



**Diamond State Port
Corporation Pension Plan**

**Actuarial Valuation
as of June 30, 2014**

Produced by **Cheiron**

June 2015

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June 5, 2015

Board of Pension Trustees
 State of Delaware
 McArdle Building
 860 Silver Lake Boulevard, Suite 1
 Dover, Delaware 19904

Dear Members of the Board:

At your request, we have conducted the annual actuarial valuation of the Diamond State Port Corporation Pension Plan (Plan) as of June 30, 2014. The results of this valuation are contained in this report. The purpose of the valuation is discussed in the Foreword.

This report contains information on plan assets and liabilities, as well as analyses combining asset and liability performance and projections. It also discloses employer contribution levels and required disclosures under the Governmental Accounting Standards Board (GASB) Statement No. 67.

In completing the valuation and preparing our report, we relied on information, some oral and some written, supplied by staff of the Office of Pensions. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The contribution results of this report are only applicable to the employer contribution for Fiscal Year (FY) 2016 and rely on future plan experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the results would vary accordingly.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for the Diamond State Port Corporation Pension Plan for the purposes described herein and for the use by the Plan auditor in completing an audit related to the matters herein. This valuation report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
 Cheiron



Fiona E. Liston, FSA
 Principal Consulting Actuary

Elizabeth Wiley, FSA, EA
 Consulting Actuary

Margaret A. Tempkin, FSA
 Principal Consulting Actuary



**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

FOREWORD

Cheiron has performed the annual actuarial valuation of the Diamond State Port Corporation Pension Plan (Plan) as of June 30, 2014. The purpose of this report is to:

- 1) **Measure and disclose**, as of the valuation date, the financial condition of the Plan;
- 2) **Indicate trends** in the financial condition of the Plan;
- 3) **Determine the contribution rate** to be paid by the employer for Fiscal Year (FY) 2016; and
- 4) **Provide** accounting statement information.

An actuarial valuation establishes and analyzes plan assets and liabilities on a consistent basis and traces the progress of both from one year to the next. It includes measurement of the plan's investment performance as well as an analysis of liability gains and losses.

Section I presents a summary containing our findings and disclosing important trends experienced by the Plan in recent years.

Section II contains details on various asset measures, together with pertinent performance measurements.

Section III shows similar information on liabilities, measured for actuarial, accounting, and governmental reporting purposes.

Section IV presents the FY 2016 actuarially determined contribution for participating employers.

Section V includes the required disclosures under Governmental Accounting Standards Board (GASB) Statement No. 67 and items recommended by the Government Finance Officers Association (GFOA).

The appendices to this report contain a summary of the Plan's membership at the valuation date, a summary of the major provisions of the Plan, and a summary of the actuarial methods and assumptions used in the valuation.

The actuarial assumptions reflect our understanding of the likely future experience of the Plan, and the assumptions individually and as a whole represent our best estimate for the future experience of the Plan. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the Plan would vary from our results.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION I
BOARD SUMMARY**

General Comments

The actuarially determined contribution rate (ADC) increased from 9.01% for FY 2015 to 9.70% for FY 2016.

During the year ended June 30, 2014, the Plan's assets earned 17.1% on a market value basis. However, due to the Plan's asset smoothing method, which recognizes only a portion of the investment gains and losses, the return on an actuarial value basis was 11.4%. This return was greater than the assumed investment rate of return of 7.5% for last year, resulting in an actuarial gain on investments of \$823,700. Note that this comparison will be made against the revised 7.2% assumption next year due to the investment rate of return assumption change.

The Plan experienced an actuarial loss on plan liabilities resulting from salary increases different from those assumed and members retiring, terminating, becoming disabled, and dying at rates different from the actuarial assumptions. This liability loss increased the actuarial liability by \$1.4 million, 5.0% of the total actuarial liability. The Plan will experience actuarial gains or losses over time, as we cannot predict exactly how people will behave. However, it should be noted that the active population increased by 15%, along with a corresponding 11% increase in payroll, over the last year. This experience reverses the significant population decline reported in last year's report. The active population will continue to be monitored.

This valuation reflects changes in both liability and asset measurements due to a reduction in the assumed investment rate of return from 7.5% to 7.2%. This assumption change, combined with offsetting adjustments to inflation assumptions, increased the actuarial liability measurement by \$810,400. As a partial offset to this liability impact, an additional 30% of the remaining balance of past investment gains was included in the measurement of the actuarial value of assets at the June 30, 2014 valuation. This additional amount represents \$449,300 of the total \$823,700 investment gain reported above.

This valuation report also contains information to be reported in the June 30, 2014 Comprehensive Annual Financial Report (CAFR) of the Delaware Public Employees' Retirement System (Delaware PERS) under the new GASB Statement No. 67 as well as additional disclosure information recommended by the Government Finance Officers Association (GFOA). The GASB disclosures are based on the use of updated procedures to roll forward the 2013 actuarial valuation liability results. The 2013 liability results, used as the starting point for this roll forward, include the changes in the investment rate of return and inflation assumptions, first included for funding in this 2014 report, and as such are higher than the funding numbers provided in the 2013 valuation report. The calculation of net pension liability in Section V is shown as disclosed for the plan year June 30, 2014, based on the 2013 actuarial valuation liability results. We also present a projection of the June 30, 2015 disclosure in Section V, assuming all actuarial assumptions are met over the coming year, which is based on the 2014 actuarial valuation liability results.

As of the June 30, 2014 actuarial valuation, the Plan's unfunded actuarial liability (UAL) was \$5.45 million. This is an increase from the \$4.17 million UAL in the funding valuation for the prior year.

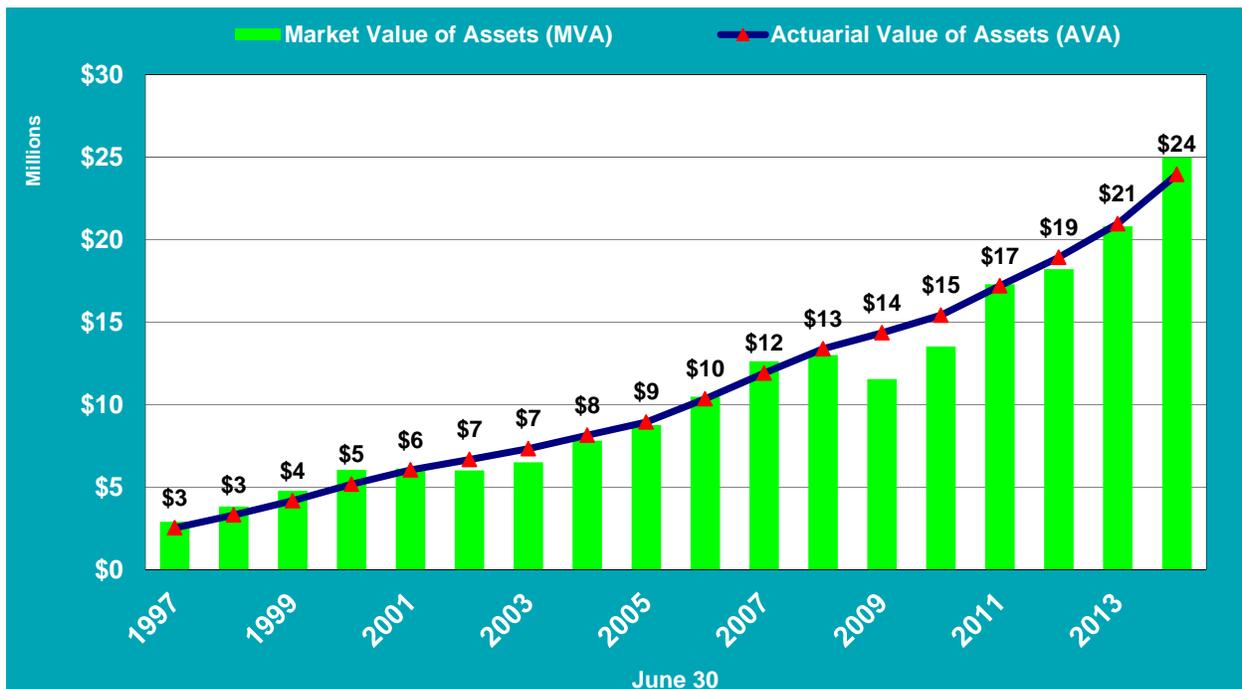
DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION I
BOARD SUMMARY

Trends

Growth in Assets

The graph below shows measurements of the Plan’s assets over the last 18 years based on both market values and actuarial values. The green bars represent the market value measurements, while the blue line shows the actuarial value measurements. The black numbers are the actuarial value of asset measurements as of the valuation date for each year, in millions of dollars.



The market value of assets (MVA) returned 17.1% over the last year. The determination of the Plan’s actuarial value of assets (AVA) for the current year reflects a portion of the return above the 7.5% assumed for the year, continued recognition of prior years’ gains and losses, and an additional 30% of the remaining unrecognized investment gains recognized as a partial offset of the assumption changes.

Over the period July 1, 1997 to June 30, 2014, the Plan’s assets returned approximately 8.2% per year measured on an actuarial value basis, compared to the current valuation assumption of 7.2%.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

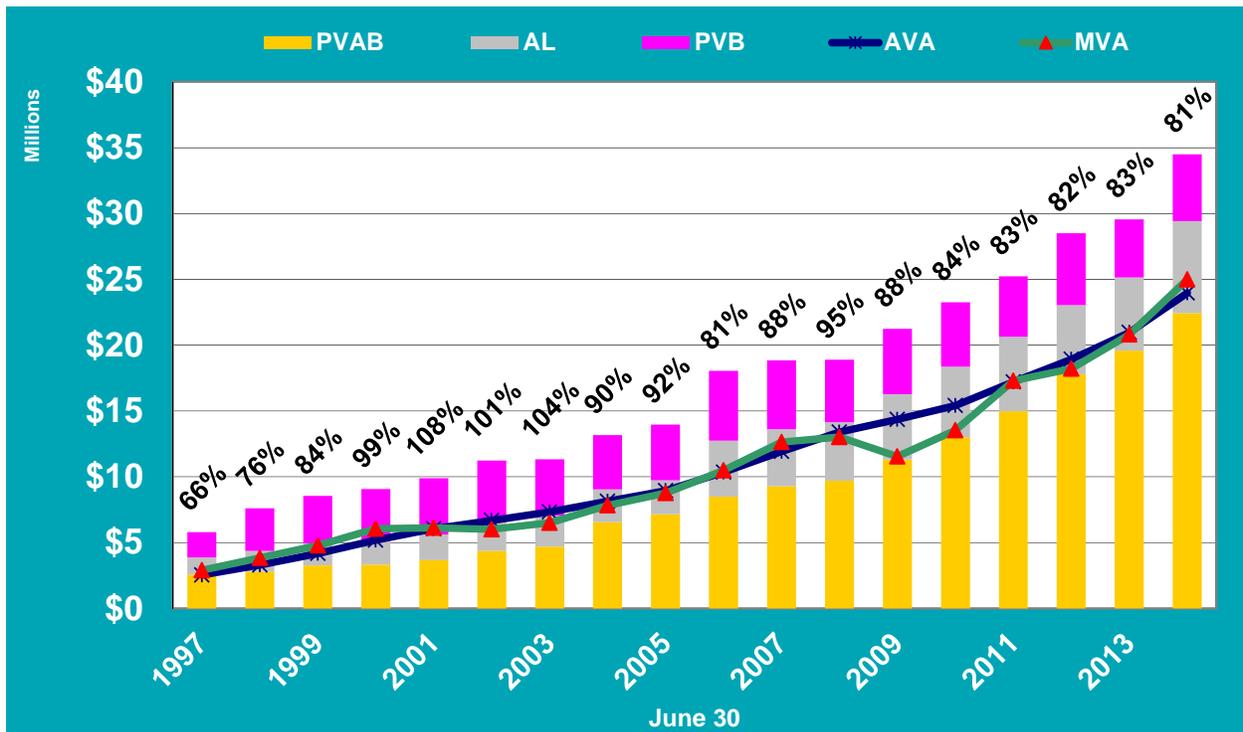
**SECTION I
BOARD SUMMARY**

Assets and Liabilities

The three colored bars below represent the three different measures of liability discussed in this report. The first measure is given by the yellow bars, the present value of accrued benefits (PVAB). The PVAB values represent the value of all benefits earned by current members through the valuation date. These values do not reflect any future additional service or salary increases for current members.

The second liability measure is the one currently used for the Plan's funding target, the actuarial liability (AL). These target amounts are represented by the top of the gray bars. The funded ratios reported by the Plan are the percentages shown above the bars and are developed by comparing these target measurements of liability to the actuarial value of assets at each valuation date. This measurement is also the basis of the liability measure used in GASB 67.

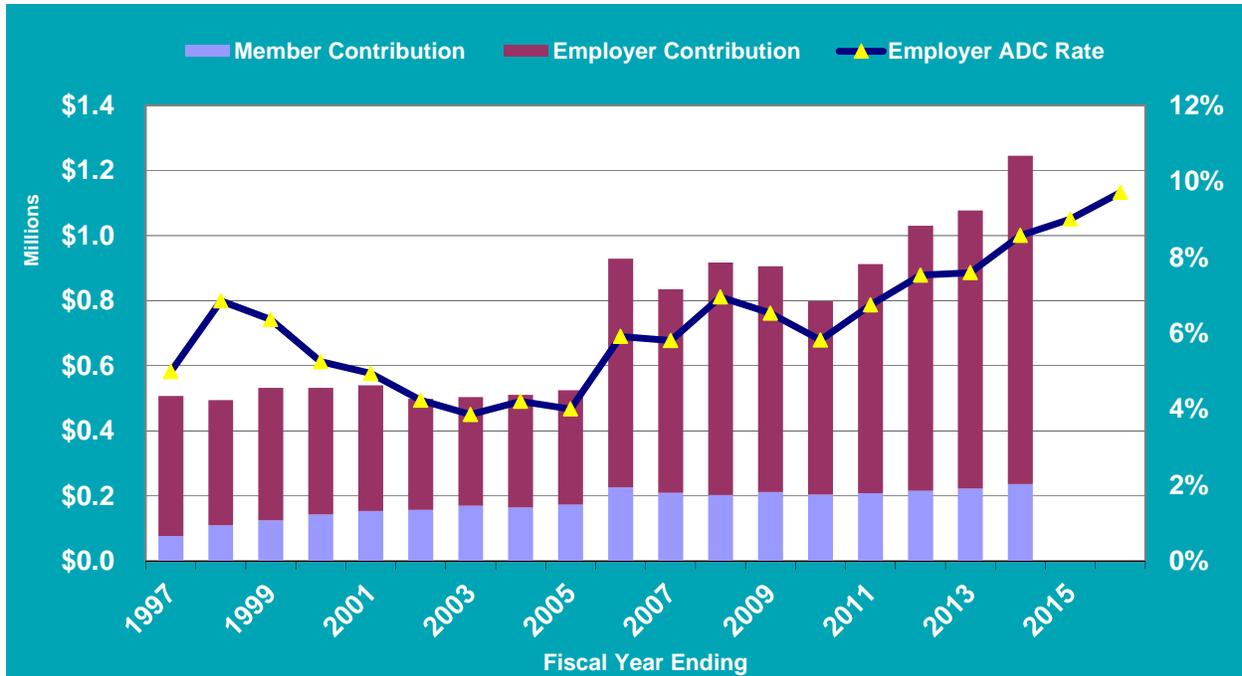
The amount represented by the top of the pink bars, the present value of future benefits (PVB), is the amount needed to provide all benefits for the current members and their beneficiaries, including reflection of assumed future service and pay increases. If the Plan had assets equal to the PVB as of a certain date, no additional contributions would, in theory, be needed for the current members if all assumptions were exactly met from that point forward.



**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION I
BOARD SUMMARY**

Contribution Rates



The stacked bars in the graph above show the contributions made by the participating employers and the members for each fiscal year, and are read using the left-hand scale. The blue line shows the Employer ADC rate for each fiscal year as a percentage of payroll (right-hand scale).

The member contribution rate is set by the plan document, based on the Plan in which the member participates. The participating employer contribution rate is set by the actuarial process. Please note that there is a lag in the participating employer contribution rates shown. For example, the value shown for the Fiscal Year 2014 is the rate prepared by the June 30, 2012 valuation and implemented for the period July 1, 2013 to June 30, 2014.

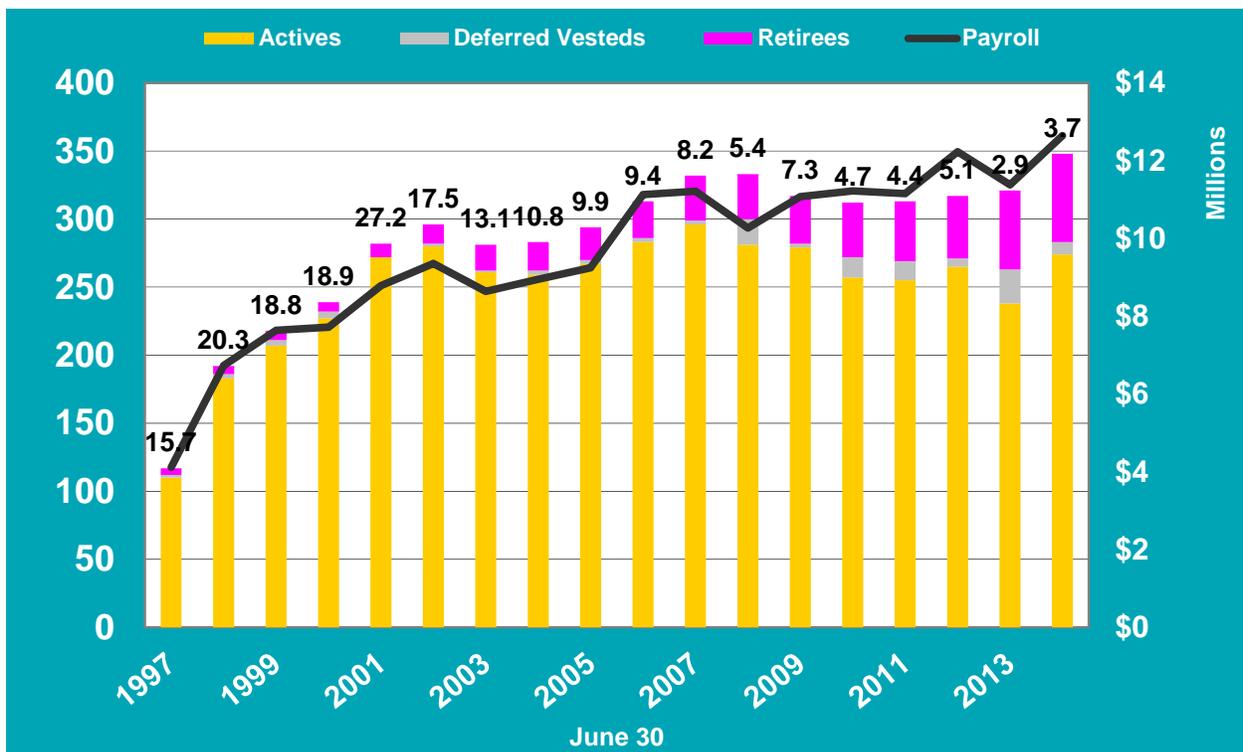
**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION I
BOARD SUMMARY**

Participant Trends

The bars below show the number of members as of each valuation date, divided between active members, terminated vested members, and retirees/beneficiaries. These bars are read using the left-hand scale. Since this is a relatively young pension plan, there are still far more active members than inactive members. The numbers that appear above each bar represent the ratio of active members to inactive members (retirees, beneficiaries, and terminated vested members) at each valuation date. The active-to-inactive ratio has decreased from 15.7 actives to each inactive in 1997 to 3.7 actives for each inactive in 2014.

The black line shows the covered payroll for the Plan as of each valuation date and is read using the right-hand scale.

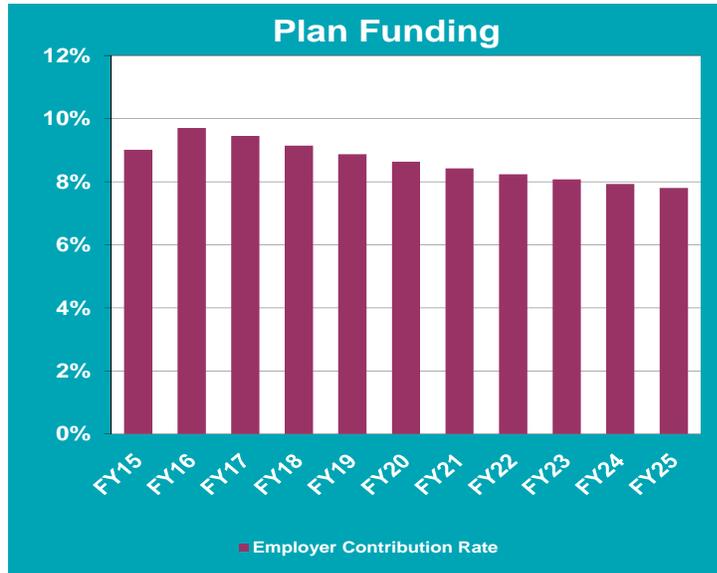


**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION I
BOARD SUMMARY**

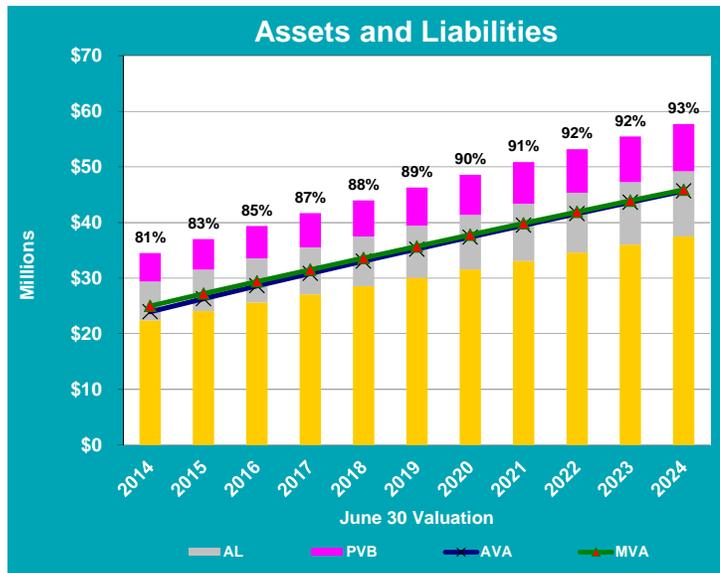
Future Outlook

Baseline Projections



These graphs show the expected progress of the Plan over the next ten years, assuming the Plan’s assets earn 7.2% on a *market value* basis and assuming all assumptions are exactly met, including that the ADC amounts are made in full. The chart entitled “Plan Funding” shows a decrease in the Employer ADC rate from 9.70% in FY 2016, determined by the current valuation, to 7.80% at the end of this period, absent further gains or losses.

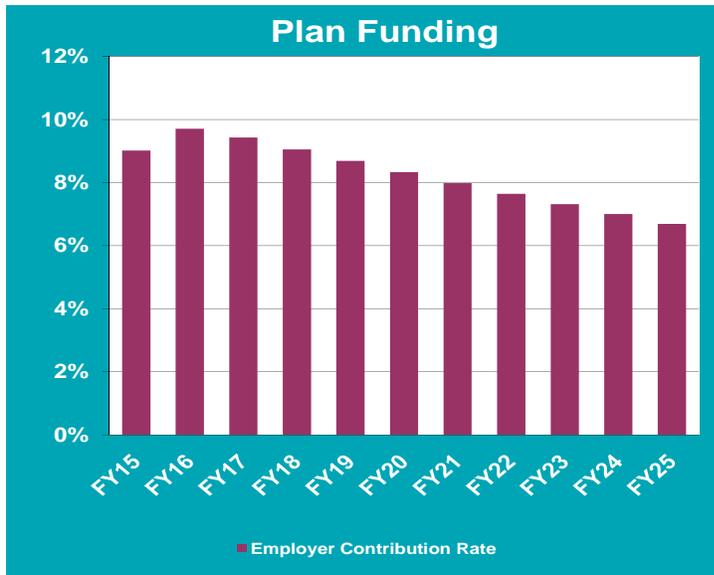
The “Assets and Liabilities” graph shows the projected funded ratios of the Plan over the next ten years. The Plan’s funded status is projected to improve as the existing unfunded liability is paid off, reaching a funded percentage of 93% by 2024.



**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION I
BOARD SUMMARY**

Projections with Asset Returns of 8.2%

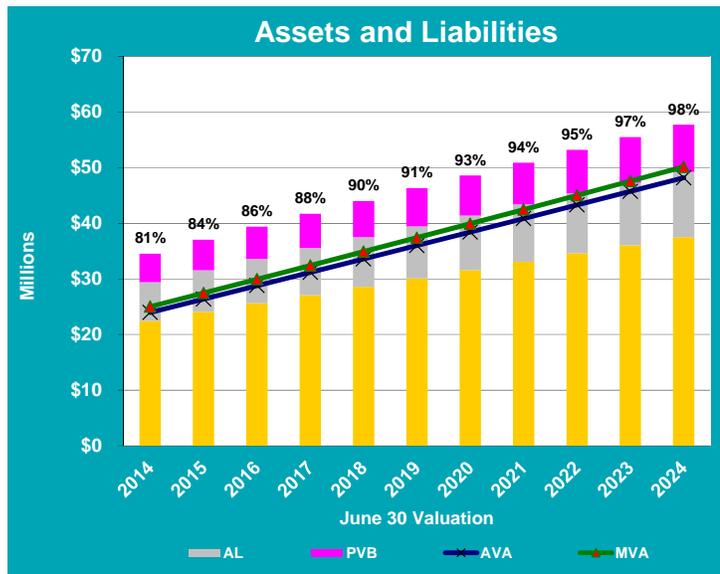


The Plan’s investment earnings will affect the future funding status of the Plan. These two graphs show what the next ten years would be expected to look like if the Plan’s investment performance is 8.2% each year, 1.0% higher than the valuation investment rate of return assumption.

These two graphs assume all other assumptions are exactly met, including participating employer contributions equal to the full actuarially determined amounts.

The “Plan Funding” graph shows that the Employer ADC rate under this scenario decreases even more than the baseline scenario, dropping to approximately 6.79% of payroll at the end of the projected period.

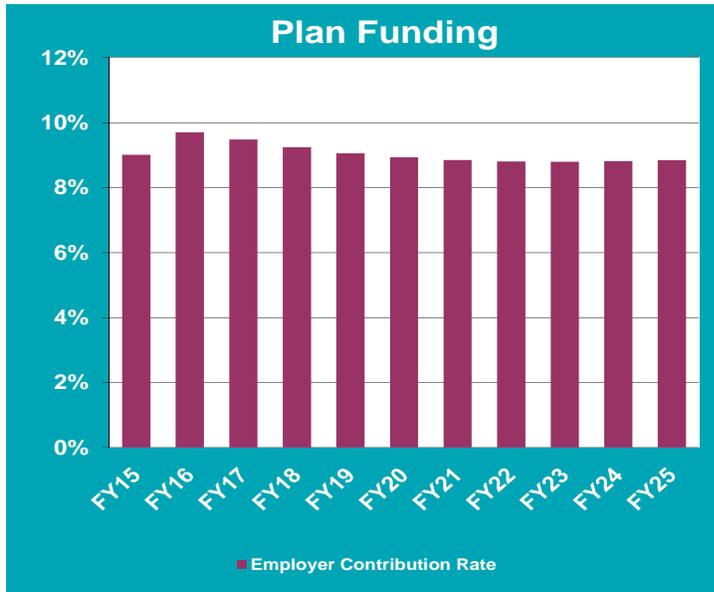
The “Assets and Liabilities” graph shows that the Plan would reach a 98% funded ratio by 2024 under this scenario, an improvement over the baseline scenario’s 93%.



**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION I
BOARD SUMMARY**

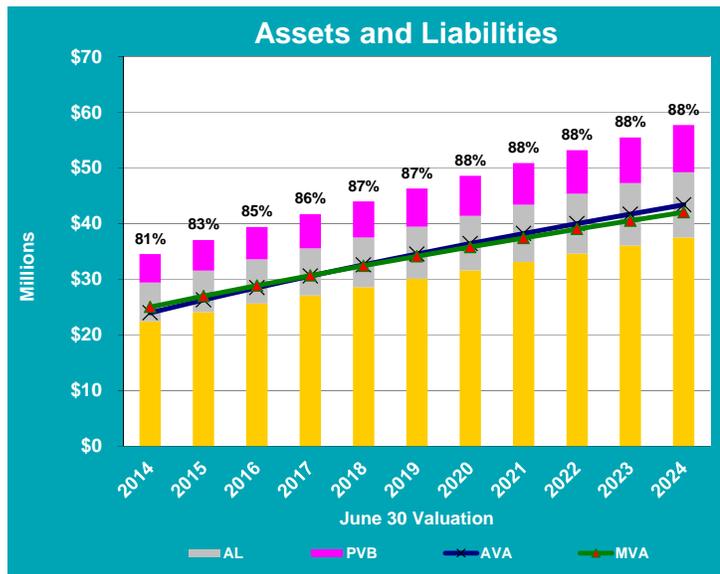
Projections with Asset Returns of 6.2%



The graphs on this page show projections of the Plan’s funding status assuming the Plan’s investment performance is 6.2% each year of the projection, 1.0% lower than the valuation investment rate of return assumption. While the current remaining unrecognized gains would cushion the new annual losses for a period, eventually the new losses would result in the funded ratio dropping and the required contributions increasing compared to the baseline scenario. This effect demonstrates the importance of investment earnings on the Plan’s future funding needs.

Note that these projections assume all other assumptions are exactly met, including payment of participating employer contributions equal to the full actuarially determined contribution.

Under this scenario, the Employer ADC rate increases to approximately 8.85% of payroll, compared to 7.80% in the baseline, and the funded ratio as of 2024 decreases to 88%, compared to 93% in the baseline scenario.



DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION I
BOARD SUMMARY

Table I-1
Summary of Principal Plan Results

Valuation as of:	June 30, 2013	June 30, 2014	% Change
<u>Member Counts</u>			
Active Members	238	274	15.13%
Disabled Members	4	4	0.00%
Retirees and Beneficiaries	45	61	35.56%
Terminated Vested Members	25	9	(64.00%)
Terminated Non-Vested Members	9	0	(100.00%)
Total	321	348	8.41%
Covered Payroll of Active Members*	\$ 11,381,400	\$ 12,644,400	11.10%
Annual Benefit Payments for Retirees, Disabled Members, and Beneficiaries	\$ 400,100	\$ 612,100	52.99%
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 25,136,100	\$ 29,409,000	17.00%
Actuarial Value of Assets (AVA)	20,964,000	23,954,700	14.27%
Unfunded AL (UAL)	\$ 4,172,100	\$ 5,454,300	30.73%
Funded Ratio	83.4%	81.5%	
Present Value of Accrued Benefits (PVAB)	\$ 19,596,400	\$ 22,423,500	14.43%
Market Value of Assets (MVA)	20,818,100	25,003,000	20.10%
Unfunded PVAB	\$ (1,221,700)	\$ (2,579,500)	(111.14%)
Accrued Benefit Funded Ratio	106.2%	111.5%	
<u>Employer Contribution Rate</u>			
	Fiscal Year 2015	Fiscal Year 2016	
Entry Age Normal Cost	5.39%	5.51%	
UAL Amortization Payment	3.32%	3.89%	
Administrative Expense	0.30%	0.30%	
Actuarially Determined Contribution (ADC)	9.01%	9.70%	

* Assumes one year of payroll increase projection, representing payroll beginning on each valuation date.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION II
ASSETS**

Pension plan assets play a key role in the financial operation of the plan and in the decisions that the Trustees may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely affect benefit levels, employer actuarially determined contributions, and the ultimate security of members' benefits.

In this section, we present detailed information on the Plan's assets including:

- **Disclosure** of the Plan's assets at June 30, 2013 and June 30, 2014;
- Statement of the **changes** in market values during the year;
- Development of the **actuarial value of assets**;
- An assessment of **investment performance**; and
- A projection of the Plan's expected **cash flows** for the next ten years.

Market Value of Assets Disclosure

The market values of assets represent "snap-shot" or "cash-out" values that provide the principal basis for measuring financial performance from one year to the next. However, market values can fluctuate widely with swings in the marketplace, and as such are usually not suitable for budgeting and long-range planning.

Table II-1 below shows the market values as of June 30, 2013 and June 30, 2014, along with the changes between the two.

Table II-1 Changes in Market Values of Assets		
Market Value of Assets – June 30, 2013		\$ 20,818,100
<u>Additions</u>		
Member Contributions	\$ 235,600	
Employer Contributions	1,009,300	
Investment Returns	3,611,700	
Total Additions	\$ 4,856,600	
<u>Deductions</u>		
Benefit Payments	\$ 628,800	
Administrative Expenses	42,900	
Total Deductions	\$ 671,700	
Market Value of Assets – June 30, 2014		\$ 25,003,000

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION II
ASSETS**

Actuarial Value of Assets

The actuarial value of assets represents a “smoothed” value developed by the actuary to reduce, or eliminate, erratic results that could develop from short-term fluctuations in the market value of assets. The actuarial value for this plan equals the expected actuarial value of assets, developed from the immediately prior valuation, plus 20% of the difference between the actual market value of assets and that expected actuarial value of assets at the valuation date. For this June 30, 2014 valuation, the actuarial value of assets also recognizes an additional 30% of past deferred gains to partially offset the increases in liability and normal cost resulting from the reduction of the investment rate of return assumption from 7.50% to 7.20%. The table below illustrates the calculation of the actuarial value of assets as of June 30, 2014.

Table II-2 Development of Actuarial Value of Assets		
1.	Actuarial Value of Assets at June 30, 2013	\$ 20,964,000
2.	Amount in (1) with interest to June 30, 2014 at 7.50% per year	\$ 22,536,300
3.	Employer and member contributions for the Plan Year ended June 30, 2014	1,244,900
4.	Interest on contributions assuming payments made uniformly throughout the year to June 30, 2014 at 7.50% per year	46,700
5.	Disbursements from Trust except investment expenses, July 1, 2013 through June 30, 2014	671,700
6.	Interest on disbursements to June 30, 2014 at 7.50% per year	<u>25,200</u>
7.	Expected Actuarial Value of Assets at June 30, 2014 = (2) + (3) + (4) – (5) – (6)	\$ 23,131,000
8.	Actual Market Value of Assets at June 30, 2014	<u>\$ 25,003,000</u>
9.	Excess of (8) over (7)	1,872,000
10.	Additional 30% Recognition of Past Deferred Gains = 30% of 80% of (9)	<u>449,300</u>
11.	Actuarial Value of Assets at June 30, 2014 = (7) + 20% of (9) + (10)	\$ 23,954,700

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION II
ASSETS**

Investment Performance

The market value of assets (MVA) returned 17.1% during 2014, which is greater than the assumed 7.5% investment rate of return. The actuarial value of assets (AVA) returned 11.4% over this same year, including reflecting the additional 30% recognized due to the assumption changes adopted and the standard asset smoothing method being utilized by the Plan for the measurement of the actuarial value of assets. Since only 20% of the gain or loss from the performance of the Plan is typically recognized in a given year under the asset smoothing method, in periods of very good performance, the AVA can lag significantly behind the MVA, and in a period of negative returns, the AVA does not decline as rapidly as the MVA.

Projection of Cash Flows

Table II-3 Cash Flow Projections		
Year Beginning July 1,	Expected Benefit Payments	Expected Contributions*
2014	\$ 917,000	\$ 1,392,000
2015	1,214,000	1,524,000
2016	1,444,000	1,570,000
2017	1,627,000	1,617,000
2018	1,779,000	1,665,000
2019	1,938,000	1,715,000
2020	2,096,000	1,767,000
2021	2,277,000	1,820,000
2022	2,492,000	1,874,000
2023	2,663,000	1,931,000

* Expected contributions include employer contributions and member contributions. For illustration purposes, we have assumed the employer contribution rate will remain level from FYE 2016 and that payroll will increase at the actuarially assumed rate of 3.00% per year.

Expected benefit payments are projected for the closed group valued at June 30, 2014. Projecting any farther than ten years using a closed group would not yield reliable projections due to the omission of new hires in the benefit payments, compounded by their inclusion in the expected contributions.

SECTION III LIABILITIES

In this section, we present detailed information on the Plan's liabilities including:

- **Disclosure** of the Plan's liabilities at June 30, 2013 and June 30, 2014; and
- Statement of **changes** in these liabilities during the year.

Disclosure

Three liability measurements are calculated and presented in this report. Each type is distinguished by the purpose, or purposes, for which they are used.

- **Present Value of Benefits (PVB):** Used for analyzing the financial outlook of plans, this represents the amount of money needed today to pay off fully all future benefits and expenses of a plan, assuming current members continue to accrue benefits and there are no new entrants.
- **Actuarial Liability (AL):** Used for funding calculations and GASB disclosures, this liability is calculated by taking the present value of benefits (PVB) and subtracting the present value of future member contributions (PVFEEC) and the present value of future employer normal costs (PVFNC) under an acceptable actuarial funding method. This Plan uses the **Entry Age Normal** funding method.
- **Present Value of Accrued Benefits (PVAB):** Used for communicating the current level of liabilities, this liability represents the total amount of money needed today to pay off fully the current accrued obligations of a plan, assuming no future accruals of benefits. These liabilities are also required for some accounting purposes (Topic No. 960) and are sometimes used as part of assessing whether a plan can meet its current benefit commitments.

The following table discloses each of these liabilities for the current and immediately prior valuations. With respect to each disclosure, a subtraction of an appropriate value of plan assets yields, for each respective type, either a net surplus or an unfunded amount.

DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

**SECTION III
LIABILITIES**

**Table III-1
Liabilities and Net (Surplus)/Unfunded Amounts**

	June 30, 2013	June 30, 2014
<u>Present Value of Benefits</u>		
Active Member Benefits	\$ 24,608,100	\$ 28,157,300
Retiree, Beneficiary, Disabled, and Terminated Members Benefits	4,951,500	6,349,200
Present Value of Benefits (PVB)	\$ 29,559,600	\$ 34,506,500
Market Value of Assets (MVA)	\$ 20,818,100	\$ 25,003,000
Future Member Contributions	1,322,200	1,501,500
Future Employer Contributions	7,419,300	8,002,000
Total Resources	\$ 29,559,600	\$ 34,506,500
<u>Actuarial Liability</u>		
Present Value of Benefits (PVB)	\$ 29,559,600	\$ 34,506,500
Present Value of Future Normal Costs (PVFNC)	3,101,300	3,596,000
Present Value of Future Member Contributions (PVFEEC)	1,322,200	1,501,500
Actuarial Liability (AL=PVB+PVFNC+PVFEEC)	\$ 25,136,100	\$ 29,409,000
Actuarial Value of Assets (AVA)	20,964,000	23,954,700
Net (Surplus)/Unfunded (AL - AVA)	\$ 4,172,100	\$ 5,454,300
<u>Present Value of Accrued Benefits</u>		
Present Value of Benefits (PVB)	\$ 29,559,600	\$ 34,506,500
Present Value of Future Benefit Accruals (PVFBA)	9,963,200	12,083,000
Present Value of Accrued Benefits (PVAB=PVB+PVFBA)	\$ 19,596,400	\$ 22,423,500
Market Value of Assets (MVA)	\$ 20,818,100	\$ 25,003,000
Net (Surplus)/Unfunded PVAB (PVAB - MVA)	\$ (1,221,700)	\$ (2,579,500)

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION III
LIABILITIES**

Changes in Liabilities

Each of the liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New entrants since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial assumptions
- A change in actuarial methods

Unfunded liabilities (or surpluses) will change because of all of the above as well as due to changes in plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

In each valuation, we report on those elements of change that are of particular significance, potentially affecting the long-term financial outlook of the Plan. Below we present key changes in liabilities since the last valuation.

Table III-2 Liability Changes			
(In Thousands)	Present Value of Benefits	Actuarial Liability	Present Value of Accrued Benefits
Liabilities June 30, 2013	\$ 29,560	\$ 25,136	\$ 19,596
Liabilities June 30, 2014	34,507	29,409	22,424
Liability Increase (Decrease)	4,947	4,273	2,828
Change Due to:			
Assumption Changes	1,005	810	(211)
Actuarial (Gain)/Loss	NC *	1,403	NC *
Benefits Accumulated and Other Sources	3,942	2,060	3,039

* NC = not calculated

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION III
LIABILITIES**

Table III-3 below provides additional information about the liability measurements for funding purposes as of both the current and the immediately prior valuations.

Table III-3		
Actuarial Liabilities for Funding		
	June 30, 2013	June 30, 2014
1. Actuarial Liabilities		
Retiree, Beneficiary, Disabled, and Terminated Members Benefits	\$ 4,951,500	\$ 6,349,200
Active Members	<u>20,184,600</u>	<u>23,059,800</u>
Total Actuarial Liability	\$ 25,136,100	\$ 29,409,000
2. Actuarial Value of Assets	\$ 20,964,000	\$ 23,954,700
3. Unfunded Actuarial Liability (UAL)	\$ 4,172,100	\$ 5,454,300

DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

**SECTION IV
CONTRIBUTIONS**

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level, if any, of contributions are needed to properly maintain the funding status of the plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both fairly stable and predictable.

For this Plan, the funding method employed is the **Entry Age Normal** actuarial funding method. Under this method, there are three components to the total contribution: the **normal cost contribution**, the **unfunded actuarial liability contribution** (UAL contribution), and the **administrative expense contribution**.

The normal cost contribution rate is determined in the following steps. First, for each active member an individual normal cost rate is determined by taking the value, as of entry age into the Plan, of that member's projected future benefits and dividing it by the value, also at entry age, of the member's expected future salary. Then, this total normal cost rate is reduced by the member contribution rate to produce the employer normal cost rate for each member. The employer normal cost rate times payroll for each active member equals the employer normal cost. The sum of the employer normal cost amounts for all active members is then divided by the covered payroll to produce the employer normal cost contribution rate.

The actuarial liability is that portion of the present value of projected benefits that will not be paid by future employer normal cost contributions or member contributions. The difference between this liability and the funds accumulated as of the same date is referred to as the unfunded actuarial liability (UAL).

The UAL contribution rate is calculated by amortizing this UAL over an open 15-year period. All payments are determined assuming total pay increases by the annual inflation rate of 3.00% (3.25% for 2013 results).

The assumed administrative expense rate is 0.30% of payroll. This rate, when applied to payroll, is intended to provide an allowance above the cost of funding the benefits to pay for the expense of operating the Plan.

The table below presents and compares the employer contribution rates for the Plan for this valuation and the immediately prior one.

Table IV-1		
Employer Contribution Rate		
	June 30, 2013	June 30, 2014
Entry Age Normal Cost Rate	5.39%	5.51%
UAL Amortization Payment	3.32%	3.89%
Administrative Expense	<u>0.30%</u>	<u>0.30%</u>
Actuarially Determined Contribution	9.01%	9.70%

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION IV
CONTRIBUTIONS**

Table IV-2 below provides additional detail about the development of the contribution rate for participating employers as well as the expected dollar amounts these rates will result in for FY 2016.

Table IV-2 Expected FY 2016 Employer Contributions		
	In Dollars	As % of Payroll
1. Present Value of Projected Benefits Attributable to:		
a. Total Normal Cost	\$ 949,500	7.51%
b. Expected Members Contribution	<u>252,900</u>	<u>2.00%</u>
c. Employer Paid Normal Cost (a) – (b)	\$ 696,600	5.51%
2. Amortization of Unfunded Liability	\$ 492,000	3.89%
3. Allowance for Administrative Expense	\$ 37,900	0.30%
4. Total Employer Actuarially Determined Contribution Rate (1) + (2) + (3)	\$ 1,226,500	9.70%

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION V
ACCOUNTING STATEMENT INFORMATION**

ASC Topic No. 960 of the Financial Accounting Standards Board (FASB) requires plans subject to it to disclose certain information regarding its funded status. Statement No. 67 of the Governmental Accounting Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

Disclosures based on FASB ASC Topic No. 960 provide a quasi “snap shot” view of how the Plan’s assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if the Plan were to terminate.

FASB ASC Topic No. 960 specifies that a comparison of the present value of accrued (accumulated) benefits with the market value of the assets as of the valuation date must be provided. The relevant amounts as of June 30, 2013 and June 30, 2014 are exhibited in Table V-1, which also includes a reconciliation of liabilities determined as of the prior valuation, July 1, 2013, to the liabilities as of June 30, 2014.

This valuation contains information reported in the June 30, 2014 Comprehensive Annual Financial Report (CAFR) of Delaware PERS under the new GASB Statement No. 67. Disclosures are based on the use of updated procedures to roll forward the 2013 valuation results. The 2013 starting point is higher than the funding numbers from 2013, because it includes the reduction in the assumed investment return, which was first effective for funding purposes in the 2014 valuation. The calculation of Net Pension Liability in Table V-2 shows the amounts disclosed for the plan year June 30, 2014, based on the updated 2013 liability valuation, as well as a projection of the anticipated June 30, 2015 disclosures, based on 2014 liability valuations, assuming all actuarial assumptions are met over the coming year.

Tables V-3 through V-5 are exhibits to be used for the System’s CAFR. Table V-3 is the Note to Required Supplementary Information, Table V-4 is a history of gains and losses in accrued liability, and Table V-5 is the Solvency Test, which shows the portion of accrued liability covered by assets. This valuation does not contain any information reported based on the new GASB Statement No. 68 that will be effective for the employer beginning in their Fiscal Year 2015 CAFR.

DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION V
ACCOUNTING STATEMENT INFORMATION

Table V-1
Accounting Statement Disclosure and
Reconciliation of Present Value of Accrued Benefits

	June 30, 2013	June 30, 2014
FASB ASC Topic No. 960 Basis		
1. Present Value of Accrued Benefits		
a. Members Currently Receiving Payments	\$ 3,869,600	\$ 5,979,600
b. Former Vested Members	1,081,900	369,600
c. Active Members	<u>14,644,900</u>	<u>16,074,300</u>
2. Total Present Value of Accrued Benefits (1 (a) + 1(b) + 1(c))	\$ 19,596,400	\$ 22,423,500
3. Assets at Market Value	<u>20,818,100</u>	<u>25,003,000</u>
4. Unfunded Present Value of Accrued Benefits (2 – 3)	\$ (1,221,700)	\$ (2,579,500)
5. Ratio of Assets to Present Value of Benefits (3 / 2)	106.2%	111.5%
Reconciliation of Present Value of Accrued Benefits		
Actuarial Present Value of Accrued Benefits at June 30, 2013		\$ 19,596,400
Increase (Decrease) During Years Attributable to:		
Passage of Time		\$ 1,446,200
Benefit Paid – FY 2014		(628,800)
Assumption Change		(211,100)
Benefits Accrued, Other Gains/Losses		<u>2,220,800</u>
Net Increase (Decrease)		\$ 2,827,100
Actuarial Present Value of Accrued Benefits at June 30, 2014		\$ 22,423,500

DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION V
ACCOUNTING STATEMENT INFORMATION

Table V-2	June 30, 2014	Estimated June 30, 2015
GASB No. 67 Disclosures		
<u>Total Pension Liability</u>		
Service cost	\$ 870,000	\$ 950,000
Interest	1,873,000	2,119,000
Changes in benefit terms	0	0
Differences between expected and actual experience	0	1,403,000
Changes in assumptions	0	0
Benefit payments, including refunds of member contributions	(629,000)	(917,000)
Net change in Total Pension Liability	\$ 2,114,000	\$ 3,555,000
Total Pension Liability - beginning	\$ 25,892,000	\$ 28,006,000
Total Pension Liability - ending (a)	\$ 28,006,000	\$ 31,561,000
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	\$ 1,009,000	\$ 1,139,000
Contributions - Non-employer	0	0
Contributions - Member	236,000	253,000
Net investment income	3,612,000	1,816,000
Benefit payments, including refunds of member contributions	(629,000)	(917,000)
Administrative expenses	(43,000)	(38,000)
Net change in Plan Fiduciary Net Position	\$ 4,185,000	\$ 2,253,000
Plan Fiduciary Net Position - beginning	\$ 20,818,000	\$ 25,003,000
Plan Fiduciary Net Position - ending (b)	\$ 25,003,000	\$ 27,256,000
Plan Net Pension Liability (Asset) - ending [(a)-(b)]	\$ 3,003,000	\$ 4,305,000

Items printed in red will be replaced with actual amounts once known at the end of FY 2015.

DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION V
ACCOUNTING STATEMENT INFORMATION

Table V-3
Note to Required Supplementary Information

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

Valuation date	July 1, 2014
Actuarial cost method	Entry age
Amortization method	Percentage of pay - open
Amortization period	15 years
Asset valuation method	5-Year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.2%
Projected salary increases*	4.00%
Cost-of-living adjustments	ad hoc
*Includes inflation at	3.00%

The actuarial assumptions used have been recommended by the actuary and adopted by the Plan's Board of Trustees based on the most recent review of the Plan's experience completed in 2011. The Board of Trustees further modified the investment rate of return and inflation assumptions for the 2014 Plan Year.

The rate of employer contributions to the Plan is composed of the normal cost, amortization of the unfunded actuarial liability and an allowance for administrative expenses. The normal cost is a level percent of payroll cost which, along with member contributions, will pay for projected benefits at retirement for each active plan member. The actuarial liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability. The allowance for administrative expenses is based upon the Plan's actual administrative expenses.

DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION V
ACCOUNTING STATEMENT INFORMATION

Table V-4
Analysis of Financial Experience

Gain and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience
Gain (or Loss) for Year ending June 30,
(expressed in thousands)

Type of Activity	2009	2010	2011	2012	2013	2014
Investment Income on Actuarial Assets	\$ (701)	\$ (470)	\$ 24	\$ (181)	\$ (37)	\$ 374
Combined Liability Experience	<u>(564)</u>	<u>(367)</u>	<u>186</u>	<u>(499)</u>	<u>147</u>	<u>(1,403)</u>
(Loss)/Gain During Year from Financial Experience	\$ (1,265)	\$ (837)	\$ 210	\$ (680)	\$ 110	\$ (1,029)
Non-Recurring Items	<u>0</u>	<u>0</u>	<u>(571)</u>	<u>0</u>	<u>6</u>	<u>(361)</u>
Composite Gain (or Loss) During Year	\$ (1,265)	\$ (837)	\$ (361)	\$ (680)	\$ 116	\$ (1,390)

Table V-5
Solvency Test
Aggregate Accrued Liabilities for

(expressed in thousands)

Valuation Date June 30,	Active Member Contributions	Retirees & Beneficiaries	Active Member Employer Financed Contributions	Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)	(1)	(2)	(3)	
2014	\$ 3,906	\$ 5,980	\$ 19,523	\$ 23,955	100%	100%	72%
2013	3,550	3,870	17,716	20,964	100	100	76
2012	3,480	3,564	15,995	18,930	100	100	74
2011	3,043	3,602	13,987	17,198	100	100	75
2010	2,689	2,991	12,674	15,418	100	100	77
2009	2,528	2,658	11,098	14,353	100	100	83
2008	2,181	2,576	9,382	13,391	100	100	92

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX A
MEMBERSHIP INFORMATION**

**Diamond State Port Corporation Pension Plan Distribution
of Active Members by Age and Service as of June 30, 2014**

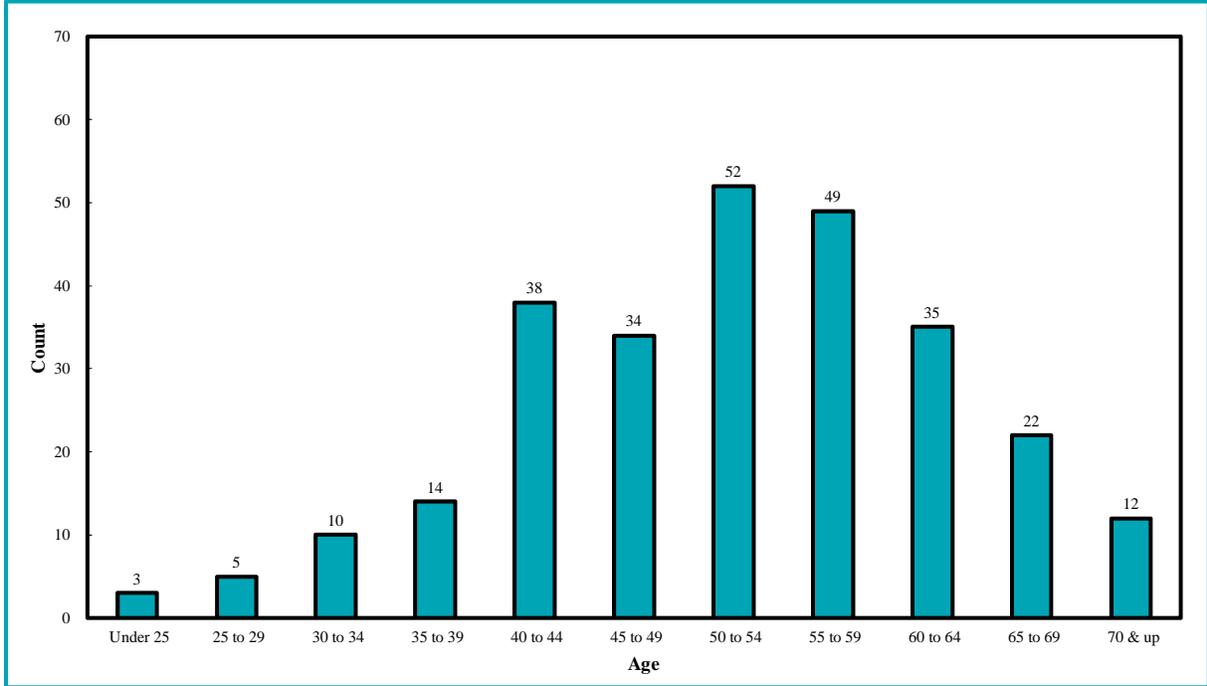
COUNTS BY AGE/SERVICE

Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	0	3	0	0	0	0	0	0	0	0	3
25 to 29	0	2	2	1	0	0	0	0	0	0	5
30 to 34	0	4	5	1	0	0	0	0	0	0	10
35 to 39	0	5	1	6	2	0	0	0	0	0	14
40 to 44	0	13	10	9	6	0	0	0	0	0	38
45 to 49	0	4	9	10	8	0	2	1	0	0	34
50 to 54	0	8	8	16	14	0	1	2	3	0	52
55 to 59	0	1	8	17	15	2	0	2	2	2	49
60 to 64	0	3	4	10	15	1	1	0	0	1	35
65 to 69	0	0	2	8	7	0	1	0	1	3	22
70 & up	0	0	2	3	7	0	0	0	0	0	12
Total	0	43	51	81	74	3	5	5	6	6	274

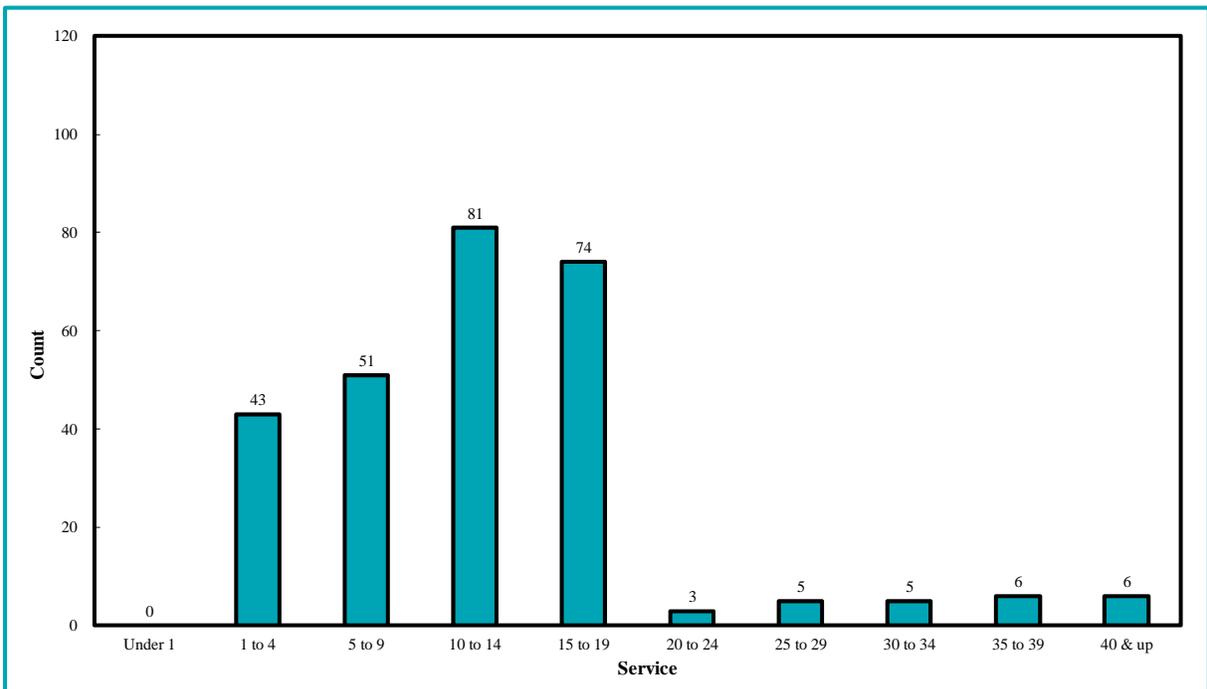
DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
MEMBERSHIP INFORMATION

Diamond State Port Corporation Pension Plan Distribution
of Active Members by Age as of June 30, 2014



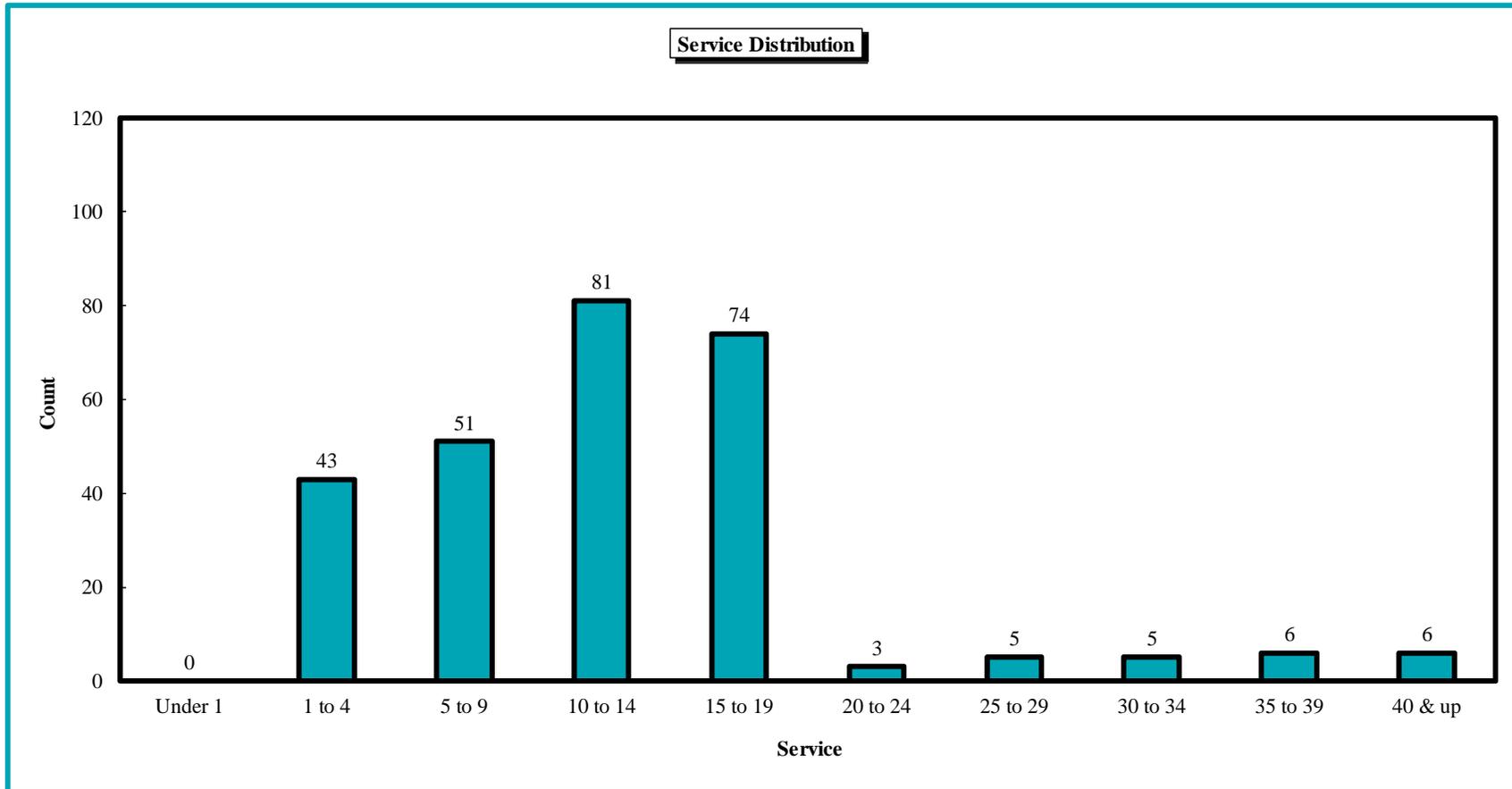
Diamond State Port Corporation Pension Plan Distribution
of Active Members by Service as of June 30, 2014



DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
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**Diamond State Port Corporation Pension Plan Distribution of Active Members
by Service as of June 30, 2014**



**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX A
MEMBERSHIP INFORMATION**

**Diamond State Port Corporation Pension Plan Distribution of Active Members
by Age and Service as of June 30, 2014**

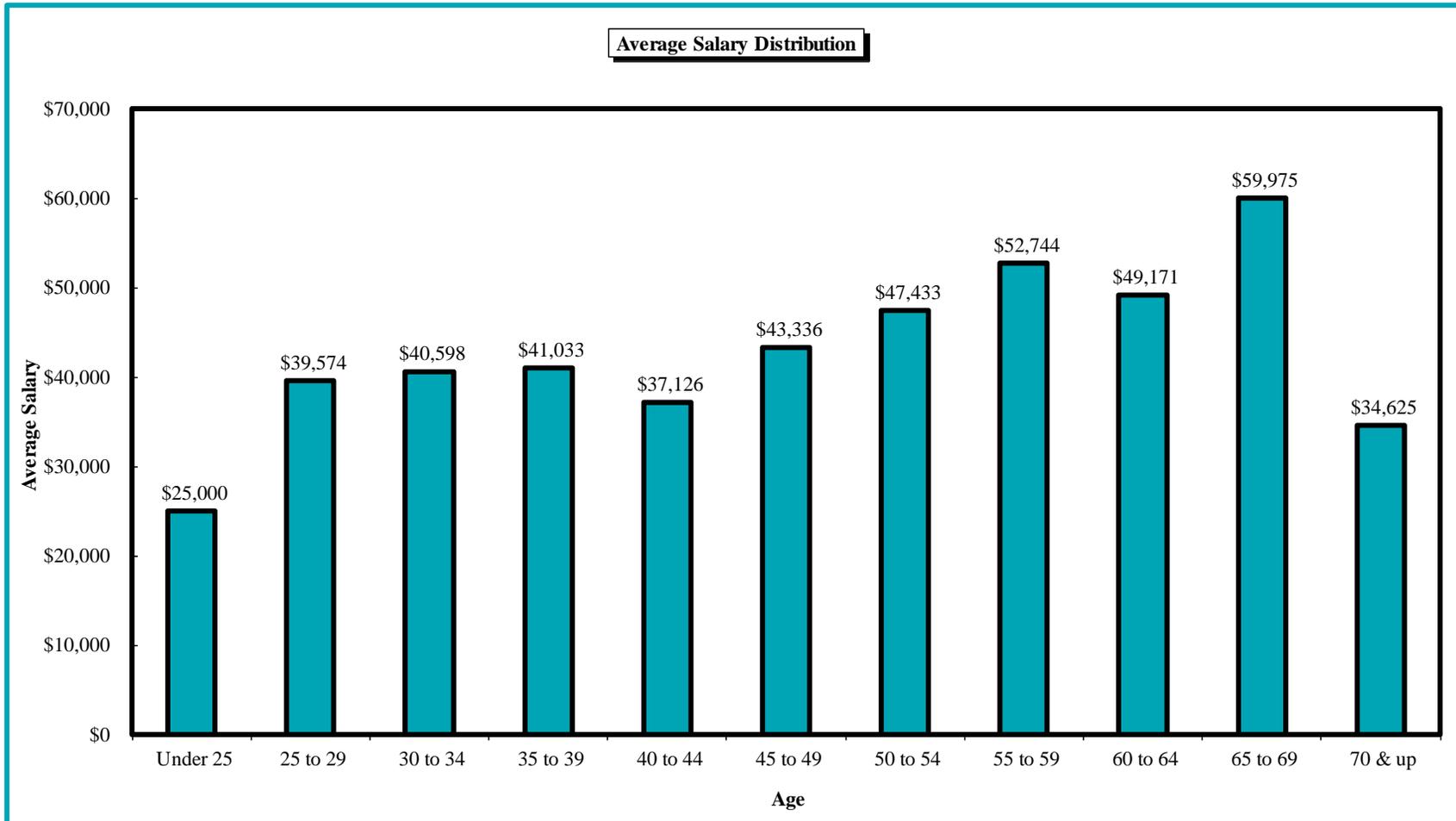
AVERAGE SALARY BY AGE/SERVICE

Age	Service											Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25	\$ 0	\$ 25,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,000
25 to 29	\$ 0	\$ 31,269	\$ 42,752	\$ 49,827	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,574
30 to 34	\$ 0	\$ 31,906	\$ 46,713	\$ 44,786	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,598
35 to 39	\$ 0	\$ 23,891	\$ 84,401	\$ 53,330	\$ 25,313	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,033
40 to 44	\$ 0	\$ 21,275	\$ 37,401	\$ 47,809	\$ 54,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,126
45 to 49	\$ 0	\$ 24,744	\$ 34,247	\$ 43,737	\$ 58,826	\$ 0	\$ 50,898	\$ 56,444	\$ 0	\$ 0	\$ 0	\$ 43,336
50 to 54	\$ 0	\$ 29,886	\$ 48,414	\$ 46,811	\$ 48,584	\$ 0	\$ 52,498	\$ 81,151	\$ 65,388	\$ 0	\$ 0	\$ 47,433
55 to 59	\$ 0	\$ 21,552	\$ 48,861	\$ 54,705	\$ 54,852	\$ 43,967	\$ 0	\$ 56,568	\$ 49,981	\$ 59,108	\$ 0	\$ 52,744
60 to 64	\$ 0	\$ 7,089	\$ 28,199	\$ 58,569	\$ 55,722	\$ 54,291	\$ 54,538	\$ 0	\$ 0	\$ 56,590	\$ 0	\$ 49,171
65 to 69	\$ 0	\$ 0	\$ 73,306	\$ 62,017	\$ 55,649	\$ 0	\$ 29,128	\$ 0	\$ 59,481	\$ 66,180	\$ 0	\$ 59,975
70 & up	\$ 0	\$ 0	\$ 15,139	\$ 24,559	\$ 44,506	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,625
Total	\$ 0	\$ 24,234	\$ 42,227	\$ 50,824	\$ 52,581	\$ 47,408	\$ 47,592	\$ 66,376	\$ 59,268	\$ 62,224	\$ 0	\$ 46,147

DIAMOND STATE PORT CORPORATION PENSION PLAN
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APPENDIX A
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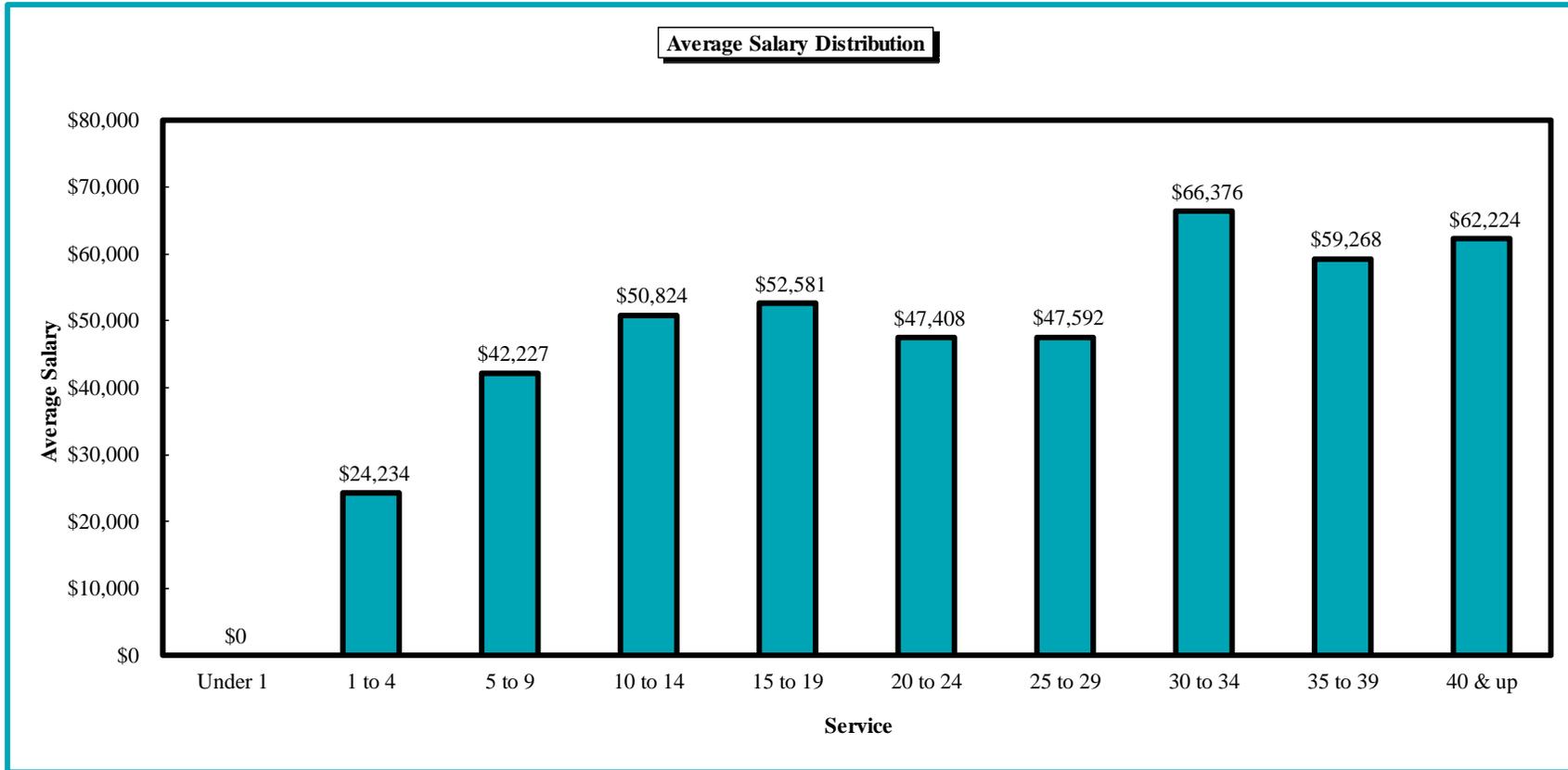
**Diamond State Port Corporation Pension Plan Distribution of Active Members
by Age as of June 30, 2014**



DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
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**Diamond State Port Corporation Pension Plan Distribution of Active Members
by Service as of June 30, 2014**



**DIAMOND STATE PORT CORPORATION PENSION PLAN
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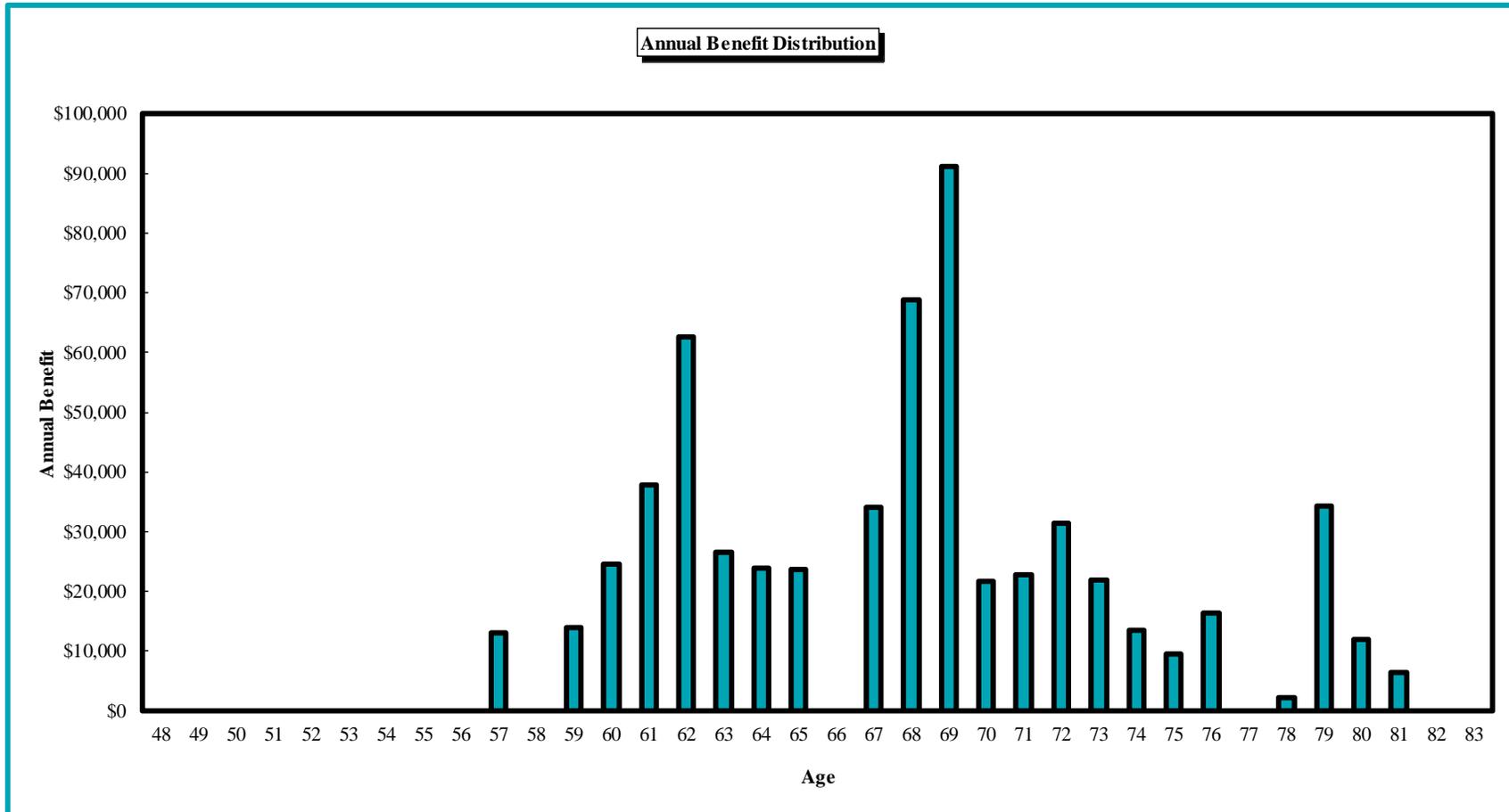
**Diamond State Port Corporation Pension Plan Distribution of Retired Members,
Survivors, and Disabled Members as of June 30, 2014**

Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	0	\$0	73	2	\$21,820
25	0	\$0	74	3	\$13,594
26	0	\$0	75	2	\$9,618
27	0	\$0	76	2	\$16,466
28	0	\$0	77	0	\$0
29	0	\$0	78	1	\$2,241
30	0	\$0	79	3	\$34,284
31	0	\$0	80	1	\$11,947
32	0	\$0	81	1	\$6,338
33	0	\$0	82	0	\$0
34	0	\$0	83	0	\$0
35	0	\$0	84	0	\$0
36	0	\$0	85	0	\$0
37	0	\$0	86	0	\$0
38	0	\$0	87	0	\$0
39	0	\$0	88	0	\$0
40	0	\$0	89	0	\$0
41	0	\$0	90	0	\$0
42	0	\$0	91	0	\$0
43	0	\$0	92	0	\$0
44	0	\$0	93	0	\$0
45	0	\$0	94	0	\$0
46	0	\$0	95	0	\$0
47	0	\$0	96	0	\$0
48	0	\$0	97	0	\$0
49	0	\$0	98	0	\$0
50	0	\$0	99	0	\$0
51	0	\$0	100	0	\$0
52	0	\$0	101	0	\$0
53	0	\$0	102	0	\$0
54	0	\$0	103	0	\$0
55	0	\$0	104	0	\$0
56	0	\$0	105	0	\$0
57	1	\$12,980	106	0	\$0
58	0	\$0	107	0	\$0
59	2	\$13,971	108	0	\$0
60	3	\$24,499	109	0	\$0
61	3	\$37,740	110	0	\$0
62	6	\$62,665	111	0	\$0
63	2	\$26,483	112	0	\$0
64	3	\$23,977	113	0	\$0
65	2	\$23,676	114	0	\$0
66	0	\$0	115	0	\$0
67	5	\$33,973	116	0	\$0
68	7	\$68,904	117	0	\$0
69	10	\$91,211	118	0	\$0
70	2	\$21,577	119	0	\$0
71	1	\$22,707	120	0	\$0
72	3	\$31,440			
			Totals	65	\$612,111

DIAMOND STATE PORT CORPORATION PENSION PLAN
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APPENDIX A
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**Diamond State Corporation Port Pension Plan Distribution of Retired Members,
Survivors, and Disabled Members as of June 30, 2014**



**DIAMOND STATE PORT CORPORATION PENSION PLAN
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**APPENDIX A
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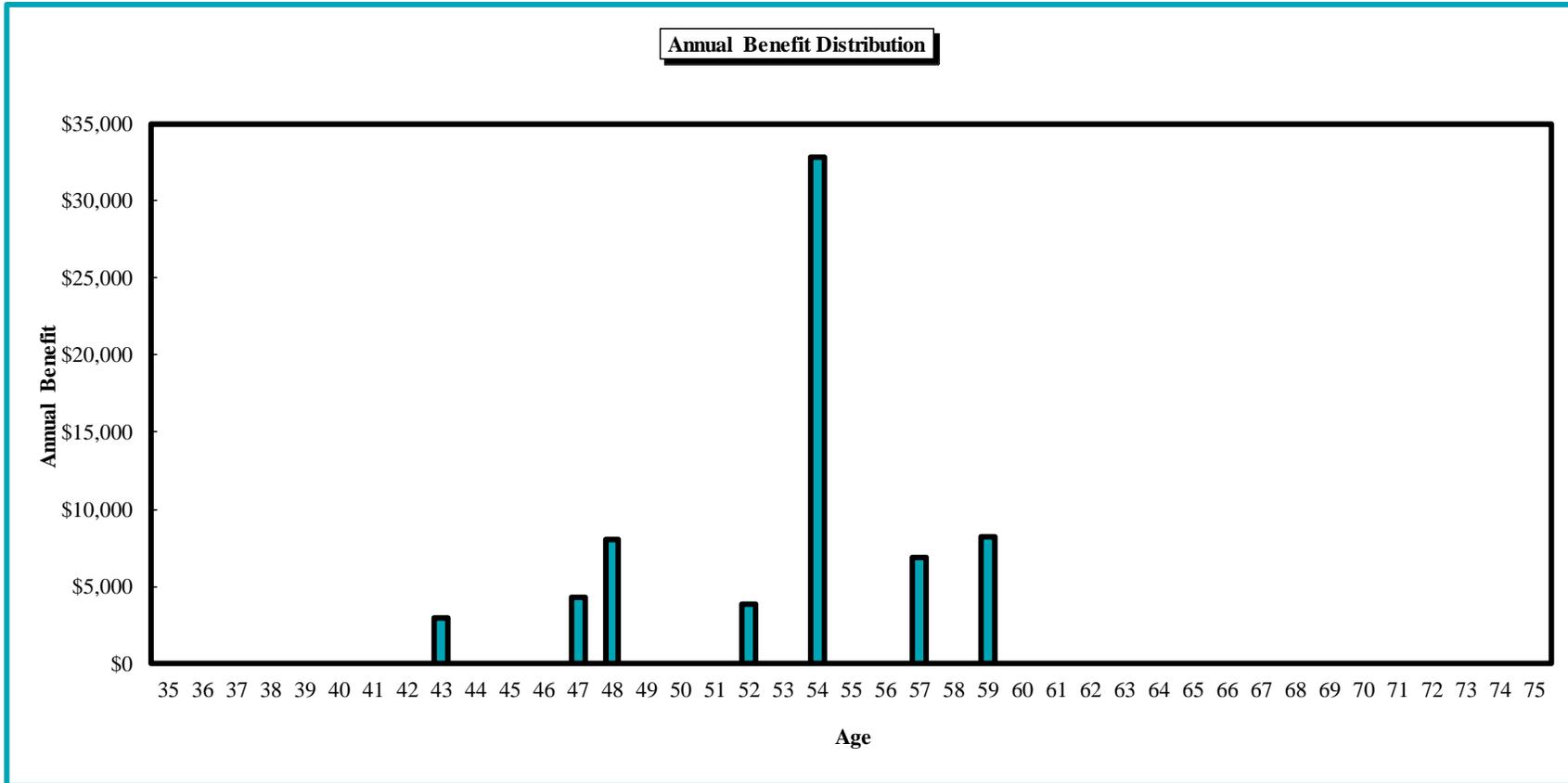
**Diamond State Port Corporation Pension Plan Distribution of Vested Members
as of June 30, 2014**

Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	0	\$0	73	0	\$0
25	0	\$0	74	0	\$0
26	0	\$0	75	0	\$0
27	0	\$0	76	0	\$0
28	0	\$0	77	0	\$0
29	0	\$0	78	0	\$0
30	0	\$0	79	0	\$0
31	0	\$0	80	0	\$0
32	0	\$0	81	0	\$0
33	0	\$0	82	0	\$0
34	0	\$0	83	0	\$0
35	0	\$0	84	0	\$0
36	0	\$0	85	0	\$0
37	0	\$0	86	0	\$0
38	0	\$0	87	0	\$0
39	0	\$0	88	0	\$0
40	0	\$0	89	0	\$0
41	0	\$0	90	0	\$0
42	0	\$0	91	0	\$0
43	1	\$2,967	92	0	\$0
44	0	\$0	93	0	\$0
45	0	\$0	94	0	\$0
46	0	\$0	95	0	\$0
47	1	\$4,323	96	0	\$0
48	1	\$8,012	97	0	\$0
49	0	\$0	98	0	\$0
50	0	\$0	99	0	\$0
51	0	\$0	100	0	\$0
52	2	\$3,823	101	0	\$0
53	0	\$0	102	0	\$0
54	1	\$32,845	103	0	\$0
55	0	\$0	104	0	\$0
56	0	\$0	105	0	\$0
57	1	\$6,891	106	0	\$0
58	0	\$0	107	0	\$0
59	2	\$8,255	108	0	\$0
60	0	\$0	109	0	\$0
61	0	\$0	110	0	\$0
62	0	\$0	111	0	\$0
63	0	\$0	112	0	\$0
64	0	\$0	113	0	\$0
65	0	\$0	114	0	\$0
66	0	\$0	115	0	\$0
67	0	\$0	116	0	\$0
68	0	\$0	117	0	\$0
69	0	\$0	118	0	\$0
70	0	\$0	119	0	\$0
71	0	\$0	120	0	\$0
72	0	\$0			
			Totals	9	\$67,115

DIAMOND STATE PORT CORPORATION PENSION PLAN
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APPENDIX A
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**Diamond State Port Corporation Pension Plan Distribution of Vested Members
as of June 30, 2014**



DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

A. Long-Term Assumptions Used to Determine Plan Costs and Liabilities

1. Demographic Assumptions

a. Healthy Active and Inactive Mortality

Mortality Improvements Projected to 2015 (Projection Scale AA)

Male: RP-2000 Combined Mortality Table

Female: RP-2000 Combined Mortality Table

Rates of Healthy Active and Inactive Mortality Rates (With Projection Scale AA)		
Age	Male	Female
20	0.03%	0.02%
25	0.03	0.02
30	0.04	0.02
35	0.07	0.04
40	0.10	0.06
45	0.12	0.09
50	0.16	0.13
55	0.27	0.24
60	0.53	0.47
65	1.03	0.90
70	1.77	1.55
75	3.06	2.49
80	5.54	4.13
85	9.97	7.08
90	17.27	12.59

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS**

b. Disabled Inactive Mortality

2011 PBGC Disabled Mortality Tables, 50% Social Security Disabled / 50% Non-Social Security Disabled.

Rates of Disabled Inactive Mortality		
Age	Male	Female
40	1.97%	1.06%
45	2.22	1.24
50	2.51	1.47
55	2.88	1.79
60	3.33	2.21
65	3.91	2.77
70	4.78	3.38
75	6.39	4.54
80	8.93	6.46

c. Rates of Active Disability

Rates of Active Disability	
Age	Rate
20	0.05%
25	0.05
30	0.18
35	0.27
40	0.38
45	0.46
50	0.62
55	0.86
60	1.24

No Workers' Compensation offset is assumed.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS**

d. Termination of Employment (Prior to Normal Retirement Eligibility)

10-year Select (age- and service based) & Ultimate (age-based) Tables

Age	Service										
Select:	0	1	2	3	4	5	6	7	8	9	Ultimate
15-39	17.0%	17.0%	14.0%	14.0%	11.0%	11.0%	10.0%	10.0%	7.00%	5.00%	5.00%
40-54	15.0%	15.0%	8.00%	8.00%	7.00%	7.00%	6.00%	5.00%	5.50%	4.00%	4.00%
55-59	8.00%	8.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
60+	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

e. Retirement

Plan I: Normal Retirement: 1-year Select & Ultimate (age-based)

Plan II and III: Early and Normal Retirement: 1-year Select & Ultimate (age-based)

Plan I:

Normal Retirement		
Age	Select	Ultimate
50-61	15.00%	15.00%
62 +	100.00	100.00

Plan II and III:

Early & Normal Retirement		
Age	Select	Ultimate
50-54	10.00%	0.00%
55-61	10.00	5.00
62	50.00	25.00
63-64	50.00	10.00
65-69	60.00	60.00
70 +	100.00	100.00

f. Merit/Seniority Salary Increase (in addition to across-the-board increase)

1.0% merit increase for all ages plus an inflation rate of 3.00%.

g. Family Composition

Female spouses are assumed to be three years younger than males.

70% are assumed married for both male and female employees.

Actual marital characteristics are used for pensioners.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS**

2. Economic Assumptions

a. Investment Rate of Return:	7.20%
b. General Wage Increase Rate:	3.00%
c. Annual Cost-of-Living Increase Rate for Retirees:	0.00%
d. Total Payroll Increase Rate (for Amortization):	3.00%
e. Administrative Expenses as a Percentage of Covered Payroll:	0.30%

3. Changes Since Last Valuation

Based upon adoption by the Board of Pension Trustees, the following assumptions were changed:

Investment Rate of Return was reduced from 7.5% to 7.2%.

General Wage Increase Rate was reduced from 3.25% to 3.00%.

Total Payroll Increase Rate (for Amortization) was reduced from 3.25% to 3.00%.

APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Funding Method

The Entry Age Normal funding method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active member. The normal cost rate times payroll equals the normal cost for each active member. The normal cost plus member contributions will pay for projected benefits at retirement for each active plan participant.

The actuarial liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial liability in excess of plan assets is amortized to develop an additional cost or savings that is added to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

The portion of unfunded liability, after subtracting payments due from municipalities paying for prior service, is amortized over a rolling 15-year period from July 1, 2014. All payments are determined assuming total payroll increases by the annual inflation rate.

2. Actuarial Value of Assets

For purposes of determining the employer contribution rate to the Plan, we use an actuarial value of assets. The asset smoothing method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The actuarial value of assets is a weighted average giving 20% weight to the current market value and 80% weight to the prior year's actuarial value increased by expected interest and contributions and decreased by benefit payments and expenses. This is mathematically equivalent to recognizing 100% of the actuarially assumed interest rate, plus contributions, less payment each year, and 20% of the portion of each year's returns that have not already been reflected in asset values.

In the 2014 valuation there was an additional recognition of 30% of the remaining balance of past investment gains.

3. Changes Since Last Valuation

There was an additional recognition of 30% of the past investment gains in the asset smoothing method.

APPENDIX C
SUMMARY OF PLAN PROVISIONS

1. Membership

The Plan covers any employee who is paid regular salary or wages by the Diamond State Port Corporation.

2. Member Contributions

2% of compensation. Interest is credited at the rate of 7% per year.

Member contributions are made through an “employer pick-up” arrangement which results in deferral of taxes on the contributions.

3. Credited Service

A year of service is credited for every year of 1,500 hours of service. In addition, those employees who participated in the City of Wilmington Plan I, Plan II, or Plan III will receive prior credited service under the terms of those plans.

4. Final Average Compensation

Final Average Compensation is the five-year average base salary over the last ten consecutive years of compensation paid to the member that produces the highest average.

5. Normal Retirement

Eligibility: Age 65 with five years of credited service; or Rule of 90 with minimum age 55.

In addition, the benefits payable under the City of Wilmington Plan I are payable at age 60 with 15 years of service or at any age with 20 years of service.

Benefit: 1.75% of final average earnings times years of service (maximum service 30 years) since the later of the date of hire or the date of transfer for those transferring from Plans I or II.

In addition, former participants of Plan I will receive 2.50% of final average earnings times years of service, up to the date of transfer, but not less than \$1,800 annually nor greater than \$4,500 annually. Former participants of Plan II will receive 1.75% times final average earnings times years of Plan II service (maximum service 25 years) but not greater than \$11,000 annually.

APPENDIX C
SUMMARY OF PLAN PROVISIONS

6. Early Retirement

Eligibility: Age 55 with five years of service.

Benefit: The benefit is determined using the normal retirement benefit formula based on service and earnings at early retirement and reduced by 0.4% for each month the early retirement date precedes the normal retirement date.

7. Disability Benefit

Eligibility: 15 years of service.

Benefit: 1.75% of final average earnings times years of service (maximum 30 years), reduced by any workers' compensation benefits paid and further reduced by earnings in excess of one-half of the pre-disability compensation earned by the participant.

8. Survivor's Benefit

Eligibility: Death while actively employed with 15 or more years of service or after attaining eligibility for early or normal retirement benefits.

Benefit: 50% of the benefit the participant would have received had he/she retired on the day before his/her death. Payments to the spouse will continue until death.

9. Post-Retirement Death Benefit

50% of the benefit the participant was receiving is payable to the surviving spouse. Such benefit continues to the spouse until death. If the participant is not married on his/her retirement date and dies before receiving 120 monthly payments, the participant's beneficiary will receive the remaining monthly benefit until a full 120 payments have been made.

10. Vesting

Eligibility: Five years of credited service.

Benefit: The benefit calculated for normal retirement, using final average compensation and credited service as of the termination date. The benefit will commence on the normal retirement date. A participant may elect to receive a reduced benefit for early retirement commencing after age 55.

If the participant is married, the benefit will be a reduced amount payable for life with the surviving spouse receiving a benefit equal to 50% of the benefit received by the participant.

APPENDIX C
SUMMARY OF PLAN PROVISIONS

11. Withdrawal of Employer Contributions

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated employee contributions with interest.

12. Form of Payment

The normal form of payment is a 50% joint and survivor annuity.

13. Cost-of-Living Adjustment

Cost-of-living adjustments are made only on an ad hoc basis.

14. Changes Since Last Valuation

None.