

October 30, 2013

The Administrative Committee
City of Dearborn Heights
Employees Retirement Plan
Dearborn Heights, Michigan

Dear Committee Members:

The purpose of the annual actuarial valuation of the City of Dearborn Heights Employees Retirement Plan as of July 1, 2014 (based on data as of July 1, 2013) is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members of the Retirement Plan,
- Compare accrued assets with accrued liabilities to assess the funded condition of the Retirement Plan, and
- Compute the City's recommended contribution rate for the Fiscal Year beginning July 1, 2014.

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 Plan as amended through July 1, 2013. The actuarial assumptions used in this valuation represent reasonable expectations of future experience under the Plan. 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 Dearborn Heights
Employees Retirement Plan

Actuarial Valuation as of July 1, 2014
(Based on Data as of July 1, 2013)

Table of Contents

Section One: Valuation Summary

Valuation Summary..... 1

Section Two: Actuarial Calculations – Funding

Computed Contribution Rates..... 3

Unfunded Actuarial Accrued Liability..... 4

Aggregate Gain/Loss 6

Actuarial Balance Sheet 7

Section Three: Retirement Plan Benefit Provisions

Benefit Provision Summary 9

Section Four: Actuarial Assumptions and Methods

Actuarial Assumptions 12

Actuarial Methods 16

Section Five: Valuation Data

Asset Summary..... 17

Participant Summary 19

Section Six: Accounting Disclosures

Information for GASB Statement No. 25 24





Section One:
Valuation Summary



Purpose of Valuation

The purpose of the annual actuarial valuation of the City of Dearborn Heights Employees Retirement Plan as of July 1, 2014 is to:

- ❖ Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members of the Retirement Plan,
- ❖ Compare accrued assets with accrued liabilities to assess the funded condition of the Retirement Plan, and
- ❖ Compute the City's recommended contribution rate for the Fiscal Year beginning July 1, 2014.

Liabilities and Funded Condition of Retirement Plan

Accrued liabilities of the Retirement Plan as of July 1, 2013 were computed to be \$43,154,452. The funding value of accrued assets was \$37,683,774. The ratio of the funding value of accrued assets to accrued liabilities was 87.3%.

Funding Value of Assets

A smoothed market value of assets was used for the July 1, 2014 valuation. This method is the same as the method used for last year's valuation.

Computed City Contribution Rate

The City's normal cost contribution was computed to be \$491,879, or 10.16% of projected member payroll. The City's unfunded actuarial accrued liability was amortized over a period of 20 years and was computed to be \$350,907 or 7.25% of projected member payroll.

The City's total contribution for the Fiscal Year beginning July 1, 2014 is \$842,786, or 17.41% of projected payroll.

Retirement Plan Experience

The overall experience of the Retirement Plan during the year ended June 30, 2013 was less favorable than expected based upon the long-term assumptions. The primary sources of the unfavorable experience were the recognized rate of investment return on the smoothed funding value of assets which was less than the assumed rate (3.5% vs. 7.0%) and early retirements that occurred at the end of the 2012 fiscal year.

Benefit Provision Changes

There were no changes in benefits for this valuation.

Assumption and Method Changes

There were no changes in assumptions for this valuation.

Participant Data

| Valuation Date Date of Data | 7/1/2014 <u>7/1/2013</u> | 7/1/2013 <u>7/1/2012</u> |
|--------------------------------|-----------------------------|-----------------------------|
| Active Members | 117 | 109 |
| Active Member Payroll | \$4,644,175 | \$4,426,396 |
| Retirees and Beneficiaries | 161 | 154 |
| Annual Pensions | \$3,205,096 | \$2,887,156 |
| Inactive Vested Members | 52 | 55 |
| Estimated Annual Pensions | \$367,215 | \$399,026 |

Financial Data

| Valuation Date Date of Data | 7/1/2014 <u>7/1/2013</u> | 7/1/2013 <u>7/1/2012</u> |
|--|-----------------------------|-----------------------------|
| Smoothed Valuation Assets (Valuation Date) | \$37,683,774 | \$39,307,178 |
| Market Value of Assets (Data Date) | 38,514,662 | 37,617,651 |

Conclusion

Retirement Plan benefits are being funded as they accrue in accordance with a sound level percent of payroll funding objective.



Section Two:

***Actuarial Calculations –
Funding***



Computed Contribution Rates for The Year Beginning July 1, 2014

The normal cost can be viewed as the long-term on-going cost of the Retirement Plan.

Unfunded actuarial accrued liabilities as of July 1, 2013 were amortized as a level percent of active member payroll over a period of 20 years. The 20 year period was adopted by the General Government Pension Committee following the July 1, 2006 annual actuarial valuation.

Contribution Recommendation:

| | <u>Dollars Based on Projected Payroll</u> | <u>Percents of Payroll</u> |
|------------------------------------|--|-----------------------------------|
| Normal Cost | | |
| Regular Retirement | \$397,777 | 8.22% |
| Pre-retirement Death | 6,790 | 0.14 |
| Disability | 15,005 | 0.31 |
| Withdrawal | 72,307 | 1.49 |
| Refunds | <u>0</u> | <u>0.00</u> |
| Total Normal Cost | 491,879 | 10.16 |
| Member Portion | - | 0.00 |
| City's Computed Normal Cost | \$491,879 | 10.16% |
| Amortization Payment | 350,907 | 7.25 |
| City's Total Contribution | \$842,786 | 17.41% |

City's Total Contribution for General - \$649,257

City's Total Contribution for Water - \$193,529

Unfunded Actuarial Accrued Liability

| | <u>July 1, 2014</u> | <u>July 1, 2013</u> |
|--------------------------------------|----------------------------|----------------------------|
| Actuarial accrued liability | \$43,154,452 | \$40,715,483 |
| Assets allocated to funding | <u>37,683,774</u> | <u>39,307,178</u> |
| Unfunded actuarial accrued liability | \$5,470,678 | \$1,408,305 |

Recommended City Contributions

| Plan Year Beginning July 1 | Recommended Contributions | Percent Contributed |
|---|--------------------------------------|--------------------------------|
| 1989 | \$744,168 | 100% |
| 1990 | 811,673 | 100 |
| 1995 | 520,934 | 100 |
| 1996 | 560,772 | 100 |
| 1997 | 483,745 | 100 |
| 1998 | 298,535 | 100 |
| 1999 | 166,916 | 100 |
| 2000 | 106,673 | 100 |
| 2001 | 0 | 100 |
| 2002 | 0 | 100 |
| 2003 | 355,408 | 100 |
| 2004 | 606,234 | 100 |
| 2005 | 620,316 | 100 |
| 2006 | 647,229 | 100 |
| 2007 | 831,528 | 100 |
| 2008 | 781,783 | 100 |
| 2009 | 809,693 | 100 |
| 2010 | 944,118 | 100 |
| 2011 | 736,081 | 100 |
| 2012 | 594,191 | 100 |
| 2013 | 587,546 | |
| 2014 | 842,786 | |

Results prior to 2002, by previous actuarial firm.

History of Assets and Accrued Liabilities

| Valuation Date | Valuation Assets | Actuarial Accrued Liabilities | Funded Ratio | Unfunded Actuarial Accrued Liabilities |
|-----------------------|-------------------------|--------------------------------------|---------------------|---|
| 07/01/01 | \$37,855,086 | \$29,355,631 | 129.0% | \$(8,499,455) |
| 07/01/02 | 40,008,468 | 30,990,667 | 129.1 | (9,017,801) |
| 07/01/03 | 34,543,090 | 32,352,969 | 106.8 | (2,190,121) |
| 07/01/04 | 33,166,549 | 33,982,504 | 97.6 | 815,955 |
| | | | | |
| 07/01/05 | 34,359,640 | 35,619,913 | 96.5 | 1,260,273 |
| 07/01/06 | 35,819,056 | 36,448,512 | 98.3 | 629,456 |
| 07/01/07 | 37,356,601 | 37,508,250 | 99.6 | 151,649 |
| 07/01/08 | 40,043,901 | 39,009,275 | 102.7 | (1,064,626) |
| 07/01/09 | 42,356,542 | 42,075,942 | 100.7 | (280,600) |
| | | | | |
| 07/01/10 | 42,247,687 | 43,786,452 | 96.5 | 1,538,765 |
| 07/01/11(a) | 42,196,846 | 45,158,416 | 93.4 | 2,961,570 |
| 07/01/11(b) | 42,196,846 | 41,514,594 | 101.6 | (682,252) |
| 07/01/12 | 41,579,297 | 42,003,563 | 99.0 | 424,266 |
| 07/01/13(c) | 39,307,178 | 40,715,483 | 96.5 | 1,408,305 |
| 07/01/14 | 37,683,774 | 43,154,452 | 87.3 | 5,470,678 |

- (a) Before assumption changes.
(b) After assumption changes.
(c) After benefit changes.

Results shown throughout this report for years prior to 2003 were prepared by the previous actuarial firm.

Aggregate Gain/Loss – Year Ended June 30,

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|--------------------|--------------------|
| UAAL ^a at start of year | \$1,408,305 | \$424,266 |
| Normal Cost | 497,213 | 566,977 |
| Interest accrual | 1,094,960 | (2,375) |
| Contributions | 56,739 | 1,025,172 |
| Expected UAAL before Changes | 867,297 | (36,304) |
| Change from amendments | None | 345,655 |
| Change from assumption revisions | None | None |
| Expected UAAL after Changes | 867,297 | 309,351 |
| Actual UAAL | 5,470,678 | 1,408,305 |
| Gain/(Loss) | \$(4,603,381) | \$(1,098,954) |

^a Unfunded Actuarial Accrued Liability.

Actuarial Balance Sheet July 1, 2014

Actuarial Assets

| | | |
|---|------------------|----------------------------|
| Accrued Assets | | |
| Assets from plan's financial statements (market value) | \$38,514,662 | |
| Funding value adjustment | <u>(830,888)</u> | |
| Actuarial value of assets | | \$37,683,774 |
| Actuarial present value of expected future contributions | | |
| For normal costs | 4,438,204 | |
| For unfunded actuarial accrued liabilities | <u>5,470,678</u> | |
| | | <u>9,908,882</u> |
| Total Actuarial Present Value of Present and Expected Future Resources | | <u><u>\$47,592,656</u></u> |

Actuarial Present Values (Liability)

| | | |
|---|--|----------------------------|
| To retirees and beneficiaries | | \$31,479,197 |
| To vested terminated members | | 1,348,707 |
| To active members | | |
| Allocated to service rendered prior to valuation date | | 10,326,548 |
| Allocated to service rendered after valuation date | | <u>4,438,204</u> |
| Total Actuarial Present Value of Expected Future Benefit Payments and Reserves | | <u><u>\$47,592,656</u></u> |

Comment and Conclusion

Comment: The overall experience of the Retirement Plan during the year ended June 30, 2013 was less favorable than expected based upon the long-term assumptions. The primary sources of the unfavorable experience were the recognized rate of investment return on the smoothed funding value of assets which was less than the assumed rate (3.5% vs. 7.0%) and early retirements that occurred at the end of the 2012 fiscal year.

Conclusion:

Retirement Plan benefits are being funded as they accrue in accordance with a sound level percent of payroll funding objective.

Section Three:

***Retirement Plan
Benefit Provisions***



Benefit Provision Summary

Membership

Any person employed on a full time basis by the City except policemen, firemen, 20th District Court Judges and City Council members taking office after 12/31/1998.

Regular Retirement

Eligibility

Water Supervisors, DPW Supervisors and all Court: Age 65 with 5 years of credited service or age 55 with 30 years of credited service.

DPW, Water, Dispatchers, Non-Union, Elected and Appointed: Age 65 with 5 years of credited service or age 55 with 25 years of credited service.

Inspectors: Age 65 with 5 years of credited service and age 60 with 30 years of credited service.

Benefit:

Inspectors: 2.5% of Average Monthly Compensation for each year of credited service up to a maximum of 30 years with a minimum benefit of \$8.00 for each year of credited service up to a maximum of 30 years.

Supervisors and Dispatchers: 2.5% of Average Monthly Compensation for each year of credited service up to a maximum of 30 years with a minimum benefit of \$8.00 for each year of credited service up to a maximum of 30 years. Supervisors retiring with 30 years of service receive an additional 5% of Average Monthly Compensation (AMC) for a maximum pension of 80% of AMC.

Court, DPW, Water, Non-Union, Elected and Appointed: 2.5% of Average Monthly Compensation for each year of credited service up to a maximum of 30 years with a minimum benefit of \$8.00 for each year of credited service up to a maximum of 30 years. Members receive an additional 1% of AMC for each year of credited service in excess of 30 years to a maximum of 80% of AMC.

Average Monthly Compensation

Dispatchers: One-sixtieth (1/60th) of the Employee's total earnings during the sixty (60) calendar months immediately prior to retirement or benefit determination date, excluding overtime and other fringes.

Court & Inspectors: The Employee's best 3 non-consecutive years of total earnings out of the last 5 years of service prior to retirement or benefit determination date, excluding overtime and other fringes

AFSCME, Elected Officials, Non-Union, DPW Supervisors and Department Heads: The Employee's best 3 years of total earnings excluding overtime and other fringes

Early Retirement

Eligibility:

Age 55 and 10 years of credited service.

Benefit:

Accrued Normal Retirement Benefits reduced ½% for each month by which benefit payments commence prior to age 62. Benefit is unreduced at age 60 with 30 years of credited service.

Disability Retirement

Eligibility:

10 years of credited service for Non-Duty, immediate for Duty Disability.

Benefit:

Accrued Normal Retirement Benefit is payable without reduction. Benefit is calculated using a minimum of 15 years of credited service for Duty Disabilities only. Benefit is offset for Workers' Compensation Benefits paid on account of such disability.

Vesting

Eligibility:

5 years of credited service.

Benefit:

Accrued Normal Retirement Benefit payable at age 65 or reduced amount payable commencing at age 55 or later. Reduction is ½% for each month by which benefit payments commence prior to age 65.

Pre-Retirement Death Benefit

A monthly benefit is payable to the spouse of a married Employee who has 10 or more years of credited service or who has met the age and service requirements for normal or early retirement. The amount of benefit is equal to 60% (reduced by ½% for each year or fraction that the spouse is more than 5 years younger than the employee) of the Employees' Accrued Normal Retirement Benefit reduced for payment prior to age 62.

Upon the death of an Employee on or eligible for a duty disability retirement, the surviving spouse and children under age 18 will receive monthly pensions equal in the aggregate to the benefit payable to the Employee prior to his death. Benefits will cease upon the remarriage of the spouse and attainment of age 18 by the children.

Normal Form of Payment

Upon the death of an Employee who retired under a normal or early retirement, the surviving spouse will receive a benefit equal to 60% (reduced by ½% for each year or fraction that the spouse is more than 5 years younger than the employee) of the normal or early retirement benefit the Employee was receiving.

Retiree Supplementary Benefit Program

A supplementary payment may be made to current and future retirees who have been retired for at least 5 full years. Retirees who had withdrawn from City employment with a vested deferred pension are eligible upon attainment of age 70. The maximum amount distributed annually is equal to the total average monthly benefits paid during the prior year. The allocation to individual retirees is based on a point system related to years of service at retirement and years since retirement. The distribution depends upon the existence of excess earnings.

Section Four:

***Actuarial Assumptions
And Methods***



Actuarial Assumptions

Economic Assumptions

(i) Interest Rate 7.0%

(ii) Salary Increases
Across-the-Board 4.25%

Sample Annual Rates of Salary Increase

| Age | Percent Increase |
|------------|-------------------------|
| 20 | 4.25% |
| 25 | 4.25 |
| 30 | 4.25 |
| 35 | 4.25 |
| 40 | 4.25 |
| 45 | 4.25 |
| 50 | 4.25 |
| 55 | 4.25 |
| 60 | 4.25 |
| 65 | 4.25 |

Demographic Assumptions

(i) Mortality

RP 2000 Mortality Table Combined
Healthy

| Sample Ages | Value of \$1 Annually for Life | | Future Life Expectancy (Years) | |
|----------------|-----------------------------------|-------|-----------------------------------|-------|
| | Men | Women | Men | Women |
| 55 | 10.72 | 11.10 | 26.2 | 29.0 |
| 60 | 9.92 | 10.37 | 21.8 | 24.4 |
| 65 | 8.96 | 9.53 | 17.6 | 20.2 |
| 70 | 7.86 | 8.55 | 13.9 | 16.3 |
| 75 | 6.65 | 7.44 | 10.6 | 12.8 |
| 80 | 5.37 | 6.34 | 7.8 | 9.7 |

(ii) Termination of Employment

Service related rates for first five years of employment. Age-related rates for after first five years of employment

% of Active Members Separating in Year Following Attainment of Indicated Age

| Sample Ages | Years of Service | % of Active Members Separating Within Next Year |
|--------------------|-------------------------|--|
| ALL | 0 | 20.00% |
| | 1 | 15.00 |
| | 2 | 10.00 |
| | 3 | 8.00 |
| | 4 | 7.00 |
| 25 | 5 & Over | 6.00 |
| 30 | | 5.50 |
| 35 | | 4.40 |
| 40 | | 1.85 |
| 45 | | 1.25 |
| 50 | | |
| 55 | | 1.25 |
| 60 | | 1.25 |
| 65 | | 1.25 |

(iii) Retirement Rates

Age related rates.

| Age | % of Eligible Members Retiring In Year Following Attainment of Indicated Age | |
|-----|--|--------|
| | AFSCME and Supervisors | Others |
| 55 | 15% | 5% |
| 56 | 10 | 2 |
| 57 | 10 | 2 |
| 58 | 10 | 2 |
| 59 | 10 | 2 |
| 60 | 10 | 2 |
| 61 | 10 | 10 |
| 62 | 15 | 10 |
| 63 | 10 | 10 |
| 64 | 10 | 10 |
| 65 | 75 | 75 |
| 66 | 75 | 75 |
| 67 | 100 | 100 |
| 68 | 100 | 100 |
| 69 | 100 | 100 |
| 70 | 100 | 100 |

AFSCME and Dispatcher members were assumed eligible to retire at age 55 with 25 years of service or age 65 with 5 years of service.

Supervisor members were assumed eligible to retire at age 55 with 30 years of service or age 65 with 5 years of service.

Other members were assumed eligible to retire with 10 years of credited service. 100% of members age 60 with 30 years of service were assumed to retire.

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 a period of 20 years, as adopted by the General Government Pension Committee on April 25, 2006.



Section Five:
Valuation Data



Asset Summary

As of June 30, 2013, the market value of assets was reported to be \$38,514,662. The projected funding value of assets (smoothed market value), as of June 30, 2014, was computed to be \$37,683,774.

Funding Value of Assets

| | |
|--|---------------------|
| A. Preliminary Actuarial Value June 30, 2012 | \$38,953,641 |
| B. Market Value June 30, 2013 | 38,514,662 |
| C. Market Value June 30, 2012 | 37,617,651 |
| D. Non-Investment Net Cash Flow | (2,529,026) |
| E. Investment Income | |
| E1. Market Total B – C – D | 3,426,037 |
| E2. % Return | 9.42% |
| E3. Amount for Immediate Recognition (7%) | 2,638,239 |
| E4. Amount for Phased-In Recognition: E1 – E3 | 787,798 |
| F. Phased-In Recognition of Investment Income | |
| F1. Current Year: 0.20 x E4 | 157,560 |
| F2. First Prior Year | (465,573) |
| F3. Second Prior Year | 708,814 |
| F4. Third Prior Year | 113,098 |
| F5. Fourth Prior Year | (1,826,344) |
| F6. Total Phased-In Amount | (1,312,445) |
| G. Preliminary Funding Value June 30, 2013: A+D+E3+F6 | 37,750,409 |
| H. Difference Between Market and Funding Value: B – G | 764,253 |
| I. Rate of Return Based on Smoothed Method | 3.52% |
| J. Expected Contributions in Year Ended June 30, 2014 | 587,546 |
| K. Expected Benefit Payments in Year Ended June 30, 2014 | 3,205,096 |
| L. Expected Net Earnings in Year Ended June 30, 2014 | 2,550,914 |
| M. Actuarial Value of Assets as June 30, 2014 | |
| G + J – K + L | \$37,683,774 |

Retiree Supplemental Benefit Fund

| | |
|---|-------------|
| 1. Assets as of June 30, 2013 | \$1,145,970 |
| | |
| 2. Additional Contributions: | |
| a. Estimated Market Rate of Return for Prior Year | 9.00% |
| b. Internal Fund Net Earnings | 90,533 |
| c. Market Value of Total Plan Assets as of June 30, 2013 | 38,514,662 |
| d. Excess Earnings Percent (2.a – 9%, maximum 1%) | 0.00% |
| e. Additional Contributions Due to Excess Earnings | 0 |
| | |
| 3. Total Retiree Supplemental Benefit Disbursements 2013: | \$240,067 |
| | |
| 4. Total Retiree Supplemental Benefit Disbursements for 2014: | |
| a. Total Benefit Payments for the Prior Year | 2,917,395 |
| b. Total Retiree Supplemental Benefit Payments for 2014: 4.a / 12 | 243,116 |
| | |
| 5. Assets as of June 30, 2014: | |
| 1. + 2.b + 2.e – 3. (maximum of 4.b x 15) | \$996,436 |

Participant Summary

Retirees and Beneficiaries Included in the Valuation

There were 161 retirees and beneficiaries included in the valuation, with annual pensions totaling \$3,205,096. There were also 52 inactive vested members with estimated annual pensions of \$367,215 included in the valuation.

Pensions Being Paid Comparative Schedule

| Valuation Date July 1, | No. | Annual Pensions | Average Pension | Discounted Value of Pensions | |
|---------------------------|------------|------------------|-----------------|------------------------------|----------------|
| | | | | Total | Average |
| 2002 | 119 | \$1,337,451 | \$11,239 | \$12,740,823 | \$107,066 |
| 2003 | 131 | 1,472,344 | 11,239 | 15,195,087 | 115,993 |
| 2004 | 130 | 1,495,311 | 11,502 | 15,391,165 | 118,394 |
| 2005 | 133 | 1,721,980 | 12,947 | 17,841,644 | 134,148 |
| 2006 | 129 | 1,700,360 | 13,181 | 17,277,271 | 133,932 |
| 2007 | 125 | 1,731,940 | 13,856 | 17,489,485 | 139,916 |
| 2008 | 127 | 1,709,795 | 13,463 | 17,021,249 | 134,026 |
| 2009 | 122 | 1,681,429 | 13,782 | 16,735,507 | 137,176 |
| 2010 | 126 | 1,821,269 | 14,455 | 18,194,658 | 144,402 |
| 2011 | 128 | 1,883,236 | 14,713 | 17,097,937 | 133,578 |
| 2012 | 148 | 2,749,385 | 18,577 | 26,906,474 | 181,801 |
| 2013 | 154 | 2,887,156 | 18,748 | 28,279,223 | 183,631 |
| 2014 | 161 | 3,205,096 | 19,907 | 31,479,197 | 195,523 |

**Summaries of Retired Members and Survivors
Data as of 6/30/2013
Tabulated by Attained Age of Recipient**

| Attained Age | Service | | Disability | | Survivors | | Totals | |
|--------------|------------|--------------------|------------|-----------------|-----------|------------------|------------|--------------------|
| | No. | Annual Pensions | No. | Annual Pensions | No. | Annual Pensions | No. | Annual Pensions |
| 45-49 | 1 | \$42,335 | 1 | \$10,915 | | \$ - | 2 | \$53,250 |
| 50-54 | 4 | 125,406 | 1 | 15,127 | 1 | 21,362 | 6 | 161,895 |
| 55-59 | 17 | 626,766 | | | 2 | 11,744 | 19 | 638,510 |
| 60-64 | 20 | 642,299 | | | 1 | 13,023 | 21 | 655,322 |
| 65-69 | 23 | 521,757 | 0 | - | 2 | 29,397 | 25 | 551,154 |
| 70-74 | 22 | 487,781 | 1 | 6,524 | 2 | 31,587 | 25 | 525,892 |
| 75-79 | 11 | 151,571 | 1 | 7,074 | 4 | 26,245 | 16 | 184,890 |
| 80-84 | 13 | 142,447 | 2 | 19,390 | 8 | 53,281 | 23 | 215,118 |
| 85-89 | 9 | 81,350 | | | 5 | 47,321 | 14 | 128,671 |
| 90-94 | 3 | 18,928 | | | 1 | 3,369 | 4 | 22,297 |
| Total | 123 | \$2,840,640 | 6 | \$59,030 | 26 | \$237,329 | 155 | \$3,136,999 |

*Excluding 6 Alternate Payees receiving benefits pursuant to Eligible Domestic Relations Orders.

Inactive Members - June 30, 2013

| <u>Age</u> | <u>No.</u> | <u>Estimated Annual Pensions</u> |
|---------------|------------|--------------------------------------|
| 30 | 1 | \$6,570 |
| 32 | 2 | 10,894 |
| 33 | 2 | 16,935 |
| 34 | 2 | 21,769 |
| 36 | 1 | 6,288 |
| 37 | 1 | 4,357 |
| 38 | 2 | 14,889 |
| 40 | 2 | 5,781 |
| 42 | 2 | 15,637 |
| 43 | 1 | 3,824 |
| 44 | 1 | 9,642 |
| 46 | 3 | 38,977 |
| 47 | 4 | 20,154 |
| 48 | 4 | 23,306 |
| 49 | 2 | 17,675 |
| 50 | 2 | 24,642 |
| 53 | 1 | 11,886 |
| 54 | 3 | 15,383 |
| 55 | 3 | 15,780 |
| 56 | 2 | 11,636 |
| 57 | 2 | 13,191 |
| 58 | 1 | 4,899 |
| 59 | 2 | 17,520 |
| 60 | 2 | 14,384 |
| 61 | 2 | 12,518 |
| 62 | 1 | 5,750 |
| 63 | 1 | 2,928 |
| Totals | 52 | \$367,215 |

Active Members - June 30, 2013
Age and Service Distribution

| Attained Age | Service | | | | | | | No. | Totals Payroll |
|-----------------|-----------|-----------|-----------|-----------|-----------|----------|----------|------------|--------------------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | Over 30 | | |
| Under 20 | 1 | | | | | | | 1 | \$31,000 |
| 20-24 | 4 | | | | | | | 4 | 128,412 |
| 25-29 | 9 | 2 | | | | | | 11 | 335,855 |
| 30-34 | 5 | 2 | 3 | | | | | 10 | 382,553 |
| 35-39 | 3 | 4 | 3 | 4 | | | | 14 | 604,979 |
| 40-44 | 4 | 2 | 4 | 5 | 1 | | | 16 | 621,627 |
| 45-49 | 4 | 3 | | 4 | 5 | 1 | | 17 | 719,697 |
| 50-54 | 2 | 3 | 6 | 2 | 4 | 4 | | 21 | 833,934 |
| 55-59 | 2 | 4 | 2 | 4 | 1 | | | 13 | 541,366 |
| 60-64 | | 2 | 1 | 3 | | | 3 | 9 | 385,352 |
| 65-69 | 1 | | | | | | | 1 | 59,400 |
| Totals | 35 | 22 | 19 | 22 | 11 | 5 | 3 | 117 | \$4,644,175 |

Group Averages:

Age: 44.3 years
Service: 11.5 years
Annual Pay: \$39,694

Active Members – Three-Year Summary

| | Data as of July 1, | | |
|------------------------|---------------------------|-------------|-------------|
| | 2013 | 2012 | 2011 |
| Active Members | 117 | 109 | 118 |
| Valuation Payroll | \$4,644,175 | \$4,426,396 | \$5,220,040 |
| Average Compensation | \$39,694 | \$40,609 | \$44,238 |
| Average Age (yrs.) | 44.3 | 44.6 | 46.0 |
| Average Service (yrs.) | 11.5 | 11.5 | 12.4 |



Section Six:
Accounting Disclosures



GASB Statement No. 25 Supplementary Information

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

| | |
|---|------------------------------|
| Valuation Date: | July 1, 2014 |
| Actuarial Cost Method: | Individual Entry Age |
| Amortization method: | Level percent of payroll |
| Remaining amortization period for credit: | 20 years, open |
| Asset valuation method: | 5-year smoothed market value |
| Actuarial assumptions: | |
| Investment rate of return | 7.0% |
| Projected salary increases | 4.25% |

Membership data as of July 1, 2013, is indicated in Section Five of this report.

Analysis of Funding Progress

| Valuation Date July 1 | (1) Funding Value of Assets | (2) Actuarial Accrued Liability | (3) Percent Funded (1)/(2) | (4) Unfunded AAL (2)-(1) | (5) Annual Covered Payroll | (6) UAAL As a % Of Covered Payroll |
|--------------------------|--------------------------------------|--|-------------------------------------|-----------------------------------|-------------------------------------|--|
| 1991 | \$13,990,597 | \$16,333,714 | 85.65% | \$2,343,117 | \$3,818,779 | 61.36% |
| 1992 | 15,437,611 | 16,434,834 | 93.93 | 997,223 | 3,989,482 | 25.00 |
| 1993 | 16,930,562 | 17,466,093 | 96.93 | 535,531 | 3,864,871 | 13.86 |
| 1994 | 17,936,272 | 19,427,326 | 92.32 | 1,491,054 | 3,698,829 | 40.31 |
| 1995 | 19,038,990 | 19,998,019 | 95.20 | 959,029 | 3,618,967 | 26.50 |
| 1996 | 20,603,441 | 21,227,706 | 97.06 | 624,265 | 4,062,196 | 15.37 |
| 1997 | 22,518,204 | 22,268,543 | 101.12 | (249,661) | 4,261,045 | (5.86) |
| 1998 | 24,881,228 | 22,984,987 | 108.25 | (1,896,241) | 4,560,767 | (41.58) |
| 1999 | 26,962,766 | 24,073,469 | 112.00 | (2,889,297) | 4,452,359 | (64.89) |
| 2000 | 29,253,189 | 25,590,545 | 114.31 | (3,662,644) | 4,984,607 | (73.48) |
| 2001 | 37,855,086 | 29,355,631 | 128.95 | (8,499,455) | 5,393,871 | (157.58) |
| 2002 | 40,008,468 | 30,990,667 | 129.10 | (9,017,801) | 5,860,612 | (153.87) |
| 2003 | 34,543,090 | 32,352,969 | 106.77 | (2,190,121) | 5,397,409 | (40.58) |
| 2004 | 33,166,549 | 33,982,504 | 97.60 | 815,955 | 5,435,052 | 15.01 |
| 2005 | 34,359,640 | 35,619,913 | 96.50 | 1,260,273 | 5,235,222 | 24.07 |
| 2006 | 35,819,056 | 36,448,512 | 98.27 | 629,456 | 5,566,841 | 13.04 |
| 2007 | 37,356,601 | 37,508,250 | 99.60 | 151,649 | 6,188,806 | 2.45 |
| 2008 | 40,073,901 | 39,009,275 | 102.73 | (1,064,626) | 6,418,815 | (16.59) |
| 2009 | 42,356,542 | 42,075,942 | 100.67 | (280,600) | 6,533,207 | (4.29) |
| 2010 | 42,247,687 | 43,786,452 | 96.5 | 1,538,765 | 6,709,824 | 22.93 |
| 2011(a) | 42,196,846 | 41,514,594 | 101.6 | (682,252) | 6,736,225 | (10.13) |
| 2012 | 41,579,297 | 42,003,563 | 99.0 | 424,266 | 5,220,040 | 8.13 |
| 2013(b) | 39,307,178 | 40,715,483 | 96.5 | 1,408,305 | 4,426,396 | 31.8 |
| 2014 | 37,683,774 | 43,154,452 | 87.3 | 5,470,678 | 4,644,175 | 117.8 |

(a) After assumption changes.

(b) After benefit changes.

Required Supplementary Information
Schedule of Employer Contributions

| Fiscal Year Beginning July 1 | Computed Dollar Contribution | Actual Annual Contribution | Percent Contributed |
|---|---|---|--------------------------------|
| 1989 | \$744,168 | \$744,168 | 100% |
| 1990 | 811,673 | 811,673 | 100 |
| 1991 | 702,177 | 702,177 | 100 |
| 1992 | 524,267 | 524,267 | 100 |
| 1993 | 469,214 | 469,214 | 100 |
| 1994 | 600,363 | 600,363 | 100 |
| 1995 | 520,934 | 520,934 | 100 |
| 1996 | 560,772 | 560,772 | 100 |
| 1997 | 483,745 | 483,745 | 100 |
| 1998 | 298,535 | 298,535 | 100 |
| 1999 | 166,916 | 166,916 | 100 |
| 2000 | 106,673 | 106,673 | 100 |
| 2001 | 0 | 0 | 100 |
| 2002 | 0 | 0 | 100 |
| 2003 | 355,408 | 355,408 | 100 |
| 2004 | 606,234 | 606,234 | 100 |
| 2005 | 620,316 | 620,316 | 100 |
| 2006 | 647,229 | 647,229 | 100 |
| 2007 | 831,528 | 831,528 | 100 |
| 2008 | 781,783 | 781,783 | 100 |
| 2009 | 809,693 | 809,693 | 100 |
| 2010 | 944,118 | 944,118 | 100 |
| 2011 | 736,081 | 736,081 | 100 |
| 2012 | 594,191 | 594,191 | 100 |
| 2013 | 587,546 | | |
| 2014 | 842,786 | | |