

*City of Takoma Park,
Maryland*



*Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022*

This page intentionally left blank.

*City of Takoma Park,
Maryland*



*Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022*

Prepared by: City of Takoma Park, Maryland

*Jamal T. Fox
City Manager*

*Susan Cheung
Director of Finance*

This page intentionally left blank.

City of Takoma Park, Maryland

Index

	<u>Page</u>
Introductory Section	
Letter of Transmittal	5
GFOA Certificate of Achievement	12
Organizational Chart	13
List of Elected and Appointed Officials	14
Financial Section	
Independent Auditor's Report	15
Management's Discussion and Analysis	19
Basic Financial Statements	
Government-wide Financial Statements	
Statements of Net Position	35
Statement of Activities	36
Fund Financial Statements	
Balance Sheet - Governmental Funds	37
Reconciliation Balance Sheet - Governmental Funds to Statement of Net Position	38
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	39
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	40
Budgetary Comparison Statement - General Fund	41
Budgetary Comparison Statement - Speed Camera Fund	42
Budgetary Comparison Statement - Special Revenue Fund	43

City of Takoma Park, Maryland

Index

	<u>Page</u>
Fiduciary Funds Financial Statements	
Statements of Net Position - Fiduciary Funds	44
Statements of Changes in Net Position - Fiduciary Funds	45
Notes to Financial Statements	46
Required Supplementary Information	
Schedule of the City's Net Pension Liability and Related Ratios - Police Employees' Retirement Plan	80
Schedule of City Pension Contributions - Police Employees' Retirement Plan	81
Schedule of the City's Net Pension Liability and Related Ratios - City Pension Plan	82
Schedule of City Pension Contributions - City Pension Plan	83
Supplementary Information	
General Fund Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual	84
Stormwater Management Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	87
Combining Balance Sheet - Non-major Funds	88
Combining Statement of Revenues, Expenses, and Changes in Fund Balances - Non-major Funds	89
Combining Statement of Fiduciary Net Position	90
Combining Statement of Changes in Fiduciary Net Position	91
Statistical Section	
Statistical Section Contents	92
Net Position by Component	93
Change in Net Position	94

City of Takoma Park, Maryland

Index

	<u>Page</u>
Fund Balances of Governmental Funds	95
Change in Fund Balances of Governmental Funds	96
General Fund Tax Revenue by Source	97
Real Property Tax Levies and Collections	98
Assessed and Estimated Actual Value of Taxable Property	99
Real Property Tax Rates - Direct and Overlapping Governments	100
Computation of Legal Debt Margin	101
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	102
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	103
Computation of Direct and Overlapping Debt	104
Demographic Statistics	105
Principal Property Taxpayers	106
Principal Employers	110
Full-time Equivalent City Government Employees by Function	111
Operating Indicators by Function	112
Capital Asset Statistics by Function	113
Miscellaneous Statistical Data	114
Schedule of Insurance in Force	116

City of Takoma Park, Maryland

Index

	<u>Page</u>
Single Audit Supplement	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	117
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	119
Schedule of Expenditures of Federal Awards	122
Notes to Schedule of Expenditures of Federal Awards	123
Schedule of Findings and Recommendations	124

Introductory Section

This page intentionally left blank.

City of Takoma Park, Maryland

Office of the City Manager

Tel: (301) 891-7229

Fax: (301) 270-8794

Email: jamal.fox@takomaparkmd.gov



7500 Maple Avenue
Takoma Park, MD 20912

www.takomaparkmd.gov

Jamal T. Fox, City Manager

November 16, 2022

The Honorable Mayor, Members of City Council, and Residents:

The annual comprehensive financial report (ACFR) of the City of Takoma Park, Maryland (the City) for the fiscal year ending June 30, 2022, is submitted for your review. This report was prepared by the City's Finance Department and it is the comprehensive publication of the City's financial position and results of operations for the fiscal year ended June 30, 2022, for all funds and component units of the City.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To provide a reasonable basis for making these representations, we have established a comprehensive internal control framework designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal control should not exceed anticipated benefits, the City's internal controls are designed to provide reasonable, rather than absolute assurance that the financial statements are free from any material misstatements. We believe that the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and changes in financial position of the City; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City's Charter, Section 821, requires that the financial books and accounts of the City be audited annually in accordance with applicable State laws and the requirements of the City Council. The City Council has elected to have its financial statements prepared in accordance with GAAP and audited in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) by a certified public accountant. The independent auditor's report is included with the City's financial statements in the Financial Section of this report. The audit was conducted in accordance with U.S. GAAS and, for the basic financial statements of the City, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. On the basis of this examination, the independent auditors have issued unmodified opinions that the presentation of the basic financial statements conforms with GAAP. In conducting the audit, the auditors performed tests of the accounting records and such other procedures as were considered necessary in the circumstances to provide a reasonable basis for the opinion on the financial statements.

The auditors also assessed the accounting principles used and the significant estimates made by management, as well as evaluated the overall financial statement presentation. Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the Financial Section of this report.

PROFILE OF THE GOVERNMENT

The City of Takoma Park is approximately 2.4 square miles in size and is located in Montgomery County, Maryland on the border of Washington, D.C. The City was incorporated in 1890 and has a population of 17,629 (U.S. Census 2020 estimate).

The City operates under a Council-Manager form of government. The City Council is the policy-making and legislative body of City government and includes a Mayor and six Council members. The City Council is elected on a non-partisan basis, and all seven members of the governing body serve two-year terms. The Mayor is elected at-large, and the remaining six Council members are elected by wards within the City. The City Council's responsibilities include setting City policy, passing ordinances and resolutions, adopting the City's annual budget, appointing members to committees, and hiring both the City Manager and the City Attorney. The City Manager is appointed by the Council as Chief Executive and Administrative Officer and responsible for implementing the policies and ordinances of the City Council, overseeing the day-to-day operations of the government, and appointing the department heads of various departments.

The City provides a range of municipal services to residents including, but not limited to, police, solid waste and recycling collection, storm drainage maintenance, street and park maintenance, snow removal, recreation, library services, housing and community development, code and parking enforcement, and general administration. The City's budget is the foundation of the City's financial planning and control. Annually, the City Manager presents a recommended budget to the City Council for review, questions, and concerns. The City Council is required to adopt a balanced budget by July 1 of every year for all funds for which the funds are required.

CITY COUNCIL PRIORITIES

1. Mitigate the Impact of COVID-19 on the Community and City Operations
 - a. Reopen City functions using a phased approach to ensure a safe, deliberate return to normal operations; prepare a reopening plan that supports long-term financial resiliency and employee well-being, and incorporates lessons learned from the health crisis response.
 - b. Ensure residents have access to the emergency assistance they need to recover from the impacts of the COVID-19 pandemic.
 - c. Support our small businesses in weathering the economic downturn due to the pandemic so that they recover and thrive in the future.
2. A Livable Community for All
 - a. Ensure that a range of safe, high quality, affordable, and stable housing options are equitably available in neighborhoods throughout the community.

- b. Identify the need for and explore the development of programs to address food insecurity in the community.
- c. Identify programming needs in the community and develop approaches to meet those needs, emphasizing youth, families, seniors, and residents who tend to face barriers to opportunities such as Black, Indigenous, and people of color, those with unsustainable lower-paying jobs, immigrants, and people with developmental disabilities.
- d. Defend our status as a Sanctuary City and maintain our commitment to being a welcoming and inclusive community for all residents.
- e. Improve transportation planning and outreach to create a safer and more racially equitable community for all residents, including pedestrians, bicyclists, and vehicle occupants.
- f. Further the City's racial equity work.

3. Fiscally Sustainable Government

- a. Explore and advocate at county and state levels for expanded funding flexibility for municipalities beyond property taxes and continue to advocate for long-term solutions to tax duplication.
- b. Explore ways to provide property tax adjustments to residents in need, advocate at county and state levels for changes in property taxes to assist residents in need, and work for a more equitable property tax assessment system.
- c. Continue to build on improvements in the budget process, presentation of budget information, and communication to residents.
- d. Adopt sustainable investment and banking policy and practices.
- e. Maintain adequate reserves in the various City reserve funds for long-term fiscal sustainability.

4. Environmentally Sustainable Community

- a. Climate Change Mitigation: Work towards net-zero greenhouse gas emissions by 2035.
- b. Climate Change Resilience: Improve our ability to adapt and be resilient to climate change.
- c. Manage Our Community's Natural Resources Sustainably: Protect, maintain, and improve the health of our urban forest, natural resources, and water quality, with an emphasis on equity.

5. Engaged, Responsive, Service-Oriented Government

- a. Hire and onboard a new City Manager.

- b. Improve City communications with residents and adopt innovative, culturally appropriate initiatives to improve public engagement and collaboration with residents, particularly with residents who may face barriers to participating in municipal government activities and community affairs.
 - c. Improve policies and processes to enhance resident interaction with the City government, including requests for government services, complaint systems, and code enforcement.
 - d. Put in place improvements and review the overall structure and purpose of existing Council-appointed committees.
 - e. Review and reform the City's approach to public safety to ensure racial justice and work toward a safer, more livable community for all residents.
 - f. Improve service delivery and reduce administrative burden by updating internal policies, IT infrastructure, and software.
6. Community Development for an Improved and Equitable Quality of Life
- a. Plan and prepare for development in the City and region while maintaining the special character and economic and racial diversity of Takoma Park.
 - b. Redevelop the Takoma Park Recreation Center.

ECONOMIC CONDITION AND OUTLOOK

The City is a residential community located in the southern part of Montgomery County in the inner suburbs of the Washington, D.C. metropolitan area. City residents benefit from the excellent Montgomery County public school system. The Takoma Park-Silver Spring campus of Montgomery College and the four-year Washington Adventist University are located in Takoma Park. The City has a large historic district, two major commercial districts, many parks, and attractive, walkable neighborhoods. The City is located along the Red Line of the region's Metrorail system and is well served by bus systems and bicycle trails. Offices, attractions, and entertainment are close by in adjacent Washington, D.C. and Silver Spring, Maryland.

According to the 2021 Census estimate, the City had a total of 6,619 housing units. Of these, 51.4% were owner-occupied housing units. Forty-nine percent (49%) of Takoma Park's households live in multi-family residential structures. Because of its location and attractive environment, Takoma Park is a highly desirable place to live. Its economic health rests heavily on the value of its residential property. The net assessable real property base value for Takoma Park was estimated at \$2.57 billion during fiscal year 2022. Housing values have risen sharply since 2000, despite a stagnant period during the recession in the late 2000s followed by rather slow growth for several years. Housing values have been increasing at a moderately fast pace since that time. The median value of owner-occupied housing units in Takoma Park is \$611,400 according to the 2021 American Community Survey. There is no indication that the increase in housing value has slowed during the COVID-19 pandemic, but a final determination will need to be made at a later time.

Real property in the State of Maryland is reassessed on a triennial basis. The last triennial assessment occurred two years ago, effective for fiscal year 2021. The State's estimated increase in the net assessable base for the City for fiscal year 2022 was 5.25 percent. Current statistics for unemployment

have been affected by the pandemic. The Bureau of Labor Statistics reported the unemployment rate in the Washington, D.C. region is 5.3% in August 2022 compared to 7.3% in 2021. The Montgomery County, Maryland unemployment rate was 3.9% in August 2022 but 6.1% in August 2021. The Census Bureau's numbers for the median household income are averaged over time so do not likely reflect the impact of the pandemic. Their 2021 (1-year) American Community Surveys estimate median household income of the area as \$129,000 and of Montgomery County as \$111,812. The 2018 (5-year) American Community Survey for Takoma Park provides a median household income of \$86,439. While real property taxes and intergovernmental payments are the largest sources of revenue for the City, the community's long-term economic health depends on economic development of the City's commercial corridors, particularly along New Hampshire Avenue and University Boulevard.

The State of Maryland is constructing the Purple Line, a light rail transit system that will run along the northern border of Takoma Park, connecting transit lines and employment centers in Montgomery and Prince George's Counties. There will be a major station at Takoma Langley Crossroads, the intersection of University Boulevard and New Hampshire Boulevard. The transit system's date to begin service has been delayed.

The City adopted the 2019-2030 Housing and Economic Development Strategic Plan in 2019. Major recommendations of the Plan are: preserve existing businesses and affordable housing in Takoma Park, including in revitalizing areas; produce more housing and opportunities for businesses to start and grow across the income spectrum and in neighborhoods across the City to meet the diverse housing and economic needs; and protect renters, homeowners, and local businesses from discrimination and displacement, and protect our environment from destruction. The Plan looks to take advantage of the economic benefits of the Purple Line and the newly designated Opportunity Zone along the New Hampshire Avenue Corridor, calls for a minor master plan process for the site of the former hospital and adjacent neighborhood to help meet the Plan's goals, promotes workforce development and entrepreneurship; and works to provide varied types of housing to meet the housing needs of residents and newcomers. The plan also takes into consideration climate change resiliency and the need to make all decisions using race equity as a guiding principle.

Even with the economic hit from the pandemic, some new businesses have opened in Takoma Park, and City staff are taking steps to facilitate future redevelopment in locations identified for such activity. The Takoma-Langley Crossroads area and the Long Branch business district are part of a Maryland Enterprise Zone that provides tax incentives to new and expanding businesses and, as noted, the New Hampshire Avenue Corridor is in an Opportunity Zone. Staff have moved forward on workforce development partnerships and continue to pursue grants and State aid to promote long-term economic growth in Takoma Park.

Two exciting City development projects are moving forward. Construction on the City's public library building is underway and will be a slightly larger facility meeting ADA and floodplain standards and reorganizing space to better serve patrons. The City is also moving forward to redevelop the Takoma Park Recreation Center on New Hampshire Avenue. The site has great potential for mixed-use redevelopment and is within walking distance of the transit hub at Takoma Langley Crossroads. We hope to leverage ownership of the property to create both a new, modern recreational space for the City as well as new development that could add housing and amenities to the community. This site is in the Opportunity Zone and may be able to take advantage of investment through that program.

The City is coordinating with the Montgomery County Planning Department on a Minor Master Plan for the site of the former Washington Adventist Hospital, Washington Adventist University, and properties

along Maple Avenue to ensure that the site of the former Washington Adventist Hospital is redeveloped to advance the interests of the community and to address other community needs. The hospital moved out of Takoma Park, and the Minor Master Plan will help identify community priorities for the property.

The City has developed a comprehensive plan to use the funds from the American Rescue Plan Act. The City received \$17.4 million in two tranches, the first \$8.7 million of which was received in July 2021 and the second tranche in July 2022. ARPA funding is to be used in four primary categories per federal guidelines: Public Health and Economic Impacts, Premium Pay, Revenue Loss, and Investments in Infrastructure. The multiyear spending plan for the ARPA funds, incorporating a priority-based budgeting framework, includes urgent expenditures for emergency rental assistance, food security, community engagement, revenue loss reimbursement, and administrative staffing. Funds have also been allocated for small business grants and the Library project, among other projects.

LONG-TERM FINANCIAL PLANNING

The City of Takoma Park is committed to responsible long-term financial planning. Elements with long-range impacts include maintenance of infrastructure and retirement plan costs. In accordance with the City Charter, certain funds are set aside for the scheduled replacement of vehicles and equipment. These funds are accounted for in the Equipment Replacement Reserve. Substantial funds have been allocated to the Equipment Replacement Reserve over the last decade. This funding effort should be continued going forward to ensure that the City has sufficient funds on hand to maintain its vehicle fleet and other equipment in good working order.

The Facility Maintenance Reserve was established to have funds available for large facility maintenance expenses over time and a newer fund, the Housing Reserve, is to have funds available to advance affordable housing efforts such as those identified in the Housing and Economic Development Strategic Plan. The City of Takoma Park Police Employees' Retirement Plan, established in 2001, covers sworn police officers who are employed on a regular full-time basis. Plan provisions include retirement, disability, and death benefits to plan members and their beneficiaries. The plan does not include retiree health benefits, which has kept costs reasonable.

FINANCIAL POLICIES

During fiscal year 2018, the City Council adopted a Reserve Policy that sets the General Fund unassigned fund balance to be no less than two months (17%) of the General Fund revenue amount, unless a special situation justifies a lower amount. The City will maintain adequate unassigned fund balance in its General Fund in order to address revenue fluctuations and to avoid any disruption in services caused by a future decline in significant revenue sources and rising costs. Additionally, the City's use of unrestricted future fund balances and one-time revenue sources will be limited to specific non-recurring projects.

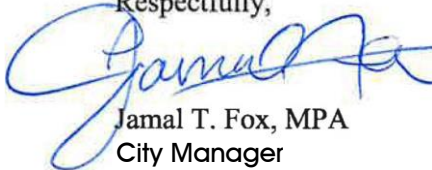
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Takoma Park for its ACFR for the fiscal year ended June 30, 2021. This was the fifteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA for consideration for another certificate.

The preparation of this annual report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all the personnel who assisted and contributed to the preparation of this report. We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and professional manner.

Respectfully,

A handwritten signature in blue ink, appearing to read "Jamal T. Fox". The signature is fluid and cursive, with a large initial "J" and "F".

Jamal T. Fox, MPA
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Takoma Park
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

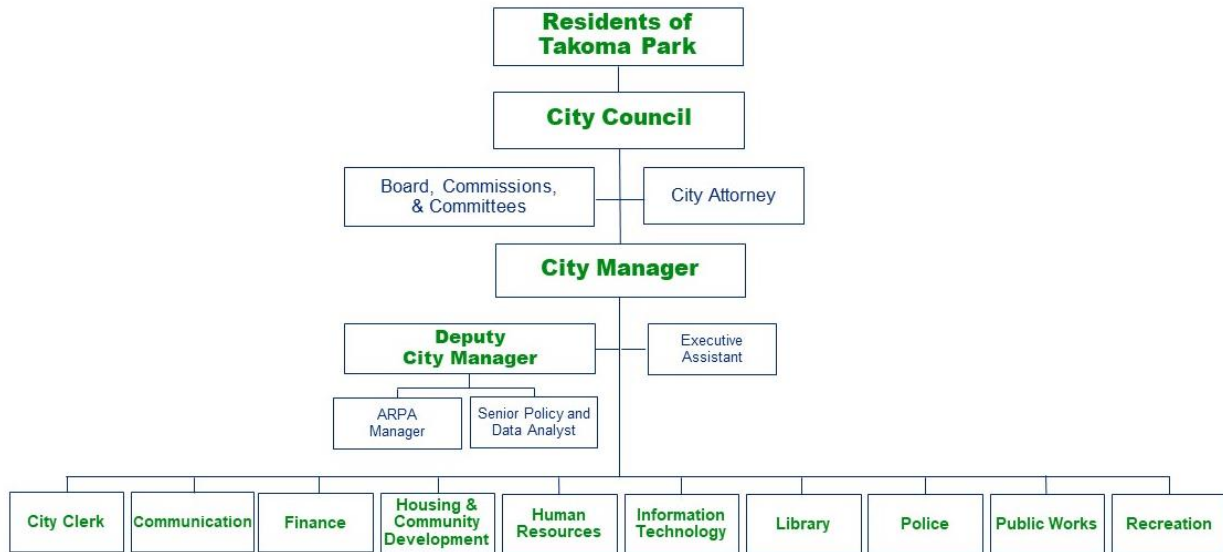
June 30, 2021

Christopher P. Morill

Executive Director/CEO



City of Takoma Park, Maryland
Organizational Chart



CITY OF TAKOMA PARK, MARYLAND
LIST OF ELECTED AND APPOINTED OFFICIALS
Year Ended June 30, 2022

MAYOR

Kate Stewart

CITY COUNCIL

Peter Kovar
Terry J. Seamens
Kacy Kostiuik
Jarrett K. Smith
Cindy Dyballa
Talisha Searcy

CITY MANAGER

Jamal T. Fox

DEPUTY CITY MANAGER

Jessica Clarke

DIRECTOR OF FINANCE

Susan Cheung

INDEPENDENT AUDITORS

Barbacane, Thornton & Company LLP

Prepared by the Finance Department

Financial Section

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

November 16, 2022

City Council
City of Takoma Park
Takoma Park, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Takoma Park (the City), Takoma Park, Maryland, as of and for the year ended June 30, 2022, 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 of Takoma Park, Takoma Park, Maryland, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund, budgetary comparison for the speed camera fund, and budgetary comparison for the special revenue 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

City Council
City of Takoma Park

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

Report on Summarized Comparative Information

The City's 2021 financial statements were audited by other auditors whose report dated October 28, 2021, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 34, and the schedules of the City's net pension liability and related ratios and schedules of City pension contributions on pages 80 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 financial statements that collectively comprise the City's basic financial statements. The combining balance sheet - non-major funds, combining statement of revenues, expenditures, and changes in fund balances - non-major funds, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, and schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The general fund schedule of revenues, expenditures, and other financing sources (uses) - budget and actual, stormwater management fund schedule of revenues, expenditures, and changes in fund balances - budget and actual, combining balance sheet - non-major funds, combining statement of revenues, expenditures, and changes in fund balances - non-major funds, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, and schedule of

expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund schedule of revenues, expenditures, and other financing sources (uses) - budget and actual, stormwater management fund schedule of revenues, expenditures, and changes in fund balances - budget and actual, combining balance sheet - non-major funds, combining statement of revenues, expenditures, and changes in fund balances - non-major funds, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, and schedule of expenditures of federal awards 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 included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section included in the annual comprehensive financial report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

As management of the City of Takoma Park, Maryland (the City), we offer this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2022. The intent of this document is to provide discussion and analysis regarding the City's financial performance as a whole. Readers should also review the transmittal letter, the notes to the basic financial statements, and the financial statements to enhance their understanding of the City's financial position.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of fiscal year 2022 by \$46,577,249 (net position). This represents an increase of \$2,622,752 from the prior year. The change in the net position was the result of a net surplus of revenues (\$31,702,005) over expenses (\$29,079,253). Under the general revenues, approximately 11.9%, or \$468,549, of the revenue variance from the prior year was due to an increase in real property tax (\$322,551), and personal property tax (\$462,547). Due to the cancellation of the inventory tax and refunds to taxpayers, personal property tax had decreased from the past years. The City's revenue increases of \$3.9 million was primarily due to a \$2.1 million increase in intergovernmental revenues, \$516,873 increase in charges for services, and a \$712,523 increase of operating grants and contribution. In program revenues, almost 18% of the total increase was due to the increase in operating grants which included the WSSC Flower Avenue Green Street Grant (\$40,894) and the New Avenue Section A Grant (\$103,517) resulting from the completion of these projects in the grant year. The operating grants revenue increase was due to adjustment of tax duplication including In Lieu of Police (\$60,652) and police protection (\$446,676), after the negotiation with Montgomery County. In the intergovernmental revenue, the increase was primarily due to the revenue loss replenishment (\$1.2 million) from the American Rescue Plan Act (ARPA), admission and amusement tax (\$71,671), highway (\$31,140), and income tax (\$118,008).
- Of the City's total net position, the unrestricted net position increased from a deficit of \$1,643,080 in fiscal year 2021 to \$1,662,267 in fiscal year 2022. The unrestricted net position increased due primarily to the current year positive change in net position of \$2,622,752 and the reduction of the restricted funding for streets from \$6,632,730 to \$4,719,134. The net position increase was offset by reporting of the net pension liability of \$13,017,360 related to the City's two pension plans. Beginning in 2015, the City implemented GASB Statement 68 and GASB Statement 71, which require recognition of the City's participatory share of pension liability in the Maryland State Retirement and Pension System plan and the pension liability in the City's Police Employee's Retirement plan.
- As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$25,458,772, an increase of \$1,275,196, or 5.3%, from the prior year. The increase in fund balance was mainly due to the surplus in operating revenues in the General Fund, \$911,875; Speed Camera Fund, \$99,858; Special Revenue Fund, \$137,378; and Stormwater Fund, \$126,013. The ending fund balances of \$25,458,772 include \$4,598,441 that is available for spending at the City's discretion (unassigned fund balance). The increase in the combined ending governmental fund balances was due to the excess of revenues over expenses in the General Fund which accounts for 79.8% of the combined fund balance.

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022

- At the end of fiscal year 2022, the unassigned fund balance for the General Fund was \$4,598,441, or 17.02%, of total General Fund expenditures. The unassigned fund balance was lower than fiscal year 2021 due to the reclassification of \$3.3 million as assigned for future year's budget. Because of the condition of deficiency of revenues over expenditures in the adopted budget of fiscal year 2023, and to avoid accidental misuse of funds, the City is obligated to apply the deficit amount into designated funds in the reserve.
- The City's long-term debt decreased by \$600,291 during the fiscal year. The decrease was primarily due to the pay-off of annual principal payments on existing bond debts totaling \$602,000, and an increase of \$1,709 in compensated absences.

OVERVIEW OF FINANCIAL STATEMENTS

GASB Statement 34 requires the utilization of dual focus financial reporting. Information is presented on a government-wide basis and on a fund basis.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements that were prepared using these reporting requirements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements – The government-wide financial statements, which include the Statement of Net Position and the Statement of Activities, are designed to provide readers with a broad overview of the City's finances. All City operations are categorized as and reported as either governmental or business-type activities. Governmental activities include basic services such as police, public works, recreation, community development, and government administration. The City currently does not have any business-type activities. The government-wide financial statements can be found on pages 35 and 36 of this report.

Statement of Net Position – The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The residual amount is reported as net position. Net position is separated into those amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the City's overall health, additional non-financial factors, such as changes in the City's property tax base and the condition of its facilities, must be taken into account.

Statement of Activities – The Statement of Activities presents information on how the government's net position changed during the fiscal year. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Transactions related to non-exchange transactions are reported as soon as there is an enforceable legal claim to the resources. 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).

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

Fund Financial Statements – The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

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

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, American Rescue Plan Act (ARPA) Fund, Speed Camera Fund, and Special Revenue Fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds (Stormwater Management Fund, Community Center Fund, and Rehabilitation Loans and Grants Fund) is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its three major funds: General Fund, Speed Camera Fund, and Special Revenue Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 37-43 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Fiduciary funds are accounted for using the economic resources measurement and accrual basis of accounting.

The basic fiduciary fund financial statements can be found on pages 44 and 45 of this report.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46-79 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to the City's progress in funding its obligation to provide pension benefits to its public safety employees. Other supplementary information includes budgetary comparison schedules related to the General Fund and the non-major governmental funds and any combining statements related to non-major governmental funds and fiduciary funds. Supplementary information can be found on pages 84-91 of this report.

THE CITY AS A WHOLE

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$46,577,249 as of June 30, 2022. By far, the largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding). This investment was \$34,092,316, or 73.2%, of the City's net position as of June 30, 2022. Due to the nature of these assets, they are not available for future spending.

The unrestricted portion of the net position was \$1,662,267. This category represents the amounts that the City may use to meet ongoing obligations to its residents and creditors. The unrestricted net position surplus resulted from the current year positive change in net position of \$2,622,752 and the reduction of the restricted net position for streets of \$1,913,596, which was offset by an increase of the net pension liability related to the City's two pension plans. Before 2015, the liabilities were disclosed in the footnotes to the financial statements and were not reported as liabilities within the financial statements.

The remaining balance of net position, \$10,822,666 or 23.2%, reflects the City's restricted net position, primarily comprised of monies related to the infrastructure bond fund, safe speed program, and franchise cable equipment grants that can only be used for specifically designated purposes.

During the fiscal year, the City's total net position increased by \$2,622,752. Factors contributing to this growth include the increase of revenues. The City's overall revenue increased by \$3.9 million primarily due to the increase of program revenues, including \$712,523 in operating grants and \$516,873 in charges for services revenues. In general revenues, the upward trend was reflected at the change of \$468,549 in property tax.

In the governmental activities, the increase in intergovernmental revenue is a contributing factor to the growth of net position. The change includes a (\$1.9 million) revenue received from the federal grant of the ARPA Fund and income tax (\$118,008).

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

The following table reflects the City's net position as of June 30, 2022 compared to June 30, 2021.

Statement of Net Position

	Governmental Activities	
	2022	2021
Assets:		
Current and other assets	\$ 37,433,232	\$ 29,343,268
Capital assets	42,250,816	42,210,248
Total Assets	<u>79,684,048</u>	<u>71,553,516</u>
Deferred outflows of resources	<u>5,547,547</u>	<u>2,064,024</u>
Liabilities:		
Current and other liabilities	11,052,116	4,726,397
Long-term liabilities	21,317,809	19,491,666
Total Liabilities	<u>32,369,925</u>	<u>24,218,063</u>
Deferred inflows of resources	<u>6,284,421</u>	<u>5,444,980</u>
Net Position:		
Net investment in capital assets	34,092,316	33,599,748
Restricted	10,822,666	11,997,829
Unrestricted (deficit)	1,662,267	(1,643,080)
Total Net Position	<u>\$ 46,577,249</u>	<u>\$ 43,954,497</u>

Governmental Activities

Governmental activities increased the City's net position by \$2,622,752 during fiscal year 2022, thereby accounting for the total growth in the net position. The key elements of this increase are shown below. Information for the prior fiscal year is provided for comparative purposes.

Change in Net Position

	Governmental Activities	
	2022	2021
REVENUES		
Program revenues:		
Charges for services	\$ 2,665,624	\$ 2,148,751
Operating grants and contributions	7,208,218	6,495,695
Capital grants and contributions	184,133	188,335
General revenues:		
Property taxes	14,346,152	13,877,603
Intergovernmental	7,053,793	4,916,941
Miscellaneous	265,550	101,059
Unrestricted investment earnings	(21,465)	26,152
Total Revenues	<u>31,702,005</u>	<u>27,754,536</u>

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

(cont'd)	Governmental Activities	
	2022	2021
EXPENSES		
General government	5,845,530	5,835,772
Public safety	9,056,403	8,162,933
Public works	7,574,855	6,619,329
Housing and community development	2,169,522	1,883,620
Recreation and culture	4,146,336	3,248,266
Interest on long-term debt	286,607	298,353
Total Expenses	<u>29,079,253</u>	<u>26,048,273</u>
Change in net position	<u>2,622,752</u>	<u>1,706,263</u>
Net position, beginning of year	<u>43,954,497</u>	<u>42,248,234</u>
Net position, end of year	<u>\$46,577,249</u>	<u>\$43,954,497</u>

Overall revenues increased by \$3,947,469 from fiscal year 2021 to fiscal year 2022. In program revenues, operating grants and contributions increased by \$712,523, charges for services increased by \$516,873, and capital grants decreased by \$4,202. In general revenues, property tax revenue increased by \$468,549, and intergovernmental revenues increased by \$2,136,852. In addition, the miscellaneous revenues increased by \$164,491, but the investment earnings decreased by \$47,617.

Operating grants and contributions increased totaling \$712,523 due to the increase of WSSC-Flower Avenue Green Street grant revenue (\$40,894), police rebate program (\$446,676), and In-Lieu of Police (\$60,652). In addition, the increase of operating grants also includes the New Avenue Bikeway grants of (\$103,517) and library aid and park maintenance totaling (\$11,039). Capital grants and contributions decreased by (\$4,202) due to the revenue trend of the continuous decline usage of the cable services.

Charges for services increased by \$516,873. This variance was due to the (\$44,555) increase in passport service, the (\$239,030) increase in recreation and cultural revenues, and the (\$179,566) increase in speed camera fines in the public safety category. In addition, other charges for services increases include public parking facilities (\$24,971), and the stormwater utility fees (\$152,329).

Miscellaneous revenue increased by \$164,491, primarily due to the increase of community grants awarded in fiscal year 2022. The grants include the Community Immunity Grant (\$14,455), State Façade Grant (\$100,000), Streetery Partner MOU (\$4,267), and sales of City property (\$12,410).

Total expenses increased by \$3,030,980 from fiscal year 2021 to fiscal year 2022. General government expenses increased by \$9,758 from \$5,835,772 in fiscal year 2021 to \$5,845,530 in fiscal year 2022.

Public safety expenses are \$893,470 higher than those for fiscal year 2021. The variance is primarily due to the increase in salary and fringe benefits in various divisions, the Speed Camera Program totaled (\$337,628), and increase in gasoline and contract costs totaled (\$121,026).

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

Public works expenses increased by \$955,526 due to the increase of (\$304,595) in contract costs in various divisions including the (\$30,130) cost of outside labor, (\$110,972) in contract work from the Sustainable Division, and (\$114,906) in contract work of the Urban Forest, and (\$48,587) in engineering work of the City Engineer. The salary and fringe benefit costs have increased significantly (\$550,240) as well as the cost of gasoline and diesel (\$60,643).

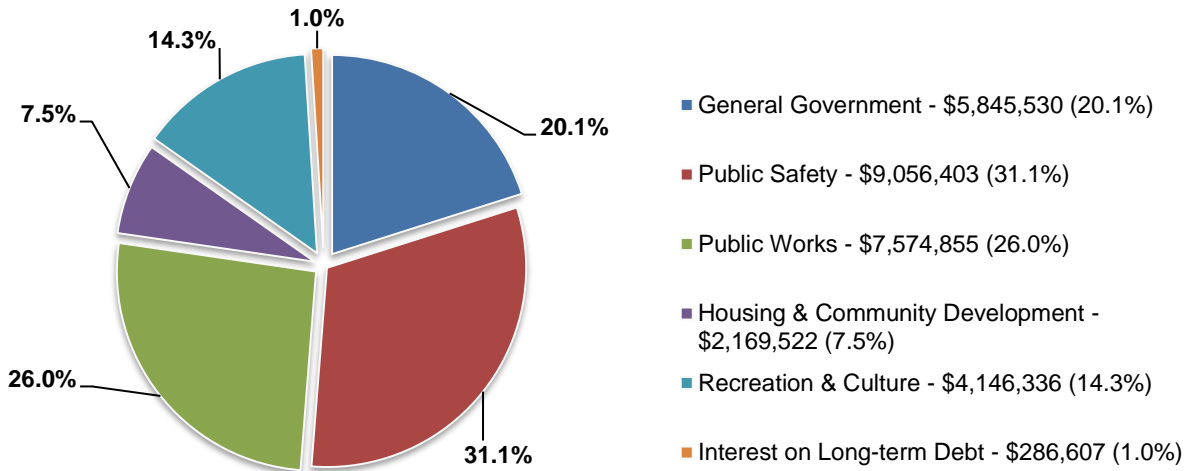
Housing and Community Development expenses increased by \$285,902 due primarily to the (\$124,445) increase in salary and fringe benefits. The expenses were further increased by the (\$45,099) contract - site improvement costs in the Planning Division.

Recreation and culture expenses increased by \$898,070 from fiscal year 2021 to fiscal year 2022. The increase was primarily due to an increase of (\$697,780) in salary and other fringe benefit expenses, and overall increase of (\$158,558) in recreation program and cultural activity costs due to the reopening of City programs in June 2022.

Interest on long-term debt decreased by \$11,746 from fiscal year 2021 to fiscal year 2022, due to the principal paydown of the City's three outstanding bond funds including the Transportation and Library Bond Series 2017 and the Community Center Bond Series 2015.

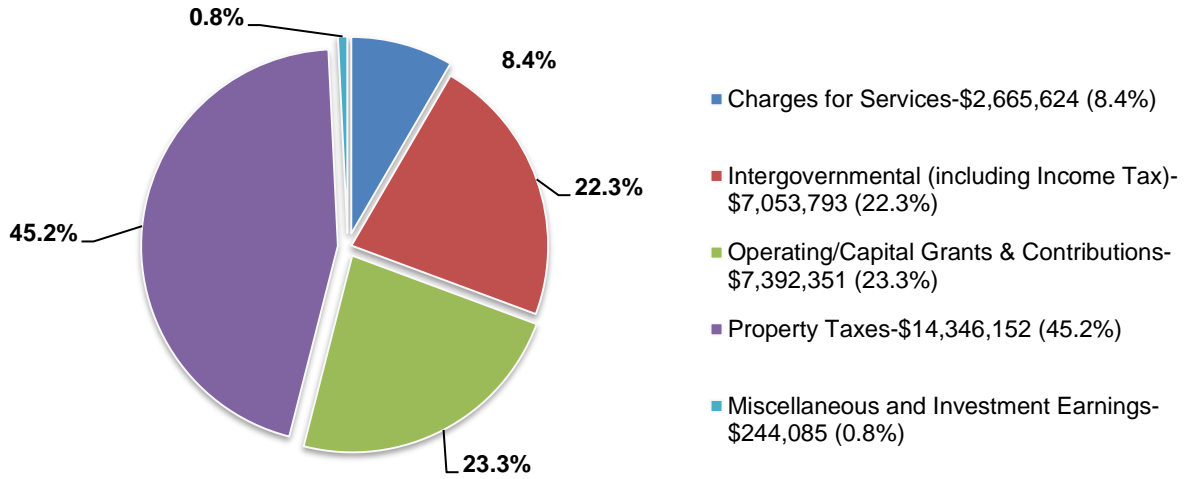
As shown previously, the cost of all governmental activities was \$29,079,253. Those who directly benefited from the services paid \$2,665,624 of the activity costs. The City also received operating and capital grants and contributions from other governments and organizations of \$7,392,351, which reduced the amount paid by City residents for certain services. The net cost of the City's governmental activities totaled \$19,021,278 and was funded with general revenues, including property taxes and intergovernmental revenues.

**EXPENSES
Fiscal Year Ended June 30, 2022**

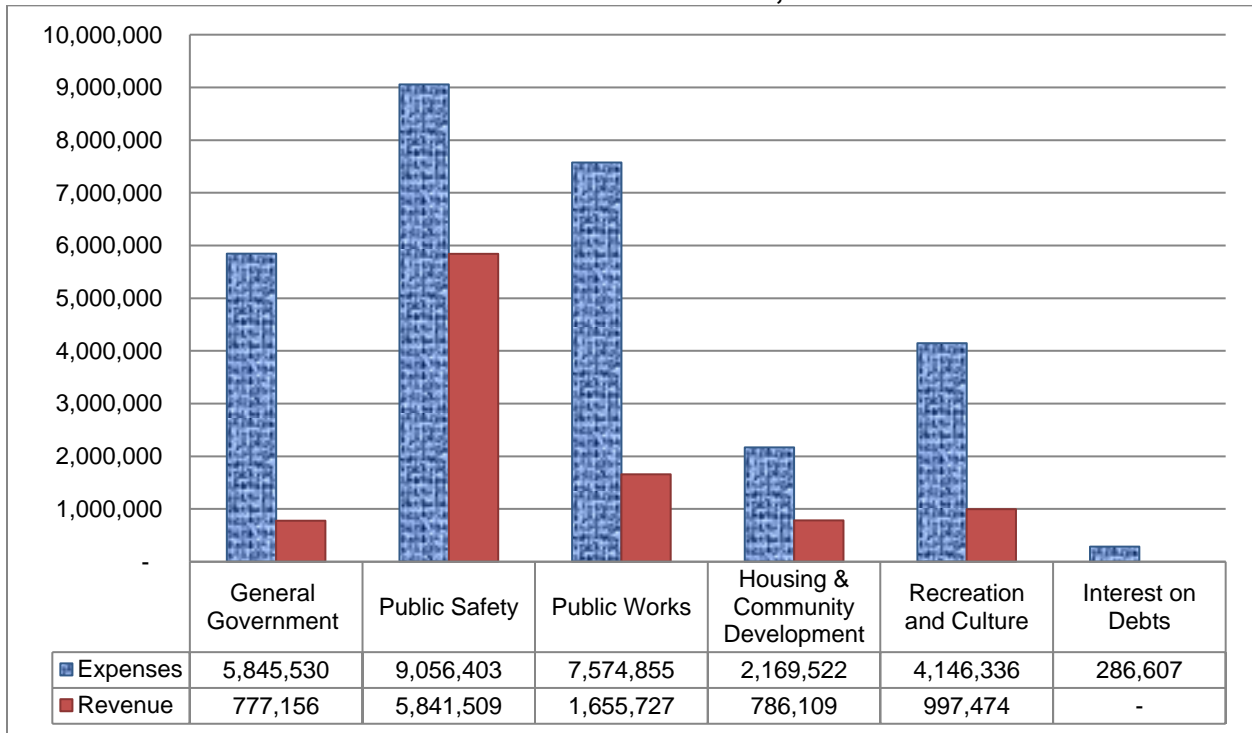


**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

**REVENUES
Fiscal Year Ended June 30, 2022**



**COMPARISON OF PROGRAM REVENUES VERSUS EXPENSES
Fiscal Year Ended June 30, 2022**



**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2022, the City's governmental funds had combined fund balances of \$25,458,772, an increase of \$1,275,196 from the prior year. Approximately 42.6% of the combined fund balance amount is restricted or considered "nonspendable" and is not available for new spending. The portion of the fund balance that is restricted or not available for spending totals \$10,842,726. The use of these funds is restricted for expenditures primarily for street improvement, the speed camera program, special revenue grants, and library construction.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, it had a total fund balance of \$20,324,069, an increase of \$911,875 from fiscal year 2021. The increase is due to the higher operating revenues over operating expenditures.

The General Fund fund balance includes \$97,555 which is restricted for street improvements, \$6,310,018 which is designated for bond payment, and \$20,060 which is nonspendable (e.g., deposits and prepaid expenditures). A portion of the General Fund fund balance, totaling \$9,297,995 or 45.7%, is committed for the following purposes:

• Equipment replacement	\$ 4,221,698
• Emergency	541,646
• Facility maintenance	399,881
• Housing fund reserve	844,837
• Designated – subsequent years	3,289,933

Due to the condition of deficiency of revenues over expenditure in the adopted budget of fiscal year 2023, the City is obligated to apply the deficit amount into designated funds in the reserve. Since the amount of \$3,289,933 is included in committed fund balance, it will avoid accidental misuse of obligated funds. The unassigned portion of the General Fund fund balance as of June 30, 2022 is \$4,598,441. The General Fund total fund balance is \$20,324,069.

Besides the General Fund, the City has three other major funds. The Speed Camera Fund was established to account for the activity related to the City's Safe Speed Program. Fines and fees collected during fiscal year 2022 totaled \$996,767. These fines and fees cover operational costs, including the contractual payments to the program vendor, other program administration costs including staffing, and ticket processing costs. Revenues not required for program administration costs

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

are restricted by law and must be used for public safety purposes. The Speed Camera Fund had a fund balance of \$667,314 at June 30, 2022. The entire fund balance is restricted for public safety purposes.

The Special Revenue Fund is also a major fund. This Fund was established primarily to account for revenue and expenditure activity related to the City's grant activities. The Special Revenue Fund had a fund balance of \$3,740,888 as of June 30, 2022. Most of the fund balance is restricted for the acquisition of cable equipment. The amount that is restricted for cable equipment is \$3,713,194. The remaining fund balance of \$27,694 is restricted for police-related expenditures allowed by the Department of Justice Equitable Sharing Program. The increase in the fund balance of the Special Revenue Fund is due to the \$137,378 excess of cable grant revenues over expenditures.

The ARPA Fund is a major fund added in fiscal year 2022. The City was awarded the funding from the United States Treasury, received the first tranche of \$8.7 million in fiscal year 2022, and is expected to receive the second tranche in fiscal year 2023. ARPA funding eligibility can be used in the primary categories per federal guidelines: public health and economic impacts, premium pay, investments in infrastructure, and standard allowance. This fund was established primarily to account for revenue and expenditure activities related to the City's grant activities and eligible use of standard allowance. As of June 30, 2022, the ARPA Fund had a fund balance of \$272 as the majority of the funding was transferred to unearned revenue. The City is eligible to use the remaining funding by fiscal year 2026.

The City has three non-major funds: the Stormwater Management Fund, the Rehabilitation Loans and Grants Fund, and the Facility Construction Fund.

The Stormwater Management Fund, which was established to account for revenue and expenditure activity related to the maintenance and construction of the City's stormwater systems, had a fund balance of \$719,610 as of June 30, 2022.

The Rehabilitation Loans and Grants Fund, which was established to account for activities related to loans and grants to assist low and moderate-income City homeowners in rehabilitating their homes to conform to locally adopted codes, had a fund balance of \$6,619 as of June 30, 2022. The entire fund balance is restricted and related to outstanding notes receivable.

The Facility Construction Fund was established to account for construction activities related to the City's community and municipal center. During fiscal year 2022, there was no construction activity related to the community and municipal center that used this fund. The Facility Construction Fund did not have a fund balance at June 30, 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, there were net decreases totaling \$2,974,639 in General Fund expenditure appropriations between the original and the final budget. The largest decrease in the appropriations was related to capital outlay. The net decrease in the budget for the capital outlay was \$4,258,101.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

These projects included the library construction (\$4,250,479) and street improvement (\$250,000). Similarly, there was a net decrease of (\$5.4 million) between the final budget and the actual expenditures. The largest decrease in expenditure was related to capital outlay, and the net decrease of actual from budget was (\$1.5 million). These projects included library construction (decreased \$74,824), equipment reserve expenditure (decreased \$595,837), building maintenance expenditures (decreased \$172,277), and sidewalk and street projects (decreased \$356,115). The reduction in appropriations was due to project delays. In addition, there were budget decreases in various departments including general government (increased \$585,424), public safety (increased \$170,894), public works (increased \$385,434), housing and community (decreased \$14,017), and recreation and culture (increased \$198,227). The reduction in the expenditure appropriation was primarily due to staff vacancies and cancellation of recreational and cultural activities during the recovery from COVID-19 pandemic.

On a budgetary basis, actual revenues for the fiscal year were more than the final amended budget by \$873,231. The increases were due to the personal property collection being higher than the budgeted amounts by \$91,130, and the income tax revenues were higher than the budgeted amount by \$448,155. The police rebate was \$371,190 higher than the budgeted amount due to the tax duplication adjustment provided by Montgomery County. Recreation charges for service revenues were below the budgeted amount by \$56,947.

Actual General Fund expenditures were \$5.4 million less than the revised budget authorization. General government expenditures were \$460,818 less than the final amended budget. The budget for general government includes expenditures (e.g., insurance premiums, workers' compensation, contingencies, and provision for allowance) that relate to all City functions. Anticipated expenditures for general contingencies were \$74,968 less than budgeted. Housing and Community Development Fund expenditures were \$620,094 less than budgeted, and partnership programs, workers' compensation insurance, and other fringe benefits expenditures were less than the budgeted totaling \$175,106.

Contractual services and personnel costs in legislative government, legal services, and other general government divisions were \$209,830 less than budgeted. City commissions and City attorney legal service contract costs were \$107,020 less than budgeted. Overall division personnel costs were \$79,156 less than budgeted.

Public safety expenditures were \$969,295 less than budgeted due mainly to lower than expected salary and fringe benefit costs of (\$883,318) in the operations, communication, and administration services divisions and the overall overtime reduction of (\$148,768) in the operations division.

Public works expenditures were \$832,310 less than budgeted. The variance was due to staff vacancies and lower than anticipated expenditures for contractor work. In the sustainability division, lower than anticipated expenditures in sustainability programs and climate resiliency contracts totaled \$336,843. In the building maintenance and solid waste division, lower than anticipated expenditures included personnel costs totaling \$244,414 primarily due to the vacancy and hiring of the new building

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

maintenance and waste management supervisors. In the City Engineer division, the engineering service cost and labor for subcontractor was \$200,606 less than budgeted.

Housing and community development expenditures were \$620,094 less than budgeted. Overall personnel costs were down \$366,716 due to vacant positions. Contract and program services were down \$132,606 due to delays in the implementation of projects that were deferred and lower than anticipated need for contracted services. In the planning division, the cost of Transit-Pedestrian Project costs, including the contract cost of streetscape improvements, were \$36,035 lower than budgeted.

Expenditures for recreation and culture were \$338,650 less than budgeted. Recreation and culture activities include those of the recreation, library, and communications departments. In the recreation divisions, the actual contract and program expenditures were \$173,336 lower than budgeted. The variance of \$142,119 in personnel costs was attributed to the overall staffing cost reduction due to program cancellation. The library's expenditures were \$78,880 under the budgeted amount mainly due to the reduction of personnel related salaries and fringe benefits, and book purchases.

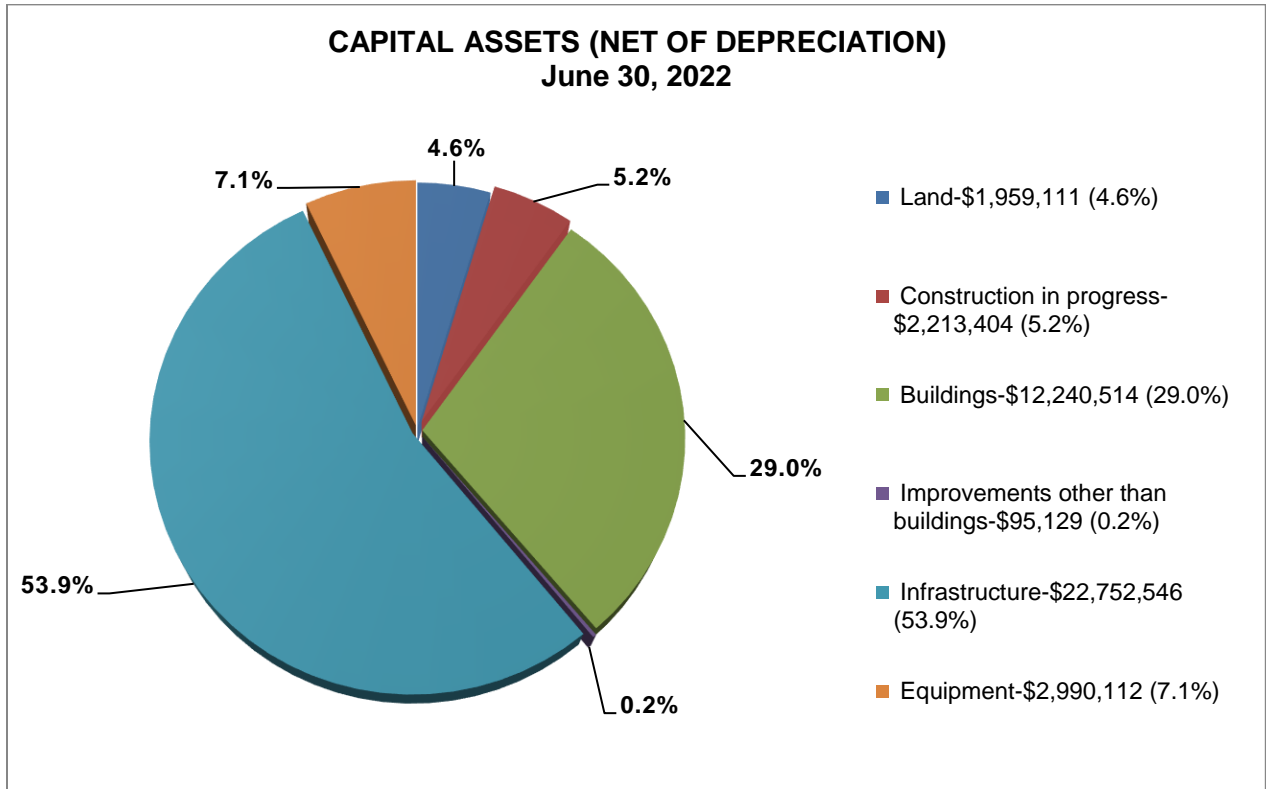
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the City's investment in capital assets (buildings, roads and other infrastructure, vehicles, and equipment) for its governmental activities totaled \$42,250,816 (net of accumulated depreciation). This amount represents an increase of \$40,568 from the prior year's ending total capital assets of \$42,210,248. The increase was attributable to asset additions of \$766,599 in construction in progress, \$1,755,313 in depreciable capital assets, and net of depreciation expense of \$2,597,430. The amount of asset disposal was \$146,881 during the year, and there has been no transfers from construction in progress to depreciable capital assets. Some of the asset additions made during the fiscal year included equipment for public safety (\$306,338), housing and information technology equipment (\$174,479), and media audio and video equipment (\$16,686). Infrastructure improvements totaling \$1,242,355 included new sidewalks, New Avenue Bikeway, WSSC Flower Avenue construction, and the Takoma Branch Stream restoration project. Further information on the City's capital assets is shown in following table:

	Governmental Activities	
	2022	2021
Capital Assets (net of depreciation)		
Land	\$ 1,959,111	\$ 1,959,111
Construction in progress	2,213,404	1,446,805
Buildings	12,240,514	11,652,937
Improvements other than buildings	95,129	1,741,210
Infrastructure	22,752,546	22,701,382
Equipment	2,990,112	2,708,803
TOTAL	\$ 42,250,816	\$ 42,210,248

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**



Additional information on the City's capital assets can be found in Note 10 - Capital Assets and Other Property on page 59 of this report.

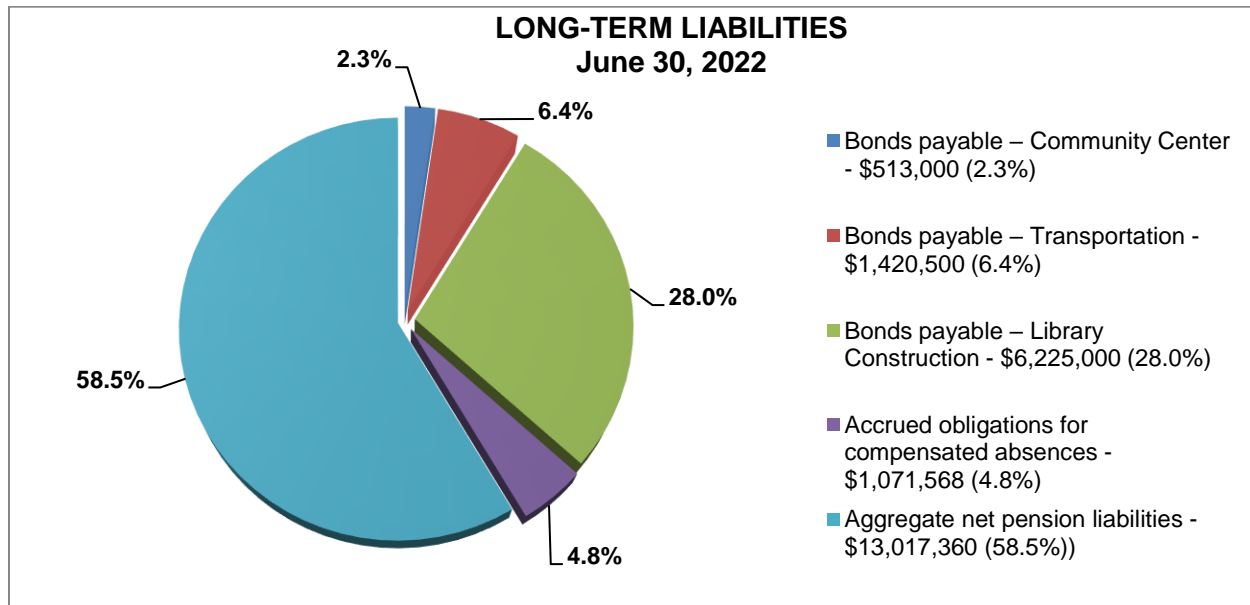
Debt Administration

At year-end, the City had \$9,230,068 in outstanding debt, a decrease of \$600,291 or about 6.1% from the prior year. The outstanding debt is comprised of long-term notes and bonds and accrued obligations for compensated absences. The decrease in outstanding debt was primarily due to the principal payments on existing debt totaling \$602,000, and a net increase of \$1,709 in compensated absences.

The City's aggregate net pension liability totaled \$13,017,360 at year-end, an increase of \$2,256,636 from the prior year. The increase of \$2,256,636 is the net difference between the \$1,339,503 decrease in the state pension plan liability and \$3,596,139 increase in the police pension plan liability. The significant increase in the police pension liability was due to the change in investment value of pension assets. The changes in liabilities are based on the actuarial valuations. Further information on the City's outstanding debt is shown in the following table. Information for the prior fiscal year is shown for comparative purposes.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

	Governmental Activities	
	2022	2021
LONG-TERM LIABILITIES:		
Loan payable - Maryland Department of Housing and Community Development	\$ -	\$ 150,000
Bonds payable – community center (2015)	513,000	674,000
Bonds payable – transportation (2017)	1,420,500	1,545,000
Bonds payable – library construction (2017)	6,225,000	6,391,500
Accrued obligations for compensated absences	1,071,568	1,069,859
Aggregate net pension liabilities	<u>13,017,360</u>	<u>10,760,724</u>
TOTAL	<u><u>\$ 22,247,428</u></u>	<u><u>\$ 20,591,083</u></u>



Additional information on the City's long-term debt can be found in Note 11 - Non-current Liabilities on pages 60-61 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATES

The following are some highlights of the adopted budget for the fiscal year beginning July 1, 2022:

- Real property tax rate remains the same as the last three years at \$0.5397 per \$100 of assessed valuation. Real property tax revenues increased by \$508,545 compared to fiscal year 2022 budgeted revenues.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

- Tax duplication ("In Lieu Of") payments from Montgomery County, with the inclusion of the police rebate, were adjusted to \$5,329,743 in fiscal year 2022. The payments in fiscal year 2023 will decrease by \$196,457 in fiscal year 2023, compared to the fiscal year 2022 adjusted amount.
- Staffing levels increased by 8.28 full-time equivalents. The net increase reflects the creation of two full-time positions and one half-time temporary position in the ARPA funded related programs, and an addition of one full-time temporary position in human resources. There was a position transfer from recreation to the manager's office, and three positions moved from police to housing and community development. There were also some adjustments in existing positions, primarily part-time staff, in public works (2.17), communications (0.38), and the library department (0.51).
- Anticipated General Fund expenditures of \$636,175 for streets and sidewalks include ADA city sidewalks (\$160,000), ADA SHA sidewalks (\$50,000), new sidewalk design and traffic calming (\$300,000), and street rehabilitation (\$126,175). The fiscal year 2023 cost of library design and renovation is expected to be \$5 million and is funded by the library bond and \$2.5 million cable grant.
- Continued funding of \$150,000 for the City's local supplement to the State Homeowner Property Tax Credit Program.
- Contribution of \$600,000 to replenish the Equipment Replacement Reserve. Funds from the Equipment Replacement Reserve will be used to replace vehicles and equipment, including seven police cars (\$447,615), body camera and taser equipment (\$32,154), a roll-off trailer (\$83,373), aerial lift equipment (\$48,439), the recreation bus (\$78,136), smartboards (\$30,000), fuel dispensing equipment (\$18,000), and server infrastructure (\$10,000).
- Contribution of \$128,000 will be made to the Facility Maintenance Reserve to replenish the funds used in the construction of the community center atrium floor. Funds from the Facility Maintenance Reserve will be used to upgrade the HVAC control system (\$40,000) and the floor coating for the walkway and parking area (\$15,000) of the community center.
- Financial support for the Community Festival and Fourth of July Festival total \$40,000, and \$135,000 is set aside for grant and partnership programs including emergency tree removal (\$35,000), farmers market grants (\$45,000), summer enrichment program (\$45,000), and community play (\$10,000).
- The City is expected to receive the second half of federal funding under ARPA totaling \$17.4 million in fiscal year 2023, with the first tranche received in fiscal year 2022. The ARPA Fund was created in fiscal year 2022 to respond to the needs of community due to the COVID-19 pandemic. It aims to support hardest-hit communities and lay the groundwork for an equitable economic recovery. Funding is provided for City operations and capital improvement projects as well, such as the community center renovation (\$1 million), recreation center Redevelopment (\$160,000), and street rehabilitation (\$273,825).

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2022**

- Funding is provided for Council priority programs such as the Housing Reserve Fund (\$100,000) in the General Fund, the City website upgrade, a long-term financial forecast, and the movement of the Code Enforcement Division from the Police Department to the Housing and Community Development Department.
- Funding in the amount of \$250,000 for Stormwater Fund expenditures for the construction, maintenance, and repair of storm drains, inlets, channels, and ditches in the second phase of Takoma Branch Stream restoration.
- Funding in the amount of \$3,326,500 in Special Revenue Funds for special projects, including the (\$2.5 million) library construction, (\$273,000) for neighborhood improvement, (\$313,500) for the New Hampshire Avenue Bikeway, (\$145,000) for the Recreation Center Design Grant, and (\$95,000) for Auditorium Lighting and Cable equipment replacement.
- Anticipated expenditure of \$336,000 from Speed Camera Fund revenues. Expenditures include the purchase of bike patrol unit equipment (\$6,000), the station renovation (\$30,000) for the Police Department, and ADA SHA sidewalks (\$300,000).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact the City of Takoma Park Finance Department, 7500 Maple Avenue, Takoma Park, Maryland 20912 or 301-891-7212.

**CITY OF TAKOMA PARK, MARYLAND
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 24,400,806	\$ 14,784,673
Investments	3,134,640	3,772,849
Restricted investments	6,506,720	7,968,565
Receivables, net:		
Taxes	211,131	257,213
Notes	5,273	5,273
Other	76,105	-
Due from other governments	3,078,497	2,554,453
Other assets	20,060	242
Total Current Assets	<u>37,433,232</u>	<u>29,343,268</u>
Noncurrent Assets:		
Capital assets net:		
Non depreciable	4,172,515	3,405,916
Depreciable	38,078,301	38,804,332
Total Noncurrent Assets	<u>42,250,816</u>	<u>42,210,248</u>
TOTAL ASSETS	<u>79,684,048</u>	<u>71,553,516</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	5,547,547	2,064,024
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,547,547</u>	<u>2,064,024</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 85,231,595</u>	<u>\$ 73,617,540</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,626,826	\$ 2,510,518
Accrued expenditures	436,528	377,803
Accrued interest	69,007	71,709
Deposits and escrows held	192,719	172,633
Due to other units of government	208,869	208,869
Unearned revenue	7,588,549	285,449
Bonds and notes payable - current	462,000	602,000
Compensated absences - current	467,618	497,416
Total Current Liabilities	<u>11,052,116</u>	<u>4,726,397</u>
Noncurrent Liabilities:		
Bonds and loans payable	7,696,500	8,158,500
Compensated absences	603,949	572,442
Net pension liability	13,017,360	10,760,724
Total Noncurrent Liabilities	<u>21,317,809</u>	<u>19,491,666</u>
TOTAL LIABILITIES	<u>32,369,925</u>	<u>24,218,063</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	6,284,421	5,444,980
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,284,421</u>	<u>5,444,980</u>
NET POSITION		
Net investment in capital assets	34,092,316	33,599,748
Restricted:		
General government	301,956	-
Public safety	667,314	567,456
Cable equipment	3,713,196	3,575,817
Loans	6,619	6,819
Streets	4,719,134	6,632,730
Emergency expenses	541,646	541,646
Housing	845,109	645,668
Justice forfeiture	27,692	27,693
Unrestricted (deficit)	1,662,267	(1,643,080)
TOTAL NET POSITION	<u>46,577,249</u>	<u>43,954,497</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 85,231,595</u>	<u>\$ 73,617,540</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Data for the Year Ended June 30, 2021)**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	
		2022	2021	2022	2021	
GOVERNMENTAL ACTIVITIES						
General government	\$ 5,845,530	\$ 254,157	\$ 338,866	\$ 184,133	\$ (5,068,374)	\$ (5,327,651)
Public safety	9,056,403	996,767	4,844,742	-	(3,214,894)	(2,815,713)
Public works	7,574,855	835,710	820,017	-	(5,919,128)	(5,072,357)
Housing and community development	2,169,522	320,950	465,159	-	(1,383,413)	(1,239,407)
Recreation and culture	4,146,336	258,040	739,434	-	(3,148,862)	(2,718,640)
Interest on long-term debt	286,607	-	-	-	(286,607)	(298,353)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 29,079,253	\$ 2,665,624	\$ 7,208,218	\$ 184,133	(19,021,278)	(17,472,121)
GENERAL REVENUES						
Taxes:						
					14,200,154	13,877,603
					462,547	305,872
					4,721,563	4,187,483
					72,084	88,799
					1,943,597	591,416
					(21,465)	26,152
					18,343	-
					247,207	101,059
					<u>21,644,030</u>	<u>19,178,384</u>
					2,622,752	1,706,263
					<u>43,954,497</u>	<u>42,248,234</u>
					<u>\$ 46,577,249</u>	<u>\$ 43,954,497</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TAKOMA PARK, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022
(With Summarized Comparative Data for June 30, 2021)

	General Fund	Speed Camera Fund	Special Revenue Fund	ARPA Fund	Non-Major Governmental Fund	Totals 2022	Totals 2021
ASSETS							
Cash and cash equivalents	\$ 10,783,630	\$ 5,429,176	\$ -	\$ 7,364,246	\$ 823,754	\$ 24,400,806	\$ 14,784,673
Investments	3,134,640	-	-	-	-	3,134,640	3,772,849
Restricted investments	6,506,720	-	-	-	-	6,506,720	7,968,565
Receivables, net:							
Taxes	211,131	-	-	-	-	211,131	205,754
Notes	-	-	-	-	5,273	5,273	5,273
Other	49,844	-	-	-	26,261	76,105	51,459
Due from other funds	4,986,989	-	3,939,567	-	239,860	9,166,416	8,148,065
Due from other governments	2,663,123	-	413,024	-	2,350	3,078,497	2,554,453
Other assets	20,060	-	-	-	-	20,060	242
TOTAL ASSETS	\$ 28,356,137	\$ 5,429,176	\$ 4,352,591	\$ 7,364,246	\$ 1,097,498	\$ 46,599,648	\$ 37,491,333
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 1,302,404	\$ 89,037	\$ 89,280	\$ 13,719	\$ 132,386	\$ 1,626,826	\$ 2,510,518
Accrued expenditures	421,326	8,428	-	4,459	2,315	436,528	377,803
Deposits and escrows held	182,688	-	8,185	-	1,846	192,719	172,633
Due to other funds	3,910,385	4,664,397	-	589,496	2,138	9,166,416	8,148,065
Due to other units of government	-	-	-	-	208,869	208,869	208,869
Unearned revenue	318,011	-	514,238	6,756,300	-	7,588,549	285,449
TOTAL LIABILITIES	6,134,814	4,761,862	611,703	7,363,974	347,554	19,219,907	11,703,337
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	1,897,254	-	-	-	23,715	1,920,969	1,604,420
FUND BALANCES:							
Nonspendable	20,060	-	-	-	-	20,060	242
Restricted	6,407,573	667,314	3,740,888	272	6,619	10,822,666	10,810,515
Committed	9,297,995	-	-	-	-	9,297,995	5,669,561
Assigned	-	-	-	-	719,610	719,610	593,597
Unassigned	4,598,441	-	-	-	-	4,598,441	7,109,661
TOTAL FUND BALANCES	20,324,069	667,314	3,740,888	272	726,229	25,458,772	24,183,576
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 28,356,137	\$ 5,429,176	\$ 4,352,591	\$ 7,364,246	\$ 1,097,498	\$ 46,599,648	\$ 37,491,333

The accompanying notes are an integral part of these financial statements.

**CITY OF TAKOMA PARK, MARYLAND
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
JUNE 30, 2022**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 25,458,772
----------------------------------	--	---------------

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.		42,250,816
---	--	------------

Some of the City's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		1,920,969
---	--	-----------

Some liabilities are not payable in the current period and, therefore, are not reported in the funds. Those items consist of:

Interest payable	\$ (69,007)		
Compensated absences	(1,071,567)		
Bonds and notes payable	(8,158,500)		
Net pension liability	<u>(13,017,360)</u>		(22,316,434)

Deferred inflows and outflows of resources related to the City's net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes of benefit terms, and changes of assumptions. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows of resources - pension	5,547,547		
Deferred inflows of resources - pension	<u>(6,284,421)</u>		<u>(736,874)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 46,577,249</u>
---	--	----------------------

The accompanying notes are an integral part of these financial statements.

CITY OF TAKOMA PARK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Data for the Year Ended June 30, 2021)

	General Fund	Speed Camera Fund	Special Revenue Fund	ARPA Fund	Non-Major Funds	Totals 2022	Totals 2021
REVENUES							
Taxes and utility fees	\$ 19,067,715	\$ -	\$ -	\$ -	\$ -	\$ 19,067,715	\$ 18,320,303
Licenses and permits	72,084	-	-	-	-	72,084	88,799
Fines and forfeitures	140,273	996,767	-	-	-	1,137,040	987,837
Use of money and property	(22,261)	796	-	-	-	(21,465)	26,152
Charges for services	776,884	-	-	-	751,700	1,528,584	1,054,520
Intergovernmental	7,800,039	-	744,247	791,662	-	9,335,948	7,127,078
Miscellaneous	133,771	-	107,993	272	5,171	247,207	74,015
TOTAL REVENUES	<u>27,968,505</u>	<u>997,563</u>	<u>852,240</u>	<u>791,934</u>	<u>756,871</u>	<u>31,367,113</u>	<u>27,678,704</u>
EXPENDITURES							
General government	4,939,898	-	-	326,503	200	5,266,601	5,282,779
Public safety	8,520,321	841,715	-	-	-	9,362,036	9,204,769
Public works	5,419,604	-	100,000	-	552,760	6,072,364	5,068,425
Housing and community development	1,475,306	-	152,314	465,159	-	2,092,779	1,596,613
Recreation and culture	3,879,671	-	-	-	-	3,879,671	3,128,359
Capital outlay	1,883,864	55,990	462,548	-	143,098	2,545,500	3,270,119
Debt service:							
Principal	602,000	-	-	-	-	602,000	442,000
Interest	289,309	-	-	-	-	289,309	300,990
TOTAL EXPENDITURES	<u>27,009,973</u>	<u>897,705</u>	<u>714,862</u>	<u>791,662</u>	<u>696,058</u>	<u>30,110,260</u>	<u>28,294,054</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>958,532</u>	<u>99,858</u>	<u>137,378</u>	<u>272</u>	<u>60,813</u>	<u>1,256,853</u>	<u>(615,350)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	65,000	65,000	-
Transfers out	(65,000)	-	-	-	-	(65,000)	-
Proceeds from sale of capital assets and equipment	18,343	-	-	-	-	18,343	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(46,657)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>18,343</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	911,875	99,858	137,378	272	125,813	1,275,196	(615,350)
FUND BALANCES, BEGINNING OF YEAR	<u>19,412,194</u>	<u>567,456</u>	<u>3,603,510</u>	<u>-</u>	<u>600,416</u>	<u>24,183,576</u>	<u>24,798,926</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,324,069</u>	<u>\$ 667,314</u>	<u>\$ 3,740,888</u>	<u>\$ 272</u>	<u>\$ 726,229</u>	<u>\$ 25,458,772</u>	<u>\$ 24,183,576</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TAKOMA PARK, MARYLAND
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,275,196

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

Governmental funds report capital outlays 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 effect of these differences:

Capital outlays	\$ 2,637,997	
Depreciation expense	<u>(2,597,429)</u>	40,568

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 316,549

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. 602,000

Some expenses reported 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:

Accrued interest payable	2,702	
Compensated absences	<u>(1,709)</u>	993

Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the changes in the actuarially determined net pension liability, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 387,446

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,622,752

The accompanying notes are an integral part of these financial statements.

**CITY OF TAKOMA PARK, MARYLAND
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Taxes and utility fees	\$ 18,473,270	\$ 18,473,270	\$ 19,067,715	\$ 594,445
Licenses and permits	104,500	104,500	72,084	(32,416)
Fines and forfeitures	176,000	176,000	140,273	(35,727)
Unrealized loss on investment	49,240	5,240	(22,261)	(27,501)
Charges for services	808,331	808,331	776,884	(31,447)
Intergovernmental	7,464,933	7,464,933	7,800,039	335,106
Miscellaneous	63,000	63,000	133,771	70,771
TOTAL REVENUES	<u>27,139,274</u>	<u>27,095,274</u>	<u>27,968,505</u>	<u>873,231</u>
EXPENDITURES				
General government	3,893,656	4,479,080	4,939,898	(460,818)
Public safety	9,318,722	9,489,616	8,520,321	969,295
Public works	5,866,480	6,251,914	5,419,604	832,310
Housing and community development	2,109,417	2,095,400	1,475,306	620,094
Recreation and culture	4,020,094	4,218,321	3,879,671	338,650
Capital outlay	7,619,002	3,360,901	1,883,864	1,477,037
Nondepartmental	1,702,417	1,659,917	-	1,659,917
Debt service:				
Principal	602,000	602,000	602,000	-
Interest	269,460	269,460	289,309	(19,849)
TOTAL EXPENDITURES	<u>35,401,248</u>	<u>32,426,609</u>	<u>27,009,973</u>	<u>5,416,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,261,974)</u>	<u>(5,331,335)</u>	<u>958,532</u>	<u>6,289,867</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(65,000)	(65,000)	(65,000)	-
Proceeds from sale of capital assets	-	-	18,343	18,343
TOTAL OTHER FINANCING SOURCES (USES)	<u>(65,000)</u>	<u>(65,000)</u>	<u>(46,657)</u>	<u>18,343</u>
NET CHANGE IN FUND BALANCE	<u>\$ (8,326,974)</u>	<u>\$ (5,396,335)</u>	911,875	<u>\$ 6,308,210</u>
FUND BALANCE, BEGINNING OF YEAR			19,412,194	
FUND BALANCE, END OF YEAR			<u>\$ 20,324,069</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF TAKOMA PARK, MARYLAND
BUDGETARY COMPARISON STATEMENT - SPEED CAMERA FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Fines and forfeitures	\$ 800,000	\$ 800,000	\$ 996,767	\$ 196,767
Use of money and property	1,000	1,000	796	(204)
TOTAL REVENUES	<u>801,000</u>	<u>801,000</u>	<u>997,563</u>	<u>196,563</u>
EXPENDITURES				
Public safety	823,762	823,762	841,715	(17,953)
Capital outlay	51,000	51,000	55,990	(4,990)
TOTAL EXPENDITURES	<u>874,762</u>	<u>874,762</u>	<u>897,705</u>	<u>(22,943)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (73,762)</u>	<u>\$ (73,762)</u>	99,858	<u>\$ 173,620</u>
FUND BALANCE, BEGINNING OF YEAR			<u>567,456</u>	
FUND BALANCE, END OF YEAR			<u>\$ 667,314</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF TAKOMA PARK, MARYLAND
BUDGETARY COMPARISON STATEMENT - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$ 7,257,755	\$ 1,922,264	\$ 744,247	\$ (1,178,017)
Miscellaneous	45,000	45,000	107,993	62,993
TOTAL REVENUES	<u>7,302,755</u>	<u>1,967,264</u>	<u>852,240</u>	<u>(1,115,024)</u>
EXPENDITURES				
Public works	-	-	100,000	(100,000)
Housing and community development	136,000	136,000	152,314	(16,314)
Capital outlay	1,109,510	1,109,510	462,548	646,962
TOTAL EXPENDITURES	<u>1,245,510</u>	<u>1,245,510</u>	<u>714,862</u>	<u>530,648</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,057,245</u>	<u>\$ 721,754</u>	137,378	<u>\$ (584,376)</u>
FUND BALANCE, BEGINNING OF YEAR			3,603,510	
FUND BALANCE, END OF YEAR			<u>\$ 3,740,888</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF TAKOMA PARK, MARYLAND
STATEMENTS OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,692,381	\$ 992,384
Investments	<u>19,604,195</u>	<u>23,700,963</u>
TOTAL ASSETS	<u>\$ 21,296,576</u>	<u>\$ 24,693,347</u>
 LIABILITIES AND NET POSITION		
LIABILITIES		
Benefits payable	\$ -	\$ -
 NET POSITION		
Held in trust for pension benefits	<u>21,296,576</u>	<u>24,693,347</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 21,296,576</u>	<u>\$ 24,693,347</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TAKOMA PARK, MARYLAND
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,226,807	\$ 1,373,752
State aid	216,540	230,106
Total Contributions	<u>1,443,347</u>	<u>1,603,858</u>
Investment income:		
Net increase (decrease) in fair value of investments	(4,262,276)	4,526,504
Investment earnings	621,976	769,590
Net investment income (loss)	<u>(3,640,300)</u>	<u>5,296,094</u>
 TOTAL ADDITIONS	 (2,196,953)	 6,899,952
 DEDUCTIONS		
Benefits paid	1,155,926	1,025,090
Administrative expense	43,892	25,509
TOTAL DEDUCTIONS	<u>1,199,818</u>	<u>1,050,599</u>
 CHANGE IN NET POSITION	 (3,396,771)	 5,849,353
 NET POSITION RESTRICTED FOR PENSIONS, BEGINNING OF YEAR	 <u>24,693,347</u>	 <u>18,843,994</u>
 NET POSITION RESTRICTED FOR PENSIONS, END OF YEAR	 <u>\$ 21,296,576</u>	 <u>\$ 24,693,347</u>

The accompanying notes are an integral part of these financial statements.

Notes to Basic Financial Statements

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Takoma Park, Maryland (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. A summary of significant accounting policies followed by the City are presented below.

Reporting Entity

The City was incorporated in 1890 with its legal authority derived from Chapter 310, Section 2 of the Annotated Code of Maryland. The City is construed to mean both the City and its inhabitants. Since 1989, the City has operated under the Council-Manager form of government. Services provided include refuse, streets and drainage, recreation and parks, police, planning, community development, and housing services.

For financial reporting purposes, in conformance with GAAP, the reporting entity includes the City Council, the primary government, and the following fiduciary funds:

- City of Takoma Park Police Employees' Retirement Plan (Pension Trust)
- City of Takoma Park Employees 401(a) Plan (Defined Contribution Plan)

The City has no component units as defined by generally accepted accounting principles.

Additional information and actuarial reports for the pension plan and additional plan information for the 401(a) plan may be obtained from the City Clerk's office, 7500 Maple Avenue, Takoma Park, Maryland 20912.

Government-wide and Fund Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the City. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are that interfund services provided and used are not eliminated in the process of consolidation. Governmental activities are those which are supported by taxes and intergovernmental revenues, whereas business-type activities are those supported through customer service charges. The City does not have any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those specifically associated with a program or function. Program revenues include charges for services and grants and contributions restricted to the capital or operational requirements of specific programs or functions. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Separate financial statements are shown for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized in the year of levy, and grants are recognized when all eligibility requirements are met. For pension trust funds, employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Governmental fund statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction that can be determined, and available means collected within 60 days of the year-end. Expenditures are recorded when the related liability is incurred as in the accrual basis of accounting. However, principal and interest on long-term debt and expenditures for compensated absences are recorded when the payments are due.

Those revenues susceptible to accrual are property taxes, taxes collected by the state and county on behalf of the City, franchise taxes, revenues from other agencies, interest revenue, and charges for services. Fines and forfeitures, licenses, permits, penalties and interest (on property taxes), and other revenues become measurable and available when cash is received by the City and are recognized as revenue at that time.

The City has four major governmental funds: General Fund, Speed Camera Fund, Special Revenue Fund, and American Rescue Plan Act (ARPA) Fund. The General Fund accounts for the normal recurring activities of the City such as police, public works, recreation and parks, general government, etc. These activities are financed primarily by property taxes, other taxes, service charges, and grants from other governmental units. The Speed Camera Fund accounts for the financial activity related to the City's speed enforcement cameras. The Special Revenue Fund was established to account for the financial activity of proceeds of special revenue sources that are legally restricted to expenditure for specific purposes. The ARPA Fund accounts for the financial sources from the ARPA Fund grant and the related expenditures. During fiscal year 2022, most Special Revenue Fund revenues came from cable companies for upgrading cable equipment. Other Special Revenue Fund revenues

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

included the Community Development Block Grants, Washington Suburban Sanitary Commission grant for water main design work for Flower Avenue, and highway funds for Safe Routes to School projects. There are three non-major governmental funds: the Stormwater Management Fund, the Rehabilitation Loans and Grants Fund, and the Facility Construction Fund. The Stormwater Management Fund was established to track the financial activity related to construction of the City's stormwater management facilities. The Rehabilitation Loans and Grants Fund accounts for the financial activity related to the City's rehabilitation loans and grants. The Facility Construction Fund accounts for the financial activity related to the construction of the City's facilities. The Fiduciary Fund accounts for the financial activity of the City's Police Employees' Retirement Plan and the City's defined contribution pension plan.

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

Assets, Liabilities, Deferred Inflows and Outflows of Resources, Net Position, and Fund Balances

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months at the time of purchase. All cash, cash equivalents, and investments are reported at fair value except for the position in the Maryland Local Government Investment Pool (MLGIP). The MLGIP operates 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 MLGIP qualifies as a 2(a)7-like pool and is reported using the amortized cost method. Cash deposits of the City are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping of these deposits.

Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, obligations of federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the State of Maryland. The Pension Trust Funds are also authorized to invest in corporate bonds and notes, preferred stocks, and common stocks. Assets in the Pension Trust Funds are also reported at fair value.

Receivables and Payables

Property taxes are reported at their estimated collectible value. The following summarizes the property tax calendar:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

	Real Property	Personal and Corporate
Assessment roll validated	December 31	January 1
Tax rate ordinance approved	June 30	June 30
Beginning of fiscal year for which taxes have been levied	July 1	July 1
Tax bills rendered and due	July 1	On County bill
Owner-occupied residential	July 1 and January 1	July 1 and January 1
Property taxes payable:		
Delinquent	October 1, January 1	After 30 days
Terms	60 days	30 days
Delinquent interest, per month	2/3 of 1%	2/3 of 1%

Information presented is for a "full year" levy. "Half year" levy dates are each six months later and relate to new construction in the first six months of the calendar year. A lien is attached to property on the billing date and sold at tax sale by the end of 18 months.

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience bad debt. Receivables are shown net of such an allowance for uncollectibles. Real property taxes are generally fully collectible.

Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure such as roads, storm drains, and pipe systems, are reported in the governmental activities in the government-wide financial statements. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the City has included infrastructure. The City defines capital assets as those which have an individual acquisition cost or donated value of at least \$5,000 (except for infrastructure which is \$100,000) and an estimated useful life of three years or more. Such assets are valued at historical or estimated historical cost if actual cost is not available. Donated assets are stated at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add value or extend asset lives are not capitalized.

Intangible assets are capitalized at historical cost or acquisition value, if donated. Capitalization thresholds are \$500,000 for internally generated computer software, \$250,000 for other computer software, and \$100,000 for land use rights and other intangible assets such as patents, trademarks, and copyrights.

Expenditures for major assets and improvements are capitalized as the assets are acquired or constructed. Interest on debt during the construction period is capitalized. Exhaustible

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

capital assets are depreciated, which is charged as an expense against their operations. Land is not an exhaustible asset and is a non-depreciable asset. Accumulated depreciation is reported in the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. Intangible assets are amortized over their useful lives using the straight-line method if they do not have indefinite useful lives. Estimated useful lives are as follows:

Buildings	20 - 40 years
Improvements other than buildings	25 - 50 years
Equipment	4 - 10 years
Infrastructure	25 - 50 years

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the governmental fund financial statements, the face amount of newly issued debt is reported as other financing sources, and the amount of principal repayment is reported as an expenditure.

Compensated Absences

Full-time employees earn 4.62 hours of sick leave for each pay period. 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 under the Pension Plan of the State of Maryland. No liability is recorded for non-vesting accumulated rights to receive sick pay benefits, as the City does not pay these amounts when employees separate from service.

Employees earn annual vacation leave at the rate of 12 days per year for up to five years of service; 18 days per year for five to 10 years of service; and 24 days per year for over 10 years of service. Vested vacation is accrued when earned by employees, and a liability is recorded in the government-wide statements. All outstanding vacation, not to exceed 240 hours, is payable upon separation of service.

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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Net Position

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, and reduced or increased by deferred inflows and outflows attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation and are reduced by liabilities and deferred inflows of resources related to those constraints.

Unrestricted net position – Consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as needed.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of restrictions imposed externally by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by the City Charter, City Code, or enabling legislation.

Committed – amounts that can be used only for specific purposes determined by a formal action (ordinance) by City Council, the City's highest level of decision-making authority, and can only be changed by a formal action by City Council ordinance.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assigned – amounts that are constrained by the City's intent that they will be used for specific purposes but are neither restricted nor committed. Pursuant to the City Charter, the City Manager and the City Council are authorized to assign amounts for specific purposes.

Unassigned – all amounts not included in other spendable classifications.

It is the City's policy to maintain minimum unassigned balance of no less than 17% of the City's General Fund total revenue. In the event that the unassigned fund balance drops below the minimum level, the City shall plan to adjust budget resources in the subsequent fiscal year(s) to restore the balance. If fund equity exceeds the minimum level, the excess is available for appropriation.

The City considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The City also considers committed fund balances to be spent first, assigned fund balances to be spent second, and unassigned fund balances be spent last when other unrestricted fund balance classifications are available for use.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

1. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The budget ordinance becomes effective July 1 and provides spending authority for the operations of the City government.
3. In compliance with the City Charter, a general expenditure contingency (equal to at least 0.5% of total budgeted revenue for the general fund) is budgeted. The account is maintained to meet extraordinary or unanticipated expenditures as directed by the Council.
4. The City Manager may reallocate expenditures within the budget adopted by the Council, subject to such restrictions as the Council shall impose by ordinance. Subsequent to passage of the budget ordinance, the City Council must approve additional expenditures.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

5. At the end of the fiscal year, unencumbered appropriations lapse.
6. The annual budgets for the General, Stormwater Management, Speed Camera Fund, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary control is maintained at the fund level. An annual budget is not adopted for the Rehabilitation Loans and Grants Fund, ARPA Fund, and the Facility Construction Fund.
7. The budget information presented in the accompanying basic financial statements includes all budget ordinances and amendments as approved by the City Council for the fiscal year ended June 30, 2022.

Expenditures Over Appropriations

For the year ended December 31, 2022, expenditures over appropriations were as follows:

	<u>General Fund</u>	<u>Speed Camera Fund</u>	<u>Special Revenue Fund</u>
General government	\$ 460,818	\$ -	\$ -
Public safety	-	17,953	-
Public works	-	-	100,000
Housing and community development	-	-	16,314
Capital outlay	-	4,990	-
Debt service - interest	19,849	-	-

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash on Hand

At year-end, cash on hand for petty cash and change funds was \$1,376.

Deposits

At year-end, the carrying amount of the City's deposits was \$26,091,811, and the corresponding bank balances were \$26,914,573. Of the bank balances, \$318,622 was covered by Federal Depository Insurance, and \$26,595,951 was covered by collateral held in the pledging bank's trust department in the City's name. The City was not exposed to custodial credit risk as of June 30, 2022.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (cont'd)

Investments

At June 30, 2022, the City's investment balances by type were as follows:

	Credit Rating	Fair Value	Investment Maturities (In Years)		
			Less than 1	1 - 5	More than 5
Equities*	N/A	\$12,810,844	\$ -	\$12,810,844	\$ -
Certificates of Deposit	Not Rated	1,711,430	1,043,728	667,702	-
Bond Trustee Account***	N/A	6,506,720	6,506,720	-	-
MLGIP***	AAA	1,423,210	1,423,210	-	-
Collective Investment Trust*	N/A	476,252	-	476,252	-
Fixed Income*	**	6,317,099	-	6,317,099	-
Total Investments		\$29,245,555	\$ 8,973,658	\$20,271,897	\$ -

* Included in fiduciary funds.

** 57.1% of portfolio is rated AAA; 4.6% is rated AA; 10.1% is rated A; 18.7% is rated BBB; 6.8% is rated BB; 1.1% is rated B; 0.4% is rated CCC; and 1.2% is not rated.

*** Pooled investments carried at amortized cost.

Restricted Investments

At June 30, 2022, the City's restricted investment balance included the Bond Trustee Account, which restricts the use of funds for transportation projects and library renovation related to the Series 2017 Bond issue.

Reconciliation of Cash, Cash Equivalents, and Investments as Shown on the Statement of Net Position

Cash on hand	\$ 1,376
Carrying amount of deposits	26,091,811
Carrying amount of investments	29,245,555
Total cash, cash equivalents, and investments	55,338,742
Less fiduciary funds	21,296,576
Total Cash, Cash Equivalents, and Investments per Statement of Net Position	\$ 34,042,166
Cash and cash equivalents	\$ 24,400,806
Investments	3,134,640
Restricted investments	6,506,720
Total Cash, Cash Equivalents, and Investments per Statement of Net Position	\$ 34,042,166

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (cont'd)

Investment Interest Rate Risk

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. To limit the City's exposure to fair value losses arising from increasing interest rates, the City's investment policy limits the term of investment maturities except in the fiduciary funds, for which longer term maturities are allowed to match the cash flow of liabilities. The City's management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original cost for that purpose. The investments at June 30, 2022 met the City's investment policy as of that date.

The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments, and realized gains and losses of the current period include unrealized amounts from prior periods.

Credit Risk

The City follows GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which requires disclosure of specific criteria regarding external investment pools. The City invests in the MLGIP, which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland. The MLGIP seeks to maintain a constant 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 City's policy is to attain a rate of return consistent with credit risk. All investments in U.S. Government Agencies Bonds are rated AAA by Standard & Poor's as of June 30, 2022. The MLGIP is rated AAA by Standard & Poor's. The repurchase agreements are guaranteed by financial institutions that are rated AAA by Standard & Poor's. The City places no limit on the amount the City may invest in any one issuer. The fiduciary fund investments have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The City's investments were \$1,423,210 in MLGIP, \$6,506,720 in Bond Trustee Account, \$12,810,843 in direct securities, \$1,711,430 in certificates of deposit, \$476,252 in Collective Investment Trust, and \$6,317,099 in fixed income funds. At June 30, 2022, all of the City's investments were insured or registered, or the securities were held by the City or its agent in the City's name or were invested in MLGIP.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 FAIR VALUE MEASUREMENTS

The City has adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value:

- Level 1 - quoted market prices in active markets
- Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
- Level 3 - unobservable inputs

The City has the following recurring fair value measurements as of June 30, 2022:

- Amounts invested in equities of \$12,810,844 and fixed income of \$6,317,099 are comprised of securities valued using quoted market prices (Level 1) which are then allocated to position holders. These funds are required to publish their daily net asset value and to transact at that price.
- Amounts invested in certificates of deposit of \$1,711,430 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.

The following table presents the financial assets that the City measures at fair value or amortized cost:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments by fair value level:				
Equities	\$ 12,810,844	\$ -	\$ -	\$ 12,810,844
Certificates of deposit	-	1,711,430	-	1,711,430
Fixed income	<u>6,317,099</u>	<u>-</u>	<u>-</u>	<u>6,317,099</u>
Total Investments by Fair Value Level	<u>\$ 19,127,943</u>	<u>\$ 1,711,430</u>	<u>\$ -</u>	<u>\$ 20,839,373</u>
Investments carried at amortized cost:				
MLGIP				1,423,210
Bond trustee account				6,506,720
Collective investment trust				<u>476,252</u>
Total Investments				<u>\$ 29,245,555</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 PROPERTY TAXES

Real and personal property taxes are levied at rates enacted by the City Council in the annual budget ordinance on the assessed value of the property as determined by the Maryland State Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings.

The real, personal property, and public utility tax rate for fiscal year 2022 was \$0.5397 per \$100, \$1.55 per \$100, and \$1.57 per \$100, respectively, of assessed value. The City charges taxpayers interest (at the rate of 2/3 of 1% per month) and penalties (at the rate of 1% per month) on all overdue taxes.

Property tax revenues are recognized in the year levied and when they become available, including amounts expected to be collected soon enough after the end of the year to be used to pay liabilities of the current period (estimated by the City as 60 days). At June 30, 2022, taxes receivable, net of an allowance for uncollectibles of \$111,722, amounted to \$211,131.

NOTE 6 NOTES RECEIVABLE, NET

Notes receivable are comprised of \$5,273 recorded in the Rehabilitation Loans and Grants Fund (Rehabilitation Loans Fund). Notes receivable recorded in the Rehabilitation Loans Fund consist mainly of below market interest rate loans made to City homeowners of low and moderate income through the rehabilitation loan and grant program, for the purpose of conforming their homes to locally adopted codes and fund balance is nonspendable for general purposes, and may only be used for loans serving the same purpose. At June 30, 2022, notes receivable - Rehabilitation Loans Fund, net of allowances for uncollectibles of \$2,233, amounted to \$5,273.

NOTE 7 DEFERRED INFLOW OF RESOURCES - UNAVAILABLE AND UNEARNED REVENUES

Governmental funds report advanced revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also defer revenue recognition in connection with resources that have been received but not earned. At June 30, 2022, the unavailable revenue and unearned revenue reported in the governmental funds were as follows:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 DEFERRED INFLOW OF RESOURCES - UNAVAILABLE AND UNEARNED REVENUES (cont'd)

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Income taxes, general fund property taxes receivable	\$ 1,897,254	\$ -	\$ 1,897,254
Fees, General Fund	-	73,975	73,975
General Fund	-	244,036	244,036
Stormwater receivable, non-major fund	23,715	-	23,715
ARPA Fund	-	6,756,300	6,756,300
Grant funds received in excess of expenditures, Special Revenue Fund	-	514,238	514,238
	<u>\$ 1,920,969</u>	<u>\$ 7,588,549</u>	<u>\$ 9,509,518</u>

NOTE 8 INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The General Fund periodically advances funds to the Special Revenue Fund and the Facility Construction Fund to cover operating cash deficits. In addition, transfers are used to move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. All interfund balances are expected to be repaid within one year.

The balances at June 30, 2022 of individual fund interfund borrowings were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 4,986,989	\$ 3,910,385
Speed Camera Fund	-	4,664,397
Special Revenue Fund	3,939,567	-
ARPA Fund	-	589,496
	<u>8,926,556</u>	<u>9,164,278</u>
Non-major funds:		
Facility Construction Fund	-	-
Stormwater Management Fund	239,860	-
Rehabilitation Loans and Grants Fund	-	2,138
	<u>239,860</u>	<u>2,138</u>
Total	<u>\$ 9,166,416</u>	<u>\$ 9,166,416</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 DUE FROM OTHER GOVERNMENTS

The June 30, 2022, balance due from other governments is as follows:

State of Maryland:	
Income tax	\$ 395,685
Income tax reserve	1,723,078
Highway user tax	225,609
Amusement tax	28,186
Police protection	81,176
Other	20,283
Montgomery County:	
Franchise fees	168,412
Other	20,694
Special revenue grants	413,024
Stormwater DFOA	<u>2,350</u>
Total	<u>\$ 3,078,497</u>

NOTE 10 CAPITAL ASSETS AND OTHER PROPERTY

A summary of changes in capital assets during fiscal year 2022 follows:

	Beginning Balances	Adjustments	Beginning Balance After Adjustments	Additions	Deletions	Ending Balances
Governmental Activities:						
General capital assets not being depreciated:						
Land	\$ 1,959,111	\$ -	\$ 1,959,111	\$ -	\$ -	\$ 1,959,111
Construction-in-progress	1,446,805	-	1,446,805	766,599	-	2,213,404
Total general capital assets not being depreciated	<u>3,405,916</u>	<u>-</u>	<u>3,405,916</u>	<u>766,599</u>	<u>-</u>	<u>4,172,515</u>
General capital assets being depreciated:						
Buildings and improvements	20,121,311	1,391,213	21,512,524	-	-	21,512,524
Improvements other than buildings	3,466,403	(1,605,259)	1,861,144	-	-	1,861,144
Equipment	9,045,642	260,497	9,306,139	821,252	(146,881)	9,908,510
Infrastructure	38,958,954	(32,846)	38,926,108	934,062	-	39,860,169
Total general capital assets being depreciated	<u>71,592,310</u>	<u>13,605</u>	<u>71,605,915</u>	<u>1,755,313</u>	<u>(146,881)</u>	<u>73,214,347</u>
Accumulated depreciation	32,787,978	(102,481)	32,685,497	2,597,430	(146,881)	35,136,046
Total general capital assets being depreciated, net	<u>38,804,332</u>	<u>116,085</u>	<u>38,920,417</u>	<u>(842,116)</u>	<u>-</u>	<u>38,078,301</u>
Governmental Activities, Net	<u>\$42,210,248</u>	<u>\$ 116,085</u>	<u>\$42,326,333</u>	<u>\$ (75,517)</u>	<u>\$ -</u>	<u>\$42,250,816</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 CAPITAL ASSETS AND OTHER PROPERTY (cont'd)

Depreciation expense was charged to functions/programs in governmental activities as follows:

General government	\$ 486,813
Public safety	334,810
Housing and community development	60,058
Public works	1,537,943
Recreation and culture	<u>177,806</u>
	<u>\$ 2,597,430</u>

NOTE 11 NON-CURRENT LIABILITIES

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2022:

	Balance June 30, 2021	Increase	Decrease	Balance June 30, 2022	Due Within One Year	Coupon Interest Rate	Date of Maturity
<i>Long-term Liabilities:</i>							
Maryland Department of Housing and Community Development (DHCD)	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ -	-	June 2022
Bonds payable	674,000	-	(161,000)	513,000	166,000	2.34%	April 2025
Bonds payable	1,545,000	-	(124,500)	1,420,500	127,000	2.78%	April 2032
Bonds payable	6,391,500	-	(166,500)	6,225,000	169,000	3.61%	April 2047
Compensated absences	1,069,859	1,709	-	1,071,568	-		
Net pension liability	<u>10,760,724</u>	<u>3,596,139</u>	<u>(1,339,503)</u>	<u>13,017,360</u>	<u>-</u>		
	<u>\$ 20,591,083</u>	<u>\$ 3,597,848</u>	<u>\$ 1,941,503</u>	<u>\$ 22,247,428</u>	<u>\$ 462,000</u>		

Notes and Bonds

In June 2004, the City entered into a Community Legacy Program Loan Agreement with the Maryland Department of Housing and Community Development for an unsecured loan of up to \$300,000 for the construction of a multi-level public parking structure in the Old Town business district. This Agreement was amended in June 2008, and funds were reallocated for other parking-related improvements. The total amount of the loan proceeds through June 30, 2010 was \$150,000. The interest rate is 0% annually, and principal and interest payments were deferred until June 30, 2022, at which time the unpaid and unforgiven portion of the loan was due and payable. The balance of the loan at June 30, 2022 is \$0.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 NON-CURRENT LIABILITIES (cont'd)

On August 27, 2015, the City issued bonds in the amount of \$1,518,202 to be used for the community center construction project. The interest rate is 2.34%. Principal is repaid annually, and interest payments are made semiannually. The loan matures on April 1, 2025. The balance at June 30, 2022 is \$513,000. The annual installments for the repayment of the bond as of June 30, 2022 are as follows:

<u>Fiscal Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 166,000	\$ 17,150	\$ 183,150
2024	171,000	12,170	183,170
2025	<u>176,000</u>	<u>7,040</u>	<u>183,040</u>
Total	<u>\$ 513,000</u>	<u>\$ 36,360</u>	<u>\$ 549,360</u>

On August 21, 2017, the City issued bonds in the amount of \$2,000,000 to be used to fund the transportation projects of Flower Avenue Green Street and Ethan Allen Gateway. The interest rate is 2.78%. Principal is repaid annually, and interest payments are made semiannually. The loan matures on April 1, 2032. The balance at June 30, 2022 is \$1,420,500. The annual installments for the repayment of the bond as of June 30, 2022 are as follows:

<u>Fiscal Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 127,000	\$ 33,391	\$ 160,391
2024	129,500	36,787	166,287
2025	132,000	34,132	166,133
2026	135,000	31,143	166,143
2027	138,500	27,815	166,315
2028 - 2032	<u>758,500</u>	<u>72,864</u>	<u>831,364</u>
Total	<u>\$ 1,420,500</u>	<u>\$ 236,132</u>	<u>\$ 1,656,632</u>

On August 1, 2017, the City issued bonds in the amount of \$7,000,000 to be used to fund the future renovations to the library and community center. The interest rate is 3.61%. Principal is repaid annually, and interest payments are made semiannually. The loan matures on April 1, 2047. The balance at June 30, 2022 is \$6,225,000. The annual installments for the repayment of the bond as of June 30, 2022 are as follows:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 NON-CURRENT LIABILITIES (cont'd)

<u>Fiscal Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 169,000	\$ 219,484	\$ 388,484
2024	173,500	216,020	389,520
2025	175,500	212,463	387,963
2026	178,500	208,488	386,988
2027	184,500	204,088	388,588
2039 - 2032	1,013,000	931,993	1,944,993
2033 - 2037	1,186,000	758,356	1,944,356
2038 - 2042	1,418,000	526,480	1,944,480
2043 - 2047	1,727,000	193,610	1,920,610
Total	<u>\$ 6,225,500</u>	<u>\$ 3,470,983</u>	<u>\$ 9,695,983</u>

NOTE 12 FUND BALANCES

Fund balances for the City's governmental funds consisted of the following as of June 30, 2022:

Nonspendable Fund Balances

Nonspendable fund balances as of June 30, 2022 are comprised of amounts that cannot be spent because they are in nonspendable form and consist of prepaid expenses totaling \$20,060.

Restricted Fund Balances

Restricted fund balances total \$10,822,666 as of June 30, 2022. The General Fund restricted fund balance at June 30, 2022 is \$6,407,573, of which \$6,310,018 is restricted for the bond reserve and \$97,555 pertains to street improvements. Fund balance in the Speed Camera Fund is restricted to public safety projects. At June 30, 2022, this amount was \$667,314. Most of the fund balance in the Special Revenue Fund is restricted to cable equipment and related expenditures. At June 30, 2022, this amount was \$3,713,194. The remaining fund balance in the Special Revenue Fund of \$27,694 is restricted for police-related expenditures allowed by the Department of Justice Equitable Sharing Program for forfeitures. The amount restricted in the Rehabilitation Loans and Grants Fund related to notes receivable is \$6,619 as of June 30, 2022. The American Rescue Plan Act (ARPA) Fund is a major fund added in fiscal year 2022. This Fund was established primarily to account for revenue and expenditure activities related to the City's grant activities and eligible use of Standard Allowance. As of June 30, 2022, the ARPA Fund had a fund balance of \$272 as the majority of the funding was transferred to unearned revenue.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 FUND BALANCES (cont'd)

Committed Fund Balances

The General Fund has \$9,297,995 in committed fund balances as of June 30, 2022. This is comprised of the following:

Equipment replacement reserve	\$ 4,221,698
Emergency reserve	541,646
Facility maintenance reserve	399,881
Housing fund reserve	844,837
Designated – subsequent years	<u>3,289,933</u>
	<u>\$ 9,297,995</u>

The Charter requires a minimum reservation of \$250,000 to cover emergency expenditures for the health, safety or welfare of persons, or actions necessary to perform essential governmental functions, plus a percentage increase each year, equal to the percentage increase in the Consumer Price Index. The City has committed \$541,646 for emergency expenses as of June 30, 2022.

Assigned Fund Balances

Assigned fund balance totaling \$719,610 as of June 30, 2022 is assigned to stormwater management projects.

NOTE 13 RETIREMENT PLANS

The City has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB 68) for the year ended June 30, 2020. The City participates in the Maryland State Retirement and Pension System (the System) described below and qualifies as a Participating Governmental Unit (PGU). The State Retirement Agency (the Agency) is the plan administrator and fiduciary. GASB 68 requires that a PGU recognize its proportionate share of the System's net pension liability (i.e., unfunded pension liability) and pension expense. The City's proportionate share is based on total System contributions and approximates \$5,987,376 as of the measurement date of June 30, 2021.

The City has also adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB 68*. GASB Statement No. 71 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The City's fiscal 2022 contribution of \$777,372 is therefore recognized as a pension-related deferred outflow of resources.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

Description of Plans

The State of Maryland identifies multiple-employer defined benefit pension plans as cost-sharing plans.

On October 1, 1941, the Employees' Retirement System of the State of Maryland was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established.

The Employees' Pension System of the State of Maryland (Pension System) was established on January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System. The Employees' Contributory Pension System of the State of Maryland (Contributory Pension System) was established on July 1, 1998. As of July 1, 1999, and retroactively to July 1, 1998, the City elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

Under the terms of the Contributory Pension System, a member hired may retire with full benefits upon attaining age 60 or after completing 30 years of eligible service regardless of age. A member may retire with reduced benefits prior to attaining age 60 after completing 25 years of eligible service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested retirement allowance upon age 60.

Under the terms of the Contributory Pension System, a member hired before July 1, 2011 may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least five years of service. An employee hired before July 1, 2011 may also take early retirement with reduced benefits at age 55 with 15 years of service. A member hired before July 1, 2011 terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62. Members hired on or after July 1, 2011 may retire when their age and years of eligibility service totals 90 years or at age 65 with 10 years of eligibility service. Members hired on or after July 1, 2011 may retire with reduced benefits at age 60 with 15 years of eligibility service. A member hired on or after July 1, 2011 terminating employment before attaining retirement age, but after completing 10 years of eligible service, becomes eligible for a vested pension allowance upon reaching age 65.

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation and years of

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

creditable service multiplied by a factor. This factor varies from 1.2% to 2.0% per eligible service year, depending on employee/employer contributions and other plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

Benefits under the two plans are established under the State Personnel and Pensions Article of the Annotated Code of Maryland.

The State Retirement and Pension System of Maryland issues an annual comprehensive financial report that includes disclosures regarding plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The pension plans' fiduciary net position has been determined on the same basis used by the pension plans. The pension plans' financial statements are prepared on the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America that apply to governmental accounting for fiduciary funds. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Actual employer contributions billed to participating governmental units for the year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the schedule of employer allocations. No adjustment was made for contributions between actuarially determined contributions and actual contribution by the State of Maryland. This report can be obtained from the Agency's office as follows:

State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1601,
Baltimore, Maryland 21202-1600

Funding Policy

Obligations to contribute to the plans are under the Annotated Code of Maryland. Members of the three plans contribute a percentage of their gross employee compensation. For the Retirement System and Contributory Pension System, members contribute 7%, 5%, or 2%. Contribution rate to the Contributory Pension System was 5% for fiscal year 2011 and will be 7% for each fiscal year thereafter.

Required contributions under the plans are not funded by employee contributions but are funded entirely by the City. Contributions by the City to all three State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The City contributions for the year ended June 30, 2022 are based on salaries for the year ended June 30, 2021. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees, and contributions by the City are authorized by the City Council. The required and actual contributions for the fiscal years ended June 30 were as follows:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

	Fiscal Year Ended June 30,		
	2022	2021	2020
Retirement plan contributions	\$ 777,372	\$ 804,011	\$ 695,059

The City contributed \$777,372 to the System for fiscal year 2022, which was actuarially determined based on statutory provisions. The City has also recognized in pension expense its proportionate share of the System's deferred inflows of resources (an increase in pension expense) attributable to the net difference between projected and actual investment earnings on pension plan assets, the difference between actual and expected experience, change in assumptions, and change in proportionate share. The City has recognized in pension expense its proportionate share of the System's deferred outflows of resources (a decrease in pension expense) attributable to changes in assumptions, net difference in projected and actual investment earnings on pension plan assets, and change in proportionate share.

Actuarial Assumptions

The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2021 rolled forward to June 30, 2022. The key assumptions used to perform the June 30, 2022 pension liability calculation for the System are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	5-year smoothed market
Inflation (b)	2.60% general, 3.10% wage
Salary increases	3.10% to 11.60%, including inflation
Discount rate (a)	6.80%
Investment rate of return (b)	7.40%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.
	(a) Discount rate at prior measurement date was 7.40%.
	(b) There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the following assumption changes in the 2020 valuation:
	a. Inflation assumption changed from 2.65% to 2.60%.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

The components of the net pension liability for the System as of June 30, 2022, calculated in accordance with GASB Statement No. 67, are shown in the following table:

Total pension liability	\$ 82,606,805,000
Plan fiduciary net position	<u>67,604,500,000</u>
Net pension liability	<u>\$ 15,002,305,000</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.84%</u>

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Pension System's Board after considering input from the investment consultant(s) and actuary(s).

For each major asset class that is included in the Pension System's target asset allocation, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equity	37%	5.20%
Private equity	13%	6.50%
Rate sensitive	19%	(0.30)%
Credit opportunity	9%	2.80%
Real assets	14%	14.30%
Absolute return	<u>8%</u>	1.80%
	<u>100%</u>	

The above was the Pension System's Board of Trustees' adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2022.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

Discount Rate

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

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the System's net pension liability and the City's proportionate share of the System's net pension liability, calculated using a single discount rate of 6.80%, a single discount rate that is one percentage point lower (i.e., 5.80%), and a single discount rate that is one percentage point higher (i.e., 7.80%).

	1% Decrease 5.80%	Current Rate 6.80%	1% Increase 7.80%
System's net pension liability	\$ 25,551,028,000	\$ 15,002,305,000	\$ 6,252,209,000
City's proportionate share of the net pension liability	\$ 10,195,000	\$ 5,987,376	\$ 2,495,000

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the City reported a liability of \$5,987,376 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2021, the City's proportion was approximately 0.0399%.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

For the year ended June 30, 2022, the City recognized pension expense of \$467,062. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 1,133,370	\$ -
Difference between actual and expected experience	-	251,410
Net difference between projected and actual earnings on pension plan investments	-	3,296,075
Change in proportionate share	1,386,413	-
Contribution subsequent to the measurement date	<u>777,372</u>	<u>-</u>
	<u>\$ 3,297,155</u>	<u>\$ 3,547,485</u>

The deferred outflow of resources of \$777,372 relating to contributions subsequent to the measurement date of June 30, 2021 will be recognized as a reduction of the City's net pension liability during the fiscal year ended June 30, 2023. The deferred outflows and inflows of resources due to changes in assumptions, differences between actual and expected experience, change in proportion, and differences between projected and actual investment earnings represent the City's proportionate share of the unamortized portions of the System's original amounts. The deferred inflows and outflows related to non-investment activity for 2021, 2020, 2019, 2018, and 2017 are being amortized over the remaining service lives ranging from 5 to 5.505 years. The net difference in investment earnings for 2021, 2020, 2019, 2018, and 2017 are being amortized over a closed five-year period. These unamortized amounts will be ratably recognized in pension expense over these services' lives and closed five-year period.

The following table shows the aggregate amortization of these deferred outflows and inflows:

<u>Fiscal Years Ending June 30,</u>	<u>Net</u>
2023	\$ (288,682)
2024	(244,833)
2025	(242,699)
2026	(299,596)
2027	<u>48,078</u>
Total	<u>\$ (1,027,702)</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

Net Pension Liability

The components of the City's proportionate share of the Pension System's net pension liability as of the measurement date of June 30, 2022 were as follows:

Total pension liability	\$ 32,968,134
Plan fiduciary net position	<u>26,980,758</u>
Net pension liability	<u>\$ 5,987,376</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.84%</u>

City of Takoma Park Police Employees' Retirement Plan

General

The Police Retirement Plan is a single-employer contributory defined benefit pension plan established by City ordinance (Title 4 of the City's Municipal Code). The plan is governed by the City of Takoma Park Retirement Plan Committee, which is responsible for the management of plan assets. The plan committee consists of seven members including the City Manager, Finance Director, Chief of Police, Police Supervisor, or their designees, a representative of Local 400 of the United Food and Commercial Workers, and two residents appointed by the City Council. The City has delegated the authority to manage plan assets to PNC Institutional Investments. The authority to establish and amend benefit provisions of the plan rests with the City.

The City does not issue a separate audited annual financial report for the retirement plan.

Basis of Accounting

The plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

last reported sales price. Investments that do not have an established market are reported at estimated values.

The annual money-weighted rate of return was 3.1% for the year ended June 30, 2022. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Plan Membership

As of July 1, 2021, the pension plan's membership consisted of:

Active plan members	39
Inactive plan members or beneficiaries currently receiving benefits	29
Inactive plan members entitled to benefits but not yet receiving them	<u>16</u>
Total	<u>84</u>

Contribution Information and Funding Policy

The plan covers sworn police officers who are employed on a regular full-time basis. Provisions of the plan include retirement, disability, and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided annually as prescribed by the City Code. The City contributes 2% of average compensation for each year of service, this amount is increased by 2% of average compensation for each year of service attributable to unused sick leave (limited to 2 years) towards the plan. Total service period is limited to 30 years.

Title 4 of the City Code establishes contribution rates to the plan. Contributions to the plan made by the City are based on an actuarially determined rate. The actuarially required contribution and the amount paid into the plan by the City for the year ended June 30, 2022 was \$1,226,807. The police officers contribute to the plan based on 7% of salaries. Members' actual contributions were \$216,540 for the year ended June 30, 2022. Administrative costs are financed through investment earnings.

The annual pension cost for 2022, 2021, and 2020 was \$1,226,807, \$1,373,752, and \$1,385,917, respectively. The contributions made as a percentage of the annual pension cost for 2022, 2021, and 2020 were 100%, 100% and 100%, respectively. The net pension benefit is the cumulative difference between the annual required contribution (ARC) adjusted for interest and contributions made. The net pension assets for 2022, 2021, and 2020 were \$20,843,961, \$24,102,065, and \$18,384,283, respectively.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established by Title 4 of the City Code and may be amended by the City. The plan's investment policy is to construct a diversified portfolio of several different asset classes that will potentially lower total risk (as measured by volatility of returns) and increase total expected return. Key considerations in the implementation of the plan's investment policy include, but are not limited to, the financial condition of the plan, the expected long-term outlook for capital markets, the plan's risk tolerance, future growth of plan participants and the liquidity requirements of the plan.

The plan's target asset allocation and long-term expected real rate of return was the following as of June 30, 2022.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	50%	4.60%
International equity	15%	5.10%
Fixed income	30%	1.30%
Cash	5%	(0.30)%
	100%	

The amortization period for the year ended June 30, 2022 was closed.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3%). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

be made at the current contribution rate and that City contributions will be made equal to the actuarially determined contribution. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The key assumptions used to perform the June 30, 2022 pension liability calculation for police are as follows:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll, Closed Remaining
Amortization period	22 years (closed)
Asset valuation method	5-year smoothed market
Inflation (b)	3.0%
Salary increases	5.5%, including inflation
Discount rate (a)	7.25%
Investment rate of return (b)	7.25%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant and service.
Mortality	RP-2014 Healthy Blue Collar Tables with fully generational projection using scale MP-2015
	(a) There were no benefit changes during the year.
	(b) Investment return and inflation assumptions did not change from last year.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City calculated using a discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
City's net pension liability	\$ 10,978,559	\$ 7,029,984	\$ 3,815,713

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

Following is the schedule of changes in the City's net pension liability (dollar amounts in thousands):

Total pension liability:	
Service cost	\$ 1,045
Interest	1,958
Difference between expected and actual experience	(1,621)
Benefit payments, including refunds of member contributions	<u>(1,068)</u>
Net change in total pension liability	314
Total pension liability - beginning	<u>27,536</u>
Total pension liability - end	<u>\$ 27,850</u>
Plan fiduciary net position:	
Contributions - employer	\$ 1,227
Contributions - employees	216
Net investment income	(3,525)
Benefit payments, including refunds of member contributions	(1,156)
Administrative expenses	<u>(44)</u>
Net change in plan fiduciary net position	(3,282)
Plan fiduciary net position - beginning	<u>24,102</u>
Plan fiduciary net position - end	<u>\$ 20,820</u>
Net pension liability	<u>\$ 7,030</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the City reported a net pension liability of \$7,029,984. The net pension liability is based on the July 1, 2021 actuarial valuation rolled forward to June 20, 2022.

For the year ended June 30, 2022, the City recognized pension benefit of \$1,067,916. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ -	\$ 2,736,936
Net difference between projected and actual earnings on pension plan investments	<u>2,250,392</u>	<u>-</u>
	<u>\$ 2,250,392</u>	<u>\$ 2,736,936</u>

The following table shows the aggregate amortization of these deferred outflows and inflows:

<u>Fiscal Years Ending June 30,</u>	<u>Net</u>
2023	\$ (742,222)
2024	(436,946)
2025	(34,848)
2026	<u>727,472</u>
Total	<u>\$ (486,544)</u>

Net Pension Liability

The components of the police employees' retirement plan's net pension liability as of the measurement date of June 30, 2022 were as follows:

Total pension liability	\$ 27,873,945
Plan fiduciary net position	<u>20,843,961</u>
Net pension liability	<u>\$ 7,029,984</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74.78%</u>

The following is the City's aggregate pension-related assets, liabilities, deferred inflows of resources, deferred outflows of resources, and pension expense associated with the net pension liability:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

	Maryland State Pension System	Police Employees' Plan	Total
Total pension liability	\$ 32,968,134	\$ 27,873,945	\$ 60,842,079
Total fiduciary net position	\$ 26,980,758	\$ 20,843,961	\$ 47,824,719
City's proportionate share of total pension liabilities	\$ 5,987,376	\$ 7,029,984	\$ 13,017,360
Total pension assets	\$ 26,980,758	\$ 20,843,961	\$ 47,824,719
Deferred outflows related to pensions	\$ 3,297,155	\$ 2,250,392	\$ 5,547,547
Deferred inflows related to pensions	\$ 3,547,485	\$ 2,736,936	\$ 6,284,421
Pension expense/expenditures/(benefits) for the period	\$ 467,062	\$ (1,067,916)	\$ (600,854)
City's proportionate share of the net pension liability	0.0399%	100.00%	
Plan's fiduciary net position as a percentage of total pension liability	81.84%	74.78%	
Measurement date of collective net pension liability	June 30, 2021	June 30, 2022	
Date of actuarial valuation	June 30, 2021	June 30, 2022	

457 Deferred Compensation Plan

All employees of the City Government may participate in the deferred compensation plan organized under the Internal Revenue Code Section 457, and administered by the International City Management Association Retirement Corporation (ICMA-RC). Under the terms of the plan, participating employees may have a portion of their salaries withheld, subject to limitations imposed by the Internal Revenue Service, and invested in the plan. All income taxes are deferred on these contributions and related earnings until the participant terminates from the plan. The City is in compliance with the Internal Revenue Code Section 457(g) requiring all assets and income of the plan to be held in trust for the exclusive benefit of participants and their beneficiaries. Management's involvement with the plan is limited to transferring amounts withheld from payroll to the plan administrator. Management has little administrative involvement with the plan and does not perform the investing function for the plan. Accordingly, the fair values of the plan assets are not reflected in the City's financial statements.

Defined Contribution

The City of Takoma Park Governmental Money Purchase Plan & Trust is a defined contribution pension plan established to provide benefits to certain employees. Employees are not required to contribute to the plan and may make voluntary contributions. Employees are fully

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 RETIREMENT PLANS (cont'd)

vested after five years. However, if an employee is terminated prior to the completion of five years, that employee will be immediately vested. The City is not required to contribute to the plan.

At June 30, 2022, there were five inactive participants. Plan provisions and contribution requirements are established and may be amended by the City Council. The amount of pension expense recognized by the City for the year ended June 30, 2022 was \$0. The City's liability was \$0 as of June 30, 2022. The plan administrator is ICMA-RC.

Condensed Financial Information

	Pension Trust	Defined Contribution Plan	Total
Assets:			
Cash and cash equivalents	\$ 1,692,381	\$ -	\$ 1,692,381
Total investments	<u>19,127,943</u>	<u>476,252</u>	<u>19,604,195</u>
Total Assets	<u>20,820,324</u>	<u>476,252</u>	<u>21,296,576</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 20,820,324</u>	<u>\$ 476,252</u>	<u>\$ 21,296,576</u>
Net position - held in trust for pensions	<u>\$ 20,820,324</u>	<u>\$ 476,252</u>	<u>\$ 21,296,576</u>
Additions:			
Total contributions	\$ 1,443,347	\$ -	\$ 1,443,347
Net investment earnings (loss)	<u>(3,525,270)</u>	<u>(115,030)</u>	<u>(3,640,300)</u>
Total Additions	(2,081,923)	(115,030)	(2,196,953)
Deductions:			
Total deductions	<u>1,199,818</u>	<u>-</u>	<u>1,199,818</u>
Change in net position	<u>(3,281,741)</u>	<u>(115,030)</u>	<u>(3,396,771)</u>
Net position held in trust for pension benefits, beginning of year	<u>24,102,065</u>	<u>591,282</u>	<u>24,693,347</u>
Net position held in trust for pension benefits, end of year	<u>\$ 20,820,324</u>	<u>\$ 476,252</u>	<u>\$ 21,296,576</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 RISKS AND UNCERTAINTIES

The Police Employees' Retirement Plan and the Defined Contribution Plan invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net position available for benefits.

NOTE 15 COMMITMENTS, CONTINGENT LIABILITIES, AND UNCERTAINTIES

The City participates in certain federally assisted grant programs, principally Community Development Block Grants. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial, which has been the case in previous program audits.

The City is subject to various legal proceedings. In the opinion of the City Attorneys, the potential liability arising from claims against the City not covered by insurance would not materially affect the financial statements.

In December 2019 and early 2020, the coronavirus that causes COVID-19 was reported to have surfaced from China. The spread of the virus globally has caused business disruption throughout the United States, including in the City. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this disruption. Therefore, while the City expects this matter to negatively impact the City's financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

NOTE 16 POSTRETIREMENT BENEFITS

The City does not provide and has no liability for postretirement benefits at June 30, 2022.

NOTE 17 RISK MANAGEMENT

The City's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance.

For property, general, excess, and environmental liability coverage, the City is a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a trust agreement.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 RISK MANAGEMENT (cont'd)

The City pays LGIT an annual premium. Claims are processed, and recoveries and administrative costs are paid by LGIT. Similar to a commercial insurance carrier, recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits. No insurance settlement has exceeded the coverage in any of the past three fiscal years.

The City is fully insured for worker's compensation through the Chesapeake Employers' Insurance Company. Employees are bonded through commercial insurance carriers to limit the loss to the City in the event of employees committing acts of embezzlement or theft.

NOTE 18 COMMITMENTS

As part of the library construction project, the City has future contract commitments of \$630,128. This amount consists of architect, design, and consulting fees.

Additionally, as part of the New Avenue Bikeway project, the City has future contract commitments of \$641,330. This amount includes engineering fees.

NOTE 19 SUBSEQUENT EVENTS

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition and disclosure.

The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying basic financial statements.

The effects of the subsequent events that provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes.

Management evaluated the activity of the City through November 16, 2022, the date the financial statements were available to be issued, and concluded that subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Specifically, in August 2022, the City entered into a \$9,226,940 agreement with a construction manager for its library renovation project. Construction is scheduled to commence in November 2022.

Lastly, in September 2022, the City entered into a three-year lease agreement, commencing in September 2023, with a total value of \$654,480 for the City's Library relocation while its own building is under construction.

Required Supplementary Information

This page intentionally left blank.

CITY OF TAKOMA PARK, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS -
POLICE EMPLOYEES' RETIREMENT PLAN
(Dollars in Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	\$ 1,045	\$ 986	\$ 858	\$ 864	\$ 839	\$ 809	\$ 790	\$ 543	\$ 796
Interest	1,958	1,911	1,866	1,862	1,690	1,616	1,543	1,547	1,438
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,621)	(1,228)	(1,194)	(1,745)	(115)	(645)	(562)	(1,372)	-
Changes in assumptions	-	-	-	-	865	827	-	-	-
Benefit payments including refunds of member contributions	(1,068)	(969)	(852)	(1,010)	(811)	(857)	(757)	(785)	(784)
NET CHANGE IN TOTAL PENSION LIABILITY	314	700	678	(29)	2,468	1,750	1,014	(67)	1,450
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	27,536	26,836	26,158	26,187	23,719	21,969	20,955	21,022	19,572
TOTAL PENSION LIABILITY, END OF YEAR	\$ 27,850	\$ 27,536	\$ 26,836	\$ 26,158	\$ 26,187	\$ 23,719	\$ 21,969	\$ 20,955	\$ 21,022
PLAN FIDUCIARY NET POSITION									
Contributions - employer	\$ 1,227	\$ 1,373	\$ 1,386	\$ 1,238	\$ 1,325	\$ 1,190	\$ 1,296	\$ 1,102	\$ 1,044
Contributions - member	216	230	203	197	197	189	194	178	184
Net investment income (loss)	(3,525)	5,165	550	944	1,222	1,452	90	441	1,354
Benefit payments including refunds of member contributions	(1,156)	(969)	(852)	(1,010)	(811)	(857)	(757)	(786)	(784)
Administrative expenses	(44)	(82)	(53)	(80)	(65)	(58)	(56)	(60)	(55)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(3,282)	5,717	1,234	1,289	1,868	1,916	767	875	1,743
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	24,102	18,385	17,151	15,862	13,994	12,078	11,311	10,436	8,693
PLAN FIDUCIARY NET POSITION, END OF YEAR	\$ 20,820	\$ 24,102	\$ 18,385	\$ 17,151	\$ 15,862	\$ 13,994	\$ 12,078	\$ 11,311	\$ 10,436
CITY'S NET PENSION LIABILITY	\$ 7,030	\$ 3,434	\$ 8,451	\$ 9,007	\$ 10,325	\$ 9,725	\$ 9,891	\$ 9,644	\$ 10,586
Plan fiduciary net position as a percentage of total pension liability	74.76%	87.53%	68.51%	65.57%	60.57%	59.00%	54.98%	53.98%	49.64%
Covered employee payroll	\$ 3,369	\$ 3,279	\$ 3,014	\$ 3,025	\$ 2,889	\$ 2,777	\$ 2,843	\$ 2,570	\$ 2,850
City's net pension liability as a percentage of covered payroll	208.69%	104.73%	280.39%	297.75%	357.39%	350.20%	347.91%	375.25%	371.44%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CITY OF TAKOMA PARK, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS -
POLICE EMPLOYEES' RETIREMENT PLAN
(Dollars in Thousands)**

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Payroll
2022	\$ 1,227	\$ 1,227	\$ -	\$ 3,279	37.42%
2021	1,373	1,373	-	3,279	41.87%
2020	1,386	1,386	-	3,014	45.99%
2019	1,238	1,238	-	3,025	40.93%
2018	1,325	1,325	-	2,889	45.86%
2017	1,190	1,190	-	2,777	42.85%
2016	1,296	1,296	-	2,843	45.59%
2015	1,102	1,102	-	2,570	42.88%
2014	1,045	1,045	-	2,850	36.67%

Notes to Schedule:

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

Valuation Date: June 30, 2022

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll, closed remaining
Amortization period	22 years (closed)
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increased	5.5%, including inflation
Discount rate	7.25%
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant and service
Mortality	RP-2014 healthy blue collar tables with generational projection using scale MP-2015

**CITY OF TAKOMA PARK, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS -
CITY PENSION PLAN**

<u>PROPORTIONATE SHARE OF NET PENSION LIABILITY</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0399%	0.0320%	0.0310%	0.0300%	0.0280%	0.0290%	0.0280%	0.0320%
City's proportion of the net pension liability (asset) - dollar value	\$ 5,987,376	\$ 7,326,879	\$ 6,373,874	\$ 6,366,145	\$ 5,957,703	\$ 6,866,508	\$ 5,881,653	\$ 4,338,175
City's covered employee payroll	7,347,637	6,658,025	6,034,937	6,041,794	6,419,079	6,209,902	7,363,222	6,083,944
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	81.49%	110.05%	105.62%	105.37%	92.81%	110.57%	79.88%	71.31%
Plan fiduciary net position as a percentage of the total pension liability (asset)	81.84%	70.72%	70.72%	70.72%	70.72%	70.72%	70.72%	70.72%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CITY OF TAKOMA PARK, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS -
CITY PENSION PLAN**

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Payroll
2022	\$ 777,372	\$ 777,372	\$ -	\$ 6,658,025	11.68%
2021	804,011	804,011	-	6,658,025	12.08%
2020	695,059	695,059	-	6,034,937	11.52%
2019	634,587	634,587	-	6,041,794	10.50%
2018	605,034	605,034	-	6,419,079	9.43%
2017	560,772	560,772	-	6,209,902	9.03%
2016	566,946	566,946	-	7,617,864	7.44%
2015	596,532	596,532	-	7,363,222	8.10%
2014	571,845	571,845	-	6,083,944	9.40%

Notes to Schedule:

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

Valuation Date: July 1, 2021

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	5-year smoothed market
Inflation	2.6% general, 3.1% wage
Salary increases	3.10% to 11.60%, including inflation
Discount rate	6.80%
Investment rate of return	7.40%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study for the period 2014-2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

Supplementary Information

This page intentionally left blank.

CITY OF TAKOMA PARK, MARYLAND
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Taxes and utility fees				
Property				
Real property	\$ 13,917,270	\$ 13,917,270	\$ 13,851,969	\$ (65,301)
Business or other property	150,000	150,000	241,130	91,130
RR and Public Utilities	200,000	200,000	221,417	21,417
Penalty and interest	40,000	40,000	55,297	15,297
Additions and abatements	(14,000)	(14,000)	(23,661)	(9,661)
Total property	<u>14,293,270</u>	<u>14,293,270</u>	<u>14,346,152</u>	<u>52,882</u>
Local taxes				
Admission and amusement	60,000	60,000	94,655	34,655
Shared taxes				
Highway	470,000	470,000	528,753	58,753
Income tax	3,650,000	3,650,000	4,098,155	448,155
Total shared taxes	<u>4,120,000</u>	<u>4,120,000</u>	<u>4,626,908</u>	<u>506,908</u>
Total taxes	<u>18,473,270</u>	<u>18,473,270</u>	<u>19,067,715</u>	<u>594,445</u>
Licenses and permits	104,500	104,500	72,084	(32,416)
Fines and forfeitures	176,000	176,000	140,273	(35,727)
Use of money and property				
Interest, dividends, gain/loss on investments	49,240	5,240	(22,261)	(27,501)
Charges for services				
Public parking	50,000	50,000	65,095	15,095
Protective inspection fees	321,000	321,000	320,950	(50)
Waste collection and disposal	62,000	62,000	53,400	(8,600)
Passport	30,000	30,000	45,150	15,150
Recreation	311,671	311,671	254,724	(56,947)
Library fines and fees	-	-	3,316	3,316
Other	33,660	33,660	34,249	589
Total charges for services	<u>808,331</u>	<u>808,331</u>	<u>776,884</u>	<u>(31,447)</u>
Intergovernmental				
Police protection	452,000	452,000	447,716	(4,284)
Revenue - ARPA	1,191,900	1,191,900	1,183,900	(8,000)
In Lieu of Police	2,575,799	2,575,799	2,575,799	-
In Lieu of County Services	1,022,574	1,022,574	1,022,575	1
Police rebate	1,263,255	1,263,255	1,634,445	371,190
Bank share tax	5,643	5,643	5,643	-
Library aid	176,742	176,742	175,907	(835)
Montgomery County Tax (Cable and Hotel)	692,000	692,000	669,034	(22,966)
Takoma/Langley Recreation Center	85,020	85,020	85,020	-
Total intergovernmental revenues	<u>7,464,933</u>	<u>7,464,933</u>	<u>7,800,039</u>	<u>335,106</u>
Miscellaneous	63,000	63,000	133,771	70,771
TOTAL REVENUES	<u>27,139,274</u>	<u>27,095,274</u>	<u>27,968,505</u>	<u>873,231</u>

CITY OF TAKOMA PARK, MARYLAND
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
EXPENDITURES				
General government				
City Council	173,064	197,064	185,658	11,406
City Manager	951,208	883,802	1,742,419	(858,617)
Finance	769,212	816,212	696,920	119,292
Legal	254,000	501,000	393,980	107,020
Information systems administration	865,939	1,004,539	769,490	235,049
Other - unclassified	880,233	1,076,463	1,151,431	(74,968)
Total general government	<u>3,893,656</u>	<u>4,479,080</u>	<u>4,939,898</u>	<u>(460,818)</u>
Public safety				
Office of the Chief	1,073,660	1,127,218	1,197,708	(70,490)
Communications	627,817	674,117	558,918	115,199
Patrol	4,127,778	4,110,881	3,947,141	163,740
Criminal investigations	2,005,013	2,053,946	1,485,074	568,872
Administration	914,881	939,181	847,829	91,352
Neighborhood	569,573	584,273	483,651	100,622
Total public safety	<u>9,318,722</u>	<u>9,489,616</u>	<u>8,520,321</u>	<u>969,295</u>
Public works				
Administration	474,560	485,060	457,948	27,112
Building maintenance	959,556	960,356	773,608	186,748
Equipment maintenance	502,327	485,420	570,449	(85,029)
Right of Way	972,990	975,820	948,668	27,152
Solid waste management	1,247,041	1,392,328	1,310,282	82,046
Urban Forest / City Gardens	726,020	766,620	1,120,329	(353,709)
City engineer	447,281	451,606	238,320	213,286
Sustainability and other	536,705	734,704	-	734,704
Total public works	<u>5,866,480</u>	<u>6,251,914</u>	<u>5,419,604</u>	<u>832,310</u>
Housing and community development				
	<u>2,109,417</u>	<u>2,095,400</u>	<u>1,475,306</u>	<u>620,094</u>
Recreation and culture				
Recreation	1,930,634	2,049,761	1,876,428	173,333
Library and media	2,089,460	2,168,560	2,003,243	165,317
Total recreation and culture	<u>4,020,094</u>	<u>4,218,321</u>	<u>3,879,671</u>	<u>338,650</u>
Capital outlay				
	<u>7,619,002</u>	<u>3,360,901</u>	<u>1,883,864</u>	<u>1,477,037</u>
Nondepartmental				
	<u>1,702,417</u>	<u>1,659,917</u>	<u>-</u>	<u>1,659,917</u>
Debt service:				
Repayments				
Principal	602,000	602,000	602,000	-
Interest	269,460	269,460	289,309	(19,849)
	<u>871,460</u>	<u>871,460</u>	<u>891,309</u>	<u>(19,849)</u>
TOTAL EXPENDITURES	<u>35,401,248</u>	<u>32,426,609</u>	<u>27,009,973</u>	<u>5,416,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(8,261,974)</u>	<u>(5,331,335)</u>	<u>958,532</u>	<u>6,289,867</u>

**CITY OF TAKOMA PARK, MARYLAND
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	(65,000)	(65,000)	(65,000)	-
Proceeds from sale of capital assets	-	-	18,343	18,343
TOTAL OTHER FINANCING SOURCES	(65,000)	(65,000)	(46,657)	18,343
NET CHANGE IN FUND BALANCE	\$ (8,326,974)	\$ (5,396,335)	911,875	\$ 6,308,210
FUND BALANCE, BEGINNING OF YEAR			19,412,194	
FUND BALANCE, END OF YEAR			\$ 20,324,069	

The accompanying notes are an integral part of these financial statements.

CITY OF TAKOMA PARK, MARYLAND
STORMWATER MANAGEMENT FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Licenses and permits	\$ 3,500	\$ 3,500	\$ -	\$ (3,500)
Chrages for services	701,000	701,000	751,700	50,700
Miscellaneous	-	-	5,171	5,171
Total Revenues	<u>704,500</u>	<u>704,500</u>	<u>756,871</u>	<u>52,371</u>
EXPENDITURES				
Public works	535,126	637,801	552,760	
Capital outlay	373,000	701,000	143,098	557,902
Total Expenditures	<u>908,126</u>	<u>1,338,801</u>	<u>695,858</u>	<u>557,902</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	65,000	65,000	65,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEDORE OTHER FINANCING SOURCES (USES)				
	<u>(138,626)</u>	<u>(569,301)</u>	<u>126,013</u>	<u>695,314</u>
NET CHANGE IN FUND BALANCE	(138,626)	(569,301)	126,013	695,314
FUND BALANCE, BEGINNING OF YEAR	<u>161,601</u>	<u>161,601</u>	<u>593,597</u>	<u>431,996</u>
FUND BALANCE, END OF YEAR	<u>\$ 22,975</u>	<u>\$ (407,700)</u>	<u>\$ 719,610</u>	<u>\$ 1,127,310</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TAKOMA PARK
COMBINING BALANCE SHEET - NON-MAJOR FUNDS
JUNE 30, 2022
(With Summarized Comparative Data for June 30, 2021)**

	Stormwater Management Fund	Rehabilitation Loans and Grants Fund	Totals	
			2022	2021
ASSETS				
Cash and temporary investments	\$ 611,401	\$ 212,353	\$ 823,754	\$ 652,072
Notes receivable, net	-	5,273	5,273	5,273
Other receivables	26,261	-	26,261	21,099
Due from other funds	239,860	-	239,860	371,475
Due from other governments	2,350	-	2,350	2,350
TOTAL ASSETS	\$ 879,872	\$ 217,626	\$ 1,097,498	\$ 1,052,269
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 132,386	\$ -	\$ 132,386	\$ 382
Accrued expenditures	2,315	-	2,315	2,488
Deposits and escrows held	1,846	-	1,846	12,391
Due to other funds	-	2,138	2,138	209,364
Due to other governments	-	208,869	208,869	208,869
Total Liabilities	136,547	211,007	347,554	433,494
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	23,715	-	23,715	18,359
FUND BALANCES:				
Restricted	-	6,619	6,619	6,819
Assigned	719,610	-	719,610	593,597
Total Fund Balances	719,610	6,619	726,229	600,416
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 879,872	\$ 217,626	\$ 1,097,498	\$ 1,052,269

The accompanying notes are an integral part of these financial statements.

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES -
NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Data for the Year Ended June 30, 2021)

	Stormwater Fund	Rehabilitation Loans and Grants Fund	Totals	
			2022	2021
REVENUES				
Charges for service	\$ 751,700	\$ -	\$ 751,700	\$ 593,297
Miscellaneous	5,171	-	5,171	4,851
TOTAL REVENUES	756,871	-	756,871	598,148
EXPENSES				
General government	-	200	200	192
Public works	552,760	-	552,760	392,447
Capital outlay	143,098	-	143,098	5,997
TOTAL EXPENSES	695,858	200	696,058	398,636
EXCESS (DEFICIENCY) OF REVENUES OVER OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	61,013	(200)	60,813	199,512
OTHER FINANCING SOURCES				
Transfers in	65,000	-	65,000	-
TOTAL OTHER FINANCING SOURCES	65,000	-	65,000	-
CHANGE IN FUND BALANCES	126,013	(200)	125,813	199,512
FUND BALANCES, BEGINNING OF YEAR	593,597	6,819	600,416	400,904
FUND BALANCES, END OF YEAR	<u>\$ 719,610</u>	<u>\$ 6,619</u>	<u>\$ 726,229</u>	<u>\$ 600,416</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022
(With Summarized Comparative Data for June 30, 2021)

	Pension Trust	Defined Contribution Plan	Totals	
			2022	2021
ASSETS				
Cash and cash equivalents	\$ 1,692,381	\$ -	\$ 1,692,381	\$ 992,384
Investments	<u>19,127,943</u>	<u>476,252</u>	<u>19,604,195</u>	<u>23,700,963</u>
TOTAL ASSETS	<u><u>\$ 20,820,324</u></u>	<u><u>\$ 476,252</u></u>	<u><u>\$ 21,296,576</u></u>	<u><u>\$ 24,693,347</u></u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Benefits payable	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Held in trust for pension benefits	<u>20,820,324</u>	<u>476,252</u>	<u>21,296,576</u>	<u>24,693,347</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 20,820,324</u></u>	<u><u>\$ 476,252</u></u>	<u><u>\$ 21,296,576</u></u>	<u><u>\$ 24,693,347</u></u>

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Data for the Year Ended June 30, 2021)

	Pension Trust	Defined Contribution Plan	Totals	
			2022	2021
ADDITIONS				
Contributions:				
Employer	\$ 1,226,807	\$ -	\$ 1,226,807	\$ 1,373,752
State aid	216,540	-	216,540	230,106
Total Contributions	<u>1,443,347</u>	<u>-</u>	<u>1,443,347</u>	<u>1,603,858</u>
Investment income:				
Net realized gain on sale of investments	-	-	-	-
Net increase (decrease) in fair value of investments	(4,147,246)	(115,030)	(4,262,276)	-
Investment earnings	621,976	-	621,976	5,296,094
Net Investment Income	<u>(3,525,270)</u>	<u>(115,030)</u>	<u>(3,640,300)</u>	<u>5,296,094</u>
TOTAL ADDITIONS	<u>(2,081,923)</u>	<u>(115,030)</u>	<u>(2,196,953)</u>	<u>6,899,952</u>
DEDUCTIONS				
Benefits paid	1,155,926	-	1,155,926	1,025,090
Administrative expense	43,892	-	43,892	25,509
TOTAL DEDUCTIONS	<u>1,199,818</u>	<u>-</u>	<u>1,199,818</u>	<u>1,050,599</u>
CHANGE IN NET POSITION	(3,281,741)	(115,030)	(3,396,771)	5,849,353
NET POSITION RESTRICTED FOR PENSIONS, BEGINNING OF YEAR	<u>24,102,065</u>	<u>591,282</u>	<u>24,693,347</u>	<u>18,843,994</u>
NET POSITION RESTRICTED FOR PENSIONS, END OF YEAR	<u>\$ 20,820,324</u>	<u>\$ 476,252</u>	<u>\$ 21,296,576</u>	<u>\$ 24,693,347</u>

Statistical Section

This page intentionally left blank.

STATISTICAL SECTION CONTENTS

This part of the City's annual comprehensive financial report 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 economic condition.

Contents Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant own-source revenues.

Debt Capacity

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.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF TAKOMA PARK, MARYLAND
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018*	2017	2016	2015	2014	2013
Governmental Activities										
Net investment in capital assets	\$ 34,092,316	\$ 33,599,748	\$ 32,343,257	\$ 27,157,643	\$ 22,940,623	\$ 29,902,496	\$ 28,874,101	\$ 27,635,709	\$ 26,176,611	\$ 25,892,877
Restricted	10,921,813	11,997,829	13,705,779	13,237,506	14,127,558	9,535,980	8,763,254	8,579,827	7,985,381	6,485,552
Unrestricted	1,563,120	(1,643,080)	(3,800,802)	(3,614,231)	(4,070,092)	(8,998,932)	8,210,210	(8,702,786)	6,118,342	5,711,016
TOTAL PRIMARY GOVERNMENT										
NET POSITION	\$ 46,577,249	\$ 43,954,497	\$ 42,248,234	\$ 36,780,918	\$ 32,998,089	\$ 30,439,544	\$ 29,427,145	\$ 27,512,750	\$ 40,280,334	\$ 38,089,445

Note: In 2013, the City implemented GASB 63 and, accordingly, net assets for the years 2005 through 2012 have been reclassified as net position.

*The Net Position by Component on Table 1 is different from the Net Position of the original FY 2018 Statement of Net Position due to the adjustment of Net position reclassification.

CITY OF TAKOMA PARK, MARYLAND
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXPENSES										
Governmental activities:										
General government	\$ 5,845,530	\$ 5,835,772	\$ 4,682,369	\$ 4,931,594	\$ 4,561,913	\$ 4,775,439	\$ 4,724,481	\$ 5,029,595	\$ 4,280,357	\$ 3,655,803
Public safety	9,056,403	8,162,933	9,261,998	8,369,157	8,389,476	9,840,299	9,301,092	8,116,371	8,245,260	7,628,389
Public works	7,574,855	6,619,329	6,774,672	6,721,099	6,196,806	6,144,871	6,170,250	5,943,464	5,532,265	5,332,321
Housing and community development	2,169,522	1,883,620	1,788,399	1,430,386	1,695,425	1,415,654	1,738,712	1,879,728	1,767,181	1,552,964
Recreation and culture	4,146,336	3,248,266	3,907,157	4,055,202	3,734,135	3,797,152	3,510,058	3,316,168	3,088,130	2,736,596
Interest	286,607	298,353	314,634	329,649	397,077	61,417	56,421	100,902	123,274	121,537
Total primary government expenses	<u>29,079,253</u>	<u>26,048,273</u>	<u>26,729,229</u>	<u>25,837,087</u>	<u>24,974,832</u>	<u>26,034,832</u>	<u>25,501,014</u>	<u>24,386,228</u>	<u>23,036,467</u>	<u>21,027,610</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	254,157	34,637	66,857	105,965	119,548	106,638	131,619	114,502	111,293	101,876
Public safety	996,767	1,036,283	1,152,010	1,292,509	1,593,374	1,943,492	2,165,333	2,207,710	2,094,462	1,709,357
Public works	835,710	726,795	819,938	829,347	831,315	546,761	539,786	554,600	535,722	555,926
Housing and community development	320,950	335,342	344,382	343,672	364,385	364,215	345,105	354,256	352,886	335,542
Recreation and culture	258,040	15,694	435,028	631,322	582,329	582,232	521,506	557,605	556,741	531,159
Operating grants and contributions	7,208,218	6,495,695	9,556,806	6,988,573	5,990,358	5,410,987	5,451,171	5,510,341	5,386,820	5,249,350
Capital grants and contributions	184,133	188,335	223,874	308,675	231,324	568,579	1,045,237	1,215,053	1,019,166	979,304
Total primary government program revenues	<u>10,057,975</u>	<u>8,832,781</u>	<u>12,598,895</u>	<u>10,500,063</u>	<u>9,712,633</u>	<u>9,522,904</u>	<u>10,199,757</u>	<u>10,514,067</u>	<u>10,057,090</u>	<u>9,462,514</u>
Total primary government net expense	<u>(19,021,278)</u>	<u>(17,215,492)</u>	<u>(14,130,334)</u>	<u>(15,337,024)</u>	<u>(15,262,199)</u>	<u>(16,511,928)</u>	<u>(15,301,257)</u>	<u>(13,872,161)</u>	<u>(12,979,377)</u>	<u>(11,565,096)</u>
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	14,200,154	13,877,603	13,600,777	13,454,906	12,621,930	12,700,750	12,321,307	11,564,561	11,514,020	12,134,376
Intergovernmental / unrestricted	7,199,791	4,916,941	5,399,612	5,064,507	4,906,878	4,648,723	4,595,582	4,140,563	3,561,666	2,791,760
Unrestricted investment earnings	265,550	101,059	216,147	361,755	100,962	137,691	58,265	30,901	27,012	27,248
Miscellaneous and other	(21,465)	26,152	381,114	238,685	190,974	37,163	240,498	167,602	67,568	14,381
Total primary government	<u>21,644,030</u>	<u>18,921,755</u>	<u>19,597,650</u>	<u>19,119,853</u>	<u>17,820,744</u>	<u>17,524,327</u>	<u>17,215,652</u>	<u>\$ 15,903,627</u>	<u>15,170,266</u>	<u>14,967,765</u>
TOTAL PRIMARY GOVERNMENT										
CHANGE IN NET POSITION	<u>\$ 2,622,752</u>	<u>\$ 1,706,263</u>	<u>\$ 5,467,316</u>	<u>\$ 3,782,829</u>	<u>\$ 2,558,545</u>	<u>\$ 1,012,399</u>	<u>\$ 1,914,395</u>	<u>\$ 2,031,466</u>	<u>\$ 2,190,889</u>	<u>\$ 3,402,669</u>

**CITY OF TAKOMA PARK, MARYLAND
FUND BALANCES OF GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund										
Nonspendable	\$ 20,060	\$ 242	\$ 16,112	\$ 6,506	\$ 8,271	\$ 12,093	\$ 7,831	\$ 562,529	\$ 70,855	\$ 581,896
Restricted	6,407,573	6,632,730	8,066,081	97,497	97,031	96,567	96,369	225,496	225,383	225,248
Committed	9,297,995	5,669,561	5,976,863	13,703,875	14,799,417	5,284,974	4,896,053	4,871,320	4,554,709	3,764,492
Assigned	-	-	-	-	-	-	2,324,965	1,269,153	1,138,984	1,193,243
Unassigned	4,598,441	7,109,661	6,304,957	6,934,380	7,165,390	7,704,043	4,929,019	4,336,807	5,234,114	5,434,260
Total general fund	<u>\$ 20,324,069</u>	<u>\$ 19,412,194</u>	<u>\$ 20,364,013</u>	<u>\$ 20,742,258</u>	<u>\$ 22,070,109</u>	<u>\$ 13,097,677</u>	<u>\$ 12,254,237</u>	<u>\$ 11,265,305</u>	<u>\$ 11,224,045</u>	<u>\$ 11,199,139</u>
Total all other governmental funds										
Restricted	\$ 4,415,093	\$ 4,177,785	\$ 4,041,020	\$ 3,975,472	\$ 4,104,505	\$ 4,154,439	\$ 3,770,831	\$ 3,483,011	\$ 3,205,289	\$ 2,495,812
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	719,610	593,597	393,893	281,858	198,759	191,032	173,128	252,718	286,956	270,757
Total	<u>\$ 5,134,703</u>	<u>\$ 4,771,382</u>	<u>\$ 4,434,913</u>	<u>\$ 4,257,330</u>	<u>\$ 4,303,264</u>	<u>\$ 4,345,471</u>	<u>\$ 3,943,959</u>	<u>\$ 3,735,729</u>	<u>\$ 3,492,245</u>	<u>\$ 2,766,569</u>

Note: In 2011, the City implemented GASB 54 and, accordingly, fund balances for years 2005 through 2010 have been revised.

CITY OF TAKOMA PARK, MARYLAND
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
REVENUES										
Taxes	\$ 19,067,715	\$ 18,063,674	\$ 17,834,679	\$ 17,485,511	\$ 16,511,118	\$ 16,357,516	\$ 16,142,419	\$ 14,768,703	\$ 14,582,031	\$ 14,650,731
Licenses and permits	72,084	88,799	66,943	84,908	107,513	69,718	87,314	76,103	81,746	79,372
Fines and forfeitures	1,137,040	987,837	1,060,803	1,187,717	1,481,042	1,835,972	2,044,381	2,058,764	1,955,306	1,626,267
Use of money and property	(21,465)	26,152	381,114	361,755	100,962	37,163	58,265	30,901	27,012	27,248
Charges for services	1,528,584	1,054,520	1,685,157	1,936,320	1,903,705	1,615,920	1,558,432	1,587,077	1,560,001	1,508,982
Intergovernmental	9,335,948	7,383,707	10,531,324	8,239,890	7,040,613	6,854,087	7,043,704	7,559,287	6,907,022	6,645,981
Miscellaneous	247,207	74,015	177,661	241,079	202,638	164,720	257,720	192,746	59,856	90,293
Total revenues	<u>31,367,113</u>	<u>27,678,704</u>	<u>31,737,681</u>	<u>29,537,180</u>	<u>27,347,591</u>	<u>26,935,096</u>	<u>27,192,235</u>	<u>26,273,581</u>	<u>25,172,974</u>	<u>24,628,874</u>
EXPENDITURES										
Current:										
General government	5,266,601	5,282,779	4,167,507	4,531,904	4,453,722	4,240,069	4,243,776	3,883,556	3,781,298	3,265,503
Public safety	9,362,036	9,204,769	9,235,293	8,943,010	8,799,645	8,674,426	8,393,298	7,949,776	7,677,677	7,319,009
Public works	6,072,364	5,068,425	5,319,573	5,507,997	5,188,251	4,984,405	4,976,535	4,610,949	4,609,589	4,085,967
Housing/community development	2,092,779	1,596,613	1,699,664	1,958,426	1,450,871	1,339,781	1,720,577	1,851,865	1,637,193	1,531,295
Recreation and culture	3,879,671	3,128,359	3,615,942	3,734,326	3,532,092	3,431,228	3,270,987	3,104,779	2,940,692	2,602,741
Capital outlay	2,545,500	3,270,119	6,983,961	5,106,843	3,135,796	2,657,961	3,097,242	4,175,302	3,402,414	2,363,371
Debt service:										
Principal	602,000	442,000	599,000	587,500	529,500	298,000	1,795,202	273,000	263,500	1,412,893
Interest	289,309	300,990	317,403	332,369	452,948	61,898	107,224	111,948	110,029	121,537
Total expenditures	<u>30,110,260</u>	<u>28,294,054</u>	<u>31,938,343</u>	<u>30,702,375</u>	<u>27,542,825</u>	<u>25,687,768</u>	<u>27,604,841</u>	<u>25,961,175</u>	<u>24,422,392</u>	<u>22,702,316</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>1,256,853</u>	<u>(615,350)</u>	<u>(200,662)</u>	<u>(1,165,195)</u>	<u>(195,234)</u>	<u>1,247,328</u>	<u>(412,606)</u>	<u>312,406</u>	<u>750,582</u>	<u>1,926,558</u>
OTHER FINANCING SOURCES (USES)										
Bond/loan proceeds	-	-	-	-	9,125,459	-	1,579,730	-	-	-
Sale of property	18,343	-	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>18,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,125,459</u>	<u>-</u>	<u>1,579,730</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 1,275,196</u>	<u>\$ (615,350)</u>	<u>\$ (200,662)</u>	<u>\$ (1,165,195)</u>	<u>\$ 8,930,225</u>	<u>\$ 1,247,328</u>	<u>\$ 1,167,124</u>	<u>\$ 312,406</u>	<u>\$ 750,582</u>	<u>\$ 1,926,558</u>
Debt service as a percentage of noncapital expenditures	3.23%	2.97%	3.67%	3.59%	4.03%	1.56%	7.60%	1.68%	1.71%	7.36%

**CITY OF TAKOMA PARK, MARYLAND
GENERAL FUND TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

Fiscal Year	General Property Taxes	Utility and Personal Property	Penalties and Interest on Delinquent Tax	Additions and Abatements	Amusement Tax	Income Tax	Highway Tax	Total
2022	\$ 13,851,969	\$ 462,547	\$ 55,297	\$ (23,661)	\$ 94,655	\$ 4,098,155	\$ 528,753	\$ 19,067,713
2021	13,525,670	305,873	51,312	(6,664)	22,984	3,666,886	497,613	18,063,674
2020	13,132,607	555,889	49,438	(14,361)	98,162	3,565,831	447,113	17,834,679
2019	12,621,746	687,794	46,162	(15,833)	138,280	3,611,927	395,435	17,485,511
2018	12,094,212	634,824	37,561	(46,782)	127,029	3,303,938	360,336	16,511,118
2017	11,998,604	632,384	122,844	(49,620)	136,238	3,171,194	345,873	16,357,517
2016	11,516,876	595,570	64,336	(8,713)	134,062	3,494,273	346,015	16,142,419
2015	11,016,039	545,109	48,066	(64,967)	122,970	2,797,878	303,608	14,768,703
2014	10,974,639	517,647	43,195	(43,186)	128,806	2,671,765	289,165	14,582,031
2013	11,496,734	570,360	70,971	(8,176)	48	2,437,127	83,667	14,650,731

Source: City's financial records

**CITY OF TAKOMA PARK, MARYLAND
REAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Current Tax Collections and Credits	Percent of Levy Collected (1)	Delinquent Tax Collections and Credits	Total Tax Collections and Credits	Percent of Total Tax Collections to Tax Levy (1)
2022	\$ 13,829,927	\$ 13,812,037	99.9%	\$ 69,632	\$ 13,881,669	100.4%
2021	13,555,633	13,569,767	100.1%	81,176	13,650,943	100.5%
2020	13,165,119	13,081,806	99.4%	77,066	13,158,872	100.0%
2019	12,668,487	12,682,621	100.1%	48,979	12,731,600	100.5%
2018	12,052,868	12,063,129	100.1%	54,553	12,117,682	100.5%
2017	11,953,737	11,924,900	99.8%	44,667	11,969,567	100.1%
2016	11,532,103	11,435,607	99.2%	35,227	11,470,834	99.5%
2015	11,044,215	10,958,911	99.2%	54,987	11,013,898	99.7%
2014	10,937,327	10,877,172	99.5%	59,448	10,936,620	99.9%
2013	11,533,580	11,468,702	99.4%	55,922	11,524,624	99.9%

Note (1): From Fiscal Year 2017 to Fiscal Year 2021, the total property tax collection to date as a percentage of the annual levy equal or exceeded 100 percent. The excess collections were due to prepayment and overpayment by a number of residents as indicated by the negative balance on the County's real Property receivable account balance. The total tax collections and credits is the sum of the current tax collection and the delinquent tax collection. The increasing balance of the delinquent tax also contributed to the percentage increase. The penalty charges and interest were not included in total collections to date.

Source: City's Finance Department

CITY OF TAKOMA PARK, MARYLAND
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Public Utilities		Personal Property		Total		Ratio of Total Assessed to Total	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2) (3)	Assessed Value	Estimated Actual Value	Estimated Actual Value	
2022	\$ 2,562,521,228	\$ 2,562,521,228	\$ 14,102,970	\$ 14,102,970	\$ 18,081,120	\$ 18,081,120	\$ 2,594,705,318	\$ 2,594,705,318	1.0	0.539
2021	2,511,606,886	2,511,606,886	13,005,310	13,005,310	16,715,050	16,715,050	2,541,327,246	2,541,327,246	1.0	0.539
2020	2,439,444,178	2,439,444,178	12,879,780	12,879,780	25,649,180	25,649,180	2,477,973,138	2,477,973,138	1.0	0.539
2019	2,394,346,438	2,394,346,438	15,422,530	15,422,530	36,153,670	36,153,670	2,445,922,638	2,445,922,638	1.0	0.529
2018	2,253,714,978	2,253,714,978	13,243,860	13,243,860	27,475,530	27,475,530	2,294,434,368	2,294,434,368	1.0	0.535
2017	2,106,385,370	2,106,385,370	12,564,150	12,564,150	30,853,530	30,853,530	2,149,803,050	2,149,803,050	1.0	0.568
2016	1,971,419,148	1,971,419,148	14,047,430	14,047,430	28,089,570	28,089,570	2,013,556,148	2,013,556,148	1.0	0.585
2015	1,937,581,662	1,937,581,662	13,042,570	13,042,570	23,553,430	23,553,430	1,974,177,662	1,974,177,662	1.0	0.570
2014	1,918,829,231	1,918,829,231	11,405,440	11,405,440	23,161,990	23,161,990	1,953,396,661	1,953,396,661	1.0	0.570
2013	1,988,548,200	1,988,548,200	10,976,190	10,976,190	22,166,730	22,166,730	2,021,691,120	2,021,691,120	1.0	0.580

(1) Property owned by the City, other governments, churches, and schools is exempt. No estimate of exempt property is included.

(2) Personal property and public utilities are assessed at 100% of estimated actual value.

(3) Personal property assessed value showed reduction due to cancellation of the City's Inventory Tax.

Source: State of Maryland Department of Assessment and Taxation

CITY OF TAKOMA PARK, MARYLAND
REAL PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Per \$100 of Assessed Value)

Fiscal Year	Direct Tax Rate ⁽¹⁾ Takoma Park General	Overlapping Tax Rates ⁽¹⁾					Direct and Overlapping Total
		State of Maryland	Montgomery County	Maryland - National Capital Park and Planning Commission	Transit District	Recreation Areas	
2022	0.5397	0.1120	0.6940	0.0810	0.0832	0.0259	1.5358
2021	0.5397	0.1120	0.7178	0.0740	0.0524	0.0261	1.5220
2020	0.5397	0.1120	0.6948	0.0786	0.0736	0.0260	1.5247
2019	0.5291	0.1120	0.7166	0.0740	0.0672	0.0261	1.5250
2018	0.5348	0.1120	0.7414	0.0719	0.0498	0.0254	1.5353
2017	0.5675	0.1120	0.7484	0.0736	0.0520	0.0230	1.5765
2016	0.5850	0.1120	0.7734	0.0728	0.0520	0.0230	1.6182
2015	0.5700	0.1120	0.7320	0.0740	0.0400	0.0230	1.5510
2014	0.5700	0.1120	0.7590	0.0720	0.0420	0.0200	1.5750
2013	0.5800	0.1120	0.7240	0.0720	0.0480	0.0210	1.5570
2007	0.6300	0.1120	0.6240	0.0780	0.0530	0.0240	1.5210

(1) The City's Real Property Tax Rate is calculated in dollars per \$100 of assessed value.

Source: State of Maryland Department of Assessment and Taxation.

<https://www.montgomerycountymd.gov/Finance/Resources/Files/data/propertytaxrate/2021/realproperty.pdf>

**CITY OF TAKOMA PARK, MARYLAND
COMPUTATION OF LEGAL DEBT MARGIN
Year Ended June 30, 2022**

Fiscal year 2022 real property assessed value**	\$ <u>2,572,983,283</u>
Debt limit - 100% of assessed value	2,572,983,283
Amount of debt applicable to debt limit - legal debt margin	<u>8,158,500</u>
Legal debt margin	<u>\$ 2,564,824,783</u>

SECTION 823 - AUTHORIZATION TO BORROW MONEY

(a) The Council of Takoma Park shall have the power to borrow money for any proper purpose and to evidence such borrowing by the issue and sale of its general obligation bonds, notes, or other certificates of indebtedness in the manner prescribed in Section 31 to 37 inclusive, of Article 23A of the Annotated Code of Maryland (1998 edition, as amended), title "Municipal Corporations," sub-title "Creation of Municipal Public Debt." Notwithstanding the provisions of this subsection, the Council may authorize a private negotiated sale of bonds upon a finding by the Council that such private negotiated sale is in the best interests of the City of Takoma Park.

(b) Any proposed new indebtedness that is greater than five percent (5%) of the revenue budgeted for that year shall be subject to a public hearing and the Council shall not take final action on the proposed indebtedness less than fourteen (14) days following the hearing.

SECTION 824 - PAYMENT OF INDEBTEDNESS

The power and obligation of the City to pay any and all bonds, notes, or other evidences of indebtedness issued by it shall be unlimited and the City shall levy ad valorem taxes on all the taxable property in the City for payment of such bonds, notes, or other evidences of indebtedness and interest thereon. The faith and credit of the City is pledged for the payment of the principal and interest on all bonds, notes or other evidences of indebtedness issued under the authority of this Charter, whether or not such pledge be stated in the bonds, notes or other evidences of indebtedness, or in the ordinance authorizing their issuance.

**Source: <https://dat.maryland.gov/Documents/statistics/2022-CYTR.pdf>

**CITY OF TAKOMA PARK, MARYLAND
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Year	Population ⁽¹⁾	Assessed Value	Bonded Debt (3)	Capital Leases ⁽²⁾	Ratio of Bonded Value	Net Debt	Net Bonded Debt Per Capita
2022	17,629	\$ 2,572,983,283	\$ 8,158,500	-	0.32%	\$	462.79
2021	17,629	2,530,093,068	8,760,500	-	0.35%	\$	496.94
2020	16,715	2,461,251,909	9,202,500	-	0.37%	\$	550.55
2019	16,715	2,418,294,183	9,801,500	-	0.41%	\$	586.39
2018	16,715	2,269,258,527	10,389,000	-	0.46%	\$	621.54
2017	16,715	2,120,994,549	16,715	-	0.11%	\$	114.78
2016	16,715	1,980,892,500	2,216,500	-	0.11%	\$	132.60
2015	16,715	1,937,581,662	2,343,500	-	0.12%	\$	140.20
2014	16,715	1,953,396,661	2,616,500	-	0.13%	\$	156.54
2013	16,715	2,021,691,120	2,880,000	-	0.14%	\$	172.30

(1) Source: U.S. Census Bureau 2020

(2) Capital leases were fully paid in FY 2012.

(3) Public Works Facility Bond paid in full by June 30, 2020

**CITY OF TAKOMA PARK, MARYLAND
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest	Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures (Percent)
2022	\$ 602,000	\$ 289,309	\$ 891,309	(1) \$ 30,040,405	2.97%
2021	442,000	300,990	742,990	28,294,054	2.63%
2020	599,000	317,402	916,402	31,938,343	2.87%
2019	587,500	332,368	919,868	30,702,375	3.00%
2018	529,500	452,948	982,448	27,542,825	3.57%
2017	298,000	61,898	359,898	25,687,768	1.40%
2016	1,836,431	65,994	1,902,425	27,604,842	6.89%
2015	273,000	111,948	384,948	25,961,175	1.48%
2014	263,500	110,029	373,529	24,422,392	1.53%
2013	1,412,893	121,537	1,534,430	22,702,316	6.76%

(1) City issued 2017 Series Bond including Transportation and Library Bonds.

Source: City's financial records

CITY OF TAKOMA PARK, MARYLAND
COMPUTATION OF DIRECT AND OVERLAPPING DEBT ⁽²⁾
JUNE 30, 2022

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct debt –			
City of Takoma Park	\$ 8,158,500	100%	\$ 8,158,500
Direct debt subtotal	<u>8,158,500</u>		<u>8,158,500</u>
Overlapping debt –			
Montgomery County	8,158,500	1% ⁽¹⁾	81,585
Maryland-National Capital Park and Planning Commission Montgomery County	<u>58,752,170</u>	1% ⁽¹⁾	<u>587,522</u>
Overlapping debt subtotal	<u>66,910,670</u>		<u>669,107</u>
Total direct and overlapping debt	<u>\$ 75,069,170</u>		<u>\$ 8,827,607</u>

(1) Rate of assessed value in the City to total assessed value in Montgomery County.

(2) The overlapping debt is not a debt of the City of Takoma Park, Maryland on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the City of Takoma Park, Maryland are obligated to pay through direct tax levies of these governmental entities.

Source: Table 19 from Montgomery County Department of Finance

**CITY OF TAKOMA PARK, MARYLAND
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (thousands)	Per Capita Income ⁽²⁾	Labor Force ⁽³⁾	Unemployment Rate ⁽⁴⁾	Registered Pupils ⁽⁵⁾
Montgomery County:						
2022	17,629	\$ 102,500,000	\$ 95,245	\$ 552,640	3.3	158,232
2021	17,629	95,200,000	89,029	537,620	5.9	160,564
2020	16,715	101,300,000	94,591	561,120	5.5	164,245
2019	16,715	98,500,000	91,312	556,916	3.0	163,123
2018	16,715	90,840,000	85,948	562,343	3.4	161,936
2017	16,715	86,730,000	82,209	554,029	3.2	161,909
2016	16,715	82,490,000	78,553	549,900	3.4	156,447
2015	16,715	79,300,000	77,745	544,313	4.0	154,230
2014	16,715	75,940,000	74,597	540,128	4.4	151,289
2013	16,715	73,958,785	72,746	542,029	5.0	149,018

(1) U.S. Census Bureau 2020. Includes annexed area.

(2) Personal income, per capita income and registered pupils are not available for the City of Takoma Park, Maryland on a separate basis. The best available information is provided by the Finance Department of Montgomery County, Maryland and the Bureau of Economic Analysis - U.S. Department of Commerce (BEA). Estimates for 2013-2019 revised by BEA. Data for 2021-2022 are estimates derived by the Montgomery County Department of Finance.

(3) Bureau of Labor Statistics (BLS), U.S. Department of Labor. Civilian labor force data includes all persons in the civilian noninstitutional population classified as either employed or unemployed and counted by place of residence and are revised by BLS for 2013-2021. Data for 2022 estimated by Montgomery County Department of Finance based on the percent change from first half of CY 2022 to the first half of CY 2021.

(4) The unemployment rates for 2013 through 2021 were revised by the Bureau of Labor Statistics, U.S. Department of Labor. Unemployment rate for 2022 estimated by Montgomery County Department of Finance based on the estimate of the civilian labor force and the estimate of resident employment.

(5) Montgomery County Executive's Recommended FY 22 Operating Budget, Office of Management and Budget. Since the school year begins in September, data are represented as enrollment as of September of the calendar year.

**CITY OF TAKOMA PARK, MARYLAND
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2019			Taxpayer	Fiscal Year 2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
JBG Takoma Retail Center LLC	\$ 34,837,700	1	1.45%	Saul Subsidiary I LTD Partnership	\$ 21,217,900	1	1.14%
Saul Subsidiary I LTD Partnership	32,500,000	2	1.36%	Walgreen Company Commercial	20,920,600	2	1.13%
Orlo Takoma LLC	19,637,200	3	0.82%	Takoma Park Land LLP	10,250,000	3	0.55%
Park Ritchie LLC	18,519,900	4	0.77%	Park Ritchie Apartments	9,442,300	4	0.50%
MHP Parkview Towers LLP(1)	13,432,718	5	0.56%	Franklin Associates	9,000,000	5	0.48%
Takoma Business Center LLC	13,340,800	6	0.56%	Tenacity 7333 New Hampshire Ave LLC	8,091,500	6	0.44%
Takoma Park Land LLP	11,011,600	7	0.46%	Takoma Business Center LLC	7,748,700	7	0.42%
Potomac Electric Power Company(2)	10,492,510	8	0.44%	Hampshire Lodging LLC	7,734,000	8	0.42%
Maple View Apartments LLC	9,123,900	9	0.38%	7401 New Hampshire Avenue, LLC	7,500,000	9	0.40%
Hampshire Lodging Inc	9,041,300	10	0.38%	Potomac Electric Power Company ⁽²⁾	6,675,220	10	0.36%
Total	\$ 171,937,628		7.18%	Total	\$ 108,580,220		5.84%

Notes:

(1) MHP Parkview Towers LLP also operates under MHP Hillwood Manor LLC, MHP Edinburgh House LLP, MHP Flower-Maple LLC, MHP Maple Towers LLC, MHP Scattered Site Inc, & MHP TPP LLC.

(2) Represents the assessed valuation for operating real and personal property taxes.

Sources: Montgomery County & State of Maryland Department of Assessments and Taxation

**CITY OF TAKOMA PARK, MARYLAND
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2020			Taxpayer	Fiscal Year 2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
JBG Takoma Retail Center LLC	\$ 38,211,765	1	1.57%	Tenancy 7333 New Hampshire Ave LLC	\$ 27,090,600	1	1.42%
Saul Subsidiary I LTD Partnership	32,979,400	2	1.35%	Saul Subsidiary I LTD Partnership	22,860,233	2	1.20%
Orlo Takoma LLC	20,091,467	3	0.82%	Walgreen Company	20,131,132	3	1.06%
Park Ritchie LLC	19,446,600	4	0.80%	Park Ritchie Apartments	11,228,266	4	0.59%
MHP Parkview Towers LLP(1)	15,613,911	5	0.64%	Takoma Park Land LLP	10,233,200	5	0.54%
Takoma Business Center LLC	14,549,467	6	0.60%	7401 New Hampshire Avenue, LLC	9,910,700	6	0.52%
Takoma Park Land LLP	11,695,133	7	0.48%	Franklin Associates	9,420,000	7	0.50%
Takoma Tower LP	10,561,500	8	0.43%	Takoma Business Center LLC	8,451,466	8	0.44%
Hampshire Lodging Inc	9,844,567	9	0.40%	Parkview Towers Ltd	8,226,366	9	0.43%
Maple View Apartments LLC	9,456,767	10	0.39%	Hampshire Lodging Inc	7,807,666	10	0.41%
Total	\$ 182,450,577		7.48%	Total	\$ 135,359,629		7.11%

Notes:

(1) MHP Parkview Towers LLP also operates under MHP Hillwood Manor LLC, MHP Edinburgh House LLP, MHP Flower-Maple LLC, MHP Maple Towers LLC, MHP Scattered Site Inc, & MHP TPP LLC.

Sources: Montgomery County & State of Maryland Department of Assessments and Taxation

**CITY OF TAKOMA PARK, MARYLAND
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2021			Taxpayer	Fiscal Year 2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
JBG Takoma Retail Center LLC	\$ 42,044,100	1	1.64%	Saul Subsidiary I LTD Partnership	\$ 24,502,567	1	1.25%
Saul Subsidiary I LTD Partnership	32,700,000	2	1.28%	Walgreen Company	20,178,666	2	1.03%
MHP Parkview Towers LLP(1)	23,410,494	3	0.91%	Tenancy 7333 New Hampshire Ave LLC	16,718,800	3	0.85%
Park Ritchie LLC	21,300,000	4	0.83%	7401 New Hampshire Avenue LLC	12,061,000	4	0.61%
Orlo Takoma LLC	17,000,000	5	0.66%	Park Ritchie Apartments	11,357,100	5	0.58%
Takoma Business Center LLC	14,762,200	6	0.58%	Takoma Park Land LLP	9,500,000	6	0.48%
Takoma Tower LP	13,909,500	7	0.54%	Takoma Business Center LLC	9,154,234	7	0.47%
PS Atlantic Coast 2021 B LLC	13,062,200	8	0.51%	Essex House	7,869,000	8	0.40%
Maple View Apartments LLC	10,122,500	9	0.40%	Hampshire Lodging Inc	7,186,100	9	0.37%
Franklin Associates	9,000,000	10	0.35%	Maple View Apartments LLC	6,897,433	10	0.35%
Total	\$ 197,310,994		7.70%	Total	\$ 125,424,900		6.39%

Notes:
 (1) MHP Parkview Towers LLP also operates under MHP Hillwood Manor LLC, MHP Edinburgh House LLP, MHP Flower-Maple LLC, MHP Maple Towers LLC, MHP Scattered Site Inc, & MHP TPP LLC.

Sources: Montgomery County & State of Maryland Department of Assessments and Taxation

**CITY OF TAKOMA PARK, MARYLAND
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2022			Taxpayer	Fiscal Year 2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
JBG Takoma Retail Center LLC	\$ 38,199,400	1	1.43%	Saul Subsidiary I LTD Partnership	\$ 23,000,000	1	1.14%
Saul Subsidiary I LTD Partnership	35,026,000	2	1.31%	Walgreen Company	20,226,200	2	1.00%
MHP Parkview Towers LLP(1)	32,918,283	3	1.23%	7401 New Hampshire Avenue LLC	14,341,500	3	0.71%
Park Ritchie LLC	20,123,400	4	0.75%	Park Ritchie Apartments	12,314,500	4	0.61%
Orlo Takoma LLC	17,245,033	5	0.64%	Tenancy 7333 New Hampshire Ave LLC	12,017,800	5	0.59%
Takoma Business Center LLC	14,783,966	6	0.55%	Takoma Business Center LLC	9,857,000	6	0.49%
PS Atlantic Coast 2021 B LLC	14,226,200	7	0.53%	Takoma Park Land LLP	9,500,000	7	0.47%
Takoma Tower LP	14,104,100	8	0.53%	Maple View Apartments LLC	7,346,100	8	0.36%
Maple View Apartments LLC	10,162,300	9	0.38%	Hampshire Lodging Inc	7,186,100	9	0.36%
Hampshire Lodging INC	7,786,333	10	0.29%	Deauville Associates	7,000,000	10	0.35%
Total	\$ 204,575,015		7.64%	Total	\$ 122,789,200		6.08%

Notes:
 (1) MHP Parkview Towers LLP also operates under MHP Hillwood Manor LLC, MHP Edinburgh House LLP, MHP Flower-Maple LLC, MHP Maple Towers LLC, MHP Scattered Site Inc, & MHP TPP

Sources: Montgomery County & State of Maryland Department of Assessments and Taxation

**CITY OF TAKOMA PARK, MARYLAND
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2022			Fiscal Year 2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Montgomery College	706	1	12.12%	523	2	9.15%
Adventist Healthcare (TP Campus)	275	2	4.72%	-		-
Montgomery County Public School†	251	3	4.31%	221	3	3.87%
Washington Adventist University ()	225	4	3.86%	182	5	3.18%
City of Takoma Park	190	5	3.26%	215	4	3.76%
Don Bosco Cristo Rey High School	68	6	1.17%	-		-
Takoma Park / Silver Spring Co-Op	47	7	0.81%	47	9	0.82%
International House of Pancakes (IHOP)	35	8	0.60%	53	8	0.93%
Mid Atlantic Seafood	18	9	0.31%	-		-
Republic	17	10	0.29%	-		-
Adventist Healthcare, Inc. (Hospital)	-		-	1,600	1	27.99%
Sligo Creek Center	-		-	132	6	2.31%
Chuck E. Cheese	-		-	60	7	1.05%
Gryphon Scientific	-		-	37	10	0.65%
Total	1,832		31.46%	3,070		53.71%

Notes:

1

() Formally Columbia Union College

**CITY OF TAKOMA PARK, MARYLAND
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
FUNCTION										
General government	18.25	18.25	17.75	17.75	16.75	17.25	17.50	17.50	16.95	16.88
Public safety	67.68	67.67	67.45	66.95	65.85	65.64	62.47	62.47	61.83	61.35
Public works	37.25	37.25	37.25	37.25	37.25	37.00	37.00	36.00	34.00	34.00
Housing and community development	10.63	10.63	10.13	9.50	9.38	8.51	9.63	9.75	10.85	11.06
Recreation and culture	37.67	37.92	37.16	37.41	36.22	36.75	36.63	35.14	33.92	28.73
TOTAL	<u>171.48</u>	<u>171.72</u>	<u>169.74</u>	<u>168.86</u>	<u>165.45</u>	<u>165.15</u>	<u>163.23</u>	<u>160.86</u>	<u>157.55</u>	<u>152.02</u>

Source: City's Finance Department

**CITY OF TAKOMA PARK, MARYLAND
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety:										
Crimes reported	1,642	901	941	716	712	481	617	664	528	550
Dispatched calls/events handled	11,891	11,331	10,822	12,618	15,735	20,000	22,323	21,041	19,762	19,382
Hours-foot/bike patrol	2,288	1,754	2,941	4,362	3,925	2,200	2,263	2,200	2,500	3,000
Physical arrests	100	112	204	177	351	366	491	399	400	425
Calls for service	9,795	6,763	9,661	9,408	12,368	12,000	13,737	14,921	14,921	14,012
Traffic stops	1,612	1,632	2,157	3,020	3,367	8,000	8,585	7,593	7,593	5,370
Parking tickets processed	3,401	3,293	3,345	2,962	4,493	4,567	3,550	3,495	3,495	2,939
Criminal investigations assigned	144	164	257	520	187	195	229	239	239	214
Criminal cases closed	76	175	65	207	123	103	90	100	100	107
Warrants received for service	118	77	162	309	311	298	473	403	403	236
NCIC validations (wanted items/persons)	445	535	644	711	903	906	1,015	1,043	1,043	748
Number of new nuisance complaints	361	393	613	810	373	346	183	209	210	245
Number of nuisance complaints closed	171	472	242	807	362	310	169	119	95	200
Courtesy Notices issued	361	625	338	723	373	62	1	280	266	140
Handbill and flyers removed	912	1,452	1,066	1,937	2,049	1,905	3,553	9,915	3,429	1,100
Public Works:										
Permits processed	809	842	715	605	488	498	316	297	303	204
Vehicles maintained	87	84	84	89	89	83	82	81	83	80
Tons of leaves collected	390	1,000	1,100	1,500	1,800	1,800	1,750	1,800	1,900	1,900
Tons of refuse collected	3,208	3,477	3,230	3,017	3,237	3,193	3,124	2,990	3,082	3,162
Tons of recyclables collected	1,311	1,449	1,218	1,336	1,320	1,328	1,420	1,506	1,679	1,489
Tons of yard waste collected	351	402	434	329	246	168	241	216	491	340
Tons of food waste collected	286	305	278	249	302	212	178	183	150	N/A
Streets resurfacing (miles)	0	0.93	1.56	0.92	1.05	0	1.81	1.70	1.76	2.00
Storm drains inspected (linear feet)	8,109	10,582	7,464	8,737	2,828	5,914	4,877	10,918	7,207	23,854
New storm drain pipes (linear feet)	830	4	977	1,641	637	598	577	272	439	450
Replaced storm drain pipes (linear feet)	0	260	0	7	50	0	260	150	50	88
Recreation and culture:										
Library materials circulated	73,831	30,101	86,628	115,291	108,900	94,425	96,695	113,074	116,288	114,070
Library program attendance	2,971	5,832	10,192	17,151	18,628	16,798	17,731	16,648	14,612	15,130
Housing and Community Development:										
Rental housing inspections (Note 2)	76	109	10,226	13,626	15,440	2,850	1,824	3,100	3,164	3,050
Number of rental licenses issued	22	312	328	385	386	500	402	402	436	420
Landlord certifications issued	173	188	160	197	241	225	124	234	148	195
Landlord and tenant contacts (Note 1)	896	1,600	745	540	420	N/A	2,550	2,524	2,605	2,600
Rent stabilization reports monitored	265	272	289	321	313	330	329	295	283	260
Permit letters issued	299	375	209	267	291	283	279	268	207	200
Rent increase petitions processed	2	1	0	1	1	0	1	1	2	1
General Government:										
Original City TV program hours	206.5	294.5	267.5	264	296	215	225	287	311	255

Source: Various government departments

Notes: 1 Data is not routinely collected prior to 2007. Data that is unavailable is labeled as N/A.

2 Data is provided by Montgomery County based on a tally of the number of units inspected vs number of buildings inspected

**CITY OF TAKOMA PARK, MARYLAND
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Cars	59	54	56	56	45	45	45	41	46	45
Public Works:										
Sanitation collection trucks	5	5	5	5	5	5	5	5	5	5
Leaf vacuums	10	10	9	7	7	7	7	7	7	7
Stormwater drains (miles)	18.85	17.01	17.01	17.01	17.01	17.01	17.01	17.01	17.01	17.01
Streets (miles)	34.60	34.60	34.60	34.60	34.60	34.60	34.60	34.60	34.60	34.60
Streetlights	78	78	78	78	78	78	78	78	78	78
Recreation and Culture:										
Parks acreage	8.98	8.98	8.98	8.98	8.98	8.98	8.98	8.98	8.98	8.98
Parks	7	7	7	7	7	7	7	7	7	7
Community Centers	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	2	2	2	2	2	2

Sources: Various City departments

Notes: No capital asset indicators are available for the General Government and Housing and Community Development Functions

**CITY OF TAKOMA PARK, MARYLAND
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2022**

Date of incorporation	1890
Date of adoption of City Charter	1890
Revision of City Charter	2020
Form of government	Council - Manager
Area - square miles	2.4
Miles of streets and sidewalks:	
Streets	34.60
Sidewalks	33.45
Housing:	
Number of housing units	6,619
Number of owner-occupied housing units	3,400
Fire and rescue services	Montgomery County Fire Department
Police protection:	
Number of stations	1
Number of authorized police (sworn officers)	43
Municipal water plant (Washington Suburban Sanitary Commission)	None
Telephone, natural gas and electricity services are furnished by private corporations	
Recreation and parks - number of acres	8.98

	<u>City</u>	<u>School</u>	<u>Park and Planning Commission</u>	<u>Total</u>
Playgrounds	7	2	5	14
Baseball diamonds	1	2	1	4
Football fields	-	1	1	2
Swimming pools	-	1	-	1
Tennis courts	-	4	4	8

**CITY OF TAKOMA PARK, MARYLAND
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2022**

Number of schools:	
Elementary (public)	2
Intermediate (public)	1
Private	3
Colleges	2
Election:	
Registered voters – November, 2020	12,188
Number of votes cast – November, 2020	6,549
Percentage voting	53.7%

Population by age group
(Source: U.S. Census Bureau 2020)

Age	2020	2010	2000	1990	1980
Under 9	2,561	1,549	1,237	1,320	955
10 - 19	2,213	2,495	2,261	2,201	2,463
20 - 39	1,843	1,561	2,094	1,567	2,447
40 - 59	5,500	5,350	6,206	7,288	5,842
60 - 69	4,313	4,787	3,972	2,551	2,616
70 - 79	826	973	787	928	1,071
80 and over	373	695	742	845	837
Total	17,629	16,715	16,557	15,855	15,394

**CITY OF TAKOMA PARK, MARYLAND
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2022**

<u>Type of Coverage/Company Name</u>	<u>Policy Number</u>	<u>From</u>	<u>To</u>	<u>Limits of Coverage</u>	<u>Premiums</u>
Commercial General Liability – Local Government Insurance Trust	PLP 542500	07/01/21	(1) 7/01/22	\$3,000,000 aggregate – \$1,000,000/occurrence	\$ 22,943
Legal Liability – Local Government Insurance Trust	PLP 542500	07/01/21	(1) 7/01/22	\$3,000,000 aggregate – \$2,500 deductible	\$ 27,748
Comprehensive Auto Liability – Local Government Insurance Trust	PLP 542500	07/01/21	(1) 7/01/22	Physical damage: Comprehensive – \$1,000,000/occurrence, \$500 deductible Collision – \$1,000,000/occurrence, \$500 deductible Bodily Injury and Property Damage – no deductible \$1,000,000/occurrence, \$3,000,000 aggregate	\$ 71,910
Excess Liability – Local Government Insurance Trust	PLP 542500	07/01/21	(1) 7/01/22	Insurance for the City against losses in excess of \$1,000,000 up to an additional \$5,000,000 for automobile liability, commercial general liability, public officials, and police/personal injury liability	\$ 5,984
Building and Contents (includes boiler and machinery) Local Government Insurance Trust	PLP 542500	07/01/21	(1) 7/01/22	Insured to \$14,454,725, \$1,000 deductible.	\$ 14,160
Chesapeake Employers' Insurance Company – Workers' Compensation	-	07/01/21	(1) 7/01/22	Statutory limit	\$ 459,292
Fidelity Bond – United States Insurance Services	Various	Various	(1) Various	\$15,000 to \$100,000 limits	\$ 14,197

(1) Insurance policy was renewed with the carrier for an additional one year period.

This page intentionally left blank.

SINGLE AUDIT SUPPLEMENT

This page intentionally left blank.



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

November 16, 2022

City Council
City of Takoma Park, Maryland
Takoma Park, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Takoma Park (the City), Takoma Park, Maryland, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 16, 2022.

Internal Control Over Financial Reporting

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

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

City Council
City of Takoma Park, Maryland

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


BARBACANE, THORNTON & COMPANY LLP



INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

November 16, 2022

City Council
City of Takoma Park, Maryland
Takoma Park, Maryland

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Takoma Park's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on of the City's major federal program for the year ended June 30, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts, or grant agreements applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

City Council
City of Takoma Park, Maryland

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP

**CITY OF TAKOMA PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 06/30/21	REVENUE RECOGNIZED	CURRENT YEAR EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/22	PASSED THROUGH TO SUB- RECIPIENTS
<u>U.S. Department of Treasury</u>										
Coronavirus State and Local Fiscal Recovery Funds	D	21.027	07/01/21-12/31/26	\$17,463,724	\$ 8,731,862	\$ -	\$ 1,975,562	\$ 1,975,562	\$ (6,756,300)	\$ -
Total CFDA #21.027					<u>8,731,862</u>	<u>-</u>	<u>1,975,562</u>	<u>1,975,562</u>	<u>(6,756,300)</u>	<u>-</u>
Total U.S. Department of Treasury					<u>8,731,862</u>	<u>-</u>	<u>1,975,562</u>	<u>1,975,562</u>	<u>(6,756,300)</u>	<u>-</u>
<u>U.S. Department of Transportation</u>										
<u>Passed through Maryland State Highway</u>										
TAP FHA Grant-Flower Ave										
SHA Lincoln Park-STRS	I	20.205	10/01/14-01/31/22	108,846	64,377	-	64,377	64,377	-	-
Total CFDA #20.205					<u>64,377</u>	<u>-</u>	<u>64,377</u>	<u>64,377</u>	<u>-</u>	<u>-</u>
Highway Safety Grant	I	20.616	10/01/21-09/30/22	11,134	2,612	-	2,612	2,612	-	-
Total U.S. Department of Transportation					<u>66,989</u>	<u>-</u>	<u>66,989</u>	<u>66,989</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>										
<u>Passed through FEMA</u>										
FEMA Grant	I	97.036	03/01/20-02/28/23	108,846	21,839	-	21,839	21,839	-	-
Total CFDA #97.036					<u>21,839</u>	<u>-</u>	<u>21,839</u>	<u>21,839</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>										
<u>Passed through Maryland State Highway</u>										
Homeland Security	I	97.067	10/01/20-09/30/22	108,846	5,675	-	5,675	5,675	-	-
Total CFDA #97.067					<u>5,675</u>	<u>-</u>	<u>5,675</u>	<u>5,675</u>	<u>-</u>	<u>-</u>
TOTAL FEDERAL AWARDS					<u>\$ 8,826,365</u>	<u>\$ -</u>	<u>\$ 2,070,065</u>	<u>\$ 2,070,065</u>	<u>\$ (6,756,300)</u>	<u>\$ -</u>

Source Code:

I = Indirect funding

CITY OF TAKOMA PARK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE A BASIS OF PRESENTATION

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

All expenditures included in the schedule of expenditures of federal awards are presented on the basis that expenditures are reported to the respective federal grantor agencies. Accordingly, certain expenditures are recorded when the federal obligation is determined.

NOTE C INDIRECT COST

The City has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance. For the year ended June 30, 2022, there were no indirect costs included in the schedule of expenditures of federal awards.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

CITY OF TAKOMA PARK

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2022

PART A – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor’s report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with of the Uniform Guidance?

Yes No

Identification of major program:

CFDA Number _____

Name of Federal Program or Cluster _____

21.027

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

CITY OF TAKOMA PARK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)
JUNE 30, 2022

PART B – FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDING

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C – FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.