

Bristol Police

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Bristol Police

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). Complete and return by April 18, 2014 to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?
 Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	899,460	899,474	100%
2014	1,288,194	1,288,194*	100%
2015*	1,341,343	1,341,343*	100%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table _____

*planned payment

** planned and budgeted*

2. Continuing Funding Improvement Plan process to fully fund ARC?
 Yes
 No
3. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?
valuation 2015
 Yes, emerge from critical status in FY 2021. (see attached)
 No, emerge from critical status in FY _____.

4. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.

No further action taken or changes made. We are continuing to fund 100% of the ARC. We now have 3 active members remaining in the plan.


Signature

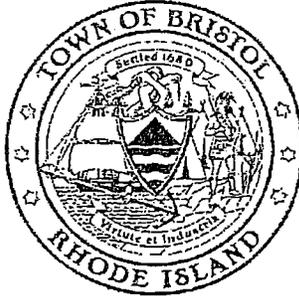
4/15/14
Date

SECTION III - DEVELOPMENT OF CONTRIBUTION
C. Long Range Forecast

This forecast is based on the results of the July 1, 2013 actuarial valuation and assumes that the Town will pay the Annual Required Contribution each year, the assets will return 6.75% on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Date	Values as of the Valuation Date				Fiscal Year Ending	Cash Flows Projected to the Following Fiscal Year			
	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio		Employer Contributions	Employee Contributions	Benefit Payments	Net Cash Flows
7/1/2013	\$27,204,260	\$12,857,275	\$14,346,985	47.3%	2015	\$1,341,343	\$35,981	(\$1,469,890)	(\$92,566)
7/1/2014	27,704,000	13,708,000	13,996,000	49.5%	2016	1,358,000	30,000	(1,528,000)	(140,000)
7/1/2015	28,174,000	14,618,000	13,556,000	51.9%	2017	1,388,000	20,000	(1,609,000)	(201,000)
7/1/2016	28,614,000	15,538,000	13,076,000	54.3%	2018	1,391,000	12,000	(1,678,000)	(275,000)
7/1/2017	28,961,000	16,449,000	12,512,000	56.8%	2019	1,386,000	9,000	(1,725,000)	(330,000)
7/1/2018	29,220,000	17,275,000	11,945,000	59.1%	2020	1,403,000	8,000	(1,761,000)	(350,000)
7/1/2019	29,428,000	18,100,000	11,328,000	61.5%	2021	1,435,000	8,000	(1,794,000)	(351,000)
7/1/2020	29,609,000	18,960,000	10,649,000	64.0%	2022	1,472,000	5,000	(1,841,000)	(364,000)
7/1/2021	29,766,000	19,877,000	9,889,000	66.8%	2023	1,503,000	5,000	(1,874,000)	(366,000)
7/1/2022	29,873,000	20,842,000	9,031,000	69.8%	2024	1,543,000	5,000	(1,907,000)	(359,000)
7/1/2023	29,953,000	21,870,000	8,083,000	73.0%	2025	1,582,000	2,000	(1,955,000)	(371,000)
7/1/2024	30,003,000	22,975,000	7,028,000	76.6%	2026	1,614,000	0	(1,993,000)	(379,000)
7/1/2025	29,991,000	24,142,000	5,849,000	80.5%	2027	1,646,000	0	(2,023,000)	(377,000)
7/1/2026	29,936,000	25,380,000	4,556,000	84.8%	2028	1,679,000	0	(2,051,000)	(372,000)
7/1/2027	29,843,000	26,704,000	3,139,000	89.5%	2029	1,706,000	0	(2,079,000)	(373,000)
7/1/2028	29,712,000	28,122,000	1,590,000	94.6%	2030	1,698,000	0	(2,106,000)	(408,000)
7/1/2029	29,546,000	29,634,000	(88,000)	100.3%	2031	0	0	(2,132,000)	(2,132,000)
7/1/2030	29,343,000	31,213,000	(1,870,000)	106.4%	2032	0	0	(2,157,000)	(2,157,000)
7/1/2031	29,097,000	31,116,000	(2,019,000)	106.9%	2033	0	0	(2,181,000)	(2,181,000)
7/1/2032	28,807,000	30,987,000	(2,180,000)	107.6%	2034	0	0	0	0

For purposes of this forecast the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility.



Finance Department

Town Hall, 10 Court Street, Bristol, RI 02809-2208

Telephone 401-253-7000 Facsimile 401-253-1570

www.bristolri.us

September 12, 2013

Attn: Rosemary Booth Gallogly
Department of Revenue
Office of the Director
One Capitol Hill
Providence, RI 02908-5855

RE: Pension Study Commission FIP Update

Dear Director Gallogly,

As indicated during our previous communications, the Town of Bristol is committed to improving the status of our Police Retirement Plan. Due to the closed status of the plan, and the fact that there are only 4 active members remaining (3 at the end of this month), the Town's funding improvement action plan consisted mainly of adopted more conservative assumptions, and committing to funding the plan at 100% of the ARC.

The Town Council adopted the FY2014 budget, approving the plan funding at 100% of the ARC payment, an increase of roughly \$400,000 over the prior year. With this commitment, it is anticipated that the Town will come out of critical status by 2019.

If I can provide any further information or clarification, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Julie R. Goucher".

Julie R. Goucher
Treasurer

Cc: Antonio A. Teixeira, Town Administrator

**Town of Bristol RI Police Retirement Plan
Municipal Pension Critical Status Report
November 11, 2012**

Funding Improvement Plan #1: No Future Plan Changes

Based on the preliminary results of the July 1, 2012 valuation, the plan's funded ratio is 46.8% and the Annual Required Contribution for FY 2013-14 is \$1,288,194. If the Town makes no future plan changes but pays the Annual Required Contribution in full each year, the plan is projected to emerge from critical status in 2019. The principal results of the July 1, 2012 valuation are set forth below per Section I of the July 3, 2012 memo regarding funding improvement plans:

FY 2013-14 Annual Required Contribution	\$1,288,194
Amortization method, including period	Level percent over a closed 17 year period
Interest rate	6.75%
Rate of increase in payments	3.00%
Amortization amount	\$1,087,777
Market value of assets	\$12,415,633
Actuarial value of assets	\$12,415,633 (reset to market @ 7/1/2012)
Accrued liability	\$26,521,112
Funded ratio	46.8%
Total normal cost	\$163,239
<hr/>	
Expected employee contributions	\$44,277
Expected administrative expenses	\$0
Employer normal cost	\$118,962
Description of benefit changes	None
Plan to emerge from critical status	Pay 100% of Annual Required Contribution
Time frame to emerge from critical status	By 2019
Required actions to implement plan	Pay 100% of Annual Required Contribution
Deterministic forecasts	See Exhibit A attached
Five year forecast of municipal revenue growth	See Exhibit B attached

**Town of Bristol RI Police Retirement Plan
Municipal Pension Critical Status Report
November 11, 2012**

This approach of the Town paying 100% of the Annual Required Contribution meets the Funding Improvement Guidelines as set forth in Section II of the July 3, 2012 memo regarding funding improvement plans:

Guideline	Bristol Compliance
Historic contribution policy	100+% of the Annual Required Contribution since FYE 2007
Amortization period (maximum 30 years)	17 years as of July 1, 2012
Projected to emerge from critical status (within 20 years)	2019
Percent increase in amortization payments (maximum 4%)	3.00%
Decrease in annual contribution other than resulting from benefit reduction (none permitted)	The Annual Required Contribution may decrease as a result of favorable experience; it is not anticipated that the Town would contribute less than 100% of the Annual Required Contribution, which the Town feels meets the spirit of the guidelines
Shorter amortization schedule than 30 years	17
Amortization period for frozen plans with only retirees (not more than average future lifetime)	Not applicable
No open amortization period	Amortization period is closed
Future changes in UAL may be amortized up to 20 years as separate bases	Separate bases are not utilized
Temporary increases in ARC capped at 8%	It is not anticipated that this provision would be utilized

Exhibit A shows the forecast of key values under this approach, including two deterministic long-range forecasts. These materials were prepared by Milliman, Inc., our valuation actuary.

Town of Bristol, RI Police Retirement Plan
Exhibit A - Long-Range Funding Forecast Assuming No Plan Changes

1 - Projection Based on July 1, 2012 Preliminary Valuation Results - Based on Actuarial Assumptions

Additional run requested
by the study commission.
Submitted 5/20/13.

Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Amortization Period	Amortization Payment (3% Growth Rate)	Normal Cost	Interest	Annual Required Contribution for FYE	Payroll	Benefit Payments	
07/01/2012	12,416,000	12,416,000	26,521,000	14,105,000	46.8%	17	1,088,000	119,000	81,000	1,288,000	2014	358,000	1,324,000
07/01/2013	12,821,000	12,821,000	27,070,000	14,249,000	47.4%	16	1,149,000	108,000	84,000	1,341,000	2015	331,000	1,362,000
07/01/2014	13,611,000	13,611,000	27,596,000	13,986,000	49.3%	15	1,183,000	103,000	87,000	1,373,000	2016	320,000	1,404,000
07/01/2015	14,470,000	14,470,000	28,114,000	13,644,000	51.5%	14	1,217,000	107,000	89,000	1,413,000	2017	319,000	1,440,000
07/01/2016	15,339,000	15,339,000	28,609,000	13,250,000	53.7%	13	1,252,000	60,000	88,000	1,400,000	2018	245,000	1,494,000
07/01/2017	16,196,000	16,196,000	28,932,000	12,736,000	56.0%	12	1,282,000	32,000	89,000	1,403,000	2019	91,000	1,623,000
07/01/2018	17,002,000	17,002,000	29,166,000	12,165,000	58.3%	11	1,314,000	19,000	90,000	1,423,000	2020	56,000	1,688,000
07/01/2019	17,816,000	17,816,000	29,354,000	11,538,000	60.7%	10	1,348,000	16,000	92,000	1,456,000	2021	46,000	1,733,000
07/01/2020	18,669,000	18,669,000	29,513,000	10,844,000	63.3%	9	1,384,000	16,000	94,000	1,494,000	2022	47,000	1,767,000
07/01/2021	19,580,000	19,580,000	29,649,000	10,069,000	66.0%	8	1,422,000	12,000	96,000	1,530,000	2023	46,000	1,800,000
07/01/2022	20,550,000	20,550,000	29,747,000	9,197,000	69.1%	7	1,459,000	11,000	99,000	1,569,000	2024	35,000	1,839,000
07/01/2023	21,589,000	21,589,000	29,816,000	8,228,000	72.4%	6	1,497,000	11,000	101,000	1,609,000	2025	34,000	1,871,000
07/01/2024	22,706,000	22,706,000	29,858,000	7,152,000	76.0%	5	1,535,000	4,000	103,000	1,642,000	2026	33,000	1,903,000
07/01/2025	23,889,000	23,889,000	29,841,000	5,951,000	80.1%	4	1,569,000	0	105,000	1,674,000	2027	11,000	1,948,000
07/01/2026	25,147,000	25,147,000	29,779,000	4,632,000	84.4%	3	1,600,000	0	108,000	1,708,000	2028	0	1,986,000
07/01/2027	26,492,000	26,492,000	29,683,000	3,191,000	89.2%	2	1,624,000	0	110,000	1,734,000	2029	0	2,015,000
07/01/2028	27,933,000	27,933,000	29,549,000	1,616,000	94.5%	1	1,616,000	0	109,000	1,725,000	2030	0	2,043,000
07/01/2029	29,471,000	29,471,000	29,377,000	(94,000)	100.3%	1	0	0	0	0	2031	0	2,070,000
07/01/2030	31,076,000	31,076,000	29,162,000	(1,914,000)	106.6%	1	0	0	0	0	2032	0	2,097,000
07/01/2031	30,980,000	30,980,000	28,914,000	(2,067,000)	107.1%	1	0	0	0	0	2033	0	2,121,000
07/01/2032	30,853,000	30,853,000	28,620,000	(2,233,000)	107.8%	1	0	0	0	0	2034	0	2,146,000
07/01/2033	30,694,000	30,694,000	28,273,000	(2,420,000)	108.6%	1	0	0	0	0	2035	0	2,169,000
07/01/2034	30,501,000	30,501,000	27,892,000	(2,609,000)	109.4%	1	0	0	0	0	2036	0	2,191,000
07/01/2035	30,274,000	30,274,000	27,462,000	(2,811,000)	110.2%	1	0	0	0	0	2037	0	2,212,000
07/01/2036	30,011,000	30,011,000	26,983,000	(3,028,000)	111.2%	1	0	0	0	0	2038	0	2,231,000
07/01/2037	29,712,000	29,712,000	26,453,000	(3,259,000)	112.3%	1	0	0	0	0	2039	0	2,249,000
07/01/2038	29,376,000	29,376,000	25,870,000	(3,506,000)	113.6%	1	0	0	0	0	2040	0	2,265,000
07/01/2039	29,003,000	29,003,000	25,231,000	(3,772,000)	114.9%	1	0	0	0	0	2041	0	2,279,000

Projection Assumptions

The number of active members declines to zero. Individual pay increases and patterns of turnover, retirement, disability, and mortality are per the valuation assumptions stated in the 2011 Experience Study. The Town always pays the Annual Required Contribution. The investments earn the assumed annual rate of return each year in the future. There are no future plan changes, assumption changes, funding method changes, or actuarial gains/losses. For purposes of this projection the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility.

Caveats

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Except as otherwise indicated above, the explanatory notes contained in the July 1, 2011 Valuation Report dated November 22, 2011, including statements of reliance and limitations on use, continue to apply.

Town of Bristol, RI Police Retirement Plan
Exhibit A - Long-Range Funding Forecast Assuming No Plan Changes
1 - Projection Based on July 1, 2012 Preliminary Valuation Results - Based on Actuarial Assumptions

Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Amortization Period	Amortization Payment (3% Growth Rate)	Normal Cost	Interest	Annual Required Contribution for FYE	Payroll	Benefit Payments	
07/01/2012	12,416,000	12,416,000	26,521,000	14,105,000	46.8%	17	1,088,000	119,000	81,000	1,288,000	2014	358,000	1,324,000
07/01/2013	12,821,000	12,821,000	27,070,000	14,249,000	47.4%	16	1,149,000	108,000	84,000	1,341,000	2015	331,000	1,362,000
07/01/2014	13,611,000	13,611,000	27,596,000	13,986,000	49.3%	15	1,183,000	103,000	87,000	1,373,000	2016	320,000	1,404,000
07/01/2015	14,470,000	14,470,000	28,114,000	13,644,000	51.5%	14	1,217,000	107,000	89,000	1,413,000	2017	319,000	1,440,000
07/01/2016	15,359,000	15,359,000	28,609,000	13,250,000	53.7%	13	1,252,000	60,000	88,000	1,400,000	2018	245,000	1,494,000
07/01/2017	16,196,000	16,196,000	28,932,000	12,736,000	56.0%	12	1,282,000	32,000	89,000	1,403,000	2019	91,000	1,623,000
07/01/2018	17,002,000	17,002,000	29,166,000	12,165,000	58.3%	11	1,314,000	19,000	90,000	1,423,000	2020	56,000	1,688,000
07/01/2019	17,816,000	17,816,000	29,354,000	11,538,000	60.7%	10	1,348,000	16,000	92,000	1,456,000	2021	48,000	1,733,000
07/01/2020	18,669,000	18,669,000	29,513,000	10,844,000	63.1%	10	1,267,000	16,000	86,000	1,369,000	2022	47,000	1,767,000
07/01/2021	19,580,000	19,580,000	29,649,000	10,069,000	66.0%	10	1,176,000	12,000	80,000	1,268,000	2023	46,000	1,800,000
07/01/2022	20,420,000	20,420,000	29,747,000	9,326,000	68.6%	10	1,090,000	11,000	74,000	1,175,000	2024	35,000	1,839,000
07/01/2023	21,180,000	21,180,000	29,816,000	8,636,000	71.0%	10	1,009,000	11,000	69,000	1,089,000	2025	34,000	1,871,000
07/01/2024	21,862,000	21,862,000	29,858,000	7,996,000	73.2%	10	934,000	4,000	64,000	1,002,000	2026	33,000	1,903,000
07/01/2025	22,451,000	22,451,000	29,841,000	7,390,000	75.2%	10	863,000	0	59,000	922,000	2027	11,000	1,948,000
07/01/2026	22,948,000	22,948,000	29,779,000	6,830,000	77.1%	10	798,000	0	54,000	852,000	2028	0	1,986,000
07/01/2027	23,367,000	23,367,000	29,683,000	6,316,000	78.7%	10	738,000	0	50,000	788,000	2029	0	2,015,000
07/01/2028	23,713,000	23,713,000	29,549,000	5,836,000	80.3%	10	682,000	0	46,000	728,000	2030	0	2,043,000
07/01/2029	23,988,000	23,988,000	29,377,000	5,389,000	81.7%	10	630,000	0	42,000	672,000	2031	0	2,070,000
07/01/2030	24,192,000	24,192,000	29,162,000	4,970,000	83.0%	10	581,000	0	39,000	620,000	2032	0	2,097,000
07/01/2031	24,327,000	24,327,000	28,914,000	4,587,000	84.1%	10	536,000	0	36,000	572,000	2033	0	2,121,000
07/01/2032	24,392,000	24,392,000	28,620,000	4,228,000	85.2%	10	494,000	0	33,000	527,000	2034	0	2,146,000
07/01/2033	24,387,000	24,387,000	28,273,000	3,886,000	86.3%	10	454,000	0	31,000	485,000	2035	0	2,169,000
07/01/2034	24,314,000	24,314,000	27,892,000	3,578,000	87.2%	10	418,000	0	28,000	446,000	2036	0	2,191,000
07/01/2035	24,170,000	24,170,000	27,462,000	3,292,000	88.0%	10	385,000	0	26,000	411,000	2037	0	2,212,000
07/01/2036	23,957,000	23,957,000	26,983,000	3,026,000	88.8%	10	354,000	0	23,000	377,000	2038	0	2,231,000
07/01/2037	23,673,000	23,673,000	26,453,000	2,779,000	89.5%	10	325,000	0	22,000	347,000	2039	0	2,249,000
07/01/2038	23,320,000	23,320,000	25,870,000	2,550,000	90.1%	10	298,000	0	20,000	318,000	2040	0	2,265,000
07/01/2039	22,897,000	22,897,000	25,231,000	2,334,000	90.7%	10	273,000	0	18,000	291,000	2041	0	2,279,000

Projection Assumptions

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caveats

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LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

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*planned payment

* planned and budgeted

2. Continuing Funding Improvement Plan process to fully fund ARC?

- Yes
 No

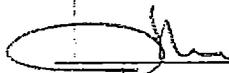
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Signature

4/15/14

Date

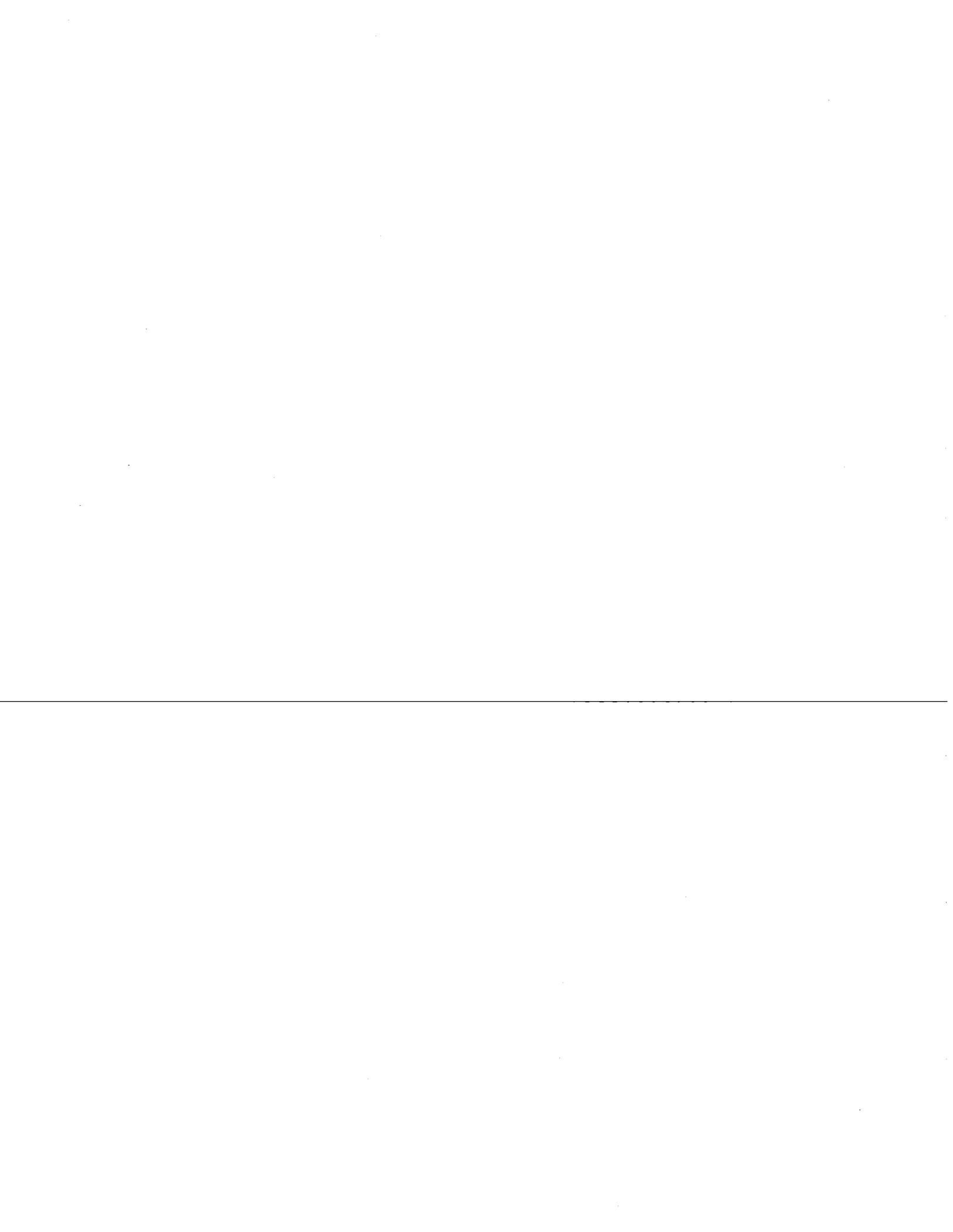
SECTION III - DEVELOPMENT OF CONTRIBUTION

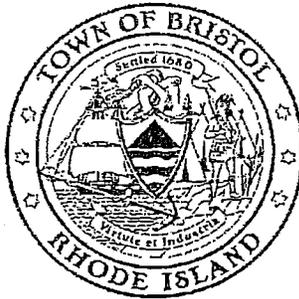
C. Long Range Forecast

This forecast is based on the results of the July 1, 2013 actuarial valuation and assumes that the Town will pay the Annual Required Contribution each year, the assets will return 6.75% on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Date	Values as of the Valuation Date				Fiscal Year Ending	Cash Flows Projected to the Following Fiscal Year			
	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio		Employer Contributions	Employee Contributions	Benefit Payments	Net Cash Flows
7/1/2013	\$27,204,260	\$12,857,275	\$14,346,985	47.3%	2015	\$1,341,343	\$35,981	(\$1,469,890)	(\$92,566)
7/1/2014	27,704,000	13,708,000	13,996,000	49.5%	2016	1,358,000	30,000	(1,528,000)	(140,000)
7/1/2015	28,174,000	14,618,000	13,556,000	51.9%	2017	1,388,000	20,000	(1,609,000)	(201,000)
7/1/2016	28,614,000	15,538,000	13,076,000	54.3%	2018	1,391,000	12,000	(1,678,000)	(275,000)
7/1/2017	28,961,000	16,449,000	12,512,000	56.8%	2019	1,386,000	9,000	(1,725,000)	(330,000)
7/1/2018	29,220,000	17,275,000	11,945,000	59.1%	2020	1,403,000	8,000	(1,761,000)	(350,000)
7/1/2019	29,428,000	18,100,000	11,328,000	61.5%	2021	1,435,000	8,000	(1,794,000)	(351,000)
7/1/2020	29,609,000	18,960,000	10,649,000	64.0%	2022	1,472,000	5,000	(1,841,000)	(364,000)
7/1/2021	29,766,000	19,877,000	9,889,000	66.8%	2023	1,503,000	5,000	(1,874,000)	(366,000)
7/1/2022	29,873,000	20,842,000	9,031,000	69.8%	2024	1,543,000	5,000	(1,907,000)	(359,000)
7/1/2023	29,953,000	21,870,000	8,083,000	73.0%	2025	1,582,000	2,000	(1,955,000)	(371,000)
7/1/2024	30,003,000	22,975,000	7,028,000	76.6%	2026	1,614,000	0	(1,993,000)	(379,000)
7/1/2025	29,991,000	24,142,000	5,849,000	80.5%	2027	1,646,000	0	(2,023,000)	(377,000)
7/1/2026	29,936,000	25,380,000	4,556,000	84.8%	2028	1,679,000	0	(2,051,000)	(372,000)
7/1/2027	29,843,000	26,704,000	3,139,000	89.5%	2029	1,706,000	0	(2,079,000)	(373,000)
7/1/2028	29,712,000	28,122,000	1,590,000	94.6%	2030	1,698,000	0	(2,106,000)	(408,000)
7/1/2029	29,546,000	29,634,000	(88,000)	100.3%	2031	0	0	(2,132,000)	(2,132,000)
7/1/2030	29,343,000	31,213,000	(1,870,000)	106.4%	2032	0	0	(2,157,000)	(2,157,000)
7/1/2031	29,097,000	31,116,000	(2,019,000)	106.9%	2033	0	0	(2,181,000)	(2,181,000)
7/1/2032	28,807,000	30,987,000	(2,180,000)	107.6%	2034	0	0	0	0

For purposes of this forecast the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility.





Finance Department

Town Hall, 10 Court Street, Bristol, RI 02809-2208

Telephone 401-253-7000 Facsimile 401-253-1570

www.bristolri.us

September 12, 2013

Attn: Rosemary Booth Gallogly
Department of Revenue
Office of the Director
One Capitol Hill
Providence, RI 02908-5855

RE: Pension Study Commission FIP Update

Dear Director Gallogly,

As indicated during our previous communications, the Town of Bristol is committed to improving the status of our Police Retirement Plan. Due to the closed status of the plan, and the fact that there are only 4 active members remaining (3 at the end of this month), the Town's funding improvement action plan consisted mainly of adopted more conservative assumptions, and committing to funding the plan at 100% of the ARC.

The Town Council adopted the FY2014 budget, approving the plan funding at 100% of the ARC payment, an increase of roughly \$400,000 over the prior year. With this commitment, it is anticipated that the Town will come out of critical status by 2019.

If I can provide any further information or clarification, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Julie R. Goucher', is written over a horizontal line.

Julie R. Goucher
Treasurer

Cc: Antonio A. Teixeira, Town Administrator

**Town of Bristol RI Police Retirement Plan
Municipal Pension Critical Status Report
November 11, 2012**

Funding Improvement Plan #1: No Future Plan Changes

Based on the preliminary results of the July 1, 2012 valuation, the plan's funded ratio is 46.8% and the Annual Required Contribution for FY 2013-14 is \$1,288,194. If the Town makes no future plan changes but pays the Annual Required Contribution in full each year, the plan is projected to emerge from critical status in 2019. The principal results of the July 1, 2012 valuation are set forth below per Section I of the July 3, 2012 memo regarding funding improvement plans:

FY 2013-14 Annual Required Contribution	\$1,288,194
Amortization method, including period	Level percent over a closed 17 year period
Interest rate	6.75%
Rate of increase in payments	3.00%
Amortization amount	\$1,087,777
Market value of assets	\$12,415,633
Actuarial value of assets	\$12,415,633 (reset to market @ 7/1/2012)
Accrued liability	\$26,521,112
Funded ratio	46.8%
<hr/>	
Total normal cost	\$163,239
Expected employee contributions	\$44,277
Expected administrative expenses	\$0
Employer normal cost	\$118,962
Description of benefit changes	None
Plan to emerge from critical status	Pay 100% of Annual Required Contribution
Time frame to emerge from critical status	By 2019
Required actions to implement plan	Pay 100% of Annual Required Contribution
Deterministic forecasts	See Exhibit A attached
Five year forecast of municipal revenue growth	See Exhibit B attached

**Town of Bristol RI Police Retirement Plan
Municipal Pension Critical Status Report
November 11, 2012**

This approach of the Town paying 100% of the Annual Required Contribution meets the Funding Improvement Guidelines as set forth in Section II of the July 3, 2012 memo regarding funding improvement plans:

Guideline	Bristol Compliance
Historic contribution policy	100+% of the Annual Required Contribution since FYE 2007
Amortization period (maximum 30 years)	17 years as of July 1, 2012
Projected to emerge from critical status (within 20 years)	2019
Percent increase in amortization payments (maximum 4%)	3.00%
Decrease in annual contribution other than resulting from benefit reduction (none permitted)	The Annual Required Contribution may decrease as a result of favorable experience; it is not anticipated that the Town would contribute less than 100% of the Annual Required Contribution, which the Town feels meets the spirit of the guidelines
Shorter amortization schedule than 30 years	17
Amortization period for frozen plans with only retirees (not more than average future lifetime)	Not applicable
No open amortization period	Amortization period is closed
Future changes in UAL may be amortized up to 20 years as separate bases	Separate bases are not utilized
Temporary increases in ARC capped at 8%	It is not anticipated that this provision would be utilized

Exhibit A shows the forecast of key values under this approach, including two deterministic long-range forecasts. These materials were prepared by Milliman, Inc., our valuation actuary.

Town of Bristol, RI Police Retirement Plan
Exhibit A - Long-Range Funding Forecast Assuming No Plan Changes
1 - Projection Based on July 1, 2012 Preliminary Valuation Results - Based on Actuarial Assumptions

Additional run requested
 by the study commission.
 Submitted 5/20/13.

Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Amortization Period	Amortization Payment(3% Growth Rate)	Normal Cost	Interest	Annual Required Contribution for FYE	Payroll	Benefit Payments
07/01/2012	12,416,000	12,416,000	26,521,000	14,105,000	46.3%	17	1,088,000	119,000	81,000	1,288,000	358,000	1,324,000
07/01/2013	12,821,000	12,821,000	27,070,000	14,249,000	47.4%	16	1,149,000	108,000	84,000	1,341,000	331,000	1,362,000
07/01/2014	13,611,000	13,611,000	27,596,000	13,986,000	49.3%	15	1,183,000	103,000	87,000	1,373,000	320,000	1,404,000
07/01/2015	14,470,000	14,470,000	28,114,000	13,644,000	51.5%	14	1,217,000	107,000	89,000	1,413,000	319,000	1,440,000
07/01/2016	15,359,000	15,359,000	28,609,000	13,250,000	53.7%	13	1,252,000	60,000	88,000	1,400,000	245,000	1,494,000
07/01/2017	16,196,000	16,196,000	28,932,000	12,736,000	56.0%	12	1,282,000	32,000	89,000	1,403,000	91,000	1,623,000
07/01/2018	17,002,000	17,002,000	29,166,000	12,165,000	58.3%	11	1,314,000	19,000	90,000	1,423,000	56,000	1,688,000
07/01/2019	17,816,000	17,816,000	29,354,000	11,538,000	60.7%	10	1,348,000	16,000	92,000	1,456,000	48,000	1,733,000
07/01/2020	18,669,000	18,669,000	29,513,000	10,844,000	63.3%	9	1,384,000	16,000	94,000	1,494,000	47,000	1,767,000
07/01/2021	19,580,000	19,580,000	29,649,000	10,069,000	66.0%	8	1,422,000	12,000	96,000	1,530,000	46,000	1,800,000
07/01/2022	20,550,000	20,550,000	29,747,000	9,197,000	69.1%	7	1,459,000	11,000	99,000	1,569,000	35,000	1,839,000
07/01/2023	21,589,000	21,589,000	29,816,000	8,228,000	72.4%	6	1,497,000	11,000	101,000	1,609,000	34,000	1,871,000
07/01/2024	22,706,000	22,706,000	29,858,000	7,152,000	76.0%	5	1,535,000	4,000	103,000	1,642,000	33,000	1,903,000
07/01/2025	23,889,000	23,889,000	29,841,000	5,951,000	80.1%	4	1,569,000	0	105,000	1,674,000	11,000	1,948,000
07/01/2026	25,147,000	25,147,000	29,779,000	4,632,000	84.4%	3	1,600,000	0	108,000	1,708,000	0	1,986,000
07/01/2027	26,492,000	26,492,000	29,683,000	3,191,000	89.2%	2	1,624,000	0	110,000	1,734,000	0	2,015,000
07/01/2028	27,933,000	27,933,000	29,549,000	1,616,000	94.5%	1	1,616,000	0	109,000	1,725,000	0	2,043,000
07/01/2029	29,471,000	29,471,000	29,377,000	(94,000)	100.3%	1	0	0	0	0	0	2,070,000
07/01/2030	31,076,000	31,076,000	29,162,000	(1,914,000)	106.6%	1	0	0	0	0	0	2,097,000
07/01/2031	30,980,000	30,980,000	28,914,000	(2,067,000)	107.1%	1	0	0	0	0	0	2,121,000
07/01/2032	30,853,000	30,853,000	28,620,000	(2,233,000)	107.8%	1	0	0	0	0	0	2,146,000
07/01/2033	30,694,000	30,694,000	28,273,000	(2,420,000)	108.6%	1	0	0	0	0	0	2,169,000
07/01/2034	30,501,000	30,501,000	27,892,000	(2,609,000)	109.4%	1	0	0	0	0	0	2,191,000
07/01/2035	30,274,000	30,274,000	27,462,000	(2,811,000)	110.2%	1	0	0	0	0	0	2,212,000
07/01/2036	30,011,000	30,011,000	26,983,000	(3,028,000)	111.2%	1	0	0	0	0	0	2,231,000
07/01/2037	29,712,000	29,712,000	26,453,000	(3,259,000)	112.3%	1	0	0	0	0	0	2,249,000
07/01/2038	29,376,000	29,376,000	25,870,000	(3,506,000)	113.6%	1	0	0	0	0	0	2,265,000
07/01/2039	29,003,000	29,003,000	25,231,000	(3,772,000)	114.9%	1	0	0	0	0	0	2,279,000

Projection Assumptions

The number of active members declines to zero. Individual pay increases and patterns of turnover, retirement, disability, and mortality are per the valuation assumptions stated in the 2011 Experience Study. The Town always pays the Annual Required Contribution. The investments earn the assumed annual rate of return each year in the future. There are no future plan changes, assumption changes, funding method changes, or actuarial gains / losses. For purposes of this projection the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility.

Caveats

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Except as otherwise indicated above, the explanatory notes contained in the July 1, 2011 Valuation Report dated November 22, 2011, including statements of reliance and limitations on use, continue to apply.

Town of Bristol, RI Police Retirement Plan
Exhibit A - Long-Range Funding Forecast Assuming No Plan Changes
1 - Projection Based on July 1, 2012 Preliminary Valuation Results - Based on Actuarial Assumptions

Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Amortization Period	Amortization Payment (3% Growth Rate)	Normal Cost	Interest	Annual Required Contribution for FYE	Payroll	Benefit Payments	
07/01/2012	12,416,000	12,416,000	26,521,000	14,105,000	46.8%	17	1,088,000	119,000	81,000	1,288,000	2014	358,000	1,324,000
07/01/2013	12,821,000	12,821,000	27,070,000	14,249,000	47.4%	16	1,149,000	108,000	84,000	1,341,000	2015	331,000	1,362,000
07/01/2014	13,611,000	13,611,000	27,596,000	13,986,000	49.3%	15	1,183,000	103,000	87,000	1,373,000	2016	320,000	1,404,000
07/01/2015	14,470,000	14,470,000	28,114,000	13,644,000	51.3%	14	1,217,000	107,000	89,000	1,413,000	2017	319,000	1,440,000
07/01/2016	15,359,000	15,359,000	28,609,000	13,250,000	53.7%	13	1,252,000	60,000	88,000	1,400,000	2018	245,000	1,494,000
07/01/2017	16,196,000	16,196,000	28,932,000	12,736,000	56.0%	12	1,282,000	32,000	89,000	1,403,000	2019	91,000	1,623,000
07/01/2018	17,002,000	17,002,000	29,166,000	12,165,000	58.3%	11	1,314,000	19,000	90,000	1,423,000	2020	56,000	1,688,000
07/01/2019	17,816,000	17,816,000	29,354,000	11,538,000	60.7%	10	1,348,000	16,000	92,000	1,456,000	2021	48,000	1,733,000
07/01/2020	18,669,000	18,669,000	29,513,000	10,844,000	63.2%	10	1,267,000	16,000	86,000	1,369,000	2022	47,000	1,767,000
07/01/2021	19,580,000	19,580,000	29,649,000	10,069,000	66.0%	10	1,176,000	12,000	80,000	1,268,000	2023	46,000	1,800,000
07/01/2022	20,420,000	20,420,000	29,747,000	9,326,000	68.6%	10	1,090,000	11,000	74,000	1,175,000	2024	35,000	1,839,000
07/01/2023	21,180,000	21,180,000	29,816,000	8,636,000	71.0%	10	1,009,000	11,000	69,000	1,089,000	2025	34,000	1,871,000
07/01/2024	21,862,000	21,862,000	29,858,000	7,996,000	73.2%	10	934,000	4,000	64,000	1,002,000	2026	33,000	1,903,000
07/01/2025	22,451,000	22,451,000	29,841,000	7,390,000	75.2%	10	863,000	0	59,000	922,000	2027	11,000	1,948,000
07/01/2026	22,948,000	22,948,000	29,779,000	6,830,000	77.1%	10	798,000	0	54,000	852,000	2028	0	1,986,000
07/01/2027	23,367,000	23,367,000	29,683,000	6,316,000	78.7%	10	738,000	0	50,000	788,000	2029	0	2,015,000
07/01/2028	23,713,000	23,713,000	29,549,000	5,836,000	80.3%	10	682,000	0	46,000	728,000	2030	0	2,043,000
07/01/2029	23,988,000	23,988,000	29,377,000	5,389,000	81.7%	10	630,000	0	42,000	672,000	2031	0	2,070,000
07/01/2030	24,192,000	24,192,000	29,162,000	4,970,000	83.0%	10	581,000	0	39,000	620,000	2032	0	2,097,000
07/01/2031	24,327,000	24,327,000	28,914,000	4,587,000	84.1%	10	536,000	0	36,000	572,000	2033	0	2,121,000
07/01/2032	24,392,000	24,392,000	28,620,000	4,228,000	85.2%	10	494,000	0	33,000	527,000	2034	0	2,146,000
07/01/2033	24,387,000	24,387,000	28,273,000	3,886,000	86.3%	10	454,000	0	31,000	485,000	2035	0	2,169,000
07/01/2034	24,314,000	24,314,000	27,892,000	3,578,000	87.2%	10	418,000	0	28,000	446,000	2036	0	2,191,000
07/01/2035	24,170,000	24,170,000	27,462,000	3,292,000	88.0%	10	385,000	0	26,000	411,000	2037	0	2,212,000
07/01/2036	23,957,000	23,957,000	26,983,000	3,026,000	88.8%	10	354,000	0	23,000	377,000	2038	0	2,231,000
07/01/2037	23,673,000	23,673,000	26,453,000	2,779,000	89.5%	10	325,000	0	22,000	347,000	2039	0	2,249,000
07/01/2038	23,320,000	23,320,000	25,870,000	2,550,000	90.1%	10	298,000	0	20,000	318,000	2040	0	2,265,000
07/01/2039	22,897,000	22,897,000	25,231,000	2,334,000	90.7%	10	273,000	0	18,000	291,000	2041	0	2,279,000

Projection Assumptions

The number of active members declines to zero. Individual pay increases and patterns of turnover, retirement, disability, and mortality are per the valuation assumptions stated in the 2011 Experience Study. The Town always pays the Annual Required Contribution. The investments earn the assumed annual rate of return each year in the future. There are no future plan changes, assumption changes, funding method changes, or actuarial gains / losses.

Caveats

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Except as otherwise indicated above, the explanatory notes contained in the July 1, 2011 Valuation Report dated November 22, 2011, including statements of reliance and limitations on use, continue to apply.

**Coventry Municipal
Coventry Police
Coventry School**

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Town of Coventry
Coventry Town Plan

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). Complete and return by April 18, 2014 to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

①

Year	ARC	Actual contribution	% of ARC funded
2013	1,068,188	559,077	52.34%
2014	991,124	719,077	72.55%
2015*	841,584	778,886	92.55%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year FY ending for above data table.

*planned payment

6/30/15

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. Increase employee contribution rate?

- Yes
 No
 Still negotiating Matter in arbitration/court

3. Three year wage freeze?

- Yes
 No
 Still Negotiating Matter in arbitration/court

4. Implement defined contribution plan and close defined benefit plan to new entrants?

- Yes
 No

5. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

- Yes, emerge from critical status in FY _____
 No, emerge from critical status in FY 38

① In addition to the % of ARC payments made/scheduled to be made in FY13-FY15, the Town has made supplemental payments directly towards the pension liability. Please see attached Schedule A.

LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
 OPEB Survey

6. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan.

Coventry Police Plan

7. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

②

Year	ARC	Actual contribution	% of ARC funded
2013	4,784,708	2,274,733	47.54%
2014	4,481,020	3,024,733	67.50%
2015*	4,495,252	3,933,346	87.50%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation, reflecting the ARC required from all sources. Indicate valuation year FY ending for above data table.

6/30/15

*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

8. Freeze longevity pay increases?

- Yes
 No
 Still negotiating Matter in arbitration/court

9. Change to a five year final average earnings definition?

- Yes
 No
 Still negotiating Matter in arbitration/court

10. Increase contribution rate to 20%?

- Yes
 No
 Still negotiating Matter in arbitration/court

② In addition to the % of ARC payments made/scheduled to be made in FY13-FY15, the Town has made supplemental payments towards the pension liability. Please see attached Schedule B.

LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
 OPEB Survey

11. Change retirement eligibility to age 55 with 25 years of service and change benefit formula as stated in FIP, Option 1?
 Yes
 No
 Still negotiating Matter in arbitration/court
12. Eliminate COLAs for all participants including retirees?
 Yes
 No
 Still negotiating Matter in arbitration/court
13. Close defined benefit plan to new entrants and implement a defined contribution plan as stated in FIP, Option 1?
 Yes
 No
 Still negotiating Matter in arbitration/court
14. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?
 Yes, emerge from critical status in FY _____.
 No, emerge from critical status in FY 36.
15. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.

Coventry School

16. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially per contractual agreement

③

Year	ARC	Actual contribution	% of ARC funded
2013	2,116,574	628,708	29.70%
2014	2,180,859	664,595	30.47%
2015*		691,228	

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation, reflecting the ARC required from all sources. Indicate valuation year FY ending 6/30/14 for above data table.

*planned payment

③ FY14 and FY15 Actual (Employer) Contributions are estimates that were provided by the Coventry School Department. Please attached Schedule C.

LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
OPEB Survey

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

17. Change amortization to a 30 year closed amortization?

- Yes
 No
 Still negotiating Matter in arbitration/court

18. Remove COLAs for future retirees?

- Yes
 No
 Still negotiating Matter in arbitration/court

19. Change benefit formula?

- Yes
 No
 Still negotiating Matter in arbitration/court

20. Change average earnings to career average?

- Yes
 No
 Still negotiating Matter in arbitration/court

Unknown

21. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

- Yes, emerge from critical status in FY _____.
 No, emerge from critical status in FY _____.

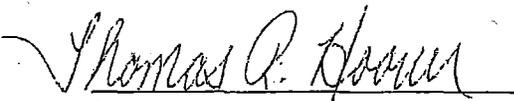
Please
See attachment
1

22. Full or continued implementation of the funding improvement plan as submitted to the Commission?

Partial implementation of the funding improvement plan as submitted to the Commission?

Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.


Signature

4-17-14
Date

Town of Coventry
Municipal Pension Plan
Actual & Scheduled Town Contributions FY10-FY16

Schedule A: Municipal Pension

	FY10	FY11	FY12	FY13	FIP Phase-in Starts FY14	FY15	FY16	Change FY15 vs FY14	Notes
ARC Increase/(Decrease) in ARC	806,558	887,077	986,087	1,068,188	991,124	841,584	841,584	(149,540)	ARC will decrease by \$149,540 in FY15.
		80,519	99,010	82,101	(77,064)	(149,540)	-		
Amount Contributed/To Be Contributed Toward ARC	550,000	442,837	559,077	559,077	719,077	778,886	841,584	59,809	An add'l contribution of \$59,809 is required to meet the FIP
% of ARC Contribution	68.19%	49.92%	56.70%	52.34%	72.55%	92.55%	100.00%	20.00%	The required contribution towards the ARC in FY15 is 92.55% of the stated ARC
FIP Required Contribution %	N/A	N/A	N/A	N/A	72.34%	92.55%	100.00%	100.00%	Our FIP states that we will increase our % of contribution by 20% annually until we are 100% funding at 100% annually.
Contribution Made Directly to Pension Fund Liability				213,977	361,000	50,365			These payments are not considered part of the ARC payments.
Total Contribution	550,000	442,837	559,077	773,054	1,080,077	829,251	841,584		



**COVENTRY MUNICIPAL EMPLOYEES
RETIREMENT PLAN**

**Actuarial Valuation as of July 1, 2013
For Fiscal Year Ending June 30, 2015**

Prepared by
Milliman, Inc.

Steve A. Lemanski, FSA, FCA
Consulting Actuary

80 Lambertson Road
Windsor, CT 06095 USA
Tel +1 860.687.2410
Fax +1 860.687.2111
milliman.com

Section IV - Accounting Information
C. Schedule of Employer Contributions

Fiscal Year Ending June 30	Annual Required Contribution	Actual Contribution	Percent Funded
2010	806,558	550,000	68%
2011	887,077	442,837	50%
2012	986,087	559,077	57%
2013	1,068,188	773,054	72%
2014	991,124	TBD	TBD
2015	841,584	TBD	TBD

Town of Coventry
Police Pension Plan
Actual & Scheduled Town Contributions FY10-FY16

Schedule B: Police Pension

	FY10	FY11	FY12	FY13	FIP Phase-in Starts FY14	FY15	FY16	Change FY15 vs FY14	Notes
ARC	3,084,953	3,278,626	3,530,006	4,784,708	4,481,020	4,495,252	4,495,252	14,232	ARC will increase by \$14,232 in FY15.
Increase/(Decrease) in ARC		193,673	251,380	1,254,702	(303,688)	14,232			
Amount Contributed/To Be Contributed Toward ARC	2,274,733	2,274,733	2,274,733	2,274,733	3,024,733	3,933,346	4,495,252	908,613	Our FIP states that we will increase our % of contribution by 20% annually until we are 20.00% funding at 100% annually.
% of ARC Contribution FIP Required Contribution %	73.74%	69.38%	64.44%	47.54%	67.50%	87.50%	100.00%		
	N/A	N/A	N/A	N/A					
Contribution Made Directly to Pension Fund Liability				986,023	1,539,000	214,712			These payments are not considered part of the ARC payments.
Total Contribution	2,274,733	2,274,733	2,274,733	3,260,756	4,563,733	4,148,058	4,495,252		



**TOWN OF COVENTRY POLICE OFFICERS
RETIREMENT PLAN**

**Actuarial Valuation as of July 1, 2013
For Fiscal Year Ending June 30, 2015**

Prepared by
Milliman, Inc.

Steve A. Lemanski, FSA, FCA
Consulting Actuary

80 Lamberton Road
Windsor, CT 06095 USA
Tel +1 860.687.2410
Fax +1 860.687.2111
milliman.com

Section IV - Accounting Information
C. Schedule of Employer Contributions

Fiscal Year Ending June 30	Annual Required Contribution	Actual Contribution	Percent Funded
2010	3,084,953	2,274,733	74%
2011	3,278,626	2,274,733	69%
2012	3,530,006	2,274,733	64%
2013	4,784,708	3,260,756	68%
2014	4,481,020	TBD	TBD
2015	4,495,252	TBD	TBD

Schedule C

Coventry Schools
SRP Pension

Year	Employee	Employer	Total
2013	\$ 412,187	\$ 656,923	\$ 1,069,110
2014	\$ 417,001	\$ 664,595	\$ 1,081,596
2015	\$ 433,712	\$ 691,228	\$ 1,124,940

Town of Coventry's Response for Updates on Progress Related to Locally Administered Pension Funds

Attachment #1

An FIP was submitted by the Board of Trustees for the SRP School Pension Fund. The Town of Coventry has no administrative duties, nor oversight of the operation of the pension plan. The Board of Trustees has responsibility for the assets. Subsequent to June 30, 2012, the Town and School Committee, based upon the advice of counsel, affirmed their funding responsibility is limited to making the contractually required contribution of 12.75% of covered payroll rather than the annual required contribution as determined by the plan's actuary. The Town Council and School Committee, through resolution, denied any responsibility for the Unfunded Actuarial Accrued Liability (UAAL). At the request of the Chairperson of the Pension Study Commission, representatives from the Town, School Department, SRP Pension Board of Trustees, and the SRP Union have met and continue to meet in an attempt to resolve the matter. At the request of Governor Chafee, Special Assistant to the Governor Steve Hartford has attended the last two meetings in an effort to help the process along. The group is currently discussing hiring a fact-finder in an effort to resolve some of its differences. No legal action is currently pending.

ANGELL

Coventry School Employees' Pension Plan and Trust
Actuarial Valuation as of September 1, 2013
For the Plan Year Beginning September 1, 2013
and Ending August 31, 2014

Prepared By:

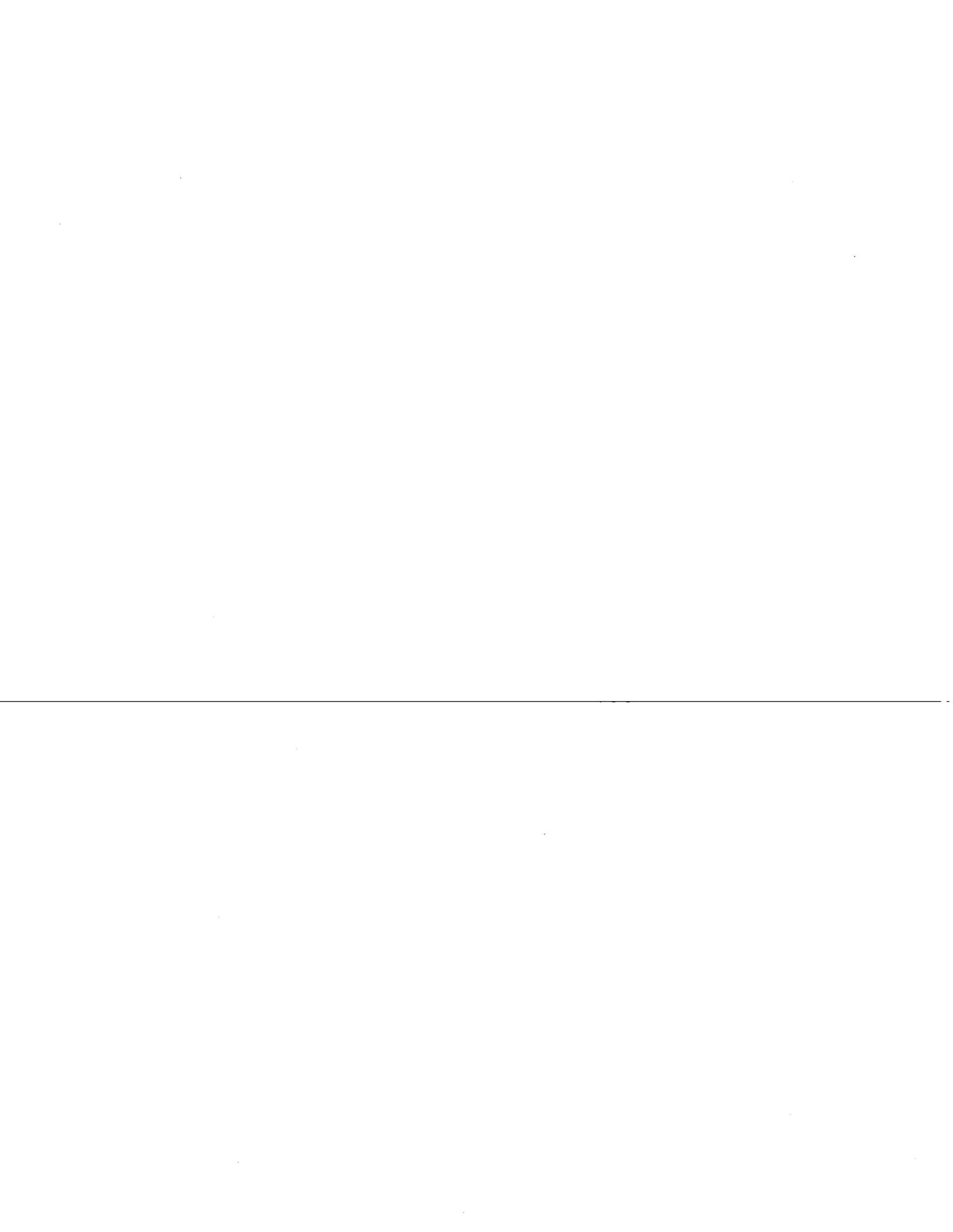
The Angell Pension Group, Inc.
88 Boyd Avenue
East Providence, RI 02914
Telephone (401) 438-9250

March 2014

Coventry School Employees' Pension Plan and Trust
 Exhibit 3 - Schedule of Employer Contribution - GASB 25
 July 1, 2010 - June 30, 2014

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed
06/30/2014	\$ 2,180,859	N/A	N/A
06/30/2013	2,116,574	628,708	29.70%
06/30/2012	2,350,392	657,056	27.96%
06/30/2011	2,200,642	685,572	31.15%

The Annual Required Contribution is the sum of the Normal Cost and 30 year amortization of the unfunded liability. Effective 9/1/2012, the amortization of the unfunded liability is calculated using a 30 year closed amortization basis. The liability is determined using the Entry Age Normal Actuarial Cost Method. The ARC is 10/12 of the recommended contribution for the current plan year plus 2/12 of the recommended contribution for the preceding plan year, adjusted for interest.



COVENTRY MUNICIPAL EMPLOYEES RETIREMENT PLAN

FUNDING IMPROVEMENT PLAN

	Current Plan Provisions	Proposed Plan Provisions
Employer Normal Cost	\$540,400	\$491,300*
Employee Normal Cost	380,200	432,400
Net Employer Normal Cost	160,200	58,900
Accrued Liability	18,458,500	17,843,100
Actuarial Value of Assets	4,780,900	4,780,900
Unfunded Accrued Liability	13,677,600	13,062,200
Funded Ratio	25.9%	26.8%
ARC (FY 2014)	959,600	831,200*
Town Contributions	694,200	603,900*

*Includes \$9,700 in expected employer contributions to proposed defined contribution plan

Alternative proposals have also been reviewed (Town Proposals 2 and 3):

Town Proposal 2 (Alternative Proposal)

The Town proposes to make the following changes to Plan Provisions for the AFSCME group, subject to negotiations and collective bargaining:

- Currently, the employee contribution rate is 7.0%. We expect to increase this to 10.0%.
- Implement a 3-year wage freeze starting in 2012.
- Close the defined benefit plan to all new entrants and implement a defined contribution plan for new hires with the Town contributing 10% of the employee's gross wages.

Exhibit C illustrates the forecast for Town Proposal 2.

Our actuary has projected that for FY 2014, the changes to the Plan Provisions outlined in Town Proposal 2 will reduce the costs, liabilities and the Town's projected contributions. In addition, the variability of the Town's projected contributions will be reduced over time, as new hires are covered by a defined contribution plan. The estimated FY 2014 results are as follows:

	Current Plan Provisions	Proposed Plan Provisions
Employer Normal Cost	\$540,400	\$497,700*
Employee Normal Cost	380,200	432,400
Net Employer Normal Cost	160,200	65,300
Accrued Liability	18,458,500	17,843,100
Actuarial Value of Assets	4,780,900	4,780,900
Unfunded Accrued Liability	13,677,600	13,062,200
Funded Ratio	25.9%	26.8%
ARC (FY 2014)	959,600	837,600*
Town Contributions	694,200	610,300*

*Includes \$16,100 in expected employer contributions to proposed defined contribution plan

COVENTRY MUNICIPAL EMPLOYEES RETIREMENT PLAN

FUNDING IMPROVEMENT PLAN

Town Proposal 3 (Alternative Proposal)

The Town proposes to make the following changes to Plan Provisions for the AFSCME group, subject to negotiations and collective bargaining:

- Currently, the employee contribution rate is 7.0%. We expect to increase this to 10.0%.
- Implement a 3-year wage freeze starting in 2012.

Exhibit D illustrates the forecast for Town Proposal 3.

Our actuary has projected that for FY 2014, the changes to the Plan Provisions outlined in Town Proposal 3 will reduce the costs, liabilities and the Town's projected contributions. The estimated FY 2014 results are as follows:

	Current Plan Provisions	Proposed Plan Provisions
Employer Normal Cost	\$540,400	\$499,000
Employee Normal Cost	380,200	443,700
Net Employer Normal Cost	160,200	55,300
Accrued Liability	18,458,500	17,849,100
Actuarial Value of Assets	4,780,900	4,780,900
Unfunded Accrued Liability	13,677,600	13,068,200
Funded Ratio	25.9%	26.8%
ARC (FY 2014)	959,600	813,800
Town Contributions	694,200	588,700

Exhibit E provides the same forecast as Exhibit B (Town Proposal 1), except that actual return on investment is 0.5% less than the 7.0% assumption.

Exhibit F contains a summary of the actuarial assumptions. Please note that "proposed assumptions" have been adopted, and are consistent with those summarized on pages 7 through 9 of Milliman's March 21, 2012 Experience Study report.

Exhibit G contains a summary of the current plan provisions, as well as proposed plan changes.

The Town commissioned an analysis (Exhibit H) by Gabriel, Roeder, Smith & Company (GRS), actuary for the State Retirement Board. Upon review of the projected cost of the transition to MERS, the Town has determined that this option is unfeasible.

Town of Coventry, RI
Municipal Pension Projection (Proposed Changes for DB Plan, and New Hires Covered by DC Plan - 6% Assumed Employer Contribution)

Exhibit B

Valuation		DB Plan Cash Projections as of/for Fiscal Year										DC Plan Cash										
Year	As of	Annual	Unfunded	Funded	Contrib	Assets	Post	Service	Expected	Total	Assets	Annual	Employer	DB Plan	Benefit	DC Plan	Employer	Total	Revenue	Contributions		
	Valuation	Amort	Liability	Assets	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib	Contrib		
2011	17,552,400	4,315,500	13,647,100	25.3%	2012	22	813,800	519,300	365,700	157,600	30,900	69,500	1,064,200	539,100	53.2%	5,293,300	653,500	0	539,100	89,677,500	0.0%	
2012	17,843,100	4,780,300	13,642,200	26.8%	2014	25	816,600	481,600	433,400	43,200	32,000	57,700	1,121,500	584,200	52.1%	4,994,600	683,900	160,500	7,700	60,900	89,722,100	0.7%
2013	18,070,200	5,211,700	13,511,500	28.3%	2015	28	784,500	445,500	413,100	52,400	33,000	56,800	1,184,700	628,300	53.1%	4,731,500	723,700	297,500	17,900	85,100	89,978,900	0.9%
2014	18,310,300	5,695,400	13,318,700	30.0%	2016	27	758,800	414,300	401,100	43,200	34,000	55,300	1,249,500	676,500	54.2%	4,482,400	797,100	423,600	34,000	93,800	90,039,100	1.0%
2015	18,565,500	6,208,100	13,095,600	31.8%	2017	24	743,700	422,400	388,500	39,900	35,000	53,900	1,319,900	729,900	55.3%	4,241,100	861,900	490,600	65,000	102,500	90,182,500	1.1%
2016	18,834,800	6,752,100	12,845,500	33.7%	2018	25	744,900	416,300	382,100	34,200	36,000	52,900	1,394,100	787,100	56.5%	4,004,900	931,100	569,500	81,000	111,500	90,335,000	1.1%
2017	19,118,200	7,327,400	12,568,800	35.7%	2019	24	745,100	404,400	376,400	34,000	37,000	51,900	1,468,300	849,300	57.9%	3,774,800	1,004,900	648,400	81,700	121,000	90,497,000	1.1%
2018	19,415,700	7,932,100	12,211,600	37.8%	2020	23	745,300	392,500	370,700	33,800	38,000	50,900	1,542,500	916,500	59.4%	3,551,400	1,081,100	737,000	82,400	130,500	90,658,500	1.1%
2019	19,727,300	8,566,800	11,778,500	40.4%	2021	22	745,500	380,600	365,000	33,600	39,000	49,900	1,616,700	988,700	61.2%	3,342,900	1,162,300	822,400	83,100	139,000	90,820,000	1.1%
2020	20,053,000	9,230,500	11,266,500	43.7%	2022	21	745,700	368,700	359,300	33,400	40,000	48,900	1,690,900	1,064,900	63.2%	3,149,400	1,247,500	917,900	83,800	147,500	91,000,000	1.1%
2021	20,392,700	9,924,200	10,682,500	46.6%	2023	20	745,900	356,800	353,600	33,200	41,000	47,900	1,765,100	1,143,100	65.4%	2,961,900	1,336,700	1,017,400	84,500	156,000	91,172,500	1.1%
2022	20,746,400	10,647,900	10,030,600	49.7%	2024	19	746,100	344,900	347,900	33,000	42,000	46,900	1,839,300	1,225,300	67.9%	2,789,400	1,430,900	1,121,900	85,200	164,500	91,355,000	1.1%
2023	21,114,100	11,402,600	9,311,500	53.2%	2025	18	746,300	333,000	341,900	32,800	43,000	45,900	1,913,500	1,309,500	70.5%	2,631,900	1,534,100	1,234,900	85,900	173,000	91,548,500	1.1%
2024	21,495,800	12,187,300	8,544,500	57.4%	2026	17	746,500	321,100	335,900	32,600	44,000	44,900	1,987,700	1,394,700	73.3%	2,496,400	1,646,300	1,354,900	86,600	181,500	91,752,000	1.1%
2025	21,891,500	13,002,000	7,739,500	62.3%	2027	16	746,700	309,200	329,900	32,400	45,000	43,900	2,061,900	1,490,900	76.2%	2,374,900	1,764,500	1,481,900	87,300	190,000	91,967,500	1.1%
2026	22,302,200	13,846,700	6,905,500	68.2%	2028	15	746,900	297,300	323,900	32,200	46,000	42,900	2,136,100	1,594,100	79.3%	2,265,400	1,891,700	1,617,900	88,000	198,500	92,195,000	1.1%
2027	22,728,000	14,720,400	6,077,600	75.2%	2029	14	747,100	285,400	317,900	32,000	47,000	41,900	2,210,300	1,703,300	82.5%	2,169,900	2,024,900	1,754,900	88,700	207,000	92,435,500	1.1%
2028	23,169,000	15,624,100	5,252,900	83.7%	2030	13	747,300	273,500	311,900	31,800	48,000	40,900	2,284,500	1,817,500	85.7%	2,084,400	2,161,900	1,901,900	89,400	215,500	92,688,000	1.1%
2029	23,625,000	16,557,800	4,447,200	94.1%	2031	12	747,500	261,600	305,900	31,600	49,000	39,900	2,358,700	1,931,700	88.7%	2,009,900	2,304,900	2,054,900	90,100	224,000	92,950,000	1.1%
2030	24,096,000	17,521,500	3,654,500	107.8%	2032	11	747,700	249,700	299,900	31,400	50,000	38,900	2,432,900	2,059,900	92.9%	1,945,400	2,457,900	2,217,900	90,800	232,500	93,222,500	1.1%
2031	24,582,000	18,525,200	2,886,800	128.2%	2033	10	747,900	237,800	293,900	31,200	51,000	37,900	2,507,100	2,194,100	95.5%	1,890,400	2,621,900	2,391,900	91,500	241,000	93,504,000	1.1%
2032	25,083,000	19,568,900	2,144,100	156.9%	2034	9	748,100	225,900	287,900	31,000	52,000	36,900	2,581,300	2,347,300	98.7%	1,844,400	2,797,900	2,584,900	92,200	249,500	93,785,500	1.1%
2033	25,599,000	20,652,600	1,426,400	198.2%	2035	8	748,300	214,000	281,900	30,800	53,000	35,900	2,655,500	2,511,500	102.1%	1,806,400	2,984,900	2,791,900	92,900	258,000	94,087,000	1.1%
2034	26,130,000	21,776,300	703,700	267.5%	2036	7	748,500	202,100	275,900	30,600	54,000	34,900	2,730,700	2,691,700	105.9%	1,774,400	3,184,900	3,007,900	93,600	266,500	94,400,500	1.1%
2035	26,676,000	22,940,000	336,000	378.2%	2037	6	748,700	190,200	269,900	30,400	55,000	33,900	2,806,900	2,881,900	109.4%	1,746,400	3,397,900	3,234,900	94,300	275,000	94,734,000	1.1%
2036	27,237,000	24,143,700	313,300	533.5%	2038	5	748,900	178,300	263,900	30,200	56,000	32,900	2,884,100	3,084,100	113.5%	1,721,400	3,621,900	3,481,900	95,000	283,500	95,075,500	1.1%
2037	27,813,000	25,387,400	225,600	849.8%	2039	4	749,100	166,400	257,900	30,000	57,000	31,900	2,962,300	3,291,300	118.2%	1,700,400	3,857,900	3,737,900	95,700	292,000	95,427,000	1.1%
2038	28,404,000	26,671,100	133,900	1331.2%	2040	3	749,300	154,500	251,900	29,800	58,000	30,900	3,041,500	3,504,500	123.4%	1,681,400	4,104,900	4,004,900	96,400	300,500	95,789,500	1.1%
2039	29,010,000	28,004,800	106,200	2000.0%	2041	2	749,500	142,600	245,900	29,600	59,000	29,900	3,121,700	3,723,700	129.1%	1,664,400	4,364,900	4,274,900	97,100	309,000	96,162,000	1.1%
2040	29,632,000	29,388,500	243,500	3500.0%	2042	1	749,700	130,700	239,900	29,400	60,000	28,900	3,203,900	3,958,900	135.7%	1,649,400	4,637,900	4,464,900	97,800	317,500	96,445,500	1.1%
2041	30,270,000	30,832,200	141,800	5500.0%	2043	1	750,000	118,800	233,900	29,200	61,000	27,900	3,288,100	4,218,100	143.5%	1,636,400	4,924,900	4,674,900	98,500	326,000	96,740,000	1.1%
2042	30,924,000	32,345,900	51,900	8500.0%	2044	1	750,300	106,900	227,900	29,000	62,000	26,900	3,374,300	4,494,300	152.4%	1,625,400	5,227,900	4,997,900	99,200	334,500	97,041,500	1.1%
2043	31,594,000	33,930,600	136,600	13000.0%	2045	1	750,600	95,000	221,900	28,800	63,000	25,900	3,461,500	4,787,500	162.4%	1,616,400	5,547,900	5,337,900	99,900	343,000	97,353,000	1.1%
2044	32,280,000	35,587,300	307,300	20000.0%	2046	1	750,900	83,100	215,900	28,600	64,000	24,900	3,550,700	5,097,700	173.6%	1,609,400	5,884,900	5,694,900	100,600	351,500	97,675,500	1.1%
2045	32,982,000	37,326,000	644,000	30000.0%	2047	1	751,200	71,200	209,900	28,400	65,000	23,900	3,641,900	5,421,900	186.1%	1,604,400	6,237,900	6,074,900	101,300	360,000	98,008,000	1.1%
2046	33,700,000	39,147,700	1,447,700	45000.0%	2048	1	751,500	59,300	203,900	28,200	66,000	22,900	3,735,100	5,771,100	199.8%	1,601,400	6,607,900	6,477,900	102,000	368,500	98,330,500	1.1%
2047	34,434,000	41,052,400	2,618,400	65000.0%	2049	1	751,800	47,400	197,900	28,000	67,000	21,900	3,830,300	6,135,300	214.9%	1,600,400	7,000,900	6,891,900	102,700	377,000	98,604,000	1.1%
2048	35,184,000	43,041,100	3,857,100	95000.0%	2050	1	752,100	35,500	191,900	27,800	68,000	20,900	3,927,500	6,513,500	232.9%	1,600,400	7,414,900	7,327,900	103,400	385,500	98,884,500	1.1%
2049	35,950,000	45,114,800	5,164,800	135000.0%	2051	1	752,400	23,600	185,900	27,600	69,000	19,900	4,026,700	6,916,700	253.4%	1,600,400	7,847,900	7,781,900	104,100	394,000	99,155,000	1.1%
2050	36,732,000	47,283,500	6,551,500	200000.0%	2052	1	752,700	11,700	17													

TOWN OF COVENTRY POLICE OFFICERS RETIREMENT PLAN

FUNDING IMPROVEMENT PLAN

Plan Changes

Town Proposal 1

The Town proposes to make the following changes to Plan Provisions, subject to negotiations and collective bargaining:

- Freeze longevity pay increases
- Change to a five year final average earnings definition.
- Increase the employee contribution rate to 20%.
- Change retirement eligibility to age 55 with 25 years of service and change the benefit formula to 50% of final average earnings at 25 years of service plus 2% each year thereafter, up to a maximum of 60% of final average earnings.
- Eliminate future COLAs for all participants (including current retirees).
- Close the defined benefit plan to all new entrants and implement a defined contribution plan for new hires with the Town contributing a 100% match of the employee contribution, up to a maximum of 10% of the employee's gross wages. Our actuary estimates that some new hires will not elect to make the maximum contribution into the defined contribution plan, such that the average employer contribution is 7% of compensation into that plan.

Exhibit B illustrates the forecast for Town Proposal 1. Under this proposal, the period for amortizing the unfunded accrued liability will be reset to 25 years (closed period) for the July 1, 2012 actuarial valuation (which will be used to determine the ARC for FY2014), with level dollar amortization.

Our actuary has projected that for FY 2014, the changes to the Plan Provisions outlined in Town Proposal 1 will reduce the costs, liabilities and the Town's projected contributions. In addition, the variability of the Town's projected contributions will be reduced over time, as new hires are covered by a defined contribution plan. The estimated FY 2014 results are as follows:

	Current Plan Provisions	Proposed Plan Provisions
Employer Normal Cost	\$993,800	\$432,700*
Employee Normal Cost	277,700	646,600
Net Employer Normal Cost	699,900	(213,900)
Accrued Liability	69,979,500	45,495,300
Actuarial Value of Assets	6,897,900	6,897,900
Unfunded Accrued Liability	63,081,600	38,597,400
Funded Ratio	9.9%	15.2%
ARC (FY 2014)	4,532,400	3,132,000*
Town Contributions	3,061,300	2,117,500*

*Includes \$6,400 in expected employer contributions to proposed defined contribution plan

Alternative proposals have also been reviewed (Town Proposals 2 through 6):

Town of Coventry, RI

Exhibit B Police Pension Projection (Proposed Changes for DB Plan, Eliminate Future COLAs, and New Hires Covered by DC Plan - 7% Assumed Employer Contribution)

Valuation as of Valuation Date				DB Plan Cash Projected to Follow for Fiscal Year										DC Plan Cash							
Year	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Costs for FY	Assmt. Period	Fut. Service Cost	Total Normal Cost	Expected Employer Contribution	Expected Normal Cost	Expected Expense Load	Total Interest	Assumed Employer ABC	Employer Contribution % of the ABC	DC Plan Payroll	Benefit Payments	DC Plan Payroll	Employer Contribution	Total Employer Contribution	Revenue as % of Revenue	
2011	67,351,200	7,398,100	59,953,100	11.5%	2013	22	2,645,900	1,004,600	261,200	742,400	44,300	313,100	4,784,700	2,374,700	47.5%	3,244,600	2,259,000	0	0	2,259,000	2.5%
2012	67,992,900	6,887,900	61,105,000	12.2%	2014	23	2,895,400	426,300	646,000	(209,300)	46,000	204,200	3,123,600	2,111,100	67.5%	3,195,700	2,144,200	0	0	2,144,200	2.4%
2013	68,716,800	6,374,600	62,342,200	13.7%	2015	24	3,256,300	444,600	674,100	(221,500)	47,000	215,200	3,289,600	2,179,200	67.5%	3,212,800	2,219,200	0	0	2,219,200	2.2%
2014	69,521,000	5,859,300	63,661,700	15.2%	2016	25	3,734,200	463,900	897,400	(264,500)	48,000	225,700	3,485,500	2,449,500	100.0%	3,421,700	2,284,100	0	0	2,284,100	2.0%
2015	70,406,000	5,344,000	65,062,000	16.7%	2017	26	4,334,200	484,200	1,181,000	(318,000)	49,000	237,200	3,774,400	2,574,400	100.0%	3,546,800	2,391,800	0	0	2,391,800	1.8%
2016	71,371,000	4,828,700	66,542,300	18.2%	2018	27	5,068,200	505,100	1,576,000	(367,000)	50,000	249,100	4,125,200	2,655,200	100.0%	3,919,700	2,501,200	0	0	2,501,200	1.6%
2017	72,416,000	4,312,400	68,103,600	19.7%	2019	28	5,948,200	526,000	2,071,000	(416,000)	51,000	261,000	4,542,200	2,742,400	100.0%	4,281,700	2,612,200	0	0	2,612,200	1.4%
2018	73,541,000	3,796,100	69,744,900	21.2%	2020	29	6,983,200	547,000	2,666,000	(465,000)	52,000	272,900	5,039,300	2,842,400	100.0%	4,654,700	2,723,200	0	0	2,723,200	1.2%
2019	74,746,000	3,279,800	71,466,200	22.7%	2021	30	8,198,200	568,000	3,361,000	(514,000)	53,000	284,800	5,613,400	2,932,400	100.0%	5,026,700	2,814,200	0	0	2,814,200	1.0%
2020	76,031,000	2,763,500	73,267,500	24.2%	2022	31	9,593,200	589,000	4,156,000	(563,000)	54,000	296,700	6,206,500	3,021,400	100.0%	5,410,700	2,905,200	0	0	2,905,200	0.8%
2021	77,406,000	2,247,200	75,158,800	25.7%	2023	32	11,178,200	610,000	5,051,000	(612,000)	55,000	308,600	6,916,600	3,110,400	100.0%	5,802,200	2,994,200	0	0	2,994,200	0.7%
2022	78,871,000	1,730,900	77,140,100	27.2%	2024	33	12,963,200	631,000	6,046,000	(661,000)	56,000	320,500	7,746,700	3,200,400	100.0%	6,200,700	3,083,200	0	0	3,083,200	0.6%
2023	80,426,000	1,214,600	79,211,400	28.7%	2025	34	14,948,200	652,000	7,141,000	(710,000)	57,000	332,400	8,699,300	3,290,400	100.0%	6,602,200	3,172,200	0	0	3,172,200	0.5%
2024	82,071,000	798,300	81,272,700	30.2%	2026	35	17,233,200	673,000	8,336,000	(759,000)	58,000	344,300	9,813,300	3,380,400	100.0%	7,009,700	3,262,200	0	0	3,262,200	0.4%
2025	83,806,000	582,000	83,224,000	31.7%	2027	36	20,018,200	694,000	9,621,000	(808,000)	59,000	356,200	11,179,300	3,470,400	100.0%	7,432,700	3,352,200	0	0	3,352,200	0.3%
2026	85,631,000	365,700	85,265,300	33.2%	2028	37	23,403,200	715,000	11,006,000	(857,000)	60,000	368,100	12,772,300	3,560,400	100.0%	7,876,700	3,442,200	0	0	3,442,200	0.2%
2027	87,546,000	149,400	87,396,600	34.7%	2029	39	27,488,200	736,000	12,581,000	(906,000)	61,000	380,000	14,563,300	3,650,400	100.0%	8,332,700	3,532,200	0	0	3,532,200	0.1%
2028	89,561,000	(16,900)	89,577,900	36.2%	2030	40	32,273,200	757,000	14,316,000	(955,000)	62,000	391,900	16,468,300	3,740,400	100.0%	8,802,700	3,622,200	0	0	3,622,200	0.0%
2029	91,676,000	(338,100)	92,014,100	37.7%	2031	41	37,868,200	778,000	16,201,000	(1,004,000)	63,000	403,800	18,492,300	3,830,400	100.0%	9,282,700	3,712,200	0	0	3,712,200	0.0%
2030	93,891,000	(506,300)	94,397,300	39.2%	2032	42	44,383,200	799,000	18,236,000	(1,053,000)	64,000	415,700	20,666,300	3,920,400	100.0%	9,772,700	3,802,200	0	0	3,802,200	0.0%
2031	96,206,000	(674,500)	96,880,500	40.7%	2033	43	51,918,200	820,000	20,421,000	(1,102,000)	65,000	427,600	22,993,300	4,010,400	100.0%	10,272,700	3,892,200	0	0	3,892,200	0.0%
2032	98,621,000	(842,700)	99,463,700	42.2%	2034	44	60,583,200	841,000	22,756,000	(1,151,000)	66,000	439,500	25,406,300	4,100,400	100.0%	10,782,700	3,982,200	0	0	3,982,200	0.0%
2033	101,136,000	(1,010,900)	102,146,900	43.7%	2035	45	70,398,200	862,000	25,241,000	(1,200,000)	67,000	451,400	27,996,300	4,190,400	100.0%	11,292,700	4,072,200	0	0	4,072,200	0.0%
2034	103,751,000	(1,179,100)	104,930,100	45.2%	2036	46	81,373,200	883,000	28,276,000	(1,249,000)	68,000	463,300	30,671,300	4,280,400	100.0%	11,802,700	4,162,200	0	0	4,162,200	0.0%
2035	106,466,000	(1,347,300)	107,813,300	46.7%	2037	47	93,618,200	904,000	30,861,000	(1,298,000)	69,000	475,200	33,446,300	4,370,400	100.0%	12,312,700	4,252,200	0	0	4,252,200	0.0%
2036	109,281,000	(1,515,500)	110,796,500	48.2%	2038	48	107,233,200	925,000	33,576,000	(1,347,000)	70,000	487,100	36,301,300	4,460,400	100.0%	12,822,700	4,342,200	0	0	4,342,200	0.0%
2037	112,196,000	(1,683,700)	113,879,700	49.7%	2039	49	122,318,200	946,000	36,411,000	(1,396,000)	71,000	499,000	39,346,300	4,550,400	100.0%	13,332,700	4,432,200	0	0	4,432,200	0.0%
2038	115,211,000	(1,851,900)	117,062,900	51.2%	2040	50	138,883,200	967,000	40,076,000	(1,445,000)	72,000	510,900	42,571,300	4,640,400	100.0%	13,842,700	4,522,200	0	0	4,522,200	0.0%
2039	118,326,000	(2,020,100)	120,346,100	52.7%	2041	51	156,948,200	988,000	44,161,000	(1,494,000)	73,000	522,800	46,006,300	4,730,400	100.0%	14,352,700	4,612,200	0	0	4,612,200	0.0%
2040	121,541,000	(2,188,300)	123,729,300	54.2%	2042	52	176,613,200	1,009,000	48,676,000	(1,543,000)	74,000	534,700	50,741,300	4,820,400	100.0%	14,862,700	4,702,200	0	0	4,702,200	0.0%
2041	124,856,000	(2,356,500)	127,501,500	55.7%	2043	53	197,978,200	1,030,000	53,521,000	(1,592,000)	75,000	546,600	55,726,300	4,910,400	100.0%	15,372,700	4,792,200	0	0	4,792,200	0.0%
2042	128,271,000	(2,524,700)	130,795,700	57.2%	2044	54	221,143,200	1,051,000	58,796,000	(1,641,000)	76,000	558,500	60,951,300	5,000,400	100.0%	15,882,700	4,882,200	0	0	4,882,200	0.0%
2043	131,786,000	(2,692,900)	134,478,900	58.7%	2045	55	246,208,200	1,072,000	64,491,000	(1,690,000)	77,000	570,400	66,426,300	5,090,400	100.0%	16,392,700	4,972,200	0	0	4,972,200	0.0%
2044	135,401,000	(2,861,100)	138,262,100	60.2%	2046	56	273,273,200	1,093,000	70,616,000	(1,739,000)	78,000	582,300	72,151,300	5,180,400	100.0%	16,902,700	5,062,200	0	0	5,062,200	0.0%
2045	139,116,000	(3,029,300)	142,145,300	61.7%	2047	57	302,338,200	1,114,000	77,171,000	(1,788,000)	79,000	594,200	78,126,300	5,270,400	100.0%	17,412,700	5,152,200	0	0	5,152,200	0.0%
2046	142,931,000	(3,197,500)	146,128,500	63.2%	2048	58	333,403,200	1,135,000	84,146,000	(1,837,000)	80,000	606,100	84,351,300	5,360,400	100.0%	17,922,700	5,242,200	0	0	5,242,200	0.0%

Includes rest of amortization period in 25 years for July 1, 2012 actuarial valuation.

This projection is based on the actuarial assumptions from the 2011 Experience Study, proposed plan design changes (including no future COLAs) and data used in the July 1, 2011 valuation (revised to be first reflected in the July 1, 2012 valuation). New hires are covered under a proposed DC plan, with an assumed 7% employer contribution. The explanatory notes contained in these reports, including statements of reference and limitations on use, continue to apply. This projection assumes new members are not covered by the current DB plan.

This work product was prepared solely for the Town of Coventry, RI for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Interest Rate Assumption 7.00%
 Actual Return on MVA 7.00%
 Amortization Level Dollar

School plan

Plan Changes

The Trustees have amended plan provisions in the pension benefits provided to current active and retired plan participants as follows:

1: Current Cost of Living adjustments (COLAs) are 3% simple regardless of the Consumer Price Index. Our intent is to remove COLAs for future retirees who retire after August 31, 2012.

2: Currently, the benefit formula provides 2% of the 3 year average earnings for the first 10 years plus 2.5% for the years of service in excess of 10 years. Effective September 1, 2012, the benefit formula is 2% of annual earnings for the first 10 years plus 1.25% of annual earnings for the services in excess of 10 years. Total benefit is capped at 50% of pay.

3: The benefit is currently based on the 3 year average earnings. Effective September 1, 2012, the benefit is based on the career average.

Our Actuary has estimated that these modifications will substantially reduce the costs and liabilities of the plan. Their estimates are as follows:

	Current Plan	Amended Plan Provisions
Employer Normal Cost	820,907	687,737
Accrued Liability	35,975,304	33,255,669
Unfunded Accrued Liability	24,944,502	22,224,867
Funded Ratio	30.66%	33.17%
ARC	2,415,604	2,065,978

The Trustees have considered the following plan provision change options:

"Current Plan"	Described as the "Current Plan" as it was the pre-8/31/12 plan provisions
Plan Option #1	8/31/2012 Amended Plan Provisions with COLAs Not Removed
Plan Option #2	Post-8/31/2012 Plan Provisions (after effect of plan amendment)
Plan Option #3	Post-8/31/2012 Plan Provisions with COLAs removed for all Participants
Plan Option #4	Post-8/31/2012 Plan Provisions with reduced accrual to 1% of pay
Plan Option #5	As if Hard-Freeze had occurred as of 8/31/2012

The exhibits in Exhibit A are prepared to present the key values forecasted for the next 35 years based on the revised provisions. Alternate Exhibit A (Option #2) presents the projection of the plan amendments which have occurred combined with the Employer Contribution based on 12.75% of pay. At this time there is no new Funding Policy only the actual amendments presented in Option #2. Therefore Alternate Exhibit A (Option #2) presents expected future plan funding.

Exhibit B is also presented of the same forecast (in Alternate Exhibit A (Option #2)) except the actual return on investments is 6.5%, which is 0.5% less than the original assumption of 7.0%.

Description of Funding Responsibility: "Commitment to Fund the ARC"

Exhibit A* - Improvement Plan: Forecast of key values

"Current Plan"

Plan Option #1

Plan Option #2 Presented as if contribution is phased-in to become full ARC

Plan Option #3

Plan Option #4

Plan Option #5

Alternate Exhibit A* - Plan on Current Funding Basis: Forecast of key values

Plan Option #2 Presented on current contribution basis which is less than ARC

Exhibit B* - Impact of 0.5% lower return on investment

Same Forecast as Alternate Exhibit A "Plan Option #2"

with actuarial return on investment 0.5% less than assumption (ROR = 6.50%)

Exhibit C - Actuarial Assumptions

Exhibit D - Plan Provisions

Shaded rows in Exhibits A, Alternate A and B reflect erroneous asset values, which are presented as less than \$0. These asset values and all related values for these associated plans years are erroneous as they are presented benefits paid without supporting plan assets or contributions.

Commitment to Fund the Annual Required Contribution (ARC)

The Coventry School Employees Pension Plan has been funded for many years based on the school contributing 12.75% of pay and the employee participants contributing 8.00% of pay. The Annual Required Contribution (ARC) has not been paid in the past.

The funding status of the plan is at 30.5% as of September 1, 2011. The amount of school contributions provide approximately 30% of the ARC presently. Alternative plan amendments have been extensively studied in order to restrict additional accrual of plan benefits in order to improve plan funding going forward. The amendments adopted effective August 31, 2012 are a result of these efforts.

The current level of funding and the recently adopted plan amendments alone will not lead to a well-funded plan in future years. An additional contribution source which will increase plan assets is also necessary to bring the plan out of critical status. In fact without an additional source of plan assets the plan assets are projected to be depleted in about 13 years.

The "Alternative Exhibit A: 2011 Funding Basis" presents the projected funding levels for the plan on the six different scenarios of plan provisions considered. All of these scenarios reinforce the message that an additional source of plan contributions is necessary to provide that the plan funding status improves.

"Exhibit A" with Option 2 presents a possible level of plan funding which projects that the plan comes out of critical status in approximately 17 years. A similar funding level would also be reached through a one-time \$15,000,000 contribution to the plan in 2012.

The Coventry School Employees Pension Plan was established by the Coventry School Committee and the Coventry Teachers Alliance. It has not yet been determined what entity has responsibility to increase contributions to this plan. Until the source of the additional contributions is identified the "Alternative Exhibit A: 2011 Funding Basis" Option 2 is the forecast for this plan.

Option 2* - Post 8/31/2012 Plan Provisions

Year	Payment against the ARC	Normal Cost	30-year closed Amortization	Interest to Year End	ARC	Employer Contribution		Employee Contribution		Total Contribution	Increase	Benefit Payment		Assets	Accrued Liability	Unfunded liability	Funded Ratio	Revenue Forecast	Contribution as a % of Revenue
						Employer Contribution	as a % of payroll	Employee Contribution	as a % of payroll			Payroll	Payment						
2011	24.82%	831,628	1,823,304	79,040	2,376,174	589,861	12.75%	357,798	8%	947,659	4,626,364	1,271,033	10,618,492	34,827,771	24,209,279	30.49%	563,571,189	0.93%	
2012	28.90%	687,737	1,673,849	81,258	2,078,514	600,630	12.75%	364,330	8%	964,960	4,710,820	1,269,900	11,030,802	33,255,669	22,224,867	33.17%	566,576,189	0.90%	
2013	49.00%	662,819	1,789,570	84,382	2,181,897	1,069,130	23.30%	354,874	8%	1,424,004	4,588,557	1,483,819	11,387,841	34,897,602	23,509,761	32.63%	568,731,189	1.56%	
2014	69.00%	642,472	1,877,949	86,723	2,258,253	1,558,195	34.54%	348,891	8%	1,907,086	4,511,198	1,585,880	12,121,216	36,509,570	24,388,354	33.20%	570,286,189	2.22%	
2015	89.00%	587,504	1,934,263	86,769	2,279,203	2,028,491	47.64%	329,333	8%	2,357,824	4,258,303	1,627,400	13,298,201	38,106,674	24,808,473	34.90%	571,841,189	2.82%	
2016	100.00%	570,179	1,954,632	86,874	2,286,595	2,286,595	54.40%	325,090	8%	2,611,685	4,203,441	1,924,679	14,772,955	39,506,082	24,733,127	37.39%	573,396,189	3.12%	
2017	100.00%	539,296	1,954,544	85,808	2,263,715	2,263,715	55.41%	315,933	8%	2,579,648	4,085,045	2,082,927	16,512,149	40,883,942	24,371,793	40.39%			
2018	100.00%	527,516	1,954,338	85,396	2,252,948	2,252,948	55.44%	314,302	8%	2,567,250	4,063,951	2,175,876	18,176,930	42,160,961	23,984,031	43.11%			
2019	100.00%	479,958	1,954,097	83,751	2,219,822	2,219,822	57.61%	297,984	8%	2,517,306	4,052,965	2,372,597	19,849,540	43,418,292	23,568,752	45.72%			
2020	100.00%	469,899	1,953,695	83,391	2,210,679	2,210,679	57.70%	296,306	8%	2,506,985	4,033,263	2,455,806	21,385,607	44,508,569	23,122,962	48.05%			
2021	100.00%	412,095	1,953,239	81,387	2,175,500	2,175,500	62.03%	271,221	8%	2,446,721	4,006,914	2,732,613	22,932,181	45,578,039	22,645,858	50.31%			
2022	100.00%	371,140	1,952,554	79,954	2,148,890	2,148,890	65.24%	254,758	8%	2,403,648	3,994,045	2,877,444	24,239,846	46,373,219	22,133,373	52.27%			
2023	100.00%	316,341	1,951,727	78,040	2,119,935	2,119,935	72.49%	226,173	8%	2,346,108	3,924,435	3,147,782	25,445,576	47,029,917	21,584,341	54.11%			
2024	100.00%	222,992	1,950,647	74,791	2,072,309	2,072,309	91.00%	176,121	8%	2,248,430	3,877,265	3,498,407	26,398,160	47,393,361	20,995,201	55.70%			
2025	100.00%	196,513	1,949,171	73,829	2,057,884	2,057,884	98.47%	161,629	8%	2,219,513	3,809,880	3,579,609	26,956,237	47,318,443	20,362,206	56.97%			
2026	100.00%	173,974	1,947,537	72,997	2,045,483	2,045,483	106.15%	149,025	8%	2,194,508	3,726,909	3,660,250	27,440,158	47,125,667	19,685,509	58.23%			
2027	100.00%	137,957	1,945,748	71,696	2,029,468	2,029,468	124.63%	125,933	8%	2,155,401	3,628,332	3,779,508	27,849,294	46,811,581	18,962,287	59.49%			
2028	100.00%	107,061	1,943,732	70,564	2,017,262	2,017,262	149.88%	104,095	8%	2,121,357	3,545,955	3,992,068	28,124,333	46,513,191	18,188,358	60.73%			
2029	100.00%	88,754	1,941,410	69,854	2,008,812	2,008,812	170.34%	91,206	8%	2,100,018	3,479,305	4,022,970	28,164,787	45,526,236	17,361,449	61.86%			
2030	100.00%	83,831	1,938,882	69,398	2,004,370	2,004,370	176.27%	87,941	8%	2,092,311	3,417,086	4,028,947	28,154,553	44,632,532	16,477,979	65.08%			
2031	100.00%	71,504	1,936,191	69,081	1,999,282	1,999,282	199.53%	77,494	8%	2,076,776	3,360,003	4,017,500	28,129,573	43,664,797	15,515,224	64.42%			
2032	100.00%	62,569	1,933,290	68,674	1,994,898	1,994,898	221.56%	69,635	8%	2,064,533	3,300,382	3,996,716	28,098,951	42,628,012	14,529,061	65.92%			
2033	100.00%	49,630	1,930,116	68,119	1,989,560	1,989,560	263.91%	58,305	8%	2,047,365	3,237,887	3,954,387	28,075,245	41,550,663	13,455,413	67.60%			
2034	100.00%	40,806	1,926,638	67,696	1,984,736	1,984,736	304.53%	50,404	8%	2,035,140	3,172,729	3,858,002	28,076,719	40,386,590	12,309,871	69.52%			
2035	100.00%	29,012	1,922,855	67,160	1,980,868	1,980,868	401.47%	38,159	8%	2,019,027	3,106,406	3,881,826	28,164,885	39,253,029	11,088,144	71.75%			
2036	100.00%	24,294	1,918,430	66,845	1,976,944	1,976,944	468.64%	32,625	8%	2,009,569	3,031,845	3,822,131	28,218,393	38,002,772	9,784,379	74.25%			
2037	100.00%	19,797	1,913,348	66,516	1,971,217	1,971,217	535.96%	28,444	8%	1,999,661	2,956,789	3,729,150	28,327,665	36,721,907	8,394,242	77.14%			
2038	100.00%	18,191	1,907,301	66,252	1,965,248	1,965,248	573.64%	26,496	8%	1,991,744	2,882,593	3,588,110	28,530,444	35,443,076	6,912,632	80.50%			
2039	100.00%	18,800	1,899,764	66,014	1,957,194	1,957,194	552.76%	27,384	8%	1,984,578	2,807,076	3,451,527	28,884,859	34,219,397	5,334,538	84.41%			
2040	100.00%	19,426	1,889,214	65,673	1,946,019	1,946,019	531.93%	28,394	8%	1,974,313	2,736,839	3,321,836	29,397,599	33,052,473	3,654,874	88.94%			
2041	100.00%	17,032	1,869,718	64,919	1,926,952	1,926,952	602.95%	24,717	8%	1,951,669	2,661,590	3,188,845	30,069,425	31,939,143	1,869,718	94.15%			
2042	100.00%	13,686	0	471	0	0	0.00%	20,027	8%	20,027	-98.97%	258,947	30,902,229	30,383,352	0	100.06%			
2043	100.00%	8,451	0	291	0	0	0.00%	13,384	8%	13,384	-33.17%	173,055	29,908,618	29,864,377	0	100.15%			
2044	100.00%	8,738	0	301	0	0	0.00%	13,840	8%	13,840	3.41%	178,954	28,977,041	28,907,717	0	100.24%			
2045	100.00%	9,029	0	311	0	0	0.00%	14,301	8%	14,301	3.33%	184,908	28,151,126	28,055,761	0	100.34%			
2046	100.00%	9,323	0	321	0	0	0.00%	14,763	8%	14,763	3.23%	190,884	27,466,117	27,343,842	0	100.45%			

Town of Coventry, RI
Municipal Pension Projection (Current Benefit Provisions)

Exhibit A

Values as of Valuation Date							Costs Projected to Following Fiscal Year												
Valuation Year	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Costs for FYE	Amort. Period	Fast Service Cost	Total Normal Cost	Expected Employers Contributions	Employer Normal Cost	Admin Expense Load	Interest	Total Employer ARC	Assumed Employer Contribution	Employer Contribution as % of the ARC	Payroll	Benefit Payments	Revenue Forecast	Contribution as % of Revenue
2011	17,352,400	4,385,300	12,967,100	25.3%	2013	22	813,800	519,300	365,700	153,600	30,900	69,900	1,068,200	559,100	52.3%	5,293,900	653,500	89,677,900	0.6%
2012	18,458,500	4,780,900	13,677,600	25.9%	2014	30	704,600	540,400	380,200	160,200	32,000	62,800	959,600	694,200	72.3%	5,476,900	689,200	89,813,000	0.8%
2013	19,631,400	5,284,200	14,347,200	26.9%	2015	29	754,100	562,300	393,800	168,500	33,000	66,800	1,022,400	944,100	92.3%	5,670,800	730,000	90,062,900	1.0%
2014	20,866,700	6,117,400	14,749,300	29.3%	2016	28	791,900	581,400	405,300	176,100	34,000	70,100	1,072,100	1,072,100	100.0%	5,871,800	800,400	90,190,900	1.2%
2015	22,131,500	7,179,400	14,952,100	32.4%	2017	27	821,000	609,500	421,400	188,100	35,000	73,100	1,117,200	1,117,200	100.0%	6,078,500	865,800	90,236,000	1.2%
2016	23,439,300	8,295,400	15,143,900	35.4%	2018	26	851,400	630,300	434,800	195,500	36,000	75,900	1,158,800	1,158,800	100.0%	6,292,400	918,800	90,277,600	1.3%
2017	24,807,400	9,494,100	15,313,300	38.3%	2019	25	882,800	657,500	449,500	207,800	37,000	79,000	1,206,600	1,206,600	100.0%	6,514,400	1,005,300		
2018	26,210,200	10,744,500	15,465,700	41.0%	2020	24	915,600	683,400	465,200	218,200	38,000	82,100	1,253,900	1,253,900	100.0%	6,745,400	1,091,000		
2019	27,652,500	12,058,400	15,594,100	43.6%	2021	23	949,700	713,700	481,200	232,500	39,000	85,400	1,306,600	1,306,600	100.0%	6,982,600	1,189,900		
2020	29,125,000	13,426,300	15,698,700	46.1%	2022	22	985,200	743,400	496,600	246,800	40,000	89,000	1,361,000	1,361,000	100.0%	7,229,800	1,308,100		
2021	30,609,500	14,837,200	15,772,300	48.5%	2023	21	1,022,100	774,600	514,600	260,000	41,000	92,600	1,415,700	1,415,700	100.0%	7,486,200	1,438,700		
2022	32,052,100	16,283,700	15,766,400	50.8%	2024	20	1,057,300	799,100	530,500	268,600	42,000	95,700	1,463,600	1,463,600	100.0%	7,748,900	1,585,400		
2023	33,512,100	17,753,600	15,756,500	53.0%	2025	19	1,096,100	832,400	550,400	282,000	43,000	99,500	1,520,600	1,520,600	100.0%	8,019,900	1,726,600		
2024	34,961,700	19,251,400	15,710,300	55.1%	2026	18	1,136,700	866,300	569,900	296,400	44,000	103,400	1,580,500	1,580,500	100.0%	8,300,700	1,871,700		
2025	36,395,000	20,779,800	15,615,200	57.1%	2027	17	1,178,700	901,600	590,100	311,500	45,000	107,400	1,642,600	1,642,600	100.0%	8,593,800	2,003,900		
2026	37,834,600	22,360,300	15,474,300	59.1%	2028	16	1,222,600	938,000	611,000	327,000	46,000	111,700	1,707,300	1,707,300	100.0%	8,896,900	2,150,000		
2027	39,259,200	23,985,200	15,274,000	61.1%	2029	15	1,268,100	975,200	632,000	343,200	47,000	116,100	1,774,400	1,774,400	100.0%	9,211,200	2,313,200		
2028	40,649,200	25,642,500	15,006,700	63.1%	2030	14	1,314,900	1,014,800	655,400	359,400	48,000	120,500	1,842,800	1,842,800	100.0%	9,539,500	2,470,600		
2029	42,019,500	27,345,500	14,674,000	65.1%	2031	13	1,363,800	1,056,000	677,300	378,700	49,000	125,300	1,916,800	1,916,800	100.0%	9,877,900	2,651,200		
2030	43,329,600	29,073,400	14,256,200	67.1%	2032	12	1,413,600	1,097,700	703,100	394,600	50,000	130,100	1,988,300	1,988,300	100.0%	10,228,600	2,767,200		
2031	44,660,600	30,804,400	13,756,200	69.2%	2033	11	1,465,400	1,140,700	728,700	412,000	52,000	135,000	2,064,400	2,064,400	100.0%	10,591,500	2,879,500		
2032	46,006,400	32,545,600	13,180,800	71.4%	2034	10	1,518,500	1,184,800	754,400	430,400	54,000	140,200	2,143,100	2,143,100	100.0%	10,965,900	2,984,200		
2033	47,372,600	34,317,700	12,454,900	73.7%	2035	9	1,572,100	1,229,700	782,200	447,500	56,000	145,200	2,220,800	2,220,800	100.0%	11,354,000	3,078,500		
2034	48,786,500	37,145,400	11,641,100	76.1%	2036	8	1,627,400	1,274,400	809,400	465,000	58,000	150,500	2,301,000	2,301,000	100.0%	11,755,800	3,175,200		
2035	50,246,000	39,537,600	10,708,400	78.7%	2037	7	1,684,200	1,320,700	837,900	482,800	60,000	155,900	2,382,900	2,382,900	100.0%	12,169,900	3,269,800		
2036	51,747,800	42,107,600	9,640,200	81.4%	2038	6	1,741,200	1,369,700	867,800	501,900	62,000	161,400	2,466,400	2,466,400	100.0%	12,599,100	3,372,400		
2037	53,291,200	44,865,000	8,426,200	84.2%	2039	5	1,797,500	1,417,800	898,000	519,800	64,000	166,700	2,548,000	2,548,000	100.0%	13,043,700	3,459,900		
2038	54,892,900	47,840,500	7,053,400	87.2%	2040	4	1,851,000	1,470,500	931,200	539,300	66,000	171,900	2,628,200	2,628,200	100.0%	13,503,000	3,518,700		
2039	56,608,600	51,080,100	5,528,500	90.2%	2041	3	1,903,600	1,522,000	962,800	559,200	68,000	177,200	2,707,800	2,707,800	100.0%	13,978,600	3,618,500		
2040	58,373,700	54,557,000	3,816,700	93.5%	2042	2	1,939,600	1,576,900	997,400	579,500	70,000	181,200	2,770,400	2,770,400	100.0%	14,472,000	3,708,800		
2041	60,230,700	58,299,800	1,930,900	96.8%	2043	1	1,950,900	1,632,900	1,032,500	600,400	72,000	182,200	2,785,500	2,785,500	100.0%	14,981,700	3,801,100		
2042	62,169,500	62,308,100	(138,600)	100.2%	2044	1	(138,500)	1,690,900	1,068,900	622,000	74,000	39,000	596,500	596,500	100.0%	15,509,700	3,874,700		
2043	64,220,800	66,572,100	(2,351,300)	103.7%	2045	1	(2,351,300)	1,750,900	1,106,700	644,200	76,000	(114,200)	0	0	100.0%	16,056,400	3,947,300		
2044	66,398,600	68,830,700	(2,432,100)	103.7%	2046	1	(2,432,100)	1,812,800	1,145,000	667,800	78,000	(118,000)	0	0	100.0%	16,622,600	4,053,200		
2045	68,661,800	70,558,100	(1,896,300)	102.8%	2047	1	(1,896,300)	1,878,300	1,185,800	692,500	80,000	(78,700)	0	0	100.0%	17,208,300	4,155,300		
2046	71,040,300	72,341,000	(1,300,700)	101.8%	2048	1	(1,300,700)	1,945,600	1,227,600	718,000	82,000	(35,000)	0	0	100.0%	17,815,600	4,268,900		

Includes reset of amortization period to 30 years for July 1, 2012 actuarial valuation.

This projection is based on the actuarial assumptions from the 2011 Experience Study and data used in the July 1, 2011 valuation. The explanatory notes contained in those reports, including statements of reliance and limitations on use, continue to apply. This projection assumes new members enter the system.

This work product was prepared solely for the Town of Coventry, RI for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Interest Rate Assumption	7.00%
Actual Return on MVA	7.00%
Payroll Growth Rate	3.55%

Exhibit A

Town of Coventry, RI
Police Pension Projection (Current Benefit Provisions)

Values as of Valuation Date										Costs Projected to Following Fiscal Year									
Valuation Year	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Costs for FY	Amort. Period	Past Service Cost	Total Normal Cost	Expected Employee Contributions	Employer Normal Cost	Admin Expense	Interest	Total Employer ARC	Assumed Employer Contribution	Employer Contribution as % of the ARC	Payroll	Benefit Payments	Revenue Forecast	Contribution as Share of Revenue
2011	67,331,300	59,733,100	6,598,200	11.3%	2013	22	3,683,900	1,004,600	261,200	743,400	44,300	313,100	4,784,700	2,274,700	47.5%	3,246,600	3,259,000	19,677,900	2.5%
2012	69,979,500	6,897,900	63,081,600	9.9%	2014	26	3,473,900	993,800	277,700	716,100	46,000	296,400	4,532,400	3,061,300	67.5%	3,149,100	3,476,400	90,464,500	3.4%
2013	72,385,000	6,153,000	66,232,000	8.5%	2015	25	3,742,700	943,500	283,600	699,900	47,000	314,200	4,803,800	4,205,300	87.5%	3,224,100	3,686,400	91,608,500	4.6%
2014	74,745,100	6,351,700	68,393,400	8.5%	2016	24	3,971,900	954,900	292,800	662,100	48,000	327,700	5,009,700	5,009,700	100.0%	3,261,000	3,876,200	92,412,900	5.4%
2015	76,995,600	7,520,000	69,475,600	9.8%	2017	23	4,153,400	967,300	303,900	663,400	49,000	340,600	5,206,400	5,206,400	100.0%	3,350,300	4,013,400	92,609,600	5.6%
2016	79,262,600	9,341,500	69,921,100	11.8%	2018	22	4,310,800	992,000	316,300	675,700	50,000	352,500	5,389,000	5,389,000	100.0%	3,482,100	4,135,800	92,792,200	5.8%
2017	81,581,600	11,379,000	70,202,600	14.0%	2019	21	4,472,400	1,011,000	325,800	685,200	52,000	364,800	5,574,400	5,574,400	100.0%	3,610,700	4,273,500		
2018	83,935,000	13,613,400	70,341,600	16.2%	2020	20	4,640,800	1,033,600	341,200	712,400	54,000	378,500	5,785,700	5,785,700	100.0%	3,749,200	4,407,900		
2019	86,368,000	16,070,900	70,297,100	18.6%	2021	19	4,814,700	1,049,400	341,100	708,300	56,000	390,500	5,969,500	5,969,500	100.0%	3,884,500	4,588,900		
2020	88,820,900	18,729,600	70,091,300	21.1%	2022	18	4,997,000	1,067,700	351,300	716,400	58,000	404,000	6,175,400	6,175,400	100.0%	3,907,900	4,819,000		
2021	91,189,900	21,535,000	69,654,900	23.6%	2023	17	5,184,700	1,091,100	361,900	729,200	60,000	418,200	6,392,100	6,392,100	100.0%	4,004,800	4,963,700		
2022	93,578,500	24,609,000	68,969,500	26.3%	2024	16	5,378,000	1,120,300	372,100	748,200	62,000	433,200	6,621,400	6,621,400	100.0%	4,132,200	5,120,100		
2023	96,009,900	27,969,000	68,040,900	29.1%	2025	15	5,579,500	1,128,600	377,100	751,500	64,000	447,800	6,842,800	6,842,800	100.0%	4,238,000	5,326,400		
2024	98,403,400	31,591,300	66,812,100	32.1%	2026	14	5,786,900	1,168,500	389,400	779,100	66,000	464,300	7,096,300	7,096,300	100.0%	4,333,800	5,486,800		
2025	100,842,100	35,540,800	65,301,300	35.2%	2027	13	6,004,300	1,176,400	390,600	785,800	68,000	480,100	7,338,200	7,338,200	100.0%	4,420,300	5,703,700		
2026	103,259,900	39,801,700	63,458,200	38.6%	2028	12	6,250,500	1,191,200	393,100	798,100	70,000	496,900	7,595,500	7,595,500	100.0%	4,444,500	5,968,300		
2027	105,572,500	44,340,100	61,232,400	42.0%	2029	11	6,464,000	1,240,400	407,800	832,600	72,000	515,900	7,884,500	7,884,500	100.0%	4,462,600	6,137,800		
2028	107,861,800	49,300,100	58,561,700	45.7%	2030	10	6,701,800	1,236,700	412,500	844,200	74,000	533,500	8,153,300	8,153,300	100.0%	4,627,700	6,309,400		
2029	110,187,100	54,731,700	55,455,400	49.7%	2031	9	6,948,800	1,255,400	410,400	845,000	76,000	550,800	8,420,600	8,420,600	100.0%	4,671,600	6,569,400		
2030	112,430,500	60,548,400	51,882,100	53.9%	2032	8	7,206,600	1,204,600	391,600	813,000	78,000	566,800	8,664,400	8,664,400	100.0%	4,657,300	6,938,400		
2031	114,406,200	66,624,800	47,781,400	58.2%	2033	7	7,479,500	1,203,200	387,200	816,000	80,000	585,900	8,955,400	8,955,400	100.0%	4,387,000	7,336,600		
2032	116,058,800	72,980,700	43,078,100	62.9%	2034	6	7,744,500	1,219,600	389,600	830,000	82,000	606,000	9,262,500	9,262,500	100.0%	4,369,500	7,576,600		
2033	117,549,300	79,834,700	37,714,600	67.9%	2035	5	8,015,200	1,264,400	402,800	861,600	84,000	627,200	9,588,000	9,588,000	100.0%	4,434,700	7,731,400		
2034	119,015,800	87,337,800	31,678,000	73.4%	2036	4	8,289,600	1,255,000	399,800	855,200	87,000	646,200	9,878,000	9,878,000	100.0%	4,580,500	7,943,000		
2035	120,404,500	95,477,800	24,926,700	79.3%	2037	3	8,566,500	1,250,500	397,300	853,200	90,000	665,700	10,175,300	10,175,300	100.0%	4,476,900	8,214,600		
2036	121,561,500	104,201,000	17,360,500	85.7%	2038	2	8,814,100	1,255,100	398,200	856,900	93,000	683,500	10,447,500	10,447,500	100.0%	4,488,700	8,416,100		
2037	122,599,900	113,631,800	9,968,100	92.7%	2039	1	8,968,100	1,263,400	400,200	863,200	96,000	694,900	10,622,300	10,622,300	100.0%	4,503,400	8,609,700		
2038	123,501,600	123,802,900	(301,300)	100.2%	2040	1	(301,400)	1,302,600	412,400	890,200	99,000	48,100	736,000	736,000	100.0%	4,516,600	8,710,900		
2039	124,367,400	134,771,700	(10,404,300)	108.4%	2041	1	(10,404,300)	1,339,700	434,000	915,700	102,000	(657,100)	0	0	100.0%	4,669,000	8,787,100		
2040	125,261,800	136,206,200	(10,944,400)	108.7%	2042	1	(10,944,300)	1,363,600	431,600	932,000	105,000	(693,500)	0	0	100.0%	4,799,900	8,869,900		
2041	126,169,200	136,898,300	(10,729,100)	108.5%	2043	1	(10,729,000)	1,389,700	439,600	950,100	108,000	(677,000)	0	0	100.0%	4,867,300	8,964,900		
2042	127,047,100	137,543,600	(10,498,500)	108.3%	2044	1	(10,498,600)	1,385,000	438,300	946,700	111,000	(660,900)	0	0	100.0%	4,993,600	9,073,400		
2043	127,906,200	138,121,600	(10,215,400)	108.0%	2045	1	(10,215,400)	1,399,700	442,500	957,200	114,000	(640,100)	0	0	100.0%	4,912,200	9,187,700		
2044	128,684,900	138,620,800	(9,935,900)	107.7%	2046	1	(9,935,900)	1,424,400	450,200	974,200	117,000	(619,100)	0	0	100.0%	4,997,800	9,219,900		
2045	129,517,600	139,126,600	(9,609,000)	107.4%	2047	1	(9,609,000)	1,441,500	455,600	985,900	121,000	(595,100)	0	0	100.0%	5,081,700	9,261,400		
2046	130,372,400	139,626,200	(9,253,800)	107.1%	2048	1	(9,253,800)	1,455,900	460,000	995,900	125,000	(569,300)	0	0	100.0%	5,133,200	9,306,700		

Includes reset of amortization period to 26 years for July 1, 2012 actuarial valuation.

This projection is based on the actuarial assumptions from the 2011 Experience Study and data used in the July 1, 2011 valuation. The explanatory notes contained in those reports, including statements of reliance and limitations on use, continue to apply. This projection assumes new members enter the system.

This work product was prepared solely for the Town of Coventry, RI for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Interest Rate Assumption	7.00%
Actual Return on MVA	7.00%
Payroll Growth Rate	3.75%
Amortization	3.75% growth

Year	Payment against the ARC	Normal Cost	30-year Amortization closed	Interest to Year End	Employer Contribution			Employee Contribution			Total Contribution	Increase	Payroll	Benefit Payment	Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Revenue Forecast	Contribution as a % of Revenue
					ARC	Employer Contribution	as a % of payroll	Employee Contribution	as a % of payroll											
2011	24.82%	831,628	1,823,304	79,040	2,376,174	589,861	12.75%	357,798	8%	947,659		4,626,364	1,271,033	10,618,492	34,827,771	24,209,279	30.49%	\$63,571,189	0.93%	
2012	24.86%	820,907	1,878,676	80,351	2,415,604	600,630	12.75%	364,330	8%	964,960	1.83%	4,710,820	1,369,900	11,030,802	35,975,304	24,944,502	30.66%	\$66,576,189	0.90%	
2013	22.94%	797,890	2,021,927	84,814	2,549,757	585,041	12.75%	354,874	8%	939,915	-2.60%	4,588,557	1,486,338	11,387,841	37,950,104	26,562,263	30.01%	\$68,731,189	0.83%	
2014	21.31%	779,512	2,178,681	89,781	2,699,083	575,178	12.75%	348,891	8%	924,069	-1.69%	4,511,198	1,592,128	11,623,777	39,917,658	28,293,881	29.12%	\$70,286,189	0.82%	
2015	19.11%	725,845	2,350,172	94,508	2,841,192	542,934	12.75%	329,333	8%	872,267	-5.61%	4,258,303	1,839,738	11,750,644	41,893,476	30,142,832	28.05%	\$71,841,189	0.76%	
2016	17.73%	709,716	2,538,089	100,565	3,023,280	535,939	12.75%	325,090	8%	861,029	-1.29%	4,203,441	1,946,029	11,577,222	43,693,179	32,115,957	26.50%	\$73,396,189	0.73%	
2017	16.21%	678,017	2,744,417	106,889	3,213,390	520,843	12.75%	315,933	8%	836,776	-2.82%	4,085,045	2,118,958	11,270,328	45,491,281	34,220,953	24.77%			
2018	15.07%	667,165	2,971,226	114,375	3,438,464	518,154	12.75%	314,302	8%	832,456	-0.52%	4,063,951	2,224,571	10,738,373	47,201,848	36,463,475	22.75%			
2019	13.42%	614,927	3,221,505	121,751	3,660,199	491,253	12.75%	297,984	8%	789,237	-5.19%	3,852,965	2,448,174	10,055,708	48,910,924	38,855,216	20.56%			
2020	12.41%	604,603	3,498,113	130,971	3,937,381	488,486	12.75%	296,306	8%	784,792	-0.56%	3,831,263	2,548,825	9,049,748	50,451,660	41,401,912	17.94%			
2021	10.61%	538,885	3,805,403	140,146	4,213,213	447,132	12.75%	271,221	8%	718,353	-8.47%	3,506,914	2,861,229	7,864,890	51,984,734	44,119,844	15.13%			
2022	9.26%	490,582	4,148,404	150,853	4,535,081	419,991	12.75%	254,758	8%	674,749	-6.07%	3,294,045	3,044,681	6,205,901	53,230,555	47,024,654	11.66%			
2023	7.62%	426,939	4,532,482	162,862	4,896,110	372,865	12.75%	226,173	8%	599,038	-11.22%	2,924,435	3,359,323	4,196,315	54,321,491	50,125,176	7.72%			
2024	5.50%	310,342	4,966,103	175,492	5,275,816	290,351	12.75%	176,121	8%	466,472	-22.13%	2,277,265	3,799,813	1,642,960	55,094,123	53,451,163	2.98%			

Cranston Fire & Police

Funding Improvement Plan Update

Elaine Colarusso - RE: Cranston-Request for Update on Pension Funding Improvement Plan

From: "Fung, Allan" <AFung@CranstonRI.org>
To: Elaine Colarusso <elaine.colarusso@dor.ri.gov>
Date: 4/8/2014 2:25 PM
Subject: RE: Cranston-Request for Update on Pension Funding Improvement Plan
CC: "Strom, Robert" <RStrom@CranstonRI.org>

Elaine, here is Cranston's update on our funding improvement plan. Thanks. Allan

At a class action fairness hearing on December 13, 2013, Judge Sarah Taft-Carter entered a final order that approved a settlement between the police and fire unions and retirees that modifies our original funding improvement plan for our locally administered pension that is deemed in "critical status". The original 10 year COLA freeze ordinances still applies to those that have decided to opt-out of the settlement and continue their individual suits. Approximately 76 individuals decided to opt out of the settlement.

Under the terms of the settlement, the city shall suspend the annual three percent compounded COLA, excluding current or future widows that do not opt of the settlement, every other year over a ten year period beginning July 1, 2013. Upon the expiration of the ten year period, for years eleven and twelve, said three percent compounded COLA shall be reduced to 1.5% compounding, excluding current or future widows that do not opt out of the settlement. After year 12, the COLA shall be fixed permanently at three percent compounded per year without any further escalation based upon any raises to active employees.

Answers to your questions on our original FIP:

1) We are funding 100% of the ARC in FY2014.

2013 ARC of \$28.5M (ARC had updated experience study results) and Actual Contribution of \$21.9M = 77% funding

2014 ARC of \$21M (ARC had implemented original FIP reforms) and Actual Contribution of \$22.3M = 100% funding

2015 ARC of \$22.3M (ARC based upon revised valuation results implementing above superior court approved pension settlement) and proposed Contribution of \$22.3M = 100% funding

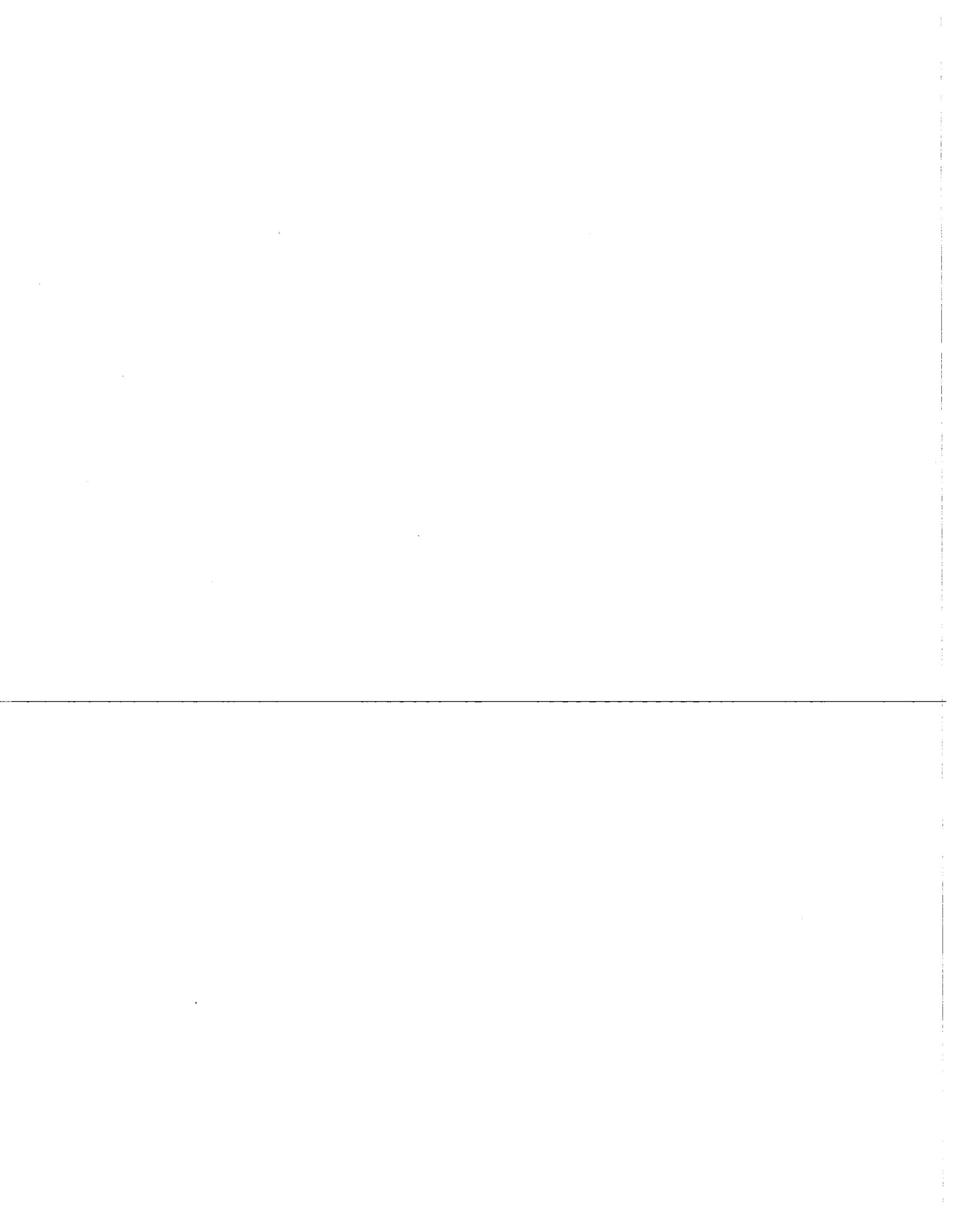
2) See above comments about ten year COLA freeze ordinance and approved settlement

3) No there were no excess contributions in either year

4) The amortization schedule has been extended until 2042

5) We emerge from critical status in 2037 which is in 23 years

6) We implemented the above changes to our original FIP that was approved by the Superior Court to resolve our class action litigation and will continue to fund per our settlement



Elaine Colarusso - RE: Letter from Director Gallogly - Update requested for pension plan in critical status

From: "Fung, Allan" <AFung@CranstonRI.org>
To: Elaine Colarusso <elaine.colarusso@dor.ri.gov>
Date: 8/26/2013 11:16 AM
Subject: RE: Letter from Director Gallogly - Update requested for pension plan in critical status
CC: "Strom, Robert" <RStrom@CranstonRI.org>, Rosemary Booth Gallogly <Rosema...>

Elaine,

On April 22, 2013, the Cranston City Council passed and I subsequently signed into law two pension ordinances that imposed a ten year freeze on COLAs for those in our locally administered plan. Thereafter, the police and fire retirees brought a class action suit in Providence Superior Court. On June 7, the Judge certified the class.

Since the associations and the city had reached a proposed resolution (highlights set forth below) through negotiations, we will be putting that before the court.

The City shall suspend the annual three percent (3%) compounded COLA, excluding current or future widows that do not opt-out of the settlement, every other year over a ten (10) year period beginning on July 1, 2013. Upon the expiration of the ten year period, for years eleven (11) and twelve (12), said three percent (3%) per annum compounded COLA shall be reduced to one and one half percent (1.5%) compounded, excluding current or future widows who do not opt-out of the settlement. After year twelve, the COLA is permanently capped at 3% with no further escalation based upon any raises given to active employees. The re-amortization period will be thirty years.

At a future date that will be set, the court will be holding a fairness hearing similar to what transpired in Providence's case. If the proposed settlement is approved, plan participants will be given notice about their options and ability to opt out of this resolution. Should they decide to opt out of the settlement, the ordinances' ten year freeze continues to apply to them. But they will continue to have a right to challenge the laws in court.

Thanks.

Allan

Future Funding - Option 1

Exhibit A shows the forecast of key values assuming that 100% of the ARC is contributed starting in FYE 2014.

The City is considering making the following changes:

- implement a 10-year COLA freeze commencing in FYE 2014
- extend the amortization schedule from FYE 2032 to FYE 2036
- make one-time contributions of \$2,149,619 in excess of the ARC for FYE 2013 and \$2,473,336 in excess of the ARC for FYE 2014

Our actuary has estimated that these modifications will substantially reduce the costs and liabilities of the plan. The estimates are as follows for FYE 6/30/2013:

	Current Plan Provisions	Proposed Plan Provisions
Employer Normal Cost	1,317,054	1,129,140
Employee Normal Cost	508,701	508,701
Total Normal Cost	1,825,755	1,637,841
Accrued Liability	333,935,476	273,815,791
Unfunded Accrued Liability	271,012,438	210,892,754
Funded Ratio	18.8%	23.0%
ARC	26,513,813	19,844,725

Exhibit B shows the key values forecasted for the next 30 years based on these revised provisions and the new Funding Policy. Exhibit C is the same forecast as Exhibit B, except the actual return on investments is 0.5% less than the 7.5% assumption.

Exhibits D and E describe the actuarial assumptions and plan provisions, respectively.

Exhibit B - Option 1
Forecast of Actuarial Experience Study results - Funding Improvement plan #1

FYE	Payment against the ARC	Employer Normal Cost	Amortization of the Unfunded				Increase	Contribution as a % of				Accrued Liability	Unfunded Liability	Funded Ratio	Revenue Forecast	Contribution as a % of Revenue
			Liability	ARC	Contribution	Payroll		Payroll	Benefit Payments	Assets						
6/30/2013	100%	1,129,140	18,715,585	19,844,725	21,994,344	8.0%	3,176,568	692%	22,586,717	62,923,037	273,815,791	210,892,754	23.0%	248,574,059	8.8%	
6/30/2014	100%	1,001,146	18,519,862	19,521,008	21,994,344	0.0%	2,816,488	781%	22,608,880	67,472,745	272,416,245	204,943,499	24.8%	253,359,647	8.7%	
6/30/2015	100%	809,549	18,290,992	19,100,541	19,100,541	-13.2%	2,277,476	839%	22,744,114	69,133,613	270,483,371	201,349,758	25.6%	256,715,385	7.4%	
6/30/2016	100%	688,503	18,290,992	18,979,495	18,979,495	-0.6%	1,936,940	980%	22,826,289	70,651,799	268,138,285	197,486,486	26.3%	261,623,717	7.3%	
6/30/2017	100%	575,305	18,290,992	18,866,297	18,866,297	-0.6%	1,618,485	1166%	22,785,265	72,156,142	265,489,611	193,333,469	27.2%	267,070,782	7.1%	
6/30/2018	100%	465,733	18,290,992	18,756,725	18,756,725	-0.6%	1,310,229	1432%	22,723,412	73,672,652	262,541,627	188,868,976	28.1%			
6/30/2019	100%	357,608	18,290,992	18,648,600	18,648,600	-0.6%	1,006,045	1854%	22,596,817	75,271,544	259,341,189	184,069,645	29.0%			
6/30/2020	100%	274,009	18,290,992	18,565,001	18,565,001	-0.4%	770,859	2408%	22,412,266	77,055,972	255,966,337	178,910,365	30.1%			
6/30/2021	100%	211,687	18,290,992	18,502,679	18,502,679	-0.3%	595,532	3107%	22,134,243	79,168,765	252,532,904	173,364,138	31.3%			
6/30/2022	100%	166,823	18,290,992	18,457,815	18,457,815	-0.2%	469,317	3933%	21,789,942	81,729,524	249,131,469	167,401,945	32.8%			
6/30/2023	100%	123,648	18,290,992	18,414,640	18,414,640	-0.2%	347,855	5294%	21,406,816	84,814,641	245,807,228	160,992,587	34.5%			
6/30/2024	100%	95,110	18,290,992	18,386,102	18,386,102	-0.2%	267,570	6872%	21,591,967	87,896,254	241,998,782	154,102,528	36.3%			
6/30/2025	100%	61,737	18,290,992	18,352,729	18,352,729	-0.2%	173,684	10567%	21,753,593	90,991,220	237,686,933	146,695,714	38.3%			
6/30/2026	100%	41,894	18,290,992	18,332,886	18,332,886	-0.1%	117,859	15555%	21,851,593	94,186,857	232,920,246	138,733,388	40.4%			
6/30/2027	100%	27,893	18,290,992	18,318,885	18,318,885	-0.1%	78,471	23345%	21,908,348	97,542,266	227,716,154	130,173,889	42.8%			
6/30/2028	100%	18,635	18,290,992	18,309,627	18,309,627	-0.1%	52,426	34925%	21,912,209	101,131,404	222,103,831	120,972,427	45.5%			
6/30/2029	100%	10,527	18,290,992	18,301,519	18,301,519	0.0%	29,615	61798%	21,875,085	105,016,024	216,096,879	111,080,855	48.6%			
6/30/2030	100%	5,388	18,290,992	18,296,380	18,296,380	0.0%	15,159	120695%	21,789,668	109,272,824	209,720,239	100,447,415	52.1%			
6/30/2031	100%	3,640	18,290,992	18,294,632	18,294,632	0.0%	10,242	178615%	21,650,157	113,990,903	203,007,371	89,016,468	56.2%			
6/30/2032	100%	2,923	18,290,992	18,293,915	18,293,915	0.0%	8,225	222411%	21,459,463	119,259,476	195,987,675	76,728,199	60.9%			
6/30/2033	100%	388	18,290,992	18,291,380	18,291,380	0.0%	1,090	1677385%	21,222,706	125,164,854	188,683,165	63,518,310	66.3%			
6/30/2034	100%	0	18,290,992	18,290,992	18,290,992	0.0%	0	N/A	20,927,108	131,819,035	181,136,715	49,317,680	72.8%			
6/30/2035	100%	0	18,290,992	18,290,992	18,290,992	0.0%	0	N/A	20,573,840	139,338,554	173,390,557	34,052,002	80.4%			
6/30/2036	100%	0	18,290,992	18,290,992	18,290,992	0.0%	0	N/A	20,161,898	147,849,149	165,490,547	17,641,399	89.3%			
6/30/2037	100%	0	18,290,992	18,290,992	18,290,992	0.0%	0	N/A	19,690,509	157,486,784	157,486,784	0	100.0%			
6/30/2038	100%	0	0	0	0	N/A	0	N/A	19,158,428	149,434,413	149,434,413	0	100.0%			
6/30/2039	100%	0	0	0	0	N/A	0	N/A	18,566,498	141,391,839	141,391,839	0	100.0%			
6/30/2040	100%	0	0	0	0	N/A	0	N/A	17,916,891	133,419,598	133,419,598	0	100.0%			
6/30/2041	100%	0	0	0	0	N/A	0	N/A	17,211,944	125,580,345	125,580,345	0	100.0%			

Cranston

Exhibit A

Forecast of Actuarial Experience Study results, adopted Actuarial Assumptions, prior to Benefit Changes

FYE	Payment against the ARC	Employer Normal Cost	Amortization of the Unfunded				Increase	Payroll	Contribution as a % of Payroll	Benefit Payments	Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Revenue Forecast	Contribution as a % of Revenue
			ARC	ARC	Contribution	ARC										
6/30/2013	100%	1,317,054	25,196,759	26,513,813	21,994,344	8.0%	3,176,568	692%	22,586,717	62,923,037	333,935,476	271,012,438	18.8%	248,574,059	8.8%	
6/30/2014	100%	1,167,759	25,640,083	26,807,842	26,807,842	21.9%	2,816,488	952%	23,283,841	71,763,673	336,517,840	264,754,167	21.3%	253,359,647	10.6%	
6/30/2015	100%	944,276	25,640,083	26,584,359	26,584,359	-0.8%	2,277,476	1167%	24,106,018	80,093,695	338,120,221	258,026,526	23.7%	256,715,385	10.4%	
6/30/2016	100%	803,085	25,640,083	26,443,168	26,443,168	-0.5%	1,936,940	1365%	24,888,079	88,034,680	338,828,991	250,794,311	26.0%	261,623,717	10.1%	
6/30/2017	100%	671,049	25,640,083	26,311,132	26,311,132	-0.5%	1,618,485	1626%	25,553,503	95,691,539	338,711,219	243,019,680	28.3%	267,070,782	9.9%	
6/30/2018	100%	543,241	25,640,083	26,183,324	26,183,324	-0.5%	1,310,229	1998%	26,205,365	103,063,100	337,725,053	234,661,952	30.5%			
6/30/2019	100%	417,122	25,640,083	26,057,205	26,057,205	-0.5%	1,006,045	2590%	26,785,918	110,204,329	335,881,724	225,677,395	32.8%			
6/30/2020	100%	319,610	25,640,083	25,959,693	25,959,693	-0.4%	770,859	3368%	27,307,514	117,200,196	333,219,191	216,018,995	35.2%			
6/30/2021	100%	246,917	25,640,083	25,887,000	25,887,000	-0.3%	595,532	4347%	27,727,509	124,180,812	329,817,028	205,636,216	37.7%			
6/30/2022	100%	194,586	25,640,083	25,834,669	25,834,669	-0.2%	469,317	5505%	28,066,774	131,258,002	325,732,730	194,474,728	40.3%			
6/30/2023	100%	144,226	25,640,083	25,784,309	25,784,309	-0.2%	347,855	7412%	28,353,231	138,496,595	320,972,724	182,476,129	43.1%			
6/30/2024	100%	110,939	25,640,083	25,751,022	25,751,022	-0.1%	267,570	9624%	28,561,452	146,014,351	315,591,985	169,577,634	46.3%			
6/30/2025	100%	72,012	25,640,083	25,712,095	25,712,095	-0.2%	173,684	14804%	28,735,943	153,859,073	309,570,826	155,711,753	49.7%			
6/30/2026	100%	48,866	25,640,083	25,688,949	25,688,949	-0.1%	117,859	21796%	28,836,441	162,154,683	302,960,614	140,805,930	53.5%			
6/30/2027	100%	32,535	25,640,083	25,672,618	25,672,618	-0.1%	78,471	32716%	28,884,724	170,998,932	295,781,103	124,782,171	57.8%			
6/30/2028	100%	21,736	25,640,083	25,661,819	25,661,819	0.0%	52,426	48949%	28,868,379	180,507,924	288,064,554	107,556,630	62.7%			
6/30/2029	100%	12,279	25,640,083	25,652,362	25,652,362	0.0%	29,615	86619%	28,798,407	190,789,047	279,828,220	89,039,173	68.2%			
6/30/2030	100%	6,285	25,640,083	25,646,368	25,646,368	0.0%	15,159	169181%	28,666,483	201,969,421	271,102,328	69,132,907	74.5%			
6/30/2031	100%	4,247	25,640,083	25,644,330	25,644,330	0.0%	10,242	250372%	28,465,507	214,193,770	261,927,441	47,733,671	81.8%			
6/30/2032	100%	3,411	25,640,083	25,643,494	25,643,494	0.0%	8,225	311764%	28,197,301	227,611,826	252,341,318	24,729,492	90.2%			
6/30/2033	100%	452	25,640,083	25,640,535	25,640,535	0.0%	1,090	2351329%	27,866,274	242,375,198	242,375,198	0	100.0%			
6/30/2034	100%	0	0	0	0	N/A	0	N/A	27,458,872	232,083,374	232,083,374	0	100.0%			
6/30/2035	100%	0	0	0	0	N/A	0	N/A	26,975,372	221,520,966	221,520,966	0	100.0%			
6/30/2036	100%	0	0	0	0	N/A	0	N/A	26,414,245	210,748,166	210,748,166	0	100.0%			
6/30/2037	100%	0	0	0	0	N/A	0	N/A	25,774,674	199,830,528	199,830,528	0	100.0%			
6/30/2038	100%	0	0	0	0	N/A	0	N/A	25,055,249	188,839,983	188,839,983	0	100.0%			
6/30/2039	100%	0	0	0	0	N/A	0	N/A	24,257,376	177,852,399	177,852,399	0	100.0%			
6/30/2040	100%	0	0	0	0	N/A	0	N/A	23,384,256	166,946,016	166,946,016	0	100.0%			
6/30/2041	100%	0	0	0	0	N/A	0	N/A	22,439,301	156,201,405	156,201,405	0	100.0%			

Cumberland Police

Funding Improvement Plan Update

No FIP Update submitted in April 2014

TOWN OF CUMBERLAND
FUNDING IMPROVEMENT PLAN

The Town of Cumberland has been in negotiation with the Fraternal Order of Police Lodge #7 since the expiration of its contract on July 1, 2011. The Town is committed to negotiating significant changes that will ensure both the Police Officers and taxpayers have sustainable post-retirement benefits now and in the future. Consistent with that effort there have been significant efforts to address the unfunded liabilities in both its locally administered pension plans and its other post-employment benefits ("OPEB") obligations. These efforts overlap with the Study Commission's statutory responsibility "to make recommendations for the improved security and funding of locally administered plans and other post-retirement benefit obligations of cities and towns . . ." set forth in the Rhode Island Retirement Security Act. The Town has first focused on the OPEB liability as the more substantial outstanding obligation.

OPEB

Recently, the Town has engaged a new actuarial firm and performed updates to the actuarial valuation reports for both its pension and OPEB liabilities. Attached to this report as Exhibit A is a copy of the Town's most recent OPEB Actuarial Valuation Report. The OPEB report reveals the impact of two significant changes to retiree healthcare undergone during the previous fiscal year. Those changes were a necessary priority since the existing Valuation Reports indicated that the Town had an OPEB liability in excess of three times the liability of the pension plan. The Town moved all retirees receiving healthcare and age 65 or older onto Medicare based plans under the "Muni-care" statute, R.I. Gen. Laws § 28-54-1. The Town established a Health Reimbursement Arrangement, attached as Exhibit B, which provided it with a vehicle coordinate its existing post-65 retirees onto Medicare along with some supplemental plans. Additionally, with the assistance of the School Committee, it corrected a legacy health care provision for School Department retirees that was allowing them to purchase health insurance from the School Department for less than the actual cost. This arrangement was inconsistent with the retirees contract and that inconsistency was corrected. These two efforts revealed the following savings:

Plan Before Medicare and School Department Changes:

- Unfunded Actuarial Accrued Liability- \$52,000,000 (Actuary note 2 estimates this figure based on previous plan provisions)
- ARC- More than \$3,973,000 (based on liability of \$46,872,000 from previous valuation report).

Plan After Changes:

- Unfunded Actuarial Accrued Liability- \$ 39,386,221
- ARC- \$ 3,521,332

Medicare OPEB Savings:

- Actuarial Gain- \$12,613,779
- ARC Savings- More than \$500,000

In addition to the Medicare efforts, the Town has created an OPEB Investment Board and is in the process of establishing an OPEB Trust to fund the benefits (attached as Exhibit C). The actuary has indicated that those savings will reduce the liability to \$26,000,000 and the ARC to roughly \$2,422,608.

The Town has further studied and is exploring the implementation of the following changes through negotiation or other legal means (Actuarial Study attached as Exhibit D):

- Coordination of Benefits- eliminate instances of double coverage by having employees' spouses and retirees move to other health care plans when available.
- Move future retirees to plans that more effectively share costs and new hires to a health care stipend in retirement.
- Move active officers to a high deductible plan

Impact of Proposed Changes:

- Unfunded Actuarial Accrued Liability- \$14,866,162
- ARC- \$1,396,569

Savings from Proposed Changes:

- Unfunded Actuarial Accrued Liability-\$24,500,059
- ARC- \$2,124,763

Pension

In addition to studying the OPEB liability, the Town has expended significant efforts in learning how to address the Pension liability. The Town asked the actuary to review all current assumptions while performing the most recent Valuation Report (attached as Exhibit E). The actuary recommended updating the assumed Investment Rate of Return to 7.5% and the Town and Pension Board adopted that change.

The Police Pension Plan currently reflects the following liability:

Police Pension Plan Currently (for July 1, 2012):

- Actuarial Accrued Liability- \$ 28,794,861
- Unfunded Actuarial Accrued Liability- \$ 19,612,093
- ARC- \$ 1,986,232
- Recommended Contribution- \$ 2,171,047
- Funded Ratio- 31.3%

While the Valuation Report was being updated the Town also began to study various design plan change items that may reduce the unfunded liability (report attached as Exhibit F). After studying the impact of each change the Town performed more comprehensive plan design Scenarios through the actuary (report attached as Exhibit G). In the end the Town has elected to seek the following changes through negotiation:

- 5-year final average pay

- Change definition of pensionable earnings to salary, holiday and longevity
- Accruals after July 1, 2011 changed to 2.50% of pay for first 20 years of service and an additional 1.0% of pay for service between 20 and 30 years for a maximum of 60%
- Change the pension eligibility to the later of reaching 20 years of service or attaining age 55 for all current and future employees
- Reduce Early Retirement Benefit to 25% of average pay
- Freeze COLA for 10 years with simple COLA returning tied to Northeast Urban CPI with a cap of 3.0% (for future retirees only)
- Move all hires after July 1, 2011 to a pure defined contribution plan with a Town match not to exceed 7%
- Increase employee contribution from 7% to 11%
- The Plan liability after those changes would reflect the following (as of July 1, 2013):
- Actuarial Accrued Liability- \$ 26,573,146
- Unfunded Actuarial Accrued Liability- \$ 16,776,400
- ARC- \$ 1,487,024
- Funded Ratio- 36.9%

Savings from proposed changes (as of July 1, 2013):

- Actuarial Accrued Liability- \$3,100,000
- ARC- \$572,000
- ARC over the amortization period- \$18,800,000

Conclusion

Through the changes already implemented for the Town of Cumberland OPEB liability, future changes to the OPEB liability, and future changes to the Pension Plan the Town intends to bring its total ARC to a level that can be funded 100% both now and in the future. By making the following changes the Town can achieve that goal:

OPEB:

- Coordination of Benefits- eliminate instances of double coverage by having employees and retirees move to other health care plans when available.
- Move future retirees to better cost sharing plans and new hires to a health care stipend in retirement.
- Move active officers to a high deductible plan

Pension:

- 5-year final average pay
- Change definition of pensionable earnings to salary, holiday and longevity
- Future accruals changed to 2.50% of pay for first 20 years of service and an additional 1.0% of pay for service between 20 and 30 years
- Change the pension eligibility to the later of reaching 20 years of service or attaining age 55 for all current and future employees
- Reduce Early Retirement Benefit to 25% of average pay

- Move all hires after July 1, 2011 to a pure defined contribution plan with a Town match not to exceed 7%
- Increase employee contribution from 7% to 11%

These changes to the Pension Plan would achieve a 60% funded ratio and emerge from critical status in 2022. However, the Town is further committed to permanently ending the funding problems that it faces currently.

The Town of Cumberland currently pays roughly \$2,900,000 in total ARC payments (roughly \$1,900,000 for pension and \$1,000,000 towards the OPEB ARC in pay-as-you-go status). By enacting all of the above changes the Town would have a Pension ARC of \$ 1,487,024 and an OPEB ARC of \$1,396,569. This total ARC payment of \$2,883,593 would allow the Town to fund all of its benefits now and in the future. A full funding effort would ensure both the Police Officers and the taxpayers a sustainable benefit.



Projection Details – Scenario 5

Scenario #5: Forecast of Actuarial Valuation Results

Year	Payment against the ARC	Employer Normal Cost	Amortization	ARC	DB Plan Contribution	Increase	Payroll	DB Plan Contribution as a % of Payroll	Benefit Payments	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability	Funded Ratio (AVA)	DC Plan Contribution	Total Employer Contributions	Total Contribution as a % of Payroll
2013	100.0%	168,084	1,215,194	1,487,024	1,487,024	N/A	2,574,106	57.8%	1,507,209	9,796,746	26,573,146	16,776,400	36.9%	4,938	1,491,962	58.0%
2014	100.0%	172,923	1,247,223	1,526,656	1,526,656	2.7%	2,660,247	57.4%	1,517,870	10,882,990	27,461,243	16,578,253	39.6%	6,849	1,532,505	57.6%
2015	100.0%	177,808	1,281,910	1,569,197	1,569,197	2.8%	2,748,718	57.1%	1,530,265	12,065,337	28,418,115	16,352,778	42.5%	6,872	1,576,069	57.3%
2016	100.0%	189,410	1,329,471	1,643,547	1,643,547	4.7%	2,839,500	57.9%	1,626,956	13,207,597	29,447,277	16,239,680	44.9%	8,019	1,651,556	58.2%
2017	100.0%	170,308	1,371,969	1,657,947	1,657,947	0.9%	2,870,827	57.8%	1,655,921	14,495,628	30,466,468	15,970,840	47.6%	16,369	1,674,316	58.3%
2018	100.0%	185,725	1,415,916	1,721,764	1,721,764	3.8%	2,951,991	58.3%	1,727,166	15,869,708	31,505,323	15,635,615	50.4%	19,055	1,740,819	59.0%
2019	100.0%	155,281	1,461,206	1,737,723	1,737,723	0.9%	3,006,084	57.8%	1,822,846	17,334,750	32,559,958	15,225,208	53.2%	25,734	1,763,457	59.7%
2020	100.0%	169,256	1,507,996	1,792,296	1,792,296	3.1%	3,041,807	58.9%	1,841,251	18,818,722	33,552,853	14,734,131	56.1%	33,703	1,825,999	60.0%
2021	100.0%	156,559	1,556,298	1,841,321	1,841,321	2.7%	3,140,836	58.6%	1,971,323	20,458,497	34,612,625	14,154,128	59.1%	36,015	1,877,336	59.8%
2022	100.0%	146,543	1,606,086	1,884,076	1,884,076	2.3%	3,163,738	59.6%	2,118,242	22,121,449	35,597,222	13,475,773	62.1%	48,008	1,932,084	61.1%
2023	100.0%	136,260	1,657,424	1,928,210	1,928,210	2.3%	3,175,661	60.7%	2,233,208	23,783,299	36,473,573	12,690,274	65.2%	60,582	1,988,792	62.6%
2024	100.0%	122,858	1,710,300	1,970,739	1,970,739	2.2%	3,208,915	61.4%	2,301,301	25,403,310	37,271,530	11,788,228	68.4%	71,497	2,042,236	63.6%
2025	100.0%	118,534	1,765,086	2,024,891	2,024,891	2.7%	3,279,687	61.7%	2,384,141	27,280,721	38,040,590	10,759,859	71.7%	78,818	2,103,709	64.1%
2026	100.0%	113,019	1,821,526	2,079,636	2,079,636	2.7%	3,337,568	62.3%	2,463,117	29,176,656	38,769,804	9,593,148	75.3%	87,176	2,166,812	64.9%
2027	100.0%	111,122	1,879,762	2,140,200	2,140,200	2.9%	3,396,590	63.0%	2,531,506	31,182,826	39,458,490	8,275,664	79.0%	95,811	2,236,011	65.8%
2028	100.0%	120,566	1,939,852	2,214,949	2,214,949	3.5%	3,472,315	63.8%	2,577,900	33,326,987	40,121,124	6,794,137	83.1%	103,982	2,318,931	66.8%
2029	100.0%	97,390	2,001,831	2,256,663	2,256,663	1.0%	3,557,815	63.4%	2,788,505	35,659,510	40,793,358	5,133,848	87.4%	111,185	2,367,848	66.6%
2030	100.0%	75,239	2,065,726	2,301,538	2,301,538	2.0%	3,504,922	65.7%	2,924,040	37,956,594	41,235,387	3,278,793	92.0%	130,711	2,432,249	69.4%
2031	100.0%	76,668	2,131,650	2,373,942	2,373,942	3.1%	3,512,654	67.6%	2,934,278	40,312,106	41,525,055	1,212,949	97.1%	144,330	2,518,272	71.7%
2032	100.0%	78,077	0	83,933	83,933	-96.5%	3,629,177	2.3%	2,944,942	42,912,057	41,830,851	0	102.6%	150,299	234,232	6.5%
2033	100.0%	72,510	0	77,957	77,957	-7.1%	3,766,361	2.1%	3,025,527	43,324,933	42,163,520	0	102.8%	157,717	235,874	6.3%
2034	100.0%	63,254	0	67,998	67,998	-12.8%	3,830,064	1.8%	3,098,111	43,668,577	42,399,679	0	103.0%	169,059	237,057	6.2%
2035	100.0%	33,915	0	36,459	36,459	-46.4%	3,898,667	0.9%	3,378,748	43,941,884	42,567,846	0	103.2%	180,795	217,254	5.6%
2036	100.0%	23,962	0	25,759	25,759	-29.3%	3,819,770	0.7%	3,501,950	43,857,364	42,368,324	0	103.5%	211,270	237,029	6.2%
2037	100.0%	21,032	0	22,609	22,609	-12.2%	3,837,561	0.6%	3,522,167	43,604,002	41,990,330	0	103.8%	228,105	260,714	6.5%
2038	100.0%	17,216	0	18,507	18,507	-18.1%	3,983,180	0.5%	3,565,206	43,303,032	41,555,189	0	104.2%	241,183	259,690	6.5%
2039	100.0%	7,660	0	8,235	8,235	-55.5%	4,081,286	0.2%	3,674,848	42,921,044	41,028,537	0	104.6%	264,352	262,587	6.4%
2040	100.0%	7,857	0	8,446	8,446	2.6%	4,153,221	0.2%	3,658,232	42,361,951	40,312,923	0	105.1%	275,277	263,723	6.8%
2041	100.0%	2,062	0	2,217	2,217	-73.9%	4,328,073	0.1%	3,727,095	41,778,838	39,561,537	0	105.6%	287,211	289,428	6.7%
2042	100.0%	0	0	0	0	-100.0%	4,444,295	0.0%	3,732,976	41,056,738	38,657,779	0	106.2%	306,805	306,805	6.9%

Asset Return Assumption: 7.50%

Plan Provision Changes:

- 1) Adjust active benefits to use a 5-year final average pay
- 2) Change definition of annual pay to salary, holiday and longevity
- 3) Benefits accrued as of 7/1/2011 are locked in with future accruals changed to 2.50% of pay for first 20 years of service and an additional 1.0% of pay for service between 20 and 30 years
- 4) Change the Normal Retirement eligibility to the later of reaching 20 years of service or attaining age 55 for all current participants
- 5) Reduce Early Retirement Benefit to 25% of average pay which is payable upon reaching 15 years of service
- 6) Freeze COLA for 10 years with COLA returning tied to Northeast Urban CPI with a cap of 3.0% (for future retirees only)
- 7) All hires after 7/1/2011 receive 7% of pay in a defined contribution plan and do not participate in the defined benefit plan
- 8) Employee Contribution rate changed to 11% of pay

*These numbers are estimates only and are not guarantees of actual future plan costs

Retirement Plan Design - 03/01/2013

Projection Details – Current Plan Provisions

Baseline: Current Forecast of Actuarial Valuation results, adopted Actuarial Assumptions, prior to Benefit Changes

Year	Payment against the ARC	Employer Normal Cost	Amortization	ARC	Contribution	Increase	Payroll	Contribution as a % of Payroll	Benefit Payments	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability	Funded Ratio (AVA)
2013	100.0%	482,623	1,438,187	2,064,871	2,064,871	N/A	2,649,898	77.9%	1,597,025	10,237,191	30,089,966	19,852,775	34.0%
2014	100.0%	503,437	1,476,239	2,128,152	2,128,152	3.1%	2,713,631	78.4%	1,714,014	11,768,049	31,388,235	19,620,186	37.5%
2015	100.0%	499,723	1,517,033	2,168,012	2,168,012	1.9%	2,737,049	79.2%	1,782,418	13,329,923	32,679,303	19,349,380	40.8%
2016	100.0%	514,017	1,570,899	2,241,285	2,241,285	3.4%	2,792,967	80.2%	1,886,402	14,819,512	34,000,282	19,180,770	43.6%
2017	100.0%	502,395	1,619,940	2,281,511	2,281,511	1.8%	2,822,020	80.8%	1,925,961	16,480,856	35,326,613	18,845,757	46.7%
2018	100.0%	528,507	1,670,606	2,364,047	2,364,047	3.6%	2,894,330	81.7%	2,040,994	18,278,310	36,709,893	18,431,583	49.8%
2019	100.0%	517,195	1,722,782	2,407,975	2,407,975	1.9%	2,923,787	82.4%	2,129,285	20,172,189	38,100,286	17,928,097	52.9%
2020	100.0%	538,375	1,776,644	2,488,645	2,488,645	3.4%	2,971,320	83.8%	2,264,443	22,168,321	39,497,109	17,328,788	56.1%
2021	100.0%	538,041	1,832,126	2,547,930	2,547,930	2.4%	2,986,839	85.3%	2,417,043	24,254,809	40,877,637	16,622,828	59.3%
2022	100.0%	533,650	1,889,349	2,604,724	2,604,724	2.2%	2,984,282	87.3%	2,452,014	26,399,974	42,201,387	15,801,413	62.6%
2023	100.0%	549,048	1,948,447	2,684,807	2,684,807	3.1%	3,076,612	87.3%	2,578,762	28,744,631	43,599,681	14,855,050	65.9%
2024	100.0%	555,471	2,009,345	2,757,177	2,757,177	2.7%	3,106,649	88.8%	2,663,135	31,211,508	44,981,842	13,770,334	69.4%
2025	100.0%	559,740	2,072,179	2,829,313	2,829,313	2.6%	3,167,846	89.3%	2,766,410	33,858,946	46,394,964	12,536,018	73.0%
2026	100.0%	569,148	2,137,003	2,909,112	2,909,112	2.8%	3,221,063	90.3%	2,870,979	36,674,841	47,813,439	11,138,598	76.7%
2027	100.0%	584,044	2,203,865	2,997,002	2,997,002	3.0%	3,271,804	91.6%	2,909,701	39,679,751	49,243,134	9,563,383	80.6%
2028	100.0%	599,831	2,272,844	3,088,126	3,088,126	3.0%	3,377,837	91.4%	3,001,931	42,973,169	50,768,130	7,794,961	84.6%
2029	100.0%	636,632	2,343,958	3,204,134	3,204,134	3.8%	3,442,286	93.1%	3,267,320	46,512,767	52,328,519	5,815,752	88.9%
2030	100.0%	611,173	2,417,123	3,255,419	3,255,419	1.6%	3,375,367	96.4%	3,438,314	50,143,878	53,749,302	3,605,424	93.3%
2031	100.0%	609,121	2,492,660	3,334,414	3,334,414	2.4%	3,416,399	97.6%	3,546,951	53,930,926	55,078,878	1,147,952	97.9%
2032	100.0%	634,270	0	681,840	681,840	-79.6%	3,549,442	19.2%	3,630,500	57,982,755	56,404,447	0	102.8%
2033	100.0%	668,930	0	719,100	719,100	5.5%	3,765,417	19.1%	3,735,329	59,514,216	57,781,984	0	103.0%
2034	100.0%	660,656	0	710,205	710,205	-1.2%	3,853,804	18.4%	3,871,422	61,102,354	59,202,900	0	103.2%
2035	100.0%	689,375	0	741,078	741,078	4.3%	3,912,294	18.9%	4,041,857	62,661,349	60,581,412	0	103.4%
2036	100.0%	701,485	0	754,096	754,096	1.8%	3,972,236	19.0%	4,147,315	64,191,310	61,914,802	0	103.7%
2037	100.0%	725,378	0	779,781	779,781	3.4%	4,082,569	19.1%	4,279,367	65,752,628	63,263,572	0	103.9%
2038	100.0%	736,331	0	791,556	791,556	1.5%	4,197,555	18.9%	4,358,451	67,325,353	64,605,713	0	104.2%
2039	100.0%	765,984	0	823,433	823,433	4.0%	4,308,525	19.1%	4,492,531	68,961,413	65,992,700	0	104.5%
2040	100.0%	768,916	0	826,585	826,585	0.4%	4,392,476	18.8%	4,617,164	70,613,893	67,374,910	0	104.8%
2041	100.0%	793,580	0	853,099	853,099	3.2%	4,481,065	19.0%	4,764,235	72,271,214	68,740,578	0	105.1%
2042	100.0%	805,588	0	866,007	866,007	1.5%	4,560,522	19.0%	4,923,911	73,930,547	70,084,061	0	105.5%

Asset Return Assumption: 7.50%

*These numbers are estimates only and are not guarantees of future plan costs

Johnston Fire & Police (2 plans)

Funding Improvement Plan Update

No FIP Update submitted in April 2014

Johnston Fire & Police (2 plans)

Funding Improvement Plan Update

No FIP Update submitted in April 2014

TOWN OF JOHNSTON
FUNDING IMPROVEMENT PLAN DISCUSSION

During the past few years the Town of Johnston has undertaken many significant efforts to address significant unfunded liabilities in both its locally administered pension plans and its other post-employment benefits ("OPEB") obligations. These efforts overlap with the Study Commission's statutory responsibility "to make recommendations for the improved security and funding of locally administered plans and other post-retirement benefit obligations of cities and towns . . ." set forth in the Rhode Island Retirement Security Act.

OPEB

Recently, the Town has updated the actuarial valuation reports for both its pension and OPEB liabilities. Attached to this report as Exhibit A is a copy of the Town's most recent OPEB Actuarial Valuation Report. The OPEB report reflects the first significant changes to retiree healthcare undergone during the previous fiscal year. Those changes were considered a priority given the existing OPEB Valuation Reports which indicated that the Town had an OPEB liability in excess of double the liability of the pension plan. The Town moved all retirees receiving healthcare and age 65 or older onto Medicare based plans under the new so-called "Muni-care" statute, R.I. Gen. Laws § 28-54-1. The Town passed an ordinance to initiate the process, attached as Exhibit B, and saw the following savings:

Plan Before Medicare Changes:

- Unfunded Actuarial Accrued Liability- \$229,015,277 (Actuary indicated to the Town that this number would have risen to over \$258,000,000 in 2012 without any changes)
- ARC- \$17,249,186

Plan After Medicare Changes:

- Unfunded Actuarial Accrued Liability- \$ 186,959,602 (over \$71,000,000 less than the 2012 valuation indicated by the actuary if there had been no changes)
- ARC- \$ 14,727,631

Medicare OPEB Savings:

- Actuarial Gain- \$42,055,675
- ARC Savings- \$2,521,555

In addition to the Medicare efforts, the Town has prepared and is presenting the Town Council with an OPEB Trust that will give the Town a funding mechanism to address these liabilities. The Town is further negotiating changes to health care benefits, and is beginning to coordinate benefits to eliminate instances of double coverage.

Pension

In the fall of 2010 the Town began the process of first addressing deficiencies in its Pension Plan. The Town Council passed a pension ordinance (attached as Exhibit C) in early 2011. The ordinance created a Retirement Board that, for the first time in Johnston history, oversees the Pension Plan investments through a trust and is be responsible for reviewing retirement calculations and ensuring proper retirement status. The Pension Ordinance also established a disability review process to prevent abuse of disability pension provisions, a requirement to file tax returns to ensure that disabled retirees capable

of earning a living are not abusing disability pension provisions, and an honorable service requirement for all Johnston Police Officers and Fire Fighters. With the pension ordinance in place ensuring payment of only proper benefits prospectively, the Town began studying ways to make the Pension Plans sustainable for the Town and its budget.

The first step was engaging the Town's Actuary to perform the Rhode Island Retirement Security Act mandated experience study. That report, attached as Exhibit D, showed that the new Johnston Retirement Board needed to approve an updated series of assumptions. The Board approved an updated set of assumptions highlighted by a recommended reduction in the assumed investment rate of return to 7.5%. With a realistic set of assumptions the Town was able to study the status of the pension.

The updated Pension Plan valuation showed the following:

- Actuarial Accrued Liability- \$148,000,000
- Unfunded- \$110,000,000
- Funded Percentage- 25.7%
- Police and Fire ARC- \$12,800,000*
- Contribution as a percentage of payroll- 137.8%*

With a baseline that is clearly unsustainable for the Town and its Retirement Board, the Town asked the actuary to look at the following changes (Annual Required Contribution in parenthesis):

Phase I Study (attached as Exhibit G):

- Pensionable earnings definition includes only base, holiday, and longevity (\$11,100,000)
- Change salary averaging from 3 to 5 years (\$12,400,000)
- Change salary averaging from 3 to 7 years (\$12,200,000)
- Change salary averaging from 3 to 10 years (\$11,800,000)
- Cap COLA increase at 2.5% (\$12,400,000)
- Cap COLA increases for all retirees receiving a higher than \$40,000 annual benefit (\$9,500,000)
- Eliminate all future COLA increases for both actives and retirees (\$9,100,000)

The Town believed these would give a menu of items from which it could select one or more and create a sustainable pension plan. However, the most impactful change, elimination of future COLA increases, only reduced the Annual Required Contribution ("ARC") to the still highly unaffordable \$9,100,000. The Town immediately conferenced with the actuary to discuss additional possible changes and, with their counsel, requested the following additional study:

Phase II Study (attached as Exhibit H):

* Liability, Unfunded Liability, and Funded Percentage have been updated by the actuary for the new valuation estimation (attached as Exhibit E along with the July 1, 2011 Valuation Reports as exhibit F), however, combined ARC and Contribution as a percentage of payroll have not been finalized in the latest valuation report and are likely to rise when the new report is released.

- Phase I composite- change pensionable earnings to base, holiday, and longevity, change salary averaging from 3 to 10 years, freeze COLA for 10 years and then reinstate for future years (\$8,900,000)
- Same as above composite but freeze COLA for 15 years (\$8,400,000)
- Same as above composite but freeze COLA for 20 years (\$8,000,000)
- Same as above composite but maintain COLA and offset all future retirees benefit dollar for dollar by Social Security benefits when elected (\$9,500,000)

When the Town reviewed the study it was disappointed to learn that the options still did not approach an affordable level. At \$8,000,000 in ARC payments the Town would still be unable to afford to sustain the Pension Plan. Once again the Town conferenced with its actuary to discuss additional changes. With their guidance the Town added the following study items:

Phase III Study (attached as Exhibit I):

- Minimum retirement age of 55 (\$11,500,000)
- Reset amortization from 18 years to 24 years (\$11,500,000)
- Minimum retirement age of 55, reset amortization to 24 years, change pensionable earnings to base pay, holiday and longevity, change salary averaging to 10 years, freeze COLA increases for 20 years, then returns tied to Northeast Urban CPI and capped at 150% of Rhode Island Mean Income (\$6,700,000)

The Phase III study helped the Town realize the dramatic changes to the Pension Plan benefits that would be required to create a sustainable benefit. However, at still well over twice the current payment the Town can afford further adjustments were still required.

Phase IV (attached as Exhibit J):

The actuary recommended that the Town would need to see the results of the funded ratio through the amortization period to see how close the Town was to a solution. The Phase IV results displayed that even with all the changes proposed the Town's ARC would still rise to a level that is entirely unrealistic for the Town to afford. While the Town would emerge from critical status it would be dishonest to present a plan to all stakeholders that the Town cannot fulfill.

Phase V (attached as Exhibit K):

The actuary next recommended studying the benefit changes with (1) the Town's current contribution along with an inflationary increase and: (2) the Town's current contribution with an inflationary increase and an additional across the board 25% benefit cut, which included a benefit cut to existing retirees. Phase IV showed that the current contribution that the Town can afford would result in almost total depletion of the fund even with significant benefit changes. The end of a 24 year amortization period would leave the Pension Trust less than 10% funded. Even a 25% across the board benefit reduction combined with all other benefit reform would only allow the Town to maintain a roughly flat funded percentage of 30%.

Phase VI (attached as Exhibit L):

4

With the actuary's recommended benefit reduction scenario run in Phase V it became clear to the Town that it must reallocate the Public Safety budget in order to create a sustainable pension plan. The Town reviewed the results and, with advice from the Actuary, requested one final study. In order to create a plan that can emerge from critical status the Town requested a study showing the amount the Town must add to the ARC (along with the entire Phase III package of benefit changes) in order to emerge from critical status. Phase VI showed that the Town must reallocate \$1,700,000 of its Public Safety budget into the Pension Plan each year going forward in order to emerge from critical status.

Conclusion

The Town of Johnston has and continues to vigorously confront the OPEB and Pension problems challenging the Town's financial stability. Having saved substantial money by taking advantage of the Medicare-based health care plans available without eliminating coverage to retirees, the Town will now look to other solutions to ensure a fully funded OPEB Trust in the future. Once the Town's Trust is in place it will look to coordinate benefits, explore new ways to deliver health care such as health savings accounts, and negotiate further cost sharing with its employees. All of these efforts will reduce the OPEB liability and allow the Town to fund an OPEB Trust and put the employees and taxpayers on a sustainable financial path.

In addition to the implementation of an OPEB Trust, the Town has pursued accountable monitoring of pension benefits through its pension ordinance and the resulting Johnston Retirement Board. After updating the assumptions and studying the problem, the Town now intends to negotiate the changes necessary to ensure its taxpayers, employees, and former employees that current and future benefits can be fully funded and are sustainable. The Town has studied its pension system with the help of skilled professionals and determined that it must make the following changes to the system in order to fully fund the benefits:

- Implement a minimum retirement age of 55
- Change the pensionable earnings calculation to only include base pay, holiday and longevity
- Change salary averaging to 10 years
- Freeze COLA increases for 20 years
- When COLA returns after 20 years it is tied to Northeast Urban CPI and only applies to those receiving a benefit less than 150% of the Rhode Island Mean Income
- Reset the amortization period to 24 years
- Reallocate Public Safety resources in a way that does not jeopardize the health and safety of its residents but allows for greater funding of retirement benefits

All of these changes will be sought first and foremost through negotiating with the Town's active employees and retirees. While the Town intends to expend all necessary efforts negotiating these changes it is understood that they must be made expediently. In the event the negotiations are not entertained by the current and former employees the Town will move on to other legal options.



Selected Option 6

2018 Powers Ferry Road SE Suite 850 Atlanta, GA 30339-7200
 T 678.306.3100 F 678.306.3190 www.segalco.com

December 6, 2012

Mr. Joseph L. Chiodo, CPA, MBA
 Finance Director
 Town of Johnston, RI
 Town Hall
 1385 Hartford Avenue
 Johnston, RI 02919-7134

Re: **Town of Johnston Police and Firefighters Pension System – Projections – Phase 6**

Dear Joe:

As requested, we have completed Phase 6 for the Police and Firefighters Pension System. Phase 6 shows projection results under the following benefit, amortization, and contribution increase rate option:

Option 6A – Introduce a minimum retirement age of 55 in addition to the current service requirements. Change the pensionable earnings definition to include only base, holiday, and longevity pay. Change the salary averaging period from 3 to 10 years. Freeze the COLA for 20 years and then reinstate it for all future years. ~~These are the same benefit changes as in Option 3C in the Phase 3 cost study, Option 4A in the Phase 4 cost study, and Option 5A in the Phase 5 cost study.~~ Amortize the unfunded liability on a level dollar basis over 24 years. Assume contributions of \$5.2 million will be paid in the fiscal year ending June 30, 2014 and that contributions after that date will increase 2.75% per year.

For Police, the current earnings definition is pay as shown on the W-2 tax form, excluding officers' gun/qualification allowances and monies paid to the Town of Johnston funded by private companies to hire officers for non-municipal detail assignments. For Firefighters, the current earnings definition includes base, holiday, and longevity pay, as well as clothing and clothing maintenance allowances, severance pay (unused sick and vacation pay distributed at retirement), and 75% of overtime pay.

The Phase 6 projection shows the annual required contribution (ARC), the percentage of ARC paid, the unfunded actuarial liability, the funded percentage, and the growth or decline in the market value of assets throughout the projection period based on the provisions and assumptions outlined in Option 6A.



Mr. Joseph L. Chiodo, CPA, MBA
December 6, 2012
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As shown in the projection, the plan reaches a 63.32% funded level at July 1, 2032. A 60% funded level required to exit critical status.

These projections were run under the following assumptions:

- > The benefit changes are effective on July 1, 2013
- > The amortization period is reset to 24 years on July 1, 2013.
- > The new assumptions from the experience review are first introduced at July 1, 2012 with a 23-year level dollar amortization on that date.
- > The contribution for fiscal year-end 2013 is \$3,170,847.
- > The contribution for fiscal year-end 2014 is \$5,200,000.

The calculations were based on the July 1, 2012 valuation data and asset information as well as the new actuarial assumptions selected by the Board of Trustees as outlined in your June 20, 2012 letter with the exceptions for the projection work as noted above.

In reviewing the results, please note the following:

- > In introducing a minimum retirement age of age 55, we maintained the current assumption of no terminations prior to retirement. We also modified the retirement rates to use the same service-related rates but assume no retirement if a participant has not reached age 55. For example, under the current assumptions, a police officer is assumed to have a 15% retirement rate at 18 years of service and a 50% retirement rate at 24 years of service.

If a participant reaches age 55 prior to 18 years of service, he is not assumed to terminate or retire. If he reaches age 55 at 18 years of service, he is assumed to have a 15% rate of retirement at age 55. If he reaches age 55 at 24 years of service, he is assumed to have a 50% rate of retirement at age 55. Participants who reach age 55 after 18 years of service are assumed to work longer and receive a larger benefit.

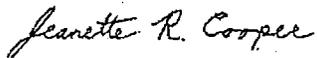
- > We assumed employee contributions would be based on the new salary definition, thereby lowering both the benefit earned and the employee contribution requirement. The projected payroll used to determine the recommended contribution rate was determined based on the current pay definition.
- > Once unfrozen, the COLA increase is tied to the Northeast Urban CPI, assumed to be at 2.50% and benefits are capped at 150% of the Rhode Island Mean Income (currently \$77,830), also increased at 2.50% per year.
- > In showing the recommended contribution rate, we determined projected pay using the new 3.25% payroll growth assumption.

Mr. Joseph L. Chiodo, CPA, MBA
December 6, 2012
Page 3

- The recommended contributions are calculated to be payable in the middle of the next fiscal year. For example, the 2011 recommended contribution is calculated to be payable on January 1, 2013 and the 2012 recommended contribution is calculated to be payable on January 1, 2014. The projections reflect this timing. We recommend having legal counsel review any contemplated benefit changes.

Please let us know if you have questions or need additional projections.

Sincerely,



Jeanette R. Cooper, FSA, FCA, MAAA, EA
Vice President and Actuary

cc: William Conley, Esq.
Joe Rodio, Jr., Esq.
Joe Rodio, Sr., Esq.
Gina Renzulli
William Connolly
Malichi Waterman
Veronika Khanina

Projection 6
Recommended Contribution Calculation for Town of Johnston, Rhode Island Firefighters & Police Pension Systems Combined

New Plan as of 7/1/2013 (20-Year COLA Freeze / Minimum Age 55 Retirement / 24-Year Amortization / New Earnings Definition / 10-Year Average Pay)
Option 6 - Increase Expected Contribution by 2.75% per year to achieve 60% Funded Percentage at 7/1/2032

Valuation Date	07/01/2010	07/01/2011	07/01/2012	07/01/2013	07/01/2014	07/01/2015	07/01/2016	07/01/2017	07/01/2018	07/01/2019	07/01/2020	07/01/2021
ARC for FYE	06/30/2011	06/30/2012	06/30/2013	06/30/2014	06/30/2015	06/30/2016	06/30/2017	06/30/2018	06/30/2019	06/30/2020	06/30/2021	06/30/2022
Contribution Paid in FYE	06/30/2012	06/30/2013	06/30/2014	06/30/2015	06/30/2016	06/30/2017	06/30/2018	06/30/2019	06/30/2020	06/30/2021	06/30/2022	06/30/2023
Contribution Expected to be Paid	3,061,630	3,170,847	5,200,000	5,343,000	5,489,933	5,640,906	5,796,031	5,955,421	6,119,195	6,287,473	6,460,379	6,638,039
Annual Required Contribution	9,112,966	11,533,070	12,631,966	8,449,384	8,268,937	8,548,398	8,753,821	9,014,305	9,266,153	9,466,061	9,686,547	9,883,423
Percentage of ARC Paid	33.60%	31.95%	41.17%	63.24%	66.39%	65.99%	66.21%	66.07%	66.04%	66.42%	66.69%	67.16%
Unfunded Actuarial Liability	87,380,971	95,938,900	107,080,912	72,591,316	71,042,086	72,358,847	73,492,076	74,537,765	75,452,389	76,125,515	76,556,693	76,682,803
Funded Percentage	26.60%	30.35%	27.53%	34.69%	35.89%	36.27%	36.76%	37.33%	37.99%	38.69%	39.47%	40.33%
Beginning of Year Asset Value	41,609,149	40,673,838	38,563,878	39,764,769	41,187,125	42,711,696	44,397,317	46,220,370	48,038,176	49,925,244	51,807,504	53,545,884
Expected Contributions	3,061,630	3,170,847	5,200,000	5,343,000	5,489,933	5,640,906	5,796,031	5,955,421	6,119,195	6,287,473	6,460,379	6,638,039
Expected Benefits Paid	7,178,254	8,144,821	6,830,265	6,848,616	6,997,849	7,103,803	7,248,316	7,544,550	7,772,974	8,082,301	8,529,953	8,846,397
Expected Income	2,981,313	2,864,014	2,831,156	2,925,972	3,032,487	3,148,519	3,275,338	3,406,935	3,540,847	3,677,087	3,807,954	3,933,128
End of Year Asset Value	40,673,838	38,563,878	39,764,769	41,187,125	42,711,696	44,397,317	46,220,370	48,038,176	49,925,244	51,807,504	53,545,884	55,270,654

Projection 6

Recommended Contribution Calculation for Town of Johnston, Rhode Island Firefighters & Police Pension Systems Combined

New Plan as of 7/1/2013 (20-Year COLA Freeze / Minimum Age 55 Retirement / 24-Year Amortization / New Earnings Definition / 10-Year Average Pay)

Option 6 - Increase Expected Contribution by 2.75% per year to achieve 60% Funded Percentage at 7/1/2032

Valuation Date	07/01/2022	07/01/2023	07/01/2024	07/01/2025	07/01/2026	07/01/2027	07/01/2028	07/01/2029	07/01/2030	07/01/2031	07/01/2032	07/01/2033
ARC for FYE	06/30/2023	06/30/2024	06/30/2025	06/30/2026	06/30/2027	06/30/2028	06/30/2029	06/30/2030	06/30/2031	06/30/2032	06/30/2033	06/30/2034
Contribution Paid in FYE	06/30/2024	06/30/2025	06/30/2026	06/30/2027	06/30/2028	06/30/2029	06/30/2030	06/30/2031	06/30/2032	06/30/2033	06/30/2034	06/30/2035
Contribution Expected to be Paid	6,820,585	7,008,151	7,200,876	7,398,900	7,602,369	7,811,435	8,026,249	8,246,971	8,473,763	8,706,791	8,946,228	9,192,249
Annual Required Contribution	10,020,032	10,139,241	10,247,807	10,411,750	10,577,384	10,721,898	10,859,807	11,093,264	11,349,785	11,674,166	12,055,667	12,480,879
Percentage of ARC Paid	68.07%	69.12%	70.27%	71.06%	71.87%	72.85%	73.91%	74.34%	74.66%	74.58%	74.21%	73.65%
Unfunded Actuarial Liability	76,338,567	75,531,451	74,191,001	72,435,079	70,191,900	67,407,878	64,057,045	60,231,114	55,880,262	50,989,404	45,494,056	39,261,621
Funded Percentage	41.23%	42.26%	43.44%	44.80%	46.41%	48.27%	50.41%	52.94%	55.88%	59.33%	63.32%	67.90%
Beginning of Year Asset Value	55,270,654	56,991,245	58,798,004	60,797,831	62,893,059	65,111,002	67,744,343	70,786,598	74,374,568	78,529,574	83,058,219	88,054,854
Expected Contributions	6,820,585	7,008,151	7,200,876	7,398,900	7,602,369	7,811,435	8,026,249	8,246,971	8,473,763	8,706,791	8,946,228	9,192,249
Expected Benefits Paid	9,157,653	9,386,546	9,523,790	9,774,427	10,011,079	9,980,094	9,991,136	9,905,791	9,845,412	10,018,669	10,134,402	10,274,464
Expected Income	4,057,659	4,185,154	4,322,741	4,470,755	4,626,653	4,802,000	5,007,142	5,246,789	5,526,656	5,840,523	6,184,810	6,563,531
End of Year Asset Value	56,981,245	58,798,004	60,797,831	62,893,059	65,111,002	67,744,343	70,786,598	74,374,568	78,529,574	83,058,219	88,054,854	93,536,170

Projection 6

Recommended Contribution Calculation for Town of Johnston, Rhode Island Firefighters & Police Pension Systems Combined

New Plan as of 7/1/2013 (20-Year COLA Freeze / Minimum Age 55 Retirement / 24-Year Amortization / New Earnings Definition / 10-Year Average Pay)

Option 6 - Increase Expected Contribution by 2.75% per year to achieve 60% Funded Percentage at 7/1/2032

Valuation Date	07/01/2034	07/01/2035	07/01/2036	07/01/2037	Total
ARC for FYE	06/30/2035	06/30/2036	06/30/2037	06/30/2038	
Contribution Paid in FYE	06/30/2036	06/30/2037	06/30/2038	06/30/2039	
Contribution Expected to be Paid	9,445,036	9,704,774	9,971,656	10,245,876	199,064,764
Annual Required Contribution	13,136,746	14,286,097	17,491,905	6,565,133	287,726,592
Percentage of ARC Paid	71.90%	67.93%	57.01%	156.07%	
Unfunded Actuarial Liability	32,254,716	24,381,969	15,567,263	5,795,286	
Funded Percentage	73.19%	79.32%	86.47%	94.82%	
Beginning of Year Asset Value	93,536,170	99,485,695	106,185,949	113,700,034	
Expected Contributions	9,445,036	9,704,774	9,971,656	10,245,876	
Expected Benefits Paid	10,472,205	10,438,436	10,405,256	10,425,645	
Expected Income	6,976,694	7,433,915	7,947,686	8,520,761	
End of Year Asset Value	99,485,695	106,185,949	113,700,034	122,041,027	

Councilman Verardo made a motion to adopt Ordinance 2013-3

The motion was seconded by Councilman Santilli

Roll call vote:

District 1 Aye to adopt

District 2 Aye to adopt

District 3 Aye to adopt

District 5 Aye to adopt

District 4 Aye to adopt

Motion carried; Vote 5-0

Approval of the minutes and transcripts from previous meetings

Transcripts Prepared by the Stenographer

None

Minutes prepared by the Town Clerk:

January 22, 2013 Regular Meeting

Councilwoman Manzi made a motion to accept the minutes and to put them on file

The motion was seconded by Councilman Santilli

Motion carried; Vote 4-0 with Councilwoman Fuoco abstaining

February 5th, 2013 Special Meeting

Councilwoman Manzi made a motion to accept the minutes and to put them on file

The motion was seconded by Councilman Santilli

Motion carried; Vote 5-0

February 5th, 2013 Executive Session

Councilwoman Manzi made a motion to accept the minutes, keep them sealed and to put them on file

The motion was seconded by Councilman Santilli

Motion carried; Vote 5-0

Claims-

2013-CP-30

Claim from Farmer's Insurance Group on behalf of Wesley Damon for damage to his vehicle caused by a pot hole

2013-CP-31

Claim from Susan Mooradian for vehicle damage caused by a pot hole

2013-CP-32

Claim from Ronald DonFranceso for a flooding issue

Councilwoman Manzi made a motion to refer claims 2013-CP-30, 2013-CP-31 & 2013-CP-32 to the Solicitor

The motion was seconded by Councilman Verardo

Motion carried; Vote 5-0

2013-CP-33

Pension Funding Improvement Plan

This item was taken out of order

Mayor Polisena highlighted some of the contents of the Town's Pension Funding Improvement Plan, A plan required by State law to bring the pension fund to 60% funded within 20 years

The plan proposes a 20 year freeze on COLA's and 25 years of service with a retirement age of 55 years old

Discussion ensued

Councilman Santilli made a motion to adopt the Pension Funding Improvement Plan

The motion was seconded by Councilman Verardo

Motion carried; Vote 5-0

2013-CP-25 Presentation by Nyhart; Town of Johnston GASB 45 Financial Report for fiscal years ending June 30th, 2012 and 2013. Said report pertains to "Other Post Employment Benefits"

This item was taken out of order

Randy Gomez from Nyhart made a presentation to the Council highlighting the results of the recent actuarial valuation of retiree health benefits for the Town

Mr. Gomez outlined possible financial impacts and discussed managing risk

2013-CP-24 Exit conference with Braver PC to discuss the audit results and findings and recommendations resulting from the audit of the Town's financial statements as of and for the fiscal year ended June 30, 2012

This item was taken out of order

Robert Civetti of Braver PC gave a summary of the results of the annual audit of the Town's financial statements and supplementary information for the Fiscal Year ended June 30th, 2012

Discussion ensued

Requests to be heard-

Please note: pursuant to Resolution 2005-1 of the Johnston Town Council, any person requesting to address the Council shall be heard for a maximum of 10 minutes. This will be strictly enforced.

Adjournment

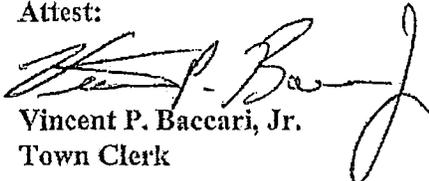
Councilwoman Manzi made a motion to adjourn

The motion was seconded by Council President Russo

Motion carried; Vote 5-0

The meeting adjourned at 9:04 p.m.

Attest:


Vincent P. Baccari, Jr.
Town Clerk

**Narragansett Police
Narragansett Town**

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Narragansett Police (closed plan)

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). Complete and return by April 18, 2014 to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	124,954	102,200	82%
2014	119,889	124,594	104%
2015*	119,883	126,770	106%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table FIP Plan by ACTUARIES 2/26/13
*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

- Yes, emerge from critical status in FY 31/32
 No, emerge from critical status in FY _____

3. Full or continued implementation of the funding improvement plan as submitted to the Commission?

- Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP (provide description and additional actuarial runs if changes were made)

Narragansett Town

4. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	5432,159	2627,014	48%
2014	5949,972	3421,914	57 57.5%
2015*	6199,715	4935,633	79.6%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table 7/1/12 FIP current plan 7/1/13 (Pg 3)
*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

Funding for FY14/15
Based on ACTUARY
"Current" Plan not FIP #1.

*Awaiting ACTUARY REPORT TO CONFIRM VALUE OF CONTRACT CHANGES BEFORE ARC

LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
 OPEB Survey

5. Change police and fire retirement age to 50 and 10 years of service or 25 years of service?
 Yes **POLICE: FIRE YES - 25 years for employees hired after 7/1/13**
 No
 Still negotiating Matter in arbitration/court
Other than Police; Fire
6. Change other employees to age 65 and 10 years of service or 25 years of service?
 Yes
 No
 Still negotiating Matter in arbitration/court
7. Reduce accrual to 2%?
 Yes **POLICE: FIRE YES - 2% for employees hired after 7/1/13**
 No
 Still negotiating Matter in arbitration/court
Other than Police; Fire
8. COLA deferred to 2021, at which time 3% resumes?
 Yes **FIRE & POLICE YES SUSPENDED UNTIL 6/30/21 YES BACK TO COMPOUNDED w/ exceptions**
 No
 Still negotiating Matter in arbitration/court
Other than Police; Fire **1) POLICE - COLA 3% SIMPLE for hires after 7/1/13**
2) FIRE - COLA 3% SIMPLE FOR NEW EMPLOYEES HIRED BEFORE AFTER 7/1/13
9. Inactive employees have temporary deferral of COLA?
 Yes **RETIREES? NO**
 No
 Still negotiating Matter in arbitration/court

10. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

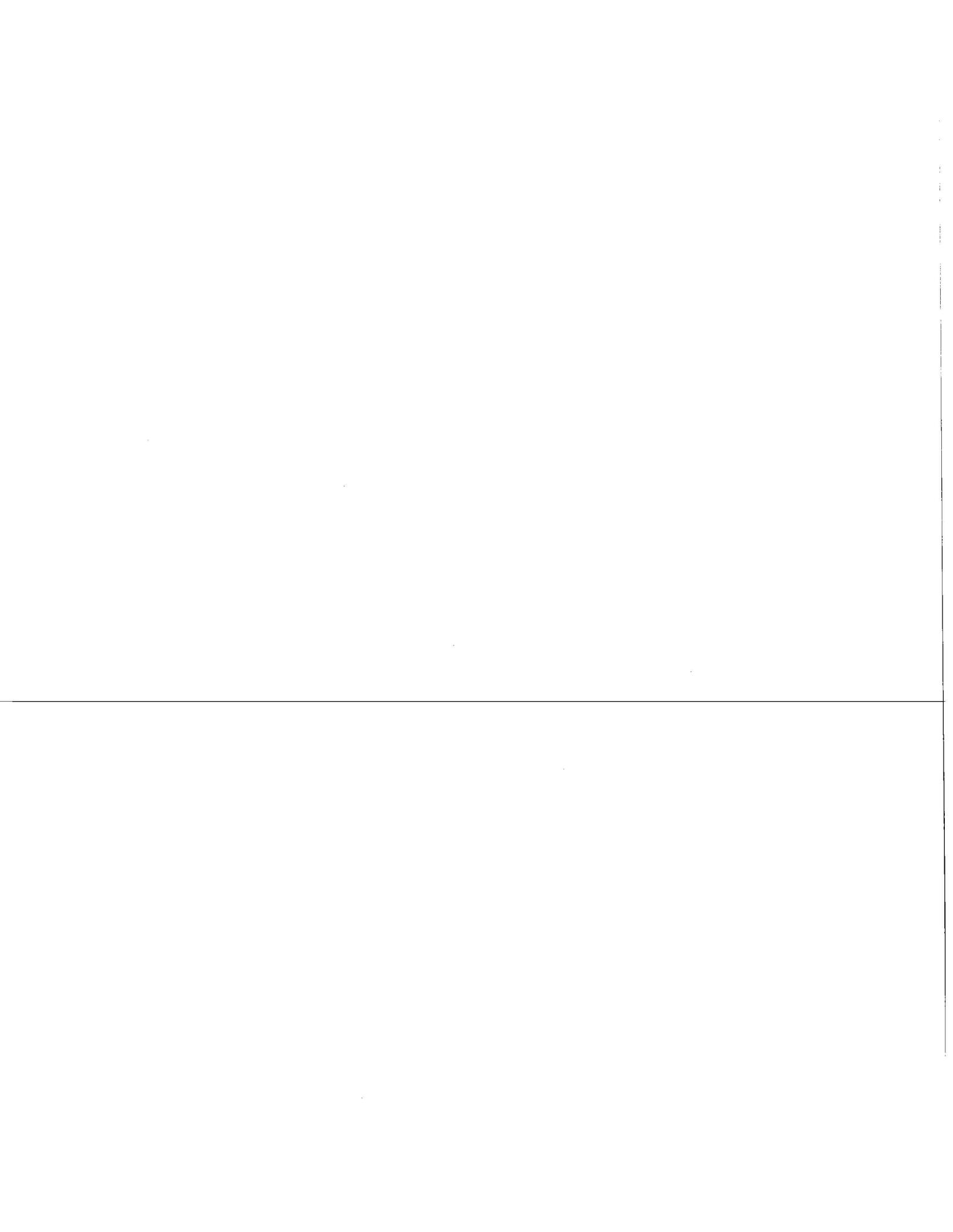
- Yes, emerge from critical status in FY 17/18
 No, emerge from critical status in FY _____

11. Full or continued implementation of the funding improvement plan as submitted to the Commission?

- Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP *** FUNDING OF ARC still in accordance with the Current Plan not with changes (ie FIP #1) Awaiting 6/30/14 ACTUARY VALUATION TO REFLECT ANY CONTRACTUAL CHANGES. MADE TO DATE BEFORE ADJUSTING ARC amount.**
- Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.

L. Kempton
 Signature

4/22/14
 Date



Elaine Colarusso - RE: Update requested for pension plans in critical status - DEADLINE TODAY - CLOSED NARRAGANSETT POLICE PENSION PLAN

From: Donald Goodrich <dgoodrich@narragansettri.gov>
To: Elaine Colarusso <elaine.colarusso@dor.ri.gov>
Date: 9/16/2013 11:25 AM
Subject: RE: Update requested for pension plans in critical status - DEADLINE TODAY - CLOSED NARRAGANSETT POLICE PENSION PLAN
CC: Richard Kerbel <rkerbel@narragansettri.gov>

Elaine:

In response to Director Gallogly's letter, following is the update of the closed Town of Narragansett's 1666 Police Pension Plan:

Rate of return continues to be estimated at 7.5%

The appropriation in the 2013-14 budget is \$124,954 – which is 100% of the ARC in the Funding Improvement Plan.

The Town anticipates continuing to meet the ARC requirements of the FIP in succeeding years.

This is a closed plan – with the plan census just retirees receiving benefits. There is only one retiree who is eligible for a cola. The Town hopes to negotiate the suspension of the cola with retirees for 8 years.

Should additional information be required, please let me know.

Don

From: Elaine Colarusso [mailto:elaine.colarusso@dor.ri.gov]
Sent: Thursday, September 12, 2013 3:31 PM
Cc: Susanne Greschner
Subject: Fwd: Update requested for pension plans in critical status - DEADLINE TODAY

Dear Finance Directors & Treasurers:

Please forward your municipality's update on your funding improvement plan (FIP) as soon as possible so that we can prepare our update to the Pension & OPEB Study Commission. The original email request appears below with Director Gallogly's letter attached.

**TOWN OF NARRAGANSETT
COUNCIL COMMUNICATION**

CC: _____
Amend No. _____

Date Prepared: February 26, 2013
Council Meeting Date: March 4, 2013

TO: Richard E. Kerbel, Interim Town Manager
FROM: Donald W. Goodrich, Finance Director
SUBJECT: FUNDING IMPROVEMENT PLAN (FIP) 1666 POLICE PENSION PLAN

RECOMMENDATION:

That the Town Council approves the funding Improvement Plan (FIP) as prepared by the Town's Pension Consultants.

SUMMARY:

A requirement of the State's pension reform act was that all municipal pension plans which were in a "critical situation", i.e. funded at less than 60%, prepare and adopt a Funding Improvement Plan (FIP) that must then be submitted to the State for approval.

Attached is the FIP prepared by Nyhart, the Town's pension consultants.

The State requires that a pension plan be at least 60% funded within 20 years. The plan that is being presented for your approval would assure that 60% funding would be achieved within 20 years, based on the contribution schedule contained in the plan.

The schedule would require larger contributions for the next 6 years than the \$102,200 that has been made in the last two years. Beginning in 2018-19 the contribution amounts would begin to drop.

Adoption of the FIP is respectfully recommended.

TOWN CLERK USE ONLY:

Consent Agenda
Carry Over to Date: _____
Approved
Unfinished Business (Date heard previous: _____)
New Business
Public Hearing – No Action Taken

ORD. # _____ RES. # _____
LCON# _____ LIC. # _____
Action Date: _____

Town of Narragansett Chapter 1666 Police Pension Plan

Current Forecast of Actuarial Valuation Results, 7.50% Return, 60% Funded Within 20 Years

Fiscal Year	Payment against the ARC	Employer Normal Cost	Amortization	ARC	Contribution	Increase	Payroll	Contribution as a % of Payroll	Benefit Payments	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability	Funded Ratio (AVA)
2011-2012	78%	0	121,969	131,117	102,200	-21.4%	N/A	N/A	102,116	-48,816	844,181	892,997	-5.8%
2012-2013	100%	0	116,236	124,954	124,954	22.3%	N/A	N/A	100,286	-3,065	1,012,292	1,015,357	-0.3%
2013-2014	100%	0	115,631	119,889	119,889	-4.1%	N/A	N/A	98,260	22,282	983,802	961,520	2.3%
2014-2015	100%	0	115,577	119,833	119,833	0.0%	N/A	N/A	96,233	46,378	955,283	908,905	4.9%
2015-2016	100%	0	108,393	112,384	112,384	-6.2%	N/A	N/A	94,214	74,325	926,734	852,409	8.0%
2016-2017	100%	0	101,853	105,396	105,396	-6.2%	N/A	N/A	92,229	98,738	898,145	799,407	11.0%
2017-2018	100%	0	101,598	105,339	105,339	-0.1%	N/A	N/A	90,279	119,795	869,477	749,682	13.8%
2018-2019	100%	0	94,363	97,838	97,838	-7.1%	N/A	N/A	88,363	144,395	840,688	696,293	17.2%
2019-2020	100%	0	87,640	90,867	90,867	-7.1%	N/A	N/A	86,469	165,048	811,734	646,686	20.3%
2020-2021	100%	0	87,585	90,810	90,810	-0.1%	N/A	N/A	84,592	181,986	782,580	600,594	23.3%
2021-2022	100%	0	80,368	83,328	83,328	-8.2%	N/A	N/A	82,725	202,082	753,192	551,110	26.8%
2022-2023	100%	0	73,743	76,459	76,459	-8.2%	N/A	N/A	80,865	217,863	723,542	505,679	30.1%
2023-2024	100%	0	73,666	76,399	76,399	-0.1%	N/A	N/A	79,007	229,634	693,604	463,970	33.1%
2024-2025	100%	0	66,576	69,027	69,027	-9.6%	N/A	N/A	77,143	244,152	663,353	419,201	36.8%
2025-2026	100%	0	60,147	62,362	62,362	-9.7%	N/A	N/A	75,263	254,049	632,773	378,724	40.1%
2026-2027	100%	0	60,088	62,300	62,300	-0.1%	N/A	N/A	73,348	259,727	601,856	342,129	43.2%
2027-2028	100%	0	53,190	55,149	55,149	-11.5%	N/A	N/A	71,375	267,752	570,610	302,858	46.9%
2028-2029	100%	0	47,079	48,813	48,813	-11.5%	N/A	N/A	69,336	271,010	539,073	268,063	50.3%
2029-2030	100%	0	47,015	48,746	48,746	-0.1%	N/A	N/A	67,225	270,057	507,290	237,233	53.2%
2030-2031	100%	0	40,462	41,952	41,952	-13.9%	N/A	N/A	65,027	271,152	475,320	204,168	57.0%
2031-2032	100%	0	34,815	36,097	36,097	-14.0%	N/A	N/A	62,734	267,564	443,237	175,673	60.4%
2032-2033	100%	0	34,745	36,024	36,024	-0.2%	N/A	N/A	60,335	260,013	411,131	151,118	63.2%
2033-2034	100%	0	28,695	29,751	29,751	-17.4%	N/A	N/A	57,820	254,309	379,112	124,803	67.1%
2034-2035	100%	0	23,688	24,560	24,560	-17.4%	N/A	N/A	55,173	244,280	347,307	103,027	70.3%
2035-2036	100%	0	23,610	24,479	24,479	-0.3%	N/A	N/A	52,374	230,861	315,869	85,008	73.1%
2036-2037	100%	0	18,256	18,928	18,928	-22.7%	N/A	N/A	49,415	219,254	284,983	65,729	76.9%
2037-2038	100%	0	14,101	14,620	14,620	-22.8%	N/A	N/A	46,293	204,088	254,858	50,770	80.1%
2038-2039	100%	0	14,010	14,526	14,526	-0.6%	N/A	N/A	43,005	186,555	225,720	39,165	82.6%
2039-2040	100%	0	9,586	9,939	9,939	-31.6%	N/A	N/A	39,553	171,019	197,816	26,797	86.5%
2040-2041	100%	0	6,535	6,776	6,776	-31.8%	N/A	N/A	35,956	153,140	171,409	18,269	89.3%
2041-2042	100%	0	4,433	4,596	4,596	-32.2%	N/A	N/A	32,263	134,371	146,764	12,393	91.6%
2042-2043	100%	0	4,326	4,485	4,485	-2.4%	N/A	N/A	28,540	115,763	124,113	8,350	93.3%

Funding Improvement Plan #1

The Town of Narragansett proposes making the following changes to the Plan, subject to negotiations and collective bargaining:

Active Employees:

- Adjust normal retirement for fire and police employees to age 60 and 10 years of service OR 25 years of service
- Adjust normal retirement age for all employees other than fire and police to age 65 and 10 years of service
- Current retirement eligible active employees (as of July 1, 2013) are not impacted by the normal retirement changes
- Reduce future accruals to 2.00%, effective July 1, 2013
- Current accrued benefits are not reduced, i.e. the benefits that people have earned as of 7/1/2013 will not be reduced
- COLA is deferred for 8 years until 2021. At this time, a 3.00% compound COLA resumes

Inactive Employees:

- COLA is deferred for 8 years until 2021. At this time, a 3.00% compound COLA resumes

July 1, 2013 (Estimated)	Current Plan Provisions	FIP #1 Proposed Plan Provisions
Accrued Liability	\$103,528,629	\$89,910,937
Actuarial Value of Assets	\$57,427,125	\$57,427,125
Market Value of Assets	\$56,725,896	\$56,725,896
Unfunded Accrued Liability	\$46,101,504	\$32,483,812
Funded Ratio	55.5%	63.9%
Annual Required Contribution (ARC)	\$5,949,972	\$3,757,097
Town Contributions (Estimated)	\$3,422,000	\$3,422,000
% of Arc Contributed	58%	91%

Town of Narragansett Pension Plan

Implement Funding Improvement Plan #1 - Forecast of Actuarial Valuation Results, 7.50% Return

Fiscal Year	Payment against the ARC	Employer Normal Cost	Amortization	ARC	Contribution	Increase	Payroll	Contribution as a % payroll	Benefit Payments	Actuarial Value of Assets (AVA)	Actuarial Liability	Unfunded Liability	Funded Ratio
2011-2012	50%	1,518,580	2,537,210	4,389,974	2,177,565	12.5%	11,393,405	19.1%	3,651,265	66,636,412	87,849,253	32,212,841	63.3%
2012-2013	50%	1,720,100	3,333,071	5,432,159	2,700,000	24.0%	12,543,087	21.5%	5,300,424	56,809,355	98,815,043	42,005,688	57.5%
2013-2014	91%	1,055,113	2,558,553	3,757,097	3,422,000	26.7%	10,062,843	34.0%	5,236,835	57,427,125	89,910,937	32,483,812	63.9%
2014-2015	100%	1,126,498	2,564,003	3,826,393	3,826,393	11.8%	10,208,951	37.5%	5,220,464	61,081,323	93,320,176	32,238,853	65.5%
2015-2016	100%	1,199,520	2,579,583	3,918,257	3,918,257	2.4%	10,821,717	36.2%	5,205,025	65,021,197	97,119,464	32,098,267	66.9%
2016-2017	100%	1,276,044	2,669,472	4,090,798	4,090,798	4.4%	11,502,791	35.6%	5,205,273	68,484,283	101,358,110	32,873,827	67.6%
2017-2018	100%	1,373,740	2,674,054	4,196,842	4,196,842	2.6%	12,406,954	33.8%	5,233,113	73,532,282	106,060,138	32,527,856	69.3%
2018-2019	100%	1,409,437	2,679,059	4,239,043	4,239,043	1.0%	13,144,440	32.2%	5,312,846	79,115,355	111,271,737	32,156,382	71.1%
2019-2020	100%	1,436,405	2,684,304	4,272,442	4,272,442	0.8%	13,765,345	31.0%	5,491,774	85,122,140	116,876,854	31,754,714	72.8%
2020-2021	100%	1,468,398	2,689,762	4,311,272	4,311,272	0.9%	14,524,603	29.7%	5,744,143	91,475,267	122,795,258	31,319,991	74.5%
2021-2022	100%	1,528,646	2,695,473	4,379,660	4,379,660	1.6%	15,056,791	29.1%	5,922,821	98,141,565	128,991,562	30,849,997	76.1%
2022-2023	100%	1,534,102	2,701,522	4,391,588	4,391,588	0.3%	15,692,913	28.0%	6,264,208	105,263,246	135,606,162	30,342,916	77.6%
2023-2024	100%	1,592,046	2,707,657	4,458,027	4,458,027	1.5%	16,153,150	27.6%	6,545,100	112,614,616	142,406,999	29,792,383	79.1%
2024-2025	100%	1,613,098	2,714,045	4,486,477	4,486,477	0.6%	16,671,671	26.3%	6,930,395	120,368,601	149,555,792	29,197,191	80.5%
2025-2026	100%	1,601,381	2,720,418	4,480,937	4,480,937	-0.1%	17,219,729	26.0%	7,456,355	128,334,856	155,885,146	28,550,290	81.8%
2026-2027	100%	1,626,406	2,726,730	4,513,427	4,513,427	0.7%	17,813,264	26.6%	7,975,208	136,378,966	164,226,217	27,847,251	83.0%
2027-2028	100%	1,691,995	2,733,110	4,588,047	4,588,047	1.7%	18,050,520	25.4%	8,363,363	144,564,673	171,650,232	27,085,559	84.2%
2028-2029	100%	1,750,131	2,737,370	4,652,740	4,652,740	1.4%	18,606,152	25.0%	8,664,552	153,105,492	179,338,458	26,232,966	85.4%
2029-2030	100%	1,766,782	2,736,567	4,658,803	4,658,803	0.1%	19,260,370	24.2%	9,182,224	162,110,247	187,357,827	25,247,580	86.5%
2030-2031	100%	1,678,290	2,737,027	4,577,898	4,577,898	-1.7%	19,631,707	23.3%	10,146,384	171,258,689	195,473,859	24,205,170	87.6%
2031-2032	100%	1,748,950	2,733,941	4,647,960	4,647,960	1.5%	19,729,047	23.6%	10,753,479	179,991,566	203,030,642	23,039,076	88.7%
2032-2033	100%	1,774,821	2,724,631	4,665,131	4,665,131	0.4%	20,094,266	23.2%	11,357,525	188,880,067	210,589,893	21,709,826	89.7%
2033-2034	100%	1,748,920	2,721,186	4,634,705	4,634,705	-0.7%	20,513,976	22.6%	12,087,148	197,853,395	218,218,737	20,365,342	90.7%
2034-2035	100%	1,854,739	2,719,872	4,743,058	4,743,058	2.3%	20,760,732	22.8%	12,521,418	206,713,687	225,664,469	18,950,782	91.6%
2035-2036	100%	1,886,289	2,715,779	4,771,526	4,771,526	0.6%	21,330,757	22.4%	13,004,926	215,978,554	233,374,816	17,396,262	92.5%
2036-2037	100%	1,771,272	2,714,164	4,850,599	4,650,599	-2.5%	21,831,676	21.3%	14,140,954	225,501,121	241,262,145	15,761,024	93.5%
2037-2038	100%	1,906,321	2,719,719	4,796,380	4,796,380	3.1%	21,620,733	22.2%	14,609,095	234,344,988	248,440,886	14,096,898	94.3%
2038-2039	100%	1,946,980	2,725,750	4,843,753	4,843,753	1.0%	22,308,812	21.7%	15,370,333	243,630,018	255,935,980	12,305,962	95.2%
2039-2040	100%	1,994,151	2,729,351	4,897,431	4,897,431	1.1%	22,685,486	21.5%	15,974,615	252,881,775	263,226,229	10,344,453	96.1%
2040-2041	100%	2,011,932	2,728,697	4,915,189	4,915,189	0.4%	23,181,929	21.2%	16,623,405	262,301,541	270,479,472	8,177,931	97.0%
2041-2042	100%	2,045,630	2,730,962	4,952,476	4,952,476	0.8%	23,656,512	20.9%	17,224,986	271,801,899	277,688,575	5,886,676	97.9%
2042-2043	100%	1,962,993	2,732,918	4,868,824	4,868,824	-1.7%	24,154,825	20.2%	18,268,058	281,469,554	284,886,786	3,417,232	98.8%

Town of Narragansett Pension Plan

Current Forecast of Actuarial Valuation Results, 7.50% Return

Fiscal Year	Payment against the ARC	Employer Normal Cost	Amortization	ARC	Contribution	Increase	Payroll	Contribution as a % payroll	Benefit Payments	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio
2011-2012	50%	1,518,580	2,537,210	4,359,974	2,177,565	12.5%	11,393,405	19.1%	3,651,265	55,636,412	87,849,253	32,212,841	63.3%
2012-2013	50%	1,720,100	3,333,071	5,432,159	2,700,000	24.0%	12,543,087	21.5%	5,300,424	56,809,355	98,815,043	42,005,688	57.5%
2013-2014	58%	2,048,914	3,689,749	5,949,972	3,422,000	26.7%	11,795,397	29.0%	5,319,245	57,427,125	103,528,629	46,101,504	55.5%
2014-2015	80%	2,104,406	3,875,130	6,199,715	4,959,772	44.9%	12,172,001	40.7%	5,508,509	61,144,060	109,090,339	47,946,259	56.0%
2015-2016	100%	2,138,460	3,992,684	6,356,905	6,356,905	28.2%	12,541,333	50.7%	6,809,656	66,100,878	114,969,829	48,868,951	57.5%
2016-2017	100%	2,152,853	4,082,960	6,465,429	6,465,429	1.7%	12,856,348	50.3%	6,125,920	71,642,957	121,031,097	49,388,140	59.2%
2017-2018	100%	2,141,173	4,087,550	6,458,077	6,458,077	-0.1%	13,173,663	49.0%	6,529,923	78,483,009	127,244,359	48,761,350	61.7%
2018-2019	100%	2,153,612	4,092,087	6,475,679	6,475,679	0.3%	13,502,833	48.0%	6,985,680	85,422,607	133,504,547	48,081,940	64.0%
2019-2020	100%	2,188,641	4,096,591	6,516,667	6,516,667	0.6%	13,780,065	47.3%	7,447,757	92,444,315	139,790,583	47,346,268	66.1%
2020-2021	100%	2,190,658	4,101,145	6,523,480	6,523,480	0.1%	14,078,615	46.3%	7,945,695	99,589,866	146,141,095	46,551,229	68.1%
2021-2022	100%	2,276,458	4,105,451	6,616,904	6,616,904	1.4%	14,320,360	46.2%	8,262,507	106,773,192	152,461,699	45,688,507	70.0%
2022-2023	100%	2,320,179	4,107,040	6,663,882	6,663,882	0.7%	14,792,368	45.0%	8,638,331	114,330,438	159,052,402	44,721,964	71.9%
2023-2024	100%	2,381,765	4,108,902	6,729,667	6,729,667	1.0%	15,164,498	44.4%	9,010,664	122,133,513	165,818,191	43,684,678	73.7%
2024-2025	100%	2,456,230	4,107,932	6,805,868	6,805,868	1.1%	15,734,495	43.3%	9,357,902	130,247,209	172,778,848	42,531,639	75.4%
2025-2026	100%	2,386,752	4,107,517	6,733,401	6,733,401	-1.1%	16,187,589	41.6%	10,019,037	138,734,611	180,034,830	41,300,219	77.1%
2026-2027	100%	2,386,512	4,106,134	6,731,719	6,731,719	0.0%	16,271,621	41.4%	10,535,023	147,075,236	187,039,830	39,964,594	78.6%
2027-2028	100%	2,514,090	4,100,507	6,858,160	6,858,160	1.9%	16,622,196	41.3%	10,906,207	155,506,652	193,983,061	38,476,409	80.2%
2028-2029	100%	2,449,874	4,094,782	6,785,644	6,785,644	-1.1%	17,059,502	39.8%	11,631,470	164,395,647	201,277,050	36,881,403	81.7%
2029-2030	100%	2,483,269	4,092,597	6,818,003	6,818,003	0.5%	17,065,412	40.0%	12,214,168	173,095,439	208,313,320	35,217,881	83.1%
2030-2031	100%	2,577,723	4,086,372	6,909,481	6,909,481	1.3%	17,431,590	39.6%	12,593,596	181,892,891	215,273,541	33,380,650	84.5%
2031-2032	100%	2,538,630	4,085,936	6,868,496	6,868,496	-0.6%	17,896,887	38.4%	13,200,610	191,110,474	222,596,280	31,485,806	85.9%
2032-2033	100%	2,664,985	4,090,237	7,003,963	7,003,963	2.0%	18,098,213	38.7%	13,476,333	200,340,288	229,849,764	29,509,476	87.2%
2033-2034	100%	2,211,835	4,094,846	6,538,906	6,538,906	-6.6%	18,731,815	34.9%	14,693,937	210,188,298	237,572,484	27,384,186	88.5%
2034-2035	100%	2,589,978	4,097,537	6,933,763	6,933,763	6.0%	17,650,736	39.3%	15,055,988	218,769,964	243,840,176	25,070,212	89.7%
2035-2036	100%	2,697,863	4,101,326	7,049,549	7,049,549	1.7%	18,211,404	38.7%	15,448,083	228,237,664	250,831,397	22,593,733	91.0%
2036-2037	100%	2,743,001	4,105,352	7,100,524	7,100,524	0.7%	18,820,458	37.7%	16,438,673	238,195,131	258,125,577	19,930,446	92.3%
2037-2038	100%	2,826,316	4,108,707	7,190,385	7,190,385	1.3%	19,322,420	37.2%	16,885,217	247,949,041	265,003,619	17,054,578	93.6%
2038-2039	100%	2,849,440	4,108,410	7,214,052	7,214,052	0.3%	19,851,218	36.3%	17,468,635	258,105,861	272,018,894	13,913,033	94.9%
2039-2040	100%	2,900,843	4,106,653	7,265,537	7,265,537	0.7%	20,213,821	35.9%	18,171,921	268,467,681	278,985,481	10,517,800	96.2%
2040-2041	100%	2,928,056	4,102,339	7,289,269	7,289,269	0.3%	20,578,620	35.4%	18,709,945	278,956,431	285,793,503	6,837,072	97.6%
2041-2042	100%	3,014,866	1,556,722	4,739,923	4,739,923	-35.0%	20,947,196	22.6%	19,240,887	289,709,926	292,543,028	2,833,102	99.0%
2042-2043	100%	3,096,130	752,046	3,989,874	3,989,874	-15.8%	21,355,415	18.7%	19,698,244	298,132,929	299,393,120	1,260,191	99.6%



**Newport Fire
Newport Police**

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Newport Police & Newport Fire FIRE

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014** to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	4,822,711	4,822,711	100%
2014	5,990,094	6,048,094	101%
2015*	5,779,428	6,048,094	105%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table 7/1/13.

*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

- Yes, emerge from critical status in FY 2023
 No, emerge from critical status in FY _____

3. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP (provide description and additional actuarial runs if changes were made)

Provide a detailed statement explaining any funding improvement plan changes to the original FIP submission and items not yet fully implemented.

There is no change to the FIP, and there are no items that are not fully implemented.

Laura J. Steiner
Signature

4/7/14
Date



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Newport Police & Newport Fire Police

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014** to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	3,461,972	3,461,972	100%
2014	3,954,174	4,012,174	101%
2015*	3,729,898	4,012,174	108%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table 7/1/13.

*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

- Yes, emerge from critical status in FY 2016
 No, emerge from critical status in FY _____

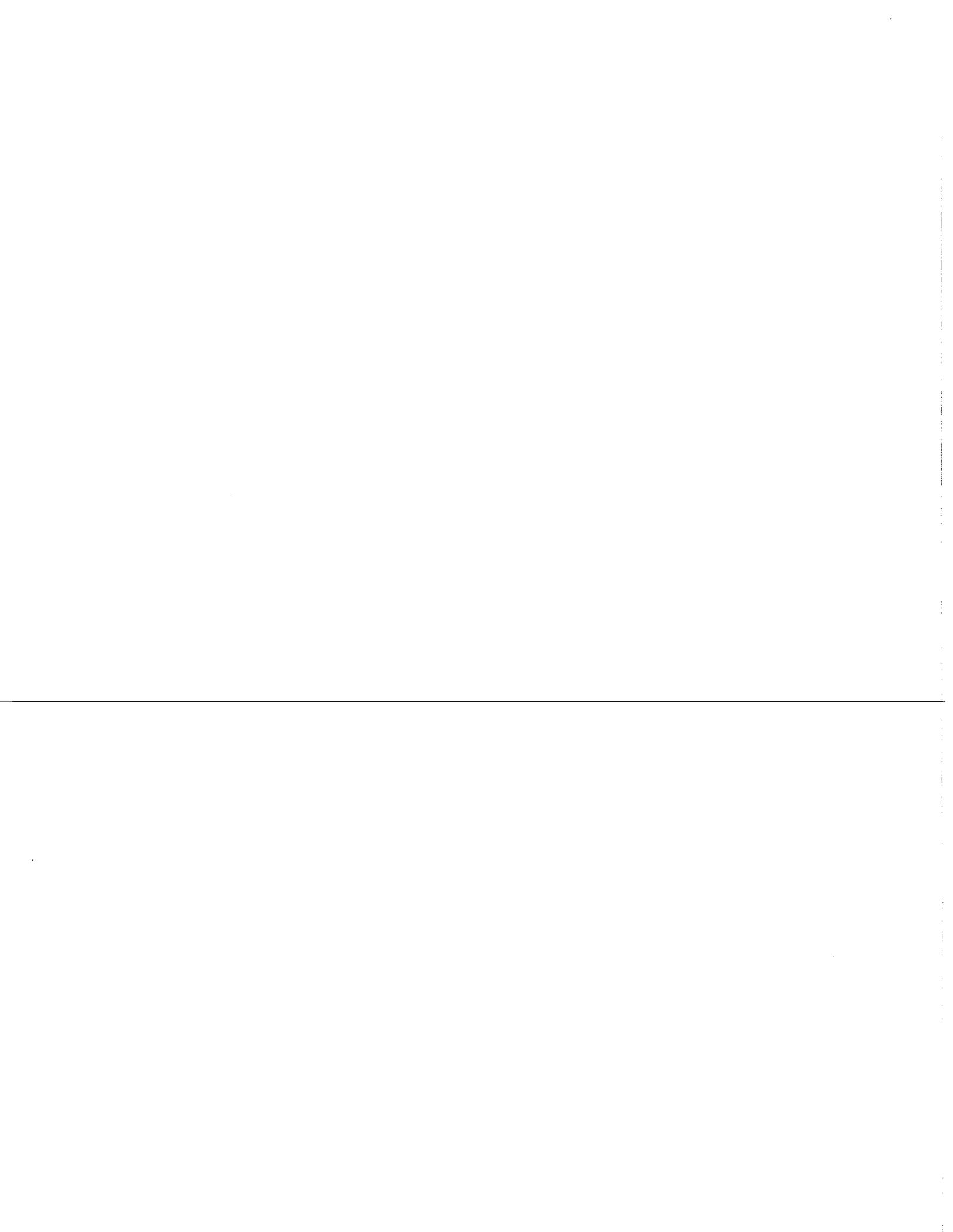
3. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP (provide description and additional actuarial runs if changes were made)

Provide a detailed statement explaining any funding improvement plan changes to the original FIP submission and items not yet fully implemented.

There is no change in the FIP, and there are no items that are not fully implemented

Jama L. Sitarin
Signature

4/7/14
Date





THE CITY OF NEWPORT, RHODE ISLAND 02840

October 2, 2013

Rosemary Booth Gallogly
Director
Department of Revenue
One Capitol Hill
Providence, RI 02908-5855

RE: City of Newport Police Pension Plan and City of Newport Fire Pension Plan

Dear Ms. Gallogly,

The City of Newport previously submitted two pension improvement plans to the Pension Study Commission. I am writing to update you and the Commission as to the City's progress in implementing the funding improvement plans.

The City's selected option on both plans was to continue to fund the plan in accordance with the actuarially required contribution. The City has fully funded the ARC for FY2014. We also continue to try and negotiate changes in the pension plan with the police union. We have been successful with some of the negotiations but not all. We are heading into binding arbitration, and are hopeful that some success will be achieved.

Please don't hesitate to contact me if you should have further questions.

Sincerely,

A handwritten signature in cursive script that reads "Laura L. Sitrin".

Laura L. Sitrin, CPA
Director of Finance

Total Normal Cost	1,518,570	1,518,570	1,317,624	0
Accrued Liability	85,307,216	85,307,216	75,566,728	86,603,232
Unfunded Accrued Liability	39,068,506	39,068,506	29,328,018	40,364,522
Funded Ratio	54.2%	54.2%	61.2%	53.4%
ARC	\$4,063,254	\$4,063,254	\$3,024,471	\$3,378,208

Exhibits A1 thru A4 shows the key values forecasted for the next 27 years based Options 1 thru 4. Exhibits B1 thru B4 are the same forecasts as Exhibits A1 thru A4, except the actual return on investments is .5% less than the assumption.

Exhibits A1 thru A4 - Forecast of key values for Options 1 thru 4

Exhibits B1 thru B4 - Same forecast as Exhibits A1 thru A4, except actuarial return on assets is 0.5% less than assumption.

Exhibit C - Actuarial Assumptions (lists all pertinent assumptions)

Exhibit D - Plan Provisions (lists all significant plan provisions, before the changes listed in the Plan Changes section above are made to the System).

The City of Newport, Rhode Island Police Pension System: Financial Projections
Option 1 - Assume 7.5% Investment Return
Exhibit A-1

FY Ending 6/30	Normal Cost	Accrued Liability (AL)	Assets	Unfunded AL	Amortization Factor	Amortization of Unfunded AL	Estimated Employee Contributions	Annual Required Contribution	Benefit Payments	Funded %
2014	1,212,473	82,684,360	43,320,088	39,364,272	12.4027	3,173,847	432,131	3,954,189	4,562,923	52.4%
2015	1,233,456	85,307,216	46,238,710	39,068,506	11.9485	3,269,741	439,943	4,063,254	4,718,506	54.2%
2016	1,248,963	87,985,096	49,332,280	38,652,816	11.4769	3,367,880	446,211	4,170,632	4,951,687	56.1%
2017	1,261,380	90,636,064	52,530,472	38,105,592	10.9869	3,468,275	451,645	4,278,010	5,201,325	58.0%
2018	1,268,763	93,237,992	55,823,290	37,414,702	10.478	3,570,787	454,680	4,384,869	5,391,531	59.9%
2019	1,285,102	95,844,184	59,276,347	36,567,837	9.9494	3,675,381	461,089	4,499,394	5,602,168	61.8%
2020	1,292,959	98,442,344	62,891,581	35,550,763	9.4004	3,781,835	464,911	4,609,883	5,823,187	63.9%
2021	1,301,684	101,012,888	66,663,802	34,349,086	8.8302	3,889,956	469,093	4,722,547	6,084,931	66.0%
2022	1,305,130	103,512,160	70,565,219	32,946,941	8.238	3,999,386	470,826	4,833,690	6,363,014	68.2%
2023	1,334,212	105,912,712	74,584,663	31,328,049	7.6229	4,109,728	480,914	4,963,027	6,606,484	70.4%
2024	1,338,471	108,267,936	78,793,315	29,474,621	6.9839	4,220,367	482,944	5,075,894	6,848,579	72.8%
2025	1,363,435	110,551,848	83,182,259	27,369,589	6.3203	4,330,426	492,073	5,201,788	7,099,338	75.2%
2026	1,370,297	112,770,072	87,776,186	24,993,886	5.6311	4,438,544	494,942	5,313,898	7,360,019	77.8%
2027	1,386,889	114,889,848	92,560,171	22,329,677	4.9152	4,542,984	500,593	5,429,281	7,599,090	80.6%
2028	1,411,375	116,935,664	97,576,860	19,358,804	4.1717	4,640,507	509,597	5,542,286	7,853,013	83.4%
2029	1,434,576	118,894,120	102,829,327	16,064,793	3.3994	4,725,773	517,906	5,642,443	8,052,010	86.5%
2030	1,458,454	120,814,552	108,378,494	12,436,058	2.5972	4,788,256	526,697	5,720,013	8,295,233	89.7%
2031	1,482,344	122,648,736	114,178,788	8,469,948	1.7641	4,801,285	534,606	5,749,023	8,496,792	93.1%
2032	1,516,018	124,433,552	120,242,672	4,190,880	0.8988	4,662,750	546,387	5,632,382	8,679,976	96.6%
2033	1,541,089	126,193,872	126,467,129	(273,257)			555,271	985,818	8,901,722	100.2%
2034	1,576,546	127,879,400	128,291,520	(412,120)			567,494	1,009,052	9,090,122	100.3%
2035	1,599,681	129,529,280	130,093,449	(564,169)			575,452	1,024,229	9,321,308	100.4%
2036	1,627,384	131,084,392	131,814,680	(730,288)			584,470	1,042,915	9,468,484	100.6%
2037	1,667,943	132,629,464	133,540,570	(911,106)			598,743	1,069,200	9,622,452	100.7%
2038	1,695,509	134,169,104	135,277,304	(1,108,200)			608,664	1,086,845	9,789,520	100.8%
2039	1,732,893	135,676,720	136,999,160	(1,322,440)			621,732	1,111,161	9,914,802	101.0%
2040	1,782,916	137,202,912	138,758,035	(1,555,123)			639,379	1,143,537	10,100,596	101.1%

The City of Newport, Rhode Island Fire Pension System: Financial Projections
Option 1 - Assume 7.5% Investment Return
Exhibit A-1

FY Ending 6/30	Normal Cost	Accrued Liability (AL)	Assets	Unfunded AL	Amortization Factor	Amortization of Unfunded AL	Estimated Employee Contributions	Annual Required Contribution	Benefit Payments	Funded %
2014	1,488,090	93,772,470	32,552,813	61,219,657	12.1593	5,034,804	530,477	5,992,417	5,513,468	34.7%
2015	1,491,497	96,514,632	35,817,882	60,696,750	11.727	5,175,812	533,733	6,133,576	5,768,263	37.1%
2016	1,472,034	99,200,496	39,208,866	59,991,630	11.2767	5,319,963	531,557	6,260,440	5,921,114	39.5%
2017	1,476,177	101,909,664	42,820,858	59,088,806	10.8076	5,467,338	534,308	6,409,207	6,139,731	42.0%
2018	1,488,780	104,598,408	46,629,282	57,969,126	10.3189	5,617,762	540,742	6,565,800	6,299,997	44.6%
2019	1,504,093	107,334,160	50,720,699	56,613,461	9.81	5,770,995	547,621	6,727,467	6,503,635	47.3%
2020	1,503,177	110,077,936	55,077,015	55,000,921	9.2798	5,926,951	549,311	6,880,817	6,812,186	50.0%
2021	1,488,421	112,705,352	59,596,146	53,109,206	8.7275	6,085,271	548,045	7,025,648	7,025,706	52.9%
2022	1,490,513	115,293,112	64,377,060	50,916,052	8.1522	6,245,682	550,953	7,185,243	7,264,778	55.8%
2023	1,489,153	117,828,032	69,431,916	48,396,116	7.5529	6,407,620	552,708	7,344,065	7,489,308	58.9%
2024	1,488,858	120,317,944	74,794,368	45,523,576	6.9287	6,570,291	555,031	7,504,118	7,671,335	62.2%
2025	1,508,052	122,798,448	80,533,217	42,265,231	6.2784	6,731,847	564,609	7,675,290	8,005,825	65.6%
2026	1,508,230	125,135,352	86,537,466	38,597,886	5.6011	6,891,126	566,984	7,832,372	8,357,249	69.2%
2027	1,492,266	127,281,948	92,788,224	34,493,624	4.8955	7,045,986	564,433	7,973,820	8,576,204	72.9%
2028	1,512,723	129,345,832	99,420,350	29,925,482	4.6157	6,483,411	573,960	7,422,175	8,932,662	76.9%
2029	1,496,727	131,213,312	105,639,296	25,574,016	3.3949	7,533,069	572,420	8,457,376	9,155,148	80.5%
2030	1,502,636	132,973,616	113,128,341	19,845,275	2.5974	7,640,439	577,847	8,565,227	9,449,780	85.1%
2031	1,511,780	134,564,800	120,987,780	13,577,020	1.7667	7,684,961	584,467	8,612,274	9,739,542	89.9%
2032	1,507,538	135,982,400	129,190,816	6,791,584	0.9014	7,534,484	586,648	8,455,374	9,924,800	95.0%
2033	1,535,882	137,809,120	137,662,859	(353,739)			599,653	936,230	10,265,278	100.3%
2034	1,526,255	138,408,176	138,912,213	(504,037)			601,799	924,455	10,535,518	100.4%
2035	1,511,483	139,298,736	139,966,293	(667,557)			601,825	909,659	10,782,732	100.5%
2036	1,509,382	139,984,128	140,829,112	(844,984)			606,264	903,118	10,955,128	100.6%
2037	1,545,979	140,539,088	141,576,334	(1,037,246)			623,623	922,356	11,036,326	100.7%
2038	1,565,033	141,086,192	142,332,261	(1,246,069)			634,013	931,019	11,173,944	100.9%
2039	1,601,069	141,549,120	143,021,680	(1,472,560)			651,551	949,518	11,251,718	101.0%
2040	1,627,326	142,000,320	143,718,447	(1,718,127)			665,318	962,007	11,287,536	101.2%

Pawtucket Police & Fire

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Pawtucket

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014 to elaine.colarusso@dor.ri.gov.**

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	11,391,106	11,391,106	100%
2014	12,386,341	12,386,341	100%
2015*	12,996,379	12,996,379	100%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table 7/1/13.

*planned payment *Included in FY2015 Budget*

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. Deferred COLAs except for retirees earning less than \$30,000?

- Yes *If yes, explain terms below.*
 No

Still negotiating Matter in arbitration/court

3. Retirement calculation of benefit changed to 2.5% for first 20 years or 50% and 2% for the next 10 years for a total of 70%?

- Yes
 No
 Still negotiating Matter in arbitration/court

4. Changed contribution for actives from 7.5% to 9%?

- Yes
 No
 Still negotiating Matter in arbitration/court

5. Added a termination benefit option of 2.5% to credit service with less than 20 years but more than 10 years served?

- Yes
 No
 Still negotiating Matter in arbitration/court

LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
OPEB Survey

6. Changed pension salary base from last actual base pay at time of retirement to a 3-year average salary to determine base?

- Yes
 No
 Still negotiating

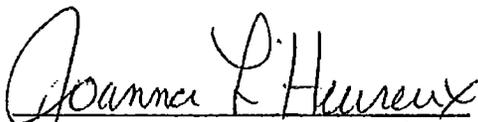
7. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

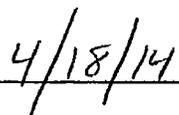
- Yes, emerge from critical status in FY 2026.
 No, emerge from critical status in FY _____.

8. Full or continued implementation of the funding improvement plan as submitted to the Commission?

- Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.


Signature


Date

PAWTUCKET - FUNDING IMPROVEMENT PLAN UPDATE – 4/18/14

The following is additional information in response to the Funding Improvement Plan Update form.

2. Deferred COLAs except for retirees earning less than \$30,000?

Yes. There will be a 3-year COLA freeze effective July 1, 2014. A letter is being prepared to all retirees to provide them notice and invite them to an Informational meeting that is being held on May, 15, 2015.

3. Retirement calculation of benefit changed to 2.5% for first 20 years or 50% and 2% for next 10 years for a total of 70%?

Yes. The new Fire contract (July 1, 2013 to June 30, 2016) includes this change and has been ratified by both the union and the City. The Police contract is still being negotiated and will include this change. In the meantime, a MOU will be drafted and signed by the Police union and the City.

4. Change contribution for actives from 7.5% to 9%?

Yes. The new Fire contract includes all new hires after May 1, 2013 will contribute 9% for pension. Employees who were hired prior to May 1, 2013 will follow the schedule below for pension contributions:

Until June 30, 2014 they will contribute	7.5%
Commencing on July 1, 2014 they will contribute	8%
Commencing on July 1, 2015 they will contribute	8.5%
Commencing on July 1, 2016 and thereafter they will contribute	9%

The Police contract is still being negotiated but is expected to have similar language where new hires will contribute the 9% and employees who are already active will have gradual increase of pension contributions.

5. Added a termination benefit option of 2.5% to credit service with less than 20 years but more than 10 years of service?

Yes. The new Fire contract includes the following language, "Members' pension benefits shall be vested after ten (10) years of service. However, an employee leaving City employment before serving twenty (20) years shall not be entitled to their pension benefit until their twentieth (20th) anniversary from their date of hire (hereinafter the "Normal Retirement Date)."

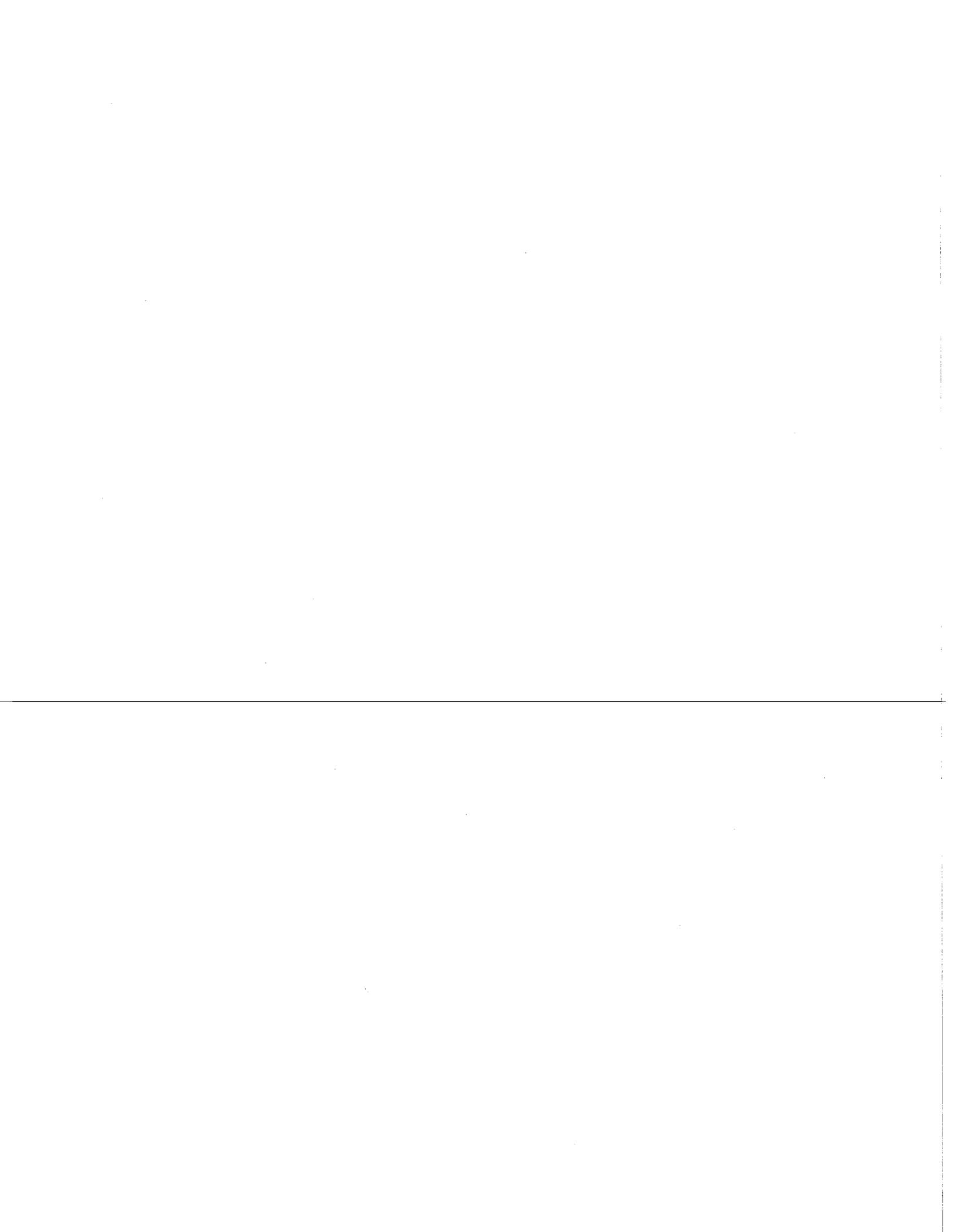
The Police MOU and new contract will include the same language.

PAWTUCKET - FUNDING IMPROVEMENT PLAN UPDATE – 4/18/14 (continued)

6. Change pension salary base from last actual base pay at time of retirement to a 3-year average salary to determine base?

Yes. The new Fire contract includes the language, "Final average salary = (Final year salary + Penultimate year's salary + Antepenultimate year's salary)...where the final year's salary = the retiring member's annualized rate of pay on the date of their retirement; Penultimate year's salary = the annual salary received by the retiring member during the 12 months immediately preceding their retirement date; and Antepenultimate year's salary = the annual salary received by the retiring member during the 13th through the 24th month prior to their retirement date."

The Police MOU and new contract will include the same language.



Elaine Colarusso - Letter from Director Gallogly - Update requested for pension plan in critical status

From: "Pires, Antonio" <APires@PAWTUCKETRI.com>
To: "elaine.colarusso@dor.ri.gov" <elaine.colarusso@dor.ri.gov>, "SusanneGre...
Date: 9/13/2013 12:19 PM
Subject: Letter from Director Gallogly - Update requested for pension plan in critical status
CC: "Grebien, Donald" <DGrebien@PAWTUCKETRI.com>, "LHeureux, Joanna" <JLHeur...
Attachments: LTR-update request for plans in critical status, 8-20-13.pdf

In response to Director Booth Gallogly's request for the status of the police and fire pension Funding Improvement Plan (FIP). Collective bargaining agreement discussions have been ongoing with both of the police and fire unions, especially with regard to the FIP. Significant progress has been made with regard to reaching an agreement with both unions as to the FIP modifications to their pension plan. These modifications, with minor amendments, are consistent with the FIP terms previously approved by the Pawtucket City Council and previously submitted to the state's Pension Study Commission (PSC).

Pension plan design and benefits are integral terms of each unions' existing Collective Bargaining Agreement (CBA) and, as such, the FIP agreement has been a critical part, if not the focal point, of all the other CBA provisions under negotiation. We are very hopeful of reaching a CBA accord with both the police and fire unions in the very near future. In fact, we are working on a tentative CBA accord with one of these unions at the present time, with the hope that a similar accord can be reached with the other union in the near future.

Once the CBAs are ratified by both of the union's active membership, we will begin the process of securing approval from the current retirees for a three (3) year cost of living adjustment (COLA) freeze for their existing retiree pensions. This sequence, reaching a FIP accord with current active members and then securing agreement with current retirees, is consistent with what our overall FIP strategy has been and remains in effect.

We trust that this response addresses Director Booth Gallogly's request but ask that if further information is needed to contact me at your convenience.

Antonio J. Pires

Director of Administration, City of Pawtucket

From: Elaine Colarusso [mailto:elaine.colarusso@dor.ri.gov]
Sent: Wednesday, August 21, 2013 2:12 PM
To: Paul Doughty; Steven St. Pierre; Allan Fung; Allison Rogers; Christine O'Connor; Richard Licht; Elaine

Colarusso; Jill Barrette; Joseph Coduri; Nicholas DePasquale; Susan Moss; Susanne Greschner; Bruce Keiser; Joseph Polisena; Dennis Hoyle; Pires, Antonio; Angel Taveras; Jennifer Kennedy; Rosemary Booth Gallogly; John Simmons; Dan Sherman; Gina Raimondo; J. Michael Lennihan; Jean Bouchard; Jean Bouchard
Cc: Carlos Lopez; Bob Strom; Melissa Malone; Kelly Mahoney; Arianne Lynch; Marylee Dixon; Will Farrell; Marilyn McConaghy; Kayleigh Pratt; Liza Pinto; Sharon Reynolds Ferland; Joseph Pratt; Mark Dingley
Subject: Letter from Director Gallogly - Update requested for pension plan in critical status

Good afternoon Commission Members,

Attached please find a letter from Director Gallogly distributed today to municipalities with plans in critical status. The letter requests an update by September 12.

See you all on September 9th.

Best regards,
Elaine

Elaine Colarusso
Programming Services Officer
State of RI | Department of Revenue
Division of Municipal Finance
p 401.574.9913 | f 401.574.9912
elaine.colarusso@dor.ri.gov

CITY OF PAWTUCKET
POLICE AND FIREFIGHTERS PENSION FUNDING IMPROVEMENT PLAN
EXECUTIVE SUMMARY

In accordance with Rhode Island General Laws, Section 45-65-6, the City is submitting a Funding Improvement Plan for its Police and Fire Pension Plan to the State Locally Administered Pension Plans Study Commission. The City, as required, has completed an actuarial valuation as of July 1, 2011 and an Experience Study covering eight (8) years of census data, and seven (7) years of experience ending July 1, 2011. Based on these results the funded status of the pension system was 34%, which was classified by the State of Rhode Island as being in "Critical Status." Critical Status notifications were mailed to all active and retired members and beneficiaries of the Plan on April 25, 2012. The City Council was also notified of the classification of Critical Status.

The following options and exhibits are provided for review and comparison, with Option 2 Exhibit C being presented by the City Administration to both the Study Commission and City Council. It should be noted that Option 2 Exhibit C has an earnings rate of 7.50% versus the City's current 7.875% rate. The City evaluated that Option 2 Exhibit C would best align with the majority of other Cities and Towns as well as with the Municipal Employees Retirement System. Our 50 basis point decrease plan as required by the commission is against the Option 2 Exhibit C rate of 7.50% and shown as Option 2 Exhibit D. *Option 2, Exhibit M is Option 2 Exhibit C with City Council amendment and approval.*

The Options and Exhibits presented are as follows:

Option 1 Exhibit A Current Plan @ 7.875%

Option 2 Exhibit B Proposed Plan @ 7.875%

***Option 2 Exhibit C Proposed Preferred Plan of the City 7.500%**

Option 2 Exhibit D Proposed Preferred Plan of the City @ 7.000%

Option 2 Exhibit E Proposed Preferred Plan of the City @ 7.375%

****Option 2 Exhibit M Original Preferred Plan with City Council Amendment**

Option 2 Exhibit N Original Preferred Plan with City Council Amendment at 7.00%

Option 3 Exhibit F Alternate Plan @ 7.500%

Option 4 Exhibit G Going to MERS @ 7.500%

* Plan presented to City Council for approval.

** Plan approved by City Council on April 24, 2013

DESCRIPTION OF PLAN CHANGES

Option 2 Exhibit C Preferred Proposed Plan

- Deferred COLAs' for 3 years, both active and retirees (active members would defer COLAs' immediately upon retirement if retirement takes place during the original three year freeze). Also, deferment of the start of the COLA benefits for current active participants to the earlier of age 55 or 10 years after retirement.

COLA freeze will not apply to those members while pensions are less than \$30,000.

- Retirement calculation of pension benefit would be 2.5% for first 20 years or 50% and 2% for next 10 years for a total of 70% (to induce actives to not retire early). The basic change is the final 10 years going from 3 1/3% for 3 years after 20 to reach 60% to 2% for 10 years to reach 70%. The City will also prepare for a small number of actives who already entered into years beyond 23 1/3 years, a transitional scale to take advantage of the new retirement benefit.
 - Employee's contribution for actives would increase from 7.5% to 9%.
 - Add a termination benefit option of 2.5% program to credit service with less than 20 years but more than 10 years served. Benefit would take place on what would have been the 20 year anniversary.
-
- This plan and all alternative plans would require a 3 year average salary to determine base upon which calculation pension would be available versus last actual base pay at time of retirement.

Option 3 Exhibit F Alternate Plan

- This option has all of Option 2 Exhibit C plan changes only the deferred COLAs are different. It replaces this option with a 10-year COLA freeze; however it only applies retirees (inactives) not the actives upon retirement.

Note: Correction to first plan change listed above is noted by the underscored additions.

Note: Amendment of plan changes above approved by City Council as noted in block under first plan change involving COLAs.

CURRENT FUNDING

The City Council has accepted the recommendations of the City's actuary (Stone Consulting). Based on its analysis, the actuary recommended pension contributions of \$12,263,110. This pension funding recommendation will be budgeted for 2014 at 100%. Due to the fact that the report of July 1, 2011 was received in late 2012, it did not allow for adopting the recommended contributions in the Fiscal 2013 budget. This continuing occurrence prevents funding the ARC at precisely 100% from year to year. For example, in 2013 the actual contribution level of \$11,391,106 was 96.6% of ARC. The current ARCs represent 9.4% and 10.4% of total revenue for the years 2012 and 2013, respectively. It is calculated on City revenue alone (that is, not including School revenue budgets).

All plans reach 60% funded before the required 20 year period. The Option 2 Exhibit C Plan proposed reaches 66.5% funded in 15 years and 80.0% in 20 years (2034).

Option 2 Exhibit M Plan that was approved by City Council reaches 66.0% funded in 15 years and 79.6 % in 20 years (2034).

The City of Pawtucket, as noted previously, under the current administration has consistently worked to provide a 100% ARC based on the best available current information, with the result of achieving near 100% levels. Therefore, the need of the City is not to decrease the targeted ARC level of 100% but to decrease the growth of the actual dollar funding needed to achieve the annual 100% ARC requirement.

Currently we have growth averaging 4.34% in the first 16 years of the plan while the next 12 years average 3.81%. The Option 2 Exhibit C plan has an average growth of 2.93% for the first 16 years of the plan and an average of 2.68% the next 12 years. This plan will thus assure the City will be able to provide the increased income needed to support the plan on a consistent and stable basis. ***Option 2 Exhibit M as approved by City Council has an average growth of 3.04% for the first 16 years of the plan and an average of 2.78% the next 12 years. This plan also will assure the City will be able to provide the increased income needed to support the plan on a consistent and stable basis.***

The ARC contribution would not go below the City's current level of funding; however, the percentage increases would be lower and therefore more fiscally prudent and manageable. As an example, in 2034 the current plan requires an ARC of \$27,204,988. while Option 2 Exhibit C would reduce that contribution to \$21,986,239, a decrease of \$5,218,749 or 19%. ***Option 2 Exhibit M would reduce the contribution to \$22,344,368, a decrease of \$4,860,620 or 18%.***

CURRENT FUNDING (CONTINUED)

The following chart shows the comparisons of the costs and liabilities estimated in the current and proposed plans.

	Option 1 Exhibit A Current Plan	Option 2 Exhibit C Preferred Plan	Option 3 Exhibit F Alternate Plan	Option 4 Exhibit G MERS Plan	Option 2 Exhibit D Preferred <50 Basis Pts
2014	7.875%	7.500%	7.500%	7.500%	7.000%
Employee Normal Cost	\$ 1,378,840	\$ 1,635,529	\$ 1,635,529	\$ 1,483,698	\$ 1,639,279
Employer Normal Cost	\$ 3,397,960	\$ 2,818,871	\$ 3,107,028	\$ 2,511,280	\$ 3,356,984
Total Normal Cost	\$ 4,776,800	\$ 4,454,400	\$ 4,742,557	\$ 3,994,978	\$ 4,996,263
Accrued Liability	\$ 222,439,133	\$ 220,963,359	\$ 204,370,042	\$ 216,488,821	\$236,155,222
Unfunded Accrued Liability	\$ 142,309,228	\$ 140,155,913	\$ 123,389,751	\$ 160,119,711	\$146,329,546
Funded Ratio	36.0%	36.6%	39.6%	26.0%	38.00%
ARC	\$ 11,884,004	\$ 12,436,307	\$ 12,513,516	\$ 11,638,238	\$ 13,411,975

REVISED DUE TO CITY COUNCIL AMENDMENT

	Option 1 Exhibit A Current Plan	Option 2 Exhibit M Preferred Plan Amended	Option 3 Exhibit F Alternate Plan	Option 4 Exhibit G MERS Plan	Option 2 Exhibit N Preferred <50 Basis Pts
2014	7.875%	7.500%	7.500%	7.500%	7.000%
Employee Normal Cost	\$ 1,378,840	\$ 1,635,529	\$ 1,635,529	\$ 1,483,698	\$ 1,639,279
Employer Normal Cost	\$ 3,397,960	\$ 2,818,871	\$ 3,107,028	\$ 2,511,280	\$ 3,356,984
Total Normal Cost	\$ 4,776,800	\$ 4,454,400	\$ 4,742,557	\$ 3,994,978	\$ 4,996,263
Accrued Liability	\$ 222,439,133	\$ 222,294,658	\$ 204,370,042	\$ 216,488,821	\$245,868,782
Unfunded Accrued Liability	\$ 142,309,228	\$ 141,551,630	\$ 123,389,751	\$ 160,119,711	\$154,978,762
Funded Ratio	36.0%	36.3%	39.6%	26.0%	37.0%
ARC	\$ 11,884,004	\$ 12,386,341	\$ 12,513,516	\$ 11,638,238	\$ 13,994,708

Current funding level in 2013 budget is \$11,791,452

Funding level in Valuation Report for 2014 is \$12,263,110 while the proposed Plan Exhibit M Preferred Plan amended requires \$12,386,341, an decrease of \$123,231, with major reasons being alignment of earnings rate at 7.50% and changing to Entry Age Normal (EAN) versus prior valuation reports utilizing Projected Unit Credit (prorated by service). This Change to EAN will be required by GASB accounting standards in 2014.

Although there is an increase in 2014, the remaining increases as noted previously decrease versus the original schedule of current valuation. As an example, current plan shows (in 2020) seven years a current ARC of \$15,395,347 versus the proposed plan of \$14,839,762. There is a very important decrease as we look further into 2041 with current plan at \$35,207,913 and proposed plan of \$26,986,423 or a decrease of \$8,221,490 which shows attainable revenue versus increases beyond normal revenue increase percentages.

Basically, the Preferred Plan aligns annual City pension contributions with more manageable levels on a consistent annual basis that will provide the optimum prospect for achieving a plan with long term stability and avoiding state financial oversight intervention.

City of Pawtucket Fire and Police Pension Plan
Exhibit C - Option 2 using 7.5% Investment return assumption

Fiscal Year	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 2.25%		Funded Ratio	ARC Growth	ARC % of Pay
								Amortization	ARC			
2013	18,542,259	1,546,500	2,717,978	4,264,478	212,692,712	73,435,524	139,257,188	8,879,594	12,088,558	34.5%		65.2%
2014	19,526,716	1,635,529	2,818,871	4,454,400	220,963,359	80,807,446	140,155,913	9,079,385	12,436,307	36.6%	2.88%	63.7%
2015	20,556,399	1,718,325	2,919,883	4,638,208	229,512,046	88,604,779	140,907,268	9,283,671	12,785,281	38.6%	2.81%	62.2%
2016	21,714,721	1,816,350	3,056,462	4,872,812	238,370,001	96,874,635	141,495,366	9,492,554	13,172,700	40.6%	3.03%	60.7%
2017	22,854,895	1,917,797	3,201,299	5,119,096	247,631,524	105,728,501	141,903,023	9,706,136	13,573,728	42.7%	3.04%	59.4%
2018	24,063,027	2,018,975	3,326,586	5,345,561	257,330,960	115,219,307	142,111,653	9,924,524	13,964,477	44.8%	2.88%	58.0%
2019	25,260,537	2,113,525	3,466,754	5,580,279	267,463,240	125,362,077	142,101,163	10,147,826	14,368,784	46.9%	2.90%	56.9%
2020	26,535,942	2,225,625	3,624,810	5,850,435	278,072,452	136,222,614	141,849,837	10,376,152	14,802,034	49.0%	3.02%	55.8%
2021	27,874,688	2,346,608	3,793,160	6,139,768	289,129,927	147,795,715	141,334,211	10,609,616	15,254,491	51.1%	3.06%	54.7%
2022	29,310,271	2,466,300	3,969,322	6,435,622	300,784,946	160,256,006	140,528,940	10,848,332	15,717,839	53.3%	3.04%	53.6%
2023	30,768,428	2,590,673	4,141,200	6,731,873	313,002,855	173,596,201	139,406,654	11,092,420	16,186,787	55.5%	2.98%	52.6%
2024	32,296,340	2,708,045	4,326,291	7,034,336	325,792,376	187,854,574	137,937,802	11,341,999	16,666,022	57.7%	2.96%	51.6%
2025	33,766,224	2,846,295	4,500,387	7,346,682	339,050,533	202,960,045	136,090,488	11,597,194	17,156,211	59.9%	2.94%	50.8%
2026	35,432,579	2,975,676	4,711,366	7,687,042	352,876,582	219,046,291	133,830,291	11,858,131	17,674,891	62.1%	3.02%	49.9%
2027	37,021,408	3,108,782	4,896,482	8,005,264	367,229,850	236,109,778	131,120,072	12,124,939	18,179,408	64.3%	2.85%	49.1%
2028	38,622,908	3,231,627	5,075,162	8,306,789	382,111,367	254,191,599	127,919,768	12,397,750	18,677,703	66.5%	2.74%	48.4%
2029	40,171,297	3,371,555	5,266,372	8,637,927	397,326,716	273,140,546	124,186,170	12,676,699	19,202,570	68.7%	2.81%	47.8%
2030	41,851,086	3,490,367	5,446,712	8,937,079	412,951,672	293,078,991	119,872,681	12,961,925	19,709,107	71.0%	2.64%	47.1%
2031	43,379,284	3,636,216	5,630,025	9,266,241	428,706,342	313,777,280	114,929,062	13,253,568	20,241,235	73.2%	2.70%	46.7%
2032	45,102,240	3,789,621	5,849,979	9,639,600	444,784,847	335,483,691	109,301,156	13,551,774	20,816,442	75.4%	2.84%	46.2%
2033	46,941,540	3,951,028	6,055,401	10,006,429	461,250,160	358,319,574	102,930,586	13,856,689	21,393,624	77.7%	2.77%	45.6%
2034	48,917,753	4,098,514	6,285,613	10,384,127	478,119,812	382,365,371	95,754,440	14,168,464	21,986,239	80.0%	2.77%	44.9%
2035	50,743,572	4,260,382	6,515,147	10,775,529	495,272,604	407,567,680	87,704,924	14,487,254	22,595,042	82.3%	2.77%	44.5%
2036	52,675,102	4,412,929	6,723,320	11,136,249	512,654,746	433,945,751	78,708,995	14,813,218	23,188,130	84.6%	2.62%	44.0%
2037	54,614,957	4,564,095	6,966,511	11,530,606	530,193,765	461,505,804	68,687,961	15,146,515	23,813,288	87.0%	2.70%	43.6%
2038	56,412,990	4,730,514	7,211,451	11,941,965	547,729,694	490,172,640	57,557,054	15,487,312	24,457,836	89.5%	2.71%	43.4%
2039	58,359,275	4,882,517	7,432,269	12,314,786	565,276,588	520,051,615	45,224,973	15,835,776	25,082,278	92.0%	2.55%	43.0%
2040	60,269,118	5,044,261	7,677,029	12,721,290	582,617,176	551,023,790	31,593,386	16,192,081	25,738,608	94.6%	2.62%	42.7%
2041	62,216,844	5,202,674	7,903,995	13,106,669	599,719,454	583,163,051	16,556,403	16,556,403	26,386,015	97.2%	2.52%	42.4%
2042	64,182,569	5,375,140	8,151,147	13,526,287	616,394,383	616,394,383	0	0	9,460,698	100.0%	-64.15%	14.7%
2043	66,271,323	5,554,528	8,405,438	13,959,966	632,632,974	632,632,974	0	0	9,765,197	100.0%	3.22%	14.7%

City of Pawtucket Fire and Police Pension Plan
Exhibit M - Option 2 using 7.5% Investment return assumption, Except <\$30k Retirees will receive regular COLA

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	ProVal Active AL	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 2.40%		Funded Ratio	ARC Growth	ARC % of Pay
									Increasing Amortization	ARC			
2013	18,542,259	1,546,500	2,717,978	4,264,478	67,747,998	213,931,129	73,435,524	140,495,605	8,819,670	12,026,235	34.3%	2.99%	64.9%
2014	19,526,716	1,635,529	2,818,871	4,454,400	79,097,396	222,294,658	80,743,028	141,551,630	9,031,342	12,386,341	36.3%	2.99%	63.4%
2015	20,556,399	1,718,325	2,919,883	4,638,208	90,929,858	230,943,192	88,483,883	142,459,309	9,248,094	12,748,280	38.3%	2.92%	62.0%
2016	21,714,721	1,816,350	3,056,462	4,872,812	103,291,458	239,908,482	96,706,426	143,202,056	9,470,049	13,149,294	40.3%	3.15%	60.6%
2017	22,854,895	1,917,797	3,201,299	5,119,096	116,303,018	249,285,392	105,523,484	143,761,908	9,697,330	13,564,569	42.3%	3.16%	59.4%
2018	24,063,027	2,018,975	3,326,586	5,345,561	130,013,555	259,108,868	114,989,446	144,119,421	9,930,066	13,970,240	44.4%	2.99%	58.1%
2019	25,260,537	2,113,525	3,466,754	5,580,279	144,417,842	269,374,491	125,120,933	144,253,557	10,168,387	14,390,168	46.4%	3.01%	57.0%
2020	26,535,942	2,225,625	3,624,810	5,850,435	159,490,643	280,127,046	135,985,489	144,141,558	10,412,429	14,839,762	48.5%	3.12%	55.9%
2021	27,874,688	2,346,608	3,793,160	6,139,768	175,313,052	291,338,616	147,579,802	143,758,814	10,662,327	15,309,312	50.7%	3.16%	54.9%
2022	29,310,271	2,466,300	3,969,322	6,435,622	192,014,442	303,159,287	160,080,564	143,078,723	10,918,223	15,790,528	52.8%	3.14%	53.9%
2023	30,768,428	2,590,673	4,141,200	6,731,873	209,632,659	315,555,272	173,482,733	142,072,538	11,180,260	16,278,144	55.0%	3.09%	52.9%
2024	32,296,340	2,708,045	4,326,291	7,034,336	228,196,454	328,536,224	187,827,025	140,709,199	11,448,586	16,776,877	57.2%	3.06%	51.9%
2025	33,766,224	2,846,295	4,500,387	7,346,682	247,638,662	342,000,169	203,045,011	138,955,159	11,723,352	17,287,420	59.4%	3.04%	51.2%
2026	35,432,579	2,975,676	4,711,366	7,687,042	268,079,216	356,047,441	219,273,250	136,774,192	12,004,713	17,827,341	61.6%	3.12%	50.3%
2027	37,021,408	3,108,782	4,896,482	8,005,264	289,500,712	370,638,524	236,511,334	134,127,190	12,292,826	18,354,016	63.8%	2.95%	49.6%
2028	38,622,908	3,231,627	5,075,162	8,306,789	311,929,733	385,775,691	254,803,750	130,971,941	12,587,854	18,875,417	66.0%	2.84%	48.9%
2029	40,171,297	3,371,555	5,266,372	8,637,927	335,186,487	401,265,856	274,002,970	127,262,894	12,889,962	19,424,371	68.3%	2.91%	48.4%
2030	41,851,086	3,490,367	5,446,712	8,937,079	359,383,476	417,186,256	294,235,355	122,950,902	13,199,321	19,956,008	70.5%	2.74%	47.7%
2031	43,379,284	3,636,216	5,630,025	9,266,241	384,286,191	433,258,521	315,275,572	117,982,949	13,516,105	20,514,283	72.8%	2.80%	47.3%
2032	45,102,240	3,789,621	5,849,979	9,639,600	410,144,716	449,678,439	337,376,582	112,301,857	13,840,492	21,116,719	75.0%	2.94%	46.8%
2033	46,941,540	3,951,028	6,055,401	10,006,429	437,080,262	466,510,771	360,664,804	105,845,968	14,172,663	21,722,249	77.3%	2.87%	46.3%
2034	48,917,753	4,098,514	6,285,613	10,384,127	465,147,304	483,774,968	385,226,166	98,548,802	14,512,807	22,344,368	79.6%	2.86%	45.7%
2035	50,743,572	4,260,382	6,515,147	10,775,529	494,272,940	501,351,898	411,013,204	90,338,694	14,861,115	22,983,870	82.0%	2.86%	45.3%
2036	52,675,102	4,412,929	6,723,320	11,136,249	524,449,446	519,189,987	438,051,589	81,138,398	15,217,781	23,608,891	84.4%	2.72%	44.8%
2037	54,614,957	4,564,095	6,966,611	11,530,606	555,651,296	537,219,149	466,354,486	70,864,663	15,583,008	24,267,256	86.8%	2.79%	44.4%
2038	56,412,990	4,730,514	7,211,451	11,941,965	587,775,933	555,281,982	495,854,203	59,427,779	15,957,000	24,946,329	89.3%	2.80%	44.2%
2039	58,359,279	4,882,517	7,432,269	12,314,786	620,893,823	573,395,297	526,664,210	46,731,087	16,339,968	25,606,655	91.9%	2.65%	43.9%
2040	60,269,118	5,044,261	7,677,029	12,721,290	654,863,594	591,344,788	558,674,336	32,670,452	16,732,128	26,300,275	94.5%	2.71%	43.6%
2041	62,216,844	5,202,674	7,903,995	13,106,669	689,745,356	609,101,637	591,967,939	17,133,699	17,133,699	26,986,423	97.2%	2.61%	43.4%
2042	64,182,569	5,375,140	8,151,147	13,526,287	725,446,773	626,480,230	626,480,230	0	0	9,460,698	100.0%	-64.94%	14.7%
2043	66,271,323	5,554,528	8,405,438	13,959,966	762,058,616	643,475,259	643,475,259	0	0	9,765,197	100.0%	3.22%	14.7%
2044	68,466,958	5,735,058	8,667,524	14,402,582	799,627,756	660,036,066	660,036,066	0	0	10,076,070	100.0%	3.18%	14.7%

City of Pawtucket Fire and Police Pension Plan
Exhibit N - Option 2 using 7% investment return assumption, No COLA change < \$30,000

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 2.25%		Funded Ratio	ARC Growth	ARC % of Pay
								Increasing Amortization	ARC			
2013	18,542,259	1,550,039	3,232,530	4,782,569	235,342,456	73,435,524	161,906,932	9,818,698	13,600,832	31.2%		73.4%
2014	19,526,716	1,639,279	3,356,984	4,996,263	245,868,782	90,890,020	154,978,762	10,039,618	13,994,708	37.0%	2.90%	71.7%
2015	20,556,399	1,722,268	3,480,974	5,203,242	256,867,878	101,058,299	155,809,579	10,265,510	14,389,660	39.3%	2.82%	70.0%
2016	21,714,721	1,820,517	3,646,771	5,467,288	268,384,932	111,925,057	156,459,875	10,496,484	14,830,020	41.7%	3.06%	68.3%
2017	22,854,895	1,922,194	3,822,025	5,744,219	280,536,637	123,625,991	156,910,645	10,732,655	15,285,728	44.1%	3.07%	66.9%
2018	24,063,027	2,023,609	3,976,197	5,999,806	293,375,963	136,234,623	157,141,340	10,974,139	15,730,090	46.4%	2.91%	65.4%
2019	25,260,537	2,118,373	4,145,719	6,264,092	306,914,932	149,785,191	157,129,741	11,221,057	16,188,984	48.8%	2.92%	64.1%
2020	26,535,942	2,230,732	4,337,161	6,567,893	321,218,119	164,366,285	156,851,835	11,473,531	16,681,555	51.2%	3.04%	62.9%
2021	27,874,688	2,351,997	4,541,317	6,893,314	336,282,787	180,001,110	156,281,676	11,731,686	17,196,388	53.5%	3.09%	61.7%
2022	29,310,271	2,471,961	4,754,236	7,226,197	352,284,333	196,893,093	155,391,240	11,995,649	17,723,637	55.9%	3.07%	60.5%
2023	30,768,428	2,596,624	4,962,976	7,559,600	369,214,564	215,064,303	154,150,261	12,265,551	18,257,186	58.2%	3.01%	59.3%
2024	32,296,340	2,714,258	5,186,000	7,900,258	387,109,769	234,583,706	152,526,064	12,541,526	18,802,673	60.6%	2.99%	58.2%
2025	33,766,224	2,852,838	5,398,940	8,251,778	405,897,597	255,414,219	150,483,378	12,823,710	19,360,774	62.9%	2.97%	57.3%
2026	35,432,579	2,982,504	5,652,411	8,634,915	425,710,154	277,726,011	147,984,144	13,112,243	19,951,632	65.2%	3.05%	56.3%
2027	37,021,408	3,115,915	5,877,355	8,993,270	446,544,904	301,557,611	144,987,293	13,407,269	20,526,316	67.5%	2.88%	55.4%
2028	38,622,908	3,239,039	6,094,137	9,333,176	468,437,156	326,988,630	141,448,526	13,708,932	21,093,636	69.8%	2.76%	54.6%
2029	40,171,297	3,379,292	6,326,454	9,705,746	491,230,305	353,910,242	137,320,063	14,017,383	21,691,369	72.0%	2.83%	54.0%
2030	41,851,086	3,498,368	6,545,110	10,043,478	515,045,935	382,495,555	132,550,381	14,332,774	22,268,518	74.3%	2.66%	53.2%
2031	43,379,284	3,644,563	6,769,503	10,414,066	539,647,055	412,563,128	127,083,927	14,655,262	22,874,934	76.5%	2.72%	52.7%
2032	45,102,240	3,798,320	7,035,599	10,833,919	565,280,025	444,419,210	120,860,815	14,985,005	23,530,283	78.6%	2.86%	52.2%
2033	46,941,540	3,960,108	7,286,539	11,246,647	592,066,369	478,249,874	113,816,495	15,322,168	24,187,740	80.8%	2.79%	51.5%
2034	48,917,753	4,107,920	7,564,183	11,672,103	620,080,470	514,199,069	105,881,402	15,666,917	24,863,238	82.9%	2.79%	50.8%
2035	50,743,572	4,270,159	7,842,253	12,112,412	649,264,887	552,284,315	96,980,571	16,019,422	25,556,950	85.1%	2.79%	50.4%
2036	52,675,102	4,423,058	8,095,793	12,518,851	679,633,599	592,600,364	87,033,235	16,379,859	26,232,486	87.2%	2.64%	49.8%
2037	54,614,957	4,574,559	8,388,027	12,962,586	711,182,329	635,229,950	75,952,379	16,748,406	26,944,644	89.3%	2.71%	49.3%
2038	56,412,990	4,741,356	8,683,642	13,424,998	743,831,779	680,187,508	63,644,271	17,125,245	27,678,792	91.4%	2.72%	49.1%
2039	58,359,279	4,893,710	8,950,325	13,844,035	777,680,589	727,672,637	50,007,953	17,510,563	28,388,740	93.6%	2.56%	48.6%
2040	60,269,118	5,055,819	9,245,165	14,300,984	812,595,420	777,660,727	34,934,694	17,904,551	29,135,776	95.7%	2.63%	48.3%
2041	62,216,844	5,214,597	9,519,613	14,734,210	848,644,238	830,336,835	18,307,403	18,307,403	29,872,152	97.8%	2.53%	48.0%
2042	64,182,569	5,387,460	9,818,414	15,205,874	885,738,132	885,738,132	0	0	11,178,920	100.0%	-62.58%	17.4%
2043	66,271,323	5,567,260	10,126,178	15,693,438	923,983,060	923,983,060	0	0	11,538,478	100.0%	3.22%	17.4%
2044	68,466,958	5,748,200	10,442,920	16,191,120	963,445,434	963,445,434	0	0	11,905,618	100.0%	3.18%	17.4%

City of Pawtucket Fire and Police Pension Plan
Exhibit A - Option 1 using 7.875% investment return assumption

Fiscal Year End	Payroll	Normal Cost Employee	Normal Cost Employer	Total Normal Cost	Total Accrued Liability	Actuarial Value Assets	Unfunded Liability	29 year 4.00%		Funded Ratio	ARC Growth	ARC % of Pay
								Increasing Amortization	ARC			
2013	18,542,259	1,297,856	3,256,966	4,554,822	213,024,757	73,435,524	139,589,233	7,668,743	11,387,693	34.5%	4.36%	61.4%
2014	19,581,186	1,378,840	3,397,960	4,776,800	222,439,133	80,129,905	142,309,228	7,975,493	11,884,004	36.0%	4.27%	60.7%
2015	20,671,214	1,452,861	3,541,408	4,994,269	232,035,703	87,123,185	144,912,517	8,294,513	12,390,860	37.5%	4.53%	59.9%
2016	21,899,217	1,540,521	3,726,559	5,267,080	241,828,066	94,451,393	147,376,673	8,626,293	12,952,191	39.1%	4.52%	58.6%
2017	23,115,861	1,631,478	3,921,608	5,553,086	251,888,221	102,211,248	149,676,972	8,971,345	13,538,146	40.6%	4.33%	57.8%
2018	24,424,336	1,723,697	4,099,156	5,822,853	262,232,288	110,446,093	151,786,196	9,330,199	14,124,912	42.1%	4.34%	57.3%
2019	25,725,283	1,810,544	4,292,261	6,102,805	272,831,054	119,156,647	153,674,407	9,703,406	14,737,232	43.7%	4.47%	56.8%
2020	27,119,253	1,913,395	4,509,605	6,423,000	283,734,373	128,425,657	155,308,717	10,091,543	15,395,347	45.3%	4.50%	56.3%
2021	28,583,932	2,023,635	4,742,168	6,765,803	294,883,776	138,230,750	156,653,026	10,495,204	16,088,040	46.9%	4.47%	55.7%
2022	30,159,479	2,133,452	4,985,486	7,118,938	306,418,321	148,750,571	157,667,750	10,915,013	16,806,690	48.5%	4.40%	55.2%
2023	31,770,341	2,248,370	5,227,106	7,475,476	318,270,333	159,960,817	158,309,516	11,351,613	17,545,637	50.3%	4.36%	54.7%
2024	33,462,182	2,357,147	5,484,996	7,842,143	330,451,017	171,920,180	158,530,837	11,805,678	18,311,448	52.0%	4.31%	54.4%
2025	35,094,173	2,485,463	5,731,770	8,217,233	342,841,612	184,561,846	158,279,766	12,277,905	19,100,985	53.8%	4.40%	54.0%
2026	36,950,463	2,604,439	6,024,858	8,629,297	355,476,063	197,976,555	157,499,508	12,769,021	19,941,846	55.7%	4.18%	53.7%
2027	38,704,822	2,727,005	6,283,388	9,010,393	368,314,828	212,186,816	156,128,013	13,279,782	20,774,737	57.6%	4.02%	53.4%
2028	40,462,516	2,837,977	6,530,222	9,368,199	381,286,619	227,189,090	154,097,529	13,810,973	21,610,009	59.6%	4.05%	53.4%
2029	42,134,793	2,964,403	6,785,935	9,750,338	394,136,355	242,802,233	151,334,123	14,363,412	22,484,283	61.6%	3.81%	53.1%
2030	43,944,874	3,066,219	7,018,952	10,085,171	406,851,672	259,094,518	147,757,154	14,937,948	23,341,578	63.7%	3.85%	53.2%
2031	45,525,272	3,195,535	7,252,213	10,447,748	419,049,323	275,770,605	143,278,718	15,535,466	24,240,817	65.8%	4.00%	53.3%
2032	47,324,164	3,326,726	7,535,898	10,862,624	430,853,721	293,050,689	137,803,033	16,156,885	25,210,313	68.0%	3.88%	53.2%
2033	49,206,060	3,466,149	7,791,908	11,258,057	442,280,244	311,054,462	131,225,782	16,803,160	26,189,049	70.3%	3.88%	53.1%
2034	51,246,085	3,588,935	8,077,450	11,666,385	453,221,252	329,787,849	123,433,403	17,475,287	27,204,988	72.8%	3.87%	53.2%
2035	53,076,112	3,727,002	8,361,727	12,088,729	463,530,012	349,227,694	114,302,318	18,174,298	28,258,807	75.3%	3.69%	53.2%
2036	55,026,892	3,853,098	8,608,367	12,461,465	473,043,837	369,345,737	103,698,101	18,901,270	29,300,968	78.1%	3.84%	53.4%
2037	56,992,336	3,981,829	8,917,181	12,899,010	481,612,171	390,137,590	91,474,581	19,657,321	30,425,381	81.0%	3.82%	53.7%
2038	58,782,001	4,124,550	9,220,516	13,345,066	489,035,188	411,562,319	77,472,869	20,443,614	31,586,737	84.2%	3.67%	53.9%
2039	60,768,539	4,253,009	9,493,255	13,746,264	495,238,994	433,718,685	61,520,309	21,261,358	32,745,308	87.6%	3.75%	54.2%
2040	62,707,074	4,389,547	9,801,409	14,190,956	499,902,457	456,473,115	43,429,343	22,111,813	33,971,824	91.3%	3.64%	54.4%
2041	64,670,213	4,523,758	10,082,107	14,605,865	502,925,148	479,928,863	22,996,285	22,996,285	35,207,913	95.4%	-66.91%	17.5%
2042	66,668,979	4,673,831	10,399,990	15,073,821	503,987,140	503,987,140	0	0	11,650,245	100.0%	3.24%	17.5%
2043	68,833,730	4,831,135	10,732,387	15,563,522	503,017,883	503,017,883	0	0	12,027,674	100.0%		

**Portsmouth Municipal, Police & Fire
Funding Improvement Plan Update**



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Portsmouth

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014** to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	2782947	2782947	100%
2014	3677200	2339363	63.6%
2015*	4054721	3571677	88.1%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table FY 2014-2015.

*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

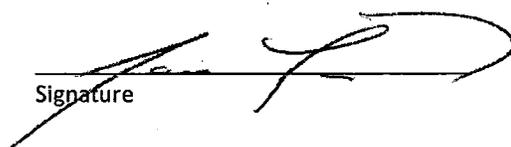
2. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

- Yes, emerge from critical status in FY 2016.
 No, emerge from critical status in FY _____.

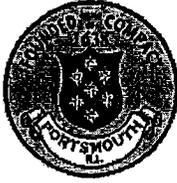
3. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.

see attached

Signature 

Date 4-17-14



TOWN OF PORTSMOUTH

-Office of Finance & Personnel-
2200 East Main Road Portsmouth, Rhode Island 02871

April 17, 2014

Ms Rosemary Booth Gallogly
Chairperson RI Pension Study Commission
Department of Revenue
One Capital Hill
Providence, RI 02908-5855

Ms Booth Gallogly,

The information provided on the enclosed Funding Improvement Plan Update for the Town of Portsmouth, RI does not accurately reflect the true picture and actions of the community and status of its pension plans.

Portsmouth has successfully introduced pension reform to all union contracts, except police, which were not included in the Actuarial Valuation as of July 1, 2013 for Fiscal Year 2014–2015. The latest report does not include changes for Public Works employees and more significantly for Fire employees.

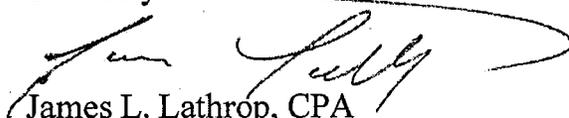
The partial ARC payments reported in the update for FY 2014 & 2015 are actually reflective or 100% of the true ARC once the reforms negotiated are reflected in the actuarial report. This will be seen in the upcoming valuation as of July 1, 2014 for Fiscal Year 2015-2016.

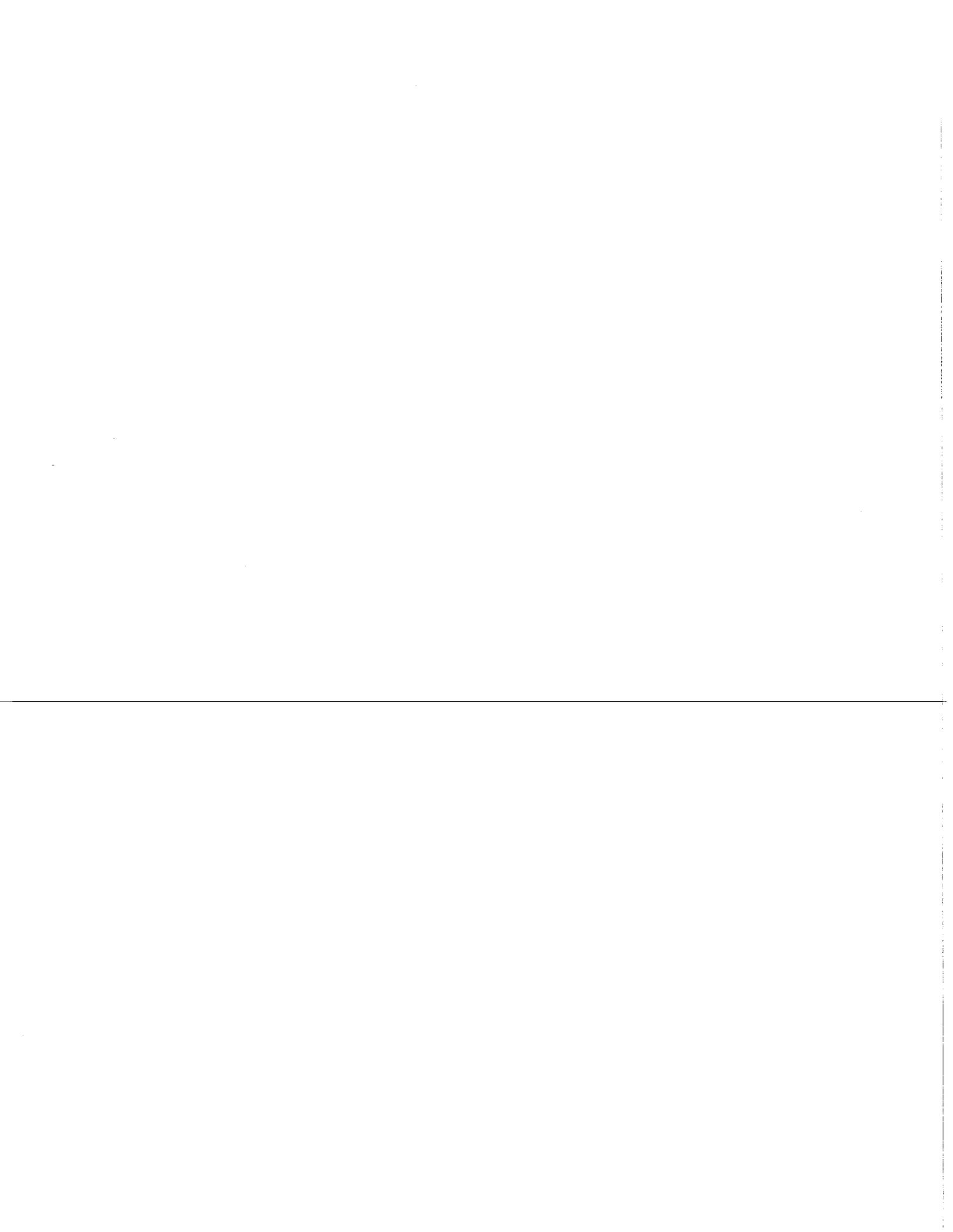
In addition the commission should be aware that Portsmouth has taking a conservative and fiscally responsible approach to valuation. Portsmouth uses a ROI of 6.75%, compared to the State and most other communities that use a ROI of 7.5%. In addition Portsmouth uses a 5 year smoothing method for reporting gains and loses on investments and has over \$2 million of unrecognized gains (5.16% of assets) as of July 1, 2013 and is projecting to have actual returns to be 60% higher than assumed ROI in fiscal year 2014, generating an additional \$1.5 million of gain that will not be recognized in fiscal year 2014 but will spread over the next 5 years.

The most recent valuation that was used for the attached reports a funded ratio of 52.1%. However, on a market to market valuation this improves to 55.24%. Investment returns for Fiscal Year 2014 will further improve this.

X In summary, once the reforms of pension changes are accounted for, and considering both the deferred gains and the conservative ROI, it will be apparent that Portsmouth has taken the issue of addressing pension reform seriously and has made significant improvements that will have long lasting impact on the financial well being of the community.

Sincerely


James L. Lathrop, CPA
Director of Finance/Personnel



Town of Portsmouth

2200 East Main Road
Portsmouth, Rhode Island 02871

Finance/Personnel
Department

Tel. (401) 683-9118
Fax (401) 683-1916

August 30, 2013

Ms. Rosemary Booth Gallogly
Chairperson of the Pension Study Commission
Department of Revenue
One Capitol Hill
Providence, RI 02908-5855

Dear Ms. Booth Gallogly:

I write to provide you with an update on our progress in implementing the funding improvement plan (Option 2) for our pension plan which you requested in your letter of August 20, 2013. I have enclosed a letter from our Milliman actuary dated August 8, 2013 which documents the FY14 ARC reduction in the Revised 2012 Valuation from \$4,381,321 to \$3,677,200.

This reduction represents the successful completion of negotiations with the Council 94 union (School non-certified employees), the IAFF union (firefighters) and the NEARI union (Town Hall employees). These three unions have all adopted the Option 2 provisions in its entirety.

Our NAGE (public works employees) union's contract expired on June 30, 2013 and negotiations continue. Our IBPO union (Police officers) has filed for binding arbitration.

Please contact me with any questions.

Sincerely,



David P. Faucher
Finance Director

cc: John C. Klimm, Town Administrator

Enclosure



80 Lambertson Road
Windsor, CT 06095
USA

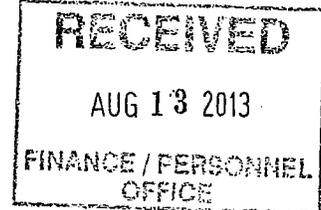
Main +1 860 687 2110
Fax +1 860 687 2111

milliman.com

August 8, 2013

PERSONAL & CONFIDENTIAL

Mr. David P. Faucher
Finance / Personnel Director
Town of Portsmouth
2200 East Main Street
Portsmouth, RI 02871



Re: Retirement Plan for Employees of the Town of Portsmouth
Revised 2012 Valuation Results Reflecting Plan Changes

Dear Dave:

At your request, we have revised the July 1, 2012 valuation to reflect the plan changes that were bargained subsequent to the valuation date. The purpose of this letter is to document the revised valuation results.

	Original 2012 Valuation Results	Revised 2012 Valuation Results
1. Accrued Liability		
Active Members	\$32,157,338	\$27,669,295
Terminated Vested Members	1,373,738	1,373,738
Members in Pay Status	<u>40,155,787</u>	<u>40,155,787</u>
Total	73,686,863	69,198,820
2. Actuarial Value of Assets	36,496,791	36,496,791
3. Unfunded Accrued Liability: (1) - (2)	37,190,072	32,702,029
4. Amortization Period (years)	27	27
5. Past Service Cost, end of year	3,029,685	2,664,067
6. Total Normal Cost	1,783,745	1,444,792
7. Expected Member Contributions	557,576	535,721
8. Expected Expenses	40,000	40,000
9. Normal Cost: (6) - (7) + (8)	1,266,169	949,071
10. Normal Cost with interest to end of year	<u>1,351,636</u>	<u>1,013,133</u>
11. Annual Required Contribution for FYE 2014: (5) + (10)	4,381,321	3,677,200

Plan Changes Reflected

Town Hall Non-Management (PMEA)

- For retirements on or after July 1, 2013, the automatic COLA changes from 2-3% starting on the 1st anniversary of retirement to 1.7% starting on the 5th anniversary of retirement.
- For employees hired prior to July 1, 2012, the employee contribution rate increases from 5% to 6% effective July 1, 2014. Note the effective date of this change means there is no impact on the 2012 valuation results.
- Employees hired prior to 1991 will contribute 5% effective July 1, 2013. Note the effective date of this change means there is no impact on the 2012 valuation results.
- For employees hired on or after July 1, 2012, the employee contribution rate will be 6%; as there are no such employees included in the 2012 valuation, this has no impact on the 2012 valuation results.

School Council 94

- Employees hired on or after July 1, 2012 are covered by the defined benefit plan through September 30, 2013 and then transfer to the 401(a) plan. Employees hired on or after October 1, 2013 are covered by the 401(a) plan. As there are no such employees included in the 2012 valuation, this has no impact on the 2012 valuation results.
- Effective October 1, 2013, the service retirement benefit accrual rate changes from 2.5% reduced pro rata for less than 20 years of service to 1% for all future years. Benefit accruals (accrual rate x service) through September 30, 2013 are grandfathered.
- For employees hired prior to July 1, 1991, the employee contribution rate increases from 2% to 4%. For employees hired between July 1, 1991 and July 1, 2012, the employee contribution rate decreases from 6% to 4%.
- For retirements on or after October 1, 2013, the automatic COLA changes from 1.7% starting on the 1st anniversary following retirement to 1.7% starting on the 5th anniversary of retirement.

Public Works Non-Union

- For employees hired on or after July 1, 2004, the employee contribution rate increases from 5.0% to 5.5%; as there are no such employees included in the 2012 valuation, this has no impact on the 2012 valuation results.

Fire

- Employees hired on or after July 1, 2013 are covered by the 401(a) plan and are covered by the defined benefit plan only for disability benefits; as there are no such employees included in the 2012 valuation, this has no impact on the 2012 valuation results.
- For service retirements on or after July 1, 2013, the automatic COLA changes from 3% starting on the January 1st following retirement to 1.7% starting on the January 1st following the 5th anniversary of retirement.
- Effective July 1, 2013, the service retirement benefit accrual rate changes from 3% for the first 20 years plus 2% for the next 7 years to 1% for all future years. Benefit accruals (accrual rate x service) through June 30, 2013 are grandfathered.
- The employee contribution rate changes from 10% of gross pay to 4% of base salary effective July 1, 2013. Note the effective date of this change means there is no impact on the 2012 valuation results.
- The in-service disability benefit changes from 72% of gross pay after 6 months of disability to 66 2/3% of base salary after 18 months of disability. (This change was effective with the 2010 Fire contract; we were previously unaware of the change.) For employees hired on or after July 1, 2013 the benefit is offset by the annuity value of the 401(a) plan account value.
- The COLA for the non-service disability benefit changes from 3% starting on the January 1st following retirement to 1.7% starting on the January 1st following the 5th anniversary of retirement.

Caveats

Our calculations are based on the actuarial methods and assumptions we used for our original July 1, 2012 valuation. Please see our valuation report dated November 5, 2012 for further details concerning the plan provisions, actuarial methods and assumptions, and census and asset information. The explanatory notes contained in the valuation report, including statements of reliance and limitations on use, continue to apply.

It is certain that actual experience will not conform exactly to the assumptions used in this analysis. To the extent future experience deviates from those assumptions, the results of this analysis could vary from the results presented here. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an

August 8, 2013
Mr. David Faucher
Page 4

amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised.

Milliman's work is prepared solely for the internal business use of the Town. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product, and Milliman may include a legend on its reports so stating. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s): (a) the Town may provide a copy of Milliman's work, in its entirety, to the Town's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Town; (b) the Town may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let me know if you have any questions.

Sincerely,



Rebecca A. Sielman, FSA
Consulting Actuary

Retirement Plan for Employees of the Town of Portsmouth, RI
Exhibit A - Long-Range Funding Forecast Assuming No Plan Changes
1 - Projection Based on July 1, 2012 Preliminary Valuation Results - Based on Actuarial Assumptions

Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Amortization		Interest	Annual Contribution Required for FYE	Payroll	Benefit Payments	
						Amortization Period	Amortization Payment (Level Dollar) Normal Cost					
07/01/2012	35,391,000	36,497,000	73,687,000	37,190,000	49.5%	27	2,838,000 1,266,000	277,000	4,381,000	2014	8,388,000	2,479,000
07/01/2013	38,163,000	38,354,000	76,440,000	38,085,000	50.2%	26	2,948,000 1,276,000	285,000	4,509,000	2015	8,565,000	2,809,000
07/01/2014	42,682,000	43,278,000	80,425,000	37,147,000	53.8%	25	2,919,000 1,281,000	283,000	4,483,000	2016	8,772,000	3,026,000
07/01/2015	47,360,000	48,055,000	84,422,000	36,368,000	56.9%	24	2,906,000 1,264,000	281,000	4,451,000	2017	8,969,000	3,297,000
07/01/2016	52,081,000	52,081,000	88,424,000	36,342,000	58.9%	23	2,956,000 1,289,000	287,000	4,532,000	2018	9,185,000	3,538,000
07/01/2017	56,855,000	56,855,000	92,507,000	35,652,000	61.5%	22	2,957,000 1,297,000	288,000	4,542,000	2019	9,433,000	3,775,000
07/01/2018	61,766,000	61,766,000	96,577,000	34,811,000	64.0%	21	2,949,000 1,324,000	289,000	4,562,000	2020	9,689,000	4,044,000
07/01/2019	66,701,000	66,701,000	100,647,000	33,946,000	66.3%	20	2,944,000 1,344,000	289,000	4,577,000	2021	9,952,000	4,365,000
07/01/2020	71,700,000	71,700,000	104,699,000	33,000,000	68.5%	19	2,935,000 1,371,000	290,000	4,596,000	2022	10,229,000	4,660,000
07/01/2021	76,736,000	76,736,000	108,751,000	32,015,000	70.6%	18	2,928,000 1,392,000	291,000	4,611,000	2023	10,501,000	4,977,000
07/01/2022	81,792,000	81,792,000	112,728,000	30,936,000	72.6%	17	2,917,000 1,411,000	293,000	4,621,000	2024	10,779,000	5,319,000
07/01/2023	86,866,000	86,866,000	116,663,000	29,797,000	74.5%	16	2,906,000 1,451,000	294,000	4,651,000	2025	11,075,000	5,657,000
07/01/2024	91,915,000	91,915,000	120,528,000	28,612,000	76.3%	15	2,897,000 1,465,000	294,000	4,656,000	2026	11,357,000	6,033,000
07/01/2025	96,947,000	96,947,000	124,284,000	27,338,000	78.0%	14	2,885,000 1,487,000	295,000	4,667,000	2027	11,697,000	6,418,000
07/01/2026	101,937,000	101,937,000	127,923,000	25,986,000	79.7%	13	2,872,000 1,487,000	293,000	4,652,000	2028	12,029,000	6,801,000
07/01/2027	106,854,000	106,854,000	131,368,000	24,514,000	81.3%	12	2,853,000 1,510,000	294,000	4,657,000	2029	12,399,000	7,212,000
07/01/2028	111,750,000	111,750,000	134,734,000	22,984,000	82.9%	11	2,836,000 1,551,000	296,000	4,683,000	2030	12,817,000	7,558,000
07/01/2029	116,589,000	116,589,000	137,978,000	21,389,000	84.5%	10	2,820,000 1,561,000	295,000	4,676,000	2031	13,228,000	7,951,000
07/01/2030	121,394,000	121,394,000	141,035,000	19,641,000	86.1%	9	2,794,000 1,595,000	296,000	4,685,000	2032	13,684,000	8,339,000
07/01/2031	126,137,000	126,137,000	143,940,000	17,803,000	87.6%	8	2,766,000 1,630,000	296,000	4,692,000	2033	14,142,000	8,717,000
07/01/2032	130,864,000	130,864,000	146,712,000	15,848,000	89.2%	7	2,731,000 1,666,000	297,000	4,694,000	2034	14,636,000	9,070,000
07/01/2033	135,564,000	135,564,000	149,358,000	13,793,000	90.8%	6	2,690,000 1,708,000	296,000	4,694,000	2035	15,165,000	9,429,000
07/01/2034	140,245,000	140,245,000	151,836,000	11,591,000	92.4%	5	2,631,000 1,757,000	296,000	4,684,000	2036	15,720,000	9,784,000
07/01/2035	144,915,000	144,915,000	154,241,000	9,327,000	94.0%	4	2,565,000 1,812,000	295,000	4,672,000	2037	16,289,000	10,125,000
07/01/2036	149,540,000	149,540,000	156,468,000	6,928,000	95.6%	3	2,462,000 1,886,000	293,000	4,641,000	2038	16,891,000	10,484,000
07/01/2037	154,208,000	154,208,000	158,657,000	4,450,000	97.2%	2	2,298,000 1,953,000	286,000	4,537,000	2039	17,522,000	10,770,000
07/01/2038	158,916,000	158,916,000	160,712,000	1,796,000	98.9%	1	1,796,000 2,025,000	258,000	4,079,000	2040	18,190,000	11,036,000
07/01/2039	163,604,000	163,604,000	162,831,000	(773,000)	100.5%	1	0 2,108,000	143,000	2,251,000	2041	18,905,000	11,293,000
07/01/2040	167,981,000	167,981,000	165,027,000	(2,954,000)	101.8%	1	0 2,193,000	148,000	2,341,000	2042	19,659,000	11,485,000
07/01/2041	170,630,000	170,630,000	167,209,000	(3,421,000)	102.0%	1	0 2,279,000	154,000	2,433,000	2043	20,444,000	11,657,000

Projection Assumptions

The number of active members remains constant. Individual pay increases and patterns of turnover, retirement, disability, and mortality are per the valuation assumptions. Terminating and retiring active members are replaced by new members with the same age / service / gender characteristics as members who entered the plan during the past few plan years. The Town always pays the Annual Required Contribution. The investments earn the assumed annual rate of return each year in the future. There are no future plan changes, assumption changes, funding method changes, or actuarial gains / losses.

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Except as otherwise indicated above, the explanatory notes contained in the July 1, 2011 Valuation Report dated October 25, 2011 and the 2011 Experience Study Report dated March 30, 2012, including statements of reliance and limitations on use, continue to apply.

Providence City Employees

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Providence

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014** to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	\$58,144,513	\$58,144,513	100 %
2014	\$62,000,000	\$62,000,000	100 %
2015*	\$66,543,967	\$66,543,967	100 %

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table _____

*planned payment

PLEASE NOTE: LAST VALUATION REPORT AS OF JULY 1, 2013
SEE ATTACHED COPY.

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. Freeze all COLAs for next 10 years?

- Yes *If yes, explain terms below.*

No SEE TERMS AND CONDITIONS ON FILE FROM ORIGINAL FIP SURVEY FILED.

Still negotiating Matter in arbitration/court

3. Class A COLAs frozen as outlined in FIP?

- Yes
 No
 Still negotiating Matter in arbitration/court

4. Class B COLAs frozen as outlined in FIP?

- Yes
 No
 Still negotiating Matter in arbitration/court

5. All 5% and 6% COLAs permanently eliminated?

- Yes
 No
 Still negotiating Matter in arbitration/court

LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
OPEB Survey CITY OF PROVIDENCE

6. Benefit based on average of the four highest years out of the last 10 years?
 Yes
 No
 Still negotiating Matter in arbitration/court
7. All employees required to contribute for each year they receive a pension accrual?
 Yes
 No
 Still negotiating Matter in arbitration/court
8. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?
 Yes, emerge from critical status in FY July 1, 2033 (for the FY 2034)
 No, emerge from critical status in FY _____.
9. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.



Signature

LAWRENCE J. MANCINI
ACTING DIRECTOR OF ADMINISTRATION/
FINANCE DIRECTOR
CITY OF PROVIDENCE

4-18-14
Date

Funding Schedule 1 – Phase-In of Increase in Total Plan Cost

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Remaining of Deferral Liability	(4) Amortization of Remaining Unfunded Liability	(5) Total Plan Cost: (2) + (3) + (4)	(6) Increase	(7) Payroll	(8) Contributions as a % of Payroll: (5) / (7)	(9) Actuarial Accrued Liability	(10) Actuarial Value of Assets	(11) Total Unfunded Liability: (9) – (10)	(12) Funded Ratio: (10) / (11)
2014	--	--	--	--	--	\$139,893,426	--	\$1,212,007,656	\$380,484,015	\$831,523,641	31.39%
2015	\$7,230,700	\$471,667	\$58,841,600	\$66,543,967	8.00%	144,789,696	45.96%	1,224,609,573	326,195,637	898,413,936	26.64%
2016	7,483,775	471,667	63,682,571	71,638,013	7.66%	149,857,335	47.80%	1,246,421,119	338,281,074	908,140,045	27.14%
2017	7,745,707	471,667	66,144,091	74,361,465	3.80%	155,102,342	47.94%	1,269,144,613	347,008,072	922,136,541	27.34%
2018	8,016,807	471,667	68,341,728	76,830,202	3.32%	160,530,924	47.86%	1,292,951,161	362,945,208	930,005,953	28.07%
2019	8,297,395	471,667	70,733,689	79,502,751	3.48%	166,149,506	47.85%	1,317,431,983	379,513,934	937,918,049	28.81%
2020	8,587,804	471,667	73,209,368	82,268,839	3.48%	171,964,739	47.84%	1,343,309,677	399,218,745	944,090,932	29.72%
2021	8,888,377	471,667	75,771,696	85,131,739	3.48%	177,983,505	47.83%	1,370,746,596	422,449,197	948,297,399	30.82%
2022	9,199,470	471,667	78,423,705	88,094,842	3.48%	184,212,928	47.82%	1,399,865,210	449,576,638	950,288,572	32.12%
2023	9,521,451	471,667	81,168,535	91,161,652	3.48%	190,660,380	47.81%	1,430,972,150	481,180,143	949,792,007	33.63%
2024	9,854,702	471,667	84,009,433	94,335,802	3.48%	197,333,493	47.81%	1,463,197,964	516,688,318	946,509,646	35.31%
2025	10,199,617	471,667	86,949,763	97,621,047	3.48%	204,240,166	47.80%	1,495,862,433	555,746,842	940,115,591	37.15%
2026	10,556,604	471,667	89,993,005	101,021,276	3.48%	211,388,571	47.79%	1,529,289,626	599,035,929	930,253,697	39.17%
2027	10,926,085	471,667	93,142,760	104,540,512	3.48%	218,787,171	47.78%	1,563,768,191	647,233,236	916,534,955	41.39%
2028	11,308,498	471,667	96,402,757	108,182,922	3.48%	226,444,722	47.77%	1,599,656,620	701,121,959	898,534,661	43.83%
2029	11,704,295	471,667	99,776,853	111,952,815	3.48%	234,370,288	47.77%	1,637,143,161	761,353,815	875,789,346	46.51%
2030	12,113,945	471,667	103,269,043	115,854,655	3.49%	242,573,248	47.76%	1,676,660,881	828,867,434	847,793,447	49.44%
2031	12,537,933	471,667	106,883,460	119,893,060	3.49%	251,063,311	47.75%	1,718,439,415	904,443,719	813,995,696	52.63%
2032	12,976,761	--	110,624,381	123,601,142	3.09%	259,850,527	47.57%	1,762,995,433	989,200,218	773,795,215	56.11%
2033	13,430,948	--	114,496,234	127,927,182	3.50%	268,945,296	47.57%	1,811,093,531	1,084,084,592	727,008,939	59.86%
2034	13,901,031	--	118,503,603	132,404,634	3.50%	278,358,381	47.57%	1,863,205,608	1,190,714,666	672,490,942	63.91%
2035	14,387,567	--	122,651,229	137,038,796	3.50%	288,100,924	47.57%	1,920,118,576	1,310,650,734	609,467,842	68.26%
2036	14,891,132	--	126,944,022	141,835,154	3.50%	298,184,457	47.57%	1,982,497,567	1,445,399,857	537,097,710	72.91%
2037	15,412,322	--	131,387,062	146,799,384	3.50%	308,620,913	47.57%	2,051,209,687	1,596,745,438	454,464,249	77.84%
2038	15,951,753	--	135,985,610	151,937,363	3.50%	319,422,645	47.57%	2,127,025,706	1,766,455,219	360,570,487	83.05%
2039	16,510,064	--	140,745,106	157,255,170	3.50%	330,602,437	47.57%	2,211,025,512	1,956,693,569	254,331,943	88.50%
2040	17,087,916	--	145,671,185	162,759,101	3.50%	342,173,523	47.57%	2,303,985,578	2,169,416,356	134,569,222	94.16%
2041	17,685,993	--	--	17,685,993	-89.13%	354,149,596	4.99%	2,407,012,860	2,407,012,860	--	100.00%

Notes: Contribution is assumed to be paid at the end of the fiscal year.

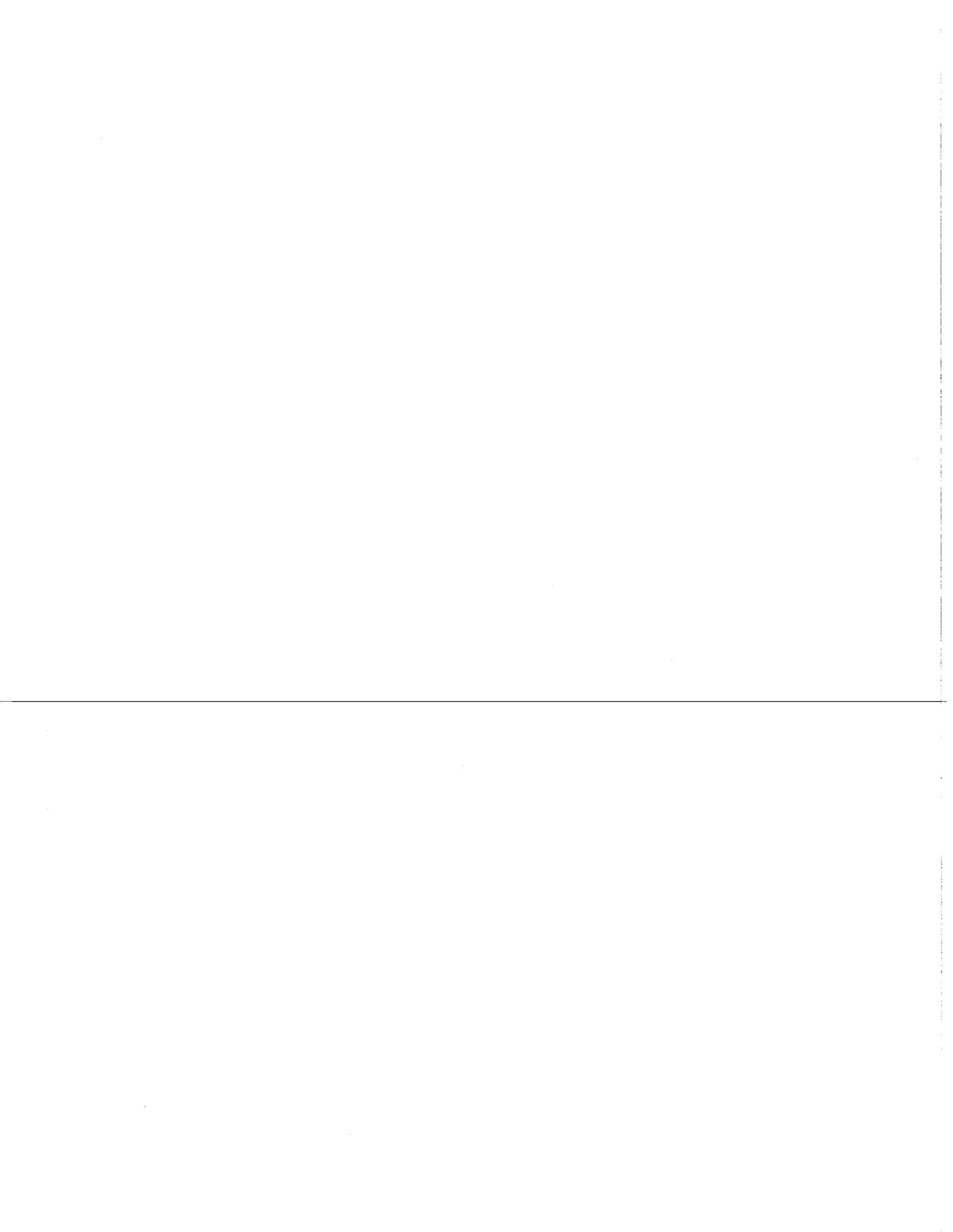
Normal cost and amortization payments of remaining unfunded liability increase at 3.5% per year.

Schedule reflects deferred investment gains.

Columns (9) through (12) are as of the beginning of the fiscal year.

Fiscal 2014 cost of \$61,614,784 was based on contribution determined by prior actuary based on the June 30, 2011 valuation and the Critical Status Emergence Plan increased to reflect actual payment date.

Funded Ratio reflects the removal of the discounted contribution receivable for fiscal 2015 and later years.



CRITICAL STATUS EMERGENCY PLAN
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE

November 2012



Mayor of Providence

Angel Taveras

VIA HAND DELIVERY

November 9, 2012

Pension Study Commission
c/o Ms. Rosemary Booth Gallogly
Director of Revenue
Rhode Island Department of Revenue
One Capitol Hill
Providence, RI 02908

Re: Critical Status Emergence Plan

Dear Ms. Gallogly:

Enclosed is the Critical Status Emergence Plan for the Employees' Retirement System of the City of Providence. Please contact me if you need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Angel Taveras".

Angel Taveras
Mayor

Enclosure

Executive Summary

In accordance with Rhode Island General Laws Section 45-65-6, the City of Providence is submitting this Funding Improvement Plan (Plan) to the Locally Administered Pension Plans Study Commission. The City completed an actuarial valuation on January 19, 2012 and a subsequent experience study on April 2, 2012. Based on the results of the experience study, the funded status of the pension system is 32.3% and considered to be in critical status.

The pages that follow present the Plan that the City has adopted to increase the system's funded ratio until it emerges from critical status. Under the Plan, the City's pension system is forecast to emerge from critical status in 2032. This will be accomplished by increasing funding of the system and the negotiation of pension benefit reductions with the members of the system.

Current Funding

The City has accepted the recommendations of our actuary for modifications to the actuarial assumptions. The actuary recommended a Fiscal Year Ending (FYE) 2012 pension contribution of \$58,928,925 to the trust based on a 28-year amortization with payments increasing approximately 3.8% per year. At the City's request, the actuary recalculated the FYE 2012 annual required contribution (ARC) based on the negotiated pension changes, resulting in a restated contribution amount of \$53,735,585. The City made a contribution of \$48.4 million for FYE 2012, or 90.0% of the recommended contribution. This also represents approximately 14% of the tax levy. For FYE 2011, the City contributed 100% of the recommended contribution.

Future Funding

The Plan is to increase the funding of the system for FYE 2013 to 100% of the recommended contribution. *Exhibit A* shows the forecast of key values under this approach based on the actuarial assumptions adopted, and new participants entering the plan to replace those terminating and retiring.

Exhibit D and *Exhibit E* describe the actuarial assumptions and plan provisions, respectively.

Plan Changes

The City has negotiated reductions in the pension benefits provided to current active and retired plan participants as follows:

- Freeze all scheduled cost of living adjustments (COLAs) for the next 10 years
- For Class A – freeze all COLAs indefinitely for all current and future retirees with annual pensions greater than 150% of the state median income. After the initial 10-year COLA freeze, only retirees with a pension lower than 150% of the state median income will receive future COLAs, limited to the lesser of 3.0% simple per year or what is called for in their collective bargaining agreement.
- For Class B – similar to Class A, except the annual pension cap is equal to the lesser of i) 150% of the state median income, and ii) the base compensation of a current employee holding the same rank that the retiree held at the time of retirement. Those below this cap will receive a COLA equal to the lesser of 3% compounded or what is called for in their collective bargaining agreement. The annual pension cap is assumed to increase by 3.5% per year.
- All 5% and 6% COLAs have been permanently eliminated.
- Pensions for future retirees will be based on the average of the four highest years of compensation out of the last 10 years. Previously, pensions had been based on the three highest years out of the last 10.
- All employees will be required to contribute to the pension plan for each year they receive a pension accrual. Previously, employees could stop contributing after 25 years while still accruing pension credit.

Our actuary has estimated that these modifications will substantially reduce the costs and liabilities of the plan. The estimates are as follows for FYE 2013:

	Current Plan Provisions	Proposed Plan Provisions
Employer Normal Cost	\$10,585,149	\$8,431,731
Employee Normal Cost	8,878,897	9,997,851
Total Normal Cost	19,464,046	18,429,582
Accrued Liability	1,367,676,889	1,154,641,044
Unfunded Accrued Liability	925,156,965	739,367,921
Funded Ratio	32.4%	36.0%
ARC	\$72,745,527	\$58,144,514

Exhibit B shows the key values forecast for the next 30 years based on these revised provisions and the new Funding Policy. *Exhibit C* is the same forecast as *Exhibit B*, except the actual return on investments is 0.5% less than the 8.25% assumption.

Exhibit A

Current Forecast of Actuarial Valuation Results with Adapted Actuarial Assumptions

Fiscal Year Ending	Payment Against the ARC	Employer Normal Cost	Post Service Amortization	Deferral Amortization	ARC	Contribution	Increase	Payroll	Contribution as a % of Payroll				Unfunded Liability	Punded Ratio	Revenue Forecast	Contribution as % of Revenue
									Benefit Payments	Assets	Accrued Liability	Benefit Payments				
6/30/2012	90%	\$ 8,654,179	\$ 44,588,800	\$ 492,606	\$ 51,735,585	\$ 48,362,027	-14.2%	\$ 135,473,706	35.7%	\$ 85,808,469	\$ 427,797,134	\$ 1,319,556,546	\$ 911,759,412	31.9%	\$434,806,177	11.1%
6/30/2013	100%	10,585,149	61,688,711	471,667	72,745,527	72,745,527	50.4%	135,473,706	53.7%	89,360,733	442,519,924	1,367,676,889	925,156,965	32.4%	\$437,830,844	16.6%
6/30/2014	100%	11,008,555	63,850,580	471,667	75,330,802	75,330,802	3.6%	140,215,285	53.7%	92,955,445	457,289,706	1,394,800,334	937,510,628	32.8%	\$432,611,543	17.4%
6/30/2015	100%	11,448,997	66,066,666	471,667	78,007,230	78,007,230	3.6%	145,122,820	53.8%	96,643,433	472,105,490	1,420,764,520	948,659,031	33.2%	\$432,771,186	18.0%
6/30/2016	100%	11,906,853	68,401,043	471,667	80,779,563	80,779,563	3.6%	150,202,119	53.8%	100,323,922	487,074,361	1,445,499,216	958,424,855	33.7%	\$432,826,535	18.7%
6/30/2017	100%	12,383,127	70,796,453	471,667	83,651,247	83,651,247	3.6%	155,459,193	53.8%	104,101,356	502,207,009	1,468,820,434	966,613,425	34.2%	\$437,154,800	19.1%
6/30/2018	100%	12,878,452	73,275,736	471,667	86,625,855	86,625,855	3.6%	160,900,265	53.8%	108,020,673	517,471,307	1,490,482,987	973,011,180	34.7%		
6/30/2019	100%	13,393,990	75,841,831	471,667	89,707,088	89,707,088	3.6%	166,531,774	53.9%	111,898,924	533,028,552	1,510,412,567	977,344,014	35.3%		
6/30/2020	100%	13,939,234	78,497,779	471,667	92,898,780	92,898,780	3.6%	172,340,386	53.9%	115,726,777	549,063,750	1,528,530,234	979,435,484	35.9%		
6/30/2021	100%	14,486,507	81,246,711	471,667	96,204,905	96,204,905	3.6%	178,393,000	53.9%	119,536,558	565,749,617	1,544,754,472	979,004,855	36.6%		
6/30/2022	100%	15,065,967	84,091,946	471,667	99,629,579	99,629,579	3.6%	184,636,755	54.0%	123,338,330	583,266,213	1,558,931,199	979,664,986	37.4%		
6/30/2023	100%	15,668,606	87,036,798	471,667	103,177,071	103,177,071	3.6%	191,099,041	54.0%	127,177,625	601,765,325	1,570,885,367	969,120,042	38.3%		
6/30/2024	100%	16,295,350	90,084,784	471,667	106,851,800	106,851,800	3.6%	197,787,508	54.0%	130,774,536	621,706,892	1,580,709,893	959,003,001	39.3%		
6/30/2025	100%	16,947,164	93,239,520	471,667	110,658,350	110,658,350	3.6%	204,710,070	54.1%	134,259,638	643,457,509	1,588,370,472	944,912,963	40.5%		
6/30/2026	100%	17,625,051	96,504,752	471,667	114,601,470	114,601,470	3.6%	211,874,923	54.1%	137,437,524	667,622,053	1,594,034,278	926,412,225	41.9%		
6/30/2027	100%	18,330,033	99,884,360	471,667	118,686,080	118,686,080	3.6%	219,290,545	54.1%	140,399,107	694,766,659	1,597,789,770	903,023,111	43.5%		
6/30/2028	100%	19,065,255	103,382,363	471,667	122,917,284	122,917,284	3.6%	226,965,714	54.2%	143,135,321	723,515,584	1,599,740,100	874,224,536	45.4%		
6/30/2029	100%	19,825,885	107,002,921	471,667	127,300,773	127,300,773	3.6%	234,909,514	54.2%	145,597,843	760,603,173	1,600,051,457	839,448,281	47.5%		
6/30/2030	100%	20,618,816	110,750,349	471,667	131,840,811	131,840,811	3.6%	243,131,347	54.2%	147,786,327	800,829,280	1,598,904,232	798,074,952	50.1%		
6/30/2031	100%	21,443,569	114,629,116	471,667	136,544,352	136,544,352	3.6%	251,640,944	54.3%	149,668,818	846,645,234	1,596,528,166	749,882,933	53.0%		
6/30/2032	100%	22,301,312	118,643,862	-	140,945,174	140,945,174	3.2%	260,448,378	54.3%	151,157,589	899,614,867	1,593,264,493	693,649,628	56.5%		
6/30/2033	100%	23,193,364	122,873,683	-	146,067,047	146,067,047	3.6%	269,564,071	54.2%	152,164,662	960,931,839	1,589,575,461	628,643,623	60.5%		
6/30/2034	100%	24,121,099	127,174,261	-	151,295,360	151,295,360	3.6%	278,998,813	54.2%	152,630,209	1,032,028,563	1,586,025,061	553,996,498	65.1%		
6/30/2035	100%	25,085,943	131,625,361	-	156,711,304	156,711,304	3.6%	288,763,772	54.3%	152,888,833	1,114,426,116	1,583,189,244	468,763,129	70.4%		
6/30/2036	100%	26,089,381	136,232,248	-	162,321,629	162,321,629	3.6%	298,870,504	54.3%	152,056,865	1,209,760,797	1,581,675,970	371,915,173	76.3%		
6/30/2037	100%	27,132,956	141,000,377	-	168,133,333	168,133,333	3.6%	309,330,971	54.4%	151,144,825	1,319,695,880	1,582,029,909	262,334,009	83.4%		
6/30/2038	100%	28,218,274	145,935,390	-	174,153,664	174,153,664	3.6%	320,157,555	54.4%	149,764,938	1,446,130,398	1,584,933,584	138,403,196	91.2%		
6/30/2039	100%	29,347,005	151,043,129	-	180,390,134	180,390,134	3.6%	331,363,070	54.4%	147,975,870	1,591,066,498	1,591,066,498	-	100.0%		
6/30/2040	100%	30,520,885	156,329,638	-	186,850,523	186,850,523	3.6%	342,960,777	54.5%	145,799,581	1,601,143,042	1,601,143,042	-	100.0%		
6/30/2041	100%	31,741,720	-	-	31,741,720	31,741,720	-83.0%	354,964,404	8.9%	143,172,629	1,616,004,394	1,616,004,394	-	100.0%		
6/30/2042	100%	33,011,389	-	-	33,011,389	33,011,389	4.0%	367,388,159	9.0%	140,162,897	1,603,494,740	1,603,494,740	-	100.0%		

Exhibit B

Forecast of Actuarial Results - Funding Improvement Plan

Fiscal Year Ending	Payment Against the ARC	Employer Normal Cost	Past Service Amortization	Deferral Amortization	ARC			Payroll	Contribution as a % of Payroll	Benefit Payments	Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Revenue Forecast	Contribution as a % of Revenue
					ARC	Contribution	Increase									
6/30/2012	90%	\$ 8,654,179	\$ 44,588,800	\$ 492,606	\$ 53,735,585	\$ 48,362,027	-14.2%	\$ 135,473,706	35.7%	\$ 85,769,170	\$ 413,804,423	\$ 1,142,494,033	\$ 728,689,610	36.2%	\$ 434,806,177	11.1%
6/30/2013	100%	8,431,731	49,241,116	471,667	58,144,514	58,144,514	20.2%	135,473,706	42.9%	87,018,584	415,273,122	1,154,641,044	739,679,921	36.0%	437,830,844	13.3%
6/30/2014	100%	8,769,000	50,965,845	471,667	60,206,511	60,206,511	3.3%	140,215,285	42.9%	88,300,481	417,582,139	1,166,793,583	749,211,446	33.8%	432,611,543	13.9%
6/30/2015	100%	9,119,760	52,750,965	471,667	62,342,391	62,342,391	3.3%	145,122,820	43.0%	89,672,455	420,780,642	1,178,871,878	758,091,236	35.7%	432,771,186	14.4%
6/30/2016	100%	9,484,350	54,598,392	471,667	64,554,809	64,554,809	3.3%	150,202,119	43.0%	90,993,900	425,068,713	1,190,934,312	765,865,399	35.7%	432,826,535	14.9%
6/30/2017	100%	9,863,932	56,510,916	471,667	66,846,515	66,846,515	3.6%	155,439,193	43.0%	92,405,997	430,525,016	1,202,904,012	772,378,976	35.8%	437,154,400	15.3%
6/30/2018	100%	10,258,489	58,490,206	471,667	69,220,361	69,220,361	3.6%	160,900,265	43.0%	93,956,816	437,181,365	1,214,642,082	777,460,717	36.0%		
6/30/2019	100%	10,668,829	60,538,807	471,667	71,679,302	71,679,302	3.6%	166,531,774	43.0%	95,486,750	445,243,161	1,226,166,919	780,923,758	36.3%		
6/30/2020	100%	11,095,582	62,659,149	471,667	74,226,398	74,226,398	3.6%	172,160,386	43.1%	96,994,155	454,937,591	1,237,500,777	782,563,185	36.8%		
6/30/2021	100%	11,539,405	64,853,749	471,667	76,864,820	76,864,820	3.6%	178,393,000	43.1%	98,513,410	466,477,957	1,248,632,635	787,154,677	37.4%		
6/30/2022	100%	12,000,981	67,123,209	471,667	79,597,857	79,597,857	3.6%	184,636,753	43.1%	100,061,121	480,081,151	1,259,533,966	779,452,814	38.1%		
6/30/2023	100%	12,481,020	69,476,226	471,667	82,428,913	82,428,913	3.6%	191,099,941	43.1%	102,245,113	494,312,522	1,269,501,767	774,189,246	39.0%		
6/30/2024	100%	12,980,261	71,909,592	471,667	85,361,519	85,361,519	3.6%	197,787,508	43.2%	106,259,283	509,501,700	1,275,372,405	766,070,703	39.9%		
6/30/2025	100%	13,499,471	74,434,196	471,667	88,399,333	88,399,333	3.6%	204,710,070	43.2%	109,242,166	525,865,021	1,280,641,875	754,776,854	41.1%		
6/30/2026	100%	14,039,450	77,035,032	471,667	91,546,148	91,546,148	3.6%	211,874,923	43.2%	112,003,071	543,838,850	1,283,796,796	739,957,946	42.4%		
6/30/2027	100%	14,601,028	79,733,200	471,667	94,805,894	94,805,894	3.6%	219,290,545	43.2%	114,638,376	563,799,188	1,285,031,484	721,321,295	43.9%		
6/30/2028	100%	15,185,069	82,525,911	471,667	98,182,647	98,182,647	3.6%	226,965,714	43.3%	117,139,221	586,166,314	1,284,349,873	698,183,528	45.6%		
6/30/2029	100%	15,792,472	85,416,494	471,667	101,680,633	101,680,633	3.6%	234,909,514	43.3%	119,459,262	611,447,728	1,281,805,332	670,357,604	47.7%		
6/30/2030	100%	16,424,171	88,408,297	471,667	105,304,234	105,304,234	3.6%	243,131,347	43.3%	121,600,190	640,195,225	1,277,454,812	637,258,588	50.1%		
6/30/2031	100%	17,081,138	91,505,196	471,667	109,058,001	109,058,001	3.6%	251,640,944	43.3%	123,530,024	672,590,726	1,271,394,206	598,803,480	52.9%		
6/30/2032	100%	17,764,384	94,710,604	-	112,474,988	112,474,988	3.1%	260,448,378	43.2%	125,162,413	709,903,760	1,263,818,170	553,914,410	56.2%		
6/30/2033	100%	18,474,959	98,102,761	-	116,577,720	116,577,720	3.6%	269,564,071	43.2%	126,415,182	753,020,152	1,255,023,970	502,003,818	60.0%		
6/30/2034	100%	19,213,957	101,555,098	-	120,769,055	120,769,055	3.6%	278,998,813	43.3%	127,230,964	802,999,869	1,245,394,172	442,394,303	64.3%		
6/30/2035	100%	19,982,515	105,105,527	-	125,092,042	125,092,042	3.6%	288,765,772	43.3%	127,645,404	860,975,824	1,235,306,958	374,331,134	69.7%		
6/30/2036	100%	20,781,816	108,788,360	-	129,570,176	129,570,176	3.6%	298,870,504	43.4%	127,676,025	928,161,529	1,225,154,659	296,993,129	75.8%		
6/30/2037	100%	21,613,089	112,595,953	-	134,209,042	134,209,042	3.6%	309,330,971	43.4%	127,427,710	1,005,767,050	1,215,254,078	209,487,028	82.8%		
6/30/2038	100%	22,477,613	116,536,811	-	139,014,424	139,014,424	3.6%	320,157,555	43.4%	126,809,917	1,095,202,242	1,206,043,634	110,441,392	90.4%		
6/30/2039	100%	23,376,718	120,615,599	-	143,992,317	143,992,317	3.6%	331,363,070	43.5%	125,874,183	1,197,945,628	1,197,945,628	-	100.0%		
6/30/2040	100%	24,311,787	124,837,145	-	149,148,932	149,148,932	3.6%	342,960,777	43.5%	124,629,581	1,191,409,142	1,191,409,142	-	100.0%		
6/30/2041	100%	25,284,258	-	-	25,284,258	25,284,258	-83.0%	354,964,404	7.1%	123,003,600	1,186,997,185	1,186,997,185	-	100.0%		
6/30/2042	100%	26,295,628	-	-	26,295,628	26,295,628	4.0%	367,588,150	7.3%	121,049,601	1,184,940,501	1,184,940,501	-	100.0%		

Exhibit C

Forecast of Actuarial Results - Funding Improvement Plan with 7.75% Investment Return Until 6/30/2038

Fiscal Year Ending	Payment Against the ARC	Employer Normal Cost	Past Service Amortization	Deferral Amortization	ARC	Contribution	Increase	Payroll	Contribution as a % of Payroll	Benefit Payments	Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Revenue Forecast	Contribution as a % of Revenue
6/30/2012	96%	\$ 8,541,179	\$ 44,584,800	\$ 492,606	\$ 51,735,585	\$ 48,362,027	-\$4,226	\$ 135,473,706	35.7%	\$ 85,769,170	\$ 412,974,877	\$ 1,142,494,033	\$ 730,419,156	36.1%	\$ 434,806,177	11.1%
6/30/2013	100%	8,431,731	49,241,116	471,667	58,144,514	58,144,514	20,236	135,473,706	42.9%	87,018,384	411,801,210	1,154,641,044	742,839,833	35.7%	437,830,844	13.3%
6/30/2014	100%	8,769,000	51,087,559	471,667	60,328,225	60,328,225	3,766%	140,215,285	43.0%	88,300,481	412,356,120	1,166,793,515	754,437,464	35.3%	432,611,543	13.9%
6/30/2015	100%	9,119,760	53,000,144	471,667	62,591,570	62,591,570	3.75%	145,122,820	43.1%	89,672,455	413,790,196	1,178,871,878	765,081,682	35.1%	432,771,186	14.5%
6/30/2016	100%	9,484,350	54,981,612	471,667	64,937,829	64,937,829	3.75%	150,202,119	43.2%	90,995,900	416,305,161	1,190,934,312	774,629,152	35.0%	432,826,535	15.0%
6/30/2017	100%	9,863,932	57,034,868	471,667	67,370,467	67,370,467	3.75%	155,459,193	43.3%	92,405,997	419,981,599	1,202,904,012	782,922,413	34.9%	437,154,800	15.4%
6/30/2018	100%	10,258,489	59,165,009	471,667	69,893,164	69,893,164	3.74%	160,900,265	43.4%	93,956,816	424,833,993	1,214,642,082	789,748,089	35.0%		
6/30/2019	100%	10,668,828	61,369,253	471,667	72,509,848	72,509,848	3.74%	166,531,714	43.5%	95,486,750	431,131,264	1,226,166,919	795,035,454	35.2%		
6/30/2020	100%	11,095,582	63,657,434	471,667	75,224,683	75,224,683	3.74%	172,360,186	43.6%	96,994,155	439,044,524	1,237,500,777	798,436,253	35.5%		
6/30/2021	100%	11,539,405	66,031,051	471,667	78,042,123	78,042,123	3.75%	178,393,000	43.7%	98,513,410	448,811,753	1,248,632,635	799,828,882	35.9%		
6/30/2022	100%	12,000,981	68,494,344	471,667	80,966,991	80,966,991	3.75%	184,636,755	43.9%	100,061,121	460,655,642	1,259,533,966	798,878,324	36.6%		
6/30/2023	100%	12,481,020	71,051,847	471,667	84,004,534	84,004,534	3.75%	191,099,041	44.0%	103,245,113	473,152,699	1,268,501,767	795,349,068	37.3%		
6/30/2024	100%	12,980,261	73,708,558	471,667	87,160,486	87,160,486	3.76%	197,787,508	44.1%	106,239,283	486,649,619	1,275,572,405	788,922,785	38.2%		
6/30/2025	100%	13,499,471	76,469,649	471,667	90,440,746	90,440,746	3.76%	204,710,070	44.2%	109,242,166	501,382,112	1,280,841,875	779,239,763	39.2%		
6/30/2026	100%	14,039,450	79,340,497	471,667	93,851,613	93,851,613	3.77%	211,874,923	44.3%	112,003,071	517,808,742	1,283,796,796	765,981,053	40.3%		
6/30/2027	100%	14,601,024	82,327,167	471,667	97,399,862	97,399,862	3.78%	219,390,545	44.4%	114,638,376	536,331,084	1,285,031,484	748,700,396	41.7%		
6/30/2028	100%	15,185,069	85,436,402	471,667	101,093,338	101,093,338	3.79%	226,965,714	44.5%	117,139,221	557,399,726	1,284,249,872	726,950,146	43.4%		
6/30/2029	100%	15,792,472	88,676,911	471,667	104,941,050	104,941,050	3.81%	234,909,514	44.7%	119,459,262	581,358,434	1,281,805,332	700,246,898	45.4%		
6/30/2030	100%	16,424,171	92,057,721	471,667	108,953,559	108,953,559	3.82%	243,131,247	44.8%	121,600,190	609,403,597	1,277,454,812	668,051,215	47.7%		
6/30/2031	100%	17,081,138	95,590,766	471,667	113,143,551	113,143,551	3.83%	251,640,944	45.0%	123,530,024	641,171,746	1,271,394,206	630,222,460	50.4%		
6/30/2032	100%	17,764,384	99,390,667	-	117,055,051	117,055,051	3.86%	260,448,378	44.9%	125,162,413	678,207,245	1,263,818,170	585,610,925	53.7%		
6/30/2033	100%	18,474,959	103,250,986	-	121,725,945	121,725,945	3.99%	269,564,071	45.2%	126,415,182	721,489,126	1,255,023,970	533,534,844	57.5%		
6/30/2034	100%	19,213,957	107,366,362	-	126,540,319	126,540,319	3.99%	278,998,813	45.4%	127,230,964	772,204,901	1,245,394,172	473,189,231	62.0%		
6/30/2035	100%	19,982,515	111,711,491	-	131,694,006	131,694,006	4.04%	288,763,772	45.6%	127,645,404	831,670,238	1,235,306,958	403,636,720	67.3%		
6/30/2036	100%	20,781,816	116,361,093	-	137,142,909	137,142,909	4.14%	298,870,504	45.9%	127,676,025	901,377,938	1,225,154,659	323,776,721	73.6%		
6/30/2037	100%	21,613,089	121,410,849	-	143,023,938	143,023,938	4.29%	309,330,971	46.2%	127,427,710	983,007,689	1,215,254,078	232,246,384	80.9%		
6/30/2038	100%	22,477,613	127,046,395	-	149,234,008	149,234,008	4.54%	320,157,555	46.7%	126,809,917	1,078,900,010	1,206,043,634	117,143,624	89.5%		
6/30/2039	100%	23,376,718	133,119,675	-	155,996,393	157,086,393	6.06%	331,263,070	47.4%	125,874,183	1,195,945,628	1,197,945,628	0	100.0%		
6/30/2040	100%	24,311,787	143,197,832	-	167,509,619	167,509,619	6.43%	342,960,777	48.8%	124,629,581	1,341,409,142	1,191,409,142	0	100.0%		
6/30/2041	100%	25,284,258	-	-	25,284,258	25,284,258	-84.51%	354,964,404	7.1%	123,003,600	1,186,997,185	1,186,997,185	0	100.0%		
6/30/2042	100%	26,295,628	-	-	26,295,628	26,295,628	4.00%	367,388,159	7.2%	121,049,601	1,158,980,501	1,158,980,501	0	100.0%		

EXHIBIT D – ACTUARIAL ASSUMPTIONS

INTEREST RATE: 8.25% per annum, compounded annually, effective July 1, 2012 for General Funds and School Teacher Funds.

Funding Improvement Plan:

INTEREST RATE: Exhibit A: 8.25% per annum.
 Exhibit B: 8.25% per annum.
 Exhibit C: 7.75% per annum

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement		Disability
	Less Than 10 Years of Service	10 or More Years of Service	
20			.00020
25			.00025
30			.00045
35			.00075
40	.0200	.0450	.00100
45	.0325	.0700	.00175
50	.0450	.0950	.00220
55	.0700	.1200	.00275
59	.0700	.1200	.00340
60	.1000	.1250	.00360
64	.1400	.1750	.00480
65	.1500	.2000	.00500
70	.1500	.2000	.00500
75	1.0000	1.0000	

Age	Withdrawal and Deferred Retirement	Ordinary and Accidental Death	
		Men	Women
20	.1400	.000231	.000136
25	.1150	.000304	.000154
30	.0900	.000400	.000214
35	.0650	.000696	.000377
40	.0500	.000912	.000514
45	.0375	.001146	.000801
50	.0250	.001460	.001169
54	.0150	.002091	.001963
55	.0125	.002422	.002295
60		.004808	.004550
65		.009743	.008736
70		.016167	.015069

CLASS B

Age	Withdrawal and Deferred Disability	Disability	Ordinary and Accidental Death	
			Men	Women
20	.0250	.0008	.000231	.000136
25	.0190	.0013	.000304	.000154
30	.0140	.0019	.000653	.000237
35	.0090	.0025	.000978	.000411
40	.0055	.0037	.001158	.000639
45	.0035	.0066	.001362	.000988
50	.0015	.0114	.001647	.001369
55		.0164	.002805	.002361
59		.0214	.005173	.003878

Age	Retirement
40	.05500
45	.05750
50	.07000
55	.10000
56	.12500
57	.15000
58	.17500
59	.25000
60	.50000
65	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: 0% for the next year and 3.50% thereafter.

MEMBER CONTRIBUTIONS: Assumed that 100% of members elect to cease making contributions after 25 years of service.

Funding Improvement Plan: All members will be required to contribute to the pension plan for each year they receive a pension accrual.

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 3.5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEES HIRED ON OR PRIOR TO OCTOBER 23, 1999:

<u>YEARS OF SERVICE</u>	<u>PERCENTAGE AMOUNT</u>
5 years but less than 10 years	4%
10 years but less than 15 years	5%
15 years but less than 20 years	6%
20 years or more	7%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

<u>YEARS OF SERVICE</u>	<u>PERCENTAGE AMOUNT</u>
7 years but less than 12 years	3%
12 years but less than 17 years	4%
17 years but less than 20 years	5%
20 years or more	6%

CLASS B FIRE:

FOR EMPLOYEES HIRED ON OR PRIOR TO JUNE 30, 1996:

<u>YEARS OF SERVICE</u>	<u>PERCENTAGE AMOUNT</u>
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996:

<u>YEARS OF SERVICE</u>	<u>PERCENTAGE AMOUNT</u>
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

CLASS B POLICE:

FOR EMPLOYEES HIRED ON OR PRIOR TO JUNE 30, 1998:

<u>YEARS OF SERVICE</u>	<u>PERCENTAGE AMOUNT</u>
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998 :

<u>YEARS OF SERVICE</u>	<u>PERCENTAGE AMOUNT</u>
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: For service retirements, it is based on the RP-2000 Mortality Tables for males and females with static projection to 2021 using Scale AA. For disabilities, it is the RP-2000 Combined Healthy Table set forward 3 years.

Funding Improvement Plan: No changes for Class A. For Class B, service retirements are based on the RP-2000 Mortality Tables with Blue Collar Adjustment for males and females with static projection to 2021 using Scale AA.

VALUATION METHOD: Individual entry age method. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: Five-year smoothed market value. The actuarial value of assets is determined according to the following general formula, provided such value is within a 20% corridor of the market value:

$$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$$

where

VA = Valuation assets

MV = Market value of assets as of the valuation date

I_n = Investment gain (loss) during n^{th} year preceding the valuation date

PURCHASED SERVICE LOAD: Due to a lack of purchased service data, loads have been added on to Fire and Police service. The loads were determined as a result of the experience study for the five-year period ended June 30, 2011 and are as follows:

Fire Service Load = +0.50 years of service

Police Service Load = +1.00 years of service

Class A did not receive a load as trends showed the impact of purchased service was insignificant.

EXHIBIT E – PLAN PROVISIONS

1 - BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Funding Improvement Plan: Final compensation is the average of the four highest years of base compensation out of the last ten years including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Normal Service Retirement Allowance

Conditions for Allowance

The minimum age for normal service retirement is:

For Class A members hired prior to July 1, 1995:

Age 55 or the age at which 25 years of service are completed, if earlier.

For Class A members hired between July 1, 1995 and June 30, 2004:

Age 55 or the age at which 30 years of service are completed, if earlier.

For Class A members hired between July 1, 2004 and June 30, 2009:

Age 60 or the age at which 30 years of service are completed, if earlier.

For Class A members hired on or after July 1, 2009:

Age 62 with 10 years of service or the age at which 30 years of service are completed, if earlier.

For Class B members hired prior to July 1, 2004:

Age 55 or the age at which 20 years of service are completed, if earlier.

For Class B members hired between July 1, 2004 and June 30, 2012:

Age 55 or the age at which 23 years of service are completed, if earlier.

For Class B members hired on or after July 1, 2012:

Age 55 or the age at which 25 years of service are completed, if earlier. No members were valued with this eligibility in this valuation.

Amount of Allowance

Provided by Member

An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

For Class A members hired prior to July 1, 1996:

A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years.

For Class A members hired on or after July 1, 1996:

A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:

A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired prior to September 1, 2001:

<u>Eligible Years of Service</u>	<u>Designated Percentage</u>
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

2. For members of the bargaining unit hired on or after September 1, 2001 and prior to July 1, 2012:

<u>Eligible Years of Service</u>	<u>Designated Percentage</u>
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

3. For members of the bargaining unit hired on or after July 1, 2012:

<u>Eligible Years of Service</u>	<u>Designated Percentage</u>
Prior to 25 years of service	2.0% per year
25 years of service	50.0%
26 years of service	52.5%
27 years of service	55.0%
28 years of service	57.5%
29 years of service	60.0%
30 years of service	62.5%
31 years of service	65.0%
32 years of service	67.5%
33 years of service	70.0%
34 years of service	72.5%
35 years of service	75.0%

No members were valued with this benefit in this valuation.

For all other Class B:

A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Early Retirement Allowance

Conditions for Allowance The minimum age for early service retirement for Class A employees hired on or after July 1, 2004 is age 55 and at least 10 years of service. Other employees will not receive early retirement benefits.

Amount of Allowance For Class A members hired between July 1, 2004 and June 30, 2009:

The employees' normal retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 60.

For Class A members hired on or after July 1, 2009:

The employees' normal retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 62.

Deferred Retirement Allowance

Conditions for Allowance A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for normal service retirement.

Amount of Allowance

Provided by Member A deferred annuity which is the actuarial equivalent of his accumulated contributions, and

Provided by City See "Normal Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance For Police:
After 10 years but less than 20 years of service.

For All Others:

After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member

An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member:

A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:

A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

<u>Eligible Years of Service</u>	<u>Percentage</u>
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27.00%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36.00%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:

A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service.

Amount of Allowance

Provided by Member Non-Police:
An annuity that is the actuarial equivalent of his accumulated contributions at the time of his retirement.

Police:
In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.

and

Provided by City For All:
A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty.

Amount of Benefit A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit

A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.

Benefit upon Death after Retirement

For Class A:

Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account.

For Class B:

Upon the death of a Class B pensioner, 67½% of his/her retirement allowance is paid to his widow/widower until he/she dies or remarries, at which point the benefit is paid to any dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.

Minimum Benefits

The minimum monthly retirement allowance is \$600, prorated for members whose credited service at retirement is less than 25.

Options at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and

paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Options upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3 or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the member's continuance in service after attainment of minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment (COLA)

For Class A:

3% compounded for members who retired prior to 12/18/91; no adjustment for other Class A members.

Members who retired after 12/18/1991 are not eligible for any COLAs.

Funding Improvement Plan: A ten-year freeze period will be implemented effective January 1, 2013 and no COLAs will be granted during this period.

Funding Improvement Plan: Freeze COLA indefinitely for all current and future retirees with annual pensions greater than 150% of the Rhode Island state median

income, which as reported by the City is approximately \$80,000.

Funding Improvement Plan: After the ten year freeze, COLAs may be granted to members who retired prior to 12/19/1991. The COLA will be the lesser of 3% or the percentage the member received prior to the freeze and will be payable until their benefits reach the 150% threshold, at which time no further adjustments will be granted. It is assumed that the median income will increase by 3.50% per year.

For Police:

5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and December 31, 1992; 3% simple on first \$12,000 of annual benefit for Non-Union Police; 5% compounded for special court awarded members; 3% compounded for other retired members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not be less than 1% and shall not exceed 3% simple (no members were valued with this COLA in this valuation); and Police pensions are limited to the current salary of an active participant of the same rank.

For all other Class B Retirees:

5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and June 30, 1992; 6% compounded for members who retired between July 1, 1992 and June 30, 1995; 3% simple on first \$12,000 of annual benefit for members who retired between July 1, 1995 and March 16, 2006; 5% compounded for special court awarded members; 3% compounded for other retired members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not 3% simple (no members were valued with this COLA in this valuation).

For All Class B:

Funding Improvement Plan: A ten-year freeze period will be implemented effective January 1, 2013 and no COLAs will be granted during this period.

Funding Improvement Plan: Freeze COLA indefinitely for all current and future retirees with annual pensions greater than the lesser of i) 150% of the state median income and ii) the base compensation of a current employee holding the same rank that the retiree held at the time of retirement.

Funding Improvement Plan: After the ten year freeze, COLAs may be granted to members and will be the lesser of 3% or the percentage the member received prior to the freeze and will be payable until their benefits reach the lesser of i) 150% of the state median income and ii) the base compensation of a current employee holding the same rank that the retiree held at the time of retirement, at which time no further adjustments will be granted. It is assumed that the median income will increase by 3.50% per year.

Funding Improvement Plan: Note that retiree valuation data did not provide the position held at retirement nor did the active data provide current position. For valuation purposes the annual pension cap was set equal to the average base compensation for the Class B actives included in this valuation.

The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

Provisions for Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently \$350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of their salaries

For Firefighters hired on or after July 1, 2011: 9% of their salaries.

For all other Class B Members: 8% of their salaries. In the prior valuation the contribution rate valued was 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of \$350 per year.

Member contributions may cease after 25 years of service.

Funding Improvement Plan: Members are required to contribute for each year they receive a benefit accrual.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

Providence

Exhibit A

Current Forecast of Actuarial Valuation Results with Adopted Actuarial Assumptions

Fiscal Year Ending	Payment Against the ARC	Employer Normal Cost	Past Service Amortization	Deferral Amortization	ARC	Contribution	Increase	Contribution as a % of						Unfunded Liability	Funded Ratio	Revenue Forecast	Contribution as a % of Revenue
								Payroll	Benefit Payments	Assets	Accrued Liability	Payroll	Benefit Payments				
6/30/2012	90%	\$ 8,654,179	\$ 44,588,800	\$ 492,606	\$ 53,735,585	\$ 48,362,027	-4.2%	\$ 135,473,706	35.7%	\$ 85,808,469	\$ 427,797,134	\$ 1,339,556,546	\$ 911,759,412	31.9%	\$434,806,177	11.1%	
6/30/2013	100%	10,585,149	61,688,711	471,667	72,745,527	72,745,527	50.4%	135,473,706	53.7%	89,360,733	442,519,924	1,367,676,889	925,156,965	32.4%	\$437,830,844	16.6%	
6/30/2014	100%	11,008,555	63,850,580	471,667	75,330,802	75,330,802	3.6%	140,215,285	53.7%	92,955,445	457,289,706	1,394,800,314	937,510,628	32.8%	\$432,611,543	17.4%	
6/30/2015	100%	11,448,897	66,086,666	471,667	78,007,230	78,007,230	3.6%	145,122,820	53.8%	96,643,433	472,105,490	1,420,764,520	948,659,031	33.2%	\$432,771,186	18.0%	
6/30/2016	100%	11,906,853	68,401,043	471,667	80,779,563	80,779,563	3.6%	150,202,119	53.8%	100,323,922	487,074,361	1,445,499,216	958,424,855	33.7%	\$432,826,535	18.7%	
6/30/2017	100%	12,383,127	70,796,453	471,667	83,651,247	83,651,247	3.6%	155,459,193	53.8%	104,101,356	502,207,009	1,468,820,434	966,613,425	34.2%	\$437,154,800	19.1%	
6/30/2018	100%	12,878,452	73,275,736	471,667	86,625,855	86,625,855	3.6%	160,900,265	53.8%	108,020,673	517,471,807	1,490,482,987	973,011,180	34.7%			
6/30/2019	100%	13,393,590	75,841,831	471,667	89,707,088	89,707,088	3.6%	166,531,774	53.9%	111,898,924	533,028,552	1,510,412,567	977,384,014	35.3%			
6/30/2020	100%	13,929,334	78,497,779	471,667	92,898,780	92,898,780	3.6%	172,360,386	53.9%	115,726,777	549,063,750	1,528,539,234	979,475,484	35.9%			
6/30/2021	100%	14,486,507	81,246,731	471,667	96,204,905	96,204,905	3.6%	178,393,000	53.9%	119,536,558	565,749,617	1,544,754,472	979,004,855	36.6%			
6/30/2022	100%	15,065,967	84,091,946	471,667	99,629,579	99,629,579	3.6%	184,636,755	54.0%	123,338,330	583,266,213	1,558,931,199	975,664,986	37.4%			
6/30/2023	100%	15,668,606	87,036,798	471,667	103,177,071	103,177,071	3.6%	191,099,041	54.0%	127,177,625	601,765,325	1,570,885,367	969,120,042	38.3%			
6/30/2024	100%	16,295,350	90,084,784	471,667	106,851,800	106,851,800	3.6%	197,787,508	54.0%	130,774,536	621,706,892	1,580,709,893	959,003,001	39.3%			
6/30/2025	100%	16,947,164	93,239,520	471,667	110,658,350	110,658,350	3.6%	204,710,070	54.1%	134,259,638	643,457,509	1,588,370,472	944,912,963	40.5%			
6/30/2026	100%	17,625,051	96,504,752	471,667	114,601,470	114,601,470	3.6%	211,874,923	54.1%	137,437,524	667,622,053	1,594,034,278	926,412,225	41.9%			
6/30/2027	100%	18,330,053	99,884,360	471,667	118,686,080	118,686,080	3.6%	219,290,545	54.1%	140,398,107	694,766,659	1,597,789,770	903,023,111	43.5%			
6/30/2028	100%	19,063,255	103,382,363	471,667	122,917,284	122,917,284	3.6%	226,965,714	54.2%	143,135,321	725,515,564	1,599,740,100	874,224,536	45.4%			
6/30/2029	100%	19,825,785	107,002,921	471,667	127,300,373	127,300,373	3.6%	234,909,514	54.2%	145,597,843	760,603,175	1,600,051,457	839,448,281	47.5%			
6/30/2030	100%	20,618,816	110,750,349	471,667	131,840,831	131,840,831	3.6%	243,131,347	54.2%	147,786,327	800,829,280	1,598,904,232	798,074,952	50.1%			
6/30/2031	100%	21,443,569	114,629,116	471,667	136,544,352	136,544,352	3.6%	251,640,944	54.3%	149,668,818	846,645,234	1,596,528,166	749,882,933	53.0%			
6/30/2032	100%	22,301,312	118,643,862	-	140,945,174	140,945,174	3.2%	260,448,378	54.1%	151,157,589	899,614,867	1,593,264,495	693,649,628	56.5%			
6/30/2033	100%	23,193,364	122,873,683	-	146,067,047	146,067,047	3.6%	269,564,071	54.2%	152,164,662	960,931,839	1,589,575,461	628,643,623	60.5%			
6/30/2034	100%	24,121,099	127,174,261	-	151,295,360	151,295,360	3.6%	278,998,813	54.2%	152,630,209	1,032,028,563	1,586,025,061	553,996,498	65.1%			
6/30/2035	100%	25,085,943	131,625,361	-	156,711,304	156,711,304	3.6%	288,763,772	54.3%	152,588,833	1,114,426,116	1,583,189,244	468,763,129	70.4%			
6/30/2036	100%	26,089,381	136,232,248	-	162,321,629	162,321,629	3.6%	298,870,504	54.3%	152,056,865	1,209,760,797	1,581,675,970	371,915,173	76.5%			
6/30/2037	100%	27,132,956	141,000,377	-	168,133,333	168,133,333	3.6%	309,330,971	54.4%	151,144,825	1,319,695,880	1,582,029,909	262,334,029	83.4%			
6/30/2038	100%	28,218,274	145,935,390	-	174,153,664	174,153,664	3.6%	320,157,555	54.4%	149,764,938	1,446,130,398	1,584,933,594	138,803,196	91.2%			
6/30/2039	100%	29,347,005	151,043,129	-	180,390,134	180,390,134	3.6%	331,363,070	54.4%	147,975,870	1,591,066,498	1,591,066,498	-	100.0%			
6/30/2040	100%	30,520,885	156,329,638	-	186,850,523	186,850,523	3.6%	342,960,777	54.5%	145,799,581	1,601,143,042	1,601,143,042	-	100.0%			
6/30/2041	100%	31,741,720	-	-	31,741,720	31,741,720	-3.0%	354,964,404	8.9%	143,172,629	1,616,004,394	1,616,004,394	-	100.0%			
6/30/2042	100%	33,011,389	-	-	33,011,389	33,011,389	4.0%	367,388,159	9.0%	140,162,867	1,603,494,740	1,603,494,740	-	100.0%			

Scituate Police

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Scituate

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014 to elaine.colarusso@dor.ri.gov.**

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	629,958	737,466	101%
2014	629,958	758,709	120%
2015*	629,958	729,958	115%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table _____.

*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. COLA elimination for future retirees?

- Yes
 No
 Still negotiating Matter in arbitration/court

3. Benefit accrual reduced as indicated in submitted FIP?

- Yes
 No
 Still negotiating Matter in arbitration/court

4. Increased employee contribution from 10% to 15%?

- Yes
 No
 Still negotiating Matter in arbitration/court

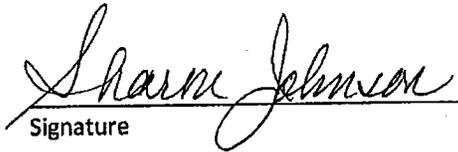
5. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

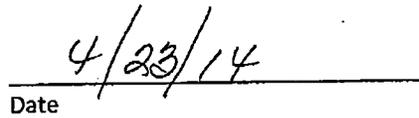
- Yes, emerge from critical status in FY 2028
 No, emerge from critical status in FY _____

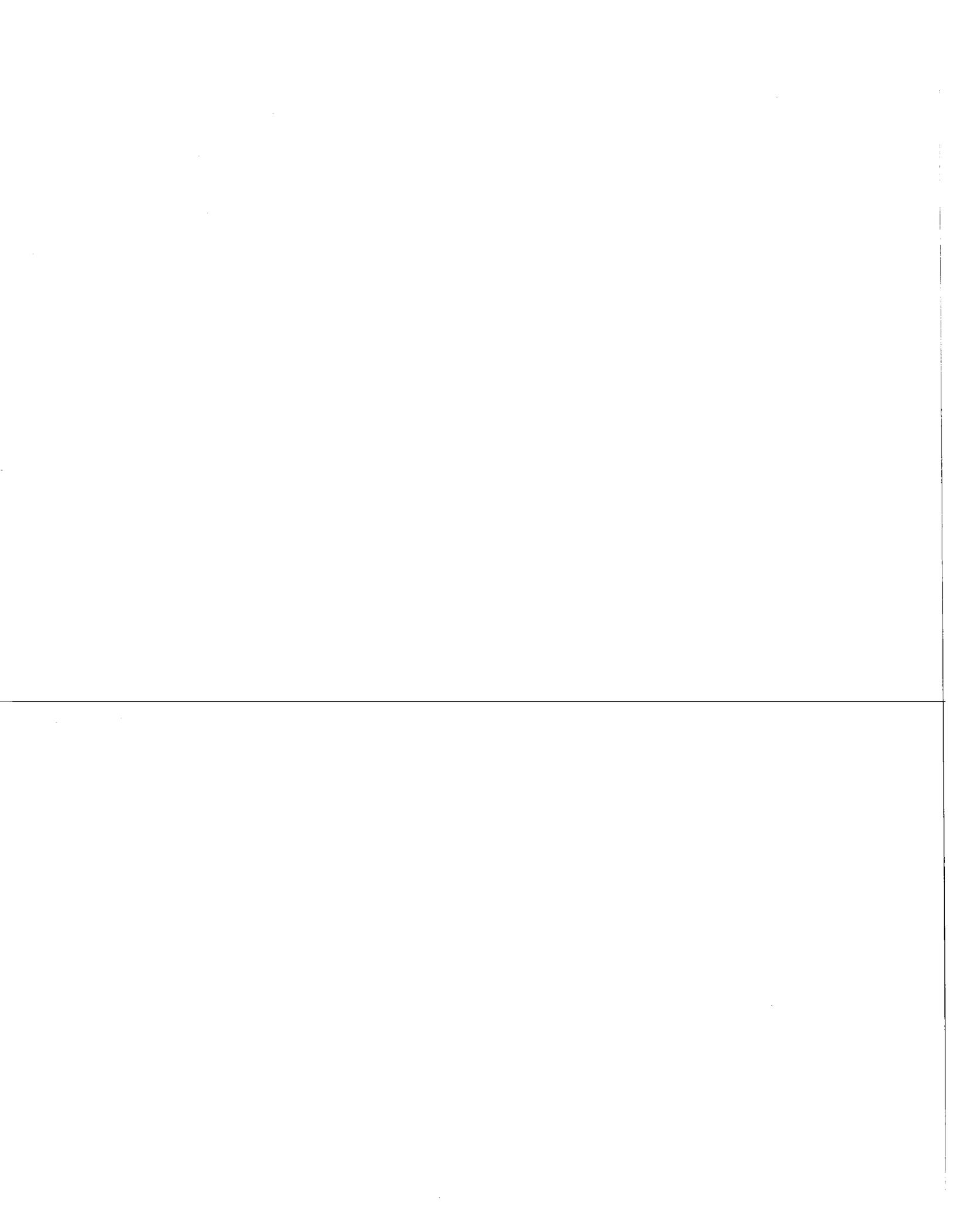
LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
OPEB Survey

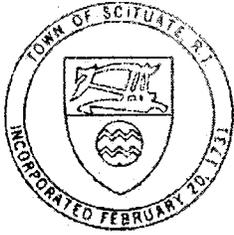
6. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.


Signature


Date





Town of Scituate
195 DANIELSON PIKE
NORTH SCITUATE, RHODE ISLAND 02857

September 19, 2013

RECEIVED SEP 24 2013

Susanne Greschner, Chief
Department of Revenue
Office of Municipal Finance
One Capitol Hill, 1st Floor
Providence, RI 02908

Re: Town of Scituate
Update to FIP Submitted September 2012

Dear Chief Greschner:

On behalf of the Town Council ("Council"), the governing body of the Town of Scituate ("Town"), I am writing to you to update the status of the Town's Funding Improvement Plan ("FIP") that was submitted to your office last year.

As you are aware, the FIP included a number (four, to be precise) of options for improving the condition of the Town's private pension plan ("Plan"). Although negotiations between the Town Council and the IBPO continue, the Town is technically in an arbitration posture (arbitration hearing dates have been scheduled for December 2013). Given this, I am unable to provide you with a substantive update other than to say that we may achieve all of the goals of the FIP through a negotiated settlement or via an arbitration decision. It is premature to comment on which of the four (4) proposals may or may not be implemented as a result of either negotiations or arbitration; however, the Council remains committed to achieving Plan improvement through all proposals submitted last year.

To that end, I will update you as soon as we can provide more definitive answers on the implementation status of our FIP proposals.

Thank you for your attention and cooperation in this matter.

Very truly yours,

Charles A. Collins, Jr.,
Council President

Town of Scituate Retirement Plan for the Police Department Employees

Future Funding Changes to Plan Provisions (cont'd)

An alternative proposal has also been reviewed. The features of this proposal are:

Town Proposal 2

This alternative plan design is expected to be the Plan's provisions in the future, and if agreed upon by the Town and IBPO, will result in a Plan amendment to effectuate the changes.

- a. Currently, the annual cost of living adjustments (COLAs) for future retirees is 3% non-compounded. The alternative proposal is to be 2%, and continues to be non-compounded.
- b. The normal retirement benefit is currently 2.5% of final salary for the first 20 years plus an additional 2.0% of final salary for the next 5 years (for participants hired after July 1, 2000, the benefit is 2.4% of final salary for the first 25 years). The maximum benefit is 60% of final salary. The alternative proposal is to change future accruals to 2.0% per year of service (continue 60% maximum), and change the salary to be a final 5 year average. The June 30, 2012 accrued benefit based on the single final salary would remain the minimum benefit.
- c. Annual employee contributions would increase from 10% currently, to a proposed 12%.

Exhibit D illustrates the forecast of the 25-year closed amortization under a 4.00% growth assumption for the Alternative Proposal 2.

The estimated FYE 13 results of the Town Proposal 2 are:

	Current Plan Provisions	Town Proposal 2
Plan Normal Cost	\$249,032	\$215,184
Actuarial Accrued Liability	\$11,914,710	\$11,232,304
Unfunded Liability	\$8,663,654	\$7,981,248
Funded Percentage	27.3%	28.9%
Employee Contributions	\$95,108	\$114,129
Town Contributions	\$673,860	\$580,036
Total ARC	\$768,968	\$694,165

Town of Scituate Retirement Plan for the Police Department Employees

Future Funding Changes to Plan Provisions (cont'd)

Another scenario may be considered is to fully freeze all future benefit accruals. For illustration purposes, it is assumed the Plan freezes benefit accruals as of March 31, 2012.

Exhibit E illustrates the forecast of the 25-year closed amortization under a 4.00% growth assumption for the hard freeze scenario.

The estimated FYE 13 results of the hard freeze scenario are:

	Current Plan Provisions	Hard Freeze at 3/31/2012
Plan Normal Cost	\$249,032	\$0
Actuarial Accrued Liability	\$11,914,710	\$10,246,751
Unfunded Liability	\$8,663,654	\$6,995,695
Funded Percentage	27.3%	31.7%
Employee Contributions	\$95,108	\$0
Town Contributions	\$673,860	\$419,836
Total ARC	\$768,968	\$419,836

Consideration of Transfer to MERS

An alternative that was considered was to fully freeze all benefit accruals under the Plan, and transfer current and future employees to the Municipal Employees' Retirement System of Rhode Island ("MERS").

The Town has contacted the State Retirement Board and has asked the Board to provide cost estimates for transitioning the Plan to MERS. Detailed census information has been provided to the Board; however the Town has not yet received the cost estimates.

EXHIBIT A

Current Plan Provisions - Contribution of \$250,000 Plus Employee Contribution and Match

Year	Expected Benefit Payments	Covered Compensation	Accrued Liability (AAL)	Market Value of Assets	Unfunded Liability (UUAL)	Amortization of UUAL	Normal Cost	Annual Required Contrib. (ARC)	ARC as Share of Payroll	Employee Contribution	Town Contribution	Increase in Town Contribution	Contribution as Share of ARC	Funded Ratio	Revenue Forecast*	Town Contribution as Share of Revenue
2011	518,040	917,936	11,348,767	3,122,375	8,226,392	493,694	245,015	738,709	80.5%	91,794	341,794	N/A	58.7%	27.5%	TBD	TBD
2012	528,203	951,078	11,914,710	3,251,056	8,663,654	519,936	249,032	768,968	80.9%	95,108	345,108	1%	57.2%	27.3%	32,857,221	1.1%
2013	576,665	924,850	12,316,685	3,385,440	9,131,245	547,997	241,567	789,564	85.4%	92,485	342,485	-1%	55.1%	27.0%	34,000,000	1.0%
2014	632,934	860,255	13,105,643	3,474,226	9,631,417	578,014	230,520	808,534	91.3%	88,326	338,326	-1%	52.8%	26.5%	35,000,000	1.0%
2015	695,865	829,238	13,668,772	3,567,298	10,165,974	610,095	216,876	836,971	99.7%	82,974	332,974	-2%	50.3%	25.0%	36,000,000	0.9%
2016	741,287	721,811	14,194,510	3,457,321	10,737,189	644,376	180,937	834,313	115.6%	72,181	322,181	-3%	47.3%	24.4%	37,000,000	0.9%
2017	803,112	748,465	14,632,468	3,287,549	11,344,919	680,847	196,958	877,805	113.3%	74,847	324,847	1%	45.5%	22.5%	38,000,000	0.8%
2018	814,728	775,774	15,098,241	3,098,071	12,000,170	720,171	204,154	924,325	119.1%	77,577	327,577	1%	43.8%	20.5%	39,000,000	0.8%
2019	826,320	801,710	15,594,316	2,847,754	12,706,562	762,565	211,517	974,082	121.3%	80,371	330,371	1%	42.2%	18.5%	40,000,000	0.8%
2020	837,861	832,218	16,123,163	2,655,188	13,467,975	808,259	219,029	1,027,288	123.4%	83,222	333,222	1%	40.5%	16.5%	42,000,000	0.8%
2021	849,403	861,265	16,647,447	2,398,872	14,288,575	857,506	226,688	1,084,194	125.9%	86,127	336,127	1%	38.9%	14.4%	43,000,000	0.8%
2022	911,569	807,940	17,289,976	2,117,131	15,172,845	910,574	212,624	1,123,198	139.0%	80,794	330,794	-2%	36.6%	12.2%	44,000,000	0.8%
2023	923,741	835,209	17,858,411	1,738,882	16,119,529	967,388	219,822	1,187,210	142.1%	83,521	333,521	1%	35.1%	9.7%	45,000,000	0.7%
2024	986,537	779,836	18,464,292	1,325,072	17,139,220	1,028,584	205,203	1,233,787	158.2%	77,984	327,984	-2%	32.9%	7.2%	47,000,000	0.7%
2025	999,169	805,026	19,035,119	803,805	18,231,314	1,094,124	211,856	1,305,980	162.2%	80,503	329,503	3%	39.1%	4.2%	48,000,000	0.6%
2026	1,176,346	563,425	19,642,506	334,363	19,308,143	1,158,747	149,258	1,308,005	232.2%	56,343	1,059,784	147%	85.3%	1.7%	50,000,000	2.1%
2027	1,188,798	582,736	20,046,212	251,433	19,794,779	1,187,952	154,281	1,342,233	230.4%	58,274	1,167,628	10%	91.3%	1.3%	51,000,000	2.3%
2028	1,200,347	602,256	20,472,546	259,100	20,213,446	1,213,078	159,560	1,373,638	227.9%	60,226	1,177,168	1%	90.1%	1.3%	53,000,000	2.2%
2029	1,211,861	621,851	20,924,204	266,815	20,657,389	1,239,720	164,761	1,404,481	225.9%	62,185	1,186,211	1%	88.9%	1.3%	54,000,000	2.2%
2030	1,223,838	641,458	21,403,559	274,545	21,129,014	1,268,024	169,966	1,437,990	224.2%	64,146	1,194,450	1%	87.5%	1.3%	56,000,000	2.1%
2031	1,475,237	265,467	21,913,460	282,256	21,631,204	1,298,163	170,774	1,508,937	515.7%	26,547	1,355,787	14%	101.0%	1.3%	58,000,000	2.2%
2032	1,485,424	273,748	22,095,133	150,590	21,944,543	1,316,967	72,979	1,389,946	507.7%	27,375	1,510,563	11%	110.6%	0.7%	59,000,000	2.6%
2033	1,638,807	101,878	22,382,116	154,053	22,536,063	1,327,890	25,074	1,353,054	1341.3%	10,188	1,589,841	5%	118.2%	0.7%	61,000,000	2.6%
2034	1,681,104	0	22,305,890	91,371	22,213,719	1,333,121	0	1,333,121	N/A	0	1,707,888	7%	128.1%	0.4%	63,000,000	2.7%
2035	1,666,338	0	22,239,614	57,754	22,171,860	1,330,609	0	1,330,609	N/A	0	1,750,728	3%	131.6%	0.3%	65,000,000	2.7%
2036	1,690,497	0	22,141,989	57,968	22,084,021	1,325,338	0	1,325,338	N/A	0	1,754,969	0%	132.4%	0.3%	67,000,000	2.6%
2037	1,692,429	0	22,043,465	58,111	21,985,354	1,319,417	0	1,319,417	N/A	0	1,756,892	0%	133.2%	0.3%	69,000,000	2.5%
2038	1,691,948	0	21,935,541	58,177	21,877,364	1,312,936	0	1,312,936	N/A	0	1,756,304	0%	133.8%	0.3%	71,000,000	2.4%
2039	1,688,902	0	21,820,023	58,161	21,761,862	1,306,004	0	1,306,004	N/A	0	1,753,047	0%	134.2%	0.3%	73,000,000	2.4%
2040	1,683,133	0	21,699,011	58,056	21,640,955	1,298,748	0	1,298,748	N/A	0	1,746,958	0%	134.5%	0.3%	75,000,000	2.3%
2041	1,674,510	0	21,574,927	57,858	21,517,069	1,291,313	0	1,291,313	N/A	0	1,737,901	-1%	134.6%	0.3%	77,000,000	2.3%

Contribution Total 2012-2041: 1,521,204 28,961,165
5.0% 93.0%

The above forecast is based on the April 1, 2011 actuarial valuation results and census.

The funding policy assumes: Employee Share: 10% of Compensation
Town Share: \$250,000 plus 10% of Compensation (but no less than the amount needed to pay for benefit payments if Plan Trust is insufficient)

Rate of return and discount rate assumed to be 7.50%.

* This amount has been estimated to increase at 3% annually for illustration purposes.

EXHIBIT B

Current Plan Provisions - 25 Year Closed Amortization - 4.00% Growth

Year	Expected Benefit Payments	Covered Compensation	Accrued Liability (AAL)	Market Value of Assets	Unfunded Liability (UAAL)	Amortization of UAAL	Normal Cost	Annual Required Contrib. (ARC)	ARC as Share of Payroll	Employee Contribution	Town Contribution	Increase in Town Contribution	Contribution as Share of ARC	Funded Ratio	Revenue Forecast*	Town Contribution as Share of Revenue
2011	518,040	917,936	11,348,267	3,123,375	8,226,392	493,694	245,015	738,709	80.5%	91,794	341,794	N/A	58.7%	27.5%	TBD	TBD
2012	528,203	951,078	11,914,710	3,351,056	8,663,654	519,936	249,032	768,968	80.9%	95,108	673,860	97%	100.0%	27.1%	32,437,227	2.1%
2013	576,665	924,850	12,516,685	3,714,193	8,802,493	542,448	241,567	784,015	84.8%	92,495	691,530	3%	100.0%	29.7%	34,000,000	2.0%
2014	632,934	893,255	13,105,643	4,176,679	8,928,964	565,939	230,520	796,459	90.2%	88,236	708,133	2%	100.0%	31.9%	35,000,000	2.0%
2015	695,805	829,738	13,668,772	4,627,742	9,041,030	590,458	216,876	807,334	97.3%	82,974	724,360	2%	100.0%	33.9%	36,000,000	2.0%
2016	791,287	721,811	14,194,510	5,058,022	9,136,488	616,043	189,937	805,980	111.7%	72,181	733,799	1%	100.0%	35.6%	37,000,000	2.0%
2017	803,112	748,465	14,632,468	5,419,921	9,212,547	642,716	196,958	839,674	112.2%	74,847	764,827	4%	100.0%	37.0%	38,000,000	2.0%
2018	814,328	775,774	15,098,341	5,800,351	9,267,890	670,621	204,154	874,775	112.8%	77,577	797,198	4%	100.0%	38.6%	39,000,000	2.0%
2019	826,320	803,710	15,594,316	6,294,576	9,299,740	699,825	211,517	911,342	113.4%	80,571	830,771	4%	100.0%	40.4%	40,000,000	2.1%
2020	837,861	832,218	16,123,163	6,818,122	9,305,641	730,405	219,029	949,434	114.1%	83,222	866,212	4%	100.0%	42.3%	42,000,000	2.1%
2021	849,401	861,265	16,687,447	7,407,016	9,289,431	762,438	226,684	989,126	114.8%	86,127	902,999	4%	100.0%	44.4%	43,000,000	2.1%
2022	911,589	807,940	17,289,976	8,067,758	9,232,218	796,024	232,624	1,008,648	124.8%	80,794	927,854	3%	100.0%	46.7%	44,000,000	2.1%
2023	923,741	835,209	17,858,411	8,732,866	9,125,545	831,183	239,822	1,051,005	125.8%	83,521	967,484	4%	100.0%	48.9%	45,000,000	2.1%
2024	986,337	779,830	18,484,292	9,427,568	8,995,724	868,106	205,203	1,073,309	137.0%	77,984	995,325	3%	100.0%	51.3%	47,000,000	2.1%
2025	998,169	805,026	19,035,119	10,235,080	8,800,039	908,829	211,856	1,118,685	139.0%	80,503	1,038,182	4%	100.0%	53.8%	48,000,000	2.2%
2026	1,176,346	363,425	19,642,506	11,081,636	8,566,870	947,575	149,238	1,096,833	194.7%	56,343	1,040,490	0%	100.0%	56.4%	50,000,000	2.1%
2027	1,188,798	582,736	20,046,212	11,785,457	8,260,755	990,229	154,281	1,144,610	196.4%	58,274	1,086,336	4%	100.0%	58.8%	51,000,000	2.1%
2028	1,200,347	602,256	20,472,546	12,576,883	7,895,663	1,035,266	159,580	1,194,826	198.4%	60,226	1,134,601	4%	100.0%	61.4%	53,000,000	2.1%
2029	1,211,461	621,851	20,924,204	13,465,865	7,458,339	1,082,938	164,761	1,247,699	200.6%	62,185	1,185,515	4%	100.0%	64.4%	54,000,000	2.2%
2030	1,221,838	641,454	21,403,539	14,462,828	6,940,731	1,133,624	169,966	1,303,590	203.2%	64,146	1,239,445	5%	100.0%	67.6%	56,000,000	2.2%
2031	1,475,237	265,467	21,913,460	15,579,656	6,333,804	1,187,810	70,774	1,258,584	474.1%	26,547	1,232,037	-1%	100.0%	71.1%	58,000,000	2.1%
2032	1,485,424	273,748	22,405,133	16,471,546	5,623,587	1,245,405	72,979	1,318,384	481.0%	27,375	1,291,008	5%	100.0%	74.5%	59,000,000	2.2%
2033	1,608,807	100,878	22,282,116	17,479,526	4,803,590	1,308,169	25,074	1,333,243	1321.0%	10,088	1,323,156	2%	100.0%	78.4%	61,000,000	2.2%
2034	1,608,104	0	22,305,090	18,449,570	3,855,520	1,377,730	0	1,377,730	N/A	0	1,377,730	4%	100.0%	82.7%	63,000,000	2.2%
2035	1,606,338	0	22,329,614	19,462,660	2,766,954	1,459,141	0	1,459,141	N/A	0	1,459,141	6%	100.0%	87.6%	65,000,000	2.2%
2036	1,690,497	0	22,341,989	20,626,655	1,515,334	1,572,159	0	1,572,159	N/A	0	1,572,159	8%	100.0%	93.3%	67,000,000	2.3%
2037	1,692,429	0	22,343,465	21,986,640	56,825	58,956	0	58,956	N/A	0	58,956	-86%	100.0%	98.7%	69,000,000	0.1%
2038	1,691,948	0	21,935,541	21,933,410	2,131	2,211	0	2,211	N/A	0	2,211	-86%	100.0%	100.0%	71,000,000	0.0%
2039	1,686,902	0	21,820,023	21,819,943	83	83	0	83	N/A	0	83	-86%	100.0%	100.0%	73,000,000	0.0%
2040	1,683,133	0	21,699,011	21,699,008	3	3	0	3	N/A	0	3	-86%	100.0%	100.0%	75,000,000	0.0%
2041	1,674,510	0	21,574,927	21,574,926	1	1	0	1	N/A	0	1	-67%	100.0%	100.0%	77,000,000	0.0%

Contribution Total 2012-2041: 1,521,201 25,625,606
5.6% 94.4%

The above forecast is based on the April 1, 2011 actuarial valuation results and census.

The funding policy assumes: Employee Share: 10% of Compensation
Town Share: Annual Required Contribution (ARC) based on 25 year closed amortization, with 4.00% growth

Rate of return and discount rate assumed to be 7.50%.

* This amount has been estimated to increase at 3% annually for illustration purposes.

EXHIBIT D

Town Proposal 2 - 25 Year Closed Amortization - 4.00% Growth

Year	Expected Benefit Payments	Covered Compensation	Accrued Liability (AAL)	Market Value of Assets	Unfunded Liability (UAAL)	Amortization of UAAL	Normal Cost	Annual Required Contrib. (ARC)	ARC as Share of Payroll	Employee Contribution	Town Contribution	Increase in Town Contribution	Contribution as Share of ARC	Funded Ratio	Revenue Forecast*	Town Contribution as Share of Revenue
2011	518,840	917,936	11,348,767	3,122,375	8,226,392	493,694	245,015	738,709	80.5%	91,794	341,794	N/A	58.7%	27.5%	TBD	TBD
2012	528,406	951,078	11,233,304	3,251,056	7,981,248	478,982	215,184	694,166	73.0%	114,129	580,036	70%	100.0%	28.9%	22,857,221	1.8%
2013	574,954	924,850	11,747,814	3,639,176	8,108,638	499,689	208,499	708,188	76.6%	110,982	597,206	3%	100.0%	31.0%	34,000,000	1.8%
2014	628,607	883,255	12,246,624	4,021,991	8,224,633	521,297	198,779	720,076	81.5%	105,991	614,085	3%	100.0%	32.8%	35,000,000	1.8%
2015	687,484	829,738	12,716,940	4,389,572	8,327,368	543,849	186,897	730,746	88.1%	99,569	631,178	3%	100.0%	34.5%	36,000,000	1.8%
2016	775,855	721,811	13,148,950	4,734,124	8,414,826	567,383	163,619	731,002	101.3%	86,617	644,385	2%	100.0%	36.0%	37,000,000	1.7%
2017	785,788	748,465	13,497,888	5,013,019	8,484,469	591,921	169,663	761,584	101.8%	89,816	671,768	4%	100.0%	37.1%	38,000,000	1.8%
2018	795,623	775,774	13,867,885	5,332,869	8,553,016	617,591	175,861	793,452	102.3%	93,093	700,359	4%	100.0%	38.5%	39,000,000	1.8%
2019	805,341	803,710	14,262,249	5,698,341	8,563,908	644,451	182,200	826,651	102.9%	96,445	730,206	4%	100.0%	40.0%	40,000,000	1.8%
2020	814,899	832,238	14,682,645	6,114,310	8,568,335	672,577	188,667	861,244	103.5%	99,866	761,378	4%	100.0%	41.6%	41,000,000	1.8%
2021	824,364	861,265	15,131,236	6,596,123	8,565,203	702,035	195,261	897,296	104.2%	103,352	793,943	4%	100.0%	43.5%	43,000,000	1.8%
2022	886,601	807,940	15,610,640	7,119,523	8,491,117	732,918	183,276	916,194	113.4%	96,953	819,241	3%	100.0%	45.6%	44,000,000	1.9%
2023	890,075	835,200	16,054,963	7,653,206	8,401,657	765,249	189,470	954,719	114.3%	100,225	854,494	4%	100.0%	47.7%	45,000,000	1.9%
2024	946,299	779,876	16,529,170	8,255,789	8,233,381	799,199	177,006	976,205	125.2%	93,580	882,625	3%	100.0%	49.9%	47,000,000	1.9%
2025	955,613	805,026	16,987,518	8,866,436	8,101,082	834,803	182,735	1,017,538	126.4%	96,603	920,934	4%	100.0%	52.3%	48,000,000	1.9%
2026	1,117,048	563,425	17,434,987	9,554,521	7,880,466	872,264	128,238	1,000,502	177.6%	67,611	932,891	1%	100.0%	54.8%	50,000,000	1.9%
2027	1,124,668	562,736	17,713,056	10,109,184	7,603,873	911,487	132,640	1,044,127	179.2%	69,928	974,200	4%	100.0%	57.1%	51,000,000	1.9%
2028	1,131,247	602,256	18,008,613	10,741,143	7,267,470	952,898	137,087	1,089,985	181.0%	72,271	1,017,714	4%	100.0%	59.6%	53,000,000	1.9%
2029	1,137,207	621,251	18,324,096	11,459,510	6,864,586	996,726	141,554	1,138,280	183.0%	74,622	1,063,659	5%	100.0%	62.3%	54,000,000	2.0%
2030	1,142,272	641,458	18,661,569	12,273,848	6,387,821	1,043,318	146,023	1,189,341	185.4%	76,975	1,112,366	5%	100.0%	65.8%	56,000,000	2.0%
2031	1,172,063	263,467	19,023,918	13,195,051	5,828,867	1,093,116	60,774	1,153,890	434.7%	31,856	1,122,034	1%	100.0%	69.4%	58,000,000	1.9%
2032	1,174,822	273,748	19,083,879	13,910,767	5,175,112	1,146,085	62,667	1,208,752	441.6%	32,850	1,175,902	5%	100.0%	72.9%	59,000,000	2.0%
2033	1,482,069	100,878	19,151,578	14,232,152	4,419,426	1,203,800	21,424	1,225,224	1214.6%	32,105	1,213,119	3%	100.0%	76.9%	61,000,000	2.0%
2034	1,540,034	0	19,087,267	15,520,009	3,547,858	1,247,791	0	1,247,791	N/A	0	1,247,791	5%	100.0%	81.4%	63,000,000	2.0%
2035	1,537,038	0	18,895,359	16,349,203	2,546,156	1,342,704	0	1,342,704	N/A	0	1,342,704	6%	100.0%	86.5%	65,000,000	2.1%
2036	1,531,429	0	18,713,031	17,318,617	1,394,414	1,446,705	0	1,446,705	N/A	0	1,446,705	8%	100.0%	92.5%	67,000,000	2.2%
2037	1,524,300	0	18,523,448	18,470,159	52,289	54,250	0	54,250	N/A	0	54,250	-96%	100.0%	99.7%	69,000,000	0.1%
2038	1,514,319	0	18,323,407	18,323,446	1,961	2,035	0	2,035	N/A	0	2,035	-96%	100.0%	100.0%	71,000,000	0.0%
2039	1,501,785	0	18,123,975	18,123,901	74	77	0	77	N/A	0	77	-96%	100.0%	100.0%	73,000,000	0.0%
2040	1,486,603	0	17,920,478	17,920,476	2	2	0	2	N/A	0	2	-97%	100.0%	100.0%	75,000,000	0.0%
2041	1,468,704	0	17,717,517	17,717,517	0	0	0	0	N/A	0	0	-100%	N/A	100.0%	77,000,000	0.0%

Contribution Total 2012-2041: 1,825,939 22,927,287
7.4% 92.6%

The above forecast is based on the April 1, 2011 actuarial valuation results and census.

The funding policy assumes: Employee Share: 12% of Compensation (10% in 2011)
Town Share: Annual Required Contribution (ARC) based on 25 year closed amortization, with 4.00% growth

Rate of return and discount rate assumed to be 7.50%.

Proposal of Plan Changes	Plan Provision	Current Plan	Proposed Plan
a. COLA for future retirees		3.00% non-compounded	2.00% non-compounded
b. Final Average Earnings		Highest 1 year	Highest 5 consecutive year average provided the June 30, 2012 accrued benefit is grandfathered
c. Employee contributions		10% of salary	12% of salary
d. Normal Retirement Benefit		Current accruals of either 2.5% and 2.0% for EEs hired before 7/1/2000 and 2.4% for others	Future accruals of 2.0% provided the June 30, 2012 accrued benefit is grandfathered

* This amount has been estimated to increase at 3% annually for illustration purposes.

Schwab

EXHIBIT A

Current Plan Provisions - Contribution of \$250,000 Plus Employee Contribution and Match

Year	Expected Benefit Payments	Covered Compensation	Accrued Liability (AAL)	Market Value of Assets	Unfunded Liability (UAAL)	Amortization of UAAL	Normal Cost	Annual Required Contrib. (ARC)	ARC as Share of Payroll	Employee Contribution	Town Contribution	Increase in Town Contribution	Contribution as Share of ARC	Functl Ratio	Revenue Forecast*	Town Contribution as Share of Revenue
2011	518,040	917,936	11,248,767	3,122,375	8,226,392	493,694	245,015	738,709	80.5%	91,794	341,794	N/A	58.7%	27.5%	TBD	TBD
2012	528,203	951,078	11,914,710	3,251,056	8,663,654	519,936	249,032	768,968	80.9%	95,108	345,108	1%	57.2%	27.3%	32,852,277	1.1%
2013	576,665	924,850	12,516,685	3,385,440	9,131,245	547,997	241,567	789,564	85.4%	92,495	342,485	-1%	55.1%	27.0%	34,000,000	1.0%
2014	632,934	893,255	13,105,643	3,474,226	9,631,417	578,014	230,520	808,534	91.5%	88,226	338,226	-1%	52.8%	26.5%	35,000,000	1.0%
2015	695,865	829,738	13,666,722	3,503,798	10,165,974	610,095	216,876	826,971	99.7%	82,974	332,974	-2%	50.3%	25.6%	36,000,000	0.9%
2016	791,287	721,811	14,194,510	3,457,321	10,737,189	644,376	189,937	834,313	115.6%	72,181	322,181	-3%	47.3%	24.4%	37,000,000	0.9%
2017	903,112	748,465	14,632,468	3,287,549	11,344,919	680,847	196,938	877,805	117.3%	74,847	324,847	1%	45.5%	22.5%	38,000,000	0.9%
2018	1,014,728	775,774	15,098,241	3,098,071	12,000,170	720,171	204,154	924,325	119.1%	77,577	327,577	1%	43.8%	20.5%	39,000,000	0.8%
2019	1,126,320	803,710	15,594,316	3,887,754	12,706,562	762,565	211,517	974,082	121.2%	80,371	330,371	1%	42.2%	18.5%	40,000,000	0.8%
2020	1,237,861	832,218	16,123,163	3,655,188	13,467,975	806,239	219,029	1,027,268	123.4%	83,222	333,222	1%	40.5%	16.5%	42,000,000	0.8%
2021	1,349,403	861,265	16,687,447	3,396,872	14,286,575	857,596	226,688	1,084,194	125.9%	86,127	336,127	1%	38.9%	14.4%	43,000,000	0.8%
2022	1,461,569	890,940	17,289,976	3,117,131	15,172,845	910,574	232,624	1,132,198	129.0%	89,940	339,940	-2%	36.6%	12.3%	44,000,000	0.8%
2023	1,573,741	920,209	17,928,411	2,738,882	16,189,529	967,388	239,822	1,187,210	142.1%	93,521	333,521	1%	35.1%	9.7%	45,000,000	0.7%
2024	1,685,937	949,836	18,604,292	2,255,072	17,349,220	1,028,584	247,203	1,233,787	158.2%	97,984	327,984	-2%	32.9%	7.2%	47,000,000	0.7%
2025	1,798,169	979,026	19,325,119	1,802,805	18,221,314	1,094,134	254,856	1,295,990	162.2%	102,510	329,510	2%	31.1%	4.2%	48,000,000	0.6%
2026	1,910,346	1,008,225	19,642,506	1,334,363	19,308,143	1,158,747	262,428	1,360,005	232.2%	107,043	331,043	14%	25.3%	1.7%	50,000,000	2.3%
2027	2,022,523	1,037,424	20,046,212	1,015,433	19,794,779	1,187,952	270,000	1,442,333	230.4%	111,574	332,574	10%	21.1%	1.3%	51,000,000	2.3%
2028	2,134,700	1,066,623	20,472,546	629,100	20,213,446	1,213,078	277,569	1,512,638	227.9%	116,107	334,107	1%	19.1%	1.3%	52,000,000	2.3%
2029	2,246,877	1,095,822	20,924,204	266,815	20,657,389	1,239,720	284,761	1,604,481	225.9%	120,640	335,640	1%	17.5%	1.3%	54,000,000	2.2%
2030	2,359,054	1,125,021	21,403,559	274,545	21,129,014	1,268,024	292,000	1,696,024	224.2%	125,173	337,173	1%	16.0%	1.3%	56,000,000	2.1%
2031	2,471,231	1,154,220	21,913,460	282,256	21,631,204	1,298,163	300,000	1,788,000	222.5%	129,706	338,706	1%	14.6%	1.3%	58,000,000	2.0%
2032	2,583,408	1,183,419	22,448,133	290,000	22,158,133	1,328,307	308,000	1,880,000	220.8%	134,239	340,239	1%	13.2%	1.3%	60,000,000	1.9%
2033	2,695,585	1,212,618	23,007,416	297,753	22,709,663	1,358,451	316,000	1,972,000	219.1%	138,772	341,772	1%	11.8%	1.3%	62,000,000	1.8%
2034	2,807,762	1,241,817	23,590,960	305,506	23,285,454	1,388,595	324,000	2,064,000	217.4%	143,305	343,305	1%	10.4%	1.3%	64,000,000	1.7%
2035	2,919,939	1,271,016	24,199,114	313,259	23,885,855	1,418,739	332,000	2,156,000	215.7%	147,838	344,838	1%	9.0%	1.3%	66,000,000	1.6%
2036	3,032,116	1,300,215	24,822,417	321,012	24,509,405	1,448,883	340,000	2,248,000	214.0%	152,371	346,371	1%	7.6%	1.3%	68,000,000	1.5%
2037	3,144,293	1,329,414	25,470,910	328,765	25,142,145	1,479,027	348,000	2,340,000	212.3%	156,904	347,904	1%	6.2%	1.3%	70,000,000	1.4%
2038	3,256,470	1,358,613	26,144,813	336,518	25,786,295	1,509,171	356,000	2,432,000	210.6%	161,437	349,437	1%	4.8%	1.3%	72,000,000	1.3%
2039	3,368,647	1,387,812	26,844,516	344,271	26,440,245	1,539,315	364,000	2,524,000	208.9%	165,970	350,970	1%	3.4%	1.3%	74,000,000	1.2%
2040	3,480,824	1,417,011	27,570,419	352,024	27,114,395	1,569,459	372,000	2,616,000	207.2%	170,503	352,503	1%	2.0%	1.3%	76,000,000	1.1%
2041	3,593,001	1,446,210	28,332,922	359,777	27,807,145	1,599,603	380,000	2,708,000	205.5%	175,036	354,036	1%	0.6%	1.3%	78,000,000	1.0%

Contribution Total 2022-2041: 1,521,204 26,961,165
5.0% 95.0%

The above forecast is based on the April 1, 2011 actuarial valuation results and census.

The funding policy assumes: Employee Share: 10% of Compensation
Town Share: \$250,000 plus 10% of Compensation (but no less than the amount needed to pay for benefit payments if Plan Trust is insufficient)

Rate of return and discount rate assumed to be 7.50%.

* This amount has been estimated to increase at 3% annually for illustration purposes.

Smithfield Police

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Smithfield

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014** to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?
- Paying ARC-fully
- Paying ARC-partially
- | Year | ARC | Actual contribution | % of ARC funded |
|-------|-----------|---------------------|-----------------|
| 2013 | 2,104,565 | 1,648,000 | 78.3% |
| 2014 | 2,114,309 | 2,079,373 | 98.3% |
| 2015* | 2,175,566 | 2,175,566 | 100% |

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table August 2013.

*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

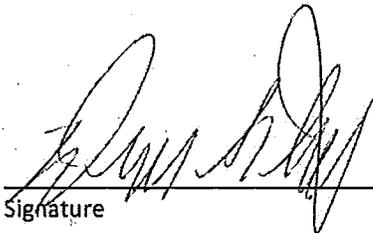
2. Budget cuts to support additional contribution?
- Yes
- No
- Still negotiating Matter in arbitration/court

Describe expense reductions:

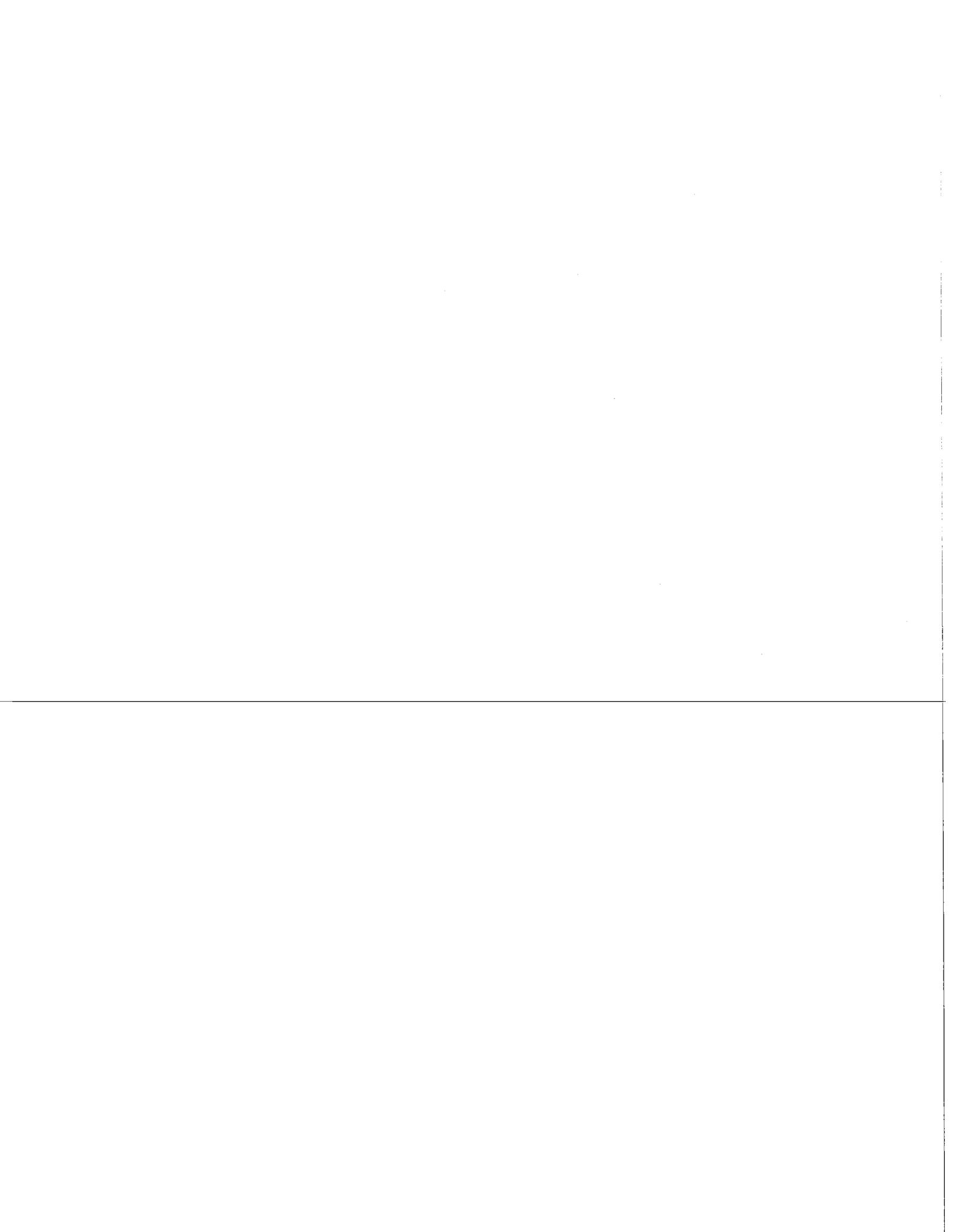
3. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?
- Yes, emerge from critical status in FY _____.
- No, emerge from critical status in FY 2026.
4. Full or continued implementation of the funding improvement plan as submitted to the Commission?
- Partial implementation of the funding improvement plan as submitted to the Commission?
- Changes made to FIP

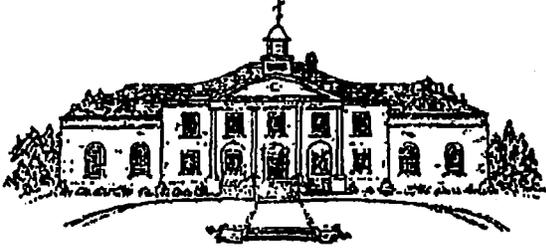
LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
OPEB Survey

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.


Signature

April 9, 2014
Date





Town of Smithfield

64 FARNUM PIKE
SMITHFIELD, RHODE ISLAND 02917-3203
TELEPHONE (401) 233-1010 FAX (401) 233-1080
E-mail: dfinlay@smithfieldri.com

DENNIS G. FINLAY
TOWN MANAGER

August 23, 2013

Rosemary Booth-Gallogly
Director of Revenue
RI Department of Revenue
One Capitol Hill
Providence, RI 02908

RE: Funding Improvement Plan Update

Dear Director Booth-Gallogly:

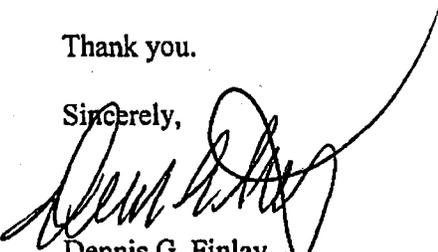
The Town of Smithfield has made it a priority to ensure the success of the Town's adopted funding improvement plan (FIP). On June 13, 2013 at the annual financial town meeting the town's people approved the first year's increased contribution in the amount of \$1,977,600. The increased contribution represents a 20% increase (\$329,600) over fiscal year 2013's contribution of \$1,648,000.

The Town's FIP plan has been incorporated into the fiscal year 2014 five-year budget forecast model that was submitted to the Department of Revenue on July 23, 2013 and will continue to be included as future budgets are prepared.

We take our responsibility with respect to this plan very seriously and continue to work towards improving the health of the fund.

Thank you.

Sincerely,



Dennis G. Finlay
Town Manager

Cc:
Smithfield Town Council
Susanne Greschner, Chief, Division of Municipal Finance
Randy R. Rossi, Smithfield Finance Director

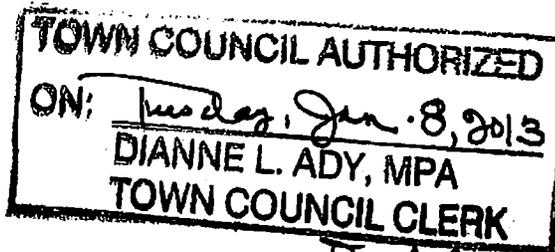
Copy: R. Rossi,

January 2, 2013

TO: Smithfield Town Council
Dennis Finlay, Town Manager

FROM: Randy R. Rossi

SUBJECT: Police Pension Plan Funding Improvement Plan



As part of the recent pension reform legislation, locally administered pension plans have been brought to the forefront and the burden they have on municipalities statewide. For our town the Police Pension Plan is currently in critical status with a funding ratio (assets-to-accrued liabilities) of 16.8% which is well below the state required minimum of 60%. The Town increased its contribution by \$600,000 to the plan in the current fiscal year (2013) to begin to address the issue. The Police Plan is a closed plan which includes 44 participants (33 retirees, 6 beneficiaries, and 5 disabled participants) and an unfunded liability of \$20,556,295.

In accordance with Rhode Island General Law Section 45-65-6, the Town submitted the enclosed funding improvement plan to the Locally-Administered Pension Plans Study Commission by November 11, 2012 deadline. As the second phase of submitting the plan the Town is required to adopt one of the options to help revive the plan from critical status and reach a funding ratio of 100%.

After a review of the four options with the town's actuary (Buck Consultants) and the Town Manager we recommend adopting Option 1. This option will provide a layered approach over the next two years to help reduce the financial impact over the next two fiscal years while reaching a funding level of 100% within 19 years.

Fiscal Year	Increase to Contribution	Potential Increase to Tax Levy	Increase to Tax Rate
2014	20% - \$329,600	.65%	\$0.15 per \$1,000
2015	10% - \$197,966	.39%	\$0.09 per \$1,000

- ❖ The potential increase to the tax levy is the worst case scenario and all other options would be examined before a decision is made for funding the increase in the Town's contribution.

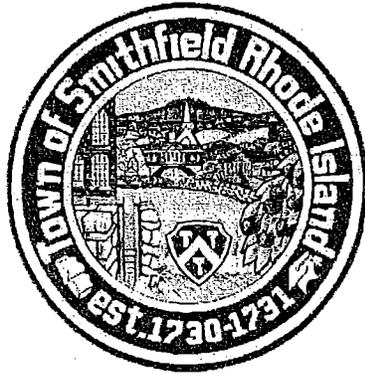
MOTIONS:

md/SA 4/0 Unanimous

That the Smithfield Town Council approves Funding Improvement Option 1 increasing the Town's Annual Contribution by 20% annually until reaching 100% of the Annual Required Contribution for the Police Pension Plan.

Enclosures:
Town's Funding Improvement Plan
Police Pension Actuarial Study as of June 30, 2012

TOWN OF SMITHFIELD



POLICE PENSION PLAN
FUNDING IMPROVEMENT PLAN

NOVEMBER 6, 2012

Executive Summary

In accordance with Rhode General Laws Section 45-65-6, the Town is submitting this Funding Improvement Plan (Plan) to the Locally-Administered Pension Plans Study Commission. The Town has completed an experience study as of March 21, 2012 and an actuarial valuation as of October 24, 2012 which incorporated the new assumptions as outlined in the experience study. Based on these results the funded status of the police pension plan is 16.8% and therefore, considered in critical status.

Within this plan we will outline the Town's options for increasing the funding ratio to bring the fund out of critical status. The Town Council will be reviewing these options following the new council taking office. The Police Plan is a closed plan which includes 44 participants (33 retirees, 6 beneficiaries, and 5 disabled participants) and an unfunded liability of \$20,556,295. The Town plans to increase contributions and emerge from critical status in about 13 years.

Current Funding

The Town Council has adopted (July 10, 2012 - Town Council Meeting) the recommendations of our actuary that were presented in the March 2012 experience study. These actuarial assumptions have been incorporated in Town's October 2012 actuarial evaluation. Based on these results, the actuary is recommending a pension contribution of \$2,104,565 into the trust with incremental increases averaging 0.10% annually until 2029 when the plan is expected to be 100% funded. The Town has contributed \$1,648,000 for fiscal year 2013, or 78.3% of the Annual Required Contribution (ARC). The Town's contribution represents 2.66% of the total budget. For fiscal year 2012 the Town contributed \$1,048,000, or 55.3% of the ARC.

Funding Improvement Options

The Town is currently contributing less than 100% of the ARC and has developed the following four options to emerge the Police Pension Plan from critical status. All four options are using the current fiscal year 2013 and 20 years forward to fiscal year 2033 in the attached actuarial schedules (21-year period).

OPTION 1

Increase of Funding by 20% until reaching 100% of Annual Required Contribution

- Emerge from Critical Status in 13 Years (Fiscal Year 2026)
- Total contribution costs for 21-year period \$38,772,020
- Reach Funding Ratio of 100% in 19 Years (Fiscal Year 2031)

The Town has increased the funding of the system for fiscal year 2013 to 78.3% of the ARC. Option 1 increases the Town's contribution by 20% per year until it reaches 100% of the ARC, which would be reached in fiscal year 2015.

In order to support the contribution increases the Town will need to find areas to cut in an already lean budget that has averaged a 0.21% increase over the last four fiscal years. The table below illustrates the potential effect on the tax levy if the Town were to increase taxes as the sole source of generating the necessary revenue.

Fiscal Year	Increase to Contribution	Potential Increase to Tax Levy	Increase to Tax Rate
2014	20% - \$329,600	.65%	\$0.15 per \$1,000
2015	10% - \$197,966	.39%	\$0.09 per \$1,000

OPTION 2

Contribute 100% of Annual Required Contribution

- Emerge from Critical Status in 13 Years (Fiscal Year 2026)
- Total contribution costs for 21-year period \$38,253,793
- Reach Funding Ratio of 100% in 19 Years (Fiscal Year 2031)

This option would require an additional contribution of \$456,565 for the current fiscal year, which was not part of the adopted budget. Drastic cuts in staffing and services would be necessary in order to fund the additional contribution. In fiscal years 2014-2026 the Town's annual contribution would increase an average of \$1,357 per year until emerging from critical status in fiscal year 2026.

OPTION 3

Contribute 100% of Annual Required Contribution and Increase by 2.10% Annually

- Emerge from Critical Status in 10 Years (Fiscal Year 2023)
- Total contribution costs for 21-year period \$36,513,460
- Reach Funding Ratio of 100% in 19 Years (Fiscal Year 2031)

OPTION 1

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

Option: 20% Increase in ARC
 Emerge from Critical Status in 13 Years

Annual Increase Rate: 20.00%

Fiscal Year	Payment Against the ARC	Employer Normal Cost	Expected Expenses	Amortization	ARC	Contribution	Increase	Benefit Payments	Assets	Accrued Liability	Unfunded Liability	Funded Ratio
2013	78%	0	27,000	2,000,467	2,104,565	1,648,000		1,690,742	4,151,787	24,708,082	20,556,295	16.80%
2014	92%	0	28,000	2,047,885	2,154,825	1,977,600	20.00%	1,726,978	4,401,156	24,868,991	20,467,835	17.70%
2015	100%	0	29,000	2,066,867	2,175,566	2,175,566	10.01%	1,763,229	4,973,334	25,004,793	20,031,459	19.90%
2016	100%	0	30,000	2,066,867	2,176,605	2,176,605	0.05%	1,799,348	5,756,681	25,113,529	19,356,848	22.90%
2017	100%	0	31,000	2,066,867	2,177,643	2,177,643	0.05%	1,835,196	6,563,286	25,193,241	18,629,955	26.10%
2018	100%	0	32,000	2,066,867	2,178,681	2,178,681	0.05%	1,870,615	7,395,231	25,241,959	17,846,728	29.30%
2019	100%	0	33,000	2,066,867	2,179,719	2,179,719	0.05%	1,905,402	8,254,926	25,257,725	17,002,799	32.70%
2020	100%	0	35,000	2,066,867	2,181,795	2,181,795	0.10%	1,939,368	9,145,176	25,238,643	16,093,467	36.20%
2021	100%	0	36,000	2,066,867	2,182,833	2,182,833	0.05%	1,972,308	10,069,242	25,182,904	15,113,662	40.00%
2022	100%	0	38,000	2,066,867	2,184,909	2,184,909	0.10%	2,004,038	11,030,770	25,088,692	14,057,922	44.00%
2023	100%	0	39,000	2,066,866	2,185,946	2,185,946	0.05%	2,034,342	12,033,958	24,954,320	12,920,362	48.20%
2024	100%	0	41,000	2,066,866	2,188,022	2,188,022	0.09%	2,062,940	13,083,476	24,778,117	11,694,641	52.80%
2025	100%	0	42,000	2,066,866	2,189,060	2,189,060	0.05%	2,089,563	14,184,725	24,558,652	10,373,927	57.80%
2026	100%	0	44,000	2,066,866	2,191,136	2,191,136	0.09%	2,113,958	15,343,724	24,294,583	8,950,859	63.20%
2027	100%	0	46,000	2,066,867	2,193,213	2,193,213	0.09%	2,135,744	16,567,303	23,984,805	7,417,502	69.10%
2028	100%	0	47,000	2,066,867	2,194,251	2,194,251	0.05%	2,154,500	17,863,174	23,628,484	5,765,310	75.60%
2029	100%	0	49,000	2,066,866	2,196,326	2,196,326	0.09%	2,169,876	19,240,045	23,225,117	3,985,072	82.80%
2030	100%	0	51,000	2,066,867	2,198,403	2,198,403	0.09%	2,181,579	20,707,741	22,774,608	2,066,867	90.90%
2031	100%	0	53,000	0	55,015	55,015	-97.50%	2,189,313	22,277,115	22,277,115	0	100.00%
2032	100%	0	55,000	0	57,091	57,091	3.77%	2,192,622	21,733,118	21,733,117	0	100.00%
2033	100%	0	58,000	0	60,206	60,206	5.46%	2,191,143	21,143,604	21,143,603	0	100.00%

Assumed Interest Rate: 7.75%

Tiverton Police

Funding Improvement Plan Update



**LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE**

Tiverton

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014 to elaine.colarusso@dor.ri.gov.**

1. Funding 100% of the ARC by FY 2014?
 Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	544,334	700,000	128.6%
2014	573,692	825,000	143.8%
2015*	584,841	800,000	136.8%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table 7/1/13.

*planned payment

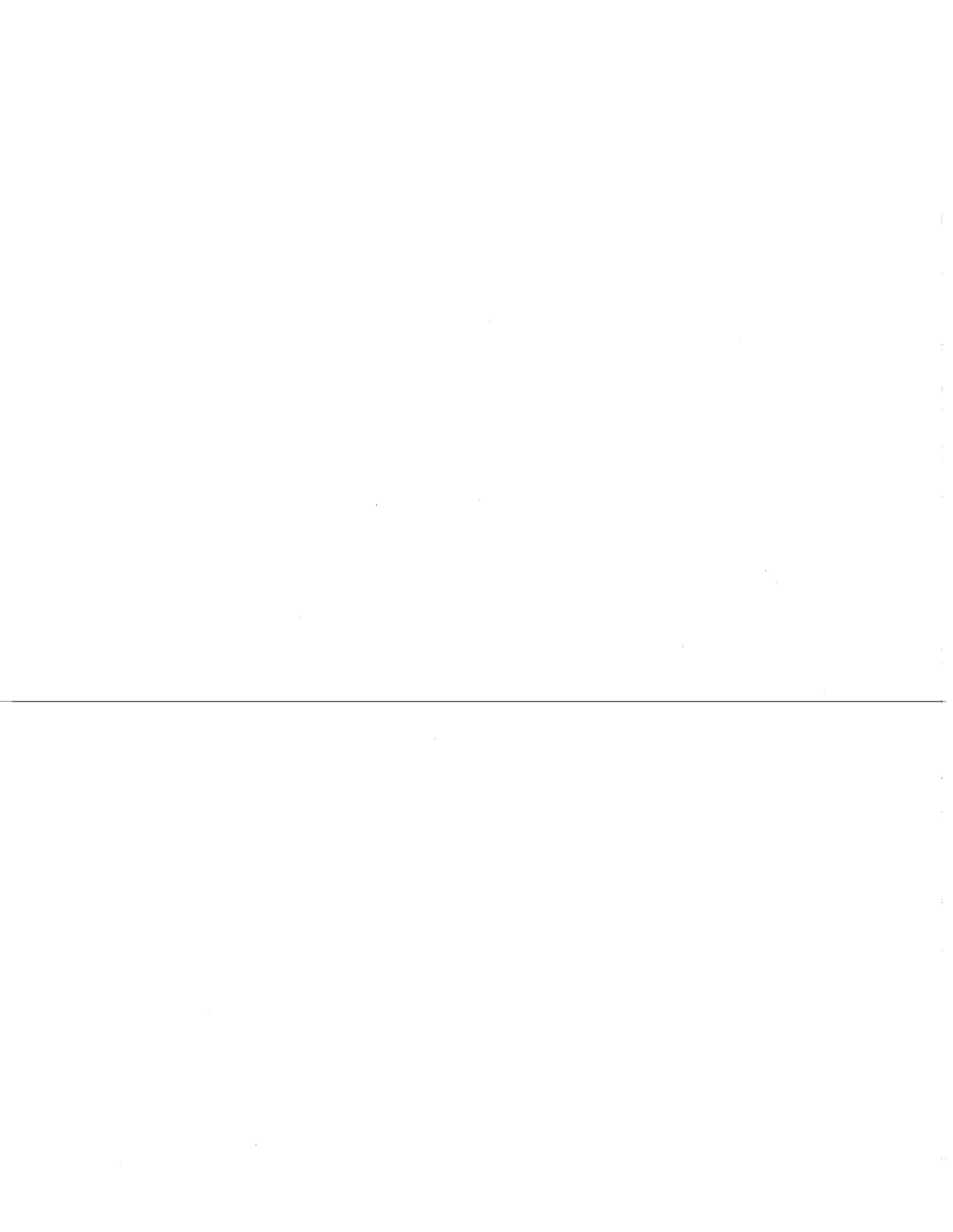
Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. Changed to closed amortization?
 Yes
 No
3. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?
 Yes, emerge from critical status in FY 2016-2017
 No, emerge from critical status in FY _____
4. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.

Matthew J. Zajac
 Signature

4/17/2014
 Date



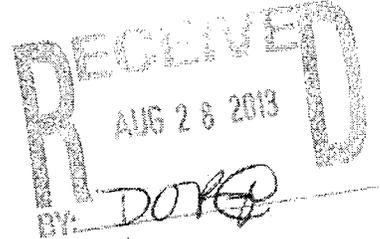
TOWN OF TIVERTON, RHODE ISLAND

OFFICE OF TOWN ADMINISTRATOR

James C. Goncalo
Town Administrator

August 23, 2013

Rosemary Booth Gallogly, Director
Department of Revenue
One Capitol Hill
Providence, RI 02908-5855



Dear Ms Gallogly,

Pursuant to your August 20, 2013 request for an update on Tiverton's Police Pension Funding Improvement Plan (FIP), I submit the following update for your review.

As of July 1, 2012, our Pension Plan ARC was \$590,573. As part of our FIP, Tiverton chose Option I, and for FY 2012-2013, we in fact contributed \$700,000 to the Pension Plan. For FY 2013-2014, we have already contributed \$825,000 to the Plan. Our latest Actuarial Report is forthcoming. We have also negotiated with the Police Union a 25 year retirement for Officers hired subsequent to July 1, 2012 rather than a 20 year retirement. We currently have five officers in the 25 year retirement program, two of which replace Officers formerly in the 20 year program.

Additionally, we are reviewing proposals for a new investment and administration firm which will hopefully increase our earnings and decrease our administrative costs.

Should you have any questions, please do not hesitate to contact the undersigned at 401.625.6710.

Sincerely,

James C. Goncalo
Town Administrator

Cc: Denise Saurette

TOWN OF TIVERTON

FINANCIAL IMPROVEMENT PLAN

Executive Summary

In accordance with Rhode Island General Laws Section 45-65-6, the Town is submitting this Funding Improvement Plan (Plan) to the Locally-Administered Pension Plans Study Commission. The Town completed an actuarial valuation as of July 1, 2012 and an experience study as of July 1, 2011. Based on these results the funded status of the pension system is 50.6% and therefore, considered in critical status.

In the pages that follow we will describe our plans for increasing this ratio to the point that the plan is no longer considered in critical status. The local governing body for the Town has adopted **Option number 1**, in order to emerge from critical status. This will be accomplished through increased funding contributions. We expect to achieve this goal in about 8 years.

Current Funding

The Town has accepted the recommendations of our actuary for increasing the current contribution rate. Based on these results, the actuary is recommending a pension contribution of \$700,000 to the trust based on a 25 year amortization with payments remaining at that level for no less than 8 years. The City has budgeted \$700,000 for fiscal year 2012-2013, or 119% of the recommended contribution. This also represents 1.72% of our revenue. For fiscal year 2011-2012, the Town contributed 81% of the recommended contribution.

Option 1 Future Funding

The Funding Improvement Plan is to increase the funding contribution rate of the system beginning in fiscal year 2012-2013 to 119% of the recommended contribution. The FIP will be maintained as defined. The amortization period for the current unfunded liability will be changed from 25 years on a rolling or open method to 25 years on a closed method in the determination of the recommended contribution. Exhibit A shows the forecast of key values prior to the aforementioned changes and Exhibits B and C show the forecast of key values **after** such changes are made with Exhibit C using an interest rate assumption that is 0.5% lower than the currently assumed rate. Exhibits D and E describe the actuarial assumptions and plan provisions, respectively.

The Pension contribution increased from \$550,000 in FY12 to \$700,000 in FY13. The impact of this increase was already planned for in this year's budgetary process. Furthermore, the Town

plans to sustain that level of funding going forward; and the impact of that increase has been mitigated by prudent management of our expenses.

-

Plan Changes

The Town does not intend to negotiate reductions in the pension benefits provided to current active and retired plan participants at this time.

Options 2 - 4 Future Funding

Discussions regarding a Funding Improvement Plan also included the following possible scenarios:

Option 2 – Elimination of the COLA provision for future and possibly current retirees

Option 3 – Require 25 years of Credited Service for all current active participants to reach eligibility for Normal Retirement

Option 4 – Freeze all benefits in the current plan effective July 1, 2015

Option 1 as outlined in this report was deemed to be a feasible solution to the Town and one that is anticipated to meet the goal of emerging from critical status in less than a decade.

The Town of Tiverton is confident that this goal can be met under the Funding Improvement Plan detailed here.

The attached report provided by the Plan's actuary contains the required supporting documentation for the Funding Improvement Plan described in this report.

McCloud & Nichols
QUALIFIED PLAN CONSULTING AND ADMINISTRATION

205 W. KANSAS
LIBERTY, MO 64068
(816) 792-3838 * Fax (816) 792-8350

October 19, 2012

Mr. James Goncalo
Town Administrator
343 Highland Road
Tiverton, Rhode Island 02878

Town of Tiverton Police Department Pension Plan
Funding Improvement Plan information and Exhibits

Dear James:

McCloud & Nichols was asked to perform a study of the projected assets, liabilities and funding obligations of the Plan in order to assist with the preparation of a Funding Improvement Plan in accordance with Rhode Island General Laws Section 45-65-6.

The exhibits contained in this report are intended to supplement the Funding Improvement Plan that the Town of Tiverton will ultimately submit to the State of Rhode Island. Revenue forecast information was provided by the Town.

The studies contained herein have been conducted in accordance with generally accepted actuarial principles and practices. The employee data and Plan asset data is the same as that used in the Actuarial Valuation Report issued for the Plan on August 6, 2012. The actuarial assumptions, methods and plan provisions used for these studies are also the same as those used in the Actuarial Valuation Report issued for the Plan on August 6, 2012 unless otherwise noted.

This report is only valid when presented in its entirety and is intended for use by the Town Administrator. It must not be reproduced without permission or used for any purpose other than as stated herein.

Neither the signing actuary nor the firm of McCloud & Nichols has a conflict of interest that would impair the objectivity of our work. The undersigned meets the Qualification Standards for Prescribed Statements of Actuarial Opinion promulgated by the American Academy of Actuaries.

Respectfully submitted,



Traci M. Christian, EA, MAAA
Enrollment Number 11-06694

Exhibit B - Forecast of Key Values - Revised Contribution Level
Town of Tiverton Police Department Pension Plan
Projection of Funded Status and Recommended Contributions
Current Forecast of Actuarial Valuation Results - 25 year Closed Amortization - interest contribution level is a minimum of \$700,000

Year	Payment Against the ARC	Employer Normal Cost	Amortization	ARC	Contribution	Interest	Payroll of Payroll as a %	Benefit Payments	Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Revenue Forecast	Contribution as a % of Revenue	
2012	119%	171,429	377,841	590,573	700,000		1,673,108	47.5%	712,311	6,634,416	13,228,181	6,533,765	50.8%	40,471,001	1.70%
2013	117%	178,287	376,455	596,347	700,000	0.0%	1,532,124	43.7%	771,904	7,157,475	13,065,558	5,508,084	52.4%	42,377,898	1.85%
2014	114%	185,418	383,267	613,583	700,000	0.0%	1,383,409	43.9%	805,548	7,593,435	14,081,283	6,487,848	33.3%	43,498,285	1.81%
2015	111%	182,835	395,652	632,451	700,000	0.0%	1,673,145	42.2%	865,527	8,027,683	14,500,844	6,473,161	35.4%	44,732,343	1.56%
2016	107%	200,548	407,059	653,178	700,000	0.0%	1,723,431	40.9%	909,870	8,431,233	14,887,824	6,456,591	36.8%	46,858,000	1.52%
2017	104%	208,570	420,299	676,034	700,000	0.0%	1,722,268	38.1%	986,432	8,819,585	15,286,780	6,467,174	37.7%		
2018	100%	216,913	433,489	701,343	701,343	0.2%	1,854,053	37.6%	876,090	9,178,561	15,654,795	6,476,233	38.6%		
2019	100%	225,589	452,919	723,287	723,287	4.0%	1,838,623	37.6%	1,000,220	9,555,287	16,048,383	6,485,096	39.5%		
2020	100%	234,613	471,038	758,573	758,573	4.0%	2,016,170	37.6%	1,062,718	9,963,806	16,457,783	6,494,157	40.5%		
2021	100%	243,297	489,877	788,915	788,915	4.0%	2,096,817	37.6%	1,167,123	10,387,294	16,842,149	6,474,855	41.6%		
2022	100%	253,787	509,472	820,472	820,472	4.0%	2,180,880	37.6%	1,197,395	10,722,867	17,156,718	6,433,851	42.5%		
2023	100%	263,906	529,851	853,291	853,291	4.0%	2,267,918	37.6%	1,235,353	11,104,634	17,473,241	6,398,707	43.6%		
2024	100%	274,454	551,045	887,423	887,423	4.0%	2,358,634	37.6%	1,282,656	11,528,094	17,783,864	6,276,770	44.7%		
2025	100%	285,443	573,087	922,920	922,920	4.0%	2,452,980	37.6%	1,342,256	11,949,485	18,104,630	5,155,154	46.0%		
2026	100%	296,860	596,011	959,836	959,836	4.0%	2,551,099	37.6%	1,396,473	12,376,028	18,478,747	8,000,722	47.5%		
2027	100%	308,726	619,851	998,230	998,230	4.0%	2,653,143	37.6%	1,381,221	12,856,723	18,896,787	5,810,954	48.5%		
2028	100%	321,054	644,643	1,038,189	1,038,189	4.0%	2,759,288	37.6%	1,420,882	13,386,082	19,365,555	5,570,479	49.5%		
2029	100%	333,927	670,421	1,078,685	1,078,685	4.0%	2,869,639	37.6%	1,460,334	13,954,033	19,879,978	5,304,946	50.5%		
2030	100%	347,285	697,248	1,122,873	1,122,873	4.0%	2,984,425	37.6%	1,500,525	14,544,434	20,426,528	4,982,104	51.5%		
2031	100%	361,178	725,139	1,167,788	1,167,788	4.0%	3,104,862	37.6%	1,577,785	15,139,084	21,006,204	4,606,220	52.5%		
2032	100%	375,625	754,144	1,214,459	1,214,459	4.0%	3,227,254	37.6%	1,593,578	15,805,350	21,677,512	4,172,163	53.5%		
2033	100%	390,648	784,308	1,263,079	1,263,079	4.0%	3,357,072	37.6%	1,608,248	16,582,488	22,396,658	3,674,370	54.5%		
2034	100%	406,274	815,682	1,313,602	1,313,602	4.0%	3,491,365	37.6%	1,639,580	17,399,206	23,166,021	3,106,816	55.5%		
2035	100%	422,525	848,209	1,366,146	1,366,146	4.0%	3,631,008	37.6%	1,632,659	18,216,684	23,779,623	2,462,969	56.5%		
2036	100%	439,428	882,242	1,420,792	1,420,792	4.0%	3,776,249	37.6%	1,650,828	19,062,988	24,398,447	1,733,758	57.5%		
2037	100%	457,023	917,931	1,477,624	1,477,624	4.0%	3,927,289	37.6%	1,655,529	20,016,723	25,454,254	917,591	58.5%		
2038	100%	475,283		610,829	610,829	-65.4%	4,084,391	12.5%	1,651,784	21,815,489	21,815,489		100.0%		

The results presented here are ESTIMATES. They are based on the data, assumptions, methods and plan provisions outlined in the July 1, 2012 actuarial report unless otherwise noted. These descriptions should be considered to be a part of this summary report. These results are for discussion purposes only and should not be relied upon for purposes of making cash contributions to the Plan nor for any other purposes.

Exhibit A - Forecast of Key Values
Town of Tiverton Police Department Pension Plan
Projection of Funded Status and Recommended Contributions

Year Beginning	Payment Against the ARC	Employer Normal Cost	Amortization	ARC	Contribution	Increase	Payroll	Contribution as a % of Payroll	Benefit Payments	Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Revenue Forecast	Contribution as a % of Revenue
2012	100%	171,429	377,941	190,578	390,578		1,474,196	46.1%	712,311	6,884,416	12,226,181	6,333,765	50.8%	40,471,001	1.46%
2013	100%	177,429	402,028	192,917	422,917	32,339	1,524,758	49.9%	771,304	7,044,046	13,552,593	6,511,511	51.6%	42,337,339	1.47%
2014	100%	183,639	428,924	195,381	454,919	32,002	1,578,124	49.2%	825,648	7,304,718	14,980,362	6,681,644	52.5%	43,486,285	1.46%
2015	100%	190,067	458,858	197,964	486,919	31,952	1,633,359	48.5%	885,427	7,571,542	16,497,341	6,748,339	53.5%	44,732,343	1.44%
2016	100%	196,719	491,850	200,661	518,919	31,952	1,690,326	48.8%	948,870	8,079,847	18,091,726	6,811,781	54.5%	45,859,000	1.43%
2017	100%	203,604	527,941	203,484	550,919	31,952	1,749,995	49.2%	1,016,462	8,399,253	19,776,251	6,877,788	55.6%		
2018	100%	210,731	568,067	206,467	582,919	31,952	1,811,934	49.6%	1,088,090	8,683,525	21,547,876	6,944,353	56.6%		
2019	100%	218,106	612,219	209,506	614,919	31,952	1,877,317	50.0%	1,164,318	9,012,973	23,414,599	7,011,735	57.6%		
2020	100%	225,740	660,407	212,606	646,919	31,952	1,945,918	50.4%	1,244,318	9,344,442	25,384,181	7,079,709	58.6%		
2021	100%	233,641	712,676	215,751	678,919	31,952	2,027,815	50.8%	1,327,123	9,647,081	27,454,403	7,148,322	59.6%		
2022	100%	241,818	769,045	218,941	710,919	31,952	2,078,088	51.2%	1,412,385	9,977,782	29,624,625	7,217,850	60.6%		
2023	100%	250,282	829,514	222,176	742,919	31,952	2,130,822	51.6%	1,500,000	10,304,967	31,894,847	7,287,548	61.6%		
2024	100%	259,042	893,183	225,456	774,919	31,952	2,224,100	52.0%	1,590,000	10,628,303	34,264,070	7,358,178	62.6%		
2025	100%	268,108	961,052	228,781	806,919	31,952	2,304,014	52.4%	1,682,000	10,951,734	36,733,293	7,429,467	63.6%		
2026	100%	277,492	1,033,121	232,151	838,919	31,952	2,384,864	52.8%	1,776,000	11,275,165	39,292,516	7,501,430	64.6%		
2027	100%	287,204	1,109,290	235,566	870,919	31,952	2,468,117	53.2%	1,872,000	11,600,119	41,941,739	7,574,190	65.6%		
2028	100%	297,256	1,189,459	239,016	902,919	31,952	2,554,501	53.6%	1,970,000	11,926,088	44,681,962	7,647,585	66.6%		
2029	100%	307,650	1,273,628	242,511	934,919	31,952	2,644,008	54.0%	2,070,000	12,253,082	47,512,185	7,721,712	67.6%		
2030	100%	318,387	1,361,797	246,041	966,919	31,952	2,736,448	54.4%	2,172,000	12,581,091	50,432,408	7,798,546	68.6%		
2031	100%	329,469	1,453,966	249,606	1,000,919	31,952	2,831,221	54.8%	2,276,000	12,910,105	53,442,631	7,877,108	69.6%		
2032	100%	341,000	1,550,135	253,206	1,046,919	31,952	2,929,048	55.2%	2,382,000	13,240,124	56,542,854	7,957,410	70.6%		
2033	100%	353,081	1,650,304	256,841	1,094,919	31,952	3,029,648	55.6%	2,490,000	13,571,148	59,733,077	8,039,412	71.6%		
2034	100%	365,712	1,754,473	260,511	1,144,919	31,952	3,133,621	56.0%	2,600,000	13,903,177	63,013,300	8,123,114	72.6%		
2035	100%	378,903	1,862,642	264,216	1,196,919	31,952	3,250,574	56.4%	2,712,000	14,236,211	66,393,523	8,208,116	73.6%		
2036	100%	392,654	1,974,811	267,956	1,250,919	31,952	3,371,207	56.8%	2,826,000	14,570,250	69,873,746	8,294,118	74.6%		
2037	100%	406,965	2,091,980	271,731	1,306,919	31,952	3,496,230	57.2%	2,942,000	14,905,294	73,453,969	8,381,120	75.6%		
2038	100%	421,836	2,223,149	275,541	1,364,919	31,952	3,625,253	57.6%	3,060,000	15,241,343	77,144,192	8,469,122	76.6%		

The results presented here are ESTIMATES. They are based on the data, assumptions, methods and plan provisions outlined in the July 1, 2012 actuarial report unless otherwise noted. These descriptions should be considered to be a part of this summary report.

These results are for discussion purposes only and should not be relied upon for purposes of making cash contributions to the Plan nor for any other purposes.

Warwick Fire & Police I

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Warwick

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014** to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	14,276,545	14,276,545	100%
2014	14,811,916	15,206,485	102.6%
2015*	15,645,428	15,645,428	100%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table from actuarial valuation of July 1, 2011 and July 1, 2013.

*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. Continue with 40 year contribution strategy?

- Yes
 No

3. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

- Yes, emerge from critical status in FY _____ In conjunction with the June 30, 2032 valuation.
 No, emerge from critical status in FY _____

4. Full or continued implementation of the funding improvement plan as submitted to the Commission?

- Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.

Signature
Ernest M. Zmyslinski, Finance Director
City of Warwick

April 18, 2014

Date

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

***CITY OF WARWICK, RHODE ISLAND FIREFIGHTERS / POLICE I
PENSION FUND
ACTUARIAL VALUATION AS OF JULY 1, 2011***

I. Purpose and Summary

This report presents the results of our July 1, 2011 actuarial valuation of the City of Warwick, Rhode Island Firefighters/Police I Pension Fund. The valuation was performed at the request of the City of Warwick to determine the City's annual contribution for the fiscal years beginning July 1, 2012 and July 1, 2013 under the City's funding ordinance.

The City's contribution levels are \$14,276,545 for 2012-2013 and \$14,811,916 for 2013-2014, as shown on Table 4.

The development of the valuation results is shown in Tables 1 through 8 and is described in more detail on the following pages.

II. Membership Data

The City furnished data for active and retired members as of December 31, 2010. The data was projected to July 1, 2011 for valuation purposes reflecting age, salary and benefit increases, but assuming no change in the number of members. Although we did not audit this data, we did review it for reasonableness and consistency with the data collected in the previous valuation (prepared as of July 1, 2009). Tables 5A, 5B and 5C provide distributions by age and service for active members. Tables 1A, 1B, and 1C provide information about the retirees and inactive members.

III. Plan Provisions

A summary of the principal plan provisions recognized for purposes of the valuation is provided in Table 8. There were no changes to this plan adopted since the last actuarial valuation.

VI. Funding Policy

The plan is funded on an actuarially determined basis in accordance with the City's pension ordinances. Actuarial valuations are performed every two years. The annual City contribution is the sum of:

1. Normal cost, net of the 7.00% employee contributions;
2. A 40-year amortization of the unfunded actuarial accrued liability as of July 1, 1995, amortized as a level percentage of payroll (payments increase by 3.75% per year under the assumptions employed in this valuation); and
3. 20-year amortization of the experience gains or losses, method changes, assumption changes, or plan changes since July 1, 1995, amortized as a level percentage of payroll.

The contribution amount determined by the July 1, 2011 valuation is projected with assumed base pay increases (3.75%) to determine the statutory contribution level for the 2012-2013 and 2013-2014 fiscal years.

VII. GASB 27

~~The contributions determined by this valuation were determined in accordance with the pension ordinances, but they do not comply with the requirements of Statement No. 27 of the Governmental Accounting Standards Board. That statement requires that governmental plans determine an Annual Required Contribution (ARC) using an amortization period not in excess of 30 years, and it requires that the amortization payments in a closed plan, such as this one, either be based on a level-payment approach or reflect the expected decrease in future payroll for the closed active group. The plan's contributions, determined in accordance with city ordinances which do utilize an increasing payroll assumption, do not comply with these requirements.~~

The ARCs as computed using a 30-year level payment amount, as required by GASB 27, are \$21,122,807 for 2012-2013 and \$21,173,419 for 2013-2014.

EXHIBIT 3 1-3

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

***CITY OF WARWICK, RHODE ISLAND FIREFIGHTERS / POLICE I
PENSION FUND
ACTUARIAL VALUATION AS OF JULY 1, 2013***

I. Purpose and Summary

This report presents the results of our July 1, 2013 actuarial valuation of the City of Warwick, Rhode Island Firefighters/Police I Pension Fund. The valuation was performed at the request of the City of Warwick to determine the City's annual contribution for the fiscal year beginning July 1, 2014 under the City's funding ordinance.

The City's contribution level is \$15,645,428 for 2014-2015, as shown on Table 4.

The development of the valuation results is shown in Tables I through 10 and is described in more detail on the following pages.

II. Membership Data

The City furnished data for active and retired members as of December 31, 2012. The data was projected to July 1, 2013 for valuation purposes reflecting age, salary and benefit increases, with adjustments of data due to data questions response. Although we did not audit this data, we did review it for reasonableness and consistency with the data collected in the previous valuation (prepared as of July 1, 2011). Tables 5A, 5B and 5C provide distributions by age and service for active members. Tables 1A, 1B, and 1C provide information about the retirees and inactive members.

III. Plan Provisions

A summary of the principal plan provisions recognized for purposes of the valuation is provided in Table 10. There were no changes to this plan adopted since the last actuarial valuation.

VI. Funding Policy

The plan is funded on an actuarially determined basis in accordance with the City's pension ordinances. Beginning with this valuation, actuarial valuations will be performed every year. The annual City contribution is the sum of:

1. Normal cost, net of the 7.00% employee contributions;
2. A 40-year amortization of the unfunded actuarial accrued liability as of July 1, 1995, amortized as a level percentage of payroll (payments increase by 3.75% per year under the assumptions employed in this valuation); and
3. 20-year amortization of the experience gains or losses, method changes, assumption changes, or plan changes since July 1, 1995, amortized as a level percentage of payroll.

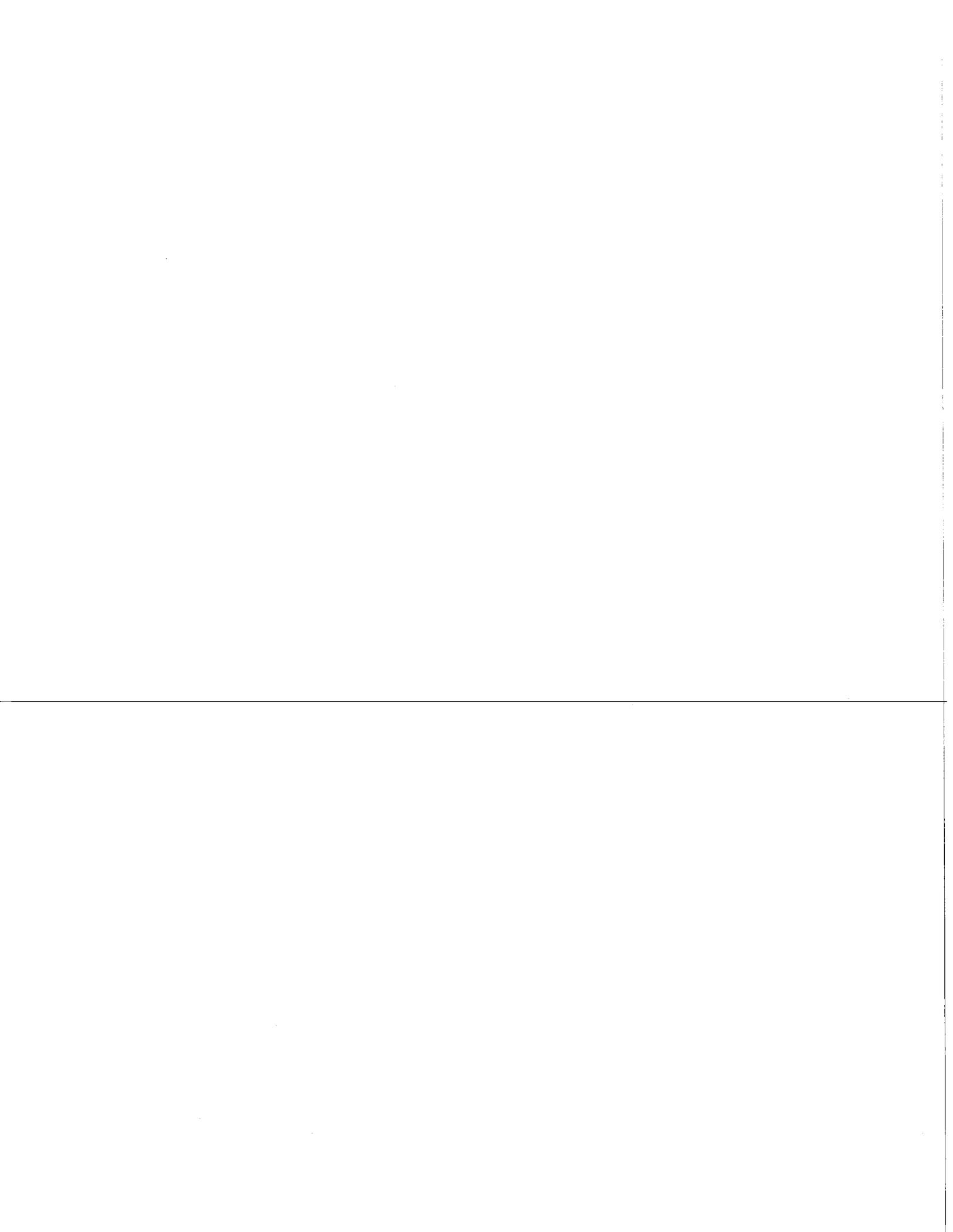
The contribution amount determined by the July 1, 2013 valuation is projected with assumed base pay increases (3.75%) to determine the statutory contribution level for the 2014-2015 fiscal year.

VII. GASB 27

The contribution determined by this valuation were determined in accordance with the pension ordinances, but they do not comply with the requirements of Statement No. 27 of the Governmental Accounting Standards Board. That statement requires that governmental plans determine an Annual Required Contribution (ARC) using an amortization period not in excess of 30 years, and it requires that the amortization payments in a closed plan, such as this one, either be based on a level-payment approach or reflect the expected decrease in future payroll for the closed active group. The plan's contributions, determined in accordance with city ordinances which do utilize an increasing payroll assumption, do not comply with these requirements.

The ARC as computed using a 30-year level payment amount, as required by GASB 27, is \$21,238,039 for 2014-2015.

The plan's funded ratio—the actuarial value of assets divided by the actuarial accrued liability, is 20.3%, compared to 22.3% in the preceding valuation. The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 27.



From: "ZMYSLINSKI ERNEST M" <ERNEST.M.ZMYSLINSKI@warwickri.com>
To: <susanne.greschner@dor.ri.gov>
CC: <elaine.colarusso@dor.ri.gov>, "BRENNAN DIANE L" <DIANE.L.BRENNAN@warwic...>
Date: 9/9/2013 8:03 AM

Good Morning Susanne,

I'm writing to you in response to Rosemary Booth Gallogly's August 20, 2013 letter requesting an update on the implementation of the Funding Improvement Plan for the City of Warwick's Firefighters/ Police Pension Plan.

The Funding Improvement Plan has been fully implemented and the City has contributed 100% of the FY2014 required contribution as determined by the City's actuary Gabriel Roeder Smith & Company.

If you need any further information please do not hesitate to contact me.

Ernie Zmyslinski
Finance Director



Gabriel Roeder Smith & Company
Consultants & Actuaries

5605 N. MacArthur Blvd.
Suite 870
Irving, TX 75038-2631

469.524.0000 phone
469.524.0003 fax
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November 8, 2012

Mr. Ernest M Zmyslinski
Director of Finance
City of Warwick - City Hall
3275 Post Road
Warwick, RI 02886

Re: City of Warwick, Rhode Island Firefighters/Police I Pension Fund – Analysis of Funding Improvement Plan

Dear Ernie:

Pursuant to Rhode Island General Laws §45-65-6, this letter describes the alternative funding improvement plan (Funding Plan) for the City of Warwick, Rhode Island Firefighters/Police I Pension Fund (PFI Fund) to emerge from critical status. In our opinion, the current Funding Plan that was first implemented beginning in July of 1995 is a reasonable and executable Funding Plan.

Elements of Current Funding Plan

1. Already established advance funded Fire II and Police II Pension Funds with a commitment to contribute an actuarially appropriate contribution each year. The City of Warwick (the City) has met the actuarially appropriate contribution for each of these Funds each year since inception, and thus, the funding ratios for these plans are well above the definition of critical status. In addition, benefits for new hires have been reduced to decrease the rate of growth in the actuarial liability over time.
2. Already established contribution strategy into the closed PFI Plan to ultimately reach a fully funded status. In 1995, a 40-year contribution strategy was implemented to fully amortize the unfunded liabilities. The City has met the amortization schedule each year. Based on this schedule, the initial unfunded liability will be fully amortized in 23 years from July 1, 2012, or June 30, 2035. The level of benefits paid from the PFI Fund are expected to continue to increase through 2027 as the final active members retire and based on post-retirement benefit increases. Also, benefits are anticipated to be paid from the PFI Fund well past the year 2055. Thus, reaching a fully funded status in the year 2035 is a reasonable amortization period.
3. Already established contribution strategy to fully fund any new actuarial losses over a reasonable period of time. Each year, new gains or losses arising from experience deviating from the actuarial assumptions, such as investment performance or actual salary increases, are amortized over a closed 20-year period from the time the gain or loss occurs. This ensures the monies will be contributed to the PFI Fund before the benefits are due. A 20-year period has been appropriate and continues to be appropriate for this purpose. However, as the PFI Fund continues to mature, the amortization period for new gains and losses will be shortened to ensure the financial viability of the PFI Fund.

Other Issues and Considerations

One factor that is expected to help dampen the growth of the liability is a recent agreement for minimal to no salary increases for current active members for the next three years. The current liability projections assume that members will receive salary increases each year of approximately 3-4% so the three-year pay freeze would decrease the projected liability substantially. In addition, material gains will be realized for current retirees whose post-retirement benefit increases are tied to the actual salary increases of active members. If the three-year pay freezes are realized in future valuations, the City contributions into all of its pension plans could be lower by as much as \$5 million per year when compared to current projections.

In addition, based on the current amortization strategy which utilizes laddered, closed bases, there could be some years in which the employer contribution could decrease, or increase at a slow pace, even though future contributions will still need to increase. This will be especially true if the before mentioned salary gains do materialize. In this case, the City should attempt to manage future cash flow issues by increasing the contribution in to the Plan in a disciplined, consistently increasing pattern. This type of strategy will be managed as future experience unfolds.

Attached Exhibits

The attached exhibits provide projections of future valuation results and contribution requirements from the City for the PFI plan. This projection assumes all future assumptions are met, including the 7.50% investment return assumption. In addition, a sensitivity exhibit is also provided that shows the results based on actual returns of 7.0%. Based on current projections, the plan should emerge from critical status in conjunction with the June 30, 2032 valuation.

Certification

The undersigned is a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render actuarial opinions about this plan. This communication shall not be construed to provide tax advice, legal advice or investment advice.



Joseph P. Newton, FSA, MAAA, EA
Senior Consultant

City of Warwick - Exhibit I
Projection Results Based on the June 30, 2011 Actuarial Valuation
City of Warwick, Rhode Island Firefighters/Police I Pension Fund (PFI Fund)
Investment Return: 7.50% return for FY2012, 7.50% each year thereafter

Valuation as of June 30.	Fiscal Year Ending June 30.	Employer Contributions for Fiscal Year (in Millions)	Increase	Benefit Payments	Actuarial Accrued Liability at Valuation Date (AAL, in Millions)	Actuarial Value of Assets at Valuation Date (AVA, in Millions)	Unfunded Actuarial Accrued Liability at Valuation Date (UAAL, in Millions)	Funded Ratio at Valuation Date	Revenue Forecast	Contribution as a % of Revenue
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2011	2012	\$ 13.5		\$ 19.4	\$ 311.7	\$ 69.6	\$ 242.1	22.3%	\$ 273.9	4.9%
2012	2013	14.3	6.0%	20.3	316.7	65.9	250.8	20.8%	279.4	5.1%
2013	2014	14.8	3.8%	21.2	320.8	63.8	257.0	19.9%	282.1	5.3%
2014	2015	15.2	2.9%	22.1	324.1	64.9	259.2	20.0%	286.1	5.3%
2015	2016	15.8	3.8%	22.9	326.6	64.7	261.9	19.8%	292.7	5.4%
2016	2017	15.6	-1.1%	23.7	328.2	62.4	265.8	19.0%	299.4	5.2%
2017	2018	16.2	3.8%	24.4	328.9	58.9	270.0	17.9%		
2018	2019	18.9	16.5%	25.0	328.8	55.0	273.8	16.7%		
2019	2020	19.6	3.8%	25.6	327.9	52.8	275.1	16.1%		
2020	2021	24.2	23.4%	26.1	326.1	50.6	275.5	15.5%		
2021	2022	25.1	3.8%	26.6	323.7	52.4	271.3	16.2%		
2022	2023	29.3	16.7%	26.9	320.5	54.9	265.6	17.1%		
2023	2024	30.4	3.8%	27.2	316.7	61.4	255.3	19.4%		
2024	2025	30.0	-1.4%	27.4	312.2	69.3	242.9	22.2%		
2025	2026	31.1	3.8%	27.6	307.1	77.2	229.9	25.1%		
2026	2027	28.9	-6.9%	27.7	301.6	86.6	215.0	28.2%		
2027	2028	30.0	3.8%	27.7	295.4	94.4	201.0	32.0%		
2028	2029	31.4	4.4%	27.6	288.9	103.9	185.0	36.0%		
2029	2030	32.5	3.8%	27.5	281.8	115.5	166.3	41.0%		
2030	2031	34.5	6.0%	27.4	274.4	129.4	145.0	47.1%		
2031	2032	35.8	3.8%	27.1	266.6	146.5	120.1	54.9%		
2032	2033	34.1	-4.7%	26.8	258.5	166.4	92.1	64.4%		
2033	2034	35.4	3.8%	26.4	250.0	186.4	63.6	74.6%		
2034	2035	35.7	0.9%	26.0	241.3	209.7	31.6	86.9%		
2035	2036	37.0	3.8%	25.6	232.4	235.4	(3.0)	101.3%		
2036	2037	-	0.0%	25.0	223.3	265.0	(41.7)	118.7%		
2037	2038	-	0.0%	24.5	214.0	258.9	(44.9)	121.0%		
2038	2039	-	0.0%	23.9	204.7	252.9	(48.2)	123.5%		
2039	2040	-	0.0%	23.3	195.2	247.1	(51.9)	126.6%		
2040	2041	-	0.0%	22.6	185.7	241.5	(55.8)	130.0%		

City of Warwick - Exhibit I
 Projection Results Based on the June 30, 2011 Actuarial Valuation
 City of Warwick, Rhode Island Firefighters/Police I Pension Fund (PFI Fund)
 Investment Return: 7.50% return for FY2012, 7.50% each year thereafter

Valuation as of June 30:	Fiscal Year Ending June 30:	Employer Contributions for Fiscal Year (in Millions)	Increase	Benefit Payments	Actuarial Accrued Liability at Valuation Date (AAL, in Millions)	Actuarial Value of Assets at Valuation Date (AVA, in Millions)	Unfunded Actuarial Accrued Liability at Valuation Date (UAAL, in Millions)	Funded Ratio at Valuation Date	Revenue Forecast	Contribution as a % of Revenue
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2011	2012	\$ 13.5		\$ 19.4	\$ 311.7	\$ 69.6	\$ 242.1	22.3%	\$ 273.9	4.9%
2012	2013	14.3	6.0%	20.3	316.7	65.9	250.8	20.8%	\$ 279.4	5.1%
2013	2014	14.8	3.8%	21.2	320.8	65.8	257.0	19.9%	282.1	5.3%
2014	2015	15.2	2.9%	22.1	324.1	64.9	259.2	20.0%	286.1	5.3%
2015	2016	15.8	3.8%	22.9	326.6	64.7	261.9	19.8%	292.7	5.4%
2016	2017	15.6	-1.1%	23.7	328.2	62.4	265.8	19.0%	299.4	5.2%
2017	2018	16.2	3.8%	24.4	328.9	58.9	270.0	17.9%		
2018	2019	18.9	16.5%	25.0	328.8	55.0	273.8	16.7%		
2019	2020	19.6	3.8%	25.6	327.9	52.8	275.1	16.1%		
2020	2021	24.2	23.4%	26.1	326.1	50.6	275.5	15.5%		
2021	2022	25.1	3.8%	26.6	323.7	52.4	271.3	16.2%		
2022	2023	29.3	16.7%	26.9	320.5	54.9	265.6	17.1%		
2023	2024	30.4	3.8%	27.2	316.7	61.4	255.3	19.4%		
2024	2025	30.0	-1.4%	27.4	312.2	69.3	242.9	22.2%		
2025	2026	31.1	3.8%	27.6	307.1	77.2	229.9	25.1%		
2026	2027	28.9	-6.9%	27.7	301.6	86.8	215.0	28.7%		
2027	2028	30.0	3.8%	27.7	295.4	94.4	201.0	32.0%		
2028	2029	31.4	4.4%	27.6	288.9	103.9	185.0	36.0%		
2029	2030	32.5	3.8%	27.5	281.8	115.5	166.3	41.0%		
2030	2031	34.5	6.0%	27.4	274.4	129.4	145.0	47.1%		
2031	2032	35.8	3.8%	27.1	266.6	146.5	120.1	54.9%		
2032	2033	34.1	-4.7%	26.8	258.5	166.4	92.1	64.4%		
2033	2034	35.4	3.8%	26.4	250.0	186.4	63.6	74.6%		
2034	2035	35.7	0.9%	26.0	241.3	209.7	31.6	86.9%		
2035	2036	37.0	3.8%	25.6	232.4	235.4	(3.0)	101.3%		
2036	2037	-	0.0%	25.0	223.3	265.0	(41.7)	118.7%		
2037	2038	-	0.0%	24.5	214.0	258.9	(44.9)	121.0%		
2038	2039	-	0.0%	23.9	204.7	252.9	(48.2)	123.5%		
2039	2040	-	0.0%	23.3	195.2	247.1	(51.9)	126.6%		
2040	2041	-	0.0%	22.6	185.7	241.5	(55.8)	130.0%		

**West Warwick Municipal, Police & Fire
Funding Improvement Plan Update**



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

West Warwick

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014** to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?

- Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	9,264,065	5,301,352	57%
2014	10,322,474	6,000,000	58%
2015*	8,021,954	8,021,954	100%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table July 1, 2013.

*planned payment

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

2. Eliminate COLA for Actives and Retirees?

- Yes
 No
 Still negotiating Matter in arbitration/court

3. Reduce Retiree pension benefits by 20%?

- Yes
 No
 Still negotiating Matter in arbitration/court

4. Change normal retirement age?

- Yes
 No
 Still negotiating Matter in arbitration/court

5. Change form of benefit to a single life annuity?

- Yes
 No
 Still negotiating Matter in arbitration/court

LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
OPEB Survey

6. Change the benefit formula to use a 5-year averaging for pension calculations?

- Yes
 No
 Still negotiating Matter in arbitration/court

7. Maximum amortization period of 30 years in which plans must emerge from critical status within 20 years?

- Yes, emerge from critical status in FY 2032.
 No, emerge from critical status in FY _____.

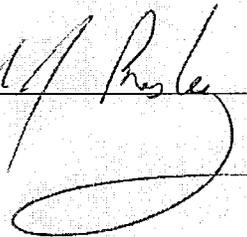
8. Full or continued implementation of the funding improvement plan as submitted to the Commission?

- Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.

See ATTACHED

Signature



Date

4-17-14

Revised FIP:

On April 1st, 2014, the West Warwick Town Council approved a 5-year plan that addresses the pension and OPEB ARCS as required by the Pension Study Commission. The plan will enable the Town's pension plan to emerge from critical status within the 20-year timeframe established by the Commission. Per the 5-year plan, the Town will fund the Pension ARC at 100% beginning in FY15. The plan also provides for the establishment of an OPEB Trust with the Town funding 100% of the OPEB ARC beginning in FY16.

To attain these milestones the Town has successfully negotiated with all employee unions and retirees to acquire pension, benefit and other budget savings totaling over \$5 million/year. In addition, the plan shows the Town utilizing the maximum tax levy for each of the 5 years of the plan. The Council has already approved the MOU's with all active employee unions as well as new 5-year collective bargaining agreements (CBA's) with Police and Fire Unions. They will be approving the 5-year CBA for the Town employee's Union (Council 94) at their next meeting along with the MOU for retirees. The School Committee has negotiated concessions with the teachers and non-certified employees totaling over \$1 million that will also help to fund the ARC's.

At this time, the Town's actuary is completing the revised FIP to reflect the negotiated concessions and the Town's commitment to fund the Pension and OPEB ARC's. The revised FIP will be submitted to the Commission once completed (estimated completion date is April 25th).

Any questions or comments call Town Manager, Fred Presley at ~~402-233-2222~~.

Pension Negotiations with the Local 1104 International Association of Fire Fighters, AFL-CIO

Provision Type	Current Provision	Proposed Provision*
Retirement Age	<p>Hired prior to 7/1/2011 – earlier of age 62.5 or 20 years of service</p> <p>Hired on or after 7/1/2011 – earlier of age 62.5 or age 50 and 20 years of service. Benefits cannot begin until the 23-year anniversary of membership in the Plan.</p>	<p>All Current Members can retire with unreduced benefits at the earlier of age 62 or age 50 and 25 years of service.</p> <p>Future Members can retire with unreduced benefits at the earlier of age 62 or age 55 and 25 years of service.</p> <p>The 23-year anniversary requirement has been removed.</p>
Benefit Earned	Members earn 2.5% of pay for each year of service up to a maximum benefit of 70% of pay which is reached at 28 years of service	<p>Members earn 2.2% of pay for each of the first 25 years of service and 3.0% of pay for up to 5 additional years with a maximum benefit of 70% of pay</p> <p><i>Note: Formula change is applied to both past and future service</i></p>
Average Pay	Pay over final 1 year of employment	Average of highest 3 consecutive years of pay
COLA	2.25% compounded for the first 15 years of retirement	Suspend COLA for first 7 years of retirement (or until age 62.5, if earlier) followed by 15 years of a simple 2.25% COLA
Employee Contribution Rate	<p>Hired prior to 7/1/2011 – 9.0% of compensation stopping after 28 years of service</p> <p>Hired on or after 7/1/2011 – 9.0% of compensation stopping after 30 years of service</p>	<p>Effective 1/1/2014, increase the contributions for current and future active employees to 11% of salary, followed by increases to 12% on 7/1/2014 and 13% on 7/1/2015; the contribution rate remains at 13% of salary after 7/1/2015</p> <p>Contributions continue for all years of service</p>
Employee Contribution Compensation	Member contributions are based on weekly salary, longevity, and holiday pay	Member contributions are based on weekly salary, longevity, holiday pay, and EMT pay (if applicable)

Pension Negotiations with the Local 1104 International Association of Fire Fighters, AFL-CIO

Provision Type	Current Provision	Proposed Provision*
Occupational Disability	Members receive 2/3 of pay with annual increases equal to the percentage increase in pay of active employees in the position held at time of disability retirement	<p>Occurs Prior to 25 Years – Receive 2/3 of pay; at 25th anniversary since date of hire, benefit adjusted to 55% of present pay received by active employees in the position held at time of disability retirement</p> <p>Occurs After 25 Years - Receive 2/3 of pay</p> <p>COLA – Changed to match the retirement COLA as described above</p>
Non-Occupational Disability	Members receive their accrued normal retirement benefit with a minimum of 50% of pay	<p>Occurs Prior to 10 Years – Receive 25% of pay</p> <p>Occurs After 10 Years – Receive 25% of pay plus 2.2% for each year between 10 and 25 plus 3.0% for each year between 25 and 30 years; accruals cease at 30 years</p>

**Proposed Provisions go into effect July 1, 2014*

Pension Negotiations with the International Brotherhood of Police Officers, Local 312

Scenarios	Current Provision	Proposed Provision*																										
Benefit Earned	<p>Police union members receive a pension benefit of 62.5% of pay at 25 years of service; members earn an additional 2.5% of pay per year for service between 25 and 28 years. The maximum benefit is 70% of pay which is reached at 28 years of service.</p> <p>Members hired prior to 7/1/2011 can retire at 50% of pay with 20 years of service.</p>	<p>The benefit amount will not change for members who have 20 years of service as of 7/1/2013. For all others, lower the benefit amount to 55% of pay at 25 years of service. However, members can retire at 50% of pay with 20 years of service. The following benefit accrual schedule will apply:</p> <table border="1"> <thead> <tr> <th>Service</th> <th>% of Pay</th> </tr> </thead> <tbody> <tr><td>20</td><td>50.0%</td></tr> <tr><td>21</td><td>51.0%</td></tr> <tr><td>22</td><td>52.0%</td></tr> <tr><td>23</td><td>53.0%</td></tr> <tr><td>24</td><td>54.0%</td></tr> <tr><td>25</td><td>55.0%</td></tr> <tr><td>26</td><td>57.5%</td></tr> <tr><td>27</td><td>60.0%</td></tr> <tr><td>28</td><td>62.5%</td></tr> <tr><td>29</td><td>65.0%</td></tr> <tr><td>30</td><td>67.5%</td></tr> <tr><td>31</td><td>70.0%</td></tr> </tbody> </table> <p>In other words, members earn 2.5% of pay for the first 20 years of service, 1.0% of pay for the next 5 years of service, and 2.5% of pay for the next 6 years of service. The maximum benefit earned is 70% of pay at 31 years of service.</p> <p>Formula change is applied to both past and future service</p>	Service	% of Pay	20	50.0%	21	51.0%	22	52.0%	23	53.0%	24	54.0%	25	55.0%	26	57.5%	27	60.0%	28	62.5%	29	65.0%	30	67.5%	31	70.0%
Service	% of Pay																											
20	50.0%																											
21	51.0%																											
22	52.0%																											
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26	57.5%																											
27	60.0%																											
28	62.5%																											
29	65.0%																											
30	67.5%																											
31	70.0%																											

Retirement Age	<p>Members hired prior to 7/1/2011 can retire with unreduced benefits at the earlier of age 62 or completion of 20 years of service regardless of age.</p> <p>Members hired on or after 7/1/2011 can retire with unreduced benefits at the earlier of age 62 or age 50 with 25 years of service.</p>	<p>Members hired prior to 7/1/2014 can retire with unreduced benefits at the earlier of age 62 or completion of 20 years of service regardless of age.</p> <p>Members hired on or after 7/1/2014 can retire with unreduced benefits at the earlier of age 62 or age 50 with 20 years of service.</p>
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Pension Negotiations with the International Brotherhood of Police Officers, Local 312

Scenarios	Current Provision	Proposed Provision*
Employee Contributions	Members currently pay 9% of annual salary for up to 28 years of service	Effective 1/1/2014, increase the contributions for current and future active employees to 11% of salary, followed by increases to 12% on 7/1/2014; the contribution rate remains at 12% of salary after 7/1/2014. Contributions continue for all years of service.
COLA	2.25% compounded for the first 15 years after a police officer retires	Suspend COLA for 7 years followed by 15 years of 2.25% compounded
Occupational Disability**	Members receive 2/3 of pay with annual increases equal to the percentage increase in pay of active employees in the position held at time of disability retirement	Disability COLA is changed to match the standard retirement COLA Members who remain fully disabled at normal retirement continue receiving disability benefit. However, if the member is not "fully disabled" at normal retirement age, the benefit is adjusted to the member's accrued benefit under the normal retirement benefit formula. The standard retirement COLA will apply to this portion of the benefit.**

**Proposed Provisions go into effect July 1, 2014*

**Proposed Provisions are based on an MOU from April 2013. In addition, the two proposed provisions from a Nyhart report dated November 25, 2013 have been included. The Occupational Disability change also includes an adjustment to the disability COLA as described above.*

*** It was assumed that 50% of members becoming disabled will be "fully disabled" at normal retirement age and will continue to receive 2/3 of pay of the same rank member. Note it is also assumed that the subsequent retirement benefit for members who are not "fully disabled" at normal retirement age is based on pay and service accrued at the date of disability. Allowing participants to "earn" accruals while being disabled or a higher percentage of "fully disabled" members will result in the realized savings being lower than shown in this report.*

Pension Negotiations with the Municipal Union

Provision Type	Current Provision	Proposed Provision*
Retirement Age	Members can retire with unreduced benefits upon the attainment of age 60 and completion of 10 years of service or the completion of 25 years of service regardless of age.	Members hired prior to 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or the completion of 25 years of service regardless of age. <i>Members hired on or after 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or age 55 and completion of 25 years of service.</i>
Benefit Earned	Members earn 2.5% of pay for each year of service	Members earn 2.4% of pay for each year of service after 7/1/2014. Service prior to 7/1/2014 remains at the 2.5% level.
Average Pay	Average of basic earnings and longevity pay over the last 12 months of employment	Average of the last 10 years of gross earnings
COLA	2.25% compounded for the first 15 years of retirement	Suspend COLA for first 5 years of retirement followed by a 2.00% COLA compounded for 15 years
Employee Contribution Rate	As of 1/1/2011, the rate increased to 9.0%. Prior to 1/1/2011, the rate was 8.0%	Increase the contribution rate to 11.00% of annual gross earnings

**Note: The proposed provisions reflect the document sent to Nyhart on December 2, 2013 for the Municipal Union*

The proposed changes take effect on July 1, 2014

Projected savings shown in the report are all calculated as of July 1, 2014

Pension Negotiations with School (Council 94)

Provision Type	Current Provision	Proposed Provision*
Retirement Age	Members can retire with unreduced benefits upon the attainment of age 60 and completion of 10 years of service or the completion of 25 years of service regardless of age.	Members hired prior to 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or the completion of 25 years of service regardless of age. <i>Members hired on or after 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or age 55 and completion of 25 years of service.</i>
Benefit Earned	Members earn 2.5% of pay for each year of service	Members earn 2.4% of pay for each year of service after 7/1/2014. Service prior to 7/1/2014 remains at the 2.5% level.
Average Pay	Average of basic earnings and longevity pay over the last 12 months of employment	Average of the last 10 years of gross earnings
COLA	2.25% compounded for the first 15 years of retirement	Suspend COLA for first 5 years of retirement followed by a 2.00% COLA compounded for 15 years
Employee Contribution Rate	As of 1/1/2011, the rate increased to 9.0%. Prior to 1/1/2011, the rate was 8.0%	Increase the contribution rate to 11.00% of annual gross earnings

**Note: The proposed provisions reflect the document sent to Nyhart on December 2, 2013 for the Municipal Union*

The proposed changes take effect on July 1, 2014

Projected savings shown in the report are all calculated as of July 1, 2014

Pension Negotiations with Library

Provision Type	Current Provision	Proposed Provision*
Retirement Age	Members can retire with unreduced benefits upon the attainment of age 60 and completion of 10 years of service or the completion of 25 years of service regardless of age.	Members hired prior to 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or the completion of 25 years of service regardless of age. <i>Members hired on or after 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or age 55 and completion of 25 years of service.</i>
Benefit Earned	Members earn 2.5% of pay for each year of service	Members earn 2.4% of pay for each year of service after 7/1/2014. Service prior to 7/1/2014 remains at the 2.5% level.
Average Pay	Average of basic earnings and longevity pay over the last 12 months of employment	Average of the last 10 years of gross earnings
COLA	2.25% compounded for the first 15 years of retirement	Suspend COLA for first 5 years of retirement followed by a 2.00% COLA compounded for 15 years
Employee Contribution Rate	As of 1/1/2011, the rate increased to 9.0%. Prior to 1/1/2011, the rate was 8.0%	Increase the contribution rate to 11.00% of annual gross earnings

***Note: The proposed provisions reflect the document sent to Nyhart on December 2, 2013 for the Municipal Union**

The proposed changes take effect on July 1, 2014

Projected savings shown in the report are all calculated as of July 1, 2014

Pension Negotiations with Municipal Non-Union

Provision Type	Current Provision	Proposed Provision*
Retirement Age	Members can retire with unreduced benefits upon the attainment of age 60 and completion of 10 years of service or the completion of 25 years of service regardless of age.	Members hired prior to 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or the completion of 25 years of service regardless of age. Members hired on or after 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or age 55 and completion of 25 years of service.
Benefit Earned	Members earn 2.5% of pay for each year of service	Members earn 2.4% of pay for each year of service after 7/1/2014. Service prior to 7/1/2014 remains at the 2.5% level.
Average Pay	Average of basic earnings and longevity pay over the last 12 months of employment	Average of the last 3 years of gross earnings
COLA	2.25% compounded for the first 15 years of retirement	Suspend COLA for first 5 years of retirement followed by a 2.00% COLA compounded for 15 years
Employee Contribution Rate	As of 1/1/2011, the rate increased to 9.0%. Prior to 1/1/2011, the rate was 8.0%	Increase the contribution rate to 11.00% of annual gross earnings

***Note: The proposed provisions reflect the document sent to Nyhart on December 2, 2013 for the Municipal Union**

The proposed changes take effect on July 1, 2014

Projected savings shown in the report are all calculated as of July 1, 2014

Pension Negotiations with Retired and Deferred Vested Participants

Scenarios	Current Provision	Proposed Provision
COLA Adjustment	Retired members receive a 2.25% compounded COLA for up to 15 years (depending on when the member retired).	COLA has been delayed 5 years for current retired and deferred vested participants*

**Retired members receive a COLA for up to 15 years depending on when they retire. Under the current plan, some members are not entitled to any future COLA's, while other members are entitled to anywhere from 1 to 15 future COLA increases. The proposed plan is being valued such that no members would receive a COLA in the next 5 years. After the 5-year period, the COLA returns for members who, as of July 1, 2013, are entitled to future COLA's. For example, a member who retired June 1, 2007 has received 6 COLA increases as of July 1, 2013. We are valuing this individual such that he does not receive a COLA for the next 5 years. Beginning July 1, 2019, the individual begins to receive his remaining 9 COLA increases.*

Pension Negotiations with Disabled (Police & Fire) Participants

Scenarios	Current Provision	Proposed Provision
Add Longevity Pay	Disabled Police & Fire members receive 2/3 of the Salary being received by an active member holding the same rank <i>Salary includes base pay only</i>	Disabled Police & Fire members receive 2/3 of the Salary being received by an active member holding the same rank <i>Salary includes base pay AND longevity pay</i>

COLA Adjustment

Disabled Police & Fire members receive a benefit increase equal to the percentage increase in pay of the same rank member. This increase is paid for the life of the member.

Members receive no COLA increases for the next 5 years. Beginning 7/1/2019, members receive a 2.0% compounded COLA for 5 years. Beginning 7/1/2024, members receive a 3.5% compounded COLA for 5 years. After the 7/1/2028 increase, members will receive no additional COLA increases.

Impact of All Proposed Changes on Overall Plan

Scenario	Immediate Liability Reduction*	Immediate Reduction of the Annual Contribution*
Re-Amortization	\$0	\$824,000
Plan Changes – Fire	\$2,910,000**	\$615,000**
Plan Changes – Police	\$2,090,000	\$367,000
Plan Changes – Municipal Union	\$1,915,000	\$288,000
Plan Changes – School (Council 94)	\$2,201,000	\$319,000
Plan Changes – Library	\$154,000	\$28,000
Plan Changes – Municipal Non-Union	\$171,000	\$34,000
Plan Changes – Retired, Deferred Vested Participants	\$3,121,000	\$198,000
Plan Changes – Disabled Police & Fire Participants	\$713,000	\$45,000
Total Savings	\$13,275,000	\$2,718,000

- *The figures above are measured at July 1, 2014 and assume that the Town contributes \$10,322,474 during fiscal year 2013-2014.*
- *Under the baseline scenario without re-amortizing the unfunded liability, the projected ARC at July 1, 2014 is \$10.46 Million.*
- ***Current and future active fire union members are being valued in a manner consistent with the \$615,000 savings shown in the March 14, 2014 report. Note a range of savings was previously provided based on different retirement rate assumptions. Actual savings will depend on actual employee behavior.*
- *The re-amortizing of the unfunded liability as of July 1, 2014 does not ultimately change the overall cost (actual benefits paid) of the plan. It simply changes the timing of contributions to the plan.*
- *The unfunded liability is amortized as a level percentage of pay over 25 years. For this purpose, pay is assumed to grow at 3.5% annually*

*These numbers are estimates only and are not guarantees of future plan costs

Pension Negotiations with Disabled (Police & Fire) Participants

Scenarios	Current Provision	Proposed Provision
Add Longevity Pay	<p>Disabled Police & Fire members receive 2/3 of the Salary being received by an active member holding the same rank</p> <p>Salary includes base pay only</p>	<p>Disabled Police & Fire members receive 2/3 of the Salary being received by an active member holding the same rank</p> <p>Salary includes base pay AND longevity pay</p>

COLA Adjustment

Disabled Police & Fire members receive a benefit increase equal to the percentage increase in pay of the same rank member. This increase is paid for the life of the member.

Members receive no COLA increases for the next 5 years. Beginning 7/1/2019, members receive a 2.0% compounded COLA for 5 years. Beginning 7/1/2024, members receive a 3.0% compounded COLA for 5 years. After the 7/1/2028 increase, members will receive no additional COLA increases.

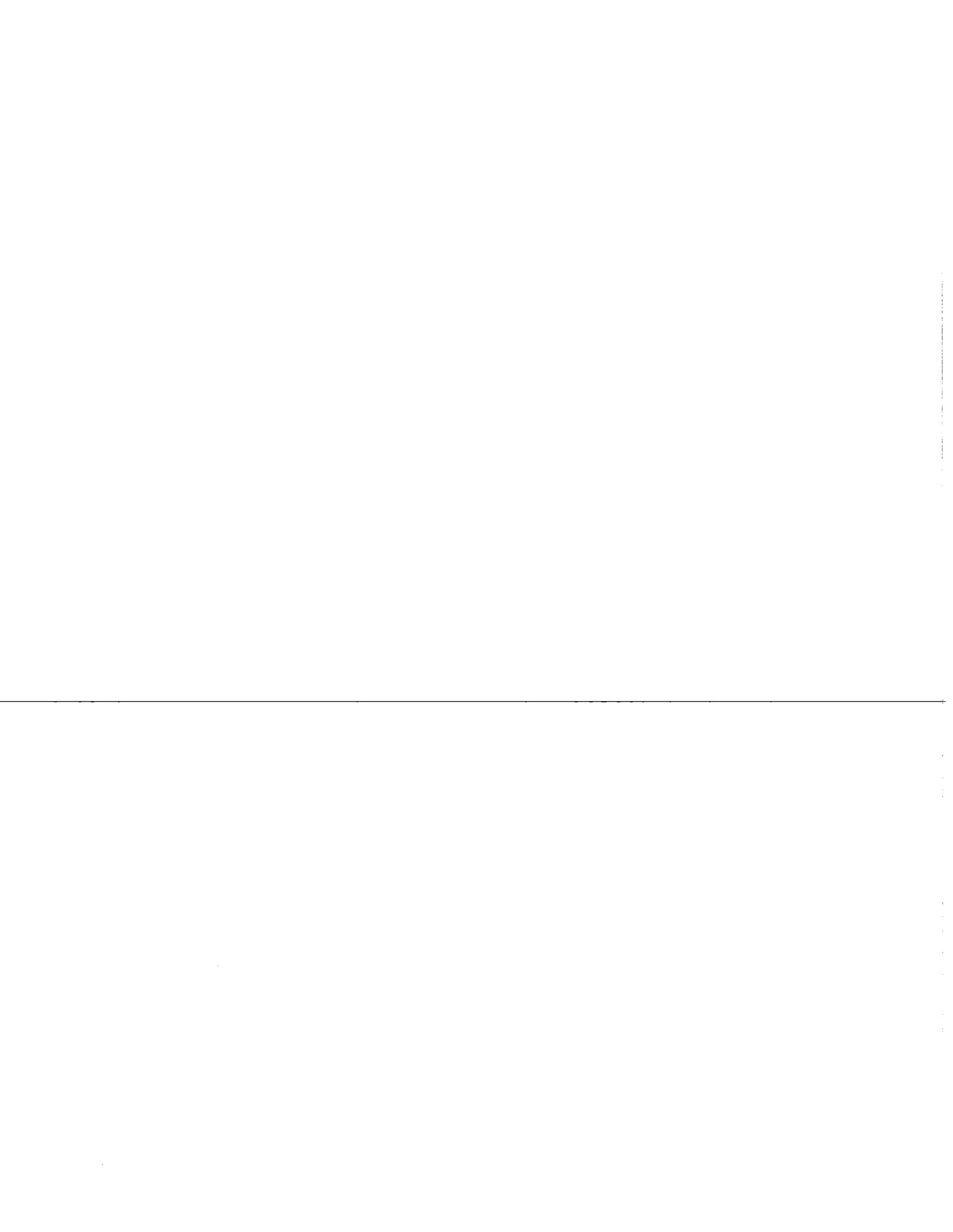
Disabled Participant Impact

- *The chart below lists each change individually and the impact that each has on the plan's 2014 liability and contribution requirement for the Disabled group only. All other employees and liabilities remain unchanged.*

Scenario	Immediate Liability Reduction*	Immediate Reduction of the Annual Contribution*
Add Longevity Pay	\$(2,041,000)	\$(129,000)
COLA Adjustment	\$2,957,000	\$186,000
Total Plan Savings	\$916,000	\$57,000

Figures above are calculated as of July 1, 2014

*These numbers are estimates only and are not guarantees of future plan costs



Frederick Presley
TOWN MANAGER



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E-Mail: fpresley@westwarwickri.org

September 11, 2013

Rosemary Booth Gallogly, Chairperson of the Pension Study Commission
Department of Revenue
Office of the Director
One Capitol Hill
Providence, RI 02908-5855

Dear Ms. Gallogly,

This letter is in response to your August 20th, 2013 request for an update on our pension funding improvement plan (FIP). Below is a list of the proposed actions addressed in our FIP along with the current status of those actions.

1. Utilize the authority to raise the tax cap levy to its potential under S 3050.
Status: The Council approved the fiscal year 2014 budget that included a 3.88% tax levy increase. The budget was approved by the voters of West Warwick, in an all-day referendum, on June 27, 2014.
2. Seek and receive concessions from labor unions.
Status: The Town has been in active negotiations with the labor unions on the concessions outlined in Action 2 a-e. In the process of these negotiations, concerns over the baseline numbers hampered progress. The Town requested the State Department of Revenue assist in developing a detailed baseline. All unions have agreed with the process outlined by the State to develop the baseline and to reconvene negotiations in the next few weeks. All concessions remain on the table for negotiation. Anticipated negotiation timeline is 1-2 months.
3. Provide for critical and necessary capital improvements to be made annually.

Status: The Town has budgeted funds for critical projects for FY2014. In addition, the Planning Department has completed a draft 5-year capital improvement plan for future budget years.

4. Adequately provide school funding to comply with the Basic Education Program (BEP) and the state mandated Maintenance of Effort.

Status: The Town has budgeted (in the FY2014 approved budget) for the funding required to meet both BEP and Maintenance of Effort as per the Corrective Action Report.

5. Improve the annual property tax collection rate from current 96.5%.

Status: The Town is working with the State to participate in the State Income Tax Refund Offset Program. The Town's collection rate is approximately 97%, and it is anticipated that additional revenue of approximately \$600,000 will be collected for FY2014 through participation in the Refund Offset Program.

6. Insure a 5% annual Budget Reserve to meet emergencies, to meet accepted accounting practices and Home Rule Charter Section 504.

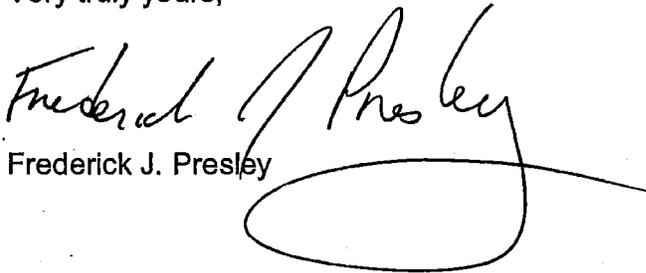
Status: The General Fund has an Unassigned Fund Balance of approximately \$5 million. The Town has not budgeted a transfer from Fund Balance in order to balance the current 2014 budget, as done in previous years. It is intended that once the annual budget includes a Pension ARC in accordance with the FIP, achieved through the various steps outlined above, future annual budgets will include a 5% budgeted amount to be set aside in a "Rainy Day" Fund.

7. Retain legal counsel to pursue issues related to labor contracts/negotiations in concert with the Town Manager.

Status: The Town has retained William Dolan of Brown Rudnick to handle the labor contracts/negotiations. The Town is also working closely with DOR on these issues requested the State's assistance in the negotiating process.

Based upon the status updates above, I believe the Town has made significant progress on the FIP and pending the successful negotiations with both active union employees and retirees, will be in full compliance with the actions outlined in the plan. Please contact me if you any questions or concerns.

Very truly yours,


Frederick J. Presley

TOWN OF WEST WARWICK PENSION FUND

FUNDING IMPROVEMENT PLAN – FOUR ALTERNATIVES

Executive Summary

In accordance with Rhode Island General Laws, Section 45-65-6, the Town is submitting this Funding Improvement Plan (Plan) to the Locally-Administered Pension Plans Study Commission. The Town had completed an actuarial valuation and an experience study as of July 1, 2011. Based on these results, the funded status of the town's pension system is 19.8% and therefore, considered in critical status.

In the pages that follow, the Town's plan for increasing the plan's funding ratio to a point that the plan is no longer considered in critical status. This will be accomplished through increased funding and negotiating pension benefit reductions with both active and retired members of the retirement system. The Town's goal is to emerge from critical status within 20 years.

This funding improvement plan includes future funding projections (prepared by Nyhart, the Town's actuary for the pension plan) under four scenarios, as summarized on Exhibits B through E. Exhibit A shows the projected results under the current plan provisions, Exhibit F shows the Summary of Actuarial Assumptions and Exhibit G illustrates the current plan provisions and the proposed plan changes. The proposed benefit changes outlined in this improvement plan are Town proposals, and are subject to collective bargaining.

Current Funding

The Town has accepted the recommendations of our actuary for modifications to the actuarial assumptions. Based on these results, the actuary is recommending a fiscal year 2013 pension contribution of \$9,264,065. The Town has budgeted \$3,165,724 for fiscal year 2013, or 34% of the recommend contribution. The Town is also contributing an additional \$1,700,000 to the pension fund this year to payback pension fund contributions missed in prior years by the school department, this raises the percent contributed of the recommended contribution to 52.5%. The total pension contribution amount of the Town this year is \$4,865,724, which represents 6% of the total revenue budgeted for the town in fiscal year 2013.

Future Funding

The Town has agreed to fund 100% of the Annual Required Contribution ("ARC") beginning in fiscal year 2014. The amortization is being reset as of July 1, 2013 to a 25-year level percent of pay amortization. This is a closed period amortization and will increase by 3.50% annually to reflect pay increases. This is a closed period amortization and will increase by 3.50% annually to reflect pay increases.

One assumption change was made from the July 1, 2012 valuation. Specifically, the interest rate used to determine the liabilities was dropped from 8.0% to 7.50%. This change was based on information provided by Morgan Stanley at a meeting in July of 2012 in West Warwick.

Exhibit A

This shows the forecast of key values under this approach based on the actuarial assumptions adopted and new participants entering the plan to replace those retiring. This forecast reflects the current benefit provisions for the defined benefit plan.

The Town generally has contributed approximately \$2,000,000 per year for the past several fiscal years. In order to support the substantial expected increase in funding contributions for the system, the Town must make

TOWN OF WEST WARWICK PENSION FUND

FUNDING IMPROVEMENT PLAN – FOUR ALTERNATIVES

modifications to other line items in the general fund budget. These modifications include increases in revenue, reductions in expenses as well as changes to the current pension plan benefits.

Plan Changes

Town Proposal - #1

The liability is re-amortized as of July 1, 2013 and is a 25-year level percent of pay closed amortization. This is consistent with the amortization methodology in the other scenarios as well.

The Town proposes to make the following plan provision changes, subject to negotiations and collective bargaining:

Active Employees

- Eliminate the COLA.
- Adjust the normal retirement age.
- Change the normal form of benefit to a single life annuity.
- Change the benefit formula to use a 5-year averaging for pension calculations.

Inactive Employees

- Eliminate the COLA.
- Reduce pension benefits by 20%.

In addition to the pension modifications highlighted above, additional changes must be made to support this plan, they are as follows:

- Inactive participants will pay 40% of healthcare premiums.
- Utilize the authority granted the Town regarding levying of taxes.
- Suspension of all minimum manning requirements.
- Re-amortize the unfunded liability of the pension system.
- Reduce all overtime expenses by 65%.
- Implement a deductible on the town's prescription drug policy.
- Authorize no salary/wage increases for union/non-union employees.
- Revise dental and healthcare benefit co-shares to an 80/20 employer/employee ratio.

The Town's administration is very mindful of the extraordinary burden placed on local property taxpayers in advance of any discussions regarding potential tax increases. The attached revenue projections include proposed tax increases only to fund increasing pension costs, necessary infrastructure improvements, increasing OPEB obligations and continued support of the town's school department. Otherwise, the current operating budget is assumed to be level funded for the foreseeable future.

Exhibit B

This exhibit shows the 30-year projection for Town Proposal #1. The projection makes changes to the assumptions from the July 1, 2012 valuation report. The assumptions used for this projection are detailed in Exhibit G. A detailed comparison of the plan provisions before and after the proposed changes can be found in Exhibit H.

TOWN OF WEST WARWICK PENSION FUND

FUNDING IMPROVEMENT PLAN – FOUR ALTERNATIVES

- The amortization payments are reset as of July 1, 2013 to the same 25-year level percentage of pay method.

The chart below details the impact for fiscal year 2013-2014 of making these changes (all numbers are as of July 1, 2013 unless stated otherwise):

	Current Plan Provisions	Proposed Plan Provisions
Accrued Liability	\$158,667,371	\$101,263,255
Actuarial Value of Assets	\$26,230,989	\$26,230,989
Market Value of Assets	\$25,935,595	\$25,935,595
Unfunded Accrued Liability	\$132,436,382	\$75,032,266
Funded Ratio	16.5%	25.9%
Annual Required Contribution (ARC)	\$10,947,889	\$5,189,625
Town Contributions	\$10,947,889	\$5,189,625
% of Arc Contributed	100.0%	100.0%

A detailed 30-year projection can be found in Exhibit B.

Town Proposal - #2 (Alternative Proposal)

The changes to the pension plan for Town Proposal #2 are identical to Town Proposal #1. This proposal affects both active and inactive employees as well as implementing cost savings outside of the pension plan. The liability is re-amortized as of July 1, 2013 and is a 25-year level percent of pay closed amortization. This is consistent with the amortization methodology in the other scenarios as well.

The Town proposes to make all of the proposed Plan Provisions illustrated in Town Proposal #1, subject to negotiations and collective bargaining. In addition to the pension modifications already addressed, additional changes must be made to support this plan, they are as follows:

- ~~Inactive participants will pay 40% of healthcare premiums.~~
- Suspension of all minimum manning requirements.
- Re-amortize the unfunded liability of the pension system.
- Utilize the authority granted the Town regarding levying of taxes.
- Reduce all overtime expenses by 65%.
- Authorize no salary/wage increases for union/non-union employees.
- Implement a deductible on the town's prescription drug policy.
- Revise dental and healthcare benefit co-shares to an 80/20 employer/employee ratio.
- Suspension of all school sports programs.
- Suspension of annual support for the West Warwick Senior Center.
- Suspension of annual support for the West Warwick Public Library.
- Suspension of annual support for the West Warwick Youth Center.
- Suspension of annual support for all not for profit organizations.

The Town's administration is very mindful of the extraordinary burden placed on local property taxpayers in advance of any discussions regarding potential tax increases. The additional budget reductions illustrated in Town Proposal #2 are made with the purpose of further reducing the annual burden of the plan on the tax base of the Town.

Town of West Warwick Pension Plan

Exhibit B-1: Forecast of Actuarial Valuation Results - Town Proposal #1

Year	Payment against the ARC	Employer Normal Cost	Amortization	ARC	Contribution	Increase	Payroll	Contribution as a % of Payroll	Benefit Payments	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability	Funded Ratio (AVA)	Revenue Forecast	Contribution as a % of Revenue
2012	52.5%	1,247,152	7,667,199	9,264,065	4,865,724	442.1%	14,719,366	33.1%	8,618,299	28,421,048	143,760,373	115,339,325	19.8%	79,639,366	6.11%
2013	100.0%	448,949	4,558,370	5,189,625	5,189,625	6.7%	15,327,907	33.3%	6,788,780	26,230,989	101,263,255	75,032,266	25.9%	83,537,641	6.21%
2014	100.0%	489,032	4,733,497	5,394,097	5,394,097	3.9%	15,887,995	34.0%	6,871,005	28,147,808	104,163,757	76,015,949	27.0%	86,159,123	6.26%
2015	100.0%	493,769	4,928,547	5,619,904	5,619,904	4.2%	16,484,794	34.1%	6,940,694	30,199,412	107,278,697	77,079,285	28.2%	88,786,961	6.33%
2016	100.0%	520,286	5,171,561	5,901,411	5,901,411	5.0%	17,092,527	34.5%	7,060,884	31,887,737	110,646,688	78,758,951	28.8%	90,577,765	6.52%
2017	100.0%	558,051	5,385,607	6,162,516	6,162,516	4.4%	17,696,442	34.8%	7,138,765	34,585,544	114,235,881	79,650,337	30.3%	92,539,926	6.66%
2018	100.0%	586,612	5,607,951	6,422,660	6,422,660	4.2%	18,346,157	35.0%	7,264,984	37,718,071	118,109,793	80,391,722	31.9%	94,414,409	6.80%
2019	100.0%	619,620	5,839,413	6,698,868	6,698,868	4.3%	19,001,457	35.2%	7,406,881	41,254,309	122,226,001	80,971,692	33.8%	96,318,598	6.95%
2020	100.0%	612,802	6,080,043	6,939,290	6,939,290	3.6%	19,604,071	35.4%	7,673,387	45,237,444	126,601,341	81,363,897	35.7%	98,278,315	7.06%
2021	100.0%	631,944	6,329,440	7,217,716	7,217,716	4.0%	20,231,362	35.7%	7,963,133	49,518,280	131,050,782	81,532,502	37.8%	99,839,638	7.23%
2022	100.0%	702,054	6,698,350	7,568,852	7,568,852	4.7%	20,802,240	36.3%	8,367,469	54,153,111	135,611,690	81,458,579	39.9%	101,323,318	7.46%
2023	100.0%	760,008	6,856,972	7,897,453	7,897,453	4.5%	21,363,145	37.0%	8,821,837	59,066,137	140,177,620	81,111,483	42.1%	102,805,826	7.58%
2024	100.0%	765,944	7,135,184	8,192,064	8,192,064	3.7%	21,832,316	37.5%	9,331,208	64,237,143	144,689,832	80,452,689	44.4%	105,080,610	7.80%
2025	100.0%	785,043	7,423,583	8,510,864	8,510,864	3.9%	22,188,325	38.4%	10,032,108	69,588,688	149,041,145	79,452,457	46.7%	107,369,469	7.93%
2026	100.0%	820,825	7,722,266	8,857,666	8,857,666	4.1%	22,641,989	39.1%	10,401,138	74,963,446	153,034,468	78,071,022	49.0%	109,570,369	8.08%
2027	100.0%	856,499	8,031,547	9,215,322	9,215,322	4.0%	23,129,679	39.8%	10,824,571	80,808,223	157,075,112	76,266,889	51.4%	111,983,888	8.23%
2028	100.0%	883,645	8,351,773	9,575,485	9,575,485	3.9%	23,740,740	40.3%	11,234,316	87,031,390	161,028,340	73,996,950	54.0%	114,157,213	8.39%
2029	100.0%	883,778	8,683,847	9,919,925	9,919,925	3.6%	24,346,218	40.7%	11,755,725	93,708,804	164,932,860	71,223,056	56.8%	116,484,415	8.52%
2030	100.0%	852,799	9,027,769	10,244,391	10,244,391	3.3%	24,874,395	41.2%	12,548,026	100,767,834	168,855,692	67,887,858	59.7%	119,542,128	8.57%
2031	100.0%	889,783	9,383,629	10,651,701	10,651,701	4.0%	25,140,582	42.4%	13,091,710	107,909,316	171,840,486	63,931,170	62.8%	121,904,529	8.74%
2032	100.0%	912,369	9,751,949	11,057,000	11,057,000	3.8%	25,805,087	42.8%	13,418,890	115,631,712	174,926,964	59,295,252	66.1%	124,662,302	8.87%
2033	100.0%	984,368	10,132,854	11,505,844	11,505,844	4.1%	26,471,826	43.5%	13,656,704	123,975,862	177,886,517	53,910,655	69.7%	127,502,808	9.02%
2034	100.0%	981,479	10,526,846	11,932,085	11,932,085	3.7%	27,302,623	43.7%	14,037,284	133,216,954	180,925,677	47,708,723	73.6%	130,428,529	9.15%
2035	100.0%	1,016,823	10,934,449	12,391,343	12,391,343	3.8%	27,993,418	44.3%	14,531,123	143,260,825	183,876,000	40,615,175	77.9%	133,442,022	9.29%
2036	100.0%	1,058,680	11,354,857	12,870,422	12,870,422	3.9%	28,656,497	44.9%	14,852,141	154,053,147	186,577,213	32,524,068	82.6%	136,545,920	9.43%
2037	100.0%	1,066,876	11,787,854	13,327,860	13,327,860	3.6%	29,428,669	45.3%	14,941,950	165,888,932	189,231,775	23,342,843	87.7%	139,742,934	9.54%
2038	100.0%	1,102,041	1,461,970	2,658,423	2,658,423	-80.1%	30,320,765	8.8%	15,080,217	179,110,577	192,096,880	12,986,303	93.2%	139,742,934	1.90%
2039	100.0%	1,153,738	1,507,716	2,759,452	2,759,452	3.8%	31,275,471	8.8%	15,431,604	182,175,444	195,081,058	12,905,614	93.4%	139,742,934	1.97%
2040	100.0%	1,199,683	1,527,072	2,785,687	2,785,687	1.0%	32,079,589	8.7%	15,865,387	185,252,048	198,019,780	12,767,732	93.6%	139,742,934	1.99%
2041	100.0%	1,177,263	1,437,153	2,710,684	2,710,684	-2.7%	32,890,858	8.2%	16,101,531	188,178,900	200,726,245	12,547,345	93.7%	139,742,934	1.94%
2042	100.0%	1,180,004	1,436,496	2,712,845	2,712,845	0.1%	33,747,857	8.0%	16,298,154	191,149,224	203,539,339	12,399,699	93.9%	139,742,934	1.94%

Asset Return Assumption: 7.50%

Town of West Warwick Pension Plan

Exhibit A: Current Forecast of Actuarial Valuation Results, adopted Actuarial Assumptions, prior to Benefit Changes

Year	Payment against the ARC	Employer Normal Cost	Amortization	ARC	Contribution	Increase	Payroll	Contribution as a % of Payroll	Benefit Payments	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability	Funded Ratio (AVA)	Revenue Forecast	Contribution as a % of Revenue
2012	52.5%	1,247,152	7,667,199	9,264,065	4,865,724	442.1%	14,719,366	33.1%	8,618,299	28,421,048	143,760,373	115,339,325	19.8%	79,639,386	6.11%
2013	100.0%	1,642,355	8,916,727	10,947,889	10,947,889	125.0%	15,238,781	71.8%	8,777,956	26,230,989	158,667,371	132,436,382	16.5%	79,738,741	13.73%
2014	100.0%	1,705,432	9,230,215	11,338,321	11,338,321	3.6%	15,752,535	72.0%	9,161,296	32,025,507	165,373,971	133,348,464	19.4%	80,656,012	14.06%
2015	100.0%	1,777,003	9,565,758	11,760,425	11,760,425	3.7%	16,250,880	72.4%	9,685,907	38,117,589	172,294,242	134,176,653	22.1%	81,573,283	14.42%
2016	100.0%	1,796,020	9,958,175	12,187,009	12,187,009	3.6%	16,629,523	73.3%	10,220,105	43,851,372	179,301,502	135,450,130	24.5%	82,490,554	14.77%
2017	100.0%	1,844,368	10,325,037	12,617,507	12,617,507	3.5%	17,093,816	73.8%	10,725,429	50,618,372	186,368,522	135,750,150	27.2%	83,407,825	15.13%
2018	100.0%	1,879,571	10,706,209	13,049,214	13,049,214	3.4%	17,579,553	74.2%	11,252,256	57,847,871	193,548,415	135,700,544	29.9%	84,325,096	15.47%
2019	100.0%	1,955,597	11,101,870	13,538,270	13,538,270	3.7%	18,067,077	74.9%	11,850,798	65,561,459	200,814,098	135,252,639	32.6%	85,296,367	15.87%
2020	100.0%	2,006,485	11,512,266	14,016,539	14,016,539	3.5%	18,509,230	75.7%	12,594,478	73,769,802	208,124,540	134,354,738	35.4%	85,967,638	16.30%
2021	100.0%	2,020,483	11,937,831	14,472,288	14,472,288	3.3%	18,876,659	76.7%	13,193,677	82,338,732	215,292,502	132,953,770	38.2%	86,638,909	16.70%
2022	100.0%	2,087,095	12,380,062	14,999,868	14,999,868	3.6%	19,392,179	77.4%	13,861,406	91,459,085	222,468,282	131,009,197	41.1%	87,310,180	17.18%
2023	100.0%	2,136,859	12,840,427	15,528,781	15,528,781	3.5%	19,912,720	78.0%	14,464,994	101,142,959	229,617,213	128,474,254	44.0%	87,981,451	17.65%
2024	100.0%	2,207,199	13,317,729	16,096,588	16,096,588	3.7%	20,496,904	78.5%	15,188,383	111,522,821	236,774,890	125,252,069	47.1%	88,652,722	18.16%
2025	100.0%	2,229,670	13,813,257	16,633,660	16,633,660	3.3%	20,978,574	79.3%	15,912,051	122,551,762	243,832,932	121,281,170	50.3%	89,323,993	18.62%
2026	100.0%	2,286,578	14,326,082	17,224,372	17,224,372	3.6%	21,494,693	80.1%	16,539,774	134,259,409	250,715,860	116,456,451	53.6%	89,995,264	19.14%
2027	100.0%	2,345,783	14,856,967	17,836,190	17,836,190	3.6%	22,091,355	80.7%	17,248,967	146,866,873	257,560,841	110,693,968	57.0%	90,666,535	19.67%
2028	100.0%	2,409,199	15,408,108	18,473,377	18,473,377	3.6%	22,637,892	81.6%	17,886,269	160,350,975	264,276,446	103,925,471	60.7%	91,337,806	20.23%
2029	100.0%	2,469,729	15,978,437	19,127,466	19,127,466	3.5%	23,268,081	82.2%	18,523,366	174,906,183	270,925,913	96,019,730	64.6%	92,009,077	20.79%
2030	100.0%	2,511,921	16,571,438	19,786,048	19,786,048	3.4%	23,882,796	82.8%	19,158,218	190,622,794	277,534,759	86,911,965	68.7%	92,680,348	21.35%
2031	100.0%	2,607,092	17,185,124	20,521,006	20,521,006	3.7%	24,545,895	83.6%	19,876,634	207,604,562	284,040,793	76,436,231	73.1%	93,351,619	21.98%
2032	100.0%	2,663,707	17,822,361	21,240,408	21,240,408	3.5%	25,155,069	84.4%	20,571,406	225,926,919	290,423,696	64,496,777	77.8%	94,022,890	22.59%
2033	100.0%	2,728,401	18,486,885	21,996,476	21,996,476	3.6%	25,813,107	85.2%	21,272,563	245,700,379	296,700,029	50,999,650	82.8%	94,694,161	23.23%
2034	100.0%	2,779,182	19,180,289	22,768,064	22,768,064	3.5%	26,449,517	86.1%	21,875,885	267,070,057	302,871,838	35,801,781	88.2%	95,365,432	23.87%
2035	100.0%	2,864,740	5,168,860	8,329,414	8,329,414	-63.4%	27,204,772	30.6%	22,430,208	290,291,486	309,038,717	18,747,231	93.9%	96,036,703	8.67%
2036	100.0%	2,981,922	3,750,216	6,980,029	6,980,029	-16.2%	28,034,971	24.9%	23,081,338	299,778,205	315,217,084	15,438,879	95.1%	96,707,974	7.22%
2037	100.0%	3,040,125	3,306,990	6,580,829	6,580,829	-5.7%	28,791,279	22.9%	23,679,279	307,954,911	321,372,336	13,417,425	95.8%	97,379,245	6.76%
2038	100.0%	3,131,143	1,154,377	4,443,321	4,443,321	-32.5%	29,637,286	15.0%	24,215,144	315,786,063	327,484,398	11,698,335	96.4%	98,050,516	4.53%
2039	100.0%	3,237,812	1,240,912	4,643,640	4,643,640	4.5%	30,544,892	15.2%	24,719,558	321,522,892	333,671,572	12,148,680	96.4%	98,721,787	4.70%
2040	100.0%	3,323,741	1,300,670	4,794,691	4,794,691	3.8%	31,500,642	15.2%	25,211,112	327,447,036	339,927,280	12,480,244	96.3%	99,393,058	4.82%
2041	100.0%	3,428,751	1,242,095	4,842,836	4,842,836	1.0%	32,436,835	14.9%	25,741,532	333,545,821	346,091,612	12,545,791	96.4%	100,064,329	4.84%
2042	100.0%	3,496,143	1,261,378	4,932,702	4,932,702	1.9%	33,382,602	14.8%	26,223,437	339,679,227	352,145,362	12,466,135	96.5%	100,735,600	4.90%

Asset Return Assumption: 7.50%

Woonsocket

Funding Improvement Plan Update



LOCALLY-ADMINISTERED PENSION PLANS & OPEB STUDY COMMISSION
FUNDING IMPROVEMENT PLAN UPDATE

Woonsocket (closed plan)

Please update the Locally-Administered Pension & OPEB Study Commission with the status of your funding improvement plan (FIP). **Complete and return by April 18, 2014** to elaine.colarusso@dor.ri.gov.

1. Funding 100% of the ARC by FY 2014?
 Paying ARC-fully
 Paying ARC-partially

Year	ARC	Actual contribution	% of ARC funded
2013	4,980,000 ¹⁾	1,000,000	20%
2014	3,465,000 ²⁾	3,465,000	100%
2015*	3,465,000 ²⁾	3,465,000	100%

If the ARC is not fully funded, provide two years of ARC and payment information from the most recent actuarial valuation. Indicate valuation year for above data table _____.

*planned payment
 1) Based upon enactment of state law allowing for sixteen year amortization
 2) Based upon freezing of cola, WBC is still in negotiations with

Please note that the guidelines, as adopted by the Commission, call for the contribution to be increased such that the portion of the required funding payments actually contributed increases by 20 percentage points each year until it reaches 100%.

retirees in this closed plan. WBC passed an enactment to freeze cola, so no cola granted in July 2013.

2. Retiree COLAs eliminated?
 Yes
 No
 Still negotiating Matter in arbitration/court

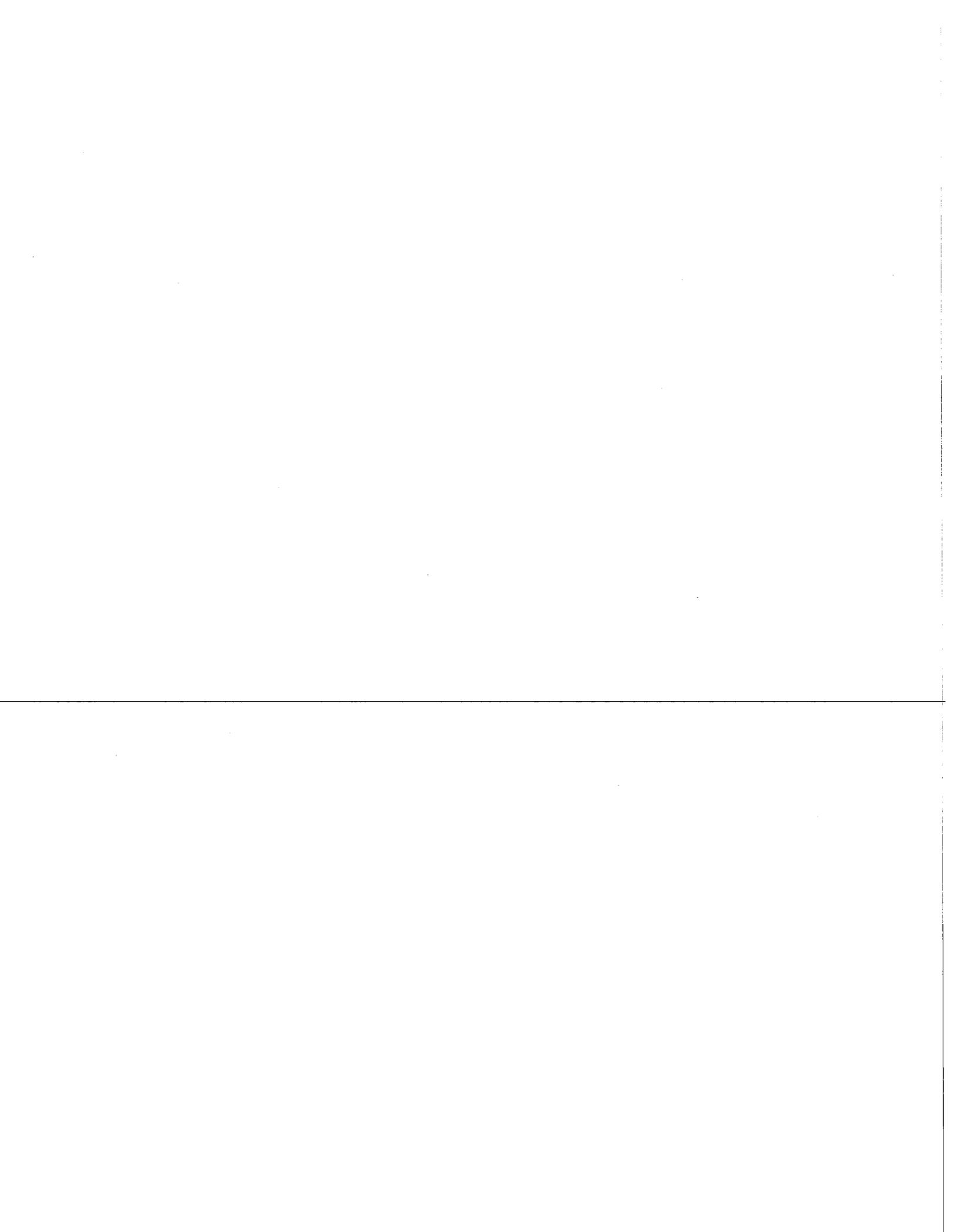
3. Legislation passed to modify 5-year amortization?
 Yes
 No

4. Full or continued implementation of the funding improvement plan as submitted to the Commission?
 Partial implementation of the funding improvement plan as submitted to the Commission?
 Changes made to FIP

Provide a detailed statement describing any funding improvement plan changes to the original FIP submission, a description of items not yet fully implemented, additional actuarial runs if changes were made, and any action by local governing body to approve revised plan. Attach additional page if necessary.


 Signature
 Stephen E. Coleman Jr.
 Municipal Projects Director
 (Budget Commission staff)

4-22-14
 Date



September 19, 2013

Rosemary Booth Gallogly, Chairperson
Local Pension Study Commission
One Capitol Hill
Providence, RI 02908

Re: Funding Improvement Plan Update

Dear Ms. Gallogly,

The implementation of the City's Funding Improvement Plan ("FIP") that was presented to the Local Pension Study Commission requires negotiations with retirees, which have been ongoing for several months. In addition, the Budget Commission enacted a resolution freezing COLAs as of July 1, 2013, as well as modifying health care benefits and requiring eligible retirees to enroll in Medicare.

Furthermore, several police retirees have sued the Woonsocket Budget Commission for changing their health care benefits.

We will continue to update the Local Pension Study Commission on the progress of the negotiations and litigation.

Sincerely,

Leo Fontaine
Mayor, City of Woonsocket

Dina Dutremble
Chair, Woonsocket Budget Commission

Comparing Option 2a with the Other Options (assuming a 7.5% investment rate of return)

Removing all future COLAs has a profound impact on the Plan. The Plan immediately emerges from critical status as of July 1, 2012. The difference in level annual contribution requirements (Option 1, with COLA and 16-year amortization, vs. Option 2, no COLA and 16-year amortization) is \$1,515,000. Extending the contribution period to 25 years, as shown under Option 3, allows for a contribution patterns that averages about \$2,851,000. Adoption of a level annual contribution of \$3 million (Option 4) extends the contribution period from 16 years to 22 years. If fully funded status is required after 5 years (Option 5), the level required contribution is \$11,275,000.

Below is a comparison of the various options.

FY 2013	Option 1a	Option 2a	Option 2a.i	Option 3a	Option 4a	Option 5a
Accrued Liability	\$98,531,000	\$84,149,000	\$84,149,000	\$84,149,000	\$84,149,000	\$98,531,000
Assets	55,902,000	55,902,000	55,902,000	55,902,000	55,902,000	55,902,000
Unfunded AL	42,629,000	28,247,000	28,247,000	28,247,000	28,247,000	42,629,000
ARC	4,980,000	3,465,000	1,000,000	2,534,000	3,000,000	11,275,000
Benefit Payment	8,276,000	8,295,000	8,295,000	8,295,000	8,295,000	8,276,000
Funded Ratio	56.7%	66.4%	66.4%	66.4%	66.4%	56.7%
FY 2014	Option 1a	Option 2a	Option 2a.i	Option 3a	Option 4a	Option 5a
Accrued Liability	\$97,321,000	\$81,838,000	\$81,838,000	\$81,838,000	\$81,838,000	\$97,321,000
Assets	53,089,000	51,498,000	48,940,000	50,532,000	51,015,000	59,620,000
Unfunded AL	44,232,000	30,340,000	32,898,000	31,306,000	30,823,000	37,701,000
ARC	4,980,000	3,465,000	3,465,000	2,850,000	3,000,000	11,275,000
Benefit Payment	8,379,000	8,226,000	8,226,000	8,226,000	8,226,000	8,379,000
Funded Ratio	54.6%	62.9%	60.0%	61.7%	62.3%	61.3%
Option 1a: 100% funded in 16 years, Investment Rate of Return 7.5%, With COLA all future years						
Option 2a: 100% funded in 16 years, Investment Rate of Return 7.5%, No COLA all future years						
Option 2a.i: 100% funded in 16 years, Investment Rate of Return 7.5%, No COLA all future years						
Option 3a: 100% funded in 25 years, Investment Rate of Return 7.5%, No COLA all future years						
Option 4a: \$3m until fully funded, Investment Rate of Return 7.5%, No COLA all future years						
Option 5a: 100% funded in 5 years, Investment Rate of Return 7.5%, With COLA all future years						

Current Funding

In FY 2013, the City is planning on contributing \$1,000,000. In FY 2012, the City contributed \$1,006,677, to the Plan, which is 27.88% of its annually required contribution. In FY 2011, and FY 2010, the City contributed 36.43% and 0.57% respectively of the ARC to the Plan, or an amount of \$1,011,371 in FY 2011 and \$15,612 in FY 2010.

CITY OF WOONSOCKET, RHODE ISLAND
FIREMEN'S PENSION FUND and POLICEMEN'S PENSION FUND

Option 2a.i.

Contribution Pattern: 100% funded in 16 years; Investment Return: 7.50%; No COLA all future years
RP2000 Mortality Table, projected to 2010 and then fully generational with 115% male and 95% female

FY Ending 6/30	Accrued Liability (AL)	Assets	Unfunded AL	Annual Required Contribution	Benefit Payments	Funded %
2013	84,149,000	55,902,000	28,247,000	1,000,000	8,295,000	66%
2014	81,838,000	48,940,000	32,898,000	3,465,000	8,226,000	60%
2015	79,413,000	48,433,000	30,980,000	3,465,000	8,098,000	61%
2016	76,940,000	47,295,000	29,645,000	3,465,000	7,963,000	61%
2017	74,422,000	44,648,000	29,774,000	3,465,000	7,820,000	60%
2018	73,164,000	43,278,000	29,886,000	3,925,000	7,671,000	59%
2019	70,476,000	42,448,000	28,028,000	3,925,000	7,516,000	60%
2020	67,756,000	41,725,000	26,031,000	3,925,000	7,355,000	62%
2021	65,008,000	41,122,000	23,886,000	3,925,000	7,190,000	63%
2022	62,234,000	40,655,000	21,579,000	3,925,000	7,018,000	65%
2023	59,439,000	40,338,000	19,101,000	3,925,000	6,840,000	68%
2024	56,626,000	40,190,000	16,436,000	3,925,000	6,656,000	71%
2025	53,801,000	40,229,000	13,572,000	3,925,000	6,465,000	75%
2026	50,970,000	40,476,000	10,494,000	3,925,000	6,266,000	79%
2027	48,139,000	40,954,000	7,185,000	3,925,000	6,061,000	85%
2028	45,316,000	41,686,000	3,630,000	3,925,000	5,848,000	92%
2029	42,508,000	42,701,000	(193,000)	0	5,627,000	100%

Note: The Accrued Liability, Asset, Unfunded AL, and Funded Percents are all as of the beginning of the fiscal year.

The Annual Required Contributions are determined assuming mid-year deposit.

CITY OF WOONSOCKET, RHODE ISLAND
 FIREMEN'S PENSION FUND and POLICEMEN'S PENSION FUND
 Option 1a.

Level Contribution Pattern: 100% funded in 16 years; Investment Return: 7.50%; With COLA all future years
 RP2000 Mortality Table, projected to 2010 and then fully generational with 115% male and 95% female

FY Ending 6/30	Accrued Liability (AL)	Assets	Unfunded AL	Annual	Benefit	Funded %
				Required Contribution	Payments	
2013	98,531,000	55,902,000	42,629,000	4,980,000	8,276,000	57%
2014	97,321,000	53,089,000	44,232,000	4,980,000	8,379,000	55%
2015	95,897,000	54,306,000	41,591,000	4,980,000	8,423,000	57%
2016	94,320,000	54,843,000	39,477,000	4,980,000	8,456,000	58%
2017	92,591,000	53,822,000	38,769,000	4,980,000	8,477,000	58%
2018	92,010,000	54,030,000	37,980,000	4,980,000	8,487,000	59%
2019	89,885,000	54,253,000	35,632,000	4,980,000	8,483,000	60%
2020	87,612,000	54,506,000	33,106,000	4,980,000	8,467,000	62%
2021	85,195,000	54,804,000	30,391,000	4,980,000	8,436,000	64%
2022	82,636,000	55,164,000	27,472,000	4,980,000	8,390,000	67%
2023	79,941,000	55,606,000	24,335,000	4,980,000	8,329,000	70%
2024	77,114,000	56,153,000	20,961,000	4,980,000	8,250,000	73%
2025	74,165,000	56,830,000	17,335,000	4,980,000	8,153,000	77%
2026	71,101,000	57,665,000	13,436,000	4,980,000	8,036,000	81%
2027	67,936,000	58,690,000	9,246,000	4,980,000	7,899,000	86%
2028	64,681,000	59,940,000	4,741,000	4,980,000	7,741,000	93%
2029	61,352,000	61,454,000	(102,000)	0	7,562,000	100%

Note: The Accrued Liability, Asset, Unfunded AL, and Funded Percents are all as of the beginning of the fiscal year.

The Annual Required Contributions are determined assuming mid-year deposit.