

*City of Takoma Park,
Maryland*



*Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024*

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*City of Takoma Park,
Maryland*



*Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024*

Prepared by: City of Takoma Park, Maryland

*Robert DiSpírito
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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November 15, 2024

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

The annual comprehensive financial report ("ACFR") of the City of Takoma Park, Maryland ("the City") for the fiscal year ending June 30, 2024, 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, 2024, for all funds of the City.

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

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

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

PROFILE OF THE GOVERNMENT

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

The City 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 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 budget by July 1 of every year.

CITY COUNCIL PRIORITIES

The following are City Council priorities which the Mayor and Council typically review and establish every two-years.

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 disabilities.
- 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.
- 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.

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, 51.3% 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 \$2.8 billion during Fiscal Year 2024. 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. The median value of owner-occupied housing units in Takoma Park was \$685,000 according to the 2018-2022 American Community Survey.

The Bureau of Labor Statistics reported the unemployment rate in the Washington, D.C. region is 5.6 percent in September 2024, compared to 5.3 percent in August 2022 and 7.3 percent in 2021. The 2022 (5-year) American Community Survey for Takoma Park provides a median household income of \$95,316. While real property taxes and intergovernmental payments are the largest sources of revenue for the City, the community's long-term economic health depends on economic development of the City's commercial corridors, particularly along New Hampshire Avenue and University Boulevard.

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

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

Since 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 worked with the Montgomery County Planning Department on a Minor Master Plan Amendment 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 Amendments have helped identify community priorities for the property.

The City also nears the mid-point of its comprehensive five-year 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 has been used in four primary categories: Public Health and Economic Impacts, Premium Pay, Revenue Loss, and Investments in Infrastructure. The multiyear spending plan for the ARPA funds, incorporating a priority-based budgeting framework, includes urgent expenditures for emergency rental assistance, food security, community engagement, revenue loss reimbursement, and administrative staffing. Funds have also been allocated for small business grants and the Library project, among other projects.

LONG-TERM FINANCIAL PLANNING

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

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

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. This was completed in October 2023 and has helped to identify future revenue and expenditure trends that will influence 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,

Robert DiSpirito
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

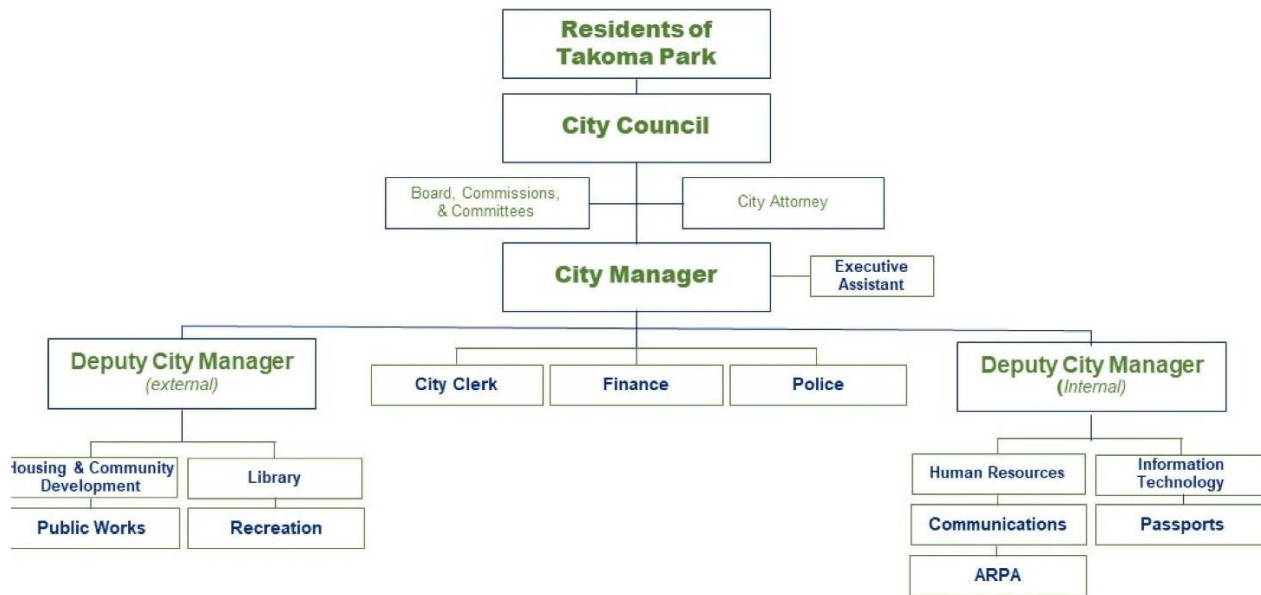
June 30, 2023

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, 2024

MAYOR

Talisha Searcy

CITY COUNCIL

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

CITY MANAGER

Robert DiSpirito

DEPUTY CITY MANAGER

Andrew Bolduc
David Eubanks

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

November 15, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Takoma Park, Takoma Park, Maryland, as of June 30, 2024, and the respective changes in financial position, and the respective budgetary comparisons for the general fund, speed camera fund, special revenue fund, and ARPA 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, 2023 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 October 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 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 November 15, 2024, 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, 2024**

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, 2024. 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

- For the fiscal year ending June 30, 2024, the City's net position saw an increase of \$2,534,706 from the previous year. At the close of the fiscal year, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$53,678,588. This increase resulted from revenues of \$35,996,335 exceeding expenses totaling \$33,461,629. In terms of revenues, approximately 45% of the revenue was attributed to real property tax (\$15,923,518) and personal property tax (\$425,862).
- Of the City's total net position, the unrestricted net position increased from \$4,471,602 in Fiscal Year 2023 to \$7,200,807 in Fiscal Year 2024. The unrestricted net position increased primarily due to the current year change in net position of \$2,534,706 and the release of restricted net position related to the bond reserve of \$3,346,823, which were offset by the net increase in the pension liability of \$1,210,604 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, 2024, the City's governmental funds reported combined ending fund balances of \$24,740,382, a decrease of \$150,366 or 0.6 percent from the prior year. The decrease in fund balance was mainly due to the deficit in the Speed Camera Fund of \$551,706 pre transfer, Special Revenue Fund of \$44,868, and Stormwater Fund of \$128,886. The deficits were increased by the decrease in the General Fund of \$193,937 due to a \$500,000 inter-fund transfer to the Speed Camera Fund. The ending fund balances of \$27,740,382 include \$10,801,326 that is available for spending at the City's discretion (unassigned fund balance). The decrease in the combined ending governmental fund balances was due to the excess of expenses over revenues in the two major funds and the non-major fund.
- At the end of Fiscal Year 2024, the unassigned fund balance for the General Fund was \$10,801,326 or 34.5 percent of total General Fund revenues. The unassigned fund balance was more than Fiscal Year 2023, primarily due to the transfer release totaling \$3.3 million from the Restricted Bond Reserve.
- The City's long-term debt decreased by \$625,193 during the fiscal year. The decrease was primarily due to the pay-off of annual principal payments on existing bond debts totaling \$474,000 and a decrease of \$196,811 in the Lease Liability. The City's Compensated Absences indicated a slight increase of \$45,618.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

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 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

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

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 American Rescue Plan Act (ARPA) Fund, the Speed Camera Fund, and the Special Revenue Fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds (Stormwater Management Fund, Community Center Fund (inactive) 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 four major funds: General Fund, Speed Camera Fund, Special Revenue Fund, and ARPA 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 36-43 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.

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.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

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 \$53,678,588 as of June 30, 2024. 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 \$40,511,637 or 75.5 percent of the City's net position as of June 30, 2024. Due to the nature of these assets, they are not available for future spending.

The unrestricted portion of the net position was \$7,200,807. This category represents the amounts that the City may use to meet ongoing obligations to its residents and creditors. The unrestricted net position surplus resulted from the current year positive change in net position of \$2,534,706 and the transfer release of the Restricted Net Position of \$3,346,823 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 \$5,966,144 or 11.1 percent of the total net position reflects the City's restricted net position, primarily comprised of monies related to the Infrastructure bond fund, Safe Speed Program, and franchise cable equipment grants, that can only be used for specifically designated purposes.

During the fiscal year, the City's total net position increased by \$2,534,706. Factors contributing to this growth include the decrease of total revenues by \$60,237. The decrease in revenue was primarily due to the decrease in Operating Grants of \$3.2 million which was offset by a \$3.1 million increase in general revenues. Total expenses decreased by \$1.9 million compared to the prior year.

In general revenues, the upward trend was reflected at the change of \$1,318,809 in property tax, the increase in \$617,278 in Miscellaneous Income and \$556,565 in the Investment Earnings. The increase in the revenue was further increase by \$653,284 Intergovernmental Revenue.

The following table reflects the City's net position as of June 30, 2024 compared to June 30, 2023.

	2024	2023
Governmental Activities Statement of Net Position		
Assets		
Current and other assets	\$ 40,621,264	\$ 41,642,250
Capital assets	48,007,118	45,671,963
Total assets	88,628,382	87,314,213
Deferred outflows of resources	3,380,924	4,429,840

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

**Governmental Activities
Statement of Net Position**

(cont'd)	<u>2024</u>	<u>2023</u>
Liabilities		
Current and other liabilities	14,570,823	15,551,313
Long-term liabilities	<u>23,111,695</u>	<u>22,554,772</u>
 Total liabilities	 <u>37,682,518</u>	 <u>38,106,085</u>
 Deferred inflows of resources	 <u>648,200</u>	 <u>2,494,086</u>
 Net position		
Net investment in capital assets	40,511,637	37,505,671
Restricted	5,966,144	9,166,609
Unrestricted	<u>7,200,807</u>	<u>4,471,602</u>
 Total net position	 <u><u>\$ 53,678,588</u></u>	 <u><u>\$ 51,143,882</u></u>

Governmental Activities

Governmental activities increased the City's net position by \$2,534,706 during Fiscal Year 2024, 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.

**Governmental Activities
Change in Net Position**

Revenues	<u>2024</u>	<u>2023</u>
Program revenues:		
Charges for services	\$ 2,783,424	\$ 2,772,972
Operating grants and contributions	8,485,440	11,642,367
General revenues:		
Property taxes	16,349,380	15,030,571
Intergovernmental	5,596,034	4,942,750
Franchise fees, licenses, and permits	86,562	57,415
Other grants and contributions	692,950	727,795
Miscellaneous	1,085,342	468,064
Unrestricted investment earnings	<u>917,203</u>	<u>414,638</u>
 Total revenues	 <u><u>35,996,335</u></u>	 <u><u>36,056,572</u></u>

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

**Governmental Activities
Change in Net Position**

(cont'd)	<u>2024</u>	<u>2023</u>
Expenses		
General Government	6,440,573	5,271,966
Public Safety	10,662,019	9,161,109
Public Works	7,772,865	7,605,432
Housing and Community Development	4,007,737	5,593,613
Recreation and Culture	4,294,479	3,561,436
Interest on long-term debt	283,956	296,383
Total expenses	<u>33,461,629</u>	<u>31,489,939</u>
Change in net position	2,534,706	4,566,633
Net position, beginning of year	<u>51,143,882</u>	<u>46,577,249</u>
Net position, end of year	<u>\$ 53,678,588</u>	<u>\$ 51,143,882</u>

Overall revenues decreased \$60,237 from Fiscal Year 2023 to Fiscal Year 2024. In program revenues, operating grants and contribution decreased \$ 3,156,927, and the charges for services increased \$10,452. In general revenues, property tax revenue increased \$1,318,809, and intergovernmental revenues increased \$653,284. In addition, the miscellaneous revenues increased \$617,278 and the investment earnings increased \$556,565.

Operating grants and contributions decreased totaling \$3,156,927, was due to the decrease in Operating Grants in the General Fund totaling \$134,322 which included the Capitol Police Grant (\$80,698), resulting from the completion of the projects in the last grant year. In Special Revenue Fund, the Operating Grants revenue decreased by \$1.2 million due to conclusion of the funding cycles for certain operating grants such as, Leeland Housing (\$600,000), and New Hampshire Avenue (\$1,000,000). In the American Rescue Plan Act (ARPA) Federal Funding, the decrease was primarily due to the conclusion of some of the COVID related funding totaling \$1.9 million. Some of grant reductions include social services decreased \$1.3 million, Multi-Family decreased (\$389,749), Energy Efficiency decreased (\$141,945) and Emergency Rental Assistance decreased (\$130,286).

Charges for services increased \$10,452. This variance was due to the increase in the Recreation and Cultural revenues.

Miscellaneous revenue increased \$617,278, primarily due to the increase of Community Grants awarded in FY24. The grant increases include Affordable Homeownership (\$300,000), and Washington McLaughlin School (\$142,168).

Total expenses increased by \$1,971,690 from Fiscal Year 2023 to Fiscal Year 2024. General Government expenses increased \$1,168,607 in FY24 due to the increases in personnel and operating costs (\$288,226) and legal contingency expenses relating to the settlement agreement with Neighborhood Development Company in the Takoma Junction Project (\$422,199).

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

Public Safety expenses are \$1,500,910 higher than those for Fiscal Year 2023. The variance is primarily due to the increase in salary and fringe benefits in various divisions and Speed Camera Program totaled (\$746,714) and increase in pension contribution costs totaled (\$373,364).

Public Works expenses increased \$ 167,433 mainly due to the increase of salary and fringe benefit costs of \$132,313.

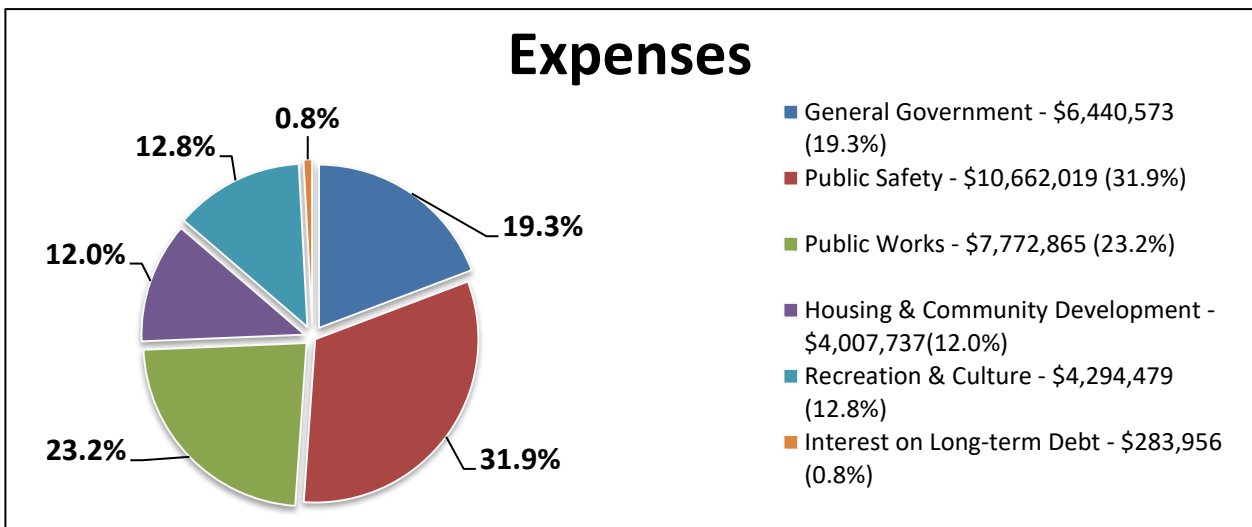
Housing and Community Development expenses decreased \$1,585,876 due primarily to the (\$1,808,099) decrease in operating grant expenditures in the Special Revenue Fund and it is offset by operating and personnel costs increases totaling (\$205,288) in the General Fund.

Recreation and Culture expenses increased \$733,043 from Fiscal Year 2023 to Fiscal Year 2024. The increase was primarily due to an increase in Salary and other Fringe Benefit expenses (\$224,089), as well as an overall increase in recreation program and cultural activity costs (\$108,558).

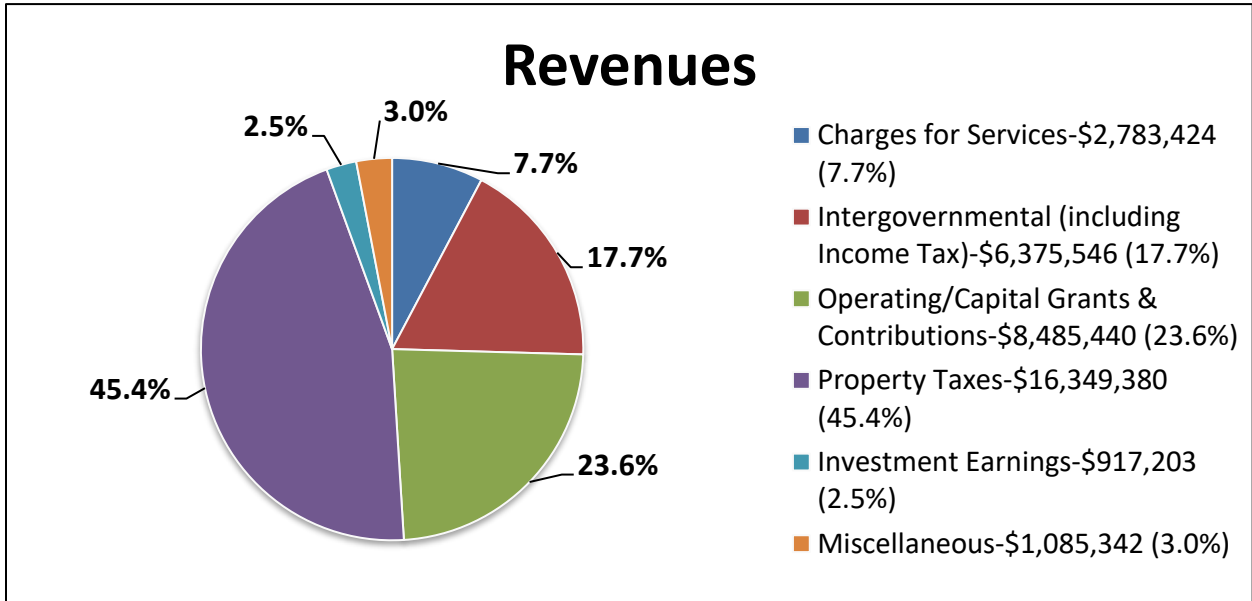
Interest on long term debt decreased \$12,427 from Fiscal Year 2023 to Fiscal Year 2024, due to the principal paydown of the City's three outstanding bond funds including the Transportation and Library Bond Series 2017 and the Community Center Bond Series 2015.

As shown previously, the cost of all governmental activities was \$33,461,629. Those who directly benefited from the services paid \$2,783,424 of the activity costs. The City also received operating and contributions from other governments and organizations of \$8,485,440 which reduced the amount paid by City residents for certain services. The net cost of the City's governmental activities totaled \$22,192,765 and was funded with general revenues, including property taxes and intergovernmental revenues.

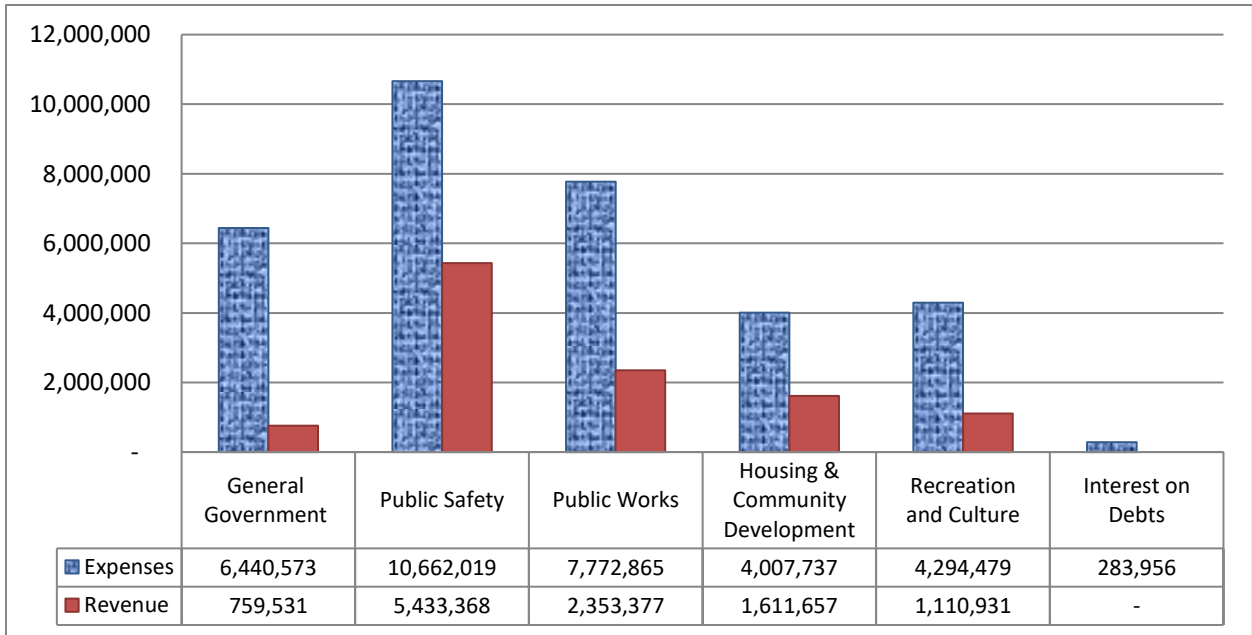
**Governmental Activities
Fiscal Year Ended June 30, 2024**



**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**



**Governmental Activities
Comparison of Program Revenues versus Expenses
Fiscal Year Ended June 30, 2024**



**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

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, 2024, the City's governmental funds had combined fund balances of \$24,740,382, a decrease of \$150,366 from the prior year. Approximately 24.2 percent 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 \$5,981,854 which included \$1.9 million in the General Fund and \$3.7 million in the Special Revenue Fund. Compared to FY23, there is a reduction of \$3.3 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 \$20,367,681, a decrease of \$193,937 from Fiscal Year 2023. The decrease is due to the transfer of \$500,000 to the Speed Camera Fund and offset by the operating surplus of \$289,705 and the proceeds received for the sales of City property in the amount of \$16,358.

The General Fund fund balance includes \$97,594 which is restricted for street improvements, \$1,166,648 which is restricted for bond payment, \$684,290 restricted for emergency reserve, and \$15,710 which is nonspendable (e.g., deposits and prepaid expenditures). A portion of the General Fund fund balance, totaling \$7,602,113 or 37.3 percent is committed for the following purposes:

• Equipment Replacement	4,369,943
• Facility Maintenance	434,133
• Housing Fund Reserve	1,535,371
• Designated -Subsequent Years	1,262,666

Due to the condition of deficiency of revenues over expenditure in the budget of FY25, the City is obligated to apply the deficit amount into designated funds in the reserve. The amount of \$1,262,666 is included in Committed Fund balance; it will avoid accidental misuse of obligated funds. The unassigned portion of the General Fund fund balance as of June 30, 2024 is \$10,801,326 which is an increase of \$2.6 million from the previous year. The reserve balance for the year decreased primarily due to the release of \$3.3 million from the Restricted Bond Reserve and offset by the fund contributions of \$750,000 to the Equipment Replacement and the Housing Reserve.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

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 2024 totaled \$570,698. 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 \$87,968 at June 30, 2024. The ending fund balance reflected a reduction of \$51,706 from the year before. The balance decreased primarily due to the increased expenditures in public safety 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 \$3,650,748 as of June 30, 2024. Most of the fund balance is restricted for the acquisition of cable equipment. The amount that is restricted for cable equipment is \$3,623,055. 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 \$44,868 excess of Cable Grant expenditures over revenues.

The American Rescue Plan Act (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 FY22 and FY23. 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, 2024, the ARPA Fund total expenditure was \$1,601,999, the total revenue was \$1,871,030 and the fund balance was \$270,376. The fund has \$10,423,064 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 \$355,089 as of June 30, 2024.

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 \$8,520 as of June 30, 2024. The entire fund balance is restricted and related to outstanding notes receivable.

The Community Center Fund was established to account for construction activities related to the City's community and municipal center. During Fiscal Year 2024, there was no construction activity related

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

to the community and municipal center that used this fund. The Facility Construction Fund (inactive) did not have a fund balance at June 30, 2024.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, there were net increases totaling \$5,092,742 in the General Fund expenditure appropriations between the original and final budget. The largest increase in the appropriations was related to capital outlay. The net increase in the budget for the capital outlay was \$3,853,033 and was attributed to increases in the Library construction project 651. In addition, there were budget increases in various departments including General Government (\$340,945), Public Safety (\$328,981), Public Works (\$152,437), and Nondepartmental (\$512,500).

On a budgetary basis, actual revenues for the fiscal year were more than the final amended budget by \$1,847,130. The most significant tax revenue increases were due to the income tax revenue, which was higher than the budgeted amount by \$871,397, and the real property tax collection higher the budgeted amounts by \$286,025. Use of Money and Investment revenue were above the budgeted amount by \$257,038 due to the multiple interest rate adjustments by the Federal Reserve Bank during the year.

Actual General Fund expenditures were \$5.4 million less than the revised budget authorization. General Government expenditures were \$723,009 more 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 \$145,109 less than budgeted. Legal contingency for the National Development Company expenditures was \$77,801 less than budgeted and Partnership Programs, Workers Compensation Insurance, and other fringe benefits expenditures were less than the budgeted totaling \$37,658.

Contractual services and personnel costs in Human Resources was \$560,883 less than budgeted due to the project delay of the HRIS implementation and compensation study. Overall, division salary costs were \$132,598 less than budgeted. City Attorney legal service contract costs were \$161,291 less than budgeted.

Public Safety expenditures were \$215,557 less than budgeted due to lower than expected part-time salary and fringe benefit costs of (\$167,153) in patrol operation division.

Public Works expenditures were \$583,389 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 \$146,763. In the Building Maintenance and Solid Waste division, lower than anticipated expenditures included personnel costs totaling \$212,605 primarily due to the vacancy and hiring of the new Building Maintenance and Waste Management Supervisors. In the Solid Waste division, the personal costs were \$84,568 less than budgeted.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

Housing and Community Development expenditures were \$646,810 less than budgeted. Overall personnel costs were down \$350,772 due to the various vacant positions for an extended period. Contract and program services were down \$296,039 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 \$287,532 less than budgeted. Recreation and Culture activities include those of the Recreation and Library Departments. In the Recreation divisions, the actual contract and program expenditures were \$140,988 lower than budgeted. The variance of \$76,309 in personnel costs was attributed to some staffing cost reduction due to program cancellation. The Library's expenditures were \$24,501 under the budgeted amount mainly due to the reduction of personnel related salaries and book purchases.

CAPITAL ASSET AND DEBT ADMINISTRATION

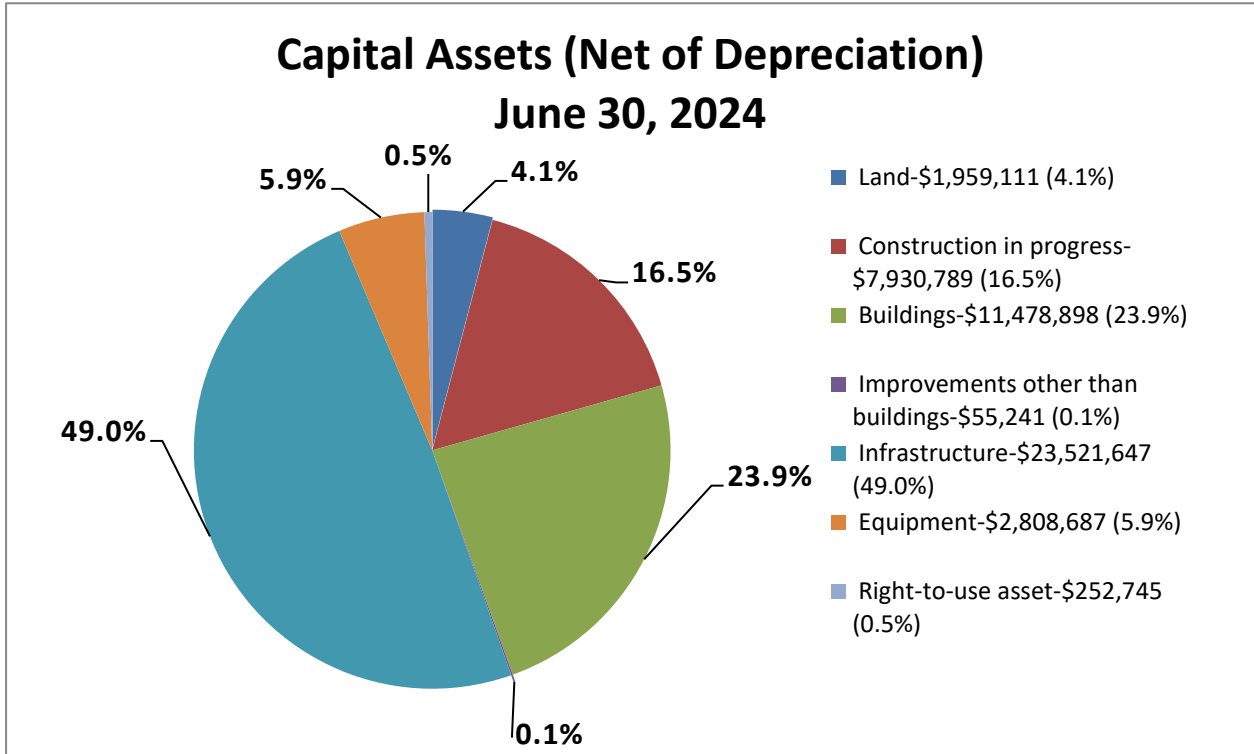
Capital Assets

As of June 30, 2024, the City's investment in capital assets (buildings, roads and other infrastructure, vehicles, and equipment) for its governmental activities totaled \$48,007,118 (net of accumulated depreciation/amortization). This amount represents an increase of \$2,335,155 from the prior year's ending total capital assets of \$45,671,963. The increase was attributable to net asset additions of \$4,071,850 in Construction in Progress. The amount of asset disposal was \$285,531 during the year and there was a transfer of \$517,557 from Construction in Progress to Depreciable Capital Assets. The City maintained the right-to-use asset (\$252,745) due to the new lease agreement beginning September 2022. Asset additions made during the fiscal year included equipment for Public Safety (\$182,946) Housing (\$66,038), Public Works equipment (\$136,241), and Recreation equipment (\$147,238). Infrastructure improvements totaling (\$1,109,553) included new sidewalks, street improvements, the Takoma Branch Stream restoration and Stormwater projects. Further information on the City's capital assets is shown in following table:

	Governmental Activities	
	2024	2023
Capital Assets (net of depreciation/amortization):		
Land	\$ 1,959,111	\$ 1,959,111
Construction in progress	7,930,789	4,376,496
Buildings	11,478,898	11,989,310
Improvements other than buildings	55,241	71,399
Infrastructure	23,521,647	23,565,434
Equipment	2,808,687	3,255,272
Right to use asset	252,745	454,941
TOTAL	\$ 48,007,118	\$ 45,671,963

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

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



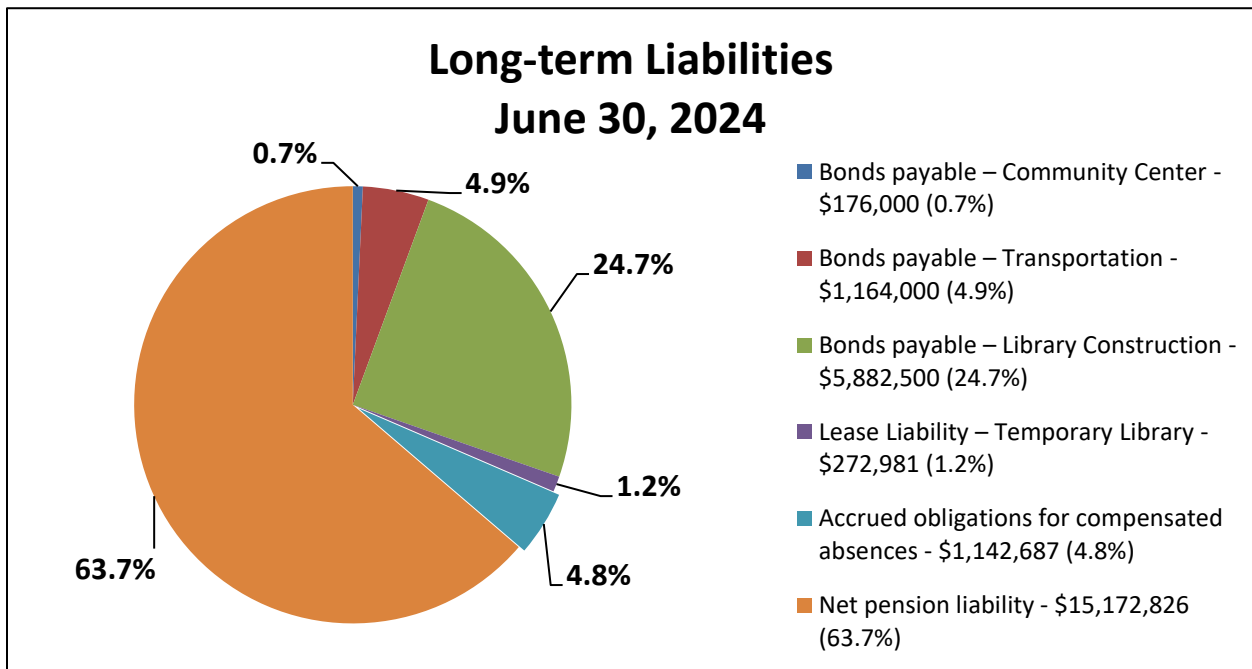
Debt Administration

At year-end, the City had \$8,638,168 in outstanding debt, a decrease of \$625,193 or about 6.75 percent from the prior year. The outstanding debt is comprised of long-term bonds, accrued obligations for compensated absences and Lease Liability. The decrease in outstanding debt was primarily due to the principal payments on existing debt totaling \$474,000, and Library Lease Liability of \$196,811, net of the increase of \$45,618 in compensated absences.

The City's aggregate net pension liability totaled \$15,172,826 at year-end, an increase of \$1,210,604 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, 2024**

	Governmental Activities	
	2024	2023
LONG-TERM LIABILITIES:		
Bonds payable – Community Center (2015)	\$ 176,000	\$ 347,000
Bonds payable – Transportation (2017)	1,164,000	1,293,500
Bonds payable – Library Construction (2017)	5,882,500	6,056,000
Lease Liability – Temporary Library (2023)	272,981	469,792
Accrued obligations for compensated absences	1,142,687	1,097,069
Aggregate net pension liabilities	15,172,826	13,962,222
TOTAL	\$ 23,810,994	\$ 23,225,583



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.

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, 2024:

- The difference between the General Fund revenues and expenditures is \$1.5 million and is funded by the use of \$206,997 Bond Reserve, and \$1.3 million Unassigned Reserve.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

- The General Fund total fund balance stands at \$20.4 million, including \$10.8 million allocated to the Unassigned Reserve. This balance in the Unassigned Reserve accounts for 34% of the total revenue of the General Fund, aligning with the City's Reserve Policy.
- The City's assessable real property base (net) is projected to increase by approximately \$109.9 million or 3.84 percent from FY24.
- Real property tax rate remains the same as the last year at \$0.5522 per \$100 of assessed valuation. Real property tax revenues increase by \$946,292 compared to FY24 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 decrease by \$28,764 due to a County error that resulted in higher revenue in FY24 than was permitted.
- Staffing levels have decreased by 1.48 full-time equivalents, mainly attributed to adjustments in current positions. This involves a reduction in a part-time custodian role within the Public Works department, and a decrease in seasonal and part-time positions within Recreation. In Housing and Community Development the addition of a Traffic Planner and an increase hour for the Art Coordinator position is partially offset by the removal of the Economic Development Specialist position. The additional Traffic Planner in Housing and Community Development is funded by the Red-Light Camera division.
- Anticipated General Fund Capital Improvement expenditures of \$466,000 include: Street Rehabilitation (\$100,000), Sidewalk Design and Construction (\$100,000), Sidewalk Replace Boyd Alley apron (\$30,000), street light upgrades (\$20,000), Library Useful software (\$20,000), Public Space Management Plan implementation (\$20,000), and Housing and Community matching grant funds (\$176,000). The Library design and renovation is expected to be completed in FY25, and the Library Bond Reserve will be fully depleted.
- Continued funding of \$142,000 for the City's local supplement to the State Homeowner Property Tax Credit Program.
- Contribution of \$900,000 to replenish the Equipment Replacement Reserve. Funds totaling \$913,623 from the Equipment Replacement Reserve will be used to replace vehicles and equipment, including nine police cars (\$657,000), body cameras and tasers (\$32,154), network router and switches (\$53,000), a roadway crack-filling machine (\$45,000), a roll-off trailer (\$91,104), and a tire changer (\$11,365).
- Contribution of \$600,000 to fund the Library Contingency Reserve.
- No fund contribution will be made to the Facility Maintenance Reserve.
- In FY25, the City will provide a total of \$60,000 to fund community events. Community events will be identified and selected via an event grant program and application.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2024**

- Another \$280,000 are set aside for additional grants and partnership programs including the Emergency Tree Removal (\$25,000), Summer Enrichment Program (\$45,000), Community Play (\$10,000), and Farmers Market Grant (\$20,000). Grant funding provided by Housing and Community Development includes the Open for Business Grant (\$50,000), Emergency Rental Assistance (\$75,000) and Community Quality of Life Grant (\$50,000).
- The City received federal funding under the American Rescue Plan Act (ARPA) totaling \$17.5 million. In FY25, \$1.9 million of the General Fund expenses will be redistributed to the ARPA Fund. This includes the New Sidewalk Design and Construction (\$200,000) and Street Rehabilitation (\$550,000). For the Community Center, funds will be used to replace HVAC control system (\$137,317), and an emergency generator (\$58,254). An additional \$1,000,000 will be funded by ARPA for the design and renovation of the Library.
- A total of \$100,000 is provided to support the Housing Reserve Fund.
- Funding in the amount of \$230,000 for Stormwater Capital Improvement expenditures for the construction, maintenance, and repair of storm drains, inlets, channels, and ditches. Projects include stormwater treatment at Albany and Baltimore Avenue (\$70,000), street runoff redirection at Garland and Davis/Jackson (\$100,000), and dead-end erosion control at Sligo Mill (\$60,000).
- Funding in the amount of \$4.2 million in Special Revenue Fund projects has been allocated for City TV equipment, lighting, auditorium repairs, and temporary relocation due to library renovation (\$350,475), CDBG Neighborhood Improvements (\$91,000), the New Hampshire Avenue Bikeway (\$350,000), Program Open Space (\$60,000), the Maple Avenue Connectivity Project (\$240,000), and the Met Branch Trail Project (\$425,000). In addition, the Special Revenue Fund includes grants awarded from State Library and Digital Inclusion totaling \$200,000 and \$2.5 million allocated to the Library construction.
- Anticipated expenditure of \$320,500 from Speed Camera & Red-Light Camera Fund. In FY25, the Red-Light Camera program will be implemented with expected additional revenue of \$1.3 million. Expenditures include the purchase of bike patrol unit equipment (\$6,000), field radio equipment (\$37,500), and mobile computers (\$27,000). Expenditures also include City Sidewalks (\$100,000), Traffic Study (\$50,000), and Traffic Calming and Pedestrian Safety (\$100,000).

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, 2024 AND 2023

	Governmental Activities	
	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 30,977,491	\$ 30,434,081
Investments	1,886,475	1,882,693
Restricted investments	4,188,038	6,506,720
Receivables, net:		
Taxes	157,954	144,632
Other	53,571	54,800
Due from other governments	3,342,025	2,609,624
Other assets	15,710	9,700
Total Current Assets	40,621,264	41,642,250
Noncurrent Assets:		
Capital assets net:		
Non-depreciable	9,889,900	6,335,607
Depreciable	37,864,473	38,881,415
Right-to-use asset	252,745	454,941
Total Noncurrent Assets	48,007,118	45,671,963
TOTAL ASSETS	88,628,382	87,314,213
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	3,380,924	4,429,840
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,380,924	4,429,840
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 92,009,306	\$ 91,744,053
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,829,005	\$ 1,206,189
Accrued expenditures	667,224	520,964
Accrued interest	63,409	66,245
Deposits and escrows held	185,327	218,895
Due to other units of government	208,869	208,869
Unearned revenue	10,917,690	12,659,340
Lease liability - current	215,799	196,811
Bonds and notes payable - current	483,500	474,000
Compensated absences - current	21,858	-
Total Current Liabilities	14,592,681	15,551,313
Noncurrent Liabilities:		
Lease liability	57,182	272,981
Bonds and loans payable	6,739,000	7,222,500
Compensated absences	1,120,829	1,097,069
Net pension liability	15,172,826	13,962,222
Total Noncurrent Liabilities	23,089,837	22,554,772
TOTAL LIABILITIES	37,682,518	38,106,085
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	648,200	2,494,086
TOTAL DEFERRED INFLOWS OF RESOURCES	648,200	2,494,086
NET POSITION		
Net investment in capital assets	40,511,637	37,505,671
Restricted:		
Debt service	1,166,648	4,625,476
Emergency expenses	684,290	570,549
General government	270,376	1,345
Justice forfeiture	27,692	27,692
Loans	8,520	8,682
Public safety	87,968	139,674
Streets	3,720,650	3,793,191
Unrestricted	7,200,807	4,471,602
TOTAL NET POSITION	53,678,588	51,143,882
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 92,009,306	\$ 91,744,053

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, 2024
(With Summarized Comparative Data for the Year Ended June 30, 2023)**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	
					2024	2023
GOVERNMENTAL ACTIVITIES						
General government	\$ 6,440,573	\$ 319,067	\$ 440,464	\$ -	\$ (5,681,042)	\$ (4,572,425)
Public safety	10,662,019	570,698	4,862,670	-	(5,228,651)	(3,553,195)
Public works	7,772,865	878,995	1,474,382	-	(5,419,488)	(4,641,033)
Housing and community development	4,007,737	377,966	1,233,691	-	(2,396,080)	(2,239,384)
Recreation and culture	4,294,479	636,698	474,233	-	(3,183,548)	(1,772,180)
Interest on long-term debt	283,956	-	-	-	(283,956)	(296,383)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 33,461,629	\$ 2,783,424	\$ 8,485,440	\$ -	(22,192,765)	(17,074,600)
GENERAL REVENUES						
Taxes:						
					15,923,518	14,549,412
					425,862	481,159
					5,596,034	4,942,750
					86,562	57,415
					692,950	727,795
					917,203	414,638
					12,858	21,339
					1,072,484	446,725
					<u>24,727,471</u>	<u>21,641,233</u>
					2,534,706	4,566,633
					<u>51,143,882</u>	<u>46,577,249</u>
					<u>\$ 53,678,588</u>	<u>\$ 51,143,882</u>

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

CITY OF TAKOMA PARK, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024
(With Summarized Comparative Data for June 30, 2023)

	General Fund	Speed Camera Fund	Special Revenue Fund	ARPA Fund	Non-Major Governmental Fund	Totals 2024	Totals 2023
ASSETS							
Cash and cash equivalents	\$ 13,715,805	\$ 5,239,061	\$ -	\$ 11,423,678	\$ 598,947	\$ 30,977,491	\$ 30,434,081
Investments	1,886,475	-	-	-	-	1,886,475	1,882,693
Restricted investments	4,188,038	-	-	-	-	4,188,038	6,506,720
Receivables, net:							
Taxes	157,954	-	-	-	-	157,954	144,632
Other	21,798	-	-	-	31,773	53,571	54,800
Due from other funds	5,637,383	5,959	3,240,822	-	255,737	9,139,901	9,295,098
Due from other governments	2,818,228	-	521,447	-	2,350	3,342,025	2,609,624
Other assets	15,710	-	-	-	-	15,710	9,700
TOTAL ASSETS	\$ 28,441,391	\$ 5,245,020	\$ 3,762,269	\$ 11,423,678	\$ 888,807	\$ 49,761,165	\$ 50,937,348
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 1,347,714	\$ 110,640	\$ 21,486	\$ 81,037	\$ 268,128	\$ 1,829,005	\$ 1,206,189
Accrued expenditures	638,068	18,702	-	6,217	4,237	667,224	520,964
Deposits and escrows held	172,508	-	8,185	-	4,634	185,327	218,895
Due to other funds	3,462,940	5,027,710	5,959	642,984	308	9,139,901	9,295,098
Due to other units of government	-	-	-	-	208,869	208,869	208,869
Unearned revenue	418,735	-	75,891	10,423,064	-	10,917,690	12,659,340
TOTAL LIABILITIES	6,039,965	5,157,052	111,521	11,153,302	486,176	22,948,016	24,109,355
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	2,033,745	-	-	-	39,022	2,072,767	1,937,245
FUND BALANCES:							
Nonspendable	15,710	-	-	-	-	15,710	9,700
Restricted	1,948,532	87,968	3,650,748	270,376	8,520	5,966,144	9,166,609
Committed	7,602,113	-	-	-	-	7,602,113	7,000,187
Assigned	-	-	-	-	355,089	355,089	483,813
Unassigned	10,801,326	-	-	-	-	10,801,326	8,230,439
TOTAL FUND BALANCES	20,367,681	87,968	3,650,748	270,376	363,609	24,740,382	24,890,748
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 28,441,391	\$ 5,245,020	\$ 3,762,269	\$ 11,423,678	\$ 888,807	\$ 49,761,165	\$ 50,937,348

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, 2024**

TOTAL GOVERNMENTAL FUND BALANCES \$ 24,740,382

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. 48,007,118

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. 2,072,767

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

Interest payable	\$ (63,409)	
Lease liability	(272,981)	
Bonds and notes payable	(7,222,500)	
Compensated absences	(1,142,687)	
Net pension liability	<u>(15,172,826)</u>	(23,874,403)

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	3,380,924	
Deferred inflows of resources - pension	<u>(648,200)</u>	<u>2,732,724</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 53,678,588

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, 2024
(With Summarized Comparative Data for the Year Ended June 30, 2023)

	General Fund	Speed Camera Fund	Special Revenue Fund	ARPA Fund	Non-Major Funds	Totals 2024	Totals 2023
REVENUES							
Taxes and utility fees	\$ 21,809,892	\$ -	\$ -	\$ -	\$ -	\$ 21,809,892	\$ 19,957,045
Licenses and permits	86,562	-	-	-	-	86,562	57,415
Fines and forfeitures	178,174	570,698	-	-	-	748,872	840,202
Investment earnings, gains, and (losses)	803,038	114,165	-	-	-	917,203	414,638
Charges for services	1,260,942	-	-	-	773,610	2,034,552	1,932,770
Intergovernmental	6,891,275	-	685,116	1,601,999	-	9,178,390	12,370,162
Miscellaneous	295,089	-	503,659	269,031	4,705	1,072,484	446,725
TOTAL REVENUES	31,324,972	684,863	1,188,775	1,871,030	778,315	35,847,955	36,018,957
EXPENDITURES							
General government	5,497,193	-	-	267,303	162	5,764,658	5,002,959
Public safety	9,413,145	1,206,009	-	-	-	10,619,154	9,603,287
Public works	5,353,606	-	-	-	474,039	5,827,645	6,644,505
Housing and community development	1,912,439	-	1,105,234	684,009	-	3,701,682	5,610,609
Recreation and culture	4,170,490	-	-	-	-	4,170,490	3,876,552
Capital outlay	3,946,731	30,560	128,409	650,687	433,000	5,189,387	5,736,285
Debt service:							
Principal	474,000	-	-	-	-	474,000	462,000
Interest	267,663	-	-	-	-	267,663	278,711
TOTAL EXPENDITURES	31,035,267	1,236,569	1,233,643	1,601,999	907,201	36,014,679	37,214,908
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	289,705	(551,706)	(44,868)	269,031	(128,886)	(166,724)	(1,195,951)
OTHER FINANCING SOURCES (USES)							
Lease proceeds	-	-	-	-	-	-	606,588
Transfers in	-	500,000	-	-	-	500,000	-
Transfers out	(500,000)	-	-	-	-	(500,000)	-
Proceeds from sale of capital assets and equipment	16,358	-	-	-	-	16,358	21,339
TOTAL OTHER FINANCING SOURCES (USES)	(483,642)	500,000	-	-	-	16,358	627,927
NET CHANGE IN FUND BALANCES	(193,937)	(51,706)	(44,868)	269,031	(128,886)	(150,366)	(568,024)
FUND BALANCES, BEGINNING OF YEAR	20,561,618	139,674	3,695,616	1,345	492,495	24,890,748	25,458,772
FUND BALANCES, END OF YEAR	\$ 20,367,681	\$ 87,968	\$ 3,650,748	\$ 270,376	\$ 363,609	\$ 24,740,382	\$ 24,890,748

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, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (150,366)

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/amortization expense. This is the effect of these differences:

Capital outlays	\$ 5,293,532	
Depreciation/amortization expense	(2,931,311)	
Loss on asset disposal	<u>(27,066)</u>	2,335,155

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	135,522
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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.	670,811
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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	2,836	
Compensated absences	<u>(45,618)</u>	(42,782)

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>(413,634)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,534,706</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, 2024

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Taxes and utility fees	\$ 20,659,469	\$ 20,679,469	\$ 21,809,892	\$ 1,130,423
Licenses and permits	65,704	65,704	86,562	20,858
Fines and forfeitures	164,000	164,000	178,174	14,174
Investment earnings, gains, and (losses)	250,000	546,000	803,038	257,038
Charges for services	1,021,272	1,021,272	1,260,942	239,670
Intergovernmental	6,719,366	6,693,336	6,891,275	197,939
Miscellaneous	50,000	308,061	295,089	(12,972)
TOTAL REVENUES	<u>28,929,811</u>	<u>29,477,842</u>	<u>31,324,972</u>	<u>1,847,130</u>
EXPENDITURES				
General government	4,433,239	4,774,184	5,497,193	(723,009)
Public safety	9,299,721	9,628,702	9,413,145	215,557
Public works	5,784,558	5,936,995	5,353,606	583,389
Housing and community development	2,640,193	2,559,249	1,912,439	646,810
Recreation and culture	4,472,232	4,458,022	4,170,490	287,532
Capital outlay	2,529,377	6,382,410	3,946,731	2,435,679
Nondepartmental	1,393,369	1,905,869	-	1,905,869
Debt service:				
Principal	474,000	474,000	474,000	-
Interest	267,663	267,663	267,663	-
TOTAL EXPENDITURES	<u>31,294,352</u>	<u>36,387,094</u>	<u>31,035,267</u>	<u>5,351,827</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,364,541)</u>	<u>(6,909,252)</u>	<u>289,705</u>	<u>7,198,957</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(500,000)	(500,000)
Proceeds from sale of capital assets	-	5,000	16,358	11,358
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5,000</u>	<u>(483,642)</u>	<u>(488,642)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,364,541)</u>	<u>\$ (6,904,252)</u>	<u>(193,937)</u>	<u>\$ 6,710,315</u>
FUND BALANCE, BEGINNING OF YEAR			<u>20,561,618</u>	
FUND BALANCE, END OF YEAR			<u>\$ 20,367,681</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, 2024**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Fines and forfeitures	\$ 2,150,000	\$ 560,000	\$ 570,698	\$ 10,698
Use of money and property	1,000	81,600	114,165	32,565
TOTAL REVENUES	<u>2,151,000</u>	<u>641,600</u>	<u>684,863</u>	<u>43,263</u>
EXPENDITURES				
Public safety	1,657,182	1,310,992	1,206,009	104,983
Capital outlay	68,500	68,500	30,560	37,940
TOTAL EXPENDITURES	<u>1,725,682</u>	<u>1,379,492</u>	<u>1,236,569</u>	<u>142,923</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>425,318</u>	<u>(737,892)</u>	<u>(551,706)</u>	<u>186,186</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>(500,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 425,318</u>	<u>\$ (737,892)</u>	<u>(51,706)</u>	<u>\$ 686,186</u>
FUND BALANCE, BEGINNING OF YEAR			<u>139,674</u>	
FUND BALANCE, END OF YEAR			<u>\$ 87,968</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, 2024**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$ 1,910,928	\$ 2,914,334	\$ 685,116	\$ (2,229,218)
Miscellaneous	3,305	3,305	503,659	500,354
TOTAL REVENUES	<u>1,914,233</u>	<u>2,917,639</u>	<u>1,188,775</u>	<u>(1,728,864)</u>
EXPENDITURES				
General government	100	100	-	100
Housing and community development	1,868,906	2,988,587	1,105,234	1,883,353
Capital outlay	250,465	284,190	128,409	155,781
TOTAL EXPENDITURES	<u>2,119,371</u>	<u>3,272,877</u>	<u>1,233,643</u>	<u>2,039,234</u>
NET CHANGE IN FUND BALANCE	<u>\$ (205,138)</u>	<u>\$ (355,238)</u>	(44,868)	<u>\$ 310,370</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,695,616</u>	
FUND BALANCE, END OF YEAR			<u>\$ 3,650,748</u>	

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, 2024**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,601,999	\$ 1,601,999
Miscellaneous	1,100	199,100	269,031	69,931
TOTAL REVENUES	<u>1,100</u>	<u>199,100</u>	<u>1,871,030</u>	<u>1,671,930</u>
EXPENDITURES				
Administrative salaries and fringe	430,624	430,624	267,303	163,321
Housing and community development	2,731,165	2,843,083	684,009	2,159,074
Capital outlay	4,780,657	5,865,737	650,687	5,215,050
TOTAL EXPENDITURES	<u>7,942,446</u>	<u>9,139,444</u>	<u>1,601,999</u>	<u>7,537,445</u>
NET CHANGE IN FUND BALANCE	<u>\$ (7,941,346)</u>	<u>\$ (8,940,344)</u>	269,031	<u>\$ 9,209,375</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,345</u>	
FUND BALANCE, END OF YEAR			<u>\$ 270,376</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, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 733,777	\$ 1,728,464
Investments	<u>25,963,126</u>	<u>21,784,391</u>
TOTAL ASSETS	<u>\$ 26,696,903</u>	<u>\$ 23,512,855</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Benefits payable	\$ -	\$ -
NET POSITION		
Net position restricted for pensions	<u>26,696,903</u>	<u>23,512,855</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 26,696,903</u>	<u>\$ 23,512,855</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, 2024 AND 2023

	2024	2023
ADDITIONS		
Contributions:		
Employer	\$ 1,748,768	\$ 1,375,404
State aid	255,609	248,599
Total Contributions	2,004,377	1,624,003
Investment income:		
Net increase (decrease) in fair value of investments	2,041,457	1,726,710
Investment earnings	775,006	504,133
Net investment income (loss)	2,816,463	2,230,843
 TOTAL ADDITIONS	 4,820,840	 3,854,846
 DEDUCTIONS		
Benefits paid	1,547,400	1,602,614
Administrative expense	89,392	35,952
TOTAL DEDUCTIONS	1,636,792	1,638,566
 CHANGE IN NET POSITION	 3,184,048	 2,216,280
 NET POSITION RESTRICTED FOR PENSIONS, BEGINNING OF YEAR	 23,512,855	 21,296,575
 NET POSITION RESTRICTED FOR PENSIONS, END OF YEAR	 \$ 26,696,903	 \$ 23,512,855

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, 2024

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, 2024

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, 2024

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

expenditures. During fiscal year 2024, 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 four non-major governmental funds: the Stormwater Management Fund, the Rehabilitation Loans and Grants Fund, the Community Center Fund (inactive) and the Facility Construction Fund (inactive). 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, 2024

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:

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

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

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

Capital Assets

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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 assets that applies to future periods 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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

of the State of Maryland. No liability is recorded for non-vesting accumulated rights to receive sick pay benefits, as the City does not pay these amounts when employees separate from service.

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

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

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to future periods 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, 2024

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, 2024

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, 2024.

Expenditures Over Appropriations

For the year ended June 30, 2024, expenditures over appropriations were as follows:

	<u>General Fund</u>
General Government	\$ 723,009

Over appropriations were covered by other expenditures that were under budget.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash on Hand

At year-end, cash on hand for petty cash and change funds was \$1,326.

Deposits

At year-end, the carrying amount of the City's deposits was \$31,709,942, and the corresponding bank balances were \$32,284,780. Of the bank balances, \$500,000 was covered by Federal Depository Insurance, \$31,051,003 was covered by collateral held in the pledging bank's trust department in the City's name, and \$733,777 was in money market funds. The City was not exposed to custodial credit risk as of June 30, 2024.

Investments

At June 30, 2024, 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	\$17,540,019	\$ -	\$ -	\$ -
Certificates of Deposit	Not Rated	1,477,268	1,477,268	-	-
Bond Trustee Account***	N/A	2,710,770	2,710,770	-	-
MLGIP***	AAA	74,837	74,837	-	-
Money Market Funds***	N/A	5,072	5,072	-	-
Collective Investment Trust*	N/A	641,653	-	641,653	-
Fixed Income	**	1,806,566	-	1,806,566	-
Fixed Income*	**	7,781,454	-	7,781,454	-
Total Investments		\$32,037,639	\$4,267,947	\$10,229,673	\$ -

* 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, 2024, 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, 2024

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	\$ 1,326
Carrying amount of deposits	31,709,942
Carrying amount of investments	<u>32,037,639</u>
Total cash, cash equivalents, and investments	63,748,907
Less fiduciary funds	<u>26,696,903</u>
Total Cash, Cash Equivalents, and Investments per Statement of Net Position	<u>\$ 37,052,004</u>
Cash and cash equivalents	\$ 30,977,491
Investments	1,886,475
Restricted investments	<u>4,188,038</u>
Total Cash, Cash Equivalents, and Investments per Statement of Net Position	<u>\$ 37,052,004</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, 2024 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, 2024

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, 2024. 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 \$74,837 in MLGIP, \$2,710,770 in the Bond Trustee Account, \$17,540,019 in direct securities, \$1,477,268 in certificates of deposit, \$641,653 in the Collective Investment Trust, \$5,073 in money market funds, and \$9,588,019 in fixed income funds. At June 30, 2024, 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, 2024:

- Amounts invested in equities of \$17,540,019 and fixed income of \$9,588,019 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, 2024

NOTE 4 FAIR VALUE MEASUREMENTS (cont'd)

- Amounts invested in certificates of deposit of \$1,477,268 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	\$ 17,540,019	\$ -	\$ -	\$ 17,540,019
Certificates of deposit	-	1,477,268	-	1,477,268
Fixed income	<u>9,588,019</u>	<u>-</u>	<u>-</u>	<u>9,588,019</u>
Total Investments by Fair Value Level	<u>\$ 27,128,038</u>	<u>\$ 1,477,268</u>	<u>\$ -</u>	<u>\$ 28,605,306</u>
Investments carried at amortized cost:				
MLGIP				74,837
Money market funds				5,073
Bond trustee account				2,710,770
Collective investment trust				<u>641,653</u>
Total Investments				<u>\$ 32,037,639</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 2024 was \$0.5522 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, 2024, taxes receivable, net of an allowance for uncollectibles of \$78,494, amounted to \$157,954.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, the unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Real estate, personal property, refuse, highway and state income tax	\$ 2,033,745	\$ -
Fees, General Fund	-	109,311
General Fund	-	309,424
Stormwater receivable, non-major fund	39,022	-
ARPA Fund	-	10,423,064
Grant funds received in excess of expenditures, Special Revenue Fund	-	75,891
	<u>\$ 2,072,767</u>	<u>\$ 10,917,690</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, 2024 of individual fund interfund borrowings were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 5,637,383	\$ 3,462,940
Speed Camera Fund	5,959	5,027,710
Special Revenue Fund	3,240,822	5,959
ARPA Fund	-	642,984
Stormwater Management Fund (Non-major)	255,691	-
Rehabilitation Loans and Grants Fund (Non-major)	46	308
	<u>\$ 9,139,901</u>	<u>\$ 9,139,901</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 500,000
Speed Camera Fund	500,000	-
Total	<u>\$ 500,000</u>	<u>\$ 500,000</u>

NOTE 8 DUE FROM OTHER GOVERNMENTS

The June 30, 2024, balance due from other governments is as follows:

State of Maryland:	
Income tax	\$ 453,366
Income tax reserve	1,930,398
Highway user tax	255,532
Amusement tax	25,998
Montgomery County:	
Hotel/motel tax	23,630
FEMA grant	6,175
Other	2,038
Franchise fees	121,091
Special revenue grants	521,447
Stormwater DFOA	<u>2,350</u>
Total	<u>\$ 3,342,025</u>

NOTE 9 CAPITAL ASSETS AND OTHER PROPERTY

A summary of changes in capital assets during fiscal year 2024 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	<u>4,376,496</u>	<u>4,071,850</u>	<u>(517,557)</u>	<u>7,930,789</u>
Total general capital assets not being depreciated/amortized	<u>6,335,607</u>	<u>4,071,850</u>	<u>(517,557)</u>	<u>9,889,900</u>
General capital assets being depreciated/amortized:				
Buildings and improvements	21,774,644	27,723	-	21,802,367
Improvements other than buildings	1,444,009	-	-	1,444,009
Equipment	11,346,538	532,463	(285,531)	11,593,470

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

(cont'd)	Beginning Balances	Additions	Deletions	Ending Balances
Infrastructure	41,817,768	1,179,053	-	42,996,821
Right-to-use asset	606,588	-	-	606,588
Total general capital assets being depreciated/amortized	76,989,547	1,739,239	(285,531)	78,443,255
Accumulated depreciation:				
Buildings and improvements	9,785,334	538,135	-	10,323,469
Improvements other than buildings	1,372,610	16,158	-	1,388,768
Equipment	8,091,266	951,982	(258,465)	8,784,783
Infrastructure	18,252,334	1,222,840	-	19,475,174
Accumulated amortization:				
Right-to-use asset	151,647	202,196	-	353,843
Total general capital assets being depreciated/amortized, net	39,336,356	(1,192,072)	(27,006)	38,117,218
Governmental Activities, Net	<u>\$ 45,671,963</u>	<u>\$ 2,879,778</u>	<u>\$ (544,623)</u>	<u>\$ 48,007,118</u>

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

General government	\$ 466,034
Housing and community development	65,842
Public safety	358,164
Public works	1,749,840
Recreation and culture	291,431
	<u>\$ 2,931,311</u>

NOTE 10 NON-CURRENT LIABILITIES

The following is a summary of changes in the City's long-term liabilities for the year ended June 30, 2024:

	Balance June 30, 2023	Increase	Decrease	Balance June 30, 2024	Due Within One Year	Coupon Interest Rate	Date of Maturity
Long-term Liabilities:							
Maryland Department of Housing and Community							
Bonds payable	\$ 347,000	\$ -	\$(171,000)	\$ 176,000	\$ 176,000	2.34%	April 2025
Bonds payable	1,293,500	-	(129,500)	1,164,000	132,000	2.78%	April 2032
Bonds payable	6,056,000	-	(173,500)	5,882,500	175,500	3.61%	April 2047
Lease liability	469,792	-	(196,811)	272,981	215,799		
Compensated absences	1,097,069	45,618	-	1,142,687	21,858		
Net pension liability	13,962,222	1,210,604	-	15,172,826	-		
	<u>\$ 23,225,583</u>	<u>\$ 1,256,222</u>	<u>\$ 670,811</u>	<u>\$ 23,810,994</u>	<u>\$ 721,157</u>		

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 NON-CURRENT LIABILITIES (cont'd)

Long-term liabilities of the government activities are anticipated to be liquidated by the general fund.

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, 2024 is \$176,000. The annual installments for the repayment of the bond as of June 30, 2024 are as follows:

<u>Fiscal Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 176,000	\$ 7,040	\$ 183,040
Total	<u>\$ 176,000</u>	<u>\$ 7,040</u>	<u>\$ 183,040</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, 2024 is \$1,164,000. The annual installments for the repayment of the bond as of June 30, 2024 are as follows:

<u>Fiscal Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 132,000	\$ 34,133	\$ 166,133
2026	135,000	31,143	166,143
2027	138,500	27,815	166,315
2028	143,000	23,591	166,591
2029	147,000	19,229	166,229
2030 - 2032	<u>468,500</u>	<u>30,043</u>	<u>498,543</u>
Total	<u>\$ 1,164,000</u>	<u>\$ 165,954</u>	<u>\$ 1,329,954</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, 2024 is \$5,882,500. The annual installments for the repayment of the bond as of June 30, 2024 are as follows:

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 NON-CURRENT LIABILITIES (cont'd)

<u>Fiscal Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	197,500	192,620	390,120
2030 - 2034	1,074,000	867,464	1,941,464
2035 - 2039	1,271,000	675,917	1,946,917
2040 - 2044	1,533,000	409,415	1,942,415
2045 - 2047	<u>1,077,000</u>	<u>66,562</u>	<u>1,143,562</u>
Total	<u>\$ 5,882,500</u>	<u>\$ 3,035,478</u>	<u>\$ 8,917,978</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, 2024 was \$272,981. The annual installments under the lease as of June 30, 2024 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 215,799	\$ 8,811	\$ 224,610
2026	<u>57,182</u>	<u>406</u>	<u>57,588</u>
Total	<u>\$ 272,981</u>	<u>\$ 9,217</u>	<u>\$ 282,198</u>

NOTE 11 FUND BALANCES

Fund balances for the City's governmental funds consisted of the following as of June 30, 2024:

Nonspendable Fund Balances

Nonspendable fund balances as of June 30, 2024 are comprised of amounts that cannot be spent because they are in nonspendable form and consist of prepaid expenses totaling \$15,710.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 FUND BALANCES (cont'd)

Restricted Fund Balances

Restricted fund balances total \$5,966,144 as of June 30, 2024. The General Fund restricted fund balance at June 30, 2024 is \$1,948,532, of which \$1,166,648 is restricted for the bond reserve, \$97,594 pertains to street improvements, and \$684,290 for emergency needs. Fund balance in the Speed Camera Fund is restricted to public safety projects. At June 30, 2024, this amount was \$87,968. Most of the fund balance in the Special Revenue Fund is restricted to cable equipment and related expenditures. At June 30, 2024, this amount was \$3,623,056. 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 \$8,520 as of June 30, 2024. 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, 2024, the ARPA Fund had a fund balance of \$270,376 which is restricted for general government purposes.

Committed Fund Balances

The General Fund has \$7,602,113 in committed fund balances as of June 30, 2024. This is comprised of the following:

Equipment replacement reserve	\$ 4,369,943
Facility maintenance reserve	434,133
Housing fund reserve	1,535,371
Designated – subsequent years	<u>1,262,666</u>
	<u>\$ 7,602,113</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.

Assigned Fund Balances

Assigned fund balance totaling \$355,089 as of June 30, 2024 is assigned to stormwater management projects.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 \$7,896,247 as of the measurement date of June 30, 2023.

GASB Statement No. 68 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The City's fiscal 2024 contribution of \$912,981 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.

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

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 RETIREMENT PLANS (cont'd)

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, 2024

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, 2024 are based on salaries for the year ended June 30, 2023. 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>2024</u>	<u>2023</u>	<u>2022</u>
Retirement plan contributions	<u>\$ 912,981</u>	<u>\$ 836,215</u>	<u>\$ 777,372</u>

The City contributed \$912,981 to the System for fiscal year 2024, 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 pension liability 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, 2024

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 the 2018 experience study for the period July 1, 2014 to June 30, 2018.
Mortality	Pub-2010 Mortality Tables for males and females with projected generational mortality improvement based on the MP-2018 fully generational mortality improvements scale for males and females.

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	\$ 87,923,284,000
Plan fiduciary net position	<u>64,892,973,000</u>
Net pension liability	<u>\$ 23,030,311,000</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78.20%</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, 2024

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%	6.90%
Private equity	16%	8.60%
Rate sensitive	20%	2.60%
Credit opportunity	9%	5.60%
Real assets	15%	5.40%
Absolute return	6%	4.40%
	<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, 2024.

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, 2024

NOTE 12 RETIREMENT PLANS (cont'd)

	1% Decrease 5.80%	Current Rate 6.80%	1% Increase 7.80%
System's net pension liability	\$ 34,149,289,000	\$ 23,030,311,000	\$ 13,803,484,000
City's proportionate share of the net pension liability	\$ 11,708,357	\$ 7,896,247	\$ 4,732,708

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 \$7,896,247 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the City's proportion was approximately 0.0342%.

For the year ended June 30, 2023, the City recognized pension expense of \$959,517. At June 30, 2023, 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	\$ 277,530	\$ -
Net difference between projected and actual earnings on pension plan investments	643,516	-
Change in proportionate share	36,824	-
Contribution subsequent to the measurement date	912,981	-
	<u>\$ 1,870,851</u>	<u>\$ -</u>

The deferred outflow of resources of \$912,981 relating to contributions subsequent to the measurement date of June 30, 2023 will be recognized as a reduction of the City's net pension liability during the fiscal year ended June 30, 2025. 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, 2024

NOTE 12 RETIREMENT PLANS (cont'd)

the System's original amounts. The deferred inflows and outflows related to non-investment activity for 2023, 2022, 2021, 2020, 2019 and 2018 are being amortized over the remaining service lives ranging from 5 to 5.505 years. The net difference in investment earnings for 2023, 2022, 2021, 2020 and 2019 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>
2025	\$ 230,725
2026	230,725
2027	230,725
2028	230,725
2029	<u>34,970</u>
Total	<u>\$ 957,870</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	\$ 30,145,644
Plan fiduciary net position	<u>22,249,397</u>
Net pension liability	<u>\$ 7,896,247</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78.20%</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, 2024

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, 2024. 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, 2024, the pension plan's membership consisted of:

Active plan members	35
Inactive plan members or beneficiaries currently receiving benefits	33
Inactive plan members entitled to benefits but not yet receiving them	<u>19</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, 2024

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, 2024 was \$1,748,768. The police officers contribute to the plan based on 7% of salaries. Members' actual contributions were \$255,609 for the year ended June 30, 2024. Administrative costs are financed through investment earnings.

The annual pension cost for 2024, 2023, and 2022 was \$1,748,768, \$1,375,404, and \$1,226,807, 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 \$26,108,884, 22,992,036, and \$20,843,961, 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, 2024.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	50%	5.10%
International equity	15%	5.50%
Fixed income	30%	2.30%
Cash	5%	0.80%
	100%	

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 RETIREMENT PLANS (cont'd)

The amortization period for the year ended June 30, 2024 was closed.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). 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, 2024 pension liability calculation for police are as follows:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll
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	Pub-2010 Safety Tables for Employees, Retirees, Beneficiaries, and Disabled Participants projected generationally using MP-2021.

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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	\$ 11,937,892	\$ 7,276,579	\$ 3,473,459

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

Total pension liability:			
Service cost			\$ 1,285,563
Interest			2,128,998
Difference between expected and actual experience			1,379,120
Benefit payments, including refunds of member contributions			<u>(1,547,400)</u>
Net change in total pension liability			3,246,281
Total pension liability - beginning			<u>30,139,182</u>
Total pension liability - ending			<u>\$ 33,385,463</u>
Plan fiduciary net position:			
Contributions - employer			\$ 1,748,768
Contributions - employees			255,609
Net investment income			2,749,264
Benefit payments, including refunds of member contributions			(1,547,400)
Administrative expenses			<u>(89,393)</u>
Net change in plan fiduciary net position			3,116,848
Plan fiduciary net position - beginning			<u>22,992,036</u>
Plan fiduciary net position - ending			<u>\$ 26,108,884</u>
Net pension liability			<u>\$ 7,276,579</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, the City reported a net pension liability of \$7,276,579. The net pension liability is based on the July 1, 2023 actuarial valuation rolled forward to June 20, 2024.

For the year ended June 30, 2024, the City recognized pension expense of \$1,322,385. At June 30, 2024, 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	\$ 1,081,818	\$ 648,200
Changes of assumptions	333,829	-
Net difference between projected and actual earnings on pension plan investments	<u>94,426</u>	<u>-</u>
	<u>\$ 1,510,073</u>	<u>\$ 648,200</u>

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

<u>Fiscal Years Ending June 30,</u>	<u>Net</u>
2025	\$ 156,387
2026	918,706
2027	583
2028	<u>(213,803)</u>
Total	<u>\$ 861,873</u>

Net Pension Liability

The components of the police employees' retirement plan's net pension liability as of the measurement date of June 30, 2024 were as follows:

Total pension liability	\$ 33,385,463
Plan fiduciary net position	<u>26,108,884</u>
Net pension liability	<u>\$ 7,276,579</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 RETIREMENT PLANS (cont'd)

Plan fiduciary net position as a percentage
of the total pension liability 78.21%

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:

	<u>Maryland State</u> <u>Pension System</u>	<u>Police</u> <u>Employees' Plan</u>	<u>Total</u>
Total pension liability	\$ 30,145,644	\$ 33,385,463	\$ 63,531,107
Total fiduciary net position	\$ 22,249,397	\$ 26,108,884	\$ 48,358,281
City's proportionate share of total pension liabilities	\$ 7,896,247	\$ 7,276,579	\$ 15,172,826
Total pension assets	\$ 22,249,397	\$ 26,108,884	\$ 48,358,281
Deferred outflows related to pensions	\$ 1,870,851	\$ 1,510,073	\$ 3,380,924
Deferred inflows related to pensions	\$ -	\$ 648,200	\$ 648,200
Pension expense/expenditures/(benefits) for the period	\$ 959,517	\$ 1,322,385	\$ 2,281,902
City's proportionate share of the net pension liability	0.0342%	100.00%	
Plan's fiduciary net position as a percentage of total pension liability	78.20%	78.21%	
Measurement date of collective net pension liability	June 30, 2023	June 30, 2024	
Date of actuarial valuation	June 30, 2023	June 30, 2024	

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, 2024

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, 2024, 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, 2024 was \$0. The City's liability was \$0 as of June 30, 2024. The plan administrator is ICMA-RC.

Condensed Financial Information

	Pension Trust	Defined Contribution Plan	Total
Assets:			
Cash and cash equivalents	\$ 733,777	\$ -	\$ 733,777
Total investments	25,321,473	641,653	25,963,126
Total Assets	<u>26,055,250</u>	<u>641,653</u>	<u>26,696,903</u>
 Deferred outflows of resources	 -	 -	 -
 Total Assets and Deferred Outflows of Resources	 <u>\$ 26,055,250</u>	 <u>\$ 641,653</u>	 <u>\$ 26,696,903</u>
 Net position - held in trust for pensions	 <u>\$ 26,055,250</u>	 <u>\$ 641,353</u>	 <u>\$ 26,696,903</u>
 Additions:			
Total contributions	\$ 2,004,377	\$ -	\$ 2,004,377
Net investment earnings (loss)	2,713,853	102,610	2,816,463
Total Additions	<u>4,718,230</u>	<u>102,610</u>	<u>4,820,840</u>
 Deductions:			
Total deductions	1,636,792	-	1,636,792
Change in net position	3,081,438	102,610	3,184,048
 Net position held in trust for pension benefits, beginning of year	 <u>22,973,812</u>	 <u>539,043</u>	 <u>23,512,855</u>
Net position held in trust for pension benefits, end of year	 <u>\$ 26,055,250</u>	 <u>\$ 641,653</u>	 <u>\$ 26,696,903</u>

CITY OF TAKOMA PARK, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 UNCERTAINTIES

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

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

NOTE 15 POSTRETIREMENT BENEFITS

The City does not provide and has no liability for postretirement benefits at June 30, 2024.

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, 2024

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 of June 30, 2024, the City had the following projects underway. The commitments and amounts completed are as follows:

	Contract Amount	Completed as of June 30, 2024	Commitment
Library Construction project	\$ 12,042,226	\$ 5,736,915	\$ 6,305,311
New Avenue Bikeway project	908,857	470,792	438,065
Maple Avenue Connectivity project	376,267	161,121	215,146
	<u>\$ 13,327,350</u>	<u>\$ 6,368,828</u>	<u>\$ 6,958,522</u>

In addition, the City had incurred costs totaling \$1,561,961 for the above and other smaller projects that were not under a formal contract as of June 30, 2024.

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 November 15, 2024, 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY										
Service cost	\$ 1,285	\$ 1,103	\$ 1,069	\$ 986	\$ 858	\$ 864	\$ 839	\$ 809	\$ 790	\$ 543
Interest	2,129	1,964	1,958	1,911	1,866	1,862	1,690	1,616	1,543	1,547
Differences between expected and actual experience	1,379	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	(1,547)	(1,564)	(1,068)	(969)	(852)	(1,010)	(811)	(857)	(757)	(785)
NET CHANGE IN TOTAL PENSION LIABILITY	3,246	2,265	338	700	678	(29)	2,468	1,750	1,014	(67)
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	30,139	27,874	27,536	26,836	26,158	26,187	23,719	21,969	20,955	21,022
TOTAL PENSION LIABILITY, END OF YEAR	<u>\$ 33,385</u>	<u>\$ 30,139</u>	<u>\$ 27,874</u>	<u>\$ 27,536</u>	<u>\$ 26,836</u>	<u>\$ 26,158</u>	<u>\$ 26,187</u>	<u>\$ 23,719</u>	<u>\$ 21,969</u>	<u>\$ 20,955</u>
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 1,749	\$ 1,375	\$ 1,227	\$ 1,373	\$ 1,386	\$ 1,238	\$ 1,325	\$ 1,190	\$ 1,296	\$ 1,102
Contributions - member	255	249	217	230	203	197	197	189	194	178
Net investment income (loss)	2,749	2,162	(3,502)	5,165	550	944	1,222	1,452	90	441
Benefit payments including refunds of member contributions	(1,547)	(1,564)	(1,068)	(969)	(852)	(1,010)	(811)	(857)	(757)	(786)
Administrative expenses	(89)	(74)	(132)	(82)	(53)	(80)	(65)	(58)	(56)	(60)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	3,117	2,148	(3,258)	5,717	1,234	1,289	1,868	1,916	767	875
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	22,992	20,844	24,102	18,385	17,151	15,862	13,994	12,078	11,311	10,436
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 26,109</u>	<u>\$ 22,992</u>	<u>\$ 20,844</u>	<u>\$ 24,102</u>	<u>\$ 18,385</u>	<u>\$ 17,151</u>	<u>\$ 15,862</u>	<u>\$ 13,994</u>	<u>\$ 12,078</u>	<u>\$ 11,311</u>
CITY'S NET PENSION LIABILITY	<u>\$ 7,276</u>	<u>\$ 7,147</u>	<u>\$ 7,030</u>	<u>\$ 3,434</u>	<u>\$ 8,451</u>	<u>\$ 9,007</u>	<u>\$ 10,325</u>	<u>\$ 9,725</u>	<u>\$ 9,891</u>	<u>\$ 9,644</u>
Plan fiduciary net position as a percentage of total pension liability	78.21%	76.29%	74.78%	87.53%	68.51%	65.57%	60.57%	59.00%	54.98%	53.98%
Covered employee payroll	\$ 3,579	\$ 3,138	\$ 3,369	\$ 3,279	\$ 3,014	\$ 3,025	\$ 2,889	\$ 2,777	\$ 2,843	\$ 2,570
City's net pension liability as a percentage of covered payroll	203.32%	227.78%	208.69%	104.73%	280.39%	297.75%	357.39%	350.20%	347.91%	375.25%

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
2024	\$ 1,749	\$ 1,749	\$ -	\$ 3,579	48.87%
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%

Notes to Schedule:

Valuation Date: June 30, 2024

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Amortization period	22 years
Asset valuation method	5-year smoothed fair value
Inflation	2.8%
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**

PROPORTIONATE SHARE OF NET PENSION LIABILITY	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.0342%	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	\$ 7,896,247	\$ 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	5,209,981	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%	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)	78.20%	77.19%	76.85%	73.55%	72.94%	72.46%	71.80%	70.53%	69.66%	68.67%

**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
2024	\$ 912,981	\$ 912,981	-	\$ 5,209,981	17.52%
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%

Notes to Schedule:

Valuation Date: June 30, 2023

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Individual 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	2.75% to 11.25%
Discount rate	6.80%
Investment rate of return	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 the 2018 experience study for the period July 1, 2014 to June 30, 2018.
Mortality	Pub-2010 Mortality Tables for males and females with projected generational mortality improvement based on the MP-2018 fully generational mortality improvements scale for males and females.

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, 2024

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Taxes and utility fees				
Property:				
Real property	\$ 15,454,894	\$ 15,454,894	\$ 15,740,919	\$ 286,025
Business or other property	200,000	200,000	173,936	(26,064)
RR and Public Utilities	220,000	240,000	251,926	11,926
Penalty and interest	75,000	75,000	57,923	(17,077)
Additions and abatements	(20,000)	(20,000)	(10,846)	9,154
Total property	<u>15,929,894</u>	<u>15,949,894</u>	<u>16,213,858</u>	<u>263,964</u>
Local taxes:				
Admission and amusement	<u>95,000</u>	<u>95,000</u>	<u>108,968</u>	<u>13,968</u>
Shared taxes:				
Highway	634,575	634,575	615,669	(18,906)
Income tax	4,000,000	4,000,000	4,871,397	871,397
Total shared taxes	<u>4,634,575</u>	<u>4,634,575</u>	<u>5,487,066</u>	<u>852,491</u>
Total taxes	<u>20,659,469</u>	<u>20,679,469</u>	<u>21,809,892</u>	<u>1,130,423</u>
Licenses and permits	<u>65,704</u>	<u>65,704</u>	<u>86,562</u>	<u>20,858</u>
Fines and forfeitures	<u>164,000</u>	<u>164,000</u>	<u>178,174</u>	<u>14,174</u>
Use of money and property:				
Interest, dividends, gain/loss on investments	<u>250,000</u>	<u>546,000</u>	<u>803,038</u>	<u>257,038</u>
Charges for services:				
Public parking	65,000	65,000	87,387	22,387
Protective inspection fees	360,000	360,000	377,966	17,966
Waste collection and disposal	63,000	63,000	73,013	10,013
Passport	45,000	45,000	45,940	940
Recreation	444,500	444,500	635,448	190,948
Library fines and fees	2,500	2,500	1,250	(1,250)
Other	41,272	41,272	39,938	(1,334)
Total charges for services	<u>1,021,272</u>	<u>1,021,272</u>	<u>1,260,942</u>	<u>239,670</u>
Intergovernmental:				
Police protection	430,000	430,000	586,205	156,205
In Lieu of Police	4,020,520	4,020,520	4,020,520	-
In Lieu of County Services	1,219,183	1,219,183	1,219,184	1
Bank share tax	5,643	5,643	5,643	-
Library aid	176,000	176,000	172,416	(3,584)
Montgomery County Tax (Cable and Hotel)	583,000	556,970	602,287	45,317
Takoma/Langley Recreation Center	85,020	85,020	85,020	-
Housing Fund Revenue	200,000	200,000	200,000	-
Total intergovernmental revenues	<u>6,719,366</u>	<u>6,693,336</u>	<u>6,891,275</u>	<u>197,939</u>
Miscellaneous	<u>50,000</u>	<u>308,061</u>	<u>295,089</u>	<u>(12,972)</u>
TOTAL REVENUES	<u>28,929,811</u>	<u>29,477,842</u>	<u>31,324,972</u>	<u>1,847,130</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, 2024

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
EXPENDITURES				
General government:				
City Council	325,040	343,190	392,807	(49,617)
City Manager	1,170,995	1,285,350	1,705,071	(419,721)
Finance	758,745	758,745	744,792	13,953
Legal	469,100	469,100	307,809	161,291
Information systems administration	907,955	907,955	844,030	63,925
Other - unclassified	801,404	1,009,844	1,502,684	(492,840)
Total general government	<u>4,433,239</u>	<u>4,774,184</u>	<u>5,497,193</u>	<u>(723,009)</u>
Public safety:				
Office of the Chief	882,030	882,030	884,551	(2,521)
Communications	687,236	696,651	700,558	(3,907)
Patrol	4,828,078	5,033,644	4,695,165	338,479
Criminal investigations	1,803,721	1,917,721	2,173,305	(255,584)
Administration	907,331	907,331	764,231	143,100
Neighborhood	191,325	191,325	195,335	(4,010)
Total public safety	<u>9,299,721</u>	<u>9,628,702</u>	<u>9,413,145</u>	<u>215,557</u>
Public works:				
Administration	533,795	533,795	527,067	6,728
Building maintenance	1,009,548	1,009,548	796,943	212,605
Equipment maintenance	580,111	580,111	617,708	(37,597)
Right of way	973,073	977,473	957,170	20,303
Solid waste management	1,278,228	1,278,228	1,193,659	84,569
Urban Forest / City Gardens	824,870	829,745	917,662	(87,917)
City engineer	297,361	392,361	343,397	48,964
Sustainability and other	287,572	335,734	-	335,734
Total public works	<u>5,784,558</u>	<u>5,936,995</u>	<u>5,353,606</u>	<u>583,389</u>
Housing and community development	<u>2,640,193</u>	<u>2,559,249</u>	<u>1,912,439</u>	<u>646,810</u>
Recreation and culture:				
Recreation	2,160,020	2,079,646	1,862,348	217,298
Library and media	2,312,212	2,378,376	2,308,142	70,234
Total recreation and culture	<u>4,472,232</u>	<u>4,458,022</u>	<u>4,170,490</u>	<u>287,532</u>
Capital outlay	<u>2,529,377</u>	<u>6,382,410</u>	<u>3,946,731</u>	<u>2,435,679</u>
Nondepartmental	<u>1,393,369</u>	<u>1,905,869</u>	<u>-</u>	<u>1,905,869</u>
Debt service:				
Repayments				
Principal	474,000	474,000	474,000	-
Interest	267,663	267,663	267,663	-
	<u>741,663</u>	<u>741,663</u>	<u>741,663</u>	<u>-</u>
TOTAL EXPENDITURES	<u>31,294,352</u>	<u>36,387,094</u>	<u>31,035,267</u>	<u>5,351,827</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,364,541)</u>	<u>(6,909,252)</u>	<u>289,705</u>	<u>7,198,957</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, 2024**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
OTHER FINANCING SOURCES				
Transfers out	-	-	(500,000)	(500,000)
Proceeds from sale of capital assets	-	5,000	16,358	11,358
TOTAL OTHER FINANCING SOURCES	-	5,000	(483,642)	(488,642)
NET CHANGE IN FUND BALANCE	<u>\$ (2,364,541)</u>	<u>\$ (6,904,252)</u>	(193,937)	<u>\$ 6,710,315</u>
FUND BALANCE, BEGINNING OF YEAR			20,561,618	
FUND BALANCE, END OF YEAR			<u>\$ 20,367,681</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, 2024

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Licenses and permits	\$ 4,500	\$ 4,500	\$ -	\$ (4,500)
Charges for services	771,000	771,000	773,610	2,610
Interest income	-	-	8	8
Miscellaneous	2,500	2,500	4,697	2,197
Total Revenues	<u>778,000</u>	<u>778,000</u>	<u>778,315</u>	<u>315</u>
EXPENDITURES				
Public works	531,781	669,781	474,039	195,742
Capital outlay	250,000	433,000	433,000	-
Total Expenditures	<u>781,781</u>	<u>1,102,781</u>	<u>907,039</u>	<u>195,742</u>
NET CHANGE IN FUND BALANCE	(3,781)	(324,781)	(128,724)	196,057
FUND BALANCE, BEGINNING OF YEAR	<u>483,813</u>	<u>483,813</u>	<u>483,813</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 480,032</u>	<u>\$ 159,032</u>	<u>\$ 355,089</u>	<u>\$ 196,057</u>

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

**CITY OF TAKOMA PARK
COMBINING BALANCE SHEET - NON-MAJOR FUNDS
JUNE 30, 2024
(With Summarized Comparative Data for June 30, 2023)**

	Stormwater Management Fund	Rehabilitation Loans and Grants Fund	Totals	
			2024	2023
ASSETS				
Cash and cash equivalents	\$ 381,296	\$ 217,651	\$ 598,947	\$ 628,535
Other receivables	31,773	-	31,773	24,983
Due from other funds	255,691	46	255,737	110,323
Due from other governments	2,350	-	2,350	2,350
TOTAL ASSETS	\$ 671,110	\$ 217,697	\$ 888,807	\$ 766,191
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 268,128	\$ -	\$ 268,128	\$ 17,217
Accrued expenditures	4,237	-	4,237	3,511
Deposits and escrows held	4,634	-	4,634	3,846
Due to other funds	-	308	308	262
Due to other governments	-	208,869	208,869	208,869
Total Liabilities	<u>276,999</u>	<u>209,177</u>	<u>486,176</u>	<u>233,705</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	39,022	-	39,022	39,991
FUND BALANCES:				
Restricted	-	8,520	8,520	8,682
Assigned	355,089	-	355,089	483,813
Total Fund Balances	<u>355,089</u>	<u>8,520</u>	<u>363,609</u>	<u>492,495</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 671,110	\$ 217,697	\$ 888,807	\$ 766,191

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, 2024
(With Summarized Comparative Data for the Year Ended June 30, 2023)

	Stormwater Fund	Rehabilitation Loans and Grants Fund	Totals	
			2024	2023
REVENUES				
Charges for service	\$ 773,610	\$ -	\$ 773,610	\$ 773,713
Interest income	8	-	8	-
Miscellaneous	4,697	-	4,697	6,786
TOTAL REVENUES	778,315	-	778,315	780,499
EXPENSES				
General government	-	162	162	170
Public works	474,039	-	474,039	423,223
Capital outlay	433,000	-	433,000	590,840
TOTAL EXPENSES	907,039	162	907,201	1,014,233
CHANGE IN FUND BALANCES	(128,724)	(162)	(128,886)	(233,734)
FUND BALANCES, BEGINNING OF YEAR	483,813	8,682	492,495	726,229
FUND BALANCES, END OF YEAR	\$ 355,089	\$ 8,520	\$ 363,609	\$ 492,495

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

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024
(With Summarized Comparative Data for June 30, 2023)

	Pension Trust	Defined Contribution Plan	Totals	
			2024	2023
ASSETS				
Cash and cash equivalents	\$ 733,777	\$ -	\$ 733,777	\$ 1,728,464
Investments	<u>25,321,473</u>	<u>641,653</u>	<u>25,963,126</u>	<u>21,784,391</u>
TOTAL ASSETS	<u><u>\$ 26,055,250</u></u>	<u><u>\$ 641,653</u></u>	<u><u>\$ 26,696,903</u></u>	<u><u>\$ 23,512,855</u></u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Benefits payable	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Net position restricted for pensions	<u>26,055,250</u>	<u>641,653</u>	<u>26,696,903</u>	<u>23,512,855</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 26,055,250</u></u>	<u><u>\$ 641,653</u></u>	<u><u>\$ 26,696,903</u></u>	<u><u>\$ 23,512,855</u></u>

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024
(With Summarized Comparative Data for the Year Ended June 30, 2023)

	Pension Trust	Defined Contribution Plan	Totals	
			2024	2023
ADDITIONS				
Contributions:				
Employer	\$ 1,748,768	\$ -	\$ 1,748,768	\$ 1,375,404
State aid	255,609	-	255,609	248,599
Total Contributions	<u>2,004,377</u>	<u>-</u>	<u>2,004,377</u>	<u>1,624,003</u>
Investment income:				
Net increase (decrease) in fair value of investments	1,938,847	102,610	2,041,457	1,726,710
Investment earnings	775,006	-	775,006	504,133
Net Investment Income	<u>2,713,853</u>	<u>102,610</u>	<u>2,816,463</u>	<u>2,230,843</u>
TOTAL ADDITIONS	<u>4,718,230</u>	<u>102,610</u>	<u>4,820,840</u>	<u>3,854,846</u>
DEDUCTIONS				
Benefits paid	1,547,400	-	1,547,400	1,602,614
Administrative expense	89,392	-	89,392	35,952
TOTAL DEDUCTIONS	<u>1,636,792</u>	<u>-</u>	<u>1,636,792</u>	<u>1,638,566</u>
CHANGE IN NET POSITION	3,081,438	102,610	3,184,048	2,216,280
NET POSITION RESTRICTED FOR PENSIONS, BEGINNING OF YEAR	<u>22,973,812</u>	<u>539,043</u>	<u>23,512,855</u>	<u>21,296,575</u>
NET POSITION RESTRICTED FOR PENSIONS, END OF YEAR	<u>\$ 26,055,250</u>	<u>\$ 641,653</u>	<u>\$ 26,696,903</u>	<u>\$ 23,512,855</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)**

	2024	2023	2022	2021	2020	2019	2018*	2017	2016	2015
Governmental Activities										
Net investment in capital assets	\$ 40,511,637	\$ 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
Restricted	5,966,144	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
Unrestricted	7,200,807	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)
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 53,678,588	\$ 51,143,882	\$ 46,577,249	\$ 43,954,497	\$ 42,248,234	\$ 36,780,918	\$ 32,998,089	\$ 30,439,544	\$ 29,427,145	\$ 27,512,750

Note: *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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
EXPENSES										
Governmental activities:										
General government	\$ 6,440,573	\$ 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
Public safety	10,662,019	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
Public works	7,772,865	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
Housing and community development	4,007,737	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
Recreation and culture	4,294,479	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
Interest	283,956	296,383	286,607	298,353	314,634	329,649	397,077	61,417	56,421	100,902
Total primary government expenses	<u>33,461,629</u>	<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>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	319,067	295,840	254,157	34,637	66,857	105,965	119,548	106,638	131,619	114,502
Public safety	570,698	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
Public works	878,995	868,775	835,710	726,795	819,938	829,347	831,315	546,761	539,786	554,600
Housing and community development	377,966	365,161	320,950	335,342	344,382	343,672	364,385	364,215	345,105	354,256
Recreation and culture	636,698	541,784	258,040	15,694	435,028	631,322	582,329	582,232	521,506	557,605
Operating grants and contributions	8,485,440	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
Capital grants and contributions	-	-	184,133	188,335	223,874	308,675	231,324	568,579	1,045,237	1,215,053
Total primary government program revenues	<u>11,268,864</u>	<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>
Total primary government net expense	<u>(22,192,765)</u>	<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>
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	15,923,518	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
Intergovernmental / unrestricted	6,801,408	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
Unrestricted investment earnings	917,203	414,638	265,550	101,059	216,147	361,755	100,962	137,691	58,265	30,901
Miscellaneous and other	1,085,342	468,064	(21,465)	26,152	381,114	238,685	190,974	37,163	240,498	167,602
Total primary government	<u>24,727,471</u>	<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>
TOTAL PRIMARY GOVERNMENT										
CHANGE IN NET POSITION	<u>\$ 2,534,706</u>	<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>\$ 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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund										
Nonspendable	\$ 15,710	\$ 9,700	\$ 20,060	\$ 242	\$ 16,112	\$ 6,506	\$ 8,271	\$ 12,093	\$ 7,831	\$ 562,529
Restricted	1,948,532	5,321,292	6,407,573	6,632,730	8,066,081	97,497	97,031	96,567	96,369	225,496
Committed	7,602,113	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
Assigned	-	-	-	-	-	-	-	-	2,324,965	1,269,153
Unassigned	10,801,326	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
Total general fund	<u>\$ 20,367,681</u>	<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>
Total all other governmental funds										
Restricted	\$ 4,017,612	\$ 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
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	355,089	483,813	719,610	593,597	393,893	281,858	198,759	191,032	173,128	252,718
Total	<u>\$ 4,372,701</u>	<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>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES										
Taxes	\$ 21,809,892	\$ 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
Licenses and permits	86,562	57,415	72,084	88,799	66,943	84,908	107,513	69,718	87,314	76,103
Fines and forfeitures	748,872	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
Use of money and property	917,203	414,638	(21,465)	26,152	381,114	361,755	100,962	37,163	58,265	30,901
Charges for services	2,034,552	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
Intergovernmental	9,178,390	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
Miscellaneous	1,072,484	446,725	247,207	74,015	177,661	241,079	202,638	164,720	257,720	192,746
Total revenues	<u>35,847,955</u>	<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>
EXPENDITURES										
Current:										
General government	5,764,658	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
Public safety	10,619,154	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
Public works	5,827,645	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
Housing/community development	3,701,682	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
Recreation and culture	4,170,490	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
Capital outlay	5,189,387	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
Debt service:										
Principal	474,000	462,000	602,000	442,000	599,000	587,500	529,500	298,000	1,795,202	273,000
Interest	267,663	278,711	289,309	300,990	317,403	332,369	452,948	61,898	107,224	111,948
Total expenditures	<u>36,014,679</u>	<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>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(166,724)</u>	<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>
OTHER FINANCING SOURCES (USES)										
Bond/loan proceeds	-	-	-	-	-	-	9,125,459	-	1,579,730	-
Lease proceeds	-	606,588	-	-	-	-	-	-	-	-
Sale of property	16,358	21,339	18,343	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>16,358</u>	<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>
NET CHANGES IN FUND BALANCES	<u>\$ (150,366)</u>	<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>
Debt service as a percentage of noncapital expenditures	2.41%	2.35%	3.23%	2.97%	3.67%	3.59%	4.03%	1.56%	7.60%	1.68%

**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
2024	\$ 15,740,919	\$ 425,862	\$ 57,923	\$ (10,846)	\$ 108,968	\$ 4,871,397	\$ 615,669	\$ 21,809,892
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

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)
2024	\$ 15,743,647	\$ 15,680,167	99.6%	\$ 92,104	\$ 15,772,271	100.2%
2023	14,423,809	14,398,394	99.8%	75,829	14,474,223	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%

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	
2024	\$ 2,851,076,938	\$ 2,851,076,938	\$ 16,046,240	\$ 16,046,240	\$ 12,069,860	\$ 12,069,860	\$ 2,879,193,038	\$ 2,879,193,038	1.0	0.552
2023	2,672,560,550	2,672,560,550	14,960,640	14,960,640	15,530,710	15,530,710	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

- (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	Overlapping Tax Rates ⁽¹⁾							Direct and Overlapping Total
	Direct Rate ⁽¹⁾ Takoma Park General	Tax State of Maryland	Montgomery County	Maryland - National Capital Park and Planning Commission	Transit District	Recreation Areas		
2024	0.5522	0.1120	0.7170	0.0810	0.0892	0.0318	1.5832	
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	

(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, 2024**

Fiscal year 2024 real property assessed value**	\$ 2,860,219,705
	<u>2,860,219,705</u>
Debt limit - 100% of assessed value	2,860,219,705
Amount of debt applicable to debt limit - legal debt margin	<u>7,222,500</u>
Legal debt margin	<u>\$ 2,852,997,205</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 Net Bonded Debt Value	Net Bonded Debt Per Capita
2024	17,703	\$ 2,798,767,009	\$ 7,222,500	\$ 272,981	0.26%	\$ 434.76
2023	17,703	2,688,034,783	7,696,500	469,792	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

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

(2) Capital leases were created in 2023 due to the lease agreement for the temporary library.

(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)
2024	\$ 474,000	\$ 267,663	\$ 741,663	(1) \$ 36,014,679	2.06%
2023	462,000	278,711	740,711	37,214,908	1.99%
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%

(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, 2024

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct debt –			
City of Takoma Park	\$ 7,495,481	100%	\$ 7,495,481
Direct debt subtotal	<u>7,495,481</u>		<u>7,495,481</u>
Overlapping debt –			
Montgomery County	7,495,481	1% ⁽¹⁾	74,955
Maryland-National Capital Park and Planning Commission Montgomery County	<u>68,802,016</u>	1% ⁽¹⁾	<u>688,020</u>
Overlapping debt subtotal	<u>76,297,497</u>		<u>762,975</u>
Total direct and overlapping debt	<u>\$ 83,792,978</u>		<u>\$ 8,258,456</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:						
2024	17,703	\$ 104,270,000	\$ 98,266	\$ 552,627	2.5	160,223
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

(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 2015-2022 revised by BEA. Data for 2023-2024 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 2015-2023. Data for 2024 estimated by Montgomery County Department of Finance based on the percent change from first half of CY 2024 to the first half of CY 2023.

(4) The unemployment rates for 2015 through 2024 were revised by the Bureau of Labor Statistics, U.S. Department of Labor. Unemployment rate for 2023 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 24 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 2024			Taxpayer	Fiscal Year 2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
GCP TLC Propco LLC	\$ 43,467,300	1	1.45%	Saul Subsidiary I LTD Partnership	\$ 26,978,800	1	1.37%
Saul Subsidiary I LTD Partnership	36,000,000	2	1.20%	Walgreen Company	24,517,399	2	1.24%
MHP Parkview Towers LLP(1)	34,007,151	3	1.14%	Park Ritchie Apartments	16,834,833	3	0.85%
Adventist Healthcare Inc.	24,936,000	4	0.83%	7401 New Hampshire Avenue LLC	15,112,900	4	0.77%
Park Ritchie LLC	19,000,000	5	0.63%	Takoma Business Center LLC	11,657,467	5	0.59%
Orlo Takoma LLC	17,000,000	6	0.57%	Franklin Associates	11,428,000	6	0.58%
PS Atlantic Coast 2021 B LLC	16,554,200	7	0.55%	Takoma Park Land LLP	10,253,467	7	0.52%
Takoma Tower LP	14,493,300	8	0.48%	FC-Gen Real Estate LLC	9,564,667	8	0.48%
Takoma Business Center LLC	11,310,600	9	0.38%	Potomac Electric Power Company	8,770,160	9	0.44%
Maple View Apartments LLC	10,241,800	10	0.34%	Maple View Apartments LLC	8,388,100	10	0.42%
Total	\$ 227,010,351		7.59%	Total	\$ 143,505,793		7.26%

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 2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Montgomery College	781	1	13.41%	698	2	11.92%
Montgomery County Public School	274	2	4.70%	234	3	4.00%
City of Takoma Park	255	3	4.38%	207	4	3.54%
Washington Adventist University (1)	118	4	2.03%	141	5	2.41%
Don Bosco Cristo Rey High School	74	5	1.27%	53	8	0.91%
Takoma Park / Silver Spring Co-Op	43	6	0.74%			
International House of Pancakes (IHOP)	38	7	0.65%	48	9	0.82%
Taco Bell	25	8	0.43%			
Chuck E. Cheese	27	9	0.46%			
Mid Atlantic Seafood	20	10	0.34%			
Washington Adventist Hospital				1,334	1	22.78%
Sligo Creek Center				133	6	2.27%
Republic				55	7	0.94%
Gryphon Scientific				42	10	0.72%
Total	1,655		28.42%	2,945		50.31%

Notes:

(1) Formerly Columbia Union College

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
FUNCTION										
General government	22.75	22.75	18.25	18.25	17.75	17.75	16.75	17.25	17.50	17.50
Public safety	64.68	64.68	67.68	67.67	67.45	66.95	65.85	65.64	62.47	62.47
Public works	39.47	39.42	37.25	37.25	37.25	37.25	37.25	37.00	37.00	36.00
Housing and community development	14.13	13.63	10.63	10.63	10.13	9.50	9.38	8.51	9.63	9.75
Recreation and culture	<u>38.89</u>	<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>
TOTAL	<u>179.92</u>	<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>

Source: City's Finance Department

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

Function	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety:										
Crimes reported	2,529	1,539	1,642	901	941	716	712	481	617	664
Dispatched calls/events handled	13,335	10,315	11,891	11,331	10,822	12,618	15,735	20,000	22,323	21,041
Hours-foot/bike patrol	N/A	0	2,288	1,754	2,941	4,362	3,925	2,200	2,263	2,200
Physical arrests	222	216	100	112	204	177	351	366	491	399
Calls for service	9,861	8,429	9,795	6,763	9,661	9,408	12,368	12,000	13,737	14,921
Traffic stops	1,190	1,001	1,612	1,632	2,157	3,020	3,367	8,000	8,585	7,593
Parking tickets processed	4,875	3,663	3,401	3,293	3,345	2,962	4,493	4,567	3,550	3,495
Criminal investigations assigned	179	197	144	164	257	520	187	195	229	239
Criminal cases closed	61	95	76	175	65	207	123	103	90	100
Warrants received for service	285	283	118	77	162	309	311	298	473	403
NCIC validations (wanted items/persons)	563	479	445	535	644	711	903	906	1,015	1,043
Number of new nuisance complaints	360	256	361	393	613	810	373	346	183	209
Number of nuisance complaints closed	290	184	171	472	242	807	362	310	169	119
Courtesy notices issued	340	240	361	625	338	723	373	62	1	280
Handbill and flyers removed	0	0	912	1,452	1,066	1,937	2,049	1,905	3,553	9,915
Public Works:										
Permits processed	459	559	809	842	715	605	488	498	316	297
Vehicles maintained	90	82	87	84	84	89	89	83	82	81
Tons of leaves collected	542	829	390	1,000	1,100	1,500	1,800	1,800	1,750	1,800
Tons of refuse collected	2,874	2,952	3,208	3,477	3,230	3,017	3,237	3,193	3,124	2,990
Tons of recyclables collected	1,203	1,246	1,311	1,449	1,218	1,336	1,320	1,328	1,420	1,506
Tons of yard waste collected	228	297	351.00	402	434	329	246	168	241	216
Tons of food waste collected	275	266	286	305	278	249	302	212	178	183
Streets resurfacing (miles)	0	0	0	0.93	1.56	0.92	1	0.00	1.81	1.70
Storm drains inspected (linear feet)	9,497	11,939	8,109	10,582	7,464	8,737	2,828	5,914	4,877	10,918
New storm drain pipes (linear feet)	180	1,883	830	4	977	1,641	637	598	577	272
Replaced storm drain pipes (linear feet)	0	80	0	260	0	7	50	0	260	150
Recreation and Culture:										
Library materials circulated	46,006	46,229	73,831	30,101	86,628	115,291	108,900	94,425	96,695	113,074
Library program attendance	5,466	5,080	2,971	5,832	10,192	17,151	18,628	16,798	17,731	16,648
Housing and Community Development:										
Rental housing inspections (Note 2)	200	186	76	109	10,226	13,626	15,440	2,850	1,824	3,100
Number of rental licenses issued	262	91	22	312	328	385	386	500	402	402
Landlord certifications issued	156	394	173	188	160	197	241	225	124	234
Landlord and tenant contacts (Note 1)	634	125	896	1,600	745	540	420	N/A	2,550	2,524
Rent stabilization reports monitored	289	833	265	272	289	321	313	330	329	295
Permit letters issued	312	286	299	375	209	267	291	283	279	268
Rent increase petitions processed	0	1	2	1	0	1	1	0	1	1
General Government:										
Original City TV program hours	251.0	252.0	206.5	294.5	267.5	264	296	215	225	287

Source: Various government departments

Notes: 1 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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Cars	52	57	59	54	56	56	45	45	45	41
Public Works:										
Sanitation collection trucks	5	5	5	5	5	5	5	5	5	5
Leaf vacuums	10	10	10	10	9	7	7	7	7	7
Stormwater drains (miles)	19.20	19.20	18.85	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	3	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

**The City's Community Centers include Community Center, Heffner Center and Recreation Center.

**CITY OF TAKOMA PARK, MARYLAND
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2024**

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, 2024**

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, 2024**

<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	07/01/23	(1) 7/01/24	\$3,000,000 aggregate – \$1,000,000/occurrence	\$ 25,521
Legal Liability – Local Government Insurance Trust	PLP 542500	07/01/23	(1) 7/01/24	\$3,000,000 aggregate – \$2,500 deductible	\$ 85,347
Comprehensive Auto Liability – Local Government Insurance Trust	PLP 542500	07/01/23	(1) 7/01/24	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	\$ 45,565
Excess Liability – Local Government Insurance Trust	PLP 542500	07/01/23	(1) 7/01/24	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	\$ 10,857
Building and Contents (includes boiler and machinery) Local Government Insurance Trust	PLP 542500	07/01/23	(1) 7/01/24	Insured to \$14,454,725, \$1,000 deductible.	\$ 26,071
Chesapeake Employers' Insurance Company – Workers' Compensation	-	07/01/23	(1) 7/01/24	Statutory limit	\$ 576,442
Fidelity Bond – United States Insurance Services	Various	Various	(1) Various	\$15,000 to \$100,000 limits	\$ 13,167

(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

November 15, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 15, 2024.

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
BARBACANE, THORNTON & COMPANY LLP



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

November 15, 2024

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, 2024. 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, 2024.

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, 2024**

<u>FEDERAL GRANTOR PROJECT TITLE</u>	<u>SOURCE CODE</u>	<u>FEDERAL ALN</u>	<u>GRANT PERIOD BEGINNING/ ENDING DATES</u>	<u>GRANT AMOUNT</u>	<u>TOTAL RECEIVED FOR YEAR</u>	<u>ACCRUED (UNEARNED) REVENUE 06/30/23</u>	<u>REVENUE RECOGNIZED</u>	<u>CURRENT YEAR EXPENDITURES</u>	<u>ACCRUED (UNEARNED) REVENUE 06/30/24</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	\$ -	\$ (12,025,203)	\$ 1,601,999	\$ 1,601,999	\$ (10,423,204)	\$ -
<u>U.S. Department of Transportation</u> Passed through Maryland Department of Transportation State Highway Administration	I	20.205	08/25/22-08/12/25	86,494	14,633	-	14,633	14,633	-	-
National Priority Safety Programs	I	20.616	10/01/23-09/30/24	1,526	1,526	-	1,526	1,526	-	-
Total U.S. Department of Transportation					<u>16,159</u>	<u>-</u>	<u>16,159</u>	<u>16,159</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u> Passed through Montgomery County Disaster Grants - Public Assistance	I	97.036	07/01/21-06/30/24	6,175	6,175	-	6,175	6,175	-	-
<u>U.S. Department of Housing and Urban Development</u> Passed through Montgomery County Community Development Block Grants/Entitlement Grants	I	14.218	05/24/23-07/11/24	364,000	349,682	-	349,682	349,682	-	-
 TOTAL FEDERAL AWARDS					<u>\$ 372,016</u>	<u>\$ (12,025,203)</u>	<u>\$ 1,974,015</u>	<u>\$ 1,974,015</u>	<u>\$ (10,423,204)</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, 2024

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, 2024, there were no indirect costs included in the schedule of expenditures of federal awards.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

CITY OF TAKOMA PARK
 SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 JUNE 30, 2024

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:

Assistance Listing 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?

_____ X Yes _____ No

CITY OF TAKOMA PARK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)
JUNE 30, 2024

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.