

**Arkansas Local Fire and Police  
Pension and Relief Funds**

Summary of  
Actuarial Valuation Data and Results  
As of December 31, 2014

**Osborn, Carreiro & Associates, Inc.**

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August 17, 2015

Arkansas Fire & Police Pension Review Board  
620 West Third  
Suite 200  
Little Rock, AR 72201

Ladies and Gentlemen:

We have completed the actuarial valuations of the 124 Fire and Police Pension Funds as of December 31, 2014. This report contains summary information from those valuations, as well as comparable information from the December 31, 2011, 2012 and 2013 valuations.

The following table shows the progress of the funds over the last several years:

	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Plans Valued	144	139	132	124
Number of Active Members	63	54	47	42
Number on DROP	52	30	21	14
Number of Recipients	2,999	2,878	2,381	2,257
Assets	332,273,115	301,321,223	243,407,142	240,211,713
Unfunded Actuarial Accrued Liability	301,641,466	297,457,965	189,793,222	181,807,414
Market Value of Assets	322,028,740	314,999,370	266,042,854	257,145,991
Unfunded AL on Market Value	311,885,841	283,779,818	167,157,510	164,873,136
Percent of Liability Funded:				
Police	50%	47%	57%	59%
Full Paid Fire	51%	49%	52%	52%
Volunteer & Part-Paid Fire	79%	79%	89%	90%
Reported Employer Contribution as a Percent of Actuarially Determined Contributions				
Police	34%	38%	37%	38%
Full Paid Fire	31%	34%	35%	36%
Volunteer & Part-Paid Fire	103%	41%	59%	71%

## **FORMAT OF REPORT**

Following this cover letter, our report contains the following exhibits:

- EXHIBIT 1 – Summarizes various information as of December 31, 2014, broken out by Police, Full Paid Fire, and Volunteer Fire.
- EXHIBIT 2 – Compares the December 31, 2014 valuation results with those of December 31, 2013, 2012 and 2011.
- EXHIBIT 3 – Develops a "funded status", and summarizes information for each "funded status".
- EXHIBIT 4 – Summarizes the number of plans by various funding criteria.
- EXHIBIT 5 – Summary of the Rates of Return.
- EXHIBIT 6 – Lists certain financial information for all of the plans valued at December 31, 2014.

## **PROGRESS OF FUNDING**

The percentage of actuarial accrued liabilities that are covered by assets had generally increased over the ten years before 2008 for police and full-paid fire funds, even after benefit increases. The market changes of 2008-2009 had a significant negative impact on the plans.

The following table shows how many plans improved/reduced their percentage of valuation assets to actuarial accrued liabilities since December 31, 2013:

	Number of Plans That <u>Improved</u>	Number of Plans That <u>Declined</u>
Police	8	3
Full Paid Fire	20	15
Volunteer/Part Paid Fire	52	58

Overall, the actual employer contributions to the plans are still less than the actuarially required amounts for police and paid firefighter funds. Of course, some plans receive more contributions than required, while others receive less than required.

In general, the plans did not experience investment returns greater than assumed in 2014. Most of the changes in the Volunteer Fire plans (good and bad) are the result of the difference in mortality experienced compared to assumed rates. Overall, the funds have a slightly stronger funded percentage than a year ago.

## **GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT No. 67**

The implementation of Government Accounting Standards Board Statement No. 67 (GASB 67) was included in the valuation reports for the first time this cycle. There are four Appendices added to the valuation reports to disclose the necessary items for GASB 67. There are additional items that will be added to the December 31, 2015 valuations to implement GASB 68.

GASB 67 is the accounting standard for the financial statements of the plans. The standards of GASB 68 are for the financial statements of the employers. The most visible change of the new standards is that the Net Pension Liability (usually the same as the Unfunded Accrued Liability) is promoted from the footnotes of the employer's (city's) financial statements to the balance sheet. The Pension Expense (similar to the ARC under GASB 27) will be an expense entry on the employer's statement of changes. The complete implementation of these new standards and the practical effects they will have are still a matter of much discussion.

One additional demonstration that was completed beginning this year is a projection of benefits and income sources to determine the single discount rate used for the measurement of the liability numbers. The details were generally not included in the valuation reports except for those who requested the information due to a GASB-compliant audit. The results of this projection provide an initial risk indicator that is more refined than the ones used in the past. You will see in this summary how we used this new information.

One of the valuation reports for this year is appended to this summary report as an example of the format for this year.

## **FUNDED STATUS**

Exhibit 3 (pages 6 to 9) develops six categories of "funded status" and shows how many plans fall into each group. We have made some changes to the bottom 3 status definitions to use the new initial risk indicators.

Funded status A and B currently meet the Board's definition of "actuarially sound". Funded status C plans do not currently meet the definition of "actuarially sound", but are projected to be "actuarially sound" at some point in the future. Funded status D plans are not making the required contributions. Funded status E plans have an initial risk indicator showing depletion of funds in 10-20 years, these plans are "At Risk". Those plans with an initial risk indicator showing depletion of funds in less than ten year receive funded status F. Please note that those plans receiving a status of E or F would have been D under last year's definitions of status.

The following table shows how many plans improved/reduced their funded status since December 31, 2013:

	Number of Plans That <u>Improved</u>	Number of Plans That <u>Declined</u>
Police	1	0
Full Paid Fire	3	4
Volunteer/Part Paid Fire	12	21

A review of Exhibit 3, and the graph on page 9, shows that the majority of the plans are in funded status D and below. The plans with a status of D and below have a total shortfall of \$28.7 million in contributions. In other words, the employer contributions to these plans are \$28.7 million less than the actuarially computed contributions. This difference is about \$1 million less than last year.

## **INVESTMENT RETURNS**

The PRB decided to return to a single valuation discount rate beginning with the 2013 valuations. That rate is 5%. Many plans exceeded this assumed rate of return in 2013. But, in 2014, only 35 of the 124 plans met or exceeded the assumption. This is compared with 82 out of 132 in 2013.

Exhibit 5 shows the 2014 (market value) investment returns as well as the five year and ten year average returns. In general, the smallest plans had the worst history of investment earnings and most did not have professional investment advice. If plans do not achieve a long term average investment return of 5% or more, the ultimate cost of the plan will be greater than the value of the liabilities shown in the valuation report. We noted this information in the valuation reports.

## **OUTLOOK FOR INSOLVENT PLANS**

Exhibit 6 lists some financial and actuarial information for each plan. We have disclosed both the Valuation Assets and the Market Value of Assets. You can see in detail the large number of plans in Status D and below and the amount of unfunded liability associated with those plans. This is an area we have discussed with the board in detail. This continues to deserve much attention since 81% of the total liability is associated with plans with a status D or lower.

We have attempted to align the projected years before proration (initial risk indicator) with the status definitions discussed above. Therefore, all status E plans will show “10-20 years”, that is, indicated for At Risk designation. In previous years, the “At Risk” designation was 10-15 years, but we are recommending this adjustment. Status F plans will show “Less than 10 years”, that is, indicated for Projected Insolvent designation. The status D plans all show “20+ years”, although there are varying levels of funding risk within that category.

## **DATA RECEIVED FROM PLANS**

The results of these valuations are based on the financial and participant data supplied by each plan. We did not audit this data, although we did review it for reasonableness and consistency.

In total, we returned 4 plan reports because of missing or incorrect data. The PRB staff did tremendous work this year in verifying the demographic information. The majority of issues that made it to us were in the financial statements and categorization of assets. There were no reports this year for which we had to disclose significant data concerns.

If you have any questions or comments, please feel free to contact us.

Sincerely,



Jody Carreiro, ASA, MAAA, FCA, EA  
Actuary



Lawrence P. Watts, Jr., CFA, ASA, MAAA  
Associate Actuary

EXHIBIT 1

Arkansas Municipal Police and Fire Pension and Relief Funds

Summary of Valuation Data and Results  
December 31, 2014

	Police	Fire*	Volunteer Fire*	Total
Plans Valued	11	35	110	124
Active Members	1	7	34	42
Active Payroll	\$ 54,754	\$ 292,572	\$ 0	\$ 347,326
DROP Members	1	13	0	14
DROP Annual Benefits	\$ 19,236	\$ 483,078	\$ 0	\$ 502,314
Retired Members and Beneficiaries	309	771	1,177	2,257
Annual Benefits	\$ 8,581,119	\$ 18,983,419	\$ 2,536,722	\$ 30,101,260
Retirant, Beneficiary & DROP Accrued Liability	\$ 123,269,551	\$ 264,928,888	\$ 29,636,552	\$ 417,834,991
Assets Applied	\$ 68,504,673	\$ 136,454,547	\$ 25,461,252	\$ 230,420,472
% Funded	56%	52%	86%	55%
Active Member Accrued Liability	\$ 431,974	\$ 2,239,120	\$ 1,513,042	\$ 4,184,136
Assets Applied	\$ 4,693,327	\$ 2,507,032	\$ 2,590,882	\$ 9,791,241
% Funded	1086%	112%	171%	234%
Total Actuarial Accrued Liability	\$ 123,701,525	\$ 267,168,008	\$ 31,149,594	\$ 422,019,127
Assets Applied	73,198,000	138,961,579	28,052,134	240,211,713
Unfunded Actuarial Accrued Liab	\$ 50,503,525	\$ 128,206,429	\$ 3,097,460	\$ 181,807,414
% Funded	59%	52%	90%	57%
Based on the Market Value of Assets				
Total Actuarial Accrued Liability	\$ 123,701,525	\$ 267,168,008	\$ 31,149,594	\$ 422,019,127
Assets Applied	82,042,148	146,062,350	29,041,493	257,145,991
Unfunded Actuarial Accrued Liab	\$ 41,659,377	\$ 121,105,658	\$ 2,108,101	\$ 164,873,136
% Funded	66%	55%	93%	61%
Employer Contributions				
Computed	\$ 12,461,214	\$ 29,249,525	\$ 1,090,861	\$ 42,801,600
Reported	\$ 4,703,193	\$ 10,670,120	\$ 773,843	\$ 16,147,156
% Covered	38%	36%	71%	38%

\* 32 fire plans covering both paid and volunteer are included in the number of plans valued for both paid and volunteer. The summary data in this report was prepared treating each such fund as two separate funds.

EXHIBIT 2

Arkansas Municipal Police and Fire Pension and Relief Funds

Comparison of Valuation Results

POLICE FUNDS

	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>2014 % Change</u>
Plans Valued	15	14	13	11	-15%
Active Members	4	3	1	1	0%
Active Payroll	\$ 180,316	\$ 155,194	\$ 53,024	\$ 54,754	3%
DROP Members	9	3	4	1	-75%
Retired Members and Beneficiaries	711	661	340	309	-9%
Retirant, Beneficiary & DROP Accrued Liability	\$ 267,374,205	\$ 243,764,404	\$ 131,049,314	\$ 123,269,551	-6%
Assets Applied	\$ 132,300,385	\$ 113,684,227	\$ 71,643,511	\$ 68,504,673	-4%
% Funded	49%	47%	55%	56%	
Active Member Accrued Liability	\$ 1,485,622	\$ 1,286,393	\$ 389,983	\$ 431,974	11%
Assets Applied	\$ 3,062,648	\$ 1,551,507	\$ 2,889,873	\$ 4,693,327	62%
% Funded	206%	121%	741%	1086%	
Total Actuarial Accrued Liability	\$ 268,859,827	\$ 245,050,797	\$ 131,439,297	\$ 123,701,525	-6%
Assets Applied	\$ 135,363,033	\$ 115,235,734	\$ 74,533,384	\$ 73,198,000	-2%
% Funded	50%	47%	57%	59%	
Unfunded Actuarial Accrued Liability	\$ 133,496,794	\$ 129,815,063	\$ 56,905,913	\$ 50,503,525	-11%
Employer Contributions Computed	\$ 30,784,731	\$ 29,638,697	\$ 13,498,733	\$ 12,461,214	-8%
Reported	\$ 10,497,343	\$ 11,198,789	\$ 5,003,903	\$ 4,703,193	-6%
% Covered	34%	38%	37%	38%	



EXHIBIT 2

Arkansas Municipal Police and Fire Pension and Relief Funds

Comparison of Valuation Results

FULL PAID FIRE FUNDS

	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>2014 % Change</u>
Plans Valued	37	37	35	35	0%
Active Members	8	7	8	7	-13%
Active Payroll	\$ 315,157	\$ 276,919	\$ 319,831	\$ 292,572	-9%
DROP Members	43	27	17	13	-24%
Retired Members and Beneficiaries	858	860	770	771	0%
Retirant, Beneficiary & DROP Accrued Liability	\$ 322,383,481	\$ 313,153,363	\$ 266,440,227	\$ 264,928,888	-1%
Assets Applied	\$ 163,953,754	\$ 154,644,233	\$ 137,371,304	\$ 136,454,547	-1%
% Funded	51%	49%	52%	52%	
Active Member Accrued Liability	\$ 2,369,434	\$ 2,214,315	\$ 2,366,814	\$ 2,239,120	-5%
Assets Applied	\$ 1,229,058	\$ 1,246,080	\$ 2,253,793	\$ 2,507,032	11%
% Funded	52%	56%	95%	112%	
Total Actuarial Accrued Liability	\$ 324,752,915	\$ 315,367,678	\$ 268,807,041	\$ 267,168,008	-1%
Assets Applied	\$ 165,182,812	\$ 155,890,313	\$ 139,625,097	\$ 138,961,579	-0%
% Funded	51%	49%	52%	52%	
Unfunded Actuarial Accrued Liability	\$ 159,570,103	\$ 159,477,365	\$ 129,181,944	\$ 128,206,429	-1%
Employer Contributions Computed	\$ 35,848,289	\$ 35,820,446	\$ 29,392,639	\$ 29,249,525	-0%
Reported	\$ 11,266,760	\$ 12,156,614	\$ 10,298,082	\$ 10,670,120	4%
% Covered	31%	34%	35%	36%	

EXHIBIT 2

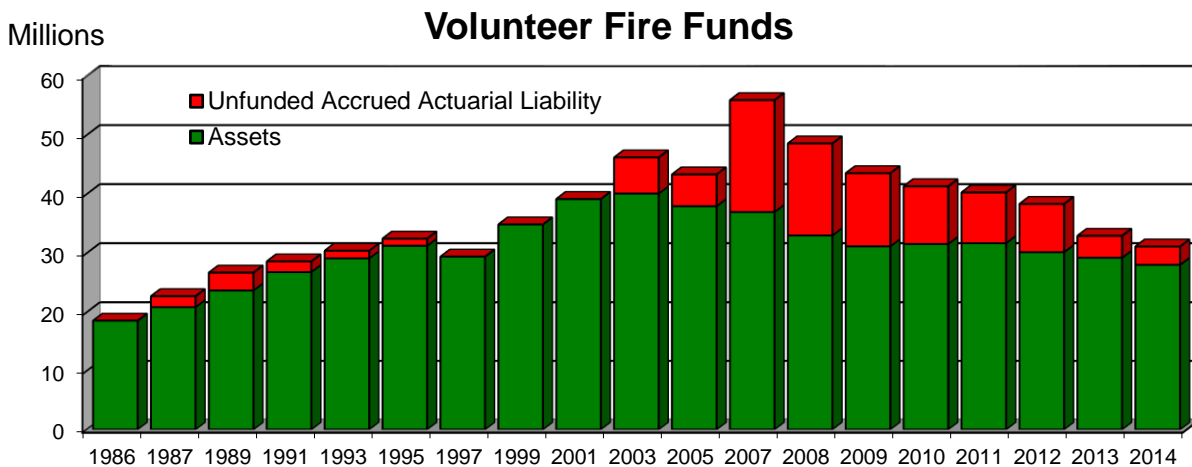
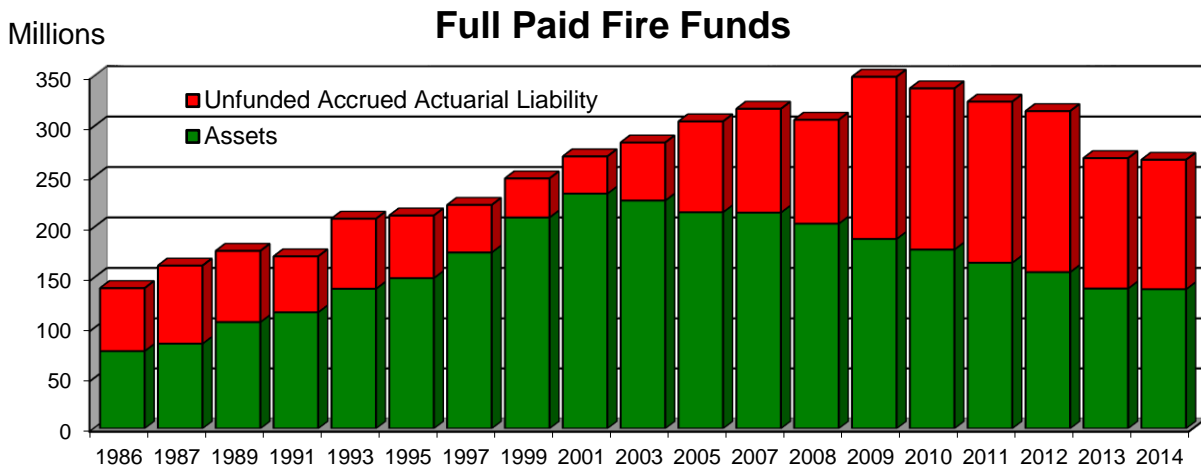
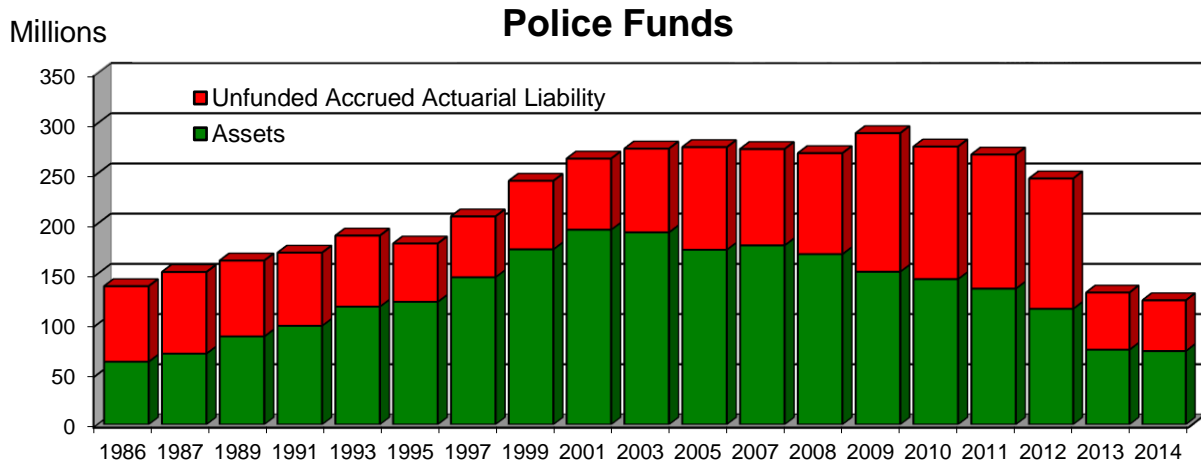
Arkansas Municipal Police and Fire Pension and Relief Funds

Comparison of Valuation Results

VOLUNTEER FIRE FUNDS

	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>2014 % Change</u>
Plans Valued	125	121	116	110	-5%
Active Members	51	44	38	34	-11%
Active Payroll	\$ 0	\$ 0	\$ 0	\$ 0	
DROP Members	0	0	0	0	0%
Retired Members and Beneficiaries	1430	1357	1271	1177	-7%
Retirant & Beneficiary Accrued Liability	\$ 37,782,670	\$ 36,087,970	\$ 31,338,556	\$ 29,636,552	-5%
Assets Applied	\$ 29,717,453	\$ 28,357,995	\$ 26,600,601	\$ 25,461,252	-4%
% Funded	79%	79%	85%	86%	
Active Member Accrued Liability	\$ 2,519,169	\$ 2,272,743	\$ 1,615,470	\$ 1,513,042	-6%
Assets Applied	\$ 2,009,817	\$ 1,837,181	\$ 2,648,060	\$ 2,590,882	-2%
% Funded	80%	81%	164%	171%	
Total Actuarial Accrued Liability	\$ 40,301,839	\$ 38,360,713	\$ 32,954,026	\$ 31,149,594	-5%
Assets Applied	\$ 31,727,270	\$ 30,195,176	\$ 29,248,661	\$ 28,052,134	-4%
% Funded	79%	79%	89%	90%	
Unfunded Actuarial Accrued Liability	\$ 8,574,569	\$ 8,165,537	\$ 3,705,365	\$ 3,097,460	-16%
Employer Contributions Computed	\$ 2,122,757	\$ 2,020,560	\$ 1,219,015	\$ 1,090,861	-11%
Reported	\$ 2,195,031	\$ 834,259	\$ 716,334	\$ 773,843	8%
% Covered	103%	41%	59%	71%	

Exhibit 2 (Continued)



## EXHIBIT 3

### Arkansas Municipal Police and Fire Pension and Relief Funds

#### Summary by Funding Status

This exhibit gives a summary of certain plan information classified by a funding status which is based on standards of actuarial soundness. Funding Status is defined here for use by the board in understanding the risks facing the various plans. We have changed definitions for status D and below beginning with the December 31, 2014 report.

The Board has adopted a definition of actuarial soundness, which is based on two tests:

1. Contribution Test: The actual contributions for the previous year exceeded the actuarially calculated contribution (fully funded in five years).
2. Ratio Tests: The assets allocated to cover accrued actuarial liabilities for active participants (i.e. the "short condition test" for category (3)) must be greater than 100% OR the "funded percentage" (total assets divided by total Actuarial Accrued Liabilities) must be at least 97%.

In order to further evaluate potential funding risks, we have assigned a "Funding Status" to each plan. The "Funding Status" for each plan is determined as follows:

- A. (Fully Funded) The calculated contribution amount is \$0. A plan in this classification should remain adequately funded even with no further contributions.
- B. (Actuarially Sound) A plan in this classification meets both the contribution test and the ratio test of the definition of actuarial soundness. These plans meet the Boards' definition of actuarial soundness.
- C. (On Track) The plans in this classification pass the contribution test, but do NOT pass the ratio tests, which are defined above. A plan in this classification should *eventually* meet both standards of actuarial soundness.
- D. (Not Actuarially Sound) The plans in this category did NOT pass the contribution test. (They may or may not have passed the ratio tests.) These plans will likely require more contributions in order to pay promised benefits.
- E. (At Risk) These plans are projected to deplete their assets in the next *ten to twenty years*. The initial risk indicator is that these plans should be considered for the At Risk designation.
- F. (Projected Insolvent) These plans are projected to deplete their assets in the *next ten years*. The initial risk indicator is that these plans should be considered for the At Risk designation.

The Board Rule which defines actuarial soundness has an alternative definition for some plans. The plan may prove actuarial soundness through a cash flow or alternate cash flow study defined in the Rule. This status is based on the initial risk indicator and does not include these other studies.

**Summary of Funding Status****POLICE FUNDS**

<u>Funding Status</u>	<u>Number of Plans</u>	<u>Total Actives &amp; Retirees</u>	<u>Actuarial Accrued Liability</u>	<u>Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Contribution Shortfall</u>
A	1	22	13,434,854	18,083,818	(4,648,964)	0
B	0	0	0	0	0	0
C	3	42	14,461,902	12,911,790	1,550,112	0
D	7	247	95,804,769	42,202,392	53,602,377	8,752,622
E	0	0	0	0	0	0
F	0	0	0	0	0	0
Total	11	311	123,701,525	73,198,000	50,503,525	8,752,622

**FULL PAID FIRE FUNDS**

<u>Funding Status</u>	<u>Number of Plans</u>	<u>Total Actives &amp; Retirees</u>	<u>Actuarial Accrued Liability</u>	<u>Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Contribution Shortfall</u>
A	6	34	7,602,505	8,872,601	(1,270,096)	0
B	0	0	0	0	0	0
C	5	140	30,558,582	24,477,653	6,080,929	0
D	20	531	201,118,859	97,737,584	103,381,275	15,701,082
E	2	26	5,852,300	2,585,078	3,267,222	619,257
F	2	60	22,035,762	5,288,663	16,747,099	2,905,290
Total	35	791	267,168,008	138,961,579	128,206,429	19,225,629

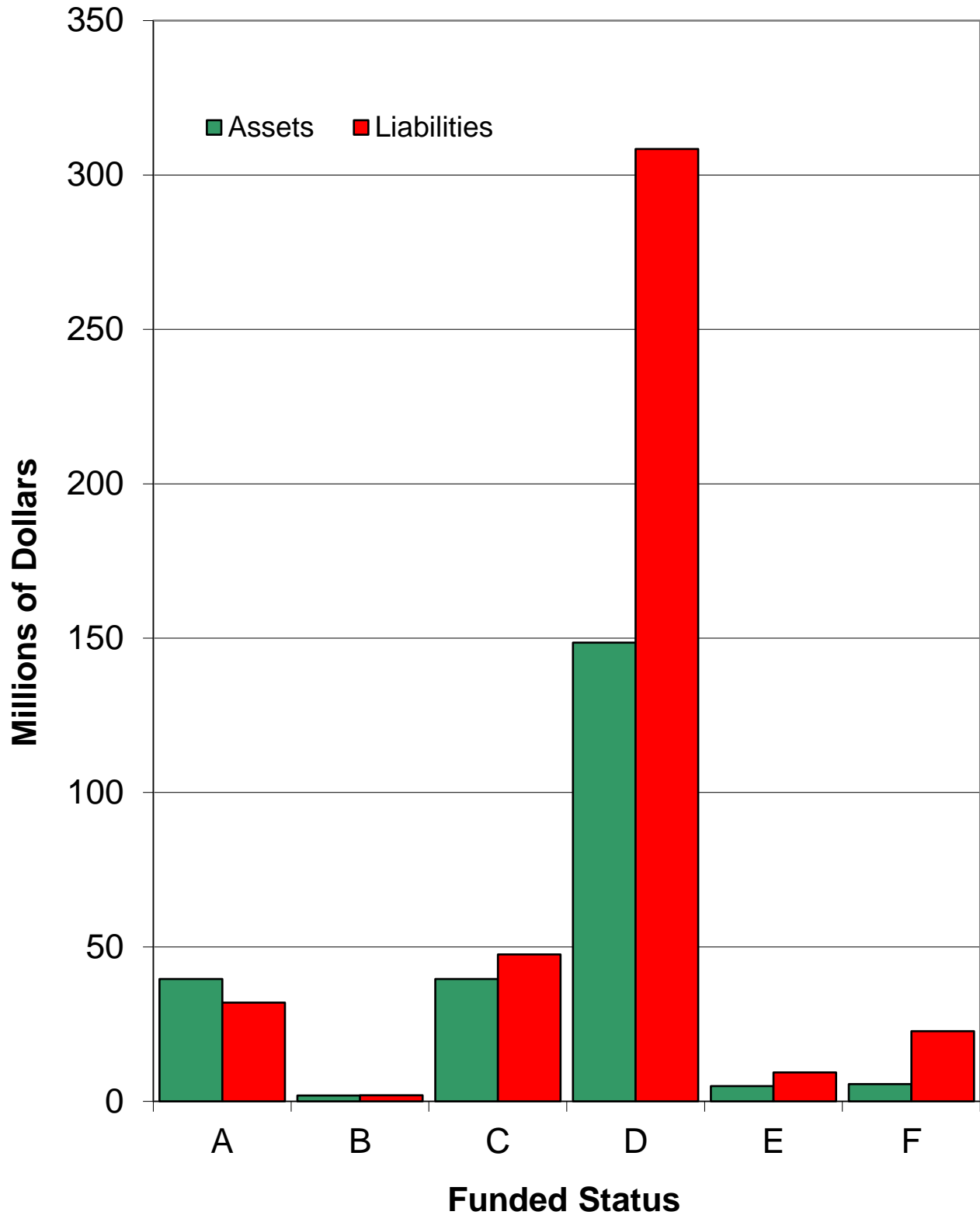
**Summary of Funding Status****VOLUNTEER FIRE FUNDS**

<u>Funding Status</u>	<u>Number of Plans</u>	<u>Total Actives &amp; Retirees</u>	<u>Actuarial Accrued Liability</u>	<u>Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Contribution Shortfall</u>
A	36	435	10,954,401	12,642,971	(1,688,570)	0
B	3	45	1,949,304	1,900,743	48,561	0
C	13	134	2,555,506	2,206,813	348,693	0
D	41	440	11,475,085	8,640,338	2,834,747	437,998
E	12	121	3,518,826	2,382,790	1,136,036	242,745
F	5	36	696,472	278,479	417,993	87,810
Total	110	1,211	31,149,594	28,052,134	3,097,460	768,553

**ALL FUNDS**

<u>Funding Status</u>	<u>Number of Plans</u>	<u>Total Actives &amp; Retirees</u>	<u>Actuarial Accrued Liability</u>	<u>Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Contribution Shortfall</u>
A	43	491	31,991,760	39,599,390	(7,607,630)	0
B	3	45	1,949,304	1,900,743	48,561	0
C	21	316	47,575,990	39,596,256	7,979,734	0
D	68	1,218	308,398,713	148,580,314	159,818,399	24,891,702
E	14	147	9,371,126	4,967,868	4,403,258	862,002
F	7	96	22,732,234	5,567,142	17,165,092	2,993,100
Total	156	2,313	422,019,127	240,211,713	181,807,414	28,746,804

**Arkansas Municipal Police and Fire Pension Funds**  
**Summary of Funded Status**  
**December 31, 2014 Valuations**



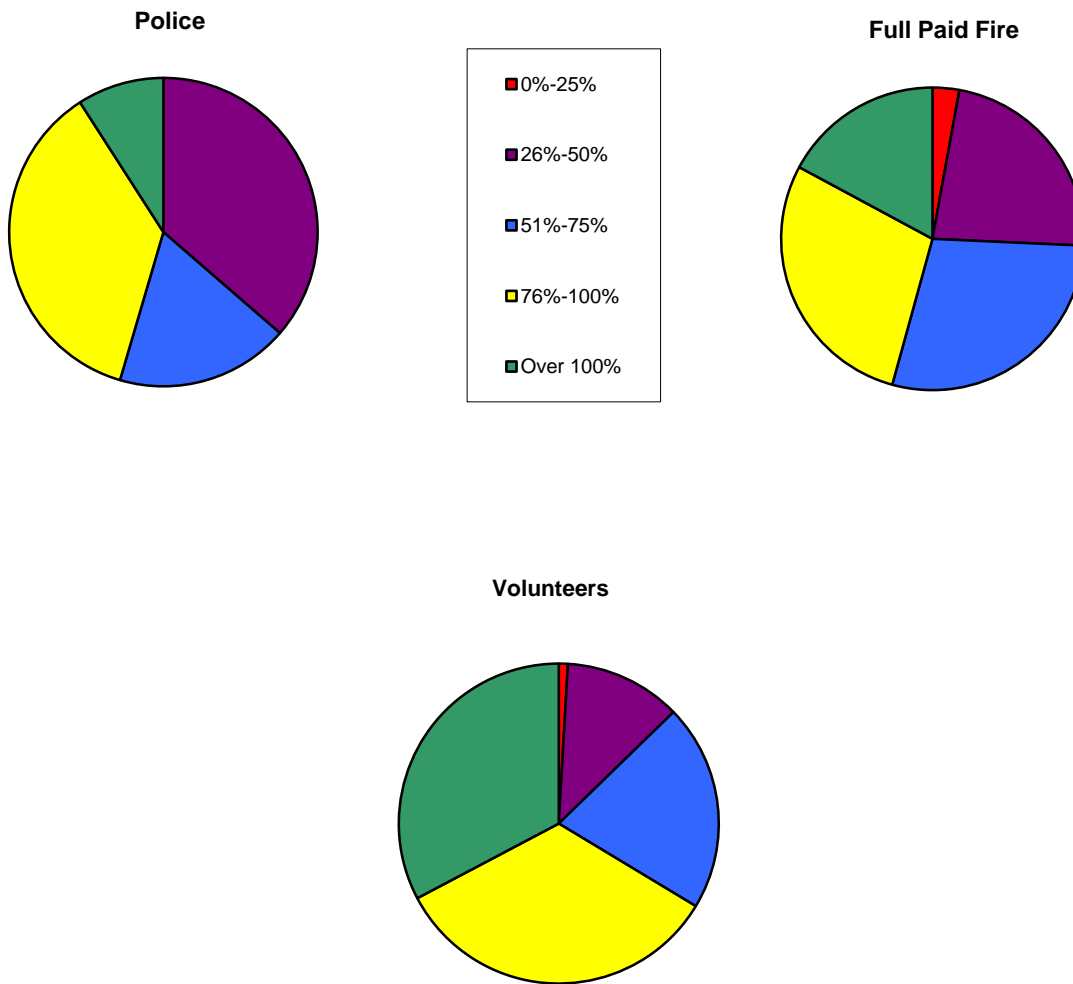
## Exhibit 4

### Arkansas Municipal Police and Fire Pension and Relief Funds December 31, 2014

#### Percentage of Actuarial Accrued Liabilities Covered by Reported Allocated Assets (Funded Percentage)

#### Number of Plans

<u>Type of Plan</u>	<u>0%-25%</u>	<u>26%-50%</u>	<u>51%-75%</u>	<u>76%-100%</u>	<u>Over 100%</u>
Police	0	4	2	4	1
Fire (Paid)	1	8	10	10	6
Fire (Volunteer)	1	13	23	37	36





## Exhibit 4

### Arkansas Municipal Police and Fire Pension and Relief Funds December 31, 2014

#### 2014 Reported Contributions as Percentages of Computed Contributions

#### Number of Plans

<u>Type of Plan</u>	<u>0%-25%</u>	<u>26%-50%</u>	<u>51%-75%</u>	<u>76%-100%</u>	<u>Over 100%</u>
Police	3	3	1	0	4
Fire (Paid)	9	11	3	1	11
Fire (Volunteer)	33	17	6	2	52

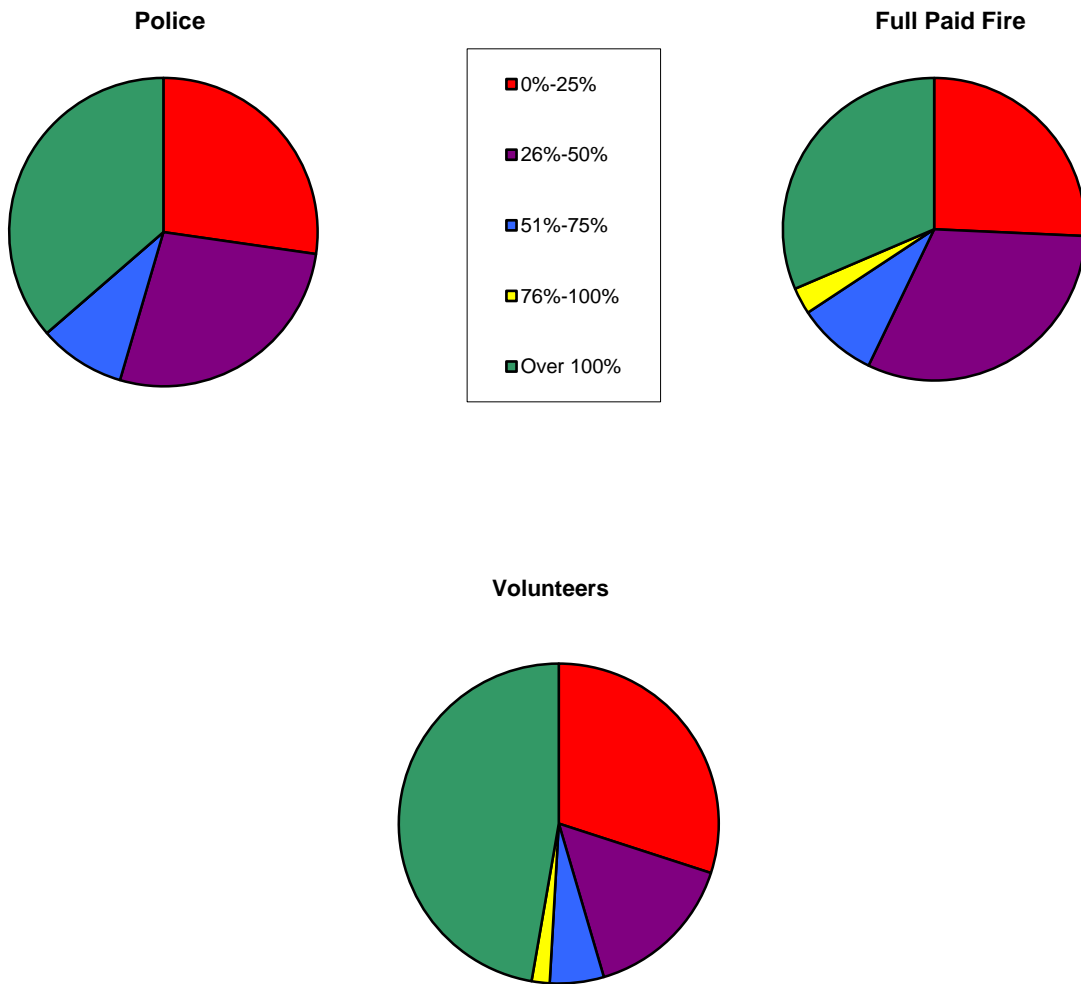


EXHIBIT 4 (continued)

Comparison of Percents of Accrued Liabilities Covered by Assets and  
2014 Reported Contributions as Percent of Computed Contributions

Total of All Plans

Number of Plans

Funded Percentage

<u>Contribution Ratio</u>	<u>0%-25%</u>	<u>26%-50%</u>	<u>51%-75%</u>	<u>76%-100%</u>	<u>Over 100%</u>
0%-25%	2	13	16	14	0
26%-50%	0	12	10	9	0
51%-75%	0	1	6	4	0
76%-100%	0	0	0	3	0
Over 100%	0	0	3	21	43

## Exhibit 5

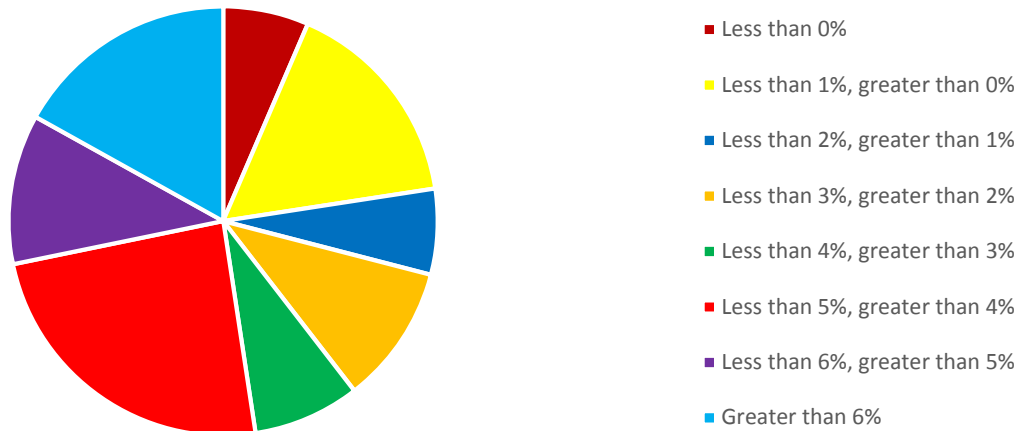
### Arkansas Municipal Police and Fire Funds

Average Market Rates of Returns 2005-2014

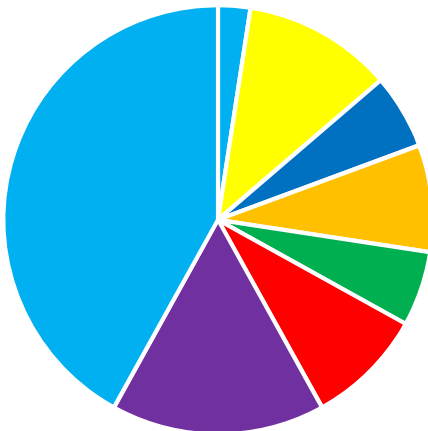
Based on Summary Results of the  
December 31, 2014 Actuarial Valuations

	<u>2014 Rate of Return</u>	<u>5-year Average</u>	<u>10-year Average</u>
Less than 0%	8	3	2
Less than 1%, greater than 0%	20	14	5
Less than 2%, greater than 1%	8	7	12
Less than 3%, greater than 2%	13	10	25
Less than 4%, greater than 3%	10	7	25
Less than 5%, greater than 4%	30	11	23
Less than 6%, greater than 5%	14	20	17
Greater than 6%	21	52	15

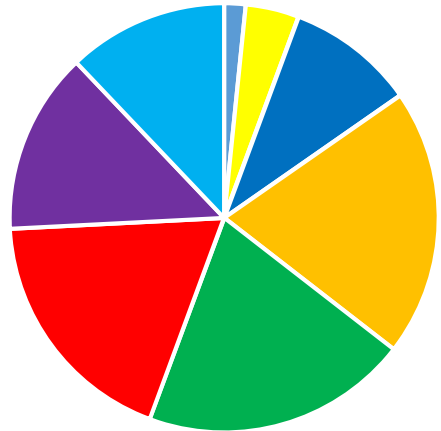
2014 Market Investment Returns



Five Year Average Return



Ten Year Average Return



## EXHIBIT 6

### Arkansas Municipal Police and Fire Pension and Relief Funds December 31, 2014

#### Selected Financial Information by Plan

This exhibit contains selected financial and actuarial information for each plan that reported for December 31, 2014.

The information shown in this exhibit is:

- (1) City or fire protection district.
- (2) Type of plan - i.e., police officers, full-paid firefighters, or volunteer/part paid firefighters.
- (3) Valuation Interest Rate. Since this can vary by plan we added the most recent valuation interest rate to this table.
- (4) Assets. We have shown both the Valuation Assets and the Market Value of Assets.
- (5) Unfunded Actuarial Accrued Liability, which is based on the Valuation Assets.
- (6) Number of individuals included. This number includes active members as well as retirees, beneficiaries, and people on DROP.
- (7) Actuarially Computed Contribution. This is the calculated contribution amount from each valuation report.
- (8) Actual 2013 Contribution. These are the actual amounts contributed by the city from its sources, generally, millage, premium tax, employer match, and percentage of fines for police plans.
- (9) Funded Status. See Exhibit 3 for a complete description of the six "grades".
- (10) Projected Years until Proration. Based on the projection that we have called the "initial risk indicator." This is the number of years until the plan depletes its assets. These categories correspond with the Funded Status.

Exhibit 6 (Continued)

**Arkansas Municipal Police and Fire Pension and Relief Funds**

Based on the December 31, 2014 Actuarial Valuation

	Type of Plan	Valuation Rate	Market Value Assets as of 12/31/2014	Valuation Assets as of 12/31/2014	Unfunded Actuarial Liability	Number of Individuals Covered	Actuarially Computed Contribution	Actual 2014 Contribution	Funded Status	Projected Years until Proration
Alma	Volunteer Fire	5%	783,756	755,729	298,250	16	67,248	24,645	D	20+
Altus	Volunteer Fire	5%	49,067	49,067	55,495	5	12,513	1,271	F	Less than 10
Amity	Volunteer Fire	5%	198,811	168,331	41,448	11	9,346	0	D	20+
Arkadelphia	Paid Fire	5%	447,778	349,964	667,426	8	158,409	60,031	D	20+
Arkadelphia	Volunteer Fire	5%	106,647	91,115	151,197	16	34,300	12,998	D	20+
Ashdown	Volunteer Fire	5%	708,232	703,522	(171,609)	13	0	0	A	*
Augusta	Volunteer Fire	5%	192,036	190,799	(855)	12	0	363	A	*
Batesville	Paid Fire	5%	1,230,560	1,254,187	2,488,746	15	561,151	116,594	F	Less than 10
Batesville	Volunteer Fire	5%	8,756	8,924	17,709	3	3,993	830	F	Less than 10
Beebe	Paid Fire	5%	279,653	233,569	138,983	1	39,578	3,168	D	20+
Beebe	Volunteer Fire	5%	128,981	171,827	0	8	0	0	D	20+
Benton	Paid Fire	5%	1,906,915	1,908,882	5,307,666	32	1,196,748	448,170	D	20+
Benton	Volunteer Fire	5%	2,307	2,309	6,421	1	1,448	542	D	20+
Berryville	Volunteer Fire	5%	398,077	363,325	(14,661)	18	0	12	A	*
Blytheville	Paid Fire	5%	2,688,900	2,585,078	3,267,222	26	736,678	117,421	E	10-20
Blytheville	Volunteer Fire	5%	16,629	15,987	20,205	2	4,556	726	E	10-20
Booneville	Volunteer Fire	5%	299,307	299,307	93,706	12	21,128	12,773	D	20+
Bradford	Volunteer Fire	5%	126,854	93,923	163,647	14	37,044	5,705	E	10-20
Bradley	Volunteer Fire	5%	115,917	115,917	54,516	7	12,292	1,171	E	10-20
Brinkley	Paid Fire	5%	313,740	307,097	49,870	1	11,244	5,199	D	20+
Brinkley	Volunteer Fire	5%	360,280	352,652	57,267	12	12,912	5,970	D	20+
Bryant	Volunteer Fire	5%	95,679	83,208	100,110	11	22,572	2,315	E	10-20
Bull Shoals	Volunteer Fire	5%	153,158	119,976	64,679	9	14,584	1,041	D	20+
Cabot	Paid Fire	5%	2,668,456	2,413,514	(478,931)	2	0	124,767	A	*
Cabot	Volunteer Fire	5%	289,647	261,975	(51,986)	7	0	13,543	A	*
Camden	Paid Fire	5%	2,452,828	2,089,767	3,139,425	26	707,863	174,537	D	20+
Camden	Volunteer Fire	5%	118,196	78,552	173,431	15	39,719	9,793	D	20+

Exhibit 6 (Continued)

**Arkansas Municipal Police and Fire Pension and Relief Funds**

Based on the December 31, 2014 Actuarial Valuation

	Type of Plan	Valuation Rate	Market Value Assets as of 12/31/2014	Valuation Assets as of 12/31/2014	Unfunded Actuarial Liability	Number of Individuals Covered	Actuarially Computed Contribution	Actual 2014 Contribution	Funded Status	Projected Years until Proration
Camden	Paid Police	5%	3,592,051	2,920,984	2,923,123	22	684,778	162,135	D	20+
Carlisle	Volunteer Fire	5%	238,596	240,443	43,167	17	9,733	10,138	C	*
Centerton	Paid Fire	5%	577,919	489,826	389,827	2	100,280	53,769	D	20+
Centerton	Volunteer Fire	5%	215,937	318,232	10,447	9	2,356	1,263	D	20+
Charleston	Volunteer Fire	5%	400,158	293,625	(73,912)	15	0	12,480	A	*
Clarendon	Volunteer Fire	5%	332,833	323,963	52,865	8	12,325	3,992	D	20+
Clarksville	Volunteer Fire	5%	1,219,569	1,219,569	(271,402)	19	0	43,170	A	*
Corning	Volunteer Fire	5%	230,580	230,580	18,184	16	4,100	0	D	20+
Crawfordsville	Volunteer Fire	5%	194,963	189,815	(6,377)	10	0	0	A	*
Crossett	Paid Fire	5%	2,683,207	2,737,124	519,186	13	117,064	53,637	D	20+
Crossett	Volunteer Fire	5%	164,085	167,382	31,750	12	7,159	3,280	D	20+
Crossett	Paid Police	5%	1,410,924	1,289,077	90,282	4	20,356	0	D	20+
Dardanelle	Volunteer Fire	5%	614,877	620,176	(140,725)	13	0	35,983	A	*
De Queen	Volunteer Fire	5%	408,461	332,888	71,651	12	16,156	23,171	C	*
Decatur	Volunteer Fire	5%	180,738	174,453	21,419	5	4,829	0	D	20+
Dermott	Volunteer Fire	5%	380,877	370,601	(11,827)	16	0	11,788	A	*
Des Arc	Volunteer Fire	5%	339,019	285,596	(9,421)	15	0	9,853	A	*
DeWitt	Paid Fire	5%	0	0	0	0	0	0	E	10-20
DeWitt	Volunteer Fire	5%	315,546	325,983	87,852	13	19,808	0	E	10-20
Dumas	Volunteer Fire	5%	581,680	582,240	156,427	14	38,095	36	E	10-20
Earle	Volunteer Fire	5%	352,201	341,874	(3,853)	13	0	101	A	*
Elaine	Volunteer Fire	5%	267,188	264,088	7,709	12	1,738	2,359	B	*
Elkins	Volunteer Fire	5%	368,630	380,454	(7,027)	15	0	30,814	A	*
Emmet	Volunteer Fire	5%	82,079	82,079	(2,363)	5	0	312	A	*
Eureka Springs	Paid Fire	5%	206,957	198,102	80,101	1	18,061	6,376	D	20+
Eureka Springs	Volunteer Fire	5%	598,724	573,104	231,732	24	52,250	18,444	D	20+
Fayetteville	Paid Fire	5%	4,362,263	4,034,476	14,258,353	45	3,214,908	754,175	F	Less than 10

Exhibit 6 (Continued)

**Arkansas Municipal Police and Fire Pension and Relief Funds**

Based on the December 31, 2014 Actuarial Valuation

	Type of Plan	Valuation Rate	Market Value Assets as of 12/31/2014	Valuation Assets as of 12/31/2014	Unfunded Actuarial Liability	Number of Individuals Covered	Actuarially Computed Contribution	Actual 2014 Contribution	Funded Status	Projected Years until Proration
Fayetteville	Volunteer Fire	5%	15,294	14,145	49,988	7	11,271	2,644	F	Less than 10
Fayetteville	Paid Police	5%	7,136,238	6,596,365	13,084,089	39	2,950,140	782,624	D	20+
Flippin	Volunteer Fire	5%	244,292	236,229	(1,615)	15	0	5,771	A	*
Fordyce	Volunteer Fire	5%	622,797	614,243	(70,122)	15	0	12,242	A	*
Foreman	Volunteer Fire	5%	203,820	196,525	7,221	9	1,846	480	D	20+
Gassville	Volunteer Fire	5%	137,678	130,926	150,671	8	33,973	332	F	Less than 10
Gentry	Paid Fire	5%	351,485	303,481	58,627	1	23,710	19,017	D	20+
Gentry	Volunteer Fire	5%	441,267	454,604	0	11	0	0	D	20+
Gillett	Volunteer Fire	5%	253,062	253,062	37,546	15	9,640	1,039	D	20+
Glenwood	Volunteer Fire	5%	235,601	232,325	30,826	10	6,951	0	D	20+
Grady	Volunteer Fire	5%	134,948	133,008	5,312	7	1,198	5,628	C	*
Gravette	Volunteer Fire	5%	144,858	139,577	62,352	9	14,059	21,340	C	*
Greenwood	Volunteer Fire	5%	222,233	196,037	45,937	12	10,358	1,990	D	20+
Greers Ferry	Volunteer Fire	5%	186,619	183,931	(45,342)	8	0	0	A	*
Gurdon	Volunteer Fire	5%	280,172	279,850	(39,473)	9	0	5,376	A	*
Hamburg	Volunteer Fire	5%	294,986	272,735	(16,690)	15	0	0	A	*
Harrison	Paid Fire	5%	3,103,883	2,802,262	2,088,363	20	470,874	256,912	D	20+
Harrison	Volunteer Fire	5%	5,768	5,208	3,881	1	875	477	D	20+
Harrison	Paid Police	5%	2,679,414	2,590,155	393,074	11	88,629	101,009	C	*
Hazen	Volunteer Fire	5%	258,894	258,894	(20,886)	15	0	11,563	A	*
Heber Springs	Paid Fire	5%	328,922	272,804	91,001	1	20,518	0	D	20+
Heber Springs	Volunteer Fire	5%	401,613	333,092	111,112	14	25,053	0	D	20+
Hickory Ridge	Volunteer Fire	5%	366,525	367,765	(42,719)	8	0	2,021	A	*
Hope	Paid Fire	5%	2,151,748	2,173,623	(83,817)	12	0	78,312	A	*
Hope	Volunteer Fire	5%	60,238	60,850	(2,346)	5	0	2,192	A	*
Horatio	Volunteer Fire	5%	154,967	154,967	(9,781)	6	0	0	A	*
Hughes	Volunteer Fire	5%	212,678	198,626	32,630	11	7,357	681	D	20+

Exhibit 6 (Continued)

**Arkansas Municipal Police and Fire Pension and Relief Funds**

Based on the December 31, 2014 Actuarial Valuation

	Type of Plan	Valuation Rate	Market Value Assets as of 12/31/2014	Valuation Assets as of 12/31/2014	Unfunded Actuarial Liability	Number of Individuals Covered	Actuarially Computed Contribution	Actual 2014 Contribution	Funded Status	Projected Years until Proration
Huntington	Volunteer Fire	5%	78,020	78,020	38,872	5	9,133	2,096	D	20+
Huntsville	Volunteer Fire	5%	203,241	203,241	(8,593)	6	0	11,278	A	*
Huttig	Volunteer Fire	5%	208,485	208,485	(12,697)	13	0	6,189	A	*
Jacksonville	Paid Fire	5%	7,508,664	6,795,509	4,241,646	37	956,386	395,372	D	20+
Jacksonville	Volunteer Fire	5%	5,389	4,877	3,044	1	686	284	D	20+
Jacksonville	Paid Police	5%	6,052,620	6,042,767	846,745	21	190,920	341,054	C	*
Judsonia	Volunteer Fire	5%	227,504	225,534	10,073	12	2,653	667	D	20+
Keiser	Volunteer Fire	5%	69,899	69,899	65,311	10	14,726	4,466	D	20+
Kensett	Volunteer Fire	5%	95,548	95,548	24,251	10	5,468	4,414	D	20+
Lepanto	Volunteer Fire	5%	186,167	190,514	24,780	14	5,587	5,899	C	*
Lewisville	Volunteer Fire	5%	95,681	95,681	4,671	5	1,053	0	D	20+
Lincoln	Paid Fire	5%	120,562	124,459	34,799	1	7,846	823	D	20+
Lincoln	Volunteer Fire	5%	119,490	100,449	57,394	7	13,289	1,395	D	20+
Little Rock	Paid Fire	5%	67,185,634	64,494,768	73,868,649	306	16,655,562	5,256,409	D	20+
Lonoke	Volunteer Fire	5%	562,112	526,768	(142,434)	15	0	17,703	A	*
Malvern	Paid Fire	5%	1,958,120	1,778,447	444,883	15	100,310	127,310	C	*
Malvern	Volunteer Fire	5%	52,403	47,595	11,906	3	2,685	3,408	C	*
Mammoth Spring	Volunteer Fire	5%	103,234	103,234	45,556	6	10,272	867	E	10-20
Manila	Volunteer Fire	5%	347,064	337,436	86,251	16	19,724	12,664	D	20+
Marianna	Paid Fire	5%	626,344	604,551	132,419	4	39,295	10,213	D	20+
Marianna	Volunteer Fire	5%	251,208	269,868	25,708	14	6,396	1,662	D	20+
Marion	Volunteer Fire	5%	342,805	315,590	162,744	11	36,695	0	E	10-20
Marmaduke	Volunteer Fire	5%	53,809	53,809	60,909	8	13,733	6,700	D	20+
Mc Crory	Volunteer Fire	5%	250,568	250,568	(52,449)	9	0	4,917	A	*
Mc Gehee	Paid Fire	5%	449,781	404,236	204,334	2	46,072	13,788	D	20+
Mc Gehee	Volunteer Fire	5%	81,068	72,859	36,829	10	8,304	2,485	D	20+
Mena	Paid Fire	5%	615,832	609,729	(54,911)	4	0	2,811	A	*



Exhibit 6 (Continued)

**Arkansas Municipal Police and Fire Pension and Relief Funds**

Based on the December 31, 2014 Actuarial Valuation

Type of Plan	Valuation Rate	Market Value Assets as of 12/31/2014	Valuation Assets as of 12/31/2014	Unfunded Actuarial Liability	Number of Individuals Covered	Actuarially Computed Contribution	Actual 2014 Contribution	Funded Status	Projected Years until Proration	
Mena	Volunteer Fire	5%	157,667	142,046	0	8	0	720	A	*
Monticello	Paid Fire	5%	946,548	861,861	(44,750)	4	0	28,264	A	*
Monticello	Volunteer Fire	5%	243,921	222,098	(11,532)	12	0	7,284	A	*
Morrilton	Volunteer Fire	5%	1,504,091	1,472,879	39,825	23	11,972	39,442	B	*
Mount Ida	Volunteer Fire	5%	548,198	533,355	(46,069)	12	0	4,504	A	*
Mountainburg	Volunteer Fire	5%	163,776	163,776	1,027	10	232	1,936	B	*
Mulberry	Volunteer Fire	5%	224,561	224,561	44,709	8	10,081	0	E	10-20
Nashville	Volunteer Fire	5%	514,188	505,874	63,202	17	14,250	0	D	20+
Newark	Volunteer Fire	5%	118,299	118,299	7,481	8	1,687	4,209	C	*
Newport	Paid Fire	5%	1,334,293	1,283,077	108,531	10	24,471	57,085	C	*
Newport	Volunteer Fire	5%	128,392	123,464	10,443	9	2,355	5,494	C	*
Ola	Volunteer Fire	5%	268,947	274,205	(29,482)	16	0	16,900	A	*
Oppelo	Volunteer Fire	5%	111,773	111,773	15,372	8	3,466	4,622	C	*
Osceola	Paid Fire	5%	2,604,562	2,567,380	(583,182)	9	0	177,340	A	*
Osceola	Volunteer Fire	5%	149,091	146,963	(33,383)	9	0	10,151	A	*
Ozark	Volunteer Fire	5%	899,974	879,941	(445)	16	0	52,731	A	*
Pangburn	Volunteer Fire	5%	232,497	212,526	12,675	12	2,858	18,636	C	*
Paris	Volunteer Fire	5%	233,955	222,337	111,031	15	25,959	12,958	D	20+
Piggott	Volunteer Fire	5%	390,888	390,888	(28,214)	19	0	14,206	A	*
Pine Bluff	Paid Police	5%	16,910,661	13,772,128	14,609,726	74	3,294,134	554,879	D	20+
Prairie Grove	Volunteer Fire	5%	356,303	329,739	(39,788)	8	0	0	A	*
Pulaski F P Dist 5	Volunteer Fire	5%	76,484	75,417	144,130	13	32,498	1,361	F	Less than 10
Rector	Volunteer Fire	5%	161,021	157,811	82,771	16	18,663	1,695	E	10-20
Rogers	Paid Fire	5%	8,603,034	8,872,868	3,022,382	33	681,473	693,764	C	*
Rogers	Volunteer Fire	5%	79,151	81,634	27,807	7	6,270	6,383	C	*
Rogers	Paid Police	5%	19,903,147	18,083,818	(4,648,964)	22	0	669,732	A	*
Russellville	Paid Fire	5%	2,302,136	1,934,174	2,874,430	16	648,113	225,878	D	20+

Exhibit 6 (Continued)

**Arkansas Municipal Police and Fire Pension and Relief Funds**

Based on the December 31, 2014 Actuarial Valuation

Type of Plan	Valuation Rate	Market Value Assets as of 12/31/2014	Valuation Assets as of 12/31/2014	Unfunded Actuarial Liability	Number of Individuals Covered	Actuarially Computed Contribution	Actual 2014 Contribution	Funded Status	Projected Years until Proration	
Russellville	Volunteer Fire	5%	364,413	306,167	455,004	13	102,592	35,755	D	20+
Russellville	Paid Police	5%	4,421,161	4,278,868	310,293	10	69,963	232,318	C	*
Salem	Volunteer Fire	5%	146,319	146,319	86,726	8	19,555	0	E	10-20
Siloam Springs	Paid Fire	5%	3,485,711	3,266,581	981,216	17	221,240	111,805	D	20+
Siloam Springs	Volunteer Fire	5%	89,786	84,142	25,274	5	5,699	2,880	D	20+
Springdale	Paid Fire	5%	9,078,714	8,390,029	8,498,971	41	1,916,309	561,458	D	20+
Springdale	Volunteer Fire	5%	46,146	42,645	43,199	4	9,740	2,854	D	20+
Springdale	Paid Police	5%	8,940,833	8,429,036	8,323,216	31	1,876,680	626,132	D	20+
Stamps	Paid Fire	5%	30,541	30,399	14,336	1	3,232	760	D	20+
Stamps	Volunteer Fire	5%	249,617	248,458	117,165	19	26,418	6,213	D	20+
Star City	Volunteer Fire	5%	350,416	282,506	31,055	16	7,002	20,861	C	*
Texarkana	Paid Fire	5%	6,608,059	6,316,502	1,566,481	36	353,203	374,860	C	*
Texarkana	Paid Police	5%	5,294,919	5,161,239	11,542,936	46	2,602,648	743,808	D	20+
Waldron	Volunteer Fire	5%	202,183	192,586	24,692	12	5,567	13,134	C	*
Warren	Paid Fire	5%	248,593	246,494	(24,505)	3	0	458	A	*
Warren	Volunteer Fire	5%	209,221	207,454	(20,624)	13	0	386	A	*
Weiner	Volunteer Fire	5%	226,928	218,017	130,773	11	29,486	3,859	E	10-20
West Memphis	Paid Fire	5%	6,600,008	6,226,759	938,652	46	218,927	359,637	C	*
West Memphis	Paid Police	5%	5,700,180	4,033,563	3,029,005	31	682,966	489,502	D	20+
White Hall	Volunteer Fire	5%	130,607	129,744	84,610	12	19,322	10,030	D	20+
Yellville	Volunteer Fire	5%	611,597	594,346	(247,868)	12	0	12,887	A	*
			257,145,991	240,211,713	181,807,414	2,313	42,801,600	16,147,156		