

City of Rockville, Maryland
**Annual *Comprehensive*
Financial Report**

Fiscal Year Ended June 30, 2022



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City of Rockville, Maryland

Annual Comprehensive Financial Report



Prepared by:
Department of Finance

Stacey Webster
Chief Financial Officer

Xiaojing Zhang
Director of Accounting

Fiscal Year 2022
July 1, 2021 - June 30, 2022

Table of Contents

City of Rockville, Maryland Annual Comprehensive Financial Report June 30, 2022

PART I – INTRODUCTORY SECTION

Letter of Transmittal.....	5-8
Certificate of Achievement for Excellence in Financial Reporting.....	9
Organizational Chart.....	10
List of Elected and Appointed Officials.....	11

PART II – FINANCIAL SECTION

Independent Auditors’ Report.....	13-15
Management’s Discussion and Analysis.....	17-24

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position.....	25
Statement of Activities.....	26

Fund Financial Statements:

Balance Sheet – Governmental Funds.....	27
Reconciliation of Total Government Fund Balances to Net Position of Governmental Activities.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds...	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	30
Statement of Net Position – Proprietary Funds.....	31
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	32
Statement of Cash Flows – Proprietary Funds.....	33-34
Statement of Fiduciary Net Position – Pension and OPEB Trust Fund.....	35
Statement of Changes in Fiduciary Net Position – Pension and OPEB Trust Fund.....	36
Notes to the Basic Financial Statements.....	37-70

Required Supplementary Information:

Rockville Employee Retirement System – Schedule of Changes in the City’s Net Pension Liability and Related Ratios (Unaudited – See Accompanying Independent Auditor’s Report).....	71
Rockville Employee Retirement System – Schedule of City Contributions and Investment Returns (Unaudited – See Accompanying Independent Auditor’s Report).....	72
Other Post-Employment Benefits Plan – Schedule of Changes in the City’s Net OPEB Liability and Related Ratios (Unaudited – See Accompanying Independent Auditor’s Report).....	73
Other Post-Employment Benefits Plan – Schedule of City Contributions and Investment Returns (Unaudited – See Accompanying Independent Auditor’s Report).....	74
Budgetary Comparison Schedule – General Fund.....	75
Notes to the Required Supplementary Information.....	76

Supplementary Information – Combining and Individual Fund Statements and Schedules:

Budgetary Comparison Schedule – Debt Service Fund.....	77
Combining Balance Sheet – Nonmajor Governmental Funds.....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	79
Budgetary Comparison Schedule – Nonmajor Governmental Funds.....	80

Table of Contents

City of Rockville, Maryland Annual Comprehensive Financial Report June 30, 2022

PART II – FINANCIAL SECTION

Supplementary Information – Proprietary Funds:

Budgetary Comparison Schedule – Enterprise Funds.....	81-82
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Supplementary Information – Fiduciary Fund:

Combining Statement of Fiduciary Net Position – Pension and OPEB Trust Fund.....	83
Combining Statement of Changes in Fiduciary Net Position – Pension and OPEB Trust Fund....	84

PART III – STATISTICAL SECTION

Net Position by Category, Government-Wide (Governmental and Business-type Activities) - Last Ten Fiscal Years (accrual basis of accounting).....	85
Changes in Net Position by Category, Government-Wide (Governmental and Business-type Activities) – Last Ten Fiscal Years (accrual basis of accounting).....	86-87
Fund Balances, Governmental Funds – Last Ten Fiscal Years (modified accrual basis of accounting).....	88
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years (modified accrual basis of accounting).....	89
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	90
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	91
Principal Property Tax Payers – Current Year and Nine Years Ago.....	92
Property Tax Levies and Collections – Last Ten Fiscal Years.....	93
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	94
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	95
Direct and Overlapping Governmental Activities Debt.....	96
Demographic and Economic Statistics – Last Ten Fiscal Years.....	97
Principal Employers – Current Year and Nine Years Ago.....	98
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years.	99
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	100
Operating Indicators by Function/Program – Last Ten Fiscal Years.....	101

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Introductory Section

Fiscal Year Ended
June 30, 2022



October 31, 2022

Honorable Mayor and Members of the City Council
City of Rockville, Maryland

State law requires that all general purpose local governments publish, within four months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants (CPA's). Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) for the City of Rockville, Maryland (City), for the year ended June 30, 2022.

This report consists of management's representations concerning the finances of the City. Accordingly, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both 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 GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been independently audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditors report.

PROFILE OF THE GOVERNMENT

The City was incorporated in 1860. Its legal authority is derived from Article XI E of the State Constitution and Article 23A of the Annotated Code of Maryland. The City has an estimated population of 71,800 and a land area of 13.55 square miles. According to the 2020 census, the City is the fourth largest city in Maryland. The City has operated under the council-manager form of government since 1948. The City is a municipal corporation where the City Council is comprised of a Mayor and four at-large Council members, who are elected for four-year terms.



The City is empowered to levy a property tax on both real and personal property located within its boundaries. State statute also empowers it to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Mayor and Council. The Mayor and Council are responsible for passing ordinances, adopting the budget, appointing boards and commissions, and hiring the City Manager, City Attorney, and City Clerk/Director of Council Operations. The City Manager is responsible for carrying out the policies and ordinances of the Mayor and Council, overseeing day-to-day operations of the government, and appointing the directors of the various departments.

The annual budget provides the basis for coordinating and controlling City programs and services. The City provides a full range of services, including water, sewer, refuse, parking, streets and stormwater, recreation and parks, police, planning and zoning, and engineering services. Schools, libraries, social services, police and fire protection are provided by Montgomery County, Maryland.

As a management policy, unassigned fund balance of the General Fund is maintained at a level not less than 20 percent of annual budgeted General Fund revenue. The purpose of the unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure orderly provision of services to residents. To the extent the unassigned fund balance of the General Fund exceeds the target, the City may draw upon the fund balance to provide pay-as-you-go financing for capital projects, for other one-time capital asset purchases, and for additional contributions to the Other Post-Employment Benefit (OPEB) and Pension Trusts to reduce unfunded liabilities.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 75 as part of the required supplementary information section for the governmental funds. For governmental funds, other than the General Fund, the appropriated annual budgets are presented on pages 77 and 80.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from a broader perspective of the specific environment within which the City operates.

LOCAL ECONOMY

The City's economic environment mirrors what is being experienced regionally and nationally. During the fiscal year the City began to recover from the more challenging phases of the pandemic. National and regional unemployment decreased compared to fiscal year 2021. Major industries with headquarters or divisions located within the City's boundaries or in close proximity remain open, including computer hardware and software manufacturers, bio-tech and several financial institutions. The City's two biggest revenues sources, real property tax and income tax, continued to be strong. The City observed a 1.6% increase in real property tax revenues and a 13.5% increase in income tax revenues during fiscal year 2022.

The City has an employed labor force of approximately 78,700 within city limits. The City continues to experience residential and commercial growth, as reflected by increased construction throughout the City and permits approved and in the pipeline.

City revenues and expenditures will continue to be budgeted conservatively. The City will continue its fiscal responsibility by reducing costs where possible and seeking diverse revenues while maintaining the safety of the public in its delivery of quality services and programs.



The following table lists the labor force, employed persons and average unemployment rates for Montgomery County, Maryland (County) as compared to the unemployment rates for the State of Maryland (State) for the years 2017 through 2022. Information presented in the table below has not been seasonally adjusted.

Unemployment Statistics

Year	Montgomery County				State of Maryland
	Labor Force	Employment	Unemployment	Unemployment Rate	Unemployment Rate
2022	552,147	526,859	24,388	4.43%	5.15%
2021	538,493	503,450	35,043	6.51%	6.83%
2020	565,295	518,736	46,559	8.20%	8.50%
2019	566,575	547,563	19,012	3.40%	3.90%
2018	559,522	539,265	20,257	3.60%	4.30%
2017	562,402	555,592	19,555	3.60%	4.10%

Source: Maryland Department of Labor

LONG - TERM FINANCIAL PLANNING

The City spends significant time and resources planning for the future. Through a mix of land use, financial management policies, and forecasting, the City's goal is to maximize its current use of resources to ensure long-term financial stability. The success of these initiatives is reflected in the City's credit rating from both Standard and Poor's and Moody's rating agencies. These agencies rate all the City's debt at AAA and Aaa, the highest rating available. The City's financial management policies serve as guidelines that allow the City to make prudent long-term financial decisions.

Included in the City's budget is a five-year forecast of the City's operating funds, which allows policy makers to see the financial impact of their decisions over a five-year period. Most importantly, the City continues to maintain its General Fund reserve levels above 20 percent of annual budgeted revenues. Careful monitoring of the City's property values, level of debt and charging fees at full cost recovery, where possible, and conservative budgeting practices will ensure the continued financial health of the City.

MAJOR INITIATIVES

- During fiscal year 2022, the City spent over \$3.0 million on the Intermodal Access – Baltimore Road project which supports sustainable streets. The work included design and construction improvements along Baltimore Road.
- During fiscal year 2022, the City gradually re-opened recreation services and programs with precautions in response to the pandemic. Many activities, events and programs resumed and were held with new protocols in place.
- The Mayor and Council adopted Rockville's first Climate Action Plan (CAP) on January 10, 2022. The plan charts an ambitious course for reducing greenhouse gas emissions from the community and municipal government operations by at least 50 percent below 2005 levels by 2030 and carbon neutrality by mid-century. The plan includes a list of 42 actions that are focused on equitably reducing greenhouse gas emissions, strengthening resiliency, and developing a framework to oversee and monitor progress.
- During fiscal year 2022, approximately \$1 million of delinquency forgiveness was provided for customers with delinquent water and sewer bills.



AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the 32nd consecutive year that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2021. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including: a policy document, a financial plan, an operations guide and a communications device. The City also received the GFOA's award of Outstanding Achievement for the Popular Annual Financial Report (PAFR) for the fiscal year 2021. This is the 14th year the City has received this award. The PAFR is specifically designed to be easily understandable to the general public and other interested parties without a background in finance.

This report could not have been prepared without the dedicated cooperation of the entire staff of the Finance Department. Special recognition is extended to Sharon Collins, Trupti Singh, Kimberly Francisco, Mary Sue Martin, Roshan Sohoratally, Tim Peifer, Wanda Shoemaker, Anne Coyle, Carey Kurnaz, Marcus Odorizzi, Lori Russler, and Eric Ferrell for the sense of commitment they displayed throughout the preparation process. We also would like to express our appreciation to the Mayor and Council for their interest and support in planning and carrying out the City's financial operations in a responsible manner.

Respectfully submitted,

Robert DiSpirito
City Manager

Stacey Webster
Chief Financial Officer

Xiaojing Zhang
Director of Accounting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rockville
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

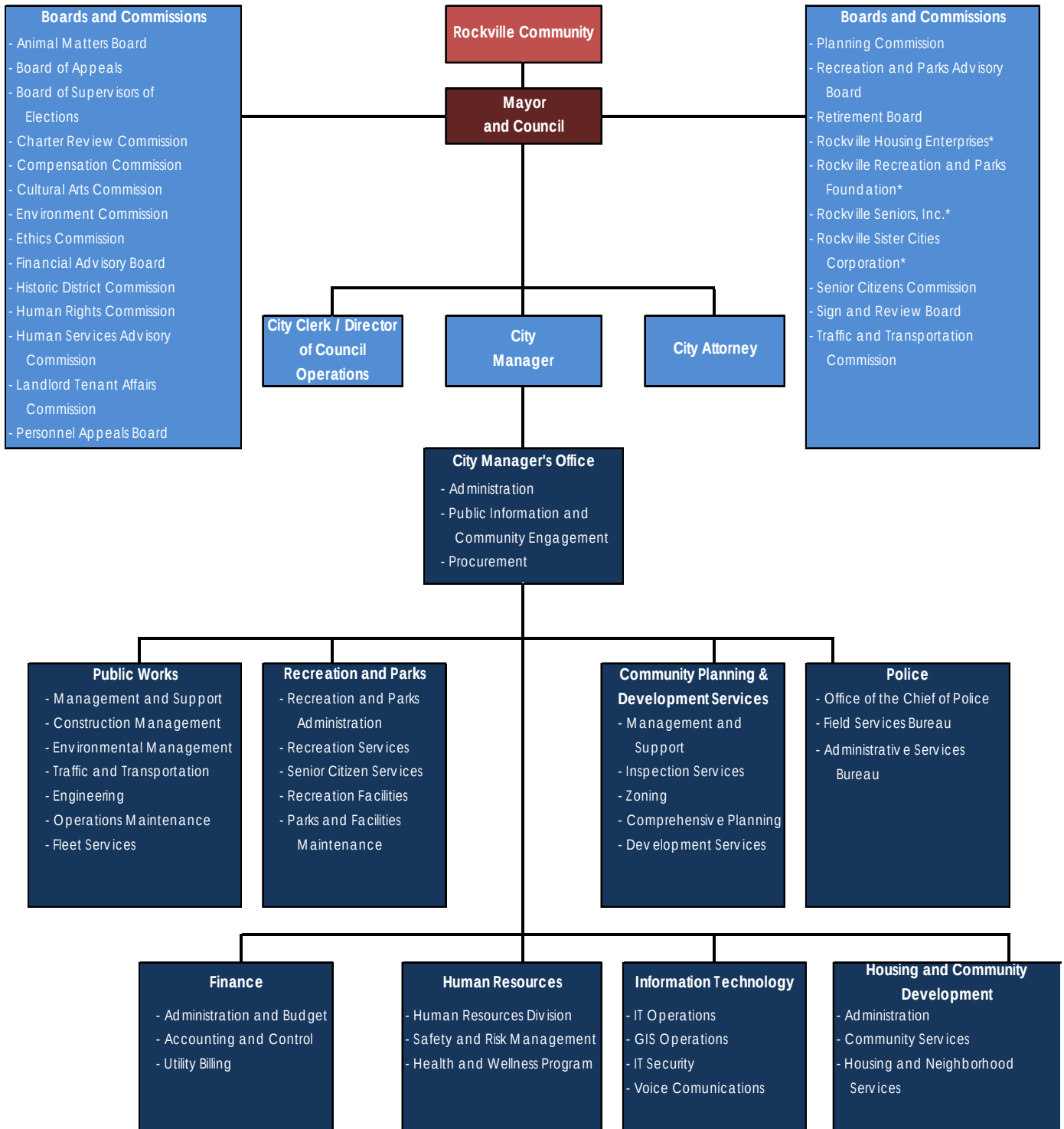
June 30, 2021

Christopher P. Morrell

Executive Director/CEO

City of Rockville Organizational Chart

June 2022



* Affiliated Organization

CITY OF ROCKVILLE, MARYLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2022



MAYOR

Bridget Donnell Newton



Monique Ashton



Beryl Feinberg



David Myles



Mark Pierzchala

COUNCIL MEMBERS

CITY MANAGER

Robert DiSpirito

CITY CLERK/DIRECTOR OF COUNCIL OPERATIONS

Sara Taylor-Ferrell

CITY ATTORNEY

Robert Dawson

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Financial Section

Fiscal Year Ended
June 30, 2022



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, Members of City Council and City Management
City of Rockville, Maryland
Rockville, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockville, Maryland (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Auditors' 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

To the Honorable Mayor, Members of City Council and City Management
City of Rockville, Maryland

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.

Auditors' 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 auditors' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 - 24, Rockville Employee Retirement System on pages 71 - 72, Other Post-Employment Benefits Plan on pages 73 - 74, and the Budgetary Comparison Schedule - General Fund on page 75 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

To the Honorable Mayor, Members of City Council and City Management
City of Rockville, Maryland

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 of Rockville, Maryland's basic financial statements. The Combining and Individual Fund Statements and Schedules, Proprietary Funds, and Fiduciary Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

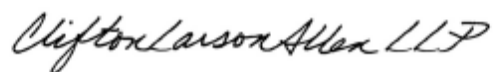
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.



CliftonLarsonAllen LLP
Baltimore, Maryland
October 31, 2022

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Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Rockville (the City), we offer readers of the City's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 5-8 of this report and the financial statements beginning on page 25.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the current fiscal year by \$328,718,671 (net position). That amount includes a positive balance of \$47,101,674 from unrestricted net position made up of \$26,678,563 from governmental activities and \$20,423,111 from business-type activities. The unrestricted balance from business-type activities includes negative balances from the RedGate Golf Course Fund which reflects the ending of operations at the course in fiscal year 2019.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$66,309,184. Approximately 19.4% of this total amount is reported as restricted special revenue programming totaling \$12,889,320.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,446,411 or 30.6% of total General Fund budgeted revenues (adopted) of \$86,480,000.
- The City's total debt principal outstanding decreased by \$12,026,892 or 9.2%.
- Interest on investment earnings earned by the City's investment portfolio totaled \$415,283 for an average rate of return of 0.07%. The average daily investment portfolio was \$90,870,220.



OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, fluctuations in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, community development, public works, public safety, and recreation and parks. The business-type activities of the City include water, sewer, refuse, stormwater management, parking, and golf course operations.

As of December 31, 2018 all golf operations were discontinued, however the RedGate Golf Course Fund continues to manage debt service payments.

The government-wide financial statements can be found on pages 25-26 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary 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 the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 City's near-term financing decisions. Reconciliations are provided between the governmental funds Balance Sheet and the government-wide Statement of Net Position and also between the Statement of Revenues, Expenditures, and Changes in Fund Balances of governmental funds and the government-wide Statement of Activities.

The City maintains seven individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund, as they are considered major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. One of the four governmental funds is the Rockville Economic Development, Inc. Fund (REDI) – the blended component unit. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 78-79 of this report.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, and three of the four Non-Major Governmental Funds. The City does not adopt a budget for the Rockville Economic Development, Inc. Fund (REDI). Budgetary comparison statements can be found on pages 75, 77 and 80, respectively.

The governmental funds financial statements can be found on pages 27-30 of this report.

Proprietary funds: The City maintains six different enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, refuse, stormwater management, parking, and golf course operations.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise financial statements provide separate information for the Water Facility, Sanitary Sewer, Refuse, Parking, Stormwater Management, and the RedGate Golf Course, which are considered the major funds of the City. The Refuse Fund and RedGate Golf Course Fund do not meet the requirements of a major fund, but management has elected to report these funds as major.

The enterprise funds financial statements and cash flows can be found on pages 31-34 of this report.

Fiduciary fund: The fiduciary fund is used to account for resources held for the benefit of parties outside the government. The Pension and OPEB Trust Funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the City's own programs. The accounting used for the trust funds are much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 35 and 36 of this report. Data for each of the components of the Pension and OPEB Trust Funds are provided in the form of combining statements on pages 83-84 of this report.

Notes to the financial statements: The notes provide additional information that is essential for 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 37-70 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Rockville Employee Retirement System, the other post-employment benefits (OPEB) plan, and the City's budgetary comparison schedules for major governmental funds. Required supplementary information can be found beginning on page 71 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements along with budgetary comparison schedules can be found on pages 78 through 80 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, changes in net position serves as a useful indicator of a government's financial position. The City's overall assets and deferred outflows of resources exceeded all its liabilities and deferred inflows of resources by \$328,718,671 at the close of the current fiscal year.

The largest portion of the City's net position (81.8%) is reflected in its net investment in capital assets (e.g., CIP and infrastructure less accumulated depreciation), less retainage and any related debt used to acquire those assets that is still outstanding, excluding unspent debt proceeds of \$11,839,879. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rockville's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Current and Other Assets	\$ 81,678,464	\$ 73,277,369	\$ 35,441,347	\$ 35,362,857	\$ 117,119,811	\$ 108,640,226
Capital Assets, net	226,307,479	223,178,820	156,682,604	136,071,035	382,990,083	359,249,855
Noncurrent Assets	2,168,222	-	10,188,012	22,623,885	12,356,234	22,623,885
Total Assets	310,154,165	296,456,189	202,311,963	194,057,777	512,466,128	490,513,966
Deferred Outflows of Resources	14,095,059	7,922,325	2,203,755	2,413,920	16,298,814	10,336,245
Total Assets and Deferred Outflows of Resources	\$ 324,249,224	\$ 304,378,514	\$ 204,515,718	\$ 196,471,697	\$ 528,764,942	\$ 500,850,211
Noncurrent Liabilities	61,584,486	45,780,588	102,168,647	110,875,510	163,753,133	156,656,098
Other Liabilities	14,868,824	14,610,588	2,953,449	2,293,308	17,822,273	16,903,896
Total Liabilities	76,453,310	60,391,176	105,122,096	113,168,818	181,575,406	173,559,994
Deferred Inflows of Resources	8,231,026	20,174,939	10,239,839	-	18,470,865	20,174,939
Total Liabilities and Deferred Inflows of Resources	\$ 84,684,336	\$ 80,566,115	\$ 115,361,935	\$ 113,168,818	\$ 200,046,271	\$ 193,734,933
Net Position:						
Net investment in capital assets	199,997,005	194,918,299	68,730,672	47,467,611	268,727,677	242,385,910
Restricted	12,889,320	10,872,899	-	-	12,889,320	10,872,899
Unrestricted	26,678,563	18,021,201	20,423,111	35,835,268	47,101,674	53,856,469
Total Net Position	\$ 239,564,888	\$ 223,812,399	\$ 89,153,783	\$ 83,302,879	\$ 328,718,671	\$ 307,115,278

* Fiscal year 2021 amounts presented have not been restated to reflect the implementation of GASB 87 or the inclusion of Rockville Economic Development, Inc. (REDI). Please refer to Note (1)A for more information.

The current and other assets increased by \$8,479,585 or 7.8%. The noncurrent liabilities had an increase of \$7,097,035, or 4.6%. The noncurrent liabilities increased by \$15,803,898 in the governmental activities. This increase is primarily the net effect of the increase in net pension liability of \$17,988,859 and a new total lease payable of \$1,906,934, offset by reductions in bonds and leases payable. While there was an increase in the governmental activities, there was a decrease of \$8,706,863 in the business-type noncurrent liabilities. This decrease is due to the reduction in bonds and loans payable.

Deferred outflows of resources includes balances from charges on advance refundings, OPEB and pensions. Deferred inflows of resources includes balances from pensions, leases, and OPEB. At the end of the fiscal year, deferred outflows of resources totaled \$16,298,814 and deferred inflows of resources totaled \$18,470,865. The increases in deferred outflows of resources and the decreases in deferred inflows of resources are primarily attributable to balances from pensions and OPEB, which are actuarially determined, as well as from the leases, which are the present values of the payments expected to be received during the lease term – the lease receivable, adjusted for lease payments received at or before the lease commencement dates.

At the end of the current fiscal year, there is a positive balance of \$47,101,674 in unrestricted net position. This is a decrease of \$6,754,795 from the balance of \$53,856,469 in unrestricted net position in fiscal year 2021. This decrease is primarily attributable to the implementation of GASB Statement 87 in the Parking Fund, which resulted in a remeasurement of the garage lease and reestablishing the capital asset. The City reports positive net position balances for the City as a whole, as well as for its separate governmental and business-type activities, for the current fiscal year, with the exception of the Parking Fund.

The governmental net investment in capital assets, increased by \$5,078,706 or 2.6%. This increase is the net effect of capital projects expenditures during the current fiscal year and reductions in long term debt.

The business-type activities net investment in capital assets, increased by \$21,263,061 or 44.8%. This increase is the net effect of unspent debt proceeds and the re-establishment of the capital asset in the Parking Fund.

City of Rockville's Change in Net Position

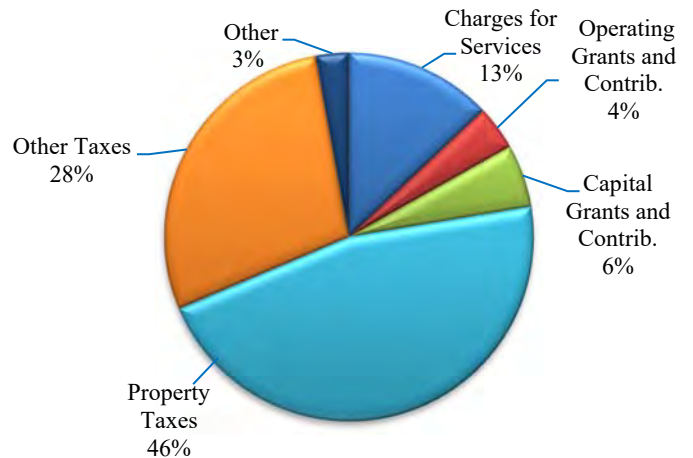
	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Revenues:						
Program revenues:						
Charges for services	\$ 12,593,618	\$ 8,398,938	\$ 39,483,826	\$ 39,942,133	\$ 52,077,444	\$ 48,341,071
Operating grants & contrib.	3,784,720	2,762,499	-	-	3,784,720	2,762,499
Capital grants & contrib.	5,366,478	499,774	4,100,731	118,316	9,467,209	618,090
General revenues:						
Property taxes	45,002,799	44,310,187	125,395	147,019	45,128,194	44,457,206
Other taxes	27,683,426	22,117,391	-	-	27,683,426	22,117,391
Other	2,819,671	3,153,328	348,361	315,710	3,168,032	3,469,038
Total Revenues:	\$ 97,250,712	\$ 81,242,117	\$ 44,058,313	\$ 40,523,178	\$ 141,309,025	\$ 121,765,295
Expenses:						
General government	\$ 24,767,845	\$ 20,536,401	\$ -	\$ -	\$ 24,767,845	\$ 20,536,401
Community development	8,507,999	8,030,851	-	-	8,507,999	8,030,851
Economic development	1,996,852	-	-	-	1,996,852	-
Public safety	12,144,440	12,372,318	-	-	12,144,440	12,372,318
Public works	14,039,787	14,201,763	-	-	14,039,787	14,201,763
Recreation and Parks	22,644,143	20,028,092	-	-	22,644,143	20,028,092
Interest on long term debt	898,054	1,042,271	-	-	898,054	1,042,271
Water	-	-	10,275,797	9,945,637	10,275,797	9,945,637
Sewer	-	-	11,797,114	10,850,259	11,797,114	10,850,259
Refuse	-	-	5,527,202	5,429,616	5,527,202	5,429,616
Parking	-	-	1,896,381	1,279,238	1,896,381	1,279,238
Stormwater management	-	-	4,505,152	4,251,262	4,505,152	4,251,262
Golf Course	-	-	31,850	101,594	31,850	101,594
Total Expenses:	\$ 84,999,120	\$ 76,211,696	\$ 34,033,496	\$ 31,857,606	\$ 119,032,616	\$ 108,069,302
Increase in net position before transfers and contributions	12,251,592	5,030,421	10,024,817	8,665,572	22,276,409	13,695,993
Transfers and contributions	2,460,800	1,914,270	(2,460,800)	(1,914,270)	-	-
Increase/(Decrease) in net position	14,712,392	6,944,691	7,564,017	6,751,302	22,276,409	13,695,993
Net position - beginning, as previously reported	223,812,399	216,867,708	83,302,879	76,551,577	307,115,278	293,419,285
Adjustments to restate net position*	1,040,097	-	(1,713,113)	-	(673,016)	-
Net position - ending	\$ 239,564,888	\$ 223,812,399	\$ 89,153,783	\$ 83,302,879	\$ 328,718,671	\$ 307,115,278

* Fiscal year 2022 restatements consisted of adjustments to include Rockville Economic Development, Inc. (REDI) as a component unit of the City and adjustments to the beginning balance for the Parking Fund due to the implementation of GASB 87. The government-wide net position was restated by \$1,040,097 for REDI's ending net position as of June 30, 2021, for governmental activities. Please refer to Note (1)A for more information. The government-wide net position was restated by (\$1,713,113) for business-type activities. GASB 87 requires the re-establishment of the capital asset and associated accumulated depreciation in the amount of \$20,910,772 to the Parking Fund net position. The asset was re-established for \$27,881,029 and accumulated depreciation of \$6,970,257. The restatement of (\$1,713,113) was the net effect of re-establishment of asset to the net position of \$20,910,772 and the GASB 87 adjustment of leases of \$22,623,885 for leases. Fiscal year 2021 amounts presented have not been restated to reflect the implementation of GASB 87 or the inclusion of Rockville Economic Development, Inc. (REDI).

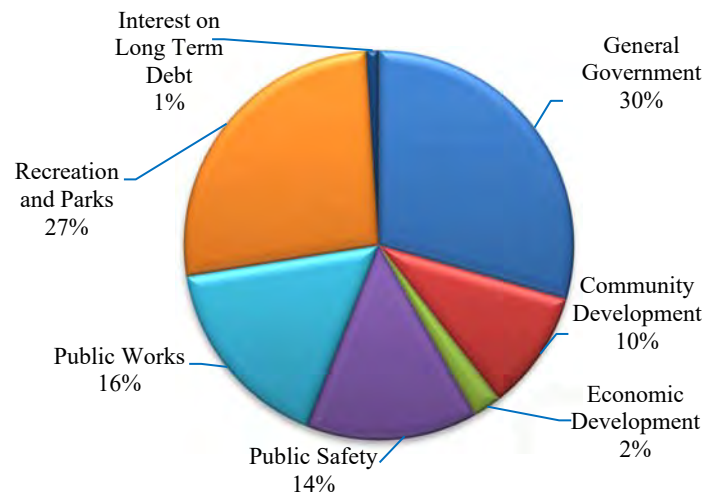
Governmental activities: Governmental activities net position was \$239,564,888 at the end of the fiscal year, an increase of \$15,752,489, or 7.0% over beginning net position. Program revenues increased by \$10,083,605 (86.5%), which is primarily made up of increases in charges for services of \$4,194,680, and increases in capital grants and contributions of \$4,866,704. General revenues increased by \$5,924,990 (8.5%) which is mainly attributable to an increase in property tax revenues of \$692,612, income tax revenues of \$2,243,543, county tax duplication payment of \$2,917,722, and offset by a decrease of \$333,657 in revenue from other sources. The decrease in other revenues sources is attributed to unfavorable interest earnings during fiscal year 2022. Continued efforts to closely monitor costs across every department allowed for total revenues to exceed expenses in the government-wide Statement of Activities.

Business-type activities: Business-type activities net position was \$89,153,783 at the end of the fiscal year, an increase of \$5,850,904, or 7.0% over beginning net position. Program revenues increased by \$3,524,108 (8.8%) when compared to the previous fiscal year. This revenue increase is due to the American Rescue Plan Act (ARPA) fundings to capital contributions. The City of Rockville was allocated \$9.6 million in total from the American Rescue Plan Act (ARPA). Expenses increased by \$2,175,890 (6.8%) when compared to the previous fiscal year. Close monitoring of expenses allowed for the overall increase of net position for business-type activities.

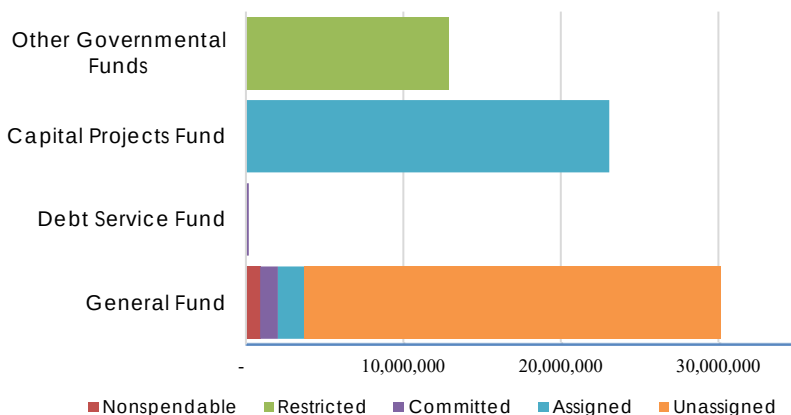
Governmental Revenue Sources - June 30, 2022



Governmental Functional Expenses - June 30, 2022



Governmental Fund Balance by Category



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's short-term financing requirements. In particular, the 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.

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$66,309,184, an increase of \$10,986,325 or 19.9% in comparison with the prior fiscal year. This increase is primarily due to the increases in income tax and county tax duplication exceeding the planned capital and operating expenditures in the current year. The classifications of fund balance are \$909,080 as nonspendable, \$12,889,320 as restricted for special revenue programming, \$185,004 as committed for debt service, \$1,126,620 as committed for various projects, \$24,752,749 as assigned for capital outlays, consulting services, and other purposes, and \$26,446,411 as unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance is \$26,446,411, of the total fund balance of \$30,162,070. The unassigned fund balance increased \$3,576,462 or 15.6% from the prior fiscal year and the total fund balance increased \$5,179,249 or 20.7% from the prior fiscal year. The increase in unassigned and overall fund balance is because the increases in revenues outpaced the increases in expenditures in the General Fund during what was expected to be a year of fiscal recovery from the pandemic.

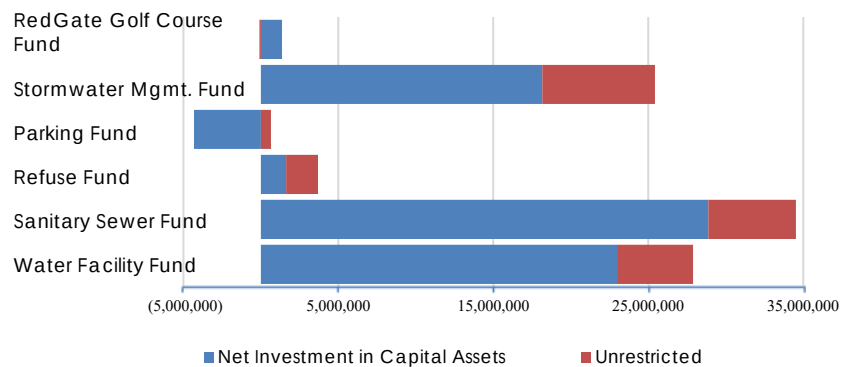
The Debt Service Fund has a total fund balance of \$185,004, which is committed to debt service. The decrease in fund balance was \$126,217 or 40.6%. This decrease was due to the City's planned use of reserves. The fiscal year 2022 balance is in compliance with the reserve target.

The Capital Projects Fund has a total fund balance of \$23,072,790, which is assigned to capital projects. The increase in fund balance was \$3,898,230 or 20.3%. This increase is due to capital outlays not exceeding revenues and additional mid-year General Fund transfers for planned future capital outlays.

Proprietary funds: The City's proprietary funds provide similar information found in the government-wide financial statements, but in more detail.

Overall, the results of the City's Enterprise Funds' operations are mixed, with some funds meeting reserve requirements, and others not. The Water Facility and Sanitary Sewer Funds continue to recover as a result of multi-year efforts to have these funds reach reserve requirements.

Proprietary Funds Net Position by Category



Unrestricted net position of the Water Facility, Sanitary Sewer, Refuse, Parking, Stormwater Management, and RedGate Golf Course Funds at the end of the fiscal year amounted to \$4,899,831, \$5,643,471, \$2,047,388, \$650,508, \$7,276,586 and (\$94,673), respectively.

Fiduciary fund: The City's fiduciary fund provides information on the pension and post-employment health benefit trusts maintained by the City. This fund is not reported in the government-wide financial statements.

The net position of the Pension and OPEB Trust Funds at the end of the year amounted to \$174,189,297. Net position decreased by \$22,036,097 or 11.23% as a result of negative investment performance. The City made its full actuarially determined contributions (ADC) for both trust funds. Combining statements for the Pension and OPEB Trust Funds can be found on pages 83 and 84.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget included a \$9,703,936 net increase in revenues from the original adopted budget primarily due to increased revenue projections from county tax duplication payment and grants revenues. Expenses in the final amended budget included a \$2,875,327 increase from the original adopted budget. The net increase is primarily a result of increases for reappropriation of fiscal year 2021 encumbrances and increases in public works operating expenses.

Actual revenues were \$4,415,585 lower than the final amended budget. The decrease is primarily due to reporting American Rescue Plan Act (ARPA) revenues/expenditures in the Capital Projects, Refuse and Water Facility Funds, instead of transferring from the General Fund. Actual operating expenditures were \$5,486,575 less than the final amended budget. This

decrease is a result of vacant positions, unused programming expenses, unfinished consultant studies, and other smaller operating cost reductions across programs. The coronavirus pandemic impacted some City operations and required that some planned programs and activities be rescheduled or cancelled altogether, which impacted revenues during the fiscal year and the associated expenditures planned for those programs and activities.

CAPITAL ASSET AND DEBT ADMINISTRATION



Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$382,990,083 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges, and water and sewer improvements. The total increase in the City's investment in capital assets for the current fiscal year was \$23,740,228 or 6.6%, which reflects capital outlays greater than depreciation on capital assets. Governmental activities had a decrease in equipment of

\$1,015,759 primarily due to the disposal of old automobiles and trucks. The improvements other than buildings decreased by \$2,619,337 in business-type activities. This decrease is attributable to the depreciation on the capital assets in excess of capital outlays. The construction in progress increased by \$4,638,451 in the current year.

Major capital asset events during the current fiscal year included the following:

- Rehabilitation and replacement of water mains throughout the City totaling \$2,030,170.
- Improvements to City roads, bridges and sidewalks continued; construction costs at the end of the current fiscal year were \$8,921,966.

City of Rockville's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022*	2021	2022	2021
Land	\$ 11,544,482	\$ 11,544,482	\$ 2,058,940	\$ 2,058,940	\$ 13,603,422	\$ 13,603,422
Construction in Progress	16,976,137	15,512,344	5,115,767	1,941,109	22,091,904	17,453,453
Buildings	54,824,557	57,033,948	20,533,237	348,419	75,357,794	57,382,367
Right-to-use leased assets	1,892,830	-	250,652	-	2,143,482	-
Improvements other than Buildings	29,647,552	29,762,583	117,063,586	119,682,923	146,711,138	149,445,506
Equipment	6,057,529	7,073,288	2,715,100	2,788,733	8,772,629	9,862,021
Infrastructure	105,364,392	102,252,175	-	-	105,364,392	102,252,175
Purchased Capacity	-	-	8,945,322	9,250,911	8,945,322	9,250,911
Total	\$ 226,307,479	\$ 223,178,820	\$ 156,682,604	\$ 136,071,035	\$ 382,990,083	\$ 359,249,855

Additional information on the City's capital assets can be found in Note (2) D on pages 48-49 of this report.

*The value of the buildings was restated in the Parking Fund in accordance with GASB 87.

Long-term obligations: At the end of the current fiscal year, the City had total long-term obligations of \$163,753,133, excluding the Net OPEB Asset which is presented below for comparative purposes. Long-term obligations are backed by the full faith and credit of the government. Governmental debt is repaid from tax revenues, and business-type debt is repaid from charges for services.

City of Rockville's Long Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds Payable and Loans Payable, net	\$ 24,935,831	\$ 28,988,553	\$ 100,898,855	\$ 109,786,135	\$ 125,834,686	\$ 138,774,688
Accrued Obligations for						
Compensated Balances	5,782,986	5,876,305	1,018,181	1,089,375	6,801,167	6,965,680
Claims Payable	2,383,109	2,328,963	-	-	2,383,109	2,328,963
Leases Payable	1,906,934	-	251,611	-	2,158,545	-
Net Pension Liability	26,575,626	8,586,767	-	-	26,575,626	8,586,767
Net OPEB (Asset)/Liability	(127,941)	(3,000,528)	-	-	(127,941)	(3,000,528)
Total Long-Term Liabilities	\$ 61,456,545	\$ 42,780,060	\$ 102,168,647	\$ 110,875,510	\$ 163,625,192	\$ 153,655,570

Additional information on the City's long term obligations can be found in Note (2) F on pages 50-57 of this report.

The City's total debt principal outstanding decreased by \$12,026,892 or 9.2% compared to the prior fiscal year, not including the impact of unamortized bond premiums and deferred charges on advance refundings. The net pension liability increased \$17,988,859 (209.5%) based on negative investment performance and projected future pension payments. The net OPEB asset in fiscal year 2022 decreased by \$2,872,587 (95.7%) during the fiscal year, but continued to be a net OPEB asset in fiscal year 2022 based on plan performance and future projected retiree benefit expenses.

The City maintains a "AAA" rating from Standard & Poor's and a "Aaa" rating from Moody's Investor Service for all of its outstanding general obligation debt.

Additional information on the City's net pension liability and net OPEB liability can be found in Note (4) and Note (5), respectively on pages 60-68 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fiscal Year 2023 operating budget totals \$148.8 million for the city's 11 operating funds. This represents an overall increase of 5.4% from the FY22 adopted budget. The budget focuses on the strategic allocation of resources, including new staff resources and additional revenues from tax duplication and property tax. The FY23 budget funds several Mayor and Council priorities, including implementation of the Comprehensive Plan, environmental sustainability and Climate Action Plan, Vision Zero, and economic development. The budget includes no increases in the real property tax rate, as has been the case since 1995. In addition to adopting the FY23 budget ordinance, the Mayor and Council also approved several ordinances and resolutions. The adopted FY23 rates include:

- A stormwater utility rate of \$138 per equivalent residential unit (ERU). Each residential property will pay \$138 or one ERU per year, and each commercial property will pay \$138 multiplied by the number of ERUs measured on their property. This rate is a \$6 increase from fiscal year 2022.
- Water and Sewer usage rates transitioned to a rate structure that is based on property classification, namely single family, multi-family and nonresidential. This structure more equitably generates revenues based on the cost of providing service to the users of that service. Rates increased by just over 2%.
- Refuse rate was adopted at \$479 per residential property per year, a modest 4.4% increase from the FY22 rate.

The FY23 budget also highlights the City's financial sustainability and pandemic recovery. The pandemic significantly reduced some of the City's revenues, and as a result, staff has worked to maintain operations while cutting back or deferring some less-essential positions, operating, and CIP expenditures. The FY23 budget restores most of what was eliminated or reduced during the pandemic, allowing staff to look for new opportunities for growth, service enhancements, and transformation. In addition to the restoration of revenues, the City of Rockville was allocated \$9.6 million from the American Rescue Plan Act (ARPA) of 2021. During FY22, the Mayor and Council appropriated \$7.1 million of the allocated ARPA funds. Staff will continue to look for opportunities to fund the Mayor and Council's priorities by utilizing all available resources, including current revenues, fund balance above the reserve target, and the remaining \$2.5 million in ARPA funds.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 111 Maryland Avenue, City of Rockville, Rockville, Maryland, 20850.

Basic Financial Statements

City of Rockville, Maryland

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 42,936,118	\$ 27,938,097	\$ 70,874,215
Investments	30,634,272	-	30,634,272
Property tax receivable, net	432,678	-	432,678
Accounts receivable, net	1,455,424	7,481,355	8,936,779
Due from other governments	5,044,458	-	5,044,458
Prepaid assets	156,000	-	156,000
Loans receivable	120,000	-	120,000
Other assets	722,976	21,895	744,871
Unbilled assessments receivable	48,597	-	48,597
Net OPEB asset	127,941	-	127,941
Capital assets (net of accumulated depreciation):			
Land	11,544,482	2,058,940	13,603,422
Construction in progress	16,976,137	5,115,767	22,091,904
Buildings, Improvements and Infrastructure	189,836,501	137,596,823	327,433,324
Equipment	6,057,529	2,715,100	8,772,629
Purchased capacity	-	8,945,322	8,945,322
Right to use assets, net	1,892,830	250,652	2,143,482
Leases receivable	2,168,222	10,188,012	12,356,234
Total Assets	\$ 310,154,165	\$ 202,311,963	\$ 512,466,128
Deferred Outflows of Resources			
Deferred outflows from pensions	\$ 12,008,939	\$ -	\$ 12,008,939
Deferred outflows from OPEB	1,943,500	-	1,943,500
Deferred charge on advance refunding	142,620	2,203,755	2,346,375
Total Deferred Outflows of Resources	\$ 14,095,059	\$ 2,203,755	\$ 16,298,814
Total Assets and Deferred Outflows of Resources	\$ 324,249,224	\$ 204,515,718	\$ 528,764,942
Liabilities			
Accounts payable	\$ 5,032,669	\$ 2,092,274	\$ 7,124,943
Internal balances	(94,419)	94,419	-
Accrued liabilities	3,523,109	457,453	3,980,562
Unearned revenue	4,391,879	-	4,391,879
Retainages payable	197,889	257,540	455,429
Deposits and other liabilities	1,817,697	51,763	1,869,460
Noncurrent Liabilities:			
Due within one year:			
Compensated absences	4,221,580	743,273	4,964,853
Bonds payable and loans payable, net	4,020,330	8,906,005	12,926,335
Leases payable	482,764	64,955	547,719
Claims payable	905,581	-	905,581
Due in more than one year:			
Compensated absences	1,561,406	274,908	1,836,314
Bonds payable and loans payable, net	20,915,501	91,992,850	112,908,351
Leases payable	1,424,170	186,656	1,610,826
Claims payable	1,477,528	-	1,477,528
Net pension liability	26,575,626	-	26,575,626
Total Liabilities	\$ 76,453,310	\$ 105,122,096	\$ 181,575,406
Deferred Inflows of Resources			
Deferred inflows from pensions	\$ 2,207,556	\$ -	\$ 2,207,556
Deferred inflows from leases	2,117,285	10,239,839	12,357,124
Deferred inflows from OPEB	3,906,185	-	3,906,185
Total Deferred Inflows of Resources	\$ 8,231,026	\$ 10,239,839	\$ 18,470,865
Total Liabilities and Deferred Inflows of Resources	\$ 84,684,336	\$ 115,361,935	\$ 200,046,271
Net Position			
Net investment in capital assets	\$ 199,997,005	\$ 68,730,672	\$ 268,727,677
Restricted for:			
Special activities fund programming	12,889,320	-	12,889,320
Unrestricted	26,678,563	20,423,111	47,101,674
Total Net Position	\$ 239,564,888	\$ 89,153,783	\$ 328,718,671
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 324,249,224	\$ 204,515,718	\$ 528,764,942

See accompanying notes to the basic financial statements.

City of Rockville, Maryland

Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Capital	Primary Government		Total
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 24,767,845	\$ 921,900	\$ 966,720	\$ -	\$ (22,879,225)	\$ -	\$ (22,879,225)
Community development	8,507,999	3,746,815	932,404	-	(3,828,780)	-	(3,828,780)
Economic development	1,996,852	46,582	598,097	-	(1,352,173)	-	(1,352,173)
Public safety	12,144,440	1,849,248	736,374	-	(9,558,818)	-	(9,558,818)
Public works	14,039,787	886,217	-	3,853,390	(9,300,180)	-	(9,300,180)
Recreation and parks	22,644,143	5,142,856	551,125	1,513,088	(15,437,074)	-	(15,437,074)
Interest long-term debt	898,054	-	-	-	(898,054)	-	(898,054)
Total Governmental Activities	<u>\$ 84,999,120</u>	<u>\$ 12,593,618</u>	<u>\$ 3,784,720</u>	<u>\$ 5,366,478</u>	<u>\$ (63,254,304)</u>	<u>\$ -</u>	<u>\$ (63,254,304)</u>
Business-Type Activities:							
Water	\$ 10,275,797	\$ 11,849,849	\$ -	\$ 2,960,000	\$ -	\$ 4,534,052	\$ 4,534,052
Sewer	11,797,114	14,355,486	-	-	-	2,558,372	2,558,372
Refuse	5,527,202	6,487,980	-	533,345	-	1,494,123	1,494,123
Parking	1,896,381	761,933	-	317,164	-	(817,284)	(817,284)
Stormwater management	4,505,152	6,028,578	-	290,222	-	1,813,648	1,813,648
RedGate golf course	31,850	-	-	-	-	(31,850)	(31,850)
Total Business-Type Activities	<u>\$ 34,033,496</u>	<u>\$ 39,483,826</u>	<u>\$ -</u>	<u>\$ 4,100,731</u>	<u>\$ -</u>	<u>\$ 9,551,061</u>	<u>\$ 9,551,061</u>
Total primary government	<u>\$ 119,032,616</u>	<u>\$ 52,077,444</u>	<u>\$ 3,784,720</u>	<u>\$ 9,467,209</u>	<u>\$ (63,254,304)</u>	<u>\$ 9,551,061</u>	<u>\$ (53,703,243)</u>
	General revenues:						
					\$ 45,002,799	\$ 125,395	\$ 45,128,194
					18,874,910	-	18,874,910
					2,925,644	-	2,925,644
					5,327,472	-	5,327,472
					555,400	-	555,400
					(226,229)	97,680	(128,549)
					3,045,900	250,681	3,296,581
					2,460,800	(2,460,800)	-
					<u>\$ 77,966,696</u>	<u>\$ (1,987,044)</u>	<u>\$ 75,979,652</u>
					14,712,392	7,564,017	22,276,409
					1,040,097	(1,713,113)	(673,016)
					223,812,399	83,302,879	307,115,278
					<u>\$ 239,564,888</u>	<u>\$ 89,153,783</u>	<u>\$ 328,718,671</u>

City of Rockville, Maryland

Balance Sheet
Governmental Funds
June 30, 2022

		Debt	Capital	Other	Total
	General Fund	Service Fund	Projects Fund	Governmental Funds	Governmental Funds
Assets					
Cash and cash equivalents	\$ 20,441,168	\$ 183,919	\$ 9,306,916	\$ 13,004,115	\$ 42,936,118
Investments	15,263,735	-	15,370,537	-	30,634,272
Property taxes receivable, net	432,678	-	-	-	432,678
Accounts receivable	534,890	-	491,709	428,825	1,455,424
Interfund receivable	232,535	-	-	-	232,535
Due from other governments	4,715,869	-	-	328,589	5,044,458
Prepaid assets	156,000	-	-	-	156,000
Loans receivable	120,000	-	-	-	120,000
Lease receivable	2,168,222	-	-	-	2,168,222
Other assets, net	652,494	1,085	2,489	66,908	722,976
Unbilled assessments receivable	-	48,597	-	-	48,597
Total Assets	\$ 44,717,591	\$ 233,601	\$25,171,651	\$ 13,828,437	\$ 83,951,280
Liabilities					
Accounts payable	\$ 2,383,589	\$ -	\$ 1,910,955	\$ 738,125	\$ 5,032,669
Interfund payable	-	-	-	138,116	138,116
Accrued liabilities	3,412,393	-	-	52,893	3,465,286
Unearned revenue	4,391,879	-	-	-	4,391,879
Retainages payable	-	-	187,906	9,983	197,889
Deposits and other liabilities	1,817,697	-	-	-	1,817,697
Total Liabilities	\$ 12,005,558	\$ -	\$ 2,098,861	\$ 939,117	\$ 15,043,536
Deferred Inflows of Resources					
Unavailable revenue - property taxes	\$ 432,678	\$ -	\$ -	\$ -	\$ 432,678
Unavailable revenue - leases	2,117,285	-	-	-	2,117,285
Unavailable revenue - special assessments	-	48,597	-	-	48,597
Total Deferred Inflows of Resources	\$ 2,549,963	\$ 48,597	\$ -	\$ -	\$ 2,598,560
Total Liabilities and Deferred Inflows of Resources	\$ 14,555,521	\$ 48,597	\$ 2,098,861	\$ 939,117	\$ 17,642,096
Fund Balances					
Nonspendable:					
Inventory	\$ 633,080	\$ -	\$ -	\$ -	\$ 633,080
Loans receivable	120,000	-	-	-	120,000
Prepaid assets	156,000	-	-	-	156,000
Restricted for:					
Special revenue programming	-	-	-	12,889,320	12,889,320
Committed to:					
Debt service	-	185,004	-	-	185,004
1% COLA for retirees	573,620	-	-	-	573,620
Safety projects and equipment	290,000	-	-	-	290,000
Consultant studies	263,000	-	-	-	263,000
Assigned for:					
Consulting services	509,924	-	-	-	509,924
Capital outlays	943,043	-	23,072,790	-	24,015,833
Other purposes	226,992	-	-	-	226,992
Unassigned:	26,446,411	-	-	-	26,446,411
Total Fund Balance	\$ 30,162,070	\$ 185,004	\$23,072,790	\$ 12,889,320	\$ 66,309,184
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 44,717,591	\$ 233,601	\$25,171,651	\$ 13,828,437	\$ 83,951,280

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Reconciliation of Total Government Fund Balances to Net Position of
Governmental Activities
June 30, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		\$ 66,309,184
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	451,691,437	
Accumulated depreciation	<u>(225,383,958)</u>	226,307,479
Deferred inflows of resources - leases		(2,117,285)
Unavailable revenues are not financial resources in the governmental funds, therefore the liability is eliminated and total net position is increased.		2,598,560
The unamortized deferred charge on advance refunding represents a long term outflow of resources that is not presented in the governmental funds.		142,620
The net pension liability and the related deferred outflows and deferred inflows do not represent current financial resources or uses, and are not reported in the governmental funds.		
Net pension liability	(26,575,626)	
Deferred outflows from pensions	12,008,939	
Deferred inflows from pensions	<u>(2,207,556)</u>	(16,774,243)
The net OPEB liability and the related deferred inflows do not represent current financial resources or uses, and are not reported in the governmental funds.		
Net OPEB asset	127,941	
Deferred outflows from OPEB	1,943,500	
Deferred inflows from OPEB	<u>(3,906,185)</u>	(1,834,744)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities as of year-end consist of:		
Compensated absences	5,782,986	
Bonds payable and loans payable	22,876,804	
Leases payable	1,906,934	
Accrued interest on the general obligation bonds	57,823	
Unamortized bond premiums on the general obligation bonds	2,059,027	
Claims payable	<u>2,383,109</u>	(35,066,683)
Total net position - governmental activities		<u><u>\$239,564,888</u></u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 44,931,581	\$ -	\$ -	\$ -	\$ 44,931,581
Revenue from other governments:					
Income taxes	18,874,910	-	-	-	18,874,910
Gas and motor vehicles taxes	2,925,644	-	-	-	2,925,644
County tax duplication payment	5,327,472	-	-	-	5,327,472
Admission and amusement taxes	555,400	-	-	-	555,400
Grants and other governmental revenue	3,094,955	-	5,276,240	1,702,639	10,073,834
Licenses and permits	3,480,338	-	-	-	3,480,338
Charges for services	6,286,964	-	-	74,339	6,361,303
Use of money and property	(209,462)	3,099	(675,491)	22,942	(858,912)
Fines and forfeitures	511,807	-	-	1,260,113	1,771,920
Other revenues	1,979,742	-	-	1,112,811	3,092,553
Total Revenues	<u>\$ 87,759,351</u>	<u>\$ 3,099</u>	<u>\$ 4,600,749</u>	<u>\$ 4,172,844</u>	<u>\$ 96,536,043</u>
Expenditures					
Current operations:					
General government	\$ 19,304,167	\$ -	\$ -	\$ 75,462	\$ 19,379,629
Community development	8,135,123	-	-	372,876	8,507,999
Economic development	-	-	-	1,996,852	1,996,852
Public safety	10,869,820	-	-	940,703	11,810,523
Public works	7,868,556	-	-	159,601	8,028,157
Recreation and parks	22,215,292	-	-	305,854	22,521,146
Capital outlay	808,724	-	10,922,519	932,900	12,664,143
Debt service	-	4,629,316	-	-	4,629,316
Total Expenditures	<u>\$ 69,201,682</u>	<u>\$ 4,629,316</u>	<u>\$ 10,922,519</u>	<u>\$ 4,784,248</u>	<u>\$ 89,537,765</u>
Excess (deficiency) of Revenues over Expenditures	<u>\$ 18,557,669</u>	<u>\$ (4,626,217)</u>	<u>\$ (6,321,770)</u>	<u>\$ (611,404)</u>	<u>\$ 6,998,278</u>
Other Financing Sources (Uses)					
Transfers in	\$ 4,009,000	\$ 4,500,000	\$ 10,220,000	\$ 1,606,370	\$ 20,335,370
Transfers out	(17,874,570)	-	-	-	(17,874,570)
Leases - as lessee	487,150	-	-	-	487,150
Total Other Financing Sources (uses)	<u>\$ (13,378,420)</u>	<u>\$ 4,500,000</u>	<u>\$ 10,220,000</u>	<u>\$ 1,606,370</u>	<u>\$ 2,947,950</u>
Net change in fund balance	\$ 5,179,249	\$ (126,217)	\$ 3,898,230	\$ 994,966	\$ 9,946,228
Fund balance at beginning of year, as previously reported	24,982,821	311,221	19,174,560	10,854,257	55,322,859
Adjustments to beginning balance	-	-	-	1,040,097	1,040,097
Fund balance at end of year	<u>\$ 30,162,070</u>	<u>\$ 185,004</u>	<u>\$ 23,072,790</u>	<u>\$ 12,889,320</u>	<u>\$ 66,309,184</u>

City of Rockville, Maryland

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2022

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

Total net change in fund balances-total governmental funds	\$ 9,946,228
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$12,664,143 exceeded depreciation of \$11,428,314.	817,633
In the Statement of Activities, only the annual amortized loss on advance refunding is reported, whereas in the governmental funds, the entire loss from the advance refunding decreases financial resources in the year of the advance refunding.	(36,024)
In governmental funds, bond proceeds and repayment of bond principal are revenues and expenditures, respectively. In the Statement of Net Position these activities are adjustments to long term liabilities. Bond repayments amounted to \$3,722,421.	3,722,421
Governmental funds report the effect of premiums and discounts when debt is first issued, but these items are amortized in the Statement of Net Position and recognized annually.	330,301
In governmental funds, lease payments are revenues and expenditures, respectively. In the Statement of Net Position these activities are adjustments to long term liabilities. Lease repayments amounted to \$404,092.	404,092
Because the unavailable revenue will not be collected for several months after the City's fiscal year end, it is not considered revenue in the governmental funds. Unavailable revenue decreased in the current fiscal year.	71,218
The net pension liability and the related deferred outflows and deferred inflows relate to funding for future retiree benefit payments which are not considered current. Changes in the net pension liability, deferred outflows and deferred inflows are reflected below:	
Net pension liability	(17,988,859)
Deferred outflows from pensions	4,265,257
Deferred inflows from pensions	12,661,434
	(1,062,168)
The net OPEB liability and the related deferred inflows relate to funding for future retiree benefit payments which are not considered current. Changes in the net OPEB liability and deferred inflows are reflected below:	
Net OPEB liability	(2,872,587)
Deferred outflows from OPEB	1,943,500
Deferred inflows from OPEB	1,399,764
	470,677
Expenses for claims are recognized only when paid using current financial resources in the governmental fund statements. In the Statement of Activities, the expenses are recognized when the City is made aware of its liability for claims payments due. This claims payable increased in the current fiscal year.	(54,146)
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This fiscal year, vacation and sick leave earned of \$2,387,623 were less than the amounts used of \$2,480,942.	93,319
In the Statement of Activities, interest expense is recognized as interest accrues, regardless of when it is due. In the governmental funds interest is recognized as an expenditure when it is due and requires the use of current financial resources. In fiscal year 2022, accrued interest on long-term debt reported in the Statement of Activities decreased.	8,841
Change in net position of governmental activities	\$ 14,712,392

See accompanying notes to the basic financial statements.

City of Rockville, Maryland

Statement of Net Position

Proprietary Funds

June 30, 2022

	Business-Type Activities - Enterprise Funds						
	Water Facility	Sanitary	Refuse	Parking	Stormwater	Red Gate	Total
	Fund	Sewer Fund	Fund	Fund	Mgmt. Fund	Golf Course	Business-type
						Fund	Activities
Assets							
Current Assets							
Cash and cash equivalents	\$ 10,376,783	\$ 6,636,361	\$ 2,578,855	\$ 798,740	\$ 7,547,358	\$ -	\$ 27,938,097
Accounts receivable, net	3,004,366	4,018,314	25,915	174,255	258,505	-	7,481,355
Other receivables	7,545	5,846	2,146	1,051	5,307	-	21,895
Total current assets	\$ 13,388,694	\$ 10,660,521	\$ 2,606,916	\$ 974,046	\$ 7,811,170	\$ -	\$ 35,441,347
Noncurrent Assets							
Capital Assets:							
Land	123,202	-	-	-	842,697	1,093,041	2,058,940
Utility plant and equipment	98,321,420	125,747,964	7,960,482	27,951,331	27,206,768	2,607,389	289,795,354
Construction in progress	4,335,380	-	-	-	780,387	-	5,115,767
Purchased capacity, long-term	-	15,279,453	-	-	-	-	15,279,453
Less-accumulated depreciation	(55,771,189)	(74,686,117)	(5,921,743)	(7,737,585)	(9,404,895)	(2,296,033)	(155,817,562)
Right to use assets, net	118,900	37,248	36,340	-	58,164	-	250,652
Other Noncurrent Assets:							
Leases Receivable	1,505,861	-	-	8,682,151	-	-	10,188,012
Total noncurrent assets	\$ 48,633,574	\$ 66,378,548	\$ 2,075,079	\$ 28,895,897	\$ 19,483,121	\$ 1,404,397	\$ 166,870,616
Total Assets	\$ 62,022,268	\$ 77,039,069	\$ 4,681,995	\$ 29,869,943	\$ 27,294,291	\$ 1,404,397	\$ 202,311,963
Deferred Outflows of Resources							
Deferred charge on advance refunding	\$ 462,572	\$ 687,577	\$ -	\$ 1,042,011	\$ 11,595	\$ -	\$ 2,203,755
Total Assets and Deferred Outflows of Resources	\$ 62,484,840	\$ 77,726,646	\$ 4,681,995	\$ 30,911,954	\$ 27,305,886	\$ 1,404,397	\$ 204,515,718
Liabilities							
Current Liabilities							
Bonds payable, net	\$ 2,903,832	\$ 4,036,040	\$ 104,039	\$ 1,513,319	\$ 313,607	\$ 35,168	\$ 8,906,005
Accounts payable	1,355,852	85,066	187,103	162,999	301,254	-	2,092,274
Interfund payable	-	-	-	-	-	94,419	94,419
Accrued liabilities	143,674	126,341	80,607	61,771	44,806	254	457,453
Compensated absences	250,931	132,536	213,027	9,156	137,623	-	743,273
Retainages payable	152,350	-	-	-	105,190	-	257,540
Leases payable	29,741	9,845	7,423	-	17,946	-	64,955
Deposits and other liabilities	51,763	-	-	-	-	-	51,763
Total Current Liabilities	\$ 4,888,143	\$ 4,389,828	\$ 592,199	\$ 1,747,245	\$ 920,426	\$ 129,841	\$ 12,667,682
Noncurrent Liabilities							
Compensated absences	92,810	49,020	78,791	3,386	50,901	-	274,908
Leases payable	89,619	27,554	29,042	-	40,441	-	186,656
Bonds payable, net	28,052,369	38,730,724	298,079	24,056,460	855,218	-	91,992,850
Total noncurrent liabilities	\$ 28,234,798	\$ 38,807,298	\$ 405,912	\$ 24,059,846	\$ 946,560	\$ -	\$ 92,454,414
Total Liabilities	\$ 33,122,941	\$ 43,197,126	\$ 998,111	\$ 25,807,091	\$ 1,866,986	\$ 129,841	\$ 105,122,096
Deferred Inflows of Resources							
Deferred inflows from leases	\$ 1,471,462	\$ -	\$ -	\$ 8,768,377	\$ -	\$ -	\$ 10,239,839
Total Liabilities and Deferred Outflows of Resources	\$ 34,594,403	\$ 43,197,126	\$ 998,111	\$ 34,575,468	\$ 1,866,986	\$ 129,841	\$ 115,361,935
Net Position							
Net investment in capital assets	\$ 22,990,606	\$ 28,886,049	\$ 1,636,496	\$ (4,314,022)	\$ 18,162,314	\$ 1,369,229	\$ 68,730,672
Unrestricted	4,899,831	5,643,471	2,047,388	650,508	7,276,586	(94,673)	20,423,111
Total net position	\$ 27,890,437	\$ 34,529,520	\$ 3,683,884	\$ (3,663,514)	\$ 25,438,900	\$ 1,274,556	\$ 89,153,783
Total Liabilities and Net Position	\$ 62,484,840	\$ 77,726,646	\$ 4,681,995	\$ 30,911,954	\$ 27,305,886	\$ 1,404,397	\$ 204,515,718

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds						Total Business-type Activities
	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	RedGate Golf Course Fund	
Operating Revenues							
Charges for Services	\$ 11,849,849	\$ 14,355,486	\$ 6,487,980	\$ 761,933	\$ 6,028,578	\$ -	\$ 39,483,826
Other Revenues	138,361	22,387	66,328	125,395	23,605	-	376,076
Total Operating Revenues	\$ 11,988,210	\$ 14,377,873	\$ 6,554,308	\$ 887,328	\$ 6,052,183	\$ -	\$ 39,859,902
Operating Expenses							
Treatment and purification	2,613,279	-	-	-	-	-	2,613,279
Distribution	1,760,225	-	-	-	-	-	1,760,225
Collection and disposal	-	3,259,575	4,264,927	-	-	-	7,524,502
Customer billing, collection, operating expenses	1,440,524	2,243,607	123,668	608,788	3,380,851	-	7,797,438
Repairs and maintenance	191,654	130,019	735,474	2,740	85,415	-	1,145,302
Total Operating Expenses	\$ 6,005,682	\$ 5,633,201	\$ 5,124,069	\$ 611,528	\$ 3,466,266	\$ -	\$ 20,840,746
Operating income (loss) before depreciation/amortization	5,982,528	8,744,672	1,430,239	275,800	2,585,917	-	19,019,156
Less - depreciation/amortization	(3,502,413)	(5,208,441)	(395,061)	(702,073)	(1,023,494)	(31,685)	(10,863,167)
Operating Income (loss)	\$ 2,480,115	\$ 3,536,231	\$ 1,035,178	\$ (426,273)	\$ 1,562,423	\$ (31,685)	\$ 8,155,989
Nonoperating Income (Expenses)							
Interest income	21,239	16,393	5,818	39,172	15,058	-	97,680
Interest expense	(709,843)	(881,461)	(8,072)	(732,224)	(11,527)	(165)	(2,343,292)
Other, net	(57,859)	(74,011)	-	149,444	(3,865)	-	13,709
Total Nonoperating Income	\$ (746,463)	\$ (939,079)	\$ (2,254)	\$ (543,608)	\$ (334)	\$ (165)	\$ (2,231,903)
Income (loss) before capital contributions and transfers	1,733,652	2,597,152	1,032,924	(969,881)	1,562,089	(31,850)	5,924,086
Capital Grants and Contributions	2,960,000	-	533,345	317,164	290,222	-	4,100,731
Transfers							
Transfer (to) from Proprietary Funds	333,190	(333,190)	-	-	-	-	-
Transfer to General Fund	(1,375,000)	(639,000)	(1,137,000)	(88,000)	(770,000)	-	(4,009,000)
Transfer from General Fund	-	-	48,200	1,500,000	-	-	1,548,200
Total Transfers	\$ (1,041,810)	\$ (972,190)	\$ (1,088,800)	\$ 1,412,000	\$ (770,000)	\$ -	\$ (2,460,800)
Increase (decrease) in net position	3,651,842	1,624,962	477,469	759,283	1,082,311	(31,850)	7,564,017
Adjustment to beginning balance	-	-	-	(1,713,113)	-	-	(1,713,113)
Net position at beginning of year	24,238,595	32,904,558	3,206,415	(2,709,684)	24,356,589	1,306,406	83,302,879
Net position at end of year	\$ 27,890,437	\$ 34,529,520	\$ 3,683,884	\$ (3,663,514)	\$ 25,438,900	\$ 1,274,556	\$ 89,153,783

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds						Total Business-type Activities
	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	RedGate Golf Course Fund	
Cash Flows from operating activities:							
Cash received from customers	\$ 12,094,546	\$ 14,475,685	\$ 6,590,389	\$ 884,656	\$ 6,000,948	\$ -	\$ 40,046,224
Cash payments to suppliers for goods and services	(1,957,436)	(3,931,120)	(2,238,771)	(183,577)	(894,608)	-	(9,205,512)
Cash payments to employees for services	(3,970,029)	(1,966,206)	(3,024,230)	(289,378)	(2,674,674)	-	(11,924,517)
Net cash provided by operating activities	\$ 6,167,081	\$ 8,578,359	\$ 1,327,388	\$ 411,701	\$ 2,431,666	\$ -	\$ 18,916,195
Cash Flows from noncapital financing activities:							
Transfer (to) from Proprietary Funds	\$ 333,190	\$ (333,190)	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to General Fund	(1,375,000)	(639,000)	(1,137,000)	(88,000)	(770,000)	-	(4,009,000)
Transfer from the General Fund	-	-	48,200	1,500,000	-	-	1,548,200
Proceeds from interfund payable	-	-	-	-	-	23,782	23,782
Net cash provided by (used in) noncapital financing activities	\$ (1,041,810)	\$ (972,190)	\$ (1,088,800)	\$ 1,412,000	\$ (770,000)	\$ 23,782	\$ (2,437,018)
Cash Flows from capital and related financing activities:							
Capital grants and contributions	\$ 2,960,000	\$ -	\$ 533,345	\$ 317,164	\$ 235,353	\$ -	\$ 4,045,862
Acquisition and construction of capital assets	(4,874,578)	(3,014,362)	(324,216)	-	(1,461,543)	-	(9,674,699)
Principal paid on general obligation bond maturities	(2,654,539)	(3,780,170)	(95,000)	(1,440,000)	(312,734)	(22,027)	(8,304,470)
Interest paid on general obligation bonds	(965,323)	(1,189,188)	(17,493)	(759,022)	(21,650)	(1,755)	(2,954,431)
Leases receivable	(34,399)	-	-	346,443	-	-	312,044
Leases payable	119,360	37,399	36,465	-	58,387	-	251,611
Net cash provided by (used in) capital and related financing activities	\$ (5,449,479)	\$ (7,946,321)	\$ 133,101	\$ (1,535,415)	\$ (1,502,187)	\$ (23,782)	\$ (16,324,083)
Cash Flows from investing activities:							
Interest on investments	\$ 13,905	\$ 10,725	\$ 3,736	\$ 1,794	\$ 9,898	\$ -	\$ 40,058
Net increase (decrease) in cash and cash equivalents	(310,303)	(329,427)	375,425	290,080	169,377	-	195,152
Cash and cash equivalents at the beginning of year	10,687,086	6,965,788	2,203,430	508,660	7,377,981	-	27,742,945
Cash and cash equivalents at the end of year	\$ 10,376,783	\$ 6,636,361	\$ 2,578,855	\$ 798,740	\$ 7,547,358	\$ -	\$ 27,938,097

See accompanying notes to the basic financial statements.

(Continued)

City of Rockville, Maryland
Statement of Cash Flows (continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities

	Business-Type Activities - Enterprise Funds						Total Business-type Activities
	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	RedGate Golf Course Fund	
Operating income (loss)	\$ 2,480,115	\$ 3,536,231	\$ 1,035,178	\$ (426,273)	\$ 1,562,423	\$ (31,685)	\$ 8,155,989
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	\$ 3,502,413	\$ 5,208,441	\$ 395,061	\$ 702,073	\$ 1,023,494	\$ 31,685	\$ 10,863,167
Changes in assets and liabilities:							
Effect of changes in accounts receivable	112,823	97,812	36,081	(2,673)	(51,235)	-	192,808
Effect of changes in accounts payable	54,974	(184,534)	(31,034)	150,692	(19,907)	-	(29,809)
Effect of changes in accrued liabilities	(119,047)	(60,088)	(85,020)	(6,278)	(84,034)	-	(354,467)
Effect of changes in compensated absences	(10,061)	(19,503)	(22,878)	(5,840)	(12,912)	-	(71,194)
Effect of changes in retainages payable	152,350	-	-	-	13,837	-	166,187
Effect of changes in deposits and other liabilities	(6,486)	-	-	-	-	-	(6,486)
Total adjustments	<u>\$ 3,686,966</u>	<u>\$ 5,042,128</u>	<u>\$ 292,210</u>	<u>\$ 837,974</u>	<u>\$ 869,243</u>	<u>\$ 31,685</u>	<u>\$ 10,760,206</u>
Net cash provided by operating activities	<u>\$ 6,167,081</u>	<u>\$ 8,578,359</u>	<u>\$ 1,327,388</u>	<u>\$ 411,701</u>	<u>\$ 2,431,666</u>	<u>\$ -</u>	<u>\$ 18,916,195</u>
Noncash capital and related financing activities:							
Purchase of equipment on account	<u>\$ 861,116</u>	<u>\$ (124,026)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,175</u>	<u>\$ -</u>	<u>\$ 889,265</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2022

	Pension and OPEB Trust Funds
Assets	
Open End Mutual Funds:	
Fixed Income	\$ 36,231,659
Target date	19,238,146
Equities	74,886,923
Real estate	28,075,290
Global real assets	27,631
Global tactical asset allocation	13,427,196
Money markets	2,342,360
Total Assets	\$ 174,229,205
Liabilities	
Benefits Payable	\$ 37,408
Administrative expense payable	2,500
Total Liabilities	\$ 39,908
Net Position	
Restricted for pensions	\$ 165,022,136
Restricted for OPEB	9,167,161
Total Net Position restricted for plan benefits	\$ 174,189,297
Total Liabilities and Net Position	\$ 174,229,205

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2022

	Pension and OPEB Trust Funds
Additions	
Contributions	
Employer	\$ 5,723,157
Plan Members	2,434,109
Total Contributions	<u>8,157,266</u>
Investment earnings (losses)	
Net depreciation in the fair value of plan investments	(24,986,131)
Interest and dividends	6,158,174
Total investment earnings (losses)	<u>(18,827,957)</u>
Plus investment expense refunds	(382,134)
Net investment earnings (losses)	<u>(19,210,091)</u>
Total Additions	<u>\$ (11,052,825)</u>
Deductions	
Benefits	\$ 10,815,640
Administrative expense	167,632
Total Deductions	<u>\$ 10,983,272</u>
Net Increase (Decrease)	(22,036,097)
Net position at beginning of year	196,225,394
Net position at end of year	<u><u>\$ 174,189,297</u></u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Notes to the Basic Financial Statements
June 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Rockville (the "City"), was incorporated in 1860. Its legal authority is derived from Article XI E of the State Constitution and Article 23A of the Annotated Code of Maryland. The City has an estimated population of 71,800 and a land area of 13.55 square miles. According to the 2020 census, the City is the fourth largest city in Maryland. The City has operated under the council-manager form of government since 1948. The City is a municipal corporation where the City Council is comprised of a mayor and four at-large council members. Services provided include water, sewer, refuse, parking, streets and stormwater, recreation and parks, police, planning and zoning, and engineering services. Schools, libraries, social services, police and fire protection are provided by Montgomery County, Maryland (the "County").

For financial reporting purposes, the government-wide financial statements include the various departments governed directly by the Mayor and Council. The City's officials are also responsible for appointing the board of directors of the Rockville Housing Enterprises (RHE), but the City's accountability does not extend beyond making the appointments, therefore the finances of RHE are not included in the financial statements. The City provides financial assistance to Rockville Economic Development, Inc. (REDI), but is not obligated to provide such assistance; however, the finances of REDI are included in the financial statements. The City is the sole member of REDI. In the event of liquidation, all of the assets of REDI after the payment of obligations and liabilities will be transferred to the City. Based on the GASB 97 examination, REDI meets the criteria of a component unit of the City and is included in the City's financial statements. REDI's finances are presented as a special revenue fund in the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit, the entity for which the government is considered financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Rockville Economic Development, Inc. (REDI) was created to manage the City's economic development activities. REDI supports business outreach, expansion, retention, and recruitment programs. REDI is reported as a component unit because the mayor appoints its governing body. REDI is reported as a special revenue fund. Mostly all of the effects of interfund activities have been removed from these statements, see pages 78 and 79 for REDI note. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities. Business-type activities rely significantly on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are considered available when they are deemed collectible within the current period or soon thereafter to pay the liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The government reports the following major proprietary funds:

The City operates six major types of enterprise funds: The **Water Facility Fund**, the **Sanitary Sewer Fund**, the **Refuse Fund**, the **Parking Fund**, the **Stormwater Management Fund**, and the **RedGate Golf Course Fund**. These funds account for the provision of water and sewer services, recycling and refuse services and the parking meter program, for residents within the City's service area. The Refuse Fund and RedGate Golf Course Fund do not meet the requirements of a major fund; however, management has elected to report these funds as major. The Refuse Fund accounts for the financial activity associated with the collection and disposal of residential recycling, refuse and yard waste. The RedGate Golf Course Fund accounts for the long-term debt costs for the City's golf course facility. Golf operations at the RedGate property ceased on December 31, 2018.

Additionally, the government reports the following fund types:

The City operates four nonmajor governmental funds: The **Special Activities Fund**, the **Community Development Block Grant (CDBG) Fund**, and the **Automated Speed Enforcement Fund**. These funds primarily use donor restricted grants, contributions, and state-earmarked funding to meet specific programmatic needs. **Rockville Economic Development, Inc. (REDI)** – the blended component unit, primarily uses donor restricted grants and contributions to meet the needs of the City's economic development.

The City's fiduciary fund includes the **Pension and OPEB Trust Funds** which accounts for the contributions made by the City and its employees to finance future pension and post-employment benefit payments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, but interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, producing goods, and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Facility, Sanitary Sewer, Refuse, and Stormwater Management Funds are charges to customers for sales and services. The Water Facility and Sanitary Sewer funds also recognize the portion of capital contribution charges intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgetary Basis of Accounting

Annual budgets for governmental and proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The budget for the capital projects fund and capital projects activities in other funds are appropriated on a project-length basis and serve as a guide for the City's financial planning.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a fund. Transfers of appropriations between funds require the approval of the Mayor and Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations of all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**1. Deposits and Investments**

To facilitate effective management of the City's resources, substantially all operating cash is combined in one pooled account. Cash and cash equivalents include cash on hand, demand deposits and pooled cash. Investments held by the City include commercial paper, U.S. Treasury securities, U.S. Agency securities and mutual funds which are all stated at fair value. The Pension and OPEB Trust Fund assets are separately managed by the City's Retirement Board. The Pension and OPEB Trust Fund investments consist of mutual funds which are stated at fair value. Short-term pooled investments of one year or less which are included as cash equivalents are stated at amortized cost plus accrued interest.

For purposes of the Statement of Cash Flows, the proprietary funds reflect all monies in the City's cash management pool as cash equivalents.

Interest income earned on City investments is allocated among the funds each month pro-rata based on the average equity in pooled cash balances for the previous six months.

2. Property Taxes

Taxes on real property and business personal property are levied on property values as assessed on January 1, billed on July 1, and payable either by September 30 or in two equal installments on September 30 and December 31. Montgomery County bills and collects property taxes for the City and remits the cash collections monthly. Property taxes are attached as an enforceable lien on the underlying properties as of the succeeding June 1 and are, thereafter, sold at public auction if deemed delinquent.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

The real property tax rate was \$0.292 per \$100 of assessed value and the personal property tax rate was \$0.805 per \$100 of assessed value in fiscal year 2022. The City charges taxpayers interest (at the rate of 2/3 of 1 percent per month) and penalty (1 percent per month) on all overdue taxes.

3. Inventories and Prepaid Items

All City inventories (included in other assets in the governmental fund Balance Sheet) are maintained on a consumption basis of accounting and are valued at cost on a first-in, first-out basis and consist of either goods held for resale or goods and materials used in providing services. The classification of fund balance for General Fund inventories is made to reflect the non-spendable nature of those amounts for appropriation in the General Fund. Certain payments to vendors and contingent grants reflect costs applicable to future accounting periods and are recorded as prepaid items under the consumption method in both government-wide and fund financial statements.

4. Restricted Net Position

The Special Activities Fund, the Community Development Block Grant Fund (CDBG), the Automated Speed Enforcement Fund, and Rockville Economic Development Fund (REDI) are used to account for programs for which external funding sources impose requirements and restrictions on the use of funds for a particular purpose.

5. Capital Assets

Capital assets, which include buildings, infrastructure, equipment, furniture and fixtures, vehicles and purchased capacity assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and similar assets and capital assets received in a service concession arrangement, are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Assignments of fund balance in the Capital Projects Fund have been made to reflect the authorized capital project appropriations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The City early implemented GASB Statement No. 89, Accounting for Interest Costs Incurred before the End of a Construction Period and therefore does not capitalize interest. The capitalization threshold for infrastructure items is \$25,000. GASB Statement No. 34 requires prospective reporting of all infrastructure assets acquired after June 30, 2002. It has also required that all infrastructure assets that were acquired after June 30, 1980 be reported for fiscal years beginning after June 15, 2006. The City is in compliance with this requirement and has capitalized infrastructure assets acquired after June 30, 2002.

Capital assets of the primary government are depreciated over their useful lives using the straight-line method of depreciation in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The following are estimated useful lives:

<u>Description</u>	<u>Lives (Years)</u>
Buildings	30-50
Infrastructure	20-50
Equipment	3-20
Furniture and fixtures	7-10
Automobiles and trucks	5-7
Purchased capacity	50

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)****6. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the Statement of Net Position reports separate sections for deferred outflows and inflows of resources. Separate financial statement elements represent either a consumption or acquisition of net assets that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until then. The City has four items that qualify for reporting in these categories. They are the deferred charge on advance refunding reported in the government-wide and proprietary fund Statement of Net Position, the unavailable revenue for property taxes, special assessments, and leases reported in the Governmental Fund Balance Sheet, the deferred outflows and inflows from pension and OPEB activities reported in the government-wide Statement of Net Position, and the deferred inflows from leases reported in the government-wide Statement of Net Position and Proprietary Funds Statement of Net Position. A deferred charge on an advance refunding results from the difference in the carrying value of refunded debt and its reacquisition price. Deferred inflows and outflows from pension and OPEB activities reflect changes in assumptions, differences between actual and expected experience and differences between actual and projected earnings on investments. The deferred inflows from leases reflect the present values of payments expected to be received during the lease term, adjusted for lease payments received at or before the lease commencement dates. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused annual and sick leave benefits. Annual leave and sick leave are accrued when incurred and eligible for pay-out in the government-wide and proprietary financial statements. Sick leave is only eligible for pay-out when an employee is retiring, has elected sick leave pay-out instead of credited service and meets specific age and length of service requirements. An expenditure for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the current period in accordance with GASB Statement No. 65.

In the fund financial statements, the Debt Service Fund recognizes bond premiums and discounts, bond issuance costs, as well as any charges from advance refundings, in the period incurred. The face amount of debt issued is reported net of any bond premiums/discounts.

Commitments of fund balance in the Debt Service Fund have been made in accordance with the City's policy to maintain a minimum cash balance of 10% of average outstanding principal for future debt service appropriations. The City is not restricted by a legal debt limit.

9. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" or "interfund receivable/payable". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances".

10. Fund Balance

In the fund financial statements, governmental funds report fund balance using classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the purpose for which the funds may be spent. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned. When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first.

Nonspendable - Portion of net resources that cannot be spent either (a) because of their form or (b) because they must be maintained intact.

Restricted - Portion of net resources with imposed limitations set by either (a) creditors, grantors, contributors, or the laws and regulations of other governments or (b) laws through constitutional provisions or enabling legislation.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Committed - Portion of net resources with imposed limitations set at the highest level of decision making authority. Such authority includes ordinances of the Mayor and Council and the City's Charter. Formal action at the same level of authority is required to remove such limitations.

Assigned - Portion of net resources intended for a specific use by the City, as determined by the City Manager, as the designee of the Mayor and Council pursuant to ordinance 12-13.

Unassigned - Portion of net resources in excess of the nonspendable, restricted, committed and assigned balances. The General Fund is the only fund that must report a positive unassigned fund balance. In instances where expenditures incurred for a particular purpose exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

11. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net investment in capital assets portion of net position, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, including any balances from advanced refundings. The portion of net position related to investment in capital assets, is adjusted for unspent debt proceeds of \$11,252,319 attributable to business-type activities. Unspent debt proceeds of \$587,560 are attributable to governmental activities and are reported as assigned in the Capital Projects Fund. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The portion of net position restricted for external restrictions imposed by grantors is \$12,889,320, as noted in the government-wide statement of net position. Restricted resources are used first to fund appropriations. When an expense is incurred for which both restricted and unrestricted net position are available, the City will first apply restricted resources.

12. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

GASB Statement No. 97 requires the evaluation of certain component unit criteria. The City adopted the requirements of the guidance effective July 1, 2021.

13. Restatement of Beginning Net Position

Beginning net position was decreased \$1,713,113 for business-type activities/Parking Fund for the implementation of GASB Statement No. 87 to record the impact of recording lease receivables and related deferred inflows of resources, as well as re-establishment of the capital assets. The beginning net position for governmental activities increased by \$1,040,097, which reflects the adjustment to include Rockville Economic Development, Inc. (REDI)'s ending net position as of fiscal year 2021.

(2) DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The City maintains a cash and investment pool that is subject to oversight by the Mayor and Council, but is not subject to regulatory oversight by the Securities and Exchange Commission (SEC). The City's cash and investment pool is available for use by all of the City's funds, except the Fiduciary Funds. The City is restricted by State law to invest only in federally insured banks in the State of Maryland, federally insured savings and loan associations in the State of Maryland, or in the Maryland Local Government Investment Pool (MLGIP). The City invests in the MLGIP, a pooled fund money market for municipalities, which is highly efficient and utilizes a programmed approach to investing. The MLGIP was established under the Annotated Code of Maryland and is rated AAAM by Standard and Poors, their highest rating for money market funds. MLGIP is a 2a7 like pool, which is not registered with the Securities and Exchange Commission (SEC), but generally operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 (Rule 2a7). Unit value is computed using the amortized cost method. The City maintains other investments in commercial paper, U.S. agency securities, U.S. treasury securities and open end mutual funds which are managed by a third party asset manager. The City's Pension and OPEB Trust Funds are invested in open end mutual funds, which are subject to oversight by the City's Retirement Board. The City's open end mutual funds include equities, fixed income, real estate, global real assets, global tactical asset allocation accounts and money market funds. All investments are reported at fair value.

As of July 1, 2015, the City implemented GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Under this standard, the MLGIP meets the criteria of a qualified external investment pool, thereby allowing the City to report its investments using the amortized cost method. There are no limitations or restrictions on MLGIP withdrawals. Amounts invested in external investment pools of \$56,169,058 are comprised of securities valued using quoted market prices which are then allocated to pool participants to maintain a \$1.00 per unit value.

As of June 30, 2022, the City had the following cash, cash equivalents and investments included as cash and cash equivalents and investments in the Statement of Net Position and the Statement of Fiduciary Net Position.

	Primary Government	Fiduciary Funds	Interest Range
Deposits	\$ 14,705,157	\$ -	0.00%
Maryland Local Government Pool (MLGIP)	56,169,058	-	0.00% - 0.02%
Total Cash and Cash Equivalents	<u>\$ 70,874,215</u>	<u>\$ -</u>	
US Agency Securities	\$ 9,534,525	\$ -	
US Treasury Securities	20,957,198	-	0.15% - 1.51%
Open-End Mutual Funds	142,549	174,229,205	0.23% - 1.51%
Total Investments	<u>\$ 30,634,272</u>	<u>\$ 174,229,205</u>	0.00% - 0.01%
Total	<u>\$ 101,508,487</u>	<u>\$ 174,229,205</u>	

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Equity in Pooled Cash, Cash Equivalents and Investments (Continued)

Effective July 1, 2015 the City adopted GASB Statement No. 72, Fair Value Measurement and Application. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Asset Type	Total	Level 1	Level 2	Level 3
Primary Government				
US Agency Securities	9,534,525	-	9,534,525	-
US Treasury Securities	20,957,198	-	20,957,198	-
Open-End Mutual Funds	142,549	142,549	-	-
Fiduciary Funds				
Open-End Mutual Funds	\$ 174,229,205	\$ 96,495,060	\$ 77,734,145	\$ -
Total Investments at Fair Market Value	\$ 204,863,477	\$ 96,637,609	\$ 108,225,868	\$ -

- Amounts invested in open-end mutual funds of \$96,637,609 are comprised of securities valued using quoted market prices (Level 1). These funds are required to publish their daily net asset value (NAV) and to transact at that price.
- Amounts invested in U.S. agency securities of \$9,534,525 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).
- Amounts invested in U.S. treasury securities of \$20,957,198 are comprised of securities valued using quoted market prices of similar, but not identical assets. (Level 2).
- Amounts invested in open-end mutual funds of \$49,658,855 include investments in domestic fixed income securities which are priced by industry standard vendors such as Interactive Data Corporation, using observable inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads (Level 2).
- Amounts invested in open-end mutual funds of \$28,075,290 are comprised of real estate investments valued using observable inputs such as discounted income streams, the current cost of reproducing the real estate, and values indicated by comparable real estate in the market (Level 2).

Deposits:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. Maryland State Law prescribes that local government units, such as the City, must deposit its cash in banks which transact business in the State of Maryland. Such banks must also secure any deposits exceeding the Federal Depository Insurance Corporation insurance levels with collateral whose market value is at the least equal to 102% of the deposits. As of June 30, 2022, the City's bank balance was \$15,446,275, all of which were either covered by federal depository insurance or covered by collateral held in the pledging banks trust department in the City's name.

Foreign Currency Risk: Foreign currency risk, also known as exchange rate risk, is the financial risk arising from fluctuations in the value of a base currency against a foreign currency in which deposits are held. As of June 30, 2022 the City does not maintain deposits in foreign currencies and is not exposed to foreign currency risk.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Equity in Pooled Cash, Cash Equivalents and Investments (Continued)**Investments:**

Credit Risk: The Mayor and Council of Rockville recognize that their authority to invest the public funds of the City derives from Section 6-222a of the State of Maryland's Finance and Procurement Article, as well as Article 95, Section 22-22N of the Annotated Code of Maryland. Authority to invest City funds in compliance and provisions of these State statutes is delegated to the Director of Finance. All City investments must receive the highest letter and numerical rating from at least one nationally recognized statistical rating organization, except for obligations which are backed by the full credit of the U.S. Government, obligations of federal agencies, or an instrument that has been issued in accordance with acts of Congress and unrated. Investments in commercial paper must receive the highest letter and numerical rating from at least two nationally recognized statistical rating organizations. The Pension and OPEB Trust funds are invested in open-end pooled mutual funds, which are unrated.

At June 30, 2022 the City and its Fiduciary Funds held cash equivalents and investments which were exposed to credit risk with the following ratings:

Cash Equivalents and Investments	S&P Rating	Total
Maryland Local Government Pool (MLGIP)	AAAm	\$ 56,169,058
US Agency Securities	AA+	9,534,525
US Treasury Securities	AA+	20,957,198
Open-End Mutual Funds	Unrated	174,371,754

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is minimized due to the fact that all authorized investments have a maximum allowable maturity of five years from the date of purchase as stated in section XII of the City's investment policy. The MLGIP pooled money market funds and open-end mutual funds are highly liquid with no fixed maturity and therefore do not expose the City to interest rate risk. As of June 30, 2022, the cash equivalents and investments of the City and its Fiduciary Funds had the following maturities:

Cash Equivalents and Investments	Total	<1 year	1-2 years	2-3 years	3-4 years	4-5 years
Maryland Local Government Pool (MLGIP)	\$ 56,169,058	\$ 56,169,058	\$ -	\$ -	\$ -	\$ -
US Agency Securities	9,534,525	1,765,582	2,268,199	3,534,918	1,965,826	-
US Treasury Securities	20,957,198	1,020,824	7,054,260	5,593,055	4,673,596	2,615,463
Open-End Mutual Funds	174,371,754	174,371,754	-	-	-	-

Concentration of Credit Risk: Concentration of credit risk is the risk of losses associated with the City's investment in a single issuer. To reduce these risks the City's investment policy establishes the following limits: U.S. obligations backed by full faith and credit - 100%; federal agency obligations - 100% total, no more than 35% per federal agency issuer; repurchase agreements - 35% total; bankers' acceptances - 35% total; commercial paper - 10% total; money market mutual funds - 100%; Maryland local government investment pool - 100%.

At June 30, 2022 the City had \$20,957,198 of U.S. Treasury securities and \$9,534,525 of U.S. Agency securities which exceeded 5% of the City's total portfolio.

Custodial Credit Risk: Custodial credit risk for investments is the risk that in the event of failure of a depository financial institution or counterparty to a transaction, the City will not recover the value of deposits, investments or collateral securities that are in the possession of an outside party. The City is not exposed to custodial credit risk at June 30, 2022.

Foreign Currency Risk: Foreign currency risk, also known as exchange rate risk, is the financial risk arising from fluctuations in the value of a base currency against a foreign currency in which investments are held. As of June 30, 2022 the City does not maintain investments denominated in foreign currencies and is not exposed to foreign currency risk.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of the year ended June 30, 2022 for all of the City's individual funds were as follows:

Receivables	General	Debt Service	Capital Projects	Other Governmental Funds	Governmental Activities Total
Property Taxes Receivable	\$ 1,329,903	\$ -	\$ -	\$ -	\$ 1,329,903
Accounts Receivable	534,890	-	491,709	428,825	1,455,424
Interfund Receivable	232,535	-	-	-	232,535
Due from Other Governments	4,715,869	-	-	328,589	5,044,458
Loans Receivable					
REL P One, L.P.	120,000	-	-	-	120,000
Other Receivables	19,414	1,085	2,489	66,908	89,896
Lease Receivables	2,168,222	-	-	-	2,168,222
Unbilled Assessments Receivable	-	48,597	-	-	48,597
Gross Receivables	9,120,833	49,682	494,198	824,322	10,489,035
Allowance for Uncollectibles	(897,225)	-	-	-	(897,225)
Net Receivables	\$ 8,223,608	\$ 49,682	\$ 494,198	\$ 824,322	\$ 9,591,810

Receivables	Water	Sewer	Refuse	Parking	Stormwater Management	Business-type Activities Total
Billed / Unbilled Accounts	\$ 3,011,562	\$ 4,031,149	\$ 25,915	\$ -	\$ 258,505	\$ 7,327,131
Accounts Receivable	-	-	-	288,702	-	288,702
Other Receivables	7,545	5,846	2,146	1,051	5,307	21,895
Gross Receivables	3,019,107	4,036,995	28,061	289,753	263,812	7,637,728
Allowance for Uncollectibles	(7,196)	(12,835)	-	(114,447)	-	(134,478)
Net Receivables	\$ 3,011,911	\$ 4,024,160	\$ 28,061	\$ 175,306	\$ 263,812	\$ 7,503,250

Other Receivables includes balances for interest and investment earnings receivable.

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$1,031,703 at June 30, 2022, and is composed of the following:

General Fund property taxes receivable	\$ 897,225
Enterprise Funds utility fees receivable	20,031
Enterprise Funds parking citations receivable	114,447
Total allowance for uncollectibles	<u>\$ 1,031,703</u>

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables (Continued)

Governmental funds report deferred inflows in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities of the current period. Governmental funds also postpone revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows and unearned revenue in the governmental funds were as follows:

	Deferred	Unearned
Special assessments not yet due (Debt Service Fund)	\$ 48,597	\$ -
Property taxes receivable (General Fund)	432,678	-
Leases receivable (General Fund)	2,117,285	-
Recreation services not earned (General Fund)	-	1,882,756
American Rescue Plan Act not earned (General Fund)	-	2,509,123
Total deferred/unearned revenue for governmental funds	<u>\$ 2,598,560</u>	<u>\$ 4,391,879</u>

The City has the following loans receivable which are noncurrent assets:

REL P One, L.P. - The loan in the total amount of \$120,000 was issued on June 12, 2003 to REL P One, L.P. The loan bears no interest. The loan is secured by a Second Deed of Trust, Security Agreement and Assignment of Rents dated June 12, 2003. The maturity date is June 30, 2043. The loan is recorded in the General Fund. The outstanding balance was \$120,000 as of June 30, 2022.

C. Prepaid Assets

The City participated with the County by providing a contingent grant award, as an economic development initiative for Choice Hotels International, Inc., for the purpose of attracting business activity to the City. The grant has performance requirements, when if met, will initiate the City's recognition of the grant expenditure. If the performance requirements are not met, the contingent grant will convert to a loan receivable and bear interest at 3% per annum. The performance period for the contingent grant award of \$156,000 to Choice Hotels International, Inc. will conclude in August 2023. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. At June 30, 2022, prepaid assets in the General Fund consisted of \$156,000 for the contingent grant award to Choice Hotels International, Inc.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 11,544,482	\$ -	\$ -	\$ -	\$ 11,544,482
Construction in progress	15,512,344	4,973,258	-	(3,509,465)	16,976,137
Total capital assets, not being depreciated	<u>\$ 27,056,826</u>	<u>\$ 4,973,258</u>	<u>\$ -</u>	<u>\$ (3,509,465)</u>	<u>\$ 28,520,619</u>
Capital assets, being depreciated/amortized:					
Buildings	86,470,406	-	-	-	86,470,406
Right-to-use leased assets	-	2,311,026	-	-	2,311,026
Improvements other than buildings	43,039,298	686,460	-	1,469,817	45,195,575
Equipment	28,142,297	672,955	(1,189,391)	-	27,625,861
Infrastructure	253,196,832	6,331,470	-	2,039,648	261,567,950
Total capital assets being depreciated/amortized	<u>\$ 410,848,833</u>	<u>\$ 10,001,911</u>	<u>\$ (1,189,391)</u>	<u>\$ 3,509,465</u>	<u>\$ 423,170,818</u>
Less accumulated depreciation/amortization for:					
Buildings	(29,436,458)	(2,209,391)	-	-	(31,645,849)
Right-to use leased assets	-	(418,196)	-	-	(418,196)
Improvements other than buildings	(13,276,715)	(2,271,308)	-	-	(15,548,023)
Equipment	(21,069,009)	(1,688,714)	1,189,391	-	(21,568,332)
Infrastructure	(150,944,657)	(5,258,901)	-	-	(156,203,558)
Total accumulated depreciation	<u>\$ (214,726,839)</u>	<u>\$ (11,846,510)</u>	<u>\$ 1,189,391</u>	<u>\$ -</u>	<u>\$ (225,383,958)</u>
Total capital assets, being depreciated/amortized, net	<u>196,121,994</u>	<u>(1,844,599)</u>	<u>-</u>	<u>3,509,465</u>	<u>197,786,860</u>
Governmental activities capital assets, net	<u><u>\$ 223,178,820</u></u>	<u><u>\$ 3,128,659</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 226,307,479</u></u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,058,940	\$ -	\$ -	\$ -	\$ 2,058,940
Construction in progress	1,941,109	3,535,035	-	(360,377)	5,115,767
Total capital assets, not being depreciated	<u>\$ 4,000,049</u>	<u>\$ 3,535,035</u>	<u>\$ -</u>	<u>\$ (360,377)</u>	<u>\$ 7,174,707</u>
Capital assets, being depreciated/amortized:					
Buildings	32,328,917	-	-	-	32,328,917
Right-to-use leased assets	-	302,423	-	-	302,423
Improvements other than buildings	238,548,098	6,235,119	-	360,377	245,143,594
Equipment	13,014,119	491,387	(1,182,663)	-	12,322,843
Purchased capacity	15,279,453	-	-	-	15,279,453
Total capital assets being depreciated/amortized	<u>\$ 299,170,587</u>	<u>\$ 7,028,929</u>	<u>\$ (1,182,663)</u>	<u>\$ 360,377</u>	<u>\$ 305,377,230</u>
Less accumulated depreciation/amortization for:					
Buildings	(11,069,726)	(725,954)	-	-	(11,795,680)
Right-to-use leased assets	-	(51,771)	-	-	(51,771)
Improvements other than buildings	(118,865,175)	(9,214,833)	-	-	(128,080,008)
Equipment	(10,225,386)	(565,020)	1,182,663	-	(9,607,743)
Purchased capacity	(6,028,542)	(305,589)	-	-	(6,334,131)
Total accumulated depreciation	<u>\$ (146,188,829)</u>	<u>\$ (10,863,167)</u>	<u>\$ 1,182,663</u>	<u>\$ -</u>	<u>\$ (155,869,333)</u>
Total capital assets, being depreciated/amortized, net	<u>152,981,758</u>	<u>(3,834,238)</u>	<u>-</u>	<u>360,377</u>	<u>149,507,897</u>
Business-type activities capital assets, net	<u><u>\$ 156,981,807</u></u>	<u><u>\$ (299,203)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 156,682,604</u></u>

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Depreciation and amortization expense were charged to functions/programs of the City as follows:

Governmental Activities:	
General Government	\$ 5,203,966
Public Safety	507,917
Public Works	6,011,630
Recreation and Parks	122,997
Total depreciation expense - governmental activities	<u>\$ 11,846,510</u>
Business-Type Activities:	
Water	\$ 3,502,413
Sewer	5,208,441
Refuse	395,061
Parking	702,073
Stormwater Management	1,023,494
RedGate Golf Course	31,685
Total depreciation expense - business-type activities	<u>\$ 10,863,167</u>

E. Interfund Payables and Transfers

The interfund payables from various funds represent operating advances that are payable to the General Fund within one year. The interfund payables as of June 30, 2022 consisted of the following:

	Interfund Payable Total
Proprietary Funds:	
RedGate Golf Course Fund	\$ 94,419
Governmental Funds:	
Community Development Block Grant Fund (CDBG)	138,116
Total	<u>\$ 232,535</u>

The interfund transfers are used to provide resources from the General Fund to other funds, and occur in the normal course of business. Interfund transfers for the year ended June 30, 2022 consisted of the following:

	Transfers from / (to)	Purpose
	General Fund	
Debt Service Fund	\$ 4,500,000	To support repayment of general obligation bonds and loans
Capital Projects Fund	10,220,000	To provide pay-as-you-go funding for planned capital outlay
Special Activities Fund	203,910	To support various arts, community assistance and senior programs
Refuse Fund	48,200	To provide payment for refuse services used by RHE properties
Parking Fund	1,500,000	To support repayment of general obligation bonds
Rockville Economic Development, Inc. (REDI)	1,402,460	To support economic development
Water Facility Fund	(1,375,000)	To provide payment for General Fund administrative support
Sanitary Sewer Fund	(639,000)	To provide payment for General Fund administrative support
Refuse Fund	(1,137,000)	To provide payment for General Fund administrative support
Parking Fund	(88,000)	To provide payment for General Fund administrative support
Stormwater Mgmt. Fund	(770,000)	To provide payment for General Fund administrative support
Debt Service Fund	(4,500,000)	General Fund support for general obligation bonds and loans
Capital Projects Fund	(10,220,000)	General Fund support for planned capital outlay
Special Activities Fund	(203,910)	General Fund support for various arts, community assistance and senior programs
Rockville Economic Development, Inc. (REDI)	(1,402,460)	General Fund support for economic development
Total	<u>\$ (2,460,800)</u>	

Administrative functions of the City's water and sewer utility operations are maintained in the Water Fund. During the year ended June 30, 2022 the Sewer Fund transferred \$333,190 to the Water Fund in order to cover their share of operational expenses.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt**General Obligation Bonds and Loans Payable**

General obligation bonds provide funds for the acquisition and construction of major capital assets and are direct city obligations in which the full faith and credit of the government is pledged. These bonds generally are issued as 10-30 year serial bonds with equal amounts of principal maturing each year. When preferential interest rates exist, the City will issue refunding bonds to refinance outstanding general obligation bonds. Loans payable represent direct borrowings due to other government entities in connection with specific intergovernmental activities and initiatives. These loans are not secured with any collateral and are not subject to any special terms related to events of default, termination events or escalation clauses. As of June 30, 2022, the City has one unused line of credit of \$603,381 through the Maryland Department of the Environment. General obligation bonds and loans payable which were outstanding at June 30, 2022 are as follows:

	Year of Issuance	Outstanding Principal	Interest Rate Range	Year of Final Maturity
Governmental Activities				
General Improvements - Refunding 2013B	2013	445,299	3.00 - 4.00%	2023
General Improvements - Refunding 2014A	2014	1,014,667	2.00 - 5.00%	2024
General Improvements - Refunding 2015A	2015	1,839,050	4.00 - 5.00%	2025
General Improvements - 2016A	2016	770,000	2.00 - 3.00%	2036
General Improvements - Advance Refunding 2016B	2016	2,262,788	2.00 - 5.00%	2028
General Improvements - 2017A	2017	4,055,000	4.00%	2037
General Improvements - 2019A	2019	5,445,000	2.00 - 5.00%	2039
General Improvements - Refunding 2020A	2020	6,070,000	1.90%	2031
General Improvements - Advance Refunding 2020C	2020	975,000	1.00 - 1.70%	2025
Total Governmental Activities		\$ 22,876,804		
Business-Type Activities				
Loan Payable - State of Maryland	2002	208,037	1.90%	2023
Loan Payable - State of Maryland	2005	217,990	0.00%	2025
Loan Payable - State of Maryland	2010	394,719	1.00%	2031
General Improvements - Refunding 2013B	2013	144,701	3.00 - 4.00%	2023
General Improvements - Refunding 2014A	2014	240,333	2.00 - 5.00%	2024
General Improvements - Refunding 2015A	2015	1,385,949	4.00 - 5.00%	2025
General Improvements - 2015B	2015	6,860,000	2.00 - 5.00%	2036
General Improvements - 2016A	2016	3,570,000	2.00 - 3.00%	2036
General Improvements - Advance Refunding 2016B	2016	3,842,212	2.00 - 5.00%	2028
General Improvements - 2017A	2017	3,570,000	4.00%	2037
General Improvements - 2019A	2019	7,150,000	2.00 - 5.00%	2039
General Improvements - Advance Refunding 2019B	2019	25,220,000	2.55 - 3.00%	2036
General Improvements - Refunding 2020A	2020	4,360,000	1.90%	2031
General Improvements - 2020B	2020	16,790,000	1.00 - 5.00%	2040
General Improvements - Advance Refunding 2020C	2020	21,505,000	1.00 - 1.70%	2035
Total Business-Type Activities		\$ 95,458,941		

The City anticipates that all amounts required for payment of interest and principal on business-type activities debt will be provided from the respective fund's revenues; however, the bonds are further secured by the full faith and credit and unlimited taxing power of the City.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Unamortized bond premiums are reported with outstanding principal for governmental and business-type activities. The long-term outstanding debt payable consists of the following:

	Governmental Activities	Business-Type Activities
Long-term outstanding debt	\$ 22,876,804	\$ 95,458,941
Unamortized bond premiums	2,059,027	5,439,914
Long-term outstanding debt, net	<u>\$ 24,935,831</u>	<u>\$ 100,898,855</u>

The City's future payments of long-term debt are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities			
	Bonds		Bonds		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	3,705,374	766,052	8,014,625	2,628,796	331,271	7,900
2024	3,246,802	635,453	7,863,197	2,375,538	123,741	3,442
2025	2,732,538	532,286	7,752,464	2,139,112	124,252	2,930
2026	1,791,970	434,344	7,088,030	1,914,959	52,105	2,414
2027	1,780,120	370,520	6,999,880	1,708,048	52,626	1,894
2028	1,310,000	306,821	6,720,001	1,499,162	53,152	1,368
2029	1,295,000	266,321	6,314,999	1,303,312	53,683	836
2030	1,285,000	226,104	6,330,000	1,126,572	29,916	300
2031	1,270,000	186,076	6,305,000	954,833	-	-
2032	645,000	146,330	5,880,000	779,810	-	-
2033	645,000	125,894	5,455,000	637,537	-	-
2034	645,000	105,056	5,484,999	506,704	-	-
2035	645,000	83,750	4,795,000	371,818	-	-
2036	645,000	62,375	4,435,000	245,009	-	-
2037	595,000	40,600	1,580,000	122,188	-	-
2038	320,000	20,000	1,345,000	81,738	-	-
2039	320,000	10,000	1,345,000	50,170	-	-
2040	-	-	930,000	18,600	-	-
Total	\$ 22,876,804	\$ 4,317,982	\$ 94,638,195	\$ 18,463,906	\$ 820,746	\$ 21,084

Note: Principal amounts do not include net unamortized bond premiums of \$2,059,027 for governmental activities and \$5,439,914 for business-type activities.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

The City's future payments of long-term debt for governmental activities are as follows:

June 30,	Principal	Interest	Interest
2023	3,705,375	766,052	4,471,427
2024	3,246,802	635,453	3,882,255
2025	2,732,537	532,286	3,264,823
2026	1,791,970	434,344	2,226,314
2027	1,780,120	370,520	2,150,640
2028	1,310,000	306,821	1,616,821
2029	1,295,000	266,321	1,561,321
2030	1,285,000	226,104	1,511,104
2031	1,270,000	186,076	1,456,076
2032	645,000	146,330	791,330
2033	645,000	125,894	770,894
2034	645,000	105,056	750,056
2035	645,000	83,750	728,750
2036	645,000	62,375	707,375
2037	595,000	40,600	635,600
2038	320,000	20,000	340,000
2039	320,000	10,000	330,000
Total	\$ 22,876,804	\$ 4,317,982	\$ 27,194,786

Note: Principal amounts do not include net unamortized bond premiums of \$2,059,027 for governmental activities.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

The City's future payments of long-term debt for business-type activities are as follows:

Business-Type Activities													Total
Fiscal Year	Water		Sanitary		Refuse		Parking		Stormwater		Red Gate		Principal
Ending	Facility		Sewer						Management		Golf Course		and
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Interest
2023	2,658,406	850,954	3,767,413	1,046,805	95,000	12,744	1,490,000	715,822	313,235	9,497	21,841	874	10,982,591
2024	2,440,640	758,595	3,617,558	934,178	90,000	7,994	1,530,000	671,122	308,740	7,091	-	-	10,365,918
2025	2,429,329	675,317	3,473,134	832,377	95,000	4,394	1,575,000	625,223	304,253	4,731	-	-	10,018,758
2026	2,256,233	594,193	3,116,797	740,539	95,000	2,254	1,620,000	577,972	52,105	2,415	-	-	9,057,508
2027	2,238,476	520,797	3,086,404	657,879	-	-	1,675,000	529,372	52,626	1,894	-	-	8,762,448
2028	2,214,188	445,898	2,785,813	574,141	-	-	1,720,000	479,123	53,152	1,368	-	-	8,273,683
2029	1,786,459	371,557	2,753,541	504,233	-	-	1,775,000	427,522	53,682	836	-	-	7,672,830
2030	1,773,673	317,958	2,731,327	434,342	-	-	1,825,000	374,273	29,917	299	-	-	7,486,789
2031	1,739,553	263,785	2,690,447	363,313	-	-	1,875,000	327,735	-	-	-	-	7,259,833
2032	1,523,515	209,594	2,436,485	291,231	-	-	1,920,000	278,985	-	-	-	-	6,659,810
2033	1,377,848	171,585	2,107,152	237,847	-	-	1,970,000	228,105	-	-	-	-	6,092,537
2034	1,368,291	140,375	2,091,708	191,414	-	-	2,025,000	174,915	-	-	-	-	5,991,703
2035	1,140,000	108,799	1,570,000	143,791	-	-	2,085,000	119,228	-	-	-	-	5,166,818
2036	1,025,000	80,436	1,275,000	103,725	-	-	2,135,000	60,848	-	-	-	-	4,680,009
2037	705,000	53,938	875,000	68,250	-	-	-	-	-	-	-	-	1,702,188
2038	620,000	37,388	725,000	44,350	-	-	-	-	-	-	-	-	1,426,738
2039	620,000	24,145	725,000	26,025	-	-	-	-	-	-	-	-	1,395,170
2040	545,000	10,900	385,000	7,700	-	-	-	-	-	-	-	-	948,600
Total	\$28,461,611	\$5,636,214	\$40,212,779	\$ 7,202,140	\$ 375,000	\$ 27,386	\$25,220,000	\$ 5,590,245	\$1,167,710	\$ 28,131	\$ 21,841	\$ 874	\$ 113,943,931

Note: Principal amounts do not include net unamortized bond premiums of \$5,439,914 for business-type activities.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Loans Payable

Three loans totaling \$8,122,000 were awarded from the State of Maryland to the City between August 1998 and December 2001 to support the rehabilitation of the City's Water Treatment Plant. These loans have interest rates ranging from 1.90% to 3.64%. At June 30, 2022 there is one loan outstanding with a balance of \$208,037 in the Water Fund.

A non-interest bearing loan for \$1,381,600 was awarded to the City from the State of Maryland in September 2005 for the restoration of Wootton Mill Park Stream. At June 30, 2022 the outstanding loan payable in the Stormwater Management Fund is \$217,990.

A loan was awarded to the City for \$998,100 from American Recovery and Reinvestment Act (ARRA) Funds through Maryland Department of the Environment (MDE) in December 2009. This is a revolving loan with a 1.00% interest rate that was awarded to the City for improvements to Woodley Gardens Park; of which \$394,719 remained outstanding in the Stormwater Management Fund as of June 30, 2022.

Conduit Debt Obligations

From time to time, the City may issue Economic Revenue Development Bonds to provide financial assistance to non-profit 501(c)3 entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2022, there are Economic Development Revenue Bonds outstanding with National Lutheran Home & Village at Rockville, Inc. with a principal amount payable of \$18,985,000 and with King Farm Presbyterian Retirement Community, Inc. with a principal amount payable of \$134,680,000.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)**Changes in Long-Term Liabilities**

The following is a summary of changes in the City's governmental activities long-term liabilities and business-type activities long term liabilities for the year ended June 30, 2022:

	Balance as of 6/30/21	Additions	Reductions	Balance as of 6/30/22	Due within One Year
Governmental Activities					
General obligation bonds	\$ 26,599,225	\$ -	\$ (3,722,421)	\$ 22,876,804	\$ 3,705,374
Unamortized bond premiums	2,389,328	-	(330,301)	2,059,027	314,956
Accrued obligations for compensated absences	5,876,305	2,387,623	(2,480,942)	5,782,986	4,221,580
Leases payable	-	2,311,026	(404,092)	1,906,934	482,764
Claims payable	2,328,963	801,441	(747,295)	2,383,109	905,581
Net pension liability	8,586,767	24,410,264	(6,421,405)	26,575,626	-
Net OPEB liability/(Asset)	(3,000,528)	3,980,271	(1,107,684)	(127,941)	-
Governmental activities long-term liabilities	<u>\$ 42,780,060</u>	<u>\$33,890,625</u>	<u>\$ (15,214,140)</u>	<u>\$ 61,456,545</u>	<u>\$ 9,630,255</u>
Business-Type Activities					
General obligation bonds and loans					
Water facility fund	\$ 31,116,150	\$ -	\$ (2,654,539)	\$ 28,461,611	\$ 2,658,406
Sanitary sewer fund	43,992,950	-	(3,780,171)	40,212,779	3,767,413
Refuse fund	470,000	-	(95,000)	375,000	95,000
Parking fund	26,660,000	-	(1,440,000)	25,220,000	1,490,000
Stormwater management fund	1,480,444	-	(312,734)	1,167,710	313,235
RedGate golf course fund	43,868	-	(22,027)	21,841	21,841
Unamortized bond premiums	6,022,723	-	(582,809)	5,439,914	560,110
Leases payable	-	302,423	(50,812)	251,611	64,955
Accrued obligations for compensated absences	1,089,375	584,600	(655,794)	1,018,181	743,273
Business-type activities long-term liabilities	<u>\$ 110,875,510</u>	<u>\$ 887,023</u>	<u>\$ (9,593,886)</u>	<u>\$ 102,168,647</u>	<u>\$ 9,714,233</u>

G. Leases – City as a Lessor

The City is a lessor for a noncancellable lease of a water storage tank and a communication tower in its Water Facility Fund. The City recognizes a lease receivable and a deferred inflows of resources of \$1,562,330 in the Water Facility Fund. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The lease has a discount rate of 1.94% for the water storage tank and 2.15% for the communication tower. The value of the deferred inflow of resources as of June 30, 2022 was \$1,471,462. The leases provide for three renewal options, each for 60 months. The lease receivable at the year end was \$1,505,861.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Leases – City as a Lessor (Continued)

The City is also a lessor for a noncancellable lease of several parking garages in its Parking Fund. The GASB Statement No. 87 requires re-measurement of the parking garages. The City recognizes a lease receivable and a deferred inflows of resources in the amount of \$8,992,250 in its Parking Fund. The lease has a discount rate of 2.43%. Because the City has recognized a capital lease since its inception, a restatement of beginning balance of \$22,623,885 was completed to account for the new GASB requirement. The City also reestablished the asset due to this re-measurement. The parking garage asset was recorded in the amount of \$27,881,029, adjusted for accumulated depreciation of \$6,970,257, which resulted in a restatement of beginning balance of \$20,910,772. So, the net effect for the Parking Fund beginning balance adjustment was (\$1,713,113). The value of the deferred inflow of resources as of June 30, 2022 was \$8,768,377. The lease receivable at the year end was \$8,682,151.

The City, acting as lessor, leases several properties, including the Arts and Innovation Center to VisArts, the communication facilities, as well as telecommunication facility in its General Fund. An initial lease receivable and a deferred inflows of resources were recorded in the amount of \$2,262,817. The value of the deferred inflow of resources as of June 30, 2022 was \$2,117,285. The discount rate for the lease of art facility is 2.34% and the lease has four extensions, each for 60 months. The discount rate for the lease of communication facility at Avery Road is 1.87% and the lease has three extensions, each for 60 months. The discount rate for the lease of communication facility at Lake Frank is 2.22% and the lease has four extensions, each for 60 months. The discount rate for the lease of telecommunication monopole facility is 0.81%.

The leases receivable and deferred inflows from leases are recognized in the government-wide financial statements.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Total future minimum lease payments to be received under lease agreements are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total
	Leases		Leases		
	Principal	Interest	Principal	Interest	
2023	\$ 96,818	\$ 44,758	\$ 193,693	\$ 240,577	\$ 575,846
2024	102,800	43,266	200,814	236,082	582,962
2025	109,055	41,681	208,174	231,427	590,337
2026	79,477	40,083	215,779	226,608	561,947
2027	168,356	38,695	223,637	221,620	652,308
2028-2032	1,611,716	379,128	9,145,915	3,974,319	15,111,078
Total	\$ 2,168,222	\$ 587,611	\$ 10,188,012	\$ 5,130,633	\$ 18,074,478

H. Leases – City as a Lessee

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The City uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City is a lessee for a noncancellable lease of vehicles. In the Water Facility Fund, the City recognizes a lease liability and an intangible right-to-use asset (lease asset) of \$142,046. The discount rate is 0.98%. The total lease liability at June 30, 2022 was \$119,360.

The City is a lessee for a noncancellable lease of vehicles. In the Sanitary Sewer Fund, the City recognizes a lease liability and an intangible right-to-use asset (lease asset) of \$47,181. The discount rate is 0.98%. The total lease liability at June 30, 2022 was \$37,399.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Leases – City as a Lessee (Continued)

The City is a lessee for a noncancellable lease of vehicles. In the Refuse Fund, the City recognizes a lease liability and an intangible right-to-use asset (lease asset) of \$36,967. The discount rate is 0.65%. The total lease liability at June 30, 2022 was \$36,465.

The City is a lessee for a noncancellable lease of vehicles. In the Stormwater Management Fund, the City recognizes a lease liability and an intangible right-to-use asset (lease asset) of \$76,229. The discount rate ranges from 0.81% to 0.98%. The total lease liability at June 30, 2022 was \$58,387.

The City is a lessee for noncancellable lease of vehicles, copiers and parking spaces. The City recognizes a lease liability and an intangible right-to-use asset (lease asset) of \$2,311,026 as long-term obligations. During fiscal year 2022, the City recognized a total of \$487,150 as other financing sources in the General Fund. These other financing sources include the current year vehicle leases of \$435,534 and copier leases of \$51,616. An initial lease liability for the parking space was recorded in the amount of \$279,045. The lease has an interest rate of 0.44%. The City has one extension option for 12 months. The vehicle leases discount rate ranges from 0.65% to 0.81%. The copier lease has a discount rate of 2.65%.

The City, acting as lessee, had a total net right to use lease asset for \$1,892,830 for governmental activities, and \$250,652 for business-type activities in the government-wide financial statements.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The future minimum lease payments under lease agreements are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total
	Leases		Leases		
	Principal	Interest	Principal	Interest	
2023	\$ 482,764	\$ 14,981	\$ 64,955	\$ 1,929	\$ 564,629
2024	487,336	10,409	65,571	1,351	564,668
2025	426,402	5,910	63,163	772	496,247
2026	247,838	2,633	45,090	251	295,812
2027	149,640	636	12,832	38	163,146
2028-2032	112,953	1,047	-	-	114,000
Total	\$ 1,906,934	\$ 35,615	\$ 251,611	\$ 4,341	\$ 2,198,501

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities	Business-Type Activities
Buildings	\$ 279,045	\$ -
Equipment	2,031,981	302,423
Less: accumulated amortization	(418,196)	(51,771)
	<u>\$ 1,892,830</u>	<u>\$ 250,652</u>

I. Fund Balance and Net Position

The City has classified portions of its governmental fund balance as nonspendable, which reflects the nonspendable form of the assets. At June 30, 2022 total nonspendable fund balance is \$909,080.

At June 30, 2022 the City had a net position deficit in the Parking Fund of \$3,663,514. This will continue until the long-term debt from the construction of the parking garages is repaid.

(3) OTHER INFORMATION**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and employee health benefits. The City carries insurance for worker's compensation, comprehensive general, automobile and professional liability, fire and theft, and the liability for errors, omissions and other selected areas that require coverage.

Beginning July 1, 2011, the City became partially self-insured with respect to worker's compensation. City management believes it is more economical to manage its risks internally and set aside assets for claim settlements. The City has a Self-Insured Retention (SIR) of \$500,000 per claim with an aggregate retention of \$2,200,000 for the policy year. The worker's compensation claims payable of \$2,383,109 reported at June 30, 2022 includes all claims for which information prior to the issuance of the financial statements indicates that it was probable that a liability had been incurred and that the loss could be reasonably estimated. Changes in the claims liability amounts for the current and previous year are as follows:

Fiscal Year	Beginning of the Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2021	\$ 2,281,879	\$ 717,800	\$ (670,716)	\$ 2,328,963
2022	\$ 2,328,963	\$ 801,441	\$ (747,295)	\$ 2,383,109

The City continues to carry commercial insurance for employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Tax Abatements

The City enters into property tax abatement arrangements in the form of agreements with specific entities and special tax credit programs when authorized by the Mayor and Council. For fiscal year ended June 30, 2022, while maintaining the same tax rate, the City abated property taxes totaling \$77,380, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- Fireside Park Apartments makes payments in lieu of taxes (PILOT) under a waiver agreement in support of affordable housing within the City. The abatement amounted to \$50,500.
- In support of affordable housing within the City, an agreement with Rockville Housing Enterprise's subsidiary RELP, exempts certain properties from property tax. The abatement amounted to \$21,500.

C. Commitments and Contingent Liabilities**Washington Suburban Sanitary Commission (WSSC)**

The City has an agreement with WSSC that includes shared responsibility for upgrades and enhancements to the Blue Plains Waste Water Treatment Plant. Through June 30, 2022, the City had paid \$83,198,447 as its share of the construction costs of the treatment facility and the related sewer transmission lines, which were recorded in capital assets. The City's remaining contribution through the completion of the project is estimated to be \$15,662,469 for treatment capacity. The City intends to issue bonds to fund most of these costs.

The City has no direct ongoing equity interest in WSSC's assets and liabilities. Furthermore, the City has no significant influence over the management of the treatment facilities. Accordingly, the City does not record this contractual arrangement as a joint venture.

In addition to the capacity cost described above, WSSC charges the City a portion of its operating costs for treatment of sewage. The City accrues an amount for these charges each year based on its best estimate of usage. Adjustments to the accrued charges, which result from subsequent billings by WSSC, are recorded in the period during which the City receives the final bill.

(3) OTHER INFORMATION (CONTINUED)

C. Commitments and Contingent Liabilities (Continued)Litigation

The City is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. The total number of pending lawsuits and claims not covered by insurance nor expressly provided in these statements will not have an adverse impact on the City's financial condition.

Encumbrances

As discussed in Note (1)D, Budgetary Basis of Accounting, encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	Encumbrances
General Fund	\$ 1,679,959
Other Governmental Funds	72,831
Total	<u>\$ 1,752,790</u>

American Rescue Plan Act (ARPA)

During fiscal year 2022 the City received \$4.8 million - its second and final tranche of the \$9.6 million – total ARPA allocation. The American Rescue Plan Act (ARPA) was established to aid state and local governments in the recovery from the budgetary, economic, and financial impacts of the COVID-19 pandemic. The City of Rockville's total allocation equals \$9.6 million, of which the first tranche was delivered in July 2021 and the second tranche in June 2022. According to the current guidance from the United States Department of Treasury (U.S. Treasury), ARPA fund obligations need to be made by December 31, 2024 (mid-FY 2025) and spent by December 31, 2026 (mid-FY 2027).

The U. S. Treasury's guidance defines the eligible uses for the ARPA funds. The broad categories of eligible uses include revenue replacement for the provision of government services to the extent that there was a reduction in revenue due to the COVID-19 public health emergency; premium pay for essential workers; public health expenditures for COVID-19 mitigation efforts, medical expenses, and behavioral healthcare; assistance to small businesses, households, and hard-hit industries; and infrastructure investment in water, sewer, and broadband. The U.S. Treasury guidance contains two restrictions on eligible uses: 1) funds cannot be used to directly/indirectly offset tax reductions or delay a tax increase; 2) funds cannot be deposited into any pension account; 3) funds cannot be used to pay interest or principal on outstanding debt; 4) funds cannot be used as replenishment of reserves; and 5) funds cannot be used to undermine purpose of pandemic mitigation.

During FY 2022, the Mayor and Council held several meetings to discuss the city's use of the ARPA funds. The Mayor and Council appropriated \$7.1 million of the total \$9.6 million for the following:

- \$1 million for delinquent water and sewer bill forgiveness,
- \$1.4 million for commercial water meter replacements,
- \$750,000 for Water Treatment Plant Upgrades,
- \$530,000 for Water Treatment Plant Safety Improvements,
- \$300,000 for Water Treatment Plant SCADA security improvements,
- \$650,000 for King Farm Farmstead sewer infrastructure,
- \$450,000 for King Farm Farmstead electrical infrastructure,
- \$533,345 for Gude Drive facility recycling transfer enclosure,
- \$900,000 for Maintenance and Emergency Operations Facility improvements,
- \$100,000 for Civic Center ADA sidewalk design, and
- \$550,000 for Stonestreet Corridor improvements.

D. Expenses Exceeding Appropriation

During fiscal year 2022 the City had an expense of \$697,026 exceeding appropriations in the Parking Fund. This expense reflects the annual depreciation of the parking garage as a result of the implementation of GASB Statement 87 in the Parking Fund.

(4) RETIREMENT PLANS

A. Retirement Plan Descriptions

Covered police and non-police employees hired before 1986 participate in a single-employer defined benefit pension plan. Non-police employees hired on or after 1986 participate in a hybrid pension plan that includes a single-employer defined benefit plan and a defined contribution plan. All benefitted employees of the City have the option to participate in a deferred compensation plan. The Retirement Board is composed of a member of the Mayor and Council, the City Manager, three City employees, below assistant department head level, and two residents with previous business experience, one of whom serves as the chairperson. Each board member serves a two-year term. The Finance Director is the executive secretary to the board. The Retirement Board makes recommendations to Mayor and Council, which has the authority to establish and amend the benefit provisions of the pension plans including contribution requirements of the employees and employer.

The City has implemented GASB Statement No. 67, Financial Reporting for Pension Plans and GASB Statement No. 68, Accounting and Financial Reporting for Pensions. These statements replace previously issued requirements for pension plans administered through trusts.

Measurement Focus and Basis of Accounting

The financial statements of the City's pension plans are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which contributions are due. City contributions to each plan are recognized when due and the City has made a formal commitment to provide the contributions. City contributions to the defined benefit pension plan are actuarially determined. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Future payments of the net pension liability are the primary responsibility of the General Fund, therefore this long-term liability is presented in the Government-wide Statement of Net Position.

Administration

The Principal Financial Group and Lincoln Financial are record-keepers of the single-employer defined benefit pension plan and the hybrid pension plan, which were established and are administered by the City. For financial reporting purposes, the Rockville Employee Retirement System (ROCKERS) includes the Pension and OPEB Trust Funds, a Fiduciary Fund in the City's financial statements. No other financial statements are issued related to the ROCKERS.

The ROCKERS includes the pre-1986 single-employer defined benefit pension plan and the hybrid pension plan which includes a defined benefit plan and a defined contribution plan. The activities of the pre-1986 defined benefit plan are combined with the activities of the defined benefit component of the hybrid plan for reporting purposes. The defined contribution plan and defined benefit plan are reported as separate Pension Trust Funds.

Method Used to Value Investments

Plan investments are reported at fair value or estimated fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation.

B. Defined Benefit Pension Plan

Pre-1986 Plan Benefits and Contributions

This benefit is available to police employees, who participate 100 percent in the defined benefit option regardless of the date of employment, administrative employees hired prior to April 15, 1986 and union employees hired prior to December 2, 1986. An employee who retires at age 60 or a police employee with the completion of 25 years of credited service regardless of age is entitled to an annual retirement benefit, payable monthly for life (120 payments are guaranteed). For union employees, the annual benefit amount is equal to 1.8 percent of their final average salary, for each year of credited service, for administrative personnel in an amount equal to 1.8 percent of their final average salary for credited service before April 1, 1996, and 2.0 percent of their final average salary for credited service after April 1, 1996.

(4) RETIREMENT PLANS

B. Defined Benefit Pension Plan (Continued)

For police personnel, the annual benefit amount is equal to the lesser of (a) (1) 2.0 percent of their final average earnings multiplied by their years of credited service prior to April 1, 2004, plus (2) 2.25 percent of their final average earnings multiplied by their years of credited service on or after April 1, 2004, or (b) 67.5 percent of their final average earnings. Final average salary for administrative personnel and union employees is computed as the average earnings over three consecutive years within the last 10 years of service which produces the highest average and for police employees the average annual earnings is computed as the average annual earnings during the final 60 months of employment with the City.

Covered police and pre-1986 non-police employees are required by statute to contribute a certain percent (4.2 percent for union, 5.2 percent for administrative and 8.5 percent for police) of their salaries to the plan. If an employee leaves covered employment or dies before 10 years of credited service (based upon a graduated vesting schedule of 50 percent after five years, up to 100 percent after 10 years of credited service), accumulated employee contributions plus credited interest thereon at the rate of 6 percent and a portion of the City's contribution (City contributions are deemed to be 150 percent of the employees contributions plus credited interest) are paid to the employee or designated beneficiary.

Post-1986 Hybrid Plan Benefits and Contributions

This benefit is available to full-time, permanent, non-police employees hired on or after April 15, 1986 and union employees hired after December 2, 1986. An employee becomes an eligible retiree after (a) having attained age 60 (age 65 for employees hired after July 1, 2011) while employed with the City and completed at least 10 years of service prior to retirement, (b) taking early retirement occasioned by poor health, having attained age 50 while employed with the City and having completed 10 years of service if hired before July 1, 2011, or having attained age 58 while employed with the City and having completed 10 years of service if hired on or after July 1, 2011, or (c) taking early retirement from the City when their age plus service equals or exceeds 85. These employees are also covered by the defined contribution plan described below. Employees are required to participate from the date of employment. Union employees are covered for an annual benefit equal to 1.0 percent of average salary and administrative personnel are covered for an annual benefit equal to 1.0 percent before April 1, 1996, and 1.2 percent on or after April 1, 1996, of average salary (as previously defined) for each year of credited service.

Administrative personnel are required by statute to contribute 1.0 percent of their salaries to the plan starting April 1, 1996 and union personnel have no contribution requirement. Employees are fully vested after 10 years of service, regardless of the plan entry age.

Membership

Membership in the defined benefit plan consisted of the following at July 1, 2021, the date of the most recent actuarial valuation:

Retirees and beneficiaries receiving benefits	310
Terminated plan members vested but not yet receiving benefits	60
Active plan members	492
Total	<u>862</u>

(4) RETIREMENT PLANS (CONTINUED)

C. Net Pension Liability

The City's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation date of July 1, 2021. Actuaries utilized update procedures to roll forward the total pension liability in the July 1, 2021 actuarial valuation to the June 30, 2022 measurement date.

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions which were adopted by the City during fiscal year 2022 and applied to all periods included in the measurement:

Actuarial assumptions

-Actuarial valuation date	July 1, 2021
-Investment rate of return, including inflation	6.75%
-Projected salary increases, including inflation	2.50% - 9.00%
-Includes inflation at	2.50%

The mortality rates were based on the Pub 2010 mortality tables, projected generationally using scale MP-2020.

The actuarial assumptions used in the most recent actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2017 through July 1, 2020.

The long term expected rate of return on pension plan investments was determined by evaluating the historical investment, the selection of a portfolio of multiple asset classes, the use of professional investment managers, and the regular monitoring of investment performance. Expected future real rates of return are developed for each major asset class and combined to produce the single long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	30.0%	6.42%
International Equity	20.0%	6.49%
Fixed Income	20.0%	0.38%
Real Estate	12.5%	3.72%
Global Real Assets	7.5%	1.87%
Global Tactical Asset Allocation (GTAA)	10.0%	3.49%
Total	100.0%	

Based on these factors, the long-term real rate of return is expected to be in the range of 4.00% and 5.50%. A rate of 4.25% was used for the actuarial assumption. When combined with the inflation rate of 2.50%, the investment rate of return is determined to be 6.75%. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense was 4.25%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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.

(4) RETIREMENT PLANS (CONTINUED)

C. Net Pension Liability (Continued)Changes in the Net Pension Liability

Changes in the City's net pension liability for the year ended June 30, 2022 were as follows:

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances at June 30, 2021	<u>\$ 138,624,856</u>	<u>\$ 130,038,089</u>	<u>\$ 8,586,767</u>
Changes for the year:			
Service Cost	3,213,474	-	3,213,474
Interest	9,110,563	-	9,110,563
Differences between expected and actual experience	(908,946)	-	(908,946)
Changes of benefit terms	-	-	-
Changes of assumptions	1,978,688	-	1,978,688
Contributions - employer	-	4,589,309	(4,589,309)
Contributions - employee	-	923,150	(923,150)
Net investment income	-	(9,998,773)	9,998,773
Benefit payments, including refunds of employee contributions	(7,307,095)	(7,307,095)	-
Administrative expense	-	(108,766)	108,766
Net changes	<u>6,086,684</u>	<u>(11,902,175)</u>	<u>17,988,859</u>
Balances at June 30, 2022	<u>\$ 144,711,540</u>	<u>\$ 118,135,914</u>	<u>\$ 26,575,626</u>

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 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
<u>\$ 44,671,533</u>	<u>\$ 26,575,626</u>	<u>\$ 11,427,216</u>

Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2022, the City recognized pension expense of \$5,651,477. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,586,957	\$ 2,191,454
Changes of assumptions	3,903,783	16,102
Net difference between projected and actual earnings on investments	5,518,199	-
Total	<u>\$ 12,008,939</u>	<u>\$ 2,207,556</u>

(4) RETIREMENT PLANS (CONTINUED)**C. Net Pension Liability (Continued)**

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

Year Ended June 30:	
2023	2,534,205
2024	2,069,218
2025	586,249
2026	4,433,419
2027	178,292
Thereafter	-
Total	<u>\$ 9,801,383</u>

D. Defined Contribution Pension Plans

Full-time, permanent non-police employees hired on or after April 15, 1986, are required to participate in this plan from the date of employment. The plan is administered by Lincoln Financial and allows participant contributions up to a maximum of 5 percent of earnings. The employee contributions are matched \$0.50 by the City for each \$1 contributed by the employee. The employee is fully vested in their employee contributions and investment earnings thereon. The City's contribution for each employee (City's contributions and investment earnings thereon) is fully vested after three years of credited service. The contributions made in fiscal year 2022 by plan members totaled \$1,510,959 and the City contributed \$759,722.

The City provides a supplemental defined contribution plan to charter-appointed employees and non-appointed at-will contract employees of the City. The plan is administered by Lincoln Financial. The City provides an employer contribution equal to 10% of base salary, which is vested immediately, as biweekly contributions are made. The contributions made in fiscal year 2022 by the City totaled \$239,073.

E. 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 Lincoln Financial. 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 taxes are deferred on these contributions and related earnings until the participant terminates from the plan. The City is compliant with the Internal Revenue Code Section 457(b) 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 record keeper, in a timely manner. Accordingly, the fair values of the plan assets are not reflected in the City's financial statements.

(5) OTHER POST-EMPLOYMENT BENEFITS**A. Other Post-Employment Benefits Plan Description****Plan Administration**

In addition to the pension benefits described in Note (4), the City provides other post-employment health benefits (OPEB) which include medical, dental and vision coverage. The City established an irrevocable trust for administering the plan assets and paying health care costs on behalf of the participants. For financial reporting purposes, the OPEB Trust Fund is included as part of the Pension and OPEB Trust Funds, a Fiduciary Fund in the City's financial statements. No other financial statements are issued related to the OPEB Trust Fund.

(5) OTHER POST-EMPLOYMENT BENEFITS

A. Other Post-Employment Benefits Plan Description (Continued)

The OPEB plan is a single-employer defined benefit plan that is used to provide post-employment benefits other than pensions for all permanent employees of the City. The Retirement Board has oversight of the ROCKERS, which includes the OPEB plan. The Retirement Board is composed of a member of the Mayor and Council, the City Manager, three City employees, below assistant department head level, and two residents with previous business experience, one of whom serves as the chairperson. Each board member serves a two-year term. The Finance Director is the executive secretary to the board. The Retirement Board makes recommendations to Mayor and Council, which has the authority to establish and amend the benefit provisions of the OPEB plan, including contributions.

The City has implemented GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. These statements replace previously issued requirements for OPEB plans administered through trusts.

Benefits Provided

The OPEB plan authorizes a retiree who elects to stay with the City's group health policy to receive from the City the employer's share (i.e., the same level of premium support given to current employees) of medical insurance premiums up until age 65. In the event a retiree establishes residency outside the geographic area served by the City's group health insurance carriers, that person may purchase coverage and receive reimbursement from the City in an amount not to exceed the prevailing two-person coverage employer rate granted to current employees.

Membership

At July 1, 2021, the date of the most recent valuation, plan membership was as follows:

	<u>Membership</u>
Pre-medicare retirees	29
Disabled participants	1
Beneficiaries	1
Active employees	<u>332</u>
Total	<u>363</u>

Contributions and Funding

The Retirement Board establishes the employer contributions to the OPEB plan based on actuarially determined amounts. During fiscal year 2022 the City directly funded cash of \$135,053 for the actuarially determined contribution (ADC) of \$135,053. Benefit expenses of \$37,408 and administrative expenses of \$2,500 which were paid by the City, were reimbursed by the trust after June 30, 2022. Future payments of the net OPEB liability are the primary responsibility of the General Fund, therefore this long-term liability is presented in the Government-wide Statement of Net Position.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

(5) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Net OPEB Asset

The City's net OPEB asset was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2021. Actuaries utilized update procedures to roll forward the total OPEB liability in the July 1, 2021 actuarial valuation to the June 30, 2022 measurement date.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions which were adopted by the City during fiscal year 2022 and applied to all periods included in the measurement:

Actuarial assumptions

-Actuarial valuation date	July 1, 2021
-Investment rate of return, including inflation	7.00%
-Projected salary increases, including inflation	4.75% - 12.5%
-Includes inflation at	2.50%
-Healthcare cost trends:	5.10% for 2022. The ultimate rate is 4.0%.

Mortality rates were based on the Pub 2010 Total Dataset Mortality Table projected generationally using Scale MP-2020.

The long-term expected rate of return on OPEB plan investments was determined by evaluating the historical investment performance, the selection of a portfolio of multiple asset classes, the use of professional investment managers, and the regular monitoring of investment performance. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	55.00%	6.11%
Fixed Income	45.00%	0.38%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total OPEB liability.

(5) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Net OPEB Asset (Continued)Changes in the Net OPEB Liability/(Asset)

Changes in the City's net OPEB liability (asset) for the year ended June 30, 2022 were as follows:

	(A) Total OPEB Liability	(B) Plan Fiduciary Net Position	(A - B) Net OPEB Liability (Asset)
Balances at June 30, 2021	\$ 9,426,349	\$ 12,426,877	\$ (3,000,528)
Changes for the year:			
Service Cost	328,344	-	328,344
Interest	638,876	-	638,876
Differences between expected and actual experience	(32,656)	-	(32,656)
Changes of assumptions	(939,975)	-	(939,975)
Contributions - employer	-	135,053	(135,053)
Net investment income	-	(3,008,051)	3,008,051
Benefit payments	(381,718)	(381,718)	-
Administrative expense	-	(5,000)	5,000
Net changes	(387,129)	(3,259,716)	2,872,587
Balances at June 30, 2022	\$ 9,039,220	\$ 9,167,161	\$ (127,941)

Sensitivity of the Net OPEB Asset

The following presents the net OPEB asset of the City, as well as what the City's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net OPEB (Asset) Liability	\$ 571,111	\$ (127,941)	\$ (766,522)

The following presents the net OPEB asset of the City, as well as what the City's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (approximately 3.00%) or 1-percentage-point higher (approximately 5.00%) than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase (5.00%)
Net OPEB (Asset) Liability	\$ (1,003,222)	\$ (127,941)	\$ 892,914

(5) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Net OPEB Asset (Continued)**OPEB Expense and Deferred Inflows of Resources**

For the year ended June 30, 2022, the City recognized OPEB revenue of \$335,624. At June 30, 2022 the City reported deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,137,590
Changes of assumptions	-	1,768,595
Net difference between projected and actual earnings on investments	1,943,500	-
Total	\$ 1,943,500	\$ 3,906,185

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

Year Ended June 30:	
2023	\$ (441,644)
2024	(468,422)
2025	(382,239)
2026	170,670
2027	(560,722)
Thereafter	(280,328)
Total	\$ (1,962,685)

(6) CONDENSED FINANCIAL INFORMATION OF PENSION AND OPEB TRUST FUNDS

The Pension and OPEB Trust Funds are presented in the statement of Fiduciary Net Position and in the Statement of Changes in Fiduciary Net Position. The combining statements of the Pension and OPEB Trust Funds are provided below for the year ended June 30, 2022:

Combining Statement of Net Position
Pension and OPEB Trust Funds

	Pension Trust Fund			OPEB Trust Fund	Total Pension and OPEB Trust Funds
	Defined Benefit Trust	Defined Contribution Trust	Total Pension Trust Fund	OPEB Trust Fund	
Assets					
Open End Mutual Funds:					
Fixed Income	\$ 23,241,684	\$ 9,195,739	\$ 32,437,423	\$ 3,794,236	\$ 36,231,659
Target date	-	19,238,146	19,238,146	-	19,238,146
Equities	51,315,366	18,158,724	69,474,090	5,412,833	74,886,923
Real estate	27,809,308	265,982	28,075,290	-	28,075,290
Global real assets	-	27,631	27,631	-	27,631
Global tactical asset allocation	13,427,196	-	13,427,196	-	13,427,196
Money markets	2,342,360	-	2,342,360	-	2,342,360
Total Assets	\$ 118,135,914	\$ 46,886,222	\$165,022,136	\$ 9,207,069	\$174,229,205
Liabilities					
Benefits Payable	\$ -	\$ -	\$ -	\$ 37,408	\$ 37,408
Administrative expense payable	-	-	-	2,500	2,500
Total Liabilities	\$ -	\$ -	\$ -	\$ 39,908	\$ 39,908
Net Position					
Restricted for plan benefits	\$ 118,135,914	\$ 46,886,222	\$165,022,136	\$ 9,167,161	\$174,189,297
Total Liabilities and Net Position	\$ 118,135,914	\$ 46,886,222	\$165,022,136	\$ 9,207,069	\$174,229,205

See accompanying notes to the basic financial statements.

(6) CONDENSED FINANCIAL INFORMATION OF PENSION AND OPEB TRUST FUNDS (CONTINUED)

Combining Statement of Changes in Fiduciary Net Position
Pension and OPEB Trust Funds

	Pension Trust Fund			OPEB Trust Fund	Total Pension and OPEB Trust Funds
	Defined Benefit Trust	Defined Contribution Trust	Total Pension Trust Funds	OPEB Trust Fund	
Additions					
Contributions					
Employer	\$ 4,589,309	\$ 998,795	\$ 5,588,104	\$ 135,053	\$ 5,723,157
Plan Members	923,150	1,510,959	2,434,109	-	2,434,109
Total Contributions	\$ 5,512,459	\$ 2,509,754	\$ 8,022,213	\$ 135,053	\$ 8,157,266
Investment earnings (losses):					
Net depreciation in the fair value of plan investments	(12,903,239)	(8,947,871)	(21,851,110)	(3,135,021)	(24,986,131)
Interest and dividends	3,241,600	2,789,604	6,031,204	126,970	6,158,174
Total investment earnings (losses)	(9,661,639)	(6,158,267)	(15,819,906)	(3,008,051)	(18,827,957)
Less investment (expense) refunds	(337,134)	(45,000)	(382,134)	-	(382,134)
Net investment earnings (losses)	(9,998,773)	(6,203,267)	(16,202,040)	(3,008,051)	(19,210,091)
Total Additions	\$ (4,486,314)	\$ (3,693,513)	\$ (8,179,827)	\$ (2,872,998)	\$ (11,052,825)
Deductions					
Benefits	\$ 7,307,095	\$ 3,126,827	\$ 10,433,922	\$ 381,718	\$ 10,815,640
Administrative expense	108,766	53,866	162,632	5,000	167,632
Total Deductions	\$ 7,415,861	\$ 3,180,693	\$ 10,596,554	\$ 386,718	\$ 10,983,272
Net Increase (Decrease)	(11,902,175)	(6,874,206)	(18,776,381)	(3,259,716)	(22,036,097)
Net position at beginning of year	130,038,089	53,760,428	183,798,517	12,426,877	196,225,394
Net position at end of year	\$ 118,135,914	\$ 46,886,222	\$ 165,022,136	\$ 9,167,161	\$ 174,189,297

See accompanying notes to the basic financial statements.

(7) NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD STANDARDS

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that will impact future fiscal years. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City:

- GASB Statement No. 91, **Conduit Debt Obligations** is effective for reporting periods beginning after December 15, 2020. The requirements of this Statement improves financial reporting by establishing consistency in the reporting and disclosure of conduit debt obligations, clarifying the definition of conduit debt, and establishing standards for the accounting and financial reporting of additional commitments extended by issuers. GASB Statement No. 95 extended this effective date by 12 months.
- GASB Statement No. 92, **Omnibus 2020** is effective for reporting periods beginning after June 15, 2020. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. GASB Statement No. 95 extended this effective date by 12 months.
- GASB Statement No. 93, **Replacement of Interbank Offered Rates** is effective for reporting periods beginning after June 15, 2020. The requirements of this Statement updates financial reporting to reflect global rate reform and the planned end of LIBOR in 2021. This statement will maintain the reliability and relevance of reported information as interbank offered rates are replaced with other reference rates. GASB Statement No. 95 extended this effective date by 12 months.

(7) NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD STANDARDS (CONTINUED)

- GASB Statement No. 94, **Public-Private and Public-Public Partnerships and Availability Payment Arrangements** is effective for reporting periods beginning after June 15, 2022. The requirements of this Statement will improve financial reporting, provide more relevant and reliable information for financial statement users and create greater consistency in practice.
- GASB Statement No. 96, **Subscription-Based Information Technology Arrangements** is effective for reporting periods beginning after June 15, 2022. The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice.
- GASB Statement No. 99, **Omnibus 2022**. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- GASB Statement No. 100, **Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62** is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- GASB Statement No. 101, **Compensated Absences**. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Required Supplementary Information

City of Rockville, Maryland

Rockville Employee Retirement System – Schedule of Changes in the City’s Net Pension Liability and Related Ratios

Last Ten Fiscal Years

(Unaudited – See Accompanying Independent Auditor’s Report)

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability											
Service cost			\$ 2,286,185	\$ 2,462,254	\$ 2,338,305	\$ 2,092,506	\$ 1,980,718	\$ 2,638,792	\$ 2,718,028	\$ 2,883,883	\$ 3,213,474
Interest			7,037,226	7,280,449	7,576,514	7,847,249	7,996,269	7,944,162	8,391,525	8,882,122	9,110,563
Changes of benefit terms	Information for		-	-	-	-	-	-	446,900	-	-
Differences between expected and actual experience	plan years 2013 and prior is not available		(1,135,056)	(561,939)	(845,894)	1,097,364	(8,463,015)	2,296,074	1,730,195	1,308,132	(908,946)
Changes of assumptions			-	-	-	6,150,798	3,617,949	(48,306)	-	1,768,127	1,978,688
Benefit payments including refunds of member contributions			(4,825,594)	(5,428,204)	(4,778,615)	(5,664,043)	(5,219,512)	(6,533,123)	(6,346,521)	(6,209,717)	(7,307,095)
Net change in total pension liability			\$ 3,362,761	\$ 3,752,560	\$ 4,290,310	\$ 11,523,874	\$ (87,591)	\$ 6,297,599	\$ 6,940,127	\$ 8,632,547	\$ 6,086,684
Total pension liability - beginning			93,912,669	97,275,430	101,027,990	105,318,300	116,842,174	116,754,583	123,052,182	129,992,309	138,624,856
Total pension liability - end			\$ 97,275,430	\$ 101,027,990	\$ 105,318,300	\$ 116,842,174	\$ 116,754,583	\$ 123,052,182	\$ 129,992,309	\$ 138,624,856	\$ 144,711,540
Plan Fiduciary Net Position											
Contributions - employer			\$ 5,218,589	\$ 4,024,603	\$ 3,575,462	\$ 3,473,255	\$ 3,899,592	\$ 4,210,698	\$ 3,592,613	\$ 3,961,789	\$ 4,589,309
Contributions - member	Information for		730,162	740,120	743,813	756,187	783,669	890,199	868,669	849,728	923,150
Net investment income	plan years 2013 and prior is not available		11,520,268	2,236,876	1,240,819	9,378,222	7,287,735	3,396,845	1,663,635	27,880,298	(9,998,773)
Benefit payments including refunds of member contributions			(4,825,594)	(5,428,204)	(4,778,615)	(5,664,043)	(5,219,512)	(6,533,123)	(6,346,521)	(6,209,717)	(7,307,095)
Plan administrative expenses			(18,798)	(27,230)	(35,543)	(31,821)	(30,041)	(108,910)	(46,229)	(75,164)	(108,766)
Other changes			-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position			\$ 12,624,627	\$ 1,546,165	\$ 745,936	\$ 7,911,800	\$ 6,721,443	\$ 1,855,709	\$ (267,833)	\$ 26,406,934	\$ (11,902,175)
Plan fiduciary net position - beginning			72,493,308	85,117,935	86,664,100	87,410,036	95,321,836	102,043,279	103,898,988	103,631,155	130,038,089
Plan fiduciary net position - end			\$ 85,117,935	\$ 86,664,100	\$ 87,410,036	\$ 95,321,836	\$ 102,043,279	\$ 103,898,988	\$ 103,631,155	\$ 130,038,089	\$ 118,135,914
Net pension liability			\$ 12,157,495	\$ 14,363,890	\$ 17,908,264	\$ 21,520,338	\$ 14,711,304	\$ 19,153,194	\$ 26,361,154	\$ 8,586,767	\$ 26,575,626
Plan fiduciary net position as a percentage of total pension liability	Information for plan years 2013 and prior is not available		87.50%	85.78%	83.00%	81.58%	87.40%	84.43%	79.72%	93.81%	81.64%
Covered payroll			\$ 34,875,678	\$ 35,376,646	\$ 34,922,626	\$ 37,507,188	\$ 36,810,351	\$ 38,763,043	\$ 39,968,358	\$ 42,412,060	\$ 41,719,436
Net pension liability as a percentage of covered payroll			34.86%	40.60%	51.28%	57.38%	39.97%	49.41%	65.96%	20.25%	63.70%

Note: The above schedules are presented to illustrate the requirement for information covering the last ten fiscal years; however, until a full ten-year trend is complied, information is only presented for those years for which information is available.

City of Rockville, Maryland
Rockville Employee Retirement System – Schedule of City Pension Contributions and Investment Returns
Last Ten Fiscal Years
(Unaudited – See Accompanying Independent Auditor’s Report)

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution			\$ 5,030,754	\$ 4,024,603	\$ 3,575,462	\$ 3,473,255	\$ 3,899,592	\$ 4,210,681	\$ 3,592,613	\$ 3,961,789	\$ 4,589,309
Contributions made			5,218,589	4,024,603	3,575,462	3,473,255	3,899,592	4,210,698	3,592,613	3,961,789	4,589,309
Contribution deficiency (excess)	Information for plan years 2013 and prior is not available		\$ (187,835)	\$ -	\$ -	\$ -	\$ -	\$ (17)	\$ -	\$ -	\$ -
Covered payroll			\$ 34,875,678	\$ 35,376,646	\$ 34,922,626	\$ 37,507,188	\$ 36,810,351	\$ 38,763,043	\$ 39,968,358	\$ 42,412,060	\$ 41,719,436
Contributions as a percentage of covered payroll	Information for plan years 2013 and prior is not available		14.96%	11.38%	10.24%	9.26%	10.59%	10.86%	8.99%	9.34%	11.00%
Annual money weighted rate of return, net of investment expense			16.16%	2.84%	1.62%	11.10%	8.40%	4.53%	1.47%	28.60%	-7.60%

Notes to Schedule:

Valuation Date:	Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately preceding the fiscal year. Actuarial reports are performed annually. During fiscal year 2022 actuarial assumptions were updated to reflect the most recent experience study.
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Amortization Period:	20 years
Asset Valuation Method:	Gains and losses are spread over five years beginning 4/01/2010.
Inflation:	2.50%
Salary Increases:	2.50% - 9.00%, including inflation
Investment Rate of Return:	6.75%
Retirement Age:	Varies by participant age and years of credited service
Mortality:	The mortality rates were based on the Pub 2010 mortality tables, projected generationally using scale MP-2020.

Note: The above schedules are presented to illustrate the requirement for information covering the last ten fiscal years; however, until a full ten-year trend is compiled, information is only presented for those years for which information is available.

Note: Actuaries utilized update procedures to roll forward Pension data from the July 1, 2021 valuation to the June 30, 2022 measurement date.

City of Rockville, Maryland

Other Post-Employment Benefits Plan – Schedule of Changes in the City’s Net OPEB Liability (Asset) and Related Ratios Last Ten Fiscal Years

(Unaudited – See Accompanying Independent Auditor’s Report)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total OPEB Liability										
Service cost					\$ 569,070	\$ 506,923	\$ 405,503	\$ 340,740	\$ 316,324	\$ 328,344
Interest					722,728	784,240	733,193	778,238	613,702	638,876
Changes of benefit terms	Information for plan years 2016 and prior is not available				-	-	-	-	-	-
Differences between expected and actual experience					-	(280,090)	(339,500)	(2,577,898)	(297,396)	(32,656)
Changes of assumptions					-	(1,459,922)	-	(637,832)	-	(939,975)
Benefit payments					(274,540)	(271,490)	(229,882)	(193,415)	(244,300)	(381,718)
Net change in total OPEB liability					\$ 1,017,258	\$ (720,339)	\$ 569,314	\$ (2,290,167)	\$ 388,330	\$ (387,129)
Total OPEB liability - beginning					10,461,953	11,479,211	10,758,872	11,328,186	9,038,019	9,426,349
Total OPEB liability - end					<u>\$ 11,479,211</u>	<u>\$ 10,758,872</u>	<u>\$ 11,328,186</u>	<u>\$ 9,038,019</u>	<u>\$ 9,426,349</u>	<u>\$ 9,039,220</u>
Plan Fiduciary Net Position										
Contributions - employer					\$ 639,042	\$ 695,017	\$ 582,804	\$ 591,190	\$ 163,815	\$ 135,053
Net investment income	Information for plan years 2016 and prior is not available				605,972	529,689	433,121	1,053,228	2,383,108	(3,008,051)
Benefit payments					(274,540)	(271,490)	(229,882)	(193,415)	(244,300)	(381,718)
Plan administrative expenses					(5,000)	(22,581)	(14,433)	(23,040)	(6,250)	(5,000)
Other changes					-	-	-	-	-	-
Net change in plan fiduciary net position					\$ 965,474	\$ 930,635	\$ 771,610	\$ 1,427,963	\$ 2,296,373	\$ (3,259,716)
Plan fiduciary net position - beginning					6,034,822	7,000,296	7,930,931	8,702,541	10,130,504	12,426,877
Plan fiduciary net position - end					<u>\$ 7,000,296</u>	<u>\$ 7,930,931</u>	<u>\$ 8,702,541</u>	<u>\$ 10,130,504</u>	<u>\$ 12,426,877</u>	<u>\$ 9,167,161</u>
Net OPEB liability / (asset)					<u>\$ 4,478,915</u>	<u>\$ 2,827,941</u>	<u>\$ 2,625,645</u>	<u>\$ (1,092,485)</u>	<u>\$ (3,000,528)</u>	<u>\$ (127,941)</u>
	Information for plan years 2016 and prior is not available									
Plan fiduciary net position as a percentage of total OPEB liability					60.98%	73.72%	76.82%	112.09%	131.83%	101.42%
Covered payroll					\$ 36,993,233	\$ 36,810,351	\$ 38,763,043	\$ 39,968,358	\$ 42,412,060	\$ 41,719,436
Net OPEB liability / (asset) as a percentage of covered payroll					12.11%	7.68%	6.77%	-2.73%	-7.07%	-0.31%

Note: The above schedules are presented to illustrate the requirement for information covering the last ten fiscal years; however, until a full ten-year trend is complied, information is only presented for those years for which information is available.

City of Rockville, Maryland
Other Post-Employment Benefits Plan – Schedule of City OPEB Contributions and Investment Returns
Last Ten Fiscal Years
(Unaudited – See Accompanying Independent Auditor’s Report)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution					\$ 658,361	\$ 687,495	\$ 582,804	\$ 591,190	\$ 163,815	\$ 135,053
Contributions made	Information for plan years 2016 and prior is not available				639,042	695,017	582,804	591,190	163,815	135,053
Contribution deficiency (excess)					\$ 19,319	\$ (7,522)	\$ -	\$ -	\$ -	\$ -
Covered payroll					\$ 36,993,233	\$ 36,810,351	\$38,763,043	\$39,968,358	\$ 42,412,060	\$41,719,436
Contributions as a percentage of covered payroll	Information for plan years 2016 and prior is not available				1.73%	1.89%	1.50%	1.48%	0.39%	0.32%
Annual money weighted rate of return, net of investment expense					9.40%	7.80%	5.53%	11.36%	23.30%	-25.40%

Notes to Schedule:

Valuation Date:	Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the two years immediately preceding the fiscal year. Actuarial reports are performed biennially.
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Percentage of Payroll
Amortization Period:	21 years
Asset Valuation Method:	Gains and losses are spread over five years beginning 4/01/2010.
Inflation:	2.50%
Healthcare Cost Trend Rates:	5.10% for 2022. The ultimate rate is 4.00%.
Salary Increases:	4.75% - 12.5%, including inflation
Investment Rate of Return:	7.00%
Retirement Age:	Varies by participant age and years of credited service
Mortality:	The mortality rates were based on the RP-2014 Total Dataset Mortality Table projected generationally using Scale MP-2017.

Note: The above schedules are presented to illustrate the requirement for information covering the last ten fiscal years; however, until a full ten-year trend is complied, information is only presented for those years for which information is available.

Note: Actuaries utilized update procedures to roll forward OPEB data from the July 1, 2021 valuation to the June 30, 2022 measurement date.

City of Rockville, Maryland
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/(Negative)
Revenues				
Property Taxes	\$ 44,890,000	\$ 44,890,000	\$ 44,931,581	\$ 41,581
Revenue from Other Governments:				
Income taxes	16,000,000	16,000,000	18,874,910	2,874,910
Gas and motor vehicle taxes	2,600,000	2,753,740	2,925,644	171,904
County tax duplication payment	2,800,680	5,327,472	5,327,472	-
Admissions and amusement taxes	700,000	1,000,000	555,400	(444,600)
Grants and other governmental revenue	2,074,930	9,449,334	3,094,955	(6,354,379)
Licenses and permits	3,452,130	3,612,130	3,480,338	(131,792)
Charges for Services	6,870,720	6,849,720	6,286,964	(562,756)
Use of Money and Property	609,060	609,060	(209,462)	(818,522)
Fines and Forfeitures	1,353,000	563,000	511,807	(51,193)
Other Revenues	1,120,480	1,120,480	1,979,742	859,262
Total Revenues	\$ 82,471,000	\$ 92,174,936	\$ 87,759,351	\$ (4,415,585)
Expenditures				
Current operations:				
General government	\$ 18,909,880	\$ 19,665,029	\$ 19,323,859	\$ 341,170
Community development	8,900,480	9,254,874	8,135,123	1,119,751
Public safety	11,902,710	11,672,214	10,869,820	802,394
Public works	8,764,820	10,513,521	8,269,290	2,244,231
Recreation and parks	23,335,040	23,582,619	22,603,590	979,029
Total Expenditures	\$ 71,812,930	\$ 74,688,257	\$ 69,201,682	\$ 5,486,575
Excess of Revenues over Expenditures	\$ 10,658,070	\$ 17,486,679	\$ 18,557,669	\$ 1,070,990
Other Financing Sources (Uses)				
Transfer to Debt Service Fund	\$ (4,500,000)	\$ (4,500,000)	\$ (4,500,000)	\$ -
Transfer to Capital Projects Fund	(7,000,000)	(12,870,000)	(10,220,000)	2,650,000
Transfer to Special Activities Fund	(146,410)	(203,910)	(203,910)	-
Transfer to Refuse Fund	(48,200)	(581,545)	(48,200)	533,345
Transfer to Parking Fund	(1,500,000)	(1,500,000)	(1,500,000)	-
Transfer to Water Fund	-	(2,960,000)	-	2,960,000
Transfer to REDI	(1,402,460)	(1,402,460)	(1,402,460)	-
Transfer in	4,009,000	4,009,000	4,009,000	-
Leases - as lessee	-	-	487,150	487,150
Total Other Financing Uses	\$ (10,588,070)	\$ (20,008,915)	\$ (13,378,420)	\$ 6,630,495
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	\$ 70,000	\$ (2,522,236)	\$ 5,179,249	\$ 7,701,485
Fund balance at beginning of year	24,982,821	24,982,821	24,982,821	-
Fund balance at end of year	\$ 25,052,821	\$ 22,460,585	\$ 30,162,070	\$ 7,701,485

City of Rockville, Maryland
Notes to the Required Supplementary Information
June 30, 2022

Stewardship, Compliance, and Accountability

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

- Prior to June 1, the City Manager submits to the Mayor and Council a proposed operating and capital improvements budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are then conducted to review the budget.
- Prior to July 1, the budget is legally enacted through passage of an ordinance.
- The budget ordinance becomes effective July 1 and provides spending authority for the operations of the City. The legal control which the budget ordinance establishes over spending is at the fund level. Each of the General, Non-Major Governmental, Debt Service and Enterprise Funds have legally adopted annual budgets appropriated at the fund level. The capital budget is adopted at the fund level but is not adopted as an annual budget.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Mayor and Council.
- Subsequent to passage of the budget ordinance, the Mayor and Council may approve supplemental appropriations. During FY 2022, supplemental appropriations in the General Fund totaled \$11,640,936. Of these appropriations, \$1,200,000 was for General Fund transfer to the cover delinquent water/sewer bill forgiveness. \$1,200,000 was for Capital Projects Fund for planned capital improvements of maintenance and emergency operations facility. A total of \$3,570,000 was for Capital Projects Fund for various planned capital improvements projects.

At the end of the fiscal year, unexpended operating budget appropriations of the governmental and enterprise funds lapse. Budgets for the General, Non-Major Governmental, Debt Service, and Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Accordingly, all governmental fund budgets are presented on the modified accrual basis of accounting; the enterprise fund budgets are adopted on the full accrual basis. The budgetary comparison schedules – original budget, amended budget and actual - General Fund compares actual expenditures on a basis consistent with the legally adopted budgets as amended. The budgetary comparison schedule allocates capital outlay expenditures to the related operational units, and will therefore differ in presentation, from the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded to reserve that portion of the applicable appropriation, is an extension of formal budgetary control in all governmental funds. The encumbrances outstanding at June 30, 2022 are reported within fund balance based on the nature of their use and are subject to reappropriation by Mayor and Council ordinance in the succeeding fiscal year.

Other Supplementary Information

Major Governmental Funds Debt Service Fund

The Debt Service Fund accounts for the payment of principal and interest on long term obligations related to the governmental activities of the City.

and

Nonmajor Governmental Funds Special Revenue Funds

The Special Revenue Funds account for the proceeds of specific revenue sources to be expended for specified purposes. The City maintains three Special Revenue funds: the Special Activities, the Community Development Block Grant, and the Automated Speed Enforcement Funds. The Special Activities Fund accounts for funds raised for various community activities (i.e. Rockville Seniors Inc., mansion improvements, etc.). The Community Development Block Grant Fund accounts for federal grants for housing and community development programs. The Automated Speed Enforcement Fund accounts for funds received from the speed camera program that are restricted by State Law for public safety projects.

City of Rockville, Maryland
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/(Negative)
Revenues				
Use of money and property	\$ 22,000	\$ 22,000	\$ 3,099	\$ (18,901)
Total Revenues	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 3,099</u>	<u>\$ (18,901)</u>
Expenditures				
Principal repayments:				
General obligation bonds	\$ 3,722,500	\$ 3,722,500	\$ 3,722,421	\$ 79
Interest and issuance costs:				
General obligation bonds	934,000	934,000	906,895	27,105
Total Expenditures	<u>\$ 4,656,500</u>	<u>\$ 4,656,500</u>	<u>\$ 4,629,316</u>	<u>\$ 27,184</u>
Excess of Revenues over Expenditures	<u>\$ (4,634,500)</u>	<u>\$ (4,634,500)</u>	<u>\$ (4,626,217)</u>	<u>\$ 8,283</u>
Other Financing Sources (Uses)				
Transfer in from General Fund	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ -
Total Other Financing Sources (Uses)	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ -</u>
Excess (deficiency) of revenues and other financing sources over expenditures	\$ (134,500)	\$ (134,500)	\$ (126,217)	\$ 8,283
Fund Balance at beginning of year	311,221	311,221	311,221	-
Fund Balance at end of year	<u>\$ 176,721</u>	<u>\$ 176,721</u>	<u>\$ 185,004</u>	<u>\$ 8,283</u>

City of Rockville, Maryland

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue				
	Special	Community	Automated	Rockville	Total
	Activities	Development	Speed	Economic	Nonmajor
	Fund	Block Grant	Enforcement	Development,	Governmental
	Fund	Fund (CDBG)	Fund	Inc. (REDI)	Funds
Assets					
Cash and cash equivalents	\$ 9,987,839	\$ -	\$ 1,758,720	\$ 1,257,556	\$ 13,004,115
Accounts receivable, net	-	-	112,334	316,491	428,825
Other assets	-	-	-	66,908	66,908
Due from other governments	181,931	146,658	-	-	328,589
Total Assets	<u>\$ 10,169,770</u>	<u>\$ 146,658</u>	<u>\$ 1,871,054</u>	<u>\$ 1,640,955</u>	<u>\$ 13,828,437</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 41,683	\$ -	\$ 662,394	\$ 34,048	\$ 738,125
Interfund payable	-	138,116	-	-	138,116
Accrued liabilities	-	-	1,742	51,151	52,893
Retainages payable	5,300	4,683	-	-	9,983
Total Liabilities	<u>\$ 46,983</u>	<u>\$ 142,799</u>	<u>\$ 664,136</u>	<u>\$ 85,199</u>	<u>\$ 939,117</u>
Fund Balance					
Restricted for:					
Special revenue programming	\$ 10,122,787	\$ 3,859	\$ 1,206,918	\$ 1,555,756	\$ 12,889,320
Total Fund Balance	<u>\$ 10,122,787</u>	<u>\$ 3,859</u>	<u>\$ 1,206,918</u>	<u>\$ 1,555,756</u>	<u>\$ 12,889,320</u>
Total liabilities and fund balance	<u>\$ 10,169,770</u>	<u>\$ 146,658</u>	<u>\$ 1,871,054</u>	<u>\$ 1,640,955</u>	<u>\$ 13,828,437</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2022

	Special Revenue				
	Special	Community	Automated	Rockville	Total
	Activities	Development	Speed	Economic	Nonmajor
	Fund	Block Grant	Enforcement	Development,	Governmental
		Fund (CDBG)	Fund	Inc. (REDI)	Funds
Revenues					
Grants and other governmental revenue	\$ 777,991	\$ 326,551	\$ -	\$ 598,097	\$ 1,702,639
Charges for services	27,757	-	-	46,582	74,339
Use of money and property	20,000	-	2,942	-	22,942
Fines and forfeitures	-	-	1,260,113	-	1,260,113
Other revenue	634,748	12,691	-	465,372	1,112,811
Total Revenues	<u>\$ 1,460,496</u>	<u>\$ 339,242</u>	<u>\$ 1,263,055</u>	<u>\$ 1,110,051</u>	<u>\$ 4,172,844</u>
Expenditures					
General government	\$ 75,462	\$ -	\$ -	\$ -	\$ 75,462
Community development	56,135	316,741	-	-	372,876
Economic development	-	-	-	1,996,852	1,996,852
Public safety	-	-	940,703	-	940,703
Public works	159,601	-	-	-	159,601
Recreation and parks	305,854	-	-	-	305,854
Capital outlay	298,094	-	634,806	-	932,900
Total Expenditures	<u>\$ 895,146</u>	<u>\$ 316,741</u>	<u>\$ 1,575,509</u>	<u>\$ 1,996,852</u>	<u>\$ 4,784,248</u>
Excess (deficiency) of Revenues over Expenditures	<u>\$ 565,350</u>	<u>\$ 22,501</u>	<u>\$ (312,454)</u>	<u>\$ (886,801)</u>	<u>\$ (611,404)</u>
Other Financing Sources					
Transfer in from General Fund	\$ 203,910	\$ -	\$ -	\$ 1,402,460	\$ 1,606,370
Total Financing Sources	<u>\$ 203,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,402,460</u>	<u>\$ 1,606,370</u>
Net change in fund balance	\$ 769,260	\$ 22,501	\$ (312,454)	\$ 515,659	\$ 994,966
Fund balance at beginning of year	9,353,527	(18,642)	1,519,372	-	10,854,257
Adjustments to beginning balance	-	-	-	1,040,097	1,040,097
Fund balance at end of year	<u>\$ 10,122,787</u>	<u>\$ 3,859</u>	<u>\$ 1,206,918</u>	<u>\$ 1,555,756</u>	<u>\$ 12,889,320</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
 Budgetary Comparison Schedule
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2022

	Special Activities Fund				Community Development Block Grant Fund (CDBG)				Automated Speed Enforcement Fund			
	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/ (Negative)	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/ (Negative)	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/ (Negative)
Revenues												
Grants and other governmental revenue	\$ -	\$ 22,127	\$ 777,991	\$ 755,864	\$ 263,000	\$ 551,954	\$ 326,551	\$ (225,403)	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,135,630	1,135,630	20,000	(1,115,630)	-	-	-	-	10,000	10,000	2,942	(7,058)
Fines and forfeitures	-	-	-	-	-	-	-	-	1,130,000	1,130,000	1,260,113	130,113
Other*	513,160	633,847	866,415	232,568	-	12,691	12,691	-	-	-	-	-
Total Revenues	<u>\$ 1,648,790</u>	<u>\$ 1,791,604</u>	<u>\$ 1,664,406</u>	<u>\$ (127,198)</u>	<u>\$ 263,000</u>	<u>\$ 564,645</u>	<u>\$ 339,242</u>	<u>\$ (225,403)</u>	<u>\$ 1,140,000</u>	<u>\$ 1,140,000</u>	<u>\$ 1,263,055</u>	<u>\$ 123,055</u>
Expenditures												
Community services	\$ 1,558,070	\$ 1,644,707	\$ 597,052	\$ 1,047,655	\$ 263,000	\$ 579,776	\$ 316,741	\$ 263,035	\$ 982,610	\$ 982,610	\$ 940,703	\$ 41,907
Total expenditures	<u>\$ 1,558,070</u>	<u>\$ 1,644,707</u>	<u>\$ 597,052</u>	<u>\$ 1,047,655</u>	<u>\$ 263,000</u>	<u>\$ 579,776</u>	<u>\$ 316,741</u>	<u>\$ 263,035</u>	<u>\$ 982,610</u>	<u>\$ 982,610</u>	<u>\$ 940,703</u>	<u>\$ 41,907</u>
Excess (deficiency) of budgeted revenues over expenditures	<u>\$ 90,720</u>	<u>\$ 146,897</u>	<u>\$ 1,067,354</u>	<u>\$ 920,457</u>	<u>\$ -</u>	<u>\$ (15,131)</u>	<u>\$ 22,501</u>	<u>\$ 37,632</u>	<u>\$ 157,390</u>	<u>\$ 157,390</u>	<u>\$ 322,352</u>	<u>\$ 164,962</u>
Capital outlay**			<u>\$ (298,094)</u>				<u>\$ -</u>				<u>\$ (634,806)</u>	
Net change in fund balance			<u>\$ 769,260</u>				<u>\$ 22,501</u>				<u>\$ (312,454)</u>	

*Note: Other revenue for the Special Activities Fund includes a transfer of \$203,910 from the General Fund.

**Note: Expenditures in the Special Activities Fund include capital improvement outlays of \$925,860. Capital improvements are budgeted separately as multi-year budgets, reflective of the project length. Capital budgets are not reflected in the budgeted figures above. All spending during the year was within the appropriated limits.

Other Supplementary Information

Proprietary Funds Enterprise Funds

Budgetary comparison schedules for the Water Facility, Sanitary Sewer, Refuse, Parking, Stormwater Management, and Redgate Golf Course.

City of Rockville, Maryland
 Budgetary Comparison Schedule
 Enterprise Funds
 For the Fiscal Year Ended June 30, 2022

	Water Facility Fund				Sanitary Sewer Fund				Refuse Fund			
	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/ (Negative)	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/ (Negative)	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/ (Negative)
Total revenues	\$ 13,702,130	\$ 13,702,130	\$ 11,988,210	\$ (1,713,920)	\$ 15,886,630	\$ 15,925,186	\$ 14,377,873	\$ (1,547,313)	\$ 6,445,300	\$ 6,445,300	\$ 6,554,308	\$ 109,008
Total operating expenses	6,773,860	6,842,911	6,005,682	837,229	6,058,050	6,448,607	5,633,201	815,406	6,313,380	6,477,900	5,124,069	1,353,831
Operating income (loss) before depreciation and amortization	\$ 6,928,270	\$ 6,859,219	\$ 5,982,528	\$ (876,691)	\$ 9,828,580	\$ 9,476,579	\$ 8,744,672	\$ (731,907)	\$ 131,920	\$ (32,600)	\$ 1,430,239	\$ 1,462,839
Depreciation/amortization	(3,551,840)	(3,551,840)	(3,502,413)	49,427	(5,260,940)	(5,260,940)	(5,208,441)	52,499	(531,900)	(531,900)	(395,061)	136,839
Operating income (loss)	\$ 3,376,430	\$ 3,307,379	\$ 2,480,115	\$ (827,264)	\$ 4,567,640	\$ 4,215,639	\$ 3,536,231	\$ (679,408)	\$ (399,980)	\$ (564,500)	\$ 1,035,178	\$ 1,599,678
Non-Operating Income (Expenses)												
Interest income	\$ 84,830	\$ 84,830	\$ 21,239	\$ (63,591)	\$ -	\$ -	\$ 16,393	\$ 16,393	\$ 9,080	\$ 9,080	\$ 5,818	\$ (3,262)
Interest expense	(960,000)	(960,000)	(709,843)	250,157	(1,205,000)	(1,205,000)	(881,461)	323,539	(17,500)	(17,500)	(8,072)	9,428
Other, net	(57,860)	(57,860)	(57,859)	1	(74,010)	(74,010)	(74,011)	(1)	-	-	-	-
Total non-operating income (expense)	\$ (933,030)	\$ (933,030)	\$ (746,463)	\$ 186,567	\$ (1,279,010)	\$ (1,279,010)	\$ (939,079)	\$ 339,931	\$ (8,420)	\$ (8,420)	\$ (2,254)	\$ 6,166
Income (loss) before contributions	\$ 2,443,400	\$ 2,374,349	\$ 1,733,652	\$ (640,697)	\$ 3,288,630	\$ 2,936,629	\$ 2,597,152	\$ (339,477)	\$ (408,400)	\$ (572,920)	\$ 1,032,924	\$ 1,605,844
Capital grants and contributions	\$ -	\$ -	\$ 2,960,000	\$ 2,960,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 533,345	\$ 533,345
Transfers:												
Transfer (to) from Enterprise Funds	333,190	333,190	333,190	-	(333,190)	(333,190)	(333,190)	-	-	-	-	-
Transfer to General Fund	(1,375,000)	(1,375,000)	(1,375,000)	-	(639,000)	(639,000)	(639,000)	-	(1,137,000)	(1,137,000)	(1,137,000)	-
Transfer from General Fund	-	-	-	-	-	-	-	-	48,200	48,200	48,200	-
Total transfers	\$ (1,041,810)	\$ (1,041,810)	\$ (1,041,810)	\$ -	\$ (972,190)	\$ (972,190)	\$ (972,190)	\$ -	\$ (1,088,800)	\$ (1,088,800)	\$ (1,088,800)	\$ -
Net increase (decrease) in net position	\$ 1,401,590	\$ 1,332,539	\$ 3,651,842	\$ 2,319,303	\$ 2,316,440	\$ 1,964,439	\$ 1,624,962	\$ (339,477)	\$ (1,497,200)	\$ (1,661,720)	\$ 477,469	\$ 2,139,189

City of Rockville, Maryland
 Budgetary Comparison Schedule
 Enterprise Funds (Continued)
 For the Fiscal Year Ended June 30, 2022

	Parking Fund				Stormwater Management Fund				RedGate Golf Course Fund			
	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/ (Negative)	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/ (Negative)	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/ (Negative)
Total revenues	\$ 842,120	\$ 842,120	\$ 887,328	\$ 45,208	\$ 6,026,650	\$ 6,026,650	\$ 6,052,183	\$ 25,533	\$ 1,400	\$ 1,400	\$ -	\$ (1,400)
Total operating expenses	673,510	673,510	611,528	61,982	3,719,560	3,974,385	3,466,266	508,119	-	-	-	-
Operating income (loss) before depreciation and amortization	\$ 168,610	\$ 168,610	\$ 275,800	\$ 107,190	\$ 2,307,090	\$ 2,052,265	\$ 2,585,917	\$ 533,652	\$ 1,400	\$ 1,400	\$ -	\$ (1,400)
Depreciation/amortization	(9,100)	(9,100)	(702,073)	(692,973)	(1,160,400)	(1,160,400)	(1,023,494)	136,906	(100,600)	(100,600)	(31,685)	68,915
Operating income (loss)	\$ 159,510	\$ 159,510	\$ (426,273)	\$ (585,783)	\$ 1,146,690	\$ 891,865	\$ 1,562,423	\$ 670,558	\$ (99,200)	\$ (99,200)	\$ (31,685)	\$ 67,515
Non-Operating Income (Expenses)												
Interest income	\$ 51,000	\$ 51,000	\$ 39,172	\$ (11,828)	\$ 31,000	\$ 31,000	\$ 15,058	\$ (15,942)	\$ -	\$ -	\$ -	\$ -
Interest expense	(759,100)	(759,100)	(732,224)	26,876	(12,060)	(12,060)	(11,527)	533	(1,760)	(1,760)	(165)	1,595
Other, net	100,420	100,420	149,444	49,024	-	-	(3,865)	(3,865)	-	-	-	-
Total non-operating income (expense)	\$ (607,680)	\$ (607,680)	\$ (543,608)	\$ 64,072	\$ 18,940	\$ 18,940	\$ (334)	\$ (19,274)	\$ (1,760)	\$ (1,760)	\$ (165)	\$ 1,595
Income (loss) before contributions	\$ (448,170)	\$ (448,170)	\$ (969,881)	\$ (521,711)	\$ 1,165,630	\$ 910,805	\$ 1,562,089	\$ 651,284	\$ (100,960)	\$ (100,960)	\$ (31,850)	\$ 69,110
Capital grants and contributions	\$ 315,000	\$ 315,000	\$ 317,164	\$ 2,164	\$ -	\$ -	\$ 290,222	\$ 290,222	\$ -	\$ -	\$ -	\$ -
Transfers:												
Transfer (to) from Enterprise Funds	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to General Fund	(88,000)	(88,000)	(88,000)	-	(770,000)	(770,000)	(770,000)	-	-	-	-	-
Transfer from General Fund	1,500,000	1,500,000	1,500,000	-	-	-	-	-	-	-	-	-
Total transfers	\$ 1,412,000	\$ 1,412,000	\$ 1,412,000	\$ -	\$ (770,000)	\$ (770,000)	\$ (770,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Net increase (decrease) in net position	\$ 1,278,830	\$ 1,278,830	\$ 759,283	\$ (519,547)	\$ 395,630	\$ 140,805	\$ 1,082,311	\$ 941,506	\$ (100,960)	\$ (100,960)	\$ (31,850)	\$ 69,110

Other Supplementary Information

Fiduciary Fund Pension and OPEB Trust Fund

Combining Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position for City's Pension Trust and OPEB Trust.

City of Rockville, Maryland
Combining Statement of Fiduciary Net Position
Pension and OPEB Trust Funds
June 30, 2022

	Pension Trust Fund			OPEB Trust Fund	Total Pension and OPEB Trust Funds
	Defined Benefit Trust	Defined Contribution Trust	Total Pension Trust Fund	OPEB Trust Fund	
Assets					
Open End Mutual Funds:					
Fixed Income	\$ 23,241,684	\$ 9,195,739	\$ 32,437,423	\$ 3,794,236	\$ 36,231,659
Target date	-	19,238,146	19,238,146	-	19,238,146
Equities	51,315,366	18,158,724	69,474,090	5,412,833	74,886,923
Real estate	27,809,308	265,982	28,075,290	-	28,075,290
Global real assets	-	27,631	27,631	-	27,631
Global tactical asset allocation	13,427,196	-	13,427,196	-	13,427,196
Money markets	2,342,360	-	2,342,360	-	2,342,360
Total Assets	<u>\$ 118,135,914</u>	<u>\$ 46,886,222</u>	<u>\$165,022,136</u>	<u>\$ 9,207,069</u>	<u>\$174,229,205</u>
Liabilities					
Benefits Payable	\$ -	\$ -	\$ -	\$ 37,408	\$ 37,408
Administrative expense payable	-	-	-	2,500	2,500
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,908</u>	<u>\$ 39,908</u>
Net Position					
Restricted for plan benefits	<u>\$ 118,135,914</u>	<u>\$ 46,886,222</u>	<u>\$165,022,136</u>	<u>\$ 9,167,161</u>	<u>\$174,189,297</u>
Total Liabilities and Net Position	<u>\$ 118,135,914</u>	<u>\$ 46,886,222</u>	<u>\$165,022,136</u>	<u>\$ 9,207,069</u>	<u>\$174,229,205</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Combining Statement of Changes in Fiduciary Net Position
Pension and OPEB Trust Funds
For the Fiscal Year Ended June 30, 2022

	Pension Trust Fund			OPEB Trust Fund	Total Pension and OPEB Trust Funds
	Defined Benefit Trust	Defined Contribution Trust	Total Pension Trust Funds	OPEB Trust Fund	
Additions					
Contributions					
Employer	\$ 4,589,309	\$ 998,795	\$ 5,588,104	\$ 135,053	\$ 5,723,157
Plan Members	923,150	1,510,959	2,434,109	-	2,434,109
Total Contributions	<u>\$ 5,512,459</u>	<u>\$ 2,509,754</u>	<u>\$ 8,022,213</u>	<u>\$ 135,053</u>	<u>\$ 8,157,266</u>
Investment earnings (losses):					
Net depreciation in the fair value of plan investments	(12,903,239)	(8,947,871)	(21,851,110)	(3,135,021)	(24,986,131)
Interest and dividends	3,241,600	2,789,604	6,031,204	126,970	6,158,174
Total investment earnings (losses)	<u>(9,661,639)</u>	<u>(6,158,267)</u>	<u>(15,819,906)</u>	<u>(3,008,051)</u>	<u>(18,827,957)</u>
Less investment (expense) refunds	(337,134)	(45,000)	(382,134)	-	(382,134)
Net investment earnings (losses)	<u>(9,998,773)</u>	<u>(6,203,267)</u>	<u>(16,202,040)</u>	<u>(3,008,051)</u>	<u>(19,210,091)</u>
Total Additions	<u>\$ (4,486,314)</u>	<u>\$ (3,693,513)</u>	<u>\$ (8,179,827)</u>	<u>\$ (2,872,998)</u>	<u>\$ (11,052,825)</u>
Deductions					
Benefits	\$ 7,307,095	\$ 3,126,827	\$ 10,433,922	\$ 381,718	\$ 10,815,640
Administrative expense	108,766	53,866	162,632	5,000	167,632
Total Deductions	<u>\$ 7,415,861</u>	<u>\$ 3,180,693</u>	<u>\$ 10,596,554</u>	<u>\$ 386,718</u>	<u>\$ 10,983,272</u>
Net Increase (Decrease)	(11,902,175)	(6,874,206)	(18,776,381)	(3,259,716)	(22,036,097)
Net position at beginning of year	130,038,089	53,760,428	183,798,517	12,426,877	196,225,394
Net position at end of year	<u>\$ 118,135,914</u>	<u>\$ 46,886,222</u>	<u>\$ 165,022,136</u>	<u>\$ 9,167,161</u>	<u>\$ 174,189,297</u>

See accompanying notes to the basic financial statements.



Statistical Section

Fiscal Year Ended
June 30, 2022

Statistical Section

The Statistical Section presents detailed information for the City in the following areas, as a context for understanding what the information in the Financial Section says about the City's overall financial health:

REVENUE CAPACITY - Information to help the reader assess the City's most significant local revenue source, the property tax.

FINANCIAL TRENDS - Information to help the reader understand how the City's financial performance and well-being have changed over time.

DEBT CAPACITY - Information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION - Indicators to help the reader understand how the environment within which the City's financial activities take place.

OPERATING INFORMATION - Service and infrastructure data to help the reader understand how the information in the City's Financial report relates to the services the City provides and the activities it performs.

Many of the tables cover more than two fiscal years and present data from outside accounting records. Therefore, the Statistical Section is unaudited.

City of Rockville, Maryland
 Financial Trends Information (unaudited)
 Net Position by Category Government-Wide, (Governmental and Business-type Activities) - Last Ten Fiscal Years
 (accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 221,627,345	\$ 227,007,883	\$ 236,257,929	\$ 242,206,193	\$ 251,497,341	\$ 258,103,935	\$ 180,264,476	\$ 189,355,879	\$ 194,918,299	\$ 199,997,005
Restricted	30,124,255	31,504,391	28,241,472	8,958,785	9,196,988	9,637,846	9,564,641	10,877,025	10,872,899	12,889,320
Unrestricted	9,464,633	11,252,856	842,090	20,493,148	18,653,066	18,669,094	20,828,738	16,634,804	18,021,201	26,678,563
Total Governmental Activities Net Position	\$ 261,216,233	\$ 269,765,130	\$ 265,341,491	\$ 271,658,126	\$ 279,347,395	\$ 286,410,875	\$ 210,657,855	\$ 216,867,708	\$ 223,812,399	\$ 239,564,888
Business-Type Activities										
Net investment in capital assets	\$ 59,592,571	\$ 69,660,027	\$ 73,858,569	\$ 80,207,561	\$ 82,902,957	\$ 84,792,752	\$ 47,681,534	\$ 45,275,449	\$ 47,467,611	\$ 68,730,672
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(3,133,639)	(10,553,298)	(12,866,439)	(16,018,230)	(13,447,240)	(11,587,452)	24,736,541	31,276,128	35,835,268	20,423,111
Total Business-Type Activities Net Position	\$ 56,458,932	\$ 59,106,729	\$ 60,992,130	\$ 64,189,331	\$ 69,455,717	\$ 73,205,300	\$ 72,418,075	\$ 76,551,577	\$ 83,302,879	\$ 89,153,783
Primary Government										
Net investment in capital assets	\$ 281,219,916	\$ 296,667,910	\$ 310,116,498	\$ 322,413,754	\$ 334,400,298	\$ 342,896,687	\$ 227,946,010	\$ 234,631,328	\$ 242,385,910	\$ 268,727,677
Restricted	30,124,255	31,504,391	28,241,472	8,958,785	9,196,988	9,637,846	9,564,641	10,877,025	10,872,899	12,889,320
Unrestricted	6,330,994	699,558	(12,024,349)	4,474,918	5,205,826	7,081,642	45,565,279	47,910,932	53,856,469	47,101,674
Total Primary Government Net Position	\$ 317,675,165	\$ 328,871,859	\$ 326,333,621	\$ 335,847,457	\$ 348,803,112	\$ 359,616,175	\$ 283,075,930	\$ 293,419,285	\$ 307,115,278	\$ 328,718,671

- Note: In fiscal year 2019, the City had restatements of net position that consisted of adjustments to accumulated depreciation on fixed assets and adjustments to construction in progress as follows: The government-wide net position was restated by (\$93,367,113) which is made up of governmental net position restatements of (\$85,206,345) and business-type net position restatements of (\$8,160,768), which also decrease the reported net investment in capital assets, as observed in the table above. In addition, changes in the presentation of Parking Fund net position, contribute to the fiscal year 2019 decrease in business-type activities net investment in capital assets.

City of Rockville, Maryland

Financial Trends Information (unaudited)

Changes in Net Position by Category, Government-Wide, (Governmental and Business-type Activities) – Last Ten Fiscal Years (accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 17,627,789	\$ 18,029,867	\$ 16,056,710	\$ 19,939,261	\$ 22,179,924	\$ 20,613,735	\$ 23,393,793	\$ 25,240,933	\$ 20,536,401	\$ 24,767,845
Community development block grant	130,807	274,100	324,341	192,372	-	-	-	-	-	-
Community development	6,852,638	4,499,173	4,742,679	5,208,701	5,559,447	5,464,560	5,595,043	7,026,330	8,030,851	8,507,999
Economic development	-	-	-	-	-	-	-	-	-	1,996,852
Public safety	11,605,687	11,925,500	11,955,154	14,011,145	13,055,908	13,078,545	14,225,613	13,323,731	12,372,318	12,144,440
Public works	7,360,540	10,480,582	10,680,119	11,489,202	11,298,192	11,903,718	12,709,877	13,341,995	14,201,763	14,039,787
Recreation and parks	19,421,263	20,192,932	20,316,220	21,677,656	22,483,951	23,193,122	23,804,520	23,261,943	20,028,092	22,644,143
Interest on long-term debt	1,753,582	1,570,515	1,481,177	1,451,990	1,279,361	1,388,516	1,271,638	1,369,546	1,042,271	898,054
Total governmental activities expenses	\$ 64,752,306	\$ 66,972,669	\$ 65,556,400	\$ 73,970,327	\$ 75,856,783	\$ 75,642,196	\$ 81,000,484	\$ 83,564,478	\$ 76,211,696	\$ 84,999,120
Business-type activities:										
Water	\$ 8,288,461	\$ 8,781,145	\$ 8,786,204	\$ 8,954,708	\$ 9,541,833	\$ 10,196,312	\$ 9,969,367	\$ 10,225,304	\$ 9,945,637	\$ 10,275,797
Sewer	8,121,144	8,851,481	10,761,488	12,465,393	10,632,475	11,507,060	11,598,825	11,608,010	10,850,259	11,797,114
Refuse	4,647,799	4,374,062	4,482,442	4,273,936	4,593,424	4,655,333	4,848,875	5,405,423	5,429,616	5,527,202
Parking	2,294,266	1,856,615	1,826,227	1,783,298	1,800,872	2,004,078	1,816,468	3,421,832	1,279,238	1,896,381
Stormwater management	2,582,736	2,931,502	2,963,825	3,176,524	3,522,042	3,734,179	3,837,179	4,318,925	4,251,262	4,505,152
Golf course	306,241	121,087	106,119	105,439	104,761	104,090	103,357	490,370	101,594	31,850
Total business-type activities expenses	26,240,647	26,915,892	28,926,305	30,759,298	30,195,407	32,201,052	32,174,071	35,469,864	31,857,606	34,033,496
Total primary government expenses	\$ 90,992,953	\$ 93,888,561	\$ 94,482,705	\$ 104,729,625	\$ 106,052,190	\$ 107,843,248	\$ 113,174,555	\$ 119,034,342	\$ 108,069,302	\$ 119,032,616
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,015,524	\$ 308,228	\$ 331,004	\$ 379,871	\$ 411,704	\$ 573,971	\$ 652,239	\$ 519,634	\$ 387,304	\$ 921,900
Community development	1,821,386	2,631,132	2,127,341	1,983,953	2,043,566	2,153,492	2,507,674	4,226,994	3,060,460	3,746,815
Economic development	-	-	-	-	-	-	-	-	-	46,582
Public safety	4,405,923	4,913,037	3,998,962	4,155,894	4,367,130	4,531,053	4,213,136	2,709,657	2,250,734	1,849,248
Public works	482,064	655,773	647,298	677,274	208,457	780,999	1,066,358	343,141	499,453	886,217
Recreation and parks	5,056,436	5,304,462	5,510,139	5,667,549	6,124,135	6,322,356	6,291,076	4,375,849	2,200,987	5,142,856
Operating grants and contributions	1,538,646	1,276,981	1,802,196	1,414,801	1,842,041	1,587,580	2,200,863	3,379,267	2,762,499	3,784,720
Capital grants and contributions	1,485,087	1,170,792	458,203	1,021,763	929,414	1,623,758	1,645,078	1,386,536	499,774	5,366,478
Total governmental activities program revenues	\$ 15,805,066	\$ 16,260,405	\$ 14,875,143	\$ 15,301,105	\$ 15,926,447	\$ 17,573,209	\$ 18,576,424	\$ 16,941,078	\$ 11,661,211	\$ 21,744,816
Business-type activities:										
Charges for services:										
Water	\$ 10,443,600	\$ 10,694,368	\$ 11,028,502	\$ 12,150,240	\$ 12,360,559	\$ 11,779,188	\$ 12,280,599	\$ 13,309,595	\$ 12,240,675	\$ 11,849,849
Sewer	8,669,101	9,118,470	9,447,082	11,041,983	12,407,271	13,283,207	14,212,488	15,518,514	15,647,083	14,355,486
Refuse	5,554,293	5,534,943	5,687,674	5,799,796	6,121,016	6,294,727	6,193,581	6,195,480	6,247,044	6,487,980
Parking	1,253,296	1,286,239	1,156,885	1,108,497	857,266	1,004,449	923,056	619,319	453,070	761,933
Stormwater management	4,173,905	4,241,331	4,809,791	5,120,666	5,781,614	5,693,065	6,827,996	5,466,361	5,354,261	6,028,578
Golf course	34,087	2,100	100	-	-	-	-	-	-	-
Capital grants and contributions	1,115,774	1,109,875	1,163,751	2,523,759	1,683,070	1,589,340	875,236	597,096	118,316	4,100,731
Total business-type activities program revenues	31,244,056	31,987,326	33,293,785	37,744,941	39,210,796	39,643,976	41,312,956	41,706,365	40,060,449	43,584,557
Total primary government revenues	\$ 47,049,122	\$ 48,247,731	\$ 48,168,928	\$ 53,046,046	\$ 55,137,243	\$ 57,217,185	\$ 59,889,380	\$ 58,647,443	\$ 51,721,660	\$ 65,329,373

City of Rockville, Maryland

Financial Trends Information (unaudited)

Changes in Net Position by Category, Government-Wide, (Governmental and Business-type Activities) – Last Ten Fiscal Years (Continued) (accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental activities	\$ (50,712,264)	\$ (50,681,257)	\$ (58,669,222)	\$ (58,669,222)	\$ (59,930,336)	\$ (58,068,987)	\$ (62,424,060)	\$ (66,623,400)	\$ (64,550,485)	\$ (63,254,304)
Business-type activities	5,071,434	4,367,480	6,985,643	6,985,643	9,015,389	7,442,924	9,138,885	6,236,501	8,202,843	9,551,061
Total primary government net expense	<u>\$ (45,640,830)</u>	<u>\$ (46,313,777)</u>	<u>\$ (51,683,579)</u>	<u>\$ (51,683,579)</u>	<u>\$ (50,914,947)</u>	<u>\$ (50,626,063)</u>	<u>\$ (53,285,175)</u>	<u>\$ (60,386,899)</u>	<u>\$ (56,347,642)</u>	<u>\$ (53,703,243)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 35,845,676	\$ 36,057,121	\$ 35,774,964	\$ 38,283,902	\$ 40,246,427	\$ 41,278,428	\$ 42,110,434	\$ 42,761,718	\$ 44,310,187	\$ 45,002,799
Income taxes	11,757,980	13,023,794	12,438,718	14,154,731	13,577,486	13,634,659	15,585,645	16,049,228	16,631,367	18,874,910
Gas and motor vehicle taxes	431,902	1,601,681	1,663,404	1,914,024	1,897,093	1,960,667	2,169,474	2,494,082	2,763,951	2,925,644
County tax duplications payment	2,116,671	2,116,671	2,116,671	2,116,671	2,409,750	2,409,750	2,409,750	2,409,750	2,409,750	5,327,472
Admissions and amusement taxes	1,053,387	1,036,536	993,387	985,525	1,321,900	1,350,266	1,375,116	1,009,777	312,323	555,400
Use of money and property	266,761	289,824	299,215	384,646	456,123	768,464	1,690,421	2,443,669	686,635	(226,229)
Other revenue	2,519,952	2,537,174	2,821,943	3,016,088	3,409,976	3,334,811	3,294,275	3,045,759	2,466,693	3,045,900
Transfers	2,781,950	2,598,360	2,665,365	4,130,270	4,300,850	4,264,970	3,242,270	2,619,270	1,914,270	2,460,800
Total governmental activities	<u>56,774,279</u>	<u>59,261,161</u>	<u>58,773,667</u>	<u>64,985,857</u>	<u>67,619,605</u>	<u>69,002,015</u>	<u>71,877,385</u>	<u>72,833,253</u>	<u>71,495,176</u>	<u>77,966,696</u>
Business-type activities:										
Property taxes	\$ 156,443	\$ 172,382	\$ 181,081	\$ 196,481	\$ 206,704	\$ 216,927	\$ 208,743	\$ 160,762	\$ 147,019	\$ 125,395
Use of money and property	7,512	2,341	2,205	15,451	42,127	91,976	151,540	144,318	16,349	97,680
Other revenue	-	-	-	129,896	303,016	262,726	1,116,645	211,191	299,361	250,681
Transfers	(2,781,950)	(2,598,360)	(2,665,365)	(4,130,270)	(4,300,850)	(4,264,970)	(3,242,270)	(2,619,270)	(1,914,270)	(2,460,800)
Total business-type activities	<u>(2,617,995)</u>	<u>(2,423,637)</u>	<u>(2,482,079)</u>	<u>(3,788,442)</u>	<u>(3,749,003)</u>	<u>(3,693,341)</u>	<u>(1,765,342)</u>	<u>(2,102,999)</u>	<u>(1,451,541)</u>	<u>(1,987,044)</u>
Total primary government	<u>\$ 54,156,284</u>	<u>\$ 56,837,524</u>	<u>\$ 56,291,588</u>	<u>\$ 61,197,415</u>	<u>\$ 63,870,602</u>	<u>\$ 65,308,674</u>	<u>\$ 70,112,043</u>	<u>\$ 70,730,254</u>	<u>\$ 70,043,635</u>	<u>\$ 75,979,652</u>
Changes in Net Position										
Governmental activities	\$ 6,062,015	\$ 8,579,904	\$ 104,445	\$ 6,316,635	\$ 7,689,269	\$ 10,933,028	\$ 9,453,325	\$ 6,209,853	\$ 6,944,691	\$ 14,712,392
Business-type activities	2,453,439	1,943,843	4,503,564	3,197,201	5,266,386	3,749,583	7,373,543	4,133,502	6,751,302	7,564,017
Total primary government	<u>\$ 8,515,454</u>	<u>\$ 10,523,747</u>	<u>\$ 4,608,009</u>	<u>\$ 9,513,836</u>	<u>\$ 12,955,655</u>	<u>\$ 14,682,611</u>	<u>\$ 16,826,868</u>	<u>\$ 10,343,355</u>	<u>\$ 13,695,993</u>	<u>\$ 22,276,409</u>

City of Rockville, Maryland
Financial Trends Information (unaudited)
Fund Balances, Governmental Funds – Last Ten Fiscal Years
(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 1,728,224	\$ 1,712,687	\$ 1,734,918	\$ 1,793,249	\$ 793,744	\$ 824,326	\$ 786,524	\$ 923,482	\$ 850,844	\$ 909,080
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	428,000	-	100,000	270,000	1,126,620
Assigned	220,370	342,006	772,345	984,077	739,037	1,385,354	1,015,143	740,985	992,028	1,679,959
Unassigned	13,226,677	15,689,079	19,916,594	21,039,026	19,643,296	19,092,844	22,733,031	22,022,347	22,869,949	26,446,411
Total General Fund	\$ 15,175,271	\$ 17,743,772	\$ 22,423,857	\$ 23,816,352	\$ 21,176,077	\$ 21,730,524	\$ 24,534,698	\$ 23,786,814	\$ 24,982,821	\$ 30,162,070
All Other Governmental Funds										
Nonspendable	\$ 1,800,000	\$ 1,750,728	\$ 1,705,709	\$ 1,705,709	\$ 1,705,709	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	30,124,255	31,504,391	28,241,472	8,958,785	9,196,988	9,637,846	9,564,641	10,877,025	10,872,899	12,889,320
Committed	-	-	-	180,461	320,328	1,555,317	1,488,780	867,612	311,221	185,004
Assigned	-	-	-	15,795,046	17,467,665	24,146,176	24,877,332	21,154,242	19,174,560	23,072,790
Unassigned	-	-	(4,312)	(351,108)	(12,988)	(113)	(19,972)	-	(18,642)	-
Total Other Governmental Funds	\$ 31,924,255	\$ 33,255,119	\$ 29,942,869	\$ 26,288,893	\$ 28,677,702	\$ 35,339,226	\$ 35,910,781	\$ 32,898,879	\$ 30,340,038	\$ 36,147,114

City of Rockville, Maryland

Financial Trends Information (unaudited)
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years
(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property taxes	\$ 35,447,038	\$ 36,300,047	\$ 36,206,420	\$ 38,435,104	\$ 40,105,716	\$ 41,385,199	\$ 42,167,988	\$ 42,551,677	\$ 44,327,269	\$ 44,931,581
Assessments	306,197	19,014	13,127	49,695	17,306	13,540	13,911	180	-	-
Revenue from other governments:										
Community development block grant	130,811	269,966	320,645	182,678	206,478	145,585	276,545	-	-	-
Income taxes	11,757,980	13,023,794	12,438,718	14,154,731	13,577,486	13,634,659	15,585,645	16,049,228	16,631,367	18,874,910
Gas and motor vehicle taxes	431,902	1,601,681	1,663,404	1,914,024	1,897,093	1,960,667	2,169,474	2,494,082	2,763,951	2,925,644
County tax duplication payment	2,116,671	2,116,671	2,116,671	2,116,671	2,409,750	2,409,750	2,409,750	2,409,750	2,409,750	5,327,472
Admissions and amusement taxes	1,053,387	1,036,536	993,387	985,525	1,321,900	1,350,266	1,375,116	1,009,777	312,323	555,400
Grants and other governmental revenue	2,394,019	2,016,584	2,215,514	3,796,415	3,726,575	3,831,943	4,942,651	4,293,669	4,756,260	10,073,834
Licenses and permits	2,510,196	3,179,708	2,604,279	2,919,812	2,927,369	3,085,155	3,464,229	3,594,801	2,832,775	3,480,338
Charges for services	5,816,647	6,184,270	6,790,786	6,662,970	6,792,763	7,511,352	7,744,968	5,432,233	3,003,157	6,361,303
Use of money and property	266,761	289,824	299,215	384,646	456,123	768,464	1,690,421	2,443,669	686,635	(858,912)
Fines and forfeitures	3,478,145	3,236,025	2,975,888	2,876,907	3,099,446	3,251,514	2,911,702	2,635,485	2,177,376	1,771,920
Other revenues	7,177,050	7,407,613	6,215,424	6,944,972	7,606,955	7,568,233	7,397,901	7,440,081	4,538,106	3,092,553
Total revenues	\$ 72,886,804	\$ 76,681,733	\$ 74,853,478	\$ 81,424,150	\$ 84,144,960	\$ 86,916,327	\$ 92,150,301	\$ 90,354,632	\$ 84,438,969	\$ 96,536,043
Expenditures										
Current operations:										
General government	\$ 14,391,806	\$ 14,377,671	\$ 14,275,094	\$ 15,686,607	\$ 16,407,663	\$ 16,342,618	\$ 17,814,977	\$ 18,714,782	\$ 18,671,868	\$ 19,379,629
Community development block grant	130,807	274,100	324,341	192,372	-	-	-	-	-	-
Community development	4,514,388	4,498,124	4,741,630	5,207,652	5,542,514	5,464,560	5,595,043	7,026,330	8,030,851	8,507,999
Economic development	-	-	-	-	-	-	-	-	-	1,996,852
Public safety	11,200,748	11,496,594	11,501,814	12,185,400	12,443,786	12,459,492	13,567,548	12,689,749	12,025,397	11,810,523
Public works	6,909,193	7,384,086	7,303,804	7,750,002	7,230,606	7,327,415	7,612,913	7,789,950	8,403,476	8,028,157
Recreation and parks	19,368,267	20,143,088	20,263,690	21,624,308	22,432,984	23,136,161	23,718,127	23,161,217	19,910,546	22,521,146
Capital outlay	9,281,250	8,064,997	12,158,974	13,099,398	15,418,428	14,704,558	21,146,123	17,983,725	11,404,211	12,664,143
Debt service										
Principal	8,890,639	9,851,039	11,092,586	4,340,170	3,935,601	4,074,204	3,904,994	12,138,488	5,226,047	3,722,421
Interest	1,780,295	1,609,647	1,474,312	1,475,550	1,298,334	1,392,498	1,268,855	1,438,225	1,115,727	866,673
Bond Counsel/Amortization	-	78,550	80,936	-	80,294	16,927	53,701	40,222	40,222	40,222
Total expenditures	\$ 76,467,393	\$ 77,777,896	\$ 83,217,181	\$ 81,561,459	\$ 84,790,210	\$ 84,918,433	\$ 94,682,281	\$ 100,982,688	\$ 84,828,345	\$ 89,537,765
Excess (deficiency) revenues over expenditures	\$ (3,580,589)	\$ (1,096,163)	\$ (8,363,703)	\$ (137,309)	\$ (645,250)	\$ 1,997,894	\$ (2,531,980)	\$ (10,628,056)	\$ (389,376)	\$ 6,998,278
Other Financing Sources (Uses)										
Transfers in	\$ 8,759,226	\$ 12,147,230	\$ 14,610,342	\$ 13,397,890	\$ 17,584,502	\$ 16,849,860	\$ 13,730,460	\$ 14,855,250	\$ 12,472,440	\$ 20,335,370
Transfers out	(9,298,286)	(12,936,290)	(15,400,137)	(14,277,890)	(18,344,022)	(17,746,590)	(14,877,190)	(16,001,980)	(14,469,170)	(17,874,570)
Leases - as lessee	-	-	-	-	-	-	-	-	-	487,150
Payment to refunded bond escrow agent	-	-	-	-	(5,390,020)	-	-	-	-	-
Issuance of general obligation bonds	-	-	3,527,737	-	1,114,028	6,114,807	7,054,439	-	-	-
Issuance of refunding bonds	5,094,444	5,784,588	6,993,596	-	5,429,296	-	-	8,015,000	1,023,272	-
Loan Proceeds	2,636,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 7,191,384	\$ 4,995,528	\$ 9,731,538	\$ (880,000)	\$ 393,784	\$ 5,218,077	\$ 5,907,709	\$ 6,868,270	\$ (973,458)	\$ 2,947,950
Net change in fund balances	\$ 3,610,795	\$ 3,899,365	\$ 1,367,835	\$ (1,017,309)	\$ (251,466)	\$ 7,215,971	\$ 3,375,729	\$ (3,759,786)	\$ (1,362,834)	\$ 9,946,228
Debt Service as percentage of non-capital expenditures	15.88%	16.44%	17.69%	8.49%	7.54%	7.79%	7.04%	16.36%	8.64%	5.97%

City of Rockville, Maryland
Revenue Capacity Information (unaudited)
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Percentage Change
2013	11,347,224,618	398,979,040	11,746,203,658	0.292	11,746,203,658	-0.1%
2014	11,451,738,175	409,935,282	11,861,673,457	0.292	11,861,673,457	1.0%
2015	11,536,297,040	418,533,998	11,954,831,038	0.292	11,954,831,038	0.8%
2016	12,025,581,009	422,828,843	12,448,409,852	0.292	12,448,409,852	4.1%
2017	12,607,868,059	468,851,914	13,076,719,973	0.292	13,076,719,973	5.0%
2018	13,115,652,277	450,448,415	13,566,100,692	0.292	13,566,100,692	3.7%
2019	13,395,760,564	423,664,690	13,819,425,254	0.292	13,819,425,254	1.9%
2020	13,616,196,177	427,152,944	14,043,349,121	0.292	14,043,349,121	1.6%
2021	14,010,077,827	436,757,839	14,446,835,666	0.292	14,446,835,666	2.9%
2022	14,209,994,545	432,765,487	14,642,760,032	0.292	14,642,760,032	1.4%

Note: Property is assessed at 100% and tax rates are per \$100 of assessed value. For fiscal year ends June 30, 2013 to June 30, 2022, real property and personal property figures are based on the Montgomery County confirmation and Personal Property Assessment Report. Personal property is taxed at a rate of 0.805.

City of Rockville, Maryland
Revenue Capacity Information (unaudited)
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years

Fiscal Year	City	Overlapping Rates	
	Total Direct	Montgomery County	State of Maryland
2013	0.292	0.907	0.112
2014	0.292	0.927	0.112
2015	0.292	0.909	0.112
2016	0.292	0.900	0.112
2017	0.292	0.940	0.112
2018	0.292	0.916	0.112
2019	0.292	0.899	0.112
2020	0.292	0.892	0.112
2021	0.292	0.888	0.112
2022	0.292	0.886	0.112

Note: The City portion of property taxes (FY 2022 direct rate of 0.292) is fully dedicated to operating expenditures. Property is assessed at 100%.

City of Rockville, Maryland
Revenue Capacity Information (unaudited)
Principal Property Tax Payers – Current Year and Nine Years Ago

For the Fiscal Year Ended June 30, 2022

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Congressional Plaza Assoc LLC	\$ 178,810,733	\$ 178,810,733	\$ -	1.21%
Morguard Fenestra Apts LLC	125,801,099	125,801,099	-	0.85%
1800 Rockville Residential LLC	114,883,798	114,883,798	-	0.78%
King Farm Apartments Ph 2 LLC	109,146,664	109,146,664	-	0.74%
JPI/KF Apt Sec 1 LLLP	106,954,832	106,954,832	-	0.73%
FP Redland Technology Center LP	95,045,767	95,045,767	-	0.65%
MEPT Congressional Village LLC	98,149,068	98,149,068	-	0.67%
Street Retail, Inc.	91,436,979	91,436,979	-	0.62%
FG Retail Group LLC	77,113,199	77,113,199	-	0.52%
PF Apartments LLC	76,983,832	76,983,832	-	0.52%
Total	<u>\$ 1,074,325,971</u>	<u>\$ 1,074,325,971</u>	<u>\$ -</u>	<u>7.30%</u>
Total Assessable Value	<u>\$ 14,724,908,352</u>			<u>100.00%</u>

For the Fiscal Year Ended June 30, 2013

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Rockville Town Square (CIM Group)	\$ 143,165,110	\$ 143,165,110	\$ -	1.22%
King Farm Apartments	120,215,199	120,215,199	-	1.02%
Congressional Plaza Assoc LLC	107,175,767	107,175,767	-	0.91%
Congressional Village Assoc LLC	101,218,103	101,218,103	-	0.86%
Boston Prop LTD Partnership	91,154,534	91,154,534	-	0.78%
Twinbrook Commons Residential	81,540,401	81,540,401	-	0.69%
Brandywine Research LLC	80,889,601	80,836,099	53,502	0.69%
Tower-Dawson LLC	77,132,321	73,844,130	3,288,191	0.66%
Realty Associates	75,423,798	75,423,798	-	0.64%
Congressional Towers	62,409,901	62,409,901	-	0.53%
Total	<u>\$ 940,324,735</u>	<u>\$ 936,983,042</u>	<u>\$ 3,341,693</u>	<u>8.01%</u>
Total Assessable Value	<u>\$ 11,746,203,658</u>			<u>100.00%</u>

Source: Tax Assessment and Accounts Receivable Report provided by Montgomery County, MD.

City of Rockville, Maryland
Revenue Capacity Information (unaudited)
Property Tax Levies and Collections – Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	33,240,633	32,437,136	97.6%	777,828	33,214,964	99.9%
2014	33,405,919	33,291,816	99.6%	95,088	33,386,904	99.9%
2015	34,174,382	33,785,982	98.9%	358,621	34,144,603	99.9%
2016	34,644,503	34,596,817	99.9%	14,438	34,611,255	99.9%
2017	36,693,505	36,531,512	99.6%	50,707	36,582,219	99.7%
2018	38,193,030	38,097,608	99.8%	(24,730)	38,072,878	99.7%
2019	39,115,621	39,044,064	99.8%	(19,993)	39,024,071	99.8%
2020	39,759,293	39,657,403	99.7%	16,443	39,673,846	99.8%
2021	40,679,013	40,633,479	99.9%	(15,294)	40,618,185	99.9%
2022	41,989,087	41,914,490	99.8%	-	41,914,490	99.8%

Note: Collections are shown net of adjustments and refunds.

Source: Tax Assessment and Accounts Receivable Report provided by Montgomery County, MD.

City of Rockville, Maryland
Debt Capacity Information (unaudited)
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Estimated Personal Income	Per Capita
	General	Loan	General	Loan			
	Obligation Bonds	Payable	Obligation Bonds	Payable			
2013	42,908,541	2,472,665	94,028,283	5,509,868	144,919,357	3.16%	2,305
2014	39,098,908	1,809,332	89,446,092	4,946,130	135,300,462	2.85%	2,114
2015	40,228,422	1,119,999	97,349,903	4,369,475	143,067,799	2.72%	2,158
2016	36,344,961	430,666	102,077,045	3,779,524	142,632,196	2.55%	1,816
2017	33,580,117	241,333	100,676,067	3,175,889	137,673,406	2.34%	1,718
2018	35,466,495	52,000	99,024,440	2,558,165	137,101,100	2.26%	1,678
2019	38,265,910	26,000	101,676,922	1,925,939	141,894,771	2.19%	1,635
2020	33,640,035	-	95,620,635	1,470,226	130,730,896	1.96%	1,418
2021	28,988,553	-	108,638,498	1,147,637	138,774,688	2.32%	1,559
2022	24,935,831	-	100,078,109	820,746	125,834,686	1.84%	1,321

Note: Amounts above include unamortized bond premiums for governmental activities and business-type activities.

Source: Per capita is calculated using population estimates provided internally by the Department of Community Planning and Development Services.

City of Rockville, Maryland
 Debt Capacity Information (unaudited)
 Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2013	136,936,824	1.17%	2,178
2014	128,545,000	1.08%	2,008
2015	137,578,325	1.15%	2,075
2016	138,422,006	1.11%	2,057
2017	134,256,184	1.03%	1,963
2018	134,490,935	0.99%	1,955
2019	139,942,832	1.01%	1,970
2020	129,260,670	0.92%	1,790
2021	137,627,051	0.95%	2,051
2022	125,013,940	0.85%	1,741

Source: Per capita is calculated using population estimates provided internally by the Department of Community Planning and Development Services.

City of Rockville, Maryland
Debt Capacity Information (unaudited)
Direct and Overlapping Governmental Activities Debt

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Rockville	\$ 24,935,831	100.00%	\$ 24,935,831
Montgomery County, Maryland	<u>4,471,268,804</u>	7.28%	<u>325,508,369</u>
Total direct and overlapping debt	<u><u>\$ 4,496,204,635</u></u>		<u><u>\$ 350,444,200</u></u>

Notes:

- The City is not restricted by legal debt limit.
- The percentage of overlapping debt applicable is estimated using taxable assessed property values, as reported by the State of Maryland Department of Assessments and Taxation. Applicable percentages are based on the portion of taxable assessed property located within the City of Rockville, compared to the taxable assessed property of Montgomery County. The City is located entirely within the County.
- Debt for Montgomery County was obtained from Montgomery County, Department of Finance.

City of Rockville, Maryland
 Demographic and Economic Information (unaudited)
 Demographic and Economic Statistics – Last Ten Fiscal Years

Fiscal Year	Personal Income (in thousands)	Per Capita Income	Population	Unemployment Rate
2013	4,584,639	72,926	62,867	5.02
2014	4,745,927	74,147	64,007	4.30
2015	5,251,490	79,208	66,300	4.40
2016	5,588,457	83,038	67,300	3.70
2017	5,890,410	86,136	68,385	3.40
2018	6,069,137	88,236	68,783	3.10
2019	6,485,891	91,312	71,030	3.76
2020	6,658,654	92,225	72,200	8.20
2021	5,975,359	89,029	67,117	5.61
2022	6,838,591	95,245	71,800	4.00

Notes:

- Population estimates are from City of Rockville Department of Planning and Development Services for years 2013 to 2022 Census. Per capita income is obtained from Montgomery County.

City of Rockville, Maryland
Demographic and Economic Information (unaudited)
Principal Employers – Current Year and Nine Years Ago

Employer	Fiscal Year 2022		Percentage of Total City Employment	Fiscal Year 2013		Percentage of Total City Employment
	Employees	Rank		Employees	Rank	
Montgomery County Government	5,165	1	6.56%	4,985	1	6.66%
Montgomery County Board of Education	2,500	2	3.18%	2,500	2	3.34%
U.S. Nuclear Regulatory Commission	*	3	*	*		*
Montgomery College	1,950	4	2.48%	955	6	1.28%
Westat, Inc.	1,750	5	2.22%	2,000	4	2.67%
Northwestern Mutual Life Insurance Co.	623	6	0.79%	*		*
Lockheed Martin Information Systems	565	7	0.72%	2,000	3	2.67%
Choice Hotels International	500	8	0.64%	430	10	0.57%
Quest Diagnostics Incorporated	500	9	0.64%	*		*
City of Rockville	493	10	0.63%	546	9	0.73%
Booz Allen Hamilton	*		*	1,282	5	1.71%
Quest Software	*		*	784	7	1.05%
BAE Systems	*		*	650	8	0.87%
Adventist Healthcare	*		*	*		*
Total	14,046		17.85%	16,132		21.57%
Total Estimated City Employment	78,700			74,800		

Sources: Rockville Economic Development Incorporated.

* Not applicable for the fiscal year presented.

City of Rockville, Maryland

Operating Information (unaudited)

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Mayor and Council	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
City Manager	28.0	25.0	25.0	25.0	32.5	28.0	27.0	27.0	27.0	28.0
City Attorney	6.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0
Human Resources	10.0	10.0	10.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0
Finance	29.0	29.0	28.5	29.0	21.5	19.5	18.5	18.5	18.5	18.5
Information and technology	17.5	16.5	16.0	17.0	17.0	18.0	19.0	20.0	20.0	20.0
Planning and Development Services	40.6	40.6	41.0	42.0	42.0	42.0	41.0	50.0	47.0	44.0
Housing and Community Development	-	-	-	-	-	-	-	-	-	14.0
Public Safety	87.0	89.0	89.5	89.5	88.5	91.5	92.5	85.5	86.5	90.5
Public Works	45.0	45.5	46.0	46.0	46.0	46.0	47.0	47.5	47.5	43.5
Recreation and parks	142.6	139.9	138.5	136.7	136.7	138.1	139.1	137.1	135.3	126.3
Water	40.0	39.0	38.6	37.6	37.6	36.7	36.0	36.0	36.0	36.0
Sewer	17.9	17.9	17.9	17.9	17.9	18.6	18.5	17.9	17.9	17.9
Refuse collection	35.8	35.8	34.8	32.8	32.8	33.5	33.5	34.2	37.2	37.2
Parking	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Stormwater management	20.4	20.4	20.5	20.5	20.5	21.0	21.0	22.9	22.9	22.9
Total	527.4	521.6	519.3	518.0	517.0	516.9	518.1	522.6	521.8	524.8

Notes:

- Information was obtained from the Adopted Budget, for the respective years presented.
- The department of Housing and Community Development was created at the start of FY 2021; FTEs were moved after budget adoption.

City of Rockville, Maryland
 Operating Information (unaudited)
 Capital Asset Statistics by Function/Program – Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Police										
Vehicles	69	71	71	71	71	71	71	71	72	72
Refuse collection										
Collection trucks	16	17	17	17	17	17	17	17	17	17
Other public works										
Streets (miles)	156.50	156.00	155.37	155.37	156.05	156.43	156.87	156.87	156.87	156.87
Street lights	3,069	3,069	3,071	3,071	3,170	3,170	3,170	3,171	3,171	3,171
Sidewalks (miles)	255.97	256.87	257.79	258.01	258.74	259.14	259.99	260.46	260.98	260.98
Recreation and Parks										
Acreage	1,062	1,062	1,062	1,105	1,074	1,089	1,089	1,058	1,058	1,058
Playgrounds	50	50	50	50	50	50	50	48	48	48
Athletic Courts	96	96	96	96	95	95	95	128	132	132
Community centers	6	6	6	6	6	6	6	6	6	6
Water										
Water mains (miles)	175.10	175.10	174.00	174.33	174.33	173.59	174.14	174.35	175.62	175.62
Fire hydrants	1,380	1,384	1,403	1,403	1,407	1,420	1,425	1,429	1,452	1,455
Storage capacity (millions of gallons)	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Sewer										
Sanitary sewers (miles)	147.21	148.00	148.00	148.00	148.00	148.00	148.00	149.37	148.10	148.10
Storm sewers (miles)	102.31	102.31	103.00	103.00	103.00	103.00	103.00	103.00	97.93	97.93

Note:

- In FY 2017, streetlight reporting was updated to include 99 lights that were omitted in previous years.

City of Rockville, Maryland
Operating Information (unaudited)
Operating Indicators by Function/Program – Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
General Government										
Building permits issued	774	813	861	811	815	840	857	704	944	847
Estimated Cost of Construction	\$ 163,990,730	\$ 236,735,536	\$ 94,420,016	\$ 186,501,628	\$ 167,368,076	\$ 210,679,924	\$ 281,563,786	\$ 246,413,441	\$ 73,348,802	\$ 305,608,804
Police										
Physical arrests	1,085	1,157	1,055	902	938	846	953	746	474	470
Traffic violations*	15,063	16,469	16,234	13,397	16,227	13,582	15,910	16,832	15,397	12,343
Refuse collection										
Refuse (Disposed) (tons per year)	10,886	9,767	11,639	9,927	9,766	9,915	9,908	10,258	11,195	10,867
Yard Waste (composted/Mulched) (tons per year)	6,229	4,694	5,309	4,402	3,677	3,788	4,196	4,209	4,255	3,233
Recyclables collected (tons per year)	5,393	5,398	5,358	5,283	4,993	4,825	4,744	4,770	4,937	4,420
Recreation and Parks										
Program enrollments	33,494	33,297	32,081	31,503	34,307	32,822	33,571	26,218	6,702	28,915
Water										
Number of Accounts	12,688	12,517	12,694	12,678	12,663	12,668	12,667	12,682	12,811	12,923
Average daily water Production (millions of gallons)	4.708	4.562	4.561	4.742	4.518	4.184	4.267	4.379	4.277	4.202
Sewer										
Avg. daily sewer treatment (millions of gallons)	6.292	6.069	5.948	5.797	5.628	5.595	7.240	6.453	6.391	6.420

Note:

- Information was obtained from various City departments.

*Traffic violations do not include speed camera or redlight camera citations. In FY13 the traffic unit was disbanded, causing reduced traffic citations.

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