-	-
Committed	2,210,349	2,636,241	4,625,532	5,139,711	3,266,162
Assigned/Designated	35,312,020	29,978,072	25,395,463	23,602,478	25,377,502
<b>Total All Other Governmental Funds</b>	<b>40,509,012</b>	<b>33,348,700</b>	<b>30,020,995</b>	<b>28,742,189</b>	<b>28,643,664</b>
<b>Total Governmental Funds</b>	<b>\$ 116,483,730</b>	<b>\$ 111,421,511</b>	<b>\$ 102,360,600</b>	<b>\$ 94,920,762</b>	<b>\$ 80,768,322</b>

\* Note - FY10 and prior, Unreserve Fund balance is generally the Unassigned Fund Balance. The Reserved included Prepaids, Inventory, and Encumbrances. Prepaids and Inventory are now shown as Non-spendable. Encumbrances are now shown as Assigned.



**City of Gaithersburg, Maryland**

**Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>										
Taxes	\$ 31,890,564	\$ 32,181,067	\$ 30,956,749	\$ 30,358,262	\$ 29,666,991	\$ 28,372,261	\$ 26,394,499	\$ 26,285,130	\$ 25,564,310	\$ 26,996,881
Licenses and permits	4,493,621	4,128,350	4,970,524	3,825,360	5,473,927	5,485,935	5,183,854	4,130,419	5,036,887	4,968,781
Intergovernmental	27,215,283	17,637,612	18,845,368	16,110,557	15,808,917	15,344,503	15,820,473	15,544,603	13,504,206	12,637,614
Charges for services	8,861,968	9,897,418	10,188,417	9,035,078	9,039,469	8,788,747	6,721,278	6,253,400	5,979,736	5,393,662
Fines and forfeitures	2,120,622	2,164,421	2,204,866	2,471,113	2,863,272	2,959,850	2,494,883	2,509,987	3,149,250	3,424,352
Investments earnings (losses)	(104,571)	4,685,448	4,622,041	668,469	191,310	791,910	80,324	76,838	114,189	54,191
Miscellaneous	3,616,910	1,660,484	2,494,955	999,891	3,523,401	731,655	1,388,235	2,224,720	3,634,739	468,463
Total Revenues	<u>78,094,397</u>	<u>72,354,800</u>	<u>74,282,920</u>	<u>63,468,730</u>	<u>66,567,287</u>	<u>62,474,861</u>	<u>58,083,546</u>	<u>57,025,097</u>	<u>56,983,317</u>	<u>53,943,944</u>
<b>Expenditures</b>										
Current										
General government	16,912,368	18,088,439	17,601,815	16,722,974	15,616,201	15,851,889	14,389,980	14,542,115	14,202,423	12,249,118
Public safety	12,104,886	12,059,345	11,458,015	11,731,181	11,444,013	11,465,055	11,033,960	10,719,779	9,914,172	10,944,777
Public works	11,657,225	11,233,499	10,409,126	10,983,104	9,678,323	9,611,222	8,565,293	8,589,974	8,133,802	8,087,831
Parks and recreation	6,006,909	7,306,326	8,638,084	8,214,823	7,841,854	7,534,789	7,070,672	6,544,528	6,381,842	6,338,094
Community services and development	2,791,560	2,858,014	2,862,202	2,816,969	2,615,745	2,687,790	2,443,962	2,260,327	2,217,111	2,089,330
Transfer to retiree benefit trust	3,200,000	3,100,000	5,000,000	2,200,000	2,200,000	1,200,000	1,310,000	1,310,000	910,000	910,000
Capital outlay	<u>23,031,144</u>	<u>10,383,279</u>	<u>6,977,343</u>	<u>7,979,928</u>	<u>5,442,917</u>	<u>9,194,028</u>	<u>6,196,682</u>	<u>5,651,194</u>	<u>3,858,385</u>	<u>5,416,508</u>
Total Expenditures	<u>75,704,092</u>	<u>65,028,902</u>	<u>62,946,585</u>	<u>60,648,979</u>	<u>54,839,053</u>	<u>57,544,773</u>	<u>51,010,549</u>	<u>49,617,917</u>	<u>45,617,735</u>	<u>46,035,658</u>
Excess of Revenues Over (Under)										
Expenditures	<u>2,390,305</u>	<u>7,325,898</u>	<u>11,336,335</u>	<u>2,819,751</u>	<u>11,728,234</u>	<u>4,930,088</u>	<u>7,072,997</u>	<u>7,407,180</u>	<u>11,365,582</u>	<u>7,908,286</u>
<b>Other Financing Sources (Uses)</b>										
Proceeds from sale of capital assets	252,246	110,585	172,003	340,652	159,186	132,131	163,046	32,658	2,786,858	82,075
Transfers In	9,895,469	10,311,383	14,505,777	19,632,062	26,517,936	16,963,475	8,790,000	6,930,000	3,956,910	5,437,130
Transfers out	<u>(9,895,469)</u>	<u>(10,311,383)</u>	<u>(14,505,777)</u>	<u>(19,632,062)</u>	<u>(26,517,936)</u>	<u>(16,963,475)</u>	<u>(8,790,000)</u>	<u>(6,930,000)</u>	<u>(3,956,910)</u>	<u>(5,437,130)</u>
Total Other Financing Sources (Uses)	<u>252,246</u>	<u>110,585</u>	<u>172,003</u>	<u>340,652</u>	<u>159,186</u>	<u>132,131</u>	<u>163,046</u>	<u>32,658</u>	<u>2,786,858</u>	<u>82,075</u>
Net Change in Fund Balances	<u>\$ 2,642,551</u>	<u>\$ 7,436,483</u>	<u>\$ 11,508,338</u>	<u>\$ 3,160,403</u>	<u>\$ 11,887,420</u>	<u>\$ 5,062,219</u>	<u>\$ 7,236,043</u>	<u>\$ 7,439,838</u>	<u>\$ 14,152,440</u>	<u>\$ 7,990,361</u>

**City of Gaithersburg, Maryland**

**Tax Revenues by Source, Governmental funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

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Year	Property Taxes	Hotel Admissions & Amusement Taxes	Income Taxes	Total
2021	\$ 31,243,976	\$ 646,589	\$ 14,517,741	\$ 46,408,306
2020	29,896,886	2,284,180	13,192,477	45,373,543
2019	28,972,607	2,251,143	13,018,186	44,241,935
2018	27,980,826	2,377,436	11,784,879	42,143,141
2017	27,173,566	2,493,425	11,360,060	41,027,051
2016	25,884,735	2,487,526	11,015,225	39,387,486
2015	24,058,278	2,293,951	10,877,634	37,229,863
2014	23,855,427	2,429,703	10,618,077	36,903,207
2013	23,213,637	2,269,995	9,658,350	35,141,982
2012	24,523,341	2,395,490	9,531,397	36,450,228
Change 2012-2021	27.4%	-73.0%	52.3%	27.3%

**City of Gaithersburg, Maryland**

**Assessed Valuation and Estimated Actual Values of Taxable Property  
Last Ten Fiscal Years**

Year	Real Property	Personal Property	Corporate Personal Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Direct Tax Rate		
						Real Property	Personal Property	Total
2021	\$11,348,458,917	\$90,942,520	\$228,134,410	\$11,667,535,847	\$12,915,555,156	0.262	0.530	0.269
2020	10,961,047,190	92,318,964	204,495,300	11,257,861,454	11,777,732,105	0.262	0.530	0.269
2019	10,520,093,928	85,785,998	217,525,810	10,823,405,736	11,494,673,314	0.262	0.530	0.270
2018	10,236,605,722	83,734,151	237,514,340	10,557,854,213	10,997,533,867	0.262	0.530	0.270
2017	9,712,853,586	81,766,792	243,422,830	10,038,043,208	10,008,762,904	0.262	0.530	0.271
2016	9,280,387,955	78,257,170	221,315,472	9,579,960,597	9,537,450,123	0.262	0.530	0.270
2015	8,785,480,916	77,098,113	209,293,208	9,071,872,237	9,071,872,237	0.262	0.530	0.270
2014	8,769,861,069	72,656,981	231,249,434	9,073,767,484	9,073,767,484	0.262	0.530	0.271
2013	8,472,535,115	72,200,000	207,033,019	8,751,768,134	8,751,768,134	0.262	0.530	0.271
2012	9,198,377,481	73,934,717	223,681,509	9,495,993,707	9,793,609,934	0.262	0.530	0.270

Property values are assessed at 100 percent.

\*\* Source: MC Confirmation

**City of Gaithersburg, Maryland**

**Real Property Tax Levies And Collections  
Last Ten Fiscal Years**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections To Tax Levy</u>	<u>Collected in Subsequent Periods</u>	<u>Total Tax Collections*</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
2021	\$ 29,593,920	\$ 29,299,802	99.01%	\$ 28,894	\$ 29,328,696	99.10%
2020	28,589,918	28,195,191	98.62%	16,946	28,212,137	98.68%
2019	27,425,112	27,316,863	99.61%	10,932	27,327,795	99.65%
2018	26,683,914	26,439,780	99.09%	-	26,439,780	99.09%
2017	25,324,562	25,298,231	99.90%	-	25,298,231	99.90%
2016	24,203,239	24,150,333	99.78%	-	24,150,333	99.78%
2015	23,017,960	22,994,859	99.90%	4,950	22,999,809	99.92%
2014	22,977,036	22,833,113	99.37%	26,032	22,859,145	99.49%
2013	22,198,042	22,103,676	99.57%	52,770	22,156,446	99.81%
2012	24,099,749	23,554,380	97.74%	20,069	23,574,449	97.82%

\* "Total Tax Levy" and "Current Tax Collections" represent the Original tax levy, less real property tax credits for the State of Maryland Homeowners Tax Credit program.

\*\* Source: MC detailed tax receivables report for the total tax levy.

**City of Gaithersburg, Maryland**

**Principal Taxpayers  
Current Fiscal Year and Nine Years Ago**

Taxpayer	2021	
	Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
AstraZeneca	\$ 373,007,533	3.29%
Alexandria Real Estate Equities	304,905,033	2.69%
Asbury	246,586,200	2.17%
BF Saul	152,337,599	1.34%
JRK Property Holdings	136,530,467	1.20%
RPAI	126,931,899	1.12%
BP Realty Investment	114,492,667	1.01%
Federal Realty Investment Trust	113,961,400	1.00%
Magruder Companies	104,016,733	0.92%
Orlo Gaithersburg LLC	103,225,800	0.91%
<b>Total</b>	<b>\$ 1,775,995,331</b>	<b>15.65%</b>
<i>Total Assessed Valuation</i>	<i>\$ 11,348,458,917</i>	

Taxpayer	2012	
	Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
ARE LLC	\$ 180,545,866	1.96%
Medimmune, Inc	162,807,567	1.77%
Lake Forest Associates	112,689,600	1.23%
CHI Two Washingtonian LLC ET AL	95,112,133	1.03%
Federal Realty Investments TR	81,672,700	0.89%
893 Clopper Road Investors Corp	79,328,166	0.86%
Avalon II Maryland Value III LP	78,813,367	0.86%
Saul Holdings LTD Partnership	74,568,800	0.81%
SPUSV5 One Washington LLC	71,651,100	0.78%
Asbury Atlantic Inc	70,386,000	0.77%
<b>Total</b>	<b>\$ 1,007,575,299</b>	<b>10.95%</b>
<i>Total Assessed Valuation</i>	<i>\$ 9,198,377,481</i>	

(1) Assessed valuation based on the valuation of Real Property for taxes collected in 2021 and 2012 respectively, and a review of the 10 largest taxpayers for the City.

Property values are assessed at 100 percent.

Source: City of Gaithersburg Finance Department

**City of Gaithersburg, Maryland**

**Real Property Tax Rates - Direct and Overlapping Governments  
(Per \$100 of Assessed Valuation)  
Last Ten Fiscal Years**

Year	Direct Rate	Overlapping			Total
	City of Gaithersburg Real Property	Montgomery County	State of Maryland	Transit	
2021	0.262	0.695	0.112	0.192	1.261
2020	0.262	0.716	0.112	0.174	1.264
2019	0.262	0.741	0.112	0.156	1.272
2018	0.262	0.741	0.112	0.156	1.271
2017	0.262	0.773	0.112	0.166	1.313
2016	0.262	0.723	0.112	0.177	1.274
2015	0.262	0.732	0.112	0.177	1.283
2014	0.262	0.759	0.112	0.168	1.301
2013	0.262	0.724	0.112	0.183	1.281
2012	0.262	0.713	0.112	0.183	1.270

**NOTES:**

For real property taxes, the City of Gaithersburg direct rate is comprised of only one component, the Real Property Tax Rate.

Taxes are levied as of July 1, are due by September 30, and become delinquent the following October 1.

Unless homeowners elect to pay their real property taxes annually, taxes are paid on a semi-annual basis with payments due by September 30 and December 31.

Interest and penalty at 20 percent are assessed on delinquent tax bills.

Property values are assessed at 100 percent.

Source: City of Gaithersburg, Maryland Department of Finance & Administration, State Department of Assessments and Taxation, and Montgomery County Department of Finance.

**City of Gaithersburg, Maryland**

**Computation of Direct and Overlapping Debt  
and Legal Debt Margin  
June 30, 2021**

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Jurisdiction	Total Debt Outstanding	Percentage Applicable to City	Applicable to City of Gaithersburg
<b>Direct</b>			
City of Gaithersburg	\$ -	100.0%	\$ -
<b>Overlapping</b>			
Montgomery County	\$ 4,617,022,135	6.4%	\$ 293,707,274
<b>Total Direct and Overlapping Debt</b>	<u>\$ 4,617,022,135</u>		<u>\$ 293,707,274</u>

Source:  
Montgomery County Department of Finance, Table 19.

Assessed value of the City divided by the assessed value of the County to derive the percentage deemed to be overlapping. We feel this is a fair indicator of the tax impact on the residents of the City who are also residents of the County

**Neither state law nor the City Charter mandates a limit on the amount of municipal debt that may be issued.**

**City of Gaithersburg, Maryland**

**Demographic Statistics  
Last Ten Fiscal Years**

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Year	(1) Population	Personal Income (\$ in thousands)	(2) Per Capita Income	Median Age	(3) Montgomery County Avg. School Enrollment	(4) Montgomery County Unemployment Rate
2021	70,415	\$ 6,268,977	\$ 89,029	N/A	160,564	5.9
2020	70,223	6,642,464	94,591	N/A	164,245	5.5
2019	70,010	6,392,753	91,312	N/A	163,123	3.0
2018	69,769	5,996,495	85,948	N/A	161,936	3.4
2017	69,562	5,718,622	82,209	N/A	161,302	3.2
2016	68,635	5,391,485	78,553	N/A	156,447	3.4
2015	67,099	5,216,612	77,745	N/A	154,230	4.0
2014	65,690	4,900,277	74,597	N/A	151,289	4.4
2013	63,842	4,644,250	72,746	N/A	149,018	5.0
2012	62,848	4,596,703	73,140	N/A	146,709	5.2

- (1) City of Gaithersburg, Department of Planning & Code Administration
- (2) Montgomery County Department of Finance Demographic Stat.
- (3) Office of Management and Budget, Montgomery County Government
- (4) Montgomery County Department of Finance

**City of Gaithersburg, Maryland**

**Principal Employers  
Current Fiscal Year and Nine Years Ago  
Number of employees for quarter ending June 30, 2021**

2021		
Employer	Employees	Percentage of Total County Employment
AstraZeneca (previously Medimmune)	4,000	0.71%
National Institute of Standards and Technology	2,798	0.50%
Leidos (former Lockheed Martin)	1,515	0.27%
Asbury Methodist Village	771	0.14%
Hughes Network Systems, LLC	729	0.13%
Adventist HealthCare	495	0.09%
Novavax, Inc	433	0.08%
Sodexo USA	400	0.07%
GeneDx, Inc.	350	0.06%
Emergent BioSolutions	347	0.06%
<b>Total</b>	<b>11,838</b>	<b>2.11%</b>
Total Montgomery County Civilian Labor Force (Data for total employees available for county only)	<b>561,120</b>	

2012		
Employer	Employees	Percentage of Total County Employment
National Institute of Standards and Technology	2,222	0.42%
IBM	1,021	0.19%
Medimmune	1,100	0.21%
Sodexo USA	1,055	0.20%
Asbury Atlantic, Inc	850	0.16%
The Gazette Newspaper	350	0.07%
Gene Logic	380	0.07%
Broadsoft, Inc	290	0.05%
Digene	180	0.03%
Airline Foods	0	0.00%
<b>Total</b>	<b>7,448</b>	<b>1.41%</b>
Total Montgomery County Civilian Labor Force (Data for total employees available for county only)	<b>527,829</b>	

Source: MD Dept of Labor Licensing & Regulation, MD Dept of Business & Economic Development, and direct correspondence with the companies.

**City of Gaithersburg, Maryland**

**Full-Time City Government Employees by Function/Program  
Last Ten Fiscal Years**

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Government:</b>										
Mayor and City Council	2	1	1	1	1	1	1	1	1	1
Legal Services	4	4	4	3	3	3	3	3	2	2
Office of the City Manager	4	5	5	5	5	5	5	5	4	4
Economic & Community Development	2	2	2	2	2	2	2	2	2	2
Human Resources	6	6	5	5	5	5	5	5	5	5
Finance & Administration	11	11	11	11	11	9	9	9	9	8
Information Technology	15	14	14	14	13	12	11	11	10	9
Facilities Management	13	11	11	10	9	9	9	7	8	8
Buildings and Grounds	-	-	-	-	-	-	-	-	-	-
Public Information	7	7	7	6	6	6	6	6	6	6
Cable Television Channel 13	2	2	2	2	2	2	2	2	2	2
Planning & Code Administration	8	8	8	8	8	8	8	8	8	-
Planning & Administration	10	10	10	10	9	7	6	6	6	9
<b>Public Safety</b>										
Police Services	70	69	69	68	68	65	66	65	65	59
Code Administration	24	23	22	21	21	20	20	18	15	20
Traffic Engineering	2	2	2	2	2	2	2	2	2	2
Animal Control	4	4	4	4	4	4	4	4	4	4
<b>Public Works</b>										
Environmental Affairs	1	1	1	1	1	3	3	3	3	1
Public Works Administration	5	5	5	5	6	6	5	5	5	5
Stormwater Management	6	6	5	4	4	-	-	-	-	-
Parks Maintenance Division	19	19	19	19	18	16	16	16	16	16
Streets & Special Projects	6	6	6	6	6	10	10	10	10	10
Fleet Maintenance	5	5	5	5	5	5	5	6	6	6
Landscaping & Forestry	13	13	13	12	12	12	13	13	13	13
Mowing & Bulk Pick-Up	21	21	22	22	22	20	20	19	19	19
Engineering Services	6	5	5	4	4	4	4	4	3	2

**City of Gaithersburg, Maryland**

**Full-Time City Government Employees by Function/Program  
Last Ten Fiscal Years**

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Parks, Recreation &amp; Culture</b>										
Parks, Recreation & Culture	5	5	5	4	4	4	5	5	5	5
Recreation Programs & Sports	5	5	5	5	5	5	5	5	5	5
Recreation Classes	1	1	1	1	1	1	1	1	1	1
Youth Services	2	2	3	3	3	3	3	3	3	3
Gaithersburg Youth Center	2	2	2	2	2	2	2	1	1	1
Olde Towne Youth Center	2	2	2	2	2	2	1	1	1	1
Casey Community Center	2	2	2	2	2	2	2	2	2	2
Water Park	3.5	3.5	2.5	2	2	2	2	2	1	1
Gaithersburg Arts Barn	2	2	2	2	2	2	2	2	2	2
Kentlands Mansion	3	3	3	3	3	3	3	3	3	3
Cultural Arts Programs (Comm. Museum)*	1	1	1	1	1	1	1	2	2	1
Special Events	8	8	7	7	6	6	6	4	4	5
Gaithersburg Aquatic Center	1	1	1	1	1	1	1	1	1	1
Winter Lights	-	-	-	-	-	-	-	-	-	-
Miniature Golf Course	0.5	0.5	0.5	-	-	-	-	-	1	-
Activity Center	4	4	4	4	4	4	3	3	3	5
Seniors Program	6	6	6	6	7	6	6	5	5	5
<b>Community Services and Development</b>										
Community Services	4	4	4	4	4	4	4	4	3	3
Homeless Assistance	4	4	4	4	4	4	4	3	3	3
Housing & Community Deve	2	2	2	2	2	1	1	1	1	1
Full-Time Employee Totals:	324.0	318.0	315.0	305.0	301.5	289.0	287.0	278.0	271.0	261.0
Employment Agreement Employee Totals:							-	2.0	3.0	4.8
Part-Time Employee Totals:	101.5	98.2	103.0	105.7	102.7	101.8	101.8	105.1	101.3	99.4
<b>Total Employees</b>	<b>425.5</b>	<b>416.2</b>	<b>418.0</b>	<b>410.7</b>	<b>404.2</b>	<b>390.8</b>	<b>388.8</b>	<b>385.1</b>	<b>375.3</b>	<b>365.2</b>

Source: City of Gaithersburg, Maryland 2012-2021 Adopted Budgets

Method: Using 1.0 for each full-time employee (FTE).

City of Gaithersburg, Maryland

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	2021	2020	2019	2018	2017
<b>General Information</b>					
Population	70,415	70,223	70,010	69,769	69,562
Registered Voters	36,969	36,060	36,167	39,908	36,100
<b>General Government</b>					
Commercial Construction					
Permits Issued Note 1	477	476	573	615	691
Residential Construction					
Permits Issued Note 1	1,115	710	702	763	986
Estimated Value of Construction	\$ 49,591,136	\$ 66,936,927	\$ 17,612,100	\$ 21,692,686	\$ 173,848,726
Transitional Housing to Permanent Housing	10	10	12	8	10
<b>Public Safety</b>					
Police Officers	59	56	56	51	58
Traffic Citations	2,815	4,248	6,987	7,128	7,649
Calls for Service	18,687	19,767	23,920	24,462	35,433
Fire Marshal Inspector Note 2	4	4	3.5	3.5	3.5
Animal Control Officers	5	4	4	4	4
Fire Marshal Inspections	1,536	715	831	900	971
Animal Licenses	1,332	1,799	2,763	2,813	2,779
<b>Solid Waste</b>					
Co-Mingled (tons)	3,766	3,425	3,370	3,335	3,551
Yard Waste (tons)	881	1,063	890	871	874

Note 1 In FY14, the City began tracking both new and improvement permits.

Note 2 in FY16, FTEs included 1 Fire Marshal, 2.5 Inspectors

**City of Gaithersburg, Maryland**

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

Function/Program	2016	2015	2014	2013	2012
<b>General Information</b>					
Population	68,635	67,099	65,690	63,842	62,848
Registered Voters	34,780	32,614	32,203	32,459	31,137
<b>General Government</b>					
Commercial Construction					
Permits Issued Note 1	598	750	649	14	49
Residential Construction					
Permits Issued Note 1	903	879	715	221	111
Estimated Value of Construction	\$ 135,092,107	\$ 255,791,134	\$ 131,330,709	\$ 149,132,741	\$ 31,581,002
Transitional Housing to Permanent Housing	11	7	7	8	11
<b>Public Safety</b>					
Police Officers	58	55	59	52	52
Traffic Citations	6,424	6,829	8,765	10,670	9,359
Calls for Service	10,885	18,849	18,263	32,879	10,194
Fire Marshall Inspector	3.5	1	1	1	1
Animal Control Officers	5	5	4	4	4
Fire Marshall Inspections	1,462	1,407	1,368	1,211	1,001
Animal Licenses	2,882	2,900	2,740	1,655	2,882
<b>Solid Waste</b>					
Co-Mingled (tons)	3,508	3,491	3,424	3,395	3,117
Yard Waste (tons)	860	970	1,485	1,389	1,251

Note 1 In FY14, the City began tracking both new and improvement permits.

Note 2 in FY16, FTEs included 1 Fire Marshal, 2.5 Inspectors

**City of Gaithersburg, Maryland**

**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Information</b>										
Area in Square Miles	10.42	10.42	10.42	10.42	10.42	10.39	10.37	10.37	10.37	10.33
<b>Public Safety - Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	75	75	75	75	76	75	74	73	73	73
<b>Highways and Streets</b>										
City Streets (miles)	95.44	94.74	94.74	94.47	94.47	92.97	92.97	92.97	92.56	92.56
County Streets (miles)	5.51	5.50	6.30	6.30	6.13	6.72	6.72	6.72	6.72	6.72
State Streets (miles)	17.78	17.81	17.51	17.51	17.36	17.36	17.36	17.34	17.54	17.54
Private Streets (miles)	2.78	2.30	2.35	2.35	2.35	2.35	1.93	1.93	1.93	1.93
Street Lights (City Maint.)	3,947	3,947	3,947	3,831	3,781	3,781	3,781	3,890	4,138	4,115
<b>Recreation and Culture</b>										
Park Acreage	872.96	872.96	872.96	872.96	872.96	872.96	872.96	872.96	853.48	853.48
Parks	28	27	27	27	27	27	27	27	25	25
Museums	1	1	1	1	1	1	1	1	1	1
Performance Pavilions	1	1	1	1	1	1	1	1	1	1
Skate Parks	3	3	3	3	1	1	1	1	1	1
Swimming Pools	3	3	3	3	2	2	2	2	2	2
Miniature Golf	1	1	1	1	1	1	1	1	1	1
Community Centers	5	5	5	5	5	5	5	5	5	5
Performance Arts	1	1	1	1	1	1	1	1	1	1
Tennis Courts	15	15	15	14	14	14	14	14	14	14
Mansion	1	1	1	1	1	1	1	1	1	1



# Annual Comprehensive Financial Report



## City of Gaithersburg, MD

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