

nyhart

***Town of Narragansett
Pension Plan***

***Actuarial Valuation Report
July 1, 2015***

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Highlights

Purpose of the Valuation

This report summarizes actuarial information regarding the plan's liabilities and benefit obligations as compared to assets available for benefits on the valuation date. The report was prepared by Nyhart to:

- determine the acceptable range of employer contributions; and
- determine the plan's funded status

Principal results of actuarial valuations are shown in the following sections.

Plan Year Ending	06/30/17	06/30/16	06/30/15
Employer Contributions			
Total Payroll	N/A	\$ 12,984,298	\$ 12,188,272
Projected Payroll	\$ 13,503,670	\$ 12,675,803	\$ 12,188,272
Actuarial Recommended Funding Contribution	\$ 5,428,475	\$ 5,082,997	\$ 4,881,459
As percent of projected payroll	40.2%	40.1%	40.1%
Employer contribution	N/A	N/A	\$ 4,999,356
As percent of projected payroll	N/A	N/A	41.0%
Valuation Date	07/01/15	07/01/14	07/01/13
Plan Assets			
Fair market value	\$ 74,088,411	\$ 71,559,495	\$ 62,115,638
Actuarial value for funding	\$ 74,427,566	\$ 66,160,637	\$ 59,981,681
Funded Status			
Actuarial Accrued Liability	\$ 121,691,129	\$ 109,086,049	\$ 104,162,759
Unfunded Accrued Liability	\$ 47,263,563	\$ 42,925,412	\$ 44,181,078
Funded Ratio			
Market Value Basis	60.9%	65.6%	59.6%
Actuarial Value Basis	61.2%	60.6%	57.6%

Highlights – Continued

Plan Year Beginning	07/01/15	07/01/14	07/01/13
Participants			
Number of participants:			
Active	255	251	255
Inactive with deferred benefits	19	24	19
Inactive receiving benefits	<u>187</u>	<u>181</u>	<u>175</u>
Total in valuation	461	456	449
Active participant averages:			
Age nearest birthday	47.6	47.1	47.7
Years of employment to date	10.9	10.9	11.2
Compensation for benefits	\$ 50,919	\$ 48,559	\$ 48,887

Changes Since the Last ValuationMethodology

Historically, the Actuarial Recommended Funding Contribution (ARFC) was determined annually for the plan year beginning on the valuation date. For the plan year beginning July 1, 2015, the method has been changed such that the Actuarial Recommended Funding Contribution is based on the calculated contribution as a percentage of payroll from the prior valuation date. This percentage is applied to projected payroll for the following plan year.

For example, the calculated funding contribution for the plan year beginning July 1, 2014 was 40.1% of total payroll. Therefore, the Actuarial Recommended Funding Contribution for plan year beginning July 1, 2015 is 40.1% of payroll projected from the July 1, 2014 valuation to the plan year beginning July 1, 2015. Based on updated census and asset information, the calculated contribution at July 1, 2015 is 42.4% of total payroll. This means the preliminary Actuarial Recommended Funding Contribution for the plan year beginning July 1, 2016 is 42.4% of payroll projected from the July 1, 2015 valuation to the plan year beginning July 1, 2016. The preliminary Actuarial Recommended Funding Contribution is then adjusted for the phasing in of the interest rate assumption change detailed below. Additional details of these calculations are shown in this report.

Assumptions

For plan liabilities as of July 1, 2015 and the determination of the Actuarial Recommended Funding Contribution for the plan year ending June 30, 2017, the mortality tables were updated for all participants:

- For public safety members and non-disabled public safety retirees, the mortality table has been updated from the RP-2000 table with generational improvements per scale AA to the RP-2014 mortality table with blue collar adjustments and Social Security generational improvements from 2006 based on the 2014 Trustees Report.
- For disabled retirees, the mortality table has been updated from the RP-2000 table with generational improvements per scale AA to the RP-2014 Disabled table with Social Security generational improvements from 2006 based on the 2014 Trustees Report.
- For all others, the mortality table has been updated from the RP-2000 table with generational improvements per scale AA to the RP-2014 mortality table with Social Security generational improvements from 2006 based on the 2014 Trustees Report.

Highlights – Continued

For plan liabilities as of July 1, 2015 and the determination of the Actuarial Recommended Funding Contribution for the plan year ending June 30, 2017, the interest rate has been updated from 7.50% to 7.20%.

For plan liabilities as of July 1, 2015 and the determination of the Actuarial Recommended Funding Contribution for the plan year ending June 30, 2017, the assumed rates of disability have been changed from 0% to 50% of the 1985 Pension Disability Table. In addition, the termination table for municipal employees has been updated from the adjusted T2 Table of the *Pension Actuary's Handbook* to the unadjusted T2 Table of the *Pension Actuary's Handbook*.

The mortality, interest rate, and disability decrement assumption changes resulted in an increase in the Actuarial Accrued Liability and the Actuarial Recommended Funding Contribution. The change in assumed termination rates resulted in a decrease in the Actuarial Accrued Liability and the Actuarial Recommended Funding Contribution.

The effect of the interest rate assumption change on the Actuarial Recommended Funding Contribution is being phased in over three years. See section 2.2 for a detailed calculation of the phase-in.

Plan Provisions

The plan provisions have changed as follows:

Council 94 employees hired on or after 7/1/2014 may retire upon the earlier of attainment of age 65 or the completion of 10 years of credited service; in any case, he may retire upon the completion of 25 years of credited service.

Local 1033 employees hired on or after 7/1/2014 may retire upon the completion of 25 years of credited service.

Council 94 and Local 1033 employees hired on or after 7/1/2014 may accrue a benefit equal to 2.0% of Final Average Compensation multiplied by years of credited service (subject to a maximum benefit of 75% of Final Average Compensation).

Council 94 employees hired on or after 7/1/2014 shall receive annual 3% simple COLAs beginning on the July 1 of the year that the employee turns 58 years old.

School employees contribute 10% of base salary.

Actuary's Opinion

This report provides information regarding the actuarial valuation prepared for

Town of Narragansett Pension Plan

The actuarial valuation was prepared as of July 1, 2015 using information which has been reconciled and reviewed for reasonableness. Employee census information was provided by the Town and asset information was provided by the Town. Our review was not performed at the source, and we therefore do not accept responsibility for the accuracy or completeness of the data on which the information is based.

To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with the Actuarial Standards of Practice as described by the American Academy of Actuaries.

In our opinion, the actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan.

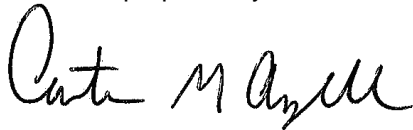
Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report.

To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Nyhart

Valuation prepared by:



Carter M. Angell, FSA, EA, MAAA

Valuation reviewed by:



Tayt V. Odom, FSA, EA, MAAA

December 31, 2015

Date

Section 1 – Assets

1.1 Reconciliation of Plan Assets

Transaction activity is summarized in Section A and market value of assets is reconciled in Section B from 06/30/14 to 06/30/15 as follows:

A. Net income/(loss):

(1) Contributions:			
From town	\$	4,999,356	
From participants		1,465,617	
Other		<u>0</u>	\$ 6,464,973
(2) Interest and Dividends			2,131,228
(3) Net appreciation/(depreciation) in fair market value of investments			(1,259,087)
(4) Other income			(625)
(5) Disbursements:			
Benefit payments	\$	4,369,538	
Investment expenses		399,342	
Administrative expenses		<u>38,693</u>	4,807,573
(6) Net income/(loss) = (1) + (2) + (3) + (4) – (5)			\$ 2,528,916

B. Reconciliation of market value of assets:

(1) Market value of assets as of 06/30/14	\$ 71,559,495
(2) Net income/(loss) from A(6)	2,528,916
(3) Market value of assets as of 06/30/15 = (1) + (2)	\$ 74,088,411

Section 1 – Continued**1.2 Summary of Assets**

(1) Cash and Cash Equivalents				\$ 5,894,466
(2) General investments:				
Fixed Income	\$ 14,918,775	(22%)		
Domestic Equity	33,156,036	(49%)		
International Equity	13,835,016	(20%)		
Alternatives	5,174,726	(8%)		
Other	<u>375,043</u>	(1%)		67,459,596
(3) Receivables:				
Employer contributions	\$ 98,628			
Employee contributions	28,292			
Due from General Fund	250,504			
Other	<u>32,484</u>			409,908
(4) Prepaid Expenses				361,973
(5) Liabilities:				
Due to General Fund	\$ 0			
Internal Balances	0			
Accounts Payable & Accrued Expenses	<u>37,532</u>			37,532
(6) Total assets = (1) + (2) + (3) + (4) – (5)				74,088,411

1.3 Actuarial Value of Assets

The market value of plan assets has been adjusted for valuation purposes to smooth the effects of appreciation and/or depreciation in assets over a 5-year period. Determination of the actuarial value of plan assets is detailed below.

(1) Fair market value of assets as of 06/30/2015				\$ 74,088,411
(2) Five-year smoothing of gains/(losses):				
2014	\$ (5,010,641)	x 80%	=	\$(4,008,513)
2013	\$ 5,438,668	x 60%	=	\$ 3,263,201
2012	\$ 3,543,982	x 40%	=	\$ 1,417,593
2011	\$ (5,057,178)	x 20%	=	\$(1,011,436)
				\$ (339,155)
(3) Actuarial value of assets = (1) – (2)				\$ 74,427,566

Section 1 – Continued

1.4 Average Rates of Return on Assets

Average rates of investment return have been determined using the formula

Two times (I) divided by (A + B – I), where

I is the dollar amount of earnings (including unrealized appreciation or depreciation of plan assets) for the plan year;

A is the value of assets at the beginning of the plan year; and

B is the value of assets at the end of the plan year

Under this formula, all transactions are assumed to occur in the middle of the year, therefore, rates of return determined in this manner are estimates and should be used only for comparison with actuarial assumptions.

Plan Year Ending	06/30/15	06/30/14	06/30/13
Based on average market value:			
Earnings after expenses	0.60%	16.24%	14.01%
Based on actuarial value:			
Earnings after expenses	9.19%	11.39%	5.57%

Section 2 – Contribution Determination

2.1 Actuarial Recommended Funding Contribution

Plan Year Ending	06/30/17	06/30/16	06/30/15
Valuation Date	07/01/15	07/01/14	07/01/14
(1) Employer normal cost	\$ 1,921,283	\$ 1,654,426	\$ 1,654,426
(2) Net amortization payment (Exhibit 1)	3,210,567	2,886,466	2,886,466
(3) Interest at valuation rate on (1) + (2)	369,493	340,567	340,567
(4) Calculated contribution at valuation date (1) + (2) + (3)	5,501,343	4,881,459	4,881,459
(5) Total payroll	12,984,298	12,188,272	N/A
(6) Calculated contribution as a percentage of total payroll (4) ÷ (5)	42.4%	40.1%	N/A
(7) Projected payroll	13,503,670	12,675,803	N/A
(8) Preliminary actuarial recommended funding contribution (6) x (7)	5,725,556	5,082,997	4,881,459
(9) Adjustment due to phasing in effect of assumption change	297,081	N/A	N/A
(10) Annual required contribution = (8) – (9)	\$ 5,428,475	\$ 5,082,997	\$ 4,881,459

2.2 Phase-In of Interest Rate Assumption Change

The Actuarial Recommended Funding Contribution (shown above) has been adjusted for valuation purposes to smooth the effects of the assumption changes made effective on valuation date 7/1/2015. Determination of the Actuarial Recommended Funding Contribution is shown below.

(1) Actuarial recommended funding contribution (prior to assumption change)	\$5,279,935
(2) Actuarial recommended funding contribution (after assumption change)	5,725,556
(3) Increase due to interest rate change (2) – (1)	445,621
(4) Adjustment to actuarial recommended funding contribution (3) x 2 / 3	297,081
(5) Actuarial recommended funding contribution (2) – (4)	\$5,428,475

Section 2 – Continued

2.3 Actuarial Recommended Funding Contribution – By Division

Valuation Date: July 1, 2015
 Plan Year Ending: June 30, 2017

	Town	Police	Fire	Beach	Water	Wastewater	Library	School	Total
(1) Total Normal Cost	758,203	798,333	430,714	5,342	79,740	97,986	7,418	754,272	2,932,008
(2) Expected Employee Contributions	<u>284,466</u>	<u>262,917</u>	<u>158,472</u>	<u>2,445</u>	<u>31,148</u>	<u>33,301</u>	<u>3,230</u>	<u>234,746</u>	<u>1,010,725</u>
(3) Employer Normal Cost = (1) – (2)	473,737	535,416	272,242	2,897	48,592	64,685	4,188	519,526	1,921,283
(4) Net Amortization Payment	<u>785,099</u>	<u>775,931</u>	<u>709,971</u>	<u>6,113</u>	<u>76,124</u>	<u>120,684</u>	<u>65,517</u>	<u>671,128</u>	<u>3,210,567</u>
(5) Interest at Valuation rate on (3) + (4)	90,635	94,417	70,719	649	8,980	13,347	5,019	85,727	369,493
(6) Calculated contribution at valuation date = (3) + (4) + (5)	1,349,471	1,405,764	1,052,932	9,659	133,696	198,716	74,724	1,276,381	5,501,343
(7) Total Payroll	3,600,916	2,635,954	2,306,844	48,928	333,637	526,635	203,380	3,328,004	12,984,298
(8) Calculated contribution at valuation date as a percentage of total payroll = (6) ÷ (7)	37.5%	53.3%	45.6%	19.7%	40.1%	37.7%	36.7%	38.4%	42.4%
(9) Projected Payroll	<u>3,744,954</u>	<u>2,741,392</u>	<u>2,399,118</u>	<u>50,885</u>	<u>346,982</u>	<u>547,700</u>	<u>211,515</u>	<u>3,461,124</u>	<u>13,503,670</u>
(10) Preliminary actuarial recommended funding contribution = (8) x (9), with adjustments due to rounding	1,405,382	1,461,912	1,094,654	10,038	139,235	206,633	77,684	1,330,018	5,725,556
(11) Adjustment due to phasing in effect of assumption changes	72,647	71,799	65,695	566	7,044	11,167	6,062	62,101	297,081
(12) Annual recommended funding contribution (10) - (11)	1,332,735	1,390,113	1,028,959	9,472	132,191	195,466	71,622	1,267,917	5,428,475

Section 3 – Basis for the Valuation

3.1 Plan Participants

Participant information provided by the plan administrator is summarized in the following table.

	Active	Inactive Participants		Total
		Benefits Deferred	Receiving Benefits	
Participants at 07/01/14	251	24	181	456
Retired	(7)	0	7	0
Disabled	0	(1)	1	0
Rehires	0	0	0	0
Deaths without survivor benefits	0	0	(3)	(3)
Deaths with survivor benefits	(1)	0	(1)	(2)
Beneficiary added	0	0	2	2
Vested terminations	(1)	1	0	0
Non-vested terminations*	0	0	0	0
Add alternate payees	0	0	0	0
Benefits paid in full	(5)	(6)	0	(11)
Data corrections	0	0	0	0
New participants during the plan year	18	1 [†]	0	19
Participants as of 07/01/15	255	19	187	461

* Participants are due a return of their employee contributions

† New participant was hired, then terminated in the same plan year. The participant is still due a return of his/her employee contributions with interest.

Section 3 – Continued

3.1 Plan Participants – Continued

	Municipal Employees	Police	Firefighters	School	Totals
Actives					
Eligible for normal retirement benefits	20	2	10	20	52
Non-vested benefits	52	19	25	47	143
Not yet eligible for retirement benefits	18	15	0	27	60
Total	90	36	35	94	255
Receiving					
Currently receiving benefits	70	28	32	57	187
Terminated Vested					
Entitled to deferred benefit	7	1	0	3	11
Entitled to a return of employee contributions	3	2	1	2	8
Totals	170	67	68	156	461

Section 3 – Continued**3.2 Information about Participants****Active Participants**

Number accruing benefits	255
Average age for valuation	47.6
Average years of employment	10.9
Average expected pay	\$ 50,919

Inactive Participants with Deferred Benefits

Number of former participants with deferred benefits	11
Average age for valuation	53.7
Total deferred monthly benefits	\$ 18,391
Average deferred monthly benefit	\$ 1,672
Number of former participants due a return of employee contributions	8
Total employee contributions payable	\$ 169,577

Retired Participants and Beneficiaries

Number of retired pensioners	162
Number of disabled pensioners	13
Number of beneficiaries	11
Number of alternate payees	1
Total monthly benefits	\$ 380,213
Average monthly benefit	\$ 2,033

Section 3 – Continued

3.3 Summary of Plan Provisions

Name of plan

Town of Narragansett Pension Plan

Effective date

The plan was originally effective as of July 1, 1984.

Participation

All permanent, regular and probationary status employees who work for at least five months of a year and for at least twenty hours per week who elect to contribute to the Plan at the prescribed rates are eligible to participate in the Plan.

School Department employees who have been, are, or will be eligible for membership in the State Teacher's Retirement System shall be excluded from this Plan.

The Plan shall exclude any Police Officer covered under the 1666 Plan who has refused to join the Plan.

Normal retirement benefit

For all employees hired prior to July 1, 2011: A benefit equal to 2.5% of Final Average Compensation multiplied by years of credited service (subject to a maximum benefit of 75% of Final Average Compensation).

For Council 94 and Local 1033 employees hired on or after July 1, 2011: A benefit equal to 2.0% of Final Average Compensation multiplied by years of credited service up to 20 and 2.5% of Final Average Compensation multiplied by years of service in excess of 20, limited to 14 (subject to a maximum benefit of 75% of Final Average Compensation).

For Council 94 and Local 1033 employees hired on or after July 1, 2014: A benefit equal to 2.0% of Final Average Compensation multiplied by years of credited service (subject to a maximum benefit of 75% of Final Average Compensation).

For Police and Fire Union members hired on or after July 1, 2013: A benefit equal to 2.0% of Final Average Compensation multiplied by years of credited service.

Chapter 1666 participants shall be entitled to a benefit equal to 50% of final earnings.

Normal retirement date

Municipal Employees

A member may retire upon the later of attainment of age 58 or the completion of 10 years of credited service, but, in any case, he can retire immediately after completing 20 years of credited service

For Local 1033 members hired on or after 7/1/2014: A member may retire after completing 25 years of service

For Council 94 members hired on or after 7/1/2014: A member may retire upon the later of attainment of age 65 or the completion of 10 years of credited service, but, in any case, he can retire immediately after completing 25 years of credited service

Firefighters

For Firefighters hired prior to July 1, 2011: A Firefighter may retire upon completion of 20 years of credited service

For Firefighters hired on or after July 1, 2011, except Blanchette and Hultzman: A Firefighter may retire 23 years from their date of hire with a minimum 20 years of credited service

Section 3 – Continued

3.3 Summary of Plan Provisions – Continued

For Firefighters hired on or after July 1, 2013: A Firefighter may retire upon completion of 25 years of credited service

Police Officers
(including Chapter 1666)

For Police Union members hired before July 1, 2013: A Police Union member may retire upon the earlier of attainment of age 58 or the completion of 20 years of credited service

For Police Union members hired on or after July 1, 2013: A Police Union member may retire upon the completion of 25 years of credited service

Average monthly salary

Average annual basic compensation during the highest three consecutive years of service.

Early retirement

A member who has attained age 55 with 10 years of credited service, or has attained age 50 with 20 years of credited service may elect to retire and receive a monthly benefit equal to the actuarial equivalent of the accrued benefit determined as of the normal retirement date.

Disability retirement

Non-Occupational Causes

Municipal Employees

After the completion of seven years of credited service but prior to attainment of age 58, a disabled member is entitled to the greater of (a) 2.5% of Final Average Compensation multiplied by years of credited service (subject to a minimum of 25% and maximum of 50%) or (b) 1 2/3% of Final Average Compensation multiplied by years of credited service (subject to a minimum of 25%)

Firefighters and Police Officers

After the completion of seven years of credited service but prior to attainment of age 58 (age 55 for firefighters), a benefit equal to 2.5% of Final Average Compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%)

Occupational Causes

A benefit equal to 66 2/3% of the annualized rate of compensation determined as of the date of disability, reduced by the monthly value of any payments provided for the member under any worker's compensation law.

Section 3 – Continued**3.3 Summary of Plan Provisions** – Continued**Preretirement death benefit**

Municipal Employees

Non-Occupational Causes Upon the death of a member his beneficiary shall be entitled to the greater of (a) a refund of employee contributions with interest plus a lump sum benefit equal to \$400 times years of credited service (subject to a minimum of \$2,000 and a maximum of \$8,000) or (b) for a member with 10 or more years of credited service, a refund of employee contributions with interest, plus a monthly benefit equal to 50% of the member's accrued benefit.

Occupational Causes

Upon the death of a member, his beneficiary shall receive a refund of employee contributions with interest, plus a benefit equal to 50% of compensation.

Firefighters and Police Officers

Upon the death of a Firefighter or Police Officer who has completed 10 years of credited service, the beneficiary may elect either a refund of employee contributions with interest or a benefit equal to 50% of the accrued benefit. Special rules apply for death after meeting the eligibility for retirement.

Termination Benefit

For vested participants: Accrued benefit payable at normal retirement date

For non-vested participants: A return of employee contributions with interest payable as a lump sum

Vesting

For non-Firefighters: 100% vested after 10 years of Credited Service

For Firefighters: 100% vested after 20 years of Credited Service (25 years of Credited Service for Firefighters hired on or after 7/1/2013)

Compensation

Annual base compensation excluding longevity, incentive and holiday pay

Credited service

Contributing employees will receive credit for all service rendered to the Town from date of membership subject to certain special provisions.

Section 3 – Continued**3.3 Summary of Plan Provisions** – Continued**Cost of Living Adjustments**

Municipal Employees

Who retire on or after July 1, 2002 shall receive annual 3% compounded COLAs beginning on the July 1 of the year that the employee turns 58 years old.

Council 94 employees hired on or after 7/1/2014 shall receive annual 3% simple COLAs beginning on the July 1 of the year that the employee turns 58 years old.

Firefighters

Who retire on or after July 1, 2002 and before July 1, 2015 shall receive annually a 3% compounded COLA beginning on the July 1 of the year that the firefighter turns 52 years old.

Who retire on or after July 1, 2015 shall receive annually a 3% simple COLA beginning on the July 1 of the year that the firefighter turns 52 years old, subject to the suspension below.

The COLA has been suspended for 8 years for active members as of July 1, 2013.

Police Officers

Who retire on or after July 1, 2002, if employed before July 1, 2013, shall receive annual 3% compounded COLAs beginning on the earlier of July 1 or the year that the employee turns 52 years old of July 1 of the year that is the fifth anniversary of the police officer's retirement, subject to the suspension below.

Employees hired on or after July 1, 2013 shall receive a 3% simple COLA at retirement and when eligible

The COLA has been suspended for 8 years for active members as of July 1, 2013

Optional forms of payment

In lieu of the normal form of benefit, any member who is married at the time of retirement may elect a pension that provides, upon the member's death, for 67.5% of the pension to continue to the dependent spouse or dependent children.

Section 3 – Continued**3.3 Summary of Plan Provisions** – Continued**Participant contributions**

As of July 1, 2015

Municipal Employees	10% of salary; for Council 94 and Local 1033 employees, 11% of salary
Firefighters	11% of salary, holiday, incentive & longevity
Police Officers	11% of base salary, holiday, incentive & longevity
Laborers & Clerical	10% of base salary & longevity
Mid-managers	10% of base salary & longevity
Non Union	10% of base salary
School	10% of base salary

Contributions cease once a participant has reached 30 years of service

Section 3 – Continued**3.4 Actuarial Assumptions**

Actuarial assumptions concerning future events are described below. Please see *Highlights* section for comments regarding changes in assumptions since the last valuation. Actuarial liabilities were determined using assumptions denoted below by “ARFC for Plan Year Ending 6/30/2017”.

Retirement age

Municipal Employees	100% retirement at the earlier of the completion of 20 years of service or attainment of age 58 with at least 10 years of service.
Firefighters and Police	100% retirement at the earlier of the completion of 20 years of service or attainment of age 58.

Mortality of healthy lives

ARFC for Plan Year Ending 6/30/2016:	
Municipal Employees	RP2000 Fully Generational, Base Year 2000, Scale AA
Firefighters and Police	RP2000 Fully Generational, Base Year 2000, Scale AA
ARFC for Plan Year Ending 6/30/2017:	
Municipal Employees	RP-2014 Mortality Table with Social Security Generational Improvements from 2006 based on 2014 Trustees Report
Firefighters and Police	RP-2014 Blue Collar Mortality Table with Social Security Generational Improvements from 2006 based on 2014 Trustees Report

Mortality of disabled lives

ARFC for Plan Year Ending 6/30/2016:	
Municipal Employees	RP2000 Fully Generational, Base Year 2000, Scale AA
Firefighters and Police	RP2000 Fully Generational, Base Year 2000, Scale AA
ARFC for Plan Year Ending 6/30/2017:	
Municipal Employees	RP-2014 Disabled Mortality Table with Social Security Generational Improvements from 2006 based on 2014 Trustees Report
Firefighters and Police	RP-2014 Disabled Mortality Table with Social Security Generational Improvements from 2006 based on 2014 Trustees Report

Section 3 – Continued

3.4 Actuarial Assumptions – Continued

Disablement

ARFC for Plan Year Ending 6/30/2016: None

ARFC for Plan Year Ending 6/30/2017: 50% of the rates in accordance with the 1985 Pension Disability Table

Age	Percent
25	0.05%
35	0.11%
45	0.25%
55	0.75%

Withdrawal

Municipal Employees

ARFC for Plan Year Ending 6/30/2016:

Rates in accordance with the T2 Table of *The Pension Actuary's Handbook*.

Age	Percent
25	3.99%
35	2.00%
45	0.59%
55	0.00%

ARFC for Plan Year Ending 6/30/2017:

Rates in accordance with the T2 Table of *The Pension Actuary's Handbook*.

Age	Percent
25	5.29%
35	4.70%
45	1.77%
55	0.00%

Firefighters and Police

None

Future salary increases

Local 1033 Members

Salary increases of \$1,000 with an additional 2.00% as of July 1, 2015, \$3,000 with an additional 2.00% as of July 1, 2016, then increases at the rates shown below for All Other Employees

Note that salary increases first apply the dollar increase to the base salary, then apply the percentage increase to both the original base salary and the flat dollar increase

Council 94 Members

Salary increases by 3.00% as of July 1, 2015, 2.50% as of July 1, 2016, then increases at the rates shown below for All Other Employees

Section 3 – Continued**3.5 Valuation Procedures****Funding method****Actuarial Recommended Funding Contribution – Entry Age Normal Cost Method**

The actuarial cost method used in determining the Actuarial Recommended Funding contributions is the entry age normal cost method.

In determining the Actuarial Recommended Funding Contribution, the excess of the entry age actuarial accrued liability over the actuarial value of plan assets is amortized over a closed 20 year period as a level percentage of pay. For this purpose, pay is assumed to grow at 4.00% annually.

The Actuarial Recommended Funding Contribution is determined as a percentage of current payroll projected to the following plan year.

Asset valuation method

The actuarial value of assets is equal to the fair market value of assets on the valuation date adjusted for a 5 year phase in of gains and losses on fair market value of assets.

Other procedures

Benefits projected to assumed retirement age for active participants have been limited so as not to exceed maximum benefit limits imposed by Code Section 415(b) and/or maximum compensation limits of Code Section 401(a)(17).

Exhibit 1 – Unfunded Actuarial Liability**A. Unfunded Entry-Age Actuarial Accrued Liability as of July 1, 2015**

(1)	Active participants	\$ 54,600,750
(2)	Inactive participants with deferred benefits	3,073,533
(3)	Participants/beneficiaries receiving benefits	64,016,846
(4)	Total entry-age actuarial accrued liability = (1) + (2) + (3)	121,691,129
(5)	Actuarial value of assets as of 07/01/15	74,427,566
(6)	Unfunded actuarial liability as of 07/01/15 = (4) – (5), not less than zero	\$ 47,263,563

B. Actuarial Recommended Funding Contribution Amortization Schedule – Determined as of July 1, 2015 for the Plan Year Ending June 30, 2017

	First Payment	Remaining Amortization Period (Years)	Outstanding Balance	Annual Payment
Charges:	07/01/2015	20	\$ 4,935,005	\$ 324,101
	07/01/2014	19	\$ 42,328,558	\$ 2,886,466
		Total:	\$ 47,263,563	\$ 3,210,567