

RETIREMENT PLAN FOR EMPLOYEES
OF THE CITY OF JONESBORO

ACTUARIAL VALUATION
AS OF JANUARY 1, 2014

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED DECEMBER 31, 2014

June 17, 2014

Ben Barylske, Chief Financial Officer
City of Jonesboro
515 W. Washington Ave.
Jonesboro, AR 72401

Re: Retirement Plan for Employees of the City of Jonesboro

Dear Ben:

We are pleased to present to the Board this report of the annual actuarial valuation of the Retirement Plan for Employees of the City of Jonesboro. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

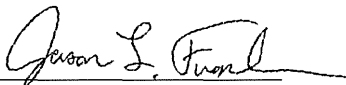
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Jonesboro, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Retirement Plan for Employees of the City of Jonesboro. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Jason L. Franken
Enrolled Actuary #14-6888

JLF/Ike

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Retirement Plan for Employees of the City of Jonesboro, performed as of January 1, 2014, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended December 31, 2014.

The contribution requirements, compared with those set forth in the January 1, 2013 actuarial valuation, are as follows:

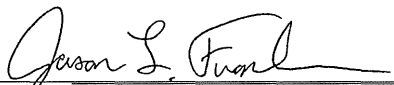
Valuation Date	1/1/2013	1/1/2014
Applicable Plan/Fiscal Year End	<u>12/31/2013</u>	<u>12/31/2014</u>
Total Required Contribution	\$0	\$0
% of Total Annual Payroll	0.0%	0.0%

During the last twelve months, the experience has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary source of favorable experience included a 10.7% investment return (Market Value Basis).

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
 Jason L. Franken, FSA, EA, MAAA

Plan Changes Since Prior Valuation

There have been no changes to the Plan since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

There have been no changes in assumptions or methods since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>1/1/2014</u>	<u>1/1/2013</u>
A. Participant Data		
Number Included		
Actives	164	181
Service Retirees	52	50
Beneficiaries	4	4
Terminated Vested	64	57
	<hr/>	<hr/>
Total	284	292
Total Annual Payroll	\$5,944,979	\$6,533,062
Payroll Under Assumed Ret. Age	5,681,391	6,260,454
Annual Rate of Payments to:		
Service Retirees	302,053	279,208
Beneficiaries	18,633	18,633
Terminated Vested	250,228	219,871
B. Assets		
Actuarial Value	9,706,016	9,056,954
Market Value	9,706,016	9,056,954
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	2,858,478	2,967,051
Death Benefits	1,471	1,552
Vested Benefits	533,679	580,806
Refund of Contributions	0	0
Service Retirees	2,773,493	2,591,453
Beneficiaries	119,272	126,393
Terminated Vested	990,053	836,276
	<hr/>	<hr/>
Total	7,276,446	7,103,531

	<u>1/1/2014</u>	<u>1/1/2013</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	51,719,978	58,249,419
Present Value of Future Member Cont.	0	0
Normal Cost		
Retirement Benefits	0	0
Death Benefits	0	0
Vested Benefits	0	0
Refund of Contributions	0	0
	<hr/>	<hr/>
Total Normal Cost	0	0
Present Value of Future Normal Costs	0	0
Actuarial Accrued Liability		
Retirement Benefits	2,858,478	2,967,051
Death Benefits	1,471	1,552
Vested Benefits	533,679	580,806
Refund of Contributions	0	0
Inactives	3,882,818	3,554,122
	<hr/>	<hr/>
Total Actuarial Accrued Liability	7,276,446	7,103,531
Unfunded Actuarial Accrued Liab (UAAL)	(2,429,570)	(1,953,423)
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	3,882,818	3,554,122
Actives	3,295,819	3,355,631
Member Contributions	52,924	57,794
	<hr/>	<hr/>
Total	7,231,561	6,967,547
Non-vested Accrued Benefits	44,885	135,984
	<hr/>	<hr/>
Total Present Value Accrued Benefits	7,276,446	7,103,531
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	(46,070)	
Benefits Paid	(302,438)	
Interest	521,423	
Other	0	
	<hr/>	
Total:	172,915	

Valuation Date Applicable to Fiscal Year Ending	1/1/2014 <u>12/31/2014</u>	1/1/2013 <u>12/31/2013</u>
E. Pension Cost		
Normal Cost (with interest) % of Total Annual Payroll*	\$0 0.0	\$0 0.0
Administrative Expense (with interest) % of Total Annual Payroll*	36,624 0.6	36,624 0.6
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 1/1/2014) % of Total Annual Payroll*	(205,715) (3.6)	(165,398) (2.6)
Total Required Contribution % of Total Annual Payroll*	0 0.0	0 0.0
Expected Member Contributions % of Total Annual Payroll*	0 0.0	0 0.0
Expected City Contribution % of Total Annual Payroll*	0 0.0	0 0.0
F. Past Contributions		
Plan Year Ending:	<u>12/31/2013</u>	
Total Required Contribution	0	
City Requirement	0	
Actual Contributions Made:		
Members	0	
City	0	
Total	<u>0</u>	
G. Net Experience Gain (Loss)	364,987	

* Contributions developed as of 1/1/2014 are expressed as a percentage of Payroll Under Assumed Retirement Age at 1/1/2014 of \$5,681,391.

H. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Compensation

		<u>Actual</u>	<u>Assumed</u>
Year Ended	12/31/2013	4.6%	4.5%
Year Ended	12/31/2012	4.7%	4.5%
Year Ended	12/31/2011	5.8%	4.5%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	12/31/2013	10.7%	7.5%
Year Ended	12/31/2012	10.7%	7.5%
Year Ended	12/31/2011	0.6%	7.5%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and adhere to the Actuarial Standards of Practice. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-6888

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of January 1, 2013	(\$1,953,423)
(2)	Sponsor Normal Cost developed as of January 1, 2013	0
(3)	Expected Administrative expenses for the fiscal year ended December 31, 2013	34,069
(4)	Interest on (1), (2) and (3)	(145,229)
(5)	Sponsor Contributions to the System during the year ending December 31, 2013	0
(6)	Interest on (4)	0
(7)	Expected UAAL as of January 1, 2014 (1)+(2)+(3)+(4)-(5)-(6)	(2,064,583)
(8)	Change in UAAL due to Experience Gain	(364,987)
(9)	Unfunded Accrued Liability as of January 1, 2014	(\$2,429,570)

	<u>Date Established</u>	<u>Years Remaining</u>	<u>1/1/2014 Amount</u>	<u>Amortization Amount</u>
UAAL	1/1/2014	30	(\$2,429,570)	(\$191,363)

PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2014	48,598	323,034	371,632
2015	60,118	325,508	385,626
2016	69,284	327,320	396,603
2017	96,500	334,306	430,806
2018	105,082	337,489	442,571
2019	143,474	342,591	486,065
2020	181,116	335,093	516,209
2021	223,548	326,659	550,206
2022	288,016	336,934	624,950
2023	298,296	335,146	633,443
2024	308,595	324,939	633,534
2025	379,034	313,066	692,101
2026	387,743	300,425	688,168
2027	413,301	293,174	706,474
2028	422,253	287,467	709,720
2029	438,693	279,588	718,281
2030	434,586	272,497	707,083
2031	430,825	260,650	691,475
2032	435,513	256,721	692,234
2033	437,138	253,310	690,448
2034	439,233	251,836	691,069
2035	445,623	250,024	695,647
2036	459,754	236,161	695,914
2037	473,426	233,377	706,803
2038	459,040	225,932	684,973
2039	439,146	210,790	649,936
2040	422,449	198,911	621,360
2041	410,607	189,323	599,930
2042	399,294	187,698	586,992
2043	383,500	175,067	558,567
2044	366,358	165,855	532,213
2045	355,102	153,550	508,652
2046	333,733	150,173	483,906
2047	307,443	144,576	452,019
2048	295,694	136,283	431,977
2049	282,773	127,795	410,568
2050	267,292	119,356	386,647
2051	249,131	111,115	360,246
2052	229,390	101,728	331,117
2053	211,081	94,244	305,325

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	IRS Prescribed Mortality Optional Combined Table for Small Plans as of the valuation date.
Interest Rate	7.5% per year compounded annually, net of investment related expenses
Retirement Age	100% retiring at age 65.
Termination Rate	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.60. See below.
Salary Increases	4.5% per year until the assumed Retirement Age.
Administrative Expenses	\$34,069
Disability	None
Interest Rate for Member Contributions	2.95%
Funding Method	Projected Unit Credit Cost Method
Actuarial Asset Method	Market Value of Assets
Amortization Method	Level Dollar, Open

<u>Age</u>	<u>% Terminating During the Year</u>
20	14.58%
30	9.30
40	5.64
50	3.36

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Projected Unit Credit Cost Method - Under this method, the normal cost for an active participant is the present value of the projected increase in the benefit earned during the year. The total normal cost is the sum of the individual normal costs for all active participants.

The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of the accrued benefits with projections made for salary increases. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

BALANCE SHEET
December 31, 2013

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	18,359.85
Cash	40,191.74
Total Cash and Equivalents	58,551.59
Total Receivable	0.00
Investments:	
Mutual Funds: Principal	
Fixed Income	3,764,657.72
Equity	3,782,610.14
Pooled/Common/Commingled Funds: Stephens	
Fixed Income	560,236.20
Equity	1,539,960.62
Total Investments	9,647,464.68
TOTAL ASSETS	9,706,016.27
 <u>LIABILITIES AND NET ASSETS</u>	
Total Liabilities	0.00
Net Assets	9,706,016.27
TOTAL LIABILITIES AND NET ASSETS	9,706,016.27

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2013
Market Value Basis

REVENUES

Total Contributions		0.00
Earnings from Investments		
Interest & Dividends	47,540.87	
Unrealized Gain (Loss)	936,924.54	
Total Earnings and Investment Gains		984,465.41

EXPENDITURES

Expenses:		
Investment Related ¹	32,965.49	
Total Expenses		32,965.49
Distributions to Members:		
Benefit Payments	302,437.96	
Termination Payments	0.00	
Total Distributions		302,437.96
Change in Net Assets for the Year		649,061.96
Net Assets Beginning of the Year		9,056,954.31
Net Assets End of the Year		9,706,016.27

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

STATISTICAL DATA

	<u>1/1/2011</u>	<u>1/1/2012</u>	<u>1/1/2013</u>	<u>1/1/2014</u>
<u>Active Members</u>				
Number	211	208	181	164
Average Current Age	45.7	46.2	47.4	48.7
Average Age at Employment	37.5	37.5	37.6	37.7
Average Past Service	8.2	8.7	9.8	11.0
Average Annual Salary	\$34,683	\$33,469	\$36,094	\$36,250
<u>Retirees & Beneficiaries</u>				
Number	45	46	54	56
Average Current Age	69.8	69.8	69.2	70.6
Average Annual Benefit	\$5,519	\$5,263	\$5,516	\$5,727
<u>Terminated Vested Members</u>				
Number	55	53	57	64
Average Current Age	46.4	47.1	48.1	48.3
Average Annual Benefit	\$3,877	\$3,484	\$3,857	\$3,910

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 1/1/2013	181
b. Terminations	
i. Vested (partial or full) with deferred benefits	7
ii. Non-vested or full lump sum distribution received	7
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Retired	3
e. Voluntary withdrawal	0
f. Continuing participants	164
g. New entrants	0
h. Total active life participants in 1/1/2014 valuation	164

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	50	4	57	111
b. In	3	0	7	10
c. Out	1	0	0	1
d. Number current valuation	52	4	64	120

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	1	0	0	0	0	0	0	1
25 - 29	0	0	1	1	0	4	0	0	0	0	0	6
30 - 34	0	0	2	3	0	8	4	0	0	0	0	17
35 - 39	0	0	0	2	3	10	0	1	0	0	0	16
40 - 44	0	0	2	0	0	8	7	4	0	0	0	21
45 - 49	0	0	0	3	0	7	4	2	1	0	0	17
50 - 54	0	0	3	0	1	7	6	5	3	1	0	26
55 - 59	0	0	0	1	1	11	4	6	4	5	0	32
60 - 64	0	0	3	0	1	5	4	4	1	1	0	19
65+	0	0	0	1	1	3	0	2	0	2	0	9
Total	0	0	11	11	8	63	29	24	9	9	0	164

SUMMARY OF CURRENT PLAN

<u>Eligibility</u>	Any full-time employee who is employed for more than 20 hours per week and more than five months per year.
<u>Accrual Service</u>	Years and fractional parts of years (to the nearest month) of service as employed by the City through December 31, 2011.
<u>Compensation</u>	Gross annual compensation, without reduction for flexible spending account contributions.
<u>Average Compensation</u>	The monthly average of the five latest Compensation Years through December 31, 2011.
<u>Normal Retirement</u>	
Date	Age 65 and 5 years of Accrual Service.
Benefit	1.5% for each year of Accrual Service times average compensation. Minimum of \$25 per month.
Form of Benefit	For the Retiree's lifetime with 120 payments guaranteed.
<u>Early Retirement</u>	
Date	Age 55 and 5 years of Accrual Service.
Benefit	Accrued benefit, reduced 6.7% per year for the first five years then 3.3% per year for the next five years.
Form of Benefit	For the Retiree's lifetime with 120 payments guaranteed.
<u>Vesting</u>	
Schedule	100% after 5 years of Accrual Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.
<u>Death Benefit</u>	
Benefit	100% refund of Member's contribution account.

DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The schedule provided below has been prepared in accordance with the requirements
of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - PUC* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2014	9,706,016	7,276,446	(2,429,570)	133.4%	5,944,979	-40.9%
1/1/2013	9,056,954	7,103,531	(1,953,423)	127.5%	6,533,062	-29.9%
1/1/2012	8,422,766	6,974,465	(1,448,301)	120.8%	6,961,498	-20.8%
1/1/2011	8,000,458	9,183,816	1,183,358	87.1%	7,318,088	16.2%

The schedule provided below has been prepared in accordance with the requirements
of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	City Contribution	Percentage Contributed
2013	0	0	N/A
2012	0	0	N/A
2011	625,256	625,256	100.0%
2010	690,346	690,346	100.0%
2009	853,015	853,015	100.0%

*The AAL was determined using the Entry Age Normal Cost method prior to 1/1/12.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 12/31/2013

City	0
Plan Members	0
Actuarially Determined Contribution	0
Contributions made	0
Actuarial valuation date	1/1/2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, Open
Remaining amortization period	30 Years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increase*	4.5%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
12/31/2013	0	N/A	0
12/31/2012	0	N/A	0
12/31/2011	625,256	100%	0