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The Town of Smithfield

Retirement Plan for Former Employees of the Police Department of the Town of Smithfield

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 Retirement Plan for Former Employees of the Police Department of the Town of Smithfield. 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 Statements 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 Retirement Plan for Former Employees of the Police Department of the Town of Smithfield 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
Recommended Employer Contributions		
Recommended Employer Contribution	$ 2,114,309	$ 2,079,553
Minimum Recommended Employer Contribution	$ 1,526,335	$ 1,455,595
Actuarial Value of Assets	$ 4,777,131	$ 5,942,754
Unfunded Actuarial Accrued Liability	$ 20,137,697	$ 19,231,932
Present Value of Future Benefits	$ 24,914,828	$ 25,174,686
	June 30, 2013	**June 30, 2014**
GASB 67 Information		
Discount rate	N/A	7.75%
Total pension liability	N/A	$ 25,174,686
Fiduciary net position	N/A	$ 5,952,209
Net pension liability	N/A	$ 19,222,477

Section 1 – Summary (continued)

Recommended Contribution

The recommended contribution decreased from $2,114,309 for the 2013 plan year to $2,079,553 for the 2014 plan year.

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 plan sponsor financial statement disclosures as of June 30, 2014.

Plan Assets

John Hancock furnished the financial data. The actuarial value of plan assets increased from $4,777,131 as of June 30, 2013 to $5,942,754 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	0	0
Terminated Vested	0	0
Disabled	5	5
Retirees and Beneficiaries[1]	39	40
Total	44	45

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

[1] Includes 2 alternate payees in 2013, and 3 alternate payees in 2014.

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 $35,156. 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.

The primary source of the gain was favorable investment experience. The plan experienced a rate of return on assets of approximately 15.55%, compared to the assumed 7.75%. Thus, the value of plan assets at July 1, 2014 is $389,043 higher than expected.

The combined impact of all other sources of demographic experience was a loss. The primary source of the loss was lower than anticipated mortality.

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 $35,200, and increased the recommended contribution by about $3,800. The following table quantifies the various sources of gains and losses.

Source (positive numbers indicate a gain, negative numbers a loss)	**Effect on Employer Liability**
Demographic	
• Inactive mortality	$ (96,848)
• Active mortality	0
• Retirement	(9,579)
• Termination	0
• Disability	0
• Other (e.g., data changes)	1,816
• Total	$ (104,611)
Salary growth	0
Investment growth	389,043
Total experience gain/(loss)	$ 284,432

Section 2 – Recommended Contribution

Funded Status		July 1, 2013	July 1, 2014
1.	Actuarial Accrued Liability		
a.	Retired participants and beneficiaries	$ 20,069,754	$ 20,239,790
b.	Non-contributing and terminated participants entitled to deferred vested pensions	0	0
c.	Disabled participants	4,854,074	4,934,896
d.	Contributing active participants	0	0
e.	Total actuarial accrued liability	$ 24,914,828	$ 25,174,686
2.	Actuarial value of assets	$ 4,777,131	$ 5,942,754
3.	Unfunded Actuarial Liability at valuation date: (1) – (2)	$ 20,137,697	$ 19,231,932
4.	Funded status: (2) ÷ (1)	19.2%	23.6%

Section 2 – Recommended Contribution (continued)

Recommended Employer Contribution	July 1, 2013	July 1, 2014
1. Normal cost	$ 0	$ 0
2. Expected expenses	$ 22,000	$ 19,000
3. 16-year amortization of unfunded actuarial liability	$ 2,014,854	$ 1,984,371
4. Recommended employer contribution (1.) + (2.) + (3.)	$ 2,036,854	$ 2,003,371
5. Adjustment for interest to mid-year	$ 77,455	$ 76,182
6. Total recommended employer contribution: (4.) + (5.)	$ 2,114,309	$ 2,079,553

Minimum Recommended Employer Contribution	July 1, 2013	July 1, 2014
1. Normal cost	$ 0	$ 0
2. Expected expenses	$ 22,000	$ 19,000
3. Interest on unfunded actuarial liability, discounted to beginning of year	$ 1,448,419	$ 1,383,271
4. Minimum recommended employer contribution (1.) + (2.) + (3.)	$ 1,470,419	$ 1,402,271
5. Adjustment for interest to mid-year	$ 55,916	$ 53,324
6. Total recommended employer contribution (4.) + (5.)	$ 1,526,335	$ 1,455,595

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	$ 2,034,578	$ 1,229,938	$ 1,205,709	$ 306,906	$ 4,777,131
b. Receivables (employer)	0	0	0	0	0
c. Receivables (employee)	0	0	0	0	0
d. Actuarial Value of assets	$ 2,034,578	$ 1,229,938	$ 1,205,709	$ 306,906	$ 4,777,131
2. Income					
a. Employer Contributions	$ 494,400	$ 545,287	$ 545,286	$ 494,400	$ 2,079,373
b. Employee Contributions	0	0	0	0	0
c. Investment Return	89,039	385,132	385,392	11,811	871,374
d. Transfers	1,200,000	(193,980)	(194,976)	(811,044)	0
e. Total	$ 1,783,439	$ 736,439	$ 735,702	$ (304,833)	$ 2,950,747
3. Expenses					
a. Benefit Payments	$ 1,744,471	$ 0	$ 0	$ 0	$ 1,744,471
b. Administrative Expense	18,008	0	0	0	18,008
c. Investment Expense	0	7,553	13,020	2,073	22,646
d. Total	$ 1,762,479	$ 7,553	$ 13,020	$ 2,073	$ 1,785,125
4. Assets as of June 30, 2014					
a. Fund assets (1d. + 2e. - 3d.)	$ 2,055,538	$ 1,958,824	$ 1,928,391	$ 0	$ 5,942,753
b. Receivables (employer)	0	0	0	0	0
c. Receivables (employee)	0	0	0	0	0
d. Actuarial Value of assets	$ 2,055,538	$ 1,958,824	$ 1,928,391	$ 0	$ 5,942,753

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	$ 2,034,578	(2.82%)	$ 1,977,203	$ 2,742,552	$ 4,719,755
2. Assets as of July 1, 2014	$ 2,055,538	0.46%	$ 2,064,994	$ 3,887,215	$ 5,952,209

Section 3 – Statement of Fiduciary Net Position (continued)

Statement of Changes in Fiduciary Net Position	2014
Additions	
Contributions	
Employer	$ 2,079,373
Member	0
Total contributions	$ 2,079,373
Net investment income	915,560
Other	0
Total additions	$ 2,994,933
Deductions	
Benefit payments	$ 1,744,471
Administrative expense	18,008
Other	0
Total deductions	$ 1,762,479
Net increase in net position	$ 1,232,454
Net position restricted for pensions	
Beginning of the year	$ 4,719,755
End of the year	$ 5,952,209

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 Retirement Plan for Former Employees of the Police Department of the Town of Smithfield (Plan), a single-employer defined benefit pension plan that provides pensions for former members of the Police Department. Only former employees specifically listed in Schedule A of the plan document participate in this plan.

Plan membership

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

Membership Status	Count
Inactive plan members or beneficiaries currently receiving	45
Inactive plan members entitled to but not yet receiving	0
Active plan members	0
Total	45

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 Unit Credit Actuarial Cost Method. For the year ended June 30, 2014, the Town contributed $2,079,373 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 15.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Receivables

No receivables have been included in plan assets.

Section 4 – GASB 67 Information (continued)

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	$ 25,174,686
Plan fiduciary net position	(5,952,209)
Authority's net pension liability	$ 19,222,477
Plan fiduciary net position as a percentage of the total pension liability	23.64%

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	Not applicable.
Investment rate of return	7.75%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 4.75%.

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 7.75%. 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 100.3% of the cumulative recommended contribution level. Accordingly, the fiduciary net position was projected assuming that 100% 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. Had the fiduciary net position been projected to be depleted, a municipal bond rate of 3.66% would have been 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.

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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	$ 22,120,905	$ 19,222,477	$ 16,810,071

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	$	0
Interest		1,864,562
Changes of benefit terms		0
Differences between expected and actual experience		104,611
Changes of assumptions		35,156
Benefit payments		(1,744,471)
Net change in total pension liability	$	259,858
Total pension liability-beginning	$	24,914,828
Total pension liability-ending (a)	$	25,174,686
Plan fiduciary net pension		
Contributions-employer	$	2,079,373
Contributions-employee		0
Net investment income		915,560
Benefit payments, including refunds of employee contributions		(1,744,471)
Administrative expense		(18,008)
Other		0
Net change in plan fiduciary net position	$	1,232,454
Plan fiduciary net position-beginning	$	4,719,755
Plan fiduciary net position-ending (b)	$	5,952,209
Authority's net pension liability-ending (a)-(b)	$	19,222,477
Plan fiduciary net position as a percentage of the total pension liability		23.64%

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.

Section 4 – GASB 67 Information (continued)

Schedules of Required Supplementary Information (continued)

Schedule of Town Contributions

	2014
Actuarially determined contribution	$ 2,114,309
Contributions related to the actuarially determined contribution	(2,079,373)
Contribution deficiency (excess)	$ 34,936

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

Unit Credit

Amortization method

Level dollar

Amortization period

20 years beginning in 2010

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

7.75%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 4.75%.

Retirement age

Not applicable as all participants are currently in receipt of benefits.

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	15.55%

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	$ 5,943	$ 0	$ 2,080	$ 1,769	$ 19	$ 472	$ 6,705
2016	6,705	0	2,079	1,806	19	529	7,488
2017	7,488	0	2,078	1,843	19	589	8,292
2018	8,292	0	2,077	1,879	19	649	9,120
2019	9,120	0	2,076	1,915	19	712	9,974
2020	9,974	0	2,075	1,950	19	777	10,856
2021	10,856	0	2,073	1,984	19	844	11,771
2022	11,771	0	2,072	2,016	19	914	12,721
2023	12,721	0	2,070	2,047	19	986	13,712
2024	13,712	0	2,069	2,077	19	1,062	14,746
2025	14,746	0	2,067	2,104	19	1,141	15,830
2026	15,830	0	2,064	2,130	19	1,224	16,970
2027	16,970	0	2,062	2,152	19	1,311	18,171
2028	18,171	0	2,058	2,172	19	1,403	19,441
2029	19,441	0	2,052	2,188	19	1,501	20,788
2030	20,788	0	2,042	2,201	19	1,604	22,214
2031	22,214	0	9	2,209	19	1,648	21,643
2032	21,643	0	0	2,213	19	1,613	21,023
2033	21,023	0	0	2,213	19	1,565	20,357
2034	20,357	0	0	2,207	19	1,513	19,644
2035	19,644	0	0	2,195	19	1,459	18,889
2036	18,889	0	0	2,177	19	1,401	18,094

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	18,094	0	0	2,152	19	1,340	17,263
2038	17,263	0	0	2,119	19	1,277	16,403
2039	16,403	0	0	2,078	19	1,212	15,518
2040	15,518	0	0	2,028	19	1,145	14,616
2041	14,616	0	0	1,970	19	1,078	13,704
2042	13,704	0	0	1,904	19	1,009	12,790
2043	12,790	0	0	1,829	19	941	11,883
2044	11,883	0	0	1,747	19	874	10,991
2045	10,991	0	0	1,658	19	809	10,123
2046	10,123	0	0	1,563	19	745	9,286
2047	9,286	0	0	1,463	19	684	8,488
2048	8,488	0	0	1,360	19	626	7,735
2049	7,735	0	0	1,256	19	571	7,031
2050	7,031	0	0	1,152	19	521	6,381
2051	6,381	0	0	1,051	19	474	5,785
2052	5,785	0	0	954	19	432	5,243
2053	5,243	0	0	862	19	393	4,755
2054	4,755	0	0	776	19	359	4,319
2055	4,319	0	0	695	19	328	3,934
2056	3,934	0	0	619	19	301	3,597
2057	3,597	0	0	550	19	278	3,306
2058	3,306	0	0	486	19	257	3,059

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	3,059	0	0	427	19	241	2,853
2060	2,853	0	0	374	19	227	2,687
2061	2,687	0	0	326	19	216	2,558
2062	2,558	0	0	283	19	207	2,463
2063	2,463	0	0	245	19	201	2,401
2064	2,401	0	0	211	19	198	2,369
2065	2,369	0	0	181	19	196	2,366
2066	2,366	0	0	154	19	197	2,390
2067	2,390	0	0	131	19	200	2,439
2068	2,439	0	0	111	19	205	2,513
2069	2,513	0	0	94	19	211	2,611
2070	2,611	0	0	79	19	219	2,733
2071	2,733	0	0	65	19	229	2,878
2072	2,878	0	0	54	19	241	3,046

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 7.75%	Unfunded Portion at 3.66%	Using a Single Discount Rate of 7.75%
2015	$ 5,943	$ 1,769	$ 1,769	$ 0	$ 1,705	$ 0	$ 1,705
2016	6,705	1,806	1,806	0	1,615	0	1,615
2017	7,488	1,843	1,843	0	1,529	0	1,529
2018	8,292	1,879	1,879	0	1,447	0	1,447
2019	9,120	1,915	1,915	0	1,369	0	1,369
2020	9,974	1,950	1,950	0	1,293	0	1,293
2021	10,856	1,984	1,984	0	1,221	0	1,221
2022	11,771	2,016	2,016	0	1,152	0	1,152
2023	12,721	2,047	2,047	0	1,086	0	1,086
2024	13,712	2,077	2,077	0	1,022	0	1,022
2025	14,746	2,104	2,104	0	961	0	961
2026	15,830	2,130	2,130	0	903	0	903
2027	16,970	2,152	2,152	0	847	0	847
2028	18,171	2,172	2,172	0	793	0	793
2029	19,441	2,188	2,188	0	741	0	741
2030	20,788	2,201	2,201	0	692	0	692
2031	22,214	2,209	2,209	0	645	0	645
2032	21,643	2,213	2,213	0	599	0	599
2033	21,023	2,213	2,213	0	556	0	556
2034	20,357	2,207	2,207	0	515	0	515
2035	19,644	2,195	2,195	0	475	0	475

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 7.75%	Unfunded Portion at 3.66%	Using a Single Discount Rate of 7.75%
2036	18,889	2,177	2,177	0	437	0	437
2037	18,094	2,152	2,152	0	401	0	401
2038	17,263	2,119	2,119	0	367	0	367
2039	16,403	2,078	2,078	0	334	0	334
2040	15,518	2,028	2,028	0	302	0	302
2041	14,616	1,970	1,970	0	273	0	273
2042	13,704	1,904	1,904	0	244	0	244
2043	12,790	1,829	1,829	0	218	0	218
2044	11,883	1,747	1,747	0	193	0	193
2045	10,991	1,658	1,658	0	170	0	170
2046	10,123	1,563	1,563	0	149	0	149
2047	9,286	1,463	1,463	0	129	0	129
2048	8,488	1,360	1,360	0	112	0	112
2049	7,735	1,256	1,256	0	96	0	96
2050	7,031	1,152	1,152	0	81	0	81
2051	6,381	1,051	1,051	0	69	0	69
2052	5,785	954	954	0	58	0	58
2053	5,243	862	862	0	49	0	49
2054	4,755	776	776	0	41	0	41
2055	4,319	695	695	0	34	0	34
2056	3,934	619	619	0	28	0	28

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 7.75%	Unfunded Portion at 3.66%	Using a Single Discount Rate of 7.75%
2057	3,597	550	550	0	23	0	23
2058	3,306	486	486	0	19	0	19
2059	3,059	427	427	0	15	0	15
2060	2,853	374	374	0	13	0	13
2061	2,687	326	326	0	10	0	10
2062	2,558	283	283	0	8	0	8
2063	2,463	245	245	0	7	0	7
2064	2,401	211	211	0	5	0	5
2065	2,369	181	181	0	4	0	4
2066	2,366	154	154	0	3	0	3
2067	2,390	131	131	0	3	0	3
2068	2,439	111	111	0	2	0	2
2069	2,513	94	94	0	2	0	2
2070	2,611	79	79	0	1	0	1
2071	2,733	65	65	0	1	0	1
2072	2,878	54	54	0	1	0	1

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	0	0	39	5	44
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	0	0	0	0
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	1	0	1
Benefits expired	0	0	0	0	0
Data corrections	0	0	0	0	0
Participants as of July 1, 2014	0	0	40	5	45

B. Inactive Participant Statistics – Average Annual Benefits

	July 1, 2013	July 1, 2014
Terminated Vested Participants	N/A	N/A
Retirees	$ 40,697	$ 41,217
Beneficiaries	$ 19,611	$ 19,541
Disabled Participants	$ 57,815	$ 59,550

Section 6 – Actuarial Assumptions and Methods

Actuarial Assumptions

Interest rate for funding

7.75% per annum.

Interest rate for accounting

7.75% 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 7.75%. 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.

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.

Loading for expenses

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

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.

Married participants

No assumption is necessary, as actual marital information is used.

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 Unit Credit Actuarial Cost Method is used. The unfunded accrued liability is amortized as a level dollar amount over a 20-year period starting July 1, 2010.

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.

Section 7 – Summary of Plan Provisions

Eligibility

Only former employees specifically listed in Schedule A of the plan document participate in this plan.

Non-Disabled Retirees

Benefit: Non-guaranteed portion of the benefit amounts listed in Schedule B of the plan document.

Deferred Vested Members in Receipt of Benefits

Benefit: Non-guaranteed portion of the benefit amounts listed in Schedule C of the plan document. These benefits are not eligible for cost-of-living adjustments.

Disabled Retirees

Benefit: Non-guaranteed portion of the benefit amounts listed in Schedule E of the plan document.

Lump Sum Death Benefit

Disabled retirees: greater of

(a) accumulated contributions, or
(b) $400 times years of service (minimum $2,000, maximum $8,000)

Non-disabled retirees: 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):

Non-guaranteed portion of the accumulated contributions in excess of benefits received

Cost-of Living Adjustments

Employees retiring or becoming disabled on or after July 1, 1992 shall receive an increase of 3% in their benefit on each anniversary date of retirement.

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)**
2011	$ 1,972,824	$ 0	$ 0	$ 1,972,824	$ 3,337,176	$ (1,364,352)	$ (1,364,352)
2012	1,894,932	(115,970)	(147,215)	1,926,177	1,048,000	878,177	(486,175)
2013	2,104,565	(37,679)	(50,980)	2,117,866	1,648,000	469,866	(16,309)
2014	2,114,309	(1,264)	(1,758)	2,114,803	2,079,373	35,430	19,121
2015	2,079,553	1,482	2,126	2,078,909			