

City of Takoma Park Maryland



*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014*

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City of Takoma Park Maryland



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014

Prepared by: City of Takoma Park, Maryland

*Brian T. Kenner
City Manager*

*Yovonda D. Brooks, CPA
Director of Finance*

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CITY OF TAKOMA PARK, MARYLAND

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INTRODUCTORY SECTION

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The City of Takoma Park

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7500 Maple Avenue
Takoma Park, MD 20912
www.takomaparkmd.org

Brian T. Kenner, City Manager

October 17, 2014

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, 2014.

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 unmodified 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 \$1.95 billion during fiscal year 2014. 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 2008-2012 reflected a median owner-occupied housing unit value of \$474,400. Rapid growth in property values in Takoma Park ended during the recession four to six years ago. Since that time, property values have begun to rise again at a slow to moderate pace.

Real property in the State of Maryland is reassessed on a triennial basis. The 2013 reassessment showed a decline in the City's assessable real property base (net) of 3.6 percent from Fiscal Year 2013. This affects the City through Fiscal Year 2016 and will affect choices in service delivery over that time.

The Census Bureau reported that the population of the Washington D.C. region grew by 86,518, or 1.5 percent between July 2012 and July 2013, to a total of more than 5.9 million persons. The unemployment rate in the region in May 2014 was 5 percent, a decrease of 0.5% from the previous year. Montgomery County, Maryland reported a projected unemployment rate of 4.3% for fiscal year 2014.

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 had experienced a decline in certain revenue sources, including investment income, State Police Protection Aid, and State Highway User Revenues. The economic outlook for the State of Maryland improved during Fiscal Year 2013 and the General Assembly voted to increase funding for municipalities in Fiscal Year 2014. Efforts are continuing to make these revenue sources less variable in the future.

The City is working with other municipalities in Montgomery County to ensure that intergovernmental revenue from the County will be more substantial and predictable in coming years. These efforts will be continuing but success is not certain.

The Maryland General Assembly passed legislation in 2013 strengthening the State's Transportation Trust Fund. This legislation ensures long-term funding of transportation infrastructure across the State, including the construction and operation of the Purple Line light rail transit system. If the Purple Line project stays on course, construction would begin in 2015 and be completed in 2020. The light rail line will run along the northern border of Takoma Park between Bethesda in Montgomery County and New Carrollton in Prince George's County, connecting with several Metrorail lines and other bus and rail transportation systems. The Takoma-Langley Crossroads Station, at the intersection of University Boulevard and New Hampshire Avenue in the City's largest commercial district, will be a major stop on the Purple Line.

Recognizing that the Purple Line and the development it will spur are important to the long-term economic health of the Takoma Park community, City officials have been actively working with planners in Montgomery County and Prince George's County to ensure that master plans and appropriate zoning are in place to encourage and tailor redevelopment of neighborhoods and commercial areas near the transit line.

Significant streetscape improvements and commercial district support activities continue to take place in the Old Takoma, Takoma-Langley Crossroads and Long Branch commercial areas. The Old Takoma business area has a Maryland Main Street designation. The Takoma-Langley Crossroads area and the Long Branch business district are part of a Maryland Enterprise Zone that was established in 2005 and reauthorized in 2013, providing tax incentives to new and expanding businesses. Both the Old Takoma and the Takoma-Langley Crossroads business districts have active programming efforts underway to market their commercial areas to the surrounding region.

To strengthen the long-term economic health of the Takoma Junction commercial area in the Old Takoma business district, the City issued a Request for Proposal for mixed use development on a City-owned parcel. The City received four strong proposals and will be working to move forward on development options through FY 2015.

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.

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. Substantial funds have been allocated to the Equipment Replacement Reserve over the last decade. 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 and a contribution of the same amount in Fiscal Year 2014. The creation of a Facility Maintenance Reserve provides a more focused mechanism to ensure that the City identifies and plans for future facility maintenance items.

RELEVANT FINANCIAL POLICIES

As noted earlier in this transmittal message, the downturn in the economy several years ago has affected the City in a number of ways. The Federal Reserve's interest rate cuts significantly reduced the City's investment revenues. The financial difficulties of the State of Maryland resulted in reductions 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 FY 2014, improving economic conditions allowed the State to increase Police Protection Aid on an ongoing basis and to increase Highway User Revenue on a temporary basis.

In light of the economic uncertainty, the City's focus continues to be on the maintenance of core services rather than any substantial expansion of services. However, several new initiatives have been instituted to meet City Council goals. Nevertheless, the City will 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 2014 were largely focused on three major policy areas:

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

Major accomplishments related to these priorities during Fiscal Year 2014 included the following:

- Issued Request for Proposals for development of City-owned lot in Takoma Junction area.
- Continued extensive staff involvement in the development, adoption and implementation of plans to the Takoma-Langley Crossroads area and New Hampshire Avenue Corridor.
- Continued to develop detailed engineering plans for the Flower Avenue Green Street Project which includes street, pedestrian safety, and stormwater improvements and involves significant coordination with adjacent residential and commercial property owners. Engineering for a sanitary sewer replacement project has been added to the project so that this utility work can be done at the same time as the other right of way improvements.
- Piloted a Summer Youth Employment program to give youth 16-21 real world job skills and training. The pilot was successful and is being expanded for the next summer.
- Undertook a Library Visioning process to identify the steps needed to keep the City's small municipal library used and beloved as the roles of community libraries change.

- Developed citywide pesticide ban “Safe Grow” procedures and began to implement and enforce the Safe Grow program.
- Instituted the Lifelong Takoma Program to help seniors and their families make connections to services provided by community and government agencies.
- Continued expansion of popular arts, humanities and recreational programming.
- Made significant progress on environmental sustainability initiatives including expansion of citywide food composting program, completion of sustainable action energy reduction plan and preliminary work on implementing elements of the sustainable action plan.

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, 2013. This was the eighth 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.

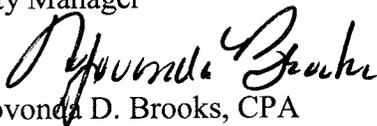
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA for consideration for another certificate.

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. 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,



Brian T. Kenner
City Manager



Yovonda D. Brooks, CPA
Director of Finance



Government Finance Officers Association

**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

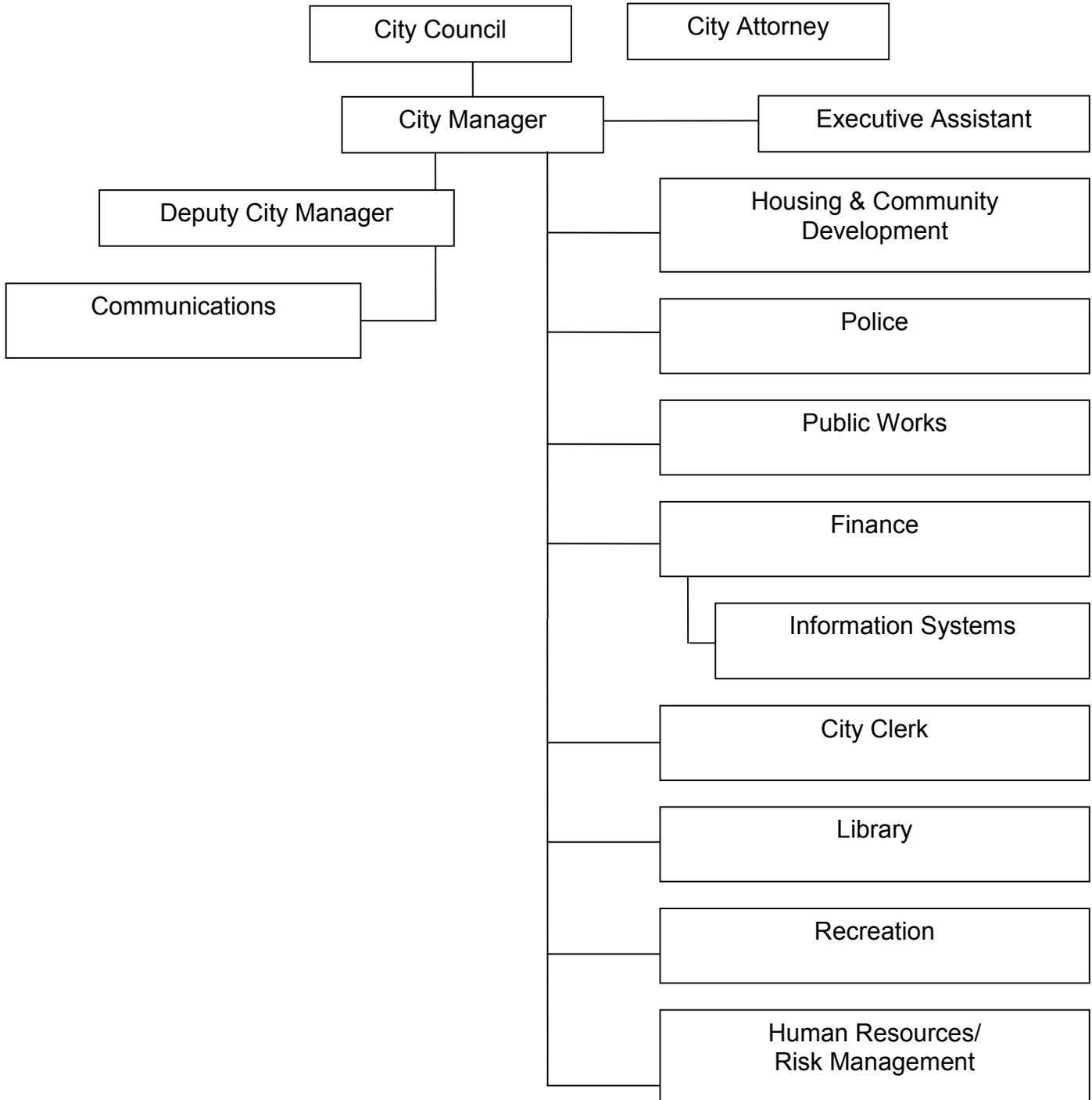
June 30, 2013

Executive Director/CEO

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, 2014**

MAYOR

BRUCE R. WILLIAMS

CITY COUNCIL

SETH GRIMES
TIM MALE
KATE STEWART

TERRY J. SEAMENS
JARRETT K. SMITH
FREDERICK L. SCHULTZ

CITY MANAGER

BRIAN T. KENNER

DEPUTY CITY MANAGER

SUZANNE R. LUDLOW

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the General, Speed Camera and Special Revenue Funds of the City of Takoma Park, Maryland, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position, and the respective budgetary comparison for the General, Speed Camera and Special Revenue Funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of pension trust funds on pages 13 - 29 and 71 - 72 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Takoma Park, Maryland's basic financial statements. The introductory section, budgetary schedules, combining nonmajor fund, combining fiduciary fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules and combining nonmajor fund and combining fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and combining nonmajor and fiduciary fund financial statements are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2014, 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* in considering City of Takoma Park, Maryland's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland
October 16, 2014

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014. The intent of this discussion and analysis is to view the City's financial performance as a whole; readers should also review the transmittal letter, the notes to the basic financial statements, and the financial statements to enhance their understanding of the City's financial position.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources at the close of the fiscal year 2014 by \$40,280,334 (net position). This represents an increase of \$2,190,889 from the prior year. Approximately 26 percent or \$569,000 of this variance was due to increases in highway user, admission and amusement, and income taxes. Fines and forfeitures increased about \$329,000. State aid and County rebates for the City's Police Department increased by \$183,000.
- Of the City's total net position, \$6,118,342 may be used to meet its ongoing obligations to residents and creditors (unrestricted net position).
- As of June 30, 2014, the City of Takoma Park's governmental funds reported combined ending fund balances of \$14,716,290, an increase of \$750,582 or five percent, from the prior year. The ending fund balances of \$14,716,290 include \$5,234,114 that is available for spending at the City's discretion (unassigned fund balance). The increase in the combined ending governmental fund balances was due primarily to increases in unexpended cable equipment grant funds.
- At the end of fiscal year 2014, the unassigned fund balance for the General Fund was \$5,234,114 or 24 percent of total General Fund expenditures.
- The City of Takoma Park's long-term debt decreased by \$205,819 during the fiscal year. The decrease was due to the principal payments on existing debt totaling \$263,500. This decrease was offset by the \$57,681 increase in compensated absences.

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.

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Government-Wide Financial Statements. The government-wide financial statements, which include the Statement of Net Position and the Statement of Activities, are designed to provide readers with a broad overview of the City of Takoma Park's finances. All City operations are categorized as 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 32 and 33 of this report.

Statement of Net Position. The Statement of Net Position presents information on all of the City of Takoma Park's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The residual amount is reported as net position. Net position is separated into those amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Takoma Park is improving or deteriorating. To assess the City's overall health, additional non-financial factors, such as changes in the City's property tax base and the condition of its facilities, must be taken into account.

Statement of Activities. The Statement of Activities presents information on how the government's net position changed during the fiscal year. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Transactions related to nonexchange transactions are reported as soon as there is an enforceable legal claim to the resources. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation).

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.

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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, 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 34 - 40 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. Fiduciary funds are accounted for using the economic resources measurement and accrual basis of accounting.

The basic fiduciary fund financial statements can be found on pages 41 and 42 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 43 - 69 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 70 - 81 of this report.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

THE CITY AS A WHOLE

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Takoma Park's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$40,280,334 as of June 30, 2014. By far the largest portion of the City of Takoma Park's net position reflects its net 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 \$26,176,611 or 65 percent of the City's net position as of June 30, 2014. Due to the nature of these assets, they are not available for future spending.

The unrestricted portion of the net position totaled \$6,118,342. This category represents the amounts that the City may use to meet the City's ongoing obligations to its residents and creditors.

The remaining balance of net position (\$7,985,381 or 20 percent) reflects the City's restricted net position, primarily comprised of monies related to the Safe Speed Program, franchise cable equipment grants, and equipment and facility replacement reserves, that can only be used for specifically designated purposes.

During the fiscal year, the City of Takoma Park's net position increased by \$2,190,889. Factors contributing to this growth include the increase in income, highway user, and admission and amusement tax revenues totaling approximately \$569,000. Additional revenue increases of \$512,000 related to fines and forfeitures and Police State Aid and County rebates for Police protection.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The following table reflects the City's net position as of June 30, 2014 compared to June 30, 2013.

Governmental Activities

Statement of Net Position

	2014	2013
Assets		
Current and other assets	\$ 17,872,138	\$ 16,507,104
Capital assets	28,793,111	27,614,484
Total assets	46,665,249	44,121,588
Deferred outflows of resources	-	-
Liabilities		
Current and other liabilities	2,837,937	2,279,346
Long-term liabilities	3,546,978	3,752,797
Total liabilities	6,384,915	6,032,143
Deferred inflows of resources	-	-
Net Position		
Net investment in capital assets	26,176,611	25,892,877
Restricted	7,985,381	6,485,552
Unrestricted	6,118,342	5,711,016
Total net position	\$ 40,280,334	\$ 38,089,445

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Governmental Activities

Governmental activities increased the City of Takoma Park's net position by \$2,190,889 during fiscal year 2014, thereby accounting for the total growth in the net position. The key elements of this increase are shown below. Information for the prior fiscal year is provided for comparative purposes.

Governmental Activities	2014	2013
Change in Net Position		
Revenues		
Program revenues:		
Charges for services	\$3,651,104	\$3,233,860
Operating grants and contributions	5,386,820	5,249,350
Capital grants and contributions	1,019,166	979,304
General revenues:		
Property taxes	11,514,020	12,134,376
Intergovernmental	3,561,666	2,791,760
Miscellaneous	67,568	14,381
Unrestricted investment earnings	27,012	27,248
Total revenues	<u>25,227,356</u>	<u>24,430,279</u>
Expenses		
General Government	4,280,357	3,655,803
Public Safety	8,245,260	7,628,389
Public Works	5,532,265	5,332,321
Housing and Community Development	1,767,181	1,552,964
Recreation and Culture	3,088,130	2,736,596
Interest on long-term debt	123,274	121,537
Total expenses	<u>23,036,467</u>	<u>21,027,610</u>
Change in net position	<u>2,190,889</u>	<u>3,402,669</u>
Net position, beginning of year	38,089,445	34,686,776
Net position, end of year	<u>\$ 40,280,334</u>	<u>\$ 38,089,445</u>

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Overall revenues increased \$797,077 from fiscal year 2013 to fiscal year 2014. Charges for services increased \$417,244. This variance is due primarily to the \$246,000 increase in speed camera fine revenues. Other fines and forfeitures also increased \$82,800.

Operating grants and contributions increased \$137,470, largely due to the \$183,525 increase in State aid and County rebates to fund police related services. The County also reallocated its tax duplication payment which increased the payment (in lieu) for road maintenance by \$322,462 with a corresponding decrease in the payment for police services. Capital grants and contributions increased \$39,862 due to the increase in franchise cable equipment support totaling \$74,000.

Property taxes decreased \$620,356 due to the reduction in the taxable assessment values and the one cent reduction in the real property tax rate from \$ 0.58 per \$100 to \$ 0.57 per \$100 of assessed values.

Intergovernmental revenues increased \$769,906 from fiscal year 2014. This variance is primarily due to increases in tax revenues from income taxes of \$234,638, highway users of \$205,498, and admission and amusement activities of \$128,758.

Miscellaneous revenues increased \$53,187 from fiscal year 2013. During fiscal year 2014, the net loss on the disposal of City equipment was \$46,525 less than the loss in fiscal year 2013. The balance of increase pertains to the registration fees collected for the TKPK 5K Race. The race was previously funded by other resources.

Expenses increased by \$2,008,857 from fiscal year 2013 to fiscal year 2014. General Government expenses are \$624,554 more than fiscal year 2013. Workers' compensation premiums, unemployment taxes and other insurance costs are accounted for in General Government. The variance in General Government expenses was primarily due to the \$255,200 increase in personnel costs and the \$169,800 increase in workers' compensation premiums. The City Manager position was vacant for most of fiscal year 2013. Contractual service costs increased \$52,400 due to the resident survey (\$33,000) and the employee compensation review (\$25,000). The remaining variance was due to increases in community support (\$37,500), insurance costs (\$10,700), staff training (\$8,900), legal expenses (\$16,000), and election expenses (\$31,000).

Public Safety expenses are \$616,871 more than fiscal year 2013. The variance is primarily due to the \$390,000 increase in personnel costs. The balance of the variance is due to the replacement of specialized mobile police radios costing about \$300,000.

Public Works expenses increased \$199,944 primarily due to the \$215,900 increase in personnel costs. In addition to salary and fringe benefit increases, a Sustainability Manager was hired at the end of the fiscal year.

Housing and Community Development expenses increased \$214,217 due primarily to the \$116,000 increase in contractual expenses related to the City's residential Exterior Home Repair Program and the \$119,000 increase for streetscape and pedestrian trail projects.

CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

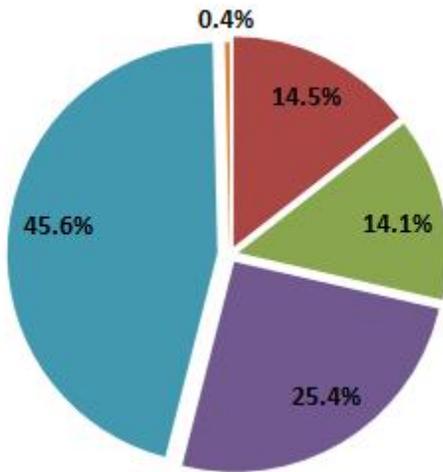
Recreation and culture expenses increased \$351,534 from fiscal year 2013 to fiscal year 2014. This variance is due primarily to the \$261,000 increase in personnel costs. A portion of the personnel cost increase is due to the hiring of a part-time Librarian and two Audio/Visual Specialists. Recreation expenses increased \$24,000 due to the additional programs provided for vocational training and college preparation for teenagers. Special events (e.g., Celebrate Takoma) increased by \$11,700 from fiscal year 2013, and contracts for specialized equipment/support increased by \$38,000.

As shown previously, the cost of all governmental activities was \$23,036,467. Those who directly benefited from the services paid \$3,651,104 of the activity costs. The City also received operating and capital grants and contributions from other governments and organizations of \$6,405,986 which reduced the amount paid by City residents for certain services. The net cost of the City's governmental activities totaled \$12,979,377 and was funded with general revenues, including property taxes.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

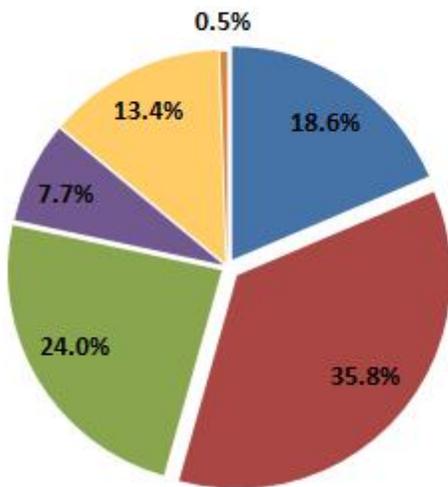
**Governmental Activities
Fiscal Year Ended June 30, 2014**

Revenues



- Charges for Services - \$ 3,651,104 (14.5%)
- Intergovernmental - \$ 3,561,666 (14.1%)
- Operating/Capital Grants & Contributions - \$ 6,405,986 (25.4%)
- Property Taxes - \$ 11,514,020 (45.6%)
- Miscellaneous and Investment Earnings - \$ 94,580 (0.4%)

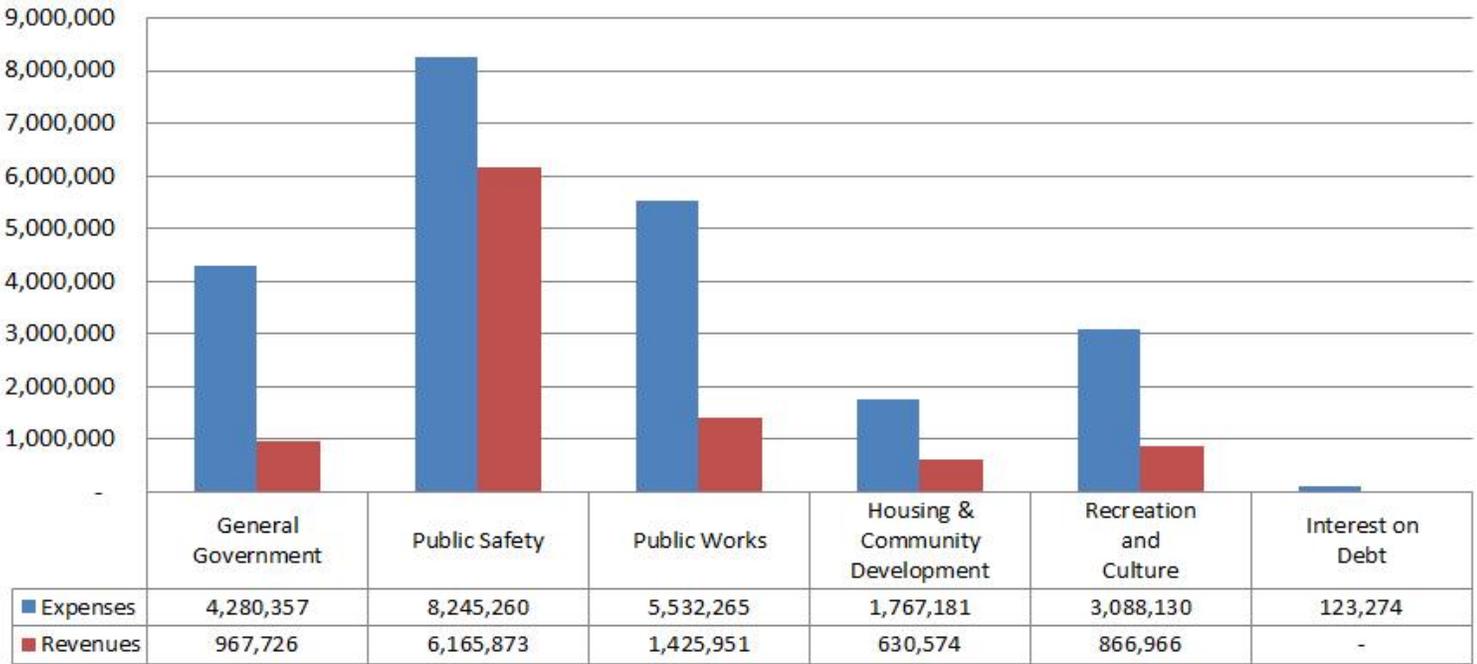
Expenses



- General Government - \$ 4,280,357 (18.6%)
- Public Safety - \$ 8,245,260 (35.8%)
- Public Works - \$ 5,532,265 (24.0%)
- Housing & Community Development - \$ 1,767,181 (7.7%)
- Recreation & Culture - \$ 3,088,130 (13.4%)
- Interest on Long-term Debt - \$ 123,274 (0.5%)

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

**Governmental Activities
Comparison of Program Revenues versus Expenses
Fiscal Year Ended June 30, 2014**



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, 2014, the City's governmental funds had combined fund balances of \$14,716,290, an increase of \$750,582 from the prior year. This increase is due primarily to unspent cable equipment grant funds. Approximately 24 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 \$3,501,527.

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 \$11,224,045, an increase of \$24,906. The increase is due to the increase in revenues from income, highway user, admission and amusement taxes.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The General Fund fund balance includes \$225,383 which is restricted for street improvements and \$70,855 which is nonspendable (e.g., deposits and prepaid expenditures). A portion of the General Fund fund balance, totaling \$4,554,709 or 41 percent, is committed for the following purposes:

- Equipment Replacement \$ 3,360,971
- Emergency 442,437
- Facility Maintenance 751,301

The unassigned portion of the General Fund fund balance as of June 30, 2014 is \$5,234,114.

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 Safe Speed Program. Fines and fees collected during fiscal year 2014 totaled about \$1.7 million. These fines and fees cover operational costs, including the contractual payments 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 \$199,974 at June 30, 2014. The entire fund balance is restricted for public safety purposes.

The Special Revenue Fund is also a major fund. This Fund was established primarily to account for revenue and expenditure activity related to the City’s grant activities. The Special Revenue Fund had a fund balance of \$3,000,042 as of June 30, 2014. Most of the fund balance is restricted for the acquisition of cable equipment. The amount that is restricted for cable equipment is \$2,999,100. The remaining fund balance of \$942 is restricted for police-related expenditures allowed by the Department of Justice Equitable Sharing Program. The \$638,522 increase in the fund balance of the Special Revenue Fund is due primarily to the City not spending all of the cable grant revenue that was received in fiscal year 2014.

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 storm water systems, had a fund balance of \$286,956 as of June 30, 2014.

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, 2014. 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 2014, 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, 2014.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, there were net increases totaling \$526,281 in the General Fund expenditure appropriations between the original and the final budget. The largest increase in the appropriations related to capital outlay for the early replacement of the underground fuel tank at the Public Works Facility. The net increase in the budget for the fuel tank replacement was \$196,761. The budget was also increased \$53,600 to complete capital projects that were not completed in fiscal year 2013. These projects included the construction of the Ed Wilhelm Field shed, the Holton Lane Streetscape, and Public Art projects. The budget amendments also included appropriations for items such as the Resident Survey (\$40,000), additional funds for the employee Compensation Study (\$15,000), election equipment and services (\$20,000), the Exterior Home Repair Program (\$75,925), compensation adjustments for the new City Manager, Deputy City Manager, and the City Clerk's staff (\$61,000), additional recruiting and employee benefit costs (\$28,435), and the cost of water usage at the Lee Jordan Field (\$15,664). Additional funds totaling \$19,896 were appropriated to provide for unanticipated expenditures in the Recreation, Police, and General Government. The 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 \$211,985. This increase is due primarily to income tax revenues exceeding the budget projections by \$457,265.

Actual General Fund expenditures were \$1,948,452 less than the revised budget authorization. General Government expenditures were \$245,447 less than the final budget. The budget for General Government includes expenditures (e.g., insurance premiums, workers' compensation, contingencies) that relate to all City functions. Anticipated expenditures for contingencies and unemployment taxes were \$86,800 less than budgeted. City grants to community organizations were \$22,000 less than budgeted. Contractual services in General Government were \$75,000 less than budget. Contract expenditures for the digitizing of City records, the assessment of the Information Technology functions, and the Resident Surveys were less than budgeted. Personnel costs were \$48,000 less than budget in the City Manager's office primarily due to the hiring of a new part-time position for coordinating services for residents near the end of the fiscal year.

Public Safety expenditures were \$160,811 less than budget due to staff vacancies.

Public Works expenditures were \$157,445 less than budget. The budget for Public Works included \$250,000 for contractual services to implement environmental initiatives. Environmental initiatives expenditures were \$143,600 under the budget. The remaining variance is due to lower than anticipated expenditures for tree maintenance and solid waste disposal fees.

Housing and Community Development expenditures were \$288,360 less than budget. Personnel costs were \$42,700 less than budget due primarily to staff vacancies in the Administration Division.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Contracts were \$191,000 less than budgeted primarily due to lower than anticipated expenditures for New Hampshire Avenue feasibility study, Takoma Junction Improvements, and the Exterior Home Repair Program. Expenditures for gateway and landscape site improvements were \$17,000 lower than budgeted.

Expenditures for Recreation and Culture were \$238,034 less than budget. Recreation and Culture activities include those of Recreation, Takoma Park Library and Communications Departments. The largest variance occurred in the Recreation Department due primarily to savings in personnel costs of \$143,000 resulting from staff vacancies. Expenditures for teen programs, library books, and supplies were \$36,000 less than budgeted.

Capital Outlay expenditures were \$858,355 less than budget. Expenditures anticipated for the construction work on the Flower Avenue Green Street Project were less than the amount budgeted by \$530,900. Other projects that were not completed in fiscal year 2014 included the Ethan Allen Gateway, Neighborhood Commercial Center improvements, Community Center improvements, and the mulch storage area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

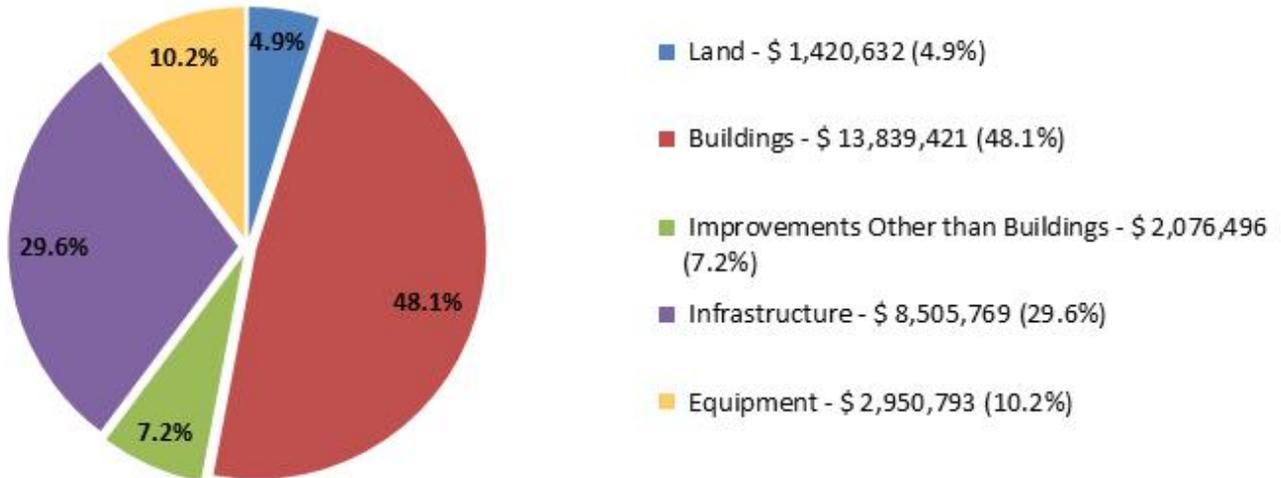
As of June 30, 2014, the City of Takoma Park's investment in capital assets (buildings, roads and other infrastructure, vehicles, and equipment) for its governmental activities totaled \$28,793,111 (net of accumulated depreciation). This amount represents an increase of \$1,178,627 from the prior year. The increase was attributable to asset additions totaling \$2,585,348, net of depreciation expense of \$1,391,997 and asset disposals with a book value of \$14,724. Asset additions made during the fiscal year included vehicles (\$200,930) for Public Safety, vehicles and equipment (\$60,838) for Public Works, underground fuel tanks (\$352,538), public art (\$14,335), Recreation equipment and field shed (\$22,299), and media equipment (\$7,595). Asset additions also included a fleet vehicle (\$19,050), telephone system (\$92,927), smart boards (\$24,493), and bike share stations (\$13,628). Infrastructure improvements totaling \$1,776,715 included ADA sidewalk retrofits, new sidewalks, fiber connectivity, and street paving. Further information on the City's capital assets is shown in following table:

Governmental Activities

	2014	2013
Capital Assets (net of depreciation)		
Land	\$ 1,420,632	\$ 1,420,632
Buildings	13,839,421	14,355,539
Improvements other than buildings	2,076,496	2,124,073
Infrastructure	8,505,769	7,048,589
Equipment	2,950,793	2,665,651
Total	\$ 28,793,111	\$ 27,614,484

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

**Capital Assets
(Net of Depreciation)
June 30, 2014**



Additional information on the City's capital assets can be found in Note 8 - Capital Assets and Other Property on page 56 of this report.

Debt Administration

At year-end, the City had \$3,546,978 in outstanding debt, a decrease of \$205,819 or about five 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 principal payments on existing debt totaled \$263,500, net of the increase of \$57,681 in compensated absences.

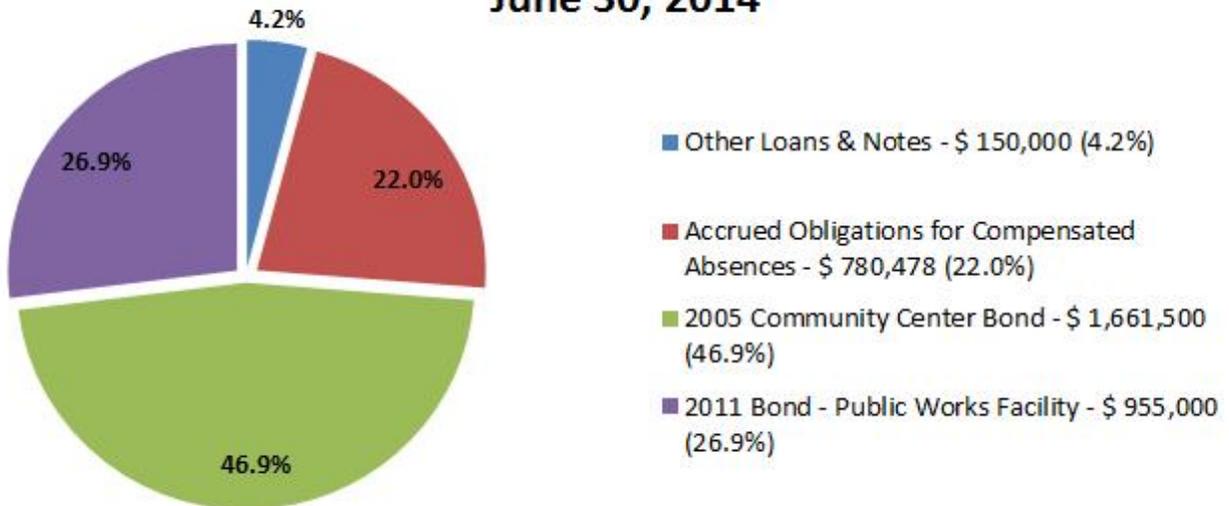
Further information on the City's outstanding debt is shown in the following table. Information for the prior fiscal year is shown for comparative purposes.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Governmental Activities

Long-Term Liabilities	<u>2014</u>	<u>2013</u>
Loan Payable- MD Department of Housing & Community Development	\$ 150,000	\$ 150,000
Bonds payable – Community Center (2005)	1,661,500	1,780,000
Bonds payable – Public Works Facility	955,000	1,100,000
Accrued obligations for compensated absences	780,478	722,797
Total	<u>\$ 3,546,978</u>	<u>\$ 3,752,797</u>

**Long-Term Liabilities
June 30, 2014**



Additional information on the City's long-term debt can be found in Note 9 - Non-Current Liabilities on pages 57- 59 of this report.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATES

The following are some highlights of the adopted budget for the fiscal year beginning July 1, 2014:

- The tax rate for real property remains at \$0.57 per \$100 of the assessed valuation. The personal property tax rate and the railroad and utilities tax rate also did not change.
- Projected increase of approximately \$112,000 in real property tax revenue from the prior fiscal year's budgeted amount based upon the projected taxable values.
- Anticipated revenues of \$1.81 million from the Speed Camera Program with estimated expenditures of \$1.36 million. Speed Camera Fund expenditures include operating expenditures (e.g., payments to the program contractor and Safe Speed program staff costs), and the purchase of police equipment.
- Increase in staffing level by 2.81 full-time equivalents which will include a full-time Sustainability Manager, a full-time Garden Maintenance Technician, a part-time Accounting Assistant as well as adjustments to some part-time position hours.
- Anticipated General Fund expenditures of \$783,800 for gateway and street improvements. General Fund expenditures also include \$356,250 for the Flower Avenue Green Street Project to be paid for with a payment from the State Highway Administration and a grant from the State of Maryland Community Development Block Grant Program.
- General Fund expenditures also include \$1 million for the construction of new sidewalks and sidewalk retrofits to comply with the Americans with Disabilities Act (ADA).
- Expenditures of \$718,700 for the construction, maintenance, and repair of storm drains, inlets, and channels, along with several bio-retention projects.
- Funding in the amount of \$180,000 for sustainability initiatives.
- Contribution of \$840,000 to the Equipment Replacement Reserve.
- 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.

**CITY OF TAKOMA PARK, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 301-891-7212.

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BASIC FINANCIAL STATEMENTS

CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,379,475
Investments	13,227,788
Accounts receivable, net	209,855
Notes receivable, net	32,773
Due from other governments	946,327
Other assets	70,855
Net pension benefit	5,065
Capital assets, net	
Non-depreciable	1,420,632
Depreciable	27,372,479
	46,665,249
TOTAL ASSETS	46,665,249
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Accounts payable	1,942,030
Accrued liabilities	427,933
Deposits and escrows held	95,805
Due to other governments	209,084
Unearned revenue	163,085
Non-current liabilities:	
Due within one year	887,000
Due in more than one year	2,659,978
	6,384,915
TOTAL LIABILITIES	6,384,915
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Net investment in capital assets	26,176,611
Restricted for:	
Public safety	200,916
Cable equipment	2,999,100
Loans	5,273
Streets	225,383
Equipment replacement	3,360,971
Emergency expenses	442,437
Facility maintenance	751,301
Unrestricted	6,118,342
	40,280,334
TOTAL NET POSITION	\$ 40,280,334

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

CITY OF TAKOMA PARK, MARYLAND
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>	
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and Changes</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>in Net Position</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Governmental</u>
					<u>Activities</u>
Governmental activities:					
General government	\$ 4,280,357	\$ 111,293	\$ -	\$ 856,433	\$ (3,312,631)
Public safety	8,245,260	2,094,462	4,071,411	-	(2,079,387)
Public works	5,532,265	535,722	743,199	147,030	(4,106,314)
Housing and community development	1,767,181	352,886	277,688	-	(1,136,607)
Recreation and culture	3,088,130	556,741	294,522	15,703	(2,221,164)
Interest on long-term debt	123,274	-	-	-	(123,274)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 23,036,467</u>	<u>\$ 3,651,104</u>	<u>\$ 5,386,820</u>	<u>\$ 1,019,166</u>	<u>\$ (12,979,377)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					11,514,020
Intergovernmental / unrestricted					3,561,666
Miscellaneous					67,568
Unrestricted investment earnings					27,012
Total general revenues					<u>15,170,266</u>
CHANGE IN NET POSITION					2,190,889
NET POSITION, BEGINNING OF YEAR					<u>38,089,445</u>
NET POSITION, END OF YEAR					<u>\$ 40,280,334</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
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	<u>General Fund</u>	<u>Speed Camera Fund</u>	<u>Special Revenue Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 365,174	\$ 1,974,412	\$ -	\$ 1,039,889	\$ 3,379,475
Investments	13,227,788	-	-	-	13,227,788
Receivables, net					
Taxes	144,534	-	-	-	144,534
Notes	-	-	27,500	5,273	32,773
Other	24,260	-	19,344	21,717	65,321
Due from other funds	2,048,187	4,825	2,738,118	207,534	4,998,664
Due from other governments	594,832	-	351,495	-	946,327
Other assets	70,855	-	-	-	70,855
TOTAL ASSETS	<u>16,475,630</u>	<u>1,979,237</u>	<u>3,136,457</u>	<u>1,274,413</u>	<u>22,865,737</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 16,475,630</u>	<u>\$ 1,979,237</u>	<u>\$ 3,136,457</u>	<u>\$ 1,274,413</u>	<u>\$ 22,865,737</u>
LIABILITIES					
Accounts payable	\$ 1,627,676	\$ 74,568	\$ 68,852	\$ 170,934	\$ 1,942,030
Accrued expenditures	399,998	9,685	1,484	3,521	414,688
Deposits and escrows held	70,254	-	8,185	17,366	95,805
Due to other funds	2,738,118	1,695,010	4,825	560,711	4,998,664
Due to other units of government	-	-	-	209,084	209,084
Unearned revenue	110,016	-	53,069	-	163,085
TOTAL LIABILITIES	<u>4,946,062</u>	<u>1,779,263</u>	<u>136,415</u>	<u>961,616</u>	<u>7,823,356</u>
DEFERRED INFLOWS OF RESOURCES	<u>305,523</u>	<u>-</u>	<u>-</u>	<u>20,568</u>	<u>326,091</u>
FUND BALANCES					
Nonspendable	70,855	-	-	-	70,855
Restricted	225,383	199,974	3,000,042	5,273	3,430,672
Committed	4,554,709	-	-	-	4,554,709
Assigned	1,138,984	-	-	286,956	1,425,940
Unassigned	5,234,114	-	-	-	5,234,114
Total fund balances	<u>11,224,045</u>	<u>199,974</u>	<u>3,000,042</u>	<u>292,229</u>	<u>14,716,290</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 16,475,630</u>	<u>\$ 1,979,237</u>	<u>\$ 3,136,457</u>	<u>\$ 1,274,413</u>	<u>\$ 22,865,737</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
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2014

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 14,716,290
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>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 \$49,851,981 and the accumulated depreciation is \$21,058,870.</p>	28,793,111
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	(3,546,978)
<p>Interest on long-term debt and other expenses are not accrued in governmental funds, but rather are recognized as an expenditure when due.</p>	(13,245)
<p>Net pension benefit is recognized as an asset on the Statement of Net Position but not in the fund financial statements.</p>	5,065
<p>Certain receivables are offset by unavailable revenue in the governmental funds since they are not available to pay for current-period expenditures. This is the amount of deferred inflows of resources.</p>	<u>326,091</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 40,280,334</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 REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	<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	\$ 14,582,031	\$ -	\$ -	\$ -	\$ 14,582,031
Licenses and permits	81,746	-	-	-	81,746
Fines and forfeitures	252,499	1,702,807	-	-	1,955,306
Use of money and property	26,134	878	-	-	27,012
Charges for services	1,149,875	-	-	410,126	1,560,001
Intergovernmental	5,608,108	-	1,278,844	20,070	6,907,022
Miscellaneous	54,638	-	-	5,218	59,856
Total revenues	<u>21,755,031</u>	<u>1,703,685</u>	<u>1,278,844</u>	<u>435,414</u>	<u>25,172,974</u>
EXPENDITURES					
General government	3,766,066	-	15,232	-	3,781,298
Public safety	6,458,154	1,209,350	10,173	-	7,677,677
Public works	4,275,609	-	51,825	282,155	4,609,589
Housing and community development	1,415,762	-	221,431	-	1,637,193
Recreation and culture	2,940,692	-	-	-	2,940,692
Capital outlay	2,494,848	423,380	347,126	137,060	3,402,414
Debt service					
Principal	263,500	-	-	-	263,500
Interest	110,029	-	-	-	110,029
Total expenditures	<u>21,724,660</u>	<u>1,632,730</u>	<u>645,787</u>	<u>419,215</u>	<u>24,422,392</u>
Excess of revenues over expenditures before other financing sources	<u>30,371</u>	<u>70,955</u>	<u>633,057</u>	<u>16,199</u>	<u>750,582</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	<u>(5,465)</u>	<u>-</u>	<u>5,465</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	24,906	70,955	638,522	16,199	750,582
FUND BALANCES, BEGINNING OF YEAR	<u>11,199,139</u>	<u>129,019</u>	<u>2,361,520</u>	<u>276,030</u>	<u>13,965,708</u>
FUND BALANCES, END OF YEAR	<u>\$ 11,224,045</u>	<u>\$ 199,974</u>	<u>\$ 3,000,042</u>	<u>\$ 292,229</u>	<u>\$ 14,716,290</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
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	750,582
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 \$2,585,348 exceeds depreciation expense \$(1,391,997) in the period.</p>		1,193,351
<p>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 earned exceeded used by \$57,681.</p>		(57,681)
<p>Long-term debt repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of long-term debt repayments for fiscal year 2014.</p>		263,500
<p>Interest expense in the statement of activities differs from the amount reported in governmental funds due to the net increase in accrued interest.</p>		(13,245)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		(14,724)
<p>Changes in net pension benefit is recognized on the Statement of Activities but not on the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance.</p>		269
<p>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.</p>		<u>68,837</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>2,190,889</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
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (GAAP BASIS)
For the Fiscal Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and utility fees	\$ 14,092,000	\$ 14,228,000	\$ 14,582,031	\$ 354,031
Licenses and permits	72,604	72,604	81,746	9,142
Fines and forfeitures	188,500	220,300	252,499	32,199
Use of money and property	35,000	35,000	26,134	(8,866)
Charges for services	1,009,030	1,011,680	1,149,875	138,195
Intergovernmental	5,821,412	5,906,412	5,608,108	(298,304)
Miscellaneous	63,800	69,050	54,638	(14,412)
Total revenues	<u>21,282,346</u>	<u>21,543,046</u>	<u>21,755,031</u>	<u>211,985</u>
EXPENDITURES				
Current:				
General government	3,857,508	4,011,513	3,766,066	245,447
Public safety	6,615,039	6,618,965	6,458,154	160,811
Public works	4,417,390	4,433,054	4,275,609	157,445
Housing and community development	1,618,197	1,704,122	1,415,762	288,360
Recreation and culture	3,162,326	3,178,726	2,940,692	238,034
Capital outlay	3,102,842	3,353,203	2,494,848	858,355
Debt service	373,529	373,529	373,529	-
Total expenditures	<u>23,146,831</u>	<u>23,673,112</u>	<u>21,724,660</u>	<u>1,948,452</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,864,485)</u>	<u>(2,130,066)</u>	<u>30,371</u>	<u>2,160,437</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(14,500)	(14,500)	(5,465)	9,035
Total other financing sources (uses)	<u>(14,500)</u>	<u>(14,500)</u>	<u>(5,465)</u>	<u>9,035</u>
NET CHANGE IN FUND BALANCE	(1,878,985)	(2,144,566)	24,906	2,169,472
FUND BALANCE, BEGINNING OF YEAR	<u>11,199,139</u>	<u>11,199,139</u>	<u>11,199,139</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,320,154</u>	<u>\$ 9,054,573</u>	<u>\$ 11,224,045</u>	<u>\$ 2,169,472</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property - interest income	\$ 1,600	\$ 1,600	\$ 878	\$ (722)
Fines and forfeitures	<u>1,506,000</u>	<u>1,800,000</u>	<u>1,702,807</u>	<u>(97,193)</u>
Total revenues	<u>1,507,600</u>	<u>1,801,600</u>	<u>1,703,685</u>	<u>(97,915)</u>
EXPENDITURES				
Public safety	1,109,594	1,242,754	1,209,350	33,404
Capital outlay	<u>315,000</u>	<u>515,000</u>	<u>423,380</u>	<u>91,620</u>
Total expenditures	<u>1,424,594</u>	<u>1,757,754</u>	<u>1,632,730</u>	<u>125,024</u>
Excess (deficiency) of revenues over expenditures	83,006	43,846	70,955	27,109
Operating transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	83,006	43,846	70,955	27,109
FUND BALANCES, BEGINNING OF YEAR	<u>129,019</u>	<u>129,019</u>	<u>129,019</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 212,025</u>	<u>\$ 172,865</u>	<u>\$ 199,974</u>	<u>\$ 27,109</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 321,877	\$ 712,681	\$ 1,278,844	\$ 566,163
Total revenues	<u>321,877</u>	<u>712,681</u>	<u>1,278,844</u>	<u>566,163</u>
EXPENDITURES				
General government	10,500	10,500	15,232	(4,732)
Public safety	-	5,089	10,173	(5,084)
Public works	-	58,376	51,825	6,551
Housing and community development	117,335	395,994	221,431	174,563
Capital outlay	168,542	559,416	347,126	212,290
Total expenditures	<u>296,377</u>	<u>1,029,375</u>	<u>645,787</u>	<u>383,588</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>25,500</u>	<u>(316,694)</u>	<u>633,057</u>	<u>949,751</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	<u>14,500</u>	<u>14,500</u>	<u>5,465</u>	<u>(9,035)</u>
NET CHANGE IN FUND BALANCE	<u>40,000</u>	<u>(302,194)</u>	<u>638,522</u>	<u>940,716</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,361,520</u>	<u>2,361,520</u>	<u>2,361,520</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,401,520</u>	<u>\$ 2,059,326</u>	<u>\$ 3,000,042</u>	<u>\$ 940,716</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 POSITION
June 30, 2014

	Total
ASSETS	
Cash and cash equivalents	\$ 383,210
Investments, at fair value:	
Equities	6,682,656
Fixed income	3,606,854
Total investments	10,289,510
TOTAL ASSETS	10,672,720
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	-
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Held in trust for pension benefits	\$ 10,672,720

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 POSITION
For the Fiscal Year Ended June 30, 2014

	Total
ADDITIONS	
Employer contributions	\$ 1,044,504
Plan member contributions	184,003
Total contributions and other receipts	1,228,507
Net investment earnings	1,388,799
Total additions	2,617,306
DEDUCTIONS	
Benefits and refunds paid	784,424
Administrative expenses	55,334
Total deductions	839,758
CHANGE IN NET POSITION	1,777,548
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	8,895,172
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	\$ 10,672,720

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, 2014

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 1989, 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 Position and the Statement of Activities 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, 2014

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

The City has three major governmental funds: 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 2014, most Special Revenue Fund revenues came from cable companies for upgrading cable equipment, Community Development Block Grants and highway funds for Safe Routes to School projects. 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, 2014

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.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. This statement establishes financial reporting standards for improved transparency of governmental pension plans. The City has implemented this statement as of July 1, 2013.

ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, NET POSITION AND FUND BALANCES

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, 2014

ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, NET POSITION AND FUND BALANCES (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. “Half year” levy dates are each six months later, and relate to new construction in the first six months of the calendar year. A lien is attached to property on the billing date and sold at tax sale by the end of 18 months.

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

CITY OF TAKOMA PARK, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2014

ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, NET POSITION AND FUND BALANCES (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 Position. 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

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 Position. 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.

CITY OF TAKOMA PARK, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2014

ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, NET POSITION AND FUND BALANCES (CONTINUED)

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 \$780,478 is included as “non-current liabilities” in the government-wide statements.

Compensated absences have generally been liquidated by the General Fund.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Net Position

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, and reduced or increased by deferred inflows and outflows attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation and are reduced by liabilities and deferred inflows of resources related to those constraints.

Unrestricted net position – Consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

CITY OF TAKOMA PARK, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2014

ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, NET POSITION AND FUND BALANCES (CONTINUED)

Governmental Fund Balances

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 (ordinance) by City Council, the City’s highest level of decision-making authority, and can only be changed by a formal action by City Council ordinance.
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, 2014

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, 2014.

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 \$3,378,099 and the corresponding bank balances were \$3,157,089. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$2,907,089 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, 2014. The City has a contractual arrangement with the bank for funds to be transferred daily from investment in a repurchase agreement to cover checks as presented.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

C. Investments

At June 30, 2014, 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	\$ 9,804,190	\$ 9,804,190	\$ -	\$ -
Maryland Local Government Investment Pool	AAAm	1,338,962	1,338,962	-	-
Money Market Mutual Funds*	AAAm	383,210	-	383,210	-
Money Market	AAAm	2,403	2,403	-	-
Equities*	N/A	6,682,656	-	6,682,656	-
Certificates of Deposit	Not Rated	1,844,391	716,909	1,127,482	-
Government Bonds	AAA	237,842	-	237,842	-
Fixed Income*	**	<u>3,606,854</u>	<u>89,936</u>	<u>2,588,939</u>	<u>927,979</u>
Total investments		<u>\$ 23,900,508</u>	<u>\$ 11,952,400</u>	<u>\$ 11,020,129</u>	<u>\$ 927,979</u>

* Included in Fiduciary Funds.

** 71.2% of portfolio is rated Aaa; 4.5% is rated Aa; 12.5% is rated A and 11.8 % is rated Baa.

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

Cash on hand	\$ 1,376
Carrying amount of deposits	3,378,099
Carrying amount of investments	<u>23,900,508</u>
Total cash and investments	27,279,983
Less fiduciary funds	<u>10,672,720</u>
Total cash and investments per Statement of Net Position	<u>\$ 16,607,263</u>
Cash and cash equivalents	\$ 3,379,475
Investments	<u>13,227,788</u>
Total cash and investments per Statement of Net Position	<u>\$ 16,607,263</u>

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014 met the City's investment policy as of that date.

Investment income includes the following for the year ended June 30, 2014:

Total net investment income per Statement of Activities \$ 27,012

Net investment income per the Statement of Activities of \$27,012 is comprised of dividends and interest.

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

Dividends and interest	\$ 276,398
Realized gain	1,245,136
Unrealized gain (loss)	<u>(132,735)</u>
	<u>\$ 1,388,799</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 AAA by Standard & Poor's as of June 30, 2014. 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.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The City's investments were \$9,804,190 in repurchase agreements, \$1,338,962 in MLGIP, \$6,682,656 in direct securities, \$1,844,391 in certificates of deposit, \$237,842 in government bonds, and \$385,613 in money market funds. At June 30, 2014, all of the City's investments were insured or registered, or 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, personal property and public utility tax rate for fiscal year 2014 was \$0.57 per \$100, \$1.55 per \$100, and \$1.55 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, 2014, taxes receivable, net of an allowance for uncollectibles of \$103,977, amounted to \$144,534.

NOTE 4 – NOTES RECEIVABLES, NET

Notes receivable of \$32,773 are comprised of \$27,500 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, 2014, notes receivable – Rehabilitation Loans Fund, net of allowances for uncollectibles of \$2,233, amounted to \$5,273.

The notes receivable in the amount of \$27,500, net of allowance for uncollectible of \$0, recorded in the Special Revenue Fund as a note receivable and unearned 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, 2014

NOTE 5 – UNAVAILABLE AND UNEARNED REVENUES

Governmental funds report advanced 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 unavailable 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	\$ 212,121	\$ -	\$ 212,121
Property taxes receivable, General Fund	84,306	-	84,306
Charges for services, General Fund	9,096	-	9,096
Fees, General Fund	-	61,549	61,549
Stormwater receivable General Fund	20,568 -	- 48,467	20,568 48,467
Grant funds received in excess of expenditures Special Revenue Fund	- -	53,069	53,069
	<u>\$ 326,091</u>	<u>\$ 163,085</u>	<u>\$ 489,176</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. All interfund balances are expected to be repaid within one year.

During the year ended June 30, 2014, the General Fund transferred \$5,465 to the Special Revenue Fund to provide the required matching funds for grants.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

The balances at June 30, 2014 of individual fund interfund borrowings were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 2,048,187	\$ 2,738,118
Speed Camera	4,825	1,695,010
Special Revenue	2,738,118	4,825
	4,791,130	4,437,953
Non-major funds:		
Community Center	207,226	207,226
Storm Water	308	351,347
Rehab Loan	-	2,138
	207,534	560,711
Total	\$ 4,998,664	\$ 4,998,664

NOTE 7 – DUE FROM OTHER GOVERNMENTS

The June 30, 2014 balance of due from other governments is as follows:

State of Maryland:	
Income tax	\$ 175,814
Income tax reserve	212,121
Highway user tax	29,112
Amusement tax	32,626
State Highway Administration	57,653
Energy Administration	18,731
Department of Natural Resources - Program Open Space	39,306
Department of Transportation	5,959
Montgomery County	
Community Development Block Grant	38,510
Franchise fees	298,631
Other	37,864
Total	\$ 946,327

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 – CAPITAL ASSETS AND OTHER PROPERTY

A summary of changes in capital assets during fiscal year 2014 follows:

	<u>Balance June 30, 2013</u>	<u>Additions and Transfers</u>	<u>Deletions and Transfers</u>	<u>Balance June 30, 2014</u>
Capital assets (not being depreciated)				
Land	\$ 1,420,632	\$ -	\$ -	\$ 1,420,632
Total non-depreciable capital assets	<u>1,420,632</u>	<u>-</u>	<u>-</u>	<u>1,420,632</u>
Capital assets (being depreciated)				
Buildings	18,535,917	12,035	-	18,547,952
Improvements other than buildings	3,315,398	14,335	-	3,329,733
Equipment	5,669,349	782,263	(359,806)	6,091,806
Infrastructure	18,685,143	1,776,715	-	20,461,858
Total depreciable capital assets	<u>46,205,807</u>	<u>2,585,348</u>	<u>(359,806)</u>	<u>48,431,349</u>
Less - accumulated depreciation for:				
Buildings	(4,180,378)	(528,153)	-	(4,708,531)
Improvements other than buildings	(1,191,325)	(61,912)	-	(1,253,237)
Equipment	(3,003,698)	(482,397)	345,082	(3,141,013)
Infrastructure	(11,636,554)	(319,535)	-	(11,956,089)
Total accumulated depreciation	<u>(20,011,955)</u>	<u>(1,391,997)</u>	<u>345,082</u>	<u>(21,058,870)</u>
Total capital assets being depreciated	<u>26,193,852</u>	<u>1,193,351</u>	<u>(14,724)</u>	<u>27,372,479</u>
Total capital assets	<u>\$ 27,614,484</u>	<u>\$ 1,193,351</u>	<u>\$ (14,724)</u>	<u>\$ 28,793,111</u>

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

General government	\$ 372,217
Public safety	190,734
Housing and community development	3,574
Public works	698,972
Recreation and culture	126,500
	<u>\$ 1,391,997</u>

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>	<u>Coupon</u> <u>Interest Rate</u>	<u>Date of</u> <u>Maturity</u>
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	1,780,000	-	(118,500)	1,661,500	123,000	4.00%	May 2025
Bonds payable	1,100,000	-	(145,000)	955,000	150,000	2.97%	June 2020
Compensated absences	<u>722,797</u>	<u>670,165</u>	<u>(612,484)</u>	<u>780,478</u>	<u>614,000</u>		
	<u>\$ 3,752,797</u>	<u>\$ 670,165</u>	<u>\$ (875,984)</u>	<u>\$ 3,546,978</u>	<u>\$ 887,000</u>		

A. Notes and Bonds

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, 2014 is \$150,000.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)

A. Notes and Bonds

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ -	\$ -
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020-2022	150,000	-	150,000
Total	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>

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. Interest payments are based on variable interest rates. The interest rate at June 30, 2014 was 4.00%. The balance at June 30, 2014 is \$1,661,500.

The annual installments for the repayment of the bond as of June 30, 2014 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 123,000	\$ 71,269	\$ 194,269
2016	127,500	66,103	193,603
2017	133,000	60,747	193,747
2018	138,000	55,162	193,162
2019	143,500	49,366	192,866
2020-2024	812,500	150,532	963,032
2025	184,000	8,188	192,188
Total	<u>\$ 1,661,500</u>	<u>\$ 461,367</u>	<u>\$ 2,122,867</u>

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)

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, 2014 is \$955,000. The annual installments for the repayment of the loan as of June 30, 2014 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 150,000	\$ 28,364	\$ 178,364
2016	155,000	23,909	178,909
2017	155,000	19,305	174,305
2018	160,000	14,702	174,702
2019	165,000	9,950	174,950
2020	<u>170,000</u>	<u>5,049</u>	<u>175,049</u>
Total	<u>\$ 955,000</u>	<u>\$ 101,279</u>	<u>\$ 1,056,279</u>

NOTE 10 – DEFERRED INFLOWS OF RESOURCES – GOVERNMENTAL FUNDS

Deferred inflows of resources are comprised of the following amounts as of June 30, 2014:

	<u>General Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
Income taxes	\$ 212,121	\$ -	\$ 212,121
Property taxes receivable	84,306	-	84,306
Charges for services	9,096	-	9,096
Stormwater receivable	-	20,568	20,568
	<u>\$ 305,523</u>	<u>\$ 20,568</u>	<u>\$ 326,091</u>

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 – FUND BALANCES

Fund balances for the City’s governmental funds consisted of the following as of June 30, 2014:

Nonspendable Fund Balances

Nonspendable fund balances total \$70,855, as of June 30, 2014, comprised of prepaid expenditures of \$65,107, and trash bins of \$5,748 in the General Fund.

Restricted Fund Balances

Restricted fund balances total \$3,430,672 as of June 30, 2014. The General Fund restricted fund balance at June 30, 2014 is \$225,383 pertaining to street improvements. Fund balance in the Speed Camera Fund is restricted to public safety projects. At June 30, 2014, this amount was \$199,974. Most of the fund balance in the Special Revenue Fund is restricted to cable equipment and related expenditures. At June 30, 2014, this amount was \$2,999,100. The remaining fund balance of \$942 is restricted for police-related expenditures allowed by the Department of Justice Equitable Sharing Program for forfeitures. The amount restricted in the Rehabilitation Loans and Grants Fund related to notes receivable is \$5,273 as of June 30, 2014.

Committed Fund Balances

The General Fund has \$4,554,709 in committed fund balances as of June 30, 2014. This is comprised of the following:

General fund:

Equipment replacement reserve	\$ 3,360,971
Emergency reserve	442,437
Facility maintenance reserve	751,301
	<u>\$ 4,554,709</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 \$442,437 for emergency expenses as of June 30, 2014.

Assigned Fund Balances

Assigned fund balances total \$1,425,940 comprised of \$286,956 in the Stormwater Management Fund assigned to stormwater management projects and \$1,138,984 in the General Fund for future expenditures.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 – 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, 2014

NOTE 12 – 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, 2014 are based on salaries for the year ending June 30, 2013. 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		
	2014	2013	2012
Retirement plan contributions	\$571,845	\$419,070	\$581,364

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 (Title 4 of the City’s Municipal Code). The plan is governed by the City of Takoma Park Retirement Plan Committee which is responsible for the management of plan assets. The plan committee consists of 7 members including the City Administrator, City Treasurer, Chief of Police, Police Supervisor, or their designees, a representative of Local 400 of the United Food and Commercial Workers and two citizens elected by the City Council. The City has delegated the authority to manage plan assets to PNC Institutional Investments.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 – RETIREMENT COMMITMENTS (CONTINUED)

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

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

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.

The annual money-weighted rate of return was 15.20% for the year ended June 30, 2014. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Plan Membership

As of July 1, 2014, the pension plan’s membership consisted of:

Active plan members	37
Inactive plan members or beneficiaries currently receiving benefits	22
Inactive plan members entitled to benefits but not yet receiving them	<u>3</u>
Total	<u><u>62</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.

Title 4 of the City’s Municipal Code establishes contribution rates to the Plan. Contributions to the Plan made by the City are based on an actuarially determined rate. The actuarially required contribution and the amount paid into the plan for the year ended June 30, 2014 was \$1,044,504. The police officers contribute to the Plan based on 7% of salaries. Member’s actual contributions were \$184,003 at June 30, 2014. Administrative costs are financed through investment earnings.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 – RETIREMENT COMMITMENTS (CONTINUED)

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

Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established by Title 4 of the City’s Municipal Code and may be amended by the City. The plan’s investment policy is to construct a diversified portfolio of several different asset classes that will potentially lower total risk (as measured by volatility of returns) and increase total expected return. Key considerations in the implementation of the plan’s investment policy include, but are not limited to, the financial condition of the plan, the expected long-term outlook for capital markets, the plans risk tolerance, future growth of plan participants and the liquidity requirements of the plan.

The plan’s target asset allocation and long-term expected real rate of return was the following as of June 30, 2014.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	50%	6.45%
Foreign Equity	10%	6.99%
Fixed Income	35%	2.35%
Cash	5%	0.00%
Inflation	3.00%	
	100%	

Net Pension Liability

The components of the net pension liability of the City at June 30, 2014 were as follows:

Total pension liability	\$ 21,022,083
Plan fiduciary net position	(10,436,237)
City's net pension liability	\$ 10,585,846
 Plan fiduciary net position as a percentage of the total pension liability	49.64%

Actuarial assumptions

The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2013 rolled forward to June 30, 2014. The actuarial assumptions applied to all periods include in the measurement included (a) 7.5% 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%.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 – RETIREMENT COMMITMENTS (CONTINUED)

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

The amortization period for the year ended June 30, 2014 was open.

Mortality rates are based on the RP-2000 Combined Healthy Table with blue collar adjustment, projected seven years beyond the year of the valuation by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3%). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized on the previous page.

Discount rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made equal to the actuarially determined contribution. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City calculated using a discount rate of 7.5%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
City's net pension liability	\$ 13,609,747	\$ 10,585,846	\$ 8,109,387

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 – 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, 2014, there were three inactive participants. Plan provisions and contribution requirements are established and may be amended by the City Council. The City was not required to make any contributions to the plan for the year ended June 30, 2014. The plan administrator is ICMA-RC.

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 – RETIREMENT COMMITMENTS (CONTINUED)

E. Condensed Financial Information

	<u>Pension Trust</u>	<u>Defined Contribution Plan</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 383,210	\$ -	\$ 383,210
Total investments	<u>10,053,027</u>	<u>236,483</u>	<u>10,289,510</u>
TOTAL ASSETS	<u>10,436,237</u>	<u>236,483</u>	<u>10,672,720</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,436,237</u>	<u>\$ 236,483</u>	<u>\$ 10,672,720</u>
NET POSITION - Held in trust for pension benefits	<u>\$ 10,436,237</u>	<u>\$ 236,483</u>	<u>\$ 10,672,720</u>
ADDITIONS			
Total contributions	\$ 1,228,507	\$ -	\$ 1,228,507
Net investment earnings	<u>1,354,817</u>	<u>33,982</u>	<u>1,388,799</u>
Total additions (deductions)	<u>2,583,324</u>	<u>33,982</u>	<u>2,617,306</u>
DEDUCTIONS			
Total deductions	<u>839,758</u>	<u>-</u>	<u>839,758</u>
CHANGE IN NET POSITION	1,743,566	33,982	1,777,548
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>8,692,671</u>	<u>202,501</u>	<u>8,895,172</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	<u>\$ 10,436,237</u>	<u>\$ 236,483</u>	<u>\$ 10,672,720</u>

CITY OF TAKOMA PARK, MARYLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 13 – 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 position available for benefits.

NOTE 14 – 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 Attorneys, the potential liability arising from claims against the City not covered by insurance, would not materially affect the financial statements.

NOTE 15 – POST RETIREMENT BENEFITS

The City does not provide and has no liability for post-retirement benefits at June 30, 2014.

NOTE 16 – 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 Chesapeake Employers' Insurance Company. 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, 2014

NOTE 17 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements:

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.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, effective for fiscal years beginning after December 15, 2013.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, issued November 2013, effective 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.

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF TAKOMA PARK, MARYLAND
REQUIRED SUPPLEMENTAL INFORMATION
POLICE EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS
Last Ten Fiscal Years
(Dollar amounts in thousands)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total Pension Liability										
Service cost	\$ 796									
Interest	1,438									
Changes of benefit terms	-	Information for years 2013 and prior is not available								
Difference between expected and actual experience	-									
Changes of assumptions	-									
Benefit payments, including refunds of member contributions	<u>(784)</u>									
Net change in total pension liability	1,450									
Total pension liability - beginning	<u>19,572</u>									
Total pension liability - end	<u><u>\$ 21,022</u></u>									
Plan fiduciary net position										
Contributions - employer	\$ 1,044									
Contributions - member	184									
Net investment income	1,354									
Benefit payments, including refunds of member contributions	(784)									
Administrative expenses	(55)									
Other	<u>-</u>									
Net change in plan fiduciary net position	1,743									
Plan fiduciary net position - beginning	<u>8,693</u>									
Plan fiduciary net position - end	<u><u>\$ 10,436</u></u>									
Net pension liability	<u><u>\$ 10,586</u></u>									
Plan fiduciary net position as a percentage of total pension liability	49.64%									
Covered employee payroll	\$ 3,305									
Net pension liability as a percentage of covered employee payroll	320.30%									

**CITY OF TAKOMA PARK, MARYLAND
REQUIRED SUPPLEMENTAL INFORMATION
POLICE EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS
Last Ten Fiscal Years
(Dollar amounts in thousands)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 1,045									
Contributions made	1,045									
Contributions deficiency (excess)	\$ -	Information for years 2013 and prior is not available								
Covered employee payroll	\$ 3,305									
Contributions as a percentage of covered payroll	31.62%									
Annual money weighted rate of return, net of investment expense	15.20%									

Notes to Schedule

Valuation date: Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll, open
Remaining amortization period	22 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	5.5%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2000 Combined Healthy Table with blue collar adjustment, projected seven years beyond the year of the valuation by scale AA

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes:				
<u>Property</u>				
Real property	\$ 11,031,639	\$ 11,031,639	\$ 10,974,639	\$ (57,000)
Business or other property	509,030	509,030	517,647	8,617
Penalty and interest	55,000	55,000	43,195	(11,805)
Additions and abatements	<u>(10,000)</u>	<u>(10,000)</u>	<u>(43,186)</u>	<u>(33,186)</u>
Total property	11,585,669	11,585,669	11,492,295	(93,374)
<u>Local Taxes</u>				
Admission and amusement	<u>600</u>	<u>136,600</u>	<u>128,806</u>	<u>(7,794)</u>
	600	136,600	128,806	(7,794)
<u>Shared taxes</u>				
Highway	291,231	291,231	289,165	(2,066)
Income tax	<u>2,214,500</u>	<u>2,214,500</u>	<u>2,671,765</u>	<u>457,265</u>
Total shared taxes	<u>2,505,731</u>	<u>2,505,731</u>	<u>2,960,930</u>	<u>455,199</u>
Total taxes	<u>14,092,000</u>	<u>14,228,000</u>	<u>14,582,031</u>	<u>354,031</u>
Licenses and permits	<u>72,604</u>	<u>72,604</u>	<u>81,746</u>	<u>9,142</u>
Fines and forfeitures	<u>188,500</u>	<u>220,300</u>	<u>252,499</u>	<u>32,199</u>
Use of Money and Property:				
Interest and dividends	<u>35,000</u>	<u>35,000</u>	<u>26,134</u>	<u>(8,866)</u>
Charges for Services:				
Public parking	70,000	70,000	82,527	12,527
Protective inspection fees	309,000	309,000	321,172	12,172
Waste collection and disposal	75,000	75,000	73,066	(1,934)
Passport	35,000	35,000	70,850	35,850
Recreation	428,000	430,650	524,403	93,753
Library fines and fees	40,000	40,000	32,338	(7,662)
Other	<u>52,030</u>	<u>52,030</u>	<u>45,519</u>	<u>(6,511)</u>
Total charges for services	<u>1,009,030</u>	<u>1,011,680</u>	<u>1,149,875</u>	<u>138,195</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES (Continued)				
Intergovernmental Revenues:				
Police protection	\$ 431,752	\$ 431,752	\$ 420,029	\$ (11,723)
In Lieu of Police	2,515,147	2,515,147	2,515,147	-
In Lieu of County Services	998,496	998,496	998,496	-
Police rebate	916,295	916,295	952,413	36,118
Bank share tax	5,643	5,643	5,643	-
Library Aid	108,810	108,810	133,959	25,149
Montgomery County Tax	757,619	757,619	419,636	(337,983)
Takoma/Langley Recreation Center	87,650	87,650	87,650	-
Chesapeake Bay Trust Fund	-	10,000	10,000	-
State Highway street project	-	75,000	65,135	(9,865)
Total intergovernmental revenues	<u>5,821,412</u>	<u>5,906,412</u>	<u>5,608,108</u>	<u>(298,304)</u>
Miscellaneous revenue - other	63,800	69,050	54,638	(14,412)
Total revenues	<u>21,282,346</u>	<u>21,543,046</u>	<u>21,755,031</u>	<u>211,985</u>
EXPENDITURES				
General Government:				
City Council	177,100	197,100	190,077	7,023
City Manager	1,228,669	1,382,969	1,249,228	133,741
Finance	507,993	507,993	496,335	11,658
Legal	233,025	233,025	290,604	(57,579)
Information Systems Administration	493,424	493,424	451,557	41,867
Other - unclassified	1,217,297	1,197,002	1,088,265	108,737
Total general government	<u>3,857,508</u>	<u>4,011,513</u>	<u>3,766,066</u>	<u>245,447</u>
Public Safety:				
Office of the Chief	471,860	475,286	454,898	20,388
Communications	567,220	567,220	462,868	104,352
Patrol	3,330,775	3,331,275	3,607,294	(276,019)
Criminal investigations	1,575,694	1,575,694	1,265,529	310,165
Administration	669,490	669,490	667,565	1,925
Total public safety	<u>6,615,039</u>	<u>6,618,965</u>	<u>6,458,154</u>	<u>160,811</u>
Public Works:				
Administration	573,234	573,234	434,103	139,131
Building Maintenance	864,927	880,591	908,359	(27,768)
Equipment Maintenance	505,581	505,581	469,230	36,351
Right of Way	1,002,112	1,002,112	1,066,317	(64,205)
Solid Waste Management	809,733	809,733	794,452	15,281
Urban forest/ City Gardens	439,205	439,205	389,059	50,146
City engineer	222,598	222,598	214,089	8,509
Total public works	<u>4,417,390</u>	<u>4,433,054</u>	<u>4,275,609</u>	<u>157,445</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, 2014**

(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)				
Housing and Community Development:	\$ 1,618,197	\$ 1,704,122	\$ 1,415,762	\$ 288,360
Recreation and Culture:				
Recreation	1,560,045	1,576,445	1,393,123	183,322
Library and media	1,602,281	1,602,281	1,547,569	54,712
Total recreation and culture	<u>3,162,326</u>	<u>3,178,726</u>	<u>2,940,692</u>	<u>238,034</u>
Capital Outlay	<u>3,102,842</u>	<u>3,353,203</u>	<u>2,494,848</u>	<u>858,355</u>
Debt Service:				
Repayments	<u>373,529</u>	<u>373,529</u>	<u>373,529</u>	<u>-</u>
Total debt service	<u>373,529</u>	<u>373,529</u>	<u>373,529</u>	<u>-</u>
Total expenditures	<u>23,146,831</u>	<u>23,673,112</u>	<u>21,724,660</u>	<u>1,948,452</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,864,485)</u>	<u>(2,130,066)</u>	<u>30,371</u>	<u>2,160,437</u>
OTHER FINANCING SOURCES (USES)				
Transfers:				
Speed camera	-	-	-	-
Special Revenue	<u>(14,500)</u>	<u>(14,500)</u>	<u>(5,465)</u>	<u>9,035</u>
Total other financing sources (uses)	<u>(14,500)</u>	<u>(14,500)</u>	<u>(5,465)</u>	<u>9,035</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,878,985)</u>	<u>(2,144,566)</u>	<u>24,906</u>	<u>2,169,472</u>
APPROPRIATION OF FUND BALANCE	<u>1,878,985</u>	<u>2,144,566</u>	<u>-</u>	<u>(2,144,566)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,906</u>	<u>\$ 24,906</u>

**CITY OF TAKOMA PARK, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2014**

	Stormwater Management Fund	Community Center	Rehabilitation Loans and Grants	Total Nonmajor Governmental Funds
<u>Assets</u>				
Cash and temporary investments	\$ 828,667	\$ -	\$ 211,222	\$ 1,039,889
Notes receivable, net	-	-	5,273	5,273
Other receivables	21,717	-	-	21,717
Due from other funds	308	207,226	-	207,534
Due from other governments	-	-	-	-
Total assets	<u>850,692</u>	<u>207,226</u>	<u>216,495</u>	<u>1,274,413</u>
<u>Deferred outflows of resources</u>				
	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 850,692</u>	<u>\$ 207,226</u>	<u>\$ 216,495</u>	<u>\$ 1,274,413</u>
<u>Liabilities</u>				
Accounts Payable	\$ 170,934	\$ -	\$ -	\$ 170,934
Accrued expenses	3,521	-	-	3,521
Deposits and escrows held	17,366	-	-	17,366
Due to other funds	351,347	207,226	2,138	560,711
Due to other governments	-	-	209,084	209,084
Total liabilities	<u>543,168</u>	<u>207,226</u>	<u>211,222</u>	<u>961,616</u>
<u>Deferred inflows of resources</u>				
	<u>20,568</u>	<u>-</u>	<u>-</u>	<u>20,568</u>
<u>Fund Balances</u>				
Restricted	-	-	5,273	5,273
Committed	-	-	-	-
Assigned	286,956	-	-	286,956
Unassigned	-	-	-	-
Total fund balances	<u>286,956</u>	<u>-</u>	<u>5,273</u>	<u>292,229</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 850,692</u>	<u>\$ 207,226</u>	<u>\$ 216,495</u>	<u>\$ 1,274,413</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, 2014

	<u>Stormwater Management Fund</u>	<u>Community Center</u>	<u>Rehabilitation Loans and Grants</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Grant funds	\$ 20,070	\$ -	\$ -	\$ 20,070
Charges for service	410,126	-	-	410,126
Intergovernmental	-	-	-	-
Miscellaneous	5,218	-	-	5,218
Total revenues	<u>435,414</u>	<u>-</u>	<u>-</u>	<u>435,414</u>
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	282,155	-	-	282,155
Housing and community development	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	137,060	-	-	137,060
Total expenditures	<u>419,215</u>	<u>-</u>	<u>-</u>	<u>419,215</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>16,199</u>	<u>-</u>	<u>-</u>	<u>16,199</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>16,199</u>	<u>-</u>	<u>-</u>	<u>16,199</u>
FUND BALANCE, BEGINNING OF YEAR	<u>270,757</u>	<u>-</u>	<u>5,273</u>	<u>276,030</u>
FUND BALANCE, END OF YEAR	<u>\$ 286,956</u>	<u>\$ -</u>	<u>\$ 5,273</u>	<u>\$ 292,229</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Grant funds	\$ -	\$ 20,100	\$ 20,070	\$ (30)
Charges for services	421,900	421,900	410,126	(11,774)
Miscellaneous	10,000	10,000	5,218	(4,782)
Total revenues	<u>431,900</u>	<u>452,000</u>	<u>435,414</u>	<u>(16,586)</u>
EXPENDITURES				
Public works	323,900	323,900	282,155	41,745
Capital outlay	125,000	137,733	137,060	673
Total expenditures	<u>448,900</u>	<u>461,633</u>	<u>419,215</u>	<u>42,418</u>
Excess (deficiency) of revenues over expenditures before other financing sources (users)	<u>(17,000)</u>	<u>(9,633)</u>	<u>16,199</u>	<u>25,832</u>
NET CHANGE IN FUND BALANCE	(17,000)	(9,633)	16,199	25,832
FUND BALANCE, BEGINNING OF YEAR	<u>270,757</u>	<u>270,757</u>	<u>270,757</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 253,757</u>	<u>\$ 261,124</u>	<u>\$ 286,956</u>	<u>\$ 25,832</u>

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
For the year ended June 30, 2014
(With Comparative Totals for 2013)

	Pension Trust	Defined Contribution Plan	Totals	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
ASSETS				
Cash and cash equivalents	\$ 383,210	\$ -	\$ 383,210	\$ 183,213
Investments, at fair value:				
Equities	6,446,173	236,483	6,682,656	5,774,500
Fixed income	3,606,854	-	3,606,854	2,937,459
Total investments	<u>10,053,027</u>	<u>236,483</u>	<u>10,289,510</u>	<u>8,711,959</u>
TOTAL ASSETS	<u>\$ 10,436,237</u>	<u>\$ 236,483</u>	<u>\$ 10,672,720</u>	<u>\$ 8,895,172</u>
LIABILITIES	-	-	-	-
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
NET POSITION				
Held in trust for pension benefits	<u>\$ 10,436,237</u>	<u>\$ 236,483</u>	<u>\$ 10,672,720</u>	<u>\$ 8,895,172</u>

CITY OF TAKOMA PARK, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	<u>Pension Trust</u>	<u>Defined Contribution Plan</u>	<u>Totals</u>	
			<u>2014</u>	<u>2013</u>
ADDITIONS				
Employer contributions	\$ 1,044,504	\$ -	\$ 1,044,504	\$ 925,794
Plan member contributions	184,003	-	184,003	192,493
Total contributions and other receipts	<u>1,228,507</u>	<u>-</u>	<u>1,228,507</u>	<u>1,118,287</u>
Investment earnings	<u>1,354,817</u>	<u>33,982</u>	<u>1,388,799</u>	<u>934,844</u>
Total additions	<u>2,583,324</u>	<u>33,982</u>	<u>2,617,306</u>	<u>2,053,131</u>
DEDUCTIONS				
Benefit and refunds paid	784,424	-	784,424	734,949
Administrative expenses	<u>55,334</u>	<u>-</u>	<u>55,334</u>	<u>59,723</u>
Total deductions	<u>839,758</u>	<u>-</u>	<u>839,758</u>	<u>794,672</u>
CHANGE IN NET POSITION	1,743,566	33,982	1,777,548	1,258,459
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>8,692,671</u>	<u>202,501</u>	<u>8,895,172</u>	<u>7,636,713</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	<u>\$ 10,436,237</u>	<u>\$ 236,483</u>	<u>\$ 10,672,720</u>	<u>\$ 8,895,172</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.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental Activities										
Net investment in capital assets	\$ 26,176,611	\$ 25,892,877	\$ 24,247,163	\$ 20,973,813	\$ 19,250,374	\$ 17,912,991	\$ 17,227,232	\$ 17,112,525	\$ 12,220,247	\$ 9,053,902
Restricted	7,985,381	6,485,552	5,757,899	4,836,215	2,381,395	1,766,922	1,672,038	1,327,101	1,524,639	4,065,550
Unrestricted	<u>6,118,342</u>	<u>5,711,016</u>	<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>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 40,280,334</u>	<u>\$ 38,089,445</u>	<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>

Note: In 2013 the City implemented GASB 63 and accordingly net assets for the years 2005 through 2012 have been reclassified as net position.

Table 2

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
EXPENSES										
Governmental activities:										
General government	\$ 4,280,357	\$ 3,655,803	\$ 3,528,633	\$ 3,655,556	\$ 5,719,008	\$ 3,120,349	\$ 3,425,823	\$ 2,764,025	\$ 2,819,521	\$ 3,029,141
Public safety	8,245,260	7,628,389	7,637,072	7,213,649	7,563,656	6,048,350	5,797,560	5,214,230	4,726,609	4,520,348
Public works	5,532,265	5,332,321	5,107,165	5,564,151	5,099,655	5,774,672	4,798,252	4,526,174	3,651,129	4,059,898
Housing and community development	1,767,181	1,552,964	1,470,360	1,360,806	1,836,561	1,403,582	1,264,767	1,198,331	1,005,222	917,685
Recreation and culture	3,088,130	2,736,596	2,613,109	2,678,012	2,622,686	2,623,651	2,526,988	2,540,913	2,170,734	1,966,910
Interest	123,274	121,537	250,453	296,666	213,883	250,349	246,360	250,342	263,379	210,411
Total primary government expenses	<u>23,036,467</u>	<u>21,027,610</u>	<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>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	111,293	101,876	98,727	80,613	82,479	103,010	75,238	39,080	537,608	456,113
Public safety	2,094,462	1,709,357	2,335,397	2,044,513	2,424,778	882,331	236,428	181,219	190,287	179,322
Public works	535,722	555,926	507,571	484,608	485,424	490,129	513,215	840,248	831,409	764,039
Housing and community development	352,886	335,542	338,930	349,099	328,503	333,619	346,593	-	614	314,486
Recreation and culture	556,741	531,159	524,168	457,419	308,424	286,090	274,653	322,675	249,909	242,363
Operating grants and contributions	5,386,820	5,249,350	4,243,995	4,189,088	4,927,311	5,311,448	4,879,649	3,943,472	5,528,750	5,055,228
Capital grants and contributions	1,019,166	979,304	774,395	728,089	2,298,112	-	43,348	531,460	716,414	2,586,088
Total primary government program revenues	<u>10,057,090</u>	<u>9,462,514</u>	<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>
Total primary government net expense	(12,979,377)	(11,565,096)	(11,783,609)	(12,435,411)	(12,200,418)	(11,814,326)	(11,690,626)	(10,635,861)	(6,581,603)	(5,106,754)
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	11,514,020	12,134,376	11,668,702	11,381,629	11,085,519	10,459,749	9,627,880	8,764,784	7,901,543	7,630,236
Intergovernmental / unrestricted	3,561,666	2,791,760	3,003,680	2,914,276	2,472,591	3,030,468	3,342,710	3,662,840	1,904,784	1,740,886
Unrestricted investment earnings	27,012	27,248	48,663	46,947	76,217	172,830	353,747	359,342	184,751	130,409
Miscellaneous and other	67,568	14,381	113,509	(9,076)	63,069	53,467	146,584	180,062	198,004	215,261
Total primary government	<u>15,170,266</u>	<u>14,967,765</u>	<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>
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	<u>\$ 2,190,889</u>	<u>\$ 3,402,669</u>	<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>

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 70,855	\$ 581,896	\$ 464,978	\$ 383,459	\$ 54,627	\$ 18,175	\$ 8,210	\$ 46,969	\$ -	\$ 7,369
Restricted	225,383	225,248	224,978	224,754	224,372	43,949	43,337	-	117,347	1,229,659
Committed	4,554,709	3,764,492	2,860,071	2,469,790	2,157,023	1,722,973	1,628,701	1,327,101	1,215,203	1,327,442
Assigned	1,138,984	1,193,243	-	1,539,234	3,417,680	1,559,362	1,715,916	1,513,213	1,222,641	1,354,088
Unassigned	5,234,114	5,434,260	5,533,428	5,158,361	3,481,662	5,576,736	4,553,565	3,517,381	2,325,305	966,533
Total general fund	<u>\$ 11,224,045</u>	<u>\$ 11,199,139</u>	<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>
Total all other governmental funds										
Restricted	\$ 3,205,289	\$ 2,495,812	\$ 2,672,850	\$ 2,141,671	\$ 1,678,614	\$ 1,066,524	\$ 485,574	\$ 413,714	\$ 439,023	\$ 154,361
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	286,956	270,757	282,846	311,814	465,618	381,953	300,162	272,423	143,704	720,840
Total	<u>\$ 3,492,245</u>	<u>\$ 2,766,569</u>	<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>

Note: In 2011 the City implemented GASB 54 and accordingly fund balances for years 2005 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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES										
Taxes	\$ 14,582,031	\$ 14,650,731	\$ 14,404,183	\$ 13,751,914	\$ 13,287,014	\$ 13,318,311	\$ 12,573,318	\$ 11,486,637	\$ 10,306,405	\$ 9,826,025
Licenses and permits	81,746	79,372	81,235	78,664	75,030	72,291	45,470	104,597	62,415	63,610
Fines and forfeitures	1,955,306	1,626,267	2,269,843	1,987,826	2,376,632	839,804	213,197	181,219	190,287	179,323
Use of money and property	27,012	27,248	48,663	46,947	76,217	172,830	353,747	359,342	184,751	130,409
Stimulus grant	-	-	-	9,486	180,225	-	-	-	-	-
Charges for services	1,560,001	1,508,982	1,452,179	1,363,478	1,364,673	1,092,405	831,249	1,108,872	1,007,213	1,136,197
Intergovernmental	6,907,022	6,645,981	5,435,902	5,325,155	7,046,959	5,654,908	4,762,643	5,475,182	6,245,164	7,641,316
Miscellaneous	59,856	90,293	152,662	142,001	299,362	163,841	157,676	174,241	247,158	215,261
Total revenues	<u>25,172,974</u>	<u>24,628,874</u>	<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>
EXPENDITURES										
Current:										
General government	3,781,298	3,265,503	3,209,319	3,308,640	5,357,962	3,077,096	2,994,878	2,621,670	2,435,598	2,597,839
Public safety	7,677,677	7,319,009	7,366,853	6,965,312	7,115,499	5,981,975	5,349,349	5,037,668	4,659,466	4,489,515
Public works	4,609,589	4,085,967	3,879,854	3,978,563	4,136,274	4,047,071	3,611,130	3,765,225	3,480,726	3,895,853
Housing/community development	1,637,193	1,531,295	1,455,351	1,332,775	1,751,912	1,392,147	1,277,216	1,189,911	1,003,247	1,112,569
Recreation and culture	2,940,692	2,602,741	2,444,878	2,513,391	2,545,113	2,389,783	2,324,744	2,160,849	2,129,854	2,001,449
Capital outlay	3,402,414	2,363,371	3,534,937	4,177,448	3,305,507	1,807,850	931,837	2,029,151	4,127,017	6,958,497
Debt service:										
Principal	263,500	1,412,893	1,901,052	909,268	665,769	752,343	919,207	733,584	612,522	205,984
Interest	110,029	121,537	242,355	270,587	212,634	231,918	251,511	250,342	249,983	167,946
Total expenditures	<u>24,422,392</u>	<u>22,702,316</u>	<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>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>750,582</u>	<u>1,926,558</u>	<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>
OTHER FINANCING SOURCES (USES)										
Bond/loan proceeds	-	-	-	1,500,000	1,494,484	-	220,029	525,888	-	4,605,000
Sale of property	-	-	-	-	-	-	109,276	-	157,951	-
Transfers in (out)	-	-	-	-	-	-	(61,668)	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<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>
NET CHANGES IN FUND BALANCES	<u>\$ 750,582</u>	<u>\$ 1,926,558</u>	<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>
Debt service as a percentage of noncapital expenditures	1.71%	7.36%	11.44%	5.86%	3.93%	5.34%	6.93%	6.03%	5.81%	2.58%

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
2014	\$ 10,974,639	\$ 517,647	\$ 43,195	\$ (43,186)	\$ 128,806	\$ 2,671,765	\$ 289,165	\$ 14,582,031
2013	11,496,734	570,360	70,971	(8,176)	48	2,437,127	83,667	14,650,731
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

Source: City's financial records.

**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
2014	\$ 10,937,327	\$ 10,877,172	99.5%	\$ 59,448	\$ 10,936,620	99.9%
2013	11,533,580	11,468,702	99.4%	55,922	11,524,624	99.9%
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%

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	
2014	\$ 1,918,829,231	\$ 1,918,829,231	\$ 11,405,440	\$ 11,405,440	\$ 23,161,990	\$ 23,161,990	\$ 1,953,396,661	\$ 1,953,396,661	100	0.570
2013	1,988,548,200	1,988,548,200	10,976,190	10,976,190	22,166,730	22,166,730	2,021,691,120	2,021,691,120	100	0.580
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	1,337,879,688	1,337,879,688	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

(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.

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	
2014	\$ 0.5700	\$ 0.1120	\$ 0.7590	\$ 0.0720	\$ 0.0420	\$ 0.0200	\$ 1.5750
2013	0.5800	0.1120	0.7240	0.0720	0.0480	0.0210	1.5570
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

(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, 2014**

Fiscal year 2013 real property assessed value	<u>\$ 1,918,829,231</u>
Debt limit - 100% of assessed value	1,918,829,231
Amount of debt applicable to debt limit - legal debt margin	<u>2,766,500</u>
Legal debt margin	<u>\$ 1,916,062,731</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.

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>Year</u>	<u>Population ⁽¹⁾</u>	<u>Assessed Value</u>	<u>Bonded Debt</u>	<u>Capital Leases⁽²⁾</u>	<u>Notes Payable</u>	<u>Ratio of Net Bonded Debt Value</u>	<u>Net Bonded Debt Per Capita</u>
2014	16,715	\$ 1,953,396,661	\$ 2,616,500	\$ -	\$ 150,000	0.14%	\$156.54
2013	16,715	2,021,691,120	2,880,000	-	150,000	0.15%	\$172.30
2012	16,715	1,965,021,932	4,292,893	-	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	1,337,879,688	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

(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>
2014	\$ 263,500	\$ 110,029	\$ 373,529	\$ 24,422,392	1.53%
2013	1,412,893	121,537	1,534,430	22,702,316	6.76%
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	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%

(1) Takoma Junction loan balance was fully paid.

(2) Bond issue was redeemed early.

Source: City's financial records.

CITY OF TAKOMA PARK, MARYLAND
COMPUTATION OF DIRECT AND OVERLAPPING DEBT ⁽²⁾
June 30, 2014

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct debt –			
City of Takoma Park	\$ 2,766,500	100%	\$ 2,766,500
Direct debt sub-total	<u>2,766,500</u>		<u>2,766,500</u>
Overlapping debt -			
Montgomery County	3,658,898,401	1% ⁽¹⁾	36,588,984
Maryland-National Capital Park and Planning Commission			
Montgomery County	<u>44,855,000</u>	1% ⁽¹⁾	<u>448,550</u>
Overlapping debt sub-total	<u>3,703,753,401</u>		<u>37,037,534</u>
Total direct and overlapping debt	<u>\$ 3,706,519,901</u>		<u>\$ 39,804,034</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.

**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:						
2014	16,715	\$ 78,420,000	\$ 77,077	\$ 529,482	4.3	151,289
2013	16,715	73,420,000	73,475	540,133	5.2	149,018
2012	16,715	71,540,000	72,172	534,178	5.1	146,497
2011	16,715	69,050,166	69,762	529,997	5.3	143,309
2010	17,299	65,904,393	67,564	525,384	5.8	140,500
2009	17,299	62,962,957	65,654	522,875	5.6	137,763
2008	17,299	65,845,731	69,844	519,330	3.2	137,745
2007	17,299	62,643,745	67,236	512,934	2.6	137,798
2006	17,299	60,372,289	65,162	518,142	2.8	139,387
2005	17,299	55,846,295	60,602	508,251	3.1	139,337

- (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 2005-2012 revised by BEA. Data for 2013-2014 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 2009-2013. Data for 2014 estimated by Montgomery County Department of Finance based on the percent change from first half of CY2013 to the first half of CY2014.
- (4) The unemployment rates for 2008 through 2013 were revised by the Bureau of Labor Statistics, U.S. Department of Labor. Unemployment rate for 2014 estimated by Montgomery County Department of Finance based on the average of the monthly unemployment rates for the first half of 2014.
- (5) Montgomery County Executive's Recommended FY15 Operating Budget, Office of Management and Budget, Montgomery County, page 10-5.

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

Taxpayer	2014			Taxpayer	Fiscal Year 2005		
	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	\$ 24,989,400	1	1.28%	Takoma Langley Improvements	\$ 14,027,262	1	1.31%
Walgreen Company	21,106,968	2	1.08%	Saul Subsidiary I LTD Partnership	11,594,866	2	1.08%
7401 New Hampshire Avenue, LLC	14,727,200	3	0.75%	Oxon Equities Group	10,135,032	3	0.94%
Park Ritchie Apartments	14,574,667	4	0.75%	Franklin Associates	8,618,866	4	0.80%
Tenacity 7333 New Hampshire Ave LLC	14,495,330	5	0.74%	Park Ritchie Apartments	7,783,799	5	0.73%
Takoma Business Center LLC	10,757,233	6	0.55%	Potomac Electric Power Company ⁽¹⁾	6,544,780	6	0.61%
Takoma Park Land LLP	9,876,733	7	0.51%	Takoma Business Center LLC	5,981,966	7	0.56%
Franklin Associates	8,964,000	8	0.46%	Hampshire Place LLC	4,926,466	8	0.46%
Maple View Apartments LLC	7,867,100	9	0.40%	Maple View Apartments LLC	4,632,800	9	0.43%
FC-Gen Real Estate LLC	7,744,733	10	0.40%	Hampshire Lodging Inc	4,542,100	10	0.42%
Total	\$ 135,103,364		6.92%		\$ 78,787,937		7.34%

Notes:

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

Source: State of Maryland Department of Assessment and Taxation

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

Employer	Fiscal Year 2014			Fiscal Year 2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Washington Adventist Hospital	1,600	1	27.99%	1,596	1	24.62%
Montgomery College	523	2	9.15%	300	2	4.63%
Montgomery County Public Schools	215	3	3.76%	235	3	3.62%
City of Takoma Park	212	4	3.71%	174	4	2.68%
Washington Adventist University ⁽¹⁾	163	5	2.85%	119	7	1.84%
Sligo Creek Center	133	6	2.33%	-	-	-
Republic	68	7	1.19%	-	-	-
International House of Pancakes	54	8	0.94%	-	-	-
Don Bosco Cristo Rey High School	50	9	0.87%	-	-	-
Takoma Park / Silver Spring Co-op	44	10	0.77%	-	-	-
Adventist Healthcare Inc	-	-	-	150	5	2.31%
Wackenhut Corporation	-	-	-	120	6	1.85%
Long & Foster Real Estate Inc.	-	-	-	80	8	1.23%
Takoma Park Symphony Orchestra	-	-	-	75	9	1.16%
Total	3,062		53.57%	2,849		43.94%

Notes:

⁽¹⁾ Formerly Columbia Union College

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

FUNCTION	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government	16.95	16.88	16.50	16.50	18.00	18.00	18.00	16.00	16.00	16.50
Public safety	61.83	61.35	59.87	59.49	60.69	60.87	59.50	58.73	57.47	57.47
Public works	34.00	34.00	33.00	33.00	33.38	33.38	33.38	33.58	33.29	33.07
Housing and community development	10.85	11.06	9.79	9.75	10.25	9.50	9.50	9.50	8.81	9.81
Recreation and culture	<u>33.92</u>	<u>28.73</u>	<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>
TOTAL	<u>157.55</u>	<u>152.02</u>	<u>147.73</u>	<u>147.74</u>	<u>154.49</u>	<u>153.44</u>	<u>153.33</u>	<u>150.21</u>	<u>147.30</u>	<u>145.56</u>

Source: City's Finance Department

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

Function	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public Safety:										
Crimes reported	528	550	550	565	653	764	739	832	791	875
Dispatched Calls/Events Handled	19,762	19,382	20,000	21,495	20,500	19,661	21,483	18,622	16,569	16,073
Hours-foot/bike patrol	2,500	3,000	3,000	3,500	3,600	2,897	3,689	3,705	3,320	2,720
Physical arrests	400	425	450	464	450	480	461	363	353	336
Calls for service	7,392	14,012	15,000	14,179	15,000	14,405	16,048	14,363	13,071	12,830
Traffic stops	6,662	5,370	5,000	7,105	5,300	5,256	5,435	4,259	3,498	3,193
Parking tickets processed	3,495	2,939	3,500	3,228	4,000	4,084	3,665	3,357	3,882	3,730
Criminal investigations assigned	239	214	350	310	400	426	324	370	313	313
Criminal cases closed	100	107	150	126	140	139	119	123	108	96
Warrants received for service	403	236	450	468	440	475	440	372	N/A	N/A
NCIC Validations (Wanted Items/Persons)	1043	748	1150	1219	1150	1129	1109	1052	N/A	N/A
Public Works:										
Permits Processed	303	204	193	133	229	297	321	293	319	328
Vehicles maintained	83	80	70	73	74	75	73	74	62	62
Tons of leaves collected	1,900	1,900	1,900	2,000	2,100	2,150	2,100	2,100	2,000	2,000
Tons of refuse collected	3,082	3,162	3,284	3,476	3,550	3,513	4,300	4,222	4,053	4,100
Tons of recyclables collected	1,679	1,489	1,470	1,544	1,500	1,662	1,440	1,380	1,151	1,200
Tons of yard waste collected	491	340	998	765	250	233	420	410	413	425
Tons of food waste collected	150	N/A								
Streets resurfacing (miles)	1.76	2.00	1.00	0.40	0.43	0.44	0.63	0.98	3.00	2.33
Storm drains inspected (linear feet)	7,207	23,854	1,029	8,254	11,000	14,259	8,500	12,831	8,203	8,906
New storm drain pipes (linear feet)	439	450	1,027	307	N/A	N/A	300	350	350	945
Replaced storm drain pipes (linear feet)	50	88	73	125	50	181	100	50	N/A	152
Recreation and culture:										
Library materials circulated	116,288	114,070	115,973	118,328	105,344	104,083	89,754	80,606	70,016	70,028
Library program attendance	14,612	15,130	14,365	14,682	14,963	13,133	11,539	6,346	N/A	N/A
Housing and Community Development:										
Rental housing inspections (Note 4)	3,164	3,050	3,000	3,059	2,936	3,357	3,200	2,280	N/A	N/A
Number of rental licenses issued	436	420	420	407	431	341	351	213	N/A	N/A
Landlord certifications issued	148	195	215	199	132	130	212	112	N/A	N/A
Number of new nuisance complaints	210	245	300	236	364	356	186	108	N/A	N/A
Number of nuisance complaints closed	95	200	250	145	364	465	210	56	N/A	N/A
Courtesy Notices issued	266	140	210	135	290	390	674	N/A	N/A	N/A
Handbill and flyers removed	3,429	1,100	1,000	1,240	737	397	275	N/A	N/A	N/A
Landlord and tenant contacts	2,605	2,600	2,600	2,706	2,642	2,539	2,537	2,491	N/A	N/A
Rent stabilization reports monitored	283	260	280	260	251	273	276	251	N/A	N/A
Permit letters issued	207	200	234	190	178	185	150	N/A	N/A	N/A
Rent increase petitions processed	2	1	4	2	1	3	5	47	N/A	N/A
General Government:										
Original City TV program hours	311	255	268	251	207	201	220	225	220	231

Source: Various government departments

Notes: 1 - Data was not routinely collected prior to 2007. Data that is unavailable is labeled as N/A.

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

Function	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Cars	46	45	45	44	42	41	40	38	26	26
Public Works:										
Sanitation collection trucks	5	5	5	6	4	4	6	6	6	6
Leaf vacuums	7	7	7	7	7	7	7	7	7	7
Stormwater drains (miles)	17.01	17.01	17.01	16.82	16.72	16.72	16.72	16.66	16.59	16.53
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	78	78	68	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	1	1	-
Vehicles	2	2	2	2	2	2	2	2	2	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, 2014**

Date of incorporation	1890
Date of adoption of City Charter	1890
Revision of City Charter	2013
Form of government	Council - Manager
Area - square miles	2.4
Miles of streets and sidewalks:	
Streets	34.60
Sidewalks	32.13
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 (Washington Suburban Sanitary Commission)	None
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, 2014

(Continued)

Number of schools:

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

Election:

Registered voters – November, 2013	11,819
Number of votes cast - November, 2013	1,199
Percentage voting	10.14%

Population by age group

(Source: U.S. Census Bureau)

<u>Age</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>
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>

CITY OF TAKOMA PARK, MARYLAND
SCHEDULE OF INSURANCE IN FORCE
June 30, 2014

Type of Coverage/Company Name	Policy Number	From	To	Limits of Coverage	Premiums
Commercial General Liability – Local Government Insurance Trust	PLP 542500	7/01/13	⁽¹⁾ 7/01/14	\$3,000,000 aggregate – \$1,000,000/occurrence	\$ 10,639
Public Officials Liability – Local Government Insurance Trust	PLP 542500	7/01/13	⁽¹⁾ 7/01/14	\$3,000,000 aggregate – \$2,500 deductible	\$ 11,222
Police Liability – Local Government Insurance Trust	PLP 542500	7/01/13	⁽¹⁾ 7/01/14	\$3,000,000 aggregate – \$2,500 deductible	\$ 13,531
Comprehensive Auto Liability – Local Government Insurance Trust	PLP 542500	7/01/13	⁽¹⁾ 7/01/14	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	\$ 37,092
Excess Liability – Local Government Insurance Trust	PLP 542500	7/01/13	⁽¹⁾ 7/01/14	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	\$ 3,837
Building and Contents (includes boiler and machinery) Local Government Insurance Trust	PLP 542500	7/01/13	⁽¹⁾ 7/01/14	Insured to \$14,419,985, \$1,000 deductible.	\$ 15,049
Chesapeake Employers' Insurance Company – Workers' Compensation	-	7/01/13	⁽¹⁾ 7/01/14	Statutory limit	\$ 563,836
Fidelity Bond – United States Insurance Services	Various	Various	⁽¹⁾ Various	\$15,000 to \$100,000 limits	\$ 5,796

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