The Town of Smithfield

Fire Department Pension Plan

Actuarial Valuation Report

For the Plan Year: July 1, 2014 – June 30, 2015

September 2014

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Principal, Consulting Actuary

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September 17, 2014

Mr. Randy R. Rossi
Finance Director
Town of Smithfield
64 Farnum Pike
Smithfield, RI 02917

Dear Randy:

Buck Consultants, LLC (Buck) was retained to complete this actuarial valuation of the Town of Smithfield Fire Department Pension Plan. This report presents the results of the valuation for the plan year and the fiscal year ending June 30, 2015, including the recommended contribution.

Purpose of this Report

The plan sponsor can use this report for determining plan contributions. The report may also be used to prepare the plan's and the plan sponsor's audited financial statements.

Use of this report for any other purpose or by anyone other than the plan sponsor may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. No one may make any representations or warranties based on any statements or conclusions contained in this report without Buck Consultants' prior written consent.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of such future differences is beyond the scope of this valuation.

Recent Guidance

This report includes information required under GASB Statement 67, which is an amendment of GASB Statement 25 issued in 2012. This standard took effect in the fiscal year that ended June 30, 2014, and will apply in subsequent future years.

Data Used

Buck performed the valuation using participant and financial data supplied by the Town and John Hancock Life Insurance Company. Buck did not audit the data, although they were reviewed for reasonableness and consistency with the prior year data. The accuracy of the results of the valuation is dependent on the accuracy of the data.

Actuarial Certification

The plan sponsor selected the assumptions used for the accounting results and funding policy calculations in the report with our advice. We believe that these assumptions are reasonable and comply with the requirements of GASB 67 and 27. We prepared this report's accounting exhibits in accordance with the requirements of these standards.

Based on the individually reasonable assumptions used in the preparation of this report, and on the data furnished us, we certify that projection of the costs under this plan has been made using generally accepted actuarial principles and practices, and that our recommended contributions make adequate provision for the funding of future benefits.

The report was prepared under the supervision of David L. Driscoll. We are members of the Society of Actuaries and of the American Academy of Actuaries. We meet the Qualification Standards of the Academy to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions about it.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

BUCK CONSULTANTS, LLC

David L. Driscoll

David L. Driscoll, FSA, EA, MAAA
Principal, Consulting Actuary

Jonathan E. Dobbs, ASA, EA, MAAA
Director, Retirement Actuary

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cc: Mr. Dennis Finlay

Table of Contents

Section 1 – Summary

This report presents the results of the actuarial valuation of the Town of Smithfield Fire Department Pension Plan for the plan year beginning July 1, 2014. In summary, the following is a comparison of the recommended contributions, expenses, assets, liabilities, and participant data for the plan year beginning July 1, 2014 and the prior plan year.

	2013 Plan Year	2014 Plan Year
Normal Cost	$ 593,223	$ 375,878
Accrual Rate	27.33%	17.14%
Valuation Payroll	$ 2,170,594	$ 2,192,989
Recommended Employer Contributions		
Recommended Employer Contribution	$ 1,455,376	$ 1,336,605
% of Valuation Payroll	67.05%	60.95%
Minimum Recommended Employer Contribution	$ 1,267,560	$ 1,105,415
% of Valuation Payroll	58.40%	50.41%
Actuarial Value of Assets	$ 16,269,532	$ 19,240,197
Unfunded Actuarial Accrued Liability	$ 7,692,955	$ 8,505,808
Present Value of Future Benefits	$ 32,190,568	$ 33,512,555
	June 30, 2013	**June 30, 2014**
GASB 67 Information		
Discount rate	N/A	5.96%
Total pension liability	N/A	$ 39,211,819
Fiduciary net position	N/A	$ 19,523,856
Net pension liability	N/A	$ 19,687,963

Section 1 – Summary (continued)

Recommended Contribution

The recommended contribution for the 2014 year has been developed using the Frozen Initial Liability Actuarial Cost Method, which develops contributions that are expected to remain approximately level as a percentage of covered pay assuming that actual experience is in line with expected experience. The net result of 2013 plan experience and assumption changes was a decrease in the normal cost rate, expressed as a percentage of compensation, from 27.33% to 17.14%.

Details regarding the recommended contribution are shown in Section 2.

GASB Standards

Section 4 of this report provides information required under GASB Statement 67, which is an amendment of GASB Statement 25 issued in 2012. This standard took effect in the fiscal year that ended June 30, 2014, and will apply in subsequent future years.

The GASB Standard 27 shown in Section 8 will be used for the financial statement disclosures as of June 30, 2014.

Plan Assets

John Hancock furnished the financial data. The actuarial value of plan assets increased from $16,269,533 as of June 30, 2013 to $19,240,197 as of June 30, 2014.

Details regarding plan assets are shown in Section 3, Statement of Fiduciary Net Position.

Plan Participants

The plan sponsor and John Hancock provided the data concerning plan participants as of the valuation date.

VALUATION DATE	July 1, 2013	July 1, 2014
Number of Participants		
Active	44	44
Terminated Vested	5	4
Disabled	5	5
Retirees and Beneficiaries	28	30
Total	82	83
Active Participant Demographics (averages)		
Attained Age	39.8	40.8
Hire Age	27.2	27.2
Participation Entry Age	27.2	27.2

A reconciliation of the plan participants and a summary of participant characteristics are included in Section 5 of this report.

Section 1 – Summary (continued)

Actuarial Assumptions and Methods

The mortality table has been updated to reflect an additional year of improvement. Updating the mortality table increased the accrued liability by $35,645. This change was made to reflect expected mortality improvement in the general population.

The rest of the actuarial assumptions and methods are the same as were used in the prior actuarial valuation.

Section 6 contains a summary of the actuarial assumptions and methods used in this actuarial valuation.

Plan Provisions

The actuarial valuation results contained in this report are based on the plan provisions in effect on July 1, 2014. These plan provisions are the same as those used in the prior actuarial valuation. A summary of the plan provisions is in Section 7.

Plan Experience

Plan experience in the 2013-2014 plan year was more favorable than that anticipated under the funding assumptions used in the valuation, which led to the development of an overall experience gain for the year. This gain decreased the plan's normal cost by about $217,300 from its prior level.

The primary source of the gain was favorable investment experience. The plan experienced a rate of return on assets of approximately 22.35%, compared to the assumed 8.50%. Thus, the value of plan assets at July 1, 2014, is $2,229,706 higher than expected, which translates to a decrease in the plan's normal cost of about $218,400.

The combined impact of all other sources of demographic experience was a gain. Notable sources of the gain were fewer-than-expected retirements, and gains due to salary increases that were lower than anticipated. The net effect of these factors on the normal cost was a decrease of about $65,800.

In addition, the mortality assumption was updated to reflect an additional year of future improvements in longevity. This change increased the unfunded liability by about $35,600, and increased the recommended contribution by about $4,300. The following table quantifies the various sources of the loss.

Source (positive numbers indicate a gain, negative numbers a loss)	**Effect on Employer Liability**	**Effect on NC Rate**
Demographic		
• Inactive mortality	$ (91,373)	0.39%
• Active mortality	7,323	(0.03%)
• Retirement	134,926	(0.58%)
• Termination	(6,046)	0.03%
• Disability	28,099	(0.12%)
• Other (e.g., data changes)	3,893	(0.02%)
• Total	$ 76,822	(0.33%)
Salary growth	64,280	(0.28%)
Investment growth	2,229,706	(9.58%)
Total experience gain/(loss)	$ 2,370,808	(10.19%)

Section 2 – Recommended Contribution

Development of the Unfunded Actuarial Accrued Liability	July 1, 2013	July 1, 2014
1. Unfunded Actuarial Accrued Liability at beginning of prior year	$ 6,876,606	$ 7,692,955
2. Normal Cost for the prior plan year	940,270	593,223
3. Interest on (1) and (2) to end of plan year	664,434	704,325
4. Employer Contributions for the prior plan year	(525,848)	(499,542)
5. Interest on Contributions to the end of plan year	(21,893)	(20,798)
6. Additional Unfunded Actuarial Accrued Liability at valuation date due to plan amendment	0	0
7. Additional Unfunded Actuarial Accrued Liability at valuation date due to assumption changes	(240,614)	35,645
8. Additional Unfunded Actuarial Accrued Liability at valuation date due to change in funding method	0	0
9. Unfunded Actuarial Liability at valuation date: Sum of (1) through (8), not less than zero	$ 7,692,955	$ 8,505,808

Development of the Normal Cost Under the Frozen Initial Liability Actuarial Cost Method	July 1, 2013	July 1, 2014
1. Present value of future benefits:		
a. Retired participants and beneficiaries	$ 12,979,675	$ 13,115,557
b. Non-contributing and terminated participants entitled to deferred vested pensions	246,870	245,648
c. Disabled participants	2,704,495	2,749,634
d. Contributing active participants	16,269,528	17,401,716
e. Total present value of future benefits	$ 32,190,568	$ 33,512,555
2. Present value of future employee contributions	$ 1,788,730	$ 1,770,091
3. Actuarial value of assets	$ 16,269,532	$ 19,240,197
4. Unfunded Actuarial Liability	$ 7,692,955	$ 8,505,808
5. Present value of future normal costs (1e) – (2) – (3) – (4)	$ 6,439,351	$ 3,996,459
6. Present value of future compensation	$ 23,562,954	$ 23,320,245
7. Normal cost accrual rate (5) ÷ (6)	27.33%	17.14%
8. Annual covered payroll	$ 2,170,594	$ 2,192,989
9. Normal cost (7) × (8)	$ 593,223	$ 375,878

Section 2 – Recommended Contribution (continued)

Recommended Employer Contribution	July 1, 2013	July 1, 2014
1. Normal cost	$ 593,223	$ 375,878
2. Expected expenses	$ 21,000	$ 19,000
3. 17-year amortization of unfunded actuarial liability	$ 782,983	$ 888,304
4. Recommended employer contribution (1.) + (2.) + (3.)	$ 1,397,206	$ 1,283,182
5. Adjustment for interest to mid-year	$ 58,170	$ 53,423
6. Total recommended employer contribution: (4.) + (5.)	$ 1,455,376	$ 1,336,605

Minimum Recommended Employer Contribution	July 1, 2013	July 1, 2014
1. Normal cost	$ 593,223	$ 375,878
2. Expected expenses	$ 21,000	$ 19,000
3. Interest on unfunded actuarial liability, discounted to beginning of year	$ 602,674	$ 666,354
4. Minimum recommended employer contribution (1.) + (2.) + (3.)	$ 1,216,897	$ 1,061,232
5. Adjustment for interest to mid-year	$ 50,663	$ 44,183
6. Total recommended employer contribution (4.) + (5.)	$ 1,267,560	$ 1,105,415

Employee Contributions	July 1, 2013	July 1, 2014
Estimated employee contributions	$ 171,982	$ 174,519

Section 3 – Statement of Fiduciary Net Position

Reconciliation of Actuarial Value of Assets

	IPG Contract	S&P 500 Stock Index Fund 1A	Diversified Stock Fund 1K	Multi-Sector Bond Fund 2F	Total
1. Assets as of July 1, 2013					
a. Fund assets as of July 1, 2013	$ 592,487	$ 7,391,811	$ 6,796,310	$ 1,422,229	$ 16,202,837
b. Receivables (employer)	0	18,945	18,945	9,473	47,363
c. Receivables (employee)	0	7,733	7,733	3,866	19,332
d. Actuarial Value of assets	$ 592,487	$ 7,418,489	$ 6,822,988	$ 1,435,568	$ 16,269,532
2. Income					
a. Employer Contributions	$ 0	$ 204,768	$ 204,769	$ 47,348	$ 456,885
b. Employee Contributions	0	83,579	83,579	19,326	186,484
c. Investment Return	98,266	1,829,428	1,703,447	23,017	3,654,158
d. Transfers	1,800,000	(138,368)	(140,498)	(1,521,134)	0
e. Total	$ 1,898,266	$ 1,979,407	$ 1,851,297	$ (1,431,443)	$ 4,297,527
3. Expenses					
a. Benefit Payments	$ 1,297,202	$ 0	$ 0	$ 0	$ 1,297,202
b. Administrative Expense	18,008	0	0	0	18,008
c. Investment Expense	0	17,708	49,234	4,125	71,067
d. Total	$ 1,315,210	$ 17,708	$ 49,234	$ 4,125	$ 1,386,277
4. Assets as of June 30, 2014					
a. Fund assets (1d. + 2e. - 3d.)	$ 1,175,543	$ 9,380,188	$ 8,625,051	$ 0	$ 19,180,782
b. Receivables (employer)	0	21,329	21,328	0	42,657
c. Receivables (employee)	0	8,379	8,379	0	16,758
d. Actuarial Value of assets	$ 1,175,543	$ 9,409,896	$ 8,654,758	$ 0	$ 19,240,197

Determination of Market Value of Assets

	IPG Contract Book Value	Market Value Adjustment for IPG	IPG Contract Market Value	Separate Stock Funds	Total Market Value
	(a)	(b)	(c) = (a) x [1 + (b)]	(d)	(c) + (d)
1. Assets as of July 1, 2013	$ 592,487	50.73%	$ 893,056	$15,677,045	$ 16,570,101
2. Assets as of July 1, 2014	$ 1,175,543	24.13%	$ 1,459,202	$18,064,654	$ 19,523,856

Section 3 – Statement of Fiduciary Net Position (continued)

Statement of Changes in Fiduciary Net Position	2014
Additions	
Contributions	
Employer	$ 499,542
Member	203,242
Total contributions	$ 702,784
Net investment income	3,566,181
Other	0
Total additions	$ 4,268,965
Deductions	
Benefit payments	$ 1,297,202
Administrative expense	18,008
Other	0
Total deductions	$ 1,315,210
Net increase in net position	$ 2,953,755
Net position restricted for pensions	
Beginning of the year	$ 16,570,101
End of the year	$ 19,523,856

Section 4 – GASB 67 Information

A. Summary of Significant Accounting Policies

Method used to value investments.

Investments are reported at fair value.

B. Plan Description

Plan administration

The Town of Smithfield, Rhode Island administers the Town of Smithfield Fire Department Pension Plan (Plan), a single-employer defined benefit pension plan that provides pensions for members of the Fire Department. The plan was closed to new entrants on December 31, 2010.

Plan membership

At June 30, 2014, pension plan membership consisted of the following:

Membership Status	Count
Inactive plan members or beneficiaries currently receiving	35
Inactive plan members entitled to but not yet receiving	4
Active plan members	44
Total	83

Benefits provided

Please see Section 7 of the report for a summary of plan provisions.

Contributions

The Town establishes contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is developed using the Frozen Initial Liability Actuarial Cost Method, which develops contributions that are expected to remain approximately level as a percentage of covered pay assuming that actual experience is in line with expected experience. For the year ended June 30, 2014, the Town contributed $499,542 to the plan.

C. Investments

Rate of return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 22.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Receivables

Employer and employee contributions made for the month of June that are actually paid in July are counted as receivables for purposes of this valuation.

E. Net Pension Liability

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

Components of Net Pension Liability	
Total pension liability	$ 39,211,819
Plan fiduciary net position	(19,523,856)
Authority's net pension liability	$ 19,687,963
Plan fiduciary net position as a percentage of the total pension liability	49.79%

F. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	
Inflation	3.00%
Salary increases	5.50%
Investment rate of return	8.50%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 5.50%.

Mortality rates were based on RP-2000 Mortality Table with projections specified by IRS Regulation 1.430(h)(3)-1, as applicable to the valuation year using a combined static table for both annuitants and non-annuitants.

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. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table (note that the rates shown below include the inflation component):

Asset Class	Long-Term Expected Rate of Return
Domestic equity	12.1%
International equity	11.5%
Fixed income	6.4%
Real estate	8.0%
Cash	3.8%

Section 4 – GASB 67 Information (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.96%. The projection of cash flows used to determine the discount rate assumed that Town contributions will continue to follow the pattern of contributions observed over the last five years. During that period, the Town contributed 35.7% of the cumulative recommended contribution level. Accordingly, the fiduciary net position was projected assuming that 35.7% of future recommended contribution levels will be contributed. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the year 2051. A municipal bond rate of 3.66% was used in the development of the blended GASB discount rate after that point. The 3.66% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index. Based on the long-term rate of return of 8.50% and the municipal bond rate of 3.66%, the blended GASB discount rate is 5.96%.

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

The following presents the net pension liability, calculated using the discount rate of 8.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	1% Decrease (4.96%)	Current Discount Rate (5.96%)	1% Increase (6.96%)
Net Pension Liability	$ 26,190,882	$ 19,687,963	$ 14,519,649

Section 4 – GASB 67 Information (continued)

Schedules of Required Supplementary Information

Schedule of Changes in Town's Net Pension Liability and Related Ratios

	2014
Total pension liability	
Service cost	$ 388,599
Interest	2,206,063
Changes of benefit terms	0
Differences between expected and actual experience	80,736
Changes of assumptions	11,244,567
Benefit payments	(1,297,202)
Net change in total pension liability	$ 12,622,763
Total pension liability-beginning	$ 26,589,056
Total pension liability-ending (a)	$ 39,211,819
Plan fiduciary net pension	
Contributions-employer	$ 499,542
Contributions-employee	203,242
Net investment income	3,566,181
Benefit payments, including refunds of employee contributions	(1,297,202)
Administrative expense	(18,008)
Other	0
Net change in plan fiduciary net position	$ 2,953,755
Plan fiduciary net position-beginning	$ 16,570,101
Plan fiduciary net position-ending (b)	$ 19,523,856
Authority's net pension liability-ending (a)-(b)	$ 19,687,963
Plan fiduciary net position as a percentage of the total pension liability	49.79%
Covered-employee payroll	$ 2,192,989
Net pension liability as a percentage of covered-employee payroll	897.77%

Notes to Schedule:

A. Benefit changes

None.

B. Changes of assumptions

In 2014, amounts reported as changes of assumptions resulted from the reflection of an additional year of mortality improvement, as well as the change in discount rate from 8.50% to 5.96% due to implementation of GASB 67.

Section 4 – GASB 67 Information (continued)

Schedules of Required Supplementary Information (continued)

Schedule of Town Contributions

	2014
Actuarially determined contribution	$ 1,455,376
Contributions related to the actuarially determined contribution	(499,542)
Contribution deficiency (excess)	$ 955,834

Notes to Schedule:

A. Valuation date

Actuarially determined contribution rates are calculated as of July 1, in the fiscal year in which contributions are reported. That is, the contribution calculated as of July 1, 2014 will be made during the fiscal year ended June 30, 2015.

B. Methods and assumptions used to determine contribution rates:

Actuarial cost method

Frozen Initial Liability

Amortization method

Level dollar

Amortization period

20 years beginning in 2011

Asset valuation method

The book value of the IPG assets and the market value of all other assets.

Inflation

N/A

Salary increases

N/A

Investment rate of return

8.50%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 5.50%.

Retirement age

25% assumed to retire upon the attainment of 20 years of service and the remainder at 25 years.

Mortality

RP-2000 Mortality Table with projections specified by IRS Regulation 1.430(h)(3)-1, as applicable to the valuation year using a combined static table for both annuitants and non-annuitants.

Other information

Please see Section 7 of the report.

Schedule of Investment Returns

	2014
Annual money-weighted rate of return, net of investment expenses	22.35%

Section 4 – GASB 67 Information (continued)

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2015	$19,240	$175	$477	$1,572	$19	$1,596	$19,897
2016	19,897	182	519	1,606	19	1,653	20,626
2017	20,626	190	566	1,657	19	1,715	21,421
2018	21,421	190	612	1,750	19	1,780	22,234
2019	22,234	189	664	1,850	19	1,848	23,067
2020	23,067	197	728	1,917	19	1,919	23,974
2021	23,974	206	803	1,957	19	1,998	25,005
2022	25,005	209	885	2,043	19	2,085	26,122
2023	26,122	212	983	2,131	19	2,181	27,347
2024	27,347	203	1,092	2,296	19	2,282	28,608
2025	28,608	206	1,230	2,381	19	2,392	30,036
2026	30,036	209	1,412	2,466	19	2,517	31,689
2027	31,689	201	1,640	2,629	19	2,660	33,541
2028	33,541	187	1,951	2,834	19	2,821	35,648
2029	35,648	150	2,411	3,207	19	3,002	37,985
2030	37,985	146	3,286	3,322	19	3,233	41,308
2031	41,308	111	5,549	3,656	19	3,594	46,887
2032	46,887	67	74	4,058	19	3,822	46,773
2033	46,773	39	47	4,338	19	3,798	46,301
2034	46,301	26	35	4,506	19	3,750	45,586
2035	45,586	14	22	4,669	19	3,681	44,614
2036	44,614	7	15	4,785	19	3,593	43,425

Section 4 – GASB 67 Information (continued)

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2037	43,425	0	7	4,906	19	3,486	41,994
2038	41,994	0	7	4,971	19	3,362	40,373
2039	40,373	0	7	5,031	19	3,222	38,553
2040	38,553	0	7	5,087	19	3,065	36,518
2041	36,518	0	7	5,144	19	2,889	34,251
2042	34,251	0	7	5,194	19	2,695	31,740
2043	31,740	0	7	5,240	19	2,479	28,968
2044	28,968	0	7	5,280	19	2,242	25,917
2045	25,917	0	7	5,316	19	1,981	22,570
2046	22,570	0	7	5,412	19	1,693	18,839
2047	18,839	0	7	5,368	19	1,377	14,837
2048	14,837	0	7	5,382	19	1,037	10,479
2049	10,479	0	7	5,389	19	666	5,744
2050	5,744	0	7	5,387	19	263	609
2051	609	0	7	5,375	19	0	0
2052	0	0	7	5,353	19	0	0
2053	0	0	7	5,320	19	0	0
2054	0	0	7	5,275	19	0	0
2055	0	0	7	5,220	19	0	0
2056	0	0	7	5,153	19	0	0
2057	0	0	7	5,076	19	0	0
2058	0	0	7	4,988	19	0	0

Section 4 – GASB 67 Information (continued)

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2059	0	0	7	4,888	19	0	0
2060	0	0	7	4,777	19	0	0
2061	0	0	7	4,655	19	0	0
2062	0	0	7	4,522	19	0	0
2063	0	0	7	4,379	19	0	0
2064	0	0	7	4,228	19	0	0
2065	0	0	7	4,069	19	0	0
2066	0	0	7	3,903	19	0	0
2067	0	0	7	3,730	19	0	0
2068	0	0	7	3,551	19	0	0
2069	0	0	7	3,366	19	0	0
2070	0	0	7	3,177	19	0	0
2071	0	0	7	2,985	19	0	0
2072	0	0	7	2,790	19	0	0

Section 4 – GASB 67 Information (continued)

Table 2 – Actuarial Present Values of Projected Benefit Payments (000's omitted)

			Benefit Payments		Present Value of Benefit Payments		
Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.50%	Unfunded Portion at 3.66%	Using a Single Discount Rate of 5.96%
2015	$19,240	$1,572	$1,572	$0	$1,510	$0	$1,528
2016	19,897	1,606	1,606	0	1,421	0	1,473
2017	20,626	1,657	1,657	0	1,351	0	1,434
2018	21,421	1,750	1,750	0	1,316	0	1,429
2019	22,234	1,850	1,850	0	1,281	0	1,425
2020	23,067	1,917	1,917	0	1,224	0	1,394
2021	23,974	1,957	1,957	0	1,151	0	1,343
2022	25,005	2,043	2,043	0	1,108	0	1,323
2023	26,122	2,131	2,131	0	1,065	0	1,303
2024	27,347	2,296	2,296	0	1,058	0	1,325
2025	28,608	2,381	2,381	0	1,011	0	1,297
2026	30,036	2,466	2,466	0	965	0	1,267
2027	31,689	2,629	2,629	0	948	0	1,275
2028	33,541	2,834	2,834	0	942	0	1,297
2029	35,648	3,207	3,207	0	982	0	1,385
2030	37,985	3,322	3,322	0	938	0	1,354
2031	41,308	3,656	3,656	0	952	0	1,407
2032	46,887	4,058	4,058	0	973	0	1,473
2033	46,773	4,338	4,338	0	959	0	1,486
2034	46,301	4,506	4,506	0	918	0	1,457
2035	45,586	4,669	4,669	0	877	0	1,425

Section 4 – GASB 67 Information (continued)

Table 2 – Actuarial Present Values of Projected Benefit Payments (000's omitted)

			Benefit Payments		Present Value of Benefit Payments		
Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.50%	Unfunded Portion at 3.66%	Using a Single Discount Rate of 5.96%
2036	44,614	4,785	4,785	0	828	0	1,378
2037	43,425	4,906	4,906	0	783	0	1,334
2038	41,994	4,971	4,971	0	731	0	1,275
2039	40,373	5,031	5,031	0	682	0	1,218
2040	38,553	5,087	5,087	0	635	0	1,162
2041	36,518	5,144	5,144	0	592	0	1,109
2042	34,251	5,194	5,194	0	551	0	1,057
2043	31,740	5,240	5,240	0	512	0	1,006
2044	28,968	5,280	5,280	0	476	0	957
2045	25,917	5,316	5,316	0	442	0	909
2046	22,570	5,412	5,412	0	414	0	874
2047	18,839	5,368	5,368	0	379	0	818
2048	14,837	5,382	5,382	0	350	0	774
2049	10,479	5,389	5,389	0	323	0	731
2050	5,744	5,387	5,387	0	298	0	690
2051	609	5,375	0	5,375	0	1,447	650
2052	0	5,353	0	5,353	0	1,390	611
2053	0	5,320	0	5,320	0	1,333	573
2054	0	5,275	0	5,275	0	1,275	536
2055	0	5,220	0	5,220	0	1,217	501
2056	0	5,153	0	5,153	0	1,159	466

Section 4 – GASB 67 Information (continued)

Table 2 – Actuarial Present Values of Projected Benefit Payments (000's omitted)

			Benefit Payments		Present Value of Benefit Payments		
Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.50%	Unfunded Portion at 3.66%	Using a Single Discount Rate of 5.96%
2057	0	5,076	0	5,076	0	1,102	434
2058	0	4,988	0	4,988	0	1,044	402
2059	0	4,888	0	4,888	0	987	372
2060	0	4,777	0	4,777	0	931	343
2061	0	4,655	0	4,655	0	875	315
2062	0	4,522	0	4,522	0	820	289
2063	0	4,379	0	4,379	0	766	264
2064	0	4,228	0	4,228	0	713	241
2065	0	4,069	0	4,069	0	662	219
2066	0	3,903	0	3,903	0	613	198
2067	0	3,730	0	3,730	0	565	179
2068	0	3,551	0	3,551	0	519	160
2069	0	3,366	0	3,366	0	475	144
2070	0	3,177	0	3,177	0	432	128
2071	0	2,985	0	2,985	0	392	113
2072	0	2,790	0	2,790	0	353	100

Section 5 – Plan Participant Data

A. Reconciliation of Participant Data

	Actives	Terminated Vesteds	Retirees and Beneficiaries	Disabled Participants	Total
Participants as of July 1, 2013	44	5	28	5	82
New entrants	0	0	0	0	0
Rehires	0	0	0	0	0
Vested terminations	0	0	0	0	0
Non-vested terminations	0	0	0	0	0
Lump sum distributions	0	(1)	0	0	(1)
Retirements	0	0	0	0	0
Deaths	0	0	0	0	0
New beneficiaries	0	0	0	0	0
New alternate payees per QDRO	0	0	2	0	2
Benefits expired	0	0	0	0	0
Data corrections	0	0	0	0	0
Participants as of July 1, 2014	44	4	30	5	83

B. Inactive Participant Statistics – Average Annual Benefits

	July 1, 2013	July 1, 2014
Terminated Vested Participants[1]	$ 14,084	$ 14,084
Retirees	$ 41,929	$ 41,875
Beneficiaries	$ 10,947	$ 12,169
Disabled Participants	$ 37,166	$ 38,281

[1] Stated averages are for two participants entitled to annuity benefits in the future. There are three others in 2013 and two in 2014 who are entitled only to a refund of employee contributions.

Section 6 – Actuarial Assumptions and Methods

Actuarial Assumptions

Interest rate for funding

8.50% per annum.

Discount rate for accounting under GASB 67

5.96% per year, compounded annually. Projected benefit payments that are expected to be paid from available plan assets are discounted at the valuation interest rate of 8.50%. After the point where plan assets are not available to pay benefits, projected benefit payments are discounted at the municipal bond rate. The valuation rate for accounting purposes is the effective rate resulting from this process.

Municipal bond rate used in determining the GASB 67 discount rate

3.66%. This rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Salary increases

5.50% per annum.

Mortality

RP-2000 Mortality Table with projections specified by IRS Regulation 1.430(h)(3)-1, as applicable to the valuation year using a combined static table for both annuitants and non-annuitants.

Withdrawal

50% of Sarason Table T-1

Disability

200% of United Auto Workers 1955 Table. All disablements assumed to be duty-related.

Loading for expenses

Prior year's administrative expenses increased by 4%, rounded to the nearest thousand

Retirement age

25% assumed to retire upon the attainment of 20 years of service and the remainder at 25 years.

Asset valuation method

For purposes of determining the recommended contribution level, the actuarial value of assets consists of the book value of the IPG assets and the market value of all other assets.

For accounting purposes, the fair value of assets is used.

Form of payment

Joint and 67.5% survivor annuity.

Married participants

90% of males and 75% of females are married, with males four years older than their female spouse.

Changes from prior valuation

An additional year of mortality improvement was reflected.

Section 6 – Actuarial Assumptions and Methods (continued)

Actuarial Cost Method

For purposes of determining the recommended contribution level, the Frozen Initial Liability is used.

Normal Cost

At each valuation date the excess of the Actuarial Present Value of Projected Benefits of eligible employees over the sum of the Actuarial Value of Assets plus the Unfunded Actuarial Accrued Liability, is allocated on a level basis over the compensation of active employees between the valuation date and the assumed date they leave active employment. This allocation by year is performed for the group as a whole, not as a sum of individual allocations. The Initial Actuarial Accrued Liability is determined using the Entry Age Normal Actuarial Cost Method. The portion of the Actuarial Present Value allocated to a valuation year is called the Normal Cost.

Unfunded Actuarial Accrued Liability

The Unfunded Actuarial Accrued Liability at plan inception, and each subsequent increase or decrease in the Unfunded Actuarial Accrued Liability, is determined using the Entry Age Normal Actuarial Cost Method.

Under the Entry Age Normal Actuarial Cost Method, the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated as a level percent of compensation between date of hire and assumed date they cease active employment. The portion of this Actuarial Present Value not provided for at the valuation date by the Actuarial Present Value of Future Entry Age Normal Cost is called the Accrued Liability.

For accounting purposes, the Entry Age Normal Actuarial Cost Method is used.

Changes from prior valuation

The Entry Age Normal method is required to be used for GASB accounting results in accordance with the requirements of GASB Statement 67.

Section 7 – Summary of Plan Provisions

Eligibility

Plan participation commences on the first day of the month following the date the employee is hired. Employees hired after January 1, 2011 will not be eligible to participate in this plan.

Final Average Salary

Average annual salary for the three consecutive years producing the highest such average in the last ten years preceding Normal Retirement Date. Includes base pay only.

Normal Retirement

Eligibility

The first day of the month coincident with or next following the earlier of the attainment of age 65 or completion of 20 years of service.

Benefit

(a) plus (b), but not more than (c), where:

(a) 2.5% of Final Average Salary multiplied by service up to 20 years
(b) 2.0% of Final Average Salary multiplied by service in excess of 20 years
(c) 75% of Final Average Salary

Late Retirement

Eligibility

Continued employment beyond normal retirement date.

Benefit

Accrued benefit at late retirement date.

Disability Benefit

Eligibility

Completion of seven years of service, if the total and permanent disability is not due to occupational causes. If the participant becomes totally and permanently disabled due to occupational causes, no age or service requirement applies.

Benefit

If disability is not due to occupational causes, the benefit is 50% of Final Average Salary. Benefit is adjusted to the accrued benefit once the Normal Retirement Date is reached.

If disability is due to occupational causes, the benefit is 66-2/3% of Final Average Salary. Benefit is not adjusted at Normal Retirement Date.

Pre-Retirement Spouse's Benefit

Eligibility

Death occurs while employee is still in the service of the employer.

Benefit

40% of Final Average Salary to the surviving spouse plus 10% of Final Average Salary for any dependent children under age 18, with a maximum of 50% of Final Average Salary. If no spouse, 15% of Final Average Salary for each dependent child under age 18 with maximum of 45% of Final Average Salary.

Lump Sum Death Benefit

Active or disabled employees: greater of

(a) accumulated contributions or

(b) $400 times years of service (minimum $2,000, maximum $8,000)

Retired employees who were active or disabled immediately prior to retirement: greater of

(a) excess of accumulated contributions over benefits received, or

(b) $400 times years of service (minimum $2,000, maximum $8,000), reduced 25% per year retired, but not less than $2,000.

Terminated vested employees (Pre- and post-retirement): accumulated contributions in excess of benefits received.

Vesting

100% vested upon the completion of ten years of service.

Employee Contributions

8% of annual base earnings, not including overtime pay.

Employee contributions for all participants are credited with interest at the rate of 5.50% per year.

Normal Form of Payment

Contingent annuitant form, which provides continuation to surviving spouses at 67½% of the original annuity amount. This benefit is fully subsidized, so there is no reduction to the initial amount to reflect this coverage. Applies to Disability as well as Retirement benefits.

Cost-of-Living Adjustments

Employees retiring or becoming disabled after July 1, 1988 shall receive an increase of 3% in their benefit on each anniversary date of retirement. Pre-retirement survivor beneficiaries are eligible for these increases also.

Section 8 – GASB 27 Information

Year Ending June 30	Annual Required Contribution	Interest on NPO	Amortization of NPO	Annual Pension Cost (a) + (b) – (c)	Actual Contribution	Change in NPO (d) – (e)	NPO Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
2001	$ 202,486	$ 0	$ 0	$ 202,486	$ 335,545	$ (133,059)	$ (133,059)
2002	330,997	(11,310)	(13,355)	333,042	359,436	(26,394)	(159,453)
2003	574,316	(13,554)	(16,254)	577,016	377,128	199,888	40,435
2004	731,941	3,437	4,193	731,185	391,170	340,015	380,450
2005	627,734	32,338	40,203	619,869	380,764	239,105	619,555
2006	707,557	52,662	66,851	693,368	443,807	249,561	869,116
2007	912,526	73,875	95,977	890,424	479,392	411,032	1,280,148
2008	693,229	108,813	145,056	656,986	495,848	161,138	1,441,286
2009	1,044,019	122,509	168,073	998,455	561,013	437,442	1,878,728
2010	1,452,418	159,692	226,237	1,385,873	570,270	815,603	2,694,331
2011	1,560,048	229,018	284,713	1,504,353	570,359	933,994	3,628,325
2012	1,477,037	308,408	383,409	1,402,036	566,990	835,046	4,463,371
2013	1,720,921	379,387	481,604	1,618,704	525,848	1,092,856	5,556,227
2014	1,455,376	472,279	613,576	1,314,079	499,542	814,537	6,370,764
2015	1,336,605	541,515	721,884	1,156,236			