

*City of Takoma Park,
Maryland*



*Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023*

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*City of Takoma Park,
Maryland*



*Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023*

Prepared by: City of Takoma Park, Maryland

*David Eubanks
Acting City Manager*

*Susan Cheung
Director of Finance*

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City of Takoma Park, Maryland

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Introductory Section

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October 31, 2023

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

The annual comprehensive financial report ("ACFR") of the City of Takoma Park, Maryland for the fiscal year ending June 30, 2023, 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, 2023, 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 of 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 an unmodified opinion 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

CITY OF TAKOMA PARK

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 of Takoma Park 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 Councilmembers 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 is 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. Advancing a Community of Belonging

- Build on lessons learned during the COVID-19 pandemic to increase residents' and small businesses' resilience to the impact of emergency situations so that they can recover and thrive in the future.
- Further the City's racial equity work.
- Identify and prioritize 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, people of color, immigrants, those with unsustainable lower-paying jobs or incomes, and people with developmental or physical.
- Defend our status as a Sanctuary City and maintain our commitment to being a welcoming and inclusive community where all residents experience a sense of belonging.

2. Fiscally Sustainable Government

- Establish the City's long-term fiscal sustainability strategy.

CITY OF TAKOMA PARK

- Explore expanding City revenue options to identify long-term solutions necessary to diversify the City's revenue streams.
 - Explore ways to provide a more equitable property tax assessment system, including providing property tax adjustments to residents in need.
 - Continue to build on improvements in the budget process, presentation of budget information, and communication with residents.
3. Environmentally Sustainable Community
- Climate Change Mitigation: Work towards net-zero greenhouse gas emissions goal by 2035.
 - Climate Change Resilience: Improve our ability to adapt and be resilient to local impacts of climate change.
 - 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.
4. Engaged, Responsive, Service-Oriented Government
- Hire and onboard a new City Manager.
 - Advance 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.
 - Improve policies and processes to enhance resident interaction with the City government and the Council, including requests for government services, complaint systems, and code enforcement.
 - 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.
 - Improve service delivery and reduce administrative burden by updating internal policies, IT infrastructure, and software to support staff in doing their jobs.
5. Community Development for an Improved and Equitable Quality of Life
- Ensure that a range of safe, high-quality, affordable, green, and energy-efficient housing options are equitably available in neighborhoods throughout the community.
 - Improve transportation planning, design, and implementation to create a safer, more environmentally sustainable, and more racially and economically equitable community for all residents, including pedestrians, bicyclists, and vehicle occupants.
 - Plan and prepare for development in the City and region while maintaining the special character and economic and racial diversity of Takoma Park.

CITY OF TAKOMA PARK

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%. 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 of Takoma Park, 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; 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

CITY OF TAKOMA PARK

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

CITY OF TAKOMA PARK

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.

Continuing in its ongoing commitment to long-term financial planning, in October 2022, the City engaged with a financial consulting firm to develop a long-term financial forecast to evaluate current and future fiscal conditions to guide policy and program decisions moving forward. The financial forecast is complete, and has been included in the FY24 Adopted Budget document. The tool provided estimated information based on past, current, and projected financial conditions to help identify future revenue and expenditures trends that may have an immediate or long-term influence on government policies, strategic goals, and community services.

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, 2022. This was the sixteenth 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 generally accepted accounting principles 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,



David Eubanks
Acting 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

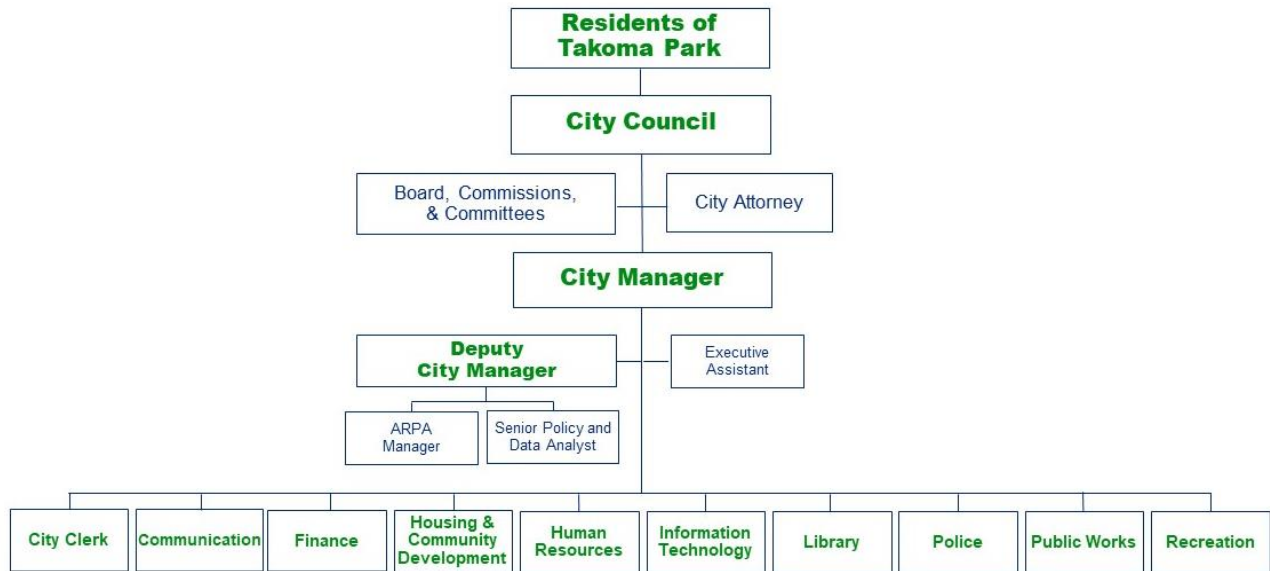
June 30, 2022

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, 2023

MAYOR

Talisha Searcy

CITY COUNCIL

Cindy Dyballa
Shana Fulcher
Randy Gibson
Cara Honzak
Terry J. Seamens
Jason Small

ACTING CITY MANAGER

David Eubanks

ACTING DEPUTY CITY MANAGER

Andrew Bolduc

DIRECTOR OF FINANCE

Susan Cheung

INDEPENDENT AUDITORS

Barbacane, Thornton & Company LLP

Prepared by the Finance Department

Financial Section

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INDEPENDENT AUDITOR'S REPORT

October 31, 2023

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Takoma Park, Takoma Park, Maryland, as of June 30, 2023, and the respective changes in financial position, and the respective budgetary comparisons for the general fund, speed camera fund, and 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.

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

We have previously audited the City of Takoma Park's June 30, 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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 18 through 33, 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 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, 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 October 31, 2023, 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, 2023**

As management of the City of Takoma Park ("the City"), we offer this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2023. 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 2023 by \$51,143,882 (net position). This represents an increase of \$4,566,633 from the prior year. The change in the net position was the result of a net surplus of revenues (\$36,056,572) over expenses (\$31,489,939). Under the general revenues, approximately 15.7% or \$684,419 of the revenue variance from the prior year was due to an increase in real property tax (\$601,719) and personal property tax (\$5,147). Due to the cancellation of the inventory tax and refunds to tax payers, personal property tax had decreased from the past years. The City's revenue increase of \$4,354,567 was primarily due to a \$4,434,149 increase in Operating Grants and Contributions, and a \$107,348 increase in Charges for Services. In Program revenues, almost 102% or \$4,434,149 of the total increase was due to the increase in Operating Grants, which included the Police Protection (\$169,560) and Affordable Homeownership Grants (\$400,000) resulting from the completion of the projects in the grant year. In Special Revenue Fund, the Operating Grants revenue increase was due to new grants awarded such as, Leeland Housing (\$600,000) and New Hampshire Avenue (\$1,000,000). In the Federal Grant, the increase was primarily due to the reimbursement of multiple Housing and Development Grants (\$2,323,909) provided by the American Rescue Plan Act ("ARPA").
- Of the City's total net position, the unrestricted net position increased from \$1,662,267 in fiscal year 2022 to \$4,471,602 in fiscal year 2023. The unrestricted net position increased due primarily to the current year positive change in net position of \$4,566,633. The net position increase was offset by reporting of the net pension liability of \$13,962,222 related to the City's two pension plans. Beginning in 2015, the City implemented GASB 68 and GASB 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, 2023, the City's governmental funds reported combined ending fund balances of \$24,890,748, a decrease of \$568,024 or 2.2% from the prior year. The decrease in fund balance was mainly due to the deficit in the Speed Camera Fund, \$527,640; Special Revenue Fund, \$45,272; and Stormwater Fund (a non-major fund), \$233,734. The deficits were offset by the surplus in the General Fund, \$237,549. The ending fund balance of \$24,890,748 includes \$8,230,439 that is available for spending at the City's discretion (unassigned fund balance). The decrease in the combined ending governmental fund balance was due to the excess of expenses over revenues in the two major funds and the non-major fund.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

- At the end of fiscal year 2023, the unassigned fund balance for the General Fund was \$8,230,439 or 28.6% of total General Fund revenues. The unassigned fund balance was more than fiscal year 2022 due to the transfer release totaling \$3.4 million from the Designated for Subsequent Years in the Committed Reserve and the Restricted Bond Reserve.
- The City's long-term debt decreased by \$598,796 during the fiscal year. The decrease was primarily due to the pay-off of annual principal payments on existing bond debts totaling \$462,000 and a decrease of \$136,796 in the Lease Liability. In addition, the City's Compensated Absences indicated a slight increase of \$25,601.

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 34 and 35 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

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

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).

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, the Speed Camera Fund, the Special Revenue Fund, and the ARPA 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 32-43 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside 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, 2023**

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. Supplemental information can be found on pages 80-91 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 \$51,143,882 as of June 30, 2023. 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 \$37,505,671 or 73.3% of the City's net position as of June 30, 2023. Due to the nature of these assets, they are not available for future spending.

The unrestricted portion of the net position was \$4,471,602. 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 \$4,566,633 and the reduction of the restricted net position for Streets of \$925,943, 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, \$9,166,609 or 17.9%, 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 \$4,566,633. Factors contributing to this growth include the increase of revenues. The City's overall revenue increased by \$4.3 million primarily due to the increase of Program Revenues including \$4.4 million in Operating Grants and \$107,348 Charges for Services revenues.

In general revenues, the upward trend was reflected at the change of \$684,419 in Property Tax, the increase in \$202,514 Miscellaneous Income, and \$436,103 in the Investment Earnings. The increase in the revenue was offset by the decrease of \$1.3 million Intergovernmental Revenue.

The following table reflects the City's net position as of June 30, 2023 compared to June 30, 2022.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

Statement of Net Position

	Governmental Activities	
	2023	2022
Assets:		
Current and other assets	\$ 41,642,250	\$ 37,433,232
Capital assets	45,671,963	42,250,816
Total Assets	<u>87,314,213</u>	<u>79,684,048</u>
Deferred outflows of resources	<u>4,429,840</u>	<u>5,547,547</u>
Liabilities:		
Current and other liabilities	15,551,313	11,052,116
Long-term liabilities	22,554,772	21,317,809
Total Liabilities	<u>38,106,085</u>	<u>32,369,925</u>
Deferred inflows of resources	<u>2,494,086</u>	<u>6,284,421</u>
Net Position:		
Net investment in capital assets	37,505,671	34,092,316
Restricted	9,166,609	10,822,666
Unrestricted	4,471,602	1,662,267
Total Net Position	<u>\$ 51,143,882</u>	<u>\$ 46,577,249</u>

Governmental Activities

Governmental activities increased the City's net position by \$4,566,633 during fiscal year 2023, 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	
	2023	2022
REVENUES		
Program revenues:		
Charges for services	\$ 2,772,972	\$ 2,665,624
Operating grants and contributions	11,642,367	7,208,218
Capital grants and contributions	-	184,133
General revenues:		
Property taxes	15,030,571	14,346,152
Intergovernmental	5,727,960	7,053,793
Miscellaneous	468,064	265,550
Unrestricted investment earnings	414,638	(21,465)
Total Revenues	<u>36,056,572</u>	<u>31,702,005</u>

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

Change in Net Position

(cont'd)	Governmental Activities	
	2023	2022
EXPENSES		
General government	5,271,966	5,845,530
Public safety	9,161,109	9,056,403
Public works	7,605,432	7,574,855
Housing and community development	5,593,613	2,169,522
Recreation and culture	3,561,436	4,146,336
Interest on long-term debt	296,383	286,607
Total Expenses	<u>31,489,939</u>	<u>29,079,253</u>
Change in net position	<u>4,566,633</u>	<u>2,622,752</u>
Net position, beginning of year	<u>46,577,249</u>	<u>43,954,497</u>
Net position, end of year	<u><u>\$51,143,882</u></u>	<u><u>\$46,577,249</u></u>

Overall revenues increased \$4,354,567 from fiscal year 2022 to fiscal year 2023. In program revenues, operating grants and contributions increased by \$4,434,149, charges for services increased by \$107,348, and capital grants decreased by \$184,133. In general revenues, property tax revenue increased by \$684,419, and intergovernmental revenues decreased by \$1,325,833. In addition, the miscellaneous revenues increased by \$202,514, and the investment earnings increased by \$436,103.

Operating grants and contributions increased, totaling \$4,434,149, and was due to the increase in Operating Grants which included the Police Protection (\$169,560) and the Affordable Homeownership Grants (\$400,000) resulting from the completion of the projects in the grant year. In Special Revenue Fund, the Operating Grants revenue increase was due to new grants awarded, such as Leeland Housing (\$600,000) and New Hampshire Avenue (\$1,000,000). In the Federal Funding, the increase was primarily due to the reimbursement of multiple Housing and Development Grants (\$2,323,909), and Capital Improvement projects totaling \$508,876 provided by ARPA.

Charges for services increased by \$107,348. This variance was due to the (\$17,305) increase in Passport Service, the (\$283,785) increase in the Recreation and Cultural revenues, the (\$17,689) increase in Public Parking, and the Stormwater Utility fees (\$25,394). In addition, other charges for services increases include Rental Licenses Fee (\$44,211). The increases are offset by the reduction of (\$295,335) Speed Camera fines in the Public Safety category due to the malfunctioning of the machine during the third quarter of fiscal year 2023.

Miscellaneous revenue increased by \$202,514, primarily due to the increase of Community Grants awarded in fiscal year 2023. The grant increases include Affordable Homeownership (\$200,000) and the TP Coop Nursery (\$99,607).

Total expenses increased by \$2,410,686 from fiscal year 2022 to fiscal year 2023. General Government expenses decreased by \$573,564 in fiscal year 2023 due to the delay implementation of the HRIS system (\$246,000) and the reduction in personnel costs (\$153,000).

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

Public Safety expenses are \$104,706 higher than those for fiscal year 2022. The variance is primarily due to the increase in salary and fringe benefits in various divisions; and Speed Camera Program totaled (\$75,561), and increase in Gasoline and Contract costs totaled (\$31,026).

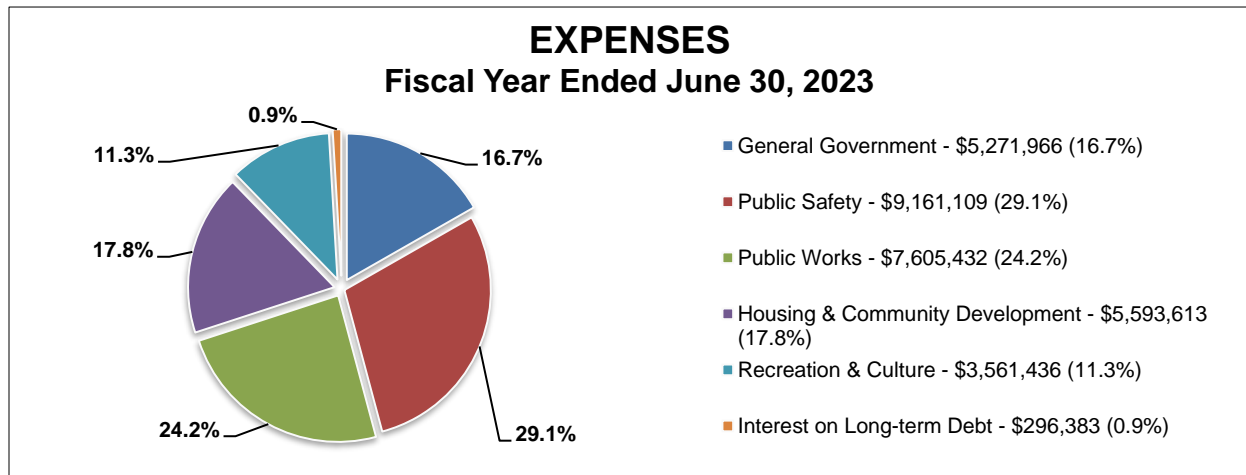
Public Works expenses increased by \$30,577 due to the decrease of (\$204,595) contract costs in various divisions, including the (\$20,130) cost of Outside Labor, the (\$90,972) Contract Work from Sustainable Division, the (\$114,906) Contract Work of the Urban Forest, and the (\$48,587) Engineering Work of the City Engineer. The salary and fringe benefit costs has decreased significantly (\$550,240) as well as the cost of snow removal material (\$60,643), which offset the depreciation charged to the Public Works of \$1,629,264.

Housing and Community Development expenses increased by \$4,989,731 due primarily to the (\$2,324,049) increase in Housing and Community Development services provided by the ARPA Fund. In Special Revenue Fund, the expenses were increased by new grants awarded totaling (\$1,816,505) and operating and personnel costs increases totaling (\$231,846).

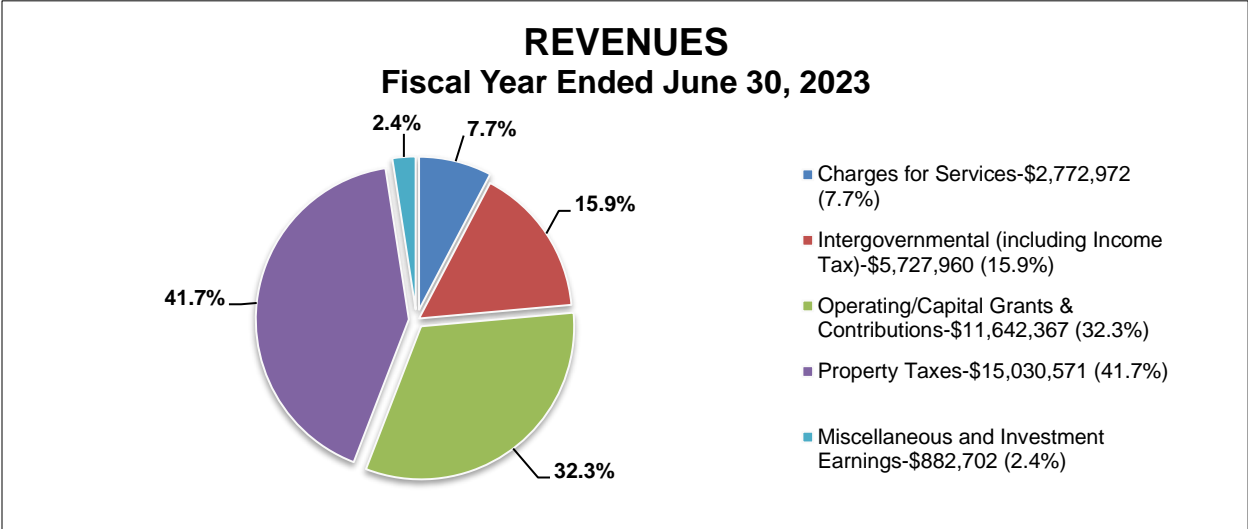
Recreation and Culture expenses decreased by \$584,900 from fiscal year 2022 to fiscal year 2023. The decrease was primarily due to a decrease of (\$497,780) in Salary and other Fringe Benefit expenses, and an overall decrease of (\$108,558) in recreation program and cultural activity costs due to the preparation of the Library Construction.

Interest on long-term debt increased by \$9,776 from fiscal year 2022 to fiscal year 2023 due to the principal paydown of the City's three outstanding bond funds including the Transportation and Library Bond Series of 2017 and the Community Center Bond Series of 2015. Compensated Absences increased by \$25,601.

As shown previously, the cost of all governmental activities was \$31,489,939. Those who directly benefited from the services paid \$2,772,972 of the activity costs. The City also received operating and contributions from other governments and organizations of \$11,642,367 which reduced the amount paid by City residents for certain services. The net cost of the City's governmental activities totaled \$17,074,600 and was funded with general revenues, including property taxes and intergovernmental revenues.

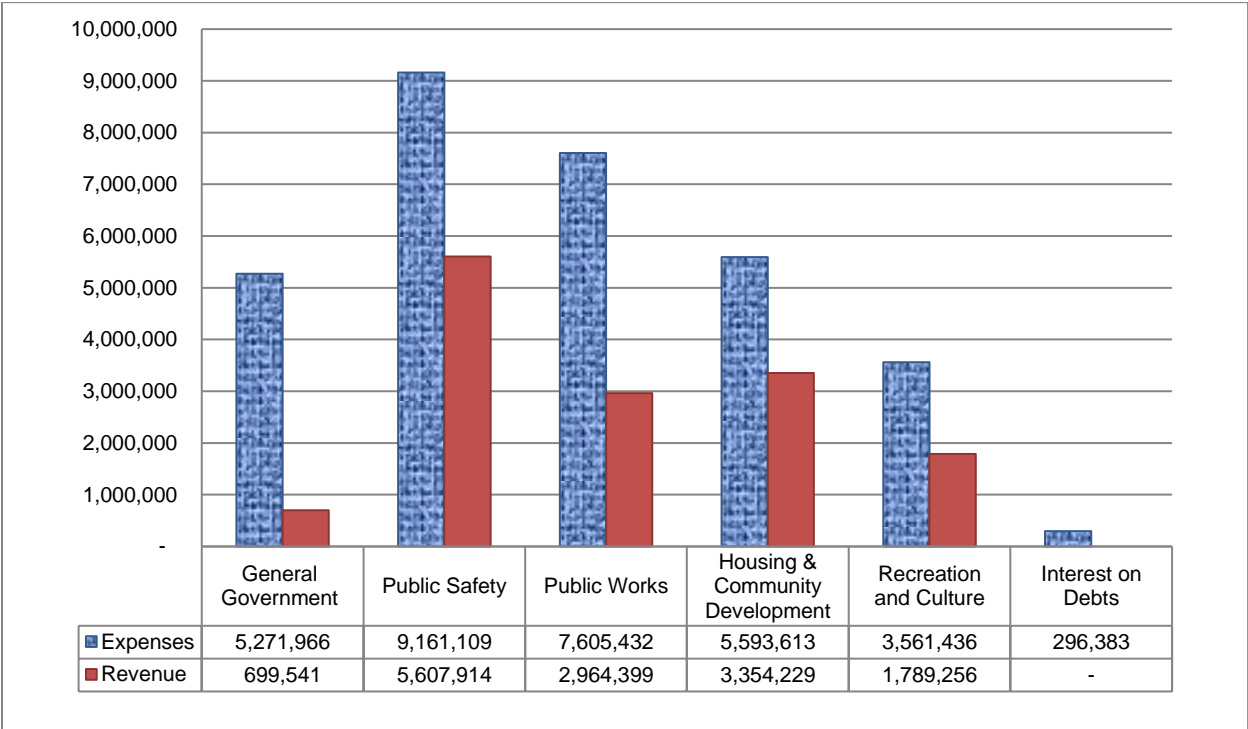


**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**



COMPARISON OF PROGRAM REVENUES VERSUS EXPENSES

Fiscal Year Ended June 30, 2023



**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements. In this section, the discussion should explain the underlying reasons for the significant changes in fund balances or net fund position.

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, 2023, the City's governmental funds had combined fund balances of \$24,890,748, a decrease of \$568,024 from the prior year. Approximately 36.9% 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 \$9,166,609, which included \$5.3 million in the General Fund and \$3.7 million in the Speed Camera Fund. Compared to fiscal year 2022, there is a reduction of \$0.9 million in the Bond Restricted Reserve of the General Fund. The reduction is attributed to the increased expenditures in Library construction. The use of these funds is restricted for expenditures primarily for Street Improvement, 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 \$20,561,618, an increase of \$237,549 from fiscal year 2022. The increase is due to the surplus of \$216,210 and the proceeds received for the sales of City property in the amount of \$21,339.

The General Fund fund balance includes \$97,575 which is restricted for street improvements, \$4,625,476 which is restricted for bond payment, and \$9,700 which is nonspendable (e.g., deposits and prepaid expenditures). A portion of the General Fund fund balance, totaling \$7,000,187, or 34.0% is committed for the following purposes:

• Equipment Replacement	4,155,156
• Facility Maintenance	487,904
• Housing Fund Reserve	1,135,064
• Designated -Subsequent Years	1,222,063

Due to the condition of deficiency of revenues over expenditure in the budget of fiscal year 2024, the City is obligated to apply the deficit amount into designated funds in the reserve. The amount of \$1,222,063 is included in committed fund balance, and it will avoid accidental misuse of obligated funds. The unassigned portion of the General Fund fund balance as of June 30, 2023 is \$8,230,439, which is an increase of \$3.66 million from the previous year. The unassigned balance for the year increased primarily due to the release of \$1.7 million from the restricted and \$2.3 million from the committed fund balance to the unassigned balance.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

Besides the General Fund, the City has three major funds and three non-major governmental 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 2023 totaled \$701,412. 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 are restricted by law and must be used for public safety purposes. The Speed Camera Fund had a fund balance of \$139,674 at June 30, 2023. The ending fund balance reflected a reduction of \$527,640 from the year before. The balance decreased primarily due to the increased expenditures in capital projects and decreased revenue from fines and forfeitures. 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 \$3,695,616 as of June 30, 2023. Most of the fund balance is restricted for the acquisition of cable equipment. The amount that is restricted for cable equipment is \$3,667,923. The remaining fund balance of \$27,693 is restricted for police-related expenditures allowed by the Department of Justice Equitable Sharing Program. The decrease in the fund balance of the Special Revenue Fund is due to the \$45,272 excess of Cable Grant expenditures over revenues.

The ARPA Fund is a major fund created in fiscal year 2022. The City was awarded the funding from the United States Treasury and received a total of \$17.5 million in fiscal year 2022 and 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, 2023, the ARPA Fund total expenditure was \$3,469,634, the total revenue was \$3,470,707, and the fund balance was \$1,345 as the majority of the unused fund 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 Community Center 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 \$483,813 as of June 30, 2023.

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 \$8,682 as of June 30, 2023. 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 2023, 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, 2023.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, there were net decreases totaling \$7,478,784 in General Fund expenditure appropriations between the final budget and the actual spending. The largest decrease in the appropriations was related to capital outlay. The net decrease in the budget for the capital outlay was \$3,819,473. These projects included the Library construction with a reduction of \$3,315,458 and Capital Equipment expenditure with the decrease of \$373,642. Equipment Reserve expenditure appropriation reduced by 577,414, and Building Maintenance expenditure reduced by \$200,801. The reduction in the actual appropriations of the Library construction was due to the one-year delay of permit certificate approval. In addition, there were budget decreases in various departments including General Government (decreased \$1,030,188), Public Works (decreased \$1,123,910), Housing and Community Development (decreased \$981,048), and Recreation and Culture (decreased \$448,603). The reduction in the expenditure appropriation was primarily due to staff vacancies and cancellation of program activities from various departments.

On a budgetary basis, actual revenues for the fiscal year were more than the final amended budget by \$1,449,099. The most significant tax revenue increases were due to the income tax revenue, which was higher than the budgeted amount by \$555,622, and the personal property collection was higher than the budgeted amounts by \$86,277. Intergovernmental revenue was \$420,649 higher than the budgeted amount due to the tax duplication adjustment provided by the Montgomery County. Use of Money and Investment revenue were above the budgeted amount by \$197,708 due to the multiple interest rate adjustments by the Federal Reserve Bank during the year.

Actual General Fund expenditures were \$7.5 million less than the revised budget authorization. General Government expenditures were \$1,030,188 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 \$135,281 less than budgeted. Housing Fund expenditures were \$40,000 less than budgeted and Partnership Programs, Workers Compensation Insurance, and other fringe benefits expenditures were less than the budgeted totaling \$86,113.

Contractual services and personnel costs in Human Resources and Information Technologies were \$350,538 less than budgeted. City Attorney legal service contract costs were \$102,428 less than budgeted. Overall division salary costs were \$241,825 less than budgeted.

Public Safety expenditures were \$75,561 less than budgeted due to lower than expected part-time salary and fringe benefit costs of (\$98,300) in the Administration Services division.

Public Works expenditures were \$1,123,910 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 \$409,827. In the Building Maintenance and Solid Waste division, lower than anticipated expenditures included personnel costs totaling \$212,885 primarily due to the vacancy and hiring of the new Building Maintenance and Waste Management Supervisors. In the Right of Way division, the snow removal

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

service cost and personal cost were \$115,868 less than budgeted. In the City Engineer division, the material cost and labor for subcontractor was \$134,784 less than budgeted.

Housing and Community Development expenditures were \$981,048 less than budgeted. Overall personnel costs were down \$584,268 due to the vacant positions. Contract and program services were down \$314,375 due to the delays in the implementation of projects that were deferred and lower than anticipated need for contracted services.

Expenditures for Recreation and Culture were \$448,603 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 \$112,796 lower than budgeted. The variance of \$231,204 in personnel costs was attributed to the overall staffing cost reduction due to program cancellation. The Library's expenditures were \$25,886 under the budgeted amount mainly due to the reduction of personnel related salaries and book purchases.

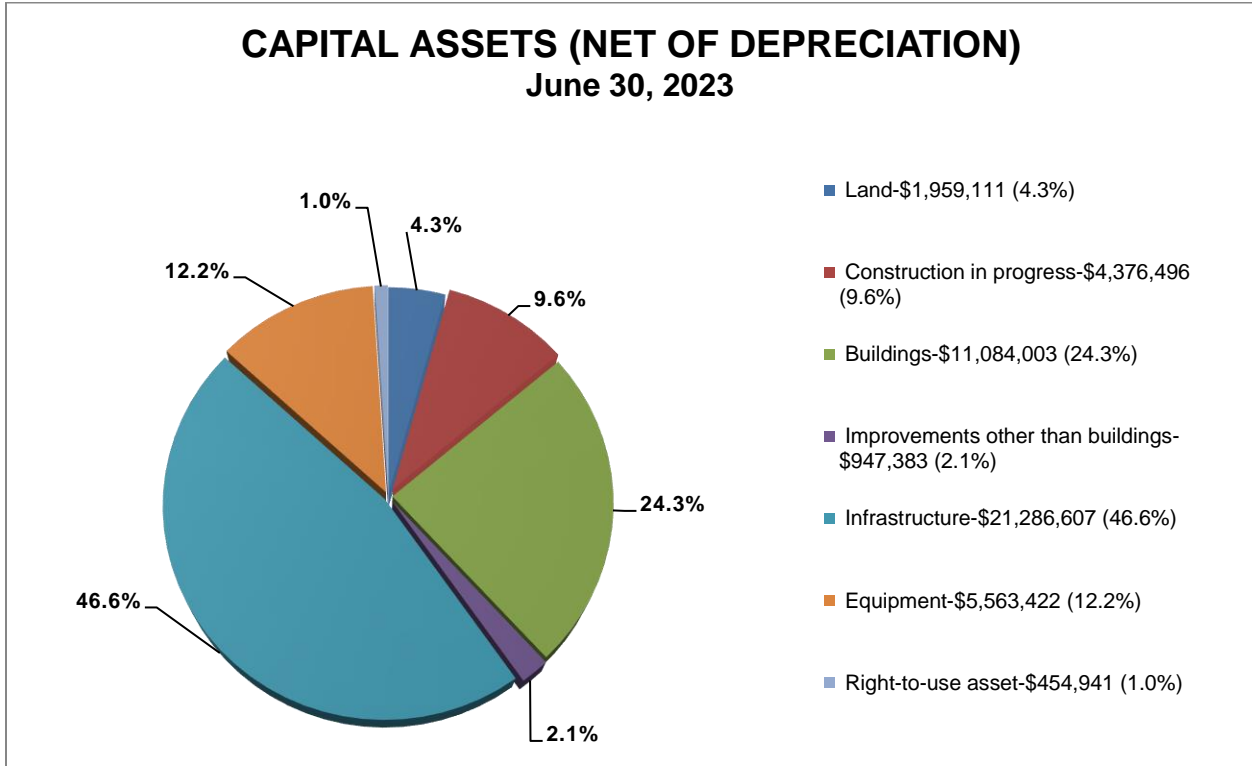
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the City's investment in capital assets (buildings, roads and other infrastructure, vehicles, and equipment) for its governmental activities totaled \$45,671,963 (net of accumulated depreciation). This amount represents an increase of \$3,421,147 from the prior year's ending total capital assets of \$42,250,816. The increase was attributable to net asset additions of \$2,163,092 in Construction in Progress, \$803,114 in Depreciable Capital Assets, and net of depreciation expense of \$2,600,015. The amount of asset disposal was \$234,517 during the year, and there was a transfer of \$141,998 from Construction in Progress to Depreciable Capital Assets. The City had an addition of right-to-use asset (\$454,941) due to the new lease agreement beginning in September 2022. Asset additions made during the fiscal year included equipment for Public Safety (\$353,105), Housing and Information Technology equipment (\$63,624), and General Government (\$515,719). Infrastructure improvements totaling \$1,629,264 included new sidewalks, New Avenue Bikeway, and the Takoma Branch Stream restoration project. Further information on the City's capital assets is shown in following table:

	Governmental Activities	
	2023	2022
Capital Assets (net of depreciation):		
Land	\$ 1,959,111	\$ 1,959,111
Construction in progress	4,376,496	2,213,404
Buildings	11,084,003	12,240,514
Improvements other than buildings	947,383	95,129
Infrastructure	21,286,607	22,752,546
Equipment	5,563,422	2,990,112
Right-to-use asset	454,941	-
TOTAL	\$ 45,671,963	\$ 42,250,816

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**



Additional information on the City's capital assets can be found in Note 9 - Capital Assets and Other Property on pages 59 and 60 of this report.

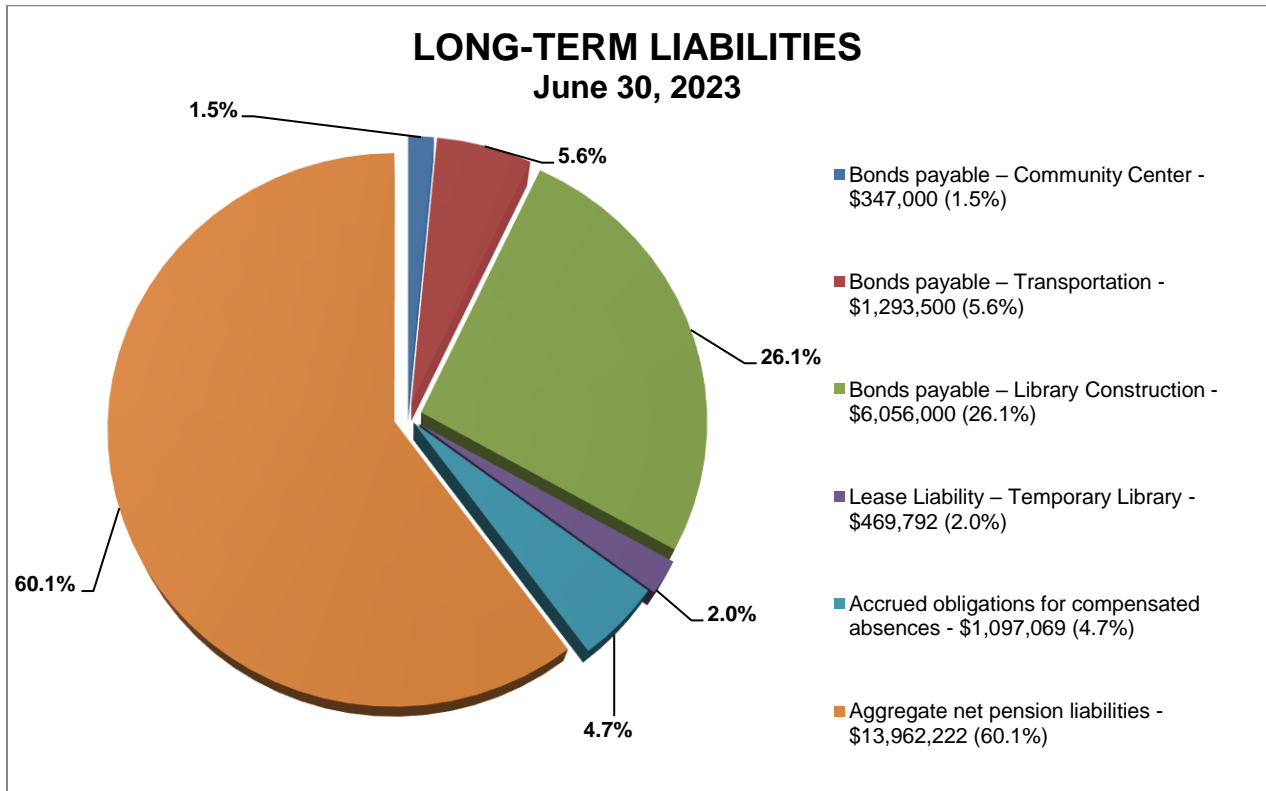
Long-term Liabilities

At year-end, the City had \$9,263,361 in long-term liabilities, an increase of \$33,294 or about 0.36% from the prior year. The outstanding debt is comprised of long-term bonds, accrued obligations for compensated absences, and lease liability. The increase in outstanding debt was primarily due to the principal payments on existing debt totaling \$462,000, net of the increase of \$25,502 in compensated absences and the addition of Library lease liability of \$469,792.

The City's aggregate net pension liability totaled \$13,962,222 at year-end, an increase of \$944,862 from the prior year. The significant increase in the Police Pension liability was due to the change in investment value of pension assets, inflationary indexes, and the salary increase in the police force. 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, 2023**

	Governmental Activities	
	2023	2022
LONG-TERM LIABILITIES:		
Bonds payable – community center (2015)	\$ 347,000	\$ 513,000
Bonds payable – transportation (2017)	1,293,500	1,420,500
Bonds payable – library construction (2017)	6,056,000	6,225,000
Lease liability – temporary library (2023)	469,792	-
Accrued obligations for compensated absences	1,097,069	1,071,567
Aggregate net pension liabilities	13,962,222	13,017,360
TOTAL	\$ 23,225,583	\$ 22,247,427



Additional information on the City's long-term debt can be found in Note 10- Non-Current Liabilities on pages 60-62 of this report.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

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 increase to \$0.5522 per \$100 of assessed valuation. Real property tax revenues increase by \$1,029,079 compared to fiscal year 2023 budgeted revenues.
- Tax duplication ("In Lieu Of") payments from Montgomery County, with the inclusion of Police Rebate, will adjust to \$5,239,703. The payments will increase by \$106,418.
- Staffing levels increase by 0.16 full-time equivalents. The net increase reflects some adjustments in existing positions primarily an addition of a half-time position in Housing and Community Development, some part-time staff in the Public Works, and offset by the part-time staff reduction in Recreation.
- Anticipated General Fund Capital Improvement expenditures of \$117,000 for street lights upgrade (\$20,000), parking and code enforcement lease vehicle purchases (\$72,000), and data center security and firewall enhancement (\$25,000). The fiscal year 2024 cost of Library design and renovation is expected to be \$1.05 million and is funded by the Library Bond.
- Continued funding of \$140,000 for the City's local supplement to the State Homeowner Property Tax Credit Program.
- Contribution of \$550,000 to replenish the Equipment Replacement Reserve. Funds from the Equipment Replacement Reserve will be used to replace vehicles and equipment, including seven police cars (\$437,360), a recreation small bus (\$120,000), and a walk behind mower (\$12,000).
- No fund contribution will be made to the Facility Maintenance Reserve. Funds from the Facility Maintenance Reserve will be used to replace the front gate at Public Works (\$32,000) and the third-floor renovation for IT and Cable (\$75,000).
- Financial support for the Community Festival and Fourth of July Festival totaling \$17,000 and \$20,000. Funds are set aside for grant programs including the Emergency Tree Removal (\$20,000), Summer Enrichment Program (\$45,000), and Community Play (\$10,000).
- The City received the second half of federal funding under the ARPA totaling \$17.5 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.
- An additional \$3.5 million will be funded by ARPA for the design and renovation of the Library.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2023**

- A total of \$200,000 is provided to support the Housing Reserve Fund.
- In fiscal year 2024, \$1.3 million of the General Fund expenses will be redistributed to the ARPA Fund. This includes the ADA Sidewalks (\$300,000), SHA Sidewalks (\$150,000), new Sidewalk design and traffic calming (\$200,000), and the Street Rehabilitation (\$250,000). The Bike Improvement Project (\$40,000), City match for Maple Avenue Connectivity Project (\$50,000), Metro Branch (\$12,000), New Hampshire Avenue Bikeway Project (\$61,200), and Neighborhood Commercial Center Program (\$57,457) will be redistributed as well.
- 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 Jefferson Avenue Bio Retention Facility (\$120,000), Albany and Baltimore Avenue (\$75,000), and Houston Avenue (\$55,000).
- Funding in the amount of \$1 million in Special Revenue Fund projects has been allocated for the expansion of IT and City TV office, the Neighborhood Improvement, the New Hampshire Avenue Bikeway, the Recreation Center Design, and for Remote Production and Control Room Relocation.
- Anticipated expenditure of \$68,500 from Speed Camera Fund. Expenditures include the purchase of bike patrol unit equipment (\$6,000), field radio equipment (\$37,500), and mobile computers (\$25,000).

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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 30,434,081	\$ 24,400,806
Investments	1,882,693	3,134,640
Restricted investments	6,506,720	6,506,720
Receivables, net:		
Taxes	144,632	211,131
Notes	-	5,273
Other	54,800	76,105
Due from other governments	2,609,624	3,078,497
Other assets	9,700	20,060
Total Current Assets	<u>41,642,250</u>	<u>37,433,232</u>
Noncurrent Assets:		
Capital assets net:		
Non-depreciable	6,335,607	4,172,515
Depreciable	38,881,415	38,078,301
Right-to-use asset	454,941	-
Total Noncurrent Assets	<u>45,671,963</u>	<u>42,250,816</u>
TOTAL ASSETS	<u>87,314,213</u>	<u>79,684,048</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	4,429,840	5,547,547
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,429,840</u>	<u>5,547,547</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 91,744,053</u>	<u>\$ 85,231,595</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,206,189	\$ 1,626,826
Accrued expenditures	520,964	436,528
Accrued interest	66,245	69,007
Deposits and escrows held	218,895	192,719
Due to other units of government	208,869	208,869
Unearned revenue	12,659,340	7,588,549
Lease liability - current	196,811	-
Bonds and notes payable - current	474,000	462,000
Compensated absences - current	-	467,618
Total Current Liabilities	<u>15,551,313</u>	<u>11,052,116</u>
Noncurrent Liabilities:		
Lease liability	272,981	-
Bonds and loans payable	7,222,500	7,696,500
Compensated absences	1,097,069	603,949
Net pension liability	13,962,222	13,017,360
Total Noncurrent Liabilities	<u>22,554,772</u>	<u>21,317,809</u>
TOTAL LIABILITIES	<u>38,106,085</u>	<u>32,369,925</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	2,494,086	6,284,421
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,494,086</u>	<u>6,284,421</u>
NET POSITION		
Net investment in capital assets	37,505,671	34,092,316
Restricted:		
Debt service	4,625,476	3,713,196
Emergency expenses	570,549	541,646
General government	1,345	301,956
Housing	-	845,109
Justice forfeiture	27,692	27,692
Loans	8,682	6,619
Public safety	139,674	667,314
Streets	3,793,191	4,719,134
Unrestricted	4,471,602	1,662,267
TOTAL NET POSITION	<u>51,143,882</u>	<u>46,577,249</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 91,744,053</u>	<u>\$ 85,231,595</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, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	
					2023	2022
GOVERNMENTAL ACTIVITIES						
General government	\$ 5,271,966	\$ 295,840	\$ 403,701	\$ -	\$ (4,572,425)	\$ (5,068,374)
Public safety	9,161,109	701,412	4,906,502	-	(3,553,195)	(3,214,894)
Public works	7,605,432	868,775	2,095,624	-	(4,641,033)	(5,919,128)
Housing and community development	5,593,613	365,161	2,989,068	-	(2,239,384)	(1,383,413)
Recreation and culture	3,561,436	541,784	1,247,472	-	(1,772,180)	(3,148,862)
Interest on long-term debt	296,383	-	-	-	(296,383)	(286,607)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 31,489,939	\$ 2,772,972	\$ 11,642,367	\$ -	(17,074,600)	(19,021,278)
GENERAL REVENUES						
Taxes:						
					14,549,412	14,200,154
					481,159	462,547
					4,942,750	4,721,563
					57,415	72,084
					727,795	1,943,597
					414,638	(21,465)
					21,339	18,343
					446,725	247,207
					<u>21,641,233</u>	<u>21,644,030</u>
					4,566,633	2,622,752
					<u>46,577,249</u>	<u>43,954,497</u>
					<u>\$ 51,143,882</u>	<u>\$ 46,577,249</u>

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

CITY OF TAKOMA PARK, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023
(With Summarized Comparative Data for June 30, 2022)

	General Fund	Speed Camera Fund	Special Revenue Fund	ARPA Fund	Non-Major Governmental Fund	Totals 2023	Totals 2022
ASSETS							
Cash and cash equivalents	\$ 11,981,204	\$ 5,367,974	\$ -	\$ 12,456,368	\$ 628,535	\$ 30,434,081	\$ 24,400,806
Investments	1,882,693	-	-	-	-	1,882,693	3,134,640
Restricted investments	6,506,720	-	-	-	-	6,506,720	6,506,720
Receivables, net:							
Taxes	144,632	-	-	-	-	144,632	211,131
Notes	-	-	-	-	-	-	5,273
Other	29,817	-	-	-	24,983	54,800	76,105
Due from other funds	5,245,208	-	3,939,567	-	110,323	9,295,098	9,166,416
Due from other governments	2,445,362	-	161,912	-	2,350	2,609,624	3,078,497
Other assets	9,700	-	-	-	-	9,700	20,060
TOTAL ASSETS	\$ 28,245,336	\$ 5,367,974	\$ 4,101,479	\$ 12,456,368	\$ 766,191	\$ 50,937,348	\$ 46,599,648
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 816,818	\$ 180,622	\$ 67,781	\$ 123,751	\$ 17,217	\$ 1,206,189	\$ 1,626,826
Accrued expenditures	505,364	7,283	-	4,806	3,511	520,964	436,528
Deposits and escrows held	206,864	-	8,185	-	3,846	218,895	192,719
Due to other funds	3,693,083	5,040,395	260,095	301,263	262	9,295,098	9,166,416
Due to other units of government	-	-	-	-	208,869	208,869	208,869
Unearned revenue	564,335	-	69,802	12,025,203	-	12,659,340	7,588,549
TOTAL LIABILITIES	5,786,464	5,228,300	405,863	12,455,023	233,705	24,109,355	19,219,907
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	1,897,254	-	-	-	39,991	1,937,245	1,920,969
FUND BALANCES:							
Nonspendable	9,700	-	-	-	-	9,700	20,060
Restricted	5,321,292	139,674	3,695,616	1,345	8,682	9,166,609	10,822,666
Committed	7,000,187	-	-	-	-	7,000,187	9,297,995
Assigned	-	-	-	-	483,813	483,813	719,610
Unassigned	8,230,439	-	-	-	-	8,230,439	4,598,441
TOTAL FUND BALANCES	20,561,618	139,674	3,695,616	1,345	492,495	24,890,748	25,458,772
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 28,245,336	\$ 5,367,974	\$ 4,101,479	\$ 12,456,368	\$ 766,191	\$ 50,937,348	\$ 46,599,648

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, 2023**

TOTAL GOVERNMENTAL FUND BALANCES \$ 24,890,748

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. 45,671,963

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. 1,937,245

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

Interest payable	\$ (66,245)	
Lease liability	(469,792)	
Bonds and notes payable	(7,696,500)	
Compensated absences	(1,097,069)	
Net pension liability	<u>(13,962,222)</u>	(23,291,828)

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	4,429,840	
Deferred inflows of resources - pension	<u>(2,494,086)</u>	<u>1,935,754</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 51,143,882

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, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	General Fund	Speed Camera Fund	Special Revenue Fund	ARPA Fund	Non-Major Funds	Totals 2023	Totals 2022
REVENUES							
Taxes and utility fees	\$ 19,957,045	\$ -	\$ -	\$ -	\$ -	\$ 19,957,045	\$ 19,067,715
Licenses and permits	57,415	-	-	-	-	57,415	72,084
Fines and forfeitures	138,790	701,412	-	-	-	840,202	1,137,040
Use of money and property	413,708	930	-	-	-	414,638	(21,465)
Charges for services	1,159,057	-	-	-	773,713	1,932,770	1,528,584
Intergovernmental	6,900,598	-	2,000,070	3,469,494	-	12,370,162	9,335,948
Miscellaneous	135,724	-	303,002	1,213	6,786	446,725	247,207
TOTAL REVENUES	28,762,337	702,342	2,303,072	3,470,707	780,499	36,018,957	31,367,113
EXPENDITURES							
General government	4,831,694	-	-	171,095	170	5,002,959	5,266,601
Public safety	8,673,019	930,268	-	-	-	9,603,287	9,362,036
Public works	5,221,282	-	1,000,000	-	423,223	6,644,505	6,072,364
Housing and community development	1,707,152	-	1,114,249	2,789,208	-	5,610,609	2,092,779
Recreation and culture	3,876,552	-	-	-	-	3,876,552	3,879,671
Capital outlay	4,102,305	299,714	234,095	509,331	590,840	5,736,285	2,545,500
Debt service:							
Principal	462,000	-	-	-	-	462,000	602,000
Interest	278,711	-	-	-	-	278,711	289,309
TOTAL EXPENDITURES	29,152,715	1,229,982	2,348,344	3,469,634	1,014,233	37,214,908	30,110,260
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(390,378)	(527,640)	(45,272)	1,073	(233,734)	(1,195,951)	1,256,853
OTHER FINANCING SOURCES (USES)							
Lease proceeds	606,588	-	-	-	-	606,588	-
Transfers in	-	-	-	-	-	-	65,000
Transfers out	-	-	-	-	-	-	(65,000)
Proceeds from sale of capital assets and equipment	21,339	-	-	-	-	21,339	18,343
TOTAL OTHER FINANCING SOURCES (USES)	627,927	-	-	-	-	627,927	18,343
NET CHANGE IN FUND BALANCES	237,549	(527,640)	(45,272)	1,073	(233,734)	(568,024)	1,275,196
FUND BALANCES, BEGINNING OF YEAR	20,324,069	667,314	3,740,888	272	726,229	25,458,772	24,183,576
FUND BALANCES, END OF YEAR	\$ 20,561,618	\$ 139,674	\$ 3,695,616	\$ 1,345	\$ 492,495	\$ 24,890,748	\$ 25,458,772

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, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (568,024)

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	\$ 6,172,808	
Depreciation expense	<u>(2,751,661)</u>	3,421,147

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	16,276
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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.	(7,792)
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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	2,762	
Compensated absences	<u>(25,502)</u>	(22,740)

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.	<u>1,727,766</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 4,566,633</u></u>
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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, 2023**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Taxes and utility fees	\$ 19,239,815	\$ 19,239,815	\$ 19,957,045	\$ 717,230
Licenses and permits	86,104	86,104	57,415	(28,689)
Fines and forfeitures	181,000	181,000	138,790	(42,210)
Use of money and property	(29,000)	216,000	413,708	197,708
Charges for services	1,017,370	1,017,370	1,159,057	141,687
Intergovernmental	6,479,949	6,479,949	6,900,598	420,649
Miscellaneous	65,000	93,000	135,724	42,724
TOTAL REVENUES	<u>27,040,238</u>	<u>27,313,238</u>	<u>28,762,337</u>	<u>1,449,099</u>
EXPENDITURES				
General government	4,347,269	5,861,882	4,831,694	1,030,188
Public safety	8,538,115	8,748,580	8,673,019	75,561
Public works	5,641,139	6,345,192	5,221,282	1,123,910
Housing and community development	2,576,738	2,688,200	1,707,152	981,048
Recreation and culture	4,243,368	4,325,155	3,876,552	448,603
Capital outlay	6,729,125	7,921,778	4,102,305	3,819,473
Nondepartmental	1,288,181	-	-	-
Debt service:				
Principal	462,000	462,000	462,000	-
Interest	278,712	278,712	278,711	1
TOTAL EXPENDITURES	<u>34,104,647</u>	<u>36,631,499</u>	<u>29,152,715</u>	<u>7,478,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,064,409)</u>	<u>(9,318,261)</u>	<u>(390,378)</u>	<u>8,927,883</u>
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	-	606,588	606,588
Proceeds from sale of capital assets	16,000	-	21,339	21,339
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,000</u>	<u>-</u>	<u>627,927</u>	<u>627,927</u>
NET CHANGE IN FUND BALANCE	<u>\$ (7,048,409)</u>	<u>\$ (9,318,261)</u>	237,549	<u>\$ 9,555,810</u>
FUND BALANCE, BEGINNING OF YEAR			<u>20,324,069</u>	
FUND BALANCE, END OF YEAR			<u>\$ 20,561,618</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, 2023**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Fines and forfeitures	\$ 1,940,000	\$ 1,940,000	\$ 701,412	\$ (1,238,588)
Use of money and property	650	650	930	280
TOTAL REVENUES	<u>1,940,650</u>	<u>1,940,650</u>	<u>702,342</u>	<u>(1,238,308)</u>
EXPENDITURES				
Public safety	1,459,522	1,459,522	930,268	529,254
Capital outlay	36,000	336,000	299,714	36,286
TOTAL EXPENDITURES	<u>1,495,522</u>	<u>1,795,522</u>	<u>1,229,982</u>	<u>565,540</u>
NET CHANGE IN FUND BALANCE	<u>\$ 445,128</u>	<u>\$ 145,128</u>	(527,640)	<u>\$ (672,768)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>567,456</u>	
FUND BALANCE, END OF YEAR			<u>\$ 39,816</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, 2023**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$ 2,342,145	\$ 2,342,145	\$ 2,000,070	\$ (342,075)
Miscellaneous	45,000	45,000	303,002	258,002
TOTAL REVENUES	2,387,145	2,387,145	2,303,072	(84,073)
EXPENDITURES				
Public works	-	-	1,000,000	(1,000,000)
Housing and community development	1,489,000	1,489,000	1,114,249	374,751
Capital outlay	3,482,178	3,482,178	234,095	3,248,083
TOTAL EXPENDITURES	4,971,178	4,971,178	2,348,344	2,622,834
NET CHANGE IN FUND BALANCE	\$ (2,584,033)	\$ (2,584,033)	(45,272)	\$ 2,538,761
FUND BALANCE, BEGINNING OF YEAR			3,603,510	
FUND BALANCE, END OF YEAR			\$ 3,558,238	

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

**CITY OF TAKOMA PARK, MARYLAND
BUDGETARY COMPARISON STATEMENT - ARPA FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$ 8,731,862	\$ 8,731,862	\$ 3,469,494	\$ (5,262,368)
Miscellaneous	-	-	1,213	1,213
TOTAL REVENUES	<u>8,731,862</u>	<u>8,731,862</u>	<u>3,470,707</u>	<u>(5,261,155)</u>
EXPENDITURES				
Administrative salaries and fringe	405,796	405,796	171,095	234,701
General government	2,817,825	2,354,000	-	2,354,000
Public safety	250,000	250,000	-	250,000
Public works	500,000	50,000	-	50,000
Housing and community development	1,690,000	1,690,000	2,789,208	(1,099,208)
Recreation	125,000	125,000	-	125,000
Library	140,000	140,000	-	140,000
Capital outlay	1,160,000	1,623,825	509,331	1,114,494
TOTAL EXPENDITURES	<u>3,615,000</u>	<u>6,638,621</u>	<u>3,469,634</u>	<u>3,168,987</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,584,033)</u>	<u>\$ (2,584,033)</u>	1,073	<u>\$ 2,585,106</u>
FUND BALANCE, BEGINNING OF YEAR			272	
FUND BALANCE, END OF YEAR			<u>\$ 1,345</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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,728,464	\$ 1,692,381
Investments	<u>21,784,391</u>	<u>19,604,195</u>
TOTAL ASSETS	<u>\$ 23,512,855</u>	<u>\$ 21,296,576</u>
 LIABILITIES AND NET POSITION		
LIABILITIES		
Benefits payable	\$ -	\$ -
 NET POSITION		
Held in trust for pension benefits	<u>23,512,855</u>	<u>21,296,576</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 23,512,855</u>	<u>\$ 21,296,576</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,375,404	\$ 1,226,807
State aid	248,599	216,540
Total Contributions	<u>1,624,003</u>	<u>1,443,347</u>
Investment income:		
Net increase (decrease) in fair value of investments	1,726,710	(4,262,276)
Investment earnings	504,133	621,976
Net investment income (loss)	<u>2,230,843</u>	<u>(3,640,300)</u>
 TOTAL ADDITIONS	 3,854,846	 (2,196,953)
 DEDUCTIONS		
Benefits paid	1,602,614	1,155,926
Administrative expense	35,952	43,892
TOTAL DEDUCTIONS	<u>1,638,566</u>	<u>1,199,818</u>
 CHANGE IN NET POSITION	 2,216,280	 (3,396,771)
 NET POSITION RESTRICTED FOR PENSIONS, BEGINNING OF YEAR	 <u>21,296,575</u>	 <u>24,693,347</u>
 NET POSITION RESTRICTED FOR PENSIONS, END OF YEAR	 <u>\$ 23,512,855</u>	 <u>\$ 21,296,576</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, 2023

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, 2023

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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

expenditures. During fiscal year 2023, most Special Revenue Fund revenues came from cable companies for upgrading cable equipment. Other Special Revenue Fund revenues 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 Community Center 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 Community Center Fund accounts for the financial activity related to the City's community center. 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.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Receivables and Payables

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

	<u>Real Property</u>	<u>Personal and Corporate</u>
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 Property taxes payable:	July 1 and January 1	July 1 and January 1
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.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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 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
Right-to-use asset	life of lease

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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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.

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.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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.

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:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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.
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, 2023.

Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures over appropriations were as follows:

	General Fund	ARPA Fund	Special Revenue Fund
	_____	_____	_____
Public works	\$ -	\$ -	\$1,000,000
Housing and community development	-	1,099,208	-

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 \$32,151,537, and the corresponding bank balances were \$32,905,199. Of the bank balances, \$320,994 was covered by Federal Depository Insurance, and \$32,584,205 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, 2023.

Investments

At June 30, 2023, 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	\$14,893,071	\$ -	\$ -	\$ -
Certificates of Deposit	Not Rated	1,729,092	1,729,092	-	-
Bond Trustee Account***	N/A	5,189,087	5,189,087	-	-
MLGIP***	AAA	1,471,234	1,471,234	-	-
Collective Investment Trust*	N/A	539,043	-	539,043	-
Fixed Income*	**	6,352,277	-	6,352,277	-
Total Investments		<u>\$30,173,804</u>	<u>\$8,389,413</u>	<u>\$21,784,391</u>	<u>\$ -</u>

* 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, 2023, 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 of 2017 Bond issue.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

Cash on hand	\$ 1,376
Carrying amount of deposits	32,162,545
Carrying amount of investments	30,173,804
Total cash, cash equivalents, and investments	<u>62,336,349</u>
Less fiduciary funds	<u>23,512,855</u>
Total Cash, Cash Equivalents, and Investments per Statement of Net Position	<u>\$ 38,823,494</u>
Cash and cash equivalents	\$ 30,434,081
Investments	1,882,693
Restricted investments	<u>6,506,720</u>
Total Cash, Cash Equivalents, and Investments per Statement of Net Position	<u>\$ 38,823,494</u>

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, 2023 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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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, 2023. 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 \$1,471,234 in MLGIP, \$5,189,087 in the Bond Trustee Account, \$14,893,071 in direct securities, \$1,729,092 in certificates of deposit, \$539,043 in the Collective Investment Trust, and \$6,352,277 in fixed income funds. At June 30, 2023, 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.

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, 2023:

- Amounts invested in equities of \$14,893,071 and fixed income of \$6,352,277 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.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 FAIR VALUE MEASUREMENTS (cont'd)

- Amounts invested in certificates of deposit of \$1,729,092 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	\$ 14,893,071	\$ -	\$ -	\$ 14,893,071
Certificates of deposit	-	1,729,092	-	1,729,092
Fixed income	<u>6,352,277</u>	-	-	<u>6,352,277</u>
Total Investments by Fair Value Level	<u>\$ 21,245,348</u>	<u>\$ 1,729,092</u>	<u>\$ -</u>	<u>\$ 22,974,440</u>
Investments carried at amortized cost:				
MLGIP				1,471,234
Bond trustee account				5,189,087
Collective investment trust				<u>539,043</u>
Total Investments				<u>\$ 30,173,804</u>

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 2023 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, 2023, taxes receivable, net of an allowance for uncollectibles of \$82,747, amounted to \$144,632.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 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, 2023, the unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<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	-	102,964	102,964
General Fund	-	461,371	461,371
Stormwater receivable, non-major fund	39,991	-	39,991
ARPA Fund	-	12,025,203	12,025,203
Grant funds received in excess of expenditures, Special Revenue Fund	-	69,802	69,802
	<u>\$ 1,937,245</u>	<u>\$ 12,659,340</u>	<u>\$ 14,596,585</u>

NOTE 7 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, 2023 of individual fund interfund borrowings were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 5,245,208	\$ 3,693,083
Speed Camera Fund	-	5,040,395
Special Revenue Fund	3,939,567	260,095
ARPA Fund	-	301,263
	<u>9,184,775</u>	<u>9,924,836</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS (cont'd)

(cont'd)	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Non-major funds:		
Stormwater Management Fund	110,323	-
Rehabilitation Loans and Grants Fund	-	262
	<u>110,323</u>	<u>262</u>
Total	<u>\$ 9,295,098</u>	<u>\$ 9,295,098</u>

NOTE 8 DUE FROM OTHER GOVERNMENTS

The June 30, 2023, balance due from other governments is as follows:

State of Maryland:	
Income tax	\$ 211,067
Income tax reserve	1,907,127
Highway user tax	117,078
Amusement tax	30,494
Montgomery County:	
Franchise fees	130,617
Other	48,979
Special revenue grants	161,912
Stormwater DFOA	<u>2,350</u>
Total	<u>\$ 2,609,624</u>

NOTE 9 CAPITAL ASSETS AND OTHER PROPERTY

A summary of changes in capital assets during fiscal year 2023 follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Governmental Activities:				
General capital assets not being depreciated/amortized:				
Land	\$ 1,959,111	\$ -	\$ -	\$ 1,959,111
Construction-in-progress	2,213,404	2,305,090	(141,998)	4,376,496
Total general capital assets not being depreciated/amortized	<u>4,172,515</u>	<u>2,305,090</u>	<u>(141,998)</u>	<u>6,335,607</u>
General capital assets being depreciated/amortized:				
Buildings and improvements	21,512,524	262,120	-	21,774,644
Improvements other than buildings	1,861,144	-	-	1,861,144

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 CAPITAL ASSETS AND OTHER PROPERTY (cont'd)

(cont'd)	Beginning Balances	Additions	Deletions	Ending Balances
Equipment	9,980,510	1,183,410	(234,517)	10,929,403
Infrastructure	39,860,169	1,957,599	-	41,817,768
Right-to-use asset	-	606,588	-	606,588
Total general capital assets being depreciated/amortized	73,214,347	4,009,717	(234,517)	76,989,547
Accumulated depreciation:				
Buildings and improvements	9,272,010	513,324	-	9,785,334
Improvements other than buildings	1,766,015	20,948	-	1,786,963
Equipment	6,990,397	921,033	(234,517)	7,676,913
Infrastructure	17,107,624	1,144,710	-	18,252,334
Accumulated amortization:				
Right-to-use asset	-	151,647	-	151,647
Total general capital assets being depreciated/amortized, net	38,078,301	1,258,055	-	39,336,356
Governmental Activities, Net	<u>\$ 42,250,816</u>	<u>\$ 3,563,145</u>	<u>\$ (141,998)</u>	<u>\$ 45,671,963</u>

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

General government	\$ 515,719
Public safety	354,691
Housing and community development	63,624
Public works	1,629,264
Recreation and culture	188,364
	<u>\$ 2,751,662</u>

NOTE 10 NON-CURRENT LIABILITIES

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2023:

	Balance June 30, 2022	Increase	Decrease	Balance June 30, 2023	Due Within One Year	Coupon Interest Rate	Date of Maturity
Long-term Liabilities:							
Maryland Department of Housing and Community							
Bonds payable	\$ 513,000	\$ -	\$(166,000)	\$ 347,000	\$ 171,000	2.34%	April 2025
Bonds payable	1,420,500	-	(127,000)	1,293,500	129,500	2.78%	April 2032
Bonds payable	6,225,000	-	(169,000)	6,056,000	173,500	3.61%	April 2047
Lease liability	-	609,588	(136,796)	469,792	196,811		
Compensated absences	1,071,568	25,601	-	1,097,069	-		
Net pension liability	13,017,360	944,862	-	13,962,222	-		
	<u>\$ 22,247,428</u>	<u>\$ 1,580,051</u>	<u>\$ 598,796</u>	<u>\$ 23,225,583</u>	<u>\$ 670,811</u>		

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 NON-CURRENT LIABILITIES (cont'd)

Bonds Payable

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, 2023 is \$347,000. The annual installments for the repayment of the bond as of June 30, 2023 are as follows:

<u>Fiscal Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 171,000	\$ 12,170	\$ 183,170
2025	176,000	7,040	183,040
Total	<u>\$ 347,000</u>	<u>\$ 19,210</u>	<u>\$ 366,210</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, 2023 is \$1,293,500. The annual installments for the repayment of the bond as of June 30, 2023 are as follows:

<u>Fiscal Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	143,000	23,591	166,591
2029 - 2032	615,500	49,273	664,773
Total	<u>\$ 1,293,500</u>	<u>\$ 202,742</u>	<u>\$ 1,496,242</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, 2023 is \$6,056,000. The annual installments for the repayment of the bond as of June 30, 2023 are as follows:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 NON-CURRENT LIABILITIES (cont'd)

<u>Fiscal Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	191,500	198,461	389,961
2029 - 2033	1,042,000	900,488	1,942,488
2034 - 2038	1,228,000	718,773	1,946,773
2039 - 2043	1,472,500	469,051	1,941,551
2044 - 2047	1,410,000	123,667	1,533,667
Total	<u>\$ 6,056,000</u>	<u>\$ 3,251,499</u>	<u>\$ 9,307,499</u>

Lease Liability

On September 14, 2022, the City entered into a lease agreement to lease space for its library while the library building undergoes renovations. The lease is for three years with monthly payments of \$17,470 for the first year, \$18,170 for the second year, and \$18,900 for the final year. The lease ends on September 30, 2025. The lease liability at June 30, 2023 was \$469,792. The annual installments under the lease as of June 30, 2023 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 196,811	\$ 19,129	\$ 215,940
2025	215,799	8,811	224,610
2026	57,182	406	57,588
Total	<u>\$ 469,792</u>	<u>\$ 28,346</u>	<u>\$ 498,138</u>

NOTE 11 FUND BALANCES

Fund balances for the City's governmental funds consisted of the following as of June 30, 2023:

Nonspendable Fund Balances

Nonspendable fund balances as of June 30, 2023 are comprised of amounts that cannot be spent because they are in nonspendable form and consist of prepaid expenses totaling \$9,700.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 FUND BALANCES (cont'd)

Restricted Fund Balances

Restricted fund balances total \$9,166,609 as of June 30, 2023. The General Fund restricted fund balance at June 30, 2023 is \$5,321,292, of which \$4,625,476 is restricted for the bond reserve, \$95,575 pertains to street improvements, \$570,549 for emergency needs, and \$27,692 for public works. Fund balance in the Speed Camera Fund is restricted to public safety projects. At June 30, 2023, this amount was \$139,674. Most of the fund balance in the Special Revenue Fund is restricted to cable equipment and related expenditures. At June 30, 2023, this amount was \$3,667,924. The remaining fund balance in the Special Revenue Fund of \$27,692 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 \$8,682 as of June 30, 2022. The American Rescue Plan Act ("ARPA") Fund is a major fund. 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, 2023, the ARPA Fund had a fund balance of \$1,345 as the majority of the funding was transferred to unearned revenue.

Committed Fund Balances

The General Fund has \$7,000,187 in committed fund balances as of June 30, 2023. This is comprised of the following:

Equipment replacement reserve	\$ 4,155,156
Facility maintenance reserve	487,904
Housing fund reserve	1,135,064
Designated – subsequent years	<u>1,222,063</u>
	<u>\$ 7,000,187</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, 2023.

Assigned Fund Balances

Assigned fund balance totaling \$483,813 as of June 30, 2023 is assigned to stormwater management projects.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS

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 \$6,815,076 as of the measurement date of June 30, 2022.

The City has also adopted GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date, An Amendment of GASB Statement No. 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 2023 contribution of \$836,215 is therefore recognized as a pension-related deferred outflow of resources.

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 ("the 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 ("the 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.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

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 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 East Baltimore Street, Suite 1601,
Baltimore, Maryland 21202-1600

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

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%. The 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, 2023 are based on salaries for the year ended June 30, 2022. 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:

	Fiscal Year Ended June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Retirement plan contributions	<u>\$ 836,215</u>	<u>\$ 777,372</u>	<u>\$ 804,011</u>

The City contributed \$836,215 to the System for fiscal year 2023, 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, 2022 rolled forward to June 30, 2023. The key assumptions used to perform the June 30, 2023 pension liability calculation for the System are as follows:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	5-year smoothed fair value
Inflation (b)	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%, including inflation
Discount rate (a)	6.80%
Investment rate of return (b)	6.80%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 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 6.80%. (b) There were no benefit changes during the year and no inflation assumption changes during the year.

The components of the net pension liability for the System as of June 30, 2023, calculated in accordance with GASB Statement No. 67, are shown in the following table:

Total pension liability	\$ 84,319,523,000
Plan fiduciary net position	<u>64,310,991,000</u>
Net pension liability	<u>\$ 20,008,532,000</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>76.27%</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).

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

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	34%	6.00%
Private equity	16%	8.40%
Rate sensitive	21%	1.20%
Credit opportunity	8%	4.90%
Real assets	15%	5.20%
Absolute return	6%	3.50%
	<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, 2023.

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%).

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

	1% Decrease 5.80%	Current Rate 6.80%	1% Increase 7.80%
System's net pension liability	\$ 20,699,455,000	\$ 20,008,532,000	\$ 11,137,544,000
City's proportionate share of the net pension liability	\$ 10,456,000	\$ 6,815,076	\$ 3,794,000

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

At June 30, 2023, the City reported a liability of \$6,815,076 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the City's proportion was approximately 0.0341%.

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 258,342
Net difference between projected and actual earnings on pension plan investments	1,769,543	-
Change in proportionate share	-	717,719
Contribution subsequent to the measurement date	836,215	-
	<u>\$ 2,605,758</u>	<u>\$ 976,061</u>

The deferred outflow of resources of \$836,215 relating to contributions subsequent to the measurement date of June 30, 2022 will be recognized as a reduction of the City's net pension liability during the fiscal year ended June 30, 2024. 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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

the System's original amounts. The deferred inflows and outflows related to non-investment activity for 2022, 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 2022, 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>
2024	\$ (236,475)
2025	(219,712)
2026	(660,704)
2027	2,032,621
2028	<u>(122,248)</u>
Total	<u>\$ 793,482</u>

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, 2023 were as follows:

Total pension liability	\$ 28,719,946
Plan fiduciary net position	<u>21,904,870</u>
Net pension liability	<u>\$ 6,815,076</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>76.27%</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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

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 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 7.25% for the year ended June 30, 2023. 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, 2022, the pension plan's membership consisted of:

Active plan members	42
Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to benefits but not yet receiving them	<u>13</u>
Total	<u>87</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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

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, 2023 was \$1,375,404. The police officers contribute to the plan based on 7% of salaries. Members' actual contributions were \$248,599 for the year ended June 30, 2023. Administrative costs are financed through investment earnings.

The annual pension cost for 2023, 2022, and 2021 was \$1,375,404, \$1,226,807, and \$1,373,752, respectively. The contributions made as a percentage of the annual pension cost for 2023, 2022, and 2021 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 2023, 2022, and 2021 were \$22,992,036, \$20,843,961, and \$24,102,065, respectively.

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, 2023.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	50%	4.30%
International equity	15%	4.90%
Fixed income	30%	1.10%
Cash	5%	(0.50)%
	<u>100%</u>	

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

The amortization period for the year ended June 30, 2023 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 (2.75%). 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 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, 2023 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 fair value
Inflation (b)	2.75%
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-2010 Healthy Blue Collar Tables with fully generational projection using scale MP-2021
	(a) There were no benefit changes during the year.
	(b) Investment return and inflation assumptions did not change from last year.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

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	\$ 11,455,618	\$ 7,147,146	\$ 3,634,552

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

Total pension liability:	
Service cost	\$ 1,102,706
Interest	1,964,157
Difference between expected and actual experience	94,958
Changes in assumptions	667,657
Benefit payments, including refunds of member contributions	<u>(1,564,241)</u>
Net change in total pension liability	2,265,237
Total pension liability - beginning	<u>27,873,945</u>
Total pension liability - ending	<u>\$ 30,139,182</u>
Plan fiduciary net position:	
Contributions - employer	\$ 1,375,404
Contributions - employees	248,599
Net investment income	2,162,637
Benefit payments, including refunds of member contributions	(1,564,241)
Administrative expenses	<u>(74,324)</u>
Net change in plan fiduciary net position	2,148,075
Plan fiduciary net position - beginning	<u>20,843,961</u>
Plan fiduciary net position - ending	<u>\$ 22,992,036</u>
Net pension liability	<u>\$ 7,147,146</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

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

At June 30, 2023, the City reported a net pension liability of \$7,147,146. The net pension liability is based on the July 1, 2022 actuarial valuation rolled forward to June 20, 2023.

For the year ended June 30, 2023, the City recognized pension benefit of \$1,564,241. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 71,218	\$ 1,518,025
Changes of assumptions	500,743	-
Net difference between projected and actual earnings on pension plan investments	<u>1,252,121</u>	<u>-</u>
	<u>\$ 1,824,082</u>	<u>\$ 1,518,025</u>

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

<u>Fiscal Years Ending June 30,</u>	<u>Net</u>
2024	\$ (376,688)
2025	25,410
2026	787,729
2027	<u>(130,394)</u>
Total	<u>\$ 306,057</u>

Net Pension Liability

The components of the police employees' retirement plan's net pension liability as of the measurement date of June 30, 2023 were as follows:

Total pension liability	\$ 30,139,182
Plan fiduciary net position	<u>22,992,036</u>
Net pension liability	<u>\$ 7,147,146</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

Plan fiduciary net position as a percentage
of the total pension liability 76.29%

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:

	Maryland State Pension System	Police Employees' Plan	Total
Total pension liability	\$ 28,719,946	\$ 30,139,182	\$ 58,859,128
Total fiduciary net position	\$ 21,904,870	\$ 22,992,036	\$ 44,896,906
City's proportionate share of total pension liabilities	\$ 6,815,076	\$ 7,147,146	\$ 13,962,222
Total pension assets	\$ 21,904,870	\$ 22,992,036	\$ 44,896,906
Deferred outflows related to pensions	\$ 2,605,758	\$ 1,824,082	\$ 4,429,840
Deferred inflows related to pensions	\$ 976,061	\$ 1,518,025	\$ 2,494,086
Pension expense/expenditures/(benefits) for the period	\$ 811,589	\$ (1,564,241)	\$ (752,652)
City's proportionate share of the net pension liability	0.0341%	100.00%	
Plan's fiduciary net position as a percentage of total pension liability	76.27%	76.29%	
Measurement date of collective net pension liability	June 30, 2022	June 30, 2023	
Date of actuarial valuation	June 30, 2022	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.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RETIREMENT PLANS (cont'd)

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 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, 2023, 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, 2023 was \$0. The City's liability was \$0 as of June 30, 2023. The plan administrator is ICMA-RC.

Condensed Financial Information

	Pension Trust	Defined Contribution Plan	Total
Assets:			
Cash and cash equivalents	\$ 1,728,464	\$ -	\$ 1,728,464
Total investments	21,245,348	539,043	21,784,391
Total Assets	<u>22,973,812</u>	<u>539,043</u>	<u>23,512,855</u>
Deferred outflows of resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 22,973,812</u>	<u>\$ 539,043</u>	<u>\$ 23,512,855</u>
Net position - held in trust for pensions	<u>\$ 22,973,812</u>	<u>\$ 539,043</u>	<u>\$ 23,512,855</u>
Additions:			
Total contributions	\$ 1,624,003	\$ -	\$ 1,624,003
Net investment earnings (loss)	2,168,052	62,791	2,230,843
Total Additions	<u>3,792,055</u>	<u>62,791</u>	<u>3,854,846</u>
Deductions:			
Total deductions	1,638,566	-	1,638,566
Change in net position	<u>2,153,489</u>	<u>62,791</u>	<u>2,216,280</u>
Net position held in trust for pension benefits, beginning of year	<u>20,820,323</u>	<u>539,043</u>	<u>23,512,855</u>
Net position held in trust for pension benefits, end of year	<u>\$ 22,973,812</u>	<u>\$ 539,043</u>	<u>\$ 23,512,855</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 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 14 CONTINGENT LIABILITES AND UNCERTANTIES

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.

NOTE 15 POSTRETIREMENT BENEFITS

The City does not provide and has no liability for postretirement benefits at June 30, 2023.

NOTE 16 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.

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.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 RISK MANAGEMENT (cont'd)

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 17 COMMITMENTS

As part of the library construction project, the City has future contract commitments of \$8,601,767. This amount consists of architect, design, construction, and consulting fees.

Additionally, as part of the New Avenue Bikeway project, the City has future contract commitments of \$471,895. This amount includes engineering fees.

Lastly, as part of the Maple Avenue Connectivity project, the City has future contract commitments of \$368,520. This amount includes engineering and construction fees.

NOTE 18 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 October 31, 2023, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Required Supplementary Information

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**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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ 1,103	\$ 1,069	\$ 986	\$ 858	\$ 864	\$ 839	\$ 809	\$ 790	\$ 543	\$ 796
Interest	1,964	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	94	(1,621)	(1,228)	(1,194)	(1,745)	(115)	(645)	(562)	(1,372)	-
Changes in assumptions	668	-	-	-	-	865	827	-	-	-
Benefit payments including refunds of member contributions	(1,564)	(1,068)	(969)	(852)	(1,010)	(811)	(857)	(757)	(785)	(784)
NET CHANGE IN TOTAL PENSION LIABILITY	2,265	338	700	678	(29)	2,468	1,750	1,014	(67)	1,450
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	27,874	27,536	26,836	26,158	26,187	23,719	21,969	20,955	21,022	19,572
TOTAL PENSION LIABILITY, END OF YEAR	\$ 30,139	\$ 27,874	\$ 27,536	\$ 26,836	\$ 26,158	\$ 26,187	\$ 23,719	\$ 21,969	\$ 20,955	\$ 21,022
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 1,375	\$ 1,227	\$ 1,373	\$ 1,386	\$ 1,238	\$ 1,325	\$ 1,190	\$ 1,296	\$ 1,102	\$ 1,044
Contributions - member	249	217	230	203	197	197	189	194	178	184
Net investment income (loss)	2,162	(3,502)	5,165	550	944	1,222	1,452	90	441	1,354
Benefit payments including refunds of member contributions	(1,564)	(1,068)	(969)	(852)	(1,010)	(811)	(857)	(757)	(786)	(784)
Administrative expenses	(74)	(132)	(82)	(53)	(80)	(65)	(58)	(56)	(60)	(55)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,148	(3,258)	5,717	1,234	1,289	1,868	1,916	767	875	1,743
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	20,844	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	\$ 22,992	\$ 20,844	\$ 24,102	\$ 18,385	\$ 17,151	\$ 15,862	\$ 13,994	\$ 12,078	\$ 11,311	\$ 10,436
CITY'S NET PENSION LIABILITY	\$ 7,147	\$ 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	76.29%	74.78%	87.53%	68.51%	65.57%	60.57%	59.00%	54.98%	53.98%	49.64%
Covered employee payroll	\$ 3,138	\$ 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	227.78%	208.69%	104.73%	280.39%	297.75%	357.39%	350.20%	347.91%	375.25%	371.44%

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
2023	\$ 1,375	\$ 1,375	\$ -	\$ 3,138	43.82%
2022	1,227	1,227	-	3,369	36.42%
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:

Valuation Date: June 30, 2023

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 fair value
Inflation	3.0%
Salary increased	5.5%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant and service
Mortality	Pub-2010 Safety Tables for Employees, Retirees, Beneficiaries, and Disabled Participants projected generationally using MP-2021

**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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0341%	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	\$ 6,815,076	\$ 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	4,496,619	5,088,277	4,052,701	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	151.56%	117.67%	180.79%	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)	77.19%	76.85%	73.55%	72.94%	72.46%	71.80%	70.53%	69.66%	68.67%

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
2023	\$ 836,215	\$ 836,215	\$ -	\$ 4,496,619	18.60%
2022	777,372	777,372	-	5,088,277	15.28%
2021	804,011	804,011	-	4,052,701	19.84%
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, 2022

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 fair value
Inflation	2.25% general, 2.75% 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

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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, 2023

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Taxes and utility fees				
Property:				
Real property	\$ 14,425,815	\$ 14,425,815	\$ 14,437,412	\$ 11,597
Business or other property	160,000	160,000	246,277	86,277
RR and Public Utilities	204,000	204,000	234,882	30,882
Penalty and interest	45,000	45,000	101,137	56,137
Additions and abatements	(30,000)	(30,000)	(5,413)	24,587
Total property	<u>14,804,815</u>	<u>14,804,815</u>	<u>15,014,295</u>	<u>209,480</u>
Local taxes:				
Admission and amusement	<u>75,000</u>	<u>75,000</u>	<u>112,046</u>	<u>37,046</u>
Shared taxes:				
Highway	510,000	510,000	425,082	(84,918)
Income tax	3,850,000	3,850,000	4,405,622	555,622
Total shared taxes	<u>4,360,000</u>	<u>4,360,000</u>	<u>4,830,704</u>	<u>470,704</u>
Total taxes	<u>19,239,815</u>	<u>19,239,815</u>	<u>19,957,045</u>	<u>717,230</u>
Licenses and permits	<u>86,104</u>	<u>86,104</u>	<u>57,415</u>	<u>(28,689)</u>
Fines and forfeitures	<u>181,000</u>	<u>181,000</u>	<u>138,790</u>	<u>(42,210)</u>
Use of money and property:				
Interest, dividends, gain/loss on investments	<u>(29,000)</u>	<u>216,000</u>	<u>413,708</u>	<u>197,708</u>
Charges for services:				
Public parking	58,000	58,000	82,784	24,784
Protective inspection fees	341,420	341,420	365,161	23,741
Waste collection and disposal	65,640	65,640	60,257	(5,383)
Passport	35,000	35,000	62,455	27,455
Recreation	479,500	479,500	538,509	59,009
Library fines and fees	2,010	2,010	3,275	1,265
Other	35,800	35,800	46,616	10,816
Total charges for services	<u>1,017,370</u>	<u>1,017,370</u>	<u>1,159,057</u>	<u>141,687</u>
Intergovernmental:				
Police protection	450,000	450,000	671,965	221,965
In Lieu of Police	4,020,521	4,020,521	4,020,520	(1)
In Lieu of County Services	1,112,765	1,112,765	1,112,765	-
Bank share tax	5,643	5,643	5,643	-
Library aid	176,000	176,000	167,553	(8,447)
Montgomery County Tax (Cable and Hotel)	630,000	630,000	637,132	7,132
Takoma/Langley Recreation Center	85,020	85,020	85,020	-
Housing Fund Revenue	-	-	200,000	200,000
Total intergovernmental revenues	<u>6,479,949</u>	<u>6,479,949</u>	<u>6,900,598</u>	<u>420,649</u>
Miscellaneous	<u>65,000</u>	<u>93,000</u>	<u>135,724</u>	<u>42,724</u>
TOTAL REVENUES	<u>27,040,238</u>	<u>27,313,238</u>	<u>28,762,337</u>	<u>1,449,099</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, 2023

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
EXPENDITURES				
General government:				
City Council	377,466	395,387	339,929	55,458
City Manager	792,246	1,982,402	1,589,715	392,687
Finance	748,890	767,171	731,418	35,753
Legal	460,000	460,000	373,481	86,519
Information systems administration	1,017,947	898,741	783,823	114,918
Other - unclassified	950,720	1,358,181	1,013,328	344,853
Total general government	<u>4,347,269</u>	<u>5,861,882</u>	<u>4,831,694</u>	<u>1,030,188</u>
Public safety:				
Office of the Chief	802,312	841,240	991,890	(150,650)
Communications	662,352	668,711	662,398	6,313
Patrol	4,429,167	4,520,534	4,330,703	189,831
Criminal investigations	1,628,757	1,683,874	1,749,305	(65,431)
Administration	833,831	850,768	752,470	98,298
Neighborhood	181,696	183,453	186,253	(2,800)
Total public safety	<u>8,538,115</u>	<u>8,748,580</u>	<u>8,673,019</u>	<u>75,561</u>
Public works:				
Administration	502,087	537,002	502,458	34,544
Building maintenance	981,709	986,894	774,008	212,886
Equipment maintenance	533,806	537,098	546,905	(9,807)
Right of way	999,162	1,005,175	889,309	115,866
Solid waste management	1,245,465	1,253,616	1,184,705	68,911
Urban Forest / City Gardens	802,414	1,531,331	964,606	566,725
City engineer	297,157	494,076	359,291	134,785
Sustainability and other	279,339	-	-	-
Total public works	<u>5,641,139</u>	<u>6,345,192</u>	<u>5,221,282</u>	<u>1,123,910</u>
Housing and community development	<u>2,576,738</u>	<u>2,688,200</u>	<u>1,707,152</u>	<u>981,048</u>
Recreation and culture:				
Recreation	2,087,479	2,086,381	1,691,816	394,565
Library and media	2,155,889	2,238,774	2,184,736	54,038
Total recreation and culture	<u>4,243,368</u>	<u>4,325,155</u>	<u>3,876,552</u>	<u>448,603</u>
Capital outlay	<u>6,729,125</u>	<u>7,921,778</u>	<u>4,102,305</u>	<u>3,819,473</u>
Nondepartmental	<u>1,288,181</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:				
Repayments				
Principal	462,000	462,000	462,000	-
Interest	278,712	278,712	278,711	1
	<u>740,712</u>	<u>740,712</u>	<u>740,711</u>	<u>1</u>
TOTAL EXPENDITURES	<u>34,104,647</u>	<u>36,631,499</u>	<u>29,152,715</u>	<u>7,478,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,064,409)</u>	<u>(9,318,261)</u>	<u>(390,378)</u>	<u>8,927,883</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, 2023**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
OTHER FINANCING SOURCES				
Lease proceeds	-	-	606,588	606,588
Proceeds from sale of capital assets	16,000	-	21,339	21,339
TOTAL OTHER FINANCING SOURCES	<u>16,000</u>	<u>-</u>	<u>627,927</u>	<u>627,927</u>
NET CHANGE IN FUND BALANCE	<u>\$ (7,048,409)</u>	<u>\$ (9,318,261)</u>	237,549	<u>\$ 9,555,810</u>
FUND BALANCE, BEGINNING OF YEAR			<u>20,324,069</u>	
FUND BALANCE, END OF YEAR			<u>\$ 20,561,618</u>	

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, 2023

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Licenses and permits	\$ 6,500	\$ 6,500	\$ 6,786	\$ 286
Charges for services	<u>754,875</u>	<u>754,875</u>	<u>773,713</u>	<u>18,838</u>
Total Revenues	<u>761,375</u>	<u>761,375</u>	<u>780,499</u>	<u>19,124</u>
EXPENDITURES				
Public works	484,226	484,226	423,223	61,003
Capital outlay	<u>250,000</u>	<u>250,000</u>	<u>590,840</u>	<u>(340,840)</u>
Total Expenditures	<u>734,226</u>	<u>734,226</u>	<u>1,014,063</u>	<u>(279,837)</u>
NET CHANGE IN FUND BALANCE	27,149	27,149	(233,564)	(260,713)
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>\$ 188,750</u>	<u>\$ 188,750</u>	<u>\$ 360,033</u>	<u>\$ 171,283</u>

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

**CITY OF TAKOMA PARK
COMBINING BALANCE SHEET - NON-MAJOR FUNDS
JUNE 30, 2023
(With Summarized Comparative Data for June 30, 2022)**

	Stormwater Management Fund	Rehabilitation Loans and Grants Fund	Totals	
			2023	2022
ASSETS				
Cash and cash equivalents	\$ 410,722	\$ 217,813	\$ 628,535	\$ 823,754
Notes receivable, net	-	-	-	5,273
Other receivables	24,983	-	24,983	26,261
Due from other funds	110,323	-	110,323	239,860
Due from other governments	2,350	-	2,350	2,350
TOTAL ASSETS	\$ 548,378	\$ 217,813	\$ 766,191	\$ 1,097,498
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 17,217	\$ -	\$ 17,217	\$ 132,386
Accrued expenditures	3,511	-	3,511	2,315
Deposits and escrows held	3,846	-	3,846	1,846
Due to other funds	-	262	262	2,138
Due to other governments	-	208,869	208,869	208,869
Total Liabilities	24,574	209,131	233,705	347,554
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	39,991	-	39,991	23,715
FUND BALANCES:				
Restricted	-	8,682	8,682	6,619
Assigned	483,813	-	483,813	719,610
Total Fund Balances	483,813	8,682	492,495	726,229
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 548,378	\$ 217,813	\$ 766,191	\$ 1,097,498

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, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	Stormwater Fund	Rehabilitation Loans and Grants Fund	Totals	
			2023	2022
REVENUES				
Charges for service	\$ 773,713	\$ -	\$ 773,713	\$ 751,700
Miscellaneous	4,553	2,233	6,786	5,171
TOTAL REVENUES	778,266	2,233	780,499	756,871
EXPENSES				
General government	-	170	170	200
Public works	423,223	-	423,223	552,760
Capital outlay	590,840	-	590,840	143,098
TOTAL EXPENSES	1,014,063	170	1,014,233	696,058
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(235,797)	2,063	(233,734)	60,813
OTHER FINANCING SOURCES				
Transfers in	-	-	-	65,000
TOTAL OTHER FINANCING SOURCES	-	-	-	65,000
CHANGE IN FUND BALANCES	(235,797)	2,063	(233,734)	125,813
FUND BALANCES, BEGINNING OF YEAR	719,610	6,619	726,229	600,416
FUND BALANCES, END OF YEAR	\$ 483,813	\$ 8,682	\$ 492,495	\$ 726,229

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

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023
(With Summarized Comparative Data for June 30, 2022)

	Pension Trust	Defined Contribution Plan	Totals	
			2023	2022
ASSETS				
Cash and cash equivalents	\$ 1,728,464	\$ -	\$ 1,728,464	\$ 1,692,381
Investments	21,245,348	539,043	21,784,391	19,604,195
TOTAL ASSETS	<u>\$ 22,973,812</u>	<u>\$ 539,043</u>	<u>\$ 23,512,855</u>	<u>\$ 21,296,576</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Benefits payable	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Held in trust for pension benefits	22,973,812	539,043	23,512,855	21,296,576
TOTAL LIABILITIES AND NET POSITION	<u>\$ 22,973,812</u>	<u>\$ 539,043</u>	<u>\$ 23,512,855</u>	<u>\$ 21,296,576</u>

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	Pension Trust	Defined Contribution Plan	Totals	
			2023	2022
ADDITIONS				
Contributions:				
Employer	\$ 1,375,404	\$ -	\$ 1,375,404	\$ 1,226,807
State aid	248,599	-	248,599	216,540
Total Contributions	<u>1,624,003</u>	<u>-</u>	<u>1,624,003</u>	<u>1,443,347</u>
Investment income:				
Net increase (decrease) in fair value of investments	1,663,919	62,791	1,726,710	(4,262,276)
Investment earnings	504,133	-	504,133	621,976
Net Investment Income	<u>2,168,052</u>	<u>62,791</u>	<u>2,230,843</u>	<u>(3,640,300)</u>
TOTAL ADDITIONS	<u>3,792,055</u>	<u>62,791</u>	<u>3,854,846</u>	<u>(2,196,953)</u>
DEDUCTIONS				
Benefits paid	1,602,614	-	1,602,614	1,155,926
Administrative expense	35,952	-	35,952	43,892
TOTAL DEDUCTIONS	<u>1,638,566</u>	<u>-</u>	<u>1,638,566</u>	<u>1,199,818</u>
CHANGE IN NET POSITION	2,153,489	62,791	2,216,280	(3,396,771)
NET POSITION RESTRICTED FOR PENSIONS, BEGINNING OF YEAR	<u>20,820,323</u>	<u>476,252</u>	<u>21,296,575</u>	<u>24,693,347</u>
NET POSITION RESTRICTED FOR PENSIONS, END OF YEAR	<u>\$ 22,973,812</u>	<u>\$ 539,043</u>	<u>\$ 23,512,855</u>	<u>\$ 21,296,576</u>

Statistical Section

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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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities										
Net investment in capital assets	\$ 37,505,671	\$ 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
Restricted	9,166,609	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
Unrestricted	4,471,602	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
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 51,143,882</u>	<u>\$ 46,577,249</u>	<u>\$ 43,954,497</u>	<u>\$ 42,248,234</u>	<u>\$ 36,780,918</u>	<u>\$ 32,998,089</u>	<u>\$ 30,439,544</u>	<u>\$ 29,427,145</u>	<u>\$ 27,512,750</u>	<u>\$ 40,280,334</u>

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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental activities:										
General government	\$ 5,271,966	\$ 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
Public safety	9,161,109	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
Public works	7,605,432	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
Housing and community development	5,593,613	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
Recreation and culture	3,561,436	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
Interest	296,383	286,607	298,353	314,634	329,649	397,077	61,417	56,421	100,902	123,274
Total primary government expenses	<u>31,489,939</u>	<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>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	295,840	254,157	34,637	66,857	105,965	119,548	106,638	131,619	114,502	111,293
Public safety	701,412	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
Public works	868,775	835,710	726,795	819,938	829,347	831,315	546,761	539,786	554,600	535,722
Housing and community development	365,161	320,950	335,342	344,382	343,672	364,385	364,215	345,105	354,256	352,886
Recreation and culture	541,784	258,040	15,694	435,028	631,322	582,329	582,232	521,506	557,605	556,741
Operating grants and contributions	11,642,367	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
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
Total primary government program revenues	<u>14,415,339</u>	<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>
Total primary government net expense	<u>(17,074,600)</u>	<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>
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	14,549,412	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
Intergovernmental / unrestricted	6,209,119	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
Unrestricted investment earnings	414,638	265,550	101,059	216,147	361,755	100,962	137,691	58,265	30,901	27,012
Miscellaneous and other	468,064	(21,465)	26,152	381,114	238,685	190,974	37,163	240,498	167,602	67,568
Total primary government	<u>21,641,233</u>	<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>
TOTAL PRIMARY GOVERNMENT										
CHANGE IN NET POSITION	<u>\$ 4,566,633</u>	<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>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund										
Nonspendable	\$ 9,700	\$ 20,060	\$ 242	\$ 16,112	\$ 6,506	\$ 8,271	\$ 12,093	\$ 7,831	\$ 562,529	\$ 70,855
Restricted	5,321,292	6,407,573	6,632,730	8,066,081	97,497	97,031	96,567	96,369	225,496	225,383
Committed	7,000,187	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
Assigned		-	-	-	-	-	-	2,324,965	1,269,153	1,138,984
Unassigned	8,230,439	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
Total general fund	<u>\$ 20,561,618</u>	<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>
Total all other governmental funds										
Restricted	\$ 3,845,317	\$ 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
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	483,813	719,610	593,597	393,893	281,858	198,759	191,032	173,128	252,718	286,956
Total	<u>\$ 4,329,130</u>	<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>

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES										
Taxes	\$ 19,957,045	\$ 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
Licenses and permits	57,415	72,084	88,799	66,943	84,908	107,513	69,718	87,314	76,103	81,746
Fines and forfeitures	840,202	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
Use of money and property	414,638	(21,465)	26,152	381,114	361,755	100,962	37,163	58,265	30,901	27,012
Charges for services	1,932,770	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
Intergovernmental	12,370,162	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
Miscellaneous	446,725	247,207	74,015	177,661	241,079	202,638	164,720	257,720	192,746	59,856
Total revenues	<u>36,018,957</u>	<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>
EXPENDITURES										
Current:										
General government	5,002,959	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
Public safety	9,603,287	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
Public works	6,644,505	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
Housing/community development	5,610,609	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
Recreation and culture	3,876,552	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
Capital outlay	5,736,285	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
Debt service:										
Principal	462,000	602,000	442,000	599,000	587,500	529,500	298,000	1,795,202	273,000	263,500
Interest	278,711	289,309	300,990	317,403	332,369	452,948	61,898	107,224	111,948	110,029
Total expenditures	<u>37,214,908</u>	<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>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,195,951)</u>	<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>
OTHER FINANCING SOURCES (USES)										
Bond/loan proceeds	-	-	-	-	-	9,125,459	-	1,579,730	-	-
Lease proceeds	606,588	-	-	-	-	-	-	-	-	-
Sale of property	21,339	18,343	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>627,927</u>	<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>
NET CHANGES IN FUND BALANCES	<u>\$ (568,024)</u>	<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>
Debt service as a percentage of noncapital expenditures	2.35%	3.23%	2.97%	3.67%	3.59%	4.03%	1.56%	7.60%	1.68%	1.71%

**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
2023	\$ 14,437,412	\$ 481,159	\$ 101,137	\$ (5,413)	\$ 112,046	\$ 4,405,622	\$ 425,082	\$ 19,957,045
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

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)
2023	\$ 14,423,809	\$ 14,398,394	99.8%	\$ 75,829	\$ 14,474,224	100.3%
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%

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%. 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	
2023	\$ 2,672,560,550	\$ 2,672,560,550	\$ 14,960,640	\$ 14,960,640	\$ 15,350,710	\$ 15,350,710	\$ 2,702,871,900	\$ 2,702,871,900	1.0	0.539
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

- (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	
2023	0.5397	0.1120	0.6940	0.0810	0.0832	0.0259	1.5358
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

(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, 2023**

Fiscal year 2022 real property assessed value**	<u>\$ 2,688,034,783</u>
Debt limit - 100% of assessed value	2,688,034,783
Amount of debt applicable to debt limit - legal debt margin	<u>7,696,500</u>
Legal debt margin	<u>\$ 2,680,338,283</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
2023	17,703	\$ 2,688,034,783	\$ 7,696,500	\$ -	0.29%	\$	434.76
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

(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)
2023	\$ 462,000	\$ 276,025	\$ 738,025	(1) \$ 36,608,320	2.02%
2022	602,000	289,309	891,309	30,110,260	2.96%
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%

(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, 2023

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct debt –			
City of Takoma Park	\$ 7,696,500	100%	\$ 7,696,500
Direct debt subtotal	<u>7,696,500</u>		<u>7,696,500</u>
Overlapping debt –			
Montgomery County	7,696,500	1% ⁽¹⁾	76,965
Maryland-National Capital Park and Planning Commission Montgomery County	<u>66,707,170</u>	1% ⁽¹⁾	<u>667,072</u>
Overlapping debt subtotal	<u>74,403,670</u>		<u>744,037</u>
Total direct and overlapping debt	<u>\$ 82,100,170</u>		<u>\$ 8,440,537</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:						
2023	17,703	\$ 101,660,000	\$ 95,112	\$ 539,974	2.1	160,554
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

(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 2014-2020 revised by BEA. Data for 2022-2023 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 2014-2022. Data for 2023 estimated by Montgomery County Department of Finance based on the percent change from first half of CY 2023 to the first half of CY 2022.

(4) The unemployment rates for 2014 through 2022 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 23 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 2023			Taxpayer	Fiscal Year 2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
GCP TLC Propco LLC	\$ 43,022,800	1	1.51%	Saul Subsidiary I LTD Partnership	\$ 24,989,400	1	1.28%
Saul Subsidiary I LTD Partnership	34,900,000	2	1.22%	Walgreen Company	21,106,968	2	1.08%
MHP Parkview Towers LLP(1)	33,289,263	3	1.17%	7401 New Hampshire Avenue LLC	14,727,200	3	0.75%
Adventist Healthcare Inc.	28,287,933	4	0.99%	Park Ritchie Apartments	14,574,667	4	0.75%
Park Ritchie LLC	19,000,000	5	0.67%	Tenancy 7333 New Hampshire Ave LLC	14,495,330	5	0.74%
Orlo Takoma LLC	17,490,067	6	0.61%	Takoma Business Center LLC	10,757,233	6	0.55%
PS Atlantic Coast 2021 B LLC	15,390,200	7	0.54%	Takoma Park Land LLP	9,876,733	7	0.51%
Takoma Tower LP	14,298,700	8	0.50%	Franklin Associates	8,964,000	8	0.46%
Takoma Business Center LLC	11,310,167	9	0.40%	Maple View Apartments LLC	7,867,100	9	0.40%
Maple View Apartments LLC	10,202,100	10	0.36%	FC-Gen Real Estate LLC	7,744,733	10	0.40%
Total	\$ 227,191,230		7.97%	Total	\$ 135,103,364		6.92%

Notes:

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

Sources: Montgomery County and 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 2023			Fiscal Year 2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Montgomery College	775	1	13.31%	523	2	9.15%
Montgomery County Public School	248	2	4.26%	215	3	3.76%
City of Takoma Park ¹	244	3	4.19%	212	4	3.71%
Washington Adventist University ()	121	4	2.08%	163	5	2.85%
Don Bosco Cristo Rey High School	75	5	1.29%	50	9	0.87%
Takoma Park / Silver Spring Co-Op	46	6	0.79%	44	10	0.77%
International House of Pancakes (IHOP)	36	7	0.62%	54	8	0.94%
Taco Bell	27	8	0.46%	-		-
Chuck E. Cheese	26	9	0.45%	-		-
Mid Atlantic Seafood	18	10	0.31%	-		-
Washington Adventist Hospital	-		-	1,600	1	27.99%
Sligo Creek Center	-		-	133	6	2.33%
Republic	-		-	68	7	1.19%
Total	1,616		27.75%	3,062		53.57%

Notes:

1

() Formally Columbia Union College

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
FUNCTION										
General government	22.75	18.25	18.25	17.75	17.75	16.75	17.25	17.50	17.50	16.95
Public safety	64.68	67.68	67.67	67.45	66.95	65.85	65.64	62.47	62.47	61.83
Public works	39.42	37.25	37.25	37.25	37.25	37.25	37.00	37.00	36.00	34.00
Housing and community development	13.63	10.63	10.63	10.13	9.50	9.38	8.51	9.63	9.75	10.85
Recreation and culture	<u>39.28</u>	<u>37.67</u>	<u>37.92</u>	<u>37.16</u>	<u>37.41</u>	<u>36.22</u>	<u>36.75</u>	<u>36.63</u>	<u>35.14</u>	<u>33.92</u>
TOTAL	<u>179.76</u>	<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>

Source: City's Finance Department

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

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety:										
Crimes reported	1,539	1,642	901	941	716	712	481	617	664	528
Dispatched calls/events handled	10,315	11,891	11,331	10,822	12,618	15,735	20,000	22,323	21,041	19,762
Hours-foot/bike patrol	0	2,288	1,754	2,941	4,362	3,925	2,200	2,263	2,200	2,500
Physical arrests	216	100	112	204	177	351	366	491	399	400
Calls for service	8,429	9,795	6,763	9,661	9,408	12,368	12,000	13,737	14,921	14,921
Traffic stops	1,001	1,612	1,632	2,157	3,020	3,367	8,000	8,585	7,593	7,593
Parking tickets processed	3,663	3,401	3,293	3,345	2,962	4,493	4,567	3,550	3,495	3,495
Criminal investigations assigned	197	144	164	257	520	187	195	229	239	239
Criminal cases closed	95	76	175	65	207	123	103	90	100	100
Warrants received for service	283	118	77	162	309	311	298	473	403	403
NCIC validations (wanted items/persons)	479	445	535	644	711	903	906	1,015	1,043	1,043
Number of new nuisance complaints	256	361	393	613	810	373	346	183	209	210
Number of nuisance complaints closed	184	171	472	242	807	362	310	169	119	95
Courtesy notices issued	240	361	625	338	723	373	62	1	280	266
Handbill and flyers removed	0	912	1,452	1,066	1,937	2,049	1,905	3,553	9,915	3,429
Public Works:										
Permits processed	559	809	842	715	605	488	498	316	297	303
Vehicles maintained	82	87	84	84	89	89	83	82	81	83
Tons of leaves collected	829	390	1,000	1,100	1,500	1,800	1,800	1,750	1,800	1,900
Tons of refuse collected	2,952	3,208	3,477	3,230	3,017	3,237	3,193	3,124	2,990	3,082
Tons of recyclables collected	1,246	1,311	1,449	1,218	1,336	1,320	1,328	1,420	1,506	1,679
Tons of yard waste collected	297	351	402.00	434	329	246	168	241	216	491
Tons of food waste collected	266	286	305	278	249	302	212	178	183	150
Streets resurfacing (miles)	0	0	1	1.56	0.92	1.05	0	1.81	1.70	1.76
Storm drains inspected (linear feet)	11,939	8,109	10,582	7,464	8,737	2,828	5,914	4,877	10,918	7,207
New storm drain pipes (linear feet)	1,883	830	4	977	1,641	637	598	577	272	439
Replaced storm drain pipes (linear feet)	80	0	260	0	7	50	0	260	150	50
Recreation and Culture:										
Library materials circulated	46,229	73,831	30,101	86,628	115,291	108,900	94,425	96,695	113,074	116,288
Library program attendance	5,080	2,971	5,832	10,192	17,151	18,628	16,798	17,731	16,648	14,612
Housing and Community Development:										
Rental housing inspections (Note 2)	186	76	109	10,226	13,626	15,440	2,850	1,824	3,100	3,164
Number of rental licenses issued	91	22	312	328	385	386	500	402	402	436
Landlord certifications issued	394	173	188	160	197	241	225	124	234	148
Landlord and tenant contacts (Note 1)	125	896	1,600	745	540	420	N/A	2,550	2,524	2,605
Rent stabilization reports monitored	833	265	272	289	321	313	330	329	295	283
Permit letters issued	286	299	375	209	267	291	283	279	268	207
Rent increase petitions processed	1	2	1	0	1	1	0	1	1	2
General Government:										
Original City TV program hours	252.0	206.5	294.5	267.5	264	296	215	225	287	311

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Cars	57	59	54	56	56	45	45	45	41	46
Public Works:										
Sanitation collection trucks	5	5	5	5	5	5	5	5	5	5
Leaf vacuums	10	10	10	9	7	7	7	7	7	7
Stormwater drains (miles)	19.20	18.85	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	3	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, 2023**

Date of incorporation	1890
Date of adoption of City Charter	1890
Revision of City Charter	2022
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	7,053
Number of owner-occupied housing units	3,836
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, 2023**

Number of schools:		
Elementary (public)		2
Intermediate (public)		1
Private		3
Colleges		2
Election:		
Registered voters – November, 2022		11,743
Number of votes cast – November, 2022		5,756
Percentage voting		49.0%
Population by age group		17,703
(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	2,287	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	17,703	16,715	16,557	15,855	15,394

**CITY OF TAKOMA PARK, MARYLAND
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2023**

<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	07/01/22	⁽¹⁾ 7/01/23	\$3,000,000 aggregate – \$1,000,000/occurrence	\$ 22,326
Legal Liability – Local Government Insurance Trust	PLP 542500	07/01/22	⁽¹⁾ 7/01/23	\$3,000,000 aggregate – \$2,500 deductible	\$ 32,242
Comprehensive Auto Liability – Local Government Insurance Trust	PLP 542500	07/01/22	⁽¹⁾ 7/01/23	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	\$ 79,102
Excess Liability – Local Government Insurance Trust	PLP 542500	07/01/22	⁽¹⁾ 7/01/23	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	\$ 6,232
Building and Contents (includes boiler and machinery) Local Government Insurance Trust	PLP 542500	07/01/22	⁽¹⁾ 7/01/23	Insured to \$14,454,725, \$1,000 deductible.	\$ 19,351
Chesapeake Employers' Insurance Company – Workers' Compensation	-	07/01/22	⁽¹⁾ 7/01/23	Statutory limit	\$ 511,752
Fidelity Bond – United States Insurance Services	Various	Various	⁽¹⁾ Various	\$15,000 to \$100,000 limits	\$ 27,151

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

SINGLE AUDIT SUPPLEMENT

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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

October 31, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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

October 31, 2023

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, 2023. 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, 2023.

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
BARBACANE, THORNTON & COMPANY LLP

**CITY OF TAKOMA PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>FEDERAL GRANTOR PROJECT TITLE</u>	<u>SOURCE CODE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT PERIOD BEGINNING/ ENDING DATES</u>	<u>GRANT AMOUNT</u>	<u>TOTAL RECEIVED FOR YEAR</u>	<u>ACCRUED (UNEARNED) REVENUE 06/30/22</u>	<u>REVENUE RECOGNIZED</u>	<u>CURRENT YEAR EXPENDITURES</u>	<u>ACCRUED (UNEARNED) REVENUE 06/30/23</u>	<u>PASSED THROUGH TO SUB-RECIPIENTS</u>
<u>U.S. Department of Treasury</u>										
Coronavirus State and Local Fiscal Recovery Funds	D	21.027	07/01/21-12/31/26	\$17,470,260	\$ 8,738,397	\$ (6,756,300)	\$ 3,469,494	\$ 3,469,494	\$(12,025,203)	\$ -
Total CFDA #21.027					<u>8,738,397</u>	<u>(6,756,300)</u>	<u>3,469,494</u>	<u>3,469,494</u>	<u>(12,025,203)</u>	<u>-</u>
Total U.S. Department of Treasury					<u>8,738,397</u>	<u>(6,756,300)</u>	<u>3,469,494</u>	<u>3,469,494</u>	<u>(12,025,203)</u>	<u>-</u>
<u>U.S. Department of Transportation</u>										
<u>Passed through Maryland State Highway</u>										
SHA Safe Routes to School-TPIP	I	20.205	10/01/14-01/31/23	16,505	16,505	-	16,505	16,505	-	-
Total CFDA #20.205					<u>16,505</u>	<u>-</u>	<u>16,505</u>	<u>16,505</u>	<u>-</u>	<u>-</u>
Highway Safety Grant	I	20.616	10/01/22-09/30/23	488	488	-	488	488	-	-
Total U.S. Department of Transportation					<u>16,993</u>	<u>-</u>	<u>16,993</u>	<u>16,993</u>	<u>-</u>	<u>-</u>
TOTAL FEDERAL AWARDS					<u>\$ 8,755,390</u>	<u>\$ (6,756,300)</u>	<u>\$ 3,486,487</u>	<u>\$ 3,486,487</u>	<u>\$(12,025,203)</u>	<u>\$ -</u>

SOURCE CODES:

D = Direct funding
I = Indirect funding

CITY OF TAKOMA PARK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

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% de minimis indirect cost rate allowed under Uniform Guidance. For the year ended June 30, 2023, there were no indirect costs included in the schedule of expenditures of federal awards.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

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CITY OF TAKOMA PARK
 SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 JUNE 30, 2023

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 _____ X None reported
- Noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes _____ X No
- Significant deficiency(ies) identified? _____ Yes _____ X 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 the Uniform Guidance?

_____ Yes _____ X 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 _____ X No

CITY OF TAKOMA PARK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)
JUNE 30, 2023

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.