

City of Gaithersburg, MD
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2025



This page is intentionally blank.



City of Gaithersburg, Maryland

Annual Comprehensive Financial Report

Including Independent Auditors' Report

For the Fiscal Year Ended
June 30, 2025

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 – 22
Management’s Discussion And Analysis – Required Supplementary Information	24 – 39

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Position	40
Statement of Activities	41

Fund Financial Statements:

Balance Sheet – Governmental Funds	42
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	43
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	45
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	46
Statement of Fiduciary Net Position – Fiduciary Funds	47
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	48
Notes to Basic Financial Statements	49 – 74

City of Gaithersburg, Maryland

Table of Contents

Required Supplementary Information

Schedule of Changes in the City's Net OPEB Liability and Related Ratios	78
---	----

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	83
Schedule of Revenues – Budget and Actual – General Fund	84 – 86
Schedule of Departmental Expenditures – Budget and Actual – General Fund	88 – 91

Statistical Section

Net Position by Component	96
Changes in Net Position – Governmental Activities	97
Fund Balances, Governmental Funds	98 – 99
Changes in Fund Balances, Governmental Funds	100
Tax Revenues by Source, Governmental Funds	101
Assessed Valuation and Estimated Actual Values of Taxable Property	102
Real Property Tax Levies and Collections	103
Principal Taxpayers	104
Real Property Tax Rates – Direct and Overlapping Governments	105
Ratios of Outstanding Debt by Type	106
Computation of Direct and Overlapping Debt and Legal Debt Margin	107
Demographic Statistics	108
Principal Employers	109
Full-Time City Government Employees by Function/Program	110 – 111
Operating Indicators by Function/Program	112 – 113
Capital Asset Statistics by Function/Program	114

Introductory Section





Activity Center Skate Park



October 30, 2025

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, 2025.

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, 2025. 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 U.S. Census Bureau's annual estimate for July 2024, has a population of 70,686 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

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

MAYOR
Jud Ashman

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

CITY MANAGER
Tanisha R. Briley

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

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 by more than 25 percent of its original budget. The resolution requires that any changes to the budget exceeding 25 percent of a department's budget 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 the age of 25 have a bachelor's degree or higher. Although labor market participation remains high with an estimated employment of 38,718, this is a 1% decrease from the prior year (June 2025-Maryland Department of Labor). According to the Maryland Department of Labor, the City began FY 2025 with a monthly unemployment rate of 3.2%, slightly less than the statewide rate of 3.5. In June 2025, the City's unemployment rate was 3.6%, which still compares favorably to the statewide rate of 3.7%. With the latest unemployment rates, the trend is showing that unemployment, while still at normal levels, is starting to rise. The City closely monitors this rate as it is a major factor in the FY27 budget preparation.

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), Adventist HealthCare (Healthcare), and Kaiser Permanente (Healthcare). While the City is experiencing lower 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. Additionally, X-energy, a leading fuel design technology company, will be relocating its headquarters to the City, which is anticipated to add over 500 jobs over the next six years. Historically, 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, stimulated entrepreneurial activity within the fields of science and technology. With the changing federal policies, this is another area that the City is closely monitoring.

In Fiscal Year 2025, the City's revenue outperformed the budget, showing increases in several areas. Property taxes exceeded budget by 3% due to higher than anticipated property assessments in 2024. Income tax continued to show strong growth with revenue reported at \$0.7 million over budget. This income tax revenue stability is likely to decrease as federal layoffs continue. With nearly 4,000 federal workers living within the City and additional federal contractors, income tax revenues are not projected to increase in FY27. Investment income also showed a significant increase due to the high, steady interest rates throughout the past year. Investment earnings were \$4.7 million more than budget, which bolstered the City's revenue for FY25. While the City anticipates interest rates will remain strong, a slight decrease in rates is forecasted for FY26.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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

The City maintains a five-year Capital Improvements Plan (CIP). This plan allows the City to estimate capital needs far enough in advance to ensure the funding is in place, without requiring additional financing. The City's CIP has increased in recent years with several large projects underway. Spending within the CIP Fund was \$8.8 million in FY25, and the City anticipates contracting and/or spending \$36.7 million in FY26. Major projects include the renovation of a building to replace the current City Hall, a new traffic signal at S. Summit and Olde Towne Avenue, pedestrian safety improvements and shared use paths, renovation of Walder Park, 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, 2024. The Certificate of Achievement is a prestigious national award that 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 47 consecutive years (Fiscal Years 1978-2024). 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, 2025. 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 24 consecutive years (Fiscal Years 2003-2026).

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,



Tanisha R. Briley
City Manager



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

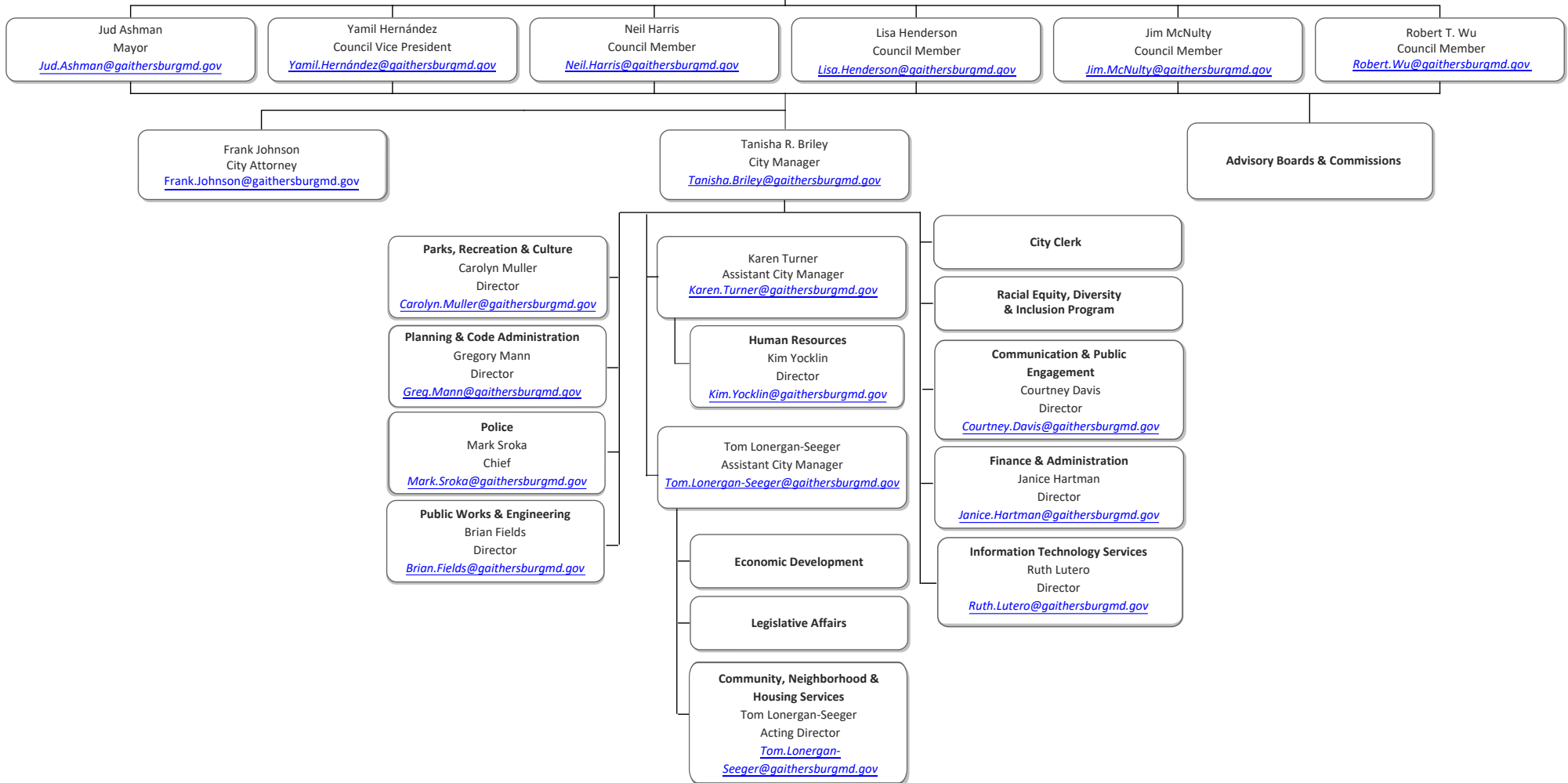
June 30, 2024

Christopher P. Morill

Executive Director/CEO

City of Gaithersburg, Maryland

Gaithersburg Residents



City of Gaithersburg, Maryland

**Directory of City Officials
As of October 30, 2025**

<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
Assistant City Manager	Tom Lonergan-Seeger
Assistant City Manager	Karen Turner
City Attorney	Frank M. Johnson
<u>Department Directors</u>	
Community, Neighborhood & Housing Services	Tom Lonergan-Seeger
Finance & Administration	Janice G. 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	Brian Fields
<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





Pleasant View Park

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, 2025, 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, 2025, 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.

Other Matter

As discussed in Note 1 to the financial statements, the City adopted the new accounting guidance from GASB Statement No. 101, *Compensated Absences*, which resulted in a restatement of net position. Our opinion is not modified with respect to this matter.

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,



Certified Public
Accountants &
Business Advisors

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 30, 2025

SB + Company, LLC

Community Service Holiday Giving



City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2025

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, 2025. The MD&A is best understood if read in conjunction with the Transmittal Letter and the City's basic financial statements.

Financial Highlights for Fiscal Year 2025

- The City's government-wide net position increased by \$22.0 million, while long-term liabilities decreased by \$1.4 million due to the reduction in the Net OPEB liability as a result of positive investment performance and the decrease in subscription and lease liabilities.
- The General Fund, the primary operating fund of the City, showed an increase in fund balance of \$8.0 million compared to the budgeted decrease of \$5.7 million. This increase is due in part to increased property tax revenue of \$1.1 million, increase in Admissions tax of \$0.1 million, an increase in intergovernmental revenues of \$1.8 million including a \$1.1 million overage in income taxes, an increase of \$0.4 million in County revenue for duplicate services, partially offset by lower Federal and State grant revenue. The increase in fund balance also includes a \$4.7 million overage in investment earnings compared to the budget. The increase in revenue was coupled with total cost savings of \$4.1 million across all City departments primarily due to vacancies and related benefits as well as savings in general operating supplies.



- Total governmental funds' fund balance increased by \$18.1 million to \$210.4 million which is comprised of a General Fund increase of \$8.0 million, Stormwater Fund increase of \$4.1 million, CIP Fund increase of \$3.7 million, and Non-Major Funds increase of \$2.2 million.
- Citywide capital expenditures of \$12.6 million covered many projects, including final costs for the new Police Station and Mayor and City Council Chambers, the Activity Center Roof Replacement, annual surface improvement projects, two traffic signal 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.

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2025

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.

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 on 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 seven governmental

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2025

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, the Housing Program Fund, and the Opioid Abatement Fund.

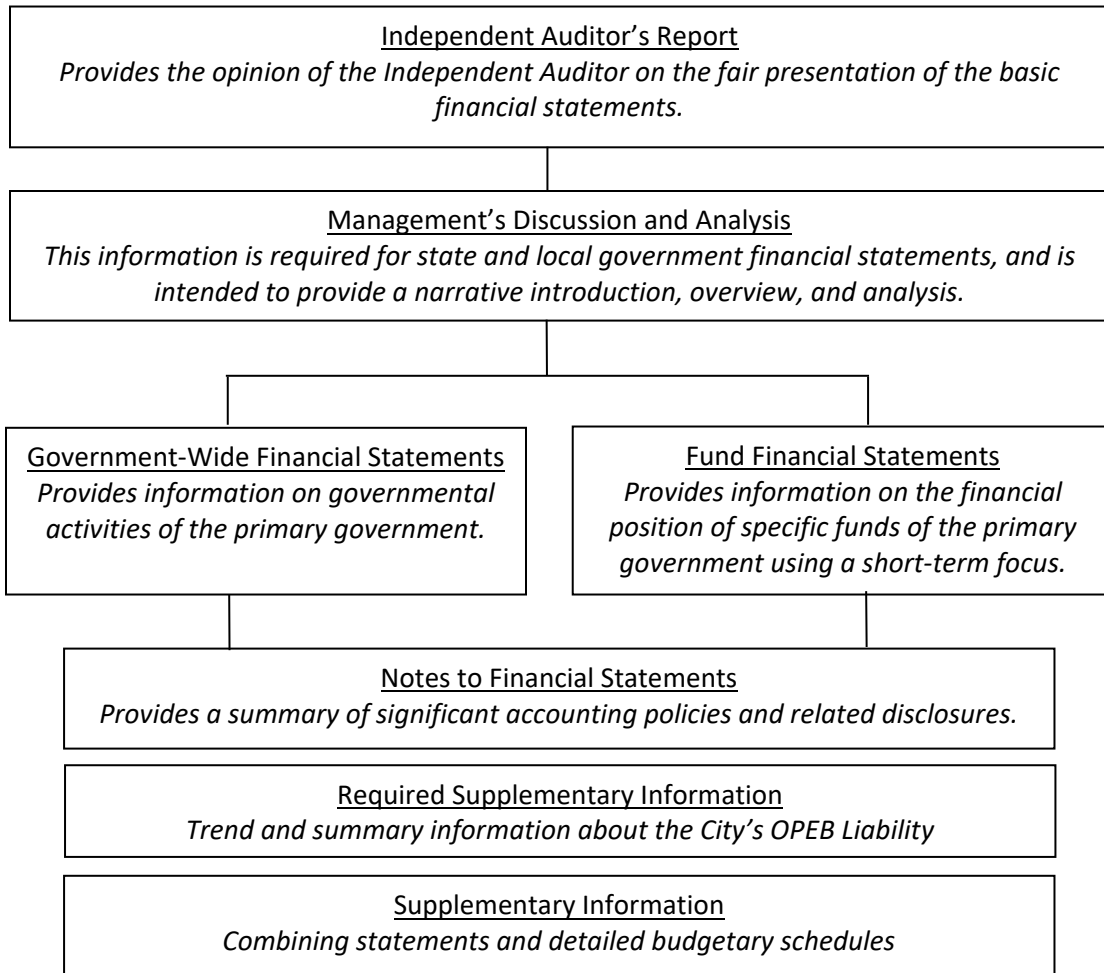
- *Fiduciary funds:* These funds are used to account for resources held for the benefit of parties outside the government (where the City acts solely as trustee or agent). Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The City reports two 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.

City of Gaithersburg, Maryland

Management's Discussion and Analysis
June 30, 2025

Figure 1 - Organization and Flow of Financial Section Information



City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2025**

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, 2025**

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, 2025 with a June 30, 2024 comparative analysis:

Figure 3 - Condensed Statement of Net Position

Governmental Activities	2025	2024	Change	% Chg
Assets				
Current and other assets	\$ 228,600,907	\$ 211,323,545	\$ 17,277,362	8.18%
Capital assets	<u>139,483,851</u>	<u>137,838,762</u>	<u>1,645,089</u>	<u>1.19%</u>
Total assets	<u>368,084,758</u>	<u>349,162,307</u>	<u>18,922,451</u>	<u>5.42%</u>
Deferred outflows of resources	<u>4,987,747</u>	<u>6,349,737</u>	<u>(1,361,990)</u>	<u>-21.45%</u>
 Liabilities				
Long-term liabilities	29,340,793	29,097,304	243,489	0.84%
Other liabilities	<u>8,293,677</u>	<u>9,998,668</u>	<u>(1,704,991)</u>	<u>-17.05%</u>
Total liabilities	<u>37,634,470</u>	<u>39,095,972</u>	<u>(1,461,502)</u>	<u>-3.74%</u>
Deferred inflows of resources	<u>6,220,427</u>	<u>7,562,245</u>	<u>(1,341,818)</u>	<u>-17.74%</u>
 Net position				
Net investment in capital assets	138,082,567	134,546,285	3,536,282	2.63%
Restricted	1,039,995	949,193	90,802	9.57%
Unrestricted	<u>190,095,046</u>	<u>173,358,349</u>	<u>16,736,697</u>	<u>9.65%</u>
Total net position	<u>\$ 329,217,608</u>	<u>\$ 308,853,827</u>	<u>\$ 20,363,781</u>	<u>6.59%</u>

Note: a change in accounting estimate is treated prospectively, prior periods are not restated for the implementation of GASB 101, Compensated Absences.

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 \$17.3 million. This increase primarily relates to an increase in cash and investments of \$15.7 million during the year coupled with a \$1.5 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 revenue combined with savings in expenditures.

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, which required that storm water management be provided for twenty percent of existing developed lands that have little or no storm water management. The permit is currently under extension. 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.

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2025**

Capital Assets for governmental activities of the City include a broad range of assets, including buildings, athletic facilities, vehicles, equipment, and infrastructure. Investments in capital assets (net of depreciation) totaled \$139.5 million at June 30, 2025. Depreciation expense for FY25 was \$5.0 million, and additions to buildings, infrastructure, improvements, and equipment and furniture amounted to \$6.7 million. More detailed information about capital assets can be found in Note 7. In addition to the purchase of vehicles, equipment, and playgrounds, the City’s investments in capital assets included the following significant projects during the fiscal year:

- Initial design work for 8 and 12 South Summit;
- Completion of the new police station and the Mayor and City Council Chambers;
- Design work for the Russel Avenue Improvement project;
- Activity Center Roof Replacement and Gym Floor Replacement;
- Traffic signal improvements at East Diamond Avenue and Summit Avenue and Russel Avenue and Watkins Mill Road

Governmental Activities	2025	2024
Land	\$ 43,063,337	\$ 43,063,337
Buildings	41,075,809	39,567,284
Improvements other than buildings	15,637,973	10,340,873
Machinery and equipment	8,838,288	6,739,126
Intangibles	49,405	109,812
Infrastructure	19,330,275	20,497,393
Construction in progress	10,912,494	16,660,094
Right to use asset	49,791	51,389
Right-to-use subscription assets	526,481	809,456
Total capital assets, net	\$ 139,483,851	\$ 137,838,764

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).

Long-term liabilities consist of compensated absences, subscription and lease liabilities, and OPEB liability, which makes up \$25.9 million of the long-term liabilities. 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%. During FY25, the net OPEB obligation decreased by \$0.8 million and the fiduciary net position increased by \$3.6 million, from net investment income of \$3.7 million and City contributions of \$1.7 million offset by benefit payments and administrative fees of \$1.8 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 used for capital purposes, such as accounts payable, leases, and SBITA.

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2025

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 and opioid abatement funds, along with funds for certain programs that receive external contributions. This category increased by \$0.1 million primarily due to the net impact of increase in opioid funds received by the City, increase in Holiday Giving funds, increase in Forest Conservation funds, and offset a decrease in Maryland State Arts Council (MSAC) ARGOS Grant fund due to the spending of the grant funds in FY25.

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 and non-recurring expenses.

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 and sick leave). The table below summarizes the Statements of Activities for FY25 and FY24. Significant changes year over year are discussed following the table.

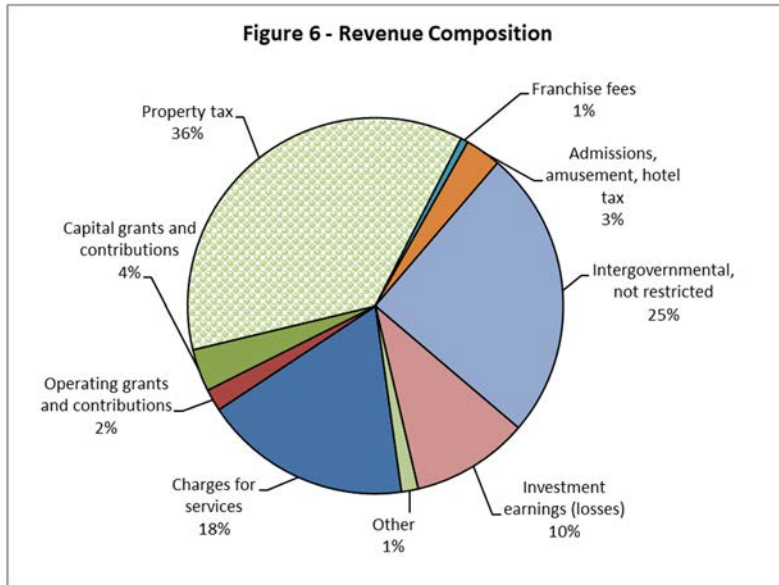
Figure 5 - Condensed Statement of Activities

Governmental Activities	2025	2024	Change	% Chg
Revenues				
Program revenues				
Charges for services	\$ 17,957,814	\$ 16,379,934	\$ 1,577,880	9.63%
Operating grants and contributions	1,909,938	2,333,607	(423,669)	-18.16%
Capital grants and contributions	3,664,274	4,357,983	(693,709)	-15.92%
General revenues				
Property tax	36,377,959	34,131,297	2,246,662	6.58%
Franchise fees	646,499	709,811	(63,312)	-8.92%
Admissions, amusement, hotel tax	3,092,480	3,414,804	(322,324)	-9.44%
Intergovernmental, not restricted	25,018,057	22,511,066	2,506,991	11.14%
Investment earnings (losses)	10,144,182	9,350,038	794,144	8.49%
Other	1,437,164	1,793,011	(355,847)	-19.85%
Total revenue	<u>100,248,367</u>	<u>94,981,551</u>	<u>5,266,816</u>	<u>5.55%</u>
Expenses				
General government	29,144,558	26,039,274	3,105,284	11.93%
Public safety	16,379,557	14,620,840	1,758,717	12.03%
Public works	17,712,300	15,963,893	1,748,407	10.95%
Parks and recreation	11,988,097	11,558,933	429,164	3.71%
Community services and development	3,004,508	3,010,390	(5,882)	-0.20%
Interest on leases	28,417	42,844	(14,427)	-
Total expenses	<u>78,257,437</u>	<u>71,236,174</u>	<u>7,021,263</u>	<u>9.86%</u>
Change in net position	21,990,930	23,745,377	(1,754,447)	-7.39%
Beginning net position	<u>307,226,678</u>	<u>285,108,450</u>		
Ending net position	<u>\$ 329,217,608</u>	<u>\$ 308,853,827</u>		

City of Gaithersburg, Maryland

Management’s Discussion and Analysis
June 30, 2025

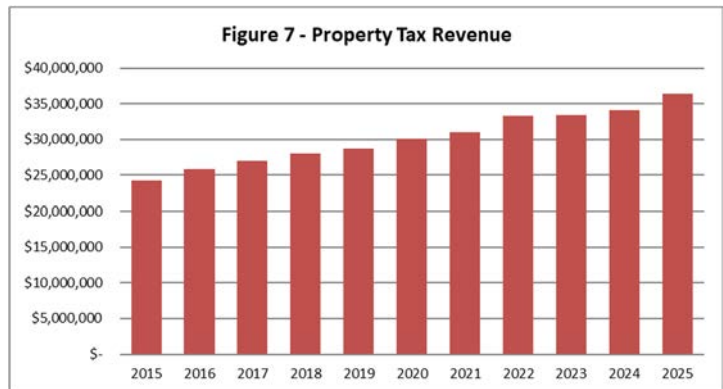
Revenues



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. Small differences include a reduction in charges for services, which is at 18% compared to 17% in the prior year. Increase of 1% for charges for services is primarily due to an increase in permit review fees for a large project in FY25.

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 2025 property tax revenue grew 6.6% percent primarily due to phased-in property value assessments. Properties within the City are assessed triennially by the Maryland State department of Assessments. FY25 was the first year that the new property value were effective.



Intergovernmental revenues, not restricted to specific programs are the City’s second largest revenue category and include the City’s share of income taxes. Intergovernmental revenues increased \$2.5 million from the prior year. The City saw growth in its income tax base in FY25 due to low unemployment and increases in earnings. This revenue component is also impacted by the funds held in the State’s income tax reserve fund, which increased \$1.4 million from the prior year and 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 FY25. 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 increased by \$1.5 million. This is primarily due to an increase of \$1.0 million in building permits and \$0.2 million in electrical and mechanical permit revenues. This is primarily one time permitting revenue for renovations at 700 Progress Way. The remainder of the increase is driven by increased participation in recreational programs and summer camps.

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2025**

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. In FY24, the City recognized \$0.7 million in federal relief grants from the American Rescue Plan Act (ARPA), but did not recognize any revenue related to this in FY25. The City received its second and final tranche of federal relief grant proceeds in FY23. Of the total \$11.5 million received through the grant, the City recognized the final amount in FY24.

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 slightly decreased to 3% of total revenue in FY25 compared to FY24. The decrease in revenue percentage is due to recognizing the final ARPA funding in FY24. This decrease from the prior year was partially offset by increased grant funding for the State Highway User and housing assistance grant revenues.

Investment earnings increased from FY24 to FY25. Interest earnings and realized gains / (losses) increased as average interest remained elevated in FY25. The one-

Governmental Activities	2025	2024
Unrealized gains / (losses)	\$ 3,078,771	\$ 2,064,440
Investment earnings and realized gains/(losses)	<u>7,065,411</u>	<u>7,285,598</u>
Total interest income	<u>\$ 10,144,182</u>	<u>\$ 9,350,038</u>

year treasury rate decreased slightly from an average of 4.82% during FY24 to an average of 4.23 during FY25. The City is required to recognize changes in the market value on investments as increases or decreases occur to investment earnings. The majority of the City’s investments are held until maturity, thus unrealized gains and losses are rarely realized. Unrealized gains and losses represent changes in market value which typically fluctuate as interest rates change for fixed income investments. As interest rate yields decline, unrealized gains tend to increase. The City reported \$10.1 million in net investment earnings in FY25. Figure 8 summarizes the City’s unrealized gains and losses compared to interest earnings in FY25 and FY24.

Expenses

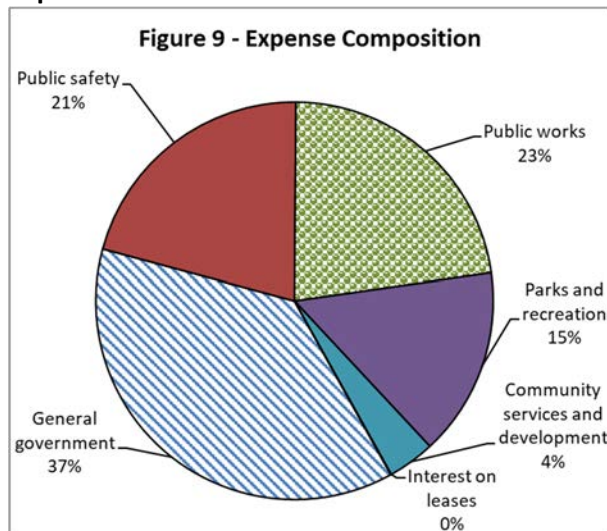


Figure 9 shows the composition of FY25 expenses by function. The allocation of total costs across the functions was similar between FY25 and FY24. The main differences are an increase in Public works to 23% from 22% in FY24 and a decrease to 15% from 16% in FY24 for Public safety.

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 capital outlay.

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2025

The public safety function includes police services, building and code enforcement, traffic, and animal service costs. This function increased by \$1.6 million compared to FY24 due to an increase in personnel expense for four additional police officers added in FY25. The additional officers are necessary to cover the increase in call volume as the County has shifted all calls to be handled by the City instead of partially by Montgomery County.

The public works function represents maintenance costs for municipal parks, fleet and streets, as well as street lighting, landscaping and forestry, recycling, engineering, stormwater management, sustainability and street projects. Expenses within public works increased by \$1.7 million primarily due to a higher 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 \$0.4 million between FY25 and FY24. The most significant increase for the parks and recreation function was the increase in full-time and part-time wages year over year. This is primarily due to the general wage adjustment.

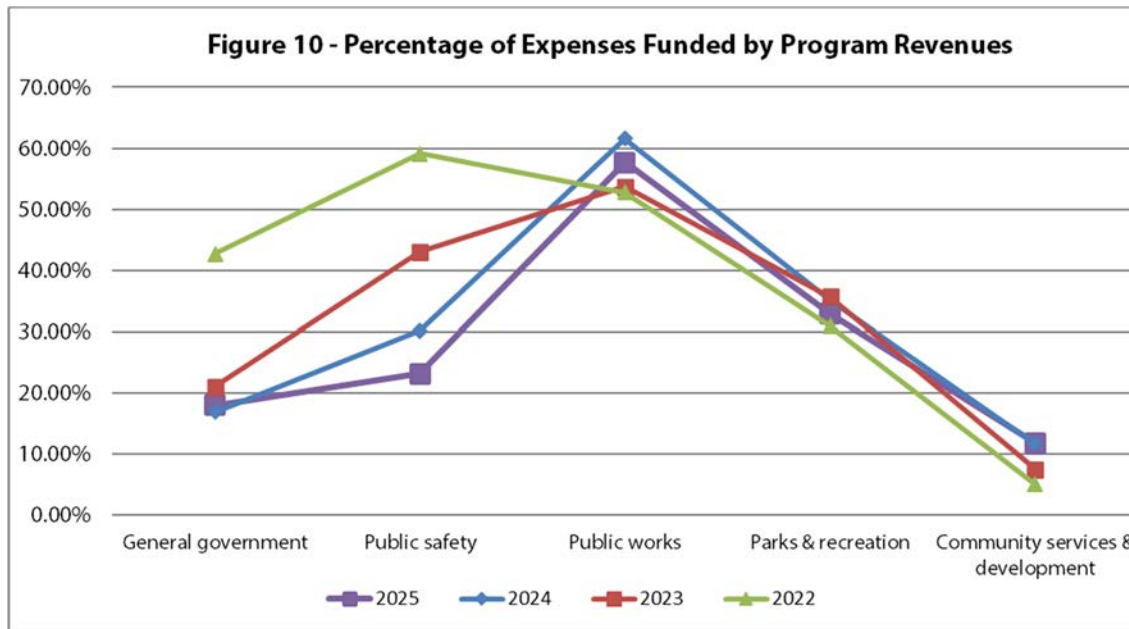
Community services and development includes costs for contributions to local schools and nonprofits, homeless assistance, the Financial Empowerment Center, and housing and community development programs. Expenses within this function have decreased by about six thousand dollars between FY25 and FY24.

Net Costs

As mentioned in the revenues section, program revenues are intended to pay for a certain activity or function and include charges for services, operating grants and capital grants. The chart below illustrates how much of each function's expenses are funded by program revenues. All expenses not funded through program revenues are financed with general revenues, primarily taxes. The percentages funded by program revenues fluctuate based on changes in revenues and expenses identified above. Four years of data is presented to provide better comparisons as both revenue and expenses were impacted by the pandemic.

City of Gaithersburg, Maryland

Management’s Discussion and Analysis
June 30, 2025



General government funded percentage slightly decreased in FY25 due to lower operating and capital grant and contributions. Public safety funded percentage decreased in FY25 compared to FY24 due to a lower revenue from operating grant and speed camera and parking tickets. Public works funded percentage increased in FY25 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 stayed consistent in FY25.

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 \$210.4 million, an increase of \$18.1 million over FY24’s fund balance.

General Fund: The General Fund received \$8.0 million more in revenues than was expended, thereby increasing the total fund balance to \$97.9 million. Overall revenues increased \$5.3 million compared to FY24. Much of this increase can be attributed to an increase in investment earnings, property tax, and intergovernmental revenue. Expenditures increased \$4.2 million compared to FY24, the increase results from four new hires for 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 decreased by \$4.7 million as lower funds were transferred to the CIP and Asset Replacement funds.

CIP Fund: The CIP Fund reported an increase in fund balance of \$3.7 million. The largest sources of project spending in FY25 included the completion of the Police Station and Mayor and City Council Chambers at 16 S. Summit Avenue, the Activity Center Roof Replacement, Traffic Signal Improvements at East Diamond Avenue at Summit Avenue and Russell Avenue at Watkins Mill Road, initial design at 8 and 12 S. Summit Avenue, LED Street Light Conversion, and the Annual Surface Improvement Program. Fund balances in the CIP fund represent resources to be used for authorized projects as well as funding for future projects.

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2025**



Stormwater Management Fund: The Stormwater Management Fund reported an increase of \$4.1 million in fund balance as a result of revenue increases for investment earnings and underspending in CIP projects due to prior vacancies. 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 and future capital projects.

Non-Major Funds: The Non-Major funds reported an increase in fund balance of \$2.3 million mainly due to lower spending in the Opioid Abatement Fund due to planning initiatives underway and no new developer loans issued in FY25 in the Housing Fund.

General Fund Budgetary Highlights

The Mayor and City Council adopted an FY25 General Fund expenditure budget of \$86.7 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 2025.

Revenues

Overall, the City’s General Fund revenues of \$90.0 million exceeded the budgeted amount of \$80.6 million (before proceeds from sale of capital assets, transfers and reappropriation). The City experienced increases in revenue across several sources offset by a few decreases.

- Licenses and permits were above the budget by \$0.9 million. FY25 licenses and permits revenue increased due to large permits issued for work at 700 Progress Way. Figure 11 shows year over year comparisons related to this revenue stream. As the table shows, construction projects can create large swings in revenue as permits are dependent on how quickly plans move along or if anticipated projects encounter delays.

General Fund	2025	2024	2023	2022	2021	2020
Actual	\$4,966,625	\$3,792,247	\$ 4,793,231	\$8,606,127	\$4,493,621	\$4,128,350
Budget	<u>4,109,010</u>	<u>4,068,270</u>	<u>4,760,100</u>	<u>4,337,730</u>	<u>4,271,780</u>	<u>4,299,970</u>
Over / (Under)	<u>\$ 857,615</u>	<u>\$ (276,023)</u>	<u>\$ 33,131</u>	<u>\$4,268,397</u>	<u>\$ 221,841</u>	<u>\$ (171,620)</u>

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2025

- Intergovernmental revenues of \$28.0 million were over budget by \$1.8 million due to \$0.8 million higher income tax and an additional \$0.7 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, including supplementing public safety services that are no longer provided by the County.
- Charges for services of \$6.4 million were over budget by \$0.3 million. An increase in recreation program fees of \$0.1 million and \$0.1 million more revenue from the Arts Barn contributed to the over performance in charges for services. Revenues from other programs also contributed towards the overage as the City continued to see increased enrollments and attendance in programs throughout FY25.
- Fines and forfeiture revenues of \$1.5 million were below the budget by \$0.5 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 \$39.5 million was over budget by \$1.2 million. Property tax revenues exceeded budget by \$1.1 million and hotel and motel taxes also increased \$0.1 million as the City saw an uptick in travel during FY25.
- Investment earnings experienced income of \$8.2 million in FY25. Interest earnings increased significantly as average interest rates remained stable and high in FY25. The one-year treasury rate decreased from an average of 4.82% during FY24 to an average of 4.23% during FY25, which resulted in the recognition of unrealized gains.

Expenditures

General Fund expenditures came in at \$4.2 million, or 4.8 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 \$0.4 million and general operating supplies and gasoline expense were also under budget by \$0.4 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. Steady gasoline prices also contributed to expenses falling below the budgeted amount. The City also experienced savings in repairs and maintenance of \$0.3 million due to less emergency repairs than budgeted
- Several departments experienced cost savings in full-time wages due to a higher vacancy rate than budgeted. The total savings in salaries and wages compared to budget was \$1.3 million. This savings resulted in additional savings in taxes, health and benefit costs.
- Additional savings were experienced across departments in areas such as travel, training, and professional services.

City of Gaithersburg, Maryland

**Management’s Discussion and Analysis
June 30, 2025**

Transfers

Transfers out were in line with the net budgeted amount of \$16.7 million and included transfers to the CIP, Housing, Asset Replacement, and Stormwater Funds to cover the City’s share of stormwater fees. The budgeted transfer to OPEB is included in the operating expenditures.

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. 101, Compensated Absences in FY25. This statement establishes a unified recognition and measurement framework for governmental accounting of compensated absences (like vacation and sick leave) to improve the accuracy and comparability of financial reporting. The FY24 beginning balance has been restated to account for the change in accounting method for compensated absences as required by GASB Statement 100, Accounting Changes and Error Corrections.

The City’s net OPEB liability decreased by \$0.8 million. The City continues to contribute to the plan on an annual basis, the plan is 57.18% 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.

Governmental Activities	2025	2024
Compensated absences		
Vacation	\$ 2,613,700	\$ 2,270,599
Sick	2,481,957	2,646,321
Total compensated absences	<u>5,095,657</u>	<u>4,916,920</u>
Net OPEB obligation	25,859,185	26,701,829
Income tax duplication liability	141,237	150,349
Lease liability	50,661	51,840
SBITA liability	409,750	634,372
Total long-term debt	<u>\$ 31,556,490</u>	<u>\$ 32,455,310</u>

Factors Impacting the City’s Future

The following economic factors are reflected in the City’s FY26 budget:

- The adopted general fund expenditure budget for FY26 is \$99.3 million, representing a 14.5 percent increase from the FY25 budget. The FY26 budget includes transfers of \$20.1 million to the Capital Improvements Fund and \$4.0 million to the Asset Replacement Fund. The FY26 budget for

City of Gaithersburg, Maryland

Management's Discussion and Analysis June 30, 2025

reappropriation supports the larger than normal transfer to the Capital Improvement Plan to fund one-time projects to meet City space capacity needs and pedestrian safety. 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 adjustment of 4%, two new police officers added in FY26, and increases in expenses for professional services and management consulting as well as additional opportunities for economic development grants.

- 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 with FY26 being the 2nd year within the triennial assessment and income taxes budgeted slightly below FY25 actuals. The City has increased the revenue budget for real property tax with a projected 6% increase in revenue in FY26, which is in line with the annual assessment values. Looking ahead, if the Federal Government continues layoffs this will have a negative impact on both income taxes and property taxes. The income tax impact will likely not be realized until FY27 based on the timing of tax revenue and property tax declines may not be realized until FY28 when the next triennial assessment takes place. These are both items the City is closely monitoring as the FY27 budget is prepared.
- Permitting revenues are projected to increase 2-4% in FY26 for Building, Grading, Fire Protection, and Public Improvement Street Permits based on redevelopment at the Lake Forest Mall site, 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 FY26 budget continues to put changes into practice that will allow the City to maintain its low tax rate and debt-free status. The City will begin a long-range capital asset study in FY26 to further enhance our long-term planning.

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, 2025**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 112,901,878
Investments	92,335,695
Receivables, net of allowance for uncollectibles	17,160,737
Prepays	502,611
Inventory	30,967
Long-term receivables	5,669,014
Capital assets	
Land	43,063,337
Buildings	64,772,439
Improvements other than buildings	32,425,947
Machinery and equipment	24,077,267
Right-to-use leased vehicles	145,155
Right-to-use subscription assets	1,245,876
Intangibles	522,540
Infrastructure	71,006,006
Construction-in-progress	10,912,494
Less: accumulated depreciation/amortization	(108,687,205)
Total assets	368,084,758
Deferred outflows of resources	
Deferred outflows from OPEB	4,987,747
Liabilities	
Accounts payable	3,522,233
Accrued liabilities	1,114,524
Unearned revenue	1,021,828
Deposits	419,395
Non-current liabilities	
Due within one year	2,215,697
Due in more than one year	29,340,793
Total liabilities	37,634,470
Deferred inflows of resources	
Leases	195,970
Deferred inflows from OPEB	6,024,457
Total deferred inflows of resources	6,220,427
Net Position	
Net investment in capital assets	138,082,567
Restricted for:	
Holiday giving	25,344
Sports Scholarships	11,671
Police forfeitures	29,087
MSAC ARGOS Grant	43,710
Opioid Abatement	142,888
Forest conservation	787,295
Total Restricted	1,039,995
Unrestricted	190,095,046
Total net position	\$ 329,217,608

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

Statement of Activities
For the Year Ended June 30, 2025

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	\$ 29,144,558	\$ 3,648,409	\$ 487,234	\$ 1,098,223	\$ (23,910,692)
Public safety	16,379,557	2,726,347	1,058,180	8,300	(12,586,730)
Public works	17,712,300	7,653,713	-	2,557,751	(7,500,836)
Parks & recreation	11,988,097	3,734,399	203,664	-	(8,050,034)
Community services & development	3,004,508	194,946	160,860	-	(2,648,702)
Interest on leases	28,417	-	-	-	(28,417)
Total governmental activities	\$ 78,257,437	\$ 17,957,814	\$ 1,909,938	\$ 3,664,274	\$ (54,725,411)
General Revenues					
Property tax					\$ 36,377,959
Franchise fees					646,499
Admissions, amusement, and hotel taxes					3,092,480
Intergovernmental not restricted to specific programs					25,018,057
Investment earnings					10,144,182
Miscellaneous revenues					1,437,164
Total general revenues					76,716,341
Change in net position					21,990,930
Net Position					
Beginning, as Restated					307,226,678
Ending					\$ 329,217,608

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Balance Sheet – Governmental Funds
As of June 30, 2025**

	General Fund	CIP Fund	Stormwater Management Fund	Non-Major Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 42,042,644	\$ 33,023,127	\$ 23,066,077	\$ 14,770,030	\$ 112,901,878
Investments	54,871,566	20,030,886	11,550,668	5,882,575	92,335,695
Property taxes, net of allowance	177,021	-	-	-	177,021
Due from other governments	13,436,142	-	-	-	13,436,142
Other receivables, net of allowances	2,493,443	-	810,315	28,094	3,331,852
Lease receivable	215,722	-	-	-	215,722
Prepays	485,145	-	17,466	-	502,611
Inventory	30,967	-	-	-	30,967
Long-term receivables	-	-	-	5,669,014	5,669,014
Total assets	\$ 113,752,650	\$ 53,054,013	\$ 35,444,526	\$ 26,349,713	\$ 228,600,902
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 2,402,560	\$ 695,344	\$ 161,720	\$ 262,609	\$ 3,522,233
Accrued liabilities	1,090,197	-	24,327	-	1,114,524
Unearned revenue	1,021,828	-	-	-	1,021,828
Deposits	419,395	-	-	-	419,395
Total liabilities	4,933,980	695,344	186,047	262,609	6,077,980
Deferred inflow of resources					
Unavailable revenues	10,928,145	-	810,315	340,671	12,079,131
Total deferred inflow of resources	10,928,145	-	810,315	340,671	12,079,131
Fund balances					
Non-spendable					
Prepays	485,145	-	17,466	-	502,611
Inventory	30,967	-	-	-	30,967
Restricted	109,812	-	-	930,183	1,039,995
Committed	-	52,358,669	34,430,698	24,816,250	111,605,617
Assigned	3,155,948	-	-	-	3,155,948
Unassigned	94,108,653	-	-	-	94,108,653
Total fund balances	97,890,525	52,358,669	34,448,164	25,746,433	210,443,791
Total liabilities, deferred inflow of resources, and fund balances	\$ 113,752,650	\$ 53,054,013	\$ 35,444,526	\$ 26,349,713	\$ 228,600,902

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, 2025**

Total fund balance – governmental funds	\$	210,443,791
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	\$	248,171,058
Accumulated depreciation/amortization	<u>(108,687,205)</u>	139,483,853
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		
		11,883,166
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		(25,859,185)
Deferred outflows from OPEB		4,987,747
Deferred inflows from OPEB		(6,024,457)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Income tax duplication liability		(141,237)
Subscription liability		(409,750)
Lease liability		(50,661)
Accumulated unused compensated absences		<u>(5,095,657)</u>
Net position of governmental activities	\$	<u>329,217,608</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, 2025**

	General Fund	CIP Fund	Stormwater Management Fund	Non-Major Funds	Total Governmental Funds
Revenues					
Taxes	\$ 39,470,439	\$ -	\$ -	\$ -	\$ 39,470,439
Licenses and permits	4,966,625	-	189,301	-	5,155,926
Intergovernmental	27,980,723	711,928	-	507,059	29,199,710
Charges for services	6,397,476	-	5,520,731	72,165	11,990,372
Fines and forfeitures	1,486,430	-	-	-	1,486,430
Investments earnings	8,224,751	-	1,647,894	271,537	10,144,182
Miscellaneous	1,488,769	-	-	48,203	1,536,972
Total revenues	90,015,213	711,928	7,357,926	898,964	98,984,031
Expenditures					
Current					
General government	22,509,410	-	-	194,291	22,703,701
Public safety	15,104,038	-	-	-	15,104,038
Public works	12,444,428	-	2,576,752	57,419	15,078,599
Parks & recreation	10,852,051	-	-	-	10,852,051
Community services & development	2,959,529	-	-	-	2,959,529
Contribution to OPEB trust	1,745,953	-	-	-	1,745,953
Debt service					
Principal	260,009	-	-	-	260,009
Interest	28,417	-	-	-	28,417
Capital outlay	36,702	8,849,004	553,593	3,116,224	12,555,523
Total expenditures	65,940,537	8,849,004	3,130,345	3,367,934	81,287,820
Excess (deficiency) of revenues over expenditures	24,074,676	(8,137,076)	4,227,581	(2,468,970)	17,696,211
Other Financing Sources (Uses)					
Transfers in	210,520	11,833,216	170,434	4,736,843	16,951,013
Transfers out	(16,702,493)	-	(248,520)	-	(16,951,013)
Leases	36,702	-	-	-	36,702
Proceeds from sale of capital assets	394,884	-	-	-	394,884
Total other financing sources (uses)	(16,060,387)	11,833,216	(78,086)	4,736,843	431,586
Net change in fund balances	8,014,289	3,696,140	4,149,495	2,267,873	18,127,797
Fund Balances					
Beginning	89,876,236	48,662,529	30,298,669	23,478,560	192,315,994
Ending	\$ 97,890,525	\$ 52,358,669	\$ 34,448,164	\$ 25,746,433	\$ 210,443,791

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, 2025**

Total net change in fund balances – governmental funds \$ 18,127,797

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	\$ 9,661,318	
Depreciation/Amortization	<u>(6,674,173)</u>	2,987,145

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	(3,002,511)	
Depreciation/Amortization	<u>1,660,454</u>	(1,342,057)

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

1,264,336

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.

-

897,533

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		1,179
Subscriptions		224,622
Unused compensated absences		<u>(178,737)</u>

Change in net position of governmental activities		<u>\$ 21,990,930</u>
--	--	-----------------------------

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, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 38,287,803	\$ 38,287,803	\$ 39,470,439	\$ 1,182,636
Licenses and permits	4,109,010	4,109,010	4,966,625	857,615
Intergovernmental	26,196,888	26,196,888	27,980,723	1,783,835
Charges for services	6,062,581	6,062,581	6,397,477	334,896
Fines and forfeitures	1,977,500	1,977,500	1,486,430	(491,070)
Investments earnings (losses)	3,525,000	3,525,000	8,224,751	4,699,751
Miscellaneous	440,069	440,069	1,488,768	1,048,699
Total revenues	<u>80,598,851</u>	<u>80,598,851</u>	<u>90,015,213</u>	<u>9,416,362</u>
Expenditures				
Current				
General government	24,194,371	24,493,268	22,509,410	1,983,858
Public safety	15,693,738	15,469,814	15,104,038	365,776
Public works	13,623,426	13,679,823	12,444,428	1,235,395
Parks and recreation	11,475,687	11,512,053	10,852,051	660,002
Community services and development	3,250,894	3,238,666	2,959,529	279,137
Contribution to OPEB trust	1,745,953	1,745,953	1,745,953	-
Debt service	-	-	288,426	(288,426)
Capital outlay	-	-	36,702	(36,702)
Total expenditures	<u>69,984,069</u>	<u>70,139,577</u>	<u>65,940,537</u>	<u>4,199,040</u>
Excess of revenues over expenditures	10,614,782	10,459,274	24,074,676	13,615,402
Other Financing Sources (Uses)				
Transfers in	210,520	210,520	210,520	-
Transfers out	(16,701,606)	(16,701,606)	(16,702,493)	(887)
Leases	-	-	36,702	36,702
Proceeds from sale of capital assets	225,000	225,000	394,884	169,884
Total other financing uses	<u>(16,266,086)</u>	<u>(16,266,086)</u>	<u>(16,060,387)</u>	<u>205,699</u>
Net change in fund balance	<u>\$ (5,651,304)</u>	<u>\$ (5,806,812)</u>	<u>\$ 8,014,289</u>	<u>\$ 13,821,101</u>
Fund Balance				
Beginning			\$ 89,876,236	
Ending			<u>\$ 97,890,525</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, 2025**

	Pension Trust - OPEB Trust Fund	Private-Purpose Trust Fund
Additions		
Contributions		
Employer	\$ 1,745,953	\$ -
Interest and gains	3,606,086	1
Total additions	5,352,039	1
Deductions		
Benefits and withdrawals	1,708,418	-
Change in net position	3,643,621	1
Net Position		
Beginning	30,886,281	15,638
Ending	\$ 34,529,902	\$ 15,639

See Notes to Basic Financial Statements.

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

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 Year Ended June 30, 2025

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 Year Ended June 30, 2025

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 Year Ended June 30, 2025

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, 2025 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,

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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
Year Ended June 30, 2025**

J. Prepaid Items

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

K. Capital Assets

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

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

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

L. Inter-Fund Transactions

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

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

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

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

M. Deferred Outflows/Inflows of Resources

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

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

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

N. Compensated Absences

Full-time employees earn four hours of sick leave for each pay period of service. Sick leave may be accumulated with no maximum balance, and may be applied day-for-day in order to assist an employee in meeting the years of service retirement requirement. Upon retirement from service, the employee is paid for one quarter of their accumulated sick leave through an employer contribution to their 401A plan.

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 up to 80 hours of unused vacation leave in a fiscal year. All outstanding vacation hours, 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 Year Ended June 30, 2025

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.

City of Gaithersburg, Maryland

Notes to Basic Financial Statements
Year Ended June 30, 2025

Q. Change in Accounting Principle

The City adopted GASB Statement No. 101, Compensated Absences, for the year ended June 30, 2025. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. As a result of the adoption of the statement as of July 1, 2024, net position was restated as shown in the table below.

	<u>Government-Wide</u> <u>Governmental</u> <u>Activities</u>
Fund Balance June 30, 2024, as Previously Reported	\$ 308,853,827
Change in Accounting Principle: GASB 101 implementation	<u>(1,627,149)</u>
Fund Balance June 30, 2024, as Restated	<u>\$ 307,226,678</u>

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.
- 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.

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

- 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	\$ 7,088,397	\$ -	\$ 2,000	Custodial credit deposits
MLGIP	105,534,692	-	-	Credit, interest rate
Certificates of deposit	-	-	13,639	Custodial credit deposits
Money market	278,790	-	-	Credit, interest rate
CIT	-	34,784,229	-	Credit, interest rate
Sub-Total	<u>112,901,879</u>	<u>34,784,229</u>	<u>15,639</u>	
Investments				
Commercial paper	7,973,762	-	-	Custodial credit, credit, interest rate, concentration
Supernational	3,585,335	-	-	Foreign issues
US agency securities	34,172,624	-	-	Custodial credit, credit, interest rate, concentration
US treasury securities	46,603,974	-	-	Custodial credit, interest rate
Sub-Total	<u>92,335,695</u>	<u>-</u>	<u>-</u>	
Total	<u>\$ 205,237,574</u>	<u>\$ 34,784,229</u>	<u>\$ 15,639</u>	

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.

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

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	\$ 7,973,762	\$ -	\$ 7,973,762	\$ -
Supernational	3,585,335	-	3,585,335	-
U.S. agency securities	34,172,624	-	34,172,624	-
U.S. treasury securities	46,603,974	46,603,974	-	-
Total investments by fair value level	\$ 92,335,695	\$ 46,603,974	\$ 45,731,721	\$ -

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.
- 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.

City of Gaithersburg, Maryland

Notes to Basic Financial Statements Year Ended June 30, 2025

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;
- 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;

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

- 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, 2025, 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	\$ 105,534,692
Money market	AAAm	278,790
CIT	unrated	34,784,229
Commercial paper	A-1	7,973,762
Supernational	AAA	3,585,335
US agency securities	AA+	34,172,624

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, 2025, the City's cash equivalents and investments had the following maturities:

	<u>Amount</u>	<u>Maturity in years</u>				
		<u>< 1 year</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>
MLGIP	\$ 105,534,692	\$ 105,534,692	\$ -	\$ -	\$ -	\$ -
Money market	278,790	278,790	-	-	-	-
CIT	34,784,229	34,784,229	-	-	-	-
Commercial paper	7,973,762	7,973,762	-	-	-	-
Supernational	3,585,335	-	3,585,335	-	-	-
US agency securities	34,172,624	13,019,597	2,412,401	5,911,266	8,646,231	4,183,129
US treasury securities	46,603,974	831,283	13,740,987	15,224,919	8,315,550	8,491,235
Total	\$ 232,933,406	\$ 162,422,353	\$ 19,738,723	\$ 21,136,184	\$ 16,961,781	\$ 12,674,364

City of Gaithersburg, Maryland

Notes to Basic Financial Statements
Year Ended June 30, 2025

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 Fund	25%	N/A

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

Note 4 Receivables

Receivables at June 30, 2025 reported in the General, Stormwater and NonMajor Funds consist of the following:

	<u>Governmental Activities</u>
Property taxes	
Current year	\$ -
Previous years	372,722
Allowance on taxes more than 3 years old	<u>(195,701)</u>
Total property taxes	<u>177,021</u>
Due from other governments	
County	9,526
State & local	13,382,104
Federal	<u>44,512</u>
Total due from other governments	<u>13,436,142</u>
Other receivables	
Cable TV fees	161,408
Police tickets and fines	1,016,107
OPEB Trust reimbursement	346,525
Stormwater fees	2,285,774
Opioid fees	28,094
Accrued interest	809,931
Miscellaneous	448,764
Allowance on stormwater fees	(1,475,459)
Allowance on police tickets and fines	<u>(289,292)</u>
Total other receivables	<u>3,331,852</u>
Lease receivable	<u>215,722</u>
Total	<u>\$ 17,160,737</u>

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and also defer revenue recognition in connection with resources that have been received, but not yet earned. Unavailable revenues as of June 30, 2025, are as follows:

	<u>Unavailable</u>
Income tax reserve	\$ 9,909,361
Property taxes receivable	162,312
Interest earnings	208,884
Police fines and tickets	617,165
Other receivables	<u>30,423</u>
Total General Fund	10,928,145
Stormwater charges	810,315
Opioid Settlement	<u>340,671</u>
Total Governmental Funds	<u>\$ 12,079,131</u>

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

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	\$ -	\$ 11,833,216	\$ -	\$ -	\$ 4,458,843	\$ 16,292,059	Capital funding
General Fund	-	-	-	240,000	-	240,000	Operating subsidy
General Fund	-	-	170,434	-	-	170,434	Stormwater general fund fee and hardship credit
Stormwater Management Fund	210,520	-	-	-	-	210,520	Stormwater administrative transfer
Stormwater Management Fund	-	-	-	-	38,000	38,000	Transfer to Asset Replacement for Stormwater assets
Total	\$ 210,520	\$ 11,833,216	\$ 170,434	\$ 240,000	\$ 4,496,843	\$ 16,951,013	

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	\$ 5,356,437
Opioid Settlements	312,577
Total	\$ 5,669,014

These amounts are included on the governmental activities statement of net position and recorded in the Housing Program and Opioid Abatement Funds 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 329 individual loans ranging from \$4,700 to \$25,000 had been made totaling \$5,356,437. Of these loans, 9 were made during FY 2025 totaling \$160,700. The City has received cumulative repayments of \$1,093,582, of which \$160,464 were received during FY 2025. 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
Year Ended June 30, 2025**

Note 7 Capital Assets

Capital asset activity for the year consisted of the following:

	Balance, July 1, 2024	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2025
Capital assets not being depreciated				
Land	\$ 43,063,337	\$ -	\$ -	\$ 43,063,337
Construction-in-progress	16,660,094	3,899,486	(9,647,086)	10,912,494
Total assets not being depreciated	<u>59,723,431</u>	<u>3,899,486</u>	<u>(9,647,086)</u>	<u>53,975,831</u>
Capital assets being depreciated/amortized				
Improvements other than buildings	25,761,231	6,664,716	-	32,425,947
Buildings and structures	61,921,379	4,558,173	(1,707,113)	64,772,439
Machinery and equipment	21,253,578	4,049,337	(1,225,648)	24,077,267
Right-to-use leased vehicles	108,449	36,706	-	145,155
Right-to-use subscription assets	1,245,876	-	-	1,245,876
Intangibles	522,540	-	-	522,540
Infrastructure	70,975,767	99,989	(69,750)	71,006,006
Total assets being depreciated/amortized	<u>181,788,820</u>	<u>15,408,921</u>	<u>(3,002,511)</u>	<u>194,195,230</u>
Less accumulated depreciation/amortization for				
Improvements other than buildings	(15,420,360)	(1,367,610)	-	(16,787,970)
Buildings and structures	(22,354,095)	(1,758,305)	415,770	(23,696,630)
Machinery and equipment	(14,514,452)	(1,934,951)	1,210,424	(15,238,979)
Right-to-use leased vehicles	(57,060)	(38,304)	-	(95,364)
Right-to-use subscription assets	(436,420)	(282,975)	-	(719,395)
Intangibles	(412,728)	(60,407)	-	(473,135)
Infrastructure	(50,478,374)	(1,231,621)	34,263	(51,675,732)
Total accumulated depreciation/amortization	<u>(103,673,489)</u>	<u>(6,674,173)</u>	<u>1,660,457</u>	<u>(108,687,205)</u>
Capital assets, net	<u>\$ 137,838,762</u>	<u>\$ 12,634,234</u>	<u>\$ (10,989,140)</u>	<u>\$ 139,483,856</u>

Depreciation expense/amortization expense was charged to governmental functions for the year ended June 30, 2025 as follows:

General government	\$ 2,259,293
Public safety	1,016,488
Public works	2,357,829
Parks and recreation	1,024,223
Community services and development	16,338
Total depreciation/amortization	<u>\$ 6,674,173</u>

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

Note 8 Long-Term Liabilities

The City's long-term liabilities consist of accumulated unused compensated absences, other postemployment benefits liabilities, subscription-based information technology arrangement liabilities, and a liability to the State of Maryland for income tax claims (See Note 12). All long-term liabilities will be liquidated solely by the General Fund. The following is a summary of changes in the City's long-term liabilities:

	Beginning Balance (As Restated)	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Compensated absences					
Vacation	\$ 2,270,599	\$ 1,818,274	\$ (1,475,173)	\$ 2,613,700	\$ 1,506,812
Sick	2,646,321	398,063	(562,427)	2,481,957	504,951
Total compensated absences	<u>4,916,920</u>	<u>2,216,337</u>	<u>(2,037,600)</u>	<u>5,095,657</u>	<u>2,011,763</u>
Net OPEB liability	26,701,829	4,948,135	(5,790,779)	25,859,185	-
Income tax duplication liability	150,349	-	(9,112)	141,237	9,112
Subscription liability	634,372	-	(224,622)	409,750	165,853
Leases liability	51,840	36,702	(37,881)	50,661	28,969
Total other liabilities	<u>27,538,390</u>	<u>4,984,837</u>	<u>(6,062,394)</u>	<u>26,460,833</u>	<u>203,934</u>
Total long-term liabilities	<u>\$ 32,455,310</u>	<u>\$ 7,201,174</u>	<u>\$ (8,099,994)</u>	<u>\$ 31,556,490</u>	<u>\$ 2,215,697</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 \$74,660 in lease revenue and \$17,877 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the City's receivable for lease payments was \$215,722. 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, 2025, the balance of the deferred inflow of resources was \$195,970.

B. Lease payable

The City has entered into various three-year lease agreements as lessee for the acquisition of vehicles. As of June 30, 2025, the value of the lease liability was \$50,661. 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 \$145,155 and had accumulated amortization of \$95,364.

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

The future principal and interest lease payments as of June 30, 2025, were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 28,969	\$ 2,731	\$ 31,700
2027	15,575	1,386	16,961
2028	6,117	335	6,452
Total	<u>\$ 50,661</u>	<u>\$ 4,452</u>	<u>\$ 55,113</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 \$719,395. As of June 30, 2025, the value of the SBITA liability was \$409,750.

The future principal and interest payments for SBITA as of June 30, 2025, were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 165,853	\$ 20,487	\$ 186,340
2027	174,146	12,195	186,341
2028	69,751	3,488	73,239
Total	<u>\$ 409,750</u>	<u>\$ 36,170</u>	<u>\$ 445,920</u>

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, 2025, the following employees were covered by the benefit terms:

Retired employees	126
Active employees	<u>324</u>
Total plan members	<u>450</u>

City of Gaithersburg, Maryland

Notes to Basic Financial Statements Year Ended June 30, 2025

Eligibility: Not all 324 active employees will meet the qualifications to retire and receive OPEB benefits. The table above includes 65 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.

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 2025, the City contributed \$1,745,953 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, 2025, 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, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

Inflation rate	2.50%
Payroll growth rate	3.00%
Investment rate of return	6.25%
Healthcare cost trend rates	7.00%
Mortality rate	Pub 2010- with scale MP-2021

The actuarial assumptions used in the June 30, 2025 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.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning Balance - June 30, 2024	\$57,588,110	\$30,886,281	\$26,701,829
Changes for the year			
Service cost	1,346,570	-	1,346,570
Interest	3,534,261	-	3,534,261
Experience (gains) losses	(371,436)	-	(371,436)
Employer contributions	-	1,745,953	(1,745,953)
Net investment income	-	3,673,390	(3,673,390)
Changes in assumptions	-	-	-
Benefit payments	(1,708,418)	(1,708,418)	-
Administrative Expense	-	(67,304)	67,304
Net changes	<u>2,800,977</u>	<u>3,643,621</u>	<u>(842,644)</u>
Ending balance - June 30, 2025	<u>\$ 60,389,087</u>	<u>\$ 34,529,902</u>	<u>\$ 25,859,185</u>
Funded status		57.18%	

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

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

	1% Decrease	Discount Rate	1% Increase
	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
Net OPEB liability	\$35,078,228	\$25,859,185	\$18,367,383

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

	1% Decrease	Health Care Cost Trend Rate 4.04%	1% Increase
	<u>3.04%</u>	<u>4.04%</u>	<u>5.04%</u>
Net OPEB liability	\$16,967,535	\$25,859,185	\$37,180,088

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	\$ -	\$ 1,249,372
Changes in assumptions	2,844,317	4,266,954
Difference between expected and actual experience	2,143,430	508,131
Total	<u>\$ 4,987,747</u>	<u>\$ 6,024,457</u>

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

<u>Fiscal Year Ending</u>	<u>Total</u>
2026	\$ (1,305,691)
2027	(727,916)
2028	(525,378)
2029	295,875
2030	627,251
Thereafter	599,149
Total	<u>\$ (1,036,710)</u>

City of Gaithersburg, Maryland

**Notes to Basic Financial Statements
Year Ended June 30, 2025**

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 2025. As of June 30, 2025, the outstanding balance is \$141,237 which is recorded as long-term liability on the statement of net position.

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	\$ 485,145	\$ -	\$ 17,466	\$ -
Inventory	30,967	-	-	-
Total non-spendable	<u>516,112</u>	<u>-</u>	<u>17,466</u>	<u>-</u>
Restricted for				
Holiday giving	25,344	-	-	-
Sports Scholarships	11,671	-	-	-
Police forfeitures	29,087	-	-	-
MSAC ARGOS Grant	43,710	-	-	-
Opioid Abatement	-	-	-	142,888
Forest conservation	-	-	-	787,295
Total restricted	<u>109,812</u>	<u>-</u>	<u>-</u>	<u>930,183</u>
Committed for				
Housing projects	-	-	-	10,344,147
Stormwater programming	-	-	34,430,698	-
Capital projects and equipment	-	52,358,669	-	14,472,103
Total committed	<u>-</u>	<u>52,358,669</u>	<u>34,430,698</u>	<u>24,816,250</u>
Assigned for				
Economic development opportunity grants	2,208,566	-	-	-
Economic development toolbox grants	446,141	-	-	-
Encumbrances	501,241	-	-	-
Total assigned	<u>3,155,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	94,108,653	-	-	-
Total fund balances	<u>\$ 97,890,525</u>	<u>\$ 52,358,669</u>	<u>\$ 34,448,164</u>	<u>\$ 25,746,433</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
Year Ended June 30, 2025**

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:

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

Unvested, forfeited amounts are available to the City to offset future retirement plan payments. The table below summarizes the retirement plan expense for the year ended June 30, 2024:

Pension Expense	401a	401k	401a supplemental	Medicare RHS
Retirement plan expense	\$ 2,394,022	\$ 753,451	\$ 496,155	\$ 337,492
Forfeitures applied	(184,914)	(10,300)	-	-
Net pension expense	<u>\$ 2,209,108</u>	<u>\$ 743,151</u>	<u>\$ 496,155</u>	<u>\$ 337,492</u>

City of Gaithersburg, Maryland

Notes to Basic Financial Statements
Year Ended June 30, 2025

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 2025, the City had one tax abatement agreement in place and abated \$821 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 \$337,058 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 \$644,081 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
Year Ended June 30, 2025**

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, 2025, encumbrances for contracts were \$501,241 in the General Fund, \$6,504,956 in the CIP Fund, \$2,107,164 in the Stormwater Management Fund, and \$606,016 in the Asset Replacement Fund. These have been reported as assigned or committed within the appropriate fund.

Note 18 Conduit Debt Obligations

The City has approved the issuance of economic development revenue bonds for the benefit of Asbury Methodist Village, Incorporated (Asbury), an assisted living facility. This debt is secured by the revenues of the facility and 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, 2025, 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, 2025, that have effective dates that may impact future financial presentations. The full statements are available on the GASB's website. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City.

- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the City beginning with its year ending June 30, 2026
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the City beginning with its year ending June 30, 2026



Summer Fest Fireworks

Required Supplementary Information Section



Memorial Day Celebration



City of Gaithersburg, Maryland

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability										
Service cost	\$ 1,346,570	\$ 1,226,686	\$ 1,311,822	\$ 1,299,092	\$ 1,249,127	\$ 1,631,724	\$ 1,568,965	\$ 3,068,323	\$ 2,967,911	\$ 2,427,000
Interest	3,534,261	3,021,474	2,872,596	2,691,289	2,543,141	2,647,596	2,451,107	2,124,337	1,881,173	1,833,000
Experience losses	(371,436)	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)	6,658,997
Benefit payments	(1,708,418)	(1,533,447)	(1,470,593)	(1,317,378)	(1,190,330)	(1,053,686)	(965,773)	(698,839)	(568,547)	(676,997)
Net change in total OPEB liability	2,800,977	8,250,781	2,567,180	2,973,414	2,420,694	(1,512,332)	3,321,233	(14,157,595)	(2,215,266)	10,242,000
Beginning total OPEB liability	57,588,110	49,337,328	46,770,148	43,796,734	41,376,040	42,888,372	39,567,139	53,724,734	55,940,000	45,698,000
Ending total OPEB liability (a)	\$ 60,389,087	\$ 57,588,110	\$ 49,337,328	\$ 46,770,148	\$ 43,796,734	\$ 41,376,040	\$ 42,888,372	\$ 39,567,139	\$ 53,724,734	\$ 55,940,000
Plan fiduciary net position										
Employer contributions	\$ 1,745,953	\$ 1,695,100	\$ 1,645,728	\$ 3,400,000	\$ 3,200,000	\$ 3,100,000	\$ 5,000,000	\$ 2,200,000	\$ 2,326,000	\$ 1,326,000
Net investment income	3,673,390	3,200,287	2,709,290	(5,641,309)	5,672,506	859,779	715,041	925,489	1,118,555	(103,118)
Benefit payments	(1,708,418)	(1,533,447)	(1,470,593)	(1,317,378)	(1,190,330)	(1,053,686)	(965,773)	(698,839)	(694,547)	(676,997)
Administrative Expense	(67,304)	(28,523)	(33,559)	(11,640)	-	-	-	-	-	-
Net change in fiduciary net position	3,643,621	3,333,417	2,850,866	(3,570,327)	7,682,176	2,906,093	4,749,268	2,426,650	2,750,008	545,885
Beginning fiduciary net position	30,886,281	27,552,863	24,701,997	28,272,324	20,590,148	17,684,055	12,934,787	10,508,137	7,758,129	7,212,244
Ending fiduciary net position (b)	\$ 34,529,902	\$ 30,886,281	\$ 27,552,863	\$ 24,701,997	\$ 28,272,324	\$ 20,590,148	\$ 17,684,055	\$ 12,934,787	\$ 10,508,137	\$ 7,758,129
City's net OPEB liability - ending (a) - (b)	25,859,185	26,701,829	21,784,465	22,068,151	15,524,410	20,785,892	25,204,317	26,632,352	43,216,597	48,181,871
Plan fiduciary net position as a percentage of the total OPEB liability	57.18%	53.63%	55.85%	52.82%	64.55%	49.76%	41.23%	32.69%	19.56%	13.87%
Covered payroll	N/A	N/A	N/A	N/A	26,602,062	25,221,807	23,888,943	23,661,849	21,426,009	20,709,628
City's net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	58.36%	82.41%	105.51%	112.55%	201.70%	232.65%
Expected average remaining service years of all participants	8	8	8	8	9	9	9	9	8	8
Annual money-weighted rate of return	11.89%	11.62%	10.97%	-19.95%	27.55%	4.86%	5.53%	8.22%	13.05%	-1.35%

Notes to schedule:

Changes in assumptions: The discount rate was changed as follows:

The discount rate changes year-to-year:

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	3.98%	3.38%

The healthcare cost trend was updated to the latest Getzen Model released by the SOA on October 30, 2021.

Because this OPEB plan does not depend on salary, we do not have salary information.

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

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:

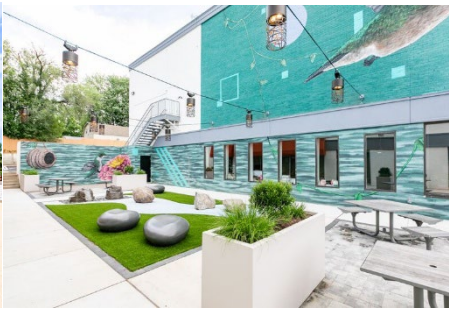
Inflation rate	2.50%
Payroll growth rate	3.00%
Investment rate of return	6.25%
Healthcare cost trend rates	7.00%
Mortality rate	SOA (MP-2021)

This page is intentionally blank.

Supplementary Information Section



Public Art at Walnut Creek Shopping Center



City of Gaithersburg, Maryland

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2025**

	Special Revenue			Capital Projects	Total Non-Major Funds
	Forest Conservation Fund	Opioid Settlement	Housing Program Fund	Asset Replacement Fund	
Assets					
Cash and cash equivalents	\$ 460,714	\$ 133,936	\$ 3,512,369	\$ 10,663,011	\$ 14,770,030
Investments	326,621	8,952	1,492,376	4,054,626	5,882,575
Accounts Receivable	-	28,094	-	-	28,094
Long-term receivables	-	312,577	5,356,437	-	5,669,014
Total assets	<u>\$ 787,335</u>	<u>\$ 483,559</u>	<u>\$ 10,361,182</u>	<u>\$ 14,717,637</u>	<u>\$ 26,349,713</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 40	\$ -	\$ 17,035	245,534	\$ 262,609
Total liabilities	<u>40</u>	<u>-</u>	<u>17,035</u>	<u>245,534</u>	<u>262,609</u>
Deferred inflow of resources					
Unavailable revenues	-	340,671	-	-	340,671
Total deferred inflow of resources	<u>-</u>	<u>340,671</u>	<u>-</u>	<u>-</u>	<u>340,671</u>
Fund balances					
Restricted	787,295	142,888	-	-	930,183
Committed	-	-	10,344,147	14,472,103	24,816,250
Total fund balances	<u>787,295</u>	<u>142,888</u>	<u>10,344,147</u>	<u>14,472,103</u>	<u>25,746,433</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 787,335</u>	<u>\$ 483,559</u>	<u>\$ 10,361,182</u>	<u>\$ 14,717,637</u>	<u>\$ 26,349,713</u>

City of Gaithersburg, Maryland

**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2025**

	Special Revenue		Housing Program Fund	Capital Projects	Total Non-Major Funds
	Forest Conservation Fund	Opioid Settlement		Asset Replacement Fund	
Revenues					
Intergovernmental	\$ -	\$ -	\$ 232,059	275,000	\$ 507,059
Charges for services	72,165	-	-	-	72,165.00
Investments earnings (losses)	35,567	6,153	229,817	-	271,537
Miscellaneous	-	47,703	-	500	48,203
Total revenues	107,732	53,856	461,876	275,500	898,964
Expenditures					
Current					
General government	-	7,537	186,754	-	194,291
Public works	57,419	-	-	-	57,419
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	3,116,224	3,116,224
Total expenditures	57,419	7,537	186,754	3,116,224	3,367,934
Excess (deficiency) of revenues over expenditures	50,313	46,319	275,122	(2,840,724)	(2,468,970)
Other Financing Sources (Uses)					
Transfers in	-	-	240,000	4,496,843	4,736,843
Subscriptions	-	-	-	-	-
Total other financing sources (uses)	-	-	240,000	4,496,843	4,736,843
Net change in fund balances	50,313	46,319	515,122	1,656,119	2,267,873
Fund Balances					
Beginning	736,982	96,569	9,829,025	12,815,984	23,478,560
Ending	\$ 787,295	\$ 142,888	\$ 10,344,147	\$ 14,472,103	\$ 25,746,433

City of Gaithersburg, Maryland

**Schedule of Revenues – Budget and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Totals for 2024)**

	2025				2024 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Taxes					
Real estate taxes	\$ 33,617,303	\$ 33,617,303	\$ 34,658,569	\$ 1,041,266	\$ 32,195,956
Personal property taxes	1,600,500	1,600,500	1,628,279	27,779	1,847,377
Penalties and interest	70,000	70,000	91,111	21,111	87,201
Hotel tax	1,000,000	1,000,000	1,117,972	117,972	1,103,309
Admissions tax	2,000,000	2,000,000	1,974,508	(25,492)	2,311,495
Total taxes	38,287,803	38,287,803	39,470,439	1,182,636	37,545,339
Licenses and Permits					
Street permits	5,000	5,000	7,368	2,368	6,560
Amusement licenses	32,400	32,400	21,300	(11,100)	5,700
Traders licenses	30,000	30,000	23,777	(6,223)	24,650
Electricians licenses	40,000	40,000	41,650	1,650	49,000
Rental housing licenses	785,960	785,960	900,310	114,350	928,330
Bus shelter franchise fee	5,000	5,000	10,711	5,711	4,360
CATV franchise	740,000	740,000	635,788	(104,212)	705,451
CATV PEG	30,000	30,000	22,346	(7,654)	26,064
Animal licenses	30,750	30,750	32,065	1,315	30,195
Building permits	1,550,000	1,550,000	2,279,534	729,534	1,305,782
Deck permits	7,000	7,000	6,860	(140)	7,550
Electrical permits	200,000	200,000	261,519	61,519	176,402
Utility permits	10,000	10,000	19,126	9,126	28,856
Occupancy permits	60,000	60,000	40,250	(19,750)	52,100
Sign permits	26,000	26,000	14,685	(11,315)	19,508
Fire protection & protection systems permits	210,000	210,000	306,642	96,642	238,773
Mechanical permits	160,000	160,000	190,857	30,857	117,485
Special events permits	20,000	20,000	12,700	(7,300)	17,943
Grading permits	25,000	25,000	23,028	(1,972)	2,132
On site improvements	125,000	125,000	86,558	(38,442)	30,924
Other permits	16,900	16,900	29,551	12,651	14,480
Total licenses and permits	4,109,010	4,109,010	4,966,625	857,616	3,792,246

City of Gaithersburg, Maryland

**Schedule of Revenues – Budget and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Totals for 2024)**

	2025			Variance with Final Budget Positive (Negative)	2024 Actual
	Original Budget	Final Budget	Actual		
Intergovernmental					
Federal grants					
Community development	\$ 161,000	\$ 161,000	\$ 220,529	\$ 59,529	\$ 82,448
DHS	7,950	7,950	12,300	4,350	4,873
DOJ police equipment	5,400	5,400	8,300	2,900	12,000
Miscellaneous	6,000	6,000	36,648	30,648	728,330
State grants					
Police	1,160,000	1,160,000	1,021,531	(138,469)	977,199
Arts	110,000	110,000	129,961	19,961	101,853
Miscellaneous	-	-	111,297	111,297	173,261
State-shared taxes					
Highway user	2,781,550	2,781,550	2,557,751	(223,799)	2,341,381
County grants and shared taxes					
County revenue sharing	4,850,714	4,850,714	5,197,000	346,286	4,475,022
Income tax	17,000,000	17,000,000	18,556,721	1,556,721	17,800,590
Homeless program	41,629	41,629	75,114	33,485	72,512
Nutrition program	-	-	6,761	6,761	22,605
Financial corp	2,645	2,645	2,645	-	2,645
Supportive housing assistance	70,000	70,000	44,165	(25,835)	46,231
Miscellaneous	-	-	-	-	-
Total intergovernmental	26,196,888	26,196,888	27,980,723	1,783,836	26,840,952
Charges for Services					
Automation fee	297,000	297,000	310,451	13,451	179,037
Zoning fees	110,000	110,000	188,800	78,800	105,475
Recreation program fees	1,359,170	1,359,170	1,430,546	71,376	1,472,046
Casey Community Center	215,000	215,000	187,299	(27,701)	227,195
Water Park	375,000	375,000	328,882	(46,118)	335,079
Kentlands Mansion	128,000	128,000	141,536	13,536	134,046
Special events	106,900	106,900	117,590	10,690	107,543
Gaithersburg Aquatic Center	165,000	165,000	192,777	27,777	186,384
Skate park	20,315	20,315	11,654	(8,661)	14,290
Group picnics	69,000	69,000	68,875	(125)	68,808
Winter Lights	550,000	550,000	524,634	(25,366)	598,637
Miniature golf revenue	120,000	120,000	108,669	(11,331)	115,516
Youth Center in Olde Towne	18,635	18,635	25,000	6,365	24,342
Activity Center programs	140,000	140,000	183,435	43,435	226,829

City of Gaithersburg, Maryland

**Schedule of Revenues – Budget and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Totals for 2024)**

	2025					2024 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)		
Gaithersburg Arts Barn	\$ 262,395	\$ 262,395	\$ 369,781	\$ 107,386	\$ 327,844	
Gaithersburg Youth Center	14,615	14,615	19,381	4,766	22,735	
Community Museum	8,000	8,000	11,641	3,641	9,366	
Membership fee – dog exercise	1,000	1,000	900	(100)	960	
Senior Center	176,550	176,550	194,946	18,396	173,667	
Environmental fees	5,000	5,000	6,434	1,434	5,080	
Recycling collections	1,900,001	1,900,001	1,929,879	29,878	1,884,554	
Passports	12,000	12,000	30,345	18,345	-	
Miscellaneous	9,000	9,000	14,022	5,022	10,415	
Total charges for services	6,062,581	6,062,581	6,397,477	334,897	6,229,849	
Fines and Forfeitures						
Ordinance fines	1,977,500	1,977,500	1,486,430	(491,070)	1,502,444	
Investments earnings (losses)	3,525,000	3,525,000	8,224,751	4,699,751	7,656,122	
Miscellaneous Revenue						
Rents	117,569	117,569	39,086	(78,483)	38,811	
Contributions	102,000	102,000	105,878	3,878	100,838	
Miscellaneous	220,500	220,500	1,343,804	1,123,304	1,004,175	
Total miscellaneous	440,069	440,069	1,488,768	1,048,699	1,143,824	
Total revenues	80,598,851	80,598,851	90,015,213	9,416,365	84,710,776	
Other Financing Sources						
Transfers	210,520	210,520	210,520	-	206,392	
Leases	-	-	36,702	36,702	36,702	
Proceeds from sale of capital assets	225,000	225,000	394,884	169,884	381,851	
Total other financing sources	435,520	435,520	642,106	206,586	624,945	
Total revenues and other financing sources	\$ 81,034,371	\$ 81,034,371	\$ 90,657,319	\$ 9,622,951	\$ 85,335,719	

Police National Night Out 2025



City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Totals for 2024)**

	2025		Actual	Variance with	2024
	Original Budget	Final Budget		Final Budget	
City Manager's Office					
Mayor and City Council	\$ 587,859	\$ 590,967	\$ 588,194	\$ 2,773	\$ 503,766
Registration and elections	15,000	15,000	-	15,000	172,818
Office of the City Manager	1,065,890	1,066,158	929,360	136,798	998,136
Economic and business development	597,653	635,540	649,259	(13,719)	619,441
Public information	1,123,090	1,153,341	1,143,141	10,200	1,059,147
Gaithersburg television	357,542	357,542	376,146	(18,604)	360,963
Total city manager's office	3,747,034	3,818,548	3,686,100	132,448	3,714,270
City Attorney's Office					
Legal	893,235	982,735	982,268	467	1,008,596
Total city attorney's office	893,235	982,735	982,268	467	1,008,596
Human resources	1,460,089	1,497,788	1,494,360	3,428	1,403,550
Community, Neighborhood, & Housing Services					
Community services	1,737,681	1,725,453	1,591,401	134,052	1,697,031
Housing and community development	473,174	473,174	361,505	111,669	305,504
Financial Empowerment	344,428	344,428	335,666	8,762	368,051
Homeless assistance	695,611	695,611	670,956	24,655	641,844
Neighborhood services	1,512,064	1,556,368	1,348,794	207,574	1,342,377
Total community, neighborhood, & housing services	4,762,958	4,795,034	4,308,322	486,712	4,354,807
Finance and Administration					
Finance and administration	2,066,551	2,064,760	2,024,032	40,728	1,824,176
General services	66,453	66,453	35,306	31,147	46,739
Total finance and administration	2,133,004	2,131,213	2,059,338	71,875	1,870,915
Information and Technology Services					
Information technology	2,480,808	2,560,500	2,360,839	199,661	2,184,559
Geographic information services	450,367	453,630	384,800	68,830	377,025
Total information and technology services	2,931,175	3,014,130	2,745,639	268,491	2,561,584

City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Totals for 2024)**

(continued)

	2025				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2024 Actual
Parks, Recreation and Culture					
Administration	\$ 1,397,594	\$ 1,410,894	\$ 1,401,600	\$ 9,294	\$ 1,455,382
Recreation programs and sports	1,007,354	1,015,191	959,127	56,064	888,239
Recreation classes	299,324	295,725	274,885	20,840	247,938
Youth services	692,849	694,685	732,437	(37,752)	625,623
Summer programs	771,538	773,760	791,895	(18,135)	707,391
Gaithersburg Youth Center	361,264	361,264	341,379	19,885	364,040
Skate park	47,365	47,365	41,027	6,338	39,525
Casey Community Center	518,568	518,568	386,537	132,031	463,799
Water park	868,337	868,337	791,041	77,296	713,829
Gaithersburg Arts Barn	614,972	614,972	626,449	(11,477)	646,559
Youth Center in Olde Towne	300,650	300,650	326,395	(25,745)	268,435
Senior program	739,904	739,904	710,519	29,385	699,515
Activities Center at Bohrer park	559,121	559,121	543,110	16,011	545,332
Gaithersburg Aquatic Center	421,985	422,093	403,052	19,041	371,445
Miniature golf course	175,678	175,678	160,674	15,004	129,319
Picnic pavilions	33,482	33,482	28,427	5,055	32,988
Winter Lights	270,028	270,028	242,090	27,938	240,715
Special events	1,623,953	1,639,115	1,416,649	222,466	1,457,288
Museums	294,342	293,842	200,725	93,117	245,773
Kentlands Mansion	477,379	477,379	474,033	3,346	444,378
Total parks, recreation and culture	11,475,687	11,512,053	10,852,051	660,002	10,587,512
Planning and Code Administration					
Planning	1,246,296	1,295,497	1,239,271	56,226	1,244,600
Planning and code administration	999,322	999,322	960,693	38,629	892,345
Permits and inspections	1,921,225	1,921,225	1,789,656	131,569	1,762,071
Total planning and code administration	4,166,843	4,216,044	3,989,620	226,424	3,899,016
Police department	13,415,570	13,191,646	13,008,045	183,601	11,962,686

City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Totals for 2024)**

(continued)

	2025				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2024 Actual
Public Works					
Facilities management	\$ 2,424,391	\$ 2,448,891	\$ 2,315,873	\$ 133,018	\$ 2,254,975
Building and grounds					
City Hall	179,548	180,531	199,256	(18,725)	174,176
Police station	41,152	43,207	24,680	18,527	40,040
Public service facility	246,393	235,101	166,092	69,009	152,848
Train station	51,890	51,890	49,797	2,093	42,190
Kentlands Mansion	136,006	118,729	76,579	42,150	53,135
Benjamin Gaither Center	86,168	86,168	94,375	(8,207)	47,945
Casey Community Center	194,871	194,871	187,587	7,284	164,345
Olde Towne Pavilion	8,542	8,542	8,775	(233)	5,846
Public safety facility	328,976	334,114	265,215	68,899	216,890
Gaithersburg Aquatic Center	29,453	29,453	24,616	4,837	21,805
Activity Center at Bohrer Park	341,979	343,264	272,455	70,809	262,122
Gaithersburg Arts Barn	71,732	71,732	59,979	11,753	52,677
Water Park at Bohrer Park	133,954	133,954	121,070	12,884	117,339
Miniature golf course	29,622	29,622	30,587	(965)	16,297
Skate park	15,387	15,387	8,912	6,475	14,119
Youth Center in Olde Towne	53,357	53,357	42,818	10,539	45,459
Youth Center at Robertson Park	67,439	67,439	53,985	13,454	60,693
Pleasant view park	11,000	11,000	8,022	2,978	5,255
Parking facility	131,250	131,250	98,109	33,141	115,278
Wells Robertson House	113,074	95,797	56,638	39,159	53,207
Public works administration	1,010,710	1,029,970	1,063,961	(33,991)	918,705
Streets and special projects	1,101,293	1,142,573	875,441	267,132	690,733
Fleet maintenance	1,489,365	1,489,365	1,340,094	149,271	1,321,631
Landscaping and forestry	1,242,008	1,242,008	1,092,556	149,452	1,009,525
City Sustainability Program	322,467	317,240	253,704	63,536	116,723
Municipal parks maintenance	2,339,539	2,339,538	2,280,423	59,115	2,181,908
Mowing and bulk pick-up	2,440,499	2,440,499	2,214,368	226,131	2,075,981
Recycling	1,797,010	1,797,010	1,623,468	173,542	1,631,327
Engineering services	1,880,535	1,881,619	1,700,411	181,208	1,629,180
Traffic engineering	356,943	356,944	306,337	50,607	308,777
Total public works	18,676,553	18,721,065	16,916,183	1,804,882	15,801,130
Non-departmental	4,575,968	4,513,369	3,827,530	685,839	2,430,415
OPEB Trust	1,745,953	1,745,953	1,745,953	-	1,695,100
Debt Service	-	-	288,426	(288,426)	300,923
Capital outlay	-	-	36,702	(36,702)	123,875
Total expenditures	69,984,069	70,139,578	65,940,537	4,199,041	61,714,380

City of Gaithersburg, Maryland

**Schedule of Departmental Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2025
(With Comparative Totals for 2024)**

(continued)

	2025			Variance with Final Budget Positive (Negative)	2024 Actual
	Original Budget	Final Budget	Actual		
Transfers Out					
CIP	\$ 11,833,216	\$ 11,833,216	\$ 11,833,216	\$ -	\$ 15,363,422
Stormwater Management	169,547	169,547	170,434	(887)	165,989
Housing Program	240,000	240,000	240,000	-	240,000
Asset Replacement	4,458,843	4,458,843	4,458,843	-	3,709,000
Total transfers out	<u>16,701,606</u>	<u>16,701,606</u>	<u>16,702,493</u>	<u>(887)</u>	<u>19,478,411</u>
Total expenditures and other financing uses	<u>\$ 86,685,675</u>	<u>\$ 86,841,184</u>	<u>\$ 82,643,030</u>	<u>\$ 4,198,154</u>	<u>\$ 81,192,791</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



Mermaid Day at Water Park



TABLE OF CONTENTS
STATISTICAL SECTION

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

Page(s)

Financial Trends	96 - 100
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	101 - 105
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	106 - 107
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	108 - 109
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	110 - 114
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

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



Labor Day Parade



City of Gaithersburg, Maryland

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Net investment in capital assets	\$ 138,082,567	\$ 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
Restricted	1,039,995	949,193	955,267	802,483	844,889	19,515,420	15,520,727	11,975,377	9,468,351	3,474,680
Unrestricted	<u>190,095,046</u>	<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>
Total Governmental Activities										
Net Position	<u>\$ 329,217,608</u>	<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>

Note:

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

City of Gaithersburg, Maryland

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

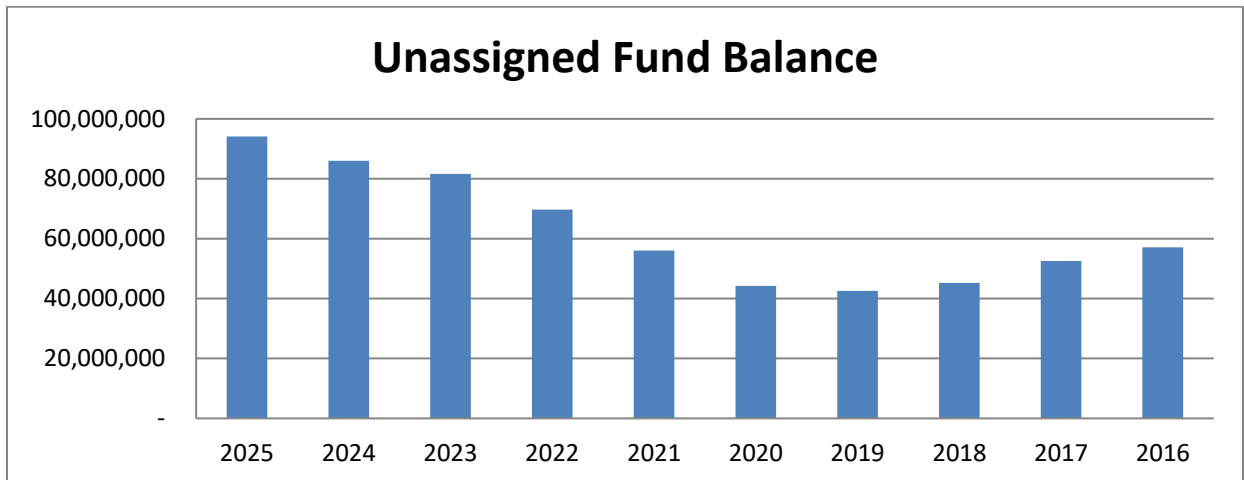
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
General Government	\$ 29,144,558	\$ 26,039,274	\$ 22,059,127	\$ 20,879,495	\$ 18,629,882	\$ 20,384,264	\$ 19,583,229	\$ 19,630,246	\$ 18,308,169	\$ 19,165,828
Public Safety	16,379,557	14,620,840	13,222,736	13,629,797	12,365,791	12,567,588	12,100,925	12,651,404	12,879,218	13,409,073
Public Works	17,712,300	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
Park, Recreation & Culture	11,988,097	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
Community Services & Development	3,004,508	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
Interest	28,417	42,844	29,305	2,527	-	-	-	-	-	-
Total Expenses	78,257,437	71,236,174	67,685,933	66,030,605	57,862,122	59,876,395	59,700,664	58,925,038	56,399,104	57,388,625
Program Revenues										
Charges for Services:										
General Government	3,648,409	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
Public Safety	2,726,347	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
Public Works	7,653,713	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
Park, Recreation & Culture	3,734,399	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
Community Services & Develop	194,946	173,667	-	-	24,614	125,041	155,087	145,922	-	-
Operating Grants and Contributions	1,909,938	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
Capital Grants and Contributions	3,664,274	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
Total Program Revenues	23,532,026	23,071,524	30,057,547	30,057,547	25,064,881	20,142,652	19,685,636	19,348,600	22,615,126	19,710,158
Net (Expense)/Revenue	(54,725,411)	(48,164,650)	(67,685,933)	(35,973,058)	(32,797,241)	(39,733,743)	(40,015,028)	(39,576,438)	(33,783,978)	(37,678,467)
General Revenues										
Property Taxes	36,377,959	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
Franchise Fees	646,499	709,811	782,448	877,488	910,827	979,581	951,888	906,801	934,275	921,784
Admissions, Amusement, Hotel & Motel Tax	3,092,480	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
Intergovernmental not Restricted to Specific Programs	25,018,057	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
Investment Earnings	10,144,182	9,350,038	3,713,459	(2,805,294)	(69,522)	4,673,875	4,625,457	720,410	206,501	881,004
Gain (loss) on Sale of Capital Assets	-	-	-	-	-	-	(32,666)	236,504	-	115,249
Miscellaneous	1,437,164	1,793,011	1,442,230	1,599,230	3,172,356	1,355,491	2,093,004	757,411	613,869	851,598
Total General Revenues	76,716,341	71,910,027	62,554,186	53,546,009	52,634,721	55,121,601	53,863,943	46,665,446	43,945,271	43,625,377
Change in Net Position	\$ 21,990,930	\$ 23,745,377	\$ (5,131,747)	\$ 17,572,951	\$ 19,837,480	\$ 15,387,858	\$ 13,848,915	\$ 7,089,008	\$ 10,161,293	\$ 5,946,910

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)**

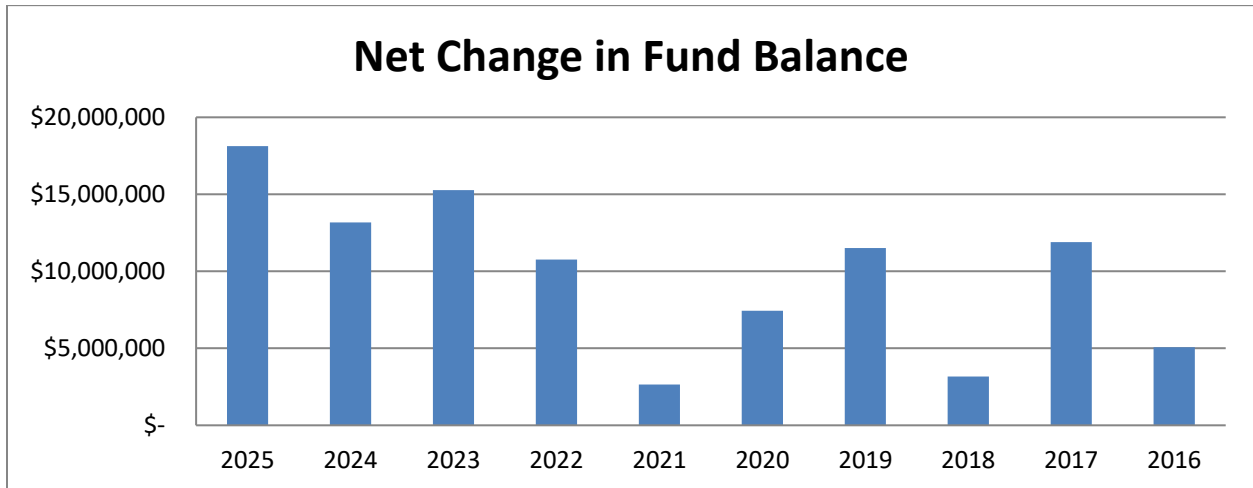
	2025	2024	2023	2022	2021
General Fund					
Non-spendable	\$ 516,112	\$ 460,778	\$ 414,396	\$ 488,921	\$ 407,353
Restricted	109,812	115,641	207,209	91,075	101,287
Committed	-	-	-	-	-
Assigned	3,155,948	3,307,689	3,519,173	3,594,649	3,072,598
Unassigned	<u>94,108,653</u>	<u>85,992,128</u>	<u>81,592,521</u>	<u>69,704,937</u>	<u>56,010,620</u>
Total General Fund	<u>\$ 97,890,525</u>	<u>\$ 89,876,236</u>	<u>\$ 85,733,299</u>	<u>\$ 73,879,582</u>	<u>\$ 59,591,858</u>
All Other Governmental Funds					
Non-spendable	17,466	14,667	-	-	-
Restricted	930,183	833,552	748,058	711,408	743,602
Committed	111,605,617	101,591,539	92,663,427	89,284,860	92,783,465
Assigned	-	-	-	-	-
Total All Other Governmental Funds	<u>112,553,266</u>	<u>102,439,758</u>	<u>93,411,485</u>	<u>89,996,268</u>	<u>93,527,067</u>
Total Governmental Funds	<u>\$ 210,443,791</u>	<u>\$ 192,315,994</u>	<u>\$ 179,144,784</u>	<u>\$ 163,875,850</u>	<u>\$ 153,118,925</u>



City of Gaithersburg, Maryland

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

	2020	2019	2018	2017	2016
General Fund					
Non-spendable	\$ 345,718	\$ 367,114	\$ 295,517	\$ 327,520	\$ 222,316
Restricted	499,683	499,816	508,616	480,988	475,671
Committed	298,696	155,374	33,701	1,987,523	3,117,523
Assigned	2,991,430	2,781,154	2,948,034	5,945,235	15,047,154
Unassigned	<u>44,231,148</u>	<u>42,590,275</u>	<u>45,217,971</u>	<u>52,545,837</u>	<u>57,112,054</u>
Total General Fund	<u>\$ 48,366,675</u>	<u>\$ 46,393,733</u>	<u>\$ 49,003,839</u>	<u>\$ 61,287,103</u>	<u>\$ 75,974,718</u>
All Other Governmental Funds					
Non-spendable	-	-	-	-	-
Restricted	19,015,757	15,020,911	11,466,761	8,987,363	2,986,643
Committed	23,127,874	9,667,978	5,091,622	6,294,525	2,210,349
Assigned	<u>59,966,068</u>	<u>71,957,269</u>	<u>65,969,331</u>	<u>51,802,159</u>	<u>35,312,020</u>
Total All Other Governmental Funds	<u>102,109,699</u>	<u>96,646,158</u>	<u>82,527,714</u>	<u>67,084,047</u>	<u>40,509,012</u>
Total Governmental Funds	<u>\$ 150,476,374</u>	<u>\$ 143,039,891</u>	<u>\$ 131,531,553</u>	<u>\$ 128,371,150</u>	<u>\$ 116,483,730</u>



City of Gaithersburg, Maryland

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	\$ 39,470,439	\$ 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
Licenses and permits	5,155,926	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
Intergovernmental	29,199,710	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
Charges for services	11,990,372	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
Fines and forfeitures	1,486,430	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
Investments earnings (losses)	10,144,182	9,350,038	3,713,459	(2,805,294)	(104,571)	4,685,448	4,622,041	668,469	191,310	791,910
Miscellaneous	1,536,972	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
Total Revenues	98,984,031	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
Expenditures										
Current										
General government	22,703,701	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
Public safety	15,104,038	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
Public works	15,078,599	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
Parks and recreation	10,852,051	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
Community services and development	2,959,529	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
Transfer to retiree benefit trust	1,745,953	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
Debt Service*										
Principal	260,009	276,338	259,458	25,621	-	-	-	-	-	-
Interest	28,417	42,844	29,305	2,527	-	-	-	-	-	-
Capital outlay	12,555,523	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
Total Expenditures	81,287,820	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
Excess of Revenues Over (Under) Expenditures	17,696,211	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
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	394,884	381,851	201,629	274,873	252,246	110,585	172,003	340,652	159,186	132,131
Leases *	36,702	36,702	53,258	18,489	-	-	-	-	-	-
Subscription**	-	-	1,096,800	-	-	-	-	-	-	-
Transfers In	16,951,013	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
Transfers out	(16,951,013)	(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)
Total Other Financing Sources (Uses)	431,586	418,553	1,351,687	293,362	252,246	110,585	172,003	340,652	159,186	132,131
Net Change in Fund Balances	\$ 18,127,797	\$ 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
Debt Service as percentage of non-capital expenditures	0.36%	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 leases & subscriptions.

**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
2025	\$ 36,377,960	\$ 3,092,480	\$ 18,556,721	\$ 58,027,161
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
Change 2016-2025	40.5%	24.3%	68.5%	47.3%

City of Gaithersburg, Maryland

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

Year	Real Property	Personal Property	Corporate Personal Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Direct Tax Rate		
						Real Property	Personal Property	Total
2025	\$13,218,279,543	\$100,888,312	\$220,264,210	\$13,539,432,065	\$14,354,990,997	0.262	0.530	0.268
2024	12,468,159,497	99,081,384	227,957,850	12,795,198,731	13,416,660,401	0.262	0.530	0.269
2023	12,020,603,636	96,523,420	240,709,120	12,357,836,176	12,952,892,321	0.262	0.530	0.269
2022	11,593,165,696	93,143,706	245,466,220	11,931,775,622	12,465,322,257	0.262	0.530	0.270
2021	11,348,458,917	90,942,520	228,134,410	11,667,535,847	12,264,033,666	0.262	0.530	0.270
2020	10,961,047,190	92,318,964	204,495,300	11,257,861,454	11,798,745,306	0.262	0.530	0.271
2019	10,520,093,928	85,785,998	217,525,810	10,823,405,736	11,494,673,314	0.262	0.530	0.270
2018	10,236,605,722	83,734,151	237,514,340	10,557,854,213	10,997,533,867	0.262	0.530	0.270
2017	9,712,853,586	81,766,792	243,422,830	10,038,043,208	10,487,920,626	0.262	0.530	0.271
2016	9,280,387,955	78,257,170	221,315,472	9,579,960,597	10,045,629,008	0.262	0.530	0.271

Property values are assessed at 100 percent.

** Source: MC Confirmation

City of Gaithersburg, Maryland

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

<u>Year</u>	<u>Total Tax Levy*</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections To Tax Levy</u>	<u>Collected in Subsequent Periods</u>	<u>Total Tax Collections**</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
2025	\$ 34,546,673	\$ 34,543,647	99.99%	\$ (8,686)	\$ 34,534,961	99.97%
2024	32,524,750	32,431,342	99.71%	55,290	32,486,632	99.88%
2023	31,364,841	31,317,218	99.85%	43,566	31,360,784	99.99%
2022	30,243,756	30,207,791	99.88%	32,070	30,239,861	99.99%
2021	29,593,920	29,299,802	99.01%	291,995	29,591,797	99.99%
2020	28,589,918	28,195,191	98.62%	392,638	28,587,828	99.99%
2019	27,425,112	27,316,863	99.61%	103,247	27,420,110	99.98%
2018	26,683,914	26,439,780	99.09%	240,803	26,680,583	99.99%
2017	25,324,562	25,298,231	99.90%	23,076	25,321,307	99.99%
2016	24,203,239	24,150,333	99.78%	51,054	24,201,388	99.99%

* "Total Tax Levy" represents the Original tax levy, less real property tax credits for the State of Maryland Homeowners Tax Credit program and other adjustments.

** "Total Tax Collections" reflects payments made through the current year for each prior tax year.

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	2025	
	Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Alexandria Real Estate Equities	\$ 421,872,434	3.19%
AstraZeneca	412,052,866	3.12%
Asbury	215,544,233	1.63%
BF Saul Company & Saul Centers Inc.	160,405,266	1.21%
BP Realty Investments	147,937,300	1.12%
JRK Property Holdings	141,500,000	1.07%
Morris Companies	136,778,100	1.03%
Kite Realty Group (KRG)	130,015,367	0.98%
Bridge Investment Group/Apollo	124,883,668	0.94%
Orlo Gaithersburg LLC	115,627,233	0.87%
Total	\$ 2,006,616,467	15.18%
<i>Total Assessed Valuation</i>	<i>\$ 13,218,279,543</i>	

Taxpayer	2016	
	Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
MedImmune, Inc	\$ 221,142,266	2.39%
BF Saul	155,948,333	1.69%
ARE Equities	152,626,966	1.65%
Asbury Atlantic Inc	137,982,634	1.49%
RPAI	131,126,000	1.42%
Avalon II Maryland Value III LP	88,429,133	0.96%
Federal Realty Investments TR	87,310,333	0.95%
Jefferson at Orchard Pond	85,221,500	0.92%
KBSIII One Washingtonian LLC	81,600,000	0.88%
Lake Forest Associates	80,000,000	0.87%
Total	\$ 1,221,387,165	13.22%
<i>Total Assessed Valuation</i>	<i>\$ 9,237,877,481</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	Fire District & Transit	
2025	0.262	0.717	0.112	0.209	1.300
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

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 Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year ⁽¹⁾	Governmental Activities		Total Outstanding Debt	Percentage of Personal Income ⁽²⁾	Population ⁽³⁾	Debt Per Capita
	Leases	SBITA				
2025	\$ 50,661	\$ 409,749	\$ 460,410	0.01%	73,146	\$ 6
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	\$ 0

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**

<u>Jurisdiction</u>	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Applicable to City of Gaithersburg</u>
Direct			
City of Gaithersburg	\$ 460,410	100.0%	\$ 460,410
Overlapping			
Montgomery County	\$ 4,294,462,113	6.1%	\$ 264,042,930
Total Direct and Overlapping Debt	<u>\$ 4,294,922,524</u>		<u>\$ 264,503,340</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**

<u>Year</u>	<u>(1) Population</u>	<u>Personal Income (\$ in thousands)</u>	<u>(2) Per Capita Income</u>	<u>Median Age</u>	<u>(3) Montgomery County Avg. School Enrollment</u>	<u>(4) Montgomery County Unemployment Rate</u>
2025	73,146	\$ 7,890,405	\$ 107,872	N/A	159,671	3.3
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

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

(2) Montgomery County Department of Finance Demographic Stat

(3) Office of Management and Budget, Montgomery County Government/ Montgomery County
Department of Finance Demographic Stat

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

* U.S. Census Bureau

**City of Gaithersburg, Maryland
Principal Employers
Current Fiscal Year and Nine Years Ago
Number of Employees for Quarter Ending June 30, 2025**

2025

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
AstraZeneca	5,101	0.89%
National Institute of Standards and Technology	2,469	0.43%
Asbury Methodist Village	750	0.13%
Leidos	612	0.11%
Adventist HealthCare	574	0.10%
Kaiser Permanente	562	0.10%
GeneDx	550	0.10%
Boland	370	0.06%
Chinese Culture & Community Center, Inc	283	0.05%
Miltenyi Biotec	335	0.06%
Total	<u>11,606</u>	2.02%
Total Montgomery County Civilian Labor Force (Data for total employees available for county only)	<u>574,680</u>	

2016

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
National Institute of Standards and Technology	2,730	0.50%
Medimmune	2,290	0.42%
Asbury Methodist Village	820	0.15%
Lockheed Martin, IS&GS	736	0.13%
Sodexo USA	570	0.10%
Hughes Network System, LLC	450	0.08%
Adventist Healthcare	400	0.07%
Kaiser Permanente	350	0.06%
GXS	346	0.06%
Novavax	300	0.05%
Total	<u>8,992</u>	<u>1.64%</u>
Total Montgomery County Civilian Labor Force (Data for total employees available for county only)	<u>549,900</u>	

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

City of Gaithersburg, Maryland

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government:										
Mayor and City Council	2	2	2	2	2	1	1	1	1	1
Legal Services	4	5	5	5	4	4	4	3	3	3
Office of the City Manager	4	4	4	5	4	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	6	5	5	5	5
Finance & Administration	12	12	12	11	11	11	11	11	11	9
Information Technology	16	16	16	15	15	14	14	14	13	12
Buildings and Grounds	-	-	-	-	-	-	-	-	-	-
Communication & Public Engagement	7	7	7	7	7	7	7	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	9	10	10	10	10	10	10	9	7
Permits & Inspections	13	13	12	-	-	-	-	-	-	-
Public Safety										
Police Services	82	74	70	70	70	69	69	68	68	65
Code Administration	-	-	-	23	24	23	22	21	21	20
Animal Control	-	-	4	4	4	4	4	4	4	4
Public Works										
Environmental Affairs/Sustainability Program	1	1	1	1	1	1	1	1	1	3
Facilities Management	13	13	13	13	13	11	11	10	9	9
Public Works Administration	6	6	6	6	5	5	5	5	6	6
Stormwater Management	8	8	7	6	6	6	5	4	4	-
Municipal Parks Maintenance	18	18	18	18	19	19	19	19	18	16
Streets & Special Projects	6	6	6	6	6	6	6	6	6	10
Fleet Maintenance	5	5	5	5	5	5	5	5	5	5
Landscaping & Forestry	13	13	13	13	13	13	13	12	12	12
Mowing & Bulk Pick-Up	21	21	21	21	21	21	22	22	22	20
Engineering Services	6	6	5	5	6	5	5	4	4	4
Traffic Control/Engineering	2	2	2	2	2	2	2	2	2	2

City of Gaithersburg, Maryland

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Parks, Recreation & Culture										
Parks, Recreation & Culture	8	8	8	8	5	5	5	4	4	4
Recreation Programs & Sports	5	4	4	4	5	5	5	5	5	5
Recreation Classes	1	1	1	1	1	1	1	1	1	1
Youth Services	4	4	4	3	2	2	3	3	3	3
Gaithersburg Youth Center	2	2	2	2	2	2	2	2	2	2
Olde Towne Youth Center	1	1	1	1	2	2	2	2	2	2
Casey Community Center	2	2	2	2	2	2	2	2	2	2
Water Park	2	2.5	2.5	2.5	3.5	4	3	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	7	8	8	7	7	6	6
Gaithersburg Aquatic Center	1	1	1	1	1	1	1	1	1	1
Miniature Golf Course	1	0.5	0.5	0.5	0.5	1	1	-	-	-
Activity Center	4	4	4	4	4	4	4	4	4	4
Benjamin Gaither Center (Seniors Program)	6	6	6	6	6	6	6	6	7	6
Community, Neighborhood & Housing Services										
Community Services	4	4	4	5	4	4	4	4	4	4
Financial Empowerment Center	1	1	1	-	-	-	-	-	-	-
Homeless Service	4	4	4	4	4	4	4	4	4	4
Housing & Community Development	3	3	2	2	2	2	2	2	2	1
Neighborhood Services	12	12	12	0	0	-	-	-	-	-
Full-Time Employee Totals:	340.0	332.0	329.0	325.0	324.0	318.0	315.0	305.0	301.5	289.0
Employment Agreement Employee Totals:										-
Part-Time Employee Totals:	<u>98.0</u>	<u>98.3</u>	<u>102.6</u>	<u>94.3</u>	<u>101.5</u>	<u>98.2</u>	<u>103.0</u>	<u>105.7</u>	<u>102.7</u>	<u>101.8</u>
Total Employees	<u>438.0</u>	<u>430.3</u>	<u>431.6</u>	<u>419.3</u>	<u>425.5</u>	<u>416.2</u>	<u>418.0</u>	<u>410.7</u>	<u>404.2</u>	<u>390.8</u>

Source: City of Gaithersburg, Maryland 2016-2025 Adopted Budgets

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

City of Gaithersburg, Maryland

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

Function/Program	2025	2024	2023	2022	2021
General Information					
Population	73,146	71,791	71,760	71,499	70,415
Registered Voters (Note 1)	42,670	41,887	37,433	37,318	36,969
General Government					
Commercial Construction					
Permits Issued	421	503	567	530	477
Residential Construction					
Permits Issued	868	882	945	1,054	1,115
Estimated Value of Construction	\$ 168,414,771	\$ 73,269,945	\$ 172,428,289	\$ 198,034,807	\$ 49,591,136
Transitional Housing to Permanent Housing	12	-	8	6	10
Public Safety					
Police Officers	68	64	62	59	56
Traffic Citations	4,676	6,382	4,998	2,815	4,248
Calls for Service	26,156	21,787	26,402	18,687	19,767
Fire Marshal Inspector	2	2	2	4	4
Animal Control Officers	4	4	4	5	4
Fire Marshal Inspections	978	1,038	1,426	1,536	715
Animal Licenses	2,514	2,950	2,727	1,332	1,799
Solid Waste					
Co-Mingled (tons)	2,950	3,074	3,121	3,766	3,425
Yard Waste (tons)	584	750	695	881	1,063

Note 1: Registered Voters as of 01/02/2025 based on https://elections.maryland.gov/candidacy/documents/Voter_Counts_for_Petitions.pdf

City of Gaithersburg, Maryland

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

Function/Program	2020	2019	2018	2017	2016
General Information					
Population	70,223	70,010	69,769	69,562	68,635
Registered Voters (Note 1)	36,060	36,167	39,908	36,100	34,780
General Government					
Commercial Construction					
Permits Issued	476	573	615	691	598
Residential Construction					
Permits Issued	710	702	763	986	903
Estimated Value of Construction	\$ 66,936,927	\$ 17,612,100	\$ 21,692,686	\$ 173,848,726	\$ 135,092,107
Transitional Housing to Permanent Housing	10	12	8	10	11
Public Safety					
Police Officers	56	51	58	58	55
Traffic Citations	6,987	7,128	7,649	6,424	6,829
Calls for Service	23,920	24,462	35,433	10,885	18,849
Fire Marshal Inspector	3.5	3.5	3.5	4	1
Animal Control Officers	4	4	4	5	5
Fire Marshal Inspections	831	900	971	1,462	1,407
Animal Licenses	2,763	2,813	2,779	2,882	2,900
Solid Waste					
Co-Mingled (tons)	3,370	3,335	3,551	3,508	3,491
Yard Waste (tons)	890	871	874	860	970

Note 1: Registered Voters as of 01/02/2025 based on https://elections.maryland.gov/candidacy/documents/Voter_Counts_for_Petitions.pdf

City of Gaithersburg, Maryland

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Information										
Area in Square Miles	10.45	10.44	10.42	10.42	10.42	10.42	10.42	10.42	10.42	10.39
Public Safety - Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	81	77	73	68	75	75	75	75	76	75
Highways and Streets										
City Streets (miles)	96.69	96.04	95.32	95.44	95.44	94.74	94.74	94.47	94.47	92.97
County Streets (miles)	5.05	5.74	5.51	5.51	5.51	5.50	6.30	6.30	6.13	6.72
State Streets (miles)	17.55	18.71	17.55	17.78	17.78	17.81	17.51	17.51	17.36	17.36
Private Streets (miles)	-	-	-	2.78	2.78	2.30	2.35	2.35	2.35	2.35
Street Lights (City Maint.)	4,032	4,022	4,024	3,995	3,947	3,947	3,947	3,831	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	28	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	3	1	1
Swimming Pools	3	3	3	3	3	3	3	3	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	15	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, 2025

City of Gaithersburg, Maryland
Department of Finance and Administration
31 South Summit Avenue
Gaithersburg, Maryland
301.258.6320 • gaithersburgMD.gov

