



# Municipal Employees' Retirement System of Michigan

Annual Actuarial Valuation Report  
December 31, 2018 - Albion City of (1301)





Spring, 2019

Albion City of

In care of:  
Municipal Employees' Retirement System of Michigan  
1134 Municipal Way  
Lansing, Michigan 48917

This report presents the results of the Annual Actuarial Valuation, prepared for Albion City of (1301) as of December 31, 2018. The report includes the determination of liabilities and contribution rates resulting from the participation in the Municipal Employees' Retirement System of Michigan ("MERS"). This report contains the minimum actuarially determined contribution requirement, in alignment with the MERS Plan Document, Actuarial Policy, and the Michigan Constitution and governing statutes. Albion City of is responsible for the employer contributions needed to provide MERS benefits for its employees and former employees.

The purposes of this valuation are to:

- Measure funding progress as of December 31, 2018,
- Establish contribution requirements for the fiscal year beginning January 1, 2020,
- Provide information regarding the identification and assessment of risk,
- Provide actuarial information in connection with applicable Governmental Accounting Standards Board (GASB) statements, and
- Provide information to assist the local unit of government with state reporting requirements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data and other information through December 31, 2018. The valuation was based upon information furnished by MERS concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by MERS.

The Municipal Employees' Retirement Act, PA 427 of 1984 and the MERS' Plan Document Article VI sec. 71 (1)(d), provides the MERS Board with the authority to set actuarial assumptions and methods after consultation with the actuary. As the fiduciary of the plan, MERS Retirement Board sets certain assumptions for funding and GASB purposes. These assumptions are checked regularly through a comprehensive study, called an Experience Study. The most recent study was completed in 2015, as prepared by the prior actuary, and is the basis of the assumptions and methods currently in place. **At the February 28, 2019 board meeting, the MERS Retirement Board adopted new economic assumptions effective with the December 31, 2019 annual actuarial valuation, which will impact contributions beginning in 2021.** An illustration of the potential impact is found in this report.

The Michigan Department of Treasury provides required assumptions to be used for purposes of Public Act 202 reporting. These assumptions are for reporting purposes only and do not impact required contributions. Please refer to the State Reporting page found at the end of this report for information for this filing.

For a full list of all the assumptions used, please refer to the division-specific assumptions described in table(s) in this report, and to the Appendix on the MERS website at:  
<http://www.mersofmich.com/Portals/0/Assets/Resources/AAV-Appendix/MERS-2018AnnualActuarialValuation-Appendix.pdf>.

**The actuarial assumptions used for this valuation are reasonable for purposes of the measurement.**

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of Albion City of as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

David T. Kausch, Rebecca L. Stouffer, and Mark Buis are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor. GRS maintains independent consulting agreements with certain local units of government for services unrelated to the actuarial consulting services provided in this report.

The Retirement Board of the Municipal Employees' Retirement System of Michigan confirms that the System provides for payment of the required employer contribution as described in Section 20m of Act No. 314 of 1965 (MCL 38.1140m).

This information is purely actuarial in nature. It is not intended to serve as a substitute for legal, accounting or investment advice.



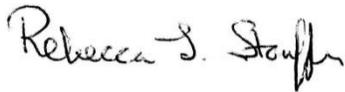
This report was prepared at the request of the MERS Retirement Board and may be provided only in its entirety by the municipality to other interested parties (MERS customarily provides the full report on request to associated third parties such as the auditor for the municipality). GRS is not responsible for the consequences of any unauthorized use. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, that conditions have changed since the calculations were made, that the information provided in this report is inaccurate or is in anyway incomplete, or if you need further information in order to make an informed decision on the subject matter in this report, please contact your Regional Manager at 1.800.767.MERS (6377).

Sincerely,



David T. Kausch, FSA, FCA, EA, MAAA



Rebecca L. Stouffer, ASA, FCA, MAAA



Mark Buis, FSA, FCA, EA, MAAA



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# Executive Summary

## Funded Ratio

The funded ratio of a plan is the percentage of the dollar value of the actuarial accrued liability that is covered by the actuarial value of assets. While funding ratio may be a useful plan measurement, understanding a plan's funding trend may be more important than a particular point in time. Refer to Table 7 to find a history of this information.

	12/31/2018	12/31/2017
Funded Ratio*	92%	97%

\* Reflects assets from Surplus divisions, if any.

There has been a change in actuary and actuarial software since the December 31, 2017 valuation. Throughout this report are references to valuation results generated prior to the 2018 valuation date. Results prior to 2018 were received directly from the prior actuary or extracted from the previous valuation system by MERS's technology service provider.

## Required Employer Contributions:

Your required employer contributions are shown in the following table. Employee contributions, if any, are in addition to the employer contributions. Changes to the actuarial assumptions and methods based on the 2015 Experience Study are phased-in over a 5-year period. This valuation reflects the fourth year of the phase-in.

Your minimum required contribution is the amount in the “Phase-in” columns. By default, MERS will invoice you the phased-in contribution amount, but strongly encourages you to contribute more than the minimum required contribution. If you requested and have been billed using No Phase-in rates, your 2019 rates will continue to use the No Phase-in method. If you have been billed using the Phased-in rates and wish to change to rates based on No Phase-in, please contact MERS.

	Percentage of Payroll				Monthly \$ Based on Projected Payroll			
	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in
Valuation Date:	12/31/2018	12/31/2018	12/31/2017	12/31/2017	12/31/2018	12/31/2018	12/31/2017	12/31/2017
Fiscal Year Beginning:	January 1, 2020	January 1, 2020	January 1, 2019	January 1, 2019	January 1, 2020	January 1, 2020	January 1, 2019	January 1, 2019
<b>Division</b>								
10 - Non Union Emp.	-	-	-	-	\$ 959	\$ 959	\$ 0	\$ 0
11 - AFSCME Union	-	-	-	-	5,866	6,347	4,188	5,150
12 - Clerical Alliance	-	-	-	-	0	0	0	0
14 - Dispatchers	-	-	-	-	1,083	1,124	893	975
15 - Housing Comm	-	-	-	-	5,781	5,890	4,831	5,049
30 - Nurses Dfrd	-	-	-	-	4,490	4,944	2,652	3,560
<b>Municipality Total</b>					<b>\$ 18,179</b>	<b>\$ 19,264</b>	<b>\$ 12,564</b>	<b>\$ 14,734</b>

Employee contribution rates:

Valuation Date:	Employee Contribution Rate	
	12/31/2018	12/31/2017
<b>Division</b>		
10 - Non Union Emp.	0.00%	0.00%
11 - AFSCME Union	0.00%	0.00%
12 - Clerical Alliance	0.00%	0.00%
14 - Dispatchers	0.00%	0.00%
15 - Housing Comm	0.00%	0.00%
30 - Nurses Dfrd	0.00%	0.00%

The employer may contribute more than the minimum required contributions, as these additional contributions will earn investment income and may result in lower future contribution requirements. Employers making contributions in excess of the minimum requirements may elect to apply the excess contribution immediately to a particular division, or segregate the excess into one or more of what MERS calls “Surplus” divisions. An election in the first case would immediately reduce any unfunded accrued liability and lower the amortization payments throughout the remaining amortization period. An election to set up Surplus divisions would not immediately lower future contributions, however the assets from the Surplus division could be transferred to an unfunded division in the future to reduce the unfunded liability in future years, or to be used to pay all or a portion of the minimum required contribution in a future year. For purposes of this report, the assets in any Surplus division have been included in the municipality’s total assets, unfunded accrued liability and funded status, however, these assets are not used in calculating the minimum required contribution.

**MERS strongly encourages employers to contribute more than the minimum contribution shown above.**

Assuming that experience of the plan meets actuarial assumptions:

- To accelerate to a 100% funding ratio in 10 years, estimated monthly employer contributions for the fiscal year beginning in 2020 for the entire employer would be \$20,474, instead of \$19,264.

### **How and Why Do These Numbers Change?**

In a defined benefit plan contributions vary from one annual actuarial valuation to the next as a result of the following:

- Changes in benefit provisions (see Table 2)
- Changes in actuarial assumptions and methods (see the Appendix)
- Experience of the plan (investment experience and demographic experience); this is the difference between actual experience of the plan and the actuarial assumptions.

### **Comments on Investment Rate of Return Assumption**

A defined benefit plan is funded by employer contributions, participant contributions, and investment earnings. Investment earnings have historically provided **more than half** of the funding. The larger the share of benefits being provided from investment returns, the smaller the required contributions, and vice versa. Determining the contributions required to prefund the promised retirement benefits requires an assumption of what investment earnings are expected to add to the fund over a long period of time. This is called the **Investment Return Assumption**.

The MERS Investment Return Assumption is **7.75%** per year. This, along with all of our other actuarial assumptions, is reviewed at least every five years in an Experience Study that compares the assumptions used against actual experience and recommends adjustments if necessary. If your municipality would like to explore contributions at lower assumed investment return assumptions, please review the “what if” projection scenarios later in this report.

## Assumption Change in 2019

At the February 28, 2019 board meeting, the MERS Retirement Board adjusted key economic assumptions. These assumptions, in particular the investment return assumption, have a significant effect on a plan's required contribution and funding level. Historically low interest rates, along with high equity market valuations, have led to reductions in projected returns for most asset classes. This has resulted in a Board adopted reduction in the investment rate of return assumption to 7.35%, effective with the December 31, 2019 valuation first impacting 2021 contributions. The Board also changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date. This report includes a "What If" scenario of 7.35%/3.00% in order to show the potential impact of this assumption change.

## Comments on Asset Smoothing

To avoid dramatic spikes and dips in annual contribution requirements due to short term fluctuations in asset markets, MERS applies a technique called **asset smoothing**. This spreads out each year's investment gains or losses over the prior year and the following four years. This smoothing method is used to determine your actuarial value of assets (valuation assets), which is then used to determine both your funded ratio and your required contributions. The (smoothed) **actuarial rate of return for 2018 was 3.80%, while the actual market rate of return was (4.12)%**. To see historical details of the market rate of return, compared to the smoothed actuarial rate of return, refer to this report's Appendix, or view the "[How Smoothing Works](#)" video on the [Defined Benefit resource page](#) of the MERS website.

As of December 31, 2018 the actuarial value of assets is 110% of market value due to asset smoothing. This means that meeting the actuarial assumption in the next few years will require average annual market returns that exceed the 7.75% investment return assumption, or contribution requirements will continue to increase.

If the December 31, 2018 valuation results were based on market value instead of actuarial value:

- The funded percent of your entire municipality would be 84% (instead of 92%); and
- Your total employer contribution requirement for the fiscal year starting January 1, 2020 would be \$334,128 (instead of \$231,168)

## Alternate Scenarios to Estimate the Potential Volatility of Results ("What If Scenarios")

The calculations in this report are based on assumptions about long-term economic and demographic behavior. These assumptions will never materialize in a given year, except by coincidence. Therefore the results will vary from one year to the next. The volatility of the results depends upon the characteristics of the plan. For example:

- Open divisions that have substantial assets compared to their active employee payroll will have more volatile employer contribution rates due to investment return fluctuations.
- Open divisions that have substantial accrued liability compared to their active employee payroll will have more volatile employer contribution rates due to demographic experience fluctuations.
- Small divisions will have more volatile contribution patterns than larger divisions because statistical fluctuations are relatively larger among small populations.
- Shorter amortization periods result in more volatile contribution patterns.

Many assumptions are important in determining the required employer contributions. In the following table, we show the impact of varying the Investment Return assumption and the Wage Inflation assumption. Lower investment returns would result in higher required employer contributions, and vice-versa. Lower wage inflation generally results in lower required employer contributions as a dollar amount in the long run, and vice versa.

The relative impact of each economic scenario below will vary from year to year, as the participant demographics change. The impact of each scenario should be analyzed for a given year, not from year to year. The results in the table are based on the December 31, 2018 valuation, and are for the municipality in total, not by division. These results do not reflect a 5-year phase in of the impact of the new actuarial assumptions.

It is important to note that calculations in this report are mathematical estimates based upon assumptions regarding future events, which may or may not materialize. Actuarial calculations can and do vary from one valuation to the next, sometimes significantly depending on the group's size. Projections are not predictions. Future valuations will be based on actual future experience.

**The Retirement Board has adopted a change to the Investment Return Assumption from 7.75% to 7.35%, and the wage inflation from 3.75% to 3.00%. This change will be effective in the December 31, 2019 valuation which will impact the Fiscal Year 2021 contribution. The scenario shown using these assumptions as of December 31, 2018 is illustrative only. The actual impact of this change when reflected in the 2019 valuation will be different.**

12/31/2018 Valuation Results	Assumed Future Annual Smoothed Rate of Investment Return		
	Lower Future Annual Returns	Adopted 2019 Assumption	Valuation Assumptions
<b>Investment Return Assumption</b>	<b>5.75%</b>	<b>7.35%</b>	<b>7.75%</b>
<b>Wage Increase Assumption</b>	<b>3.75%</b>	<b>3.00%</b>	<b>3.75%</b>
Accrued Liability	\$ 17,377,904	\$ 14,905,866	\$ 14,463,126
Valuation Assets <sup>1</sup>	\$ 13,313,905	\$ 13,313,905	\$ 13,313,905
Unfunded Accrued Liability	\$ 4,063,999	\$ 1,591,961	\$ 1,149,221
<b>Funded Ratio</b>	77%	89%	92%
Monthly Normal Cost	\$ 10,655	\$ 6,378	\$ 6,462
Monthly Amortization Payment	\$ 30,061	\$ 14,766	\$ 10,841
<b>Total Employer Contribution<sup>2</sup></b>	<b>\$ 40,716</b>	<b>\$ 22,715</b>	<b>\$ 19,264</b>

<sup>1</sup> The Valuation Assets include assets from Surplus divisions, if any.

<sup>2</sup> If assets exceed accrued liabilities for a division, the division may have an overfunding credit to reduce the division's employer contribution requirement. If the overfunding credit is larger than the normal cost, the division's full credit is included in the municipality's amortization payment above but the division's total contribution requirement is zero. This can cause the displayed normal cost and amortization payment to not add up to the displayed total employer contribution.

## Projection Scenarios

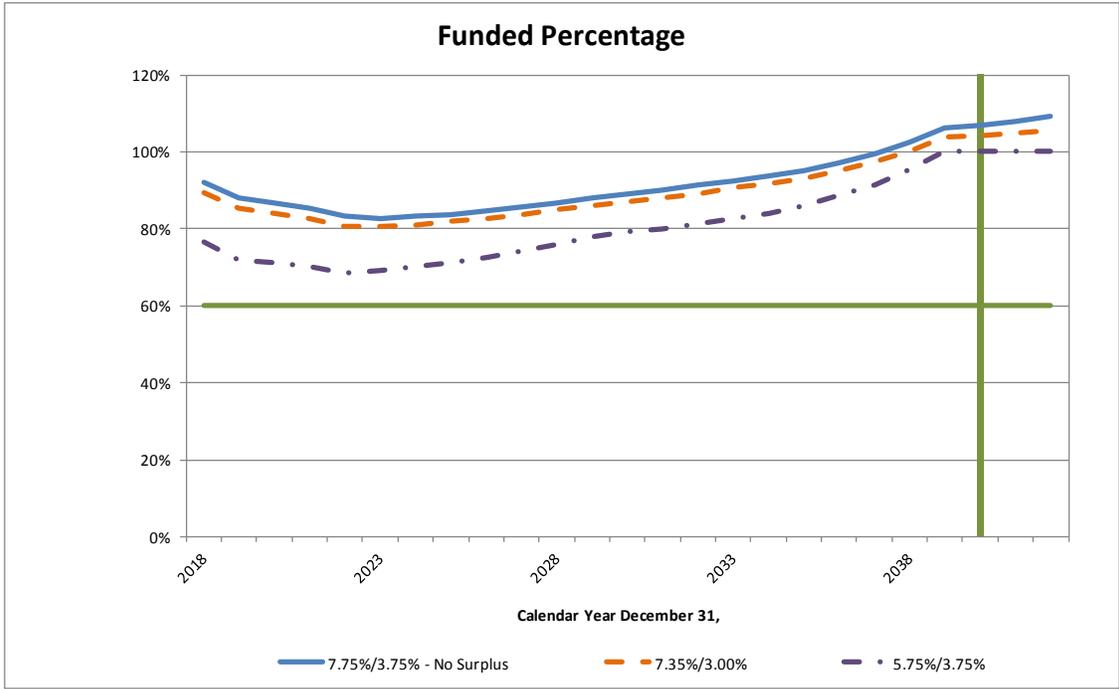
The next two pages show projections of the plan's funded ratio and computed employer contributions under the actuarial assumptions used in the valuation and alternate economic scenarios. All three projections take into account the past investment losses that will continue to affect the actuarial rate of return in the short term.

The 7.75%/3.75% scenario provides an estimate of computed employer contributions based on current actuarial assumptions, and a projected 7.75% market return. The other two scenarios may be useful if the municipality chooses to budget more conservatively, and make contributions in addition to the minimum requirements. The 7.35%/3.00% and 5.75%/3.75% projections provide an indication of the potential required employer contribution if these assumptions were met over the long-term.

Valuation Year Ending 12/31	Fiscal Year Beginning 1/1	Actuarial Accrued Liability	Valuation Assets <sup>2</sup>	Funded Percentage	Computed Annual Employer Contribution
<b>7.75%<sup>1</sup>/3.75%</b>					
<b>NO 5-YEAR PHASE-IN</b>					
2018	2020	\$ 14,463,126	\$ 13,313,905	92%	\$ 231,168
2019	2021	\$ 14,400,000	\$ 12,700,000	88%	\$ 247,000
2020	2022	\$ 14,300,000	\$ 12,400,000	87%	\$ 268,000
2021	2023	\$ 14,200,000	\$ 12,100,000	85%	\$ 293,000
2022	2024	\$ 14,100,000	\$ 11,800,000	84%	\$ 323,000
2023	2025	\$ 14,000,000	\$ 11,600,000	83%	\$ 335,000
<b>7.35%<sup>1</sup>/3.00%</b>					
<b>NO 5-YEAR PHASE-IN</b>					
2018	2020	\$ 14,905,866	\$ 13,313,905	89%	\$ 272,580
2019	2021	\$ 14,800,000	\$ 12,600,000	85%	\$ 289,000
2020	2022	\$ 14,700,000	\$ 12,400,000	84%	\$ 310,000
2021	2023	\$ 14,600,000	\$ 12,100,000	83%	\$ 334,000
2022	2024	\$ 14,500,000	\$ 11,700,000	81%	\$ 364,000
2023	2025	\$ 14,300,000	\$ 11,500,000	80%	\$ 375,000
<b>5.75%<sup>1</sup>/3.75%</b>					
<b>NO 5-YEAR PHASE-IN</b>					
2018	2020	\$ 17,377,904	\$ 13,313,905	77%	\$ 488,592
2019	2021	\$ 17,300,000	\$ 12,400,000	72%	\$ 509,000
2020	2022	\$ 17,100,000	\$ 12,200,000	71%	\$ 532,000
2021	2023	\$ 17,000,000	\$ 11,900,000	70%	\$ 560,000
2022	2024	\$ 16,800,000	\$ 11,500,000	68%	\$ 599,000
2023	2025	\$ 16,600,000	\$ 11,500,000	69%	\$ 606,000

<sup>1</sup> Represents both the interest rate for discounting liabilities and the future investment return assumption on the Market Value of assets.

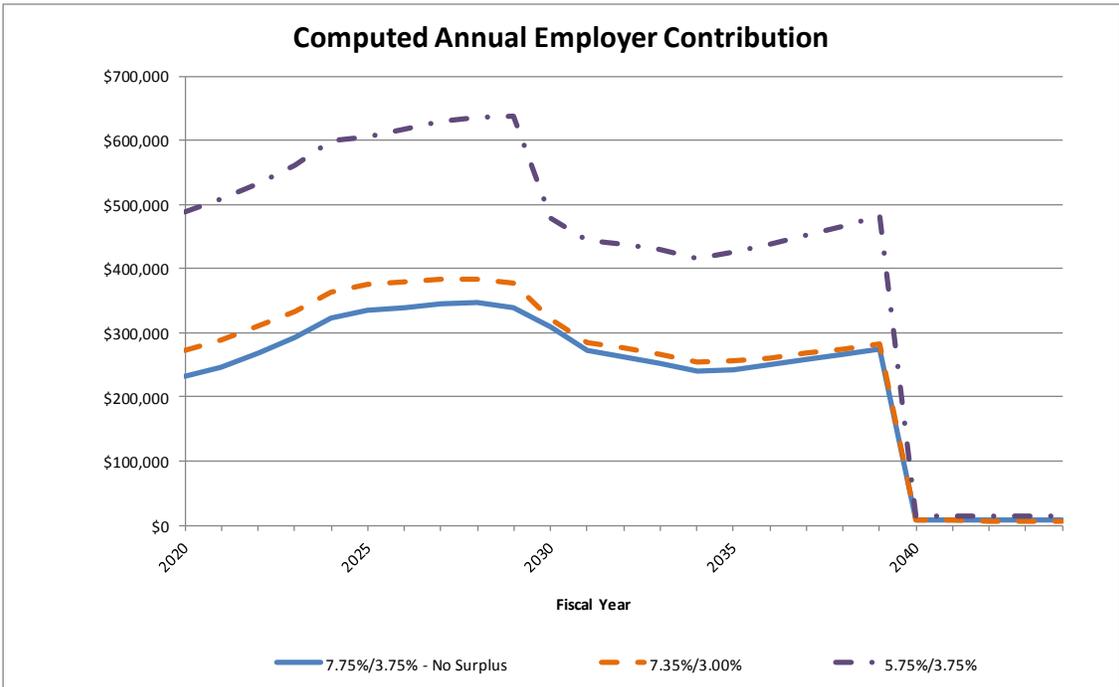
<sup>2</sup> Valuation Assets do not include assets from Surplus divisions, if any.



**Notes:**

All projected funded percentages are shown with no phase-in.

The green indicator lines have been added at 60% funded and 22 years following the valuation date for PA 202 purposes.



**Notes:**

All projected contributions are shown with no phase-in.

## Table 1: Employer Contribution Details For the Fiscal Year Beginning January 1, 2020

Division	Total Normal Cost	Employee Contribut. Rate	Employer Contributions <sup>1</sup>			Computed Employer Contribut. With Phase-In	Blended ER Rate No Phase-In <sup>5</sup>	Blended ER Rate With Phase-In <sup>5</sup>	Employee Contribut. Conversion Factor <sup>2</sup>
			Employer Normal Cost	Payment of the Unfunded Accrued Liability <sup>4</sup>	Computed Employer Contribut. No Phase-In				
<b>Percentage of Payroll</b>									
10 - Non Union Emp.	0.00%	0.00%	-	-	-	-	-	-	-
11 - AFSCME Union	9.23%	0.00%	-	-	-	-	-	-	-
12 - Clerical Alliance	10.21%	0.00%	-	-	-	-	-	-	-
14 - Dispatchers	0.00%	0.00%	-	-	-	-	-	-	-
15 - Housing Comm	9.16%	0.00%	-	-	-	-	-	-	-
30 - Nurses Dfrd	0.00%	0.00%	-	-	-	-	-	-	-
<b>Estimated Monthly Contribution<sup>3</sup></b>									
10 - Non Union Emp.			\$ 0	\$ 959	\$ 959	\$ 959			
11 - AFSCME Union			3,402	2,945	6,347	5,866			
12 - Clerical Alliance			551	(2,512)	0	0			
14 - Dispatchers			0	1,124	1,124	1,083			
15 - Housing Comm			2,509	3,381	5,890	5,781			
30 - Nurses Dfrd			0	4,944	4,944	4,490			
<b>Total Municipality</b>			<b>\$ 6,462</b>	<b>\$ 10,841</b>	<b>\$ 19,264</b>	<b>\$ 18,179</b>			
<b>Estimated Annual Contribution<sup>3</sup></b>			<b>\$ 77,544</b>	<b>\$ 130,092</b>	<b>\$ 231,168</b>	<b>\$ 218,148</b>			

<sup>1</sup> The above employer contribution requirements are in addition to the employee contributions, if any.

<sup>2</sup> If employee contributions are increased/decreased by 1.00% of pay, the employer contribution requirement will decrease/increase by the Employee Contribution Conversion Factor. The conversion factor is usually under 1%, because employee contributions may be refunded at termination of employment, and not used to fund retirement pensions. Employer contributions will all be used to fund pensions.

<sup>3</sup> For divisions that are open to new hires, estimated contributions are based on projected fiscal year payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts. For divisions that will have no new hires (i.e., closed divisions), invoices will be based on the above dollar amounts which are based on projected fiscal year payroll. See description of Open Divisions and Closed Divisions in the Appendix.

<sup>4</sup> Note that if the overfunding credit is larger than the normal cost, the full credit is shown above but the total contribution requirement is zero. This will cause the displayed normal cost and unfunded accrued liability contributions to not add across.

<sup>5</sup> For linked divisions, the employer will be invoiced the Computed Employer Contribution with Phase-in rate shown above for each linked division (a contribution rate for the open division; a contribution dollar for the closed-but-linked division), unless the employer elects to contribute the Blended Employer Contribution rate shown above, by contacting MERS at 800-767-MERS (6377).

Please see the Comments on Asset Smoothing in the Executive Summary of this report.

## Table 2: Benefit Provisions

### 10 - Non Union Emp.: Closed to new hires

	2018 Valuation	2017 Valuation
<b>Benefit Multiplier:</b>	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced):</b>	55/25	55/25
<b>Early Retirement (Reduced):</b>	50/25 55/15	50/25 55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions:</b>	0.00%	0.00%
<b>DC Plan for New Hires:</b>	10/1/1997	10/1/1997
<b>Act 88:</b>	Yes (Adopted 3/19/1969)	Yes (Adopted 3/19/1969)

### 11 - AFSCME Union: Closed to new hires

	2018 Valuation	2017 Valuation
<b>Benefit Multiplier:</b>	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced):</b>	55/25	55/25
<b>Early Retirement (Reduced):</b>	50/25 55/15	50/25 55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions:</b>	0.00%	0.00%
<b>DC Plan for New Hires:</b>	1/1/2012	1/1/2012
<b>Act 88:</b>	Yes (Adopted 3/19/1969)	Yes (Adopted 3/19/1969)

### 12 - Clerical Alliance: Closed to new hires

	2018 Valuation	2017 Valuation
<b>Benefit Multiplier:</b>	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced):</b>	55/25	55/25
<b>Early Retirement (Reduced):</b>	50/25 55/15	50/25 55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions:</b>	0.00%	0.00%
<b>DC Plan for New Hires:</b>	4/1/2000	4/1/2000
<b>Act 88:</b>	Yes (Adopted 3/19/1969)	Yes (Adopted 3/19/1969)

**14 - Dispatchers: Closed to new hires**

	<b>2018 Valuation</b>	<b>2017 Valuation</b>
<b>Benefit Multiplier:</b>	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced):</b>	55/25	55/25
<b>Early Retirement (Reduced):</b>	50/25 55/15	50/25 55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions:</b>	0.00%	0.00%
<b>DC Plan for New Hires:</b>	1/1/2000	1/1/2000
<b>Act 88:</b>	Yes (Adopted 3/19/1969)	Yes (Adopted 3/19/1969)

**15 - Housing Comm: Closed to new hires**

	<b>2018 Valuation</b>	<b>2017 Valuation</b>
<b>Benefit Multiplier:</b>	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced):</b>	55/25	55/25
<b>Early Retirement (Reduced):</b>	50/25 55/15	50/25 55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions:</b>	0.00%	0.00%
<b>DC Plan for New Hires:</b>	10/1/2010	10/1/2010
<b>Act 88:</b>	Yes (Adopted 3/19/1969)	Yes (Adopted 3/19/1969)

**30 - Nurses Dfrd: Closed to new hires**

	<b>2018 Valuation</b>	<b>2017 Valuation</b>
<b>Benefit Multiplier:</b>	1.50% Multiplier (no max)	1.50% Multiplier (no max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	6 years	6 years
<b>Early Retirement (Unreduced):</b>	-	-
<b>Early Retirement (Reduced):</b>	50/25 55/15	50/25 55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions:</b>	0.00%	0.00%
<b>Act 88:</b>	Yes (Adopted 6/1/1990)	Yes (Adopted 6/1/1990)

### Table 3: Participant Summary

Division	2018 Valuation		2017 Valuation		2018 Valuation		
	Number	Annual Payroll <sup>1</sup>	Number	Annual Payroll <sup>1</sup>	Average Age	Average Benefit Service <sup>2</sup>	Average Eligibility Service <sup>2</sup>
<b>10 - Non Union Emp.</b>							
Active Employees	0	\$ 0	0	\$ 0	0.0	0.0	0.0
Vested Former Employees	2	12,192	3	19,438	54.8	12.9	12.9
Retirees and Beneficiaries	28	379,571	29	382,675	72.1		
<b>11 - AFSCME Union</b>							
Active Employees	10	\$ 479,088	13	\$ 582,266	53.1	19.5	19.5
Vested Former Employees	4	27,221	5	34,670	49.8	10.0	10.4
Retirees and Beneficiaries	26	358,336	23	280,571	70.1		
<b>12 - Clerical Alliance</b>							
Active Employees	2	\$ 88,100	3	\$ 158,927	62.0	24.3	24.3
Vested Former Employees	2	6,358	2	6,358	50.4	6.8	16.3
Retirees and Beneficiaries	8	104,168	7	70,374	75.8		
<b>14 - Dispatchers</b>							
Active Employees	0	\$ 0	0	\$ 0	0.0	0.0	0.0
Vested Former Employees	2	13,587	2	13,587	57.4	9.9	14.8
Retirees and Beneficiaries	1	7,341	1	7,341	64.9		
<b>15 - Housing Comm</b>							
Active Employees	5	\$ 318,648	6	\$ 338,182	47.4	16.1	16.1
Vested Former Employees	2	14,364	2	14,364	48.9	11.8	11.8
Retirees and Beneficiaries	6	117,514	5	100,477	73.1		
<b>30 - Nurses Dfrd</b>							
Active Employees	0	\$ 0	0	\$ 0	0.0	0.0	0.0
Vested Former Employees	1	675	1	675	59.8	2.0	26.7
Retirees and Beneficiaries	35	240,157	37	246,659	79.9		
<b>Total Municipality</b>							
Active Employees	17	\$ 885,836	22	\$ 1,079,375	52.5	19.1	19.1
Vested Former Employees	13	74,397	15	89,092	52.5	9.6	13.8
Retirees and Beneficiaries	<u>104</u>	<u>1,207,087</u>	<u>102</u>	<u>1,088,097</u>	<u>74.5</u>		
<b>Total Participants</b>	<b>134</b>		<b>139</b>				

<sup>1</sup> Annual payroll for active employees; annual deferred benefits payable for vested former employees; annual benefits being paid for retirees and beneficiaries.

<sup>2</sup> Descriptions can be found under Miscellaneous and Technical Assumptions in the Appendix.

## Table 4: Reported Assets (Market Value)

Division	2018 Valuation		2017 Valuation	
	Employer and Retiree <sup>1</sup>	Employee <sup>2</sup>	Employer and Retiree <sup>1</sup>	Employee <sup>2</sup>
10 - Non Union Emp.	\$ 3,208,779	\$ 0	\$ 3,729,871	\$ 4,766
11 - AFSCME Union	4,686,632	34,917	5,124,895	37,705
12 - Clerical Alliance	1,415,528	0	1,547,794	0
14 - Dispatchers	135,341	0	140,696	0
15 - Housing Comm	1,540,434	984	1,655,106	959
30 - Nurses Dfrd	1,130,037	2,369	1,404,441	2,308
<b>Municipality Total<sup>3</sup></b>	<b>\$ 12,116,751</b>	<b>\$ 38,270</b>	<b>\$ 13,602,803</b>	<b>\$ 45,738</b>
<b>Combined Assets<sup>3</sup></b>	<b>\$12,155,021</b>		<b>\$13,648,541</b>	

<sup>1</sup> Reserve for Employer Contributions and Benefit Payments.

<sup>2</sup> Reserve for Employee Contributions.

<sup>3</sup> Totals may not add due to rounding.

The December 31, 2018 valuation assets (actuarial value of assets) are equal to 1.095342 times the reported market value of assets (compared to 1.011321 as of December 31, 2017). Refer to the Appendix for a description of the valuation asset derivation and a detailed calculation of valuation assets.

## Table 5: Flow of Valuation Assets

Year Ended 12/31	Employer Contributions		Employee Contributions	Investment Income (Valuation Assets)	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
	Required	Additional						
2008	\$ 21,361		\$ 0	\$ 618,714	\$ (806,687)	\$ 0	\$ (18,060)	\$ 15,525,088
2009	40,096		0	523,486	(793,985)	0	0	15,294,685
2010	73,351		0	711,351	(806,905)	0	0	15,272,482
2011	57,933	\$ 0	0	653,369	(853,492)	0	(109,293)	15,020,999
2012	31,638	0	0	602,154	(839,486)	0	0	14,815,305
2013	37,521	0	0	820,841	(857,860)	0	0	14,815,807
2014	29,258	0	0	795,019	(1,041,702)	0	0	14,598,382
2015	35,606	0	0	648,371	(1,032,679)	0	(1)	14,249,679
2016	62,729	0	0	657,675	(1,026,572)	0	0	13,943,511
2017	96,618	25,108	0	795,559	(1,057,739)	0	0	13,803,057
2018	131,303	20,900	0	473,373	(1,114,728)	0	0	13,313,905

**Notes:**

Transfers in and out are usually related to the transfer of participants between municipalities, and to employer and employee payments for service credit purchases (if any) that the governing body has approved.

Additional employer contributions, if any, are shown separately starting in 2011. Prior to 2011, additional contributions are combined with the required employer contributions.

The investment income column reflects the recognized investment income based on Valuation Assets. It does not reflect the market value investment return in any given year.

The Valuation Asset balance includes assets from Surplus divisions, if any.

Years where historical information is not available, will be displayed with zero values.

**Table 6: Actuarial Accrued Liabilities and Valuation Assets  
as of December 31, 2018**

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
10 - Non Union Emp.	\$ 0	\$ 86,943	\$ 3,511,318	\$ 0	\$ 3,598,261	\$ 3,514,711	97.7%	\$ 83,550
11 - AFSCME Union	1,801,946	154,182	3,680,065	0	5,636,193	5,171,711	91.8%	464,482
12 - Clerical Alliance	391,478	29,752	862,596	0	1,283,826	1,550,487	120.8%	(266,661)
14 - Dispatchers	0	124,579	71,894	0	196,473	148,244	75.5%	48,229
15 - Housing Comm	1,008,554	63,393	1,163,518	0	2,235,465	1,688,380	75.5%	547,085
30 - Nurses Dfrd	0	7,309	1,503,230	2,369	1,512,908	1,240,372	82.0%	272,536
<b>Total</b>	<b>\$ 3,201,978</b>	<b>\$ 466,158</b>	<b>\$ 10,792,621</b>	<b>\$ 2,369</b>	<b>\$ 14,463,126</b>	<b>\$ 13,313,905</b>	<b>92.1%</b>	<b>\$ 1,149,221</b>

Please see the Comments on Asset Smoothing in the Executive Summary of this report.

## Table 7: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2004	\$ 10,696,728	\$ 14,600,587	136%	\$ (3,903,859)
2005	10,987,489	14,786,834	135%	(3,799,345)
2006	11,114,781	15,227,692	137%	(4,112,911)
2007	11,668,614	15,709,760	135%	(4,041,146)
2008	12,063,306	15,525,088	129%	(3,461,782)
2009	12,033,383	15,294,685	127%	(3,261,302)
2010	12,131,418	15,272,482	126%	(3,141,064)
2011	12,436,531	15,020,999	121%	(2,584,468)
2012	12,582,357	14,815,305	118%	(2,232,948)
2013	12,983,740	14,815,807	114%	(1,832,067)
2014	13,305,534	14,598,382	110%	(1,292,848)
2015	14,035,843	14,249,679	102%	(213,836)
2016	14,077,089	13,943,511	99%	133,578
2017	14,258,346	13,803,057	97%	455,289
2018	14,463,126	13,313,905	92%	1,149,221

Notes: Actuarial assumptions were revised for the 2004, 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

The Valuation Assets include assets from Surplus divisions, if any.

Years where historical information is not available will be displayed with zero values.

## Tables 8 and 9: Division-Based Comparative Schedules

### Division 10 - Non Union Emp.

**Table 8-10: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2008	\$ 3,320,512	\$ 4,523,007	136%	\$ (1,202,495)
2009	3,417,648	4,458,958	130%	(1,041,310)
2010	3,419,313	4,448,530	130%	(1,029,217)
2011	3,509,914	4,431,266	126%	(921,352)
2012	3,598,583	4,389,166	122%	(790,583)
2013	3,650,580	4,395,788	120%	(745,208)
2014	3,724,146	4,293,374	115%	(569,228)
2015	3,828,481	4,121,367	108%	(292,886)
2016	3,779,649	3,944,022	104%	(164,373)
2017	3,718,827	3,776,917	102%	(58,090)
2018	3,598,261	3,514,711	98%	83,550

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

**Table 9-10: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2008	5	\$ 278,051	0.00%	0.00%
2009	5	299,035	0.00%	0.00%
2010	5	287,600	\$ 0	0.00%
2011	5	292,006	\$ 0	0.00%
2012	5	307,743	\$ 0	0.00%
2013	2	143,655	\$ 0	0.00%
2014	1	78,626	\$ 0	0.00%
2015	1	73,857	\$ 0	0.00%
2016	0	0	\$ 0	0.00%
2017	0	0	\$ 0	0.00%
2018	0	0	\$ 959	0.00%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

**Note:** The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 2.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.

## Division 11 - AFSCME Union

**Table 8-11: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2008	\$ 3,759,656	\$ 4,107,481	109%	\$ (347,825)
2009	3,891,522	4,177,353	107%	(285,831)
2010	4,028,361	4,267,244	106%	(238,883)
2011	4,205,003	4,365,905	104%	(160,902)
2012	4,323,455	5,039,732	117%	(716,277)
2013	4,599,008	5,094,933	111%	(495,925)
2014	4,762,471	5,120,048	108%	(357,577)
2015	5,121,875	5,113,368	100%	8,507
2016	5,272,919	5,128,588	97%	144,331
2017	5,406,137	5,221,046	97%	185,091
2018	5,636,193	5,171,711	92%	464,482

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

**Table 9-11: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2008	24	\$ 811,518	4.90%	0.00%
2009	23	829,875	5.68%	0.00%
2010	23	828,633	6.41%	0.00%
2011	23	853,614	7.53%	0.00%
2012	21	797,728	0.00%	0.00%
2013	18	700,852	1.67%	0.00%
2014	16	672,365	3.79%	0.00%
2015	16	647,654	9.98%	0.00%
2016	15	632,387	10.89%	0.00%
2017	13	582,266	\$ 5,150	0.00%
2018	10	479,088	\$ 6,347	0.00%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

**Note:** The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 2.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.

## Division 12 - Clerical Alliance

**Table 8-12: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2008	\$ 1,046,961	\$ 1,576,783	151%	\$ (529,822)
2009	957,246	1,546,868	162%	(589,622)
2010	964,433	1,543,550	160%	(579,117)
2011	997,516	1,538,673	154%	(541,157)
2012	1,014,765	1,526,843	151%	(512,078)
2013	1,059,363	1,537,703	145%	(478,340)
2014	1,109,183	1,547,750	140%	(438,567)
2015	1,227,068	1,545,068	126%	(318,000)
2016	1,254,991	1,545,602	123%	(290,611)
2017	1,263,340	1,565,317	124%	(301,977)
2018	1,283,826	1,550,487	121%	(266,661)

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

**Table 9-12: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2008	3	\$ 116,773	\$ 0	0.00%
2009	3	122,590	\$ 0	0.00%
2010	3	119,318	\$ 0	0.00%
2011	3	122,220	\$ 0	0.00%
2012	3	118,510	\$ 0	0.00%
2013	3	123,145	\$ 0	0.00%
2014	3	135,970	\$ 0	0.00%
2015	3	149,238	\$ 0	0.00%
2016	3	154,051	\$ 0	0.00%
2017	3	158,927	\$ 0	0.00%
2018	2	88,100	\$ 0	0.00%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

**Note:** The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 2.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.

## Division 14 - Dispatchers

**Table 8-14: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2008	\$ 155,432	\$ 208,025	134%	\$ (52,593)
2009	172,591	218,966	127%	(46,375)
2010	157,712	231,941	147%	(74,229)
2011	119,715	104,566	87%	15,149
2012	129,764	109,820	85%	19,944
2013	138,675	133,294	96%	5,381
2014	142,090	134,381	95%	7,709
2015	164,085	133,825	82%	30,260
2016	170,067	134,849	79%	35,218
2017	186,634	142,289	76%	44,345
2018	196,473	148,244	75%	48,229

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

**Table 9-14: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2008	1	\$ 40,999	\$ 0	0.00%
2009	1	46,611	\$ 0	0.00%
2010	0	0	\$ 0	0.00%
2011	0	0	\$ 164	0.00%
2012	0	0	\$ 236	0.00%
2013	0	0	\$ 45	0.00%
2014	0	0	\$ 143	0.00%
2015	0	0	\$ 705	0.00%
2016	0	0	\$ 779	0.00%
2017	0	0	\$ 975	0.00%
2018	0	0	\$ 1,124	0.00%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

**Note:** The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 2.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.

## Division 15 - Housing Comm

**Table 8-15: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2008	\$ 1,140,000	\$ 1,113,688	98%	\$ 26,312
2009	1,121,510	1,149,662	103%	(28,152)
2010	1,188,217	1,218,933	103%	(30,716)
2011	1,318,424	1,283,998	97%	34,426
2012	1,318,592	1,349,044	102%	(30,452)
2013	1,468,057	1,442,996	98%	25,061
2014	1,603,108	1,491,773	93%	111,335
2015	1,803,486	1,538,926	85%	264,560
2016	1,871,287	1,596,694	85%	274,593
2017	2,081,461	1,674,813	81%	406,648
2018	2,235,465	1,688,380	76%	547,085

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

**Table 9-15: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2008	8	\$ 374,625	9.37%	0.00%
2009	8	355,166	7.93%	0.00%
2010	8	359,549	8.11%	0.00%
2011	8	384,497	9.60%	0.00%
2012	8	366,104	8.05%	0.00%
2013	7	339,102	9.65%	0.00%
2014	7	356,407	11.10%	0.00%
2015	7	367,342	13.84%	0.00%
2016	7	371,204	13.95%	0.00%
2017	6	338,182	\$ 5,049	0.00%
2018	5	318,648	\$ 5,890	0.00%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

**Note:** The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 2.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.

## Division 30 - Nurses Dfrd

**Table 8-30: Actuarial Accrued Liabilities - Comparative Schedule**

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2008	\$ 2,640,745	\$ 3,996,104	151%	\$ (1,355,359)
2009	2,472,866	3,742,878	151%	(1,270,012)
2010	2,373,382	3,562,284	150%	(1,188,902)
2011	2,285,959	3,296,591	144%	(1,010,632)
2012	2,197,198	2,400,700	109%	(203,502)
2013	2,068,057	2,211,093	107%	(143,036)
2014	1,964,536	2,011,056	102%	(46,520)
2015	1,890,848	1,797,125	95%	93,723
2016	1,728,176	1,593,756	92%	134,420
2017	1,601,947	1,422,675	89%	179,272
2018	1,512,908	1,240,372	82%	272,536

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

**Table 9-30: Computed Employer Contributions - Comparative Schedule**

Valuation Date December 31	Active Employees		Computed Employer Contribution <sup>1</sup>	Employee Contribution Rate <sup>2</sup>
	Number	Annual Payroll		
2008	0	\$ 0	\$ 0	0.00%
2009	0	0	\$ 0	0.00%
2010	0	0	\$ 0	0.00%
2011	0	0	\$ 0	0.00%
2012	0	0	\$ 0	0.00%
2013	0	0	\$ 0	0.00%
2014	0	0	\$ 0	0.00%
2015	0	0	\$ 2,309	0.00%
2016	0	0	\$ 2,762	0.00%
2017	0	0	\$ 3,560	0.00%
2018	0	0	\$ 4,944	0.00%

1 For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

2 For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

**Note:** The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 2.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available, will be displayed with zero values.

## Table 10: Division-Based Layered Amortization Schedule

### Division 10 - Non Union Emp.

**Table 10-10: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 1/1/2020		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
(Gain)/Loss	12/31/2018	\$ 87,272	10	\$ 94,036	10	\$ 11,508
<b>Total</b>				<b>\$ 94,036</b>		<b>\$ 11,508</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2018 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2018 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

## Division 11 - AFSCME Union

**Table 10-11: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 1/1/2020		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 8,507	23	\$ 50,053	20	\$ 3,636
(Gain)/Loss	12/31/2016	95,239	22	103,778	20	7,536
(Gain)/Loss	12/31/2017	32,977	21	35,695	20	2,592
(Gain)/Loss	12/31/2018	275,813	20	297,189	20	21,576
<b>Total</b>				<b>\$ 486,715</b>		<b>\$ 35,340</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2018 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2018 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

## Division 12 - Clerical Alliance

**Table 10-12: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 1/1/2020		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ (318,000)	10	\$ (280,859)	10	\$ (34,356)
(Gain)/Loss	12/31/2016	36,474	10	35,063	8	5,172
(Gain)/Loss	12/31/2017	(30,402)	10	(31,135)	9	(4,152)
(Gain)/Loss	12/31/2018	24,224	10	26,101	10	3,192
<b>Total</b>				<b>\$ (250,830)</b>		<b>\$ (30,144)</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2018 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2018 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

## Division 14 - Dispatchers

**Table 10-14: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 1/1/2020		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 30,260	4	\$ 9,103	1	\$ 9,444
(Gain)/Loss	12/31/2016	4,392	10	4,227	8	624
(Gain)/Loss	12/31/2017	15,185	10	15,549	9	2,076
(Gain)/Loss	12/31/2018	10,156	10	10,943	10	1,344
<b>Total</b>				<b>\$ 39,822</b>		<b>\$ 13,488</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2018 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2018 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

## Division 15 - Housing Comm

**Table 10-15: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 1/1/2020		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 264,560	23	\$ 283,073	20	\$ 20,544
(Gain)/Loss	12/31/2016	(2,917)	22	(3,170)	20	(228)
(Gain)/Loss	12/31/2017	129,870	21	140,563	20	10,200
(Gain)/Loss	12/31/2018	128,527	20	138,488	20	10,056
<b>Total</b>				<b>\$ 558,954</b>		<b>\$ 40,572</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2018 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2018 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

## Division 30 - Nurses Dfrd

**Table 10-30: Layered Amortization Schedule**

Type of UAL	Date Established	Original Balance <sup>1</sup>	Original Amortization Period <sup>2</sup>	Amounts for Fiscal Year Beginning 1/1/2020		
				Outstanding UAL Balance <sup>3</sup>	Remaining Amortization Period <sup>2</sup>	Annual Amortization Payment
Initial	12/31/2015	\$ 93,723	4	\$ 29,820	1	\$ 30,948
(Gain)/Loss	12/31/2016	33,421	10	32,135	8	4,740
(Gain)/Loss	12/31/2017	63,216	10	64,747	9	8,640
(Gain)/Loss	12/31/2018	113,792	10	122,611	10	15,000
<b>Total</b>				<b>\$ 249,313</b>		<b>\$ 59,328</b>

<sup>1</sup> For each type of UAL (layer), this is the original balance as of the date the layer was established.

<sup>2</sup> According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see Appendix on MERS website).

<sup>3</sup> This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2018 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2018 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the Appendix on the MERS website for a detailed description of the amortization policy.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

## GASB 68 Information

The following information has been prepared to provide some of the information necessary to complete GASB Statement No. 68 disclosures. Statement 68 is effective for fiscal years beginning after June 15, 2014. Additional resources, including an Implementation Guide, are available at <http://www.mersofmich.com/>.

Actuarial Valuation Date:	12/31/2018
Measurement Date of the Total Pension Liability (TPL):	12/31/2018
At 12/31/2018, the following employees were covered by the benefit terms:	
Inactive employees or beneficiaries currently receiving benefits:	104
Inactive employees entitled to but not yet receiving benefits (including refunds):	14
Active employees:	<u>17</u>
	135
Total Pension Liability as of 12/31/2017 measurement date:	\$ 13,952,468
Total Pension Liability as of 12/31/2018 measurement date:	\$ 14,157,949
Service Cost for the year ending on the 12/31/2018 measurement date:	\$ 78,754
Change in the Total Pension Liability due to:	
- Benefit changes <sup>1</sup> :	\$ 0
- Differences between expected and actual experience <sup>2</sup> :	\$ 166,697
- Changes in assumptions <sup>2</sup> :	\$ 0

<sup>1</sup>A change in liability due to benefit changes is immediately recognized when calculating pension expense for the year.

<sup>2</sup>Changes in liability due to differences between actual and expected experience, and changes in assumptions, are recognized in pension expense over the average remaining service lives of all employees.

Average expected remaining service lives of all employees (active and inactive):	1
Covered employee payroll: (Needed for Required Supplementary Information)	\$ 885,836

Sensitivity of the Net Pension Liability to changes in the discount rate:

	1% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Change in Net Pension Liability as of 12/31/2018:	\$ 1,292,991	\$ -	\$ (1,114,884)

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

## GASB 68 Information

This page is for those municipalities who need to “roll-forward” their total pension liability due to the timing of completion of the actuarial valuation in relation to their fiscal year-end.

The following information has been prepared to provide some of the information necessary to complete GASB Statement No. 68 disclosures. Statement 68 is effective for fiscal years beginning after June 15, 2014. Additional resources, including an Implementation Guide, are available at [www.mersofmich.com](http://www.mersofmich.com).

Actuarial Valuation Date:	12/31/2018
Measurement Date of the Total Pension Liability (TPL):	12/31/2019
At 12/31/2018, the following employees were covered by the benefit terms:	
Inactive employees or beneficiaries currently receiving benefits:	104
Inactive employees entitled to but not yet receiving benefits (including refunds):	14
Active employees:	<u>17</u>
	135
Total Pension Liability as of 12/31/2018 measurement date:	\$ 14,010,174
Total Pension Liability as of 12/31/2019 measurement date:	\$ 14,109,795
Service Cost for the year ending on the 12/31/2019 measurement date:	\$ 77,078
Change in the Total Pension Liability due to:	
- Benefit changes <sup>1</sup> :	\$ 0
- Differences between expected and actual experience <sup>2</sup> :	\$ 159,598
- Changes in assumptions <sup>2</sup> :	\$ 0

<sup>1</sup>A change in liability due to benefit changes is immediately recognized when calculating pension expense for the year.

<sup>2</sup>Changes in liability due to differences between actual and expected experience, and changes in assumptions, are recognized in pension expense over the average remaining service lives of all employees.

Average expected remaining service lives of all employees (active and inactive):	1
Covered employee payroll: (Needed for Required Supplementary Information)	\$ 885,836

Sensitivity of the Net Pension Liability to changes in the discount rate:

	1% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Change in Net Pension Liability as of 12/31/2019:	\$ 1,269,757	\$ -	\$ (1,096,585)

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

# Benefit Provision History

The following benefit provision history is provided by MERS. Any corrections to this history or discrepancies between this information and information displayed elsewhere in the valuation report should be reported to MERS. All provisions are listed by date of adoption.

## 10 - Non Union Emp.

12/1/2016	Service Credit Purchase Estimates - Yes
1/1/2002	Flexible E 2% COLA Adopted (01/01/2002)
1/1/2000	Benefit B-3 (80% max)
10/1/1997	DC Adoption Date 10-01-1997
1/1/1994	Benefit B-2
1/1/1994	Flexible E 2% COLA Adopted (01/01/1994)
12/30/1993	Benefit B-1
7/1/1993	Temporary Rule of 92 (Age + Service) Retirement (07/01/1993 - 01/01/2000)
7/1/1993	Temporary Benefit B-3 (80% max) (07/01/1993 - 01/01/2000)
7/1/1993	2.25% Multiplier (no max)
5/1/1993	Temporary Benefit B-2 (05/01/1993 - 07/01/1993)
1/1/1985	Benefit B-1
1/1/1985	Benefit F55 (With 25 Years of Service)
10/1/1984	Benefit FAC-5 (5 Year Final Average Compensation)
10/1/1984	Member Contribution Rate 0.00%
3/19/1969	Covered by Act 88
1/1/1949	10 Year Vesting
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
	Fiscal Month - January

## 11 - AFSCME Union

12/1/2016	Service Credit Purchase Estimates - Yes
1/1/2012	DC Adoption Date 01-01-2012
1/1/2002	Flexible E 2% COLA Adopted (01/01/2002)
1/1/2000	Benefit B-3 (80% max)
1/1/1995	Benefit B-2
1/1/1994	Flexible E 2% COLA Adopted (01/01/1994)
3/17/1993	Temporary Benefit B-2 (03/17/1993 - 08/02/1994)
1/1/1985	Benefit F55 (With 25 Years of Service)
10/1/1984	Benefit FAC-5 (5 Year Final Average Compensation)
10/1/1984	10 Year Vesting
10/1/1984	Benefit B-1
10/1/1984	Member Contribution Rate 0.00%
3/19/1969	Covered by Act 88
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
	Fiscal Month - January

## 12 - Clerical Alliance

12/1/2016	Service Credit Purchase Estimates - Yes
7/1/2003	Temporary Rule of 80 (Age + Service) Retirement (07/01/2003 - 01/03/2004)

## 12 - Clerical Alliance

1/1/2002	Flexible E 2% COLA Adopted (01/01/2002)
4/1/2000	DC Adoption Date 04-01-2000
1/1/2000	Benefit B-3 (80% max)
1/1/1995	Benefit B-2
1/1/1994	Flexible E 2% COLA Adopted (01/01/1994)
1/1/1985	Benefit F55 (With 25 Years of Service)
10/1/1984	Benefit FAC-5 (5 Year Final Average Compensation)
10/1/1984	10 Year Vesting
10/1/1984	Benefit B-1
10/1/1984	Member Contribution Rate 0.00%
3/19/1969	Covered by Act 88
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
	Fiscal Month - January

## 14 - Dispatchers

12/1/2016	Service Credit Purchase Estimates - Yes
1/1/2002	Flexible E 2% COLA Adopted (01/01/2002)
1/1/2000	Benefit B-3 (80% max)
1/1/2000	DC Adoption Date 01-01-2000
7/1/1995	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1995	10 Year Vesting
7/1/1995	Benefit B-2
7/1/1995	Benefit F55 (With 25 Years of Service)
7/1/1995	Member Contribution Rate 0.00%
1/1/1994	Flexible E 2% COLA Adopted (01/01/1994)
3/19/1969	Covered by Act 88
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
	Fiscal Month - January

## 15 - Housing Comm

12/1/2016	Service Credit Purchase Estimates - Yes
1/1/2006	Benefit FAC-5 (5 Year Final Average Compensation)
1/1/2006	10 Year Vesting
1/1/2006	Benefit B-3 (80% max)
1/1/2006	Benefit F55 (With 25 Years of Service)
1/1/2006	Member Contribution Rate 0.00%
10/1/2001	DC Adoption Date 10-01-2001
3/19/1969	Covered by Act 88
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
	Fiscal Month - January

## 30 - Nurses Dfrd

12/1/2016	Service Credit Purchase Estimates - Yes
1/1/2002	Flexible E 2% COLA Adopted (01/01/2002)
1/1/1996	Member Contribution Rate 0.00%
1/1/1996	Flexible E 2% COLA Adopted (01/01/1996)

### 30 - Nurses Dfrd

1/1/1995	Member Contribution Rate 3.00%
1/1/1992	Member Contribution Rate 0.00%
6/1/1990	Covered by Act 88
1/1/1949	Benefit FAC-5 (5 Year Final Average Compensation)
1/1/1949	6 Year Vesting
1/1/1949	Benefit C-1 (New)
1/1/1949	Member Contribution Rate 3.00%
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
	Fiscal Month - January

# Plan Provisions, Actuarial Assumptions, and Actuarial Funding Method

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology can be found in the Appendix. Some actuarial assumptions are specific to this municipality and its divisions. These are listed below.

## Increase in Final Average Compensation

Division	FAC Increase Assumption
All Divisions	1.00%

## Withdrawal Rate Scaling Factor

Division	Withdrawal Rate Scaling Factor
All Divisions	100%

## Miscellaneous and Technical Assumptions

Loads – None.

## Amortization Policy for Closed Divisions

Closed Division	Amortization Option
11 - AFSCME Union	Non-Accelerated Amortization
14 - Dispatchers	Accelerated to 5-Year Amortization
15 - Housing Comm	Non-Accelerated Amortization
30 - Nurses Dfrd	Accelerated to 5-Year Amortization

Please see Appendix on MERS website for a detailed description of the amortization options available for closed divisions within an open municipality.

## Risk Commentary

Determination of the accrued liability, the employer contribution, and the funded ratio requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability, the actuarially determined contribution and the funded ratio that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; 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. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

- **Investment Risk** – actual investment returns may differ from the expected returns;
- **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
- **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
- **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
- **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

## PLAN MATURITY MEASURES

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

1. Ratio of the market value of assets to total payroll	13.7
2. Ratio of actuarial accrued liability to payroll	16.3
3. Ratio of actives to retirees and beneficiaries	0.2
4. Ratio of market value of assets to benefit payments	10.9
5. Ratio of net cash flow to market value of assets (boy)	-7.1%

### **RATIO OF MARKET VALUE OF ASSETS TO TOTAL PAYROLL**

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

### **RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL**

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

### **RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES**

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

### **RATIO OF MARKET VALUE OF ASSETS TO BENEFIT PAYMENTS**

The MERS' Actuarial Policy requires a total minimum contribution equal to the excess (if any) of three times the expected annual benefit payments over the projected market value of assets as of the participating municipality or court's Fiscal Year for which the contribution applies. The ratio of market value of assets to benefit payments as of the valuation date provides an indication of whether the division is at risk for triggering the minimum contribution rule in the near term. If the division triggers this minimum contribution rule, the required employer contributions could increase dramatically relative to previous valuations.

### **RATIO OF NET CASH FLOW TO MARKET VALUE OF ASSETS**

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

## State Reporting

The following information has been prepared to provide some of the information necessary to complete the pension reporting requirements for the State of Michigan’s Local Government Retirement System Annual Report (Form No. 5572). Additional resources are available at [www.mersofmich.com](http://www.mersofmich.com) and on the State [website](#).

Form 5572		
Line Reference	Description	Result
<b>10 Membership as of December 31, 2018</b>		
11	Indicate number of active members	17
12	Indicate number of inactive members	13
13	Indicate number of retirees and beneficiaries	104
<b>14 Investment Performance for Calendar Year Ending December 31, 2018<sup>1</sup></b>		
15	Enter actual rate of return - prior 1-year period	-3.64%
16	Enter actual rate of return - prior 5-year period	4.94%
17	Enter actual rate of return - prior 10-year period	8.25%
<b>18 Actuarial Assumptions</b>		
19	Actuarial assumed rate of investment return <sup>2</sup>	7.75%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Level Percent
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any <sup>3</sup>	20
22	Is each division within the system closed to new employees? <sup>4</sup>	Yes
<b>23 Uniform Assumptions</b>		
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	\$13,313,905
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	15,450,940
27	Actuarially Determined Contribution (ADC) using uniform assumptions, Fiscal Year Ending December 31,2019	\$301,080

1. The Municipal Employees’ Retirement System’s investment performance has been provided to GRS from MERS Investment Staff and included here for reporting purposes. This investment performance figures reported are net of fees on a rolling calendar-year basis for the previous 1-, 5-, and 10-year periods as required under PA 530.
2. Net of administrative and investment expenses.
3. Populated with the longest amortization period remaining in the amortization schedule, across all divisions in the plan. This is when each division and the plan in total is expected to reach 100% funded if all assumptions are met.
4. If all divisions within the employer are closed, “yes.” If at least one division is open (including shadow divisions) indicate “no.”