



City of Rockville, Maryland

Annual *Comprehensive* Financial Report

Fiscal Year Ended June 30, 2024



www.rockvillemd.gov/finance

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 2024
July 1, 2023 - June 30, 2024

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Introductory Section

Fiscal Year Ended
June 30, 2024





October 25, 2024

Honorable Mayor and Members of the City Council and the Citizens of City of Rockville
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, 2024.

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 SB & Company LLC, 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, 2024, 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, 2024, 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 67,350 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 six 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. Economic development services are provided by Rockville Economic Development, Inc. (REDI), which is appropriated annually in the General Fund.

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 significant one-time items, 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. National and regional unemployment decreased compared to fiscal year 2023. Major industries with headquarters or divisions located within the City's boundaries or in close proximity include 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 grow. The City observed a 1.1% increase in real property tax revenues and a 5.8% increase in income tax revenues during fiscal year 2024.

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 2019 through 2024. 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
2024	550,597	538,422	12,175	2.21%	2.35%
2023	550,233	537,237	12,996	2.38%	3.00%
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%

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, active debt management, charging fees at reasonable cost recovery levels, and conservative budgeting practices will ensure the continued financial health of the City.

MAJOR INITIATIVES

- During fiscal year 2024, the City spent over \$4.2 million on the asphalt repair and replacement project which supports rehabilitation of city streets and pedestrian and bicycle safety initiatives. The work included design and construction improvements along city lanes.
- The Redgate Park Master Plan continued in fiscal year 2024, where funds were allocated to advance the design phase. The Redgate Park Master Plan covers a 130-acre site, which was once home to the city's municipal golf course. Over time, the entire park will be developed as an outdoor recreational area that will feature arboretum plant and tree specimens and collections.
- During FY 2024, the city's performance management system was launched, including tracking comprehensive progress and milestones for the implementation of Adopted Plans.



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, 2023. This was the 34th 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, 2023. 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 2023. This is the 16th 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,

Jeff Mihelich

Jeff Mihelich
City Manager

Stacey M Webster

Stacey Webster
Chief Financial Officer

Xiaojing Zhang

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

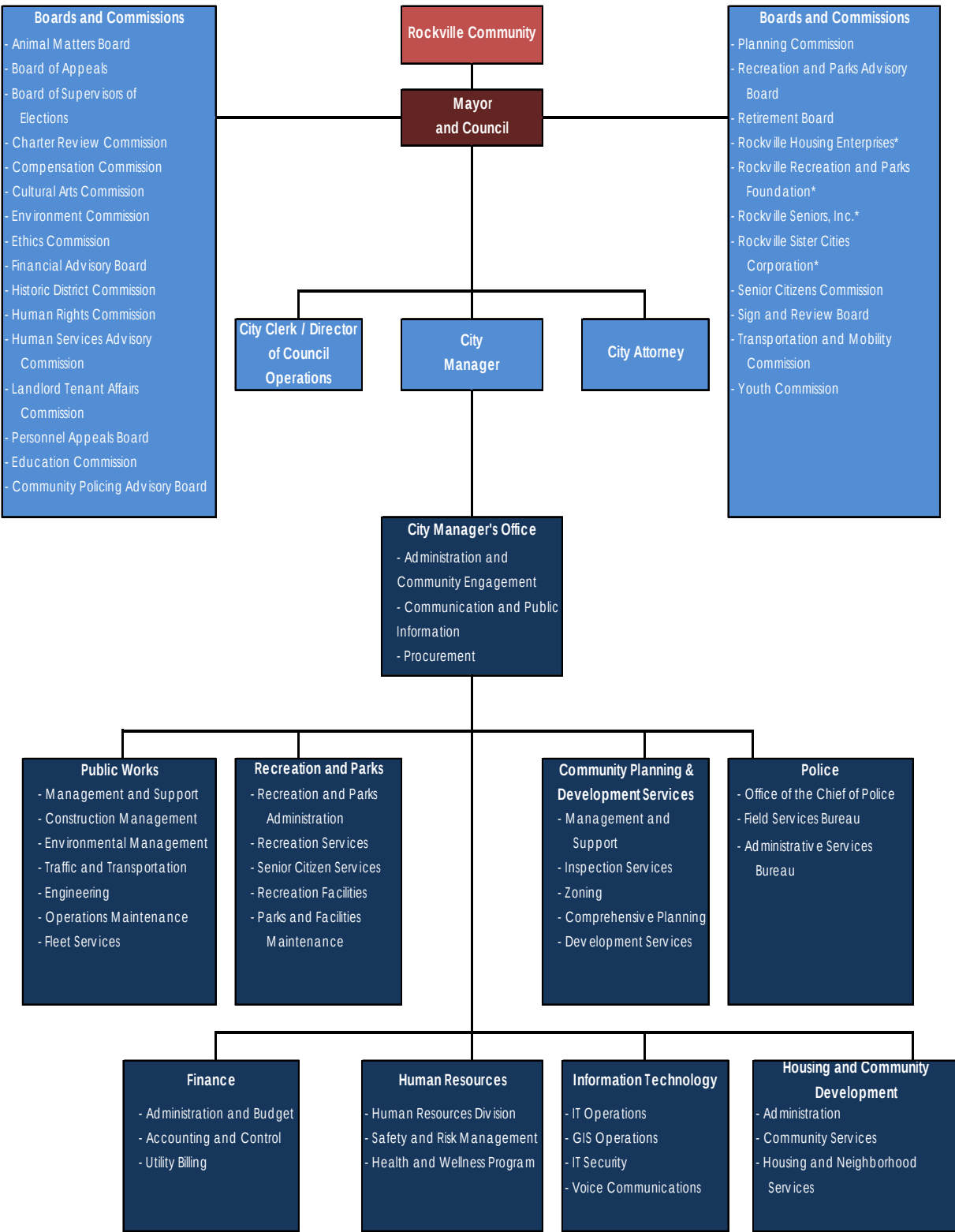
June 30, 2023

Christopher P. Morrell

Executive Director/CEO

City of Rockville Organizational Chart

June 2024



* Affiliated Organization

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

JUNE 30, 2024



MAYOR
Monique Ashton



Kate Fulton



Barry Jackson



David Myles



Marissa Valeri

COUNCIL MEMBERS



Izola (Zola) Shaw



Adam Van Grack

CITY MANAGER
Jeff Mihelich

CITY CLERK/DIRECTOR OF COUNCIL OPERATIONS
Sara Taylor-Ferrell

CITY ATTORNEY
Robert Dawson

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Financial Section

Fiscal Year Ended
June 30, 2024





Certified Public
Accountants &
Business Advisors

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements 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, 2024, 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.

We did not audit the financial statements of the blended component unit, Rockville Economic Development Inc. (REDI), which represent 2.12 percent, 2.14 percent, and 0.61 percent, respectively, of the assets, fund balance, and revenues of the governmental funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for REDI, is based solely on the report of the other auditors.

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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. The financial statements of REDI were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAS, 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, Rockville Employee Retirement System – schedule of changes in the City's net pension liability and related ratios and schedule of City contributions and investment returns, Other Post-Employment Benefits Plan – schedule of changes in the City's net OPEB liability (asset) and related ratios and schedule of City contributions and investment returns, and the budgetary comparison schedule – general fund, as listed in the table of contents, 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 operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or



provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison schedule – debt service fund, combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, budgetary comparison schedule – nonmajor governmental funds, budgetary comparison schedule – enterprise funds, combining statement of fiduciary net position – pension and OPEB trust fund, and combining statement of changes in fiduciary net position – pension and OPEB trust fund (collectively, the supplementary information) 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 auditing standards generally accepted in the United States of America. 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 Comprehensive Financial Report (ACFR). The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's 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 25, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Owings Mills, Maryland
October 25, 2024

SB + Company, LLC

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Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Rockville, Maryland (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, 2024. 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 fiscal year by \$360,002,956 (net position). That amount includes a positive balance of \$57,100,669 from unrestricted net position made up of \$36,470,754 from governmental activities and \$20,629,915 from business-type activities.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$71,615,793. Approximately 14.4% of this total amount is reported as restricted special revenue programming totaling \$10,333,924.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$31,231,793 or 30.7% of total General Fund budgeted revenues (adopted) of \$101,625,550.
- The City's total debt principal outstanding decreased by \$11,818,742 or 10.1%.
- Interest earnings in the City's investment portfolio totaled \$4,827,936 for an average rate of return of 4.53%. The average daily invested balance totaled \$106,495,770.



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, and parking operations.

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), because the allocation to REDI is included in the General Fund. 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 five 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, and parking 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, and Stormwater Management, which are considered the major funds of the City. The Refuse Fund does not meet the requirements of a major fund, but management has elected to report this fund 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 35-36 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 \$360,002,956 at the close of the current fiscal year.

The largest portion of the City's net position (81.1%) 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 \$10,486,102. 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	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 89,446,842	\$ 87,682,070	\$ 44,307,163	\$ 50,694,316	\$ 133,754,005	\$ 138,376,386
Capital Assets, net	244,868,715	234,198,099	155,492,801	155,553,512	400,361,516	389,751,611
Total Assets	334,315,557	321,880,169	199,799,964	206,247,828	534,115,521	528,127,997
Deferred Outflows of Resources	7,741,729	9,979,887	1,783,425	1,993,589	9,525,154	11,973,476
Total Assets and Deferred Outflows of Resources	\$ 342,057,286	\$ 331,860,056	\$ 201,583,389	\$ 208,241,417	\$ 543,640,675	\$ 540,101,473
Noncurrent Liabilities	55,384,403	59,181,109	96,016,513	105,296,354	151,400,916	164,477,463
Other Liabilities	13,804,308	11,526,808	3,152,864	2,589,451	16,957,172	14,116,259
Total Liabilities	69,188,711	70,707,917	99,169,377	107,885,805	168,358,088	178,593,722
Deferred Inflows of Resources	5,708,406	6,420,704	9,571,224	9,901,070	15,279,630	16,321,774
Total Liabilities and Deferred Inflows of Resources	\$ 74,897,117	\$ 77,128,621	\$ 108,740,601	\$ 117,786,875	\$ 183,637,718	\$ 194,915,496
Net Position:						
Net investment in capital assets	219,718,850	208,486,829	72,212,873	54,511,647	291,931,723	262,998,476
Restricted	10,970,564	13,408,641	-	-	10,970,564	13,408,641
Unrestricted	36,470,754	32,835,964	20,629,915	35,942,895	57,100,669	68,778,859
Total Net Position	\$ 267,160,168	\$ 254,731,434	\$ 92,842,788	\$ 90,454,542	\$ 360,002,956	\$ 345,185,976

The current and other assets decreased by \$4,622,381 or 3.3%. The decrease is due to the spend-down of cash for capital projects. The noncurrent liabilities had a decrease of \$13,076,547, or 8.0%. The noncurrent liabilities decreased by \$3,796,706 in the governmental activities and decreased by \$9,279,841 in the business-type activities. This decrease is primarily in bonds payable of \$3,521,106 in the governmental activities and a decrease of \$9,095,198 in bonds payable in the business-type activities as a result of regularly scheduled payment of bonds.

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 \$9,525,154 and deferred inflows of resources totaled \$15,279,630. The decreases 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.

At the end of the current fiscal year, there is a positive balance of \$57,100,669 in unrestricted net position. This is a decrease of \$11,678,190 from the balance of \$68,778,859 in unrestricted net position in fiscal year 2023, primarily as a result of the use of current assets to acquire capital assets. 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 \$11,232,021 or 5.4%. This increase is the net effect of capital projects expenditures during the current fiscal year and reductions in long term debt.

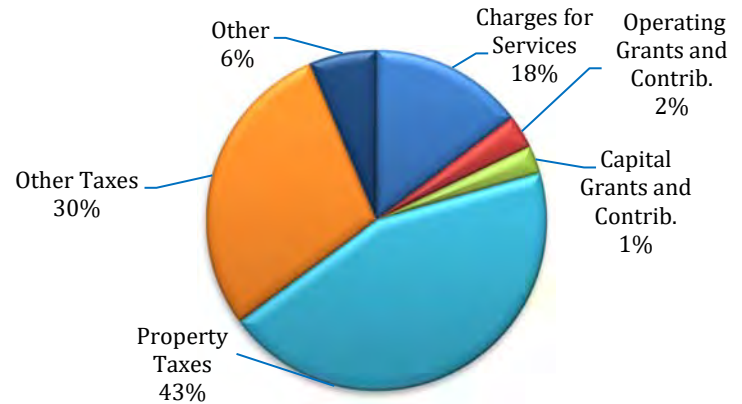
The business-type activities net investment in capital assets, increased by \$17,701,226 or 32.5%. This increase is due to the spend-down of previously unspent debt proceeds and reductions of long-term debt.

City of Rockville's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 20,010,407	\$ 15,329,913	\$ 41,411,570	\$ 40,826,984	\$ 61,421,977	\$ 56,156,897
Operating grants & contrib.	2,480,937	3,330,130	-	-	2,480,937	3,330,130
Capital grants & contrib.	680,666	2,771,376	348,725	404,105	1,029,391	3,175,481
General revenues:						
Property taxes	46,822,958	46,314,322	110,606	110,606	46,933,564	46,424,928
Other taxes	33,162,569	29,972,873	-	-	33,162,569	29,972,873
Other	6,257,336	7,636,178	2,805,943	1,930,595	9,063,279	9,566,773
Total Revenues:	\$ 109,414,873	\$ 105,354,792	\$ 44,676,844	\$ 43,272,290	\$ 154,091,717	\$ 148,627,082
Expenses:						
General government	\$ 27,504,494	\$ 27,731,840	\$ -	\$ -	\$ 27,504,494	\$ 27,731,840
Community development	10,596,588	9,357,082	-	-	10,596,588	9,357,082
Economic development	2,210,740	2,213,082	-	-	2,210,740	2,213,082
Public safety	15,490,528	13,320,805	-	-	15,490,528	13,320,805
Public works	16,297,518	14,719,410	-	-	16,297,518	14,719,410
Recreation and Parks	27,631,795	24,984,615	-	-	27,631,795	24,984,615
Interest on long term debt	628,356	757,877	-	-	628,356	757,877
Water	-	-	12,569,632	11,786,280	12,569,632	11,786,280
Sewer	-	-	13,232,106	13,296,230	13,232,106	13,296,230
Refuse	-	-	6,018,189	5,710,697	6,018,189	5,710,697
Parking	-	-	1,634,255	1,719,172	1,634,255	1,719,172
Stormwater management	-	-	5,460,536	5,158,292	5,460,536	5,158,292
Golf Course	-	-	-	31,683	-	31,683
Total Expenses:	\$ 100,360,019	\$ 93,084,711	\$ 38,914,718	\$ 37,702,354	\$ 139,274,737	\$ 130,787,065
Increase in net position before transfers and contributions	9,054,854	12,270,081	5,762,126	5,569,936	14,816,980	17,840,017
Assets reassigned to general fund	-	-	-	(1,372,712)	-	(1,372,712)
Transfers and contributions	3,373,880	2,896,465	(3,373,880)	(2,896,465)	-	-
Increase/(Decrease) in net position	12,428,734	15,166,546	2,388,246	1,300,759	14,816,980	16,467,305
Net position - beginning, as previously reported	254,731,434	239,564,888	90,454,542	89,153,783	345,185,976	328,718,671
Net position - ending	\$ 267,160,168	\$ 254,731,434	\$ 92,842,788	\$ 90,454,542	\$ 360,002,956	\$ 345,185,976

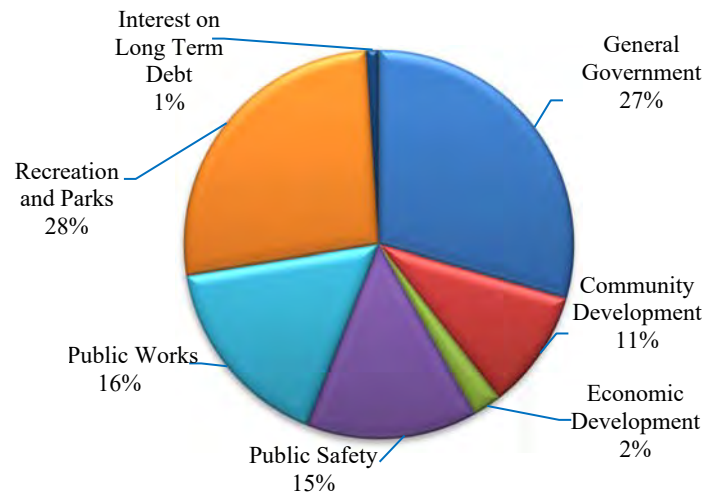
Governmental activities: Governmental activities net position was \$267,160,168 at the end of the fiscal year, an increase of \$12,428,734, or 4.9% over beginning net position. Program revenues increased by \$1,740,591, or 8.1%, which is primarily made up of increases in charges for services, offset by decreases in capital grants and contributions. General revenues increased by \$2,319,490, or 2.8% which is mainly attributable to an increase in property tax revenues of \$508,636, and an increase in other taxes of \$3,189,696, offset by a decrease of \$1,378,842 in other revenues. Continued efforts to closely monitor costs across every department allowed for total revenues to exceed expenses in the government-wide Statement of Activities.

Governmental Revenue Sources - June 30, 2024

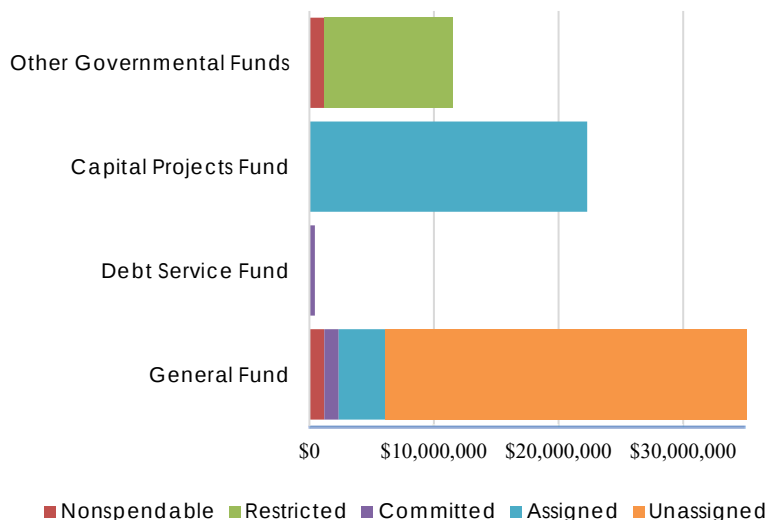


Business-type activities: Business-type activities net position was \$92,842,788 at the end of the fiscal year, an increase of \$2,388,246, or 2.6% over beginning net position. Program revenues increased by \$529,206, or 1.3% when compared to the previous fiscal year. This revenue increase is due to increase in charges for services and offset by a slight decrease of capital contributions. Expenses increased by \$1,212,364, or 3.2% when compared to the previous fiscal year. Close monitoring of expenses allowed for the overall increase of net position for business-type activities.

Governmental Functional Expenses - June 30, 2024



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 can 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 \$71,615,793, a decrease of \$899,106 or 1.2% in comparison with the prior fiscal year. This decrease is primarily due to the increases in planned capital expenditures and the use of reserves in special revenue funds. The classifications of fund balance are \$2,397,517 as nonspendable, \$10,333,924 as restricted for special revenue programming, \$442,737 as committed for debt service, \$1,150,410 as committed for various projects, \$26,059,412 as assigned for capital outlays, consulting services, and other purposes, and \$31,231,793 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 \$31,231,793 of the total fund balance of \$37,331,946. The unassigned fund balance increased \$3,643,042 or 13.2% from the prior fiscal year and the total fund balance increased \$5,803,777 or 18.4% 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.

The Debt Service Fund has a total fund balance of \$442,737, which is committed to debt service. The increase in fund balance was \$234,786 or 112.9%. This increase was due to the reduction of debt and favorable interest earnings. The fiscal year 2024 balance is in compliance with the reserve target.

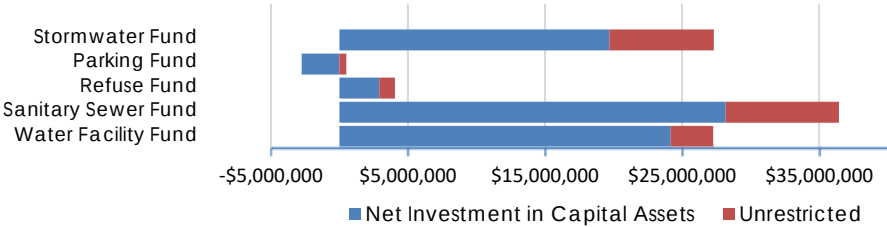
The Capital Projects Fund has a total fund balance of \$22,307,186, which is assigned to capital outlays. The decrease in fund balance was \$5,052,952 or 18.5%. This decrease is due to planned capital outlays exceeding revenues and transfers for the year.

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 continues to recover as a result of multi-year efforts to have it reach reserve requirements.

Proprietary Funds Net Position by Category

Unrestricted net position of the Stormwater Management, Parking, Refuse, Sanitary Sewer and Water Facility Funds at the end of the fiscal year amounted to \$7,614,883, \$507,901, \$1,142,275, \$8,259,491, and \$3,105,365, respectively.



GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget included a \$2,891,066 net increase in revenues from the original adopted budget primarily due to increased revenue projections from fines and forfeitures and other revenues. Expenses in the final amended budget included a \$6,082,762 increase from the original adopted budget. The net increase is primarily a result of increases for reappropriation of fiscal year 2023 encumbrances and increases in public safety.

Actual revenues were \$5,474,709 higher than the final amended budget. The increase is primarily due to increase in charges for services and favorable interest rates. Actual operating expenditures were \$7,425,791 less than the final amended budget. This decrease is a result of delayed execution of program expenses, vacant positions, and savings in workers compensation insurance costs.

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, 2024, amounts to \$400,361,516 (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, sewer improvements and the right-to-use assets. The total increase in the City's investment in capital assets for the current fiscal year was \$10,609,905 or 27.2%, which reflects capital outlays greater than depreciation on capital assets. The construction in progress increased by \$13,090,433 in the current year.

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

- Rehabilitation and upgrade of the water treatment plant electrical system for the City totaling \$1,720,470.
- Improvements to City roads, bridges and sidewalks continued; construction costs at the end of the current fiscal year were \$1,538,684.
- Construction and improvement costs for the maintenance and emergency operations facility amounted to \$6,295,878.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 12,637,523	\$ 12,637,523	\$ 965,899	\$ 965,899	\$ 13,603,422	\$ 13,603,422
Construction in Progress	20,598,929	10,476,648	12,892,692	9,924,540	33,491,621	20,401,188
Buildings	51,799,952	53,999,924	19,081,330	19,807,283	70,881,282	73,807,207
Right-to-use leased assets	2,345,524	1,920,878	337,672	475,493	2,683,196	2,396,371
Right-to-use SBITA assets	2,278,919	2,964,389	16,850	28,084	2,295,769	2,992,473
Improvements other than Buildings	32,241,711	31,840,418	109,093,003	112,143,007	141,334,714	143,983,425
Equipment	5,739,628	5,846,882	4,771,211	3,569,473	10,510,839	9,416,355
Infrastructure	117,226,529	114,511,437	-	-	117,226,529	114,511,437
Purchased Capacity	-	-	8,334,144	8,639,733	8,334,144	8,639,733
Total	\$ 244,868,715	\$ 234,198,099	\$ 155,492,801	\$ 155,553,512	\$ 400,361,516	\$ 389,751,611

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

Long-term obligations: At the end of the current fiscal year, the City had total long-term obligations of \$151,400,916, 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	
	2024	2023	2024	2023	2024	2023
Bonds Payable and Loans Payable, net	\$ 17,394,394	\$ 20,915,500	\$ 94,622,912	\$ 103,718,110	\$ 112,017,306	\$ 124,633,610
Accrued Obligations for Compensated Balances	6,537,279	6,300,189	1,034,708	1,072,042	7,571,987	7,372,231
Claims Payable	2,070,483	2,303,180	-	-	2,070,483	2,303,180
Leases Payable	2,461,523	1,949,608	345,403	479,770	2,806,926	2,429,378
SBITAs Payable	1,926,721	2,579,187	13,490	26,432	1,940,211	2,605,619
Net Pension Liability	24,994,003	25,133,445	-	-	24,994,003	25,133,445
Net OPEB (Asset)/Liability	(636,640)	(158,852)	-	-	(636,640)	(158,852)
Total Long-Term Liabilities	\$ 54,747,763	\$ 59,022,257	\$ 96,016,513	\$ 105,296,354	\$ 150,764,276	\$ 164,318,611

Additional information on the City's long term obligations can be found in Notes (2) F through (2) I on pages 50-58 of this report.

The City's total debt principal outstanding decreased by \$11,818,742 or 10.1% compared to the prior fiscal year, not including the impact of unamortized bond premiums and deferred charges on advance refundings. The net pension liability

decreased \$139,442, or 0.6% based on positive investment performance and projected future pension payments. The net OPEB asset in fiscal year 2024 increased by \$477,788 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 FY 2025 adopted operating budget totals \$168.3 million for the City’s 10 operating funds. The FY2025 CIP includes new appropriations of \$34.5 million and supports 48 capital projects in the Water Facility, Sanitary Sewer, Stormwater Management, and Capital Projects Funds. This represents an overall increase of 7.1% from the FY 2024 budget. The FY 2025 budget uses resources wisely and focuses on a number of Mayor and Council priority areas, including the ongoing implementation of adopted plans, community safety and policing, and economic development. Some of the major adopted plans include the Comprehensive Plan, Climate Action Plan, and Vision Zero Action Plan. The budget maintains a \$0.292 per \$100 assessed value real property tax rate; this rate has not increased since 1995.

In addition to adopting the budget ordinance, the Mayor and Council also approved several ordinances and resolutions that set rates and fees. The FY 2025 adopted utility rates are as follows:

- All Rockville customers pay a water usage charge and a fixed ready-to-serve charge. The usage charge increased from \$7.44 to \$7.96 per 1,000 gallons (based on 14,000 gallons per quarter) and the fixed charge increased from \$22.72 to \$24.76 per single-family property per quarter.
- Like water, all Rockville customers pay a sewer usage charge and a fixed ready-to-serve charge. The usage charge per 1,000 gallons increased from \$10.90 to \$11.06 and the fixed charge increased from \$18.03 to \$18.75 per single-family property per quarter.
- For the collection and disposal of residential recycling, refuse, and yard waste, all residential properties in the city pay the annual rate of \$535 for FY 2025. The adopted rate represents an increase of 6.4 percent or \$32 over the FY 2024 adopted rate. The city does not collect from commercial properties.
- For stormwater management, all residential and commercial properties in the city pay \$152 per equivalent residential unit (ERU) per year, which is \$6 more than the FY 2024 adopted rate. Each residential property pays one ERU per year, while each commercial property pays \$152 multiplied by the number of ERUs measured on their property.

In addition to the major Mayor and Council priority areas, the FY 2025 budget includes funding for continued support for Climate Action Plan initiatives, Vision Zero projects for the Pedestrian Master Plan, continued support for recruitment of Police officers for community safety, promotion of economic development of the city, as well as other one-time fundings for outdoor fitness pool replastering, and continued support for the city’s caregiver and community organization partners.

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, City of Rockville, 111 Maryland Avenue, Rockville, Maryland, 20850.

Basic Financial Statements

City of Rockville, Maryland

Statement of Net Position
June 30, 2024

	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 24,717,038	\$ 27,051,737	\$ 51,768,775
Investments	50,487,642	-	50,487,642
Property tax receivable, net	542,034	-	542,034
Accounts receivable, net	1,979,683	7,286,627	9,266,310
Due from other governments	5,125,645	-	5,125,645
Prepaid assets	156,000	-	156,000
Loans receivable	1,320,000	-	1,320,000
Other assets	2,412,129	234,124	2,646,253
Unbilled assessments receivable	101,425	-	101,425
Net OPEB asset	636,640	-	636,640
Leases receivable	1,968,606	9,734,675	11,703,281
Capital assets (net of accumulated depreciation/ amortization):			
Land	12,637,523	965,899	13,603,422
Construction in progress	20,598,929	12,892,692	33,491,621
Buildings, Improvements and Infrastructure	201,268,192	128,174,333	329,442,525
Equipment	5,739,628	4,771,211	10,510,839
Purchased capacity	-	8,334,144	8,334,144
Right to use assets - lease	2,345,524	337,672	2,683,196
Right to use SBITAs	2,278,919	16,850	2,295,769
Total Assets	\$ 334,315,557	\$ 199,799,964	\$ 534,115,521
Deferred Outflows of Resources			
Deferred outflows from pensions	\$ 6,882,773	\$ -	\$ 6,882,773
Deferred outflows from OPEB	788,383	-	788,383
Deferred charge on advance refunding	70,573	1,783,425	1,853,998
Total Deferred Outflows of Resources	\$ 7,741,729	\$ 1,783,425	\$ 9,525,154
Total Assets and Deferred Outflows of Resources	\$ 342,057,286	\$ 201,583,389	\$ 543,640,675
Liabilities			
Accounts payable	\$ 6,702,643	\$ 1,992,622	\$ 8,695,265
Accrued liabilities	2,309,158	541,858	2,851,016
Unearned revenue	2,438,846	-	2,438,846
Retainages payable	823,149	567,650	1,390,799
Deposits and other liabilities	1,530,512	50,734	1,581,246
Noncurrent Liabilities:			
Due within one year:			
Compensated absences	4,772,214	755,483	5,527,697
Bonds payable and loans payable	2,909,961	8,936,322	11,846,283
Leases payable	711,778	124,512	836,290
Claims payable	786,784	-	786,784
SBITAs payable	688,822	13,490	702,312
Due in more than one year:			
Compensated absences	1,765,065	279,225	2,044,290
Bonds payable and loans payable	14,484,433	85,686,590	100,171,023
Leases payable	1,749,745	220,891	1,970,636
Claims payable	1,283,699	-	1,283,699
SBITAs payable	1,237,899	-	1,237,899
Net pension liability	24,994,003	-	24,994,003
Total Liabilities	\$ 69,188,711	\$ 99,169,377	\$ 168,358,088
Deferred Inflows of Resources			
Deferred inflows from pensions	\$ 990,967	\$ -	\$ 990,967
Deferred inflows from leases	1,826,221	9,571,224	11,397,445
Deferred inflows from OPEB	2,891,218	-	2,891,218
Total Deferred Inflows of Resources	\$ 5,708,406	\$ 9,571,224	\$ 15,279,630
Total Liabilities and Deferred Inflows of Resources	\$ 74,897,117	\$ 108,740,601	\$ 183,637,718
Net Position			
Net investment in capital assets	\$ 219,718,850	\$ 72,212,873	\$ 291,931,723
Restricted for:			
Special revenue programming	10,333,924	-	10,333,924
Net OPEB asset	636,640	-	636,640
Unrestricted	36,470,754	20,629,915	57,100,669
Total Net Position	\$ 267,160,168	\$ 92,842,788	\$ 360,002,956
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 342,057,286	\$ 201,583,389	\$ 543,640,675

See accompanying notes to the basic financial statements.

City of Rockville, Maryland

Statement of Activities
For the Fiscal Year Ended June 30, 2024

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Primary Government		Governmental Activities	Business-type Activities		
		Charges for Services	Operating Grants and Contributions			Capital Grants and Contributions	
Primary Government:							
Governmental activities:							
General government	\$ 27,504,494	\$ 2,293,953	\$ 7,913	\$ -	\$ (25,202,628)	\$ -	\$ (25,202,628)
Community development	10,596,588	4,647,007	706,943	-	(5,242,638)	-	(5,242,638)
Economic development	2,210,740	149,106	516,017	-	(1,545,617)	-	(1,545,617)
Public safety	15,490,528	4,151,383	981,142	-	(10,358,003)	-	(10,358,003)
Public works	16,297,518	669,823	-	355,666	(15,272,029)	-	(15,272,029)
Recreation and parks	27,631,795	8,099,135	268,922	325,000	(18,938,738)	-	(18,938,738)
Interest long-term debt	628,356	-	-	-	(628,356)	-	(628,356)
Total Governmental Activities	\$100,360,019	\$ 20,010,407	\$ 2,480,937	\$ 680,666	\$ (77,188,009)	\$ -	\$ (77,188,009)
Business-Type Activities:							
Water	\$ 12,569,632	\$ 12,327,066	\$ -	\$ -	\$ -	\$ (242,566)	\$ (242,566)
Sewer	13,232,106	15,000,413	-	-	-	1,768,307	1,768,307
Refuse	6,018,189	7,163,433	-	-	-	1,145,244	1,145,244
Parking	1,634,255	687,383	-	321,489	-	(625,383)	(625,383)
Stormwater management	5,460,536	6,233,275	-	27,236	-	799,975	799,975
Total Business-Type Activities	\$ 38,914,718	\$ 41,411,570	\$ -	\$ 348,725	\$ -	\$ 2,845,577	\$ 2,845,577
Total primary government	\$139,274,737	\$ 61,421,977	\$ 2,480,937	\$ 1,029,391	\$ (77,188,009)	\$ 2,845,577	\$ (74,342,432)
General revenues:							
	Property taxes				\$ 46,822,958	\$ 110,606	\$ 46,933,564
	Income taxes				20,630,040	-	20,630,040
	Gas and motor vehicle taxes				3,507,312	-	3,507,312
	County tax duplication payment				7,920,972	-	7,920,972
	Admissions and amusement taxes				1,104,245	-	1,104,245
	Use of money and property				3,942,656	1,975,330	5,917,986
	Other revenue				2,314,680	830,613	3,145,293
	Transfers and Contributions				3,373,880	(3,373,880)	-
	Total general revenues and transfers				\$ 89,616,743	\$ (457,331)	\$ 89,159,412
	Change in net position				12,428,734	2,388,246	14,816,980
	Net Position at beginning of year				254,731,434	90,454,542	345,185,976
	Net Position at end of year				\$ 267,160,168	\$ 92,842,788	\$ 360,002,956

See accompanying notes to the basic financial statements.

City of Rockville, Maryland

Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,016,845	\$ 431,227	\$ 9,597,245	\$ 10,671,721	\$ 24,717,038
Investments	34,479,000	-	16,008,642	-	50,487,642
Property taxes receivable, net	542,034	-	-	-	542,034
Accounts receivable	1,719,089	-	-	260,594	1,979,683
Due from other governments	4,007,775	-	-	1,117,870	5,125,645
Prepaid Items	156,000	-	-	-	156,000
Loans receivable	120,000	-	-	1,200,000	1,320,000
Lease receivable	1,968,606	-	-	-	1,968,606
Other assets	1,953,110	11,510	52,302	395,207	2,412,129
Unbilled assessments receivable	-	101,425	-	-	101,425
Total Assets	\$ 48,962,459	\$ 544,162	\$25,658,189	\$ 13,645,392	\$ 88,810,202
Liabilities					
Accounts payable	\$ 3,356,135	\$ -	\$ 2,614,650	\$ 731,858	\$ 6,702,643
Accrued liabilities	1,936,510	-	-	329,769	2,266,279
Unearned revenue	2,438,846	-	-	-	2,438,846
Retainages payable	255	-	736,353	86,541	823,149
Deposits and other liabilities	1,530,512	-	-	-	1,530,512
Total Liabilities	\$ 9,262,258	\$ -	\$ 3,351,003	\$ 1,148,168	\$ 13,761,429
Deferred Inflows of Resources					
Unavailable revenue - property taxes	\$ 542,034	\$ -	\$ -	\$ -	\$ 542,034
Unavailable revenue - leases	1,826,221	-	-	-	1,826,221
Unavailable revenue - opioid	-	-	-	963,300	963,300
Unavailable revenue - special assessments	-	101,425	-	-	101,425
Total Deferred Inflows of Resources	\$ 2,368,255	\$ 101,425	\$ -	\$ 963,300	\$ 3,432,980
Total Liabilities and Deferred Inflows of Resources	\$ 11,630,513	\$ 101,425	\$ 3,351,003	\$ 2,111,468	\$ 17,194,409
Fund Balances					
Nonspendable:					
Inventory	\$ 921,517	\$ -	\$ -	\$ -	\$ 921,517
Loans receivable	120,000	-	-	1,200,000	1,320,000
Prepaid assets	156,000	-	-	-	156,000
Restricted for:					
Special revenue programming	-	-	-	10,333,924	10,333,924
Committed to:					
Debt Service	-	442,737	-	-	442,737
1% COLA for retirees	650,410	-	-	-	650,410
Maintenance complex master plan	100,000	-	-	-	100,000
Development and permit fee study	150,000	-	-	-	150,000
Fitness pool replastering	250,000	-	-	-	250,000
Assigned for:					
Consulting services	983,972	-	-	-	983,972
Capital outlays	2,270,308	-	22,307,186	-	24,577,494
Other purposes	497,946	-	-	-	497,946
Unassigned:	31,231,793	-	-	-	31,231,793
Total Fund Balance	\$ 37,331,946	\$ 442,737	\$22,307,186	\$ 11,533,924	\$ 71,615,793
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 48,962,459	\$ 544,162	\$25,658,189	\$ 13,645,392	\$ 88,810,202

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, 2024

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

Total fund balances - governmental funds	\$ 71,615,793
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	496,179,557	
Accumulated depreciation	<u>(251,310,842)</u>	244,868,715

Unavailable revenues are not financial resources in the governmental funds, therefore the liability is eliminated and total net position is increased.	1,606,759
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The unamortized deferred charge on advance refunding represents a long term outflow of resources that is not presented in the governmental funds.	70,573
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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	(24,994,003)	
Deferred outflows from pensions	6,882,773	
Deferred inflows from pensions	<u>(990,967)</u>	(19,102,197)

The net OPEB asset and the related deferred inflows do not represent current financial resources or uses, and are not reported in the governmental funds.

Net OPEB asset	636,640	
Deferred outflows from OPEB	788,383	
Deferred inflows from OPEB	<u>(2,891,218)</u>	(1,466,195)

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	6,537,279	
Bonds payable and loans payable	15,924,628	
SBITAs payable	1,926,721	
Leases payable	2,461,523	
Accrued interest on the general obligation bonds	42,880	
Unamortized bond premiums on the general obligation bonds	1,469,766	
Claims payable	<u>2,070,483</u>	(30,433,280)

Total net position - governmental activities	<u><u>\$267,160,168</u></u>
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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, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 46,785,935	\$ -	\$ -	\$ -	\$ 46,785,935
Revenues from other governments:					
Income taxes	20,630,040	-	-	-	20,630,040
Gas and motor vehicles taxes	3,507,312	-	-	-	3,507,312
County tax duplication payment	7,920,972	-	-	-	7,920,972
Admission and amusement taxes	1,104,245	-	-	-	1,104,245
Grants and other governmental revenue	2,359,985	-	608,075	1,437,479	4,405,539
Licenses and permits	4,021,272	-	-	-	4,021,272
Charges for services	9,069,079	-	-	193,703	9,262,782
Use of money and property	2,564,092	67,042	1,110,625	55,365	3,797,124
Fines and forfeitures	3,505,018	-	-	588,353	4,093,371
Other revenues	3,496,675	-	-	533,082	4,029,757
Total Revenues	\$104,964,625	\$ 67,042	\$ 1,718,700	\$ 2,807,982	\$ 109,558,349
Expenditures					
Current operations:					
General government	\$ 21,951,012	\$ -	\$ -	\$ 109,333	\$ 22,060,345
Community development	9,694,851	-	-	901,737	10,596,588
Economic development	-	-	-	2,210,740	2,210,740
Public safety	14,195,832	-	-	1,037,453	15,233,285
Public works	9,259,729	-	-	226,945	9,486,674
Recreation and parks	27,136,371	-	-	368,699	27,505,070
Capital outlay	3,535,596	-	19,561,232	1,725,252	24,822,080
Debt service					
Principal	-	3,246,801	-	-	3,246,801
Interest	-	635,455	-	-	635,455
Total Expenditures	\$ 85,773,391	\$ 3,882,256	\$ 19,561,232	\$ 6,580,159	\$ 115,797,038
Excess (deficiency) of Revenues over Expenditures	\$ 19,191,234	\$ (3,815,214)	\$ (17,842,532)	\$ (3,772,177)	\$ (6,238,689)
Other Financing Sources (Uses)					
Transfers in	\$ 4,426,700	\$ 4,050,000	\$ 12,789,580	\$ 1,897,460	\$ 23,163,740
Transfers out	(19,789,860)	-	-	-	(19,789,860)
Leases - as lessee	1,235,864	-	-	-	1,235,864
SBITAs	739,839	-	-	-	739,839
Total Other Financing Sources (uses)	\$ (13,387,457)	\$ 4,050,000	\$ 12,789,580	\$ 1,897,460	\$ 5,349,583
Net change in fund balance	\$ 5,803,777	\$ 234,786	\$ (5,052,952)	\$ (1,874,717)	\$ (889,106)
Fund balance at beginning of year	31,528,169	207,951	27,360,138	13,408,641	72,504,899
Fund balance at end of year	\$ 37,331,946	\$ 442,737	\$ 22,307,186	\$ 11,533,924	\$ 71,615,793

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, 2024

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

Total net change in fund balances-total governmental funds	\$ (889,106)
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 \$24,822,080 (including the net SBITAs additions) exceeded depreciation of \$13,819,312	11,002,768
Loss on disposals of SBITA assets	(332,152)
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 \$3,246,801.	3,246,801
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.	274,305
Lease proceeds for the current fiscal year of \$1,235,864	(1,235,864)
In governmental funds, lease payments are expenditures, respectively. In the Statement of Net Position these activities are adjustments to long term liabilities. Lease repayments amounted to \$723,949.	723,949
SBITA proceeds for the current fiscal year of \$739,839	(739,839)
In governmental funds, SBITA payments are expenditures, respectively. In the Statement of Net Position these activities are adjustments to long term liabilities. SBITA repayments amounted to \$1,392,305.	1,392,305
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 increased in the current fiscal year.	37,023
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	139,442
Deferred outflows from pensions	(1,623,231)
Deferred inflows from pensions	293,665
	(1,190,124)
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	477,788
Deferred outflows from OPEB	(578,904)
Deferred inflows from OPEB	273,101
	171,985
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.	232,697
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 \$2,533,030 were more than the amounts used of \$2,295,940.	(237,090)
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 2024, accrued interest on long-term debt reported in the Statement of Activities decreased.	7,100
Change in net position of governmental activities	\$ 12,428,734
See accompanying notes to the basic financial statements.	

City of Rockville, Maryland

Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities - Enterprise Funds					Total
	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	Business-type Activities
Assets						
Current Assets						
Cash and cash equivalents	\$ 8,357,376	\$ 6,355,193	\$ 1,717,134	\$ 315,957	\$ 10,306,077	\$ 27,051,737
Accounts receivable, net	2,995,095	3,932,513	24,190	191,085	143,744	7,286,627
Other receivables	72,469	58,480	21,728	9,519	71,928	234,124
Total current assets	<u>\$ 11,424,940</u>	<u>\$ 10,346,186</u>	<u>\$ 1,763,052</u>	<u>\$ 516,561</u>	<u>\$ 10,521,749</u>	<u>\$ 34,572,488</u>
Noncurrent Assets						
Capital Assets:						
Land	123,202	-	-	-	842,697	965,899
Utility plant and equipment	100,806,639	132,934,873	8,861,127	27,956,918	29,675,585	300,235,142
Construction in progress	11,586,861	-	76,323	-	1,229,508	12,892,692
Purchased capacity, long-term	-	15,279,453	-	-	-	15,279,453
Less-accumulated depreciation	(62,539,679)	(85,224,190)	(5,821,260)	(9,094,462)	(11,555,316)	(174,234,907)
Right to use assets - Lease, net	141,652	46,817	19,892	77,855	51,456	337,672
Right to use assets - SBITAs, net	16,850	-	-	-	-	16,850
Other Noncurrent Assets:						
Leases receivable	1,366,035	-	-	8,368,640	-	9,734,675
Total noncurrent assets	<u>\$ 51,501,560</u>	<u>\$ 63,036,953</u>	<u>\$ 3,136,082</u>	<u>\$ 27,308,951</u>	<u>\$ 20,243,930</u>	<u>\$ 165,227,476</u>
Total Assets	<u>\$ 62,926,500</u>	<u>\$ 73,383,139</u>	<u>\$ 4,899,134</u>	<u>\$ 27,825,512</u>	<u>\$ 30,765,679</u>	<u>\$ 199,799,964</u>
Deferred Outflows of Resources						
Deferred charge on advance refunding	\$ 346,853	\$ 539,555	\$ -	\$ 893,152	\$ 3,865	\$ 1,783,425
Total Assets and Deferred Outflows of Resources	<u>\$ 63,273,353</u>	<u>\$ 73,922,694</u>	<u>\$ 4,899,134</u>	<u>\$ 28,718,664</u>	<u>\$ 30,769,544</u>	<u>\$ 201,583,389</u>
Liabilities						
Current Liabilities						
Bonds payable, net	\$ 3,040,104	\$ 3,756,488	\$ 104,039	\$ 1,598,319	\$ 437,372	\$ 8,936,322
Accounts payable	1,213,464	378,806	203,147	19,850	177,355	1,992,622
Accrued liabilities	182,221	128,621	106,864	54,228	69,924	541,858
Compensated absences	257,289	132,002	226,859	2,846	136,487	755,483
Retainages payable	470,694	10,224	3,816	2,250	80,666	567,650
Leases payable	51,396	19,312	6,840	22,401	24,563	124,512
SBITAs payable	13,490	-	-	-	-	13,490
Deposits and other liabilities	50,734	-	-	-	-	50,734
Total Current Liabilities	<u>\$ 5,279,392</u>	<u>\$ 4,425,453</u>	<u>\$ 651,565</u>	<u>\$ 1,699,894</u>	<u>\$ 926,367</u>	<u>\$ 12,982,671</u>
Noncurrent Liabilities						
Compensated absences	95,162	48,622	83,907	1,053	50,481	279,225
Leases payable	91,152	28,566	13,267	58,015	29,891	220,891
Bonds payable, net	29,266,841	32,971,730	95,000	20,904,823	2,448,196	85,686,590
Total noncurrent liabilities	<u>\$ 29,453,155</u>	<u>\$ 33,048,918</u>	<u>\$ 192,174</u>	<u>\$ 20,963,891</u>	<u>\$ 2,528,568</u>	<u>\$ 86,186,706</u>
Total Liabilities	<u>\$ 34,732,547</u>	<u>\$ 37,474,371</u>	<u>\$ 843,739</u>	<u>\$ 22,663,785</u>	<u>\$ 3,454,935</u>	<u>\$ 99,169,377</u>
Deferred Inflows of Resources						
Deferred inflows from leases	\$ 1,271,901	\$ -	\$ -	\$ 8,299,323	\$ -	\$ 9,571,224
Total Liabilities and Deferred Outflows of Resources	<u>\$ 36,004,448</u>	<u>\$ 37,474,371</u>	<u>\$ 843,739</u>	<u>\$ 30,963,108</u>	<u>\$ 3,454,935</u>	<u>\$ 108,740,601</u>
Net Position						
Net investment in capital assets	\$ 24,163,540	\$ 28,188,832	\$ 2,913,120	\$ (2,752,345)	\$ 19,699,726	\$ 72,212,873
Unrestricted	3,105,365	8,259,491	1,142,275	507,901	7,614,883	20,629,915
Total net position	<u>\$ 27,268,905</u>	<u>\$ 36,448,323</u>	<u>\$ 4,055,395</u>	<u>\$ (2,244,444)</u>	<u>\$ 27,314,609</u>	<u>\$ 92,842,788</u>

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, 2024

	Business-Type Activities - Enterprise Funds					Total
	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	Business-type Activities
Operating Revenues						
Charges for Services	\$ 12,327,066	\$ 15,000,413	\$ 7,163,433	\$ 687,383	\$ 6,233,275	\$ 41,411,570
Other Revenues	319,510	171,538	181,998	126,494	141,679	941,219
Total Operating Revenues	<u>\$ 12,646,576</u>	<u>\$ 15,171,951</u>	<u>\$ 7,345,431</u>	<u>\$ 813,877</u>	<u>\$ 6,374,954</u>	<u>\$ 42,352,789</u>
Operating Expenses						
Treatment and purification	3,940,936	-	-	-	-	3,940,936
Distribution	2,297,660	-	-	-	-	2,297,660
Collection and disposal	-	4,091,645	4,564,466	-	-	8,656,111
Customer billing, collection, operating expenses	1,621,109	2,637,880	160,253	427,215	4,043,879	8,890,336
Repairs and maintenance	171,600	145,545	827,291	6,645	123,474	1,274,555
Total Operating Expenses	<u>\$ 8,031,305</u>	<u>\$ 6,875,070</u>	<u>\$ 5,552,010</u>	<u>\$ 433,860</u>	<u>\$ 4,167,353</u>	<u>\$ 25,059,598</u>
Operating income before depreciation/amortization	4,615,271	8,296,881	1,793,421	380,017	2,207,601	17,293,191
Less - depreciation/amortization	(3,654,025)	(5,509,866)	(467,514)	(722,216)	(1,179,373)	(11,532,994)
Operating Income (loss)	<u>\$ 961,246</u>	<u>\$ 2,787,015</u>	<u>\$ 1,325,907</u>	<u>\$ (342,199)</u>	<u>\$ 1,028,228</u>	<u>\$ 5,760,197</u>
Nonoperating Income (Expenses)						
Interest income	589,033	421,164	145,990	290,364	528,779	1,975,330
Interest expense	(826,442)	(773,159)	1,335	(644,106)	(109,945)	(2,352,317)
Other, net	(57,860)	(74,011)	-	165,927	(3,865)	30,191
Total Nonoperating Income (loss)	<u>\$ (295,269)</u>	<u>\$ (426,006)</u>	<u>\$ 147,325</u>	<u>\$ (187,815)</u>	<u>\$ 414,969</u>	<u>\$ (346,796)</u>
Income (loss) before capital contributions and transfers	<u>665,977</u>	<u>2,361,009</u>	<u>1,473,232</u>	<u>(530,014)</u>	<u>1,443,197</u>	<u>5,413,401</u>
Capital Grants and Contributions	-	-	-	321,489	27,236	348,725
Transfers						
Transfer (to) from Proprietary Funds	359,850	(359,850)	-	-	-	-
Transfer to General Fund	(1,434,400)	(649,500)	(1,288,900)	(88,900)	(965,000)	(4,426,700)
Transfer from General Fund	-	-	52,820	1,000,000	-	1,052,820
Total Transfers	<u>\$ (1,074,550)</u>	<u>\$ (1,009,350)</u>	<u>\$ (1,236,080)</u>	<u>\$ 911,100</u>	<u>\$ (965,000)</u>	<u>\$ (3,373,880)</u>
Increase (decrease) in net position	(408,573)	1,351,659	237,152	702,575	505,433	2,388,246
Net position at beginning of year	27,677,478	35,096,664	3,818,243	(2,947,019)	26,809,176	90,454,542
Net position at end of year	<u>\$ 27,268,905</u>	<u>\$ 36,448,323</u>	<u>\$ 4,055,395</u>	<u>\$ (2,244,444)</u>	<u>\$ 27,314,609</u>	<u>\$ 92,842,788</u>

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, 2024

	Business-Type Activities - Enterprise Funds					Total
	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	Business-type Activities
Cash Flows from operating activities:						
Cash received from customers	\$ 12,593,150	\$ 15,053,571	\$ 7,348,339	\$ 818,885	\$ 6,514,759	\$ 42,328,704
Cash payments to suppliers for goods and services	(3,366,781)	(4,782,639)	(2,104,872)	(135,728)	(1,552,158)	(11,942,178)
Cash payments to employees for services	(4,503,439)	(2,163,953)	(3,370,647)	(313,447)	(2,774,310)	(13,125,796)
Net cash provided by operating activities	\$ 4,722,930	\$ 8,106,979	\$ 1,872,820	\$ 369,710	\$ 2,188,291	\$ 17,260,730
Cash Flows from noncapital financing activities:						
Transfer (to) from Proprietary Funds	\$ 359,850	\$ (359,850)	\$ -	\$ -	\$ -	\$ -
Transfer to General Fund	(1,434,400)	(649,500)	(1,288,900)	(88,900)	(965,000)	(4,426,700)
Transfer from the General Fund	-	-	52,820	1,000,000	-	1,052,820
Net cash provided by (used in) noncapital financing activities	\$ (1,074,550)	\$ (1,009,350)	\$ (1,236,080)	\$ 911,100	\$ (965,000)	\$ (3,373,880)
Cash Flows from capital and related financing activities:						
Capital grants and contributions	\$ -	\$ -	\$ -	\$ 321,489	\$ 27,236	\$ 348,725
Acquisition and construction of capital assets	(4,839,224)	(3,615,835)	(1,194,682)	8,745	(1,363,414)	(11,004,410)
Principal paid on general obligation bond maturities	(2,805,640)	(3,712,558)	(90,000)	(1,530,000)	(433,741)	(8,571,939)
Interest paid on general obligation bonds	(1,080,397)	(1,018,968)	(7,994)	(671,123)	(118,973)	(2,897,455)
Leases receivable	60,246	-	-	155,733	-	215,979
SBITAs payable	(12,942)	-	-	-	-	(12,942)
Leases payable	(51,138)	(18,968)	(6,795)	(32,194)	(25,273)	(134,368)
Net cash provided by (used in) capital and related financing activities	\$ (8,729,095)	\$ (8,366,329)	\$ (1,299,471)	\$ (1,747,350)	\$ (1,914,165)	\$ (22,056,410)
Cash Flows from investing activities:						
Interest on investments	\$ 573,510	\$ 403,736	\$ 139,506	\$ 286,764	\$ 500,061	\$ 1,903,577
Net increase (decrease) in cash and cash equivalents	(4,507,205)	(864,964)	(523,225)	(179,776)	(190,813)	(6,265,983)
Cash and cash equivalents at the beginning of year	12,864,581	7,220,157	2,240,359	495,733	10,496,890	33,317,720
Cash and cash equivalents at the end of year	\$ 8,357,376	\$ 6,355,193	\$ 1,717,134	\$ 315,957	\$ 10,306,077	\$ 27,051,737

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, 2024

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	
Operating income (loss)	\$ 961,246	\$ 2,787,015	\$ 1,325,907	\$ (342,199)	\$ 1,028,228	\$ 5,760,197
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	\$ 3,654,025	\$ 5,509,866	\$ 467,514	\$ 722,216	\$ 1,179,373	\$ 11,532,994
Changes in assets and liabilities:						
Effect of changes in accounts receivable	(52,396)	(118,378)	2,908	5,008	139,805	(23,053)
Effect of changes in accounts payable	56,204	(71,807)	68,334	(4,133)	(109,911)	(61,313)
Effect of changes in accrued liabilities	2,031	(4,690)	(3,062)	(1,067)	(1,458)	(8,246)
Effect of changes in compensated absences	(18,401)	(5,251)	7,403	(10,115)	(10,970)	(37,334)
Effect of changes in retainages payable	121,250	10,224	3,816	-	(36,776)	98,514
Effect of changes in deposits and other liabilities	(1,029)	-	-	-	-	(1,029)
Total adjustments	<u>\$ 3,761,684</u>	<u>\$ 5,319,964</u>	<u>\$ 546,913</u>	<u>\$ 711,909</u>	<u>\$ 1,160,063</u>	<u>\$ 11,500,533</u>
Net cash provided by operating activities	<u>\$ 4,722,930</u>	<u>\$ 8,106,979</u>	<u>\$ 1,872,820</u>	<u>\$ 369,710</u>	<u>\$ 2,188,291</u>	<u>\$ 17,260,730</u>
Noncash capital and related financing activities:						
Purchase of equipment on account	<u>\$ 440,038</u>	<u>\$ 315,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (198,617)</u>	<u>\$ 557,366</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	Pension and OPEB Trust Funds
Assets	
Open End Mutual Funds:	
Fixed Income	\$ 37,606,360
Target date	27,054,795
Equities	99,440,745
Real estate	21,497,889
Global real assets	29,270
Global tactical asset allocation	14,508,453
All asset fund	1,074,195
Deposits in transit	1,313,963
Money markets	2,584,389
Total Assets	\$ 205,110,059
Liabilities	
Benefits Payable	\$ 1,154,283
Administrative expense payable	34,650
Total Liabilities	\$ 1,188,933
Net Position	
Restricted for pensions	\$ 194,068,069
Restricted for OPEB	9,853,057
Total Net Position restricted for plan benefits	\$ 203,921,126

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, 2024

	Pension and OPEB Trust Funds
Additions	
Contributions	
Employer	\$ 6,765,287
Plan Members	2,760,457
Total Contributions	<u>9,525,744</u>
Investment earnings	
Net appreciation in the fair value of plan investments	16,394,725
Interest and dividends	3,798,766
Total investment earnings	<u>20,193,491</u>
Less investment expense refunds	(213,460)
Net investment earnings	<u>19,980,031</u>
Total Additions	<u>\$ 29,505,775</u>
Deductions	
Benefits	\$ 11,598,564
Administrative expense	181,191
Total Deductions	<u>\$ 11,779,755</u>
Net Increase	17,726,020
Net position at beginning of year	<u>186,195,106</u>
Net position at end of year	<u><u>\$ 203,921,126</u></u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Notes to the Basic Financial Statements
June 30, 2024

(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 67,350 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 six 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 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 blended 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 details. 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 five major types of enterprise funds: The **Water Facility Fund**, the **Sanitary Sewer Fund**, the **Refuse Fund**, the **Parking Fund**, and the **Stormwater Management 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 does not meet the requirements of a major fund; however, management has elected to report this fund as major. The Refuse Fund accounts for the financial activity associated with the collection and disposal of residential recycling, refuse and yard waste.

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 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 2024. 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 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:

Description	Lives (Years)
Buildings	30-50
Infrastructure	20-50
Equipment	3-20
Furniture and fixtures	7-10
Automobiles and trucks	5-7
Purchased capacity	50
Right-to-use assets – leases	5-7
Right-to-use assets – SBITAs	5-7

Right-to use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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, opioid settlements, 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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 \$10,486,102 attributable to business-type activities. 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 \$10,970,564, as noted in the government-wide statement of net position, included net OPEN asset. 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.

(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 certificate of deposit, 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 \$45,321,538 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, 2024, 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	\$ 6,447,237	\$ -	0.00%
Maryland Local Government Pool (MLGIP)	45,321,538	-	5.16% - 5.45%
Total Cash and Cash Equivalents	<u>\$ 51,768,775</u>	<u>\$ -</u>	
US Agency Securities	\$ 4,645,573	\$ -	0.15% - 4.40%
US Treasury Securities	36,942,271	-	0.23% - 4.40%
Open-End Mutual Funds	614,727	205,110,059	0.23% - 4.40%
Certificate of Deposit	8,285,071	-	5.40% - 5.45%
Total Investments	<u>\$ 50,487,642</u>	<u>\$ 205,110,059</u>	
Total	<u>\$ 102,256,417</u>	<u>\$ 205,110,059</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, 2024:

Asset Type	Total	Level 1	Level 2	Level 3
Primary Government				
US Agency Securities	\$ 4,645,573	-	\$ 4,645,573	-
US Treasury Securities	36,942,271	-	36,942,271	-
Open-End Mutual Funds	614,727	614,727	-	-
Certificate of Deposit	8,285,071	8,285,071	-	-
Fiduciary Funds				
Open-End Mutual Funds	\$ 205,110,059	\$ 129,109,199	\$ 76,000,860	\$ -
Total Investments at Fair Market Value	\$ 255,597,701	\$ 138,008,997	\$ 117,588,704	\$ -

- Amounts invested in open-end mutual funds and certificate of deposit of \$138,008,997 are comprised of securities valued using quoted market prices (Level 1). These amounts include certificate of deposit, which is based on the quoted price of an identical asset in active markets. 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 \$4,645,573 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 \$36,942,271 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 \$54,502,971 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 \$21,497,889 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, 2024, the City's bank balance was \$6,244,788, 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. The City maintains a portfolio of FDIC insured Certificate of Deposit (CD's).

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, 2024 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, 2024 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	\$ 45,321,538
US Agency Securities	AA+	4,645,573
US Treasury Securities	AA+	36,942,271

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, 2024, the cash equivalents and investments of the City and its Fiduciary Funds had the following maturities:

Cash Equivalents and Investments	Total	Maturity				
		<1 year	1-2 years	2-3 years	3-4 years	4-5 years
Maryland Local Government Pool (MLGIP)	\$ 45,321,538	\$ 45,321,538	\$ -	\$ -	\$ -	\$ -
US Agency Securities	4,645,573	976,265	1,204,737	1,364,254	696,608	403,710
US Treasury Securities	36,942,271	2,399,990	11,169,304	7,188,056	8,672,518	7,512,404
Open-End Mutual Funds	205,724,786	205,724,786	-	-	-	-
Certificate of Deposit	8,285,071	8,285,071	-	-	-	-

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; supranationals - 35% total; repurchase agreements - 35% total; bankers' acceptances - 35% total; municipals - 35% total; commercial paper - 10% total; money market mutual funds - 100%; Maryland local government investment pool - 100%.

At June 30, 2024 the City had \$36,942,271 of U.S. Treasury securities and \$4,645,573 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, 2024.

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, 2024 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 / Unearned Revenues / Deferred Inflows of Resources

Receivables as of the year ended June 30, 2024 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	\$ 1,686,092	\$ -	\$ -	\$ -	\$ 1,686,092
Accounts Receivable	1,719,089	-	-	260,594	1,979,683
Due from Other Governments	4,007,775	-	-	1,117,870	5,125,645
Loans Receivable					
REL P One, L.P.	120,000	-	-	1,200,000	1,320,000
Other Receivables	1,953,110	11,510	52,302	395,207	2,412,129
Lease Receivables	1,968,606	-	-	-	1,968,606
Unbilled Assessments Receivable	-	101,425	-	-	101,425
Gross Receivables	11,454,672	112,935	52,302	2,973,671	14,593,580
Allowance for Uncollectibles	(1,144,058)	-	-	-	(1,144,058)
Net Receivables	\$ 10,310,614	\$ 112,935	\$ 52,302	\$ 2,973,671	\$ 13,449,522

Receivables	Water	Sewer	Refuse	Parking	Stormwater Management	Business-type Activities Total
Billed / Unbilled Accounts	\$ 3,002,291	\$ 3,945,348	\$ 24,190	\$ -	\$ 143,744	\$ 7,115,573
Accounts Receivable	-	-	-	333,680	-	333,680
Other Receivables	72,469	58,480	21,728	9,519	71,928	234,124
Gross Receivables	3,074,760	4,003,828	45,918	343,199	215,672	7,683,377
Allowance for Uncollectibles	(7,196)	(12,835)	-	(142,595)	-	(162,626)
Net Receivables	\$ 3,067,564	\$ 3,990,993	\$ 45,918	\$ 200,604	\$ 215,672	\$ 7,520,751

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 \$1,306,684 at June 30, 2024, and is composed of the following:

General Fund property taxes receivable	\$ 1,144,058
Enterprise Funds utility fees receivable	20,031
Enterprise Funds parking citations receivable	142,595
Total allowance for uncollectibles	<u>\$ 1,306,684</u>

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables / Unearned Revenues / Deferred Inflows of Resources (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:

	Unav ailable	Unearned
Property taxes receiv able (General Fund)	\$ 542,034	\$ -
Deferred inflows from leases (General Fund)	1,826,221	-
Special assessments not earned (General Fund)	101,425	-
Deferred inflows from opioid (Special Activities Fund)	963,300	-
Recreation services not earned (General Fund)	-	2,438,846
Total unav ailable/unearned revenues	\$ 3,432,980	\$ 2,438,846

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, 2024.

RHE – The loan in the total amount of \$1,200,000 was issued on August 16, 2023 to RHE, Scarborough Square, LLC. The loan bears no interest. The loan is secured by the certain Second Deed of Trust, Assignment of Rents and Leases and Security Agreement dated August 16, 2023. The maturity date is December 14, 2027. The loan is recorded in the Special Activities Fund. The outstanding balance was \$1,200,000 as of June 30, 2024.

C. Prepaid Items

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. concluded in August 2023. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. At June 30, 2024, prepaid items in the General Fund consisted of \$156,000 for the contingent grant award to Choice Hotels International, Inc. The performance is under final review by the City.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 12,637,523	\$ -	\$ -	\$ -	\$ 12,637,523
Construction in progress	10,476,648	11,981,025	-	(1,858,744)	20,598,929
Total capital assets, not being depreciated	\$ 23,114,171	\$ 11,981,025	\$ -	\$ (1,858,744)	\$ 33,236,452
Capital assets, being depreciated/amortized:					
Buildings	87,837,804	-	-	-	87,837,804
Right-to-use leased assets	2,910,595	1,235,864	-	-	4,146,459
Right-to-use SBITAs	4,084,930	739,839	(555,697)	-	4,269,072
Improvements other than buildings	51,827,408	1,668,764	-	1,023,257	54,519,429
Equipment	26,817,913	1,025,594	(984,635)	-	26,858,872
Infrastructure	276,304,988	8,170,994	-	835,487	285,311,469
Total capital assets being depreciated/amortized	\$ 449,783,638	\$ 12,841,055	\$ (1,540,332)	\$ 1,858,744	\$ 462,943,105
Less accumulated depreciation/amortization for:					
Buildings	(33,837,880)	(2,199,972)	-	-	(36,037,852)
Right-to-use leased assets	(989,717)	(811,218)	-	-	(1,800,935)
Right-to-use SBITAs	(1,120,541)	(1,093,157)	223,545	-	(1,990,153)
Improvements other than buildings	(19,986,990)	(2,290,728)	-	-	(22,277,718)
Equipment	(20,971,031)	(1,132,848)	984,635	-	(21,119,244)
Infrastructure	(161,793,551)	(6,291,389)	-	-	(168,084,940)
Total accumulated depreciation	\$ (238,699,710)	\$ (13,819,312)	\$ 1,208,180	\$ -	\$ (251,310,842)
Total capital assets, being depreciated/amortized, net	211,083,928	(978,257)	(332,152)	1,858,744	211,632,263
Governmental activities capital assets, net	\$ 234,198,099	\$ 11,002,768	\$ (332,152)	\$ -	\$ 244,868,715
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 965,899	\$ -	\$ -	\$ -	\$ 965,899
Construction in progress	9,924,540	2,968,152	-	-	12,892,692
Total capital assets, not being depreciated	\$ 10,890,439	\$ 2,968,152	\$ -	\$ -	\$ 13,858,591
Capital assets, being depreciated/amortized:					
Buildings	32,328,917	-	-	-	32,328,917
Right-to-use leased assets	639,331	-	(9,695)	-	629,636
Right-to-use SBITAs	39,317	-	-	-	39,317
Improvements other than buildings	247,368,325	6,568,803	-	-	253,937,128
Equipment	13,447,203	1,945,023	(1,423,131)	-	13,969,095
Purchased capacity	15,279,453	-	-	-	15,279,453
Total capital assets being depreciated/amortized	\$ 309,102,546	\$ 8,513,826	\$ (1,432,826)	\$ -	\$ 316,183,546
Less accumulated depreciation/amortization for:					
Buildings	(12,521,634)	(725,953)	-	-	(13,247,587)
Right-to-use leased assets	(163,838)	(128,126)	-	-	(291,964)
Right-to-use SBITAs	(11,233)	(11,234)	-	-	(22,467)
Improvements other than buildings	(135,225,318)	(9,618,807)	-	-	(144,844,125)
Equipment	(9,877,730)	(743,285)	1,423,131	-	(9,197,884)
Purchased capacity	(6,639,720)	(305,589)	-	-	(6,945,309)
Total accumulated depreciation	\$ (164,439,473)	\$ (11,532,994)	\$ 1,423,131	\$ -	\$ (174,549,336)
Total capital assets, being depreciated/amortized, net	144,663,073	(3,019,168)	(9,695)	-	141,634,210
Business-type activities capital assets, net	\$ 155,553,512	\$ (51,016)	\$ (9,695)	\$ -	\$ 155,492,801

(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		\$ 6,444,000
Public Safety		437,743
Public Works		6,810,844
Recreation and Parks		126,725
Total depreciation expense - governmental activities		<u>\$ 13,819,312</u>
Business-Type Activities:		
Water		\$ 3,654,025
Sewer		5,509,866
Refuse		467,514
Parking		722,216
Stormwater Management		1,179,373
Total depreciation expense - business-type activities		<u>\$ 11,532,994</u>

E. Interfund Payables and Transfers

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, 2024 consisted of the following:

	Transfers in:					Total
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	
Transfers out:						
General Fund	\$ -	\$ 4,050,000	\$ 12,789,580	\$ 1,897,460	\$ 1,052,820	\$ 19,789,860
Enterprise Funds	4,426,700	-	-	-	-	4,426,700
Total	<u>\$ 4,426,700</u>	<u>\$ 4,050,000</u>	<u>\$ 12,789,580</u>	<u>\$ 1,897,460</u>	<u>\$ 1,052,820</u>	<u>\$ 24,216,560</u>

During the fiscal year, the City made the following transfers:

- 1) A transfer of \$4,050,000 from the General Fund to the Debt Service Fund to support repayment of general obligation bonds and loans.
- 2) \$12,789,580 from the General Fund to the Capital Projects Fund to provide pay-as-you-go funding for planned capital outlay.
- 3) A total of \$1,052,820 to the Enterprise Funds to provide payment for refuse services used by RHE properties, and support repayment of general obligation bonds for the Parking Fund.
- 4) A total of \$1,897,460 to the Special Activities Fund and REDI to support various arts, community assistance and senior programs, as well as the economic development of the City.
- 5) A transfer of \$4,426,700 from various enterprise funds to provide payment for General Fund administrative support.

Administrative functions of the City's water and sewer utility operations are maintained in the Water Fund. During the year ended June 30, 2024 the Sewer Fund transferred \$359,850 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, 2024, the City has one unused line of credit of \$705,031 through the Maryland Department of the Environment. General obligation bonds and loans payable which were outstanding at June 30, 2024 are as follows:

	Year of Issuance	Outstanding Principal	Interest Rate Range	Year of Final Maturity
Governmental Activities				
General Improvements - Refunding 2015A	2015	\$ 618,719	4.00 - 5.00%	2025
General Improvements - 2016A	2016	660,000	2.00 - 3.00%	2036
General Improvements - Advance Refunding 2016B	2016	1,370,909	2.00 - 5.00%	2028
General Improvements - 2017A	2017	3,515,000	4.00%	2037
General Improvements - 2019A	2019	4,800,000	2.00 - 5.00%	2039
General Improvements - Refunding 2020A	2020	4,645,000	1.90%	2031
General Improvements - Advance Refunding 2020C	2020	315,000	1.00 - 1.70%	2025
Total Governmental Activities		<u>\$ 15,924,628</u>		
Business-Type Activities				
Loan Payable - State of Maryland	2005	\$ 72,664	0.00%	2025
Loan Payable - State of Maryland	2010	293,069	1.00%	2031
General Improvements - Refunding 2015A	2015	466,280	4.00 - 5.00%	2025
General Improvements - 2015B	2015	5,745,000	2.00 - 5.00%	2036
General Improvements - 2016A	2016	3,055,000	2.00 - 3.00%	2036
General Improvements - Advance Refunding 2016B	2016	2,489,091	2.00 - 5.00%	2028
General Improvements - 2017A	2017	3,090,000	4.00%	2037
General Improvements - 2019A	2019	6,300,000	2.00 - 5.00%	2039
General Improvements - Advance Refunding 2019B	2019	22,200,000	2.55 - 3.00%	2036
General Improvements - Refunding 2020A	2020	3,330,000	1.90%	2031
General Improvements - 2020B	2020	14,920,000	1.00 - 5.00%	2040
General Improvements - Advance Refunding 2020C	2020	17,165,000	1.00 - 1.70%	2035
General Improvements - 2022A	2022	10,395,000	2.95 - 4.17%	2042
Total Business-Type Activities		<u>\$ 89,521,104</u>		

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:

	Gov ernmental Activ ities	Business-Type Activ ities
Long-term outstanding debt	\$ 15,924,628	\$ 89,521,104
Unamortized bond premiums	1,469,766	5,101,808
Long-term outstanding debt	<u>\$ 17,394,394</u>	<u>\$ 94,622,912</u>

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

Fiscal Year Ending June 30,	Gov ernmental Activities		Business-Type Activities			
	Bonds		Bonds		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,732,537	\$ 532,286	\$ 8,337,466	\$ 2,632,382	\$ 124,251	\$ 2,930
2026	1,791,970	434,344	7,668,030	2,372,400	52,105	2,414
2027	1,780,121	370,520	7,579,880	2,136,486	52,626	1,894
2028	1,310,000	306,821	7,300,001	1,898,603	53,152	1,368
2029	1,295,000	266,321	6,895,000	1,673,751	53,683	836
2030-2034	4,485,000	790,060	32,350,000	5,422,290	29,916	299
2035-2039	2,530,000	217,125	16,369,994	1,584,961	-	-
2040-2042	-	-	2,655,000	160,195	-	-
Total	<u>\$ 15,924,628</u>	<u>\$ 2,917,477</u>	<u>\$ 89,155,371</u>	<u>\$ 17,881,068</u>	<u>\$ 365,733</u>	<u>\$ 9,741</u>

Note: Principal amounts do not include net unamortized bond premiums of \$1,469,766 for governmental activities and \$5,101,808 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:

Fiscal Year Ending June 30,	Gov ernmental Activities		Total
	Principal	Interest	Principal and Interest
2025	\$ 2,732,537	\$ 532,286	\$ 3,882,255
2026	1,791,970	434,344	2,226,314
2027	1,780,120	370,520	2,150,640
2028	1,310,001	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	146,531	791,330
2033	645,000	126,094	770,894
2034	645,000	105,255	750,056
2035	645,000	83,950	728,750
2036	645,000	62,575	707,375
2037	595,000	40,600	635,600
2038	320,000	20,000	340,000
2039	320,000	10,000	330,000
Total	\$ 15,924,628	\$ 2,917,477	\$ 19,458,536

Note: Principal amounts do not include net unamortized bond premiums of \$1,469,766 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		Principal
Ending	Facility		Sewer						Management		and
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Interest
2025	\$ 2,794,330	\$ 978,868	\$ 3,568,134	\$ 918,996	\$ 95,000	\$ 4,394	\$ 1,575,000	\$ 625,223	\$ 429,252	\$ 107,831	\$ 11,097,028
2026	2,616,233	879,494	3,211,798	815,827	95,000	2,256	1,620,000	577,972	177,105	99,265	10,094,950
2027	2,603,476	788,098	3,176,403	728,416	-	-	1,675,000	529,372	177,626	92,494	9,770,885
2028	2,574,188	695,000	2,880,813	640,130	-	-	1,720,000	479,123	178,152	85,718	9,253,124
2029	2,146,459	602,657	2,848,541	565,471	-	-	1,775,000	427,523	178,683	78,936	8,623,270
2030-2034	9,587,880	1,988,196	12,532,120	1,753,081	-	-	9,615,000	1,384,013	644,916	297,299	37,802,505
2035-2039	5,900,000	751,005	5,650,000	504,780	-	-	4,220,000	180,076	600,000	149,100	17,954,961
2040-2042	1,624,995	99,550	670,000	31,095	-	-	-	-	360,000	29,550	2,815,190
Total	\$ 29,847,561	\$6,782,868	\$ 34,537,809	\$ 5,957,796	\$ 190,000	\$ 6,650	\$ 22,200,000	\$ 4,203,302	\$2,745,734	\$ 940,193	\$ 107,411,913

Note: Principal amounts do not include net unamortized bond premiums of \$5,101,808 for business-type activities.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Loans Payable

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, 2024 the outstanding loan payable in the Stormwater Management Fund is \$72,664.

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 \$293,069 remained outstanding in the Stormwater Management Fund as of June 30, 2024.

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, 2024, there are Economic Development Revenue Bonds outstanding with National Lutheran Home & Village at Rockville, Inc. with a principal amount payable of \$18,245,000 and with King Farm Presbyterian Retirement Community, Inc. with a principal amount payable of \$129,195,000.

(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, 2024:

	Balance as of 6/30/23	Additions	Reductions	Balance as of 6/30/24	Due within One Year
Governmental Activities					
General obligation bonds	\$ 19,171,429	\$ -	\$ (3,246,801)	\$ 15,924,628	\$ 2,732,537
Unamortized bond premiums	1,744,071	-	(274,305)	1,469,766	177,424
Accrued obligations for compensated absences	6,300,189	2,533,030	(2,295,940)	6,537,279	4,772,214
Leases payable	1,949,608	1,235,864	(723,949)	2,461,523	711,778
SBITAs payable	2,579,187	739,839	(1,392,305)	1,926,721	688,822
Claims payable	2,303,180	312,513	(545,210)	2,070,483	786,784
Net pension liability	25,133,445	17,558,159	(17,697,601)	24,994,003	-
Net OPEB liability/(Asset)	(158,852)	1,139,682	(1,617,470)	(636,640)	-
Governmental activities long-term liabilities	<u>\$ 59,022,257</u>	<u>\$23,519,087</u>	<u>\$ (27,793,581)</u>	<u>\$ 54,747,763</u>	<u>\$ 9,869,558</u>
Business-Type Activities					
General obligation bonds and loans					
Water facility fund	\$ 32,653,206	\$ -	\$ (2,805,645)	\$ 29,847,561	\$ 2,794,330
Sanitary sewer fund	38,250,364	-	(3,712,555)	34,537,809	3,568,134
Refuse fund	280,000	-	(90,000)	190,000	95,000
Parking fund	23,730,000	-	(1,530,000)	22,200,000	1,575,000
Stormwater management fund	3,179,475	-	(433,741)	2,745,734	429,252
Unamortized bond premiums	5,625,065	-	(523,257)	5,101,808	474,606
Leases payable	479,770	-	(134,367)	345,403	124,512
SBITAs payable	26,432	-	(12,942)	13,490	13,490
Accrued obligations for compensated absences	1,072,042	620,202	(657,536)	1,034,708	755,483
Business-type activities long-term liabilities	<u>\$ 105,296,354</u>	<u>\$ 620,202</u>	<u>\$ (9,900,043)</u>	<u>\$ 96,016,513</u>	<u>\$ 9,829,807</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 reports a lease receivable of \$1,366,035 and a deferred inflows of resources of \$1,271,901 in the Water Facility Fund. The lease has a discount rate of 1.94% for the water storage tank and 2.15% for the communication tower. The leases provide for two renewal options, each for 60 months.

(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 City reports a lease receivable of \$8,368,640 and a deferred inflows of resources in the amount of \$8,299,323 in its Parking Fund. The lease has a discount rate of 2.43%.

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. The value of the deferred inflow of resources as of June 30, 2024 was \$1,826,221. The lease receivable as of June 30, 2024 was \$1,968,606. The discount rate for the lease of art facility is 2.34% and the lease has three extensions, each for 60 months. The discount rate for the lease of communication facility at Avery Road is 1.87% and the lease has two extensions, each for 60 months. The discount rate for the lease of communication facility at Lake Frank is 2.22% and the lease has three 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	
2025	\$ 109,055	\$ 41,681	\$ 260,355	\$ 230,117	\$ 641,208
2026	79,477	40,083	269,184	224,028	612,772
2027	68,356	38,695	278,294	217,740	603,085
2028	73,567	37,206	287,695	211,247	609,715
2029	77,794	35,618	297,394	204,541	615,347
2030-2034	468,286	150,669	1,643,594	914,236	3,176,785
2035-2039	469,330	97,201	1,773,978	713,635	3,054,144
2040-2044	383,100	49,557	1,529,673	521,247	2,483,577
2045-2049	239,641	8,876	1,662,816	332,869	2,244,202
2050-2054	-	-	1,731,692	121,234	1,852,926
Total	\$ 1,968,606	\$ 499,586	\$ 9,734,675	\$ 3,690,894	\$ 15,893,761

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 reports intangible right-to-use assets (net lease assets) of \$141,652. The discount rate is 0.98%. The total lease liability at June 30, 2024 was \$142,548.

The City is a lessee for a noncancellable lease of vehicles. In the Sanitary Sewer Fund, the City reports intangible right-to-use assets (net lease assets) of \$46,817. The discount rate is 0.98%. The total lease liability at June 30, 2024 was \$47,878.

(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 reports intangible right-to-use assets (net lease assets) of \$19,892. The discount rate is 0.65%. The total lease liability at June 30, 2024 was \$20,107.

The City is a lessee for a noncancellable lease of vehicles. In the Parking Fund, the City reports intangible right-to-use assets (net lease assets) of \$77,855. The discount rate ranges from 0.81% to 0.98%. The total lease liability at June 30, 2024 was \$80,416.

The City is a lessee for a noncancellable lease of vehicles. In the Stormwater Management Fund, the City reports intangible right-to-use assets (net lease assets) of \$51,456. The discount rate ranges from 0.81% to 0.98%. The total lease liability at June 30, 2024 was \$54,454.

The City is a lessee for noncancellable lease of vehicles, copiers and parking spaces. During fiscal year 2024, the City recognized a total of \$1,235,864 as other financing sources in the General Fund. These other financing sources include the current year vehicle leases.

The City, acting as lessee, had a total net right to use lease asset for \$2,345,524 for governmental activities, and \$337,672 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,	Gov ernmental Activ ities		Business-Type Activ ities		Total
	Leases		Leases		
	Principal	Interest	Principal	Interest	
	2025	\$ 771,778	\$ 42,413	\$ 124,512	
2026	590,118	29,250	108,135	3,554	731,057
2027	481,199	18,053	78,912	1,597	579,761
2028	342,792	7,941	33,844	143	384,720
2029-2032	275,636	1,609	-	-	277,245
Total	\$ 2,461,523	\$ 99,266	\$ 345,403	\$ 11,066	\$ 2,917,258

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

	Governmental Activities	Business-Type Activities
Equipment	\$ 4,146,459	\$ 629,636
Less: accumulated amortization	(1,800,935)	(291,964)
	<u>\$ 2,345,524</u>	<u>\$ 337,672</u>

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. SBITAs

The City has entered into subscription based-information technology arrangements (SBITAs) for various IT software and financial software. The SBITA arrangements expire at various dates through 2034 and provide for renewal options.

As of June 30, 2024, the SBITA assets and related accumulated amortization totaled \$4,308,389 and \$2,012,620, respectively.

The future subscription payments under SBITA agreements are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total
	SBITAs		SBITAs		
	Principal	Interest	Principal	Interest	
2025	\$ 688,822	\$ 53,286	\$ 13,490	\$ 285	\$ 755,883
2026	404,521	36,011	-	-	440,532
2027	416,306	24,226	-	-	440,532
2028	80,333	12,093	-	-	92,426
2029	82,618	9,808	-	-	92,426
2030-2034	254,121	15,056	-	-	269,177
Total	\$ 1,926,721	\$ 150,480	\$ 13,490	\$ 285	\$ 2,090,976

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

	Governmental Activities	Business-Type Activities
Software	\$ 4,269,072	\$ 39,317
Less: accumulated amortization	(1,990,153)	(22,467)
	\$ 2,278,919	\$ 16,850

J. 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, 2024 total nonspendable fund balance is \$2,397,517.

At June 30, 2024 the City had a net position deficit in the Parking Fund of \$2,244,444. This will continue until the long-term debt from the construction of the parking garages is repaid through the transfer from the General Fund.

(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 \$2,070,483 reported at June 30, 2024 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. A letter of credit was issued in the amount of \$1,105,000 to Pennsylvania Manufacturers Association Insurance Company in fiscal year 2024. 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
2023	\$ 2,383,109	\$ 613,461	\$ (693,390)	\$ 2,303,180
2024	\$ 2,303,180	\$ 312,513	\$ (545,210)	\$ 2,070,483

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

The City continues to carry commercial insurance for employee health insurance, property insurance, and various other policies. 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, 2024, while maintaining the same tax rate, the City abated property taxes totaling \$90,000, 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.
- RHE Scarborough Square: Apartments makes payments in lieu of taxes (PILOT) under a waiver agreement in support of affordable housing within the City. The abatement amounted to \$90,669.

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, 2024, the City had paid \$88,423,890 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 \$36,676,000 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.

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	\$ 3,752,226
Other Governmental Funds	245,991
Total	<u>\$ 3,998,217</u>

(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 (CONTINUED)

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, 2023, the date of the most recent actuarial valuation:

Retirees and beneficiaries receiving benefits	337
Terminated plan members vested but not yet receiving benefits	82
Active plan members	509
Total	<u>928</u>

(4) RETIREMENT PLANS (CONTINUED)

C. Net Pension Liability

The City's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation date of July 1, 2023. Actuaries utilized update procedures to roll forward the total pension liability in the July 1, 2023 actuarial valuation to the June 30, 2024 measurement date.

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions which were adopted by the City during fiscal year 2024 and applied to all periods included in the measurement:

Actuarial assumptions

-Actuarial valuation date	July 1, 2023
-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-2021.

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%	6.44%
International Equity	20.0%	6.39%
Fixed Income	20.0%	1.72%
Real Estate	12.5%	3.24%
Global Real Assets	7.5%	2.20%
Global Tactical Asset Allocation (GTAA)	10.0%	2.67%
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 4.65% 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, 2024, the annual money-weighted rate of return on investments, net of investment expense was 4.65%.

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, 2024 were as follows:

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances at June 30, 2023	<u>\$ 147,850,783</u>	<u>\$ 122,717,338</u>	<u>\$ 25,133,445</u>
Changes for the year:			
Service Cost	3,460,933	-	3,460,933
Interest	9,704,799	-	9,704,799
Differences between expected and actual experience	1,747,807	-	1,747,807
Changes of benefit terms	703,104	-	703,104
Changes of assumptions	1,821,388	-	1,821,388
Contributions - employer	-	5,664,104	(5,664,104)
Contributions - employee	-	1,026,046	(1,026,046)
Net investment income	-	11,007,451	(11,007,451)
Benefit payments, including refunds of employee contributions	(8,151,979)	(8,151,979)	-
Administrative expense	-	(120,128)	120,128
Net changes	<u>9,286,052</u>	<u>9,425,494</u>	<u>(139,442)</u>
Balances at June 30, 2024	<u>\$ 157,136,835</u>	<u>\$ 132,142,832</u>	<u>\$ 24,994,003</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>\$ 43,597,397</u>	<u>\$ 24,994,003</u>	<u>\$ 9,409,311</u>

Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2024, the City recognized pension expense of \$6,854,229. At June 30, 2024, 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	<u>\$ 2,180,916</u>	<u>\$ 990,967</u>
Changes of assumptions	3,245,961	-
Net difference between projected and actual earnings on investments	1,455,896	-
Total	<u>\$ 6,882,773</u>	<u>\$ 990,967</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:	
2025	\$ 638,372
2026	4,485,542
2027	230,417
2028	(57,391)
2029	594,866
Total	<u>\$ 5,891,806</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 2024 by plan members totaled \$1,734,411 and the City contributed \$865,994.

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 2024 by the City totaled \$235,189.

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 (CONTINUED)

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, 2023, the date of the most recent valuation, plan membership was as follows:

	<u>Membership</u>
Pre-medicare retirees	35
Disabled participants	2
Beneficiaries	1
Active employees	<u>350</u>
Total	<u>388</u>

Contributions and Funding

The Retirement Board establishes the employer contributions to the OPEB plan based on actuarially determined amounts. During fiscal year 2024 the City did not make any contributions. Benefit expenses of \$1,154,283 and administrative expenses of \$34,650 which were paid by the City, were reimbursed by the trust after June 30, 2024. 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, 2024, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023. Actuaries utilized update procedures to roll forward the total OPEB liability in the July 1, 2023 actuarial valuation to the June 30, 2024 measurement date.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions which were adopted by the City during fiscal year 2024 and applied to all periods included in the measurement:

Actuarial assumptions

-Actuarial valuation date	July 1, 2023
-Investment rate of return, including inflation	6.75%
-Projected salary increases, including inflation	2.50%
-Includes inflation at	2.50%
-Healthcare cost trends:	7.50% for 2024. The ultimate rate is 3.94%.

Mortality rates were based on the Pub 2010 Total Dataset Mortality Table projected generationally using Scale MP-2021.

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%	6.48%
Fixed Income	40.00%	1.72%
Multi Asset Class Solutions (MACS)	5.00%	2.67%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. 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, 2024 were as follows:

	(A) Total OPEB Liability	(B) Plan Fiduciary Net Position	(A - B) Net OPEB Liability (Asset)
Balances at June 30, 2023	<u>\$ 9,340,614</u>	<u>\$ 9,499,466</u>	<u>\$ (158,852)</u>
Changes for the year:			
Service Cost	300,623	-	300,623
Interest	624,142	-	624,142
Changes of benefit terms	214,917	-	214,917
Differences between expected and actual experience	(25,810)	-	(25,810)
Changes of assumptions	(626,140)	-	(626,140)
Net investment income	-	965,520	(965,520)
Benefit payments	(611,929)	(611,929)	-
Net changes	<u>(124,197)</u>	<u>353,591</u>	<u>(477,788)</u>
Balances at June 30, 2024	<u>\$ 9,216,417</u>	<u>\$ 9,853,057</u>	<u>\$ (636,640)</u>

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 (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net OPEB (Asset) Liability	<u>\$ (53,412)</u>	<u>\$ (636,640)</u>	<u>\$ (1,180,397)</u>

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 (2.94%)	Healthcare Cost Trend Rates (3.94%)	1% Increase (4.94%)
Net OPEB (Asset) Liability	<u>\$ (1,411,558)</u>	<u>\$ (636,640)</u>	<u>\$ 255,643</u>

(5) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2024, the City recognized OPEB expense of (\$171,985). At June 30, 2024 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	\$ -	\$ 1,345,364
Changes of assumptions	-	1,545,854
Net difference between projected and actual earnings on investments	788,383	-
Total	<u>\$ 788,383</u>	<u>\$ 2,891,218</u>

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

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,345,364
Changes of assumptions	1,545,854
Net difference between projected and actual earnings on investments	(788,383)
Total	<u>\$ 2,102,835</u>

(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, 2024:

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	\$ 23,493,503	\$ 9,951,745	\$ 33,445,248	\$ 4,161,112	\$ 37,606,360
Target date	-	27,054,795	27,054,795	-	27,054,795
Equities	68,995,714	24,638,348	93,634,062	5,806,683	99,440,745
All asset fund	-	-	-	1,074,195	1,074,195
Deposits in transit	1,313,963	-	1,313,963	-	1,313,963
Real estate	21,246,810	251,079	21,497,889	-	21,497,889
Global real assets	-	29,270	29,270	-	29,270
Global tactical asset allocation	14,508,453	-	14,508,453	-	14,508,453
Money markets	2,584,389	-	2,584,389	-	2,584,389
Total Assets	\$ 132,142,832	\$ 61,925,237	\$194,068,069	\$ 11,041,990	\$205,110,059
Liabilities					
Benefits Payable	\$ -	\$ -	\$ -	\$ 1,154,283	\$ 1,154,283
Administrative expense payable	-	-	-	34,650	34,650
Total Liabilities	\$ -	\$ -	\$ -	\$ 1,188,933	\$ 1,188,933
Net Position					
Restricted for plan benefits	\$ 132,142,832	\$ 61,925,237	\$194,068,069	\$ 9,853,057	\$203,921,126
Total Liabilities and Net Position	\$ 132,142,832	\$ 61,925,237	\$194,068,069	\$ 11,041,990	\$205,110,059

See accompanying notes to the basic financial statements.

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	\$ 5,664,104	\$ 1,101,183	\$ 6,765,287	\$ -	\$ 6,765,287
Plan Members	1,026,046	1,734,411	2,760,457	-	2,760,457
Total Contributions	\$ 6,690,150	\$ 2,835,594	\$ 9,525,744	\$ -	\$ 9,525,744
Investment earnings (losses):					
Net appreciation in the fair value of plan investments	9,130,988	6,557,751	15,688,739	705,986	16,394,725
Interest and dividends	2,089,923	1,449,308	3,539,231	259,535	3,798,766
Total investment earnings (losses)	11,220,911	8,007,059	19,227,970	965,521	20,193,491
Less investment expense refunds	(213,460)	-	(213,460)	-	(213,460)
Net investment earnings (losses)	11,007,451	8,007,059	19,014,510	965,521	19,980,031
Total Additions	\$ 17,697,601	\$ 10,842,653	\$ 28,540,254	\$ 965,521	\$ 29,505,775
Deductions					
Benefits	\$ 8,151,979	\$ 2,834,655	\$ 10,986,634	\$ 611,930	\$ 11,598,564
Administrative expense	120,128	61,063	181,191	-	181,191
Total Deductions	\$ 8,272,107	\$ 2,895,718	\$ 11,167,825	\$ 611,930	\$ 11,779,755
Net Increase (Decrease)	9,425,494	7,946,935	17,372,429	353,591	17,726,020
Net position at beginning of year	122,717,338	53,978,302	176,695,640	9,499,466	186,195,106
Net position at end of year	\$ 132,142,832	\$ 61,925,237	\$194,068,069	\$ 9,853,057	\$203,921,126

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. 101, **Compensated Absences**. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
- GASB Statement No. 102, **Certain Risk Disclosures**. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- GASB Statement No. 103, **Financial Reporting Model Improvements**. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- GASB Statement No. 104, **Disclosure of Certain Capital Assets**. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, 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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 2,462,254	\$ 2,338,305	\$ 2,092,506	\$ 1,980,718	\$ 2,638,792	\$ 2,718,028	\$ 2,883,883	\$ 3,213,474	\$ 3,163,211	\$ 3,460,933
Interest	7,280,449	7,576,514	7,847,249	7,996,269	7,944,162	8,391,525	8,882,122	9,110,563	9,467,294	9,704,799
Changes of benefit terms	-	-	-	-	-	446,900	-	-	-	703,104
Differences between expected and actual experience	(561,939)	(845,894)	1,097,364	(8,463,015)	2,296,074	1,730,195	1,308,132	(908,946)	(804,740)	1,747,807
Changes of assumptions	-	-	6,150,798	3,617,949	(48,306)	-	1,768,127	1,978,688	224,128	1,821,388
Benefit payments including refunds of member contributions	(5,428,204)	(4,778,615)	(5,664,043)	(5,219,512)	(6,533,123)	(6,346,521)	(6,209,717)	(7,307,095)	(8,910,650)	(8,151,979)
Net change in total pension liability	\$ 3,752,560	\$ 4,290,310	\$ 11,523,874	\$ (87,591)	\$ 6,297,599	\$ 6,940,127	\$ 8,632,547	\$ 6,086,684	\$ 3,139,243	\$ 9,286,052
Total pension liability - beginning	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	147,850,783
Total pension liability - end	<u>\$ 101,027,990</u>	<u>\$ 105,318,300</u>	<u>\$ 116,842,174</u>	<u>\$ 116,754,583</u>	<u>\$ 123,052,182</u>	<u>\$ 129,992,309</u>	<u>\$ 138,624,856</u>	<u>\$ 144,711,540</u>	<u>\$ 147,850,783</u>	<u>\$ 157,136,835</u>
Plan Fiduciary Net Position										
Contributions - employer	\$ 4,024,603	\$ 3,575,462	\$ 3,473,255	\$ 3,899,592	\$ 4,210,698	\$ 3,592,613	\$ 3,961,789	\$ 4,589,309	\$ 5,468,739	\$ 5,664,104
Contributions - member	740,120	743,813	756,187	783,669	890,199	868,669	849,728	923,150	807,673	1,026,046
Net investment income	2,236,876	1,240,819	9,378,222	7,287,735	3,396,845	1,663,635	27,880,298	(9,998,773)	7,333,737	11,007,451
Benefit payments including refunds of member contributions	(5,428,204)	(4,778,615)	(5,664,043)	(5,219,512)	(6,533,123)	(6,346,521)	(6,209,717)	(7,307,095)	(8,910,650)	(8,151,979)
Plan administrative expenses	(27,230)	(35,543)	(31,821)	(30,041)	(108,910)	(46,229)	(75,164)	(108,766)	(118,075)	(120,128)
Net change in plan fiduciary net position	\$ 1,546,165	\$ 745,936	\$ 7,911,800	\$ 6,721,443	\$ 1,855,709	\$ (267,833)	\$ 26,406,934	\$ (11,902,175)	\$ 4,581,424	\$ 9,425,494
Plan fiduciary net position - beginning	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	122,717,338
Plan fiduciary net position - end	<u>\$ 86,664,100</u>	<u>\$ 87,410,036</u>	<u>\$ 95,321,836</u>	<u>\$ 102,043,279</u>	<u>\$ 103,898,988</u>	<u>\$ 103,631,155</u>	<u>\$ 130,038,089</u>	<u>\$ 118,135,914</u>	<u>\$ 122,717,338</u>	<u>\$ 132,142,832</u>
Net pension liability	<u>\$ 14,363,890</u>	<u>\$ 17,908,264</u>	<u>\$ 21,520,338</u>	<u>\$ 14,711,304</u>	<u>\$ 19,153,194</u>	<u>\$ 26,361,154</u>	<u>\$ 8,586,767</u>	<u>\$ 26,575,626</u>	<u>\$ 25,133,445</u>	<u>\$ 24,994,003</u>
Plan fiduciary net position as a percentage of total pension liability	85.78%	83.00%	81.58%	87.40%	84.43%	79.72%	93.81%	81.64%	83.00%	84.09%
Covered payroll	\$ 35,376,646	\$ 34,922,626	\$ 37,507,188	\$ 36,810,351	\$ 38,763,043	\$ 39,968,358	\$ 42,412,060	\$ 41,719,436	\$ 42,506,765	\$ 46,527,639
Net pension liability as a percentage of covered payroll	40.60%	51.28%	57.38%	39.97%	49.41%	65.96%	20.25%	63.70%	59.13%	53.72%

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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 4,024,603	\$ 3,575,462	\$ 3,473,255	\$ 3,899,592	\$ 4,210,681	\$ 3,592,613	\$ 3,961,789	\$ 4,589,309	\$ 5,468,739	\$ 5,664,104
Contributions made	4,024,603	3,575,462	3,473,255	3,899,592	4,210,698	3,592,613	3,961,789	4,589,309	5,468,739	5,664,104
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (17)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 35,376,646	\$ 34,922,626	\$ 37,507,188	\$ 36,810,351	\$ 38,763,043	\$ 39,968,358	\$ 42,412,060	\$ 41,719,436	\$ 42,506,765	\$ 46,527,639
Contributions as a percentage of covered payroll	11.38%	10.24%	9.26%	10.59%	10.86%	8.99%	9.34%	11.00%	12.87%	12.17%
Annual money weighted rate of return, net of investment expense	2.84%	1.62%	11.10%	8.40%	4.53%	1.47%	28.60%	-7.60%	6.40%	9.30%

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 2024 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-2021.

Note: Actuaries utilized update procedures to roll forward Pension data from the July 1, 2023 valuation to the June 30, 2024 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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability										
Service cost			\$ 569,070	\$ 506,923	\$ 405,503	\$ 340,740	\$ 316,324	\$ 328,344	\$ 317,744	\$ 300,623
Interest			722,728	784,240	733,193	778,238	613,702	638,876	610,795	624,142
Changes of benefit terms	Information for plan years 2016 and prior is not available		-	-	-	-	-	-	-	214,917
Differences between expected and actual experience			-	(280,090)	(339,500)	(2,577,898)	(297,396)	(32,656)	(90,049)	(25,810)
Changes of assumptions			-	(1,459,922)	-	(637,832)	-	(939,975)	-	(626,140)
Benefit payments			(274,540)	(271,490)	(229,882)	(193,415)	(244,300)	(381,718)	(537,096)	(611,929)
Net change in total OPEB liability			\$ 1,017,258	\$ (720,339)	\$ 569,314	\$ (2,290,167)	\$ 388,330	\$ (387,129)	\$ 301,394	\$ (124,197)
Total OPEB liability - beginning			10,461,953	11,479,211	10,758,872	11,328,186	9,038,019	9,426,349	9,039,220	9,340,614
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>	<u>\$ 9,340,614</u>	<u>\$ 9,216,417</u>
Plan Fiduciary Net Position										
Contributions - employer	Information for plan years 2016 and prior is not available		\$ 639,042	\$ 695,017	\$ 582,804	\$ 591,190	\$ 163,815	\$ 135,053	\$ -	\$ -
Net investment income			605,972	529,689	433,121	1,053,228	2,383,108	(3,008,051)	869,401	965,520
Benefit payments			(274,540)	(271,490)	(229,882)	(193,415)	(244,300)	(381,718)	(537,096)	(611,929)
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)	\$ 332,305	\$ 353,591
Plan fiduciary net position - beginning			6,034,822	7,000,296	7,930,931	8,702,541	10,130,504	12,426,877	9,167,161	9,499,466
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>	<u>\$ 9,499,466</u>	<u>\$ 9,853,057</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>	<u>\$ (158,852)</u>	<u>\$ (636,640)</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%	101.70%	106.91%
Covered payroll			\$ 36,993,233	\$ 36,810,351	\$ 38,763,043	\$ 39,968,358	\$ 42,412,060	\$ 41,719,436	\$ 42,506,765	\$ 46,527,639
Net OPEB liability / (asset) as a percentage of covered payroll			12.11%	7.68%	6.77%	-2.73%	-7.07%	-0.31%	-0.37%	-1.37%

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.

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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	\$ 42,506,765	\$ 46,527,639
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%	0.00%	0.00%
Annual money weighted rate of return, net of investment expense			9.40%	7.80%	5.53%	11.36%	23.30%	-25.40%	9.80%	9.40%

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:	7.50% for 2024. The ultimate rate is 3.94%.
Salary Increases:	2.50%, 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-2021.

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, 2023 valuation to the June 30, 2024 measurement date.

City of Rockville, Maryland
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2024

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/(Negative)
Revenues				
Property Taxes	\$ 46,950,000	\$ 46,950,000	\$ 46,785,935	\$ (164,065)
Revenue from Other Governments:				
Income taxes	20,200,000	20,200,000	20,630,040	430,040
Gas and motor vehicle taxes	3,413,000	3,413,000	3,507,312	94,312
County tax duplication payment	7,417,300	7,417,300	7,920,972	503,672
Admissions and amusement taxes	750,000	750,000	1,104,245	354,245
Grants and other governmental revenue	1,531,030	2,292,643	2,359,985	67,342
Licenses and permits	4,139,530	4,139,530	4,021,272	(118,258)
Charges for Services	7,741,510	7,822,510	9,069,079	1,246,569
Use of Money and Property	1,187,020	1,240,523	2,564,092	1,323,569
Fines and Forfeitures	1,353,000	3,347,950	3,505,018	157,068
Other Revenues	1,916,460	1,916,460	3,496,675	1,580,215
Total Revenues	\$ 96,598,850	\$ 99,489,916	\$ 104,964,625	\$ 5,474,709
Expenditures				
Current operations:				
General government	\$ 23,363,170	\$ 25,572,660	\$ 23,940,879	\$ 1,631,781
Community development	10,133,930	10,505,901	9,694,851	811,050
Public safety	12,986,780	15,601,040	14,280,399	1,320,641
Public works	12,420,930	12,723,529	10,240,544	2,482,985
Recreation and parks	28,211,610	28,796,052	27,616,718	1,179,334
Total Expenditures	\$ 87,116,420	\$ 93,199,182	\$ 85,773,391	\$ 7,425,791
Excess of Revenues over Expenditures	\$ 9,482,430	\$ 6,290,734	\$ 19,191,234	\$ (12,900,500)
Other Financing Sources (Uses)				
Transfer to Debt Service Fund	\$ (4,050,000)	\$ (4,050,000)	\$ (4,050,000)	\$ -
Transfer to Capital Projects Fund	(9,200,000)	(12,789,580)	(12,789,580)	-
Transfer to Special Activities Fund	(206,310)	(577,130)	(577,130)	-
Transfer to Refuse Fund	(52,820)	(52,820)	(52,820)	-
Transfer to Parking Fund	(1,000,000)	(1,000,000)	(1,000,000)	-
Transfer to REDI	-	(1,320,330)	(1,320,330)	-
Transfer in	4,426,700	4,426,700	4,426,700	-
Leases - as lessee	600,000	1,200,000	1,235,864	(35,864)
SBITAs	-	1,130,000	739,839	390,161
Total Other Financing Uses	\$ (9,482,430)	\$ (13,033,160)	\$ (13,387,457)	\$ 354,297
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	\$ -	\$ (6,742,426)	\$ 5,803,777	\$ (12,546,203)
Fund balance at beginning of year	30,162,070	31,528,169	31,528,169	-
Fund balance at end of year	\$ 30,162,070	\$ 24,785,743	\$ 37,331,946	\$ 12,546,203

City of Rockville, Maryland
Notes to the Required Supplementary Information
June 30, 2024

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 2024, supplemental appropriations in the General Fund totaled \$11,363,492. Of these appropriations, \$1,500,000 was for Police Radio System Replacement, \$1,589,580 General Fund transfer to restore unfunded projects, \$2,000,000 to support future capital projects, and \$2,367,036 to reappropriate funds for outstanding purchase orders.

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, 2024 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, 2024

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget Positive/(Negative)
Revenues				
Use of money and property	\$ 24,000	\$ 24,000	\$ 67,042	\$ 43,042
Total Revenues	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 67,042</u>	<u>\$ 43,042</u>
Expenditures				
Principal repayments:				
General obligation bonds	\$ 3,247,000	\$ 3,247,000	\$ 3,246,801	\$ 199
Interest and issuance costs:				
General obligation bonds	635,500	635,500	635,455	45
Total Expenditures	<u>\$ 3,882,500</u>	<u>\$ 3,882,500</u>	<u>\$ 3,882,256</u>	<u>\$ 244</u>
Excess of Revenues over Expenditures	<u>\$ (3,858,500)</u>	<u>\$ (3,858,500)</u>	<u>\$ (3,815,214)</u>	<u>\$ 43,286</u>
Other Financing Sources (Uses)				
Transfer in from General Fund	\$ 4,050,000	\$ 4,050,000	\$ 4,050,000	\$ -
Total Other Financing Sources (Uses)	<u>\$ 4,050,000</u>	<u>\$ 4,050,000</u>	<u>\$ 4,050,000</u>	<u>\$ -</u>
Excess (deficiency) of revenues and other financing sources over expenditures	\$ 191,500	\$ 191,500	\$ 234,786	\$ 43,286
Fund Balance at beginning of year	207,951	207,951	207,951	-
Fund Balance at end of year	<u>\$ 399,451</u>	<u>\$ 399,451</u>	<u>\$ 442,737</u>	<u>\$ 43,286</u>

City of Rockville, Maryland

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	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	\$ 9,011,490	\$ 3,859	\$ 371,211	\$ 1,285,161	\$ 10,671,721
Accounts receivable, net	-	-	60,232	200,362	260,594
Other assets	-	-	-	395,207	395,207
Due from other governments	1,117,870	-	-	-	1,117,870
Loans receivable	1,200,000	-	-	-	1,200,000
Total Assets	<u>\$ 11,329,360</u>	<u>\$ 3,859</u>	<u>\$ 431,443</u>	<u>\$ 1,880,730</u>	<u>\$ 13,645,392</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 79,907	\$ -	\$ 626,073	\$ 25,878	\$ 731,858
Accrued liabilities	-	-	5,806	323,963	329,769
Retainages payable	46,009	-	40,532	-	86,541
Total Liabilities	<u>\$ 125,916</u>	<u>\$ -</u>	<u>\$ 672,411</u>	<u>\$ 349,841</u>	<u>\$ 1,148,168</u>
Deferred Inflows of Resources					
Unavailable revenue - opioid	\$ 963,300	\$ -	\$ -	\$ -	\$ 963,300
Total Deferred Inflows of Resources	<u>\$ 963,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 963,300</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,089,216</u>	<u>\$ -</u>	<u>\$ 672,411</u>	<u>\$ 349,841</u>	<u>\$ 2,111,468</u>
Fund Balance					
Nonspendable:					
Loans Receivable	\$ 1,200,000	\$ -	\$ -	\$ -	\$ 1,200,000
Restricted for:					
Special revenue programming	9,040,144	3,859	(240,968)	1,530,889	10,333,924
Total Fund Balance	<u>\$ 10,240,144</u>	<u>\$ 3,859</u>	<u>\$ (240,968)</u>	<u>\$ 1,530,889</u>	<u>\$ 11,533,924</u>
Total liabilities and fund balance	<u>\$ 11,329,360</u>	<u>\$ 3,859</u>	<u>\$ 431,443</u>	<u>\$ 1,880,730</u>	<u>\$ 13,645,392</u>

City of Rockville, Maryland

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2024

	Special Revenue				Total Nonmajor Governmental Funds
	Special Activities Fund	Community Development Block Grant Fund (CDBG)	Automated Speed Enforcement Fund	Rockville Economic Development, Inc. (REDI)	
Revenues					
Grants and other governmental revenue	\$ 684,418	\$ 237,044	\$ -	\$ 516,017	\$ 1,437,479
Charges for services	44,597	-	-	149,106	193,703
Use of money and property	20,000	-	35,365	-	55,365
Fines and forfeitures	-	-	588,353	-	588,353
Other revenue	518,454	-	6,013	8,615	533,082
Total Revenues	\$ 1,267,469	\$ 237,044	\$ 629,731	\$ 673,738	\$ 2,807,982
Expenditures					
General government	\$ 109,333	\$ -	\$ -	\$ -	\$ 109,333
Community development	665,467	236,270	-	-	901,737
Economic development	-	-	-	2,210,740	2,210,740
Public safety	-	-	1,037,453	-	1,037,453
Public works	226,945	-	-	-	226,945
Recreation and parks	368,699	-	-	-	368,699
Capital outlay	994,692	-	730,560	-	1,725,252
Total Expenditures	\$ 2,365,136	\$ 236,270	\$ 1,768,013	\$ 2,210,740	\$ 6,580,159
Excess (deficiency) of Revenues over Expenditures	\$ (1,097,667)	\$ 774	\$ (1,138,282)	\$ (1,537,002)	\$ (3,772,177)
Other Financing Sources					
Transfer in from General Fund	\$ 577,130	\$ -	\$ -	\$ 1,320,330	\$ 1,897,460
Total Financing Sources	\$ 577,130	\$ -	\$ -	\$ 1,320,330	\$ 1,897,460
Net change in fund balance	\$ (520,537)	\$ 774	\$ (1,138,282)	\$ (216,672)	\$ (1,874,717)
Fund balance at beginning of year	10,760,681	3,085	897,314	1,747,561	13,408,641
Fund balance at end of year	\$ 10,240,144	\$ 3,859	\$ (240,968)	\$ 1,530,889	\$ 11,533,924

City of Rockville, Maryland
 Budgetary Comparison Schedule
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2024

	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	\$ -	\$ 29,271	\$ 684,418	\$ 655,147	\$ 263,000	\$ 499,270	\$ 237,044	\$ (262,226)	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,090,000	1,090,000	20,000	(1,070,000)	-	-	-	-	3,000	3,000	35,365	32,365
Fines and forfeitures	-	-	-	-	-	-	-	-	1,500,000	1,500,000	588,353	(911,647)
Other*	597,790	1,015,016	1,140,181	125,165	-	-	-	-	600	600	6,013	5,413
Total Revenues	<u>\$ 1,687,790</u>	<u>\$ 2,134,287</u>	<u>\$ 1,844,599</u>	<u>\$ (289,688)</u>	<u>\$ 263,000</u>	<u>\$ 499,270</u>	<u>\$ 237,044</u>	<u>\$ (262,226)</u>	<u>\$ 1,503,600</u>	<u>\$ 1,503,600</u>	<u>\$ 629,731</u>	<u>\$ (873,869)</u>
Expenditures												
Community services	\$ 1,239,850	\$ 3,762,038	\$ 1,370,444	\$ 2,391,594	\$ 263,000	\$ 499,270	\$ 236,270	\$ 263,000	\$ 1,014,740	\$ 1,034,740	\$ 1,037,453	\$ (2,713)
Total expenditures	<u>\$ 1,239,850</u>	<u>\$ 3,762,038</u>	<u>\$ 1,370,444</u>	<u>\$ 2,391,594</u>	<u>\$ 263,000</u>	<u>\$ 499,270</u>	<u>\$ 236,270</u>	<u>\$ 263,000</u>	<u>\$ 1,014,740</u>	<u>\$ 1,034,740</u>	<u>\$ 1,037,453</u>	<u>\$ (2,713)</u>
Excess (deficiency) of budgeted revenues over expenditures	<u>\$ 447,940</u>	<u>\$ (1,627,751)</u>	<u>\$ 474,155</u>	<u>\$ 2,101,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774</u>	<u>\$ 774</u>	<u>\$ 488,860</u>	<u>\$ 468,860</u>	<u>\$ (407,722)</u>	<u>\$ (876,582)</u>
Capital outlay**			<u>\$ (994,692)</u>				<u>\$ -</u>				<u>\$ (730,560)</u>	
Other financing sources												
SBITA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance			<u>\$ (520,537)</u>				<u>\$ 774</u>				<u>\$ (1,138,282)</u>	

*Note: Other revenue for the Special Activities Fund includes a transfer of \$577,130 from the General Fund.

**Note: Expenditures in the Special Activities Fund include capital improvement outlays of \$994,692. 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, 2024

	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	\$ 13,827,930	\$ 13,827,930	\$ 12,646,576	\$ (1,181,354)	\$ 16,112,830	\$ 16,112,830	\$ 15,171,951	\$ (940,879)	\$ 7,076,000	\$ 7,076,000	\$ 7,345,431	\$ 269,431
Total operating expenses	7,864,890	8,896,553	8,031,305	865,248	7,304,910	8,143,616	6,875,070	1,268,546	6,549,700	7,103,275	5,552,010	1,551,265
Operating income (loss) before depreciation and amortization	\$ 5,963,040	\$ 4,931,377	\$ 4,615,271	\$ (316,106)	\$ 8,807,920	\$ 7,969,214	\$ 8,296,881	\$ 327,667	\$ 526,300	\$ (27,275)	\$ 1,793,421	\$ 1,820,696
Depreciation/amortization	(3,551,840)	(3,619,060)	(3,654,025)	(34,965)	(5,260,940)	(5,490,640)	(5,509,866)	(19,226)	(531,900)	(531,900)	(467,514)	64,386
Operating income (loss)	\$ 2,411,200	\$ 1,312,317	\$ 961,246	\$ (351,071)	\$ 3,546,980	\$ 2,478,574	\$ 2,787,015	\$ 308,441	\$ (5,600)	\$ (559,175)	\$ 1,325,907	\$ 1,885,082
Non-Operating Income (Expenses)												
Interest income	\$ 113,220	\$ 113,220	\$ 589,033	\$ 475,813	\$ 20,000	\$ 20,000	\$ 421,164	\$ 401,164	\$ 14,700	\$ 14,700	\$ 145,990	\$ 131,290
Interest expense	(1,080,400)	(1,080,400)	(826,442)	253,958	(1,019,000)	(1,019,000)	(773,159)	245,841	(8,000)	(8,000)	1,335	9,335
Other, net	(57,860)	(57,860)	(57,860)	-	(74,010)	(74,010)	(74,011)	(1)	-	-	-	-
Total non-operating income (expense)	\$ (1,025,040)	\$ (1,025,040)	\$ (295,269)	\$ 729,771	\$ (1,073,010)	\$ (1,073,010)	\$ (426,006)	\$ 647,004	\$ 6,700	\$ 6,700	\$ 147,325	\$ 140,625
Income (loss) before contributions	\$ 1,386,160	\$ 287,277	\$ 665,977	\$ 378,700	\$ 2,473,970	\$ 1,405,564	\$ 2,361,009	\$ 955,445	\$ 1,100	\$ (552,475)	\$ 1,473,232	\$ 2,025,707
Capital grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers:												
Transfer (to) from Enterprise Funds	359,850	359,850	359,850	-	(359,850)	(359,850)	(359,850)	-	-	-	-	-
Transfer to General Fund	(1,434,400)	(1,434,400)	(1,434,400)	-	(649,500)	(649,500)	(649,500)	-	(1,288,900)	(1,288,900)	(1,288,900)	-
Transfer from General Fund	-	-	-	-	-	-	-	-	52,820	52,820	52,820	-
Total transfers	\$ (1,074,550)	\$ (1,074,550)	\$ (1,074,550)	\$ -	\$ (1,009,350)	\$ (1,009,350)	\$ (1,009,350)	\$ -	\$ (1,236,080)	\$ (1,236,080)	\$ (1,236,080)	\$ -
Net increase (decrease) in net position	\$ 311,610	\$ (787,273)	\$ (408,573)	\$ 378,700	\$ 1,464,620	\$ 396,214	\$ 1,351,659	\$ 955,445	\$ (1,234,980)	\$ (1,788,555)	\$ 237,152	\$ 2,025,707

City of Rockville, Maryland
 Budgetary Comparison Schedule
 Enterprise Funds (Continued)
 For the Fiscal Year Ended June 30, 2024

	Parking Fund				Stormwater Management 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)
Total revenues	\$ 795,320	\$ 795,320	\$ 813,877	\$ 18,557	\$ 6,211,300	\$ 6,248,948	\$ 6,374,954	\$ 126,006
Total operating expenses	551,430	571,430	433,860	137,570	4,652,370	4,752,255	4,167,353	584,902
Operating income (loss) before depreciation and amortization	\$ 243,890	\$ 223,890	\$ 380,017	\$ 156,127	\$ 1,558,930	\$ 1,496,693	\$ 2,207,601	\$ 710,908
Depreciation/amortization	(703,000)	(712,000)	(722,216)	(10,216)	(1,160,400)	(1,160,400)	(1,179,373)	(18,973)
Operating income (loss)	\$ (459,110)	\$ (488,110)	\$ (342,199)	\$ 145,911	\$ 398,530	\$ 336,293	\$ 1,028,228	\$ 691,935
Non-Operating Income (Expenses)								
Interest income	\$ 39,500	\$ 39,500	\$ 290,364	\$ 250,864	\$ 70,500	\$ 70,500	\$ 528,779	\$ 458,279
Interest expense	(671,200)	(671,200)	(644,106)	27,094	(116,450)	(116,450)	(109,945)	6,505
Other, net	149,470	149,470	165,927	16,457	(3,860)	(3,860)	(3,865)	(5)
Assets reassigned to general fund	-	-	-	-	-	-	-	-
Total non-operating income (expense)	\$ (482,230)	\$ (482,230)	\$ (187,815)	\$ (294,415)	\$ (49,810)	\$ (49,810)	\$ 414,969	\$ 464,779
Income (loss) before contributions	\$ (941,340)	\$ (970,340)	\$ (530,014)	\$ 440,326	\$ 348,720	\$ 286,483	\$ 1,443,197	\$ 1,156,714
Capital grants and contributions	\$ 321,000	\$ 321,000	\$ 321,489	\$ 489	\$ -	\$ -	\$ 27,236	\$ 27,236
Transfers:								
Transfer (to) from Enterprise Funds	-	-	-	-	-	-	-	-
Transfer to General Fund	(88,900)	(88,900)	(88,900)	-	(965,000)	(965,000)	(965,000)	-
Transfer from General Fund	1,000,000	1,000,000	1,000,000	-	-	-	-	-
Total transfers	\$ 911,100	\$ 911,100	\$ 911,100	\$ -	\$ (965,000)	\$ (965,000)	\$ (965,000)	\$ -
Net increase (decrease) in net position	\$ 290,760	\$ 261,760	\$ 702,575	\$ 440,815	\$ (616,280)	\$ (678,517)	\$ 505,433	\$ 1,183,950

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, 2024

	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	\$ 23,493,503	\$ 9,951,745	\$ 33,445,248	\$ 4,161,112	\$ 37,606,360
Target date	-	27,054,795	27,054,795	-	27,054,795
Equities	68,995,714	24,638,348	93,634,062	5,806,683	99,440,745
All asset fund	-	-	-	1,074,195	1,074,195
Deposits in transit	1,313,963	-	1,313,963	-	1,313,963
Real estate	21,246,810	251,079	21,497,889	-	21,497,889
Global real assets	-	29,270	29,270	-	29,270
Global tactical asset allocation	14,508,453	-	14,508,453	-	14,508,453
Money markets	2,584,389	-	2,584,389	-	2,584,389
Total Assets	\$ 132,142,832	\$ 61,925,237	\$194,068,069	\$ 11,041,990	\$205,110,059
Liabilities					
Benefits Payable	\$ -	\$ -	\$ -	\$ 34,650	\$ 34,650
Administrative expense payable	-	-	-	1,154,283	1,154,283
Total Liabilities	\$ -	\$ -	\$ -	\$ 1,188,933	\$ 1,188,933
Net Position					
Restricted for plan benefits	\$ 132,142,832	\$ 61,925,237	\$194,068,069	\$ 9,853,057	\$203,921,126
Total Liabilities and Net Position	\$ 132,142,832	\$ 61,925,237	\$194,068,069	\$ 11,041,990	\$205,110,059

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, 2024

	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	\$ 5,664,104	\$ 1,101,183	\$ 6,765,287	\$ -	\$ 6,765,287
Plan Members	1,026,046	1,734,411	2,760,457	-	2,760,457
Total Contributions	<u>\$ 6,690,150</u>	<u>\$ 2,835,594</u>	<u>\$ 9,525,744</u>	<u>\$ -</u>	<u>\$ 9,525,744</u>
Investment earnings (losses):					
Net appreciation in the fair value of plan investments	9,130,988	6,557,751	15,688,739	705,986	16,394,725
Interest and dividends	2,089,923	1,449,308	3,539,231	259,535	3,798,766
Total investment earnings (losses)	<u>11,220,911</u>	<u>8,007,059</u>	<u>19,227,970</u>	<u>965,521</u>	<u>20,193,491</u>
Less investment expense refunds	(213,460)	-	(213,460)	-	(213,460)
Net investment earnings (losses)	<u>11,007,451</u>	<u>8,007,059</u>	<u>19,014,510</u>	<u>965,521</u>	<u>19,980,031</u>
Total Additions	<u>\$ 17,697,601</u>	<u>\$ 10,842,653</u>	<u>\$ 28,540,254</u>	<u>\$ 965,521</u>	<u>\$ 29,505,775</u>
Deductions					
Benefits	\$ 8,151,979	\$ 2,834,655	\$ 10,986,634	\$ 611,930	\$ 11,598,564
Administrative expense	120,128	61,063	181,191	-	181,191
Total Deductions	<u>\$ 8,272,107</u>	<u>\$ 2,895,718</u>	<u>\$ 11,167,825</u>	<u>\$ 611,930</u>	<u>\$ 11,779,755</u>
Net Increase (Decrease)	9,425,494	7,946,935	17,372,429	353,591	17,726,020
Net position at beginning of year	122,717,338	53,978,302	176,695,640	9,499,466	186,195,106
Net position at end of year	<u>\$ 132,142,832</u>	<u>\$ 61,925,237</u>	<u>\$194,068,069</u>	<u>\$ 9,853,057</u>	<u>\$203,921,126</u>

See accompanying notes to the basic financial statements.

Statistical Section

Fiscal Year Ended
June 30, 2024



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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net investment in capital assets	\$ 236,257,929	\$ 242,206,193	\$ 251,497,341	\$ 258,103,935	\$ 180,264,476	\$ 189,355,879	\$ 194,918,299	\$ 199,997,005	\$ 208,486,829	\$ 219,718,850
Restricted	28,241,472	8,958,785	9,196,988	9,637,846	9,564,641	10,877,025	10,872,899	12,889,320	13,408,641	10,970,564
Unrestricted	842,090	20,493,148	18,653,066	18,669,094	20,828,738	16,634,804	18,021,201	26,678,563	32,835,964	36,470,754
Total Governmental Activities Net Position	\$ 265,341,491	\$ 271,658,126	\$ 279,347,395	\$ 286,410,875	\$ 210,657,855	\$ 216,867,708	\$ 223,812,399	\$ 239,564,888	\$ 254,731,434	\$ 267,160,168
Business-Type Activities										
Net investment in capital assets	\$ 73,858,569	\$ 80,207,561	\$ 82,902,957	\$ 84,792,752	\$ 47,681,534	\$ 45,275,449	\$ 47,467,611	\$ 68,730,672	\$ 54,511,647	\$ 72,212,873
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(12,866,439)	(16,018,230)	(13,447,240)	(11,587,452)	24,736,541	31,276,128	35,835,268	20,423,111	35,942,895	20,629,915
Total Business-Type Activities Net Position	\$ 60,992,130	\$ 64,189,331	\$ 69,455,717	\$ 73,205,300	\$ 72,418,075	\$ 76,551,577	\$ 83,302,879	\$ 89,153,783	\$ 90,454,542	\$ 92,842,788
Primary Government										
Net investment in capital assets	\$ 310,116,498	\$ 322,413,754	\$ 334,400,298	\$ 342,896,687	\$ 227,946,010	\$ 234,631,328	\$ 242,385,910	\$ 268,727,677	\$ 262,998,476	\$ 291,931,723
Restricted	28,241,472	8,958,785	9,196,988	9,637,846	9,564,641	10,877,025	10,872,899	12,889,320	13,408,641	10,970,564
Unrestricted	(12,024,349)	4,474,918	5,205,826	7,081,642	45,565,279	47,910,932	53,856,469	47,101,674	68,778,859	57,100,669
Total Primary Government Net Position	\$ 326,333,621	\$ 335,847,457	\$ 348,803,112	\$ 359,616,175	\$ 283,075,930	\$ 293,419,285	\$ 307,115,278	\$ 328,718,671	\$ 345,185,976	\$ 360,002,956

- 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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 16,056,710	\$ 19,939,261	\$ 22,179,924	\$ 20,613,735	\$ 23,393,793	\$ 25,240,933	\$ 20,536,401	\$ 24,767,845	\$ 27,731,839	\$ 27,504,494
Community development block grant	324,341	192,372	-	-	-	-	-	-	-	-
Community development	4,742,679	5,208,701	5,559,447	5,464,560	5,595,043	7,026,330	8,030,851	8,507,999	9,357,082	10,596,588
Economic development	-	-	-	-	-	-	-	1,996,852	2,213,082	2,210,740
Public safety	11,955,154	14,011,145	13,055,908	13,078,545	14,225,613	13,323,731	12,372,318	12,144,440	13,320,805	15,490,528
Public works	10,680,119	11,489,202	11,298,192	11,903,718	12,709,877	13,341,995	14,201,763	14,039,787	14,719,410	16,297,518
Recreation and parks	20,316,220	21,677,656	22,483,951	23,193,122	23,804,520	23,261,943	20,028,092	22,644,143	24,984,615	27,631,795
Interest on long-term debt	1,481,177	1,451,990	1,279,361	1,388,516	1,271,638	1,369,546	1,042,271	898,054	757,877	628,356
Total governmental activities expenses	\$ 65,556,400	\$ 73,970,327	\$ 75,856,783	\$ 75,642,196	\$ 81,000,484	\$ 83,564,478	\$ 76,211,696	\$ 84,999,120	\$ 93,084,711	\$ 100,360,019
Business-type activities:										
Water	\$ 8,786,204	\$ 8,954,708	\$ 9,541,833	\$ 10,196,312	\$ 9,969,367	\$ 10,225,304	\$ 9,945,637	\$ 10,275,797	\$ 11,786,280	\$ 12,569,632
Sewer	10,761,488	12,465,393	10,632,475	11,507,060	11,598,825	11,608,010	10,850,259	11,797,114	13,296,230	13,232,106
Refuse	4,482,442	4,273,936	4,593,424	4,655,333	4,848,875	5,405,423	5,429,616	5,527,202	5,710,697	6,018,189
Parking	1,826,227	1,783,298	1,800,872	2,004,078	1,816,468	3,421,832	1,279,238	1,896,381	1,719,172	1,634,255
Stormwater management	2,963,825	3,176,524	3,522,042	3,734,179	3,837,179	4,318,925	4,251,262	4,505,152	5,158,292	5,460,536
Golf course	106,119	105,439	104,761	104,090	103,357	490,370	101,594	31,850	31,683	-
Total business-type activities expenses	28,926,305	30,759,298	30,195,407	32,201,052	32,174,071	35,469,864	31,857,606	34,033,496	37,702,354	38,914,718
Total primary government expenses	\$ 94,482,705	\$ 104,729,625	\$ 106,052,190	\$ 107,843,248	\$ 113,174,555	\$ 119,034,342	\$ 108,069,302	\$ 119,032,616	\$ 130,787,065	\$ 139,274,737
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 331,004	\$ 379,871	\$ 411,704	\$ 573,971	\$ 652,239	\$ 519,634	\$ 387,304	\$ 921,900	\$ 1,878,143	\$ 2,293,953
Community development	2,127,341	1,983,953	2,043,566	2,153,492	2,507,674	4,226,994	3,060,460	3,746,815	3,693,757	4,647,007
Economic development	-	-	-	-	-	-	-	46,582	159,550	149,106
Public safety	3,998,962	4,155,894	4,367,130	4,531,053	4,213,136	2,709,657	2,250,734	1,849,248	1,581,833	4,151,383
Public works	647,298	677,274	208,457	780,999	1,066,358	343,141	499,453	886,217	1,160,721	669,823
Recreation and parks	5,510,139	5,667,549	6,124,135	6,322,356	6,291,076	4,375,849	2,200,987	5,142,856	6,855,909	8,099,135
Operating grants and contributions	1,802,196	1,414,801	1,842,041	1,587,580	2,200,863	3,379,267	2,762,499	3,784,720	3,330,130	2,480,937
Capital grants and contributions	458,203	1,021,763	929,414	1,623,758	1,645,078	1,386,536	499,774	5,366,478	2,771,376	680,666
Total governmental activities program revenues	\$ 14,875,143	\$ 15,301,105	\$ 15,926,447	\$ 17,573,209	\$ 18,576,424	\$ 16,941,078	\$ 11,661,211	\$ 21,744,816	\$ 21,431,419	\$ 23,172,010
Business-type activities:										
Charges for services:										
Water	\$ 11,028,502	\$ 12,150,240	\$ 12,360,559	\$ 11,779,188	\$ 12,280,599	\$ 13,309,595	\$ 12,240,675	\$ 11,849,849	\$ 11,926,940	\$ 12,327,066
Sewer	9,447,082	11,041,983	12,407,271	13,283,207	14,212,488	15,518,514	15,647,083	14,355,486	14,471,738	15,000,413
Refuse	5,687,674	5,799,796	6,121,016	6,294,727	6,193,581	6,195,480	6,247,044	6,487,980	6,808,891	7,163,433
Parking	1,156,885	1,108,497	857,266	1,004,449	923,056	619,319	453,070	761,933	773,333	687,383
Stormwater management	4,809,791	5,120,666	5,781,614	5,693,065	6,827,996	5,466,361	5,354,261	6,028,578	6,846,082	6,233,275
Golf course	100	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,163,751	2,523,759	1,683,070	1,589,340	875,236	597,096	118,316	4,100,731	404,105	348,725
Total business-type activities program revenues	33,293,785	37,744,941	39,210,796	39,643,976	41,312,956	41,706,365	40,060,449	43,584,557	41,231,089	41,760,295
Total primary government revenues	\$ 48,168,928	\$ 53,046,046	\$ 55,137,243	\$ 57,217,185	\$ 59,889,380	\$ 58,647,443	\$ 51,721,660	\$ 65,329,373	\$ 62,662,508	\$ 64,932,305

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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue										
Governmental activities	\$ (50,681,257)	\$ (58,669,222)	\$ (59,930,336)	\$ (58,068,987)	\$ (62,424,060)	\$ (66,623,400)	\$ (64,550,485)	\$ (63,254,304)	\$ (71,653,292)	\$ (77,188,009)
Business-type activities	4,367,480	6,985,643	9,015,389	7,442,924	9,138,885	6,236,501	8,202,843	9,551,061	3,528,735	2,845,577
Total primary government net expense	<u>\$ (46,313,777)</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>	<u>\$ (68,124,557)</u>	<u>\$ (74,342,432)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 35,774,964	\$ 38,283,902	\$ 40,246,427	\$ 41,278,428	\$ 42,110,434	\$ 42,761,718	\$ 44,310,187	\$ 45,002,799	\$ 46,314,322	\$ 46,822,958
Income taxes	12,438,718	14,154,731	13,577,486	13,634,659	15,585,645	16,049,228	16,631,367	18,874,910	19,507,358	20,630,040
Gas and motor vehicle taxes	1,663,404	1,914,024	1,897,093	1,960,667	2,169,474	2,494,082	2,763,951	2,925,644	2,799,573	3,507,312
County tax duplications payment	2,116,671	2,116,671	2,409,750	2,409,750	2,409,750	2,409,750	2,409,750	5,327,472	6,593,160	7,920,972
Admissions and amusement taxes	993,387	985,525	1,321,900	1,350,266	1,375,116	1,009,777	312,323	555,400	1,072,782	1,104,245
Use of money and property	299,215	384,646	456,123	768,464	1,690,421	2,443,669	686,635	(226,229)	4,071,013	3,942,656
Other revenue	2,821,943	3,016,088	3,409,976	3,334,811	3,294,275	3,045,759	2,466,693	3,045,900	3,565,165	2,314,680
Transfers	2,665,365	4,130,270	4,300,850	4,264,970	3,242,270	2,619,270	1,914,270	2,460,800	2,896,465	3,373,880
Total governmental activities	<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>	<u>86,819,838</u>	<u>89,616,743</u>
Business-type activities:										
Property taxes	\$ 181,081	\$ 196,481	\$ 206,704	\$ 216,927	\$ 208,743	\$ 160,762	\$ 147,019	\$ 125,395	\$ 110,606	\$ 110,606
Use of money and property	2,205	15,451	42,127	91,976	151,540	144,318	16,349	97,680	1,470,841	1,975,330
Other revenue	-	129,896	303,016	262,726	1,116,645	211,191	299,361	250,681	459,754	830,613
Transfers	(2,665,365)	(4,130,270)	(4,300,850)	(4,264,970)	(3,242,270)	(2,619,270)	(1,914,270)	(2,460,800)	(4,269,177)	(3,373,880)
Total business-type activities	<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>	<u>(2,227,976)</u>	<u>(457,331)</u>
Total primary government	<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>	<u>\$ 84,591,862</u>	<u>\$ 89,159,412</u>
Changes in Net Position										
Governmental activities	\$ 8,092,410	\$ 6,316,635	\$ 7,689,269	\$ 10,933,028	\$ 9,453,325	\$ 6,209,853	\$ 6,944,691	\$ 14,712,392	\$ 15,166,546	\$ 12,428,734
Business-type activities	1,885,401	3,197,201	5,266,386	3,749,583	7,373,543	4,133,502	6,751,302	7,564,017	1,300,759	2,388,246
Total primary government	<u>\$ 9,977,811</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>	<u>\$ 16,467,305</u>	<u>\$ 14,816,980</u>

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nondisposable	\$ 1,734,918	\$ 1,793,249	\$ 793,744	\$ 824,326	\$ 786,524	\$ 923,482	\$ 850,844	\$ 909,080	\$ 1,091,383	\$ 1,197,517
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	428,000	-	100,000	270,000	1,126,620	481,000	1,150,410
Assigned	772,345	984,077	739,037	1,385,354	1,015,143	740,985	992,028	1,679,959	2,367,035	3,752,226
Unassigned	19,916,594	21,039,026	19,643,296	19,092,844	22,733,031	22,022,347	22,869,949	26,446,411	27,588,751	31,231,793
Total General Fund	\$ 22,423,857	\$ 23,816,352	\$ 21,176,077	\$ 21,730,524	\$ 24,534,698	\$ 23,786,814	\$ 24,982,821	\$ 30,162,070	\$ 31,528,169	\$ 37,331,946
All Other Governmental Funds										
Nondisposable	\$ 1,705,709	\$ 1,705,709	\$ 1,705,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000
Restricted	28,241,472	8,958,785	9,196,988	9,637,846	9,564,641	10,877,025	10,872,899	12,889,320	13,408,641	10,333,924
Committed	-	180,461	320,328	1,555,317	1,488,780	867,612	311,221	185,004	207,951	442,737
Assigned	-	15,795,046	17,467,665	24,146,176	24,877,332	21,154,242	19,174,560	23,072,790	27,360,138	22,307,186
Unassigned	(4,312)	(351,108)	(12,988)	(113)	(19,972)	-	(18,642)	-	-	-
Total Other Governmental Funds	\$ 29,942,869	\$ 26,288,893	\$ 28,677,702	\$ 35,339,226	\$ 35,910,781	\$ 32,898,879	\$ 30,340,038	\$ 36,147,114	\$ 40,976,730	\$ 34,283,847

City of Rockville, Maryland

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Property taxes	\$ 36,206,420	\$ 38,435,104	\$ 40,105,716	\$ 41,385,199	\$ 42,167,988	\$ 42,551,677	\$ 44,327,269	\$ 44,931,581	\$ 46,053,556	\$ 46,785,935
Assessments	13,127	49,695	17,306	13,540	13,911	180	-	-	-	-
Revenue from other governments:										
Community development block grant	320,645	182,678	206,478	145,585	276,545	-	-	-	-	-
Income taxes	12,438,718	14,154,731	13,577,486	13,634,659	15,585,645	16,049,228	16,631,367	18,874,910	19,507,358	20,630,040
Gas and motor vehicle taxes	1,663,404	1,914,024	1,897,093	1,960,667	2,169,474	2,494,082	2,763,951	2,925,644	2,799,573	3,507,312
County tax duplication payment	2,116,671	2,116,671	2,409,750	2,409,750	2,409,750	2,409,750	2,409,750	5,327,472	6,593,160	7,920,972
Admissions and amusement taxes	993,387	985,525	1,321,900	1,350,266	1,375,116	1,009,777	312,323	555,400	1,072,782	1,104,245
Grants and other governmental revenue	2,215,514	3,796,415	3,726,575	3,831,943	4,942,651	4,293,669	4,756,260	10,073,834	7,261,817	4,405,539
Licenses and permits	2,604,279	2,919,812	2,927,369	3,085,155	3,464,229	3,594,801	2,832,775	3,480,338	3,362,521	4,021,272
Charges for services	6,790,786	6,662,970	6,792,763	7,511,352	7,744,968	5,432,233	3,003,157	6,361,303	8,424,163	9,262,782
Use of money and property	299,215	384,646	456,123	768,464	1,690,421	2,443,669	686,635	(858,912)	1,512,361	3,797,124
Fines and forfeitures	2,975,888	2,876,907	3,099,446	3,251,514	2,911,702	2,635,485	2,177,376	1,771,920	1,514,493	4,093,371
Other revenues	6,215,424	6,944,972	7,606,955	7,568,233	7,397,901	7,440,081	4,538,106	3,092,553	3,507,697	4,029,757
Total revenues	\$ 74,853,478	\$ 81,424,150	\$ 84,144,960	\$ 86,916,327	\$ 92,150,301	\$ 90,354,632	\$ 84,438,969	\$ 96,536,043	\$ 101,609,481	\$ 109,558,349
Expenditures										
Current operations:										
General government	\$ 14,275,094	\$ 15,686,607	\$ 16,407,663	\$ 16,342,618	\$ 17,814,977	\$ 18,714,782	\$ 18,671,868	\$ 19,379,629	\$ 22,634,088	\$ 22,060,345
Community development block grant	324,341	192,372	-	-	-	-	-	-	-	-
Community development	4,741,630	5,207,652	5,542,514	5,464,560	5,595,043	7,026,330	8,030,851	8,507,999	9,357,082	10,596,588
Economic development	-	-	-	-	-	-	-	1,996,852	2,213,082	2,210,740
Public safety	11,501,814	12,185,400	12,443,786	12,459,492	13,567,548	12,689,749	12,025,397	11,810,523	13,078,217	15,233,285
Public works	7,303,804	7,750,002	7,230,606	7,327,415	7,612,913	7,789,950	8,403,476	8,028,157	8,597,867	9,486,674
Recreation and parks	20,263,690	21,624,308	22,432,984	23,136,161	23,718,127	23,161,217	19,910,546	22,521,146	24,860,286	27,505,070
Capital outlay	12,158,974	13,099,398	15,418,428	14,704,558	21,146,123	17,983,725	11,404,211	12,664,143	15,508,404	24,822,080
Debt service										
Principal	11,092,586	4,340,170	3,935,601	4,074,204	3,904,994	12,138,488	5,226,047	3,722,421	-	3,246,801
Interest	1,474,312	1,475,550	1,298,334	1,392,498	1,268,855	1,438,225	1,115,727	866,673	4,434,103	595,233
Bond Counsel/Amortization	80,936	-	80,294	16,927	53,701	40,222	40,222	40,222	40,222	40,222
Total expenditures	\$ 83,217,181	\$ 81,561,459	\$ 84,790,210	\$ 84,918,433	\$ 94,682,281	\$ 100,982,688	\$ 84,828,345	\$ 89,537,765	\$ 100,723,351	\$ 115,797,038
Excess (deficiency) revenues over expenditures	\$ (8,363,703)	\$ (137,309)	\$ (645,250)	\$ 1,997,894	\$ (2,531,980)	\$ (10,628,056)	\$ (389,376)	\$ 6,998,278	\$ 886,130	\$ (6,238,689)
Other Financing Sources (Uses)										
Transfers in	\$ 14,610,342	\$ 13,397,890	\$ 17,584,502	\$ 16,849,860	\$ 13,730,460	\$ 14,855,250	\$ 12,472,440	\$ 20,335,370	\$ 24,610,960	\$ 23,163,740
Transfers out	(15,400,137)	(14,277,890)	(18,344,022)	(17,746,590)	(14,877,190)	(16,001,980)	(14,469,170)	(17,874,570)	(21,714,495)	(19,789,860)
Leases - as lessee	*	*	*	*	*	*	*	487,150	706,094	1,235,864
SBITAs	*	*	*	*	*	*	*	*	1,707,026	739,839
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	6,993,596	-	5,429,296	-	-	8,015,000	1,023,272	-	-	-
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 9,731,538	\$ (880,000)	\$ 393,784	\$ 5,218,077	\$ 5,907,709	\$ 6,868,270	\$ (973,458)	\$ 2,947,950	\$ 5,309,585	\$ 5,349,583
Net change in fund balances	\$ 1,367,835	\$ (1,017,309)	\$ (251,466)	\$ 7,215,971	\$ 3,375,729	\$ (3,759,786)	\$ (1,362,834)	\$ 9,946,228	\$ 6,195,715	\$ (889,106)
Debt Service as percentage of non-capital expenditures	17.69%	8.49%	7.54%	7.79%	7.04%	16.36%	8.64%	5.97%	5.20%	4.22%

* not applicable for the years presented

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
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%
2023	14,656,813,161	438,618,750	15,095,431,911	0.292	15,095,431,911	3.1%
2024	14,959,643,658	407,361,608	15,367,005,266	0.292	15,367,005,266	1.8%

Note: Property is assessed at 100% and tax rates are per \$100 of assessed value. For fiscal year ends June 30, 2015 to June 30, 2024, 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
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
2023	0.292	0.888	0.112
2024	0.292	0.927	0.112

Note: The City portion of property taxes (FY 2024 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, 2024

	Assessable Base			Ratio:
	Total	Real Property	Personal Property	Taxpayer Base to Total Assessable Base
Congressional Plaza Assoc LLC	\$ 171,723,401	\$ 171,723,401	\$ -	1.12%
ESP Galvan at Twinbrook LLC	124,000,000	124,000,000	-	0.81%
Morguard Fenestra Apts LLC	120,995,096	120,995,096	-	0.79%
FK Upper Rock I LLC	118,348,199	118,348,199	-	0.77%
King Farm Apartments Ph 2 LLC	112,708,000	112,708,000	-	0.73%
EHF King Farm LP	107,263,904	107,263,904	-	0.70%
Terra Funding-RCV LLC	105,188,000	105,188,000	-	0.68%
FP Redland Technology Center LP	94,864,301	94,864,301	-	0.62%
PF Apartments LLC	90,951,500	90,951,500	-	0.59%
JLB Chapman LP	78,269,000	78,269,000	-	0.51%
Total	<u>\$ 1,124,311,401</u>	<u>\$ 1,124,311,401</u>	<u>\$ -</u>	<u>7.32%</u>
Total Assessable Value	<u>\$ 15,367,005,266</u>			<u>100.00%</u>

For the Fiscal Year Ended June 30, 2015

	Assessable Base			Ratio:
	Total	Real Property	Personal Property	Taxpayer Base to Total Assessable Base
Congressional Village Assoc LLC	\$ 113,061,901	\$ 113,061,901	-	0.95%
Congressional Plaza Assoc LLC	109,157,534	109,157,534	-	0.91%
Street Retail, Inc.	108,143,219	108,143,219	-	0.90%
F P Rockville II LTD Partnership	80,431,301	80,431,301	-	0.67%
Tower-Dawson LLC	77,372,798	77,372,798	-	0.65%
PF Apartments LLC	70,561,599	70,561,599	-	0.59%
Congressional Towers	70,301,027	70,301,027	-	0.59%
Twinbrook Commons Residential	70,000,000	70,000,000	-	0.59%
JPI KF Apartments Sec 1 LLLP	66,123,003	66,123,003	-	0.55%
King Farm Apartments Ph 2 LLC	64,623,801	64,623,801	-	0.54%
Total	<u>\$ 829,776,183</u>	<u>\$ 829,776,183</u>	<u>\$ -</u>	<u>6.94%</u>
Total Assessable Value	<u>\$ 11,954,831,038</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
2015	\$ 34,174,382	\$33,785,982	98.9%	\$ 368,648	\$ 34,154,630	99.9%
2016	34,644,503	34,596,817	99.9%	14,471	34,611,288	99.9%
2017	36,693,505	36,531,512	99.6%	50,741	36,582,253	99.7%
2018	38,193,030	38,097,608	99.8%	(24,695)	38,072,913	99.7%
2019	39,115,621	39,044,064	99.8%	(31,687)	39,012,377	99.7%
2020	39,759,293	39,657,403	99.7%	12,519	39,669,922	99.8%
2021	40,679,013	40,633,479	99.9%	(45,046)	40,588,433	99.8%
2022	41,733,057	41,658,460	99.8%	(9,884)	41,648,576	99.8%
2023	42,797,894	42,684,977	99.7%	20,995	42,705,972	99.8%
2024	43,682,159	43,515,240	99.6%		43,515,240	99.6%

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	
	General Obligation Bonds	Loan Payable	Leases Payable	SBITAs Payable	General Obligation Bonds	Loan Payable	Leases Payable	SBITAs Payable		Per Capita	
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	-	1,906,934	*	100,078,109	820,746	251,611	*	127,993,231	1.87%	1,344
2023	20,915,500	-	1,949,608	2,579,187	103,228,636	489,474	479,770	26,432	129,668,607	1.95%	1,363
2024	17,394,394	-	2,461,523	1,926,721	94,257,179	365,733	345,403	13,490	116,764,443	1.76%	1,188

* not applicable for the years presented, leases payable per GASB 87 starting fiscal year 2022 and GASB 96 starting fiscal year 2023.

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
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
2023	124,144,136	0.82%	1,770
2024	111,651,573	0.73%	1,658

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	\$ 20,915,500	100.00%	\$ 20,915,500
Montgomery County, Maryland	<u>4,328,824,532</u>	7.28%	<u>315,138,426</u>
Total direct and overlapping debt	<u><u>\$ 4,349,740,032</u></u>		<u><u>\$ 336,053,926</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
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
2023	6,653,084	95,112	69,950	2.26
2024	6,618,215	98,266	67,350	2.14

Notes:

- Population estimates are from City of Rockville Department of Planning and Development Services for years 2015 to 2024 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 2024		Percentage of Total City Employment	Fiscal Year 2015		Percentage of Total City Employment
	Employees	Rank		Employees	Rank	
Montgomery County Government	11,100	1	14.10%	4,758	1	6.56%
Montgomery County Board of Education	6,000	2	7.62%	2,500	2	3.45%
U.S. Nuclear Regulatory Commission	*	3	*	*		*
Montgomery College	1,700	4	2.16%	791	7	1.09%
Westat, Inc.	1,600	5	2.03%	2,150	3	2.97%
Northwestern Mutual Life Insurance Co.	*	6	*	*		*
Lockheed Martin Information Systems	*	7	*	1,500	4	2.07%
City of Rockville	775	8	0.98%	519	9	0.72%
Choice Hotels International	*	9	*	430	10	0.59%
Quest Diagnostics Incorporated	*	10	*	*		*
Booz Allen Hamilton	*		*	1,282	5	1.77%
Quest Software	*		*	784	8	1.08%
Kaiser Permanente	*		*	931	6	1.28%
BAE Systems	*		*	*		*
Adventist Healthcare	*		*	*		*
Total	21,175		26.91%	15,645		21.58%
Total Estimated City Employment	78,700			72,500		

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Mayor and Council	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5
City Manager	25.0	25.0	32.5	28.0	27.0	27.0	27.0	28.0	32.5	33.5
City Attorney	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
Human Resources	10.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0	11.0
Finance	28.5	29.0	21.5	19.5	18.5	18.5	18.5	18.5	18.5	18.5
Information and technology	16.0	17.0	17.0	18.0	19.0	20.0	20.0	20.0	20.0	19.0
Planning and Development Services	41.0	42.0	42.0	42.0	41.0	50.0	47.0	44.0	46.0	49.0
Housing and Community Development	-	-	-	-	-	-	-	14.0	14.0	14.0
Public Safety	89.5	89.5	88.5	91.5	92.5	85.5	86.5	90.5	88.0	87.0
Public Works	46.0	46.0	46.0	46.0	47.0	47.5	47.5	43.5	48.5	48.1
Recreation and parks	138.5	136.7	136.7	138.1	139.1	137.1	135.3	126.3	129.5	129.0
Water	38.6	37.6	37.6	36.7	36.0	36.0	36.0	36.0	37.0	38.5
Sewer	17.9	17.9	17.9	18.6	18.5	17.9	17.9	17.9	17.9	18.0
Refuse collection	34.8	32.8	32.8	33.5	33.5	34.2	37.2	37.2	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	20.5	20.5	20.5	21.0	21.0	22.9	22.9	22.9	22.9	23.2
Total	519.3	518.0	517.0	516.9	518.1	522.6	521.8	524.8	538.5	540.5

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

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Vehicles	71	71	71	71	71	71	72	72	72	74
Refuse collection										
Collection trucks	17	17	17	17	17	17	17	17	17	17
Other public works										
Streets (miles)	155.37	155.37	156.05	156.43	156.87	156.87	156.87	156.87	156.87	156.87
Street lights	3,071	3,071	3,170	3,170	3,170	3,171	3,171	3,171	3,171	3,171
Sidewalks (miles)	257.79	258.01	258.74	259.14	259.99	260.46	260.98	260.98	260.98	261.38
Recreation and Parks										
Acreage	1,062	1,105	1,074	1,089	1,089	1,058	1,058	1,058	1,064	1,064
Playgrounds	50	50	50	50	50	48	48	48	47	47
Athletic Courts	96	96	95	95	95	128	132	132	132	132
Community centers	6	6	6	6	6	6	6	6	6	6
Water										
Water mains (miles)	174.00	174.33	174.33	173.59	174.14	174.35	175.62	175.62	175.62	176.02
Fire hydrants	1,403	1,403	1,407	1,420	1,425	1,429	1,452	1,455	1,456	1,456
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)	148.00	148.00	148.00	148.00	148.00	149.37	148.10	148.10	148.32	147.50
Storm Drains (miles)	103.00	103.00	103.00	103.00	103.00	103.00	97.93	97.93	97.04	98.00

Note:

- In FY 2017, streetlight reporting was updated to include 99 lights that were omitted in previous years.
- In 2023, the category 'Storm Sewers' changed to 'Storm Drains' for more accurate representation of the asset.

City of Rockville, Maryland

Operating Information (unaudited)

Operating Indicators by Function/Program – Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function/Program										
General Government										
Building permits issued	861	811	815	840	857	704	944	847	671	1,004
Estimated Cost of Construction	\$ 94,420,016	\$ 186,501,628	\$ 167,368,076	\$ 210,679,924	\$ 281,563,786	\$ 246,413,441	\$ 73,348,802	\$ 305,608,804	\$ 120,729,981	\$ 219,382,483
Police										
Physical arrests	1,055	902	938	846	953	746	474	470	N/A *	430
Traffic violations	16,234	13,397	16,227	13,582	15,910	16,832	15,397	12,343	6,038	9,789
Refuse collection										
Refuse (Disposed)	11,639	9,927	9,766	9,915	9,908	10,258	11,195	10,867	10,061	10,168
(tons per year)										
Yard Waste	5,309	4,402	3,677	3,788	4,196	4,209	4,255	3,233	3,605	3,628
(composted/Mulched)										
(tons per year)										
Recyclables collected	5,358	5,283	4,993	4,825	4,744	4,770	4,937	4,420	4,097	4,044
(tons per year)										
Recreation and Parks										
Program enrollments	32,081	31,503	34,307	32,822	33,571	26,218	6,702	28,915	31,888	42,506
Water										
Number of Accounts	12,694	12,678	12,663	12,668	12,667	12,682	12,811	12,923	12,990	13,005
Average daily water Production										
(millions of gallons)	4.561	4.742	4.518	4.184	4.267	4.379	4.277	4.202	4.420	4.570
Sewer										
Avg. daily sewer treatment										
(millions of gallons)	5.948	5.797	5.628	5.595	7.240	6.453	6.391	6.420	6.690	7.460

Note:

- Information was obtained from various City departments.

- * Montgomery County was not able to produce the data for FY2023.

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