

**CITY OF TAKOMA PARK, MARYLAND  
WORK SESSION OF THE CITY COUNCIL**

**Wednesday, January 20, 2016 – 7:30 PM  
Auditorium  
Takoma Park Community Center – Sam Abbott Citizens' Center**

**AGENDA**

*7:30 PM*

**CALL TO ORDER/ROLL CALL**

Mayor Stewart  
Councilmember Kovar, Councilmember Seamens, Councilmember Male,  
Councilmember Smith, Councilmember Qureshi, Councilmember Schultz

**PRELIMINARY MATTERS**

- i. Additional Agenda Items/Agenda Scheduling Update
- ii. Public Comments
- iii. For the Record
- iv. Council Comments
- v. City Manager Comments
- vi. Adoption of Minutes

*8:00 PM\**

**WORK SESSION**

- 1. [Comprehensive Annual Financial Report and Audit](#) (link to document online)
- 2. Actuarial Report on the Police Pension Plan

*9:00 PM*

- 3. Briefing on Update to the Montgomery College Facilities Master Plan

*9:30 PM*

**ADJOURN**

*\*All times are estimated.*

**ADA Compliance Notice**

The City of Takoma Park is committed to ensuring that individuals with disabilities are able to fully participate in public meetings. Anyone planning to attend a City of Takoma Park public meeting or public hearing, and who wishes to receive auxiliary aids, services, or accommodations is invited to contact Emily Cohen at [EmilyC@takomaparkmd.gov](mailto:EmilyC@takomaparkmd.gov) or 301-891-7266 at least 48 hours in advance.

**CITY OF TAKOMA PARK, MARYLAND**  
**ROLLING AGENDA**  
**Wednesday, January 13, 2016**  
**(Future Council Agendas are Tentative - Items are Subject to Change)**

The Rolling Agenda includes Council Meetings and the Council Schedule; City Board, Commission and Committee Meetings; and City Holidays. Contact the City Clerk (301-891-7267) to confirm scheduled dates.

**WEDNESDAY, JANUARY 13 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**Regular Meeting:**

- Single Reading Ordinance Authorizing Execution of Contracts for Public Art Installation
- Single Reading Ordinance Authorizing Award of FY 2016 Grant Funds to M.A.N.U.P. (Making A New United People)

**Work Session:**

- Board of Elections Update
- Briefing on the Crossroads Farmers Market and Request to Close Anne Street for the Market

**MONDAY, JANUARY 18 – Martin Luther King, Jr. Holiday, City offices and facilities will be closed Sunday and Monday for the holiday.**

**TUESDAY, JANUARY 19 – CITY COUNCIL RETREAT – PRIORITY SETTING, 6:30 PM (CC Hydrangea Room)**

**TUESDAY, JANUARY 19 – Commemoration Commission meeting, 7:00 PM (CC Lilac Room)**

**WEDNESDAY, JANUARY 20 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**Work Session:**

- Comprehensive Annual Financial Report and Audit
- Actuarial Report on the Police Pension Plan
- Briefing on Update to the Montgomery College Facilities Master Plan

**THURSDAY, JANUARY 21 – (tentative) Police Employees Retirement Plan Committee meeting, 8:30 a.m. (CC Room TBA)**

**THURSDAY, JANUARY 21 – Montgomery Chapter MML Meeting (Rockville)**

**THURSDAY, JANUARY 21 – Recreation Committee meeting, 7:00 PM (CC Hydrangea Room)**

**MONDAY, JANUARY 25 – Grants Review Committee meeting, 7:30 p.m. (CC Hydrangea )**

**TUESDAY, JANUARY 26 – CITY COUNCIL RETREAT – BUDGET PRIORITIES, 6:30 PM (CC Hydrangea Room)**

**WEDNESDAY, JANUARY 27 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**Presentation:**

- President of Washington Adventist Hospital, Erik Wangsness – Briefing and Discussion

**Regular Meeting:**

- First Reading Ordinance Authorizing FY 2016 Budget Amendment No. 2
- (tentative) Resolution Closing Anne Street for the Crossroads Farmers Market
- (tentative) Resolution Authorizing the Architect to Proceed with the Library Design
- Single Reading Ordinance Authorizing the Purchase of One Replacement Police Patrol Car
- (tentative) Resolution(s) Providing for Appointments to Committees

**Work Session:**

- Safe Roadways Committee Recommendations
- City Manager's Quarterly Report

**THURSDAY, JANUARY 28 – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)**

**WEDNESDAY, FEBRUARY 3 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**Special Session:**

- (tentative) Second Reading Ordinance Authorizing FY 2016 Budget Amendment No. 2

**Work Session:**

- (tentative) Update on the Multi-Family and Business Recycling Program
- (tentative) Discussion of Ordinance Banning Plastic Bags
- (tentative) Discussion of Ordinance Establishing a Vacant and Abandoned Property Registry
- (tentative) Discussion of Amendment of City Code Chapter 16.6.090 Fees

**SATURDAY, FEBRUARY 6 – Community Discussion of Affordable Housing to be held at the Takoma Park Community Center**

**MONDAY, FEBRUARY 8** – Safe Roadways Committee meeting, 7:30 PM (CC Hydrangea Room)

**MONDAY, FEBRUARY 8** – Board of Elections meeting, 7:30 PM (CC Council Conference Room)

**TUESDAY, FEBRUARY 9** – Tree Commission meeting, 6:30 PM (CC Rose Room)

**WEDNESDAY, FEBRUARY 10 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**Regular Meeting:**

- (tentative) First Reading Ordinance Amending the Noise Ordinance
- (tentative) First Reading Ordinance Amending City Code Chapter 16.6.090 Fees

**Work Session:**

- (tentative) Presentation and Discussion of Streetscape Manual

**MONDAY, FEBRUARY 15** – Washington’s Birthday, City offices and facilities will be closed Sunday and Monday for the holiday.

**WEDNESDAY, FEBRUARY 17 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**Work Session:**

- (tentative) Review of Community Grants Program

**THURSDAY, FEBRUARY 18 – Montgomery Chapter MML Meeting, 6:30 PM (Rockville)**

**THURSDAY, FEBRUARY 18** – Recreation Committee meeting, 7 PM (CC Hydrangea Room)

**TUESDAY, FEBRUARY 23** – Arts and Humanities Commission meeting, 7:00 PM (CC Hydrangea Room)

**WEDNESDAY, FEBRUARY 24 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**Regular Meeting:**

- (tentative) Resolution Appointing Takoma Park Poet Laureate
- (tentative) Second Reading Ordinance Amending the Noise Ordinance
- (tentative) Second Reading Ordinance Amending City Code Chapter 16.6.090 Fees
- (tentative) Resolution Adopting Streetscape Manual

**THURSDAY, FEBRUARY 25** – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)

**WEDNESDAY, MARCH 2 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**Work Session:**

- (tentative) Discussion of Proposed Takoma Junction Development Agreement

**TUESDAY, MARCH 8 - Montgomery County Municipalities Luncheon, (tentative), 11:30 a.m.-1:00 PM (Senate Office Building, Annapolis)**

**TUESDAY, MARCH 8** – Facade Advisory Board meeting, 6:30 PM (CC Hydrangea Room)

**TUESDAY, MARCH 8** – Tree Commission meeting, 6:30 PM (CC Rose Room)

**WEDNESDAY, MARCH 9 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**WEDNESDAY, MARCH 16 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

Work Session:

- (tentative) Discussion of Proposed Revisions to Community Grants Programs

**THURSDAY, MARCH 17, Montgomery Chapter MML meeting, 6:30 PM (Rockville)**

**THURSDAY, MARCH 17** – Recreation Committee meeting, 7 PM (CC Hydrangea Room)

**MONDAY, MARCH 21** – Safe Roadways Committee meeting, 7:30 PM (CC Lilac Room)

**WEDNESDAY, MARCH 23 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

Regular Meeting:

- (tentative) Resolution Authorizing Execution of Takoma Junction Development Agreement

- (tentative) First Reading Ordinance Establishing Vacant and Abandoned Property Registry

**THURSDAY, MARCH 24** – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)

**WEDNESDAY, MARCH 30 – (TENTATIVE) CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**WEDNESDAY, APRIL 6 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

Presentation:

- City Manager's Proposed FY 2017 Budget

**MONDAY, APRIL 11 – CITY COUNCIL BUDGET WORK SESSION, 7:30 PM (CC Auditorium)**

Budget Work Session:

**TUESDAY, APRIL 12** – Facade Advisory Board Annual Business Meeting, 6:30 PM (CC Hydrangea Room)

**TUESDAY, APRIL 12** – Tree Commission meeting, 6:30 PM (CC Rose Room)

**WEDNESDAY, APRIL 13 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

Public Hearing:

- Public Hearing on the Proposed FY 2017 Budget

Regular Meeting:

- (tentative) Resolution Amending Community Grants Program

- (tentative) First Reading Ordinance Establishing Vacant and Abandoned Property Registry

**MONDAY, APRIL 18 – CITY COUNCIL BUDGET WORK SESSION, 7:30 PM (CC Auditorium)**

Budget Work Session:

**MONDAY, APRIL 18** – Safe Roadways Committee meeting, 7:30 PM (CC Lilac Room)

**WEDNESDAY, APRIL 20 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**THURSDAY, APRIL 21 – Montgomery Chapter MML meeting, 6:30 PM (Laytonsville)**

**THURSDAY, APRIL 21** – Recreation Committee meeting, 7 PM (CC Hydrangea Room)

**MONDAY, APRIL 25 – CITY COUNCIL BUDGET WORK SESSION, 7:30 PM (CC Auditorium)**

Budget Work Session:

- Budget Reconciliation

**WEDNESDAY, APRIL 27 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

Public Hearing:

- Public Hearing on the Constant Yield Tax Rate

- Public Hearing on the FY 2017 Budget

**THURSDAY, APRIL 28** – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)

**WEDNESDAY, MAY 4 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

Budget Work Session:

- Final Budget Reconciliation

Work Session:

- (tentative) Discussion of Eliminating the Area B Permit Parking Program

**TUESDAY, MAY 10** – Facade Advisory Board meeting, 6:30 PM (CC Hydranga Room)

**TUESDAY, MAY 10** – Tree Commission meeting, 6:30 PM (CC Rose Room)

**WEDNESDAY, MAY 11 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

Regular Meeting:

- First Reading Ordinance Adopting the FY 2017 Tax Rates

- First Reading Ordinance Adopting the FY 2017 Stormwater Management Budget

- First Reading Ordinance Adopting the FY 2017 Budget

**MONDAY, MAY 16** – Safe Roadways Committee meeting, 7:30 PM (CC Hydrangea Room)

**WEDNESDAY, MAY 18 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

Regular Meeting:

- Second Reading Ordinance Adopting the FY 2017 Tax Rates

- Second Reading Ordinance Adopting the FY 2017 Stormwater Management Budget

- Second Reading Ordinance Adopting the FY 2017 Budget

**THURSDAY, MAY 19 – Montgomery Chapter MML meeting, 6:30 PM (Town of Washington Grove)**

**THURSDAY, MAY 19** – Recreation Committee meeting, 7 PM (CC Hydrangea Room)

**TUESDAY, MAY 24** – Arts and Humanities Commission meeting, 7:00 PM (CC Hydrangea Room)

**WEDNESDAY, MAY 25 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**THURSDAY, MAY 26** – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)

**MONDAY, MAY 30 – MEMORIAL DAY. City offices and facilities will be closed Sunday and Monday for the Memorial Day Holiday.**

**WEDNESDAY, JUNE 1 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**WEDNESDAY, JUNE 8 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**TUESDAY, JUNE 14 – Tree Commission meeting, 6:30 PM (CC Rose Room)**

**WEDNESDAY, JUNE 15 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**THURSDAY, JUNE 16 – Recreation Committee meeting, 7 PM (CC Hydrangea Room)**

**MONDAY, JUNE 20 – Safe Roadways Committee meeting, 7:30 PM (CC Lilac Room)**

**WEDNESDAY, JUNE 22 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**THURSDAY, JUNE 23 – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)**

**SUNDAY, JUNE 26 – WEDNESDAY, JUNE 29 – The City Council will be attending the Maryland Municipal League Convention**

**MONDAY, JULY 4 – INDEPENDENCE DAY HOLIDAY. City Offices and facilities will be closed Sunday and Monday.**

**WEDNESDAY, JULY 6 – (TENTATIVE - Eid al- Fitr) CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**TUESDAY, JULY 12 – Facade Advisory Board meeting, 6:30 PM (CC Hydrangea Room)**

**TUESDAY, JULY 12 – Tree Commission meeting, 6:30 PM (CC Rose Room)**

**WEDNESDAY, JULY 13 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**MONDAY, JULY 18 – Safe Roadways Committee meeting, 7:30 PM (CC Hydrangea Room)**

**WEDNESDAY, JULY 20 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**THURSDAY, JULY 21 – Recreation Committee meeting, 7 PM (CC Hydrangea Room)**

**WEDNESDAY, JULY 27 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**THURSDAY, JULY 28 – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)**

**WEDNESDAY, AUGUST 3 – (TENTATIVE) CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**TUESDAY, AUGUST 9 – Tree Commission meeting, 6:30 PM (CC Rose Room)**

**WEDNESDAY, AUGUST 10 – (TENTATIVE) CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**MONDAY, AUGUST 15 – Safe Roadways Committee meeting, 7:30 PM (CC Hydrangea Room)**

**WEDNESDAY, AUGUST 17 – (TENTATIVE) CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**THURSDAY, AUGUST 18 – Recreation Committee meeting, 7 PM (CC Hydrangea Room)**

**TUESDAY, AUGUST 23 – Arts and Humanities Commission meeting, 7:00 PM (CC Hydrangea Room)**

**WEDNESDAY, AUGUST 24 – (TENTATIVE) CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**THURSDAY, AUGUST 25** – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)

**WEDNESDAY, AUGUST 31 – (TENTATIVE) CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**MONDAY, SEPTEMBER 5 – LABOR DAY HOLIDAY.** City offices and facilities closed Sunday and Monday for the Labor Day Holiday.

**WEDNESDAY, SEPTEMBER 7 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**TUESDAY, SEPTEMBER 13** – Facade Advisory Board meeting, 6:30 PM (CC Hydrangea Room)

**TUESDAY, SEPTEMBER 13** – Tree Commission meeting, 6:30 PM (CC Rose Room)

**WEDNESDAY, SEPTEMBER 14 – (TENTATIVE) CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**THURSDAY, SEPTEMBER 15** – Recreation Committee meeting, 7 PM (CC Hydrangea Room)

**MONDAY, SEPTEMBER 19** – Safe Roadways Committee meeting, 7:30 PM (CC Hydrangea Room)

**WEDNESDAY, SEPTEMBER 21 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**THURSDAY, SEPTEMBER 22** – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)

**WEDNESDAY, SEPTEMBER 28 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**WEDNESDAY, OCTOBER 5 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**TUESDAY, OCTOBER 11** – Tree Commission meeting, 6:30 PM (CC Rose Room)

**WEDNESDAY, OCTOBER 12 – (Yom Kippur) (TENTATIVE) CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**WEDNESDAY, OCTOBER 19 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**THURSDAY, OCTOBER 20** – Recreation Committee meeting, 7 PM (CC Hydrangea Room)

**WEDNESDAY, OCTOBER 26 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**THURSDAY, OCTOBER 27** – Emergency Preparedness Committee meeting, 7:00 PM (CC Hydrangea Room)

**WEDNESDAY, NOVEMBER 2 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**TUESDAY, NOVEMBER 8** – Facade Advisory Board meeting, 6:30 PM (CC Hydrangea Room)

**TUESDAY, NOVEMBER 8** – Tree Commission meeting, 6:30 PM (CC Rose Room)

**WEDNESDAY, NOVEMBER 9 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**FRIDAY, NOVEMBER 11 – VETERANS DAY.** City offices and facilities will be closed for the Veterans Day Holiday.

**WEDNESDAY, NOVEMBER 16 – CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**THURSDAY, NOVEMBER 17** – Safe Roadways Committee meeting, 7:30 PM (CC Lilac Room)

**THURSDAY, NOVEMBER 17** – Recreation Committee meeting, 7 PM (CC Hydrangea Room)

**TUESDAY, NOVEMBER 22** – Arts and Humanities Commission meeting, 7:00 PM (CC Hydrangea Room)

**WEDNESDAY, NOVEMBER 23 – CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**THURSDAY, NOVEMBER 24 – SUNDAY, NOVEMBER 27 – THANKSGIVING DAY HOLIDAY.** City offices and facilities will closed from Thursday, November 24 through Sunday, November 27 for the Thanksgiving Holiday.

**WEDNESDAY, NOVEMBER 30 – (TENTATIVE) CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**WEDNESDAY, DECEMBER 7 – (TENTATIVE) CITY COUNCIL WORK SESSION, 7:30 PM (CC Auditorium)**

**TUESDAY, DECEMBER 13** – Tree Commission meeting, 6:30 PM (CC Rose Room)

**WEDNESDAY, DECEMBER 14 – (TENTATIVE) CITY COUNCIL MEETING, 7:30 PM (CC Auditorium)**

**WEDNESDAY, DECEMBER 14** – Safe Roadways Committee meeting, 7:30 PM (CC Hydrangea Room)

**THURSDAY, DECEMBER 15** – Recreation Committee meeting, 7:00 PM (CC Hydrangea Room)

**2016 TAKOMA PARK NEWSLETTER SCHEDULE:**

<b><u>Issue</u></b>	<b><u>Copy deadline</u></b>	<b><u>Begin distribution</u></b>
January 2016	December 14	December 29
February	January 15	January 29
March	February 12	February 26
April	March 18	April 1
May	April 15	April 29
June	May 13	May 27
July	June 13	June 24
August	July 15	July 29
September	August 15	August 26
October	September 16	September 30
November	October 14	October 28
December	November 14	November 25
January 2017	December 16	December 30



# Presentation

<b>Agenda Item #</b>	1
<b>Meeting Date</b>	January 20, 2016
<b>Prepared By</b>	Suzanne R. Ludlow City Manager

<b>Discussion Item</b>	Presentation of Fiscal Year 2015 Comprehensive Annual Financial Report (CAFR)
<b>Background</b>	<p>As required by both Section 821 of the Charter of the City of Takoma Park and State law, an independent audit is conducted of the City's basic financial statements on an annual basis. The auditor's responsibility is to express an opinion on these financial statements based on their review.</p> <p>The Fiscal Year 2015 audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i>, issued by the Comptroller General of the United States of America. Those standards require that the auditing firm plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.</p> <p>New this year: The City changed its method of accounting for employee pension plans in the year ended June 30, 2015, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition Contribution Made Subsequent to the Measurement Date.</p> <p>The report of CohnReznick LLP states as follows:</p> <p>"In our opinion, the financial statements...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, 2015, and the respective changes in financial position and the 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."</p> <p>Management's Discussion and Analysis and historical pension information accompany the basic financial statements. They are not a required part of the basic financial statements but constitute supplementary information required by the Governmental Accounting Standards Board.</p> <p>In accordance with <i>Government Auditing Standards</i>, CohnReznick LLP also issued a report on its consideration of the City's internal control over financial reporting and on its tests of the City's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of the report is to describe the scope of the firm's testing of internal control over financial reporting and compliance and the results of that testing. It does not constitute an opinion on the internal control over financial reporting or on compliance. Given these limitations,</p>

	<p>the auditors did not identify any deficiencies in internal control that they considered to be material weaknesses. The auditor's tests of compliance did not disclose any instances of noncompliance or other matters that are required to be reported under <i>Government Auditing Standards</i>.</p> <p>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 basic financial statements.</p> <p>The following are some highlights from the FY15 financial report:</p> <ul style="list-style-type: none"> <li>As presented in the government-wide financial statements, the assets of the City exceeded its liabilities as of June 30, 2015 by \$27,512,750 (net position). This represents an increase of \$2,031,466 from the prior year.</li> <li>As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$15,028,696, an increase of \$312,406 or two percent from the prior year. The ending fund balances include \$4,336,807 that is available for spending at the government's discretion (unassigned fund balance). The increase in the combined ending governmental fund balances was due primarily to the increase in unexpended speed camera fines.</li> <li>As of June 30, 2015, the General Fund (the City's primary fund) had a total fund balance of \$11,265,305, an increase of \$41,260. The General Fund fund balance includes \$225,496 which is restricted for street improvements and \$562,529 which is nonspendable (e.g., deposits and prepaid expenditures). A portion of the General Fund fund balance, totaling \$4,871,320 or 32 percent, is committed for the following purposes: <ul style="list-style-type: none"> <li>Equipment Replacement \$ 3,756,833</li> <li>Emergency 455,068</li> <li>Facility Maintenance 659,419</li> </ul> <p>The unassigned portion of the General Fund fund balance as of June 30, 2014 was \$4,336,807.</p> </li> <li>The City's long-term debt decreased by \$198,907 during the fiscal year. The decrease was due to the principal payments on existing debt totaling \$273,000. This decrease was offset by the \$74,093 in compensated absences. The City had \$3,348,071 in outstanding debt at June 30, 2015.</li> </ul>
<b>Policy</b>	Section 821 of the Charter of the City of Takoma Park states, "The financial books and accounts of the City shall be audited annually in a manner determined by the Council but not contrary to applicable State law."
<b>Fiscal Impact</b>	None
<b>Attachments</b>	Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015
<b>Recommendation</b>	Staff recommends that the City Council hear the presentation of CohnReznick LLP and staff and discuss the City's CAFR for Fiscal Year 2015.

# Presentation

<b>Agenda Item #</b>	2
<b>Meeting Date</b>	January 20, 2016
<b>Prepared By</b>	Suzanne R. Ludlow City Manager

<b>Discussion Item</b>	Police Employees' Retirement Plan Actuarial Valuation as of June 30, 2015
<b>Background</b>	<p>In 2001, the City of Takoma Park established a pension plan (Police Employees' Retirement Plan) for its sworn police officers. Prior to that time, police officers were covered by the State of Maryland pension plan along with other City employees, which provides for retirement after 30 years of service.</p> <p>The Police Employees' Retirement Plan (the Plan) allows for full retirement after 25 years of service or at age 62 with five years of service. The earlier retirement is more typical for public safety employees and enables the City to be more competitive in attracting and retaining officers. Before establishing the Plan, the City explored other alternatives that would allow for earlier retirement for police officers in a cost effective manner. Establishment of a City plan was deemed to be the best option.</p> <p>Bolton Partners, Inc. provides actuarial services for the Plan and prepares an annual valuation based on participant data and asset information. The June 30, 2015 valuation is setting the employer contribution for the fiscal year ending on June 30, 2017.</p> <p>Thomas Lowman, FSA, will present the actuarial report. Following the presentation, he will be available to respond to questions from Council.</p>
<b>Policy</b>	<p>Takoma Park Charter, Section 907, Retirement System: <i>The Council shall establish and maintain a general system of pensions and retirement benefits for the City, and shall have the power to do all things necessary to include the City's officers and employees, or any of them, within any retirement system or pension system under the terms of which they are admissible, or to pay the employer's share of the cost of any such retirement or pension system out of the general funds of the City.</i></p> <p>Takoma Park Code, Ch. 4.24, Police Employees' Retirement Plan</p>
<b>Fiscal Impact</b>	For information only
<b>Attachments</b>	Actuarial Valuation as of June 30, 2015 Presentation
<b>Recommendation</b>	Hear the report.
<b>Special Consideration</b>	

**CITY OF TAKOMA PARK  
POLICE EMPLOYEES'  
RETIREMENT PLAN**



**ACTUARIAL VALUATION  
AS OF  
JULY 1, 2015**

## **TABLE OF CONTENTS**

	<u>Page</u>
Introductory Letter .....	1 – 2
Asset Information .....	3 – 4
Actuarial Costs .....	5
Amortization Schedule .....	6
Participant Summary .....	7 – 8
Assumptions and Methods .....	9 – 10
Plan Provisions .....	11 – 14
Schedule of Funding Progress .....	15
Actuarial Certification .....	16 – 19



September 11, 2015

**PERSONAL & CONFIDENTIAL**

Ms. Suzanne Ludlow  
City Manager  
City of Takoma Park  
7500 Maple Avenue  
Takoma Park, MD 20912

***Re: City of Takoma Park Police Employees'  
Retirement Plan Valuation***

Dear Suzanne:

The following report sets forth the actuarial valuation of the City of Takoma Park Police Employees' Retirement Plan. The valuation is as of July 1, 2015 and is based on participant data as submitted by the City of Takoma Park and asset information submitted by PNC Institutional Investments.

**PLAN ASSETS**

The market value of plan assets as of June 30, 2015 was \$11,311,412. The actuarial asset value as of June 30, 2015 was \$11,141,355. The difference between the market and actuarial value of \$170,057 represents gains that will be recognized in future valuations.

**PRINCIPAL RESULTS**

The principal purpose of the valuation is to set forth the City's contributions for the fiscal year ending June 30, 2017. The required information for financial reporting under GASB 67 is issued in a separate report.

The total recommended employer contribution for the plan year and fiscal year ending June 30, 2017 is 41.59% of covered payroll. This is in addition to employee contributions of 7% of pay. It is anticipated that the contribution will be paid in December 2016 and will equal 41.59% of the rate of pay for covered employees at that time. Details of the contribution calculation are provided later in this report.

**Bolton Partners, Inc.**

100 Light Street • 9th Floor • Baltimore, Maryland 21202 • (410) 547-0500 • (800) 394-0263 • Fax (410) 685-1924  
*Actuarial, Benefit and Investment Consultants*

Ms. Suzanne Ludlow  
September 11, 2015  
Page Two

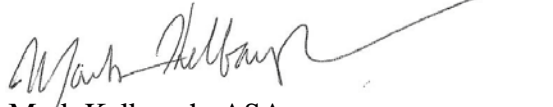
The contribution rate decreased slightly as a percentage of participant payroll from the prior year's results. This was primarily due to a significant increase in the covered payroll. This decrease was partially offset by the addition of a load to the City's normal cost to cover the plan's annual administrative expenses.

I, Thomas Lowman, am a Fellow of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The Actuarial Certification at the end of this report contains other important points to understand about this valuation.

Sincerely,  
**BOLTON PARTNERS, INC.**



Thomas B. Lowman, FSA, EA



Mark Kelbaugh, ASA



Kristopher Seets, FSA, EA

---

---

## **Asset Information**

---

---



**ASSET STATEMENT FOR THE**  
**PLAN YEAR ENDED JUNE 30, 2015**

Market Value as of July 1, 2014	\$10,436,237
---------------------------------	--------------

***Receipts:***

Employer Contributions	\$ 1,101,564
Employee Contributions	178,132
Other Receipts	0
Investment Income	217,683
Realized Gain/(Loss)	66,133
Unrealized Gain/(Loss)	<u>156,918</u>
	\$1,720,430

***Disbursements:***

Benefit Payments	\$ 785,604
Administrative Expenses	<u>59,651</u>
	\$ 845,255

Net Increase in Assets	\$ 875,175
------------------------	------------

Market Value as of June 30, 2015	\$11,311,412
----------------------------------	--------------

**DEVELOPMENT OF ACTUARIAL ASSET VALUE**

Market Value as of July 1, 2015 \$11,311,412

Fiscal Year Ending	Investment (Gain)/Loss	Percent Deferred	Amount Deferred
06/30/2015	\$358,275	80%	286,620
06/30/2014	(688,289)	60%	(412,973)
06/30/2013	(346,979)	40%	138,792)
06/30/2012	475,442	20%	95,088

Total Deferred: \$(170,057)

Actuarial Value as of July 1, 2015 \$11,141,355

---

---

## **Actuarial Costs**

---

---

### ACTUARIAL COSTS

	<u>7/1/2014</u>	<u>7/1/2015</u>
Valuation Discount Rate	7.50%	7.50%
Number of Participants		
Active	37	41
Retired	22 <sup>1</sup>	24 <sup>1</sup>
Terminated Vested	<u>3<sup>2</sup></u>	<u>1<sup>2</sup></u>
Total	62	66
Active Payroll	\$ 2,570,207	\$ 2,843,149
1. Actuarial Accrued Liability		
Active	\$ 9,309,387	\$ 9,249,070
Retired	5,931,858	5,581,575
Disabled	5,163,966	6,321,339
Terminated Vested	<u>82,525</u>	<u>9,371</u>
Total	\$ 20,487,736	\$ 21,161,355
2. Actuarial Value of Assets	\$ 9,867,595	\$ 11,141,355
3. Unfunded Liability (1) – (2)	\$ 10,620,141	\$ 10,020,000
4. Amortization of Unfunded Liability	\$ 692,801	\$ 679,477
5. Amortization of Unfunded as a Percentage of Payroll	26.96%	23.90%
6. Employer Normal Cost	\$ 403,175	\$ 503,064
7. Employer Normal Cost as a Percentage of Payroll	15.69%	17.69%
8. Total Employer Contribution (4) + (6)	\$ 1,095,976	\$ 1,182,541
9. Total Employer Contribution as a Percentage of Payroll (5) + (7)	42.65%	41.59%

<sup>1</sup> Includes 9 disabilities, 1 alternate payee and 3 beneficiaries (9, 1, and 1 respectively for 7/1/14)

<sup>2</sup> Includes 1 terminated non-vested who is owed a refund of contributions with interest (2 for 7/1/14)

**SCHEDULE OF AMORTIZATION BASES**  
**AS OF JULY 1, 2015**

<b>Type</b>	<b>Date Established</b>	<b>Original Balance</b>	<b>Outstanding Balance</b>	<b>Amortization Amount</b>	<b>Years Remaining</b>
Original	7/1/2013	\$11,808,355	\$11,956,015	\$803,967	20
Actuarial Loss/(Gain)	7/1/2014	(\$1,274,779)	(\$1,284,124)	(\$83,455)	21
Actuarial Loss/(Gain)	7/1/2015	(\$651,891)	(\$651,891)	(\$41,035)	22
<b>Total</b>			\$10,020,000	\$679,477	

Since the July 1, 2015 amortization payment of \$679,477 is not sufficient to cover the interest on the plan's unfunded liability, the unfunded liability is scheduled to increase for an initial period of time. Over time, amortization payments will increase and exceed the interest only payments, at which time the plan's unfunded liability will decrease in the absence of actuarial losses, improvements to benefits, or assumption changes.

---

---

## **Participant Summary**

---

---

## **SCHEDULE OF ACTIVE PARTICIPANTS**

Shown below is the distribution of active participants based on age and service. The compensation shown is the average of expected compensation for the 12 months following the valuation date.

Years of Service as of 07/01/2015									
Age	Under 1	1 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 +	Total
Under 25	3	0	0	0	0	0	0	0	3
	53,916	0	0	0	0	0	0	0	53,916
25 – 29	3	4	0	0	0	0	0	0	7
	53,916	59,514	0	0	0	0	0	0	57,115
30 – 34	0	2	2	0	0	0	0	0	4
	0	60,856	62,452	0	0	0	0	0	61,654
35 – 39	0	0	6	1	0	0	0	0	7
	0	0	66,927	63,500	0	0	0	0	66,438
40 – 44	0	0	2	3	2	1	1	0	9
	0	0	64,490	68,687	75,052	72,529	78,613	0	70,698
45 – 49	0	1	0	1	1	3	2	0	8
	0	60,659	0	63,358	92,679	87,518	98,149	0	84,444
50 – 54	0	1	0	1	0	0	0	0	2
	0	62,919	0	77,080	0	0	0	0	69,999
55 – 59	0	1	0	0	0	0	0	0	1
	0	118,078	0	0	0	0	0	0	118,078
60 – 64	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
65 – 69	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
70 & Up	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Totals	6	9	10	6	3	4	3	0	41
	53,916	66,825	65,545	68,333	80,927	83,771	91,637	0	69,345

Averages	
Age:	38.57
Service:	10.12

## **PARTICIPANT RECONCILIATION**

	<b><u>Active</u></b>	<b><u>Terminated Vested</u></b>	<b><u>Retired/ Disabled</u></b>	<b><u>Total</u></b>
Participants as of July 1, 2014	37	3 <sup>1</sup>	22	62
New Participants	6	N/A	N/A	6
Terminated Vested	0	0	0	0
Terminated Non-Vested	0	0	N/A	0
Terminated Paid Out	0	(2)	N/A	(2)
Retired	(2)	0	2	0
Deceased	0	0	(2)	(2)
Beneficiaries	0	0	2	2
Data Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Participants as of July 1, 2015	41	1 <sup>2</sup>	24	66

<sup>1</sup> Includes 2 terminated non-vested who is owed a refund of contributions with interest.

<sup>2</sup> Includes 1 terminated non-vested who is owed a refund of contributions with interest.



---

---

## **Assumptions and Methods**

---

---

## **ASSUMPTIONS AND METHODS**

<u>Funding Method:</u>	Projected Unit Credit. Costs are determined as a percentage of payroll based on the assets and liabilities on the valuation date. The liability for disability benefits is fully accrued for participants hired before July 1, 2003. Disability attribution method for those hired on or after July 1, 2003 is linear to decrement.  The Unfunded Actuarial Accrued Liability as of July 1, 2013 was amortized as a level percent of payroll over a fixed period of 22 years (closed amortization). Actuarial gains or losses after June 30, 2013 are also amortized over a fixed period of 22 years.
<u>Asset Method:</u> (Adopted 2012)	Five year smoothed asset value. Investment returns above or below the assumed rate of return are recognized at a rate of 20% per year over five years.
<u>Interest:</u> (Adopted 2012)	7.50% net of investment related expenses, compounded annually.
<u>Payroll Growth:</u>	4% compounded annually.
<u>Post Retirement COLA Increases:</u>	3% compounded annually, no limit.
<u>Salary Increases:</u>	5.5% compounded annually.
<u>Pay Limit:</u>	None.
<u>Mortality:</u>	RP-2000 Combined Healthy Table with blue collar adjustment, projected to 2022 by scale AA. For disabled participants, the table is set forward 3 years. The RP-2000 Table projected to 2015 is assumed to be current experience and the projection seven years beyond the valuation date is to account for future mortality improvements.
<u>Retirement:</u>	Probabilities of retirement are: 70% at 25 years, 10% at 26-29 years, and 100% at 30 years or age 62.

## **ASSUMPTIONS AND METHODS**

(continued)

### Disability:

Sample rates are:

<u>Age</u>	<u>Rate</u>
25	0.55%
35	1.02%
45	2.64%

Half the disability benefits are assumed to be line-of-duty. One-third of the line-of-duty disabilities are assumed to be catastrophic and two-thirds are considered non-catastrophic.

### Turnover:

80% of the Table T-5 rates of the Actuaries Pension Handbook adjusted for service. Sample T-5 rates are:

<u>Age</u>	<u>Rates by Service</u>		
	<u>0 - 9</u>	<u>10 - 14</u>	<u>15 and over</u>
25	7.724%	5.793%	1.545%
35	6.276%	4.707%	1.255%
45	3.975%	2.981%	0.795%

Rates are 75% of the initial rates between 10 and 15 years of service and 20% of the initial rates after 15 years. Employees that quit before age 50 are assumed to withdraw their contributions.

### Sick Leave:

Accrued benefit loaded 3.4% for unused sick leave credit.

### Pre-Employment Military Service:

Actual service credit as provided in census.

### Marriage Assumption:

80% of participants are assumed to be married. Husbands 3 years older.

### Compensation:

Compensation provided to us was assumed to be base pay for the 12 months ending on the valuation date.

### Administrative Expenses:

Employer normal cost includes assumed administrative expenses equal to the average of the actual expenses of the two fiscal years preceding the date of the valuation.

### Changes Since Prior Valuation:

The load for the assumed administrative expenses was added to the employer's normal cost.

---

---

## **Plan Provisions**

---

---

## **PLAN PROVISIONS**

<u>Normal Retirement Age:</u>	25 years of service, or age 62 with 5 years of service, if earlier.
<u>Normal Form of Benefit:</u>	Single Life Annuity with death benefit of undistributed employee contributions plus accumulated interest at retirement. Other forms are the actuarial equivalent.
<u>Post Retirement Cost of Living Increases:</u>	CPI index, but no more than would cause the participant's benefit to exceed an amount equal to the original benefit compounded at 3% per year.
<u>Employee Contributions:</u>	7% of base pay.
<u>Average Compensation:</u>	Average of base pay for 36 highest consecutive months.
<u>Benefit Formula:</u>	<p>2% of average compensation for each year of service earned. Total service is limited to 30 years.</p> <p>The above amount will be increased by 2% of average compensation for each year of service attributable to unused sick leave (limited to 2 years.)</p> <p>Note: prior to the latest plan amendment effective 7/1/2009, each year of service earned prior to 7/1/2000 was credited with 1.5% of average compensation. Total service was limited to 25 years.</p>
<u>Service:</u>	<p>Service includes:</p> <ol style="list-style-type: none"><li>1. Time as an active member contributing to the plan.</li><li>2. Unused sick leave (22 days = 1 month).</li><li>3. Service prior to July 1, 2001 under the State plan that was transferred to this plan at its inception.</li></ol>

## **PLAN PROVISIONS**

*(continued)*

Service (cont.):

4. For employees hired before July 1, 2001, up to five years of pre-employment military service if eligible under the State plan. If not eligible under the State plan, up to five years of pre-employment military service may be credited after 10 years of credited service with the plan.

Early Retirement:

Age 55 with at least 15 years of service. Benefit is reduced actuarially from normal retirement date.

Termination Prior to Retirement:

Return of employee contributions with 5% interest or if vested (after five years of service) an annuity beginning age 62 (or at the early retirement date, actuarially reduced.)

Line of Duty Disability:

*Catastrophic disability:*

The greater of:

- (a) the benefit due to employee contributions or
- (b) 66 2/3% of base pay.

*Non-Catastrophic disability:*

The greater of:

- (a) the benefit due to employee contributions or
- (b) 50% of base pay.

Note: prior to the latest plan amendment effective 7/1/2009, those hired before 7/1/2001 received the greater of (a) and 66 2/3% of base pay.

Ordinary (Non-Line of Duty)

Disability:

5 Years of Service is required for this benefit.

The benefit is equal to the accrued benefit, without actuarial reduction.

If a participant is under age 62, or has earned less than 25 years of credited service as of the disability date, the years of credited service are projected. They include both the actual years of credited service, plus any credited service which would have otherwise been earned as of the earlier

## **PLAN PROVISIONS**

*(continued)*

### Ordinary (Non-Line of Duty)

#### Disability (cont.):

of the participant's 62<sup>nd</sup> birthday or the date the participant would have earned 25 years of credited service.

### Line of Duty Pre-Retirement

#### Death Benefit:

If the participant is unmarried at his date of death, his beneficiary is entitled to receive a refund of the participant's contributions with interest, plus a single lump sum equal to the participant's compensation as of the date of death.

If the participant is married or has a registered domestic partner at the date of death and is eligible for normal or early retirement, his surviving spouse or partner may receive the benefit described above, or an annuity for the spouse's or partner's lifetime or earlier remarriage/re-registration, equal to a 66 2/3% of base pay. Upon the death or remarriage/re-registration of the surviving spouse or domestic partner, a benefit equal to 50% of base pay will be paid to the surviving children.

If the participant is not married and has designated one or more child as the primary beneficiary, the surviving children will receive an aggregate annuity equal to 50% of base pay. This benefit ceases upon the attainment of age 18, or 23 if a full-time student.

### Ordinary (Non-Line of Duty)

#### Pre-Retirement Death Benefit:

If the participant is unmarried at his date of death, his beneficiary is entitled to receive a refund of the participant's contributions with interest, plus a single lump sum equal to the participant's compensation as of the date of death.

**PLAN PROVISIONS**

*(continued)*

Ordinary (Non-Line of Duty)

Pre-Retirement Death Benefit (cont.):

If the participant is married or has a registered domestic partner at the date of death and is eligible for normal or early retirement, his surviving spouse or partner may receive the benefit described above, or an annuity for the spouse's or partner's lifetime, equal to the Joint and 100% Survivor benefit that would have been payable upon the participant's death.

Changes Since Prior Valuation:

None.



---

---

## **Schedule of Funding Progress**

---

---

### **Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - PUC (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a)/c)</b>
7/1/2004	\$2,388,059	\$ 8,309,009	\$5,920,950	28.7%	\$1,876,807	315.5%
7/1/2005	\$2,849,268	\$ 8,910,824	\$6,061,556	32.0%	\$1,919,819	315.7%
7/1/2006	\$3,371,139	\$ 9,609,655	\$6,238,516	35.1%	\$1,961,026	318.1%
7/1/2007	\$4,287,464	\$10,772,448	\$6,484,984	39.8%	\$2,204,862	294.1%
7/1/2008	\$4,500,963	\$13,402,672	\$8,901,709	33.6%	\$2,383,190	373.5%
7/1/2009	\$4,035,510	\$14,355,855	\$10,320,345	28.1%	\$2,671,071	386.4%
7/1/2010	\$5,058,336	\$15,094,744	\$10,036,408	33.5%	\$2,713,518	369.9%
7/1/2011	\$6,795,093	\$16,397,138	\$9,602,045	41.4%	\$2,774,501	346.1%
7/1/2012	\$7,808,944	\$19,146,415	\$11,337,471	40.8%	\$2,673,827	424.0%
7/1/2013	\$8,700,353	\$20,508,708	\$11,808,355	42.4%	\$2,849,563	414.4%
7/1/2014	\$9,867,595	\$20,487,736	\$10,620,141	48.2%	\$2,570,207	413.2%
7/1/2015	\$11,141,355	\$21,161,355	\$10,020,000	52.6%	\$2,843,149	352.4%

The above schedule provides historic information on plan funding levels. This information differs from the financial reporting under GASB 67 because GASB 67 requires methods that are not consistent with those used for plan funding.

## **Actuarial Certification**

This actuarial valuation sets forth our calculation of an estimate of the liabilities of the City of Takoma Park Police Employees' Retirement Plan, together with a comparison of these liabilities with the value of the plan assets, as submitted by the City of Takoma Park (the City). This calculation and comparison with assets is applicable for the valuation date only. The future is uncertain, and the plan may become better funded or more poorly funded in the future. This valuation does not provide any guarantee that the plan will be able to provide the promised benefits in the future.

This is a deterministic valuation in that it is based on a single set of assumptions. This set of assumptions is one possible basis for our calculations. Other assumptions may be equally valid. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions. We may consider that some factors are not material to the valuation of the plan and may not provide a specific assumption for those factors. We may have used other assumptions in the past. We will likely consider changes in assumptions at a future date.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if you substitute alternative assumptions within the range of possibilities for those utilized in this report. We have not been engaged to perform such a sensitivity analysis and thus the results of such an analysis are not included in this report. At the City's request, Bolton Partners, Inc. is available to perform such a sensitivity analysis.

The City is responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in this report. The City is solely responsible for communicating to Bolton Partners, Inc. any changes required thereto.

The City could reasonably ask how the valuation would change if we used a different assumption set or if plan experience exhibited variations from our assumptions. This report does not contain such an analysis. This type of analysis would be a separate assignment.

In addition, decisions regarding benefit improvements, benefit changes, the trust's investment policy, and similar issues should not be based on this valuation. These are complex issues and other factors should be considered when making such decisions. These other factors might include the anticipated vitality of the local economy and future growth expectations, as well as other economic and financial factors.

**Actuarial Certification**  
*(Continuation)*

The cost of this plan is determined by the benefits promised by the plan, the plan's participant population, the investment experience of the plan and many other factors. An actuarial valuation is a budgeting tool for the City. It does not affect the cost of the plan. Different funding methods provide for different timing of contributions to the plan. As the experience of the plan evolves, it is normal for the level of contributions to the plan to change. If a contribution is not made for a particular year, either by deliberate choice or because of an error in a calculation, that contribution can be made in later years. We will not be responsible for contributions that are made at a future time rather than an earlier time. The plan sponsor is responsible for funding the cost of the plan.

We make every effort to ensure that our calculations are accurately performed. These calculations are complex. Despite our best efforts, we may make a mistake. We reserve the right to correct any potential errors by amending the results of this report or by including the corrections in a future valuation report.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

This report is based on plan provisions, census data, and asset data submitted by the City. We have relied on this information for purposes of preparing this report, but have not performed an audit. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information. The plan sponsor is solely responsible for the validity and completeness of this information.

The City is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. Bolton Partners, Inc.'s actuaries have not provided any investment advice to the City.

The information in this report was prepared for the internal use of the City and its auditors in connection with our actuarial valuations of the pension plan. It is neither intended nor necessarily suitable for other purposes. Bolton Partners, Inc. is not responsible for the consequences of any other use or the reliance on this report by any other party.

The only purpose of this report is to:

- Provide the recommended employer contribution for fiscal year ending June 30, 2017.

**Actuarial Certification**  
*(Continuation)*

This report may not be used for any other purpose; Bolton Partners, Inc. is not responsible for the consequences of any unauthorized use.

The calculation of actuarial liabilities for valuation purposes is based on a current estimate of future benefit payments. The calculation includes a computation of the “present value” of those estimated future benefit payments using an assumed discount rate; the higher the discount rate assumption, the lower the estimated liability will be. For purposes of estimating the liabilities (future and accrued) in this report, you selected an assumption based on the expected long-term rate of return on plan investments. Using a lower discount rate assumption, such as a rate based on long-term bond yields, could substantially increase the estimated present value of future and accrued liabilities.

Because valuations are a snapshot in time and are based on estimates and assumptions that are not precise and will differ from actual experience, contribution calculations are inherently imprecise. There is no uniquely “correct” level of contributions for the coming plan year.

This report provides certain financial calculations for use by the auditor. These values have been computed in accordance with our understanding of generally accepted actuarial principles and practices and fairly reflect the actuarial position of the Plan. The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.

The report is conditioned on the assumption of an ongoing plan and is not meant to present the actuarial position of the Plan in the case of Plan termination. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions or applicable law.

The City should notify Bolton Partners, Inc. promptly after receipt of this report if the City disagrees with anything contained in the report or is aware of any information that would affect the results of the report that has not been communicated to Bolton Partners, Inc. or incorporated therein. The report will be deemed final and acceptable to the City unless the City promptly provides such notice to Bolton Partners, Inc.

**Actuarial Certification**  
(Continuation)

The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. He is currently compliant with the Continuing Professional Development Requirement of the Society of Actuaries. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest that would impair the objectivity of our work.

I am available to answer any questions on the material in this report to provide explanations or further details as appropriate.

**Bolton Partners, Inc.**

A handwritten signature in black ink, appearing to read 'T. Lowman', is positioned above the printed name.

Thomas B. Lowman, FSA, EA

# City of Takoma Park Police Employees Retirement Plan

Presented by:

Thomas Lowman, FSA, MAAA, EA

BOLTON  PARTNERS

January 20, 2016

 @BoltonPartners



# Agenda

2

- Background (p. 3 - 4)
- 2015 Valuation Results (p. 5 – 6)
- GASB Results for FY15 (p. 7 – 8)
- Changes in the Pension World (p. 9)



# Background

3

- Police employees were originally in State of Maryland plan (pool) and provided same benefits as all other employees
- In 2001 decided to give Police employees separate plan with earlier retirement ages, higher benefits and higher employee contributions
- Decided not to join State's LEOPS plan
- Three years ago (i.e. the 7/1/12 valuation) we lowered the investment return assumption from 8% to 7.5%. Could lower further.
- This year we added "load" for administrative expense to match GASB treatment.

# Background

4

- Current provisions:
  - Can retire after 25 years with 50% of pay
  - Can retire early with reduced benefits at age 55 if have 15 years but not 25
  - Retirees get COLAs capped at 3%/year
  - Disability benefits provided which vary by when hired and severity/type
  - Employees contribute 7% of pay

# 2015 Valuation Results

5

- Valuation Results
  - July 1, 2015 valuation for FY17 contributions
  - Contribution expressed as a percentage of payroll
  - Contribution rate decreasing from 42.6% to 41.6% of covered payroll
  - Main reason for the decrease was an increase in payroll over which to spread the legacy cost (dollar cost could be more). This is the opposite of what happened in 2014.

# Actuarial Costs

6

	<u>7/1/2014</u>	<u>7/1/2015</u>
Valuation Discount Rate	7.50%	7.50%
Number of Participants		
Active	37	41
Retired	22	24
Terminated Vested	<u>3</u>	<u>1</u>
Total	62	66
Active Payroll	\$ 2,570,207	\$ 2,843,149
1. Actuarial Accrued Liability		
Active	\$ 9,309,387	\$ 9,249,070
Retired	5,931,858	5,581,575
Disabled	5,163,966	6,321,339
Terminated Vested	<u>82,525</u>	<u>9,371</u>
Total	\$ 20,487,736	\$ 21,161,355
2. Actuarial Value of Assets	\$ 9,867,595	\$ 11,141,355
3. Unfunded Liability (1) – (2)	\$ 10,620,141	\$ 10,020,000
4. Amortization of Unfunded Liability	\$ 692,801	\$ 679,477
5. Amortization of Unfunded as a Percentage of Payroll	26.96%	23.90%
6. Employer Normal Cost	\$ 403,175	\$ 503,064
7. Employer Normal Cost as a Percentage of Payroll	15.69%	17.69%
8. Total Employer Contribution (4) + (6)	\$ 1,095,976	\$ 1,182,541
9. Total Employer Contribution as a Percentage of Payroll (5) + (7)	42.65%	41.59%

# GASB 67/68

7

- GASB67 information provided for FY2014 and FY2015
- GASB68 applies for the first time in FY2015
  - GASB 68 defines pension expense (which is not the same as the cash contribution)
  - GASB 68 defines the balance sheet liability

# GASB 68 Information as of 6/30/2015

8

- Provided to City 9/1/2015
- Based on GASB 7.5% “net” discount rate
- Key Results:
  - Total Pension Liability \$ 20.95 million
  - Plan fiduciary net position (assets) (11.31) million
  - City net pension liability \$ 9.64 million
- For FY15 the GASB 68 balance sheet liability is \$10.45 million (reflects Deferred Outflows & Inflows)
- For FY15 the GASB 68 Expense is \$970,311.

# Changes in the Pension World

9

- Slow adoption of more conservative assumptions
- Major discussion of best funding practices:
  - Actuarial Standards Board will likely define more parameters around what is an Actuarially Determined Contribution (ADC)
  - Much debate over requiring additional disclosure information. Key issues include:
    - Disclosing liabilities based on bond interest rates
    - More disclosure of risks
  - Conference of Consulting Actuaries White Paper
- Benefit Design Changes/Litigation

# Assumptions and Methods

10

- In preparing this presentation, we relied without audit, on information supplied by the City of Takoma Park Government.
- The actuarial assumptions, data and methods (except where specified as being changed) are those used in the preparation of the latest actuarial valuation report prepared for this plan as of July 1, 2015.
- The assumptions reflect our understanding of the likely future experience of the Plan and the assumptions as a whole represent our best estimate for the future experience of the Plan. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the plan could vary from our results.
- We certify that, to the best of our knowledge, this report and its contents, which are work products of Bolton Partners, Inc., are complete and accurate and have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.
- Bolton Partners' report was prepared exclusively for the City of Takoma Park Government for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose. The term third party does not include the Client's auditor, attorney, third party administrator or other professional, when providing professional services to the Client, or any governmental agency to which this certification is required to be submitted by law or regulation. Any third party recipient of Bolton Partners' work product who desires professional guidance should not rely upon Bolton Partners' work product, but should engage qualified professionals for advice appropriate to its own specific needs.

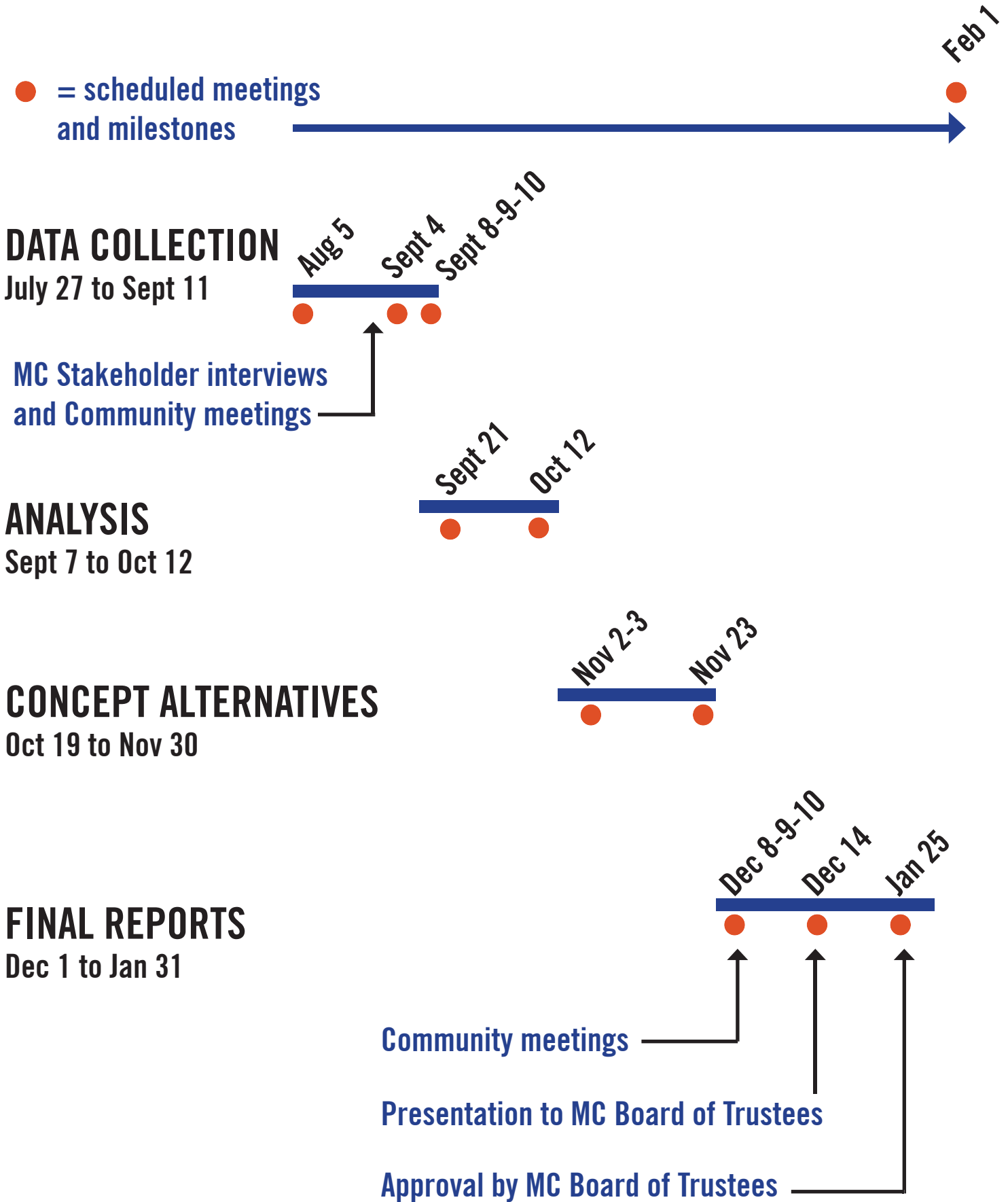


# Presentation

<b>Agenda Item #</b>	3
<b>Meeting Date</b>	January 20, 2016
<b>Prepared By</b>	Suzanne R. Ludlow City Manager

<b>Discussion Item</b>	Presentation regarding Montgomery College Facilities Master Plan
<b>Background</b>	<p>Takoma Park/Silver Spring Campus Vice President and Provost Brad Stewart will present information on the draft Montgomery College Facilities Master Plan to the Council. The Montgomery College Board of Trustees is expected to vote on the Plan on January 25, 2016.</p> <p>Community Meetings were held in September and December. City Council Resolution 2015-57 was adopted in October regarding the Facilities Master Plan.</p>
<b>Policy</b>	The Council is concerned with land use and educational services and facilities in the Takoma Park community.
<b>Fiscal Impact</b>	n/a
<b>Attachments</b>	Facilities Master Plan Project Schedule and Process Resolution 2015-57
<b>Recommendation</b>	Staff recommends that the City Council hear the presentation of Vice President and Provost Brad Stewart
<b>Special Consideration</b>	

## PROJECT SCHEDULE and PROCESS



Introduced by: Councilmember Grimes

**CITY OF TAKOMA PARK, MARYLAND**  
**RESOLUTION 2015-57**  
**PROVIDING COMMENT ON THE PROPOSED MONTGOMERY COLLEGE TAKOMA**  
**PARK/ SILVER SPRING 2016 – 2026 FACILITIES MASTER PLAN**

WHEREAS, Montgomery College (the “College”), founded in 1946, is Maryland’s oldest community college with three campuses, the first of which was established in 1950 and lies in part within the 1976 Takoma Park National Register Historic District; and

WHEREAS, the Takoma Park/Silver Spring campus is distinct from the other campuses because of its residential setting, compact site, its location partially within the 1976 Takoma Park National Register Historic District and its proximity and adjacency to residences both within the Takoma Park National Register Historic District as well as the local Montgomery County Takoma Park Historic District; and

WHEREAS, the College is in the process of updating its Facilities Master Plan, which is intended to serve as a framework for the development of each of the College’s campuses in a manner that is cohesive, integrated, and visionary while addressing the individual campuses’ space usage and academic and administrative requirements; and

WHEREAS, the College, on September 10, 2015, presented to the City and community members a Facilities Master Plan update schedule with a highly compressed timeline: Staff would perform analysis and develop concept alternatives in the period September 7 to November 30; present “final reports” in community meetings December 8-10, 2015; present to the Board of Trustees on December 14; and Board of Trustees approval in a January 25, 2016 vote; and forward the approved Facilities Master Plan to the Maryland Higher Education Commission, as required by law, by February 1, 2016; and

WHEREAS, the College has made no provisions for formal public comment on the proposed Facilities Master Plan, nor for College response to City or public comment, contrary to customary and best practices for a public entity in the development of a public document, and has averred that the Facilities Master Plan is exempt from Mandatory Referral to The Maryland - National Capital Park and Planning Commission, which would entail a 60-day review period; and

WHEREAS, the general counsel of the Montgomery County Planning Department has communicated to Montgomery College that the department believe Mandatory Referral is required, despite contrary Montgomery College assertions; and

WHEREAS, the City of Takoma Park believes that public entities developing public documents – including Montgomery College in developing the Facilities Master Plan update – should provide adequate opportunity for public input; and,

WHEREAS, to accommodate the College’s expansion needs, beginning in 2000, the Montgomery

County Executive, the Montgomery County Council, and the Montgomery County Planning Board agreed and financed a policy of westward expansion of College facilities and a “shift of uses from the east campus to the Georgia Avenue campus;” and

WHEREAS, both the County and the City, through their actions, have recognized the limited expansion potential of the Takoma Park core campus and wish to identify opportunities for sustainable short-term and long-term growth and expansion of the College in Silver Spring; and

WHEREAS, the Montgomery College Foundation owns a developable parcel on Burlington Avenue in Silver Spring, and the College could explore acquisition of significant commercial parcels along Fenton Street, south of Route 410 and immediately adjacent to existing College facilities, in Silver Spring, for new construction; and

WHEREAS, the Takoma Park Master Plan, adopted in December 2000 recommends “maintaining compatibility with adjacent residential communities” and providing pedestrian and bike linkages as the College expands; and

WHEREAS, the Montgomery College 2006-2016 Facilities Master Plan Update 09-27-10 states, “Most projects require the demolition of existing obsolete structures... include[ing] the existing Science North and Science South buildings,” and the College has suggested that these plans, which have not yet been executed, will be carried over into the 2016-2026 Facilities Master Plan Update; and

WHEREAS, the City of Takoma Park is particularly concerned about scale, massing, and design of renovated and reconstructed buildings, including particularly the Science North and Science South buildings.; and

WHEREAS, the City is pleased with the engagement that the City and the College ultimately arrived at in the redesign of Pavilion 3, particularly regarding scale and massing, but notes with disappointment that the building was subsequently built higher than planned with no notice to the city or community; and

WHEREAS the City passed Resolution 2008-62: “Providing Comment on the Proposed Montgomery College Takoma Park/Silver Spring 2006 – 2016 Facilities Master Plan” and wishes to provide guidance – lacking a proposed 2016-2026 Facilities Master Plan Update to comment on – on elements the City seeks for inclusion in the 2016-2026 update.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF TAKOMA PARK, MARYLAND THAT the following comments reflect the Council’s position on the development of the College’s 2016- 2026 Facilities Master Plan Update.

Section 1. The Council recognizes the great value the College has for the community and is committed to working constructively and cooperatively with the College in identifying short and long-term solutions to its expansion needs.

- Section 2. The Council supports redevelopment of the Takoma Park campus and the use of design guidelines and massing standards which reflect and preserve the architectural integrity and residential character and scale of the adjoining neighborhood and historic districts.
- Section 3. The City asks that Fenton Avenue remain open for motor vehicle traffic for the duration of any constructions activities.
- Section 4. The Council continues to advocate for the expansion of the Takoma Park/Silver Spring campus into South Silver Spring along Georgia and Burlington Avenues and calls for College acquisition of real-estate parcels along Fenton Avenue, south of Route 410, and use of the Burlington Avenue parcel owned by the Montgomery College Foundation, for any construction whose size, massing, or design is not compatible with those of buildings to be renovated, rebuilt, or replaced, and for any uses that are not safe and compatible for location in College buildings in, adjacent to, or near residences.
- Section 5. The Council applauds the College's commitment to sustainability and LEED certification and endorses the College's efforts to develop a pedestrian and bicycling oriented campus and streetscape along New York Avenue and Fenton Street and to create attractive and environmentally sensitive linkages between the campus and Takoma Park, South Silver Spring, and Fenton Village.
- Section 6. The Council protests the College's non-accommodation of adequate public comment and urges modification of the schedule and process to allow for timely, informed community input once the College has a draft proposal for discussion.
- Section 7. The Council reminds Montgomery College of the importance of full and timely College compliance with the 2002 Agreement Between the City of Takoma Park, Montgomery College, Historic Takoma, Inc. and Montgomery County to Subject the Activities of Montgomery College in the Historic Preservation District of the City to Local Control.
- Section 8. The City looks forward to working in partnership with the College in encouraging and promoting the use of alternative forms of transportation such as transit, shuttles and bicycling through appropriate policies and infrastructure improvements.

Adopted this 12<sup>th</sup> day of October, 2015.

Attest:

---

Jessie Carpenter, CMC  
City Clerk