Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve

LEXINGTON-FAYETTE
URBAN COUNTY GOVERNMENT
Lexington, Kentucky

Policemen's & Firefighters'
Retirement Fund

GASB Statement No. 67 Report

Report on the Valuation of the
Lexington Fayette Urban County Government Policemen's and Firefighters' Retirement Fund

Prepared as of June 30, 2014

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

August 7, 2015

Board of Trustees
Lexington-Fayette Urban County Government Policemen's and Firefighters' Pension Plan
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, KY 40507

Dear Members of the Board:

Presented in this report is information to assist the Lexington-Fayette Urban County Government (System) in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 67. The information is presented for the period ending June 30, 2014.

The annual actuarial valuation performed as of July 1, 2013 was used as a basis for the information presented in this report. The valuation was based upon data, furnished by System staff, concerning active, inactive and retired members along with pertinent financial information.

To the best of our knowledge, this report is complete and accurate. The necessary calculations were performed by, and under the supervision of, independent actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems. Further, the calculations were prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, and, in our opinion, meet the requirements of GASB 67.

The calculations are based on the current provisions of the System, and on actuarial assumptions that are, individually and in the aggregate, internally consistent and reasonably based on the actual experience of the System. In addition, the calculations were completed in compliance with the laws governing the System. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Future actuarial results may differ significantly from the current results 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 amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Respectfully submitted,

Todd B. G

Todd B. Green, ASA, FCA, MAAA
Principal and Consulting Actuary

TBG:bvb

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REPORT OF THE ANNUAL GASB STATEMENT NO. 67
REQUIRED INFORMATION FOR THE
LEXINGTON-FAYETTE URBAN COUNTY GOVERNEMENT POLICEMEN'S AND FIREFIGHTERS' PENSION PLAN
PREPARED AS OF JUNE 30, 2014

SECTION I – INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 67 (GASB 67), "*Financial Reporting For Pension Plans*", in June 2012. GASB 67's effective date is for plan years beginning after June 15, 2013. This report, prepared as of June 30, 2014 (the Measurement Date), presents information to assist the System in meeting the requirements of GASB 67. Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of the Lexington-Fayette Urban County Government Policemen's and Firefighters' Pension Plan of the as of July 1, 2013. The results of that valuation were detailed in a report dated October 30, 2013.

GASB 67 replaces GASB 25, and represents a significant departure from the requirements of that older statement. GASB 25 was issued as a funding friendly statement that required pension plans to report items consistent with the results of the plan's actuarial valuations, as long as those valuations met certain parameters. GASB 67 basically divorces accounting and funding, creating disclosure and reporting requirements that may or may not be consistent with the basis used for funding the System.

A major change in GASB 67 is the requirement to determine the Total Pension Liability (TPL) utilizing the Entry Age Normal actuarial funding method. The Net Pension Liability (NPL) is then set equal to the TPL minus the System's Fiduciary Net Position (FNP) (the market values of assets) as of the Measurement Date. The benefit provisions recognized in the calculation of the TPL are summarized in Schedule C.

Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan's provision applicable to the membership and beneficiaries of the System on the Measurement Date. If the FNP is projected to not be depleted at any point in the future, as is the case as of the June 30, 2014 measurement date, the long term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, in a future year, the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System.

The sections that follow provide the results of all the necessary calculations, presented in the order laid out in GASB 67 for note disclosure and Required Supplementary Information (RSI).

SECTION II – FINANCIAL STATEMENT NOTES

The material presented herein will follow the order presented in GASB 67. Paragraph numbers are provided for ease of reference.

Paragraphs 30(a) (1)-(3): The information required is to be supplied by the Plan.

Paragraph 30(a) (4): The data required regarding the membership of the Lexington-Fayette Urban County Government Policemen's and Firefighter's Retirement Fund were furnished by the Staff of the Government. The following table summarizes the membership of the system as of July 1, 2013, the Valuation Date.

Membership

	Number
Inactive Members Or Their Beneficiaries Currently Receiving Benefits	1,047
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Members	1,064
Total	2,111

Paragraphs 30(a)(5)-(6) and Paragraphs 30(b)-(f): The information required is to be supplied by the Plan.

Paragraphs 31(a) (1)-(4): The information is provided in the following table. As stated above, the NPL is equal to the TPL minus the FNP. That result as of June 30, 2014 is presented in the table below.

	Fiscal Year Ending June 30, 2014
Total Pension Liability	$753,385,225
Fiduciary Net Position	636,280,881
Net Pension Liability	$117,104,344
Ratio of Fiduciary Net Position to Total Pension Liability	84.46%

Paragraph 31(b): This paragraph requires information regarding the actuarial assumptions used to measure the TPL. The actuarial assumptions utilized in developing the TPL are outlined in Schedule B. The total pension liability was determined by an actuarial valuation as of July 1, 2013, adjusted to year-end with normal cost, interest and benefit payments, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	10.50 percent to 4.00 percent
Investment rate of return	7.50 percent, net of investment expense, including inflation

Mortality	RP-2000 Mortality Table projected to 2015 using Scale AA, with male mortality set forward 0 years and female mortality set forward 3 years.

Paragraph 31.b.(1)

- **(a) Discount rate:** The discount rate used to measure the total pension liability was 7.50%
- **(b) Projected cash flows:** The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate over the remaining 29 year amortization period of the unfunded actuarial accrued liability.
- **(c) Long term rate of return:** Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.
- **(d) Municipal bond rate:** the discount rate determination does not use a municipal bond rate.
- **(e) Periods of projected benefit payments:** projected future benefit payments for all current plan members were projected through 2116.

(f) Assumed Asset Allocation: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap Equity	25.0%	6.00%
US Small Cap Equity	15.0%	6.35%
International Equity	18.5%	6.00%
Emerging Markets Equity	4.5%	6.05%
Fixed Income	15.5%	2.75%
High Yield Fixed Income	17.5%	4.25%
Real Estate	9.0%	4.25%
Diversified Real Assets	5.0%	3.25%
	100.0%	

Sensitivity analysis: this paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the System, calculated using the discount rate of 7.50% percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability	$204,857,383	$117,104,344	$43,586,400

Paragraph 31(c): July 1, 2013 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of July 1, 2014 using standard roll-forward techniques. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The procedure used to determine the TPL as of June 30, 2014, is shown in the following table:

TPL Roll-Forward	
(a) TPL as of July 1, 2013	$738,343,325
(b) Entry Age Normal Cost for the Year July 1, 2013 – June 30, 2014	14,207,817
(c) Actual Benefit Payments for the Year July 1, 2013 – June 30, 2014	53,597,352
(d) TPL as of June 30, 2014 = [((a)+(b)) x 1.075 – ((b) x (1.0375))]	$753,385,225

SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

There are several tables of Required Supplementary Information (RSI) that need to be included in the System's financial statements:

Paragraphs 32(a)-(c): The required tables are provided in Schedule A.
Paragraph 32(d): The money-weighted rates of return required are to be supplied by the Plan.

Paragraph 34: In addition the following should be noted regarding the RSI:

Changes of benefit terms: None.

Changes of assumption: None

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates are determined on an annual basis determined under the entry age normal cost funding method, and an amount sufficient to amortize the total unfunded actuarial accrued liability for the fund over a 30 year period using the level dollar amortization method, for a period beginning July 1, 2013 and ending June 30, 2043. The total contribution of the Government shall be at least $20 million until the actuarial funding level is at least 100%. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.00 percent
Salary increase	10.50 percent to 4.00 percent
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

SCHEDULE A

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
GASB 67 Paragraph 32(a)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability										
Service Cost	15,273,403									
Interest	53,365,849									
Benefit changes	0									
Difference between expected										
and actual experience	0									
Changes of assumptions	0									
Benefit payments	(53,597,352)									
Refunds of contributions	0									
Net change in total pension liability	15,041,900									
Total pension liability - beginning	738,343,325									
Total pension liability - ending (a)	753,385,225									
Plan net position										
Contributions - employer	27,636,473									
Contributions - member	9,730,115									
Net investment income	96,386,758									
Benefit payments	(53,597,352)									
Administrative expense	(598,923)									
Refunds of contributions	0									
Other	0									
Net change in plan net position	79,557,071									
Plan net position - beginning	556,723,810									
Plan net position - ending (b)	636,280,881									
Net pension liability - ending (a) - (b)	117,104,344									

SCHEDULE OF THE NET PENSION LIABILITY
GASB 67 Paragraph 32(b)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability	$ 753,385,225									
Plan net position	636,280,881									
Net pension liability	$ 117,104,344									
Ratio of plan net position to total pension liability	84.46%									
Covered-employee payroll	$63,248,485									
Net pension liability as a percentage of covered-employee payroll	185.15%									

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB 67 Paragraph 32(c)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially calculated employer contribution	$23,217,413	$22,322,068	$30,665,280	$28,216,938	$30,665,280	$28,689,989	$26,980,795	$17,541,055	$12,691,844	
Actual employer contributions	23,217,413	22,322,068	47,585,689	14,408,809	49,469,806	84,023,573	18,791,796	16,506,722	14,114,178	
Annual contribution deficiency (excess)	$ 0	$ 0	($16,920,409)	$13,808,129	($18,804,526)	($55,333,584)	$8,188,999	$1,034,333	($1,422,334)	
Covered-employee payroll	$63,248,485	$62,455,725	$54,595,799	$64,258,162	$60,512,412	$65,765,448	$61,368,960	$57,717,156	$57,192,876	
Actual contributions as a percentage of covered-employee payroll	36.71%	35.74%	87.16%	22.42%	77.03%	127.76%	30.62%	28.60%	24.68%	

SCHEDULE B

ACTUARIAL ASSUMPTIONS AND METHODS

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INVESTMENT RATE OF RETURN: 7.50% per year, compounded annually.

SALARY INCREASES: Representative values of the assumed annual rates of salary increases are as follows:

Service	Wage Inflation	Merit Component	Total Rate
0	4.00%	6.50%	10.50%
1	4.00	5.50	9.50
2	4.00	3.50	7.50
3-5	4.00	3.00	7.00
6-8	4.00	2.50	6.50
9-12	4.00	2.00	6.00
13-16	4.00	1.50	5.50
16-19	4.00	1.00	5.00
20 or more	4.00	0.00	4.00

SEPARATIONS FROM ACTIVE SERVICE: For death rates, the RP-2000 Combined Table projected to 2015 with scale AA was used. Representative values of the assumed annual rates of separation from active service are as follows:

	Annual Rate of		
	Disability	Death	
Age		Male	Female
20	0.30%	0.03%	0.02%
25	0.30	0.03	0.02
30	0.30	0.04	0.02
35	0.60	0.07	0.04
40	1.00	0.10	0.06
45	2.00	0.12	0.09
50	4.00	0.16	0.13
55	5.00	0.27	0.24

Annual Rate of Termination			
Service	Rate	Service	Rate
0	1.91%	10	1.29%
1	1.85	11	1.23
2	1.79	12	1.17
3	1.73	13	1.08
4	1.67	14	1.00
5	1.61	15	0.94
6	1.55	16	0.88
7	1.47	17	0.82
8	1.41	18	0.76
9	1.35	19	0.70

SERVICE RETIREMENT: Representative annual rates of assumed service retirement are as follows:

Hired Prior to July 1, 2013		Hired on or after July 1, 2013	
Service	Rate	Service	Rate
20	5.0%		
21	6.0		
22	7.0		
23	8.0		
24	9.0		
25	10.0	25	25.0%
26	12.0	26	12.0
27	14.0	27	14.0
28	15.0	28	15.0
29	20.0	29	20.0
30	100.0	30	100.0

DEATHS AFTER RETIREMENT: The RP-2000 Combined Mortality Table projected to 2015 using scale AA, with male mortality set forward 0 years and female mortality set forward 3 years is used for the period following service retirement and for beneficiaries of deceased members. For disabled lives, male mortality was assumed to be the RP-2000 table not projected with male mortality set forward 4 years. Female mortality was assumed to be consistent with rates issued by the IRS in Revenue Ruling 96-7 for use in determining current liability for disabled lives prior to January 1, 1995.

OCCUPATIONAL VS. NON OCCUPATIONAL DEATH: 20% of all deaths are assumed to be due to occupational causes.

OCCUPATIONAL VS. NON OCCUPATIONAL DISABILITY: 75% of disabilities are assumed to be due to occupational causes. For occupational disabilities the average benefit percentage is assumed to be 50.0%.

PERCENT MARRIED: 75% of employees who die before retirement are assumed to be married with the husband 3 years older than the wife. 85% of employees who die after retirement are assumed to be married with the husband 3 years older than the wife.

ASSETS: The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value. The actuarial value of assets cannot be more than 120% or less than 80% of the market value of assets.

VALUATION METHOD: Entry age normal actuarial cost method. See Schedule F for a brief description of this method.

AVERAGE DISABILITY IMPAIRMENT PERCENTAGE: 12.50%

SCHEDULE C

SUMMARY OF MAIN SYSTEM PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES

Member	Sworn members of the Lexington-Fayette Urban County Government Division of Police and Division of Fire and Emergency Services.
Membership Service	Service rendered on or after the date of establishment of the fund or the fund of a city existing within the boundaries of the government immediately prior to the establishment of the urban-county government.
Total Service	Prior service, membership service, and service credit purchased by a member as provided in KRS 67A.402.
Average Salary	The highest average salary of the member for any three consecutive years of service.

Retirement Annuity

Hired prior to July 1, 2013 and for retirements commencing prior to July 1, 2013

Eligibility	Any time after completion of 20 years of Total Service (including service purchased up to 4 years).
Benefit	Annuity is 2½% of Average Salary multiplied by years of Total Service. The minimum monthly benefit is $1,250. Upon the death of a retired member whose marriage was in effect at least six months before retirement or one year prior to death, the surviving spouse shall receive an annuity equal to 60% of the member's final annuity or final rate of pay, whichever is greater, unless the retired member elected an alternative actuarial equivalent form at the time of retirement of either a joint and 75% or and joint and 100% survivor payment form.

Hired prior to July 1, 2013 and for retirements commencing on or after July 1, 2013

Eligibility	Any time after obtaining age 41 and the completion of 20 years of Total Service (including service purchased up to 4 years).
Benefit	Annuity is 2½% of Average Salary multiplied by years of Total Service. The minimum monthly benefit is $1,250. Upon the death of a retired member whose marriage was in effect at least six months before retirement or one year prior to death, the surviving spouse shall receive an annuity equal to 60% of the member's final annuity or final rate of pay,

whichever is greater, unless the retired member elected an alternative actuarial equivalent form at the time of retirement of either a joint and 75% or and joint and 100% survivor payment form.

Hired on or after July 1, 2013

Eligibility	Any time after obtaining age 50 and the completion of 25 years of Total Service.
Benefit	Annuity is 2.25% of Average Salary multiplied by years of Total Service. The minimum monthly benefit is $1,250. Upon the death of a retired member whose marriage was in effect at least six months before retirement or one year prior to death, the surviving spouse shall receive an annuity equal to 60% of the member's final annuity or final rate of pay, whichever is greater, unless the retired member elected an alternative actuarial equivalent form at the time of retirement of either a joint and 75% or and joint and 100% survivor payment form.

Occupational Disability Benefit

Eligibility	No requirements.

Occur Prior to July 1, 2013

Benefit	Annuity equal to a minimum of 60% of member's last rate of salary, increased above the 60% minimum by ½ the amount by which the member's percentage of disability exceeds 20%, but not greater than 75%. The member's percentage of disability shall be the average of the impairment rating determined by two physicians selected by the Board using the American Medical Association "Guide to the Evaluation of Permanent Impairment". If a member is eligible for a service retirement annuity and the amount of the service retirement annuity exceeds the amount of the disability benefit, then the member may elect to receive an additional service retirement annuity equal to this difference. Upon the death of a retired member whose marriage was in effect at least six months before retirement or one year prior to death, the surviving spouse shall receive an annuity equal to 60% of the member's final annuity or final rate of pay, whichever is greater, unless the retired member elected an alternative actuarial equivalent form at the time of retirement of either a joint and 75% or and joint and 100% survivor payment form.

	In addition, any minor children will receive benefits as provided under the occupational death benefit provisions.
Occur on or after July 1, 2013	
Benefit	Annuity equal to a minimum of 50% of member's last rate of salary. If the member's percentage of disability exceeds 20% then the amount is equal to 60% of the member's last rate of salary plus ½ the amount by which the member's percentage of disability exceeds 20%, but not greater than 75%. The member's percentage of disability shall be the average of the impairment rating determined by two physicians selected by the Board using the American Medical Association "Guide to the Evaluation of Permanent Impairment". If a member is eligible for a service retirement annuity and the amount of the service retirement annuity exceeds the amount of the disability benefit, then the member may elect to receive an additional service retirement annuity equal to this difference. Upon the death of a retired member whose marriage was in effect at least six months before retirement or one year prior to death, the surviving spouse shall receive an annuity equal to 60% of the member's final annuity or final rate of pay, whichever is greater, unless the retired member elected an alternative actuarial equivalent form at the time of retirement of either a joint and 75% or and joint and 100% survivor payment form. In addition, any minor children will receive benefits as provided under the occupational death benefit provisions.
Non-Occupational Disability Benefit	
Hired prior to July 1, 2013	
Eligibility	5 years of Total Service.
Benefit	2½% of Average Salary times years of Total Service subject to a minimum payment of 25% of Average Salary and a maximum payment of 75% of Average Salary. Upon the death of a retired member whose marriage was in effect at least six months before retirement or one year prior to death, the surviving spouse shall receive an annuity equal to 60% of the member's final annuity or final rate of pay, whichever is greater, unless the retired member elected an alternative actuarial equivalent form at the time of retirement of either a joint and 75% or and joint and 100% survivor payment form. In addition, any minor children will receive benefits provided under the non-occupational death benefit provisions.

Hired on or after July 1, 2013

Eligibility	5 years of Total Service.
Benefit	2.25% of Average Salary times years of Total Service subject to a minimum payment of 22.5% of Average Salary and a maximum payment of 67.5% of Average Salary. Upon the death of a retired member whose marriage was in effect at least six months before retirement or one year prior to death, the surviving spouse shall receive an annuity equal to 60% of the member's final annuity or final rate of pay, whichever is greater, unless the retired member elected an alternative actuarial equivalent form at the time of retirement of either a joint and 75% or and joint and 100% survivor payment form. In addition, any minor children will receive benefits provided under the non-occupational death benefit provisions.

Termination Benefit

If a member is terminated with less than 20 years of total service credit, he is entitled to a return of his accumulated contributions, without interest.

Occupational Death Benefit

Eligibility	No requirements.
Benefit	Surviving Spouse receives immediate annuity equal to 75% of the member's last rate of salary until death or remarriage. In addition, 10% of the member's last rate of salary is payable for each minor child until each child attains age 18 (age 23 if involved in educational activities). Maximum total income is 100% of final rate of salary. If no surviving spouse or upon remarriage, then minor children will receive a benefit based on the following schedule:

One minor child	50% of Salary
Two minor children	65% of Salary
Three of more minor children	75% of Salary

Non-Occupational Death Benefit

Eligibility	5 Years of Total Service, married 6 months prior to death.

Benefit	Surviving spouse received immediate annuity equal to 1½% of the Average Salary multiplied by years of Total Service, until death or remarriage. The minimum benefit is 15% of Average Salary. In addition, this annuity is increased by ½ for the first minor child and by ¼ for each additional child. Maximum total income is 75% of Average Salary.

If no surviving spouse or upon remarriage, then minor children will receive a benefit based on the following schedule:

One minor child	50% of Salary
Two minor children	65% of Salary
Three of more minor children	75% of Salary

Member Contributions

Prior to July 1, 2013, active members contribute 11% of current salary. Effective July 1, 2013 active member contributions will increase from 11% to 12%.

Employer Contributions

The government shall make current contributions to the fund on an actuarially funded basis. Such contributions shall be equal to the sum of:

(1) An amount resulting from the application of a rate percent of salaries of active members determined under the entry age normal cost funding method, and

(2) An amount sufficient to amortize the total unfunded liability actuarial accrued liability for the fund over a period of thirty years, using the level dollar amortization method, for a period beginning July 1, 2013 and ending June 30, 2043.

The total contribution of the government shall be at least $20,000,000 until the actuarial funding level is at least 100%.

Post Retirement Cost-of-Living Increases

COLAs will be granted on the following schedule for both current and future retirees commencing upon the earlier of a member turning age 50 or being retired for five years until the Plan, utilizing the current COLA provisions, is 85% funded. At that time, COLA's will be granted each year by an amount, determined by the Board, of not less than 2.00% nor more than 5.00% compounded annually. In addition, those receiving a pension over $100,000 will not be eligible to receive a COLA until the later of the proposed conditions or January 1, 2016.

Above $100,000	1.0%
$75,000 to $99,000	1.0%
$50,000 to $74,999	1.5%
$40,000 to $49,999	1.5%
$35,000 to $39,999	2.0%
$30,000 to $34,999	2.0%
Under $30,000	2.0%