City of Takoma Park
Maryland

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008

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City of Takoma Park
Maryland

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008

Prepared by: City of Takoma Park, Maryland

Barbara B. Matthews
City Manager

Yovonda D. Brooks, CPA
Director of Finance

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CITY OF TAKOMA PARK, MARYLAND

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INTRODUCTORY SECTION

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City of Takoma Park

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7500 Maple Avenue
Takoma Park, MD 20912

Barbara B. Matthews, City Manager

October 31, 2008

Honorable Members of the City Council
City of Takoma Park, Maryland:

The City's Charter, Section 821, requires that the financial books and accounts of the City be audited annually in accordance with applicable State laws and the requirements of the City Council. The City Council has elected to have its financial statements prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a certified public accountant. We hereby issue the comprehensive annual financial report (CAFR) for the year ended June 30, 2008.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and changes in financial position of the City; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been provided.

Clifton Gunderson LLP, a firm of licensed certified public accountants, has audited the City of Takoma Park, Maryland's financial statements. The independent auditor's report is included with the City's financial statements in the Financial Section of this report. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and, for the basic financial statements of the City, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. On the basis of this examination, the independent auditors have issued an unqualified opinion that the presentation of the basic financial statements conforms to accounting principles generally accepted in the United States. In conducting the audit, the auditors performed tests of the accounting records and such other procedures as were considered necessary in the circumstances to provide a reasonable basis for the opinion on the financial statements. The auditors also assessed the accounting principles used and the significant estimates made by management, as well as evaluated the overall financial statement presentation.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the Financial Section of this report.

PROFILE OF THE GOVERNMENT

The City of Takoma Park is approximately 2.4 square miles in size and is located in Montgomery County on the border of Washington, D.C. The City was incorporated in 1890 and currently has a population of 17,477 (U. S. Census 2007 estimate).

The City of Takoma Park operates under a Council/Manager form of government. Policy-making and legislative authority are vested in a governing body consisting of seven members (Mayor and six Council members). The City Council is elected on a non-partisan basis. All seven members serve two-year terms. Six Councilmembers are elected by wards. The Mayor is elected at large. The City Council's responsibilities include passing ordinances and resolutions, adopting the City's annual budget, appointing members to committees, and hiring both the City Manager and the City Attorney.

The City Manager is responsible for implementing the policies and ordinances of the City Council, overseeing the day-to-day operations of the government, and appointing the heads of various departments.

The City provides a range of municipal services including but not limited to housing and property inspections, solid waste and recycling collection, storm drainage maintenance, street maintenance, snow removal, street lighting, parks and recreation, and police protection.

ECONOMIC CONDITION AND OUTLOOK

The City is a residential community located in the southern part of Montgomery County in the inner suburbs of the Washington D.C. metropolitan area. City residents benefit from the excellent Montgomery County public school system. The Takoma Park-Silver Spring campus of Montgomery College and the four-year Columbia Union College are located in Takoma Park. The City has a large historic district, two major commercial districts, many parks, and attractive, walkable neighborhoods. The City is located along the Red Line of the region's Metrorail system and is well served by bus systems and bicycle trails. Offices, attractions and entertainment are close by in adjacent Washington, D.C. and Silver Spring, Maryland. Baltimore and Annapolis are a short distance away via I-495 and I-95.

Because of its location and attractive environment, Takoma Park is a highly desirable place to live. Its economic health rests heavily on the value of its residential property. Total assessed real and personal property value for Takoma Park was estimated at $1.5 billion during fiscal year 2008. The City's assessable tax base continues to grow, primarily due to the increase in the assessed value of its real property. According to the 2000 census, the City had 2,797 single-family owner-occupied homes. Housing values have risen sharply since 2000. According to the 2000 census, the median value of a single-family home was $189,200. The median sales price of single-family homes in the Takoma Park

area was $450,000 in 2006, according to the Maryland-National Capital Park and Planning Commission. Multi-family residential structures house 54% of Takoma Park's households.

The economy in the Washington D. C. area, as well as the United States, is in a period of great uncertainty. Rising fuel costs have resulted in increased costs in everything for consumers. As a result, the City will focus on the continuation and maintenance of core services in its next fiscal year.

Montgomery County reported an unemployment rate of 2.6% for fiscal year 2008. The Metropolitan Washington Council of Governments reported that the region grew by 312,600 persons between 2001 and 2005, with the inner suburbs growing by 5.2%. The region added 119,342 jobs during this period. The 2000 Census showed the median family income for the City of Takoma Park at $63,434 with a per capita income of $26,437 (in 1999 dollars). In the region, personal income grew by an average annual rate of 5.7% between 2000 and 2004.

The City is working in partnership with the business associations to increase the health of its commercial districts—the City's Old Town area in the Takoma Park Historic District, and the much larger Takoma/Langley Crossroads area near the intersection of University Boulevard and New Hampshire Avenue. Officials and business organizations have identified a number of improvements that are needed—as well as opportunities worth investigating—to promote long-term economic health and stability.

Significant streetscape improvements have taken place in the Old Town area. The business association has a Maryland Main Street designation. The Takoma/Langley Crossroads area is the planned location for a major station of the "Purple Line," a light rail or bus rapid transit system under design by the State of Maryland to cross Montgomery and Prince George's County. Revitalization planning efforts for the Crossroads are underway in a joint effort of the planning agencies in both counties and the City of Takoma Park. The area was designated as a Maryland Enterprise Zone in 2005, providing tax incentives to new and expanding businesses.

LONG-TERM FINANCIAL PLANNING

During fiscal year 2009, the City will be undertaking two major facility projects. A new Public Works facility will be constructed on the existing site. The current facility is too small, poorly insulated, has drainage problems, and has inadequate storage. The new building will allow Public Works to become more operationally efficient and functional. Construction costs for this project are estimated to be $2 million and will be financed through the issuance of general obligation bonds, increasing the City's bonded indebtedness. To minimize interest costs, the City is tentatively planning for a ten-year issuance. It is anticipated that the timing and structure of the issuance would be such that the first debt service payment would be made in fiscal year 2010.

Another major facility project is the renovation of the Council Chambers/Auditorium for use as a venue for the performing arts, in addition to its current use for official City proceedings. The estimated cost of this project is $1.2 million and will be financed primarily through a combination of federal and state funds. The City will incur additional operating costs to staff, operate, and maintain the newly renovated space.

The City of Takoma Park Police Employees' Retirement Plan covers sworn police officers who are employed on a regular full-time basis. Plan provisions include retirement, disability, and death benefits to plan members and their beneficiaries. Since its inception in 2001, the Plan has experienced a higher than expected rate of disability awards, resulting in a steadily increasing City contribution rate. During fiscal year 2009, the City will be reviewing possible modifications to the existing Plan, as well as considering other ways to provide police personnel with pension benefits, in order to address the projected increase in the City's benefit costs in this area.

In accordance with the City Charter, certain monies are set aside for the scheduled replacement of vehicles and equipment. These funds are accounted for in the Equipment Replacement Reserve. During fiscal year 2008, staff completed a thorough analysis of all of the City's fixed assets over $5,000. This process entailed discussions with each City department and resulted in a significant expansion of the vehicles and list to be replaced by the City as part of the Equipment Replacement Reserve program. This analysis indicates that the City should ideally be contributing over $1 million to the Equipment Replacement Reserve on an annual basis; the high contribution amount is partially attributable to inadequate funding of the Equipment Replacement Reserve in prior years. Concerted efforts will need to be made in future years to more adequately fund the Equipment Replacement Reserve, while taking into account other City needs and fiscal constraints.

RELEVANT FINANCIAL POLICIES

Rising energy and oil prices over the past year are increasing costs for heating and cooling City facilities and fueling City vehicles. The Federal Reserve's interest rate cuts will impact the City's investment revenues. The financial difficulties of the State and County may affect the grant funds that the City has historically relied on to fund such projects as streetscapes and park renovations.

In light of this uncertainty, the City's focus will be on the continuation and maintenance of core services rather than expansion of services. The City plans to maintain adequate unreserved fund balance in its General Fund in order to address revenue fluctuations and to avoid any disruption in services caused by a future decline in significant revenue sources and rising costs. Additionally, the City's use of unrestricted fund balances and one-time revenue sources will be limited to specific non-recurring expenditure projects.

MAJOR INITIATIVES

City activities in fiscal year 2008 were largely focused on five major policy areas:

- Preservation of affordable housing
- Promotion of appropriate development in the City of Takoma Park
- Redevelopment of the New Hampshire Avenue corridor
- Fairer tax duplication payments from Montgomery County

- Completion of the Community Center project

Major accomplishments related to the aforementioned priority during fiscal year 2008 included the following:

- In July 2007, the City Council completed its multi-year review of the City's rent stabilization ordinance and amended the applicable section of the *City Code*.

- The City expanded the number and type of educational workshops offered. Topics included foreclosure prevention, home ownership, and tenant rights.

- Considerable resources were devoted to area development issues, especially related to a proposed townhouse development and related transit facility changes at the Takoma Metrorail station. The City's position relative to the proposed development at the Takoma Metro station was advanced through a variety of efforts, including preparation of a response to the WMATA's Staff Response to Compact Hearing testimony and substantial coordination with Montgomery County and other government officials.

- The New Hampshire Avenue Urban Design Charrette was completed, providing a conceptual plan for how the corridor could be transformed.

- The City was successful in securing Community Legacy funding for the New Hampshire Avenue facade and site improvement program.

- An integrated marketing program focusing upon redevelopment opportunities along New Hampshire Avenue corridor was created.

- The City Manager continued her service on the joint County-Municipal Revenue Sharing Task Force, which is reviewing tax duplication issues. The Task Force is expected to conclude its work in the fall of 2008.

- The City retained an architect to assist in the development of concept plans for the renovation of the Council Chambers/Auditorium. A preferred conceptual design was agreed upon and will serve as the basis for the development of construction documents in fiscal year 2009.

Another major initiative which got underway during fiscal year 2008 was a review of the City's compensation and position classification. Once these studies have been finalized, they will be reviewed with the City Council. How to address any suggested adjustments in employee compensation will be determined at that time.

Preliminary work regarding the planned renovation of the Public Works facility got underway. As indicated in the "Long-Term Financial Planning" section of this transmittal letter, the City will be moving forward on the project during fiscal year 2009.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Takoma Park for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA for consideration for another certificate.

The preparation of this annual report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to everyone who assisted and contributed to its preparation. We are also grateful to the City's independent auditor, Clifton Gunderson LLP, for the professional assistance provided during the course of the audit. We are also grateful to Lindsey & Associates LLC for providing professional assistance during the preparation of the City's annual report. Finally, we would like to thank the members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and professional manner.

Respectfully submitted,

Barbara B. Matthews

Barbara B. Matthews
City Manager

Yovonda D. Brooks

Yovonda D. Brooks, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Takoma Park Maryland

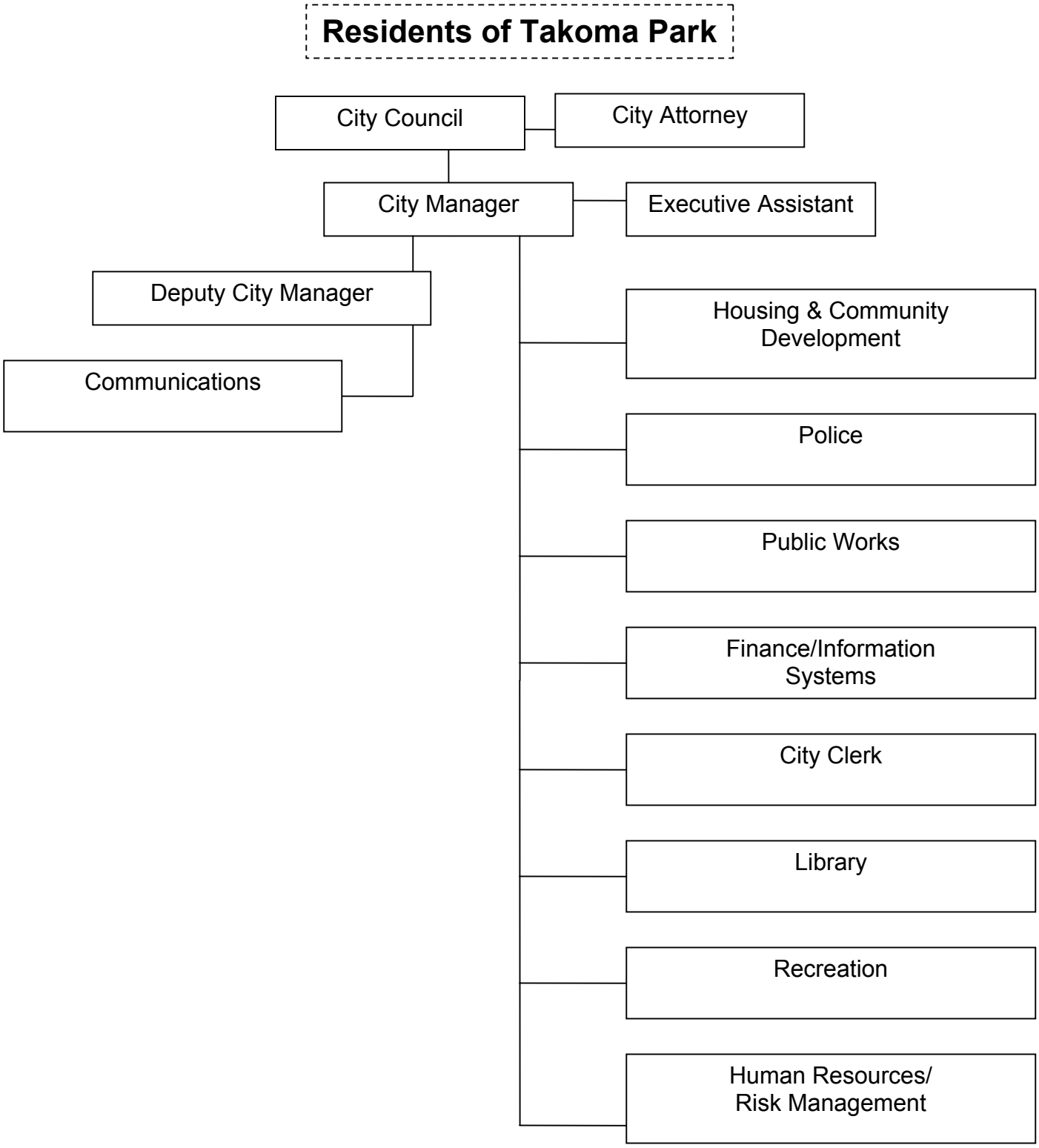
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Organizational Chart
The City of Takoma Park, Maryland



CITY OF TAKOMA PARK, MARYLAND
LIST OF CITY OFFICIALS
Year Ended June 30, 2008

MAYOR

BRUCE R.WILLIAMS

CITY COUNCIL

JOSH WRIGHT	TERRY SEAMENS
COLLEEN CLAY	REUBEN SNIPPER
DAN ROBINSON	DOUG BARRY

CITY MANAGER

BARBARA B. MATTHEWS

DIRECTOR OF FINANCE

YOVONDA D. BROOKS, CPA

INDEPENDENT AUDITORS

CLIFTON GUNDERSON LLP

Prepared by the Finance Department

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FINANCIAL SECTION

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

The Honorable Mayor
and Members of City Council
City of Takoma Park, Maryland

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Takoma Park, Maryland (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Takoma Park, Maryland as of June 30, 2008, and the respective changes in financial position and the budgetary comparison for the General, Stormwater and Community Center funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2008, on our consideration of the City of Takoma Park, Maryland'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and historical pension information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Takoma Park, Maryland's basic financial statements. The accompanying supplemental information, such as the introductory section, combining and individual nonmajor fund financial statements, budgetary schedules for nonmajor funds and statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary schedules for nonmajor funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other data, listed under the introductory and statistical sections in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Calverton, Maryland
October 28, 2008

As management of the City of Takoma Park, we offer this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented herein in conjunction with the accompanying transmittal letter and financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Takoma Park exceeded its liabilities at the close of the fiscal year 2008 by $26,338,300 (net assets). This represents an increase of $1,780,295 from the prior year. Approximately 48 percent or $863,096 of this increase is due to increases in property tax revenues resulting from increases in the real property tax assessments. Operating grants and contributions increased by $936,177 from the prior year as a result of additional grants for Public Safety, Housing and Community Development, and the City's cable operations. Of the City's total net assets, $7,439,030 may be used to meet the government's ongoing obligations to residents and creditors (unrestricted net assets).

- As of June 30, 2008, the City of Takoma Park's governmental funds reported combined ending fund balances of $8,735,465, an increase of $1,644,664 or 23 percent from the prior year. Of this amount, $4,861,937 is available for spending at the government's discretion (unreserved fund balance). The increase in the combined ending governmental fund balances is due primarily to the $1,086,681 increase in taxes and utility fees, which includes property tax revenue and income tax revenue.

- At the end of the fiscal year, the unreserved, undesignated fund balance for the General Fund was $4,561,775 or 26 percent of total General Fund expenditures.

- The City of Takoma Park's long-term debt decreased by $646,585 during the fiscal year. The decrease is primarily attributable to principal payments totaling $919,207 on existing debt, net of a new capital lease in the amount of $220,029.

OVERVIEW OF FINANCIAL STATEMENTS

GASB Statement 34 requires the utilization of dual focus financial reporting. Information is presented on a government-wide basis and on a fund basis.

This discussion and analysis is intended to serve as an introduction to the City of Takoma Park's basic financial statements that were prepared using these reporting requirements. The City of Takoma Park's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements, which include the Statement of Net Assets and the Statement of Activities, are designed to provide readers with a broad overview of the City of Takoma Park's finances. All City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, public works, recreation, community development, and general government administration. The City currently does not have any business-type activities.

The government-wide financial statements can be found on pages 26 and 27 of this report.

Statement of Net Assets. The Statement of Net Assets presents information on all of the City of Takoma Park's assets and liabilities, with the difference between the two reported as net assets. Net assets are further separated into those amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Takoma Park is improving or deteriorating.

Statement of Activities. The Statement of Activities presents information on how the government's net assets changed during the fiscal year. All changes in net assets 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 tax revenue and earned but unused vacation leave).

Fund Financial Statements. The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City of Takoma Park, like other local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All of the funds of the City of Takoma Park can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations of both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are presented to facilitate the comparison between governmental funds and governmental activities.

The City of Takoma Park maintains five individual governmental funds. Information is presented separately in the governmental balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Stormwater Management Fund, and the Community Center Fund, which are considered to be major funds. Data for the other two funds (Special Revenue Fund and Rehabilitation Fund) is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining statements elsewhere in this report.

The City of Takoma Park adopts an annual appropriated budget for its major funds - General Fund, Stormwater Management Fund, and Community Center Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 28 - 34 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Takoma Park's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 35 and 36 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 - 57 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to the City of Takoma Park's progress in funding its obligation to provide pension benefits to its Public Safety employees. Other supplementary information includes budgetary comparison schedules related to the General Fund and the non-major governmental funds and combining statements related to non-major governmental funds and fiduciary funds. Supplemental information can be found on pages 58 - 68 of this report.

THE CITY AS A WHOLE

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Takoma Park, assets exceeded liabilities by $26,338,300 as of June 30, 2008.

By far the largest portion of the City of Takoma Park's net assets reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. This investment totaled $17,227,232 or 65 percent of the City's net assets as of June 30, 2008. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

Unrestricted net assets totaled $7,439,030. This category represents the net assets of the City that may be used to meet the City's ongoing obligations to its residents and creditors.

During the fiscal year, the City of Takoma Park's net assets increased by $1,780,295. Factors contributing to this growth include the increase in real property tax revenue of about $800,000 due to the rise of the assessable tax base, and the increase in income taxes of approximately $343,000. The following table reflects the City's net assets as of June 30, 2008 compared to June 30, 2007.

Governmental Activities

Net Assets

	2008	2007
Assets		
Current and other assets	$ 11,157,889	$ 9,659,925
Capital assets	22,848,575	23,433,046
Total assets	34,006,464	33,092,971
Liabilities		
Current and other liabilities	1,565,775	1,785,992
Long-term liabilities	6,102,389	6,748,974
Total liabilities	7,668,164	8,534,966
Net assets		
Invested in capital assets, net of related debt	17,227,232	17,112,525
Restricted	1,672,038	1,327,101
Unrestricted	7,439,030	6,118,379
Total net assets	$ 26,338,300	$ 24,558,005

Governmental Activities

Governmental activities increased the City of Takoma Park's net assets by $1,780,295 during fiscal year 2008, thereby accounting for the total growth in the net assets. The key elements of this increase are shown below. Information for the prior fiscal year is provided for comparative purposes.

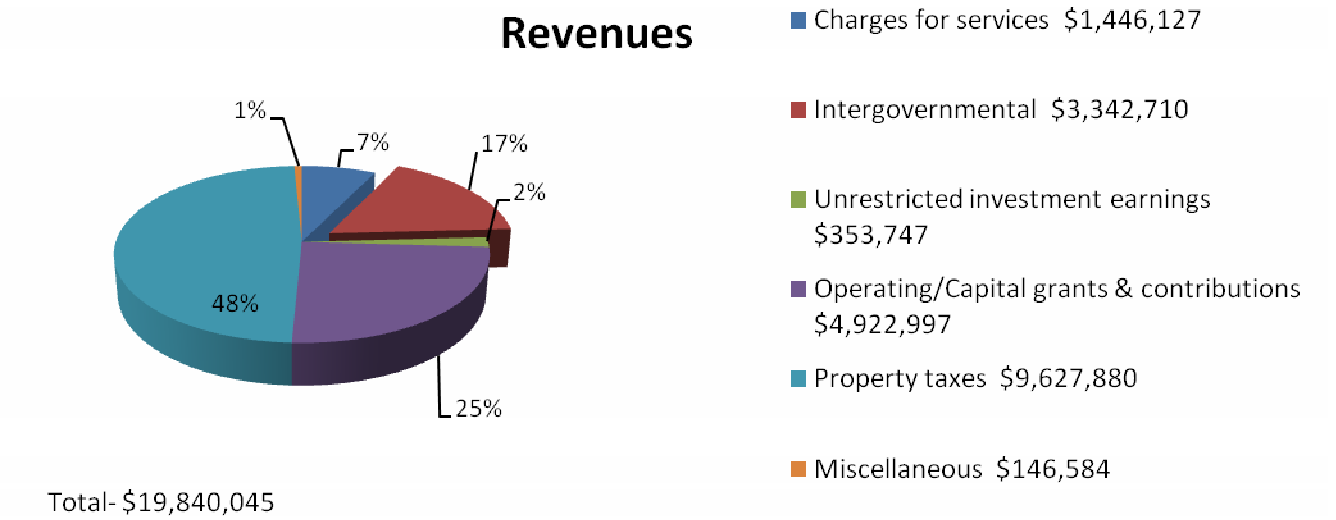
Governmental Activities

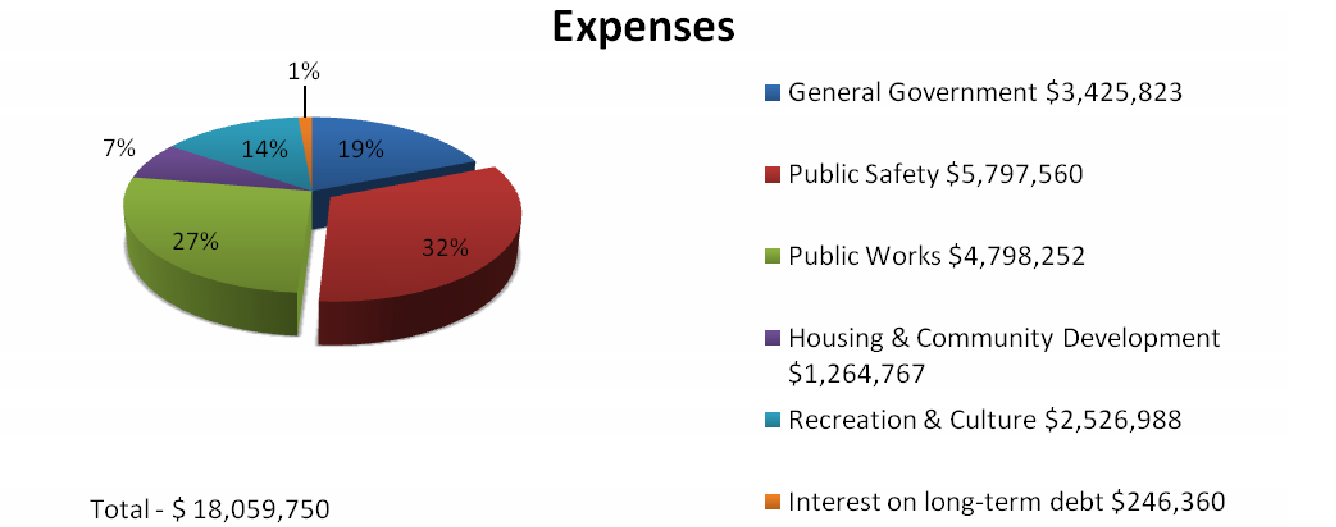
	2008	2007
Change in Net Assets		
Revenues		
Program revenues:		
Charges for services	$ 1,446,127	$ 1,383,222
Operating grants and contributions	4,879,649	3,943,472
Capital grants and contributions	43,348	531,460
General revenues:		
Property taxes	9,627,880	8,764,784
Intergovernmental	3,342,710	3,662,840
Miscellaneous	146,584	180,062
Unrestricted investment earnings	353,747	359,342
Total revenues	19,840,045	18,825,182
Expenses		
General Government	3,425,823	2,764,025
Public Safety	5,797,560	5,214,230
Public Works	4,798,252	4,526,174
Housing and Community Development	1,264,767	1,198,331
Recreation and culture	2,526,988	2,540,913
Interest on long-term debt	246,360	250,342
Total expenses	18,059,750	16,494,015
Change in net assets	1,780,295	2,331,167
Net assets, beginning of year	24,558,005	17,954,956
Capitalization of infrastructure assets		4,271,882
Net assets, end of year	$ 26,338,300	$ 24,558,005

Property taxes increased by $863,096 or about ten percent from the previous fiscal year. Most of this increase ($799,594) was due to the escalation in real property values. Revenues from income taxes increased by $343,205. Expenditures increased $1,565,735 or ten percent from fiscal year 2007 to fiscal year 2008. Approximately 60 percent of the expenditure increase is related to personnel costs, which include health and pension benefits. Other factors contributing to increased expenditures were utility and fuel costs, and contractual services related to personnel studies, financial reporting, legal and auditing costs, as well as a $235,526 increase in depreciation expense.

As shown above, the cost of all governmental activities was $18,059,750. Those who directly benefited from the services paid $1,446,127 of the activity costs. The City also received operating and capital grants and contributions from other governments and organizations ($4,922,997), which reduced the amount paid by City residents for certain services. The net cost of the City's governmental activities equaled $11,690,626.

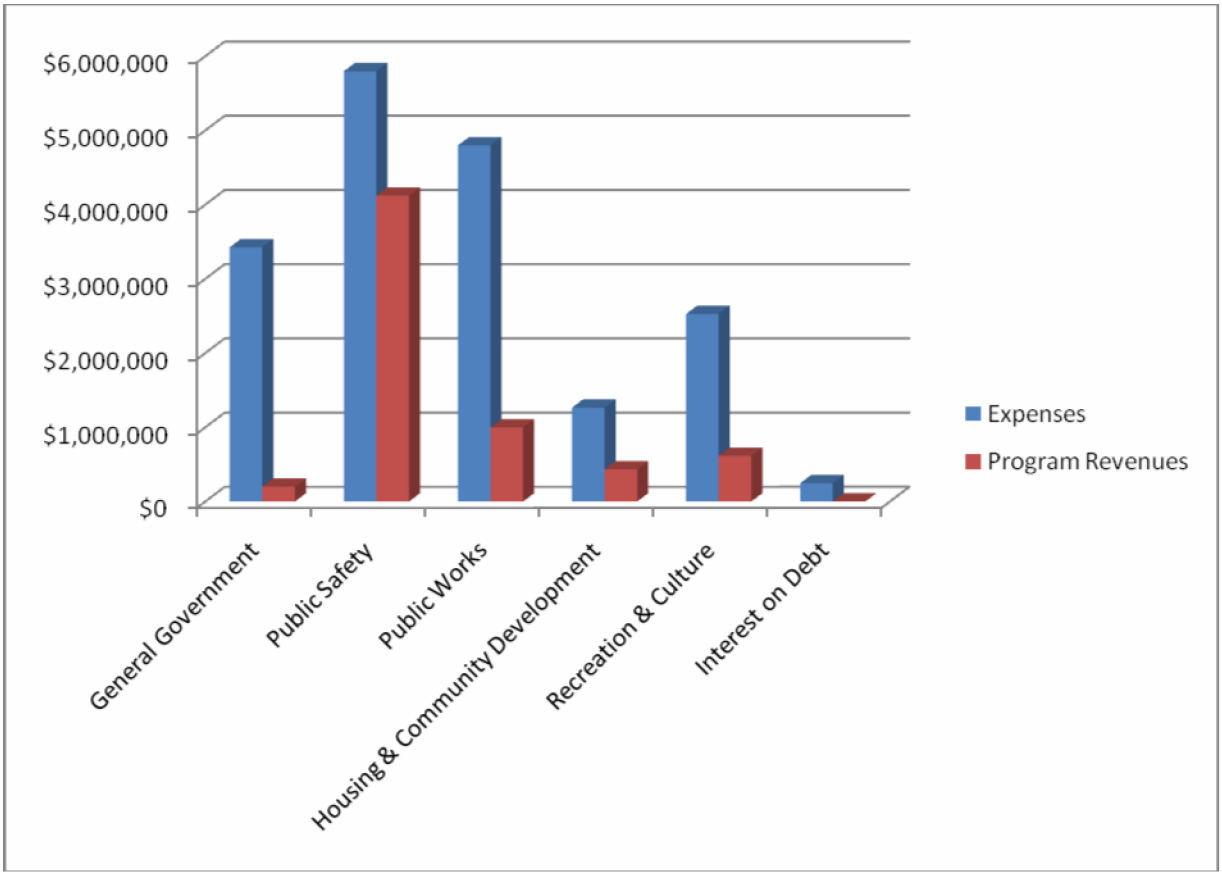
Governmental Activities





Statement of Activities

Comparison of Program Revenues versus Expenses



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2008, the City's governmental funds had combined fund balances of $8,735,465, an increase of $1,644,664 from the prior year. Approximately 25 percent of this amount is reserved and

is not available for new spending. The reserved portion of the fund balance totals $2,157,612.

The General Fund is the chief operating fund of the City of Takoma Park. At the end of the fiscal year, it had a total fund balance of $7,949,729, an increase of $1,545,065. Most ($1,086,681) of this increase is the result of the overall increase in taxes and utility fees, which include property taxes and income taxes. In addition, $109,276 of the increase in the General Fund fund balance resulted from the sale of City-owned real property; these funds have been earmarked by the City Council for the preservation and creation of affordable housing. Proceeds totaling $220,029 from the capital lease for police vehicles also contributed to the increase in the General Fund fund balance. A portion of the General Fund fund balance -- $1,672,038 or about 21 percent -- is reserved for the following purposes:

- Equipment replacement $ 1,266,745
- Emergency 361,955
- Street Improvement 43,338

Additional monies ($1,715,916) are unreserved but designated for the subsequent fiscal year. The undesignated portion of the fund balance equals $4,561,775.

In addition to the General Fund, the City has two other major funds. The Stormwater Management Fund, which was established to account for revenue and expenditure activity related to the maintenance and construction of the City's stormwater systems, had a fund balance of $303,446 as of June 30, 2008. A portion ($3,284) of the $303,446 is reserved for the emergency assistance fund that was established by the City Council to provide financial help to City residents for temporary housing, medical assistance, utility payments, etc. The $70,370 increase in the Stormwater Management Fund fund balance is due primarily to capital projects that were not completed this fiscal year, as well as the unanticipated increase in revenues of about $8,400 resulting from permits and the late fees on delinquent receivables. The remaining major fund, the Community Center Fund, was established to account for construction activities related to the City's community and municipal center. Since revenues for the Community Center Fund were $520, construction expenditures for this fiscal year were funded from the accumulated fund balance and transfers from the General Fund totaling $24,825. The Community Center Fund did not have a fund balance at June 30, 2008.

Non-major funds account for such activities as the tracking of grant activities and the residential rehabilitation loans and grants. The City's non-major funds had a combined fund balance of $482,290 as of year-end. Of this amount $447,557 is reserved for the acquisition of cable equipment. The remaining $34,733 is reserved for notes receivables. The total combined fund balance increased $75,390 due to the increase in revenues related to cable services which are used to fund cable equipment enhancements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, there was a $287,534 increase in the General Fund expenditure appropriations between the original and the final budget. This increase was to provide supplemental appropriations in capital outlay to cover the unanticipated purchase of equipment for Public Works in the amount of $20,835 and to acquire additional police vehicles costing $219,679. The remaining supplemental appropriations were $10,000 to cover the costs of a community health needs assessment study and

$37,020 to encourage tree planting in the City. The additional expenditures were funded through the proceeds resulting from a capital lease, designated donations for tree planting and health services and the reimbursement by City residents for trees planted on their property.

On a budgetary basis, actual revenues for the fiscal year exceeded final budget by $819,236. Higher than anticipated revenues from real property taxes and income tax accounted for $447,772 of this variance. Other revenue sources that performed better than expected were business and other property taxes, fines and forfeitures, investment earnings, the County police rebate, cable franchise taxes, and hotel taxes.

Actual expenditures were $2,320,221 less than the revised budget authorization. Most of the variance was attributable to General Government, which accounted for $921,646. Savings in General Government expenditures were primarily attributable to lower than anticipated costs for contingencies, emergency supplies, and other administrative costs. Capital outlay expenditures were $673,602 less than the budgeted amount due to delays in several projects. Expenditures for Housing and Community Development were $246,418 less than the budget. The City had anticipated doing separate design charrettes for two sections of New Hampshire Avenue but was able to consolidate the processes, resulting in a savings of approximately $100,000. Other budgetary savings were the result of a vacant position in the Code Enforcement Division for part of the year, less than anticipated contractual costs for the review of rent increase petitions, and minimal requests for assistance through the affordable housing revolving loan fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

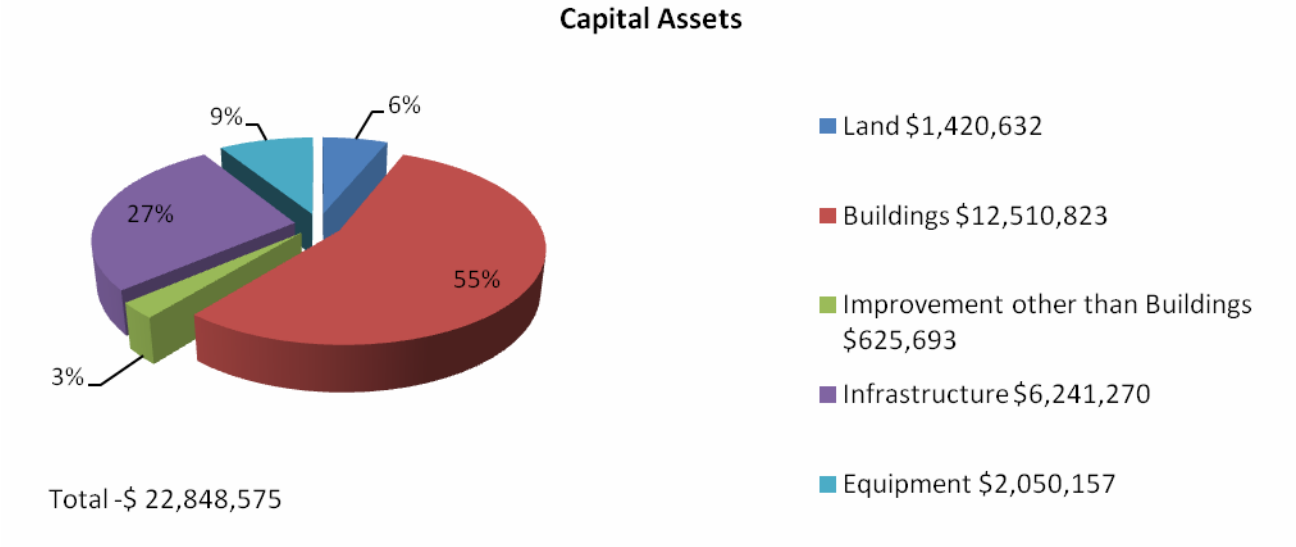
As of June 30, 2008, the City of Takoma Park's investment in capital assets, (buildings, roads and other infrastructure, vehicles, and equipment) for its governmental activities totaled $22,848,575 (net of accumulated depreciation). This amount represents a net decrease of $584,471 or 2.5 percent, from the prior year. The decrease was attributable primarily to depreciation expense totaling $1,148,182 and asset deletions of $213,031. During the fiscal year, the City acquired equipment and vehicles, most of which was for Public Safety and Public Works, totaling $504,712, as well as other fixed assets totaling $272,030. Included in the $272,030 are improvements which were made to the Community Center and to a City park totaling $143,349; the remaining $57,175 was expended to install signage to better identify areas of interest throughout the City.

Further information on the City's capital assets is shown below:

Governmental Activities

	2008	2007
Capital Assets (net of depreciation)		
Land	$ 1,420,632	$ 1,576,632
Construction in progress	-	334,928
Buildings	12,510,823	12,237,638
Improvements other than buildings	625,693	468,846
Infrastructure	6,241,270	6,755,647
Equipment	2,050,157	2,059,355
Total	$ 22,848,575	$ 23,433,046

Capital Assets
(Net of Depreciation)



Additional information on the City's capital assets can be found in Note 8 - Capital Assets and Other Property on page 47 of this report.

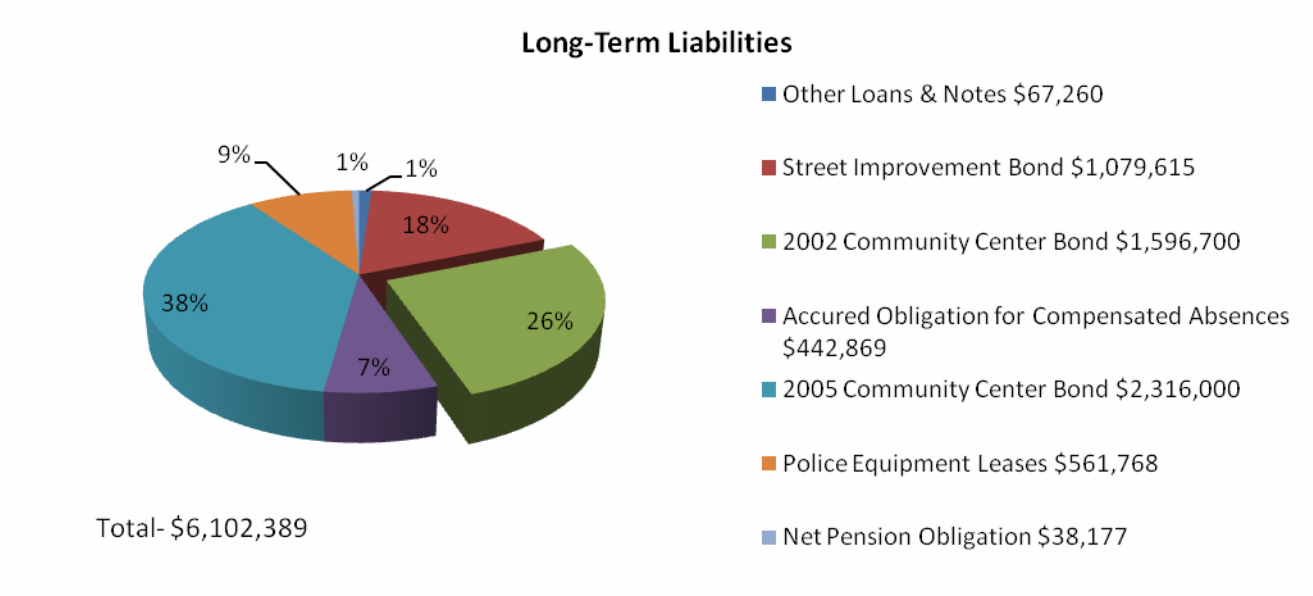
Debt

At year-end, the City had $6,102,389 in outstanding debt, a decrease of $646,585 or ten percent from the prior year. The outstanding debt is comprised of long-term notes and bonds, capital leases, and accrued obligations for compensated absences and pension obligations. The decrease in outstanding debt is primarily due to fiscal year 2008 principal payments of $919,207, including the payoff of the Takoma Junction bonds. During fiscal year 2008, the City entered into a capital lease in the amount of $220,029 to acquire police vehicles.

Further information on the City's outstanding debt is shown in the following table. Information for the prior fiscal year is shown for comparative purposes.

Governmental Activities

	2008	2007
Long-Term Liabilities		
Long-term note – MICRF	$ 12,260	$ 17,260
Loan payable – Montgomery County	55,000	105,000
Bonds payable – Takoma Junction		176,500
Bonds payable – Community Center (2002)	1,596,700	1,678,600
Bonds payable – Street improvements	1,079,615	1,388,077
Bonds payable – Community Center (2005)	2,316,000	2,413,500
Capital lease payable – Police Equipment	76,371	134,624
Capital lease payable – Police Equipment	170,708	
Capital lease payable- Police Vehicles	314,689	406,960
Net pension obligation	38,177	35,349
Accrued obligations for compensated absences	442,869	393,104
Total	$ 6,102,389	$ 6,748,974



Additional information on the City's long-term debt can be found in Note 9 - Non-Current Liabilities on pages 48-51 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following are some highlights of the adopted budget for the fiscal year beginning July 1, 2008:

- Reduction in the tax rate for real property from $0.61 to $0.605 per $100 of the assessed valuation.
- Projected increase in revenues from real property taxes of approximately $900,000 due to the increase in the City's real property tax base.
- Lease of seven police vehicles as part of the City's expanded take-home car program to enhance employee recruitment and retention.
- Funding for the installation of two fixed speed cameras, which will provide the Police Department with an additional tool in traffic enforcement.
- Increase in personnel expenses related to market-based salary adjustments, a ten percent escalation in employee health insurance costs, and an increase in the City's contribution costs for its two retirement plans.
- Anticipated use of $1,715,916 of the General Fund fund balance to cover expenditures in excess of anticipated revenues.
- Design and renovation of the Public Works facility at a cost of $2.14 million with $2 million of the cost being financed through general obligation bonds.

- Renovation of the Council Chambers/Auditorium at a cost of $1.2 million, financed primarily with a combination of federal and state funding.
- Contribution of $500,000 to the Equipment Replacement Reserve.
- Anticipated expenditures of $158,000 for street improvements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact the City of Takoma Park Finance Department, 7500 Maple Avenue, Takoma Park, Maryland 20912.

BASIC FINANCIAL STATEMENTS

CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 940,254
Investments	8,661,529
Accounts receivable, net	294,190
Notes receivable, net	34,733
Due from other units of government	1,201,650
Other assets	25,533
Capital assets, net	
Non-depreciable	1,420,632
Depreciable	21,427,943
Total assets	34,006,464
LIABILITIES	
Accounts payable	957,328
Accrued liabilities	244,397
Deposits and escrows held	141,267
Due to other governments	178,906
Unearned revenue	43,877
Non-current liabilities:	
Due within one year	850,077
Due in more than one year	5,252,312
Total liabilities	7,668,164
NET ASSETS	
Invested in capital assets, net of related debt	17,227,232
Restricted for:	
Emergency expenditures	361,955
Streets	43,337
Equipment replacement	1,266,746
Unrestricted	7,439,030
TOTAL NET ASSETS	$ 26,338,300

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental activities:					
General government	$ 3,425,823	$ 75,238	$ 124,948	$ -	$ (3,225,637)
Public safety	5,797,560	236,428	3,884,715	-	(1,676,417)
Public works	4,798,252	513,215	442,624	42,828	(3,799,585)
Housing and community development	1,264,767	346,593	87,268	-	(830,906)
Recreation and culture	2,526,988	274,653	340,094	520	(1,911,721)
Interest on long-term debt	246,360	-	-	-	(246,360)
TOTAL GOVERNMENTAL ACTIVITIES	$ 18,059,750	$ 1,446,127	$ 4,879,649	$ 43,348	$ (11,690,626)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	9,627,880
Intergovernmental / unrestricted	3,342,710
Miscellaneous	146,584
Unrestricted investment earnings	353,747
Total general revenues and special items	13,470,921
CHANGE IN NET ASSETS	1,780,295
NET ASSETS, BEGINNING OF YEAR	24,558,005
NET ASSETS, END OF YEAR	$ 26,338,300

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF TAKOMA PARK, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	Stormwater Management Fund	Community Center	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ -	$ 758,006	$ -	$ 182,248	$ 940,254
Investments	8,661,529	-	-	-	8,661,529
Receivables, net					
Taxes	231,253	-	-	-	231,253
Notes	-	-	-	34,733	34,733
Other	54,619	8,318	-	-	62,937
Due from other funds	157,645	308	339,733	407,944	905,630
Due from other units of government	1,098,183	-	-	103,467	1,201,650
Other assets	25,533	-	-	-	25,533
TOTAL ASSETS	$ 10,228,762	$ 766,632	$ 339,733	$ 728,392	$ 12,063,519
LIABILITIES					
Accounts payable	$ 698,767	$ 81,899	$ 132,377	$ 44,285	$ 957,328
Accrued expenses	223,000	1,301	-	2,066	226,367
Deposits and escrows held	129,798	3,284	-	8,185	141,267
Due to other funds	340,321	354,611	207,356	3,342	905,630
Due to other units of government	-	-	-	178,906	178,906
Deferred revenue	789,413	22,091	-	9,318	820,822
Compensated absences payable	97,734	-	-	-	97,734
Total liabilities	2,279,033	463,186	339,733	246,102	3,328,054
FUND BALANCES					
Reserved	1,672,038	3,284	-	482,290	2,157,612
Unreserved:					
Designated for:					
Subsequent years' expenditures	1,715,916	-	-	-	1,715,916
Undesignated	4,561,775	300,162	-	-	4,861,937
Total fund balances	7,949,729	303,446	-	482,290	8,735,465
TOTAL LIABILITIES AND FUND BALANCES	$ 10,228,762	$ 766,632	$ 339,733	$ 728,392	$ 12,063,519

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF TAKOMA PARK, MARYLAND
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2008

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$	8,735,465
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is $36,969,805 and the accumulated depreciation is $14,121,230.		22,848,575
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(6,004,655)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(18,030)
Certain receivables are offset by deferred revenue in the governmental funds since they are not available to pay for current-period expenditures. This is the amount of deferred revenue related to these receivables.		776,945
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	$	26,338,300

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	General Fund	Stormwater Management Fund	Community Center	Non-Major Funds	Total Governmental Funds
REVENUES					
Taxes and utility fees	$ 12,573,318	$ -	$ -	$ -	$ 12,573,318
Licenses and permits	45,470	-	-	-	45,470
Fines and forfeitures	213,197	-	-	-	213,197
Use of money and property	353,747	-	-	-	353,747
Charges for services	831,249	374,101	-	-	1,205,350
Intergovernmental	4,762,643	-	520	507,515	5,270,678
Miscellaneous	157,676	21,053	-	-	178,729
Total revenues	18,937,300	395,154	520	507,515	19,840,489
EXPENDITURES					
General government	2,994,878	-	-	22,524	3,017,402
Public safety	5,349,349	-	-	181,741	5,531,090
Public works	3,611,130	251,424	-	88,031	3,950,585
Housing and community development	1,277,216	-	-	27,914	1,305,130
Recreation and culture	2,324,744	-	-	29,624	2,354,368
Capital outlay	931,837	73,360	71,506	119,134	1,195,837
Debt Service					
Principal	919,207	-	-	-	919,207
Interest	251,511	-	-	-	251,511
Total expenditures	17,659,872	324,784	71,506	468,968	18,525,130
Excess of revenues over expenditures before other financing sources	1,277,428	70,370	(70,986)	38,547	1,315,359
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	220,029	-	-	-	220,029
Sale of capital assets	109,276	-	-	-	109,276
Transfers in (out)	(61,668)	-	24,825	36,843	-
Total other financing sources (uses)	267,637	-	24,825	36,843	329,305
NET CHANGE IN FUND BALANCES	1,545,065	70,370	(46,161)	75,390	1,644,664
FUND BALANCES, BEGINNING OF YEAR	6,404,664	233,076	46,161	406,900	7,090,801
FUND BALANCES, END OF YEAR	$ 7,949,729	$ 303,446	$ -	$ 482,290	$ 8,735,465

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF TAKOMA PARK, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES FUND BALANCES OF THE GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$	1,644,664
Amounts reported for governmental activities in the statement of activities are different because:		
The issuance of long-term debt provides current financial resources to governmental funds; however it is not reported as revenue in the statement of activities.		(220,029)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense $(1,148,182) exceeds outlay $776,742 in the period.		(371,440)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year). This year, vacation leave earned exceeded amounts used by $49,765.		(49,765)
Long-term debt repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of long-term debt repayments for fiscal year 2008.		919,207
Interest expense in the statement of activities differs from the amount reported in governmental funds due to the net decrease in accrued interest.		5,151
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets		(103,755)
The net effect of various transactions involving revenues and expenses is to decrease net assets		(40,910)
Net pension obligation is not an expenditure in the governmental funds until paid, whereas they are expensed in the statement of activities when occurred.		(2,828)
CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS	$	1,780,295

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF TAKOMA PARK, MARYLAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and utility fees	$ 12,096,745	$ 12,096,745	$ 12,573,318	$ 476,573
Licenses and permits	57,654	57,654	45,470	(12,184)
Fines and forfeitures	176,000	176,000	213,197	37,197
Use of money and property	200,000	200,000	353,747	153,747
Charges for services	848,880	848,880	831,249	(17,631)
Intergovernmental	4,586,765	4,586,765	4,762,643	175,878
Miscellaneous	105,000	152,020	157,676	5,656
Total revenues	18,071,044	18,118,064	18,937,300	819,236
EXPENDITURES				
Current:				
General government	4,106,038	3,916,524	2,994,878	921,646
Public safety	5,419,384	5,414,404	5,349,349	65,055
Public works	3,719,850	3,756,870	3,611,130	145,740
Housing and community development	1,518,834	1,523,634	1,277,216	246,418
Recreation and culture	2,584,735	2,584,735	2,324,744	259,991
Capital outlay	1,311,225	1,605,439	931,837	673,602
Debt service	1,032,493	1,178,487	1,170,718	7,769
Total expenditures	19,692,559	19,980,093	17,659,872	2,320,221
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(1,621,515)	(1,862,029)	1,277,428	3,139,457
OTHER FINANCING SOURCES (USES)				
Capital lease	-	219,679	220,029	350
Sale of capital assets	229,500	109,550	109,276	(274)
Proceeds from transfers to:				
Community Center	-	(30,000)	(24,825)	5,175
Special Revenue	(121,198)	(121,198)	(36,843)	84,355
Total other financing sources (uses)	108,302	178,031	267,637	89,606
NET CHANGE IN FUND BALANCE	(1,513,213)	(1,683,998)	1,545,065	3,229,063
FUND BALANCE, BEGINNING OF YEAR	6,404,664	6,404,664	6,404,664	-
FUND BALANCE, END OF YEAR	$ 4,891,451	$ 4,720,666	$ 7,949,729	$ 3,229,063

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF TAKOMA PARK, MARYLAND
STORMWATER MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 360,000	$ 360,000	$ 374,101	$ 14,101
Miscellaneous	5,000	5,000	21,053	16,053
Total revenues	365,000	365,000	395,154	30,154
EXPENDITURES				
Public works	256,084	256,084	251,424	4,660
Capital outlay	100,000	100,000	73,360	26,640
Total expenditures	356,084	356,084	324,784	31,300
Excess of revenues over expenditures	8,916	8,916	70,370	61,454
NET CHANGE IN FUND BALANCE	8,916	8,916	70,370	61,454
FUND BALANCE, BEGINNING OF YEAR	233,076	233,076	233,076	-
FUND BALANCE, END OF YEAR	$ 241,992	$ 241,992	$ 303,446	$ 61,454

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

CITY OF TAKOMA PARK, MARYLAND
COMMUNITY CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental - grants and contracts	$ -	$ -	$ 520	$ 520
Program open space funds	-	-	-	-
Total revenues	-	-	520	520
EXPENDITURES				
Construction costs	-	76,161	71,506	4,655
Total expenditures	-	76,161	71,506	4,655
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	(76,161)	(70,986)	5,175
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	-	30,000	24,825	(5,175)
Total other financing sources (uses)	-	30,000	24,825	(5,175)
NET CHANGE IN FUND BALANCE	-	(46,161)	(46,161)	-
FUND BALANCE, BEGINNING OF YEAR	46,161	46,161	46,161	-
FUND BALANCE, END OF YEAR	$ 46,161	$ -	$ -	$ -

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2008

	Total
ASSETS	
Cash and cash equivalents	$ 132,978
Investments, at fair value:	
Domestic equities	2,817,096
Corporate bonds	1,656,436
Total investments	4,473,532
TOTAL ASSETS	$ 4,606,510
NET ASSETS	
Held in trust for pension benefits	$ 4,606,510

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2008

	Total
ADDITIONS	
Employer contributions	$ 662,988
Plan member contributions	163,645
Total contributions	826,633
Investment income	(111,157)
Less investment expenses	-
Net investment income	(111,157)
Total additions	715,476
DEDUCTIONS	
Benefit and refunds paid	414,693
Administrative expenses	82,016
Total deductions	496,709
CHANGE IN NET ASSETS	218,767
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	4,387,743
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	$ 4,606,510

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. A summary of significant accounting policies followed by the City are presented below.

REPORTING ENTITY

The City of Takoma Park, Maryland (the City) was incorporated in 1890 with its legal authority derived from Chapter 310, Section 2 of the Annotated Code of Maryland. The City is to be construed to mean both the City and its inhabitants. Since inception, the City has operated under the Council-Manager form of government. Services provided include refuse, streets and drainage, recreation and parks, police, planning, community development, and housing services.

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting entity includes the Mayor and City Council, the primary government and the following fiduciary funds.

City of Takoma Park Police Employees' Retirement Plan (Pension Trust)
City of Takoma Park Employees 401(a) Plan (Defined Contribution Plan)

The City has no component units as defined by generally accepted accounting principles.

Additional information and actuarial reports for the pension plan and additional plan information for the 401(a) plan may be obtained from the City Clerk's office, 7500 Maple Avenue, Takoma Park, Maryland 20912.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Changes in Net Assets report information on all of the non-fiduciary activities of the City. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are that interfund services provided and used are not eliminated in the process of consolidation. Governmental activities are those which are supported by taxes and intergovernmental revenues, whereas business-type activities are those supported through customer service charges. The City does not have any business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those specifically associated with a program or function. Program revenues include charges for services and grants and contributions restricted to the capital or operational requirements of specific programs or functions. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

Separate financial statements are shown for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized in the year of levy and grants are recognized when all eligibility requirements are met. For pension trust funds, employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Governmental fund statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction that can be determined and available means collected within 60 days of the year-end. Expenditures are recorded when the related liability is incurred as in the accrual basis of accounting. However, principal and interest on long-term debt and expenditures for compensated absences are recorded when the payments are due.

Those revenues susceptible to accrual are property taxes, taxes collected by the state and county on behalf of the City, franchise taxes, revenues from other agencies, interest revenue and charges for services. Fines and forfeitures, licenses, permits, penalties and interest (on property taxes) and other revenues become measurable and available when cash is received by the City and are recognized as revenue at that time.

The City has three major governmental funds: the General, the Stormwater Management and the Community Center Funds. The General Fund accounts for the normal recurring activities of the City such as police, public works, recreation and parks, general government, etc. These activities are financed primarily by property taxes, other taxes, service charges and grants from other governmental units. The Stormwater Management Fund was established to track the financial activity related to construction of the City's storm water management facilities. The Community Center Fund accounts for the financial activity related to the construction of the City's Community Center.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months at the time of purchase. Cash deposits of the City are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping of these deposits.

Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, obligations of federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the State of Maryland. The pension Trust Funds are also authorized to invest in corporate bonds and notes, preferred stocks and common stocks. Investments are reported at fair value. Net assets available for benefits used to calculate the unfunded pension obligation in the Pension Trust Funds are also reported at fair value.

Receivables and Payables

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

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

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

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

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure such as roads, storm drains and pipe systems, are reported in the governmental fund in the government-wide financial statements. In accordance with GASB 34 the City has included infrastructure. The City defines capital assets as those which have an individual acquisition cost or donated value of at least $5,000 except for infrastructure which is $100,000 and an estimated useful life of three years or more. Such assets are valued at historical or estimated historical cost if actual is not available. Donated assets are stated at their donated value at the date of donation. The cost of normal maintenance and repairs that do not add value or extend asset lives are not capitalized.

Expenditures for major assets and improvements are capitalized as the assets are acquired or constructed. Interest on debt during the construction period is capitalized. Exhaustible capital assets are depreciated, which is charged as an expense against their operations. Accumulated depreciation is reported in the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows

Buildings	20 - 40 years
Improvements other than buildings	25 - 50 years
Equipment	4 - 10 years
Infrastructure	25 - 50 years

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. In the governmental fund financial statements, the face amount of newly issued debt is reported as other financing sources and the amount of principal repayment is reported as an expenditure.

Compensated Absences

Vested or accumulated vacation is accrued when earned by employees and a liability is recorded in the government-wide financial statements. No liability is recorded for nonvesting accumulated rights to receive sick pay benefits as the City does not pay these amounts when employees separate from service.

The City pays outstanding vacation leave at separation. The accrual is included in “non-current liabilities” in the government-wide statements and is $442,869. A liability for vacation pay is recorded in the governmental fund financial statements only if they are due and payable.

In prior years, the General Fund was typically used to liquidate the liability for compensated absences.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)

Net Assets/Fund Equity

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital (net of related debt), restricted and unrestricted.

- *Invested in capital assets, net of related debt* - This category groups all capital assets including infrastructure into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.

- *Restricted net assets* - This category presents external restrictions imposed by creditors, grantors or laws and regulations of other governments.

- *Unrestricted net assets* - This category presents the net assets of the City not included elsewhere.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent management's tentative plans for their usage. These plans are subject to change.

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. Prior to July 1, the budget is legally enacted through passage of an ordinance.

2. The budget ordinance becomes effective July 1 and provides spending authority for the operations of the City Government.

3. In compliance with the City Charter, an amount (not less than 2% of total budgeted revenue) is included as part of the proposed expenditures as the unappropriated reserve, and a general expenditure contingency (equal to at least 0.5% of total budgeted revenue) is also budgeted. The account is maintained to meet extraordinary or unanticipated expenditures as directed by the Council.

4. Subsequent to passage of the budget ordinance, the City Council may approve supplemental expenditures.

5. At the end of the fiscal year, unencumbered appropriations lapse.

6. The annual budgets for the General, Stormwater Management, Community Center, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary control is maintained at the fund level.

7. The budget information presented in the accompanying basic financial statements includes all budget ordinances and amendments as approved by the Mayor and City Council for the fiscal year ending June 30, 2008.

NOTE 2 – CASH AND INVESTMENTS

A. Cash on Hand

At year-end, cash on hand for petty cash and change funds was $1,376.

B. Deposits

At year-end, the carrying amount of the City of Takoma Park (the City) deposits was $938,878 and the corresponding bank balances were $991,976. Of the bank balance, $100,000 was covered by Federal Depository Insurance and $891,976 was covered by collateral held in the pledging bank's trust department in the City's name. The City was not exposed to custodial credit risk as of June 30, 2008. The City has a contractual arrangement with the bank for funds to be transferred daily from investment in a repurchase agreement to cover checks as presented.

C. Investments

At June 30, 2008, the City's investment balances by type were as follows:

			Investment Maturities (in Year)		
	Credit Rating	Fair Value	Less than 1	1-5	More than 5
Repurchase agreements	AAA	$ 3,339,257	$ 3,339,257	$ -	$ -
Maryland Local Government Investment Pool	AAAm	3,757,688	3,757,688	-	-
Money Market Mutual Funds*	AAAm	132,978	132,978	-	-
Domestic Equities*	Not Rated	2,817,096	-	-	2,817,096
Corporate Bonds*	**	1,656,436	-	-	1,656,436
U.S. Government Agency Bonds	AAA	1,564,584	-	1,564,584	-
Total investments		$ 13,268,039	$ 7,229,923	$ 1,564,584	$ 4,473,532

* Included in Fiduciary Funds.
** 78.6% of portfolio is rated AAA; 5.7% is rated AA; 8.4% is rated A and 7.4 % is rated BBB.

D. Reconciliation of cash and investments as shown on the Statement of Net Assets:

Cash on hand	$ 1,376
Carrying amount of deposits	938,878
Carrying amount of investments	13,268,039
Total cash and investments	$14,208,293
Less amounts in fiduciary funds	4,606,510
Total cash and investments per Statement of Net Assets	$ 9,601,783
Cash and cash equivalents	$ 940,254
Investments	8,661,529
Total cash and investments per Statement of Net Assets	$ 9,601,783

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investment rate risk
Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. To limit the City's exposure to fair value losses arising from increasing interest rates, the City's investment policy limits the term of investment maturities except in the fiduciary funds, for which longer term maturities are allowed to match the cash flow of liabilities. The City's management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original cost for that purpose. The investments at June 30, 2008 met the City's investment policy as of that date.

Investment income includes the following for the year ended June 30, 2008:

Total net investment income per Statement of Activities	$ 353,747

Credit Risk
The City invests in the Maryland Local Government Investment Pool (MLGIP) which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland. The MLGIP seeks to maintain a constant value of $1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a $1.00 per unit constant value. The City's policy is to attain a rate of return consistent with credit risk. All investments in U.S. Government Agencies Bonds are rated AAA by Standard & Poor's. The MLGIP is rated AAAm by Standard & Poor's. The repurchase agreements are guaranteed by financial institutions that are rated AAA by Standard & Poor's. The City places no limit on the amount the City may invest in any one issuer. The Fiduciary Funds investments have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long term total return consistent with the level of risk assumed.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The City's investments were $3,339,257 in repurchase agreements, $3,757,688 in MLGIP and $6,171,094 in direct securities. At June 30, 2008, all of the City's investments were insured or registered, or for which the securities were held by the City or its agent in the City's name or were invested in the MLGIP.

NOTE 3 – PROPERTY TAXES

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

The real and personal property tax rate for fiscal year 2008 was $0.61 per $100 and $1.525 per $100, respectively, of assessed value. The City charges taxpayers interest (at the rate of 2/3 of 1% per month) and penalties (at the rate of 1% per month) on all overdue taxes.

Property tax revenues are recognized in the year levied and when they become available, including amounts expected to be collected soon enough after the end of the year to be used to pay liabilities of the current period (estimated by the City as 60 days). At June 30, 2008 taxes receivable, net of an allowance for uncollectibles of $75,020 amounted to $231,253.

NOTE 4 – NOTES RECEIVABLES, NET

Notes receivable recorded in the non-major funds consist mainly of below market interest rate loans made to City homeowners of low and moderate income through the rehabilitation loan and grant program, for the purpose of conforming their homes to locally adopted codes. These notes are amortized over periods in excess of one year and, therefore, a reservation of fund balance has been provided to reflect the non-current nature of these receivables (see Note 10). At June 30, 2008, notes receivable – Rehabilitation Fund, net of allowances for uncollectibles of $2,233 amounted to $34,733.

NOTE 5 – DEFERRED/UNEARNED REVENUES

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

	Unavailable	Unearned	Total
Income taxes, General Fund	$ 624,436	$ -	$ 624,436
Property taxes receivable, General Fund	106,360	-	106,360
Charges for services, General Fund	24,058	-	24,058
Stormwater receivable	22,091	-	22,091
Grant funds in excess of expenditures			
General Fund	-	34,559	34,559
Special Revenue Fund	-	9,318	9,318
Total	$ 776,945	$ 43,877	$ 820,822

NOTE 6 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The General Fund periodically advances funds to the Special Revenue Fund and the Community Center Fund to cover operating cash deficits. In addition, transfers are used to move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

During the year ended June 30, 2008, transfers were made to the Special Revenue Fund in the amount of $36,843 to provide the required matching funds for federal grants and $24,825 was transferred to the Community Center Fund.

The balances at June 30, 2008 of individual fund interfund borrowings were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	$ 157,645	$ 340,321
Stormwater Management Fund	308	354,611
Community Center	339,733	207,356
	497,686	902,288
Non-major funds:		
Rehabilitation Loans and Grants	-	3,342
Special Revenue	407,944	-
	407,944	3,342
Total	$905,630	$905,630

NOTE 7 – DUE FROM OTHER GOVERNMENTS

The June 30, 2008 balance of due from other governments is as follows:

State of Maryland:	
Income tax	$ 174,113
Income tax reserve	624,437
Highway user tax	130,938
Montgomery County - grants	31,250
Montgomery County - franchise fees	96,673
Other	144,239
Total	$ 1,201,650

NOTE 8 – CAPITAL ASSETS AND OTHER PROPERTY

A summary of changes in capital assets during fiscal year 2008 follows:

	Balance June 30, 2007	Additions	Transfers	Deletions	Balance June 30, 2008
Capital assets (not being depreciated)					
Land	$ 1,576,632	$ -	$ -	$ (156,000)	$ 1,420,632
Construction in progress	334,928	-	(334,928)	-	-
Total non-depreciable capital assets	1,911,560	-	(334,928)	(156,000)	1,420,632
Capital assets (being depreciated)					
Buildings	14,230,798	71,506	334,928	-	14,637,232
Improvements other than buildings	1,175,982	200,524	-	-	1,376,506
Equipment	4,142,715	504,712	-	(254,561)	4,392,866
Infrastructure	15,142,569		-	-	15,142,569
Total depreciable capital assets	34,692,064	776,742	334,928	(254,561)	35,549,173
Total assets at cost	36,603,624	776,742	-	(410,561)	36,969,805
Less – accumulated depreciation for:					
Buildings	(1,993,160)	(133,249)	-	-	(2,126,409)
Improvements other than buildings	(707,136)	(43,677)	-	-	(750,813)
Equipment	(2,083,360)	(456,879)	-	197,530	(2,342,709)
Infrastructure	(8,386,922)	(514,377)	-	-	(8,901,299)
Total accumulated depreciation	(13,170,578)	(1,148,182)	-	197,530	(14,121,230)
Total capital assets	$ 23,433,046	$ (371,440)	$ -	$ (213,031)	$ 22,848,575

Depreciation expense was charged to function/programs in governmental activities as follows:

General government	$ 254,479
Public safety	140,892
Public works	716,940
Recreation and culture	35,871
	$ 1,148,182

NOTE 9 – NON-CURRENT LIABILITIES

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2008:

	Balance June 30, 2007	Increase	Decrease	Balance June 30, 2008	Due Within One Year	Coupon Interest Rate	Date of Maturity
Notes payable:							
Long-term note – Maryland Industrial and Commercial Redevelopment Fund (MICRF)	$ 17,260	$ -	$ (5,000)	$ 12,260	$ 5,000	0.00%	February 2011
Loan payable – Montgomery County	105,000	-	(50,000)	55,000	55,000	0.00%	June 2009
Other long-term liabilities:							
Bonds payable	176,500	-	(176,500)	-	-	5.98%	September 2007
Bonds payable	1,678,600	-	(81,900)	1,596,700	85,300	3.50%	May 2022
Bonds payable	1,388,077	-	(308,462)	1,079,615	308,462	3.34%	July 2011
Bonds payable	2,413,500	-	(97,500)	2,316,000	100,500	3.75%	May 2025
Capital lease payable	134,624	-	(58,253)	76,371	60,772	4.24%	September 2009
Capital lease payable	406,960	-	(92,271)	314,689	98,316	6.55%	December 2010
Capital lease payable	-	220,029	(49,321)	170,708	38,993	6.05%	April, 2012
Net pension obligation	35,349	2,828	-	38,177	-		
Accrued obligations for compensated absences	393,104	518,447	(468,682)	442,869	97,734		
Total non-current liabilities	$ 6,748,974	$ 741,304	$ (1,387,889)	$ 6,102,389	$ 850,077		

A. Notes and Bonds

On February 3, 2003, the City and State renegotiated the remaining balance of a MICRF loan. Under the new terms, the loan has a 0.0% interest rate and matures in February 2011. The principal is to be repaid in eight annual installments of $5,000 and one final payment of $2,260.

Fiscal Years	Principal
2009	5,000
2010	5,000
2011	2,260
Total	$ 12,260

The City entered into a Memorandum of Understanding Agreement with Montgomery County, Maryland during fiscal year 2000 related to certain infrastructure repair work in the area of Pinecrest. Under this agreement, the County made an interest free loan to the City in the amount of $455,000 to be used for the infrastructure repair work. As repayment by the County, the County will reduce its annual Municipal Tax Duplication payments to the City for a period of nine years beginning in fiscal year 2000.

NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)

The reductions will be made as follows:

Fiscal Years	
2009	$ 55,000

In 1995, the City borrowed $315,000 to purchase property located in Takoma Junction. The original loan was refinanced in 1998. In 2005, the maturity date of the loan was extended until September 15, 2007. The extension provided for an annual payment of $20,167 at an interest rate of 6.00% with a balloon payment due at maturity. The loan was repaid during the year ended June 30, 2008 and the outstanding balance is $0.

On April 16, 2002, the City participated in a bond issuance with the Maryland Department of Housing and Community Development in the amount of $2,048,700 to be used for the construction of a community center. The principal is to be repaid in variable amounts increasing each year until bond is paid. Principal payment is based on variable interest rate. The interest rate at June 30, 2008 was 4.80%.

The annual installments for the repayment of the bond as of June 30, 2008 are as follows:

Fiscal Years	Principal	Interest	Total
2009	$ 85,300	$ 70,523	$ 155,823
2010	87,100	67,367	154,467
2011	92,500	64,014	156,514
2012	96,500	60,360	156,860
2013	99,300	56,500	155,800
2014 – 2018	571,200	214,353	785,553
2019 – 2022	564,800	69,105	633,905
Total	$ 1,596,700	$ 602,222	$ 2,198,922

NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)

On July 15, 2004 the City issued bonds in the amount of $2,005,000 to be used for street improvement construction projects. The principal is to be repaid with semi-annual payments of $154,231 at a 3.34% interest rate.

The annual installments for the repayment of the bond as of June 30, 2008 are as follows:

Fiscal Years	Principal	Interest	Total
2009	$ 308,462	$ 33,484	$ 341,946
2010	308,462	23,481	331,943
2011	308,462	12,878	321,340
2012	154,229	2,576	156,805
Total	$ 1,079,615	$ 72,419	$ 1,152,034

On May 26, 2005 the City issued bonds in the amount of $2,600,000 to be used for the community center construction project. The principal is to be repaid in variable amounts, increasing each year until the bond is paid. Principal payment is based on variable interest rates. The interest rate at June 30, 2008 was 4.45%.

The annual installments for the repayment of the bond as of June 30, 2008 are as follows:

Fiscal Years	Principal	Interest	Total
2009	100,500	98,248	198,748
2010	103,500	94,278	197,778
2011	107,000	90,190	197,190
2012	110,500	85,696	196,196
2013	114,500	81,055	195,555
2014 – 2018	640,000	329,527	969,527
2019 – 2023	779,500	183,856	963,356
2024 – 2025	360,500	24,230	384,730
Total	$ 2,316,000	$ 987,080	$ 3,303,080

B. Capital Lease

The City has entered into three capital lease agreements for the purchase of equipment. The equipment underlying these agreements is police equipment with an original cost of $1,125,917 and a book value net of accumulated depreciation of $624,347. The minimum lease payments as of June 30, 2008 are as follows:

NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)

Fiscal Year	Police Equipment
2009	231,089
2010	183,959
2011	168,249
2012	49,322
Total payments	632,619
Interest portion	(70,851)
Present value of lease payments	$ 561,768

NOTE 10 – FUND BALANCES

The fund balance of the governmental funds is reserved for the following:

	General Fund	Stormwater Management Fund	Non-major Funds
Notes receivable	$ -	$ -	$ 34,733
Emergency assistance	-	3,284	-
Equipment replacement	1,266,746	-	-
Emergency	361,955	-	-
Streets	43,337		
Capital expenditures	-	-	447,557
Total	$ 1,672,038	$ 3,284	$ 482,290

The City has reserved $1,266,746 and $361,955 at June 30, 2008 for equipment replacement and emergency, respectively, in compliance with the City Charter. The Charter requires a reservation for replacement of major pieces of equipment whose cost is a minimum of 5% of annual General Fund revenues. The Charter also requires a minimum reservation of $250,000 to cover emergencies, plus a percentage increase each year, equal to the percentage increase in the Consumer Price Index. Amounts are to be used for future equipment replacement and emergencies as deemed necessary by the Mayor and City Council. The City has reserved $447,557 for cable equipment expenditures.

The fund balance of the Non-major - Rehabilitation Fund is reserved for the non-current nature of notes receivable in the amount of $34,733.

NOTE 10 – FUND BALANCES (CONTINUED)

The emergency assistance fund was established by the City Council in fiscal year 2001. The purpose of the Fund is to provide financial assistance to the City residents for temporary housing, medical assistance, utility payments, food, clothing, etc. At June 30, 2008, the balance of the fund was $3,284.

NOTE 11 – RETIREMENT PLANS

A. Description of Plans

The State of Maryland identifies multiple-employer defined benefit pension plans as cost-sharing plans.

On October 1, 1941, the Employees' Retirement System of the State of Maryland was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established.

The Employees Pension System of the State of Maryland (Pension System) was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System. The Employees Contributory Pension System of the State of Maryland (Contributory Pension System) was established July 1, 1998. As of July 1, 1999, and retroactively to July 1, 1998, the City elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

Under the terms of the Retirement System, a member may retire with full benefits upon attaining age 60 or after completing 30 years of eligible service regardless of age. A member may retire with reduced benefits prior to attaining age 60 after completing 25 years of eligible service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested retirement allowance upon age 60.

Under the terms of the Contributory Pension System, a member may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least five years of service. An employee may also take early retirement with reduced benefits at age 55 with 15 years of service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62.

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service multiplied by a factor. This factor varies from 1.2% to 2.0% per eligible service year, depending on employee/employer contributions and other plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

NOTE 11 – RETIREMENT PLANS (CONTINUED)

A. Description of Plans (Continued)

Benefits under the two plans are established under the State Personnel and Pensions Article of the Annotated Code of Maryland.

The State Retirement and Pension System of Maryland issues a comprehensive annual financial report that includes disclosures regarding: actuarial value of assets; total actuarial accrued liability; unfunded actuarial accrued liability, if any; and funded liability ratio. This report can be obtained from the agency's office as follows:

State Retirement and Pension System of Maryland
120 E. Baltimore Street, Suite 1601
Baltimore, Maryland 21202-1600

Funding Policy
Obligations to contribute to the plans are under the Annotated Code of Maryland. Members of the three plans contribute a percentage of their gross employee compensation. For the Retirement System and Contributory Pension System, members contribute 7 percent, 2 percent and 3 percent. Contribution rate to the Contributory Pension System was 4 percent for fiscal year 2008 and will be 5 percent for each fiscal year thereafter.

Required contributions under the plans are not funded by employee contributions but are funded entirely by the City. Contributions by the City to all three State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The City contributions for the year ending June 30, 2008 are based on salaries for the year ending June 30, 2007. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The required and actual contributions for the fiscal years ending June 30th were as follows and are determined on an actuarially determined basis:

	Fiscal Year Ending June 30		
	2008	2007	2006
Retirement plan contributions	$ 457,493	$ 397,396	$ 322,558

B. City of Takoma Park Police Employees' Retirement Plan

General
This Retirement Plan is a single-employer contributory defined benefit pension plan established by City ordinance. The plan is governed by the City of Takoma Park which is responsible for the management of plan assets. The City has delegated the authority to manage plan assets to PNC Institutional Investments, formerly Mercantile - Safe Deposit & Trust Company.

Basis of Accounting
The Plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)

B. City of Takoma Park Police Employees' Retirement Plan (Continued)

Method Used to Value Investments
Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated values.

Plan Membership
As of July 1, 2008, the pension plan's membership consisted of:

Active employees	42
Retirees and beneficiaries currently receiving benefits	15
Terminated employees entitled to benefits but not yet receiving them	1
Total	58

Contribution Information and Funding Policy

The Plan covers sworn police officers who are employed on a regular full-time basis. Provisions of the Plan include retirement, disability and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided annually as prescribed by the City Code.

Contributions to the Plan made by the City are based on an actuarially determined rate. The police officers contribute to the Plan based on 7% of salaries. Member's actual contributions were $163,645 at June 30, 2008. Administrative costs are financed through investment earnings.

The contribution requirements of the City are established and may be amended by the City Council. The actuarially required contribution rate and the amount paid into the Plan for the years ended June 30, 2008, 2007 and 2006 were $651,866; $611,405; and $535,092, respectively.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	$ 651,866
Interest on NPO	2,828
Annual pension cost	654,694
Contributions made	(651,866)
Increase in net pension obligation	2,828
Net pension obligation, beginning of year	35,349
Net pension obligation, end of year	$ 38,177

NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)

B. City of Takoma Park Police Employees' Retirement Plan (Continued)

Annual Pension Cost and Net Pension Obligation (Continued)

The annual pension cost for 2008, 2007, and 2006 was $654,694, $620,454, and $542,411, respectively. The percentages of the annual pension cost for 2008, 2007 and 2006 were 99%, 99% and 99%, respectively. The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2006 using the projected unit credit method. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses) and (b) projected salary increases at 5.5% compounded annually per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of assets was determined using the market value method. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The remaining amortization period at June 30, 2001 was 20 years, which is reestablished each year.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the accrued actuarial liability.

Actuarial valuation date:	July 1, 2008
Actuarial value of assets:	$ 4,500,963
Actuarial accrued liability (AAL):	$13,402,672
Total unfunded actuarial accrued liability:	$ 8,901,709
Actuarial value of assets as a percentage of the AAL (funded ratio):	33.6%
Annual covered payroll:	$ 2,383,190
Ratio of unfunded actuarial liability to annual covered payroll:	373.5%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. 457 Deferred Compensation Plan

All employees of the City Government may participate in the deferred compensation plan organized under the Internal Revenue Code Section 457, and administered by the International City Management Association Retirement Corporation ("ICMA-RC"). Under the terms of the plan, participating employees may have a portion of their salaries withheld, subject to limitations imposed by the Internal Revenue Service, and invested in the plan. All taxes are deferred on these contributions and related earnings until the participant terminates from the plan. The City is in compliance with the Internal Revenue Code Section 457(g) requiring all assets and income of the plan to be held in trust for the exclusive benefit of participants and their beneficiaries. Management's involvement with the plan is limited to transferring amounts withheld from payroll to the Plan Administrator. Management has little administrative involvement with the plan and does not perform the investing function for the plan. Accordingly, the fair values of the plan assets are not reflected in the City's financial statements.

NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)

D. Defined Contribution

The City of Takoma Park Governmental Money Purchase Plan & Trust is a defined contribution pension plan established to provide benefits to certain employees. At June 30, 2008, there was one active plan participant. The City is required to contribute 8.8% of the participant's monthly compensation, which averages $844 per month. Plan provisions and contribution requirements are established and may be amended by the City Council. The City's contribution to the plan for the year ended June 30, 2008 was $11,122. The plan administrator is ICMA-RC.

E. Condensed Financial Information

	Pension Trust	Defined Contribution Plan	Total
ASSETS			
Cash and cash equivalents	$ 132,978	$ -	$ 132,978
Total investments	4,367,985	105,547	4,473,532
TOTAL ASSETS	$ 4,500,963	$ 105,547	$ 4,606,510
NET ASSETS - Held in trust for pension benefits	$ 4,500,963	- $ 105,547	4,606,510
ADDITIONS			
Total contributions	$ 815,511	$ 11,122	$ 826,633
Net investment income	(105,303)	(5,854)	(111,157)
Total additions	710,208	5,268	715,476
DEDUCTIONS			
Total deductions	496,709	-	496,709
CHANGE IN NET ASSETS	213,499	5,268	218,767
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	4,287,464	100,279	4,387,743
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	$ 4,500,963	$ 105,547	$ 4,606,510

NOTE 12 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 14 – POST RETIREMENT BENEFITS

The City does not provide and has no liability for post-retirement benefits at June 30, 2008.

NOTE 15 – RISK MANAGEMENT

The City's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance.

For property, general, excess and environmental liability coverage, the City is a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement.

The City pays LGIT an annual premium. Claims are processed and recoveries and administrative costs are paid by LGIT. Similar to a commercial insurance carrier, recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits. No insurance settlement has exceeded the coverage in any of the past three fiscal years.

The City is fully insured for worker's compensation through the Montgomery County Self Insurance Plan. Employees are bonded through commercial insurance carriers to limit the loss to the City in the event of employees committing acts of embezzlement or theft.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF TAKOMA PARK, MARYLAND
REQUIRED SUPPLEMENTAL INFORMATION
POLICE EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
June 30, 2004 – 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit Method (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
July 1, 2008	$ 4,500,963	$ 13,402,672	$ 8,901,709	33.6%	$ 2,383,190	373.5%
July 1, 2007	4,287,464	10,772,448	6,484,984	39.8%	2,204,862	294.1%
July 1, 2006	3,371,139	9,609,655	6,238,516	35.1%	1,961,026	318.1%
July 1, 2005	2,849,268	8,910,824	6,061,556	32.0%	1,919,819	315.7%
July 1, 2004	2,388,059	8,309,009	5,920,950	28.7%	1,876,807	315.5%
July 1, 2003	1,860,531	7,245,960	5,385,429	25.7%	1,856,566	290.1%

POLICE EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
June 30, 2004 – 2008

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2008	$ 651,866	100.0%
June 30, 2007	611,405	100.0%
June 30, 2006	535,092	100.0%
June 30, 2005	456,645	100.0%
June 30, 2004	398,453	100.0%
June 30, 2003	243,810	100.0%

SUPPLEMENTAL INFORMATION

CITY OF TAKOMA PARK, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property				
Real property	$ 8,864,019	$ 8,864,019	$ 9,032,239	$ 168,220
Business or other property	511,044	511,044	550,415	39,371
Penalty and Interest	25,000	25,000	47,447	22,447
Additions and abatements	-	-	(2,221)	(2,221)
Total property	9,400,063	9,400,063	9,627,880	227,817
Local Taxes				
Admission and Amusement	300	300	102	(198)
	300	300	102	(198)
Shared taxes				
Highway	616,382	616,382	585,784	(30,598)
Income tax	2,080,000	2,080,000	2,359,552	279,552
Total shared taxes	2,696,382	2,696,382	2,945,336	248,954
Total taxes	12,096,745	12,096,745	12,573,318	476,573
Licenses and permits	57,654	57,654	45,470	(12,184)
Fines and forfeitures	176,000	176,000	213,197	37,197
Use of Money and Property:				
Interest & dividends	200,000	200,000	353,747	153,747
	200,000	200,000	353,747	153,747
Charges for Services:				
Public Parking	30,000	30,000	21,171	(8,829)
Protective inspection fees	288,000	288,000	317,141	29,141
Waste collection and disposal	65,000	65,000	70,581	5,581
Passport	30,000	30,000	28,339	(1,661)
Recreation	245,500	245,500	254,547	9,047
Library fines and fees	14,000	14,000	20,106	6,106
Other	176,380	176,380	119,364	(57,016)
Total charges for services	848,880	848,880	831,249	(17,631)

CITY OF TAKOMA PARK, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008
(Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES (Continued)				
Intergovernmental Revenues:				
Police protection	$ 400,000	$ 400,000	$ 408,564	$ 8,564
In Lieu of Police	2,322,023	2,322,023	2,322,023	-
In Lieu of County Services	678,046	678,046	678,046	-
Police rebate	630,310	630,310	717,308	86,998
Bank share tax	5,643	5,643	5,643	-
Library Aid	119,160	119,160	114,430	(4,730)
Montgomery County Tax	306,583	306,583	391,629	85,046
Takoma/Langley Recreation Center	125,000	125,000	125,000	-
Total intergovernmental revenues	4,586,765	4,586,765	4,762,643	175,878
Miscellaneous revenue - other	105,000	152,020	157,676	5,656
Total revenues	18,071,044	18,118,064	18,937,300	819,236
EXPENDITURES				
General Government:				
Mayor and Council	100,100	121,270	104,471	16,799
City administrator	1,251,102	1,225,906	1,211,249	14,657
Finance	447,566	472,285	398,354	73,931
Law	172,150	232,150	213,650	18,500
Systems Administration	286,494	311,951	307,802	4,149
Other-Unclassified	1,848,626	1,552,962	759,352	793,610
Total general government	4,106,038	3,916,524	2,994,878	921,646
Public Safety:				
Office of the Chief	505,346	505,346	572,862	(67,516)
Communications	407,785	407,785	389,923	17,862
Patrol	3,027,720	3,027,720	2,985,137	42,583
Criminal investigations	821,092	821,092	807,515	13,577
Administration	657,441	652,461	593,912	58,549
Total public safety	5,419,384	5,414,404	5,349,349	65,055
Public Works:				
Administration	269,580	269,580	265,425	4,155
Building Maintenance	719,948	719,948	655,830	64,118
Equipment Maintenance	548,821	548,821	650,460	(101,639)
Right of Way	867,462	867,462	844,549	22,913
Solid Waste Management	746,776	746,776	692,968	53,808
Urban forest/ City Gardens	405,895	442,915	363,316	79,599
City engineer	161,368	161,368	138,582	22,786
Total public works	3,719,850	3,756,870	3,611,130	145,740

CITY OF TAKOMA PARK, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008
(Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Housing and Community Development:				
Administration	$ 1,518,834	$ 1,523,634	$ 1,277,216	$ 246,418
Recreation and Culture:				
Administration	1,276,457	1,276,457	1,074,624	201,833
Library and media	1,308,278	1,308,278	1,250,120	58,158
Total recreation and culture	2,584,735	2,584,735	2,324,744	259,991
Capital Outlay:	1,311,225	1,605,439	931,837	673,602
Debt Service:				
Repayments	1,032,493	1,178,487	1,170,718	7,769
Total debt service	1,032,493	1,178,487	1,170,718	7,769
Total expenditures	19,692,559	19,980,093	17,659,872	2,320,221
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(1,621,515)	(1,862,029)	1,277,428	3,139,457
OTHER FINANCING SOURCES (USES)				
Capital lease	-	219,679	220,029	350
Sale of capital assets	229,500	109,550	109,276	(274)
Proceeds from transfers to:				
Community Center	-	(30,000)	(24,825)	5,175
Special Revenue	(121,198)	(121,198)	(36,843)	84,355
Total other financing sources (uses)	108,302	178,031	267,637	89,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,513,213)	(1,683,998)	1,545,065	3,229,063
APPROPRIATION OF FUND BALANCE	1,513,213	1,683,998	-	(1,683,998)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ -	$ -	$ 1,545,065	$ 1,545,065

CITY OF TAKOMA PARK, MARYLAND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental - grants and contracts	$ 1,082,499	$ 1,184,475	$ 507,515	$ (676,960)
Total revenues	1,082,499	1,184,475	507,515	(676,960)
EXPENDITURES				
General government	100,500	100,500	17,614	82,886
Public safety	292,382	287,331	181,741	105,590
Public works	489,242	576,119	88,031	488,088
Housing and community development	185,971	206,121	27,914	178,207
Recreation and culture	182,179	182,179	29,624	152,555
Capital outlay	-	-	119,134	(119,134)
Total expenditures	1,250,274	1,352,250	464,058	888,192
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(167,775)	(167,775)	43,457	211,232
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	121,198	121,198	36,843	(84,355)
Total other financing sources (uses)	121,198	121,198	36,843	(84,355)
NET CHANGE IN FUND BALANCE	(46,577)	(46,577)	80,300	126,877
FUND BALANCE, BEGINNING OF YEAR	308,562	308,562	367,257	-
FUND BALANCE, END OF YEAR	$ 261,985	$ 261,985	$ 447,557	$ 126,877

CITY OF TAKOMA PARK, MARYLAND
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
June 30, 2008
(With Comparative Totals for 2007)

	Rehabilitation Loans and Grants	Special Revenue Fund	Totals 2008	Totals 2007
ASSETS				
Cash and temporary investments	$ 182,248	$ -	$ 182,248	$ 177,601
Notes receivable, net	34,733	-	34,733	39,643
Other receivables	-	-	-	-
Due from General Fund	-	200,588	200,588	-
Due from other funds	-	207,356	207,356	305,524
Due from other governments	-	103,467	103,467	148,913
Other assets	-	-	-	-
Total assets	$ 216,981	$ 511,411	$ 728,392	$ 671,681
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	-	44,285	44,285	66,749
Accrued expenses	-	2,066	2,066	1,864
Deposits and escrows held	-	8,185	8,185	8,185
Due to other funds	3,342	-	3,342	3,342
Due to other governments	178,906	-	178,906	174,259
Deferred revenue	-	9,318	9,318	10,382
Total liabilities	182,248	63,854	246,102	264,781
Fund Balances				
Reserved for capital improvements	-	447,557	447,557	367,257
Reserved for emergency assistance	-	-	-	-
Reserved for notes receivable	34,733	-	34,733	39,643
Total reserved	34,733	447,557	482,290	406,900
Unreserved (deficit), undesignated	-	-	-	-
Total fund balances	34,733	447,557	482,290	406,900
Total liabilities and fund balances	$ 216,981	$ 511,411	$ 728,392	$ 671,681

CITY OF TAKOMA PARK, MARYLAND
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2008
(With Comparative Totals for 2007)

	Rehabilitation Loans and Grants	Special Revenue Fund	Totals 2008	Totals 2007
Revenues				
Use of money and property - interest income	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-
Intergovernmental grants and contracts	-	507,515	507,515	518,552
Total revenues	-	507,515	507,515	518,552
Expenditures				
General government	4,910	17,614	22,524	107,506
Public safety	-	181,741	181,741	187,249
Public works	-	88,031	88,031	148,461
Housing and community development	-	27,914	27,914	65,373
Recreation and culture	-	29,624	29,624	28,798
Capital outlay	-	119,134	119,134	7,208
Total expenditures	4,910	464,058	468,968	544,595
Excess (deficiency) of revenues over expenditures	(4,910)	43,457	38,547	(26,043)
Other financing sources (uses)				
Operating transfer from General Fund	-	36,843	36,843	1,656
	-	36,843	36,843	1,656
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(4,910)	80,300	75,390	(24,387)
Fund balances - beginning of year	39,643	367,257	406,900	431,287
Fund balances - end of year	$ 34,733	$ 447,557	$ 482,290	$ 406,900

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2008
(With Comparative Totals for 2007)

	Pension Trust	Defined Contribution Plan	Totals 2008	Totals 2007
ASSETS				
Cash and cash equivalents	$ 132,978	$ -	$ 132,978	$ 113,132
Investments, at fair value:				
Domestic equities	2,711,549	105,547	2,817,096	2,784,212
Corporate bonds	1,656,436	-	1,656,436	1,469,152
International equities	-	-	-	21,247
Total investments	4,367,985	105,547	4,473,532	1,233,163
TOTAL ASSETS	4,500,963	105,547	4,606,510	3,455,716
NET ASSETS				
Held in trust for pension benefits	$ 4,500,963	$ 105,547	$ 4,606,510	$ 3,455,716

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2008
(With Comparative Totals for 2007)

	Pension Trust	Defined Contribution Plan	Totals 2008	Totals 2007
ADDITIONS				
Employer contributions	$ 651,866	$ 11,122	$ 662,988	$ 637,288
Plan member contributions	163,645	-	163,645	142,520
Total contributions	815,511	11,122	826,633	779,808
Investment income	(105,303)	(5,854)	(111,157)	563,276
Less investment expenses	-	-	-	5,856
Net investment income	(105,303)	(5,854)	(111,157)	557,420
Total additions	710,208	5,268	715,476	1,337,228
DEDUCTIONS				
Benefit and refunds paid	414,693	-	414,693	361,033
Administrative expenses	82,016	-	82,016	44,168
Total deductions	496,709	-	496,709	405,201
CHANGE IN NET ASSETS	213,499	5,268	218,767	932,027
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	4,287,464	100,279	4,387,743	3,455,716
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	$ 4,500,963	$ 105,547	$ 4,606,510	$ 4,387,743

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's economic condition.

Contents

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial position and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant own-source revenues.

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability for additional debt in the future.

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information
These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in Fiscal Year 2003. The schedules presenting government-wide information include information beginning in that year.

Table 1

CITY OF TAKOMA PARK, MARYLAND
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
(Accrual Basis of Accounting)

	2008	2007	2006	2005	2004	2003
Governmental Activities						
Invested in capital assets, net of related debt	$ 17,227,232	$ 17,112,525	$ 12,220,247	$ 9,053,902	$ 6,361,971	$ 2,465,056
Restricted	1,672,038	1,327,101	1,524,639	4,065,550	1,677,812	1,617,967
Unrestricted	7,439,030	6,118,379	4,210,070	1,228,025	1,697,656	4,913,094
TOTAL PRIMARY GOVERNMENT NET ASSETS	$ 26,388,300	$ 24,558,005	$ 17,954,956	$ 14,347,477	$ 9,737,439	$ 8,996,117

Table 2

CITY OF TAKOMA PARK, MARYLAND
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(Accrual Basis of Accounting)

	2008	2007	2006	2005	2004	2003
EXPENSES						
Governmental activities:						
General government	$ 3,425,823	$ 2,764,025	$ 2,162,783	$2,375,234	$2,543,571	$2,738,005
Public safety	5,797,560	5,214,230	4,726,609	4,520,348	4,374,347	4,115,905
Public works	4,798,252	4,526,174	3,651,129	4,059,898	4,174,364	3,499,188
Housing and community development	1,264,767	1,198,331	1,005,222	917,685	1,214,972	763,328
Recreation and culture	2,526,988	2,540,913	2,170,734	1,966,910	2,209,011	2,006,076
Non-departmental	-	-	656,738	653,907	637,546	981,302
Interest	246,360	250,342	263,379	210,411	106,551	106,606
Total primary government expenses	18,059,750	16,494,015	14,636,594	14,704,393	15,260,362	14,210,410
PROGRAM REVENUES						
Governmental activities:						
Charges for services:						
General government	75,238	39,080	537,608	456,113	40,866	27,163
Public safety	236,428	181,219	190,287	179,322	104,539	130,455
Public works	513,215	840,248	831,409	764,039	340,060	561,748
Housing and community development	346,593	-	614	314,486	204,222	
Recreation and culture	274,653	322,675	249,909	242,363	188,933	221,713
Operating grants and contributions	4,879,649	3,943,472	5,528,750	5,055,228	5,716,825	4,534,872
Capital grants and contributions	43,348	531,460	716,414	2,586,088	986,403	239,970
Total primary government program revenues	6,369,124	5,858,154	8,054,991	9,597,639	7,581,848	5,715,921
Total primary government net expense	(11,690,626)	(10,635,861)	(6,581,603)	(5,106,754)	(7,678,514)	(8,494,489)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS						
Governmental activities:						
Taxes:						
Property taxes	9,627,880	8,764,784	7,901,543	7,630,236	6,634,987	6,112,206
Intergovernmental / unrestricted	3,342,710	3,662,840	1,904,784	1,740,886	1,583,275	1,449,812
Unrestricted investment earnings	353,747	359,342	184,751	130,409	67,832	191,071
Miscellaneous and other	146,584	180,062	198,004	215,261	133,742	630,506
Total primary government	13,470,921	12,967,028	10,189,082	9,716,792	8,419,836	8,383,595
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	$ 1,780,295	$ 2,331,167	$ 3,607,479	$4,610,038	$ 741,322	$ (110,894)

Table 3

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

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved	$ 1,672,038	$ 1,327,101	$ 1,332,550	$ 2,557,101	$ 1,215,933	$ 3,544,556	$ 1,307,162	$ 1,617,180	$ 1,515,530	$ 1,278,372
Unreserved	6,277,691	5,077,563	3,547,946	2,327,990	1,473,475	2,324,994	5,189,348	2,848,592	2,127,869	2,152,176
Total general fund	$ 7,949,729	$ 6,404,664	$ 4,880,496	$ 4,885,091	$ 2,689,408	$ 5,869,550	$ 6,496,510	$ 4,465,772	$ 3,643,399	$ 3,430,548
All other governmental funds										
Reserved	$ 485,574	$ 413,714	$ 439,023	$ 154,361	$ 480,554	$ 250,547	$ 266,497	$ 352,967	$ 1,075,922	$ 426,923
Unreserved										
Stormwater Management	300,162	226,262	143,578	66,384	153,025	244,681				
Community Center	-	46,161		366,485	570,810					
Special Revenue			126	282,459	(506,868)		380,002	214,132	(209,497)	309,416
Rehabilitation Loans & Grants				(395)	95	95				
Other				5,907	5,779	(56,030)				
Total Unreserved	300,162	272,423	143,704	720,840	222,841	188,746	380,002	214,132	(209,497)	309,416
Total all other governmental funds	$ 785,736	$ 686,137	$ 582,727	$ 875,201	$ 703,395	$ 439,293	$ 646,499	$ 567,099	$ 866,425	$ 736,339

Table 4

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
REVENUES										
Property taxes	$ 12,573,318	$ 11,486,637	$ 10,306,405	$ 9,826,025	$ 8,618,452	$ 8,115,007	$ 7,952,305	$ 7,475,316	$ 6,805,093	$ 6,710,193
Licenses and permits	45,470	104,597	62,415	63,610	63,862	31,928	35,720	58,808	62,931	57,548
Fines and forfeitures	213,197	181,219	190,287	179,323	104,539	130,455	70,948	65,199	91,108	95,507
Use of money and property	353,747	359,342	184,751	130,409	67,832	191,072	187,311	326,060	289,274	201,304
Charges for services	831,249	1,108,872	1,007,213	1,136,197	773,186	784,312	704,096	723,073	767,870	742,662
Intergovernmental	4,762,643	5,475,182	6,245,164	7,641,316	6,004,235	4,342,372	4,004,899	5,047,829	3,530,652	3,655,682
Miscellaneous	157,676	174,241	247,158	215,261	382,952	652,055	150,470	168,259	306,543	197,123
Total revenues	18,937,300	18,890,090	18,243,393	19,192,141	16,015,058	14,247,201	13,105,749	13,864,544	11,853,471	11,660,019
EXPENDITURES										
Current:										
General government	2,994,878	2,621,670	2,040,573	1,990,373	2,432,670	2,613,903	1,550,891	1,332,838	1,221,221	1,169,797
Public safety	5,349,349	5,037,668	4,659,466	4,489,515	4,292,117	4,044,399	3,827,164	3,644,243	3,651,666	3,305,933
Public works	3,611,130	3,765,225	3,480,726	3,895,853	3,997,466	3,355,898	2,865,254	4,294,887	3,305,849	2,854,632
Housing/community development	1,277,216	1,189,911	1,003,247	1,112,569	1,212,228	758,430	1,069,886	1,265,699	949,947	986,332
Recreation and culture	2,324,744	2,160,849	2,129,854	2,001,449	2,159,158	1,975,967	2,049,767	1,675,491	1,689,589	1,605,112
Nondepartmental	-	-	395,025	607,466	606,117	403,593	375,403	432,579	461,884	397,504
Capital outlay	931,837	2,029,151	4,127,017	6,958,497	3,943,729	1,110,105	1,033,833	427,335	443,692	666,083
Debt service:										
Principal	919,207	733,584	612,522	205,984	200,317	1,095,680	257,321	212,097	234,769	198,637
Interest	251,511	250,342	249,983	167,946	106,771	103,392	70,642	76,328	87,412	78,369
Total expenditures	17,659,872	17,788,400	18,698,413	21,429,652	18,950,573	15,461,367	13,100,161	13,361,497	12,046,029	11,262,399
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	1,277,428	1,101,690	(455,020)	(2,237,511)	(2,935,515)	(1,214,166)	5,588	503,047	(192,558)	397,620
OTHER FINANCING SOURCES (USES)										
Bond/Loan proceeds	220,029	525,888	-	4,605,000	19,475	380,000	2,104,550	-	555,495	195,699
Sale of property	109,276	-	157,951	-	-	-	-	-	-	-
Transfers in (out)	(61,668)									
Total other financing sources	267,637	525,888	157,951	4,605,000	19,475	380,000	2,104,550	-	555,495	195,699
NET CHANGES IN FUND BALANCES	$ 1,545,065	$ 1,627,578	$ (297,069)	$ 2,367,489	$ (2,916,040)	$ (834,166)	$ 2,110,138	$ 503,047	$ 362,937	$ 593,319
Debt service as a percentage of noncapital expenditures	6.93%	6.03%	5.81%	2.58%	2.05%	8.36%	2.72%	2.23%	2.78%	2.61%

Table 5

CITY OF TAKOMA PARK, MARYLAND
GENERAL FUND TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Utility and Personal Property	Penalties and Interest on Delinquent Tax	Additions and Abatements	Amusement Tax	Income Tax	Highway Tax	Total
2008	$ 9,032,239	$ 550,415	$ 47,447	$ (2,221)	$ 102	$ 2,359,552	$ 585,784	$12,573,318
2007	8,232,645	535,626	78,387	18,071	420	2,016,347	605,141	11,486,637
2006	7,369,473	490,667	10,325	(58,142)	486	1,904,784	588,812	10,306,405
2005	6,923,415	575,799	41,668	13,532	108	1,740,886	530,617	9,826,025
2004	6,054,625	608,613	39,162	(16,389)	38	1,583,275	349,128	8,618,452
2003	5,680,412	472,828	30,964	70,071	-	1,449,812	410,920	8,115,007
2002	5,201,068	540,974	62,561	209,476	19	1,506,694	431,513	7,952,305
2001	4,848,513	668,769	34,374	26,739	88	1,465,976	430,857	7,475,316
2000	4,637,051	395,769	28,470	(8,781)	885	1,337,548	414,151	6,805,093
1999	4,665,438	376,862	18,160	8,184	856	1,235,417	405,276	6,710,193

Source: City's financial records.

Table 6

CITY OF TAKOMA PARK, MARYLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections and Credits	Percent of Levy Collected	Delinquent Tax Collections and Credits	Total Tax Collections and Credits	Percent of Total Tax Collections to Tax Levy
2008	$ 8,959,820	$ 8,881,476	99.1%	$ 13,565	$ 8,895,041	99.3%
2007	8,730,162	8,649,985	99.1	-	8,649,985	99.1
2006	7,747,197	7,674,253	99.0	-	7,674,253	99.0
2005	7,415,063	7,322,124	98.7	-	7,322,124	98.7
2004	6,659,214	6,551,640	98.4	31,938	6,583,578	98.9
2003	6,245,222	6,190,738	99.1	13,056	6,203,794	99.3
2002	5,757,152	5,487,781	95.3	245,526	5,733,307	99.6
2001	5,517,282	5,228,045	94.8	267,105	5,495,150	99.6
2000	5,032,820	4,905,604	97.5	73,520	4,979,124	98.9
1999	5,042,300	4,908,528	97.4	104,575	5,013,103	99.4

Source: City's Finance Department.

Table 7

CITY OF TAKOMA PARK, MARYLAND
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

	Real Property		Public Utilities		Personal Property		Total		Ratio of Total Assessed to Total	Total Direct Tax Rate
Fiscal Year	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	Estimated Actual Value (3)	
2008	$1,480,266,902	$1,480,266,902	$10,139,630	$10,139,630	$24,076,170	$24,076,170	$1,514,482,702	$1,514,482,702	100	0.610
2007	1,305,972,838	1,305,972,838	10,406,020	10,406,020	21,500,830	21,500,830	1,337,879,698	1,337,879,698	100	0.630
2006	1,159,577,994	1,159,577,994	9,507,450	9,507,450	20,828,000	20,828,000	1,189,913,444	1,189,913,444	100	0.630
2005	1,040,717,919	1,040,717,919	10,670,330	10,670,330	22,440,290	22,440,290	1,073,828,539	1,073,828,539	100	0.660
2004	934,275,038	934,275,038	10,708,000	10,708,000	24,642,630	24,642,630	969,625,688	969,625,688	100	0.660
2003	869,676,011	869,676,011	10,930,630	10,930,630	19,263,630	19,263,630	899,870,271	899,870,271	100	0.642
2002	815,876,168	815,876,168	12,151,340	12,151,340	20,199,252	20,199,252	848,226,760	848,226,760	100	0.068
2001	306,615,639	766,539,098	11,178,318	11,178,318	18,618,660	18,618,660	336,412,617	796,336,076	42.2	1.605
2000	293,484,215	733,710,538	11,421,013	11,421,013	13,627,658	13,627,658	318,532,886	758,759,209	41.9	1.580
1999	295,280,886	738,202,215	11,015,253	11,015,253	12,836,772	12,836,772	319,132,911	762,054,240	41.9	1.580

(1) Property owned by the City, other governments, churches and schools is exempt. No estimate of exempt property is included.
(2) Personal property and public utilities are assessed at 100% of estimated actual value.
(3) Prior to FY 2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY 2002 assessed values reflect the conversion to full value assessment of real property.
(4) Effective July 1, 1997, the citizens of Takoma Park, which was located partly in Montgomery County and partly in Prince George's County, voted by referendum to have the City located entirely in Montgomery County.

Source: State of Maryland Department of Assessment and Taxation.

Table 8

CITY OF TAKOMA PARK, MARYLAND
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Per $100 of Assessed Value)

			Taxes Rates [1]					
Fiscal Year	Takoma Park General [3]	Takoma Park Fire Service	State of Maryland	Montgomery County	Maryland-National Capital Park and Planning Commission	Transit District	Recreation Areas	Total [2]
2008	$ 0.6100	$ -	$ 0.1120	$ 0.6270	$ 0.0780	$ 0.0580	$ 0.0240	$ 1.5090
2007	0.6300	-	0.1120	0.6240	0.0780	0.0530	0.0240	1.5210
2006	0.6300	-	0.1320	0.6790	0.0840	0.0420	0.0250	1.5920
2005	0.6600	-	0.1320	0.7340	0.0800	0.0440	0.0250	1.6750
2004	0.6600	-	0.1320	0.7510	0.0810	0.0440	0.0220	1.6900
2003	0.6600	-	0.0840	0.8710	0.0870	0.0380	0.0200	1.7600
2002	0.6420[3]	-	0.0840	0.8500	0.0910	0.0500	0.0270	1.7440
2001	1.6050	-	0.2100	2.1500	0.2230	0.1000	0.0690	4.3570
2000	1.5800	-	0.2100	2.1530	0.2190	0.1020	0.0670	4.3310
1999	1.5800	-	0.2100	2.1860	0.2180	0.1020	0.0620	4.3580

(1) In dollars per $100 of assessed value.
(2) On July 1, 1997 (fiscal year 1998), the City of Takoma Park was unified into one county, Montgomery County.
(3) Prior to FY 2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY 2002 tax rates reflect the conversion to full value assessments of real property. Personal property and public utility rates are presented in parenthesis.

Source: State of Maryland Department of Assessment and Taxation.

Table 9

CITY OF TAKOMA PARK, MARYLAND
COMPUTATION OF LEGAL DEBT MARGIN
Year Ended June 30, 2008

Fiscal year 2008 real property assessed value	$ 1,480,266,902
Debt limit - 100% of assessed value	1,480,266,902
Amount of debt applicable to debt limit - legal debt margin	5,621,343
Legal debt margin	$ 1,474,645,559

SECTION 823 - AUTHORIZATION TO BORROW MONEY

(a) The Council of Takoma Park shall have the power to borrow money for any proper purpose and to evidence such borrowing by the issue and sale of its general obligation bonds, notes, or other certificates of indebtedness in the manner prescribed in Section 31 to 37 inclusive, of Article 23A of the Annotated Code of Maryland (1998 edition, as amended), title "Municipal Corporations," sub-title "Creation of Municipal Public Debt." Notwithstanding the provisions of this subsection, the Council may authorize a private negotiated sale of bonds upon a finding by the Council that such private negotiated sale is in the best interests of the City of Takoma Park.

(b) Any proposed new indebtedness that is greater than five percent (5%) of the revenue budgeted for that year shall be subject to a public hearing and the Council shall not take final action on the proposed indebtedness less than fourteen (14) days following the hearing.

SECTION 824 - PAYMENT OF INDEBTEDNESS

The power and obligation of the City to pay any and all bonds, notes, or other evidences of indebtedness issued by it shall be unlimited and the City shall levy ad valorem taxes on all the taxable property in the City for payment of such bonds, notes, or other evidences of indebtedness and interest thereon. The faith and credit of the City is pledged for the payment of the principal of and the interest on all bonds, notes or other evidences of indebtedness issued under the authority of this Charter, whether or not such pledge be stated in the bonds, notes or other evidences of indebtedness, or in the ordinance authorizing their issuance.

Table 10

CITY OF TAKOMA PARK, MARYLAND
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Assessed Value (2)	Bonded Debt	Capital Leases (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2008	17,299	$ 1,514,482,702	$ 5,621,343	$ 561,768	0.37 %	$324.95
2007	17,299	1,337,879,698	6,320,521	541,584	0.47	365.37
2006	17,299	1,189,913,444	6,528,217	192,763	0.55	377.38
2005	17,299	1,073,828,539	7,140,738	252,946	0.67	412.78
2004	17,299	969,625,688	2,741,845	310,586	0.28	158.50
2003	17,299	899,870,271	2,922,687	344,461	0.32	168.95
2002	17,299	848,226,760	3,627,826	50,074	0.43	209.71
2001	17,299	336,412,617	1,780,597	76,378	0.53	102.93
2000	17,299	318,532,886	1,992,694	128,475	0.63	115.20
1999	17,505	319,132,911	1,671,968	80,046	0.52	95.51

(1) Prior to FY 2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY2002 assessed values reflect the conversion to full value assessments of real property.

(2) Prior to FY 2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY 2002 assessed value reflects the conversion to full value assessment of real property.

(3) Included in bonded debt.

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

Table 11

CITY OF TAKOMA PARK, MARYLAND
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures (Percent)
2008	$ 919,207	$ 251,511	$ 1,170,718[(1)]	$ 17,659,872	6.63%
2007	733,584	250,342	983,926	17,788,399	5.53
2006	612,521	249,984	862,505	18,698,413	4.61
2005	205,984	167,946	373,930	21,429,652	1.74
2004	200,317	106,771	307,088	18,950,573	1.62
2003	1,095,680	103,392	1,190,072[(2)]	15,461,367	7.70
2002	257,321	70,642	327,963	13,100,161	2.50
2001	212,097	76,328	288,425	13,361,497	2.16
2000	234,769	87,412	322,181	12,046,029	2.67
1999	198,637	78,369	277,006	11,262,399	2.46

(1) Takoma Junction loan balance was fully paid.
(2) MEDCO Bonds were fully paid.

Source: City's financial records.

Table 12

CITY OF TAKOMA PARK, MARYLAND
COMPUTATION OF DIRECT AND OVERLAPPING DEBT [2]
June 30, 2008

	Net Debt Outstanding	Percentage Applicable to this Governmental Unit	Share of Debt
Direct debt – City of Takoma Park, Maryland	$ 5,621,343	100%	$ 5,621,343
Montgomery County	1,921,401,484	1% [1]	19,214,015
Maryland-National Capital Park and Planning Commission Montgomery County	38,412,696	1% [1]	384,127
Total direct and overlapping debt	$ 1,965,435,523		$ 25,219,485

(1) Rate of assessed value in the City to total assessed value in Montgomery County.
(2) The overlapping debt is not a debt of the City of Takoma Park, Maryland on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the City of Takoma Park, Maryland are obligated to pay through direct tax levies of these governmental entities.

Source: Montgomery County Department of Finance.

CITY OF TAKOMA PARK, MARYLAND
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population [1]	Personal Income [2]	Per Capita Income [2] [3]	Labor Force [2] [3]	Unemployment Force [2] [3]	Registered Pupils [2] [3]
Montgomery County:						
2008	17,299	$ 1,205,480,815	$ 69,685	$ 514,100	2.8	137,745
2007	17,299	1,145,349,491	66,209	525,018	2.8	137,798
2006	17,299	1,102,863,147	63,753	521,858	2.8	139,387
2005	17,299	1,044,669,311	60,389	507,020	3.5	140,902
2004	17,299	980,334,330	56,670	497,217	3.1	139,203
2003	17,299	920,635,481	53,219	501,389	2.6	138,891
2002	17,299	899,392,309	51,991	595,062	3.5	136,832
2001	17,299	882,318,196	51,004	489,015	3.1	134,180
2000	17,299	858,826,154	49,646	487,251	2.6	130,689
1999	16,700	756,226,100	45,283	478,946	1.9	127,852

(1) U.S. Census Bureau. Includes annexed area.

(2) Personal income and per capita income is not available for the City of Takoma Park, Maryland on a separate basis. The best available information is provided by the Finance Department of Montgomery County, Maryland and the Bureau of Economic Analysis - U.S. Department of Commerce.

(3) Per Capita Income, Unemployment Force, and Labor Force data for the years 1999-2003 have been revised. Registered Pupils have been revised for the year 2002-2004.

Source: U.S. Census Bureau.

CITY OF TAKOMA PARK, MARYLAND
PRINCIPAL PROPERTY TAXPAYERS
Current Fiscal Year and Nine Years Ago

	Fiscal Year 2008				Fiscal Year 1999 (1)		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	**Taxpayer**	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Saul Subsidiary I LTD Partnership	$ 16,042,633	1	1.1%	Saul Subsidiary I LTD Partnership	$ 3,506,410	4	1.1%
Walgreen Company Commerical	15,406,264	2	1.0	Takoma Langley Improvements	3,929,320	2	1.2
Franklin Associates	11,592,800	3	0.8	Oxon Equities	3,872,250	3	1.2
Park Ritchie Apartments	8,882,766	4	0.6	Park Ritchie Apartments	2,585,920	7	0.8
Takoma Park Land LLC	8,659,553	5	0.6	Washington Gas Light	2,852,850	5	0.9
Hampshire Lodging LLC	6,860,333	6	0.5	Franklin Associates	2,765,770	6	0.9
Takoma Business Center	6,822,733	7	0.5	Hampshire Place LLC	1,822,680	8	0.6
Tenacity 7333 New Hampshire Ave LLC	6,293,700	8	0.4	Maple View Apartments LLC	1,704,490	9	0.5
CPDC Hampshire Towers Rental LLC	6,253,400	9	0.4	General Conference Corporation of Seventh Day Adventists	1,541,610	10	0.5
Potomac Electric Power Company (2)	6,207,680	10	0.4	Potomac Electric Power Company (2)	6,674,120	1	2.1
Total	$ 93,021,862		6.1%		$ 31,255,420		9.8%

Notes:

(1) Prior to fiscal year 2002, real property was assessed at 40% of estimated full value.

(2) Represents the assessed valuation for operating real and personal property taxes.

Source: State of Maryland Department of Assessment and Taxation

Table 15

CITY OF TAKOMA PARK, MARYLAND
PRINCIPAL EMPLOYERS
Current Fiscal Year and Nine Years Ago

	Fiscal Year 2008			Fiscal Year 1999 (1)		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Montgomery Community College	303	1	7.95%			
Board of Education-Elementary Schools	235	2	6.16			
Adventist Healthcare Inc	150	3	3.93			
City of Takoma Park	134	4	3.51			
Wackenhut Corporation	120	5	3.15			
Columbia Union College Inc	119	6	3.12			
Takoma Park Symphony Orchestra	75	7	1.97			
Firstcare Nursing Services Inc	60	8	1.58			
Long & Foster Real Estate	60	9	1.57			
Takoma Park Silver Spring	55	10	1.44			
Total	1,311		34.38%			

Notes:

(1) Information for fiscal year 1999 is not available.

Source: Dun & Bradstreet
Montgomery County Department of Economic Development

Table 16

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
FUNCTION										
General government	18.00	16.00	16.00	16.50	17.25	15.50	14.00	12.75	11.75	13.13
Public safety	59.50	58.73	57.47	57.47	57.97	56.97	56.19	56.44	55.44	55.44
Public works	33.38	33.58	33.29	33.07	32.07	32.07	33.47	32.99	36.00	39.00
Housing and community development	9.50	9.50	8.81	9.81	11.81	14.11	12.80	14.60	14.05	15.05
Recreation and culture	32.95	32.40	31.73	28.71	28.71	28.84	26.47	25.88	25.31	24.21
TOTAL	153.33	150.21	147.30	145.56	147.81	147.49	142.93	142.66	142.55	146.83

Source: City's Finance Department

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

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Public Safety:										
Crimes reported	755	832	791	875	787	887	1,099	1,013	927	879
Dispatched Calls/Events Handled	18,500	18,622	16,569	16,073	16,944	18,293	19,288	18,633	18,428	20,735
Hours-foot/bike patrol	4,100	3,705	3,320	2,720	1,699	1,353	2,026	2,443	N/A	N/A
Physical arrests	450	363	353	356	386	330	335	326	375	496
Calls for service	14,500	14,363	13,071	12,880	13,869	15,106	16,052	16,434	15,698	16,056
Traffic stops	5,000	4,259	3,498	3,193	3,255	3,187	3,236	2,199	2,730	4,679
Parking tickets processed	3,500	3,357	3,882	3,780	4,858	3,993	3,980	3,167	2,659	1,310
Criminal investigations assigned	385	370	313	313	290	289	279	396	294	256
Criminal cases closed	110	123	108	96	126	45	122	119	79	87
Public Works:										
Permits Processed	321	293	319	328	330	N/A	N/A	N/A	N/A	N/A
Vehicles maintained	73	74	62	62	62	63	63	61	62	62
Tons of leaves collected	2,100	2,100	2,000	2,000	2,000	N/A	N/A	N/A	N/A	N/A
Tons of refuse collected	4,300	4,222	4,053	4,100	4,300	4,256	3,915	4,272	4,444	4,331
Tons of recyclables collected	1,440	1,380	1,151	1,200	1,400	1,112	1,403	1,399	1,555	1,580
Tons of yard waste collected	420	410	413	425	450	574	437	527	446	466
Streets resurfacing (miles)	0.63	0.98	3	2.33	3.33	N/A	N/A	N/A	N/A	N/A
Storm drains inspected (linear feet)	8,500	12,831	8,203	8,906	13,000	N/A	N/A	N/A	N/A	N/A
New storm drain pipes (linear feet)	300	350	350	945	0	N/A	N/A	N/A	N/A	N/A
Replaced storm drain pipes (linear feet)	100	50	0	152	200	N/A	N/A	N/A	N/A	N/A
Recreation and culture:										
Library materials circulated	89,754	80,606	70,016	70,028	76,082	85,243	98,571	97,302	91,144	89,473
Library program attendance	10,848	6,346	N/A	N/A	N/A	10,398	6,161	5,793	6,290	5,596
Housing and Community Development:										
Rental housing inspections	3,200	2,280	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of rental licenses issued	351	213	N/A	N/A	589	N/A	N/A	N/A	N/A	N/A
Landlord certifications issued	212	112	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of new nuisance complaints	156	108	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of nuisance complaints closed	210	56	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
General Government:										
Original City TV program hours	220	225	220	232	230	N/A	N/A	N/A	N/A	N/A

Source: Various government departments
Note 1 - Data was not routinely collected prior to 2004 and is not available for items noted as N/A.

Table 18

CITY OF TAKOMA PARK, MARYLAND
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Cars	40	38	26	26	25	25	25	22	25	25
Public Works:										
Sanitation collection trucks	6	6	6	6	7	7	7	7	7	7
Leaf vacuums	7	7	7	7	7	7	7	7	7	7
Stormwater drains (miles)	16.72	16.66	16.59	16.53	16.35	16.35	16.35	16.35	16.35	16.35
Streets (miles)	34.60	34.60	34.60	34.60	34.60	34.60	34.60	34.60	34.60	34.60
Streetlights	78	68	62	62	62	62	62	57	57	57
Recreation and Culture:										
Parks acreage	8.98	8.98	8.98	8.98	8.98	8.98	8.98	8.98	8.98	8.98
Parks	7	7	7	7	7	7	7	7	7	7
Community Centers	1	1	1	0	0	0	0	0	0	0

Sources: Various City departments.
Notes: No capital asset indicators are available for the General Government and Housing and Community Development Functions.

Table 19

CITY OF TAKOMA PARK, MARYLAND
MISCELLANEOUS STATISTICAL DATA
June 30, 2008

Date of incorporation	1890
Date of adoption of City Charter	1890
Revision of City Charter	2002
Form of government	Council - Manager
Area - square miles	2.4
Miles of streets and sidewalks:	
Streets	33.89
Sidewalks	27.87
Housing:	
Number of apartment units	3,868
Number of single family homes	3,305
Fire and rescue services	Montgomery County Fire Department
Police protection:	
Number of stations	1
Number of authorized police (sworn officers)	41
Municipal water plant (Washington Suburban Sanitary Commission)	None
Telephone, natural gas and electricity services are furnished by private corporations	
Recreation and parks - number of acres	8.98

	City	School	Park and Planning Commission	Total
Playgrounds	7	2	5	14
Baseball diamonds	1	2	1	4
Football fields	-	1	1	2
Swimming pools	-	1	-	1
Tennis courts	-	4	4	8

Table 19

CITY OF TAKOMA PARK, MARYLAND
MISCELLANEOUS STATISTICAL DATA
June 30, 2008
(Continued)

Number of schools:	
Elementary	2
Intermediate	1
Private	3
Colleges	2
Election:	
Registered voters	9,821
Number of votes cast - November, 2007	1,010
Percentage voting	10.3%

Population by age group
(Source: U.S. Census Bureau)

Age	2000	1990	1980	1970
Under 5	1,237	1,320	955	1,367
5 – 17	2,261	2,201	2,463	3,250
18 – 24	2,094	1,567	2,447	3,284
25 – 44	6,206	7,288	5,842	4,710
45 – 64	3,972	2,551	2,616	3,950
65 – 74	787	928	1,071	1,163
75 and over	742	845	837	731
Total	17,299	16,700	16,231	18,455

Table 20

CITY OF TAKOMA PARK, MARYLAND
SCHEDULE OF INSURANCE IN FORCE
June 30, 2008

Type of Coverage/Company Name	Policy Number	From	To	Limits of Coverage	Premiums
Commercial General Liability – Local Government Insurance Trust	TAKO-01-PLP	7/01/07	(1) 6/30/08	$2,000,000 aggregate – $1,000,000, occurrence	$ 17,167
Public Officials Liability – Local Government Insurance Trust	TAKO-01-PLP	7/01/07	(1) 6/30/08	$1,000,000 aggregate – $2,500 deductible	$ 7,065
Police Liability – Local Government Insurance Trust	TAKO-01-PLP	7/01/07	(1) 6/30/08	$1,000,000 aggregate – $2,500 deductible	$ 17,038
Comprehensive Auto Liability – Local Government Insurance Trust	TAKO-01-PLP	7/01/07	(1) 6/30/08	Physical damage: Comprehensive – $1,000,000/occurrence, $500 deductible Collision – $1,000,000/occurrence, $500 deductible Bodily injury – no deductible BI & PD $1,000,000 aggregate	$ 61,125
Excess Liability – Local Government Insurance Trust	TAKO-01-XSL	7/01/07	(1) 6/30/08	Insurance for the City against losses in excess of $1,000,000 up to an additional $5,000,000 for automobile liability, commercial general liability, public officials, and police/personal injury liability	$ 10,245
Building and Contents (includes boiler and machinery) Local Government Insurance Trust	TAKO-01-PRO	7/01/07	(1) 6/30/08	Insured to $13,388,768, $1,000 deductible.	$ 32,724
Montgomery County – Self Insurance Program – Workers' Compensation	-	7/01/07	(1) 6/30/08	Statutory limit	$ 231,430
Fidelity Bond – United States Insurance Services	Various	Various	(1)Various	$15,000 to $100,000 deductibles	$ 4,462

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