



November 15, 2024

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

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, Maryland ("the City") for the year ended June 30, 2024, and have issued our report thereon dated November 15, 2024. Professional standards require that we advise you of the following matters relating to our audit.

#### Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 8, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

#### Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you. However, due to the availability of the City's council meeting minutes, the issuance of our report was delayed.

#### Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

### Qualitative Aspects of the Entity's Significant Accounting Policies

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are accumulated depreciation/amortization, compensated absences, and net pension liability.

- Management's estimate of the accumulated depreciation/amortization is based on the straight-line method of depreciation/amortization over the estimated useful lives of the assets.
- Management's estimate of compensated absences is based on estimates of the amounts owed by the City according to City policy.
- Management's estimate of the net pension liability is based on the actuarially determined net pension liability of the plan.

We evaluated the key factors and assumptions used to develop the above estimates determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### Uncorrected and Corrected Misstatements

As part of our audit, we assisted management with the preparation of the year-end adjustments. The attached schedule summarizes the adjustments we assisted management with. Management has posted these adjustments, and they are included in the financial statements of the City.

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such misstatements.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

#### Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated November 15, 2024.

#### Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

#### Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

#### Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Takoma Park, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

  
BARBACANE, THORNTON & COMPANY LLP

Client: **32011 - City of Takoma Park**  
 Engagement: **32011 - City of Takoma Park**  
 Period Ending: **6/30/2024**  
 Trial Balance: **3500.01 - Government Fund Trial Balance**  
 Workpaper: **3700.01 - Combined Journal Entries Report FY23**  
 Fund Level: **All**  
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 201</b>				
		<b>6100.05</b>		
To adjust the opening fund balance in the rehabilitation loan fund to agree to the prior year audited financial statements.				
0020-03770	Allow/doubt. Acct.-l/r		2,233.00	
0020-21000	Fund Equity			2,233.00
<b>Total</b>			<b>2,233.00</b>	<b>2,233.00</b>
<b>Adjusting Journal Entries JE # 701</b>				
		<b>6100.05</b>		
To adjust the opening fund balance in the ARPA fund to agree to the prior year audited financial statements.				
0070-21000	Fund Equity		12,025,203.00	
0070-12001	Unearned Revenue - ARPA			12,025,203.00
<b>Total</b>			<b>12,025,203.00</b>	<b>12,025,203.00</b>
<b>Adjusting Journal Entries JE # 702</b>				
		<b>8000.01</b>		
To recognize the earned portion of the CSLRF grant.				
0070-12001	Unearned Revenue - ARPA		1,601,999.00	
0070-35210	ARPA-Federal Aid			1,601,999.00
<b>Total</b>			<b>1,601,999.00</b>	<b>1,601,999.00</b>
<b>Adjusting Journal Entries JE # 703</b>				
		<b>8000.01</b>		
To adjust ARPA revenue to agree to the SEFA				
0070-12001	Unearned Revenue - ARPA		140.00	
0070-35210	ARPA-Federal Aid			89.00
0070-36100	Interest & Dividends			51.00
<b>Total</b>			<b>140.00</b>	<b>140.00</b>
	<b>Total Adjusting Journal Entries</b>		<b>13,629,575.00</b>	<b>13,629,575.00</b>
	<b>Total All Journal Entries</b>		<b>13,629,575.00</b>	<b>13,629,575.00</b>