



THE CUSTODIANS AND MECHANICS PENSION TRUST FUND OF THE CITY OF
STAMFORD

GASB 67 AND GASB 68 DISCLOSURE

REPORTING AS OF JUNE 30, 2017





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All the items listed below are required by GASB 67 and GASB 68 but are not included in this report:

- Statement of Changes in Fiduciary Net Position
- Statement of Fiduciary Net Position
- Investments That Represent 5% or More of the Plan’s Fiduciary Net Position
- Investment Policy
- Pension Board Composition
- Authority to Amend Plan

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Certification

This report presents the results of the June 30, 2017 GASB 67 and GASB 68 Disclosure for The Custodians and Mechanics Pension Trust Fund of the City of Stamford (the Plan). The report is intended to satisfy the requirements of both GASB 67 and GASB 68. This report may not be appropriate for any other purpose.

The report has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with the Actuarial Standards Board Standards of Practice.

I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this disclosure report, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Plan Sponsor or Trustee. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this disclosure report are based on the Plan as summarized in the Summary of Plan Provisions section of this report and the actuarial methods and assumptions detailed in the Description of Actuarial Methods and Procedures and Description of Actuarial Assumptions sections of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, 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 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 this report, an analysis of the potential range of such future measurements has not been performed.

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Evan W. Woollacott, Jr., FCA, MAAA
Enrolled Actuary 17-04513

January 4, 2017



Money-Weighted Rate of Return June 30, 2017

Beg. Value 55,125,767 **Ending Value** 63,418,939

	Date	Employer Contributions	Employee Contributions	Benefit Payments	Admin. Expenses	Net External Cash Flows	Period Invested	Period Weight	Net External Cash Flows w/ Interest
Beg. of Yr.	7/1/2016						12	1.000	62,991,930
July	7/31/2016	2,145,000	73,582	(243,614)	(4,279)	1,970,689	11	0.917	2,227,003
August	8/31/2016	-	51,436	(233,867)	(4,279)	(186,710)	10	0.833	(208,662)
September	9/30/2016	-	98,328	(236,328)	(4,279)	(142,279)	9	0.750	(157,249)
October	10/31/2016	-	100,339	(232,880)	(4,279)	(136,820)	8	0.667	(149,544)
November	11/30/2016	-	100,183	(305,876)	(4,279)	(209,972)	7	0.583	(226,962)
December	12/31/2016	-	139,506	(234,320)	(4,279)	(99,093)	6	0.500	(105,927)
January	1/31/2017	-	103,298	(241,504)	(4,279)	(142,485)	5	0.417	(150,628)
February	2/28/2017	-	99,794	(235,622)	(4,279)	(140,107)	4	0.333	(146,477)
March	3/31/2017	-	111,317	(284,540)	(4,279)	(177,502)	3	0.250	(183,521)
April	4/30/2017	-	98,532	(234,498)	(4,279)	(140,245)	2	0.167	(143,398)
May	5/31/2017	-	100,383	(233,282)	(4,279)	(137,178)	1	0.083	(138,711)
June	6/30/2017	-	73,057	(257,692)	(4,280)	(188,915)	0	0.000	(188,915)
End of Yr.	6/30/2017	2,145,000	1,149,755	(2,974,023)	(51,349)				63,418,939

Money-Weighted Rate of Return

14.27%



Schedule of Investment Returns Last 4 Fiscal Years

Year Ended June 30:	Annual Money-Weighted Rate of Return, Net of Investment Expense
2014	16.34%
2015	0.73%
2016	-3.37%
2017	14.27%



Contributions Compared to ADEC and Payroll Schedule of Contributions Last 4 Fiscal Years

	2017	2016	2015	2014
Actuarially determined employer contribution (ADEC)	\$ 2,145,000	\$ 1,840,000	\$ 1,669,000	\$ 1,584,000
Contributions in relation to the ADEC	2,145,000	1,872,461	1,669,000	1,584,000
Contribution deficiency (excess)	\$ -	\$ (32,461)	\$ -	\$ -
Covered payroll	\$ 20,466,257	\$ 20,527,753	\$ 19,929,857	\$ 19,177,570
Contributions as a % of covered payroll	10.48%	9.12%	8.37%	8.26%



Discount Rate Calculation

The long-term expected rate of return on investments may be used to discount liabilities to the extent that the plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan's fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses. Professional judgment should be applied to the projections of contributions in circumstances where (a) contributions amounts are established by statute or contract or (b) a formal written policy exists. Consideration should also be given to the most recent five-year contribution history as key indicators of future contributions. It should not include cash flows for future plan members.

If the amount of the plan's fiduciary net position is projected to be greater than or equal to the benefit payments and administrative expenses made in that period, the actuarial present value of payments should be discounted using the long-term expected rate of return on those investments. A 20-year, high quality (AA/Aa or higher), tax-exempt municipal bond yield or index rate must be used to discount benefit payments for periods where the fiduciary net position is not projected to cover expected benefit payments and administrative expenses.

Plans that are projected to have sufficient fiduciary net position indefinitely will use the long-term expected return on investments to determine liabilities but will have to substantiate their projected solvency.

GASB permits alternative methods to evaluate the sufficiency of the plan's net fiduciary position. Based on the plan's current net pension liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, we have used the 7.5% interest rate assumption to discount plan liabilities.



Target Allocation and Expected Rate of Return Actuarial Valuation as of July 1, 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Domestic Fixed Income	15.00%	2.00%	0.30%
Domestic Equity	30.00%	5.25%	1.58%
International Equity	20.00%	5.50%	1.10%
Asset Allocation	35.00%	3.84%	1.34%
	100.00%		4.32%
Long-Term Inflation Expectation			2.75%
Long-Term Expected Nominal Return			7.07%

**Long-Term Returns are provided by HHIA & FIA. The returns are geometric means.*

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 7.0% and 7.5%. An expected rate of return of 7.5% was used.

The July 1, 2016 Actuarial Valuation directly calculated the July 1, 2016 Total Pension Liability (TPL). The July 1, 2016 TPL was increased by service cost and interest and decreased by benefit payments to estimate the TPL as of June 30, 2017.



Schedule of Changes in Net Pension Liability and Related Ratios Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Total pension liability					
Service cost	\$ 2,769,361	\$ 2,636,301	\$ 2,447,371	\$ 2,376,088	\$ 2,306,882
Interest	5,578,118	5,216,803	5,000,246	4,667,210	4,359,174
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,951,357)	-	(2,221,286)	-	-
Changes of assumptions	1,539,867	923,580	1,347,685	-	-
Benefit payments, including refunds of member contributions	(2,974,023)	(2,929,747)	(2,802,115)	(2,832,023)	(2,691,801)
Net change in total pension liability	3,961,966	5,846,937	3,771,901	4,211,275	3,974,255
Total pension liability - beginning	73,065,686	67,218,749	63,446,848	59,235,573	55,261,318
Total pension liability - ending: (a)	<u>\$ 77,027,652</u>	<u>\$ 73,065,686</u>	<u>\$ 67,218,749</u>	<u>\$ 63,446,848</u>	<u>\$ 59,235,573</u>
Plan fiduciary net position					
Contributions - employer	\$ 2,145,000	\$ 1,872,461	\$ 1,669,000	\$ 1,584,000	\$ 1,497,000
Contributions - member	1,149,755	1,200,202	1,146,675	1,097,592	1,057,944
Net investment income (loss)	8,023,789	(1,949,305)	415,987	8,053,015	5,518,467
Benefit payments, including refunds of member contributions	(2,974,023)	(2,929,747)	(2,802,115)	(2,832,023)	(2,691,801)
Administrative expenses	(51,349)	(33,778)	(47,045)	(71,917)	(58,888)
Other	-	4,076	-	(108)	-
Net change in plan fiduciary net position	8,293,172	(1,836,091)	382,502	7,830,559	5,322,722
Plan fiduciary net position - beginning	55,125,767	56,961,858	56,579,356	48,748,797	43,426,075
Plan fiduciary net position - ending: (b)	<u>63,418,939</u>	<u>55,125,767</u>	<u>56,961,858</u>	<u>56,579,356</u>	<u>48,748,797</u>
Net pension liability - ending: (a) - (b)	<u>\$ 13,608,713</u>	<u>\$ 17,939,919</u>	<u>\$ 10,256,891</u>	<u>\$ 6,867,492</u>	<u>\$ 10,486,776</u>
Plan fiduciary net position as a % of total pension liability	82.33%	75.45%	84.74%	89.18%	82.30%
Covered payroll	\$ 20,466,257	\$ 20,527,753	\$ 19,929,857	\$ 19,177,570	\$ 18,619,000
Net pension liability as a % of covered payroll	66.49%	87.39%	51.46%	35.81%	56.32%



Schedule of Net Pension Liability Last 6 Fiscal Years

	2017	2016	2015	2014	2013
Total pension liability*	\$ 77,027,652	\$ 73,065,686	\$ 67,218,749	\$ 63,446,848	\$ 59,235,573
Plan fiduciary net position	<u>63,418,939</u>	<u>55,125,767</u>	<u>56,961,858</u>	<u>56,579,356</u>	<u>48,748,797</u>
Net pension liability (asset)	\$ 13,608,713	\$ 17,939,919	\$ 10,256,891	\$ 6,867,492	\$ 10,486,776
Plan fiduciary net position as a % of total pension liability	82.33%	75.45%	84.74%	89.18%	82.30%
Covered payroll	\$ 20,466,257	\$ 20,527,753	\$ 19,929,857	\$ 19,177,570	\$ 18,619,000
Net pension liability as a % of covered payroll	66.49%	87.39%	51.46%	35.81%	56.32%

	2012
Total pension liability*	\$ 55,261,318
Plan fiduciary net position	<u>43,426,075</u>
Net pension liability (asset)	\$ 11,835,243
Plan fiduciary net position as a % of total pension liability	78.58%
Covered payroll	\$ 19,247,000
Net pension liability as a % of covered payroll	61.49%

**Total pension liability calculated using the Entry Age Normal Actuarial Cost Method, as required by paragraph 46 of GASB Statement 67.*



Disclosure Overview as of June 30, 2017

	Plan's Funded Status			Deferred Outflows/(Inflows) of Resources			Recognized in Net Pension Liability	Recognized in Total Pension Expense
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	(Gains)/ Losses	Assumption Changes	Projected Net Investment Income		
Balances -- prior year disclosure	(73,065,686)	55,125,767	(17,939,919)	(1,748,672)	1,884,134	7,418,090	(17,939,919)	
Changes in net pension liability:								
Service cost	(2,769,361)		(2,769,361)					2,769,361
Interest	(5,578,118)		(5,578,118)					5,578,118
Net investment income		8,023,789	8,023,789					(8,023,789)
Contributions - employer		2,145,000	2,145,000				2,145,000	
Contributions - member		1,149,755	1,149,755					(1,149,755)
Benefit payments, including refunds of member contributions	2,974,023	(2,974,023)	-					
Administrative expense		(51,349)	(51,349)					51,349
Other		-	-					-
Recognized in total pension expense								
Differences between expected and actual experience				591,892			(591,892)	(591,892)
Changes of assumptions					(429,286)		429,286	429,286
Differences between projected and actual earnings on pension plan						(1,277,017)	1,277,017	1,277,017
Deferred outflows/inflows of resources								
Differences between expected and actual experience	2,951,357		2,951,357	(2,951,357)			2,951,357	
Changes of assumptions	(1,539,867)		(1,539,867)		1,539,867		(1,539,867)	
Differences between projected and actual earnings on pension plan						(3,879,438)	3,879,438	3,879,438
Total pension expense							(4,219,133)	4,219,133
Balances -- end of year	(77,027,652)	63,418,939	(13,608,713)	(4,108,137)	2,994,715	2,261,635	(13,608,713)	



Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2016	\$ 73,065,686	\$ 55,125,767	\$ 17,939,919
Changes for the year:			
Service cost	2,769,361		2,769,361
Interest	5,578,118		5,578,118
Differences between expected and actual experience	(2,951,357)		(2,951,357)
Changes of assumptions	1,539,867		1,539,867
Contributions - employer		2,145,000	(2,145,000)
Contributions - member		1,149,755	(1,149,755)
Net investment income		8,023,789	(8,023,789)
Benefit payments, including refunds of member contributions	(2,974,023)	(2,974,023)	-
Administrative expense		(51,349)	51,349
Other		-	-
Net changes	<u>3,961,966</u>	<u>8,293,172</u>	<u>(4,331,206)</u>
Balances at June 30, 2017	<u>\$ 77,027,652</u>	<u>\$ 63,418,939</u>	<u>\$ 13,608,713</u>



Components of the Pension Expense for the Fiscal Year Ended June 30, 2017

Description	Amount
Service cost	\$ 2,769,361
Interest on the total pension liability	5,578,118
Differences between expected and actual experience	(591,892)
Changes of assumptions	429,286
Member contributions	(1,149,755)
Projected earnings on pension plan investments	(4,144,351)
Differences between projected and actual earnings on plan investments	1,277,017
Pension plan administrative expense	51,349
Other changes in fiduciary net position	-
Total pension expense	\$ 4,219,133



Increase (Decrease) in Pension Expense from the Recognition of the Effects of Differences Between Expected and Actual Experience

Year	Differences between Expected and Actual Experience		Recognition Period (Years)							
	Actual Experience	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024
2015	\$ (2,221,286)	9.4	\$ (236,307)	\$ (236,307)	\$ (236,307)	\$ (236,307)	\$ (236,307)	\$ (236,307)	\$ (236,307)	\$ (94,523)
2016	-	9.2	-	-	-	-	-	-	-	-
2017	(2,951,357)	8.3	<u>(355,585)</u>	<u>(355,585)</u>	<u>(355,585)</u>	<u>(355,585)</u>	<u>(355,585)</u>	<u>(355,585)</u>	<u>(355,585)</u>	<u>(355,585)</u>
Net increase (decrease) in pension expense			<u>\$ (591,892)</u>	<u>\$ (591,892)</u>	<u>\$ (591,892)</u>	<u>\$ (591,892)</u>	<u>\$ (591,892)</u>	<u>\$ (591,892)</u>	<u>\$ (591,892)</u>	<u>\$ (450,108)</u>



Increase (Decrease) in Pension Expense from the Recognition of the Effects of Changes of Assumptions

Year	Changes of Assumptions	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024
2015	\$ 1,347,685	9.4	\$ 143,371	\$ 143,371	\$ 143,371	\$ 143,371	\$ 143,371	\$ 143,371	\$ 143,371	\$ 57,346
2016	923,580	9.2	100,389	100,389	100,389	100,389	100,389	100,389	100,389	100,389
2017	1,539,867	8.3	185,526	185,526	185,526	185,526	185,526	185,526	185,526	185,526
Net increase (decrease) in pension expense			<u>\$ 429,286</u>	<u>\$ 429,286</u>	<u>\$ 429,286</u>	<u>\$ 429,286</u>	<u>\$ 429,286</u>	<u>\$ 429,286</u>	<u>\$ 429,286</u>	<u>\$ 343,261</u>



**Increase (Decrease) in Pension Expense from the Recognition of Differences between
 Projected and Actual Earnings on Pension Plan Investments**

Year	Differences between Projected and Actual Earnings on Pension Plan Investments		Recognition Period (Years)				
	Investments	Recognition Period (Years)	2017	2018	2019	2020	2021
2015	\$ 3,967,640	5	\$ 793,528	\$ 793,528	\$ 793,528		
2016	6,296,883	5	1,259,377	1,259,377	1,259,377	\$ 1,259,375	
2017	(3,879,438)	5	<u>(775,888)</u>	<u>(775,888)</u>	<u>(775,888)</u>	<u>(775,888)</u>	<u>\$ (775,886)</u>
Net increase (decrease) in pension expense			<u>\$ 1,277,017</u>	<u>\$ 1,277,017</u>	<u>\$ 1,277,017</u>	<u>\$ 483,487</u>	<u>\$ (775,886)</u>



Interest on the Total Pension Liability Recognized in Expense

	Amount for Period	Portion of Period	Interest Rate	Interest on the Total Pension Liability
Beginning total pension liability	\$ 73,065,686	100%	7.50%	\$ 5,479,926
Service cost	2,769,361	100	7.50	207,702
Benefit payments, including refunds of member contributions	(2,974,023)	50	7.50	<u>(109,510)</u>
Total interest on the pension liability				\$ 5,578,118

Projected Earnings on Pension Plan Investments Recognized in Expense

	Amount for Period	Portion of Period	Projected Rate of Return	Projected Earnings
Beginning plan fiduciary net position	\$ 55,125,767	100%	7.50%	\$ 4,134,433
Contributions - employer	2,145,000	50	7.50	78,983
Contributions - member	1,149,755	50	7.50	42,336
Benefit payments, including refunds of member contributions	(2,974,023)	50	7.50	(109,510)
Administrative expense and other	(51,349)	50	7.50	<u>(1,891)</u>
Total projected earnings				\$ 4,144,351



Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2017, the recognized pension expense is \$4,219,133. As of June 30, 2017, deferred outflows and inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (4,108,137)
Changes of assumptions	\$ 2,994,715	
Net difference between projected and actual earnings on pension plan investments	2,261,635	
Total	\$ 5,256,350	\$ (4,108,137)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended June 30:	
2018	\$ 1,114,411
2019	1,114,411
2020	320,881
2021	(938,492)
2022	(162,606)
Thereafter	(300,392)



Deferred Outflows and Inflows of Resources from Differences between Expected and Actual Experience

Year	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Pension Expense through June 30, 2017 (c)	Balances at June 30, 2017	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2015		\$ (2,221,286)	\$ (708,921)		\$ (1,512,365)
2017		(2,951,357)	(355,585)		(2,595,772)
				<u>\$ -</u>	<u>\$ (4,108,137)</u>



Deferred Outflows and Inflows of Resources from Changes of Assumptions

Year	Increases in the Total Pension Liability (a)	Decreases in the Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2017 (c)	Balances at June 30, 2017	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2015	\$ 1,347,685		\$ 430,113	\$ 917,572	
2016	923,580		200,778	722,802	
2017	1,539,867		185,526	1,354,341	
				<u>\$ 2,994,715</u>	<u>\$ -</u>



Deferred Outflows and Inflows of Resources from Differences between Projected and Actual Earnings on Pension Plan Investments

Year	Investment Earnings Less Than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in Pension Expense through June 30, 2017 (c)	Balances at June 30, 2017	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2015	\$ 3,967,640		\$ 2,380,584	\$ 1,587,056	
2016	6,296,883		2,518,754	3,778,129	
2017		\$ (3,879,438)	(775,888)		\$ (3,103,550)
				<u>\$ 5,365,185</u>	<u>\$ (3,103,550)</u>



Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	Current Discount Rate (7.50%)	1% Decrease (6.50%)	1% Increase (8.50%)
Net pension liability as of June 30, 2017	\$ 13,608,713	\$ 22,408,156	\$ 6,171,676

Participant Breakdown as of July 1, 2016

	Participant Count
Inactive plan members or beneficiaries currently receiving benefits	163
Inactive plan members entitled to but not yet receiving benefits	61
Active plan members	528
Total members	752



Description of Significant Changes Prior to Year End

There were no significant plan changes since the last published valuation.

DROP Balances

Currently, there is no Deferred Retirement Option Plan (DROP). Therefore, the DROP balances are \$0.

Valuation Date and Roll Forward Process

The Plan Sponsor uses the July 1, 2015 Actuarial Valuation to calculate the ADEC for the fiscal year ending 2017.

The July 1, 2016 Actuarial Valuation directly calculated the July 1, 2016 Total Pension Liability (TPL). The July 1, 2016 TPL was increased by service cost and interest and decreased by benefit payments to estimate the TPL as of June 30, 2017. The TPL as of June 30, 2017 was also adjusted to reflect any material plan changes after the valuation, if applicable.

Funding Policy

The Plan Sponsor uses the Projected Unit Credit Actuarial Cost Method to calculate the plan liabilities. The Funding Policy has two parts.

1. Normal Cost
2. Amortization of the Unfunded Actuarial Liability (UAL)

Each year the Plan Sponsor pays the Normal Cost plus an amortization of the plan's UAL. For the July 1, 2016 Actuarial Valuation, an open amortization period of 15 years was used.

Assumption Selection

The selections of all assumptions used in determining the total pension liability were made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.



Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the Market Value and Expected Actuarial Value by recognizing 20% of the difference each year. The Actuarial Value is adjusted, if necessary, to be within the range of 70% and 130% of the Market Value of assets.

Actuarial Cost Method

Cost method for determining the GASB liability: Entry Age Normal Actuarial Cost Method (level percentage of salary).

Cost method for determining the ADEC: Projected Unit Credit Actuarial Cost Method

Normal Cost: Under this method, the normal cost equals the total present value of the benefits accruing for all members during the upcoming year, increased to reflect salaries projected to the assumed retirement date.

Unfunded Accrued Liability: The actuarial accrued liability equals the present value of all benefits accrued to date, increased to reflect salaries for all active members. The actuarial accrued liability is reduced by plan assets to develop the unfunded accrued liability. This amount is amortized over 15 years on an open basis.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the actuarial accrued liability and are amortized at the same rate the plan is amortizing the remaining unfunded accrued liability.



Description of Actuarial Assumptions

Changes in Actuarial Assumptions as of July 1, 2016

The valuation reflects changes in the actuarial assumptions listed below. (The assumptions used before and after these changes are more fully described in the next section.)

- Mortality
- Inflation
- Payroll Growth
- Medicare Part B Reimbursement

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

Investment rate of return (net of investment-related and administrative expenses)

7.50%.

Inflation

2.75% (Prior: 3.00%)

This assumption is based on long term (1926-2013) historical inflation numbers. While near term averages have been lower, we do not believe this trend will continue indefinitely and expect that there will be a reversion to the long term average.

Mortality

RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB. (Prior: Scale AA)

Mortality Improvement

Projected to date of decrement using Scale BB (generational mortality). (Prior Scale AA)

We have selected a mortality table commonly used by public pension systems (such as the State of Connecticut). The plan does not have sufficiently credible data on which to perform a mortality experience study.

Salary Scale

Based on age. Sample rates shown below.

Age	Rate	Prior:	Age	Rate
20	6.25%		20	6.50%
25	6.25%		25	6.50%
30	5.60%		30	5.85%
35	4.95%		35	5.20%
40	4.30%		40	4.55%
45	3.65%		45	3.90%
50	3.00%		50	3.25%
55+	2.75%		55+	3.00%

The assumption is based on input from the plan sponsor regarding future expectations, as well as knowledge that younger employees generally earn higher annual percentage increases than older employees.



Retirement

Assumed annual rates of retirement after the completion of 10 years of service are as follows:

Age	Retirement Rate
60	20%
61	5%
62-69	20%
70	100%

An additional 50% probability of retirement is added upon completion of 25 years of service.

Turnover

The following annual rates of turnover are assumed:

Age	Probability
20	5.44%
25	4.89%
30	3.70%
35	2.35%
40	1.13%
45	0.00%
50	0.00%
55	0.00%
60	0.00%

Disability

The following annual rates of disability are assumed:

Age	Probability
20	.05%
25	.05%
30	.05%
35	.06%
40	.09%
45	.18%
50	.40%
55	.85%
60	.00%

The actuarial assumptions in regards to rates of decrement shown above are based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

Deaths

For purposes of valuing the plan's pre-retirement death benefit, we assume all deaths are non-service related.

Payroll Growth

2.75%, only used to project normal cost to the next year. (Prior: 3.00%)



Survivorship

70% of employees assumed to be married, with wives 4 years younger than husbands.

Expenses

The normal cost includes a load for expected administrative expenses. Expenses are estimated based on actual amounts for the two prior years.

Sick Bank

50% of retirees are assumed to elect an annuity from the fund and 50% of retirees are assumed to elect a lump sum paid from the operating budget.

Medicare Part B Reimbursement

2.75% increase assumption each year. (Prior: 3.00%)

In total, the change in assumptions reflected in this valuation increased liabilities by 1.6%.



Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Plan identification

Single-employer pension plan

Pension Earnings

Salary in Final Year of Employment.

Normal Retirement

Eligibility: The earlier of 1) age 60 with 10 years of service, or 2) 25 years of service.

Benefit: Educational Assistants and Security Workers: 1.5% of pension earnings per year of service to a maximum of 33 years.

Custodians: 2.25% of pension earnings times year of service to a maximum of 33 years.

Limits on Annual Benefit

Maximum: None.

Minimum: None.

Disability – Non-Service Connected

Service Requirement: 10 years of service.

Benefit: 50% of pension earnings if less than 25 years of service. Accrued retirement benefit if more than 25 years of service.

Disability – Service Connected:

Service Requirement: None.

Benefit: 50% of pension earnings.

Pre-Retirement Death Benefit – Non Service Connected

Service Requirement: None.

Benefit: Return of contributions if less than 10 years of service. 50% of pension earnings with 10 years of service.

Pre-Retirement Death Benefit – Service Connected

Service Requirement: None.

Benefit: 50% of pension earnings.



Post-Retirement Spouse's Benefit

100% of pension retiree was receiving.

Post-Retirement Death Benefit

Lump sum, excess of accumulated contributions over benefits paid to member or survivors (if not eligible for spouse's benefit).

Vesting in Accrued Benefit

Eligibility: 10 years of service.

Benefit: Accrued retirement benefit.

Termination Benefit

Accumulated contributions as lump sum, if not vested.

Employee Contributions

5% of salary; no contributions for those with 33 or more years of service (7% for Custodians with a 33 year maximum).

Additional Retirement Benefits

Employees can trade in up to 125 days of sick leave for additional pension credit. Each 25 days grants an additional 1.5% of salary up to a maximum of 7.5%.

Educational Assistants and Security Workers are not eligible for this additional retirement benefit.