

City of Takoma Park Maryland



*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012*

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City of Takoma Park Maryland



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2012

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

Table of Contents

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal.....	1-6
GFOA Certificate of Achievement.....	7
Organizational Chart	8
List of Elected and Appointed Officials	9
FINANCIAL SECTION	
Independent Auditor's Report	10
Management's Discussion and Analysis (required supplementary information).....	12
Basic Financial Statements	29
Government-wide Financial Statements:	
Statement of Net Assets	30
Statement of Activities	31
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	32
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	33
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	35
General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP Basis)	36
Speed Camera Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP Basis).....	37
Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (GAAP Basis)	38
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Assets.....	39
Statement of Changes in Fiduciary Net Assets.....	40
Summary of Significant Accounting Policies	41
Notes to Financial Statements	48
Required Supplemental Information	69
Pension Trust Funds:	
Police Employees' Retirement Plan – Schedule of Funding Progress	70
Police Employees' Retirement Plan – Schedule of Employer Contributions.....	70

Table of Contents

	PAGE
Supplemental Information	71
General Fund Schedule of Revenues, Expenditures and Other Financing Sources (Uses) –	
Budget and Actual	72
Combining Balance Sheet – Non-Major Governmental Funds	75
Non-Major Funds Combining Schedule of Revenues, Expenditures and Changes in	
Fund Balances	76
Stormwater Management Fund Schedule of Revenues, Expenditures and Changes in	
Fund Balances – Budget and Actual	77
Combining Statement of Fiduciary Net Assets.....	78
Combining Statement of Changes in Fiduciary Net Assets	79

STATISTICAL SECTION

Statistical Section Contents	82
Net Assets by Component	83
Changes in Net Assets	84
Fund Balances, Governmental Funds.....	85
Changes in Fund Balances of Governmental Funds.....	86
General Fund Tax Revenue by Source	87
Real Property Tax Levies and Collections	88
Assessed and Estimated Actual Value of Taxable Property.....	89
Property Tax Rates-Direct and Overlapping Governments.....	90
Computation of Legal Debt Margin	91
Ratio of Net General Bonded Debt to Assessed Value and	
Net Bonded Debt Per Capita	92
Ratio of Annual Debt Service Expenditures for General Bonded	
Debt to Total General Governmental Expenditures.....	93
Computation of Direct and Overlapping Debt	94
Demographics Statistics	95
Principal Property Taxpayers	96
Principal Employers	97
Full-time Equivalent City Government Employees by Function	98
Operating Indicators by Function	99
Capital Asset Statistics by Function	100
Miscellaneous Statistical Data.....	101
Schedule of Insurance in Force	103

INTRODUCTORY SECTION

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City of Takoma Park, Maryland

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Suzanne R. Ludlow, Acting City Manager

October 17, 2012

Honorable Members of the City Council
and Citizens of the 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, 2012.

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.

CohnReznick 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 of America. In conducting the audit, the auditors performed tests of the accounting records and such other procedures as were considered necessary in the circumstances to provide a reasonable basis for the opinion on the financial statements.

The auditors also assessed the accounting principles used and the significant estimates made by management, as well as evaluated the overall financial statement presentation.

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

PROFILE OF THE GOVERNMENT

The City of Takoma Park is approximately 2.4 square miles in size and is located in Montgomery County, Maryland on the border of Washington, D.C. The City was incorporated in 1890 and currently has a population of 16,715 (U. S. Census 2010).

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 Washington Adventist University are located in Takoma Park. The City has a large historic district, two major commercial districts, many parks, and attractive, walkable neighborhoods. The City is located along the Red Line of the region's Metrorail system and is well served by bus systems and bicycle trails. Offices, attractions, and entertainment are close by in adjacent Washington, D.C. and Silver Spring, Maryland. Baltimore and Annapolis are a short distance away via I-95 and Maryland Route 50, respectively.

According to the 2010 Census, the City had a total of 7,162 housing units. Of these, 3,444 were owner-occupied housing units. Forty-seven percent (47%) of Takoma Park's households live in multi-family residential structures.

Because of its location and attractive environment, Takoma Park is a highly desirable place to live. Its economic health rests heavily on the value of its residential property. Total assessed real and personal property value for Takoma Park was estimated at \$1.97 billion during fiscal year 2012. The City's assessable base has grown, primarily due to the increase in the assessed value of its real property. Housing values have risen sharply since 2000, when the median value of an owner occupied home was \$189,200, according to the 2000 Census. The American Community Survey (ACS) of 2005-2009 reflected a median owner-occupied housing unit value of \$493,900. However, the reassessment of real property in 2010 reflected a change from the rapid growth in property values seen in recent years.

Real property in the State of Maryland is reassessed on a triennial basis. Fiscal year 2010 was the third year of the phase-in of assessed values established in 2006. All real property in Takoma Park was reassessed during 2010, with the new values impacting the City's budget since fiscal year 2011. With the recent decline in the regional housing market, the City has experienced only a modest increase in assessed values and is expected to face difficult choices relative to service delivery in the years to come.

The Metropolitan Washington Council of Governments reported that the region grew by 218,200 persons between 2005 and 2009, with the inner suburbs growing by 2.2%. The region added 17,880 jobs during this period, but the civilian labor force increased by 151,900 people. The unemployment rate in 2009 for the region was 6.0 percent. According to the American Community Survey, the 2005-2009 median household income for the City of Takoma Park was \$68,327.

While the Washington, D.C. area has fared better than other parts of the United States, it has been impacted by the downturn in the economy. The City has experienced a decline in certain revenue sources, including investment income, State Police Protection Aid, and Highway User Revenues. Montgomery County, Maryland reported a projected unemployment rate of 5.0% for fiscal year 2012. Some Takoma Park residents are likely among those who have lost their jobs, impacting income tax receipts. Because it will take some time for the country and the region to recover from the economic downturn, the City will focus on the continuation and maintenance of core services in the next fiscal year.

The City is working in partnership with the business associations to increase the health of its commercial districts—the City's Old Takoma 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.

In recent years, significant streetscape improvements have taken place in the Old Takoma 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 transit system under design by the State of Maryland to cross Montgomery and Prince George's

Counties. Revitalization planning efforts for the Crossroads are underway in a collaborative 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

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. In the years following its inception in 2001, the Plan experienced a higher than expected rate of disability awards, resulting in a steadily increasing City contribution rate. During fiscal year 2009, the City modified the existing Plan in an attempt to address the rate of disability. The City contribution rate has been relatively stable since enactment of the change.

Both the City of Takoma Park Police Employees' Retirement Plan and the Maryland State Retirement and Pension System, which covers the City's non-sworn staff, have been impacted by the volatility of the stock market in recent years, resulting in a decline in asset values. Due to strong market performance as of June 30, 2011, the City's contribution rate for the Maryland State Retirement and Pension System decreased from 10.94 percent of covered payroll to 8.99 percent.

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. For a period of time, the Equipment Replacement Reserve was not adequately funded. Since the mid-2000s, the City has made a concerted effort to more adequately fund the Equipment Replacement Reserve, and its funding status has improved considerably in recent years. This funding effort should be continued going forward to ensure that the City has sufficient funds on hand to maintain its vehicle fleet and other equipment in good working order.

Effective July 1, 2011, the City established a Reserve for Facility Maintenance with an initial contribution of \$250,000. The creation of a Facility Maintenance Reserve would provide a more focused mechanism to ensure that the City identifies and plans for future facility maintenance items.

In May 2012, the City redeemed its 2002 Community Center bond issue. The early redemption of these bonds saved the City approximately \$347,000.

RELEVANT FINANCIAL POLICIES

As noted earlier in this transmittal message, the downturn in the economy has affected the City in a number of ways. The Federal Reserve's interest rate cuts have significantly reduced the City's investment revenues. The financial difficulties of the State of Maryland have resulted in a reduction in Highway User Revenues, Police Protection Aid, and grant funding that the City has historically relied upon to finance park improvements and other community amenities.

In light of these economic difficulties, 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 future fund balances and one-time revenue sources will be limited to specific non-recurring projects.

MAJOR INITIATIVES

City activities in fiscal year 2012 were largely focused on three major policy areas:

- Sustainability
- Livable Community
- Engaged, Responsive, and Service-Oriented Government

Major accomplishments related to the aforementioned priorities during fiscal year 2012 included the following:

- Continuation of the ongoing sidewalk retrofit project as part of the City's compliance efforts with the Americans with Disabilities Act
- Continued installation of new sidewalk in several neighborhoods, which includes extensive public outreach efforts
- Continued construction of stormwater management projects that use environmental site design principles
- Continued extensive staff involvement in the development and implementation of the Takoma Langley Sector Plan, the corresponding Urban Design Guidelines, and the Commercial/Residential Zones Zoning Text Amendment
- Began planning streetscape and road geometric changes at the Ethan Allen Gateway entrance to Takoma Park at New Hampshire Avenue
- Continued coordination of the "We are Takoma" cultural series, providing more than 30 free programs to the community
- Lobbied successfully to obtain an additional payment of municipal tax duplication funds from Montgomery County to begin to address underpayment in recent years
- Continued to increase both the number and quality of recreation program offerings, providing a higher level of service to the community and increasing revenues from this source
- Retained consultant engineering services for the Flower Avenue Green Street Project which will entail street, pedestrian safety, and stormwater improvements

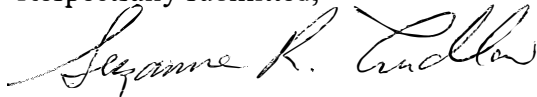
AWARDS AND ACKNOWLEDGEMENTS

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, 2011. This was the sixth 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 grateful to the City's independent auditor, CohnReznick 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. We offer a personal note of deep appreciation to recently-resigned City Manager Barbara B. Matthews for her vigorous efforts in establishing and maintaining the highest standards in financial management. 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,



Suzanne R. Ludlow
Acting City Manager



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, 2011

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.



Linda C. Sandison

President

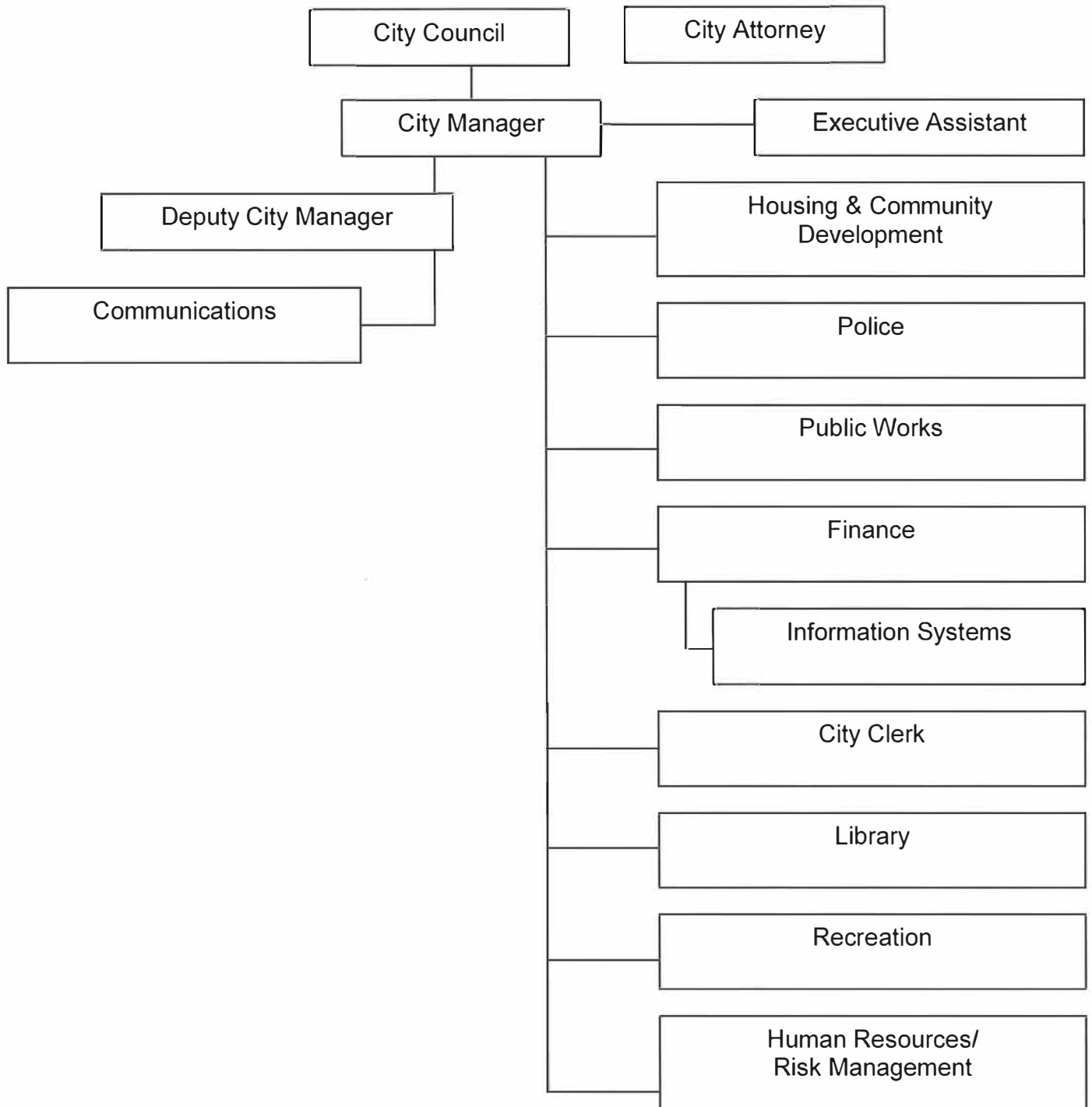
Jeffrey R. Enen

Executive Director

Organizational Chart

The City of Takoma Park, Maryland

Residents of Takoma Park



**CITY OF TAKOMA PARK, MARYLAND
LIST OF CITY OFFICIALS
Year Ended June 30, 2012**

MAYOR

BRUCE R. WILLIAMS

CITY COUNCIL

SETH GRIMES	TERRY SEAMENS
TIM MALE	REUBEN SNIPPER
KAY DANIELS-COHEN	FRED SCHULTZ

CITY MANAGER

BARBARA B. MATTHEWS

DIRECTOR OF FINANCE

YOVONDA D. BROOKS, CPA

INDEPENDENT AUDITORS

CohnReznick LLP

Prepared by the Finance Department

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FINANCIAL SECTION

Independent Auditor's Report

To the 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, as of and for the year ended June 30, 2012, and the respective changes in financial position and the budgetary comparison for the General, Speed Camera and Special Revenue Funds 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 of Takoma Park, Maryland'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. 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 the 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, 2012, and the respective changes in financial position and the budgetary comparison for the General, Speed Camera and Special Revenue 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 our report dated October 12, 2012, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan information on pages 12 through 28 and 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Takoma Park, Maryland's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules for nonmajor fund and statistical sections, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules for nonmajor fund and statistical sections are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Baltimore, Maryland
October 12, 2012

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. 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 2012 by \$34,686,776 (net assets). This represents an increase of \$3,050,945 from the prior year. Approximately nine percent or \$287,073 of this variance was due to increases in property tax revenues resulting from higher real property tax assessments. Revenues from State income taxes and State highway user taxes increased \$356,528. Approximately \$337,900 was due to the increase in speed camera fines, and \$124,725 was due to increased activity in Recreation programs, the tree planting program, public parking, and passport services.
- Of the City's total net assets, \$4,681,714 may be used to meet its ongoing obligations to residents and creditors (unrestricted net assets).
- As of June 30, 2012, the City of Takoma Park's governmental funds reported combined ending fund balances of \$12,039,151, a decrease of \$189,932 or 1.6 percent, from the prior year. The ending fund balances of \$12,039,151 include \$5,533,428 that is available for spending at the government's discretion (unassigned fund balance). The decrease in the combined ending governmental fund balances was due primarily to the \$1.24 million redemption of the 2002 Community Center bonds.
- At the end of fiscal year 2012, the unassigned fund balance for the General Fund was \$5,533,428 or 26.5 percent of total General Fund expenditures.
- The City of Takoma Park's long-term debt decreased by \$1,919,912 during the fiscal year. The decrease was primarily due to the early redemption of bonds in the amount of \$1.24 million. The balance of the decrease was due to the principal payments on existing debt totaling \$665,752, and the decrease in compensated absences of \$18,860.

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

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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 government administration. The City currently does not have any business-type activities.

The government-wide financial statements can be found on pages 30 and 31 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate the comparison between governmental funds and governmental activities.

The City of Takoma Park maintains six individual governmental funds. Information is presented separately in the governmental balance sheet and in the governmental fund statement of revenues,

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

expenditures, and changes in fund balances for the General Fund, the Speed Camera Fund, and the Special Revenue Fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds (Stormwater Management Fund, Community Center Fund and Rehabilitation Loans and Grants Fund) is provided in the form of combining statements elsewhere in this report.

The City of Takoma Park adopts an annual appropriated budget for its three major funds - General Fund, Speed Camera Fund and Special Revenue 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 32 - 38 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 39 and 40 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 41 - 66 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 any combining statements related to non-major governmental funds and fiduciary funds. Supplemental information can be found on pages 69 - 79 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. The City of Takoma Park's assets exceeded liabilities by \$34,686,776 as of June 30, 2012.

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 was \$24,247,163 or 70 percent of the

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

City's net assets as of June 30, 2012. Due to the nature of these assets, they are not available for future spending.

Unrestricted net assets totaled \$4,681,714. 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 \$3,050,945. Factors contributing to this growth include the increase in property tax revenue of \$287,073 due to the rise of the assessable tax base for real property. Additional revenue increases of \$124,725 resulted from increased activities in Recreation programs, passport services, the tree planting program, and the use of the parking facilities. Speed camera fines increased \$337,900 during the fiscal year with the addition of new cameras. A portion of the variance is due to the decreases in expenses from fiscal year 2011 to fiscal year 2012. The following table reflects the City's net assets as of June 30, 2012 compared to June 30, 2011.

Governmental Activities

Net Assets

	2012	2011
Assets		
Current and other assets	\$ 15,165,273	\$ 14,994,139
Capital assets	<u>27,381,663</u>	<u>25,886,351</u>
Total assets	<u>42,546,936</u>	<u>40,880,490</u>
Liabilities		
Current and other liabilities	2,712,482	2,177,069
Long-term liabilities	<u>5,147,678</u>	<u>7,067,590</u>
Total liabilities	<u>7,860,160</u>	<u>9,244,659</u>
Net assets		
Invested in capital assets, net of related debt	24,247,163	20,973,813
Restricted	5,757,899	4,836,215
Unrestricted	<u>4,681,714</u>	<u>5,825,803</u>
Total net assets	<u>\$ 34,686,776</u>	<u>\$ 31,635,831</u>

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Governmental Activities

Governmental activities increased the City of Takoma Park's net assets by \$3,050,945 during fiscal year 2012, 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	2012	2011
Change in Net Assets		
Revenues		
Program revenues:		
Charges for services	\$ 3,804,793	\$ 3,416,252
Operating grants and contributions	4,243,995	4,189,088
Capital grants and contributions	774,395	728,089
General revenues:		
Property taxes	11,668,702	11,381,629
Intergovernmental	3,003,680	2,914,276
Miscellaneous	113,509	(9,076)
Unrestricted investment earnings	48,663	46,947
Total revenues	<u>23,657,737</u>	<u>22,667,205</u>
Expenses		
General Government	3,528,633	3,655,556
Public Safety	7,637,072	7,213,649
Public Works	5,107,165	5,564,151
Housing and Community Development	1,470,360	1,360,806
Recreation and Culture	2,613,109	2,678,012
Interest on long-term debt	250,453	296,666
Total expenses	<u>20,606,792</u>	<u>20,768,840</u>
Change in net assets	<u>3,050,945</u>	<u>1,898,365</u>
Net assets, beginning of year	31,635,831	29,737,466
Net assets, end of year	<u>\$ 34,686,776</u>	<u>31,635,831</u>

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Overall revenues increased \$990,532 from fiscal year 2011 to fiscal year 2012. Property taxes increased \$287,073 or about three percent from the previous fiscal year due to the change in real property assessment values. Charges for services increased \$388,541. This variance is due primarily to the \$337,900 increase in speed camera fines as a result of the installation of additional cameras during the fiscal year. Additional revenue increases of \$95,725 resulted from increased activities in the Recreation programs, passport services and the parking facilities.

Operating grants and contributions increased \$54,907 largely due to a new grant received from the U.S. Election Assistance Commission in the amount of \$19,191 and an increase in Community Legacy grant funds from the State of Maryland. Capital grants and contributions increased \$46,306 due to grant revenues of \$93,000 received from the Maryland Energy Administration that were used to install an energy efficient HVAC system in the Community Center. The increase in capital grants and contributions was offset by the decrease in the capital grant funds for cable equipment.

Intergovernmental revenues increased \$89,404 from fiscal year 2011. This variance is primarily due to increases in income tax revenues and highway tax revenues during fiscal year 2012.

Miscellaneous revenues increased \$122,585 from fiscal year 2011. During fiscal year 2012, the City received \$18,400 from insurance proceeds for a Police vehicle that was demolished. In addition, there was an increase in tree fund revenues of \$29,000 from fiscal year 2011 to subsidize and encourage residential tree planting. The City also received various reimbursements totaling \$15,900 from other organizations and about \$8,600 from credit card rebates. For fiscal year 2012, fee increases were implemented for items such as police reports and vehicle releases, and new fees were established for housing workshops.

Expenses decreased by \$162,048 from fiscal year 2011 to fiscal year 2012. General Government expenses are \$126,923 less than fiscal year 2011. Workers' compensation, unemployment costs and other insurance costs are accounted for in General Government. The variance in General Government expenses was primarily due to the \$84,500 decrease in these costs. Saving of \$31,700 was realized in training and contract costs. General Government expenses also include grant-funded purchases for cable and audio-visual equipment; these purchases were \$87,000 less than the prior fiscal year.

Public Safety expenses increased \$423,423 from fiscal year 2011 to fiscal year 2012. Most of the increase in expenses occurred in the Safe Speed Program. Contractual costs related to the maintenance and processing costs for the City's speed camera program increased \$138,000 during fiscal year 2012 as a result of the increase in speed camera fines. Speed Camera Fund personnel costs increased \$104,300 and the purchase of police equipment increased \$68,000.

Public Works expenses decreased \$456,986 primarily due to lower costs for infrastructure improvements for Americans with Disabilities Act compliant sidewalks.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

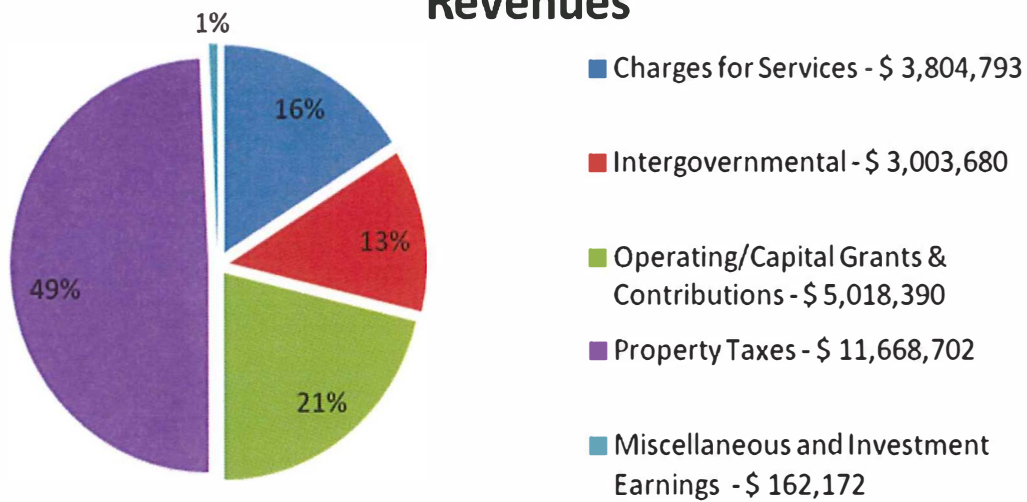
In Housing and Community Development, the increase in expenses of \$109,554 in fiscal year 2012 was due primarily to increased grant expenses of \$88,000. In addition, contractual costs increased about \$27,400 from fiscal year 2011 to fiscal year 2012.

As shown previously, the cost of all governmental activities was \$20,606,792. Those who directly benefited from the services paid \$3,804,793 of the activity costs. The City also received operating and capital grants and contributions from other governments and organizations of \$5,018,390, which reduced the amount paid by City residents for certain services. The net cost of the City's governmental activities totaled \$11,783,609 and was funded with general revenues, including property taxes.

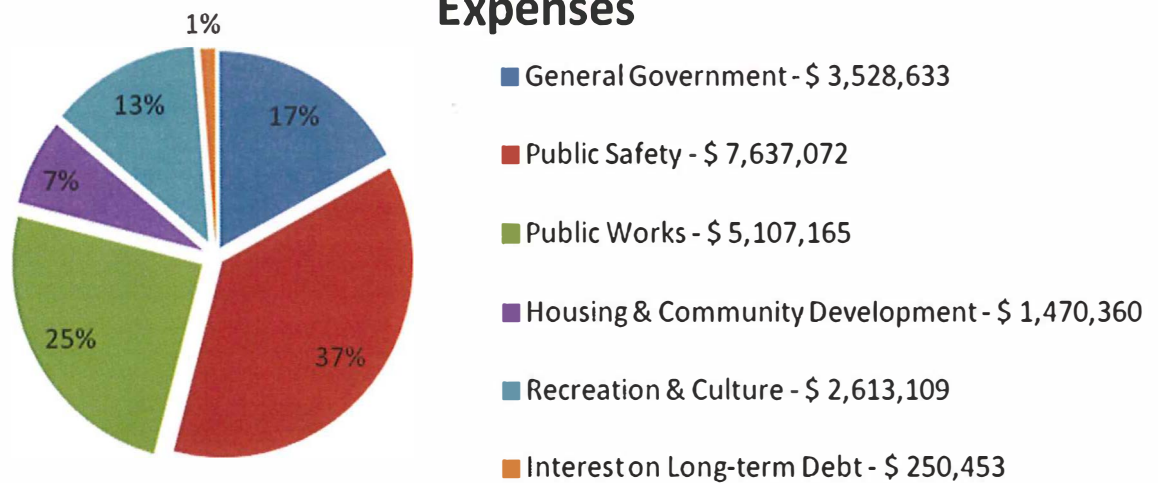
**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

**Governmental Activities
Fiscal Year Ended June 30, 2012**

Revenues

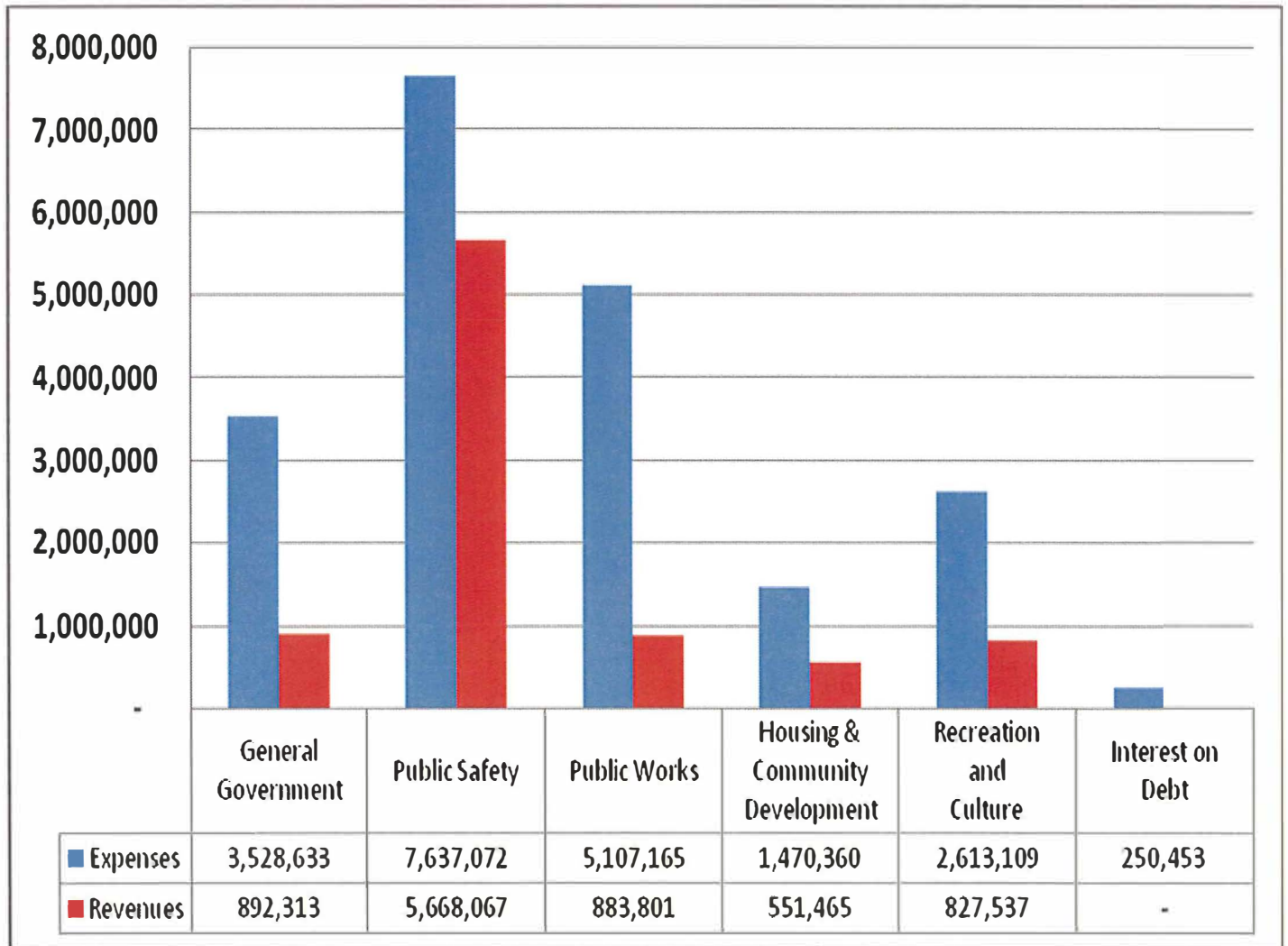


Expenses



**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

**Governmental Activities
Comparison of Program Revenues versus Expenses
Fiscal Year Ended June 30, 2012**



**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2012, the City's governmental funds had combined fund balances of \$12,039,151, a decrease \$189,932 from the prior year. This decrease is due primarily to the fiscal year 2012 early redemption of the 2002 Community Center bonds. Approximately 28 percent of the fund balance amount is restricted or considered "nonspendable" and is not available for new spending. The portion of the fund balance that is restricted or not available for spending totals \$3,362,806.

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 \$9,083,455, a decrease of \$692,143. The decrease is due to the early redemption of the 2002 Community Center bonds. The General Fund fund balance includes \$224,978 which is restricted for street improvements and \$464,978 which is nonspendable (e.g., deposits and prepaid expenditures). A portion of the General Fund fund balance, totaling \$2,860,071 or 31 percent, is committed for the following purposes:

- | | |
|-------------------------|--------------|
| • Equipment Replacement | \$ 2,194,858 |
| • Emergency | 414,963 |
| • Facility Maintenance | 250,250 |

The unassigned portion of the General Fund fund balance as of June 30, 2012 is \$5,533,428.

Besides the General Fund, the City has two other major funds. The Speed Camera Fund was established to account for the activity related to the City's Speed Camera Program. Fines and fees collected during fiscal year 2012 totaled about two million dollars. These fines and fees cover operational costs, including the contractual payment to the program vendor, other program administration costs including staffing, and ticket processing costs. Revenues not required for program administration costs are restricted by law and must be used for public safety purposes. The Speed Camera Fund had a fund balance of \$1,030,552 at June 30, 2012. The entire fund balance is restricted for public safety purposes.

The Special Revenue Fund is also a major fund. This Fund was established to account for revenue and expenditure activity related to the City's grant activities. The Special Revenue Fund had a fund balance of \$1,637,025 as of June 30, 2012. The entire fund balance is restricted for the acquisition of cable equipment. The \$624,962 increase in the fund balance of the Special Revenue Fund resulted from the City not spending all of the cable grant funds received in fiscal year 2012.

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

The City has three non-major funds: the Stormwater Management Fund, the Rehabilitation Loans and Grants Fund, and the Community Center Fund.

The Stormwater Management Fund, which was established to account for revenue and expenditure activity related to the maintenance and construction of the City's stormwater systems, had a fund balance of \$282,846 as of June 30, 2012.

The Rehabilitation Loans and Grants Fund, which was established to account for activities related to loans and grants to assist low- and moderate-income City homeowners in rehabilitating their homes to conform to locally adopted codes, had a fund balance of \$5,273 as of June 30, 2012. The entire fund balance is restricted and related to outstanding notes receivable.

The Community Center Fund was established to account for construction activities related to the City's community and municipal center. During fiscal year 2012, there was no construction activity related to the community and municipal center. The Community Center Fund did not have a fund balance at June 30, 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, there were net increases totaling \$858,950 in General Fund expenditure appropriations between the original and the final budget. An additional appropriation of \$915,000 was made to provide funding for the renovation of the Public Works Facility. Progress on this renovation project was delayed due to weather conditions and unanticipated costs due to poor soil conditions and other unforeseen factors. It was anticipated that these renovations would have been completed in fiscal year 2011. Budget increases also included appropriations for the Flower Avenue Green Project in the amount of \$20,000, tree planting in the amount of \$7,000, and additional Recreation programming totaling \$950. The total expenditure appropriation increases of \$942,950 were reduced by the \$84,000 adjustment to expenditures to increase the transfers to the Special Revenue Fund to cover the additional costs of HVAC system. A grant from the Chesapeake Bay Trust in the amount of \$20,000 provided revenues for the Flower Avenue Green Project, and the City received donations of \$950 to cover the additional Recreation program costs. The tree planting costs were funded with an appropriation of revenue from the deferred revenue account for tree planting. In addition to these increases in the fiscal year 2012 budget, budget amendments included a number of transfers between various expenditure accounts to properly allocate expenditure appropriations.

On a budgetary basis, actual revenues for the fiscal year exceeded the final budget by \$523,406. Income tax revenues accounted for \$470,845 of this increase. Revenues generated by the City's recreation programs were \$119,994 higher than anticipated. These revenue increases were offset by property taxes which were less than the budgeted amount.

Actual General Fund expenditures were \$1,145,319 less than the revised budget authorization. Public Works expenditures were \$376,217 less than budget. The budget for Public Works included \$150,000 for contractual services to implement environmental initiatives. Contracts for these initiatives were not executed in fiscal year 2012. In the Right of Way Division of Public Works, expenditures for

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

snow removal and street lighting were less than budget by \$29,500. Refuse disposal fees for the Solid Waste Division were \$36,000 less than the budgeted amount. Personnel costs for Public Works were less than the budgeted amount by \$98,300 due to vacant positions.

General Government expenditures were \$280,821 less than the final budget. The budget for General Government includes expenditures (e.g., insurance premiums) that relate to all City functions. Anticipated expenditures for property and liability insurance and contingencies were \$104,299 less than budgeted. Insurance cost savings resulted from longevity credits. Contractual services in General Government were \$38,000 less than budget. Personnel costs were \$50,000 less than budget due to staff vacancies in the Human Resource Division and the City Manager's office. Savings in office expenditures in the amount of \$20,500 were also realized.

Capital Outlay expenditures were \$225,951 less than budget. The delay in completing the Flower Avenue Green Street Project accounts for \$170,500 of this variance.

Expenditures for Recreation and Culture were \$202,844 less than budget. Recreation and Culture activities include those of the Takoma Park Library and Communications. The variance was due primarily to savings in personnel costs of \$107,000 resulting from staff vacancies, which included the Recreation Director position. Contractual services were less than the budgeted amount by \$48,407. Most of this variance was due to the hiring media contractual consultants as employees.

CAPITAL ASSET AND DEBT ADMINISTRATION

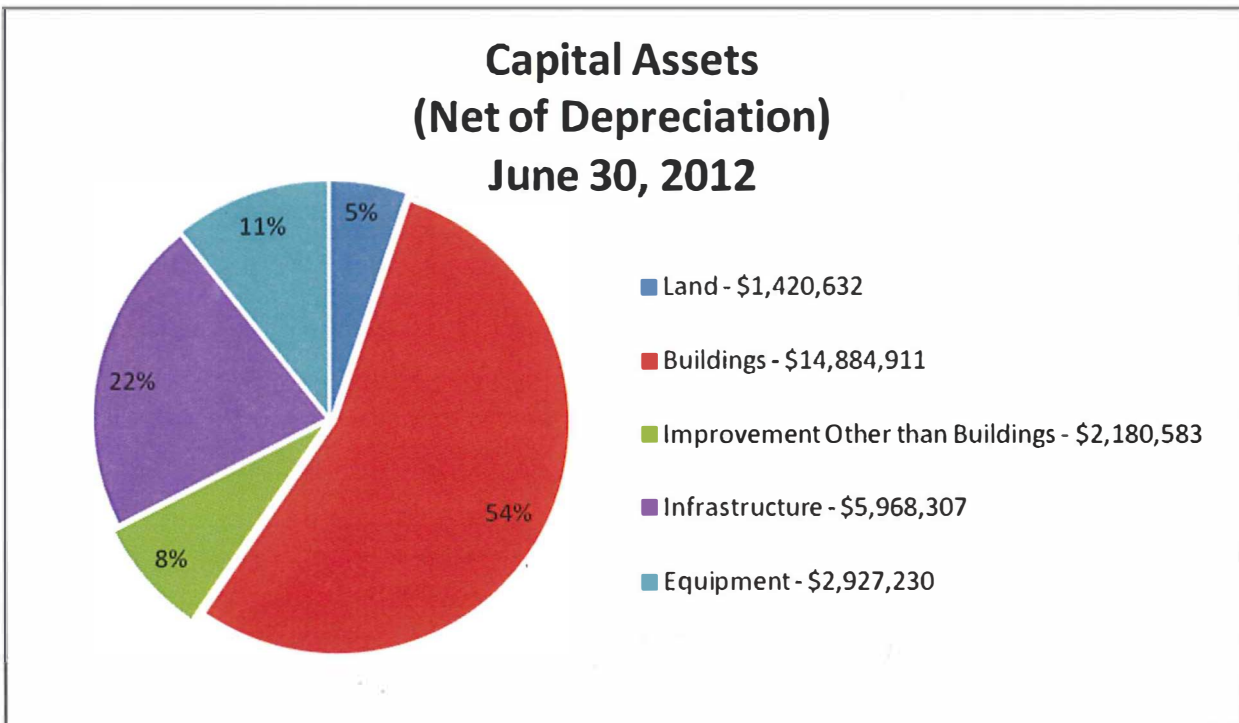
Capital Assets

As of June 30, 2012, the City of Takoma Park's investment in capital assets (buildings, roads and other infrastructure, vehicles, and equipment) for its governmental activities totaled \$27,381,663 (net of accumulated depreciation). This amount represents an increase of \$1,495,312 from the prior year. The increase was primarily attributable to asset additions totaling \$3,041,971, net of depreciation expense of \$1,532,458 and asset disposals with a book value of \$14,201. Asset additions made during the fiscal year included \$1,272,938 for building improvements related to the renovation of the Public Works Facility. Other asset additions totaling \$501,086 included vehicles (\$142,188) for Public Safety, equipment (\$315,898) for Public Works, and a Roof Top Unit (\$43,000) for the Library. Asset additions for the Community Center included computer servers (\$47,138), building surveillance system (\$37,328), and an energy efficient HVAC system (\$162,175). Infrastructure improvements of \$1,021,306 included ADA sidewalk retrofits, sidewalks, and street paving. Further information on the City's capital assets is shown in following table:

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Governmental Activities

	2012	2011
Capital Assets (net of depreciation)		
Land	\$ 1,420,632	\$ 1,420,632
Buildings	14,884,911	11,903,077
Construction in progress	-	2,255,745
Improvements other than buildings	2,180,583	2,206,491
Infrastructure	5,968,307	5,437,166
Equipment	2,927,230	2,663,240
Total	\$ 27,381,663	\$ 25,886,351



Additional information on the City's capital assets can be found in Note 8 - Capital Assets and Other Property on page 54 of this report.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Debt Administration

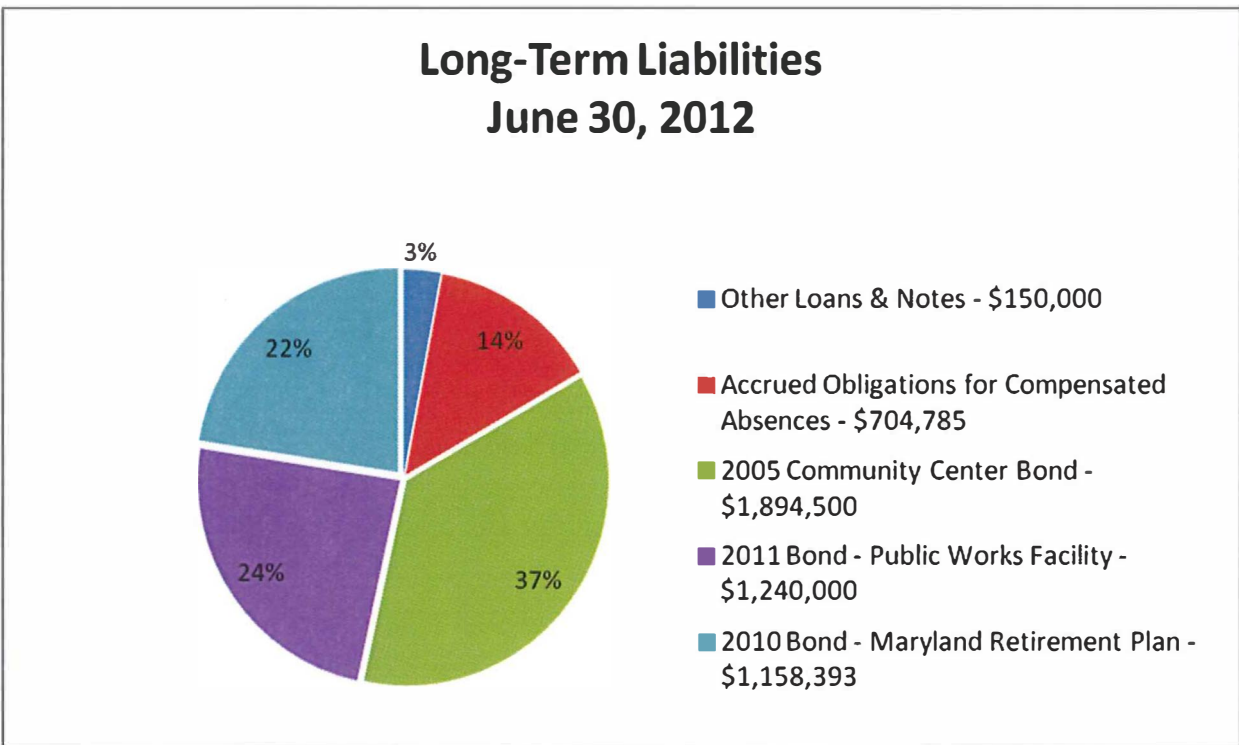
At year-end, the City had \$5,147,678 in outstanding debt, a decrease of \$1,919,912 or about 27 percent from the prior year. The outstanding debt is comprised of long-term notes and bonds and accrued obligations for compensated absences. The decrease in outstanding debt was primarily due to the early redemption of the 2002 Community Center bonds in the amount of \$1,235,300. Additional principal payments on existing debt totaled \$665,752. Compensated absences decreased \$18,860.

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

Long-Term Liabilities	2012	2011
Loan Payable- MD Department of Housing & Community Development	\$ 150,000	\$ 150,000
Bonds payable – Maryland Retirement Plan	1,158,393	1,281,407
Bonds payable – Community Center (2002)	-	1,331,800
Bonds payable – Street improvements	-	154,230
Bonds payable – Community Center (2005)	1,894,500	2,005,000
Bonds payable – Public Works Facility	1,240,000	1,375,000
Capital lease payable – Police Vehicles	-	46,508
Accrued obligations for compensated absences	704,785	723,645
Total	\$ 5,147,678	\$ 7,067,590

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**



Additional information on the City's long-term debt can be found in Note 9 - Non-Current Liabilities on pages 55 - 57 of this report.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012:

- Maintains the tax rate for real property at \$0.58 per \$100 of the assessed valuation. The personal property tax rate and the railroad and utilities tax rate were increased to \$1.55 and \$1.57 per \$100 of the assessed valuation, respectively.
- Increase in the existing base fee for stormwater management from \$48 to \$55 per 1,228 square feet.
- Projected increase of approximately \$203,200 in real property tax revenue over the prior fiscal year's budgeted amount based upon the projected taxable values.
- Purchase of replacement police vehicles at a cost of \$164,400.
- Anticipated revenues of \$3 million from the Speed Camera Program with estimated expenditures of \$3.38 million. Speed Camera Fund expenditures include operating expenditures (e.g., payments to the program contractor and program staff costs), the funding of certain public safety positions, the installation of new sidewalks, the retrofit of existing sidewalks for compliance with the Americans with Disabilities Act, and the purchase of police equipment. Excess expenditures will be paid from the accumulated net revenues from prior fiscal years.
- Increase in staffing level by four full-time equivalents which will include a management assistant, a Public Works project coordinator, a police communications supervisor, and several part-time employees.
- Anticipated General Fund expenditures of \$530,000 for gateway and street improvements. General Fund expenditures also include \$666,000 for the Flower Avenue Green Street Project to be paid for with a payment from the State Highway Administration.
- Expenditures of \$573,538 for the construction, maintenance, and repair of storm drains, inlets, and channels, along with several bio-retention projects.
- Funding in the amount of \$200,000 for sustainability initiatives.
- Contributions of \$1,000,000 to the Equipment Replacement Reserve and \$250,000 to the Facility Maintenance Reserve.
- Early redemption of 2010 Bonds at a cost of \$1.2 million.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

- Continued focus on existing services rather than undertaking new services due to uncertain national economic conditions and the ongoing budget challenges of the State of Maryland and Montgomery County, which may negatively impact the City's budget and overall financial condition.
- Impact of lower interest rates and the continued volatility of the stock market on both the City's Police Retirement Plan and the Maryland State Retirement and Pension System, possibly resulting in increases in the City's future contribution rates for both retirement plans.

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, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,164,913
Investments	10,276,261
Accounts receivable, net	163,497
Notes receivable, net	42,773
Due from other governments	1,048,360
Other assets	464,951
Net pension benefit	4,518
Capital assets, net	
Non-depreciable	1,420,632
Depreciable	25,961,031
	<hr/>
Total assets	42,546,936
	<hr/>
LIABILITIES	
Accounts payable	1,865,973
Accrued liabilities	357,860
Deposits and escrows held	140,168
Due to other governments	209,186
Unearned revenue	139,295
Non-current liabilities:	
Due within one year	971,861
Due in more than one year	4,175,817
	<hr/>
Total liabilities	7,860,160
	<hr/>
NET ASSETS	
Invested in capital assets, net of related debt	24,247,163
Restricted for:	
Public safety	1,030,552
Cable equipment	1,637,025
Loans	5,273
Streets	224,978
Equipment replacement	2,194,858
Emergency expenses	414,963
Facility maintenance	250,250
Unrestricted	4,681,714
	<hr/>
TOTAL NET ASSETS	<hr/> \$ 34,686,776 <hr/>

CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

		Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
<u>Functions/Programs</u>	<u>Expenses</u>				<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 3,528,633	\$ 98,727	\$ 19,191	\$ 774,395	\$ (2,636,320)
Public safety	7,637,072	2,335,397	3,332,670	-	(1,969,005)
Public works	5,107,165	507,571	376,230	-	(4,223,364)
Housing and community development	1,470,360	338,930	212,535	-	(918,895)
Recreation and culture	2,613,109	524,168	303,369	-	(1,785,572)
Interest on long-term debt	250,453	-	-	-	(250,453)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 20,606,792</u>	<u>\$ 3,804,793</u>	<u>\$ 4,243,995</u>	<u>\$ 774,395</u>	<u>\$ (11,783,609)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					11,668,702
Intergovernmental / unrestricted					3,003,680
Miscellaneous					113,509
Unrestricted investment earnings					48,663
Total general revenues					<u>14,834,554</u>
CHANGE IN NET ASSETS					3,050,945
NET ASSETS, BEGINNING OF YEAR					<u>31,635,831</u>
NET ASSETS, END OF YEAR					<u><u>\$ 34,686,776</u></u>

CITY OF TAKOMA PARK, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Speed Camera Fund	Special Revenue Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 152,311	\$ 2,221,854	\$ -	\$ 790,748	\$ 3,164,913
Investments	10,276,261	-	-	-	10,276,261
Receivables, net					
Taxes	118,278	-	-	-	118,278
Notes	-	-	37,500	5,273	42,773
Other	23,799	-	-	21,420	45,219
Due from other funds	1,020,281	5,172	1,472,841	207,534	2,705,828
Due from other governments	696,723	-	351,637	-	1,048,360
Other assets	464,951	-	-	-	464,951
TOTAL ASSETS	\$ 12,752,604	\$ 2,227,026	\$ 1,861,978	\$ 1,024,975	\$ 17,866,583
LIABILITIES					
Accounts payable	\$ 1,254,352	\$ 367,728	\$ 161,154	\$ 82,739	\$ 1,865,973
Accrued expenditures	358,399	11,534	300	2,149	372,382
Deposits and escrows held	114,557	-	8,185	17,426	140,168
Due to other funds	1,472,841	817,212	5,172	410,603	2,705,828
Due to other units of government	-	-	-	209,186	209,186
Deferred revenue	469,000	-	50,142	14,753	533,895
Total liabilities	3,669,149	1,196,474	224,953	736,856	5,827,432
FUND BALANCES					
Nonspendable	464,978	-	-	-	464,978
Restricted	224,978	1,030,552	1,637,025	5,273	2,897,828
Committed	2,860,071	-	-	-	2,860,071
Assigned	-	-	-	282,846	282,846
Unassigned	5,533,428	-	-	-	5,533,428
Total fund balances	9,083,455	1,030,552	1,637,025	288,119	12,039,151
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,752,604	\$ 2,227,026	\$ 1,861,978	\$ 1,024,975	\$ 17,866,583

CITY OF TAKOMA PARK, MARYLAND
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 12,039,151
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 \$46,331,921 and the accumulated depreciation is \$18,950,258.	27,381,663
Certain long-term liabilities (\$5,125,058) are not due and payable in the current period and therefore are not reported as liabilities in the funds. This is comprised of \$5,147,678 in long-term liabilities less \$22,620 in short-term liabilities pertaining to accrued compensated absences for terminated employees, which is also reported in the fund financial statements under the modified accrual basis of accounting.	(5,125,058)
Interest on long-term debt and other expenses are not accrued in governmental funds, but rather are recognized as an expenditure when due.	(8,098)
Net pension benefit is recognized as an asset on the Statement of Net Assets but not in the fund financial statements.	4,518
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.	<u>394,600</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 34,686,776</u>

CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	<u>General Fund</u>	<u>Speed Camera Fund</u>	<u>Special Revenue Fund</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes and utility fees	\$ 14,404,183	\$ -	\$ -	\$ -	\$ 14,404,183
Licenses and permits	81,235	-	-	-	81,235
Fines and forfeitures	197,814	2,072,029	-	-	2,269,843
Use of money and property	47,044	1,619	-	-	48,663
Charges for services	1,080,058	-	-	372,121	1,452,179
Intergovernmental	4,311,758	-	1,124,144	-	5,435,902
Miscellaneous	146,910	-	-	5,752	152,662
Total revenues	<u>20,269,002</u>	<u>2,073,648</u>	<u>1,124,144</u>	<u>377,873</u>	<u>23,844,667</u>
EXPENDITURES					
General government	3,128,643	-	75,878	4,798	3,209,319
Public safety	5,974,863	1,343,880	48,110	-	7,366,853
Public works	3,638,462	-	-	241,392	3,879,854
Housing and community development	1,176,412	-	278,939	-	1,455,351
Recreation and culture	2,444,878	-	-	-	2,444,878
Capital outlay	2,362,840	818,753	187,895	165,449	3,534,937
Debt service				-	
Principal	1,901,052	-	-	-	1,901,052
Interest	242,355	-	-	-	242,355
Total expenditures	<u>20,869,505</u>	<u>2,162,633</u>	<u>590,822</u>	<u>411,639</u>	<u>24,034,599</u>
Excess of revenues over expenditures before other financing sources	<u>(600,503)</u>	<u>(88,985)</u>	<u>533,322</u>	<u>(33,766)</u>	<u>(189,932)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	<u>(91,640)</u>	<u>-</u>	<u>91,640</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(692,143)</u>	<u>(88,985)</u>	<u>624,962</u>	<u>(33,766)</u>	<u>(189,932)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>9,775,598</u>	<u>1,119,537</u>	<u>1,012,063</u>	<u>321,885</u>	<u>12,229,083</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,083,455</u>	<u>\$ 1,030,552</u>	<u>\$ 1,637,025</u>	<u>\$ 288,119</u>	<u>\$ 12,039,151</u>

CITY OF TAKOMA PARK, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (189,932)
Amounts reported for governmental activities in the statement of activities are different because:	
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 capital outlay \$3,041,971 exceeds depreciation expense \$(1,532,458) in the period.	1,509,513
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, leave used exceeded earned used by \$18,860.	18,860
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 2012.	1,901,052
Interest expense in the statement of activities differs from the amount reported in governmental funds due to the net decrease in accrued interest.	(7,835)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(14,201)
The net effect of various transactions involving revenues and expenses is to increase net assets.	48,717
Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance current expenditures. Accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in "unavailable" revenues at the end of the year over the amount at the beginning of the year.	(215,229)
CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS	\$ 3,050,945

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and utility fees	\$ 14,059,123	\$ 14,059,123	\$ 14,404,183	\$ 345,060
Licenses and permits	53,300	72,904	81,235	8,331
Fines and forfeitures	228,800	228,800	197,814	(30,986)
Use of money and property	60,000	60,000	47,044	(12,956)
Charges for services	900,580	901,530	1,080,058	178,528
Intergovernmental	4,274,987	4,294,987	4,311,758	16,771
Miscellaneous	87,350	128,252	146,910	18,658
Total revenues	<u>19,664,140</u>	<u>19,745,596</u>	<u>20,269,002</u>	<u>523,406</u>
EXPENDITURES				
Current:				
General government	3,456,156	3,409,464	3,128,643	280,821
Public safety	5,933,069	5,952,084	5,974,863	(22,779)
Public works	4,057,846	4,014,679	3,638,462	376,217
Housing and community development	1,277,689	1,257,501	1,176,412	81,089
Recreation and culture	2,691,740	2,647,722	2,444,878	202,844
Capital outlay	1,594,791	2,588,791	2,362,840	225,951
Debt service	2,144,583	2,144,583	2,143,407	1,176
Total expenditures	<u>21,155,874</u>	<u>22,014,824</u>	<u>20,869,505</u>	<u>1,145,319</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,491,734)</u>	<u>(2,269,228)</u>	<u>(600,503)</u>	<u>1,668,725</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(47,500)</u>	<u>(131,500)</u>	<u>(91,640)</u>	<u>39,860</u>
Total other financing sources (uses)	<u>(47,500)</u>	<u>(131,500)</u>	<u>(91,640)</u>	<u>39,860</u>
NET CHANGE IN FUND BALANCE	<u>(1,539,234)</u>	<u>(2,400,728)</u>	<u>(692,143)</u>	<u>1,708,585</u>
FUND BALANCE, BEGINNING OF YEAR	<u>9,775,598</u>	<u>9,775,598</u>	<u>9,775,598</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,236,364</u>	<u>\$ 7,374,870</u>	<u>\$ 9,083,455</u>	<u>\$ 1,708,585</u>

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
SPEED CAMERA FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (GAAP BASIS)
For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property - interest income	\$ 3,500	\$ 3,500	\$ 1,619	\$ (1,881)
Fines and forfeitures	<u>1,595,255</u>	<u>2,295,255</u>	<u>2,072,029</u>	<u>(223,226)</u>
Total revenues	<u>1,598,755</u>	<u>2,298,755</u>	<u>2,073,648</u>	<u>(225,107)</u>
EXPENDITURES				
Public safety	1,145,353	1,463,714	1,343,880	119,834
Capital outlay	<u>1,135,000</u>	<u>1,135,000</u>	<u>818,753</u>	<u>316,247</u>
Total expenditures	<u>2,280,353</u>	<u>2,598,714</u>	<u>2,162,633</u>	<u>436,081</u>
Excess (deficiency) of revenues over expenditures	(681,598)	(299,959)	(88,985)	210,974
FUND BALANCES, BEGINNING OF YEAR	<u>1,119,537</u>	<u>1,119,537</u>	<u>1,119,537</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 437,939</u>	<u>\$ 819,578</u>	<u>\$ 1,030,552</u>	<u>\$ 210,974</u>

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
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (GAAP BASIS)
For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,439,509	\$ 1,519,424	\$ 1,124,144	\$ (395,280)
Total revenues	<u>1,439,509</u>	<u>1,519,424</u>	<u>1,124,144</u>	<u>(395,280)</u>
EXPENDITURES				
General government	270,500	120,500	75,878	44,622
Public safety	70,231	68,993	48,110	20,883
Public works	50,000	-	-	-
Housing and community development	317,810	462,743	278,939	183,804
Recreation and culture	6,000	-	-	-
Capital outlay	335,500	411,720	187,895	223,825
Total expenditures	<u>1,050,041</u>	<u>1,063,956</u>	<u>590,822</u>	<u>473,134</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>389,468</u>	<u>455,468</u>	<u>533,322</u>	<u>77,854</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	<u>47,500</u>	<u>131,500</u>	<u>91,640</u>	<u>(39,860)</u>
NET CHANGE IN FUND BALANCE	<u>436,968</u>	<u>586,968</u>	<u>624,962</u>	<u>37,994</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,012,063</u>	<u>1,012,063</u>	<u>1,012,063</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,449,031</u>	<u>\$ 1,599,031</u>	<u>\$ 1,637,025</u>	<u>\$ 37,994</u>

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, 2012

	<u>Total</u>
ASSETS	
Cash and cash equivalents	<u>\$ 179,268</u>
Investments, at fair value:	
Equities	4,850,785
Fixed income	<u>2,606,660</u>
Total investments	<u>7,457,445</u>
TOTAL ASSETS	<u><u>\$ 7,636,713</u></u>
NET ASSETS	
Held in trust for pension benefits	<u><u>\$ 7,636,713</u></u>

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, 2012

	<u>Total</u>
ADDITIONS	
Employer contributions	\$ 940,842
Plan member contributions	<u>180,297</u>
Total contributions and other receipts	<u>1,121,139</u>
Net investment earnings	<u>93,926</u>
Total additions	<u>1,215,065</u>
DEDUCTIONS	
Benefits and refunds paid	517,801
Administrative expenses	<u>55,186</u>
Total deductions	<u>572,987</u>
CHANGE IN NET ASSETS	642,078
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>6,994,635</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	<u><u>\$ 7,636,713</u></u>

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
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2012

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 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 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.

CITY OF TAKOMA PARK, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2012

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

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: General Fund, Speed Camera Fund and Special Revenue Fund. The General Fund accounts for the normal recurring activities of the City such as police, public works, recreation and parks, general government, etc. These activities are financed primarily by property taxes, other taxes, service charges and grants from other governmental units. The Speed Camera Fund accounts for the financial activity related to the City's speed enforcement cameras. The Special Revenue Fund was established to account for the financial activity of proceeds of special revenue sources that are legally restricted to expenditure for specific purposes. During fiscal year 2012, most Special Revenue Fund revenues came from cable companies for upgrading cable equipment. There are three non-major governmental funds: the Stormwater Management Fund, the Rehabilitation Loans and Grants Fund, and the Community Center Fund. The Stormwater Management Fund was established to track the financial activity related to construction of the City's stormwater management facilities. The Rehabilitation Loans and Grants Fund accounts for the financial activity related to the City's rehabilitation loans and grants. The Community Center Fund accounts for the financial activity related to the construction of the City's Community Center. The Fiduciary Fund accounts for the financial activity of the City's Police Employees' Retirement Plan and the City's defined contribution pension plan.

CITY OF TAKOMA PARK, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2012

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT
PRESENTATION (CONTINUED)**

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. Assets in the Pension Trust Funds are also reported at fair value.

CITY OF TAKOMA PARK, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2012

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)

Receivables and Payables

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

	<u>Real Property</u>	<u>Personal and Corporate</u>
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. “Halfyear” 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.

CITY OF TAKOMA PARK, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2012

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 activities 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 cost 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.

In accordance with GASB 51 intangible assets are capitalized at historical cost or fair market value, if donated. Capitalization thresholds are \$500,000 for internally generated computer software, \$250,000 for other computer software and \$100,000 for land use rights and other intangible assets such as patents, trademarks, and copyrights.

Expenditures for major assets and improvements are capitalized as the assets are acquired or constructed. Interest on debt during the construction period is capitalized. Exhaustible capital assets are depreciated, which is charged as an expense against their operations. Land is not an exhaustible asset and is a non-depreciable asset. Accumulated depreciation is reported in the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. Intangible assets are amortized over their useful lives using the straight line method if they do not have indefinite useful lives. Estimated useful lives are as follows

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

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 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 of \$704,785 is included as "non-current liabilities" in the government-wide statements.

CITY OF TAKOMA PARK, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2012

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 assets (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 or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This category presents the net assets of the City not included elsewhere.

Governmental Fund Balances

On July 1, 2010, the City adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental type funds.

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of restrictions imposed externally by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by the City Charter, City Code or enabling legislation.
3. Committed Fund Balance – amounts that can be used only for specific purposes determined by a formal action by City Council, the City's highest level of decision-making authority, ordinance or resolution and can only be changed by a formal action by City Council, ordinance or resolution.

CITY OF TAKOMA PARK, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2012

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)

4. Assigned Fund Balance – amounts that are constrained by the City’s intent that they will be used for specific purposes but are neither restricted nor committed. Pursuant to the City Charter, the City Manager and the City Council are authorized to assign amounts for specific purposes.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The City considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The City also considers committed fund balances to be spent first, assigned fund balances to be spent second and unassigned fund balances be spent last when other unrestricted fund balance classifications are available for use.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, a general expenditure contingency (equal to at least 0.5% of total budgeted revenue for the general fund) is budgeted. The account is maintained to meet extraordinary or unanticipated expenditures as directed by the Council.
4. The City Manager may reallocate expenditures within the budget adopted by the Council, subject to such restrictions as the Council shall impose by ordinance. Subsequent to passage of the budget ordinance, the City Council must approve additional expenditures.
5. At the end of the fiscal year, unencumbered appropriations lapse.
6. The annual budgets for the General, Stormwater Management, Speed Camera Fund, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary control is maintained at the fund level. An annual budget is not adopted for the Rehabilitation Loans and Grants Fund and Community Center Fund.
7. The budget information presented in the accompanying basic financial statements includes all budget ordinances and amendments as approved by the City Council for the fiscal year ending June 30, 2012.

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 \$3,163,537 and the corresponding bank balances were \$3,262,503. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$3,012,503 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, 2012. The City has a contractual arrangement with the bank for funds

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

to be transferred daily from investment in a repurchase agreement to cover checks as presented.

C. Investments

At June 30, 2012, the City's investment balances by type were as follows:

	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (in Year)</u>		
			<u>Less than 1</u>	<u>1-5</u>	<u>More than 5</u>
Repurchase agreements	AAA	\$ 4,399,998	\$ 4,399,998	\$ -	\$ -
Maryland Local Government Investment Pool	AAAm	3,836,015	3,836,015	-	-
Money Market Mutual Funds*	AAAm	179,268	179,268	-	-
Money Market Mutual Funds*	N/A				
Equities*	N/A	4,850,785	-	-	4,850,785
Certificates of Deposit	Not Rated	2,040,248	-	2,040,248	-
Fixed Income*	**	2,606,660	-	-	2,606,660
Total investments		<u>\$ 17,912,974</u>	<u>\$ 8,415,281</u>	<u>\$ 2,040,248</u>	<u>\$ 7,457,445</u>

* Included in Fiduciary Funds.

** 73.5% of portfolio is rated Aaa; 4.1% is rated Aa; 11.9% is rated A and 10.5 % is rated Baa.

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

Cash on hand	\$ 1,376
Carrying amount of deposits	3,163,537
Carrying amount of investments	<u>17,912,974</u>
Total cash and investments	21,077,887
Less fiduciary funds	<u>7,636,713</u>
Total cash and investments per Statement of Net Assets	<u><u>\$ 13,441,174</u></u>
Cash and cash equivalents	3,164,913
Investments	<u>10,276,261</u>
Total cash and investments per Statement of Net Assets	<u><u>\$ 13,441,174</u></u>

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investment interest rate risk

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. To limit the City's exposure to fair value losses arising from increasing interest rates, the City's investment policy limits the term of investment maturities except in the fiduciary funds, for which longer term maturities are allowed to match the cash flow of liabilities. The City's management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original cost for that purpose. The investments at June 30, 2012 met the City's investment policy as of that date.

Investment income includes the following for the year ended June 30, 2012:

Total net investment income per Statement of Activities \$ 48,663

Net investment income per the Statement of Activities of \$48,663 is comprised of dividends and interest.

The net investment income per the *Statement of Changes in Fiduciary Net Assets* is comprised of the following:

Dividends and interest	\$ 134,401
Realized gain	81,835
Unrealized gain (loss)	<u>(122,310)</u>
	<u><u>\$ 93,926</u></u>

The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments, and realized gains and losses of the current period include unrealized amounts from prior periods.

Credit Risk

The City 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 AA+ by Standard & Poor's as of June 30, 2012. 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

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

that are in the possession of an outside party. The City's investments were \$4,399,998 in repurchase agreements, \$3,836,015 in MLGIP, \$4,850,785 in direct securities and \$2,040,248 in certificates of deposit and \$179,268 in money market funds. At June 30, 2012, 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 2012 was \$0.580 per \$100 and \$1.450 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, 2012, taxes receivable, net of an allowance for uncollectibles of \$63,977, amounted to \$118,278.

NOTE 4 – NOTES RECEIVABLES, NET

Notes receivable of \$42,773 are comprised of \$37,500 and \$5,273 recorded in Special Revenue Fund and the Rehabilitation Loans and Grants Fund (Rehabilitation Loans Fund), respectively. Notes receivable recorded in the Rehabilitation Loans Fund 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 and fund balance is nonspendable for general purposes, and may only be used for loans serving the same purpose. At June 30, 2012, notes receivable – Rehabilitation Loans Fund, net of allowances for uncollectibles of \$2,233, amounted to \$5,273.

The notes receivable in the amount of \$37,500, net of allowance for uncollectible of \$0, recorded in the Special Revenue Fund as a note receivable and deferred revenue consists of an unsecured loan to a nonprofit organization for repaving and other improvements along Maple Avenue. Repayment terms call for 0% interest rate and monthly payments of \$417 beginning in January, 2010 with full payment no later than December, 2019. If the organization defaults on the loan the interest rate may be increased to 6%.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 and Governmental Activities also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the fiscal year, the deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Income taxes, General Fund	\$ 318,558	\$ -	\$ 318,558
Property taxes receivable, General Fund	58,094	-	58,094
Charges for services, General Fund	3,195	-	3,195
Fees, General Fund	-	55,597	55,597
Stormwater receivable	14,753	-	14,753
General Fund	-	33,556	33,556
Grant funds received in excess of expenditures			
Special Revenue Fund	-	50,142	50,142
	<u>\$ 394,600</u>	<u>\$ 139,295</u>	<u>\$ 533,895</u>

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, 2012, the General Fund transferred \$91,640 to the Special Revenue Fund to provide the required matching funds for grants.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS (CONTINUED)

The balances at June 30, 2012 of individual fund interfund borrowings were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,020,281	\$ 1,472,841
Speed Camera	5,172	817,212
Special Revenue	1,472,841	5,172
	<u>2,498,294</u>	<u>2,295,225</u>
Non-major funds:		
Community Center	207,226	207,226
Storm Water	308	201,239
Rehab Loan	-	2,138
	<u>207,534</u>	<u>410,603</u>
Total	<u><u>\$ 2,705,828</u></u>	<u><u>\$ 2,705,828</u></u>

NOTE 7 – DUE FROM OTHER GOVERNMENTS

The June 30, 2012 balance of due from other governments is as follows:

Federal Government	\$ 24,836
State of Maryland:	
Income tax	223,093
Income tax reserve	318,558
Highway user tax	29,372
State Highway Administration	37,733
Energy Administration	93,000
Chesapeake Bay Trust Fund	10,000
Department of Housing and Community Development	15,030
Montgomery County	277,597
Hotel Tax	19,141
Total	<u><u>\$ 1,048,360</u></u>

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 8 – CAPITAL ASSETS AND OTHER PROPERTY

A summary of changes in capital assets during fiscal year 2012 follows:

	Balance June 30, 2011	Additions and Transfers	Deletions and Transfers	Balance June 30, 2012
Capital assets (not being depreciated)				
Land	\$ 1,420,632	\$ -	\$ -	\$ 1,420,632
Construction in progress	2,255,745	-	(2,255,745)	-
Total non-depreciable capital assets	<u>3,676,377</u>	<u>-</u>	<u>(2,255,745)</u>	<u>1,420,632</u>
Capital assets (being depreciated)				
Buildings	15,051,965	3,483,952	-	18,535,917
Improvements other than buildings	3,256,922	44,731	-	3,301,653
Equipment	5,352,472	747,727	(185,743)	5,914,456
Infrastructure	16,137,957	1,021,306	-	17,159,263
Total depreciable capital assets	<u>39,799,316</u>	<u>5,297,716</u>	<u>(185,743)</u>	<u>44,911,289</u>
Less - accumulated depreciation for:				
Buildings	(3,148,888)	(502,118)	-	(3,651,006)
Improvements other than buildings	(1,050,431)	(70,639)	-	(1,121,070)
Equipment	(2,689,232)	(469,536)	171,542	(2,987,226)
Infrastructure	<u>(10,700,791)</u>	<u>(490,165)</u>	<u>-</u>	<u>(11,190,956)</u>
Total accumulated depreciation	<u>(17,589,342)</u>	<u>(1,532,458)</u>	<u>171,542</u>	<u>(18,950,258)</u>
Total capital assets being depreciated	<u>22,209,974</u>	<u>3,765,258</u>	<u>(14,201)</u>	<u>25,961,031</u>
Total capital assets	<u><u>\$ 25,886,351</u></u>	<u><u>\$ 3,765,258</u></u>	<u><u>\$ (2,269,946)</u></u>	<u><u>\$ 27,381,663</u></u>

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

General government	\$ 336,975
Public safety	194,954
Housing and community development	15,009
Public works	846,567
Recreation and culture	138,953
	<u><u>\$ 1,532,458</u></u>

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012:

	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012	Due Within One Year	Coupon Interest Rate	Date of Maturity
Notes payable:							
Loan payable -							
Maryland Department of							
Housing and Community							
Development (DHCD)	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -	0.00%	June 2022
Other long-term liabilities:							
Bonds payable	1,281,407	-	(123,014)	1,158,393	127,361	3.59%	April 2020
Bonds payable	1,331,800	-	(1,331,800)	-	-	4.00%	May 2022
Bonds payable	154,230	-	(154,230)	-	-	3.34%	July 2011
Bonds payable	2,005,000	-	(110,500)	1,894,500	114,500	4.00%	May 2025
Bonds payable	1,375,000	-	(135,000)	1,240,000	140,000	2.97%	June 2020
Capital lease payable	46,508	-	(46,508)	-	-	6.05%	April 2012
Compensated absences	723,645	568,592	(587,452)	704,785	590,000		
	<u>\$ 7,067,590</u>	<u>\$ 568,592</u>	<u>\$ (2,488,504)</u>	<u>\$ 5,147,678</u>	<u>\$ 971,861</u>		

A. Notes and Bonds

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 balance of \$1,331,800 at June 30, 2011 was repaid during the year ended June 30, 2012. The balance at June 30, 2012 is \$0.

In June, 2004 the City entered into a Community Legacy Program Loan Agreement with the Maryland Department of Housing and Community Development for an unsecured loan of up to \$300,000 for the construction of a multi-level public parking structure in the Old Town business district. This Agreement was amended in June, 2008, and funds were reallocated for other parking related improvements. The total amount of the loan proceeds through June 30, 2010 was \$150,000. The interest rate is 0% annually and principal and interest payments are deferred until June 30, 2022 at which time the unpaid and un-forgiven portion of the loan is due and payable. The balance of the loan at June 30, 2012 is \$150,000.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)

A. Notes and Bonds

Fiscal Years	Principal	Interest	Total
2013	\$ -	\$ -	\$ -
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018 - 2022	150,000	-	150,000
Total	\$ 150,000	\$ -	\$ 150,000

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 was repaid with semi-annual payments of \$154,230. The balance at June 30, 2012 is \$0.

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, 2012 was 4.00%. The balance at June 30, 2012 is \$1,894,500.

The annual installments for the repayment of the bond as of June 30, 2012 are as follows:

Fiscal Years	Principal	Interest	Total
2013	\$ 114,500	\$ 81,055	\$ 195,555
2014	118,500	76,246	194,746
2015	123,000	71,269	194,269
2016	127,500	66,103	193,603
2017	133,000	60,747	193,747
2018 - 2022	748,500	215,455	963,955
2023 - 2025	529,500	47,793	577,293
Total	\$ 1,894,500	\$ 618,668	\$ 2,513,168

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)

On April 21, 2010 the City issued bonds in the amount of \$1,400,000 to be used for funding the unfunded pension liability to the State Retirement and Pension System of Maryland. The principal and interest is to be repaid with quarterly payments of \$41,813 at a 3.59% interest rate. The balance at June 30, 2012 is \$1,158,393. The annual installments are as follows:

Fiscal Years	Principal	Interest	Total
2013	\$ 127,361	\$ 39,890	\$ 167,251
2014	131,996	35,255	167,251
2015	136,799	30,452	167,251
2016	141,776	25,475	167,251
2017	146,935	20,316	167,251
2018 - 2020	473,526	28,085	501,611
Total	\$ 1,158,393	\$ 179,473	\$ 1,337,866

In July, 2010 the City issued bonds in the amount of \$1,500,000 to renovate the Public Works facility. The interest rate is 2.97% annually. Principal is repaid annually and interest payments are made semiannually. The loan matures on June 15, 2020. The balance of the loan at June 30, 2012 is \$1,240,000. The annual installments for the repayment of the loan as of June 30, 2012 are as follows:

Fiscal Years	Principal	Interest	Total
2013	\$ 140,000	\$ 36,828	\$ 176,828
2014	145,000	32,670	177,670
2015	150,000	28,364	178,364
2016	155,000	23,909	178,909
2017	155,000	19,305	174,305
2018 - 2020	495,000	29,700	524,700
Total	\$ 1,240,000	\$ 170,776	\$ 1,410,776

B. Capital Lease

The City entered into a capital lease agreement for the purchase of equipment. The equipment underlying this agreement is police equipment with an original cost of \$220,029 and a book value net of accumulated depreciation of \$76,400. The capital lease was repaid in the year ended June 30, 2012. The balance at June 30, 2012 is \$0.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 – FUND BALANCES

Fund balances for the City's governmental funds consisted of the following as of June 30, 2012:

Nonspendable Fund Balances

Nonspendable fund balances total \$464,978, as of June 30, 2012, comprised of prepaid expenditures of \$411,005, deposits of \$43,000 and trash bins of \$10,973 in the General Fund.

Restricted Fund Balances

Restricted fund balances total \$2,897,828 as of June 30, 2012. The General Fund restricted fund balance at June 30, 2012 is \$224,978 pertaining to street improvements. Fund balance in the Speed Camera Fund is restricted to public safety projects. At June 30, 2012, this amount was \$1,030,552. The fund balance in the Special Revenue Fund is restricted to cable equipment and related expenditures. At June 30, 2012, this amount was \$1,637,025. The amount restricted in the Rehabilitation Loans and Grants Fund related to notes receivable is \$5,273 as of June 30, 2012.

Committed Fund Balances

The General Fund has \$2,860,071 in committed fund balances as of June 30, 2012. This is comprised of the following:

General fund:

Equipment replacement reserve	\$ 2,194,858
Emergency reserve	414,963
Facility maintenance reserve	250,250
	<u>\$ 2,860,071</u>

The Charter 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. The City has committed \$414,963 for emergency expenses as of June 30, 2012.

Assigned Fund Balances

Assigned fund balances total \$282,846 comprised of \$282,846 in the Stormwater Management Fund assigned to stormwater management projects.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

Under the terms of the Contributory Pension System, a member hired before July 1, 2011 may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least five years of service. An employee hired before July 1, 2011 may also take early retirement with reduced benefits at age 55 with 15 years of service. A member hired before July 1, 2011 terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62. Members hired on or after July 1, 2011 may retire when their age and years of eligibility service totals 90 years or at age 65 with 10 years of eligibility service. Members hired on or after July 1, 2011 may retire with reduced benefits at age 60 with 15 years of eligibility service. A member hired on or after July 1, 2011 terminating employment before attaining retirement age, but after completing ten years of eligible service becomes eligible for a vested pension allowance upon reaching age 65.

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

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 5 percent or 2 percent. Contribution rate to the Contributory Pension System was 5 percent for fiscal year 2011 and will be 7 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, 2012 are based on salaries for the year ending June 30, 2011. 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:

	Fiscal Year Ending June 30		
	2012	2011	2010
Retirement plan contributions	<u>\$581,364</u>	<u>\$581,285</u>	<u>\$445,941</u>

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. The City does not issue a separate audited annual financial report for the Retirement Plan.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)

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

Basis of Accounting

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

Method Used to Value Investments

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

Plan Membership

As of July 1, 2012, the pension plan's membership consisted of:

Active employees	40
Retirees and beneficiaries currently receiving benefits	19
Terminated employees entitled to benefits but not yet receiving them	<u>2</u>
Total	<u><u>61</u></u>

Contribution Information and Funding Policy

The Plan covers sworn police officers who are employed on a regular full-time basis. Provisions of the Plan include retirement, disability and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided annually as prescribed by the City 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 \$180,297 at June 30, 2012. Administrative costs are financed through investment earnings.

The actuarially required contributions for the years ended June 30, 2012, 2011 and 2010 were \$924,278, \$930,263 and \$835,105, respectively. The amounts paid into the Plan for each of the years ended June 30, 2012, 2011 and 2010 were equal to the actuarially required contributions.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)

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

Annual Pension Cost and Net Pension Benefit

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

Annual required contribution (ARC)	\$ 924,278
Interest on NPO	(340)
Adjustment to ARC	77
Annual pension cost	<u>924,015</u>
Contributions made	<u>924,278</u>
Increase in net pension benefit	<u>263</u>
Net pension benefit, beginning of year	<u>4,255</u>
 Net pension benefit, end of year	 <u><u>\$ 4,518</u></u>

The annual pension cost for 2012, 2011, and 2010, was \$924,015, \$929,948 and \$835,105, respectively. The contributions made as a percentage of the annual pension cost for 2012, 2011 and 2010 were 100%, 100%, and 100%, respectively. The net pension benefit as of June 30, 2012, 2011 and 2010 was \$4,518, \$4,255 and \$3,940 respectively. The net pension assets for 2012, 2011, and 2010 was \$7,428,590, \$ 6,795,092 and \$5,058,336, respectively. The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2011 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:	June 30, 2012
Actuarial value of assets:	\$ 7,808,944
Actuarial accrued liability (AAL):	\$ 19,146,415
Total unfunded actuarial accrued liability:	\$ 11,337,471
Actuarial value of assets as a percentage of the AAL (funded ratio):	40.8%
Annual covered payroll:	\$ 2,673,827
Ratio of unfunded actuarial liability to annual covered payroll:	424%

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.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)

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.

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, 2012, there was one active plan participant and two inactive participants. During fiscal year 2012, the City was required to contribute 10.94% of the active participants’ monthly compensation, which averages \$1,276 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, 2012 was \$16,564. The plan administrator is ICMA-RC.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)

E. Condensed Financial Information

	Pension Trust	Defined Contribution Plan	Total
ASSETS			
Cash and cash equivalents	\$ 179,268	\$ -	\$ 179,268
Total investments	<u>7,249,322</u>	<u>208,123</u>	<u>7,457,445</u>
TOTAL ASSETS	<u>\$ 7,428,590</u>	<u>\$ 208,123</u>	<u>\$ 7,636,713</u>
NET ASSETS - Held in trust for pension benefits	<u>\$ 7,428,590</u>	<u>\$ 208,123</u>	<u>\$ 7,636,713</u>
ADDITIONS			
Total contributions	\$ 1,104,575	\$ 16,564	\$ 1,121,139
Other receipts	-	-	-
Net investment earnings	<u>89,910</u>	<u>4,016</u>	<u>93,926</u>
Total additions (deductions)	<u>1,194,485</u>	<u>20,580</u>	<u>1,215,065</u>
DEDUCTIONS			
Total deductions	<u>560,987</u>	<u>12,000</u>	<u>572,987</u>
CHANGE IN NET ASSETS	633,498	8,580	642,078
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>6,795,092</u>	<u>199,543</u>	<u>6,994,635</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	<u>\$ 7,428,590</u>	<u>\$ 208,123</u>	<u>\$ 7,636,713</u>

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 12 – RISKS AND UNCERTAINTIES

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

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES

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

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

NOTE 14 – POST RETIREMENT BENEFITS

The City does not provide and has no liability for post-retirement benefits at June 30, 2012.

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 Insured Workers Insurance Fund. 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.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 16 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements:

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued in December 2009, effective for financial statements for periods beginning after June 15, 2011.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, effective for financial statements for periods beginning after December 15, 2011.

Statement No. 61, *The Financial Reporting Entity: Omnibus*, issued November 2010, effective for financial statements for periods beginning after June 15, 2012.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued December 2010, effective for financial statements for periods beginning after December 15, 2011.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011, effective for financial statements for periods beginning after December 15, 2011.

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, effective for financial statements for periods beginning after December 15, 2012.

Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, issued March 2012, effective for financial statements for periods beginning after December 15, 2012.

Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, issued June 2012, effective for financial statements for fiscal years beginning after June 15, 2013.

Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, issued June 2012, effective for financial statements for fiscal years beginning after June 15, 2014.

The City will implement these statements as necessary as of their effective dates. While the City is still in the process of determining the effect of implementing these GASB statements, they are not expected to have a material effect on the financial position of the City.

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REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF TAKOMA PARK, MARYLAND
REQUIRED SUPPLEMENTAL INFORMATION
POLICE EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
June 30, 2005 – 2012**

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, 2012	\$ 7,808,944	\$19,146,415	\$11,337,471	40.8%	\$ 2,673,827	424.0%
July 1, 2011	6,795,092	16,397,138	9,602,046	41.4%	2,774,501	346.1%
July 1, 2010	5,058,336	15,094,744	10,036,408	33.5%	2,713,518	369.9%
July 1, 2009	4,035,510	14,355,855	10,320,345	28.1%	2,671,071	386.4%
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%

**POLICE EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
June 30, 2005 – 2012**

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2012	\$ 924,278	100.0%
June 30, 2011	930,263	100.0%
June 30, 2010	835,105	100.0%
June 30, 2009	703,661	106.4%
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%

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes:				
<u>Property</u>				
Real property	\$ 11,298,829	\$ 11,298,829	\$ 11,166,179	\$ (132,650)
Business or other property	472,700	472,700	446,819	(25,881)
Penalty and interest	30,000	30,000	63,142	33,142
Total property	<u>11,801,529</u>	<u>11,801,529</u>	<u>11,676,140</u>	<u>(125,389)</u>
<u>Local Taxes</u>				
Admission and amusement	<u>600</u>	<u>600</u>	<u>1,100</u>	<u>500</u>
	600	600	1,100	500
<u>Shared taxes</u>				
Highway	131,994	131,994	131,098	(896)
Income tax	2,125,000	2,125,000	2,595,845	470,845
Total shared taxes	<u>2,256,994</u>	<u>2,256,994</u>	<u>2,726,943</u>	<u>469,949</u>
Total taxes	<u>14,059,123</u>	<u>14,059,123</u>	<u>14,404,183</u>	<u>345,060</u>
Licenses and permits	<u>53,300</u>	<u>72,904</u>	<u>81,235</u>	<u>8,331</u>
Fines and forfeitures	<u>228,800</u>	<u>228,800</u>	<u>197,814</u>	<u>(30,986)</u>
Use of Money and Property:				
Interest and dividends	<u>60,000</u>	<u>60,000</u>	<u>47,044</u>	<u>(12,956)</u>
Charges for Services:				
Public parking	46,000	46,000	67,026	21,026
Protective inspection fees	295,000	295,000	303,091	8,091
Waste collection and disposal	70,500	70,500	73,719	3,219
Passport	18,500	18,500	42,650	24,150
Recreation	372,400	373,350	493,344	119,994
Library fines and fees	40,880	40,880	30,824	(10,056)
Other	57,300	57,300	69,404	12,104
Total charges for services	<u>900,580</u>	<u>901,530</u>	<u>1,080,058</u>	<u>178,528</u>

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES (Continued)				
Intergovernmental Revenues:				
Police protection	\$ 261,254	\$ 261,254	\$ 261,254	\$ -
In Lieu of Police	1,983,594	1,983,594	1,983,590	(4)
In Lieu of County Services	576,339	576,339	576,339	-
Police rebate	922,170	922,170	897,493	(24,677)
Bank share tax	5,643	5,643	5,643	-
Library Aid	95,900	95,900	95,900	-
Montgomery County Tax	350,417	350,417	401,869	51,452
Takoma/Langlely Recreation Center	79,670	79,670	79,670	-
Chesapeake Bay Trust Fund	-	20,000	10,000	(10,000)
Total intergovernmental revenues	<u>4,274,987</u>	<u>4,294,987</u>	<u>4,311,758</u>	<u>16,771</u>
Miscellaneous revenue - other	<u>87,350</u>	<u>128,252</u>	<u>146,910</u>	<u>18,658</u>
Total revenues	<u>19,664,140</u>	<u>19,745,596</u>	<u>20,269,002</u>	<u>523,406</u>
EXPENDITURES				
General Government:				
City Council	183,313	183,313	160,847	22,466
City Manager	1,158,352	1,117,317	1,050,101	67,216
Finance	530,789	515,575	501,075	14,500
Legal	204,475	204,475	209,743	(5,268)
Information Systems Administration	433,206	426,480	421,266	5,214
Other - unclassified	946,021	962,304	785,611	176,693
Total general government	<u>3,456,156</u>	<u>3,409,464</u>	<u>3,128,643</u>	<u>280,821</u>
Public Safety:				
Office of the Chief	490,847	492,711	496,519	(3,808)
Communications	410,192	402,368	377,984	24,384
Patrol	3,294,092	3,320,989	3,287,571	33,418
Criminal investigations	1,161,709	1,166,311	1,248,081	(81,770)
Administration	576,229	569,705	564,708	4,997
Total public safety	<u>5,933,069</u>	<u>5,952,084</u>	<u>5,974,863</u>	<u>(22,779)</u>
Public Works:				
Administration	457,132	451,309	276,318	174,991
Building Maintenance	724,287	715,385	734,736	(19,351)
Equipment Maintenance	470,662	464,124	474,596	(10,472)
Right of Way	981,279	971,997	853,797	118,200
Solid Waste Management	817,361	804,992	786,929	18,063
Urban forest/ City Gardens	447,124	448,955	396,587	52,368
City engineer	160,001	157,917	115,499	42,418
Total public works	<u>4,057,846</u>	<u>4,014,679</u>	<u>3,638,462</u>	<u>376,217</u>

**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, 2012**

(Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Housing and Community Development:	\$ 1,277,689	\$ 1,257,501	\$ 1,176,412	\$ 81,089
Recreation and Culture:				
Recreation	1,343,751	1,316,394	1,157,611	158,783
Library and media	1,347,989	1,331,328	1,287,267	44,061
Total recreation and culture	2,691,740	2,647,722	2,444,878	202,844
Capital Outlay	1,594,791	2,588,791	2,362,840	225,951
Debt Service:				
Repayments	2,144,583	2,144,583	2,143,407	1,176
Total debt service	2,144,583	2,144,583	2,143,407	1,176
Total expenditures	21,155,874	22,014,824	20,869,505	1,145,319
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(1,491,734)	(2,269,228)	(600,503)	1,668,725
OTHER FINANCING SOURCES (USES)				
Transfers:				
Special Revenue	(47,500)	(131,500)	(91,640)	39,860
Total other financing sources (uses)	(47,500)	(131,500)	(91,640)	39,860
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,539,234)	(2,400,728)	(692,143)	1,708,585
APPROPRIATION OF FUND BALANCE	1,539,234	2,400,728	-	(2,400,728)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ (692,143)	\$ (692,143)

CITY OF TAKOMA PARK, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Stormwater Management Fund	Community Center	Rehabilitation Loans and Grants	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and temporary investments	\$ 579,424	\$ -	\$ 211,324	\$ 790,748
Notes receivable, net	-	-	5,273	5,273
Other receivables	21,420	-	-	21,420
Due from other funds	308	207,226	-	207,534
Due from other governments	-	-	-	-
Total assets	<u>\$ 601,152</u>	<u>\$ 207,226</u>	<u>\$ 216,597</u>	<u>\$ 1,024,975</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 82,739	\$ -	\$ -	\$ 82,739
Accrued expenses	2,149	-	-	2,149
Deposits and escrows held	17,426	-	-	17,426
Due to other funds	201,239	207,226	2,138	410,603
Due to other governments	-	-	209,186	209,186
Deferred revenue	14,753	-	-	14,753
Total liabilities	<u>318,306</u>	<u>207,226</u>	<u>211,324</u>	<u>736,856</u>
<u>Fund Balances</u>				
Restricted	-	-	5,273	5,273
Committed	-	-	-	-
Assigned	282,846	-	-	282,846
Unassigned	-	-	-	-
Total fund balances	<u>282,846</u>	<u>-</u>	<u>5,273</u>	<u>288,119</u>
Total liabilities and fund balances	<u>\$ 601,152</u>	<u>\$ 207,226</u>	<u>\$ 216,597</u>	<u>\$ 1,024,975</u>

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, 2012

	Stormwater Management Fund	Community Center	Rehabilitation Loans and Grants	Total Nonmajor Governmental Funds
REVENUES				
Stimulus grant	\$ -	\$ -	\$ -	\$ -
Charges for service	372,121	-	-	372,121
Intergovernmental	-	-	-	-
Miscellaneous	5,752	-	-	5,752
Total revenues	<u>377,873</u>	<u>-</u>	<u>-</u>	<u>377,873</u>
EXPENDITURES				
General government	-	-	4,798	4,798
Public safety	-	-	-	-
Public works	241,392	-	-	241,392
Housing and community development	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	165,449	-	-	165,449
Total expenditures	<u>406,841</u>	<u>-</u>	<u>4,798</u>	<u>411,639</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(28,968)</u>	<u>-</u>	<u>(4,798)</u>	<u>(33,766)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(28,968)</u>	<u>-</u>	<u>(4,798)</u>	<u>(33,766)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>311,814</u>	<u>-</u>	<u>10,071</u>	<u>321,885</u>
FUND BALANCE, END OF YEAR	<u>\$ 282,846</u>	<u>\$ -</u>	<u>\$ 5,273</u>	<u>\$ 288,119</u>

**CITY OF TAKOMA PARK, MARYLAND
STORMWATER MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Grant funds	\$ 111,000	\$ -	\$ -	\$ -
Charges for services	369,000	369,000	372,121	3,121
Miscellaneous	4,000	4,000	5,752	1,752
Total revenues	<u>484,000</u>	<u>373,000</u>	<u>377,873</u>	<u>4,873</u>
EXPENDITURES				
Public works	287,461	287,461	241,392	46,069
Capital outlay	278,000	167,000	165,449	1,551
Total expenditures	<u>565,461</u>	<u>454,461</u>	<u>406,841</u>	<u>47,620</u>
Excess (deficiency) of revenues over expenditures before other financing sources (users)	<u>(81,461)</u>	<u>(81,461)</u>	<u>(28,968)</u>	<u>52,493</u>
NET CHANGE IN FUND BALANCE	(81,461)	(81,461)	(28,968)	52,493
FUND BALANCE, BEGINNING OF YEAR	<u>407,571</u>	<u>407,571</u>	<u>311,814</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 326,110</u>	<u>\$ 326,110</u>	<u>\$ 282,846</u>	<u>\$ 52,493</u>

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	Pension Trust	Defined Contribution Plan	Totals	
			2012	2011
ASSETS				
Cash and cash equivalents	\$ 179,268	\$ -	\$ 179,268	\$ 295,755
Investments, at fair value:				
Equities	4,642,662	208,123	4,850,785	4,249,383
Fixed income	2,606,660	-	2,606,660	2,449,497
Total investments	<u>7,249,322</u>	<u>208,123</u>	<u>7,457,445</u>	<u>6,698,880</u>
TOTAL ASSETS	<u>\$ 7,428,590</u>	<u>\$ 208,123</u>	<u>\$ 7,636,713</u>	<u>\$ 6,994,635</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 7,428,590</u>	<u>\$ 208,123</u>	<u>\$ 7,636,713</u>	<u>\$ 6,994,635</u>

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	Pension Trust	Defined Contribution Plan	Totals	
			2012	2011
ADDITIONS				
Employer contributions	\$ 924,278	\$ 16,564	\$ 940,842	\$ 944,093
Plan member contributions	180,297	-	180,297	238,255
Other receipts	-	-	-	2,205
Total contributions and other receipts	<u>1,104,575</u>	<u>16,564</u>	<u>1,121,139</u>	<u>1,184,553</u>
Investment earnings	<u>89,910</u>	<u>4,016</u>	<u>93,926</u>	<u>1,175,249</u>
Total additions	<u>1,194,485</u>	<u>20,580</u>	<u>1,215,065</u>	<u>2,359,802</u>
DEDUCTIONS				
Benefit and refunds paid	505,801	12,000	517,801	474,901
Administrative expenses	<u>55,186</u>	<u>-</u>	<u>55,186</u>	<u>57,462</u>
Total deductions	<u>560,987</u>	<u>12,000</u>	<u>572,987</u>	<u>532,363</u>
CHANGE IN NET ASSETS	633,498	8,580	642,078	1,827,439
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>6,795,092</u>	<u>199,543</u>	<u>6,994,635</u>	<u>5,167,196</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	<u><u>\$ 7,428,590</u></u>	<u><u>\$ 208,123</u></u>	<u><u>\$ 7,636,713</u></u>	<u><u>\$ 6,994,635</u></u>

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STATISTICAL SECTION

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 TEN FISCAL YEARS
(Accrual Basis of Accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities										
Invested in capital assets, net of related debt	\$ 24,247,163	\$ 20,973,813	\$ 19,250,374	\$ 17,912,991	\$ 17,227,232	\$ 17,112,525	\$ 12,220,247	\$ 9,053,902	\$ 6,361,971	\$ 2,465,056
Restricted	5,757,899	4,836,215	2,381,395	1,766,922	1,672,038	1,327,101	1,524,639	4,065,550	1,677,812	1,617,967
Unrestricted	<u>4,681,714</u>	<u>5,825,803</u>	<u>8,105,697</u>	<u>8,560,575</u>	<u>7,439,030</u>	<u>6,118,379</u>	<u>4,210,070</u>	<u>1,228,025</u>	<u>1,697,656</u>	<u>4,913,094</u>
TOTAL PRIMARY										
GOVERNMENT NET ASSETS	<u>\$ 34,686,776</u>	<u>\$ 31,635,831</u>	<u>\$ 29,737,466</u>	<u>\$ 28,240,488</u>	<u>\$ 26,338,300</u>	<u>\$ 24,558,005</u>	<u>\$ 17,954,956</u>	<u>\$ 14,347,477</u>	<u>\$ 9,737,439</u>	<u>\$ 8,996,117</u>

Table 2

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES										
Governmental activities:										
General government	\$ 3,528,633	\$ 3,655,556	\$ 5,719,008	\$ 3,120,349	\$ 3,425,823	\$ 2,764,025	\$ 2,819,521	\$ 3,029,141	\$ 3,181,117	\$3,719,307
Public safety	7,637,072	7,213,649	7,563,656	6,048,350	5,797,560	5,214,230	4,726,609	4,520,348	4,374,347	4,115,905
Public works	5,107,165	5,564,151	5,099,655	5,774,672	4,798,252	4,526,174	3,651,129	4,059,898	4,174,364	3,499,188
Housing and community development	1,470,360	1,360,806	1,836,561	1,403,582	1,264,767	1,198,331	1,005,222	917,685	1,214,972	763,328
Recreation and culture	2,613,109	2,678,012	2,622,686	2,623,651	2,526,988	2,540,913	2,170,734	1,966,910	2,209,011	2,006,076
Interest	250,453	296,666	213,883	250,349	246,360	250,342	263,379	210,411	106,551	106,606
Total primary government expenses	<u>20,606,792</u>	<u>20,768,840</u>	<u>23,055,449</u>	<u>19,220,953</u>	<u>18,059,750</u>	<u>16,494,015</u>	<u>14,636,594</u>	<u>14,704,393</u>	<u>15,260,362</u>	<u>14,210,410</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	98,727	80,613	82,479	103,010	75,238	39,080	537,608	456,113	40,866	27,163
Public safety	2,335,397	2,044,513	2,424,778	882,331	236,428	181,219	190,287	179,322	104,539	130,455
Public works	507,571	484,608	485,424	490,129	513,215	840,248	831,409	764,039	340,060	561,748
Housing and community development	338,930	349,099	328,503	333,619	346,593	-	614	314,486	204,222	-
Recreation and culture	524,168	457,419	308,424	286,090	274,653	322,675	249,909	242,363	188,933	221,713
Operating grants and contributions	4,243,995	4,189,088	4,927,311	5,311,448	4,879,649	3,943,472	5,528,750	5,055,228	5,716,825	4,534,872
Capital grants and contributions	774,395	728,089	2,298,112	-	43,348	531,460	716,414	2,586,088	986,403	239,970
Total primary government program revenues	<u>8,823,183</u>	<u>8,333,429</u>	<u>10,855,031</u>	<u>7,406,627</u>	<u>6,369,124</u>	<u>5,858,154</u>	<u>8,054,991</u>	<u>9,597,639</u>	<u>7,581,848</u>	<u>5,715,921</u>
Total primary government net expense	<u>(11,783,609)</u>	<u>(12,435,411)</u>	<u>(12,200,418)</u>	<u>(11,814,326)</u>	<u>(11,690,626)</u>	<u>(10,635,861)</u>	<u>(6,581,603)</u>	<u>(5,106,754)</u>	<u>(7,678,514)</u>	<u>(8,494,489)</u>
GENERAL REVENUES AND OTHER										
CHANGES IN NET ASSETS										
Governmental activities:										
Taxes:										
Property taxes	11,668,702	11,381,629	11,085,519	10,459,749	9,627,880	8,764,784	7,901,543	7,630,236	6,634,987	6,112,206
Intergovernmental / unrestricted	3,003,680	2,914,276	2,472,591	3,030,468	3,342,710	3,662,840	1,904,784	1,740,886	1,583,275	1,449,812
Unrestricted investment earnings	113,509	46,947	76,217	172,830	353,747	359,342	184,751	130,409	67,832	191,071
Miscellaneous and other	48,663	(9,076)	63,069	53,467	146,584	180,062	198,004	215,261	133,742	630,506
Total primary government	<u>14,834,554</u>	<u>14,333,776</u>	<u>13,697,396</u>	<u>13,716,514</u>	<u>13,470,921</u>	<u>12,967,028</u>	<u>10,189,082</u>	<u>9,716,792</u>	<u>8,419,836</u>	<u>8,383,595</u>
TOTAL PRIMARY GOVERNMENT										
CHANGE IN NET ASSETS	<u>\$ 3,050,945</u>	<u>\$ 1,898,365</u>	<u>\$ 1,496,978</u>	<u>\$ 1,902,188</u>	<u>\$ 1,780,295</u>	<u>\$ 2,331,167</u>	<u>\$ 3,607,479</u>	<u>\$ 4,610,038</u>	<u>\$ 741,322</u>	<u>\$ (110,894)</u>

Table 3

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Nonspendable	\$ 464,978	\$ 383,459	\$ 54,627	\$ 18,175	\$ 8,210	\$ 46,969	\$ -	\$ 7,369	\$ -	\$ 152,772
Restricted	224,978	224,754	224,372	43,949	43,337	-	117,347	1,229,659	-	1,617,967
Committed	2,860,071	2,469,790	2,157,023	1,722,973	1,628,701	1,327,101	1,215,203	1,327,442	1,964,847	1,318,077
Assigned	-	1,539,234	3,417,680	1,559,362	1,715,916	1,513,213	1,222,641	1,354,088	724,561	1,260,431
Unassigned	5,533,428	5,158,361	3,481,662	5,576,736	4,553,565	3,517,381	2,325,305	966,533	-	1,340,303
Total general fund	<u>\$ 9,083,455</u>	<u>\$ 9,775,598</u>	<u>\$ 9,335,364</u>	<u>\$ 8,921,195</u>	<u>\$ 7,949,729</u>	<u>\$ 6,404,664</u>	<u>\$ 4,880,496</u>	<u>\$ 4,885,091</u>	<u>\$ 2,689,408</u>	<u>\$ 5,689,550</u>
Total all other governmental funds										
Restricted	\$ 2,672,850	\$ 2,141,671	\$ 1,678,614	\$ 1,066,524	\$ 485,574	\$ 413,714	\$ 439,023	\$ 154,361	\$ 480,554	\$ 250,547
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	282,846	311,814	465,618	381,953	300,162	272,423	143,704	720,840	222,841	188,746
Total	<u>\$ 2,955,696</u>	<u>\$ 2,453,485</u>	<u>\$ 2,144,232</u>	<u>\$ 1,448,477</u>	<u>\$ 785,736</u>	<u>\$ 686,137</u>	<u>\$ 582,727</u>	<u>\$ 875,201</u>	<u>\$ 703,395</u>	<u>\$ 439,293</u>

Note: In 2011 the City implemented GASB 54 and accordingly fund balances for years 2003 through 2010 have been revised.

Table 4

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES										
Taxes	\$ 14,404,183	\$ 13,751,914	\$ 13,287,014	\$ 13,318,311	\$ 12,573,318	\$ 11,486,637	\$ 10,306,405	\$ 9,826,025	\$ 8,618,452	\$ 8,115,007
Licenses and permits	81,235	78,664	75,030	72,291	45,470	104,597	62,415	63,610	63,862	31,928
Fines and forfeitures	2,269,843	1,987,826	2,376,632	839,804	213,197	181,219	190,287	179,323	104,539	130,455
Use of money and property	48,663	46,947	76,217	172,830	353,747	359,342	184,751	130,409	67,832	191,072
Stimulus grant	-	9,486	180,225	-	-	-	-	-	-	-
Charges for services	1,452,179	1,363,478	1,364,673	1,092,405	831,249	1,108,872	1,007,213	1,136,197	773,186	784,312
Intergovernmental	5,435,902	5,325,155	7,046,959	5,654,908	4,762,643	5,475,182	6,245,164	7,641,316	6,004,235	4,342,372
Miscellaneous	152,662	142,001	299,362	163,841	157,676	174,241	247,158	215,261	382,952	652,055
Total revenues	<u>23,844,667</u>	<u>22,705,471</u>	<u>24,706,112</u>	<u>21,314,390</u>	<u>18,937,300</u>	<u>18,890,090</u>	<u>18,243,393</u>	<u>19,192,141</u>	<u>16,015,058</u>	<u>14,247,201</u>
EXPENDITURES										
Current:										
General government	3,209,319	3,308,640	5,357,962	3,077,096	2,994,878	2,621,670	2,435,598	2,597,839	3,038,787	3,017,496
Public safety	7,366,853	6,965,312	7,115,499	5,981,975	5,349,349	5,037,668	4,659,466	4,489,515	4,292,117	4,044,399
Public works	3,879,854	3,978,563	4,136,274	4,047,071	3,611,130	3,765,225	3,480,726	3,895,853	3,997,466	3,355,898
Housing/community development	1,455,351	1,332,775	1,751,912	1,392,147	1,277,216	1,189,911	1,003,247	1,112,569	1,212,228	758,430
Recreation and culture	2,444,878	2,513,391	2,545,113	2,389,783	2,324,744	2,160,849	2,129,854	2,001,449	2,159,158	1,975,967
Capital outlay	3,534,937	4,177,448	3,305,507	1,807,850	931,837	2,029,151	4,127,017	6,958,497	3,943,729	1,110,105
Debt service:										
Principal	1,901,052	909,268	665,769	752,343	919,207	733,584	612,522	205,984	200,317	1,095,680
Interest	242,355	270,587	212,634	231,918	251,511	250,342	249,983	167,946	106,771	103,392
Total expenditures	<u>24,034,599</u>	<u>23,455,984</u>	<u>25,090,670</u>	<u>19,680,183</u>	<u>17,659,872</u>	<u>17,788,400</u>	<u>18,698,413</u>	<u>21,429,652</u>	<u>18,950,573</u>	<u>15,461,367</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(189,932)</u>	<u>(750,513)</u>	<u>(384,558)</u>	<u>1,634,207</u>	<u>1,277,428</u>	<u>1,101,690</u>	<u>(455,020)</u>	<u>(2,237,511)</u>	<u>(2,935,515)</u>	<u>(1,214,166)</u>
OTHER FINANCING SOURCES (USES)										
Bond/loan proceeds	-	1,500,000	1,494,484	-	220,029	525,888	-	4,605,000	19,475	380,000
Sale of property	-	-	-	-	109,276	-	157,951	-	-	-
Transfers in (out)	-	-	-	-	(61,668)	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>1,500,000</u>	<u>1,494,484</u>	<u>-</u>	<u>267,637</u>	<u>525,888</u>	<u>157,951</u>	<u>4,605,000</u>	<u>19,475</u>	<u>380,000</u>
NET CHANGES IN FUND BALANCES	<u>\$ (189,932)</u>	<u>\$ 749,487</u>	<u>\$ 1,109,926</u>	<u>\$ 1,634,207</u>	<u>\$ 1,545,065</u>	<u>\$ 1,627,578</u>	<u>\$ (297,069)</u>	<u>\$ 2,367,489</u>	<u>\$ (2,916,040)</u>	<u>\$ (834,166)</u>
Debt service as a percentage of noncapital expenditures	10.21%	5.86%	3.93%	5.34%	6.93%	6.03%	5.81%	2.58%	2.04%	8.05%

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
2012	\$ 11,166,179	\$ 446,819	\$ 63,142	\$ -	\$ 1,100	\$ 2,595,845	\$ 131,098	\$ 14,404,183
2011	10,858,055	460,664	62,267	-	514	2,330,225	40,189	13,751,914
2010	10,556,622	470,012	61,172	-	614	2,138,384	60,210	13,287,014
2009	10,007,250	434,015	58,807	(1,139)	268	2,310,208	508,902	13,318,311
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

Source: City's financial records.

Table 6

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

Fiscal Year	Total Tax Levy	Current Tax Collections and Credits	Percent of Levy Collected	Delinquent Tax Collections and Credits	Total Tax Collections and Credits	Percent of Total Tax Collections to Tax Levy
2012	\$ 11,218,982	\$ 11,165,805	99.5%	\$ 49,198	\$ 11,215,003	99.9%
2011	10,839,223	10,610,360	97.9%	117,035	10,727,395	99.0%
2010	10,595,358	10,538,917	99.5%	54,514	10,593,431	100.0%
2009	10,025,305	9,953,428	99.3%	8,783	9,962,211	99.4%
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	99.1%	-	7,674,253	99.1%
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%

Source: City's Finance Department.

Table 7

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

Fiscal Year	Real Property		Public Utilities		Personal Property		Total		Ratio of Total Assessed to Total	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	Estimated Actual Value	
2012	\$ 1,934,307,192	\$ 1,934,307,192	\$ 11,178,450	\$ 11,178,450	\$ 19,536,290	\$ 19,536,290	1,965,021,932	1,965,021,932	100	0.580
2011	1,868,831,518	1,868,831,518	11,113,060	11,113,060	21,189,430	21,189,430	1,901,134,008	1,901,134,008	100	0.580
2010	1,826,785,810	1,826,785,810	10,919,000	10,919,000	20,707,720	20,707,720	1,858,412,530	1,858,412,530	100	0.580
2009	1,669,463,691	1,669,463,691	10,236,720	10,236,720	21,517,740	21,517,740	1,701,218,151	1,701,218,151	100	0.605
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	0.660

(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.

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)

Fiscal Year	Direct Tax Rate⁽¹⁾ Takoma Park General	Overlapping Tax Rates⁽¹⁾					Direct and Overlapping Total
		State of Maryland	Montgomery County	Maryland - National Capital Park and Planning Commission	Transit District	Recreation Areas	
2012	\$ 0.5800	\$ 0.1120	\$ 0.7130	\$ 0.0650	\$ 0.0380	\$ 0.0180	\$ 1.5260
2011	0.5800	0.1120	0.6990	0.0610	0.0370	0.0180	1.5070
2010	0.5800	0.1120	0.6830	0.0690	0.0370	0.0190	1.5000
2009	0.6050	0.1120	0.6610	0.0730	0.0400	0.0220	1.5130
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

(1) In dollars per \$100 of assessed value.

Source: State of Maryland Department of Assessment and Taxation.

**CITY OF TAKOMA PARK, MARYLAND
COMPUTATION OF LEGAL DEBT MARGIN
Year Ended June 30, 2012**

Fiscal year 2012 real property assessed value	<u>\$ 1,934,307,192</u>
Debt limit - 100% of assessed value	1,934,307,192
Amount of debt applicable to debt limit - legal debt margin	<u>4,442,893</u>
Legal debt margin	<u>\$ 1,929,864,299</u>

SECTION 823 - AUTHORIZATION TO BORROW MONEY

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

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

SECTION 824 - PAYMENT OF INDEBTEDNESS

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

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

<u>Fiscal Year</u>	<u>Population</u> ⁽¹⁾	<u>Assessed Value</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2012	16,715	\$ 1,965,021,932	\$ 4,292,893	\$ - (2)	\$ 150,000	0.23%	\$256.83
2011	16,715	1,901,134,008	6,147,455	46,508	150,000	0.33%	\$367.78
2010	17,299	1,858,412,530	5,398,992	201,979	152,260	0.31%	\$312.10
2009	17,299	1,701,218,151	4,869,000	363,687	7,260	0.31%	\$281.46
2008	17,299	1,514,482,702	5,621,343	561,768	67,260	0.41%	\$324.95
2007	17,299	1,337,879,698	6,320,521	541,584	122,260	0.52%	\$365.37
2006	17,299	1,189,913,444	6,528,217	192,763	177,260	0.58%	\$377.38
2005	17,299	1,073,828,539	7,140,738	252,946	232,260	0.71%	\$412.78
2004	17,299	969,625,688	2,741,845	310,586	287,260	0.34%	\$158.50
2003	17,299	899,870,271	2,922,687	344,461	342,260	0.40%	\$168.95

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

(2) Capital leases were fully paid in FY 2012.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures (Percent)</u>
2012	\$ 1,901,052	\$ 242,355	\$ 2,143,407	\$ 20,869,505	10.27%
2011	909,268	270,587	1,179,855	20,612,228	5.72%
2010	665,769	212,634	878,403	20,336,802	4.32%
2009	752,343	231,918	984,261	18,127,353	5.43%
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%

(1) Takoma Junction loan balance was fully paid.

(2) MEDCO Bonds were fully paid.

Source: City's financial records.

CITY OF TAKOMA PARK, MARYLAND
COMPUTATION OF DIRECT AND OVERLAPPING DEBT ⁽²⁾
June 30, 2012

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct debt –			
City of Takoma Park	<u>\$ 4,442,893</u>	100%	<u>\$ 4,442,893</u>
Direct debt sub-total	<u>4,442,893</u>		<u>4,442,893</u>
Overlapping debt -			
Montgomery County	2,857,196,443	1% ⁽¹⁾	28,571,964
Maryland-National Capital Park and Planning Commission			
Montgomery County	<u>37,674,880</u>	1% ⁽¹⁾	<u>376,749</u>
Overlapping debt sub-total	<u>2,894,871,323</u>		<u>28,948,713</u>
Total direct and overlapping debt	<u><u>\$ 2,899,314,216</u></u>		<u><u>\$ 33,391,606</u></u>

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

Source: Montgomery County Department of Finance.

Table 13

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

Fiscal Year	Population ⁽¹⁾	Personal Income (2) (thousands)	Per Capita Income ⁽²⁾	Labor Force ⁽³⁾	Unemployment Rate ⁽⁴⁾	Registered Pupils ⁽⁵⁾
Montgomery County:						
2012	16,715	\$ 72,550,000	\$ 73,317	\$ 527,829	5.0	146,497
2011	16,715	69,430,000	70,802	525,157	5.2	143,309
2010	17,299	65,977,456	67,894	522,913	5.8	140,500
2009	17,299	63,323,396	66,030	521,429	5.6	137,763
2008	17,299	65,845,731	69,844	519,957	3.2	137,745
2007	17,299	62,643,745	67,236	517,734	2.6	137,798
2006	17,299	60,372,289	65,162	508,142	2.8	139,387
2005	17,299	55,846,295	60,602	508,251	3.1	139,337
2004	17,299	52,238,928	57,092	497,204	3.2	139,203
2003	17,299	48,650,108	53,432	496,223	3.3	138,891

- (1) U.S. Census Bureau. Includes annexed area.
- (2) Personal income, per capita income and registered pupils are not available for the City of Takoma Park, Maryland on a separate basis. The best available information is provided by the Finance Department of Montgomery County, Maryland and the Bureau of Economic Analysis - U.S. Department of Commerce (BEA). Estimates for 2003-2008 revised by BEA and data for 2009 is a preliminary estimate from BEA. Data for 2010-2012 are estimates derived by the Montgomery County Department of Finance.
- (3) Bureau of Labor Statistics (BLS), U.S. Department of Labor. Civilian labor force data includes all persons in the civilian noninstitutional population classified as either employed or unemployed and counted by place of residence and are revised by BLS for 2007-2011. Data for 2012 estimated by Montgomery County Department of Finance based on the percent change from first half of CY2011 to the first half of CY2012.
- (4) The unemployment rates for 2007 through 2011 were revised by the Bureau of Labor Statistics, U.S. Department of Labor. Unemployment rate for 2012 estimated by Montgomery County Department of Finance based on the average of the monthly unemployment rates for the first half of 2012.
- (5) Montgomery County Executive's Recommended FY13 Operating Budget, Office of Management and Budget, Montgomery County, p10-5.

Table 14

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

Taxpayer	2012			Taxpayer	Fiscal Year 2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Saul Subsidiary I LTD Partnership	\$ 24,502,567	1	1.25%	Saul Subsidiary I LTD Partnership	\$ 9,853,916	1	1.10%
Walgreen Company	20,178,666	2	1.03	Takoma Langley Improvements	9,780,832	2	1.09
Tenacity 7333 New Hampshire Ave, LLC	16,718,800	3	0.85	Oxon Equities	9,260,132	3	1.03
7401 New Hampshire Avenue, LLC	12,061,000	4	0.61	Potomac Electric Power Company (1)	7,354,350	4	0.82
Park Ritchie Apartments	11,357,100	5	0.58	Franklin Associates	7,136,532	5	0.79
Takoma Park Land LLP	9,500,000	6	0.48	Park Ritchie Apartments	7,130,632	6	0.79
Takoma Business Center LLC	9,154,234	7	0.47	Takoma Business Center	5,816,132	7	0.65
Essex House	7,869,000	8	0.40	Hampshire Place LLC	4,498,296	8	0.50
Hampshire Lodging Inc	7,186,100	9	0.37	Maple View Apartments LLC	4,137,666	9	0.46
Maple View Apartments LLC	6,897,433	10	0.35	Essex House	3,633,366	10	0.40
Total	<u>\$ 125,424,900</u>		<u>6.39%</u>		<u>\$ 68,601,854</u>		<u>7.63%</u>

Notes:

(1) 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

Employer	Fiscal Year 2012			Fiscal Year 2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Washington Adventist Hospital	1,600	1	27.07%	1,734	1	38.12%
Montgomery Community College	709	2	11.99%	300	2	6.59%
Montgomery County Public Schools	214	3	3.62%	235	3	5.17%
City of Takoma Park	184	4	3.11%	179	4	3.93%
Washington Adventist University [□]	166	5	2.81%	119	7	2.62%
Sligo Creek Center	120	6	2.03%	-		-
FirstCare Nursing Services	60	7	1.02%	-		-
Takoma Park / Silver Spring Co-op	46	8	0.78%	-		-
International House of Pancakes	45	9	0.76%	-		-
Expo Emart LLC	30	10	0.51%	-		-
Adventist Healthcare Inc	-		-	150	5	3.30%
Wackenhut Corporation	-		-	120	6	2.64%
Takoma Park Symphony Orchestra	-		-	75	8	1.65%
Board of Education Prince George's County	-		-	60	9	1.32%
Total	3,174		53.70%	2,972		65.34%

Notes:

⁽¹⁾ Formerly Columbia Union College

Table 16

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
FUNCTION										
General government	16.50	16.50	18.00	18.00	18.00	16.00	16.00	16.50	17.25	15.50
Public safety	59.87	59.49	60.69	60.87	59.50	58.73	57.47	57.47	57.97	56.97
Public works	33.00	33.00	33.38	33.38	33.38	33.58	33.29	33.07	32.07	32.07
Housing and community development	9.79	9.75	10.25	9.50	9.50	9.50	8.81	9.81	11.81	14.11
Recreation and culture	<u>28.57</u>	<u>29.00</u>	<u>32.17</u>	<u>31.69</u>	<u>32.95</u>	<u>32.40</u>	<u>31.73</u>	<u>28.71</u>	<u>28.71</u>	<u>28.84</u>
TOTAL	<u><u>147.73</u></u>	<u><u>147.74</u></u>	<u><u>154.49</u></u>	<u><u>153.44</u></u>	<u><u>153.33</u></u>	<u><u>150.21</u></u>	<u><u>147.30</u></u>	<u><u>145.56</u></u>	<u><u>147.81</u></u>	<u><u>147.49</u></u>

Source: City's Finance Department

Table 17

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

Function	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Public Safety:										
Crimes reported	550	565	653	764	739	832	791	875	787	887
Dispatched Calls/Events Handled	20,000	21,495	20,500	19,661	21,483	18,622	16,569	16,073	16,944	18,293
Hours-foot/bike patrol	3,000	3,500	3,600	2,897	3,689	3,705	3,320	2,720	1,699	1,353
Physical arrests	450	464	450	480	461	363	353	356	386	330
Calls for service	15,000	14,179	15,000	14,405	16,048	14,363	13,071	12,880	13,869	15,106
Traffic stops	5,000	7,105	5,300	5,256	5,435	4,259	3,498	3,193	3,255	3,187
Parking tickets processed	3,500	3,228	4,000	4,084	3,665	3,357	3,882	3,780	4,858	3,993
Criminal investigations assigned	350	310	400	426	324	370	313	313	290	289
Criminal cases closed	150	126	140	139	119	123	108	96	126	45
Warrants received for service	450	468	440	475	440	372	N/A	N/A	N/A	N/A
NCIC Validations (Wanted Items/Persons)	1150	1219	1150	1129	1109	1052	N/A	N/A	N/A	N/A
Public Works:										
Permits Processed	193	133	229	297	321	293	319	328	330	N/A
Vehicles maintained	70	73	74	75	73	74	62	62	62	63
Tons of leaves collected	1,900	2,000	2,100	2,150	2,100	2,100	2,000	2,000	2,000	N/A
Tons of refuse collected	3,284	3,476	3,550	3,513	4,300	4,222	4,053	4,100	4,300	4,256
Tons of recyclables collected	1,470	1,544	1,500	1,662	1,440	1,380	1,151	1,200	1,400	1,112
Tons of yard waste collected	998	765	250	233	420	410	413	425	450	574
Streets resurfacing (miles)	1.00	0.40	0.43	0.44	0.63	0.98	3	2.33	3.33	N/A
Storm drains inspected (linear feet)	1,029	8,254	11,000	14,259	8,500	12,831	8,203	8,906	13,000	N/A
New storm drain pipes (linear feet)	1,027	307	-	-	300	350	350	945	-	N/A
Replaced storm drain pipes (linear feet)	73	125	50	181	100	50	-	152	200	N/A
Recreation and culture:										
Library materials circulated	115,973	118,328	105,344	104,083	89,754	80,606	70,016	70,028	76,082	85,243
Library program attendance	14,365	14,682	14,963	13,133	11,539	6,346	N/A	N/A	N/A	10,398
Housing and Community Development:										
Rental housing inspections (Note 4)	3,000	3,059	2,936	3,357	3,200	2,280	N/A	N/A	N/A	N/A
Number of rental licenses issued	420	407	431	341	351	213	N/A	N/A	589	N/A
Landlord certifications issued	215	199	132	130	212	112	N/A	N/A	N/A	N/A
Number of new nuisance complaints	300	236	364	356	186	108	N/A	N/A	N/A	N/A
Number of nuisance complaints closed	250	145	364	465	210	56	N/A	N/A	N/A	N/A
Courtesy Notices issued	210	135	290	390	674	N/A	N/A	N/A	N/A	N/A
Handbill and flyers removed	1,000	1,240	737	397	275	N/A	N/A	N/A	N/A	N/A
Landlord and tenant contacts	2,600	2,706	2,642	2,539	2,537	2,491	N/A	N/A	N/A	N/A
Rent stabilization reports monitored	280	260	251	273	251	251	N/A	N/A	N/A	N/A
Permit letters issued	234	190	178	185	150	N/A	N/A	N/A	N/A	N/A
Rent increase petitions processed	4	2	1	3	5	47	N/A	N/A	N/A	N/A
General Government:										
Original City TV program hours	268	251	207	201	220	225	220	231	230	N/A

Source: Various government departments

Notes: 1 - Data was not routinely collected prior to 2004. Data that is unavailable is labeled as N/A.

2 - Public Safety 2012 data is preliminary. Data has been revised for 2011.

3 - Data for Housing and Community Development has been revised for 2011

Table 18

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

Function	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Cars	45	44	42	41	40	38	26	26	25	25
Public Works:										
Sanitation collection trucks	5	6	4	4	6	6	6	6	7	7
Leaf vacuums	7	7	7	7	7	7	7	7	7	7
Stormwater drains (miles)	17.01	16.82	16.72	16.72	16.72	16.66	16.59	16.53	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	78	78	78	78	68	62	62	62	62
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	1	1	1	1	-	-	-
Vehicles	2	2	2	2	2	2	2	1	1	1

Sources: Various City departments.

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

**CITY OF TAKOMA PARK, MARYLAND
MISCELLANEOUS STATISTICAL DATA
June 30, 2012**

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	34.60
Sidewalks	27.87
Housing:	
Number of housing units	7,162
Number of owner-occupied housing units	3,444
Fire and rescue services	Montgomery County Fire Department
Police protection:	
Number of stations	1
Number of authorized police (sworn officers)	41
Municipal water plant	None
(Washington Suburban Sanitary Commission)	
Telephone, natural gas and electricity services are furnished by private corporations	
Recreation and parks - number of acres	8.98

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

CITY OF TAKOMA PARK, MARYLAND
MISCELLANEOUS STATISTICAL DATA
June 30, 2012
(Continued)

Number of schools:

Elementary (public)	2
Intermediate (public)	1
Private	3
Colleges	2

Election:

Registered voters – November, 2011	10,768
Number of votes cast - November, 2011	1,755
Percentage voting	16.34%

Population by age group

(Source: U.S. Census Bureau)

Age	2010	2000	1990	1980	1970
Under 5	1,254	1,237	1,320	955	1,367
5 – 17	2,495	2,261	2,201	2,463	3,250
18 – 24	1,361	2,094	1,567	2,447	3,284
25 – 44	5,150	6,206	7,288	5,842	4,710
45 – 64	4,787	3,972	2,551	2,616	3,950
65 – 74	973	787	928	1,071	1,163
75 and over	<u>695</u>	<u>742</u>	<u>845</u>	<u>837</u>	<u>731</u>
Total	<u><u>16,715</u></u>	<u><u>17,299</u></u>	<u><u>16,700</u></u>	<u><u>16,231</u></u>	<u><u>18,455</u></u>

Table 20

CITY OF TAKOMA PARK, MARYLAND
SCHEDULE OF INSURANCE IN FORCE
June 30, 2012

Type of Coverage/Company Name	Policy Number	From	To	Limits of Coverage	Premiums
Commercial General Liability – Local Government Insurance Trust	PLP 542500	7/01/11	⁽¹⁾ 7/01/12	\$2,000,000 aggregate – \$1,000,000/occurrence	\$ 15,734
Public Officials Liability – Local Government Insurance Trust	PLP 542500	7/01/11	⁽¹⁾ 7/01/12	\$1,000,000 aggregate – \$2,500 deductible	\$ 13,174
Police Liability – Local Government Insurance Trust	PLP 542500	7/01/11	⁽¹⁾ 7/01/12	\$1,000,000 aggregate – \$2,500 deductible	\$ 16,343
Comprehensive Auto Liability – Local Government Insurance Trust	PLP 542500	7/01/11	⁽¹⁾ 7/01/12	Physical damage: Comprehensive – \$1,000,000/occurrence, \$1,000 deductible Collision – \$1,000,000/occurrence, \$1,000 deductible Bodily injury – no deductible BI & PD \$1,000,000 aggregate	\$ 24,786
Excess Liability – Local Government Insurance Trust	PLP 542500	7/01/11	⁽¹⁾ 7/01/12	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	\$ 2,720
Building and Contents (includes boiler and machinery) Local Government Insurance Trust	PLP 542500	7/01/11	⁽¹⁾ 7/01/12	Insured to \$14,373,387, \$1,000 deductible.	\$ 1,057
Injured Workers' Insurance Fund – Workers' Compensation	-	7/01/11	⁽¹⁾ 7/01/12	Statutory limit	\$ 434,738
Fidelity Bond – United States Insurance Services	Various	Various	⁽¹⁾ Various	\$15,000 to \$100,000 limits	\$ 3,594

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