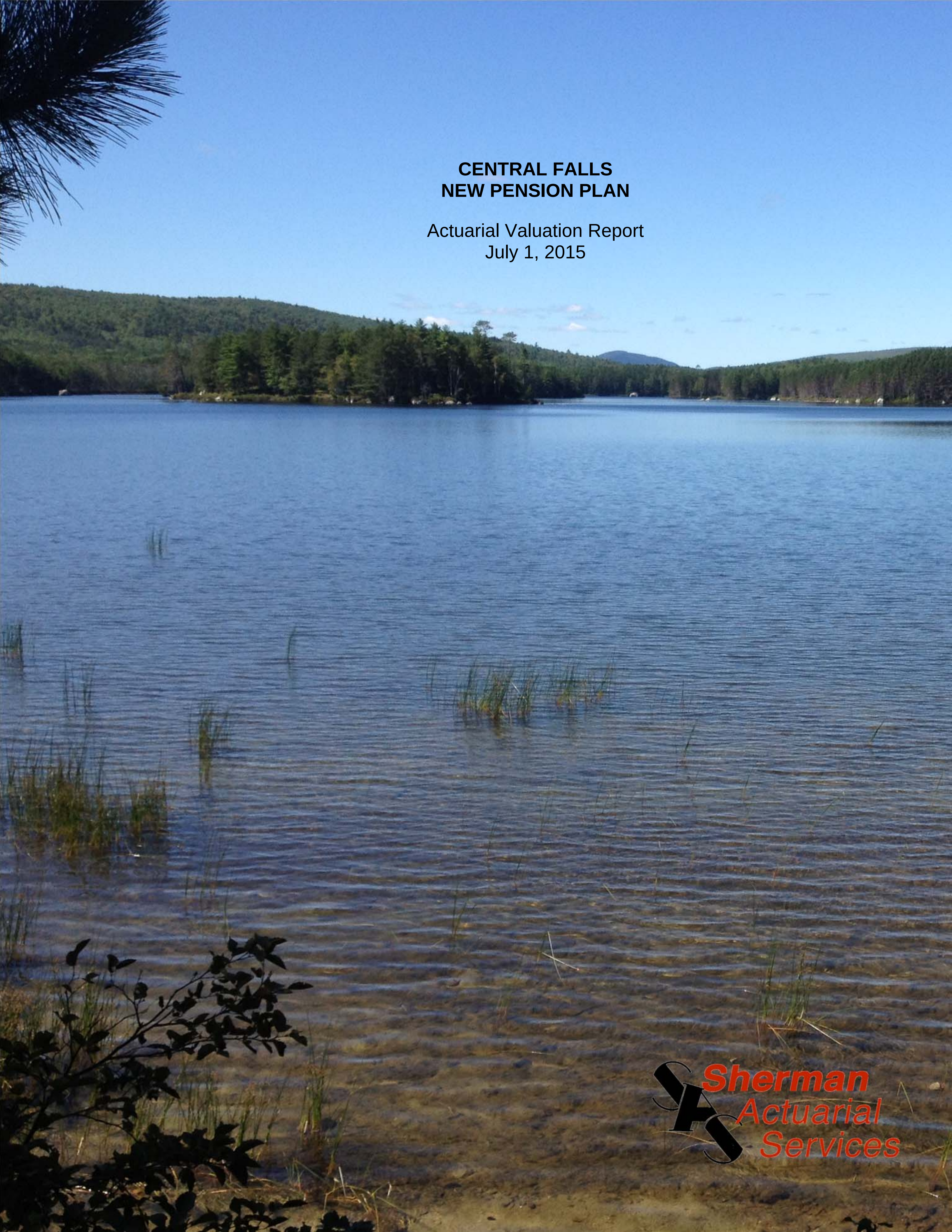
CENTRAL FALLS
NEW PENSION PLAN

Actuarial Valuation Report
July 1, 2015



Sherman Actuarial Services

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Report Summary:

Highlights	July 1, 2014	July 1, 2015
Contributions		
Funding Schedule FY 2016	$2,378,841	$2,424,909
Funding Schedule FY 2017	$2,447,857	$2,495,125
Funded Ratios		
GAS No. 25	20.1%	21.7%
Participants		
Actives	76	79
Retirees and Beneficiaries	67	68
Vested	0	0
Inactives	0	0
Disabled	60	57
Total	203	204
Payroll		
Payroll of Active Members	$4,025,037	$4,482,450
Average Payroll	52,961	56,740
Normal Cost		
Employer	85,404	79,150
Employee	366,242	410,369
Administrative Expenses	0	0
Total	451,646	489,519
Actuarial Accrued Liabilities		
Actives	6,665,158	7,407,362
Retirees, Beneficiaries, Disabilities and Inactives	24,568,988	24,739,827
Total	31,234,146	32,147,189
Actuarial Value of Assets	6,267,400	6,984,572
Unfunded Actuarial Accrued Liabilities	$24,966,746	$25,162,617

Introduction

The purpose of this report is to present the findings of an actuarial valuation as of July 1, 2015, of the Central Falls New Pension Plan for the purpose of funding the plan. Separate report was prepared for accounting and financial disclosure purposes.

The actuarial valuation is based on:

- Negotiated provisions with the Fire and Police unions as of July 1, 2015.
- Employee data provided by the City
- Asset information reported by the City of Central Falls

During the last twelve months, the total unfunded actuarial accrued liability increased by .8% to $25,162,617. The increase is greater than expected. There was an actuarial loss of $618,929. Sources of (gains) and losses are as follows:

	(Gain) / Loss
Assets	294,511
Salary Increases	194,175
New Participants	6,405
Active - Retirements	21,410
Active - Terminations	62,916
Active - Mortality	(20,842)
Active - Disabilities	(114,121)
Inactive - Mortality and data adjustments	181,121
Other	(6,646)
Total (Gain) / Loss	618,929

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Actuarial Costs and Liabilities:

Normal Costs

The normal cost is the sum of the individual normal costs determined for each member as if the assumptions underlying the cost determinations had been exactly realized. An individual normal cost represents that part of the cost of a member's future benefits which are assigned to the current year as if the costs are to remain level as a percentage of the member's pay. Benefits payable under all circumstances (i.e., retirement, death, disability, and terminations) are included in this calculation. Anticipated employee contributions to be made during the year are subtracted from the total normal cost to determine employer normal cost. The total normal cost is divided by total payroll to determine the normal cost as a percent of pay. The normal cost is shown in Table I.

Table I

	July 1, 2014	July 1, 2015
Superannuation	$265,158	$288,121
Termination	19,905	18,902
Death	26,229	28,555
Disability	140,354	153,941
Administrative Expenses	0	0
Total Normal Cost	451,646	489,519
% of Pay	11.2%	10.9%
Employee Contributions	366,242	410,369
% of Pay	9.1%	9.2%
Employer Normal Cost	$85,404	$79,150
% of Pay	2.1%	1.8%

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Present Value of Actuarial Accrued Liabilities

The actuarial accrued liabilities (AAL) represents today's value of all benefits based on the past service of the actives and inactives. The AAL can be compared to the assets to determine the funded status of the Plan. The value of these earned benefits is shown in Table II below.

Table II

	July 1, 2014	July 1, 2015
Actives		
Superannuations	$5,563,138	$6,106,850
Termination	(97,923)	(78,112)
Death	116,987	137,638
Disability	1,082,956	1,240,986
Retirees and Inactives		
Retirees and Beneficiaries	10,775,181	11,186,056
Vested	0	0
Terminated (Refund)	0	0
Disabled	13,793,807	13,553,771
Total	$31,234,146	$32,147,189

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Present Value of Future Benefits

The present value of future benefits represents today's value of all benefits earned by the inactive participants as well as all benefits earned and expected to be earned in the coming years by the active participants. The difference between the present value of future benefits and the present value of actuarial accrued liabilities is the value of benefits to be earned in the coming years. The value of the total expected benefits is shown in Table III.

Table III

	July 1, 2014	July 1, 2015
Actives		
Superannuation	8,184,829	$8,949,818
Termination	100,478	111,466
Death	374,805	417,203
Disability	2,472,865	2,760,003
Retirees and Inactives		
Retirees and Beneficiaries	10,775,181	11,186,056
Vested	0	0
Terminated (Refund)	0	0
Disabled	13,793,807	13,553,771
Total	$35,701,965	$36,978,317

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Funded Status and Appropriations:

Market Value of Plan Assets

The trust fund composition on a market value basis is shown in Table IV.

Table IV

	July 1, 2014	July 1, 2015
Cash equivalents	$0	$0
JH GAC	6,267,400	6,984,572
JH NCU	0	0
Accounts receivable	0	0
Accounts payable	0	0
Accrued income	0	0
Total Market Value	$6,267,400	$6,984,572
Total Actuarial Value	$6,267,400	$6,984,572

Unfunded Actuarial Accrued Liabilities

Under the Entry Age Normal Actuarial Cost Method, the Actuarial Accrued Liability represents what the accumulated assets would have been as of the valuation date if:

- current plan provisions and assumptions had always been in effect,
- experience conformed exactly to assumptions, and
- the normal cost had been contributed each year since inception.

The actuarial value of the Fund's assets as of the end of the prior year are subtracted from the Actuarial Accrued Liability (AAL) to determine the Unfunded Actuarial Accrued Liability (UAAL) as of the valuation date. Over time, annual pension contributions will accumulate Plan assets equal to the AAL, and the UAAL will be eliminated. Thereafter, annual contributions equal to the normal cost will keep the Plan's assets and liabilities in balance. The UAAL is developed in Table V.

Table V

	July 1, 2014	July 1, 2015
Actuarial Accrued Liability	$31,234,146	$32,147,189
Actuarial Assets	6,267,400	6,984,572
Unfunded Actuarial Accrued Liability	$24,966,746	$25,162,617
Funded Status	20.1%	21.7%

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Appropriations

The pension appropriation for the upcoming fiscal years have been calculated in accordance with the policy setforth in 2002. The pension appropriation is the sum of the:

- Employer normal cost,
- Increasing amortization of the unfunded actuarial accrued liability by June 30, 2030
  $ 25,162,617 over 15 years with 3.0% increasing payments
- Interest adjustment for payments deposited at the middle of the fiscal year.

The pension appropriation is shown in Table VI.

Table VI

	July 1, 2014	July 1, 2015
Normal cost	$85,404	$79,150
Amortization payment of the unfunded accrued liability	2,141,675	2,256,925
Total cost	$2,227,079	$2,336,075
% of Pay	55.3%	52.1%
Fiscal 2016 cost	$2,311,768	$2,424,909
Fiscal 2017 cost	$2,378,841	$2,495,125

Appropriation Forecast

The following exhibit forecasts employer and employee contributions over the next 32 years under the adopted funding schedule.

Note that the forecast is based upon an "open group" method. This method assumes that sufficient employees will be hired each year to keep the number constant. The total payroll of the system is expected to increase 3% per year. The employee contribution rate is expected to increase to 10.5% by 2032 as members contributing base percentage of 9.5% are replaced by new members, whose base contribution is 10.5%. Payments are assumed to be made at the beginning of the year.

The employer total cost is expected to increase during the next 14 years until the unfunded liabilities are completely paid off, at which time only the normal cost will remain. The total cost represents 54% of payroll until the time the unfunded liabilities are fully paid off, leaving only a normal cost of 1.0% in 2031. The decrease in the cost as a percentage of payroll is a result of the increase in member deductions.

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Appropriation Forecast

Fiscal Year Ending	Payroll	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %*
2016	$4,482,450	$410,369	$82,160	$2,342,749	$2,424,909	54.1	21.7
2017	$4,616,924	$425,118	$82,094	$2,413,031	$2,495,125	54.0	24.7
2018	$4,755,431	$440,383	$81,950	$2,485,422	$2,567,372	54.0	28.0
2019	$4,898,094	$456,182	$81,723	$2,559,985	$2,641,708	53.9	31.5
2020	$5,045,037	$472,531	$81,409	$2,636,785	$2,718,194	53.9	35.4
2021	$5,196,388	$489,452	$81,003	$2,715,888	$2,796,891	53.8	39.5
2022	$5,352,280	$506,962	$80,498	$2,797,365	$2,877,863	53.8	44.0
2023	$5,512,848	$525,082	$79,891	$2,881,286	$2,961,177	53.7	48.8
2024	$5,678,234	$543,833	$79,175	$2,967,724	$3,046,899	53.7	54.0
2025	$5,848,581	$563,237	$78,344	$3,056,756	$3,135,100	53.6	59.5
2026	$6,024,038	$583,315	$77,392	$3,148,459	$3,225,851	53.5	65.3
2027	$6,204,759	$604,092	$76,313	$3,242,913	$3,319,226	53.5	71.5
2028	$6,390,902	$625,590	$75,099	$3,340,200	$3,415,299	53.4	78.1
2029	$6,582,629	$647,834	$73,743	$3,440,406	$3,514,149	53.4	85.0
2030	$6,780,108	$670,849	$72,238	$3,543,618	$3,615,856	53.3	92.3
2031	$6,983,511	$694,663	$70,577	$0	$70,577	1.0	100.0
2032	$7,193,016	$719,302	$68,751	$0	$68,751	1.0	100.0
2033	$7,408,807	$740,881	$70,814	$0	$70,814	1.0	100.0
2034	$7,631,071	$763,107	$72,938	$0	$72,938	1.0	100.0
2035	$7,860,003	$786,000	$75,126	$0	$75,126	1.0	100.0
2036	$8,095,803	$809,580	$77,380	$0	$77,380	1.0	100.0
2037	$8,338,677	$833,868	$79,702	$0	$79,702	1.0	100.0
2038	$8,588,838	$858,884	$82,093	$0	$82,093	1.0	100.0
2039	$8,846,503	$884,650	$84,555	$0	$84,555	1.0	100.0
2040	$9,111,898	$911,190	$87,092	$0	$87,092	1.0	100.0
2041	$9,385,255	$938,525	$89,705	$0	$89,705	1.0	100.0
2042	$9,666,813	$966,681	$92,396	$0	$92,396	1.0	100.0
2043	$9,956,817	$995,682	$95,168	$0	$95,168	1.0	100.0
2044	$10,255,521	$1,025,552	$98,023	$0	$98,023	1.0	100.0
2045	$10,563,187	$1,056,319	$100,964	$0	$100,964	1.0	100.0
2046	$10,880,083	$1,088,008	$103,992	$0	$103,992	1.0	100.0
2047	$11,206,485	$1,120,649	$107,112	$0	$107,112	1.0	100.0

* Beginning of Fiscal Year

EXHIBITS

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Exhibit 1 - Age/Service Distribution with Salary as of July 1, 2015

Attained Age	Average Salary <5	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
< 20	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
20-24	2	0	0	0	0	0	0	0	2
	44,270	0	0	0	0	0	0	0	44,270
25-29	12	2	0	0	0	0	0	0	14
	51,586	56,491	0	0	0	0	0	0	52,286
30-34	7	8	5	0	0	0	0	0	20
	53,896	48,993	47,688	0	0	0	0	0	50,383
35-39	0	1	7	1	0	0	0	0	9
	0	58,388	58,081	69,865	0	0	0	0	59,424
40-44	1	3	4	9	0	0	0	0	17
	46,722	53,324	59,500	63,975	0	0	0	0	60,027
45-49	0	2	2	2	2	0	0	0	8
	0	63,389	60,854	61,724	67,560	0	0	0	63,382
50-54	1	0	0	2	0	2	0	1	6
	56,491	0	0	57,036	0	85,820	0	67,560	68,294
55-59	0	0	0	0	0	1	0	0	1
	0	0	0	0	0	59,388	0	0	59,388
60-64	0	0	0	1	0	0	1	0	2
	0	0	0	55,199	0	0	67,560	0	61,379
65-69	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Total Employees	23	16	18	15	2	3	1	1	79
Average Salary	51,654	53,129	55,818	62,557	67,560	77,009	67,560	67,560	56,740

H:\CF\Pension2015\Report\[RET1.xls]Retirees

Retiree Distribution as of January 1, 2015

	Number of Employees			Total Payments		
Attained Age	Female	Male	Total	Female	Male	Total
< 20	0	0	0	0	0	0
20-24	0	0	0	0	0	0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	0	0	0	0	0	0
40-44	0	0	0	0	0	0
45-49	0	7	7	0	109,879	109,879
50-54	0	9	9	0	143,055	143,055
55-59	1	7	8	36,251	123,501	159,752
60-64	3	8	11	28,476	132,895	161,370
65-69	0	6	6	0	121,394	121,394
70-74	3	2	5	39,512	60,349	99,860
75-79	4	2	6	52,014	30,686	82,700
80-84	5	1	6	41,286	488	41,774
85-89	3	1	4	12,598	5,622	18,221
90-94	4	1	5	19,918	6,492	26,410
95+	0	0	0	0	0	0
Total	23	44	67	230,054	734,361	964,415
Average (Age/Payment)	76.53	61.35	66.71	10,002	16,690	14,394
Frequency Percent	34.3	65.7	100.0	23.9	76.1	100.0

H:\CF\Pension2014\Report\[DIS1.XLS]Disabled

Disabled Retiree Distribution as of January 1, 2015

	Number of Employees			Total Payments		
Attained Age	Male	Female	Total	Male	Female	Total
< 20	0	0	0	0	0	0
20-24	0	0	0	0	0	0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	0	0	0	0	0	0
40-44	1	0	1	24,166	0	24,166
45-49	2	0	2	48,250	0	48,250
50-54	6	0	6	156,131	0	156,131
55-59	11	0	11	269,951	0	269,951
60-64	5	0	5	135,890	0	135,890
65-69	11	0	11	237,459	0	237,459
70-74	10	0	10	190,290	0	190,290
75-79	8	0	8	168,738	0	168,738
80-84	1	0	1	24,019	0	24,019
85-89	1	0	1	19,919	0	19,919
90-94	1	0	1	21,313	0	21,313
95-99	0	0	0	0	0	0
Total	57	0	57	1,296,127	0	1,296,127
Average (Age/Payment)	66.0	0.0	66.0	22,739	0	22,739
Frequency Percent	100.0	-	100.0	100.0	-	100.0

P:\Central Falls\Pension2015\[2015_Val.xlsx]Cash Flow

EXHIBIT 4 - CASHFLOW FORECAST:

The following is a 30 year forecast of benefit payments, contribution income and investment returns.

Fiscal Year Ending	Benefit Payments	Employee Contributions	Employer Contributions	Investment Returns	Net change in plan assets
2016	$2,297,904	$410,369	$2,424,909	$577,937	$1,115,311
2017	2,322,351	425,118	2,495,125	667,257	1,265,150
2018	2,375,708	440,383	2,567,372	767,208	1,399,255
2019	2,412,567	456,182	2,641,708	878,300	1,563,623
2020	2,446,785	472,531	2,718,194	1,002,355	1,746,295
2021	2,483,400	489,452	2,796,891	1,140,604	1,943,548
2022	2,516,162	506,962	2,877,863	1,294,420	2,163,083
2023	2,552,345	525,082	2,961,177	1,465,256	2,399,170
2024	2,587,773	543,833	3,046,899	1,654,557	2,657,517
2025	2,630,211	563,237	3,135,100	1,863,759	2,931,885
2026	2,697,271	583,315	3,225,851	2,093,437	3,205,331
2027	2,754,760	604,092	3,319,226	2,344,824	3,513,382
2028	2,821,027	625,590	3,415,299	2,619,911	3,839,772
2029	2,891,396	647,834	3,514,149	2,920,300	4,190,887
2030	2,972,817	670,849	3,615,856	3,247,650	4,561,538
2031	3,043,067	694,663	70,577	3,465,527	1,187,699
2032	3,130,045	719,302	68,751	3,556,106	1,214,114
2033	3,227,138	740,881	70,814	3,648,258	1,232,815
2034	3,309,299	763,107	72,938	3,742,481	1,269,226
2035	3,382,003	786,000	75,126	3,839,938	1,319,062
2036	3,456,303	809,580	77,380	3,941,253	1,371,910
2037	3,532,237	833,868	79,702	4,046,659	1,427,992
2038	3,609,838	858,884	82,093	4,156,407	1,487,546
2039	3,689,144	884,650	84,555	4,270,767	1,550,828
2040	3,770,193	911,190	87,092	4,390,027	1,618,117
2041	3,853,022	938,525	89,705	4,514,499	1,689,708
2042	3,937,670	966,681	92,396	4,644,517	1,765,924
2043	4,024,179	995,682	95,168	4,780,440	1,847,111
2044	4,112,588	1,025,552	98,023	4,922,652	1,933,639
2045	4,204,778	1,056,319	100,964	5,071,500	2,024,004

EXHIBIT 5 - SUMMARY OF PLAN PROVISIONS:

This summary is prepared in accordance with Fire and Police union contracts as of July 1, 2015, and does not take into account any subsequent changes.

1. Administration

The New Pension Plan is administered by the City of Central Falls.

2. Participation

Participation is mandatory for all full-time employees whose employment.

3. Salary

Salary is defined as regular compensation plus Holiday Pay and Longevity. Salary does not include bonuses, overtime, severance pay, unused sick leave credit or other similar compensation.

4. Member Contributions

Member contributions vary depending upon date hired as follows:

Date of Hire	Member Contribution Rate
Up to November 23, 2011	9.5% of Salary
November 24, 2011 and Later	10.5% of Salary

5. Average Salary

Average salary is used to determine a participant's benefit. It is defined as the average salary during the five consecutive-year period within the final 10 years of employment that produces the highest average.

6. Creditable Service

In general, creditable service is awarded during the period in which a member contributes to the retirement system.

7. Service Retirement

a. Eligibility:

Completion of 25 years of service

b. Benefit Amount:

The retirement allowance is determined as a product of the participant's Benefit Rate times Average Salary times the Early Retirement Reduction Factor. At 25 years of credited service, the Benefit Rate is 50%. For each year after 25, up to 5 additional years, the Benefit Rate is increased 1%. The Early Retirement Reduction Factor based on the RP2000 Mortality Table and 7.5%. Factors at whole ages are shown in the following table:

Age at Commencement	Factor
57 or Over	1.000
56	.9120
55	.8327
54	.7613
53	.6967
52	.6382
51	.5852
50	.5370
49	.4932
48	.4533
47	.4169
46	.3836
45	.3532
44	.3254
43	.2999
42	.2766
41	.2551
40	.2354

8. Deferred Vested Retirement

a. Eligibility:

A participant who has completed five or more years of creditable service is eligible for a deferred vested retirement benefit.

b. Benefit Amount:

The participant's accrued benefit is based on 2% per year of credited service up to 25 years, plus 1% per year (up to 5 years) times the applicable Early Retirement Reduction Factor.

b. Refund of Contributions:

In lieu of the deferred pension benefit, a member may elect to receive a refund of their accumulated contributions with credited interest.

9. Accidental Disability

a. Eligibility:

Participants are eligible for an accidental disability benefit, regardless of service or age, if they become permanently and totally incapacitated for further duty as a result of personal injury sustained while in the performance of duties.

b. Benefit Amount:

The accidental disability amount is 66 2/3rd% of annual salary.

10. Ordinary Disability

a. Eligibility:

An ordinary disability occurs when a member becomes permanently and totally disabled due to sickness or injury that is not job related. In order to be eligible for an ordinary disability benefit, a member must have five years of service.

b. Benefit Amount:

The ordinary disability amount is based on 2% per year of credited service up to 25 years, plus 1% per year (up to 5 years) times the applicable Early Retirement Reduction Factor.

11. Survivor Benefits

a. Occupational Death:

The survivors of a firefighter who dies due to an occupational injury will be entitled to a one year’s salary plus a one-year deferred pension benefit equal to 66 2/3rd% of the participant's annual Salary. The survivors of a police officer who dies due to an occupational injury will be entitled to a lump sum payment of $10,000 plus a pension benefit equal to 66 2/3rd% of the participant's annual Salary.

b. Non-Occupational Death:

Upon the death of a member not entitled to survivor benefits, the beneficiary is entitled to a refund of all member contributions with interest.

12. Cost-of-Living Increases

The amount of annual increase will be 2% of the November 23, 2011 pension amount for those receiving a pension benefit at that time, or the initial amount of pension amount for those commencing pension payments after November 23, 2011.

13. Postretirement Death Benefits

Any benefits following the death of a member after retirement are based upon the form of benefit the participant elected at the time of retirement.

EXHIBIT 6 - ACTUARIAL METHODS AND ASSUMPTIONS:

The actuarial cost method, factors and assumptions used in determining cost estimates are presented below.

1. Member Data

The member data used in the determination of cost estimates consist of pertinent information with respect to the active, inactive, retired and disabled members of the employer as supplied by the employer to the actuary.

2. Valuation Date

July 1, 2015.

3. Actuarial Cost Method

The costs of the Plan have been determined in accordance with the individual entry age normal actuarial cost method.

4. Rate of Investment Return

It is assumed that the assets of the fund will accumulate at a compound annual rate of 7.75% per annum, net of investment management fees.

5. Cost-of-Living Increases

Cost-of-living increases have been assumed to be 2.0% per year without compounding.

6. Salary Scale

The assumed annual rates for salary increases including longevity and holiday pay is 3%.

7. Value of Investments

Assets held by the fund are valued at market value as reported by the City. The actuarial value of assets is equal to the market value.

8. Annual Rate of Withdrawal Prior to Retirement

Based on the Rhode Island MERS termination rates for Class B. The assumed annual rates of withdrawal may best be illustrated by the following rates at the following ages:

Service	Rates
0	0.1000
5	0.0354
10	0.0191
15	0.0090
20	0.0000

9. Annual Rate of Mortality

It is assumed that both pre-retirement and post retirement mortality are represented by the 2011 IRS Static Mortality Table for males and females. Mortality for disabled members is represented by the RP-2000 Disabled Mortality Table.

10. Service Retirement

Based on expected experience, the assumed annual retirement rates are illustrated at the following ages and years of service:

Age	20 – 24	25	26	27	28	29	30+
46	0.05	0.14	0.16	0.18	0.20	0.20	0.35
47	0.05	0.14	0.16	0.18	0.20	0.20	0.35
48	0.05	0.14	0.16	0.18	0.20	0.20	0.35
49	0.05	0.14	0.16	0.18	0.20	0.20	0.35
50	0.05	0.14	0.16	0.18	0.20	0.20	0.35
51	0.05	0.14	0.16	0.18	0.20	0.20	0.35
52	0.05	0.14	0.16	0.18	0.20	0.20	0.35
53	0.05	0.14	0.16	0.18	0.20	0.20	0.35
54	0.05	0.14	0.16	0.18	0.20	0.20	0.35
55	0.05	0.14	0.16	0.18	0.20	0.20	0.35
56	0.05	0.14	0.16	0.18	0.20	0.20	0.35
57	0.12	0.14	0.16	0.18	0.20	0.20	0.35
58	0.12	0.14	0.16	0.18	0.20	0.20	0.35
59	0.12	0.14	0.16	0.18	0.20	0.20	0.35
60	0.12	0.14	0.16	0.18	0.20	0.20	0.35
61	0.12	0.14	0.16	0.18	0.20	0.20	0.35
62	0.12	0.14	0.16	0.18	0.20	0.20	0.35
63	0.12	0.14	0.16	0.18	0.20	0.20	0.35
64	0.12	0.14	0.16	0.18	0.20	0.20	0.35
65	1.00	1.00	1.00	1.00	1.00	1.00	1.00

11. <u>Annual Rate of Disability Prior to Retirement</u>

Based on an analysis of experience, the assumed annual rates of disability may best be illustrated by the following rates at the following ages:

Attained Age	
20	0.0010
30	0.0030
40	0.0030
50	0.0125

In addition, it is assumed for the 10% of all disabilities are assumed to be ordinary and 90% are service connected.

12. <u>Family Composition</u>

It is assumed that 80% of all male members and 60% of all female members will be survived by a spouse and that females (males) are three years younger (older) than members.

13. <u>Administrative Expenses</u>

No provisions are made for administrative expenses.

EXHIBIT 7 - GLOSSARY OF TERMS:

This glossary summarizes the technical terms contained in this report.

1. Actuarial Accrued Liability

That portion of the Actuarial Present Value of plan benefits that is not provided for by future employer Normal Costs or employee contributions.

2. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting the Pension Plan such as:

- Rates of investment returns
- Increases in a member's salary
- Inflation
- The probability of mortality, turnover, disablement
- Retirement at each age and other relevant items

3. Actuarial Cost Method

A procedure for allocating the Actuarial Present Value of pension plan benefits between Normal Cost and Actuarial Accrued Liability.

4. Actuarial Present Value

The single sum amount required at the valuation date that is required to provide for anticipated future events based upon the terms of the plan and the Actuarial Assumptions.

5. Forecast

A projection of future benefit payments or contribution requirements based upon the terms of the plan, the current asset amounts, the Actuarial Assumptions and additional assumptions as to the replacement of terminating employees with new employees.

6. Normal Cost

That portion of the Actuarial Present Value of future benefits that is assigned to the current year.

7. Unfunded Actuarial Accrued Liability

That portion of the Actuarial Accrued Liability that is not provided for by current actuarial value of assets.

8. Valuation Method

The method used to divide the cost of future benefits among the Actuarial Accrued Liability, the current year's Normal Costs and future years' Normal Costs. The resulting current funding requirement is then determined as the current year's Normal Cost plus the payment necessary to amortize the Unfunded Actuarial Liability.

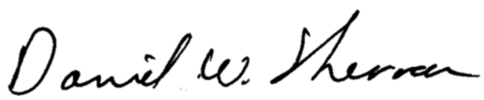
9. Vested Liability

That portion of the Actuarial Present Value of Accrued Benefits that a member would be entitled to if the member terminated employment with the employer as of the valuation date.

CERTIFICATION:

This report fairly represents the actuarial position of the Central Falls New Pension Plan contributing as of July 1, 2015, in accordance with generally accepted actuarial principles applied consistently with the preceding valuation. In our opinion, each actuarial assumption used to compute actuarial accrued liability and normal cost are reasonably related to plan experience and to reasonable expectations, and represents our best estimate of anticipated plan experience.

Sherman Actuarial Services, LLC



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Daniel W. Sherman, ASA, MAAA

October, 2015