

November 25, 2014

The Board of Trustees  
City of Roseville Employees Retirement System  
Roseville, Michigan

Dear Board Members:

*The purpose of the annual actuarial valuation of the City of Roseville Employees Retirement System as of June 30, 2014 is to:*

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members of the Retirement System,
- Compare accrued assets with accrued liabilities to assess the funded condition of the Retirement System, and
- Compute the City's recommended contribution rate for the Fiscal Year beginning July 1, 2015.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. Data concerning active members, retirees, beneficiaries and assets was provided by the city. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. The valuation was based on the provisions of the Retirement System as amended through June 30, 2014. The actuarial assumptions used in this valuation are reasonably related to the past experience of the System and represent reasonable expectations of future experience under the System. This report was prepared under the direction of a member of the American Academy of Actuaries who meets the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Denise M. Jones  
Senior Consultant



Sandra W. Rodwan  
Member, American Academy of Actuaries

***City of Roseville  
Employees Retirement System***

*Actuarial Valuation as of June 30, 2014*

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***Section One:***  
***Valuation Summary***



### **Purpose of Valuation**

The purpose of the annual actuarial valuation of the City of Roseville Employees Retirement System as of June 30, 2014 is to:

- ❖ Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members of the Retirement System,
- ❖ Compare accrued assets with accrued liabilities to assess the funded condition of the Retirement System, and
- ❖ Compute the City's recommended contribution rate for the Fiscal Year beginning July 1, 2015.

### **Liabilities and Funded Condition of Retirement System**

Accrued liabilities of the Retirement System as of June 30, 2014 were computed to be \$182,491,368. The funding value of accrued assets was \$132,003,172. The ratio of the funding value of accrued assets to accrued liabilities was 72.3%.

### **Funding Value of Assets**

A smoothed market value of assets was used for the June 30, 2014 valuation. This method, which spreads the difference between actual and expected investment return over four years, is the same as the method used for last year's valuation.

### **Computed City's Contribution Rate**

The City's normal cost contribution rate was computed to be 6.51% for General members and 14.34% for Police and Fire members payroll.

The City's total contribution rate was computed to be 30.09% for General members and 37.92% for Police and Fire members. This includes an amortization payment of 23.58% for General members and Police and Fire members.

### **Retirement System Experience**

The aggregate experience of the Retirement System was more favorable than assumed during the year ended June 30, 2014. The primary source of the favorable experience was the recognized rate of investment return on the funding (smoothed market) value of assets which was greater than assumed.

**Assumption and Method Changes**

There were no changes in assumptions or actuarial cost methods used for the valuation.

**Benefit Provision Changes**

The following benefit provision changes were included in this valuation:

Police and Fire members electing annuity withdrawal shall only receive 95% of the amount elected to be withdrawn and the remaining 5% will be credited to the Retirement System.

**Participant Data**

	<b>6/30/2014</b>		<b>6/30/2013</b>	
	<b>Number</b>	<b>Payroll</b>	<b>Number</b>	<b>Payroll</b>
<b>Active Members</b>				
General	30	\$1,102,092	30	\$1,098,495
Elected & Non-Union	29*	276,261	30#	361,324
Supervisors	20	2,629,372	19	2,511,502
Clerical	12	559,396	10	487,960
Court	11	494,209	11	497,392
Water	<u>13</u>	<u>675,053</u>	<u>13</u>	<u>618,957</u>
General Total	115	\$5,736,383	113	\$5,575,630
Police	58	4,706,314	52	4,754,512
Fire	<u>42</u>	<u>2,978,388</u>	<u>38</u>	<u>2,940,795</u>
<b>Total Active Members</b>	<b>215</b>	<b>\$13,421,085</b>	<b>203</b>	<b>\$13,270,937</b>
<b>Retirees and Survivors</b>	<b>363**</b>	<b>\$12,695,841</b>	<b>365**</b>	<b>\$12,537,040</b>

\*Includes 13 At-Will and 10 Elected members.

\*\*Includes 1 General member and 2 Police/Fire members in the Deferred Retirement Option Plan.

#Includes 12 At-Will and 11 Elected members.

##Includes 2 General member and 7 Police/Fire members in the Deferred Retirement Option Plan.

**Financial Data**

	<b>06/30/2014</b>	<b>06/30/2013</b>
Funding Value of Assets	\$132,003,172	\$124,768,595
Market Value of Assets	140,692,329	126,265,430

**Conclusion**

The Retirement System is being funded in accordance with a sound level percent of payroll financing objective.



***Section Two:***

***Actuarial Calculations –  
Funding***



**Computed Contribution Rates for The Year Beginning July 1, 2015**

The contribution rates shown below are expressed as percents of active member payroll.

The normal cost can be viewed as the long-term on-going cost of the Retirement System. The unfunded actuarial accrued liability was amortized over 20 years. This is a 1 year decrease from the period used last year.

**Contribution Recommendation:**

	<b><u>Percents of Payroll</u></b>	
	<b><u>General</u></b>	<b><u>Police/Fire</u></b>
Normal Cost		
Regular Retirement	10.38%	18.01%
Pre-retirement Death	1.58	1.43
Disability	1.06	1.85
Withdrawal	<u>3.45</u>	<u>2.47</u>
Total Normal Cost	16.47	23.76
Unfunded Actuarial Accrued Liability	23.58	23.58
Total Computed Contribution	40.05	47.34
Member Portion	9.96	9.42
<b>City's Net Contribution Rate</b>	<b>30.09%</b>	<b>37.92%</b>
<b>City's Dollar Contribution</b>	<b>\$1,812,382</b>	<b>\$3,059,741</b>

**Unfunded Actuarial Accrued Liability**

	<b>June 30, 2014</b>		<b>June 30, 2013</b>	
	<b>General</b>	<b>Police/Fire</b>	<b>General</b>	<b>Police/Fire</b>
<b>Actuarial Accrued Liabilities</b>	\$68,442,339	\$114,049,029	\$68,774,215	\$112,444,087
<b>Assets Allocated to Funding</b>	<u>46,863,870</u>	<u>85,141,598</u>	<u>45,057,888</u>	<u>79,711,571</u>
<b>Unfunded Actuarial Accrued Liabilities</b>	\$21,578,469	\$28,907,431	\$23,716,328	\$32,732,517

**Recommended City Contributions**

<b>Valuation Date June 30</b>	<b>Percent of Valuation Payroll</b>		<b>Dollar Contributions</b>
	<b>General</b>	<b>Police/Fire</b>	
1995	17.85%	20.27%	\$2,305,703
1996	17.29	17.89	2,301,124
1997	16.49	16.70*	2,302,699
1998	18.55	12.82*	2,291,128
1999	18.44	9.81*	2,509,912
2000	17.72	10.96*	2,208,341
2001	18.64	11.85*	2,449,110
2002	17.56	15.65*	2,813,719
2003	18.03	19.20	3,295,298
2004	20.47	20.23	3,885,102
2005	22.73	18.80	3,938,255
2006	23.54	20.28	4,111,361
2007#	23.65	19.48	4,140,536
2008#@	22.82	19.90	4,160,914
2009	21.84	24.42	4,544,628
2010**	31.11	26.99	5,034,218
2011@	31.08	33.41	5,376,550
2012@	31.66	40.55	5,207,023
2013@	32.91	39.20	5,094,075
<b>2014@</b>	<b>30.09</b>	<b>37.92</b>	<b>4,872,123</b>

#Excluding post-retirement health insurance.

@After changes in benefit provisions.

\*Net of temporary credit for accrued valuation assets in excess of actuarial accrued liabilities.

\*\*Member contributions increases effective only for FY 11/12 reduced the City's computed contribution rates to 27.04% for General and 20.41% for Police/Fire, and the dollar amount to \$4,050,676.

**History of Assets and Accrued Liabilities**

<b>Valuation Date 6/30</b>	<b>Valuation Assets</b>	<b>Actuarial Accrued Liabilities</b>	<b>Funded Ratio</b>	<b>Unfunded Actuarial Accrued Liabilities</b>
1992	\$59,625	\$69,137	92.8%	\$ 4,606
1993	64,653	75,752	85.3	11,099
1994	67,838	80,090	84.7	12,252
1995	70,758	85,608	82.7	14,850
1996	78,957	89,510	88.2	10,553
1997	86,032	92,789	92.7	6,757
1998	97,090	98,592	98.5	1,502
1999	106,123	103,097	102.9	(3,026)
2000	111,153	108,780	102.2	(2,373)
2001	115,009	114,218	100.7	(791)
2002	112,427	117,182	95.9	4,755
2003	109,779	122,849	89.4	13,070
2004	111,328	131,171	84.9	19,843
2005	114,059	135,778	84.0	21,719
2006	119,145	143,792	82.9	24,647
2007	128,047	150,926	84.8	22,879
2008	133,644	158,417	84.4	24,773
2009	131,095	160,689	81.6	29,594
2010	128,488	170,862	75.2	42,374
2011	125,962	174,318	72.3	48,356
2012	121,682	177,578	68.5	55,895
2013	124,769	181,218	68.9	56,449
<b>2014</b>	<b>132,003</b>	<b>182,491</b>	<b>72.3</b>	<b>50,488</b>

Results shown throughout this report, for years prior to 2001, were prepared by the previous actuarial firm.

**Aggregate Gain/Loss - Year Ended June 30, 2014**

(1) UAAL <sup>a</sup> at start of year	\$56,449,708
(2) Normal cost	2,882,338
(3) Interest accrual	4,449,903
(4) Contributions	6,371,764
(5) Expected UAAL before changes	57,410,185
(6) Benefit Provision Revisions	None
(7) Change from assumption revision	None
(8) Expected UAAL after changes	57,410,185
(9) Actual UAAL	50,488,196
(10) Gain(Loss)	\$6,921,989
(11) Percent of AAL <sup>b</sup>	3.82%

<sup>a</sup> Unfunded Actuarial Accrued Liability.

<sup>b</sup> Actuarial Accrued Liability at beginning of year.

**Actuarial Balance Sheet June 30, 2014**

**Actuarial Assets**

Accrued Assets		
Assets from system’s financial statements (market value)	\$140,692,329	
Funding value adjustment	<u>(8,689,157)</u>	
Total accrued assets		\$132,003,172
Actuarial present value of expected future		
For normal costs	25,391,418	
For unfunded actuarial accrued liabilities	<u>50,488,196</u>	
		<u>75,879,614</u>
Total Actuarial Present Value of Present and Expected Future Resources		<u><u>\$207,882,786</u></u>

**Actuarial Present Values (Liability)**

To retirees and beneficiaries		\$131,581,940
To vested terminated members		2,561,717
To active members		
Allocated to service rendered prior to valuation date	46,623,484	
Allocated to service rendered after valuation date	<u>25,391,418</u>	
		<u>72,014,902</u>
Reserve for DROP accounts		<u>1,724,227</u>
Total Actuarial Present Value of Expected Future Benefit Payments and Reserves		<u><u>\$207,882,786</u></u>

## Comments and Conclusion

**Comment 1:** The overall experience of the Retirement System was more favorable than assumed during the year ended June 30, 2014. The primary source of the favorable experience was the recognized rate of investment return based on the smoothed market value of assets. The recognized rate of return on the funding value of assets was more than assumed (11.3% versus 7.5%).

**Comment 2:** For the purpose of this valuation we have computed one combined contribution rate for the amortization of unfunded actuarial accrued liability. That combined rate was added to the Normal Cost for each division to determine the total contribution for each division. This eliminates the distortions that can occur due to estimated allocations of the funding value of assets. This results in less fluctuation of the relative employer contribution rates between the General and Police/Fire divisions and is consistent with a level percent of payroll financing approach for each division.

**Conclusion:** The City is funding Retirement System benefits as they accrue in accordance with a sound level percent of payroll funding objective.



***Section Three:***

***Retirement System  
Benefit Provisions***



## Benefit Provision Summary

### *Service Retirement*

*(No reduction factor for age)*

*Eligibility:* All General members - any age with 30 or more years of credited service, age 55 with 20 or more years of credited service, or age 60 with 10 or more years of credited service.

Police and Fire members - age 50 with 20 or more years of credited service or age 55 with 10 or more years of service. Police members and Fire members may retire prior to age 50 with 20 or more years of credited service with forfeiture of i) health insurance premiums prior to age 50 and ii) post-retirement escalation.

#### *Annual Benefits:*

General, Supervisors, Clerical and Court Clerk members – 2.5% of Final Average Compensation (FAC) times years of credited service earned up to 7/1/2012 plus 2.0% of (FAC) times years of credited service earned on or after 7/1/2012. Maximum is 80% of FAC if hired prior to July 1, 1994 or 75% of FAC if hired after July 1, 1994. New hires after 7/1/2012 – 1.5% of FAC times years of credited service up to 75% of FAC (Court – 70% of FAC).

Local 520 members hired prior to 7/1/2012 - 2.8% of FAC times years of credited service earned up to 7/1/2012 plus 2.0% of FAC times years of credited service earned on or after 7/1/2012. Maximum is 80% of FAC if hired prior to 1/1/95 or 75% of FAC if hired on or after 1/1/95.

Local 520 members hired on or after 7/1/2012 – 1.5% of FAC times years of credited service. Maximum is 75% of FAC.

COAM Members - 2.8% of FAC times the first 25 years of service, plus 1.5% of FAC times the next four years of service. Maximum is 75%.

POAM members hired prior to 7/1/2012 - 2.8% of FAC times the first 25 years of service plus 1.5% of FAC times the next four years to 29 years of service, plus 1.0% of FAC times service in excess of 29 years. Maximum is 75%.

POAM members hired on or after July 1, 2012 – 2.5% of FAC times all years of service. Maximum is 70%.

Fire members hired prior to 1/1/2011 - 2.8% of FAC times the first twenty-five (25) years of service for service earned up to 11/1/2013 and 2.5% times years of service earned on or after 11/1/2013. 75% of FAC maximum.

Fire members hired on or after January 1, 2011, 2.5% of FAC times all years of service. 70% of FAC maximum.

*Type of Final Average Compensation:* Clerical members - Average of highest 5 consecutive annual compensations contained within last 10 years preceding retirement. Some lump sum payments included.

Supervisors, Court Clerks, and General members - Average of the highest 3 consecutive annual compensations contained within the last 5 years preceding retirement. Some lump sum payments included. For Supervisors - Any four consecutive quarters constitutes a year and years do not need to be consecutive.

Local 520 members - Average of any 3 years out of the last 5 years, the years do not need to be consecutive.

Police members and Fire members - Average of highest 3 annual compensations contained within last 10 years preceding retirement. Any 4 consecutive quarters will constitute a year. The years need not be consecutive. Some lump sum payments included.

### ***Deferred Retirement Option Program (DROP)***

*Eligibility:* Supervisors are eligible at age 55 with 25 years of service or with 30 years of service regardless of age. Police are eligible at age 50 with 25 years of service. Fire members are eligible at age 50 with 20 years of service.

Supervisors DROP Term is for three years. Command DROP has a 7 year maximum, Police Patrol has a 2 year maximum and Fire has a 3 year maximum. New Patrol hired after 7/1/2012 are not eligible.

Command and Fire members electing DROP will continue to contribute at the current member contribution rate. Patrolman will contribute 10%. These contributions will not be eligible for Annuity Withdrawal.

### ***Deferred Retirement (Vested benefit)***

*Eligibility:* Termination of City employment with 10 or more years of credited service.

*Annual Benefit:* Accrued regular retirement amount payable beginning at age 55 with 20 years of service or age 60 with 10 years of service for all General members, and age 50 with 20 years of service or age 55 with 10 years of service for Police and Fire.

### ***Duty Disability Retirement***

*Eligibility:* Total and permanent disability incurred in line of duty with the City for which Worker's Compensation is paid.

*Annual Benefit:* General members - Accrued regular retirement amount; minimum to age 55, 15% of FAC; minimum at age 55, sum of 10% of first \$4,200 of FAC, plus 15% of FAC in excess of \$4,200. Police and Fire – minimum to age 50, 15% of FAC.

For all members, upon termination of Worker's Compensation period, or attainment of age 65, if earlier, service credit is increased to include years in receipt of Worker's Compensation. Minimum - 50% of FAC.

***Non-Duty Disability***

*Eligibility:* Total and permanent disability after 10 years of credited service.

*Annual Benefit:* All General members: Accrued regular retirement amount, minimum 15% of FAC. Police and Fire - Accrued regular retirement amount.

***Duty Death in Service Survivor's Pension***

*Eligibility:* Death incurred in line of duty with the City, or death of disability retiree as a result of same injury or disease for which he was retired; Worker's Compensation is being paid as a result of the death.

*Annual Benefit:* Termination of Worker's Compensation period, an amount equal to Worker's Compensation payments are continued to unmarried spouse, unmarried children under age 18, and parents who were in receipt of Worker's Compensation as a result of the death.

Minimum amount to spouse of a deceased Police or Fire member may continue after age 18 if Board finds child to be incapable of self-support due to a disability which began prior to attainment of age 18. Accumulated contributions are refunded

***Non-Duty Death in Service Survivor's Pension***

*Eligibility:* Any age with 10 or more years of credited service.

*Annual Benefit:* Option II (100% survivor) actuarial equivalent of accrued regular retirement amount to elected beneficiary.

***Post-Retirement Cost-of-Living***

*Eligibility:* Command members, Police members and Fire members with effective dates of retirement on or after July 1, 1977 and July 1, 1976, respectively, and all General members with effective dates of retirement on or after January 1, 1993 are eligible. Police and Fire members who begin normal retirement prior to age 50 forfeit post-retirement cost-of-living adjustments.

*Annual Benefit:* Police members and Fire members – 15% of regular retirement amount effective 5 years after date of retirement. Fire members hired on or after January 1, 2011 – 10% of regular retirement amount effective 5 years after date of retirement, 5% of increase 10 years after retirement. Command members retired or in DROP prior to 5/20/2013 – 15% effective 5 and 10 years after date of retirement. Police patrol members hired after 7/1/2012 do not receive escalators.

All General Members retired prior to 7/1/2012 - 10.0% increase effective 5 years after the date of retirement and another 10.0% increase, compounded, effective 5 years after the first increase. Supervisors, Clerical and Local 520 Members retiring on or after 7/1/2012 - 5% increase effective 5 years after the date of retirement plus another 5% increase compounded, effective 10 years after the date of retirement plus a final 5% increase compounded, effective 15 years after the date of retirement. Court Clerks retiring on or after 7/1/2012 - 5% increase effective 5 years after the date of retirement plus another 5% increase compounded, effective 10 years after the date of retirement.

### ***Member Contributions***

Clerical – 12.5%  
Police Command – 9.0%  
Court Clerks – 12%  
Elected Officials – 6.5%  
Fire – 10.0%  
Local 520 – 6.5% Hired after 7/1/2012 – 8%  
Police Patrol – 9.0%. Hired after 7/1/2012 – 10%  
Supervisors – 12.5%. New hires after July 1, 2012 – 8%  
Part-Time – 6.5%  
At-Will / Non-Union – Varies by what union contracts their benefits are based upon.

### **Annuity Withdrawal**

*Eligibility:* Police (except POAM hired after July 1, 2012) and Fire members.

*Benefit:* A police or fire member retiring with a normal retirement allowance may elect to withdraw all or part of their member contributions. The member's pension shall be reduced by the actuarial equivalent of the amount withdrawn. If a member elects the Annuity Withdrawal Option, the member shall only receive a distribution of ninety-five percent (95%) of the amount elected to be withdrawn, and the remaining five percent (5%) shall be credited to the Retirement System.

The additional two percent (2%) employee contribution agreed to by contract shall not be available for the Annuity Withdrawal Option and any contribution to the City's retirement system by a member participating in the City's Deferred Retirement Option Plan ("DROP") shall not be subject to the Annuity Withdrawal Option.

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*Section Four:*

***Actuarial Assumptions  
And Methods***



**Actuarial Assumptions**

**Economic Assumptions**

(i) **Interest Rate** 7.5% (net of expenses)

(ii) **Salary Increases**

Across-the-Board 5.0%  
 Merit and Longevity Age-related rates

**Sample Annual Rates of Salary Increase**

Sample Ages	Across-the-Board	Merit and Longevity		Totals	
		All General	Police-Fire	All General	Police-Fire
20	5.0%	3.8%	3.0%	8.8%	8.0%
25	5.0	3.1	3.0	8.1	8.0
30	5.0	2.7	2.6	7.7	7.6
35	5.0	2.4	1.1	7.4	6.1
40	5.0	2.1	0.2	7.1	5.2
45	5.0	1.7	0.2	6.7	5.2
50	5.0	1.1	0.2	6.1	5.2
55	5.0	0.7	0.1	5.7	5.1
60	5.0	0.2	-	5.2	5.0
65	5.0	-	-	5.0	5.0

**Demographic Assumptions**

**(i) Mortality**

1984 Group Annuity Mortality Table  
male and female.

Sample Ages	Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	\$134.71	\$146.05	27.53	33.66
55	125.72	139.18	23.28	28.99
60	114.86	130.21	19.27	24.44
65	102.12	118.98	15.55	20.09
70	88.28	105.19	12.25	15.99
75	74.58	89.73	9.49	12.33
80	60.87	74.20	7.17	9.28

**(ii) Disability**

Sample Ages	Percent Becoming Disabled Within Next Year		
	General		Police/Fire
	Men	Women	
20	0.07%	0.03%	0.10%
25	0.09	0.05	0.15
30	0.10	0.07	0.20
35	0.14	0.13	0.25
40	0.21	0.19	0.50
45	0.32	0.28	0.65
50	0.52	0.45	0.80
55	0.92	0.76	0.95

**(iii) Termination of Employment**

Service related rates for first 5 years of employment. Age related rates after first 5 years of employment

Sample Ages	Years of Service	Members Separating Within the Year		
		General Members	Police	Fire
ALL	0	20.00%	12.00%	10.00%
	1	15.00	9.00	7.00
	2	10.00	7.00	5.00
	3	8.00	5.00	4.00
	4	7.00	4.50	3.50
20	5 & Over	6.00	4.50	3.50
25		6.00	4.50	3.50
30		5.50	3.90	2.90
35		4.40	2.30	1.50
40		1.85	0.90	0.60
45		1.25	0.50	0.50
50		1.25	0.50	0.50
55		1.25	0.50	0.50
60		1.25	0.50	0.50
65		1.25	-	-

**(iv) Retirement Rates**

Age-related rates

**Active Members Retiring within Year  
Following Attainment of Indicated Retirement Age**

Age Retiring	Percent Retiring			
	Supervisors	General	Police	Fire
50	30	20	50	50
51	25	15	25	35
52	20	10	25	25
53	20	10	25	25
54	20	10	25	25
55	20	10	25	25
56	20	10	25	25
57	20	10	25	25
58	20	10	25	25
59	20	10	25	25
60	20	10	100	100
61	20	10		
62	40	30		
63	20	10		
64	20	10		
65	100	100		

A General member was assumed to be eligible for normal retirement after attaining age 50 with 30 years of service, after attaining age 55 with 20 or more years of service, or after attaining age 60 with 10 or more years of service. Supervisor members were assumed eligible for DROP retirement at age 50 with 25 or more years of service. Police members were assumed eligible after attaining age 50 with 20 or more years of service or after attaining age 55 with 10 or more years of service. Fire members were assumed eligible after attaining age 50 with 20 or more years of service or after attaining age 55 with 10 or more years of service. Police members were assumed eligible for DROP retirement at age 50 with 25 years of service, and Fire members are eligible at age 50 with 20 years of service.

**Lump sum payments** included in the calculation of average pay upon which benefits are computed were assumed to increase benefits by 10%. Using non-consecutive quarters in FAC was assumed to increase benefits by 1%.

### **Actuarial Method Used for the Valuation**

**Normal Cost.** Normal cost and the allocation of actuarial present values between service rendered before and after the valuation date were determined using an individual entry-age actuarial cost method having the following characteristics:

- ❖ The annual normal costs for each individual active member, payable from date of hire to date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- ❖ Each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

**Financing of Unfunded Actuarial Accrued Liability.** Unfunded actuarial accrued liability was amortized as a level percent of payroll over 20 years, a decrease of 1 year from the period used for the June 30, 2013 annual valuation.

Active member payroll was assumed to increase 5.0% a year for the purpose of determining the level percent of payroll amortization payment.



***Section Five:***  
***Valuation Data***



**Summary of Asset Information Submitted for the Valuation**

Revenues and Expenses for the Year Ended June 30, 2014

a. Revenues	
(i) Member Contributions	\$165,725
(ii) Employer Contributions	6,206,039
(iii) Investment Income (Net of Expenses)	20,892,292
(iii) Other	<u>58,733</u>
(iv) Total Income	\$27,691,654
b. Expenses	
(i) Pensions and Refunds	\$12,724,030
(ii) Non-Investment Expenses	<u>171,857</u>
(iii) Total Expenses	12,895,887
Total revenues minus total expenditures	\$14,795,767

**Asset Reconciliation**

Market Value of Assets – June 30, 2013	\$126,265,433
Revenues	27,322,789
Expenditures	14,426,901
Adjustments	0
Market Value of Assets – June 30, 2014	\$140,692,329

**Asset Summary**

As of June 30, 2014 the market value of assets was reported to be \$140,692,290. The funding value of assets (smoothed market value) was computed to be \$132,003,172.

**Funding Value of Assets**

A. Funding Value Beginning of Year	\$124,768,595
B. Market Value End of Year	140,692,329
C. Market Value Beginning of Year	126,265,430
D. Non-Investment Net Cash Flow	(6,524,123)
E. Investment Income	
E1. Market Total B-C-D	20,951,022
E2. Amount for Immediate Recognition (7.5%)	9,112,990
E3. Amount for Phased-In Recognition E1-E2	11,838,032
F. Phased-In Recognition of Investment Income	
F1. Current Year $0.25 \times E3$	2,959,508
F2. First Prior Year	1,038,926
F3. Second Prior Year	(2,268,052)
F4. Third Prior Year	2,915,328
F5. Total Recognized Investment Gain	4,645,710
G. Funding Value End of Year $A+D+E2+F5$	132,003,172
H. Difference Between Market and Funding Value	8,689,157
I. Net Funding Value	\$132,003,172
J. Recognized Rate of Return on Funding Value	11.3%

## Participant Summary

### Retirees and Beneficiaries Included in the Valuation

There were 363 retirees and beneficiaries included in the valuation, with annual pensions totaling \$12,695,841.

During the year ended June 30, 2014, 2 members from the General Division and 1 member from the Police Division. One General member and three Police members entered the DROP and 0 were removed.

### Pensions Being Paid Historical Schedule

Valuation Date June 30	No.	Annual Pensions	Average Pension	Discounted Value of Pensions	
				Total	Average
1995	237	\$3,546,617	\$14,977	\$40,059,089	\$169,026
1996	242	3,704,203	15,307	41,245,842	170,437
1997	246	4,136,283	16,814	45,732,511	185,905
1998	246	4,430,669	18,011	48,755,274	198,192
1999	249	4,820,344	19,359	53,182,217	213,583
2000	261	5,468,133	20,951	60,606,499	232,209
2001	262	5,725,074	21,851	62,075,690	236,930
2002	272	5,989,093	22,019	63,239,260	232,497
2003	270	6,381,561	23,635	65,879,324	243,986
2004	270	6,501,678	24,080	66,273,122	245,456
2005	276	6,966,711	25,242	71,198,776	257,967
2006	291	7,663,900	26,336	79,112,714	271,865
2007	304	8,297,320	27,294	84,776,799	278,871
2008	308	8,919,064	28,958	92,532,238	300,429
2009	313	9,254,286	29,566	92,490,698	295,497
2010	335	10,296,903	30,737	106,938,529*	319,219
2011	341	10,870,888	31,879	110,616,458*	324,388
2012	362	12,089,618	33,397	128,420,409*	354,753
2013	365	12,537,040	34,348	132,671,338*	363,483
<b>2014</b>	<b>363</b>	<b>12,695,841</b>	<b>34,975</b>	<b>131,581,940</b>	<b>362,485</b>

\*Includes the Drop Reserve balance beginning in 2010.

**Note:** Includes DROP participants beginning in 2003.

**Retired Members and Survivors – June 30, 2014**

Attained Age	Age and Service		Casualty		Totals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
40-44	2	\$49,973		\$ -	2	\$49,973
45-49	15	629,704			15	629,704
50-54	30	1,658,005			30	1,658,005
55-59	43	2,013,754	3	59,181	46	2,072,935
60-64	55	2,270,684			55	2,270,684
65-69	69	2,500,636			69	2,500,636
70-74	49	1,518,921	1	16,134	50	1,535,055
75-79	31	911,767	2	17,958	33	929,725
80	4	89,271			4	89,271
81	6	101,322			6	101,322
82	5	88,264			5	88,264
83	6	142,657			6	142,657
84	4	59,566			4	59,566
85	7	123,225			7	123,225
86	3	60,599			3	60,599
87	8	131,491			8	131,491
88	4	57,477			4	57,477
89	5	99,873			5	99,873
90	2	32,113			2	32,113
91	6	45,881			6	45,881
92	1	4,532			1	4,532
94	2	12,853			2	12,853
<b>Totals</b>	<b>357</b>	<b>\$12,602,568</b>	<b>6</b>	<b>\$93,273</b>	<b>363</b>	<b>\$12,695,841</b>

\*Includes 9 members in the Deferred Retirement Option Plan.

**Inactive Members – June 30, 2014**

<u>Age</u>	<u>No.</u>	<u>Estimated Annual Pension</u>
36	1	\$14,201
40	1	29,124
41	1	30,542
44	1	21,892
47	1	15,546
51	3	159,420
54	2	19,864
57	5	68,778
58	1	2,549
59	1	5,362
<b>Totals</b>	<b>17</b>	<b>\$367,278</b>

## Active Member Summary

**General Active Members - June 30, 2014**  
**Age and Service Distribution**

Attained Age	Service						No.	Totals Payroll
	0-4	5-9	10-14	15-19	20-24	25-29		
20-24	2						2	\$31,200
25-29	4	1					5	204,045
30-34	2		1				3	175,628
35-39	8	1					9	435,351
40-44		1	3	5	2		11	560,164
45-49	4	5	9	6	1	2	27	1,577,042
50-54	4	2	7	5	3	4	25	1,339,446
55-59	6	6	2	3	1	3	21	1,060,363
60-64	2		1	3			6	211,238
65-69		2	1	1	1		5	133,536
70-74		1					1	8,370
<b>Totals</b>	<b>32</b>	<b>19</b>	<b>24</b>	<b>23</b>	<b>8</b>	<b>9</b>	<b>115</b>	<b>\$5,736,383</b>

**Group Averages:**

Age: 49.2 years  
Service: 11.6 years  
Annual Pay: \$49,882

**Police Active Members - June 30, 2014  
Age and Service Distribution**

Attained Age	Service						No.	Totals Payroll
	0-4	5-9	10-14	15-19	20-24	25-29		
20-24	3						3	\$120,000
25-29	6						6	253,480
30-34	2	4	1				7	491,252
35-39	1	2	6	1			10	823,836
40-44	1	2	4	13			20	1,873,206
45-49			2	3	1	1	7	716,187
50-54	1			2			3	230,492
55-59		1		1			2	197,861
<b>Totals</b>	<b>14</b>	<b>9</b>	<b>13</b>	<b>20</b>	<b>1</b>	<b>1</b>	<b>58</b>	<b>\$4,706,314</b>

**Group Averages:**

Age: 39.5 years  
 Service: 11.0 years  
 Annual Pay: \$81,143

**Fire Active Members - June 30, 2014**  
**Age and Service Distribution**

Attained Age	Service						No.	Totals Payroll
	0-4	5-9	10-14	15-19	20-24	25-29		
20-24	3						3	\$115,560
25-29	4	1					5	284,191
30-34	5	1					6	332,421
35-39		2	2				4	280,748
40-44		1	2	4	1		8	615,649
45-49			3	4	6		13	1,113,614
50-54				1			1	71,665
55-59				2			2	164,540
<b>Totals</b>	<b>12</b>	<b>5</b>	<b>7</b>	<b>11</b>	<b>7</b>		<b>42</b>	<b>\$2,978,388</b>

**Group Averages:**

Age: 39.6 years  
Service: 11.8 years  
Annual Pay: \$70,914

**Active Members – Two -Year Summary**

	<u>2014</u>			<u>2013</u>		
	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>
Active Members	115	58	42	113	52	38
Valuation Payroll	\$5,736,383	\$4,706,314	\$2,978,388	\$5,575,630	\$4,754,512	\$2,940,795
Average Compensation	\$49,882	\$81,143	\$70,914	\$49,342	\$91,433	\$77,389
Average Age (yrs.)	49.2	39.5	39.6	49.7	40.8	40.1
Average Service (yrs.)	11.6	11.0	11.8	11.8	13.1	12.6