



**Town of Westport
Retirement Plan for Non-Union Employees**

**Actuarial Valuation as of July 1, 2012
For Fiscal Year 2013-14**

Prepared by
Milliman, Inc.

Rebecca A. Sielman, FSA
Consulting Actuary

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

Table of Contents

	Page
CERTIFICATION	1
I EXECUTIVE SUMMARY	
A. Highlights	3
B. Summary of Principal Results	9
II PLAN ASSETS	
A. Summary of Fund Transactions	10
B. Actuarial Value of Assets	11
III DEVELOPMENT OF CONTRIBUTION	
A. Past Service Cost	12
B. Annual Required Contribution	13
C. Long Range Forecast	14
IV ACCOUNTING INFORMATION	
A. Notes to Required Supplementary Information	15
B. Schedule of Funding Progress	16
C. Schedule of Employer Contributions	17
D. Accrued and Vested Benefits	18
E. Statement of Changes in Accrued Plan Benefits	19
V MEMBERSHIP DATA	
A. Reconciliation of Membership From Prior Valuation	20
B. Statistics of Active Membership	21
C. Distribution of Active Members - Count	22
D. Distribution of Active Members - Average Pay	23
E. Distribution of Inactive Members	24
APPENDICES	
A. Actuarial Funding Method	25
B. Actuarial Assumptions	26
C. Summary of Plan Provisions	28

Certification

We have performed an actuarial valuation of the Plan as of July 1, 2012 for fiscal year 2013-14. This report presents the results of our valuation.

The ultimate cost of a pension plan is the total amount needed to provide benefits for plan members and beneficiaries and to pay the expenses of administering the plan. Pension costs are met by contributions and by investment return on plan assets. The principal purpose of this report is to set forth an actuarial recommendation of the contribution, or range of contributions, which will properly fund the plan, in accordance with applicable government regulations. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Information needed to meet disclosure requirements.
- Review of plan experience for the previous year to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

This report may not be used for purposes other than those listed above without Milliman's prior written consent. If this report is distributed to other parties, it must be copied in its entirety, including this certification section.

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. 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; and (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.


In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the Town. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. 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. 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.

Certification

The calculations reported herein have been made on a basis consistent with our understanding of ERISA and the related sections of the tax code. Additional determinations may be needed for purposes other than meeting funding requirements, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices.

We further certify that, in our opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations or would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption, method, or technique were reasonable. 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 the actuarial assignment, we did not perform an analysis of the potential range of such future measurement.

We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Rebecca A. Sielman, FSA
Consulting Actuary



Steve A. Lemanski, FSA, FCA
Consulting Actuary

Section I - Executive Summary

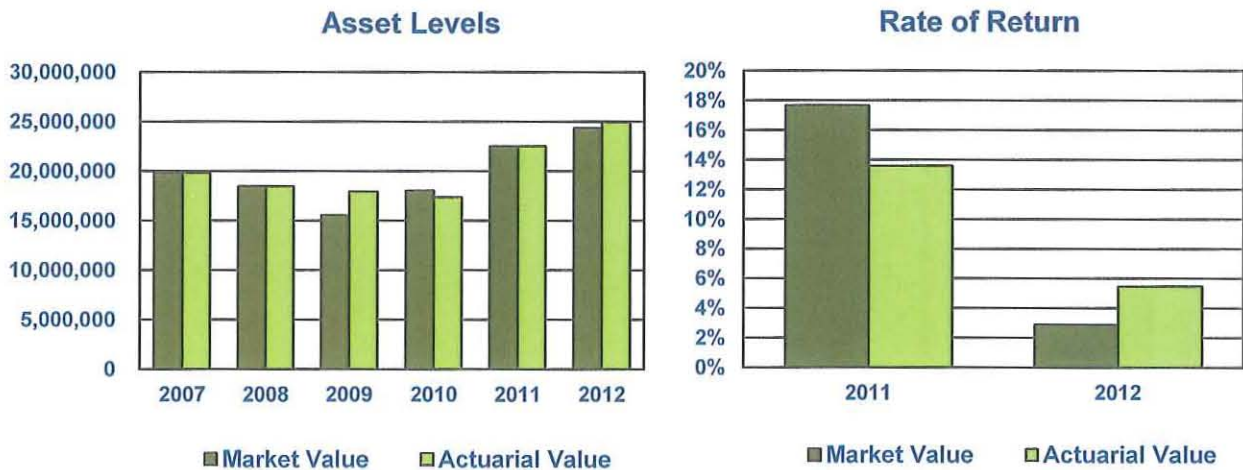
A. Highlights

Assets

There are two different measures of the plan's assets that are used throughout this report. The **Market Value** is a snapshot of the plan's investments as of the valuation date. The **Actuarial Value** is a smoothed asset value designed to temper the volatile fluctuations in the market by recognizing investment gains or losses over five years.

	Market	Actuarial
Value as of July 1, 2011	\$22,524,803	\$22,524,803
Contributions	2,696,401	2,696,401
Investment Income	668,794	1,265,742
Benefit Payments and Administrative Expenses	(1,537,131)	(1,537,131)
Value as of July 1, 2012	24,352,867	24,949,815

For fiscal year 2011-12, the plan's assets earned 2.89% on a Market Value basis and 5.48% on an Actuarial Value basis. The actuarial assumption for this period was 6.125%; the result is an asset loss of \$746,200 on a Market Value basis and a loss of \$149,500 on an Actuarial Value basis. Historical asset values are shown in the graph below to the left; historical returns are shown in the graph below to the right.



Please note that the Actuarial Value currently exceeds the Market Value by \$596,900. This figure represents investment losses that will be gradually recognized over the next five years. This process will exert upward pressure on the Town's contribution, unless there are offsetting market gains.

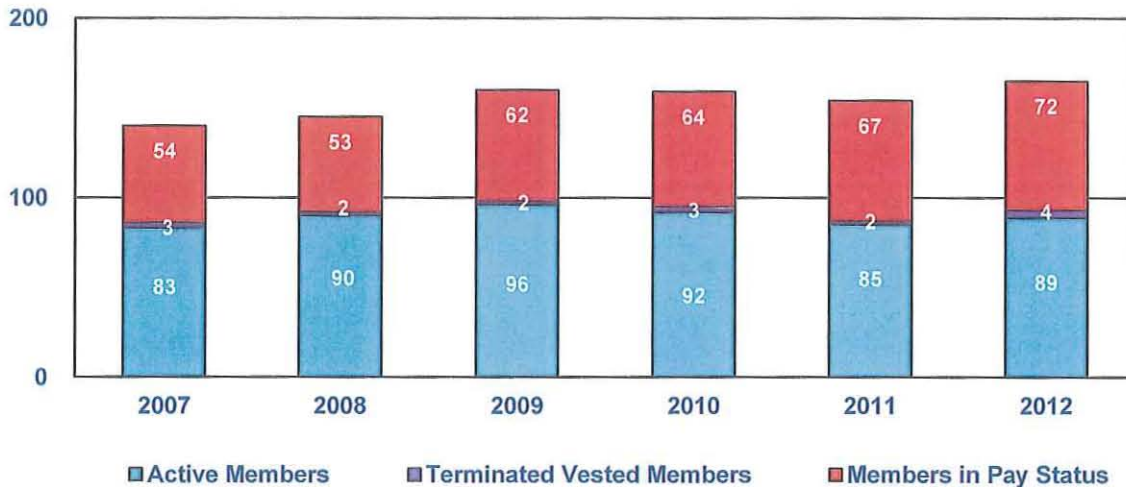
Section I - Executive Summary

A. Highlights

Membership

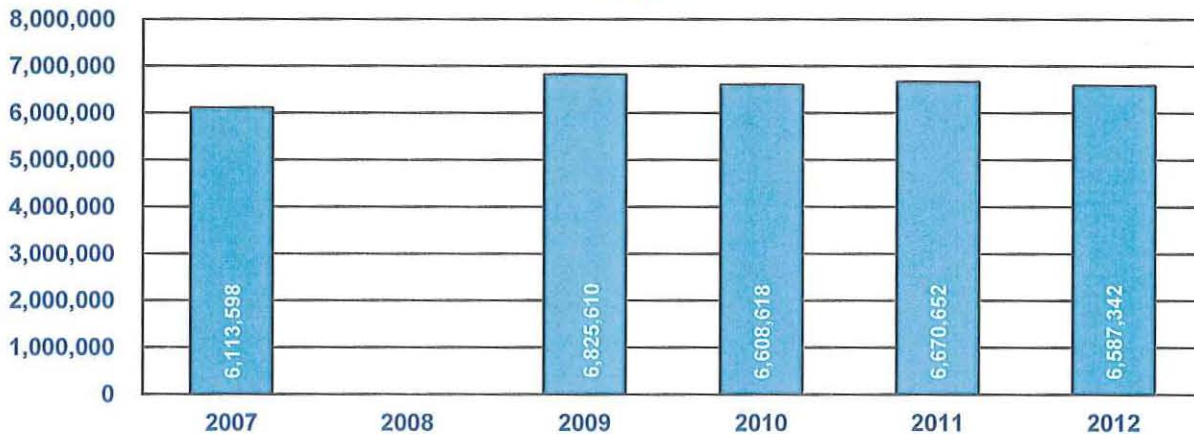
There are three basic categories of plan members included in the actuarial valuation: (1) active employees who have met the eligibility requirements for membership, (2) former employees who have a vested right to benefits but have not yet started collecting, and (3) members who are receiving monthly pension benefits.

Number of Members



From July 1, 2011 to July 1, 2012, the overall membership increased from 154 to 165. During this period, there were 4 active members who terminated or waived coverage and 5 active members who retired. These were replaced with 11 new members plus a net inflow of 2 active members from other Town plans. During the year 2 retirees died.

Payroll



Section I - Executive Summary

A. Highlights

Plan Changes

None.

Changes in Actuarial Methods or Assumptions

None.

Experience Since 2011 Valuation

The plan's assets experienced modest losses, as discussed in more detail on page 3.

The plan had experience gains because pay levels for members who were active in both the 2011 and 2012 valuations remained essentially flat. There were net losses from the movement of several members into and out of this plan from other Town plans. Overall decremental experience was somewhat worse than anticipated by the actuarial assumptions, leading to an overall increase in the Accrued Liability.

Section I - Executive Summary

A. Highlights

Funded Status

The chart below shows the plan's Accrued Liability and Actuarial Value of Assets for the past few years.



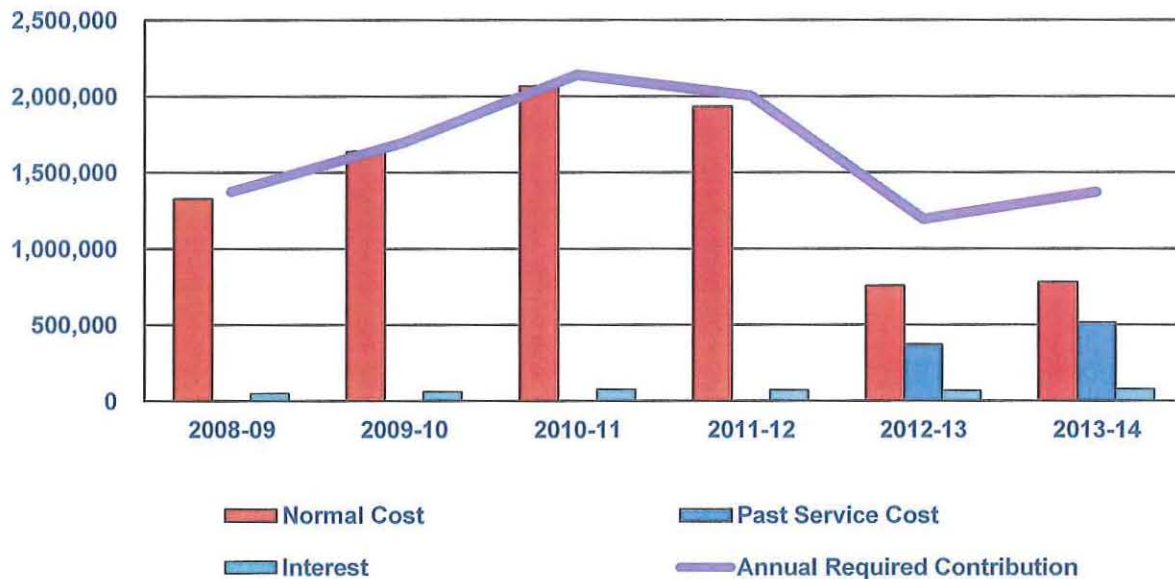
Section I - Executive Summary

A. Highlights

Annual Required Contribution

The Annual Required Contribution consists of three pieces: a **Normal Cost** payment to fund the benefits earned each year, a **Past Service Cost** to gradually reduce any unfunded or surplus liability, and **Interest** to the end of the year. If the plan has a sufficiently large surplus, the Past Service Cost may be large enough to cover the Normal Cost, in which case no contribution is required.

Contribution levels for the current year and the past few fiscal years are shown below.



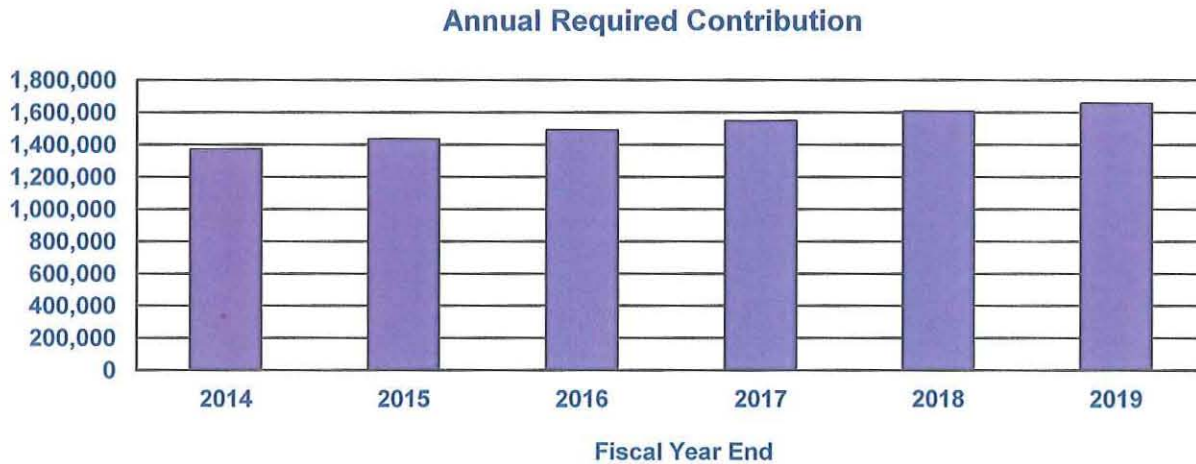
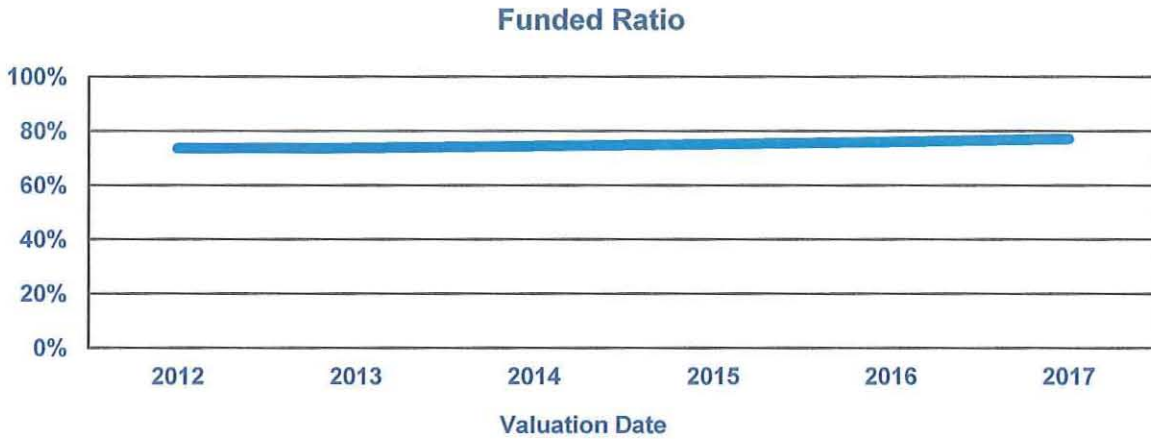
The upward trend in the Annual Required Contribution during this period is due primarily to the large market losses suffered in 2008.

Section I - Executive Summary

A. Highlights

Long Range Forecast

We expect the valuation results for the next several years to follow the patterns illustrated below:



To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Section III C for more details of the long range forecast.

Section I - Executive Summary
B. Summary of Principal Results

Membership	July 1, 2011	July 1, 2012
Active Members	85	89
Terminated Vested Members	2	4
Members in Pay Status	67	72
Payroll	\$6,670,562	\$6,587,342
Assets and Liabilities	July 1, 2011	July 1, 2012
Market Value of Assets	\$22,524,803	\$24,352,867
Actuarial Value of Assets	22,524,803	24,949,815
Accrued Liability for Active Members	\$16,438,450	\$16,681,480
Accrued Liability for Terminated Vested Members	218,543	323,772
Accrued Liability for Members in Pay Status	12,483,896	16,883,123
Total Accrued Liability	29,140,889	33,888,375
Unfunded Accrued Liability	6,616,086	8,938,560
Funded Ratio	77.3%	73.6%
Annual Required Contribution for Fiscal Year	2012-13	2013-14
Normal Cost	\$756,281	\$779,677
Past Service Cost	370,157	514,134
Interest	68,994	79,246
Annual Required Contribution	1,195,432	1,373,057

Section II - Plan Assets

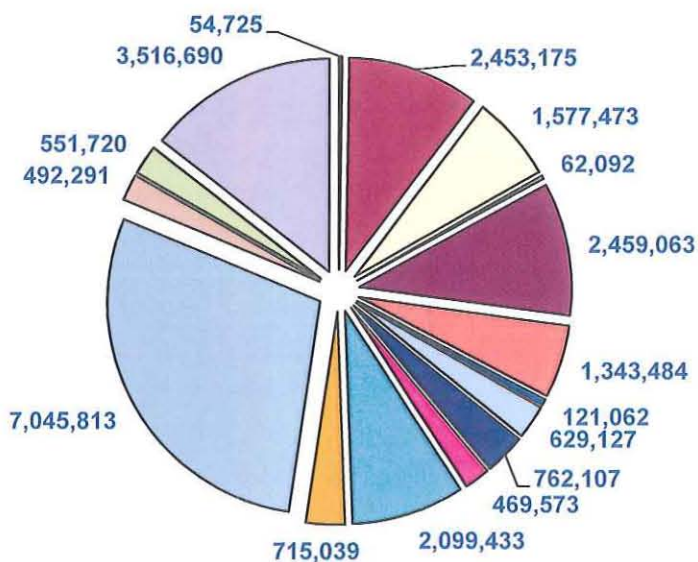
A. Summary of Fund Transactions

Market Value as of July 1, 2011	\$22,524,803
Employer Contributions	2,442,123
Employee Contributions	254,278
Benefit Payments	(1,537,131)
Investment Income	701,480
Investment Expenses	(32,686)
 Market Value as of July 1, 2012	 24,352,867
 Approximate Rate of Return	 2.89%

Note: The rate shown here is not the dollar or time weighted investment yield rate which measures investment performance. It is an approximate net return assuming all activity occurred on average midway through the fiscal year.

Asset Allocation

- Cash
- PIMCO Total Return
- Templeton Global Bond
- Vanguard Inflation Protected Bond
- Western Asset Core Plus Bond
- Earnest Partners International
- External Commingled
- GAM US Institutional Diversity
- OFITC Emerging Markets
- Cohen & Steers Inst. Global Realty
- Fidelity Spartan International Index
- Sentinel Small Company
- Vanguard Institutional Index
- Aetos Alternative Management
- Cornerstone Patriot
- Other



SECTION II - PLAN ASSETS
B. Development of Actuarial Value of Assets

In order to minimize the impact of market fluctuations on the contribution level, we use an Actuarial Value of Assets that recognizes gains and losses over a five year period starting on July 1, 2011. The Actuarial Value of Assets as of July 1, 2012 is determined below.

1.	Expected Market Value of Assets:																									
	a. Market Value of Assets as of July 1, 2011	\$22,524,803																								
	b. Employer and Employee Contributions	2,696,401																								
	c. Benefit Payments and Administrative Expenses	(1,537,131)																								
	d. Expected Investment Return Based on 6.125% Interest	<u>1,414,979</u>																								
	e. Expected Market Value of Assets as of July 1, 2012	25,099,052																								
2.	Actual Market Value of Assets as of July 1, 2012	24,352,867																								
3.	Market Value (Gain)/Loss: (1e) - (2)	746,185																								
4.	Delayed Recognition of Market (Gains)/Losses:																									
	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Plan Year End</th> <th style="text-align: right;">(Gain)/Loss</th> <th style="text-align: center;">Percent Not Recognized</th> <th style="text-align: right;">Amount Not Recognized</th> </tr> </thead> <tbody> <tr> <td>06/30/2012</td> <td style="text-align: right;">\$746,185</td> <td style="text-align: center;">80%</td> <td style="text-align: right;">\$596,948</td> </tr> <tr> <td>06/30/2011</td> <td style="text-align: right;">0</td> <td style="text-align: center;">60%</td> <td style="text-align: right;">0</td> </tr> <tr> <td>06/30/2010</td> <td style="text-align: right;">0</td> <td style="text-align: center;">40%</td> <td style="text-align: right;">0</td> </tr> <tr> <td>06/30/2009</td> <td style="text-align: right;">0</td> <td style="text-align: center;">20%</td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">596,948</td> </tr> </tbody> </table>	Plan Year End	(Gain)/Loss	Percent Not Recognized	Amount Not Recognized	06/30/2012	\$746,185	80%	\$596,948	06/30/2011	0	60%	0	06/30/2010	0	40%	0	06/30/2009	0	20%	<u>0</u>				596,948	
Plan Year End	(Gain)/Loss	Percent Not Recognized	Amount Not Recognized																							
06/30/2012	\$746,185	80%	\$596,948																							
06/30/2011	0	60%	0																							
06/30/2010	0	40%	0																							
06/30/2009	0	20%	<u>0</u>																							
			596,948																							
5.	Actuarial Value as of July 1, 2012: (2) + (4)	24,949,815																								
6.	Approximate Rate of Return on Actuarial Value	5.48%																								
7.	Actuarial Value (Gain)/Loss	149,495																								

SECTION III - DEVELOPMENT OF CONTRIBUTION
A. Past Service Cost

For determining the Past Service Cost, the Unfunded Accrued Liability is amortized as a level percent over a period of 25 years starting on July 1, 2011.

	July 1, 2011	July 1, 2012
1. Accrued Liability		
Active Members	\$16,438,450	\$16,681,480
Terminated Vested Members	218,543	323,772
Retired Members	10,581,971	14,676,717
Disabled Members	0	0
Beneficiaries of Deceased Members	<u>1,901,925</u>	<u>2,206,406</u>
Total	29,140,889	33,888,375
2. Actuarial Value of Assets (see Section II B)	22,524,803	24,949,815
3. Unfunded Accrued Liability: (1) - (2)	6,616,086	8,938,560
4. Funded Ratio: (2) / (1)	77.3%	73.6%
5. Amortization Period	25	24
6. Amortization Growth Rate	3.00%	3.00%
7. Past Service Cost: (3) amortized over (5)	370,157	514,134

SECTION III - DEVELOPMENT OF CONTRIBUTION
B. Annual Required Contribution

	Fiscal Year 2012-13	Fiscal Year 2013-14
1. Total Normal Cost	\$1,017,677	\$1,036,403
2. Expected Employee Contributions	261,396	256,726
3. Expected Expenses	0	0
4. Net Normal Cost: (1) - (2) + (3)	756,281	779,677
5. Past Service Cost (see Section III A)	370,157	514,134
6. Interest on (4) + (5) to start of next fiscal year	68,994	79,246
7. Annual Required Contribution: (4) + (5) + (6)	1,195,432	1,373,057

SECTION III - DEVELOPMENT OF CONTRIBUTION

C. Long Range Forecast

This forecast is based on the results of the July 1, 2012 actuarial valuation and assumes that the Town will pay the Annual Required Contribution each year, the assets will return 6.125% 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		Town Contributions	Employee Contributions	Benefit Payments	Net Cash Flows
7/1/2012	\$33,888,375	\$24,949,815	\$8,938,560	73.6%	2014	\$1,373,057	\$264,000	(\$1,630,000)	\$7,057
7/1/2013	35,433,000	26,157,000	9,276,000	73.8%	2015	1,435,000	272,000	(1,679,000)	28,000
7/1/2014	37,056,000	27,590,000	9,466,000	74.5%	2016	1,491,000	280,000	(1,729,000)	42,000
7/1/2015	38,762,000	29,141,000	9,621,000	75.2%	2017	1,549,000	288,000	(1,781,000)	56,000
7/1/2016	40,556,000	30,811,000	9,745,000	76.0%	2018	1,609,000	297,000	(1,834,000)	72,000
7/1/2017	42,443,000	32,756,000	9,687,000	77.2%	2019	1,658,000	306,000	(1,889,000)	75,000
7/1/2018	44,428,000	34,837,000	9,591,000	78.4%	2020	1,709,000	315,000	(1,946,000)	78,000
7/1/2019	46,516,000	37,048,000	9,468,000	79.6%	2021	1,761,000	324,000	(2,004,000)	81,000
7/1/2020	48,712,000	39,397,000	9,315,000	80.9%	2022	1,815,000	334,000	(2,064,000)	85,000
7/1/2021	51,024,000	41,894,000	9,130,000	82.1%	2023	1,869,000	344,000	(2,126,000)	87,000
7/1/2022	53,457,000	44,547,000	8,910,000	83.3%	2024	1,926,000	354,000	(2,190,000)	90,000
7/1/2023	56,018,000	47,365,000	8,653,000	84.6%	2025	1,986,000	365,000	(2,256,000)	95,000
7/1/2024	58,715,000	50,359,000	8,356,000	85.8%	2026	2,046,000	376,000	(2,324,000)	98,000
7/1/2025	61,555,000	53,542,000	8,013,000	87.0%	2027	2,109,000	387,000	(2,394,000)	102,000
7/1/2026	64,545,000	56,922,000	7,623,000	88.2%	2028	2,175,000	399,000	(2,466,000)	108,000
7/1/2027	67,695,000	60,514,000	7,181,000	89.4%	2029	2,241,000	411,000	(2,540,000)	112,000
7/1/2028	71,014,000	64,332,000	6,682,000	90.6%	2030	2,309,000	423,000	(2,616,000)	116,000
7/1/2029	74,511,000	68,387,000	6,124,000	91.8%	2031	2,381,000	436,000	(2,694,000)	123,000
7/1/2030	78,197,000	72,696,000	5,501,000	93.0%	2032	2,456,000	449,000	(2,775,000)	130,000
7/1/2031	82,082,000	77,275,000	4,807,000	94.1%	2033	2,533,000	462,000	(2,858,000)	137,000

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.

SECTION IV - ACCOUNTING INFORMATION
A. Notes to Required Supplementary Information

The information presented in Section IV has been determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2012
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent
Amortization Period	Closed 25 years from July 1, 2011
Asset Valuation Method	5 Year Smoothed Market Value
Actuarial Assumptions	
Investment Rate of Return	6.125%
Projected Salary Increases	Age based scale
Amortization Growth Rate	3.000%
Inflation	2.500%
Cost-of-Living Adjustments	None.

SECTION IV - ACCOUNTING INFORMATION
B. Schedule of Funding Progress

Actuarial Valuation Date	For Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) / (5)
07/01/2009	2009-10	\$17,940,684	\$25,826,733	\$7,886,049	69.5%	\$6,825,610	115.5%
07/01/2010	2010-11	17,353,578	27,161,988	9,808,410	63.9%	6,608,618	148.4%
07/01/2011	2011-12	18,710,081	28,202,238	9,492,157	66.3%	6,561,689	144.7%
07/01/2011	2012-13	22,524,803	29,140,889	6,616,086	77.3%	6,670,562	99.2%
07/01/2012	2013-14	24,949,815	33,888,375	8,938,560	73.6%	6,587,342	135.7%

SECTION IV - ACCOUNTING INFORMATION
C. Schedule of Employer Contributions

Fiscal Year Ending June 30	Annual Required Contribution	Actual Contribution	Percent Funded
2007	\$472,006	\$319,748	67.7%
2008	1,316,929	496,850	37.7%
2009	1,376,191	472,006	34.3%
2010	1,698,683	1,340,937	78.9%
2011	2,143,607	2,250,000	105.0%
2012	2,005,359	2,442,123	121.8%
2013	1,195,432	TBD	TBD
2014	1,373,057	TBD	TBD

SECTION IV - ACCOUNTING INFORMATION
D. Accrued and Vested Benefits

The actuarially computed Value of Accrued Benefits represents the present value of (a) the benefits based on earnings and service to date expected to become payable at future dates to present employees, (b) the benefits expected to become payable to former employees who have terminated service with vested rights or who have become inactive, and (c) the benefits currently payable to retired participants and beneficiaries.

	As of July 1, 2011	As of July 1, 2012
1. Value of Vested Benefits		
Active Members	\$11,054,033	\$11,922,189
Terminated Vested Members	218,543	323,772
Retired Members	10,581,971	14,676,717
Disabled Members	0	0
Beneficiaries of Deceased Members	<u>1,901,925</u>	<u>2,206,406</u>
Total Value of Vested Benefits	23,756,472	29,129,084
2. Value of Non-Vested Benefits	456,244	1,238,827
3. Total Value of Accrued Benefits: (1) + (2)	24,212,716	30,367,911
4. Market Value of Assets	22,524,803	24,352,867
5. Vested Funded Ratio: (4) / (1)	94.8%	83.6%
6. Accrued Funded Ratio: (4) / (3)	93.0%	80.2%

SECTION IV - ACCOUNTING INFORMATION
E. Statement of Changes in Accrued Plan Benefits

Increase/(Decrease) during the 2011-2012 plan year attributable to:

Increase for interest due to the decrease in the discount period	\$1,436,654
Benefits Accumulated/(Forfeited)	6,255,672
Benefit Payments	(1,537,131)
Plan Amendments	0
Changes in Actuarial Assumptions	0
Net Increase/(Decrease)	6,155,195

Value of Accrued Plan Benefits:

July 1, 2012	\$30,367,911
July 1, 2011	24,212,716
Net Increase/(Decrease)	6,155,195

SECTION V - MEMBERSHIP DATA
A. Reconciliation of Membership from Prior Valuation

Details of the changes in the Plan membership since the last valuation are shown below. Additional details on the Plan membership are provided in the remainder of Section V.

	Active	Term. Vested	Retirees	Disabled	Bene- ficiaries	Total
Count as of July 1, 2011	85	2	60	0	7	154
Terminated, due refund	(1)	1	-	-	-	0
Terminated, benefits due	(1)	1	-	-	-	0
Retired	(5)	-	5	-	-	0
Disabled	-	-	-	-	-	0
Died, with beneficiary	-	-	(1)	-	-	(1)
Died, no beneficiary	-	-	(1)	-	-	(1)
Paid refund	(1)	-	-	-	-	(1)
Net transfers	2	-	-	-	-	2
New member	11	-	-	-	-	11
New beneficiary	-	-	-	-	1	1
Correction	(1)	-	1	-	-	0
Count as of July 1, 2012	89	4	64	0	8	165

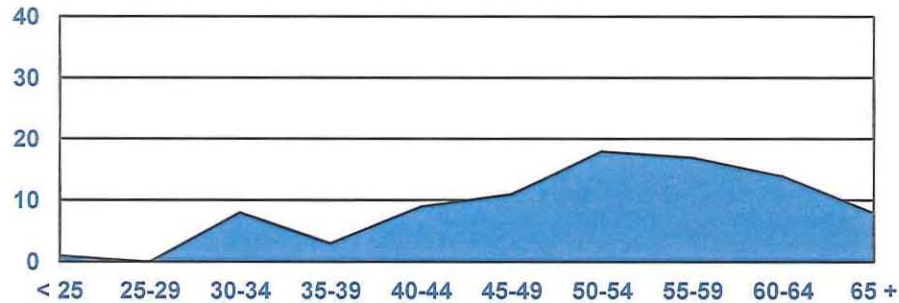
SECTION V - MEMBERSHIP DATA
B. Statistics of Membership

	As of July 1, 2011	As of July 1, 2012
Number of Active Members		
Number	85	89
Average Age	52.2	51.6
Average Service	12.5	11.5
Total Payroll	\$6,670,562	\$6,587,342
Average Payroll	78,477	74,015
Terminated Vested Members		
Number	2	4
Total Annual Benefit	\$33,852	\$40,641
Average Annual Benefit	16,926	10,160
Average Age	47.0	50.0
Retired Members		
Number	60	64
Total Annual Benefit	\$1,202,543	\$1,409,569
Average Annual Benefit	20,042	22,025
Average Age	72.8	73.3
Disabled Members		
Number	0	0
Total Annual Benefit	\$0	\$0
Average Annual Benefit	0	0
Average Age	0.0	0.0
Beneficiaries of Deceased Members		
Number	7	8
Total Annual Benefit	\$216,171	\$220,102
Average Annual Benefit	30,882	27,513
Average Age	68.5	74.0

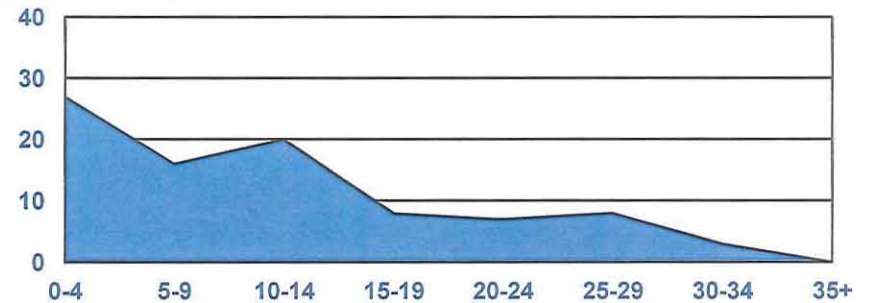
SECTION V - MEMBERSHIP DATA
C. Distribution of Active Members as of July 1, 2012 - Count

Age	Years of Service								Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
< 25	1	0	0	0	0	0	0	0	1
25-29	0	0	0	0	0	0	0	0	0
30-34	4	3	1	0	0	0	0	0	8
35-39	2	1	0	0	0	0	0	0	3
40-44	2	1	5	1	0	0	0	0	9
45-49	3	2	2	0	3	1	0	0	11
50-54	5	5	1	2	3	2	0	0	18
55-59	5	3	6	3	0	0	0	0	17
60-64	5	0	3	1	0	4	1	0	14
65 +	0	1	2	1	1	1	2	0	8
Total	27	16	20	8	7	8	3	0	89

Distribution By Age



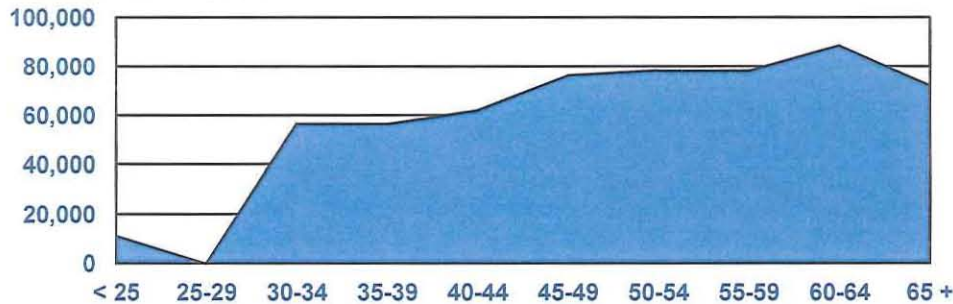
Distribution by Years of Service



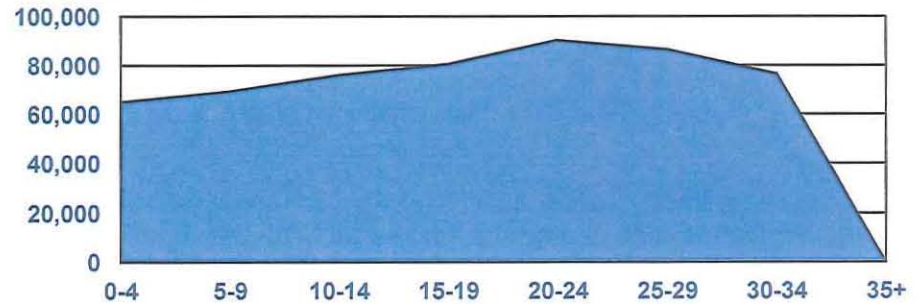
SECTION V - MEMBERSHIP DATA
D. Distribution of Active Members as of July 1, 2012 - Average Pay

Age	Years of Service								Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
< 25	11,327	0	0	0	0	0	0	0	11,327
25-29	0	0	0	0	0	0	0	0	0
30-34	45,509	74,839	47,254	0	0	0	0	0	56,726
35-39	59,004	51,518	0	0	0	0	0	0	56,509
40-44	47,820	55,813	72,318	45,054	0	0	0	0	62,011
45-49	60,172	85,792	77,015	0	84,737	78,497	0	0	76,258
50-54	62,573	68,663	53,784	106,653	92,906	104,245	0	0	78,360
55-59	87,410	71,416	74,011	77,896	0	0	0	0	78,180
60-64	83,366	0	116,337	77,328	0	80,686	72,588	0	88,464
65 +	0	48,756	56,565	75,299	99,977	83,033	78,762	0	72,215
Total	64,973	69,360	76,143	80,585	90,415	86,596	76,704	0	74,015

Distribution By Age



Distribution by Years of Service



SECTION V - MEMBERSHIP DATA
E. Distribution of Inactive Members as of July 1, 2012

	Age	Number	Annual Benefits
Terminated Vested Members /	< 30	0	\$0
Members Due Refunds	30 - 39	1	15,588
	40 - 49	0	0
	50 - 59	3	25,053
	60 - 64	0	0
	65 +	0	0
	Total	4	40,641
Retired Members	< 50	0	\$0
	50 - 59	5	230,425
	60 - 69	22	569,580
	70 - 79	19	401,246
	80 - 89	17	197,746
	90 +	1	10,572
	Total	64	1,409,569
Disabled Retirees	< 50	0	\$0
	50 - 59	0	0
	60 - 69	0	0
	70 - 79	0	0
	80 - 89	0	0
	90 +	0	0
	Total	0	0
Beneficiaries	< 50	0	\$0
	50 - 59	0	0
	60 - 69	4	183,885
	70 - 79	2	23,177
	80 - 89	1	9,110
	90 +	1	3,931
	Total	8	220,103

APPENDIX A - ACTUARIAL FUNDING METHOD

The actuarial funding method used in the valuation of this Plan is known as the **Entry Age Normal Cost Method**. Recommended annual contributions until the accrued liability is completely funded will consist of two pieces: Normal Cost plus a payment towards the Unfunded Accrued Liability.

The **Normal Cost** is determined by calculating the present value of future benefits for present active Members that will become payable as the result of death, disability, retirement or termination. This cost is then spread as a level percentage of earnings from entry age to termination as an Active Member. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the **Accrued Liability**. In fact, it is calculated by adding the present value of benefits for Retired Members and Terminated Vested Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

The unfunded liability for the plan is the excess of the Accrued Liability over the assets which have been accumulated for the plan. This Unfunded Accrued Liability is amortized as a level percent. Beginning on July 1, 2011, the amortization period is 25 years; the amortization period will decrease each year until it reaches 10 years, after which point it will remain at 10 years.

Effective July 1, 2011, the **Actuarial Value of Assets** was reset to equal the market value. In future years, the **Actuarial Value** is determined by recognizing asset gains and losses over **five** years.

APPENDIX B - ACTUARIAL ASSUMPTIONS

Interest 6.125%

Amortization Growth Rate 3.000%

Salary Scale According to the following table:

Age	Rate
<25	4.00%
25-29	3.75%
30-34	3.50%
35-39	3.25%
40-44	3.00%
45-49	2.75%
50+	2.50%

Expenses None.

Mortality RP-2000 Mortality Tables for employees, healthy annuitants, and disabled annuitants, with generational projection of future mortality improvements per Scale AA. This assumption includes a margin for improvements in longevity beyond the valuation date.

Turnover 75% of Vaughn Select and Ultimate table:

Age	Service			
	1	2	3	4+
20	22.35%	18.75%	15.75%	13.95%
25	20.85%	16.88%	13.88%	10.20%
30	19.35%	15.00%	12.00%	7.58%
35	17.85%	13.35%	10.35%	5.93%
40	16.35%	11.85%	8.85%	4.87%
45	14.85%	10.58%	7.58%	4.13%
50	13.35%	9.45%	6.45%	3.38%
55	10.13%	7.12%	4.63%	2.31%
60	0.00%	0.00%	0.00%	0.00%

APPENDIX B - ACTUARIAL ASSUMPTIONS

Retirement

Active members are assumed to retire according to the following table:

Age	First Eligible to Retire	Thereafter
<55	1%	1%
55	12%	1%
56-59	5%	5%
60-63	15%	15%
64	5%	5%
65-79	20%	20%
80	100%	100%

Terminated vested members are assumed to retire at their Normal Retirement Date.

Disability

1985 Pension Class 1 table:

Age	Male	Female
25	0.04%	0.05%
35	0.07%	0.14%
45	0.20%	0.32%
55	0.72%	0.95%
65	1.75%	1.36%

Marriage Assumption

80% of members are assumed to be married and husbands are assumed to be 3 years older than their wives.

Load for Unused Sick Days

The Accrued Liability and Total Normal Cost for active members are loaded by 2.50% to anticipate the trade of unused sick days for additional pension service.

APPENDIX C - 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. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Eligibility	Each non-union employee is eligible to participate as of the date the employee completes the Probationary Period provided the employee works 20 or more hours per week and 9 months or more per year. If hired at age 60, employee can opt out of plan. Non-union employees hired on or after January 1, 2012 are not covered by this plan.
Employee Contributions	4% of Compensation. Contributions are credited with 5% interest.
Credited Service	Years of Service during which the Employee is eligible for the plan and makes required contributions. May include Credited Service from another qualifying Town. A twelve month period shall constitute a year of service for Supervisory employees who regularly work 9 months or more but less than 12 months per year. May be allowed to buy back all or part of prior service that is Governmental & Other Related Service subject to some provisions. Credited Service includes unused sick time of 60-120 days.
Compensation	Base Salary, excluding overtime or any other income, but including "pick-up" contributions.
Final Average Earnings	The greater of the highest calendar year of Compensation and Compensation earned during the last 12 months.
Normal Retirement Date	<p>For Supervisory employees, the first day of the month coincident with or next following the earliest of age 55 with 10 years of Credited Service, or 25 years of Credited Service without regard to age, or age 60 with 5 years of Credited Service.</p> <p>For Non-Supervisory employees, the first day of the month coincident with next following the earliest of age 55 with 10 years of continuous Credited Service, or 25 years of Credited Service without regard to age.</p>
Normal Retirement Benefit (Supervisory)	2.25% of Final Average Compensation times years and completed months of Credited Service. Benefit may be offset if member accrued benefits under another Town plan.
Normal Retirement Benefit (Non-Supervisory)	2.00% of Final Average Compensation times years and completed months of Credited Service not greater than 20 years; plus 2.25% of Final Average Compensation times years and completed months of Credited Service in excess of 20 years.
Early Retirement Date	None provided.

APPENDIX C - SUMMARY OF PLAN PROVISIONS

Maximum Benefit	The sum of the pension from this Plan and any other plan if Credited Service is granted under this plan shall not be greater than 100% of Final Average Compensation.
Minimum Benefit	If vested, \$1,000 per year.
Disability Retirement	The greater of 50% of Compensation immediately prior to disability, or the Normal Retirement Benefit calculated as if the member terminated at date of disability reduced by other disability benefits, retirement benefits, wages or salary, and Social Security benefits. Benefits will commence 6 months after disability and are payable until the latest of age 65, Normal Retirement Date of the fifth anniversary of the commencement of disability payments.
Pre-retirement Death	<p>If the member is vested at time of death, 50% of Final Average Compensation reduced by 1.5% for each year of Credited Service less than 25 years. If the spouse is more than 5 years younger than the deceased member, such benefit shall be reduced by $\frac{1}{6}\%$ for each month the beneficiary is more than 5 years younger. The death benefit shall not be less than the Normal Retirement Benefit calculated as if the member terminated at date of death. Death benefits may be payable to surviving dependent children.</p> <p>If the member is not vested at date of death or is vested but has no surviving spouse or dependent children, a refund of accumulated contributions with interest will be paid to the member's estate.</p>
Normal Form of Payment	Single Life Annuity
Vesting	<p>For Supervisory employees, 100% after 5 years of service.</p> <p>For Non-Supervisory employees, 100% after 10 years of service.</p>
Termination Benefit	If not vested at termination, a refund of the member's accumulated employee contributions with interest will be paid.