

CITY OF WYOMING EMPLOYEES RETIREMENT SYSTEM
ANNUAL ACTUARIAL VALUATION
AS OF JUNE 30, 2014

September 22, 2014

The Retirement Board
City of Wyoming Employees Retirement System
Wyoming, Michigan

Dear Board Members:

The results of the **June 30, 2014 Actuarial Valuation** of the City of Wyoming Employees Retirement System are presented in this report. The purpose of the annual valuation is to measure the System's funding progress, to determine the City's contribution rate for the fiscal year beginning July 1, 2015 in accordance with established funding policies, and to determine actuarial information for Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27. The results of the valuation may not be applicable for other purposes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic and demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

The signing actuaries are independent of the plan sponsor.

Valuation results, comments and conclusions are contained in Section A.

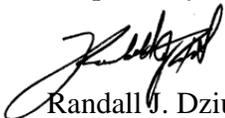
The valuation was based upon information, furnished by your Secretary, concerning Retirement System benefits, financial transactions, and individual members, terminated members, retirees and beneficiaries. Data was checked for year to year consistency, but was not otherwise audited by us. This information is summarized in Section B.

The actuarial methods and assumptions used in the actuarial valuation are summarized in Section C of this report. The assumptions are established by the Board after consulting with the actuary.

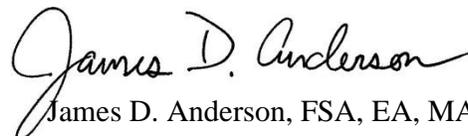
This report has been prepared by actuaries who have substantial experience valuing Public Employee Retirement Systems. To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods in compliance with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which we believe are reasonable.

Randall J. Dziubek and James D. Anderson are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Randall J. Dziubek, ASA, EA, MAAA



James D. Anderson, FSA, EA, MAAA

RJD/JDA:ah

SECTION A

VALUATION RESULTS, COMMENTS, CONCLUSIONS, RECOMMENDATIONS, AND CERTIFICATION

FUNDING OBJECTIVE

The funding objective of the Retirement System is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year-to-year and will not have to be increased for future generations of citizens. This objective is stated in Section 90.77 of the Retirement System Ordinance.

The annual actuarial valuations determine how well the objective is being met.

CONTRIBUTION RATES

The Retirement System is supported by City contributions, the investment income obtained on system assets and contributions from Police Patrol members and Firefighters. The City contributes actuarially determined contributions to provide the amount needed to meet the funding objective.

City contributions cover both (i) normal cost, and (ii) financing of unfunded actuarial accrued liability over a period of future years. Normal cost is the portion of system costs allocated to the current year by the actuarial cost method described in Section C. Unfunded actuarial accrued liability is the portion of system costs not covered by present system assets and future normal costs.

The contribution requirements for the fiscal year beginning July 1, 2015 are presented on page A-2.

**COMPUTED CONTRIBUTIONS FOR THE FISCAL YEAR
BEGINNING JULY 1, 2015**

<u>City's Contributions for</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>
Normal Cost			
Service pensions	12.05 %	16.02 %	17.62 %
Disability pensions	1.22	1.51	0.82
Survivor pensions	0.76	0.49	0.47
Refunds of Member Contributions	0.00	0.19	0.18
Total Normal Cost	<u>14.03</u>	<u>18.21</u>	<u>19.09</u>
Member Contributions (weighted average)	0.00	3.59	4.00
Unfunded Actuarial Accrued Liability			
Retired members and beneficiaries	0.00	0.00	0.00
Active and vested terminated members	11.09	9.55	9.51
Total Unf'd. Actuarial Accr. Liab.	<u>11.09</u>	<u>9.55</u>	<u>9.51</u>
Total Computed Contributions for Pensions	25.12	24.17	24.60
City's Projected \$ Requirement	\$2,433,711	\$1,070,782	\$401,646

Unfunded Actuarial Accrued Liabilities were amortized as a level dollar amount over a closed 25-year period.

DETERMINING DOLLAR CONTRIBUTIONS

Historically, the City has contributed dollar amounts at the end of each payroll period which are equal to the City's percent contribution requirement multiplied by the covered active member payroll for the period. Since the System is closed, this method should be closely monitored throughout the fiscal year with adjustments, if necessary to reach the City's Projected Requirement shown above. Alternatively, the City's Projected Dollar Requirement can be used as the only basis for determining contributions throughout the fiscal year. The method of determining dollar contributions should be reviewed periodically for consistency with reporting.

FUNDING PROGRESS INDICATORS

Testing how well the financial objective is being met can be done in many ways. There is no single all-encompassing test. The following indicators provide measures of funding achievement. *Values related to health insurance premiums are not included in the amounts shown.*

- (1) *Achieving level contribution rates* reflects long-term fundamental funding achievement. If the contributions to the System are level in concept and faithfully executed, and if the System continues its operations plan indefinitely, the System will meet all promised benefit payments when due -- the ultimate indicator.

The following schedule indicates recommended contributions (*excluding contributions for health insurance premiums*) for a year period. Deliberate events which have affected contributions are indicated in the notes on pages A-6 through A-10.

Valuation Date June 30	As Percents of Valuation Payroll			Weighted Average
	General	Police	Fire	
1996 (16)*	11.45 %	15.20 %	10.27 %	12.34 %
1997 (17)*	10.95	12.56	6.63	10.98
1998 (18)*	8.81	9.42	5.61	8.66
1999 (19)*	8.54	9.59	6.45	8.62
2000 (20)*	9.14	10.19	5.41	9.05
2001 (21)*	9.04	10.06	4.93	8.93
2001 (22)*	8.61	9.48	4.09	8.4052
2002	10.40	10.71	7.24	10.17
2002 (23)*	10.40	10.67	7.24	10.16
2003	9.77	9.29	6.67	9.34
2003 (25)*	6.94	5.83	3.67	6.33
2004 (26)*	9.35	7.95	6.80	8.72
2005	11.76	9.11	3.45	10.38
2005 (27)*	11.76	9.11	9.52	10.89
2006	16.63	12.81	10.66	15.12
2006 (28)*	17.08	12.81	10.09	15.37
2007	11.74	9.53	4.37	10.50
2007 (29)*	12.31	9.53	4.37	10.87
2008	10.22	8.45	3.23	9.09
2008 (30)*	10.95	10.61	3.23	10.15
2009	15.98	17.60	2.07	15.10
2009 (31)*	14.36	15.39	10.52	14.27
2010 (32)*	17.27	15.72	13.45	16.52
2011	17.18	18.00	16.82	17.38
2012	23.08	20.60	19.89	22.04
2012 (33)*	25.20	24.29	23.75	24.79
2013	27.61	26.71	27.56	27.16
2013 (34)*	27.02	26.71	27.56	26.99
2014	25.47	24.17	24.60	25.01
2014 (35)*	25.12	24.17	24.60	24.80

* Refer to notes on pages A-6 through A-10.

- (2) *The actuarial present value of gains or losses realized in the operation of the Retirement System* - an experience indicator. Gains and losses are expected to cancel each other over a period of years (in the absence of double-digit inflation) but sizable year-to-year fluctuations are common. Further details on the derivation of the gain (loss) are shown on page A-13.

Valuation Date June 30	Dollar Amounts in Thousands	
	Valuation Assets	Experience Indicator
		Experience Gain or (Loss) for Year
1980 (5)*	\$ 7,287	\$ **
1985 (7)*	16,953	129
1990 (12)*	33,499	(47)
1995 (15)*	52,374	2,063
1996 (16)*	65,220	7,735
1997 (17)*	74,114	4,733
1998 (18)*	84,839	10,551
1999 (19)*	94,222	660
2000 (20)*	103,402	2,208
2001 (22)*	108,676	(233)
2002 (23)*	109,424	(5,195)
2002 (24)*	110,715	(5,195)
2003 (25)*	111,389	(4,755)
2004 (26)*	111,034	(4,282)
2005 (27)*	110,582	(2,668)
2006 (28)*	113,663	(5,307)
2007 (29)*	121,400	5,829
2008 (30)*	129,496	1,161
2009 (31)*	129,667	(4,089)
2010 (32)*	129,277	(3,876)
2011	131,248	(999)
2012 (33)*	129,191	(8,336)
2013 (34)*	130,037	(1,288)
2014 (35)*	139,935	3,949

* Refer to notes on pages A-6 through A-10.

** Not available.

- (3) *The ratio of valuation assets to the actuarial present value of credited projected benefits* allocated in the proportion accrued service is to projected total service - an ongoing plan indicator. The ratio is expected to increase in the absence of benefit enhancements. Prior to 6/30/98, the APVCPB was computed in accordance with the Pension Benefit obligation information pursuant to GASB Statement No. 5, issued November, 1986. Beginning with the 6/30/98 valuation the accrued liability computed for funding purposes is used in place of the APVCPB, pursuant to GASB Statement No. 25, which supersedes Statement No. 5.
- (4) *The ratio of the unfunded actuarial present value of credited projected benefits to member payroll* - an ongoing plan indicator. In a soundly financed retirement system, the amount of the unfunded actuarial present value of credited projected benefits will be controlled and prevented from increasing in the absence of benefit enhancements. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease in the absence of benefit enhancements.

Valuation Date June 30	Dollar Amounts in Thousands			
	Continuation Tests			
	Actuarial P.V. of Cred. Proj. Benefits**	Funded Ratio	Unf'd. Act. P.V. of Cred. Proj. Benefits	Ratio to Member Payroll
1980	\$ 8,267	88.1 %	\$ 980	15.6 %
1985 (7)*	16,980	99.8	26	0.4
1990 (12)*	34,003	98.5	504	4.7
1995 (15)*	50,585	103.5	(1,789)	-
2000 (20)*	84,081	123.0	(19,321)	-
2001 (22)*	88,504	122.8	(20,173)	-
2002 (24)*	94,573	117.1	(16,141)	-
2003 (25)*	97,359	114.4	(14,031)	-
2004 (26)*	102,175	108.7	(8,859)	-
2005 (27)*	106,174	104.2	(4,408)	-
2006 (28)*	115,225	98.6	1,563	6.8
2007 (29)*	118,313	102.6	(3,087)	-
2008 (30)*	126,166	102.6	(3,330)	-
2009 (31)*	130,793	99.1	1,126	5.5
2010 (32)*	135,611	95.3	6,333	32.4
2011	138,810	94.6	7,562	41.9
2012 (33)*	150,963	85.6	21,771	129.8
2013 (34)*	153,449	84.7	23,412	147.3
2014	159,391	87.8	19,456	123.5
2014 (35)*	158,867	88.1	18,932	120.2

* Refer to notes on pages A-6 through A-10.

** Entry-age actuarial accrued liability, pursuant to GASB Statement No. 25 beginning with the 1998 valuation.

NOTES RELATING TO FUNDING PROGRESS INDICATORS

- (1) Includes amendment to Ordinance effective December 1974 (applicable to Police Officers).
- (2) Includes amendment to Ordinance effective July 1, 1977 providing 10-year vesting for Administrative and Supervisory employees.
- (3) Includes amendment to Ordinance providing non-contributory status for Administrative and Supervisory employees, Police Officers and Firefighters.
- (4) Includes amendment to Ordinance providing 10-year vesting and non-contributory status for General employees and an increase in the benefit formulas for General employees and Police Officers. The maximum number of years in the Police Officer formula will be phased-in to 30 years effective July 1, 1988.
- (5) Includes revision of assumed rate of investment return from 5.5% to 6.5%.
- (6) Includes revision of assumed rate of investment return from 6.5% to 7.5%.
- (7) Includes amendment to Ordinance providing 10-year vesting for Firefighters and changes in the benefit formula for all employees.
- (8) Includes change to 2.0% formula factor (from 1.8%) for General members (excluding Dispatchers and Telephone Operators) and Fire Administrative members.
- (9) Includes change from 5-year Final Average Compensation to 3-year Final Average Compensation for General and Fire Administrative members.
- (10) Includes a) change from 5-year Final Average Compensation to 3-year Final Average Compensation for General members (excluding Dispatchers and Telephone Operators) and Fire members and b) change to 2.0% formula factor for Fire members.
- (11) Includes a) change from 10 to 5-year requirement for regular retirement, deferred retirement, non-duty disability and non-duty death benefits for Administrative members in all divisions and b) increase in formula factor to 2.2% from 2.0% for all Police members and Administrative members in all divisions; to 2.0% from 1.8% for General Dispatchers and Telephone Operators.
- (12) Includes a) increase in formula factor to 2.2% from 2.0% for all Fire members; increase to 2.1% from 2.0% for General union members, and b) automatic post-retirement increase provision for all Administrative members.

NOTES RELATING TO FUNDING PROGRESS INDICATORS

- (13) Includes a) early retirement eligibility for Administrative members at age 55 with 5 years of credited service, and b) automatic post-retirement increase provision for Police Command members who retire on or after age 60.
- (14) Includes an increase in formula factor to 2.25% from 2.20% for non-supervisory Police members. The increase in the employer contribution rate for Fire members reflects the retirement of two members whose normal cost had been negligible due to their age and service characteristics.
- (15) Includes an increase in formula factor to 2.2% from 2.1% for General members (excluding Dispatchers and Telephone Operators).
- (16) Includes a) a change in actuarial cost method from individual attained-age to individual entry-age normal cost; b) an increase in the amortization period for unfunded accrued liability or funding credit to 25 years from 10 years (from 26 years for health); and c) a change in actuarial assumptions, all as recommended in an experience study which covered the period from July 1, 1989 to June 30, 1994. The following benefit provision changes were also included:
- The type of final average salary for General Dispatchers and Telephone Operators changes to the highest 3 consecutive years out of the last 5 years from the highest 5 consecutive years out of the last 10 years; and
 - The Duty Disability benefit for the non-supervisory Police members is now subject to Special Rules as described in an amendment to Schedule D, Section 91.40(6)(c) of the Code of the City of Wyoming.
- (17) Includes the following changes in benefit provisions:
- The formula factor for supervisory Police members increases to 2.25% from 2.20%.
 - The Duty Disability benefit for Police members changes to 50% of final average salary at the time of disability until attaining minimum age for normal retirement. Normal retirement benefit calculations shall include the time the member was receiving disability benefits and will be based on the monthly average the member would have earned during the 36 months preceding normal retirement age if the member was actively employed. The previous Duty Disability benefit for Police members had been computed in the same manner as the regular retirement benefit based on credited service (10-year minimum) and final average salary at time of termination.
- (18) Includes the following changes in benefit provisions:
- The formula factor for all Fire and General members (excluding dispatchers and telephone operators) increases to 2.25% from 2.20%.
 - The early retirement reduction factor for general changes to .002 from .004.

NOTES RELATING TO FUNDING PROGRESS INDICATORS

- (19) Includes the following changes in benefit provisions:
- The formula factor for all Fire and Administrative members increases to 2.35% from 2.25%.
 - The early retirement reduction factor for Administrative members changes to .002 from .004.
- (20) Includes the following changes in benefit provisions:
- The formula factor for General Dispatchers and Telephone Operators increases to 2.25% from 2.00%.
 - The formula factor for all other General members increases to 2.35% from 2.25%.
 - The formula factor for Police members increases to 2.35% from 2.25%.
 - The premium for post-retirement health insurance payable to age 60 for Police Command members increases to \$10 per month times years of credited service, not to exceed 30 years from \$8 per month times years of credited service, not to exceed 30 years.
- (21) Includes revised demographic and economic assumptions. These assumption changes were adopted by the Retirement Board at their January 22, 2001 meeting.
- (22) Includes new amortization policy as adopted by the Retirement Board specifically at 18-year open period for pension and 30-year open period for post-retirement health costs.
- (23) Includes an increase in the formula factor for Police Patrol to 2.5% from 2.35% and an increase in the contribution rate for Police Patrol to 1.59% from 0%.
- (24) Includes a change in the asset derivation method from a 4-year smoothed market value to a 5-year smoothed market value, along with a change in the amortization period from 18 years to 10 years for pension.
- (25) Includes revision of assumed rate of investment return from 7.5% to 7.75% and closing the amortization period for pension.
- (26) Includes the following change in benefit provisions:
- Employer right to rehire retirees (Ordinance No. 7-04).
 - Eliminate the early retirement reduction for benefits payable after age 60 if retired under the 2004 Voluntary Retirement Incentive Plan (Ordinance No. 14-04).
 - Establishment of a Deferred Retirement Option Plan (DROP) (Ordinance No. 15-04).
 - Establish separate trust to provide for the funding of retiree medical benefits (Ordinance No. 16-04).

NOTES RELATING TO FUNDING PROGRESS INDICATORS

(27) Includes the following change in benefit provisions:

- Changing retirement eligibility for Firefighters from age 55 and 10 years of service to age 50 and 10 years of service.
- Firefighters must make contributions of 1% of pay.

(28) Includes the following change in benefit provisions:

- General – Administrative members and Firefighters hired after September 6, 2005 will be automatically enrolled in the Defined Contribution plan. They will not participate in this defined benefit plan. As a result, contribution requirements for the General and Fire groups are based on level dollar amortization of unfunded accrued liability. Results for Police continue to be based on level percent of pay amortization.

(29) Includes the following change in benefit provisions:

- General Non-Administrative members hired after February 6, 2006, Police Command members hired after February 20, 2006, and Police Dispatch members hired after February 7, 2006 will be automatically enrolled in the Defined Contribution plan. They will not participate in this defined benefit plan. Effective July 1, 2007, General Administrative members retiring early after July 1, 2007 will not have their benefit reduced.

(30) Includes the following change in benefit provisions:

- The formula factor for Police Patrol increases to 2.7% from 2.5% and the contribution rate for Police Patrol increases to 3.59% from 1.59%.
- The formula factor for Police Command increases to 2.7% from 2.35% and the contribution rate for Police Command increases to 3.59% from 0%.
- The formula factor for General Dispatchers and Telephone Operators increases to 2.35% from 2.25%.
- The automatic post-retirement increases provision is removed for Police Command members retiring after July 1, 2008.
- Maximum DROP account accumulation period for Police Command members has been reduced to 3 years from 5 years.
- Police Non-Supervisory members hired after September 4, 2007 will be automatically enrolled in the Defined Contribution plan. They will not participate in this defined benefit plan.

(31) Includes new amortization policy as adopted by the Retirement Board of 30-year amortization over a closed period.

(32) The formula factor for Fire increases to 2.7% from 2.35% for a maximum of 30 years, and the member contribution rate increases to 4.00% from 1.00%.

(33) Includes revised mortality assumptions. These assumption changes were adopted by the Retirement Board. Also includes changes to benefit provisions for non-administrative General members. These changes include reduction of the 2.35% multiplier to 1.95% beginning 6/30/2016.

NOTES RELATING TO FUNDING PROGRESS INDICATORS

(34) Includes the following changes in benefit provisions:

- General Union members will receive 1.95% of FAS effective June 30, 2016 for all future accrued service, unless they elect to contribute 2% of base wages to keep the 2.35% multiplier.
- General Union members will no longer count overtime pay as pensionable earnings for purposes of determining benefit amounts.

(35) Includes the following changes in benefit provisions:

- General Administrative members will receive 2.15% of FAS effective July 1, 2016 for accrued service through June 30, 2018 unless they elect to contribute 1% of base wages to keep the 2.35% multiplier, and 1.95% of FAS effective July 1, 2018 for all future accrued service thereafter, unless they elect to contribute 2% of base wages to keep the 2.35% multiplier.

COMMENTS, RECOMMENDATIONS, CONCLUSION

COMMENT A: Aggregate experience during the year ending June 30, 2014 was more favorable than assumed, generating an overall experience gain of about \$3.9 million as indicated on page A-13. The actuarial gain was approximately 2.6% of the beginning of year actuarial accrued liabilities. Higher than assumed recognized investment return on valuation assets was the primary source of the gain, offset somewhat by a small loss due to mortality.

Investment income greater than or less than expected based on the investment return assumption, is recognized over a 5-year period under the current asset valuation method. Due to favorable investment performance during the previous two years, unrecognized investment gains exist that are scheduled to be recognized over the next four years. Absent future actuarial losses, this is expected to put downward pressure on the required contribution amounts in the near term. If the City's weighted average required contribution shown on page A-3 (24.80%) had been determined using the market value of assets as of June 30, 2014, the result would have been around 17.57% of payroll. In addition, the closure of the System to new hires results in declining valuation payroll which can put upward pressure on the City's contribution rate if the City's projected dollar contributions are unchanged (or even declining at a slower rate than payroll is declining) from year-to-year.

COMMENT B: As of June 30, 2014, actuarial accrued liability exceeds valuation assets for the General, Police, and Fire groups. Unfunded actuarial accrued liability (UAAL) was amortized as a level dollar amount over a closed 25 years and added to the computed normal cost.

COMMENT C: The valuation results reflect changes in benefit provisions for General Union members. The benefit changes are described on page A-10 of the report. The changes decreased the weighted average required contribution shown on page A-3 by 0.21% of payroll.

**COMMENTS, RECOMMENDATIONS, CONCLUSION
(CONCLUDED)**

ORDINANCE COMPLIANCE: The June 30, 2014 actuarial present value of retirement allowances exceeds the balance in the Reserve for Retired Benefit Payments. The Retirement System Ordinance provides for a transfer from the Reserve for Employer Contributions to the Reserve for Retired Benefit Payments to fully fund the retired life liability. Therefore, we recommend the following transfers be made effective June 30, 2014.

Transfers From Reserve for Employer Contributions to Reserve for Retired Benefit Payments		
General	Police	Fire
\$4,745,572.88	\$1,226,514.24	\$82,981.22

The following table shows the recommended reserve balances after the above transfers are made.

Reserve/Group	General	Police	Fire	Total
Reserve for Employees' Contributions	\$ 38,660.21	\$ 1,517,083.18	\$ 349,908.93	\$ 1,905,652.32
Reserve for Retired Benefit Payments	\$ 55,395,880.00	\$ 25,062,435.54	\$ 7,648,117.00	\$ 88,106,432.54
Reserve for Employer Contributions	\$ 37,641,505.07	\$ 18,214,611.45	\$ 7,125,242.58	\$ 62,981,359.10
Reserve for Health Insurance	\$ -	\$ -	\$ -	\$ -
Total Reserves	\$ 93,076,045.28	\$ 44,794,130.17	\$ 15,123,268.51	\$ 152,993,443.96

CONCLUSION: It is the actuary's opinion that the required contribution rates determined by the most recent actuarial valuation are sufficient to meet the System's funding objective, presuming continued timely receipt of required contributions.

**PENSION EXPERIENCE GAINS (LOSS)
COMPARATIVE SCHEDULE**

(\$ AMOUNTS IN THOUSANDS)

	Thousands of Dollars			
	Year Ended June 30			
	2014	2013	2012	2011
(1) UAAL* at start of period	\$ 23,412	\$ 21,771	\$ 7,562	\$ 6,333
(2) + Employer Normal cost	2,272	2,302	2,498	2,699
(3) + Interest accrual	1,901	1,775	681	593
(4) - Employer Contributions	4,180	3,298	3,050	3,062
(5) Expected UAAL before changes	23,405	22,550	7,691	6,563
(6) +/- Change from amendments	(524)	(426)	84	0
(7) +/- Change in assumptions	0	0	5,660	0
(8) +/- Change in cost method	0	0	0	0
(9) Expected UAAL after changes	22,881	22,124	13,435	6,563
(10) Actual UAAL	18,932	23,412	21,771	7,562
(11) Gain (loss) (9) - (10)	\$ 3,949	\$ (1,288)	\$ (8,336)	\$ (999)

* UAAL: *Unfunded Actuarial Accrued Liability.*

UNFUNDED ACTUARIAL ACCRUED LIABILITY
JUNE 30, 2014

A. Actuarial accrued liability	\$	158,867,280
B. Assets allocated to funding		139,935,062
C. Unfunded actuarial accrued liability	\$	18,932,218

CITY'S COMPUTED AND ACTUAL CONTRIBUTIONS - COMPARATIVE SCHEDULE

Fiscal Year	Valuation Date	City Dollar Contributions**		City's Recommended % of Payroll Contributions
	June 30	Recommended	Actual	
00/01	1999 (19)*	\$2,374,793	\$2,685,500	8.62 %
01/02	2000 (20)*	2,641,665	2,800,859	9.05
02/03	2001 (21)*	2,927,531		8.92
02/03	2001 (22)*	2,805,722	2,916,383	8.41
03/04	2002	4,182,339	-	10.17
03/04	2002 (23)*	4,180,009	-	10.16
03/04	2002 (24)*	3,343,541	3,267,506	6.57
04/05	2003	2,244,140	-	9.34
04/05	2003 (25)*	1,520,921	1,874,868	6.33
05/06	2004	2,102,613	-	8.57
05/06	2004 (26)*	2,139,415	2,048,261	8.72
06/07	2005	2,366,943		10.38
06/07	2005 (27)*	2,483,238	2,538,326	10.89
07/08	2006	3,538,824		15.12
07/08	2006 (28)*	3,596,530	3,487,953	15.37
08/09	2007	2,529,309		11.03
08/09	2007 (29)*	2,493,731	2,466,011	10.87
09/10	2008	2,007,488		9.09
09/10	2008 (30)*	2,188,266	2,280,304	10.15
10/11	2009	3,107,256		15.1
10/11	2009 (31)*	2,936,111	3,061,784	14.27
11/12	2010	3,027,804		15.48
11/12	2010 (32)*	3,230,031	3,406,132	16.52
12/13	2011	3,135,463	3,608,297	17.38
13/14	2012	3,696,469		22.04
13/14	2012 (33)*	4,157,285	4,575,290	24.79
14/15	2013	4,316,366		27.16
14/15	2013 (34)*	4,287,998		26.99
15/16	2014	3,939,697		25.01
15/16	2014 (35)*	3,906,139		24.80

* Refer to notes on pages A-6 through A-10.

** Includes contributions for health insurance premiums for retirants and beneficiaries beginning in FY 82/83.
Excludes contributions for health insurance premiums for retirants and beneficiaries beginning in FY 04/05.

**ACTUARIAL BALANCE SHEET JUNE 30, 2014
(EXCLUDING HEALTH INSURANCE PREMIUMS)**

Present Resources and Expected Future Resources

A. Actuarial value of System assets:	
1. Net assets from System financial statements (market)	\$152,993,444
2. Funding value adjustment	<u>(13,058,382)</u>
3. Actuarial value of assets	139,935,062
B. Present value of expected future City Contributions:	
1. For normal costs	17,924,492
2. For unfunded actuarial accrued liability	<u>18,932,218</u>
3. Total	36,856,709
C. Present value of expected future member Contributions	
	1,725,386
D. Total Present and Expected Future Resources	<u><u>\$178,517,157</u></u>

Present Value of Expected Future Benefit Payments

A. To retirants and beneficiaries:	
1. Annual pensions	\$ 88,106,433
2. Reserve	<u>none</u>
3. Total	88,106,433
B. To vested terminated members	7,962,153
C. To present active members:	
1. Allocated to service rendered prior to valuation date	62,798,694
2. Allocated to service likely to be rendered after valuation date	<u>19,649,878</u>
3. Total	82,448,572
D. Total Present Value of Expected Future Benefit Payments	<u><u>\$178,517,157</u></u>

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

SUMMARY OF BENEFIT PROVISIONS EVALUATED OR CONSIDERED (June 30, 2014)

Regular Retirement (no reduction factor for age):

Eligibility –

General: *Other General members* age 60 with 10 or more years of credited service.

Administrative and Contract members age 60 with 5 or more years of credited service.

Emergency Communications Operators members age 55 with 10 or more years of credited service.

Police: age 50 with 10 or more years of credited service.

Fire: age 50 with 10 or more years of credited service.

Annual Amount –

General: *Other General members* 2.35% of FAS times credited service (1.95% of FAS beginning June 30, 2016 if they elect not to contribute 2% of base wages).

Administrative and Contract members 2.35% of FAS times credited service (2.15% of FAS beginning July 1, 2016 and 1.95% of FAS beginning July 1, 2018 if they elect not to contribute 1% of base wages beginning July 1, 2016 and 2% of base wages beginning July 1, 2018).

Emergency Communications Operators members 2.35% of FAS times credited service.

Police: *Police Command members* 2.70% of FAS times credited service up to 30 years.

Police Patrol members 2.70% of FAS times credited service up to 30 years.

Fire: 2.70% of FAS times credited service up to 30 years.

Final Average Salary (FAS) - Average of annual compensations for the period of 3 consecutive years producing the highest average and contained within the last 5 years immediately preceding retirement.

DROP

Eligibility – Police Command meeting regular retirement eligibility.

DROP Account – Monthly additions of 100% of regular retirement benefit under option elected at time of DROP accumulated at 4% annual interest. Maximum period of accumulation is 5 years (3 years effective September 1, 2008).

Distributions – Lump sum payment of DROP account at time of exit from employment plus direct payment of future monthly retirement benefits under option elected at time of DROP.

SUMMARY OF BENEFIT PROVISIONS EVALUATED OR CONSIDERED
(June 30, 2014)
(CONTINUED)

Early Retirement (age reduction factor used):

Eligibility –

General: *Other General members* age 55 with 10 or more years of credited service.

Administrative and Contract members age 55 with 5 or more years of credited service.

Annual Amount – Computed in the same manner as regular retirement amount, but for *Other General members* reduced by .002 for each month age at early retirement precedes regular retirement age. For retirements of *Other General members* on or after June 30, 2016 the reduction shall be .001 if the member has 25 or more years of service. For retirements of *Administrative and Contract members* on or after July 1, 2007, there will be no reduction factor unless they became a member of the unit (transferred from another unit) after July 1, 2007 and have less than 25 years of service.

Deferred Retirement (vested benefit):

Eligibility –

General: *Other General members* any age with 10 or more years of credited service.

Administrative and Contract members any age with 5 or more years of credited service.

Emergency Communications Operators members any age with 10 or more years of credited service.

Police: any age with 10 or more years of credited service.

Fire: any age with 10 or more years of credited service.

Annual Amount - Accrued regular retirement amount based on credited service and FAS at time of termination, payable beginning at age 60 for General, age 50 for Police and age 50 for Fire.

Duty Disability Retirement:

Eligibility - Total and permanent disability incurred in line of duty with the city for which worker's compensation is being paid.

Annual Amount - Computed in same manner as the regular retirement amount based on credited service and FAS at time of termination. Minimum service credit used is 10 years.

Police and Fire: Normal retirement benefit calculation will be re-adjusted at normal retirement age (50) to include the time the member was receiving disability benefit and will be based on the monthly average the member would have earned during the 36 months preceding normal retirement age if the member was actively employed.

SUMMARY OF BENEFIT PROVISIONS EVALUATED OR CONSIDERED
(June 30, 2014)
(CONTINUED)

Non-Duty Disability Retirement:

General: *Other General members* total and permanent disability after 10 or more years of credited service.

Administrative and Contract members total and permanent disability after 5 or more years of credited service.

Emergency Communications Operators members total and permanent disability after 10 or more years of credited service. This unit does not have any active members and this no longer applies.

Police: total and permanent disability after 10 or more years of credited service.

Fire: total and permanent disability after 10 or more years of credited service.

Annual Amount - Computed in same manner as the regular retirement amount based on credited service and FAS at time of termination.

Duty Death Before Retirement:

Eligibility - Death in line of duty with the city for which worker's compensation is being paid.

Annual Amount - Refund of member's accumulated contributions. Amount to surviving spouse and children computed in same manner as the regular retirement amount based on credited service and FAS at time of death with a minimum of 25% of member's FAS. Additional amount to spouse continues to remarriage or death. Additional amount to children continues to earlier of marriage or attainment of age 18 years.

Non-Duty Death Before Retirement:

Eligibility - Any age with 10 or more years of credited service, 5 or more years of credited service for Administrative members.

Annual Amount - Option A actuarial equivalent of regular retirement amount based on credited service and FAS at time of death for spouse or qualified dependent. Option C for non-spouse benefit, in absence of spouse or with agreement of spouse.

Member Contributions:

General: *Other General members* 2% of base wages to keep 2.35% multiplier (effective June 30, 2016).

Administrative and Contract members 1% of base wages (effective June 30, 2016) and 2% of base wages (effective June 30, 2018) to keep 2.35% multiplier.

Police: *Police Command* 3.59% of gross pay.
 Police Patrol 3.59% of gross pay.

Fire: 4.00% of gross pay

SUMMARY OF BENEFIT PROVISIONS EVALUATED OR CONSIDERED
(June 30, 2014)
(CONCLUDED)

City Contributions: Actuarially determined amounts which are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded actuarial accrued liabilities over a selected period of future years.

Automatic Post-Retirement Adjustments: Annual increase for Police Command members (at least 60 years of age who retire after July 1, 1992 and on or before July 1, 2008) and Administrative members equal to 40% of the average annual increase in CPI, except in 2007 when contract language specified no increase. Increase is limited to 5% per year.

Defined Contribution Plan: The Defined Benefit plan is closed to new hires. New members are automatically enrolled in the Defined Contribution plan.

**DERIVATION OF SMOOTHED MARKET VALUE
BASED ON 20% RECOGNITION OF THE DIFFERENCE BETWEEN
THE MARKET RATE OF RETURN AND THE PROJECTED RATE OF RETURN**

	Year Ended June 30						
	2012	2013	2014	2015	2016	2017	2018
Beginning of Year:							
(1) Market Value	\$126,070,325	\$124,229,394	\$134,717,975				
(2) Valuation Assets	131,247,684	129,191,375	130,037,060				
End of Year:							
(3) Market Value	124,229,394	134,717,975	152,993,444				
(4) Net Additions to Assets, Excluding Investment Income & Admin. Expense	(4,209,049)	(4,966,722)	(4,561,846)				
(5) Total Investment Income = (3) - (1) - (4)	2,368,118	15,455,303	22,837,315				
(6) Projected Rate of Return	7.75%	7.75%	7.75%				
(7) Projected Investment Income = (6) x [(2) + .5 x (4)]	10,008,595	9,819,871	9,901,101				
(8) Investment Income In Excess of Projected Income = (5)-(7)	(7,640,477)	5,635,432	12,936,214				
(9) Excess Investment Income Recognized This Year (5-year recognition)							
(9a) From This Year	(1,528,095)	1,127,086	2,587,242				
(9b) From One Year Ago	2,384,338	(1,528,095)	1,127,086	\$2,587,242			
(9c) From Two Years Ago	(11,821)	2,384,338	(1,528,095)	1,127,086	\$2,587,242		
(9d) From Three Years Ago	(5,978,970)	(11,821)	2,384,338	(1,528,095)	1,127,086	\$2,587,242	
(9e) From Four Years Ago	(2,721,307)	(5,978,972)	(11,824)	2,384,342	(1,528,097)	1,127,088	\$2,587,246
(10) Change in Valuation Assets = (4) + (7) + 9[a..e]	(2,056,309)	845,685	9,898,002				
End of Year:							
(3) Market Value	124,229,394	134,717,975	152,993,444				
(11) Valuation Assets = (2)+(10)	129,191,375	130,037,060	139,935,062				
(12) Valuation Assets Net HI Reserve	129,191,375	130,037,060	139,935,062				
Rate of Return Based on Smoothed Method	1.7%	4.6%	11.3%				
Ratio of Market Value to Valuation Assets	96.2%	103.6%	109.3%				
Market Value Rate of Return	1.9%	12.7%	17.2%				

**ACCOUNTING INFORMATION
YEAR ENDED JUNE 30, 2014**

Revenues:

a. Member contributions	\$	228,227
b. City contributions		
1. For pensions		4,179,682
2. For health insurance premiums		0
4. Transfer from Retirement Reserves		68,928
3. For DROP Plan Contribution		98,453
c. Investment income		
1. Interest and dividends		2,485,230
2. Gain or (loss) on sales (realized and unrealized)		20,822,981
3. Amortization of premiums and discounts		none
4. Other – miscellaneous		12,322
		12,322
d. Total	\$	27,895,824

Expenditures:

a. Refunds of member contributions	\$	0
b. Benefits paid		8,607,231
c. DROP Plan Distributions		0
d. Health insurance premiums paid		0
e. Transfers to DC plan		529,906
f. Other expenses		483,218
		483,218
g. Total	\$	9,620,355

Reserve Increase:

Total revenues minus total expenditures	\$	18,275,469
-----------------------------------------	----	------------

**ASSETS AND RESERVES
JUNE 30, 2014**

Assets: (at market value)

a. Cash	\$	1,577,089
b. Cash equivalents		798,524
c. Government issues		26,635,870
d. Corporate bonds		17,576,010
e. Equities		100,760,219
f. Real Estate Investments		7,728,453
g. Liabilities		(2,082,721)
		(2,082,721)
Total	\$	152,993,444

Reserve Accounts:

a. Member contributions	\$	1,905,652
b. Reserve for benefits now being paid		82,051,364
c. Pension Reserve		68,833,567
d. Health Insurance Reserve *		0
e. DROP Plan Reserve		202,861
		202,861
Total	\$	152,993,444

* This amount was used in financing accrued liability for post-retirement health insurance.

RETIRANTS AND BENEFICIARIES JUNE 30, 2014
COMPARATIVE SCHEDULE

Year Ended June 30	Added to Rolls		Removed from Rolls		Rolls End of Year	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
1975	3	\$ 4,658 *	2	\$ 2,314	16	\$ 19,811
1980	8	33,671			40	112,140
1985	7	31,606	1	1,374	61	232,207
1986	5	54,991 **			66	287,198
1987	9	76,206	4	13,449	71	349,955
1988	9	57,601	5	13,521	75	394,035
1989	14	227,129			89	621,164
1990	12	192,440	3	22,098	98	791,506
1991	15	186,921	4	32,103	109	946,324
1992	9	134,073	3	7,346	115	1,073,051
1993	22	386,867	3	29,053	134	1,430,865
1994	9	136,836	6	38,058	137	1,529,643
1995	23	418,540	6	55,242	154	1,892,941
1996	11	236,812	2	22,795	163	2,106,958
1997	14	287,471	5	17,739	172	2,376,690
1998	7	160,775	4	23,254	175	2,514,211
1999	19	386,723	6	46,334	188	2,854,600
2000	11	199,220	5	30,242	194	3,023,578
2001	15	375,004	3	18,945	206	3,379,637
2002	19	500,451	2	61,229	223	3,818,858
2003	20	471,135	5	59,109	238	4,230,884
2004	10	257,854	6	72,281	242	4,416,457
2005	28	657,467	10	153,882	260	4,920,041
2006	9	273,407	13	127,902	256	5,065,546
2007	11	209,107	8	61,800	259	5,212,853
2008	20	602,763	5	115,253	274	5,700,363
2009	19	594,138	9	157,847	284	6,136,654
2010	22	570,153	11	77,710	295	6,629,097
2011	20	686,316	7	165,129	308	7,150,284
2012	31	1,009,472	7	91,020	332	8,068,736
2013	18	573,312	10	193,959	340	8,448,089
2014	17	490,598	5	84,647	352	8,854,040

* Includes cost-of-living adjustment of \$595.56 payable beginning January 1, 1975.

** Includes cost-of-living adjustments totaling \$17,056.80 payable beginning July 1, 1985.

RETIRANTS AND BENEFICIARIES JUNE 30, 2014

COMPARATIVE SCHEDULE

Year Ended June 30	% Incr. in Annual Pensions	No. of Active Per Retired	Pensions as % of Active Payroll	Average Annual Pension	Discounted Value of Pensions	
					Total	Average
1970	(1.3) %	28.9	0.3 %	\$ 787	\$ 81,408	\$ 9,045
1975	13.4	21.4	0.5	1,238	177,560	11,098
1980	42.9	9.6	1.8	2,804	1,106,998	27,675
1985	15.0	5.6	2.7	3,807	2,134,239	34,988
1986	23.7	5.3	3.1	4,351	2,622,587	39,736
1987	21.9	5.0	3.6	4,929	3,226,801	45,448
1988	12.6	4.7	3.9	5,254	3,669,627	48,928
1989	57.6	3.9	6.1	6,979	6,080,463	68,320
1990	27.4	3.6	7.3	8,077	7,943,958	81,061
1991	19.6	3.2	8.4	8,682	9,750,107	89,451
1992	13.4	3.1	9.1	9,331	11,013,607	95,770
1993	33.3	2.7	11.1	10,678	15,060,291	112,390
1994	6.9	2.7	11.2	11,165	15,889,845	115,984
1995	23.8	2.3	13.9	12,292	19,800,632	128,576
1996	11.3	2.4	14.0	12,926	22,407,750	137,471
1997	12.8	2.4	14.4	13,818	25,184,993	146,424
1998	5.8	2.5	14.2	14,367	26,290,606	150,232
1999	13.5	2.3	15.6	15,184	29,834,092	158,692
2000	5.9	2.3	15.1	15,585	31,171,607	160,678
2001	11.8	2.2	16.4	16,406	35,104,643	170,411
2002	13.0	2.0	17.9	17,125	39,612,631	177,635
2003	10.8	1.9	19.2	17,777	42,865,108	180,105
2004	4.4	1.8	19.7	18,250	43,803,773	181,007
2005	16.3	1.5	23.6	18,923	48,061,939	184,854
2006	3.0	1.5	22.1	19,787	49,164,382	192,048
2007	2.9	1.5	23.3	20,127	50,159,151	193,665
2008	9.4	1.3	26.5	20,804	55,533,767	202,678
2009	7.7	1.2	29.8	21,608	59,742,554	210,361
2010	8.0	1.1	33.9	22,472	64,018,512	217,012
2011	7.9	0.9	39.6	23,215	69,160,462	224,547
2012	12.8	0.8	48.1	24,303	81,377,089	245,112
2013	4.7	0.7	53.2	24,847	84,667,701	249,023
2014	4.8	0.6	56.2	25,154	88,106,433	250,302

RETIRANTS AND BENEFICIARIES JUNE 30, 2014

Number	Averages			New Retirants During 13/14	
	Attained Age	Retirement Age	Current Annual Pension	Averages	Annual Pension
	Age	Age	Pension	Age	Pension
352	69.1	57.2	\$25,154	58.1	\$32,413

Tabulated by Valuation Divisions

Divisions	No.	Annual Pensions
General	241	\$ 5,547,733
Police	82	2,522,541
Fire	29	783,766
Totals	352	\$ 8,854,040

RETIRANTS AND BENEFICIARIES JUNE 30, 2014

Type of Pensions Being Paid	No.	Annual Pensions
Age and Service		
Straight Life Pension - benefit terminating at death of retiree	91	\$ 2,301,082
10-Year Certain	18	465,185
Option A Pension – joint and survivor benefit	119	\$3,086,223
Option B Pension – modified joint and survivor benefit	58	1,880,220
Survivor Beneficiary	32	392,263
Total Age and Service Pensions	318	\$ 8,124,973
 Casualty Pensions		
Duty Disability		
Straight Life	3	\$ 102,379
10-Year Certain	4	123,617
Option A	6	89,905
Option B	2	31,556
Survivor	1	2,327
Non Duty Disability		
Straight Life	5	85,002
10-Year Certain	2	52,779
Option A	2	46,117
Survivor	4	63,576
Non Duty Death - Spouse	5	131,809
Total Casualty Pensions	34	729,067
Total Pensions Being Paid	352	\$ 8,854,040

RETIRANTS AND BENEFICIARIES JUNE 30, 2014
TABULATED BY ATTAINED AGE

Attained Age	No.	Annual Pensions
Under 40	2	\$ 71,292
40 - 44	1	24,660
45 - 49	3	83,959
50 - 54	13	410,030
55 - 59	45	1,576,056
60 - 64	77	2,280,101
65	21	499,298
66	12	302,810
67	18	412,380
68	5	148,068
69	10	157,526
70	7	151,509
71	12	283,425
72	6	220,569
73	14	288,312
74	9	237,709
75	7	159,444
76	6	101,548
77	9	186,547
78	8	197,223
79	5	81,995
80	4	38,854
81	11	255,877
82	8	133,557
83	5	110,097
84	7	102,077
85	4	75,030
86	4	42,459
87	2	37,205
88	3	38,872
89	2	42,309
90	4	53,819
91	4	34,448
93	1	4,118
94	1	2,626
97	1	4,935
100	1	3,296
Totals	352	\$ 8,854,040

**INACTIVE VESTED MEMBERS INCLUDED IN VALUATION
JUNE 30, 2014**

Inactive vested members included in the valuation totaled 66 with estimated deferred pensions of \$1,213,898.

<u>Attained Age</u>	<u>No.</u>	<u>Estimated Deferred Annual Pensions</u>
36	1	\$ 21,621
37	1	12,460
39	1	13,296
40	5	80,490
41	5	90,762
42	2	45,713
43	4	77,302
44	5	90,113
46	5	129,230
47	7	131,556
48	3	72,995
49	1	10,408
50	2	32,157
52	2	54,175
53	1	38,968
54	2	54,241
55	1	14,919
56	2	14,185
57	7	127,295
58	1	11,381
59	6	62,950
60	1	12,667
64	1	15,014
Totals	66	\$ 1,213,898

ACTIVE MEMBERS JUNE 30, 2014
TABULATED BY VALUATION DIVISIONS

<u>Valuation Divisions</u>	<u>No.</u>	<u>Annual Payroll</u>
General members	146	\$ 9,686,856
Police Officers	55	4,430,211
Fire	21	1,632,707
Total Active Members	222	\$15,749,774

NUMBER ADDED TO AND REMOVED FROM ACTIVE MEMBERSHIP

Year Ended June 30	Number Added		Terminations During Year								Active Members End of Year
	During Year		Normal Retirement		Disabled		Died-in- Service		Other Withdrawal		
	A	E	A	E	A	E	A	E	A	E	
1995	25	28	15	9.1	3	1.2	1	1.0	9	16.6	361
1996	45	21	9	4.5	0	1.2	1	1.0	11	18.4	385
1997	44	19	12	8.6	1	0.8	0	0.9	6	15.4	410
1998	33	14	5	5.8	1	0.9	0	0.9	8	17.1	429
1999	37	28	10	6.1	6	0.9	0	0.9	12	21.4	438
2000	21	17	6	6.8	1	0.9	0	0.9	10	17.6	441
2001	34	27	12	5.2	4	0.9	0	1.0	11	11.0	448
2002	21	23	13	6.9	2	1.5	0	1.0	8	13.5	446
2003	20	20	9	6.7	1	1.5	0	0.9	10	12.7	446
2004	6	14	6	8.3	0	1.4	1	1.0	7	12.0	438
2005	5	45	17	8.7	1	1.5	0	1.0	27	10.3	398
2006	11	14	4	9.1	1	1.5	1	1.0	8	7.9	395
2007	6	13	8	10.4	0	1.6	1	1.1	4	7.0	388
2008	0	31	13	11.2	1	1.6	1	1.2	16	5.9	357
2009	0	0	11	11.5	1	1.7	1	1.2	11	4.5	333
2010	0	0	15	10.4	0	1.6	0	1.2	6	3.6	312
2011	1	0	14	9.5	3	1.5	0	1.2	14	2.8	282
2012	0	0	24	10.8	0	1.3	0	1.1	5	2.2	253
2013	0	0	8	7.8	1	1.2	0	0.6	10	1.9	234
2014	0	0	9	9.8	1	1.2	0	0.6	2	1.6	222

ACTIVE MEMBERS JUNE 30, 2014
COMPARATIVE SCHEDULE

Valuation Date June 30	Active Members			Total	Valuation Payroll	Average		
	Gen.	Police	Fire			Age	Service	Pay
1975	238	78	26	342	\$ 3,893,200	36.4	7.1	\$11,384
1980	282	75	26	383	6,289,532	38.0	8.9	16,422
1985	246	71	26	343	8,695,553	41.6	13.1	25,351
1986	254	72	26	352	9,241,786	41.8	13.3	26,255
1987	258	72	27	357	9,685,174	41.8	13.5	27,129
1988	255	72	27	354	10,014,092	42.2	14.0	28,288
1989	249	70	27	346	10,248,481	42.4	14.0	29,620
1990	248	74	27	349	10,828,357	42.0	13.9	31,027
1991	251	74	26	351	11,288,361	41.9	14.1	32,161
1992	252	76	26	354	11,856,395	42.2	14.3	33,493
1993	262	78	28	368	12,902,885	41.3	13.2	35,062
1994	261	78	25	364	13,599,955	41.7	13.7	37,363
1995	257	79	25	361	13,630,668	41.2	12.9	37,758
1996	265	87	33	385	15,078,468	40.9	12.6	39,165
1997	288	89	33	410	16,455,280	40.6	11.9	40,135
1998	294	97	33	429	17,690,669	41.1	10.5	41,237
1999	299	101	38	438	18,309,889	40.7	11.5	41,803
2000	302	100	39	441	20,073,442	41.1	11.8	45,518
2001	307	103	38	448	20,645,491	41.1	11.7	46,084
2002	308	100	38	446	21,336,450	41.1	11.7	47,840
2003	306	102	38	446	22,002,419	41.4	11.9	49,333
2004	299	101	38	438	22,467,047	42.2	12.7	51,295
2005	280	88	30	398	20,881,320	43.1	13.6	52,466
2006	281	84	30	395	22,874,078	43.7	14.2	57,909
2007	272	85	31	388	22,410,946	44.3	14.8	57,760
2008	245	82	30	357	21,550,441	45.0	15.7	60,365
2009	230	74	29	333	20,572,189	45.7	16.3	61,778
2010	217	70	25	312	19,554,838	46.2	17.0	62,676
2011	193	66	23	282	18,038,609	46.9	17.5	63,967
2012	167	63	23	253	16,768,082	47.0	17.6	66,277
2013	155	58	21	234	15,889,933	47.8	18.3	67,906
2014	146	55	21	222	15,749,774	48.4	19.2	70,945

**GENERAL MEMBERS JUNE 30, 2014
BY NEAREST AGE AND YEARS OF SERVICE**

Nearest Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
30-34		2		1				3	\$ 178,753
35-39		1	4	3				8	538,743
40-44		2	6	11	3			22	1,300,345
45-49			7	15	7	6		35	2,352,071
50-54			2	10	7	9	1	29	2,043,212
55-59			5	12	9	4	3	33	2,210,502
60			1	1	1			3	166,136
61			1	1	1		1	4	282,556
62				1		1	1	3	223,066
63									
64		1					1	2	126,772
65							1	1	48,490
66			1			1	1	3	216,210
Totals	0	6	27	55	28	21	9	146	\$ 9,686,856

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 50.6 years

Service: 19.7 years

Annual Pay: \$66,348

POLICE OFFICERS JUNE 30, 2014
BY NEAREST AGE AND YEARS OF SERVICE

Nearest Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
30-34		1						1	\$ 74,200
35-39		2	8	3				13	1,006,357
40-44			1	13	1			15	1,228,268
45-49			1	5	13			19	1,561,297
50-54				2	2			4	338,327
55-59				1		1		2	152,002
60				1				1	69,760
Totals	0	3	10	25	16	1	0	55	\$ 4,430,211

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 43.5 years
Service: 17.7 years
Annual Pay: \$80,549

FIREFIGHTERS JUNE 30, 2014
BY NEAREST AGE AND YEARS OF SERVICE

Nearest Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
30-34			1					1	\$ 73,707
35-39				1				1	73,569
40-44			2	4				6	463,504
45-49				6				6	463,934
50-54				3	1			4	317,121
55-59				1		1		2	170,669
60							1	1	70,203
Totals	0	0	3	15	1	1	1	21	\$1,632,707

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 47.4 years

Service: 18.9 years

Annual Pay: \$77,748

SECTION C

SUMMARY OF VALUATION METHODS AND ACTUARIAL ASSUMPTIONS

VALUATION METHODS

Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual **entry-age normal cost** valuation method having the following characteristics:

- (i) the annual normal costs for each individual active member, payable from the date of employment to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement; and
- (ii) 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 dollar amount over a closed period of 25 years.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION

The actuary calculates the contribution requirements and benefit values of the Retirement System by applying actuarial assumptions to the benefit provisions and people information furnished, using the valuation methods described on page C-1.

The principal areas of economic and risk assumptions are:

- (i) Long-term rates of investment income likely to be generated by the assets of the Retirement System,
- (ii) Patterns of salary increases to be experienced by members,
- (iii) Rate of mortality among members, retirees and beneficiaries,
- (iv) Rates of withdrawal of active members without entitlement to a deferred retirement benefit,
- (v) Rates of disability among members and their subsequent rates of recovery, and
- (vi) The age and service distribution of actual retirements.

In making a valuation the actuary must project the monetary effect of each assumption, for each distinct experience group, for the next year and for each year over the next half-century or longer.

Once actual experience has occurred and been observed it is unlikely that it will coincide exactly with assumed experience. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of small adjustments of the computed contribution rate.

From time-to-time it becomes necessary to adjust the package of risk measurements to reflect basic experience trends -- but not random year-to-year fluctuations. We will recommend changes whenever we feel they are appropriate.

The rate of investment return (an economic assumption) used was 7.75% a year, compounded annually. This assumption was first used for the June 30, 2003 valuation. The assumption consists of 3.25% for assuming maturity and principal risks (real return) and 4.50% in recognition of wage inflation. This assumption is used to discount the value of future payments. Actual recognized investment return for purposes of the actuarial valuation, based on the mean actuarial value of assets, has been as follows:

Year Ended June 30					5-Year Average
2014	2013	2012	2011	2010	
11.3%	4.6%	1.7%	4.4%	2.7%	4.9%

The rates of salary increase (an economic assumption) used are in accordance with the following graded table. These assumptions were first used for the June 30, 2001 valuation. The assumption consists of 4.50% in recognition of wage inflation and a graded allowance for promotion and longevity.

The assumption is used to project current salaries to those upon which pension amounts will be based.

Sample Ages	Present Salary Resulting in Salary of \$1,000		Percent Increase in Salary During Next Year	
	At Age 65	At Age 60	General	Police-Fire
	General	Police-Fire		
20	\$ 64	\$ 112	8.3 %	7.5 %
25	94	161	7.6	7.5
30	135	229	7.2	7.1
35	190	315	6.9	5.6
40	264	403	6.6	4.7
45	361	507	6.2	4.7
50	482	638	5.6	4.7
55	629	800	5.2	4.6
60	801	1,000	4.7	4.5
65	1,000	---	4.5	4.5

Actual valuation payroll has increased at the following rates.

	Year Ended June 30					5-Year Average
	2014	2013	2012	2011	2010	
Total payroll	(0.9) %	(5.2) %	(7.0) %	(7.8) %	(4.9) %	(5.2) %
Increase in pay for members active at both beginning and end of year	4.7	2.9	3.3	1.3	1.6	2.8

The mortality table (a risk assumption) used was the RP 2000 Combined Male and Female Mortality Table, set back 0 years for men and women. This table was first used for the June 30, 2012 valuation. No provision is currently made for future improvements in mortality after the measurement date. Sample values follow:

Sample Ages	Single Life Retirement Values			
	Present Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	\$138.71	\$142.13	30.80	33.59
55	130.86	135.35	26.18	28.91
60	120.86	126.58	21.74	24.38
65	108.86	115.96	17.61	20.12
70	95.25	103.70	13.88	16.23
75	80.22	90.02	10.57	12.74
80	64.63	75.25	7.75	9.68

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement. Disabled retirees use the RP 2000 Male and Female mortality tables with no setback.

The rates of retirement (a risk assumption) used to measure the probability of eligible members retiring during the year following attainment of the indicated age were as follows:

Age	Number Retiring Per 100 Eligible		
	General	Police	Fire
50	-	30	30
51	-	20	20
52	-	15	15
53	-	15	15
54	-	15	15
55	10	10	10
56	5	10	10
57	5	15	15
58	5	25	25
59	5	30	30
60	20	100	100
61	20	100	100
62	20	100	100
63	20	100	100
64	20	100	100
65	30	100	100
66	30	100	100
67	40	100	100
68	50	100	100
69	60	100	100
70	100	100	100

These rates were first used for the June 30, 2001 valuation.

Rates of separation from active membership (a risk assumption) were as follows: (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	Number Separating Within Next Year (Per 100 Members)		
		General	Police	Fire
ALL	0	15.00	8.00	8.00
	1	10.00	6.00	6.00
	2	8.00	4.50	4.50
	3	7.00	3.00	3.00
	4	6.00	2.00	2.00
25	5 & Over	5.00	2.50	2.50
30		4.50	2.00	2.00
35		3.55	1.10	1.10
40		1.45	0.40	0.40
45		0.75	0.40	0.40
50		0.75	0.40	0.40
55		0.75	0.40	0.40
60		0.75	0.40	0.40
65		0.75	0.40	0.40

Rates for General and Police were revised effective June 30, 2001.

Rates of disability (a risk assumption) measure the probabilities of active members retiring with a disability benefit.

Sample Ages	% of Active Members Becoming Disabled Within Next Year		
	General	Police	Fire
20	0.15 %	0.10 %	0.10 %
25	0.18	0.15	0.15
30	0.20	0.25	0.20
35	0.29	0.30	0.25
40	0.42	0.70	0.50
45	0.65	0.80	0.65
50	1.05	0.95	0.80
55	1.84	1.10	0.95
60	3.06	1.20	1.00

Rates for General and Police were revised effective June 30, 2001.

SUMMARY OF ASSUMPTIONS USED
JUNE 30, 2014
MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Marriage Assumption:	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits.
Pay Increase Timing:	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and mortality decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.
Normal Form of Benefit:	The assumed normal form of benefit is the straight life form.
Loads:	<p>A load of 0.38% of General Union and 0.88% of General Administrative pay was added to the normal cost for General members to account for the subsidized voluntary “buy-up” of the multiplier to 2.35%.</p> <p>A (2.0%) load was added to General Union active member liabilities to estimate the impact of the removal of overtime pay from pensionable earnings beginning 6/30/2016.</p>
Increases in CPI:	CPI was assumed to increase at 4.0% annually.

SECTION D

STATEMENTS NO. 25 AND NO. 27 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

NOTE: GASB Statements No. 67 and No. 68 are effective for Governmental Retirement Plans for the fiscal year beginning after June 15, 2013 (GASB Statement No. 67) and the fiscal year beginning after June 15, 2014 (GASB Statement No. 68). These statements replace GASB Statements No. 25, No. 27 and No. 50. Future actuarial reports will reflect these changes.

**GASB STATEMENTS NO. 25 AND NO. 27
REQUIRED SUPPLEMENTARY INFORMATION
(\$ AMOUNTS IN THOUSANDS)**

**Schedule of Funding Progress
(Excluding Health Insurance)**

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2005 *	\$ 110,582	\$ 106,174	\$ (4,408)	104.15	\$20,881	(21.1) %
2006 *	113,663	115,225	1,563	98.6	22,874	6.8
2007 *	121,400	118,313	(3,087)	102.6	22,411	(13.8)
2008 *	129,496	126,166	(3,330)	102.6	21,550	(15.5)
2009 *	129,667	130,793	1,126	99.1	20,572	5.5
2010 *	129,277	135,611	6,333	95.3	19,555	32.4
2011	131,248	138,810	7,562	94.6	18,039	41.9
2012 *	129,191	150,963	21,771	85.6	16,768	129.8
2013 *	130,037	153,449	23,412	84.7	15,890	147.3
2014 *	139,935	158,867	18,932	88.1	15,750	120.2

* Revised actuarial assumptions and/or methods and/or changes in benefit provisions.

Required Supplementary Information

During the year ended June 30, 2014 the plan experienced a net change of \$5,418,385 in the actuarial accrued liabilities, of which (\$523,942) was due to changes in benefit provisions. There were no changes in actuarial assumptions.

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION
(\$ AMOUNTS IN THOUSANDS)

Schedule of Employer Contributions
(excluding Health Insurance)

Fiscal Year Ending June 30	Actuarial Valuation Date June 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Valuation Payroll	Actual Required Contribution Based on Actual Payroll	Percentage Contributed
2001	1999	8.62	\$1,578	\$1,784	100 %
2002	2000	9.05	1,817	1,923	100
2003	2001	8.41	1,842	1,858	100
2004	2002	6.57	1,531	1,496	100
2005	2003	6.33	1,521	1,388	100
2006	2004	8.72	2,139	2,048	100
2007	2005	10.89	2,483	2,538	100
2008	2006	15.37	3,597	3,488	100
2009	2007	10.87	2,494	2,466	100
2010	2008	10.15	2,188	2,280	100
2011	2009	14.27	2,936	3,062	100
2012	2010	16.52	3,230	3,050	100
2013	2011	17.38	3,135	3,298	100
2014	2012	24.79	4,157	4,180	100
2015	2013	26.99	4,288	-	-
2016	2014	24.8	3,906	-	-

The Retirement System's financial objective provides for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2014 were determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities were amortized as a level dollar over a closed period of 25 years.

During the year ended June 30, 2014, contributions totaling \$4,179,682 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 2012. The employer contributions consisted of \$2,272,260 for normal cost, and \$1,907,422 for amortization of the unfunded actuarial accrued liability. Employer contributions represented 26.54% of June 30, 2014 covered payroll.

GASB STATEMENT NO. 25 REQUIRED 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	June 30, 2014
Actuarial cost method	Entry Age
Amortization method	Level dollar
Remaining amortization period	25 years closed
Asset valuation method	Open 5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases*	4.5% - 8.5%
*Includes wage inflation at	4.5%
Cost-of-living adjustments	Annual increase for those eligible assumed to be 1.6% compounded annually.

Membership of the plan consisted of the following at June 30, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	352
Terminated plan members entitled to but not yet receiving benefits	66
Active plan members	<u>222</u>
Total	640

September 22, 2014

Ms. Rosa R. Ooms
Interim Finance Director
City of Wyoming
1155 28th Street, S.W.
Wyoming, Michigan 49509

Dear Rosa:

Enclosed are thirteen copies of the June 30, 2014 Annual Actuarial Valuation of the City of Wyoming Employees Retirement System.

Respectfully submitted,



Randall J. Dziubek, ASA, EA, MAAA

RJD:ah
Enclosures