

The logo for nyhart, featuring the word "nyhart" in a white, lowercase, sans-serif font centered within a black rectangular box. This box is part of a larger graphic element consisting of a thick black vertical bar on the left and a thin red vertical bar to its right, both extending from the top to the bottom of the page.

nyhart

***City of Dover, Delaware
Police Pension Plan***

*July 1, 2016
Actuarial Valuation Report*

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At the request of the plan sponsor, this report summarizes the City of Dover, Delaware Police Pension Plan as of July 1, 2016. The purpose of this report is to communicate the following results of the valuation:

- Funded Status; and
- Actuarially Determined Contribution as of July 1, 2016

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the employer. Asset information has been provided to us by the City. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the Board. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

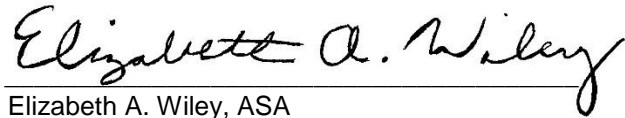
We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.


Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report.

To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart


Elizabeth A. Wiley, ASA

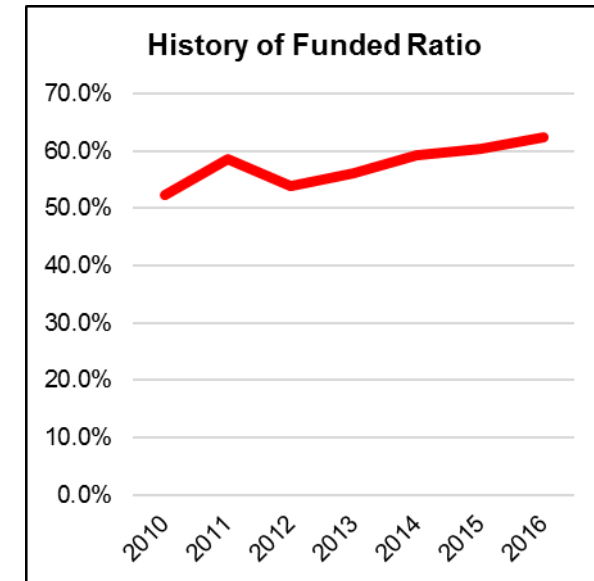

Carter M. Angell, FSA, EA, MAAA

December 30, 2016
Date

Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The accrued liability is based on an entry age normal method.

	July 1, 2014	July 1, 2016
Funded Status Measures		
Entry Age Accrued Liability	\$20,736,450	\$19,387,871
Actuarial Value of Assets	12,279,347	12,224,685
Unfunded Accrued Liability	\$8,457,103	\$7,163,186
Funded Percentage (AVA)	59.2%	63.1%
Funded percentage (MVA)	59.2%	63.1%
Cost Measures		
Actuarially Determined Contribution	\$1,176,422	\$1,176,462
Actuarially Determined Contribution (as a percentage of payroll)	N/A	N/A
Asset Performance		
Market Value of Assets (MVA)	\$12,279,347	\$12,224,685
Actuarial Value of Assets (AVA)	\$12,279,347	\$12,224,685
Actuarial Value/Market Value	100.0%	100.0%
Participant Information		
Active Participants	0	0
Terminated Vested Participants	0	0
Retirees, Beneficiaries, and Disabled Participants	48	47
Total	48	47
Expected Payroll	N/A	N/A
Total Payroll	N/A	N/A



Changes Since Prior Valuation and Key Notes

There have been no changes to the plan provisions since the last valuation.

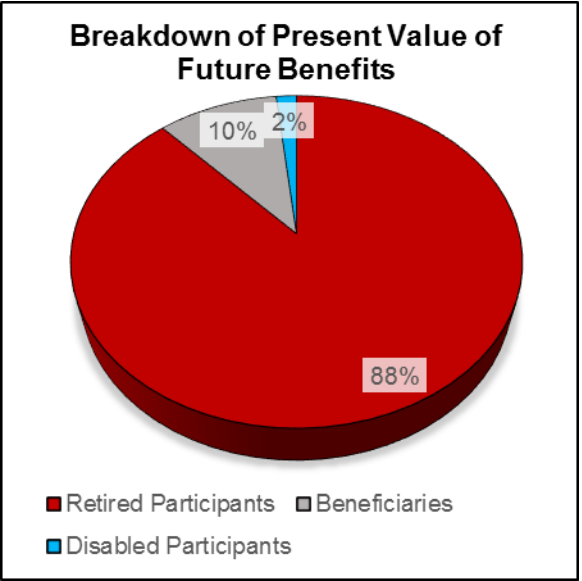
There have been no changes to the actuarial assumptions since the last valuation.

Present Value of Future Benefits

The Present Value of Future Benefits represents the future benefits payable to the existing participants.

July 1, 2016

Present Value of Future Benefits	
Active participants	
Retirement	\$0
Disability	0
Death	0
Termination	0
Refund of contributions	0
Total active	\$0
Inactive participants	
Retired participants	\$17,075,503
Beneficiaries	1,947,919
Disabled participants	364,449
Terminated vested participants	0
Total inactive	\$19,387,871
Total	\$19,387,871
 Present value of future payrolls	 N/A



Funding Liability

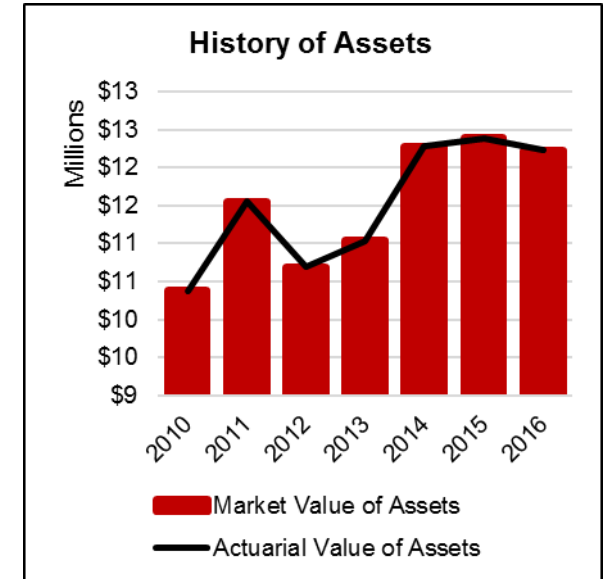
The Funding Liability measures the present value of benefits earned as of the valuation date, using a specified set of actuarial assumptions.

	July 1, 2016
Entry Age Accrued Liability	
Active participants	
Retirement	\$0
Disability	0
Death	0
Termination	0
Refund of contributions	0
Total Active	\$0
Inactive participants	
Retired participants	\$17,075,503
Beneficiaries	1,947,919
Disabled participants	364,449
Terminated vested participants	0
Total Inactive	\$19,387,871
Total	\$19,387,871
Normal Cost	\$0

Asset Information

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

	July 1, 2016
Market Value Reconciliation	
Market value of assets, beginning of prior year	\$12,384,845
Employer Contributions	\$1,093,278
Investment income	279,303
Benefit payments	(1,527,910)
Administrative expenses	(4,831)
Market value of assets, beginning of current year	\$12,224,685
Return on Market Value	2.26%
Market value of assets available for pension benefits	\$12,224,685
Actuarial value of assets	
Value at beginning of current year	\$12,224,685



Reconciliation of Gain/Loss

July 1, 2016

Liability (gain)/loss

Actuarial liability, July 1, 2014	\$20,736,450
Normal cost	0
Benefit payments	(3,085,551)
Expected interest	<u>2,595,747</u>
Expected actuarial liability, beginning of current year	\$20,246,646
Actual actuarial liability	\$19,387,871
Liability (gain)/loss	\$(858,775)

Asset (gain)/loss

Actuarial value of assets, July 1, 2014	\$12,279,347
Contributions	2,479,067
Benefit payments and expenses	(3,096,176)
Expected investment return	<u>1,583,082</u>
Expected actuarial value of assets, beginning of current year	\$13,245,320
Actual actuarial value of assets, beginning of current year	\$12,224,685
Asset (gain)/loss	\$1,020,635

Total (gain)/loss

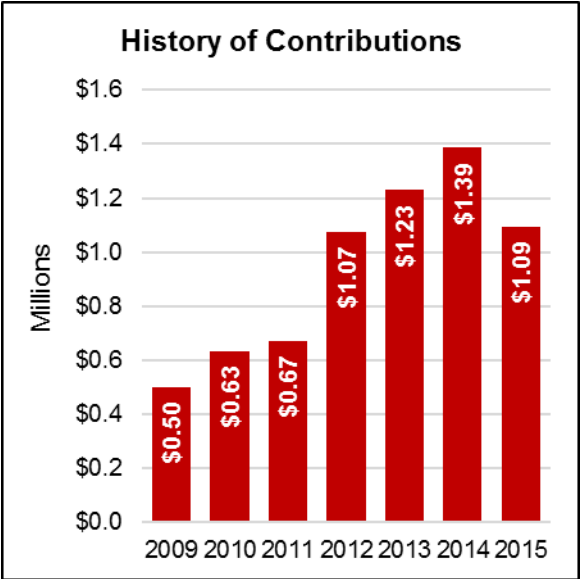
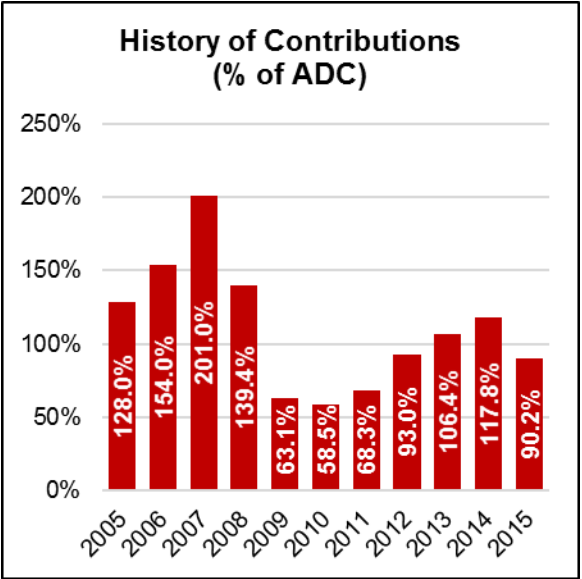
\$161,860

Development of Actuarially Determined Contribution

The actuarially determined contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws.

July 1, 2016

Funded Position	
1. Entry age accrued liability	\$19,387,871
2. Actuarial value of assets	\$12,224,685
3. Unfunded actuarial accrued liability (UAAL)	\$7,163,186
Employer Contributions	
1. Normal Cost	\$0
2. Amortization of UAAL	1,104,659
3. Applicable interest	71,803
4. Total actuarially determined contribution	\$1,176,462



Demographic Information

The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

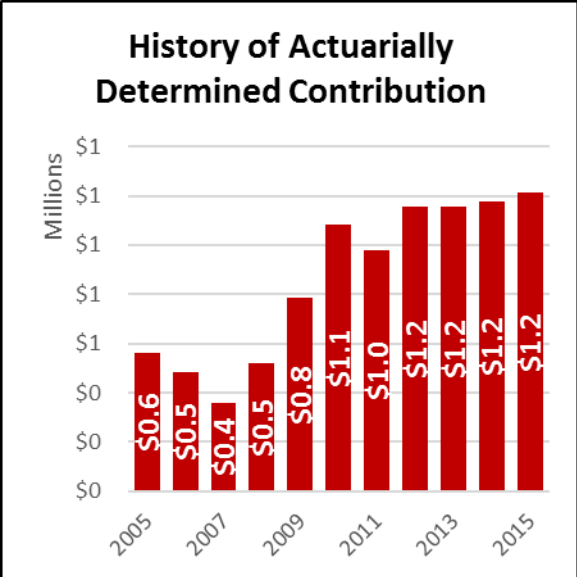
July 1, 2016

Participant Counts

Active Participants	0
Retired Participants	37
Beneficiaries	9
Disabled Participants	1
Terminated Vested Participants	0
Total Participants	47

Active Participant Demographics

Average Age	N/A
Average Service	N/A
Average Compensation	N/A
Covered Payroll	N/A
Total Payroll	N/A



Demographic Information (continued)

July 1, 2016

Retiree Statistics

Average Age	68.7
Average Monthly Benefit	\$2,991

Beneficiary Statistics

Average Age	67.0
Average Monthly Benefit	\$1,377

Disabled Participants Statistics

Average Age	68.8
Average Monthly Benefit	\$2,432

Terminated Participants Statistics

Average Age	N/A
Average Monthly Benefit	N/A

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
Prior Year	0	0	1	41	6	48
Active						
To Retired	0	0	0	0	0	0
Disabled						
Certain Only Ended	0	0	0	0	0	0
Retired						
To Death	0	0	0	(4)	0	(4)
Survivor						
To Death	0	0	0	0	(1)	(1)
Additions	0	0	0	0	4	4
Departures	0	0	0	0	0	0
Current Year	0	0	1	37	9	47

Plan Status

As of the valuation date, there are no active members in the plan. The Plan is a contributory, defined benefit plan for policemen hired prior to September 1, 1982.

Benefits

Normal Retirement

Eligibility	Completion of 20 years of service
Benefit	2.5% of Average Earnings multiplied by service, but no more than 62.5% of Average Earnings

Death Benefits

Eligibility	Currently retired
Benefit	50% of the benefit the member was receiving payable immediately to an Eligible Survivor and ceases upon the earliest of death, remarriage, or attainment of age 18 for children

Cost of Living Adjustments	2.0% per year every January 1 on a compound basis
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Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law, the Internal Revenue Code, and applicable regulation. The actuary was not able to evaluate the prescribed assumptions for reasonableness for the purpose of the measurement.

Valuation Date	July 1, 2016
Participant and Asset Information Collected as of	July 1, 2016
Cost Method (CO)	Entry Age Normal Cost Method
Amortization Method (CO)	10 year closed level dollar amortization of Unfunded Actuarial Accrued Liability beginning on 7/1/2014. The amortization period is 8 years for the 2016-2017 fiscal year and will decline by 1 each year until 1 year remains
Asset Valuation Method	The actuarial value of assets is equal to the market value of assets
Interest Rates (CO)	6.50% per year, compounded annually
Expense and/or Contingency Loading (FE)	None
Mortality Rates (FE)	
Healthy	RP-2000 Healthy Annuitant mortality with generational improvements using Scale AA
Disabled	RP-2000 Healthy Annuitant mortality with generational improvements using Scale AA
Cost of Living Adjustments	2.0% per year every January 1 on a compound basis

FE indicates an assumption representing an estimate of future experience

MD indicates an assumption representing observations of estimates inherent in market data

CO indicates an assumption representing a combination of an estimate of future experience and observations of market data

The actuarial report also shows the necessary items required for plan reporting and any state requirements.

- ✓ Schedule of Amortizations

Schedule of Amortizations

July 1, 2016

<u>Date Established</u>	<u>Original Amount</u>	<u>Remaining Years</u>	<u>Balance</u>	<u>Payment</u>
7/1/2016	\$7,163,186	8	<u>\$7,163,186</u>	<u>\$1,104,659</u>
Total			\$7,163,186	\$1,104,659