

FY 2024



City of Gaithersburg, MD
Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2024

This page is intentionally blank.



City of Gaithersburg, Maryland

Annual Comprehensive Financial Report

Including Independent Auditors' Report

For the Fiscal Year Ended
June 30, 2024

Prepared by

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

This page is intentionally blank.

City of Gaithersburg, Maryland

Table of Contents

Introductory Section

Transmittal Letter	9 – 12
GFOA Certificate of Achievement for Excellence in Financial Reporting	13
Organizational Chart	14
Directory of City Officials	15

Financial Section

Report of Independent Public Accountants	19 – 21
Management’s Discussion And Analysis – Required Supplementary Information	23 – 37

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Position	38
Statement of Activities	39

Fund Financial Statements:

Balance Sheet – Governmental Funds	40
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	41
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	43
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	44
Statement of Fiduciary Net Position – Fiduciary Funds	45
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	46
Notes to Basic Financial Statements	47 – 73

City of Gaithersburg, Maryland

Table of Contents

Required Supplementary Information

Schedule of Changes in the City's Net OPEB Liability and Related Ratios	77
---	----

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	82
Schedule of Revenues – Budget and Actual – General Fund	83 – 85
Schedule of Departmental Expenditures – Budget and Actual – General Fund	87 – 90

Statistical Section

Net Position by Component	95
Changes in Net Position – Governmental Activities	96
Fund Balances, Governmental Funds	97 – 98
Changes in Fund Balances, Governmental Funds	99
Tax Revenues by Source, Governmental Funds	100
Assessed Valuation and Estimated Actual Values of Taxable Property	101
Real Property Tax Levies and Collections	102
Principal Taxpayers	103
Real Property Tax Rates – Direct and Overlapping Governments	104
Ratios of Net General Bonded Debt Outstanding	105
Computation of Direct and Overlapping Debt and Legal Debt Margin	106
Demographic Statistics	107
Principal Employers	108
Full-Time City Government Employees by Function/Program	109 – 110
Operating Indicators by Function/Program	111 – 112
Capital Asset Statistics by Function/Program	113

Introductory Section





Arts Barn



October 31, 2024

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, 2024.

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, 2024. 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 just over 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

City of Gaithersburg • 31 South Summit Avenue, Gaithersburg, Maryland 20877-2038
301-258-6300 • FAX 301-948-6149 • cityhall@gaitersburgmd.gov • gaitersburgmd.gov

MAYOR
Jud Ashman

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

CITY MANAGER
Tanisha R. Briley

community services, street maintenance, snow removal, recycling, parks, recreation and cultural activities. Fire and rescue, schools, library and health services are provided by Montgomery County. Water and sanitary sewer services are provided by Washington Suburban Sanitary Commission, which is a legally separate entity that provides these services to a number of cities and counties within Maryland.

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 companies and home to a wide variety of professional, scientific & tech services employers. 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 bachelor's degree or higher. Labor market participation is high with estimated employment of 35,138 (June 2024-Maryland Department of Labor). According to the Maryland Department of Labor, Licensing and Regulation, the City began FY 2024 with a monthly unemployment rate of 1.5%, slightly less than the statewide rate of 1.7. In June 2024, the City's unemployment rate was 3.0%, which compares favorably to the statewide rate of 3.2%. While these unemployment rates have increased over the prior year, they still show improvement 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), Asbury Methodist Village (Senior Living Facility), Leidos (Information Systems – Defense), Kaiser Permanente (Healthcare), and Adventist HealthCare (Healthcare). 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 2024, the City's revenue outperformed the budget, showing increases in several areas. Hotel tax and admission and amusement receipts have surpassed pre-pandemic levels. Hotel and motel tax revenue was 23% more than budgeted and admissions and amusement tax continued to show strong growth with revenue at 28% more than planned. Income tax continued to show strong growth with revenue reported at \$0.7 million over budget. The income tax revenue increase is indicative of the strength and stability of the local economy. The City also received increased revenue from the Maryland State Aid for Police Protection and Maryland Project Open Space grants. Investment income also showed a significant increase due to the high, steady interest rates throughout the past year. Investment earnings were \$7.0 million more than budget, which bolstered the City's revenue for FY24. While the City anticipates interest rate will remain strong, a slight decrease in rates is forecasted for FY25.

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 \$13.6 million in FY24, and the City anticipates contracting and/or spending \$25.4 million in FY25. New major projects include the purchase and renovation of a building to replace the current City Hall, a new traffic sign at S. Summit and Olde Towne Avenue, a shared us path from Olde Towne to Washington Grove, and several other infrastructure and building 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, 2023. 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 46 consecutive years (Fiscal Years 1978-2023). 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

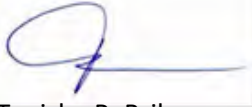
In the past year, GFOA presented an award of Distinguished Presentation to the City for its annual budget for the Fiscal Year beginning July 1, 2024. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as 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 23 consecutive years (Fiscal Years 2003-2025).

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



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

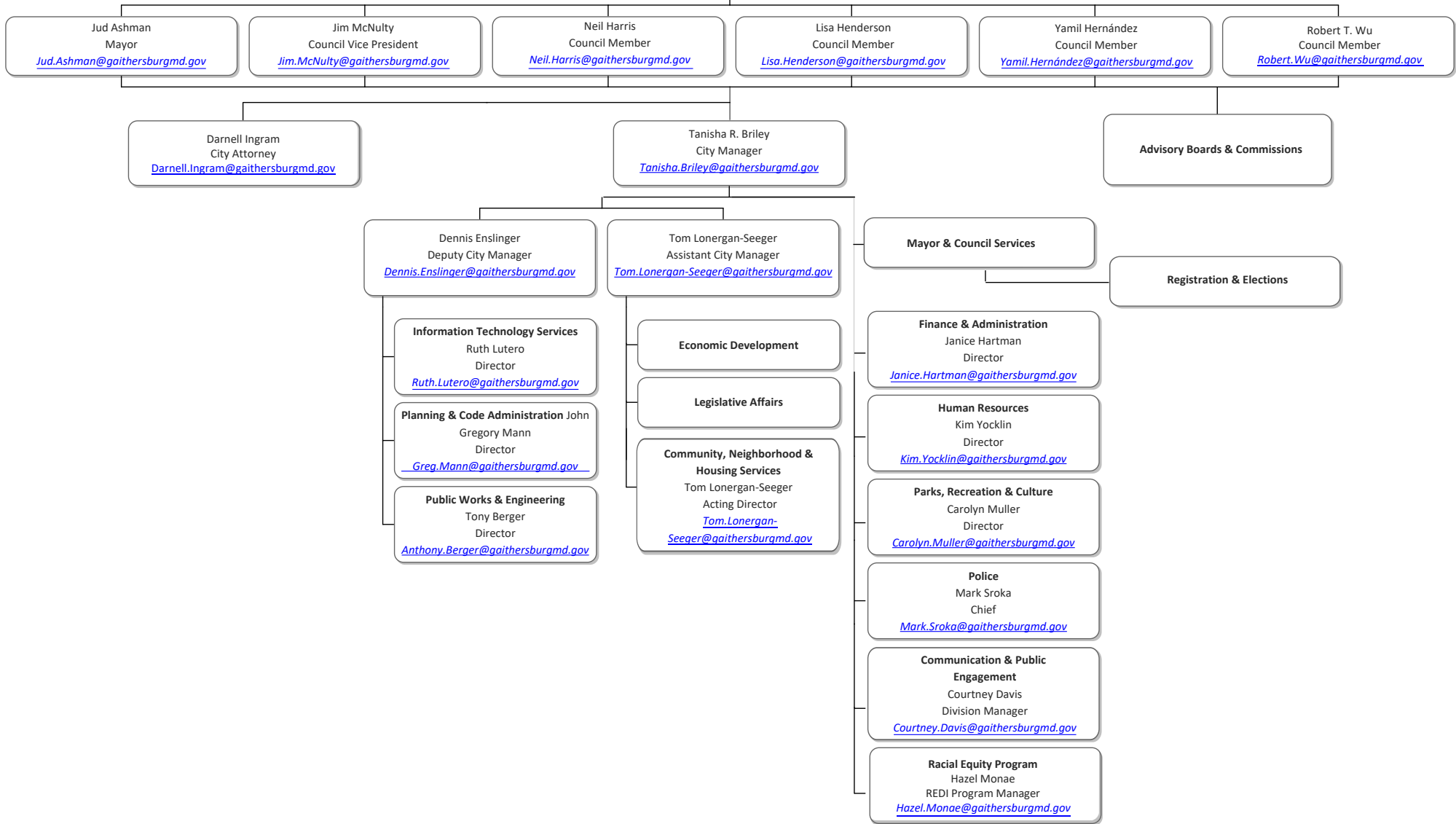
June 30, 2023

Christopher P. Morill

Executive Director/CEO

City of Gaithersburg, Maryland

Gaithersburg Residents



City of Gaithersburg, Maryland

**Directory of City Officials
as of October 31, 2024**

<u>Title</u>	<u>Name</u>
Mayor	Jud Ashman
City Council	Neil Harris
	Lisa Henderson
	Yamil Hernández
	Jim McNulty
	Robert T. Wu
City Manager	Tanisha R. Briley
Deputy City Manager	Dennis Enslinger
Assistant City Manager	Tom Lonergan-Seeger
City Attorney	Darnell Ingram
<u>Department Directors</u>	
Community, Neighborhood & Housing Services	Tom Lonergan-Seeger
Finance & Administration	Janice Hartman, CPA
Human Resources	Kim Yocklin
Information Technology	Ruth Lutero
Parks, Recreation & Culture	Carolyn Muller
Planning & Code Administration	Gregory Mann
Police	Mark Sroka
Public Works	Anthony Berger
<u>Department of Finance and Administration</u>	
Accountant I	Mandy Chen
Accountant III	Janice Gacuma
Accounting Technician	Brittany Saravia
Budget Manager	Kyle Jefson
Chief Accountant	Francis Dohnji
Controller	Ashenafi Arega, CPA, CGFM
Finance Systems Support Manager	Terri Reese
Payroll Coordinator	Larry Salins
Procurement Manager	Kim Addison
Procurement Specialist	Natasha Conn
Senior Accounting Technician	Mimi Min

This page is intentionally blank.

Financial Section





Summer Fest



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, 2024, 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, 2024, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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 basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic 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, 2024





Casey Community Center

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2024

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, 2024. 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 2024

- The City's government-wide net position increased by \$23.7 million and long-term liabilities increased by \$1.6 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 \$4.1 million compared to the budgeted decrease of \$10.8 million. This increase is due in part to increased tax revenue of \$1.3 million including an increase in Admissions tax of \$0.5 million, an increase in intergovernmental revenues of \$1.2 million including a \$0.7 million overage in income taxes, a \$0.3 million increase in state grants for police protection and arts, and a \$0.5 million increase for duplication of services for the Police supplement. The increase in fund balance also includes a \$7.0 million overage in investment earnings. The increase in revenue was coupled with total cost savings of \$5.0 million across all City departments and \$18.9 million net transfer to other funds.
- Total governmental funds' fund balance increased by \$13.2 million to \$192.3 million which is comprised of a General Fund increase of \$4.1 million, Stormwater Fund increase of \$4.8 million CIP Fund increase of \$3.9 million, and Non-Major Funds increase of \$0.4 million.
- Citywide capital expenditures of \$13.6 million covered many projects, including the purchase of land and a building at 8 and 12 South Summit Avenue, construction of Pleasant View Park, completion of the new Police Station, 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, 2024

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

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

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

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

Fund Financial Statements

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

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

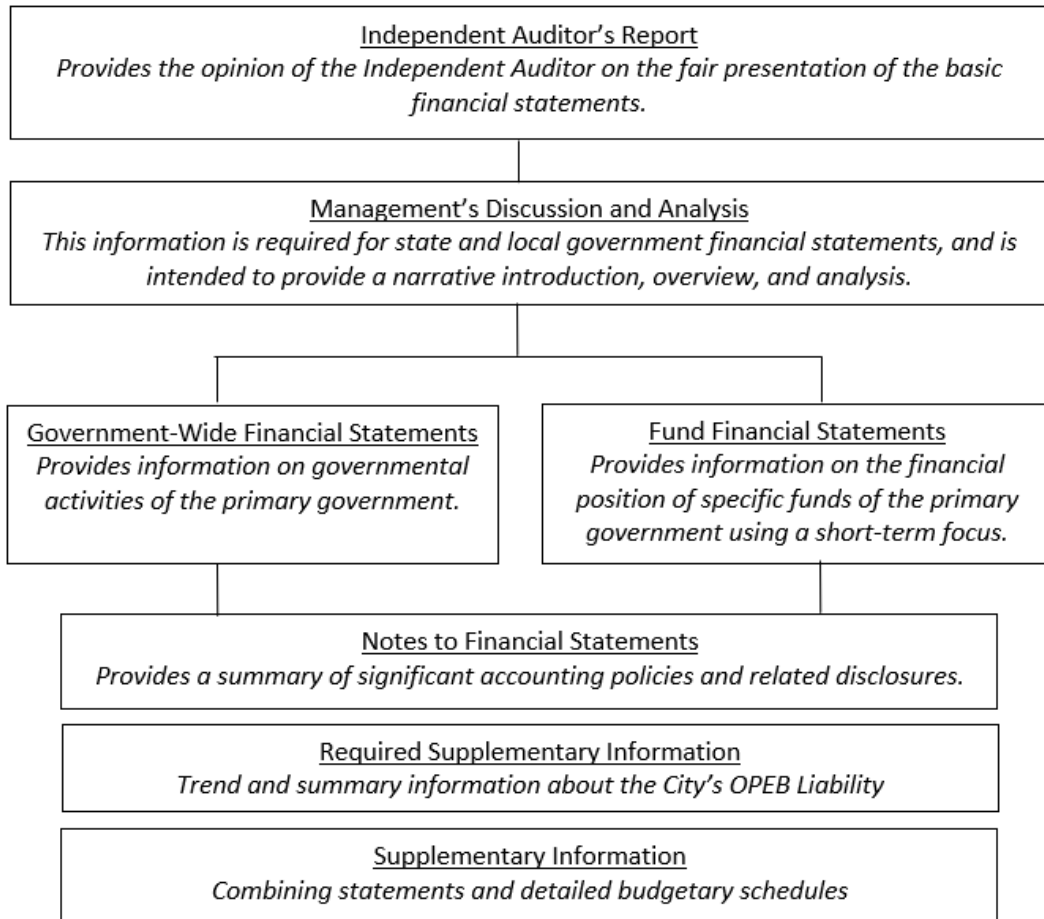
City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2024**

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, 2024**

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, 2024**

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, 2024 with a June 30, 2023 comparative analysis:

Figure 3 - Condensed Statement of Net Position

Governmental Activities	2024	2023	Change	% Chg
Assets				
Current and other assets	\$ 211,323,545	197,144,611	14,178,934	7.19%
Capital assets	137,838,762	129,450,691	8,388,071	6.48%
Total assets	<u>349,162,307</u>	<u>326,595,302</u>	<u>22,567,005</u>	<u>6.91%</u>
Deferred outflows of resources	<u>6,349,737</u>	<u>3,578,786</u>	<u>2,770,951</u>	<u>77.43%</u>
Liabilities				
Long-term liabilities	29,097,304	24,630,940	4,466,364	18.13%
Other liabilities	9,998,668	9,091,543	907,121	9.98%
Total liabilities	<u>39,095,972</u>	<u>33,722,483</u>	<u>5,373,485</u>	<u>15.93%</u>
Deferred inflows of resources	<u>7,562,245</u>	<u>11,343,155</u>	<u>(3,780,910)</u>	<u>-33.33%</u>
Net position				
Net investment in capital assets	134,546,285	128,524,928	6,021,357	4.68%
Restricted	949,193	955,267	(6,074)	-0.64%
Unrestricted	173,358,349	155,628,255	17,730,094	11.39%
Total net position	<u>\$ 308,853,827</u>	<u>\$ 285,108,450</u>	<u>\$ 23,745,377</u>	<u>8.33%</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 \$14.2 million. This increase primarily relates to an increase in cash and investments of \$11.5 million during the year coupled with a \$2.3 million increase in receivables, which is mostly comprised of increased income tax receivables. Cash balances increased mainly due to an increase in taxes and intergovernmental combined with savings in expenditures related to vacancies and snow removal.

The City began a stormwater fee program during FY16 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 FY18 – FY24. 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 \$17.0 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.

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 \$137.8 million at June 30, 2024. Depreciation expense for FY24 was \$5.7 million,

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2024**

and additions to buildings, infrastructure, improvements, and equipment and furniture amounted to \$18.5 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:

Figure 4 - Capital Assets (Net of Depreciation)		
Governmental Activities	2024	2023
Land	\$ 43,063,337	\$ 43,063,337
Buildings	39,567,284	17,447,232
Improvements other than buildings	10,340,873	9,503,865
Machinery and equipment	6,739,126	5,153,850
Intangibles	109,812	182,982
Infrastructure	20,497,393	21,246,252
Construction in progress	16,660,094	31,810,533
Right to use asset	51,389	51,080
Right-to-use subscription assets	809,456	991,560
Total capital assets, net	\$ 137,838,762	\$ 129,450,691

- Purchase of 8 and 12 South Summit
- Completion of the new police station and work on the Mayor and City Council Chambers
- Final construction work on Pleasant View Park
- Design work for the Russel Avenue Improvement project
- Miniature golf pond repair
- Tennis and basketball court resurfacing
- Several sidewalk and shared use path projects

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 \$4.9 million and the fiduciary net position increased by \$3.3 million, from net investment income of \$3.2 million and City contributions of \$1.7 million offset by benefit payments and administrative fees of \$1.6 million.

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

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. The net investment is the asset carrying value less any liabilities which are to be used for capital purposes, such as accounts payable, leases, and SBITA.

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, opioid abatement funds, police forfeitures and certain programs that receive external contributions. This

City of Gaithersburg, Maryland

**Management's Discussion and Analysis
June 30, 2024**

category decreased slightly by six thousand dollars primarily due to the net impact of Maryland State Arts Council grant funds spent in FY24 and an increase in opioid funds received by the City.

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 FY24 and FY23. Significant changes year over year are discussed following the table.

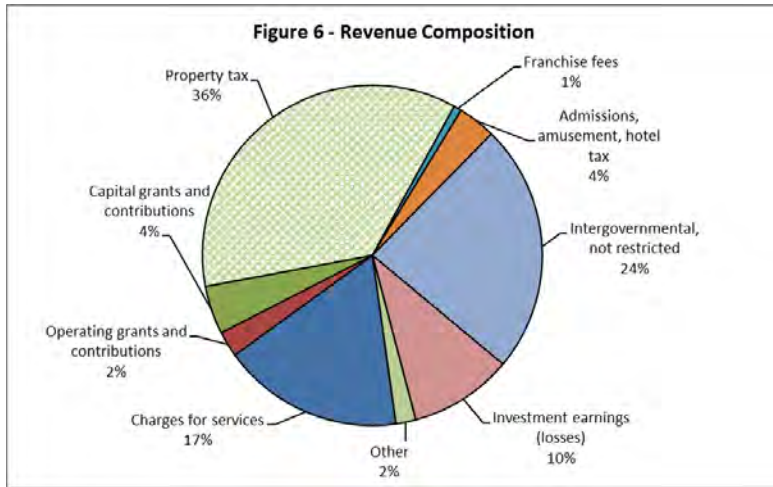
Figure 5 - Condensed Statement of Activities

Governmental Activities	2024	2023	Change	% Chg
Revenues				
Program Revenues				
Charges for services	\$ 16,379,934	\$ 17,389,303	\$(1,009,369)	-5.80%
Operating grants and contributions	2,333,607	3,537,994	(1,204,387)	-34.04%
Capital grants and contributions General revenues	4,357,983	3,295,200	1,062,783	32.25%
General Revenues				
Property tax	34,131,297	34,124,710	6,587	0.02%
Franchise fees	709,811	782,448	(72,637)	-9.28%
Admissions, amusement, hotel tax	3,414,804	2,957,522	457,282	15.46%
Intergovernmental, not restricted	22,511,066	19,533,817	2,977,249	15.24%
Investment earnings (losses)	9,350,038	3,713,459	5,636,579	151.79%
Other	1,793,011	1,442,230	350,781	24.32%
Total revenue	<u>94,981,551</u>	<u>86,776,683</u>	<u>8,204,868</u>	<u>9.46%</u>
Expenses				
General government	26,039,274	22,059,127	3,980,147	18.04%
Public safety	14,620,840	13,222,736	1,398,104	10.57%
Public works	15,963,893	17,837,932	(1,874,039)	-10.51%
Parks and recreation	11,558,933	11,416,862	142,071	1.24%
Community services and development Interest on leases	3,010,390	3,119,971	(109,581)	-3.51%
Interest on leases	42,844	29,305	13,539	-
Total expenses	<u>71,236,174</u>	<u>67,685,933</u>	<u>3,550,241</u>	<u>5.25%</u>
Change in net position	23,745,377	19,090,750	4,654,627	24.38%
Beginning net position	<u>285,108,450</u>	<u>266,017,700</u>		
Ending net position	<u>\$ 308,853,827</u>	<u>\$ 285,108,450</u>		

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2024**

Revenues

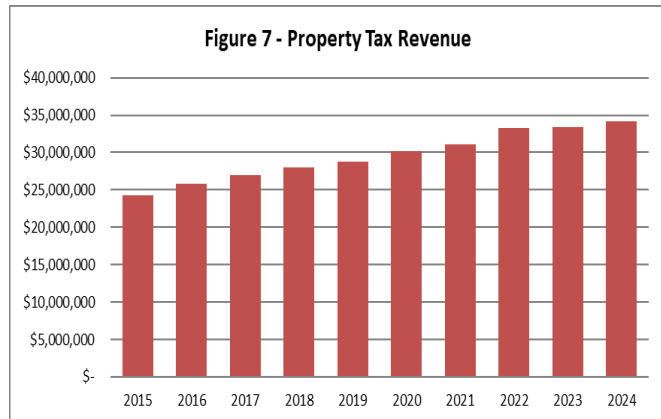


The chart to the left shows the composition of the City’s revenue by sources. The City’s largest revenue sources are property taxes, charges for services, and intergovernmental revenues not restricted to a specific purpose.

The overall composition is in line with the prior year except for investment earnings, which are significantly higher at 10% as average interest rates rose compared to 4% in FY23. Small differences include a reduction in operating grants and contributions, which is at 2% compared to 4% in the prior year.

Decreases of 3% for charges for services primarily due to a decrease in new development and fire protection permit fees received in FY24.

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 2024 property tax revenue grew 2.2% 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 include the City’s share of income taxes. This category remained consistent with the previous year. The City maintained its strong income tax base in FY24. 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 FY24. 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 \$1.0 million. This is primarily due to a decrease of \$0.5 million in building permits, \$0.1 million in fire protection permit fees, and \$0.4 million in fines & forfeiture revenue.

Operating grants and contributions typically include the State of Maryland (State) police grant, a Federal grant for housing, and several smaller grants for arts, homeless programs and senior nutrition programming. However, in FY24 and FY23, 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

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2024**

FY23. Of the total \$11.5 million received through the grant, the City recognized \$0.7 million, \$1.3 million, \$3.9 million and \$5.6 million of revenue in FY24, FY23, FY22 and FY21, 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 miscellaneous State grants. Capital grants and contribution revenues remained consistent at 4% percent in FY24 compared to FY23. The decrease in revenue recognized from ARPA in FY24 was offset by increased grant funding for the State Highway User and Open Space grants.

Investment earnings increased from FY 2023 to FY 2024. Interest earnings and realized gains / (losses) increased significantly as average interest rates rose in FY 2024.

The one-year treasury rate decreased slightly from an average of 5.06% during FY 2023 to an average of 4.82% during FY 2024. The City is required to recognize changes in the market

Figure 8 - Investment earnings (losses)		
Governmental Activities	2024	2023
Unrealized gains / (losses)	\$2,064,440	\$ (910,883)
Investment earnings and realized gains/(losses)	7,285,598	4,624,342
Total interest income	<u>\$9,350,038</u>	<u>\$3,713,459</u>

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 \$9.4 million in net investment earnings in FY 2024. Figure 8 summarizes the City’s unrealized gains and losses compared to interest earnings in FY 2024 and FY 2023.

Expenses

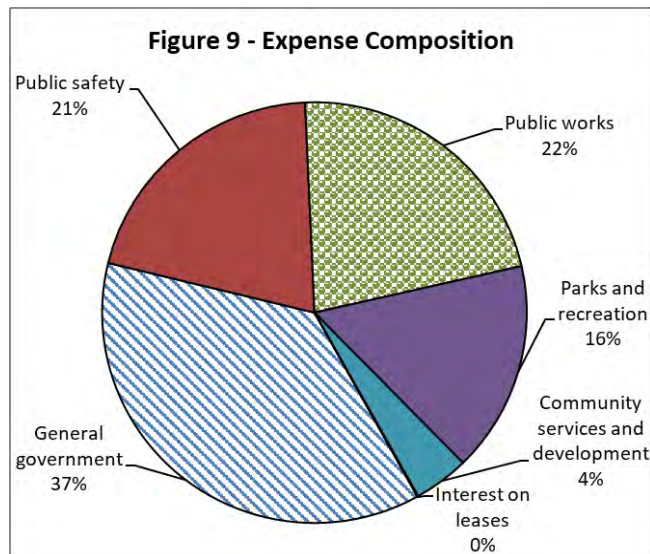


Figure 9 shows the composition of FY24 expenses by function. The allocation of total costs across the functions was similar between FY24 and FY23. The main differences are the decrease in Public works to 22% from 26% in FY23, increase to 21% from 19% in FY23 for Public safety, and increase to 37% from 33% in FY23 for General government.

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 primarily due to fixed asset disposals.

The public safety function includes police services, building and code enforcement, traffic, and animal control costs. This function increased by \$1.4 million compared to FY23 due to an increase in personnel expense for additional police officers added in FY24.

City of Gaithersburg, Maryland

Management’s Discussion and Analysis
June 30, 2024

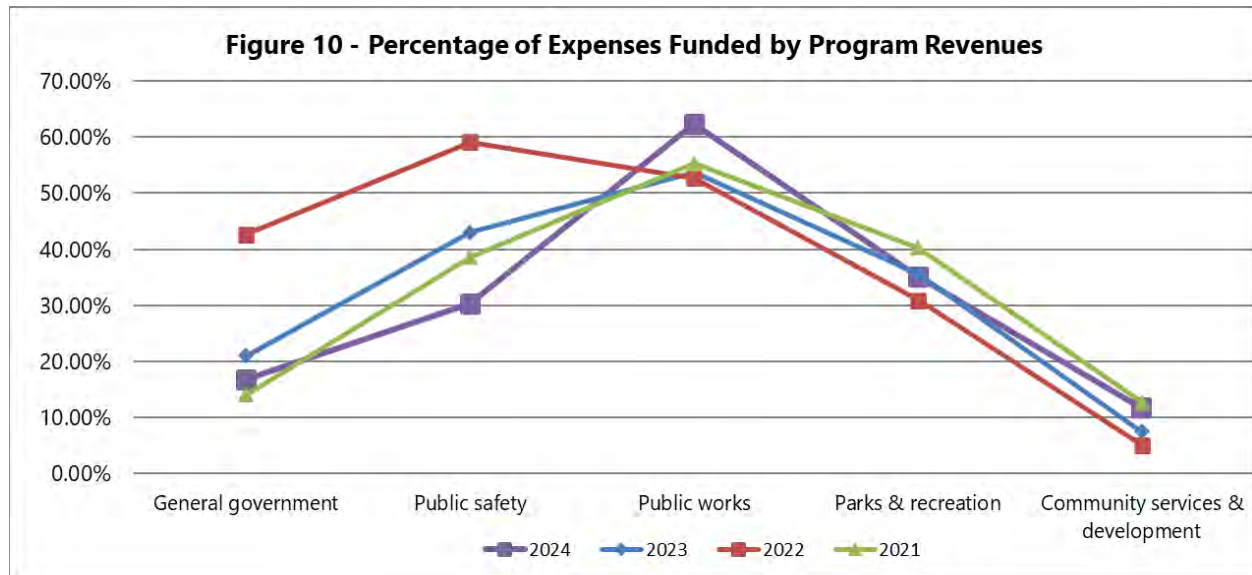
The public works function represents maintenance costs for municipal parks, fleet and streets, as well as street lighting, landscaping and forestry, recycling, engineering, stormwater management, sustainability and street projects. Expenses within public works decreased by \$2.1 million primarily due to a lower capital outlay.

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 \$0.1 million between FY24 and FY23. The most significant increase for the parks and recreation function was the County required increase in the minimum wage from \$16.70 per hour to \$17.15 per hour in FY24. This increase had an impact in expenditures for parks, recreation and culture as much of their programming and events relies heavily on 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 decreased by \$0.1 million between FY24 and FY23. This decrease is a result of lower housing contributions as a result of a change in program policy to align the City’s program with the County’s, which has stricter criteria for emergency rental assistance.

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.



General government funded percentage decreased in FY24 due to lower licensing and permitting fees compared to the prior year. Public safety funded percentage decreased in FY24 compared to FY23 due to a lower revenue from operating grant and speed camera and parking tickets. Public works funded

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2024

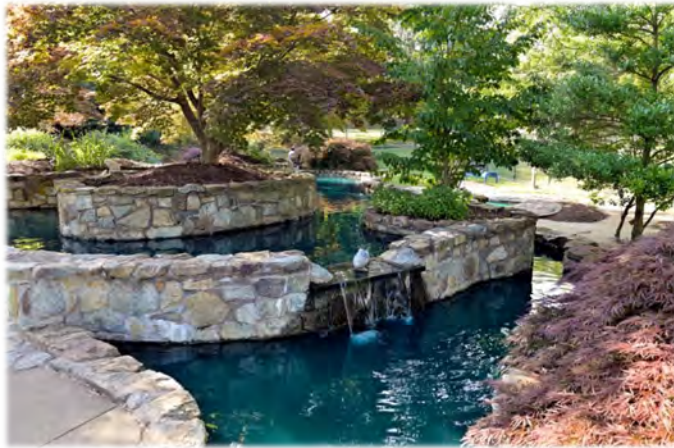
percentage increased in FY24 due to a lower capital outlay. The funded percentage for the Parks & recreation function remained consistent year over year. The community services and development funded percentage increased in FY24 due to a higher revenue from charges for services and operating grants received 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 \$192.3 million, an increase of \$13.2 million over FY23's fund balance.

General Fund: The General Fund received \$4.1 million more than was spent, thereby increasing the total fund balance to \$89.9 million. Overall revenues increased \$6.5 million compared to FY23. Much of this increase can be attributed to an increase in investment earnings, property tax, and intergovernmental revenue, which were partially offset by a decrease in permitting revenues. Expenditures increased \$3.2 million compared to FY23, the increase results from four mid-year hires four new police officers, increased programming costs for summer programs, arts and special events, and increased costs for Public Works such as landscaping, facilities maintenance, parks maintenance and traffic studies. More detail on these variances is discussed within the General Fund budgetary highlights section of this report. Net transfers out increased by \$10.1 million as additional funds were transferred to the CIP and Asset Replacement funds.

CIP Fund: The CIP Fund reported an increase in fund balance of \$3.9 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 FY24 included the purchase of 8 and 12 South Summit Avenue, construction of Pleasant View Park and the miniature golf phone repair. 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 \$4.8 million in fund balance as a result of revenue increases for investment earnings, underspending in CIP projects due to vacancies throughout FY24. The City's stormwater management capital plan calls for over \$17.0 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.

Non-Major Funds: The Non-Major funds reported an increase in fund balance of \$4.0 million mainly due to lower spending in Opioid Abatement and Forest Conservation Funds due to timing of contracts and no new developer loans issued in FY24 in the Housing Fund.

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2024**

General Fund Budgetary Highlights

The Mayor and City Council adopted an FY24 General Fund expenditure budget of \$86.2 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 its 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 2024.

Revenues

Overall, the City’s General Fund revenues of \$85.3 million exceeded the budgeted amount of \$75.4 million (before reappropriation). The City experienced increases in revenue across several sources offset by a few decreases.

- Licenses and permits were below budget by \$0.3 million. FY24 licenses and permits revenue decreased across most permits as there were not many new construction projects during the fiscal year. 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.

Figure 11 - Licenses and permits						
General Fund	2024	2023	2022	2021	2020	2019
Actual	\$ 3,792,247	\$ 4,793,231	\$ 8,606,127	\$ 4,493,621	\$ 4,128,350	\$ 4,970,524
Budget	4,068,270	4,760,100	4,337,730	4,271,780	4,299,970	4,024,910
Over / (Under)	\$ (276,023)	\$ 33,131	\$ 4,268,397	\$ 221,841	\$ (171,620)	\$ 945,614

- Intergovernmental revenues of \$26.8 million were over budget by \$1.2 million due to \$0.7 million higher income tax and an additional \$0.5 million of County revenue sharing for duplicate services. These additional funds will assist with expenses that the City incurs in providing quality services to its residents and businesses.
- Charges for services of \$6.2 million were over budget by \$0.4 million. An increase in recreation program fees of \$0.2 million contributed to the over performance in charges for services. Other programs and winter lights revenue also contributed towards the overage as the City continues to see increased enrollments and attendance.
- Fines and forfeiture revenue of \$1.5 million below the budget by \$0.4 million. Revenues from fines and forfeitures primarily result from speed radar fines, parking fines and City ordinance violations. The decrease relates primarily to the lower number of citations issued for photo radar.
- Local tax revenue of \$37.5 million was over budget by \$1.3 million. Property tax revenues exceeded budget by \$0.5 million, admission and amusement tax revenue outperformed the budget by \$0.5 million as public activities bounced back to normal from the pandemic. Hotel and motel taxes also increased \$0.2 million as the City saw an uptick in travel during FY24.

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2024

- Investment earnings experienced income of \$7.7 million in FY24. Interest earnings increased significantly as average interest rates remained stable and high in FY24. The one-year treasury rate decreased from an average of 5.06% during FY23 to an average of 4.82% during FY24.

Expenditures

General Fund expenditures came in at \$5.1 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 \$0.5 million and general operating supplies were under budget by \$0.3 million. 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 \$21.2 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 FY23. This statement recognizes a right-to-use subscription asset and a corresponding subscription liability.

The City's net OPEB liability increased by \$4.9 million. The City continues to contribute to the plan on an annual basis, the plan is 53.6% funded. This City plans to contribute to the OPEB Trust fund at a rate to obtain 90% funding within 20 years.

See Notes 8 – 12 for more information on these liabilities.

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2024**

Figure 12 - Long-term Obligations		
Governmental Activities	2024	2023
Compensated absences		
Vacation	\$ 2,270,599	\$ 2,156,530
Sick	<u>1,019,173</u>	<u>1,165,464</u>
Total compensated absences	<u>3,289,772</u>	<u>3,321,994</u>
Net OPEB obligation	26,701,829	21,784,465
Income tax duplication liability	150,349	159,461
Lease liability	51,840	51,159
SBITA liability	<u>634,372</u>	<u>874,605</u>
Total long-term debt	<u>\$ 30,828,162</u>	<u>\$ 26,191,684</u>

Factors Impacting the City’s Future

The following economic factors are reflected in the City’s FY25 budget:

- The adopted general fund expenditure budget for FY25 is \$86.7million, representing a 1 percent increase from the FY24 budget. The FY25 budget includes larger-than-normal transfers of \$11.8 million to the Capital Improvements Fund and \$4.5 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 related to the general wage adjustments, new police officers added in FY24 and FY25, a 15% increase in health insurance rates, and an increase in legal expenses for arbitration costs related to the renovation at 16 South Summit Avenue as well as expenses related to facility maintenance and repairs.
- General Fund revenues, before reappropriation, are expected to increase by 7.6 percent. The City’s primary revenue sources, real property tax and income tax, are stable. In order to better reflect the annual property tax assessment increases, the City has increased the revenue budget for real property tax with a projected 6% increase in revenue in FY25.
- Permitting revenues are projected to remain at a consistent level in FY25, though the five-year outlook includes several prospective large-scale projects that will provide additional one-time revenues.
- Since FY23, 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 FY25 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, 2024**

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, 2024**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 102,183,848
Investments	87,327,521
Receivables, net of allowance for uncollectibles	15,663,606
Prepays	417,502
Inventory	57,943
Long-term receivables	5,673,125
Capital assets	
Land	43,063,337
Buildings	61,921,379
Improvements other than buildings	25,761,233
Machinery and equipment	21,253,577
Right-to-use leased vehicles	108,449
Right-to-use subscription assets	1,245,876
Intangibles	522,540
Infrastructure	70,975,766
Construction-in-progress	16,660,094
Less: accumulated depreciation/amortization	<u>(103,673,489)</u>
Total assets	<u>349,162,307</u>
Deferred outflows of resources	
Deferred outflows from OPEB	<u>6,349,737</u>
Liabilities	
Accounts payable	5,612,023
Accrued liabilities	938,307
Unearned revenue	932,484
Deposits	784,997
Non-current liabilities	
Due within one year	1,730,857
Due in more than one year	<u>29,097,304</u>
Total liabilities	<u>39,095,972</u>
Deferred inflows of resources	
Leases	120,909
Deferred inflows from OPEB	<u>7,441,336</u>
Total deferred inflows of resources	<u>7,562,245</u>
Net Position	
Net investment in capital assets	134,546,285
Restricted for:	
Holiday giving	3,886
Sports Scholarships	11,671
Police forfeitures	27,665
MSAC ARGOS Grant	72,420
Opioid Abatement	96,569
Forest conservation	<u>736,982</u>
Total Restricted	949,193
Unrestricted	<u>173,358,349</u>
Total net position	<u>\$ 308,853,827</u>

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Statement of Activities
For the Year Ended June 30, 2024**

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	\$ 26,039,274	\$ 2,123,751	\$ 281,391	\$ 2,004,602	\$ (21,629,530)
Public safety	14,620,840	2,700,702	1,705,529	12,000	(10,202,609)
Public works	15,963,893	7,493,210	-	2,341,381	(6,129,302)
Parks & recreation	11,558,933	3,888,604	169,579	-	(7,500,750)
Community services & development	3,010,390	173,667	177,108	-	(2,659,615)
Interest on leases	42,844	-	-	-	(42,844)
Total governmental activities	<u>\$ 71,236,174</u>	<u>\$ 16,379,934</u>	<u>\$ 2,333,607</u>	<u>\$ 4,357,983</u>	<u>\$ (48,164,650)</u>
General Revenues					
Property tax					\$ 34,131,297
Franchise fees					709,811
Admissions, amusement, and hotel taxes					3,414,804
Intergovernmental not restricted to specific programs					22,511,066
Investment earnings					9,350,038
Miscellaneous revenues					1,793,011
Total general revenues					<u>71,910,027</u>
Change in net position					<u>23,745,377</u>
Net Position					
Beginning					<u>285,108,450</u>
Ending					<u>\$ 308,853,827</u>

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Balance Sheet – Governmental Funds
As of June 30, 2024**

	General Fund	CIP Fund	Stormwater Management Fund	Non-Major Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 39,792,336	\$ 29,642,042	\$ 20,173,192	\$ 12,576,279	\$ 102,183,848
Investments	49,569,910	21,277,954	10,519,292	5,960,364	87,327,521
Property taxes, net of allowance	223,502	-	-	-	223,502
Due from other governments	11,560,444	-	-	-	11,560,444
Other receivables, net of allowances	2,912,445	-	795,456	36,742	3,744,643
Lease receivable	135,017	-	-	-	135,017
Prepays	402,835	-	14,667	-	417,502
Inventory	57,943	-	-	-	57,943
Long-term receivables	-	-	-	5,673,125	5,673,125
Total assets	\$ 104,654,432	\$ 50,919,996	\$ 31,502,607	\$ 24,246,510	\$ 211,323,545
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 2,546,307	\$ 2,257,467	\$ 393,967	\$ 414,284	\$ 5,612,025
Accrued liabilities	920,899	-	17,408	-	938,307
Unearned revenue	932,484	-	-	-	932,484
Deposits	784,997	-	-	-	784,997
Total liabilities	5,184,687	2,257,467	411,375	414,284	8,267,813
Deferred inflow of resources					
Unavailable revenues	9,593,509	-	792,563	353,667	10,739,739
Total deferred inflow of resources	9,593,509	-	792,563	353,667	10,739,739
Fund balances					
Non-spendable					
Prepays	402,835	-	14,667	-	417,502
Inventory	57,943	-	-	-	57,943
Restricted	115,641	-	-	833,552	949,193
Committed	-	48,662,529	30,284,002	22,645,008	101,591,539
Assigned	3,307,689	-	-	-	3,307,689
Unassigned	85,992,128	-	-	-	85,992,128
Total fund balances	89,876,236	48,662,529	30,298,669	23,478,560	192,315,994
Total liabilities, deferred inflow of resources, and fund balances	\$ 104,654,432	\$ 50,919,996	\$ 31,502,607	\$ 24,246,511	\$ 211,323,545

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, 2024**

Total fund balance – governmental funds		\$ 192,315,994
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	\$ 241,512,254	
Accumulated depreciation/amortization	<u>(103,673,489)</u>	137,838,765
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		
		10,618,830
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		(26,701,829)
Deferred outflows from OPEB		6,349,737
Deferred inflows from OPEB		(7,441,336)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Income tax duplication liability		(150,349)
Subscription liability		(634,372)
Lease liability		(51,840)
Accumulated unused compensated absences		<u>(3,289,771)</u>
Net position of governmental activities		<u>\$ 308,853,827</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, 2024**

	General Fund	CIP Fund	Stormwater Management Fund	Non-Major Funds	Total Governmental Funds
Revenues					
Taxes	\$ 37,545,339	\$ -	\$ -	\$ -	\$ 37,545,339
Licenses and permits	3,792,246	-	2,478	-	3,794,724
Intergovernmental	26,840,952	2,103,181	-	259,352	29,203,485
Charges for services	6,224,138	-	5,594,538	-	11,818,676
Fines and forfeitures	1,502,444	-	-	-	1,502,444
Investments earnings (losses)	7,656,122	-	1,451,622	242,294	9,350,038
Miscellaneous	1,149,536	-	-	-	1,149,536
Total revenues	84,710,777	2,103,181	7,048,638	501,646	94,364,242
Expenditures					
Current					
General government	20,385,286	-	-	149,504	20,534,790
Public safety	14,033,534	-	-	-	14,033,534
Public works	11,575,713	-	1,993,593	22,997	13,592,303
Parks & recreation	10,587,512	-	-	-	10,587,512
Community services & development	3,012,431	-	-	-	3,012,431
Contribution to OPEB trust	1,695,100	-	-	-	1,695,100
Debt service					
Principal	258,079	-	-	18,259	276,338
Interest	42,844	-	-	-	42,844
Capital outlay	123,875	13,594,742	184,149	3,933,967	17,836,733
Total expenditures	61,714,374	13,594,742	2,177,742	4,124,727	81,611,585
Excess (deficiency) of revenues over expenditures	22,996,403	(11,491,561)	4,870,896	(3,623,081)	12,752,657
Other Financing Sources (Uses)					
Transfers in	206,392	15,363,422	165,989	3,987,000	19,722,803
Transfers out	(19,478,411)	-	(244,392)	-	(19,722,803)
Leases	36,702	-	-	-	36,702
Proceeds from sale of capital assets	381,851	-	-	-	381,851
Total other financing sources (uses)	(18,853,466)	15,363,422	(78,403)	3,987,000	418,553
Net change in fund balances	4,142,937	3,871,861	4,792,493	363,919	13,171,210
Fund Balances					
Beginning	85,733,299	44,790,668	25,506,176	23,114,641	179,144,784
Ending	\$ 89,876,236	\$ 48,662,529	\$ 30,298,669	\$ 23,478,560	\$ 192,315,994

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, 2024**

Total net change in fund balances – governmental funds \$ 13,171,210

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	\$ 18,497,281	
Depreciation/Amortization	<u>(5,693,401)</u>	12,803,880

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	(5,509,429)	
Depreciation/Amortization	<u>1,093,620</u>	(4,415,809)

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 235,454

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. 1,669,755

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		(681)
Subscriptions		240,233
Unused compensated absences		<u>32,223</u>

Change in net position of governmental activities \$ 23,745,377

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 36,273,985	\$ 36,273,985	\$ 37,545,339	\$ 1,271,354
Licenses and permits	4,068,270	4,068,270	3,792,246	(276,024)
Intergovernmental	25,636,266	25,636,266	26,840,952	1,204,686
Charges for services	5,867,401	5,867,401	6,224,138	356,737
Fines and forfeitures	1,906,000	1,906,000	1,502,444	(403,556)
Investments earnings (losses)	625,000	625,000	7,656,122	7,031,122
Miscellaneous	499,358	499,358	1,149,536	650,178
Total revenues	<u>74,876,280</u>	<u>74,876,280</u>	<u>84,710,777</u>	<u>9,834,497</u>
Expenditures				
Current				
General government	22,932,398	22,269,424	20,385,286	1,884,138
Public safety	13,749,418	14,508,354	14,033,534	474,820
Public works	13,574,346	13,549,743	11,575,713	1,974,030
Parks and recreation	11,487,404	11,468,293	10,587,512	880,781
Community services and development	3,285,350	3,310,353	3,012,431	297,923
Contribution to OPEB trust	1,695,100	1,695,100	1,695,100	-
Debt service	-	-	300,923	(300,923)
Capital outlay	-	-	123,875	(123,875)
Total expenditures	<u>66,724,016</u>	<u>66,801,268</u>	<u>61,714,374</u>	<u>5,086,894</u>
Excess of revenues over expenditures	8,152,264	8,075,012	22,996,403	14,921,391
Other Financing Sources (Uses)				
Transfers in	206,392	206,392	206,392	-
Transfers out	(19,481,969)	(19,481,969)	(19,478,411)	3,558
Leases	-	-	36,702	36,702
Proceeds from sale of capital assets	275,000	275,000	381,851	106,851
Total other financing uses	<u>(19,000,577)</u>	<u>(19,000,577)</u>	<u>(18,853,466)</u>	<u>147,111</u>
Net change in fund balance	<u>\$ (10,848,313)</u>	<u>\$ (10,925,565)</u>	<u>\$ 4,142,937</u>	<u>\$ 15,068,502</u>
Fund Balance				
Beginning			\$ 85,733,299	
Ending			<u>\$ 89,876,236</u>	

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Statement of Fiduciary Net Position – Fiduciary Funds
As of June 30, 2024**

	<u>Pension Trust - OPEB Trust Fund</u>	<u>Private-Purpose Trust Fund</u>
Assets		
Cash and cash equivalents	\$ 31,158,499	\$ 15,638
Total assets	<u>31,158,499</u>	<u>15,638</u>
Liabilities		
Claim reimbursements due to primary government	272,218	-
Total liabilities	<u>272,218</u>	<u>-</u>
Net Position		
Net position restricted for postemployment benefits other than pensions	30,886,281	-
Net position held in trust	-	\$ 15,638
Total net position	<u>\$ 30,886,281</u>	<u>\$ 15,638</u>

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Year Ended June 30, 2024**

	Pension Trust - OPEB Trust Fund	Private-Purpose Trust Fund
Additions		
Contributions		
Employer	\$ 1,695,100	\$ -
Interest and gains	3,171,764	2
Total additions	4,866,864	2
Deductions		
Benefits and withdrawals	1,533,447	-
Change in net position	3,333,417	2
Net Position		
Beginning	27,552,864	15,636
Ending	\$ 30,886,281	\$ 15,638

See Notes to Basic Financial Statements.

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 funds 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 three 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.
- **Opioid Abatement Fund (Nonmajor fund):** This is used to account for the financial resources received under the various opioid settlements. The City is a participant in both the Johnson & Johnson and Distributor Settlements to allow the City to receive its allocation of settlement funds for use in opioid mitigation measures and to participate in other opioid litigation settlements. The settlement funds are distributed by the State of Maryland Opioid Abatement Trust Fund, which is part of the national opioid settlement agreement, through direct payments and targeted abatement grants. Settlement payments are also received directly from National Opioid Settlements.

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.

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

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.

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 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."

M. Deferred Outflows/Inflows of Resources

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

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

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

N. Compensated Absences

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

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

	Governmental Activities	Trust Fund	Purpose Trust Fund	Associated Risks
Cash and cash equivalents				
Bank deposits	\$ 7,408,275	\$ -	\$ 2,000	Custodial credit deposits
MLGIP	94,670,403	-	-	Credit, interest rate
Certificates of deposit	-	-	13,638	Custodial credit deposits
Money market	105,170	-	-	Credit, interest rate
CIT	-	31,158,499	-	Credit, interest rate
Sub-Total	<u>102,183,848</u>	<u>31,158,499</u>	<u>15,638</u>	
Investments				
Commercial paper	7,718,165	-	-	Custodial credit, credit, interest rate, concentration
Supernational	3,522,264	-	-	
US agency securities	35,943,917	-	-	Custodial credit, credit, interest rate, concentration
US treasury securities	40,143,175	-	-	Custodial credit, interest rate
Sub-Total	<u>87,327,521</u>	<u>-</u>	<u>-</u>	
Total	<u>\$ 189,511,369</u>	<u>\$ 31,158,499</u>	<u>\$ 15,638</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 and 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
Commercial paper	\$ 7,718,165	\$ -	\$ 7,718,165	\$ -
Supernational	3,522,264	-	3,522,264	-
U.S. agency securities	35,943,917	-	35,943,917	-
U.S. treasury securities	40,143,175	40,143,175	-	-
Total investments by fair value level	<u>\$ 87,327,521</u>	<u>\$ 40,143,175</u>	<u>\$ 47,184,346</u>	<u>\$ -</u>

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

- Amounts invested in U.S. 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 U.S. 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, 2024, 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	\$ 94,670,403
Money market	AAAm	105,170
CIT	unrated	31,158,499
Commercial paper	A-1	7,718,165
Supernational	AAA	3,522,264
US agency securities	AA+	35,943,917

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, 2024, 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	\$ 94,670,403	\$ 94,670,403	\$ -	\$ -	\$ -	\$ -
Money market	105,170	105,170	-	-	-	-
CIT	31,158,499	31,158,499	-	-	-	-
Commercial paper	7,718,165	7,718,165	-	-	-	-
Supernational	3,522,264			3,522,273	-	-
US agency securities	35,943,917	8,317,340	14,412,665	2,434,433	2,779,854	7,997,763
US treasury securities	40,143,175	8,737,610	3,261,016	9,670,406	10,148,509	8,323,922
Total	\$ 213,261,593	\$ 150,707,186	\$ 17,673,681	\$ 15,627,112	\$ 12,928,364	\$ 16,321,684

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
U.S. treasury securities	100%	N/A
U.S. 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 Fu	25%	N/A

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

Note 4 Receivables

Receivables at June 30, 2024 reported in the General, Stormwater and NonMajor Funds consist of the following:

	<u>Governmental Activities</u>
Property taxes	
Current year	\$ -
Previous years	416,033
Allowance on taxes more than 3 years old	(192,531)
Total property taxes	223,502
Due from other governments	
County	20,855
State & local	11,475,955
Federal	63,634
Total due from other governments	11,560,444
Other receivables	
Cable TV fees	175,179
Police tickets and fines	938,356
OPEB Trust reimbursement	288,183
Stormwater fees	2,016,645
Opioid fees	36,742
Accrued interest	1,293,227
Miscellaneous	502,457
Allowance on stormwater fees	(1,221,189)
Allowance on police tickets and fines	(284,957)
Total other receivables	3,744,643
Lease receivable	135,017
Total	\$ 15,663,606

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, 2024, are as follows:

	<u>Unavailable</u>
Income tax reserve	\$ 8,501,565
Property taxes receivable	213,463
Interest earnings	272,402
Police fines and tickets	558,229
Other receivables	47,850
Total General Fund	9,593,509
Stormwater charges	792,563
Opioid Settlement	353,667
Total Governmental Funds	\$ 10,739,739

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	\$ -	\$ 15,363,422	\$ -	\$ -	\$ 3,709,000	\$ 19,072,422	Capital funding
General Fund	-	-	-	240,000	-	240,000	Operating subsidy
General Fund	-	-	165,989	-	-	165,989	Stormwater general fund fee and hardship credit
Stormwater Management Fund	206,392	-	-	-	-	206,392	Stormwater administrative transfer
Stormwater Management Fund	-	-	-	-	38,000	38,000	Transfer to Asset Replacement for Stormwater assets
Total	<u>\$ 206,392</u>	<u>\$ 15,363,422</u>	<u>\$ 165,989</u>	<u>\$ 240,000</u>	<u>\$ 3,747,000</u>	<u>\$ 19,722,803</u>	

Note 6 Long-Term Receivables

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

	<u>Governmental Activities</u>
Long-term receivables	
Gaithersburg Homeownership Assistance Loan Program	\$ 5,356,200
Opioid Settlements	316,925
Developer note receivable	-
Total	<u>\$ 5,673,125</u>

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

A. Gaithersburg Homeownership Assistance Loan Program (GHALP)

In order to help reduce barriers for homeownership, the City has developed a down-payment assistance program. This program provides loan funds towards a down payment and closing costs to qualified individuals and families. The loans bear no interest. The 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 320 individual loans ranging from \$4,700 to \$25,000 had been made totaling \$5,356,200. Of these loans, 6 were made during FY 2024 totaling \$124,000. The City has received cumulative repayments of \$933,118, of which \$111,000 were received during FY 2024. 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. 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, 2024, the City recognized \$717,865 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, 2023	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2024
Capital assets not being depreciated				
Land	\$ 43,063,337	\$ -	\$ -	\$ 43,063,337
Construction-in-progress	31,810,533	10,153,359	(25,303,798)	16,660,094
Total assets not being depreciated	<u>74,873,870</u>	<u>10,153,359</u>	<u>(25,303,798)</u>	<u>59,723,431</u>
Capital assets being depreciated/amortized				
Improvements other than buildings	23,699,410	2,061,821	-	25,761,231
Buildings and structures	38,759,123	27,558,171	(4,395,915)	61,921,379
Machinery and equipment	18,761,607	3,336,829	(844,857)	21,253,578
Right-to-use leased vehicles	114,043	36,702	(42,296)	108,449
Right-to-use subscription assets	1,158,703	99,173	(12,000)	1,245,876
Intangibles	522,540	-	-	522,540
Infrastructure	70,635,105	555,022	(214,360)	70,975,767
Total assets being depreciated/amortized	<u>153,650,531</u>	<u>33,647,719</u>	<u>(5,509,429)</u>	<u>181,788,821</u>
Less accumulated depreciation/amortization for				
Improvements other than buildings	(14,195,547)	(1,224,813)		(15,420,360)
Buildings and structures	(21,311,889)	(1,116,979)	74,772	(22,354,095)
Machinery and equipment	(13,607,757)	(1,741,854)	835,158	(14,514,452)
Right-to-use leased vehicles	(62,962)	(36,394)	42,296	(57,060)
Right-to-use subscription assets	(167,143)	(269,277)	-	(436,420)
Intangibles	(339,558)	(73,170)	-	(412,728)
Infrastructure	(49,388,853)	(1,230,915)	141,394	(50,478,374)
Total accumulated depreciation/amortization	<u>(99,073,709)</u>	<u>(5,693,401)</u>	<u>1,093,620</u>	<u>(103,673,489)</u>
Capital assets, net	<u>\$ 129,450,692</u>	<u>\$ 38,107,677</u>	<u>\$ (29,719,606)</u>	<u>\$ 137,838,762</u>

Depreciation expense/amortization expense was charged to governmental functions for the year ended June 30, 2024 as follows:

General government	\$ 1,839,419
Public safety	585,255
Public works	2,301,939
Parks and recreation	963,739
Community services and development	3,047
Total depreciation/amortization	<u>\$ 5,693,401</u>

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

Note 8 Long-Term Liabilities

The City's long-term liabilities consist of accumulated unused compensated absences, other postemployment benefits liabilities, 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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences					
Vacation	\$ 2,156,530	\$ 1,476,368	\$ (1,362,299)	\$ 2,270,599	\$ 1,343,529
Sick	1,165,464	89,907	(236,198)	1,019,173	121,264
Total compensated absences	<u>3,321,994</u>	<u>1,566,275</u>	<u>(1,598,497)</u>	<u>3,289,772</u>	<u>1,464,793</u>
Net OPEB liability	21,784,465	4,917,364	-	26,701,829	-
Income tax duplication liability	159,461		(9,112)	150,349	9,112
Subscription liability	874,605	-	(240,233)	634,372	224,622
Leases liability	51,159	36,702	(36,021)	51,840	32,330
Total other liabilities	<u>22,869,690</u>	<u>4,954,066</u>	<u>(285,366)</u>	<u>27,538,390</u>	<u>266,064</u>
Total long-term liabilities	<u>\$ 26,191,684</u>	<u>\$ 6,520,341</u>	<u>\$ (1,883,863)</u>	<u>\$ 30,828,161</u>	<u>\$ 1,730,857</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 \$81,807 in lease revenue and \$8,400 in interest revenue during the current fiscal year related to this lease. As of June 30, 2024, the City's receivable for lease payments was \$135,017. 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, 2024, the balance of the deferred inflow of resources was \$120,909.

B. Lease payable

The City has entered into various three-year lease agreements as lessee for the acquisition of vehicles. As of June 30, 2024, the value of the lease liability was \$51,840. The City is required to make monthly principal and interest payments of \$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 \$108,449 and had accumulated amortization of \$57,060.

City of Gaithersburg, Maryland

Notes to Basic Financial Statements

Note 9 Leases

The future principal and interest lease payments as of June 30, 2024, were as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2025	\$ 32,330	\$ 2,198	\$ 34,528
2026	16,382	781	17,163
2027	3,128	39	3,167
Total	<u>\$ 51,840</u>	<u>\$ 3,017</u>	<u>\$ 54,857</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 four SBITAs with terms ranging from two to five years. The value of SBITA assets as of the end of the current fiscal year was \$1,245,876 and had accumulated amortization of \$436,420. As of June 30, 2024, the value of the SBITA liability was \$634,371.

The future principal and interest payments for SBITA as of June 30, 2024, were as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2025	\$ 224,622	\$ 31,719	\$ 256,340
2026	165,853	20,487	186,340
2027	174,146	12,195	186,340
2028	69,751	3,488	73,238
Total	<u>\$ 634,371</u>	<u>\$ 67,888</u>	<u>\$ 702,260</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, 2024, the following employees were covered by the benefit terms:

Retired employees	114
Active employees	304
Total plan members	418

Eligibility: Not all 304 active employees will meet the qualifications to retire and receive OPEB benefits. The table above includes 49 active employees and 27 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 2024, the City contributed \$1,695,100 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, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023.

Actuarial assumptions: The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Payroll growth rate	3.00%
Investment rate of return	6.25%
Healthcare cost trend rates	7.50%
Mortality rate	Pub 2010- with scale MP-2021

The actuarial assumptions used in the June 30, 2024 report were based on the results of an actuarial study for the period July 1, 2023 - June 30, 2024.

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, 2023	\$49,337,329	\$27,552,864	\$21,784,465
Changes for the year			
Service cost	1,226,686	-	1,226,686
Interest	3,021,474	-	3,021,474
Experience (gains) losses	1,743,645	-	1,743,645
Employer contributions	-	1,695,100	(1,695,100)
Net investment income	-	3,200,287	(3,200,287)
Changes in assumptions	3,792,423	-	3,792,423
Benefit payments	(1,533,447)	(1,533,447)	-
Administrative Expense	-	(28,523)	28,523
Net changes	<u>8,250,781</u>	<u>3,333,417</u>	<u>4,917,364</u>
Ending balance - June 30, 2024	<u>\$ 57,588,110</u>	<u>\$ 30,886,281</u>	<u>\$ 26,701,829</u>

Funded status 53.63%

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	<u>\$35,620,201</u>	<u>\$26,701,829</u>	<u>\$19,468,505</u>

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 3.04%	Health Care Cost Trend Rate 4.04%	1% Increase 5.04%
Net OPEB liability	<u>\$18,570,625</u>	<u>\$26,701,829</u>	<u>\$37,033,120</u>

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, 2024, the City recognized OPEB expense of \$25,345. As of June 30, 2024, 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	\$2,782,564	\$ 225,235
Changes in assumptions	3,318,370	7,216,101
Difference between expected and actual experience	248,803	-
Total	\$ 6,349,737	\$ 7,441,336

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

Fiscal Year Ending	Total
2025	(1,775,037)
2026	(910,476)
2027	(332,701)
2028	(130,163)
2029	691,092
Thereafter	1,365,686
Total	\$ (1,091,599)

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 2024. As of June 30, 2024, the outstanding balance is \$150,349 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	\$ 402,835	\$ -	\$ 14,667	\$ -
Inventory	57,943	-	-	-
Total non-spendable	<u>460,778</u>	<u>-</u>	<u>14,667</u>	<u>-</u>
Restricted for				
Holiday giving	3,886	-	-	-
Sports Scholarships	11,671	-	-	-
Police forfeitures	27,664	-	-	-
MSAC ARGOS Grant	72,420	-	-	-
Opioid Abatement	-	-	-	96,569
Forest conservation	-	-	-	736,982
Total restricted	<u>115,641</u>	<u>-</u>	<u>-</u>	<u>833,552</u>
Committed for				
Housing projects	-	-	-	9,829,026
Stormwater programming	-	-	30,284,002	-
Capital projects and equipment	-	48,662,529	-	12,815,982
Total committed	<u>-</u>	<u>48,662,529</u>	<u>30,284,002</u>	<u>22,645,008</u>
Assigned for				
Economic development opportunity grants	2,208,567	-	-	-
Economic development toolbox grants	442,372	-	-	-
Encumbrances	656,749	-	-	-
Total assigned	<u>3,307,689</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	85,992,128	-	-	-
Total fund balances	<u>\$ 89,876,236</u>	<u>\$ 48,662,529</u>	<u>\$ 30,298,669</u>	<u>\$ 23,478,560</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, 2024:

<u>Pension Expense</u>	<u>401a</u>	<u>401k</u>	<u>401a supplemental</u>	<u>Medicare RHS</u>
Retirement plan expense	\$ 2,374,038	\$ 729,852	\$ 476,216	\$ 286,487
Forfeitures applied	(29,900)	(60,300)	(25,744)	(4,450)
Net pension expense	<u>\$ 2,344,138</u>	<u>\$ 669,552</u>	<u>\$ 450,472</u>	<u>\$ 282,037</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 2024, the City had one tax abatement agreement in place and abated \$762 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 \$314,534 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 \$691,579 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, 2024, encumbrances for contracts were \$656,749 in the General Fund, \$4,585,082 in the CIP Fund, \$922,441 in the Stormwater Management Fund, \$2,256,617 in the Asset Replacement Fund, and \$44,612 in the Forest Conservation 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 does not constitute an indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2024, the bond issuances outstanding had an aggregate balance of \$127,875,100. 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 Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2024, 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 101, *Compensated Absences*, will be effective for the City beginning with its year ending June 30, 2025.
- GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the City beginning with its year ending June 30, 2025.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the City beginning with its year ending June 30, 2026.



BOOK FESTIVAL



Required Supplementary Information Section





Kentlands Market Square Plaza

City of Gaithersburg, Maryland

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

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 1,226,686	\$ 1,311,822	\$ 1,299,092	\$ 1,249,127	\$ 1,631,724	\$ 1,568,965	\$ 3,068,323	\$ 2,967,911
Interest	3,021,474	2,872,596	2,691,289	2,543,141	2,647,596	2,451,107	2,124,337	1,881,173
Experience losses	1,743,645	(146,645)	1,026,291	(181,244)	(32,765)	266,934	2,369,093	103,499
Changes in assumptions	3,792,423	-	(725,880)	-	(4,705,201)	-	(21,020,509)	(6,599,302)
Benefit payments	(1,533,447)	(1,470,593)	(1,317,378)	(1,190,330)	(1,053,686)	(965,773)	(698,839)	(568,547)
Net change in total OPEB liability	8,250,781	2,567,180	2,973,414	2,420,694	(1,512,332)	3,321,233	(14,157,595)	(2,215,266)
Beginning total OPEB liability	49,337,328	46,770,148	43,796,734	41,376,040	42,888,372	39,567,139	53,724,734	55,940,000
Ending total OPEB liability (a)	\$ 57,588,110	\$ 49,337,328	\$ 46,770,148	\$ 43,796,734	\$ 41,376,040	\$ 42,888,372	\$ 39,567,139	\$ 53,724,734
Plan fiduciary net position								
Employer contributions	\$ 1,695,100	\$ 1,645,728	\$ 3,400,000	\$ 3,200,000	\$ 3,100,000	\$ 5,000,000	\$ 2,200,000	\$ 2,326,000
Net investment income	3,200,287	2,709,290	(5,641,309)	5,672,506	859,779	715,041	925,489	1,118,555
Benefit payments	(1,533,447)	(1,470,593)	(1,317,378)	(1,190,330)	(1,053,686)	(965,773)	(698,839)	(694,547)
Administrative Expense	(28,523)	(33,559)	(11,640)	-	-	-	-	-
Net change in fiduciary net position	3,333,417	2,850,866	(3,570,327)	7,682,176	2,906,093	4,749,268	2,426,650	2,750,008
Beginning fiduciary net position	27,552,863	24,701,997	28,272,324	20,590,148	17,684,055	12,934,787	10,508,137	7,758,129
Ending fiduciary net position (b)	\$ 30,886,281	\$ 27,552,863	\$ 24,701,997	\$ 28,272,324	\$ 20,590,148	\$ 17,684,055	\$ 12,934,787	\$ 10,508,137
City's net OPEB liability - ending (a) - (b)	26,701,829	21,784,465	22,068,151	15,524,410	20,785,892	25,204,317	26,632,352	43,216,597
Plan fiduciary net position as a percentage of the total OPEB liability	53.63	55.85%	52.82%	64.55%	49.76%	41.23%	32.69%	19.56%
Covered payroll	N/A	N/A	N/A	26,602,062	25,221,807	23,888,943	23,661,849	21,426,009
City's net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	58.36%	82.41%	105.51%	112.55%	201.70%
Expected average remaining service years of all participants	8	8	8	9	9	9	9	8
Annual money-weighted rate of return	11.62%	10.97%	-19.95%	27.55%	4.86%	5.53%	8.22%	13.05%

Notes to schedule:

Changes in assumptions: 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%	6.25%	3.98%
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

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%
Payroll growth rate	3.00%
Investment rate of return	6.25%
Healthcare cost trend rates	7.50%
Mortality rate	SOA (MP-2021)

This page is intentionally blank.

Supplementary Information Section



Benjamin Gaither Senior Center



City of Gaithersburg, Maryland

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2024**

	Special Revenue			Capital Projects	Total Non-Major Funds
	Forest Conservation Fund	Opioid Settlement	Housing Program Fund	Asset Replacement Fund	
Assets					
Cash and cash equivalents	\$ 427,848	\$ 97,489	\$ 3,193,214	\$ 8,857,728	\$ 12,576,279
Investments	309,174	2,973	1,341,161	4,307,056	5,960,364
Accounts Receivable	-	36,742	-	-	36,742
Long-term receivables	-	316,925	5,356,200	-	5,673,125
Total assets	<u>\$ 737,022</u>	<u>\$ 454,129</u>	<u>\$ 9,890,575</u>	<u>\$ 13,164,784</u>	<u>\$ 24,246,511</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 40	\$ 3,893	\$ 61,550	348,801	\$ 414,284
Total liabilities	<u>40</u>	<u>3,893</u>	<u>61,550</u>	<u>348,801</u>	<u>414,284</u>
Deferred inflow of resources					
Unavailable revenues	-	353,667	-	-	353,667
Total deferred inflow of resources	<u>-</u>	<u>353,667</u>	<u>-</u>	<u>-</u>	<u>353,667</u>
Fund balances					
Restricted	736,982	96,569	-	-	833,552
Committed	-	-	9,829,025	12,815,983	22,645,008
Total fund balances	<u>736,982</u>	<u>96,569</u>	<u>9,829,025</u>	<u>12,815,983</u>	<u>23,478,560</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 737,022</u>	<u>\$ 454,129</u>	<u>\$ 9,890,575</u>	<u>\$ 13,164,784</u>	<u>\$ 24,246,511</u>

City of Gaithersburg, Maryland

**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2024**

	Special Revenue		Housing Program Fund	Capital Projects	Total Non-Major Funds
	Forest Conservation Fund	Opioid Settlement		Asset Replacement Fund	
Revenues					
Intergovernmental	\$ -	\$ 86,473	\$ 172,879	\$ -	\$ 259,352
Investments earnings (losses)	35,639	2,393	204,262	-	242,294
Total revenues	<u>35,639</u>	<u>88,866</u>	<u>377,141</u>	<u>-</u>	<u>501,646</u>
Expenditures					
Current					
General government	-	16,015	133,489	-	149,504
Public works	22,997	-	-	-	22,997
Debt service					
Principal	-	-	-	18,259	18,259
Interest	-	-	-	-	-
Capital outlay					
	-	-	-	3,933,967	3,933,967
Total expenditures	<u>22,997</u>	<u>16,015</u>	<u>133,489</u>	<u>3,952,226</u>	<u>4,124,727</u>
Excess (deficiency) of revenues over expenditures	<u>12,642</u>	<u>72,851</u>	<u>243,652</u>	<u>(3,952,226)</u>	<u>(3,623,081)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	240,000	3,747,000	3,987,000
Subscriptions	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>240,000</u>	<u>3,747,000</u>	<u>3,987,000</u>
Net change in fund balances	<u>12,642</u>	<u>72,851</u>	<u>483,652</u>	<u>(205,226)</u>	<u>363,919</u>
Fund Balances					
Beginning	<u>724,340</u>	<u>23,718</u>	<u>9,345,373</u>	<u>13,021,210</u>	<u>23,114,641</u>
Ending	<u>\$ 736,982</u>	<u>\$ 96,569</u>	<u>\$ 9,829,025</u>	<u>\$ 12,815,984</u>	<u>\$ 23,478,560</u>

City of Gaithersburg, Maryland

Schedule of Revenues – Budget and Actual – General Fund
 Year Ended June 30, 2024
 (With Comparative Totals for 2023)

	2024			Variance with Final Budget Positive (Negative)	2023 Actual
	Original Budget	Final Budget	Actual		
Taxes					
Real estate taxes	\$ 31,666,485	\$ 31,666,485	\$ 32,195,956	\$ 529,471	\$ 31,378,239
Personal property taxes	1,841,500	1,841,500	1,847,377	5,877	1,943,029
Penalties and interest	66,000	66,000	87,201	21,201	79,854
Hotel tax	900,000	900,000	1,103,309	203,309	974,606
Admissions tax	1,800,000	1,800,000	2,311,495	511,495	1,982,916
Total taxes	36,273,985	36,273,985	37,545,339	1,271,353	36,358,644
Licenses and Permits					
Street permits	5,000	5,000	6,560	1,560	101,225
Amusement licenses	30,900	30,900	5,700	(25,200)	27,900
Traders licenses	32,200	32,200	24,650	(7,550)	23,404
Electricians licenses	40,000	40,000	49,000	9,000	42,875
Rental housing licenses	992,020	992,020	928,330	(63,690)	980,225
Bus shelter franchise fee	5,000	5,000	4,360	(640)	-
CATV franchise	760,000	760,000	705,451	(54,549)	782,448
CATV PEG	32,500	32,500	26,064	(6,436)	30,786
Animal licenses	30,750	30,750	30,195	(555)	28,590
Building permits	1,300,000	1,300,000	1,305,782	5,782	1,769,377
Deck permits	7,000	7,000	7,550	550	12,995
Electrical permits	200,000	200,000	176,402	(23,598)	229,914
Utility permits	5,000	5,000	28,856	23,856	30,434
Occupancy permits	65,000	65,000	52,100	(12,900)	38,550
Sign permits	26,000	26,000	19,508	(6,492)	25,997
Fire protection & protection systems permits	190,000	190,000	238,773	48,773	335,240
Mechanical permits	160,000	160,000	117,485	(42,515)	164,813
Special events permits	20,000	20,000	17,943	(2,058)	35,828
Grading permits	25,000	25,000	2,132	(22,868)	24,109
On site improvements	125,000	125,000	30,924	(94,076)	88,784
Other permits	16,900	16,900	14,480	(2,420)	19,735
Total licenses and permits	4,068,270	4,068,270	3,792,246	(276,024)	4,793,231

City of Gaithersburg, Maryland

**Schedule of Revenues – Budget and Actual – General Fund
Year Ended June 30, 2024
(With Comparative Totals for 2023)**

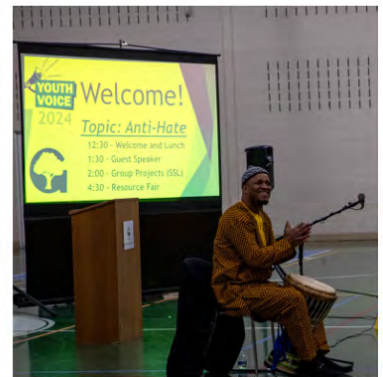
	2024			Variance with Final Budget Positive (Negative)	2023 Actual
	Original Budget	Final Budget	Actual		
Intergovernmental					
Federal grants					
Community development	\$ 311,399	\$ 311,399	\$ 82,448	\$ (228,951)	\$ 330,262
DHS	7,950	7,950	4,873	(3,077)	-
DOJ police equipment	7,566	7,566	12,000	4,434	11,393
Miscellaneous	791,000	791,000	728,330	(62,670)	1,307,479
State grants					
Police	700,000	700,000	977,199	277,199	1,069,378
Arts	164,486	164,486	101,853	(62,633)	288,149
Miscellaneous	-	-	173,261	173,261	550
State-shared taxes					
Highway user	2,464,711	2,464,711	2,341,381	(123,330)	2,071,191
County grants and shared taxes					
County revenue sharing	3,936,730	3,936,730	4,475,022	538,292	3,498,978
Income tax	17,100,000	17,100,000	17,800,590	700,590	16,034,839
Homeless program	41,629	41,629	72,512	30,883	82,154
Nutrition program	57,750	57,750	22,605	(35,145)	6,201
Financial corp	2,645	2,645	2,645	-	2,645
Supportive housing assistance	50,400	50,400	46,231	(4,169)	38,274
Miscellaneous	-	-	-	-	2,500
Total intergovernmental	25,636,266	25,636,266	26,840,952	1,204,686	24,743,993
Charges for Services					
Automation fee	297,000	297,000	179,037	(117,963)	260,215
Zoning fees	110,000	110,000	105,475	(4,525)	126,024
Recreation program fees	1,234,520	1,234,520	1,472,046	237,526	1,325,228
Casey Community Center	215,000	215,000	227,195	12,195	202,651
Water Park	375,000	375,000	335,079	(39,921)	238,577
Kentlands Mansion	127,100	127,100	134,046	6,946	152,610
Special events	111,300	111,300	107,543	(3,757)	104,622
Gaithersburg Aquatic Center	150,000	150,000	186,384	36,384	171,508
Skate park	20,315	20,315	14,290	(6,025)	18,561
Group picnics	66,000	66,000	68,808	2,808	71,640
Winter Lights	550,000	550,000	598,637	48,637	552,579
Miniature golf revenue	112,000	112,000	115,516	3,516	120,510
Youth Center in Olde Towne	14,635	14,635	24,342	9,707	20,661
Activity Center programs	185,000	185,000	226,829	41,829	200,645

City of Gaithersburg, Maryland

**Schedule of Revenues – Budget and Actual – General Fund
Year Ended June 30, 2024
(With Comparative Totals for 2023)**

	2024			Variance with Final Budget Positive (Negative)	2023 Actual
	Original Budget	Final Budget	Actual		
Gaithersburg Arts Barn	\$ 239,091	\$ 239,091	\$ 327,844	\$ 88,753	\$ 280,801
Gaithersburg Youth Center	8,890	8,890	22,735	13,845	15,943
Community Museum	7,500	7,500	9,366	1,866	12,375
Membership fee – dog exercise	720	720	960	240	1,080
Senior Center	151,030	151,030	173,667	22,637	168,094
Environmental fees	5,000	5,000	5,080	80	11,139
Recycling collections	1,865,900	1,865,900	1,884,554	18,654	1,834,214
Passports	15,000	15,000	-	(15,000)	-
Miscellaneous	6,400	6,400	4,704	(1,696)	4,082
Total charges for services	5,867,401	5,867,401	6,224,138	356,737	5,893,760
Fines and Forfeitures					
Ordinance fines	1,906,000	1,906,000	1,502,444	(403,556)	1,956,358
Investments earnings (losses)	625,000	625,000	7,656,122	7,031,122	3,079,093
Miscellaneous Revenue					
Rents	108,858	108,858	38,811	(70,047)	46,987
Contributions	117,700	117,700	79,783	(37,917)	92,424
Miscellaneous	272,800	272,800	1,030,942	758,142	1,296,993
Total miscellaneous	499,358	499,358	1,149,536	650,178	1,436,405
Total revenues	74,876,280	74,876,280	84,710,777	9,834,496	78,261,484
Other Financing Sources					
Transfers	206,392	206,392	206,392	-	200,654
Leases	-	-	36,702	36,702	53,258
Proceeds from sale of capital assets	275,000	275,000	381,851	106,851	201,629
Total other financing sources	481,392	481,392	624,945	143,553	1,442,239
Total revenues and other financing sources	\$ 75,357,672	\$ 75,357,672	\$ 85,335,720	\$ 9,978,049	\$ 79,703,723

Gaithersburg Youth Voice Summit



City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2024
(With Comparative Totals for 2023)**

	2024			Variance with Final Budget Positive (Negative)	2023 Actual
	Original Budget	Final Budget	Actual		
City Manager's Office					
Mayor and City Council	\$ 550,041	\$ 546,933	\$ 503,766	\$ 43,167	\$ 527,568
Office of the City Manager	1,043,801	1,043,533	998,136	45,397	815,284
Economic and business development	590,171	639,822	619,441	20,381	490,514
Public information	1,068,541	1,062,571	1,059,147	3,424	964,577
Gaithersburg television	360,367	360,367	360,963	(596)	331,736
Total city manager's office	3,612,921	3,653,225	3,541,452	111,773	3,129,679
City Attorney's Office					
Legal	1,011,235	1,011,235	1,008,596	2,639	965,056
Registration and elections	217,388	217,388	172,818	44,570	11,092
Total city attorney's office	1,228,623	1,228,623	1,181,413	47,210	976,148
Human resources	1,456,437	1,417,873	1,403,550	14,323	1,224,323
Community and Public Relations					
Community services	1,735,436	1,738,127	1,697,031	41,096	1,595,434
Housing and community development	555,707	555,707	305,504	250,203	546,991
Financial Empowerment	343,520	365,832	368,051	(2,219)	395,918
Homeless assistance	650,687	650,687	641,844	8,843	581,034
Neighborhood services	1,438,976	1,439,810	1,342,377	97,433	1,253,504
Total community and public relations	4,724,326	4,750,163	4,354,807	395,356	4,372,881
Finance and Administration					
Finance and administration	1,996,405	2,003,898	1,824,176	179,722	1,906,223
General services	65,738	65,738	46,739	18,999	37,411
Total finance and administration	2,062,143	2,069,636	1,870,915	198,721	1,943,634
Information Technology					
Information technology	2,238,273	2,293,450	2,184,559	108,891	1,784,994
Geographic information services	416,055	413,092	377,025	36,067	280,628
Total information technology	2,654,328	2,706,543	2,561,584	144,959	2,065,622

City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2024
(With Comparative Totals for 2023)**

(continued)

	2024			Variance with Final Budget Positive (Negative)	2023 Actual
	Original Budget	Final Budget	Actual		
Parks, Recreation and Culture					
Administration	\$ 1,453,479	\$ 1,453,479	\$ 1,455,382	\$ (1,903)	\$ 1,447,914
Recreation programs and sports	940,974	933,137	888,239	44,898	847,267
Recreation classes	292,411	292,111	247,938	44,174	267,356
Youth services	668,982	667,146	625,623	41,523	608,115
Summer programs	690,431	688,208	707,391	(19,183)	582,337
Gaithersburg Youth Center	346,212	346,212	364,040	(17,828)	342,799
Skate park	45,747	45,747	39,525	6,222	34,887
Casey Community Center	500,703	500,703	463,799	36,904	394,012
Water park	884,627	888,053	713,829	174,224	761,370
Gaithersburg Arts Barn	591,128	592,881	646,559	(53,678)	578,744
Youth Center in Olde Towne	293,709	293,709	268,435	25,274	265,853
Senior program	868,203	868,203	699,515	168,688	767,856
Activities Center at Bohrer park	582,937	582,937	545,332	37,605	551,248
Gaithersburg Aquatic Center	415,284	415,176	371,445	43,730	330,843
Miniature golf course	118,919	120,475	129,319	(8,844)	121,702
Picnic pavilions	32,587	32,587	32,988	(401)	28,150
Winter Lights	277,262	277,262	240,715	36,547	239,638
Special events	1,725,458	1,718,599	1,457,288	261,311	1,326,211
Museums	294,386	287,607	245,773	41,833	286,514
Kentlands Mansion	463,966	464,062	444,378	19,684	440,431
Total parks, recreation and culture	11,487,404	11,468,293	10,587,512	880,781	10,223,247
Planning and Code Administration					
Planning	1,213,598	1,270,498	1,244,600	25,898	1,247,411
Planning and code administration	1,028,446	1,055,188	892,345	162,844	773,031
Permits and inspections	2,012,439	2,012,439	1,762,071	250,368	1,753,325
Total planning and code administration	4,254,483	4,338,125	3,899,016	439,110	3,773,767
Police department	11,379,815	12,138,751	11,962,686	176,065	10,707,937

City of Gaithersburg, Maryland

Schedule of Departmental Expenditures – Budget and Actual – General Fund
 Year Ended June 30, 2024
 (With Comparative Totals for 2023)

(continued)

	2024			Variance with Final Budget Positive (Negative)	2023 Actual
	Original Budget	Final Budget	Actual		
Public Works					
Facilities management	\$ 2,388,040	\$ 2,427,354	\$ 2,254,975	\$ 172,379	\$ 1,877,116
Building and grounds					
City Hall	177,208	176,226	174,176	2,050	149,868
Police station	34,401	32,346	40,040	(7,694)	43,639
Public service facility	214,705	205,920	152,848	53,072	156,432
Train station	52,668	52,668	42,190	10,478	41,534
Kentlands Mansion	74,712	74,732	53,135	21,597	89,327
Benjamin Gaither Center	96,371	96,371	47,945	48,426	73,608
Casey Community Center	182,531	182,531	164,345	18,186	158,536
Olde Towne Pavilion	8,106	8,106	5,846	2,260	6,317
Public safety facility	317,285	316,544	216,890	99,653	176,821
Gaithersburg Aquatic Center	29,553	29,553	21,805	7,748	22,772
Activity Center at Bohrer Park	293,168	291,883	262,122	29,761	243,821
Gaithersburg Arts Barn	72,783	72,783	52,677	20,106	68,134
Water Park at Bohrer Park	147,662	147,662	117,339	30,323	99,065
Miniature golf course	18,778	18,778	16,297	2,481	13,667
Skate park	12,066	12,066	14,119	(2,053)	18,973
Youth Center in Olde Towne	49,988	49,988	45,459	4,529	42,123
Youth Center at Robertson Park	63,364	63,364	60,693	2,671	60,153
Pleasant view park	19,174	19,174	5,255	13,919	3,831
Parking facility	134,969	134,969	115,278	19,691	415,540
Homeland	58,674	58,674	53,207	5,467	48,527
Public works administration	983,028	973,028	918,705	54,323	910,498
Streets and special projects	1,188,374	1,147,094	690,733	456,361	592,804
Fleet maintenance	1,429,907	1,437,477	1,321,631	115,846	1,292,308
Landscaping and forestry	1,260,376	1,260,376	1,009,525	250,851	770,403
City Sustainability Program	308,278	308,278	116,723	191,555	134,065
Municipal parks maintenance	2,222,849	2,226,570	2,181,908	44,662	1,907,123
Mowing and bulk pick-up	2,403,366	2,403,366	2,075,981	327,385	2,058,418
Recycling	1,807,778	1,807,778	1,631,327	176,451	1,543,576
Engineering services	1,970,390	1,985,776	1,629,180	356,596	1,411,098
Traffic engineering	357,164	357,164	308,777	48,387	347,896
Total public works	18,377,716	18,378,598	15,801,131	2,577,467	14,777,992
Non-departmental	3,790,720	2,956,337	2,430,415	525,922	2,317,273
Debt Service	-	-	300,923	(300,923)	193,006
Capital outlay	-	-	123,875	(123,875)	1,101,859
Total expenditures	65,028,916	65,106,168	60,019,281	5,086,887	56,807,369

City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2024
(With Comparative Totals for 2023)**

(continued)

	2024			Variance with Final Budget Positive (Negative)	2023 Actual
	Original Budget	Final Budget	Actual		
Transfers Out					
CIP	\$ 15,363,422	\$ 15,363,422	\$ 15,363,422	\$ -	\$ 6,569,250
Stormwater Management	169,547	169,547	165,989	3,558	167,655
Housing Program	240,000	240,000	240,000	-	240,000
Asset Replacement	3,709,000	3,709,000	3,709,000	-	2,420,000
OPEB Trust	1,695,100	1,695,100	1,695,100	-	1,645,728
Total transfers out	<u>21,177,069</u>	<u>21,177,069</u>	<u>21,173,511</u>	<u>3,558</u>	<u>11,042,633</u>
Total expenditures and other financing uses	<u>\$ 86,205,985</u>	<u>\$ 86,283,237</u>	<u>\$ 81,192,792</u>	<u>\$ 5,090,445</u>	<u>\$ 67,850,002</u>

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

Statistical Section





Robertson Park Youth Center

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	95 - 99
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	100 - 104
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	105 - 106
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	107 - 108
These schedules offer economic and demographic indicators to help the reader understands the environment within which the City’s financial activities take place.	
Operating Information	109 - 113
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 Station

City of Gaithersburg, Maryland

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities										
Net investment in capital assets	\$ 134,546,285	\$ 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
Restricted	949,193	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>173,358,349</u>	<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>
Total Governmental Activities										
Net Position	<u>\$ 308,853,827</u>	<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>

City of Gaithersburg, Maryland

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

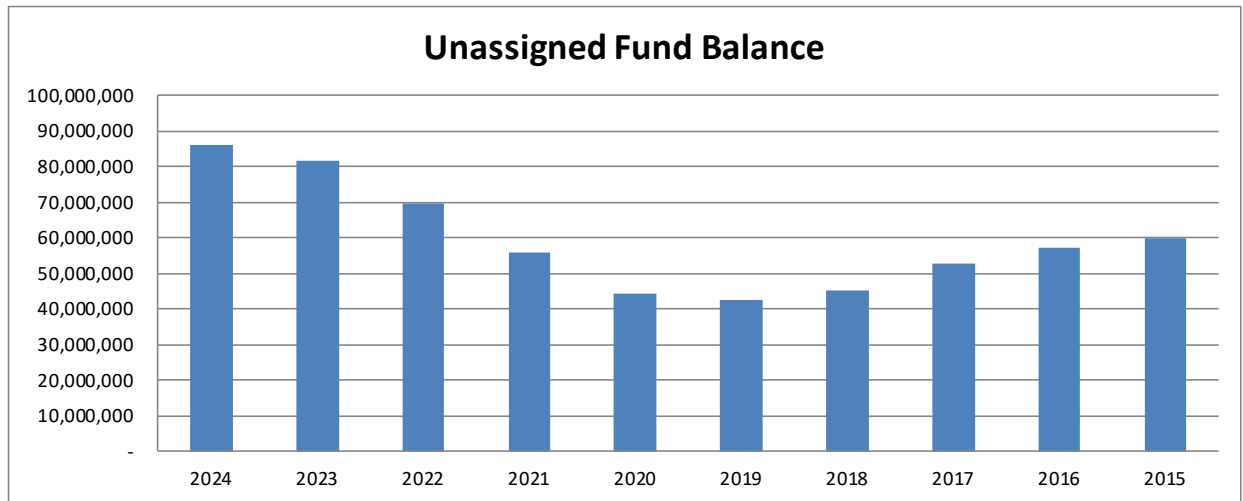
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
General Government	\$ 26,039,274	\$ 22,059,127	\$ 20,879,495	\$ 18,629,882	\$ 20,384,264	\$ 19,583,229	\$ 19,630,246	\$ 18,308,169	\$ 19,165,828	\$ 16,504,191
Public Safety	14,620,840	13,222,736	13,629,797	12,365,791	12,567,588	12,100,925	12,651,404	12,879,218	13,409,073	12,562,415
Public Works	15,963,893	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
Park, Recreation & Culture	11,558,933	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
Community Services & Development	3,010,390	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
Interest	42,844	29,305	2,527	-	-	-	-	-	-	-
<i>Total Expenses</i>	<u>71,236,174</u>	<u>67,685,933</u>	<u>66,030,605</u>	<u>57,862,122</u>	<u>59,876,395</u>	<u>59,700,664</u>	<u>58,925,038</u>	<u>56,399,104</u>	<u>57,388,625</u>	<u>50,256,420</u>
Program Revenues										
Charges for Services:										
General Government	2,123,751	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
Public Safety	2,700,702	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
Public Works	7,493,210	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
Park, Recreation & Culture	3,888,604	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
Community Services & Develop	173,667	-	-	24,614	125,041	155,087	145,922	-	-	-
Operating Grants and Contributions	2,333,607	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
Capital Grants and Contributions	4,357,983	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
<i>Total Program Revenues</i>	<u>23,071,524</u>	<u>24,222,497</u>	<u>30,057,547</u>	<u>25,064,881</u>	<u>20,142,652</u>	<u>19,685,636</u>	<u>19,348,600</u>	<u>22,615,126</u>	<u>19,710,158</u>	<u>17,057,882</u>
Net (Expense)/Revenue	(48,164,650)	(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)
General Revenues										
Property Taxes	34,131,297	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
Franchise Fees	709,811	782,448	877,488	910,827	979,581	951,888	906,801	934,275	921,784	902,479
Admissions, Amusement, Hotel & Motel Tax	3,414,804	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
Intergovernmental not Restricted to Specific Programs	22,511,066	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
Investment Earnings	9,350,038	3,713,459	(2,805,294)	(69,522)	4,673,875	4,625,457	720,410	206,501	881,004	80,324
Gain (loss) on Sale of Capital Assets	-	-	-	-	-	(32,666)	236,504	-	115,249	95,852
Miscellaneous	1,793,011	1,442,230	1,599,230	3,172,356	1,355,491	2,093,004	757,411	613,869	851,598	713,899
<i>Total General Revenues</i>	<u>71,910,027</u>	<u>62,554,186</u>	<u>53,546,009</u>	<u>52,634,721</u>	<u>55,121,601</u>	<u>53,863,943</u>	<u>46,665,446</u>	<u>43,945,271</u>	<u>43,625,377</u>	<u>41,176,370</u>
Change in Net Position	<u>\$ 23,745,377</u>	<u>\$ 19,090,750</u>	<u>\$ 17,572,951</u>	<u>\$ 19,837,480</u>	<u>\$ 15,387,858</u>	<u>\$ 13,848,915</u>	<u>\$ 7,089,008</u>	<u>\$ 10,161,293</u>	<u>\$ 5,946,910</u>	<u>\$ 7,977,832</u>

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
(accrual basis of accounting)**

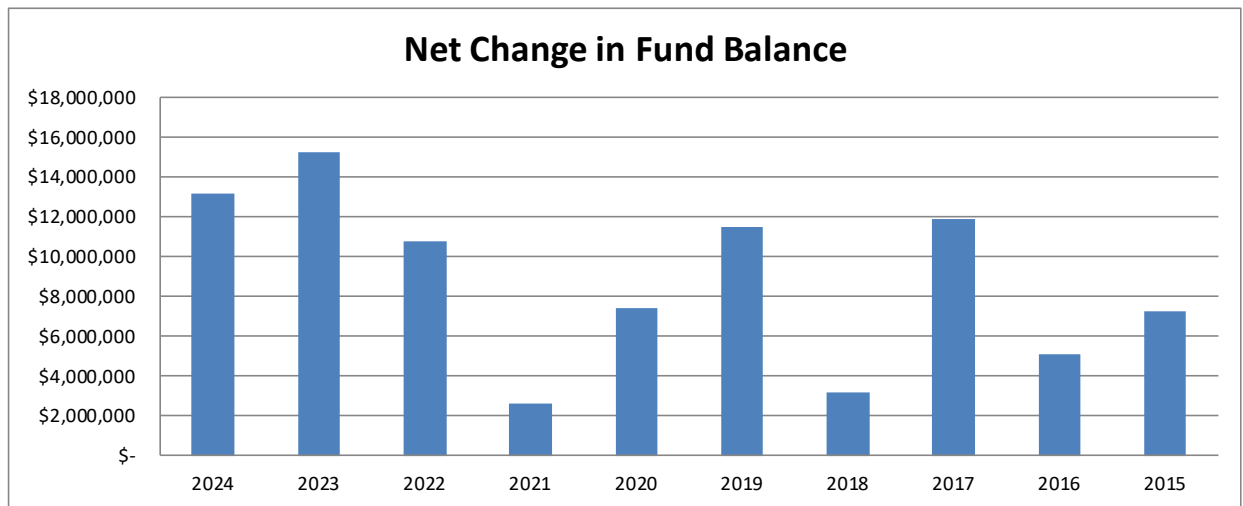
	2024	2023	2022	2021	2020
General Fund					
Non-spendable	\$ 460,778	\$ 414,396	\$ 488,921	\$ 407,353	\$ 345,718
Restricted	115,641	207,209	91,075	101,287	499,683
Committed	-	-	-	-	298,696
Assigned	3,307,689	3,519,173	3,594,649	3,072,598	2,991,430
Unassigned	<u>85,992,128</u>	<u>81,592,521</u>	<u>69,704,937</u>	<u>56,010,620</u>	<u>44,231,148</u>
Total General Fund	<u>\$ 89,876,236</u>	<u>\$ 85,733,299</u>	<u>\$ 73,879,582</u>	<u>\$ 59,591,858</u>	<u>\$ 48,366,675</u>
All Other Governmental Funds					
Restricted	833,552	748,058	711,408	743,602	19,015,757
Committed	101,606,206	92,663,427	89,284,860	92,783,465	23,127,874
Assigned/Designated	-	-	-	-	59,966,068
Total All Other Governmental Funds	<u>102,439,758</u>	<u>93,411,485</u>	<u>89,996,268</u>	<u>93,527,067</u>	<u>102,109,699</u>
Total Governmental Funds	<u>\$ 192,315,994</u>	<u>\$ 179,144,784</u>	<u>\$ 163,875,850</u>	<u>\$ 153,118,925</u>	<u>\$ 150,476,374</u>



City of Gaithersburg, Maryland

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

	2019	2018	2017	2016	2015
General Fund					
Non-spendable	\$ 367,114	\$ 295,517	\$ 327,520	\$ 222,316	\$ 173,933
Restricted	499,816	508,616	480,988	475,671	506,812
Committed	155,374	33,701	1,987,523	3,117,523	3,116,773
Assigned	2,781,154	2,948,034	5,945,235	15,047,154	14,414,580
Unassigned	<u>42,590,275</u>	<u>45,217,971</u>	<u>52,545,837</u>	<u>57,112,054</u>	<u>59,860,713</u>
Total General Fund	<u><u>\$ 46,393,733</u></u>	<u><u>\$ 49,003,839</u></u>	<u><u>\$ 61,287,103</u></u>	<u><u>\$ 75,974,718</u></u>	<u><u>\$ 78,072,811</u></u>
All Other Governmental Funds					
Restricted	15,020,911	11,466,761	8,987,363	2,986,643	734,387
Committed	9,667,978	5,091,622	6,294,525	2,210,349	2,636,241
Assigned/Designated	<u>71,957,269</u>	<u>65,969,331</u>	<u>51,802,159</u>	<u>35,312,020</u>	<u>29,978,072</u>
Total All Other Governmental Funds	<u>96,646,158</u>	<u>82,527,714</u>	<u>67,084,047</u>	<u>40,509,012</u>	<u>33,348,700</u>
Total Governmental Funds	<u><u>\$ 143,039,891</u></u>	<u><u>\$ 131,531,553</u></u>	<u><u>\$ 128,371,150</u></u>	<u><u>\$ 116,483,730</u></u>	<u><u>\$ 111,421,511</u></u>



City of Gaithersburg, Maryland

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Taxes	\$ 37,545,339	\$ 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
Licenses and permits	3,794,724	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
Intergovernmental	29,203,485	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
Charges for services	11,818,676	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
Fines and forfeitures	1,502,444	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
Investments earnings (losses)	9,350,038	3,713,459	(2,805,294)	(104,571)	4,685,448	4,622,041	668,469	191,310	791,910	80,324
Miscellaneous	1,149,536	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
Total Revenues	94,364,242	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
Expenditures										
Current										
General government	20,534,790	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
Public safety	14,033,534	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
Public works	13,592,303	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
Parks and recreation	10,587,512	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
Community services and development	3,012,431	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
Transfer to retiree benefit trust	1,695,100	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
Debt Service*	319,182	288,763	28,148	-	-	-	-	-	-	-
Capital outlay	17,836,733	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
Total Expenditures	81,611,585	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
Excess of Revenues Over (Under) Expenditures	12,752,657	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
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	381,851	201,629	274,873	252,246	110,585	172,003	340,652	159,186	132,131	163,046
Leases *	36,702	53,258	18,489	-	-	-	-	-	-	-
Subscription**	-	1,096,800	-	-	-	-	-	-	-	-
Transfers In	19,722,803	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
Transfers out	(19,722,803)	(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)
Total Other Financing Sources (Uses)	418,553	1,351,687	293,362	252,246	110,585	172,003	340,652	159,186	132,131	163,046
Net Change in Fund Balances	\$ 13,171,210	\$ 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
Debt Service as percentage of non-capital expenditures	0.51%	0.45%	0.04%	-	-	-	-	-	-	-

* Note - In FY22 the City implemented GASB 87 and began reporting leases as capital leases. Debt 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
2024	\$ 34,130,536	\$ 3,414,804	\$ 17,800,590	\$ 55,345,930
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
Change 2015-2024	41.9%	48.9%	63.6%	48.7%

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
2024	\$12,468,159,497	\$99,081,384	\$227,957,850	\$12,795,198,731	\$14,347,056,664	0.262	0.530	0.269
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	0.268
2021	11,348,458,917	90,942,520	228,134,410	11,667,535,847	12,915,555,156	0.262	0.530	0.267
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

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*
2024	\$ 32,524,750	\$ 32,431,342	99.71%	\$ 10,038	\$ 32,441,380
2023	31,364,841	31,317,218	99.85%	50,640	30,236,002
2022	30,243,756	30,207,791	99.88%	28,210	30,236,002
2021	29,593,920	29,299,802	99.01%	28,894	30,236,685
2020	28,589,918	28,195,191	98.62%	16,946	29,316,749
2019	27,425,112	27,316,863	99.61%	10,932	28,206,123
2018	26,683,914	26,439,780	99.09%	-	27,316,863
2017	25,324,562	25,298,231	99.90%	-	26,439,780
2016	24,203,239	24,150,333	99.78%	-	25,298,231
2015	23,017,960	22,994,859	99.90%	4,950	24,155,283

* "Total Tax Levy" and "Current Tax Collections" represent the Original tax levy, less real property tax credits 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	2024	
	Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Alexandria Real Estate Equities	\$ 407,455,367	3.27%
AstraZeneca	399,963,134	3.21%
Asbury	242,614,400	1.95%
BF Saul	162,100,867	1.30%
JRK Property Holdings	155,544,000	1.25%
BP Realty Investment	144,710,233	1.16%
Morris Gaithersburg Associate LLC	139,780,733	1.12%
Kite Realty (formerly RPAI)	125,717,800	1.01%
Federal Realty Investment Trust	114,148,000	0.92%
Orlo Gaithersburg LLC	112,235,200	0.90%
Total	\$ 2,004,269,734	16.08%
<i>Total Assessed Valuation</i>	<i>\$ 12,468,159,497</i>	

Taxpayer	2015	
	Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Medimmune, Inc	\$ 207,174,666	2.36%
ARE LLC	113,048,066	1.29%
Lake Forest Associates	109,951,133	1.25%
Asbury Atlantic Inc	101,894,633	1.16%
Avalon II Maryland Value III LP	88,429,133	1.01%
Archstone Westchester	87,596,033	1.00%
KBSIII One Washingtonian LLC	85,250,000	0.97%
893 Clopper Road Investors Corp	85,221,500	0.97%
Federal Realty Investments TR	83,109,700	0.95%
TRT 270 Center Owner LLC	75,241,400	0.86%
Total	\$ 1,036,916,264	11.80%
<i>Total Assessed Valuation</i>	<i>\$ 8,785,480,916</i>	

(1) Assessed valuation based on the valuation of Real Property for taxes collected in 2024 and 2015 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	
2024	0.262	0.717	0.112	0.204	1.295
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

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⁾	<u>Governmental Activities</u>		Total Outstanding Debt	Percentage of Personal Income ⁽²⁾	Population ⁽³⁾	Debt Per Capita
	Leases	SBITA				
2024	\$ 51,840	\$ 634,371	\$ 686,211	0.01%	71,791	\$ 10
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	\$ 686,211	100%	\$ 686,211
Overlapping			
Montgomery County	\$ 4,328,824,532	6.4%	\$ 278,976,173
Total Direct and Overlapping Debt	<u>\$ 4,329,510,743</u>		<u>\$ 279,662,384</u>

Source:
Montgomery County Department of Finance, Table 19.

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

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

City of Gaithersburg, Maryland

**Demographic Statistics
Last Ten Fiscal Years**

Year	(1) Population	Personal Income (\$ in thousands)	(2) Per Capita Income	Median Age	(3) Montgomery County Avg. School Enrollment	(4) Montgomery County Unemployment Rate
2024	71,791	\$ 7,054,614	\$ 98,266	N/A	160,223	2.5
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

(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 Dem

(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

2024

Employer	Employees	Percentage of Total County Employment
AstraZeneca	5,100	0.92%
National Institute of Standards and Technology	3,862	0.70%
Asbury Methodist Village	762	0.14%
Leidos	696	0.13%
Kaiser Permanente	560	0.10%
Adventist HealthCare	413	0.07%
Boland	360	0.07%
Hughes Network System LLC	342	0.06%
Open Text	335	0.06%
GeneDx	285	0.05%
Total	12,715	2.30%
Total Montgomery County Civilian Labor Force (Data for total employees available for county only)	552,627	

2015

Employer	Employees	Employees
National Institute of Standards and Technology	2,730	0.50%
Medimmune	2,290	0.42%
Lockheed Martin, IS&GS	820	0.15%
IBM	736	0.14%
Asbury Atlantic, Inc	570	0.10%
Sodexo USA	450	0.08%
The Gazette Newspaper	400	0.07%
Hughes Network System, LLC	350	0.06%
Kaiser Permanente	346	0.06%
GXS	300	0.06%
Total	8,992	1.65%
Total Montgomery County Civilian Labor Force (Data for total employees available for county only)	544,313	

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government:										
Mayor and City Council	2	2	2	2	1	1	1	1	1	1
Legal Services	5	5	5	4	4	4	3	3	3	3
Office of the City Manager	4	4	5	4	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	6	5	5	5	5	5
Finance & Administration	12	12	11	11	11	11	11	11	9	9
Information Technology	16	16	15	15	14	14	14	13	12	11
Facilities Management	13	13	13	13	11	11	10	9	9	9
Buildings and Grounds	-	-	-	-	-	-	-	-	-	-
Public Information	7	7	7	7	7	7	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	9	10	10	10	10	10	10	9	7	6
Public Safety										
Police Services	74	70	70	70	69	69	68	68	65	66
Code Administration	-	-	23	24	23	22	21	21	20	20
Permits & Inspections	13	12	-	-	-	-	-	-	-	-
Neighborhood Services	12	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
Public Works										
Environmental Affairs/Sustainability Program	1	1	1	1	1	1	1	1	3	3
Public Works Administration	6	6	6	5	5	5	5	6	6	5
Stormwater Management	8	7	6	6	6	5	4	4	-	-
Municipal Parks Maintenance	18	18	18	19	19	19	19	18	16	16
Streets & Special Projects	6	6	6	6	6	6	6	6	10	10
Fleet Maintenance	5	5	5	5	5	5	5	5	5	5
Landscaping & Forestry	13	13	13	13	13	13	12	12	12	13
Mowing & Bulk Pick-Up	21	21	21	21	21	22	22	22	20	20
Engineering Services	6	5	5	6	5	5	4	4	4	4

City of Gaithersburg, Maryland

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

Function/Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Parks, Recreation & Culture										
Parks, Recreation & Culture	8	8	8	5	5	5	4	4	4	5
Recreation Programs & Sports	4	4	4	5	5	5	5	5	5	5
Recreation Classes	1	1	1	1	1	1	1	1	1	1
Youth Services	4	4	3	2	2	3	3	3	3	3
Gaithersburg Youth Center	2	2	2	2	2	2	2	2	2	2
Olde Towne Youth Center	1	1	1	2	2	2	2	2	2	1
Casey Community Center	2	2	2	2	2	2	2	2	2	2
Water Park	2.5	2.5	2.5	3.5	3.5	3	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	1
Special Events	7	7	7	8	8	7	7	6	6	6
Gaithersburg Aquatic Center	1	1	1	1	1	1	1	1	1	1
Miniature Golf Course	0.5	0.5	0.5	0.5	0.5	1	-	-	-	-
Activity Center	4	4	4	4	4	4	4	4	4	3
Benjamin Gaither Center (Seniors Program)	6	6	6	6	6	6	6	7	6	6
Community Services and Development										
Community Services	4	4	5	4	4	4	4	4	4	4
Financial Empowerment Center	1	1	-	-	-	-	-	-	-	-
Homeless Service	4	4	4	4	4	4	4	4	4	4
Housing & Community Development	3	2	2	2	2	2	2	2	1	1
Full-Time Employee Totals:	332.0	329.0	325.0	324.0	318.0	315.0	305.0	301.5	289.0	287.0
Part-Time Employee Totals:	98.3	102.6	94.3	101.5	98.2	103.0	105.7	102.7	101.8	101.8
Total Employees	430.3	431.6	419.3	425.5	416.2	418.0	410.7	404.2	390.8	388.8

Source: City of Gaithersburg, Maryland 2015-2024 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	2024	2023	2022	2021	2020
General Information					
Population	71,791	71,760	71,499	70,415	70,223
Registered Voters	41,887	37,433	37,318	36,969	36,060
General Government					
Commercial Construction					
Permits Issued Note 1	503	567	530	477	476
Residential Construction					
Permits Issued Note 1	882	945	1,054	1,115	710
Estimated Value of Construction	\$ 73,269,945	\$ 172,428,289	\$ 198,034,807	\$ 49,591,136	\$ 66,936,927
Transitional Housing to Permanent Housing	-	8	6	10	10
Public Safety					
Police Officers	64	62	59	56	56
Traffic Citations	6,382	4,998	2,815	4,248	6,987
Calls for Service	21,787	26,402	18,687	19,767	23,920
Fire Marshal Inspector	2	2	4	4	3.5
Animal Control Officers	4	4	5	4	4
Fire Marshal Inspections	1,038	1,426	1,536	715	831
Animal Licenses	2950	2,727	1,332	1,799	2,763
Solid Waste					
Co-Mingled (tons)	3,074	3,121	3,766	3,425	3,370
Yard Waste (tons)	750	695	881	1,063	890

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

Note 2 Registered Voters as of 01/02/2024 based on https://elections.maryland.gov/candidacy/documents/Voter_Counts_for_Petitions

City of Gaithersburg, Maryland

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

Function/Program	2019	2018	2017	2016	2015
General Information					
Population	70,010	69,769	69,562	68,635	67,099
Registered Voters	36,167	39,908	36,100	34,780	32,614
General Government					
Commercial Construction					
Permits Issued Note 1	573	615	691	598	750
Residential Construction					
Permits Issued Note 1	702	763	986	903	879
Estimated Value of Construction	\$ 17,612,100	\$ 21,692,686	\$ 173,848,726	\$ 135,092,107	\$ 255,791,134
Transitional Housing to Permanent Housing	12	8	10	11	7
Public Safety					
Police Officers	51	58	58	55	59
Traffic Citations	7,128	7,649	6,424	6,829	8,765
Calls for Service	24,462	35,433	10,885	18,849	18,263
Fire Marshall Inspector	3.5	3.5	3.5	1	1
Animal Control Officers	4	4	5	5	4
Fire Marshall Inspections	900	971	1,462	1,407	1,368
Animal Licenses	2,813	2,779	2,882	2,900	2,740
Solid Waste					
Co-Mingled (tons)	3,335	3,551	3,508	3,491	3,424
Yard Waste (tons)	871	874	860	970	1,485

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

Note 2 Registered Voters as of 01/02/2024 based on https://elections.maryland.gov/candidacy/documents/Voter_Counts_for_Petition

City of Gaithersburg, Maryland

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

Function/Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Information										
Area in Square Miles	10.44	10.42	10.42	10.42	10.42	10.42	10.42	10.42	10.39	10.37
Public Safety - Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	77	73	68	75	75	75	75	76	75	74
Highways and Streets										
City Streets (miles)	96.04	95.32	95.44	95.44	94.74	94.74	94.47	94.47	92.97	92.97
County Streets (miles)	5.74	5.51	5.51	5.51	5.50	6.30	6.30	6.13	6.72	6.72
State Streets (miles)	18.71	17.55	17.78	17.78	17.81	17.51	17.51	17.36	17.36	17.36
Private Streets (miles)	-	-	2.78	2.78	2.30	2.35	2.35	2.35	2.35	1.93
Street Lights (City Maint.)	4,022	4,024	3,995	3,947	3,947	3,947	3,831	3,781	3,781	3,781
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	28	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	3	1	1	1
Swimming Pools	3	3	3	3	3	3	3	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	15	14	14	14	14
Mansion	1	1	1	1	1	1	1	1	1	1

This page is intentionally blank.

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2024

City of Gaithersburg, MD

Department of Finance and Administration

31 South Summit Avenue

Gaithersburg, Maryland 20877

301.258.6320 – gaithersburgmd.gov



CITY OF
GAITHERSBURG