CITY OF TORRINGTON

Addendum # 1

ADDENDUM #1 PERTAINS TO QUESTIONS SUBMITTED AND ANSWERS FOR THE ACTUARIALSERVICES FOR THE CITY OF TORRINGTON. COPIES OF THE MOST RECENT VALUATION REPORTS FOR THE TWO PENSION PLANS ARE ALSO PART OF THE ADDENDUM.

RFQ #ASQ-007-070610 **ACTUARIAL SERVICES**

Date of RFQ opening: July 6, 2010 Time: 11:00 AM Location: City Hall, 140 Main Street, Room 206

Submit signed addenda with RFQ.

The City of Torrington reserves the right to accept or reject any or all bids or any portion thereof, to waive technicalities, and to award the contract as will best serve the public interest.

Dated in Torrington: June 29, 2010 Purchasing Agent ___________________________
Pennie Zucco

Bid Submitted By:______________________________

Name of Company______________________________ ______________________________________
Signature

Date ____________________________ ______________________________________
Title

Questions & Responses 6/29/10

1. **Q) Please provide a copy of each of the most recent valuation reports.**
   A) Provided for each plan.

2. **Q) How many meetings in Torrington should be assumed when formulating our fixed fee quote? Would it be acceptable to quote a per meeting fee for additional meetings?**
   A) (1) meeting per plan per valuation is mandatory. Additional meetings may be required and a per meeting quote would be appropriate.

3. **Q) Why is the actuarial work out to bid at this time?**
   A) Request by Board of Trustees

4. **Q) Is there any dissatisfaction with the incumbent? Is the incumbent participating in the current bid process?**
   A) There is no dissatisfaction with the incumbent. It is unknown if the current actuary will bid.

5. **Q) What amount of actuarial fees did the City pay in the last valuation year? Non-valuation year?**
   A) Valuation Year - $10,250. Non valuation year - $750.

6. **Q) Who is the current actuary?**
   A) The current Actuary is Hooker & Holcomb

7. **Q) Is the current actuary permitted to bid?**
   A) They will be permitted to bid.

City of Torrington
Police and Firemen's Pension Fund
GASB 25 and GASB 27 Information as of June 30, 2008

Shirley F. Assantes, F.C.A., M.A.A.A.
Consulting Actuary

Betty Morrissey
Pension Analyst

Hooker & Holcombe, Inc.
65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400

10/22/2008

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Exhibit 1
Actuarial Assumptions and Methods

Name of Plan	City of Torrington Police and Firemen's Pension Fund
Contribution rates:	
City	Determined by valuation
Plan members	5.00%
Annual pension cost	2,522,779
Contributions made by City	2,524,618
Reporting Date - End of fiscal year	6/30/2008
Latest Actuarial Valuation Date	7/1/2006
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar
Remaining amortization period	30 years, open
Asset Valuation Method	Actuarial Value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected Salary Increases*	Ages 20-24 9.5%, 25-29 8%, 30-34 6.5%, 35-39 5.5%, 40-44 4.5%, 45-49 4%, 50+ 3.5%
*Includes inflation at	3.00%
Cost of living adjustments	None
Turnover Assumption	No discount for termination is included in the actuarial assumptions.
Mortality table	Uninsured Pensioners Mortality Table projected 10 years after the Valuation Date
Retirement age	The earlier of a) age 53 with 25 years of service or b) age 57; but not prior to attained age plus one
Disability Assumption	Male Age 20-.0885%; Age 30-.1830%; Age 40-.3465%; Age 50-.677%; Age 60-1.717% Female Age 20-.052%; Age 30-.1495%; Age 40-.3175%; Age 50-.6635%; Age 60-1.2345%
Expenses	$10,000 added to future service cost to cover the expected cost of actuarial valuations, and GASB reports.

Plan Description and Contribution Information

Membership in the plan consisted of the following at the date of the latest actuarial valuation	7/1/2006
Retirees and beneficiaries receiving benefits	140
Terminated plan members and survivors entitled to but not yet receiving benefits	2
Active Plan Members	132
Total	274

Plan Description

The City of Torrington is the administrator of a single employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City of Torrington's financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, death, and disability benefits through a single employer contributory defined benefit plan. All regular members of the Police and Fire Departments of the City shall become members of the Plan. The retirement benefit is calculated at 2 percent of the member's highest one year compensation during the final 5 years of employment multiplied by years of service. Effective January 1, 2004, the benefit for firemen shall be based on a salary which is the average annual compensation during the three year period immediately preceding separation from service. Effective September 8, 2000, all police members who have not yet reached the 25th anniversary of date of hire shall have years of service (including any buyback service) maximized at 30 years. In addition, effective September 8, 2005, the benefit for police members shall be based on a salary which is the average annual compensation during the three year period immediately preceding separation from service. Also, effective September 8, 2000, police members may buy back City service, for benefit accrual purposes only, during the year following September 8, 2000 or during the first year of employment for police hired after that date subject to the restrictions in the plan. Normal Retirement Age is age 55 with 10 year of continuous service or following the completion of 25 years of continuous service. Participants are 100% vested in their accrued benefit after 10 years of continuous service as long as their employee contributions remain in the fund upon termination. Member's contributions are returnable on termination or death while active or retired (less any benefits paid) provided, in each case, that no death benefits are otherwise payable. Benefits and contributions are established by the City and may be amended by the City. The City has not given any post-retirement benefit increases.

Contributions

Member contributions of 5% of gross weekly earnings are required.
The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial valuations.

Plan Changes, Funding Method Changes, and Assumption Changes

There were no funding method or assumption changes for the 7/1/2006 actuarial valuation.

There was a plan change reflected in the 7/1/2006 valuation. The change was from a benefit formula based on a final one year average salary to a final three year average salary for firemen.

Exhibit 3
Schedule of Funding Progress

REQUIRED SUPPLEMENTARY INFORMATION						
SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2002	26,868,778	42,235,255	15,366,477	63.6%	7,237,866	212.3%
7/1/2003	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2004	27,301,174	45,124,971	17,823,797	60.5%	7,840,195	227.3%
7/1/2005	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2006	30,011,263	49,660,973	19,649,710	60.4%	8,642,631	227.4%
7/1/2007	N/A	N/A	N/A	N/A	N/A	N/A

Exhibit 4
Schedule of Employer Contributions

SCHEDULE OF EMPLOYER CONTRIBUTIONS				
Year Ended June-30	Annual Required Contribution	Percentage Contributed	Actual Contribution	
2003	1,882,727	139%	2,625,920	
2004	2,123,714	125%	2,662,132	
2005	2,123,714	140%	2,963,639	
2006	2,337,011	100%	2,337,011	
2007	2,337,011	101%	2,349,011	
2008	2,523,618	100%	2,524,618	

Exhibit 5
Annual Pension Cost and NPO

	INPUT ITEMS:		
	Valuation Date	7/1/2006	
	Report Date	6/30/2008	
	Actuarial value assets	30,011,263	
	Actuarial accrued liability	49,660,973	
	Total unfunded actuarial liability	19,649,710	
	Annual covered payroll	8,642,631	
	Actuarial assumed interest rate	8.00%	
7/1/2007	ACTUARIALLY REQUIRED CONTRIBUTION (ARC)	2,523,618	
	CONTRIBUTION MADE	2,524,618	
	Amortization factor for (ARC)	12.16	
6/30/2007	NPO at BOY	375,057	

Calculation of Annual Pension Cost (APC) and Net Pension Obligation (NPO)

1	ACTUARIALLY REQUIRED CONTRIBUTION (ARC)	2,523,618	From GASB25 Calculation - must conform to cost method, amortization period parameters
2	INTEREST ON NPO	30,005	Uses Interest rate for Funding (GASB25) = i x (7)
3	ADJUSTMENT TO (ARC)	(30,844)	=-(7)/AMORT FCTR
4	ANNUAL PENSION COST (APC)	2,522,779	(1)+(2)+(3)
5	CONTRIBUTION MADE	2,524,618	Actual employer contribution
6	Increase in NPO	(1,839)	(4) - (5)
7	NPO Beginning of Year	375,057	$(7)_{ly}$
8	NPO End of Year	373,218	(6) + (7) if positive, show in long term debt account

Annual Pension Cost and Net Pension Obligation

Three- Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Actual Contribution
6/30/2006	2,336,142	100.0%	387,925	2,337,011
6/30/2007	2,336,142	100.6%	375,057	2,349,011
6/30/2008	2,522,779	100.1%	373,218	2,524,618

City of Torrington
Employees' Retirement Fund
GASB 25 and GASB 27 Information as of June 30, 2008

Shirley F. Assantes, F.C.A.,M.A.A.A.
Consulting Actuary

Betty Morrissey
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Hooker & Holcombe, Inc.
65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400

10/22/2008

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Exhibit 1
Actuarial Assumptions and Methods

Name of Plan	City of Torrington Employees' Retirement Fund
Contribution rates:	
City	Determined by valuation
Plan members	5.00%
Annual pension cost	1,049,570
Contributions made by City	1,185,979
Reporting Date - End of fiscal year	6/30/2008
Latest Actuarial Valuation Date	7/1/2006
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar
Remaining amortization period	30 years, open
Asset Valuation Method	Actuarial Value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected Salary Increases*	Ages 20-24 7%, 25-29 6.5%, 30-34 6%, 35-39 5.5%, 40-44 5%, 45-49 4.5%, 50-54 4%, 55-59 3.5%, 60+ 3%
*Includes inflation at	3.00%
Cost of living adjustments	None
Turnover Assumption	Male Age 20-6.67%;Age 30-3.75%;Age 40-1.5%;Age 50-0% Female Age 20-11.25%; Age 30-5%; Age 40-2.5%; Age 50-0%
Mortality table	Uninsured Pensioners Mortality Table projected 10 years after the Valuation Date
Retirement age	The earlier of a) age 62 with 25 years of service or b) age 65; but not prior to attained age plus one
Disability Assumption	N/A
Expenses	$10,000 added to future service cost to cover the expected cost of actuarial valuations, and GASB reports.

Plan Description and Contribution Information

Membership in the plan consisted of the following at the date of the latest actuarial valuation	7/1/2006
Retirees and beneficiaries receiving benefits	89
Terminated plan members and spouses entitled to but not yet receiving benefits	14
Active Plan Members	163
Total	266

Plan Description

The City of Torrington is the administrator of a single employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City of Torrington's financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, early retirement, termination, and death benefits through a single employer contributory defined benefit plan. All members of Public Works Employees' Local #1303 and City Hall and School Maintenance and Custodial Employees' Local #1579 and their supervisory employees shall become members of the Plan. The retirement benefit is calculated at 2 percent of the participant's average monthly earnings during the final 3 years of employment multiplied by years of service with a minimum annual benefit of $240 per year of service, maximum 35 years. Normal Retirement Age is age 65 or following age 60 with 25 year of service. Participants are 100% vested in their accrued benefit after 5 years of continuous service as long as their employee contributions remain in the fund upon termination. Member's contributions are returnable on termination or death while active or retired (less any benefits paid) provided in each case that no death benefits are otherwise payable. Benefits and contributions are established by the City and may be amended by the City. The City has not given any post-retirement benefit increases. Also, effective September 18, 2000 or during the first year of employment, a member may elect to buy back active United States military service time, up to four years, for benefit accrual purposes only.

Contributions

Member contributions of 5% of gross weekly earnings are required.
The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial actuarial valuations.

Plan Changes,Funding Method Changes, and Assumption Changes

There were no plan changes, funding method changes, or assumption changes for the July 1, 2006 actuarial valuation.

Exhibit 3
Schedule of Funding Progress

REQUIRED SUPPLEMENTARY INFORMATION						
SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2002	17,261,481	22,007,974	4,746,493	78.4%	6,851,621	69.3%
7/1/2003	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2004	18,854,180	23,826,324	4,972,144	79.1%	7,692,272	64.6%
7/1/2005	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2006	21,735,247	27,504,926	5,769,679	79.0%	7,935,981	72.7%
7/1/2007	N/A	N/A	N/A	N/A	N/A	N/A

Exhibit 4
Schedule of Employer Contributions

SCHEDULE OF EMPLOYER CONTRIBUTIONS			
Year Ended June-30	Annual Required Contribution	Percentage Contributed	Actual Contribution
2003	859,014	115%	986,920
2004	952,906	115%	1,095,090
2005	952,906	115%	1,094,394
2006	969,714	111%	1,071,682
2007	969,714	116%	1,120,229
2008	1,051,488	113%	1,185,979

Exhibit 5
Annual Pension Cost and NPO

	INPUT ITEMS:				
	Valuation Date	7/1/2006			
	Report Date	6/30/2008			
	Actuarial value assets	21,735,247			
	Actuarial accrued liability	27,504,926			
	Total unfunded actuarial liability	5,769,679			
	Annual covered payroll	7,935,981			
	Actuarial assumed interest rate	8.00%			
7/1/2007	ACTUARIALLY REQUIRED CONTRIBUTION (ARC)	1,051,488			
	CONTRIBUTION MADE	1,185,979			
	Amortization factor for (ARC)	12.16			
6/30/2007	NPO at BOY	857,290			

Calculation of Annual Pension Cost (APC) and Net Pension Obligation (NPO)

1	ACTUARIALLY REQUIRED CONTRIBUTION (ARC)	1,051,488			From GASB25 Calculation - must conform to cost method, amortization period parameters
2	INTEREST ON NPO	68,583			Uses Interest rate for Funding (GASB25) = i x (7)
3	ADJUSTMENT TO (ARC)	(70,501)			=-(7)/AMORT FCTR
4	ANNUAL PENSION COST (APC)	1,049,570			(1)+(2)+(3)
5	CONTRIBUTION MADE	1,185,979			Actual employer contribution
6	Increase in NPO	(136,409)			(4) - (5)
7	NPO Beginning of Year	857,290			$(7)_{ly}$
8	NPO End of Year	720,881			(6) + (7) if positive, show in long term debt account

Annual Pension Cost and Net Pension Obligation

Three- Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Actual Contribution	
6/30/2006	967,221	110.8%	1,010,064	1,071,682	
6/30/2007	967,455	115.8%	857,290	1,120,229	
6/30/2008	1,049,570	113.0%	720,881	1,185,979	

City of Torrington
Police and Firemen's Pension Fund
GASB 25 and GASB 27 Information as of June 30, 2009

Shirley F. Assantes, F.C.A., M.A.A.A.
Consulting Actuary

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Hooker & Holcombe, Inc.
65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400

10/6/2009

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Exhibit 1
Actuarial Assumptions and Methods

Name of Plan	City of Torrington Police and Firemen's Pension Fund
Contribution rates:	
City	Determined by valuation
Plan members	5%; Effective May 5, 2008, Policemen contribute 8% of compensation for a maximum of 25 years.
Annual pension cost	2,522,783
Contributions made by City	2,536,618
Reporting Date - End of fiscal year	6/30/2009
Latest Actuarial Valuation Date	7/1/2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar
Remaining amortization period	30 years, open
Asset Valuation Method	Actuarial Value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected Salary Increases*	Ages 20-24 9.5%, 25-29 8%, 30-34 6.5%, 35-39 5.5%, 40-44 4.5%, 45-49 4%, 50+ 3.5%
*Includes inflation at	3.00%
Cost of living adjustments	None
Turnover Assumption	No discount for termination is included in the actuarial assumptions.
Mortality table	Uninsured Pensioners Mortality Table projected 10 years after the Valuation Date
Retirement age	The earlier of: (a) 25 years of service but not before age 53 (Firemen) and 25 years of service but not before 51 (Policemen) and (b) age 57; but not before attained age plus one, if later.
Disability Assumption	Male Age 20-.0885%; Age 30-.1830%; Age 40-.3465%; Age 50-.677%; Age 60-1.717% Female Age 20-.052%; Age 30-.1495%; Age 40-.3175%; Age 50-.6635%; Age 60-1.2345%
Expenses	$10,000 added to future service cost to cover the expected cost of actuarial valuations, and GASB reports.

Plan Description and Contribution Information

Membership in the plan consisted of the following at the date of the latest actuarial valuation	7/1/2008
Retirees and beneficiaries receiving benefits	140
Terminated plan members and survivors entitled to but not yet receiving benefits	2
Active Plan Members	136
Total	278

Plan Description

The City of Torrington is the administrator of a single employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City of Torrington's financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, death, and disability benefits through a single employer contributory defined benefit plan. All regular members of the Police and Fire Departments of the City shall become members of the Plan. The retirement benefit is calculated at 2 percent of the member's highest one year compensation during the final 5 years of employment multiplied by years of service. Effective January 1, 2004, the benefit for firemen shall be based on a salary which is the average annual compensation during the three year period immediately preceding separation from service. Effective September 8, 2000, all police members who have not yet reached the 25th anniversary of date of hire shall have years of service (including any buyback service) maximized at 30 years. In addition, effective September 8, 2005, the benefit for police members shall be based on a salary which is the average annual compensation during the three year period immediately preceding separation from service. Effective May 5, 2008 for police members, the percentage in the above formula is 2.5% and the service is maximized at 27 years. For the period May 5, 2008 through May 4, 2011, no more than 5 police members may retire annually under this provision. Also, effective September 8, 2000, police members may buy back City service, for benefit accrual purposes only, during the year following September 8, 2000 or during the first year of employment for police hired after that date subject to the restrictions in the plan. Effective May 5, 2008, Policemen may elect to buy, during their 1st year of employment, or in the event of military recall, one year from the return of recall, active U.S. military service of up to 2 years. If prior to this date, a Policeman had bought more than 2 years and cannot use the excess for a benefit under the special provisions effective May 5, 2008, the City will reimburse the member for the excess buyback contributions. Normal Retirement Age is age 55 with 10 year of continuous service or following the completion of 25 years of continuous service. Participants are 100% vested in their accrued benefit after 10 years of continuous service as long as their employee contributions remain in the fund upon termination. Member's contributions plus compound interest at 4% are returnable on termination or death while active or retired (less any benefits paid) provided, in each case, that no death benefits are otherwise payable. In case any member becomes permanently disqualified for active duty, through age or physical disabilities incurred in the discharge of his duties, he shall be retired at half pay. Effective May 5, 2008, a 10 year of service requirement was added for Policemen. Benefits and contributions are established by the City and may be amended by the City. The City has not given any post-retirement benefit increases.

Contributions

Member contributions of 5% of gross weekly earnings are required (effective May 5, 2008, Policemen contribute 8% of compensation for a maximum of 25 years).
The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial valuations.

Plan Changes, Funding Method Changes, and Assumption Changes

There was no funding method change. There were assumption changes for the 7/1/2008 actuarial valuation. The retirement age assumption was changed for the policemen from the earlier of: (a) 25 years of service but not before age 53 and age 57 to the earlier of 25 years of service but not before 51 and age 57. The current valuation no longer assumed that final pay for firemen would be increased by 10% and 4% for police due to inclusion of accrued vacation time, since accrued vacation is now excluded from pension calculations.

There were plan changes reflected in the 7/1/2008 valuation. Effective May 5, 2008, for police members, the percentage in the above formula is 2.5% and the service is maximized at 27 years, a 10 year of service requirement was added to the disability benefit, and they must contribute 8% of compensation for a maximum of 25 years. For the period May 5, 2008 through May 4, 2011, no more than 5 police members may retire annually under this provision. .

Exhibit 3
Schedule of Funding Progress

REQUIRED SUPPLEMENTARY INFORMATION						
SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2003	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2004	27,301,174	45,124,971	17,823,797	60.5%	7,840,195	227.3%
7/1/2005	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2006	30,011,263	49,660,973	19,649,710	60.4%	8,642,631	227.4%
7/1/2007	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2008	34,783,395	57,231,580	22,448,185	60.8%	9,579,705	234.3%

Exhibit 4
Schedule of Employer Contributions

SCHEDULE OF EMPLOYER CONTRIBUTIONS				
Year Ended June-30	Annual Required Contribution	Percentage Contributed	Actual Contribution	
2004	2,123,714	125%	2,662,132	
2005	2,123,714	140%	2,963,639	
2006	2,337,011	100%	2,337,011	
2007	2,337,011	101%	2,349,011	
2008	2,523,618	100%	2,524,618	
2009	2,523,618	101%	2,536,618	

Exhibit 5
Annual Pension Cost and NPO

	INPUT ITEMS:				
	Valuation Date	7/1/2008			
	Report Date	6/30/2009			
	Actuarial value assets	34,783,395			
	Actuarial accrued liability	57,231,580			
	Total unfunded actuarial liability	22,448,185			
	Annual covered payroll	9,579,705			
	Actuarial assumed interest rate	8.00%			
7/1/2008	ACTUARIALLY REQUIRED CONTRIBUTION (ARC)	2,523,618			
	CONTRIBUTION MADE	2,536,618			
	Amortization factor for (ARC)	12.16			
6/30/2008	NPO at BOY	373,218			

Calculation of Annual Pension Cost (APC) and Net Pension Obligation (NPO)

1	ACTUARIALLY REQUIRED CONTRIBUTION (ARC)	2,523,618			From GASB25 Calculation - must conform to cost method, amortization period parameters
2	INTEREST ON NPO	29,857			Uses Interest rate for Funding (GASB25) = i x (7)
3	ADJUSTMENT TO (ARC)	(30,692)			=-(7)/AMORT FCTR
4	ANNUAL PENSION COST (APC)	2,522,783			(1)+(2)+(3)
5	CONTRIBUTION MADE	2,536,618			Actual employer contribution
6	Increase in NPO	(13,835)			(4) - (5)
7	NPO Beginning of Year	373,218			$(7)_{ly}$
8	NPO End of Year	359,383			(6) + (7) if positive, show in long term debt account

Annual Pension Cost and Net Pension Obligation

Three- Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Actual Contribution	
6/30/2007	2,336,142	100.6%	375,057	2,349,011	
6/30/2008	2,522,779	100.1%	373,218	2,524,618	
6/30/2009	2,522,783	100.5%	359,383	2,536,618	

City of Torrington
Employees' Retirement Fund
GASB 25 and GASB 27 Information as of June 30, 2009

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Consulting Actuary

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Exhibit 1
Actuarial Assumptions and Methods

Name of Plan	City of Torrington Employees' Retirement Fund
Contribution rates:	
City	Determined by valuation
Plan members	5.00%
Annual pension cost	1,049,875
Contributions made by City	1,197,536
Reporting Date - End of fiscal year	6/30/2009
Latest Actuarial Valuation Date	7/1/2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar
Remaining amortization period	30 years, open
Asset Valuation Method	Actuarial Value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected Salary Increases*	Ages 20-24 7%, 25-29 6.5%, 30-34 6%, 35-39 5.5%, 40-44 5%, 45-49 4.5%, 50-54 4%, 55-59 3.5%, 60+ 3%
*Includes inflation at	3.00%
Cost of living adjustments	None
Turnover Assumption	Male Age 20-6.67%;Age 30-3.75%;Age 40-1.5%;Age 50-0% Female Age 20-11.25%; Age 30-5%; Age 40-2.5%; Age 50-0%
Mortality table	Uninsured Pensioners Mortality Table projected 10 years after the Valuation Date
Retirement age	The earlier of a) age 62 with 25 years of service or b) age 65; but not prior to attained age plus one
Disability Assumption	N/A
Expenses	$10,000 added to future service cost to cover the expected cost of actuarial valuations, and GASB reports.

Plan Description and Contribution Information

Membership in the plan consisted of the following at the date of the latest actuarial valuation	7/1/2008
Retirees and beneficiaries receiving benefits	102
Terminated plan members and spouses entitled to but not yet receiving benefits	14
Active Plan Members	161
Total	277

Plan Description

The City of Torrington is the administrator of a single employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City of Torrington's financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, early retirement, termination, and death benefits through a single employer contributory defined benefit plan. All members of Public Works Employees' Local #1303 and City Hall and School Maintenance and Custodial Employees' Local #1579 and their supervisory employees shall become members of the Plan. The retirement benefit is calculated at 2 percent of the participant's average monthly earnings during the final 3 years of employment multiplied by years of service with a minimum annual benefit of $240 per year of service, maximum 35 years. Normal Retirement Age is age 65 or following age 60 with 25 year of service. Participants are 100% vested in their accrued benefit after 5 years of continuous service as long as their employee contributions remain in the fund upon termination. Member's contributions are returnable on termination or death while active or retired (less any benefits paid) provided in each case that no death benefits are otherwise payable. Benefits and contributions are established by the City and may be amended by the City. The City has not given any post-retirement benefit increases. Also, effective September 18, 2000 or during the first year of employment, a member may elect to buy back active United States military service time, up to four years, for benefit accrual purposes only.

Contributions

Member contributions of 5% of gross weekly earnings are required.
The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial actuarial valuations.

Plan Changes,Funding Method Changes, and Assumption Changes

There were no plan changes, funding method changes, or assumption changes for the July 1, 2008 actuarial valuation.

Exhibit 3
Schedule of Funding Progress

REQUIRED SUPPLEMENTARY INFORMATION						
SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2003	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2004	18,854,180	23,826,324	4,972,144	79.1%	7,692,272	64.6%
7/1/2005	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2006	21,735,247	27,504,926	5,769,679	79.0%	7,935,981	72.7%
7/1/2007	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2008	25,108,239	31,480,212	6,371,973	79.8%	8,178,483	77.9%

Exhibit 4
Schedule of Employer Contributions

SCHEDULE OF EMPLOYER CONTRIBUTIONS			
Year Ended June-30	Annual Required Contribution	Percentage Contributed	Actual Contribution
2004	952,906	115%	1,095,090
2005	952,906	115%	1,094,394
2006	969,714	111%	1,071,682
2007	969,714	116%	1,120,229
2008	1,051,488	113%	1,185,979
2009	1,051,488	114%	1,197,536

Exhibit 5
Annual Pension Cost and NPO

	INPUT ITEMS:				
	Valuation Date	7/1/2008			
	Report Date	6/30/2009			
	Actuarial value assets	25,108,239			
	Actuarial accrued liability	31,480,212			
	Total unfunded actuarial liability	6,371,973			
	Annual covered payroll	8,178,483			
	Actuarial assumed interest rate	8.00%			
7/1/2008	ACTUARIALLY REQUIRED CONTRIBUTION (ARC)	1,051,488			
	CONTRIBUTION MADE	1,197,536			
	Amortization factor for (ARC)	12.16			
6/30/2008	NPO at BOY	720,881			

Calculation of Annual Pension Cost (APC) and Net Pension Obligation (NPO)

1	ACTUARIALLY REQUIRED CONTRIBUTION (ARC)	1,051,488			From GASB25 Calculation - must conform to cost method, amortization period parameters
2	INTEREST ON NPO	57,670			Uses Interest rate for Funding (GASB25) = i x (7)
3	ADJUSTMENT TO (ARC)	(59,283)			=-(7)/AMORT FCTR
4	ANNUAL PENSION COST (APC)	1,049,875			(1)+(2)+(3)
5	CONTRIBUTION MADE	1,197,536			Actual employer contribution
6	Increase in NPO	(147,661)			(4) - (5)
7	NPO Beginning of Year	720,881			$(7)_{ly}$
8	NPO End of Year	573,220			(6) + (7) if positive, show in long term debt account

Annual Pension Cost and Net Pension Obligation
Three- Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Actual Contribution	
6/30/2007	967,455	115.8%	857,290	1,120,229	
6/30/2008	1,049,570	113.0%	720,881	1,185,979	
6/30/2009	1,049,875	114.1%	573,220	1,197,536	

HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397

860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Torrington

Police & Firemen's Pension Plan

Actuarial Valuation Report

July 1, 2008

Shirley F. Assantes, F.C.A.
Consulting Actuary

Elizabeth A. Morrissey
Pension Analyst

February 23, 2009

Table of Contents

Section I

Comparison of Assets and Liabilities

The following balance sheet indicates the financial condition of the City of Torrington Police and Firemen's Pension Fund as determined by valuations made as of July 1, 2006 and July 1, 2008.

Actuarial Balance Sheet

	July 1, 2008	**July 1, 2006**
Adjusted Value of Assets		
Cash and Investments		
Bank of America (adjusted)	$35,401,381	$30,155,112
Income & Expenditures Statement Account (including transfer accruals)	(617,986)	(143,849)
Accrued Contributions	0	0
	$34,783,395	$30,011,263
Value of Future Amortization Payments of Unfunded Actuarial Accrued Liability	22,448,185	19,649,710
Total	$57,231,580	$49,660,973
LIABILITIES		
Actuarial Value of Accrued Pensions (Active Members)	$26,503,786	$19,347,702
Actuarial Value of Future Pensions (Inactive Members)	30,727,794	30,313,271
Total	$57,231,580	$49,660,973

The figure representing "Cash and Investments" consists of assets held in a Bank of America trust account adjusted to reflect a phase-in of capital appreciation or depreciation, plus checking account balances and accrued contributions furnished by the City Treasurer.

The asset item "Value of Future Amortization Payments of Unfunded Actuarial Accrued Liability" is the balance item in the table. It represents the excess of actuarial liabilities over funds in hand as of the respective actuarial valuation dates. The systematic liquidation of this Unfunded Actuarial Accrued Liability over a period of years, together with the annual future service contributions as recommended here, will provide for payment of all benefits as they fall due, provided that future experience conforms to the actuarial assumptions employed.

The liability item "Actuarial Value of Accrued Pension (Active Members)" represents the present value of pension credits earned by the present active membership by virtue of their service rendered to the respective actuarial valuation dates. These pension credits are based on salaries projected with assumed salary increases up to retirement. This item also includes the appropriate actuarial liability to provide for survivors' benefits after active members die, as specified in this Plan.

The liability item "Actuarial Value of Future Pensions (Inactive Members)" represents the actuarial reserve to provide for future pensions to retired members, survivors, disabled members and terminated vested members as of the respective actuarial valuation dates.

A numerical breakdown of these active and inactive members is shown below:

	July 1, 2008	**July 1, 2006**
Active Members	136	132
Retired Members	86	90
Survivors	36	32
Disabled Members	18	18
Terminated Vested Members	2	2
Deferred Survivor	0	0

Section II

Experience During Period Under Review

This report shows an Unfunded Actuarial Accrued Liability of $22,448,185 as of July 1, 2008. The previous actuarial valuation showed an Unfunded Actuarial Accrued Liability of $19,649,710. This increase in the Unfunded Actuarial Accrued Liability of approximately $2,798,000 during the 2-year period under review is due to the following factors:

A. Plan Experience

The plan experienced a small actuarial gain of approximately $22,000. Gains from the actuarial value of assets were partially offset by lower than expected retiree mortality.

B. Changes in Plan Provisions

The Policemen's benefit formula multiplier increased from 2% to 2.5% (now capped at 27 years of service). The Police employee contribution rate also increased to 8% from 5%, and the eligibility for occupational disability benefits increased to 10 years. This resulted in an increase in the Unfunded Actuarial Accrued Liability of approximately $2,424,000.

C. Changes in Methods

None.

D. Changes in Assumptions

The assumed retirement age for Policemen was reduced from the earlier of 25 years of service but not before age 53, to the earlier of 25 years of service but not before age 51. This increased the Unfunded Actuarial Liability by approximately $892,000.

The mortality assumption was updated and the assumption regarding the increase in final salary for accrued vacation time was removed for both Policemen and Firemen since accrued vacation is now excluded from pension calculations. This produced a net decrease in the Unfunded Actuarial Accrued Liability of approximately $450,000.

E. Contributions

Because the City contributed more than the annual cost plus accrued interest for the July 1, 2006 through June 30, 2008 period, the Unfunded Actuarial Accrued Liability decreased by approximately $46,000.

Section III

Recommended City Contribution for 2009-2010 and 2010-2011

Based on the personnel and payroll data submitted for this valuation, it is recommended that the City contribute the following amount during the July 1, 2009 to June 30, 2010 and July 1, 2010 to June 30, 2011 fiscal years. Similar information which was developed for the July 1, 2007 to June 30, 2008 and July 1, 2008 to June 30, 2009 fiscal years in the July 1, 2006 actuarial valuation is shown for comparison purposes:

Future Service Cost

	Future Service Cost	
	7/1/2009 to 6/30/2010 7/1/2010 to 6/30/2011 Fiscal Years	**7/1/2007 to 6/30/2008 7/1/2008 to 6/30/2009 Fiscal Years**
Total Service Cost	$1,550,076	$1,339,608
Deduct: Employee Contributions	(595,129)	(432,132)
Net City Contribution	954,947	907,476
Assumed Annual Payroll	$9,579,705	$8,642,631
Net City Contribution as a Percentage of Payroll	10.0%	10.5%

* *Reflects only pre-retirement death benefit. Post-retirement death benefit costs are included in service retirement benefits.*

Past Service Cost

In order to place this Fund on a sound basis, it is necessary to amortize the Unfunded Actuarial Accrued Liability over a period of years. The annual payment over 30 years is shown below:

	7/1/2009 to 6/30/2010 7/1/2010 to 6/30/2011 Fiscal Years	7/1/2007 to 6/30/2008 7/1/2008 to 6/30/2009 Fiscal Years
Unfunded Actuarial Accrued Liability	$22,448,185	$19,649,710
30-Year Amortization	1,846,310	1,616,142

Total Recommended City Contribution

	7/1/2009 to 6/30/2010 7/1/2010 to 6/30/2011 Fiscal Years	7/1/2007 to 6/30/2008 7/1/2008 to 6/30/2009 Fiscal Years
Future Service Cost	$ 954,947	$ 907,476
Past Service Cost	1,846,310	1,616,142
Total	$2,801,257	$2,523,618
Total as a Percentage of Annual Payroll	29.24%	29.20%

Section IV

Certification

The results in this valuation report are based on the provisions of the Plan (as outlined in Exhibit F) and the employee data and asset information received from the City. Neither the census data nor the financial information has been audited by us.

In my opinion this report presents fairly the financial and actuarial position of the City of Torrington Police and Firemen's Retirement Plan as of July 1, 2008 in accordance with generally accepted actuarial principles applied on a basis consistent with that of the preceding valuation.

I certify that the assumptions and methods on which this valuation report is based provide, in the aggregate, a reasonable representation of the anticipated long-range experience under the plan.

HOOKER & HOLCOMBE, INC.

Shirley F. Assantes

Shirley F. Assantes, F.C.A., M.A.A.A., Enrolled Actuary

February 23, 2009

Exhibit A

	Members as of 7/1/2008	Assumed 7/1/2007-6/30/2008 Annual Pay	Members as of 7/1/2006	Assumed 7/1/2005-6/30/2006 Annual Pay
Active Members	136	$9,579,705	132	$8,642,631

	Lives	Monthly Benefit	Annual Benefit
Inactive Members			
Terminated Vested	2	$ 3,262	$ 39,146
Regular Retired	86	213,097	2,557,166
Beneficiaries	36	20,991	251,897
Disabled	18	25,412	304,948
Deferred Survivor	0	0	0
Total	142	$262,762	$3,153,157
Total Benefits Currently Being Paid		$259,500	$3,114,011

Exhibit B

Development of Unfunded Actuarial Accrued Liability and Funded Ratio

	July 1, 2008		July 1, 2006	
	Number		Number	
Actuarial Accrued Liability for Accumulated Benefits				
Inactive Participants				
Retired Participants	86	$25,393,183	90	$25,717,628
Survivors	36	1,815,309	32	1,360,906
Disabled Participants	18	3,178,457	18	2,860,973
Terminated Vested Participants	2	340,845	2	373,764
Deferred Survivors	0	0	0	0
	142	$30,727,794	142	$30,313,271
Active Participants	136	20,651,625	132	14,384,191
Total Actuarial Accrued Liability For Accumulated Benefits	278	$51,379,419	274	$44,697,462
Additional Actuarial Accrued Liability Based on Future Salary Increases		5,852,161		4,963,511
Total Actuarial Accrued Liability		$57,231,580		$49,660,973
Assets – Adjusted Market Value		$34,783,395		$30,011,263
Unfunded Actuarial Accrued Liability		$22,448,185		$19,649,710
Funded Ratio		61%		60%

Exhibit C

Asset Accumulation History

Fiscal Year	Contributions City	Contributions Employee	Pension Payments, Refund of Employee Contributions & Administrative Expenses	Investment Return Net of Expenses	Accrued Market Value of Assets at End of Fiscal Year
1993-94	$ 825,000*	$ 309,935	$ 1,208,793	$ (83,126)	$10,024,182*
1994-95	1,187,000	303,416	1,293,332	1,909,050	12,130,316
1995-96	1,318,000*	311,441	1,475,635	1,859,600	14,143,722*
1996-97	1,588,000	315,862	1,690,651	2,788,700	17,145,633
1997-98	1,815,000	320,432	1,883,374	2,959,216	20,356,907
1998-99	2,345,000	359,824	1,987,435	2,410,906	23,485,202
1999-00	2,380,000	337,593	2,164,728	2,444,114	26,482,181
2000-01	2,308,370	389,677	2,243,129	(1,168,875)	25,768,224
2001-02	2,760,686	371,757	2,484,202	(2,443,371)	23,973,094
2002-03	2,625,920	401,574	2,525,834	592,333	25,067,087
2003-04	2,662,132	431,875	2,675,619	2,483,601	27,969,076
2004-05	2,963,639	422,312	2,938,273	1,850,362	30,267,116
2005-06	2,337,011	435,874	3,074,021	2,360,780	32,326,760
2006-07	2,349,011	463,151	3,131,688	5,045,032**	37,052,266
2007-08	2,524,618	501,877	3,199,782	(1,600,969)**	35,278,010

* *Reflects accrued City contributions.*
** *Includes auditor's adjustment and accrued expenses*

Exhibit D

Plan Assets

Market Value Summary by Asset Class		
	7/1/2008	
Asset Class	Market Value	% of Total
Cash and Cash Equivalents	$ 3,390,908	9.6%
Fixed Income	10,373,510	29.4%
Equity	21,391,043	60.7%
Accrued Income/Pending Transaction	122,649	0.3%
Total Trust Assets	35,278,010	100.0%

Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
1994	-0.8%	N/A	N/A	N/A
1995	18.9%	N/A	N/A	N/A
1996	15.2%	10.8%	N/A	N/A
1997	19.6%	17.9%	N/A	N/A
1998	17.1%	17.3%	13.7%	N/A
1999	11.6%	16.1%	16.4%	N/A
2000	10.3%	13.0%	14.7%	N/A
2001	-4.4%	5.6%	10.5%	N/A
2002	-9.4%	-1.5%	4.5%	N/A
2003	2.4%	-3.9%	1.8%	7.6%
2004	9.8%	0.6%	1.4%	8.7%
2005	6.6%	6.2%	0.8%	7.5%
2006	7.8%	8.1%	3.2%	6.8%
2007	15.7%	10.0%	8.4%	6.4%
2008	-4.3%	6.1%	6.9%	4.3%

Exhibit E

Adjusted Value of Assets

1. **Development of Accrued Market Value for the July 1, 2006 through June 30, 2007 Period**

a.	Accrued Market Value of Fund, July 1, 2006		$32,326,760
b.	Accrued Contributions and Expenses as of July 1, 2006		0
c.	Market Value, July 1, 2006: (a) - (b)		$32,326,760
d.	Auditor's adjustment to Market Value		$ 15,902
e.	Income:		
	Town Contributions	$2,349,011	
	Employee Contributions	463,151	
	Interest & Dividends	943,120	
	Change in Accrued Income	13,036	
	Net Realized Gains (Losses)	2,245,508	
	Unrealized Gains (Losses)	1,908,315	
	Investment Related Expenses	(80,849)	
			$ 7,841,292
f.	Disbursements:		
	Pension Payments and Return of Employee Contributions	$ 3,121,238	
	Administrative Expenses	10,450	
			3,131,688
g.	Market Value, July 1, 2007: (c) + (d) + (e) - (f)		37,052,266
h.	Accruals as of July 1, 2007:		
	Contributions	$ 0	
	Expenses	0	
			0
i.	Accrued Market Value: (g) + (h)		37,052,266
	Estimated Rate of Return:		15.7%

2. Development of Accrued Market Value for the July 1, 2007 through June 30, 2008 Period

a.	Accrued Market Value of Fund, July 1, 2007		$37,052,266
b.	Accrued Contributions and Expenses as of July 1, 2007		0
c.	Market Value, July 1, 2007: (a) - (b)		$37,052,266
d.	Auditor's Adjustment to Market Value		4,984
e.	Income:		
	Town Contributions	$2,524,618	
	Employee Contributions	501,877	
	Interest & Dividends	1,158,694	
	Change in Accrued Income	(23,937)	
	Net Realized Gains (Losses)	884,300	
	Unrealized Gains (Losses)	(3,533,469)	
	Investment Related Expenses	(87,508)	
			$ 1,424,575
f.	Disbursements:		
	Pension Payments and Return of Employee Contributions	$3,198,832	
	Administrative Expenses	950	
			$ 3,199,782
g.	Market Value, July 1, 2008: (c) + (d) + (e) – (f)		$ 35,282,043
h.	Accruals as of July 1, 2008:		
	Contributions	$ 0	
	Expenses	(4,033)	
			$ (4,033)
i.	Accrued Market Value: (f) + (g)		$35,278,010
	Estimated Rate of Return:		-4.3%

3. **Development of Adjusted Asset Value, July 1, 2008**

a. Accrued Market Value, July 1, 2008 $35,278,010

b. Development of Unrecognized Capital Appreciation:

Year	Realized and Unrealized Gains/(Losses)	Percent Unrecognized	Amount Unrecognized
2007-2008	$(2,649,169)	75%	$(1,986,877)
2006-2007	4,153,823	50%	2,076,911
2005-2006	1,618,324	25%	404,581
2004-2005	1,227,400	0%	0

Total Unrecognized Capital Appreciation $ 494,615

c. Adjusted Value, July 1, 2008: (a) - (b) $34,783,395

Exhibit F

Outline of Actuarial Assumptions

The actuarial assumptions used to determine costs and liabilities under this Plan are outlined below:

Mortality:	1994 Uninsured Pensioners Mortality Table projected 10 years after the valuation date. Disabled members have their ages increased by five years to account for heavier anticipated rates of mortality because of their disabled conditions.
Interest:	8% per year.
Age at Retirement:	The earlier of: a. 25 years of service but not before age 53 (Firemen) 25 years of service but not before age 51 (Policemen) b. age 57. But not before attained age plus one, if later. (Prior valuation: a. was 25 years of service but not before age 53 for Policemen) Age 57 for vested terminated employees
Expenses:	$10,000 is added to the future service cost to cover the expected cost of actuarial valuations, GASB reports and miscellaneous cost quotes.
Termination of Employment:	No discount for terminations is included in the actuarial assumptions.

Disability:

Annual rates of disablement per table below (shown at sample ages):

	Rate of Disablement	
Age	Male	Female
20	.000885	.000520
30	.001830	.001495
40	.003465	.003175
50	.006770	.006635
60	.017170	.012345

Salary Scale:

Annual rate of salary increases per table below.

Age	Rate
20-24	9.5%
25-29	8.0%
30-34	6.5%
35-39	5.5%
40-44	4.5%
45-49	4.0%
50+	3.5%

(Prior valuation : It is also assumed that final pay for firemen will be increased by 10% and final pay for police will be increased by 4% due to inclusion of accrued vacation time.)

Method of Funding:

Projected Unit Credit Cost Method for all benefits.

Asset Valuation:

The Actuarial Value of assets used in the development of plan contributions phases in recognition of capital appreciation, i.e., realized and unrealized gains and losses. As of July 1, 1998, capital appreciation is recognized over a 4-year period at 25% per year. The Actuarial Value is adjusted, if necessary, to keep it within the range of 80% to 120% of the Market Value of assets.

Additional Assumptions:

80% assumed married with wives assumed to be three years younger than their husbands.

For the July 1, 2008 valuation, salaries were calculated assuming an increase of 2.5% to the 2007 W-2 reported salaries.

Exhibit G

Outline of Principal Plan Provisions

Eligibility:	Regular members of Fire and Police Department.
Regular Retirement Qualifications:	Any member who has attained age 55 and has 10 years of continuous service or who has 25 years of continuous service as a regular fireman or policeman shall be retired at his request and shall receive his/her accrued benefits.
Accrued Benefit:	Union contracts now in force provide for an annual pension equal to [(a) times (b) times (c)] plus [(b) times (d)] where:

(a) = 2%

(b) = Average annual compensation during the 3-year period immediately preceding separation from service.

(c) = completed years of service up to 25 years of service including purchased military service, if applicable.

(d) = 1% multiplied by completed six month periods of service over 25 years of service including purchased military service, if applicable.

Police Members Only

Total service in (c) and (d) above cannot exceed 30 years unless the member reached his/her 25th anniversary of hire by September 8, 2000.

Effective May 5, 2008, the percentage in the above formula is 2.5% and the service is maximized at 27 years. For the period May 5, 2008 through May 4, 2011, no more than 5 members may retire annually under this provision.

Compensation:	All monies paid or owed to a member (except pay for "outside duty"), provided that it does not include more than 52 weeks of compensation by including compensation although paid in the year compensation was earned or accrued in another year.
Disability Retirement:	In case any member becomes permanently disqualified for active duty, through age or physical disabilities incurred in the discharge of his duties, he shall be retired at half-pay. Effective May 5, 2008, a 10 year of service requirement was added for Policemen.
Death Benefits: Pre-Retirement:	On death of a member with less than 10 years of service, the member's accumulated contributions plus interest (4% per year) will be payable to his surviving spouse (or children if there is no surviving spouse). On death of a member after 10 years of service, upon his/her 25th anniversary of date of hire, his/her surviving spouse will receive until death or remarriage a pension of one-half the member's accrued benefit. If the member leaves no spouse, payments are provided to minor children. If death is attributable to the performance of duty, the spouse of a member will receive 100% of the member's compensation beginning immediately after the death of the member and ending upon the spouse's death, remarriage, or cohabitation, with provision for minor children. If there is no spouse or dependent children, then the benefit is payable to dependent parents of the deceased member.
Post-Retirement:	On death of a retired member, his surviving spouse receives one-half of his pension until death, remarriage or cohabitation (or other selected option) for life. If deceased member leaves no spouse, payments are provided to minor children.

Employee Contributions:	Members contribute 5% of compensation. Effective May 5, 2008, Policemen contribute 8% of compensation for a maximum of 25 years. Members' contributions plus compound interest at 4% are returnable on termination of employment prior to 10 years of service.
Vesting:	The union contracts provide for vesting on termination after 10 years of service. The vested benefit is payable at the earlier of age 55 or the 25th anniversary of date of hire and is equal to the member's accrued benefit.
Military Buybacks:	In the first year of employment a member may elect to buy back active U.S. military service, up to four years, for benefit accrual purposes only. This service, does not count for benefit eligibility purposes. Effective May 5, 2008, Policemen may elect to buy, during their 1st year of employment, or in the event of military recall, one year from the return of recall, active U.S. military service of up to 2 years. If prior to this date, a Policeman had bought more than 2 years and cannot use the excess for a benefit under the special provisions effective May 5, 2008, the City will reimburse the member for the excess buyback contributions.
City Service Buybacks: (Police members only)	During the 12 months beginning September 8, 2000 or during the first year of employment in the police department, a member may elect to buy back City service, up to four years, for benefit accrual purposes only. This service does not count for benefit eligibility purposes.

Note: *The above analysis of Plan provisions is based on our understanding of the provisions that are in effect as of July 1, 2008 and our current actuarial valuation is based thereon.*

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HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397

860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Torrington Employees' Retirement Fund

Actuarial Valuation Report

July 1, 2008

Shirley F. Assantes, F.C.A.
Consulting Actuary

Elizabeth A. Morrissey
Pension Analyst

February 23, 2009

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Section I

Comparison of Assets and Liabilities

The following balance sheet indicates the financial condition of the City of Torrington Employees' Retirement Fund as determined by valuations made as of July 1, 2006 and July 1, 2008.

Actuarial Balance Sheet

	July 1, 2008	**July 1, 2006**
Adjusted Value of Assets		
Cash and Investments		
Bank of America (adjusted)	$24,268,129	$21,164,517
Accrued Contributions	85,000	85,000
Checking Account	755,110	485,730
	25,108,239	21,735,247
Value of Future Amortization Payments of Unfunded Actuarial Accrued Liability	6,371,973	5,769,679
Total	31,480,212	27,504,926
LIABILITIES		
Actuarial Value of Accrued Pensions (Active Members)	15,587,209	16,192,609
Actuarial Value of Future Pensions (Inactive Members)	15,893,003	11,312,317
Total	$31,480,212	$27,504,926

The figure representing "Cash and Investments" consists of assets held in a Bank of America trust account adjusted to reflect a phase-in of capital appreciation or depreciation, plus checking account balances furnished by the City Treasurer.

The asset item "Value of Future Amortization Payments of Unfunded Actuarial Accrued Liability" is the balance item in the table. It represents the excess of actuarial liabilities over funds in hand as of the respective actuarial valuation dates. The systematic liquidation of this Unfunded Actuarial Accrued Liability over a period of years, together with the annual future service contributions as recommended here, will provide for payment of all benefits as they fall due, provided that future experience conforms to the actuarial assumptions employed.

The liability item "Actuarial Value of Accrued Pension (Active Members)" represents the present value of pension credits earned by the present active membership by virtue of their service rendered to the respective actuarial valuation dates. These pension credits are based on salaries projected with assumed salary increases up to retirement. This item also includes the appropriate actuarial liability to provide for survivors' benefits after active members die, as specified in this Plan.

The liability item "Actuarial Value of Future Pensions (Inactive Members)" represents the actuarial reserve to provide for future pensions to retired members, survivors, and terminated vested members as of the respective actuarial valuation dates.

A numerical breakdown of these active and inactive members is shown below:

	July 1, 2008	**July 1, 2006**
Active Members	161	163
Retired Members	87	73
Survivors	15	16
Terminated Vested Members	11	11
Deferred Survivor	3	3
Total	277	266

Section II

Experience During Period Under Review

This report shows an Unfunded Actuarial Accrued Liability of $6,371,973 as of July 1, 2008. The previous actuarial valuation showed an Unfunded Actuarial Accrued Liability of $5,769,679. This increase in the Unfunded Actuarial Accrued Liability amounting to approximately $602,000 during the 2-year period under review is mainly due to the following factors:

A. Plan Experience

The plan experienced an actuarial loss of approximately $825,000 in total. An investment loss of $527,999 was compounded by a liability loss. This arose primarily from lower than expected retiree mortality. In addition, gains from salary increases were offset by losses from new entrants.

B. Changes in Plan Provisions

None.

C. Changes in Methods

None.

D. Changes in Assumptions

Projected mortality was updated by two years, resulting in a liability increase of $92,000.

E. Contributions

Because the City contributed more than the contributions recommended for the July 1, 2006 through June 30, 2008 period, the Unfunded Actuarial Accrued Liability decreased by approximately $315,000.

Section III

Recommended City Contribution for 2009-2010 and 2010-2011

Based on the personnel and payroll data submitted for this valuation, it is recommended that the City contribute the following amount during the July 1, 2009 to June 30, 2010 and July 1, 2010 to June 30, 2011 fiscal years. Similar information which was developed for the July 1, 2007 to June 30, 2008 and July 1, 2008 to June 30, 2009 fiscal years in the July 1, 2006 actuarial valuation is shown for comparison purposes:

Future Service Cost

	Future Service Cost	
	7/1/2009 to 6/30/2010 7/1/2010 to 6/30/2011 Fiscal Years	**7/1/2007 to 6/30/2008 7/1/2008 to 6/30/2009 Fiscal Years**
Total Service Cost	$1,008,261	$ 973,745
Deduct: Employee Contributions	(406,813)	(396,799)
Net City Contribution	601,448	576,946
Assumed Annual Payroll	$8,178,483	$7,935,981
Net City Contribution as a Percentage of Payroll	7.35%	7.27%

Past Service Cost

In order to place this Fund on a sound basis, it is necessary to amortize the Unfunded Actuarial Accrued Liability over a period of years. The annual payment over 30 years is shown below:

	7/1/2009 to 6/30/2010 7/1/2010 to 6/30/2011 Fiscal Years	**7/1/2007 to 6/30/2008 7/1/2008 to 6/30/2009 Fiscal Years**
Unfunded Actuarial Accrued Liability	$6,371,973	$5,769,679
30-Year Amortization	524,080	474,542

Total Recommended City Contribution

	7/1/2009 to 6/30/2010 7/1/2010 to 6/30/2011 Fiscal Years	**7/1/2007 to 6/30/2008 7/1/2008 to 6/30/2009 Fiscal Years**
Future Service Cost	$ 601,448	$ 576,946
Past Service Cost	524,080	474,542
Total	1,125,528	1,051,488
Total as a Percentage of Annual Payroll	13.76%	13.25%

Section IV

Certification

The results in this valuation report are based on the provisions of the Plan (as outlined in Exhibit F) and the employee data and asset information received from the City. Neither the census data nor the financial information has been audited by us.

In my opinion this report presents fairly the financial and actuarial position of the City of Torrington Employees' Retirement Plan as of July 1, 2008 in accordance with generally accepted actuarial principles applied on a basis consistent with that of the preceding valuation.

I certify that the assumptions and methods on which this valuation report is based provide, in the aggregate, a reasonable representation of the anticipated long range experience under the plan.

HOOKER & HOLCOMBE, INC.

Shirley F. Assantes

Shirley F. Assantes, F.C.A., M.A.A.A., Enrolled Actuary

February 23, 2009

Exhibit A

Employee Data

	Members as of 7/1/2008	Assumed 7/1/2007-6/30/2008 Annual Pay	Members as of 7/1/2006	Assumed 7/1/2005-6/30/2006 Annual Pay
Active Members				
Under Age 65	154	$7,877,968	157	$7,698,479
Age 65 or More	7	300,515	6	237,502
Total	161	8,178,483	163	7,935,981

	Lives	Monthly Benefit	Annual Benefit
Inactive Members			
Vested Survivors	3	$ 2,044	$ 24,531
Vested Terminated	11	7,848	94,175
Regular Retired	87	128,979	$1,547,742
Beneficiaries	15	7,670	92,044
Total	116	146,541	$1,758,492
Total Benefits Currently Being Paid		$136,649	$1,639,786

Exhibit B

Development of Unfunded Actuarial Accrued Liability and Funded Ratio

	July 1, 2008		July 1, 2006	
	Number		Number	
Actuarial Accrued Liability for Accumulated Benefits				
Inactive Participants				
Retired Participants	87	$14,457,827	73	$10,042,701
Survivors	15	796,395	16	720,852
Terminated Vested Participants	11	504,676	11	425,891
Deferred Survivors	3	134,105	3	122,872
	116	15,893,003	103	11,312,316
Active Participants	161	11,768,458	163	12,497,085
Total Actuarial Accrued Liability For Accumulated Benefits	277	27,661,461	266	23,809,401
Additional Actuarial Accrued Liability Based on Future Salary Increases		3,818,751		3,695,525
Total Actuarial Accrued Liability	277	31,480,212	266	27,504,926
Assets – Adjusted Market Value		25,108,239		21,735,247
Unfunded Actuarial Accrued Liability		6,371,973		5,769,679
Funded Ratio		80%		79%

Exhibit C

Asset Accumulation History

Fiscal Year	Contributions City	Contributions Employee	Pension Payments, Refund of Employee Contributions, and Administrative Expenses	Investment Return Net of Expenses	Accrued Market Value of Assets at End of Fiscal Year
1993-94	364,174*	242,718	465,366	96,467	6,170,997*
1994-95	459,682	295,965	503,876	1,023,096	7,445,864
1995-96	544,380*	325,801	553,524	1,163,340	8,925,861*
1996-97	591,380	328,470	597,211	1,594,439	10,842,939
1997-98	672,612	334,351	653,007	1,723,617	12,920,512
1998-99	847,500	296,019	705,306	1,544,760	14,903,485
1999-00	850,000	364,203	768,652	(93,874)	15,255,162
2000-01	876,250	357,111	796,616	771,414	16,463,321
2001-02	1,067,812*	432,153	846,204	(900,104)	16,216,978*
2002-03	986,920	459,692	1,003,257	543,819	17,204,152
2003-04	1,095,090*	397,411	939,522	1,972,662	19,729,793*
2004-05	1,094,394*	442,898	1,005,630	1,122,325	21,383,780*
2005-06	1,071,682*	454,663	1,191,568	1,116,974	22,835,531*
2006-07	1,120,229*	415,866	394,789	3,342,466	26,319,303*
2007-08	1,185,979*	432,956	1,518,524	(1,712,018)	24,704,696*

**Reflects accrued City contributions.*

Exhibit D

Plan Assets

Market Value Summary by Asset Class		
	7/1/2008	
Asset Class	Market Value	% of Total
Cash and Cash Equivalents	$ 1,666,907	6.8%
Fixed Income	7,764,706	31.5%
Equity	15,101,400	0.4%
Accrued Income/Pending Transaction	86,683	61.3%
Total Trust Assets	24,619,696	100.0%

Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
1994	1.6%	N/A	N/A	N/A
1995	16.2%	N/A	N/A	N/A
1996	15.3%	10.8%	N/A	N/A
1997	17.5%	16.3%	N/A	N/A
1998	15.6%	16.1%	13.1%	N/A
1999	11.8%	14.9%	15.3%	N/A
2000	-0.6%	8.7%	11.7%	N/A
2001	5.0%	5.3%	9.6%	N/A
2002	-5.4%	-0.4%	5.0%	N/A
2003	3.3%	0.9%	2.7%	7.7%
2004	11.3%	2.8%	2.6%	8.7%
2005	5.6%	6.7%	3.8%	7.7%
2006	5.2%	7.3%	3.9%	6.7%
2007	14.6%	8.4%	7.9%	6.4%
2008	-6.5%	4.1%	5.8%	4.2%

Exhibit E

Adjusted Value of Assets

1. Development of Accrued Market Value for the July 1, 2006 through June 30, 2007 Period

a.	Accrued Market Value of Fund, July 1, 2006		$22,835,531
b.	Accrued Contributions and Expenses as of July 1, 2006		85,000
c.	Market Value, July 1, 2006: (a) - (b)		22,750,531
d.	Auditor's adjustment to Market Value		(14,951)
e.	Income:		
	Town Contributions	$1,120,229	
	Employee Contributions	415,866	
	Interest & Dividends	799,138	
	Change in Accrued Income	(1,010)	
	Net Realized Gains (Losses)	1,273,884	
	Unrealized Gains (Losses)	1,374,652	
	Investment Related Expenses	(89,247)	
			4,893,512
f.	Disbursements:		
	Pension Payments and Return of Employee Contributions	$ 1,384,339	
	Administrative Expenses	10,450	
			1,394,789
g.	Market Value, July 1, 2007: (c) + (d) + (e) - (f)		26,234,303
i.	Accruals as of July 1, 2007:		
	Contributions	$ 85,000	
	Expenses	0	
			85,000
i.	Accrued Market Value: (g) + (h)		26,319,303
	Estimated Rate of Return:		14.6%

2. Development of Accrued Market Value for the July 1, 2007 through June 30, 2008 Period

a.	Accrued Market Value of Fund, July 1, 2007		$ 26,319,303
b.	Accrued Contributions and Expenses as of July 1, 2007		85,000
c.	Market Value, July 1, 2007: (a) - (b)		26,234,303
d.	Auditor's Adjustment to Market Value		(4,984)
e.	Income:		
	Town Contributions	$1,185,979	
	Employee Contributions	432,956	
	Interest & Dividends	887,020	
	Change in Accrued Income	(21,419)	
	Net Realized Gains (Losses)	110,138	
	Unrealized Gains (Losses)	(2,592,062)	
	Investment Related Expenses	(93,711)	
			(91,099)
f.	Disbursements:		
	Pension Payments and Return of Employee Contributions	1,517,574	
	Administrative Expenses	950	
			1,518,524
g.	Market Value, July 1, 2008 (c) + (d) + (e) - (f)		24,619,696
h.	Accruals as of July 1, 2008		
	Contributions	85,000	
	Expenses	0	
			85,000
i.	Accrued Market Value: (g) + (h)		24,704,696
	Estimated Rate of Return:		-6.5%

3. Development of Adjusted Asset Value, July 1, 2008

a. Accrued Market Value, July 1, 2008 $24,704,696

b. Development of Unrecognized Capital Appreciation:

Year	Realized and Unrealized Appreciation	Percent Unrecognized	Amount Unrecognized
2007-2008	$(2,481,924)	75%	$(1,861,443)
2006-2007	2,648,536	50%	1,324,268
2005-2006	534,528	25%	133,632
2004-2005	626,750	0%	0

Total Unrecognized Capital Appreciation (403,543)

c. Adjusted Value, July 1, 2008: (a) - (b) 25,108,239

Exhibit F

Outline of Actuarial Assumptions

The actuarial assumptions used to determine costs and liabilities under this Plan are outlined below:

Mortality: 1994 Uninsured Pensioners Mortality Table projected 10 years after the valuation date

Interest: 8% per annum.

Average Age at Retirement: The earlier of:

a. 25 years of service but not before age 62

b. age 65

But not before attained age plus one, if later.

Age 65 for vested terminated employees

Expenses: $10,000 is added to the future service cost to cover the expected cost of actuarial valuations, GASB reports and miscellaneous cost quotes.

Termination of Employment: Annual rates of withdrawal per table below (shown at sample ages):

	Rate of Withdrawal	
Age	Male	Female
20	.0666	.1125
30	.0375	.0500
40	.0150	.0250
50	.0000	.0000

Salary Scale: Annual rates of salary increases per table below.

Age	Rate
20-24	7.0%
25-29	6.5%
30-34	6.0%
35-39	5.5%
40-44	5.0%
45-49	4.5%
50-54	4.0%
55-59	3.5%
60+	3.0%

Social Security Offset Percentage: No offset after July 1, 1995.

Method of Funding: Projected Unit Credit Cost Method for all benefits.

Asset Valuation: The Actuarial Value of assets used in the development of plan contributions phases in recognition of capital appreciation, i.e., realized and unrealized gains and losses. As of July 1, 1998, capital appreciation is recognized over a 4-year period at 25% per year. The Actuarial Value is adjusted, if necessary, to keep it within the range of 80% to 120% of the Market Value of assets.

Additional Assumptions: 80% assumed married with wives assumed to be three years younger than their husbands.

For the July 1, 2008 valuation, salaries were calculated assuming an increase of 2.5% to the 2007 W-2 reported salaries.

Exhibit G

Outline of Principal Plan Provisions

Eligibility:	All members of Public Works Employees' Local #1303 and City Hall and School Maintenance and Custodial Employees' Local #1579 and their supervisory employees shall become members of the Plan.
Regular Retirement Qualifications:	a. Between ages 60 and 65 at the request of the employee if he/she has completed 25 years of service. b. Age 65 or later at the request of the employee.
Regular Retirement Benefits:	2% of final 3-year average gross annual earnings times number of completed years of service, less a percentage of Primary Social Security Benefit. Prior to July 1, 1986, this percentage was 50%. Starting as of July 1, 1986, the Social Security Offset percentage was reduced by 5% each July 1st until July 1, 1995 at which time it was zero. Minimum annual benefit of $240 per year of service, with service subject to a maximum of 35 years. City Supervisors and employees covered by the Management Resolution are based on the highest salary in the last three years of service.
Years of Service:	Lesser of the number of years of consecutive uninterrupted employment by the City in a full-time non-elected position or the number of years during which the employee has made the full annual contribution to the Plan.
Compensation:	Gross annual earnings.

Early Retirement Benefit:

For employees with at least 25 years of service and age 55 - Determined in the same manner as the Regular Retirement Benefit with the Social Security Offset, if any, applied at age 62 or age at retirement, if greater. In addition, the resulting benefit will be reduced as follows:

Retirement Age	Benefit %
60	100%
59	95
58	90
57	85
56	80
55	75

For employees with at least 10 years of service and age 55 - Determined in the same manner as the Regular Retirement Benefit with the Social Security Offset, if any, applied at age 62 or age at retirement, if greater. In addition, the resulting benefit will be reduced as follows:

Retirement Age	Benefit %
65	100%
64	95
63	90
62	85
61	80
60	75
59	70
58	65
57	60
56	55
55	50

Death Benefits:

On death of a vested employee before age 65, an unmarried spouse will receive a pension of 50% of the employee's accrued benefit payable when the employee would have attained age 65. This pension will end when the spouse dies or remarries. If no surviving spouse, payments are made to minor children as defined in the Plan.

	On death of a member eligible for regular retirement, whether retired or active, the spouse will receive a pension until death or remarriage. Spouses of members who retired before July 1, 1992 will receive 50% of the employee's pension and spouses of members who retired after July 1, 1992 will receive 75% of the employee's pension. If no surviving spouse, payments are made to minor children as defined in the Plan.
Employee Contributions:	Members contribute 5% of gross weekly earnings. Members' contributions are returnable on termination of employment prior to 5 years of service plus compound interest at 4%.
Vesting:	The union contracts provide for vesting on termination after 5 years of service. Vested benefit is determined in the same manner as the Regular Retirement Benefit with the applicable Social Security Offset percentage based upon the date employment terminates. Minimum annual benefit of $240 per year of service with service subject to a maximum of 35 years. If such employee dies before age 65, then on the 65th anniversary of his birth his spouse, if unmarried, shall receive a pension equal to one-half the vested benefit until death or remarriage. If no spouse survives, payments are made to minor children.
Military Buy Backs	During the 12 months beginning September 18, 2000 or during the first year of employment, a member may elect to buy back active United States Military service time, up to four years, for benefit accrual purposes only.
Disability	Funded outside the Pension Plan.

Note: *The above analysis of Plan provisions is based on our understanding of the provisions that are in effect as of July 1, 2008 and our current actuarial valuation is based thereon.*

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