CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

ACTUARIAL VALUATION
As of July 1, 1999

Prepared by

Peter R. Sturdivan, F.S.A.
Consulting Actuary

and

Patricia Ann Kahle, A.S.A.
Associate Actuary

MILLIMAN & ROBERTSON, INC.

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MILLIMAN & ROBERTSON, INC.
Actuaries & Consultants

Internationally WOODROW MILLIMAN

Suite 2900, 111 S.W. Fifth Avenue, Portland, Oregon 97204-3690
Telephone: 503/227-0634
Fax: 503/227-7956

October 25, 1999

Ms. Katherine Tri
Finance Director
City of Newberg
401 E. Third
Newberg, Oregon 97132

Dear Ms. Tri:

At your request we have completed actuarial valuations of the City of Newberg Policemen and Firemen Retirement Plan and the City of Newberg General Employees Retirement Plan as of July 1, 1999. The results of the valuations are contained in the following report and summarized in Section 2.

In preparing our report, we relied without audit upon the employee and beneficiary data furnished us by the City and the financial statements provided by The Principal Financial Group. We believe the data to be sufficient and reliable for the purposes of our calculations.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. We further certify that, in our opinion, the actuarial assumptions used are reasonably related to the experience of the Plan and to reasonable expectations and represent our best estimate of anticipated experience under the Plan. Nevertheless, the emerging costs of the Plan will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

Respectfully Submitted,

Peter R. Sturdivan

Peter R. Sturdivan, F.S.A.
Consulting Actuary

Patricia Ann Kahle

Patricia Ann Kahle, A.S.A.
Associate Actuary

PRS:psb
encl.

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES
RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF JULY 1, 1999

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CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

SECTION 1

SCOPE OF THE REPORT

This report presents the results of our actuarial valuations of the City of Newberg Policemen and Firemen Retirement Plan and the City of Newberg General Employees Retirement Plan as of July 1, 1999.

A summary of the findings resulting from this valuation is presented in Section 2 of the report along with the requirements for the Government Accounting Standards Board (GASB). The discussion found in Section 3 describes the actuarial concepts and methods upon which the findings are based. Tables 1 through 3 and 5 of that section summarize the calculations, which led to our findings. Tables 4, 6 and 7 show the GASB requirements.

All of the calculations of the valuation were carried out using certain assumptions as to the future experience of the plans in matters affecting the actuarial cost. Section 4 summarizes the most important of these assumptions and describes the actuarial procedures used to calculate costs.

Section 5 outlines the benefit and contribution provisions of the plans.

The membership data, which were supplied to us, are summarized in Section 6.

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES
RETIREMENT PLAN

SECTION 2

SUMMARY OF THE FINDINGS

This report presents the results of our actuarial valuation of benefits in effect under the Plan as of July 1, 1999. We have developed the following comparison with last year's results.

	7/1/98 Results	7/1/99 Results
Policemen and Firemen Plan		
Normal Cost Rate (excluding employee contribution)	15.5%	16.0%
Rate to amortize the unfunded actuarial liability	10.1%	7.3%
Annual Required Contribution		
Fiscal Year Ending	June 30, 2000	June 30, 2001
Rate (excluding employee contribution)	25.6%	23.7%
Net Pension Obligation	0	27,048
General Employees Plan		
Normal Cost Rate (excluding employee contribution)	7.5%	7.0%
Rate to amortize the unfunded actuarial liability	(1.1%)	(1.8%)
Annual Required Contribution		
Fiscal Year Ending	June 30, 2000	June 30, 2001
Rate (excluding employee contribution)	6.4%	5.2%
Net Pension Obligation	0	(13,296)

The Annual Pension Cost does not include the pick-up of member contributions of 6% of base pay.

The total contribution rate for Policemen and Firemen decreased primarily due to investment returns, the death of a retiree, and lower than expected salary increase. These gains were partially offset by lower than expected contributions and continued accruals of participants working past 58.

The total contribution rate for the General Employee Plan decreased due to the greater than anticipated investment return and higher than expected turnover.

We have developed the following comparisons with the results of the previous valuations:

	1998 Results	1999 Results
Policemen and Firemen		
Number of Members Valued		
Retired	9	9
Vested Terminated	3	3
Active	10	10
	22	22
Active Member Data		
Average Salary	$48,708	$48,611
Average Age	51.8	52.8
Average Years Employed	19.3	20.3
Invested Assets		
Member Accounts	$ 769,874	$ 860,765
City Accounts	2,541,279	2,797,459
Total	$ 3,311,153	$ 3,658,224
General Employees		
Retired	13	17
Vested and Non-vested Terminated	9	10
Active	45	47
	67	74
Active Member Data		
Average Salary	$34,709	$34,272
Average Age	44.9	43.4
Average Years Employed	9.5	8.3
Invested Assets		
Member Accounts	$ 1,381,192	$ 1,366,051
City Accounts	4,018,154	4,516,475
Total	$ 5,399,346	$ 5,882,526

SECTION 3

DISCUSSION OF THE VALUATION

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to when those benefits are earned, rather than to when they are paid. There are a number of methods in use for making such a determination.

The method used for the police and fire and the general employees valuation is technically referred to as the aggregate entry age normal actuarial cost method. Under the aggregate entry age method, the funding of each plan is separated into two pieces. First, a normal cost is determined by multiplying an aggregate entry age normal cost rate by current compensation. Second, the unfunded actuarial liability, which is the difference between the actuarial liability and the actuarial value of assets, is funded over a period of years. Thirty years was used for purposes of funding the unfunded actuarial liability.

ACTUARIAL VALUE OF ASSETS

Table 1 shows the derivation of the value of assets as of July 1, 1999.

Table 2 is a summary of the changes in plan net assets for the year ending June 30, 1999.

ACTUARIAL BALANCE SHEET

Table 3 is the actuarial balance sheet as of July 1, 1999 based on our procedures and assumptions. The Resources equal the Requirements and can be thought of as the amount of funds resulting from

(1) the plan's Actuarial Value of Assets, plus

(2) the Actuarial Present Value of Future Employer Contributions to be made by the City in the future.

The Actuarial Present Value of Benefits is the estimated single sum required on July 1, 1999 which, together with future interest earnings, would accumulate to provide all employer paid benefits due under the plan in the future and all benefits from current account balances of member contributions for present members.

The contribution rates recommended in this report are expected to remain stable as long as:

(1) Experience remains reasonably close to that expected according to the actuarial assumptions;

(2) Current eligibility and benefit provisions remain unchanged; and

(3) Contributions are made at the recommended rates.

ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) issued accounting standards for both the Financial Reporting for Defined Benefit Pension Plans (Statement No. 25) and the Accounting for Pensions by State and Local Governmental Employers (Statement No. 27).

> ***GASB Statement No. 25 - Financial Reporting for Defined Benefit Pension Plans.*** Statement No. 25 requires a summary of the funded status of the plan, and a statement on the relationship of the actual annual contributions to an annual required contribution (ARC). The initial effective period for Statement No. 25 was the plan year ending June 30, 1997 for the Plan.
>
> ***GASB Statement No. 27 - Employer's Accounting for Pension.*** Certain disclosures are required in the employer's financial statements including the annual pension cost (APC). Generally, the APC will equal to the employer's ARC, as actuarially determined by the funding methods and assumptions. If the actual contribution is either more or less than the ARC, then a Net Pension Obligation (NPO) must be determined, and this amount may be required to be disclosed in City's financial statements.

The initial effective period for GASB 27 is the fiscal year ending June 30, 1997 for the City.

The required disclosure information under GASB 25 and GASB 27 is shown on Tables 4, 6 and 7 of this report.

Table 5 shows the ARC and APC contribution rates. The APC is larger (smaller) than the ARC depending on whether or not the City has a net pension obligation (asset). The net pension obligation is amortized over the present value of future salaries. Tables 6 and 7 show historical information.

GASB 25 and GASB 27 replace GASB 5.

APPENDICES

All of the calculations of the valuation were carried out using certain assumptions as to the future experience of the plan in matters affecting the actuarial cost. Appendix A summarizes the most important of these assumptions and describes the actuarial procedures used to calculate costs.

Appendix B outlines the benefit and contribution provisions of the plan.

The membership data which were supplied to us are summarized in Appendix C. Appendix B shows an update of employee accounts. An illustration of retirement benefits is contained in Appendix E.

Table 1

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES
RETIREMENT PLAN

STATEMENT OF PLAN NET ASSETS
(July 1, 1999)

		Policemen and Firemen Plan	General Employees Plan
(1)	Employer Account - General Acct.	$ 1,945,987	$ 1,389,202
(2)	Separate Accounts	1,679,474	4,437,007
(3)	Subtotal	$ 3,625,461	$ 5,826,209
(4)	Receivable Contribution		
	(a) Employee	$ 7,418	$ 25,217
	(b) Employer	25,345	31,100
	(c) Total	$ 32,763	$ 56,317
(5)	Total Assets*	$ 3,658,224	$ 5,882,526

* Account Balance Summary

The following details the part of the Total Assets assigned to employee accounts.

Account Type	Policemen and Firemen Plan	General Employees Plan
Voluntary	$ 0	$ 0
Pre-79	74,024	30,820
Post-79	786,741	1,335,231
	$ 860,765	$ 1,366,051

Table 2

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

STATEMENT OF CHANGES IN PLAN NET ASSETS
(For the Year Ending June 30, 1999)

		Policemen and Firemen Plan	General Employees Plan
(2)	Increases		
	Employer Contribution	$ 97,281	$ 122,984
	Employee Contribution	28,472	99,717
	Earnings	226,630	90,097
	Market Value Adjustment of Separate Accounts	158,091	391,562
		$ 510,474	$ 704,360
(2)	Decreases		
	Expenses	$ 6,573	$ 8,958
	Benefits	131,497	209,989
	Other	25,333	2,233
		$ 163,403	$ 221,180
(3)	Net Increase	$ 347,071	$ 483,180
(4)	Assets Held for Pension Benefit		
	Beginning of Year	$ 3,311,153	$ 5,399,346
	End of Year	$ 3,658,224	$ 5,882,526
(5)	Summary of Accrued Contributions		
	Employer	$ 25,345	$ 31,100
	Employee	7,418	25,217
	Total	$ 32,763	$ 56,317

Table 3

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

ACTUARIAL BALANCE SHEET
(July 1, 1999)

RESOURCES

		Policemen and Firemen Plan	General Employees Plan
(1)	Actuarial Value of Assets	$ 3,658,224	$ 5,882,526
(2)	Actuarial Present Value of Future Employer and Member Contributions	576,104	1,939,278
(3)	Unfunded Actuarial Liability	720,458	(584,021)
(4)	TOTAL RESOURCES	$ 4,954,786	$ 7,237,783

REQUIREMENTS

		Policemen and Firemen Plan	General Employees Plan
(5)	Actuarial Present Value of Benefits		
	Retired or Disabled Members and Beneficiaries	$ 1,292,397	$ 1,371,044
	Vested Terminated and Inactive Members' City-Provided Pension	55,026	276,382
(6)	Active Members' City-Provided Pension	2,746,598	4,224,306
(7)	Members' Contributions	860,765	1,366,051
(8)	TOTAL REQUIREMENTS	$ 4,954,786	$ 7,237,783

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR YEAR ENDED JUNE 30, 1999

	Policemen and Firemen Plan	General Employees Plan
Annual Required Contribution	$ 124,329	$ 109,688
Interest on Net Pension Obligation	0	0
Adjustment to Annual Required Contribution	0	0
Annual Pension Cost	$ 124,329	$ 109,688
Contributions Made	97,281	122,984
Increase (Decrease) in Net Pension Obligation	$ 27,048	$ (13,296)
Net Pension Obligation Beginning of Year	0	0
Net Pension Obligation End of Year	$ 27,048	$ (13,296)

Table 5

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES
RETIREMENT PLAN

ANNUAL REQUIRED CONTRIBURION AND ANNUAL PENSION COST
JULY 1, 1999
(Rates as Percentages of Salary)

		Policemen and Firemen Plan	General Employees Plan
(1)	Present Value of Future Benefits	$ 4,954,786	$ 7,237,783
(2)	Present Value of Future Normal Costs	576,104	1,939,278
(3)	Accrued Liability (1) – (2)	$ 4,378,682	$ 5,298,505
(4)	Assets	3,658,224	5,882,526
(5)	Unfunded Actuarial Liability (3) – (4)	$ 720,458	$ (584,021)
(6)	Amortization Payment of the Unfunded Actuarial Liability	$ 35,576	$ (28,839)
(7)	Normal Cost at Midyear	107,177	209,405
(8)	Total Recommended Contribution (6) + (7)	$ 142,753	$ 180,566
(9)	Considered Pay	$ 486,110	$ 1,610,804
(10)	Contribution Rate	29.4%	11.2%
(11)	Employee Contribution Rate	6.0%	6.0%
(12)	Net Contribution Rate (10) – (11)	23.4%	5.2%
(13)	Amortization of NPO	0.3%	0.0%
(14)	Annual Required Contribution (ARC) (12) + (13)	23.7%	5.2%
(15)	Interest on NPO	0.4%	(.1)%
(16)	ARC Adjustment	(.3)%	0.0%
(17)	Annual Pension Cost (APC) (14) + (15) + (16)	23.8%	5.1%
GASB No. 25 and No. 27			
	ARC for Year Ending June 30, 2001	23.7%	5.2%
	APC for Year Ending June 30, 2001	23.8%	5.1%

Table 6

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS AND ANNUAL PENSION COST HISTORICAL TREND
(July 1, 1999)

Policemen and Firemen Plan

Year Ended June 30	Annual Required Contribution and Annual Pension Cost	Percentage Contributed	Net Pension Obligation
1994	$ 131,097	100	$ 0
1995	95,640	100	0
1996	95,375	100	0
1997	102,366	100	0
1998	97,465	100	0
1999	124,329	78	27,048

General Employees Plan

Year Ended June 30	Annual Required Contribution and Annual Pension Cost	Percentage Contributed	Net Pension Obligation
1994	$ 91,921	100	$ 0
1995	105,213	100	0
1996	123,395	100	0
1997	111,884	100	0
1998	115,051	100	0
1999	109,688	112	(13,296)

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

SCHEDULE OF FUNDING PROGRESS

Policemen and Firemen Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll [(b) – (a)] / (c)
7/1/94	$2,335,909	$2,875,493	$ 539,584	81.2%	$457,807	117.9%
7/1/95	2,550,565	3,297,204	746,639	77.4	501,279	148.9
7/1/96	2,784,149	3,685,900	901,751	75.5	483,671	186.4
7/1/97	3,048,283	4,121,636	1,073,353	74.0	463,880	231.4
7/1/98	3,311,153	4,300,960	989,807	77.0	487,082	203.2
7/1/99	3,658,224	4,378,682	720,458	83.5	486,110	148.2

General Employees Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll [(b) – (a)] / (c)
7/1/94	$2,984,952	$3,087,977	$103,025	96.7%	$1,147,033	9.0%
7/1/95	3,351,366	3,688,159	336,793	90.9	1,283,040	26.2
7/1/96	3,989,860	4,179,711	189,851	95.5	1,317,229	14.4
7/1/97	4,672,829	4,483,503	(189,326)	104.2	1,447,101	(13.1)
7/1/98	5,399,346	5,049,632	(349,714)	106.9	1,561,910	(22.4)
7/1/99	5,882,526	5,298,505	(584,021)	111.0	1,610,804	(36.3)

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES
RETIREMENT PLAN

SECTION 4

ACTUARIAL PROCEDURES AND ASSUMPTIONS

This section of the report describes the actuarial procedures and assumptions used in this valuation. These procedures and assumptions have been chosen on the basis of recent experience of the plans and on current expectations as to future economic conditions.

The assumptions are intended to estimate the future experience of the members of the plans and of the plans themselves in areas, which affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the plans' benefits.

An "*" indicates a method or assumption has been revised since the last valuation.

ACTUARIAL COST METHOD

The accruing costs of all benefits are measured by the aggregate entry age normal actuarial cost method.

Under the aggregate entry age normal cost method, the normal cost is computed in the aggregate as the normal cost accrual rate multiplied by total current compensation of active members less than normal retirement age. The normal cost rate equals (A) the difference of the total present value of future benefits less the total actuarial liability divided by (B) the present value of future salaries. Each of these values are calculated at attained age. The normal cost for inactive members is $-0-. The actuarial liability is the sum of the individual accrued liabilities for all members. The individual accrued liability is the difference between the present value of future benefits less the present value of future normal costs where the normal cost is determined on an individual basis. The difference between the actuarial liability and the actuarial value of assets is the unfunded actuarial liability.

RECORDS AND DATA

The data used in the valuation consist of financial information and records of age, service and income of contributing members, former contributing members and their survivors. All of the data were supplied by the City and are accepted for valuation purposes without audit.

REPLACEMENT OF TERMINATED MEMBERS

The ages at entry of future members are assumed to average the same as the entry ages of the present members they replace. If the number of active members should increase, it is further assumed that the average entry age of the larger group will be the same, from an actuarial standpoint, as that of the present group. Under these assumptions, the normal cost rates for active members should not vary with the termination of present members.

GROWTH IN MEMBERSHIP

The total number of members of the plan is assumed to remain constant.

ADMINISTRATIVE EXPENSE

It is assumed that the administrative expenses will be met from earnings in excess of the assumed investment earnings rate.

VALUATION OF ASSETS

For this valuation, assets are valued at contract value on the valuation date.

INVESTMENT EARNINGS

The future investment earnings of the assets of the plan are assumed to accrue at a net annual rate of 8%, compounded annually.

INTEREST ON MEMBER CONTRIBUTIONS

Interest on member contributions is assumed to accrue at a net annual rate of 8%, compounded annually.

POST-RETIREMENT BENEFIT INCREASES

It is assumed that the Consumer Price Index will increase at a rate in excess of 2% per year, so that retirement allowances will increase at the rate of 2% per year for present retirees and after retirement for currently active members and their beneficiaries.

FUTURE SALARIES

The total annual rate of salary increase was assumed to be 5.0% per annum. It was estimated that the value of unused sick leave increases final average salary by 4%, and unused vacation pay increases final average salary by 2% for retirement benefits.

SERVICE RETIREMENT

The rates of retirement used in this valuation are shown below.

	Rates of Retirement	
Age	Policemen and Firemen	General
50-54	10%	0%
55	25	5
56	20	5
57	20	10
58	20	10
59	20	10
60	20	10
61	30	25
62	30	25
63	15	25
64	10	25
65	100	100

For terminations prior to early retirement eligibility, retirement is assumed to occur at age 55 for Policemen and Firemen, and at age 60 for General Service Members.

DISABLEMENT

The rates of disablement used in this valuation are illustrated below.

	Rates of Retirement		
Age	General - Male	General - Female	Policemen and Firemen
25	.00%	.00%	.00%
30	.08%	.02%	.15%
35	.08%	.03%	.24%
40	.11%	.16%	.28%
45	.35%	.16%	.52%
50	.47%	.51%	.57%
55	.62%	.54%	.00%
60	.00%	.00%	.00%

Disabled mortality was assumed to follow the 1983 Group Annuity Mortality Rates, male and female with ages set forward ten years.

MORTALITY

The probabilities of healthy member mortality are based on the following tables:

Males	The 1983 GAM Table for males
Females	The 1983 GAM Table for females

Post-retirement only for policemen and firemen.

ANNUITY

Retiring members may forfeit their right to an annuity based on the value of their after-tax employee contributions with interest, if they withdraw their accumulated contributions. We have assumed that 75% of retiring members will elect to receive the annuity instead of withdrawing accumulated contributions.

VESTING

Terminating members may forfeit a vested right to a deferred benefit if they withdraw their accumulated contributions. The table below gives the assumed probabilities, at selected ages, that vested terminating members will elect to receive the deferred benefit instead of withdrawing accumulated contributions.

Probabilities of Vesting
Upon Termination of Employment
With Five or More Years of Membership

Age	Police and Firemen	General - Male	General - Female
25	100%	15%	30%
30	100%	30%	35%
35	100%	35%	45%
40	100%	40%	50%
45	100%	45%	60%
50	100%	80%	65%
55	100%	100%	100%

OTHER TERMINATIONS OF EMPLOYMENT

The rates of assumed future withdrawal from active service for reasons other than death, disability or retirement are shown below for representative ages:

Policemen and Firemen Annual Withdrawal Rates

Males/Females

	During First Five Years of Membership					Thereafter	
Age at Entry	1st Year	2nd Year	3rd Year	4th Year	5th Year	Attained Age	Rate
22	10%	7%	6%	5%	5%	22	4%
27	11	8	6	6	6	27	5
32	11	9	7	5	5	32	4
37	12	11	8	6	5	37	3
42	10	9	8	7	4	42	2
47	10	8	7	5	4	47	2

General Annual Withdrawal Rates

Males

	During First Five Years of Membership					Thereafter	
Age at Entry	1st Year	2nd Year	3rd Year	4th Year	5th Year	Attained Age	Rate
22	18%	18%	14%	11%	9%	22	8%
27	16	16	12	10	8	27	6
32	13	14	12	10	8	21	6
37	12	13	10	8	7	37	4
42	13	11	10	7	6	42	3
47	12	12	9	7	5	47	3

Females

	During First Five Years of Membership					Thereafter	
Age at Entry	1st Year	2nd Year	3rd Year	4th Year	5th Year	Attained Age	Rate
22	28%	28%	25%	23%	21%	22	19%
27	23	23	21	18	14	27	13
32	19	19	17	15	12	21	10
37	17	17	15	11	9	37	8
42	16	16	13	10	8	42	6
47	14	14	11	10	7	47	5

SECTION 5

PLAN PROVISIONS

POLICEMEN AND FIREMEN

1.	**EFFECTIVE DATE**	1964. The latest restatement is as of July 1, 1982. The Plan was last amended effective January 1, 1995 to provide for mandatory employee contributions.
2.	**PLAN ELIGIBILITY**	No new entrants.
3.	**NORMAL RETIREMENT**	
	A. Eligibility	First day of the month coinciding with or next following attainment of age 58.
	B. Benefit	(a) The product of the participant's high 36-month average monthly compensation times 2.0%, times his total Years of Service; plus
		(b) That portion of a participant's contribution account on or after July 1, 1979 shall be provided as an annuity or as a lump sum on his or her retirement date.
		(c) Form of benefit: Life annuity with guaranteed payments for 60 months.
		(d) The retirement benefit is subject to a cost-of-living adjustment of up to 2% per year.
4.	**EARLY RETIREMENT**	
	A. Eligibility	Attainment of age 50.

B. Benefit

Accrued benefit on early retirement date, multiplied by factor below corresponding to the number of years the early retirement date is before the normal retirement date. Provided, however, that no reduction will apply to an active participant who retires on early retirement date with 25 years of service.

Number of Years Early Retirement Date is Before Normal Retirement Date	**Factor**
1	1.00
2	1.00
3	1.00
4	.92
5	.84
6	.76
7	.68
8	.60

5. DISABILITY

A. Eligibility

Totally and permanently disabled in the course of duty, or totally and permanently disabled after completion of ten years of service.

B. Benefit

Accrued benefit based on Average Compensation as of the date of disability and Years of Service as of the later of the date of disability or age 55.

In no case will the monthly benefit be less than $100 or greater than 75% of the Participant's Average Compensation.

6. DEATH BENEFIT

Two and two tenths times the participant contribution account plus the voluntary account, if any.

7. VESTING

A. Eligibility

Termination for reasons other than death, disability or retirement.

B. Benefit

If a participant has completed fewer than five years of plan participation, refund of employee contributions.

If a participant has five or more years of plan participation, vested accrued benefit or participant contribution account.

8. **MEMBER CONTRIBUTIONS**

All members contribute 6% of pay pursuant to the provisions of the Internal Revenue Code, Section 414(h).

9. **SENATE BILL 656 AND HOUSE BILL 3349**

For benefits payable on or after July 1, 1991, employees will have their monthly benefit increased by the better of SB 656 or HB 3349.

SB 656:

Years of Service	**Percent Increase**
10 or more but less than 20	1.0%
20 or more but less than 25	2.5%
25 or more	4.0%

HB 3349: Benefit attributable to pre-October 1, 1991 service will be increased by 1.0989.

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES
RETIREMENT PLAN

PLAN PROVISIONS

GENERAL EMPLOYEES

1.	**EFFECTIVE DATE**	1964. The latest restatement date is July 1, 1982 and was last amended January 1, 1995 to provide for mandatory employee contributions.
2.	**PLAN ELIGIBILITY**	A full-time general employee becomes a member on his employment commencement date. The city manager is excluded from participation.
3.	**NORMAL RETIREMENT**	
	A. Eligibility	First day of the month coinciding with or next following attainment of age 60.
	B. Benefit	(a) The product of the participant's high 36-month average monthly compensation times 1.67%, times his total Years of Service, plus
		(b) That portion of a participant's contribution account on or after July 1, 1979 shall be provided as an annuity or as a lump sum on his or her retirement date. (A participant must be hired prior to July 1, 1993 for this benefit.)
		(c) Form of benefit: Life annuity with guaranteed payments for 60 months.
		(d) The retirement benefit is subject to a cost-of-living adjustment of up to 2% per year.
4.	**EARLY RETIREMENT**	
	A. Eligibility	Attainment of age 55.

B. Benefit

Accrued benefit on early retirement date, multiplied by factor below corresponding to the number of years the early retirement date is before the normal retirement date. Provided, however, that no reduction will apply to an active participant who retires on early retirement date with 30 years of service.

Number of Years Early Retirement Date is Before Normal Retirement Date	**Factor**
1	.92
2	.84
3	.76
4	.68
5	.60

5. **DISABILITY**

A. Eligibility

Totally and permanently disabled in the course of duty, or totally and permanently disabled after completion of ten years of service.

B. Benefit

Accrued benefit.

In no case will the monthly benefit be less than $100.

6. **DEATH BENEFIT**

Two and two tenths times the participant contribution account plus the voluntary account, if any.

7. **VESTING**

A. Eligibility

Termination for reasons other than death, disability or retirement.

B. Benefit

If a participant has completed fewer than five years of plan participation, refund of employee contributions.

If a participant has five or more years of plan participation, vested accrued benefit or participant contribution account.

8. **MEMBER CONTRIBUTIONS**

All members contribute 6% of pay pursuant to the provisions of the Internal Revenue Code, Section 414(h).

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

SECTION 6

MEMBER INFORMATION

The following table shows the number of Policemen and Firemen included in the current actuarial valuation.

	Current Valuation 7/1/99
Active	
Age 65 & Over	0
Other Vested Participants	10
Non-Vested Participants	0
TOTAL ACTIVE	10
Inactive	
Retired	9
Vested Terminations	3
TOTAL INACTIVE	12
TOTAL PARTICIPANTS	22

The total anticipated annual compensation for active members under age 65 was $486,110. The earnings reported for 1998-99 are shown on the next exhibit.

The following table shows the number of general service members included in the current actuarial valuation.

	Current Valuation 7/1/99
Active	
Age 65 & Over	0
Other Vested Participants	26
Non-Vested Participants	21
TOTAL ACTIVE	47
Inactive	
Retired	17
Vested Terminations	8
Non-Vested Terminations	2
TOTAL INACTIVE	27
TOTAL PARTICIPANTS	74

The total anticipated annual compensation for active members under age 65 was $1,610,804. The distribution of earnings for the 1998-99 plan year follows on the next exhibit.

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

POLICEMEN AND FIREMEN
ACTIVE MEMBERS ON JULY 1, 1999

Reported 1998 - 1999 Earnings

	Years of Credited Service							
	Under 1		1 to 4		5 to 10		10 to 15	
Age	No.	Average Earnings	No.	Average Earnings	No.	Average Earnings	No.	Average Earnings
Under 25	0	$ 0	0	$ 0	0	$ 0	0	$ 0
25 to 29	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	0	0
40 to 44	0	0	0	0	0	0	1	44,614
45 to 49	0	0	0	0	0	0	0	0
50 to 54	0	0	0	0	0	0	1	78,465
55 to 59	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	1	49,772
65 to 69	0	0	0	0	0	0	0	0
70 and Up	0	0	0	0	0	0	0	0
Total	0	$ 0	0	$ 0	0	$ 0	3	$ 57,617

	Years of Credited Service							
	15 to 20		20 to 25		25 to 30		Total	
Age	No.	Average Earnings	No.	Average Earnings	No.	Average Earnings	No.	Average Earnings
Under 25	0	$ 0	0	$ 0	0	$ 0	0	$ 0
25 to 29	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	0	0
40 to 44	0	0	0	0	0	0	1	44,614
45 to 49	1	45,803	1	43,795	1	27,058	3	38,885
50 to 54	0	0	0	0	1	51,865	2	65,165
55 to 59	0	0	0	0	1	57,691	1	57,691
60 to 64	1	31,439	1	44,034	0	0	3	41,748
65 to 69	0	0	0	0	0	0	0	0
70 and Up	0	0	0	0	0	0	0	0
Total	2	$ 38,621	2	$ 43,915	3	$ 45,538	10	$ 47,454

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

GENERAL EMPLOYEES
JULY 1, 1999

Reported 1998 - 1999 Earnings

	Years of Credited Service							
	Under 1		1 to 5		5 to 10		10 to 15	
Age	No.	Average Earnings	No.	Average Earnings	No.	Average Earnings	No.	Average Earnings
Under 25	0	$ 0	0	$ 0	0	$ 0	0	$ 0
25 to 29	1	26,660	1	28,323	1	32,212	0	0
30 to 34	1	9,844	1	23,045	1	40,018	1	36,978
35 to 39	4	13,509	2	33,469	2	37,206	0	0
40 to 44	1	21,666	4	34,170	0	0	1	32,414
45 to 49	0	0	5	29,830	2	42,355	2	37,252
50 to 54	0	0	1	34,648	4	41,099	1	42,720
55 to 59	0	0	1	27,882	0	0	1	36,958
60 to 64	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0
70 and Up	0	0	0	0	0	0	0	0
Total	7	$ 16,030	15	$ 31,111	10	$ 39,575	6	$ 37,262

	Years of Credited Service							
	15 to 20		20 to 25		25 to 30		Total	
Age	No.	Average Earnings	No.	Average Earnings	No.	Average Earnings	No.	Average Earnings
Under 25	0	$ 0	0	$ 0	0	$ 0	0	$ 0
25 to 29	0	0	0	0	0	0	3	29,065
30 to 34	0	0	0	0	0	0	4	27,471
35 to 39	0	0	0	0	0	0	8	24,423
40 to 44	2	40,778	1	49,796	0	0	9	35,790
45 to 49	0	0	2	39,521	0	0	11	35,219
50 to 54	0	0	2	37,902	1	45,384	9	40,328
55 to 59	1	42,680	0	0	0	0	3	35,840
60 to 64	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0
70 and Up	0	0	0	0	0	0	0	0
Total	3	$ 41,412	5	$ 40,928	1	$ 45,384	47	$ 33,456

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES RETIREMENT PLAN

SUMMARY OF VESTED TERMINATED MEMBERS
(As of July 1, 1999)

	Date of Birth	Date of Hire	Date of Termination	Monthly Benefit
Policemen and Firemen				
Hailey, Larry	10/10/49	3/01/88	7/06/92	$ 857.23
Dalton	2/12/60	12/17/84	9/30/93	432.76
Leonard				33,377.98*
Picard	8/11/49	6/1/74		68,043.53**
General				
Sanders	9/04/48	4/28/80	8/14/85	273.24
Thompson	3/05/42	10/16/72	11/29/89	718.32
Young	8/01/48	5/29/79	4/30/91	406.96
Turpen, Doreen	11/13/46	7/01/80	12/17/91	620.77
MacKenzie	9/26/41	2/01/86	8/14/93	212.52
Woodall	4/25/52	12/31/87	7/30/93	157.26
Hailey, Michael	2/04/54	3/01/88		695.39
Dittman, William	12/21/55	7/06/98		1,336.16***
Stewart	12/09/43	12/01/89		482.00****
Richmond				21,369.51***

* QDRO Account Balance
** Account Balance - Participant Disabled
*** Nonvested Terminated Participant Account Balances
**** Estimated monthly benefit

CITY OF NEWBERG
POLICEMEN AND FIREMEN AND GENERAL EMPLOYEES
RETIREMENT PLAN

SUMMARY OF RETIRED MEMBERS
(As of July 1, 1999)

Name	Age Nearest Birthday	Monthly Benefit	Type of Benefit
Policemen and Firemen			
Valorie Andrews	72	$ 466.62	Single Life
Dave Bishop	63	948.28	5-Year Certain & Life
Elmer Christensen	69	868.19	5-Year Certain & Life
Richard McCabe	68	1,440.40	100% Joint & Survivor
Carl Miller	64	1,745.12	Single Life
Phillip Picard	60	2,462.41	Disability
Arthur Pohl	61	2,456.19	50% Joint & Survivor
Randall Savage	70	79.25	100% Joint & Survivor

These benefits reflect Senate Bill 656 and 1.89% COLA effective July 1, 1999 for Elmer Christensen, Dave Bishop, Arthur Pohl and Randall Savage.

Name	Age Nearest Birthday	Monthly Benefit	Type of Benefit
General			
Jaime Aldequer	67	$ 41.32	100% Joint & Survivor
Margaret Aldequer	64	192.63	50% Joint & Survivor
Roland Floch	76	574.60	5-Year Certain & Life
Elmer Gardner	83	528.75	10-Year Certain & Life
Robert Gardner	77	1,059.00	100% Joint & Survivor
Stan Garwood	62	952.20	100% Joint & Survivor
Myrland Gilbert	83	910.73	50% Joint & Survivor
James Jackson	64	126.46	50% Joint & Survivor
Stan Johnson	69	77.61	Single Life
Pauline Mabon	60	1,610.45	5-Year Certain & Life
Dennis Manning	72	622.45	5-Year Certain & Life
Lois Parrett	75	723.00	10-Year Certain & Life
Bert Teitzel	58	331.39	50% Joint & Survivor
Harold Turpen	60	893.72	100% Joint & Survivor
Robert Weisenback	78	279.96	5-Year Certain & Life
Wendell West	64	409.32	50% Joint & Survivor
Harvey Wieberdink	61	1,615.78	10-Year Certain & Life

Reflects 1.89% increase effective July 1, 1999, except for Lois Parrett, Robert Gardner and James Jackson.