THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN

TABLE OF CONTENTS

Page

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Pension Board of the
City of Birmingham Retirement and
Relief System Retirement Plan
Birmingham, Alabama

We have audited the accompanying financial statements of the City of Birmingham Retirement and Relief System Retirement Plan (the Plan), which comprise the statement of fiduciary net position as of June 30, 2016, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the City of Birmingham Retirement and Relief System Retirement Plan as of June 30, 2016, and the changes in its financial status for the year then ended in accordance with accounting principles generally accepted in the United States of America.

December 8, 2016

Banks, Finley, White & Co.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
STATEMENT OF PENSION NET POSITION
JUNE 30, 2016

	2016
ASSETS:	
Cash and Cash Equivalents	$ 29,568,575
Total Cash and Cash Equivalents	29,568,575
Receivables	
Member contributions	-
Member loans	10,701,298
Interest and dividends	2,647,629
Total Receivables	13,348,927
Investments, at Market Value:	
U.S. Government Obligations	97,481,790
Domestic Corporate Bonds & Notes	118,335,295
Domestic Stocks	639,971,866
Alternative Investments	98,991,823
Total Investments	954,780,774
Total Assets	$ 997,698,276
LIABILITIES	
Accounts Payable	$ 812,228
Total Liabilities	812,228
Net Position Restricted for Pension Benefits	$ 996,886,048

The notes are an integral part of the financial statements.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
STATEMENT OF CHANGES IN PENSION NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	2016
Additions:	
Employer Contributions	13,849,535
Contributions from Plan members	13,874,144
Firemen & Police Supplemental	2,533,039
Total contributions	30,256,718
Investment Income:	
Interest	22,737,694
Investment Income	813,153
Gain/Loss on Sale of Investments	21,375,384
Net decrease in fair value of investments	(39,943,173)
Miscellaneous	481
Total Additions	$ 35,240,257
Deductions:	
Benefit payments to plan members:	
Regular Service	51,151,537
VRIP	7,758,420
Disability	9,409,890
Survivors	6,203,626
Drops	3,006,190
Refunds of contributions	2,062,507
Administrative Expenses:	
Professional fees	3,632,101
Salaries and benefits	182,458
Other Administrative Expenses	31,345
Total Deductions	83,438,074
Net Increase in Net Position	(48,197,817)
Net Position Restricted For Pension Benefits, beginning of year (excluding accrued income) at market value	$ 1,045,083,865
Net Position Restricted for Pension Benefits End of the Year at Market Value	$ 996,886,048

The notes are an integral part of the financial statements.

THE CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM RETIREMENT PLAN NOTES TO FINANCIAL STATEMENTS

1. **PLAN DESCRIPTION**

The *City of Birmingham Retirement and Relief System Retirement Plan* covers all eligible civil service employees, elected officials, and appointed employees. Membership is mandatory for covered employees and is effective upon employment. Appointed and elected employees have the option of participating in this plan or in an alternative retirement plan. The City and employees each contribute one-half of the required contribution payable as a percent of compensation for the year, exclusive of overtime and subject to statutory limits. The plan is funded by contributions from employees, the City, and income from the investment of accumulated funds. The plan was established by state law and is administered by a board of managers.

2. **SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting – The Plan implemented GASB 67 "Financial Reporting for Pension Plans" ("GASB 67") in 2014. GASB 67 replaces the requirements of GASB Statements No. 25 and No. 50 as they related to pension plans that are administered through trusts or equivalent arrangements. GASB #67 establishes standards of financial reporting for plans that issue separate financial reports and also those plans whose financial information is included solely in the financial report of another government as a pension trust fund. GASB 67 specifies the required approach for measuring the pension liability of employers and non-employer contributing entities for benefits provided through pension plans.

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Estimates – The preparation of financial statements prepared in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Deposits & Investments – Cash and cash equivalents include cash on hand, demand deposits, savings accounts, and short-term investments with maturities of three months or less at the time of purchase.

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Investment transactions are recorded on the trade date. Realized gains and losses from sales of securities are determined using the average cost basis. In accordance with the provisions of the Plan**,** in order to state investments at market value, net unrealized appreciation or depreciation for the year is reflected in the statement of changes in pension net position.

Actuarial Present Value of Accumulated Plan Benefits – Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' compensation during their last ten years of credited service. The accumulated plan benefits for active employees are based on their average compensation during the five years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts are excluded from Plan assets are excluded from accumulated plan benefits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The actuarial present value of accumulated plan benefits is determined by an actuary from The Segal Group, Inc. and it is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of July 1, 2015 were (a) life expectancy of participants (using the RP-2014 Blue Collar Employee Mortality Table), (b) retirement age assumptions, and (c) investment return.

The assumed average rate of return for the 2016 valuation was 7.5%. The actual rate of return, which excluded the employer contributions and benefit payments, was 10.68%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

3. FUNDING POLICY

The contribution requirements of the plan members are established and may be amended by the State Legislature. Plan members were required to contribute 7% of their annual covered salary in 2016. The City was required to contribute at a rate of 7% of the employees annual covered salary for 2016. For the Health Department employees, Plan members were required to contribute 7% of compensation and the employer contributes the additional required amount. All contributions made during 2016 were cash contributions. Administrative costs of the Plan are financed through investment earnings.

4. BENEFITS

A participant retiring at his normal retirement date is entitled to a benefit, payable in monthly installments equal to one-twelfth of the participant's accrued retirement income, which is calculated as 2.5% of final average salary multiplied by years of creditable service.

The **Plan** also provides adjusted benefits, in the case of early retirement and death or disability of a participant. Benefit provisions are established and may be amended by the State Legislature.

5. VESTING

Participants are at all times fully vested in their individual contributions to the Plan. Participants become fully vested in the retirement benefits attributable to them under the Plan, upon the completion of five years of creditable service with the City; however, benefits are not payable until the employee reaches age 60.

6. INVESTMENTS

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016:

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments Measured at the NAV

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Mesirow Financial -Multi-manager/Multi-strategy Fund of hedge funds	$ 98,991,823	Quarterly	95 days

Mesirow Financial Multi-manager/Multi-strategy Fund of hedge funds. This type includes investment in 53 managed hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The fund's strategy allocation is shown in the chart below:

STRATEGY ALLOCATION[6] AS OF 8/1/2016	
Mesirow Institutional Multi-Strategy Fund, L.P. – A	
STRATEGY	%
Credit	19.42
Long / Short Credit	5.36
Long-Biased Credit	12.37
Structured Credit	1.69
Event	10.27
Event Equity	2.34
Merger Arb	2.13
Multi-Strategy Event	4.29
Reinsurance	1.52
Hedged Equity	36.93
Long-Biased Equity	4.31
Loose Neutral Equity	6.76
Opportunistic Equity	22.64
Short-Biased Equity	3.22
Macro & Commodity	9.34
Diversified Global Macro	9.34
Multi Strategy	4.98
Multi-Strategy	4.98
Relative Value	12.98
Multi-Strategy Relative Value	7.99
Strict Market Neutral	3.14
Volatility Arbitrage	1.85
Liquidating/Cash	6.07
Liquidating	0.62
Cash	5.45

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration (period of time to maturity or redemption) is the primary measure of the sensitivity of investment risk. The Plan has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Board of Managers recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Plan's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

Custodial Credit Risk is the risk that the party holding the funds might not be able to pay those funds to the Trust upon maturity or demand. Bank deposits are covered by federal depository insurance (FDIC) or are collateralized by a multiple financial institution collateral pool administered by the State Treasurer.

Concentration of Investments

The Plan did not hold investments in any one organization that represented 5 percent or more of the Pension Plan's fiduciary net position.

Fair Value of Investments

Investments are reported at fair value, based on quoted market prices.

7. NET PENSION LIABILITY:

The components of the net pension liability of the Plan at June 30, 2016 were as follows:

Total Pension Liability	$ 2,022,255,368
Plan Fiduciary Net Position	981,796,080
The Plan's Net Pension Liability	$ 1,040,459,288
Plan Fiduciary Net Position as a percentage of Total Pension Liability	48.55%

Health Department Employees	
Total Pension Liability	$ 10,824,469
Plan Fiduciary Net Position	14,880,920
The Plan's Net Pension Liability	$ (4,056,451)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	137.47%

Actuarial Assumptions:
The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2016:

Inflation	2.50%
Salary increases	2.50%, plus age-related salary scale based on participant group
Investment rate of return	7.50%, including inflation, net of pension plan investment expense

Health Mortality rates were based on the sex distinct RP-2014 Blue Collar Employee Mortality Table, set forward two years for males and four years for females. Disabled Mortality rates were based on the sex distinct RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an experience study for the period July 1, 2010 to June 30, 2015.

7. NET PENSION LIABILITY: (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	42%	6.75%
International developed markets equity	20%	7.45%
Core fixed income	20%	1.75%
High yield fixed income	5%	4.95%
Real estate	5%	4.55%
Hedge funds	5%	3.75%
Short term governmental money market	3%	1.15%
Total	100%	

Discount rate:

Retirement and Relief System: The blended discount rate used to measure the total pension liability was 4.13%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 7.00% of compensation from plan members and 7.00% of compensation from the City. For this purpose, only employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are included. Projected employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are excluded, as are projected employee contributions from future plan members. Based on these assumptions, the System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to the first 23 periods of projected benefit payments and a 2.85% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 2.85% municipal bond rate was based on an index of 20-year, tax-exempt general obligation bonds, published weekly by the Federal Reserve. (The chosen rate is the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2016.)

***Health Department Employees*:** The discount rate used to measure the total pension liability is 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at 6.00% of compensation from plan members and no contributions will be made from the County. Based on these assumptions, the Department's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Department's pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. NET PENSION LIABILITY: (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate:
Retirement and Relief System: The following presents the net pension liability of the County, calculated using the discount rate of 4.13%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.13%) or one-percentage-point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount (4.13%)	1% Increase (5.13%)
Net pension liability	$1,333,015,425	$1,040,459,288	$800,333,820

Health Department Employees
Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net pension liability	$(3,077,531)	$(4,056,451)	$(4,903,288)

8. MEMBERSHIP INFORMATION

Membership of the Plan consisted of the following at July 1, 2015, the date of the latest actuarial valuation:

Active employees	3,871
Inactive Participants	384
Retired Participants and Beneficiaries	2,924
	7,179

Health Department Employees	
Active employees	9
Retired Participants and Beneficiaries	37
	46

10. DATE OF MANAGEMENT'S REVIEW

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 21, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2016

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	2016	2015	2014
Total Pension Liability			
Service Cost	$43,377,051	$ 36,945,277	$ 35,473,452
Interest	80,457,568	80,340,821	78,078,837
Changes of Benefit Terms	(337,185)	-	-
Differences Between Expected and Actual Experience	19,757,884	11,335,035	-
Changes of Assumptions	382,927,078	89,619,076	-
Benefit Payments, Including Refunds of Employee Contributions	(78,753,617)	(76,439,094)	(72,124,342)
Net Change in Total Pension Liability	447,428,779	141,801,115	41,427,947
Total Pension Liability – Beginning	1,574,826,589	1,433,025,474	1,391,597,527
Total Pension Liability - Ending (a)	$2,022,255,368	$ 1,574,826,589	$ 1,433,025,474
Plan fiduciary net position			
Contributions – Employer	$ 16,370,100	$ 14,464,552	$ 14,039,103
Contributions- Employee	13,843,088	12,227,545	11,984,752
Net Investment Income	4,081,529	43,686,697	143,936,432
Benefit Payments, Including Refunds of Employee Contributions	(78,753,617)	(76,439,094)	(72,124,342)
Administrative Expense	(266,304)	(178,807)	(186,812)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(44,725,204)	(6,239,107)	97,649,133
Plan Fiduciary Net Position – Beginning	1,026,521,284	1,032,760,391	935,111,258
Plan Fiduciary Net Position - Ending (b)	981,796,080	1,026,521,284	1,032,760,391
The Plan's Net Pension Liability - Ending (a) – (b)	$1,040,459,288	$ 548,305,305	$ 400,265,083
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.55%	65.18%	72.07%
Covered Employee Payroll	197,758,400	188,116,077	184,380,800
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	526.13%	291.47%	217.09%

Schedule of Investment Returns

	2016	2015
Annual money-weighted rate of return, net of investment expense	1.38%	4.68%

Notes to the above schedule:
The only change in benefit provisions since GASB 67 implementation was an increase in the Retirement and Relief contribution rate from 6.50% to 7.00%. The discount rate for GASB reporting purposes decreased from 5.76% as of June 30, 2014 to 5.24% as of June 30, 2015, and to 4.13% as of June 30, 2016. A detailed study of experience for the City's Retirement and Relief System for the five-year period ending June 30, 2015 was performed and the recommendations of the experience study were approved by the Board in May, 2016. Historical information prior to the implementation of GASB 67/68 is not required.

Health Department Employees	2016	2015	2014
Total Pension Liability			
Service Cost	$ 61,004	$ 64,181	$ 62,675
Interest	749,345	764,708	765,878
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(187,011)	(202,192)	-
Changes of Assumptions	(84,528)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(838,553)	(853,769)	(836,771)
Net Change in Total Pension Liability	(299,743)	(227,072)	(8,218)
Total Pension Liability – Beginning	11,124,212	11,351,284	11,359,502
Total Pension Liability - Ending (a)	$ 10,824,469	$ 11,124,212	$ 11,351,284
Plan fiduciary net position			
Contributions – Employer	$ 12,474	$13,888	$ 14,707
Contributions- Employee	31,055	34,556	36,616
Net Investment Income	61,975	665,531	2,288,551
Benefit Payments, Including Refunds of Employee Contributions	(838,553)	(853,769)	(836,771)
Administrative Expense	-	-	-
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(733,049)	(139,794)	1,503,103
Plan Fiduciary Net Position – Beginning	15,613,969	15,753,763	14,250,660
Plan Fiduciary Net Position - Ending (b)	14,880,920	15,613,969	15,753,763
The Plan's Net Pension Liability - Ending (a) - (b)	$ (4,056,451)	$ (4,489,757)	$ (4,402,479)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.47%	140.36%	138.78%
Covered Employee Payroll	517,583	575,933	610,267
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	-783.73%	-779.56%	-721.40%

Notes to the above schedule:
Benefit changes: There have been no changes to benefits provisions since the implementation of GASB 67.
Change of assumptions: A detailed study of experience for the City's Retirement and Relief System for the five-year period ending June 30, 2015 was performed and the recommendations of the experience study were approved by the Board in May, 2016. Historical information prior to the implementation of GASB 67/68 is not required.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2016

Schedule of the Employer's Contributions

	2016	2015	2014
Actuarially Determined Contributions	$29,898,918	$ 30,398,187	$ 30,553,712
Contributions in Relation to the Actuarially Determined Contributions	16,370,100	14,464,552	14,039,103
Contribution Deficiency (Excess)	13,528,818	15,933,635	16,514,609
Covered Employee Payroll*	197,758,400	188,116,077	184,380,800
Contributions as a Percentage of Covered Employee Payroll	8.28%	7.69%	7.61%

Schedule of the Employer's Contributions

Health Department Employees

	2016	2015	2014
Actuarially Determined Contributions	$ -	$ -	$ -
Contributions in Relation to the Actuarially Determined Contributions	12,474	13,888	14,707
Contribution Deficiency (Excess)	$ (12,474)	$ (13,888)	$ (14,707)
Covered Employee Payroll*	517,583	575,933	610,267
Contributions as a Percentage of Covered Employee Payroll	2.41%	2.41%	2.41%

Notes to Schedule:

*Payroll is estimated based on the actual employee contributions received and a 7.00% contribution rate, for Health Department Employees the rate is 6.00%.
Historical information prior to implementation of GASB 67/68 is not required.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	7/1/15
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of payroll, using 2.5% annual increases
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a 5 year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial assumptions:

Investment rate of return	7.50%, including inflation, net of pension plan investment expense
Projected salary increase	2.50%, plus age-related salary scale based on participant group
Inflation rate	2.50%
Cost of living adjustments	N/A