

FY 2023



City of Gaithersburg, MD

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2023



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Gaithersburg

**City of Gaithersburg,
Maryland**

Annual Comprehensive Financial Report

Including Independent Auditors' Report

For the Fiscal Year Ended
June 30, 2023

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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City of Gaithersburg, Maryland

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Introductory Section



Arts Barn



October 31, 2023

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, 2023.

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 SB & Company, LLC, 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, 2023. 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 the 2020 U.S. Decennial Census, has a population of 69,657 making it the third largest municipality in Maryland. With approximately half of the residents speaking a language other than English at home and almost 40% of residents foreign-born, Gaithersburg is a City that provides multicultural experiences in a small-town atmosphere. The City provides many services including public safety, licensing and permitting, building inspections, housing and community services, street

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MAYOR
Jud Ashman

COUNCIL MEMBERS
Neil Harris
Lisa Henderson
Jim McNulty
Robert T. Wu

CITY MANAGER
Tanisha R. Briley

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.

As noted in the MD&A and accompanying footnotes, the Mayor and City Council adopt an annual General Fund expenditure budget. In accordance with a Resolution of the Mayor and City Council, the City Manager is authorized to make transfers within the General Fund, so long as no activity area budget is increased more than 25 percent of its original budget. The resolution requires any changes to the budget exceeding 25 percent to go before the Mayor and City Council for adoption.

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 50% of residents over age 25 have graduate or professional degrees. Labor market participation is high with estimated employment of 35,524 (June 2023-Maryland Department of Labor). According to the Maryland Department of Labor, Licensing and Regulation, the City began FY 2023 with a monthly unemployment rate of 3.1%, slightly less than the statewide rate of 3.4. In June 2023 the City's unemployment rate was 1.5%, which compares favorably to the statewide rate of 1.7%. These unemployment rates have improved over the pre-pandemic statewide rate of 3.8%.

The City's diverse commercial real estate market provides businesses with competitive choices in the location selection process. Major employers include AstraZeneca (Biologics Research & Development – Research Center), Hughes Network Systems, LLC (networking technologies), Leidos (Information Systems – Defense), Asbury Methodist Village (Senior Living Facility), and Novavax, Inc. (biotechnology company). While the City has experienced declines in demand for multi-tenanted office spaces leased by professional services businesses, the City's light industrial, life sciences, and retail properties have maintained steady occupancy. 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.

In Fiscal Year 2023, the City's revenue outperformed the budget, showing increases in several areas. Hotel tax and admission and amusement receipts continued rebounding during FY23 more quickly than expected. Hotel and motel tax revenue was 25% more than budgeted and admissions and amusement tax showed strong growth with revenue 53% more than planned. Income tax continued to show strong growth with revenue reported at \$0.6 million over budget. The income tax revenue increase is indicative of the strength and stability of the local economy. The City's grant revenue was also strong with increased revenue from the Maryland State Aid for Police Protection and Maryland State Art Council grants exceeding planned revenue by 95%. Investment income also experience positive growth due to the rising interest rates throughout the past year. Investment earnings were \$2.6 million more than budget, which bolstered the City's revenue for FY23.

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 increased in recent years with several large projects underway. Spending within the CIP Fund was \$8.9 million in FY23, and the City anticipates contracting and/or spending \$26.0 million in FY24. Projects include completing construction of Pleasant View Park, Washington Park Bicycle Connection, Quince Orchard Boulevard Rehabilitation, Quince Orchard Boulevard Shared Use Path, Olde Town Parking Garage Elevator Upgrades, the Activity Center Roof Replacement, Blohm Park Trail Improvements, and several other 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 Annual Comprehensive Financial Report for the year that ended June 30, 2022. 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. The 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 45 consecutive years (Fiscal Years 1978-2022). 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

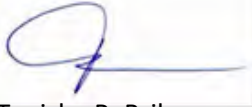
In the past year, GFOA presented an award of Distinguished Presentation to the City for its annual budget for the Fiscal Years beginning July 1, 2023. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, 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 22 consecutive years (Fiscal Years 2003-2024).

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. We would also 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,

A handwritten signature in blue ink, appearing to read 'T. Briley', enclosed in a light blue rectangular box.

Tanisha R. Briley
City Manager

A handwritten signature in black ink, appearing to read 'Janice G. Hartman', written in a cursive style.

Janice G. Hartman, 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

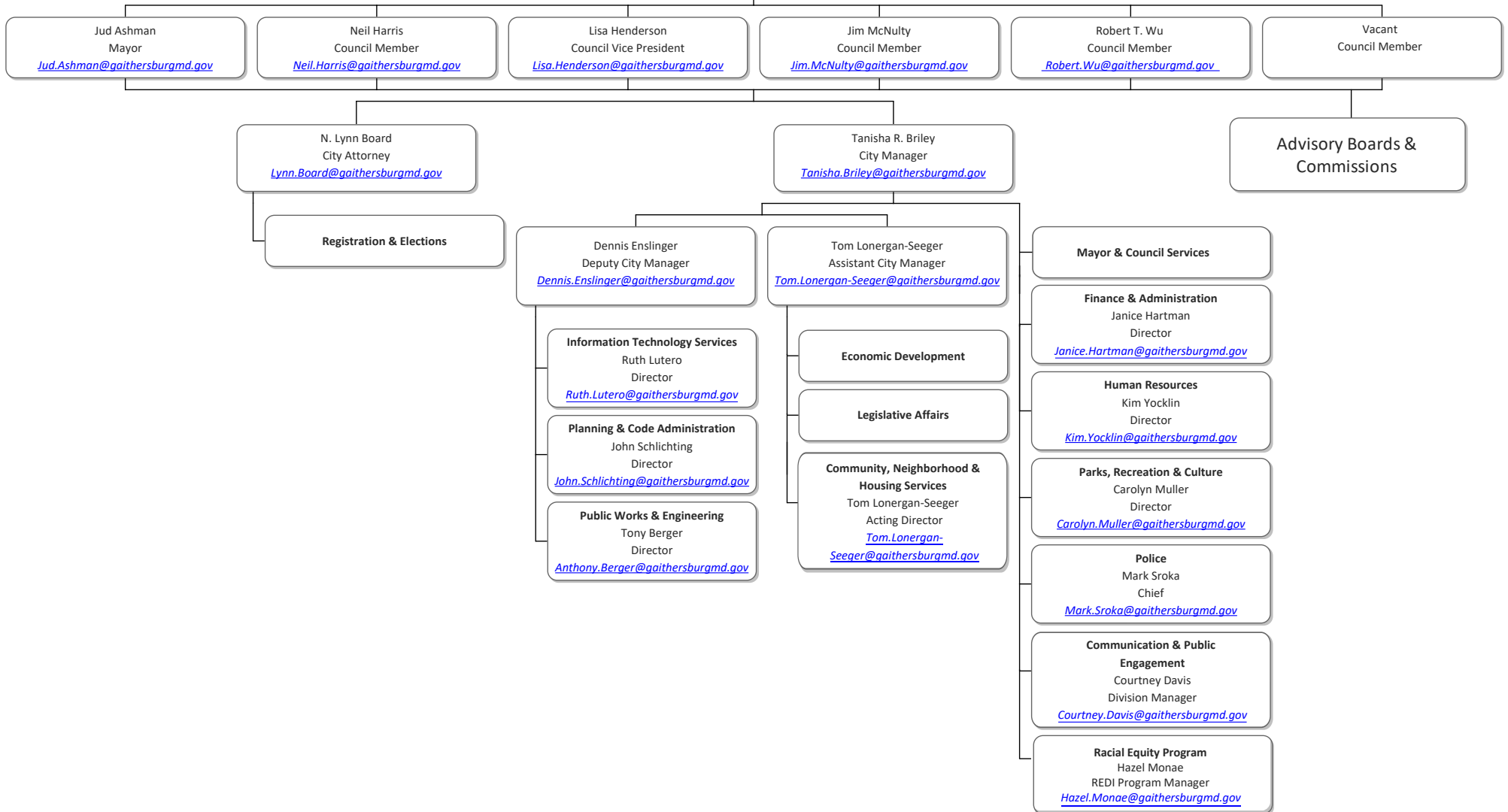
June 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Gaithersburg, Maryland

Gaithersburg Citizens



City of Gaithersburg, Maryland

**Directory of City Officials
As of October 31, 2023**

<u>Title</u>	<u>Name</u>
Mayor	Jud Ashman
City Council	Neil Harris
	Lisa Henderson
	Jim McNulty
	Robert T. Wu
	Vacant
City Manager	Tanisha R. Briley
Deputy City Manager	Dennis Enslinger
Assistant City Manager	Tom Lonergan-Seeger
City Attorney	N. Lynn Board
<u>Department Directors</u>	
Community, Neighborhood & Housing Services	Tom Lonergan-Seeger
Human Resources	Kim Yocklin
Information Technology	Ruth Lutero
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
Budget Manager	Kyle Jefson
Chief Accountant	Francis Dohnji
Controller	Ashenafi Arega, CPA, CGFM
Director	Janice G. Hartman, CPA
Payroll Coordinator	Larry Salins
Procurement Manager	Vacant
Procurement Specialist	Kim Addison
Senior Accounting Technician	Witarani Doyle

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Financial Section



SummerFest



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of Changes in the City's Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

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.

Supplementary Information

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

The combining and individual fund statements and General Fund budgetary comparison are the responsibility of management and were derived from and relates 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 statements, and General Fund budgetary comparison are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections of the ACFR but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland
October 31, 2023



Activity Center

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2023

Introduction

The Management's Discussion and Analysis (MD&A) section of the City's ACFR presents a discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2023. 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 2023

- The City's government-wide net position increased by \$19.1 million and long-term liabilities decreased by \$7.8 million as a result of the change in the other post-employment benefits (OPEB) trust due to investment performance.
- The General Fund, the primary operating fund of the City, showed an increase in fund balance of \$11.9 million compared to the budgeted decrease of \$0.7 million. This increase is due in part to increased tax revenue of \$1.5 million including an increase in Admissions tax of \$0.7 million, an increase in intergovernmental revenues of \$1.6 million including a \$0.6 million overage in income taxes and a \$0.6 million increase in state grants for police protection and arts. The increase in fund balance also includes a \$2.7 million overage in investments earnings. The increase in revenue was coupled with total cost savings of \$4.8 million across all City departments.
- Total governmental funds' fund balance increased by \$15.3 million to \$179.1 million which is comprised of a General Fund increase of \$11.9 million, Stormwater Fund increase of \$3.7 million and Non-Major Funds increase of \$0.8 million coupled with a CIP Fund decrease of \$1.1 million, respectively.
- Citywide capital expenditures of \$12.7 million covered many projects, including construction of Pleasant View Park, LED Streetlight Conversion, annual surface improvement projects, several stormwater projects, and vehicle and equipment replacements.



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, 2023

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

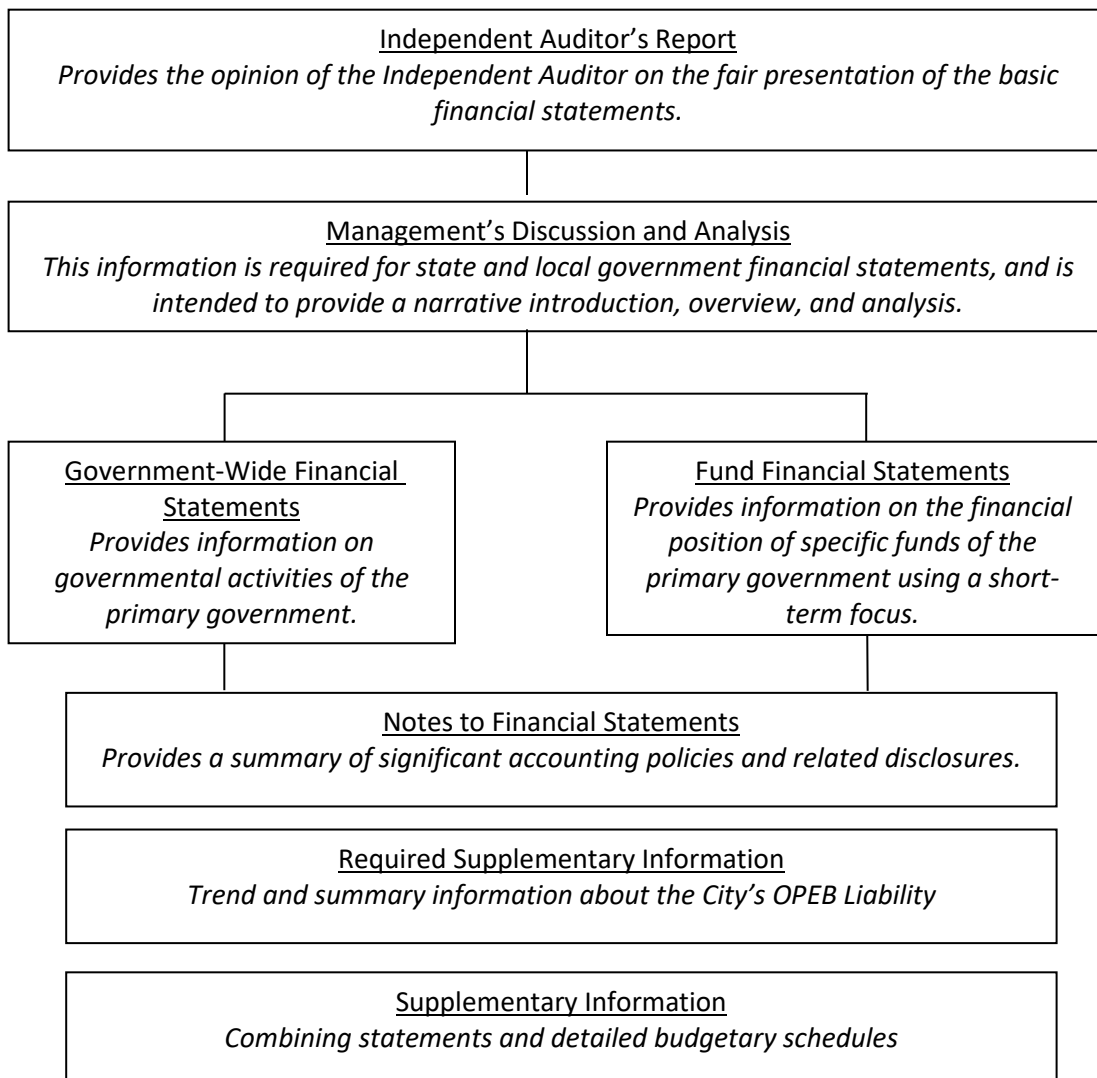
City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2023**

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 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, 2023**

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

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
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, 2023**

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, 2023 with a June 30, 2022 comparative analysis:

Figure 3 - Condensed Statement of Net Position

Governmental Activities	2023	2022	Change	% Chg
Assets				
Current and other assets	\$ 197,144,611	\$ 186,035,881	\$ 11,108,730	5.97%
Capital assets	<u>129,450,691</u>	<u>127,323,451</u>	<u>2,127,240</u>	<u>1.67%</u>
Total assets	<u>326,595,302</u>	<u>313,359,332</u>	<u>13,235,970</u>	<u>4.22%</u>
Deferred outflows of resources	<u>3,578,786</u>	<u>5,514,702</u>	<u>(1,935,916)</u>	<u>-35.10%</u>
Liabilities				
Long-term liabilities	24,630,940	24,375,909	255,031	1.05%
Other liabilities	<u>9,091,543</u>	<u>13,485,252</u>	<u>(4,393,709)</u>	<u>-32.58%</u>
Total liabilities	<u>33,722,483</u>	<u>37,861,161</u>	<u>(4,138,678)</u>	<u>-10.93%</u>
Deferred inflows of resources	<u>11,343,155</u>	<u>14,995,173</u>	<u>(3,652,018)</u>	<u>-24.35%</u>
Net position				
Net investment in capital assets	128,524,928	127,323,451	1,201,477	0.94%
Restricted	955,267	802,483	152,784	19.04%
Unrestricted	<u>155,628,255</u>	<u>137,891,766</u>	<u>17,736,489</u>	<u>12.86%</u>
Total net position	<u>\$ 285,108,450</u>	<u>\$ 266,017,700</u>	<u>\$ 19,090,750</u>	<u>7.18%</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 \$11.1 million. This increase primarily relates to an increase in cash and investments of \$12.6 million during the year coupled with a \$1.0 million decrease in receivables, which is mostly comprised of decreased income tax receivables. Cash balances increased mainly due to an increase in intergovernmental and permitting revenues received during the year combined with savings in expenditures related to vacancies and snow removal.

The City began a stormwater fee program during FY 2016 because of pending State of Maryland stormwater management regulations. The City met its initial permit obligation of a 20 percent reduction of stormwater runoff during FY 2018 – FY 2023. The Stormwater Program complies with state and federal regulatory requirements that address water pollution, stormwater runoff management, and Chesapeake Bay restoration. The City's stormwater management capital plan calls for over \$16.8 million in capital projects over the next five years. Since the City does not issue debt for capital projects, cash reserves will be needed in order to fund these capital projects.

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
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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 \$129.5 million at June 30, 2023. Depreciation expense for FY 2023 was \$5.3 million, and additions to buildings, infrastructure, improvements, and equipment and furniture amounted to \$7.5 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:

Governmental Activities	2023	2022
Land	\$ 43,063,337	\$ 43,063,337
Buildings	17,447,232	18,193,340
Improvements other than buildings	9,503,865	9,993,876
Machinery and equipment	5,153,850	5,372,779
Intangibles	182,982	264,886
Infrastructure	21,246,252	22,123,760
Construction in progress	31,810,533	28,277,501
Right to use asset	51,080	33,972
Right-to-use subscription assets	991,560	-
Total capital assets, net	\$ 129,450,691	\$ 127,323,451

- Final construction on the new police station and Mayor and City Council Chambers;
- Construction work on Pleasant View Park
- Corn Crib Rehabilitation project
- Completion of the Kelley Park Elementary School turf field
- Benjamin Gaither Center bathroom renovation
- Several sidewalk and shared use path projects
- New subscription based IT assets

Capital asset additions also included the purchase of various vehicles and 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. They 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 (eight 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 obligation increased by \$2.6 million and the fiduciary net position increased by \$2.9 million, from net investment income of \$2.7 million and City contributions of \$1.6 million offset by benefit payments and administrative fees of \$1.5 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.

City of Gaithersburg, Maryland

**Management's Discussion and Analysis
June 30, 2023**

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 increased by \$152 thousand primarily due to a grant from the Maryland State Arts Council.

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.

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 2023 and FY 2022. Significant changes year over year are discussed following the table.

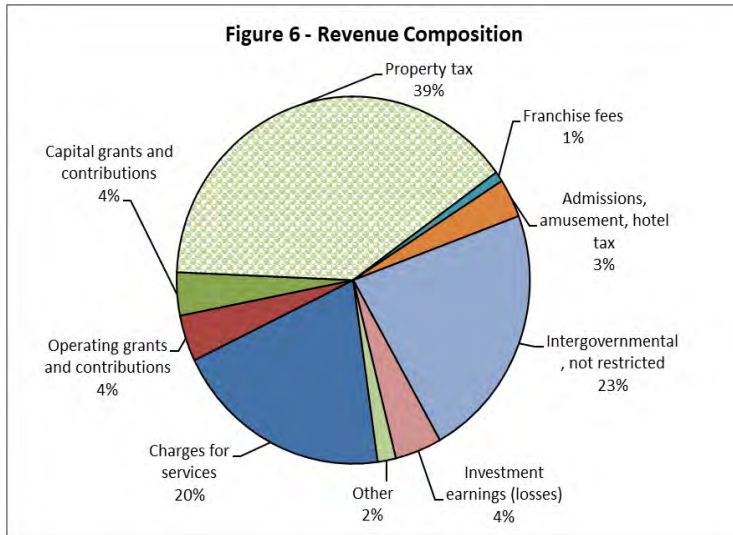
Figure 5 - Condensed Statement of Activities

Governmental Activities	2023	2022	Change	% Chg
Revenues				
Program revenues				
Charges for services	\$ 17,389,303	\$ 21,229,938	\$(3,840,635)	-18.09%
Operating grants and contributions	3,537,994	5,468,477	(1,930,483)	-35.30%
Capital grants and contributions	3,295,200	3,359,132	(63,932)	-1.90%
General revenues				
Property tax	34,124,710	33,288,688	836,022	2.51%
Franchise fees	782,448	877,488	(95,040)	-10.83%
Admissions, amusement, hotel tax	2,957,522	2,315,163	642,359	27.75%
Intergovernmental, not restricted	19,533,817	18,270,734	1,263,083	6.91%
Investment earnings (losses)	3,713,459	(2,805,294)	6,518,753	-232.37%
Other	1,442,230	1,599,229	(156,999)	-9.82%
Total revenue	<u>86,776,683</u>	<u>83,603,555</u>	<u>3,173,128</u>	<u>3.80%</u>
Expenses				
General government	22,059,127	20,879,495	1,179,632	5.65%
Public safety	13,222,736	13,629,797	(407,061)	-2.99%
Public works	17,837,932	18,658,256	(820,324)	-4.40%
Parks and recreation	11,416,862	10,043,200	1,373,662	13.68%
Community services and development	3,119,971	2,817,330	302,641	10.74%
Interest on leases	29,305	2,527	26,778	-
Total expenses	<u>67,685,933</u>	<u>66,030,605</u>	<u>1,655,328</u>	<u>2.51%</u>
 Change in net position	 19,090,750	 17,572,950	 1,517,800	 8.64%
 Beginning net position	 <u>266,017,700</u>	 <u>248,444,750</u>		
Ending net position	<u>\$ 285,108,450</u>	<u>\$ 266,017,700</u>		

City of Gaithersburg, Maryland

Management’s Discussion and Analysis
June 30, 2023

Revenues



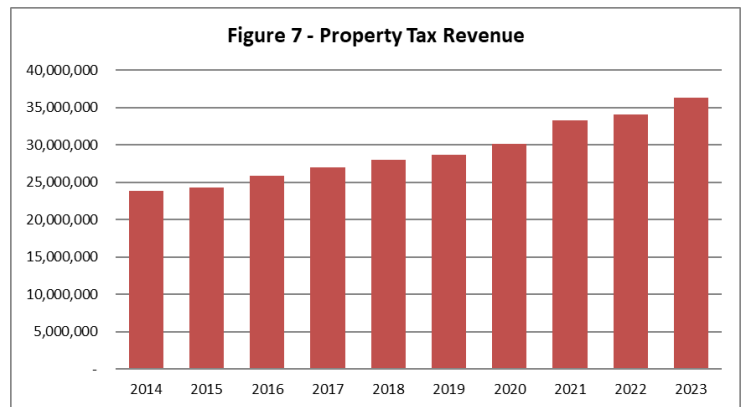
The chart to the left shows the composition of the City’s revenue by sources. The City’s largest revenue sources are property taxes, charges for services, and intergovernmental revenues not restricted to a specific purpose.

The overall composition is in line with the prior year except for investment earnings, which is significantly higher at 4% as average interest rates rose compared to investment losses of 3% in FY 2022. Small differences include a reduction in operating grants and contributions, which is at 4% compared

to 6% in the prior year. Decreases of 5% for charges for services due to a one-time new development permit fee received in FY 2022.

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 2023 property tax revenue grew 2.5% 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 remained consistent with the previous year. The City maintained its strong income tax base in FY 2023. This revenue component 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 in FY 2023. Some of the main 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 \$3.8 million. This is primarily due to one-time revenue of \$4.3 million in permitting and licensing that was received in the prior year related to a new construction within the City.

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
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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. However, in FY 2023 and FY 2022, the City received federal relief grants from the American Rescue Plan Act (ARPA). The City received its second and final tranche of federal relief grant proceeds in FY 2022. Of the total \$11.5 million received through the grant, the City has recognized \$1.3 million, \$3.9 million and \$5.6 million of revenue in FY 2023, FY 2022 and FY 2021, respectively.

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 contribution revenues remained consistent at 4% percent in FY 2023 compared to FY 2022. The decrease in revenue recognized from ARPA in FY 2023 was offset by increased grant funding for the State Aid for Police Protection and Maryland State Arts Council grants.

Investment earnings increased from FY 2022 to FY 2023. Interest earnings and realized gains / (losses) increased significantly as average interest rates rose in FY 2023. The one-year treasury rate increased from an average of 2.26% during FY 2022 to an average of 5.06% during FY 2023. The increase in interest earnings was partially offset by unrealized losses during FY 2023. 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. The City reported \$3.7 million in net investment earnings in FY 2023. Figure 8 summarizes the City’s unrealized gains and losses compared to interest earnings in FY 2023 and FY 2022.

Governmental Activities	2023	2022
Unrealized gains / (losses)	\$ (910,883)	\$ (4,225,863)
Investment earnings and realized gains/(losses)	4,624,342	1,420,569
Total interest income	<u>\$ 3,713,459</u>	<u>\$ (2,805,294)</u>

Expenses

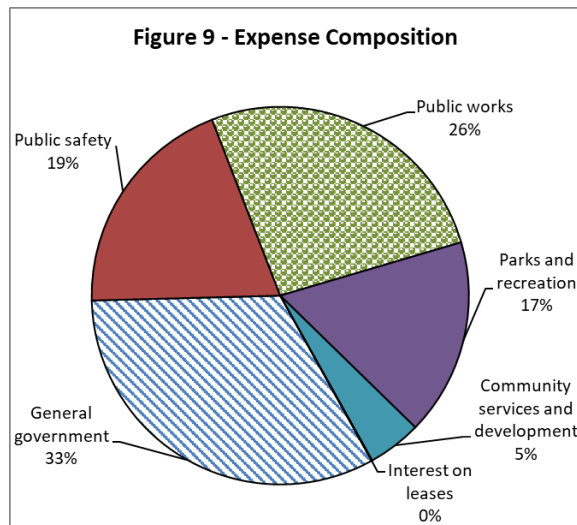


Figure 9 shows the composition of FY 2023 expenses by function. The allocation of total costs across the functions was similar between FY 2023 and FY 2022. The main difference is the increase in Parks and recreation to 17% from 15% in FY 2022, and decrease to 26% from 28% in FY 2022 for Public works.

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 increased due to increased capital outlay for the LED streetlight conversion.

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2023

The public safety function includes police services, building and code enforcement, traffic, and animal control costs. This function decreased by \$0.4 million compared to FY 2022 due to the lower OPEB cost allocated to Public Safety in FY 2023.

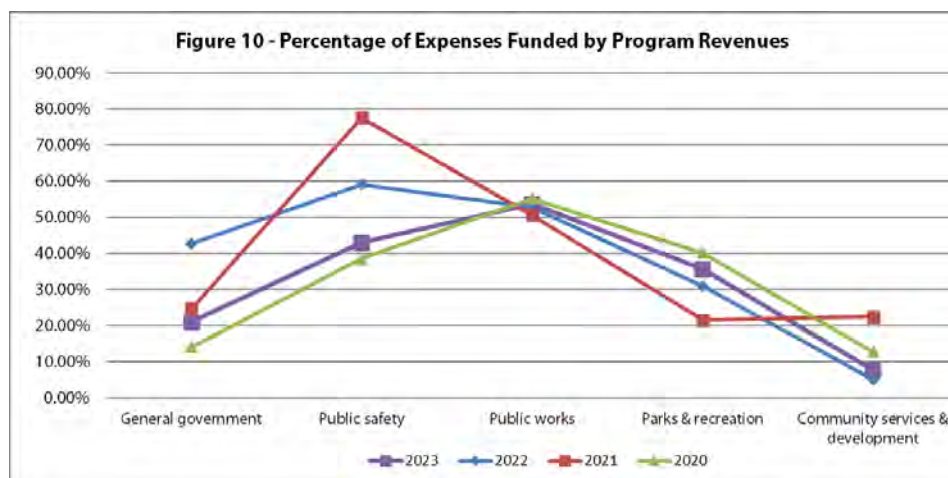
The public works function represents maintenance costs for municipal parks, fleet and streets, as well as street lighting, landscaping and forestry, recycling, engineering, stormwater management, sustainability and street projects. Expenses within public works decreased by \$0.8 million primarily due to a lower capital outlay and OPEB cost allocated to this function in FY 2023.

The parks and 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 increased by \$1.4 million between FY 2023 and FY 2022. The increase in expenditures was primarily due to increased programming and events after the return from the pandemic, resulting in increased rental and performance and entertainment costs in FY 2023. The most significant increase for the parks and recreation function was the County required increase in the minimum wage from \$15.00 per hour to \$16.70 per hour in FY 2023. This increase had a material impact in expenditures for parks, recreation and culture as much of their programming and events relies on heavily part-time employees.

Community services and development includes costs for contributions to local schools and nonprofits, homeless assistance and housing and community development programs. Expenses within this function have increased by \$0.3 million between FY 2023 and FY 2022. The City launched its Financial Empowerment Center (FEC) in FY 2022. The FEC offers professional, one-on-one financial counseling and coaching as a free public service for City residents. The total FEC expense for FY 2023 was \$0.4 million compared to \$0.1 million in FY 2022 due to a full year of operation.

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. Four years of data is presented to provide better comparisons as both revenue and expenses were impacted by the pandemic.



City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2023

General government funded percentage decreased in FY 2023 due to a one-time increase in licensing and permit fees related to new development permit fee. Public safety funded percentage decreased in FY 2023 compared to FY 2022 due to a one-time capital grant received for the construction of the new police station and other projects in FY 2022 and FY 2021. Public works funded percentage remained consistent year over year. The funded percentage for the parks & recreation function is starting to see an increase as revenues for programs and activities resume after the pandemic. The community services and development funded percentage increased in FY 2023 due to a higher operating grants received during the year.

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 \$179.1 million, an increase of \$15.3 million over FY 2022's fund balance.

General Fund: The General Fund received \$11.9 million more than was spent, thereby increasing the total fund balance to \$85.7 million. Overall revenues increased \$3.0 million compared to FY 2022. Much of this increase can be attributed to an increase in investment earnings and property tax revenue, which were partially offset by decrease in permitting and intergovernmental revenues. Expenditures increased \$3.2 million compared to FY 2022, which reflects a continued return to many of the pre-pandemic programs throughout the City and the increase of part-time wages due to the rise in the minimum wage. More detail on these variances are discussed within the General Fund budgetary highlights section of this report. Net transfers out increased by \$0.9 million as funds were transferred to the CIP and other non-major funds, these transfers were offset by a decrease of \$1.7 million in the transfer to OPEB.

CIP Fund: The CIP Fund reported a decrease in fund balance of \$1.1 million. Spending on current projects was in line with the revenue from intergovernmental and transfer from the General Fund. The largest source of project spending in FY 2023 included construction of the new police station and Mayor and City Council chambers, which is now planned for completion in FY 2024, construction of Pleasant View Park, and the LED street light conversion. 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 \$3.7 million in fund balance as a result revenues from charges for services and investment earnings, after paying for \$2.3 million expenditure for the year. The City's stormwater management capital plan calls for over \$16.8 million in future capital projects over the next five years. Since the City does not issue debt for capital projects, these cash balances will be needed during the City's five-year capital plan in order to fund ongoing/future capital projects.

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Non-Major Funds: The Non-Major funds reported an increase in fund balance of \$0.8 million mainly due to transfer to the Asset Replacement Fund in excess of the amounts expended in FY 2023 as well as an increase in committed fund balance for the housing fund for loans made during the fiscal year.

General Fund Budgetary Highlights

The Mayor and City Council adopted an FY 2023 General Fund expenditure budget of \$72.5 million. The expense budget is adopted at the departmental level. In accordance with a Resolution of the Mayor and City Council, the City Manager is authorized to make transfers after May 31st of each year so long as no activity budget is increased more than 25 percent of it’s original budget. 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 2023.

Revenues

Overall, the City’s General Fund revenues of \$78.3 million exceeded the budgeted amount of \$71.6 million. The City experienced increases in revenue across several sources.

- Licenses and permits were over budget by \$33 thousand. FY 2023 licenses and permits revenue decreased by \$3.8 million primarily due to \$4.3 million in permitting and licensing revenue that was received in FY 2022 related to a new construction within the City. Figure 11 shows year over year comparisons related to this revenue stream. As the table shows, construction projects can create large swings in revenue as permits are dependent on how quickly plans move along or if anticipated projects encounter delays.

General Fund	2023	2022	2021	2020	2019	2018
Actual	\$ 4,793,231	\$ 8,606,127	\$ 4,493,621	\$ 4,128,350	\$ 4,970,524	\$ 3,812,595
Budget	<u>4,760,100</u>	<u>4,337,730</u>	<u>4,271,780</u>	<u>4,299,970</u>	<u>4,024,910</u>	<u>4,735,820</u>
Over / (Under)	<u>\$ 33,131</u>	<u>\$ 4,268,397</u>	<u>\$ 221,841</u>	<u>\$ (171,620)</u>	<u>\$ 945,614</u>	<u>\$ (923,225)</u>

- Intergovernmental revenues of \$24.7 million were over budget by \$1.6 million due to \$0.4 million increase in Police revenue, an additional \$0.6 million of shared income tax and \$0.2 million of unbudgeted state grant revenue for arts. These additional funds will assist with expenses that the City incurs in providing quality services to its residents and businesses.
- Charges for services of \$5.9 million were over budget by \$179 thousand. An increase in recreation program fees of \$102 thousand contributed to the over performance in charges for services. Other programs and rentals also contributed small increases over the budget as the City continues to return to pre-pandemic service levels.

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2023

- Fines and forfeiture revenue of \$1.95 million approximated the budget of \$1.94 million. Revenues from fines and forfeitures primarily result from speed radar fines, parking fines and City ordinance violations.
- Local tax revenue of \$36.4 million was over budget by \$1.5 million. Property tax revenues exceeded budget by \$0.6 million, admission and amusement tax revenue outperformed the budget by \$0.7 million as public activities bounced back to normal from the pandemic. Hotel and motel taxes also increased \$194 thousand as the City saw an uptick in travel during FY 2023.
- Investment earnings experienced income of \$3.1 million in FY 2023. Interest earnings increased significantly as average interest rates rose in FY 2023. The one-year treasury rate increased from an average of 2.26% during FY 2022 to an average of 5.06% during FY 2023.

Expenditures

General Fund expenditures came in at \$4.8 million, or 7.8 percent, under budget due to timing delays and strong budgetary controls. Some of the significant differences between actuals and budget are identified below:

- The City's contract maintenance expenses were under budget by \$362 thousand and general operating supplies were under budget by \$205 thousand. The majority of this savings was due to the mild winter that the City experienced, which produced cost savings in snow removal, including overtime wages.
- Several departments experienced cost savings in full-time wages due to a higher vacancy rate than budgeted. The total savings in full-time wages compared to budget was \$1.2 million. This savings resulted in additional savings in taxes, health and benefit costs.

Transfers

Transfers out were in line with the net budgeted amount of \$9.4 million and included transfers to the CIP, Housing, Asset Replacement Funds, and Stormwater to cover the City's share of stormwater fees.

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 traditional outstanding debt instruments. The City's long-term obligations consist of compensated absences payable, other post-employment benefits, income tax duplication, lease, and Subscription Based Information Technology Arrangements (SBITA). The City implemented GASB Statement No. 96, SBITA in FY 2023. This statement recognizes a right-to-use subscription asset and a corresponding subscription liability.

The City's net OPEB liability decreased as a result of market conditions. The City continues to contribute to the plan on an annual basis, the plan is 56% funded. This City plans to contribute to the OPEB Trust fund at a rate to obtain 90% funding within 20 years.

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2023**

See Notes 8 – 11 for more information on these liabilities.

Governmental Activities	2023	2022
Compensated absences		
Vacation	\$ 2,156,530	\$ 2,246,405
Sick	<u>1,165,464</u>	<u>1,073,589</u>
Total compensated absences	<u>3,321,994</u>	<u>3,319,994</u>
Net OPEB obligation	21,784,465	22,068,151
Income tax duplication liability	159,461	168,573
Lease liability	51,159	35,154
SBITA liability	<u>874,605</u>	-
Total long-term debt	<u>\$ 26,191,684</u>	<u>\$ 25,591,872</u>

Factors Impacting the City’s Future

The following economic factors are reflected in the City’s FY 2024 budget:

- The adopted expenditure budget for FY 2024 is \$86.2 million, representing an 18.9 percent increase from FY 2023. FY 2024 budget includes larger-than-normal transfers of \$15.3 million to the Capital Improvements Fund and \$3.7 million to the Asset Replacement Fund. This additional commitment of a portion of the City’s General Fund reserves will serve to bolster our ability to fund future capital investments while maintaining a healthy reserve balance. The remaining increase is predominately driven by increases in wages and benefits as well as expenses for the biennial election and annual operating expenses such as gasoline, utilities, and contracted services, which have been significantly influenced by high inflation rates.
- Revenues are expected to increase by 5.0 percent. The City’s primary revenue sources, real property tax and income tax, are stable and expected to grow. In order to better reflect the annual increases, the City has modified the revenue projection method for real property tax with a projected 1.9% increase in revenue in FY 2024.
- Permitting revenues are projected to return to more normal patterns in FY24, though the five-year outlook includes several prospective large-scale projects that will provide additional one-time revenues.
- Since FY 2023, the City has also modified the method of revenue allocation, with revenue from intergovernmental and grant sources for capital projects now going directly to the funds from which the projects are based.
- Long range budgeting practices are integral to maintaining solid fiscal health. The FY 2024 budget continues to put changes into practice that will allow the City to maintain its low tax rate and debt-free status.

City of Gaithersburg, Maryland

**Management's Discussion and Analysis
June 30, 2023**

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

City of Gaithersburg, Maryland

**Statement of Net Position
As of June 30, 2023**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 95,342,184
Investments	82,635,448
Receivables, net of allowance for uncollectibles	13,409,381
Prepays	367,722
Inventory	46,674
Long-term receivables	5,343,201
Capital assets	
Land	43,063,337
Buildings	38,759,123
Improvements other than buildings	23,699,410
Machinery and equipment	18,761,607
Right-to-use leased vehicles	114,043
Right-to-use subscription assets	1,158,703
Intangibles	522,540
Infrastructure	70,635,105
Construction-in-progress	31,810,533
Less: accumulated depreciation/amortization	(99,073,709)
Total assets	326,595,302
Deferred outflows of resources	
Deferred outflows from OPEB	3,578,786
Liabilities	
Accounts payable	4,949,864
Accrued liabilities	842,359
Unearned revenue	821,519
Deposits	917,057
Non-current liabilities	
Due within one year	1,560,744
Due in more than one year	24,630,940
Total liabilities	33,722,483
Deferred inflows of resources	
Leases	85,651
Deferred inflows from OPEB	11,257,504
Total deferred inflows of resources	11,343,155
Net Position	
Net investment in capital assets	128,524,928
Restricted for:	
Sports scholarships	11,671
MSAC ARGOS Grant	161,906
Police forfeitures	33,632
Opioid Abatement	23,718
Forest conservation	724,340
Total Restricted	955,267
Unrestricted	155,628,255
Total net position	\$ 285,108,450

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Statement of Activities
For the Year Ended June 30, 2023**

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	
Governmental Activities					
General government	\$ 22,059,127	\$ 2,889,212	\$ 547,910	\$ 1,212,616	\$ (17,409,389)
Public safety	13,222,736	3,301,493	2,376,857	11,393	(7,532,993)
Public works	17,837,932	7,505,766	-	2,071,191	(8,260,975)
Parks & recreation	11,416,862	3,692,832	377,713	-	(7,346,317)
Community services & development	3,119,971	-	235,514	-	(2,884,457)
Interest on leases	29,305	-	-	-	(29,305)
Total governmental activities	\$ 67,685,933	\$ 17,389,303	\$ 3,537,994	\$ 3,295,200	(43,463,436)
General Revenues					
Property tax					34,124,710
Franchise fees					782,448
Admissions, amusement, and hotel taxes					2,957,522
Intergovernmental not restricted to specific programs					19,533,817
Investment earnings (losses)					3,713,459
Miscellaneous revenues					1,442,230
Total general revenues					62,554,186
Change in net position					19,090,750
Net Position					
Beginning					266,017,700
Ending					\$ 285,108,450

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Balance Sheet – Governmental Funds
As of June 30, 2023**

	General Fund	CIP Fund	Stormwater Management Fund	Non-Major Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 42,016,194	\$ 25,271,702	\$ 16,036,646	\$ 12,017,642	\$ 95,342,184
Investments	44,421,345	22,546,559	9,608,559	6,058,985	82,635,448
Property taxes, net of allowance	224,049	-	-	-	224,049
Due from other governments	9,623,732	-	-	-	9,623,732
Other receivables, net of allowances	2,706,037	-	775,894	-	3,481,931
Lease receivable	79,669	-	-	-	79,669
Prepays	367,722	-	-	-	367,722
Inventory	46,674	-	-	-	46,674
Long-term receivables	-	-	-	5,343,201	5,343,201
Total assets	\$ 99,485,422	\$ 47,818,261	\$ 26,421,099	\$ 23,419,828	\$ 197,144,610
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 1,481,625	\$ 3,027,593	\$ 135,459	\$ 305,187	\$ 4,949,864
Accrued liabilities	838,216	-	4,143	-	842,359
Unearned revenue	821,519	-	-	-	821,519
Deposits	917,057	-	-	-	917,057
Total liabilities	4,058,417	3,027,593	139,602	305,187	7,530,799
Deferred inflow of resources					
Unavailable revenues	9,693,706	-	775,321	-	10,469,027
Total deferred inflow of resources	9,693,706	-	775,321	-	10,469,027
Fund balances					
Non-spendable					
Prepays	367,722	-	-	-	367,722
Inventory	46,674	-	-	-	46,674
Restricted	207,209	-	-	748,058	955,267
Committed	-	44,790,668	25,506,176	22,366,583	92,663,427
Assigned	3,519,173	-	-	-	3,519,173
Unassigned	81,592,521	-	-	-	81,592,521
Total fund balances	85,733,299	44,790,668	25,506,176	23,114,641	179,144,784
Total liabilities, deferred inflow of resources, and fund balances	\$ 99,485,422	\$ 47,818,261	\$ 26,421,099	\$ 23,419,828	\$ 197,144,610

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of June 30, 2023**

Total fund balance – governmental funds		\$ 179,144,784
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	228,524,401	
Accumulated depreciation/amortization	<u>(99,073,709)</u>	129,450,692
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		
		10,383,376
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		(21,784,465)
Deferred outflows from OPEB		3,578,786
Deferred inflows from OPEB		(11,257,504)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Income tax duplication liability		(159,461)
Subscription liability		(874,605)
Lease liability		(51,159)
Accumulated unused compensated absences		<u>(3,321,994)</u>
Net position of governmental activities		<u>\$ 285,108,450</u>

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Statement of Revenues, Expenditures, and Changes
In Fund Balances – Governmental Funds
For the Year Ended June 30, 2023**

	General Fund	CIP Fund	Stormwater Management Fund	Non-Major Funds	Total Governmental Funds
Revenues					
Taxes	\$ 36,358,644	\$ -	\$ -	\$ -	\$ 36,358,644
Licenses and permits	4,793,231	-	-	-	4,793,231
Intergovernmental	24,743,993	1,212,066	-	184,362	26,140,421
Charges for services	5,893,760	-	5,559,188	-	11,452,948
Fines and forfeitures	1,956,358	-	-	-	1,956,358
Investments earnings (losses)	3,079,093	-	524,415	109,951	3,713,459
Miscellaneous	1,436,405	-	-	-	1,436,405
Total revenues	78,261,484	1,212,066	6,083,603	294,313	85,851,466
Expenditures					
Current					
General government	18,740,498	-	-	28,387	18,768,885
Public safety	12,809,101	-	-	-	12,809,101
Public works	10,620,297	-	1,712,542	1,055	12,333,894
Parks & recreation	10,223,258	-	-	-	10,223,258
Community services & development	3,119,353	-	-	-	3,119,353
Contribution to OPEB trust	1,645,728	-	-	-	1,645,728
Debt service					
Principal	167,616	-	-	91,842	259,458
Interest	25,391	-	-	3,914	29,305
Capital outlay	1,101,859	8,935,950	562,686	2,144,742	12,745,237
Total expenditures	58,453,101	8,935,950	2,275,228	2,269,940	71,934,219
Excess (deficiency) of revenues over expenditures	19,808,383	(7,723,884)	3,808,375	(1,975,627)	13,917,247
Other Financing Sources (Uses)					
Transfers in	200,654	6,636,405	167,655	2,698,000	9,702,714
Transfers out	(9,396,905)	-	(305,809)	-	(9,702,714)
Leases	53,258	-	-	-	53,258
Subscriptions	986,698	-	-	110,102	1,096,800
Proceeds from sale of capital assets	201,629	-	-	-	201,629
Total other financing sources (uses)	(7,954,666)	6,636,405	(138,154)	2,808,102	1,351,687
Net change in fund balances	11,853,717	(1,087,479)	3,670,221	832,475	15,268,934
Fund Balances					
Beginning	73,879,582	45,878,147	21,835,955	22,282,166	163,875,850
Ending	\$ 85,733,299	\$ 44,790,668	\$ 25,506,176	\$ 23,114,641	\$ 179,144,784

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, 2023**

Total net change in fund balances – governmental funds \$ 15,268,934

Amounts reported for governmental activities in the statement of activities
are different because:

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/amortization expense in the current period:

Capitalized outlays	7,529,432	
Depreciation/Amortization	<u>(5,287,234)</u>	2,242,198

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:

Asset disposals	(814,959)	
Accumulated depreciation	<u>700,002</u>	(114,957)

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
increased 723,588

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. 1,854,485

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.

Income tax duplication		9,112
Lease liability		(16,005)
Subscriptions		(874,605)
Unused compensated absences		<u>(2,000)</u>

Change in net position of governmental activities \$ 19,090,750

City of Gaithersburg, Maryland

**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 34,867,185	\$ 34,867,185	\$ 36,358,644	\$ 1,491,459
Licenses and permits	4,760,100	4,760,100	4,793,229	33,129
Intergovernmental	23,113,975	23,113,975	24,743,993	1,630,018
Charges for services	5,713,784	5,713,784	5,893,759	179,975
Fines and forfeitures	1,942,500	1,942,500	1,956,358	13,858
Investments earnings (losses)	400,000	400,000	3,079,093	2,679,093
Miscellaneous	591,431	591,431	1,436,404	844,973
Total revenues	<u>71,388,975</u>	<u>71,388,975</u>	<u>78,261,480</u>	<u>6,872,505</u>
Expenditures				
General government	14,963,003	14,584,818	13,113,173	1,471,645
Public safety	10,872,506	10,958,961	10,707,937	251,024
Public works	16,964,700	17,392,311	14,777,993	2,614,318
Parks and recreation	10,689,155	10,776,847	10,223,247	553,600
Community services and development	4,510,124	4,493,364	4,372,881	120,483
Contribution to OPEB trust	1,645,728	1,645,728	1,645,728	-
Non-departmental	3,477,030	3,416,657	2,317,273	1,099,384
Debt service	-	-	193,006	(193,006)
Capital outlay	-	-	1,101,859	(1,101,859)
Total expenditures	<u>63,122,246</u>	<u>63,268,685</u>	<u>58,453,097</u>	<u>4,815,588</u>
Excess of revenues over expenditures	8,266,729	8,120,290	19,808,383	11,688,093
Other Financing Sources (Uses)				
Transfers in	932,068	932,068	200,654	(731,414)
Transfers out	(9,398,797)	(9,398,797)	(9,396,905)	1,892
Leases	-	-	53,258	53,258
Subscriptions	-	-	986,698	986,698
Proceeds from sale of capital assets	200,000	200,000	201,629	1,629
Total other financing uses	<u>(8,266,729)</u>	<u>(8,266,729)</u>	<u>(7,954,666)</u>	<u>312,063</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (146,439)</u>	<u>\$ 11,853,717</u>	<u>\$ 12,000,156</u>

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Statement of Fiduciary Net Position – Fiduciary Funds
As of June 30, 2023**

	Pension Trust - OPEB Trust Fund	Private-Purpose Trust Fund
Assets		
Cash and cash equivalents	\$ 27,746,610	\$ 15,636
Total assets	27,746,610	15,636
Liabilities		
Claim reimbursements due to primary government	193,746	-
Total liabilities	193,746	-
Net Position		
Net position restricted for postemployment benefits other than pensions	27,552,864	-
Net position held in trust	-	\$ 15,636
Total net position	\$ 27,552,864	\$ 15,636

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, 2023**

	Pension Trust - OPEB Trust Fund	Private-Purpose Trust Fund
Additions		
Contributions		
Employer	\$ 1,645,728	\$ -
Interest and gains	2,675,731	1
Total additions	4,321,459	1
Deductions		
Benefits and withdrawals	1,470,593	-
Change in net position	2,850,866	1
Net Position		
Beginning	24,701,998	15,635
Ending	\$ 27,552,864	\$ 15,636

See Notes to Basic Financial Statements.

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City of Gaithersburg, Maryland

Notes to Basic Financial Statements

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).

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

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

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

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, 2023 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

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

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

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 assets 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 assets 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

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 leases and subscription liabilities associated with the 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 the following exceptions. 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. Also, the City does not budget for the inception of leases and subscriptions.

- 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:

	FY23			Associated Risks
	Governmental Activities	OPEB Trust Fund	Private Purpose Trust Fund	
Cash and cash equivalents				
Bank deposits	\$ 6,668,827	\$ -	\$ 2,000	Custodial credit deposits
MLGIP	87,625,561	-	-	Credit, interest rate
Certificates of deposit	-	-	13,636	Custodial credit deposits
Money market	1,047,796	-	-	Credit, interest rate
CIT	-	27,746,610	-	Credit, interest rate
Sub-Total	<u>95,342,184</u>	<u>27,746,610</u>	<u>15,636</u>	
Investments				
US agency securities	24,605,667	-	-	Custodial credit, credit, interest rate, concentration
US treasury securities	54,614,416	-	-	Custodial credit, interest rate
Supernational	951,990	-	-	
Commercial paper	2,463,375	-	-	
Sub-Total	<u>82,635,448</u>	<u>-</u>	<u>-</u>	
Total	<u>\$ 177,977,632</u>	<u>\$ 27,746,610</u>	<u>\$ 15,636</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	Fair Value Measurement Using			
	Amount	Level 1	Level 2	Level 3
US agency securities	\$ 24,605,667	\$ -	\$ 24,605,667	\$ -
US treasury securities	54,614,416	54,614,416	-	-
Supernational	951,990	-	951,990	-
Commercial paper	2,463,375	-	2,463,375	-
Total investments by fair value level	\$ 82,635,448	\$ 54,614,416	\$ 28,021,032	\$ -

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

- 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 fair 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

- 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, 2023, the City held cash equivalents and investments which were exposed to credit risk. These assets had the following credit ratings:

<u>Cash equivalents and investments</u>	<u>S&P/Moody's Rating</u>	<u>Amount</u>
MLGIP	AAAm	\$ 87,625,561
Money market	AAAm	1,047,796
CIT	unrated	27,746,610
Commercial paper	A-1	2,463,375
Supernational	AAA	951,990
US agency securities	AA+	24,605,667

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, 2023, 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	\$ 87,625,561	\$ 87,625,561	\$ -	\$ -	\$ -	\$ -
Money market	1,047,796	1,047,796	-	-	-	-
CIT	27,746,610	27,746,610	-	-	-	-
Commercial paper	2,463,375	2,463,375	-	-	-	-
Supernational	951,990	-	-	-	952,800	-
US agency securities	24,605,667	2,297,741	9,230,533	12,267,098	796,306	-
US treasury securities	54,614,416	18,684,296	10,147,313	3,141,797	10,683,938	11,953,188
Total	\$ 199,055,415	\$ 139,865,380	\$ 19,377,846	\$ 15,408,895	\$ 12,433,043	\$ 11,953,188

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, 2023 reported in the General, Stormwater and NonMajor Funds consist of the following:

	Governmental Activities
Property taxes	
Current year	\$ 142,333
Previous years'	302,705
Allowance on taxes more than 3 years old	<u>(220,989)</u>
Total property taxes	<u>224,049</u>
Due from other governments	
County	22,248
State	9,524,861
Federal	<u>76,623</u>
Total due from other governments	<u>9,623,732</u>
Other receivables	
Cable TV fees	198,222
Police tickets and fines	1,081,586
OPEB Trust reimbursement	291,163
Stormwater fees	1,755,997
Accrued interest	686,898
Miscellaneous	759,528
Allowance on stormwater fees	(980,102)
Allowance on police tickets and fines	<u>(311,361)</u>
Total other receivables	<u>3,481,931</u>
Lease receivable	<u>79,669</u>
Total	<u>\$ 13,409,381</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, 2023 are as follows:

	Unavailable
Income tax reserve	\$ 7,940,683
Property taxes receivable	173,409
Interest earnings	213,423
Police fines and tickets	635,069
Other receivables	731,122
Total General Fund	<u>9,693,706</u>
Stormwater charges	<u>775,321</u>
Total Governmental Funds	<u>\$ 10,469,027</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
	General Fund	CIP	Storm Water Management	Nonmajor			
				Housing Program	Asset Replacement		
General Fund	\$ -	\$ 6,569,250	\$ -	\$ -	\$ -	\$ 6,569,250	Capital funding
General Fund	-	-	167,655	240,000	-	407,655	Operating subsidy
General Fund	-	-	-	-	2,458,000	2,458,000	Housing operating subsidy and Stormwater general fund fee and hardship credit.
Stormwater Management Fund	200,654	-	-	-	-	200,654	Repayment to general fund for prior years operating subsidies.
Stormwater Management Fund	-	67,155	-	-	-	67,155	Repayment to CIP fund for prior years capital project subsidies.
Stormwater Management Fund	-	-	-	-	38,000	38,000	Transfer to AR for SWM asset replacements.
Total	\$ 200,654	\$ 6,636,405	\$ 167,655	\$ 240,000	\$ 2,496,000	\$ 9,740,714	

Note 6 Long-Term Receivables

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

	Governmental Activities
Long-term receivables	
Gaithersburg Homeownership Assistance Loan Program	\$ 5,343,201
Developer note receivable	-
Total	\$ 5,343,201

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 353 individual loans ranging from \$4,700 to \$25,000 had been made totaling \$5,343,201. Of these loans, 13 were made during FY 2023 totaling \$283,403. The City has received cumulative repayments of \$822,118, of which \$179,156 were received during FY 2023. 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

B. 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 and was further extended to December 31, 2022. The entire loan balance of \$486,000 and \$18,497.79 interest due were paid on May 18, 2023.

The proceeds received on this loan were assigned for housing projects, the balances have been reported as fund balance committed for housing projects within the Housing Program Fund.

C. 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, 2023, the City recognized \$1,297,782 in grant funds related to use of funds for costs associated with Government Employment and Rehiring of Public Sector Staff and it 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, 2022	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2023
Capital assets not being depreciated				
Land	\$ 43,063,337	\$ -	\$ -	\$ 43,063,337
Construction-in-progress	28,277,500	4,855,553	(1,322,520)	31,810,533
Total assets not being depreciated	<u>71,340,837</u>	<u>4,855,553</u>	<u>(1,322,520)</u>	<u>74,873,870</u>
Capital assets being depreciated/amortized				
Buildings	38,558,489	243,596	(42,962)	38,759,123
Improvements other than buildings	23,033,868	665,542	-	23,699,410
Machinery and equipment	17,911,025	1,412,570	(561,988)	18,761,607
Right-to-use leased vehicles	60,785	53,258	-	114,043
Right-to-use subscription assets	-	1,158,703	-	1,158,703
Intangibles	522,540	-	-	522,540
Infrastructure	70,382,384	462,730	(210,009)	70,635,105
Total assets being depreciated/amortized	<u>150,469,091</u>	<u>3,996,399</u>	<u>(814,959)</u>	<u>153,650,531</u>
Less accumulated depreciation/amortization for				
Buildings	(20,365,147)	(1,030,294)	83,552	(21,311,889)
Improvements other than buildings	(13,039,994)	(1,155,553)	-	(14,195,547)
Machinery and equipment	(12,538,245)	(1,628,384)	558,872	(13,607,757)
Right-to-use leased vehicles	(26,813)	(36,149)	-	(62,962)
Right-to-use subscription assets	-	(167,143)	-	(167,143)
Intangibles	(257,654)	(81,904)	-	(339,558)
Infrastructure	(48,258,624)	(1,187,807)	57,578	(49,388,853)
Total accumulated depreciation/amortization	<u>(94,486,477)</u>	<u>(5,287,234)</u>	<u>700,002</u>	<u>(99,073,709)</u>
Capital assets, net	<u>\$ 127,323,451</u>	<u>\$ 3,564,718</u>	<u>\$ (1,437,477)</u>	<u>\$ 129,450,692</u>

Depreciation expense/amortization expense was charged to governmental functions for the year ended June 30, 2023 as follows:

General government	\$ 1,692,797
Public safety	406,384
Public works	2,208,050
Parks and recreation	976,956
Community services and development	3,047
Total depreciation/amortization	<u>\$ 5,287,234</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, subscription-based information technology arrangement liabilities, and a liability to the State of Maryland for income tax claims (See Note 12). 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	\$ 2,246,405	\$ 1,324,808	\$ (1,414,683)	\$ 2,156,530	\$ 1,193,874
Sick	1,073,589	100,553	(8,678)	1,165,464	45,923
Total compensated absences	<u>3,319,994</u>	<u>1,200,968</u>	<u>(1,372,521)</u>	<u>3,321,994</u>	<u>1,239,797</u>
Net OPEB liability	22,068,151	1,362,042	(1,645,728)	21,784,465	-
Income tax duplication liability	168,573	-	(9,112)	159,461	9,112
Subscription liability	-	1,096,800	(222,195)	874,605	286,600
Leases liability	35,154	53,258	(37,253)	51,159	25,235
Total other liabilities	<u>22,271,878</u>	<u>2,512,100</u>	<u>(1,914,288)</u>	<u>22,869,690</u>	<u>320,947</u>
Total long-term liabilities	<u>\$ 25,591,872</u>	<u>\$ 3,713,068</u>	<u>\$ (3,286,809)</u>	<u>\$ 26,191,684</u>	<u>\$ 1,560,744</u>

Note 9 Leases

A. Lease receivable

The City has various lease agreements that range from 4 to 5 years and the City receives monthly payments between \$1,000 to \$5,000. The City recognized \$73,614 in lease revenue and \$9,745 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$79,669. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$85,651.

B. Lease payable

The City has entered into various three-year lease agreements as lessee for the acquisition of vehicles. As of June 30, 2023, the value of the lease liability was \$51,159. The City is required to make monthly principal and interest payments ranging from \$350 to \$550. The lease has an interest rate of 5%. The equipment has a three-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was \$114,703 and had accumulated amortization of \$62,962.

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

Note 9 Leases

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 27,258	\$ 2,430	\$ 29,688
2025	18,984	1,042	20,026
2026	4,917	246	5,163
Total	<u>\$ 51,159</u>	<u>\$ 3,718</u>	<u>\$ 54,877</u>

Note 10 Subscription-Based Information Technology Arrangements (SBITA)

The City has adopted GASB 96 which introduced changes in the recognition, measurement and reporting of Subscription-Based Information Technology Arrangements (SBITA). The City identified six SBITAs with terms ranging from two to five years. The value of SBITA assets as of the end of the current fiscal year was \$1,158,703 and had accumulated amortization of \$167,143. As of June 30, 2023, the value the SBITA liability was \$874,605.

The future principal and interest payments for SBITA as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 240,234	\$ 46,366	\$ 286,600
2025	224,622	31,719	256,340
2026	165,853	20,487	186,340
2027	174,146	12,195	186,340
2028	69,750	3,488	73,238
Total	<u>\$ 874,605</u>	<u>\$ 114,255</u>	<u>\$ 988,860</u>

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

Note 11 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, 2023, the following employees were covered by the benefit terms:

Retired employees	110
Active employees	305
Total plan members	<u>415</u>

Eligibility: Not all 305 active employees will meet the qualifications to retire and receive OPEB benefits. The table above includes 53 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.

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

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 2023, the City contributed \$1,645,728 to the OPEB Plan. The contribution amount is determined annually based on budgeting funding availability with a long term goal of funding the plan obligation at 90% in 20 years. 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, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022.

Actuarial assumptions: The total OPEB liability in the June 30, 2023 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	3.94%
Mortality rate	Pub2010- with scale MP-2019

The actuarial assumptions used in the June 30, 2023 report were based on the results of an actuarial study for the period July 1, 2022 - June 30, 2023.

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.

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning Balance - June 30, 2022	\$46,770,149	\$24,701,998	\$22,068,151
Changes for the year			
Service cost	1,311,822	-	1,311,822
Interest	2,872,596	-	2,872,596
Experience (gains) losses	(146,645)	-	(146,645)
Employer contributions	-	1,645,728	(1,645,728)
Net investment income	-	2,709,290	(2,709,290)
Changes in assumptions	-	-	-
Benefit payments	(1,470,593)	(1,470,593)	-
Administrative Expense	-	(33,559)	33,559
Net changes	2,567,180	2,850,866	(283,686)
Ending balance - June 30, 2023	<u>\$ 49,337,329</u>	<u>\$ 27,552,864</u>	<u>\$ 21,784,465</u>

Funded status 55.85%

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 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net OPEB liability	\$29,425,253	\$21,784,465	\$15,568,596

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 2.94%	Health Care Cost Trend Rate 3.94%	1% Increase 4.94%
Net OPEB liability	\$14,491,032	\$21,784,465	\$31,081,767

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$623,615. As of June 30, 2023, 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	\$ 1,887,793	\$ -
Changes in assumptions	-	10,990,159
Difference between expected and actual experience	1,690,993	267,345
Total	\$ 3,578,786	\$ 11,257,504

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

Fiscal Year Ending	Total
2024	\$ (2,922,318)
2025	(2,172,232)
2026	(1,307,671)
2027	(729,896)
2028	(527,356)
Thereafter	(19,245)
Total	\$ (7,678,718)

Note 12 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 2021. Total amount of the income duplication liability totaled \$182,241, which includes \$6,440 of interest. Payments of \$9,112 were made during FY 2023. As of June 30, 2023, the outstanding balance is \$159,461 which is recorded as long-term liability on the statement of net position.

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

Note 13 Fund Balance

The details of Governmental fund balances are summarized as follows:

	General Fund	CIP Fund	Stormwater Management Fund	Non-Major Funds
Non-spendable				
Prepays	\$ 367,722	\$ -	\$ -	\$ -
Inventory	46,674	-	-	-
Total non-spendable	<u>414,396</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for				
Sports Scholarships	11,671	-	-	-
Police forfeitures	33,632	-	-	-
MSAC ARGOS Grant	161,906	-	-	-
Opioid Abatement	-	-	-	23,718
Forest conservation	-	-	-	724,340
Total restricted	<u>207,209</u>	<u>-</u>	<u>-</u>	<u>748,058</u>
Committed for				
Housing projects	-	-	-	9,345,374
Stormwater programming	-	-	25,506,176	-
Capital projects and equipment	-	44,790,668	-	13,021,209
Total committed	<u>-</u>	<u>44,790,668</u>	<u>25,506,176</u>	<u>22,366,583</u>
Assigned for				
Economic development opportunity grants	2,208,568	-	-	-
Economic development toolbox grants	576,604	-	-	-
Encumbrances for operations	734,001	-	-	-
Total assigned	<u>3,519,173</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	81,592,521	-	-	-
Total fund balances	<u>\$ 85,733,299</u>	<u>\$ 44,790,668</u>	<u>\$ 25,506,176</u>	<u>\$ 23,114,641</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 14 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:

<u>Plan Description</u>	<u>401a</u>	<u>401k</u>	<u>401a supplemental</u>	<u>Medicare RHS</u>
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, 2023:

<u>Pension Expense</u>	<u>401a</u>	<u>401k</u>	<u>401a supplemental</u>	<u>Medicare RHS</u>
Retirement plan expense	\$ 2,199,294	\$ 735,507	\$ 477,380	\$ 238,560
Forfeitures applied	(105,000)	(39,400)	(30,329)	15,693
Net pension expense	<u>\$ 2,094,294</u>	<u>\$ 774,907</u>	<u>\$ 447,052</u>	<u>\$ 254,253</u>

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

Note 15 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 2023, the City had one tax abatement agreement in place and abated \$1,684 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 16 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 \$264,035 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 paid premiums of \$611,789 to Montgomery County.

Note 17 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.

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

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, 2023, encumbrances for contracts were \$721,444 in the General Fund, \$4,844,569 in the CIP Fund, \$954,222 in the Stormwater Management Fund, and \$1,942,569 in the Asset Replacement Fund. These have been reported as assigned or committed within the appropriate fund.

Note 18 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, 2023, the bond issuances outstanding had an aggregate balance of \$135,167,000. 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.

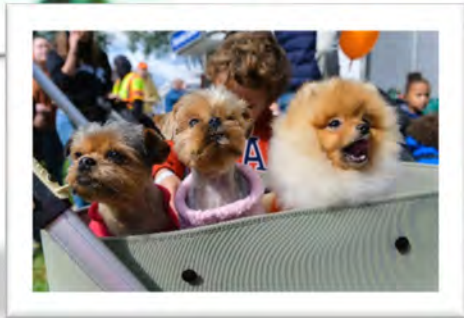
Note 19 New Governmental Accounting Standards Board (GASB) Standards

The City has adopted the following GASB Statements and have determined they do not have a material effect on the financial statements.

- GASB Statement No. 91, *Conduit Debt Obligations*. This statement defines and provides guidance on the presentation of a single method of reporting conduit debt obligations.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. 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*.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- GASB Statement No. 99, *Omnibus 2022*.
- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*.

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2023, 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. 101, *Compensated Absences*, will be effective for the City beginning with its year ending June 30, 2024.



OctoberFest

Required Supplementary Information Section



Kentlands Mansion

City of Gaithersburg, Maryland

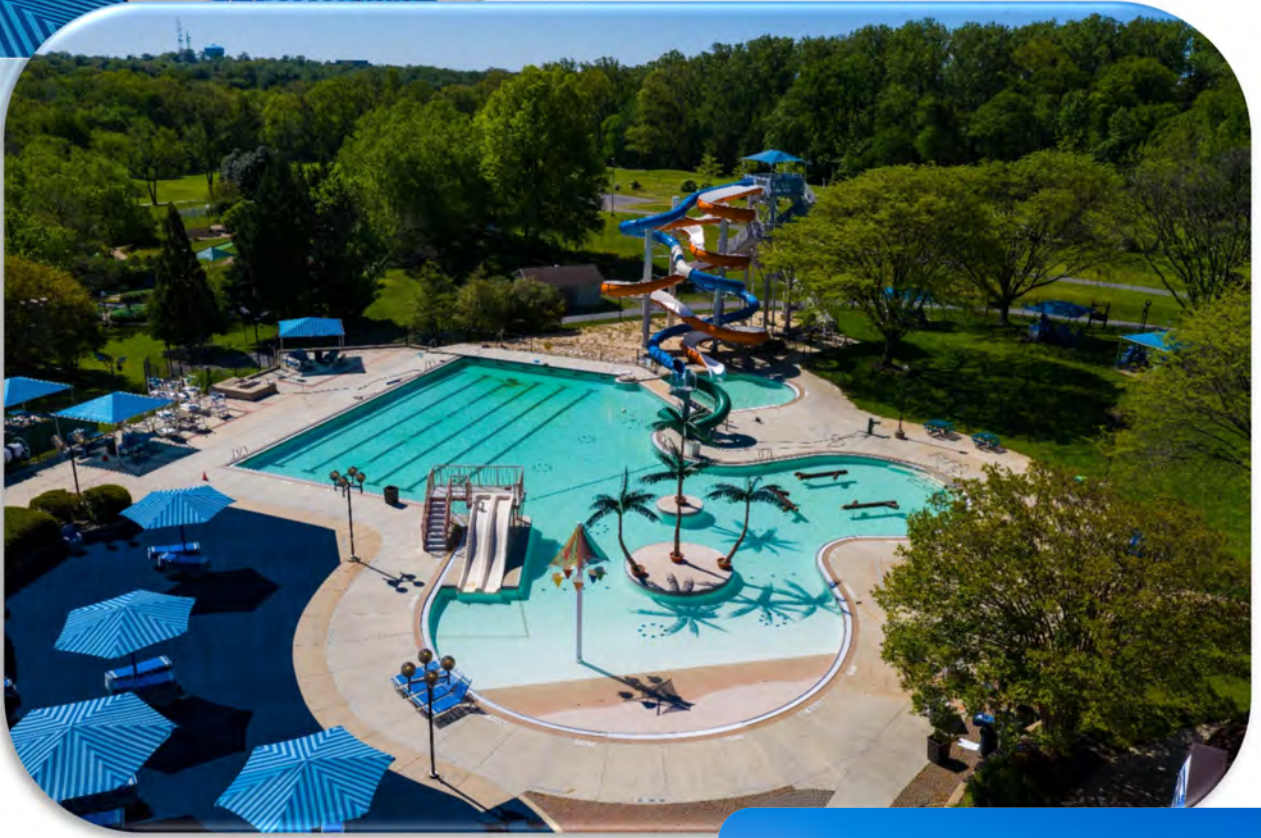
Required Supplementary Information Schedule of Changes in the City's Net OPEB Liability and Related Ratios

	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability								
Service cost	\$ 1,311,822	\$ 1,299,092	\$ 1,249,127	\$ 1,631,724	\$ 1,568,965	\$ 3,068,323	\$ 2,967,911	\$ 2,427,000
Interest	2,872,596	2,691,289	2,543,141	2,647,596	2,451,107	2,124,337	1,881,173	1,833,000
Experience losses	(146,645)	1,026,291	(181,244)	(32,765)	266,934	2,369,093	103,499	-
Changes in assumptions	-	(725,880)	-	(4,705,201)	-	(21,020,509)	(6,599,302)	6,658,997
Benefit payments	(1,470,593)	(1,317,378)	(1,190,330)	(1,053,686)	(965,773)	(698,839)	(568,547)	(676,997)
Net change in total OPEB liability	2,567,180	2,973,414	2,420,694	(1,512,332)	3,321,233	(14,157,595)	(2,215,266)	10,242,000
Beginning total OPEB liability	46,770,148	43,796,734	41,376,040	42,888,372	39,567,139	53,724,734	55,940,000	45,698,000
Ending total OPEB liability (a)	\$ 49,337,328	\$ 46,770,148	\$ 43,796,734	\$ 41,376,040	\$ 42,888,372	\$ 39,567,139	\$ 53,724,734	\$ 55,940,000
Plan fiduciary net position								
Employer contributions	\$ 1,645,728	\$ 3,400,000	\$ 3,200,000	\$ 3,100,000	\$ 5,000,000	\$ 2,200,000	\$ 2,326,000	\$ 1,326,000
Net investment income	2,709,290	(5,641,309)	5,672,506	859,779	715,041	925,489	1,118,555	(103,118)
Benefit payments	(1,470,593)	(1,317,378)	(1,190,330)	(1,053,686)	(965,773)	(698,839)	(694,547)	(676,997)
Administrative Expense	(33,559)	(11,640)	-	-	-	-	-	-
Net change in fiduciary net position	2,850,866	(3,570,327)	7,682,176	2,906,093	4,749,268	2,426,650	2,750,008	545,885
Beginning fiduciary net position	24,701,997	28,272,324	20,590,148	17,684,055	12,934,787	10,508,137	7,758,129	7,212,244
Ending fiduciary net position (b)	\$ 27,552,863	\$ 24,701,997	\$ 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)	21,784,465	22,068,151	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	55.85%	52.82%	64.55%	49.76%	41.23%	32.69%	19.56%	13.87%
Covered payroll	N/A	N/A	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	N/A	N/A	58.36%	82.41%	105.51%	112.55%	201.70%	232.65%
Expected average remaining service years of all participants	8	8	9	9	9	9	8	8
Annual money-weighted rate of return	10.97%	-19.95%	27.55%	4.86%	5.53%	8.22%	13.05%	-1.35%
Notes to schedule								
<i>Changes in assumptions:</i> The discount rate was changed as follows								
The discount rate changes year-to-year	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	3.98%	3.38%
The healthcare cost trend was updated to the latest Getzen Model released by the SOA on October 30, 2021.								
Because this OPEB plan does not depend on salary, we do not have salary information.								
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								
<i>Actuarial assumptions</i> The total OPEB liability in the June 30, 2023 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	3.94%							
Mortality rate	Pub-2010 with scale MP-2019							

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Supplementary Information Section





Water Park

City of Gaithersburg, Maryland

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2023**

	Special Revenue			Capital Projects	Total Non-Major Funds
	Forest Conservation Fund	Opioid Settlement	Housing Program Fund	Asset Replacement Fund	
Assets					
Cash and cash equivalents	\$ 434,536	\$ 23,103	\$ 2,797,491	\$ 8,762,512	\$ 12,017,642
Investments	289,844	615	1,204,681	4,563,845	6,058,985
Long-term receivables	-	-	5,343,201	-	5,343,201
Total assets	<u>\$ 724,380</u>	<u>\$ 23,718</u>	<u>\$ 9,345,373</u>	<u>\$ 13,326,357</u>	<u>\$ 23,419,828</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 40	\$ -	\$ -	\$ 305,147	\$ 305,187
Total liabilities	<u>40</u>	<u>-</u>	<u>-</u>	<u>305,147</u>	<u>305,187</u>
Fund balances					
Restricted	724,340	23,718	-	-	748,058
Committed	-	-	9,345,373	13,021,210	22,366,583
Total fund balances	<u>724,340</u>	<u>23,718</u>	<u>9,345,373</u>	<u>13,021,210</u>	<u>23,114,641</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 724,380</u>	<u>\$ 23,718</u>	<u>\$ 9,345,373</u>	<u>\$ 13,326,357</u>	<u>\$ 23,419,828</u>

City of Gaithersburg, Maryland

**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2023**

	Forest Conservation Fund	Special Revenue Opioid Settlement	Housing Program Fund	Capital Projects Asset Replacement Fund	Total Non-Major Funds
Revenues					
Intergovernmental	\$ -	\$ 51,490	\$ 132,872	\$ -	\$ 184,362
Investments earnings (losses)	13,987	615	95,349	-	109,951
Total revenues	<u>13,987</u>	<u>52,105</u>	<u>228,221</u>	<u>-</u>	<u>294,313</u>
Expenditures					
Current					
General government	-	28,387	-	-	28,387
Public works	1,055	-	-	-	1,055
Debt service					
Principal	-	-	-	91,842	91,842
Interest	-	-	-	3,914	3,914
Capital outlay	-	-	-	2,144,742	2,144,742
Total expenditures	<u>1,055</u>	<u>28,387</u>	<u>-</u>	<u>2,240,498</u>	<u>2,269,940</u>
Excess (deficiency) of revenues over expenditures	<u>12,932</u>	<u>23,718</u>	<u>228,221</u>	<u>(2,240,498)</u>	<u>(1,975,627)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	240,000	2,458,000	2,698,000
Subscriptions	-	-	-	110,102	110,102
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>240,000</u>	<u>2,568,102</u>	<u>2,808,102</u>
Net change in fund balances	<u>12,932</u>	<u>23,718</u>	<u>468,221</u>	<u>327,604</u>	<u>832,475</u>
Fund Balances					
Beginning	<u>711,408</u>	<u>-</u>	<u>8,877,152</u>	<u>12,693,606</u>	<u>22,282,166</u>
Ending	<u>\$ 724,340</u>	<u>\$ 23,718</u>	<u>\$ 9,345,373</u>	<u>\$ 13,021,210</u>	<u>\$ 23,114,641</u>

City of Gaithersburg, Maryland

Schedule of Revenues – Budget and Actual – General Fund
 Year Ended June 30, 2023
 (With Comparative Totals for 2022)

	2023				2022 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Taxes					
Real estate taxes	\$ 31,047,485	\$ 31,047,485	\$ 31,378,239	\$ 330,754	\$ 31,511,440
Personal property taxes	1,684,200	1,684,200	1,943,029	258,829	491,925
Penalties and interest	55,500	55,500	79,854	24,354	74,781
Hotel tax	780,000	780,000	974,606	194,606	780,442
Admissions tax	1,300,000	1,300,000	1,982,916	682,916	1,534,721
Total taxes	34,867,185	34,867,185	36,358,644	1,491,459	34,393,310
Licenses and Permits					
Street permits	5,000	5,000	101,225	96,225	22,498
Amusement licenses	27,000	27,000	27,900	900	50,250
Traders licenses	114,500	114,500	23,404	(91,096)	32,237
Electricians licenses	40,000	40,000	42,875	2,875	44,275
Rental housing licenses	862,550	862,550	980,225	117,675	784,880
Bus shelter franchise fee	5,000	5,000	-	(5,000)	-
CATV franchise	800,000	800,000	782,448	(17,552)	877,488
CATV PEG	37,000	37,000	30,786	(6,214)	40,289
Fire protection system permits	35,000	35,000	54,285	19,285	61,948
Animal licenses	30,750	30,750	28,590	(2,160)	19,955
Building permits	2,000,000	2,000,000	1,769,377	(230,623)	4,785,915
Deck permits	7,000	7,000	12,995	5,995	19,440
Electrical permits	200,000	200,000	229,914	29,914	477,046
Utility permits	5,000	5,000	30,434	25,434	19,036
Occupancy permits	65,000	65,000	38,550	(26,450)	73,615
Sign permits	20,000	20,000	25,997	5,997	31,417
Fire protection & protection systems permits	144,000	144,000	280,955	136,955	478,693
Mechanical permits	160,000	160,000	164,813	4,813	385,001
Special events permits	10,000	10,000	35,828	25,828	18,230
Grading permits	50,000	50,000	24,109	(25,891)	109,506
On site improvements	125,000	125,000	88,784	(36,216)	247,443
Other permits	17,300	17,300	19,735	2,435	26,964
Total licenses and permits	4,760,100	4,760,100	4,793,231	33,129	8,606,126

City of Gaithersburg, Maryland

**Schedule of Revenues – Budget and Actual – General Fund
Year Ended June 30, 2023
(With Comparative Totals for 2022)**

	2023			Variance with Final Budget Positive (Negative)	2022 Actual
	Original Budget	Final Budget	Actual		
Intergovernmental					
Federal grants					
Community development	\$ 305,205	\$ 305,205	\$ 330,262	\$ 25,057	\$ 211,211
DHS	7,950	7,950	-	(7,950)	-
DOJ police equipment	7,566	7,566	11,393	3,827	12,093
Miscellaneous	957,626	957,626	1,307,479	349,853	3,898,457
State grants					
Police	630,000	630,000	1,069,378	439,378	867,352
Arts	65,000	65,000	288,149	223,149	103,013
Miscellaneous	-	-	550	550	1,557
State-shared taxes					
Highway user	2,040,385	2,040,385	2,071,191	30,806	2,065,482
County grants and shared taxes					
County revenue sharing	3,498,978	3,498,978	3,498,978	-	2,579,406
Income tax	15,450,000	15,450,000	16,034,839	584,839	15,691,328
Homeless program	38,545	38,545	82,154	43,609	107,496
Nutrition program	59,675	59,675	6,201	(53,474)	-
Financial corp	2,645	2,645	2,645	-	-
Supportive housing assistance	50,400	50,400	38,274	(12,126)	-
Miscellaneous	-	-	2,500	2,500	165,606
Total intergovernmental	23,113,975	23,113,975	24,743,993	1,630,018	25,703,000
Charges for Services					
Automation fee	297,000	297,000	260,215	(36,785)	654,099
Zoning fees	140,000	140,000	126,024	(13,976)	218,258
Recreation program fees	1,223,163	1,223,163	1,325,228	102,065	965,378
Casey Community Center	200,000	200,000	202,651	2,651	147,525
Water Park	375,000	375,000	238,577	(136,423)	228,084
Kentlands Mansion	120,000	120,000	152,610	32,610	128,160
Special events	94,800	94,800	104,622	9,822	40,313
Gaithersburg Aquatic Center	130,000	130,000	171,508	41,508	117,122
Skate park	20,668	20,668	18,561	(2,107)	17,825
Group picnics	56,000	56,000	71,640	15,640	65,157
Winter Lights	550,000	550,000	552,579	2,579	695,327
Miniature golf revenue	110,000	110,000	120,510	10,510	138,964
Youth Center in Olde Towne	16,650	16,650	20,661	4,011	10,132
Activity Center programs	180,000	180,000	200,645	20,645	115,216

City of Gaithersburg, Maryland

**Schedule of Revenues – Budget and Actual – General Fund
Year Ended June 30, 2023
(With Comparative Totals for 2022)**

	2023				
	Original	Final	Actual	Variance with	2022
	Budget	Budget		Final Budget	
			Positive (Negative)		
Gaithersburg Arts Barn	\$ 200,758	\$ 200,758	\$ 280,801	\$ 80,043	\$ 164,969
Gaithersburg Youth Center	2,940	2,940	15,943	13,003	3,581
Community Museum	9,975	9,975	12,375	2,400	6,089
Membership fee – dog exercise	1,320	1,320	1,080	(240)	720
Senior Center	126,000	126,000	168,094	42,094	90,656
Environmental fees	5,000	5,000	11,139	6,139	6,697
Recycling collections	1,802,775	1,802,775	1,834,214	31,439	1,792,335
Passports	50,000	50,000	-	(50,000)	47,390
Miscellaneous	1,735	1,735	4,082	2,347	2,243
Total charges for services	5,713,784	5,713,784	5,893,760	179,975	5,656,240
Fines and Forfeitures					
Ordinance fines	1,942,500	1,942,500	1,956,358	13,858	1,933,768
Investments earnings (losses)	400,000	400,000	3,079,093	2,679,093	(2,280,416)
Miscellaneous Revenue					
Rents	147,131	147,131	46,987	(100,144)	26,959
Contributions	43,200	43,200	92,424	49,224	63,995
Miscellaneous	401,100	401,100	1,296,993	895,893	1,162,745
Total miscellaneous	591,431	591,431	1,436,405	844,973	1,253,699
Total revenues	71,388,975	71,388,975	78,261,484	6,872,505	75,265,727
Other Financing Sources					
Transfers	932,068	932,068	200,654	(731,414)	4,281,591
Leases	-	-	53,258	53,258	18,489
Subscriptions	-	-	986,698	986,698	-
Proceeds from sale of capital assets	200,000	200,000	201,629	1,629	274,873
Total other financing sources	1,132,068	1,132,068	1,442,239	310,171	4,574,953
Total revenues and other financing sources	\$ 72,521,043	\$ 72,521,043	\$ 79,703,723	\$ 7,182,676	\$ 79,840,680



Winter Lights

City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2023
(With Comparative Totals for 2022)**

	2023				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2022 Actual
City Manager's Office					
Mayor and City Council	\$ 523,660	\$ 523,660	\$ 527,568	\$ (3,908)	\$ 488,801
Office of the City Manager	1,032,779	1,037,779	815,284	222,495	785,455
Economic and business development	576,442	409,242	490,514	(81,272)	517,158
Public information	1,121,482	1,097,201	964,577	132,624	1,115,888
Gaithersburg television	338,218	338,218	331,736	6,482	336,891
Total city manager's office	3,592,581	3,406,100	3,129,679	276,421	3,244,193
City Attorney's Office					
Legal	983,806	994,227	965,056	29,171	955,355
Registration and elections	15,000	20,200	11,092	9,108	121,416
Total city attorney's office	998,806	1,014,427	976,148	38,279	1,076,771
Human resources	1,408,435	1,405,409	1,224,323	181,086	1,192,461
Community and Public Relations					
Community services	1,675,312	1,672,621	1,595,434	77,187	1,727,274
Housing and community development	422,010	451,826	546,991	(95,165)	357,912
Financial Empowerment	387,636	390,206	395,918	(5,712)	107,068
Homeless assistance	592,865	592,865	581,034	11,831	600,223
Neighborhood services	1,432,301	1,385,846	1,253,504	132,342	1,278,972
Total community and public relations	4,510,124	4,493,364	4,372,881	120,483	4,071,449
Finance and Administration					
Finance and administration	1,964,714	1,957,221	1,906,223	50,998	1,642,916
General services	66,739	66,739	37,411	29,328	34,745
Total finance and administration	2,031,453	2,023,960	1,943,634	80,326	1,677,661
Information Technology					
Information technology	2,173,429	2,053,472	1,784,994	268,478	1,800,011
Geographic information services	364,500	411,211	280,628	130,583	294,624
Total information technology	2,537,929	2,464,683	2,065,622	399,061	2,094,635

City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2023
(With Comparative Totals for 2022)**

(continued)

	2023				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2022 Actual
Parks, Recreation and Culture					
Administration	\$ 1,413,422	\$ 1,413,422	\$ 1,447,914	\$ (34,492)	\$ 1,408,539
Recreation programs and sports	859,827	876,126	847,267	28,859	819,309
Recreation classes	286,231	286,381	267,356	19,025	206,824
Youth services	645,730	645,730	608,115	37,615	402,635
Summer programs	664,292	666,592	582,337	84,255	378,328
Gaithersburg Youth Center	324,412	324,412	342,799	(18,387)	307,100
Skate park	42,762	42,762	34,887	7,875	33,823
Casey Community Center	458,615	458,928	394,012	64,916	391,260
Water park	858,688	863,173	761,370	101,803	690,194
Gaithersburg Arts Barn	536,371	536,457	578,744	(42,287)	519,248
Youth Center in Olde Towne	275,892	275,892	265,853	10,039	195,695
Senior program	824,169	846,197	767,856	78,341	707,710
Activities Center at Bohrer park	571,999	571,999	551,248	20,751	512,003
Gaithersburg Aquatic Center	405,082	407,733	330,843	76,890	312,798
Miniature golf course	109,845	109,845	121,702	(11,857)	110,137
Picnic pavilions	30,787	30,787	28,150	2,637	30,188
Winter Lights	266,514	266,962	239,638	27,324	205,664
Special events	1,394,008	1,422,021	1,326,211	95,810	1,114,041
Museums	270,544	280,463	286,514	(6,051)	255,731
Kentlands Mansion	449,965	450,965	440,431	10,534	396,361
Total parks, recreation and culture	10,689,155	10,776,847	10,223,247	553,600	8,997,588
Planning and Code Administration					
Planning	1,568,467	1,458,210	1,247,411	210,799	1,189,938
Planning and code administration	994,684	967,942	773,031	194,911	931,640
Permits and inspections	1,830,648	1,844,088	1,753,325	90,763	1,602,656
Total planning and code administration	4,393,799	4,270,239	3,773,767	496,472	3,724,234
Police department	10,872,506	10,958,961	10,707,937	251,024	10,967,769

City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2023
(With Comparative Totals for 2022)**

(continued)

	2023				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2022 Actual
Public Works					
Facilities management	\$ 2,300,222	\$ 2,236,408	\$ 1,877,116	\$ 359,292	\$ 1,815,515
Building and grounds					
City Hall	138,602	167,860	149,868	17,992	132,918
Police station	45,459	58,059	43,639	14,420	57,536
Public service facility	185,598	185,598	156,432	29,166	172,721
Train station	29,562	50,907	41,534	9,373	27,385
Kentlands Mansion	62,169	62,149	89,327	(27,178)	49,546
Benjamin Gaither Center	91,761	121,729	73,608	48,121	67,705
Casey Community Center	117,700	117,700	158,536	(40,836)	149,425
Olde Towne Pavilion	4,591	4,591	6,317	(1,726)	3,970
Public safety facility	242,354	237,957	176,821	61,136	115,483
Gaithersburg Aquatic Center	24,547	24,547	22,772	1,775	16,114
Activity Center at Bohrer Park	229,088	229,088	243,821	(14,733)	184,557
Gaithersburg Arts Barn	83,382	83,382	68,134	15,248	52,625
Water Park at Bohrer Park	136,846	136,846	99,065	37,781	106,709
Miniature golf course	16,097	16,097	13,667	2,430	12,712
Skate park	23,396	23,396	18,973	4,423	3,637
Youth Center in Olde Towne	38,923	38,923	42,123	(3,200)	38,912
Youth Center at Robertson Park	50,857	50,857	60,153	(9,296)	43,288
Future park site	4,000	4,000	3,831	169	3,774
Parking facility	109,347	424,222	415,540	8,682	84,583
Homeland	43,768	43,768	48,527	(4,759)	41,140
Public works administration	950,202	931,692	910,498	21,194	911,227
Streets and special projects	1,064,126	1,064,126	592,804	471,322	804,680
Fleet maintenance	1,379,136	1,372,266	1,292,308	79,958	629,576
Landscaping and forestry	1,208,507	1,208,507	770,403	438,104	934,063
Environmental Services and Environmental Services Operations	204,794	224,054	134,065	89,989	145,688
Municipal parks maintenance	2,124,549	2,177,939	1,907,123	270,816	1,902,256
Mowing and bulk pick-up	2,295,575	2,295,575	2,058,418	237,157	2,171,426
Recycling	1,682,447	1,682,447	1,543,576	138,871	1,559,346
Engineering services	1,730,069	1,725,490	1,411,098	314,392	1,455,060
Traffic engineering	347,026	392,130	347,896	44,234	316,495
Total public works	16,964,700	17,392,311	14,777,993	2,614,318	14,010,072
Non-departmental	3,477,030	3,416,657	2,317,273	1,099,384	2,523,578
Debt Service	-	-	193,006	(193,006)	28,148
Capital outlay	-	-	1,101,859	(1,101,859)	18,489
Total expenditures	61,476,518	61,622,957	56,807,369	4,815,588	53,627,048

City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2023
(With Comparative Totals for 2022)**

(continued)

	2023			Variance with Final Budget Positive (Negative)	2022 Actual
	Original Budget	Final Budget	Actual		
Transfers Out					
CIP	\$ 6,569,250	\$ 6,569,250	\$ 6,569,250	\$ -	\$ 4,970,907
Stormwater Management	169,547	169,547	167,655	1,892	169,001
Housing Program	240,000	240,000	240,000	-	240,000
Asset Replacement	2,420,000	2,420,000	2,420,000	-	3,146,000
OPEB Trust	<u>1,645,728</u>	<u>1,645,728</u>	<u>1,645,728</u>	<u>-</u>	<u>3,400,000</u>
Total transfers out	<u>11,044,525</u>	<u>11,044,525</u>	<u>11,042,633</u>	<u>1,892</u>	<u>11,925,908</u>
Total expenditures and other financing uses	<u>\$ 72,521,043</u>	<u>\$ 72,667,482</u>	<u>\$ 67,850,002</u>	<u>\$ 4,817,480</u>	<u>\$ 65,552,956</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.

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Statistical Section



**Aerial View of
Bohrer Park**

TABLE OF CONTENTS
STATISTICAL SECTION

This part of the City of Gaithersburg, Maryland’s Comprehensive Annual 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)

Financial Trends	98 - 102
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	103 - 107
These schedules contain information to help the reader assess the City’s most significant local revenue sources, the property tax and the room tax.	
Debt Capacity	108 - 109
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.	
Economic and Demographic Information	110 - 111
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	112 - 116
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 Comprehensive Annual Financial Reports for the relevant year.



Gaithersburg Police

City of Gaithersburg, Maryland

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities										
Net investment in capital assets	\$ 128,524,928	\$ 127,323,451	\$ 124,100,714	\$ 110,608,034	\$ 108,073,293	\$ 109,193,844	\$ 107,678,373	\$ 107,492,726	\$ 103,485,802	\$ 101,260,797
Restricted	955,267	802,483	844,889	19,515,420	15,520,727	11,975,377	9,468,351	3,474,680	1,241,199	-
Unrestricted	<u>155,628,255</u>	<u>137,891,766</u>	<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>
Total Governmental Activities										
Net Position	<u>\$ 285,108,450</u>	<u>\$ 266,017,700</u>	<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>

City of Gaithersburg, Maryland

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
General Government	\$ 22,059,127	\$ 20,879,495	\$ 18,629,882	\$ 20,384,264	\$ 19,583,229	\$ 19,630,246	\$ 18,308,169	\$ 19,165,828	\$ 16,504,191	\$ 15,483,111
Public Safety	13,222,736	13,629,797	12,365,791	12,567,588	12,100,925	12,651,404	12,879,218	13,409,073	12,562,415	11,654,483
Public Works	17,837,932	18,658,256	17,287,709	15,819,024	15,497,314	14,672,065	13,692,879	12,954,346	10,305,125	14,102,911
Park, Recreation & Culture	11,416,862	10,043,200	6,793,813	8,226,326	9,693,087	9,062,499	8,771,811	8,719,722	8,325,520	6,259,327
Community Services & Development	3,119,971	2,817,330	2,784,927	2,879,193	2,826,109	2,908,824	2,747,027	3,139,656	2,559,169	2,260,865
Interest	29,305	2,527	-	-	-	-	-	-	-	-
Total Expenses	67,685,933	66,030,605	57,862,122	59,876,395	59,700,664	58,925,038	56,399,104	57,388,625	50,256,420	49,760,697
Program Revenues										
Charges for Services:										
General Government	2,889,212	7,223,385	2,924,779	2,483,898	3,033,466	2,258,721	3,899,801	3,804,063	3,012,450	2,640,480
Public Safety	3,301,493	3,280,714	3,133,262	3,189,655	3,342,786	3,351,511	3,858,779	4,585,220	3,331,546	3,538,543
Public Works	7,505,766	7,773,111	7,232,939	6,968,352	6,480,804	5,799,562	5,047,293	4,755,402	3,156,696	2,426,075
Park, Recreation & Culture	3,692,832	2,952,728	1,334,895	2,618,748	3,398,073	2,949,980	3,803,969	3,862,799	3,809,545	3,448,852
Community Services & Develop	-	-	24,614	125,041	155,087	145,922	-	-	-	-
Operating Grants and Contributions	3,537,994	5,468,477	7,981,625	2,439,428	1,499,477	1,505,737	1,894,132	935,022	922,928	1,184,147
Capital Grants and Contributions	3,295,200	3,359,132	2,432,767	2,317,530	1,775,943	3,337,167	4,111,152	1,767,652	2,824,717	4,824,259
Total Program Revenues	24,222,497	30,057,547	25,064,881	20,142,652	19,685,636	19,348,600	22,615,126	19,710,158	17,057,882	18,062,356
Net (Expense)/Revenue	(43,463,436)	(35,973,058)	(32,797,241)	(39,733,743)	(40,015,028)	(39,576,438)	(33,783,978)	(37,678,467)	(33,198,538)	(31,698,341)
General Revenues										
Property Taxes	34,124,710	33,288,688	31,022,820	30,157,599	28,730,598	27,991,501	26,988,696	25,846,114	24,309,643	23,855,427
Franchise Fees	782,448	877,488	910,827	979,581	951,888	906,801	934,275	921,784	902,479	832,395
Admissions, Amusement, Hotel & Motel Tax	2,957,522	2,315,163	646,585	2,284,180	2,251,143	2,377,436	2,493,425	2,487,526	2,293,951	2,429,703
Intergovernmental not Restricted to Specific Programs	19,533,817	18,270,734	16,951,655	15,670,875	15,244,519	13,675,383	12,708,505	12,522,102	12,780,222	12,099,303
Investment Earnings	3,713,459	(2,805,294)	(69,522)	4,673,875	4,625,457	720,410	206,501	881,004	80,324	76,838
Gain (loss) on Sale of Capital Assets	-	-	-	-	(32,666)	236,504	-	115,249	95,852	-
Miscellaneous	1,442,230	1,599,230	3,172,356	1,355,491	2,093,004	757,411	613,869	851,598	713,899	1,568,659
Total General Revenues	62,554,186	53,546,009	52,634,721	55,121,601	53,863,943	46,665,446	43,945,271	43,625,377	41,176,370	40,862,325
Change in Net Position	\$ 19,090,750	\$ 17,572,951	\$ 19,837,480	\$ 15,387,858	\$ 13,848,915	\$ 7,089,008	\$ 10,161,293	\$ 5,946,910	\$ 7,977,832	\$ 9,163,984

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.

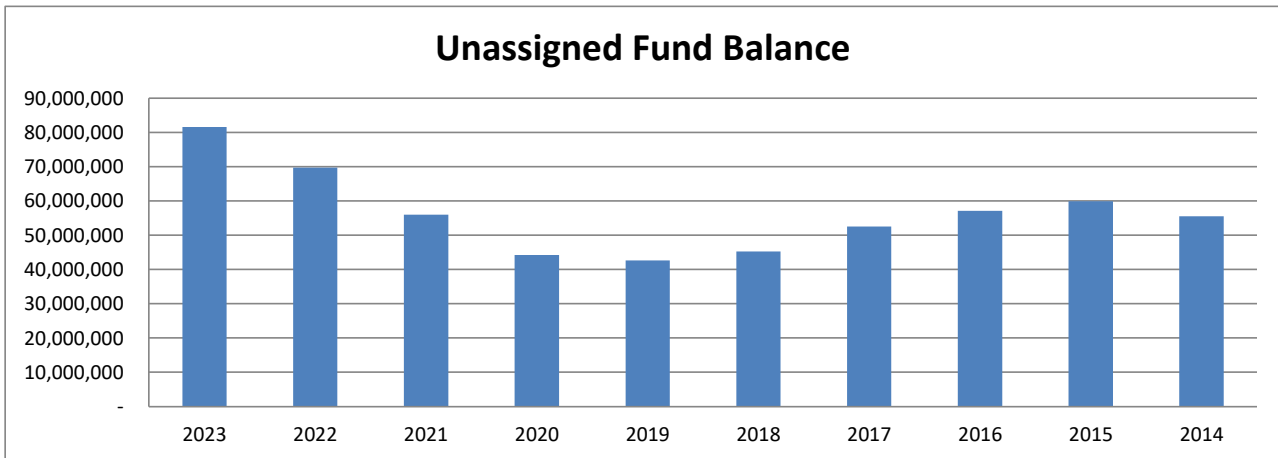
Beginning in FY22, the City implemented GASB 87 and began reporting interest expense related to leases.

Beginning in FY23, the City implemented GASB 96 and began reporting interest expense related to subscription-based information technology arrangements.

City of Gaithersburg, Maryland

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

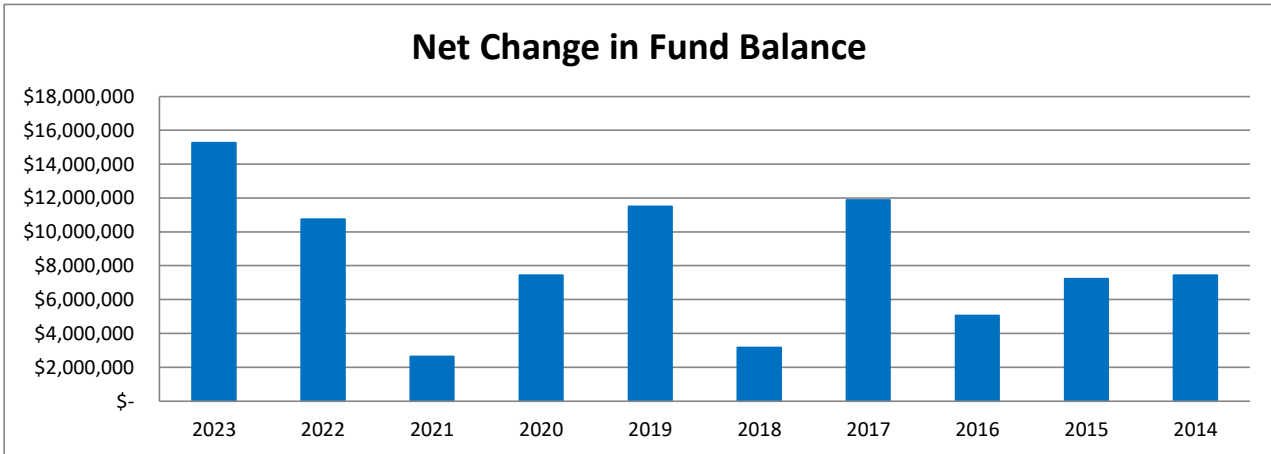
	2023	2022	2021	2020	2019
General Fund					
Non-spendable	\$ 414,396	\$ 488,921	\$ 407,353	\$ 345,718	\$ 367,114
Restricted	207,209	91,075	101,287	499,683	499,816
Committed	-	-	-	298,696	155,374
Assigned	3,519,173	3,594,649	3,072,598	2,991,430	2,781,154
Unassigned	<u>81,592,521</u>	<u>69,704,937</u>	<u>56,010,620</u>	<u>44,231,148</u>	<u>42,590,275</u>
Total General Fund	<u>\$ 85,733,299</u>	<u>\$ 73,879,582</u>	<u>\$ 59,591,858</u>	<u>\$ 48,366,675</u>	<u>\$ 46,393,733</u>
All Other Governmental Funds					
Restricted	748,058	711,408	743,602	19,015,757	15,020,911
Committed	92,663,427	89,284,860	92,783,465	23,127,874	9,667,978
Assigned/Designated	-	-	-	59,966,068	71,957,269
Total All Other Governmental Funds	<u>93,411,485</u>	<u>89,996,268</u>	<u>93,527,067</u>	<u>102,109,699</u>	<u>96,646,158</u>
Total Governmental Funds	<u>\$ 179,144,784</u>	<u>\$ 163,875,850</u>	<u>\$ 153,118,925</u>	<u>\$ 150,476,374</u>	<u>\$ 143,039,891</u>



City of Gaithersburg, Maryland

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

	2018	2017	2016	2015	2014
General Fund					
Non-spendable	\$ 295,517	\$ 327,520	\$ 222,316	\$ 173,933	\$ 1,235,084
Restricted	508,616	480,988	475,671	506,812	-
Committed	33,701	1,987,523	3,117,523	3,116,773	3,600,000
Assigned	2,948,034	5,945,235	15,047,154	14,414,580	11,964,092
Unassigned	45,217,971	52,545,837	57,112,054	59,860,713	55,540,429
Total General Fund	<u>\$ 49,003,839</u>	<u>\$ 61,287,103</u>	<u>\$ 75,974,718</u>	<u>\$ 78,072,811</u>	<u>\$ 72,339,605</u>
All Other Governmental Funds					
Restricted	11,466,761	8,987,363	2,986,643	734,387	-
Committed	5,091,622	6,294,525	2,210,349	2,636,241	4,625,532
Assigned/Designated	65,969,331	51,802,159	35,312,020	29,978,072	25,395,463
Total All Other Governmental Funds	<u>82,527,714</u>	<u>67,084,047</u>	<u>40,509,012</u>	<u>33,348,700</u>	<u>30,020,995</u>
Total Governmental Funds	<u>\$ 131,531,553</u>	<u>\$ 128,371,150</u>	<u>\$ 116,483,730</u>	<u>\$ 111,421,511</u>	<u>\$ 102,360,600</u>



City of Gaithersburg, Maryland

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes	\$ 36,358,644	\$ 34,393,310	\$ 31,890,564	\$ 32,181,067	\$ 30,956,749	\$ 30,358,262	\$ 29,666,991	\$ 28,372,261	\$ 26,394,499	\$ 26,285,130
Licenses and permits	4,793,231	8,606,126	4,493,621	4,128,350	4,970,524	3,825,360	5,473,927	5,485,935	5,183,854	4,130,419
Intergovernmental	26,140,421	27,137,026	27,215,283	17,637,612	18,845,368	16,110,557	15,808,917	15,344,503	15,820,473	15,544,603
Charges for services	11,452,948	11,607,821	8,861,968	9,897,418	10,188,417	9,035,078	9,039,469	8,788,747	6,721,278	6,253,400
Fines and forfeitures	1,956,358	1,933,768	2,120,622	2,164,421	2,204,866	2,471,113	2,863,272	2,959,850	2,494,883	2,509,987
Investments earnings (losses)	3,713,459	(2,805,294)	(104,571)	4,685,448	4,622,041	668,469	191,310	791,910	80,324	76,838
Miscellaneous	1,436,405	1,253,699	3,616,910	1,660,484	2,494,955	999,891	3,523,401	731,655	1,388,235	2,224,720
Total Revenues	85,851,466	82,126,456	78,094,397	72,354,800	74,282,920	63,468,730	66,567,287	62,474,861	58,083,546	57,025,097
Expenditures										
Current										
General government	18,768,885	18,407,090	16,912,368	18,088,439	17,601,815	16,722,974	15,616,201	15,851,889	14,389,980	14,542,115
Public safety	12,809,101	12,886,922	12,104,886	12,059,345	11,458,015	11,731,181	11,444,013	11,465,055	11,033,960	10,719,779
Public works	12,333,894	12,217,945	11,657,225	11,233,499	10,409,126	10,983,104	9,678,323	9,611,222	8,565,293	8,589,974
Parks and recreation	10,223,258	8,997,605	6,006,909	7,306,326	8,638,084	8,214,823	7,841,854	7,534,789	7,070,672	6,544,528
Community services and development	3,119,353	2,792,477	2,791,560	2,858,014	2,862,202	2,816,969	2,615,745	2,687,790	2,443,962	2,260,327
Transfer to retiree benefit trust	1,645,728	3,400,000	3,200,000	3,100,000	5,000,000	2,200,000	2,200,000	1,200,000	1,310,000	1,310,000
Debt Service*	288,763	28,148	-	-	-	-	-	-	-	-
Capital outlay	12,745,237	12,932,706	23,031,144	10,383,279	6,977,343	7,979,928	5,442,917	9,194,028	6,196,682	5,651,194
Total Expenditures	71,934,219	71,662,893	75,704,092	65,028,902	62,946,585	60,648,979	54,839,053	57,544,773	51,010,549	49,617,917
Excess of Revenues Over (Under) Expenditures	13,917,247	10,463,563	2,390,305	7,325,898	11,336,335	2,819,751	11,728,234	4,930,088	7,072,997	7,407,180
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	201,629	274,873	252,246	110,585	172,003	340,652	159,186	132,131	163,046	32,658
Leases *	53,258	18,489	-	-	-	-	-	-	-	-
Subscription**	1,096,800	-	-	-	-	-	-	-	-	-
Transfers In	9,702,714	16,392,669	9,895,469	10,311,383	14,505,777	19,632,062	26,517,936	16,963,475	8,790,000	6,930,000
Transfers out	(9,702,714)	(16,392,669)	(9,895,469)	(10,311,383)	(14,505,777)	(19,632,062)	(26,517,936)	(16,963,475)	(8,790,000)	(6,930,000)
Total Other Financing Sources (Uses)	1,351,687	293,362	252,246	110,585	172,003	340,652	159,186	132,131	163,046	32,658
Net Change in Fund Balances	\$ 15,268,934	\$ 10,756,925	\$ 2,642,551	\$ 7,436,483	\$ 11,508,338	\$ 3,160,403	\$ 11,887,420	\$ 5,062,219	\$ 7,236,043	\$ 7,439,838

* Note - In FY22 the City implemented GASB 87 and began reporting leases as capital leases. Dept service expenditures are the principle and interest payments related to the leases.

**Note - In FY23 the City implemented GASB 96 and began reporting subscription-based information technology arrangements.

City of Gaithersburg, Maryland

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

Year	Property Taxes	Hotel Admissions & Amusement Taxes	Income Taxes	Total
2023	\$ 33,401,122	\$ 2,957,522	\$ 16,034,839	\$ 52,393,482
2022	32,021,727	2,315,163	15,691,328	50,028,219
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
Change 2014-2023	40.0%	21.7%	51.0%	42.0%

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
2023	\$12,020,603,636	\$96,523,420	\$245,466,220	\$12,362,593,276	\$13,416,660,401	0.262	0.530	0.269
2022	11,593,165,696	93,143,706	245,466,220	11,931,775,622	13,437,270,122	0.262	0.530	0.270
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	0.270
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	0.271
2017	9,712,853,586	81,766,792	243,422,830	10,038,043,208	10,008,762,904	0.262	0.530	0.270
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	0.271
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

Property values are assessed at 100 percent.

** Source: MC Confirmation

City of Gaithersburg, Maryland

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Collected in Subsequent Periods	Total Tax Collections*	Percent of Total Tax Collections To Tax Levy
2023	\$ 31,364,841	\$ 31,317,218	99.85%	\$ 50,640	\$ 31,367,858	100.01%
2022	30,243,756	30,207,791	99.88%	28,210	30,236,002	99.97%
2021	29,593,920	29,299,802	99.01%	28,894	30,236,685	102.17%
2020	28,589,918	28,195,191	98.62%	16,946	29,316,749	102.54%
2019	27,425,112	27,316,863	99.61%	10,932	28,206,123	102.85%
2018	26,683,914	26,439,780	99.09%	-	27,316,863	102.37%
2017	25,324,562	25,298,231	99.90%	-	26,439,780	104.40%
2016	24,203,239	24,150,333	99.78%	-	25,298,231	104.52%
2015	23,017,960	22,994,859	99.90%	4,950	24,155,283	104.94%
2014	22,977,036	22,833,113	99.37%	26,032	23,020,891	100.19%

* "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	2023	
	Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
AstraZeneca	\$ 387,873,400	3.23%
Alexandria Real Estate Equities	366,372,400	3.05%
Asbury	239,208,900	1.99%
BF Saul	158,462,900	1.32%
JRK Property Holdings	155,056,800	1.29%
Morris Gaithersburg Associate LLC	133,557,500	1.11%
BP Realty Investment	127,181,500	1.06%
Kite Realty (formely RPAI)	123,382,100	1.03%
Federal Realty Investment Trust	114,110,400	0.95%
Magruder Companies	108,675,933	0.90%
Total	\$ 1,913,881,833	15.92%
<i>Total Assessed Valuation</i>	<i>\$ 12,020,603,636</i>	

Taxpayer	2014	
	Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Medimmune, Inc	\$ 197,011,200	2.25%
Lake Forest Associates	102,500,000	1.17%
ARE LLC	100,876,800	1.15%
CHI Two Washingtonian LLC ET AL	90,845,000	1.04%
893 Clopper Road Investors Corp	85,221,500	0.97%
Avalon II Maryland Value III LP	84,601,000	0.96%
Federal Realty Investments TR	80,256,400	0.92%
VII Crown Farm Owner LLC	76,268,000	0.87%
Asbury Atlantic Inc	74,449,500	0.85%
KBSIII One Washingtonian LLC	71,651,100	0.82%
Total	\$ 963,680,500	10.99%
<i>Total Assessed Valuation</i>	<i>\$ 8,769,861,068</i>	

(1) Assessed valuation based on the valuation of Real Property for taxes collected in 2023 and 2014 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	
2023	0.262	0.694	0.112	0.191	1.259
2022	0.262	0.718	0.112	0.173	1.264
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

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

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year ⁽¹⁾	Governmental Activities		Total Outstanding Debt	Percentage of Personal Income ⁽²⁾	Population ⁽³⁾	Debt Per Capita
	Leases	SBITA				
2023	\$ 51,159	\$ 874,604	\$ 925,763	0.01%	71,760	\$ 13
2022	35,164	-	35,164	0.00%	71,499	-

Source:

(1) There was no outstanding debt prior to FY 2022

(2) Personal income is disclosed on Demographic and Economic Statistics table.

(3) City of Gaithersburg, Department of Planning & Code Administration

City of Gaithersburg, Maryland

**Computation of Direct and Overlapping Debt
And Legal Debt Margin
Last Ten Fiscal Years**

Jurisdiction	Total Debt Outstanding	Percentage Applicable to City	Applicable to City of Gaithersburg
Direct			
City of Gaithersburg	\$ 925,763	100.0%	\$ 925,763
Overlapping			
Montgomery County	\$ 4,579,269,899	6.3%	\$ 287,022,393
Total Direct and Overlapping Debt	\$ 4,579,269,899		\$ 287,948,156

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**

Year	(1) Population	Personal Income (\$ in thousands)	(2) Per Capita Income	Median Age	(3) Montgomery County Avg. School Enrollment	(4) Montgomery County Unemployment Rate
2023	71,760	\$ 6,825,237	\$ 95,112	N/A	160,554	2.1
2022	71,499	6,809,922	95,245	N/A	158,232	3.3
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

(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/ Montgomery County Department of Finance Demographic Stat

(4) Montgomery County Department of Finance/ Montgomery County Department of Finance Demographic Stat

* U.S. Census Bureau

City of Gaithersburg, Maryland
Current Fiscal Year and Nine Years Ago
Number of Employees for Quarter Ending June 30, 2023

2023

Employer	Employees	Percentage of Total County Employment
AstraZeneca	5,200	0.96%
National Institute of Standards and Technology	3,623	0.67%
Hughes Network Systems, LLC	770	0.14%
Leidos	750	0.14%
Asbury Methodist Village	710	0.13%
Novavax, Inc	644	0.12%
Kaiser Permanente	500	0.09%
Adventist HealthCare	413	0.08%
Sodexo USA	368	0.07%
GeneDx (Sema4)	359	0.07%
Emergent BioSolutions	317	0.06%
Total	13,654	2.53%
Total Montgomery County Civilian Labor Force (Data for total employees available for county only)	539,974	

2014

Employer	Employees	Percentage of Total County Employment
National Institute of Standards and Technology	2,769	0.52%
Medimmune	2,141	0.40%
Lockheed Martin, IS&GS	1,200	0.23%
IBM	897	0.17%
Asbury Atlantic, Inc	820	0.15%
Sodexo USA	563	0.11%
The Gazette Newspaper	475	0.09%
Hughes Network System, LLC	450	0.08%
Kaiser Permanente	350	0.07%
GXS	330	0.06%
Total	9,995	1.89%
Total Montgomery County Civilian Labor Force (Data for total employees available for county only)	529,482	

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 of Government Employees by Function/Program
Last Ten Fiscal Years**

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Mayor and City Council	2	2	2	1	1	1	1	1	1	1
Legal Services	5	5	4	4	4	3	3	3	3	3
Office of the City Manager	4	5	4	5	5	5	5	5	5	5
Economic & Community Development	2	2	2	2	2	2	2	2	2	2
Human Resources	6	6	6	6	5	5	5	5	5	5
Finance & Administration	12	11	11	11	11	11	11	9	9	9
Information Technology	16	15	15	14	14	14	13	12	11	11
Facilities Management	13	13	13	11	11	10	9	9	9	7
Buildings and Grounds	-	-	-	-	-	-	-	-	-	-
Public Information	7	7	7	7	7	6	6	6	6	6
Gaithersburg Television	2	2	2	2	2	2	2	2	2	2
Planning & Code Administration	8	8	8	8	8	8	8	8	8	8
Planning & Administration	10	10	10	10	10	10	9	7	6	6
Public Safety										
Police Services	70	70	70	69	69	68	68	65	66	65
Code Administration	-	23	24	23	22	21	21	20	20	18
Permits & Inspections	12	-	-	-	-	-	-	-	-	-
Neighborhood Services	12	-	-	-	-	-	-	-	-	-
Traffic Control/Engineering	2	2	2	2	2	2	2	2	2	2
Animal Control	4	4	4	4	4	4	4	4	4	4
Public Works										
Environmental Affairs/Sustainability Program	1	1	1	1	1	1	1	3	3	3
Public Works Administration	6	6	5	5	5	5	6	6	5	5
Stormwater Management	7	6	6	6	5	4	4	-	-	-
Municipal Parks Maintenance	18	18	19	19	19	19	18	16	16	16
Streets & Special Projects	6	6	6	6	6	6	6	10	10	10
Fleet Maintenance	5	5	5	5	5	5	5	5	5	6
Landscaping & Forestry	13	13	13	13	13	12	12	12	13	13
Mowing & Bulk Pick-Up	21	21	21	21	22	22	22	20	20	19
Engineering Services	5	5	6	5	5	4	4	4	4	4

City of Gaithersburg, Maryland

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Parks, Recreation & Culture										
Parks, Recreation & Culture	8	8	5	5	5	4	4	4	5	5
Recreation Programs & Sports	4	4	5	5	5	5	5	5	5	5
Recreation Classes	1	1	1	1	1	1	1	1	1	1
Youth Services	4	3	2	2	3	3	3	3	3	3
Gaithersburg Youth Center	2	2	2	2	2	2	2	2	2	1
Olde Towne Youth Center	1	1	2	2	2	2	2	2	1	1
Casey Community Center	2	2	2	2	2	2	2	2	2	2
Water Park	2.5	2.5	3.5	3.5	3	2	2	2	2	2
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
Museums (Cultural Arts Programs)	1	1	1	1	1	1	1	1	1	2
Special Events	7	7	8	8	7	7	6	6	6	4
Gaithersburg Aquatic Center	1	1	1	1	1	1	1	1	1	1
Miniature Golf Course	0.5	0.5	0.5	0.5	1	-	-	-	-	-
Activity Center	4	4	4	4	4	4	4	4	3	3
Benjamin Gaither Center (Seniors Program)	6	6	6	6	6	6	7	6	6	5
Community Services and Development										
Community Services	4	5	4	4	4	4	4	4	4	4
Financial Empowerment Center	1	-	-	-	-	-	-	-	-	-
Homeless Service	4	4	4	4	4	4	4	4	4	3
Housing & Community Development	2	2	2	2	2	2	2	1	1	1
Full-Time Employee Totals:	329.0	325.0	324.0	318.0	315.0	305.0	301.5	289.0	287.0	278.0
Employment Agreement Employee Totals:									-	2.0
Part-Time Employee Totals:	102.6	94.3	101.5	98.2	103.0	105.7	102.7	101.8	101.8	105.1
Total Employees	431.6	419.3	425.5	416.2	418.0	410.7	404.2	390.8	388.8	385.1

Source: City of Gaithersburg, Maryland 2014-2023 Adopted Budgets

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

City of Gaithersburg, Maryland

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

Function/Program	2023	2022	2021	2020	2019
General Information					
Population	71,760	71,499	70,415	70,223	70,010
Registered Voters	37,433	37,318	36,969	36,060	36,167
General Government					
Commercial Construction					
Permits Issued Note 1	567	530	477	476	573
Residential Construction					
Permits Issued Note 1	945	1,054	1,115	710	702
Estimated Value of Construction	\$ 172,428,289	\$ 198,034,807	\$ 49,591,136	\$ 66,936,927	\$ 17,612,100
Transitional Housing to Permanent Housing	8	6	10	10	12
Public Safety					
Police Officers	62	59	56	56	51
Traffic Citations	4,998	2,815	4,248	6,987	7,128
Calls for Service	26,402	18,687	19,767	23,920	24,462
Fire Marshal Inspector	2	4	4	3.5	3.5
Animal Control Officers	4	5	4	4	4
Fire Marshal Inspections	1,426	1,536	715	831	900
Animal Licenses	2,727	1,332	1,799	2,763	2,813
Solid Waste					
Co-Mingled (tons)	3,121	3,766	3,425	3,370	3,335
Yard Waste (tons)	695	881	1,063	890	871

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

City of Gaithersburg, Maryland

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

Function/Program	2018	2017	2016	2015	2014
General Information					
Population	69,769	69,562	68,635	67,099	65,690
Registered Voters	39,908	36,100	34,780	32,614	32,203
General Government					
Commercial Construction					
Permits Issued Note 1	615	691	598	750	649
Residential Construction					
Permits Issued Note 1	763	986	903	879	715
Estimated Value of Construction	\$ 21,692,686	\$ 173,848,726	\$ 135,092,107	\$ 255,791,134	\$ 131,330,709
Transitional Housing to Permanent Housing	8	10	11	7	7
Public Safety					
Police Officers	58	58	55	59	52
Traffic Citations	7,649	6,424	6,829	8,765	10,670
Calls for Service	35,433	10,885	18,849	18,263	32,879
Fire Marshall Inspector	3.5	3.5	1	1	1
Animal Control Officers	4	5	5	4	4
Fire Marshall Inspections	971	1,462	1,407	1,368	1,211
Animal Licenses	2,779	2,882	2,900	2,740	1,655
Solid Waste					
Co-Mingled (tons)	3,551	3,508	3,491	3,424	3,395
Yard Waste (tons)	874	860	970	1,485	1,389

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

City of Gaithersburg, Maryland

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Information										
Area in Square Miles	10.42	10.42	10.42	10.42	10.42	10.42	10.42	10.39	10.37	10.37
Public Safety - Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	73	68	75	75	75	75	76	75	74	73
Highways and Streets										
City Streets (miles)	95.32	95.44	95.44	94.74	94.74	94.47	94.47	92.97	92.97	92.97
County Streets (miles)	5.51	5.51	5.51	5.50	6.30	6.30	6.13	6.72	6.72	6.72
State Streets (miles)	17.55	17.78	17.78	17.81	17.51	17.51	17.36	17.36	17.36	17.34
Private Streets (miles)	-	2.78	2.78	2.30	2.35	2.35	2.35	2.35	1.93	1.93
Street Lights (City Maint.)	4,024	3,995	3,947	3,947	3,947	3,831	3,781	3,781	3,781	3,890
Recreation and Culture										
Park Acreage	872.96	872.96	872.96	872.96	872.96	872.96	872.96	872.96	872.96	872.96
Parks	28	28	28	27	27	27	27	27	27	27
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	3	3	1	1	1	1
Swimming Pools	3	3	3	3	3	3	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	15	15	14	14	14	14	14
Mansion	1	1	1	1	1	1	1	1	1	1

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Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2023



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