



RODWAN  
—◆—  
consulting  
company

***City of Pontiac  
General Employees  
Retirement System***

*Actuarial Valuation as of December 31, 2012*



April 19, 2013

The Board of Trustees  
City of Pontiac General Employees Retirement System  
Pontiac, Michigan

Dear Board Members:

*The purpose of the annual actuarial valuation of the City of Pontiac General Employees Retirement System, as of December 31, 2012 is to:*

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

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. Data concerning active members, vested inactive members, retirees, beneficiaries and assets was provided by the Retirement System Administrator. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. The valuation was based on the provisions of the Retirement System as amended through December 31, 2012. The actuarial assumptions used in this valuation represent reasonable expectations of future experience under the System. The valuation was performed under the supervision of a member of the American Academy of Actuaries, as indicated, who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Denise M. Jones'.

Denise M. Jones  
Senior Consultant

A handwritten signature in cursive script that reads 'Sandra W. Rodwan'.

Sandra W. Rodwan  
Member, American Academy of Actuaries

# **Table of Contents**

## **Section One: Valuation Summary**

Valuation Summary ..... 1

## **Section Two: Actuarial Calculations – Funding**

Computed Contribution Rates..... 4

Unfunded Actuarial Accrued Liability ..... 5

Aggregate Gain/Loss ..... 8

## **Section Three: Retirement System Benefit Provisions**

Benefit Provision Summary ..... 10

## **Section Four: Actuarial Assumptions and Methods**

Actuarial Assumptions ..... 13

Actuarial Methods ..... 17

## **Section Five: Valuation Data**

Asset Summary ..... 18

Participant Summary ..... 19

## **Section Six: Accounting Disclosures**

Information for GASB Statement No. 25 ..... 23



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



**Purpose of Valuation**

The purpose of the annual actuarial valuation of the City of Pontiac General Employees Retirement System as of December 31, 2012 is to:

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

**Liabilities and Funded Condition of Retirement System**

Accrued liabilities of the Retirement System as of December 31, 2012 were computed to be \$247,968,743. The funding value of accrued assets was \$369,621,671. The ratio of the funding value of accrued assets to accrued liabilities was 149.1%.

**Funding Value of Assets**

A smoothed market value of assets was used for the December 31, 2012 valuation. This method, which spreads capital gains and losses (realized and unrealized) over five years, is the same as the method used for last year’s valuation.

**Financial Data**

	<u>12/31/2012</u>	<u>12/31/2011</u>
Smoothed Valuation Assets	\$369,621,671	\$383,349,729
Market Value of Assets	\$423,528,788	395,299,593

**Retirement System Experience**

The overall experience of the Retirement System during 2012 was less favorable than expected based on the long-term assumptions. The recognized investment income on the smoothed funding value of assets was less than assumed (2.22% vs. 7.5% assumed).

**Benefit Provision Changes**

There were no changes in benefits used for the valuation.

**Assumption and Method Changes**

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

**Participant Data**

	<u>12/31/2012</u>	<u>12/31/2011</u>
Active Members	57	87
Active Member Payroll	\$2,742,912	\$3,968,743
Retirees and Beneficiaries	1,121	1,118
Annual Pensions	\$19,471,805	\$19,317,937
Vested Inactive Members	277	230
Annual Pensions	\$2,657,381	\$2,298,485

## Computed City's Contribution Rate

The employer Normal Cost contribution rate was computed to be 19.81% of member payroll. Actuarial accrued liabilities exceeded the funding value of assets. The excess of the funding value of assets over the actuarial accrued liabilities was amortized over an open 30 year period and applied as a temporary funding credit to offset the employer normal cost.

The total employer contribution rate was therefore computed to be 0.00%, which includes a temporary funding credit that completely offsets the normal cost contribution.

**Conclusion:** Accrued valuation assets exceeded actuarial accrued liabilities as of December 31, 2012. The funding credit based on 30 year amortization of the excess was more than sufficient to fully offset the City's computed Normal Cost contribution for the fiscal year beginning July 1, 2014.



*Section Two:*

# *Actuarial Calculations – Funding*





**Computed Contribution Rates for the Year Beginning July 1, 2014**

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

The Normal Cost can be viewed as the long-term on-going cost of the Retirement System.

The excess of valuation assets over accrued liabilities was amortized as level percent of payroll over 30 years to produce a temporary funding credit. At the time valuation assets no longer exceed accrued liabilities, the minimum on-going contribution rate is the normal cost.

**Contribution Recommendation:**

Normal Cost	
Regular Retirement	12.58%
Pre-retirement Death	0.68
Disability	3.40
Withdrawal	1.15
Administrative Expense	<u>2.00</u>
Total Normal Cost	19.81%
Member Portion	0.00%
<b>City's Computed Normal Cost</b>	<b>19.81%</b>
Temporary Funding Credit	(19.81)
<b>City's Total Contribution Rate</b>	<b>0.00%</b>
<b>Dollar Amount Based on Valuation Payroll*</b>	<b>\$0</b>

\*Valuation Payroll was \$2,742,912.

**Unfunded Actuarial Accrued Liability**

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Actuarial Accrued Liabilities</b>	\$247,968,743	\$249,739,988
<b>Assets Allocated to Funding</b>	<u>369,621,671</u>	<u>383,349,729</u>
<b>Unfunded Actuarial Accrued Liabilities</b>	\$(121,652,928)	\$(133,609,741)

**Recommended City Contributions**

<b>Valuation Date Dec. 31</b>	<b>Fiscal Year Beginning July 1</b>	<b>Annual Required Contribution@</b>
1996		\$1,596,409
1997#*		1,069,980
1998		598,231
1999#		133,572
2000		158,921
2001#*		140,226
2002#		49,456
2003	2005	49,163
2004	2006	0
2005	2007	0
2006	2008	0
2007	2009	0
2008	2010	0
2009#	2011	0
2010	2012	0
2011	2013	0
<b>2012</b>	<b>2014</b>	<b>0</b>

@Including temporary full funding credits.

#Retirement System amended.

\*Valuation assumptions revised.

*Note: Results shown throughout this report for years prior to 2007 were prepared by the previous actuarial firm.*

**Determination of Unfunded Accrued Liability**

A. Accrued Liability	
1. For retirees and beneficiaries	
a. Benefit payments	\$219,675,185
b. Reserves	<u>0</u>
c. Total: (a) + (b)	219,675,185
2. For vested terminated members	17,138,539
3. For present active members	
a. Value of expected future benefit payments	15,218,390
b. Value of future normal costs	<u>4,063,371</u>
c. Active member accrued liability: (a) – (b)	11,155,019
4. Total: (1.c) + (2) + (3.c)	247,968,743
B. Present Assets (valuation basis)	<u>369,621,671</u>
C. Unfunded Accrued Liability: (A4) – (B)	\$(121,652,928)
D. Funded Position: (B)/(A.4)	149.1%

## History of Assets and Accrued Liabilities

Valuation Date December 31,	Valuation Assets	Actuarial Accrued Liabilities	Funded Ratio	Unfunded Actuarial Accrued Liabilities
1995*	\$237,353,362	\$174,206,716	136.2%	-
1996*	256,723,386	184,624,697	139.1	-
1997*#	287,764,412	189,207,579	152.1	-
1998	315,420,281	194,984,577	161.8	-
1999*	350,846,897	209,172,136	167.7	-
2000*	378,063,942	217,942,909	173.5	-
2001*#	395,743,819	227,901,435	173.6	-
2002*	393,214,033	235,422,367	167.0	-
2003	394,367,065	247,396,857	159.4	-
2004	394,807,254	258,365,787	152.8	-
2005	391,409,757	260,103,260	150.5	-
2006	409,983,490	266,457,429	153.9	-
2007	433,028,186	257,940,349	167.9	-
2008	416,678,512	261,497,756	159.3	-
2009*	405,193,572	255,720,207	158.5	-
2010	399,573,669	253,866,554	157.4	-
2011	383,349,729	249,739,988	153.5	-
<b>2012</b>	<b>369,621,671</b>	<b>247,968,743</b>	<b>149.1</b>	<b>-</b>

\*Plan amended.

#Certain assumptions revised.

*Note: Results shown throughout this report for years prior to 2007 were prepared by the previous actuarial firm.*

**Aggregate Gain/Loss - Year Ended December 31, 2012**

(1) UAAL <sup>a</sup> at start of year	\$(133,609,741)
(2) Normal cost	709,208
(3) Interest accrual	(9,994,616)
(4) Contributions	0
(5) Expected UAAL before changes	(142,895,149)
(6) Change from amendments	0
(7) Change from assumption revision	0
(8) Expected UAAL after changes	(142,895,149)
(9) Actual UAAL	(121,652,928)
(10) Gain(Loss)	(21,242,221)
(11) Percent of AAL <sup>b</sup>	(8.5)%

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

<sup>b</sup>Actuarial Accrued Liability at beginning of year \$249,739,988.

## Comments and Conclusion

**Comment 1:** The overall experience of the Retirement System during the year ended December 31, 2012 was less favorable than expected based upon the long-term assumptions. The primary source of unfavorable experience was the recognized rate of investment return on the smoothed funding value of assets (2.22% vs. 7.5% assumed). The decrease in the funded ratio to 149.1% from 153.5% reflects the experience loss.

**Comment 2:** The decrease in actuarial accrued liabilities is primarily due to the decrease in the number of active members to 57 from 87 last year.

**Comment 3:** The present value of future benefits payable to current retirees and beneficiaries was computed to be \$219,675,185. The Reserve for Retired Benefit Payments was reported to be \$213,743,519. We recommend that the difference, \$5,931,666, be transferred from the Reserve for Employer Contributions to the Reserve for Retired Benefit Payments so that the assets allocated to retired lives is equal to the retiree liability as of December 31, 2012.

**Conclusion:** Accrued valuation assets exceeded actuarial accrued liabilities as of December 31, 2012. The funding credit based on 30 year amortization of the excess was more than sufficient to fully offset the City's computed Normal Cost contribution for the fiscal year beginning July 1, 2014.



***Section Three:***

***Retirement System  
Benefit Provisions***



## Benefit Provision Summary

### *Service Retirement*

#### *Eligibility:*

**Teamsters #214:** Age 50 with 30 years of service or age 55 with 25 years of service or age 60 with 10 years of service.

**Court/MAPE:** Age 50 with 25 years of service or age 55 with 10 years of service.

**PPFDA, PPMA and SAEA and AFSCME #2002:** Age 50 with 25 years of service or age 60 with 10 years of service.

**Non-Union City, Stadium and District Court:** Age 50 with 25 years of service or age 55 with 20 years of service or age 60 with 10 years of service.

#### *Annual Benefit:*

**Teamsters #214:** Straight life pension equals 2.25% of 3 year final average compensation (FAC) times years of service.

**Court/MAPE:** Straight life pension equals 2.00% of 3 year final average compensation (FAC) times years of service.

**PPFDA:** Straight life pension equals 2.25% of 3 year final average compensation (FAC) times years of service.

**PPMA, AFSCME #2002, Non-Union City, Stadium and District Court:** Straight life pension equals 2.50% of 3 year final average compensation (FAC) times years of service.

**SAEA:** Straight life pension equals 2.50% of 3 year final average compensation (FAC) times years of service. Effective January 1, 2010, straight life pension equals 3.00% of 3 year final average compensation (FAC) times the first 20 years of service plus 2.5% of the next 5 years of service plus 1.0% of the next five years of service to a maximum of 77.5% of FAC.

#### *Average final salary (FAC):*

**Teamsters #214:** highest 3 consecutive years out of the last 12 with some lump sums included. **All others:** highest 3 consecutive years out of the last 10 with some lump sums included.

### *Reduced Retirement*

#### *Eligibility:*

**Teamsters #214:** Age 50 with 25 years of service.

#### *Annual Benefit:*

Regular retirement benefit reduced for service less than 30 years.



***Deferred Retirement***

*Eligibility:*

10 or more years of service, benefit begins at age 60 (age 55 for Court/MAPE); or with 25 or more years of service (including NOMC service after 1993), benefit begins at age 55 (age 50 for Court/MAPE).

*Annual Benefit:*

Computed as a regular retirement but based upon service and FAC at termination date.

***Duty Disability Retirement***

*Eligibility:*

No age or service requirements.

*Annual Benefit:*

Computed as a regular retirement benefit. Upon termination of worker's compensation additional service credit is granted for period in receipt of worker's compensation and benefit is recomputed. Minimum benefit prior to voluntary retirement age is the greater of a) 15% of final average earnings, or b) an amount equal to worker's compensation benefit.

***Non-Duty Disability***

*Eligibility:*

10 or more years of service.

*Annual Benefit:*

Same as a regular retirement, with a minimum benefit of 15% of final average compensation.

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

*Eligibility:*

No age or service requirements.

*Annual Benefit:*

Payable upon expiration of worker's compensation to the survivors of a member who died in the line of duty. Same amount that was paid by worker's compensation to widow, dependent widower, children under 18 and dependent parents.

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

***Eligibility:***

10 years of service.

***Annual Benefit:***

Computed as a regular retirement benefit but actuarially reduced in accordance with a 100% joint and survivor election.

***Member Contributions***

None.

***City Contributions***

Actuarially determined amounts which are sufficient to cover both (i) normal costs of the plan and (ii) financing unfunded accrued benefit values over a selected period of future years.

***Post Retirement Adjustment***

**Court/MAPE:** 2.50% of original retirement income for 14 years.

**All others:** 2.00% of original retirement income for 18 years.

Retired members (including NOMC retirees) as of 5/31/2001 not eligible for post-retirement adjustments who had at least 9 years and 9 months of service are eligible for a post-retirement adjustment equal to 2.00% of their annual pension or \$1 per month of credited service with a minimum increase of \$120 and a maximum increase of \$300 per year. There will be six annual post-retirement adjustments and then that amount will continue thereafter.



*Section Four:*

***Actuarial Assumptions  
And Methods***



**Actuarial Assumptions**

**Economic Assumptions**

- (i) Interest Rate 7.5% (net of expenses)
  
- (ii) Salary Increases
  - Across-the-Board 4.5%
  - Merit and Longevity Age-related rates

**Sample Annual Rates of Salary Increase**

Sample Ages	Base Economic	Non-Teamsters		Teamsters		
		Merit & Longevity	Total	Years of Service	Merit & Longevity	Total
20	4.5%	4.9%	9.4%	1 to 10	2.5%	7.0%
25	4.5%	3.7%	8.2%	thereafter	1.0	5.5
30	4.5%	2.9%	7.4%			
35	4.5%	2.1%	6.6%			
40	4.5%	1.6%	6.1%			
45	4.5%	1.4%	5.9%			
50	4.5%	1.3%	5.8%			
55	4.5%	1.1%	5.6%			
60	4.5%	1.1%	5.6%			

**Demographic Assumptions****(i) Mortality****1983 Group Annuity Mortality Table**

Sample Ages	Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	\$132.63	\$141.91	29.2	34.9
55	124.30	135.50	24.8	30.2
60	113.90	127.17	20.6	25.7
65	101.22	116.64	16.7	21.3
70	87.30	103.61	13.2	17.1
75	72.78	88.75	10.2	13.4
80	58.43	73.55	7.6	10.2

The 1983 Group Annuity Mortality Table for males and females with a 5 year set forward was used for disabled lives.

**(ii) Disability**

Sample Ages	Percent Becoming Disabled Within Next Year
25	0.42%
30	0.45%
35	0.51%
40	0.67%
45	0.92%
50	1.36%
55	2.20%
60	4.32%

(iii) **Termination of Employment**

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

Sample Ages	Years of Service	% of Active Members Separating Within One Year
All	0	20.0%
	1	18.0
	2	15.0
	3	12.0
	4	10.0
20	5 & Over	7.0
25		7.0
30		6.0
35		4.8
40		3.5
45		2.4
50		1.5
55		1.0
60		1.0

**(iv) Retirement Rates**

## Age-related rates

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

<b>Age Related Rates</b>	
<b>Age</b>	<b>Percent Retiring</b>
50	35%
51	30
52	25
53	25
54	25
55	25
56	25
57	50
58	50
59	50
60	20
61	25
62	30
63	30
64	25
65	50
66 and up	100

**Unused Sick Leave** – Final average earnings are assumed to be increased for lump sum payment by 7% for City employees and 8.25% for non-union District Court and non-union City employees.

### Actuarial Method Used for the Valuation

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

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

**Financing of Unfunded Actuarial Accrued Liability.** The excess of accrued valuation assets over actuarial accrued liability was amortized as a level percent of payroll over 30 years and applied as a temporary funding credit. The amortization period is unchanged from last year.

Active member payroll was assumed to increase 4.50% a year for the purpose of determining the level percent of payroll amortization payments.





***Section Five:***

# ***Valuation Data***



**Asset Summary**

As of December 31, 2012 the market value of assets was reported to be \$423,528,788.  
The funding value of assets (smoothed market value) was computed to be \$369,621,671

**Funding Value of Assets**

	2011	2012
A. Funding Value Beginning of Year	\$399,573,669	\$383,349,729
B. Market Value End of Year	395,299,593	423,528,788
C1. Market Value BOY (Before audit adjustment)	419,879,232	395,299,593
C2. Market Value BOY (After audit adjustment)	419,879,232	395,299,593
D. Non-Investment Net Cash Flow		
Contribution Income	23,083	-
Net Interest & Dividend Income	9,999,869	10,657,334
Other Non-investment Net Income	240,907	33,505
Benefit Payments & Refunds	21,038,561	21,497,123
Administrative Expenses	752,999	536,785
Total	(11,527,701)	(11,343,069)
E. Investment Income		
E1. Market Total B-C1-D	(13,051,938)	39,572,265
E2. Amount for Phased-In Recognition: E1*20%	(2,610,388)	7,914,453
F. Phased-In Recognition of Investment Income		
F1. Current Year: 0.20 x E1	(2,610,388)	7,914,453
F2. First Prior Year	8,971,598	(2,610,388)
F3. Second Prior Year	12,137,268	8,971,598
F4. Third Prior Year	(28,797,918)	12,137,268
F5. Fourth Prior Year	5,603,201	(28,797,918)
F6. Total Phased-In Amount	(4,696,240)	(2,384,988)
G. Min. Funding Value: 80% of Mkt. Val.	316,239,674	338,823,030
H. Funding Value End of Year: A+D+F6	383,349,729	369,621,671
I. Difference Between Market and Funding Value	\$11,949,864	\$53,907,117
J. Recognized Rate of Return	1.36%	2.22%
K. Estimated Market Rate of Return	(3.16)%	9.53%

## Participant Summary

**Retirees and Beneficiaries Included in the Valuation**

There were 1,121 retirees and beneficiaries included in the valuation, with annual pensions totaling \$19,471,805 as of December 31, 2012.

**Pensions Being Paid  
Historical Schedule**

Valuation Date December 31	No.	Annual Pensions	Average Pension	Discounted Value of Pensions	
				Total	Average
1985	540	\$3,110,526	\$5,760	\$32,352,043	\$59,911
1990	665	5,297,811	7,967	55,451,078	83,385
1991	680	5,588,609	8,219	58,293,171	85,725
1992	732	6,588,936	9,001	73,144,465	99,924
1993	766	7,184,847	9,380	81,484,846	106,377
1994	833	8,212,033	9,858	93,650,511	112,426
1995	840	7,955,901	9,471	93,058,132	110,783
1996	843	8,238,862	9,773	97,215,236	115,321
1997	859	8,643,538	10,062	101,915,799	118,645
1998	868	8,874,800	10,224	104,381,190	120,255
1999	896	9,576,564	10,688	113,489,411	126,662
2000	907	10,011,035	11,038	118,807,717	130,990
2001	937	10,817,986	11,545	126,931,474	135,466
2002	954	11,381,934	11,931	132,099,146	138,469
2003	979	12,425,465	12,692	146,268,623	149,406
2004	1,010	13,593,765	13,459	161,453,904	159,855
2005	1,054	15,719,370	14,914	189,707,170	179,988
2006	1,069	16,310,555	15,258	199,185,609	186,329
2007	1,086	17,806,089	16,396	201,487,931	185,532
2008	1,097	18,230,374	16,618	203,046,012	185,092
2009	1,105	18,569,564	16,805	203,164,691	183,859
2010	1,112	19,044,892	17,127	209,720,255	188,597
2011	1,118	19,317,937	17,279	219,255,728	196,114
<b>2012</b>	<b>1,121</b>	<b>19,471,805</b>	<b>17,370</b>	<b>219,675,185</b>	<b>195,964</b>

**Retired Members and Survivors - December 31, 2012**

Attained Age	Age & Service Retirement		Survivor		Disability		Totals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
20-24		\$ -	1	\$8,102		\$ -	1	\$8,102
30-34			1	40,403			1	40,403
35-39			2	16,722	1	10,258	3	26,980
40-44			2	35,215			2	35,215
45-49	5	142,277	1	11,791	2	37,618	8	191,686
50-54	26	857,932	6	47,594	5	75,794	37	981,320
55-59	89	2,555,346	4	77,536	10	134,515	103	2,767,397
60-64	219	4,555,551	6	69,734	18	287,713	243	4,912,998
65-69	171	3,357,189	14	146,329	5	98,657	190	3,602,175
70-74	145	2,082,487	16	201,461	14	145,291	175	2,429,239
75-79	101	1,467,969	12	185,753	10	118,134	123	1,771,856
80-84	99	1,383,617	23	254,181	5	32,771	127	1,670,569
85-89	56	638,030	15	119,257	2	12,538	73	769,825
90-94	20	147,450	7	60,737	1	5,830	28	214,017
95 & Over	6	43,216	1	6,807			7	50,023
<b>Totals</b>	<b>937</b>	<b>\$17,231,064</b>	<b>111</b>	<b>\$1,281,622</b>	<b>73</b>	<b>\$959,119</b>	<b>1,121</b>	<b>\$19,471,805</b>

**Active Members – December 31, 2012**

Attained Age	Service						No.	Totals Payroll
	0-4	5-9	10-14	15-19	20-24	25-29		
25-29		2					2	\$69,460
30-34			2				2	87,695
35-39	3	1	2				6	246,570
40-44	2		6	4	1		13	598,074
45-49	1	2		2	2		7	408,699
50-54	2		4	7	1	2	16	839,502
55-59			1	5		1	7	338,040
60-64	2	1					3	114,573
65-69			1				1	40,299
<b>Totals</b>	<b>10</b>	<b>6</b>	<b>16</b>	<b>18</b>	<b>4</b>	<b>3</b>	<b>57</b>	<b>\$2,742,912</b>

**Group Averages**

Age: 47.9 years  
Service: 13.0 years  
Annual Pay: \$48,121

**Active Members – Three-Year Summary**

	2012	2011	2010
Active Members	57	87	207
Valuation Payroll	\$2,742,912	\$3,968,743	\$9,493,229
Average Compensation	\$48,121	\$45,617	\$45,861
Average Age (yrs.)	47.9 yrs.	47.2 yrs.	45.5 yrs.
Average Service (yrs.)	13.0 yrs.	11.6 yrs.	11.2 yrs.

**Inactive Vested Members – December 31, 2012**

<u>Attained Age</u>	<u>No.</u>	<u>Estimated Annual Benefit</u>
30-34	1	\$3,105
35-39	11	74,546
40-44	21	233,003
45-49	42	374,790
50-54	44	481,915
55-59	73	823,916
55	21	159,629
56	16	131,958
57	8	94,716
58	11	102,558
59	11	129,563
60	3	13,976
61	4	25,642
62	2	50
63	6	3,292
64	2	3,522
65	1	1,200
69	1	3,105
<b>Totals</b>	<b>277</b>	<b>\$2,657,381</b>



***Section Six:***  
***Accounting Disclosures***



**GASB Statement No. 25 Supplementary Information**

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

Valuation Date:	December 31, 2012
Actuarial Cost Method:	Individual Entry Age
Amortization method:	Level percent of payroll, open
Remaining amortization period:	30 years
Asset valuation method:	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5.6% -9.4%
Includes inflation at	4.5%

Membership data as of December 31, 2012, indicated in Section Five of this report.



## Analysis of Funding Progress

Valuation Date 12/31	(1) Funding Value of Assets	(2) Actuarial Accrued Liability	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) UAAL As a % Of Covered Payroll
1995*	\$237,353,362	\$174,206,716	136.2%	\$(63,146,646)	\$15,057,551	-
1996*	256,723,386	184,624,697	139.1	(72,098,689)	15,915,806	-
1997*#	287,764,412	189,207,579	152.1	(98,556,833)	18,295,631	-
1998	315,420,281	194,984,577	161.8	(120,435,704)	18,362,384	-
1999*	350,846,897	209,172,136	167.7	(141,674,761)	18,747,510	-
2000*	378,063,942	217,942,909	173.5	(160,121,033)	18,728,688	-
2001*#	395,743,819	227,901,435	173.6	(167,842,384)	19,887,803	-
2002*	393,214,033	235,422,367	167.0	(157,791,666)	20,039,136	-
2003	394,367,065	247,396,857	159.4	(146,970,208)	20,807,612	-
2004	394,807,254	258,365,787	152.8	(136,441,467)	21,320,477	-
2005	391,409,757	260,103,260	150.5	(131,306,497)	16,751,815	-
2006	409,983,490	266,457,429	153.9	(143,526,061)	14,996,753	-
2007	433,028,186	257,940,349	167.9	(175,087,837)	13,559,473	-
2008	416,678,512	261,497,756	159.3	(155,180,756)	14,414,481	-
2009*	405,193,572	255,720,207	158.5	(149,473,365)	12,553,146	-
2010	399,573,669	253,866,554	157.4	(145,707,115)	9,493,229	-
2011	383,349,729	249,739,988	153.5	(133,609,741)	3,968,743	-
<b>2012</b>	<b>369,621,671</b>	<b>247,968,743</b>	<b>149.1</b>	<b>(121,652,928)</b>	<b>2,742,912</b>	<b>-</b>

\*Plan amended.

#Certain assumptions revised.

*Note: Results shown throughout this report for years prior to 2007 were prepared by the previous actuarial firm.*

**Required Supplementary Information  
Schedule of Employer Contributions**

<b>Valuation Date Dec. 31</b>	<b>Fiscal Year Beginning July 1</b>	<b>Annual Required Contributions*</b>
1996		\$1,596,409
1997		1,069,980
1998		598,231
1999		133,572
2000		158,921
2001		140,226
2002		49,456
2003	2005	49,163
2004	2006	0
2005	2007	0
2006	2008	0
2007	2009	0
2008	2010	0
2009	2011	0
2010	2012	0
2011	2013	0
<b>2012</b>	<b>2014</b>	<b>0</b>

\* Including temporary full funding credits.

Note: Beginning with the December 31, 2003 actuarial valuation, the annual required contributions apply to the fiscal year beginning 18 months after the valuation date.